November 26, 2010

Financial Results for the Six Months Ended September 30, 2010

Nippon Life Insurance Company (President: Kunie Okamoto) announces financial results for the six months ended September 30, 2010.

[Contents]

Financial Summary for the Six Months Ended September 30, 2010

Attached: Supplementary Materials for the Six Months Ended September 30, 2010

1. Business Highlights

(1) Amount of Policies in Force and New Policies

- Policies in Force

	As of September 30, 2010				As of March 31, 2010	
	Number of policies		Amount of policies		Number of policies	Amount of policies
	(thousands)	As a percentage of March 31, 2010 (%)	(100 million yen)	As a percentage of March 31, 2010 (%)	(thousands)	(100 million yen)
Individual insurance	11,613	98.6	1,749,880	96.9	11,775	1,805,242
Individual annuities	2,986	101.6	181,802	101.4	2,939	179,352
Group insurance	—	—	901,597	101.7	—	886,198
Group annuities	—	—	97,238	101.1	—	96,218

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

- New Policies

	Six months ended September 30, 2010						Six months ended September 30, 2009			
	Number of policies		Amount of policies				Number of policies	Amount of policies		
	(thousands)	As a percentage of six months ended September 30, 2009 (%)	(100 million yen)	As a percentage of six months ended September 30, 2009 (%)	New policies	Net increase by conversion	(thousands)	(100 million yen)	New policies	Net increase by conversion
Individual insurance	465	87.3	29,804	106.2	32,928	(3,124)	532	28,067	34,194	(6,126)
Individual annuities	106	97.9	6,263	102.1	6,410	(147)	109	6,133	6,280	(147)
Group insurance	—	—	5,700	123.7	5,700		—	4,607	4,607	
Group annuities	—	—	7	30.7	7		—	22	22	

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

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

- Policies in Force

(100 Million Yen, %)

		As of September 30, 2010	As a percentage of March 31, 2010	As of March 31, 2010
Individual insurance		23,604	98.8	23,897
Individual annuities		7,805	102.1	7,642
Total		31,409	99.6	31,539
	Medical coverages, living benefits, etc.	5,867	100.2	5,854

- New Policies

(100 Million Yen, %)

		Six months ended September 30, 2010	As a percentage of six months ended September 30, 2009	Six months ended September 30, 2009
Individual insurance		804	104.0	773
Individual annuities		303	76.8	395
Total		1,107	94.8	1,168
	Medical coverages, living benefits, etc.	176	79.0	223

Notes:
1. The amount of annualized net premium is the annual premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment, the amount is the total premium divided by the insured period).
2. The amount of medical coverages, living benefits, etc. represents annualized premium related to medical benefits (hospitalization benefits and surgical benefits), living benefits (specified illness benefits and nursing care benefits) and waiver of premium benefits (excluding disability benefits but including specified illness and nursing care benefits).
3. Annualized new policy net premium includes the net increase due to conversion.

(3) Major Profit and Loss Items

(100 Million Yen, %)

	Six months ended September 30, 2010	As a percentage of six months ended September 30, 2009	Six months ended September 30, 2009
Premium and other income	23,496	97.1	24,190
Investment income	8,301	96.7	8,583
Benefits and claims	18,421	95.8	19,226
Investment expenses	3,120	165.8	1,881
Operating income	1,763	101.4	1,739

(4) Total Assets

(100 Million Yen, %)

	As of September 30, 2010	As a percentage of March 31, 2010	As of March 31, 2010
Total assets	488,907	100.4	486,848

2. Overview of General Accounts Asset Management for the First Half of the Fiscal Year Ending March 31, 2011

(1) Investment Environment

In the first half of the fiscal year ending March 31, 2011, the Japanese economy maintained a tone of recovery, due to export and production keeping a moderate recovery against the background of overseas economic improvement focused in developing countries, and capital spending and personal consumption sustained to upturn. However, the recovery is currently slowing down by the impact of the appreciated yen.

- The Nikkei Stock Average sustained a downward trend due to the flare-up of European sovereign risk worries and the impact of the appreciated yen. In summer and beyond, especially, as the appreciation of the yen progressed along with the slowdown of recovery of the US economy, the Nikkei Stock Average briefly dropped to less than ¥9,000. However, the stock index slightly recovered later as a result of the foreign exchange intervention by the government and the Bank of Japan, and the Nikkei closed the first half of the fiscal year at ¥9,369.
- The yield rate on 10-year government bonds decreased temporarily to 0.9% in late August amid the strong world-wide attitude to avoid risk due to the flare-up of European sovereign risk worries. Later, after the rate briefly surged to 1.19% reflecting concerns over further issuance of government bonds in early September, it dropped again to 0.93% by the end of September.
- The foreign exchange rate for the yen against the US dollar maintained a tone of the stronger yen against the background of the slowdown of recovery of the US economy and concerns of European sovereign risk being rippled through to the world economy. Although the rate briefly returned to the range of upper ¥85 per US dollar in response to the foreign exchange intervention by the government and the Bank of Japan, around the end of the first half, US dollar again weakened reflecting the expectation of additional quantitative monetary relaxation by FRB leading to the rate of ¥83.82 per US dollar on September 30, 2010.

  Regarding the foreign exchange rate for the yen against the euro, although the yen sharply strengthened and the euro weakened against the background of European sovereign risk worries, there was a lull in the weakening of the euro following the announcement of the financial stability measures by the EU and the IMF in May. Later through the end of the first half, as the depreciation of the yen progressed in response to the foreign exchange intervention by the government and the Bank of Japan, and as the US dollars were sold in the market based on the projection of the US additional quantitative monetary relaxation, the euro relatively strengthened. Consequently, on September 30, 2010, the exchange rate was ¥114.24 per euro.

(2) Investment Policy

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

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

(3) Investment Results

Investment income amounted to ¥830.1 billion (compared to ¥726.8 billion in the first half of the fiscal year ended March 31, 2010). Contributing factors were that interest and dividends from foreign bonds, in particular, increased, and that there were gains on sales of securities, primarily domestic stocks.
Investment expenses were ¥233.1 billion (compared to ¥188.1 billion in the first half of the fiscal year ended March 31, 2010). This was due to an increase in loss on sales of securities offsetting a decrease in loss on valuation of securities, primarily foreign securities.
As a result, asset management related income and expenditure balance was ¥597.0 billion, a ¥58.3 billion increase year on year.

3. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of September 30, 2010		As of March 31, 2010	
	Amount	%	Amount	%
Cash, deposits and call loans	6,089	1.3	6,818	1.4
Securities repurchased under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	976	0.2	1,516	0.3
Monetary receivables purchased	11,057	2.3	11,522	2.4
Proprietary trading securities	—	—	—	—
Assets held in trust	102	0.0	106	0.0
Securities:	339,812	71.4	336,288	71.2
Domestic bonds	172,821	36.3	174,054	36.8
Domestic stocks	60,977	12.8	68,500	14.5
Foreign securities:	102,596	21.6	90,504	19.2
Foreign bonds	80,977	17.0	67,266	14.2
Foreign stocks and other securities	21,619	4.5	23,238	4.9
Other securities	3,417	0.7	3,229	0.7
Loans receivable:	86,841	18.2	87,708	18.6
Policy loans	9,990	2.1	10,256	2.2
Industrial and consumer loans	76,850	16.1	77,451	16.4
Real estate:	17,634	3.7	17,695	3.7
Investment property	11,099	2.3	11,232	2.4
Deferred tax assets	6,676	1.4	4,350	0.9
Other assets	7,102	1.5	6,589	1.4
Allowance for doubtful accounts	(291)	(0.1)	(246)	(0.1)
Total assets (General account)	476,002	100.0	472,350	100.0
Foreign currency denominated assets	87,784	18.4	75,428	16.0

Notes: 1. The above assets include cash received as collateral under securities lending contracts. Cash collateral received through these transactions is recorded in other liabilities. (¥1,050.8 billion and ¥1,025.0 billion as of September 30, 2010 and March 31, 2010, respectively)

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

(2) Increases / Decreases in Assets

(100 Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
Cash, deposits and call loans	(729)	(537)
Securities repurchased under resale agreements	—	—
Receivables under securities borrowing transactions	(539)	1,393
Monetary receivables purchased	(464)	8
Proprietary trading securities	—	—
Assets held in trust	(4)	(267)
Securities:	3,524	20,703
Domestic bonds	(1,233)	(1,490)
Domestic stocks	(7,522)	11,688
Foreign securities:	12,092	10,571
Foreign bonds	13,711	7,202
Foreign stocks and other securities	(1,619)	3,369
Other securities	187	(66)
Loans receivable:	(867)	(1,845)
Policy loans	(265)	(260)
Industrial and consumer loans	(601)	(1,584)
Real estate:	(61)	1,202
Investment property	(132)	1,143
Deferred tax assets	2,326	(4,923)
Other assets	513	481
Allowance for doubtful accounts	(45)	(73)
Total assets (General account)	3,651	16,140
Foreign currency denominated assets	12,356	9,016

Notes: 1. Increases/decreases in cash received as collateral under securities lending contracts are as follows:
(¥25.8 billion and ¥131.8 billion for the six months ended September 30, 2010 and 2009, respectively.)
2. Real estate is the sum of land, buildings, and construction in progress.

