CHAPTER 5

Financial Data

CONSOLIDATED FINANCIAL REVIEW

NON-CONSOLIDATED FINANCIAL REVIEW

✳ All figures are rounded down to the nearest unit.

1. Consolidated Balance Sheets

Nippon Life Insurance Company and Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
As of March 31	2010	2009	2008	2010
ASSETS:				
Cash and deposits (Note 3)	¥ 617,836	¥ 616,728	¥ 595,333	$ 6,641
Call loans	146,100	203,800	196,100	1,570
Receivables under securities borrowing transactions	151,689	—	—	1,630
Monetary receivables purchased (Note 3)	1,152,229	1,160,387	1,379,371	12,384
Assets held in trust (Note 3)	10,670	114,637	170,507	115
Investments in securities (Notes 3, 5, 11 and 12)	34,919,016	31,283,156	33,956,847	375,312
Loans receivable (Notes 13 and 14)	8,694,487	9,050,468	9,513,305	93,449
Tangible fixed assets (Notes 4, 6, 11 and 16)**:**	1,808,633	1,685,176	1,746,924	19,439
Land	1,209,743	1,084,930	—	13,002
Buildings	544,400	556,207	—	5,851
Leases	2,813	203	—	30
Construction in progress	26,238	21,484	—	282
Other tangible fixed assets	25,437	22,351	—	274
Intangible fixed assets:	181,285	167,541	156,008	1,948
Software	70,130	64,945	—	754
Other intangible fixed assets	111,154	102,595	—	1,194
Reinsurance receivables	300	275	614	3
Other assets	742,542	781,863	694,195	7,982
Deferred tax assets (Note 17)	439,865	944,425	8,537	4,728
Customers' liability for acceptances and guarantees	15,088	14,204	8,554	162
Allowance for doubtful accounts	(29,403)	(25,220)	(39,300)	(316)
Total assets	¥48,850,343	¥45,997,446	¥48,386,999	$525,047

The accompanying notes are an integral part of the consolidated financial statements.

As of March 31	Millions of Yen 2010	2009	2008	Millions of U.S. Dollars 2010
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 224,766	¥ 224,277	¥ 239,867	$ 2,415
Policy reserves	42,015,736	40,881,510	40,741,366	451,588
Reserve for dividends to policyholders (Note 8)	1,150,140	1,215,391	1,233,268	12,362
	43,390,643	**42,321,180**	**42,214,502**	**466,365**
Reinsurance payables	**326**	**340**	**339**	**4**
Other liabilities	**1,904,609**	**1,239,459**	**1,344,698**	**20,470**
Accrued bonuses for directors and corporate auditors	**56**	**71**	**94**	**1**
Accrued severance indemnities (Note 9)	**453,157**	**440,804**	**435,358**	**4,871**
Accrued retirement benefits for directors and corporate auditors	**6,029**	**6,123**	**5,930**	**65**
Accrued losses from supporting closely related companies	**453**	**485**	**515**	**5**
Reserve for price fluctuations in investments in securities	**398,011**	**372,013**	**487,263**	**4,278**
Deferred tax liabilities (Note 17)	—	—	**131,375**	—
Deferred tax liabilities for land revaluation reserve	**174,013**	**176,020**	**177,283**	**1,870**
Acceptances and guarantees	**15,088**	**14,204**	**8,554**	**162**
Total liabilities	**46,342,389**	**44,570,702**	**44,805,916**	**498,091**
NET ASSETS:				
Foundation funds (Note 10)	**250,000**	**200,000**	**200,000**	**2,687**
Reserve for redemption of foundation funds (Note 10)	**800,000**	**750,000**	**700,000**	**8,598**
Reserve for revaluation	**651**	**651**	**651**	**7**
Consolidated surplus	**409,964**	**349,344**	**473,978**	**4,407**
Total equity	**1,460,616**	**1,299,995**	**1,374,629**	**15,699**
Net unrealized gains on available-for-sale securities, net of tax	**1,178,311**	**253,693**	**2,301,439**	**12,665**
Deferred gains on derivatives under hedge accounting	**(602)**	**6**	**155**	**(6)**
Land revaluation differences	**(91,111)**	**(91,006)**	**(88,938)**	**(980)**
Cumulative translation adjustments	**(50,640)**	**(46,148)**	**(16,157)**	**(544)**
Total valuations, conversions and others	**1,035,956**	**116,544**	**2,196,499**	**11,135**
Minority interests	**11,381**	**10,203**	**9,954**	**122**
Total net assets	**2,507,953**	**1,426,743**	**3,581,082**	**26,956**
Total liabilities and net assets	**¥48,850,343**	**¥45,997,446**	**¥48,386,999**	**$525,047**

The accompanying notes are an integral part of the consolidated financial statements.

2. Consolidated Statements of Income

Nippon Life Insurance Company and Subsidiaries

For the years ended March 31	Millions of Yen 2010	2009	2008	Millions of U.S. Dollars 2010
REVENUES:				
Income from insurance and reinsurance premiums	**¥4,837,897**	**¥5,060,302**	**¥4,917,492**	**$51,998**
Investment income:				
Interest, dividends and other income	1,128,229	1,142,142	1,230,756	12,126
Gain on proprietary trading securities	—	—	7	—
Gain from assets held in trust, net	28,657	—	—	308
Gain on sales of securities	183,840	88,169	107,006	1,976
Gain from redemption of securities	1,259	5,063	10,405	14
Gain from derivative financial instruments, net	16,436	—	—	177
Other investment income	1,208	4,292	329	12
Gain from separate accounts, net	200,643	—	—	2,157
	1,560,274	**1,239,667**	**1,348,505**	**16,770**
Other revenues	**291,700**	**392,892**	**341,599**	**3,136**
Total revenues	**6,689,872**	**6,692,862**	**6,607,597**	**71,904**
EXPENDITURES:				
Insurance claims and other payments:				
Death and other claims	1,174,213	1,314,163	1,395,485	12,621
Annuity payments	540,285	506,864	475,766	5,807
Health and other benefits	879,253	851,235	845,378	9,450
Surrender benefits	1,059,647	1,102,075	1,166,937	11,389
Other refunds	244,455	280,608	350,997	2,627
Reinsurance premiums	1,724	1,648	1,588	19
	3,899,580	**4,056,596**	**4,236,155**	**41,913**
Provision for policy reserves:				
Provision for claim reserves	630	—	—	7
Provision for policy reserves	1,134,090	140,343	356,921	12,189
Interest on reserve for dividends to policyholders	31,160	33,206	35,170	335
	1,165,881	**173,550**	**392,091**	**12,531**
Investment expenses:				
Interest expense	3,268	4,791	7,506	35
Loss on proprietary trading securities	—	0	—	—
Loss from assets held in trust, net	—	54,967	20,866	—
Loss on sales of securities	124,083	131,964	93,466	1,334
Loss on valuation of securities	89,270	532,044	40,194	959
Loss from redemption of securities	12,635	6,240	2,950	136
Loss from derivative financial instruments, net	—	116,658	66,639	—
Foreign exchange loss, net	12,879	15,927	12,167	138
Provision for allowance for doubtful accounts	14,779	—	5,672	159
Write-off of loans	267	213	172	3
Depreciation of rental real estate and other assets	26,001	27,160	27,331	279
Other investment expenses	25,210	25,441	20,868	272
Loss from separate accounts, net	—	352,786	265,274	—
	308,397	**1,268,196**	**563,110**	**3,315**
Operating expenses (Note 15)	**590,238**	**583,788**	**579,641**	**6,344**
Other expenditures	**434,223**	**519,689**	**534,550**	**4,667**
Total expenditures	**6,398,320**	**6,601,821**	**6,305,548**	**68,770**
Operating income	**¥ 291,552**	**¥ 91,041**	**¥ 302,048**	**$ 3,134**

For the years ended March 31	Millions of Yen 2010	2009	2008	Millions of U.S. Dollars 2010
Extraordinary gains:				
Gain on disposal of fixed assets	¥ 1,324	¥ 1,083	¥ 1,200	$ 14
Reversal of reserve for price fluctuations in investments in securities	—	115,250	—	—
Reversal of allowance for doubtful accounts	—	10,187	—	—
Others	—	—	—	—
	1,324	**126,521**	**1,200**	**14**
Extraordinary losses:				
Loss on disposal of fixed assets	5,069	3,760	7,242	54
Impairment losses (Note 16)	6,650	5,977	4,630	71
Provision for reserve for price fluctuations in investments in securities	25,998	—	20,000	280
Loss on reduction entry of real estate	332	256	128	4
Others	2,577	1,477	1,053	28
	40,627	**11,471**	**33,054**	**437**
Surplus before income taxes	**252,249**	**206,090**	**270,194**	**2,711**
Income taxes (Note 17)**:**				
Current	5,353	2,896	112,679	58
Deferred	2,541	50,526	(101,711)	27
Total	7,894	53,423	10,967	85
Minority interests	**692**	**573**	**649**	**7**
Net surplus	**¥ 243,663**	**¥ 152,093**	**¥ 258,577**	**$ 2,619**

The accompanying notes are an integral part of the consolidated financial statements.

3. Consolidated Statements of Cash Flows

Nippon Life Insurance Company and Subsidiaries

For the years ended March 31	Millions of Yen 2010	Millions of Yen 2009	Millions of Yen 2008	Millions of U.S. Dollars 2010
I Cash flows from operating activities:				
Surplus before income taxes	¥ 252,249	¥ 206,090	¥ 270,194	$ 2,711
Depreciation of rental real estate and other assets	26,001	27,160	27,331	279
Depreciation	45,477	44,566	60,696	489
Impairment losses	6,650	5,977	4,630	71
Amortization of goodwill	—	—	(803)	—
Net increase (decrease) in reserve for outstanding claims	460	(15,019)	(8,140)	5
Net increase in policy reserves	1,134,209	140,499	357,127	12,191
Interest on reserve for dividends to policyholders	31,160	33,206	35,170	335
Net increase (decrease) in allowance for doubtful accounts	14,108	(10,963)	5,133	152
Net (decrease) in accrued bonuses for directors and corporate auditors	(14)	(22)	(9)	(0)
Net increase in accrued severance indemnities	12,352	5,446	6,729	133
Net (decrease) increase in accrued retirement benefits for directors and corporate auditors	(94)	192	125	(1)
Net increase (decrease) in reserve for price fluctuations in investments in securities	25,998	(115,250)	20,000	279
Interest, dividends and other income	(1,128,229)	(1,142,142)	(1,230,756)	(12,126)
Net (gain) loss from assets held in trust	(28,657)	54,967	—	(308)
Net loss on security investments	41,218	577,080	19,149	443
Net loss of policy loans	234,322	253,292	—	2,519
(Gain) loss from derivative financial instruments	(16,436)	116,658	—	(177)
Interest expense	3,268	4,791	7,506	35
Foreign exchange loss, net	12,831	15,927	12,167	138
Net loss on tangible fixed assets investment	4,077	2,933	6,170	44
Investment (gain) loss on equity method	(1,408)	2,386	(2,982)	(15)
(Gain) loss from separate accounts, net	(200,643)	352,786	265,274	(2,157)
Net decrease in proprietary trading securities	—	—	2,099	—
Net (increase) decrease in reinsurance receivables	(25)	338	(307)	(0)
Net decrease (increase) in other assets (excluding those related to investing activities and financial activities)	1,194	(3,248)	(1,166)	13
Net (decrease) in agency accounts payable	—	—	(25)	—
Net (decrease) increase in reinsurance payables	(14)	1	74	(0)
Net (decrease) increase in other liabilities (excluding those related to investing activities and financial activities)	(5,825)	9,058	3,273	(63)
Others	20,017	(29,885)	22,585	215
Subtotal	**484,247**	**536,831**	**(118,751)**	**5,205**
Interest, dividends and other income received	1,123,829	1,164,940	1,210,377	12,079
Interest paid	(3,297)	(5,236)	(8,252)	(35)
Dividends to policyholders paid	(222,643)	(224,679)	(232,402)	(2,393)
Others	1,769	12,919	27,487	18
Income taxes paid/refund	44,475	(88,828)	(140,829)	478
Net cash provided by operating activities	**¥ 1,428,380**	**¥ 1,395,946**	**¥ 737,629**	**$ 15,352**

5 Financial Data

For the years ended March 31	Millions of Yen 2010	2009	2008	Millions of U.S. Dollars 2010
II Cash flows from investing activities:				
Net (increase) in deposits	¥ (400)	¥ (1,400)	¥ —	$ (4)
Net (increase) in receivables under securities borrowing transactions	(151,689)	—	—	(1,630)
Purchases of monetary receivables purchased	(19,343)	(103,755)	(174,725)	(208)
Proceeds from sales and redemption of monetary receivables purchased	49,824	98,958	136,032	536
Purchases of assets held in trust	—	—	(23,283)	—
Proceeds from sales of assets held in trust	132,048	—	27,511	1,419
Purchases of securities	(11,315,842)	(11,901,539)	(10,582,710)	(121,623)
Proceeds from sales and redemption of securities	9,505,934	10,110,478	9,779,372	102,170
Investments in loans	(1,397,314)	(1,526,277)	(3,248,162)	(15,018)
Collections of loans	1,538,025	1,725,834	3,486,385	16,531
Settlements of derivative financial instruments, net	146,595	109,461	220,252	1,576
Net increase (decrease) in cash received as collateral under security lending transactions	574,562	(122,611)	(351,953)	6,175
Others	(8,903)	(1,100)	(68)	(97)
II ① Subtotal	**(946,503)**	**(1,611,951)**	**(731,349)**	**(10,173)**
[I + II ①]	**[481,877]**	**[(216,004)]**	**[6,279]**	**[5,179]**
Purchases of tangible fixed assets	(184,399)	(59,975)	(64,568)	(1,982)
Proceeds from sales of tangible fixed assets	3,748	3,631	9,524	40
Others	(37,465)	(38,316)	(28,151)	(402)
Net cash (used in) investing activities	**(1,164,619)**	**(1,706,612)**	**(814,546)**	**(12,517)**
III Cash flows from financing activities:				
Proceeds from debt issuance	149,795	133,799	175,900	1,610
Repayments of debt	(167,064)	(138,008)	(185,476)	(1,796)
Issuance of foundation funds	100,000	50,000	—	1,075
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)
Interest on foundation funds	(2,489)	(2,501)	(3,119)	(27)
Others	13,011	(1,069)	10,948	140
Net cash provided by (used in) financing activities	**43,253**	**(7,780)**	**(51,746)**	**465**
IV Effect of exchange rate changes on cash and cash equivalents	**(9,394)**	**(19,889)**	**(16,020)**	**(101)**
V Net increase (decrease) in cash and cash equivalents	**297,619**	**(338,335)**	**(144,684)**	**3,199**
VI Cash and cash equivalents at the beginning of the year	**952,759**	**1,294,607**	**1,439,291**	**10,240**
VII Decrease in cash and cash equivalents due to the exclusion of subsidiaries from consolidation	**—**	**(3,511)**	**—**	**—**
VIII Cash and cash equivalents at the end of the year	**¥ 1,250,378**	**¥ 952,759**	**¥ 1,294,607**	**$ 13,439**

The accompanying notes are an integral part of the consolidated financial statements.

