May 26, 2011

Financial Results for the Fiscal Year Ended March 31, 2011

Nippon Life Insurance Company (President: Yoshinobu Tsutsui) announces financial results for the fiscal year ended March 31, 2011.

[Contents]

Financial Summary for the Fiscal Year Ended March 31, 2011

Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2011

The financial results of the Nippon Life Insurance Company (hereinafter "the Company" or "the Parent Company") for the fiscal year ended March 31, 2011 will be submitted to the 64th annual representative policyholders' meeting for resolution on July 5, 2011. Summaries of financial results are as follows.

1. Business Highlights

(1) Amount of Policies in Force and New Policies

- Policies in Force

Item	As of March 31, 2011				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)	As a percentage of March 31, 2009 (%)	(100 million yen)	As a percentage of March 31, 2009 (%)
Individual insurance	11,510	97.8	1,707,917	94.6	11,775	97.7	1,805,242	93.8
Individual annuities	3,024	102.9	183,145	102.1	2,939	104.0	179,352	102.7
Group insurance	—	—	899,903	101.5	—	—	886,198	101.4
Group annuities	—	—	99,528	103.4	—	—	96,218	105.1

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

Item	Year ended March 31, 2011						Year ended 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 (%)	New policies	Net increase by conversion	(thousands)	As a percentage of March 31, 2009 (%)	(100 million yen)	As a percentage of March 31, 2009 (%)	New policies	Net increase by conversion
Individual insurance	970	86.8	65,776	104.8	71,688	(5,912)	1,118	104.4	62,792	104.3	74,861	(12,069)
Individual annuities	209	89.7	12,518	94.6	12,824	(306)	233	102.6	13,235	99.6	13,543	(308)
Group insurance	—	—	6,879	121.5	6,879		—	—	5,664	54.2	5,664	
Group annuities	—	—	14	49.5	14		—	—	29	263.0	29	

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 March 31, 2011		As of March 31, 2010	
		As a percentage of March 31, 2010		As a percentage of March 31, 2009
Individual insurance	23,507	98.4	23,897	97.2
Individual annuities	7,900	103.4	7,642	107.7
Total	31,408	99.6	31,539	99.5
Medical coverages, living benefits, etc.	5,891	100.6	5,854	101.8

- New Policies

(100 Million Yen, %)

	Year ended March 31, 2011		Year ended March 31, 2010	
		As a percentage of March 31, 2010		As a percentage of March 31, 2009
Individual insurance	1,768	106.1	1,666	101.6
Individual annuities	551	67.8	813	80.7
Total	2,320	93.6	2,479	93.7
Medical coverages, living benefits, etc.	365	79.0	461	100.4

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 increases due to conversions.

(3) Major Profit and Loss Items

(100 Million Yen, %)

	Year ended March 31, 2011		Year ended March 31, 2010	
		As a percentage of March 31, 2010		As a percentage of March 31, 2009
Premium and other income	48,964	101.6	48,174	95.6
Investment income	15,383	98.9	15,551	124.7
Benefits and claims	38,130	98.2	38,829	96.2
Investment expenses	5,359	181.0	2,960	23.8
Operating income	2,310	78.7	2,935	246.2

(4) Proposal for Appropriation of Unappropriated Surplus

(100 Million Yen, %)

	Year ended March 31, 2011		Year ended March 31, 2010	
		As a percentage of March 31, 2010		As a percentage of March 31, 2009
Current year unappropriated surplus	2,312	90.8	2,546	137.6
Reserve for dividends to policyholders	1,755	88.1	1,991	152.5
Net surplus after deduction	564	99.8	565	102.5

(5) Total Assets

(100 Million Yen, %)

	As of March 31, 2011		As of March 31, 2010	
		As a percentage of March 31, 2010		As a percentage of March 31, 2009
Total assets	498,261	102.3	486,848	106.2

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

(1) Investment Environment

The Japanese economy in the fiscal year ended March 31, 2011 recovered moderately in the first half amidst improvements in overseas economies, in particular developing countries, but it performed sluggishly towards the end of 2010 due to a reactive reduction in the effects of economic policies and the strength of the yen. Following that, although there were some recovery-boosting aspects on the back of expansion in external demand from regions such as the US and Asia, the economy decelerated again towards the end of the fiscal year, due to the effects of the earthquake disaster.

- The Nikkei Stock Average mostly declined at the onset of the fiscal year due to the recurrence of sovereign risk in Europe and ongoing appreciation in the yen accompanying a slowdown in the US economic recovery. From September onwards, as a result of economic factors such as foreign exchange intervention by the government and the Bank of Japan and higher interest rates in the US, there was a lull in the ongoing appreciation of the yen and stock prices rose. However, stock prices fell substantially due to the effects of the earthquake disaster, and the Nikkei Stock Average was at ¥9,755 at the end of March 2011.
- The yield rate on 10-year government bonds mostly declined as a result of factors such as the recurrence of sovereign risk in Europe and expectations of financial reconstruction by Prime Minister Kan's cabinet, and in October, due to speculation about additional monetary easing by both Japan and the US, the rate briefly fell to the 0.8% range. Following this, although the rate rose against expectations of the US economic recovery, it came to 1.25% at the end of March 2011 due to the impact of the earthquake disaster.
- In the foreign exchange rate for the yen against the US dollar, the yen's appreciation continued against the background of concern over deceleration in the US economy and speculation regarding additional quantitative monetary easing in the US, and following that, the exchange rate moved in a box range over the second half of the fiscal year due to heightened expectations of an economic recovery in the US. In March, although the yen temporarily reached a historic high due to the earthquake disaster, as a result of coordinated intervention by developed countries and other factors, the rate was ¥83.15 per the US dollar at the end of March 2011.

  Regarding the foreign exchange rate for the yen against the euro, the yen continued to appreciate drastically until the summer amid heightened concerns about sovereign risk in Europe, but during the second half of the fiscal year it moved in a directionless box range. In March, the yen continued to weaken on the back of heightened expectations of a market interest rate rise, and at the end of the month, the rate was ¥117.57 per euro.

(2) Investment Policy

Our general account assets increased by ¥1,279.7 billion compared to the end of the fiscal year ended March 31, 2010, totaling ¥48,514.7 billion at the end of March 2011 (2.7% increase compared to the previous fiscal year-end).

We have positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as our core asset. From the perspective of improving profits in the mid-to-long term, we invested in assets such as stocks and foreign securities within the scope of acceptable risk while taking into account business stability.

- We invested in bonds as sound assets that provide stable interest revenue.
- We focused on safe and stable prime lendings by accurately assessing credit risks.
- For domestic stocks, we implemented replacements of issues while focusing our attention on the overall state of returns to investors including corporate profitability and dividends from the point of view of investing for the medium- to long-term.
- Regarding foreign securities, we invested in foreign-currency-denominated bonds based on currency movements. Also, we increased our balance of foreign bonds that hedge risk of exchange rate fluctuation because the difference in domestic and overseas interest rates remained small with a low level of exchange rate hedge cost.

(3) Investment Results

Investment income increased to ¥1,538.3 billion (compared to ¥1,355 billion in the fiscal year ended March 31, 2010). The contributory factors for this were an increase in income from sources such as interests and dividends from foreign bonds, and gains on sales of securities, primarily domestic stocks and foreign securities, among other factors.

Investment expenses increased to ¥501.1 billion (compared to ¥296 billion in the fiscal year ended March 31, 2010). This was due to factors such as increases in loss on valuation of securities and in loss on sales of foreign securities.

As a result, our asset management income and expenditure balance decreased by ¥21.6 billion compared to the end of the fiscal year ended March 31, 2010, totaling ¥1,037.2 billion.

(4) Investment Risk Management

Investment risk, which can be categorized into market risk, credit risk, and real estate investment risk, refers to a variety of risks associated with investment and lending activities. Because life insurance is a long-term contract, risk management from a long-term perspective that takes into account liability characteristics is necessary in asset management. The Company has established an Investment Risk Management Dept., within its Risk Management Dept., to comprehensively manage investment risk, thereby thoroughly preparing a system to manage risk and pursue stable returns while keeping losses within an acceptable range.

a. Market risk management

Market risk refers to the risk of losses incurred when the market value of assets and liabilities fluctuate due to such factors as fluctuations in interest rates, exchange rates, or stock prices. To manage market risk, we believe it is important to curb excessive losses for each financing and investment transaction, along with controlling market risk for our entire portfolio within acceptable levels.

- Establishing maximum holding ceilings
  To curb excessive losses on each financing and investment transaction, we have implemented maximum holding ceilings based on the nature of the assets and regularly report to the Risk Management Committee regarding the status of compliance. We have also prepared a system to control risk to acceptable levels when there is a breach of rules.

- Measuring and managing market value-at-risk
  To control market risk in our entire portfolio, we use statistical analysis to rationally calculate market value-at-risk of the portfolio as a whole and conduct appropriate asset allocation within range of risk.

b. Credit risk management

Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or disappears due to deterioration of the financial condition of the party to whom credit has been extended. We believe that in managing credit risk it is important to examine each transaction rigorously, set terms appropriate to the level of credit risk involved, and analyze and evaluate accurately every facet of the risk in the portfolio as a whole.

- Managing credit risk in individual transactions
  We have built systems for rigorous examinations, involving a Credit Dept. independent of the departments handling investment and lending activities. To build a sound portfolio, we have established interest guidelines to ensure the returns we obtain are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

- Managing credit risk in a portfolio as a whole
  We calculate the magnitude of credit risk as credit value at risk using Monte Carlo simulations. By considering the results in our policy for managing our credit risk portfolio, we keep risk within an acceptable range.

c. Real estate investment risk management

Real estate investment risk refers to the risk of reduced returns caused by factors such as rent fluctuation as well as losses when real estate values decline due to market deterioration. Our approach to managing real estate investment risk involves rigorous examination of each investment by a Credit Dept. independent of the department actually handling the investment and finance activities. We have also developed a system involving warning levels for investment returns and price levels, which enables us to focus on specific properties whose profitability is suffering.

(5) ALM

For life insurance companies to carry out stable management in the long term, it is important to use the ALM (Asset/Liability Management) approach as a basis for understanding the situation of liabilities that pay future insurance benefits (policy reserve) and investment assets, as well as for adjusting investment period. We analyze and evaluate 1) liability cash flow, 2) risk of falling short of assumed interest rate, 3) level of allowed risk for each product, and decide the medium-to-long-term investment plan at the Managing Directors Meetings and the Risk Management Committee Meetings.

(6) Self-Assessment and Allowance for Doubtful Accounts

Asset self-assessment refers to evaluating individual assets based on the financial condition of each borrower and its collateral, and is classified into four categories (Non-categorized, II, III IV).

To ensure the objectivity of the self-assessment process, we have established a highly reliable framework that includes:

- Strict assessment standards based on the Inspection Manual for Insurance Companies of the Financial Services Agency
- Internal audit by the Auditing Dept. independent from the groups handling the actual assessment
- External audit by external auditors (certified public accountants)

In the fiscal year ended March 31, 2011, we recorded an appropriate allowance for doubtful accounts according to the same allowance standards as the previous fiscal year.

Allowance for doubtful accounts standard:

- Allowance for “Non-categorized” borrowers is provided under the general allowance for doubtful accounts based on actual loan losses in the previous fiscal year.
- Allowance for “On caution” borrowers is provided under the general allowance for doubtful accounts based on the accumulated actual loan loss ratio (ratio of losses incurred from loans within three years from a certain date) for the previous three fiscal years.
  Regarding corporate loans to “Substandard” borrowers, we distinguish between the portion that is not secured by collaterals, guarantees, or others and calculate the actual loan loss ratio.
- Regarding allowance for “Doubtful,” “Quasi-Bankrupt” and ”Bankrupt” borrowers, the necessary amount, concerning the balance calculated by subtracting estimated collectable amount based on collaterals and guarantees from total loans, is provided as specific allowance for doubtful accounts. The portion for the amount in “Category IV” is directly deducted from total loans amount.

3. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of March 31, 2011		As of March 31, 2010	
	Amount	%	Amount	%
Cash, deposits and call loans	7,053	1.5	6,818	1.4
Securities repurchased under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	3,925	0.8	1,516	0.3
Monetary receivables purchased	10,211	2.1	11,522	2.4
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	106	0.0
Investments in securities:	344,920	71.1	336,288	71.2
Domestic bonds	178,393	36.8	174,054	36.8
Domestic stocks	62,108	12.8	68,500	14.5
Foreign securities:	101,094	20.8	90,504	19.2
Foreign bonds	77,375	15.9	67,266	14.2
Foreign stocks and other securities	23,718	4.9	23,238	4.9
Other securities	3,324	0.7	3,229	0.7
Loans receivable:	87,433	18.0	87,708	18.6
Policy loans	9,657	2.0	10,256	2.2
Industrial and consumer loans	77,775	16.0	77,451	16.4
Real estate:	17,489	3.6	17,695	3.7
Investment property	11,057	2.3	11,232	2.4
Deferred tax assets	7,420	1.5	4,350	0.9
Other assets	6,927	1.4	6,589	1.4
Allowance for doubtful accounts	(234)	(0.0)	(246)	(0.1)
Total assets (General account)	485,147	100.0	472,350	100.0
Foreign currency denominated assets	84,549	17.4	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. (¥1,297.2 billion and ¥1,025.0 billion as of March 31, 2011 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)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
Cash, deposits and call loans	234	(251)
Securities repurchased under resale agreements	—	—
Receivables under securities borrowing transactions	2,408	1,516
Monetary receivables purchased	(1,310)	(81)
Proprietary trading securities	—	—
Assets held in trust	(106)	(1,039)
Investments in securities:	8,632	35,292
Domestic bonds	4,338	4,869
Domestic stocks	(6,391)	13,192
Foreign securities:	10,589	17,021
Foreign bonds	10,109	10,538
Foreign stocks and other securities	479	6,482
Other securities	95	209
Loans receivable:	(274)	(3,626)
Policy loans	(598)	(618)
Industrial and consumer loans	324	(3,007)
Real estate:	(206)	1,183
Investment property	(174)	1,036
Deferred tax assets	3,070	(4,918)
Other assets	338	(232)
Allowance for doubtful accounts	11	(34)
Total assets (General account)	12,797	27,807
Foreign currency denominated assets	9,120	13,744

Notes: 1. Increases/decreases in cash received as collateral under securities lending contracts are as follows:
(¥272.1 billion and ¥574.5 billion for the years ended March 31, 2011 and 2010, respectively.)
2. Real estate is the sum of land, buildings, and construction in progress.

(3) Investment Income

(100 Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
Interest, dividends, and other income:	12,046	11,195
Interest on deposits and savings	3	5
Interest on securities and dividends	8,991	7,978
Interest on loans receivable	1,874	1,942
Rental income on real estate	921	1,000
Other income	255	267
Gain from proprietary trading securities	—	—
Gain from assets held in trust, net	—	279
Gain on sales of securities:	3,308	1,854
Gain on sales of domestic bonds including national government bonds	351	170
Gain on sales of domestic stocks and other securities	1,498	1,022
Gain on sales of foreign securities	1,458	662
Other gains	—	—
Gain on redemption of securities	21	12
Gain from derivative financial instruments, net	—	196
Foreign exchange gain, net	—	—
Other investment income	8	11
Total	15,383	13,550

(4) Investment Expenses

(100 Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
Interest expense	28	21
Loss from proprietary trading securities	—	—
Loss from assets held in trust, net	6	—
Loss on sales of securities:	2,530	1,236
Loss on sales of domestic bonds including national government bonds	71	13
Loss on sales of domestic stocks and other securities	186	192
Loss on sales of foreign securities	2,273	1,030
Other losses	—	—
Loss on valuation of securities:	1,402	818
Loss on valuation of domestic bonds including national government bonds	—	—
Loss on valuation of domestic stocks and other securities	1,193	48
Loss on valuation of foreign securities	203	758
Other losses	5	11
Loss on redemption of securities	161	125
Loss from derivative financial instruments, net	271	—
Foreign exchange loss, net	76	128
Provision for allowance for doubtful accounts	—	133
Write-off of loans	0	1
Depreciation of rental real estate and other assets	260	264
Other investment expenses	272	230
Total	5,011	2,960

Note: In addition to the above, a reversal of allowance for doubtful accounts was recorded as an extraordinary gain.
(¥2.2 billion for the fiscal year ended March 31, 2011; no items to report for the fiscal year ended March 31, 2010)

(5) Investment Iindicators

1) Yield on primary assets

(%)

	Year ended, March 31, 2011	Year ended, March 31, 2010
Cash equivalents and call loans	0.10	0.13
Securities repurchased under resale agreements	—	—
Receivables under securities borrowing transactions	0.11	0.12
Monetary receivables purchased	1.59	2.12
Proprietary trading securities	—	—
Assets held in trust	(7.37)	24.88
Investments in securities:	2.34	2.27
Domestic bonds	2.14	2.05
Domestic stocks	2.96	3.96
Foreign securities:	2.47	1.84
Foreign bonds	2.94	2.11
Foreign stocks and other securities	0.87	0.98
Loans receivable:	2.15	2.12
Industrial and consumer loans	1.80	1.75
Real estate:	2.60	3.01
Investment property	4.05	4.65
General account total:	2.23	2.36
Overseas investment	2.43	2.14

Notes: 1. Yields are calculated by dividing investment income less investment expenses by the daily average book value balance.
2. The amount of overseas investment is the sum of assets denominated in foreign currencies and yen.

2) Daily average balance

(100 Million Yen)

	Year ended, March 31, 2011	Year ended, March 31, 2010
Cash equivalents and call loans	3,997	4,737
Securities repurchased under resale agreements	—	—
Receivables under securities borrowing transactions	2,278	1,511
Monetary receivables purchased	11,126	11,659
Proprietary trading securities	—	—
Assets held in trust	82	1,121
Investments in securities:	326,048	307,704
Domestic bonds	173,841	170,847
Domestic stocks	51,254	50,501
Foreign securities:	97,439	83,005
Foreign bonds	75,237	62,841
Foreign stocks and other securities	22,201	20,163
Loans receivable:	86,924	89,481
Industrial and consumer loans	77,000	78,961
Real estate:	17,681	17,570
Investment property	11,176	11,186
General account total:	464,774	449,462
Overseas investment	102,051	87,972

(6) Net Valuation Gains/Losses on Trading Securities

(100 Million Yen)

	As of March 31, 2011		As of March 31, 2010	
	Balance sheet amount	Net valuation gains/losses	Balance sheet amount	Net valuation gains/losses
Trading securities	—	24	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.

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

(100 Million Yen)

	As of March 31, 2011					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	174,154	181,064	6,909	7,197	(287)	168,355	173,705	5,350	5,656	(306)
Held-to-maturity debt securities	165	166	1	1	(0)	195	198	3	3	—
Investments in subsidiaries and affiliates	77	340	263	263	—	621	861	240	240	—
Available-for-sale securities:	159,472	171,443	11,971	18,276	(6,305)	149,696	168,118	18,421	22,079	(3,658)
Domestic bonds	14,471	14,815	344	380	(35)	16,627	16,976	349	355	(5)
Domestic stocks	47,184	59,059	11,875	15,398	(3,522)	47,675	64,395	16,720	19,030	(2,310)
Foreign securities:	89,998	89,913	(85)	2,423	(2,508)	77,579	79,092	1,512	2,606	(1,093)
Foreign bonds	76,899	75,998	(901)	1,388	(2,289)	64,822	65,795	973	1,578	(604)
Foreign stocks and other securities	13,099	13,914	815	1,034	(218)	12,757	13,296	539	1,028	(489)
Other securities	3,247	3,078	(168)	69	(238)	3,141	2,983	(158)	84	(242)
Monetary receivables purchased	341	345	4	4	(0)	973	970	(2)	3	(5)
Negotiable certificates of deposit	4,230	4,229	(0)	0	(0)	3,700	3,699	(0)	0	(0)
Total	333,869	353,015	19,145	25,739	(6,593)	318,868	342,884	24,015	27,979	(3,964)
Domestic bonds	178,048	184,931	6,883	7,194	(311)	173,705	179,317	5,611	5,856	(244)
Domestic stocks	47,184	59,059	11,875	15,398	(3,522)	48,219	65,078	16,858	19,168	(2,310)
Foreign securities:	90,952	91,157	204	2,713	(2,508)	78,577	80,177	1,600	2,719	(1,119)
Foreign bonds	77,776	76,902	(874)	1,415	(2,290)	65,742	66,701	959	1,589	(630)
Foreign stocks and other securities	13,176	14,255	1,079	1,297	(218)	12,834	13,475	640	1,129	(489)
Other securities	3,247	3,078	(168)	69	(238)	3,141	2,983	(158)	84	(242)
Monetary receivables purchased	10,206	10,557	350	363	(12)	11,524	11,627	103	151	(48)
Negotiable certificates of deposit	4,230	4,229	(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 March 31, 2011	As of March 31, 2010
Policy-reserve-matching bonds		—	—
Held-to-maturity debt securities:		—	—
	Unlisted foreign bonds	—	—
	Others	—	—
Investments in subsidiaries and affiliates		1,840	1,808
Available-for-sale securities:		11,801	12,446
	Unlisted domestic stocks (excluding over-the-counter stocks)	2,670	3,185
	Unlisted foreign stocks (excluding over-the-counter stocks)	6,975	7,073
	Unlisted foreign bonds	539	539
	Others	1,616	1,648
Total		13,642	14,254

Note: Of securities without market value, net gains/losses on foreign exchange valuation of assets denominated in foreign currencies were as follows: ¥(50.9 billion) and ¥(31.0 billion) as of March 31, 2011, and March 31, 2010, respectively.

(8) Market Value Information of Assets Held in Trust

(100 Million Yen)

	As of March 31, 2011					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 March 31, 2011		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 March 31, 2011 or March 31, 2010.

<Reference>

- Appraisal value of real estate

(100 Million Yen)

	As of March 31, 2011				
	Balance sheet amount	Market value (appraisal value)	Net unrealized gains/losses 1)	Revaluation 2)	1) + 2)
Land and land lease rights	12,842	12,468	(373)	819	445

	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 sheets.

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

4. Policies in Force by Type of Benefits as of March 31, 2011

		Individual insurance		Individual annuity		Group insurance		Total	
		Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Death protection	General	11,508	1,707,867	—	—	27,032	899,748	38,541	2,607,615
	Disaster	6,195	322,672	271	3,260	3,162	37,878	9,630	363,811
	Others	259	3,192	—	—	78	1,208	338	4,400
Pure endowment		2	50	3,024	183,145	11	155	3,038	183,350
Hospitalization coverage	Disaster	7,777	493	348	15	1,648	18	9,775	526
	Illness	7,746	489	345	15	—	—	8,091	505
	Others	9,479	612	90	3	65	0	9,634	616
Disability coverage		7,342	—	84	—	2,931	—	10,358	—
Surgical coverage		12,079	—	346	—	—	—	12,425	—

	Group annuity		Workers' asset-formation insurance/annuity		Total	
	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Pure endowment	15,464	99,528	221	4,639	15,686	104,167

	Medical care insurance	
	Number of policies (thousands)	Amount (100 million yen)
Hospitalization coverage	899	30

	Disability income insurance	
	Number of policies (thousands)	Amount (100 million yen)
Disability income coverage	96	126

Notes: 1. The number of policies for "Group insurance," "Group annuity," "Workers asset-formation insurance/annuity," "Medical care insurance" (group type), and "Disability income insurance" represents the number of insureds.

