

# Annual Report 2015

Meiji Yasuda Life Insurance Company, Year ended March 31, 2015





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## Management Philosophy

As a pioneer in the life insurance industry, we commit ourselves to being a company that works to the spirit of mutual aid and endeavor to become “a company placing utmost value on our customers”; provides them with high-quality, comprehensive insurance services, in which life insurance plays a core role; and delivers assured ease of mind and wealth.

## Corporate Vision

1. A company that provides each customer with unwavering peace of mind
2. A company that values each customer's feedback and reflects it in future operations
3. A company that is always open to its customers and society



## Code of Conduct

1. Sincerity, proper bearing and a strong moral compass
2. Grateful and responsible to our customers
3. Passion and sense of mission to prove worthy of our customers' trust
4. Contribution to local society and consideration for the environment



**Akio Negishi**  
President

**Nobuya Suzuki**  
Chairman of the Board

### Company Name:

Meiji Yasuda Life Insurance Company

### Established:

July 9, 1881

### Location of Headquarters:

1-1, Marunouchi 2-chome, Chiyoda-ku,  
Tokyo 100-0005, Japan

### Domestic Network:

73 Regional Offices, 938 Agency Offices, and  
19 Group Marketing Departments (As of April 1, 2015)

### Total Assets:

¥36,469.0 billion

### Foundation Funds:

¥730.0 billion  
(Including reserve for redemption of foundation funds)

### Number of Employees:

40,793  
Sales personnel: 30,101

(As of March 31, 2015)

# Building Brand Recognition Based on Excellence in After-Sales Service



First of all, I would like to extend my sincere gratitude for your continued support.

In April 2014, we launched the three-year plan “Meiji Yasuda NEXT Challenge Program.” Under this program, we have been implementing a variety of initiatives aimed at securing a more solid financial base and continuously enhancing profitability over the next 10 years.

Moreover, in June 2014, we released “Best Style,” a new product capable of providing comprehensive protection. Garnering high reputation from our policyholders, this product has recorded a strong performance, with more than 500,000 policies sold during eleven months since release to April 2015.

As a result, in the fiscal year ended March 31, 2015, insurance premiums totaled ¥3,408.4 billion, meeting our target. Base profit grew for the fifth consecutive year, hitting a record-high ¥506.3 billion since the inauguration of Meiji Yasuda Life. Furthermore, our solvency margin ratio, one of several regulatory indicators displaying the soundness of life insurers, stood at 1,041.0%, maintaining the industry’s leading level of financial soundness. All of these achievements are, we believe, only possible due to your steadfast support and encouragement.

Embarking on the fiscal year ending March 31, 2016, we are striving to become a life insurer capable of providing each customer with inspiring experience that makes an impression while ensuring thorough compliance, with all officers and employees rallying their full strength. By doing so, we will build upon the first year success of the Meiji Yasuda NEXT Challenge Program, and further step up our efforts to promote the following brand and growth strategies and to reinforce our operating base to enable these strategies.

## Brand Strategy

In general, life insurance policies have long durations that extend for 30 to 40 years after enrollment, making it important to provide longstanding after-sales service. We believe that, due to Japan's graying society, providing such after-sales service will become an even more crucial mission for insurers. In line with this belief, we will continuously strive to enhance cus-

tomers' understanding of the value of ongoing service, following enrollment, through face-to-face consultations with sales personnel. Also, we will decisively advance other initiatives aimed at enhancing our after-sales services by, for example, adopting a more sophisticated service structure finely tuned to the needs of the elderly.

## Growth Strategy

In the domestic life insurance business, we will pursue product and sales strategies optimized to the ultra-low interest rate environment. At the same time, we will focus on promoting third-sector insurance products in such fields as medical and nursing care insurance. Our recent initiatives in this insurance category included the release of "Medical Style F" in June 2015. This new medical insurance product is capable of revising coverage content with greater flexibility in line with chang-

es in the social environment and each policyholder's stage of life. In these ways, we aim to further expand our customer base.

In the overseas insurance business, we will strive to secure greater profits from our existing investees while developing new markets in both newly emerging and developed countries.

## Operating Base Reinforcement

We will ceaselessly strengthen our capital and financial base, maintaining our ability to ensure the payment of insurance claims and benefits over the long term. Simultaneously, we will strive to optimize the allocation of assets in line with changes in the financial environment, step up investments in growth fields, and introduce more precise and sophisticated risk management methods capable of accommodating changes in the economic environment.

Meiji Yasuda Life endeavors to reflect policyholders' opinions to management, since we operate as a mutual insurance company. We also strive to secure more solid corporate governance and management transparency in line with our vision of becoming a company that is always open to its customers and society. Therefore, we will proactively disclose corporate information and engage in dialogue with policyholders to realize more effective corporate governance, giving due consideration to the spirit of Japan's Corporate Governance Code that took effect in June 2015 for all domestically listed companies.

In line with its CSR Management Declaration, Meiji Yasuda Life has pursued social contribution and environmental protection initiatives in a proactive manner. One such initiative began in January 2015 with the signing of a title partner contract with

J. League. Next, by April 2015, we successfully entered into sponsorship contracts with each football club operating under J. League Divisions 1, 2 and 3. The Meiji Yasuda Life J. League 2015 season has thus begun, with all these clubs competing against one another to win championships. Going forward, we will further strive to contribute to local society as we steward the development of Japan's sporting culture under the slogan "supporters across-the-board."

In addition, we will help advance a social environment that fosters the sound upbringing of children while implementing initiatives to create a community where all residents can enjoy safer and more abundant lives.

We sincerely ask for your continued support and encouragement.

July 2015



**Akio Negishi**  
President

# A Message from the President

## Status of the Meiji Yasuda NEXT Challenge Program

(April 2014 - March 2017)





## 1. Overview of the Meiji Yasuda NEXT Challenge Program

From April 2014 onward, we are implementing the Meiji Yasuda NEXT Challenge Program, a three-year plan that entails the implementation of a Medium-Term Business Plan and the “Kando” Realization Project.\* Under this program, we will strive to become a life insurer capable of providing each customer with inspiring experience that makes an impression while ensuring strict compliance. To that end, we will promote our brand and growth strategies, along with the reinforcement of our oper-

ating base that enables these strategies. In these ways, we will continuously and steadily enhance our corporate value.

\* An initiative aimed at creating a new corporate culture that supports our transformation into a life insurer capable of providing each customer with inspiring experience that makes an impression

1. Each employee proactively works to place value on customers
2. Coworkers support one another in taking on challenges
3. Employees are connected by deep bonds of trust and understanding, creating team strength

## 2. Status of the Medium-Term Business Plan

### (1) Brand Strategy

To establish an unrivaled brand image based on excellence in after-sales service, we implemented various initiatives aimed at gaining policyholders’ understanding about the value of our after-sales services centered on the provision of face-to-face consultations through our sales personnel.

More specifically, in concert with the release of “Best Style,” a new product capable of providing comprehensive protection, we began distributing the “*Anshin Roadmap*” booklet in June 2014 to provide details about our long-term after-sales services after enrollment.

Given the rapid graying of Japan’s population, we forecast that providing after-sales services will be even more important for insurers. With this in mind, we also strove to adopt a more sophisticated service structure finely tuned to the needs of the elderly. For example, in April 2015 we established the “MY Longevity Policy Checking Scheme” for all policyholders who reach prescribed ages, periodically reconfirming their latest contact information and checking whether they have policies eligible for claims that they need to apply for.

### (2) Growth Strategy

#### Domestic Life Insurance Business

In our distribution channel of agency, we released a new product capable of providing comprehensive protection under the name “Best Style” in June 2014, with the aim of offering optimal coverage at the time of enrollment and subsequent flexibility in revising coverage as well as easy-to-understand insurance claim application procedures. We also released such new products as “*Nenkin Kakehashi*” in December 2014, an individual annuity capable of securing annuity rates that are more attractive to policyholders by flexibly setting the waiting period between completion of premium payments and annuity payouts; an increasing term life insurance with three-year disaster coverage in March 2015, which was specially designed to provide business owners with a considerable coverage value offering more economical premiums than conventional products; and “Medical Style F” in June 2015, a new medical insurance capable of revising coverage content with greater flexibility in line with changes in the social environment and the customer’s life stage.

In addition, we strove to enhance our sales services by reviewing and enhancing all systems relevant to evaluation, education and training of sales personnel while creating new channels to better serve customers in urban areas.

In the Bancassurance channel, we expanded the lineup of level premium products to boost sales from this product category while securing a certain level of insurance premiums from single premium products. At the same time, we stepped up sales support to obtain stable sales at each financial institution.

In the group insurance marketing channel, we promoted disability riders, which can be attached to group life insurance policies (held mainly by such customers as government and public offices), to provide interlocking coverage with the public social security system. Simultaneously, we strove to enhance after-sales services for group and corporate policyholders, thereby increasing the number of insured persons. We also strove to boost sales by expanding outlets through financial institutions for

# A Message from the President

group credit life insurance with living benefits that was newly released in October 2014.

As for group pensions, we pursued the stable management of general account assets while reinforcing the marketing of investment products with performance-based dividends mainly through product brokerage services undertaken by our investment advisory subsidiary.

With the aim of promoting Administrative Service Reforms, we endeavored to streamline in-house rules for handling administrative services and to enhance the readability of policyholder notifications and business forms. Moreover, we have implemented Underwriting Service Reforms, namely, initiatives aimed at enhancing the quality of our insurance underwriting services by, for example, revising underwriting standards.

## ■ Release of “Best Style,” a Product Capable of Providing Comprehensive Protection in June 2014



## Overseas Insurance, Asset Management and Other Businesses

In the overseas insurance business, we worked to boost future profitability. More specifically, we strove to yield greater profit from our existing affiliates and subsidiary over the medium to long term. We stepped up discussions and surveys to develop new markets while expanding the content of human resource development programs aimed at systematically securing and nurturing globally capable employees.

In the asset management business, Meiji Yasuda Asset Management Company Ltd., a subsidiary engaged in the

management of group pension assets and investment trusts, strove to increase the value of such assets, with the aim of contributing to the profitability of our group operations.

In the nursing care service business, we provided multi-faceted services, including an information service through “MY Kaigo-no-Hiroba,” a general nursing care information website and the operation of private nursing home Sunvenus Tachikawa Company Limited.

### (3) Operating Base Reinforcement

In asset management, we strove to secure our ability to better adapt to the ultra-low interest rate environment while optimizing asset allocation to maintain and enhance profitability. We also promoted investments in growth fields.

In risk management, we performed periodic verification aimed at maintaining an adequate level of equity and strengthened our enterprise risk management structure.

In human resource management, we executed policies of securing and nurturing ambitious and vigorous employees capable of bolstering our growth strategy. In particular, we implemented initiatives to maximize every employee’s potential, improve their value as human resources and to advance diversity.

### 3. Status of Initiatives under the “Kando” Realization Project

We have redefined our basic policies on ideal corporate culture and project approach. Striving to enhance the understanding of these policies throughout our organization, the president took the lead in implementing this project, with every officer and employee participating.

Specifically, we held “Workplace MoT\* Meetings” and assembled a “MoT Promotion Council” to share best practices by utilizing “Heartfelt Customer Response Cards” and other means to communicate customer feedback, especially about

services that pleased our customers and provided them with inspiring experience. These meetings also entailed lively discussions about possible measures that can be taken to enhance customer satisfaction even more. These initiatives will help us transform our corporate culture and achieve our aim of providing each customer with inspiring experience that makes an impression.

\* Moment of Truth Campaign: An initiative utilizing small groups to create more “moments of truth,” in which our services provide customers with an inspiring experience that absolutely confirms that Meiji Yasuda Life is the best choice for them

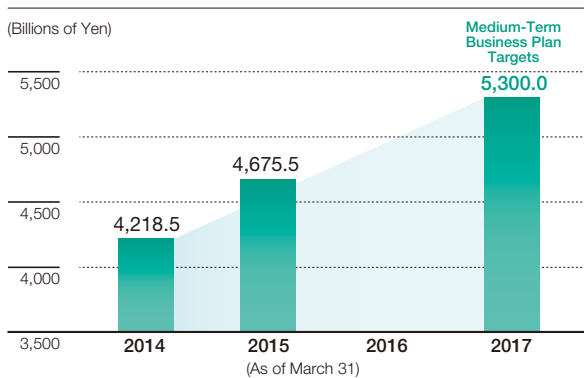
### 4. Progress in the Meiji Yasuda NEXT Challenge Program

#### (1) Growth in Operating Results

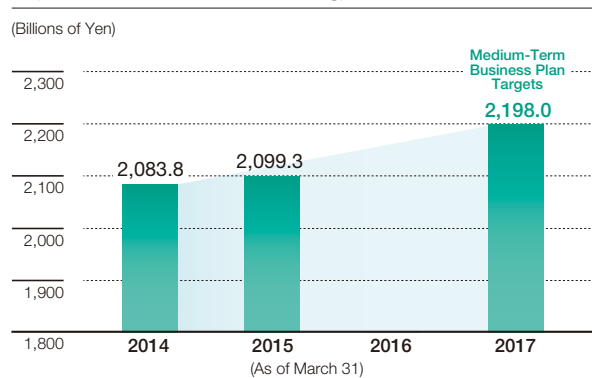
Thanks to the success of the aforementioned initiatives, operating results for the fiscal year ended March 31, 2015 were favorable, making steady progress toward our Medium-Term

Business Plan management performance targets for corporate value in terms of European Embedded Value (EEV) and annualized premiums from business in force.

■ Corporate Value (EEV)

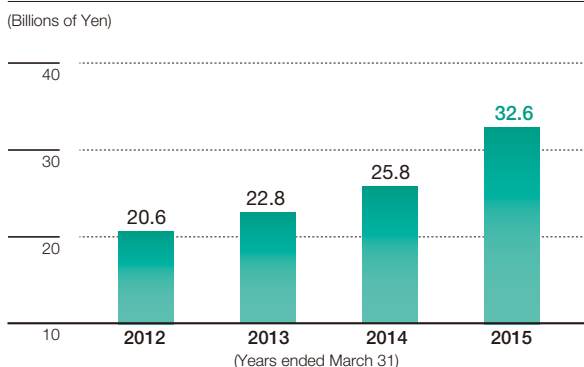


■ Annualized Premiums from Business in Force (individual insurance marketing)



In medical insurance and other third-sector insurance, one of the promising fields set forth in our growth strategy, operating results were firm due in part to strong sales of “Best Style.”

■ Annualized New Premiums from Third-Sector Insurance



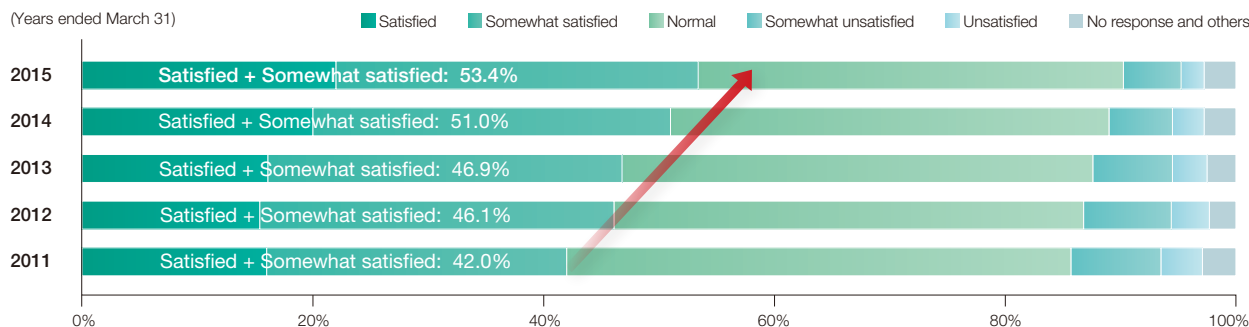
# A Message from the President

## (2) Management Quality

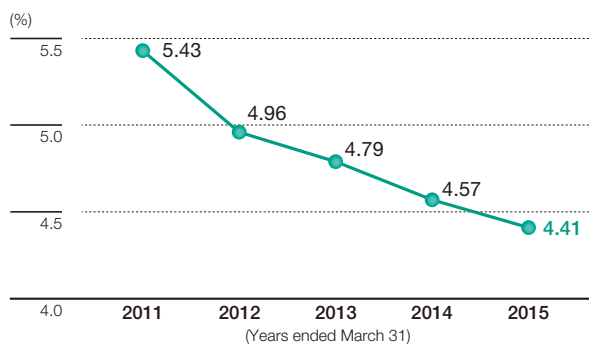
Total customer satisfaction (the proportion of “Satisfied” and “Somewhat satisfied”) stood at a record-high 53.4% since we began customer satisfaction surveys in fiscal 2005. This was attributable to the success of our initiatives aimed at enhanc-

ing face-to-face after-sales service. Looking at the quality indicators of our policies, we were able to improve surrender and lapse rates.

### Total Customer Satisfaction Ratings from Customer Satisfaction Surveys

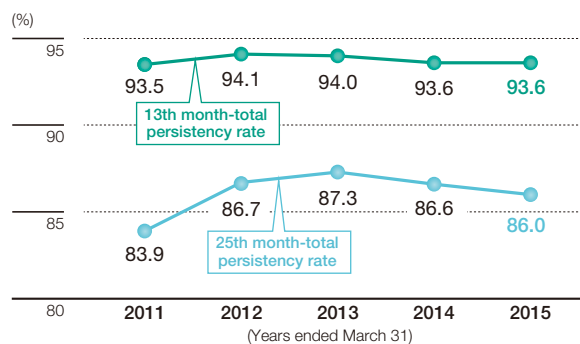


### Surrender and Lapse Rates



Note: Surrender and lapse rates represent the proportion of surrendered or lapsed policies to policies in force at the beginning of the fiscal year. The rates are calculated based on the insurance amount of surrendered and lapsed policies.

### Total Persistency Rate



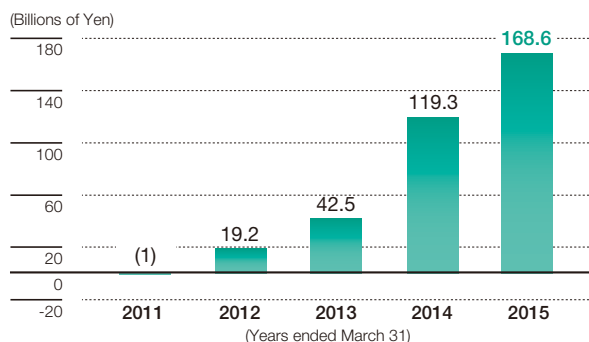
Note: Total persistency rate is based on the insurance amount of policies in force.

## (3) Profitability

We accomplished our longstanding target of making a turn-around from negative spread, for the first time in 20 years, during the year ended March 31, 2012. This year, we marked our

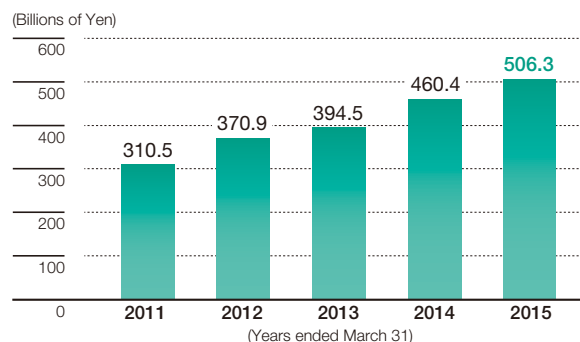
fifth consecutive annual increase of base profit reflecting such factors as a significant improvement in interest surplus backed by the depreciation of the yen and higher stock prices.

### Interest Surplus (positive/negative spread)



Note: Figures in parentheses represent negative spread.

### Base Profit



#### (4) Financial Soundness

Our solvency margin ratio (one of several regulatory indicators displaying the soundness of life insurers) stood at 1,041.0%,

maintaining the industry's leading level. In terms of other financial soundness indicators, we are also securing high levels.

As of March 31,	2014	2015
Solvency margin ratio	945.5%	1,041.0%
Real net assets	¥6,438.0 billion	¥8,899.3 billion
Proportion in general account assets	19.2%	25.0%
Unrealized gains/losses on general account assets	¥3,454.5 billion	¥5,618.2 billion
Unrealized gains/losses on securities with market prices*	¥3,170.4 billion	¥5,276.7 billion

\* Including monetary claims bought.

**Pursuing unrivalled after-sales service,  
Meiji Yasuda Life aims to redefine  
the true value of insurance.**



# Profitability

## Fifth Consecutive Year of Earnings Growth and Fourth Consecutive Year of Positive Interest Surplus Attest to High Profitability

### Base Profit

# ¥506.3 billion

Achieving a fifth consecutive annual increase of base profit and thereby hitting record-high profitability since the inauguration of Meiji Yasuda Life

Base profit is an indicator of annualized earnings from mainstay insurance operations. Base profit consists of gains and losses from life insurance business, such as insurance premiums, insurance claims and business expenses, as well as gains and losses attributable to asset management activities, including interest and dividend income. In the fiscal year ended March 31, 2015, the Company's base profit totaled ¥506.3 billion, up ¥45.9 billion year on year.

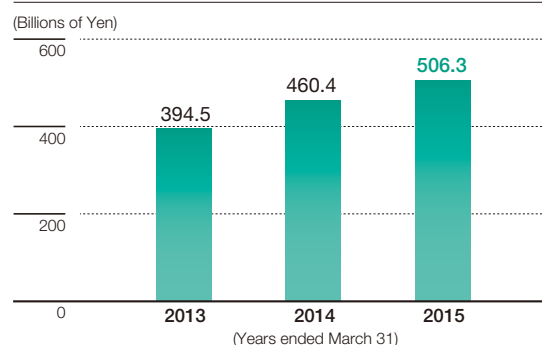
#### Components of Base Profit

Years ended March 31,	2013	2014	2015
Base profit	394.5	460.4	506.3
Expense profit	53.5	53.5	44.8
Excluding the effect of price fluctuations in pension assets*	51.2	60.7	49.7
Mortality profit	298.3	287.5	292.8
Interest surplus	42.5	119.3	168.6

\* Figures represent expense profit after deducting the actuarial differences in pension assets that were posted in the course of calculating cost of retirement benefits.

Note: From April 1, 2013 onward, the Company revised its methods for calculating components of base profit.

#### Base Profit



- Expense profit:** Difference between the actual amount of business expenses and the expected business expenses calculated using the business expense rates estimated at the time the premium was fixed
- Mortality profit:** Difference between the actual amount of insurance claims and benefit payments, and the expected amount of insurance claims and benefit payments calculated using the occurrence rates of insurance events estimated at the time the premium was fixed
- Interest surplus:** The spread between investment returns and yields guaranteed to policyholders at the time the premium was fixed

Years ended March 31,	2013	2014	2015
Base profit (A: 1 - 2)	394.5	460.4	506.3
Base income (1)	4,539.2	4,520.6	4,372.3
Insurance premiums and other	3,659.3	3,616.2	3,408.4
Investment income	707.8	758.2	842.8
Base expenses (2)	4,144.7	4,060.2	3,866.0
Benefits and other payments	2,288.8	2,276.1	2,596.3
Provision for policy reserves and other reserves <sup>1</sup>	1,273.4	1,230.0	717.4
Investment expenses	28.0	22.7	23.9
Operating expenses	353.0	352.0	348.4
Capital gains/losses (B) <sup>2</sup>	72.8	133.4	114.3
Temporary gains/losses (C) <sup>3</sup>	(70.4)	(172.1)	(236.7)
Ordinary profit (A + B + C)	396.9	421.6	383.8

<sup>1</sup> Excluding those presented on the statements of income as provision for policy reserves and other reserves deemed to be temporary gains/losses.

<sup>2</sup> Including gains/losses on sales of securities, which are posted as components of investment income or investment expenses as part of total ordinary income or expenses.

<sup>3</sup> Including provision for or reversal of specific allowance for possible loan losses, provision for or reversal of contingency reserves and provision for additional policy reserves which are posted as components of total ordinary income or expenses. These gains/losses exclude base profit and capital gains/losses.