4. Consolidated Statements of Changes in Net Assets

Nippon Life Insurance Company and Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2010**	**2009**	**2008**	**2010**
FOUNDATION FUNDS AND OTHERS:				
Foundation funds:				
Beginning balance	¥ 200,000	¥ 200,000	¥ 250,000	$ 2,150
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	—	1,075
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)
Net change	50,000	—	(50,000)	537
Ending balance	250,000	200,000	200,000	2,687
Reserve for redemption of foundation funds:				
Beginning balance	750,000	700,000	650,000	8,061
Increase/decrease:				
Additions to reserve for redemption of foundation funds	50,000	50,000	50,000	537
Net change	50,000	50,000	50,000	537
Ending balance	800,000	750,000	700,000	8,598
Reserve for revaluation:				
Beginning balance	651	651	651	7
Increase/decrease				
Net change	—	—	—	—
Ending balance	651	651	651	7
Consolidated surplus:				
Beginning balance	349,344	473,978	501,357	3,755
Increase/decrease:				
Additions to reserve for dividends to policyholders	(130,634)	(226,284)	(239,686)	(1,404)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)
Interest on foundation funds	(2,489)	(2,501)	(3,119)	(27)
Net surplus	243,663	152,093	258,577	2,619
Reversal of land revaluation differences	80	2,058	3,963	1
Decrease in number of companies under the equity method	—	—	2,885	—
Others	—	—	1	—
Net change	60,620	(124,634)	(27,378)	652
Ending balance	409,964	349,344	473,978	4,407
Total equity:				
Beginning balance	1,299,995	1,374,629	1,402,008	13,972
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	—	1,075
Additions to reserve for dividends to policyholders	(130,634)	(226,284)	(239,686)	(1,404)
Interest on foundation funds	(2,489)	(2,501)	(3,119)	(27)
Net surplus	243,663	152,093	258,577	2,619
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)
Reversal of land revaluation differences	80	2,058	3,963	1
Decrease in number of companies under the equity method	—	—	2,885	—
Others	—	—	1	—
Net change	160,620	(74,634)	(27,378)	1,727
Ending balance	1,460,616	1,299,995	1,374,629	15,699

For the years ended March 31	2010 (Millions of Yen)	2009 (Millions of Yen)	2008 (Millions of Yen)	2010 (Millions of U.S. Dollars)
Valuation, conversion and others:				
Net unrealized gains on available-for-sale securities, net of tax:				
Beginning balance	¥ 253,693	¥ 2,301,439	¥ 4,670,620	$ 2,727
Increase/decrease:				
Net change, excluding foundation funds and others	924,617	(2,047,746)	(2,369,180)	9,938
Net change	924,617	(2,047,746)	(2,369,180)	9,938
Ending balance	1,178,311	253,693	2,301,439	12,665
Deferred gains on derivatives under hedge accounting:				
Beginning balance	6	155	57	0
Increase/decrease:				
Net change, excluding foundation funds and others	(608)	(149)	98	(6)
Net change	(608)	(149)	98	(6)
Ending balance	(602)	6	155	(6)
Land revaluation differences:				
Beginning balance	(91,006)	(88,938)	(84,955)	(979)
Increase/decrease:				
Net change, excluding foundation funds and others	(104)	(2,067)	(3,983)	(1)
Net change	(104)	(2,067)	(3,983)	(1)
Ending balance	(91,111)	(91,006)	(88,938)	(980)
Cumulative translation adjustments:				
Beginning balance	(46,148)	(16,157)	(7,615)	(496)
Increase/decrease:				
Net change, excluding foundation funds and others	(4,492)	(29,990)	(8,542)	(48)
Net change	(4,492)	(29,990)	(8,542)	(48)
Ending balance	(50,640)	(46,148)	(16,157)	(544)
Total valuation, conversions and others:				
Beginning balance	116,544	2,196,499	4,578,106	1,253
Increase/decrease:				
Net change, excluding foundation funds and others	919,411	(2,079,954)	(2,381,607)	9,882
Net change	919,411	(2,079,954)	(2,381,607)	9,882
Ending balance	1,035,956	116,544	2,196,499	11,135
Minority interests:				
Beginning balance	10,203	9,954	10,479	109
Increase/decrease:				
Net change, excluding foundation funds and others	1,178	249	(525)	13
Net change	1,178	249	(525)	13
Ending balance	11,381	10,203	9,954	122
Total net assets:				
Beginning balance	1,426,743	3,581,082	5,990,595	15,334
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	—	1,075
Additions to reserve for dividends to policyholders	(130,634)	(226,284)	(239,686)	(1,404)
Interest on foundation funds	(2,489)	(2,501)	(3,119)	(27)
Net surplus	243,663	152,093	258,577	2,619
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)
Reversal of land revaluation differences	80	2,058	3,963	1
Decrease in number of companies under the equity method	—	—	2,885	—
Others	—	—	1	—
Net change, excluding foundation funds and others	920,590	(2,079,705)	(2,382,133)	9,895
Net change	1,081,210	(2,154,339)	(2,409,512)	11,622
Ending balance	¥2,507,953	¥ 1,426,743	¥ 3,581,082	$26,956

The accompanying notes are an integral part of the consolidated financial statements.

5. Notes to the Consolidated Financial Statements

Nippon Life Insurance Company and Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

(1) Accounting principles and presentation

The accompanying consolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY (the "Parent Company" or "Nippon Life") and its consolidated subsidiaries (collectively the "Company") in accordance with the provisions set forth in the Japanese Commercial Act and the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry in general and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministry ordinances and guidance. The accompanying consolidated financial statements of the Company are in compliance with such requirements. Amounts of less than one million have been eliminated. As a result, totals may not add up exactly.

(2) United States dollar amounts

Nippon Life prepares its consolidated financial statements in Japanese yen. The US dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to US dollars on the basis of ¥93.04=US$1, the effective rate of exchange at the balance sheet date of March 31, 2010. The inclusion of such US dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in US dollars at ¥93.04=US$1 or at any other rate.

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

i) *Consolidated subsidiaries*

The consolidated financial statements include the accounts of the Nippon Life and its subsidiaries. Consolidated subsidiaries as of March 31, 2010 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 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.

The respective and aggregate effects of the companies that are excluded from consolidation on total assets, revenues, net income and surplus for the fiscal year ended March 31, 2010 are immaterial. This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position and the result of operations of Nippon Life and its subsidiaries.

ii) *Affiliates*

Affiliates accounted for under the equity method in the year ended March 31, 2010 are listed below:

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

The subsidiaries not consolidated, e.g., Nissay Card Service Co., Ltd, the Tokyo Agency of Nippon Life Insurance Co., Ltd. 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 fiscal year ended March 31, 2010 are immaterial. Nissay Dowa General Insurance Company, Limited will be excluded from the number of affiliates accounted for under the equity method from the next fiscal year due to a decrease in the percentages of shares owned, therefore being inapplicable for being classified as an affiliate.

The number of consolidated subsidiaries and affiliates as of March 31, 2010, 2009 and 2008, respectively, were as follows:

	2010	2009	2008
Consolidated subsidiaries	10	10	12
Subsidiaries not consolidated but accounted for under the equity method	0	0	0
Affiliates accounted for under the equity method	4	4	4

iii) *Financial statements' year-end dates of consolidated subsidiaries and affiliates*

The end date of financial statements of consolidated overseas subsidiaries and affiliates is December 31. The consolidated 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 financial statement end date and preparation date.

iv) *Valuation of assets and liabilities of consolidated subsidiaries and affiliates*

The Company has adopted the mark to market method.

v) *Amortization of goodwill*

The total amount of goodwill is recorded to expense as incurred in the fiscal consolidated year.

(2) Cash and cash equivalents

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

(3) Securities and hedging activities

Securities of the Parent Company (including items such as deposits and monetary receivables purchased treated as securities based on "Accounting Standards for Financial Instruments" (Corporate Accounting Standards No. 10) and securities within assets held in trust) are valued as follows:

i) Trading securities are valued at market value as of the balance sheet date (the moving average method is used for calculating cost of sales).

ii) Held-to-maturity debt securities are valued using the moving average method net of accumulated amortization (straight-line).

iii) Policy-reserve-matching bonds are valued using the moving average method net of accumulated amortization (straight-line) in accordance with 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").

iv) Stocks of non-consolidated subsidiaries and affiliates or those not accounted for by the equity method (stock issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act, excluding subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Ordinance of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Ordinance of the Insurance Business Act) are valued using the moving average method.

v) Available-for-sale securities

1) For securities with a market value, stocks (including foreign stocks) are valued by using the average market value during the one month period before the balance sheet date (cost of sales is calculated using the moving average method). Other securities with a market value are valued using the market value on the balance sheet date (cost of sales is calculated by using the moving average method).

2) For securities without a 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). Other securities without a market value are valued at the gross moving average amount.

Adjustments to market value, net of applicable taxes, are recorded in a separate component of net assets.

Hedge accounting of the Parent Company is calculated by the following method.

The Parent Company uses a variety of derivative financial instruments, including foreign currency forward contracts, interest rate swaps and currency swaps as a means of hedging exposure to foreign currency and interest rate risks. Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statement of income and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts are utilized to hedge the foreign currency exposures of certain financial assets denominated in foreign currencies. These contracts which qualify for hedge accounting are measured at fair value at the balance sheet date and the unrealized gains or losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

Interest rate swaps are utilized to hedge the interest rate exposures of certain loan receivables denominated in foreign currencies. These swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value but the difference paid or received under the swap agreements is recognized and included in interest expense or income.

The foreign currency forward contracts and currency swaps are utilized to hedge the foreign currency and interest rate exposures of certain loans denominated in foreign currencies. Certain loans denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

(4) Policy-reserve-matching bonds

Securities that are held for the purpose of matching periods outstanding for liabilities within the sub-groups (insurance type, remaining period and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities 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.

(5) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using "the accounting standard for foreign currency transactions." Exchange rates can fluctuate significantly. Available-for-sale securities of the Parent Company, denominated in foreign currencies, for which recovery is not expected, are converted to Japanese yen using either the rate at the balance sheet date or the average rate one month prior to the end of the balance sheet date, whichever indicates a weaker yen. This exchange is recorded under "Loss on valuation of securities."

(6) Tangible fixed assets

1) Tangible fixed assets of the Parent Company (except for lease assets related to finance 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.

   Accompanying the tax reforms of 2007, tangible fixed assets acquired on or after April 1, 2007 are depreciated after adjustment based on the declining-balance method and straight-line method set forth in the Corporation Tax Act.

   Also, in accordance with the tax reforms described above, the residual balances of the tangible assets acquired prior to April 1, 2007, which are fully depreciated under the former tax regulation, are depreciated over five years using the straight-line method.

2) The amounts of accumulated depreciation for tangible fixed assets were ¥1,124,281 million (US$12,084 million), ¥1,112,067 million and ¥1,131,350 million as of March 31, 2010, 2009, and 2008, respectively.

Revaluation of the land for operations 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 land revaluation reserve" within the liability section. The valuation difference, net of tax is recognized as "land revaluation differences" 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.

(7) Software

Software, which is included within intangible fixed assets, is depreciated based on the straight-line method.

(8) Leases

The accounting treatment for finance leases other than from the transfer of ownership is based on "Accounting Standards of Lease Transactions" (ASBJ Statement No. 13). Regarding finance leases where ownership is not transferred and the lease start date is March 31, 2008 or prior, the accounting treatment applied is based on the method related to operating lease transactions. For finance lease transactions where the lessor's ownership is not transferred, the sales amount and cost of sales are calculated at the time of receiving the lease fee.

(9) Allowance for doubtful accounts

1) Allowance for doubtful accounts of the Parent Company is recognized in accordance with Nippon Life's internal Asset Valuation Regulations and Write-Off/Provision Rules:
   i) The amount of the 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 in 4) below).
   ii) The allowance for loans receivable from creditors who are not currently legally bankrupt but have a high possibility of bankruptcy is recognized in the amount 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.
   iii) The allowance for loans receivable from creditors other than the above is provided based on the borrowers' balance multiplied by the historical average (for 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 Nippon Life's Asset Valuation Regulations. 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, these companies allocate amounts deemed necessary in accordance mainly with their internal Asset Valuation Regulations and Write-Off/Provision Rules.
4) The amount of collateral value or the amount collectible through the execution of guarantees or other methods, subtracted directly from the balance of loans receivable, is the estimated uncollectible amount of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The amounts recognized in the consolidated financial statements were ¥14,732 million (US$158 million)

(including ¥8,327 million (US$89 million) of credits secured and/or guaranteed), ¥8,243 million (including ¥6,891 million of credits secured and/or guaranteed) and ¥6,292 million (including ¥4,870 million of credits secured and/or guaranteed) as of March 31, 2010, 2009 and 2008, respectively.

