

# Financial Section

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# Financial Section

## Non-Consolidated Balance Sheet

Meiji Yasuda Life Insurance Company

As of March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
<b>ASSETS</b>			
Cash and deposits:			
Cash .....	¥ 570	¥ 595	\$ 6.0
Deposits .....	187,922	207,906	1,998.1
Call loans .....	369,000	307,000	3,923.4
Monetary claims bought.....	265,252	269,101	2,820.3
Securities:			
Domestic bonds:			
Government bonds .....	14,004,920	12,689,933	148,909.3
Municipal bonds.....	1,044,440	1,091,707	11,105.1
Corporate bonds.....	1,657,100	1,547,535	17,619.3
Domestic stocks .....	3,166,734	2,786,580	33,670.7
Foreign securities.....	5,344,280	3,802,375	56,823.8
Other securities.....	415,213	304,052	4,414.8
Loans:			
Policy loans.....	317,688	332,203	3,377.8
Financial loans .....	4,880,457	4,635,283	51,892.1
Tangible fixed assets:			
Land .....	631,342	626,068	6,712.8
Buildings .....	329,278	340,865	3,501.1
Construction in progress .....	2,352	1,071	25.0
Other tangible fixed assets.....	4,203	3,861	44.6
Intangible fixed assets:			
Software.....	28,749	33,182	305.6
Other intangible fixed assets .....	28,146	18,516	299.2
Agency accounts receivable .....	1	4	0.0
Reinsurance accounts receivable .....	1,211	1,059	12.8
Other assets:			
Accounts receivable .....	81,807	286,856	869.8
Prepaid expenses .....	4,491	5,176	47.7
Accrued income.....	87,992	84,198	935.5
Security deposits and rental deposits .....	7,350	7,994	78.1
Deposits on financial futures .....	908	1,045	9.6
Margins on financial futures.....	—	18	—
Derivative financial instruments .....	21,089	7,931	224.2
Cash collateral pledged for financial instruments.....	4,970	—	52.8
Suspense payments .....	3,866	25,053	41.1
Miscellaneous assets.....	95,962	89,204	1,020.3
Deferred tax assets .....	—	144,120	—
Customers' liabilities for acceptances and guarantees .....	22,958	24,315	244.1
Reserves for possible loan losses.....	(9,522)	(10,661)	(101.2)
<b>TOTAL ASSETS .....</b>	<b>¥33,000,742</b>	<b>¥29,664,157</b>	<b>\$350,885.0</b>

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
<b>LIABILITIES AND NET ASSETS</b>			
<i>Liabilities</i>			
Policy reserves and others:			
Reserves for outstanding claims .....	¥ 110,259	¥ 114,062	\$ 1,172.3
Policy reserves.....	27,812,655	26,469,306	295,722.0
Reserves for policyholder dividends.....	280,524	296,253	2,982.7
Reinsurance accounts payable .....	1,132	972	12.0
Other liabilities:			
Deposits received on bond lending .....	946,281	368,081	10,061.4
Loans payable .....	100,000	100,000	1,063.2
Corporate income taxes payable and others .....	61,327	24,783	652.0
Accounts payable .....	72,692	86,711	772.9
Unpaid expenses .....	24,490	34,243	260.3
Unearned income .....	2,358	2,442	25.0
Employees' and agents' savings deposits .....	24,887	23,935	264.6
Deposits received for guarantee.....	32,434	31,343	344.8
Margins on financial futures.....	44	33	0.4
Derivative financial instruments.....	114,445	17,260	1,216.8
Cash collateral received for financial instruments.....	4,880	—	51.8
Asset retirement obligations .....	3,406	3,421	36.2
Suspense receipts .....	23,929	15,487	254.4
Miscellaneous liabilities .....	—	2,360	—
Accrued retirement benefits for directors and executive officers .....	393	545	4.1
Reserves for contingent liabilities.....	2,563	3,115	27.2
Reserves for price fluctuations.....	363,544	251,044	3,865.4
Deferred tax liabilities .....	176,518	—	1,876.8
Deferred tax liabilities on revaluation of land .....	94,555	88,539	1,005.3
Acceptances and guarantees.....	22,958	24,315	244.1
<b>TOTAL LIABILITIES.....</b>	<b>30,276,282</b>	<b>27,958,259</b>	<b>321,916.8</b>
<i>Net Assets</i>			
Foundation funds .....	210,000	110,000	2,232.8
Accumulated redeemed foundation funds .....	410,000	410,000	4,359.3
Revaluation reserves .....	452	452	4.8
Surplus retained:			
Reserves for loss compensation .....	8,389	7,984	89.2
Other surplus retained:			
Reserves for redemption of foundation funds.....	40,000	15,000	425.3
Accumulated fund for price fluctuations.....	29,764	29,764	316.4
Social welfare project promotion reserves.....	48	48	0.5
Operating base reinforcement reserves .....	28,000	17,000	297.7
Reserves for reduction entry of real estate .....	23,474	20,791	249.5
Special reserves.....	2,000	2,000	21.2
Other reserves.....	85	85	0.9
Unappropriated surplus for the period.....	223,593	174,424	2,377.3
Total foundation funds and others.....	975,807	787,550	10,375.4
Unrealized gains on available-for-sale securities .....	1,637,216	824,775	17,407.9
Deferred hedge gains (losses) .....	3,815	(1,524)	40.5
Revaluation reserves for land.....	107,619	95,096	1,144.2
Total valuation and translation adjustments and others.....	1,748,651	918,347	18,592.7
<b>TOTAL NET ASSETS .....</b>	<b>2,724,459</b>	<b>1,705,897</b>	<b>28,968.2</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS.....</b>	<b>¥33,000,742</b>	<b>¥29,664,157</b>	<b>\$350,885.0</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥94.05 to US\$1.00 prevailing on March 29, 2013.

**Non-Consolidated Statement of Operations and Surplus**  
Meiji Yasuda Life Insurance Company

For the years ended March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
<b>ORDINARY REVENUE</b>			
Premium income and reinsurance refunds:			
Premium income.....	<b>¥3,658,582</b>	¥5,183,163	<b>\$38,900.4</b>
Refunds on reinsurance.....	<b>768</b>	911	<b>8.1</b>
Investment income and gains:			
Interest and dividends:			
Interest on deposits.....	<b>60</b>	90	<b>0.6</b>
Interest and dividends on securities.....	<b>475,780</b>	432,778	<b>5,058.8</b>
Interest on loans.....	<b>101,035</b>	103,015	<b>1,074.2</b>
Rental income.....	<b>32,163</b>	31,813	<b>341.9</b>
Other interest and dividends.....	<b>9,935</b>	9,326	<b>105.6</b>
Gains on money-held-in-trust.....	<b>0</b>	0	<b>0.0</b>
Gains on securities sold.....	<b>150,968</b>	15,357	<b>1,605.1</b>
Gains on securities redeemed.....	<b>5,358</b>	21	<b>56.9</b>
Gains on derivative financial instruments.....	<b>—</b>	72,353	<b>—</b>
Gains on foreign exchange.....	<b>746</b>	—	<b>7.9</b>
Reversal of reserves for possible loan losses.....	<b>491</b>	5,305	<b>5.2</b>
Other investment income.....	<b>132</b>	3,354	<b>1.4</b>
Gains on separate account assets investment.....	<b>82,950</b>	21,926	<b>881.9</b>
Other ordinary revenue:			
Annuity supplementary contract premiums.....	<b>16,723</b>	18,841	<b>177.8</b>
Benefits left to accumulate at interest.....	<b>131,831</b>	131,636	<b>1,401.7</b>
Reversal of reserves for outstanding claims.....	<b>3,803</b>	39,647	<b>40.4</b>
Reversal of accrued pension and severance costs.....	<b>12,932</b>	4,496	<b>137.5</b>
Miscellaneous income.....	<b>6,769</b>	6,998	<b>71.9</b>
<b>TOTAL ORDINARY REVENUE</b> .....	<b>4,691,035</b>	6,081,039	<b>49,878.1</b>
<b>ORDINARY EXPENSES</b>			
Insurance benefits paid and others:			
Claims paid.....	<b>797,407</b>	699,453	<b>8,478.5</b>
Annuities paid.....	<b>529,255</b>	481,112	<b>5,627.3</b>
Benefits on policies paid.....	<b>473,231</b>	466,427	<b>5,031.7</b>
Surrender benefits paid.....	<b>407,325</b>	447,392	<b>4,330.9</b>
Other refunds paid.....	<b>76,674</b>	178,789	<b>815.2</b>
Reinsurance premiums.....	<b>4,985</b>	4,518	<b>53.0</b>
Provision for policy reserves and others:			
Provision for policy reserves.....	<b>1,343,348</b>	2,701,874	<b>14,283.3</b>
Interest on dividend reserves.....	<b>522</b>	546	<b>5.5</b>
Investment expenses and losses:			
Interest paid.....	<b>2,858</b>	3,198	<b>30.3</b>
Losses on trading securities.....	<b>—</b>	0	<b>—</b>
Losses on securities sold.....	<b>16,204</b>	66,945	<b>172.3</b>
Losses on securities appraised.....	<b>28,411</b>	18,428	<b>302.0</b>
Losses on securities redeemed.....	<b>6,126</b>	2,072	<b>65.1</b>
Losses on derivative financial instruments.....	<b>34,261</b>	—	<b>364.2</b>
Losses on foreign exchange.....	<b>—</b>	447	<b>—</b>
Depreciation on real estate for rent.....	<b>9,916</b>	10,139	<b>105.4</b>
Other investment expenses.....	<b>9,123</b>	9,357	<b>97.0</b>
Operating expenses.....	<b>353,049</b>	399,746	<b>3,753.8</b>
Other ordinary expenses:			
Payments of benefits left to accumulate at interest.....	<b>148,880</b>	160,622	<b>1,582.9</b>
Taxes.....	<b>25,264</b>	31,818	<b>268.6</b>
Depreciation.....	<b>21,794</b>	21,531	<b>231.7</b>
Miscellaneous expenses.....	<b>5,441</b>	4,844	<b>57.8</b>
<b>TOTAL ORDINARY EXPENSES</b> .....	<b>¥4,294,084</b>	¥5,709,267	<b>\$45,657.4</b>

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
ORDINARY INCOME .....	¥ 396,951	¥ 371,772	\$ 4,220.6
Extraordinary profits:			
Gains on disposals of fixed assets .....	9,783	950	104.0
Reversal of reserves for contingent liabilities .....	90	—	0.9
Extraordinary losses:			
Losses on disposals of fixed assets .....	5,831	11,412	62.0
Impairment losses.....	3,440	24,527	36.5
Provision for reserves for contingent liabilities .....	—	1	—
Provision for reserves for price fluctuations .....	112,500	8,629	1,196.1
Losses on reduction of real estate.....	83	474	0.8
Donations for social welfare project promotion.....	552	553	5.8
Other extraordinary losses.....	—	678	—
NET SURPLUS BEFORE TAXES .....	284,415	326,446	3,024.0
Income taxes — current .....	84,723	37,532	900.8
Income taxes — deferred.....	(35,845)	116,905	(381.1)
NET SURPLUS FOR THE PERIOD.....	¥ 235,537	¥ 172,007	\$ 2,504.3

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥94.05 to US\$1.00 prevailing on March 29, 2013.