### Policyholder Dividends

#### Raising dividend rates for individual life insurance and annuities for the second consecutive year

In the fiscal year ended March 31, 2015, Meiji Yasuda Life achieved annual growth in earnings for the fifth consecutive year, posting a record-high profit since the inauguration of the Company. In light of these results, we decided to increase dividend rates during the fiscal year ending March 31, 2016 mainly for policies with long-term persistency.

Note: Dividend rates for group pensions will also be raised.

## Insurance Premiums

# ¥3,408.4 billion

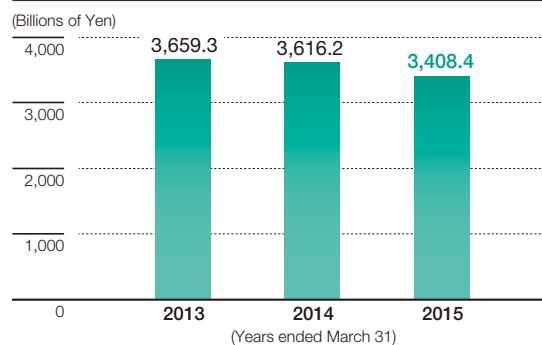
### Carefully securing insurance premiums paid by our policyholders

Insurance premiums represent gains from insurance premiums paid by policyholders and proceeds from reinsurance refunds (collectively presented on the statements of income as “insurance premiums and other”). In the fiscal year ended March 31, 2015, the Company’s insurance premiums stood at ¥3,408.4 billion, down 5.7% year on year, reflecting the limitation of the sales volume centered on the Bancassurance channel for the purpose of interest rate risk control.

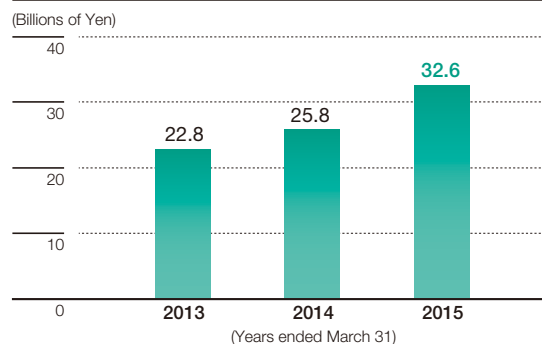
In addition, third-sector insurance is one of the strategic fields that Meiji Yasuda Life is focusing on. Annualized new premiums\* of third-sector insurance totaled ¥32.6 billion, up 26.4% year on year thanks mainly to the strong sales of new product “Best Style.”

\* A performance indicator that represents the annualized total of insurance premiums paid for new policies.

### Insurance Premiums



### Annualized New Premiums (third-sector insurance)



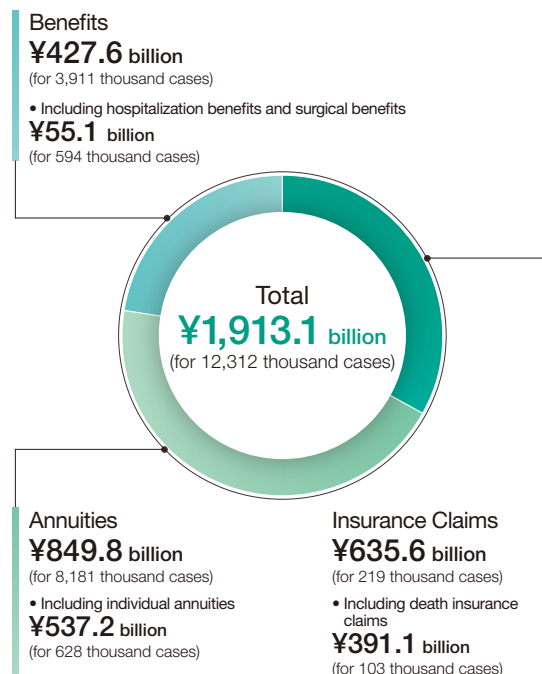
## Insurance Claims, Annuities and Benefits on Policies Paid

# ¥1,913.1 billion

During the fiscal year ended March 31, 2015, the total of insurance claims, annuities and benefits on policies paid stood at ¥1,913.1 billion, approximately ¥5.2 billion per day. Going forward, Meiji Yasuda Life will continue to make sure that these payments are promptly and accurately carried out. By doing this, we will continue to provide reliable insurance service that brings our customers peace of mind.

Note: Benefits include hospitalization benefits, surgical benefits and benefits paid under the Happy L.A. bonus program as well as living benefits.

(Year ended March 31, 2015)



# Financial Soundness

## Maintaining Superior Financial Soundness to Provide Our Customers with Peace of Mind

### Solvency Margin Ratio

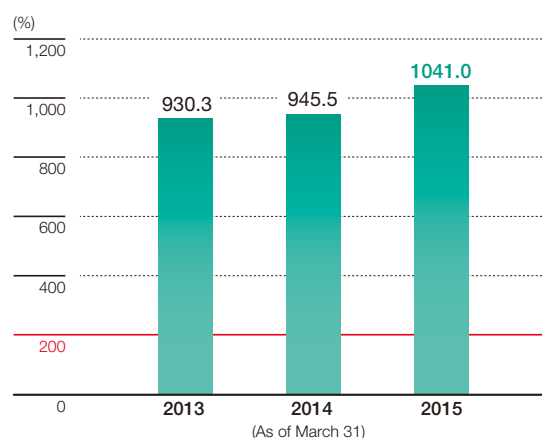
# 1,041.0 %

#### Maintaining sufficient claims-paying ability that allows us to withstand an unprecedented risk

The solvency margin ratio is one of several regulatory indicators displaying the soundness of insurers. The solvency margin ratio is presented to determine whether or not the insurer has sufficient claims-paying ability capable of withstanding the occurrence of such events as a collapse of stock prices that goes beyond usually predictable risk. When an insurer fails to maintain its solvency margin ratio at 200% or greater, such insurer is subject to a business improvement order and other administrative orders issued by a supervisory authority.

As of March 31, 2015, the Company's solvency margin ratio stood at 1,041.0%, up 95.5 percentage points from the end of the previous fiscal year.

### Solvency Margin Ratio



### Strengthening Our Equity Position

#### Securing a robust financial base capable of withstanding various risks

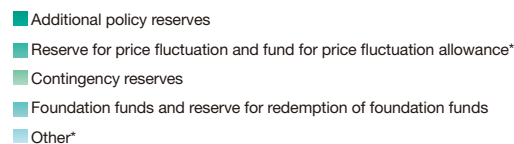
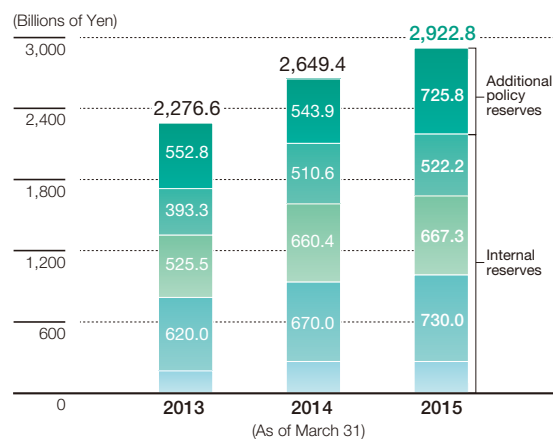
##### Internal Reserves/ Additional Policy Reserves

To enhance the soundness of our financial base, we are strengthening our equity by securing greater internal reserves,<sup>1</sup> including contingency reserves, reserve for price fluctuation and reserve for business infrastructure.<sup>2</sup> By doing so, we are maintaining our preparedness for various risks, such as drastic changes in the investment environment and the occurrence of major earthquakes, pandemics and other disasters.

As of March 31, 2015, Meiji Yasuda Life's internal reserves stood at ¥2,197.0 billion, up ¥91.5 billion from the end of the previous fiscal year. This reflects the Company's efforts to enhance its resilience to diverse risks through such means as the procurement of foundation funds through additional offerings.

Moreover, from April 2007 onward, we have been deliberately building additional policy reserves<sup>3</sup> for some individual annuities while also accumulating ¥192.3 billion for variable life insurance and other products. As a result, the total of internal reserves and additional policy reserves stood at ¥2,922.8 billion as of March 31, 2015. Going forward, we will strive to secure an even stronger financial base.

### Internal Reserves/ Additional Policy Reserves



\* Figures reflect the appropriation of surplus.

<sup>1</sup> Internal reserves are maintained to secure the insurer's preparedness to withstand diverse types of risk that exceed the scope of usual predictions. Meiji Yasuda Life's internal reserves include foundation funds, reserve for redemption of foundation funds, reserve for price fluctuation, contingency reserves and reserve for business infrastructure.

<sup>2</sup> Although a reserve for business infrastructure is not mandatory for insurers, the Company has secured such a reserve from April 1, 2009 onward in preparation for the underwriting of new types of risks and to counter the materialization of a major risk.

<sup>3</sup> Prior to the introduction of international accounting standards governing the fair value accounting of insurance liabilities, Meiji Yasuda Life successfully increased policy reserves throughout the three year period beginning in April 1, 2007; thereby minimizing the possibility of negative spread, which could hinder the Company's ability to maintain the stable payment of dividends. In addition, the Company worked to increase policy reserves for policies that commenced annuity payments from April 1, 2010 onward.



## European Embedded Value (EEV)

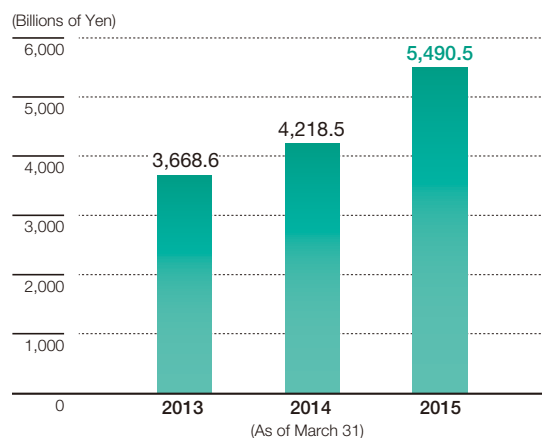
# ¥5,490.5 billion

### Achieving even greater corporate value by increasing EEV ¥1,271.9 billion year on year

EEV is an indicator that shows the corporate value of insurance companies. After disclosing EEV for the fiscal year ended March 31, 2011, we have been disclosing EEV for each fiscal year with an eye to current trends in the international regulatory framework and accounting standards. As of March 31, 2015, our EEV stood at ¥5,490.5 billion, an increase of ¥1,271.9 billion from a year prior. This was mainly thanks to the strong sales of new product “Best Style” and a considerable increase in unrealized gains on available-for-sale securities backed by higher stock prices and a rise in bond prices in step with a decline in interest rates.

Note: From March 31, 2014 onward, the Company calculates EEV by using yield on Japanese government bonds as the discount rate. Until March 31, 2013, interest rate swaps had been used for this purpose.

### European Embedded Value



### European Embedded Value (EEV)

EEV comprises the total value of in-force business (the expected future profit from life insurance in force) and adjusted net worth (total net assets adjusted for unrealized gains (losses) as well as reserves in liability such as contingency reserves and reserve for price fluctuation).

## Ratings

### Receiving consistent recognition from rating agencies for our financial soundness and profitability

Ratings represent a ranking of businesses or other entities on the basis of such factors as their profitability and financial standing. After making comprehensive assessment of these factors from various perspectives, rating agencies provide ratings, using easily understandable letter-code designations. (As of July 2, 2015)

#### Rating and Investment Information (R&I)

Insurance claims-paying ability

# AA-

Japan Credit Rating Agency (JCR)

Insurance claims-paying ability rating

# A+

Standard & Poor's (S&P)

Insurer financial strength rating

# A

#### Notes:

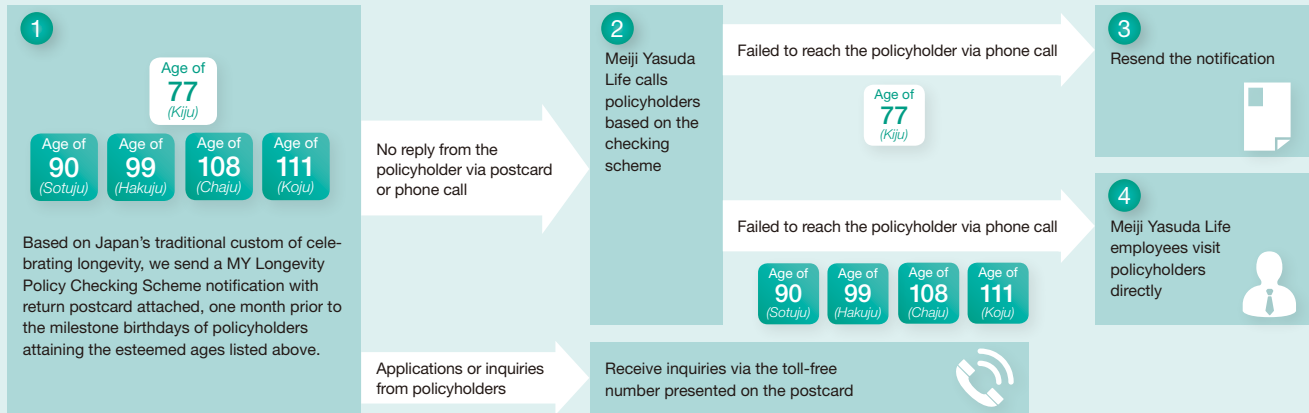
1. Insurance claims-paying ability represents an agency's evaluation of the likelihood that a particular insurer will be able to fulfill its outstanding insurance obligations based on existing policies. An insurer financial strength rating represents an agency's evaluation of a particular insurer's financial position, which secures its ability to pay claims and benefits in accordance with conditions set forth in policies.
2. The ratings presented above were provided upon the request of Meiji Yasuda Life.
3. The abovementioned agencies are registered as credit rating agencies certified by Japan's Financial Services Agency.
4. The above ratings are presented with no intention of encouraging the enrollment, surrender or extension of individual insurance policies.
5. These ratings simply represent the agencies' evaluation as of the date stated above. Therefore, they could be changed, suspended or withdrawn in the future.

# After-Sales Service Tailored for the Elderly

We are striving to provide our customers with heartwarming experiences through our after-sales services.

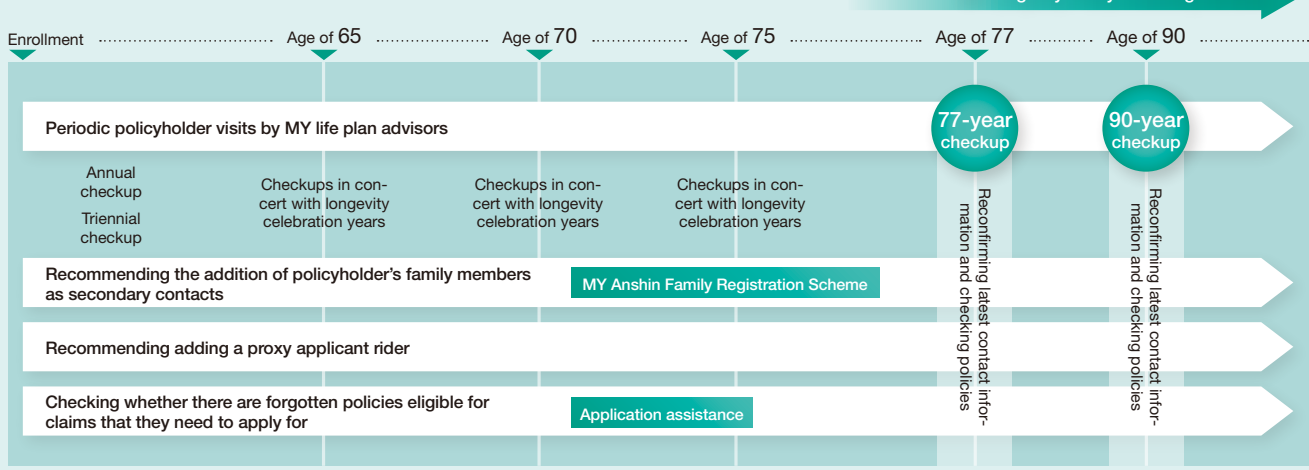
## To Offer a Solid and Lifelong Protection “MY Longevity Policy Checking Scheme” Launched

### Flow of the MY Longevity Policy Checking Scheme



We are proactively engaged in after-sales service through such initiatives as periodic policyholder visits by MY life plan advisors.

### After-Sales Service Structure



- What is “checking policies” all about?**  
Even before receiving applications for insurance claims or benefits from our customers, we are proactively checking whether they have policies eligible for claims that they will want to apply for.
- What is “application assistance” all about?**  
Whenever we receive applications for insurance claims or benefits, we proactively check whether there might be other forgotten policies that are eligible for claims. We then assist them with completing applications for such claims.
- What is the MY Anshin Family Registration Scheme?**  
By listing a policyholder's family members as secondary contacts, this scheme aims to reestablish communication with the primary policyholders and confirm their whereabouts in the event contact becomes difficult for us to establish. We especially recommend that family members of elderly policyholders utilize this registration scheme.

# “Best Style” Provides Comprehensive Protection

Today, lifestyles have diversified with the delay of marriage and the declining birth rate, while the current public social security system has been confronted by the urgent need to restructure in the face of the rapid graying of Japan’s population. We therefore forecast that the environment surrounding our customers will change drastically in the future.

Given the outlook, we released “Best Style” in June 2014. This new product is capable of providing comprehensive pro-

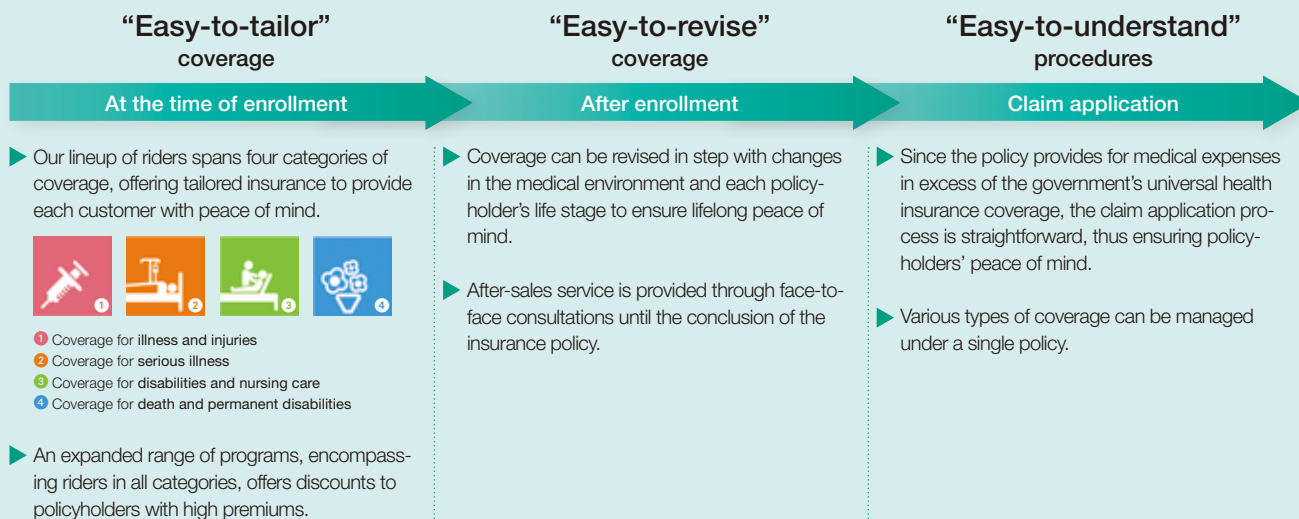
tection in line with our intention to accommodate the need for insurance products with greater flexibility in coverage revision following enrollment.

Since its launch, “Best Style” has garnered praise from numerous customers, with more than 500,000 policies sold through April 30, 2015.



## Main Features of “Best Style”

Providing for customer needs with optimal coverage throughout an enrollment period that may extend for 30 to 40 years, thereby ensuring peace of mind.



## Distribution of the “Anshin Roadmap” Booklet

The “Anshin Roadmap” booklet is distributed to “Best Style” policyholders through MY life plan advisors appointed to each policyholder. In this way, we aim to ensure each policyholder’s peace of mind throughout longstanding enrollment period.

### Key services for policyholders who received the “Anshin Roadmap”

#### Basic service

Periodic consultations to review coverage and assistance with claim and other applications

#### Options

Services aimed at meeting individual customer requests



## Introduction of Quick Coverage Diagnosis



Adjusting our proposals giving due consideration to both the customer’s request and the recommended amount of minimum coverage, thereby ensuring that our customers are fully convinced in their choice of policies.

## Receiving the Naming Grand Prize

“Best Style” was selected to receive the Grand Prize in the 25th Readers’ Selection of Best Naming program sponsored by industrial newspaper Nikkan Kogyo Shimbun Ltd.



Note: In no way does this description constitute an offer to sell insurance or a solicitation of an offer to enroll in any insurance policy. For details on the Company’s insurance products, please refer to the corresponding product pamphlets.

# Business Activities

## Individual Insurance Marketing

In our distribution channel of agency (MY life plan advisors), we strive to gain policyholders' understanding about the value of our face-to-face after-sales service while enhancing our distinctive strengths in this channel to differentiate ourselves from competitors. In doing so, we aim to reinforce our sales and service network, thereby boosting sales of level premium protection-type products in third-sector insurance such as medical and nursing care insurance.

We released "Best Style," a new product capable of providing comprehensive protection in June 2014. Unlike conventional insurance products, "Best Style" boasts a broader variety of coverage options as well as greater flexibility in coverage revision after enrollment. Augmenting the lineup of third-sector insurance, we also expanded the scope of medical insurance coverage supplementing the government's universal health insurance coverage to include not only hospitalization expenses but also post-hospitalization treatment expenses, ahead of other insurers. Moreover, we reduced minimum premium amount limits for individual annuity "Nenkin Hitosuji" in October 2014, so that our annuity products can be more accessible to young customers. In December 2014, we released "Nenkin Kakehashi," a new individual annuity boasting greater flexibility in setting payment and waiting periods to accommodate the growing need for wealth building and inheritance planning solutions among middle-aged and older customers.

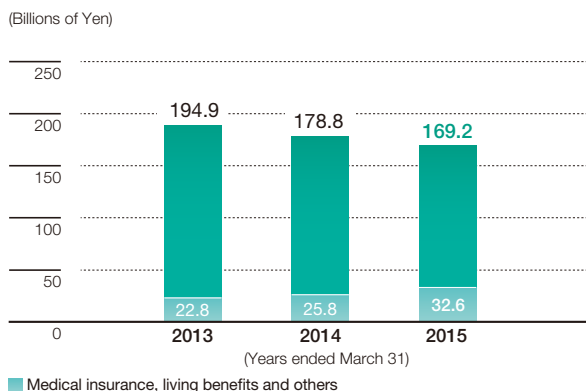
In addition, we revised our in-house system for administrating sales personnel in August 2014. We also implemented education and training programs finely tuned to the individual's sales capability and length of service while establishing a new facility that provides a place for joint training sessions in urban metro-

politan areas. In these ways, we reinforced our human resource development structure, aiming to secure a strong workforce of 30,000 sales personnel.

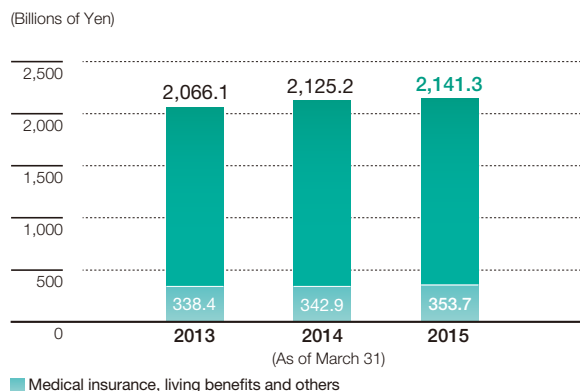
In April 2015, we established the Meiji Yasuda Relationship Associate (MYRA), a new sales channel maintained by newly recruited sales personnel, targeting markets in urban areas. In this channel, we will leverage such expertise as our shop operation know-how, thereby achieving greater competitiveness and a more robust customer service structure.