(10) Accrued bonuses for directors and corporate auditors

Accrued bonuses for directors and corporate auditors are recognized based on the amount estimated to be paid.

(11) Accrued severance indemnities

1) Accrued severance indemnities of the Parent Company are provided based on the estimated amounts of projected benefit obligations in excess of the fair value of pension plan assets for future severance payments of employees as of the balance sheet date.
2) "Partial Amendment to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19) is applied from the fiscal year ended March 31, 2010. Because it was decided that the same discount rate as previously applied is to be used, there is no effect on operating income or surplus before income taxes.

(12) Accrued retirement benefits for directors and corporate auditors

Accrued retirement benefits for directors and corporate auditors are the estimated payment amounts based on internal rules.

(13) Accrued losses from supporting closely related companies

Accrued losses from supporting closely related companies are recognized based on the amounts that are estimated to be required in the future for supporting the restructuring of the closely related companies.

(14) Reserve for price fluctuations in investments in securities

Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

(15) Accounting for consumption taxes

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 real estate 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 to income over a five-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

(16) Policy reserves

Policy reserves of the Parent Company are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are 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 (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 the fiscal year ended March 31, 2007, additions to the policy reserves have been made over five years to a portion of the individual annuity policyholders. Such treatment is in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of Insurance Business Act. Including this treatment, the policy reserves were ¥207,970 million (US$2,235 million), ¥241,261 million, and ¥226,074 million as of March 31, 2010, 2009, and 2008, respectively.

3. Financial Instruments

Regarding asset management for the Parent Company's general account (excluding separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, Nippon Life built a portfolio geared toward medium- to long-term investment and formulated an investment plan considering the outlook of the investment environment.

Based on this, in order to reliably pay insurance claims and benefits in the future, Nippon Life positioned Japanese yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as its core assets, and from the viewpoint of improving profit in the medium to long term, Nippon Life invested in stocks and foreign securities. Also, from the viewpoint of effective asset management, Nippon Life mainly uses derivative transactions for controlling asset investment risks. Specifically, Nippon Life uses interest rate swaps for its interest rate related investments, foreign exchange forward contracts, currency options and swaps for its currency related investments, when hedge accounting is applied.

Hedge accounting methods include market value hedge accounting for hedging against foreign currency exchange fluctuation risk for certain foreign currency-denominated bonds, exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps to hedge cash flow volatility of certain loans receivable and designated hedge accounting ("*Furiate-shori*") for foreign exchange contracts and currency swaps for certain foreign currency-denominated assets. Effectiveness of hedging activities is mainly evaluated by ratio analysis to compare market value movements on the hedging instruments and the hedged items in accordance with Nippon Life's internal risk management policies.

Mainly, securities are exposed to market risk and credit risk, loans are exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of losses to incur when the market value of investment assets declines due to such factors as fluctuations in interest rates, stock prices or exchange rates. Credit risk refers to the risk of losses to incur when the value of assets, primarily loans and bonds, declines or becomes zero due to deterioration in the financial condition of the party to whom credit was extended. These risks are managed according to internal rules and regulations regarding asset management risks.

To manage market risk, Nippon Life has prescribed investment limits based on the nature of the assets in order to reduce excessive losses for each financing and investment transaction. Also, Nippon Life regularly reports on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, along with establishing a system to control risk when there is a breach of limits. In addition, to control market risk in the portfolio, Nippon Life uses statistical analysis to rationally calculate the market value-at-risk of the portfolio as a whole and allocates assets appropriately within the acceptable boundaries of risk.

To manage credit risk, Nippon Life has built systems for rigorous examinations by establishing an Assessment Management Unit independent of the departments in charge of investment execution activities. Nippon Life is also striving to build a sound portfolio through the establishment of interest guidelines to ensure the returns obtained are in line with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

Moreover, Nippon Life calculates the magnitude of credit risk as credit value at risk using the Monte Carlo simulation model. By considering the results of its management of the credit risk portfolio, Nippon Life is able to keep risk within an acceptable range.

(1) Balance sheet amounts and market values of major financial instruments and their differences are as follows.

	Millions of Yen		
	Balance sheet amount (*1)	Market value	Difference
Cash and deposits (negotiable certificates of deposit)	¥ 369,994	¥ 369,994	¥ —
Available-for-sale securities	369,994	369,994	—
Monetary receivables purchased	1,152,229	1,162,774	10,545
Policy-reserve-matching bonds	1,055,131	1,065,677	10,545
Available-for-sale securities	97,097	97,097	—
Assets held in trust	10,670	10,670	—
Trading securities	10,670	10,670	—
Securities	33,622,413	34,151,995	529,582
Trading securities	1,343,425	1,343,425	—
Held-to-maturity debt securities	44,860	45,221	360
Policy-reserve-matching bonds	15,780,403	16,304,899	524,496
Investments in subsidiaries and affiliates	81,446	86,172	4,725
Available-for-sale securities	16,372,276	16,372,276	—
Loans receivable (*2)	8,680,081	8,861,414	181,332
Policy loans	1,025,475	1,025,475	—
Industrial and consumer loans	7,654,606	7,835,939	181,332
Derivative financial instruments (*3)	(101,963)	(101,963)	—
Hedge accounting not applied	(649)	(649)	—
Hedge accounting applied	(101,313)	(101,313)	—
Cash received as collateral under securities lending contracts (*4)	¥ (1,025,057)	¥ (1,025,057)	¥ —

	Millions of U.S. Dollars		
	Balance sheet amount (*1)	Market value	Difference
Cash and deposits (negotiable certificates of deposit)	$ 3,977	$ 3,977	$ —
Available-for-sale securities	3,977	3,977	—
Monetary receivables purchased	12,384	12,498	114
Policy-reserve-matching bonds	11,340	11,454	114
Available-for-sale securities	1,044	1,044	—
Assets held in trust	115	115	—
Trading securities	115	115	—
Securities	361,376	367,068	5,692
Trading securities	14,439	14,439	—
Held-to-maturity debt securities	482	486	4
Policy-reserve-matching bonds	169,609	175,246	5,637
Investments in subsidiaries and affiliates	875	926	51
Available-for-sale securities	175,970	175,970	—
Loans receivable (*2)	93,294	95,243	1,949
Policy loans	11,022	11,022	—
Industrial and consumer loans	82,272	84,221	1,949
Derivative financial instruments (*3)	(1,096)	(1,096)	—
Hedge accounting not applied	(7)	(7)	—
Hedge accounting applied	(1,089)	(1,089)	—
Cash received as collateral under securities lending contracts (*4)	$ (11,017)	$ (11,017)	$ —

*(*1) The amount of an allowance is deducted, where an allowance for doubtful accounts was recorded.*
*(*2) The market values of derivative financial instruments including interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori") are included in the market values of loans receivable because they are accounted for as an integral part of loans receivable which are hedged items.*
*(*3) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in parentheses.*
*(*4) Cash received as collateral under securities lending contracts is recorded in liabilities and presented in parentheses.*

(2) Market value measurement methods for the Parent Company's major financial instruments are as follows.

1) Securities, deposits and monetary receivables purchased treated as securities based on "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10)

a. Items with market price

Market value is measured based on the closing market price at year-end. However, the market values of available-for-sale domestic and foreign equity securities are based on the average market price during one month prior to the end of the fiscal year.

b. Items without market price

Market value is measured mainly by discounting future cash flows to the present value.

2) Loans receivable

a. Policy loans

Market value is deemed to approximate book value, due to no repayment deadlines based on characteristics such as limiting loans to the surrender benefit range, and expected reimbursement period and interest rate requirements, etc. Thus, the book value is used as market value of the policy loans.

b. Industrial and consumer loans

Market value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, the book value is used as the market value of the variable interest loans.

Market value of fixed interest rate loans is measured mainly by discounting future cash flows to the present value.

Loans receivable to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value before any write-off.

3) Derivative financial instruments

a. Market value of futures and other market transactions is measured by the liquidation value or closing market price at year-end.

b. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Parent Company using the Telegraphic Transfer Middle rate (TTM) and discount rates obtained from brokers.

c. Market value of interest rate swaps and currency options is measured based on the theoretical present value calculated by discounting future cash flows using published market interest rates, etc.

4) Money held in trust

Market value is measured based on the price rationally calculated by the trustee of money held in trust, pursuant to 1) and 3) above.

5) Cash received as collateral under securities lending contracts

The book value is used as market value due to their short-term settlement.

(3) Unlisted equity securities, investments in partnerships wherein partnership assets consist of unlisted equity securities and other items for which it is extremely difficult to determine a market value are not included in securities in table (1).

Amounts on the balance sheet at the end of the fiscal year are ¥54,955 million (US$591 million) for stocks of subsidiaries and affiliates, and ¥1,233,647 million (US$13,259 million) for available-for-sale securities.

(4) Information regarding securities, etc. by purpose of possession are as follows.

1) Trading securities

Securities managed as trust assets in money held in trust and securities related to separate accounts are classified as trading securities.

Valuation differences included in current period income consist of a loss of ¥2,479 million (US$27 million) for money held in trust and a loss of ¥9,996 million (US$107 million) for securities related to separate accounts.

Money held in trust includes derivative financial instruments held in the trust.

2) Held-to-maturity debt securities

Balance sheet amounts, market values and their differences by type are as follows.

	Millions of Yen		
Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount			
Domestic bonds	¥36,172	¥36,687	¥ 514
Foreign securities	4,669	4,767	97
Subtotal	40,842	41,454	611
Items whose market value does not exceed the balance sheet amount			
Domestic bonds	2,021	2,018	(2)
Foreign securities	1,997	1,748	(248)
Subtotal	4,018	3,767	(251)
Total	¥44,860	¥45,221	¥ 360

	Millions of U.S. Dollars		
Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount			
Domestic bonds	$389	$394	$ 5
Foreign securities	50	51	1
Subtotal	439	446	7
Items whose market value does not exceed the balance sheet amount			
Domestic bonds	22	22	(0)
Foreign securities	21	19	(2)
Subtotal	43	40	(3)
Total	$482	$486	$ 4

3) Policy-reserve-matching bonds

Balance sheet amounts, market values and their differences by type are as follows.

	Millions of Yen		
Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount			
Monetary receivables purchased	¥ 795,158	¥ 809,991	¥ 14,833
Domestic bonds	14,092,476	14,642,231	549,755
Foreign securities	37,850	38,957	1,106
Subtotal	14,925,486	15,491,180	565,694
Items whose market value does not exceed the balance sheet amount			
Monetary receivables purchased	259,973	255,685	(4,287)
Domestic bonds	1,595,851	1,571,991	(23,860)
Foreign securities	54,224	51,719	(2,504)
Subtotal	1,910,049	1,879,396	(30,653)
Total	¥16,835,535	¥17,370,576	¥535,041

Type	Millions of U.S. Dollars Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount			
Monetary receivables purchased	$ 8,546	$ 8,706	$ 160
Domestic bonds	151,467	157,376	5,909
Foreign securities	407	419	12
Subtotal	160,420	166,500	6,080
Items whose market value does not exceed the balance sheet amount			
Monetary receivables purchased	2,794	2,748	(46)
Domestic bonds	17,152	16,896	(256)
Foreign securities	583	556	(27)
Subtotal	20,529	20,200	(329)
Total	$180,949	$186,700	$5,751

4) Available-for-sale securities

Acquisition cost or amortized cost and balance sheet amounts and their differences by type are as follows.

Type	Millions of Yen Acquisition cost or amortized cost	Balance sheet amount	Difference
Items whose balance sheet amount exceeds acquisition cost or amortized cost			
Cash and deposits (negotiable certificates of deposit)	¥ 15,000	¥ 15,000	¥ 0
Monetary receivables purchased	4,968	5,299	330
Domestic bonds	1,144,171	1,179,679	35,508
Domestic stocks	3,678,202	5,581,643	1,903,440
Foreign securities	4,914,184	5,175,585	261,400
Other securities	179,281	188,518	9,237
Subtotal	9,935,808	12,145,725	2,209,916
Items whose balance sheet amount does not exceed acquisition cost or amortized cost			
Cash and deposits (negotiable certificates of deposit)	355,500	355,494	(5)
Monetary receivables purchased	92,359	91,798	(561)
Domestic bonds	521,534	520,958	(575)
Domestic stocks	1,089,525	858,505	(231,019)
Foreign securities	2,860,434	2,749,976	(110,458)
Other securities	141,975	116,910	(25,065)
Subtotal	5,061,329	4,693,643	(367,686)
Total	¥14,997,138	¥16,839,368	¥1,842,230

Type	Millions of U.S. Dollars Acquisition cost or amortized cost	Balance sheet amount	Difference
Items whose balance sheet amount exceeds acquisition cost or amortized cost			
Cash and deposits (negotiable certificates of deposit)	$ 161	$ 161	$ 0
Monetary receivables purchased	53	57	4
Domestic bonds	12,298	12,679	381
Domestic stocks	39,534	59,992	20,458
Foreign securities	52,818	55,628	2,810
Other securities	1,927	2,026	99
Subtotal	106,791	130,543	23,752
Items whose balance sheet amount does not exceed acquisition cost or amortized cost			
Cash and deposits (negotiable certificates of deposit)	3,821	3,821	(0)
Monetary receivables purchased	993	987	(6)
Domestic bonds	5,605	5,599	(6)
Domestic stocks	11,710	9,227	(2,483)
Foreign securities	30,744	29,557	(1,187)
Other securities	1,526	1,257	(269)
Subtotal	54,399	50,448	(3,951)
Total	$161,190	$180,991	$19,801

** The items ¥1,233,647 million (US$13,259 million) whose market value is extremely difficult to determine are not included.*

5) Because some issues of monetary receivables purchased no longer meet the requirements for policy-reserve-matching bonds provided in "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within the Insurance Industry" (JICPA Industry Audit Committee Report No. 21), they were replaced with available-for-sale securities. Year-end valuation based on the aforementioned change resulted in decreases of ¥122 million (US$1 million) in monetary receivables purchased and ¥78 million (US$1 million) in securities valuation difference, and an increase of ¥44 million (US$0 million) in deferred tax assets.