## Non-Consolidated Appropriation of Surplus

Meiji Yasuda Life Insurance Company

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
Unappropriated surplus for the period .....	¥223,593	¥174,424	\$2,377.3
Reversal of voluntary reserves:			
Reversal of reserves for reduction entry of real estate .....	545	518	5.7
TOTAL UNAPPROPRIATED SURPLUS .....	224,138	174,942	2,383.1
Provision for reserves for policyholder dividends .....	152,835	133,466	1,625.0
Net surplus for the period:			
Reserves for loss compensation .....	465	405	4.9
Interest on foundation funds.....	2,162	1,316	22.9
Voluntary reserves:			
Reserves for redemption of foundation funds.....	45,000	25,000	478.4
Social welfare project promotion reserves.....	553	553	5.8
Operating base reinforcement reserves .....	22,000	11,000	233.9
Reserves for reduction entry of real estate .....	1,123	3,201	11.9

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥94.05 to US\$1.00 prevailing on March 29, 2013.

**Non-Consolidated Statement of Changes in Net Assets**  
Meiji Yasuda Life Insurance Company

For the years ended March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
Foundation funds and others			
Foundation funds			
Beginning balance.....	¥110,000	¥ 60,000	\$1,169.5
Changes during the period			
Foundation funds procurement .....	100,000	50,000	1,063.2
Total changes during the period .....	100,000	50,000	1,063.2
Ending balance .....	210,000	110,000	2,232.8
Accumulated redeemed foundation funds			
Beginning balance.....	410,000	410,000	4,359.3
Changes during the period			
Total changes during the period .....	—	—	—
Ending balance .....	410,000	410,000	4,359.3
Revaluation reserves			
Beginning balance.....	452	452	4.8
Changes during the period			
Total changes during the period .....	—	—	—
Ending balance .....	452	452	4.8
Surplus retained			
Reserves for loss compensation			
Beginning balance .....	7,984	7,626	84.8
Changes during the period			
Transfer to reserves for loss compensation .....	405	358	4.3
Total changes during the period .....	405	358	4.3
Ending balance.....	8,389	7,984	89.2
Other surplus retained			
Reserves for redemption of foundation funds			
Beginning balance.....	15,000	—	159.4
Changes during the period			
Transfer to reserves for redemption of foundation funds.....	25,000	15,000	265.8
Total changes during the period .....	25,000	15,000	265.8
Ending balance.....	40,000	15,000	425.3
Accumulated fund for price fluctuations			
Beginning balance .....	29,764	29,764	316.4
Changes during the period			
Total changes during the period .....	—	—	—
Ending balance.....	29,764	29,764	316.4
Social welfare project promotion reserves			
Beginning balance.....	48	48	0.5
Changes during the period			
Transfer to social welfare project promotion reserves .....	553	553	5.8
Reversal of social welfare project promotion reserves .....	(552)	(553)	(5.8)
Total changes during the period .....	0	—	0.0
Ending balance.....	48	48	0.5

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
<b>Operating base reinforcement reserves</b>			
Beginning balance.....	¥ 17,000	¥ 6,000	\$ 180.7
Changes during the period			
Transfer to operating base reinforcement reserves .....	11,000	11,000	116.9
Total changes during the period .....	11,000	11,000	116.9
Ending balance.....	28,000	17,000	297.7
<b>Reserves for reduction entry of real estate</b>			
Beginning balance.....	20,791	21,056	221.0
Changes during the period			
Transfer to reserves for reduction entry of real estate .....	3,201	201	34.0
Reversal of reserves for reduction entry of real estate .....	(518)	(466)	(5.5)
Total changes during the period .....	2,683	(265)	28.5
Ending balance.....	23,474	20,791	249.5
<b>Special reserves</b>			
Beginning balance.....	2,000	2,000	21.2
Changes during the period			
Total changes during the period .....	—	—	—
Ending balance.....	2,000	2,000	21.2
<b>Other reserves</b>			
Beginning balance.....	85	85	0.9
Changes during the period			
Total changes during the period .....	—	—	—
Ending balance.....	85	85	0.9
<b>Unappropriated surplus</b>			
Beginning balance.....	174,424	145,785	1,854.5
Changes during the period			
Transfer to reserves for policyholder dividends.....	(133,466)	(118,365)	(1,419.1)
Transfer to reserves for loss compensation.....	(405)	(358)	(4.3)
Interest payment on foundation funds.....	(1,316)	(774)	(13.9)
Net surplus.....	235,537	172,007	2,504.3
Transfer to reserves for redemption of foundation funds.....	(25,000)	(15,000)	(265.8)
Transfer to social welfare project promotion reserves .....	(553)	(553)	(5.8)
Reversal of social welfare project promotion reserves .....	552	553	5.8
Transfer to operating base reinforcement reserves .....	(11,000)	(11,000)	(116.9)
Transfer to reserves for reduction entry of real estate .....	(3,201)	(201)	(34.0)
Reversal of reserves for reduction entry of real estate .....	518	466	5.5
Reversal of revaluation reserves for land.....	(12,497)	1,864	(132.8)
Total changes during the period .....	49,168	28,638	522.7
Ending balance.....	223,593	174,424	2,377.3
<b>Total surplus retained</b>			
Beginning balance.....	267,097	212,366	2,839.9
Changes during the period			
Transfer to reserves for policyholder dividends.....	(133,466)	(118,365)	(1,419.1)
Interest payment on foundation funds.....	(1,316)	(774)	(13.9)
Net surplus.....	235,537	172,007	2,504.3
Reversal of revaluation reserves for land.....	(12,497)	1,864	(132.8)
Total changes during the period .....	88,257	54,731	938.4
Ending balance.....	355,354	267,097	3,778.3

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
Total foundation funds and others			
Beginning balance .....	¥ 787,550	¥ 682,819	\$ 8,373.7
Changes during the period			
Foundation funds procurement.....	100,000	50,000	1,063.2
Transfer to reserves for policyholder dividends .....	(133,466)	(118,365)	(1,419.1)
Interest payment on foundation funds.....	(1,316)	(774)	(13.9)
Net surplus.....	235,537	172,007	2,504.3
Reversal of revaluation reserves for land.....	(12,497)	1,864	(132.8)
Total changes during the period .....	188,257	104,731	2,001.6
Ending balance.....	975,807	787,550	10,375.4
Valuation and translation adjustments and others			
Unrealized gains (losses) on available-for-sale securities			
Beginning balance .....	824,775	527,074	8,769.5
Changes during the period			
Net changes in items other than foundation funds and others.....	812,440	297,701	8,638.3
Total changes during the period .....	812,440	297,701	8,638.3
Ending balance.....	1,637,216	824,775	17,407.9
Deferred hedge gains (losses)			
Beginning balance .....	(1,524)	(5,213)	(16.2)
Changes during the period			
Net changes in items other than foundation funds and others.....	5,340	3,689	56.7
Total changes during the period .....	5,340	3,689	56.7
Ending balance.....	3,815	(1,524)	40.5
Revaluation reserves for land			
Beginning balance .....	95,096	72,823	1,011.1
Changes during the period			
Net changes in items other than foundation funds and others.....	12,523	22,272	133.1
Total changes during the period .....	12,523	22,272	133.1
Ending balance.....	107,619	95,096	1,144.2
Total valuation and translation adjustments and others			
Beginning balance .....	918,347	594,684	9,764.4
Changes during the period			
Net changes in items other than foundation funds and others.....	830,304	323,662	8,828.3
Total changes during the period .....	830,304	323,662	8,828.3
Ending balance.....	1,748,651	918,347	18,592.7
Total net assets			
Beginning balance.....	1,705,897	1,277,503	18,138.2
Changes during the period			
Foundation funds procurement .....	100,000	50,000	1,063.2
Transfer to reserves for policyholder dividends.....	(133,466)	(118,365)	(1,419.1)
Interest payment on foundation funds.....	(1,316)	(774)	(13.9)
Net surplus .....	235,537	172,007	2,504.3
Reversal of revaluation reserves for land.....	(12,497)	1,864	(132.8)
Net changes in items other than foundation funds and others .....	830,304	323,662	8,828.3
Total changes during the period .....	1,018,561	428,394	10,830.0
Ending balance .....	2,724,459	1,705,897	28,968.2

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥94.05 to US\$1.00 prevailing on March 29, 2013.



## Notes to Non-Consolidated Financial Statements

Meiji Yasuda Life Insurance Company

### 1. Basis of Presenting the Financial Statements

The financial statements are prepared in accordance with the Insurance Business Law and the Order for Enforcement thereunder and in accordance with standard accounting principles and procedures followed by life insurance companies in Japan.

### 2. Significant Accounting Policies

#### (1) Securities

- a. Trading Securities are stated at fair value based mainly on the business year-end closing market price (Cost of sales is determined by the moving average method).
  - b. Held-to-Maturity Debt Securities are stated at amortized cost using the moving average method (straight-line method).
  - c. Policy-Reserve-Matching Bonds are stated at amortized cost using the moving average method (straight-line method) in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA) on November 16, 2000.
  - d. Stock Securities Issued by Subsidiaries and Affiliates are stated at cost using the moving average method (refers to stock securities issued by those subsidiaries prescribed under Article 2 Paragraph 12 of the Insurance Business Law, subsidiaries, etc., excluding subsidiary companies, prescribed under Article 13-5-2 Paragraph 3 of the Order for Enforcement of the Insurance Business Law, and the affiliates prescribed under Paragraph 4 of the same Article).
  - e. Available-for-sale Securities
    - Securities for which market quotations are available
      - i) Stock securities are stated at fair value based on the average market price during March.
      - ii) Others are stated at market price using the market value method at the end of March. (Cost of sales is determined by the moving average method)
    - Securities for which it is extremely difficult to determine the fair value
      - i) Bonds and debentures (including bonds issued overseas) for which the difference between acquisition price and face value is recognized as the difference in interest rate adjustment are stated at amortized cost using the moving average method (straight-line method).
      - ii) Other Securities are stated at cost using the moving average method.
- With Available-for-sale Securities, valuation differences are reported as a component of net assets.

