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## Financial Results for the Nine Months Ended December 31, 2010

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Nippon Life Insurance Company (President: Kunie Okamoto) announces financial results for the nine months ended December 31, 2010.

[Contents]

### Financial Summary for the Nine Months Ended December 31, 2010

1. Business Highlights .....	1
(1) Amount of Policies in Force and New Policies .....	1
(2) Annualized Net Premium .....	2
2. Investment Management Performance (General Account) .....	3
(1) Asset Composition .....	3
(2) Market Value Information of Securities .....	4
(3) Market Value Information of Assets Held in Trust .....	5
3. Non-Consolidated Balance Sheets .....	6
4. Non-Consolidated Statements of Income .....	12
5. Details of Operating Income (Ordinary Income) .....	15
6. Solvency Margin Ratio .....	16
7. Status of Separate Accounts .....	17
(1) Balance of Separate Account Assets .....	17
(2) Policies in Force .....	17
8. Status of the Company, Subsidiaries and Affiliates .....	18
(1) Selected Financial Data for Major Operations .....	18
(2) Scope of Consolidation and Application of the Equity Method .....	18
(3) Policies of Presenting the Consolidated Financial Statements in the Third Quarter .....	18
(4) Consolidated Balance Sheets .....	19
(5) Consolidated Statements of Income .....	25
(6) Consolidated Statements of Cash Flows .....	27
(7) Segment Information .....	29
(Reference) Business Highlights for the Three Months Ended December 31, 2010 .....	30

## 1. Business Highlights

### (1) Amount of Policies in Force and New Policies

#### • Policies in Force

	As of December 31, 2010				As of March 31, 2010	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2010 (%)	(100 million yen)	As a percentage of March 31, 2010 (%)		
Individual insurance	11,561	98.2	1,728,198	95.7	11,775	1,805,242
Individual annuities	3,006	102.3	183,043	102.1	2,939	179,352
Group insurance	—	—	900,934	101.7	—	886,198
Group annuities	—	—	97,606	101.4	—	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 group annuities is the amount of the policy reserves.

#### • New Policies

	Nine months ended December 31, 2010						Nine months ended December 31, 2009			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of nine months ended December 31, 2009 (%)	(100 million yen)	As a percentage of nine months ended December 31, 2009 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	723	88.9	48,697	106.5	53,150	(4,452)	814	45,728	54,244	(8,516)
Individual annuities	158	91.0	9,378	94.9	9,610	(231)	174	9,878	10,098	(220)
Group insurance	—	—	5,844	119.5	5,844		—	4,891	4,891	
Group annuities	—	—	9	34.6	9		—	27	27	

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 resources at the start of annuity payments.  
3. The amount of new policies for group annuities represents the first time premium.

(2) Annualized Net Premium

- Policies in Force

(100 Million Yen, %)

	As of December 31, 2010		As of March 31, 2010
		As a percentage of March 31, 2010	
Individual insurance	23,546	98.5	23,897
Individual annuities	7,849	102.7	7,642
Total	31,396	99.5	31,539
Medical coverages, living benefits, etc.	5,884	100.5	5,854

- New Policies

(100 Million Yen, %)

	Nine months ended December 31, 2010		Nine months ended December 31, 2009
		As a percentage of nine months ended December 31, 2009	
Individual insurance	1,279	104.5	1,224
Individual annuities	425	66.9	635
Total	1,704	91.6	1,860
Medical coverages, living benefits, etc.	276	81.3	339

- 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.

## 2. Investment Management Performance (General Account)

### (1) Asset Composition

(100 Million Yen, %)

	As of December 31, 2010		As of March 31, 2010	
	Amount	%	Amount	%
Cash, deposits and call loans	4,722	1.0	6,818	1.4
Securities repurchased under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	2,672	0.6	1,516	0.3
Monetary receivables purchased	10,945	2.3	11,522	2.4
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	106	0.0
Investments in securities:	340,071	71.2	336,288	71.2
Domestic bonds	174,799	36.6	174,054	36.8
Domestic stocks	63,043	13.2	68,500	14.5
Foreign securities:	98,724	20.7	90,504	19.2
Foreign bonds	77,377	16.2	67,266	14.2
Foreign stocks and other securities	21,347	4.5	23,238	4.9
Other securities	3,504	0.7	3,229	0.7
Loans receivable:	86,676	18.2	87,708	18.6
Policy loans	9,803	2.1	10,256	2.2
Industrial and consumer loans	76,873	16.1	77,451	16.4
Real estate:	17,598	3.7	17,695	3.7
Investment property	11,091	2.3	11,232	2.4
Deferred tax assets	7,556	1.6	4,350	0.9
Other assets	7,376	1.5	6,589	1.4
Allowance for doubtful accounts	(303)	(0.1)	(246)	(0.1)
Total assets (General account)	477,317	100.0	472,350	100.0
Foreign currency denominated assets	81,683	17.1	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. (¥1,180.7 billion and ¥1,025.0 billion as of December 31, 2010 and March 31, 2010, respectively)
2. Real estate is the sum of land, buildings, and construction in progress.

