May 25, 2012

Financial Results for the Fiscal Year Ended March 31, 2012

Nippon Life Insurance Company (the “Company” or the “Parent Company”; President: Yoshinobu Tsutsui) announces financial results for the fiscal year ended March 31, 2012.

[Contents]

Financial Summary for the Fiscal Year Ended March 31, 2012

Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2012

The financial results of the Nippon Life Insurance Company for the fiscal year ended March 31, 2012 will be submitted to the 65th annual representative policyholders' meeting for resolution on July 3, 2012. Summaries of financial results are as follows.

1. Business Highlights

(1) Amount of Policies in Force and New Policies

- Policies in Force

	As of March 31, 2012				As of March 31, 2011			
	Number of policies		Amount of policies		Number of policies		Amount of policies	
	(thousands)	As a percentage of March 31, 2011 (%)	(100 million yen)	As a percentage of March 31, 2011 (%)	(thousands)	As a percentage of March 31, 2010 (%)	(100 million yen)	As a percentage of March 31, 2010 (%)
Individual insurance	11,339	98.5	1,623,854	95.1	11,510	97.8	1,707,917	94.6
Individual annuities	3,149	104.1	190,470	104.0	3,024	102.9	183,145	102.1
Group insurance	—	—	912,340	101.4	—	—	899,903	101.5
Group annuities	—	—	104,769	105.3	—	—	99,528	103.4

Notes: 1. The amount of individual annuities is the total of (a) annuity resources at the start of annuity payments 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

	Year ended March 31, 2012						Year ended March 31, 2011					
	Number of policies		Amount of policies				Number of policies		Amount of policies			
	(thousands)	As a percentage of March 31, 2011 (%)	(100 million yen)	As a percentage of March 31, 2011 (%)	New policies	Net increase by conversion	(thousands)	As a percentage of March 31, 2010 (%)	(100 million yen)	As a percentage of March 31, 2010 (%)	New policies	Net increase by conversion
Individual insurance	1,037	106.9	67,585	102.7	75,133	(7,547)	970	86.8	65,776	104.8	71,688	(5,912)
Individual annuities	259	123.7	16,407	131.1	16,727	(320)	209	89.7	12,518	94.6	12,824	(306)
Group insurance	—	—	10,721	155.8	10,721		—	—	6,879	121.5	6,879	
Group annuities	—	—	19	133.6	19		—	—	14	49.5	14	

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, 2012		As of March 31, 2011	
		As a percentage of March 31, 2011		As a percentage of March 31, 2010
Individual insurance	23,453	99.8	23,507	98.4
Individual annuities	8,204	103.8	7,900	103.4
Total	31,657	100.8	31,408	99.6
Medical coverages, living benefits, etc.	5,900	100.2	5,891	100.6

- New Policies

(100 Million Yen, %)

	Year ended March 31, 2012		Year ended March 31, 2011	
		As a percentage of March 31, 2011		As a percentage of March 31, 2010
Individual insurance	2,034	115.0	1,768	106.1
Individual annuities	670	121.5	551	67.8
Total	2,704	116.6	2,320	93.6
Medical coverages, living benefits, etc.	364	99.9	365	79.0

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 net increases due to conversions.

(3) Major Profit and Loss Items

(100 Million Yen, %)

	Year ended March 31, 2012		Year ended March 31, 2011	
		As a percentage of March 31, 2011		As a percentage of March 31, 2010
Insurance premiums	53,682	109.6	48,964	101.6
Investment income	14,599	94.9	15,383	98.9
Insurance claims and other payments	38,867	101.9	38,130	98.2
Investment expenses	4,144	77.3	5,359	181.0
Operating income	4,815	208.4	2,310	78.7

(4) Proposal for Appropriation of Unappropriated Surplus

(100 Million Yen, %)

	Year ended March 31, 2012		Year ended March 31, 2011	
		As a percentage of March 31, 2011		As a percentage of March 31, 2010
Current year unappropriated surplus	2,263	97.9	2,312	90.8
Reserve for dividends to policyholders	1,673	95.3	1,755	88.1
Net surplus after deduction	597	105.8	564	99.8

(5) Total Assets

(100 Million Yen, %)

	As of March 31, 2012		As of March 31, 2011	
		As a percentage of March 31, 2011		As a percentage of March 31, 2010
Total assets	510,094	102.4	498,261	102.3

2. Overview of General Accounts Asset Management for the Fiscal Year Ended March 31, 2012

(1) Investment Environment

In the fiscal year ended March 31, 2012, although some aspects of the Japanese economy experienced a slowdown the first half due to the impact of the Great East Japan Earthquake, the economy recovered rapidly after this on the back of progress made in rebuilding supply chains. Up to the end of the year, a decline in exports and other factors caused the economy to decelerate. Towards the end of the fiscal year, however, there was an upturn thanks to the effects of government policies such as eco-car subsidies and demand driven by reconstruction.

- Although there were positive aspects for the Nikkei Stock Average including a recovery to the ¥10,000 level on the back of heightened expectations of a quick recovery from the earthquake, from the summer onwards, such factors as a recurrence of the sovereign debt problem in the eurozone and the ongoing appreciation of the yen caused the market to continue to sag, with the Nikkei Stock Average falling temporarily below the ¥8,500 level. From the turn of the year, the effects of monetary easing in the eurozone and other areas and expectations of a recovery in the US economy caused the Nikkei to rebound substantially, bringing it to the ¥10,083 at the end of March.
- Having started at 1.25%, the yield rate on 10-year government bonds sagged to 1.03% at the end of the first half of the fiscal year, primarily because of the worsening of the sovereign debt problem in the eurozone. Following that, a more hawkish attitude to monetary easing among the Central Banks of Japan, the US and the eurozone helped cause long-term interest rates to trend flatly, and the yield rate was 0.99% at the end of March.
- In the foreign exchange rate of the yen against the US dollar, the yen appreciated to a record high of ¥75 per the US dollar in October against the background of a decline in expectations of recovery in the US economy and the debt problem in the eurozone. Despite this, intervention by the government and the Bank of Japan, in which they bought the US dollars and sold yen, caused a lull in the yen's appreciation. In March, the yen depreciated rapidly against the dollar due to such factors as speculation that Japan's trade deficit would expand and take root and additional monetary easing by the Bank of Japan, reaching ¥82.19 per the US dollar at the end of March.

  Regarding the foreign exchange rate of the yen against the euro, the yen appreciated from the start of the fiscal year to the second half of the fiscal year because of concerns that the deepening of the eurozone debt problem would develop into a financial crisis. Following that, liquidity supply by the ECB* and agreement regarding additional assistance for Greece helped to depreciate the yen against the euro, with the exchange rate reaching ¥109.80 per euro at the end of March.

(2) Investment Policy

The Company's general account assets increased by ¥1,347.9 billion compared to the end of the fiscal year ended March 31, 2011, totaling ¥49,862.7 billion as of March 31, 2012 (2.8% increase compared to the

* ECB: European Central Bank

previous fiscal year-end).

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

- The Company invested in bonds as sound assets that provide stable interest revenue.
- The Company focused on safe and stable prime lendings by accurately assessing credit risks.
- For domestic stocks, the Company implemented replacements of issues while focusing the Company's 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, the Company invested in foreign-currency-denominated bonds based on currency movements. Also, the Company increased its balance of foreign bonds that hedge the risk of exchange rate fluctuations because the difference in domestic and overseas interest rates remained small with a low level of exchange rate hedge cost.

(3) Status of Investment Income/Expense

Investment income decreased to ¥1,441.2 billion (compared to ¥1,538.3 billion in the fiscal year ended March 31, 2011). A contributing factor was a decrease in gain on sales of securities, mainly domestic stocks and foreign securities.

Investment expenses decreased to ¥414.4 billion (compared to ¥501.1 billion in the fiscal year ended March 31, 2011). This was due to factors such as decreases in loss on valuation of securities and loss on sales of foreign securities.

As a result, the Company's asset management income and expense balance decreased by ¥10.4 billion compared to the end of the fiscal year ended March 31, 2011, totaling ¥1,026.8 billion.

(4) Investment Risk Management

Investment risk, which can be categorized into market risk, credit risk, and real estate investment risk, refers to the risk of losses incurred when the market value of assets and liabilities fluctuate. 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, the Company believes it is important to curb excessive losses for each financing and investment transaction, along with controlling market risk for the Company's entire portfolio within acceptable levels.

- Establishing maximum holding ceilings
  To curb excessive losses on financing and investment transactions, the Company has implemented maximum holding ceilings based on the nature of the assets and regularly reports to the Risk Management Committee regarding the status of compliance. The Company has 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 the Company's entire portfolio, the Company uses a statistical analysis method to rationally calculate market value-at-risk of the portfolio as a whole and conducts appropriate asset allocation within a 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. The Company believes 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
  The Company has built systems for rigorous examinations, involving a Credit Dept. independent of the departments handling financing and investment activities. To build a sound portfolio, the Company has established interest guidelines to ensure the returns the Company obtains 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.

- Measuring and managing credit value-at-risk
  The Company calculates credit value-at-risk as a measurement of the magnitude of credit risk across the Company's portfolio as a whole and monitors whether the magnitude of risk stays within an appropriate range.

c. Real estate investment risk management

Real estate investment risk refers to the risk of reduced returns caused by factors such as rent fluctuations as well as losses when real estate values decline due to market deterioration. The Company's 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. The Company has 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 reserves) and investment assets, as well as for adjusting investment periods. The Company analyzes and evaluates 1) liability cash flows, 2) risk of falling short of assumed interest rates, and 3) level of allowed risk for each product, and decides 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. Assets are classified into four categories (Non-categorized, II, III IV).
To ensure the objectivity of the self-assessment process, the Company has 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, 2012, the Company 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 mainly based on actual loan losses in the previous fiscal year.
- Allowance for “On caution” borrowers is provided under the general allowance for doubtful accounts mainly 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, the Company distinguishes between the portion that is not secured by collateral, guarantees, or others and calculates the actual loan loss ratio.
- Regarding the allowance for “Doubtful,” “Quasi-Bankrupt,” and ”Bankrupt” borrowers, the necessary amount, concerning the balance calculated by subtracting estimated collectable amounts based on collateral 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 the total loan amount.

3. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of March 31, 2012		As of March 31, 2011	
	Amount	%	Amount	%
Cash, deposits, and call loans	5,914	1.2	7,053	1.5
Securities repurchased under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	2,119	0.4	3,925	0.8
Monetary receivables purchased	8,830	1.8	10,211	2.1
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	364,808	73.2	344,920	71.1
Domestic bonds	191,269	38.4	178,393	36.8
Domestic stocks	58,369	11.7	62,108	12.8
Foreign securities:	112,688	22.6	101,094	20.8
Foreign bonds	85,902	17.2	77,375	15.9
Foreign stocks and other securities	26,785	5.4	23,718	4.9
Other securities	2,481	0.5	3,324	0.7
Loans receivable:	87,216	17.5	87,433	18.0
Policy loans	8,963	1.8	9,657	2.0
Industrial and consumer loans	78,252	15.7	77,775	16.0
Real estate:	17,270	3.5	17,489	3.6
Investment property	10,833	2.2	11,057	2.3
Deferred tax assets	4,669	0.9	7,420	1.5
Other assets	7,937	1.6	6,927	1.4
Allowance for doubtful accounts	(138)	(0.0)	(234)	(0.0)
Total assets (General account)	498,627	100.0	485,147	100.0
Foreign currency denominated assets	93,621	18.8	84,549	17.4

Notes: 1. The above assets include cash received as collateral under securities lending contracts. Cash collateral received through these transactions is also recorded in liabilities (¥935.5 billion and ¥1,297.2 billion as of March 31, 2012 and March 31, 2011, 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, 2012	Year ended March 31, 2011
Cash, deposits, and call loans	(1,139)	234
Securities repurchased under resale agreements	—	—
Receivables under securities borrowing transactions	(1,805)	2,408
Monetary receivables purchased	(1,380)	(1,310)
Proprietary trading securities	—	—
Assets held in trust	—	(106)
Investments in securities:	19,887	8,632
Domestic bonds	12,876	4,338
Domestic stocks	(3,739)	(6,391)
Foreign securities:	11,594	10,589
Foreign bonds	8,526	10,109
Foreign stocks and other securities	3,067	479
Other securities	(843)	95
Loans receivable:	(217)	(274)
Policy loans	(694)	(598)
Industrial and consumer loans	476	324
Real estate:	(218)	(206)
Investment property	(224)	(174)
Deferred tax assets	(2,751)	3,070
Other assets	1,009	338
Allowance for doubtful accounts	95	11
Total assets (General account)	13,479	12,797
Foreign currency denominated assets	9,072	9,120

Notes: 1. Increases/decreases in cash received as collateral under securities lending contracts are as follows: ¥(361.6 billion) and ¥272.1 billion for the fiscal year ended March 31, 2012 and March 31, 2011, respectively.
2. Real estate is the sum of land, buildings, and construction in progress.