#### (2) Derivative Transactions

Derivative transactions are stated at fair value.

#### (3) Depreciation of Tangible Fixed Assets

Depreciation of tangible fixed assets is determined according to the declining balance method except for the depreciation of buildings that is determined using the straight-line method.

#### (4) Depreciation of Computer Software

Depreciation of computer software included under intangible fixed assets is calculated according to the straight-line method based on the useful life of the product.

#### (5) Foreign Exchange Rate

Assets and liabilities denominated in foreign currencies other than stocks issued by subsidiaries and affiliates are converted into yen at the exchange rates prevailing on the last business day of March. Stocks issued by subsidiaries and affiliates are converted into yen at the exchange rates prevailing on the date of their acquisition.

#### (6) Calculation Criteria for Reserves etc.

##### 1) Reserves for Possible Loan Losses

- a. Reserves for possible loan losses are calculated according to the Company's internal standards for risk assessment of

assets and the rules for the write-off and provision of reserves. All loans are assessed by the departments concerned and the results are audited by an independent Auditing Department.

- b. For loans to legally bankrupt and substantially bankrupt borrowers, reserves are provided at the balance outstanding after the direct deduction shown below and deduction of the net amount collectible through the disposal of collateral or the execution of guarantees.
- c. For loans to borrowers with high possibility of bankruptcy, reserves are provided at the amount deemed necessary based on a general assessment of financial solvency, after deduction of the net amount collectible through the disposal of collateral or the execution of guarantees.
- d. Reserves for possible loan losses on other loans are calculated on a historical basis according to the actual rate of loan losses over a given period.
- e. Where loans to legally bankrupt or substantially bankrupt borrowers are covered by collateral or guarantees, the balance after deduction of the assessed value of the collateral and the amount considered to be collectible through the execution of guarantees is directly deducted from the loans outstanding. In FY2012, these direct deductions amounted to ¥140 million.

##### 2) Accrued Pension and Severance Costs

To provide for the payment of retirement benefits in the future, retirement benefits are provided at the amount accrued at the end of the year, based on the Accounting Standards for Retirement Benefits.

The projected pension assets exceeded the projected retirement benefit obligations at the end of the current fiscal year. The balance of the accrued pension and severance costs was zero.

##### 3) Accrued Retirement Benefits for Directors and Executive Officers

In order to pay retirement allowances and bonuses to directors and executive officers, a portion of the projected payable amount that is recognized to have accrued at the end of the fiscal year is set aside as reserves for retirement benefits.

In fiscal 2007, the Compensation Committee decided to abolish the retirement allowances and bonuses scheme from June 30, 2008. No provisions have been made in connection with incumbent directors and executive officers since that date.

##### 4) Reserves for Contingent Liabilities

Reserves for contingent liabilities are provided based primarily on the amount of estimated possible losses in the future with respect to securitization of receivables. These reserves are provided in compliance with Article 24-4 of the Order for Enforcement of the Insurance Business Law.

##### 5) Reserves for Price Fluctuations

Reserves for price fluctuations are calculated in accordance with Article 115 of the Insurance Business Law.

##### (7) Lease Transactions

Ownership non-transfer finance lease transactions with starting dates on or before March 31, 2008 shall continue to be accounted for in accordance with the methods used for normal lease transactions.

##### (8) Method of Hedge Accounting

Hedging transactions have been accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ), March 10, 2008). These transactions consist primarily of: the exceptional accounting treatment of interest rate swaps used as a cash flow hedge related to loans and loans payable; and market-based hedge accounting using forward exchange contracts and deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds.

From fiscal 2009, the Company uses interest rate swap transactions for the purpose of hedging against interest rate fluctuation risk, and uses deferred hedge treatment under the Industry Audit Committee Report No. 26, "Accounting and Audit Treatments Related to the Adoption of Accounting for Financial Instruments in the Insurance Industry" (Japanese Institute of Certified Public Accountants (JICPA) September 3, 2002). Hedge effectiveness is assessed by verifying the interest rate situation that exerts the impact on calculations of theoretical prices for both hedged items and hedging instruments.

#### (9) Consumption Tax

Consumption and local consumption taxes and the base price are recorded separately. Note that deferred consumption taxes on assets that do not qualify as deductible expenses are recorded as prepaid expenses and amortized on a straight-line basis over a five year period. Other consumption taxes that do not qualify as deductible expenses are recorded as expenses for the fiscal year in which they are incurred.

#### (10) Policy Reserves

Policy reserves are provided in accordance with Article 116 of the Insurance Business Law. The amounts are calculated using the following methods.

- a. Reserves for policies subject to the standard policy reserve requirement are calculated according to ordinances stipulated by the Prime Minister.
- b. Reserves for other policies are calculated on the basis of the net level premium method.

Under the provisions of Article 69 Paragraph 5 of the Order for Enforcement of the Insurance Business Law, the policy reserves include an amount to be additionally set aside as the difference arising from calculations of premium reserves using the expected rate of interest of 2.75% for individual annuity contracts concluded on or before April 1, 1996. The accumulation of the amount was completed on schedule over a period of three years starting in fiscal 2007. Apart from that, an additional reserve for this difference portion for the period of annuity payment shall be accumulated at the beginning of payment of each annuity contract.

### Accounting Changes

#### (1) Policy-Reserve-Matching Bonds

From the fiscal year under review, the Company has classified bonds held with the aim of matching the duration within the sub-groups (insurance type, remaining period, and investment policy) of individual annuities as "Policy-Reserve-Matching Bonds" in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA) on November 16, 2000. This accounting change was made in light of domestic and overseas trends in accounting standards and regulations, as well as current market environment.

#### (2) Method for the Depreciation of Tangible Fixed Assets

From the fiscal year under review, the Company has adjusted its depreciation method to comply with the revised tax systems enforced since fiscal 2011. The adjusted method has been applied to the depreciation of tangible fixed assets acquired on or after April 1, 2012. The effect of this change in accounting for depreciation on ordinary income and net surplus before tax is minor.

#### (3) Accounting Standards That Have Yet to be Adopted

The following are two principal accounting standards announced as of the end of the fiscal year under review that have yet to be adopted: "Accounting Standards for Retirement Benefits" (ASBJ, May 17, 2012) and "Guidance on Accounting Standards for Retirement Benefits" (ASBJ, May 17, 2012). These standards are scheduled for adoption by the Company from fiscal 2014 onward. The effect of adopting these standards is now being evaluated.

### 3. Balance Sheet

#### (1) Depreciation on Tangible Fixed Assets

Accumulated depreciation on tangible fixed assets totaled ¥399,988 million.

#### (2) Assets and Liabilities for Separate Accounts

Combined assets and liabilities for separate accounts, prescribed in Article 118 paragraph 1 of the Insurance Business Law, amounted to ¥771,030 million.

#### (3) Resource of Surplus Distribution

The resource of surplus distribution as provided for in Article 30 paragraph 2 of the Order for Enforcement of the Insurance Business Law was ¥1,749,104 million.

#### (4) Monetary Claims on and Monetary Liabilities to Subsidiaries

Total monetary claims on the Company's subsidiaries amounted to ¥2,660 million, while total monetary liabilities owed to subsidiaries amounted to ¥4,261 million.

#### (5) Leased Movables

The Company holds leased movables, including computers and peripherals, in addition to the tangible and intangible fixed assets reported on the Balance Sheet.

#### (6) Reserves for Policyholder Dividends

Changes in the reserves for policyholder dividends for FY2012 are shown below:

a. Beginning balance.....	¥296,253 million
b. Provision from surplus for the previous period ...	¥133,466 million
c. Dividends to policyholders in the current period .....	¥149,773 million
d. Interest on reserves.....	¥ 578 million
e. Ending balance.....	¥280,524 million

#### (7) Assets and Liabilities Denominated in Foreign Currencies

Assets denominated in foreign currencies totaled ¥4,397,777 million. (The main foreign currencies are US\$38,600 million and A\$3,794 million.) Liabilities denominated in foreign currencies totaled ¥9,430 million. (The main foreign currencies are EUR37 million and US\$28 million.)

#### (8) Foundation Funds Procurement

In accordance with the provisions of Article 60 of the Insurance Business Law, the Company newly added a total of ¥100,000 million in foundation funds.

#### (9) Assets Pledged as Collateral

Assets pledged as collateral amounted to ¥4,319 million in securities.

#### (10) Status and fair value of financial instruments

##### 1) Financial Instruments

The "surplus management-type ALM" used for managing assets in the general account other than the separate accounts prescribed in Article 118 Paragraph 1 of the Insurance Business Law sees the surplus arising from the difference between assets and liabilities assessed at economic value as an indicator of financial soundness and focuses on fluctuations in this surplus (risk).

Based on this policy, the specific financial assets in which the Company invests are principally securities and loans. Securities holdings primarily consist of bonds, stocks, investment trusts and investments in partnership capital; loans primarily consist of loans to domestic customers.

As a general rule, use of derivatives is limited to hedging, primarily as a method of hedging against invested asset risk and insurance liability risk. Hedging transactions have been accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ, March 10, 2008). These transactions consist primarily of: the exceptional accounting treatment of interest rate swaps used as a cash flow hedge related to loans; market-based hedge accounting using forward exchange contracts and deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency

denominated bonds; and hedges against interest rate risk related to insurance liability using interest rate swaps.

Securities are exposed to market risk (interest rate fluctuation risk, exchange rate fluctuation risk and price fluctuation risk) and credit risk; loans to credit risk and interest rate fluctuation risk; and derivatives transactions to market risk and credit risk. Loans payable are exposed to interest rate fluctuation risk because they are made at fluctuating interest rates.

With regard to interest rate fluctuation risk management, fluctuation risk is managed on the basis of economic values, including liabilities, from a surplus management perspective, through purchases of super long-term bonds aimed at prolonging asset duration in a sustained, stable manner and through interest rate risk hedges against insurance liabilities using interest rate swaps. The Company hedges against exchange risk using forward exchange contracts where necessary for appropriate control of exchange fluctuation risk levels. With regard to market risk management including price fluctuation risk, the Company makes integrated management for outstanding balances and the profit and loss situation of securities and derivatives transactions while mechanisms have been introduced to keep losses to within certain limits by establishing appropriate caps.

The Value at Risk (VaR) method is also used to measure the maximum foreseeable loss, and stress tests are regularly performed to simulate conditions that might arise in the event of sharp market fluctuations that exceed normal forecasts. The department which manages investment risk monitors the profit and loss situation and compliance with rules. This department

reports directly to the Board of Directors on important matters and submits reports regularly (or immediately in urgent cases) to its subcommittee. When managing credit risk, the risk inherent in each transaction is carefully identified and investments are limited to those that are judged to be highly safe. With regard to corporate loans, where credit risk judgments are particularly important, the department which manages credit risk ensures that a rigorous screening system is in place. In addition to monitoring customers who are granted credit facilities and implementing an internal credit rating scheme that uses corporate screening methods, the Company takes decisions on highly important deals following careful discussions by the Investment Council (Management Council). Further, it sets exposure limits based on creditworthiness to ensure that risk is not concentrated among certain companies or groups, and works to disperse investments.