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

(100 Million Yen)

	As of December 31, 2010					As of March 31, 2010				
	Book value	Market value	Net gains/losses			Book value	Market value	Net gains/losses		
				Gains	Losses				Gains	Losses
Policy-reserve-matching bonds	172,003	182,233	10,229	10,288	(59)	168,355	173,705	5,350	5,656	(306)
Held-to-maturity debt securities	165	167	2	2	—	195	198	3	3	—
Investments in subsidiaries and affiliates	77	334	257	257	—	621	861	240	240	—
Available-for-sale securities:	155,836	167,805	11,968	18,374	(6,405)	149,696	168,118	18,421	22,079	(3,658)
Domestic bonds	13,282	13,772	490	494	(4)	16,627	16,976	349	355	(5)
Domestic stocks	47,759	59,991	12,231	15,586	(3,355)	47,675	64,395	16,720	19,030	(2,310)
Foreign securities:	88,117	87,544	(572)	2,191	(2,764)	77,579	79,092	1,512	2,606	(1,093)
Foreign bonds	77,047	76,007	(1,040)	1,420	(2,460)	64,822	65,795	973	1,578	(604)
Foreign stocks and other securities	11,070	11,537	467	771	(303)	12,757	13,296	539	1,028	(489)
Other securities	3,422	3,244	(177)	96	(274)	3,141	2,983	(158)	84	(242)
Monetary receivables purchased	684	682	(1)	5	(7)	973	970	(2)	3	(5)
Negotiable certificates of deposit	2,570	2,569	(0)	—	(0)	3,700	3,699	(0)	0	(0)
Total	328,082	350,540	22,458	28,922	(6,464)	318,868	342,884	24,015	27,979	(3,964)
Domestic bonds	174,309	184,559	10,249	10,287	(37)	173,705	179,317	5,611	5,856	(244)
Domestic stocks	47,759	59,991	12,231	15,586	(3,355)	48,219	65,078	16,858	19,168	(2,310)
Foreign securities:	89,072	88,785	(287)	2,476	(2,764)	78,577	80,177	1,600	2,719	(1,119)
Foreign bonds	77,925	76,913	(1,012)	1,448	(2,460)	65,742	66,701	959	1,589	(630)
Foreign stocks and other securities	11,147	11,871	724	1,028	(303)	12,834	13,475	640	1,129	(489)
Other securities	3,422	3,244	(177)	96	(274)	3,141	2,983	(158)	84	(242)
Monetary receivables purchased	10,947	11,390	442	476	(33)	11,524	11,627	103	151	(48)
Negotiable certificates of deposit	2,570	2,569	(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 December 31, 2010	As of March 31, 2010
Policy-reserve-matching bonds	—	—
Held-to-maturity debt securities:	—	—
Unlisted foreign bonds	—	—
Others	—	—
Investments in subsidiaries and affiliates	1,853	1,808
Available-for-sale securities:	11,835	12,446
Unlisted domestic stocks (excluding over-the-counter stocks)	2,677	3,185
Unlisted foreign stocks (excluding over-the-counter stocks)	7,058	7,073
Unlisted foreign bonds	539	539
Others	1,560	1,648
Total	13,688	14,254

Note: Of securities without market value, net gains/losses on foreign exchange valuation of assets denominated in foreign currencies were as follows: ¥(56.3 billion) and ¥(31.0 billion) as of December 31, 2010 and March 31, 2010, respectively.

(3) Market Value Information of Assets Held in Trust

(100 Million Yen)

	As of December 31, 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	—	—	—	—	—	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 December 31, 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	—	24	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 December 31, 2010 or March 31, 2010.

### 3. Non-Consolidated Balance Sheets

(Million Yen)

	As of December 31, 2010	As of March 31, 2010
	Amount	Amount
<b>Assets:</b>		
Cash and deposits	376,210	579,855
Call loans	135,200	146,100
Receivables under securities borrowing transactions	267,248	151,689
Monetary receivables purchased	1,094,591	1,152,229
Assets held in trust	—	10,670
Investments in securities:	35,218,899	34,949,393
National government bonds	12,883,089	12,490,745
Local government bonds	1,691,593	1,775,404
Corporate bonds	3,325,929	3,573,079
Domestic stocks	6,627,448	7,214,491
Foreign securities	10,204,370	9,421,573
Loans receivable:	8,667,656	8,770,808
Policy loans	980,346	1,025,658
Industrial and consumer loans	7,687,309	7,745,149
Tangible fixed assets	1,778,631	1,788,915
Intangible fixed assets	192,553	185,307
Reinsurance receivables	86	300
Other assets	556,283	524,486
Deferred tax assets	755,683	435,027
Customers' liability for acceptances and guarantees	22,018	14,667
Allowance for doubtful accounts	(30,380)	(24,606)
<b>Total assets</b>	<b>49,034,683</b>	<b>48,684,846</b>
<b>Liabilities:</b>		
Policy reserves and other reserves:	44,134,357	43,387,241
Reserve for outstanding claims	203,610	222,724
Policy reserves	42,731,548	42,014,375
Reserve for dividends to policyholders	1,199,197	1,150,140
Reinsurance payables	120	326
Other liabilities:	1,731,569	1,748,605
Cash received as collateral under securities lending contracts	1,180,737	1,025,057
Income taxes payable	104,423	—
Lease obligations	4,276	2,302
Asset retirement obligations	1,794	—
Other liabilities	440,338	721,245
Accrued bonuses for directors and corporate auditors	38	56
Accrued severance indemnities	463,722	451,091
Accrued retirement benefits for directors and corporate auditors	5,034	5,929
Reserve for point card	4,268	—
Accrued losses from supporting closely related companies	453	453
Reserve for price fluctuations in investments in securities	451,064	398,011
Deferred tax liabilities for land revaluation reserve	172,592	174,013
Acceptances and guarantees	22,018	14,667
<b>Total liabilities</b>	<b>46,985,240</b>	<b>46,180,396</b>