There is no effect on operating income or surplus before income taxes.

4. Disclosures about Market Value of Investment and Rental Property

The balance sheet amount for investment and rental property at the end of the fiscal year was ¥1,202,151 million (US$12,921 million), with a market value of ¥1,261,479 million (US$13,558 million). The Parent Company and certain subsidiaries own rental office buildings and commercial facilities the market value of which at the end of the fiscal year is the amount measured based mainly on real estate appraisal standards.

5. Securities Loaned and Borrowed

The amount of securities loaned for consumption was ¥1,865,306 million (US$20,048 million), ¥1,411,639 million and ¥2,312,680 million as of March 31, 2010, 2009 and 2008, respectively.

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, assets which were not disposed totaled ¥595,913 million (US$6,405 million) at market value as of March 31, 2010.

6. Accumulated Depreciation

The amount of accumulated depreciation for tangible fixed assets amounted to ¥1,124,281 million (US$12,084 million), ¥1,112,067 million and ¥1,131,350 million as of March 31, 2010, 2009 and 2008, respectively.

7. Separate Accounts

Separate Accounts as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,449,753 million (US$15,582 million), ¥1,371,549 million and ¥1,860,271 million as of March 31, 2010, 2009 and 2008, respectively and are presented within other assets with a corresponding liability recorded for the same amount.

8. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders included in policy reserves for the periods ended March 31, 2010, 2009 and 2008 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Balance at the end of previous fiscal year	¥1,215,391	¥1,233,268	¥1,259,846	$13,063
Transfer to reserve from surplus in previous fiscal year	130,634	226,284	239,686	1,404
Policyholder dividends paid out during the fiscal year	(227,044)	(277,367)	(301,434)	(2,440)
Increase in interest	31,160	33,206	35,170	335
Balance at the end of fiscal year	¥1,150,140	¥1,215,391	¥1,233,268	$12,362

9. Accrued Severance Indemnities

Accrued severance indemnities at March 31, 2010, 2009 and 2008 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Retirement benefit obligation	¥(773,186)	¥(777,951)	¥(789,182)	$(8,310)
Pension plan assets	285,021	271,666	301,947	3,063
Accrued retirement benefit costs	(488,164)	(506,284)	(487,234)	(5,247)
Unrecognized actuarial differences	35,007	72,341	66,286	376
Unrecognized prior service cost	—	(6,861)	(14,410)	—
Accrued severance indemnities	¥(453,157)	¥(440,804)	¥(435,358)	$(4,871)

The basic information for the calculation of accrued severance indemnities is as follows:

Periodical allocation method of estimated retirement benefit:	Straight-line
Discount rate:	1.6%
Expected rate on plan assets:	2.5%
Method of amortizing actuarial differences:	Amortization is made over a certain period, within the average remaining years of service of employees (five years) using the straight-line method with amortization starting a year after the incurrence of the difference.
Method of amortizing prior service cost:	Amortization is made over a certain period, within the average remaining years of service of employees (five years) using the straight-line method with amortization starting the year of the incurrence.

The benefit cost of accrued severance indemnities for the years ended March 31, 2010, 2009 and 2008 was analyzed as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Service cost	¥26,338	¥26,635	¥26,385	$283
Interest cost	12,428	12,611	12,452	134
Expected return on plan assets	(6,781)	(7,538)	(8,050)	(73)
Amortization of actuarial differences	25,729	17,790	18,486	277
Amortization of prior service cost	(6,861)	(7,548)	(7,548)	(74)
Others	1,893	1,900	1,848	20
Net periodical benefit costs	¥52,747	¥43,850	¥43,574	$567

10. Foundation Funds

Nippon Life redeemed ¥50,000 million (US$537 million) of foundation funds and credited the same amount to the reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Act for the years ended March 31, 2010, 2009 and 2008. The amount of ¥100,000 million (US$1,075 million) of foundation funds was additionally offered according to Article 60 of the Insurance Business Act in the fiscal year ended March 31, 2010.

11. Pledged Assets

Assets pledged as collateral by securities, leases, land and buildings as of March 31, 2010 were ¥1,072,156 million (US$11,524 million), ¥16,855 million (US$181 million), ¥2,952 million (US$32 million) and ¥308 million (US$3 million), respectively. The total amount of loans covered by the aforementioned assets was ¥1,052,759 million (US$11,315 million) as of March 31, 2010.

These amounts included ¥1,039,219 million (US$11,170 million) of securities deposited and ¥1,036,250 million (US$11,138 million) of cash received as collateral under the securities lending contracts secured by cash as of March 31, 2010.

The amount of assets pledged as collateral by securities, leasing receivables, land and buildings as of March 31, 2009 was ¥606,018 million, ¥34,044 million, ¥2,952 million and ¥325 million, respectively. The total amount of loans covered by the aforementioned assets as of March 31, 2009 is ¥502,733 million.

These amounts included ¥531,740 million of securities deposited and ¥470,591 million of cash received as collateral under the securities lending contracts as of March 31, 2009.

The amount of assets pledged as collateral by securities, leasing receivables, land and buildings as of March 31, 2008 was ¥617,845 million, ¥74,953 million, ¥2,952 million and ¥335 million, respectively. The total amount of loans covered by the aforementioned assets as of March 31, 2008 was ¥644,843 million.

These amounts included ¥566,028 million of securities deposited and ¥580,977 million of cash received as collateral under the securities lending contracts as of March 31, 2008.

12. Investments in Non-Consolidated Subsidiaries

The total amount of stocks and investments in non-consolidated subsidiaries was ¥136,401 million (US$1,466 million), ¥119,721 million and ¥130,339 million as of March 31, 2010, 2009 and 2008, respectively.

Affiliated company Nissay Dowa General Insurance Co., Ltd. entered into a stock swap with MS&AD Insurance Group Holdings, Inc. following its business integration with Aioi Insurance Co., Ltd. and Mitsui Sumitomo Insurance Group Holdings, Inc. on April 1, 2010. This stock swap will result in ¥2,415 million (US$26 million) in loss on sales of securities for the fiscal year ending March 31, 2011.

13. Loans Receivable

1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and loans for restructuring, which were included in loans receivable, was ¥52,700 million (US$566 million), ¥53,081 million and ¥74,770 million as of March 31, 2010, 2009 and 2008, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,250 million (US$35 million) and ¥38,915 million (US$418 million) as of March 31, 2010, ¥3,456 million and ¥39,945 million as of March 31, 2009 and ¥3,401 million and ¥54,678 million as of March 31, 2008.

Loans to bankrupt borrowers are loans, except for a portion of loans written-off, where the borrowers satisfy conditions prescribed in Article 96, Paragraph 1, Item 3 or Item 4 of the Enforcement Regulations of the Corporation Tax Act and are recorded net of the portion of the losses written off. Interest is not accrued as income since the recovery of principal or interest on the loans is unlikely due to the fact that the payments are long overdue or for other reasons. Delinquent loans are loans with interest not accrued, and exclude the loans to bankrupt borrowers and the loans to which the postponement of interest payments are made with the objective of reconstructing these loans and supporting the borrowers.

ii) The balance of loans that are delinquent for over three months was ¥0, ¥0 and ¥435 million as of March 31, 2010, 2009 and 2008, respectively.

Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

iii) The balance of loans for restructuring was ¥10,534 million (US$113 million), ¥9,680 million and ¥16,254 million as of March 31, 2010, 2009 and 2008, respectively.

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 interest, 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 three months.

2) The direct write-off of loans receivable decreased the balances of loans of bankrupt borrowers and delinquent loans by ¥11,008 million (US$118 million) and ¥3,723 million (US$40 million) as of March 31, 2010, ¥6,099 million and ¥2,143 million as of March 31, 2009 and ¥1,270 million and ¥5,022 million as of March 31, 2008.

14. Loan Commitments

The amount of commitments related to loans receivable and loans outstanding was ¥96,680 million (US$1,039 million), ¥90,990 million and ¥120,598 million as of March 31, 2010, 2009 and 2008, respectively.

15. Contribution to the Life Insurance Policyholder Protection Fund and Organization

1) The amount of future contributions to the Life Insurance Policyholder Protection Fund, which has been taken over by the Life Insurance Policyholder Protection Corporation of Japan in accordance with Supplementary Article 140, Paragraph 5 of the Enactment Law of Financial System Reform Legislation, was estimated to be ¥2,358 million as of March 31, 2007. The obligation to contribute to the Life Insurance Policyholder Protection Fund, which has been taken over by the Life Insurance Policyholder Protection Corporation of Japan, ended with the fiscal year ended March 31, 2008 contribution. The contribution amounts are recognized as an operating expense at the time of payment.

2) The amounts of future contributions to the Life Insurance Policyholder Protection Corporation of Japan, in accordance with Article 259 of the Insurance Business Act, was estimated to be ¥86,842 million (US$933 million), ¥90,467 million and ¥94,127 million as of March 31, 2010, 2009 and 2008, respectively. The contribution amounts are recognized as an operating expense at the time of payment.

16. Impairment Losses of Assets

i) Method for grouping the assets

Leased property and idle property are classified as one group per structure. Assets utilized for insurance business operations are classified into one group.

ii) Circumstances causing impairment losses

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

iii) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2010

	Millions of Yen		
Purpose of use	Land	Buildings	Total
Leased property	¥1,954	584	¥2,539
Idle property	3,173	937	4,111
Total	¥5,128	¥1,522	¥6,650

For the year ended March 31, 2009

	Millions of Yen			
Purpose of use	Land	Leasehold	Buildings	Total
Leased property	¥ 330	¥423	¥ 30	¥ 785
Idle property	3,607	—	1,585	5,192
Total	¥3,937	¥423	¥1,616	¥5,977

For the year ended March 31, 2008

	Millions of Yen			
Purpose of use	Land	Leasehold	Buildings	Total
Leased property	¥1,597	¥179	¥231	¥2,009
Idle property	1,978	—	642	2,620
Total	¥3,576	¥179	¥874	¥4,630

For the year ended March 31, 2010

	Millions of U.S. Dollars		
Purpose of use	Land	Buildings	Total
Leased property	$21	$6	$27
Idle property	34	10	44
Total	$55	$16	$71

iv) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment losses on leased property is based on the net realizable value upon sales of the asset or the future cash flows. The recoverable amount for idle property is based on the net realizable value upon sales of the asset. The discount rate used for calculation of future cash flows is 4.0%. Net realizable values are determined based on the real estate appraisals or posted land prices.

17. Deferred Tax Assets and Liabilities

1) Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Deferred tax assets	¥1,204,069	¥1,223,549	¥1,266,021	$12,941
Valuation allowance for deferred tax assets	(57,395)	(66,575)	(54,445)	(617)
	1,146,674	1,156,974	1,211,576	12,324
Deferred tax liabilities	(706,808)	(212,548)	(1,334,414)	(7,597)
Net deferred tax assets/(liabilities)	¥ 439,866	¥ 944,425	¥ (122,838)	$ 4,728

The major components of the deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Deferred tax assets:				
Policy reserves	¥786,731	¥700,903	¥ 830,660	$8,456
Reserve for price fluctuations in investments in securities	143,737	134,330	175,936	1,545
Accrued severance indemnities	163,740	159,247	157,259	1,760
Allowance for doubtful accounts	13,941	10,759	15,298	150
Deferred tax liabilities:				
Net unrealized gains on securities	¥662,165	¥172,181	¥1,293,452	$7,117

2) The statutory tax rate was 36.1% for the years ended March 31, 2010, 2009 and 2008. The major differences between the statutory tax rate and the effective income tax rate were as follows:

	2010	2009	2008
Reserve for dividends to policyholders	(28.5)%	(22.9)%	(30.2)%
Loss on valuation of securities	—	5.7	—
Dividends received from controlled foreign corporation	—	3.7	—

Supplementary Note

In accordance with Article 110, Item 2 of the Japanese Insurance Business Act, Nippon Life Insurance Company's consolidated balance sheets as of March 31, 2010, 2009 and 2008, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended ("consolidated financial statements"), all expressed in Japanese yen, were audited by Deloitte Touche Tohmatsu.

Nippon Life Insurance Company, by its own judgment, has made certain reclassification and modifications to those audited consolidated financial statements referred to above to facilitate and enhance the readers' understanding of the financial information, and included them in this publication.

In addition, Nippon Life Insurance Company has translated Japanese yen amounts into U.S. dollar amounts solely for the convenience of readers outside Japan.

6. Non-Consolidated Balance Sheets

Nippon Life Insurance Company

	Millions of Yen			Millions of U.S. Dollars
As of March 31	**2010**	**2009**	**2008**	**2010**
ASSETS:				
Cash and deposits (Note 3):	¥ 579,855	¥ 558,365	¥ 500,625	$ 6,232
Cash	2,150	2,535	3,053	23
Deposits	577,705	555,829	497,572	6,209
Call loans	**146,100**	**203,800**	**196,100**	**1,570**
Receivables under securities borrowing transactions	**151,689**	—	—	**1,630**
Monetary receivables purchased (Note 3)	**1,152,229**	**1,160,387**	**1,379,371**	**12,384**
Assets held in trust (Note 3)	**10,670**	**114,637**	**170,507**	**115**
Investments in securities (Notes 3, 5, 13 and 14):				
National government bonds	12,490,745	12,170,897	11,592,242	134,251
Local government bonds	1,775,404	1,608,674	1,654,734	19,082
Corporate bonds	3,573,079	3,575,038	3,514,354	38,404
Domestic stocks	7,214,491	5,855,101	8,762,375	77,542
Foreign securities	9,421,573	7,688,044	7,994,217	101,264
Other securities	474,099	437,126	485,842	5,095
	34,949,393	**31,334,883**	**34,003,765**	**375,638**
Loans receivable (Notes 15 and 16):				
Policy loans	1,025,658	1,087,489	1,139,246	11,024
Industrial and consumer loans	7,745,149	8,045,943	8,414,143	83,245
	8,770,808	**9,133,432**	**9,553,389**	**94,269**
Tangible fixed assets (Notes 4, 6, 13 and 21):				
Land	1,208,797	1,083,993	1,080,571	12,992
Buildings	534,557	545,803	560,924	5,745
Leases	2,917	160	—	31
Construction in progress	26,238	21,484	12,420	282
Other tangible fixed assets	16,404	20,656	21,376	177
	1,788,915	**1,672,097**	**1,675,293**	**19,227**
Intangible fixed assets:				
Software	74,367	67,409	55,376	799
Other intangible fixed assets	110,940	102,306	98,144	1,193
	185,307	**169,716**	**153,520**	**1,992**
Reinsurance receivables	**300**	**275**	**614**	**3**
Other assets:				
Accounts receivable	171,633	214,739	112,580	1,845
Prepaid expenses	9,075	8,895	7,992	98
Accrued revenue	217,189	213,170	243,876	2,334
Money on deposit	42,639	44,007	46,070	458
Deposits for futures transactions	338	326	332	4
Derivative financial instruments	39,251	32,532	80,979	422
Suspense payments	23,329	23,557	15,524	251
Other assets	21,030	21,669	21,789	226
	524,486	**558,898**	**529,146**	**5,638**
Deferred tax assets (Note 22)	**435,027**	**926,890**	—	**4,676**
Customers' liability for acceptances and guarantees	**14,667**	**13,668**	**7,900**	**158**
Allowance for doubtful accounts	**(24,606)**	**(21,178)**	**(34,944)**	**(264)**
Total assets	**¥48,684,846**	**¥45,825,874**	**¥48,135,290**	**$523,268**

The accompanying notes are an integral part of the non-consolidated financial statements.