The Company limits risk by drawing up policies on using derivatives transactions, establishing limits on balances according to the type of transaction, and setting exposure limits for each counter party. At the same time, a system of internal checks has been established by isolating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

The fair values of financial instruments are prices based on the market price and, in cases where market prices are not available, include prices calculated by reasonable methods. Since certain assumptions are adopted for said price calculations, said prices may differ when different assumptions are used.

## 2) Fair Values of Financial Instruments

The amounts of the principal financial assets and liabilities reported in the balance sheet at the end of the fiscal year, and fair values and the differences between them, are as follows.

	(Millions of Yen)		
	Amount reported in the balance sheet	Fair value	Difference
Cash and deposits .....	¥ 188,492	¥ 188,492	¥ —
Available-for-sale securities (CDs) .....	22,999	22,999	—
Monetary claims bought.....	240,513	255,908	15,394
Held-to-maturity debt securities.....	208,727	224,121	15,394
Available-for-sale securities.....	31,786	31,786	—
Securities.....	24,632,785	25,328,279	695,494
Trading securities.....	730,472	730,472	—
Held-to-maturity debt securities.....	5,850,947	6,397,042	546,095
Policy-reserve-matching bonds.....	2,415,504	2,564,903	149,399
Available-for-sale securities.....	15,635,859	15,635,859	—
Loans.....	5,198,145	5,394,125	195,979
Policy loans.....	317,688	317,688	—
Financial loans.....	4,880,457	5,076,437	195,979
Reserves for possible loan losses (*1) .....	(7,153)	—	—
	5,190,991	5,394,125	203,133
Deposits received on bond lending.....	946,281	946,281	—
Loans payable .....	100,000	100,000	—
Derivative financial instruments (*2) .....	(93,355)	(93,355)	—
Items to which hedge accounting does not apply.....	2,150	2,150	—
Items to which hedge accounting applies.....	(95,505)	(95,505)	—

(\*1) Excludes general reserve for possible losses on loans and specific reserve for possible loan losses related to loans.

(\*2) The net amounts of claims and liabilities arising from derivative transactions are shown as net amounts, and items whose totals are net liabilities are shown in parentheses ( ).

## a. Method used to calculate the fair value of financial instruments

### Assets

#### ① **Cash and deposits**

The Company uses book values for fair values because it assumes that since contract terms are short, fair values are close to book values. The same assessment method as in ③ Securities, has been used for securities transactions based on "Accounting Standards for Financial Instruments" (ASBJ, March 10, 2008).

#### ② **Monetary claims bought**

The same assessment method as in ③ Securities has been used for those monetary claims bought and handled as securities under the provisions of the "Accounting Standards for Financial Instruments" (ASBJ, March 10, 2008), primarily in that the fair value is the price calculated by discounting the future cash flow received from transaction partners to the present value.

Some subordinated trust beneficiary rights are not included in monetary claims bought and their fair value is not subject to disclosure, because it is recognized that it is extremely difficult to identify their fair value due to problems in calculating future cash flow. The balance sheet amount of said trust beneficiary rights at fiscal year-end was ¥24,739 million.

#### ③ **Securities**

Of available-for-sale securities, domestic stocks for which market quotations are available are stated at the average market price during March. Securities other than these are stated at market price as of the end of March.

Unlisted stocks, etc., for which market quotations are not available are not included among securities and their fair values are not subject to disclosure, because it is recognized that it is extremely difficult to identify the fair value. The balance sheet amount of said unlisted stocks at fiscal year-end was ¥999,905 million, of which ¥187,868 million was stocks issued by subsidiaries and affiliates. Impairment losses of ¥514 million were recognized in connection with unlisted stocks other than stocks issued by subsidiaries and affiliates.

#### ④ **Loans**

The Company uses book values for the fair values of policy loans because it assumes that fair values are close to book values as a result of projected repayment periods, interest conditions, etc., and no repayment periods according to characteristics such as limiting loans to within the cash surrender value.

The fair values of financial loans are primarily stated at prices that discount future cash flow to present value. The fair values of loans to borrowers who are legally bankrupt, substantially bankrupt or have a high possibility of bankruptcy are stated at the amounts obtained by deducting estimated losses from the book value before direct deductions.

### Liabilities

#### ① **Deposits received on bond lending**

The Company uses book values for fair values because it assumes that since contract terms are short, fair values are close to book values.

#### ② **Loans payable**

Since loans are made at fluctuating interest rates that reflect market interest rates in the short term, and the Company's credit standing does not change much after borrowing, their fair value is stated at book value because it is assumed said fair value is close to said book value.

### Derivative financial instruments

① The fair values of securities exchange transactions, of stock index futures and bond futures, etc. are stated at the closing or settlement prices as of March 31.

② The fair values of OTC transactions of foreign exchange contracts, etc. are stated at theoretical prices based on the TTM, WM/Reuters or discount rate on March 31, or fair values obtained from counterparties on March 31.

③ The fair values of interest swap transactions are stated at theoretical prices discounting the difference of future cash flow to the present value, or fair values obtained from counterparties on March 31.

Since interest swaps subject to exceptional treatment are treated as an integral part of the hedged loan, their fair values are stated as included in the fair values of said loans.

## b. Notes Concerning Securities Holdings by Purpose

① The valuation difference on Trading Securities included in profits (losses) for the fiscal year amounted to ¥74,870 million.

② The amounts reported in the balance sheet and fair values of the Held-to-Maturity Debt Securities by type at the end of the fiscal year, and the differences between them, are on the next page (b-1). No Held-to-Maturity Debt Securities were sold during the fiscal year.

③ Sales of Policy-Reserve-Matching Bonds with the aim of achieving target duration during the fiscal year amounted to ¥37,591 million; total gains on sales was ¥1,235 million; total loss on sales was nothing. With regard to Policy-Reserve-Matching Bonds, balance sheet amounts and the differences between them for each type of security are on the next page (b-2).

④ Sales of available-for-sale securities during the fiscal year amounted to ¥2,697,553 million; total gains on sales was ¥149,733 million; total loss on sales was ¥16,204 million. With regard to available-for-sale securities, acquisition costs, amortized costs, balance sheet amounts and the differences between them for each type of security are on the next page (b-3).

⑤ "Acquisition or amortized costs" in the b-3 table refers to book values after impairment losses. Impairment losses on Available-for-sale securities for which market quotations are available amounted to ¥27,897 million during the fiscal year.

b-1. (Millions of Yen)

Type	Amount reported in the balance sheet	Fair value	Difference
Securities whose fair value exceeded the balance sheet amount			
1) Government & Municipal bonds .....	¥5,077,453	¥5,571,471	¥494,017
2) Corporate bonds.....	627,597	676,462	48,864
3) Other .....	328,749	347,608	18,859
Total.....	¥6,033,800	¥6,595,542	¥561,741
Securities whose fair value does not exceed the balance sheet amount			
1) Government & Municipal bonds .....	¥ 3,026	¥ 3,005	¥ (21)
2) Corporate bonds.....	2,001	1,988	(13)
3) Other .....	20,846	20,628	(217)
Total.....	¥ 25,874	¥ 25,622	¥ (252)

Note: This table includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

b-2. (Millions of Yen)

Type	Amount reported in the balance sheet	Fair value	Difference
Securities whose fair value exceeded the balance sheet amount			
1) Government & Municipal bonds .....	¥2,404,308	¥2,552,661	¥148,353
2) Corporate bonds.....	11,196	12,241	1,045
3) Other .....	—	—	—
Total.....	¥2,415,504	¥2,564,903	¥149,399
Securities whose fair value does not exceed the balance sheet amount			
1) Government & Municipal bonds .....	¥ —	¥ —	¥ —
2) Corporate bonds.....	—	—	—
3) Other .....	—	—	—
Total.....	¥ —	¥ —	¥ —

b-3. (Millions of Yen)

Type	Acquisition or amortized costs	Amount reported in the balance sheet	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs			
(1) Stocks .....	¥ 1,453,624	¥ 2,617,285	¥1,163,661
(2) Bonds.....	7,433,898	8,187,268	753,369
1) Government & Municipal bonds.....	6,541,059	7,237,257	696,198
2) Corporate bonds .....	892,839	950,010	57,170
(3) Other .....	3,042,643	3,549,819	507,175
Total.....	¥11,930,167	¥14,354,373	¥2,424,206
Securities whose balance sheet amount does not exceed the acquisition or amortized costs			
(1) Stocks .....	¥ 207,786	¥ 177,505	¥ (30,280)
(2) Bonds.....	231,703	228,894	(2,809)
1) Government & Municipal bonds.....	197,688	197,680	(8)
2) Corporate bonds .....	34,014	31,214	(2,800)
(3) Other .....	956,739	929,872	(26,867)
Total.....	¥ 1,396,229	¥ 1,336,272	¥ (59,957)

Note: This table includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

**c. Projected amounts for monetary claims and securities with maturity period to be redeemed following the balance sheet date**

c-1. (Millions of Yen)

	≤ 1 year	> 1 year ≤ 3 years	> 3 years ≤ 5 years	> 5 years ≤ 7 years	> 7 years ≤ 10 years	> 10 years
Deposits .....	¥ 187,922	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought .....	—	2,003	—	—	—	238,510
Loans* .....	488,548	1,010,599	907,235	643,117	690,066	1,138,555
Securities						
Held-to-maturity debt securities .....	387,204	906,939	203,848	328,166	548,051	3,476,736
Policy-reserve-matching bonds .....	—	—	—	—	109,625	2,305,879
Available-for-sale securities with fixed maturities .....	249,491	373,851	678,812	1,078,355	2,128,002	8,174,760
Total .....	¥1,313,167	¥2,293,394	¥1,789,896	¥2,049,639	¥3,475,745	¥15,334,442

\* Loans do not include ¥307 million in claims against borrowers who are bankrupt, etc., or other projected non-recoverable amounts.

\* Policy loans that have no maturity period are not included in loans.