(3) Investment Income

(100 Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Interest, dividends, and other income:	6,172	5,469
Interest on deposits and savings	1	2
Interest on securities and dividends	4,629	3,845
Interest on loans receivable	944	977
Rental income on real estate	467	508
Other income	129	135
Gain from proprietary trading securities	—	—
Gain from assets held in trust, net	—	270
Gain on sales of securities:	2,119	1,252
Gain on sales of domestic bonds including national government bonds	78	70
Gain on sales of domestic stocks and other securities	961	662
Gain on sales of foreign securities	1,078	519
Other gains	—	—
Gain on redemption of securities	4	9
Gain from derivative financial instruments, net	—	263
Foreign exchange gain, net	—	—
Other investment income	4	3
Total	8,301	7,268

(4) Investment Expenses

(100 Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Interest expense	13	10
Loss from proprietary trading securities	—	—
Loss from assets held in trust, net	3	—
Loss on sales of securities:	1,557	475
Loss on sales of domestic bonds including national government bonds	0	9
Loss on sales of domestic stocks and other securities	6	12
Loss on sales of foreign securities	1,550	452
Other losses	—	—
Loss on valuation of securities:	339	921
Loss on valuation of domestic bonds including national government bonds	—	—
Loss on valuation of domestic stocks and other securities	113	107
Loss on valuation of foreign securities	226	805
Other losses	—	8
Loss on redemption of securities	72	53
Loss from derivative financial instruments, net	15	—
Foreign exchange loss, net	64	111
Provision for allowance for doubtful accounts	45	80
Write-off of loans	—	—
Depreciation of rental real estate and other assets	128	129
Other investment expenses	90	101
Total	2,331	1,881

(5) Net Valuation Gains/Losses on Trading Securities

(100 Million Yen)

	As of September 30, 2010		As of March 31, 2010	
	Balance sheet amount	Net valuation gains/losses	Balance sheet amount	Net valuation gains/losses
Trading securities	98	(3)	102	797

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

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

(6) Market Value Information of Securities (With Market Value, Other Than Trading Securities)

(100 Million Yen)

	As of September 30, 2010					As of March 31, 2010				
	Book value	Market value	Net gains/ losses	Gains	Losses	Book value	Market value	Net gains/ losses	Gains	Losses
Policy-reserve-matching bonds	170,361	183,633	13,272	13,313	(40)	168,355	173,705	5,350	5,656	(306)
Held-to-maturity debt securities	195	198	3	3	—	195	198	3	3	—
Investments in subsidiaries and affiliates	77	266	189	189	—	621	861	240	240	—
Available-for-sale securities:	155,701	169,285	13,584	18,229	(4,645)	149,696	168,118	18,421	22,079	(3,658)
Domestic bonds	12,993	13,637	644	644	(0)	16,627	16,976	349	355	(5)
Domestic stocks	48,373	57,923	9,549	13,349	(3,799)	47,675	64,395	16,720	19,030	(2,310)
Foreign securities:	87,770	91,392	3,621	4,144	(522)	77,579	79,092	1,512	2,606	(1,093)
Foreign bonds	76,513	79,574	3,060	3,182	(121)	64,822	65,795	973	1,578	(604)
Foreign stocks and other securities	11,257	11,818	560	961	(401)	12,757	13,296	539	1,028	(489)
Other securities	3,387	3,156	(231)	85	(316)	3,141	2,983	(158)	84	(242)
Monetary receivables purchased	585	585	(0)	5	(5)	973	970	(2)	3	(5)
Negotiable certificates of deposit	2,590	2,589	(0)	0	(0)	3,700	3,699	(0)	0	(0)
Total	326,334	353,384	27,049	31,735	(4,685)	318,868	342,884	24,015	27,979	(3,964)
Domestic bonds	172,177	185,559	13,382	13,395	(13)	173,705	179,317	5,611	5,856	(244)
Domestic stocks	48,373	57,923	9,549	13,349	(3,799)	48,219	65,078	16,858	19,168	(2,310)
Foreign securities:	88,747	92,583	3,835	4,364	(529)	78,577	80,177	1,600	2,719	(1,119)
Foreign bonds	77,413	80,498	3,084	3,213	(128)	65,742	66,701	959	1,589	(630)
Foreign stocks and other securities	11,334	12,084	750	1,151	(401)	12,834	13,475	640	1,129	(489)
Other securities	3,387	3,156	(231)	85	(316)	3,141	2,983	(158)	84	(242)
Monetary receivables purchased	11,057	11,571	513	539	(25)	11,524	11,627	103	151	(48)
Negotiable certificates of deposit	2,590	2,589	(0)	0	(0)	3,700	3,699	(0)	0	(0)

Note: The above table includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

[Book Value of Securities Without Market Value]

(100 Million Yen)

		As of September 30, 2010	As of March 31, 2010
Policy-reserve-matching bonds		—	—
Held-to-maturity debt securities:		—	—
	Unlisted foreign bonds	—	—
	Others	—	—
Investments in subsidiaries and affiliates		1,845	1,808
Available-for-sale securities:		11,803	12,446
	Unlisted domestic stocks (excluding over-the-counter stocks)	2,678	3,185
	Unlisted foreign stocks (excluding over-the-counter stocks)	7,059	7,073
	Unlisted foreign bonds	539	539
	Others	1,526	1,648
Total		13,648	14,254

Note: Of securities without market value, net gains/losses on foreign exchange valuation of assets denominated in foreign currencies were as follows: ¥(49.0 billion) and ¥(31.0 billion) as of September 30, 2010, and March 31, 2010, respectively.

(7) Market Value Information of Assets Held in Trust

(100 Million Yen)

	As of September 30, 2010					As of March 31, 2010				
	Balance sheet amount	Market value	Net unrealized gains/ losses	Gains	Losses	Balance sheet amount	Market value	Net unrealized gains/ losses	Gains	Losses
Assets held in trust	102	102	—	—	—	106	106	—	—	—

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

2. Balance sheet amount includes net gains/losses on derivative transactions.

- Assets held in trust for investment

(100 Million Yen)

	As of September 30, 2010		As of March 31, 2010	
	Balance sheet amount	Net valuation gains/losses	Balance sheet amount	Net valuation gains/losses
Assets held in trust for investment	102	(3)	106	797

Note: Balance sheet amount and net valuation gains/losses include net gains/losses on derivative transactions.

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

  No ending balance as of September 30, 2010 or March 31, 2010.

<Reference>

- Appraisal value of real estate

(100 Million Yen)

	As of September 30, 2010				
	Balance sheet amount	Market value (appraisal value)	Net unrealized gains/losses 1)	Revaluation 2)	1) + 2)
Land and land lease rights	12,879	12,992	113	806	919

	As of March 31, 2010				
	Balance sheet amount	Market value (appraisal value)	Net unrealized gains/losses 1)	Revaluation 2)	1) + 2)
Land and land lease rights	12,922	13,010	88	829	917

Notes: 1. Appraisal value is based on the value of land disclosed to the public.
2. In accordance with the Act on Revaluation of Land, business use land was revalued and net valuation gains/losses were recorded on the balance sheet.
3. For revaluation 2), the difference between the amount revalued and the historical cost, net of tax has been credited to revaluation reserve for land in net assets, resulting in deferred tax liabilities in respect of revaluation reserve for land being included in liabilities.

4. Non-Consolidated Balance Sheets

(Million Yen)

	As of September 30, 2010	As of March 31, 2010
	Amount	Amount
Assets:		
Cash and deposits	516,694	579,855
Call loans	143,300	146,100
Receivables under securities borrowing transactions	97,694	151,689
Monetary receivables purchased	1,105,767	1,152,229
Assets held in trust	10,258	10,670
Investments in securities:	35,177,156	34,949,393
National government bonds	12,527,697	12,490,745
Local government bonds	1,726,592	1,775,404
Corporate bonds	3,452,453	3,573,079
Domestic stocks	6,393,531	7,214,491
Foreign securities	10,600,035	9,421,573
Loans receivable:	8,684,107	8,770,808
Policy loans	999,089	1,025,658
Industrial and consumer loans	7,685,018	7,745,149
Tangible fixed assets	1,782,698	1,788,915
Intangible fixed assets	190,431	185,307
Reinsurance receivables	123	300
Other assets	527,752	524,486
Deferred tax assets	667,647	435,027
Customers' liability for acceptances and guarantees	16,240	14,667
Allowance for doubtful accounts	(29,144)	(24,606)
Total assets	48,890,728	48,684,846
Liabilities:		
Policy reserves and other reserves:	43,933,231	43,387,241
Reserve for outstanding claims	207,845	222,724
Policy reserves	42,486,355	42,014,375
Reserve for dividends to policyholders	1,239,030	1,150,140
Reinsurance payables	199	326
Other liabilities:	1,763,357	1,748,605
Cash received as collateral under securities lending contracts	1,050,886	1,025,057
Income taxes payable	63,624	—
Lease obligations	3,435	2,302
Asset retirement obligations	1,781	—
Other liabilities	643,629	721,245
Accrued bonuses for directors and corporate auditors	19	56
Accrued severance indemnities	458,965	451,091
Accrued retirement benefits for directors and corporate auditors	4,952	5,929
Reserve for point card	3,865	—
Accrued losses from supporting closely related companies	453	453
Reserve for price fluctuations in investments in securities	450,001	398,011
Deferred tax liabilities for land revaluation reserve	172,811	174,013
Acceptances and guarantees	16,240	14,667
Total liabilities	46,804,098	46,180,396

4. Non-Consolidated Balance Sheets (Continued)

(Million Yen)

	As of September 30, 2010	As of March 31, 2010
	Amount	Amount
Net assets:		
Foundation funds	250,000	250,000
Reserve for redemption of foundation funds	850,000	800,000
Reserve for revaluation	651	651
Surplus:	227,139	369,489
Legal reserve for deficiencies	11,193	10,425
Voluntary surplus reserve:	215,946	359,064
Contingency reserve	71,917	71,917
Reserve for assisting social public welfare	479	167
Reserve for condensed booking of fixed assets for tax purposes	31,701	32,140
Other reserves	170	170
Unappropriated surplus	111,678	254,669
Total equity	1,327,790	1,420,140
Net unrealized gains on available-for-sale securities, net of tax	850,435	1,176,023
Deferred gains (losses) on derivatives under hedge accounting	597	(602)
Land revaluation differences	(92,194)	(91,111)
Total valuations, conversions and others	758,839	1,084,309
Total net assets	2,086,630	2,504,449
Total liabilities and net assets	48,890,728	48,684,846

Basis of Presenting the Non-Consolidated Balance Sheet as of September 30, 2010

1. Securities (including items treated as securities based on the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10), securities within assets held in trust of deposits, and monetary receivables purchased) are valued as follows:

(1) Trading securities are stated at market value as of the balance sheet date (Moving average method is used for calculating cost of sales).

