Financial Section

Contents

Consolidated Balance Sheets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
ASSETS:			
Cash and deposits (notes 3 and 4)	¥ 240,038	¥ 235,740	$ 1,960
Call loans (note 3)	368,000	244,000	3,005
Monetary claims bought (note 4)	229,523	233,622	1,874
Securities (notes 4, 5, 6, and 7)	29,256,897	27,201,316	238,929
Loans (notes 4, 8, and 9)	5,076,391	5,157,335	41,456
Tangible fixed assets (notes 10, 11, and 12)			
Land	621,684	630,643	5,077
Buildings	301,346	314,717	2,460
Construction in progress	6,045	3,650	49
Other tangible fixed assets	3,454	4,074	28
Subtotal	932,531	953,085	7,615
Intangible fixed assets			
Software	37,788	37,779	308
Other intangible fixed assets	26,394	20,644	215
Subtotal	64,183	58,423	524
Due from agents	1,647	1,644	13
Reinsurance receivables	675	2,899	5
Other assets	317,794	228,003	2,595
Net defined benefit assets (note 13)	74,345	2,461	607
Deferred tax assets (note 14)	1,779	2,313	14
Customers' liabilities under acceptances and guarantees	20,848	21,344	170
Allowance for possible loan losses	(5,034)	(8,135)	(41)
Total assets	¥36,579,624	¥34,334,054	$298,731
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 114,465	¥ 120,064	$ 934
Policy reserves	30,225,061	29,264,143	246,835
Policyholders' dividend reserves (note 15)	253,414	270,023	2,069
Subtotal	30,592,941	29,654,231	249,840
Due to agents	9	15	0
Reinsurance payables	804	3,030	6
Other liabilities	700,186	1,063,093	5,718
Net defined benefit liabilities (note 13)	1,084	814	8
Accrued retirement benefits for directors and executive officers (note 17)	92	183	0
Reserve for contingent liabilities (note 18)	2	14	0
Reserve for price fluctuation	492,907	481,293	4,025
Deferred tax liabilities (note 14)	504,535	122,404	4,120
Deferred tax liabilities for land revaluation	85,877	92,910	701
Acceptances and guarantees	20,848	21,344	170
Total liabilities	32,399,288	31,439,336	264,591
NET ASSETS:			
Foundation funds (note 19)	260,000	260,000	2,123
Reserve for redemption of foundation funds (note 19)	470,000	410,000	3,838
Reserve for revaluation	452	452	3
Surplus	472,533	432,095	3,858
Total funds, reserve and surplus	1,202,986	1,102,548	9,824
Net unrealized gains on available-for-sale securities	2,838,597	1,739,783	23,181
Deferred unrealized gains on derivatives under hedge accounting	15,456	944	126
Land revaluation differences	118,988	106,051	971
Foreign currency translation adjustments	22,894	7,207	186
Remeasurements of defined benefit plans	(22,862)	(66,062)	(186)
Total accumulated other comprehensive income	2,973,074	1,787,925	24,279
Minority interests	4,274	4,243	34
Total net assets	4,180,335	2,894,717	34,139
Total liabilities and net assets	¥36,579,624	¥34,334,054	$298,731

Consolidated Statements of Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
ORDINARY INCOME:			
Insurance premiums and other	**¥3,431,497**	¥3,638,255	**$28,023**
Investment income			
Interest, dividends and other income	**698,484**	669,740	**5,704**
Gains on money held in trust	**0**	0	**0**
Gains on sales of securities	**186,293**	220,576	**1,521**
Gains on redemption of securities	**58,075**	36,416	**474**
Foreign exchange gains	**—**	14	**—**
Reversal of allowance for possible loan losses	**2,875**	1,371	**23**
Other investment income	**899**	791	**7**
Investment gains on separate accounts	**83,806**	52,769	**684**
Subtotal	**1,030,435**	981,679	**8,415**
Other ordinary income	**137,909**	161,482	**1,126**
Total ordinary income	**4,599,843**	4,781,417	**37,565**
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	**642,721**	678,439	**5,248**
Annuity payments	**849,963**	616,310	**6,941**
Benefit payments	**430,363**	452,546	**3,514**
Surrender benefits	**453,264**	438,005	**3,701**
Other refunds	**231,236**	102,098	**1,888**
Subtotal	**2,607,548**	2,287,401	**21,294**
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	**—**	3,700	**—**
Provision for policy reserves	**955,304**	1,399,225	**7,801**
Provision for interest on policyholders' dividend reserves (note 15)	**461**	490	**3**
Subtotal	**955,765**	1,403,416	**7,805**
Investment expenses			
Interest expenses	**3,368**	3,322	**27**
Losses on sales of securities	**365**	28,000	**2**
Losses on valuation of securities	**300**	1,704	**2**
Losses on redemption of securities	**—**	0	**—**
Losses on derivative financial instruments	**71,082**	57,491	**580**
Foreign exchange losses	**144**	—	**1**
Depreciation of real estate for non-insurance business	**9,737**	9,808	**79**
Other investment expenses	**12,982**	11,520	**106**
Subtotal	**97,982**	111,847	**800**
Operating expenses (note 21)	**361,559**	364,701	**2,952**
Other ordinary expenses	**190,519**	189,167	**1,555**
Total ordinary expenses	**4,213,375**	4,356,535	**34,408**
Ordinary profit	**386,468**	424,882	**3,156**
Extraordinary gains			
Gains on disposals of fixed assets	**5,965**	1,408	**48**
Reversal of reserve for contingent liabilities	**12**	—	**0**
Subtotal	**5,978**	1,408	**48**
Extraordinary losses			
Losses on disposals of fixed assets	**5,582**	7,521	**45**
Impairment losses (note 12)	**6,344**	5,349	**51**
Provision for reserve for contingent liabilities	**—**	6	**—**
Provision for reserve for price fluctuation	**11,562**	116,851	**94**
Losses on reduction entry of real estate	**2,413**	—	**19**
Contributions for promotion of social welfare project	**552**	553	**4**
Other extraordinary losses (note 13)	**1,678**	—	**13**
Subtotal	**28,133**	130,283	**229**
Surplus before income taxes and minority interests	**364,312**	296,007	**2,975**
Income taxes (note 14)			
Current	**119,746**	123,988	**977**
Deferred	**(21,181)**	(69,483)	**(172)**
Total income taxes	**98,564**	54,505	**804**
Surplus before minority interests	**265,747**	241,502	**2,170**
Minority interests	**344**	890	**2**
Net surplus	**¥ 265,402**	¥ 240,612	**$ 2,167**

Consolidated Statements of Comprehensive Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Surplus before minority interests	**¥ 265,747**	¥241,502	**$ 2,170**
Other comprehensive income (loss) (note 23)	**1,178,038**	113,777	**9,620**
Net unrealized gains (losses) on available-for-sale securities	**1,097,249**	99,288	**8,960**
Deferred unrealized gains (losses) on derivatives under hedge accounting	**14,511**	(2,871)	**118**
Land revaluation differences	**5,884**	—	**48**
Foreign currency translation adjustments	**5,827**	7,049	**47**
Remeasurements of defined benefit plans	**43,135**	—	**352**
Share of other comprehensive income (loss) of associates accounted for under the equity method	**11,430**	10,310	**93**
Comprehensive income	**¥1,443,786**	¥355,279	**$11,790**
Comprehensive income attributable to the Parent Company	**1,443,499**	354,383	**11,788**
Comprehensive income (loss) attributable to minority interests	**286**	895	**2**

Consolidated Statements of Changes in Net Assets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2014 (Millions of Yen)

	Funds, reserve and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (note 19)	Reserve for redemption of foundation funds (note 19)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Beginning balance	¥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
Issuance of foundation funds	50,000				50,000								50,000
Additions to policyholders' dividend reserves (note 15)				(152,835)	(152,835)								(152,835)
Payment of interest on foundation funds				(2,162)	(2,162)								(2,162)
Net surplus				240,612	240,612								240,612
Reversal of land revaluation differences				1,568	1,568								1,568
Net changes, excluding funds, reserves and surplus						98,727	(2,871)	(1,568)	17,915	(66,062)	46,141	748	46,889
Net changes in the fiscal year	50,000	—	—	87,182	137,182	98,727	(2,871)	(1,568)	17,915	(66,062)	46,141	748	184,072
Ending balance	¥260,000	¥410,000	¥452	¥432,095	¥1,102,548	¥1,739,783	¥ 944	¥106,051	¥ 7,207	¥(66,062)	¥1,787,925	¥4,243	¥2,894,717

Year ended March 31, 2015 (Millions of Yen)

	Funds, reserve and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (note 19)	Reserve for redemption of foundation funds (note 19)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Beginning balance	¥260,000	¥410,000	¥452	¥432,095	¥1,102,548	¥1,739,783	¥ 944	¥106,051	¥ 7,207	¥(66,062)	¥1,787,925	¥4,243	¥2,894,717
Cumulative effect of change in accounting policies				2,752	2,752								2,752
Beginning balance after reflecting accounting policy changes	260,000	410,000	452	434,848	1,105,301	1,739,783	944	106,051	7,207	(66,062)	1,787,925	4,243	2,897,470
Issuance of foundation funds	60,000				60,000								60,000
Additions to policyholders' dividend reserves (note 15)				(158,094)	(158,094)								(158,094)
Additions to reserve for redemption of foundation funds		60,000			60,000								60,000
Payment of interest on foundation funds				(2,572)	(2,572)								(2,572)
Net surplus				265,402	265,402								265,402
Redemption of foundation funds	(60,000)				(60,000)								(60,000)
Reversal of reserve for fund redemption				(60,000)	(60,000)								(60,000)
Reversal of land revaluation differences				(7,051)	(7,051)								(7,051)
Net changes, excluding funds, reserves and surplus						1,098,814	14,511	12,936	15,686	43,199	1,185,148	31	1,185,179
Net changes in the fiscal year	—	60,000	—	37,684	97,684	1,098,814	14,511	12,936	15,686	43,199	1,185,148	31	1,282,864
Ending balance	**¥260,000**	**¥470,000**	**¥452**	**¥472,533**	**¥1,202,986**	**¥2,838,597**	**¥15,456**	**¥118,988**	**¥22,894**	**¥(22,862)**	**¥2,973,074**	**¥4,274**	**¥4,180,335**

Consolidated Statements of Changes in Net Assets (continued)

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2015 (Millions of U.S. Dollars)

	Funds, reserve and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 19)	Reserve for redemption of foundation funds (Note 19)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Beginning balance	$2,123	$3,348	$3	$3,528	$9,004	$14,208	$ 7	$866	$ 58	$(539)	$14,601	$34	$23,639
Cumulative effect of change in accounting policies				22	22								22
Beginning balance after reflecting accounting policy changes	2,123	3,348	3	3,551	9,026	14,208	7	866	58	(539)	14,601	34	23,662
Issuance of foundation funds	489				489								489
Additions to policyholders' dividend reserves (note 15)				(1,291)	(1,291)								(1,291)
Additions to reserve for redemption of foundation funds		489			489								489
Payment of interest on foundation funds				(21)	(21)								(21)
Net surplus				2,167	2,167								2,167
Redemption of foundation funds	(489)				(489)								(489)
Reversal of reserve for fund redemption				(489)	(489)								(489)
Reversal of land revaluation differences				(57)	(57)								(57)
Net changes, excluding funds, reserves and surplus						8,973	118	105	128	352	9,678	0	9,678
Net changes in the fiscal year	—	489	—	307	797	8,973	118	105	128	352	9,678	0	10,476
Ending balance	**$2,123**	**$3,838**	**$3**	**$3,858**	**$9,824**	**$23,181**	**$126**	**$971**	**$186**	**$(186)**	**$24,279**	**$34**	**$34,139**

Consolidated Statements of Cash Flows

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
I Cash flows from operating activities			
Surplus before income taxes and minority interests	**¥ 364,312**	¥ 296,007	**$ 2,975**
Depreciation of real estate for non-insurance business	**9,737**	9,808	**79**
Depreciation	**20,913**	21,574	**170**
Impairment losses	**6,344**	5,349	**51**
Increase (decrease) in reserve for outstanding claims	**(5,715)**	3,803	**(46)**
Increase (decrease) in policy reserves	**955,329**	1,399,292	**7,801**
Provision for interest on policyholders' dividend reserves	**461**	490	**3**
Increase (decrease) in allowance for possible loan losses	**(3,101)**	(1,394)	**(25)**
Increase (decrease) in net defined benefit liabilities	**20**	14	**0**
Increase (decrease) in accrued retirement benefits for directors and executive officers	**(90)**	(210)	**(0)**
Increase (decrease) in reserve for contingent liabilities	**(12)**	(2,548)	**(0)**
Increase (decrease) in reserve for price fluctuation	**11,562**	116,851	**94**
Interest, dividends, and other income	**(698,484)**	(669,740)	**(5,704)**
Losses (gains) on securities	**(529,202)**	(388,386)	**(4,321)**
Interest expenses	**3,368**	3,322	**27**
Foreign exchange losses (gains)	**94**	(67)	**0**
Losses (gains) on tangible fixed assets	**2,032**	4,826	**16**
Investment losses (gains) on equity method	**(2,005)**	(1,617)	**(16)**
Decrease (increase) in due from agents	**(3)**	(16)	**(0)**
Decrease (increase) in reinsurance receivables	**2,227**	(1,496)	**18**
Decrease (increase) in other assets (excluding those related to investing and financial activities)	**(41,561)**	5,146	**(339)**
Increase (increase) in due to agents	**(8)**	(3)	**(0)**
Increase (decrease) in reinsurance payables	**(2,225)**	1,630	**(18)**
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	**79,426**	(85,388)	**648**
Others, net	**(3,889)**	(6,012)	**(31)**
Subtotal	**169,530**	711,238	**1,384**
Interest, dividends, and other income received	**740,485**	698,945	**6,047**
Interest paid	**(3,328)**	(3,021)	**(27)**
Policyholders' dividends paid	**(175,209)**	(163,872)	**(1,430)**
Income taxes paid	**(150,147)**	(104,853)	**(1,226)**
Net cash provided by operating activities	**581,329**	1,138,436	**4,747**
II Cash flows from investing activities			
Net decrease (increase) in deposits	**(5,427)**	(2,487)	**(44)**
Purchase of monetary claims bought	**(21,500)**	(29,014)	**(175)**
Proceeds from sales and redemption of monetary claims bought	**25,777**	56,546	**210**
Purchase of securities	**(3,365,610)**	(6,065,454)	**(27,485)**
Proceeds from sales and redemption of securities	**3,295,992**	4,965,821	**26,917**
Loans extended	**(1,061,804)**	(1,109,740)	**(8,671)**
Proceeds from collection of loans	**1,145,247**	1,169,225	**9,352**
Increase (decrease) in payables under securities borrowing transactions	**(447,111)**	(302,319)	**(3,651)**
Total investment activities (IIa)	**(434,434)**	(1,317,423)	**(3,547)**
[I + IIa]	**146,895**	(178,987)	**1,199**
Purchase of tangible fixed assets	**(15,281)**	(14,703)	**(124)**
Proceeds from sales of tangible fixed assets	**11,764**	13,401	**96**
Purchase of intangible fixed assets	**(18,509)**	(14,122)	**(151)**
Others, net	**(1,249)**	(1,464)	**(10)**
Net cash used in investing activities	**(457,710)**	(1,334,313)	**(3,737)**
III Cash flows from financing activities			
Proceeds from issuance of debt	**663**	—	**5**
Repayments of debt	**(891)**	(51)	**(7)**
Proceeds from issuance of foundation funds	**60,000**	50,000	**489**
Redemption of foundation funds	**(60,000)**	—	**(489)**
Payment of interest on foundation funds	**(2,572)**	(2,162)	**(21)**
Others, net	**(255)**	(237)	**(2)**
Net cash provided by (used in) financing activities	**(3,056)**	47,549	**(24)**
IV Effect of foreign exchange rate changes on cash and cash equivalents	**2,196**	3,229	**17**
V Net increase (decrease) in cash and cash equivalents	**122,759**	(145,098)	**1,002**
VI Cash and cash equivalents at the beginning of the year	**456,284**	601,382	**3,726**
VII Cash and cash equivalents at the end of the year (note 3)	**¥ 579,044**	¥ 456,284	**$ 4,728**

Notes to the Consolidated Financial Statements

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

1. Basis of Presentation

MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, “the Company”) has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese “Insurance Business Act” and its related accounting regulations in Japan, and in conformity with accounting principles generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles in the respective countries of domicile. In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at June 30, 2015, which was ¥122.45 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

a. Consolidated subsidiaries

The number of consolidated subsidiaries was 7 as of March 31, 2014 and 2015. The consolidated subsidiaries as of March 31, 2015 include as follows:

Meiji Yasuda General Insurance Co., Ltd. (Japan)
Meiji Yasuda Asset Management Company Ltd. (Japan)
Meiji Yasuda System Technology Company Limited (Japan)
Pacific Guardian Life Insurance Company, Limited (U.S.A.)
Meiji Yasuda Realty USA Incorporated (U.S.A.)