**d. Projected amounts of deposits received on bond lending and loans payable to be repaid following the balance sheet date**

d-1. (Millions of Yen)

	≤ 1 year	> 1 year ≤ 3 years	> 3 years ≤ 5 years	> 5 years ≤ 7 years	> 7 years ≤ 10 years	> 10 years
Deposits received on bond lending.....	¥946,281	¥—	¥—	¥—	¥—	¥—
Loans payable .....	—	—	—	—	100,000	—
Total .....	¥946,281	¥—	¥—	¥—	¥100,000	¥—

**(11) Real Estate**

The Company has office buildings for lease in the Tokyo Metropolitan Area and elsewhere, carried at ¥597,854 million on the balance sheet as of the end of the fiscal year. The fair value of the real estate was ¥613,700 million. Fair values are primarily calculated by means of the appraisal value by real estate appraisers (including those adjusted using indices, etc.)

**(12) Non-Performing Loans**

- Non-performing loans, including loans to bankrupt borrowers, past due loans, loans past due for three months or more, and restructured loans totaled ¥21,875 million. Loans to bankrupt borrowers amounted to ¥1 million and past due loans totaled ¥3,043 million.
- The direct deduction of estimated uncollectible amount for loans to bankrupt borrowers and past due loans was, respectively, ¥123 million and ¥16 million.
- Loans to bankrupt borrowers are nonaccrual loans for which events defined in Articles 96-1, subparagraphs 3 (i-v) and 4 of the Enforcement Regulations of the Corporate Income Tax Law (Ordinance No. 97, 1965) have taken place. Accrued interest is not recorded as income due to substantial doubt over the ability to collect interest or principal because of delay in payment for extended periods.
- Past due loans are nonaccrual loans, other than loans to bankrupt borrowers, and loans whose interest payments are postponed to support the reconstruction efforts of borrowers.
- There were no loans past due for three months or more. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under terms of the respective loans but not classified as loans to bankrupt borrowers or past due loans.
- Restructured loans totaled ¥18,830 million. Restructured loans are those subject to certain favorable concessions, including reduced interest rates or moratorium on interest payments, moratorium on repayments or debt forgiveness, which are made to support the reconstruction efforts of borrowers.

**(13) Securities Lent**

The balance sheet amount of the securities lent under consumption loan agreements, including sales and repurchase transactions (“repo”) was ¥1,678,741 million.

**(14) The Balance of Funds not yet Provided in Financing through Commitment Line Agreements for Loans**

The balance of funds not yet provided in financing through commitment line agreements for loans totaled ¥28,141 million.

**(15) Loans Payable**

Loans payable are subordinated debts with repayment subordinated to other obligations.

**(16) Contribution to Life Insurance Policyholders’ Protection Corporation of Japan**

The amount of the future contribution to the Life Insurance Policyholders’ Protection Corporation of Japan, founded in accordance with Article 259 of the Insurance Business Law, is estimated at ¥51,417 million. The contribution is recorded as an operating expense at the time of payment.

**(17) Liability for Retirement Benefits**

Details of the Liability for Retirement Benefits are listed below:

a. Benefit obligation.....	¥368,317 million
b. Plan assets .....	¥344,193 million
Of which: retirement benefit trust.....	¥174,559 million
c. Non-accumulated liability for retirement benefits (a+b).....	¥ 24,123 million
d. Unrecognized actuarial difference .....	¥115,490 million
e. Unrecognized prior service cost.....	¥ 4,434 million
f. Pre-paid plan cost .....	¥ 86,932 million
g. Accrued pension and severance costs (c+d+e-f).....	¥ — million

A calculation of Liability for Retirement Benefits is as listed below:

a. Allocation of expected retirement benefit payments .....	Fixed payments over a period of time
b. Discount rate .....	0.9%

- c. Expected rate of return on plan assets
  - Defined benefit corporate pension fund
    - From April 1, 2012 to June 30, 2012.....3.0%
    - From July 1, 2012 to March 31, 2013 .....2.0%
  - Retirement benefit trust .....0.0%
- d. Years for amortization of actuarial difference .....10 years
- e. Years for amortization of prior service cost.....10 years

**(18) Deferred Tax Assets and Liabilities**

- a. Deferred tax assets, which amount to ¥555,331 million, consist mainly of ¥352,718 million in policy reserves, ¥111,717 million in reserves for price fluctuations. The amount of deferred tax assets deducted as allowance account was ¥2,959 million.
- b. Deferred tax liabilities, which amount to ¥728,891 million, consist mainly of ¥693,253 million on unrealized gains on available-for-sale securities.
- c. The effective statutory tax rate in the fiscal year under review was 33.28%. The difference between the statutory tax rate and the effective tax rate after applying tax effect accounting consists primarily of a 17.61% decrease in reserves for policyholder dividends.

**(19) Revaluation of Land for Business**

- a. Land used for the Company's business was revalued at publicly disclosed prices, in accordance with the Law concerning the Revaluation of the Land (Law No. 34, promulgated on March 31, 1998).
- b. Unrealized gains on the revaluation of land, net of deferred tax, was reported as revaluation reserves for land within net assets, and the relevant deferred tax was included in liabilities as deferred tax liabilities on revaluation of land.
- c. Date of revaluation: March 31, 2000  
Method of revaluation as provided in Article 3-3 of the law: The fair value of land is determined based on revisions to the Law Concerning Public Notification of Land Prices, as stipulated in Article 2-1 of the Law Concerning the Revaluation of Land (Law No. 119, issued on March 31, 1998) after making reasonable adjustments.
- d. The date and method related to the revaluation reserves of land acquired from The Yasuda Mutual Life Insurance Company upon the merger on January 1, 2004, are as follows.  
Date of revaluation: March 31, 2001  
Method of revaluation as provided in Article 3-3 of the law: The fair value of land is determined based on revisions to the Law Concerning Public Notification of Land Prices, as stipulated in Article 2-1 of the Law Concerning the Revaluation of Land (Law No. 119, issued on March 31, 1998) after making reasonable adjustments or to the Law Concerning Appraised Values, as stipulated in Article 2-5.

**(20) Subsidiaries' Shares**

The shares of subsidiaries were valued at ¥191,397 million.

**(21) Others**

The reserves for outstanding claims corresponding to the portion of reinsurance provided for under Article 71-1 of the Order for Enforcement of the Insurance Business Law applied mutatis mutandis to Article 73-3 amounted to ¥22 million, and the underwriting reserves provided for under Article 71-1 of the Order for Enforcement of the Insurance Business Law amounted to ¥1,087 million.

**4. Operations and Surplus**

**(1) Transactions with Subsidiaries**

Total revenues from transactions with the Company's subsidiaries amounted to ¥5,597 million, while total expenses amounted to ¥29,189 million.

**(2) Gains and Losses on Securities**

- a. Gains on securities sold are ¥114,182 million from domestic bonds, ¥7,975 million from domestic stocks, and ¥28,809 million from foreign securities.
- b. Losses on securities sold are mainly ¥14 million from domestic bonds and ¥8,695 million from domestic stocks, and ¥7,494 million from foreign securities.
- c. Losses on securities appraised are mainly ¥315 million from domestic bonds, and ¥27,645 million from domestic stocks.

**(3) Outstanding Claims and Policy Reserves**

When calculating the reversal of reserves for outstanding claims, the amount deducted from the reversal of reserves for outstanding claims for ceded reinsurance was ¥10 million. When calculating the provision of policy reserves, the additional amount of the reversal of policy reserves for ceded reinsurance was ¥879 million.

**(4) Derivative Financial Instruments**

The loss on derivative financial instruments included valuation gains of ¥145,945 million.

**(5) Cost of Retirement Benefits**

The itemization of cost of retirement benefits is as listed below:

- a. Service cost..... ¥10,810 million
  - b. Interest cost ..... ¥ 6,877 million
  - c. Expected return on plan assets..... -¥ 3,691 million
  - d. Amortization of actuarial difference..... ¥ 5,248 million
  - e. Amortization of prior service cost..... -¥ 2,868 million
  - f. Others..... ¥ 3 million
- Net Benefit Cost amounted to ¥16,378 million (a+b+c+d+e+f).

**(6) Impairment Losses**

Impairment losses for the year are as itemized below:

- 1) Asset grouping method  
Real estate, etc., provided for the use of the insurance business, etc., is treated as a single asset group for the overall insurance business, etc. For rental real estate and idle real estate, etc., not provided for the use of the insurance business, each individual property is treated as a single asset group.
- 2) Recognition of impairment losses  
Since there were marked declines in the profitability or fair value of some asset groups as a result of the deterioration in the real estate market, book values were reduced to the amounts collectible, and the amounts of reduction were reported under extraordinary losses as impairment losses.
- 3) Itemization of asset groups for which impairment losses were recognized, and impairment losses posted by type of fixed asset.

Type	No. of cases	Impairment loss (Millions of Yen)		
		Land	Buildings	Total
Rental real estate, etc. ....	5	¥ 592	¥ 551	¥1,144
Idle real estate, etc. ....	30	1,012	1,283	2,295
Total .....	35	¥1,605	¥1,835	¥3,440

4) Calculations of collectible amounts

The collectible amounts applied are the value in use or net sales value in the case of rental real estate, etc., and the net sales value in the case of idle real estate. Value in use has been calculated as the future cash flow after reflecting estimated volatility risk, discounted by 2.25%. The net sales value is calculated on the basis of the price obtained by deducting estimated disposal expenses from the appraisal value based on real estate appraisal criteria, or the appraisal price based on the posted price.

## Supplementary Financial Information (Non-Consolidated Basis)

Meiji Yasuda Life Insurance Company

### 1. Outline of Life Insurance and Group Pension Business

#### 1-1. Life Insurance and Group Pensions in Force

	(Millions of Yen)	
	FY2012	FY2011
Individual life insurance .....	¥ 83,389,526	¥ 88,851,239
Individual annuities .....	13,563,364	12,702,634
Group life insurance .....	110,128,043	109,167,874
Group pensions* .....	6,683,296	6,512,315

\* Sum total of policy reserves for group pensions

#### 1-2. Life Insurance and Group Pensions New Business

	(Millions of Yen)	
	FY2012	FY2011
Individual life insurance .....	¥2,033,420	¥4,451,541
Individual annuities .....	1,398,865	1,103,696
Group life insurance .....	927,708	396,700
Group pensions* .....	3,168	780

\* Sum total of first premiums

#### 1-4. Insurance Benefits Paid

	FY2012					FY2011
	Individual life	Individual annuities	Group life	Group pensions	Total*	Total*
Claims paid .....	¥542,428	¥ 1,117	¥151,607	¥ 95,922	¥797,407	¥699,453
Death benefits .....	244,253	906	140,551	—	391,201	407,265
Accidental death benefits .....	3,266	11	507	—	3,892	5,906
Disability benefits .....	34,580	72	10,534	—	45,196	46,647
Maturity benefits .....	259,941	126	0	95,922	356,713	239,194
Others .....	386	—	13	—	404	440
Annuities paid .....	13,114	246,631	20,363	243,817	529,255	481,112
Benefits on policies paid .....	150,068	36,806	597	282,387	473,231	466,427
Death benefits .....	14,615	23,826	5	3,575	42,207	34,647
Hospitalization benefits .....	36,938	1,252	352	—	40,219	41,732
Operation benefits .....	18,296	846	—	—	19,260	20,499
Injury benefits .....	1,089	4	108	—	1,208	1,193
Survivor benefits .....	49,186	1,204	—	—	51,733	61,105
Lump sum benefits .....	—	—	130	276,222	276,352	271,551
Others .....	29,941	9,671	—	2,589	42,249	35,697
Surrender benefits paid .....	254,888	102,781	—	27,558	407,325	447,392

\* Total includes insurance benefits paid to other types of insurance and annuities.

