

# Financial Section

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# Non-Consolidated Balance Sheet

Meiji Yasuda Life Insurance Company

As of March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ASSETS</b>			
Cash and deposits:			
Cash	¥ 307	¥ 570	\$ 2.9
Deposits	164,008	187,922	1,593.5
Call loans	244,000	369,000	2,370.7
Monetary claims bought	233,622	265,252	2,269.9
Securities:			
Domestic bonds:			
Government bonds	14,315,853	14,004,920	139,096.9
Municipal bonds	940,031	1,044,440	9,133.6
Corporate bonds	1,816,135	1,657,100	17,646.0
Domestic stocks	3,471,850	3,166,734	33,733.4
Foreign securities	6,124,485	5,344,280	59,507.2
Other securities	536,072	415,213	5,208.6
Loans:			
Policy loans	304,630	317,688	2,959.8
Financial loans	4,832,134	4,880,457	46,950.3
Tangible fixed assets:			
Land	623,453	631,342	6,057.6
Buildings	310,528	329,278	3,017.1
Construction in progress	3,650	2,352	35.4
Other tangible fixed assets	3,810	4,203	37.0
Intangible fixed assets:			
Software	37,671	28,749	366.0
Other intangible fixed assets	19,968	28,146	194.0
Agency accounts receivable	2	1	0.0
Reinsurance accounts receivable	2,748	1,211	26.7
Other assets:			
Accounts receivable	84,419	81,807	820.2
Prepaid expenses	4,703	4,491	45.6
Accrued income	95,556	87,992	928.4
Security deposits and rental deposits	8,090	7,350	78.6
Deposits on financial futures	868	908	8.4
Margins on financial futures	46	—	0.4
Derivative financial instruments	13,025	21,089	126.5
Cash collateral pledged for financial instruments	3,380	4,970	32.8
Suspense payments	4,511	3,866	43.8
Miscellaneous assets	8,472	9,029	82.3
Prepaid pension costs	96,495	86,932	937.5
Customers' liabilities for acceptances and guarantees	21,344	22,958	207.3
Reserves for possible loan losses	(8,135)	(9,522)	(79.0)
<b>TOTAL ASSETS</b>	<b>¥34,317,745</b>	<b>¥33,000,742</b>	<b>\$333,440.9</b>

Note: Prepaid pension costs had previously been included in other assets as a component of miscellaneous assets.

However, in line with the revised Order for Enforcement of the Insurance Business Law, the Company decided to present prepaid pension costs separately. The corresponding line items for the fiscal 2012 year-end have been recalculated in line with this reclassification.

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>LIABILITIES</b>			
Policy reserves and others:			
Reserves for outstanding claims	¥ 113,752	¥ 110,259	\$ 1,105.2
Policy reserves	29,210,826	27,812,655	283,820.7
Reserves for policyholder dividends	270,023	280,524	2,623.6
Reinsurance accounts payable	2,852	1,132	27.7
Other liabilities:			
Deposits received on bond lending	640,951	946,281	6,227.6
Loans payable	100,000	100,000	971.6
Corporate income taxes payable and others	80,196	61,327	779.2
Accounts payable	44,660	72,692	433.9
Unpaid expenses	25,557	24,490	248.3
Unearned income	2,209	2,358	21.4
Employees' and agents' savings deposits	24,646	24,887	239.4
Deposits received for guarantee	32,510	32,434	315.8
Margins on financial futures	2	44	0.0
Derivative financial instruments	45,817	114,445	445.1
Cash collateral received for financial instruments	6,300	4,880	61.2
Asset retirement obligations	3,475	3,406	33.7
Suspense receipts	10,571	23,929	102.7
Accrued retirement benefits for directors and executive officers	183	393	1.7
Reserves for contingent liabilities	14	2,563	0.1
Reserves for price fluctuations	480,840	363,544	4,671.9
Deferred tax liabilities	151,334	176,518	1,470.4
Deferred tax liabilities on revaluation of land	92,910	94,555	902.7
Acceptances and guarantees	21,344	22,958	207.3
<b>TOTAL LIABILITIES</b>	<b>31,360,979</b>	<b>30,276,282</b>	<b>304,712.1</b>
<b>NET ASSETS</b>			
Foundation funds	260,000	210,000	2,526.2
Accumulated redeemed foundation funds	410,000	410,000	3,983.6
Revaluation reserves	452	452	4.4
Surplus retained:			
Reserves for loss compensation	8,854	8,389	86.0
Other surplus retained:			
Reserves for redemption of foundation funds	85,000	40,000	825.8
Accumulated fund for price fluctuations	29,764	29,764	289.1
Social welfare project promotion reserves	48	48	0.4
Operating base reinforcement reserves	50,000	28,000	485.8
Reserves for reduction entry of real estate	24,052	23,474	233.6
Special reserves	2,000	2,000	19.4
Other reserves	85	85	0.8
Unappropriated surplus for the period	241,508	223,593	2,346.5
Total foundation funds and others	1,111,766	975,807	10,802.2
Unrealized gains on available-for-sale securities	1,738,003	1,637,216	16,886.9
Deferred hedge gains (losses)	944	3,815	9.1
Revaluation reserves for land	106,051	107,619	1,030.4
Total valuation and translation adjustments and others	1,845,000	1,748,651	17,926.5
<b>TOTAL NET ASSETS</b>	<b>2,956,766</b>	<b>2,724,459</b>	<b>28,728.7</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>¥34,317,745</b>	<b>¥33,000,742</b>	<b>\$333,440.9</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Non-Consolidated Statement of Operations and Surplus

Meiji Yasuda Life Insurance Company

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ORDINARY REVENUE</b>			
Premium income and reinsurance refunds:			
Premium income	¥3,615,578	¥3,658,582	\$35,129.9
Refunds on reinsurance	718	768	6.9
Investment income and gains:			
Interest and dividends:			
Interest on deposits	70	60	0.6
Interest and dividends on securities	522,612	475,780	5,077.8
Interest on loans	100,910	101,035	980.4
Rental income	33,420	32,163	324.7
Other interest and dividends	10,623	9,935	103.2
Gains on money-held-in-trust	0	0	0.0
Gains on securities sold	220,575	150,968	2,143.1
Gains on securities redeemed	36,416	5,358	353.8
Gains on foreign exchange	14	746	0.1
Reversal of reserves for possible loan losses	1,363	491	13.2
Other investment income	14	132	0.1
Gains on separate account assets investment	52,769	82,950	512.7
Other ordinary revenue:			
Annuity supplementary contract premiums	16,550	16,723	160.8
Benefits left to accumulate at interest	113,053	131,831	1,098.4
Reversal of reserves for outstanding claims	—	3,803	—
Reversal of accrued pension and severance costs	9,563	12,932	92.9
Miscellaneous income	6,994	6,769	67.9
<b>TOTAL ORDINARY REVENUE</b>	<b>4,741,249</b>	<b>4,691,035</b>	<b>46,067.3</b>
<b>ORDINARY EXPENSES</b>			
Insurance benefits paid and others:			
Claims paid	670,538	797,407	6,515.1
Annuities paid	616,182	529,255	5,987.0
Benefits on policies paid	450,420	473,231	4,376.4
Surrender benefits paid	436,951	407,325	4,245.5
Other refunds paid	96,549	76,674	938.1
Reinsurance premiums	5,549	4,985	53.9
Provision for policy reserves and others:			
Provision for reserves for outstanding claims	3,493	—	33.9
Provision for policy reserves	1,398,171	1,343,348	13,585.0
Interest on dividend reserves	490	522	4.7
Investment expenses and losses:			
Interest paid	3,239	2,858	31.4
Losses on securities sold	27,984	16,204	271.9
Losses on securities appraised	1,704	28,411	16.5
Losses on securities redeemed	0	6,126	0.0
Losses on derivative financial instruments	57,491	34,261	558.5
Depreciation on real estate for rent	9,613	9,916	93.4
Other investment expenses	9,946	9,123	96.6
Operating expenses	352,046	353,049	3,420.5
Other ordinary expenses:			
Payments of benefits left to accumulate at interest	129,626	148,880	1,259.4
Taxes	23,072	25,264	224.1
Depreciation	21,394	21,794	207.8
Miscellaneous expenses	5,117	5,441	49.7
<b>TOTAL ORDINARY EXPENSES</b>	<b>¥4,319,585</b>	<b>¥4,294,084</b>	<b>\$41,970.3</b>