To increase our contact points with customers, we sponsor events and campaigns employing partner contracts with J. League and hold various seminars while installing a new proposal application in the "Meister Mobile" tablet terminals equipped with advanced mobile communication functions to help sales personnel quickly reconfirm customers' requests regarding coverage. By doing so, we stepped up our efforts to enhance the effectiveness of our conversational consulting.

■ Annualized New Premiums  
(individual life insurance and individual annuities)



■ Annualized Premiums in Force  
(individual life insurance and individual annuities)



## Group Insurance Marketing

In group term life insurance, we strove to increase the number of insured persons by soliciting enrollment in tandem with our corporate policyholders while introducing new group credit life insurance products. We endeavored to boost sales of third-sector insurance by proposing the introduction of insurance and new riders to potential corporate customers, and by actively soliciting new enrollment at corporate policyholders.

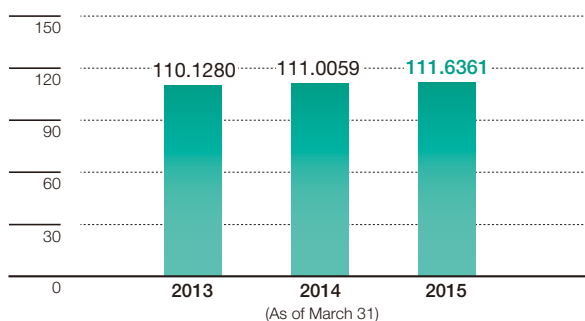
In addition, we are working to enhance customer satisfaction through the proposal of value-added-services designed for our existing customers who have signed group life insurance policies.

As for group pensions, we strove to maintain and increase the balance of general account assets with an eye to adapting to continued ultra-low interest rates while giving due consider-

ation to sudden interest rate fluctuations and other risks. With the aim of accommodating the diversifying asset management needs of our customers, we also managed assets in separate accounts and brokered products of our subsidiary engaging in investment advisory and consulting services.

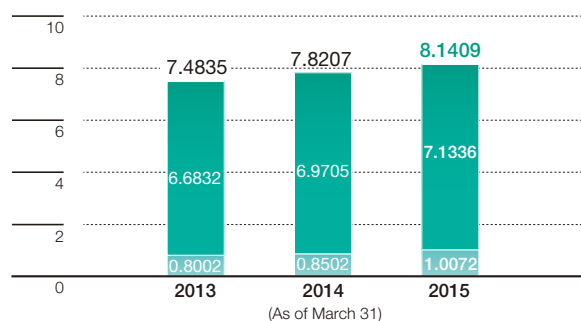
### Life Insurance in Force (group life insurance)

(Trillions of Yen)



### Group Pension Assets held by the Meiji Yasuda Life Group\*

(Trillions of Yen)



■ Meiji Yasuda Life  
■ Meiji Yasuda Asset Management

\* Group pension assets held by Meiji Yasuda Asset Management include net assets of investment trust managed for defined contribution pension plans and are presented based on their fair values.

## General Agent Marketing

As for our mainstay single premium products sold through the Bancassurance channel at banks and other financial institutions, we provide whole life insurance tailored to the needs of lifetime coverage, inheritance planning and stable wealth building while accommodating diverse customer needs for fixed amount and variable annuities. In December 2014, we revised whole life insurance in order to better adapt to changes in the interest rate environment and other external factors. In the same month, we released a novel whole life insurance, with beneficiaries being eligible to receive fixed amount annuities. In addition, we purposely set limits on sales of single premium whole life insurance at each financial institution, as we did in the previous fiscal year, aiming to secure responsiveness to interest rate risk.

Also, we increased the number of our outlets through financial institutions to sell level premium insurance, especially, fixed-amount

annuities and nursing care whole life insurance, while meticulously providing such financial institutions with sales support.

To provide after-sales services to policyholders who signed our policies through the Bancassurance channel at financial institutions, we focused on maintaining direct contacts with our customers via communication centers, along with maintaining customer relations in collaboration with these financial institutions.

We are striving to secure a greater number of corporate agencies and tax accountant agencies and facilitate collaboration with these agencies, thereby cultivating new markets in the field of group insurance. At the same time, we are providing nonlife insurance agencies with training and other assistance. In March 2015, we expanded our product lineup by releasing a new increasing term life insurance for corporate customers.

# Business Activities

## Asset Management

We have implemented asset management activities centered on the surplus management type of asset liability management (ALM) while controlling interest rate risk. In doing so, we strove to maintain returns at high levels.

We reshuffled our domestic bond portfolio to make it more resilient to rising interest rates by selling domestic bonds that had been held as available-for-sale securities. At the same time, we purchased super-long-term domestic bonds as policy-reserve-matching bonds. Since the execution of additional monetary easing by Bank of Japan in October 2014, we have

flexibly adjusted our asset allocations to adapt to the ultra-low interest rate environment. Specifically, we abstained from the purchase of domestic bonds while purchasing more foreign bonds in light of the gap between domestic and overseas interest rates and trends in foreign exchange rates.

To support the Japan Revitalization Strategy led by the government, we invested in such growth fields as healthcare and energy. Also, we worked to enhance profitability by investing indirectly through funds in overseas corporate bonds and stocks.

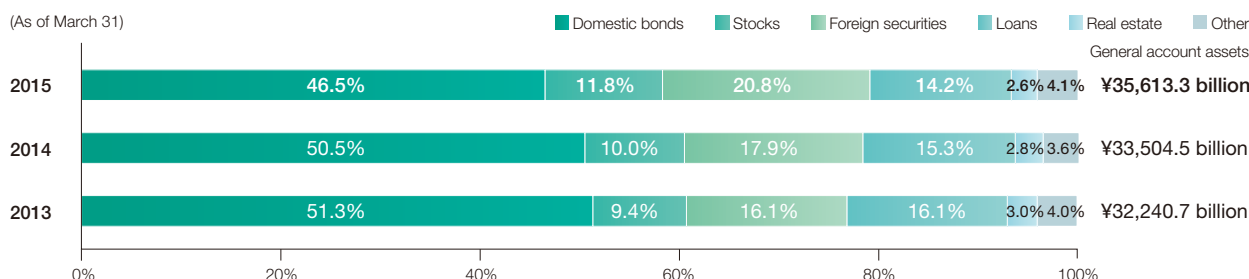
## Overview of Asset Management Results

We aim to promote asset management centered on ALM and to secure steady profit over the long term. To that end, we allocated the majority of our asset portfolio to domestic bonds and loans that provide stable profit while increasing the proportion of foreign bonds to counter persistently low domestic interest rates throughout the fiscal year. We maintained a policy of abstaining from increasing stocks and real estate held, as these assets are prone to price fluctuation risk.

General account assets as of March 31, 2015 stood at ¥35,613.3 billion, up ¥2,108.7 billion compared with March 31, 2014. Detailed year-on-year comparisons by asset type follow.

Domestic bonds declined ¥338.8 billion reflecting the policy of abstaining from purchases with an eye to the low interest rate environment, as well as decreases due to sale and redemption of such bonds. Value of stocks held increased ¥861.1 billion in step with a rise in stock prices. Foreign securities rose ¥1,417.2 billion as we purchased mainly foreign bonds in light of trends in foreign exchange rates and the gap between domestic and overseas interest rates. Loans decreased ¥84.5 billion. This was mainly attributable to decreases from major repayments during the fiscal year, which exceeded the increase due to lending. Real estate holdings declined ¥21.0 billion due to property sales and depreciation.

### The Status of Allocation of Assets



## Proceeds from Investment

Investment income grew 2.1% year on year to ¥945.3 billion due to an increase in interest, dividends and other income. On the other hand, investment expenses fell 12.8% year on year to ¥95.8 billion, due to a decrease in losses on sales of securities. As a result, proceeds from investment climbed 4.1% year on year to ¥849.4 billion.

Investment return on base profit and overall investment return rose year on year to 2.64% and 2.72%, respectively, compared with the previous fiscal year, thanks to increases in interest, dividends and other income as well as gains on redemption of securities.

### Rate of Return

Years ended March 31,	2013	2014	2015
<b>Investment Return on Base Profit =</b> (proceeds from investment in base profit – provision for interest on dividend reserves)/policy reserves in general account	2.33%	2.54%	2.64%
<b>Investment Return =</b> net investment income/average daily balance of general account assets	2.33%	2.71%	2.72%

## Pursuing High-Quality Administrative Service

In the individual insurance field, we are continuously pursuing Administrative Service Reforms, exhaustively reviewing such service from the customer's point of view. Typically, life insurance policies required cash payment of the first premium. However, from fiscal 2014 onward, whenever our existing policyholders sign "Best Style" through policy conversion, we accept the appropriation of dividends, policy reserves, refunds or other benefits that they are eligible for, thereby transferring such benefits as the first premium. In this way, we eliminated the customer inconvenience of paying by cash. We also promoted the use of electronic forms in policy maintenance procedures while stepping up face-to-face counseling by sales personnel to assist with such procedures. These are a few examples of our efforts to make these procedures simple and easy to understand. In addition, we are working to simplify insurance claim and benefit application procedures, speeding up the payment of such claims and benefits and helping policyholders check for policies with eligibility for death or maturity benefits that would otherwise be left unnoticed. With an eye to securing responsiveness to the needs of the elderly, we reviewed our in-house rule for handling administrative services while establishing "MY Anshin Family Registration Scheme." This system aims to prevent disruption of communications with older policyholders by registering their family members as secondary contacts. In these ways, we ensure that our notifications reach them and every eligible claim they have is applied for and paid.

In April 2014, we launched Underwriting Service Reforms. Exhaustively reviewing our underwriting services, we are stepping up the underwriting of third-sector insurance and other policies for middle-aged or older customers and introducing electronic forms for new policies to enhance our underwriting service capability, with the aim of delivering our life insurance services to a broader customer base.

In the field of group insurance, since April 2014 we initiated Group Insurance Administrative Service Reforms aimed at further enhancing customer convenience and satisfaction. For example, as part of our efforts aimed at enhancing the efficiency and quality of policyholder services for corporate customers, we opened a website dedicated to such services in March 2015, posting policy terms and conditions, as well as application forms that can be downloaded at anytime. To ensure that every eligible claim is paid in an even more prompt manner, we relaxed administrative rules related to application procedures while continuously developing a sophisticated system for administrating the payment of insurance claims and benefits.

We strove to enhance the convenience of elderly customers by simplifying application procedures necessary for the receipt of whole life annuities and improved the readability of notifications that have been sent to detail the content of life insurance policies right after enrollment or to provide a summary of annuity policies. Simultaneously, we reconfirmed the validity of elderly customers' contact information while encouraging the registration of family members as secondary contacts.

## Our Overseas Insurance Initiatives

# Reinforcing Our Operating Base through Overseas Expansion



### Poland

In 2012, we acquired shares of two major Polish insurers TU Europa S.A. and TUIR Warta S.A. jointly with our alliance partner Talax AG, a well known German insurer, thereby making these two companies our affiliates. By doing so, we became the first Japanese insurer to enter the Polish insurance market.

### China

In 2010, forward-looking capital investment led to a Chinese life insurance company becoming our affiliate and subsequently renamed Founder Meiji Yasuda Life Insurance Co., Ltd. We endeavor to expand business at this joint venture with the other two shareholders, namely, Peking University Founder Group Co., Ltd. (created by Peking University) and Haier Group (a leading Chinese manufacturer of consumer electronics and home appliances).

In March 2015, this company established a regional office in Beijing, one of China's major economic powerhouses. Utilizing a robust network of medical institutions run by Peking University Founder Group Co., Ltd. in Beijing, Founder Meiji Yasuda Life Insurance markets medical insurance policies entailing eligibility for second opinions and other services at these institutions. In these ways, we aim to differentiate ourselves from competitors while expanding our business operations.



Opening ceremony of Founder Meiji Yasuda Life Insurance's Beijing regional office



In line with growth strategy set forth in the Meiji Yasuda NEXT Challenge Program launched in April 2014, we are proactively engaged in the overseas insurance business to secure greater future profit opportunities.

Specifically, we are working toward medium- to long-term profit expansion for our six existing affiliates and subsidiary spanning five countries, with the aim of securing a growth path for the entire Group. Moreover, in pursuit of further global growth, we will promote new investment with consideration given to the development stage of each country and geographical diversification.

(As of March 2015)

Pacific Guardian Life Insurance Company, Limited (Honolulu, U.S.A.)

Made subsidiary in fiscal 1975



PT Avrist Assurance (Jakarta, Indonesia)

Made affiliate in fiscal 2012



## Indonesia

In 2010, we invested in Indonesian life insurer PT Avrist Assurance, becoming the first Japanese life insurance company to expand into Indonesia. Since then, we gradually stepped up investment, increasing our shareholdings in Avrist to make it our affiliate and promote business collaboration. Efforts are now under way to enhance its corporate value by sharing our know-how through such projects as the joint development of educational endowment insurance aimed at expanding the customer base.



A press conference aimed at presenting a newly developed educational endowment insurance (PT Avrist Assurance)

## Overview of the Overseas Insurance Business



## The United States

In 1976, we acquired a majority equity stake in Pacific Guardian Life Insurance Company, Limited (PGL) headquartered in Hawaii. By doing so, we became the first Japanese life insurer to participate in the management of a life insurance company in the United States. In 1985, we went on to increase the proportion of our equity stake in PGL to 100%, making it our wholly-owned subsidiary. PGL provides life insurance tailored for the needs of customers in local communities, mainly in Hawaii and the west coast.



## Thailand

In 2013, we invested in Thai Life Insurance Public Company Limited, a major life insurer in Thailand, and thus made it our affiliate. Along with a track record that extends more than 70 years since its founding, Thai Life boasts significant brand recognition as an insurer run by Thai people for Thai people.

This company strives to establish a business structure capable of continuing the provision of customer services even if it should be struck by natural disasters or other emergencies. Thanks to these efforts, in 2014 Thai Life Insurance Public Company Limited became the first life insurer in Thailand to be certified under the ISO22301 international standard for business continuity.



A certificate granting ceremony (Thai Life Insurance Public Company Limited)

# Governance and Compliance

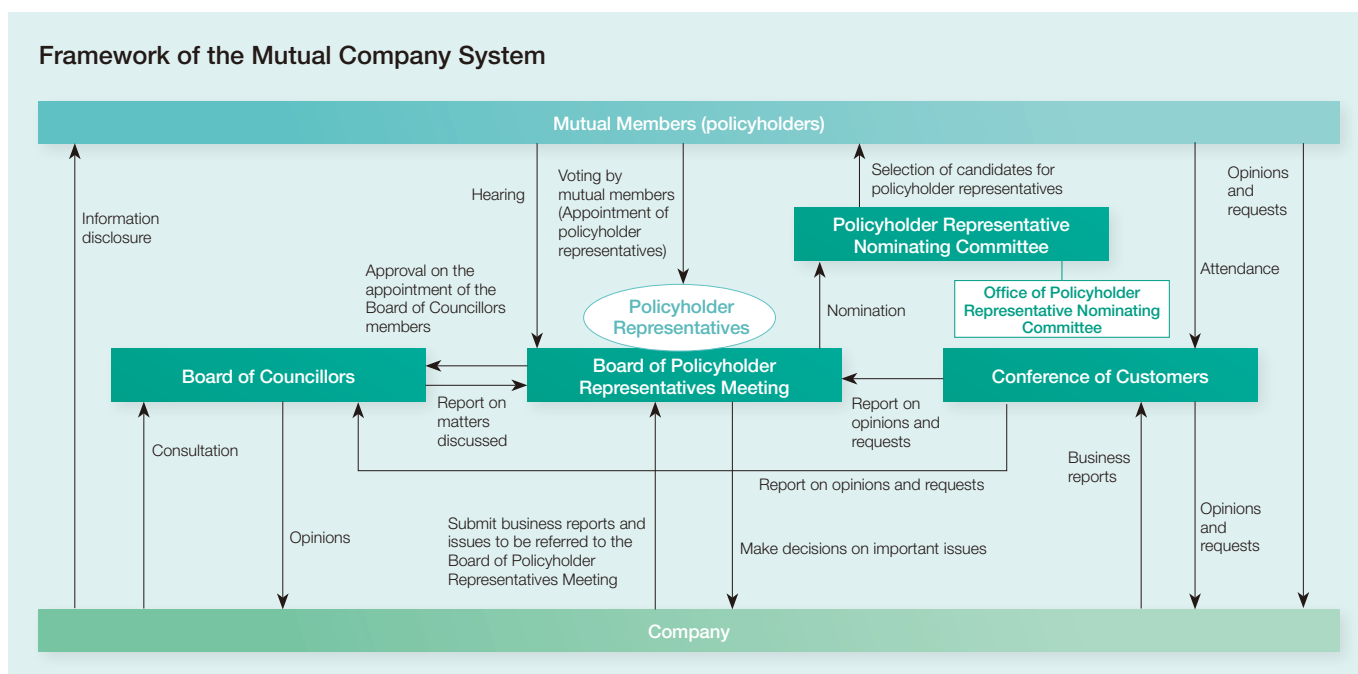
## Operation of Mutual Company

### Framework of the Mutual Company System

Although a life insurance company can be established as either a “stock company” or a “mutual company,” Meiji Yasuda Life was founded as a mutual company in accordance with Japan’s Insurance Business Act.

A mutual company is an incorporated body in which those who enroll in its insurance policies also become “mutual members” (excluding those who enroll only in policies without dividends). These members own the mutual company, just as shareholders own a stock company. As of March 31, 2015, Meiji Yasuda Life’s mutual members numbered approximately 6.6 million.

Since Meiji Yasuda Life operates in the form of a mutual company, it is committed to placing the utmost emphasis on the interests of its policyholders. In addition to the Board of Policyholder Representatives Meeting, Meiji Yasuda Life maintains the Policyholder Representative Nominating Committee and the Board of Councillors, as well as the Conference of Customers to enhance the operation of its governance system to ensure that policyholders’ opinions and requests are better reflected in the Company’s management.



### Board of Policyholder Representatives Meeting

In order to operate the Company in the way that directly reflects every member’s opinion, it is necessary to hold a “General Meeting of Policyholders.” In reality, however, inviting roughly 6.6 million policyholders nationwide to attend a single meeting is simply impossible.

Meiji Yasuda Life therefore has the Board of Policyholder Representatives Meeting, which consists of representatives selected from policyholders in accordance with the Insurance Business Act. As the highest decision making body of the Company, the Board of Policyholder Representatives Meeting reviews reports on financial results and deliberates on the appropriation of surplus and the appointment of directors, before making decisions on these and other important management issues.

### Policyholder Representatives

In line with its Articles of Incorporation, Meiji Yasuda Life has set the number of policyholder representatives at 222. Of these, 120 representatives are selected from all 47 prefectures throughout Japan. While using a proportional representation system based on the number of policyholders residing in each prefecture, the Company selects a minimum of one representative from every prefecture. An additional 80 representatives are selected irrespective of where they reside. These measures are designed to ensure that representatives reflect the diverse demographic base of our mutual members, including people from every region and age group, as well as various occupations. Furthermore, the Company appoints 22 representatives

from policyholders who voluntarily apply to become candidates. As such, Meiji Yasuda Life maintains diverse and transparent processes for the selection of its policyholder representatives.

In light of the primary role of policyholder representatives, who attend the Board of Policyholder Representatives Meeting

and engage in practical discussions involving question and answer sessions, we believe the size of this body is appropriate to reflect the consensus of all policyholders and supervise management from diverse perspectives.

## Policyholder Representative Nominating Committee

The Policyholder Representative Nominating Committee consists of members selected from policyholders and appointed by the Board of Policyholder Representatives Meeting. The number of committee members is limited to 10 or less.

In addition, Meiji Yasuda Life maintains a support team to

assist the Policyholder Representative Nominating Committee. With the aim of securing a transparent selection process that is independent of management, the Company consigns supervision of this team to an outside individual who is not an employee of the Company.

## Board of Councillors

The Board of Councillors serves as an advisory body to management and is in charge of addressing policyholders' opinions and requests that are deemed important management issues, as well as other significant matters of concern. The board meets three times a year, and matters discussed at these meetings are reported to the Board of Policyholder Representatives Meeting.

The members of the Board of Councillors are appointed from policyholders or academic experts upon the approval of the Board of Policyholder Representatives Meeting. The number of such members is limited to 20 or less in accordance with the Company's Articles of Incorporation.

## Conference of Customers

Ahead of other insurers in Japan, in 1973 Meiji Yasuda Life began holding an annual Conference of Customers on a nationwide basis. Some 85 regional offices across Japan held these meetings from January to March 2015, with a total of 1,986 policyholders attending.

The conference provided briefings on the operating results for the first half of the fiscal year (April 1 to September 30, 2014), Meiji Yasuda Life's customer services tailored for the elderly, and the Company's social and community contribution activities in tandem with J. League. In addition, a total of 6,873 opinions and requests were submitted by attendees. This input is very important for us.

These opinions and requests are reported to the Board of Policyholder Representatives Meeting and the Board of Councillors. In addition, whenever we receive opinions identifying issues in need of improvement, the department in charge of addressing the particular issue considers options and implements improvement measures, while the Customer Satisfaction Promotion Committee, an advisory body to the Management Council, follows up to verify the status of implementation.

Policyholder representatives who attend the Conference of Customers are asked to make suggestions at the Board of Policyholder Representatives Meeting to reflect the policyhold-

ers' opinions and requests submitted at the conference. Moreover, we select a certain number of policyholder representatives from the attendees of the conference. These are some of the ways the Board of Policyholder Representatives Meeting and the Conference of Customers complement each other.

To notify our members of the application procedures to attend the upcoming Conference of Customers during the fiscal year ending March 31, 2016, we will display posters at regional offices and other business bases, as well as making this information available via our website, prior to holding the conference. Related information is also available to policyholders upon inquiry at the nearest Meiji Yasuda Life regional office or business base.



Conference of Customers

# Governance and Compliance

## Management Structure

Meiji Yasuda Life has adopted the “Company-with-Committees” system (currently known as the Company with Three Committees system) to strengthen its corporate governance and increase transparency. The Board of Directors consists of 11 elected directors, including six outside directors who make up the majority. The Company also maintains Nominating, Audit, and Compensation committees, with the majority of each committee comprised of outside directors. Moreover, Meiji Yasuda Life has designated executive officers in charge of business execution, thereby ensuring clear institutional separation between management supervision and executive functions. In these ways, the Company secures a transparent management structure capable of ensuring solid oversight.

### Board of Directors

The Board of Directors reaches decisions on important management issues while supervising business execution undertaken by directors and executive officers. In addition, the Outside Directors Council is in place, with all the outside directors serving as members to deliberate key management matters.

#### Nominating Committee

▶ The Nominating Committee determines proposals related to the election and dismissal of directors. These are submitted to the Board of Policyholder Representatives Meeting.

○ Yoshihide Munekuni\*  
Seiichi Ochiai\*  
Teruo Kise\*  
Nobuya Suzuki  
Akio Negishi

#### Audit Committee

▶ The Audit Committee audits the business execution of directors and executive officers, and prepares audit reports. It also submits recommendations to the Board of Policyholder Representatives Meeting on the election and dismissal of accounting auditors.

○ Seiichi Ochiai\*  
Teruo Kise\*  
Miyako Suda\*  
Keiko Kitamura\*  
Kenji Kojo

#### Compensation Committee

▶ The Compensation Committee formulates the overall policy on remuneration for individual directors and executive officers, and thereby determines the content of remuneration for individual directors and executive officers.

○ Shigehiko Hattori\*  
Yoshihide Munekuni\*  
Miyako Suda\*  
Nobuya Suzuki  
Akio Negishi

○ Committee Chairperson  
\* Outside Director

# Governance and Compliance

## Internal Control System

### Development and Enhancement of the Internal Control System

Meiji Yasuda Life established the Basic Policies for the Internal Control System that guides its initiatives to develop and maintain sophisticated internal controls. Moreover, the Company set up the Internal Control Committee, an advisory body to the Management Council with the aim of deliberating various matters related to internal controls from across-the-board perspectives.

