
Financial Results for the Six Months Ended September 30, 2008

Nippon Life Insurance Company (President: Kunie Okamoto) announces financial results for the six months ended September 30, 2008.

[Contents]

Financial Summary for the Six Months Ended September 30, 2008

1. Business Highlights	..... P.1
2. Overview of General Accounts Asset Management for the First Half of Fiscal 2008	..... P.3
3. Investment Status of General Account Investments	..... P.5
4. Balance Sheets	..... P.9
5. Statements of Income	..... P.18
6. Statements of Changes in Net Assets	..... P.21
7. Details of Operating Income (Ordinary Income)	..... P.23
8. Status of Non-performing Assets According to Borrower's Classification	..... P.24
9. Status of Risk-Monitored Loans	..... P.24
10. Breakdown of allowance for doubtful accounts	..... P.25
11. Solvency Margin Ratio	..... P.26
12. Status of Separate Accounts for the Six Months Ended September 30, 2008	..... P.27
13. Status of the Company and the Affiliates	..... P.28
(Reference) Business Highlights for the period July 1 to September 30, 2008.	..... P.47

Attached : Supplementary Materials for the Six Months Ended September 30, 2008

1. Business Highlights

(1) Amount of Policies in Force and New Policies

Policies in Force

	As of September 30, 2008				As of March 31, 2008	
	Number of policies		Amount of policies		Number of policies	Amount of policies
	(thousands)	Change from March 31, 2008 (%)	(100 million yen)	Change from March 31, 2008 (%)	(thousands)	(100 million yen)
Individual insurance	12,258	98.4	1,989,711	96.5	12,458	2,061,750
Individual annuity	2,781	102.3	174,151	101.7	2,719	171,250
Group insurance	----	----	865,175	101.3	----	854,197
Group annuity	----	----	91,655	101.4	----	90,430

Notes: 1. The amount of individual annuities is the total of (a) annuity underlyings at the beginning of the annuity payments for policies bound prior to the start of the annuity payments, and (b) policy reserves for policies bound after the start of annuity payments.
2. The amount of the group annuity is the amount of the policy reserve.

New Policies

	As of September 30, 2007				As of September 30, 2008			
	Number of policies (thousands)	Amount of policies			Number of policies (thousands)	Amount of policies		
		(100 million yen)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	520	25,918	36,555	-10,637	511	26,922	35,445	-8,523
Individual annuity	89	5,311	5,389	-78	119	7,163	7,278	-115
Group insurance	----	4,991	4,991		----	6,244	6,244	
Group annuity	----	63	63		----	6	6	

Notes: 1. The number of policies includes policies that were converted into new policies.
2. The amount of new policies and net increase in policies by conversion for individual annuity represents annuity underlyings at the beginning of annuity payments.
3. The amount of new policies for group annuity represents the first premium.

(2) Annualized Net Premium of Individual Insurances and Individual Annuities

Policies in Force

(100 Million Yen, %)

	As of September 30, 2008	Change from March 31, 2008 (%)	As of March 31, 2008
	Individual insurance	25,104	98.3	25,528
Individual annuity	6,822	106.7	6,396
Total	31,927	100.0	31,924
Medical coverages and living benefits	5,697	100.2	5,686

New Policies

(100 Million Yen, %)

	As of September 30, 2007	As of September 30, 2008	Change from September 30, 2007 (%)
	Individual insurance	784	808	103.1
Individual annuity	263	580	219.9
Total	1,048	1,389	132.4
Medical coverages and living benefits	241	220	91.3

Notes: 1. The amount of annualized net premium is the annual premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment: amount is premium divided by the insured period).
2. The medical coverages and living benefits represent annualized premium related to medical benefits (hospitalization benefits, surgical benefits), living benefits (specified illness benefits, nursing care benefits) and payer benefits (excludes benefits with disability as a reason; includes benefits with specified illness and nursing care as a reason).
3. New policies figures include addition of net increase due to conversion.

(3) Major Profit and Loss Items

(100 Million Yen, %)

	As of September 30, 2007	As of September 30, 2008	Change from September 30, 2007 (%)
Income from insurance and reinsurance premiums	24,222	25,495	105.3
Investment income	6,920	6,308	91.2
Benefits and Claims	20,152	18,889	93.7
Investment expense	1,402	2,689	191.7
Operating income	1,792	459	25.6

(4) Total Assets

(100 Million Yen, %)

	As of September 30, 2008	Change from March 31, 2008 (%)	As of March 31, 2008
	Total assets	479,801	99.7	481,352

2. Overview of General Account Asset Management in the First Half of Fiscal 2008

(1) Investment environment

The Japanese economy weakened due to slowdown of the global economy in the first half of fiscal 2008. Demand shrank for exports, which had been the driving force behind the Japanese economy. Also, domestic private demand faltered due to decrease of consumer spending and equipment investment, in addition to housing equipment investment's running out of steam after temporarily picking up.

- The Nikkei average rose initially due to less financial uncertainty based on capital reinforcement by US and European financial institutions. Later, concern rose for the global economy, US stocks plummeted, and the yen appreciated due to failures of major U.S. securities firms. The Nikkei average dropped against the background of fears over a worsening domestic economy, decreasing by ¥1,266 year-on-year to ¥11,259 by the end of September 2008.
- The yield rate on 10-year government bonds rose to 1.9% based on less financial uncertainty, but declined due to lower speculation in June of an early U.S. rate-hike. Later, against the backdrop of fears over global economy slowdown and inflation from adjustment of crude oil prices, the long-term rate continued to decline. The yield rate fluctuated based on responsive measures for financial uncertainty in the first half of fiscal 2008, reaching 1.46% by the end of September 2008.
- Regarding the yen-dollar rate, the yen temporarily depreciated to ¥110 based on less financial uncertainty and support for U.S. housing finance companies. Later, the yen appreciated after U.S. stock prices plummeted from reignited fears over financial uncertainty and economic slowdown, reaching ¥103.57 by the end of September 2008.
Regarding the yen-euro rate, the yen depreciated steadily from speculation of higher rates in Europe due to inflation fear. Later, the yen appreciated significantly based on speculation of lower rates and news of nationalization of European financial institutions, causing the yen to become ¥149.05 against the euro by the end of September 2008.

(2) Investment summary

Based on our ALM philosophy of comprehensively controlling assets and liabilities, we built a portfolio founded on mid-to-long-term investment, and formulated an investment plan considering outlook of the investment environment.

Specifically, to provide the stable rate of return that we promised to policyholders in the long term, we positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as our core assets. Also, to improve profit in the mid-to-long term from the viewpoint of paying out profits as dividends to policyholders, we invested in stocks and foreign securities within the scope of acceptable risk while taking into account business stability. From the perspective of diversifying profit-making opportunities while paying attention to risk this fiscal year, we are steadily pursuing investment areas such as corporate bonds and securitized products that can yield surplus income, private equities, and hedge funds.

(3) Investment results

Although income increased from interest on foreign bonds as a result of continued measures to improve our portfolio, decrease of interest and dividend on foreign stocks caused our investment income to drop to ¥630.8 billion, compared to ¥672.4 billion in the same period last fiscal year.

Asset management costs were ¥174.3 billion, compared to ¥140.2 billion in the same period of last fiscal year, due to loss on sales of securities after rebalancing assets to improve future balance of payments and loss on valuation of securities after decline of Japanese stock prices.

As a result, our asset management balance was ¥456.5 billion, a ¥75.6 billion decrease compared to the same period of last fiscal year.

3. Investment Status of General Account Investments

(1) Asset Structure

(100 Million Yen, %)

	As of September 30, 2008		As of March 31, 2008	
	Amount	%	Amount	%
Cash, deposits and call loans	6,143	1.3	6,157	1.3
Securities repurchased under resale agreements	-----	---	-----	---
Deposit paid for securities borrowing transactions	-----	---	-----	---
Monetary receivables purchased	13,194	2.8	13,793	3.0
Proprietary trading securities	-----	---	-----	---
Assets held in trust	1,529	0.3	1,705	0.4
Securities	323,406	69.8	323,242	69.9
Domestic bonds	162,632	35.1	162,317	35.1
Domestic stocks	79,132	17.1	82,657	17.9
Foreign securities	78,498	16.9	75,244	16.3
Foreign bonds	58,588	12.6	56,640	12.2
Foreign stocks and other securities	19,910	4.3	18,604	4.0
Other securities	3,143	0.7	3,022	0.7
Loan receivables	93,597	20.2	95,533	20.6
Policy loans	11,174	2.4	11,392	2.5
Industrial and consumer loans	82,422	17.8	84,141	18.2
Real estate	16,479	3.6	16,539	3.6
Investment property	10,213	2.2	10,253	2.2
Deferred tax assets	1,468	0.3	-----	---
Other assets	7,845	1.7	6,128	1.3
Allowance for doubtful accounts	- 248	- 0.1	- 349	- 0.1
Total assets (General account)	463,417	100.0	462,750	100.0
Foreign currency dominated assets	67,918	14.7	67,606	14.6

Notes: 1. The above assets include cash received as collateral under securities lending contracts. Cash collateral received through these transactions are recorded in other liabilities. (As of September 30, 2008, ¥572.0 billion; as of March 31, 2008, ¥573.1 billion)

2. Real estate is the total of land, buildings, and construction in progress.

(2) Increases / Decreases in Assets

(100 Million Yen)

	As of September 30, 2007	As of September 30, 2008
	Amount	Amount
Cash, deposits and call loans	-2,018	-13
Securities repurchased under resale agreements	-----	-----
Deposit paid for securities borrowing transactions	-----	-----
Monetary receivables purchased	553	-598
Proprietary trading securities	-1	-----
Assets held in trust	227	-175
Securities	-6,434	164
Domestic bonds	-1,974	314
Domestic stocks	-8,705	-3,525
Foreign securities	4,214	3,254
Foreign bonds	3,125	1,948
Foreign stocks and other securities	1,088	1,306
Other securities	31	121
Loan receivables	-1,438	-1,936
Policy loans	-285	-217
Industrial and consumer loans	-1,152	-1,719
Real estate	-59	-59
Investment property	-4	-40
Deferred tax assets	-----	1,468
Other assets	1,160	1,717
Allowance for doubtful accounts	17	101
Total assets (General account)	-7,990	666
Foreign currency dominated assets	4,351	311

Notes: 1. Increases/decreases in cash received as collateral under securities lending contracts are as follows:

(As of September 30, 2007 ¥-83.0 billion; as of September 30, 2008, ¥-1billion)

2. Real estate is the total of land, buildings, and construction in progress.

(3) Investment Income

(100 Million Yen)