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ORDINARY INCOME</b>	<b>¥421,664</b>	<b>¥396,951</b>	<b>\$4,097.0</b>
<b>Extraordinary profits:</b>			
Gains on disposals of fixed assets	1,408	9,783	13.6
Reversal of reserves for contingent liabilities	—	90	—
<b>Extraordinary losses:</b>			
Losses on disposals of fixed assets	7,499	5,831	72.8
Impairment losses	5,299	3,440	51.4
Provision for reserves for contingent liabilities	6	—	0.0
Provision for reserves for price fluctuations	117,295	112,500	1,139.6
Losses on reduction of real estate	—	83	—
Donations for social welfare project promotion	553	552	5.3
<b>NET SURPLUS BEFORE TAXES</b>	<b>292,418</b>	<b>284,415</b>	<b>2,841.2</b>
<b>Income taxes—current</b>	<b>123,035</b>	<b>84,723</b>	<b>1,195.4</b>
<b>Income taxes—deferred</b>	<b>(70,004)</b>	<b>(35,845)</b>	<b>(680.1)</b>
<b>NET SURPLUS FOR THE PERIOD</b>	<b>¥239,387</b>	<b>¥235,537</b>	<b>\$2,325.9</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

## Non-Consolidated Appropriation of Surplus

Meiji Yasuda Life Insurance Company

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>Unappropriated surplus for the period</b>	<b>¥241,508</b>	<b>¥223,593</b>	<b>\$2,346.5</b>
<b>Reversal of voluntary reserves:</b>			
Reversal of reserves for reduction entry of real estate	551	545	5.3
<b>TOTAL UNAPPROPRIATED SURPLUS</b>	<b>242,059</b>	<b>224,138</b>	<b>2,351.9</b>
<b>Provision for reserves for policyholder dividends</b>	<b>158,094</b>	<b>152,835</b>	<b>1,536.0</b>
<b>Net surplus for the period:</b>			
Reserves for loss compensation	482	465	4.6
Interest on foundation funds	2,572	2,162	24.9
<b>Voluntary reserves:</b>			
Reserves for redemption of foundation funds	55,000	45,000	534.3
Social welfare project promotion reserves	553	553	5.3
Operating base reinforcement reserves	25,000	22,000	242.9
Reserves for reduction entry of real estate	358	1,123	3.4

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Non-Consolidated Statement of Changes in Net Assets

Meiji Yasuda Life Insurance Company

For the years ended March 31, 2014 and 2013  
(Millions of Yen)

	Foundation funds and others												Valuation and translation adjustments and others					Total net assets		
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserves	Surplus retained								Total surplus retained	Total foundation funds and others	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserves for land	Total valuation and translation adjustments and others			
				Reserves for loss compensation	Reserves for redemption of foundation funds	Accumulated fund for price fluctuations	Social welfare project promotion reserves	Operating base reinforcement reserves	Reserves for reduction entry of real estate	Special reserves	Other reserves								Unappropriated surplus	
Balance at March 31, 2012	¥110,000	¥410,000	¥452	¥7,984	¥15,000	¥29,764	¥48	¥17,000	¥20,791	¥2,000	¥85	¥174,424	¥267,097	¥787,550	¥824,775	¥(1,524)	¥95,096	¥918,347	¥1,705,897	
Foundation funds procurement	100,000													100,000						100,000
Provision for reserves for policyholder dividends													(133,466)	(133,466)	(133,466)					(133,466)
Transfer to reserves for loss compensation				405									(405)							
Interest on foundation funds													(1,316)	(1,316)	(1,316)					(1,316)
Net surplus													235,537	235,537	235,537					235,537
Transfer to reserves for redemption of foundation funds					25,000								(25,000)							
Transfer to social welfare project promotion reserves							553						(553)							
Reversal of social welfare project promotion reserves							(552)						552							
Transfer to operating base reinforcement reserves								11,000					(11,000)							
Transfer to reserves for reduction entry of real estate									3,201				(3,201)							
Reversal of reserves for reduction entry of real estate									(518)				518							
Reversal of revaluation reserves for land													(12,497)	(12,497)	(12,497)					(12,497)
Net changes in items other than foundation funds and others																812,440	5,340	12,523	830,304	830,304
Total changes for fiscal 2012	100,000	—	—	405	25,000	—	0	11,000	2,683	—	—	49,168	88,257	188,257	812,440	5,340	12,523	830,304	830,304	1,018,561
Balance at March 31, 2013	210,000	410,000	452	8,389	40,000	29,764	48	28,000	23,474	2,000	85	223,593	355,354	975,807	1,637,216	3,815	107,619	1,748,651	2,724,459	
Foundation funds procurement	50,000													50,000						50,000
Provision for reserves for policyholder dividends													(152,835)	(152,835)	(152,835)					(152,835)
Transfer to reserves for loss compensation				465									(465)							
Interest on foundation funds													(2,162)	(2,162)	(2,162)					(2,162)
Net surplus													239,387	239,387	239,387					239,387
Transfer to reserves for redemption of foundation funds					45,000								(45,000)							
Transfer to social welfare project promotion reserves							553						(553)							
Reversal of social welfare project promotion reserves							(553)						553							
Transfer to operating base reinforcement reserves								22,000					(22,000)							
Transfer to reserves for reduction entry of real estate									1,123				(1,123)							
Reversal of reserves for reduction entry of real estate									(545)				545							
Reversal of revaluation reserves for land													1,568	1,568	1,568					1,568
Net changes in items other than foundation funds and others																100,787	(2,871)	(1,568)	96,348	96,348
Total changes for fiscal 2013	50,000	—	—	465	45,000	—	—	22,000	577	—	—	17,915	85,958	135,958	100,787	(2,871)	(1,568)	96,348	96,348	232,306
Balance at March 31, 2014	¥260,000	¥410,000	¥452	¥8,854	¥85,000	¥29,764	¥48	¥50,000	¥24,052	¥2,000	¥85	¥241,508	¥441,313	¥1,111,766	¥1,738,003	¥944	¥106,051	¥1,845,000	¥2,956,766	

For the years ended March 31, 2014 and 2013  
(Millions of U.S. Dollars\*)