Although it operates as a mutual company, Meiji Yasuda Life voluntarily adopts internal control and financial reporting systems as well as related in-house rules that are mandatory for all domestically listed companies, thereby enhancing the reliability of its financial reporting. At the close of its full-year financial results, the Company evaluates the status of its internal controls to confirm whether or not significant problems requiring disclosure were identified. Based on this evaluation, the Company prepares internal control reports. These reports

are audited by our external auditors, who then issue an internal control auditing report.

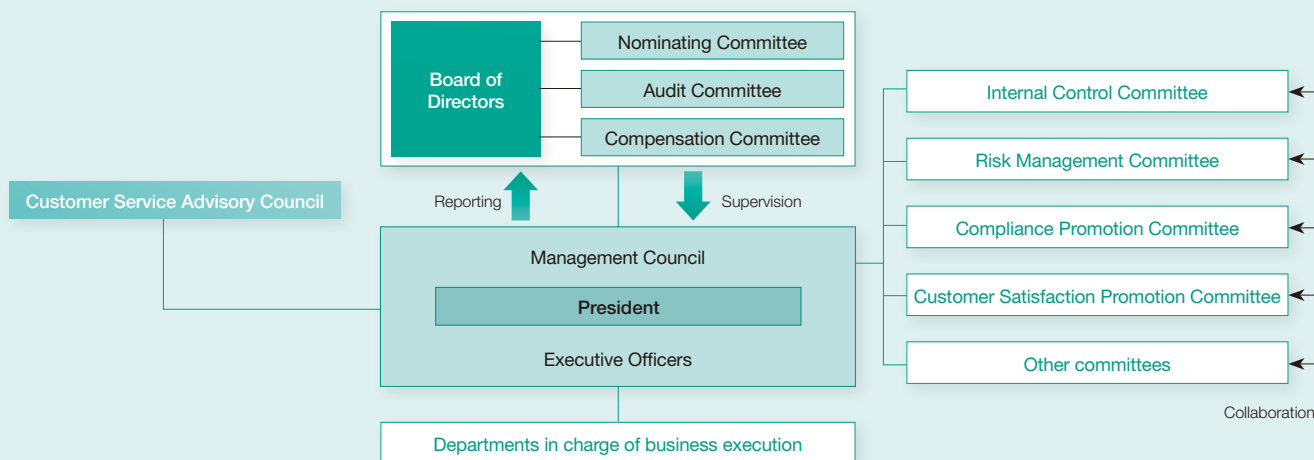
To develop a robust internal control structure, we also assigned internal control managers throughout the organization. These internal control managers spearhead internal control self-assessments performed by each business unit, checking their operations in light of the appropriateness of internal controls to confirm whether legal requirements are met and business risk is managed. In addition, our internal control structure comprises systems for providing instructions and conducting verification in ways best suited to each department, including headquarters and regional offices. Within this structure, the Company also pursues other internal control activities, such as executing rigorous follow-up self-assessments, thereby ensuring the appropriateness of its business operations.

### Reinforcing Our Internal Audit Structure

The Company's Internal Audit Department operates under the direct control of the President and is independent from business execution or any other department. It performs internal audits and evaluates and assesses whether business activities are appropriately conducted, thus providing recommendations that address issues and problems needing improvement while implementing follow-up audits to secure soundness of operations. The results of the internal audits and the status of follow-up audits are promptly reported to the Board of Directors.

Our internal audits for the fiscal year ended March 31, 2015 were assessed by a third party audit firm, which evaluated the quality of our audit results based on the International Standards for the Professional Practice of Internal Auditing set forth by the Institute of Internal Auditors. These assessments concluded that our audits deserve a "Generally Conforms" rating, which represents the highest degree of conformity to the standards.

### The Internal Control Committee's Relationships with Other Important Bodies



### Our Basic Policies for the Internal Control System

In concert with the enforcement of the Company Act in May 2006, Japan's Insurance Business Act has been revised, making it mandatory for insurers to resolve related policies at their board of directors meetings. Accordingly, Meiji Yasuda Life has established basic policies governing such matters as its Audit Committee support structure, as well as systems to ensure the appropriateness of operations through legal compliance and risk management.

# Governance and Compliance

## Risk Management Structure

### Basic Policy and Risk Management Structure

#### Basic Recognition, Risk Management Policies and Rules

Meiji Yasuda Life recognizes the importance of ensuring sound management and faithfully fulfilling contractual obligations over the long term to achieving its goal of being “a company placing utmost value on our customers.” Accordingly, we view risk management as one of the most crucial elements of business management. Our Board of Directors, Management Council and various risk management-related committees set risk management policies and rules.

#### Risk Management Structure

The department in charge of overall risk management (the Risk Management Control Department) develops and promotes the overall risk management system, integrating our risk management structure. It monitors and supervises risk management at each of the individual departments in charge of risk control and provides them with expert advice.

Aiming to ensure regular monitoring and appropriate control of various risks, we have also established the Risk Management Committee, which advises the Management Council and works to advance our risk management structure.

To enhance the effectiveness of our risk management, the Internal Audit Department undertakes internal audits, while the Audit Committee and the External Auditor carry out inspections. In these ways, we examine the appropriateness and efficacy of risk management functions, as well as the risk management system.

#### Management Structure for Enterprise Risk and Category-Specific Risk

As for enterprise risk, we aim to perceive and manage various risks arising in our business in a comprehensive and integrated manner. In category-specific risk, we identify, categorize, aggregate and examine individual risks on a quantitative or qualitative basis, addressing each in the manner best suited to the characteristics of the particular risk, with results reported regularly to the Risk Management Committee and other risk management bodies.

Anticipating changes in our business environment and regulatory trends, we are introducing more precise and sophisticated risk measurement methods and examining capital allocation based on the risk weighting, thereby progressively enhancing the enterprise risk management system.

We also adopt Asset Liability Management (ALM), a method used for enterprise risk management with the aim of appropriately allocating assets and liabilities. Category-specific risk associated with ALM is managed in a comprehensive manner and is regularly reported to the ALM Sub-committee. Moreover, we are developing an ALM structure aimed at securing the effectiveness of risk management processes.

As for category-specific risk, the Risk Management Control Department is in charge of overall risk management and the body placed above three tiers of risk management departments. The Risk Management Control Department oversees and supervises each of the individual departments in charge of risk control to ensure that such risk is appropriately controlled. The individual departments in charge of risk control suggest measures for improvement and provide specialized advice to the departments in charge of risk management through monitoring and analysis of risk management conditions in these departments. The departments in charge of risk management are responsible for identifying potential risks for the business unit or category they supervise and developing appropriate risk management systems. The Risk Management Sub-committees, placed under the Risk Management Committee, conduct specialized risk management responding to the characteristics of each category of risk.

#### Management Structure for Unit-Specific Risk

Besides category-specific risk management, our structure manages business unit-specific risk.

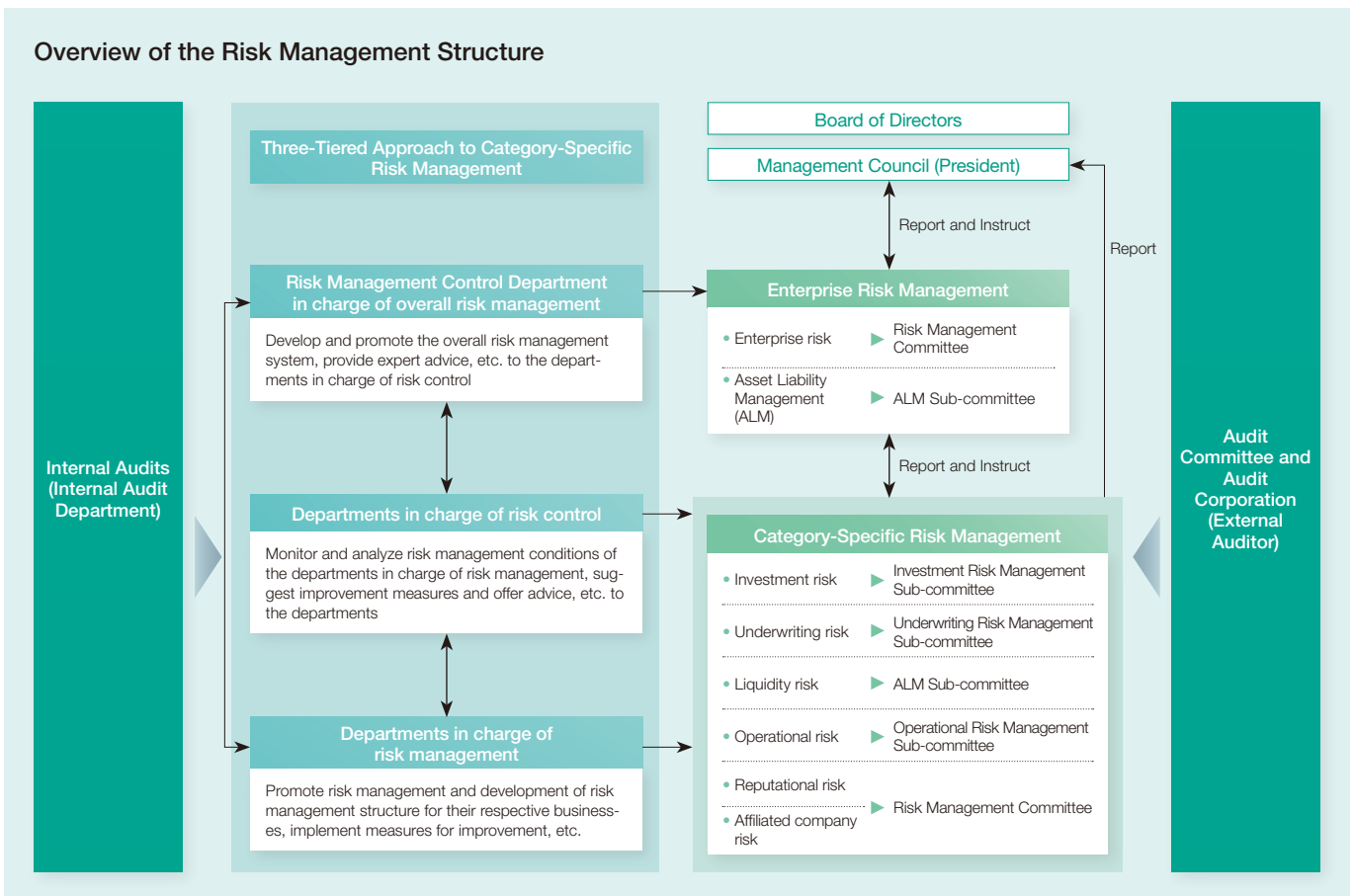
While the department in charge of overall risk management (the Risk Management Control Department) oversees overall business unit-specific risk management, risk management managers and staff are appointed in each business unit of our headquarters departments, group marketing departments and regional offices to check and confirm the status of operational risk management, consider ways to mitigate risks, prevent potential risk, and to avoid recurrences of past issues.

Especially, each headquarters department formulates a risk management action plan upon recognition of the fundamental risks involved. These departments document every business process, comprehensively identify risks related to operations, develop measures against the risks and implement systems for such measures. Moreover, upon careful examination of the overall magnitude of risk, these departments constantly monitor the status of countermeasures being implemented to control risks related to critical operations. In these and other ways, we are striving to enhance the effectiveness of our risk management.

## Stress Test

Although the Value at Risk (VaR) method is used to measure the maximum foreseeable loss due to enterprise risk, stress tests are regularly performed to simulate conditions that exceed normal forecasts and cannot be assessed with Value at Risk. These stress tests extend to events such as drastic economic deterioration and major disasters including earthquake. Through stress tests, we multilaterally analyze such factors as assumed impact on assets and liabilities and level of increase in insurance payments. Test results are regularly reported to the Risk Management Committee, Management Council and Board of Directors. The results are utilized to discuss management strategies and measures for strengthening the financial foundation.

### Overview of the Risk Management Structure



# Governance and Compliance

## Promoting Compliance

In line with its Basic Code of Compliance, Meiji Yasuda Life defines compliance as “acting with fairness and integrity, not only by complying with laws and in-house rules, but also through the exercise of common sense.” We recognize that every officer and employee of the Group must practice compliance to achieve management’s goal of becoming a life insurer capable of providing each customer with inspiring experience that makes an impression. With this in mind, we are implementing the following initiatives to promote compliance.

### Thoroughly Disseminating Our Philosophy on Compliance

Our “Code of Conduct” defines our basic compliance policies and standards, setting forth rules governing the behavior and actions of each member of the Meiji Yasuda Life Group to ensure we fulfill our customers’ expectations and gain their trust.

The “Meiji Yasuda Sales and Service Policy” lays out our motto of enhancing after-sales service and meticulously accommodating the needs of the elderly as well as the rule of providing detailed product explanations, and other matters such as severing relationships with antisocial forces and responding appropriately to money laundering and other financial crimes. By doing so, it aims to ensure compliance throughout our business operations, including the solicitation of insurance, with the aim of maintaining the trust of customers.

Moreover, to ensure that every officer and employee practices compliance to build closer relationships with customers, “Our Pledge” sets out commitments to maintain proper bearing and a strong moral compass, as well as to act appropriately with sincerity in fulfilling work responsibilities.

To ensure that we never lose sight of the significance of compliance, every member of the Group carries a card bearing the “Code of Conduct,” “Meiji Yasuda Sales and Service Policy,” and “Our Pledge” so that each of us will always remain faithful to our customers. In these ways, we are striving to instill deep-seated awareness toward compliance.

### Compliance Promotion Structure

To develop a sophisticated compliance promotion structure, we have put the Compliance Control Department in place to carry out integrated management of compliance issues throughout the Meiji Yasuda Life Group, including subsidiaries and affiliates.

Also, we established the Financial Crime Prevention Office under the Compliance Control Department, thereby building a centralized structure. This enables us to implement more robust countermeasures against the threat of antisocial forces as well as money laundering, insider trading and other financial crimes through the integration of related in-house functions.

In cooperation with compliance managers and persons in charge of compliance at each business section, the Compliance Control Department also implements preemptive measures such as compliance education while dealing with compliance issues when improprieties are identified. If fraudu-

lent behavior occurs, it is reported to the Compliance Control Department through the compliance managers and persons in charge of compliance at the departments in question. We also have a “Compliance Hotline,” a “Human Rights Hotline” and a “Corporate Ethics Hotline” to enable people discovering such behavior to report it directly.

The “Compliance Promotion Committee” pursues compliance on a comprehensive basis. It plans and develops compliance systems throughout the Meiji Yasuda Life Group. Moreover, the Customer Service Advisory Council is put in place, with external specialists serving as some of the council members. This council deliberates such important matters as the development and improvement of compliance systems aimed at protecting customers’ interest while reporting these matters to the Management Council.

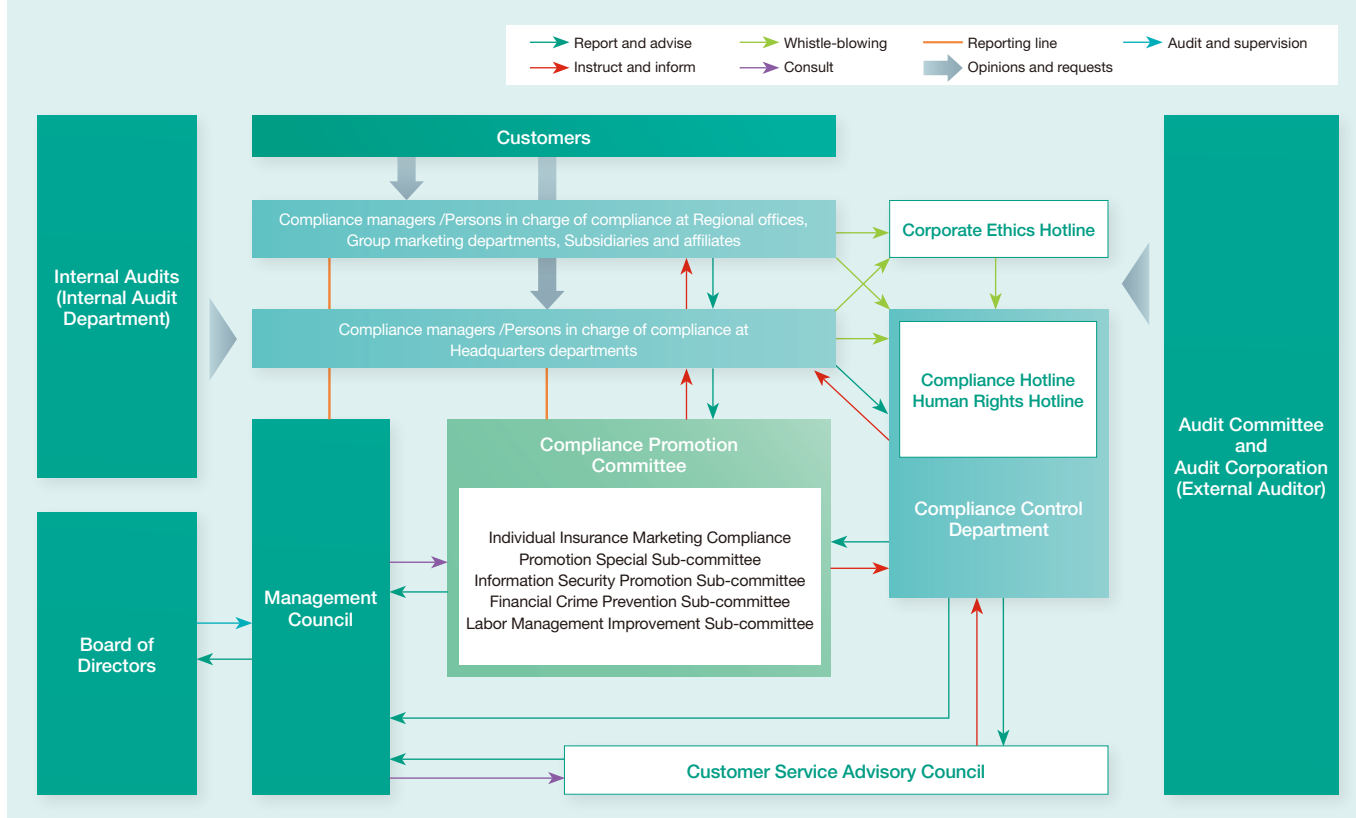
### Initiatives to Promote Robust Compliance

Every fiscal year, we draw up a “Compliance Practice Plan” setting forth concrete action plans aimed at promoting compliance. In line with the Companywide action plan, headquarters and regional offices, as well as group marketing departments, each formulate their own specific action plans to address indi-

vidual issues confronting them and thereby work to ensure compliance in a proactive manner. The Compliance Promotion Committee and other bodies report the status of these action plans to the Board of Directors.



## Overview of Compliance Promotion Structure



## Countermeasures against the Threat of Antisocial Forces and Financial Crimes

Meiji Yasuda Life places utmost value on its customers and aims to become a company that is trusted by every customer as well as society as a whole. Therefore, Meiji Yasuda Life recognizes that for the Company to fulfill its responsibility as a corporate citizen, severing ties with antisocial forces and implementing robust countermeasures against such financial crimes as money laundering and insider trading is an essential management task.

In line with this recognition, our “Code of Conduct” sets forth policies of severing any relationships with antisocial forces, preventing our business transactions from being exploited as a vehicle for money laundering and other financial crimes, and

abstaining from conducting any unfair transactions such as insider trading. In addition, we formulated “Basic Rules for Business Execution,” which lays out more concrete guidelines designed to embody the spirit of the “Code of Conduct.” Specifically, these rules oblige employees to decisively refuse unlawful requests from antisocial forces and to collaborate with related departments to handle the issues on an organizational basis. In addition, the provision of monetary and other benefits to such forces is strictly prohibited by these rules. The rules also urge employees to pay close attention to avoid engaging with members of antisocial forces in the course of the sale of insurance, the execution of investment and the procurement of goods.

## Protection of Personal Information

Meiji Yasuda Life established its “Basic Policies for the Protection of Personal Information” and has disclosed these policies through such media as its corporate website.

In line with the aforementioned policies, the Company strives to develop a robust information management system, ensuring that information is protected on every stage of its life-cycle, from acquisition to disposal of information, while strictly controlling the handling of its information by subcontractors.

# Governance and Compliance

## Stewardship Initiatives

### Our Initiatives Related to Principles for Responsible Institutional Investors (Japan's Stewardship Code)

In May 2014, Meiji Yasuda Life declared its acceptance of the Principles for Responsible Institutional Investors (Japan's Stewardship Code) and, subsequently in August, disclosed its "Policies for Fulfilling Our Stewardship Responsibilities." These policies are intended to guide our initiatives to encourage investees to enhance their corporate value and achieve sustainable growth through dialogue and the exercise of our voting rights. At the same time, the Company revised the "Approach to the Exercise of Voting Rights."

In October 2014, we established the Responsible Investment Promotion Committee, which serves as an advisory

body to the Management Council and regularly verifies the appropriateness of dialogue with investees and the exercise of voting rights through the monitoring of the status of these activities.

Guided by the aforementioned policies, we will step up our efforts to fulfill our responsibilities as an institutional investor by encouraging our investees to maximize their corporate value through dialogue and other activities. In addition, we regularly announce the latest status of such activities on our corporate website.



<http://www.meijiyasuda.co.jp/profile/csr/governance/> (Japanese only)

### Policies for Fulfilling Our Stewardship Responsibilities

#### 1. Purpose

These policies aim to stipulate basic matters concerning Meiji Yasuda Life's efforts to fulfill its stewardship responsibilities while clarifying the Company's commitment to act appropriately as a responsible institutional investor.

#### 2. Fundamental Concept

From the stance of a medium- to long-term perspective, the Company recognizes that securing investment profits while controlling risk is essential to fulfill its obligation to its customers. Therefore, the Company's fundamental concept for stock investment is to yield stable returns over the medium to long term in step with growth in each investee's corporate value.

In doing so, Meiji Yasuda Life engages in dialogue with investees to encourage them to maximize their corporate value, thereby fulfilling its responsibilities as an institutional investor.

#### 3. Concrete Initiatives

##### (1) Assessing the latest status of investees

We will monitor developments at our investees to continue dialogue and appropriately exercise our voting rights.

##### (2) Dialogue

From the stance of a medium- to long-term perspective, we will engage in dialogue with the Company's investees with regard to their initiatives to achieve sustainable growth and corporate governance.

##### (3) Exercise of voting rights

We will undertake the appropriate exercise of voting rights in accordance with the Company's in-house rules and the following concepts.

- Our basic stance on the exercise of voting rights is to respect the uniqueness of each investee's management approach and corporate governance system. However, with regard to companies that have problems in their structures and ineffective functions in relation to initiatives to enhance the interests of shareholders or in relation to their corporate governance, we encourage the investee to enhance corporate value and the interests of shareholders from a medium- to long-term perspective by proactively engaging in dialogue and by undertaking the appropriate exercise of voting rights.

- With regard to proposals submitted to the shareholders meetings, we will carefully examine each proposal. If we determine a proposal may be problematic from the perspective of securing the investee's corporate governance functions or it may pose a negative impact on the interests of shareholders, we will make a suggestion or take action as a shareholder.

- We provide details of our stance on the exercise of voting rights in "Our Initiatives Related to the Exercise of Voting Rights for General Account Assets" ([http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/vote\\_approach.pdf](http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/vote_approach.pdf)) and "Our Initiatives Related to the Exercise of Voting Rights for Separate Account Assets" ([http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/separate\\_account.pdf](http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/separate_account.pdf))

##### (4) Periodic reporting

We will periodically disclose the status of the implementation of these policies.

##### (5) Initiatives aimed at better fulfilling our stewardship responsibilities

The "Responsible Investment Promotion Committee," an advisory body to the Management Council, monitors the status of dialogue with investees and the exercise of voting rights, thereby verifying the appropriateness of these activities in a periodic manner. Based on the results of this verification, we will review our "Policies for Fulfilling Our Stewardship Responsibilities," "Our Initiatives Related to the Exercise of Voting Rights for General Account Assets" and "Our Initiatives Related to the Exercise of Voting Rights for Separate Account Assets" as necessary. Through these initiatives, we will develop and enhance our structure to better fulfill our stewardship responsibilities into the future.