	As of September 30, 2007	As of September 30, 2008
Interest, dividend, and other income	5,925	5,898
Interest on deposits and savings	14	10
Interest on securities and dividends	4,284	4,210
Interest on loan receivables	984	1,002
Rent income on real estate	500	517
Other income	141	156
Gain on investment of proprietary trading securities	0	-----
Gain on investment of assets held in trust	229	-----
Gain on sale of securities	515	328
Gain on sale of domestic bonds	13	70
Gain on sale of domestic stocks and other securities	86	97
Gain on sale of foreign securities	416	161
Other gain	-----	-----
Gain on redemption of securities	49	48
Foreign exchange gains, net	-----	-----
Other investment income	5	33
Total	6,724	6,308

(4) Investment Expenses

(100 Million Yen)

	As of September 30, 2007	As of September 30, 2008
Interest expense	30	19
Loss from proprietary trading securities	-----	0
Loss from assets held in trust	-----	173
Loss on sale of securities	525	457
Loss on sale of domestic bonds	176	173
Loss on sale of domestic stocks and other securities	1	6
Loss on sale of foreign securities	348	276
Other loss	-----	-----
Loss on valuation of securities	56	236
Loss on valuation of domestic bonds	-----	-----
Loss on valuation of domestic stocks and other securities	47	190
Loss on valuation of foreign securities	9	46
Other loss	-----	-----
Loss on redemption of securities	7	29
Loss on derivative financial instruments, net	544	554
Foreign exchange loss, net	25	54
Provision for allowance for doubtful accounts	-----	-----
Write off of loan	-----	-----
Depreciation for rental real estate and other assets	131	133
Other investment expenses	79	84
Total	1,402	1,743

Note: In addition to the above, reversal of allowance for doubtful accounts is recorded as an extraordinary profit. (As of September 30, 2007 ¥2.6 billion; as of September 30, 2008, ¥6.8billion)

(5) Net Valuation Gain/Loss of Trading Securities

(100 Million Yen)

	As of September 30, 2008	
	Carrying value on balance sheet	Net valuation gain/loss
Trading securities	1,519	-142

	As of March 31, 2008	
	Carrying value on balance sheet	Net valuation gain/loss
Trading securities	1,694	-447

Notes: 1. Assets held in trust included in trading securities recorded on the balance sheets, and net valuation gain/loss included in profit/loss for the current period include net gain/loss related to derivative transactions.

2. Assets held in trust included in trading securities do not include cash equivalents and call loans.

(6) Market Value Information of Securities (Excluding Trading securities)

(100 Million Yen)

	As of September 30, 2008				
	Book value	Market value	Gain/loss	Gain	Loss
Policy-reserve-matching bonds	163,801	167,844	4,043	4,340	-296
Held-to-maturity debt securities	380	379	-0	0	-0
Investments in subsidiaries and affiliates	544	789	244	244	----
Other securities	133,975	163,339	29,363	32,947	-3,583
Domestic bonds	10,804	10,905	101	111	-10
Domestic stocks	47,983	76,465	28,482	29,975	-1,493
Foreign securities	66,924	67,913	988	2,851	-1,863
Foreign bonds	55,702	57,128	1,425	1,780	-355
Foreign stocks and other securities	11,222	10,784	-437	1,071	-1,508
Other securities	3,063	2,854	-208	6	-215
Monetary receivables purchased	2,199	2,200	0	1	-0
Negotiable deposits	3,000	2,999	-0	0	-0
Total	298,701	332,353	33,651	37,532	-3,880
Domestic bonds	162,531	166,555	4,023	4,197	-173
Domestic stocks	48,527	77,254	28,726	30,220	-1,493
Foreign securities	68,384	69,274	889	2,854	-1,964
Foreign bonds	57,162	58,489	1,327	1,783	-456
Foreign stocks and other securities	11,222	10,784	-437	1,071	-1,508
Other securities	3,063	2,854	-208	6	-215
Monetary receivables purchased	13,193	13,413	220	252	-32
Negotiable deposits	3,000	2,999	-0	0	-0

	As of March 31, 2008				
	Book value	Market value	Gain/loss	Gain	Loss
Policy-reserve-matching bonds	171,474	177,527	6,053	6,255	-202
Held-to-maturity debt securities	400	401	1	1	-0
Investments in subsidiaries and affiliates	544	705	160	160	----
Other securities	121,689	157,452	35,763	38,663	-2,899
Domestic bonds	3,350	3,385	34	35	-0
Domestic stocks	47,962	80,008	32,046	33,634	-1,587
Foreign securities	61,373	65,167	3,794	4,976	-1,181
Foreign bonds	51,436	54,467	3,030	3,282	-251
Foreign stocks and other securities	9,936	10,700	763	1,693	-930
Other securities	2,881	2,768	-112	16	-129
Monetary receivables purchased	3,041	3,041	0	0	-0
Negotiable deposits	3,080	3,080	0	0	-0
Total	294,108	336,087	41,979	45,081	-3,102
Domestic bonds	162,283	168,023	5,740	5,886	-146
Domestic stocks	48,506	80,714	32,207	33,794	-1,587
Foreign securities	63,563	67,320	3,756	4,987	-1,231
Foreign bonds	53,627	56,619	2,992	3,293	-301
Foreign stocks and other securities	9,936	10,700	763	1,693	-930
Other securities	2,881	2,768	-112	16	-129
Monetary receivables purchased	13,792	14,180	387	395	-7
Negotiable deposits	3,080	3,080	0	0	-0

Note: 1. The above table includes CDs (negotiable deposits) and other securities deemed appropriate under the Financial Instruments and Exchange Law in Japan.

○ Book Value of Securities Without Market Value

(100 Million Yen)

	As of September 30, 2008	As of March 31, 2008
Policy-reserve-matching bonds	-----	-----
Held-to-maturity debt securities	-----	-----
Unlisted foreign bonds	-----	-----
Other	-----	-----
Investments in subsidiaries and affiliates	2,602	2,941
Other securities	8,997	7,388
Unlisted domestic stocks(excluding over-the-counter-stocks)	1,737	1,718
Unlisted foreign stocks(excluding over-the-counter-stocks)	5,557	4,106
Unlisted foreign bonds	-----	-----
Other	1,703	1,564
Total	11,599	10,329

Note: Of securities without Market Value, net gains/losses on foreign exchange valuation of assets denominated in foreign currencies were as follows:
As of September 30, 2008, ¥-37.9 billion; as of March 31, 2008, ¥-53.2 billion.

(7) Market Value Information of Assets Held In Trust

(100 Million Yen)

	As of September 30, 2008				
	Carrying value on balance sheets	Market value	Net unrealized gains/losses		
				Gain	Loss
Assets held in trust	1,529	1,529	-----	-----	-----

	As of March 31, 2008				
	Carrying value on balance sheets	Market value	Net unrealized gain/loss		
				Gain	Loss
Assets held in trust	1,705	1,705	-----	-----	-----

Notes: 1. Market value calculations are based on prices rationally calculated by the trustee of assets held in trust.

2. Amounts on the balance sheet include net gain/loss on derivative transactions within assets held in trust.

• Assets held in trust for investment

(100 Million Yen)

	As of September 30, 2008	
	Carrying value on balance sheets	Net valuation gain/loss
Assets held in trust for investment	1,529	-142

	As of March 31, 2008	
	Carrying value on balance sheets	Net valuation gains/losses
Assets held in trust for investment	1,705	-447

Note: Assets held in trust on the balance sheets and net valuation gain/loss included in current period include net gain/loss on derivative transactions.

• Assets held in trust classified as held-to-maturity, policy-reserve-matching, and others

No data as there was not an ending balance as of September 30, 2008 and as of March 31, 2008.

<Reference>

○Appraisal value of real estate

(100 Million Yen)

	As of September 30, 2008				
	Carrying value on balance sheets	Market value (appraisal value)	Net unrealized gain/loss ①	Revaluation ②	①+②
Land and leaseholds	11,708	14,334	2,625	867	3,493

	As of March 31, 2008				
	Carrying value on balance sheets	Market value (appraisal value)	Net unrealized gain/loss ①	Revaluation ②	①+②
Land and leaseholds	11,673	14,289	2,616	883	3,500

Notes: 1.Appraisal value is based on the value of land disclosed in public.

2.In accordance with the law for the revaluation of land, business use lands were revalued and net valuation gain/loss are recorded on the balance sheets.

3.For revaluation ②, the difference between the amount revalued and the historical cost, net of tax has been credited to revaluation reserve for land in net assets, resulting in deferred tax liabilities in respect of revaluation reserve for land being included in liabilities.

4. Balance Sheets

(Million Yen)

	As of September 30, 2008		As of March 31, 2008	
	Amount	%	Amount	%
Assets:				
Cash and deposits	456,875	1.0	500,625	1.0
Call loans	241,600	0.5	196,100	0.4
Monetary receivables purchased	1,319,480	2.8	1,379,371	2.9
Assets held in trust	152,943	0.3	170,507	0.4
Investments in securities	33,843,662	70.5	34,003,765	70.6
National government bonds	11,730,574		11,592,242	
Local government bonds	1,506,576		1,654,734	
Corporate bonds	3,544,211		3,514,354	
Domestic stocks	8,313,997		8,762,375	
Foreign securities	8,266,013		7,994,217	
Loan receivables	9,359,709	19.5	9,553,389	19.8
Policy loans	1,117,477		1,139,246	
Industrial and consumer loans	8,242,232		8,414,143	
Tangible fixed assets	1,669,967	3.5	1,675,293	3.5
Intangible fixed assets	162,024	0.3	153,520	0.3
Reinsurance receivables	476	0.0	614	0.0
Other assets	641,024	1.3	529,146	1.1
Deferred tax assets	146,848	0.3	-----	-----
Customers' liability for acceptances and guarantees	10,390	0.0	7,900	0.0
Allowance for doubtful accounts	-24,829	-0.1	-34,944	-0.1
Total assets	47,980,174	100.0	48,135,290	100.0
Liabilities :				
Policy reserves and others	42,868,683	89.3	42,209,823	87.7
Reserve for outstanding claims	222,453		236,957	
Policy reserve	41,320,761		40,739,597	
Reserve for dividends to policyholders	1,325,468		1,233,268	
Reinsurance payables	145	0.0	339	0.0
Other liabilities	1,098,901	2.3	1,190,476	2.5
Cash received as collateral under security lending contracts	572,089		573,106	
Corporate income tax payable	46,650		26,649	
Lease obligation	51		-----	
Other liabilities	480,109		-----	
Accrued bonus for directors and corporate auditors	23	0.0	94	0.0
Accrued severance indemnities	438,929	0.9	433,771	0.9
Accrued retirement benefit for directors	5,785	0.0	5,801	0.0
Accrued loss from supporting closely related companies	515	0.0	515	0.0
Reserve for price fluctuations of security investments	487,263	1.0	487,263	1.0
Deferred tax liabilities	-----	-----	138,242	0.3
Deferred tax liabilities for revaluation reserve	176,691	0.4	177,283	0.4
Acceptances and guarantees	10,390	0.0	7,900	0.0
Total liabilities	45,087,329	94.0	44,651,511	92.8
Net assets :				
Foundation funds	200,000	0.4	200,000	0.4
Reserve for redemption of foundation funds	750,000	1.6	700,000	1.5
Reserve for revaluation	651	0.0	651	0.0
Surplus :	156,421	0.3	395,742	0.8
Legal reserve for deficiency	9,867		9,020	
Other surplus	146,554		386,722	
Contingency reserve	71,917		71,917	
Reserve for assisting social public welfare	1,533		1,221	
Reserve for condensed booking of fixed assets for tax purpose	32,281		32,082	
Other reserves	170		170	
Unappropriated surplus *1	40,652		281,332	
Total equity	1,107,072	2.3	1,296,394	2.7
Net unrealized gains on securities, net tax	1,875,725	3.9	2,276,167	4.7
Deferred gain on derivatives under hedge accounting	-47	-0.0	155	0.0
Land revaluation difference	-89,906	-0.2	-88,938	-0.2
Total valuation, conversion and others	1,785,771	3.7	2,187,384	4.5
Total net assets	2,892,844	6.0	3,483,778	7.2
Total liabilities and net assets	47,980,174	100.0	48,135,290	100.0

Note(*1):Unappropriated surplus as of March 31, 2008 signifies unappropriated surplus for the current year.