2. The amount in "Pure endowment" for "Individual annuity," "Group insurance" (annuity riders), and "Workers' asset-formation annuity" (excluding workers' asset-formation savings annuity) represents the total of (a) annuity resources at the start of the annuities for policies bound prior to the start of the annuity payments, and (b) policy reserves for policies bound after the start of the annuity payments. The amount in "Pure endowment" for "Group annuity," "Workers' asset-formation insurance", and workers' asset-formation savings annuity represents the amount of corresponding policy reserves.

3. The amount in "Hospitalization coverage" represents the amount of daily hospitalization benefits.

4. The amount in "Hospitalization coverage" of medical care insurance represents the amount related to hospitalization from illness.

5. The amount in disability income insurance represents the amount of monthly disability benefit payments.

6. The number of insureds and amount of policies for reinsurance written were 13 thousand people and ¥16.5 billion, respectively.

5. Non-Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2011	As of March 31, 2010
	Amount	Amount
Assets:		
Cash and deposits	644,654	579,855
Cash	872	2,150
Deposits	643,782	577,705
Call loans	119,800	146,100
Receivables under securities borrowing transactions	392,526	151,689
Monetary receivables purchased	1,021,145	1,152,229
Assets held in trust	—	10,670
Investments in securities:	35,674,745	34,949,393
National government bonds	13,360,956	12,490,745
Local government bonds	1,667,879	1,775,404
Corporate bonds	3,228,114	3,573,079
Domestic stocks	6,497,618	7,214,491
Foreign securities	10,452,770	9,421,573
Other securities	467,406	474,099
Loans receivable:	8,743,389	8,770,808
Policy loans	965,794	1,025,658
Industrial and consumer loans	7,777,595	7,745,149
Tangible fixed assets	1,767,242	1,788,915
Land	1,202,499	1,208,797
Buildings	523,417	534,557
Leases	4,652	2,917
Construction in progress	23,014	26,238
Other tangible fixed assets	13,659	16,404
Intangible fixed assets	196,783	185,307
Software	72,718	74,367
Other intangible fixed assets	124,064	110,940
Reinsurance receivables	319	300
Other assets	525,916	524,486
Accounts receivable	184,386	171,633
Prepaid expense	10,079	9,075
Accrued revenue	222,000	217,189
Money on deposit	40,926	42,639
Deposits for futures transactions	5,153	338
Futures transactions margin account	923	—
Financial derivative instruments	29,747	39,251
Suspense	11,165	23,329
Other assets	21,531	21,030
Deferred tax assets	742,040	435,027
Customers' liability for acceptances and guarantees	21,038	14,667
Allowance for doubtful accounts	(23,484)	(24,606)
Total assets	49,826,117	48,684,846

5. Non-Consolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2011	As of March 31, 2010
	Amount	Amount
Liabilities:		
Policy reserves and other reserves:	44,499,795	43,387,241
Reserve for outstanding claims	248,568	222,724
Policy reserves	43,106,896	42,014,375
Reserve for dividends to policyholders	1,144,330	1,150,140
Reinsurance payables	326	326
Other liabilities:	2,224,448	1,748,605
Cash received as collateral under securities lending contracts	1,297,252	1,025,057
Loans payable	41	52
Income taxes payable	102,181	—
Accounts payable	383,514	279,758
Accrued expenses	60,365	56,821
Deferred income	21,538	22,900
Deposits received	101,450	100,744
Guarantee deposits received	91,005	97,222
Futures transactions margin account	2	1,051
Financial derivative instruments	110,847	141,214
Lease obligations	4,974	2,302
Asset retirement obligations	1,802	—
Suspense receipts	13,230	10,288
Other liabilities	36,242	11,192
Accrued bonuses for directors and corporate auditors	57	56
Accrued severance indemnities	440,503	451,091
Accrued retirement benefits for directors and corporate auditors	5,118	5,929
Reserve for point card	4,652	—
Accrued losses from supporting closely related companies	424	453
Reserve for losses on disaster	1,826	—
Reserve for price fluctuations in investments in securities	347,003	398,011
Deferred tax liabilities for land revaluation reserve	171,952	174,013
Acceptances and guarantees	21,038	14,667
Total liabilities	47,717,146	46,180,396

5. Non-Consolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2011	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:	346,435	369,489
Legal reserve for deficiencies	11,193	10,425
Voluntary surplus reserve:	335,242	359,064
Contingency reserve	71,917	71,917
Reserve for assisting social public welfare	190	167
Reserve for condensed booking of fixed assets for tax purposes	31,701	32,140
Other reserves	170	170
Unappropriated surplus	231,264	254,669
Total equity	1,447,086	1,420,140
Net unrealized gains on available-for-sale securities, net of tax	745,036	1,176,023
Deferred gains (losses) on derivatives under hedge accounting	6,832	(602)
Land revaluation differences	(89,985)	(91,111)
Total valuations, conversions and others	661,884	1,084,309
Total net assets	2,108,971	2,504,449
Total liabilities and net assets	49,826,117	48,684,846

Basis of Presenting the Non-Consolidated Balance Sheet as of March 31, 2011

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 on 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 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 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 fiscal year ended March 31, 2011, 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 as follows. There is no effect of this change on the non-consolidated balance sheet as of March 31, 2011 or the non-consolidated statement of income for the fiscal year ended March 31, 2011.

   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 of tangible fixed assets was ¥1,125,580 million as of March 31, 2011.

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 fiscal year ended March 31, 2011.

   As a result, tangible fixed assets and other assets increased by ¥554 million, and ¥1,802 million was recorded as asset retirement obligations.

   Furthermore, operating income decreased by ¥128 million and surplus before income taxes decreased by

¥1,248 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 in which is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one month rate prior to the balance sheet date, 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 borrowers 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 borrowers 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 borrowers 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 statement was ¥2,996 million (including ¥1,961 million of credits secured and/or guaranteed) as of March 31, 2011.

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

10. (1) 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 on the balance sheet date.

(2) Information relating to retirement allowance payments is as follows.

1) Breakdown of retirement benefit obligations as of March 31, 2011:

	Million Yen
	As of March 31, 2011
a. Retirement benefit obligations	¥(709,533)
b. Pension plan assets	¥273,178
c. Accrued retirement benefit costs (a+b)	¥(436,355)
d. Unrecognized actuarial differences	¥19,280
e. Unrecognized prior service cost	¥(23,428)
f. Accrued severance indemnities (c+d+e)	¥(440,503)

2) Basic information for the calculation of accrued severance indemnities is as follows:

a. Periodical allocation method of estimated retirement benefits	Straight-line
b. Discount rate	1.6%
c. Expected rate of return on plan assets	2.5%
d. Method of amortizing actuarial differences	Amortization is made over a certain period (5 years) using the straight-line method within the average remaining years of service of employees one year after the accrual of liabilities.
e. Method of amortizing prior service costs	Amortization is made over a certain period (5 years) using the straight-line method within the average remaining years of service of employees upon accrual of liabilities.

In March 2011, the Company made revisions to the retirement benefit system for in-house employees, etc., such as the expansion of the scope of the defined contribution retirement pension plan and the reduction of the payment period for the retirement pension. As a result of the reduction in retirement benefit obligations accompanying these revisions, a negative figure of ¥23,825 million in unrecognized prior service costs arose. Additionally, the abolishment of part of the retirement benefit system resulted in the recording of ¥2,677 million in losses as extraordinary losses.

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

12. From the fiscal year ended March 31, 2011, 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. In order to prepare for expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of tangible fixed assets, the estimated amount is recorded as a reserve for losses on disaster.

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

16. Accounting treatment for financial leases other than from the transfer of ownership is based on "Accounting Standards of Lease Transactions" (ASBJ Statement No. 13). For financial leases where the Company is the lessee, and 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.

17. Hedge accounting is applied based on the following method.
    1) The Company applies the mark-to-market method of hedge accounting and deferred hedge accounting 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.

18. Consumption taxes and local consumption taxes are accounted for by using the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax 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 March 31, 2011.

19. 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 fiscal year ended March 31, 2011 was ¥230,037 million.

20. Regarding the asset management of general accounts (except separate accounts as provided in Article 118 paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, we built a portfolio geared towards mid- to long-term investment, and formulated an investment plan considering the outlook of the investment environment.
    Based on this, in order to reliably pay insurance claims and benefits in the future, we positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as our core assets, and from the viewpoint of improving profit in the mid- to long-term, we invested in stocks and foreign securities. Also, from the viewpoint of effective asset management, the Company mainly uses derivative transactions for controlling assets investment risks. Specifically, we use interest rate swaps for our interest rate related investments, foreign exchange forward contracts and currency options and swaps for our currency related investments, and hedge accounting is applied with respect to a portion thereof.
    Hedge accounting methodologies include market value hedge accounting and deferred hedge accounting for hedging against foreign currency exchange fluctuation risk for certain foreign currency-denominated bonds, exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge cash flow volatility on certain loans receivable and designated hedge accounting (*"Furiate-shori"*) for foreign exchange contracts and currency swaps for certain foreign currency-denominated assets, etc. Effectiveness of hedging activities is mainly evaluated by ratio analysis to compare market value movements on the hedging instruments and the

hedged items in accordance with the Company's internal risk management policies.
Mainly, securities are exposed to market risk and credit risk, loans are exposed credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of losses incurred when the market value of investment assets declines due to such factors as fluctuations in interest rates, exchange rates or stock prices. Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or disappears due to deterioration of the financial condition of the party to whom credit has been extended. These risks are managed according to rules and regulations regarding asset management risks.
To manage market risk, we have implemented investment limits based on the nature of the assets in order to avoid excessive losses for each investment and lending transaction. In addition, we regularly report on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and have also prepared a system to control risk to acceptable levels when there is a breach of rules. Also, to control market risk in our entire portfolio, we use statistical analysis to rationally calculate market value-at-risk of the portfolio as a whole and conduct appropriate asset allocation within acceptable boundaries of risk.
To manage credit risk, we have built systems for rigorous examinations involving an Assessment Management Unit independent of the departments handling investment and finance activities. We are also striving to build a sound portfolio through the establishment of interest guidelines to ensure the returns we obtain are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.
Moreover, we calculate the magnitude of credit risk as credit value at risk using Monte Carlo simulations. By considering the results of our policy for managing our credit risk portfolio, we have kept risk within an acceptable range.

21. (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 (*2)	Difference
Cash and deposits (negotiable certificates of deposit)	422,995	422,995	—
Available-for-sale securities	422,955	422,955	—
Monetary receivables purchased	1,021,145	1,055,755	34,610
Policy-reserve-matching bonds	986,555	1,021,165	34,610
Available-for-sale securities	34,589	34,589	—
Securities	34,322,587	35,005,427	682,840
Trading securities	1,182,649	1,182,649	—
Held-to-maturity debt securities	16,511	16,648	137
Policy-reserve-matching bonds	16,428,921	17,085,273	656,352
Investments in subsidiaries and affiliates	7,711	34,062	26,351
Available-for-sale securities	16,686,793	16,686,793	—
Loans receivable (*3)	8,730,667	8,964,979	234,311
Policy loans	965,614	965,614	—
Industrial and consumer loans	7,765,053	7,999,365	234,311
Derivative financial instruments (*4)	(81,099)	(81,099)	—
Hedge accounting not applied	102	102	—
Hedge accounting applied	(81,201)	(81,201)	—
Cash received as collateral under securities lending contracts (*5)	(1,297,252)	(1,297,252)	—

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

(*2) For the securities for which impairment losses were recognized in the current fiscal year, the market value is the balance sheet amount after the impairment loss is deducted.

(*3) 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.

(*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in brackets.

(*5) 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 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 balance sheet date. 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 balance sheet date.

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 balance sheet date.

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) 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 March 31, 2011 by holding purpose are ¥184,081 million and ¥1,160,076 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 in the separate accounts are classified as trading securities.

Valuation differences included in the current period income were losses of ¥32,320 million for securities related to separate accounts.