(3) Investment Income

(100 Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest, dividends, and other income:	11,981	12,046
Interest on deposits and savings	2	3
Interest on securities and dividends	9,042	8,991
Interest on loans receivable	1,852	1,874
Rent on real estate	858	921
Other income	224	255
Gain from proprietary trading securities	—	—
Gain from assets held in trust, net	0	—
Gain on sales of securities:	2,339	3,308
Gain on sales of domestic bonds including national government bonds	437	351
Gain on sales of domestic stocks and other securities	684	1,498
Gain on sales of foreign securities	1,217	1,458
Other gains	—	—
Gain on redemption of securities	2	21
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	—	—
Reversal of allowance for doubtful accounts	59	—
Other investment income	29	8
Total	14,412	15,383

Note: Effective from the fiscal year ended March 31, 2012, reversal of allowance for doubtful accounts is included in investment income.
A reversal of allowance for doubtful accounts of ¥2.2 billion was recorded as an extraordinary gain in the fiscal year ended March 31, 2011.

(4) Investment Expenses

(100 Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest expense	26	28
Loss from proprietary trading securities	—	—
Loss from assets held in trust, net	—	6
Loss on sales of securities:	1,540	2,530
Loss on sales of domestic bonds including national government bonds	1	71
Loss on sales of domestic stocks and other securities	349	186
Loss on sales of foreign securities	1,189	2,273
Other losses	0	—
Loss on valuation of securities:	293	1,402
Loss on valuation of domestic bonds including national government bonds	—	—
Loss on valuation of domestic stocks and other securities	262	1,193
Loss on valuation of foreign securities	27	203
Other losses	4	5
Loss on redemption of securities	162	161
Loss on derivative financial instruments, net	1,579	271
Foreign exchange losses, net	62	76
Provision for allowance for doubtful accounts	—	—
Write-off of loans	0	0
Depreciation of rental real estate and other assets	258	260
Other investment expenses	219	272
Total	4,144	5,011

(5) Investment Indicators

1) Yield on primary assets

(%)

	Year ended March 31, 2012	Year ended March 31, 2011
Cash, deposits, and call loans	0.08	0.10
Securities repurchased under resale agreements	—	—
Receivables under securities borrowing transactions	0.10	0.11
Monetary receivables purchased	2.23	1.59
Proprietary trading securities	—	—
Assets held in trust	—	(7.37)
Investments in securities:	2.61	2.34
Domestic bonds	2.21	2.14
Domestic stocks	3.08	2.96
Foreign securities:	3.24	2.47
Foreign bonds	3.23	2.94
Foreign stocks and other securities	3.27	0.87
Loans receivable:	2.12	2.15
Industrial and consumer loans	1.80	1.80
Real estate:	2.30	2.60
Investment property	3.59	4.05
General account total:	2.15	2.23
Overseas investments	3.19	2.43

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

2) Daily average balance

(100 Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Cash, deposits, and call loans	3,894	3,997
Securities repurchased under resale agreements	—	—
Receivables under securities borrowing transactions	2,343	2,278
Monetary receivables purchased	9,487	11,126
Proprietary trading securities	—	—
Assets held in trust	—	82
Investments in securities:	340,646	326,048
Domestic bonds	185,827	173,841
Domestic stocks	49,694	51,254
Foreign securities:	102,099	97,439
Foreign bonds	78,335	75,237
Foreign stocks and other securities	23,764	22,201
Loans receivable:	87,916	86,924
Industrial and consumer loans	78,622	77,000
Real estate:	17,436	17,681
Investment property	11,020	11,176
General account total:	478,441	464,774
Overseas investments	106,040	102,051

(6) Net Valuation Gains/Losses on Trading Securities

(100 Million Yen)

	As of March 31, 2012		As of March 31, 2011	
	Balance sheet amount	Net valuation gains/losses	Balance sheet amount	Net valuation gains/losses
Trading securities	—	—	—	24

Notes: 1. Assets held in trust included in trading securities recorded on the balance sheet 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, 2012					As of March 31, 2011				
	Book value	Market value	Net gains/losses	Gains	Losses	Book value	Market value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	182,286	193,926	11,639	11,891	(251)	174,154	181,064	6,909	7,197	(287)
Held-to-maturity debt securities	145	144	(0)	0	(0)	165	166	1	1	(0)
Investments in subsidiaries and affiliates	77	214	136	136	—	77	340	263	263	—
Available-for-sale securities:	165,586	180,852	15,265	20,679	(5,413)	159,472	171,443	11,971	18,276	(6,305)
Domestic bonds	17,244	17,726	482	559	(77)	14,471	14,815	344	380	(35)
Domestic stocks	46,524	55,969	9,444	13,893	(4,448)	47,184	59,059	11,875	15,398	(3,522)
Foreign securities:	96,247	101,665	5,418	6,151	(733)	89,998	89,913	(85)	2,423	(2,508)
Foreign bonds	80,957	85,080	4,122	4,601	(478)	76,899	75,998	(901)	1,388	(2,289)
Foreign stocks and other securities	15,289	16,585	1,295	1,550	(254)	13,099	13,914	815	1,034	(218)
Other securities	2,296	2,216	(79)	74	(153)	3,247	3,078	(168)	69	(238)
Monetary receivables purchased	763	763	(0)	0	(0)	341	345	4	4	(0)
Negotiable certificates of deposit	2,510	2,509	(0)	—	(0)	4,230	4,229	(0)	0	(0)
Total	348,095	375,137	27,042	32,708	(5,665)	333,869	353,015	19,145	25,739	(6,593)
Domestic bonds	190,787	202,447	11,660	11,981	(321)	178,048	184,931	6,883	7,194	(311)
Domestic stocks	46,524	55,969	9,444	13,893	(4,448)	47,184	59,059	11,875	15,398	(3,522)
Foreign securities:	97,146	102,726	5,580	6,316	(736)	90,952	91,157	204	2,713	(2,508)
Foreign bonds	81,779	85,927	4,147	4,629	(481)	77,776	76,902	(874)	1,415	(2,290)
Foreign stocks and other securities	15,366	16,799	1,432	1,687	(254)	13,176	14,255	1,079	1,297	(218)
Other securities	2,296	2,216	(79)	74	(153)	3,247	3,078	(168)	69	(238)
Monetary receivables purchased	8,830	9,267	436	441	(5)	10,206	10,557	350	363	(12)
Negotiable certificates of deposit	2,510	2,509	(0)	—	(0)	4,230	4,229	(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, 2012	As of March 31, 2011
Policy-reserve-matching bonds		—	—
Held-to-maturity debt securities:		—	—
	Unlisted foreign bonds	—	—
	Others	—	—
Investments in subsidiaries and affiliates		2,479	1,840
Available-for-sale securities:		10,398	11,801
	Unlisted domestic stocks (excluding over-the-counter stocks)	2,022	2,670
	Unlisted foreign stocks (excluding over-the-counter stocks)	6,927	6,975
	Unlisted foreign bonds	—	539
	Others	1,448	1,616
Total		12,877	13,642

Note: Of securities without market value, net (losses) on foreign exchange valuation of assets denominated in foreign currencies were as follows: ¥(47.0 billion) and ¥(50.9 billion) as of March 31, 2012 and March 31, 2011, respectively.

(8) Market Value Information of Assets Held in Trust

(100 Million Yen)

	As of March 31, 2012					As of March 31, 2011				
	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	—	—	—	—	—	—	—	—	—	—

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, 2012		As of March 31, 2011	
	Balance sheet amount	Net valuation gains/losses	Balance sheet amount	Net valuation gains/losses
Assets held in trust for investment	—	—	—	24

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, 2012 or March 31, 2011.

4. Policies in Force by Type of Benefits as of March 31, 2012

		Individual insurance		Individual annuities		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	11,337	1,623,810	—	—	26,775	912,183	38,113	2,535,994
	Disaster	5,812	301,854	263	3,101	3,103	36,173	9,179	341,129
	Others	250	3,081	—	—	77	1,206	328	4,288
Pure endowment		1	43	3,149	190,470	11	156	3,162	190,670
Hospitalization coverage	Disaster	7,501	478	341	15	1,606	17	9,449	510
	Illness	7,476	475	338	15	—	—	7,814	490
	Others	8,680	571	83	3	64	0	8,828	575
Disability coverage		7,012	—	83	—	2,877	—	9,973	—
Surgical coverage		11,572	—	338	—	—	—	11,910	—

	Group annuities		Workers' asset-formation insurance/annuities		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	13,568	104,769	214	4,622	13,782	109,391

	Medical care insurance	
	Number of policies (thousands)	Amount (100 million yen)
Hospitalization coverage	904	31

	Disability income insurance	
	Number of policies (thousands)	Amount (100 million yen)
Disability income coverage	94	131

Notes:
1. The number of policies for "Group insurance," "Group annuities," "Workers asset-formation insurance/annuities," "Medical care insurance" (group type), and "Disability income insurance" represents the number of insureds.
2. The amount in "Pure endowment" for "Individual annuities," "Group insurance" (annuity riders), and "Workers' asset-formation annuities" (excluding workers' asset-formation savings annuities) 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 annuities," "Workers' asset-formation insurance," and workers' asset-formation savings annuities 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 16 thousand people and ¥18.8 billion, respectively.