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

(3) Policy-reserve-matching bonds are valued using the moving average method net of accumulated amortization (straight-line) in accordance with the Industry Audit Committee Report No. 21, “Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry,” issued by the Japanese Institute of Certified Public Accountants (JICPA).

(4) Investments in subsidiaries and affiliates (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 Order for the Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2 paragraph 4 of the Order for the Enforcement of the Insurance Business Act) are valued using the moving average method.

(5) 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 by using the moving average method). Other securities with a market value are valued by 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 assets.

2. Securities that are held for the purpose of matching the duration of outstanding 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, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.

   Note that effective from the six months ended September 30, 2010, the specification of subject policy sub-groups has been changed as follows for the purpose of meeting changes in the bond investment environment and enhancing asset/liability management. There is no effect of this change on the non-consolidated balance sheet as of September 30, 2010 or the non-consolidated statement of income for the six months ended September 30, 2010.

   1) Regarding policies other than lump-sum payment products and group annuities, policies previously specified and sub-grouped as those with a remaining period of within 30 years have been changed to a sub-group corresponding to all relevant policies.

   2) Regarding group annuities other than guaranteed fixed term rate products, policies previously specified and sub-grouped for cash outflows projected within the next 15 years have been changed to a sub-group for cash outflows projected for the entire period.

3. Derivative financial instruments are stated at market value.

4. (1) 1) Tangible fixed assets (except for lease assets related to trading financial leases where ownership is not transferred and buildings acquired on or after April 1, 1998) are depreciated based on the declining balance method. Buildings acquired on or after April 1, 1998 are depreciated based on the straight-line method.

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

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

   (2) The amount of accumulated depreciation for tangible fixed assets was ¥1,100,320 million as of September 30, 2010.

5. The "Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18)" and the "Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21)" have been applied from the six months ended September 30, 2010.

   As a result, tangible fixed assets and other assets increased by ¥604 million, and ¥1,781 million was recorded as asset retirement obligations.

   Furthermore, operating income decreased by ¥64 million and surplus before income taxes decreased by ¥1,176 million.

6. Revaluation of land used for operations is performed based on the Act on Revaluation of Land. 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 differences, excluding tax, are 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 Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

7. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).
Available-for-sale securities of the Company, denominated in foreign currencies, exchange rates of which have significantly fluctuated and recovery for which is not expected, are converted to Japanese yen using either the rate on the last day of September or the average one month rate prior to the last day of September, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

8. (1) An allowance for doubtful accounts is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
   1) 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 at (3) below).
   2) 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 an assessment of the borrowers' overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
   3) The allowance for loans receivable from creditors other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.

   (2) All credits are assessed by responsible sections in accordance with the Company's internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.

(3) The amount of collateral value or the amount collectible by the execution of guarantees or other methods directly subtracted from the balance of loans receivable is the estimated uncollectible amount for loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The amount recognized in the financial statements was ¥13,527 million (including ¥7,793 million of credits secured and/or guaranteed) as of September 30, 2010.

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

10. Accrued severance indemnities are recognized based on the estimated amount of projected benefit obligations in excess of the market value of pension plan assets for future severance payments of employees as of the balance sheet date.

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

12. From the six months ended September 30, 2010, following the introduction of the points system, a reserve for point cards was recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

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

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

15. Accounting treatment for financial leases other than from the transfer of ownership is based on “Accounting Standards of Lease Transactions” (ASBJ Statement No. 13). Regarding financial 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 ordinary lease transactions.

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

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

17. 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 Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense as incurred as of September 30, 2010.

18. 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, additional amounts to the policy reserves have been and will be accumulated over 5 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 the Insurance Business Act. As a result of the adoption of the treatment, the amount of policy reserves accumulated during the six months ended September 30, 2010 was ¥110,115 million.

19. The corporate tax, inhabitant tax and income tax adjustments for the six months ended September 30, 2010 are calculated based on the assumption of accumulations and reversals of the reserve for condensed booking of fixed assets for tax purposes and reserve for dividends to policyholders due to appropriation of unappropriated surplus in the current fiscal year.

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

(Million Yen)

	Balance sheet amount (*1)	Market value	Difference
Cash and deposits (negotiable certificates of deposit)	258,998	258,998	—
Available-for-sale securities	258,998	258,998	—
Monetary receivables purchased	1,105,767	1,157,151	51,383
Policy-reserve-matching bonds	1,047,255	1,098,639	51,383
Available-for-sale securities	58,511	58,511	—
Assets held in trust	10,258	10,258	—
Trading securities	10,258	10,258	—
Securities	33,822,987	35,118,148	1,295,160
Trading securities	1,195,890	1,195,890	—
Held-to-maturity debt securities	19,517	19,822	305
Policy-reserve-matching bonds	15,988,858	17,264,744	1,275,885
Investments in subsidiaries and affiliates	7,711	26,680	18,969
Available-for-sale securities	16,611,010	16,611,010	—
Loans receivable (*2)	8,666,201	8,950,721	284,520
Policy loans	998,911	998,911	—
Industrial and consumer loans	7,667,289	7,951,809	284,520
Derivative financial instruments (*3)	(5,936)	(5,936)	—
Hedge accounting not applied	2,120	2,120	—
Hedge accounting applied	(8,056)	(8,056)	—
Cash received as collateral under securities lending contracts (*4)	(1,050,886)	(1,050,886)	—

(*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.

(*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 brackets.

(*4) Cash received as collateral under securities lending contracts is recorded in liabilities and presented in brackets.

(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 a market price

Market value is measured based on the closing market price on the last day of September. However, the market values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the last day of September.

b. Items without a 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 from 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 directly prior to the decrease.

3) Derivative financial instruments

a. Market value of futures and other market transactions is measured by the liquidation value or closing market price on the last day of September.

b. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Company using 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 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 without market value are not included in the securities in the table (1). Balance sheet amounts as of September 30, 2010 by holding purpose are ¥184,514 million and ¥1,161,653 million, respectively, for stocks of subsidiaries and affiliates and for available-for-sale securities.

(4) Matters 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 losses of ¥2,860 million for money held in trust and losses of ¥77,531 million for securities related to separate accounts.

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

2) Held-to-maturity debt securities

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

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount	Domestic bonds	19,517	19,822	305
Total		19,517	19,822	305

* 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.

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount	Monetary receivables purchased	957,477	1,010,872	53,394
	Domestic bonds	15,869,232	17,144,072	1,274,840
	Foreign securities	65,881	68,982	3,100
	Subtotal	16,892,592	18,223,927	1,331,335
Items whose market value does not exceed the balance sheet amount	Monetary receivables purchased	89,778	87,767	(2,010)
	Domestic bonds	29,630	28,262	(1,368)
	Foreign securities	24,113	23,426	(686)
	Subtotal	143,521	139,456	(4,065)
Total		17,036,113	18,363,383	1,327,269

4) Available-for-sale securities

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

(Million Yen)

	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Items whose balance sheet amount exceeds acquisition cost or amortized cost	Monetary receivables purchased	4,366	4,933	566
	Domestic bonds	1,299,062	1,363,512	64,449
	Domestic stocks	3,060,070	4,395,020	1,334,949
	Foreign securities	7,550,547	7,964,974	414,427
	Other securities	200,858	209,391	8,533
	Subtotal	12,114,907	13,937,832	1,822,925
Items whose balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	259,000	258,998	(1)
	Monetary receivables purchased	54,167	53,578	(589)
	Domestic bonds	276	270	(5)
	Domestic stocks	1,777,322	1,397,362	(379,959)
	Foreign securities	1,226,516	1,174,251	(52,264)
	Other securities	137,913	106,226	(31,686)
	Subtotal	3,455,196	2,990,688	(464,507)
Total		15,570,103	16,928,520	1,358,417

* The items ¥1,161,653 million whose market value is extremely difficult to determine are not included.

21. As of September 30, 2010, there were no significant changes in the balance sheet amounts and market values of investment and rental properties from the end of the previous fiscal year.

22. (1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans receivable, was ¥49,111 million as of September 30, 2010.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,194 million and ¥41,934 million, respectively, as of September 30, 2010.
Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are long overdue or for other reasons.
Delinquent loans are loans with interest not accrued, and exclude the loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

2) There were no loans that were delinquent for over three months as of September 30, 2010.
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.

3) The balance of restructured loans was ¥3,983 million as of September 30, 2010.
Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrower’s restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other 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 balances of loans to bankrupt borrowers and delinquent loans by ¥10,705 million and ¥2,822 million, respectively, as of September 30, 2010.

23. Separate accounts as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,290,439 million as of September 30, 2010 and are presented within other assets with a corresponding liability recorded for the same amount.

24. Changes in the reserve for dividends to policyholders included in policy reserves for the six months ended September 30, 2010 were as follows:

	Million Yen
	Six months ended September 30, 2010
a. Balance at the end of previous fiscal year	¥1,150,140
b. Transfer to reserve from surplus in previous fiscal year	¥199,189
c. Dividends to policyholders paid out in the current six months period	¥125,172
d. Increase in interest	¥14,872
e. Balance at the end of the second quarter (a+b-c+d)	¥1,239,030

25. Assets pledged as collateral by securities, land, and buildings as of September 30, 2010 were ¥1,187,301 million, ¥2,952 million, and ¥299 million, respectively. The total amount of loans covered by the aforementioned assets as of September 30, 2010 was ¥1,059,989 million.
These amounts included ¥1,110,408 million of securities deposited and ¥1,059,944 million of cash received as collateral under the securities lending contracts secured by cash as of September 30, 2010.

26. ¥50,000 million of foundation funds were offered according to Article 60 of Insurance Business Act.

27. The Company redeemed ¥50,000 million of foundation funds and credited the same amount to reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act as of September 30, 2010.