	Foundation funds and others													Valuation and translation adjustments and others					Total net assets
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserves	Reserves for loss compensation	Surplus retained								Total surplus retained	Total foundation funds and others	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserves for land	Total valuation and translation adjustments and others	
					Reserves for redemption of foundation funds	Accumulated fund for price fluctuations	Social welfare project promotion reserves	Operating base reinforcement reserves	Reserves for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus							
Balance at March 31, 2013	\$2,040.4	\$3,983.6	\$4.3	\$81.5	\$388.6	\$289.1	\$ 0.4	\$272.0	\$228.0	\$19.4	\$0.8	\$2,172.4	\$3,452.7	\$ 9,481.2	\$15,907.6	\$37.0	\$1,045.6	\$16,990.3	\$26,471.6
Foundation funds procurement	485.8													485.8					485.8
Provision for reserves for policyholder dividends												(1,484.9)	(1,484.9)	(1,484.9)					(1,484.9)
Transfer to reserves for loss compensation				4.5									(4.5)						
Interest on foundation funds												(21.0)	(21.0)	(21.0)					(21.0)
Net surplus												2,325.9	2,325.9	2,325.9					2,325.9
Transfer to reserves for redemption of foundation funds					437.2							(437.2)							
Transfer to social welfare project promotion reserves							5.3					(5.3)							
Reversal of social welfare project promotion reserves							(5.3)					5.3							
Transfer to operating base reinforcement reserves								213.7				(213.7)							
Transfer to reserves for reduction entry of real estate									10.9			(10.9)							
Reversal of reserves for reduction entry of real estate									(5.2)			5.2							
Reversal of revaluation reserves for land												15.2	15.2	15.2					15.2
Net changes in items other than foundation funds and others															979.2	(27.8)	(15.2)	936.1	936.1
Total changes for fiscal 2013	485.8	—	—	4.5	437.2	—	—	213.7	5.6	—	—	174.0	835.1	1,321.0	979.2	(27.8)	(15.2)	936.1	2,257.1
<b>Balance at March 31, 2014</b>	<b>\$2,526.2</b>	<b>\$3,983.6</b>	<b>\$4.3</b>	<b>\$86.0</b>	<b>\$825.8</b>	<b>\$289.1</b>	<b>\$ 0.4</b>	<b>\$485.8</b>	<b>\$233.6</b>	<b>\$19.4</b>	<b>\$0.8</b>	<b>\$2,346.5</b>	<b>\$4,287.9</b>	<b>\$10,802.2</b>	<b>\$16,886.9</b>	<b>\$ 9.1</b>	<b>\$1,030.4</b>	<b>\$17,926.5</b>	<b>\$28,728.7</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# 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 fiscal 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 subsidiary companies prescribed under Article 2 Paragraph 12 of the Insurance Business Law; subsidiary entities, 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) Policy-Reserve-Matching Bonds

The Company has classified bonds held with the aim of matching the duration of outstanding liabilities within the sub-groups (divided by insurance type, investment policy and other factors) of individual life insurance, individual annuities and group pensions 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.

### (3) Derivative Transactions

Derivative transactions are stated at fair value.

### (4) 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.

### (5) 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.

### (6) 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.

### (7) 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 FY2013, these direct deductions amounted to ¥59 million.

#### 2) Accrued Pension and Severance Costs

To provide for the payment of retirement benefits for employees in the future, accrued pension and severance costs are presented based on the projected retirement benefit obligations and the projected pension assets as of the end of the fiscal year under review.

Basis for treating retirement benefit obligations and cost of retirement benefits are as follows.

The method of attributing the projected retirement benefits to periods:

	Straight-line basis
Period in which actuarial differences are reflected:	10 years
Period in which prior service costs are reflected:	10 years

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 on the amount of estimated possible losses attributable to commitment line contracts for loans and other factors in the future. 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.

**(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; 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 the allocation method for currency swaps used to hedge against exchange rate fluctuation risk related to foreign currency denominated loans.

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.

- Reserves for policies subject to the standard policy reserve requirement are calculated according to ordinances stipulated by the Prime Minister.
- 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) 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 ¥399,265 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 ¥822,310 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 ¥1,845,453 million.

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

Total monetary claims on the Company's subsidiaries amounted to ¥3,115 million, while total monetary liabilities owed to subsidiaries amounted to ¥3,471 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 FY2013 are shown below:

a. Beginning balance.....	¥280,524 million
b. Provision from surplus for the previous period .....	¥152,835 million
c. Dividends to policyholders in the current period .....	¥163,872 million
d. Interest on reserves.....	¥ 535 million
e. Ending balance.....	¥270,023 million

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

Assets denominated in foreign currencies totaled ¥5,147,051 million. (The main foreign currencies are US\$38,696 million and EUR4,309 million.) Liabilities denominated in foreign currencies totaled ¥3,780 million. (The main foreign currencies are US\$20 million and EUR8 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 ¥50,000 million in foundation funds.

**(9) Assets Pledged as Collateral**

Assets pledged as collateral amounted to ¥3,651 million in securities.

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

### 1) Financial Instruments

The Company follows a policy of “surplus management-type ALM” to manage its investment assets, excluding the assets of the separate account prescribed in Article 118 Paragraph 1 of the Insurance Business Law. Under this policy, the surplus derived from the difference between the economic values of assets and liabilities is considered an important indicator of financial soundness, and fluctuations in this surplus (risk) are closely monitored.

Based on this policy of “surplus management-type ALM”, the Company mainly invests in 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; the allocation method for currency swaps used to hedge against exchange rate fluctuation risk related to foreign currency denominated loans; 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. To manage exchange rate fluctuation risk, the Company hedges against exchange rate fluctuation using forward exchange contracts where necessary for appropriate control of exchange rate fluctuation risk levels. To manage the risk of price fluctuation, the Company performs 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 based on the market price or, in cases where market prices are not available, based on prices calculated using 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	¥ 164,315	¥ 164,315	¥ —
Available-for-sale securities (CDs)	9,999	9,999	—
Monetary claims bought	233,622	245,033	11,410
Held-to-maturity debt securities	204,308	215,719	11,410
Available-for-sale securities	29,313	29,313	—
Securities	26,227,537	26,878,123	650,585
Trading securities	775,067	775,067	—
Held-to-maturity debt securities	5,580,085	6,041,759	461,674
Policy-reserve-matching bonds	5,405,462	5,594,374	188,911
Available-for-sale securities	14,466,921	14,466,921	—
Loans	5,136,765	5,361,249	224,484
Policy loans	304,630	304,630	—
Financial loans	4,832,134	5,056,619	224,484
Reserves for possible loan losses (*1)	(5,735)	—	—
	5,131,029	5,361,249	230,220
Deposits received on bond lending	640,951	640,951	—
Loans payable	100,000	100,000	—
Derivative financial instruments (*2)	(32,792)	(32,792)	—
Items to which hedge accounting does not apply	411	411	—
Items to which hedge accounting applies	(33,203)	(33,203)	—

(\*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). The fair values of these monetary claims bought are stated at theoretical prices calculated by discounting the future cash flow to the present value or at the fair values obtained from counterparties on March 31.

**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 subject to disclosure and are therefore excluded from the above chart out of recognition of the extreme difficulty in identifying their fair value. The balance sheet amount of said unlisted stocks at fiscal year-end was ¥976,890 million, of which ¥280,311 million was stocks issued by subsidiaries and affiliates. Impairment losses of ¥212 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**

The Company uses book values for fair values because it assumes that fair values are close to book values since loans are made at fluctuating interest rates that reflect market interest rates in the short term, and since the Company's credit standing does not change much after borrowing.

**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 the end of March.

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

Since OTC transactions of foreign exchange contracts subject to the allocation method for currency swaps are treated as an integral part of the hedged foreign currency denominated loans, their fair values are stated as included in the fair values of said loans.

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 as of the end of March.

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 -¥2,520 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 this page (b-1). No Held-to-Maturity Debt Securities were sold during the fiscal year.

3 The carrying amounts on the balance sheet of Policy-Reserve-Matching Bonds, grouped by security type, are stated on the next page (b-2), along with their fair values and the differences between these amounts. In fiscal 2013, no Policy-Reserve-Matching Bonds were sold.