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
Market value exceeds the balance sheet amount	Domestic bonds	14,012	14,188	176
Market value does not exceed the balance sheet amount	Domestic bonds	2,499	2,460	(39)
Total		16,511	16,648	137

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
Market value exceeds the balance sheet amount	Monetary receivables purchased	898,628	934,471	35,842
	Domestic bonds	14,690,166	15,371,394	681,228
	Foreign securities	80,912	83,598	2,685
	Subtotal	15,669,707	16,389,465	719,757
Market value does not exceed the balance sheet amount	Monetary receivables purchased	87,926	86,693	(1,232)
	Domestic bonds	1,651,047	1,623,521	(27,525)
	Foreign securities	6,795	6,758	(36)
	Subtotal	1,745,768	1,716,974	(28,794)
Total		17,415,476	18,106,439	690,962

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
Balance sheet amount exceeds acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	10,000	10,000	0
	Monetary receivables purchased	4,283	4,776	492
	Domestic bonds	1,158,509	1,196,553	38,044
	Domestic stocks	3,147,836	4,687,672	1,539,836
	Foreign securities	4,011,331	4,253,656	242,325
	Other securities	212,419	219,393	6,973
	Subtotal	8,544,381	10,372,053	1,827,671
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	413,000	412,995	(4)
	Monetary receivables purchased	29,843	29,813	(30)
	Domestic bonds	288,593	285,039	(3,553)
	Domestic stocks	1,570,618	1,218,319	(352,299)
	Foreign securities	4,988,547	4,737,693	(250,854)
	Other securities	112,281	88,463	(23,817)
	Subtotal	7,402,885	6,772,326	(630,559)
Total		15,947,266	17,144,379	1,197,112

* The items ¥1,160,076 million whose market value is extremely difficult to determine are not included.

During the current fiscal year, ¥118,932 million of impairment loss has been recognized for items with market value.

Regarding stocks with market value (including foreign stocks), impairment loss is recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the final day of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as those for which the market value falls substantially and the fall in the market value in the month preceding the final day of the fiscal year is substantial, impairment loss is recognized based on the market value on the final day of the fiscal year.

The criteria by which the market value of a stock is judged to have fallen significantly is as follows.

a. A security for which the ratio of the average market value in the month preceding the final day of the fiscal year to the acquisition cost is 50% or less.

b. A security for which the ratio of the average market value in the month preceding the final day of the fiscal year to the acquisition cost is over 50% and 70% or less, and for which the historical market value, the condition of the issuing company and other aspects of the security meet certain requirements.

(5) Scheduled repayment amounts for main monetary claims and liabilities and redemption amounts for securities with maturities are as follows:

(Million Yen)

	1 year or less	Over 1 year, 5 years or less	Over 5 years, 10 years or less	Over 10 years
Cash and deposits (negotiable certificates of deposit)	423,000	—	—	—
Available-for-sale securities	423,000	—	—	—
Monetary receivables purchased	46,156	24,737	40,514	909,141
Policy-reserve-matching bonds	18,156	19,360	39,514	908,304
Available-for-sale securities	28,000	5,377	999	837
Securities	848,760	3,097,062	6,054,484	16,502,070
Held-to-maturity debt securities	2,000	14,500	—	—
Policy-reserve-matching bonds	720,605	1,832,566	3,452,955	10,350,619
Available-for-sale securities	126,154	1,249,995	2,601,528	6,151,450
Loans receivable	1,099,703	3,179,704	2,259,429	1,227,933
Cash received as collateral under securities lending contracts	1,297,252	—	—	—

* Assets such as policy loans, for which a period is not stipulated, are not included.
Also, ¥19,257 million in loans receivable from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is not included.

22. The balance sheet amount for investment and rental properties at the fiscal year end was ¥1,189,763 million, with a market value of ¥1,189,873 million.
The Company owns rental office buildings and commercial facilities the market value of which at fiscal year end is the amount measured based mainly on the Real Estate Appraisal Standards.
The amount corresponding to asset retirement obligations which are included in the balance sheet amounts of investment and rental properties is ¥463 million.

23. (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 ¥42,669 million as of March 31, 2011.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,127 million and ¥35,301 million, respectively, as of March 31, 2011.
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) There were no loans delinquent for over three months as of March 31, 2011.

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 ¥4,240 million as of March 31, 2011.

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 ¥1,035 million and ¥1,961 million, respectively, as of March 31, 2011.

24. Separate accounts as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,311,321 million as of March 31, 2011 and are presented within other assets with a corresponding liability recorded for the same amount.

25. The total amount of credits and debits to subsidiaries as of March 31, 2011 were ¥183,804 million and ¥3,933 million, respectively.

26. Changes in reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2011 were as follows:

	Million Yen
	As of March 31, 2011
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 fiscal year	¥234,228
d. Increase in interest	¥29,228
e. Balance at the end of the current fiscal year (a+b-c+d)	¥1,144,330

27. Assets pledged as collateral by securities, land, and buildings as of March 31, 2011 were ¥1,351,346 million, ¥2,952 million, and ¥293 million, respectively. The total amount of loans covered by the aforementioned assets as of March 31, 2011 was ¥1,301,070 million.
These amounts included ¥1,281,496 million of securities deposited and ¥1,301,029 million of cash received as collateral under the securities lending contracts secured by cash as of March 31, 2011.

28. ¥50,000 million of foundation funds were offered according to Article 60 of Insurance Business Act during the fiscal year ended March 31, 2011.

29. 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 March 31, 2011.

30. The total amount of stocks and investments in subsidiaries was ¥191,792 million as of March 31, 2011.
On March 14, 2011, the Company agreed to acquire 26% of the shares of Reliance Life Insurance Company Limited, which is an affiliate of the Reliance Anil Dhirubhai Ambani Group.

31. 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 fiscal year ended March 31, 2011.

32. The amount of securities loaned for consumption was ¥2,541,150 million as of March 31, 2011.

33. 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 ¥1,173,504 million at market value as of March 31, 2011.

34. The amount of commitments related to loans receivable and loans outstanding was ¥122,666 million as of March 31, 2011.

35. Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, in accordance with Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amount applied to the Company is estimated to be ¥85,971 million as of March 31, 2011.
The contribution amount in the current fiscal year is recorded within operating expenses.

36. (1) Total deferred tax assets were ¥1,306,890 million and total deferred tax liabilities were ¥487,768 million as of March 31, 2011. Among deferred tax assets, the deduction for valuation allowance for deferred tax assets was ¥77,081 million. The major components causing deferred tax assets were policy reserves of ¥858,041 million, accrued severance indemnities of ¥159,043 million, reserve for price fluctuations in investments in securities of ¥125,285 million, and allowance for doubtful accounts of ¥9,908 million. The major component causing deferred tax liabilities was net unrealized gain on securities of ¥441,773 million.
(2) The statutory tax rate was 36.1% for the fiscal year ended March 31, 2011. The main factor in the difference between the statutory tax rate and the effective income tax rate was a decrease of 24.4% due to the amount of reserve for dividends to policyholders.

37. 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 ¥163 million as of March 31, 2011.

38. The amount per Article 30, Paragraph 2 of the Ordinance for the Enforcement of the Insurance Business Act was ¥752,520 million as of March 31, 2011.

6. Non-Consolidated Statements of Income

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
Revenues:	6,646,851	6,594,626
Income from insurance and reinsurance premiums:	4,896,413	4,817,479
Insurance premiums	4,895,562	4,816,612
Reinsurance premiums	851	867
Investment income:	1,538,398	1,555,160
Interest, dividends, and other income	1,204,606	1,119,518
Interest on deposits and savings	314	510
Interest/dividends on securities	899,194	797,883
Interest on loans receivable	187,415	194,283
Rent on real estate	92,155	100,067
Other interest/dividends	25,526	26,773
Gain from assets held in trust, net	—	27,911
Gain on sales of securities	330,845	185,497
Gain from redemption of securities	2,120	1,226
Gain from derivative financial instruments, net	—	19,659
Other investment income	826	1,189
Gain from separate accounts, net	—	200,158
Other revenues	212,039	221,985
Income from annuity riders	12,842	8,308
Income from deferred benefits	178,293	193,839
Other revenues	20,903	19,837

6. Non-Consolidated Statements of Income (Continued)

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
Expenditures:	6,415,755	6,301,112
Insurance claims and other payments:	3,813,023	3,882,981
Death and other claims	1,135,052	1,173,840
Annuity payments	568,489	540,285
Health and other benefits	830,497	863,421
Surrender benefits	1,014,833	1,059,647
Other refunds	262,853	244,455
Reinsurance premiums	1,296	1,330
Provision for policy reserves:	1,147,592	1,166,043
Provision for claim reserves	25,843	630
Provision for policy reserves	1,092,521	1,134,253
Interest on reserve for dividends to policyholders	29,228	31,160
Investment expenses:	535,921	296,078
Interest expense	2,839	2,137
Loss from assets held in trust, net	605	—
Loss on sales of securities	253,082	123,658
Loss on valuation of securities	140,243	81,808
Loss from redemption of securities	16,191	12,580
Loss from derivative financial instruments, net	27,178	—
Foreign exchange loss, net	7,619	12,876
Provision for doubtful accounts	—	13,377
Write-off of loans	0	153
Depreciation of rental real estate and other assets	26,045	26,405
Other investment expenses	27,296	23,079
Loss from separate accounts, net	34,818	—
Operating expenses	573,889	573,633
Other expenditures	345,329	382,374
Deferred benefit payments	237,165	276,138
Tax	34,972	35,562
Depreciation	48,035	44,094
Provision for accrued severance indemnities	9,469	12,142
Other expenditures	15,687	14,436
Operating income	231,096	293,513
Extraordinary gains:	54,852	1,324
Gain on disposal of fixed assets	1,588	1,324
Reversal of reserve for price fluctuations in investments in securities	51,008	—
Reversal of allowance for doubtful accounts	2,256	—
Extraordinary losses:	25,782	40,614
Loss on disposal of fixed assets	6,476	5,057
Impairment losses	11,756	6,650
Provision for reserve for price fluctuations in investments in securities	—	25,998
Loss on reduction entry of real estate	397	332
Contributions for assisting social public welfare	1,477	2,577
Provision for reserve for losses on disaster	1,826	—
Loss on adjustment for changes in accounting standard for asset retirement obligations	1,172	—
Other extraordinary losses	2,677	—
Surplus before income taxes	260,166	254,224
Income tax - current	118,384	1,320
Income tax - deferred	(90,000)	892
Income tax - total	28,383	2,212
Net surplus	231,782	252,011

Notes to the Non-Consolidated Statement of Income for the fiscal year ended March 31, 2011

1. The total revenue and expense from transactions with subsidiaries is ¥5,667 million and ¥32,344 million, respectively for the fiscal year ended March 31, 2011.

2. Gain on sales of securities includes gains on sales of domestic bonds including national government bonds, domestic stocks and foreign securities of ¥35,190 million, ¥149,815 million and ¥145,839 million, respectively, for the fiscal year ended March 31, 2011.

3. Loss on sales of securities includes losses on sales of domestic bonds including national government bonds, domestic stocks and foreign securities of ¥7,148 million, ¥18,628 million and ¥227,306 million, respectively, for the fiscal year ended March 31, 2011.

4. Loss on valuation of securities includes losses on the valuation of domestic stocks and foreign securities of ¥119,372 million and ¥20,335 million, respectively, for the fiscal year ended March 31, 2011.

5. Reversal of the policy reserves for ceded reinsurance used for the calculation of policy reserves was ¥34 million for the fiscal year ended March 31, 2011.

6. 1) Loss from assets held in trust, net, includes valuation gain of ¥2,479 million for the fiscal year ended March 31, 2011.
   2) Loss from derivative financial instruments, net, includes valuation gain of ¥6,503 million for the fiscal year ended March 31, 2011.