### 3. Non-Consolidated Balance Sheets (Continued)

(Million Yen)

	As of December 31, 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:	282,644	369,489
Legal reserve for deficiencies	11,193	10,425
Voluntary surplus reserve:	271,451	359,064
Contingency reserve	71,917	71,917
Reserve for assisting social public welfare	240	167
Reserve for condensed booking of fixed assets for tax purposes	31,701	32,140
Other reserves	170	170
Unappropriated surplus	167,422	254,669
Total equity	1,383,295	1,420,140
Net unrealized gains on available-for-sale securities, net of tax	747,719	1,176,023
Deferred gains (losses) on derivatives under hedge accounting	11,010	(602)
Land revaluation differences	(92,582)	(91,111)
Total valuations, conversions and others	666,147	1,084,309
Total net assets	2,049,442	2,504,449
Total liabilities and net assets	49,034,683	48,684,846



## Basis of Presenting the Non-Consolidated Balance Sheet as of December 31, 2010

1. 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 three months ended June 30, 2010.  
As a result, tangible fixed assets and other assets increased by ¥586 million, and ¥1,794 million was recorded as asset retirement obligations.  
Furthermore, operating income decreased by ¥96 million and surplus before income taxes decreased by ¥1,208 million.
2. The corporate tax, inhabitant tax and income tax adjustments for the nine months ended December 31, 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.
3. 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).  
The non-consolidated balance sheet amount of policy-reserve-matching bonds as of December 31, 2010 is ¥17,200,356 million and their market value is ¥18,223,308 million.  
Note that effective April 1, 2010, the specification of subject policy sub-groups was 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 December 31, 2010 or the non-consolidated statement of income for the nine months ended December 31, 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, policy reserves 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.
4. 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 in which is not expected, are converted to Japanese yen using either the

rate on the last day of December or the average one month rate prior to the last day of December, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

5. From the three months ended June 30, 2010, following the introduction of the points system, a reserve for point card was recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.
6. Among policy reserves, ¥168,696 million was additionally accumulated for a portion of individual annuity policies for the nine months ended December 31, 2010.
7. The amount of accumulated depreciation of tangible fixed assets was ¥1,109,122 million as of December 31, 2010.
8. (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 ¥51,626 million as of December 31, 2010.
  - 1) The balances of loans to bankrupt borrowers and delinquent loans were ¥4,374 million and ¥43,365 million, respectively, as of December 31, 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 loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.
  - 2) The balance of loans delinquent for over three months was ¥3 million as of December 31, 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 ¥3,884 million as of December 31, 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 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 ¥3,093 million (including ¥2,292 million related to loans with credits secured and/or guaranteed) as of December 31, 2010. As a result, loans to bankrupt borrowers and delinquent loans decreased by ¥1,051 million and ¥2,041 million, respectively.
9. Separate accounts as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,302,920 million as of December 31, 2010 and are presented within other assets with a corresponding liability recorded for the same amount.
10. Changes in reserve for dividends to policyholders included in policy reserves for the nine months ended December 31, 2010 were as follows:

	Million Yen
	Nine months ended December 31, 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. Dividends to policyholders paid out in the current nine month period	¥172,313
d. Increase in interest	¥22,180
e. Balance at the end of the third quarter (a+b-c+d)	¥1,199,197

11. Assets pledged as collateral by securities, land, and buildings as of December 31, 2010 were ¥1,220,368 million, ¥2,952 million, and ¥297 million, respectively. The total amount of loans covered by the aforementioned assets as of December 31, 2010 was ¥1,185,855 million. These amounts included ¥1,176,538 million of securities deposited and ¥1,185,809 million of cash received as collateral under the securities lending contracts secured by cash as of December 31, 2010.
12. ¥50,000 million of foundation funds were offered according to Article 60 of the Insurance Business Act.
13. 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 December 31, 2010.
14. Nissay Dowa General Insurance Co., Ltd., an affiliate, 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 nine months ended December 31, 2010.