As of March 31	Millions of Yen 2010	2009	2008	Millions of U.S. Dollars 2010
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 222,724	¥ 222,094	¥ 236,957	$ 2,394
Policy reserves (Note 17)	42,014,375	40,880,121	40,739,597	451,573
Reserve for dividends to policyholders (Note 9)	1,150,140	1,215,391	1,233,268	12,362
	43,387,241	**42,317,607**	**42,209,823**	**466,329**
Reinsurance payables	**326**	**340**	**339**	**4**
Other liabilities:				
Cash received as collateral under securities lending contracts	1,025,057	450,495	573,106	11,017
Loans payable	52	67	422	1
Corporate taxes payable	—	—	26,649	—
Accounts payable	279,758	186,201	259,578	3,007
Accrued expenses	56,821	57,947	56,366	611
Deferred income	22,900	23,193	21,341	246
Deposits received	100,744	99,882	103,636	1,083
Guarantee deposits received	97,222	100,496	103,059	1,045
Futures transactions margin account	1,051	2,005	906	11
Derivative financial instruments	141,214	131,762	27,999	1,518
Lease obligations	2,302	116	—	25
Suspense receipts	10,288	8,678	9,538	111
Other liabilities	11,192	20,095	7,870	118
	1,748,605	**1,080,942**	**1,190,476**	**18,793**
Accrued bonuses for directors and corporate auditors	**56**	**71**	**94**	**1**
Accrued severance indemnities (Note 11)	**451,091**	**438,948**	**433,771**	**4,848**
Accrued retirement benefits for directors and corporate auditors	**5,929**	**5,968**	**5,801**	**64**
Accrued losses from supporting closely related companies	**453**	**485**	**515**	**5**
Reserve for price fluctuations in investments in securities	**398,011**	**372,013**	**487,263**	**4,278**
Deferred tax liabilities (Note 22)	**—**	**—**	**138,242**	**—**
Deferred tax liabilities for land revaluation reserve	**174,013**	**176,020**	**177,283**	**1,870**
Acceptances and guarantees	**14,667**	**13,688**	**7,900**	**158**
Total liabilities	**46,180,396**	**44,406,066**	**44,651,511**	**496,350**
NET ASSETS:				
Foundation funds (Note 12)	**250,000**	**200,000**	**200,000**	**2,687**
Reserve for redemption of foundation funds (Note 12)	**800,000**	**750,000**	**700,000**	**8,598**
Reserve for revaluation	**651**	**651**	**651**	**7**
Surplus:				
Legal reserve for deficiencies	10,425	9,867	9,020	112
Voluntary surplus reserve:	359,064	290,653	386,722	3,860
Contingency reserves	71,917	71,917	71,917	773
Reserve for assisting social public welfare	167	1,244	1,221	2
Reserve for condensed booking of fixed assets for tax purposes	32,140	32,281	32,082	345
Other reserves	170	170	170	2
Unappropriated surplus	254,669	185,040	281,332	2,738
Total surplus	**369,489**	**300,520**	**395,742**	**3,972**
Total equity	**1,420,140**	**1,251,171**	**1,296,394**	**15,264**
Net unrealized gains on available-for-sale securities, net of tax	**1,176,023**	**259,636**	**2,276,167**	**12,640**
Deferred gains on derivatives under hedge accounting	**(602)**	**6**	**155**	**(6)**
Land revaluation differences	**(91,111)**	**(91,006)**	**(88,938)**	**(980)**
Total valuations, conversions and others	**1,084,309**	**168,636**	**2,187,384**	**11,654**
Total net assets	**2,504,449**	**1,419,807**	**3,483,778**	**26,918**
Total liabilities and net assets	**¥48,684,846**	**¥45,825,874**	**¥48,135,290**	**$523,268**

The accompanying notes are an integral part of the non-consolidated financial statements.

7. Non-Consolidated Statements of Income

Nippon Life Insurance Company

For the years ended March 31	Millions of Yen 2010	2009	2008	Millions of U.S. Dollars 2010
REVENUES:				
Income from insurance and reinsurance premiums:				
Insurance premiums	¥4,816,612	¥5,035,543	¥4,889,029	$51,770
Reinsurance premiums	867	1,230	1,058	9
	4,817,479	**5,036,774**	**4,890,087**	**51,779**
Investment income (Note 19)**:**				
Interest, dividends and other income	1,119,518	1,148,493	1,234,533	12,033
Interest on deposits and savings	510	1,799	2,592	5
Interest/dividends on securities	797,883	813,411	898,898	8,576
Interest on loans receivable	194,283	198,865	201,242	2,088
Rent on real estate	100,067	103,454	101,256	1,076
Other interest/dividends	26,773	30,961	30,542	288
Gain on proprietary trading securities	—	—	7	—
Gain from assets held in trust, net	27,911	—	—	300
Gain on sales of securities	185,497	88,609	106,977	1,994
Gain from redemption of securities	1,226	5,047	10,153	13
Gain from derivative financial instruments, net	19,659	—	—	211
Other investment income	1,189	4,927	962	13
Gain from separate accounts, net	200,158	—	—	2,151
	1,555,160	**1,247,078**	**1,352,633**	**16,715**
Other revenues:				
Income from annuity riders	8,308	8,619	6,388	89
Income from deferred benefits	193,839	279,850	234,872	2,083
Reversal of policy reserves for outstanding claims	—	14,863	7,953	—
Other revenues	19,837	17,875	17,560	214
	221,985	**321,208**	**266,776**	**2,386**
Total revenues	**6,594,626**	**6,605,061**	**6,509,497**	**70,880**
EXPENDITURES:				
Insurance claims and other payments:				
Death and other claims	1,173,840	1,313,660	1,394,957	12,617
Annuity payments	540,285	506,864	475,766	5,807
Health and other benefits	863,421	832,280	822,921	9,280
Surrender benefits	1,059,647	1,102,075	1,166,937	11,389
Other refunds	244,455	280,608	350,997	2,628
Reinsurance premiums	1,330	1,339	1,356	14
	3,882,981	**4,036,829**	**4,212,938**	**41,735**
Provision for policy reserves:				
Provision for claim reserves	630	—	—	7
Provision for policy reserves	1,134,253	140,524	357,096	12,191
Interest on reserve for dividends to policyholders	31,160	33,206	35,170	335
	1,166,043	**173,731**	**392,266**	**12,533**
Investment expenses (Note 19)**:**				
Interest expense	2,137	3,315	6,007	23
Loss on proprietary trading securities	—	0	—	—
Loss from assets held in trust, net	—	55,871	21,483	—
Loss on sales of securities	123,658	119,523	93,274	1,329
Loss on valuation of securities	81,808	527,986	39,211	879
Loss from redemption of securities	12,580	6,240	2,950	135
Loss from derivative financial instruments, net	—	113,319	63,729	—
Foreign exchange loss, net	12,876	15,934	12,158	138
Provision for allowance for doubtful accounts	13,377	—	4,814	144
Write-off of loans	153	2	—	2
Depreciation of rental real estate and other assets	26,405	27,160	27,331	284
Other investment expenses	23,079	23,261	18,909	248
Loss from separate accounts, net	—	353,329	265,975	—
	296,078	**1,245,945**	**555,846**	**3,182**
Operating expenses (Note 18)	**573,633**	**563,271**	**552,888**	**6,165**
Other expenditures:				
Deferred benefit payments	276,138	367,581	390,080	2,968
Tax	35,562	36,536	34,758	382
Depreciation	44,094	42,858	39,235	474
Provision for accrued severance indemnities	12,142	5,177	6,515	131
Other expenditures	14,436	13,917	13,252	155
	382,374	**466,070**	**483,842**	**4,110**
Total expenditures	**6,301,112**	**6,485,848**	**6,197,782**	**67,725**
Operating income	**¥ 293,513**	**¥ 119,212**	**¥ 311,714**	**$ 3,155**

5 Financial Data

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2010**	**2009**	**2008**	**2010**
Extraordinary gains:				
Gain on disposal of fixed assets	¥ 1,324	¥ 1,083	¥ 1,200	$ 14
Reversal of reserve for price fluctuations in investments in securities	—	115,250	—	—
Reversal of allowance for doubtful accounts	—	9,738	—	—
	1,324	**126,072**	**1,200**	**14**
Extraordinary losses:				
Loss on disposal of fixed assets	5,057	3,742	7,222	54
Impairment losses (Note 21)	6,650	5,977	4,630	71
Provision for reserve for price fluctuations in investments in securities	25,998	—	20,000	280
Loss on reduction entry of real estate	332	256	128	4
Contributions for assisting social public welfare	2,577	1,477	927	28
	40,614	**11,453**	**32,907**	**437**
Surplus before income taxes	**254,224**	**233,831**	**280,007**	**2,732**
Income taxes (Note 22)**:**				
Current	1,320	(1,363)	103,331	14
Deferred	892	53,689	(99,765)	9
Total	2,212	52,326	3,565	23
Net surplus	**¥ 252,011**	**¥ 181,505**	**¥ 276,441**	**$ 2,709**
Reversal of land revaluation differences	—	—	—	—
Reversal of reserve for assisting social public welfare	—	—	—	—
Unappropriated surplus	—	—	—	—

The accompanying notes are an integral part of the non-consolidated financial statements.