7. Benefit cost of accrued severance indemnities for the fiscal year ended March 31, 2011 was analyzed as follows:

	Million Yen
	Year ended March 31, 2011
a. Service cost	¥27,198
b. Interest cost	¥12,326
c. Expected return on plan assets	¥(7,108)
d. Amortization of actuarial differences	¥17,239
e. Amortization of prior service costs	¥(397)
f. Losses from abolishment of part of retirement benefit system	¥2,677
g. Others	¥1,359
h. Net periodic benefit cost (a+b+c+d+e+f+g)	¥53,295

8. 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 fiscal year ended March 31, 2011 are as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased Property	¥935	¥214	¥1,571	¥2,722
Idle Property	¥3,507	—	¥5,526	¥9,033
Total	¥4,443	¥214	¥7,097	¥11,756

4) Calculation method of recoverable amount

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

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

9. Other extraordinary losses are losses from the abolishment of part of the retirement benefit system associated with revisions in the retirement benefit system for in-house employees, etc.

10. Transactions with related parties are as follows:

Subsidiaries:

Type	Subsidiaries
Company Name	Nissay Credit Guarantee Co., Ltd.
Location	Osaka
Capital	¥950 million
Main Business	Debt guarantee services
Percentage of Shareholder Voting Rights	Direct 87.3% Indirect 6.3%
Nature of Relationship between Parties	Debt guarantee, etc. Interlocking directors, etc.
Detail of transaction	Debt guarantees of Nippon Life's loan (*)
Balance as of March 31, 2011	¥536,027 million

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

7. Non-Consolidated Statements of Changes in Net Assets

(Million Yen)

	Year ended March 31, 2011 Amount	Year ended March 31, 2010 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	(1,477)	(2,577)
Net change	23	(1,077)
Ending balance	190	167

7. Non-Consolidated Statements of Changes in Net Assets (Continued)

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	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	231,782	252,011
Additions to reserve for assisting social public welfare	(1,500)	(1,500)
Reversal of reserve for assisting social public welfare	1,477	2,577
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	(1,995)	80
Net change	(23,405)	69,629
Ending balance	231,264	254,669
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	231,782	252,011
Reversal of land revaluation differences	(1,995)	80
Net change	(23,053)	68,969
Ending balance	346,435	369,489

7. Non-Consolidated Statements of Changes in Net Assets (Continued)

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	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	231,782	252,011
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	(1,995)	80
Net change	26,946	168,969
Ending balance	1,447,086	1,420,140
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	(430,986)	916,386
Net change	(430,986)	916,386
Ending balance	745,036	1,176,023
Deferred (losses) gains on derivatives under hedge accounting:		
Beginning balance	(602)	6
Increase/Decrease:		
Net change, excluding foundation funds and others	7,435	(608)
Net change	7,435	(608)
Ending balance	6,832	(602)
Land revaluation differences:		
Beginning balance	(91,111)	(91,006)
Increase/Decrease:		
Net change, excluding foundation funds and others	1,126	(104)
Net change	1,126	(104)
Ending balance	(89,985)	(91,111)
Total valuations, conversions and others:		
Beginning balance	1,084,309	168,636
Increase/Decrease:		
Net change, excluding foundation funds and others	(422,425)	915,672
Net change	(422,425)	915,672
Ending balance	661,884	1,084,309
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	231,782	252,011
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	(1,995)	80
Net change, excluding foundation funds and others	(422,425)	915,672
Net change	(395,478)	1,084,641
Ending balance	2,108,971	2,504,449

8. Details of Operating Income (Ordinary Income)

(Million Yen)

		Year ended March 31, 2011	Year ended March 31, 2010
Ordinary income (Core operating profit) (A)		516,327	505,061
Capital gains:		330,845	233,068
	Gain from proprietary trading securities	—	—
	Gain from assets held in trust, net	—	27,911
	Gain from trading securities	—	—
	Gain on sales of securities	330,845	185,497
	Gain from derivative financial instruments, net	—	19,659
	Foreign exchange gains	—	—
	Other capital gains	—	—
Capital losses:		428,729	218,344
	Loss from proprietary trading securities	—	—
	Loss from assets held in trust, net	605	—
	Loss from trading securities	—	—
	Loss on sales of securities	253,082	123,658
	Loss on valuation of securities	140,243	81,808
	Loss from derivative financial instruments, net	27,178	—
	Foreign exchange losses	7,619	12,876
	Other capital losses	—	—
Net capital gains/losses (B)		(97,883)	14,724
Ordinary income including net capital gains/losses (A+B)		418,443	519,785
Non-recurring gains:		42,690	—
	Gain from reinsurance premiums	—	—
	Reversal of contingency reserves	42,690	—
	Other non-recurring gains	—	—
Non-recurring losses:		230,037	226,271
	Reinsurance premium fees	—	—
	Provision for contingency reserves	—	—
	Provision for individual allowance for doubtful accounts	—	18,147
	Provision of allowance for specific overseas debts	—	—
	Write-off of loans	0	153
	Other non-recurring losses	230,037	207,970
Non-recurring gains/losses (C)		(187,347)	(226,271)
Operating income (A+B+C)		231,096	293,513

<Reference>

[Detail of Other Items]

(Million Yen)

		Year ended March 31, 2011	Year ended March 31, 2010
Other non-recurring losses:		230,037	207,970
	Provision for policy reserves based on Article 69, Paragraph 5 of the Ordinance for Enforcement of Insurance Business Act	230,037	207,970

9. Proposal for Appropriation of Unappropriated Surplus

(Thousands Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
Unappropriated surplus for the current year	231,264,000	254,669,357
Reversal from voluntary surplus reserve:	668,543	1,029,560
Reversal of reserve for condensed booking of fixed assets for tax purposes	668,543	1,029,560
Reversal of reserve for condensed booking of fixed assets for tax purposes to be purchased	—	—
Total	231,932,543	255,698,917
Appropriations:	231,932,543	255,698,917
Reserve for dividends to policyholders	175,513,864	199,189,981
Net surplus:	56,418,678	56,508,935
Additions to legal reserve for deficiencies	696,000	768,000
Additions to reserve for redemption of foundation funds	50,000,000	50,000,000
Interest on foundation funds	3,508,250	3,650,500
Transfer to voluntary surplus reserve:	2,214,428	2,090,435
Reserve for assisting social public welfare	1,500,000	1,500,000
Reserve for condensed booking of fixed assets for tax purposes	714,428	590,435
Reserve for condensed booking of fixed assets for tax purposes to be purchased	—	—
Surplus carried forward	—	—

10. Status of Non-Performing Assets According to Borrower's Classification

(Million Yen, %)

	As of March 31, 2011	As of March 31, 2010
Bankrupt and Quasi-Bankrupt Loans	12,048	12,505
Doubtful Loans	26,383	27,253
Substandard Loans	4,240	2,309
Subtotal	42,671	42,067
(Percent of total, %)	[0.38]	[0.39]
Normal Loans	11,303,865	10,650,996
Total	11,346,537	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

- 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 ¥2,996 million and ¥13,660 million as of March 31, 2011 and March 31, 2010, respectively.

11. Status of Risk-Monitored Loans

(Million Yen, %)

	As of March 31, 2011	As of March 31, 2010
Loans to bankrupt borrowers	3,127	3,222
Delinquent loans	35,301	36,524
Loans that are delinquent for over three months	—	—
Restructured loans	4,240	2,309
Total (Percent of total loans receivable, %)	42,669 [0.49]	42,056 [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 collaterals and guarantees from total loans) is directly deducted from the total loan amount.
The amount of loans to bankrupt borrowers and delinquent loans were ¥1,035 million and ¥1,961 million, respectively, as of March 31, 2011, 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 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).

12. Breakdown of Allowance for Doubtful Accounts

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010	Change
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	10,504	11,481	(976)
(B) Specific allowance for doubtful accounts	12,980	13,124	(144)
(C) Allowance for specific overseas loans	—	—	—
(2) Specific allowance for doubtful accounts			
(A) Provision	15,977	26,785	(10,808)
(B) Reversal	17,257	8,638	8,619
[excluding reversals with write-off]			
(C) Net provision	(1,280)	18,147	(19,427)
(3) Allowance for specific overseas loans			
(A) Number of debtor countries	—	—	—
(B) Amounts of credit	—	—	—
(C) Provision	—	—	—
(D) Reversal	—	—	—
(4) Write-off of loans	0	153	(153)

<Reference>

[Status of Borrower Classification]

(100 Million Yen, %)

	As of March 31, 2011		As of March 31, 2010	
	Money available	Percentage of whole	Money available	Percentage of whole
Loan balances (After direct write-off of category IV)	87,433	100.0	87,708	100.0
Non-categorized	85,732	98.1	86,024	98.1
Category II	1,674	1.9	1,659	1.9
Category III	27	0.0	23	0.0
Category IV	—	—	—	—

Notes: 1. Specific allowances for doubtful accounts of Category III were as follows:
¥2.6 billion and ¥2.2 billion as of March 31, 2011 and March 31, 2010, respectively.
2. The amounts of direct write-offs of Category IV were as follows:
¥2.9 billion and ¥13.6 billion as of March 31, 2011 and March 31, 2010, respectively.

13. Solvency Margin Ratio

(Million Yen)

	As of March 31, 2011	As of March 31, 2010
Solvency margin gross amount (A):	5,722,029	6,232,562
Foundation funds (kikin) and other reserve funds:	2,767,335	2,805,804
Foundation funds	1,268,064	1,217,299
Reserve for price fluctuations in investments in securities	347,003	398,011
Contingency reserve	821,755	864,445
General allowance for doubtful accounts	10,504	11,481
Others	320,007	314,567
Net unrealized gains/losses on available-for-sale securities × 90%	1,066,495	1,654,828
Net unrealized gains/losses on real estate × 85%	37,905	77,950
Excess of continued Zillmerized reserve	1,721,278	1,555,073
Qualifying subordinated debt	—	—
Deduction clause	(430)	(360)
Others	129,446	139,265
Total amount of risk (B): $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	1,184,387	1,238,967
Underwriting risk R_1	144,389	149,961
Underwriting risk of third market insurance R_8	74,042	74,937
Anticipated yield risk R_2	169,671	179,138
Investment risk R_3	956,415	999,788
Business management risk R_4	27,098	28,290
Minimum guarantee risk R_7	10,401	10,677
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	966.2%	1,006.0%

Notes: 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 the calculation of the amount equivalent to minimum guarantee risk.

(Reference)

Policy reserve valuation method and ratio for individual insurance and annuities

	As of March 31, 2011	As of March 31, 2010
Policies subject to the standard policy reserve	Net level premium method	Net level premium method
Policies not subject to the standard policy reserve	Net level premium method	Net level premium method
Ratio (excluding contingency reserve)	100.0%	100.0%

Notes: 1. Individual insurance and annuities are subject to valuation method and ratio. Policy reserves for group insurance and annuities are not included in the above figures due to the absence of an accumulation method.
2. For valuation ratio, policies subject to the standard policy reserve represent the ratio in accordance with the method, which the Prime Minister prescribed, by means of Ordinance No. 48 issued by the Ministry of Finance in 1996.
Policies not subject to the standard policy reserve represent the ratio for the reserve calculated by the net level premium method and unearned premium.

(Reference) Solvency Margin Ratio According to New Standard

(Million Yen)

	As of March 31, 2011
Solvency margin gross amount (A):	5,634,273
Foundation funds (kikin) and other reserve funds:	2,767,335
Foundation funds	1,268,064
Reserve for price fluctuations in investments in securities	347,003
Contingency reserve	821,755
General allowance for doubtful accounts	10,504
Others	320,007
Net unrealized gains/losses on available-for-sale securities × 90%	1,066,495
Net unrealized gains/losses on real estate × 85%	37,905
Excess of continued Zillmerized reserve	1,721,278
Qualifying subordinated debt	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—
Deduction clause	(430)
Others	41,689
Total amount of risk (B): $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	2,129,384
Underwriting risk R_1	144,389
Underwriting risk of third market insurance R_8	74,042
Anticipated yield risk R_2	411,800
Investment risk R_3	1,649,467
Business management risk R_4	45,810
Minimum guarantee risk R_7	10,824
Solvency margin ratio $\dfrac{(A)}{(1/2) \times (B)} \times 100$	529.1%

Notes: 1. In accordance with Cabinet Office Ordinance No. 23 of 2010 and Financial Services Agency Public Notice No. 48 of 2010, part of the calculation standard for the solvency margin gross amount and the total amount of risk has been changed (tightening of margin calculations, tightening and refining of risk measurements, etc.) These changes are applied from the fiscal year ending March 31, 2012. The above table shows figures assuming that the changes were applied to the figures as of March 31, 2011.