5. Non-Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2012	As of March 31, 2011
Assets:		
Cash and deposits	422,236	644,654
Cash	562	872
Deposits	421,673	643,782
Call loans	212,300	119,800
Receivables under securities borrowing transactions	211,928	392,526
Monetary receivables purchased	883,070	1,021,145
Investments in securities:	37,522,761	35,674,745
National government bonds	14,668,001	13,360,956
Local government bonds	1,583,685	1,667,879
Corporate bonds	3,218,751	3,228,114
Domestic stocks	6,071,844	6,497,618
Foreign securities	11,608,261	10,452,770
Other securities	372,215	467,406
Loans receivable:	8,721,609	8,743,389
Policy loans	896,347	965,794
Industrial and consumer loans	7,825,262	7,777,595
Tangible fixed assets	1,750,402	1,767,242
Land	1,198,419	1,202,499
Buildings	515,114	523,417
Leases	3,205	4,652
Construction in progress	13,500	23,014
Other tangible fixed assets	20,163	13,659
Intangible fixed assets	200,172	196,783
Software	110,219	72,718
Other intangible fixed assets	89,952	124,064
Reinsurance receivables	222	319
Other assets	604,904	525,916
Accounts receivable	268,391	184,386
Prepaid expense	9,822	10,079
Accrued revenue	220,629	222,000
Money on deposit	39,638	40,926
Deposits for futures transactions	5,182	5,153
Futures transactions valuation margin	25	923
Financial derivative instruments	28,718	29,747
Suspense	13,446	11,165
Other assets	19,049	21,531
Deferred tax assets	466,934	742,040
Customers’ liability for acceptances and guarantees	26,755	21,038
Allowance for doubtful accounts	(13,885)	(23,484)
Total assets	51,009,414	49,826,117

5. Non-Consolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2012	As of March 31, 2011
Liabilities:		
Policy reserves and other reserves:	45,775,051	44,499,795
Reserve for outstanding claims	206,634	248,568
Policy reserves	44,448,079	43,106,896
Reserve for dividends to policyholders	1,120,336	1,144,330
Reinsurance payables	335	326
Other liabilities:	1,790,476	2,224,448
Cash received as collateral under securities lending contracts	935,584	1,297,252
Loans payable	32	41
Income taxes payable	—	102,181
Accounts payable	332,320	383,514
Accrued expenses	62,518	60,365
Deferred income	21,730	21,538
Deposits received	101,190	101,450
Guarantee deposits received	88,442	91,005
Futures transactions valuation margin	42	2
Financial derivative instruments	218,942	110,847
Lease obligations	4,565	4,974
Asset retirement obligations	2,012	1,802
Suspense receipts	12,201	13,230
Other liabilities	10,891	36,242
Accrued bonuses for directors and corporate auditors	53	57
Accrued severance indemnities	437,421	440,503
Accrued retirement benefits for directors and corporate auditors	4,564	5,118
Reserve for point cards	7,238	4,652
Accrued losses from supporting closely related companies	397	424
Reserve for loss on disaster	739	1,826
Reserve for price fluctuations in investments in securities	333,710	347,003
Deferred tax liabilities for land revaluation	142,498	171,952
Acceptances and guarantees	26,755	21,038
Total liabilities	48,519,242	47,717,146

5. Non-Consolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2012	As of March 31, 2011
Net assets:		
Foundation funds	300,000	250,000
Reserve for redemption of foundation funds	900,000	850,000
Reserve for revaluation	651	651
Surplus:	342,281	346,435
Legal reserve for deficiencies	11,889	11,193
Voluntary surplus reserves:	330,392	335,242
Contingency reserves	71,917	71,917
Reserve for assisting social public welfare	213	190
Reserve for condensed booking of fixed assets for tax purposes	31,746	31,701
Other reserves	170	170
Unappropriated surplus	226,344	231,264
Total equity	1,542,932	1,447,086
Net unrealized gains on available-for-sale securities, net of tax	1,021,724	745,036
Deferred (losses) gains on derivatives under hedge accounting	(6,969)	6,832
Land revaluation differences	(67,515)	(89,985)
Total valuations, conversions, and others	947,239	661,884
Total net assets	2,490,171	2,108,971
Total liabilities and net assets	51,009,414	49,826,117

Basis of Presenting the Non-Consolidated Balance Sheet as of March 31, 2012

1. Securities (including items such as deposits and monetary receivables purchased treated as securities based on the "Accounting Standards for Financial Instruments" (ASBJ* Statement No. 10) and securities within assets held in trust) 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, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the 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 of which the market value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for 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). The others 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.

---

* ASBJ: The Accounting Standards Board of Japan

** JICPA: Japanese Institute of Certified Public Accountants

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.

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 ¥1,141,335 million as of March 31, 2012.

5. 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 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 Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

6. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).
   Foreign currency-denominated available-for-sale securities of the Company, 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.

7. (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 at 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 Dept. 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 estimated uncollectible amount was ¥1,754 million (including ¥1,114 million of credits secured and/or guaranteed) as of March 31, 2012.

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

9. (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 to 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, 2012:

	Million Yen
	As of March 31, 2012
a. Retirement benefit obligations	¥(695,766)
b. Pension plan assets	¥267,708
c. Accrued retirement benefit costs (a+b)	¥(428,058)
d. Unrecognized actuarial differences	¥9,300
e. Unrecognized prior service cost	¥(18,663)
f. Accrued severance indemnities (c+d+e)	¥(437,421)

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

a. Periodic allocation method of estimated retirement benefits	Straight-line
b. Discount rate	1.6%
c. Expected rate of return on plan assets	1.6%
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.

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

11. Reserve for point cards is recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

12. 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 closely related companies.

13. Reserve for loss on disaster is recognized based on the amount that is estimated to be required in order to prepare for expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of

tangible fixed assets.

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

15. Accounting treatment for financial leases other than from the transfer of ownership is based on the "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.

16. Hedge accounting is applied based on the following method:
    1) The Company mainly 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 exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge cash flow volatility of certain loans receivable, and applies designated hedge accounting (*"Furiate-shori"*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies.

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

17. Consumption taxes and local consumption taxes are accounted for by using the tax exclusion method. However, consumption taxes paid on certain 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, 2012.

18. Policy reserves are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized by performing a calculation based on the following methodology:
    1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).
    2) Reserves for other contracts are computed based on the net level premium method.

    In accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, policy reserves include those that are reserved for a portion of the individual annuity policyholders.

19. The "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24), the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24) ,

and the "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Accounting Practice Committee Statement No. 14), which was amended to respond to the Accounting Standard and the Guidance, have been applied from the fiscal year ended March 31, 2012.
Owing to the resulting revisions to the Ordinance for Enforcement of the Insurance Business Act, the following changes were made.
Reversal of allowance for doubtful accounts, which had previously been presented under extraordinary gains on the non-consolidated statement of income, was included in investment income.
Operating income increased by ¥5,964 million but there was no impact on net surplus.

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, the Company 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, the Company positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets, and from the viewpoint of improving profit in the mid- to long-term, the Company invested in stocks and foreign securities. Also, from the viewpoint of effective asset management, the Company mainly uses derivative transactions for controlling asset investment risks. Specifically, the Company uses interest rate swaps for the Company's interest rate related investments, foreign exchange forward contracts and currency options and swaps for the Company's currency related investments, and hedge accounting is applied with respect to a portion thereof.
The Company mainly 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 exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge cash flow volatility of certain loans receivable, and applies designated hedge accounting (*"Furiate-shori"*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. 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.
Securities are mainly exposed to market risk and credit risk, loans are exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of losses 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 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, the Company has implemented investment limits based on the nature of the assets in order to avoid excessive losses for financing and investment transactions. In addition, the Company regularly reports on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and has also prepared a system to control risk to acceptable levels when there is a breach of rules.

Also, to control market risk in the Company's portfolio, the Company uses a statistical analysis method to rationally calculate the market value-at-risk of the portfolio as a whole and conducts appropriate asset allocation within acceptable boundaries of risk.

To manage credit risk, the Company has built systems for rigorous examinations involving an Assessment Management Department independent of the departments handling investment and finance activities. The Company is also striving to build a sound portfolio through the establishment of interest guidelines to ensure the returns the Company obtains 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. In addition, the Company calculates credit value-at-risk as a measurement of the magnitude of credit risk across the Company's portfolio as a whole, and monitor whether the magnitude of risk stays within an appropriate 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)	250,997	250,997	—
Available-for-sale securities	250,997	250,997	—
Monetary receivables purchased	883,070	926,722	43,652
Policy-reserve-matching bonds	806,689	850,341	43,652
Available-for-sale securities	76,381	76,381	—
Securities	36,243,953	37,377,929	1,133,975
Trading securities	1,041,876	1,041,876	—
Held-to-maturity debt securities	14,500	14,479	(21)
Policy-reserve-matching bonds	17,421,958	18,542,260	1,120,301
Investments in subsidiaries and affiliates	7,711	21,406	13,695
Available-for-sale securities	17,757,906	17,757,906	—
Loans receivable (*3)	8,710,573	8,976,875	266,301
Policy loans	896,161	896,161	—
Industrial and consumer loans	7,814,412	8,080,713	266,301
Derivative financial instruments (*4)	[190,224]	[190,224]	—
Hedge accounting not applied	[81,081]	[81,081]	—
Hedge accounting applied	[109,143]	[109,143]	—
Cash received as collateral under securities lending contracts (*5)	[935,584]	[935,584]	—

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

(*2) For securities for which impairment losses were recognized in the fiscal year ended March 31, 2012, the market value is the balance sheet amount after the impairment losses are deducted.

(*3) The market values of derivative financial instruments that are 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 the "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 rates (TTM) and discount rates obtained from brokers.

c. Market value of interest rate swaps and currency swaps is measured based on theoretical present values 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, 2012 by holding purpose are ¥247,911 million and ¥1,030,896 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 ¥11,977 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	12,000	12,061	61
Market value does not exceed the balance sheet amount	Domestic bonds	2,499	2,417	(82)
Total		14,500	14,479	(21)

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	748,842	792,984	44,141
	Domestic bonds	17,108,566	18,250,757	1,142,191
	Foreign securities	68,973	71,780	2,806
	Subtotal	17,926,383	19,115,522	1,189,139
Market value does not exceed the balance sheet amount	Monetary receivables purchased	57,846	57,357	(488)
	Domestic bonds	231,192	206,831	(24,360)
	Foreign securities	13,226	12,890	(336)
	Subtotal	302,265	277,079	(25,185)
Total		18,228,648	19,392,601	1,163,953

4) Available-for-sale securities

Acquisition cost or amortized cost, 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	Monetary receivables purchased	2,855	2,860	4
	Domestic bonds	1,669,385	1,725,313	55,928
	Domestic stocks	2,656,297	4,045,678	1,389,380
	Foreign securities	7,936,643	8,551,825	615,182
	Other securities	170,767	178,190	7,423
	Subtotal	12,435,950	14,503,868	2,067,918
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	251,000	250,997	(2)
	Monetary receivables purchased	73,540	73,521	(19)
	Domestic bonds	55,089	47,378	(7,711)
	Domestic stocks	1,996,138	1,551,249	(444,889)
	Foreign securities	1,688,081	1,614,767	(73,314)
	Other securities	58,887	43,503	(15,383)
	Subtotal	4,122,738	3,581,417	(541,320)
Total		16,558,688	18,085,285	1,526,597

* Items totaling ¥1,030,896 million whose market value is extremely difficult to determine are not included.

During the fiscal year ended March 31, 2012, ¥25,760 million in impairment losses was recognized for items with market value.

Regarding stocks (including foreign stocks) with market value, impairment losses are recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the balance sheet date, 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 balance sheet date is substantial, impairment losses are recognized based on the market value on the balance sheet date. 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 the 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)	251,000	—	—	—
Available-for-sale securities	251,000	—	—	—
Monetary receivables purchased	80,750	11,467	58,414	731,377
Policy-reserve-matching bonds	5,865	11,467	57,576	730,675
Available-for-sale securities	74,885	—	837	701
Securities	466,975	4,359,385	4,855,700	18,529,429
Held-to-maturity debt securities	14,500	—	—	—
Policy-reserve-matching bonds	317,551	2,834,695	1,824,754	12,328,463
Available-for-sale securities	134,923	1,524,689	3,030,946	6,200,965
Loans receivable	1,035,181	3,030,024	2,273,655	1,476,838
Cash received as collateral under securities lending contracts	935,584	—	—	—

* Assets such as policy loans, for which a period is not stipulated, are not included.

Also, ¥9,054 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 ¥1,164,127 million, with a market value of ¥1,147,794 million.