Two subsidiaries of Meiji Yasuda Realty USA Incorporated have been included in consolidation from the year ended March 31, 2014, in response to application of the revised “Accounting Standard for Consolidated Financial Statements” (The Accounting Standards Board of Japan (ASBJ), issued on March 25, 2011), and its related implementation guidance. This did not result in the restatement of prior periods.

The subsidiaries excluded from consolidation include subsidiaries such as Meiji Yasuda Life Planning Center Company, Limited.

The respective and aggregate effects of the companies which are excluded from consolidation, based on total assets, revenues, net income and surplus for the years ended March 31, 2014 and 2015 are immaterial. This exclusion from consolidation would not prevent a reasonable understanding of the consolidated financial position of the Company and its subsidiaries and the results of their operations.

b. Affiliates

The number of affiliates accounted for by the equity method was 12 as of March 31, 2014 and 2015. The affiliates accounted for by the equity method as of March 31, 2015 include as follows:

Founder Meiji Yasuda Life Insurance Co., Ltd. (China)
PT Avrist Assurance (Indonesia)
TU Europa S.A. (Poland)
TUiR Warta S.A. (Poland)
Thai Life Insurance Public Company Limited. (Thailand)

Thai Life Insurance Public Company Limited has been included as an affiliate from the year ended March 31, 2014, corresponding to acquiring its shares.

The subsidiaries not consolidated, e.g., Meiji Yasuda Life Planning Center Company, Limited and others, and certain affiliates are excluded from the scope of the equity method due to their immaterial effect, individually and in aggregate, on the consolidated net income and consolidated surplus.

c. Fiscal year-end of consolidated subsidiaries

The fiscal year-ends of consolidated overseas subsidiaries and affiliates are December 31. The consolidated financial statements include the accounts of such subsidiaries and affiliates as of their fiscal year-ends, with appropriate adjustments made for material transactions occurring between their respective fiscal year-ends and the date of the consolidated financial statements.

d. Valuation of assets and liabilities of consolidated subsidiaries and affiliates

The Company applies the fair value method.

e. Goodwill on consolidation

Goodwill (including goodwill relating to affiliates) is amortized on the straight-line basis over 20 years. However, immaterial amounts of goodwill are fully recognized as expenses as incurred.

f. All the significant intercompany balances and transactions are eliminated in consolidation. In addition, all the material unrealized gains/losses included in assets/liabilities resulting from intercompany transactions are also eliminated.

(2) Cash and cash equivalents

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents are comprised of cash on hand, demand deposits and all highly liquid short-term investments with a maturity of three months or less when purchased, which are readily convertible into cash and present insignificant risk of change in value.

(3) Securities

Securities held by the Company are classified and accounted for as follows:

a. Trading securities are stated at market value at the balance sheet date. The 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 and the amortization is calculated using the straight-line method.

c. Policy-reserve-matching bonds are stated at amortized cost in accordance with the “Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry,” (Japanese Institute of Certified Public Accountants (JICPA), issued on November 16, 2000). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.

d. Equity securities issued by subsidiaries and affiliates are stated at cost using the moving average method. The subsidiaries are prescribed under Article 2, Paragraph 12 of the “Insurance Business Act” and Article 13-5-2, Paragraph 3 of the “Order for Enforcement of the Insurance Business Act.” The affiliates are under Paragraph 4 of the order.

e. Available-for-sale securities

i) Securities of which market value is readily available

Stocks are stated at the average of the market value during the final month of the fiscal year. Others are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.

ii) Securities of which market value is extremely difficult to determine

Bonds (including foreign bonds) of which premium or discount are regarded as interest rate adjustment are stated at amortized cost using the moving average method. The amortization is calculated

using the straight-line method. Other securities are stated at cost using the moving average method.
iii) Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the consolidated balance sheets.

(4) Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized 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 "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" (JICPA, issued on November 16, 2000).

(5) Derivative transactions

Derivative transactions are stated at fair value.

(6) Method of hedge accounting

Methods of hedge accounting are in accordance with the "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008). These methods consist primarily of:
- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans receivable and payable;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation related to foreign currency denominated loans; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Hedge effectiveness for the deferred hedge accounting to hedge against interest rate fluctuation risk related to insurance liabilities is assessed by verifying the correlation between interest rates that would be used in calculating theoretical prices of hedged items and hedging instruments.

(7) Tangible fixed assets

Tangible fixed assets owned by the Company are depreciated as follows:
a. Buildings
Calculated using the straight-line method.
b. Other tangible fixed assets
Calculated using the declining-balance method. Tangible fixed assets are presented at cost, net of accumulated depreciation and impairment losses.
The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

Revaluation of land

The Company revalued certain parcels of land owned for operational use as of March 31, 2000, as permitted by the "Act on Revaluation of Land."

The difference in value before and after revaluation is directly included in net assets in the consolidated balance sheets and presented as land revaluation differences, after net of income taxes which is presented as deferred tax liabilities for land revaluation in the consolidated balance sheets. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the "Order for Enforcement of the Act on Revaluation of Land") for the revaluation.

The Company also revalued certain parcels of land acquired from former Yasuda Mutual Life Insurance Company upon the merger on January 1, 2004 as of March 31, 2001, as permitted by the act. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the former company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the order) and appraisal value (detailed in Article 2, Item 5 of the order) for the revaluation.

(8) Software

Capitalized software for internal use owned by the Company and subsidiaries (included in intangible fixed assets in the consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives (3 to 5 years).

(9) Allowance for possible loan losses

Allowance for possible loan losses of the Company is provided pursuant to its standards for self assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses.

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral and the execution of guarantees.

For loans to borrowers that have high possibility of bankruptcy (hereafter, "borrowers with high possibility of bankruptcy"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collateral and by executing guarantees.

For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed by the department concerned based on the Company's standards for the self-assessment of asset quality and an independent department is responsible for audit of its self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans with collateral to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2014 and 2015 amounted to ¥59 million and ¥50 million (U.S. $0 million), respectively.

(10) Policy reserves

Policy reserves of the Company are provided pursuant to Article 116 of the "Insurance Business Act."

Premium reserves, a main component of policy reserves, are calculated according to the following method:
a. For contracts that are subject to the standard policy reserve requirements, the premium reserves are calculated pursuant to the method stipulated by the Prime Minister (Ministry of Finance Notification No. 48 in 1996).
b. For contracts that are not subject to the standard policy reserve requirements, the premium reserves are calculated using the net level premium method.

The policy reserves of the Company 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 pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act." The accumulation of the amount was completed on schedule over a period of three years starting in the year ended March 31, 2008. Besides, an additional reserve corresponding to the period after the beginning of annuity payment shall be accumulated at the beginning of the payment of the above annuity contracts.

For the year ended March 31, 2015, the Company additionally set aside the policy reserves for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995 pursuant to Article 69, Paragraph 5 of the ordinance. As a result, policy reserves increased by ¥192,343 million (U.S. $1,570 million) as of March 31, 2015 and ordinary profit and surplus before income taxes decreased by ¥192,343 million (U.S. $1,570 million) for the year ended March 31, 2015 compared to the cases where the Company did not accumulate the additional reserves.

(11) Net defined benefit liabilities and assets

Net defined benefit liabilities and assets are provided based on the estimate of retirement benefit obligations and plan assets at the balance sheet date.

(12) Reserve for price fluctuation

Reserve for price fluctuation of the Company and the domestic insurance subsidiary is calculated pursuant to Article 115 of the "Insurance Business Act."

(13) Revenue recognition

Insurance premiums are recognized when premiums are received, and insurance premiums due but not collected are not recognized as revenue. Unearned insurance premiums are recognized as policy reserves.

(14) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

(15) Accounting for consumption taxes

National and local consumption taxes of the Company are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as prepaid expenses and amortized over a five-year period on the straight-line basis pursuant to the "Corporation Tax Act."

(16) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for equity securities issued by unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Equity securities issued by unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.

(17) New accounting standards

a. From the beginning of the year ended March 31, 2013, tangible fixed assets acquired on or after April 1, 2012 are accounted for using the straight-line method as stipulated by the revised "Corporation Tax Act."

b. Revised "Accounting Standard for Consolidated Financial Statements" (ASBJ, issued on March 25, 2011), and its related implementation guidance have been applied from the year ended March 31, 2014. As a result, two subsidiaries of Meiji Yasuda Realty USA Incorporated have been included in consolidation. This change had no effect on Surplus as of the beginning of the year ended March 31, 2014.

c. "Accounting Standard for Retirement Benefits" (ASBJ, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ, issued on May 17, 2012) have been applied, (except the provisions of Paragraph 35 of the standard and Article 67 of the guidance), at the end of the year ended March 31, 2014.

Actuarial gains and losses, past service costs and the difference between retirement benefit obligations and plan assets that have yet to be recognized in profit or loss, are recognized as net defined benefit liabilities or assets.

As a result, net defined benefit assets of ¥2,461 million and net defined benefit liabilities of ¥814 million were recognized as of March 31, 2014. In addition, deferred tax assets decreased by ¥8 million, deferred tax liabilities decreased by ¥29,102 million, and total accumulated other comprehensive income decreased by ¥66,062 million as of March 31, 2014.

Retrospective application of this accounting standard to the consolidated financial statements in prior fiscal years is not required or permitted.

d. Paragraph 35 of "Accounting Standard for Retirement Benefits" (ASBJ, issued on May 17, 2012) and Paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ, issued on May 17, 2012) have been applied from the beginning of the year ended March 31, 2015. Accordingly, from the beginning of the year ended March 31, 2015, the Company changed the method of attributing expected retirement benefit to periods from the straight-line basis to the benefit formula basis.

The amount of the effect of the change in the method of calculation of retirement benefit obligations and service costs was included in surplus in the consolidated balance sheet at the beginning of the year ended March 31, 2015 in accordance with the transitional treatment set out in Paragraph 37 of the standard.

As a result, surplus at the beginning of the period increased by ¥2,752 million (U.S. $22 million) and, as well, ordinary profit and surplus before income taxes and minority interests decreased by ¥806 million (U.S. $6 million) for the year ended March 31, 2015.

3. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2015**	2014	**2015**
Cash and deposits	**¥210,945**	¥212,074	**$1,722**
Call loans	**368,000**	244,000	**3,005**
Securities	**99**	210	**0**
Cash and cash equivalents	**¥579,044**	¥456,284	**$4,728**

4. Financial Instruments

(1) Qualitative information on financial instruments

The Company develops the asset and liability management based on surplus, and it monitors a surplus derived from the difference between the economic values of assets and liabilities as a measure of financial soundness, in order to manage its investment assets (excluding the assets of the separate account prescribed in Article 118, Paragraph 1 of the "Insurance Business Act").

Based on this risk management, the Company mainly invests in securities and loans. Securities held primarily consist of bonds, stocks, investment trusts and investments in partnership capital. Loans primarily consist of loans to domestic corporate borrowers.

The use of derivatives is, in principle, limited to hedging activities as a primary method of hedging against invested asset risk and insurance liability risk.

Methods of hedge accounting are in accordance with the "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008). These methods consist primarily of:

- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation related to foreign currency denominated loans; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Securities are exposed to market risk (interest rate fluctuation risk, exchange rate fluctuation risk and price fluctuation risk) and credit risk. Loans are exposed to credit risk and interest rate fluctuation risk. Derivative transactions are exposed to market risk and credit risk.

Loans payable are exposed to interest rate fluctuation risk arising from floating interest rate borrowings.

With regard to the interest rate fluctuation risk management, the Company manages the fluctuation risk on the basis of economic values from a surplus management perspective, by purchasing super long-term bonds to keep asset duration stable and using interest rate swaps for the interest rate risk hedge against insurance liabilities.

To manage the exchange rate fluctuation risk, the Company hedges against exchange rate fluctuation using forward exchange contracts where necessary for appropriate controls of exchange rate fluctuation risk.

To manage the price fluctuation risk, the Company performs integrated management for outstanding balances and the profit and loss situation of securities and derivative transactions and also monitors loss limits to minimize unexpected losses.

In addition to the Value at Risk (VaR) method to measure the maximum expected loss, the Company performs stress tests periodically to simulate conditions that might arise in the event of sharp market fluctuations that exceed normal forecasts.

The profit and loss status and compliance with these procedures are monitored by the investment risk management department, reported regularly (or immediately in urgent cases) to the sub-committee of investment risk management and, on important matters, reported directly to the Board of Directors and Committees.

To manage credit risk, the Company carefully identifies risks in each transaction and limits investments to those that are assessed to be of high quality.

Where credit risk assessment is particularly important regarding corporate loans, the credit risk management department ensures that a rigorous screening system is in place, and monitors borrowers and internal credit rating using corporate screening methods. The Company follows careful discussions by the Investment Committee (Management Committee) to make decisions on highly important deals.

Further, the Company sets exposure limits based on counterparties' creditworthiness to ensure that risk is not concentrated among certain companies or groups, and diversifies investments.

With regard to derivative transactions, the Company limits risk by setting up policies and establishing limits by the type of transaction and by each counterparty. At the same time, a system of internal checks is in place by segregating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

The fair value of financial instruments is based on the market price or, in cases where market price is not available, based on prices calculated using reasonable methods in the Company and subsidiaries.

Since certain assumptions are adopted for the price calculations, the prices calculated 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 consolidated balance sheets at the end of the fiscal year, and fair values and the differences between them, were as follows:

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2015			2014			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ **240,038**	¥ **240,038**	¥ **—**	¥ 235,740	¥ 235,740	¥ —	$ **1,960**	$ **1,960**	$ **—**
Available-for-sale securities (CDs)	**6,000**	**6,000**	**—**	9,999	9,999	—	**48**	**48**	**—**
Monetary claims bought	**229,523**	**241,833**	**12,309**	233,622	245,033	11,410	**1,874**	**1,974**	**100**
Held-to-maturity debt securities	**200,223**	**212,532**	**12,309**	204,308	215,719	11,410	**1,635**	**1,735**	**100**
Available-for-sale securities	**29,300**	**29,300**	**—**	29,313	29,313	—	**239**	**239**	**—**
Securities	**28,377,942**	**29,665,018**	**1,287,075**	26,332,407	26,983,869	651,461	**231,751**	**242,262**	**10,511**
Trading securities	**808,800**	**808,800**	**—**	775,067	775,067	—	**6,605**	**6,605**	**—**
Held-to-maturity debt securities	**5,066,536**	**5,702,545**	**636,008**	5,594,873	6,057,424	462,550	**41,376**	**46,570**	**5,194**
Policy-reserve-matching bonds	**6,820,691**	**7,471,758**	**651,066**	5,405,462	5,594,374	188,911	**55,701**	**61,018**	**5,317**
Available-for-sale securities	**15,681,913**	**15,681,913**	**—**	14,557,003	14,557,003	—	**128,067**	**128,067**	**—**
Loans	**5,076,391**	**5,357,002**	**280,610**	5,157,335	5,382,281	224,946	**41,456**	**43,748**	**2,291**
Policy loans	**293,365**	**293,365**	**—**	307,580	307,580	—	**2,395**	**2,395**	**—**
Industrial and consumer loans	**4,783,026**	**5,063,637**	**280,610**	4,849,754	5,074,701	224,946	**39,061**	**41,352**	**2,291**
Allowance for possible loan losses[*1]	**(3,066)**	**—**	**—**	(5,735)	—	—	**(25)**	**—**	**—**
	5,073,325	**5,357,002**	**283,677**	5,151,599	5,382,281	230,682	**41,431**	**43,748**	**2,316**
Payables under securities borrowing transactions	**220,000**	**220,000**	**—**	640,951	640,951	—	**1,796**	**1,796**	**—**
Loans payable	**100,000**	**100,000**	**—**	100,200	100,200	—	**816**	**816**	**—**
Derivative financial instruments[*2]	**(44,171)**	**(44,171)**	**—**	(32,792)	(32,792)	—	**(360)**	**(360)**	**—**
Hedge accounting is not applied	**(27)**	**(27)**	**—**	411	411	—	**(0)**	**(0)**	**—**
Hedge accounting is applied	**(44,143)**	**(44,143)**	**—**	(33,203)	(33,203)	—	**(360)**	**(360)**	**—**

(*1) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.
(*2) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.