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

14. Status of Separate Accounts for the Fiscal Year Ended March 31, 2011

(1) Balance of Separate Account Assets

(Million Yen)

	As of March 31, 2011	As of March 31, 2010
	Amount	Amount
Individual variable insurance	109,588	120,824
Individual variable annuities	156,234	174,792
Group annuities	1,045,498	1,154,136
Separate account total	1,311,321	1,449,753

(2) Status of Separate Account for Individual Variable Insurance

1) Policies in Force

	As of March 31, 2011		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)	2,439	12,755	2,599	13,618
Variable insurance (whole life type)	37,438	584,336	38,140	602,945
Total	39,877	597,092	40,739	616,564

2) Breakdown of Separate Account Assets Year-End Balance (Individual Variable Insurance)

(Million Yen, %)

	As of March 31, 2011		As of March 31, 2010	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	4,009	3.7	5,006	4.1
Investments in securities:	97,467	88.9	105,879	87.6
Domestic bonds	30,664	28.0	30,001	24.8
Domestic stocks	33,452	30.5	40,801	33.8
Foreign securities:	33,349	30.4	35,077	29.0
Foreign bonds	11,891	10.9	13,313	11.0
Foreign stocks and other securities	21,458	19.6	21,763	18.0
Other securities	—	—	—	—
Loans receivable	—	—	—	—
Others	8,111	7.4	9,938	8.2
Allowance for doubtful accounts	—	—	—	—
Total	109,588	100.0	120,824	100.0

3) Investment Income from Separate Account (Individual Variable Insurance)

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
Interest, dividends, and other income	2,022	2,076
Gain on sales of securities	3,327	3,256
Gain on redemption of securities	5	1
Gain on valuation of securities	37	3,607
Foreign exchange gains	—	25
Gain on derivative financial instruments, net	—	394
Other investment income	19	4
Loss on sales of securities	6,613	11,105
Loss from redemption of securities	0	1
Loss on valuation of securities	1,617	(20,888)
Foreign exchange loss	37	—
Loss on derivative financial instruments, net	112	—
Other investment expenses	1	4
Net investment income	(2,971)	19,143

(3) Status of Separate Account for Individual Variable Annuities

1) Policies in Force

	As of March 31, 2011		As of March 31, 2010	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	26,872	156,233	28,376	174,790

2) Breakdown of Separate Account Assets Year-End Balance (Individual Variable Annuities)

(Million Yen, %)

	As of March 31, 2011		As of March 31, 2010	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	—	—	—	—
Investments in securities:	150,920	96.6	168,692	96.5
Domestic bonds	25,673	16.4	26,602	15.2
Domestic stocks	—	—	—	—
Foreign securities:	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	125,246	80.2	142,090	81.3
Loans receivable	—	—	—	—
Others	5,314	3.4	6,099	3.5
Allowance for doubtful accounts	—	—	—	—
Total	156,234	100.0	174,792	100.0

3) Investment Income from Separate Account (Individual Variable Annuities)

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
Interest, dividends, and other income	708	710
Gain on sales of securities	149	96
Gain on redemption of securities	—	—
Gain on valuation of securities	(940)	1,738
Foreign exchange gains	—	—
Gain on derivative financial instruments, net	—	—
Other investment income	0	0
Loss on sales of securities	1,439	1,445
Loss from redemption of securities	—	—
Loss on valuation of securities	2,552	(22,182)
Foreign exchange loss	—	—
Loss on derivative financial instruments, net	—	—
Other investment expenses	0	0
Net investment income	(4,073)	23,282

15. Status of the Company, Subsidiaries and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million yen)

	Year ended March 31, 2011	Year ended March 31, 2010
Revenues	67,296	66,898
Operating income	2,239	2,915
Net surplus	2,253	2,436
Comprehensive income	(2,170)	—

	As of March 31, 2011	As of March 31, 2010
Total assets	499,501	488,503

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

	As of March 31, 2011
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

(i) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and its subsidiaries. Consolidated subsidiaries as of March 31, 2011 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., Nissay Business Service Co., Ltd. and the Tokyo Agency of Nippon Life Insurance 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 fiscal year ended March 31, 2011 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 March 31, 2011 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, Nissay Business Service 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 fiscal year ended March 31, 2011 are immaterial.

The number of consolidated subsidiaries and affiliates as of March 31, 2011 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) The fiscal year end dates of consolidated subsidiaries and affiliates

The fiscal years of consolidated overseas subsidiaries and affiliates end on December 31. The consolidated financial statements are prepared using data as of the date of preparation, and necessary adjustments are made to reflect important transactions that occurred between the fiscal year end date and the preparation date.

(iv) Amortization of goodwill

The total amount of goodwill is fully amortized in the year incurred.

(4) Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2011	As of March 31, 2010
	Amount	Amount
Assets:		
Cash and deposits	688,152	617,836
Call loans	119,800	146,100
Receivables under securities borrowing transactions	392,526	151,689
Monetary receivables purchased	1,021,145	1,152,229
Assets held in trust	—	10,670
Investments in securities	35,617,542	34,919,016
Loans receivable	8,659,163	8,694,487
Tangible fixed assets:	1,787,239	1,808,633
Land	1,203,352	1,209,743
Buildings	532,558	544,400
Leases	4,568	2,813
Construction in progress	23,014	26,238
Other tangible fixed assets	23,746	25,437
Intangible fixed assets:	192,130	181,285
Software	67,849	70,130
Other intangible fixed assets	124,281	111,154
Reinsurance receivables	319	300
Other assets	726,955	742,542
Deferred tax assets	750,557	439,865
Customers' liability for acceptances and guarantees	21,377	15,088
Allowance for doubtful accounts	(26,769)	(29,403)
Total assets	49,950,141	48,850,343

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2011	As of March 31, 2010
	Amount	Amount
Liabilities:		
Policy reserves and other reserves:	44,502,877	43,390,643
Reserve for outstanding claims	250,324	224,766
Policy reserves	43,108,223	42,015,736
Reserve for dividends to policyholders	1,144,330	1,150,140
Reinsurance payables	326	326
Other liabilities	2,364,231	1,904,609
Accrued bonuses for directors and corporate auditors	57	56
Accrued severance indemnities	442,637	453,157
Accrued retirement benefits for directors and corporate auditors	5,215	6,029
Reserve for point card	4,652	—
Accrued losses from supporting closely related companies	424	453
Reserve for losses on disaster	1,826	—
Reserve for price fluctuations in investments in securities	347,003	398,011
Deferred tax liabilities	51	—
Deferred tax liabilities for land revaluation reserve	171,952	174,013
Acceptances and guarantees	21,377	15,088
Total liabilities	47,862,633	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	380,448	409,964
Total equity	1,481,099	1,460,616
Net unrealized gains on available-for-sale securities, net of tax	745,362	1,178,311
Deferred gains (losses) on derivatives under hedge accounting	6,832	(602)
Land revaluation differences	(89,985)	(91,111)
Cumulative translation adjustments	(67,197)	(50,640)
Total accumulated other comprehensive income	595,012	1,035,956
Minority interests	11,395	11,381
Total net assets	2,087,507	2,507,953
Total liabilities and net assets	49,950,141	48,850,343

Basis of Presenting the Consolidated Balance Sheet as of March 31, 2011

1. Securities of the Parent Company (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 on 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 JICPA.
   Note that effective from the fiscal year ended March 31, 2011, 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 as follows. There is no effect of this change on the consolidated balance sheet as of March 31, 2011 or the consolidated statement of income for the fiscal year ended March 31, 2011.
   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 on the straight-line method.
   Tangible fixed assets of consolidated subsidiaries are depreciated based mainly 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 of tangible fixed assets was ¥1,154,920 million as of March 31, 2011.

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 fiscal year ended March 31, 2011.
   As a result, tangible fixed assets and other assets increased by ¥552 million, and ¥1,802 million was recorded as asset retirement obligations within other liabilities.
   Furthermore, operating income decreased by ¥130 million and surplus before income taxes decreased by ¥1,250 million.

6. The “Accounting Standard for Business Combinations (ASBJ Statement No. 21)” and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10)” have been applied from the fiscal year ended March 31, 2011.

7. 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.

8. 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 balance sheet date or the average one month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

9. (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 borrowers 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 borrowers 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 borrowers 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 Parent 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 statement was ¥3,953 million (including ¥2,507 million of credits secured and/or guaranteed) as of March 31, 2011.

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

11. (1) Accrued severance indemnities of the Parent Company 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 on the balance sheet date.

(2) Information relating to retirement allowance payments is as follows.

1) Breakdown of retirement benefit obligations as of March 31, 2011:

	Million Yen
	As of March 31, 2011
a. Retirement benefit obligations	¥(712,494)
b. Pension plan assets	¥273,962
c. Accrued retirement benefit costs (a+b)	¥(438,532)
d. Unrecognized actuarial differences	¥19,324
e. Unrecognized prior service cost	¥(23,428)
f. Accrued severance indemnities (c+d+e)	¥(442,637)

2) Basic information for the calculation of accrued severance indemnities is as follows:

a. Periodical allocation method of estimated retirement benefits	Straight-line
b. Discount rate	1.6%
c. Expected rate of return on plan assets	2.5%
d. Method of amortizing actuarial differences	Amortization is made over a certain period (5 years) using the straight-line method within the average remaining years of service of employees one year after the accrual of liabilities.
e. Method of amortizing prior service costs	Amortization is made over a certain period (5 years) using the straight-line method within the average remaining years of service of employees upon accrual of liabilities.

In March 2011, the Parent Company made revisions to the retirement benefit system for in-house employees, etc., such as the expansion of the scope of the defined contribution retirement pension plan and the reduction of the payment period for the retirement pension. As a result of the reduction in retirement benefit obligations accompanying these revisions, a negative figure of ¥23,825 million in unrecognized prior service costs arose. Additionally, the abolishment of part of the retirement benefit system resulted in the recording of ¥2,677 million in losses as extraordinary losses.

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

13. From the fiscal year ended March 31, 2011, 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.

14. 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.

15. In order to prepare for expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of tangible fixed assets, the estimated amount is recorded as a reserve for losses on disaster.

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

17. Accounting treatment for financial leases other than from the transfer of ownership is based on “Accounting Standards of Lease Transactions” (ASBJ Statement No. 13).
For financial leases where the Company is the lessee, and 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.

For financial leases where the Company is the lessor, and ownership is not transferred, the Parent Company calculates the sales amount and cost of sales at the time of receiving the lease fee.

18. Hedge accounting of the Parent Company is applied based on the following method.
    1) The Parent Company applies the mark-to-market method of hedge accounting and deferred hedge accounting 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 Parent Company's internal risk management policies.

19. 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 March 31, 2011.

20. 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 fiscal year ended March 31, 2011 was ¥230,037 million.

21. Owing to a revision of the Ordinance for Enforcement of the Insurance Business Act, the methods of presentation in the consolidated balance sheet and the consolidated statement of changes in net assets have

been changed from the fiscal year ended March 31, 2011. The main details are as follows.

1) The item that was previously presented as valuations, conversions, and others is presented as accumulated other comprehensive income.
2) The item that was previously presented as total valuations, conversions and others is presented as total accumulated other comprehensive income.