The Company owns rental office buildings and commercial facilities, the market value of which at the 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 ¥512 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 ¥42,589 million as of March 31, 2012.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,018million and ¥33,532 million, respectively, as of March 31, 2012.
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 overdue for a significant period of time 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, 2012.
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 ¥6,038 million as of March 31, 2012.
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) Direct write-offs of loans receivable decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥752 million and ¥1,001 million, respectively, as of March 31, 2012.

24. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,146,686 million as of March 31, 2012 and are presented with a corresponding liability recorded for the same amount.

25. The total amount of credits and debits to subsidiaries as of March 31, 2012 were ¥167,125 million and ¥3,381 million, respectively.

26. Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2012 were as follows:

	Million Yen
	As of March 31, 2012
a. Balance at the beginning of the current fiscal year	¥1,144,330
b. Transfer to reserve from surplus in the previous fiscal year	¥175,513
c. Dividends to policyholders paid out in the current fiscal year	¥226,595
d. Increase in interest	¥27,087
e. Balance at the end of the current fiscal year (a+b-c+d)	¥1,120,336

27. Assets pledged as collateral by securities, land, and buildings as of March 31, 2012 were ¥1,260,121 million, ¥2,952 million, and ¥274 million, respectively. The total amount of loans covered by the aforementioned assets as of March 31, 2012 was ¥946,508 million.
These amounts included ¥1,083,818 million of securities deposited and ¥946,476 million of cash received as collateral under the securities lending contracts secured by cash as of March 31, 2012.

28. ¥100,000 million of foundation funds were offered according to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2012.

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, 2012.

30. The total amount of stocks and investments in subsidiaries was ¥255,622 million as of March 31, 2012.
On March 22, 2012, the Company reached an agreement with Reliance Capital Limited, which is the parent company of Reliance Capital Asset Management Limited, an affiliate of the Reliance Group, on the Company's acquisition of 26% of the shares of Reliance Capital Asset Management Limited.

31. The amount of securities lent under lending agreements was ¥2,816,579 million as of March 31, 2012.

32. Assets that can be sold or re-secured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥709,179 million at market value as of March 31, 2012.

33. The amount of commitments related to loans receivable and loans outstanding was ¥137,032 million as of March 31, 2012.

34. Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amount applied to the Company is estimated to be ¥84,947 million as of March 31, 2012.
The amount contributed to the said corporation is recorded within operating expenses.

35. (1) Total deferred tax assets were ¥1,082,260 million and total deferred tax liabilities were ¥533,903 million as of March 31, 2012. Among deferred tax assets, the deduction for the valuation allowance was ¥81,422 million. The major components causing deferred tax assets were policy reserves of ¥712,374 million, accrued severance indemnities of ¥136,388 million, reserve for price fluctuations in investments in securities of ¥106,193 million, and allowance for doubtful accounts of ¥5,386 million. The major component causing deferred tax liabilities was net unrealized gains on available-for-sale securities of ¥494,409 million.

(2) The statutory tax rate was 36.1% for the fiscal year ended March 31, 2012. The main factors in the difference between the statutory tax rate and the effective income tax rate were a decrease of 12.8% due to the amount of reserve for dividends to policyholders and an impact of 31.3% from a change in the tax rate.

(3) In line with the promulgation of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117 of 2011), the statutory tax rate applied to measure deferred tax assets and liabilities was changed from 36.1%. For items that are expected to be collected or paid during the period from April 1, 2012 to March 31, 2015, the rate was changed to 33.2%, and for items that are expected to be collected or paid on or after April 1, 2015, the rate was changed to 30.7%.
As a result of this change, as of March 31, 2012, deferred tax assets and deferred tax liabilities for land revaluation decreased by ¥61,157 million and ¥25,001 million, respectively, net unrealized gains on available-for-sale securities and land revaluation differences increased by ¥87,305 million and ¥25,001 million, respectively, and income tax - deferred increased by ¥147,915 million.

36. The amount of policy reserves provided for the portion of reinsurance (hereafter referred to as "policy reserves for ceded reinsurance") as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act was ¥164 million as of March 31, 2012.

37. The amount per Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act was ¥1,015,406 million as of March 31, 2012.

6. Non-Consolidated Statements of Income

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Revenues:	7,074,986	6,646,851
Revenues from insurance and reinsurance premiums:	5,368,272	4,896,413
Insurance premiums	5,367,387	4,895,562
Reinsurance premiums	885	851
Investment income:	1,459,929	1,538,398
Interest, dividends, and other income	1,198,148	1,204,606
Interest on deposits and savings	285	314
Interest on securities and dividends	904,267	899,194
Interest on loans receivable	185,293	187,415
Rent on real estate	85,868	92,155
Other income	22,434	25,526
Gain from assets held in trust, net	16	—
Gain on sales of securities	233,923	330,845
Gain on redemption of securities	239	2,120
Reversal of allowance for doubtful accounts	5,964	—
Other investment income	2,995	826
Gain from separate accounts, net	18,640	—
Other revenues	246,785	212,039
Income from annuity riders	10,328	12,842
Income from deferred benefits	171,335	178,293
Reversal of policy reserves for outstanding claims	41,933	—
Other revenues	23,187	20,903

6. Non-Consolidated Statements of Income (Continued)

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Expenditures:	6,593,418	6,415,755
Insurance claims and other payments:	3,886,720	3,813,023
Death and other claims	1,167,385	1,135,052
Annuity payments	649,373	568,489
Health and other benefits	804,484	830,497
Surrender benefits	1,011,204	1,014,833
Other refunds	252,933	262,853
Reinsurance premiums	1,337	1,296
Provision for policy reserves:	1,368,270	1,147,592
Provision for claim reserves	—	25,843
Provision for policy reserves	1,341,183	1,092,521
Interest on reserve for dividends to policyholders	27,087	29,228
Investment expenses:	414,459	535,921
Interest expense	2,658	2,839
Loss from assets held in trust, net	—	605
Loss on sales of securities	154,062	253,082
Loss on valuation of securities	29,364	140,243
Loss on redemption of securities	16,265	16,191
Loss on derivative financial instruments, net	157,980	27,178
Foreign exchange losses, net	6,282	7,619
Write-off of loans	3	0
Depreciation of rental real estate and other assets	25,848	26,045
Other investment expenses	21,993	27,296
Loss from separate accounts, net	—	34,818
Operating expenses	572,065	573,889
Other expenditures	351,902	345,329
Deferred benefit payments	248,424	237,165
Tax	37,392	34,972
Depreciation	50,511	48,035
Provision for accrued severance indemnities	—	9,469
Other expenditures	15,573	15,687
Operating income	481,568	231,096
Extraordinary gains:	13,700	54,852
Gain on disposal of fixed assets	72	1,588
Reversal of reserve for price fluctuations in investments in securities	13,293	51,008
Reversal of allowance for doubtful accounts	—	2,256
Reversal of reserve for loss on disaster	335	—
Extraordinary losses:	22,449	25,782
Loss on disposal of fixed assets	7,013	6,476
Impairment losses	13,900	11,756
Loss on reduction entry of real estate	57	397
Contributions for assisting social public welfare	1,477	1,477
Provision for reserve for loss 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	472,819	260,166
Income tax - current	28,821	118,384
Income tax - deferred	222,112	(90,000)
Income tax - total	250,933	28,383
Net surplus	221,886	231,782

Notes to the Non-Consolidated Statement of Income for the fiscal year ended March 31, 2012

1. The total revenue and expense from transactions with subsidiaries is ¥8,309 million and ¥32,275 million, respectively, for the fiscal year ended March 31, 2012.

2. Gain on sales of securities includes gains on sales of domestic bonds including national government bonds, domestic stocks, and foreign securities of ¥43,709 million, ¥68,433 million, and ¥121,780 million, respectively, for the fiscal year ended March 31, 2012.

3. Loss on sales of securities includes losses on sales of domestic bonds including national government bonds, domestic stocks, and foreign securities of ¥138 million, ¥34,992 million, and ¥118,926 million, respectively, for the fiscal year ended March 31, 2012.

4. Loss on valuation of securities includes losses on the valuation of domestic stocks and foreign securities of ¥26,206 million and ¥2,702 million, respectively, for the fiscal year ended March 31, 2012.

5. Deduction of provision for policy reserves for ceded reinsurance used for the calculation of policy reserves was ¥1 million for the fiscal year ended March 31, 2012.

6. Loss on derivative financial instruments, net, includes a valuation loss of ¥84,089 million for the fiscal year ended March 31, 2012.

7. Benefit cost of accrued severance indemnities for the fiscal year ended March 31, 2012 was analyzed as follows:

	Million Yen
	Year ended March 31, 2012
a. Service cost	¥25,812
b. Interest cost	¥11,352
c. Expected return on plan assets	¥(4,370)
d. Amortization of actuarial differences	¥8,472
e. Amortization of prior service costs	¥(4,765)
f. Others	¥2,403
g. Net periodic benefit cost (a+b+c+d+e+f)	¥38,905

8. Impairment losses 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 in 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, 2012 is as follows:

	Million Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥6,619	¥26	¥4,472	¥11,119
Idle property	¥2,464	—	¥317	¥2,781
Total	¥9,084	¥26	¥4,789	¥13,900

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.

9. 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 the Company's loans (*)
Balance as of March 31, 2012	¥513,616 million

(*) Credit guarantees of the loans held by the Company 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, 2012	Year ended March 31, 2011
Foundation funds and others:		
Foundation funds:		
Beginning balance	250,000	250,000
Increase/Decrease:		
Issuance of foundation funds	100,000	50,000
Redemption of foundation funds	(50,000)	(50,000)
Net change	50,000	—
Ending balance	300,000	250,000
Reserve for redemption of foundation funds:		
Beginning balance	850,000	800,000
Increase/Decrease:		
Additions to reserve for redemption of foundation funds	50,000	50,000
Net change	50,000	50,000
Ending balance	900,000	850,000
Reserve for revaluation:		
Beginning balance	651	651
Increase/Decrease		
Net change	—	—
Ending balance	651	651
Surplus:		
Legal reserve for deficiencies:		
Beginning balance	11,193	10,425
Increase/Decrease:		
Additions to legal reserve for deficiencies	696	768
Net change	696	768
Ending balance	11,889	11,193
Voluntary surplus reserves:		
Contingency reserves:		
Beginning balance	71,917	71,917
Increase/Decrease		
Net change	—	—
Ending balance	71,917	71,917
Reserve for assisting social public welfare:		
Beginning balance	190	167
Increase/Decrease:		
Additions to reserve for assisting social public welfare	1,500	1,500
Reversal of reserve for assisting social public welfare	(1,477)	(1,477)
Net change	23	23
Ending balance	213	190

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

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Reserve for condensed booking of fixed assets for tax purposes:		
Beginning balance	31,701	32,140
Increase/Decrease:		
Additions to reserve for condensed booking of fixed assets for tax purposes	714	590
Reversal of reserve for condensed booking of fixed assets for tax purposes	(668)	(1,029)
Net change	45	(439)
Ending balance	31,746	31,701
Other reserves:		
Beginning balance	170	170
Increase/Decrease		
Net change	—	—
Ending balance	170	170
Unappropriated surplus:		
Beginning balance	231,264	254,669
Increase/Decrease:		
Additions to reserve for dividends to policyholders	(175,513)	(199,189)
Additions to legal reserve for deficiencies	(696)	(768)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,508)	(3,650)
Net surplus	221,886	231,782
Additions to reserve for assisting social public welfare	(1,500)	(1,500)
Reversal of reserve for assisting social public welfare	1,477	1,477
Additions to reserve for condensed booking of fixed assets for tax purposes	(714)	(590)
Reversal of reserve for condensed booking of fixed assets for tax purposes	668	1,029
Reversal of land revaluation differences	2,981	(1,995)
Net change	(4,919)	(23,405)
Ending balance	226,344	231,264
Total surplus:		
Beginning balance	346,435	369,489
Increase/Decrease:		
Additions to reserve for dividends to policyholders	(175,513)	(199,189)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,508)	(3,650)
Net surplus	221,886	231,782
Reversal of land revaluation differences	2,981	(1,995)
Net change	(4,154)	(23,053)
Ending balance	342,281	346,435