### 1-3. Premium Income

	(Millions of Yen)	
	FY2012	FY2011
Individual life insurance .....	¥2,079,128	¥3,648,867
Individual annuities .....	455,221	454,571
Group life insurance .....	306,129	306,073
Group pensions .....	773,478	728,928
TOTAL* .....	¥3,658,582	¥5,183,163

\* Total includes premium income from other types of insurance and annuities.



## 2. Outline of Investments (General Account)

### 2-1. Breakdown of Assets

	(Millions of Yen)	
	FY2012	FY2011
Cash, deposits and call loans .....	¥ 552,256	¥ 509,056
Monetary claims bought.....	265,252	269,101
Securities.....	24,902,217	21,558,439
Domestic bonds.....	16,541,747	15,168,361
Domestic stocks .....	3,042,060	2,654,094
Foreign securities.....	5,204,990	3,665,176
Foreign bonds .....	3,988,313	2,607,577
Foreign stocks.....	1,216,677	1,057,598
Others .....	113,418	70,806
Loans.....	5,198,145	4,967,486
Policy loans.....	317,688	332,203
Financial loans .....	4,880,457	4,635,283
Real estate.....	962,973	968,004
Deferred tax assets .....	—	144,120
Others.....	369,376	556,091
Reserves for possible loan losses....	(9,522)	(10,661)
<b>TOTAL .....</b>	<b>¥32,240,700</b>	<b>¥28,961,639</b>
(Assets denominated in foreign currencies).....	¥ 4,258,637	¥ 2,723,128

Note: Real estate reflects the total value of land, buildings and construction in progress.

### 2-2. Average Balances of Assets

	(Millions of Yen)	
	FY2012	FY2011
Cash, deposits and call loans .....	¥ 371,103	¥ 334,550
Monetary claims bought.....	267,202	281,234
Securities.....	21,225,264	19,184,644
Domestic bonds.....	14,817,071	13,637,576
Domestic stocks .....	1,987,293	2,002,417
Foreign securities.....	4,348,246	3,480,694
Foreign bonds .....	3,210,849	2,410,903
Foreign stocks.....	1,137,397	1,069,791
Loans.....	5,053,251	5,104,860
Financial loans .....	4,728,228	4,764,433
Real estate.....	967,446	998,467
<b>TOTAL .....</b>	<b>¥28,743,048</b>	<b>¥26,854,726</b>
(Overseas investments) .....	¥ 4,495,823	¥ 3,651,085

Notes: 1. Average balances are calculated based on book value.  
2. Overseas investments include assets in foreign currencies, loans for non-residents issued in yen and foreign bonds issued in yen.

### 2-3. Investment Income and Gains

	(Millions of Yen)	
	FY2012	FY2011
Interest and dividends.....	¥618,975	¥577,023
Gains on money-held-in-trust .....	0	0
Gains on securities sold .....	150,968	15,357
Gains on securities redeemed.....	5,358	21
Income for derivative financial instruments.....	—	72,353
Gains on foreign exchange.....	746	—
Reversal of reserves for possible loan losses.....	491	5,305
Others.....	132	3,354
<b>TOTAL .....</b>	<b>¥776,673</b>	<b>¥673,417</b>

Note: Since fiscal 2011, the amount of investment income and gains includes reversal of reserves for possible loan losses.

### 2-4. Investment Expenses and Losses

	(Millions of Yen)	
	FY2012	FY2011
Interest paid.....	¥ 2,858	¥ 3,198
Losses on trading securities.....	—	0
Losses on securities sold .....	16,204	66,945
Losses on securities appraised....	28,411	18,428
Losses on securities redeemed....	6,126	2,072
Losses on derivative financial instruments.....	34,261	—
Losses on foreign exchange .....	—	447
Depreciation of real estate for rent ...	9,916	10,139
Others.....	9,123	9,357
<b>TOTAL .....</b>	<b>¥106,903</b>	<b>¥110,589</b>

### 2-5. Net Investment Returns

	(%)	
	FY2012	FY2011
Cash, deposits and call loans .....	0.08%	0.07%
Monetary claims bought.....	2.23	2.02
Securities.....	2.56	2.28
Domestic bonds.....	2.55	1.93
Domestic stocks .....	1.47	2.12
Foreign securities.....	3.12	3.80
Foreign bonds .....	2.91	3.66
Foreign stocks.....	3.70	4.11
Loans.....	2.03	2.03
Financial loans .....	1.85	1.85
Real estate.....	1.66	1.57
<b>TOTAL .....</b>	<b>2.33%</b>	<b>2.10%</b>
(Overseas investments) .....	<b>3.09%</b>	<b>3.72%</b>

Notes: 1. The rate of return is calculated by deducting investment expenses from the ordinary gain (loss) on the investment, and dividing the result by the average daily balance (book value basis).  
2. Overseas investments include assets in foreign currencies, loans for non-residents issued in yen and foreign bonds issued in yen.

## 2-6. Breakdown of Securities Investment

	(Millions of Yen)	
	FY2012	FY2011
Government bonds .....	¥13,885,961	¥12,574,477
Municipal bonds .....	1,033,765	1,080,921
Corporate bonds .....	1,622,020	1,512,962
Public corporation bonds .....	504,903	495,427
Domestic stocks .....	3,042,060	2,654,094
Foreign securities .....	5,204,990	3,665,176
Foreign bonds .....	3,988,313	2,607,577
Foreign stocks .....	1,216,677	1,057,598
Others .....	113,418	70,806
<b>TOTAL .....</b>	<b>¥24,902,217</b>	<b>¥21,558,439</b>

## 2-7. Breakdown of Loans

	(Millions of Yen)	
	FY2012	FY2011
Policy loans .....	¥ 317,688	¥ 332,203
Financial loans .....	4,880,457	4,635,283
(Loans to non-residents) .....	130,043	138,104
Corporate loans .....	4,594,598	4,353,886
To domestic corporations .....	4,555,482	4,321,369
Loans to governments and supranationals .....	76,974	77,943
Loans to public organizations .....	181,217	172,714
Housing loans .....	3,730	4,516
Consumer loans .....	22,376	24,369
Others .....	1,559	1,853
<b>TOTAL .....</b>	<b>¥5,198,145</b>	<b>¥4,967,486</b>

## Securities and Others with Market Value\*

	(Millions of Yen)				
	FY2012				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds .....	¥15,791,187	¥17,233,993	¥1,442,806	¥1,445,650	¥ (2,844)
Domestic stocks .....	1,661,410	2,794,791	1,133,380	1,163,661	(30,280)
Foreign securities .....	4,014,802	4,479,450	464,647	491,658	(27,011)
Foreign bonds .....	3,564,051	3,991,561	427,510	432,178	(4,668)
Foreign stocks .....	450,751	487,888	37,136	59,480	(22,343)
Other securities .....	72,574	89,571	16,997	17,042	(44)
Monetary claims bought** .....	238,601	255,908	17,306	17,334	(27)
Negotiable deposits** .....	23,000	22,999	(0)	0	(0)
<b>TOTAL .....</b>	<b>¥21,801,576</b>	<b>¥24,876,714</b>	<b>¥3,075,137</b>	<b>¥3,135,347</b>	<b>¥(60,209)</b>

  

	(Millions of Yen)				
	FY2011				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds .....	¥14,728,975	¥15,471,914	¥ 742,938	¥ 745,460	¥ (2,521)
Domestic stocks .....	1,725,656	2,398,155	672,499	714,122	(41,623)
Foreign securities .....	2,822,174	2,899,321	77,147	140,774	(63,627)
Foreign bonds .....	2,452,296	2,574,223	121,927	126,312	(4,385)
Foreign stocks .....	369,878	325,098	(44,779)	14,461	(59,241)
Other securities .....	41,164	45,532	4,368	5,913	(1,545)
Monetary claims bought** .....	243,421	256,208	12,787	12,855	(67)
Negotiable deposits** .....	22,000	21,999	(0)	0	(0)
<b>TOTAL .....</b>	<b>¥19,583,390</b>	<b>¥21,093,132</b>	<b>¥1,509,741</b>	<b>¥1,619,126</b>	<b>¥(109,385)</b>

\* The above table shows information regarding securities and other instruments with market price. Trading securities are not included.

\*\* Including securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

## 2-8. Distribution of Foreign Securities Investment and Overseas Loans

	(Millions of Yen)							
	FY2012				FY2011			
	Foreign securities			Overseas loans	Foreign securities			Overseas loans
	Total	Bonds	Stocks		Total	Bonds	Stocks	
North America .....	¥3,095,617	¥3,048,987	¥ 46,630	¥ 23,000	¥2,028,949	¥1,984,041	¥ 44,908	¥ 16,000
Europe .....	558,070	425,860	132,209	42,500	405,671	366,234	39,437	56,500
Oceania .....	279,172	279,172	—	—	111,462	111,462	—	—
Asia .....	79,322	54,682	24,639	3,400	37,103	26,003	11,100	3,740
Latin America .....	1,034,248	21,050	1,013,197	2,215	984,392	22,239	962,153	2,277
Middle East .....	—	—	—	—	5,084	5,084	—	—
Africa .....	—	—	—	—	—	—	—	—
Supranationals .....	158,560	158,560	—	58,927	92,511	92,511	—	59,587
<b>TOTAL .....</b>	<b>¥5,204,990</b>	<b>¥3,988,313</b>	<b>¥1,216,677</b>	<b>¥130,043</b>	<b>¥3,665,176</b>	<b>¥2,607,577</b>	<b>¥1,057,598</b>	<b>¥138,104</b>

### 3. Non-performing Loans

(Millions of Yen)

	FY2012	FY2011
Loans to bankrupt borrowers .....	¥ 1	¥ 9
Past due loans .....	3,043	3,757
Loans past due three months or more .....	—	—
Restructured loans .....	18,830	20,300
<b>TOTAL .....</b>	<b>¥21,875</b>	<b>¥24,067</b>
Non-performing loans/total loans .....	0.42%	0.48%

- Notes: 1. Loans to bankrupt borrowers and substantially bankrupt borrowers including collateralized and guaranteed loans are directly deducted from total loans based on estimated uncollectible amounts. This is calculated as the remainder after deducting any amounts expected to be collected through the disposal of collateral or the execution of guarantees. The amounts recognized in the financial statements were ¥91 million for loans to bankrupt borrowers and ¥20 million for past due loans as of March 31, 2012; and ¥123 million for bankrupt borrowers and ¥16 million for past due loans as of March 31, 2013.
2. Loans to bankrupt borrowers are loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Law, Civil Rehabilitation Law, Bankruptcy Law or Company Law; loans to borrowers with notes suspended from trading on exchanges; and loans to borrowers that have filed for similar legal proceedings based on overseas laws. Interest is not accrued as income on these loans, which remain in arrears on principal and interest payments with little likelihood for the recovery of principal or interest.
3. Past due loans are loans that do not accrue interest. These loans exclude loans to bankrupt borrowers and loans with modified interest payment terms and conditions extended in order to support the borrowers or business restructuring.
4. Loans past due three months or more are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement. These loans exclude loans to bankrupt borrowers and past due loans.
5. Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. These loans exclude loans to bankrupt borrowers, past due loans, and loans past due three months or more.