28. The total amount of stocks and investments in subsidiaries was ¥192,225 million as of September 30, 2010.

29. Affiliated company Nissay Dowa General Insurance Co., Ltd. effected 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 resulted in the recording of ¥12,898 million in gain on sales of securities for the six months ended September 30, 2010.

30. The amount of securities loaned for consumption was ¥2,326,566 million as of September 30, 2010.

31. Assets for which rights held can be freely disposed of by means of sale or re-collateralization are available-for -sale securities that have been loaned for consumption. In this period, ownership was maintained for a total market value of ¥471,168 million as of September 30, 2010.

32. The amount of commitments related to loans receivable and loans outstanding was ¥117,280 million as of September 30, 2010.

33. 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 ¥85,971 million as of September 30, 2010.
The contribution amount is recorded within operating expenses at the time of payment.

34. The amount of policy reserves provided for the portion of reinsurance as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act was ¥171 million as of September 30, 2010.

5. Non-Consolidated Statements of Income

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
Revenues:	3,273,113	3,374,908
Income from insurance and reinsurance premiums:	2,349,690	2,419,065
Insurance premiums	2,349,448	2,418,717
Investment income:	830,193	858,393
Interest, dividends, and other income	617,295	546,926
Gain from assets held in trust, net	—	27,063
Gain on sales of securities	211,930	125,204
Gain from derivative financial instruments, net	—	26,382
Gain from separate accounts, net	—	131,528
Other revenues	93,229	97,450
Expenditures:	3,096,760	3,200,923
Insurance claims and other payments:	1,842,195	1,922,646
Death and other claims	578,570	587,111
Annuity payments	269,989	254,378
Health and other benefits	402,582	411,341
Surrender benefits	502,399	552,616
Other refunds	88,211	116,738
Provision for policy reserves:	486,852	611,882
Provision for policy reserves	471,980	596,005
Interest on reserve for dividends to policyholders	14,872	15,877
Investment expenses:	312,063	188,178
Interest expense	1,383	1,078
Loss from assets held in trust, net	396	—
Loss on sales of securities	155,704	47,519
Loss on valuation of securities	33,964	92,108
Loss from derivative financial instruments, net	1,511	—
Loss from separate accounts, net	78,889	—
Operating expenses	286,740	284,031
Other expenditures	168,908	194,184
Operating income	176,352	173,985
Extraordinary gains:	968	474
Gain on disposal of fixed assets	968	474
Extraordinary losses:	61,820	27,860
Loss on disposal of fixed assets	4,886	1,717
Impairment losses	2,584	4,955
Provision for reserve for price fluctuations in investments in securities	51,990	20,000
Contributions for assisting social public welfare	1,188	1,188
Loss on adjustment for change in accounting standard for asset retirement obligations	1,172	—
Surplus before income taxes	115,500	146,599
Income tax - current	73,769	318
Income tax - deferred	(68,589)	21,009
Income tax - total	5,179	21,327
Net surplus	110,320	125,271

Notes to the Non-Consolidated Statement of Income for the six months ended September 30, 2010

1. Gain on sales of securities includes gains on sales of domestic bonds including national government bonds, domestic stocks and foreign securities of ¥7,888 million, ¥96,187 million and ¥107,855 million, respectively, for the six months ended September 30, 2010.

2. Loss on sales of securities includes losses on sales of domestic bonds including national government bonds, domestic stocks and foreign securities of ¥84 million, ¥603 million and ¥155,016 million, respectively, for the six months ended September 30, 2010.

3. Loss on valuation of securities includes losses on the valuation of domestic stocks and foreign securities of ¥11,312 million and ¥22,652 million, respectively, for the six months ended September 30, 2010.

4. Reversal of the policy reserves for ceded reinsurance used for the calculation of policy reserves was ¥27 million for the six months ended September 30, 2010.

5. Breakdown of interest, dividends, and other income for the six months ended September 30, 2010 is as follows.

	Million Yen
	Six months ended September 30, 2010
Interest on deposits and savings	¥155
Interest on securities and dividends	¥462,906
Interest on loans receivable	¥94,496
Rental income on real estate	¥46,793
Other income	¥12,942
Total	¥617,295

6. Impairment losses of assets are as follows:

1) Method for grouping the assets

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

2) Circumstances causing impairment losses

The Company observed a marked decrease of profitability or market 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 extraordinary losses.

3) Breakdown of asset groups that recognized impairment losses for the six months ended September 30, 2010 are as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased Property	¥697	¥214	¥1,062	¥1,974
Idle Property	¥487	—	¥122	¥609
Total	¥1,185	¥214	¥1,184	¥2,584

4) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment loss on leased property is based on the net realizable value upon sales of the assets or the discounted future cash flows. The recoverable amount for idle property is based on the net realizable value upon sales of the assets.

The discount rate used in the calculation of future cash flows is 4.0%. Net realizable values are determined based on appraisals performed in accordance with the prescribed real property appraisal criteria or posted land prices.

6. Statements of Changes in Net Assets

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
Foundation funds and others:		
Foundation funds:		
Beginning balance	250,000	200,000
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Redemption of foundation funds	(50,000)	(50,000)
Net change	—	50,000
Ending balance	250,000	250,000
Reserve for redemption of foundation funds:		
Beginning balance	800,000	750,000
Increase/Decrease:		
Additions to reserve for redemption of foundation funds	50,000	50,000
Net change	50,000	50,000
Ending balance	850,000	800,000
Reserve for revaluation:		
Beginning balance	651	651
Increase/Decrease		
Net change	—	—
Ending balance	651	651
Surplus:		
Legal reserve for deficiencies:		
Beginning balance	10,425	9,867
Increase/Decrease:		
Additions to legal reserve for deficiencies	768	558
Net change	768	558
Ending balance	11,193	10,425
Voluntary surplus reserve:		
Contingency reserve:		
Beginning balance	71,917	71,917
Increase/Decrease		
Net change	—	—
Ending balance	71,917	71,917
Reserve for assisting social public welfare:		
Beginning balance	167	1,244
Increase/Decrease:		
Additions to reserve for assisting social public welfare	1,500	1,500
Reversal of reserve for assisting social public welfare	(1,188)	(1,188)
Net change	312	312
Ending balance	479	1,556

6. Statements of Changes in Net Assets (Continued)

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
Reserve for condensed booking of fixed assets for tax purposes:		
Beginning balance	32,140	32,281
Increase/Decrease:		
Additions to reserve for condensed booking of fixed assets for tax purposes	590	569
Reversal of reserve for condensed booking of fixed assets for tax purposes	(1,029)	(710)
Net change	(439)	(141)
Ending balance	31,701	32,140
Other reserves:		
Beginning balance	170	170
Increase/Decrease		
Net change	—	—
Ending balance	170	170
Unappropriated surplus:		
Beginning balance	254,669	185,040
Increase/Decrease:		
Additions to reserve for dividends to policyholders	(199,189)	(130,634)
Additions to legal reserve for deficiencies	(768)	(558)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,650)	(2,489)
Net surplus	110,320	125,271
Additions to reserve for assisting social public welfare	(1,500)	(1,500)
Reversal of reserve for assisting social public welfare	1,188	1,188
Additions to reserve for condensed booking of fixed assets for tax purposes	(590)	(569)
Reversal of reserve for condensed booking of fixed assets for tax purposes	1,029	710
Reversal of land revaluation differences	170	2,439
Net change	(142,990)	(56,140)
Ending balance	111,678	128,899
Total surplus:		
Beginning balance	369,489	300,520
Increase/Decrease:		
Additions to reserve for dividends to policyholders	(199,189)	(130,634)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,650)	(2,489)
Net surplus	110,320	125,271
Reversal of land revaluation differences	170	2,439
Net change	(142,349)	(55,411)
Ending balance	227,139	245,108

6. Statements of Changes in Net Assets (Continued)

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
Total foundation funds and others:		
Beginning balance	1,420,140	1,251,171
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Additions to reserve for dividends to policyholders	(199,189)	(130,634)
Interest on foundation funds	(3,650)	(2,489)
Net surplus	110,320	125,271
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	170	2,439
Net change	(92,349)	44,588
Ending balance	1,327,790	1,295,759
Valuations, conversions and others:		
Net unrealized gains on available-for-sale securities, net of tax:		
Beginning balance	1,176,023	259,636
Increase/Decrease:		
Net change, excluding foundation funds and others	(325,587)	883,734
Net change	(325,587)	883,734
Ending balance	850,435	1,143,371
Deferred gains (losses) on derivatives under hedge accounting:		
Beginning balance	(602)	6
Increase/Decrease:		
Net change, excluding foundation funds and others	1,200	65
Net change	1,200	65
Ending balance	597	72
Land revaluation differences:		
Beginning balance	(91,111)	(91,006)
Increase/Decrease:		
Net change, excluding foundation funds and others	(1,082)	(2,439)
Net change	(1,082)	(2,439)
Ending balance	(92,194)	(93,446)
Total valuations, conversions and others:		
Beginning balance	1,084,309	168,636
Increase/Decrease:		
Net change, excluding foundation funds and others	(325,470)	881,360
Net change	(325,470)	881,360
Ending balance	758,839	1,049,996
Total net assets:		
Beginning balance	2,504,449	1,419,807
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Additions to reserve for dividends to policyholders	(199,189)	(130,634)
Interest on foundation funds	(3,650)	(2,489)
Net surplus	110,320	125,271
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	170	2,439
Net change, excluding foundation funds and others	(325,470)	881,360
Net change	(417,819)	925,948
Ending balance	2,086,630	2,345,756