4 Sales of available-for-sale securities during the fiscal year amounted to ¥3,224,744 million; total gains on sales were ¥220,575 million; total losses on sales were ¥31,807 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 ¥1,491 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	¥4,721,186	¥5,139,800	¥418,614
2) Corporate bonds	692,053	733,909	41,856
3) Other	296,098	310,043	13,945
Total	¥5,709,338	¥6,183,754	¥474,415
Securities whose fair value does not exceed the balance sheet amount			
1) Government & Municipal bonds	¥ 3,025	¥ 2,997	¥ (27)
2) Corporate bonds	8,200	8,196	(3)
3) Other	63,829	62,530	(1,299)
Total	¥ 75,055	¥ 73,724	¥ (1,330)

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	¥5,037,684	¥5,228,611	¥190,926
2) Corporate bonds	11,181	11,833	651
3) Other	—	—	—
Total	¥5,048,866	¥5,240,445	¥191,578
Securities whose fair value does not exceed the balance sheet amount			
1) Government & Municipal bonds	¥ 356,596	¥ 353,929	¥ (2,667)
2) Corporate bonds	—	—	—
3) Other	—	—	—
Total	¥ 356,596	¥ 353,929	¥ (2,667)

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	¥ 1,470,284	¥ 2,953,828	¥1,483,543
(2) Bonds	5,535,917	5,992,980	457,063
1) Government & Municipal bonds	4,564,853	4,970,249	405,396
2) Corporate bonds	971,063	1,022,730	51,667
(3) Other	2,999,707	3,640,453	640,745
Total	¥10,005,909	¥12,587,262	¥2,581,352
Securities whose balance sheet amount does not exceed the acquisition or amortized costs			
(1) Stocks	¥ 272,696	¥ 250,928	¥ (21,768)
(2) Bonds	83,246	82,429	(817)
1) Government & Municipal bonds	40,002	39,864	(138)
2) Corporate bonds	43,244	42,565	(679)
(3) Other	1,635,933	1,585,616	(50,317)
Total	¥ 1,991,876	¥ 1,918,973	¥ (72,902)

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	¥ 164,008	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	233,622
Loans*	523,627	1,025,420	846,286	492,698	723,697	1,218,727
Securities						
Held-to-maturity debt securities	563,264	418,846	294,313	354,992	577,171	3,371,497
Policy-reserve-matching bonds	—	—	—	39,254	254,229	5,111,978
Available-for-sale securities with fixed maturities	325,853	393,766	1,073,301	1,227,580	2,481,899	5,535,376
Total	¥1,576,754	¥1,838,033	¥2,213,900	¥2,114,526	¥4,036,998	¥15,486,412

\* Loans do not include ¥285 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	¥640,951	¥—	¥—	¥—	¥—	¥—
Loans payable	—	—	—	—	100,000	—
Total	¥640,951	¥—	¥—	¥—	¥100,000	¥—

**(11) Real Estate**

The Company has office buildings for lease in the Tokyo Metropolitan Area and elsewhere, carried at ¥583,174 million on the balance sheet as of the end of the fiscal year. The fair value of the real estate was ¥612,741 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**

- a. Non-performing loans, including loans to bankrupt borrowers, past due loans, loans past due for three months or more, and restructured loans totaled ¥21,035 million. Loans to bankrupt borrowers amounted to ¥0 million and past due loans totaled ¥2,972 million.
- b. The direct deduction of estimated uncollectible amount for loans to bankrupt borrowers and past due loans was ¥44 million and ¥14 million, respectively.
- c. 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.
- d. 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.
- e. 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.
- f. Restructured loans totaled ¥18,061 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 ¥1,700,669 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 ¥23,939 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 ¥51,981 million. The contribution is recorded as an operating expense at the time of payment.

**(17) Retirement Benefits****1. Outline of Retirement Benefit Plans Adopted**

To secure retirement benefits for its employees, the Company has adopted defined benefit plans including defined benefit corporate pension and lump-sum severance indemnity programs.

**2. Defined Benefit Plans****(1) Changes in retirement benefit obligations at the beginning and end of fiscal year**

Beginning balance of retirement benefit obligations:	¥368,317 million
Service cost:	¥ 12,005 million
Interest expenses:	¥ 3,314 million
Actuarial difference:	¥ 4,450 million
Retirement benefit paid:	¥ (31,232 million)
Ending balance of retirement benefit obligations:	<u>¥356,855 million</u>

**(2) Changes in pension assets at the beginning and end of fiscal year**

Beginning balance of pension assets:	¥344,193 million
Expected return on pension assets:	¥ 3,392 million
Actuarial difference:	¥ 9,376 million
Employer's contribution:	¥ 13,288 million
Retirement benefit paid:	¥ (11,603 million)
Ending balance of pension assets:	<u>¥358,647 million</u>

**(3) Balance between retirement benefit obligations, pension assets, accrued pension and severance costs and prepaid pension costs on the balance sheet**

Retirement benefit obligations of saving-type plans:	¥ 355,508 million
Pension assets:	<u>¥(358,647 million)</u>
	<u>¥ (3,138 million)</u>

Retirement benefit obligations of non saving-type plans:	¥ 1,346 million
Unrecognized actuarial difference:	¥(97,839 million)
Unrecognized prior service cost:	¥ 3,135 million
Accrued pension and severance costs (prepaid pension costs):	<u>¥(96,495 million)</u>

**(4) Gains and losses on retirement benefits**

Service costs:	¥12,005 million
Interest expenses:	¥ 3,314 million
Expected return on pension assets:	¥ (3,392 million)
Actuarial difference reflected in expenses:	¥12,725 million
Prior service costs reflected in expenses:	<u>¥ (1,298 million)</u>

**Cost of retirement benefits concerning defined benefit plans**

	<u>¥23,353 million</u>
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**(5) Principal components of pension assets**

Proportion of pension assets by major category	
Bonds:	6.9%
Stocks:	40.7%
Life insurance general accounts:	30.4%
Assets subject to joint management:	19.6%
Cash and deposits:	1.9%
Other:	0.5%
Total:	<u>100.0%</u>

Retirement benefit trust for corporate pension plans accounts for 50.0% of total pension assets.

**(6) Methods to determine long-term expected rates of return on pension assets**

In determining the long-term expected rates of return on its pension assets, the Company takes into consideration the distribution of its current and future pension asset portfolio, as well as the rates of currently expected return and long-term future return from each category of pension assets.

**(7) Matters concerning actuarial assumptions**

Primary factors representing actuarial assumptions as of the end of the fiscal year

Discount rates:	0.9%
Long-term expected rates of return on pension assets	
Defined benefit corporate pension:	2.0%
Retirement benefit trust:	0.0%

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

- a. Deferred tax assets, which amount to ¥621,079 million, consist mainly of ¥390,539 million in policy reserves, ¥147,762 million in reserves for price fluctuations. The amount of deferred tax assets deducted as allowance account was ¥3,032 million.
- b. Deferred tax liabilities, which amount to ¥769,381 million, consist mainly of ¥735,419 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 17.99% decrease in reserves for policyholder dividends.

In addition, following the enforcement of the Act for Partial Revision of Income Tax Act (Act No. 10 of 2014), the special corporate tax for restoration following the Great East Japan Earthquake is no longer in effect as of the fiscal year beginning April 1, 2014. Reflecting this, the effective statutory tax rate was changed from 33.28% to 30.73% for the calculation of deferred tax assets and liabilities that will be recovered or paid during the period from April 1, 2014 to March 31, 2015.

As a result, deferred tax liabilities at the end of fiscal year under review posted an increase of ¥1,983 million, while income tax—deferred increased by the same amount.

**(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 ¥282,953 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 ¥36 million, and the underwriting reserves provided for under Article 71-1 of the Order for Enforcement of the Insurance Business Law amounted to ¥4,452 million.

**4. Operations and Surplus****(1) Transactions with Subsidiaries**

Total revenues from transactions with the Company's subsidiaries amounted to ¥7,852 million, while total expenses amounted to ¥27,455 million.

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

- a. Gains on securities sold were ¥205,826 million from domestic bonds, ¥14,128 million from domestic stocks, and ¥620 million from foreign securities.
- b. Losses on securities sold were mainly ¥1,264 million from domestic bonds and ¥3,186 million from domestic stocks, and ¥23,533 million from foreign securities.
- c. Losses on securities appraised were mainly ¥52 million from domestic stocks and ¥1,447 million from foreign securities.

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

When calculating the provision of reserves for outstanding claims, the amount deducted from the provision of reserves for outstanding claims for ceded reinsurance was ¥14 million. When calculating the provision of policy reserves, the amount deducted from the provision of policy reserves for ceded reinsurance was ¥3,364 million.