##### (6) Management of conflicts of interest

In cases where a conflict of interest emerges in the course of the implementation of our stewardship initiatives, we put the utmost value on the interest of our customers. To prevent the interest of our customers from being unjustly damaged, we appropriately manage our stewardship initiatives in line with the "Policies for Managing Conflicts of Interest," (<http://www.meijiyasuda.co.jp/reciprocity/index.html>) which are intended to prevent a conflict of interest in all aspects of the Company's business operations.

\* Japanese only

# Governance and Compliance

## IT Governance

### Developing a Solid IT Governance Structure

Striving to become a company that places utmost value on its customers, Meiji Yasuda Life proactively works to develop various business processes, including those supported by Information Technology (IT).

Specifically, the Company operates its IT systems in accordance with the established in-house rules while developing a solid IT governance structure aimed at helping achieve its management strategies. In these ways, the Company aims to maximize the effectiveness of its IT-related investment.

To constantly provide high-quality products and services tailored to customer needs, we prioritize development projects for our IT systems based on their potential contribution to management performance as well as their investment efficiency. At the same time, we manage such development projects with an eye to realizing the optimal combination of system resources while implementing thoroughgoing risk mitigation measures, thereby building a business process of superior quality.

### IT Systems Developed in Relation to Management Performance Targets

Management performance targets	IT systems developed during the fiscal year ended March 31, 2015
Individual Insurance Marketing Annualized premiums in force	Those related to "Best Style" and "Medical Style"
Total customer satisfaction from customer satisfaction surveys	Those aimed at supporting "Ease of Mind Service Activities Program" and optimizing general notification menu and content

### Business Continuity at the Time of Major Disasters and Other Emergencies

Meiji Yasuda Life has built its system infrastructure within computer centers that are located in areas with firm ground. Moreover, these facilities boast vibration-damping and earthquake-resistant structures, with backup power generation equipment installed at each center.

To fulfill our longstanding obligations set forth in insurance policies, we also develop Business Continuity Plans (BCPs)

aimed at preventing the disruption of our core operations, such as the payment of insurance claims and benefits, during the time of emergencies. If a major natural disaster or similar event were to strike our main computer centers, we would launch backup systems installed in the Kansai area in accordance with our BCPs and thereby continue core operations.

### Initiatives to Protect Customer Information

As we are entrusted with the handling of personal and other important information of our customers, we continuously reinforce our measures to prevent information leakage, ensuring that tablet terminals used by MY life plan advisors retain no customer information, switching over our PCs to "dataless" workstations, restricting the use of electronic recording media and executing the encryption of data transmitted to external

entities via network and electronic recording media. Moreover, our Information Systems Department acquired ISMS\* certification, striving to realize an even higher security level in its information management activities.

\* A certification under the ISMS conformity assessment scheme aimed at helping domestic corporations establish solid information security management systems, with third-party certification bodies conducting evaluation based on the ISO 27001 standard that, in turn, gives certification holders credibility among overseas counterparts.

# Governance and Compliance

## Our Initiatives to Strengthen Corporate Governance

Meiji Yasuda Life operates as a mutual company in which policyholders<sup>\*1</sup> act as mutual members and, therefore, is striving to better reflect policyholders' intentions in its operations. As it aims to become a company that is open to society, Meiji Yasuda Life has worked to strengthen corporate governance and enhance management transparency by, for example, selecting some policyholder representatives from voluntary candidates, shifting to the Company with Three Committees system and developing an internal control system.

In June 2015, the Corporate Governance Code took effect for all domestically listed companies. Although this regulation is not directly applied to mutual companies, Meiji Yasuda Life recognizes that the code comprises important principles for realizing effective corporate governance. The Company therefore believes that complying with the Corporate Governance Code will be a key to achieving sus-

tainable growth in its business operations and corporate value, as well as securing its ability to ensure the payment of insurance claims and benefits, which will, in turn, help its customers enjoy peace of mind and affluent lives.

In line with the spirit of the Corporate Governance Code, Meiji Yasuda Life established and announced its Corporate Governance Guidelines, with the aim of developing a more sophisticated corporate governance structure through such initiatives as facilitating proactive information disclosure and stepping up dialogue with policyholders.

The Company constantly discloses and updates the status of its corporate governance structure and its initiatives aimed at strengthening this structure through a "Corporate Governance Report"<sup>\*2</sup> posted on its corporate website.

<sup>\*1</sup> Excluding those who enroll only in policies without dividends

<sup>\*2</sup> Japanese only

### Corporate Governance Guidelines

As a pioneer in the life insurance industry, we commit ourselves to being a company that works to the spirit of mutual aid. We endeavor to become "a company placing utmost value on our customers," providing them with high-quality, comprehensive insurance services, in which life insurance plays a core role, as we deliver assured ease of mind and wealth. Guided by this management philosophy, we will practice the following fundamental concepts in our effort to strengthen the Company's corporate governance structure.

#### ● Our Fundamental Concepts regarding Corporate Governance

▶ We recognize that providing customers with lifelong protection is a life insurers' essential mission. More specifically, in light of the unique characteristics of life insurance policies whose duration may extend to the ultra-long term, we believe that establishing a sophisticated corporate governance structure, capable of better supporting our mutual company system, is of primary importance to ensure the payment of insurance claims and benefits, as well as to help our customers enjoy peace of mind and affluent lives.

▶ We recognize that our relationships with various stakeholders (including customers, employees and communities) are indispensable to achieving sustainable corporate growth. We therefore strive to build appropriate and robust relationships with each stakeholder.

▶ We regularly review these guidelines to promote our initiatives to strengthen corporate governance. By doing so, we improve our corporate governance structure, maintain the soundness of our operations and secure the ability to make prompt decisions aimed at realizing sustainable growth in business operations as well as corporate value.

## I. General Provision

**1. A Company Placing Utmost Value on Customers** In line with its management philosophy, we commit ourselves to being a company that places utmost value on its customers. With this in mind, we give due consideration to the characteristics of the mutual company system and strive to enhance customer satisfaction by appropriately reflecting customer feedback in the Company's operations. Specifically, we collect and analyze customer requests and opinions, including those communicated as secondhand information.

**2. Information Disclosure and Transparency** In line with our corporate vision of becoming a company that is always open to its customers and society, we appropriately disclose our corporate information as required by the law, and further, proactively disclose other management information that can be deemed beneficial to our customers and other stakeholders from the perspective of securing the transparency and fairness of management decisions, or that otherwise upholds the effectiveness of corporate governance.

**3. Internal Controls** We recognize that a sophisticated internal control system constitutes a key factor to winning the trust of our customers and other stakeholders. In line with this recognition, we established and announced the Basic Policies for the Internal Control System. Putting these policies into practice, we continuously strengthen our internal auditing systems and enhance our compliance and risk management structures.

## II. Management Structure

**4. Board of Policyholder Representatives Meeting** We strive to ensure that the intentions of our mutual members are better reflected in management through the operation of the Board of Policyholder Representatives Meeting, which consists of policyholder representatives selected from among mutual members and serves as the highest decision-making body of the Company.

**5. Selection of Voluntary Candidates for Policyholder Representatives** We continuously work to diversify the selection process for policyholder representatives by, for example, choosing some representatives from the voluntary candidates.

**6. Provision of Information to Policyholder Representatives** We promptly provide policyholder representatives with information that may help them reach appropriate decisions at the Board of Policyholder Representatives Meeting.

**7. Company with Three Committees** We have adopted a Company with Three Committees system based on recognition that this system is best suited for our goal of accelerating decision making and enhancing management efficiency. Under this system, we secure a clear separation between functions for the supervision and execution of business operations, with the Nominating, Audit and Compensation committees being put in place. In principle, we delegate the execution of business operations to executive officers, except for matters to be referred to the Board of Directors in accordance with the law.

**8. Composition of Outside Directors** We appoint a sufficient number of outside directors to ensure they comprise the majority of directors (currently, six out of 11 directors) and ensure these directors represent diverse backgrounds. With an eye to securing the effectiveness and consistency of management supervision by outside directors, we limit their term of service to eight years in principle. In these ways, we reinforce the overall function of the Board of Directors to ensure more robust supervision of management.

**9. Board of Directors** To realize our management philosophy, our Board of Directors supervises management and makes decisions on basic policies for business operations while engaging in constructive discussions on concrete strategies and plans aimed at supporting appropriate business execution.

**10. Role of Directors** Fully aware of their obligation to loyally perform their fiduciary duties with due care and prudence, our directors strive to secure the effectiveness of the Board of Directors' function for management supervision, in addition to maintaining appropriate and robust relationships with stakeholders. To this end, they engage in thoroughgoing discussions at Board meetings and require the Company to provide necessary information, thereby fulfilling their roles and duties in an effective matter.

**11. Role of Outside Directors** Our outside directors bring an objective perspective and employ their diverse standpoints to supervise management in terms of the appropriateness of business execution. At the same time, they contribute their expertise and provide advice aimed at helping the Company achieve sustainable growth in business operations and in corporate value. As they have independent positions from the Company, they also work to ensure that opinions voiced by policyholders and other stakeholders are better reflected in decisions made at the Board meetings.

**12. Outside Directors Council** Having established the Nominating, Audit and Compensation committees in accordance with the law, we also put the Outside Directors Council in place to secure robust communication among outside directors and to facilitate the exchange of opinions between outside directors and the Chairman of the Board, President, relevant directors and executive officers with regard to important management issues.

**13. Roles of Executive Officers** Our executive officers work to maintain the Company's financial soundness and secure sustainable growth in business operations and corporate value within the scope of their authorities delegated by the Board of Directors with regard to business execution. They also strive to nurture human resources to lead the Company's future operations.

**14. Medium-Term Business Plan** As we aim to accomplish the Medium-Term Business Plan, we make sure that the progress under this plan is appropriately evaluated and reported to the Board of Directors. In cases where a target set forth in the plan has been missed, we thoroughly analyze the causes, reflect these in formulating future plans, and provide sufficient explanation to our mutual members (policyholders).

**15. Training of Directors and Executive Officers** Our directors and executive officers strive to realize their maximum potential, and the Company provides them with necessary opportunities to develop their competencies.

## III. Relationships with Policyholders and Other Stakeholders

**16. Structure to Maintain Dialogue with Mutual Members (Policyholders)** We work to maintain favorable relationships and smooth communications with our mutual members (policyholders) through the Board of Policyholder Representatives Meeting, Reporting Meetings for Policyholder Representatives, the Conference of Customers and other opportunities aimed at facilitating dialogue.

**17. CSR** We recognize that to grow sustainably in tandem with society, it is essential to win the trust and understanding of our policyholders and other stakeholders. With this in mind, our CSR Management Declaration guides and empowers our social contribution and environmental protection activities, which aim at better accommodating the needs of local society.

# Our Community Contribution Activities through Meiji Yasuda J. League

## Signing a Title Partner Contract with J. League

The Japan Professional Football League (J. League) aims to cultivate Japan's sporting culture through the operation of sports clubs rooted in community. Fully embracing this objective, Meiji Yasuda Life signed a title partner contract with J. League in January 2015. Under the slogan "supporters across-the-board," Meiji Yasuda Life contributes to the vitalization of local society and the sound upbringing of

children by assisting J. League and local football clubs. Since the commencement of the Meiji Yasuda Life J. League 2015 season in March, our employees have been flocking to the stadiums. By the end of June, nearly 68,000 Meiji Yasuda employees (cumulative total) had attended games to cheer for member club players alongside local fans.



(From the left) Mr. Norihiro Yamagishi from MONTEUDIO YAMAGATA; Mr. Mitsuru Murai, Chairman of J. League; Mr. Akio Negishi, President of Meiji Yasuda Life; and Mr. Yuki Abe from URAWA RED DIAMONDS

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## Signing Sponsorship Contracts with Each Football Club Operating under J. League

To strengthen relationships with our customers as well as J. League fans and supporters, we signed sponsorship deals with all 52 member clubs of the J. League through our business bases nationwide, including three marketing headquarters and 73 regional offices.



Presentation of a "Supporter Declaration" by Nagoya Marketing Headquarters

## Holding Football Clinics for Elementary School Students at Locations Nationwide

In the fiscal year ended March 31, 2015, we were able to hold football clinics for elementary school students on 83 occasions in areas throughout Japan, thanks to the generous cooperation of J. League and the clubs operating under it. A total of around 12,000 children and their parents

participated in the clinics. Plans call for holding various events including football clinics with J. League and football clubs in the fiscal year ending March 31, 2016.



Football clinic held by Koriyama Regional Office



Football clinic held by Shikoku Nishi Regional Office

## Helping Create a Society where Children and the Elderly Can Rest Assured— A Community Safety Initiative Supported by Our Regional Offices Nationwide

In addition to their ongoing activities to protect the lives and safety of children, in September 2014 our regional offices nationwide began an initiative aimed at supporting elderly people living in their neighborhoods, with sales personnel checking on the homes of seniors in the course of customer visits. Whenever they recognize unusual signs (such as the same laundry hanging outside over several days or uncollected letters and newspapers overflowing from the mailbox), they notify local municipal authorities, thereby helping to prevent the elderly from experiencing unexpected incidents.



# Our Social Contribution and Environmental Protection Activities

Remaining true to the spirit of mutual assistance, which led to our founding as a mutual company, we are implementing social contribution and environmental protection activities aimed at better accommodating the needs of society on a local level.

In particular, we have been active in supporting the sound upbringing of children. Having named such activities the “*Kodomo-no Ashita Ouen* (Support the Future of Children) Project,” we are assisting the development of future generations in a comprehensive manner.



## Initiatives Aimed at Contributing to Communities and the Sound Upbringing of Children

### Community Safety Initiative

In September 2014, we launched community-based initiatives in which sales personnel check on children and elderly people living in the neighborhood in the course of their customer visit activities. Whenever they recognize something unusual, they report to police stations or local governments, thereby preventing unexpected incidents from occurring. In this way, we are contributing to the safety of local communities.



### Presenting Yellow Patches

Our longstanding traffic safety campaign of presenting Yellow Patches to new elementary school children has now been in service for more than half a century. Each Yellow Patch confers insurance protection against traffic-related injuries while helping drivers better spot the children, thereby protecting them from accidents. Since 1965, we have presented approximately 62,220,000 children with these patches.

Note: This activity is conducted in tandem with Mizuho Financial Group, Inc., Sompo Japan Nipponkoa Insurance Inc. and The Dai-ichi Life Insurance Company, Limited.



### Local Safety Map Making Classes

Since 2008, we have provided children with educational programs aimed at imparting knowledge on how to avoid dangerous places through lectures, field work and map making. With Dr. Nobuo Komiya (a professor at Risscho University) serving as a lecturer, we host these map making classes at our regional offices nationwide while providing it upon request as a special class at elementary schools throughout Japan.



### Hello! Baby Scholarship Program

To support students who aim to become midwives, Meiji Yasuda Life launched a scholarship program in 2010 in tandem with the Japanese Midwives' Association. The overall budget for this program is determined by the number of “child insurance” policies we have in force. In this way, we are collaborating and contributing to safe childbirth in which every expecting mother can rest assured.



## Creative Education through Music

### Fureai Concerts

Since 1984, we have been sponsoring the *Fureai* Concerts featuring Shigeki Torizuka of the famous pop group “The Wild Ones,” to give children with disabilities a chance to interact with live music. The concerts were held at 136 special-needs schools around Japan over the past 31 years.



### Love & Peace Charity Concert and Classes in Playing Music of the “Future”

Aiming to nurture a rich aesthetic sense by providing children with opportunities to become more familiar with music, we have since 2009 been sponsoring the “Love & Peace Charity Concert,” performed by the famous composer Shigeaki Saegusa across Japan, as well as “Classes in Playing Music of the ‘Future’” at elementary schools and junior high schools.



## Supporting Orphans with Their Pursuit of Education

### Ashinaga Charity & Philanthropy Walk

In Japanese, *Ashinaga* means “Daddy-Long-Legs,” a fitting name for this activity in which Meiji Yasuda Life employees take part. This walking event and the related charitable fund raising campaign raise money to support orphans with their schooling and mental healthcare. In 2014, the number of employees and their families who participated in this activity totaled approximately 38,000.



## Raising Environmental Awareness among the General Public

### Seaside Eco-Handcraft Workshop

Some of the Company’s employees engage in voluntary cleanup activities along the seashore together with children and customers living in the neighborhood. PET bottles, sea-shells and other objects collected through cleanup activities are then used to create artwork, with the aim of expanding awareness of the importance of environmental protection efforts. Since 2007, these initiatives have been undertaken in areas throughout Japan under the title of “Seaside Eco-Handcraft Workshop.”



# Our Social Contribution and Environmental Protection Activities

## Entering into a Title Partner Contract with J. League

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## Initiatives Undertaken by Our Foundations

### ● Meiji Yasuda Life Foundation of Health and Welfare

Established in June 1962, this unique foundation is capable of undertaking research on physical fitness, developing wellness programs and conducting surveys on the status of the general public's health as a single organization. Moreover, the foundation provides young researchers with subsidies, with the aim of making contributions to society as a whole.

### ● Meiji Yasuda Mental Health Foundation

Since its inception in March 1965, this foundation has contributed to society by supporting the sound upbringing of children. More specifically, it provides counseling aimed at assisting parents who raise children with autism and other developmental disorders, helps address psychological problems that confront children, sponsors training programs to nurture mental healthcare specialists, and subsidizes research projects in this field, thereby pursuing its goal of bringing benefits to the general public.

### ● The Meiji Yasuda Cultural Foundation

Established in June 1991, this foundation fosters young human resources in the field of classical music while helping to maintain rich cultural traditions, including nurturing successors, to ensure the preservation of these traditions.

### ● Meiji Yasuda Institute of Life and Wellness, Inc.

Founded in July 1991, the institute is engaged in survey, research, training and consulting services aimed at promoting wellness in an aging society. Specifically, it addresses problems confronting the elderly, such as nursing care, as well as such matters as medical policies, the operation of medical institutions, healthcare and medical issues in general, social welfare issues including disabilities and child raising, life planning, pension plans, consumer awareness and businesses' employee benefit plans.

## Implementing Companywide Energy-Saving Countermeasures

We set a medium-term target for the reduction of greenhouse gas (CO<sub>2</sub>) emitted from our headquarters building, introducing a variety of energy-saving equipment and enhancing the energy efficiency of the building's facilities.

As the Company owns a number of its business facilities, as well as buildings as investments throughout Japan, Meiji Yasuda Life strives to better reduce the total energy consumption of these buildings and enhance the efficiency of their energy use. For example, we systematically upgrade equipment such as air-conditioning systems while promoting policies to reduce energy use in

consultation with our building tenants. As for our own business facilities, we introduced energy-saving equipment including highly-efficient lighting devices with the aim of reducing energy consumption both in summer and winter seasons. In addition, as of March 31, 2015, we completed the installation of the Building Energy Management System (BEMS) and initiated the centralized management of energy consumption, which will better position Meiji Yasuda Life to enhance overall energy efficiency and reduce energy use during peak demand hours.

# Company Information

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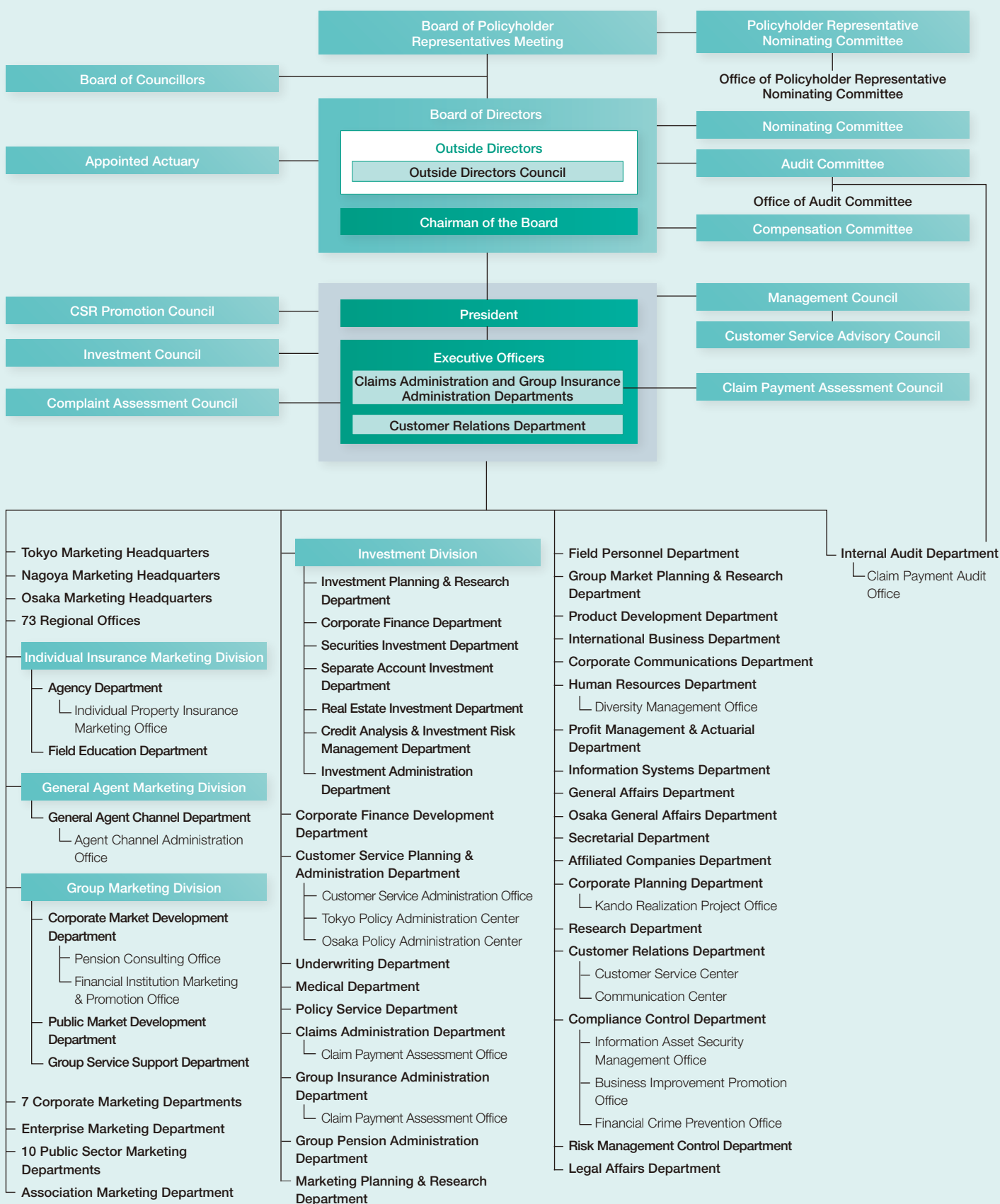
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# Company Organization

(As of July 2, 2015)



## Sources of Foundation Funds/ Status of Employees

### Contributors

(As of March 31, 2015)

Contributors	Size of Contribution	
	Amounts Contributed (millions of yen)	Proportion (%)
Meiji Yasuda Life 2012 Fund Special Purpose Company, Ltd.	100,000	38.46
Meiji Yasuda Life 2014 Fund Special Purpose Company, Ltd.	60,000	23.08
Meiji Yasuda Life 2011 Fund Special Purpose Company, Ltd.	50,000	19.23
Meiji Yasuda Life 2013 Fund Special Purpose Company, Ltd.	50,000	19.23

**Note:**

Meiji Yasuda Life 2011 Fund Special Purpose Company, Ltd., Meiji Yasuda Life 2012 Fund Special Purpose Company, Ltd., Meiji Yasuda Life 2013 Fund Special Purpose Company, Ltd. and Meiji Yasuda Life 2014 Fund Special Purpose Company, Ltd. have issued special corporate bonds, backed by claims on the funds. Proceeds from bond issuance are used to purchase claims on the funds. The Company has not made investments in any of these special purpose companies.