7. Details of Operating Income (Ordinary Income)

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Ordinary income (Core operating profit) (A)	289,872	256,327
Capital gains:	211,930	178,650
Gain from proprietary trading securities	—	—
Gain from assets held in trust, net	—	27,063
Gain from trading securities	—	—
Gain on sales of securities	211,930	125,204
Gain from derivative financial instruments, net	—	26,382
Foreign exchange gains	—	—
Other capital gains	—	—
Capital losses:	198,011	150,739
Loss from proprietary trading securities	—	—
Loss from assets held in trust, net	396	—
Loss from trading securities	—	—
Loss on sales of securities	155,704	47,519
Loss on valuation of securities	33,964	92,108
Loss from derivative financial instruments, net	1,511	—
Foreign exchange losses	6,434	11,111
Other capital losses	—	—
Net capital gains/losses (B)	13,919	27,910
Ordinary income including net capital gains/losses (A+B)	303,791	284,238
Non-recurring gains:	—	—
Gain from reinsurance premiums	—	—
Reversal of contingency reserves	—	—
Other non-recurring gains	—	—
Non-recurring losses:	127,438	110,252
Reinsurance premium fees	—	—
Provision for contingency reserves	12,491	—
Provision for individual allowance for doubtful accounts	4,831	10,191
Provision of allowance for specific overseas debts	—	—
Write-off of loans	—	—
Other non-recurring losses	110,115	100,061
Non-recurring gains/losses (C)	(127,438)	(110,252)
Operating income (A+B+C)	176,352	173,985

<Reference>

[Detail of Other Items]

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Other non-recurring losses:	110,115	100,061
Provision for policy reserves based on Article 69, Paragraph 5 of the Ordinance for Enforcement of Insurance Business Act	110,115	100,061

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

(Million Yen, %)

	As of September 30, 2010	As of March 31, 2010
Bankrupt and Quasi-Bankrupt Loans	14,415	12,505
Doubtful Loans	30,719	27,253
Substandard Loans	3,983	2,309
Subtotal	49,117	42,067
[Percent of total] (%)	[0.44]	[0.39]
Normal Loans	11,020,207	10,650,996
Total	11,069,325	10,693,063

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

Supplemental information for borrower's classification

- Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act. The table includes guaranteed private offering loans of financial institutions, loans, securities lending, accrued interest, suspense payments, and customer's liabilities for acceptances and guarantees.
- Loans subject to bankruptcy rehabilitation are directly deducted from total loans as estimated uncollectible amounts calculated by subtracting estimated collectable amounts based on the collateral and guarantees from total loans. These amounts for bankrupt and qusai-bankrupt were ¥13,527 million and ¥13,660 million as of September 30, 2010 and March 31, 2010, respectively.

9. Status of Risk-Monitored Loans

(Million Yen, %)

	As of September 30, 2010	As of March 31, 2010
Loans to bankrupt borrowers	3,194	3,222
Delinquent loans	41,934	36,524
Loans that are delinquent for over three months	—	—
Restructured loans	3,983	2,309
Total	49,111	42,056
[Percent of total loans receivable] (%)	[0.57]	[0.48]

Notes:
1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on the collateral and guarantees from total loans) is directly deducted from the total loan amount.
   The amount of loans to bankrupt borrowers and delinquent loans were ¥10,705 million and ¥2,822 million, respectively, as of September 30, 2010, and ¥10,849 million and ¥2,810 million, respectively, as of March 31, 2010.
2. "Loans to bankrupt borrowers" are loans with principal or interest payments being long overdue and interest not being accrued including the following: (a) loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, or Company Act, (b) loans to borrowers that have notes suspended from being traded, and (c) loans to borrowers that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws .
3. "Delinquent loans" are loans with interest not accrued, and exclude the loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.
4. "Loans that are delinquent for over three months" are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include loans to bankrupt borrowers and delinquent loans.
5. "Restructured loans" are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding loans to bankrupt borrowers and delinquent loans from above, and loans that are delinquent for over three months).

10. Breakdown of Allowance for Doubtful Accounts

(Million Yen)

	Six months ended September 30, 2010	Year ended March 31, 2010	Change
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	11,227	11,481	(253)
(B) Specific allowance for doubtful accounts	17,916	13,124	4,791
(C) Allowance for specific overseas loans	—	—	—
(2) Specific allowance for doubtful accounts			
(A) Provision	31,444	26,785	4,659
(B) Reversal	26,613	8,638	17,975
[excluding reversals with write-off]			
(C) Net provision	4,831	18,147	(13,316)
(3) Allowance for specific overseas loans			
(A) Number of debtor countries	—	—	—
(B) Amounts of credit	—	—	—
(C) Provision	—	—	—
(D) Reversal	—	—	—
(4) Write-off of loans	—	153	(153)

<Reference>

[Status of Borrower Classification]

(100 Million Yen, %)

	As of September 30, 2010		As of March 31, 2010	
	Money available	Percentage of whole	Money available	Percentage of whole
Loan balances (After direct write-off of category IV)	86,841	100.0	87,708	100.0
Non-categorized	85,231	98.1	86,024	98.1
Category II	1,538	1.8	1,659	1.9
Category III	71	0.1	23	0.0
Category IV	—	—	—	—

Notes: 1. Specific allowances for doubtful accounts of Category III were as follows:
¥7.1 billion and : ¥2.2 billion as of September 30, 2010 and March 31, 2010, respectively.
2. The amounts of direct write-offs of Category IV were as follows:
¥13.5 billion and : ¥13.6 billion as of September 30, 2010 and March 31, 2010, respectively.

11. Solvency Margin Ratio

(Million Yen)

	As of September 30, 2010	As of March 31, 2010
Solvency margin gross amount (A)	5,958,737	6,232,562
Foundation funds (kikin) and other reserve funds:	2,980,524	2,805,804
Foundation funds	1,327,790	1,217,299
Reserve for price fluctuations in investments in securities	450,001	398,011
Contingency reserve	876,937	864,445
General allowance for doubtful accounts	11,227	11,481
Others	314,567	314,567
Net unrealized gains/losses on available-for-sale securities × 90%	1,212,944	1,654,828
Net unrealized gains/losses on real estate × 85%	78,195	77,950
Excess of continued Zillmerized reserve	1,634,449	1,555,073
Qualifying subordinated debt	—	—
Deduction clause	(1,383)	(360)
Others	54,007	139,265
Total amount of risk (B) $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	1,148,141	1,238,967
Underwriting risk R_1	146,481	149,961
Underwriting risk of third market insurance R_8	74,614	74,937
Anticipated yield risk R_2	174,570	179,138
Investment risk R_3	914,568	999,788
Business management risk R_4	26,416	28,290
Minimum guarantee risk R_7	10,580	10,677
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,037.9%	1,006.0%

Note: 1. The amounts and figures in the table above are calculated based on Article 86, Article 87 of the Ordinance for Enforcement of the Insurance Business Act, as well as Ordinance No. 50 issued by the Ministry of Finance in 1996.

2. The standard method is used for calculation of the amount equivalent to minimum guarantee risk.

12. Status of Separate Accounts

(1) Balance of Separate Account Assets

(Million Yen)

	As of September 30, 2010	As of March 31, 2010
	Amount	Amount
Individual variable insurance	107,557	120,824
Individual variable annuities	159,965	174,792
Group annuities	1,022,916	1,154,136
Separate account total	1,290,439	1,449,753

(2) Policies in Force

1) Individual Variable Insurance

	As of September 30, 2010		As of March 31, 2010	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	2,530	13,251	2,599	13,618
Variable insurance (whole life type)	37,804	594,235	38,140	602,945
Total	40,334	607,487	40,739	616,564

2) Individual Variable Annuities

	As of September 30, 2010		As of March 31, 2010	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	27,666	159,783	28,376	174,790

13. Status of the Company, Subsidiaries and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Revenues	33,067	34,220
Operating income	1,648	1,732
Net surplus	1,021	1,246

	As of September 30, 2010	As of March 31, 2010
Total assets	490,318	488,503

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

	As of September 30, 2010
Number of consolidated subsidiaries	10
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	3
Changes to significant subsidiaries and affiliates during the period	Decrease: 1 (Nissay Dowa General Insurance Co., Ltd.)

(3) Policies of Presenting the Consolidated Financial Statements in the Second Quarter

(i) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and its subsidiaries. Consolidated subsidiaries as of September 30, 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, which are excluded from consolidation, on total assets, revenues, net income and surplus for the six months ended September 30, 2010 are immaterial.

This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position of the Company and its subsidiaries and the result of their operations.

(ii) Affiliates

Affiliates accounted for under the equity method as of September 30, 2010 are listed below:

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

Nissay Dowa General Insurance Co., Ltd. is excluded from the number of affiliates accounted for under the equity method because a decrease in the percentage of holding shares resulted in the loss of its status as an affiliate.

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 on consolidated net income and surplus for the six months ended September 30, 2010 are immaterial.

The number of consolidated subsidiaries and affiliates as of September 30, 2010 were as follows:

Consolidated subsidiaries	10
Subsidiaries not consolidated but accounted for under the equity method	0
Affiliates accounted for under the equity method	3

(iii) Interim financial statements end dates of consolidated subsidiaries and affiliates

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

(4) Consolidated Balance Sheets

(Million Yen)

	As of September 30, 2010	As of March 31, 2010
	Amount	Amount
Assets:		
Cash and deposits	560,541	617,836
Call loans	143,300	146,100
Receivables under securities borrowing transactions	97,694	151,689
Monetary receivables purchased	1,105,767	1,152,229
Assets held in trust	10,258	10,670
Investments in securities	35,123,163	34,919,016
Loans receivable	8,603,872	8,694,487
Tangible fixed assets	1,803,248	1,808,633
Intangible fixed assets	186,036	181,285
Reinsurance receivables	123	300
Other assets	736,119	742,542
Deferred tax assets	678,424	439,865
Customers' liability for acceptances and guarantees	16,614	15,088
Allowance for doubtful accounts	(33,319)	(29,403)
Total assets	49,031,845	48,850,343