15. The amount of securities loaned for consumption was ¥2,591,666 million as of December 31, 2010.

#### 4. Non-Consolidated Statements of Income

(Million Yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2009
	Amount	Amount
Revenues:	4,808,665	4,893,195
Income from insurance and reinsurance premiums:	3,472,156	3,613,435
Insurance premiums	3,471,779	3,612,921
Investment income:	1,199,620	1,146,390
Interest, dividends, and other income	877,959	803,463
Gain from assets held in trust, net	—	28,097
Gain on sales of securities	299,730	156,519
Gain from derivative financial instruments, net	19,351	—
Gain from separate accounts, net	—	156,391
Other revenues	136,888	133,368
Expenditures:	4,560,171	4,701,934
Insurance claims and other payments:	2,773,491	2,851,728
Death and other claims	858,119	888,425
Annuity payments	417,010	395,905
Health and other benefits	577,826	589,439
Surrender benefits	748,533	807,489
Other refunds	171,271	169,761
Provision for policy reserves:	739,353	907,244
Provision for policy reserves	717,173	883,584
Interest on reserve for dividends to policyholders	22,180	23,659
Investment expenses:	366,314	231,309
Interest expense	2,092	1,586
Loss from assets held in trust, net	612	—
Loss on sales of securities	216,577	70,327
Loss on valuation of securities	37,071	78,420
Loss from derivative financial instruments, net	—	21,751
Loss from separate accounts, net	49,651	—
Operating expenses	425,024	425,971
Other expenditures	255,987	285,678
Operating income	248,493	191,260
Extraordinary gains:	1,189	519
Gain on disposal of fixed assets	1,189	519
Extraordinary losses:	64,071	29,570
Loss on disposal of fixed assets	5,672	2,653
Impairment losses	2,652	5,483
Provision for reserve for price fluctuations in investments in securities	53,053	20,000
Loss on reduction entry of real estate	93	7
Contributions for assisting social public welfare	1,427	1,427
Loss on adjustment for change in accounting standard for asset retirement obligations	1,172	—
Surplus before income taxes	185,611	162,208
Income tax - current	119,520	(6,096)
Income tax - deferred	(99,345)	19,338
Income tax - total	20,174	13,242
Net surplus	165,436	148,965

Notes to the Non-Consolidated Statement of Income for the nine months ended December 31, 2010

1. Gain on sales of securities includes gains on sales of domestic bonds including national government bonds, domestic stocks and foreign securities of ¥18,860 million, ¥138,550 million and ¥142,319 million, respectively, for the nine months ended December 31, 2010.
2. Loss on sales of securities includes losses on sales of domestic bonds including national government bonds, domestic stocks and foreign securities of ¥4,860 million, ¥8,708 million and ¥203,008 million, respectively, for the nine months ended December 31, 2010.
3. Loss on valuation of securities includes losses on the valuation of domestic stocks and foreign securities of ¥12,651 million and ¥24,215 million, respectively, for the nine months ended December 31, 2010.
4. Breakdown of interest, dividends, and other income for the nine months ended December 31, 2010 is as follows.

	Million Yen
	Nine months ended December 31, 2010
Interest on deposits and savings	¥223
Interest on securities and dividends	¥647,111
Interest on loans receivable	¥141,419
Rental income on real estate	¥69,889
Other income	¥19,314
Total	¥877,959

5. 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 nine months ended December 31, 2010 is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥697	¥214	¥1,062	¥1,974
Idle property	¥540	—	¥138	¥678
Total	¥1,237	¥214	¥1,200	¥2,652

- 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.

## 5. Details of Operating Income (Ordinary Income)

(Million Yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2009
Ordinary income (Core operating profit) (A)	379,050	344,545
Capital gains:	319,081	184,616
Gain from proprietary trading securities	—	—
Gain from assets held in trust, net	—	28,097
Gain from trading securities	—	—
Gain on sales of securities	299,730	156,519
Gain from derivative financial instruments, net	19,351	—
Foreign exchange gains	—	—
Other capital gains	—	—
Capital losses:	264,225	180,052
Loss from proprietary trading securities	—	—
Loss from assets held in trust, net	612	—
Loss from trading securities	—	—
Loss on sales of securities	216,577	70,327
Loss on valuation of securities	37,071	78,420
Loss from derivative financial instruments, net	—	21,751
Foreign exchange losses	9,963	9,551
Other capital losses	—	—
Net capital gains/losses (B)	54,855	4,564
Ordinary income including net capital gains/losses (A+B)	433,906	349,110
Non-recurring gains:	—	—
Gain from reinsurance premiums	—	—
Reversal of contingency reserves	—	—
Other non-recurring gains	—	—
Non-recurring losses:	185,412	157,849
Reinsurance premium fees	—	—
Provision for contingency reserves	12,957	—
Provision for individual allowance for doubtful accounts	3,758	9,257
Provision of allowance for specific overseas debts	—	—
Write-off of loans	0	144
Other non-recurring losses	168,696	148,447
Non-recurring gains/losses (C)	(185,412)	(157,849)
Operating income (A+B+C)	248,493	191,260

<Reference>

[Detail of Other Items]

(Million Yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2009
Other non-recurring losses:	168,696	148,447
Provision for policy reserves based on Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act	168,696	148,447



## 6. Solvency Margin Ratio

(Million Yen)