### 4. Outline of Reserves

#### 4-1. Policy Reserves

(Millions of Yen)

	FY2012	FY2011
Policy reserves:		
Individual life insurance .....	¥12,883,931	¥12,011,804
Individual annuities .....	7,334,541	7,059,497
Group life insurance .....	155,516	159,844
Group pensions .....	6,683,296	6,512,315
Others .....	229,828	234,728
Reserves for contingencies .....	525,541	491,117
<b>TOTAL .....</b>	<b>¥27,812,655</b>	<b>¥26,469,306</b>

#### 4-2. Other Reserves

(Millions of Yen)

	FY2012	FY2011
Reserves for possible loan losses:		
General reserves for possible loan losses .....	¥ 5,897	¥ 6,369
Specific reserves for possible loan losses .....	3,624	4,291
Accrued retirement benefits for directors and executive officers .....	393	545
Reserves for contingent liabilities .....	2,563	3,115
Reserves for price fluctuations .....	363,544	251,044

## Consolidated Balance Sheet

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

As of March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
<b>ASSETS</b>			
Cash and deposits .....	¥ 253,299	¥ 271,989	\$ 2,693.2
Call loans .....	369,000	307,000	3,923.4
Monetary claims bought .....	265,252	269,101	2,820.3
Securities .....	25,611,969	22,187,931	272,322.9
Loans .....	5,213,965	4,981,415	55,438.2
Tangible fixed assets:			
Land .....	637,711	632,052	6,780.5
Buildings .....	333,154	344,666	3,542.3
Construction in progress .....	2,352	1,071	25.0
Other tangible fixed assets .....	4,463	4,158	47.4
Intangible fixed assets:			
Software .....	29,275	33,941	311.2
Other intangible fixed assets .....	28,163	18,533	299.4
Agency accounts receivable .....	1,628	1,577	17.3
Reinsurance accounts receivable .....	1,400	1,366	14.8
Other assets .....	313,838	512,163	3,336.9
Deferred tax assets .....	1,718	147,144	18.2
Customers' liabilities for acceptances and guarantees .....	22,958	24,315	244.1
Reserves for possible loan losses .....	(9,529)	(10,666)	(101.3)
<b>TOTAL ASSETS .....</b>	<b>¥33,080,624</b>	<b>¥29,727,763</b>	<b>\$351,734.4</b>
<b>LIABILITIES AND NET ASSETS</b>			
<i>Liabilities</i>			
Policy reserves and others:			
Reserves for outstanding claims .....	¥ 116,136	¥ 119,902	\$ 1,234.8
Policy reserves .....	27,858,167	26,512,400	296,205.9
Reserves for policyholder dividends .....	280,524	296,253	2,982.7
Agency accounts payable .....	16	9	0.1
Reinsurance accounts payable .....	1,399	1,196	14.8
Other liabilities .....	1,451,428	750,763	15,432.5
Accrued pension and severance costs .....	757	736	8.0
Accrued retirement benefits for directors and executive officers .....	393	545	4.1
Reserves for contingent liabilities .....	2,563	3,115	27.2
Reserves for price fluctuations .....	364,297	251,328	3,873.4
Deferred tax liabilities .....	176,780	—	1,879.6
Deferred tax liabilities on revaluation of land .....	94,555	88,539	1,005.3
Acceptances and guarantees .....	22,958	24,315	244.1
<b>TOTAL LIABILITIES .....</b>	<b>30,369,979</b>	<b>28,049,107</b>	<b>322,913.1</b>
<i>Net Assets</i>			
Foundation funds .....	210,000	110,000	2,232.8
Accumulated redeemed foundation funds .....	410,000	410,000	4,359.3
Revaluation reserves .....	452	452	4.8
Consolidated surplus .....	344,913	255,484	3,667.3
Total foundation funds and others .....	965,365	775,936	10,264.3
Unrealized gains on available-for-sale securities .....	1,641,055	827,866	17,448.7
Deferred hedge gains (losses) .....	3,815	(1,524)	40.5
Revaluation reserves for land .....	107,619	95,096	1,144.2
Currency translation adjustment .....	(10,707)	(22,393)	(113.8)
Total accumulated other comprehensive income .....	1,741,784	899,044	18,519.7
Minority interests .....	3,495	3,674	37.1
<b>TOTAL NET ASSETS .....</b>	<b>2,710,645</b>	<b>1,678,655</b>	<b>28,821.3</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS .....</b>	<b>¥33,080,624</b>	<b>¥29,727,763</b>	<b>\$351,734.4</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥94.05 to US\$1.00 prevailing on March 29, 2013.

**Consolidated Statement of Operations and Surplus**  
Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
<b>ORDINARY REVENUE</b>			
Premium income and reinsurance refunds.....	<b>¥3,679,866</b>	¥5,203,236	<b>\$39,126.7</b>
Investment income and gains:			
Interest and dividends .....	<b>623,353</b>	580,911	<b>6,627.8</b>
Gains on money-held-in-trust.....	<b>0</b>	0	<b>0.0</b>
Gains on securities sold.....	<b>151,467</b>	15,612	<b>1,610.5</b>
Gains on securities redeemed .....	<b>5,358</b>	21	<b>56.9</b>
Gains on derivative financial instruments .....	<b>—</b>	72,353	<b>—</b>
Gains on foreign exchange.....	<b>746</b>	—	<b>7.9</b>
Reversal of reserves for possible loan losses.....	<b>489</b>	5,304	<b>5.2</b>
Other investment income.....	<b>134</b>	3,373	<b>1.4</b>
Gains on separate account assets investment.....	<b>82,950</b>	21,926	<b>881.9</b>
Other ordinary revenue.....	<b>184,367</b>	213,543	<b>1,960.3</b>
<b>TOTAL ORDINARY REVENUE.....</b>	<b>4,728,735</b>	6,116,284	<b>50,278.9</b>
<b>ORDINARY EXPENSES</b>			
Insurance benefits paid and others:			
Claims paid .....	<b>806,186</b>	707,509	<b>8,571.8</b>
Annuities paid .....	<b>529,345</b>	481,200	<b>5,628.3</b>
Benefits on policies paid.....	<b>474,940</b>	467,911	<b>5,049.8</b>
Surrender benefits paid .....	<b>408,472</b>	448,417	<b>4,343.1</b>
Other refunds paid and expenses .....	<b>81,659</b>	183,307	<b>868.2</b>
Provision for policy reserves and others:			
Provision for policy reserves.....	<b>1,342,731</b>	2,701,675	<b>14,276.7</b>
Interest on dividend reserves.....	<b>522</b>	546	<b>5.5</b>
Investment expenses and losses:			
Interest paid .....	<b>2,939</b>	3,262	<b>31.2</b>
Losses on trading securities.....	<b>—</b>	0	<b>—</b>
Losses on securities sold .....	<b>16,204</b>	66,945	<b>172.3</b>
Losses on securities appraised .....	<b>28,411</b>	18,428	<b>302.0</b>
Losses on securities redeemed.....	<b>6,126</b>	2,072	<b>65.1</b>
Losses on derivative financial instruments .....	<b>34,261</b>	—	<b>364.2</b>
Losses on foreign exchange.....	<b>—</b>	447	<b>—</b>
Depreciation on real estate for rent .....	<b>10,077</b>	10,283	<b>107.1</b>
Other investment expenses .....	<b>10,426</b>	10,523	<b>110.8</b>
Operating expenses .....	<b>364,907</b>	411,677	<b>3,879.9</b>
Other ordinary expenses .....	<b>211,136</b>	228,002	<b>2,244.9</b>
<b>TOTAL ORDINARY EXPENSES.....</b>	<b>4,328,351</b>	5,742,212	<b>46,021.8</b>
<b>ORDINARY INCOME.....</b>	<b>400,384</b>	374,071	<b>4,257.1</b>
Extraordinary profits:			
Gains on disposals of fixed assets .....	<b>9,783</b>	950	<b>104.0</b>
Reversal of reserves for contingent liabilities .....	<b>90</b>	—	<b>0.9</b>
Other extraordinary profits.....	<b>—</b>	5	<b>—</b>
Extraordinary losses:			
Losses on disposals of fixed assets .....	<b>5,995</b>	11,461	<b>63.7</b>
Impairment losses.....	<b>3,539</b>	25,435	<b>37.6</b>
Provision for reserves for contingent liabilities .....	<b>—</b>	1	<b>—</b>
Provision for reserves for price fluctuations .....	<b>112,944</b>	8,650	<b>1,200.9</b>
Losses on reduction of real estate.....	<b>83</b>	474	<b>0.8</b>
Donations for social welfare project promotion.....	<b>552</b>	553	<b>5.8</b>
Other extraordinary losses.....	<b>189</b>	691	<b>2.0</b>
<b>NET SURPLUS BEFORE TAXES AND MINORITY INTERESTS .....</b>	<b>286,952</b>	327,760	<b>3,051.0</b>
Income taxes — current .....	<b>85,716</b>	38,653	<b>911.3</b>
Income taxes — deferred.....	<b>(35,531)</b>	117,653	<b>(377.7)</b>
<b>NET SURPLUS BEFORE MINORITY INTERESTS.....</b>	<b>236,767</b>	171,453	<b>2,517.4</b>
Minority interest share in earnings (losses) .....	<b>57</b>	(1,288)	<b>0.6</b>
<b>NET SURPLUS FOR THE PERIOD.....</b>	<b>¥ 236,709</b>	¥ 172,741	<b>\$ 2,516.8</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥94.05 to US\$1.00 prevailing on March 29, 2013.