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of September 30, 2010	As of March 31, 2010
	Amount	Amount
Liabilities:		
Policy reserves and other reserves:	43,936,521	43,390,643
Reserve for outstanding claims	209,847	224,766
Policy reserves	42,487,643	42,015,736
Reserve for dividends to policyholders	1,239,030	1,150,140
Reinsurance payables	199	326
Other liabilities	1,910,529	1,904,609
Accrued bonuses for directors and corporate auditors	19	56
Accrued severance indemnities	461,187	453,157
Accrued retirement benefits for directors and corporate auditors	5,045	6,029
Reserve for point card	3,865	—
Accrued losses from supporting closely related companies	453	453
Reserve for price fluctuations in investments in securities	450,001	398,011
Deferred tax liabilities	75	—
Deferred tax liabilities for land revaluation reserve	172,811	174,013
Acceptances and guarantees	16,614	15,088
Total liabilities	46,957,325	46,342,389
Net assets:		
Foundation funds	250,000	250,000
Reserve for redemption of foundation funds	850,000	800,000
Reserve for revaluation	651	651
Consolidated surplus	259,401	409,964
Total equity	1,360,052	1,460,616
Net unrealized gains on available-for-sale securities, net of tax	850,248	1,178,311
Deferred gains (losses) on derivatives under hedge accounting	597	(602)
Land revaluation differences	(92,194)	(91,111)
Cumulative translation adjustments	(55,492)	(50,640)
Total valuations, conversions and others	703,160	1,035,956
Minority interests	11,307	11,381
Total net assets	2,074,520	2,507,953
Total liabilities and net assets	49,031,845	48,850,343

Basis of Presenting the Consolidated Balance Sheet as of September 30, 2010

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

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

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

(3) Policy-reserve-matching bonds are valued using the moving average method net of accumulated amortization (straight-line) in accordance with the Industry Audit Committee Report No. 21, “Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry,” issued by the Japanese Institute of Certified Public Accountants (JICPA).

(4) Investments in 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 Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2 paragraph 4 of the Order for Enforcement of the Insurance Business Act) are valued using the moving average method.

(5) 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 by using the moving average method). Other securities with a market value are valued by 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.

2. Securities that are held for the purpose of matching the duration of outstanding 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, "Temporary treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA).
   Note that effective from the six months ended September 30, 2010, the specification of subject policy sub-group has been changed as follows for the purpose of meeting changes in the bond investment environment and enhancing asset/liability management. There is no effect of this change on the consolidated balance sheet as of September 30, 2010 or the consolidated statement of income for the six months ended September 30, 2010.
   1) Regarding policies other than lump-sum payment products and group annuities, policies previously specified and sub-grouped as those with a remaining period of within 30 years have been changed to a sub-group corresponding to all relevant policies.

   2) Regarding group annuities other than guaranteed fixed term rate products, policies previously specified and sub-grouped for cash outflows projected within the next 15 years have been changed to a sub-group for cash outflows projected for the entire period.

3. Derivative financial instruments are stated at market value.

4. (1) 1) Tangible fixed assets of the Parent Company (except for lease assets related to trading financial leases where ownership is not transferred and buildings acquired on or after April 1, 1998) are depreciated based on the declining balance method. Buildings acquired on or after April 1, 1998 are depreciated based mainly on the straight-line method.

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

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

   (2) The amount of accumulated depreciation for tangible fixed assets was ¥1,133,375 million as of September 30, 2010.

5. The “Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18)” and “Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21)” have been applied from the six months ended September 30, 2010.
   As a result, tangible fixed assets and other assets increased by ¥603 million, and ¥1,781 million was recorded as asset retirement obligations.
   Furthermore, operating income decreased by ¥64 million and surplus before income taxes decreased by ¥1,177 million.

6. Revaluation of land used for operations of the Parent Company is performed based on the Act on Revaluation of Land. 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 differences, excluding tax, are 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 Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

7. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the “Accounting Standards for Foreign Currency Transactions” (Business Accounting Council).
   Available-for-sale securities of the Parent Company, denominated in foreign currencies, exchange rates of which have significantly fluctuated and recovery for which is not expected, are converted to Japanese yen using either the rate on the last day of September or the average one month rate prior to the last day of September, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

8. (1) An allowance for doubtful accounts of the Parent Company is recognized in accordance with the Company’s internal Asset Valuation Regulation and Write-Off/Provision Rule.
   1) 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 at (4) below).
   2) 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 an assessment of the borrowers’ overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.

3) The allowance for loans receivable from creditors other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.

(2) All credits of the Parent Company are assessed by responsible sections in accordance with the Company's internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.

(3) For consolidated subsidiaries, the Company allocates amounts deemed necessary in accordance mainly with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.

(4) The amount of collateral value or the amount collectible by the execution of guarantees or other methods directly subtracted from the balance of loans receivable is the estimated uncollectible amount for loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The amount recognized in the consolidated financial statements was ¥14,685 million (including ¥8,310 million of credits secured and/or guaranteed) as of September 30, 2010.

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

10. Accrued severance indemnities of the Parent Company are recognized based on the estimated amounts of projected benefit obligations in excess of the market value of pension plan assets for future severance payments of employees as of the balance sheet date.

11. Accrued retirement benefits for directors and corporate auditors are recognized based on an estimated payment amounts pursuant to internal rules.

12. From the six months ended September 30, 2010, following the introduction of the points system, a reserve for point cards was recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders..

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

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

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

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

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

17. Consumption taxes and local consumption taxes of the Parent Company are accounted for by using the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense as incurred as of September 30, 2010.

18. 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, additional amounts to the policy reserves have been and will be accumulated over 5 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 the Insurance Business Act. As a result of the adoption of the treatment, the amount of policy reserves accumulated during the six months ended September 30, 2010 was ¥110,115 million.

19. The corporate tax, inhabitant tax and income tax adjustments of the Parent Company for the six months ended September 30, 2010 are calculated based on the assumption of accumulations and reversals of the reserve for condensed booking of fixed assets for tax purposes and reserve for dividends to policyholders due to appropriation of unappropriated surplus in the current fiscal year.

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

(Million Yen)

	Balance sheet amount (*1)	Market value	Difference
Cash and deposits (negotiable certificates of deposit)	259,498	259,498	—
Available-for-sale securities	259,498	259,498	—
Monetary receivables purchased	1,105,767	1,157,151	51,383
Policy-reserve-matching bonds	1,047,255	1,098,639	51,383
Available-for-sale securities	58,511	58,511	—
Assets held in trust	10,258	10,258	—
Trading securities	10,258	10,258	—
Securities	33,894,662	35,190,064	1,295,401
Trading securities	1,195,890	1,195,890	—
Held-to-maturity debt securities	45,317	45,863	546
Policy-reserve-matching bonds	15,988,858	17,264,744	1,275,885
Investments in subsidiaries and affiliates	7,711	26,680	18,969
Available-for-sale securities	16,656,885	16,656,885	—
Loans receivable (*2)	8,585,560	8,868,519	282,958
Policy loans	998,911	998,911	—
Industrial and consumer loans	7,586,648	7,869,607	282,958
Derivative financial instruments (*3)	(5,936)	(5,936)	—
Hedge accounting not applied	2,120	2,120	—
Hedge accounting applied	(8,056)	(8,056)	—
Cash received as collateral under securities lending contracts (*4)	(1,050,886)	(1,050,886)	—

(*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.

(*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 brackets.

(*4) Cash received as collateral under securities lending contracts is recorded in liabilities and presented in brackets.

(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 a market price

Market value is measured based on the closing market price as of September 30. However, the market values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the last day of September.

b. Items without a 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 loans.

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

Loans receivable from 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 directly prior to the decrease.

3) Derivative financial instruments

a. Market value of futures and other market transactions is measured by the liquidation value or closing market price as of September 30.

b. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Parent Company using 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 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 without market value are not included in the securities in the table (1). Balance sheet amounts as of September 30, 2010 by holding purpose are ¥58,462 million and ¥1,162,037 million, respectively, for stocks of subsidiaries and affiliates and for available-for-sale securities.

(4) Matters 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 losses of ¥2,860 million for money held in trust and losses of ¥77,531 million for securities related to separate accounts.

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

2) Held-to-maturity debt securities

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

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount	Domestic bonds	37,682	38,173	491
	Foreign securities	6,176	6,324	148
	Subtotal	43,859	44,498	639
Items whose market value does not exceed the balance sheet amount	Foreign securities	1,458	1,364	(93)
	Subtotal	1,458	1,364	(93)
Total		45,317	45,863	546

3) Policy-reserve-matching bonds

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

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Items whose market value exceeds the balance sheet amount	Monetary receivables purchased	957,477	1,010,872	53,394
	Domestic bonds	15,869,232	17,144,072	1,274,840
	Foreign securities	65,881	68,982	3,100
	Subtotal	16,892,592	18,223,927	1,331,335
Items whose market value does not exceed the balance sheet amount	Monetary receivables purchased	89,778	87,767	(2,010)
	Domestic bonds	29,630	28,262	(1,368)
	Foreign securities	24,113	23,426	(686)
	Subtotal	143,521	139,456	(4,065)
Total		17,036,113	18,363,383	1,327,269

4) Available-for-sale securities

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

(Million Yen)

	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Items whose balance sheet amount exceeds acquisition cost or amortized cost	Monetary receivables purchased	4,366	4,933	566
	Domestic bonds	1,302,061	1,366,512	64,450
	Domestic stocks	3,060,262	4,395,399	1,335,136
	Foreign securities	7,561,284	7,976,539	415,255
	Other securities	202,797	212,017	9,219
	Subtotal	12,130,773	13,955,401	1,824,628
Items whose balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	259,500	259,498	(1)
	Monetary receivables purchased	54,167	53,578	(589)
	Domestic bonds	1,776	1,770	(5)
	Domestic stocks	1,777,344	1,397,378	(379,966)
	Foreign securities	1,250,358	1,197,408	(52,949)
	Other securities	142,477	109,859	(32,618)
	Subtotal	3,485,624	3,019,493	(466,130)
Total		15,616,397	16,974,895	1,358,497

* The items ¥1,162,037 million whose market value is extremely difficult to determine are not included.

21. As of September 30, 2010, there were no significant changes in the balance sheet amounts and market values of investment and rental properties from the end of the previous fiscal year.