	As of December 31, 2010	As of March 31, 2010
Solvency margin gross amount (A):	5,866,132	6,232,562
Foundation funds (kikin) and other reserve funds:	3,038,210	2,805,804
Foundation funds	1,383,295	1,217,299
Reserve for price fluctuations in investments in securities	451,064	398,011
Contingency reserve	877,402	864,445
General allowance for doubtful accounts	11,880	11,481
Others	314,567	314,567
Net unrealized gains/losses on available-for-sale securities × 90%	1,063,452	1,654,828
Net unrealized gains/losses on real estate × 85%	77,547	77,950
Excess of continued Zillmerized reserve	1,676,511	1,555,073
Qualifying subordinated debt	—	—
Deduction clause	(1,168)	(360)
Others	11,579	139,265
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	1,119,460	1,238,967
Underwriting risk R <sub>1</sub>	145,426	149,961
Underwriting risk of third market insurance R <sub>8</sub>	74,743	74,937
Anticipated yield risk R <sub>2</sub>	172,224	179,138
Investment risk R <sub>3</sub>	888,532	999,788
Business management risk R <sub>4</sub>	25,828	28,290
Minimum guarantee risk R <sub>7</sub>	10,483	10,677
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,048.0%	1,006.0%

Notes: 1. The amounts and figures as of March 31, 2010 are calculated based on Article 86 and 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.

Those as of December 31, 2010 are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

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

## 7. Status of Separate Accounts

### (1) Balance of Separate Account Assets

(Million Yen)

	As of December 31, 2010	As of March 31, 2010
Individual variable insurance	110,898	120,824
Individual variable annuities	158,915	174,792
Group annuities	1,033,106	1,154,136
Separate account total	1,302,920	1,449,753

### (2) Policies in Force

- Individual Variable Insurance

	As of December 31, 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)	2,488	13,035	2,599	13,618
Variable insurance (whole life type)	37,625	588,977	38,140	602,945
Total	40,113	602,013	40,739	616,564

- Individual Variable Annuities

	As of December 31, 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	27,300	158,915	28,376	174,790

## 8. Status of the Company, Subsidiaries and Affiliates

### (1) Selected Financial Data for Major Operations

(100 Million Yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2009
Revenues	48,560	49,564
Operating income	2,386	1,914
Net surplus	1,576	1,482

	As of December 31, 2010	As of March 31, 2010
Total assets	491,668	488,503

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

	As of December 31, 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 Third Quarter

#### Application of equity method

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.

## (4) Consolidated Balance Sheets

(Million Yen)

	As of December 31, 2010	As of March 31, 2010
	Amount	Amount
Assets:		
Cash and deposits	413,187	617,836
Call loans	135,200	146,100
Receivables under securities borrowing transactions	267,248	151,689
Monetary receivables purchased	1,094,591	1,152,229
Assets held in trust	—	10,670
Investments in securities	35,164,312	34,919,016
Loans receivable	8,586,557	8,694,487
Tangible fixed assets	1,798,533	1,808,633
Intangible fixed assets	188,269	181,285
Reinsurance receivables	86	300
Other assets	765,306	742,542
Deferred tax assets	765,707	439,865
Customers' liability for acceptances and guarantees	22,392	15,088
Allowance for doubtful accounts	(34,557)	(29,403)
Total assets	49,166,836	48,850,343

## (4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of December 31, 2010	As of March 31, 2010
	Amount	Amount
Liabilities:		
Policy reserves and other reserves:	44,137,402	43,390,643
Reserve for outstanding claims	205,430	224,766
Policy reserves	42,732,774	42,015,736
Reserve for dividends to policyholders	1,199,197	1,150,140
Reinsurance payables	120	326
Other liabilities	1,876,612	1,904,609
Accrued bonuses for directors and corporate auditors	38	56
Accrued severance indemnities	466,021	453,157
Accrued retirement benefits for directors and corporate auditors	5,131	6,029
Reserve for point card	4,268	—
Accrued losses from supporting closely related companies	453	453
Reserve for price fluctuations in investments in securities	451,064	398,011
Deferred tax liabilities	206	—
Deferred tax liabilities for land revaluation reserve	172,592	174,013
Acceptances and guarantees	22,392	15,088
Total liabilities	47,136,303	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	315,366	409,964
Total equity	1,416,017	1,460,616
Net unrealized gains on available-for-sale securities, net of tax	747,827	1,178,311
Deferred gains (losses) on derivatives under hedge accounting	11,010	(602)
Land revaluation differences	(92,582)	(91,111)
Cumulative translation adjustments	(63,046)	(50,640)
Total valuations, conversions and others	603,209	1,035,956
Minority interests	11,305	11,381
Total net assets	2,030,533	2,507,953
Total liabilities and net assets	49,166,836	48,850,343

## Basis of Presenting the Consolidated Balance Sheet as of December 31, 2010

1. 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 three months ended June 30, 2010.  
As a result, tangible fixed assets and other assets increased by ¥585 million, and ¥1,794 million was recorded as asset retirement obligations in other liabilities.  
Furthermore, operating income decreased by ¥96 million and surplus before income taxes decreased by ¥1,209 million.
2. The corporate tax, inhabitant tax and income tax adjustments of the Parent Company for the nine months ended December 31, 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.
3. 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).  
The consolidated balance sheet amount of policy-reserve-matching bonds as of December 31, 2010 is ¥17,200,356 million and their market value is ¥18,223,308 million.  
Note that effective April 1, 2010, the specification of subject policy sub-groups was 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 December 31, 2010 or the consolidated statement of income for the nine months ended December 31, 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, policy reserves 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.
4. 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 in which is not expected, are converted to Japanese yen using

either the rate on the last day of December or the average one month rate prior to the last day of December, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