**(4) Derivative Financial Instruments**

The loss on derivative financial instruments included valuation gains of ¥186,069 million.

**(5) 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.	2	¥ 432	¥2,057	¥2,489
Idle real estate, etc.	32	1,192	1,616	2,809
<b>Total</b>	<b>34</b>	<b>¥1,624</b>	<b>¥3,674</b>	<b>¥5,299</b>

**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 2.16%. 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. Premium Income

(Millions of Yen)

	FY2013	FY2012
Individual life insurance	¥1,998,234	¥2,079,128
Lump-sum payment	1,136,248	1,197,931
Individual annuities	390,963	455,221
Lump-sum payment	90,820	134,192
Group life insurance	309,328	306,129
Group pensions	871,057	773,478
<b>TOTAL*</b>	<b>¥3,615,578</b>	<b>¥3,658,582</b>

\* Including premiums from asset formation insurance and annuities, medical life insurance, disability income insurance and premium income from receiving reinsurance.

#### 1-2. Premium Income Categorized by Policy Year

(Millions of Yen)

		FY2013	FY2012
Individual life insurance	First-year premiums	¥1,336,858	¥1,433,111
Individual annuities	Premiums for the second year and beyond	1,052,340	1,101,238
	Sub total	2,389,198	2,534,349
Group life insurance	First-year premiums	3,164	1,168
	Premiums for the second year and beyond	306,163	304,961
	Sub total	309,328	306,129
Group pensions	First-year premiums	7,691	14,942
	Premiums for the second year and beyond	863,365	758,536
	Sub total	871,057	773,478
Other types of insurance and annuities*	First-year premiums	1,348,513	1,450,150
	Premiums for the second year and beyond	2,267,064	2,208,432
	Total	3,615,578	3,658,582
	Growth rate (%)	(1.2)	(29.4)

\* Including premiums from asset formation insurance and annuities, medical life insurance, disability income insurance and premium income from receiving reinsurance.

#### 1-3. Insurance Benefits Paid

(Millions of Yen)

	FY2013					FY2012
	Individual life	Individual annuities	Group life	Group pensions	Total	Total
Claims paid	¥474,388	¥ 1,120	¥148,919	¥ 37,487	¥670,538	¥797,407
Death benefits	245,594	903	136,635	—	390,901	391,201
Accidental death benefits	2,802	5	395	—	3,213	3,892
Disability benefits	31,911	83	11,860	—	43,869	45,583
Maturity benefits	194,080	129	1	37,487	232,525	356,713
Others	—	—	27	—	28	17
Annuities paid	11,466	319,396	19,589	260,492	616,182	529,255
Benefits on policies paid	145,993	27,925	595	272,341	450,420	473,231
Death benefits	18,562	24,080	6	3,545	46,410	42,207
Hospitalization benefits	35,354	1,192	369	—	38,606	40,219
Operation benefits	17,401	858	—	—	18,405	19,260
Injury benefits	930	0	98	—	1,034	1,208
Survivor benefits	43,390	759	—	—	45,607	51,733
Lump sum benefits	—	—	121	266,223	266,344	276,352
Others	30,352	1,034	—	2,572	34,011	42,249
Surrender benefits paid	275,746	98,006	—	42,526	436,951	407,325

Note: Previously, comprehensive disability benefits and nursing care benefits had been included in others. However, from fiscal 2013 onward, these benefits are included in disability benefits. In line with this reclassification, the totals of fiscal 2012 figures have been recalculated accordingly.



#### 1-4. Surrender and Lapse Rates (Comparison between the Beginning and End of the Year)

	(%)	
	FY2013	FY2012
Individual life insurance	4.9%	5.1%
Individual annuities	2.6	2.6
Group life insurance	0.1	0.2

Note: Surrender and lapse rates represent the proportion of surrendered or lapsed policies as of the end of the fiscal year, to policies in force at the beginning of said fiscal year. The rates are calculated based on the value of surrendered and lapsed policies.

## 2. Outline of Reserves

### 2-1. Policy Reserves

	(Millions of Yen)	
	FY2013	FY2012
Policy reserves (excluding contingency reserves):		
Individual life insurance	¥13,742,131	¥12,883,931
Individual annuities	7,459,630	7,334,541
Group life insurance	152,875	155,516
Group pensions	6,970,502	6,683,296
Others	225,284	229,828
Contingency reserves	660,402	525,541
<b>TOTAL</b>	<b>¥29,210,826</b>	<b>¥27,812,655</b>

### 2-2. Policy Reserves (Categorized by Fiscal Year in Which Policies Were Signed)

	(Millions of Yen)	(%)
	Policy reserves	Assumed interest rates
-FY1980	¥ 362,752	2.75%–5.00%
FY1981–1985	967,922	2.75–6.00
FY1986–1990	3,051,665	2.75–6.00
FY1991–1995	3,803,905	2.25–5.75
FY1996–2000	1,353,671	1.50–3.75
FY2001–2005	1,097,234	1.00–2.35
FY2006–2010	4,188,494	0.71–1.85
FY2011	3,082,815	0.71–1.85
FY2012	1,542,255	0.45–1.85
<b>FY2013</b>	<b>1,333,261</b>	<b>0.45–1.85</b>

Notes: 1. The policy reserves presented above include reserves for individual life insurance and individual annuity policies, but exclude policy reserves held in separate accounts and contingency reserves.

2. The assumed interest rates presented above are principal assumed interest rates for policy reserves provided in each period since the signing into effect of each policy subject to these reserves.

## 3. Outline of Investments (General Account)

## 3-1. Breakdown of Assets

	(Millions of Yen)	
	FY2013	FY2012
Cash, deposits and call loans	¥ 393,066	¥ 552,256
Monetary claims bought	233,622	265,252
Securities	26,429,360	24,902,217
Domestic bonds	16,905,337	16,541,747
Domestic stocks	3,352,351	3,042,060
Foreign securities	5,982,317	5,204,990
Foreign bonds	4,533,873	3,988,313
Foreign stocks	1,448,444	1,216,677
Others	189,353	113,418
Loans	5,136,765	5,198,145
Policy loans	304,630	317,688
Financial loans	4,832,134	4,880,457
Real estate	937,632	962,973
Others	382,261	369,376
Reserves for possible loan losses	(8,135)	(9,522)
<b>TOTAL</b>	<b>¥33,504,573</b>	<b>¥32,240,700</b>
(Assets denominated in foreign currencies)	¥ 5,008,450	¥ 4,258,637

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

## 3-2. Net Investment Returns

	(%)	
	FY2013	FY2012
Cash, deposits and call loans	0.10%	0.08%
Monetary claims bought	2.03	2.23
Securities	3.07	2.56
Domestic bonds	3.02	2.55
Domestic stocks	4.04	1.47
Foreign securities	2.84	3.12
Foreign bonds	2.59	2.91
Foreign stocks	3.62	3.70
Loans	2.01	2.03
Financial loans	1.85	1.85
Real estate	1.70	1.66
<b>TOTAL</b>	<b>2.71%</b>	<b>2.33%</b>
(Overseas investments)	2.82%	3.09%

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.

## 3-3. Average Balances of Assets

(Millions of Yen)

	FY2013	FY2012
Cash, deposits and call loans	¥ 270,618	¥ 371,103
Monetary claims bought	256,814	267,202
Securities	22,560,899	21,225,264
Domestic bonds	15,602,309	14,817,071
Domestic stocks	1,911,409	1,987,293
Foreign securities	4,907,229	4,348,246
Foreign bonds	3,691,885	3,210,849
Foreign stocks	1,215,343	1,137,397
Loans	5,117,388	5,053,251
Financial loans	4,806,413	4,728,228
Real estate	960,502	967,446
<b>TOTAL</b>	<b>¥30,083,680</b>	<b>¥28,743,048</b>
(Overseas investments)	¥ 5,065,830	¥ 4,495,823

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.