22. Regarding the asset management of the Parent Company's general accounts (except separate accounts as provided in Article 118 paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, we built a portfolio geared towards mid- to long-term investment, and formulated an investment plan considering the outlook of the investment environment.
Based on this, in order to reliably pay insurance claims and benefits in the future, we positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as our core assets, and from the viewpoint of improving profit in the mid- to long-term, we invested in stocks and foreign securities. Also, from the viewpoint of effective asset management, the Parent Company mainly uses derivative transactions for controlling assets investment risks. Specifically, we use interest rate swaps for our interest rate related investments, foreign exchange forward contracts and currency options and swaps for our currency related investments, and hedge accounting is applied with respect to a portion thereof.
Hedge accounting methodologies include market value hedge accounting and deferred hedge accounting for hedging against foreign currency exchange fluctuation risk for certain foreign currency-denominated bonds, exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge cash flow volatility on certain loans receivable and designated hedge accounting (*"Furiate-shori"*) for foreign exchange contracts and currency swaps for certain foreign currency-denominated assets, etc. Effectiveness of hedging activities is mainly evaluated by ratio analysis to compare market value movements on the hedging instruments and the hedged items in accordance with the Company's internal risk management policies.
Mainly, securities are exposed to market risk and credit risk, loans are exposed credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of losses incurred when the market value of investment assets declines due to such factors as fluctuations in interest rates, exchange rates or stock prices. Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or disappears due to deterioration of the financial condition of the party to whom credit has been extended. These risks are managed according to rules and regulations regarding asset management risks.
To manage market risk, we have implemented investment limits based on the nature of the assets in order to avoid excessive losses for each investment and lending transaction. In addition, we regularly report on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and have also prepared a system to control risk to acceptable levels when there is a breach of rules. Also, to control market risk in our entire portfolio, we use statistical analysis to rationally calculate market value-at-risk of the portfolio as a whole and conduct appropriate asset allocation within acceptable boundaries of risk.
To manage credit risk, we have built systems for rigorous examinations involving an Assessment Management Unit independent of the departments handling investment and finance activities. We are also striving to build a sound portfolio through the establishment of interest guidelines to ensure the returns we obtain are

commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group. Moreover, we calculate the magnitude of credit risk as credit value at risk using Monte Carlo simulations. By considering the results of our policy for managing our credit risk portfolio, we have kept risk within an acceptable range.

23. (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 (*2)	Difference
Cash and deposits (negotiable certificates of deposit)	423,495	423,495	—
Available-for-sale securities	423,495	423,495	—
Monetary receivables purchased	1,021,145	1,055,755	34,610
Policy-reserve-matching bonds	986,555	1,021,165	34,610
Available-for-sale securities	34,589	34,589	—
Securities	34,391,805	35,074,900	683,095
Trading securities	1,182,649	1,182,649	—
Held-to-maturity debt securities	43,136	43,529	392
Policy-reserve-matching bonds	16,428,921	17,085,273	656,352
Investments in subsidiaries and affiliates	7,711	34,062	26,351
Available-for-sale securities	16,729,385	16,729,385	—
Loans receivable (*3)	8,645,321	8,877,642	232,320
Policy loans	965,614	965,614	—
Industrial and consumer loans	7,679,707	7,912,027	232,320
Derivative financial instruments (*4)	(81,099)	(81,099)	—
Hedge accounting not applied	102	102	—
Hedge accounting applied	(81,201)	(81,201)	—
Cash received as collateral under securities lending contracts (*5)	(1,297,252)	(1,297,252)	—

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

(*2) For the securities for which impairment losses were recognized in the current fiscal year, the market value is the balance sheet amount after the impairment loss is deducted.

(*3) 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.

(*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in brackets.

(*5) 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 on the balance sheet date. 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 balance sheet date.

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 balance sheet date.

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) 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 March 31, 2011 by holding purpose are ¥57,320 million and ¥1,160,417 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 in the separate accounts are classified as trading securities.

Valuation differences included in the current period income were losses of ¥32,320 million for securities related to separate accounts.

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
Market value exceeds the balance sheet amount	Domestic bonds	29,128	29,418	290
	Foreign securities	7,194	7,356	161
	Subtotal	36,323	36,774	451
Market value does not exceed the balance sheet amount	Domestic bonds	5,033	4,986	(46)
	Foreign securities	1,779	1,767	(12)
	Subtotal	6,813	6,754	(58)
Total		43,136	43,529	392

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
Market value exceeds the balance sheet amount	Monetary receivables purchased	898,628	934,471	35,842
	Domestic bonds	14,690,166	15,371,394	681,228
	Foreign securities	80,912	83,598	2,685
	Subtotal	15,669,707	16,389,465	719,757
Market value does not exceed the balance sheet amount	Monetary receivables purchased	87,926	86,693	(1,232)
	Domestic bonds	1,651,047	1,623,521	(27,525)
	Foreign securities	6,795	6,758	(36)
	Subtotal	1,745,768	1,716,974	(28,794)
Total		17,415,476	18,106,439	690,962

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
Balance sheet amount exceeds acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	10,000	10,000	0
	Monetary receivables purchased	4,283	4,776	492
	Domestic bonds	1,164,003	1,202,049	38,046
	Domestic stocks	3,148,031	4,688,174	1,540,143
	Foreign securities	4,021,520	4,264,626	243,106
	Other securities	214,528	222,442	7,914
	Subtotal	8,562,366	10,392,069	1,829,702
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	413,500	413,495	(4)
	Monetary receivables purchased	29,843	29,813	(30)
	Domestic bonds	289,592	286,039	(3,553)
	Domestic stocks	1,570,642	1,218,335	(352,306)
	Foreign securities	5,007,772	4,756,572	(251,200)
	Other securities	115,617	91,145	(24,472)
	Subtotal	7,426,969	6,795,402	(631,566)
Total		15,989,335	17,187,471	1,198,135

* The items ¥1,160,417 million whose market value is extremely difficult to determine are not included.

During the current fiscal year, ¥118,932 million of impairment loss has been recognized for items with market value.

Regarding stocks with market value (including foreign stocks) of the Parent Company, impairment loss is recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the final day of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as those for which the market value falls substantially and the fall in the market value in the month preceding the final day of the fiscal year is substantial, impairment loss is recognized based on the market value on the final day of the fiscal year.

The criteria by which the market value of a stock is judged to have fallen significantly is as follows.

a. A security for which the ratio of the average market value in the month preceding the final day of the fiscal year to the acquisition cost is 50% or less.

b. A security for which the ratio of the average market value in the month preceding the final day of the fiscal year to the acquisition cost is over 50% and 70% or less, and for which the historical market value, the condition of the issuing company and other aspects of the security meet certain requirements.

(5) Scheduled repayment amounts for main monetary claims and liabilities and redemption amounts for securities with maturities are as follows:

(Million Yen)

	1 year or less	Over 1 year, 5 years or less	Over 5 years, 10 years or less	Over 10 years
Cash and deposits (negotiable certificates of deposit)	423,500	—	—	—
Available-for-sale securities	423,500	—	—	—
Monetary receivables purchased	46,156	24,737	40,514	909,141
Policy-reserve-matching bonds	18,156	19,360	39,514	908,304
Available-for-sale securities	28,000	5,377	999	837
Securities	877,326	3,125,378	6,061,760	16,505,466
Held-to-maturity debt securities	9,313	32,646	829	—
Policy-reserve-matching bonds	720,605	1,832,566	3,452,955	10,350,619
Available-for-sale securities	147,407	1,260,165	2,607,976	6,154,846
Loans receivable	1,081,478	3,122,473	2,246,670	1,226,417
Cash received as collateral under securities lending contracts	1,297,252	—	—	—

* Assets such as policy loans, for which a period is not stipulated, are not included.
Also, ¥25,720 million in loans receivable from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is not included.

24. The balance sheet amount for investment and rental properties at the fiscal year end was ¥1,178,321 million, with a market value of ¥1,211,351 million.
The Parent Company and certain subsidiary companies own rental office buildings and commercial facilities the market value of which at fiscal year end is the amount measured based mainly on the Real Estate Appraisal Standards.
The amount corresponding to asset retirement obligations which are included in the balance sheet amounts of investment and rental properties is ¥461 million.

25. (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 ¥51,078 million as of March 31, 2011.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,138 million and ¥36,640 million, respectively, as of March 31, 2011.
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) There were no loans delinquent for over three months as of March 31, 2011.
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 ¥11,298 million as of March 31, 2011.
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 ¥1,180 million and ¥2,772 million, respectively, as of March 31, 2011.

26. Separate Accounts as provided for in Article 118 paragraph 1 of the Insurance Business Act were ¥1,311,321 million as of March 31, 2011 and are presented within other assets with a corresponding liability recorded for the same amount.

27. Changes in reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2011 were as follows:

	Million Yen
	As of March 31, 2011
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 fiscal year	¥234,228
d. Increase in interest	¥29,228
e. Balance at the end of the current fiscal year (a+b-c+d)	¥1,144,330

28. Assets pledged as collateral by securities, lease, land, and buildings as of March 31, 2011 were ¥1,351,346 million, ¥8,204 million, ¥2,952 million, and ¥293 million, respectively. The total amount of loans covered by the aforementioned assets was ¥1,309,029 million as of March 31, 2011.
These amounts included ¥1,281,496 million of securities deposited and ¥1,301,029 million of cash received as collateral, under the securities lending contracts secured by cash, as of March 31, 2011.

29. ¥50,000 million of foundation funds were offered according to Article 60 of Insurance Business Act during the fiscal year ended March 31, 2011.
In addition, a resolution was made at the meeting of the Board of Directors on May 24, 2011, to make a proposal to the Meeting of Representatives to be held on July 5 to change part of the Articles of Incorporation to allow an offering of ¥100,000 million of foundation funds during the fiscal year ending March 31, 2012.

30. 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.

31. The total amount of stocks and investments in non-consolidated subsidiaries and affiliates was ¥65,031 million as of March 31, 2011.
On March 14, 2011, the Company agreed to acquire 26% of the shares of Reliance Life Insurance Company Limited, which is an affiliate of the Reliance Anil Dhirubhai Ambani Group.

32. 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 fiscal year ended March 31, 2011.

33. The amount of securities loaned for consumption was ¥2,541,150 million as of March 31, 2011.

34. 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 ¥1,173,504 million at market value as of March 31, 2011.

35. The amount of commitments related to loans receivable and loans outstanding was ¥92,666 million as of March 31, 2011.

36. Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, in accordance with Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amount applied to the Parent Company is estimated to be ¥85,971 million as of March 31, 2011.
The contribution amount in the current fiscal year is recorded within operating expenses.

37. (1) Total deferred tax assets were ¥1,317,105 million and total deferred tax liabilities were ¥489,190 million as of March 31, 2011. Among deferred tax assets, the deduction for valuation allowance for deferred tax assets was ¥77,409 million. The major components causing deferred tax assets were policy reserves of ¥858,059 million, accrued severance indemnities of ¥159,970 million, reserve for price fluctuations in investments in securities of ¥125,285 million, and allowance for doubtful accounts of ¥10,995 million. The major component causing deferred tax liabilities was net unrealized gain on securities of ¥442,434 million.

(2) The statutory tax rate was 36.1% for the fiscal year ended March 31, 2011. The main factor in the difference between the statutory tax rate and the effective income tax rate was a decrease of 25.0% due to the amount of reserve for dividends to policyholders.