### Status of Employees

As of and years ended March 31,	Total Employees		New Recruits		2015	
	2014	2015	2014	2015	Average age	Average length of service
Permanent staff	8,398	10,692	211	256	43 years, 8 months	15 years, 6 months
Male	4,607	4,504	100	136	43 years, 7 months	19 years, 10 months
Female	3,791	6,188	111	120	43 years, 9 months	12 years, 4 months
Sales personnel	28,731	30,101	5,526	5,839	47 years, 4 months	10 years, 6 months
Male	10	8	—	—	72 years, 0 months	40 years, 11 months
Female	28,721	30,093	5,526	5,839	47 years, 4 months	10 years, 6 months

**Notes:**

- In line with changes in the Company's personnel system, the scope of total employees (permanent staff) excludes the following personnel.  
As of March 31, 2014:  
Employees on term contracts, those seconded to external companies, those taking long-term leave and those dedicated to service for labor unions  
As of March 31, 2015:  
Those seconded to external companies, those taking long-term leave and those dedicated to service for labor unions
- New recruits (permanent staff) indicates the number of new employees who joined the Company immediately after graduation.
- The average length of service for sales personnel includes time spent as sales personnel under consignment contracts with the Company upon reaching age 60 or thereafter.

## Directors and Executive Officers

(As of July 2, 2015)

## Directors

<b>Chairman of the Board</b>	Nobuya Suzuki
<b>Directors</b>	Akio Negishi
	Hiroaki Tonooka
	Kiyotaka Fuke
	Kenji Kojo
	Shigehiko Hattori* Senior Advisor, Shimadzu Corporation
	Seiichi Ochiai* Professor Emeritus, the University of Tokyo
	Yoshihide Munekuni* A former Chairman of the Board, Honda Motor Co., Ltd.
	Teruo Kise* Senior Advisor, TOTO LTD.
	Miyako Suda* Special Advisor, The Canon Institute for Global Studies
	Keiko Kitamura* Professor, Faculty of Commerce, Chuo University

## Executive Officers

	Nobuya Suzuki**
<b>President</b>	Akio Negishi**
<b>Deputy Presidents</b>	Hiroaki Tonooka
	Kiyotaka Fuke
<b>Senior Managing Executive Officers</b>	Katsunari Maeda Chief General Manager, Tokyo Marketing Headquarters
	Toshihiko Yamashita Chief Executive, Investment
	Takashi Ito Chief Executive, Individual Insurance Marketing
	Masahiro Ifuku
	Kikuo Asano
<b>Managing Executive Officers</b>	Tatsuo Ogoshi Chief Executive, General Agent Marketing
	Akio Sakai Chief Executive, Group Marketing
	Masahiko Sagara
	Shigeru Kawamoto
	Kazuhito Nakakuma Chief General Manager, Nagoya Marketing Headquarters
	Tadashi Onishi
	Masao Aratani
	Shinya Makino
	Tetsuo Maejima
<b>Executive Officers</b>	Takashi Tsunematsu General Manager, Agency Department
	Takashi Kikugawa Chief General Manager, Osaka Marketing Headquarters
	Yasuyuki Ayai
	Teruki Umezaki General Manager, Human Resources Department
	Kazunori Yamauchi General Manager, International Business Department
	Kazuhiko Umakoshi Deputy Chief Executive, Individual Insurance Marketing
	Satomi Matsumura General Manager, Tachikawa Regional Office
	Michihiko Hayashi General Manager, Sapporo Regional Office
	Hideki Nagashima General Manager, Corporate Planning Department
	Shinji Nakatani General Manager, Group Insurance Administration Department
	Tsuyoshi Mizuno General Manager, Affiliated Companies Department

\* Outside Director

\*\* Representative Executive Officer

## Domestic Subsidiaries, Affiliates and Others

(As of March 31, 2015)

### Consolidated Subsidiaries

Company name	Main business site	Capital or investment (millions of yen)	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)	Relationships with Meiji Yasuda Life
Meiji Yasuda General Insurance Co., Ltd.	Chiyoda-ku, Tokyo	52,000	August 8, 1996	Nonlife insurance (property and casualty)	100.0	0.0	• A tenant of a building owned by the Company
Meiji Yasuda Asset Management Company Ltd.	Minato-ku, Tokyo	1,000	November 15, 1986	Investment advisory and agency business, investment management business	92.9	0.0	• One of whose directors concurrently serves as the Company's director
Meiji Yasuda System Technology Company Limited	Koto-ku, Tokyo	100	April 1, 1982	Development, operation and management of systems; consulting service; payment collection; services related to nursing care and disease prevention	6.6	37.4	• One of whose directors concurrently serves as the Company's director • A tenant of a building owned by the Company

### Others

Company name	Main business site	Capital or investment (millions of yen)	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)
Meiji Yasuda Insurance Service Company, Limited	Shinjuku-ku, Tokyo	30	April 5, 1984	Insurance agency	100.0	0.0
Meiji Capital 8th Investment Partnership	Chiyoda-ku, Tokyo	244 (investment)	April 8, 2005	Investment in unlisted companies and management of invested capital	—	—
Meiji Capital 9th Investment Partnership	Chiyoda-ku, Tokyo	296 (investment)	May 22, 2008	Investment in unlisted companies and management of invested capital	—	—
RP Alpha Tokutei Mokuteki Kaisha	Chuo-ku, Tokyo	15,210	August 7, 2001	Real estate and related investment	—	—
Meiji Yasuda Real Estate Management Company Limited	Shinagawa-ku, Tokyo	10	April 30, 1963	Building management	100.0	0.0
Meiji Yasuda Life Planning Center Company, Limited	Toshima-ku, Tokyo	10	November 10, 1978	Insurance-related clerical work; insurance agency; survey and research regarding life planning; consulting service	10.0	21.0
MYJ Co., Ltd.	Koto-ku, Tokyo	100	April 1, 1987	Accounting and record keeping related to policyholder services; life insurance contract confirmation; printing, book binding, packaging and distribution; insurance agency; clerical work related to employee benefit programs	100.0	0.0
Diamond Athletics, Ltd.	Minato-ku, Tokyo	50	July 1, 1983	Operation of athletic clubs	10.0	0.0
Meiji Yasuda Institute of Life and Wellness, Inc.	Chiyoda-ku, Tokyo	25	July 1, 1991	Survey, research and consulting regarding pension plans, healthcare, medical care, nursing care and life planning aimed at promoting wellness in an aging society	12.0	74.0
Sunvenus Tachikawa Company Limited	Tachikawa City, Tokyo	490	December 1, 1987	Operation of private nursing home	100.0	0.0
MST Insurance Service Co., Ltd.	Shinjuku-ku, Tokyo	1,010	October 1, 2003	Insurance agency	16.1	0.0
Yasuda Enterprise Development Co., Ltd.	Chiyoda-ku, Tokyo	100	December 17, 1996	Venture capital	50.0	0.0
The Mitsubishi Asset Brains Company, Limited	Minato-ku, Tokyo	480	December 25, 1998	Research and evaluation of investment trusts; investment advisory and agency business	25.0	0.0
Defined Contribution Plan Consulting of Japan Co., Ltd.	Chiyoda-ku, Tokyo	4,000	March 16, 2001	Operation and management of defined contribution pension plans	20.0	0.0
THE YASUDA ENTERPRISE DEVELOPMENT IV, LIMITED PARTNERSHIP	Chiyoda-ku, Tokyo	3,599 (investment)	January 31, 2008	Investment in unlisted companies and management of invested capital	—	—
KSP COMMUNITY, Inc.	Kawasaki City, Kanagawa	20	October 25, 1988	Management of Kanagawa Science Park Building	10.0	5.0
Japan Pension Service Co., Ltd.	Osaka City, Osaka	2,000	April 1, 1988	Clerical work and system development related to corporate pensions	39.7	0.0
Meiji Yasuda Life Foundation of Health and Welfare	Shinjuku-ku, Tokyo	250 (basic fund)	June 6, 1962	Assistance with research and other activities aimed at promoting health and strengthening the physical wellbeing of the general public		
Meiji Yasuda Mental Health Foundation	Toshima-ku, Tokyo	460 (basic fund)	March 26, 1965	Assistance with research aimed at addressing issues regarding social welfare; operation of consulting center; provision of training programs		
The Meiji Yasuda Cultural Foundation	Shinjuku-ku, Tokyo	1,520 (basic fund)	June 10, 1991	Fostering artists and other human resources in the field of music; the maintenance of cultural traditions, including nurturing successors, to ensure the preservation of these traditions		

#### Notes:

- In addition to those listed above, the Company's subsidiaries and others include THE YASUDA ENTERPRISE DEVELOPMENT RB I, LIMITED PARTNERSHIP and THE YASUDA ENTERPRISE DEVELOPMENT III, LIMITED PARTNERSHIP, both of which were under liquidation proceedings as of March 31, 2015.
- The investment amounts in Meiji Capital 8th Investment Partnership, Meiji Capital 9th Investment Partnership and THE YASUDA ENTERPRISE DEVELOPMENT IV, LIMITED PARTNERSHIP represent figures as of December 31, 2014.

## Overseas Subsidiaries, Affiliates and Others

(As of March 31, 2015)

## Consolidated Subsidiaries

Company name	Main business site	Capital	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)	Relationships with Meiji Yasuda Life
Pacific Guardian Life Insurance Company, Limited	Honolulu, Hawaii, U.S.A.	USD 6.35 million	August 3, 1961	Life and health insurance	100.0	0.0	One of whose directors concurrently serves as the Company's director
Meiji Yasuda Realty USA Incorporated	Wilmington, Delaware, U.S.A.	USD 42.66 million	August 3, 1998	Real estate investing business in U.S.A.	100.0	0.0	One of whose directors concurrently serves as the Company's director

## Equity-Method Affiliates

Company name	Main business site	Capital	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)	Relationships with Meiji Yasuda Life
Founder Meiji Yasuda Life Insurance Co., Ltd.	Shanghai, China	CNY 1,480 million	November 28, 2002	Life insurance	29.2	0.0	Three of whose directors concurrently serves as the Company's directors
PT AVRIST Assurance	Jakarta, Indonesia	IDR 4.5 billion	May 19, 1975	Life insurance	29.9	0.0	One of whose directors concurrently serves as the Company's director
Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna (TU Europa S.A.)	Wroclaw, Poland	PLN 37.8 million	November 28, 1994	Nonlife insurance	33.5	0.0	—
Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna (TUIR Warta S.A.)	Warsaw, Poland	PLN 187.938 million	September 3, 1920	Nonlife insurance	24.3	0.0	—
Thai Life Insurance Public Company Limited	Bangkok, Thailand	THB 10.6 billion	January 22, 1942	Life insurance	15.0	0.0	One of whose directors concurrently serves as the Company's director

## Others

Company name	Main business site	Capital	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)
Meiji Yasuda America Incorporated	New York, New York, U.S.A.	USD 7 million	October 15, 1986	Financial and economic research, and customer development assistance in financing business	100.0	0.0
Meiji Yasuda Europe Limited	London, UK	GBP 4 million	August 10, 1987	Financial and economic research, and customer development assistance in financing business	100.0	0.0
Meiji Yasuda Asia Limited	Hong Kong, China	USD 3 million	December 17, 2001	Brokerage of insurance products, investment advisory, investment management, financial and economic research, customer development assistance in financing business	100.0	0.0

## Notes:

1. Acquisitions of equity stakes in Pacific Guardian Life Insurance Company, Limited, Founder Meiji Yasuda Life Insurance Co., Ltd., PT AVRIST Assurance, Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna, Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna and Thai Life Insurance Public Company Limited were executed in March 1976, December 2010, November 2010, June 2012, July 2012, and November 2013, respectively.

2. The status of the subsidiaries of Meiji Yasuda Life's overseas subsidiaries and affiliates follows:

- Pacific Guardian Life Insurance Company, Limited: One subsidiary (Meiji Yasuda Life's subsidiary) which completed liquidation proceedings in May 2015.
- Meiji Yasuda Realty USA Incorporated: Two subsidiaries (Meiji Yasuda Life's subsidiaries)
- PT AVRIST Assurance: Two subsidiaries (Meiji Yasuda Life's affiliates)
- Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna: Four subsidiaries (Meiji Yasuda Life's affiliates)
- Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna: One subsidiary (Meiji Yasuda Life's affiliate)



# Financial Section

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# 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
<b>ASSETS:</b>			
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)
<b>Total assets</b>	<b>¥36,579,624</b>	<b>¥34,334,054</b>	<b>\$298,731</b>
<b>LIABILITIES:</b>			
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
<b>Total liabilities</b>	<b>32,399,288</b>	<b>31,439,336</b>	<b>264,591</b>
<b>NET ASSETS:</b>			
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
<b>Total funds, reserve and surplus</b>	<b>1,202,986</b>	<b>1,102,548</b>	<b>9,824</b>
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)
<b>Total accumulated other comprehensive income</b>	<b>2,973,074</b>	<b>1,787,925</b>	<b>24,279</b>
Minority interests	4,274	4,243	34
<b>Total net assets</b>	<b>4,180,335</b>	<b>2,894,717</b>	<b>34,139</b>
<b>Total liabilities and net assets</b>	<b>¥36,579,624</b>	<b>¥34,334,054</b>	<b>\$298,731</b>

# 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
<b>ORDINARY INCOME:</b>			
<b>Insurance premiums and other</b>	<b>¥3,431,497</b>	<b>¥3,638,255</b>	<b>\$28,023</b>
<b>Investment income</b>			
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
<b>Subtotal</b>	<b>1,030,435</b>	<b>981,679</b>	<b>8,415</b>
<b>Other ordinary income</b>	<b>137,909</b>	<b>161,482</b>	<b>1,126</b>
<b>Total ordinary income</b>	<b>4,599,843</b>	<b>4,781,417</b>	<b>37,565</b>
<b>ORDINARY EXPENSES:</b>			
<b>Benefits and other payments</b>			
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
<b>Subtotal</b>	<b>2,607,548</b>	<b>2,287,401</b>	<b>21,294</b>
<b>Provision for policy reserves and other reserves</b>			
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
<b>Subtotal</b>	<b>955,765</b>	<b>1,403,416</b>	<b>7,805</b>
<b>Investment expenses</b>			
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
<b>Subtotal</b>	<b>97,982</b>	<b>111,847</b>	<b>800</b>
<b>Operating expenses (note 21)</b>	<b>361,559</b>	<b>364,701</b>	<b>2,952</b>
<b>Other ordinary expenses</b>	<b>190,519</b>	<b>189,167</b>	<b>1,555</b>
<b>Total ordinary expenses</b>	<b>4,213,375</b>	<b>4,356,535</b>	<b>34,408</b>
<b>Ordinary profit</b>	<b>386,468</b>	<b>424,882</b>	<b>3,156</b>
<b>Extraordinary gains</b>			
Gains on disposals of fixed assets	5,965	1,408	48
Reversal of reserve for contingent liabilities	12	—	0
<b>Subtotal</b>	<b>5,978</b>	<b>1,408</b>	<b>48</b>
<b>Extraordinary losses</b>			
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
<b>Subtotal</b>	<b>28,133</b>	<b>130,283</b>	<b>229</b>
<b>Surplus before income taxes and minority interests</b>	<b>364,312</b>	<b>296,007</b>	<b>2,975</b>
<b>Income taxes (note 14)</b>			
Current	119,746	123,988	977
Deferred	(21,181)	(69,483)	(172)
<b>Total income taxes</b>	<b>98,564</b>	<b>54,505</b>	<b>804</b>
<b>Surplus before minority interests</b>	<b>265,747</b>	<b>241,502</b>	<b>2,170</b>
<b>Minority interests</b>	<b>344</b>	<b>890</b>	<b>2</b>
<b>Net surplus</b>	<b>¥ 265,402</b>	<b>¥ 240,612</b>	<b>\$ 2,167</b>

## 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
<b>Surplus before minority interests</b>	<b>¥ 265,747</b>	<b>¥241,502</b>	<b>\$ 2,170</b>
<b>Other comprehensive income (loss) (note 23)</b>	<b>1,178,038</b>	<b>113,777</b>	<b>9,620</b>
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
<b>Comprehensive income</b>	<b>¥1,443,786</b>	<b>¥355,279</b>	<b>\$11,790</b>
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)						Minority interests	Total net assets
	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		
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)						Minority interests	Total net assets
	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		
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)							Total net assets
	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	
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
<b>Ending balance</b>	<b>\$2,123</b>	<b>\$3,838</b>	<b>\$3</b>	<b>\$3,858</b>	<b>\$9,824</b>	<b>\$23,181</b>	<b>\$126</b>	<b>\$971</b>	<b>\$186</b>	<b>\$(186)</b>	<b>\$24,279</b>	<b>\$34</b>	<b>\$34,139</b>

# 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
<b>I Cash flows from operating activities</b>			
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)
<b>Subtotal</b>	<b>169,530</b>	<b>711,238</b>	<b>1,384</b>
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)
<b>Net cash provided by operating activities</b>	<b>581,329</b>	<b>1,138,436</b>	<b>4,747</b>
<b>II Cash flows from investing activities</b>			
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)
<b>Total investment activities (IIa)</b>	<b>(434,434)</b>	<b>(1,317,423)</b>	<b>(3,547)</b>
<b>[I + IIa]</b>	<b>146,895</b>	<b>(178,987)</b>	<b>1,199</b>
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)
<b>Net cash used in investing activities</b>	<b>(457,710)</b>	<b>(1,334,313)</b>	<b>(3,737)</b>
<b>III Cash flows from financing activities</b>			
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)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,056)</b>	<b>47,549</b>	<b>(24)</b>
<b>IV Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>2,196</b>	<b>3,229</b>	<b>17</b>
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>122,759</b>	<b>(145,098)</b>	<b>1,002</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>456,284</b>	<b>601,382</b>	<b>3,726</b>
<b>VII Cash and cash equivalents at the end of the year (note 3)</b>	<b>¥ 579,044</b>	<b>¥ 456,284</b>	<b>\$ 4,728</b>

# 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:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	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 <sup>(*)</sup>	(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 <sup>(*)</sup>	(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.

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	¥4,221,779	¥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 follow-

ing 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	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>6,820,691</b>	<b>7,471,758</b>	<b>651,066</b>	<b>5,048,866</b>	<b>5,240,445</b>	<b>191,578</b>	<b>55,701</b>	<b>61,018</b>	<b>5,317</b>
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	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>356,596</b>	<b>353,929</b>	<b>(2,667)</b>	<b>—</b>	<b>—</b>	<b>—</b>

### 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
<b>Total</b>	<b>10,758,931</b>	<b>14,759,003</b>	<b>4,000,072</b>	<b>10,077,929</b>	<b>12,661,873</b>	<b>2,583,943</b>	<b>87,863</b>	<b>120,530</b>	<b>32,666</b>
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)
<b>Total</b>	<b>975,661</b>	<b>958,399</b>	<b>(17,261)</b>	<b>2,007,897</b>	<b>1,934,444</b>	<b>(73,452)</b>	<b>7,967</b>	<b>7,826</b>	<b>(140)</b>

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 avail-

able 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
<b>Total</b>	<b>1,660,701</b>	<b>1,857,819</b>	<b>2,230,658</b>	<b>2,129,666</b>	<b>4,060,223</b>	<b>15,498,319</b>

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
<b>Total</b>	<b>1,241,923</b>	<b>1,872,851</b>	<b>2,580,831</b>	<b>3,619,276</b>	<b>3,357,581</b>	<b>15,680,208</b>	<b>10,142</b>	<b>15,294</b>	<b>21,076</b>	<b>29,557</b>	<b>27,420</b>	<b>128,053</b>

\* 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	—
<b>Total</b>	<b>641,151</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>100,000</b>	<b>—</b>

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	—	—
<b>Total</b>	<b>220,000</b>	<b>—</b>	<b>—</b>	<b>100,000</b>	<b>—</b>	<b>—</b>	<b>1,796</b>	<b>—</b>	<b>—</b>	<b>816</b>	<b>—</b>	<b>—</b>

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
<b>Total</b>				<b>366</b>

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
<b>Total</b>				<b>10</b>				<b>0</b>

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
<b>Total</b>				<b>2</b>

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
<b>Total</b>				<b>(16)</b>				<b>(0)</b>

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
<b>Total</b>				<b>41</b>

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
<b>Total</b>				<b>(21)</b>				<b>(0)</b>

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				Millions of U.S. Dollars		
	2014				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	¥186,800	¥186,800	¥10,358			
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	47,695	45,020	1,740			
<b>Total</b>				<b>12,099</b>			
As of March 31,							
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	<b>Insurance liabilities</b>	<b>¥234,100</b>	<b>¥234,100</b>	<b>¥31,576</b>	<b>\$1,911</b>	<b>\$1,911</b>	<b>\$257</b>
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	<b>Loans</b>	<b>46,251</b>	<b>31,141</b>	<b>1,237</b>	<b>377</b>	<b>254</b>	<b>10</b>
<b>Total</b>				<b>32,813</b>			<b>267</b>

### ii) Currency-related

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
	2014				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	¥2,031,158	¥ —	¥(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)			
<b>Total</b>				<b>(43,562)</b>			
As of March 31,							
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	<b>Foreign-currency-denominated bonds</b>	<b>¥2,354,756</b>	<b>¥ —</b>	<b>¥(70,919)</b>	<b>\$19,230</b>	<b>\$ —</b>	<b>\$(579)</b>
(U.S. dollar)		<b>2,010,069</b>	<b>—</b>	<b>(89,973)</b>	<b>16,415</b>	<b>—</b>	<b>(734)</b>
(Euro)		<b>196,339</b>	<b>—</b>	<b>10,404</b>	<b>1,603</b>	<b>—</b>	<b>84</b>
(Australian dollar)		<b>148,347</b>	<b>—</b>	<b>8,649</b>	<b>1,211</b>	<b>—</b>	<b>70</b>
Deferred hedge accounting							
Cross currency swaps							
Receipts floating, payments fixed (Euro)	<b>Foreign-currency-denominated bonds</b>	<b>35,575</b>	<b>35,575</b>	<b>(4,800)</b>	<b>290</b>	<b>290</b>	<b>(39)</b>
<b>Total</b>				<b>(75,719)</b>			<b>(618)</b>

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 inter-

est 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
<b>Total</b>	<b>34</b>	<b>¥1,624</b>	<b>¥3,674</b>	<b>¥5,299</b>

### 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
<b>Total</b>	<b>64</b>	<b>¥2,737</b>	<b>¥3,558</b>	<b>¥6,296</b>

### 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
<b>Total</b>	<b>\$22</b>	<b>\$29</b>	<b>\$51</b>

#### (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	<b>Benefit formula basis</b>	Straight-line basis
Amortization period for actuarial differences	<b>10 years</b>	10 years
Amortization period for past service cost	<b>10 years</b>	10 years

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

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

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

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

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:

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

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:

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

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:

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

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:

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

#### g. Plan assets

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

As of March 31,	% of total fair value of plan assets	
	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%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	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)
<b>Net deferred tax assets (liabilities)</b>	<b>(502,755)</b>	<b>(120,090)</b>	<b>(4,105)</b>

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

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	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
<b>Balance at the end of the fiscal year</b>	<b>¥ 253,414</b>	<b>¥ 270,023</b>	<b>\$ 2,069</b>

#### 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:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
<b>Net unrealized gains on available-for-sale securities:</b>			
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
<b>Deferred unrealized gains (losses) on derivatives under hedge accounting:</b>			
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
<b>Land revaluation differences:</b>			
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
<b>Foreign currency translation adjustments:</b>			
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
<b>Remeasurements of defined benefit plans:</b>			
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
<b>Share of other comprehensive income of affiliates accounted for by the equity method:</b>			
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
<b>Total other comprehensive income</b>	<b>¥1,178,038</b>	<b>¥113,777</b>	<b>\$9,620</b>