## 3-4. Investment Income and Gains

(Millions of Yen)

	FY2013	FY2012
Interest and dividends	¥667,637	¥618,975
Gains on money-held-in-trust	0	0
Gains on securities sold	220,575	150,968
Gains on securities redeemed	36,416	5,358
Gains on foreign exchange	14	746
Reversal of reserves for possible loan losses	1,363	491
Others	14	132
<b>TOTAL</b>	<b>¥926,021</b>	<b>¥776,673</b>

## 3-5. Investment Expenses and Losses

(Millions of Yen)

	FY2013	FY2012
Interest paid	¥ 3,239	¥ 2,858
Losses on securities sold	27,984	16,204
Losses on securities appraised	1,704	28,411
Losses on securities redeemed	0	6,126
Losses on derivative financial instruments	57,491	34,261
Depreciation of real estate for rent	9,613	9,916
Others	9,946	9,123
<b>TOTAL</b>	<b>¥109,979</b>	<b>¥106,903</b>

**3-6. Statement of Interest and Dividend Income**

(Millions of Yen)

	FY2013	FY2012
Interest on deposits	¥ 70	¥ 60
Interest and dividends on securities	522,612	475,780
Interest on domestic bonds	266,037	263,498
Dividends on stocks	66,159	57,277
Interest and dividends on foreign securities	183,887	150,717
Interest on loans	100,910	101,035
Rental income on real estate	33,420	32,163
Total of other interest and dividends	667,637	618,975

**3-7. Breakdown of Securities Investment**

(Millions of Yen)

	FY2013	FY2012
Government bonds	¥14,200,235	¥13,885,961
Municipal bonds	928,371	1,033,765
Corporate bonds	1,776,730	1,622,020
Public corporation bonds	489,148	504,903
Domestic stocks	3,352,351	3,042,060
Foreign securities	5,982,317	5,204,990
Foreign bonds	4,533,873	3,988,313
Foreign stocks	1,448,444	1,216,677
Others	189,353	113,418
TOTAL	¥26,429,360	¥24,902,217

**3-8. Breakdown of Loans**

(Millions of Yen)

	FY2013	FY2012
Policy loans	¥ 304,630	¥ 317,688
Financial loans	4,832,134	4,880,457
(Loans to non-residents)	122,205	130,043
Corporate loans	4,562,455	4,594,598
To domestic corporations	4,525,741	4,555,482
Loans to governments and supranationals	64,261	76,974
Loans to public organizations	179,820	181,217
Housing loans	2,988	3,730
Consumer loans	21,352	22,376
Others	1,256	1,559
TOTAL	¥5,136,765	¥5,198,145

**Securities and Others with Market Value\***

(Millions of Yen)

	FY2013				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds	¥16,449,092	¥17,554,688	¥1,105,596	¥1,109,112	¥ (3,515)
Domestic stocks	1,742,981	3,204,756	1,461,775	1,483,543	(21,768)
Foreign securities	4,609,156	5,178,226	569,069	620,545	(51,476)
Foreign bonds	4,112,639	4,535,108	422,468	470,098	(47,629)
Foreign stocks	496,516	643,117	146,600	150,447	(3,846)
Other securities	144,427	165,384	20,957	21,005	(48)
Monetary claims bought**	231,985	245,033	13,047	13,139	(91)
Negotiable deposits**	10,000	9,999	(0)	0	(0)
TOTAL	¥23,187,643	¥26,358,088	¥3,170,445	¥3,247,346	¥(76,900)

(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)
TOTAL	¥21,801,576	¥24,876,714	¥3,075,137	¥3,135,347	¥(60,209)

\* 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.

## 3-9. Distribution of Foreign Securities Investment and Overseas Loans

(Millions of Yen)

	FY2013				FY2012			
	Foreign securities			Overseas loans	Foreign securities			Overseas loans
	Total	Bonds	Stocks		Total	Bonds	Stocks	
North America	¥3,361,732	¥3,311,456	¥ 50,275	¥ 23,000	¥3,095,617	¥3,048,987	¥ 46,630	¥ 23,000
Europe	922,602	719,702	202,899	49,500	558,070	425,860	132,209	42,500
Oceania	258,740	258,740	—	—	279,172	279,172	—	—
Asia	157,543	54,415	103,127	3,060	79,322	54,682	24,639	3,400
Latin America	1,135,240	43,100	1,092,140	154	1,034,248	21,050	1,013,197	2,215
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
Supranationals	146,458	146,458	—	46,491	158,560	158,560	—	58,927
<b>TOTAL</b>	<b>¥5,982,317</b>	<b>¥4,533,873</b>	<b>¥1,448,444</b>	<b>¥122,205</b>	<b>¥5,204,990</b>	<b>¥3,988,313</b>	<b>¥1,216,677</b>	<b>¥130,043</b>

## 4. Loans Categorized by Internal Classification of Borrowers

(Millions of Yen)

	FY2013	FY2012
Loans to legally bankrupt and substantially bankrupt borrowers	¥ 786	¥ 849
Loans with collection risk	2,186	2,194
Loans requiring special attention	18,351	19,133
Sub total	21,325	22,178
Proportions in total loans (%)	0.31	0.32
Normal loans	6,859,955	6,901,352
<b>TOTAL</b>	<b>¥6,881,280</b>	<b>¥6,923,531</b>

- Notes: 1. Loans to legally bankrupt and substantially bankrupt borrowers are loans to borrowers that have been found or are likely to be found legally bankrupt through filings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.
2. Loans with collection risk are loans with a high probability of failure in the payment of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance. These loans exclude loans to legally bankrupt and substantially bankrupt borrowers.
3. Loans requiring special attention consist of loans past due three months or more and restructured loans. 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 (excluding the loans described above in sections 1. and 2.). 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. Restructured loans exclude the loans described above in sections 1. and 2. as well as loans past due three months or more.
4. Normal loans are loans to borrowers whose financial status and business performance exhibit no particular problems. These loans exclude the loans described above in sections 1. to 3.

## 5. Non-performing Loans

(Millions of Yen)

	FY2013	FY2012
Loans to bankrupt borrowers	¥ 0	¥ 1
Past due loans	2,972	3,043
Loans past due three months or more	—	—
Restructured loans	18,061	18,830
<b>TOTAL</b>	<b>¥21,035</b>	<b>¥21,875</b>
Non-performing loans/total loans (%)	0.41	0.42

- 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 ¥123 million for loans to bankrupt borrowers and ¥16 million for past due loans as of March 31, 2013; and ¥44 million for loans to bankrupt borrowers and ¥14 million for past due loans as of March 31, 2014.
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.