Note:
a. Method used to determine the fair value of financial instruments
i) Assets

Cash and deposits

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value due to short-term nature of these contracts. Fair value of deposits deemed as securities transactions based on "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008) is calculated in the same method shown in "Securities."

Monetary claims bought

Fair value of monetary claims bought deemed as securities transactions based on "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008) is calculated using the same method shown in "Securities" and the fair value of these monetary claims bought is stated at theoretical prices calculated by discounting the future cash flows to the present value or at the fair value obtained from counterparties at the balance sheet date.

Securities

As for available-for-sale securities, domestic stocks of which market value is readily available are stated at the average of the market value during the final month of the fiscal year. Other securities are stated at market value at the balance sheet date.

Unlisted stocks and others of which market value is not readily available are not subject to fair value disclosure and are therefore not included in the table above because these are regarded as extremely difficult to determine fair value. The amounts of the unlisted stocks and others reported in the consolidated balance sheets were ¥868,908 million and ¥878,954 million (U.S. $7,178 million) as of March 31, 2014 and 2015, respectively. Impairment losses on the unlisted stocks and others were ¥212 million and ¥254 million (U.S. $2 million) for the years ended March 31, 2014 and 2015, respectively.

Loans

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value in light of factors such as projected repayment period and interest condition.

As for industrial and consumer loans, their fair value of these loans is primarily stated at theoretical prices calculated by discounting the future cash flows to the present value. The fair value of loans to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy is stated at the amounts arrived at by deducting estimated losses from the book value before direct write-off.

ii) Liabilities

Payables under securities borrowing transactions

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value due to short-term nature of these contracts.

Loans payable

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value since loans are made at floating interest rates that reflect market interest rates timely, and since the Company's credit standing has not changed significantly after borrowing.

iii) Derivative financial instruments

Listed transactions

The fair value of listed transactions, such as stock index futures and bond futures, is stated at the closing or settlement prices at the balance sheet date.

OTC transactions

The fair value of Over–the-Counter (OTC) transactions, such as foreign exchange contracts, is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, or fair value obtained from counterparties at the balance sheet date.

Since OTC transactions of currency swaps contracts subject to the allocation method are treated as an integral part of the hedged foreign currency denominated loans, their fair value is included in the fair value of hedged loans in the table above.

Interest rate swap transactions

The fair value of interest rate swap transactions is stated at theoretical prices calculated by discounting the net future cash flows to the present value, or fair value obtained from counterparties at the balance sheet date.

Since interest rate swaps subject to the special hedge accounting are treated as an integral part of the hedged loan, their fair value is included in the fair value of hedged loans in the table above.

b. Securities by holding purpose

Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) for the fiscal year amounted to ¥(2,520) million and ¥25,474 million (U.S. $208 million) for the years ended March 31, 2014 and 2015, respectively.

Held-to-maturity debt securities

The amounts reported in the consolidated balance sheets and fair values of the held-to-maturity debt securities by security type at the end of the fiscal year, and the differences between them, were shown in the following table. No held-to-maturity debt securities were sold during the years ended March 31, 2014 and 2015, respectively.

	Millions of Yen						Millions of U.S. Dollars		
As of March 31,	2015			2014			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	**¥4,221,779**	**¥4,792,775**	**¥570,996**	¥4,735,974	¥5,155,465	¥419,490	**$34,477**	**$39,140**	**$4,663**
2) Corporate bonds	**702,235**	**762,947**	**60,711**	692,053	733,909	41,856	**5,734**	**6,230**	**495**
3) Other	**288,025**	**305,450**	**17,425**	296,098	310,043	13,945	**2,352**	**2,494**	**142**
Total	**5,212,040**	**5,861,173**	**649,132**	5,724,127	6,199,418	475,291	**42,564**	**47,865**	**5,301**
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	**1,864**	**1,848**	**(16)**	3,025	2,997	(27)	**15**	**15**	**(0)**
2) Corporate bonds	**12,952**	**12,836**	**(116)**	8,200	8,196	(3)	**105**	**104**	**(0)**
3) Other	**39,901**	**39,219**	**(682)**	63,829	62,530	(1,299)	**325**	**320**	**(5)**
Total	**54,718**	**53,904**	**(814)**	75,055	73,724	(1,330)	**446**	**440**	**(6)**

Note: This table includes financial instruments that are deemed appropriate to be treated as securities under the "Financial Instruments and Exchange Act."

Policy-reserve-matching bonds

The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type were shown in the following table, along with their fair values and the differences between these amounts. No policy-reserve-matching bonds were sold during the years ended March 31, 2014 and 2015.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2015			2014			**2015**		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	**¥6,809,524**	**¥7,459,007**	**¥649,482**	¥5,037,684	¥5,228,611	¥190,926	**$55,610**	**$60,914**	**$5,304**
2) Corporate bonds	**11,167**	**12,751**	**1,584**	11,181	11,833	651	**91**	**104**	**12**
3) Other	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
Total	**6,820,691**	**7,471,758**	**651,066**	5,048,866	5,240,445	191,578	**55,701**	**61,018**	**5,317**
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	**—**	**—**	**—**	356,596	353,929	(2,667)	**—**	**—**	**—**
2) Corporate bonds	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
3) Other	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
Total	**—**	**—**	**—**	356,596	353,929	(2,667)	**—**	**—**	**—**

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥3,239,043 million and ¥1,477,320 million (U.S. $12,064 million) resulting in total gains on sales of ¥220,576 million and ¥186,293 million (U.S. $1,521 million) and total losses of ¥31,822 million and ¥365 million (U.S. $2 million) for the years ended March 31, 2014 and 2015, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2015			2014			**2015**		
	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs									
(1) Domestic stocks	**¥ 1,568,781**	**¥ 3,993,134**	**¥2,424,352**	¥ 1,470,391	¥ 2,953,946	¥1,483,555	**$12,811**	**$ 32,610**	**$19,798**
(2) Bonds	**4,423,060**	**4,817,078**	**394,017**	5,588,263	6,046,327	458,063	**36,121**	**39,339**	**3,217**
1) National & local government bonds	**3,457,542**	**3,787,413**	**329,870**	4,616,738	5,023,132	406,393	**28,236**	**30,930**	**2,693**
2) Corporate bonds	**965,518**	**1,029,665**	**64,147**	971,525	1,023,194	51,669	**7,885**	**8,408**	**523**
(3) Other	**4,767,088**	**5,948,790**	**1,181,701**	3,019,273	3,661,599	642,325	**38,930**	**48,581**	**9,650**
Total	**10,758,931**	**14,759,003**	**4,000,072**	10,077,929	12,661,873	2,583,943	**87,863**	**120,530**	**32,666**
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	**84,775**	**77,658**	**(7,117)**	272,696	250,928	(21,768)	**692**	**634**	**(58)**
(2) Bonds	**61,680**	**60,933**	**(746)**	85,079	84,260	(819)	**503**	**497**	**(6)**
1) National & local government bonds	**31,904**	**31,676**	**(227)**	41,615	41,476	(138)	**260**	**258**	**(1)**
2) Corporate bonds	**29,775**	**29,256**	**(518)**	43,464	42,783	(681)	**243**	**238**	**(4)**
(3) Other	**829,206**	**819,808**	**(9,397)**	1,650,121	1,599,255	(50,865)	**6,771**	**6,695**	**(76)**
Total	**975,661**	**958,399**	**(17,261)**	2,007,897	1,934,444	(73,452)	**7,967**	**7,826**	**(140)**

Note: This table includes financial instruments that are deemed appropriate to be treated as securities under the “Financial Instruments and Exchange Act.”

“Acquisition or amortized costs” in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is readily available amounted to ¥1,491 million and ¥46 million (U.S. $0 million) for the years ended March 31, 2014 and 2015, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31,	Millions of Yen					
	2014					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits	¥ 235,424	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	233,622
Loans*	524,694	1,027,572	848,193	495,692	726,966	1,224,957
Securities						
Held-to-maturity debt securities	563,264	418,846	294,313	354,992	582,231	3,380,317
Policy-reserve-matching bonds	—	—	—	39,254	254,229	5,111,978
Available-for-sale securities with maturities	337,318	411,400	1,088,151	1,239,726	2,496,794	5,547,443
Total	1,660,701	1,857,819	2,230,658	2,129,666	4,060,223	15,498,319

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2015						**2015**					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits	**¥ 239,805**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**$ 1,958**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Monetary claims bought	**—**	**—**	**—**	**—**	**—**	**229,523**	**—**	**—**	**—**	**—**	**—**	**1,874**
Loans*	**516,245**	**975,185**	**759,328**	**482,999**	**718,850**	**1,329,301**	**4,215**	**7,963**	**6,201**	**3,944**	**5,870**	**10,855**
Securities												
Held-to-maturity debt securities	**341,727**	**201,812**	**336,574**	**374,435**	**591,132**	**3,219,663**	**2,790**	**1,648**	**2,748**	**3,057**	**4,827**	**26,293**
Policy-reserve-matching bonds	**—**	**—**	**10,397**	**101,336**	**196,296**	**6,512,661**	**—**	**—**	**84**	**827**	**1,603**	**53,186**
Available-for-sale securities with maturities	**144,144**	**695,854**	**1,474,531**	**2,660,504**	**1,851,302**	**4,389,059**	**1,177**	**5,682**	**12,041**	**21,727**	**15,118**	**35,843**
Total	**1,241,923**	**1,872,851**	**2,580,831**	**3,619,276**	**3,357,581**	**15,680,208**	**10,142**	**15,294**	**21,076**	**29,557**	**27,420**	**128,053**

* Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they are ¥285 million and ¥231 million (U.S. $1 million) as of March 31, 2014 and 2015, respectively.
* Policy loans are not included because they have no defined maturity dates.

d. Maturity analysis of payables under securities borrowing transactions and loans payable

As of March 31,	Millions of Yen					
	2014					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Payable under securities borrowing transactions	¥640,951	¥—	¥—	¥—	¥ —	¥—
Loans payable	200	—	—	—	100,000	—
Total	641,151	—	—	—	100,000	—

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2015						**2015**					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Payable under securities borrowing transactions	**¥220,000**	**¥—**	**¥—**	**¥ —**	**¥—**	**¥—**	**$1,796**	**$—**	**$—**	**$ —**	**$—**	**$—**
Loans payable	**—**	**—**	**—**	**100,000**	**—**	**—**	**—**	**—**	**—**	**816**	**—**	**—**
Total	**220,000**	**—**	**—**	**100,000**	**—**	**—**	**1,796**	**—**	**—**	**816**	**—**	**—**

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	2014			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥47,600	¥47,600	¥366	¥366
Total				366

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2015				**2015**			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	**¥1,000**	**¥1,000**	**¥10**	**¥10**	**$8**	**$8**	**$0**	**$0**
Total				**10**				**0**

Note: Net gains (losses) represent the fair values.

ii) Currency-related

As of March 31,	Millions of Yen			
	2014			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥ 888	¥—	¥(3)	¥(3)
(U.S. dollar)	277	—	(1)	(1)
(Euro)	242	—	(0)	(0)
(Australian dollar)	319	—	(1)	(1)
(Canadian dollar)	4	—	(0)	(0)
(Others)	44	—	(0)	(0)
Bought	1,165	—	6	6
(U.S. dollar)	643	—	3	3
(Euro)	490	—	2	2
(Canadian dollar)	—	—	—	—
(Australian dollar)	—	—	—	—
(Others)	32	—	0	0
Total				2

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2015				**2015**			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	**¥11,566**	**¥—**	**¥(46)**	**¥(46)**	**$94**	**$—**	**$(0)**	**$(0)**
(U.S. dollar)	**8,654**	**—**	**(53)**	**(53)**	**70**	**—**	**(0)**	**(0)**
(Euro)	**977**	**—**	**7**	**7**	**7**	**—**	**0**	**0**
(Australian dollar)	**888**	**—**	**3**	**3**	**7**	**—**	**0**	**0**
(Canadian dollar)	**672**	**—**	**(1)**	**(1)**	**5**	**—**	**(0)**	**(0)**
(Others)	**373**	**—**	**(1)**	**(1)**	**3**	**—**	**(0)**	**(0)**
Bought	**11,641**	**—**	**30**	**30**	**95**	**—**	**0**	**0**
(U.S. dollar)	**8,933**	**—**	**44**	**44**	**72**	**—**	**0**	**0**
(Euro)	**1,428**	**—**	**(13)**	**(13)**	**11**	**—**	**(0)**	**(0)**
(Canadian dollar)	**567**	**—**	**1**	**1**	**4**	**—**	**0**	**0**
(Australian dollar)	**490**	**—**	**(2)**	**(2)**	**4**	**—**	**(0)**	**(0)**
(Others)	**220**	**—**	**0**	**0**	**1**	**—**	**0**	**0**
Total				**(16)**				**(0)**

Note: Net gains (losses) represent the fair values.

iii) Stock-related

As of March 31,	Millions of Yen			
	2014			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Bought	¥6,194	¥—	¥24	¥24
Foreign currency-denominated stock index futures				
Bought	687	—	16	16
Total				41

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2015				**2015**			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Bought	**¥1,059**	**¥—**	**¥(25)**	**¥(25)**	**$ 8**	**$—**	**$(0)**	**$(0)**
Foreign currency-denominated stock index futures								
Bought	**1,681**	**—**	**3**	**3**	**13**	**—**	**0**	**0**
Total				**(21)**				**(0)**

Note: Net gains (losses) represent the fair values.

iv) Bond-related

No ending balance as of March 31, 2014 and 2015.

Hedge accounting applied

i) Interest-rate related

As of March 31,	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Millions of Yen			
	2014			
Deferred hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Insurance liabilities	¥186,800	¥186,800	¥10,358
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	47,695	45,020	1,740
Total				12,099

As of March 31,	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Millions of Yen				Millions of U.S. Dollars		
	2015				**2015**		
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	**Insurance liabilities**	**¥234,100**	**¥234,100**	**¥31,576**	**$1,911**	**$1,911**	**$257**
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	**Loans**	**46,251**	**31,141**	**1,237**	**377**	**254**	**10**
Total				**32,813**			**267**

ii) Currency-related

As of March 31,	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Millions of Yen			
	2014			
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥2,031,158	¥ —	¥(40,632)
(U.S. dollar)		1,690,459	—	(33,578)
(Euro)		201,159	—	(1,789)
(Australian dollar)		139,540	—	(5,264)
Deferred hedge accounting				
Cross currency swaps				
Receipts floating, payments fixed (Euro)	Foreign-currency-denominated bonds	26,958	26,958	(2,929)
Total				(43,562)

As of March 31,	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Millions of Yen				Millions of U.S. Dollars		
	2015				**2015**		
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	**Foreign-currency-denominated bonds**	**¥2,354,756**	**¥ —**	**¥(70,919)**	**$19,230**	**$ —**	**$(579)**
(U.S. dollar)		**2,010,069**	**—**	**(89,973)**	**16,415**	**—**	**(734)**
(Euro)		**196,339**	**—**	**10,404**	**1,603**	**—**	**84**
(Australian dollar)		**148,347**	**—**	**8,649**	**1,211**	**—**	**70**
Deferred hedge accounting							
Cross currency swaps							
Receipts floating, payments fixed (Euro)	**Foreign-currency-denominated bonds**	**35,575**	**35,575**	**(4,800)**	**290**	**290**	**(39)**
Total				**(75,719)**			**(618)**

Note: The table does not include foreign currency derivative transactions regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen.

iii) Stock-related
No ending balance as of March 31, 2014 and 2015.
iv) Bond-related
No ending balance as of March 31, 2014 and 2015.

5. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,700,669 million and ¥1,623,208 million (U.S. $13,256 million) as of March 31, 2014 and 2015, respectively.

6. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥3,651 million and ¥4,586 million (U.S. $37 million) as of March 31, 2014 and 2015, respectively.

7. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥174,780 million and ¥188,734 million (U.S. $1,541 million) as of March 31, 2014 and 2015, respectively.

8. Loans

The aggregate amounts of risk-monitored loans, which comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, were ¥21,136 million and ¥19,825 million (U.S. $161 million) as of March 31, 2014 and 2015, respectively.

The aggregate amounts of loans to bankrupt borrowers were ¥0 million as of March 31, 2014, respectively. There were no loans to bankrupt borrowers, and none as of March 31, 2015. The aggregate amounts of loans in arrears were ¥2,972 million and ¥2,630 million (U.S. $21 million) as of March 31, 2014 and 2015, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2014 and 2015 were ¥44 million and ¥44 million (U.S. $0 million), respectively, for loans to bankrupt borrowers, and ¥14 million and ¥5 million (U.S. $0 million), respectively, for loans in arrears.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquent principal or interest for a certain period or for other reasons (hereafter, "non-accrual loans") and also meet the conditions stipulated in Article 96, Paragraph 1, Items 3 and 4 of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 in 1965). Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties.

There were no loans in arrears for three months or longer as of March 31, 2014 and 2015.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date.

Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amounts of restructured loans were ¥18,163 million and ¥17,195 million (U.S. $140 million) as of March 31, 2014 and 2015, respectively.

Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

9. Loan Commitments

The amounts of loan commitments outstanding were ¥23,939 million and ¥24,386 million (U.S. $199 million) as of March 31, 2014 and 2015, respectively.

10. Fair Values of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥591,751 million and ¥592,183 million (U.S. $4,836 million), and their fair values were ¥629,309 million and ¥647,046 million (U.S. $5,284 million) as of March 31, 2014 and 2015, respectively. The Company and certain subsidiaries own office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers.

11. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥405,205 million and ¥407,166 million (U.S. $3,325 million) as of March 31, 2014 and 2015, respectively.

12. Impairment of Fixed Assets

The details of the impairment losses on fixed assets of the Company are as follows:

(1) Method for grouping the assets

The Company groups all the fixed assets held and utilized for the Company's insurance business as one asset group for the impairment test.

For real estate for non-insurance business and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2014 and 2015, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value due to downturn of the real estate market. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2014

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	2	¥ 432	¥2,057	¥2,489
Idle assets	32	1,192	1,616	2,809
Total	34	¥1,624	¥3,674	¥5,299

For the year ended March 31, 2015

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	**2**	**¥ 206**	**¥ 3**	**¥ 210**
Idle assets	**62**	**2,531**	**3,554**	**6,085**
Total	**64**	**¥2,737**	**¥3,558**	**¥6,296**

For the year ended March 31, 2015

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	**$ 1**	**$ 0**	**$ 1**
Idle assets	**20**	**29**	**49**
Total	**$22**	**$29**	**$51**

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 2.16% and 2.09% for the years ended March 31, 2014 and 2015, respectively. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

13. Retirement Benefit Plans

The following items provide detailed information for the retirement benefit plans.

(1) Summary of the retirement benefit plans

The Company has defined benefit corporate pension plans and retirement allowance plans, which distribute a lump sum payment on retirement, as defined benefit plans. The Company also has defined contribution pension plans as defined contribution plans.

As for accrued retirement benefits of certain consolidated subsidiaries, the simplified method is applied.

(2) Transfer to defined contribution plans

The Company transferred a certain portion of defined benefit corporate pension plans to defined contribution pension plans on July 1, 2014. As a result, other extraordinary losses of ¥1,669 million (U.S. $13 million) were recognized for the year ended March 31, 2015.

(3) Defined benefit plans

a. Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2014 and 2015 were as follows:

Years ended March 31,	2015	2014
Method of attributing benefit to period of service	**Benefit formula basis**	Straight-line basis
Amortization period for actuarial differences	**10 years**	10 years
Amortization period for past service cost	**10 years**	10 years

b. Changes in the retirement benefit obligations for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Balance at the beginning of the fiscal year	**¥356,916**	¥371,957	**$2,914**
Service costs	**11,448**	12,192	**93**
Interest cost on retirement benefit obligations	**3,083**	3,432	**25**
Actuarial losses (gains) recognized	**4,320**	4,299	**35**
Benefits paid	**(27,501)**	(31,320)	**(224)**
Past service costs incurred	**(4,139)**	69	**(33)**
Others	**(27,018)**	260	**(220)**
Balance at the end of the fiscal year	**¥317,110**	¥360,890	**$2,589**

c. Changes in the plan assets for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Balance at the beginning of the fiscal year	**¥362,538**	¥347,253	**$2,960**
Expected return on plan assets	**3,391**	3,525	**27**
Actuarial gains (losses) recognized	**49,182**	9,585	**401**
Contributions by employer	**10,194**	13,471	**83**
Benefits paid	**(10,732)**	(11,683)	**(87)**
Others	**(24,201)**	384	**(197)**
Balance at the end of the fiscal year	**¥390,372**	¥362,538	**$3,188**

d. The amount of the retirement benefit obligations and the plan assets, and the amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheets as of March 31, 2014 and 2015 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2015**	2014	**2015**
Present value of funded retirement benefit obligations	**¥ 315,093**	¥ 358,918	**$ 2,573**
Plan assets at fair value	**(390,372)**	(362,538)	**(3,188)**
Net present value of funded retirement benefit obligations	**(75,278)**	(3,619)	**(614)**
Present value of non-funded retirement benefit obligations	**2,017**	1,972	**16**
Net balance on the consolidated balance sheet	**(73,261)**	(1,647)	**(598)**
Consists of:			
Defined benefit liabilities	**1,084**	814	**8**
Defined benefit assets	**(74,345)**	(2,461)	**(607)**

e. The amounts recognized in retirement benefit expenses in the consolidated statements of income for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Service costs	**¥11,448**	¥12,192	**$ 93**
Interest cost on retirement benefit obligations	**3,083**	3,432	**25**
Expected return on plan assets	**(3,391)**	(3,525)	**(27)**
Amortization of net actuarial losses (gains)	**10,864**	12,776	**88**
Amortization of net past service costs	**(776)**	(1,292)	**(6)**
Others	**1,683**	19	**13**
Retirement benefit expenses	**¥22,913**	¥23,601	**$187**

f. Major components of other comprehensive income and total accumulated other comprehensive income

Major components of other comprehensive income (before income tax effect adjustments) for the year ended March 31, 2015 were as follows:

	Millions of Yen	Millions of U.S. Dollars
Years ended March 31,	**2015**	**2015**
Actuarial gains (losses)	**¥60,559**	**$494**
Past service costs	**2,927**	**23**
Total	**¥63,486**	**$518**

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Unrecognized actuarial gains (losses)	**¥(37,713)**	¥(98,215)	**$(307)**
Unrecognized past service costs	**5,989**	3,072	**48**
Total	**¥(31,723)**	¥(95,143)	**$(259)**

g. Plan assets
Plan assets as of March 31, 2014 and 2015 were comprised as follows:

	% of total fair value of plan assets	
As of March 31,	**2015**	2014
Debt securities	**8.3%**	7.4%
Stocks	**47.3%**	40.3%
General account of life insurance companies	**25.1%**	30.1%
Jointly invested assets	**17.0%**	19.4%
Cash and deposits	**1.1%**	1.9%
Others	**1.2%**	1.1%
Total	**100.0%**	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 49.5% and 57.1% of total plan assets as of March 31, 2014 and 2015, respectively.

h. The expected long-term rate of return on plan assets
The expected long-term rate of return on plan assets is calculated by aggregating the weighted rate of return derived from each asset category. The expected long-term rate of return for each asset category is based primarily on various aspects of long-term prospects for the economy that include historical performance and the market environment.

i. Assumptions used in calculation
Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2014 and 2015 were as follows:

Years ended March 31,	**2015**	2014
Discount rate	**0.9%**	0.9%
Expected long-term rate of return on plan assets		
Defined benefit corporate pension plans	**2.0%**	2.0%
Retirement benefit trusts	**0.0%**	0.0%

(4) Defined contribution plans
The amount recognized as expenses for the defined contribution pension plans was ¥900 million (U.S. $7 million) for the year ended March 31, 2015.

14. Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2015**	2014	**2015**
Deferred tax assets	**¥ 650,205**	¥ 657,521	**$ 5,309**
Valuation allowance for deferred tax assets	**(6,417)**	(6,524)	**(52)**
Subtotal	**643,787**	650,996	**5,257**
Deferred tax liabilities	**(1,146,543)**	(771,087)	**(9,363)**
Net deferred tax assets (liabilities)	**(502,755)**	(120,090)	**(4,105)**

Major components of deferred tax assets/liabilities were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2015**	2014	**2015**
Deferred tax assets			
Policy reserves and other reserves	**¥ 424,852**	¥394,696	**$3,469**
Reserve for price fluctuation	**141,866**	147,792	**1,158**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	**1,106,381**	736,091	**9,035**

(2) The statutory tax rates were 33.28% and 30.73% for the years ended March 31, 2014 and 2015, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

Years ended March 31,	**2015**	2014
Policyholders' dividend reserves	**(15.19)%**	(17.77)%
Effects of changes in the income tax rate	**11.81%**	—

(3) From the end of the year ended March 31, 2014, the statutory tax rates of the Company which are used to measure deferred tax assets and liabilities recoverable during the period within one year were changed from 33.28% to 30.73% due to the termination of the special reconstruction corporate tax in accordance with the "Act for Partial Revision of the Income Tax Act" (Act No. 10 in 2014).

Due to this change, as of March 31, 2014, both deferred tax liabilities of the Company in the consolidated balance sheet and deferred portion of income taxes of the Company in the consolidated statement of income increased by ¥1,983 million.

(4) From the end of the year ended March 31, 2015, the statutory tax rates of the Company which are used to measure deferred tax assets and liabilities were changed from 30.73% to 28.80% in accordance with the "Act for Partial Revision of the Income Tax Act" (Act No. 9 in 2015).

Due to this change, as of March 31, 2015, deferred tax liabilities of the Company in the consolidated balance sheet decreased by ¥34,385 million (U.S. $280 million), deferred tax liabilities for land revaluation in the consolidated balance sheet decreased by ¥5,754 million (U.S. $46 million), and deferred portion of income taxes of the Company in the consolidated statement of income increased by ¥43,023 million (U.S. $351 million).

15. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Balance at the beginning of the fiscal year	**¥ 270,023**	¥ 280,524	**$ 2,205**
Transfer from surplus in the previous fiscal year	**158,094**	152,835	**1,291**
Dividend payments to policyholders during the fiscal year	**(175,209)**	(163,872)	**(1,430)**
Interest accrued during the fiscal year	**506**	535	**4**
Balance at the end of the fiscal year	**¥ 253,414**	¥ 270,023	**$ 2,069**

16. Subordinated Debt

As of March 31, 2014 and 2015, other liabilities included subordinated debts of ¥100,000 million and ¥100,000 million (U.S. $816 million), respectively, and the repayments of which are subordinated to other obligations.

17. Accrued Retirement Benefits for Directors and Executive Officers

Accrued retirement benefits for directors and executive officers of the Company are provided based on a portion accrued for the period of the estimated payable amount.

In 2008, the Compensation Committee of the Company decided to terminate the retirement allowance scheme for directors and executive officers of the Company effective June 30, 2008. No provisions have been made for incumbent directors and executive officers since that date.

18. Reserve for Contingent Liabilities

Reserve for contingent liabilities of the Company is provided for the amount of estimated possible losses in the future with respect to the securitization of loans and loan commitments outstanding pursuant to Article 24-4 of the "Ordinance for Enforcement of the Insurance Business Act."

19. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥60,000 million (U.S. $489 million) as of March 31, 2015.

The Company offered foundation funds in the amount of ¥50,000 million and ¥60,000 million (U.S. $489 million) pursuant to Article 60 of the "Insurance Business Act" in the years ended March 31, 2014 and 2015, respectively.

20. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥822,310 million and ¥864,990 million (U.S. $7,064 million) as of March 31, 2014 and 2015, respectively. The amounts of separate account liabilities were the same as these figures.

21. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥51,981 million and ¥52,814 million (U.S. $431 million) as of March 31, 2014 and 2015, respectively, pursuant to Article 259 of the "Insurance Business Act."

These contributions are recognized as operating expenses when contributed.

22. Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the effective income tax rates that are based on the enacted statutory rates to the temporary differences.

23. Other Comprehensive Income

The components of other comprehensive income (reclassification adjustments and income tax effects relating to other comprehensive income) for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Net unrealized gains on available-for-sale securities:			
Amount arising during the fiscal year	**¥1,657,722**	¥ 323,272	**$13,537**
Reclassification adjustments	**(184,502)**	(180,064)	**(1,506)**
Before income tax effect adjustments	**1,473,219**	143,208	**12,031**
Income tax effects	**(375,970)**	(43,919)	**(3,070)**
Net unrealized gains on available-for-sale securities	**1,097,249**	99,288	**8,960**
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	**¥22,901**	¥(1,767)	**$187**
Reclassification adjustments	**(2,961)**	(2,640)	**(24)**
Before income tax effect adjustments	**19,939**	(4,407)	**162**
Income tax effects	**(5,428)**	1,536	**(44)**
Deferred unrealized gains (losses) on derivatives under hedge accounting	**14,511**	(2,871)	**118**
Land revaluation differences:			
Amount arising during the fiscal year	**¥ —**	¥—	**$—**
Reclassification adjustments	**—**	—	**—**
Before income tax effect adjustments	**—**	—	**—**
Income tax effects	**5,884**	—	**48**
Land revaluation differences	**5,884**	—	**48**
Foreign currency translation adjustments:			
Amount arising during the fiscal year	**¥5,827**	¥7,049	**$47**
Reclassification adjustments	**—**	—	**—**
Before income tax effect adjustments	**5,827**	7,049	**47**
Income tax effects	**—**	—	**—**
Foreign currency translation adjustments	**5,827**	7,049	**47**
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	**¥ 44,064**	¥—	**$359**
Reclassification adjustments	**19,355**	—	**158**
Before income tax effect adjustments	**63,419**	—	**517**
Income tax effects	**(20,284)**	—	**(165)**
Remeasurements of defined benefit plans	**43,135**	—	**352**
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	**¥11,443**	¥10,788	**$93**
Reclassification adjustments	**(13)**	(477)	**(0)**
Share of other comprehensive income of affiliates accounted for by the equity method	**11,430**	10,310	**93**
Total other comprehensive income	**¥1,178,038**	¥113,777	**$9,620**

24. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2015 were approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2015.

Share acquisition

The Company entered into a definitive agreement to acquire 100% of the outstanding shares of StanCorp Financial Group, Inc. ("StanCorp") on July 23 (July 24, Japan local time), 2015.