## Consolidated Statement of Comprehensive Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
Net surplus before minority interests .....	¥ 236,767	¥171,453	\$ 2,517.4
Other comprehensive income:			
Unrealized gains on available-for-sale securities.....	812,217	299,190	8,636.0
Deferred hedge gains .....	5,340	3,689	56.7
Revaluation reserves for land .....	25	24,136	0.2
Currency translation adjustment.....	3,259	(1,331)	34.6
Share of other comprehensive income of affiliates accounted for under the equity method .....	9,400	—	99.9
COMPREHENSIVE INCOME .....	1,067,010	497,138	11,345.1
Comprehensive income attributable to the parent company .....	1,066,951	498,427	11,344.5
Comprehensive income (loss) attributable to minority interests.....	58	(1,288)	0.6

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥94.05 to US\$1.00 prevailing on March 29, 2013.

## Consolidated Statement of Changes in Net Assets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
Foundation funds and others			
Foundation funds			
Beginning balance.....	¥110,000	¥ 60,000	\$ 1,169.5
Changes during the period			
Foundation funds procurement .....	100,000	50,000	1,063.2
Total changes during the period .....	100,000	50,000	1,063.2
Ending balance .....	210,000	110,000	2,232.8
Accumulated redeemed foundation funds			
Beginning balance.....	410,000	410,000	4,359.3
Changes during the period			
Total changes during the period .....	—	—	—
Ending balance .....	410,000	410,000	4,359.3
Revaluation reserves			
Beginning balance.....	452	452	4.8
Changes during the period			
Total changes during the period .....	—	—	—
Ending balance .....	452	452	4.8
Consolidated surplus			
Beginning balance.....	255,484	200,018	2,716.4
Changes during the period			
Transfer to reserves for policyholder dividends.....	(133,466)	(118,365)	(1,419.1)
Interest payment on foundation funds.....	(1,316)	(774)	(13.9)
Net surplus .....	236,709	172,741	2,516.8
Reversal of revaluation reserves for land.....	(12,497)	1,864	(132.8)
Total changes during the period .....	89,428	55,465	950.8
Ending balance .....	344,913	255,484	3,667.3
Total foundation funds and others			
Beginning balance.....	775,936	670,471	8,250.2
Changes during the period			
Foundation funds procurement .....	100,000	50,000	1,063.2
Transfer to reserves for policyholder dividends.....	(133,466)	(118,365)	(1,419.1)
Interest payment on foundation funds.....	(1,316)	(774)	(13.9)
Net surplus .....	236,709	172,741	2,516.8
Reversal of revaluation reserves for land.....	(12,497)	1,864	(132.8)
Total changes during the period .....	189,428	105,465	2,014.1
Ending balance .....	965,365	775,936	10,264.3

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
Accumulated other comprehensive income			
Unrealized gains (losses) on available-for-sale securities			
Beginning balance.....	¥ 827,866	¥ 528,675	\$ 8,802.4
Changes during the period			
Net changes in items other than foundation funds and others .....	813,189	299,190	8,646.3
Total changes during the period .....	813,189	299,190	8,646.3
Ending balance .....	1,641,055	827,866	17,448.7
Deferred hedge gains (losses)			
Beginning balance.....	(1,524)	(5,213)	(16.2)
Changes during the period			
Net changes in items other than foundation funds and others .....	5,340	3,689	56.7
Total changes during the period .....	5,340	3,689	56.7
Ending balance .....	3,815	(1,524)	40.5
Revaluation reserves for land			
Beginning balance.....	95,096	72,823	1,011.1
Changes during the period			
Net changes in items other than foundation funds and others .....	12,523	22,272	133.1
Total changes during the period .....	12,523	22,272	133.1
Ending balance .....	107,619	95,096	1,144.2
Foreign currency translation adjustment account			
Beginning balance.....	(22,393)	(21,061)	(238.0)
Changes during the period			
Net changes in items other than foundation funds and others .....	11,685	(1,331)	124.2
Total changes during the period .....	11,685	(1,331)	124.2
Ending balance .....	(10,707)	(22,393)	(113.8)
Total accumulated other comprehensive income			
Beginning balance.....	899,044	575,223	9,559.2
Changes during the period			
Net changes in items other than foundation funds and others .....	842,739	323,821	8,960.5
Total changes during the period .....	842,739	323,821	8,960.5
Ending balance .....	1,741,784	899,044	18,519.7
Minority interests			
Beginning balance.....	3,674	5,200	39.0
Changes during the period			
Net changes in items other than foundation funds and others .....	(179)	(1,526)	(1.9)
Total changes during the period .....	(179)	(1,526)	(1.9)
Ending balance .....	3,495	3,674	37.1
Total net assets			
Beginning balance.....	1,678,655	1,250,894	17,848.5
Changes during the period			
Foundation funds procurement .....	100,000	50,000	1,063.2
Transfer to reserves for policyholder dividends.....	(133,466)	(118,365)	(1,419.1)
Interest payment on foundation funds.....	(1,316)	(774)	(13.9)
Net surplus .....	236,709	172,741	2,516.8
Reversal of revaluation reserves for land.....	(12,497)	1,864	(132.8)
Net changes in items other than foundation funds and others .....	842,560	322,295	8,958.6
Total changes during the period .....	1,031,989	427,761	10,972.7
Ending balance .....	2,710,645	1,678,655	28,821.3

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥94.05 to US\$1.00 prevailing on March 29, 2013.

**Consolidated Statement of Cash Flows**  
Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2013 and 2012

	Millions of Yen		Millions of U.S. Dollars*
	FY2012	FY2011	FY2012
<b>Cash flows from operating activities</b>			
Net surplus before taxes and minority interests .....	¥ 286,952	¥ 327,760	\$ 3,051.0
Depreciation on real estate for rent.....	10,077	10,283	107.1
Depreciation .....	22,152	22,064	235.5
Impairment losses.....	3,539	25,435	37.6
Increase (decrease) in reserves for outstanding claims .....	(3,829)	(39,347)	(40.7)
Increase (decrease) in policy reserves .....	1,342,731	2,701,960	14,276.7
Provision for interest on dividend reserves .....	522	546	5.5
Increase (decrease) in reserves for possible loan losses .....	(1,136)	(6,060)	(12.0)
Increase (decrease) in accrued pension and severance costs .....	14	24	0.1
Increase (decrease) in accrued retirement benefits for directors and executive officers.....	(151)	(105)	(1.6)
Increase (decrease) in reserves for contingent liabilities.....	(552)	(476)	(5.8)
Increase (decrease) in reserves for price fluctuations.....	112,944	8,650	1,200.9
Interest and dividends.....	(623,353)	(580,911)	(6,627.8)
Net losses (gains) on securities.....	(417,378)	28,574	(4,437.8)
Interest expenses.....	2,939	3,262	31.2
Losses (gains) on foreign exchange.....	(40)	142	(0.4)
Losses (gains) on tangible fixed assets .....	(3,330)	10,593	(35.4)
Investment losses (gains) on the equity method.....	(265)	88	(2.8)
Decrease (increase) in agency accounts receivable .....	(50)	158	(0.5)
Decrease (increase) in reinsurance accounts receivable .....	(31)	(126)	(0.3)
Decrease (increase) in other assets excluding those related to investing and financing activities.....	(7,595)	(26,673)	(80.7)
Increase (decrease) in agency accounts payable .....	5	(6)	0.0
Increase (decrease) in reinsurance accounts payable .....	202	(260)	2.1
Increase (decrease) in other liabilities excluding those related to investing and financing activities.....	111,277	7,083	1,183.1
Others.....	818	1,264	8.7
<b>Subtotal.....</b>	<b>836,464</b>	<b>2,493,926</b>	<b>8,893.8</b>
Interest and dividend income received .....	647,767	584,690	6,887.4
Interest paid .....	(2,942)	(3,289)	(31.2)
Policyholder dividends paid .....	(149,773)	(140,717)	(1,592.4)
Income taxes paid.....	(49,224)	(25,593)	(523.3)
<b>Net cash provided by (used in) operating activities .....</b>	<b>1,282,291</b>	<b>2,909,016</b>	<b>13,634.1</b>
<b>Cash flows from investing activities</b>			
Net decrease (increase) in deposits .....	(15,260)	430	(162.2)
Payments for purchase of monetary claims bought .....	(17,500)	(16,400)	(186.0)
Proceeds from sales and redemptions of monetary claims bought .....	22,448	57,814	238.6
Payments for purchases of securities.....	(7,031,196)	(5,715,851)	(74,760.1)
Proceeds from sales and redemptions of securities.....	5,375,840	3,034,631	57,159.3
Payments for making loans.....	(1,500,001)	(1,566,250)	(15,948.9)
Proceeds from collection of loans.....	1,268,374	1,646,476	13,486.1
Increase (decrease) in deposits received on bond lending.....	575,750	(297,727)	6,121.7
<b>Total of net cash provided by (used in) asset management activities .....</b>	<b>(1,321,543)</b>	<b>(2,856,877)</b>	<b>(14,051.5)</b>
<b>Subtotal of cash flows from operating and asset management activities.....</b>	<b>(39,252)</b>	<b>52,139</b>	<b>(417.3)</b>
Payments for purchases of tangible fixed assets .....	(37,862)	(22,558)	(402.5)
Proceeds from sales of tangible fixed assets .....	24,845	8,018	264.1
Payments for purchases of intangible fixed assets .....	(18,088)	(10,898)	(192.3)
Others .....	(1,443)	(1,801)	(15.3)
<b>Net cash provided by (used in) investing activities .....</b>	<b>(1,354,092)</b>	<b>(2,884,116)</b>	<b>(14,397.5)</b>
<b>Cash flows from financing activities</b>			
Proceeds from debt borrowings .....	—	425	—
Repayments of debt.....	(11)	(373)	(0.1)
Proceeds from foundation funds raising .....	100,000	50,000	1,063.2
Interest payments on foundation funds .....	(1,316)	(774)	(13.9)
Others.....	(237)	(237)	(2.5)
<b>Net cash provided by (used in) financing activities .....</b>	<b>98,434</b>	<b>49,040</b>	<b>1,046.6</b>
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>1,503</b>	<b>(572)</b>	<b>15.9</b>
<b>Increase (decrease) in cash and cash equivalents .....</b>	<b>28,135</b>	<b>73,368</b>	<b>299.1</b>
<b>Cash and cash equivalents as of the beginning of the period .....</b>	<b>573,247</b>	<b>499,878</b>	<b>6,095.1</b>
<b>Cash and cash equivalents as of the end of the period .....</b>	<b>¥ 601,382</b>	<b>¥ 573,247</b>	<b>\$ 6,394.2</b>

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