5. From the three months ended June 30, 2010, following the introduction of the points system, a reserve for point card was recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.
6. Among policy reserves of the Parent Company, ¥168,696 million was additionally accumulated for a portion of individual annuity policies for the nine months ended December 31, 2010.
7. The amount of accumulated depreciation of tangible fixed assets was ¥1,142,724 million as of December 31, 2010.

8. (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 ¥60,106 million as of December 31, 2010.

- 1) The balances of loans to bankrupt borrowers and delinquent loans were ¥4,384 million and ¥44,473 million, respectively, as of December 31, 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 loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

- 2) The balance of loans delinquent for over three months was ¥3 million as of December 31, 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 ¥11,245 million as of December 31, 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, and 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 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 ¥4,251 million (including ¥2,809 million related to loans with credits secured and/or guaranteed) as of December 31, 2010. As a result, loans to bankrupt borrowers and delinquent loans decreased by ¥1,222 million and ¥3,028 million, respectively.
9. Separate accounts as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,302,920 million as of December 31, 2010 and are presented within other assets with a corresponding liability recorded for the same amount.
10. Changes in reserve for dividends to policyholders included in policy reserves for the nine months ended December 31, 2010 were as follows:

	Million Yen
	Nine months ended December 31, 2010
a. Balance at the end of the previous fiscal year	¥1,150,140
b. Transfer to reserve from consolidated surplus in the previous fiscal year	¥199,189
c. Dividends to policyholders paid out in the current nine month period	¥172,313
d. Increase in interest	¥22,180
e. Balance at the end of the third quarter (a+b-c+d)	¥1,199,197

11. Assets pledged as collateral by securities, lease, land, and buildings as of December 31, 2010 were ¥1,220,368 million, ¥14,882 million, ¥2,952 million, and ¥297 million, respectively. The total amount of loans covered by the aforementioned assets as of December 31, 2010 was ¥1,200,313 million. These amounts included ¥1,176,538 million of securities deposited and ¥1,185,809 million of cash received as collateral under the securities lending contracts secured by cash as of December 31, 2010.
12. ¥50,000 million of foundation funds were offered according to Article 60 of the Insurance Business Act.
13. 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 December 31, 2010.



14. Nissay Dowa General Insurance Co., Ltd., an affiliate, 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 nine months ended December 31, 2010.
  
15. The amount of securities loaned for consumption was ¥2,591,666 million as of December 31, 2010.

## (5) Consolidated Statements of Income

(Million Yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2009
	Amount	Amount
Revenues:	4,856,056	4,956,474
Income from insurance and reinsurance premiums	3,487,735	3,628,994
Investment income:	1,191,094	1,152,954
Interest, dividends, and other income	884,050	808,986
Gain from assets held in trust, net	—	28,748
Gain on sales of securities	286,854	156,510
Gain from derivative financial instruments, net	17,320	—
Gain from separate accounts, net	—	156,756
Other revenues	177,226	174,525
Expenditures:	4,617,449	4,765,036
Insurance claims and other payments:	2,785,936	2,864,148
Death and other claims	858,444	888,756
Annuity payments	417,010	395,905
Health and other benefits	589,751	601,250
Surrender benefits	748,533	807,489
Other refunds	171,271	169,761
Provision for policy reserves:	739,269	907,252
Provision for policy reserves	717,089	883,592
Interest on reserve for dividends to policyholders	22,180	23,659
Investment expenses:	370,275	241,446
Interest expense	2,777	2,269
Loss from assets held in trust, net	596	—
Loss on sales of securities	219,003	70,675
Loss on valuation of securities	37,295	83,308
Loss from derivative financial instruments, net	—	24,523
Loss from separate accounts, net	49,300	—
Operating expenses	436,918	437,847
Other expenditures	285,050	314,341
Operating income	238,606	191,437
Extraordinary gains:	1,189	519
Gain on disposal of fixed assets	1,189	519
Extraordinary losses:	64,146	29,582
Loss on disposal of fixed assets	5,742	2,664
Impairment losses	2,652	5,483
Provision for reserve for price fluctuations in investments in securities	53,053	20,000
Loss on reduction entry of real estate	93	7
Loss on adjustment for change in accounting standard for asset retirement obligations	1,172	—
Others	1,431	1,427
Surplus before income taxes	175,649	162,374
Income tax - current	121,261	(4,532)
Income tax - deferred	(103,322)	18,230
Income tax - total	17,939	13,697
Surplus before minority interests	157,710	—
Minority interests	26	380
Net surplus	157,683	148,296

## Notes to the Consolidated Statement of Income for the nine months ended December 31, 2010

1. For the **nine** months ended December 31, 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 the nine months ended December 31, 2010 is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥697	¥214	¥1,062	¥1,974
Idle property	¥540	—	¥138	¥678
Total	¥1,237	¥214	¥1,200	¥2,652