## 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<sup>(\*)</sup>

(\*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)<sup>(\*)</sup> 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
<b>ASSETS:</b>			
<b>Cash and deposits (note 3)</b>			
Cash	¥ 228	¥ 307	\$ 1
Deposits	159,822	164,008	1,305
<b>Subtotal</b>	<b>160,050</b>	<b>164,315</b>	<b>1,307</b>
<b>Call loans</b>	<b>368,000</b>	<b>244,000</b>	<b>3,005</b>
<b>Monetary claims bought (note 3)</b>	<b>229,523</b>	<b>233,622</b>	<b>1,874</b>
<b>Securities (notes 3, 4, 5, and 6)</b>			
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
<b>Subtotal</b>	<b>29,242,263</b>	<b>27,204,427</b>	<b>238,809</b>
<b>Loans (notes 3, 7, and 8)</b>			
Policy loans	289,921	304,630	2,367
Industrial and consumer loans	4,762,317	4,832,134	38,891
<b>Subtotal</b>	<b>5,052,238</b>	<b>5,136,765</b>	<b>41,259</b>
<b>Tangible fixed assets (notes 9, 10, 11, and 12)</b>			
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
<b>Subtotal</b>	<b>919,835</b>	<b>941,443</b>	<b>7,511</b>
<b>Intangible fixed assets</b>			
Software	37,443	37,671	305
Other intangible fixed assets	26,274	19,968	214
<b>Subtotal</b>	<b>63,717</b>	<b>57,639</b>	<b>520</b>
<b>Due from agents</b>	<b>33</b>	<b>2</b>	<b>0</b>
<b>Reinsurance receivables</b>	<b>506</b>	<b>2,748</b>	<b>4</b>
<b>Other assets</b>			
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
<b>Subtotal</b>	<b>312,506</b>	<b>223,074</b>	<b>2,552</b>
<b>Prepaid pension cost (note 13)</b>	<b>104,534</b>	<b>96,495</b>	<b>853</b>
<b>Customers' liabilities under acceptances and guarantees</b>	<b>20,848</b>	<b>21,344</b>	<b>170</b>
<b>Allowance for possible loan losses</b>	<b>(5,034)</b>	<b>(8,135)</b>	<b>(41)</b>
<b>Total assets</b>	<b>¥36,469,024</b>	<b>¥34,317,745</b>	<b>\$297,827</b>



As of March 31,

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
<b>LIABILITIES:</b>			
<b>Policy reserves and other reserves</b>			
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
<b>Subtotal</b>	<b>30,526,528</b>	<b>29,594,602</b>	<b>249,297</b>
<b>Reinsurance payables</b>	<b>635</b>	<b>2,852</b>	<b>5</b>
<b>Other liabilities</b>			
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
<b>Subtotal</b>	<b>649,112</b>	<b>1,016,897</b>	<b>5,301</b>
<b>Accrued retirement benefits for directors and executive officers (note 17)</b>	<b>92</b>	<b>183</b>	<b>0</b>
<b>Reserve for contingent liabilities (note 18)</b>	<b>2</b>	<b>14</b>	<b>0</b>
<b>Reserve for price fluctuation</b>	<b>492,482</b>	<b>480,840</b>	<b>4,021</b>
<b>Deferred tax liabilities (note 19)</b>	<b>513,117</b>	<b>151,334</b>	<b>4,190</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>85,877</b>	<b>92,910</b>	<b>701</b>
<b>Acceptances and guarantees</b>	<b>20,848</b>	<b>21,344</b>	<b>170</b>
<b>Total liabilities</b>	<b>32,288,695</b>	<b>31,360,979</b>	<b>263,688</b>
<b>NET ASSETS:</b>			
<b>Foundation funds (note 20)</b>	<b>260,000</b>	<b>260,000</b>	<b>2,123</b>
<b>Reserve for redemption of foundation funds (note 20)</b>	<b>470,000</b>	<b>410,000</b>	<b>3,838</b>
<b>Reserve for revaluation</b>	<b>452</b>	<b>452</b>	<b>3</b>
<b>Surplus</b>	<b>481,603</b>	<b>441,313</b>	<b>3,933</b>
<b>Reserve for future losses</b>	<b>9,336</b>	<b>8,854</b>	<b>76</b>
<b>Other surplus</b>	<b>472,267</b>	<b>432,458</b>	<b>3,856</b>
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
<b>Total funds, reserve and surplus</b>	<b>1,212,056</b>	<b>1,111,766</b>	<b>9,898</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>2,833,827</b>	<b>1,738,003</b>	<b>23,142</b>
<b>Deferred unrealized gains on derivatives under hedge accounting</b>	<b>15,456</b>	<b>944</b>	<b>126</b>
<b>Land revaluation differences</b>	<b>118,988</b>	<b>106,051</b>	<b>971</b>
<b>Total unrealized gains, revaluation reserves and adjustments</b>	<b>2,968,272</b>	<b>1,845,000</b>	<b>24,240</b>
<b>Total net assets</b>	<b>4,180,328</b>	<b>2,956,766</b>	<b>34,139</b>
<b>Total liabilities and net assets</b>	<b>¥36,469,024</b>	<b>¥34,317,745</b>	<b>\$297,827</b>

# 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
<b>ORDINARY INCOME:</b>			
<b>Insurance premiums and other</b>			
Insurance premiums	¥3,407,946	¥3,615,578	\$27,831
Reinsurance revenue	500	718	4
<b>Subtotal</b>	<b>3,408,447</b>	<b>3,616,296</b>	<b>27,835</b>
<b>Investment income (note 24)</b>			
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
<b>Subtotal</b>	<b>1,029,120</b>	<b>978,790</b>	<b>8,404</b>
<b>Other ordinary income</b>			
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
<b>Subtotal</b>	<b>121,061</b>	<b>146,161</b>	<b>988</b>
<b>Total ordinary income</b>	<b>4,558,629</b>	<b>4,741,249</b>	<b>37,228</b>
<b>ORDINARY EXPENSES:</b>			
<b>Benefits and other payments</b>			
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
<b>Subtotal</b>	<b>2,596,389</b>	<b>2,276,192</b>	<b>21,203</b>
<b>Provision for policy reserves and other reserves</b>			
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
<b>Subtotal</b>	<b>954,264</b>	<b>1,402,155</b>	<b>7,793</b>
<b>Investment expenses (note 24)</b>			
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
<b>Subtotal</b>	<b>95,874</b>	<b>109,979</b>	<b>782</b>
<b>Operating expenses (note 26)</b>	<b>348,426</b>	<b>352,046</b>	<b>2,845</b>
<b>Other ordinary expenses</b>			
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
<b>Subtotal</b>	<b>179,820</b>	<b>179,211</b>	<b>1,468</b>
<b>Total ordinary expenses</b>	<b>¥4,174,775</b>	<b>¥4,319,585</b>	<b>\$34,093</b>

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
<b>Ordinary profit</b>	¥ 383,854	¥ 421,664	\$ 3,134
<b>Extraordinary gains</b>			
Gains on disposals of fixed assets	5,951	1,408	48
Reversal of reserve for contingent liabilities	12	—	0
<b>Subtotal</b>	<b>5,964</b>	<b>1,408</b>	<b>48</b>
<b>Extraordinary losses</b>			
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
<b>Subtotal</b>	<b>28,140</b>	<b>130,654</b>	<b>229</b>
<b>Surplus before income taxes</b>	<b>361,677</b>	<b>292,418</b>	<b>2,953</b>
<b>Income taxes (note 19)</b>			
Current	117,680	123,035	961
Deferred	(21,258)	(70,004)	(173)
Total income taxes	96,422	53,030	787
<b>Net surplus</b>	<b>¥ 265,255</b>	<b>¥ 239,387</b>	<b>\$ 2,166</b>

## 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
<b>Unappropriated surplus</b>	<b>¥261,509</b>	<b>¥241,508</b>	<b>\$2,135</b>
<b>Reversal of voluntary surplus reserves:</b>	<b>574</b>	<b>551</b>	<b>4</b>
Reversal of reserve for reduction entry of real estate	574	551	4
<b>Total</b>	<b>262,084</b>	<b>242,059</b>	<b>2,140</b>
<b>Appropriation of surplus (note 29)</b>	<b>262,084</b>	<b>242,059</b>	<b>2,140</b>
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					Total net assets		
	Foundation funds (note 20)	Reserve for redemption of foundation funds (note 20)	Reserve for revaluation	Reserve for future losses	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			
					Other surplus															
					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	
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					Total net assets		
	Foundation funds (note 20)	Reserve for redemption of foundation funds (note 20)	Reserve for revaluation	Reserve for future losses	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			
					Other surplus															
					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	
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
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													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	
	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							
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)								(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)								(449)
Reversal of reserve for fund redemption					(489)								(489)	(489)						(489)
Additions to reserve for promotion of social welfare project							4					(4)								(4)
Reversal of reserve for promotion of social welfare project							(4)					4								4
Additions to reserve for business infrastructure								204				(204)								(204)
Additions to reserve for reduction entry of real estate									2			(2)								(2)
Reversal of reserve for reduction entry of real estate									(4)			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:

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	¥ 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 <sup>(*)</sup>	(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 <sup>(*)</sup>	(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:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	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 avail-

able 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	—
<b>Total</b>	<b>640,951</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>100,000</b>	<b>—</b>

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	—	—
<b>Total</b>	<b>220,000</b>	<b>—</b>	<b>—</b>	<b>100,000</b>	<b>—</b>	<b>—</b>	<b>1,796</b>	<b>—</b>	<b>—</b>	<b>816</b>	<b>—</b>	<b>—</b>

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
<b>Total</b>				<b>366</b>

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
<b>Total</b>				<b>10</b>				<b>0</b>

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
<b>Total</b>				<b>2</b>

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
<b>Total</b>				<b>(16)</b>				<b>(0)</b>

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
<b>Total</b>				<b>41</b>

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
<b>Total</b>				<b>(21)</b>				<b>(0)</b>

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				Millions of U.S. Dollars		
	2014				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	¥186,800	¥186,800	¥10,358			
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	47,695	45,020	1,740			
<b>Total</b>				<b>12,099</b>			

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
<b>Total</b>				<b>32,813</b>			<b>267</b>

#### ii) Currency-related

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
	2014				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	¥2,031,158	¥ —	¥(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	Foreign-currency-denominated bonds	26,958	26,958	(2,929)			
(Euro)							
<b>Total</b>				<b>(43,562)</b>			

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	Foreign-currency-denominated bonds	35,575	35,575	(4,800)	290	290	(39)
(Euro)							
<b>Total</b>				<b>(75,719)</b>			<b>(618)</b>

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
<b>Total</b>	<b>34</b>	<b>¥1,624</b>	<b>¥3,674</b>	<b>¥5,299</b>

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
<b>Total</b>	<b>64</b>	<b>¥2,737</b>	<b>¥3,558</b>	<b>¥6,296</b>

#### 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	<b>Benefit formula basis</b>	Straight-line basis
Amortization period for actuarial differences	<b>10 years</b>	10 years
Amortization period for past service cost	<b>10 years</b>	10 years

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

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

As of March 31,	% of total fair value of plan assets	
	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:

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

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:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	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:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	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 (dispensing 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<sup>(\*)</sup>

(\*) 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)<sup>(\*)</sup> 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.

(\*) 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.

# Supplementary Financial Information

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## Non-consolidated Information

### Assets

#### Loans Categorized by Internal Classification of Borrowers

(Millions of Yen)

Years ended March 31,	2015	2014
Loans to legally bankrupt and substantially bankrupt borrowers	563	786
Loans to borrowers with high possibility of bankruptcy	2,066	2,186
Loans with collection risk	17,356	18,351
Subtotal	19,986	21,325
Proportion of total loans (%)	0.30	0.31
Normal loans	6,697,746	6,859,955
Total	6,717,733	6,881,280

- Notes: 1. Loans to legally bankrupt and substantially bankrupt borrowers are loans to borrowers that have been found or are likely to be found legally bankrupt through filings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.
2. Loans to borrowers with high possibility of bankruptcy are loans with a high probability of failure in the payment of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance. These loans exclude loans to legally bankrupt and substantially bankrupt borrowers.
3. Loans with collection risk consist of loans in arrears three months or more and restructured loans. Loans in arrears three months or more are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement (excluding the loans described above in sections 1. and 2.). Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. Restructured loans exclude the loans described above in sections 1. and 2. as well as loans in arrears three months or more.
4. Normal loans are loans to borrowers whose financial status and business performance exhibit no particular problems. These loans exclude the loans described above in sections 1. to 3.

#### Non-performing Loans

(Millions of Yen)

Years ended March 31,	2015	2014
Loans to bankrupt borrowers	—	0
Loans in arrears	2,630	2,972
Loans in arrears for three months or longer	—	—
Restructured loans	17,083	18,061
Total	19,713	21,035
Non-performing loans/total loans (%)	0.39	0.41

- Notes: 1. Loans to bankrupt borrowers and substantially bankrupt borrowers including collateralized and guaranteed loans are directly deducted from total loans based on estimated uncollectible amounts. This is calculated as the remainder after deducting any amounts expected to be collected through the disposal of collateral or the execution of guarantees. The amounts recognized in the financial statements were ¥44 million for loans to bankrupt borrowers and ¥14 million for loans in arrears as of March 31, 2014; and ¥44 million for loans to bankrupt borrowers and ¥5 million for loans in arrears as of March 31, 2015.
2. Loans to bankrupt borrowers are loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act or Company Act; loans to borrowers with notes suspended from trading on exchanges; and loans to borrowers that have filed for similar legal proceedings based on overseas laws. Interest is not accrued as income on these loans, which remain in arrears on principal and interest payments with little likelihood for the recovery of principal or interest.
3. Loans in arrears are loans that do not accrue interest. These loans exclude loans to bankrupt borrowers and loans with modified interest payment terms and conditions extended in order to support the borrowers or business restructuring.
4. Loans in arrears for three months or longer are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement. These loans exclude loans to bankrupt borrowers and loans in arrears.
5. Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. These loans exclude loans to bankrupt borrowers, loans in arrears, and loans in arrears three months or more.

## Self Assessment of Loans and other Assets

Under relevant regulations, insurance companies are obliged to assess the quality of their assets. Prior to determining write-offs or allowance, each asset is classified according to collectability and impairment risk.

To ensure stringent implementation, the Company has estab-

lished detailed rules governing the procedures for self assessment. In addition, a separate department performs internal audits on these rules and the results of self-assessment. External accounting auditors provide a further check to ensure the reliability of the self assessment.

As of March 31,	2015		2014	
	Amount	% of total value of loans	Amount	% of total value of loans
Not Classified	6,669,443	99.3	6,818,675	99.1
Class II	48,215	0.7	62,525	0.9
Class III	73	0.0	79	0.0
Class IV	—	—	—	—
Subtotal of II-IV	48,289	0.7	62,605	0.9
<b>Total</b>	<b>6,717,733</b>	<b>100.0</b>	<b>6,881,280</b>	<b>100.0</b>

Notes: 1. Loans and other assets comprise loans, loaned securities, customers' liabilities under acceptances and guarantees, accrued income (asset related) and suspense payments (loan style).

2. The above chart presents figures after posting write-offs and allowances.

3. "Not classified" loans are deemed as non-problematic based on collectability or impairment risk.

4. "Class II" loans and other assets are deemed to present higher than normal collectability risks due to such reasons as the borrower's failure to meet conditions for maintaining such loans and other issues of creditworthiness.

5. "Class III" loans and other assets present serious doubts regarding their ultimate collectability or value. These assets are very likely to result in an impairment loss, but the amount of impairment cannot reasonably be estimated.

6. "Class IV" assets are deemed to be uncollectible or worthless.

## Loans Involving Guaranteed Investment Trusts

Not applicable.

## Enhancement of Ability for Insurance Claim and Benefit Payout (Solvency margin ratio)

As of March 31,	2015	2014
(A) Total solvency margin	7,190,670	5,529,247
① Foundation funds	1,029,910	951,099
② Reserve for price fluctuation	492,482	480,840
③ Contingency reserves	667,346	660,402
④ General allowance for possible loan losses	1,677	4,501
⑤ Net unrealized gains on available-for-sale securities × 90% (100% in case of losses)	3,582,085	2,258,124
⑥ Unrealized gains on land × 85% (100% in case of losses)	246,998	228,171
⑦ Excess of continued Zillmerized reserve	990,405	771,894
⑧ Qualifying subordinated debt	100,000	100,000
⑨ Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
⑩ Deductions	—	—
⑪ Other (tax effect adjustment)	79,763	74,213
(B) Total risk $\sqrt{(12)+(13)^2+(14+(15+(16)^2)+17)}$	1,381,407	1,169,555
⑫ Insurance risk	118,922	120,869
⑬ Third-sector insurance risk	53,597	52,224
⑭ Assumed interest rate risk	154,118	157,598
⑮ Minimum guarantee risk	9,772	9,225
⑯ Investment risk	1,176,205	963,486
⑰ Business management risk	30,252	26,068
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	1,041.0	945.5

Notes: 1. The figures presented above are calculated based on provisions in Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Notification No. 50 in 1996.

2. Minimum guarantee risk is calculated based on standard methods stipulated in Article 2, Paragraph 4 of said notification.

## Real Net Assets

(Millions of Yen)

As of March 31,	2015	2014
Real net assets	8,899,331	6,438,059
Ratio of real net assets to general account assets (%)	25.0	19.2

Note: Calculated based on provisions of Article 3, Paragraph 2 of the Order Providing for the Categories, etc. Prescribed in Article 132, Paragraph 2 of the Insurance Business Act.

## Reference

(Millions of Yen)

As of March 31,	2015	2014
Real net assets after deducting unrealized gains and losses on held-to-maturity debt securities and policy-reserve-matching bonds	7,601,202	5,776,063

Note: Calculated based on provisions of Article 3, Paragraph 2 of the Order Providing for the Categories, etc. Prescribed in Article 132, Paragraph 2 of the Insurance Business Act and Section II-2-2-6 of Comprehensive Guidelines for Supervision of Insurance Companies issued by the Financial Services Agency.

## Gains and Losses on Valuation of Trading Securities

(Millions of Yen)

As of March 31,	2015		2014	
	Balance sheet amount	Valuation gains/ losses included in statement of income	Balance sheet amount	Valuation gains/ losses included in statement of income
Trading securities	808,800	25,474	775,067	(2,520)
General account	—	—	—	—
Separate account	808,800	25,474	775,067	(2,520)

## Fair Value of Securities

### • Securities with Fair Value (excluding trading securities)

(Millions of Yen)

As of March 31,	2015					2014				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	5,249,888	5,896,950	647,061	647,860	(798)	5,784,393	6,257,478	473,085	474,415	(1,330)
Policy-reserve-matching bonds	6,820,691	7,471,758	651,066	651,066	—	5,405,462	5,594,374	188,911	191,578	(2,667)
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	11,642,072	15,620,689	3,978,616	3,995,764	(17,147)	11,997,786	14,506,235	2,508,449	2,581,352	(72,902)
Domestic bonds	4,431,621	4,823,786	392,165	392,909	(743)	5,619,164	6,075,409	456,245	457,063	(817)
Domestic stocks	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)	1,742,981	3,204,756	1,461,775	1,483,543	(21,768)
Foreign securities	5,328,260	6,460,968	1,132,708	1,141,981	(9,273)	4,453,537	5,021,371	567,834	618,102	(50,268)
Foreign bonds	4,757,793	5,684,550	926,756	935,936	(9,179)	3,957,020	4,378,253	421,233	467,655	(46,422)
Foreign stocks	570,466	776,417	205,951	206,045	(93)	496,516	643,117	146,600	150,447	(3,846)
Other securities	195,445	230,158	34,712	34,725	(12)	144,427	165,384	20,957	21,005	(48)
Monetary claims bought	27,484	29,300	1,816	1,816	—	27,676	29,313	1,637	1,637	—
Negotiable deposits	6,000	6,000	0	0	(0)	10,000	9,999	(0)	0	(0)
Others	—	—	—	—	—	—	—	—	—	—
Total	23,712,652	28,989,397	5,276,745	5,294,691	(17,946)	23,187,643	26,358,088	3,170,445	3,247,346	(76,900)
Domestic bonds	16,174,274	17,847,825	1,673,550	1,674,410	(859)	16,449,092	17,554,688	1,105,596	1,109,112	(3,515)
Domestic stocks	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)	1,742,981	3,204,756	1,461,775	1,483,543	(21,768)
Foreign securities	5,455,964	6,593,106	1,137,141	1,146,989	(9,847)	4,609,156	5,178,226	569,069	620,545	(51,476)
Foreign bonds	4,885,497	5,816,688	931,190	940,944	(9,753)	4,112,639	4,535,108	422,468	470,098	(47,629)
Foreign stocks	570,466	776,417	205,951	206,045	(93)	496,516	643,117	146,600	150,447	(3,846)
Other securities	195,445	230,158	34,712	34,725	(12)	144,427	165,384	20,957	21,005	(48)
Monetary claims bought	227,707	241,833	14,125	14,233	(108)	231,985	245,033	13,047	13,139	(91)
Negotiable deposits	6,000	6,000	0	0	(0)	10,000	9,999	(0)	0	(0)
Others	—	—	—	—	—	—	—	—	—	—

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

## • Held-to-Maturity Debt Securities

(Millions of Yen)

As of March 31,	2015			2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	<b>5,197,034</b>	<b>5,844,894</b>	<b>647,860</b>	5,709,338	6,183,754	474,415
Domestic bonds	<b>4,909,008</b>	<b>5,539,443</b>	<b>630,434</b>	5,413,239	5,873,710	460,470
Foreign bonds	<b>101,111</b>	<b>106,119</b>	<b>5,007</b>	103,830	106,273	2,442
Others	<b>186,913</b>	<b>199,331</b>	<b>12,417</b>	192,268	203,770	11,502
Securities whose fair value does not exceed the balance sheet amount	<b>52,854</b>	<b>52,055</b>	<b>(798)</b>	75,055	73,724	(1,330)
Domestic bonds	<b>12,952</b>	<b>12,836</b>	<b>(116)</b>	11,225	11,194	(31)
Foreign bonds	<b>26,592</b>	<b>26,018</b>	<b>(573)</b>	51,789	50,581	(1,207)
Others	<b>13,309</b>	<b>13,201</b>	<b>(108)</b>	12,040	11,948	(91)

## • Policy-Reserve-Matching Bonds

(Millions of Yen)

As of March 31,	2015			2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	<b>6,820,691</b>	<b>7,471,758</b>	<b>651,066</b>	5,048,866	5,240,445	191,578
Domestic bonds	<b>6,820,691</b>	<b>7,471,758</b>	<b>651,066</b>	5,048,866	5,240,445	191,578
Others	—	—	—	—	—	—
Securities whose fair value does not exceed the balance sheet amount	—	—	—	356,596	353,929	(2,667)
Domestic bonds	—	—	—	356,596	353,929	(2,667)
Others	—	—	—	—	—	—

## • Available-for-Sale Securities

(Millions of Yen)

As of March 31,	2015			2014		
	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	<b>10,678,152</b>	<b>14,673,917</b>	<b>3,995,764</b>	10,005,909	12,587,262	2,581,352
Domestic bonds	<b>4,371,423</b>	<b>4,764,333</b>	<b>392,909</b>	5,535,917	5,992,980	457,063
Domestic stocks	<b>1,568,675</b>	<b>3,993,007</b>	<b>2,424,331</b>	1,470,284	2,953,828	1,483,543
Foreign securities	<b>4,512,668</b>	<b>5,654,650</b>	<b>1,141,981</b>	2,826,666	3,444,769	618,102
Other securities	<b>194,900</b>	<b>229,626</b>	<b>34,725</b>	141,364	162,370	21,005
Monetary claims bought	<b>27,484</b>	<b>29,300</b>	<b>1,816</b>	27,676	29,313	1,637
Negotiable deposits	<b>3,000</b>	<b>3,000</b>	<b>0</b>	4,000	4,000	0
Others	—	—	—	—	—	—
Securities whose balance sheet amount does not exceed the acquisition or amortized costs	<b>963,919</b>	<b>946,771</b>	<b>(17,147)</b>	1,991,876	1,918,973	(72,902)
Domestic bonds	<b>60,197</b>	<b>59,453</b>	<b>(743)</b>	83,246	82,429	(817)
Domestic stocks	<b>84,585</b>	<b>77,468</b>	<b>(7,117)</b>	272,696	250,928	(21,768)
Foreign securities	<b>815,591</b>	<b>806,317</b>	<b>(9,273)</b>	1,626,870	1,576,602	(50,268)
Other securities	<b>545</b>	<b>532</b>	<b>(12)</b>	3,062	3,014	(48)
Monetary claims bought	—	—	—	—	—	—
Negotiable deposits	<b>3,000</b>	<b>2,999</b>	<b>(0)</b>	6,000	5,999	(0)
Others	—	—	—	—	—	—



• **Book Value of Securities of Which Market Value is Extremely Difficult to Determine**

(Millions of Yen)

As of March 31,	2015	2014
Held-to-maturity debt securities	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliates	285,948	280,311
Available-for-sale securities	690,289	696,001
Unlisted domestic stocks	48,294	52,911
Unlisted foreign stocks	632,126	632,126
Other foreign securities	1,721	2,535
Others	8,147	8,427
<b>Total</b>	<b>976,238</b>	<b>976,312</b>

**Fair Value of Money-Held-in-Trust**

Not applicable.