(1) Purpose of share acquisition

The Company aims to further improve value for policyholders by enhancing profits and diversifying the business portfolio (dispersing business risk) of the entire group through expanding the scale and increasing the level of profits of overseas insurance business.

(2) Overview of the acquired company

a. Company name
StanCorp Financial Group, Inc.
b. Location
Portland, Oregon, USA
c. Business
Insurance and insurance related business[*1]

(*1) StanCorp is a holding company and its subsidiaries operate insurance business, etc.

d. Premiums (consolidated basis, for the fiscal year ended December 2014)
U.S. $2,052 million
e. Total assets (consolidated basis, as of the end of December 2014)
U.S. $22,711 million

(3) Overview of the acquisition

The Company intends to acquire the shares by January to March 2016. The acquiring price is expected to be approximately U.S. $4,997 million (approximately ¥624.6 billion)[*2] and it will be funded through cash and cash equivalents in hand. Under and in accordance with applicable laws and regulations in the U.S., the acquisition will be implemented by first establishing a special purpose company of the Company in Delaware, and then merging it with and into StanCorp. The acquisition is subject to approval of StanCorp's shareholders and approval of relevant regulatory authorities, as well as other customary closing conditions.

(*2) The exchange rate used to calculate the yen-dominated amount is U.S. $1 to ¥125.00.

Supplementary Note

Meiji Yasuda Life Insurance Company's consolidated balance sheets as of March 31, 2013, 2014 and 2015, and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended ("consolidated financial statements") were audited by KPMG AZSA LLC.

Meiji Yasuda Insurance Company, by its own judgment, has made certain reclassifications and modifications to those audited consolidated financial statements referred to above to facilitate and enhance the reader's understanding of the financial information, and included them in this publication.

Non-consolidated Balance Sheets

Meiji Yasuda Life Insurance Company

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
ASSETS:			
Cash and deposits (note 3)			
Cash	¥ 228	¥ 307	$ 1
Deposits	159,822	164,008	1,305
Subtotal	160,050	164,315	1,307
Call loans	368,000	244,000	3,005
Monetary claims bought (note 3)	229,523	233,622	1,874
Securities (notes 3, 4, 5, and 6)			
National government bonds	14,116,333	14,315,853	115,282
Local government bonds	768,778	940,031	6,278
Corporate bonds	1,822,072	1,816,135	14,880
Domestic stocks	4,362,817	3,471,850	35,629
Foreign securities	7,553,114	6,124,485	61,683
Other securities	619,146	536,072	5,056
Subtotal	29,242,263	27,204,427	238,809
Loans (notes 3, 7, and 8)			
Policy loans	289,921	304,630	2,367
Industrial and consumer loans	4,762,317	4,832,134	38,891
Subtotal	5,052,238	5,136,765	41,259
Tangible fixed assets (notes 9, 10, 11, and 12)			
Land	613,832	623,453	5,012
Buildings	296,709	310,528	2,423
Construction in progress	6,045	3,650	49
Other tangible fixed assets	3,248	3,810	26
Subtotal	919,835	941,443	7,511
Intangible fixed assets			
Software	37,443	37,671	305
Other intangible fixed assets	26,274	19,968	214
Subtotal	63,717	57,639	520
Due from agents	33	2	0
Reinsurance receivables	506	2,748	4
Other assets			
Accounts receivable	93,162	84,419	760
Prepaid expenses	4,760	4,703	38
Accrued income	98,334	95,556	803
Money on deposit	8,261	8,090	67
Deposits for futures transactions	1,157	868	9
Margins on futures transactions	18	46	0
Derivative financial instruments (note 3)	52,381	13,025	427
Cash collateral pledged for financial instruments	43,110	3,380	352
Suspense	3,087	4,511	25
Other assets	8,232	8,472	67
Subtotal	312,506	223,074	2,552
Prepaid pension cost (note 13)	104,534	96,495	853
Customers' liabilities under acceptances and guarantees	20,848	21,344	170
Allowance for possible loan losses	(5,034)	(8,135)	(41)
Total assets	¥36,469,024	¥34,317,745	$297,827

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims (note 14)	**¥ 108,483**	¥ 113,752	**$ 885**
Policy reserves (note 14)	**30,164,629**	29,210,826	**246,342**
Policyholders' dividend reserves (note 15)	**253,414**	270,023	**2,069**
Subtotal	**30,526,528**	29,594,602	**249,297**
Reinsurance payables	**635**	2,852	**5**
Other liabilities			
Payables under securities borrowing transactions (note 3)	**220,000**	640,951	**1,796**
Loans payable (notes 3 and 16)	**100,000**	100,000	**816**
Income taxes payable	**49,760**	80,196	**406**
Accounts payable	**62,975**	44,660	**514**
Accrued expenses	**28,129**	25,557	**229**
Deferred income	**2,450**	2,209	**20**
Deposits received	**25,038**	24,646	**204**
Guarantee deposits received	**32,541**	32,510	**265**
Margins on futures transactions	**3**	2	**0**
Derivative financial instruments (note 3)	**96,553**	45,817	**788**
Cash collateral received for financial instruments	**19,870**	6,300	**162**
Asset retirement obligations	**3,539**	3,475	**28**
Suspense receipts	**8,250**	10,571	**67**
Subtotal	**649,112**	1,016,897	**5,301**
Accrued retirement benefits for directors and executive officers (note 17)	**92**	183	**0**
Reserve for contingent liabilities (note 18)	**2**	14	**0**
Reserve for price fluctuation	**492,482**	480,840	**4,021**
Deferred tax liabilities (note 19)	**513,117**	151,334	**4,190**
Deferred tax liabilities for land revaluation	**85,877**	92,910	**701**
Acceptances and guarantees	**20,848**	21,344	**170**
Total liabilities	**32,288,695**	31,360,979	**263,688**
NET ASSETS:			
Foundation funds (note 20)	**260,000**	260,000	**2,123**
Reserve for redemption of foundation funds (note 20)	**470,000**	410,000	**3,838**
Reserve for revaluation	**452**	452	**3**
Surplus	**481,603**	441,313	**3,933**
Reserve for future losses	**9,336**	8,854	**76**
Other surplus	**472,267**	432,458	**3,856**
Reserve for fund redemption	**80,000**	85,000	**653**
Fund for price fluctuation allowance	**29,764**	29,764	**243**
Reserve for promotion of social welfare project	**48**	48	**0**
Reserve for business infrastructure	**75,000**	50,000	**612**
Reserve for reduction entry of real estate	**23,859**	24,052	**194**
Special reserves	**2,000**	2,000	**16**
Other reserves	**85**	85	**0**
Unappropriated surplus	**261,509**	241,508	**2,135**
Total funds, reserve and surplus	**1,212,056**	1,111,766	**9,898**
Net unrealized gains on available-for-sale securities	**2,833,827**	1,738,003	**23,142**
Deferred unrealized gains on derivatives under hedge accounting	**15,456**	944	**126**
Land revaluation differences	**118,988**	106,051	**971**
Total unrealized gains, revaluation reserves and adjustments	**2,968,272**	1,845,000	**24,240**
Total net assets	**4,180,328**	2,956,766	**34,139**
Total liabilities and net assets	**¥36,469,024**	¥34,317,745	**$297,827**

Non-consolidated Statements of Income

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
ORDINARY INCOME:			
Insurance premiums and other			
Insurance premiums	**¥3,407,946**	¥3,615,578	**$27,831**
Reinsurance revenue	**500**	718	**4**
Subtotal	**3,408,447**	3,616,296	**27,835**
Investment income (note 24)			
Interest, dividends and other income	**698,142**	667,637	**5,701**
Interest on deposits	**61**	70	**0**
Interest and dividends on securities	**558,623**	522,612	**4,562**
Interest on loans	**95,007**	100,910	**775**
Rent revenue from real estate	**33,404**	33,420	**272**
Other interest and dividends	**11,044**	10,623	**90**
Gains on money held in trust	**0**	0	**0**
Gains on sales of securities	**186,196**	220,575	**1,520**
Gains on redemption of securities	**58,075**	36,416	**474**
Foreign exchange gains	**—**	14	**—**
Reversal of allowance for possible loan losses	**2,875**	1,363	**23**
Other investment income	**23**	14	**0**
Investment gains on separate accounts	**83,806**	52,769	**684**
Subtotal	**1,029,120**	978,790	**8,404**
Other ordinary income			
Income from annuity riders	**14,979**	16,550	**122**
Income from deferred benefits	**87,118**	113,053	**711**
Reversal of reserves for outstanding claims (note 25)	**5,268**	—	**43**
Reversal of accrued retirement benefits	**5,733**	9,563	**46**
Other ordinary income	**7,960**	6,994	**65**
Subtotal	**121,061**	146,161	**988**
Total ordinary income	**4,558,629**	4,741,249	**37,228**
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	**635,653**	670,538	**5,191**
Annuity payments	**849,823**	616,182	**6,940**
Benefit payments	**427,691**	450,420	**3,492**
Surrender benefits	**451,984**	436,951	**3,691**
Other refunds	**225,214**	96,549	**1,839**
Reinsurance premiums	**6,021**	5,549	**49**
Subtotal	**2,596,389**	2,276,192	**21,203**
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims (note 25)	**—**	3,493	**—**
Provision for policy reserves (note 25)	**953,803**	1,398,171	**7,789**
Provision for interest on policyholders' dividend reserves (note 15)	**461**	490	**3**
Subtotal	**954,264**	1,402,155	**7,793**
Investment expenses (note 24)			
Interest expenses	**3,292**	3,239	**26**
Losses on sales of securities	**365**	27,984	**2**
Losses on valuation of securities	**300**	1,704	**2**
Losses on redemption of securities	**—**	0	**—**
Losses on derivative financial instruments	**71,082**	57,491	**580**
Foreign exchange losses	**145**	—	**1**
Depreciation of real estate for non-insurance business	**9,513**	9,613	**77**
Other investment expenses	**11,173**	9,946	**91**
Subtotal	**95,874**	109,979	**782**
Operating expenses (note 26)	**348,426**	352,046	**2,845**
Other ordinary expenses			
Deferred benefit payments	**125,661**	129,626	**1,026**
Taxes	**28,282**	23,072	**230**
Depreciation	**20,738**	21,394	**169**
Other ordinary expenses	**5,137**	5,117	**41**
Subtotal	**179,820**	179,211	**1,468**
Total ordinary expenses	**¥4,174,775**	¥4,319,585	**$34,093**

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Ordinary profit	**¥ 383,854**	¥ 421,664	**$ 3,134**
Extraordinary gains			
Gains on disposals of fixed assets	**5,951**	1,408	**48**
Reversal of reserve for contingent liabilities	**12**	—	**0**
Subtotal	**5,964**	1,408	**48**
Extraordinary losses			
Losses on disposals of fixed assets	**5,566**	7,499	**45**
Impairment losses (note 12)	**6,296**	5,299	**51**
Provision for reserve for contingent liabilities	**—**	6	**—**
Provision for reserve for price fluctuation	**11,642**	117,295	**95**
Losses on reduction entry of real estate	**2,413**	—	**19**
Contributions for promotion of social welfare project	**552**	553	**4**
Other extraordinary losses (note 13)	**1,669**	—	**13**
Subtotal	**28,140**	130,654	**229**
Surplus before income taxes	**361,677**	292,418	**2,953**
Income taxes (note 19)			
Current	**117,680**	123,035	**961**
Deferred	**(21,258)**	(70,004)	**(173)**
Total income taxes	**96,422**	53,030	**787**
Net surplus	**¥ 265,255**	¥ 239,387	**$ 2,166**

Non-consolidated Proposed Appropriation of Surplus

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Unappropriated surplus	**¥261,509**	¥241,508	**$2,135**
Reversal of voluntary surplus reserves:	**574**	551	**4**
Reversal of reserve for reduction entry of real estate	**574**	551	**4**
Total	**262,084**	242,059	**2,140**
Appropriation of surplus (note 29)	**262,084**	242,059	**2,140**
Provision for policyholders' dividend reserves	**180,044**	158,094	**1,470**
Net surplus	**82,039**	83,965	**669**
Reserve for future losses	**547**	482	**4**
Interest on foundation funds	**2,101**	2,572	**17**
Voluntary surplus reserves:	**79,391**	80,911	**648**
Reserve for fund redemption	**52,000**	55,000	**424**
Reserve for promotion of social welfare project	**553**	553	**4**
Reserve for business infrastructure	**25,000**	25,000	**204**
Reserve for reduction entry of real estate	**1,838**	358	**15**

Non-consolidated Statements of Changes in Net Assets

Meiji Yasuda Life Insurance Company

Year ended March 31, 2014 (Millions of Yen)

	Funds, reserve and surplus														Unrealized gains (losses), revaluation reserve and adjustments				
				Surplus															
					Other surplus														
	Foundation funds (note 20)	Reserve for redemption of foundation funds (note 20)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	¥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
Issuance of foundation funds	50,000													50,000					50,000
Additions to policyholders' dividend reserves (note 15)												(152,835)	(152,835)	(152,835)					(152,835)
Additions to reserve for future losses				465								(465)							
Payment of interest on foundation funds												(2,162)	(2,162)	(2,162)					(2,162)
Net surplus												239,387	239,387	239,387					239,387
Additions to reserve for fund redemption					45,000							(45,000)							
Additions to reserve for promotion of social welfare project							553					(553)							
Reversal of reserve for promotion of social welfare project							(553)					553							
Additions to reserve for business infrastructure								22,000				(22,000)							
Additions to reserve for reduction entry of real estate									1,123			(1,123)							
Reversal of reserve for reduction entry of real estate									(545)			545							
Reversal of land revaluation differences												1,568	1,568	1,568					1,568
Net changes, excluding funds, reserves and surplus															100,787	(2,871)	(1,568)	96,348	96,348
Net changes in the fiscal year	50,000	—	—	465	45,000	—	—	22,000	577	—	—	17,915	85,958	135,958	100,787	(2,871)	(1,568)	96,348	232,306
Ending balance	¥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

Year ended March 31, 2015 (Millions of Yen)

	Funds, reserve and surplus														Unrealized gains (losses), revaluation reserve and adjustments				
				Surplus															
					Other surplus														
	Foundation funds (note 20)	Reserve for redemption of foundation funds (note 20)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	¥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
Cumulative effect of change in accounting policies												2,752	2,752	2,752					2,752
Beginning balance after reflecting accounting policy changes	260,000	410,000	452	8,854	85,000	29,764	48	50,000	24,052	2,000	85	244,261	444,066	1,114,518	1,738,003	944	106,051	1,845,000	2,959,519
Issuance of foundation funds	60,000													60,000					60,000
Additions to policyholders' dividend reserves (note 15)												(158,094)	(158,094)	(158,094)					(158,094)
Additions to reserve for future losses				482								(482)							
Additions to reserve for redemption of foundation funds		60,000												60,000					60,000
Payment of interest on foundation funds												(2,572)	(2,572)	(2,572)					(2,572)
Net surplus												265,255	265,255	265,255					265,255
Redemption of foundation funds	(60,000)													(60,000)					(60,000)
Additions to reserve for fund redemption					55,000							(55,000)							
Reversal of reserve for fund redemption					(60,000)								(60,000)	(60,000)					(60,000)
Additions to reserve for promotion of social welfare project							553					(553)							
Reversal of reserve for promotion of social welfare project							(552)					552							
Additions to reserve for business infrastructure								25,000				(25,000)							
Additions to reserve for reduction entry of real estate									358			(358)							
Reversal of reserve for reduction entry of real estate									(551)			551							
Reversal of land revaluation differences												(7,051)	(7,051)	(7,051)					(7,051)
Net changes, excluding funds, reserves and surplus															1,095,824	14,511	12,936	1,123,272	1,123,272
Net changes in the fiscal year	—	60,000	—	482	(5,000)	—	0	25,000	(192)	—	—	17,248	37,537	97,537	1,095,824	14,511	12,936	1,123,272	1,220,809
Ending balance	**¥260,000**	**¥470,000**	**¥452**	**¥9,336**	**¥80,000**	**¥29,764**	**¥ 48**	**¥75,000**	**¥23,859**	**¥2,000**	**¥85**	**¥261,509**	**¥481,603**	**¥1,212,056**	**¥2,833,827**	**¥15,456**	**¥118,988**	**¥2,968,272**	**¥4,180,328**