Basis of Presenting the Non-Consolidated Balance Sheet

1. Securities (including items treated as securities based on “financial product accounting standards” (Corporate Accounting Standards #10) and securities within assets held in trust of deposits and monetary receivables purchased) are valued as follows:
 - (1) Trading securities are stated at the market value as of the balance sheet date (Moving average method is used for calculating cost of sales).
 - (2) Held-to-maturity debt securities are valued using the moving average method net of accumulated amortization (straight-line).
 - (3) Policy-reserve-matching bonds are valued using the moving average method net of accumulated amortization (straight-line) in accordance with the Industry Audit Committee Report No.21, “Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry,” issued by the Japanese Institute of Certified Public Accountants (the “JICPA”).
 - (4) Stocks of subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2 paragraph 12 of the Insurance Business Law excluding subsidiaries prescribed in Article 2-3 paragraph 2 of the Ordinance of the Insurance Business Law, and stocks issued by affiliates prescribed in Article 2-3 paragraph 3 of the Ordinance of the Insurance Business Law) are valued using the moving average method.
 - (5) Available-for-sale Securities
 - ① Of securities with market value, stocks (including foreign stocks) are valued by using the average market value during the period of one month before the balance sheet date (cost of sales is calculated by using the moving average method). Others are valued by using the market value on the balance sheet date (cost of sales is calculated by using the moving average method).
 - ② Of securities without market value, public and corporate bonds (including foreign bonds), of which the difference between the purchase price and face value is due to interest rate adjustment, are valued using the moving average method net of accumulated amortization (straight-line). Others are valued at the

gross moving average amount.

Adjustments to fair value, net of applicable taxes are recorded in a separate component of net asset.

2. Securities that are held for the purpose of controlling periods outstanding of the liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuity, workers' asset-formation insurance and annuity, and group insurance and annuity are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No.21, "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry," issued by the JICPA.

The book value and market value of policy-reserve-matching bonds as of September 30, 2008 amounted to ¥16,380,138 million and ¥16,784,495 million, respectively. Starting from April 1, 2008, given the need to review the sub-categories of the liabilities outstanding due to a change in investment policy for bonds, we abolished the sub-categorizing of guaranteed fixed term rate group annuities and U.S dollar-denominated single-payment individual insurance, and excluded new fixed rate variable individual insurance from policies subject to sub-categorization of yen-denominated single-payment individual insurance.

As a result, a portion of policy-reserve-matching bonds was changed to available-for-sale securities at the beginning of the period. Compared to the past method, there were increases in securities of ¥4,824 million, available-for-sale securities valuation difference of ¥3,237 million, and decreases in deferred tax assets of ¥1,829 million. Also, ordinary income and pretax surplus decreased by ¥242 million.

3. Derivative financial instruments are stated at market value.

4. (1)

- ① Tangible fixed assets (except for lease assets related to trading financial leases where ownership is not transferred and buildings acquired on or after April 1, 1998) are depreciated based on the declining balance method. Buildings acquired on or after April 1, 1998 are depreciated based on the straight-line method.

② Depreciation of software, which is included in intangible fixed assets, is calculated based on the straight-line method.

③ The straight-line method based on lease period is used to calculate depreciation of lease assets related to trading financial leases where ownership is not transferred.

(2) The amount of accumulated depreciation for tangible fixed assets is ¥1,041,684 million as of September 30, 2008.

5. Revaluation of the land for operation is performed based on the law related to land revaluation. The amount related to the valuation difference between the previous and the revalued amount is tax effected and recognized as “deferred tax liabilities for revaluation reserve” within the liability section. The Valuation difference excluding tax is recognized as “land revaluation difference” within the net assets section.

Revaluation Date	March 31, 2002
Revaluation Methodology	The amount is rationally calculated by using the land listed value and road rate as prescribed by the Ordinance clauses 2-1 and 2-4, respectively, which are the laws regarding land revaluation.

6. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using “Accounting Standards of the Business Accounting Council”(Business Accounting Council).
7. Allowance for doubtful accounts is recognized in accordance with the Company’s internal Asset Valuation Regulation and Write-Off/Provision Rule.
- (1) ① The amount of allowance for loans receivable from creditors who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of loans receivable (as mentioned at (3) below).
- ② The allowance for loans receivable from creditors who are not currently legally bankrupt but have high possibility of bankruptcy is recognized on the amounts deemed necessary considering the borrowers’ overall solvency assessment within

the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or the execution of guarantees.

- ③ The allowance for loans receivable from creditors other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.
- (2) All credits are assessed by the sections concerned in responsible sections in accordance with the Company's Asset Valuation Regulation. The assessments are verified by an independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.
 - (3) The amount of collateral value or the amount collectible by the execution of guarantees or other methods directly subtracted from the balance of loans receivable is the estimated uncollectible amount for loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The amount recognized in the financial statements is ¥6,672 million (including ¥6,269 million of credits secured and/or guaranteed) as of September 30, 2008.
- 8. Accrued bonus for directors and corporate auditors is recognized based on the amount estimated to be paid.
 - 9. Accrued severance indemnities are provided for the six months ended September 30, 2008 based on the estimated amounts of projected benefit obligations in excess of the market value of pension plan assets for future severance payments of employees as of the balance sheet date.
 - 10. Accrued retirement benefit for directors is an estimated payment amount based on internal rules.
 - 11. Accrued loss from supporting closely related companies is recognized based on the amount that is estimated to be required in the future for supporting restructurings of the closely related companies.
 - 12. Reserve for price fluctuations of security investments is recognized based on Article

115 of the Insurance Business Law.

13. In the past, an accounting treatment based on a method related to ordinary lease transactions was applied to trading financial leases where ownership is not transferred. From this period, however, the "Accounting Standards of Lease Transactions" (Corporate Accounting Standards #13) and "Application Guidelines for Accounting Standards of Lease Transactions" (Corporate Accounting Standards Application Guidelines #16) will be applied.

Regarding financial leases where ownership is not transferred and lease start date is March 31, 2008 or prior, accounting treatment based on method related to ordinary lease transactions is applied. As a result, compared to cases using the past method, ¥51 million lease assets are recorded under tangible fixed assets, and ¥51 million lease obligation is recorded under liabilities.

This has no effect on ordinary income and pretax midterm net surplus.

14. Hedge accounting is calculated by following method.

① Nippon Life applies the mark-to-market method of hedge accounting mainly for hedging activities against exposures to foreign exchange rate fluctuations on certain bonds denominated in foreign currencies. The Company also applies the special treatment prescribed under the Accounting Standards for Financial Instruments for interest swap agreements to manage cash flow volatility associated with interest rate changes on certain loans receivable. In addition, The Company matches foreign exchange forward contracts and currency swaps with certain financial assets denominated in foreign currencies.

② Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Company's internal risk management policies.

15. Consumption taxes and local consumption taxes are accounted for by using the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Law, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense

as incurred as of September 30, 2008.

16. A policy reserve is a reserve set forth in accordance with Article 116 of the Insurance Business Law. A policy reserve is recognized by performing a calculation based on the following methodology:
 - ① Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (the ordinance No.48 issued by the Ministry of Finance in 1996).
 - ② Reserves for other contracts are computed based on the net level premium method. Since fiscal 2006, additional amounts to the policy reserves were to be made over 5 years to a portion of the individual annuity policyholders. Such treatment is in accordance with Article 69 paragraph 5 of the Enforcement Ordinance of the Insurance Business Law. As a result of the adoption of the treatment, the policy reserve is ¥121,890 million as of September 30, 2008

17. Corporate taxes, inhabitant taxes, and corporation tax adjustments for the current semi-annual term are calculated on the assumption of accumulation and reversal of the reserve for condensed booking of fixed assets for tax purposes by appropriation of surplus and dividends to policyholders; both related to the current fiscal year.

18. (1) The total amount of loans of bankrupt borrowers, delinquent loans, loans that are delinquent for over 3 months and loans for restructuring, which were included in loan receivables is ¥46,110 million as of September 30, 2008.
 - ① The balances of loans of bankrupt borrowers and delinquent loans are ¥3,337 million and ¥38,108 million as of September 30, 2008.

Loans of bankrupt borrowers are loans, except for a portion of loans written-down, where the borrowers satisfy conditions prescribed in Article 96 Paragraph 1 Item 3 or Item 4 of the Enforcement Regulations of the Corporation Tax Law. Interest is not accrued as income since the recovery of principal or interest on the loans is unlikely due to the fact that the principal or interest payments are long overdue or for other reasons.

Delinquent loans are loans with interest not accrued excluding the loans of bankrupt borrowers and the loans to which postponement of interest payment is made with the object of reconstructing and supporting the borrowers.

② The balance of loans that are delinquent for over 3 months were ¥480 million as of September 30,2008.

Loans that are delinquent for over 3 months are loans with principal or interest unpaid for over 3 months beginning one day after the due date based on the loan agreement.

③ The balance of loans for restructuring, were ¥4,183 million as of September 30, 2008.

Loans for restructuring are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers restructuring, such as by reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over 3 months. .

(2) The direct write-off of loans receivable decreased balances of loans of bankrupt borrowers and delinquent loans by ¥5,371 million, ¥1,301 million as of September 30, 2008.