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

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Total foundation funds and others:		
Beginning balance	1,447,086	1,420,140
Increase/Decrease:		
Issuance of foundation funds	100,000	50,000
Additions to reserve for dividends to policyholders	(175,513)	(199,189)
Interest on foundation funds	(3,508)	(3,650)
Net surplus	221,886	231,782
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	2,981	(1,995)
Net change	95,845	26,946
Ending balance	1,542,932	1,447,086
Valuations, conversions, and others:		
Net unrealized gains on available-for-sale securities, net of tax:		
Beginning balance	745,036	1,176,023
Increase/Decrease:		
Net change, excluding foundation funds and others	276,688	(430,986)
Net change	276,688	(430,986)
Ending balance	1,021,724	745,036
Deferred gains (losses) on derivatives under hedge accounting:		
Beginning balance	6,832	(602)
Increase/Decrease:		
Net change, excluding foundation funds and others	(13,802)	7,435
Net change	(13,802)	7,435
Ending balance	(6,969)	6,832
Land revaluation differences:		
Beginning balance	(89,985)	(91,111)
Increase/Decrease:		
Net change, excluding foundation funds and others	22,469	1,126
Net change	22,469	1,126
Ending balance	(67,515)	(89,985)
Total valuations, conversions, and others:		
Beginning balance	661,884	1,084,309
Increase/Decrease:		
Net change, excluding foundation funds and others	285,355	(422,425)
Net change	285,355	(422,425)
Ending balance	947,239	661,884
Total net assets:		
Beginning balance	2,108,971	2,504,449
Increase/Decrease:		
Issuance of foundation funds	100,000	50,000
Additions to reserve for dividends to policyholders	(175,513)	(199,189)
Interest on foundation funds	(3,508)	(3,650)
Net surplus	221,886	231,782
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	2,981	(1,995)
Net change, excluding foundation funds and others	285,355	(422,425)
Net change	381,200	(395,478)
Ending balance	2,490,171	2,108,971

8. Details of Operating Income (Ordinary Income)

(Million Yen)

		Year ended March 31, 2012	Year ended March 31, 2011
Ordinary income (Core operating profit) (A)		544,306	516,327
Capital gains:		233,939	330,845
	Gain from proprietary trading securities, net	—	—
	Gain from assets held in trust, net	16	—
	Gain from trading securities, net	—	—
	Gain on sales of securities	233,923	330,845
	Gain on derivative financial instruments, net	—	—
	Foreign exchange gains, net	—	—
	Other capital gains	—	—
Capital losses:		347,689	428,729
	Loss from proprietary trading securities, net	—	—
	Loss from assets held in trust, net	—	605
	Loss from trading securities, net	—	—
	Loss on sales of securities	154,062	253,082
	Loss on valuation of securities	29,364	140,243
	Loss on derivative financial instruments, net	157,980	27,178
	Foreign exchange losses, net	6,282	7,619
	Other capital losses	—	—
Net capital gains/losses (B)		(113,750)	(97,883)
Ordinary income including net capital gains/losses (A+B)		430,555	418,443
Non-recurring gains:		51,016	42,690
	Reinsurance premiums revenue	—	—
	Reversal of contingency reserves	46,101	42,690
	Reversal of specific allowance for doubtful accounts	4,915	—
	Other non-recurring gains	—	—
Non-recurring losses:		3	230,037
	Reinsurance premium expense	—	—
	Provision for contingency reserves	—	—
	Provision for specific allowance for doubtful accounts	—	—
	Provision for allowance for specific overseas debts	—	—
	Write-off of loans	3	0
	Other non-recurring losses	—	230,037
Non-recurring gains/losses (C)		51,012	(187,347)
Operating income (A+B+C)		481,568	231,096

<Reference>

[Detail of Other Items]

(Million Yen)

		Year ended March 31, 2012	Year ended March 31, 2011
Other non-recurring losses:		—	230,037
	Provision for policy reserves based on Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act	—	230,037

9. Proposal for Appropriation of Unappropriated Surplus

(Thousands Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Unappropriated surplus for the current year	226,344,537	231,264,000
Reversal from voluntary surplus reserve:	685,311	668,543
Reversal of reserve for condensed booking of fixed assets for tax purposes	685,311	668,543
Reversal of reserve for condensed booking of fixed assets for tax purposes to be purchased	—	—
Total	227,029,849	231,932,543
Appropriations:	227,029,849	231,932,543
Reserve for dividends to policyholders	167,313,298	175,513,864
Net surplus:	59,716,550	56,418,678
Additions to legal reserve for deficiencies	682,000	696,000
Additions to reserve for redemption of foundation funds	50,000,000	50,000,000
Interest on foundation funds	3,930,000	3,508,250
Transfer to voluntary surplus reserve:	5,104,550	2,214,428
Reserve for assisting social public welfare	1,500,000	1,500,000
Reserve for condensed booking of fixed assets for tax purposes	3,604,550	714,428
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, 2012	As of March 31, 2011
Bankrupt and Quasi-Bankrupt Loans	11,825	12,048
Doubtful Loans	24,729	26,383
Substandard Loans	6,038	4,240
Subtotal [Percent of total, %]	42,594 [0.37]	42,671 [0.38]
Normal Loans	11,563,104	11,303,865
Total	11,605,698	11,346,537

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 cannot be recovered or interest cannot be received according to the contract because of difficulties in the 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 the 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 the 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 the 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

- Bankrupt and qusai-bankrupt loans, reorganization and other proceedings 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 ¥1,754 million and ¥2,996 million as of March 31, 2012 and March 31, 2011, respectively.

11. Status of Risk-Monitored Loans

(Million Yen, %)

	As of March 31, 2012	As of March 31, 2011
Loans to bankrupt borrowers	3,018	3,127
Delinquent loans	33,532	35,301
Loans that are delinquent for over three months	—	—
Restructured loans	6,038	4,240
Total [Percent of total loans receivable, %]	42,589 [0.49]	42,669 [0.49]

Notes:
1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount.
   The amount of loans to bankrupt borrowers and delinquent loans were ¥752 million and ¥1,001 million, respectively, as of March 31, 2012, and ¥1,035 million and ¥1,961 million, respectively, as of March 31, 2011.
2. Loans to bankrupt borrowers are loans with principal or interest payments being overdue for a significant period of time 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, 2012	Year ended March 31, 2011	Change
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	9,454	10,504	(1,049)
(B) Specific allowance for doubtful accounts	4,431	12,980	(8,549)
(C) Allowance for specific overseas loans	—	—	—
(2) Specific allowance for doubtful accounts			
(A) Provision	6,185	15,977	(9,792)
(B) Reversal	11,100	17,257	(6,156)
[excluding reversals with write-off]			
(C) Net provision	(4,915)	(1,280)	(3,635)
(3) Allowance for specific overseas loans			
(A) Number of debtor countries	—	—	—
(B) Amounts of credit	—	—	—
(C) Provision	—	—	—
(D) Reversal	—	—	—
(4) Write-off of loans	3	0	2

<Reference>

[Status of Borrower Classification]

(100 Million Yen, %)

	As of March 31, 2012		As of March 31, 2011	
	Money available	Percentage of whole	Money available	Percentage of whole
Loan balances (After direct write-off of category IV)	87,216	100.0	87,433	100.0
Non-categorized	85,848	98.4	85,732	98.1
Category II	1,342	1.5	1,674	1.9
Category III	25	0.0	27	0.0
Category IV	—	—	—	—

Notes: 1. Specific allowances for doubtful accounts of Category III were as follows:
¥2.2 billion and ¥2.6 billion as of March 31, 2012 and March 31, 2011, respectively.
2. The amounts of direct write-offs of Category IV were as follows:
¥1.7 billion and ¥2.9 billion as of March 31, 2012 and March 31, 2011, respectively.

13. Solvency Margin Ratio

(Million Yen)

	As of March 31, 2012	As of March 31, 2011
Solvency margin gross amount (A):	5,892,084	5,634,273
Foundation funds (kikin) and other reserve funds:	2,824,109	2,767,335
Foundation funds	1,371,689	1,268,064
Reserve for price fluctuations in investments in securities	333,710	347,003
Contingency reserves	775,654	821,755
General allowance for doubtful accounts	9,454	10,504
Others	333,600	320,007
Net unrealized gains/losses on available-for-sale securities × 90%	1,365,853	1,066,495
Net unrealized gains/losses on real estate × 85%	9,974	37,905
Excess of continued Zillmerized reserve	1,659,986	1,721,278
Qualifying subordinated debt	—	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(532)	(430)
Others	32,693	41,689
Total amount of risk (B): $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	2,078,230	2,129,384
Underwriting risk (R_1)	139,799	144,389
Underwriting risk of third-sector insurance (R_8)	73,383	74,042
Anticipated yield risk (R_2)	401,939	411,800
Minimum guarantee risk (R_7)	10,285	10,824
Investment risk (R_3)	1,610,090	1,649,467
Business management risk (R_4)	44,709	45,810
Solvency margin ratio $\dfrac{(A)}{(1/2) \times (B)} \times 100$	567.0%	529.1%

Notes: 1. The amounts and figures as of March 31, 2012 are calculated based on Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act, as well as Ordinance No. 50 issued by the Ministry of Finance in 1996. 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.). The amounts and figures as of March 31, 2011 assume that the standard for the fiscal year ended March 31, 2012 was applied to the amounts and figures as of March 31, 2011 and were disclosed this fiscal year.

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, 2012	As of March 31, 2011
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. Regarding 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 Former Standard

(Million Yen)

	As of March 31, 2011
Solvency margin gross amount (A):	5,722,029
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 reserves	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	—
Deduction clause	(430)
Others	129,446
Total amount of risk (B): $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	1,184,387
Underwriting risk (R_1)	144,389
Underwriting risk of third-sector insurance (R_8)	74,042
Anticipated yield risk (R_2)	169,671
Minimum guarantee risk (R_7)	10,401
Investment risk (R_3)	956,415
Business management risk (R_4)	27,098
Solvency margin ratio $\dfrac{(A)}{(1/2) \times (B)} \times 100$	966.2%

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

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, 2012

(1) Balance of Separate Account Assets

(Million Yen)

	As of March 31, 2012	As of March 31, 2011
Individual variable insurance	101,973	109,588
Individual variable annuities	143,951	156,234
Group annuities	900,761	1,045,498
Separate account total	1,146,686	1,311,321

(2) Status of Separate Accounts for Individual Variable Insurance

1) Policies in Force

	As of March 31, 2012		As of March 31, 2011	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	2,222	11,319	2,439	12,755
Variable insurance (whole life type)	36,782	566,758	37,438	584,336
Total	39,004	578,077	39,877	597,092

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

(Million Yen, %)

	As of March 31, 2012		As of March 31, 2011	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	6,010	5.9	4,009	3.7
Investments in securities:	88,181	86.5	97,467	88.9
Domestic bonds	22,899	22.5	30,664	28.0
Domestic stocks	34,274	33.6	33,452	30.5
Foreign securities:	31,007	30.4	33,349	30.4
Foreign bonds	10,992	10.8	11,891	10.9
Foreign stocks and other securities	20,014	19.6	21,458	19.6
Other securities	—	—	—	—
Loans receivable	—	—	—	—
Others	7,781	7.6	8,111	7.4
Allowance for doubtful accounts	—	—	—	—
Total	101,973	100.0	109,588	100.0