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)

	Nine months ended December 31, 2010	Nine months ended December 31, 2009
	Amount	Amount
I. Cash flows from operating activities:		
Surplus before income taxes	175,649	162,374
Depreciation of rental real estate and other assets	19,029	19,572
Depreciation	35,548	32,380
Impairment losses	2,652	5,483
Net (decrease) in reserve for outstanding claims	(19,155)	(5,920)
Net increase in policy reserves	717,159	883,533
Interest on reserve for dividends to policyholders	22,180	23,659
Net increase in allowance for doubtful accounts	4,155	6,105
Net (decrease) in accrued bonuses for directors and corporate auditors	(17)	(33)
Net increase in accrued severance indemnities	12,864	13,604
Net (decrease) in accrued retirement benefits for directors and corporate auditors	(897)	(204)
Net increase in reserve for price fluctuations in investments in securities	53,053	20,000
Interest, dividends, and other income	(884,050)	(808,986)
Net (gains) losses on investments in securities	(20,178)	4,708
Interest expense	2,777	2,269
Net losses on tangible fixed assets	4,646	2,152
Loss (gain) from separate accounts, net	49,300	(156,756)
Others, net	141,306	149,438
Subtotal	316,024	353,382
Interest, dividends and other income received	905,969	841,751
Interest paid	(1,970)	(1,627)
Dividends to policyholders paid	(151,435)	(159,091)
Others, net	799	666
Income taxes (paid) refund	(6,374)	46,826
Net cash provided by operating activities	1,063,013	1,081,907

## (6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2009
	Amount	Amount
II. Cash flows from investing activities:		
Net (increase) in deposits	(500)	—
Purchases of monetary receivables	(34,623)	(16,000)
Proceeds from sales and redemption of monetary receivables purchased	51,135	36,918
Proceeds from decrease in assets held in trust	10,043	132,048
Purchases of securities	(16,386,702)	(9,437,042)
Proceeds from sales and redemption of securities	14,407,686	7,755,112
Investments in loans	(1,056,059)	(1,031,575)
Collections of loans	1,009,551	1,131,098
Others, net	359,283	245,903
Investment management activities total	(1,640,184)	(1,183,537)
[Operating activities and investment management activities total]	[(577,171)]	[(101,629)]
Purchases of tangible fixed assets	(29,893)	(161,114)
Proceeds from sales of tangible fixed assets	6,860	2,706
Others, net	(28,331)	(25,654)
Net cash (used in) investing activities	(1,691,549)	(1,367,599)
III. Cash flows from financing activities:		
Proceeds from debt issuance	78,900	80,269
Repayments of debt	(87,526)	(90,297)
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	2,143	7,803
Net cash (used in) provided by financing activities	(10,133)	45,286
IV. Effect of exchange rate changes on cash and cash equivalents	(4,209)	(7,771)
V. Net (decrease) in cash and cash equivalents	(642,878)	(248,176)
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	607,500	704,582

(7) Segment Information

For the nine months ended December 31, 2010 (from April 1, 2010 to December 31, 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 is omitted because there are no other significant segments to report.

(Reference) Business Highlights for the Three Months Ended December 31, 2010

• New Policies

	Three months ended December 31, 2010						Three months ended December 31, 2009			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of three months ended December 31, 2009 (%)	(100 million yen)	As a percentage of three months ended December 31, 2009 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	258	92.0	18,893	107.0	20,221	(1,328)	281	17,660	20,049	(2,389)
Individual annuities	51	79.3	3,115	83.2	3,199	(84)	65	3,745	3,818	(72)
Group insurance	—	—	143	50.6	143		—	283	283	
Group annuities	—	—	2	54.9	2		—	4	4	

- 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 resources at the start 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 December 31, 2010		Three months ended December 31, 2009
		As a percentage of three months ended December 31, 2009 (%)	
Individual insurance	475	105.2	451
Individual annuities	121	50.7	239
Total	596	86.3	691
Medical coverages, living benefits, etc.	99	85.9	115