19. Total assets within the Separate Accounts as provided for in Article 118 paragraph 1 of the Insurance Business Law are ¥1,638,460 million as of September 30, 2008.

The liabilities amount is the same as the above.

20. Changes in the reserve for dividends to policyholders included in policy reserves for the period ended September 30, 2008 are as follows:

	Million Yen
	As of September 30,2008
Balance at the end of previous fiscal year	¥1,233,268
Transfer to reserves from surplus in previous fiscal year	226,284
Policyholders dividends paid out in the current period	(150,984)
Increase in interest	16,899
Balance as of September 30, 2008	¥1,325,468

21. The amount of assets pledged as collateral by securities, land, and buildings is ¥638,447 million, ¥2,952 million, and ¥336 million, respectively. The total amount

of loans covered by the aforementioned assets is ¥580,579 million as of September 30, 2008.

These amounts included ¥596,522 million of securities deposited and ¥580,506 million of cash received as collateral, under the securities lending contracts secured by cash, as of September 30, 2008

22. ¥50,000 million of foundation funds were additionally offered according to Article 60 of Insurance Business Law.
23. The Company redeemed ¥50,000 million of foundation funds, and credited the same amount to reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Law.
24. The total amount of stocks and investments in subsidiaries is ¥314,685 million as of September 30, 2008.
25. The amount of securities loaned for consumption is ¥2,406,320 million as of September 30, 2008.
26. Assets that can be sold or re-secured are marketable securities loaned under a loan for consumption contract. As of the end of the period, these assets are being held without disposal, totaling ¥282,803 million at market value.
27. The amount of commitments related to loan receivables and loans outstanding is ¥151,306 million as of September 30, 2008.
28. The amount of future contributions to the Life Insurance Policyholder Protection Corporation of Japan, in accordance with Article 259 of the Insurance Business Law, is estimated to be ¥90,467 million as of September 30, 2008.
The contribution amount is also recognized as operating expense at the time of payment.
29. The amount of policy reserves provided for the portion of reinsurance as defined in Article 71, Paragraph 1 of the Enforcement Regulation of the Insurance Business Law is ¥175 million as of September 30, 2008.

5. Statements of Income

(Million Yen)

	For the period April 1 to September 30, 2007		For the period April 1 to September 30, 2008	
	Amount	%	Amount	%
Revenues:	3,227,810	100.0	3,298,346	100.0
Income from insurance and reinsurance premiums	2,422,232		2,549,563	
Insurance premiums	2,421,997		2,549,112	
Investment income	692,086		630,889	
Interest, dividends, and other income	592,516		589,852	
Gain on proprietary trading securities	6		-----	
Gain from assets held in trust	22,942		-----	
Gain on sales of securities	51,534		32,890	
Gain on separate account, net	19,611		-----	
Other revenues	113,491		117,893	
Expenditures :	3,048,538	94.5	3,252,390	98.6
Insurance claims and other payments:	2,015,221		1,888,911	
Death and other claims	678,200		630,270	
Annuity payments	225,117		237,585	
Health and other benefits	376,875		378,290	
Surrender benefits	531,145		520,939	
Other refunds	203,453		121,416	
Provision for policy reserves	387,658		598,064	
Provision for policy reserves	369,722		581,164	
Interest on reserve for dividends to policyholders	17,935		16,899	
Investment Expenses	140,273		268,952	
Interest expense	3,049		1,965	
Loss from proprietary trading securities	-----		0	
Loss from assets held in trust	-----		17,325	
Loss on sales of securities	52,597		45,741	
Loss on valuation of securities	5,646		23,678	
Loss from derivative financial instruments, net	54,490		55,432	
Loss from separate accounts, net	-----		94,572	
Operating expenses	272,181		276,733	
Other expenditures	233,203		219,728	
Operating income	179,271	5.6	45,955	1.4
Extraordinary profits :	3,367	0.1	7,676	0.2
Gain on disposal of fixed assets	705		810	
Reversal of allowance for doubtful accounts	2,661		6,866	
Extraordinary losses :	20,292	0.6	6,375	0.2
Loss on disposal of fixed assets	3,058		2,682	
Impairment loss	1,596		2,504	
Provision for reserve of security price fluctuations	15,000		-----	
Contribution for assisting social public welfare	638		1,188	
Surplus before income tax	162,347	5.0	47,257	1.4
Income tax - current	69,164	2.1	55,210	1.7
Income tax - deferred	-52,217	-1.6	-46,449	-1.4
Surplus for the period	145,400	4.5	38,496	1.2

Notes to the Non-Consolidated Statement of Income

1. Gains on sales of securities include gains on sales of domestic bonds, domestic stocks and foreign securities of ¥7,006 million, ¥9,779 million and ¥16,104 million, respectively.
2. Losses on sales of securities include losses on sales of domestic bonds, domestic stocks and foreign securities of ¥17,353 million, ¥691 million and ¥27,695 million, respectively.
3. Losses on the valuation of securities include losses on sales of domestic stocks and foreign securities of ¥19,037 million and ¥4,641 million, respectively.
4. Reversal of the policy reserve for ceded reinsurance used for the calculation of policy reserves is ¥12 million.
5. Interest, Dividend and Other Income

	Millions of Yen Six months ended September 30, 2008
Interest on deposits	¥1,097
Interest and dividend on securities	421,080
Interest on loans receivable	100,228
Income from rental real estate	51,766
Others	15,679
Total	¥589,852

6. Loss on Impairment of Asset

① Method for grouping the assets

Leased buildings and idle property are classified as one group per structure.

Assets utilized for insurance business operations are classified into one group.

② Circumstances causing impairment losses

The Company observed a marked decrease of profitability or fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and an impairment loss was recognized as an extraordinary loss.

③ Asset groups that recognized an impairment losses with amount and breakdown:

Purpose of use	(Million Yen)		Total
	Land	Buildings	
Leased Property	¥31	—	¥31
Idle Property	¥1,911	¥562	¥2,473
Total	¥1,942	¥562	¥2,504

④ Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment loss on leased property is determined at net realizable value upon sales of the asset or the future cash flows. The recoverable amount for idle property is determined at the net realizable value upon sales of the asset. The discount rate used for calculation of future cash flows is 4%. Net realizable values are determined based on the real estate appraisal or posted land price.

6. Statement of Changes in Net Assets

For the period April 1 to September 30, 2007

(Million Yen)

	Foundation funds and others												Total equity	
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Legal reserve for deficiency	Contingency reserve	Reserve for retirement benefit	Reserve for assisting social public welfare	Surplus						Total Surplus
								Voluntary surplus reserve							Reserve for condensed booking of fixed assets for tax purpose	Reserve for condensed booking of fixed assets, not purchased yet	Other reserves	Unappropriated surplus
Balance, March 31, 2007	250,000	650,000	651	8,123	71,917	3,500	648	29,261	1,908	170	292,615	408,143	1,308,795	
Increase/Decrease														
Additions to reserve for dividends to policyholders												-239,686	-239,686	
Additions to legal reserve for deficiency				897								-897	-----	
Additions to reserve for redemption of foundation funds		50,000										-50,000	-50,000	
Interest on foundation funds												-3,119	-3,119	
Net surplus for the period												145,400	145,400	
Redemption of foundation funds	-50,000												-50,000	
Reversal of reserve for retirement benefit						-3,500						3,500	-----	
Additions to reserve for assisting social public welfare							1,500					-1,500	-----	
Reversal of reserve for assisting social public welfare							-638					638	-----	
Additions to reserve for condensed booking of fixed assets for tax purpose								3,566				-3,566	-----	
Reversal of reserve for condensed booking of fixed assets for tax purpose								-745				745	-----	
Reversal of reserve for condensed booking of fixed assets, not purchased yet									-1,908			1,908	-----	
Reversal of revaluation reserve for land												1,591	1,591	
Net change, excluding foundation funds and others				897	-----	-3,500	862	2,820	-1,908	-----		-144,985	-145,814	
Net change	-50,000	50,000	-----	897	-----	-3,500	862	2,820	-1,908	-----		-144,985	-145,814	
Balance, September 30, 2007	200,000	700,000	651	9,020	71,917	-----	1,510	32,082	-----	170	147,629	262,329	1,162,980	

	Valuation, Conversion, and others				Total Net Assets
	Net unrealized gain on securities, net of taxes	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Total	
Balance, March 31, 2007	4,607,770	57	-84,955	4,522,873	5,831,668
Increase/Decrease					
Additions to reserve for dividends to policyholders					-239,686
Additions to legal reserve for deficiency					-----
Additions to reserve for redemption of foundation funds					-----
Interest on foundation funds					-3,119
Net surplus for the period					145,400
Redemption of foundation funds					-50,000
Reversal of reserve for retirement benefit					-----
Additions to reserve for assisting social public welfare					-----
Reversal of reserve for assisting social public welfare					-----
Additions to reserve for condensed booking of fixed assets for tax purpose					-----
Reversal of reserve for condensed booking of fixed assets for tax purpose					-----
Reversal of reserve for condensed booking of fixed assets, not purchased yet					-----
Reversal of revaluation reserve for land					1,591
Net change, excluding foundation funds and others	-634,832	-46	-1,591	-636,470	-636,470
Net change	-634,832	-46	-1,591	-636,470	-782,283
Balance, September 30, 2007	3,972,938	10	-86,546	3,886,402	5,049,383

6. Statement of Changes in Net Assets

For the period April 1 to September 30, 2008

(Million Yen)

	Foundation funds and others										
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Legal reserve for deficiency	Contingency reserve	Reserve for assisting social public welfare	Surplus				Total equity
							Voluntary surplus reserve					Total Surplus
						Reserve for condensed booking of fixed assets for tax purpose	Other reserves	Unappropriated surplus			
Balance, March 31, 2008	200,000	700,000	651	9,020	71,917	1,321	32,082	170	281,332	395,742	1,296,394
Increase/Decrease											
Solicitation of foundation funds	50,000										50,000
Additions to reserve for dividends to policyholders									-226,284	-226,284	-226,284
Additions to legal reserve for deficiency				847					-847	-----	-----
Additions to reserve for redemption of foundation funds		50,000							-50,000	-50,000	-----
Interest on foundation funds									-2,501	-2,501	-2,501
Net surplus for the period									38,496	38,496	38,496
Redemption of foundation funds	-50,000										-50,000
Additions to reserve for assisting social public welfare						1,500			-1,500	-----	-----
Reversal of reserve for assisting social public welfare						-1,188			1,188	-----	-----
Additions to reserve for condensed booking of fixed assets for tax purpose							941		-941	-----	-----
Reversal of reserve for condensed booking of fixed assets for tax purpose							-742		742	-----	-----
Reversal of revaluation reserve for land								967	967	967	967
Net change, excluding foundation funds and others											
Net change	-----	50,000	-----	847	-----	312	199	-----	-240,673	-239,321	-189,321
Balance, September 30, 2008	200,000	750,000	651	9,867	71,917	1,533	32,281	170	40,652	156,421	1,107,072