8. Non-Consolidated Statements of Changes in Net Assets

Nippon Life Insurance Company

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2010**	**2009**	**2008**	**2010**
FOUNDATION FUNDS AND OTHERS:				
Foundation funds:				
Beginning balance	¥ 200,000	¥ 200,000	¥ 250,000	$ 2,150
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	—	1,075
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)
Net change	50,000	—	(50,000)	537
Ending balance	250,000	200,000	200,000	2,687
Reserve for redemption of foundation funds:				
Beginning balance	750,000	700,000	650,000	8,061
Increase/decrease:				
Additions to reserve for redemption of foundation funds	50,000	50,000	50,000	537
Net change	50,000	50,000	50,000	537
Ending balance	800,000	750,000	700,000	8,598
Reserve for revaluation:				
Beginning balance	651	651	651	7
Increase/decrease				
Net change	—	—	—	—
Ending balance	651	651	651	7
Surplus:				
Legal reserve for deficiencies:				
Beginning balance	9,867	9,020	8,123	106
Increase/decrease:				
Additions to legal reserve for deficiencies	558	847	897	6
Net change	558	847	897	6
Ending balance	10,425	9,867	9,020	112
Voluntary surplus reserve:				
Contingency reserve:				
Beginning balance	71,917	71,917	71,917	773
Increase/decrease				
Net change	—	—	—	—
Ending balance	71,917	71,917	71,917	773
Reserve for retirement benefits:				
Beginning balance	—	—	3,500	—
Increase/decrease:				
Reversal of reserve for retirement benefits	—	—	(3,500)	—
Net change	—	—	(3,500)	—
Ending balance	—	—	—	—
Reserve for assisting social public welfare:				
Beginning balance	1,244	1,221	648	14
Increase/decrease:				
Additions to reserve for assisting social public welfare	1,500	1,500	1,500	16
Reversal of reserve for assisting social public welfare	(2,577)	(1,477)	(927)	(28)
Net change	(1,077)	23	573	(12)
Ending balance	167	1,244	1,221	2
Reserve for condensed booking of fixed assets for tax purposes:				
Beginning balance	32,281	32,082	29,261	347
Increase/decrease:				
Additions to reserve for condensed booking of fixed assets for tax purposes	569	941	3,566	6
Reversal of reserve for condensed booking of fixed assets for tax purposes	(710)	(742)	(745)	(8)
Net change	(141)	199	2,820	(2)
Ending balance	32,140	32,281	32,082	345
Reserve for condensed booking of fixed assets for tax purpose to be purchased:				
Beginning balance	—	—	1,908	—
Increase/decrease:				
Additions to reserve for condensed booking of fixed assets for tax purposes to be purchased	—	—	—	—
Reversal of reserve for condensed booking of fixed assets for tax purposes to be purchased	—	—	(1,908)	—
Net change	—	—	(1,908)	—
Ending balance	—	—	—	—
Other reserves:				
Beginning balance	170	170	170	2
Increase/decrease				
Net change	—	—	—	—
Ending balance	170	170	170	2
Unappropriated surplus:				
Beginning balance	185,040	281,332	292,615	1,988
Increase/decrease:				
Additions to reserve for dividends to policyholders	(130,634)	(226,284)	(239,686)	(1,404)
Additions to legal reserve for deficiencies	(558)	(847)	(897)	(6)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2010**	**2009**	**2008**	**2010**
Interest on foundation funds	¥ (2,489)	¥ (2,501)	¥ (3,119)	$ (27)
Net surplus	252,011	181,505	276,441	2,709
Reversal of reserve for retirement benefits	—	—	3,500	—
Additions to reserve for assisting social public welfare	(1,500)	(1,500)	(1,500)	(16)
Reversal of reserve for assisting social public welfare	2,577	1,477	927	28
Additions to reserve for condensed booking of fixed assets for tax purposes	(569)	(941)	(3,566)	(6)
Reversal of reserve for condensed booking of fixed assets for tax purposes	710	742	745	8
Additions to reserve for condensed booking of fixed assets for tax purposes to be purchased	—	—	—	—
Reversal of reserve for condensed booking of fixed assets for tax purposes to be purchased	—	—	1,908	—
Reversal of land revaluation differences	80	2,058	3,963	1
Net change	69,629	(96,291)	(11,283)	750
Ending balance	254,669	185,040	281,332	2,738
Total surplus:				
Beginning balance	300,520	395,742	408,143	3,230
Increase/decrease:				
Additions to reserve for dividends to policyholders	(130,634)	(226,284)	(239,686)	(1,404)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)
Interest on foundation funds	(2,489)	(2,501)	(3,119)	(27)
Net surplus	252,011	181,505	276,441	2,709
Reversal of land revaluation differences	80	2,058	3,963	1
Net change	68,969	(95,222)	(12,400)	741
Ending balance	369,489	300,520	395,742	3,972
Total equity:				
Beginning balance	1,251,171	1,296,394	1,308,795	13,447
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	—	1,075
Additions to reserve for dividends to policyholders	(130,634)	(226,284)	(239,686)	(1,404)
Interest on foundation funds	(2,489)	(2,501)	(3,119)	(27)
Net surplus	252,011	181,505	276,441	2,709
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)
Reversal of land revaluation differences	80	2,058	3,963	1
Net change	168,969	(45,222)	(12,400)	1,817
Ending balance	1,420,140	1,251,171	1,296,394	15,264
Valuation, conversion and others:				
Net unrealized gains on available-for-sale securities, net of tax:				
Beginning balance	259,636	2,276,167	4,607,770	2,791
Increase/decrease:				
Net change, excluding foundation funds and others	916,386	(2,016,530)	(2,331,603)	9,849
Net change	916,386	(2,016,530)	(2,331,603)	9,849
Ending balance	1,176,023	259,636	2,276,167	12,640
Deferred gains on derivatives under hedge accounting:				
Beginning balance	6	155	57	0
Increase/decrease:				
Net change, excluding foundation funds and others	(608)	(149)	98	(6)
Net change	(608)	(149)	98	(6)
Ending balance	(602)	6	155	(6)
Land revaluation differences:				
Beginning balance	(91,006)	(88,938)	(84,955)	(979)
Increase/decrease:				
Net change, excluding foundation funds and others	(104)	(2,067)	(3,983)	(1)
Net change	(104)	(2,067)	(3,983)	(1)
Ending balance	(91,111)	(91,006)	(88,938)	(980)
Total valuation, conversions and others:				
Beginning balance	168,636	2,187,384	4,522,873	1,812
Increase/decrease:				
Net change, excluding foundation funds and others	915,672	(2,018,748)	(2,335,488)	9,842
Net change	915,672	(2,018,748)	(2,335,488)	9,842
Ending balance	1,084,309	168,636	2,187,384	11,654
Total net assets:				
Beginning balance	1,419,807	3,483,778	5,831,668	15,259
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	—	1,075
Additions to reserve for dividends to policyholders	(130,634)	(226,284)	(239,686)	(1,404)
Interest on foundation funds	(2,489)	(2,501)	(3,119)	(27)
Net surplus	252,011	181,505	276,441	2,709
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(537)
Reversal of land revaluation differences	80	2,058	3,963	1
Net change, excluding foundation funds and others	915,672	(2,018,748)	(2,335,488)	9,842
Net change	1,084,641	(2,063,970)	(2,347,889)	11,659
Ending balance	¥2,504,449	¥ 1,419,807	¥ 3,483,778	$26,918

The accompanying notes are an integral part of the non-consolidated financial statements.

9. Non-Consolidated Statements of Surplus

Nippon Life Insurance Company

		Thousands of Yen			Millions of U.S. Dollars
For the years ended March 31		2010	2009	2008	2010
Unappropriated surplus	(1)	**¥254,669,357**	**¥185,040,053**	**¥281,332,008**	**$2,737**
Reversal from voluntary surplus reserve:		**1,029,560**	**710,630**	**742,180**	**11**
Reversal of reserve for condensed booking of fixed assets for tax purposes		1,029,560	710,630	742,180	11
Total		**¥255,698,917**	**¥185,750,683**	**¥282,074,189**	**$2,748**
Appropriations:		**¥255,698,917**	**¥185,750,683**	**¥282,074,189**	**$2,748**
Reserve for dividends to policyholders	(2)	199,189,981	130,634,056	226,284,047	2,141
Net surplus		56,508,935	55,116,626	55,790,142	607
Addition to legal reserve for deficiencies	(3)	768,000	558,000	847,000	9
Addition to reserve for redemption of foundation funds	(4)	50,000,000	50,000,000	50,000,000	537
Interest on foundation funds	(5)	3,650,500	2,489,250	2,501,750	39
Addition to voluntary reserve:		2,090,435	2,069,376	2,441,392	22
Reserve for assisting social public welfare		1,500,000	1,500,000	1,500,000	16
Reserve for condensed booking of fixed assets for tax purposes		590,435	569,376	941,392	6
Reserve for condensed booking of fixed assets to be purchased		—	—	—	—
Surplus carried forward		**—**	**—**	**—**	**—**

Provision of Reserve for Policyholder Dividends

Of the surplus available for disposition, a minimum ratio (see formula below) for the reserve for dividends to policyholders needs to be established in the Articles of Incorporation.

Nippon Life applies mutatis mutandis Article 30-6 of the Ordinance for Enforcement of Insurance Business Act in the Articles of Incorporation and has established the ratio (20/100) stipulated in said Article 30-6 as the minimum ratio in the Articles of Incorporation. The ratio of provision of the appropriation of surplus in fiscal year ended March 31, 2010 was 100.8%.

The reason for the ratio exceeding 100% is due to the fact that the "reversal" of the "reserve for condensed booking of fixed assets," which provides an adjustment to the value of real estate for the difference between book and tax purposes, and the reserve for assisting social public welfare to execute stable social contribution activities, when calculating the denominator of the ratio of provision based on Article 30-4 of the Ordinance for Enforcement of Insurance Business Act, exceeds the "provision."

[Fiscal year ended March 31, 2010]

$$\frac{\text{Reserve for policyholder dividends [(2)]}}{\text{Surplus available for distribution [(1) – (Reversal of reserve for assisting social public welfare of ¥2,500 million + (3) + (4) + (5))]}} \times 100 = 100.8\%$$

10. Notes to the Non-Consolidated Financial Statements

Nippon Life Insurance Company

1. Basis of Presenting the Non-Consolidated Financial Statements

(1) Accounting principles and presentation

The accompanying non-consolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY ("Nippon Life") in accordance with the provisions set forth in the Japanese Commercial Act and the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry in general and in conformity with accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministry ordinances and guidance. The accompanying non-consolidated financial statements of Nippon Life are in compliance with such requirements. However, while the business report and supporting schedules have been prepared by the management of Nippon Life as a part of the whole disclosure required by the Japanese Commercial Code and the Insurance Business Act, they have not been provided herein. Amounts of less than one million have been eliminated. As a result, totals may not add up exactly.

(2) United States dollar amounts

Nippon Life prepares its non-consolidated financial statements in Japanese yen. The US dollar amounts included in the non-consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to US dollars on the basis of ¥93.04=US$1, the effective rate of exchange at the balance sheet date of March 31, 2010. The inclusion of such US dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in US dollars at ¥93.04=US$1 or at any other rate.

2. Summary of Significant Accounting Policies

(1) Securities and hedging activities

Securities, deposits and monetary receivables purchased treated as securities based on "Accounting Standards for Financial Instruments" (Corporate Accounting Standards No. 10) and securities within assets held in trust are valued as follows:

i) Trading securities are valued at market value as of the balance sheet date (the moving average method is used for calculating cost of sales).

ii) Held-to-maturity debt securities are valued using the moving average method net of accumulated amortization (straight-line).

iii) Policy-reserve-matching bonds are valued using the moving average method net of accumulated amortization (straight-line) in accordance with 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").

iv) 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 Act excluding subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Ordinance of the Insurance Business Act, and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Ordinance of the Insurance Business Act) are valued using the moving average method.

v) Available-for-sale securities

1) For securities with a 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 using the moving average method). Other securities with a market value are valued using the market value on the balance sheet date (cost of sales is calculated by using the moving average method).

2) For securities without a 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). Other securities without a market value are valued at the gross moving average amount.

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

Derivative financial instruments are stated at market value.

Nippon Life uses a variety of derivative financial instruments, including foreign currency forward contracts, interest rate swaps and currency swaps as a means of hedging exposure to foreign currency and interest rate risks. Derivative financial interests and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the statement of income and b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts are utilized to hedge the foreign currency exposures of certain financial assets denominated in foreign currencies. These contracts, which qualify for hedge accounting, are measured at fair value at the balance sheet date and the unrealized gains or losses are deferred until maturity as deferred gains (losses) under hedge accounting as a separate component of equity.

Interest rate swaps are utilized to hedge the interest rate exposures of certain loans receivable denominated in foreign currencies. These swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value but the difference paid or received under the swap agreements is recognized and included in interest expense or income.

The foreign currency forward contracts and currency swaps are utilized to hedge the foreign currency and interest rate exposures of certain loans denominated in foreign currencies. Certain loans denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

(2) Policy-reserve-matching bonds

Securities that are held for the purpose of matching periods outstanding for liabilities within the sub-groups (insurance type, remaining period and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities 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.

(3) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using "the accounting standard for foreign currency transactions." Exchange rates can fluctuate significantly. Available-for-sale securities of the Company denominated in foreign currencies, for which recovery is not expected, are converted to Japanese yen using either the rate at the balance sheet date or the average rate one month prior to the balance sheet date, whichever indicates a weaker yen. This exchange is recorded under "Loss on valuation of securities."

(4) Tangible fixed assets

1) Tangible fixed assets (except for lease assets related to finance 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.

   Accompanying the tax reforms of 2007, tangible fixed assets acquired on or after April 1, 2007 are depreciated after adjustment based on the declining-balance method and straight-line method set forth in the Corporation Tax Act.

   Also, in accordance with the tax reforms described above, the residual balances of the tangible assets acquired prior to April 1, 2007, which are fully depreciated under the former tax regulation, are depreciated over five years using the straight-line method.

2) The amounts of accumulated depreciation for tangible fixed assets were ¥1,086,502 million (US$11,678 million), ¥1,063,143 million and ¥1,020,746 million as of March 31, 2010, 2009, and 2008, respectively.

Revaluation of the land for operations 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 land revaluation reserve" within the liability section. The valuation difference, net of tax, is recognized as "land revaluation differences," 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.

(5) Software

Software, which is included within intangible fixed assets, is depreciated based on the straight-line method.

(6) Leases

Accounting treatment for finance leases other than from the transfer of ownership is based on "Accounting Standards of Lease Transactions" (ASBJ Statement No. 13). Regarding finance leases where ownership is not transferred and the lease start date is March 31, 2008 or prior, the accounting treatment applied is based on the method related to operating lease transactions.

(7) Allowance for doubtful accounts

1) Allowance for doubtful accounts is recognized in accordance with Nippon Life's internal Asset Valuation Regulations and Write-Off/Provision Rule:
   i) The amount of the 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 in 4) below).
   ii) The allowance for loans receivable from creditors who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized on the amounts deemed necessary considering the borrowers' overall assessment of solvency and the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
   iii) The allowance for loans receivable from creditors other than the above is provided based on the borrowers' balance multiplied by the historical average (for a certain period) percentage of bad debt.
2) All credits are assessed by responsible sections in accordance with Nippon Life's Asset Valuation Regulations. 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, Nippon Life 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 of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The amounts recognized in the financial statements were ¥13,660 million (US$147 million) (including ¥7,760 million (US$83 million) of credits secured and/or guaranteed), ¥7,196 million (including ¥6,193 million of credits secured and/or guaranteed), and ¥4,863 million (including ¥4,165 million of credits secured and/or guaranteed), as of March 31, 2010, 2009 and 2008, respectively.

(8) Impairment of fixed assets

Nippon Life adopted the "Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Council in Japan on August 2002 and Business Accounting Standard Adaptation Guideline No. 6 "Adaptation Guideline for Accounting Standard for Impairment of Fixed Assets" on October 2003 as of April 1, 2005.

(9) Accrued bonuses for directors and corporate auditors

Accrued bonuses for directors and corporate auditors are recognized based on the amount estimated to be paid.

(10) Accrued severance indemnities

1) Accrued severance indemnities are provided based on the estimated amounts of projected benefit obligations in excess of the fair value of pension plan assets for future severance payments to employees as of the balance sheet date.
2) "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19) is applied from the fiscal year ended March 31, 2010. Because it was decided that the same discount rate as previously applied is to be used, there is no effect on operating income or surplus before income taxes.

(11) Accrued retirement benefits for directors and corporate auditors

Accrued retirement benefits for directors and corporate auditors are the estimated payment amounts based on internal rules.

(12) Accrued losses from supporting closely related companies

Accrued losses from supporting closely related companies are recognized based on the amount that is estimated to be required in the future for supporting the restructuring of the closely related companies.