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

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
	Amount	Amount
Interest, dividends, and other income	2,046	2,022
Gain on sales of securities	2,626	3,327
Gain on redemption of securities	—	5
Gain on valuation of securities	97	37
Foreign exchange gains, net	3	—
Gain on derivative financial instruments, net	—	—
Other investment income	13	19
Loss on sales of securities	4,680	6,613
Loss on redemption of securities	35	0
Loss on valuation of securities	(873)	1,617
Foreign exchange losses ,net	—	37
Loss on derivative financial instruments, net	56	112
Other investment expenses	1	1
Net investment income	888	(2,971)

(3) Status of Separate Accounts for Individual Variable Annuities

1) Policies in Force

	As of March 31, 2012		As of March 31, 2011	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	24,791	143,946	26,872	156,233

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

(Million Yen, %)

	As of March 31, 2012		As of March 31, 2011	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	—	—	—	—
Investments in securities:	139,237	96.7	150,920	96.6
Domestic bonds	25,458	17.7	25,673	16.4
Domestic stocks	—	—	—	—
Foreign securities:	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	113,779	79.0	125,246	80.2
Loans receivable	—	—	—	—
Others	4,713	3.3	5,314	3.4
Allowance for doubtful accounts	—	—	—	—
Total	143,951	100.0	156,234	100.0

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

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
	Amount	Amount
Interest, dividends, and other income	659	708
Gain on sales of securities	320	149
Gain on redemption of securities	—	—
Gain on valuation of securities	1,535	(940)
Foreign exchange gains, net	—	—
Gain on derivative financial instruments, net	—	—
Other investment income	0	0
Loss on sales of securities	1,917	1,439
Loss on redemption of securities	—	—
Loss on valuation of securities	(2,335)	2,552
Foreign exchange losses, net	—	—
Loss on derivative financial instruments, net	—	—
Other investment expenses	0	0
Net investment income	2,933	(4,073)

15. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Revenues	71,679	67,296
Operating income	4,878	2,239
Net surplus	2,249	2,253
Comprehensive income	5,127	(2,170)

	As of March 31, 2012	As of March 31, 2011
Total assets	511,669	499,501
Solvency Margin Ratio	583.1%	—

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

	As of March 31, 2012
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	4
Changes to significant subsidiaries and affiliates during the period	Increase: 1 (Reliance Life Insurance Company Limited)

(3) Policies of Presenting the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2012

1) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and the Company's subsidiaries. Consolidated subsidiaries as of March 31, 2012 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, 2012 are immaterial. This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position of the Company and the Company's subsidiaries and the result of their operations.

2) Affiliates

Affiliates accounted for under the equity method as of March 31, 2012 are listed below:

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

From the fiscal year ended March 31, 2012, Reliance Life Insurance Company Limited is an affiliate accounted for under the equity method because of the Company's acquisition of shares of said company. 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, 2012 are immaterial.

The number of consolidated subsidiaries and affiliates as of March 31, 2012 were as follows:

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

3) Closing dates of consolidated subsidiaries

The closing date of consolidated overseas subsidiaries is December 31. The consolidated financial statements are prepared using data as of the closing date, and necessary adjustments are made to reflect important transactions that occurred between the closing date and the consolidated balance sheet date.

4) Amortization of goodwill

Goodwill and the equivalent amount of goodwill from affiliates accounted for under the equity method are amortized under the straight-line method over 20 years.
However, for items that are immaterial, the total amount of goodwill is fully amortized as incurred.

(4) Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2012	As of March 31, 2011
Assets:		
Cash and deposits	479,071	688,152
Call loans	212,300	119,800
Receivables under securities borrowing transactions	211,928	392,526
Monetary receivables purchased	883,070	1,021,145
Investments in securities	37,465,182	35,617,542
Loans receivable	8,639,833	8,659,163
Tangible fixed assets	1,770,412	1,787,239
Land	1,199,239	1,203,352
Buildings	523,635	532,558
Leases	3,353	4,568
Construction in progress	13,500	23,014
Other tangible fixed assets	30,683	23,746
Intangible fixed assets	196,386	192,130
Software	105,885	67,849
Leases	0	—
Other intangible fixed assets	90,500	124,281
Reinsurance receivables	485	319
Other assets	822,252	726,955
Deferred tax assets	476,521	750,557
Customers' liability for acceptances and guarantees	27,037	21,377
Allowance for doubtful accounts	(17,569)	(26,769)
Total assets	51,166,914	49,950,141

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2012	As of March 31, 2011
Liabilities:		
Policy reserves and other reserves:	45,778,374	44,502,877
Reserve for outstanding claims	208,643	250,324
Policy reserves	44,449,394	43,108,223
Reserve for dividends to policyholders	1,120,336	1,144,330
Reinsurance payables	360	326
Other liabilities	1,960,751	2,364,231
Accrued bonuses for directors and corporate auditors	53	57
Accrued severance indemnities	439,850	442,637
Accrued retirement benefits for directors and corporate auditors	4,681	5,215
Reserve for point cards	7,238	4,652
Accrued losses from supporting closely related companies	397	424
Reserve for loss on disaster	739	1,826
Reserve for price fluctuations in investments in securities	333,710	347,003
Deferred tax liabilities	50	51
Deferred tax liabilities for land revaluation	142,498	171,952
Acceptances and guarantees	27,037	21,377
Total liabilities	48,695,744	47,862,633
Net assets:		
Foundation funds	300,000	250,000
Reserve for redemption of foundation funds	900,000	850,000
Reserve for revaluation	651	651
Consolidated surplus	379,311	380,448
Total equity	1,579,962	1,481,099
Net unrealized gains on available-for-sale securities, net of tax	1,022,171	745,362
Deferred (losses) gains on derivatives under hedge accounting	(6,969)	6,832
Land revaluation differences	(67,515)	(89,985)
Cumulative translation adjustments	(68,619)	(67,197)
Total accumulated other comprehensive income	879,066	595,012
Minority interests	12,141	11,395
Total net assets	2,471,169	2,087,507
Total liabilities and net assets	51,166,914	49,950,141

Basis of Presenting the Consolidated Balance Sheet as of March 31, 2012

1. Securities of the Parent Company (including items such as deposits and monetary receivables purchased treated as securities based on the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10) and securities within assets held in trust) 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, “Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry,” issued by the JICPA.

   (4) Investments in subsidiaries and affiliates that are not consolidated nor accounted for by the 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 of which the market value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for 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). The others 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.

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 ¥1,164,173 million as of March 31, 2012.

5. 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 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 Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

6. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).
Foreign currency-denominated available-for-sale securities of the Parent Company, 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.

7. (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 at 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 Dept. 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 estimated uncollectible amount was ¥2,668 million (including ¥1,761 million of credits secured and/or guaranteed) as of March 31, 2012.

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

9. (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 to 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, 2012:

	Million Yen
	As of March 31, 2012
a. Retirement benefit obligations	¥(698,196)
b. Pension plan assets	¥267,708
c. Accrued retirement benefit costs (a+b)	¥(430,487)
d. Unrecognized actuarial differences	¥9,300
e. Unrecognized prior service cost	¥(18,663)
f. Accrued severance indemnities (c+d+e)	¥439,850

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

a. Periodic allocation method of estimated retirement benefits	Straight-line
b. Discount rate	1.6%
c. Expected rate of return on plan assets	1.6%
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.

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

11. Reserve for point cards is recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

12. 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 closely related companies.

13. Reserve for loss on disaster is recognized based on the amount that is estimated to be required in order to prepare for expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of tangible fixed assets.

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

Business Act.

15. Accounting treatment for financial leases other than from the transfer of ownership is based on the "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.

16. Hedge accounting of the Parent Company is applied based on the following method:
    1) The Parent Company mainly 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 exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge cash flow volatility of certain loans receivable, and applies designated hedge accounting (*"Furiate-shori"*) for foreign exchange forward contracts and currency swaps for 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.

17. Consumption taxes and local consumption taxes of the Parent Company are accounted for by using the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense as incurred as of March 31, 2012.

18. Policy reserves of the Parent Company are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized by performing a calculation based on the following methodology:
    1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).

    2) Reserves for other contracts are computed based on the net level premium method.

    In accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, policy reserves include those that are reserved for a portion of the individual annuity policyholders.

19. The "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24), the

"Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24), and the "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Accounting Practice Committee Statement No. 14), which was amended to respond to the Accounting Standard and the Guidance, have been applied from the fiscal year ended March 31, 2012.
Owing to the resulting revisions to the Ordinance for Enforcement of the Insurance Business Act, the following changes were made.
Reversal of allowance for doubtful accounts, which had previously been presented under extraordinary gains on the consolidated statement of income, was included in investment income. Operating income increased by ¥5,083 million but there was no impact on net surplus.

20. 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, the Company 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, the Company positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets, and from the viewpoint of improving profit in the mid- to long-term, the Company invested in stocks and foreign securities. Also, from the viewpoint of effective asset management, the Parent Company mainly uses derivative transactions for controlling asset investment risks. Specifically, the Company uses interest rate swaps for the Company's interest rate related investments, foreign exchange forward contracts and currency options and swaps for the Company's currency related investments, and hedge accounting is applied with respect to a portion thereof.
The Parent Company mainly 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 exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge cash flow volatility of certain loans receivable, and applies designated hedge accounting (*"Furiate-shori"*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. 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.
Securities are mainly exposed to market risk and credit risk, loans are exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of losses 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 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, the Company has implemented investment limits based on the nature of the assets in order to avoid excessive losses for financing and investment transactions. In addition, the Company regularly

reports on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and has also prepared a system to control risk to acceptable levels when there is a breach of rules. Also, to control market risk in the Company's portfolio, the Company uses a statistical analysis method to rationally calculate the market value-at-risk of the portfolio as a whole and conducts appropriate asset allocation within acceptable boundaries of risk.

To manage credit risk, the Company has built systems for rigorous examinations involving an Assessment Management Department independent of the departments handling investment and finance activities. The Company is also striving to build a sound portfolio through the establishment of interest guidelines to ensure the returns the Company obtains 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. In addition, the Company calculates credit value-at-risk as a measurement of the magnitude of credit risk across the Company's portfolio as a whole, and monitor whether the magnitude of risk stays within an appropriate 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)	250,997	250,997	—
Available-for-sale securities	250,997	250,997	—
Monetary receivables purchased	883,070	926,722	43,652
Policy-reserve-matching bonds	806,689	850,341	43,652
Available-for-sale securities	76,381	76,381	—
Securities	36,312,157	37,446,444	1,134,286
Trading securities	1,041,876	1,041,876	—
Held-to-maturity debt securities	46,921	47,210	289
Policy-reserve-matching bonds	17,421,958	18,542,260	1,120,301
Investments in subsidiaries and affiliates	7,711	21,406	13,695
Available-for-sale securities	17,793,689	17,793,689	—
Loans receivable (*3)	8,626,894	8,889,148	262,253
Policy loans	896,161	896,161	—
Industrial and consumer loans	7,730,733	7,992,987	262,253
Derivative financial instruments (*4)	[190,224]	[190,224]	—
Hedge accounting not applied	[81,081]	[81,081]	—
Hedge accounting applied	[109,143]	[109,143]	—
Cash received as collateral under securities lending contracts (*5)	[935,584]	[935,584]	—

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

(*2) For securities for which impairment losses were recognized in the fiscal year ended March 31, 2012, the market value is the balance sheet amount after the impairment losses are deducted.