	Valuation, Conversion, and others				Total Net Assets
	Net unrealized gain on securities, net of tax	Deferred gain on derivatives under hedge accounting	Land revaluation difference	Total	
Balance, March 31, 2008	2,276,167	155	-88,938	2,187,384	3,483,778
Increase/Decrease					
Solicitation of foundation funds					50,000
Additions to reserve for dividends to policyholders					-226,284
Additions to legal reserve for deficiency					-----
Additions to reserve for redemption of foundation funds					-----
Interest on foundation funds					-2,501
Net surplus for the period					38,496
Redemption of foundation funds					-50,000
Additions to reserve for assisting social public welfare					-----
Reversal of reserve for assisting social public welfare					-----
Additions to reserve for condensed booking of fixed assets for tax purpose					-----
Reversal of reserve for condensed booking of fixed assets for tax purpose					-----
Reversal of revaluation reserve for land					967
Net change, excluding foundation funds and others	-400,442	-203	-967	-401,612	-401,612
Net change	-400,442	-203	-967	-401,612	-590,934
Balance, September 30, 2008	1,875,725	-47	-89,906	1,785,771	2,892,844

7. Details of Operating Income (Ordinary Income)

(Million Yen)

	For the period April 1 to September 30, 2007	For the period April 1 to September 30, 2008
Ordinary income (Core operating profit) (A)	320,534	282,563
Capital gain	74,739	32,890
Gain from proprietary trading securities	6	----
Gain from assets held in trust	22,942	----
Gain from trading securities	----	----
Gain on sales of securities	51,534	32,890
Gain from derivative financial instruments	----	----
Foreign exchange gain	----	----
Other capital gain	254	----
Capital loss	115,286	147,607
Loss from proprietary trading securities	----	0
Loss from assets held in trust	----	17,325
Loss from trading securities	----	----
Loss on sales of securities	52,597	45,741
Loss on valuation of securities	5,646	23,678
Loss from derivative financial instrument	54,490	55,432
Foreign exchange loss	2,552	5,429
Other capital loss	----	----
Net capital gain/loss (B)	-40,547	-114,716
Ordinary income including net capital gain/loss (A+B)	279,987	167,846
Non-recurring income	21,300	----
Income from reinsurance premiums	----	----
Reversal of contingency reserve	----	----
Other non-recurring income	21,300	----
Non-recurring loss	122,016	121,890
Reinsurance premiums	----	----
Provision for contingency reserve	13,000	----
Provision for specific allowance for doubtful accounts	----	----
Provision of allowance for specialized overseas debts	----	----
Write off of loans	----	----
Other non-recurring loss	109,016	121,890
Non-recurring income / loss (C)	-100,715	-121,890
Operating income (A+B+C)	179,271	45,955

(Reference) Details of other ordinary gain and loss

(Million Yen)

	For the period April 1 to September 30, 2007	For the period April 1 to September 30, 2008
Other ordinary cost	254	----
Foreign exchange related gain from foreign currency denominated insurance products	254	----
Other capital gain	254	----
Foreign exchange related gain from foreign currency denominated insurance products	254	----
Other non-recurring income	21,300	----
The effect of changing to monthly valuation of policy reserves	21,300	----
Other non-recurring loss	109,016	121,890
Article 69 Clause 5 of Enforcement Regulation of Insurance Business Law, provision for policy reserves	109,016	121,890

8. Status of Non-performing Assets According to Borrower's Classification

(100 Million Yen, %)

	As of September 30, 2008	As of March 31, 2008
Bankrupt and Quasi-Bankrupt Loans	137	125
Doubtful Loans	276	440
Substandard Loans	46	59
Subtotal (a)	461	624
[Percent of total] (%)	(0.39)	(0.52)
Normal Loans	117,814	118,584
Total	118,276	119,209

- Notes:
1. Bankrupt and quasi-bankrupt loans are non-performing assets that have fallen into bankruptcy due to reasons including initiation of bankruptcy proceedings, start of reorganization proceedings, and submission of an application to start rehabilitation proceedings.
 2. Doubtful loans are non-performing assets with a strong likelihood that loan principal or interest cannot be recovered according to the contract, although the obligor has not yet entered into bankruptcy, but because of difficulties in financial condition and business performance of the obligor.
 3. Substandard loans include loans that are delinquent for over three months or loans for restructuring. Loans that are delinquent for over three months are loans with principal or interest being unpaid for over three months counting from the day after the due date based on the loan agreement(excluding 1) and 2) above). Loans for restructuring are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's company restructuring. Example of such concessions include reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing other benefits to the borrowers (excluding 1), 2) from above, and loans that are delinquent for over three months).
 4. Normal loans are loans that do not fall under the classifications for 1) to 3)above, and where the obligor has no financial or business performance problems.

Supplemental information for borrower's classification

- * Classifications and calculation methods used in this table are based on the Enforcement Regulation of the Insurance Business Law. The table includes guaranteed private offering loans of financial institution, loans, securities lending, accrued interest, suspense payments, and customer's liabilities for acceptances and guarantees.
- * Loans subject to bankruptcy rehabilitation are directly deducted from total loans as estimated uncollectible amounts calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans. These amounts were ¥6.6 billion for loans subject to bankruptcy rehabilitation as of September 30,2008; ¥4.8 billion for loans subject to bankruptcy rehabilitation as of March 31,2008.

9. Status of Risk-Monitored Loans

(100 Million Yen, %)

	As of September 30, 2008	As of March 31, 2008
Loans to bankrupt borrowers	33	33
Delinquent Loans	381	531
Loans that are delinquent for over three months	4	4
Restructured Loans	41	54
Total (b)	461	624
[Percent of total loans receivable](%)	(0.49)	(0.65)

- Notes:
1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from the total loans) is directly deducted from total loan amount.
The amount of loans to bankrupt borrowers and delinquent loans are ¥5.3 billion and ¥1.3 billion as of September 30,2008; ¥1.1 billion and ¥3.7billion as of March 31,2008.
 2. Loans to bankrupt borrowers are loans of the following with principal and interest payments being long overdue and interest not being accrued: (a) Borrowers to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Law, Civil Rehabilitation Law, Bankruptcy Law, or Company Law, (b) Borrowers to borrowers that have notes suspended from being traded, and (c) Borrowers to borrowers that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws .
 3. Delinquent loans are loans for which interest is not being accrued on the balance sheet, which excludes aforementioned items 1) and 2) and loans for restructuring.
 4. Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include "Loans to bankrupt borrowers" and "Delinquent Loans".
 5. Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's company restructuring, such as by reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing other benefits to the borrowers (excluding 1), 2) from above, and loans that are delinquent for over three month).

(Reference) Status of Allowance and Secured amount

(100 Million Yen)

	As of September 30, 2008	As of March 31, 2008
Allowance for doubtful accounts (c)	248	349
General allowance for doubtful accounts	206	190
Specific allowance for doubtful accounts	41	158
Allowance for specialized overseas debts	-----	-----
Coverage ratio for loans by borrower classification (c)/(a)	53.8%	55.9%
Coverage ratio for risk-monitored loans (c)/(b)	53.8%	56.0%
Secured amount (d)	458	611
Amount secured by collateral and/or guarantee	431	467
Allowance for doubtful accounts	27	143
Total coverage ratio (d)/(a)	99.4%	97.8%

Note: The allowance for doubtful accounts used to calculate the total coverage ratio is the total amount of specific allowance for doubtful accounts and general allowance for substandard loans.

10. Breakdown of allowance for doubtful accounts

(Million Yen)

	As of March 31, 2008	As of September 30, 2008	Changes
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	19,071	20,633	1,561
(B) Specific allowance for doubtful accounts	15,872	4,196	- 11,676
(C) Allowance for specialized overseas debts	-----	-----	-----
(2) Specific allowance for doubtful accounts			
(A) Provision	20,736	10,868	- 9,867
(B) Reversal	20,744	19,296	- 1,447
[excluding reversals with write-off]			
(C) Net provision	- 8	- 8,427	- 8,419
(3) Allowance for specialized overseas debts			
(A) Number of debtor countries	-----	-----	-----
(B) Amounts of credit	-----	-----	-----
(C) Provision	-----	-----	-----
(D) Reversal	-----	-----	-----
(4) Write-off of loans	-----	-----	-----

<Reference>

[Status of Borrower Classification]

(100 Million Yen, %)

	As of September 30, 2008		As of March 31, 2008	
	Money available	Percentage of whole	Money available	Percentage of whole
Loan balances	93,597	100.0	95,533	100.0
(After direct write-off of category IV)				
Non-categorized	91,154	97.4	93,234	97.6
Category II	2,414	2.6	2,163	2.3
Category III	27	0.0	135	0.1
Category IV	----	----	----	----

- Notes: 1. Specific allowances for doubtful accounts of Category III were as follows:
As of September 30, 2008, ¥2.4 billion ; as of March 31, 2008, ¥13.5 billion
2. The amounts of direct write-off of Category IV were as follows:
As of September 30, 2008, ¥6.6 billion ; as of March 31, 2008, ¥4.8 billion

11. Solvency Margin Ratio

(Million Yen)

	As of September 30, 2008	As of March 31, 2008
Solvency margin gross amount (A)	7,667,837	8,217,904
Foundation funds and other reserve funds	3,342,750	3,301,725
Total Net Assets	1,107,072	1,067,608
Reserve for price fluctuation of security investments	487,263	487,263
Contingency reserve	1,429,062	1,429,062
General allowance for doubtful accounts	20,633	19,071
Others	298,719	298,719
Net unrealized gain/loss on securities × 90%	2,637,007	3,212,612
Net unrealized gain/loss on real estate × 85%	296,943	297,510
Excess of continued Zillmerized reserve	1,350,697	1,271,175
Qualifying subordinated debt	----	----
Deductions	-983	-194
Others	41,422	135,075
Total amount of risk (B)		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	1,360,320	1,420,785
Underwriting risk R1	156,258	158,600
Anticipated yield risk R2	197,524	203,823
Investment risk R3	1,100,468	1,154,090
Business management risk R4	30,834	32,086
Minimum guarantee risk R7	10,960	10,616
Underwriting risk of third market insurance R8	76,491	77,210
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,127.3%	1,156.8%

- Notes: 1. The aforementioned amounts and figures are calculated based on Article 86, Article 87 of the Enforcement Regulation of the Insurance Business Law, as well as the Ordinance No. 50 issued by the Ministry of Finance in 1996. (Excess of continuous Zillmerized reserve is calculated based on the Ordinance No. 50 1-3-1.)
2. The standard method is used for calculation of the amount equivalent to minimum guarantee risk.