Year ended March 31, 2015 (Millions of U.S. Dollars)

	Funds, reserve and surplus														Unrealized gains (losses), revaluation reserve and adjustments				
				Surplus															
					Other surplus														
	Foundation funds (note 20)	Reserve for redemption of foundation funds (note 20)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	$2,123	$3,348	$3	$72	$694	$243	$0	$408	$196	$16	$0	$1,972	$3,604	$9,079	$14,193	$ 7	$866	$15,067	$24,146
Cumulative effect of change in accounting policies												22	22	22					22
Beginning balance after reflecting accounting policy changes	2,123	3,348	3	72	694	243	0	408	196	16	0	1,994	3,626	9,101	14,193	7	866	15,067	24,169
Issuance of foundation funds	489													489					489
Additions to policyholders' dividend reserves (note 15)												(1,291)	(1,291)	(1,291)					(1,291)
Additions to reserve for future losses				3								(3)							
Additions to reserve for redemption of foundation funds		489												489					489
Payment of interest on foundation funds												(21)	(21)	(21)					(21)
Net surplus												2,166	2,166	2,166					2,166
Redemption of foundation funds	(489)													(489)					(489)
Additions to reserve for fund redemption					449							(449)							
Reversal of reserve for fund redemption					(489)								(489)	(489)					(489)
Additions to reserve for promotion of social welfare project							4					(4)							
Reversal of reserve for promotion of social welfare project							(4)					4							
Additions to reserve for business infrastructure								204				(204)							
Additions to reserve for reduction entry of real estate									2			(2)							
Reversal of reserve for reduction entry of real estate									(4)			4							
Reversal of land revaluation differences												(57)	(57)	(57)					(57)
Net changes, excluding funds, reserves and surplus															8,949	118	105	9,173	9,173
Net changes in the fiscal year	—	489	—	3	(40)	—	0	204	(1)	—	—	140	306	796	8,949	118	105	9,173	9,969
Ending balance	**$2,123**	**$3,838**	**$3**	**$76**	**$653**	**$243**	**$0**	**$612**	**$194**	**$16**	**$0**	**$2,135**	**$3,933**	**$9,898**	**$23,142**	**$126**	**$971**	**$24,240**	**$34,139**

Notes to the Non-consolidated Financial Statements

Meiji Yasuda Life Insurance Company

1. Basis of Presentation

MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, "the Company") has prepared the accompanying non-consolidated financial statements in accordance with the provisions set forth in the Japanese "Insurance Business Act" and its related accounting regulations in Japan, and in conformity with accounting principles generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying non-consolidated financial statements, certain reclassifications have been made to the non-consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at June 30, 2015, which was ¥122.45 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Securities

Securities held by the Company are classified and accounted for as follows:

a. Trading securities are stated at market value at the balance sheet date. The 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 and the amortization is calculated using the straight-line method.

c. Policy-reserve-matching bonds are stated at amortized cost in accordance with the "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," (Japanese Institute of Certified Public Accountants (JICPA), issued on November 16, 2000). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.

d. Equity securities issued by subsidiaries and affiliates are stated at cost using the moving average method. The subsidiaries are prescribed under Article 2, Paragraph 12 of the "Insurance Business Act" and Article 13-5-2, Paragraph 3 of the "Order for Enforcement of the Insurance Business Act." The affiliates are under Paragraph 4 of the order.

e. Available-for-sale securities

i) Securities of which market value is readily available

Stocks are stated at the average of the market value during the final month of the fiscal year. Others are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.

ii) Securities of which market value is extremely difficult to determine

Bonds (including foreign bonds) of which premium or discount are regarded as interest rate adjustment are stated at amortized cost using the moving average method. The amortization is calculated using the straight-line method. Other securities are stated at cost using the moving average method.

iii) Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the non-consolidated balance sheets.

(2) Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized 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 "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" (JICPA, issued on November 16, 2000).

(3) Derivative transactions

Derivative transactions are stated at fair value.

(4) Method of hedge accounting

Methods of hedge accounting are in accordance with the "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008). These methods consist primarily of:

- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans receivable and payable;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation related to foreign currency denominated loans; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Hedge effectiveness for the deferred hedge accounting to hedge against interest rate fluctuation risk related to insurance liabilities is assessed by verifying the correlation between interest rates that would be used in calculating theoretical prices of hedged items and hedging instruments.

(5) Tangible fixed assets

Tangible fixed assets owned by the Company are depreciated as follows:

a. Buildings

Calculated using the straight-line method.

b. Other tangible fixed assets

Calculated using the declining-balance method. Tangible fixed assets are presented at cost, net of accumulated depreciation and impairment losses.

The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

Revaluation of land

The Company revalued certain parcels of land owned for operational use as of March 31, 2000, as permitted by the "Act on Revaluation of Land."

The difference in value before and after revaluation is directly included in net assets in the non-consolidated balance sheets and presented as land revaluation differences, after net of income taxes which is presented as deferred tax liabilities for land revaluation in the non-consolidated balance sheets. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the "Order for Enforcement of the Act on Revaluation of Land") for the revaluation.

The Company also revalued certain parcels of land acquired from former Yasuda Mutual Life Insurance Company upon the merger on January 1, 2004 as of March 31, 2001, as permitted by the act. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the former company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the order) and appraisal value (detailed in Article 2, Item 5 of the order) for the revaluation.

(6) Software

Capitalized software for internal use owned by the Company (included in intangible fixed assets in the non-consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives (3 to 5 years).

(7) Allowance for possible loan losses

Allowance for possible loan losses of the Company is provided pursuant to its standards for self assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses.

For loans to borrowers that are legally bankrupt (hereafter, “bankrupt borrowers”) and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, “substantially bankrupt borrowers”), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral and the execution of guarantees.

For loans to borrowers that have high possibility of bankruptcy (hereafter, “borrowers with high possibility of bankruptcy”), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collateral and by executing guarantees.

For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company’s actual default experience for a certain period in the past.

All loans are assessed by the department concerned based on the Company’s standards for the self-assessment of asset quality and an independent department is responsible for audit of its self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans with collateral to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2014 and 2015 amounted to ¥59 million and ¥50 million (U.S. $0 million), respectively.

(8) Policy reserves

Policy reserves of the Company are provided pursuant to Article 116 of the “Insurance Business Act.”

Premium reserves, a main component of policy reserves, are calculated according to the following method:

a. For contracts that are subject to the standard policy reserve requirements, the premium reserves are calculated pursuant to the method stipulated by the Prime Minister (Ministry of Finance Notification No. 48 in 1996).

b. For contracts that are not subject to the standard policy reserve requirements, the premium reserves are calculated using the net level premium method.

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 pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act.” The accumulation of the amount was completed on schedule over a period of three years starting in the year ended March 31, 2008. Besides, an additional reserve corresponding to the period after the beginning of annuity payment shall be accumulated at the beginning of the payment of the above annuity contracts.

For the year ended March 31, 2015, the Company additionally set aside the policy reserves for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995 pursuant to Article 69, Paragraph 5 of the ordinance. As a result, policy reserves increased by ¥192,343 million (U.S. $1,570 million) as of March 31, 2015 and ordinary profit and surplus before income taxes decreased by ¥192,343 million (U.S. $1,570 million) for the year ended March 31, 2015 compared to the cases where the Company did not accumulate the additional reserves.

(9) Accrued retirement benefits

Accrued retirement benefits of the Company are provided based on the estimate of retirement benefit obligations and plan assets at the balance sheet date.

No accrued retirement benefits were recognized on the liabilities due to the plan assets in excess of the retirement benefit obligations as of March 31, 2014 and 2015, respectively.

(10) Reserve for price fluctuation

Reserve for price fluctuation of the Company is calculated pursuant to Article 115 of the “Insurance Business Act.”

(11) Revenue recognition

Insurance premiums are recognized when premiums are received, and insurance premiums due but not collected are not recognized as revenue. Unearned insurance premiums are recognized as policy reserves.

(12) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

(13) Accounting for consumption taxes

National and local consumption taxes of the Company are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as prepaid expenses and amortized over a five-year period on the straight-line basis pursuant to the “Corporation Tax Act.”

(14) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for equity securities issued by subsidiaries and affiliates, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Equity securities issued by subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.

(15) New accounting standards

a. From the beginning of the year ended March 31, 2013, tangible fixed assets acquired on or after April 1, 2012 are accounted for using the straight-line method as stipulated by the revised “Corporation Tax Act.”

b. The Company changed the method of attributing expected retirement benefit to periods from the straight-line basis to the benefit formula basis from the beginning of the year ended March 31, 2015 in accordance with “Accounting Standard for Retirement Benefits” (ASBJ, issued on May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ, issued on May 17, 2012) which have been applied from the beginning of the year ended March 31, 2015.

The amount of the effect of the change in the method of calculation of retirement benefit obligations and service costs was included in surplus in the non-consolidated balance sheet at the beginning of the year ended March 31, 2015 in accordance with the transitional treatment set out in Paragraph 37 of the standard.

As a result, surplus at the beginning of the period increased by ¥2,752 million (U.S. $22 million) and, as well, ordinary profit and surplus before income taxes decreased by ¥806 million (U.S. $6 million) for the year ended March 31, 2015.

3. Financial Instruments

(1) Qualitative information on financial instruments

The Company develops the asset and liability management based on surplus, and it monitors a surplus derived from the difference between the economic values of assets and liabilities as a measure of financial soundness, in order to manage its investment assets (excluding the assets of the separate account prescribed in Article 118, Paragraph 1 of the "Insurance Business Act").

Based on this risk management, the Company mainly invests in securities and loans. Securities held primarily consist of bonds, stocks, investment trusts and investments in partnership capital. Loans primarily consist of loans to domestic corporate borrowers.

The use of derivatives is, in principle, limited to hedging activities as a primary method of hedging against invested asset risk and insurance liability risk.

Methods of hedge accounting are in accordance with the "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008). These methods consist primarily of:

- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation related to foreign currency denominated loans; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Securities are exposed to market risk (interest rate fluctuation risk, exchange rate fluctuation risk and price fluctuation risk) and credit risk. Loans are exposed to credit risk and interest rate fluctuation risk. Derivative transactions are exposed to market risk and credit risk.

Loans payable are exposed to interest rate fluctuation risk arising from floating interest rate borrowings.

With regard to the interest rate fluctuation risk management, the Company manages the fluctuation risk on the basis of economic values from a surplus management perspective, by purchasing super long-term bonds to keep asset duration stable and using interest rate swaps for the interest rate risk hedge against insurance liabilities.

To manage the exchange rate fluctuation risk, the Company hedges against exchange rate fluctuation using forward exchange contracts where necessary for appropriate controls of exchange rate fluctuation risk.

To manage the price fluctuation risk, the Company performs integrated management for outstanding balances and the profit and loss situation of securities and derivative transactions and also monitors loss limits to minimize unexpected losses.

In addition to the Value at Risk (VaR) method to measure the maximum expected loss, the Company performs stress tests periodically to simulate conditions that might arise in the event of sharp market fluctuations that exceed normal forecasts.

The profit and loss status and compliance with these procedures are monitored by the investment risk management department, reported regularly (or immediately in urgent cases) to the sub-committee of investment risk management and, on important matters reported directly to the Board of Directors and Committees.

To manage credit risk, the Company carefully identifies risks in each transaction and limits investments to those that are assessed to be of high quality.

Where credit risk assessment is particularly important regarding corporate loans, the credit risk management department ensures that a rigorous screening system is in place, and monitors borrowers and internal credit rating using corporate screening methods. The Company follows careful discussions by the Investment Committee (Management Committee) to make decisions on highly important deals.

Further, the Company sets exposure limits based on counterparties' creditworthiness to ensure that risk is not concentrated among certain companies or groups, and diversifies investments.

With regard to derivative transactions, the Company limits risk by setting up policies and establishing limits by the type of transaction and by each counterparty. At the same time, a system of internal checks is in place by segregating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

The fair value of financial instruments is based on the market price or, in cases where market price is not available, based on prices calculated using reasonable methods.

Since certain assumptions are adopted for the price calculations, the prices calculated 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 non-consolidated balance sheets at the end of the fiscal year, and fair values and the differences between them, were as follows:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31,	**2015**			2014			**2015**		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	**¥ 160,050**	**¥ 160,050**	**¥ —**	¥ 164,315	¥ 164,315	¥ —	**$ 1,307**	**$ 1,307**	**$ —**
Available-for-sale securities (CDs)	**6,000**	**6,000**	**—**	9,999	9,999	—	**48**	**48**	**—**
Monetary claims bought	**229,523**	**241,833**	**12,309**	233,622	245,033	11,410	**1,874**	**1,974**	**100**
Held-to-maturity debt securities	**200,223**	**212,532**	**12,309**	204,308	215,719	11,410	**1,635**	**1,735**	**100**
Available-for-sale securities	**29,300**	**29,300**	**—**	29,313	29,313	—	**239**	**239**	**—**
Securities	**28,264,546**	**29,550,365**	**1,285,819**	26,227,537	26,878,123	650,585	**230,825**	**241,325**	**10,500**
Trading securities	**808,800**	**808,800**	**—**	775,067	775,067	—	**6,605**	**6,605**	**—**
Held-to-maturity debt securities	**5,049,665**	**5,684,417**	**634,752**	5,580,085	6,041,759	461,674	**41,238**	**46,422**	**5,183**
Policy-reserve-matching bonds	**6,820,691**	**7,471,758**	**651,066**	5,405,462	5,594,374	188,911	**55,701**	**61,018**	**5,317**
Available-for-sale securities	**15,585,388**	**15,585,388**	**—**	14,466,921	14,466,921	—	**127,279**	**127,279**	**—**
Loans	**5,052,238**	**5,331,508**	**279,269**	5,136,765	5,361,249	224,484	**41,259**	**43,540**	**2,280**
Policy loans	**289,921**	**289,921**	**—**	304,630	304,630	—	**2,367**	**2,367**	**—**
Industrial and consumer loans	**4,762,317**	**5,041,586**	**279,269**	4,832,134	5,056,619	224,484	**38,891**	**41,172**	**2,280**
Allowance for possible loan losses(*1)	**(3,066)**	**—**	**—**	(5,735)	—	—	**(25)**	**—**	**—**
	5,049,172	**5,331,508**	**282,335**	5,131,029	5,361,249	230,220	**41,234**	**43,540**	**2,305**
Payables under securities borrowing transactions	**220,000**	**220,000**	**—**	640,951	640,951	—	**1,796**	**1,796**	**—**
Loans payable	**100,000**	**100,000**	**—**	100,000	100,000	—	**816**	**816**	**—**
Derivative financial instruments(*2)	**(44,171)**	**(44,171)**	**—**	(32,792)	(32,792)	—	**(360)**	**(360)**	**—**
Hedge accounting is not applied	**(27)**	**(27)**	**—**	411	411	—	**(0)**	**(0)**	**—**
Hedge accounting is applied	**(44,143)**	**(44,143)**	**—**	(33,203)	(33,203)	—	**(360)**	**(360)**	**—**

(*1) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.
(*2) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.

Note:
a. Method used to determine the fair value of financial instruments
i) Assets

Cash and deposits

The Company regards book value as fair value with the assumption that fair value approximates book value due to short-term nature of these contracts. Fair value of deposits deemed as securities transactions based on "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008) is calculated in the same method shown in "Securities."

Monetary claims bought

Fair value of monetary claims bought deemed as securities transactions based on "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008) is calculated using the same method shown in "Securities" and the fair value of these monetary claims bought is stated at theoretical prices calculated by discounting the future cash flows to the present value or at the fair value obtained from counterparties at the balance sheet date.