(*3) The market values of derivative financial instruments that are 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 the "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 rates (TTM) and discount rates obtained from brokers.

c. Market value of interest rate swaps and currency swaps is measured based on theoretical present values 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, 2012 by holding purpose are ¥121,871 million and ¥1,031,153 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 ¥11,977 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	35,947	36,125	178
	Foreign securities	7,012	7,209	197
	Subtotal	42,959	43,334	375
Market value does not exceed the balance sheet amount	Domestic bonds	3,533	3,450	(82)
	Foreign securities	428	425	(3)
	Subtotal	3,962	3,876	(85)
Total		46,921	47,210	289

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	748,842	792,984	44,141
	Domestic bonds	17,108,566	18,250,757	1,142,191
	Foreign securities	68,973	71,780	2,806
	Subtotal	17,926,383	19,115,522	1,189,139
Market value does not exceed the balance sheet amount	Monetary receivables purchased	57,846	57,357	(488)
	Domestic bonds	231,192	206,831	(24,360)
	Foreign securities	13,226	12,890	(336)
	Subtotal	302,265	277,079	(25,185)
Total		18,228,648	19,392,601	1,163,953

4) Available-for-sale securities

Acquisition cost or amortized cost, 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	Monetary receivables purchased	2,855	2,860	4
	Domestic bonds	1,674,703	1,730,635	55,932
	Domestic stocks	2,656,417	4,045,867	1,389,449
	Foreign securities	7,948,252	8,564,508	616,255
	Other securities	173,650	181,974	8,324
	Subtotal	12,455,879	14,525,846	2,069,967
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	251,000	250,997	(2)
	Monetary receivables purchased	73,540	73,521	(19)
	Domestic bonds	55,089	47,378	(7,711)
	Domestic stocks	1,996,221	1,551,305	(444,915)
	Foreign securities	1,699,706	1,626,024	(73,682)
	Other securities	61,946	45,994	(15,951)
	Subtotal	4,137,504	3,595,221	(542,282)
Total		16,593,383	18,121,068	1,527,684

* Items totaling ¥1,031,153 million whose market value is extremely difficult to determine are not included.

During the fiscal year ended March 31, 2012, ¥25,760 million in impairment losses was recognized for items with market value.

Regarding stocks (including foreign stocks) with market value of the Parent Company, impairment losses are recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the balance sheet date, 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 balance sheet date is substantial, impairment losses are recognized based on the market value on the balance sheet date.

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 the 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)	251,000	—	—	—
Available-for-sale securities	251,000	—	—	—
Monetary receivables purchased	80,750	11,467	58,414	731,377
Policy-reserve-matching bonds	5,865	11,467	57,576	730,675
Available-for-sale securities	74,885	—	837	701
Securities	486,042	4,392,223	4,864,014	18,533,837
Held-to-maturity debt securities	19,580	22,467	500	—
Policy-reserve-matching bonds	317,551	2,834,695	1,824,754	12,328,463
Available-for-sale securities	148,909	1,535,059	3,038,760	6,205,374
Loans receivable	1,015,587	2,977,544	2,262,187	1,473,539
Cash received as collateral under securities lending contracts	935,584	—	—	—

* Assets such as policy loans, for which a period is not stipulated, are not included.
Also, ¥15,033 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 ¥1,150,417 million, with a market value of ¥1,174,168 million.
The Parent Company and certain subsidiary companies own rental office buildings and commercial facilities, the market value of which at the 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 ¥504 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 ¥49,883 million as of March 31, 2012.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,042 million and ¥34,561 million, respectively, as of March 31, 2012.

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 overdue for a significant period of time 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, 2012.
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 ¥12,278 million as of March 31, 2012.
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) Direct write-offs of loans receivable decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥808 million and ¥1,860 million, respectively, as of March 31, 2012.

24. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,146,686 million as of March 31, 2012 and are presented with a corresponding liability recorded for the same amount.

25. Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2012 were as follows:

	Million Yen
	As of March 31, 2012
a. Balance at the beginning of the current fiscal year	¥1,144,330
b. Transfer to reserve from surplus in the previous fiscal year	¥175,513
c. Dividends to policyholders paid out in the current fiscal year	¥226,595
d. Increase in interest	¥27,087
e. Balance at the end of the current fiscal year (a+b-c+d)	¥1,120,336

26. Assets pledged as collateral by securities, leases, land, and buildings as of March 31, 2012 were ¥1,260,121 million, ¥6,755 million, ¥2,952 million, and ¥274 million, respectively. The total amount of loans covered by the aforementioned assets was ¥951,867 million as of March 31, 2012.
These amounts included ¥1,083,818 million of securities deposited and ¥946,476 million of cash received as collateral, under the securities lending contracts secured by cash, as of March 31, 2012.

27. ¥100,000 million of foundation funds were offered according to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2012.
In addition, a resolution was made at the meeting of the Board of Directors on May 23, 2012, to make a proposal to the Meeting of Representatives to be held on July 3 to change a part of the Articles of Incorporation to allow an offering of ¥50,000 million of foundation funds during the fiscal year ending March 31, 2013.

28. 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, 2012.

29. The total amount of stocks and investments in non-consolidated subsidiaries and affiliates was ¥129,583 million as of March 31, 2012.
On March 22, 2012, the Company reached an agreement with Reliance Capital Limited, which is the parent company of Reliance Capital Asset Management Limited, an affiliate of the Reliance Group, on the Company's acquisition of 26% of the shares of Reliance Capital Asset Management Limited.

30. The amount of securities lent under lending agreements was ¥2,816,579 million as of March 31, 2012.

31. Assets that can be sold or re-secured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥709,179 million at market value as of March 31, 2012.

32. The amount of commitments related to loans receivable and loans outstanding was ¥67,988 million as of March 31, 2012.

33. Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amount applied to the Parent Company is estimated to be ¥84,947 million as of March 31, 2012.
The amount contributed to the said corporation is recorded within operating expenses.

34. (1) Total deferred tax assets were ¥1,093,007 million and total deferred tax liabilities were ¥534,997 million as of March 31, 2012. Among deferred tax assets, the deduction for the valuation allowance was ¥81,538 million. The major components causing deferred tax assets were policy reserves of ¥712,417 million, accrued severance indemnities of ¥137,252 million, reserve for price fluctuations in investments in securities of ¥106,193 million, and allowance for doubtful accounts of ¥6,618 million. The major component causing deferred tax liabilities was net unrealized gains on available-for-sale securities of ¥494,953 million.

(2) The statutory tax rate was 36.1% for the fiscal year ended March 31, 2012. The main factors in the difference between the statutory tax rate and the effective income tax rate were a decrease of 12.6% due to the amount of reserve for dividends to policyholders and an impact of 31.0% from a change in the tax rate.

(3) In line with the promulgation of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117 of 2011), the statutory tax rate applied to measure deferred tax assets and liabilities was changed from 36.1%. For items that are expected to be collected or paid during the period from April 1, 2012 to March 31, 2015, the rate was changed to 33.2%, and for items that are expected to be collected or paid on or after April 1, 2015, the rate was changed to 30.7%.
As a result of this change, as of March 31, 2012, deferred tax assets and deferred tax liabilities for land revaluation decreased by ¥61,556 million and ¥25,001 million, respectively, net unrealized gains on available-for-sale securities and land revaluation differences increased by ¥87,324 million and ¥25,001 million, respectively, and income tax - deferred increased by ¥148,332 million.

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

[Consolidated Statements of Income]

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Revenues:	7,167,921	6,729,612
Revenues from insurance and reinsurance premiums	5,388,618	4,917,047
Investment income:	1,465,316	1,533,957
Interest, dividends, and other income	1,203,934	1,212,295
Gain from assets held in trust, net	16	—
Gain on sales of securities	233,980	317,957
Gain on redemption of securities	239	2,121
Reversal of allowance for doubtful accounts	5,083	—
Other investment income	3,422	1,582
Gain from separate accounts, net	18,640	—
Other revenues	313,987	278,608
Expenditures:	6,680,080	6,505,624
Insurance claims and other payments:	3,901,575	3,829,140
Death and other claims	1,167,552	1,135,479
Annuity payments	649,373	568,489
Health and other benefits	819,003	845,898
Surrender benefits	1,011,204	1,014,833
Other refunds	252,933	262,853
Reinsurance premiums	1,506	1,586
Provision for policy reserves:	1,368,660	1,147,569
Provision for claim reserves	—	25,843
Provision for policy reserves	1,341,572	1,092,497
Interest on reserve for dividends to policyholders	27,087	29,228
Investment expenses:	417,939	543,734
Interest expense	3,190	3,866
Loss from assets held in trust, net	—	605
Loss on sales of securities	154,165	255,515
Loss on valuation of securities	29,397	140,460
Loss on redemption of securities	16,352	16,547
Loss on derivative financial instruments, net	159,834	29,732
Foreign exchange losses, net	6,292	7,631
Write-off of loans	144	83
Depreciation of rental real estate and other assets	25,211	25,561
Other investment expenses	23,350	28,910
Loss from separate accounts, net	—	34,818
Operating expenses	590,197	590,727
Other expenditures	401,707	394,453
Operating income	487,841	223,987

[Consolidated Statements of Income] (Continued)

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Extraordinary gains:	13,793	55,587
Gain on disposal of fixed assets	72	1,588
Gain on negative goodwill	—	234
Reversal of reserve for price fluctuations in investments in securities	13,293	51,008
Reversal of allowance for doubtful accounts	—	2,757
Reversal of reserve for loss on disaster	335	—
Other extraordinary gains	92	—
Extraordinary losses:	22,493	25,869
Loss on disposal of fixed assets	7,055	6,558
Impairment losses	13,903	11,756
Loss on reduction entry of real estate	57	397
Contributions for assisting social public welfare	1,477	1,477
Provision for reserve for loss on disaster	—	1,826
Loss on adjustment for changes in accounting standard for asset retirement obligations	—	1,172
Other extraordinary losses	—	2,681
Surplus before income taxes and minority interests	479,141	253,705
Income tax - current	32,521	120,726
Income tax - deferred	220,896	(92,893)
Income tax - total	253,417	27,833
Surplus before minority interests	225,723	225,872
Minority interests	819	552
Net surplus	224,903	225,319

Notes to the Consolidated Statement of Income for the fiscal year ended March 31, 2012

1. Benefit cost of accrued severance indemnities for the fiscal year ended March 31, 2012 was analyzed as follows:

	Million Yen
	Year ended March 31, 2012
a. Service cost	¥25,812
b. Interest cost	¥11,352
c. Expected return on plan assets	¥(4,370)
d. Amortization of actuarial differences	¥8,472
e. Amortization of prior service costs	¥(4,765)
f. Income from abolishment of part of retirement benefit system	¥(92)
g. Others	¥3,108
h. Net periodic benefit cost (a+b+c+d+e+f+g)	¥39,516

2. Impairment losses 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 in 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, 2012 is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥6,619	¥26	¥4,472	¥11,119
Idle property	¥2,464	—	¥317	¥2,781
Total	¥9,084	¥26	¥4,789	¥13,900

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.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Surplus before minority interests	225,723	225,872
Other comprehensive income:	287,002	(442,966)
Net unrealized gains on available-for-sale securities, net of tax	276,778	(428,958)
Deferred (losses) gains on derivatives under hedge accounting	(13,802)	7,435
Land revaluation differences	25,450	(869)
Cumulative translation adjustments	(2,671)	(15,993)
Share of other comprehensive income of associates accounted for under the equity method	1,246	(4,580)
Comprehensive income:	512,725	(217,094)
Comprehensive income attributable to owners of the Parent Company	511,938	(217,619)
Comprehensive income attributable to minority interests	787	525

Basis of Presenting the Consolidated Statement of Comprehensive Income for the fiscal year ended March 31, 2012

Breakdown of other comprehensive income was as follows:

(1) Reclassification adjustments relating to other comprehensive income

(Million Yen)