12. Status of Separate Accounts for the Six Months Ended September 30, 2008

(1) Balance of Separate Account Assets

(100 Million Yen)

	As of September 30, 2008	As of March 31, 2008
Individual variable insurance	1,358	1,503
Individual variable annuity	1,958	2,131
Group annuity	13,067	14,968
Separate account total	16,384	18,602

(2) Policies in Force

① Individual variable insurance

	As of September 30, 2008		As of March 31, 2008	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (term life)	2,850	15,010	2,955	15,638
Variable insurance (whole life)	39,165	633,295	39,603	645,458
Total	42,015	648,306	42,558	661,097

② Individual variable annuity

	As of September 30, 2008		As of March 31, 2008	
	Number of policies	Amount (million yen)	Number of policies	Amount (million yen)
Variable annuity	30,122	195,819	30,304	212,931

13. Status of the Company and Affiliates

(1) Selected Financial Data Which Represents the Company's Major Operations

(100 Million yen)

	As of September 30, 2008
Total revenues	33,504
Operating income	455
Surplus for the period April 1 to September 30	353

	As of September 30, 2008	As of March 31, 2008
Total assets	482,080	483,869

(2) Scope of Consolidation and Application of the Equity Method

	As of September 30, 2008
Number of consolidated subsidiaries	11
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	4
Decrease in number of major affiliates for the period April 1 to September 30, 2008	1 (NLI Properties Central, Inc.)

(3) Policies of Presenting the Consolidated Financial Statements

i) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and its subsidiaries. Consolidated subsidiaries as of September 30, 2008 are listed below:

- Nissay Computer Co., Ltd (Japan)
- Nissay Asset Management Corporation (Japan)
- Nissay Information Technology Co., Ltd. (Japan)
- Nissay Capital Co., Ltd. (Japan)
- Nissay Leasing Co., Ltd. (Japan)
- Nissay Credit Guarantee Co., Ltd. (Japan)
- Nippon Life Insurance Company of America (U.S.A.)
- NLI Properties East, Inc. (U.S.A.)
- NLI Properties West, Inc. (U.S.A.)
- NLI Commercial Mortgage Fund, LLC (U.S.A.)
- NLI Commercial Mortgage Fund II, LLC (U.S.A.)

The major subsidiaries excluded from consolidation are Nissay Card Service Co., Ltd., the Tokyo Agency of Nippon Life Insurance Co., Ltd. and Nissay Business Service Co., Ltd.

NLI Properties Central, Inc. was excluded from consolidation due to the liquidation.

The respective and aggregate effects of the companies, which are excluded from consolidation, on total assets, revenues, net income and surplus for the first half of fiscal 2008 are immaterial. This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position of the Company and its subsidiaries and the result of their operations.

ii) Affiliates

Affiliates accounted for under the equity method as of September 30, 2008 are listed below:

- Nissay Dowa General Insurance Company, Limited (Japan)
- The Master Trust Bank of Japan, Ltd. (Japan)
- Corporate-Pension Business Service Co., Ltd. (Japan)
- Nissay-SVA Life Insurance Co., Ltd. (China)

The subsidiaries not consolidated, e.g., Nissay Card Service Co., Ltd, Nissay Tokyo Insurance Agency and others, and affiliates other than those listed above, e.g., Bangkok Life Assurance Public Company Limited, are not accounted for under the equity method. The respective and aggregate effects of such companies to consolidated net income and surplus for the first half of fiscal 2008 are immaterial.

The numbers of consolidated subsidiaries and affiliates as of September 30, 2008 were as follows:

Consolidated subsidiaries	11
Subsidiaries not consolidated but accounted for under the equity method	0
Affiliates accounted for under the equity method	4

iii) Midterm financial statement end dates of consolidated subsidiaries and affiliates

The end date of midterm financial statements of consolidated overseas subsidiaries and affiliates is June 30. The midterm financial statements are prepared using data as of the date of preparation, and necessary adjustments are made to reflect important transactions that occurred between the midterm end date and preparation date.

(4) Consolidated Balance Sheets

(Million Yen, %)

	As of September 30, 2008		As of March 31, 2008	
	amount	%	amount	%
Assets:				
Cash and deposits	514,726	1.1	595,333	1.2
Call loans	241,600	0.5	196,100	0.4
Monetary receivables purchased	1,319,480	2.7	1,379,371	2.9
Assets held in trust	152,943	0.3	170,507	0.4
Investments in securities	33,803,988	70.1	33,956,847	70.2
Loan receivables	9,310,840	19.3	9,513,305	19.7
Tangible fixed assets	1,685,802	3.5	1,746,924	3.6
Intangible fixed assets	162,102	0.3	156,008	0.3
Reinsurance receivables	476	0.0	614	0.0
Other assets	868,498	1.8	694,195	1.4
Deferred tax assets	165,337	0.3	8,537	0.0
Customers' liability for acceptances and guarantees	10,967	0.0	8,554	0.0
Allowance for doubtful accounts	-28,680	-0.1	-39,300	-0.1
Total assets	48,208,084	100.0	48,386,999	100.0

	As of September 30, 2008		As of March 31, 2008	
	amount	%	amount	%
Liabilities:				
Policy reserves and others:	42,873,029	88.9	42,214,502	87.2
Reserve for outstanding claims	225,216		239,867	
Policy reserve	41,322,344		40,741,366	
Reserve for dividends to policyholders	1,325,468		1,233,268	
Reinsurance payables	145	0.0	339	0.0
Other liabilities	1,252,076	2.6	1,344,698	2.8
Accrued bonus for directors and corporate auditors	23	0.0	94	0.0
Accrued severance indemnities	440,677	0.9	435,358	0.9
Accrued retirement benefit for directors	5,919	0.0	5,930	0.0
Accrued loss from supporting closely related companies	515	0.0	515	0.0
Reserve for price fluctuations of security investments	487,263	1.0	487,263	1.0
Deferred tax liabilities	145	0.0	131,375	0.3
Deferred tax liabilities for revaluation reserve	176,691	0.4	177,283	0.4
Acceptances and guarantees	10,967	0.0	8,554	0.0
Total liabilities	45,247,455	93.9	44,805,916	92.6

	As of September 30, 2008		As of March 31, 2008	
	amount	%	amount	%
Net assets:				
Foundation funds	200,000	0.4	200,000	0.4
Reserve for redemption of foundation funds	750,000	1.6	700,000	1.4
Reserve for revaluation	651	0.0	651	0.0
Consolidated surplus	231,508	0.5	473,978	1.0
Total equity	1,182,159	2.5	1,374,629	2.8
Net unrealized gain on securities, net of tax	1,885,657	3.9	2,301,439	4.8
Deferred gain on derivatives under hedge accounting	- 47	- 0.0	155	0.0
Land revaluation difference	- 89,906	- 0.2	- 88,938	- 0.2
Cumulative translation adjustments	- 27,279	- 0.1	- 16,157	- 0.0
Total valuation, conversion and others	1,768,424	3.7	2,196,499	4.5
Minority interests	10,044	0.0	9,954	0.0
Total net assets	2,960,629	6.1	3,581,082	7.4
Total liabilities and net assets	48,208,084	100.0	48,386,999	100.0

Basis of Presenting the Consolidated Balance Sheet

1. Securities of the parent company (including items treated as securities based on “financial product accounting standards” (Corporate Accounting Standards #10) and securities within assets held in trust of deposits and monetary receivables purchased) are valued as follows:
 - (1) Trading securities are stated at the market value as of the balance sheet date (Moving average method is used for calculating cost of sales).
 - (2) Held-to-maturity debt securities are valued using the moving average method net of accumulated amortization (straight-line).
 - (3) Policy-reserve-matching bonds are valued using the moving average method net of accumulated amortization (straight-line) in accordance with the Industry Audit Committee Report No.21, “Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry,” issued by the Japanese Institute of Certified Public Accountants (the “JICPA”).
 - (4) Stocks of subsidiaries and affiliates of non-consolidated or non-equity method (stocks issued by subsidiaries prescribed in article 2 paragraph 12 of the Insurance Business Law excluding subsidiaries prescribed in Article2-3 paragraph 2 of the Ordinance of the Insurance Business Law, and stocks issued by affiliates prescribed in Article 2-3 paragraph 3 of the Ordinance of the Insurance Business Law) are valued using the moving average method.
 - (5) Available-for-sale Securities
 - ① Of securities with market value, stocks (including foreign stocks) are valued by using the average market value during the period of one month before the balance sheet date (cost of sales is calculated by using the moving average method). Others are valued by using the market value on the balance sheet date (cost of sales is calculated by using the moving average method).
 - ② Of securities without market value, public and corporate bonds (including foreign bonds), of which the difference between the purchase price and face value is due to an interest rate adjustment, are valued using the moving average method net of accumulated amortization (straight-line). Others are valued at the

gross moving average amount.

Adjustments to fair value, net of applicable taxes are recorded in a separate component of net asset.

2. Securities that are held for the purpose of controlling periods outstanding of the liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuity, workers' asset-formation insurance and annuity, and group insurance and annuity are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No.21, "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry," issued by the JICPA.

The book value and market value of policy-reserve-matching bonds as of September 30, 2008 amounted to ¥16,380,138 million and ¥16,784,495 million, respectively. Starting from April 1, 2008, given the need to review the sub-categories of the liabilities outstanding due to a change in investment policy for bonds, we abolished the sub-categorizing of guaranteed fixed term rate group annuities and U.S dollar-denominated single-payment individual insurance, and excluded new fixed rate variable individual insurance from policies subject to sub-categorization of yen-denominated single-payment individual insurance.

As a result, a portion of policy-reserve-matching bonds was changed to available-for-sale securities at the beginning of the period. Compared to the past method, there were increases in securities of ¥4,824 million, available-for-sale securities valuation difference of ¥3,237 million, and decreases in deferred tax assets of ¥1,829 million. Also, ordinary income and pretax surplus decreased by ¥242 million.

3. Derivative financial instruments are stated at market value.

4. (1)

- ① Tangible fixed assets of the parent company (except for lease assets related to trading financial leases where ownership is not transferred and buildings acquired on or after April 1, 1998) are depreciated based on the declining balance method. Buildings acquired on or after April 1, 1998 are depreciated based mainly on the straight-line method.

② Depreciation of software, which is included in intangible fixed assets, is calculated based on the straight-line method.

③ The straight-line method based on lease period is used to calculate depreciation of lease assets related to trading financial leases where ownership is not transferred.

(2) The amount of accumulated depreciation for tangible fixed assets is ¥1,097,400 million as of September 30, 2008.