Securities

As for available-for-sale securities, domestic stocks of which market value is readily available are stated at the average of the market value during the final month of the fiscal year. Other securities are stated at market value at the balance sheet date.

Unlisted stocks and others of which market value is not readily available are not subject to fair value disclosure and are therefore not included in the table above because these are regarded as extremely difficult to determine fair value. The amounts of the unlisted stocks and others reported in the non-consolidated balance sheets as of March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2015**	2014	**2015**
Unlisted stocks and others	**¥977,716**	¥976,890	**$7,984**
Equity securities issued by subsidiaries and affiliates	**285,948**	280,311	**2,335**

Impairment losses on the unlisted stocks and others except for equity securities issued by subsidiaries and affiliates were ¥212 million and ¥254 million (U.S. $2 million) for the years ended March 31, 2014 and 2015, respectively.

Loans

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company regards book value as fair value with the assumption that fair value approximates book value in light of factors such as projected repayment period and interest condition.

As for industrial and consumer loans, their fair value of these loans is primarily stated at theoretical prices calculated by discounting the future cash flows to the present value. The fair value of loans to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy is stated at the amounts arrived at by deducting estimated losses from the book value before direct write-off.

ii) Liabilities

Payables under securities borrowing transactions

The Company regards book value as fair value with the assumption that fair value approximates book value due to short-term nature of these contracts.

Loans payable

The Company regards book value as fair value with the assumption that fair value approximates book value since loans are made at floating interest rates that reflect market interest rates timely, and since the Company's credit standing has not changed significantly after borrowing.

iii) Derivative financial instruments

Listed transactions

The fair value of listed transactions, such as stock index futures and bond futures, is stated at the closing or settlement prices at the balance sheet date.

OTC transactions

The fair value of Over-the-Counter (OTC) transactions, such as foreign exchange contracts, is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, or fair value obtained from counterparties at the balance sheet date.

Since OTC transactions of currency swaps contracts subject to the allocation method are treated as an integral part of the hedged foreign currency denominated loans, their fair value is included in the fair value of hedged loans in the table above.

Interest rate swap transactions

The fair value of interest rate swap transactions is stated at theoretical prices calculated by discounting the net future cash flows to the present value, or fair value obtained from counterparties at the balance sheet date.

Since interest rate swaps subject to the special hedge accounting are treated as an integral part of the hedged loan, their fair value is included in the fair value of hedged loans in the table above.

b. Securities by holding purpose

Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) for the fiscal year amounted to (¥2,520 million) and ¥25,474 million (U.S. $208 million) for the years ended March 31, 2014 and 2015, respectively.

Held-to-maturity debt securities

The amounts reported in the non-consolidated balance sheets and fair values of the held-to-maturity debt securities by security type at the end of the fiscal year, and the differences between them, were shown in the following table. No held-to-maturity debt securities were sold during the years ended March 31, 2014 and 2015, respectively.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2015			2014			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	**¥4,206,772**	**¥4,776,496**	**¥569,723**	¥4,721,186	¥5,139,800	¥418,614	**$34,355**	**$39,007**	**$4,652**
2) Corporate bonds	**702,235**	**762,947**	**60,711**	692,053	733,909	41,856	**5,734**	**6,230**	**495**
3) Other	**288,025**	**305,450**	**17,425**	296,098	310,043	13,945	**2,352**	**2,494**	**142**
Total	**5,197,034**	**5,844,894**	**647,860**	5,709,338	6,183,754	474,415	**42,442**	**47,732**	**5,290**
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	**—**	**—**	**—**	3,025	2,997	(27)	**—**	**—**	**—**
2) Corporate bonds	**12,952**	**12,836**	**(116)**	8,200	8,196	(3)	**105**	**104**	**(0)**
3) Other	**39,901**	**39,219**	**(682)**	63,829	62,530	(1,299)	**325**	**320**	**(5)**
Total	**52,854**	**52,055**	**(798)**	75,055	73,724	(1,330)	**431**	**425**	**(6)**

Note: This table includes financial instruments that are deemed appropriate to be treated as securities under the "Financial Instruments and Exchange Act."

Policy-reserve-matching bonds

The carrying amounts in the non-consolidated balance sheets of policy-reserve-matching bonds by security type were shown in the following table, along with their fair values and the differences between these amounts. No policy-reserve-matching bonds were sold during the years ended March 31, 2014 and 2015.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2015			2014			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	**¥6,809,524**	**¥7,459,007**	**¥649,482**	¥5,037,684	¥5,228,611	¥190,926	**$55,610**	**$60,914**	**$5,304**
2) Corporate bonds	**11,167**	**12,751**	**1,584**	11,181	11,833	651	**91**	**104**	**12**
3) Other	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
Total	**6,820,691**	**7,471,758**	**651,066**	5,048,866	5,240,445	191,578	**55,701**	**61,018**	**5,317**
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	**—**	**—**	**—**	356,596	353,929	(2,667)	**—**	**—**	**—**
2) Corporate bonds	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
3) Other	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
Total	**—**	**—**	**—**	356,596	353,929	(2,667)	**—**	**—**	**—**

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥3,224,744 million and ¥1,462,894 million (U.S. $11,946 million) resulting in total gains on sales of ¥220,575 million and ¥186,196 million (U.S. $1,520 million) and total losses of ¥31,807 million and ¥365 million (U.S. $2 million) for the years ended March 31, 2014 and 2015, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the non-consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2015			2014			2015		
	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs									
(1) Domestic stocks	**¥ 1,568,675**	**¥ 3,993,007**	**¥2,424,331**	¥ 1,470,284	¥ 2,953,828	¥1,483,543	**$12,810**	**$ 32,609**	**$19,798**
(2) Bonds	**4,371,423**	**4,764,333**	**392,909**	5,535,917	5,992,980	457,063	**35,699**	**38,908**	**3,208**
1) National & local government bonds	**3,406,065**	**3,734,828**	**328,763**	4,564,853	4,970,249	405,396	**27,815**	**30,500**	**2,684**
2) Corporate bonds	**965,358**	**1,029,504**	**64,146**	971,063	1,022,730	51,667	**7,883**	**8,407**	**523**
(3) Other	**4,738,053**	**5,916,577**	**1,178,523**	2,999,707	3,640,453	640,745	**38,693**	**48,318**	**9,624**
Total	**10,678,152**	**14,673,917**	**3,995,764**	10,005,909	12,587,262	2,581,352	**87,204**	**119,835**	**32,631**
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	**84,585**	**77,468**	**(7,117)**	272,696	250,928	(21,768)	**690**	**632**	**(58)**
(2) Bonds	**60,197**	**59,453**	**(743)**	83,246	82,429	(817)	**491**	**485**	**(6)**
1) National & local government bonds	**30,421**	**30,196**	**(224)**	40,002	39,864	(138)	**248**	**246**	**(1)**
2) Corporate bonds	**29,775**	**29,256**	**(518)**	43,244	42,565	(679)	**243**	**238**	**(4)**
(3) Other	**819,136**	**809,849**	**(9,286)**	1,635,933	1,585,616	(50,317)	**6,689**	**6,613**	**(75)**
Total	**963,919**	**946,771**	**(17,147)**	1,991,876	1,918,973	(72,902)	**7,871**	**7,731**	**(140)**

Note: This table includes financial instruments that are deemed appropriate to be treated as securities under the "Financial Instruments and Exchange Act."

"Acquisition or amortized costs" in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is readily available amounted to ¥1,491 million and ¥46 million (U.S. $0 million) for the years ended March 31, 2014 and 2015, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31,	Millions of Yen					
	2014					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 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 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

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2015						2015					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits	**¥ 159,822**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**$1,305**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Monetary claims bought	**—**	**—**	**—**	**—**	**—**	**229,523**	**—**	**—**	**—**	**—**	**—**	**1,874**
Loans*	**514,850**	**972,800**	**756,277**	**480,441**	**715,202**	**1,321,629**	**4,204**	**7,944**	**6,176**	**3,923**	**5,840**	**10,793**
Securities	**473,984**	**879,087**	**1,805,171**	**3,123,542**	**2,618,953**	**14,098,114**	**3,870**	**7,179**	**14,742**	**25,508**	**21,387**	**115,133**
Held-to-maturity debt securities	**341,727**	**201,812**	**336,574**	**372,785**	**586,022**	**3,210,743**	**2,790**	**1,648**	**2,748**	**3,044**	**4,785**	**26,220**
Policy-reserve-matching bonds	**—**	**—**	**10,397**	**101,336**	**196,296**	**6,512,661**	**—**	**—**	**84**	**827**	**1,603**	**53,186**
Available-for-sale securities with maturities	**132,256**	**677,274**	**1,458,199**	**2,649,420**	**1,836,634**	**4,374,710**	**1,080**	**5,531**	**11,908**	**21,636**	**14,999**	**35,726**
Total	**1,148,657**	**1,851,887**	**2,561,448**	**3,603,983**	**3,334,155**	**15,649,267**	**9,380**	**15,123**	**20,918**	**29,432**	**27,228**	**127,801**

* Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they are ¥285 million and ¥231 million (U.S. $1 million) as of March 31, 2014 and 2015, respectively.

* Policy loans are not included because they have no defined maturity dates.

d. Maturity analysis of payables under securities borrowing transactions and loans payable

As of March 31,	Millions of Yen					
	2014					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Payable under securities borrowing transactions	¥640,951	¥—	¥—	¥—	¥ —	¥—
Loans payable	—	—	—	—	100,000	—
Total	640,951	—	—	—	100,000	—

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2015						2015					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Payable under securities borrowing transactions	¥220,000	¥—	¥—	¥ —	¥—	¥—	$1,796	$—	$—	$ —	$—	$—
Loans payable	—	—	—	100,000	—	—	—	—	—	816	—	—
Total	220,000	—	—	100,000	—	—	1,796	—	—	816	—	—

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	2014			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥47,600	¥47,600	¥366	¥366
Total				366

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2015				2015			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥1,000	¥1,000	¥10	¥10	$8	$8	$0	$0
Total				10				0

Note: Net gains (losses) represent the fair values.

ii) Currency-related

As of March 31,	Millions of Yen			
	2014			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥ 888	¥—	¥(3)	¥(3)
(U.S. dollar)	277	—	(1)	(1)
(Euro)	242	—	(0)	(0)
(Australian dollar)	319	—	(1)	(1)
(Canadian dollar)	4	—	(0)	(0)
(Others)	44	—	(0)	(0)
Bought	1,165	—	6	6
(U.S. dollar)	643	—	3	3
(Euro)	490	—	2	2
(Canadian dollar)	—	—	—	—
(Australian dollar)	—	—	—	—
(Others)	32	—	0	0
Total				2

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2015				**2015**			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	**¥11,566**	**¥—**	**¥(46)**	**¥(46)**	**$94**	**$—**	**$(0)**	**$(0)**
(U.S. dollar)	**8,654**	**—**	**(53)**	**(53)**	**70**	**—**	**(0)**	**(0)**
(Euro)	**977**	**—**	**7**	**7**	**7**	**—**	**0**	**0**
(Australian dollar)	**888**	**—**	**3**	**3**	**7**	**—**	**0**	**0**
(Canadian dollar)	**672**	**—**	**(1)**	**(1)**	**5**	**—**	**(0)**	**(0)**
(Others)	**373**	**—**	**(1)**	**(1)**	**3**	**—**	**(0)**	**(0)**
Bought	**11,641**	**—**	**30**	**30**	**95**	**—**	**0**	**0**
(U.S. dollar)	**8,933**	**—**	**44**	**44**	**72**	**—**	**0**	**0**
(Euro)	**1,428**	**—**	**(13)**	**(13)**	**11**	**—**	**(0)**	**(0)**
(Canadian dollar)	**567**	**—**	**1**	**1**	**4**	**—**	**0**	**0**
(Australian dollar)	**490**	**—**	**(2)**	**(2)**	**4**	**—**	**(0)**	**(0)**
(Others)	**220**	**—**	**0**	**0**	**1**	**—**	**0**	**0**
Total				**(16)**				**(0)**

Note: Net gains (losses) represent the fair values.

iii) Stock-related

As of March 31,	Millions of Yen			
	2014			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Bought	¥6,194	¥—	¥24	¥24
Foreign currency-denominated stock index futures				
Bought	687	—	16	16
Total				41

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2015				**2015**			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Bought	**¥1,059**	**¥—**	**¥(25)**	**¥(25)**	**$ 8**	**$—**	**$(0)**	**$(0)**
Foreign currency-denominated stock index futures								
Bought	**1,681**	**—**	**3**	**3**	**13**	**—**	**0**	**0**
Total				**(21)**				**(0)**

Note: Net gains (losses) represent the fair values.

iv) Bond-related
No ending balance as of March 31, 2014 and 2015.

Hedge accounting applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	2014			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Insurance liabilities	¥186,800	¥186,800	¥10,358
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	47,695	45,020	1,740
Total				12,099

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
	2015				**2015**		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	**Insurance liabilities**	**¥234,100**	**¥234,100**	**¥31,576**	**$1,911**	**$1,911**	**$257**
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	**Loans**	**46,251**	**31,141**	**1,237**	**377**	**254**	**10**
Total				**32,813**			**267**

ii) Currency-related

As of March 31,	Millions of Yen			
	2014			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥2,031,158	¥ —	¥(40,632)
(U.S. dollar)		1,690,459	—	(33,578)
(Euro)		201,159	—	(1,789)
(Australian dollar)		139,540	—	(5,264)
Deferred hedge accounting				
Cross currency swaps				
Receipts floating, payments fixed (Euro)	Foreign-currency-denominated bonds	26,958	26,958	(2,929)
Total				(43,562)

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
	2015				**2015**		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	**Foreign-currency-denominated bonds**	**¥2,354,756**	**¥ —**	**¥(70,919)**	**$19,230**	**$ —**	**$(579)**
(U.S. dollar)		**2,010,069**	**—**	**(89,973)**	**16,415**	**—**	**(734)**
(Euro)		**196,339**	**—**	**10,404**	**1,603**	**—**	**84**
(Australian dollar)		**148,347**	**—**	**8,649**	**1,211**	**—**	**70**
Deferred hedge accounting							
Cross currency swaps							
Receipts floating, payments fixed (Euro)	**Foreign-currency-denominated bonds**	**35,575**	**35,575**	**(4,800)**	**290**	**290**	**(39)**
Total				**(75,719)**			**(618)**

Note: The table does not include foreign currency derivative transactions regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen.

iii) Stock-related
No ending balance as of March 31, 2014 and 2015.
iv) Bond-related
No ending balance as of March 31, 2014 and 2015.

4. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,700,669 million and ¥1,623,208 million (U.S. $13,256 million) as of March 31, 2014 and 2015, respectively.

5. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥3,651 million and ¥4,586 million (U.S. $37 million) as of March 31, 2014 and 2015, respectively.

6. Equity Securities issued by Subsidiaries and Affiliates

The total amounts of equity securities issued by subsidiaries and affiliates were ¥282,953 million and ¥287,687 million (U.S. $2,349 million) as of March 31, 2014 and 2015, respectively.

7. Loans

The aggregate amounts of risk-monitored loans, which comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, were ¥21,035 million and ¥19,713 million (U.S. $160 million) as of March 31, 2014 and 2015, respectively.

The aggregate amounts of loans to bankrupt borrowers were ¥0 million as of March 31 2014 and none as of March 31, 2015. The aggregate amounts of loans in arrears were, ¥2,972 million and ¥2,630 million (U.S. $21 million) as of March 31, 2014 and 2015, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets as of March 31, 2014 and 2015 were ¥44 million and ¥44 million (U.S. $0 million), respectively, for loans to bankrupt borrowers, and, ¥14 million and ¥5 million (U.S. $0 million), respectively, for loans in arrears.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquent principal or interest for a certain period or for other reasons (hereafter, “non-accrual loans”) and also meet the conditions stipulated in Article 96, Paragraph 1, Items 3 and 4 of the “Order for Enforcement of the Corporation Tax Act” (Cabinet Order No. 97 in 1965). Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties.