(5) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
Revenues:	6,729,612	6,689,872
Income from insurance and reinsurance premiums	4,917,047	4,837,897
Investment income:	1,533,957	1,560,274
Interest, dividends, and other income	1,212,295	1,128,229
Gain from assets held in trust, net	—	28,657
Gain on sales of securities	317,957	183,840
Gain from redemption of securities	2,121	1,259
Gain from derivative financial instruments, net	—	16,436
Other investment income	1,582	1,208
Gain from separate accounts, net	—	200,643
Other revenues	278,608	291,700
Expenditures:	6,505,624	6,398,320
Insurance claims and other payments:	3,829,140	3,899,580
Death and other claims	1,135,479	1,174,213
Annuity payments	568,489	540,285
Health and other benefits	845,898	879,253
Surrender benefits	1,014,833	1,059,647
Other refunds	262,853	244,455
Reinsurance premiums	1,586	1,724
Provision for policy reserves:	1,147,569	1,165,881
Provision for claim reserves	25,843	630
Provision for policy reserves	1,092,497	1,134,090
Interest on reserve for dividends to policyholders	29,228	31,160
Investment expenses:	543,734	308,397
Interest expense	3,866	3,268
Loss from assets held in trust, net	605	—
Loss on sales of securities	255,515	124,083
Loss on valuation of securities	140,460	89,270
Loss from redemption of securities	16,547	12,635
Loss from derivative financial instruments, net	29,732	—
Foreign exchange loss, net	7,631	12,879
Provision for doubtful accounts	—	14,779
Write-off of loans	83	267
Depreciation of rental real estate and other assets	25,561	26,001
Other investment expenses	28,910	25,210
Loss from separate accounts, net	34,818	—
Operating expenses	590,727	590,238
Other expenditures	394,453	434,223
Operating income	223,987	291,552

[Consolidated Statements of Income] (Continued)

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
Extraordinary gains:	55,587	1,324
Gain on disposal of fixed assets	1,588	1,324
Gain on negative goodwill	234	—
Reversal of reserve for price fluctuations in investments in securities	51,008	—
Reversal of allowance for doubtful accounts	2,757	—
Extraordinary losses:	25,869	40,627
Loss on disposal of fixed assets	6,558	5,069
Impairment losses	11,756	6,650
Provision for reserve for price fluctuations in investments in securities	—	25,998
Loss on reduction entry of real estate	397	332
Provision for reserve for losses on disaster	1,826	—
Loss on adjustment for changes in accounting standard for asset retirement obligations	1,172	—
Other extraordinary losses	4,158	2,577
Surplus before income taxes	253,705	252,249
Income tax - current	120,726	5,353
Income tax - deferred	(92,893)	2,541
Income tax - total	27,833	7,894
Surplus before minority interests	225,872	—
Minority interests	552	692
Net surplus	225,319	243,663

Notes to the Consolidated Statement of Income for the fiscal year ended March 31, 2011

1. Beginning from the fiscal year ended March 31, 2011, 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. Benefit cost of accrued severance indemnities for the fiscal year ended March 31, 2011 was analyzed as follows:

	Million Yen
	Year ended March 31, 2011
a. Service cost	¥27,246
b. Interest cost	¥12,349
c. Expected return on plan assets	¥(7,115)
d. Amortization of actuarial differences	¥17,242
e. Amortization of prior service costs	¥(397)
f. Losses from abolishment of part of retirement benefit system	¥2,677
g. Others	¥2,019
h. Net periodic benefit cost (a+b+c+d+e+f+g)	¥54,022

3. 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 fiscal year ended March 31, 2011 is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased Property	¥935	¥214	¥1,571	¥2,722
Idle Property	¥3,507	—	¥5,526	¥9,033
Total	¥4,443	¥214	¥7,097	¥11,756

4) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment losses is based on the net realizable value upon sales of the assets or the discounted future cash flows.
The discount rate used in the calculation of future cash flows is in principle 4.0%. Net realizable values are determined based on appraisals performed in accordance with the Real Estate Appraisal Standards or posted land prices.

4. Other extraordinary losses include ¥2,677 million of losses from the abolishment of part of the retirement benefit system of the Parent Company associated with revisions in the retirement benefit system for in-house employees, etc.

[Consolidated Statement of Comprehensive Income]

(Million Yen)

	Year ended March 31, 2011
	Amount
Surplus before minority interests	225,872
Other comprehensive income:	(442,966)
Net unrealized gains on available-for-sale securities, net of tax	(428,958)
Deferred gains (losses) on derivatives under hedge accounting	7,435
Land revaluation differences	(869)
Cumulative translation adjustments	(15,993)
Share of other comprehensive income of associates accounted for under the equity method	(4,580)
Comprehensive income:	(217,094)
Comprehensive income attributable to owners of the Parent Company	(217,619)
Comprehensive income attributable to minority interests	525

Notes: Comprehensive income for the fiscal year immediately before the current fiscal year is as follows:

	Million Yen
	Year ended March 31, 2010
Comprehensive income attributable to owners of the Parent Company	¥1,163,155
Comprehensive income attributable to minority interests	¥899
Total	¥1,164,054

Other comprehensive income for the fiscal year immediately before the current fiscal year is as follows:

	Year ended March 31, 2010
Net unrealized gains on available-for-sale securities, net of tax	¥917,532
Deferred gains (losses) on derivatives under hedge accounting	¥(608)
Land revaluation differences	¥(24)
Cumulative translation adjustments	¥(4,560)
Share of other comprehensive income of associates accounted for under the equity method	¥7,360
Total	¥919,699

(6) Consolidated Statements of Cash Flows

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
I. Cash flows from operating activities:		
Surplus before income taxes	253,705	252,249
Depreciation of rental real estate and other assets	25,561	26,001
Depreciation	49,001	45,477
Impairment losses	11,756	6,650
Net increase in reserve for outstanding claims	25,789	460
Net increase in policy reserves	1,092,652	1,134,209
Interest on reserve for dividends to policyholders	29,228	31,160
Net (decrease) increase in allowance for doubtful accounts	(3,767)	14,108
Net increase (decrease) in accrued bonuses for directors and corporate auditors	1	(14)
Net (decrease) increase in accrued severance indemnities	(10,520)	12,352
Net (decrease) in accrued retirement benefits for directors and corporate auditors	(813)	(94)
Net (decrease) increase in reserve for price fluctuations in investments in securities	(51,008)	25,998
Interest, dividends and other income	(1,212,295)	(1,128,229)
Net loss (gain) from assets held in trust	605	(28,657)
Net losses on investments in securities	92,430	41,218
Net loss of policy loans	216,969	234,322
Loss (gain) on derivative financial instruments, net	29,732	(16,436)
Interest expense	3,866	3,268
Foreign exchange loss	7,465	12,831
Net losses on tangible fixed assets	5,367	4,077
Investment loss (gain) on equity method	38	(1,408)
Loss (gain) from separate accounts, net	34,818	(200,643)
Net (increase) in reinsurance receivables	(18)	(25)
Net decrease in other assets (excluding those related to investing activities and financing activities)	15,101	1,194
Net (decrease) in reinsurance payables	(0)	(14)
Net (decrease) in other liabilities (excluding those related to investing activities and financing activities)	(2,122)	(5,825)
Others, net	10,935	20,017
Subtotal	624,481	484,247
Interest, dividends and other income received	1,209,417	1,123,829
Interest paid	(3,840)	(3,297)
Dividends to policyholders paid	(210,196)	(222,643)
Others, net	1,335	1,769
Income taxes (paid) refund	(8,062)	44,475
Net cash provided by operating activities	1,613,134	1,428,380

(6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
II. Cash flows from investing activities:		
Net (increase) in deposits	(200)	(400)
Net (increase) in receivables under securities borrowing transactions	(240,836)	(151,689)
Purchases of monetary receivables	(34,623)	(19,343)
Proceeds from sales and redemption of monetary receivables purchased	89,481	49,824
Proceeds from decrease in assets held in trust	10,043	132,048
Purchases of securities	(19,093,872)	(11,315,842)
Proceeds from sales and redemption of securities	16,774,520	9,505,934
Investments in loans	(1,500,532)	(1,397,314)
Collections of loans	1,331,800	1,538,025
Net income from the settlement of financial derivative instruments	328,511	146,595
Net increase in cash received as collateral under securities lending contracts	272,194	574,562
Others, net	25,049	(8,903)
Investment management activities total	(2,038,462)	(946,503)
[Operating activities and investment management activities total]	[(425,327)]	[481,877]
Purchases of tangible fixed assets	(43,899)	(184,399)
Proceeds from sales of tangible fixed assets	7,707	3,748
Others, net	(38,649)	(37,465)
Net cash (used in) investing activities	(2,113,303)	(1,164,619)
III. Cash flows from financing activities:		
Proceeds from debt issuance	192,300	149,795
Repayments of debt	(204,508)	(167,064)
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	4,616	13,011
Net cash (used in) provided by financing activities	(11,242)	43,253
IV. Effect of exchange rate changes on cash and cash equivalents	(2,035)	(9,394)
V. Net (decrease) increase in cash and cash equivalents	(513,447)	297,619
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 year	736,931	1,250,378

Basis of Presenting the Consolidated Cash Flows Statement for the fiscal year ended March 31, 2011

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)

	Year ended March 31, 2011	Year ended March 31, 2010
	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	225,319	243,663
Reversal of land revaluation differences	(1,995)	80
Net change	(29,516)	60,620
Ending balance	380,448	409,964
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	225,319	243,663
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	(1,995)	80
Net change	20,483	160,620
Ending balance	1,481,099	1,460,616

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

(Million Yen)

	Year ended March 31, 2011	Year ended March 31, 2010
	Amount	Amount
Accumulated other comprehensive income:		
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	(432,948)	924,617
Net change	(432,948)	924,617
Ending balance	745,362	1,178,311
Deferred (losses) gains on derivatives under hedge accounting:		
Beginning balance	(602)	6
Increase/Decrease:		
Net change, excluding foundation funds and others	7,435	(608)
Net change	7,435	(608)
Ending balance	6,832	(602)
Land revaluation differences:		
Beginning balance	(91,111)	(91,006)
Increase/Decrease:		
Net change, excluding foundation funds and others	1,126	(104)
Net change	1,126	(104)
Ending balance	(89,985)	(91,111)
Cumulative translation adjustments:		
Beginning balance	(50,640)	(46,148)
Increase/Decrease:		
Net change, excluding foundation funds and others	(16,556)	(4,492)
Net change	(16,556)	(4,492)
Ending balance	(67,197)	(50,640)
Total accumulated other comprehensive income:		
Beginning balance	1,035,956	116,544
Increase/Decrease:		
Net change, excluding foundation funds and others	(440,943)	919,411
Net change	(440,943)	919,411
Ending balance	595,012	1,035,956
Minority interests:		
Beginning balance	11,381	10,203
Increase/Decrease:		
Net change, excluding foundation funds and others	13	1,178
Net change	13	1,178
Ending balance	11,395	11,381
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	225,319	243,663
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	(1,995)	80
Net change, excluding foundation funds and others	(440,929)	920,590
Net change	(420,446)	1,081,210
Ending balance	2,087,507	2,507,953

(8) Status of Non-Performing Assets According to Borrower's Classification (Consolidated)

(Million Yen, %)

	As of March 31, 2011	As of March 31, 2010
Bankrupt and Quasi-Bankrupt Loans	12,897	13,513
Doubtful Loans	26,884	28,664
Substandard Loans	11,298	10,534
Subtotal	51,080	52,711
(Percent of total, %)	[0.45]	[0.50]
Normal Loans	11,210,870	10,563,650
Total	11,261,951	10,616,362

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.

(9) Status of Risk-Monitored Loans (Consolidated)

(Million Yen, %)

	As of March 31, 2011	As of March 31, 2010
Loans to bankrupt borrowers	3,138	3,250
Delinquent loans	36,640	38,915
Loans that are delinquent for over three months	—	—
Restructured loans	11,298	10,534
Total	51,078	52,700
(Percent of total loans receivable, %)	[0.59]	[0.61]

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 collaterals and guarantees from total loans) is directly deducted from the total loan amount.
   The amount of loans to bankrupt borrowers and delinquent loans were ¥1,180 million and ¥2,772 million, respectively, as of March 31, 2011; ¥11,008 million and ¥3,723 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 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) Segment Information

For the fiscal year ended March 31, 2011 and the fiscal year ended March 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 and its related information are omitted because there are no other significant segments to report.