5. Revaluation of the land for operation of the parent company is performed based on the law related to land revaluation. The amount related to the valuation difference between the previous and the revalued amount is tax effected and recognized as “deferred tax liabilities for revaluation reserve” within the liability section. The Valuation difference excluding tax is recognized as “land revaluation difference” within the net assets section.

Revaluation Date	March 31, 2002
Revaluation Methodology	The amount is rationally calculated by using the land listed value and road rate as prescribed by the Ordinance clauses 2-1 and 2-4, respectively, which are the laws regarding land revaluation.

6. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using “Accounting Standards of the Business Accounting Council”(Business Accounting Council).

7. Allowance for doubtful accounts of the parent company is recognized in accordance with the Company’s internal Asset Valuation Regulation and Write-Off/Provision Rule.

(1) ① The amount of allowance for loans receivable from creditors who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of loans receivable (as mentioned at (4) below).

② The allowance for loans receivable from creditors who are not currently legally bankrupt but have high possibility of bankruptcy is recognized on the amounts

deemed necessary considering the borrowers' overall solvency assessment within the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or the execution of guarantees.

- ③ The allowance for loans receivable from creditors other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.
-
- (2) All credits of the parent company are assessed by the sections concerned in responsible sections in accordance with the Company's Asset Valuation Regulation. The assessments are verified by an independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.
 - (3) For consolidated subsidiaries, the Company allocates amounts deemed necessary in accordance mainly with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
 - (4) The amount of collateral value or the amount collectible by the execution of guarantees or other methods directly subtracted from the balance of loans receivable is the estimated uncollectible amount for loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The amount recognized in the financial statements is ¥8,140 million (including ¥6,886 million of credits secured and/or guaranteed) as of September 30, 2008.
-
- 8. Accrued bonus for directors and corporate auditors is recognized based on the amount estimated to be paid.
 - 9. Accrued severance indemnities of the parent company are provided for the six months ended September 30, 2008 based on the estimated amounts of projected benefit obligations in excess of the market value of pension plan assets for future severance payments of employees as of the balance sheet date.
 - 10. Accrued retirement benefit for directors is an estimated payment amount based on internal rules.

11. Accrued loss from supporting closely related companies is recognized based on the amount that is estimated to be required in the future for supporting restructurings of the closely related companies.
12. Reserve for price fluctuations of security investments is recognized based on Article 115 of the Insurance Business Law.
13. In the past, an accounting treatment based on a method related to ordinary lease transactions was applied to trading financial leases where ownership is not transferred. From this period, however, the "Accounting Standards of Lease Transactions" (Corporate Accounting Standards #13) and "Application Guidelines for Accounting Standards of Lease Transactions" (Corporate Accounting Standards Application Guidelines #16) will be applied.

Regarding financial leases where ownership is not transferred and lease start date is March 31, 2008 or prior, accounting treatment based on method related to ordinary lease transactions is applied.

For financial lease transactions where the lessor's ownership is not transferred, we calculate sales amount and cost of sales at time of receiving lease fee.

As a result, compared to cases using the past method, ¥148 million lease assets are recorded under tangible fixed assets, and ¥149 million lease obligation is recorded under liabilities.

Also, ordinary income and pretax midterm net surplus increased by ¥8 million.
14. Hedge accounting is calculated by following method.
 - ① Nippon Life applies the mark-to-market method of hedge accounting mainly for hedging activities against exposures to foreign exchange rate fluctuations on certain bonds denominated in foreign currencies. The Company also applies the special treatment prescribed under the Accounting Standards for Financial Instruments for interest swap agreements to manage cash flow volatility associated with interest rate changes on certain loans receivable. In addition, The Company matches foreign exchange forward contracts and currency swaps with certain financial assets denominated in foreign currencies.
 - ② Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the

Company's internal risk management policies.

15. Consumption taxes and local consumption taxes of the parent company are accounted for by using the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Law, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense as incurred as of September 30, 2008.
16. A policy reserve of the parent company is a reserve set forth in accordance with Article 116 of the Insurance Business Law. A policy reserve is recognized by performing a calculation based on the following methodology:
 - ① Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (the ordinance No.48 issued by the Ministry of Finance in 1996).
 - ② Reserves for other contracts are computed based on the net level premium method. Since fiscal 2006, additional amounts to the policy reserves were to be made over 5 years to a portion of the individual annuity policyholders. Such treatment is in accordance with Article 69 paragraph 5 of the Enforcement Ordinance of the Insurance Business Law. As a result of the adoption of the treatment, the policy reserve is ¥121,890 million as of September 30, 2008
17. Corporate taxes, inhabitant taxes, and corporation tax adjustments of the parent company for the current semi-annual term are calculated on the assumption of accumulation and reversal of the reserve for condensed booking of fixed assets for tax purposes by appropriation of surplus and dividends to policyholders; both related to the current fiscal year.
18. (1) The total amount of loans of bankrupt borrowers, delinquent loans, loans that are delinquent for over 3 months and loans for restructuring, which were included in loan receivables, is ¥57,736 million as of September 30, 2008.
 - ① The balances of loans of bankrupt borrowers and delinquent loans are ¥3,433 million and ¥39,603 million as of September 30, 2008.

Loans of bankrupt borrowers are loans, except for a portion of loans written-down, where the borrowers satisfy conditions prescribed in Article 96 Paragraph 1 Item 3 or Item 4 of the Enforcement Regulations of the Corporation Tax Law. Interest is not accrued as income since the recovery of principal or interest on the loans is unlikely due to the fact that the principal or interest payments are long overdue or for other reasons.

Delinquent loans are loans with interest not accrued excluding the loans of bankrupt borrowers and the loans to which postponement of interest payment is made with the object of reconstructing and supporting the borrowers.

- ② The balance of loans that are delinquent for over 3 months were ¥480 million as of September 30, 2008.

Loans that are delinquent for over 3 months are loans with principal or interest unpaid for over 3 months beginning one day after the due date based on the loan agreement.

- ③ The balance of loans for restructuring, were ¥14,220 million as of September 30, 2008.

Loans for restructuring are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers restructuring, such as by reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over 3 months. .

- (2) The direct write-off of loans receivable decreased balances of loans of bankrupt borrowers and delinquent loans by ¥5,542 million, ¥2,598 million as of September 30, 2008.

19. Total assets within the Separate Accounts as provided for in Article 118 paragraph 1 of the Insurance Business Law are ¥1,638,460 million as of September 30, 2008.

The liabilities amount is the same as the above.

20. Changes in the reserve for dividends to policyholders included in policy reserves for the period ended September 30, 2008 are as follows:

	Million Yen
	As of September 30, 2008
Balance at the end of previous fiscal year	¥1,233,268
Transfer to reserves from surplus in previous fiscal year	226,284
Policyholders dividends paid out in the current period	(150,984)
Increase in interest	16,899
Balance as of September 30, 2008	¥1,325,468

21. The amount of assets pledged as collateral by securities, leasing securities, land, and buildings is ¥638,447 million, ¥67,121 million, ¥2,952 million, and ¥336 million, respectively. The total amount of loans covered by the aforementioned assets is ¥637,052 million as of September 30, 2008.

These amounts included ¥596,522 million of securities deposited and ¥580,506 million of cash received as collateral, under the securities lending contracts secured by cash, as of September 30, 2008

22. ¥50,000 million of foundation funds were additionally offered according to Article 60 of Insurance Business Law.

23. The Company redeemed ¥50,000 million of foundation funds, and credited the same amount to reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Law.

24. The total amount of stocks and investments in non-consolidated subsidiaries is ¥139,511 million as of September 30, 2008.

25. The amount of securities loaned for consumption is ¥2,406,320 million as of September 30, 2008.

26. Assets that can be sold or re-secured are marketable securities loaned under a loan for consumption contract. As of the end of the period, these assets are being held without disposal, totaling ¥282,803 million at market value.

27. The amount of commitments related to loan receivables and loans outstanding is

¥105,569 million as of September 30, 2008.

28. The amount of future contributions to the Life Insurance Policyholder Protection Corporation of Japan, in accordance with Article 259 of the Insurance Business Law, is estimated to be ¥90,467 million as of September 30, 2008.

The contribution amount is also recognized as operating expense at the time of payment.

(5) Consolidated Statements of Income

(Million Yen)

	For the period April 1 to September 30, 2008	
	amount	%
Revenues:	3,350,497	100.0
Income from insurance and reinsurance premiums	2,561,714	
Investment income:	634,577	
Interest, dividends, and other income	593,827	
Gain on sales of securities	32,995	
Other revenues	154,206	
Expenditures:	3,304,908	98.6
Insurance claims and other payments:	1,899,071	
Death and other claims	630,542	
Annuity payments	237,585	
Health and other benefits	388,045	
Surrender benefits	520,939	
Other refunds	121,416	
Provision for policy reserves:	598,152	
Provision for policy reserves	581,252	
Interest on reserve for dividends to policyholders	16,899	
Investment expenses:	275,308	
Interest expense	2,933	
Loss on proprietary trading securities	0	
Loss on assets held in trust, net	17,325	
Loss on sales of securities	48,356	
Loss on valuation of securities	25,067	
Loss from derivative financial instruments, net	56,819	
Loss from separate accounts, net	94,262	
Operating expenses	287,187	
Other expenditures	245,187	
Operating income	45,589	1.4
Extraordinary profits:	8,021	0.2
Gain on disposal of fixed assets	810	
Reversal of allowance for doubtful accounts	7,211	
Extraordinary loss:	6,383	0.2
Loss on disposal of fixed assets	2,690	
Impairment loss	2,504	
Others	1,188	
Surplus before income tax	47,227	1.4
Income tax -current	58,943	1.8
Income tax -deferred	-47,335	-1.4
Minority interests	271	0.0
Surplus for six months ended September 30, 2008	35,348	1.1

Notes to the Consolidated Statement of Income

1. Loss on Impairment of Asset

① Method for grouping the assets

Leased buildings and idle property are classified as one group per structure.

Assets utilized for insurance business operations are classified into one group.

② Circumstances causing impairment losses

The Company observed a marked decrease of profitability or fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and an impairment loss was recognized as an extraordinary loss.

③ Asset groups that recognized an impairment losses with amount and breakdown:

Purpose of use	(Million Yen)		
	Land	Buildings	Total
Leased Property	¥31	—	¥31
Idle Property	¥1,911	¥562	¥2,473
Total	¥1,942	¥562	¥2,504

④ Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment loss on leased property is determined at net realizable value upon sales of the asset or the future cash flows. The recoverable amount for idle property is determined at the net realizable value upon sales of the asset. The discount rate used for calculation of future cash flows is 4%. Net realizable values are determined based on the real estate appraisal or posted land price.