There were no loans in arrears for three months or longer as of March 31, 2014 and 2015.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amounts of restructured loans were ¥18,061 million and ¥17,083 million (U.S. $139 million) as of March 31, 2014 and 2015, respectively.

Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

8. Loan Commitments

The amounts of loan commitments outstanding were ¥23,939 million and ¥24,386 million (U.S. $199 million) as of March 31, 2014 and 2015, respectively.

9. Fair Values of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥583,174 million and ¥582,459 million (U.S. $4,756 million), and their fair values were ¥612,741 million and ¥626,982 million (U.S. $5,120 million) as of March 31, 2014 and 2015, respectively. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers.

10. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥399,265 million and ¥400,346 million (U.S. $3,269 million) as of March 31, 2014 and 2015, respectively.

11. Leased Assets

The Company holds some leased assets, such as computers and other equipment, in addition to the tangible and intangible fixed assets in the non-consolidated balance sheets.

12. Impairment of Fixed Assets

The details of the impairment losses on fixed assets of the Company are as follows:

(1) Method for grouping the assets

The Company groups all the fixed assets held and utilized for the Company’s insurance business as one asset group for the impairment test.

For real estate for non-insurance business and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2014 and 2015, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value due to downturn of the real estate market. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the non-consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2014

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	2	¥ 432	¥2,057	¥2,489
Idle assets	32	1,192	1,616	2,809
Total	34	¥1,624	¥3,674	¥5,299

For the year ended March 31, 2015

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	**2**	**¥ 206**	**¥ 3**	**¥ 210**
Idle assets	**62**	**2,531**	**3,554**	**6,085**
Total	**64**	**¥2,737**	**¥3,558**	**¥6,296**

For the year ended March 31, 2015

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	**$ 1**	**$ 0**	**$ 1**
Idle assets	**20**	**29**	**49**
Total	**$22**	**$29**	**$51**

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 2.16% and 2.09% for the years ended March 31, 2014 and 2015, respectively. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

13. Retirement Benefit Plans

The following items provide detailed information for the retirement benefit plans.

(1) Summary of the retirement benefit plans

The Company has defined benefit corporate pension plans and retirement allowance plans, which distribute a lump sum payment on retirement, as defined benefit plans. The Company also has defined contribution pension plans as defined contribution plans.

(2) Transfer to defined contribution plans

The Company transferred a certain portion of defined benefit corporate pension plans to defined contribution pension plans on July 1, 2014. As a result, other extraordinary losses of ¥1,669 million (U.S. $13 million) were recognized for the year ended March 31, 2015.

(3) Defined benefit plans

a. Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2014 and 2015 were as follows:

Years ended March 31,	2015	2014
Method of attributing benefit to period of service	**Benefit formula basis**	Straight-line basis
Amortization period for actuarial differences	**10 years**	10 years
Amortization period for past service cost	**10 years**	10 years

b. Changes in the retirement benefit obligations for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	2015	2014	2015
Balance at the beginning of the fiscal year	**¥352,881**	¥368,317	**$2,881**
Service costs	**11,299**	12,005	**92**
Interest cost on retirement benefit obligations	**2,948**	3,314	**24**
Actuarial losses (gains) recognized	**3,562**	4,450	**29**
Benefits paid	**(27,365)**	(31,232)	**(223)**
Past service costs incurred	**(4,139)**	—	**(33)**
Others	**(27,380)**	—	**(223)**
Balance at the end of the fiscal year	**¥311,806**	¥356,855	**$2,546**

c. Changes in the plan assets for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	2015	2014	2015
Balance at the beginning of the fiscal year	**¥358,647**	¥344,193	**$2,928**
Expected return on plan assets	**3,215**	3,392	**26**
Actuarial gains (losses) recognized	**49,161**	9,376	**401**
Contributions by employer	**10,083**	13,288	**82**
Benefits paid	**(10,598)**	(11,603)	**(86)**
Others	**(24,651)**	—	**(201)**
Balance at the end of the fiscal year	**¥385,856**	¥358,647	**$3,151**

d. The amount of the retirement benefit obligations and the plan assets, and the amount of the accrued retirement benefits and the prepaid pension cost recognized in the non-consolidated balance sheets as of March 31, 2014 and 2015 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	2015	2014	2015
Present value of funded retirement benefit obligations	**¥ 310,551**	¥ 355,508	**$ 2,536**
Plan assets at fair value	**(385,856)**	(358,647)	**(3,151)**
Net present value of funded retirement benefit obligations	**(75,305)**	(3,138)	**(614)**
Present value of non-funded retirement benefit obligations	**1,254**	1,346	**10**
Unrecognized actuarial losses (gains)	**(36,540)**	(97,839)	**(298)**
Unrecognized past service costs	**6,056**	3,135	**49**
Accrued retirement benefits (prepaid pension cost)	**¥(104,534)**	¥ (96,495)	**$ (853)**

e. The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	2015	2014	2015
Service costs	**¥11,299**	¥12,005	**$ 92**
Interest cost on retirement benefit obligations	**2,948**	3,314	**24**
Expected return on plan assets	**(3,215)**	(3,392)	**(26)**
Amortization of net actuarial losses (gains)	**10,866**	12,725	**88**
Amortization of net past service costs	**(782)**	(1,298)	**(6)**
Others	**1,669**	—	**13**
Retirement benefit expenses	**¥22,785**	¥23,353	**$186**

f. Plan assets

Plan assets as of March 31, 2014 and 2015 were comprised as follows:

	% of total fair value of plan assets	
As of March 31,	2015	2014
Debt securities	**8.2%**	6.9%
Stocks	**47.9%**	40.7%
General account of life insurance companies	**25.1%**	30.4%
Jointly invested assets	**17.1%**	19.6%
Cash and deposits	**1.1%**	1.9%
Others	**0.6%**	0.5%
Total	**100.0%**	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 50.0% and 57.7% of total plan assets as of March 31, 2014 and 2015, respectively.

g. The expected long-term rate of return on plan assets
The expected long-term rate of return on plan assets is calculated by aggregating the weighted rate of return derived from each asset category. The expected long-term rate of return for each asset category is based primarily on various aspects of long-term prospects for the economy that include historical performance and the market environment.

h. Assumptions used in calculation
Assumptions used in accounting for the defined benefit plans for the years ended March 31, 2014 and 2015 were as follows:

Years ended March 31,	2015	2014
Discount rate	**0.9%**	0.9%
Expected long-term rate of return on plan assets		
Defined benefit corporate pension plans	**2.0%**	2.0%
Retirement benefit trusts	**0.0%**	0.0%

(4) Defined contribution plans
The amount recognized as expenses for the defined contribution pension plans was ¥828 million (U.S. $6 million) for the year ended March 31, 2015.

14. Reinsurance

As of March 31, 2014 and 2015, the amounts of reinsurance recoverable on reserve for outstanding claims, which is applied mutatis mutandis to Article 71, Paragraph 1 of the "Ordinance for Enforcement of the Insurance Business Act" pursuant to Article 73, Paragraph 3 of the ordinance (hereafter, "reinsurance recoverable on reserve for outstanding claims"), were ¥36 million and ¥163 million (U.S. $1 million), respectively.

As of March 31, 2014 and 2015, the amounts of reinsurance recoverable on policy reserves pursuant to Article 71, Paragraph 1 of the "Ordinance for Enforcement of the Insurance Business Act" (hereafter, "reinsurance recoverable on policy reserves") were ¥4,452 million and ¥5,727 million (U.S. $46 million), respectively.

15. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	2015	2014	2015
Balance at the beginning of the fiscal year	**¥ 270,023**	¥ 280,524	**$ 2,205**
Transfer from surplus in the previous fiscal year	**158,094**	152,835	**1,291**
Dividend payments to policyholders during the fiscal year	**(175,209)**	(163,872)	**(1,430)**
Interest accrued during the fiscal year	**506**	535	**4**
Balance at the end of the fiscal year	**¥ 253,414**	¥ 270,023	**$ 2,069**

16. Subordinated Debt

As of March 31, 2014 and 2015, loans payable are subordinated debts, the repayments of which are subordinated to other obligations.

17. Accrued Retirement Benefits for Directors and Executive Officers

Accrued retirement benefits for directors and executive officers of the Company are provided based on a portion accrued for the period of the estimated payable amount.

In 2008, the Compensation Committee decided to terminate the retirement allowance scheme for directors and executive officers of the Company effective June 30, 2008. No provisions have been made for incumbent directors and executive officers since that date.

18. Reserve for Contingent Liabilities

Reserve for contingent liabilities of the Company is provided for the amount of estimated possible losses in the future with respect to the securitization of loans and loan commitments outstanding pursuant to Article 24-4 of the "Ordinance for Enforcement of the Insurance Business Act."

19. Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	2015	2014	2015
Deferred tax assets	**¥ 634,664**	¥ 621,079	**$ 5,183**
Valuation allowance for deferred tax assets	**(3,753)**	(3,032)	**(30)**
Subtotal	**630,911**	618,047	**5,152**
Deferred tax liabilities	**(1,144,028)**	(769,381)	**(9,342)**
Net deferred tax assets (liabilities)	**(513,117)**	(151,334)	**(4,190)**

Major components of deferred tax assets/liabilities were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	2015	2014	2015
Deferred tax assets			
Policy reserves and other reserves	**¥ 420,613**	¥390,539	**$3,434**
Reserve for price fluctuation	**141,835**	147,762	**1,158**
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	**1,104,981**	735,419	**9,023**

(2) The statutory tax rates were 33.28% and 30.73% for the years ended March 31, 2014 and 2015, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

Years ended March 31,	2015	2014
Policyholders' dividend reserves	**(15.30)%**	(17.99)%
Effects of changes in the income tax rate	**11.90%**	—

(3) From the end of the year ended March 31, 2014, the statutory tax rates which are used to measure deferred tax assets and liabilities recoverable during the period within one year were changed from 33.28% to 30.73% due to the termination of the special reconstruction corporate tax in accordance with the "Act for Partial Revision of the Income Tax Act" (Act No. 10 in 2014).

Due to this change, as of March 31, 2014, both deferred tax liabilities in the non-consolidated balance sheet and deferred portion of income taxes in the non-consolidated statement of income increased by ¥1,983 million.

(4) From the end of the year ended March 31, 2015, the statutory tax rates which are used to measure deferred tax assets and liabilities were changed from 30.73% to 28.80% in accordance with the "Act for Partial Revision of the Income Tax Act" (Act No. 9 in 2015).

Due to this change, as of March 31, 2015, deferred tax liabilities in the non-consolidated balance sheet decreased by ¥34,385 million (U.S. $280 million), deferred tax liabilities for land revaluation in the non-consolidated balance sheet decreased by ¥5,754 million (U.S. $46 million), and deferred portion of income taxes in the non-consolidated statement of income increased by ¥43,023 million (U.S. $351 million).

20. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥60,000 million (U.S. $489 million) as of March 31, 2015.

The Company offered foundation funds in the amount of ¥50,000 million and ¥60,000 million (U.S. $489 million) pursuant to Article 60 of the "Insurance Business Act" in the years ended March 31, 2014 and 2015, respectively.

21. Net Assets stipulated by the "Ordinance for Enforcement of the Insurance Business Act"

The amounts of net assets pursuant to Article 30, Paragraph 2 of the "Ordinance for Enforcement of the Insurance Business Act" were ¥1,845,453 million and ¥2,968,725 million (U.S. $24,244 million) as of March 31, 2014 and 2015, respectively.

22. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥822,310 million and ¥864,990 million (U.S. $7,064 million) as of March 31, 2014 and 2015, respectively. The amounts of separate account liabilities were the same as these figures.

23. Monetary Receivable from and Payable to Subsidiaries and Affiliates

The total amounts of monetary receivable from and payable to subsidiaries and affiliates as of March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2015**	2014	**2015**
Monetary receivable	**¥2,902**	¥3,115	**$23**
Monetary payable	**4,017**	3,471	**32**

24. Investment Income and Expenses

Major components of gains on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Domestic bonds including national government bonds	**¥159,673**	¥205,826	**$1,303**
Domestic stocks	**15,052**	14,128	**122**
Foreign securities	**11,470**	620	**93**

Major components of losses on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Domestic bonds including national government bonds	**¥ 1**	¥ 1,264	**$0**
Domestic stocks	**353**	3,186	**2**
Foreign securities	**10**	23,533	**0**

Major components of losses on valuation of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Domestic bonds including national government bonds	**¥—**	¥ —	**$—**
Domestic stocks	**58**	52	**0**
Foreign securities	**—**	1,447	**—**

Loss on derivative financial instruments included net valuation gains of ¥186,069 million and ¥184,613 million (U.S. $1,507 million) for the years ended March 31, 2014 and 2015, respectively.

25. Policy Reserves for Ceded Reinsurance

The amounts of provision for reinsurance recoverable on reserve for outstanding claims and reinsurance recoverable on policy reserves, which are deducted in calculating reversal of (provision for) reserve for outstanding claims and policy reserves, for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Provision for reinsurance recoverable on outstanding claims	**¥ 126**	¥ 14	**$ 1**
Provision for reinsurance recoverable on policy reserves	**1,275**	3,364	**10**

26. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥51,981 million and ¥52,814 million (U.S. $431 million) as of March 31, 2014 and 2015, respectively, pursuant to Article 259 of the "Insurance Business Act."

These contributions are recognized as operating expenses when contributed.

27. Transactions with Subsidiaries and Affiliates

The total amounts of income and expenses resulting from transactions with subsidiaries and affiliates for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2015**	2014	**2015**
Total income	**¥11,623**	¥ 7,852	**$ 94**
Total expenses	**31,217**	27,455	**254**

28. Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the non-consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the effective income tax rates that are based on the enacted statutory rates to the temporary differences.

29. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2015 were approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2015.

Share acquisition

The Company entered into a definitive agreement to acquire 100% of the outstanding shares of StanCorp Financial Group, Inc. ("StanCorp") on July 23 (July 24, Japan local time), 2015.

(1) Purpose of share acquisition

The Company aims to further improve value for policyholders by enhancing profits and diversifying the business portfolio (dispersing business risk) of the entire group through expanding the scale and increasing the level of profits of overseas insurance business.

(2) Overview of the acquired company

a. Company name
StanCorp Financial Group, Inc.
b. Location
Portland, Oregon, USA
c. Business
Insurance and insurance related business(*1)

(*1) StanCorp is a holding company and its subsidiaries operate insurance business, etc.

d. Premiums (consolidated basis, for the fiscal year ended December 2014)
U.S. $2,052 million
e. Total assets (consolidated basis, as of the end of December 2014)
U.S. $22,711 million

(3) Overview of the acquisition

The Company intends to acquire the shares by January to March 2016. The acquiring price is expected to be approximately U.S. $4,997 million (approximately ¥624.6 billion)(*2) and it will be funded through cash and cash equivalents in hand. Under and in accordance with applicable laws and regulations in the U.S., the acquisition will be implemented by first establishing a special purpose company of the Company in Delaware, and then merging it with and into StanCorp. The acquisition is subject to approval of StanCorp's shareholders and approval of relevant regulatory authorities, as well as other customary closing conditions.

(*2) The exchange rate used to calculate the yen-dominated amount is U.S. $1 o ¥125.00.

Supplementary Note

Meiji Yasuda Insurance Company's non-consolidated balance sheets as of March 31, 2013, 2014 and 2015, and the related non-consolidated statements of income, changes in net assets and proposed appropriation of surplus for the years then ended ("non-consolidated financial statements") were audited by KPMG AZSA LLC.

Meiji Yasuda Insurance Company, by its own judgment, has made certain reclassifications and modifications to those audited non-consolidated financial statements referred to above to facilitate and enhance the reader's understanding of the financial information, and included them in this publication.