## Consolidated Balance Sheet

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

As of March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ASSETS</b>			
Cash and deposits	¥ 235,740	¥ 253,299	\$ 2,290.5
Call loans	244,000	369,000	2,370.7
Monetary claims bought	233,622	265,252	2,269.9
Securities	27,201,316	25,611,969	264,295.7
Loans	5,157,335	5,213,965	50,110.1
Tangible fixed assets:			
Land	630,643	637,711	6,127.5
Buildings	314,717	333,154	3,057.8
Construction in progress	3,650	2,352	35.4
Other tangible fixed assets	4,074	4,463	39.5
Intangible fixed assets:			
Software	37,779	29,275	367.0
Other intangible fixed assets	20,644	28,163	200.5
Agency accounts receivable	1,644	1,628	15.9
Reinsurance accounts receivable	2,899	1,400	28.1
Other assets	228,003	313,838	2,215.3
Net defined benefit assets	2,461	—	23.9
Deferred tax assets	2,313	1,718	22.4
Customers' liabilities for acceptances and guarantees	21,344	22,958	207.3
Reserves for possible loan losses	(8,135)	(9,529)	(79.0)
<b>TOTAL ASSETS</b>	<b>¥34,334,054</b>	<b>¥33,080,624</b>	<b>\$333,599.4</b>
<b>LIABILITIES</b>			
Policy reserves and others:			
Reserves for outstanding claims	¥ 120,064	¥ 116,136	\$ 1,166.5
Policy reserves	29,264,143	27,858,167	284,338.7
Reserves for policyholder dividends	270,023	280,524	2,623.6
Agency accounts payable	15	16	0.1
Reinsurance accounts payable	3,030	1,399	29.4
Other liabilities	1,063,093	1,451,428	10,329.3
Accrued pension and severance costs	—	757	—
Net defined benefit liabilities	814	—	7.9
Accrued retirement benefits for directors and executive officers	183	393	1.7
Reserves for contingent liabilities	14	2,563	0.1
Reserves for price fluctuations	481,293	364,297	4,676.3
Deferred tax liabilities	122,404	176,780	1,189.3
Deferred tax liabilities on revaluation of land	92,910	94,555	902.7
Acceptances and guarantees	21,344	22,958	207.3
<b>TOTAL LIABILITIES</b>	<b>31,439,336</b>	<b>30,369,979</b>	<b>305,473.5</b>
<b>NET ASSETS</b>			
Foundation funds	260,000	210,000	2,526.2
Accumulated redeemed foundation funds	410,000	410,000	3,983.6
Revaluation reserves	452	452	4.4
Consolidated surplus	432,095	344,913	4,198.3
Total foundation funds and others	1,102,548	965,365	10,712.6
Unrealized gains on available-for-sale securities	1,739,783	1,641,055	16,904.2
Deferred hedge gains (losses)	944	3,815	9.1
Revaluation reserves for land	106,051	107,619	1,030.4
Currency translation adjustment	7,207	(10,707)	70.0
Remeasurements of defined benefit plans	(66,062)	—	(641.8)
Total accumulated other comprehensive income	1,787,925	1,741,784	17,371.9
Minority interests	4,243	3,495	41.2
<b>TOTAL NET ASSETS</b>	<b>2,894,717</b>	<b>2,710,645</b>	<b>28,125.9</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>¥34,334,054</b>	<b>¥33,080,624</b>	<b>\$333,599.4</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Consolidated Statement of Operations and Surplus

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ORDINARY REVENUE</b>			
Premium income and reinsurance refunds	¥3,638,255	¥3,679,866	\$35,350.3
Investment income and gain:			
Interest and dividends	669,740	623,353	6,507.3
Gains on money-held-in-trust	0	0	0.0
Gains on securities sold	220,576	151,467	2,143.1
Gains on securities redeemed	36,416	5,358	353.8
Gains on foreign exchange	14	746	0.1
Reversal of reserves for possible loan losses	1,371	489	13.3
Other investment income	791	134	7.6
Gains on separate account assets investment	52,769	82,950	512.7
Other ordinary revenue	161,482	184,367	1,569.0
<b>TOTAL ORDINARY REVENUE</b>	<b>4,781,417</b>	<b>4,728,735</b>	<b>46,457.6</b>
<b>ORDINARY EXPENSES</b>			
Insurance benefits paid and others:			
Claims paid	678,439	806,186	6,591.9
Annuities paid	616,310	529,345	5,988.2
Benefits on policies paid	452,546	474,940	4,397.0
Surrender benefits paid	438,005	408,472	4,255.7
Other refunds paid and expenses	102,098	81,659	992.0
Provision for policy reserves and others:			
Provision for reserves for outstanding claims	3,700	—	35.9
Provision for policy reserves	1,399,225	1,342,731	13,595.2
Interest on dividend reserves	490	522	4.7
Investment expenses and losses:			
Interest paid	3,322	2,939	32.2
Losses on securities sold	28,000	16,204	272.0
Losses on securities appraised	1,704	28,411	16.5
Losses on securities redeemed	0	6,126	0.0
Losses on derivative financial instruments	57,491	34,261	558.5
Depreciation on real estate for rent	9,808	10,077	95.3
Other investment expenses	11,520	10,426	111.9
Operating expenses	364,701	364,907	3,543.5
Other ordinary expenses	189,167	211,136	1,838.0
<b>TOTAL ORDINARY EXPENSES</b>	<b>4,356,535</b>	<b>4,328,351</b>	<b>42,329.3</b>
<b>ORDINARY INCOME</b>	<b>424,882</b>	<b>400,384</b>	<b>4,128.2</b>
<b>Extraordinary profits:</b>			
Gains on disposals of fixed assets	1,408	9,783	13.6
Reversal of reserves for contingent liabilities	—	90	—
<b>Extraordinary losses:</b>			
Losses on disposals of fixed assets	7,521	5,995	73.0
Impairment losses	5,349	3,539	51.9
Provision for reserves for contingent liabilities	6	—	0.0
Provision for reserves for price fluctuations	116,851	112,944	1,135.3
Losses on reduction of real estate	—	83	—
Donations for social welfare project promotion	553	552	5.3
Other extraordinary losses	—	189	—
<b>NET SURPLUS BEFORE TAXES AND MINORITY INTERESTS</b>	<b>296,007</b>	<b>286,952</b>	<b>2,876.0</b>
<b>Income taxes—current</b>	<b>123,988</b>	<b>85,716</b>	<b>1,204.7</b>
<b>Income taxes—deferred</b>	<b>(69,483)</b>	<b>(35,531)</b>	<b>(675.1)</b>
<b>NET SURPLUS BEFORE MINORITY INTERESTS</b>	<b>241,502</b>	<b>236,767</b>	<b>2,346.5</b>
<b>Minority interest share in earnings (losses)</b>	<b>890</b>	<b>57</b>	<b>8.6</b>
<b>NET SURPLUS FOR THE PERIOD</b>	<b>¥ 240,612</b>	<b>¥ 236,709</b>	<b>\$ 2,337.8</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

## Consolidated Statement of Comprehensive Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>Net surplus before minority interests</b>	<b>¥241,502</b>	¥ 236,767	<b>\$2,346.5</b>
<b>Other comprehensive income:</b>			
Unrealized gains on available-for-sale securities	99,288	812,217	964.7
Deferred hedge gains (losses)	(2,871)	5,340	(27.8)
Revaluation reserves for land	—	25	—
Currency translation adjustment	7,049	3,259	68.4
Share of other comprehensive income of affiliates accounted for under the equity method	10,310	9,400	100.1
<b>COMPREHENSIVE INCOME</b>	<b>355,279</b>	1,067,010	<b>3,451.9</b>
Comprehensive income attributable to the parent company	354,383	1,066,951	3,443.2
Comprehensive income (loss) attributable to minority interests	895	58	8.7

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Consolidated Statement of Changes in Net Assets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2014 and 2013  
(Millions of Yen)