(6) Consolidated Statements of Cash Flows for the period April 1 to September 30, 2008

(Million Yen)

	For the period April 1 to September 30, 2008
I. Cash flows from operating activities:	
Surplus before income taxes for the six months ended September 30, 2008	47,227
Depreciation for rental real estate and other assets	13,399
Depreciation	21,656
Impairment loss	2,504
Net decrease in reserve for outstanding claims	-14,454
Net increase in policy reserve	581,099
Interest on reserve for dividends to policyholders	16,899
Net decrease in allowance for doubtful accounts	-8,033
Net decrease in reserve for bonus for directors and corporate auditors	-70
Net increase in accrued severance indemnities	5,318
Net decrease in reserve for retirement benefit for directors	-11
Interest, dividend and other income	-593,827
Net losses on securities investment	38,549
Interest expense	2,933
Net gains on tangible fixed assets investment	1,880
Gain from separate accounts, net	94,262
Other, net	17,560
Subtotal	226,894
Interest, dividend and other income received	600,511
Interest paid	-2,686
Dividends to policyholders paid	-115,369
Other, net	11,480
Income taxes paid	-39,168
Net cash provided by operating activities	681,660
II. Cash flows from investing activities:	
Purchases of monetary receivables purchased	-76,120
Proceeds from sales and redemption of monetary receivables purchased	57,743
Purchases of assets held in trust	-37
Proceeds from sales of assets held in trust	88
Purchases of securities	-5,854,007
Proceeds from sales and redemption of securities	5,040,848
Investments in loans	-667,132
Collections of loan	766,031
Other, net	-203,763
Subtotal II ①	-936,350
(I + II ①)	-254,690
Purchases of tangible fixed assets	-27,477
Proceeds from sales of tangible fixed assets	1,334
Other, net	-17,661
Net cash used in investing activities	-980,155
III. Cash flows from financing activities:	
Proceeds from debt issuance	68,399
Repayments of debt	-68,395
Proceeds from solicitation of foundation funds	50,000
Redemption of foundation funds	-50,000
Interest on foundation funds	-2,501
Other, net	2,951
Net cash provided by financing activities	453
IV. Effect of exchange rate changes on cash and cash equivalents	-5,924
V. Net decrease in cash and cash equivalents	-303,965
VI. Cash and cash equivalents at the beginning of the year	1,294,607
VII. Decrease in cash and cash equivalents due to the exclusion of subsidiaries from the consolidation	-2,537
VIII. Cash and cash equivalents for the six months ended September 30, 2008	988,103

Basis of Presenting the Consolidated Cash Flows Statements

Cash and cash equivalents

Cash and cash equivalents, for the purpose of reporting consolidated cash flows, are composed of cash in hand, deposits held at call with banks and all highly liquid short-term investments with a maturity of three months or less when purchased and which are readily convertible into cash and present insignificant risk of change in value.

(7) Statement of Changes in Net Assets (Stockowner's Equity)

For the period April 1 to September 30, 2008

(Million Yen)

	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Total surplus	Total equity
Balance, March 31, 2008	200,000	700,000	651	473,978	1,374,629
Increase/Decrease					
Solicitation of foundation funds	50,000				50,000
Additions to reserve for dividends to policyholders				-226,284	-226,284
Additions to reserve for redemption of foundation funds		50,000		-50,000	—
Interest on foundation funds				-2,501	-2,501
Net surplus				35,348	35,348
Redemption of foundation funds	-50,000				-50,000
Reversal of revaluation reserve for land				967	967
Net change, excluding foundation funds and others					
Net change	—	50,000	—	-242,469	-192,469
Balance, September 30, 2008	200,000	750,000	651	231,508	1,182,159

	Valuation, Conversion, and others					Minority interests	Total net assets
	Net unrealized gain on securities, net of tax	Deferred gain(loss) on derivatives under hedge accounting	Land revaluation difference	Cumulative translation adjustments	Total valuation, conversion and others		
Balance, March 31, 2008	2,301,439	155	-88,938	-16,157	2,196,499	9,954	3,581,082
Increase/Decrease							
Solicitation of foundation funds							50,000
Additions to reserve for dividends to policyholders							-226,284
Additions to reserve for redemption of foundation funds							—
Interest on foundation funds							-2,501
Net surplus							35,348
Redemption of foundation funds							-50,000
Reversal of revaluation reserve for land							967
Net change, excluding foundation funds and others	-415,782	-203	-967	-11,121	-428,074	90	-427,983
Net change	-415,782	-203	-967	-11,121	-428,074	90	-620,453
Balance, September 30, 2008	1,885,657	-47	-89,906	-27,279	1,768,424	10,044	2,960,629

(8) Segment Information

For the period April 1 to September 30, 2008, Nippon Life, its consolidated subsidiaries and its subsidiaries have engaged in businesses including the acquisition, management, sale, and mortgaging of real estate for lease other than the life insurance business. Segment information is omitted due to its immaterial impact relative to all business segments.

(Reference) Business Highlights for the period July 1 to September 30, 2008

New Policies

	For the period July 1 to September 30, 2008			
	Number of policies (thousands)	(100 million yen)	Amount of policies	
			New policies	Net increase by conversion
Individual insurance	260	15,907	19,812	-3,905
Individual annuity	68	4,280	4,339	-59
Group insurance	-----	1,712	1,712	
Group annuity	-----	0	0	

Annualized Net Premium of Individual Insurances and Individual Annuities

(100 Million Yen)

	For the period July 1 to September 30, 2008
Individual insurance	453
Individual annuity	400
Total	853
Medical coverages and living benefits	110

Major Profit and Loss Items

(100 Million Yen)

	For the period July 1 to September 30, 2008
Income from insurance and reinsurance premiums	13,617
Investment income	3,338
Benefits and Claims	9,302
Investment expense	2,440
Operating income	344

Statement of Income

(Million Yen, %)

	For the period July 1 to September 30, 2008	
	amount	%
Revenues:	1,750,857	100.0
Income from insurance and reinsurance premiums	1,361,734	
Insurance premiums	1,361,534	
Investment income:	333,814	
Interest, dividends, and other income	326,795	
Gain on sales of securities	5,967	
Gain from derivative financial instruments, net	174	
Other revenues	55,309	
Expenditures:	1,716,377	98.0
Insurance claims and other payments:	930,221	
Death and other claims	316,835	
Annuity payments	118,778	
Health and other benefits	181,140	
Surrender benefits	250,915	
Other refunds	62,307	
Provision for policy reserves:	295,327	
Provision for policy reserves	286,901	
Interest on reserve for dividends to policyholders	8,425	
Investment expenses:	244,091	
Interest expense	1,009	
Loss on proprietary trading securities	0	
Loss on assets held in trust, net	31,342	
Loss on sales of securities	16,606	
Loss on valuation of securities	20,331	
Loss from separate accounts, net	160,262	
Operating expenses	140,362	
Other expenditures	106,374	
Operating income	34,480	2.0
Extraordinary profits:	7,628	0.4
Gain on disposal of fixed assets	675	
Reversal of allowance for doubtful accounts	6,953	
Extraordinary loss:	2,564	0.1
Loss on disposal of fixed assets	1,000	
Impairment loss	375	
Contribution for assisting social public welfare	1,188	
Surplus before income tax	39,544	2.3
Income tax -current	-2,318	-0.1
Income tax -deferred	6,496	0.4
Surplus in the second quarter	35,365	2.0

Details of Operating Income (Ordinary Income)

(Million Yen)

	For the period July 1 to September 30, 2008
Ordinary income (Core operating profit) (A)	162,525
Capital gain	6,141
Gain from proprietary trading securities	-----
Gain from assets held in trust	-----
Gain from trading securities	-----
Gain on sales of securities	5,967
Gain from derivative financial instruments	174
Foreign exchange gain	-----
Other capital gain	-----
Capital loss	69,568
Loss from proprietary trading securities	0
Loss from assets held in trust	31,342
Loss from trading securities	-----
Loss on sales of securities	16,606
Loss on valuation of securities	20,331
Loss from derivative financial instrument	-----
Foreign exchange loss	1,287
Other capital loss	-----
Net capital gain/loss (B)	-63,426
Ordinary income including net capital gain/loss (A+B)	99,099
Non-recurring income	-----
Income from reinsurance premiums	-----
Reversal of contingency reserve	-----
Other non-recurring income	-----
Non-recurring loss	64,619
Reinsurance premiums	-----
Provision for contingency reserves	-----
Provision for specific allowance for doubtful accounts	-----
Provision of allowance for specialized overseas debts	-----
Write-off of loans	-----
Other non-recurring loss	64,619
Non-recurring income / loss (C)	-64,619
Operating income (A+B+C)	34,480
Other non-recurring loss	64,619
Article 69 Clause 5 of Enforcement Regulation of Insurance Business Law, provision for policy reserves	64,619

Status of the Company and Affiliates

(1) Selected Financial Data Which Represents the Company's Major Operations

(100 Million yen)

	For the period July 1 to September 30, 2008
Total revenues	17,882
Operating income	355
Surplus in the second quarter	353

(2) Consolidated Statement of Income

(Million Yen)

	For the period July 1 to September 30, 2008	
	amount	%
Revenues:	1,788,227	100.0
Income from insurance and reinsurance premiums	1,367,746	
Investment income:	338,005	
Interest, dividends, and other income	331,559	
Gain on sales of securities	6,024	
Other revenues	82,475	
Expenditures:	1,752,706	98.0
Insurance claims and other payments:	935,301	
Death and other claims	316,973	
Annuity payments	118,778	
Health and other benefits	186,017	
Surrender benefits	250,915	
Other refunds	62,307	
Provision for policy reserves:	295,267	
Provision for policy reserves	286,841	
Interest on reserve for dividends to policyholders	8,425	
Investment expenses:	248,927	
Interest expense	1,993	
Loss on proprietary trading securities	0	
Loss on assets held in trust, net	31,532	
Loss on sales of securities	19,164	
Loss on valuation of securities	21,067	
Loss from derivative financial instruments, net	622	
Loss from separate accounts, net	160,110	
Operating expenses	146,109	
Other expenditures	127,101	
Operating income	35,521	2.0
Extraordinary profits:	7,974	0.4
Gain on disposal of fixed assets	675	
Reversal of allowance for doubtful accounts	7,298	
Extraordinary loss:	2,566	0.1
Loss on disposal of fixed assets	1,003	
Impairment loss	375	
Others	1,188	
Surplus before income tax	40,928	2.3
Income tax -current	-28	-0.0
Income tax -deferred	5,013	0.3
Minority interests	636	0.0
Surplus in the second quarter	35,307	2.0

(8) Segment Information

For the period July 1 to September 30, 2008, Nippon Life, its consolidated subsidiaries and its subsidiaries have engaged in businesses including the acquisition, management, sale, and mortgaging of real estate for lease other than the life insurance business. Segment information is omitted due to its immaterial impact relative to all business segments.