Net unrealized gains on available-for-sale securities, net of tax:		
Income arising during the year	326,676	
Reclassification adjustments	6,037	332,713
Deferred (losses) gains on derivatives under hedge accounting:		
(Loss) arising during the year	(20,743)	
Reclassification adjustments	—	(20,743)
Cumulative translation adjustments:		
(Loss) arising during the year	(2,671)	
Reclassification adjustments	—	(2,671)
Share of other comprehensive income of associates accounted for under the equity method:		
Income arising during the year	1,342	
Reclassification adjustments	(95)	1,246
Other comprehensive income before income tax effect		310,545
Income tax (expense)		(23,543)
Total other comprehensive income		287,002

(2) Income tax benefit (expense) relating to other comprehensive income

(Million Yen)

	Before income tax effect	Income tax benefit (expense)	After income tax effect
Net unrealized gains on available-for-sale securities, net of tax	332,713	(55,934)	276,778
Deferred (losses) gains on derivatives under hedge accounting	(20,743)	6,941	(13,802)
Land revaluation differences	—	25,450	25,450
Cumulative translation adjustments	(2,671)	—	(2,671)
Share of other comprehensive income of associates accounted for under the equity method	1,246	—	1,246
Total other comprehensive income	310,545	(23,543)	287,002

(6) Consolidated Statements of Cash Flows

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
I. Cash flows from operating activities:		
Surplus before income taxes and minority interests	479,141	253,705
Depreciation of rental real estate and other assets	25,211	25,561
Depreciation	51,787	49,001
Impairment losses	13,903	11,756
Net (decrease) increase in reserve for outstanding claims	(41,590)	25,789
Net increase in policy reserves	1,341,233	1,092,652
Interest on reserve for dividends to policyholders	27,087	29,228
Net (decrease) in allowance for doubtful accounts	(5,403)	(3,767)
Net (decrease) increase in accrued bonuses for directors and corporate auditors	(4)	1
Net (decrease) in accrued severance indemnities	(2,786)	(10,520)
Net (decrease) in accrued retirement benefits for directors and corporate auditors	(533)	(813)
Net (decrease) in reserve for price fluctuations in investments in securities	(13,293)	(51,008)
Interest, dividends, and other income	(1,203,934)	(1,212,295)
Net (gains) losses from assets held in trust	(16)	605
Net (gains) losses on investments in securities	(34,304)	92,430
Net loss on policy loans	198,623	216,969
Loss on derivative financial instruments, net	159,834	29,732
Interest expense	3,190	3,866
Foreign exchange loss	6,201	7,465
Net losses on tangible fixed assets	6,495	5,367
Investment loss on equity method	585	38
(Gain) loss from separate accounts, net	(18,640)	34,818
Net (increase) in reinsurance receivables	(172)	(18)
Net (increase) decrease in other assets (excluding those related to investing activities and financing activities)	(8,448)	15,101
Net increase (decrease) in reinsurance payables	34	(0)
Net (decrease) in other liabilities (excluding those related to investing activities and financing activities)	(6,331)	(2,122)
Others, net	(2,347)	10,935
Subtotal	975,522	624,481
Interest, dividends, and other income received	1,212,575	1,209,417
Interest paid	(3,308)	(3,840)
Dividends to policyholders paid	(202,602)	(210,196)
Others, net	508	1,335
Income taxes (paid)	(167,235)	(8,062)
Net cash provided by operating activities	1,815,460	1,613,134

(6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
II. Cash flows from investing activities:		
Net (increase) in deposits	(2,100)	(200)
Net decrease (increase) in receivables under securities borrowing transactions	180,597	(240,836)
Purchases of monetary receivables purchased	(8,000)	(34,623)
Proceeds from sales and redemption of monetary receivables purchased	84,009	89,481
Proceeds from decrease in assets held in trust	—	10,043
Purchases of securities	(12,567,926)	(19,093,872)
Proceeds from sales and redemption of securities	11,019,846	16,774,520
Investments in loans	(1,515,105)	(1,500,532)
Collections of loans	1,351,797	1,331,800
Net income from the settlement of financial derivative instruments	11,103	328,511
Net (decrease) increase in cash received as collateral under securities lending contracts	(361,667)	272,194
Others, net	(23,286)	25,049
Investment management activities total	(1,830,732)	(2,038,462)
[Operating activities and investment management activities total]	[(15,271)]	[(425,327)]
Purchases of tangible fixed assets	(55,966)	(43,899)
Proceeds from sales of tangible fixed assets	3,075	7,707
Others, net	(30,711)	(38,649)
Net cash (used in) investing activities	(1,914,335)	(2,113,303)
III. Cash flows from financing activities:		
Proceeds from debt issuance	219,500	192,300
Repayments of debt	(212,112)	(204,508)
Proceeds from issuance of foundation funds	100,000	50,000
Redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,508)	(3,650)
Others, net	19,573	4,616
Net cash provided by (used in) financing activities	73,452	(11,242)
IV. Effect of exchange rate changes on cash and cash equivalents	(4,085)	(2,035)
V. Net (decrease) in cash and cash equivalents	(29,507)	(513,447)
VI. Cash and cash equivalents at the beginning of the year	736,931	1,250,378
VII. Cash and cash equivalents at the end of the year	707,424	736,931

Basis of Presenting the Consolidated Statement of Cash Flows for the fiscal year ended March 31, 2012

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, 2012	Year ended March 31, 2011
Foundation funds and others:		
Foundation funds:		
Beginning balance	250,000	250,000
Increase/Decrease:		
Issuance of foundation funds	100,000	50,000
Redemption of foundation funds	(50,000)	(50,000)
Net change	50,000	—
Ending balance	300,000	250,000
Reserve for redemption of foundation funds:		
Beginning balance	850,000	800,000
Increase/Decrease:		
Additions to reserve for redemption of foundation funds	50,000	50,000
Net change	50,000	50,000
Ending balance	900,000	850,000
Reserve for revaluation:		
Beginning balance	651	651
Increase/Decrease:		
Net change	—	—
Ending balance	651	651
Consolidated surplus:		
Beginning balance	380,448	409,964
Increase/Decrease:		
Additions to reserve for dividends to policyholders	(175,513)	(199,189)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,508)	(3,650)
Net surplus	224,903	225,319
Reversal of land revaluation differences	2,981	(1,995)
Net change	(1,137)	(29,516)
Ending balance	379,311	380,448
Total foundation funds and others:		
Beginning balance	1,481,099	1,460,616
Increase/Decrease:		
Issuance of foundation funds	100,000	50,000
Additions to reserve for dividends to policyholders	(175,513)	(199,189)
Interest on foundation funds	(3,508)	(3,650)
Net surplus	224,903	225,319
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	2,981	(1,995)
Net change	98,862	20,483
Ending balance	1,579,962	1,481,099

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

(Million Yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Accumulated other comprehensive income:		
Net unrealized gains on available-for-sale securities, net of tax:		
Beginning balance	745,362	1,178,311
Increase/Decrease:		
Net change, excluding foundation funds and others	276,808	(432,948)
Net change	276,808	(432,948)
Ending balance	1,022,171	745,362
Deferred gains (losses) on derivatives under hedge accounting:		
Beginning balance	6,832	(602)
Increase/Decrease:		
Net change, excluding foundation funds and others	(13,802)	7,435
Net change	(13,802)	7,435
Ending balance	(6,969)	6,832
Land revaluation differences:		
Beginning balance	(89,985)	(91,111)
Increase/Decrease:		
Net change, excluding foundation funds and others	22,469	1,126
Net change	22,469	1,126
Ending balance	(67,515)	(89,985)
Cumulative translation adjustments:		
Beginning balance	(67,197)	(50,640)
Increase/Decrease:		
Net change, excluding foundation funds and others	(1,422)	(16,556)
Net change	(1,422)	(16,556)
Ending balance	(68,619)	(67,197)
Total accumulated other comprehensive income:		
Beginning balance	595,012	1,035,956
Increase/Decrease:		
Net change, excluding foundation funds and others	284,053	(440,943)
Net change	284,053	(440,943)
Ending balance	879,066	595,012
Minority interests:		
Beginning balance	11,395	11,381
Increase/Decrease:		
Net change, excluding foundation funds and others	746	13
Net change	746	13
Ending balance	12,141	11,395
Total net assets:		
Beginning balance	2,087,507	2,507,953
Increase/Decrease:		
Issuance of foundation funds	100,000	50,000
Additions to reserve for dividends to policyholders	(175,513)	(199,189)
Interest on foundation funds	(3,508)	(3,650)
Net surplus	224,903	225,319
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	2,981	(1,995)
Net change, excluding foundation funds and others	284,799	(440,929)
Net change	383,662	(420,446)
Ending balance	2,471,169	2,087,507

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

(Million Yen, %)

	As of March 31, 2012	As of March 31, 2011
Bankrupt and Quasi-Bankrupt Loans	12,751	12,897
Doubtful Loans	24,858	26,884
Substandard Loans	12,278	11,298
Subtotal	49,888	51,080
[Percent of total, %]	[0.43]	[0.45]
Normal Loans	11,473,673	11,210,870
Total	11,523,561	11,261,951

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 cannot be recovered or interest cannot be received according to the contract because of difficulties in the 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 the 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 the 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 the 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, 2012	As of March 31, 2011
Loans to bankrupt borrowers	3,042	3,138
Delinquent loans	34,561	36,640
Loans that are delinquent for over three months	—	—
Restructured loans	12,278	11,298
Total	49,883	51,078
[Percent of total loans receivable, %]	[0.58]	[0.59]

Notes: 1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount.
The amount of loans to bankrupt borrowers and delinquent loans were ¥808 million and ¥1,860 million, respectively, as of March 31, 2012; ¥1,180 million and ¥2,772 million, respectively, as of March 31, 2011.

2. Loans to bankrupt borrowers are loans with principal or interest payments beingoverdue for a significant period of time 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) Ability to Pay Benefits of Insurance Company and Insurance Company Subsidiaries (Consolidated Solvency Margin Ratio)

(Million Yen)

	As of March 31, 2012
Solvency margin gross amount (A):	5,883,034
Foundation funds (kikin) and other reserve funds:	2,882,927
Foundation funds	1,427,666
Reserve for price fluctuations in investments in securities	333,710
Contingency reserves	775,654
Unusual contingency reserves	—
General allowance for doubtful accounts	12,295
Others	333,600
Net unrealized gains/losses on available-for-sale securities × 90%	1,364,200
Net unrealized gains/losses on real estate × 85%	16,958
Excess of continued Zillmerized reserve	1,659,986
Qualifying subordinated debt	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—
Deduction clause	(73,732)
Others	32,693
Total amount of risk: $[\{(R_1^2 + R_5^2)^{1/2} + R_8 + R_9\}^2 + (R_2 + R_3 + R_7)^2]^{1/2} + R_4 + R_6$ (B):	2,017,780
Underwriting risk (R_1)	139,799
General underwriting risk (R_5)	—
Large disaster risk (R_6)	—
Underwriting risk of third-sector insurance (R_8)	74,872
Underwriting risk of small-amount, short-term insurer (R_9)	—
Anticipated yield risk (R_2)	401,939
Minimum guarantee risk (R_7)	10,285
Investment risk (R_3)	1,550,305
Business management risk (R_4)	43,544
Solvency margin ratio $\dfrac{(A)}{(1/2) \times (B)} \times 100$	583.1%

Notes: 1. The amounts and figures in the table above are calculated based on Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and Financial Services Agency Public Notice No. 23 of 2011.
2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

(11) Segment Information

For the fiscal year ended March 31, 2012 and the fiscal year ended March 31, 2011, the Company and the Company's consolidated subsidiaries engaged in insurance and insurance-related businesses (including asset management-related business and 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.