22. (1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans receivable, was ¥58,025 million as of September 30, 2010.

    1) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,205 million and ¥43,042 million, respectively, as of September 30, 2010.
    Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are long overdue or for other reasons.
    Delinquent loans are loans with interest not accrued, and exclude the loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

    2) There were no loans that were delinquent for over three months as of September 30, 2010.
    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.

    3) The balance of restructured loans was ¥11,777 million as of September 30, 2010.
    Restructured loans 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, or providing other 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 balances of loans to bankrupt borrowers and delinquent loans by ¥10,876 million and ¥3,809 million, respectively, as of September 30, 2010.

23. Separate Accounts as provided for in Article 118 paragraph 1 of the Insurance Business Act were ¥1,290,439 million as of September 30, 2010 and are presented within other assets with a corresponding liability recorded for the same amount.

24. Changes in the reserve for dividends to policyholders included in policy reserves for the six months ended September 30, 2010 were as follows:

	Million Yen
	Six months ended September 30, 2010
a. Balance at the end of the previous fiscal year	¥1,150,140
b. Transfer to reserve from surplus in the previous fiscal year	¥199,189
c. Policyholder dividends paid out in the current six months period	¥125,172
d. Increase in interest	¥14,872
e. Balance at the end of the second quarter (a+b-c+d)	¥1,239,030

25. Assets pledged as collateral by securities, lease, land, and buildings as of September 30, 2010 were ¥1,187,301 million, ¥14,882 million, ¥2,952 million, and ¥299 million, respectively. The total amount of loans covered by the aforementioned assets was ¥1,074,448 million as of September 30, 2010.
These amounts included ¥1,110,408 million of securities deposited and ¥1,059,944 million of cash received as collateral, under the securities lending contracts secured by cash, as of September 30, 2010.

26. ¥50,000 million of foundation funds were offered according to Article 60 of Insurance Business Act.

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

28. The total amount of stocks and investments in non-consolidated subsidiaries and affiliates was ¥66,173 million as of September 30, 2010.

29. Affiliated company Nissay Dowa General Insurance Co., Ltd. effected 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 resulted in the recording of ¥2,415 million in loss on sales of securities for the six months ended September 30, 2010.

30. The amount of securities loaned for consumption was ¥2,326,566 million as of September 30, 2010.

31. Assets that can be sold or re-secured are marketable securities loaned under a loan for consumption contract. These assets were being held without disposal totaling ¥471,168 million at market value as of September 30, 2010.

32. The amount of commitments related to loans receivable and loans outstanding was ¥87,280 million as of

September 30, 2010.

33. 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 ¥85,971 million as of September 30, 2010.
The contribution amount is recorded within operating expenses at the time of payment.

(5) Consolidated Statements of Income

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
Revenues:	3,306,714	3,422,078
Income from insurance and reinsurance premiums	2,360,153	2,429,567
Investment income:	822,348	861,370
Interest, dividends, and other income	621,688	550,632
Gain from assets held in trust, net	485	27,551
Gain on sales of securities	199,047	125,193
Gain from derivative financial instruments, net	—	24,926
Gain from separate accounts, net	—	131,771
Other revenues	124,212	131,140
Expenditures:	3,141,820	3,248,865
Insurance claims and other payments:	1,850,597	1,931,000
Death and other claims	578,803	587,366
Annuity payments	269,989	254,378
Health and other benefits	410,615	419,247
Surrender benefits	502,399	552,616
Other refunds	88,211	116,738
Provision for policy reserves:	486,865	611,864
Provision for policy reserves	471,993	595,987
Interest on reserve for dividends to policyholders	14,872	15,877
Investment expenses:	316,899	194,774
Interest expense	1,943	1,936
Loss on sales of securities	158,129	47,763
Loss on valuation of securities	34,177	96,484
Loss from derivative financial instruments, net	2,966	—
Loss from separate accounts, net	78,653	—
Operating expenses	295,015	292,700
Other expenditures	192,442	218,524
Operating income	164,894	173,213
Extraordinary gains:	968	474
Gain on disposal of fixed assets	968	474
Extraordinary losses:	61,848	27,871
Loss on disposal of fixed assets	4,908	1,727
Impairment losses	2,584	4,955
Provision for reserve for price fluctuations in investments in securities	51,990	20,000
Loss on adjustment for change in accounting standard for asset retirement obligations	1,172	—
Others	1,192	1,188
Surplus before income taxes	104,013	145,816
Income tax - current	74,990	1,544
Income tax - deferred	(73,109)	19,329
Income tax - total	1,880	20,873
Surplus before minority interests	102,132	—
Minority interests	26	244
Net surplus	102,106	124,697

Notes to the Consolidated Statement of Income for the six months ended September 30, 2010

1. Beginning from the six months ended September 30, 2010, surplus before minority interests is presented as a separate item pursuant to the revision of the Ordinance for Enforcement of the Insurance Business Act.

2. Impairment losses of assets are as follows:

1) Method for grouping the assets

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

2) Circumstances causing impairment losses

The Company observed a marked decrease of profitability or market 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 extraordinary losses.

3) Breakdown of asset groups that recognized impairment losses for six months ended September 30, 2010 is as follows:

	Million Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased Property	¥697	¥214	¥1,062	¥1,974
Idle Property	¥487	—	¥122	¥609
Total	¥1,185	¥214	¥1,184	¥2,584

4) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment loss on leased property is based on the net realizable value upon sales of the assets or the discounted future cash flows. The recoverable amount for idle property is based on the net realizable value upon sales of the assets.

The discount rate used in the calculation of future cash flows is 4.0%. Net realizable values are determined based on appraisals performed in accordance with the prescribed real property appraisal criteria or posted land prices.

(6) Consolidated Statements of Cash Flows

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
I. Cash flows from operating activities:		
Surplus before income taxes	104,013	145,816
Depreciation of rental real estate and other assets	12,637	12,905
Depreciation	23,370	21,476
Impairment losses	2,584	4,955
Net (decrease) in reserve for outstanding claims	(14,837)	(4,710)
Net increase in policy reserves	471,959	595,977
Interest on reserve for dividends to policyholders	14,872	15,877
Net increase in allowance for doubtful accounts	4,573	7,860
Net (decrease) in accrued bonuses for directors and corporate auditors	(37)	(52)
Net increase in accrued severance indemnities	8,030	8,819
Net (decrease) in accrued retirement benefits for directors and corporate auditors	(983)	(300)
Net increase in reserve for price fluctuations in investments in securities	51,990	20,000
Interest, dividends and other income	(621,688)	(550,632)
Net losses on investments in securities	192	23,425
Interest expense	1,943	1,936
Net losses on tangible fixed assets	3,940	1,253
Loss (gain) from separate accounts, net	78,653	(131,771)
Others, net	88,433	7,682
Subtotal	229,649	180,519
Interest, dividends and other income received	623,346	561,310
Interest paid	(1,534)	(1,587)
Dividends to policyholders paid	(108,185)	(111,611)
Others, net	1,743	2,630
Income taxes (paid) refund	(1,313)	49,711
Net cash provided by operating activities	743,705	680,973

(6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
II. Cash flows from investing activities:		
Net (increase) in deposits	(500)	—
Purchases of monetary receivables	(25,377)	(11,200)
Proceeds from sales and redemption of monetary receivables purchased	34,087	25,623
Proceeds from decrease in assets held in trust	—	53,883
Purchases of securities	(11,892,558)	(6,514,064)
Proceeds from sales and redemption of securities	10,327,348	5,624,648
Investments in loans	(661,519)	(694,185)
Collections of loans	651,664	771,138
Others, net	373,381	60,256
Investment management activities total	(1,193,473)	(683,900)
[Operating activities and investment management activities total]	[(449,767)]	[(2,926)]
Purchases of tangible fixed assets	(21,484)	(155,547)
Proceeds from sales of tangible fixed assets	2,348	1,742
Others, net	(19,277)	(16,680)
Net cash (used in) investing activities	(1,231,886)	(854,385)
III. Cash flows from financing activities:		
Proceeds from debt issuance	78,900	80,304
Repayments of debt	(87,523)	(90,514)
Proceeds from issuance of foundation funds	50,000	100,000
Redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,650)	(2,489)
Others, net	2,504	7,903
Net cash provided by (used in) financing activities	(9,768)	45,205
IV. Effect of exchange rate changes on cash and cash equivalents	(2,331)	(7,656)
V. Net (decrease) in cash and cash equivalents	(500,281)	(135,863)
VI. Cash and cash equivalents at the beginning of the year	1,250,378	952,759
VII. Cash and cash equivalents at the end of the period	750,096	816,895

Basis of Presenting the Consolidated Cash Flows Statement for Six Months ended September 30, 2010

Cash and cash equivalents

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

(7) Consolidated Statements of Changes in Net Assets

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
Foundation funds and others:		
Foundation funds:		
Beginning balance	250,000	200,000
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Redemption of foundation funds	(50,000)	(50,000)
Net change	—	50,000
Ending balance	250,000	250,000
Reserve for redemption of foundation funds:		
Beginning balance	800,000	750,000
Increase/Decrease:		
Additions to reserve for redemption of foundation funds	50,000	50,000
Net change	50,000	50,000
Ending balance	850,000	800,000
Reserve for revaluation:		
Beginning balance	651	651
Increase/Decrease:		
Net change	—	—
Ending balance	651	651
Consolidated surplus:		
Beginning balance	409,964	349,344
Increase/Decrease:		
Additions to reserve for dividends to policyholders	(199,189)	(130,634)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,650)	(2,489)
Net surplus	102,106	124,697
Reversal of land revaluation differences	170	2,439
Net change	(150,563)	(55,986)
Ending balance	259,401	293,358
Total foundation funds and others:		
Beginning balance	1,460,616	1,299,995
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Additions to reserve for dividends to policyholders	(199,189)	(130,634)
Interest on foundation funds	(3,650)	(2,489)
Net surplus	102,106	124,697
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	170	2,439
Net change	(100,563)	44,013
Ending balance	1,360,052	1,344,009