	Foundation funds and others					Accumulated other comprehensive income					Minority interests	Total net assets	
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserves	Consolidated surplus	Total foundation funds and others	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserves for land	Foreign currency translation adjustment account	Remeasurements of defined benefit plans			Total accumulated other comprehensive income
Balance at March 31, 2012	¥110,000	¥410,000	¥452	¥ 255,484	¥ 775,936	¥ 827,866	¥(1,524)	¥ 95,096	¥(22,393)	¥ —	¥ 899,044	¥3,674	¥1,678,655
Foundation funds procurement	100,000				100,000								100,000
Provision for reserves for policyholder dividends				(133,466)	(133,466)								(133,466)
Interest on foundation funds				(1,316)	(1,316)								(1,316)
Net surplus				236,709	236,709								236,709
Reversal of revaluation reserves for land				(12,497)	(12,497)								(12,497)
Net changes in items other than foundation funds and others						813,189	5,340	12,523	11,685		842,739	(179)	842,560
Total changes for fiscal 2012	100,000	—	—	89,428	189,428	813,189	5,340	12,523	11,685		842,739	(179)	1,031,989
Balance at March 31, 2013	210,000	410,000	452	344,913	965,365	1,641,055	3,815	107,619	(10,707)	—	1,741,784	3,495	2,710,645
Foundation funds procurement	50,000				50,000								50,000
Provision for reserves for policyholder dividends				(152,835)	(152,835)								(152,835)
Interest on foundation funds				(2,162)	(2,162)								(2,162)
Net surplus				240,612	240,612								240,612
Reversal of revaluation reserves for land				1,568	1,568								1,568
Net changes in items other than foundation funds and others						98,727	(2,871)	(1,568)	17,915	(66,062)	46,141	748	46,889
Total changes for fiscal 2013	50,000	—	—	87,182	137,182	98,727	(2,871)	(1,568)	17,915	(66,062)	46,141	748	184,072
<b>Balance at March 31, 2014</b>	<b>¥260,000</b>	<b>¥410,000</b>	<b>¥452</b>	<b>¥ 432,095</b>	<b>¥1,102,548</b>	<b>¥1,739,783</b>	<b>¥ 944</b>	<b>¥106,051</b>	<b>¥ 7,207</b>	<b>¥(66,062)</b>	<b>¥1,787,925</b>	<b>¥4,243</b>	<b>¥2,894,717</b>

(Millions of U.S. Dollars\*)

	Foundation funds and others					Accumulated other comprehensive income					Minority interests	Total net assets	
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserves	Consolidated surplus	Total foundation funds and others	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserves for land	Foreign currency translation adjustment account	Remeasurements of defined benefit plans			Total accumulated other comprehensive income
Balance at March 31, 2013	\$2,040.4	\$3,983.6	\$4.4	\$3,351.2	\$ 9,379.7	\$15,944.9	\$37.0	\$1,045.6	\$ (104.0)	\$ —	\$16,923.6	\$33.9	\$26,337.4
Foundation funds procurement	485.8				485.8								485.8
Provision for reserves for policyholder dividends				(1,484.9)	(1,484.9)								(1,484.9)
Interest on foundation funds				(21.0)	(21.0)								(21.0)
Net surplus				2,337.8	2,337.8								2,337.8
Reversal of revaluation reserves for land				15.2	15.2								15.2
Net changes in items other than foundation funds and others						959.2	(27.8)	(15.2)	174.0	(641.8)	448.3	7.2	455.5
Total changes for fiscal 2013	485.8	—	—	847.0	1,332.9	959.2	(27.8)	(15.2)	174.0	(641.8)	448.3	7.2	1,788.5
<b>Balance at March 31, 2014</b>	<b>\$2,526.2</b>	<b>\$3,983.6</b>	<b>\$4.4</b>	<b>\$4,198.3</b>	<b>\$10,712.6</b>	<b>\$16,904.2</b>	<b>\$ 9.1</b>	<b>\$1,030.4</b>	<b>\$ 70.0</b>	<b>\$(641.8)</b>	<b>\$17,371.9</b>	<b>\$41.2</b>	<b>\$28,125.9</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.



# Consolidated Statement of Cash Flows

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>Cash flows from operating activities</b>			
Net surplus before taxes and minority interests	¥ 296,007	¥ 286,952	\$ 2,876.0
Depreciation on real estate for rent	9,808	10,077	95.3
Depreciation	21,574	22,152	209.6
Impairment losses	5,349	3,539	51.9
Increase (decrease) in reserves for outstanding claims	3,803	(3,829)	36.9
Increase (decrease) in policy reserves	1,399,292	1,342,731	13,595.9
Provision for interest on dividend reserves	490	522	4.7
Increase (decrease) in reserves for possible loan losses	(1,394)	(1,136)	(13.5)
Increase (decrease) in accrued pension and severance costs	—	14	—
Increase (decrease) in net defined benefit liabilities	14	—	0.1
Increase (decrease) in accrued retirement benefits for directors and executive officers	(210)	(151)	(2.0)
Increase (decrease) in reserves for contingent liabilities	(2,548)	(552)	(24.7)
Increase (decrease) in reserves for price fluctuations	116,851	112,944	1,135.3
Interest and dividends	(669,740)	(623,353)	(6,507.3)
Net losses (gains) on securities	(388,386)	(417,378)	(3,773.6)
Interest expenses	3,322	2,939	32.2
Losses (gains) on foreign exchange	(67)	(40)	(0.6)
Losses (gains) on tangible fixed assets	4,826	(3,330)	46.8
Investment losses (gains) on the equity method	(1,617)	(265)	(15.7)
Decrease (increase) in agency accounts receivable	(16)	(50)	(0.1)
Decrease (increase) in reinsurance accounts receivable	(1,496)	(31)	(14.5)
Decrease (increase) in other assets excluding those related to investing and financing activities	5,146	(7,595)	50.0
Increase (decrease) in agency accounts payable	(3)	5	(0.0)
Increase (decrease) in reinsurance accounts payable	1,630	202	15.8
Increase (decrease) in other liabilities excluding those related to investing and financing activities	(85,388)	111,277	(829.6)
Others	(6,012)	818	(58.4)
<b>Subtotal</b>	<b>711,238</b>	<b>836,464</b>	<b>6,910.5</b>
Interest and dividend income received	698,945	647,767	6,791.1
Interest paid	(3,021)	(2,942)	(29.3)
Policyholder dividends paid	(163,872)	(149,773)	(1,592.2)
Income taxes paid	(104,853)	(49,224)	(1,018.7)
<b>Net cash provided by (used in) operating activities</b>	<b>1,138,436</b>	<b>1,282,291</b>	<b>11,061.3</b>
<b>Cash flows from investing activities</b>			
Net decrease (increase) in deposits	(2,487)	(15,260)	(24.1)
Payments for purchase of monetary claims bought	(29,014)	(17,500)	(281.9)
Proceeds from sales and redemptions of monetary claims bought	56,546	22,448	549.4
Payments for purchases of securities	(6,065,454)	(7,031,196)	(58,933.6)
Proceeds from sales and redemptions of securities	4,965,821	5,375,840	48,249.3
Payments for making loans	(1,109,740)	(1,500,001)	(10,782.5)
Proceeds from collection of loans	1,169,225	1,268,374	11,360.5
Increase (decrease) in deposits received on bond lending	(302,319)	575,750	(2,937.4)
<b>Total of net cash provided by (used in) asset management activities</b>	<b>(1,317,423)</b>	<b>(1,321,543)</b>	<b>(12,800.4)</b>
<b>Subtotal of cash flows from operating and asset management activities</b>	<b>(178,987)</b>	<b>(39,252)</b>	<b>(1,739.0)</b>
Payments for purchases of tangible fixed assets	(14,703)	(37,862)	(142.8)
Proceeds from sale of tangible fixed assets	13,401	24,845	130.2
Payments for purchases of intangible fixed assets	(14,122)	(18,088)	(137.2)
Others	(1,464)	(1,443)	(14.2)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,334,313)</b>	<b>(1,354,092)</b>	<b>(12,964.5)</b>
<b>Cash flows from financing activities</b>			
Repayments of debt	(51)	(11)	(0.4)
Proceeds from foundation funds raising	50,000	100,000	485.8
Interest payments on foundation funds	(2,162)	(1,316)	(21.0)
Others	(237)	(237)	(2.3)
<b>Net cash provided by (used in) financing activities</b>	<b>47,549</b>	<b>98,434</b>	<b>462.0</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,229</b>	<b>1,503</b>	<b>31.3</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(145,098)</b>	<b>28,135</b>	<b>(1,409.8)</b>
<b>Cash and cash equivalents as of the beginning of the period</b>	<b>601,382</b>	<b>573,247</b>	<b>5,843.2</b>
<b>Cash and cash equivalents as of the end of the period</b>	<b>¥ 456,284</b>	<b>¥ 601,382</b>	<b>\$ 4,433.3</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.