(13) Reserve for price fluctuations in investments in securities

Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

(14) Accounting for consumption taxes

Consumption taxes and local consumption taxes are accounted for by using the tax exclusion method. However, consumption taxes paid on certain real estate 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 to income over a five-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

(15) Policy reserves

Policy reserves are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are 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 (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 the fiscal year ended March 31, 2007, an addition to the policy reserves has been made over five years to a portion of the individual annuity policyholders. Such treatment is in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of Insurance Business Act. Including the treatment, this policy reserve was ¥207,970 million (US$2,235 million), ¥241,261 million, and ¥226,074 million as of March 31, 2010, 2009, and 2008, respectively.

3. Financial Instruments

Regarding asset management for the Parent Company's general account (excluding separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, Nippon Life built a portfolio geared toward medium- to long-term investment and formulated an investment plan considering the outlook of the investment environment.

Based on this, in order to reliably pay insurance claims and benefits in the future, Nippon Life positioned Japanese yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as its core assets, and from the viewpoint of improving profit in the medium to long term, Nippon Life invested in stocks and foreign securities. Also, from the viewpoint of effective asset management, Nippon Life mainly uses derivative transactions for controlling asset investment risks. Specifically, Nippon Life uses interest rate swaps for its interest rate related investments, foreign exchange forward contracts, currency options and swaps for its currency related investments, when hedge accounting is applied.

Hedge accounting methods include market value hedge accounting for hedging against foreign currency exchange fluctuation risk for certain foreign currency-denominated bonds, exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps to hedge cash flow volatility of certain loans receivable and designated hedge accounting ("*Furiate-shori*") for foreign exchange contracts and currency swaps for certain foreign currency-denominated assets. Effectiveness of hedging activities is mainly evaluated by ratio analysis to compare market value movements on the hedging instruments and the hedged items in accordance with Nippon Life's internal risk management policies.

Mainly, securities are exposed to market risk and credit risk, loans are exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of losses to incur when the market value of investment assets declines due to such factors as fluctuations in interest rates, stock prices or exchange rates. Credit risk refers to the risk of losses to incur when the value of assets, primarily loans and bonds, declines or becomes zero due to deterioration in the financial condition of the party to whom credit was extended. These risks are managed according to internal rules and regulations regarding asset management risks.

To manage market risk, Nippon Life has prescribed investment limits based on the nature of the assets in order to reduce excessive losses for each financing and investment transaction. Also, Nippon Life regularly reports on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, along with establishing a system to control risk when there is a breach of limits. In addition, to control market risk in the portfolio, Nippon Life uses statistical analysis to rationally calculate the market value-at-risk of the portfolio as a whole and allocates assets appropriately within the acceptable boundaries of risk.

To manage credit risk, Nippon Life has built systems for rigorous examinations by establishing an Assessment Management Unit independent of the departments in charge of investment execution activities. Nippon Life is also striving to build a sound portfolio through the establishment of interest guidelines to ensure the returns obtained are in line with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

Moreover, Nippon Life calculates the magnitude of credit risk as credit value at risk using the Monte Carlo simulation model. By considering the results of its management of the credit risk portfolio, Nippon Life is able to keep risk within an acceptable range.

(1) Balance sheet amounts and market values of major financial instruments and their differences are as follows.

	Millions of Yen		
	Balance sheet amount (*1)	Market value	Difference
Cash and deposits (negotiable certificates of deposit)	¥ 369,994	¥ 369,994	¥ —
Available-for-sale securities	369,994	369,994	—
Monetary receivables purchased	1,152,229	1,162,774	10,545
Policy-reserve-matching bonds	1,055,131	1,065,677	10,545
Available-for-sale securities	97,097	97,097	—
Assets held in trust	10,670	10,670	—
Trading securities	10,670	10,670	—
Securities	33,527,343	34,076,187	548,844
Trading securities	1,320,539	1,320,539	—
Held-to-maturity debt securities	19,522	19,864	341
Policy-reserve-matching bonds	15,780,403	16,304,899	524,496
Investments in subsidiaries and affiliates	62,165	86,172	24,006
Available-for-sale securities	16,344,712	16,344,712	—
Loans receivable (*2)	8,757,502	8,947,552	190,050
Policy loans	1,025,475	1,025,475	—
Industrial and consumer loans	7,732,027	7,922,077	190,050
Derivative financial instruments (*3)	(101,963)	(101,963)	—
Hedge accounting not applied	(649)	(649)	—
Hedge accounting applied	(101,313)	(101,313)	—
Cash received as collateral under securities lending contracts (*4)	¥ (1,025,057)	¥ (1,025,057)	¥ —

	Millions of U.S. Dollars		
	Balance sheet amount (*1)	Market value	Difference
Cash and deposits (negotiable certificates of deposit)	$ 3,977	$ 3,977	$ —
Available-for-sale securities	3,977	3,977	—
Monetary receivables purchased	12,384	12,498	114
Policy-reserve-matching bonds	11,340	11,454	114
Available-for-sale securities	1,044	1,044	—
Assets held in trust	115	115	—
Trading securities	115	115	—
Securities	360,354	366,253	5,899
Trading securities	14,193	14,193	—
Held-to-maturity debt securities	210	213	3
Policy-reserve-matching bonds	169,609	175,246	5,637
Investments in subsidiaries and affiliates	668	926	258
Available-for-sale securities	175,674	175,674	—
Loans receivable (*2)	94,126	96,169	2,043
Policy loans	11,022	11,022	—
Industrial and consumer loans	83,104	85,147	2,043
Derivative financial instruments (*3)	(1,096)	(1,096)	—
Hedge accounting not applied	(7)	(7)	—
Hedge accounting applied	(1,089)	(1,089)	—
Cash received as collateral under securities lending contracts (*4)	$ (11,017)	$ (11,017)	$ —

*(*1) The amount of an allowance is deducted, where an allowance for doubtful accounts was recorded.*
*(*2) The market values of derivative financial instruments including interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori") are included in the market values of loans receivable because they are accounted for as an integral part of loans receivable which are hedged items.*
*(*3) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in parentheses.*
*(*4) Cash received as collateral under securities lending contracts is recorded in liabilities and presented in parentheses.*

(2) Market value measurement methods for major financial instruments are as follows.

1) Securities, deposits and monetary receivables purchased are treated as securities based on "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10)

a. Items with market price

Market value is measured based on the closing market price at year-end. However, the market values of available-for-sale domestic and foreign equity securities are based on the average market price during one month prior to the end of the fiscal year.

b. Items without market price

Market value is measured mainly by discounting future cash flows to the present value.

2) Loans receivable

a. Policy loans

Market value is deemed to approximate book value, due to no repayment deadlines based on characteristics such as limiting loans to the surrender benefit range, and expected reimbursement period and interest rate requirements, etc. Thus, the book value is used as the market value of the policy loans.

b. Industrial and consumer loans

Market value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, the book value is used as the market value of the variable interest rate loans.

Market value of fixed interest rate loans is measured mainly by discounting future cash flows to the present value.

Loans receivable to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value before any write-off.

3) Derivative financial instruments

a. Market value of futures and other market transactions is measured by the liquidation value or closing market price at year-end.

b. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Company using the Telegraphic Transfer Middle rate (TTM) and discount rates obtained from brokers.

c. Market value of interest rate swaps and currency options is measured based on the theoretical present value calculated by discounting future cash flows using published market interest rates, etc.

4) Money held in trust

Market value is measured based on the price rationally calculated by the trustee of money held in trust, pursuant to 1) and 3) above.

5) Cash received as collateral under securities lending contracts

The book value is used as market value due to their short-term settlement.

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities and other items for which it is extremely difficult to determine a market value are not included in securities in table (1).

Amounts on the balance sheet at the end of the fiscal year are ¥180,835 million (US$1,944 million) for stocks of subsidiaries and affiliates, and ¥1,233,214 million (US$13,255 million) for available-for-sale securities.

(4) Information regarding securities, etc. by purpose of possession are as follows.

1) Trading securities

Securities managed as trust assets in money held in trust and securities related to separate accounts are classified as trading securities.

Valuation differences included in current period income consist of a loss of ¥2,479 million (US$27 million) for money held in trust and a loss of ¥9,996 million (US$107 million) for securities related to separate accounts.

Money held in trust includes derivative financial instruments held in the trust.

2) Held-to-maturity debt securities

Balance sheet amounts, market values and their differences by type are as follows.

	Millions of Yen		
Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount			
Domestic bonds	¥19,522	¥19,864	¥341
Total	¥19,522	¥19,864	¥341

	Millions of U.S. Dollars		
Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount			
Domestic bonds	$210	$213	$3
Total	$210	$213	$3

** There are no items whose market value does not exceed the balance sheet amount.*

3) Policy-reserve-matching bonds

Balance sheet amounts, market values and their differences by type are as follows.

	Millions of Yen		
Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount			
Monetary receivables purchased	¥ 795,158	¥ 809,991	¥ 14,833
Domestic bonds	14,092,476	14,642,231	549,755
Foreign securities	37,850	38,957	1,106
Subtotal	14,925,486	15,491,180	565,694
Items whose market value does not exceed the balance sheet amount			
Monetary receivables purchased	259,973	255,685	(4,287)
Domestic bonds	1,595,851	1,571,991	(23,860)
Foreign securities	54,224	51,719	(2,504)
Subtotal	1,910,049	1,879,396	(30,653)
Total	¥16,835,535	¥17,370,576	¥535,041

	Millions of U.S. Dollars		
Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount			
Monetary receivables purchased	$ 8,546	$ 8,706	$ 160
Domestic bonds	151,467	157,376	5,909
Foreign securities	407	419	12
Subtotal	160,420	166,500	6,080
Items whose market value does not exceed the balance sheet amount			
Monetary receivables purchased	2,794	2,748	(46)
Domestic bonds	17,152	16,896	(256)
Foreign securities	583	556	(27)
Subtotal	20,529	20,200	(329)
Total	$180,949	$186,700	$5,751

4) Available-for-sale securities

Acquisition cost or amortized cost and balance sheet amounts and their differences by type are as follows.

Type	Millions of Yen		
	Acquisition cost or amortized cost	Balance sheet amount	Difference
Items whose balance sheet amount exceeds acquisition cost or amortized cost			
Cash and deposits (negotiable certificates of deposit)	¥ 15,000	¥ 15,000	¥ 0
Monetary receivables purchased	4,968	5,299	330
Domestic bonds	1,143,171	1,178,679	35,508
Domestic stocks	3,678,010	5,581,030	1,903,019
Foreign securities	4,903,840	5,164,505	260,665
Other securities	176,370	184,786	8,415
Subtotal	9,921,362	12,129,301	2,207,938
Items whose balance sheet amount does not exceed acquisition cost or amortized cost			
Cash and deposits (negotiable certificates of deposit)	355,000	354,994	(5)
Monetary receivables purchased	92,359	91,798	(561)
Domestic bonds	519,534	518,958	(575)
Domestic stocks	1,089,503	858,490	(231,013)
Foreign securities	2,854,106	2,744,707	(109,399)
Other securities	137,800	113,554	(24,246)
Subtotal	5,048,304	4,682,502	(365,801)
Total	¥14,969,667	¥16,811,804	¥1,842,136

Type	Millions of U.S. Dollars		
	Acquisition cost or amortized cost	Balance sheet amount	Difference
Items whose balance sheet amount exceeds acquisition cost or amortized cost			
Cash and deposits (negotiable certificates of deposit)	$ 161	$ 161	$ 0
Monetary receivables purchased	53	57	4
Domestic bonds	12,287	12,669	382
Domestic stocks	39,531	59,985	20,454
Foreign securities	52,707	55,508	2,801
Other securities	1,896	1,986	90
Subtotal	106,635	130,367	23,732
Items whose balance sheet amount does not exceed acquisition cost or amortized cost			
Cash and deposits (negotiable certificates of deposit)	3,816	3,815	(1)
Monetary receivables purchased	993	987	(6)
Domestic bonds	5,584	5,578	(6)
Domestic stocks	11,710	9,227	(2,483)
Foreign securities	30,676	29,500	(1,176)
Other securities	1,481	1,220	(261)
Subtotal	54,260	50,328	(3,932)
Total	$160,895	$180,694	$19,799

* *The items ¥1,233,214 million (US$13,255 million) whose market value is extremely difficult to determine are not included.*

5) Because some issues of monetary receivables purchased no longer meet the requirements for policy-reserve-matching bonds provided in "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within the Insurance Industry" (JICPA Industry Audit Committee Report No. 21), they were replaced with available-for-sale securities. Year-end valuation based on the aforementioned change resulted in decreases of ¥122 million (US$1 million) in monetary receivables purchased and ¥78 million (US$1 million) in securities valuation difference, and an increase of ¥44 million (US$0 million) in deferred tax assets.

There is no effect on operating income or surplus before income tax.

4. Disclosures about Market Value of Investment and Rental Property

The balance sheet amount for investment and rental property at the end of the fiscal year was ¥1,210,242 million (US$13,008 million), with a market value of ¥1,239,545 million (US$13,322 million). Nippon Life owns rental office buildings and commercial facilities the market value of which at the end of the fiscal year is the amount measured based mainly on real estate appraisal standards.

5. Securities Loaned and Borrowed

The amount of securities loaned for consumption was ¥1,865,306 million (US$20,048 million), ¥1,411,639 million and ¥2,312,680 million as of March 31, 2010, 2009 and 2008, respectively.

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, assets which were not disposed totaled ¥595,913 million (US$6,405 million) at market value as of March 31, 2010.

6. Accumulated Depreciation

The amount of accumulated depreciation for tangible fixed assets amounted to ¥1,086,502 million (US$11,678 million), ¥1,063,143 million and ¥1,020,746 million as of March 31, 2010, 2009 and 2008, respectively.

7. Separate Accounts

Separate Accounts as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,449,753 million (US$15,582 million), ¥1,371,549 million and ¥1,860,271 million as of March 31, 2010, 2009 and 2008, respectively, and are presented within other assets with a corresponding liability recorded for the same amount.