(7) Consolidated Statements of Changes in Net Assets (Continued)

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
	Amount	Amount
Valuation, conversion, and others:		
Net unrealized gains on available-for-sale securities, net of tax:		
Beginning balance	1,178,311	253,693
Increase/Decrease:		
Net change, excluding foundation funds and others	(328,062)	892,020
Net change	(328,062)	892,020
Ending balance	850,248	1,145,713
Deferred gains (losses) on derivatives under hedge accounting:		
Beginning balance	(602)	6
Increase/Decrease:		
Net change, excluding foundation funds and others	1,200	65
Net change	1,200	65
Ending balance	597	72
Land revaluation differences:		
Beginning balance	(91,111)	(91,006)
Increase/Decrease:		
Net change, excluding foundation funds and others	(1,082)	(2,439)
Net change	(1,082)	(2,439)
Ending balance	(92,194)	(93,446)
Cumulative translation adjustments:		
Beginning balance	(50,640)	(46,148)
Increase/Decrease:		
Net change, excluding foundation funds and others	(4,851)	9,596
Net change	(4,851)	9,596
Ending balance	(55,492)	(36,552)
Total valuations, conversions and others:		
Beginning balance	1,035,956	116,544
Increase/Decrease:		
Net change, excluding foundation funds and others	(332,796)	899,242
Net change	(332,796)	899,242
Ending balance	703,160	1,015,786
Minority interests:		
Beginning balance	11,381	10,203
Increase/Decrease:		
Net change, excluding foundation funds and others	(73)	347
Net change	(73)	347
Ending balance	11,307	10,550
Total net assets:		
Beginning balance	2,507,953	1,426,743
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Additions to reserve for dividends to policyholders	(199,189)	(130,634)
Interest on foundation funds	(3,650)	(2,489)
Net surplus	102,106	124,697
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	170	2,439
Net change, excluding foundation funds and others	(332,870)	899,589
Net change	(433,433)	943,603
Ending balance	2,074,520	2,370,346

(8) Segment Information

For the six months ended September 30, 2010 (from April 1, 2010 to September 30, 2010), the Company and its consolidated subsidiaries engaged in insurance and insurance-related businesses (including the asset management-related business and the general administration-related business) in Japan and overseas. Segment information and its related information are omitted because there are no other significant segments to report.

(Reference) Business Highlights for the Three Months Ended September 30, 2010

New Policies

	Three months ended September 30, 2010						Three months ended September 30, 2009			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of three months ended September 30, 2009 (%)	(100 million yen)	As a percentage of three months ended September 30, 2009 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	240	89.5	17,667	109.7	18,985	(1,318)	268	16,110	18,985	(2,874)
Individual annuities	53	97.1	3,248	101.0	3,327	(79)	54	3,215	3,292	(77)
Group insurance	—	—	657	70.9	657		—	927	927	
Group annuities	—	—	4	544.9	4		—	0	0	

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

Annualized New Policy Net Premium of Individual Insurance and Individual Annuities

(100 Million Yen)

		Three months ended September 30, 2010		Three months ended September 30, 2009
			As a percentage of three months ended September 30, 2009 (%)	
Individual insurance		455	105.7	430
Individual annuities		154	86.5	178
Total		609	100.1	608
	Medical coverages, living benefits, etc.	92	83.0	111

Notes: 1. The amount of annualized net premium is the annual premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment, the amount is the total premium divided by the insured period).
2. The amount of medical coverages, living benefits, etc. represents annualized premium related to medical benefits (hospitalization benefits and surgical benefits), living benefits (specified illness benefits and nursing care benefits) and waiver of premium benefits (excluding disability benefits but including specified illness and nursing care benefits).
3. Annualized new policy net premium includes the net increase due to conversion.

Non-Consolidated Statements of Income

(Million Yen)

	Three months ended September 30, 2010	Three months ended September 30, 2009
	Amount	Amount
Revenues:	1,669,678	1,716,653
Income from insurance and reinsurance premiums:	1,206,072	1,225,865
Insurance premiums	1,205,941	1,225,674
Investment income:	422,818	449,443
Interest, dividends, and other income	321,374	307,121
Gain from assets held in trust, net	464	6,626
Gain on sales of securities	75,014	50,392
Gain from derivative financial instruments, net	—	71,017
Gain from separate accounts, net	25,341	13,535
Other revenues	40,787	41,344
Expenditures:	1,589,730	1,600,493
Insurance claims and other payments:	905,285	947,467
Death and other claims	294,448	289,815
Annuity payments	131,756	123,102
Health and other benefits	189,087	195,872
Surrender benefits	248,727	283,094
Other refunds	40,962	55,274
Provision for policy reserves:	346,220	280,814
Provision for claim reserves	1,715	6,129
Provision for policy reserves	337,085	266,771
Interest on reserve for dividends to policyholders	7,419	7,913
Investment expenses:	113,159	136,706
Interest expense	689	562
Loss on sales of securities	60,331	28,766
Loss on valuation of securities	16,674	79,250
Loss from derivative financial instruments, net	13,792	—
Operating expenses	140,673	143,409
Other expenditures	84,391	92,095
Operating income	79,947	116,159
Extraordinary gains:	938	434
Gain on disposal of fixed assets	938	434
Extraordinary losses:	33,839	18,379
Loss on disposal of fixed assets	1,228	1,092
Impairment losses	433	1,099
Provision for reserve for price fluctuations in investments in securities	30,990	15,000
Contributions for assisting social public welfare	1,188	1,188
Surplus before income taxes	47,046	98,214
Income tax - current	7,383	108
Income tax - deferred	(11,026)	19,678
Income tax - total	(3,643)	19,786
Net surplus	50,689	78,428

Details of Operating Income (Ordinary Income)

(Million Yen)

		Three months ended September 30, 2010	Three months ended September 30, 2009
Ordinary income (Core operating profit) (A)		160,305	158,719
Capital gains:		75,479	128,037
	Gain from proprietary trading securities	—	—
	Gain from assets held in trust, net	464	6,626
	Gain from trading securities	—	—
	Gain on sales of securities	75,014	50,392
	Gain from derivative financial instruments, net	—	71,017
	Foreign exchange gains	—	—
	Other capital gains	—	—
Capital losses:		91,978	111,780
	Loss from proprietary trading securities	—	—
	Loss from assets held in trust, net	—	—
	Loss from trading securities	—	—
	Loss on sales of securities	60,331	28,766
	Loss on valuation of securities	16,674	79,250
	Loss from derivative financial instruments, net	13,792	—
	Foreign exchange losses	1,180	3,763
	Other capital losses	—	—
Net capital gains/losses (B)		(16,498)	16,256
Ordinary income including net capital gains/losses (A+B)		143,806	174,975
Non-recurring gains:		—	—
	Gain from reinsurance premiums	—	—
	Reversal of contingency reserves	—	—
	Other non-recurring gains	—	—
Non-recurring losses:		63,858	58,815
	Reinsurance premium fees	—	—
	Provision for contingency reserves	6,863	—
	Provision for individual allowance for doubtful accounts	4,977	9,871
	Provision of allowance for specific overseas debts	—	—
	Write-off of loans	—	—
	Other non-recurring losses	52,018	48,944
Non-recurring gains/losses (C)		(63,858)	(58,815)
Operating income (A+B+C)		79,947	116,159

<Reference>

[Detail of Other Items]

(Million Yen)

		Three months ended September 30, 2010	Three months ended September 30, 2009
Other non-recurring losses:		52,018	48,944
	Provision for policy reserves based on Article 69, Paragraph 5 of the Ordinance for Enforcement of Insurance Business Act	52,018	48,944

Status of the Company, Subsidiaries and Affiliates

(1) Consolidated Statements of Income

(Million Yen)

	Three months ended September 30, 2010	Three months ended September 30, 2009
	Amount	Amount
Revenues:	1,702,112	1,749,833
Income from insurance and reinsurance premiums	1,211,480	1,231,167
Investment income:	426,435	452,023
Interest, dividends, and other income	324,124	310,305
Gain from assets held in trust, net	1,120	6,960
Gain on sales of securities	75,022	50,385
Gain from derivative financial instruments, net	—	69,957
Gain from separate accounts, net	25,456	13,659
Other revenues	64,196	66,642
Expenditures:	1,618,946	1,634,691
Insurance claims and other payments:	909,485	951,775
Death and other claims	294,500	289,923
Annuity payments	131,756	123,102
Health and other benefits	193,167	199,971
Surrender benefits	248,727	283,094
Other refunds	40,962	55,274
Provision for policy reserves:	346,273	280,757
Provision for claim reserves	1,715	6,129
Provision for policy reserves	337,138	266,714
Interest on reserve for dividends to policyholders	7,419	7,913
Investment expenses:	114,891	142,140
Interest expense	1,177	1,200
Loss on sales of securities	60,331	28,911
Loss on valuation of securities	16,728	83,114
Loss from derivative financial instruments, net	14,473	—
Operating expenses	145,192	146,668
Other expenditures	103,103	113,349
Operating income	83,166	115,141
Extraordinary gains:	938	434
Gain on disposal of fixed assets	938	434
Extraordinary losses:	33,867	18,387
Loss on disposal of fixed assets	1,251	1,099
Impairment losses	433	1,099
Provision for reserve for price fluctuations in investments in securities	30,990	15,000
Others	1,192	1,188
Surplus before income taxes	50,237	97,189
Income tax - current	8,212	998
Income tax - deferred	(10,319)	18,231
Income tax - total	(2,107)	19,229
Surplus before minority interests	52,344	—
Minority interests	135	423
Net surplus	52,209	77,536

(2) Segment Information

For the three months ended September 30, 2010 (from July 1, 2010 to September 30, 2010), the Company and its consolidated subsidiaries engaged in insurance and insurance-related businesses (including the asset management-related business and the general administration-related business) in Japan and overseas. Segment information and its related information are omitted because there are no other significant segments to report.