- 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 December 31, 2010	Three months ended December 31, 2009
	Amount	Amount
Revenues:	1,566,302	1,546,228
Income from insurance and reinsurance premiums:	1,122,465	1,194,370
Insurance premiums	1,122,330	1,194,203
Investment income:	400,177	315,939
Interest, dividends, and other income	260,663	256,537
Gain from assets held in trust, net	—	1,033
Gain on sales of securities	87,799	31,314
Gain from derivative financial instruments, net	20,863	—
Gain from separate accounts, net	29,238	24,862
Other revenues	43,659	35,918
Expenditures:	1,494,581	1,530,704
Insurance claims and other payments:	931,295	929,082
Death and other claims	279,549	301,313
Annuity payments	147,020	141,526
Health and other benefits	175,243	178,097
Surrender benefits	246,134	254,872
Other refunds	83,059	53,023
Provision for policy reserves:	252,500	295,361
Provision for policy reserves	245,192	287,579
Interest on reserve for dividends to policyholders	7,307	7,782
Investment expenses:	85,421	72,825
Interest expense	709	507
Loss from assets held in trust, net	216	—
Loss on sales of securities	60,873	22,808
Loss on valuation of securities	3,106	(13,687)
Loss from derivative financial instruments, net	—	48,133
Operating expenses	138,284	141,940
Other expenditures	87,079	91,494
Operating income	71,720	15,523
Extraordinary gains:	641	1,796
Gain on disposal of fixed assets	221	44
Reversal of allowance for doubtful accounts	420	1,751
Extraordinary losses:	2,250	1,710
Loss on disposal of fixed assets	786	935
Impairment losses	68	528
Provision for reserve for price fluctuations in investments in securities	1,063	—
Loss on reduction entry of real estate	93	7
Contributions for assisting social public welfare	239	239
Surplus before income taxes	70,111	15,609
Income tax - current	45,751	(6,414)
Income tax - deferred	(30,756)	(1,670)
Income tax - total	14,994	(8,084)
Net surplus	55,116	23,694



• Details of Operating Income (Ordinary Income)

(Million Yen)

	Three months ended December 31, 2010	Three months ended December 31, 2009
Ordinary income (Core operating profit) (A)	89,830	87,400
Capital gains:	108,662	33,908
Gain from proprietary trading securities	—	—
Gain from assets held in trust, net	—	1,033
Gain from trading securities	—	—
Gain on sales of securities	87,799	31,314
Gain from derivative financial instruments, net	20,863	—
Foreign exchange gains	—	1,560
Other capital gains	—	—
Capital losses:	67,725	57,254
Loss from proprietary trading securities	—	—
Loss from assets held in trust, net	216	—
Loss from trading securities	—	—
Loss on sales of securities	60,873	22,808
Loss on valuation of securities	3,106	(13,687)
Loss from derivative financial instruments, net	—	48,133
Foreign exchange losses	3,529	—
Other capital losses	—	—
Net capital gains/losses (B)	40,936	(23,346)
Ordinary income including net capital gains/losses (A+B)	130,767	64,054
Non-recurring gains:	—	—
Gain from reinsurance premiums	—	—
Reversal of contingency reserves	—	—
Other non-recurring gains	—	—
Non-recurring losses:	59,046	48,531
Reinsurance premium fees	—	—
Provision for contingency reserves	465	—
Provision for individual allowance for doubtful accounts	—	—
Provision of allowance for specific overseas debts	—	—
Write-off of loans	0	144
Other non-recurring losses	58,580	48,386
Non-recurring gains/losses (C)	(59,046)	(48,531)
Operating income (A+B+C)	71,720	15,523

<Reference>

[Detail of Other Items]

(Million Yen)

	Three months ended December 31, 2010	Three months ended December 31, 2009
Other non-recurring losses:	58,580	48,386
Provision for policy reserves based on Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act	58,580	48,386

- Status of the Company, Subsidiaries and Affiliates

(1) Consolidated Statements of Income

(Million Yen)

	Three months ended December 31, 2010	Three months ended December 31, 2009
	Amount	Amount
Revenues:	1,582,158	1,561,218
Income from insurance and reinsurance premiums	1,127,581	1,199,427
Investment income:	401,550	318,070
Interest, dividends, and other income	262,362	258,354
Gain from assets held in trust, net	—	1,196
Gain on sales of securities	87,807	31,316
Gain from derivative financial instruments, net	20,286	—
Gain from separate accounts, net	29,353	24,985
Other revenues	53,026	43,720
Expenditures:	1,508,862	1,544,749
Insurance claims and other payments:	935,339	933,147
Death and other claims	279,641	301,389
Annuity payments	147,020	141,526
Health and other benefits	179,135	182,002
Surrender benefits	246,134	254,872
Other refunds	83,059	53,023
Provision for policy reserves:	252,403	295,387
Provision for policy reserves	245,095	287,605
Interest on reserve for dividends to policyholders	7,307	7,782
Investment expenses:	86,597	74,914
Interest expense	834	332
Loss from assets held in trust, net	1,082	—
Loss on sales of securities	60,873	22,912
Loss on valuation of securities	3,117	(13,176)
Loss from derivative financial instruments, net	—	49,450
Operating expenses	141,902	145,146
Other expenditures	92,619	96,152
Operating income	73,295	16,469
Extraordinary gains:	638	1,800
Gain on disposal of fixed assets	221	44
Reversal of allowance for doubtful accounts	416	1,755
Extraordinary losses:	2,298	1,710
Loss on disposal of fixed assets	833	936
Impairment losses	68	528
Provision for reserve for price fluctuations in investments in securities	1,063	—
Loss on reduction entry of real estate	93	7
Others	239	239
Surplus before income taxes	71,635	16,558
Income tax - current	46,270	(6,077)
Income tax - deferred	(30,212)	(1,099)
Income tax - total	16,058	(7,176)
Surplus before minority interests	55,577	—
Minority interests	0	135
Net surplus	55,576	23,599

(2) Segment Information

For the three months ended December 31, 2010 (from October 1, 2010 to December 31, 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 is omitted because there are no other significant segments to report.