8. Receivables from/Payables to Subsidiaries

The total amount of credits and debits to subsidiaries as of March 31, 2010, 2009 and 2008 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Monetary receivables	¥208,611	¥215,054	¥190,253	$2,242
Monetary liabilities	5,540	5,042	12,465	60

9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders included in policy reserves for the periods ended March 31, 2010, 2009 and 2008 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Balance at the end of previous fiscal year	¥1,215,391	¥1,233,268	¥1,259,846	$13,063
Transfer to reserve from surplus in previous fiscal year	130,634	226,284	239,686	1,404
Policyholder dividends paid out during the fiscal year	227,044	(277,367)	(301,434)	2,440
Increase in interest	31,160	33,206	35,170	335
Balance at the end of fiscal year	¥1,150,140	¥1,215,391	¥1,233,268	$12,362

10. Net Assets Provided for in the Ordinance for Enforcement of Insurance Business Act

The amount of net assets provided for as per Article 30, Paragraph 2 of the Ordinance for Enforcement of Insurance Business Act was ¥1,176,071 million (US$12,640 million), ¥260,293 million and ¥2,276,974 million as of March 31, 2010, 2009 and 2008, respectively.

11. Accrued Severance Indemnities

Accrued severance indemnities at March 31, 2010, 2009 and 2008 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Retirement benefit obligation	¥(770,393)	¥(775,391)	¥(786,927)	$(8,280)
Pension plan assets	284,328	270,981	301,272	3,056
Accrued retirement benefit costs	(486,064)	(504,409)	(485,654)	(5,224)
Unrecognized actuarial differences	34,973	72,322	66,293	376
Unrecognized prior service cost	—	(6,861)	(14,410)	—
Accrued severance indemnities	¥(451,091)	¥(438,948)	¥(433,771)	$(4,848)

The basic information for the calculation of accrued severance indemnities is as follows:

Periodical allocation method of estimated retirement benefit:	Straight-line
Discount rate:	1.6%
Expected rate on plan assets:	2.5%
Method of amortizing actuarial differences:	Amortization is made over a certain period, within the average remaining years of service of employees (five years) using the straight-line method with amortization starting a year after the incurrence of the difference.
Method of amortizing prior service cost:	Amortization is made over a certain period, within the average remaining years of service of employees (five years) using the straight-line method with amortization starting the year of the incurrence.

The benefit cost of accrued severance indemnities for the years ended March 31, 2010, 2009 and 2008 was analyzed as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Service cost	¥26,292	¥26,593	¥26,344	$283
Interest cost	12,406	12,590	12,433	133
Expected return on plan assets	(6,774)	(7,531)	(8,044)	(73)
Amortization of actuarial differences	25,727	17,790	18,487	277
Amortization of prior service cost	(6,861)	(7,548)	(7,548)	(74)
Others	1,348	1,306	1,328	14
Net periodical benefit costs	¥52,139	¥43,201	¥43,000	$560

12. Foundation Funds

Nippon Life redeemed ¥50,000 million (US$537 million) of foundation funds and credited the same amount to the reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Act for the year ended March 31, 2010, 2009 and 2008. The amount of ¥100,000 million (US$1,075 million) of foundation funds were additionally offered according to Article 60 of Insurance Business Act in the fiscal year ended March 31, 2010.

13. Pledged Assets

Assets pledged as collateral by securities, land and buildings as of March 31, 2010 were ¥1,072,156 million (US$11,524 million), ¥2,952 million (US$32 million) and ¥308 million (US$3 million), respectively. The total amount of loans covered by the aforementioned assets was ¥1,036,302 million (US$11,138 million) as of March 31, 2010.

These amounts included ¥1,039,219 million (US$11,170 million) of securities deposited and ¥1,036,250 million (US$11,138 million) of cash received as collateral, under securities lending contracts secured by cash as of March 31, 2010.

The amount of assets pledged as collateral by securities, land and buildings as of March 31, 2009 was ¥606,018 million, ¥2,952 million and ¥325 million, respectively. The total amount of loans covered by the aforementioned assets as of March 31, 2009 was ¥470,658 million.

These amounts included ¥531,740 million of securities deposited and ¥470,591 million of cash received as collateral under securities lending contracts as of March 31, 2009.

The amount of assets pledged as collateral by securities, land and buildings as of March 31, 2008 was ¥617,845 million, ¥2,952 million, and ¥335 million, respectively. The total amount of loans covered by the aforementioned assets as of March 31, 2008 was ¥581,064 million.

These amounts included ¥566,028 million of securities deposited and ¥580,977 million of cash received as collateral under the securities lending contracts as of March 31, 2008.

14. Investments in Subsidiaries

The total amount of stocks and investments in subsidiaries was ¥243,000 million (US$2,612 million), ¥235,711 million and ¥348,555 million as of March 31, 2010, 2009 and 2008, respectively.

Affiliated company Nissay Dowa General Insurance Co., Ltd. entered into a stock swap with MS&AD Insurance Group Holdings, Inc. following its business integration with Aioi Insurance Co., Ltd. and Mitsui Sumitomo Insurance Group Holdings, Inc. on April 1, 2010. This stock swap will result in ¥12,898 million (US$139 million) in gain on sales of securities for the fiscal year ending March 31, 2011.

15. Loans Receivable

1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and loans for restructuring, which were included in loans receivable, was ¥42,056 million (US$452 million), ¥43,165 million and ¥62,444 million as of March 31, 2010, 2009 and 2008, respectively.

   i) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,222 million (US$35 million) and ¥36,524 million (US$393 million) as of March 31, 2010, ¥3,415 million and ¥38,426 million as of March 31, 2009 and ¥3,372 million and ¥53,148 million as of March 31, 2008.

   Loans to bankrupt borrowers are loans, except for a portion of loans written-off, where the borrowers satisfy conditions prescribed in Article 96 Paragraph 1 Item 3 or Item 4 of the Enforcement Regulations of the Corporation Tax Act and are recorded net of the portion of the losses written off. Interest is not accrued as income since the recovery of principal or interest on the loans is unlikely due to the fact that the payments are long overdue or for other reasons. Delinquent loans are loans with interest not accrued, and exclude the loans to bankrupt borrowers and the loans to which the postponement of interest payments are made with the objective of restructuring these loans and supporting the borrowers.

   ii) The balance of loans that are delinquent for over three months was ¥0, ¥0 and ¥435 million as of March 31, 2010, 2009 and 2008, respectively.

   Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

   iii) The balance of loans for restructuring was ¥2,309 million (US$25 million), ¥1,323 million and ¥5,488 million as of March 31, 2010, 2009 and 2008, respectively.

   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 interest, 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 three months.

2) The direct write-off of loans receivable decreased the balances of loans of bankrupt borrowers and delinquent loans by ¥10,849 million (US$117 million) and ¥2,810 million (US$30 million) as of March 31, 2010, ¥6,000 million and ¥1,196 million as of March 31, 2009 and ¥1,112 million and ¥3,750 million as of March 31, 2008. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

16. Loan Commitments

The amount of commitments related to loans receivable and loans outstanding was ¥108,580 million (US$1,167 million), ¥128,402 million and ¥131,343 million as of March 31, 2010, 2009 and 2008, respectively.

17. Policy Reserve for Reinsurance Contracts Provided in Accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of Insurance Business Act

The amount of policy reserve provided for the portion of reinsurance as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of Insurance Business Act as of March 31, 2010, 2009, and 2008 was ¥198 million (US$2 million), ¥190 million and ¥188 million, respectively.

18. Contribution to the Life Insurance Policyholder Protection Fund and Organization

1) The obligation to contribute to the Life Insurance Policyholder Protection Fund, which has been taken over by the Life Insurance Policyholder Protection Corporation of Japan, ended with the fiscal year ended March 31, 2008 contribution. The contribution amounts are recognized as an operating expense at the time of payment.
2) The amount of future contributions to the Life Insurance Policyholder Protection Corporation of Japan, in accordance with Article 259 of the Insurance Business Act, was estimated to be ¥86,842 million (US$933 million), ¥90,467 million and ¥94,127 million as of March 31, 2010, 2009 and 2008, respectively. The contribution amounts are recognized as an operating expense at the time of payment.

19. Investment Income and Expenses

Major items of gain on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Domestic bonds	¥ 17,010	¥10,738	¥ 6,650	$ 183
Domestic stocks and other securities	102,209	18,641	28,070	1,099
Foreign securities	66,277	59,229	72,256	712

Major items of loss on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Domestic bonds	¥ 1,306	¥17,773	¥26,513	$ 14
Domestic stocks and other securities	19,258	7,047	2,250	207
Foreign securities	103,093	94,702	64,510	1,108

Major items of loss on valuation of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Domestic stocks and other securities	¥ 4,809	¥273,957	¥12,400	$ 52
Foreign securities	75,857	253,846	26,807	815

Major items of gain/loss on proprietary trading securities, net were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Interest, dividends and other income	¥—	¥—	¥ 6	$—
Gain (loss) on sales of proprietary trading securities	—	—	7	—
Gain (loss) on valuation of proprietary trading securities	—	—	(6)	—

Gain or loss from assets held in trusts, net included net valuation gains of ¥79,793 million (US$858 million), losses of ¥44,531 million and ¥44,744 million for the years ended March 31, 2010, 2009 and 2008, respectively. Gain or loss from derivative financial instruments, net included net valuation gains of ¥77,626 million (US$834 million), losses of ¥70,978 million and ¥5,654 million for the years ended March 31, 2010, 2009 and 2008, respectively.

20. Policy Reserves for Reinsurance

Provision of the policy reserves for ceded reinsurance was ¥7 million (US$0 million), ¥2 million and ¥14 million for the years ended March 31, 2010, 2009 and 2008, respectively.

21. Impairment Losses of Assets

i) Method for grouping the assets

Leased property and idle property are classified as one group per structure. Assets utilized for insurance business operations are classified into one group.

ii) Circumstances causing impairment losses

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

iii) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2010

	Millions of Yen		
Purpose of use	Land	Buildings	Total
Leased property	¥1,954	¥ 584	¥2,539
Idle property	3,173	937	4,111
Total	¥5,128	¥1,522	¥6,650

For the year ended March 31, 2009

	Millions of Yen			
Purpose of use	Land	Leasehold	Buildings	Total
Leased property	¥ 330	¥423	¥ 30	¥ 785
Idle property	3,607	—	1,585	5,192
Total	¥3,937	¥423	¥1,616	¥5,977

For the year ended March 31, 2008

	Millions of Yen			
Purpose of use	Land	Leasehold	Buildings	Total
Leased property	¥1,597	¥179	¥231	¥2,009
Idle property	1,978	—	642	2,620
Total	¥3,576	¥179	¥874	¥4,630

For the year ended March 31, 2010

	Millions of U.S. Dollars		
Purpose of use	Land	Buildings	Total
Leased property	$21	$ 6	$27
Idle property	34	10	44
Total	$55	$16	$71

iv) Calculation method of recoverable amount

The recoverable amount used in the measurement of impairment losses on leased property is based on the net realizable value upon sales of the asset or the future cash flows. The recoverable amount for idle property is based on the net realizable value upon sales of the asset. The discount rate used in the calculation of future cash flows is 4.0%. Net realizable values are determined based on the real estate appraisals or posted land prices.

22. Deferred Tax Assets and Liabilities

1) Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Deferred tax assets	¥1,203,884	¥1,237,464	¥1,275,192	$12,939
Valuation allowance for deferred tax assets	(65,749)	(96,492)	(72,078)	(707)
	1,138,135	1,140,972	1,203,114	12,232
Deferred tax liabilities	(703,107)	(214,081)	(1,341,357)	(7,557)
Net deferred tax assets/(liabilities)	¥ 435,028	¥ 926,890	¥ (138,243)	$ 4,676

The major components of the deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Deferred tax assets:				
Policy reserves	¥786,701	¥700,876	¥ 830,636	$8,456
Reserve for price fluctuations in investments in securities	143,737	134,330	175,936	1,545
Accrued severance indemnities	162,907	158,500	156,622	1,751
Allowance for doubtful accounts	12,326	9,429	13,426	132
Deferred tax liabilities:				
Net unrealized gains on securities	¥662,894	¥173,758	¥1,293,482	$7,125

2) The statutory tax rate was 36.1% for the years ended March 31, 2010, 2009 and 2008. The major differences between the statutory tax rate and the effective income tax rate were as follows:

	2010	2009	2008
Reserve for dividends to policyholders	(28.3)%	(20.2)%	(29.2)%
Loss on valuation of securities	(4.6)	5.0	—
Indirect foreign tax credit	—	—	(4.0)

23. Transactions with Subsidiaries

Total transactions with subsidiaries for the years ended March 31, 2010, 2009 and 2008 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2010	2009	2008	2010
Total revenues	¥26,024	¥44,520	¥50,280	$280
Total expenses	38,910	40,932	41,116	418

24. Transactions with Affiliates

Subsidiaries, etc:

Type: Subsidiaries
Company Name: Nissay Credit Guarantee Co., Ltd.
Location: Osaka City, Osaka Prefecture
Capital: ¥950 million
Main Business: Debt guarantee services

Percentage of Shareholder Voting Rights: Direct 78.7%
Indirect 6.3%
Nature of Relationship between Parties: Debt guarantee, etc.
Interlocking directors, etc.
Details of Transaction: Debt guarantees for loans held by Nippon Life*
Balance as of March 31, 2010: ¥549,269 million (US$5,903 million)

** Credit guarantees of the loans held by Nippon Life are made in accordance with the guarantee service agreement between the Nissay Credit Guarantee and the debtor.*

Supplementary Note

In accordance with Article 54, Paragraph 4, Item 2 of the Japanese Insurance Business Act, Nippon Life Insurance Company's non-consolidated balance sheets as of March 31, 2010, 2009 and 2008, and the related non-consolidated statements of operations and changes in net assets for the years then ended ("non-consolidated financial statements"), all expressed in Japanese yen, were audited by Deloitte Touche Tohmatsu.

Nippon Life Insurance Company, by its own judgment, has made certain reclassifications and modifications to those audited non-consolidated financial statements referred to above to facilitate and enhance the readers' understanding of the financial information, and included them in this publication.

In addition, Nippon Life Insurance Company has translated Japanese yen amounts into U.S. dollar amounts solely for the convenience of readers outside Japan.