• **Money-Held-in-Trust for Investment**

Not applicable.

• **Money-Held-in-Trust for Maturity, for Policy Reserve Matching and for Other Purposes**

Not applicable.

**Fair Value of Derivative Transactions**

**1. Qualitative Information**

**(1) Content of Transactions**

The main types of derivative transactions executed by the Company are those related to:

- Interest rates: interest rate futures, interest rate options, interest rate swaps and swaptions
- Currencies: foreign exchange contracts, currency options and currency swaps
- Stocks: stock index futures and stock options
- Bonds: bond futures and bond options

None of the Over-the-Counter (OTC) transactions involves excessive risk that may emerge from the complexity of the transaction structure.

**(2) Transaction Policy**

The Company positions derivative transactions as a key hedging method against risks associated with invested assets and insurance liabilities. In principle, such transactions are executed only for hedging purposes.

**(3) Purpose of Transactions**

Derivative transactions are mainly used as follows:

- Interest rate-related transactions are intended to fix the interest rate of loans and debts with floating rates and to hedge against interest rate risk of insurance liabilities.
- Currency-related transactions are intended to fix currency exchange rates applied to the purchase or sale of foreign currency denominated assets, limit damage caused by exchange rate fluctuations and avoid other risks associated with foreign currency exchange.
- Stock-related transactions are intended to avoid price fluctuation risk that may emerge from the planned purchase or sale of stocks due to a time lag between the decision on and execution of such deal as well as risks resulting from the fluctuation in the value of the Company's stock portfolio.
- Bond-related transactions are intended to avoid price fluctuation risk that may emerge from the planned purchase or sale of bonds due to a time lag between the decision on and execution of such deal.

Of the transactions described above, some interest-rate transactions are subject to exceptional accounting treatment and deferred hedge accounting. Also, some transactions aimed at avoiding for-

ign currency exchange risk are subject to fair value hedge accounting, deferred hedge accounting and the allocation method for currency swaps.

**(4) Risk Content**

In principle, these derivative transactions are aimed at hedging against invested asset risk and insurance liability risk. Accordingly, the market-related risk accompanying these transactions is mitigated and limited.

In addition, transactions are executed through market exchange or OTC transactions. The latter give due consideration to assessing the soundness of counterparties. Therefore, the Company believes these transactions pose limited risk that might emerge from counterparty default due to such reasons as insolvency.

**(5) Risk Management Structure**

With regard to handling derivative transactions, the Company limits risk by setting up policies and establishing limits by the type of transaction and by each counterparty. By using the Current Exposure Method, the Company calculates counterparty credit risk based on replacement cost, thereby limiting exposure risk. Counterparties are selected based on their soundness, giving due consideration to their ratings and other factors.

The overall status of these transactions is managed comprehensively. For example, the Investment Risk Management Subcommittee monitors the total value and balance of transactions and other invested assets subject to hedge accounting. Moreover, 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.

**(6) Supplementary Explanation on Quantitative Information**

**(i) Calculation of Fair Value**

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.

The fair value of 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.

The fair value of stock index futures and bond futures is calculated based on closing or settlement prices as of March 31.

**(ii) Net Gains and Losses on Transactions**

In principle, the Company utilizes derivative transactions as a hedging method against risk associated with invested assets and insurance liabilities, and, therefore, does not engage in derivative transactions for speculative purpose.

For example, interest rate swap transactions related to invested assets are executed mainly for the purpose of fixing interest rates on assets with floating rates. Likewise, interest rate swap transactions related to insurance liabilities are intended to control the impact of interest rate fluctuations on such liabilities.

In short, the Company undertakes derivative transactions in

combination with invested assets and insurance liabilities subject to hedge accounting, rather than on an individual transaction basis.

## 2. Quantitative Information

### (1) Breakdown of Net Gains (Losses) on Derivative Transactions (by Application and Non-Application of Hedge Accounting)

(Millions of Yen)

As of March 31,	2015						2014					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting is applied	32,813	(75,719)	—	—	—	(42,905)	12,099	(43,562)	—	—	—	(31,462)
Hedge accounting is not applied	10	(16)	(21)	—	—	(27)	366	2	41	—	—	411
<b>Total</b>	<b>32,824</b>	<b>(75,735)</b>	<b>(21)</b>	<b>—</b>	<b>—</b>	<b>(42,933)</b>	<b>12,466</b>	<b>(43,559)</b>	<b>41</b>	<b>—</b>	<b>—</b>	<b>(31,051)</b>

Note: Gains and losses on derivative transactions where fair value hedge accounting is applied included losses attributable to currency-related transactions totaling ¥40,632 million and ¥70,919 million as of March 31, 2014 and March 31, 2015, respectively. These figures are presented on the statements of income, together with gains and losses on derivative transactions where hedge accounting is not applied.

### (2) Transactions Where Hedge Accounting Is Not Applied

#### ◆ Interest-Rate Related

(Millions of Yen)

As of March 31,	2015				2014			
	Notional amount/ contract value Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value Over 1 year	Fair value	Net gains (losses)		
OTC								
Interest rate swaps								
Receipts fixed, payments floating	1,000	1,000	10	47,600	47,600	366		
<b>Total</b>			<b>10</b>			<b>366</b>		

Note: Net gains (losses) on interest rate swaps are based on fair value.

### Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

(Millions of Yen)

As of March 31,	2015							2014						
	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total
Receipts fixed, payments floating swap														
Notional amount	—	—	—	—	—	1,000	1,000	—	—	—	—	—	47,600	47,600
Average interest rate in receipt (%)	—	—	—	—	—	1.17	1.17	—	—	—	—	—	1.80	1.80
Average interest rate in payment (%)	—	—	—	—	—	0.14	0.14	—	—	—	—	—	0.21	0.21

#### ◆ Currency-Related

(Millions of Yen)

As of March 31,	2015				2014			
	Notional amount/ contract value Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value Over 1 year	Fair value	Net gains (losses)		
OTC								
Foreign currency forward contracts								
Sold	11,566	—	(46)	888	—	(3)		
(U.S. dollar)	8,654	—	(53)	277	—	(1)		
(Euro)	977	—	7	242	—	(0)		
(Australian dollar)	888	—	3	319	—	(1)		
(Canadian dollar)	672	—	(1)	4	—	(0)		
(Others)	373	—	(1)	44	—	(0)		
Bought	11,641	—	30	1,165	—	6		
(U.S. dollar)	8,933	—	44	643	—	3		
(Euro)	1,428	—	(13)	490	—	2		
(Canadian dollar)	567	—	1	—	—	—		
(Australian dollar)	490	—	(2)	—	—	—		
(Others)	220	—	0	32	—	0		
<b>Total</b>			<b>(16)</b>			<b>2</b>		

Note: Net gains (losses) on foreign currency forward contracts are based on fair value.

◆ Stock-Related

(Millions of Yen)

As of March 31,	2015				2014			
	Notional amount/ contract value	Fair value	Net gains (losses)	Notional amount/ contract value	Fair value	Net gains (losses)		
								Over 1 year
Exchange-traded transactions								
Yen Stock index futures								
Bought	1,059	—	(25)	(25)	6,194	—	24	
Foreign currency-denominated stock index futures								
Bought	1,681	—	3	3	687	—	16	
<b>Total</b>				<b>(21)</b>			<b>41</b>	

Note: Net gains (losses) on yen stock index futures are based on fair value.

◆ Bond-Related

Not applicable.

(3) Transactions Where Hedge Accounting Is Applied

◆ Interest-Rate Related

(Millions of Yen)

As of March 31, Hedge accounting method	Type	Main hedged items	2015			2014		
			Notional amount/ contract value	Fair value	Notional amount/ contract value	Fair value		
								Over 1 year
Deferred hedge accounting	Interest rate swaps Receipts fixed, payments floating	Insurance liabilities	234,100	234,100	31,576	186,800	186,800	10,358
Special hedge accounting	Interest rate swaps Receipts fixed, payments floating	Loans	46,251	31,141	1,237	47,695	45,020	1,740
<b>Total</b>					<b>32,813</b>			<b>12,099</b>

Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

(Millions of Yen)

As of March 31,	2015								2014							
	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total	Notional amount/ contract value	Fair value	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total
Receipts fixed, payments floating swap																
Notional amount	15,110	22,000	5,409	7,800	13,832	216,200	280,351	2,675	25,220	17,000	4,600	12,100	172,900	234,495		
Average interest rate in receipt (%)	1.62	1.90	2.11	1.56	1.73	1.89	1.86	1.92	1.75	1.94	1.51	1.70	1.92	1.88		
Average interest rate in payment (%)	0.25	0.31	0.34	0.14	0.21	0.14	0.17	0.47	0.34	0.35	0.20	0.20	0.20	0.23		

◆ Currency-Related

(Millions of Yen)

As of March 31, Hedge accounting method	Type	Main hedged items	2015		2014	
			Notional amount/ contract value	Fair value	Notional amount/ contract value	Fair value
Fair value hedge accounting	Foreign currency forward contracts	Foreign-currency-denominated bonds				
	Sold		2,354,756	—	(70,919)	2,031,158
	(U.S. dollar)		2,010,069	—	(89,973)	1,690,459
	(Euro)		196,339	—	10,404	201,159
	(Australian dollar)		148,347	—	8,649	139,540
Deferred hedge accounting	Cross currency swaps	Foreign-currency-denominated bonds	35,575	35,575	(4,800)	26,958
	(Euro)					26,958
<b>Total</b>					<b>(75,719)</b>	<b>(43,562)</b>

Note: Excluding transactions related to foreign currency denominated monetary claims and liabilities that entail foreign currency forward contracts determining the value of yen currency at the time of settlement and can be included in the balance sheet in the value of yen.

◆ Stock-Related  
Not applicable.

◆ Bond-Related  
Not applicable.

## Status of Stocks Held

### 1. Investment Securities Held Excluding Those Held Solely for the Purpose of Investment

Number of stocks held: 15

Total amount reported in the balance sheet: 68,837 million yen

### 2. Of Which, Details of Investment Securities Excluding Unlisted Stocks

#### As of March 31, 2015

(Thousand Shares, Millions of Yen)

Stock	Number of shares	Balance sheet amount	Purpose
Talanx AG	16,393	62,393	To reinforce a strategic partnership aimed at promoting international collaboration in the insurance business in growing markets, with the aim of facilitating the expansion of the Company's overseas insurance business

#### As of March 31, 2014

(Thousand Shares, Millions of Yen)

Stock	Number of shares	Balance sheet amount	Purpose
Talanx AG	16,393	60,630	To reinforce a strategic partnership aimed at promoting international collaboration in the insurance business in growing markets, with the aim of facilitating the expansion of the Company's overseas insurance business

### 3. Investment Securities Held Solely for Investment

(Millions of Yen)

As of and years ended  
March 31,

	2015					2014				
	Balance sheet amount	Dividends received	Gains/losses on sales	Valuation gains/losses		Balance sheet amount	Dividends received	Gains/losses on sales	Valuation gains/losses	
				Unrealized gains/losses	Impairment loss				Unrealized gains/losses	Impairment loss
Unlisted stocks	47,309	4,105	643	1,333	(12)	151,358	6,356	516	763	(8)
Others	4,144,997	69,737	25,326	2,451,476	(46)	3,197,805	60,223	10,450	1,509,934	(44)

## Components of Ordinary Profit (Base Profit)

(Millions of Yen)

Years ended March 31,	2015	2014
Base income ①	4,372,381	4,520,691
Insurance premiums and other	3,408,447	3,616,296
Insurance premiums	3,407,946	3,615,578
Investment income (note 1)	842,871	758,232
Interest, dividends and other income	698,142	667,637
Other ordinary income (note 1)	121,061	146,161
Base expenses ②	3,866,036	4,060,285
Benefits and other payments	2,596,389	2,276,192
Claims paid	635,653	670,538
Annuity payments	849,823	616,182
Benefit payments	427,691	450,420
Surrender benefits	451,984	436,951
Other refunds	225,214	96,549
Provision for policy reserves and other reserves (note 1)	717,420	1,230,035
Investment expenses (note 1)	23,980	22,799
Operating expenses	348,426	352,046
Other ordinary expenses	179,820	179,211
Base profit	A (①-②)	460,405
Capital income ③	186,196	220,590
Gains on money held in trust	0	0
Gains on trading securities	—	—
Gains on sales of securities	186,196	220,575
Gains on derivative financial instruments	—	—
Foreign exchange gains	—	14
Other capital income	—	—
Capital expenses ④	71,894	87,180
Losses on money held in trust	—	—
Losses on trading securities	—	—
Losses on sales of securities	365	27,984
Losses on valuation of securities	300	1,704
Losses on derivative financial instruments	71,082	57,491
Foreign exchange losses	145	—
Other capital expenses	—	—
Capital gains/losses	B (③-④)	133,410
Total of base profit and capital gains/losses	A+B	593,816
Temporary income ⑤	51	—
Reinsurance income	—	—
Reversal of contingency reserves	—	—
Reversal of specific allowance for possible loan losses	51	—
Other temporary income	—	—
Temporary expenses ⑥	236,843	172,152
Reinsurance premiums	—	—
Provision for contingency reserves	6,944	134,860
Provision for specific allowance for possible loan losses	—	32
Provision for specific allowance for possible overseas loan losses	—	—
Write-off of doubtful accounts	—	—
Other temporary expenses (note 2)	229,899	37,259
Temporary gains/losses	C (⑤-⑥)	(172,152)
Ordinary profit	A+B+C	421,664

Notes: 1. Excludes items presented on the statements of income as investment income and expenses, other ordinary income and provision for policy reserves and other reserves, which are all deemed to be capital income/expenses and temporary gains/losses.

2. Other temporary expenses presented above are provision for policy reserves posted in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

## Components of Base Profit (Three Surplus Factors)

(Billions of Yen)

Years ended March 31,		2015	2014
Base profit	A	506.3	460.4
Expense profit		44.8	53.5
Excluding the effect of price fluctuations in pension assets*		49.7	60.7
Mortality profit		292.8	287.5
Interest surplus		168.6	119.3
Capital gains/losses	B	114.3	133.4
Temporary gains/losses	C	(236.7)	(172.1)
Ordinary profit	D (=A+B+C)	383.8	421.6
Extraordinary gains (losses), income taxes	E	(122.3)	(180.1)
Unappropriated surplus	F (=D+E)	261.5	241.5

\*Figures represent expense profit after deducting the actuarial differences in pension assets that were posted in the course of calculating the cost of retirement benefits.

## Performance Indicators

### Performance Indicators for Main Business

#### Annualized Premiums and Number of Policies

##### (1) Policies in Force

###### • Annualized Premiums

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	1,477,214	102.4	1,443,008	102.5
Individual annuities	664,111	97.3	682,288	103.7
Total	2,141,325	100.8	2,125,297	102.9
Medical insurance, living benefits and others	353,708	103.1	342,907	101.3

###### • Number of Policies

As of March 31,	2015		2014	
	Number of policies	YOY change (%)	Number of policies	YOY change (%)
Individual life insurance	8,797,798	100.0	8,800,027	100.4
Individual annuities	2,486,262	101.4	2,451,989	103.6
Total	11,284,060	100.3	11,252,016	101.1

##### (2) New Policies

###### • Annualized Premiums

(Millions of Yen)

Years ended March 31,	2015		2014	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	131,352	97.8	134,275	103.9
Individual annuities	37,875	85.0	44,563	67.8
Total	169,228	94.6	178,839	91.7
Medical insurance, living benefits and others	32,671	126.4	25,846	113.2

• Number of Policies

Years ended March 31,	2015		2014	
	Number of policies	YOY change (%)	Number of policies	YOY change (%)
Individual life insurance	1,008,688	111.9	901,598	97.3
Individual annuities	167,315	92.2	181,523	72.0
<b>Total</b>	<b>1,176,003</b>	<b>108.6</b>	<b>1,083,121</b>	<b>91.9</b>

- Notes: 1. Annualized premiums are calculated by multiplying the amount of premium payments for twelve months by a coefficient determined by payment frequency. (For policies with a single lump-sum payment, the amount is calculated by dividing total premiums by years contracted).
2. Figures for medical insurance, living benefits and others represent annualized premiums paid for coverage under medical insurance (hospitalization benefits and surgery benefits), living benefits (benefits under coverage for specified diseases and nursing care) and benefits subject to premium payment waiver (including premium payment waiver for those who suffer from specified diseases or require nursing care; excluding waivers for those who become disabled).
3. In (2) new policies, annualized premiums include net increase in premiums resulting from conversion of policies, coverage revision and rider changes. The number of policies includes the number of policies subject to such conversion, revision or changes.

**Insurance Amount of Policies in Force and New Policies**

**(1) Policies in Force**

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	74,463,264	94.3	78,971,945	94.7
Individual annuities	13,866,218	100.0	13,868,566	102.3
Subtotal	88,329,483	95.1	92,840,511	95.8
Group life insurance	111,636,133	100.6	111,005,988	100.8
<b>Total</b>	<b>199,965,617</b>	<b>98.1</b>	<b>203,846,500</b>	<b>98.4</b>
Group pensions	7,133,678	102.3	6,970,502	104.3

- Notes: 1. Figures for individual annuities represent the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.
2. Figures for group pensions represent the amount of policy reserves.

**(2) New Policies**

(Millions of Yen)

Years ended March 31,	2015				2014			
	New policies + net increase from conversion				New policies + net increase from conversion			
	New policies	Net increase from conversion	New policies excluding conversion	YOY change (%)	New policies	Net increase from conversion	New policies excluding conversion	YOY change (%)
Individual life insurance	3,219,155	(1,699,358)	1,519,796	66.8	3,509,629	(1,233,307)	2,276,322	111.9
Individual annuities	849,912	(2,067)	847,845	88.4	961,992	(3,379)	958,613	68.5
Subtotal	4,069,067	(1,701,425)	2,367,642	73.2	4,471,622	(1,236,686)	3,234,935	94.3
Group life insurance	751,299	—	751,299	40.0	1,878,531	—	1,878,531	202.5
<b>Total</b>	<b>4,820,367</b>	<b>(1,701,425)</b>	<b>3,118,941</b>	<b>61.0</b>	<b>6,350,153</b>	<b>(1,236,686)</b>	<b>5,113,467</b>	<b>117.3</b>
Group pensions	1,568	—	1,568	304.5	515	—	515	16.3

- Notes: 1. Net increase from conversion includes net increase due to coverage revision and rider changes.
2. Figures for new policies and net increase from conversion in individual annuities represent planned annuity value at the start of annuity payments.
3. The figures for new policies in Group pensions represent insurance premiums from the first payment.

**Insurance Amount of Policies in Force and New Policies by Product Type**  
**Individual Life Insurance**

(Millions of Yen)

	Policies in force (as of March 31, 2015)				New policies (year ended March 31, 2015)			
	Number of policies	% of policies	Amount	% of policies	Number of policies	% of policies	Amount	% of policies
Mortality insurance					[980,482]	[97.2]	[10,400,057]	[99.2]
Whole life insurance	7,873,840	89.5	71,185,006	95.6	554,448	55.0	3,137,538	29.9
Whole life insurance with living benefits	1,039,779	11.8	6,224,385	8.4	[61,336]	[6.1]	[399,791]	[3.8]
Whole life insurance whose period of premium payments has finished	105,626	1.2	147,577	0.2	61,063	6.1	396,184	3.8
Single premium special whole life insurance	41,765	0.5	118,003	0.2	[6,171]	[0.6]	[774]	[0.0]
Single premium increasing whole life insurance	777,825	8.8	4,828,072	6.5	6,171	0.6	774	0.0
Lump-sum whole-life insurance with periodic benefits	313,101	3.6	2,227,348	3.0	—	—	—	—
Whole life insurance with term rider	1,907	0.0	15,645	0.0	—	—	—	—
Wealth accumulation whole life insurance with floating interest	708,189	8.0	7,862,006	10.6	—	—	—	—
Comprehensive protection insurance with combined policies	1,846,965	21.0	33,007,070	44.3	[77,892]	[7.7]	[1,147,264]	[10.9]
Term life insurance	456,530	5.2	7,298,517	9.8	[460,999]	[45.7]	[7,369,159]	[70.3]
Increasing term life insurance	581,620	6.6	2,737,343	3.7	99,841	9.9	1,110,437	10.6
Term life insurance with coverage for specified diseases	12,844	0.1	411,106	0.6	[41,273]	[4.1]	[253,733]	[2.4]
Variable insurance (whole-life type)	1,306,684	14.9	2,123,746	2.9	41,273	4.1	253,733	2.4
Whole life insurance for surviving spouses with term rider	55,266	0.6	532,149	0.7	[3,060]	[0.3]	[94,395]	[0.9]
Whole life hospitalization insurance	35,523	0.4	490,956	0.7	3,060	0.3	94,395	0.9
Medical and nursing care insurance	231,623	2.6	2,203,374	3.0	[121,904]	[12.1]	[189,067]	[1.8]
Term rider	358,593	4.1	66,446	0.1	121,904	12.1	189,067	1.8
Others	[199,853]	—	882,682	1.2	—	—	—	—
	[4,205]	—	8,573	0.0	—	—	—	—
Hybrid insurance	622,425	7.1	2,821,811	3.8	[7,210]	[0.7]	[53,030]	[0.5]
Endowment insurance	291,008	3.3	1,047,531	1.4	6,983	0.7	49,992	0.5
Endowment insurance with term rider	177,497	2.0	655,654	0.9	[4,663]	[0.5]	[28,050]	[0.3]
Endowment insurance with term rider with living benefits	43,293	0.5	415,618	0.6	4,638	0.5	27,297	0.3
Variable insurance (term type)	4	0.0	14	0.0	[267]	[0.0]	[1,560]	[0.0]
Term life insurance with living benefits	27,197	0.3	263,031	0.4	258	0.0	1,505	0.0
Child insurance with annuity for child	83,426	0.9	400,745	0.5	—	—	—	—
Term rider with living benefits	[23,446]	—	39,216	0.1	—	—	—	—
Pure endowment insurance	301,533	3.4	456,446	0.6	[20,996]	[2.1]	[31,808]	[0.3]
Wealth accumulation insurance with death/accident benefits for women	53,697	0.6	36,504	0.0	20,996	2.1	31,624	0.3
Child insurance	156,824	1.8	295,065	0.4	[9,220]	[0.9]	[6,848]	[0.1]
Child insurance with educational endowment	91,012	1.0	69,953	0.1	9,220	0.9	6,848	0.1
Policy aggregation rider	[1,797,812]	—	54,923	0.1	[11,776]	[1.2]	[24,514]	[0.2]
					11,776	1.2	24,514	0.2
					—	—	—	—
					—	—	—	—
					[23,301]	—	[445]	[0.0]
					19,927	—	261	0.0
Total	8,797,798	100.0	74,463,264	100.0	[1,008,688]	[100.0]	[10,484,896]	[100.0]
					582,427	57.7	3,219,155	30.7

Notes: 1. Figures presented in brackets for new policies in the year ended March 31, 2015 include policies subject to conversion, coverage revision and rider changes.  
2. Total number of policies does not include the number of riders presented in brackets.



## Individual Annuities

(Millions of Yen)

	Policies in force (as of March 31, 2015)		New policies (year ended March 31, 2015)	
	Number of policies	Amount	Number of policies	Amount
Whole life annuities with term life insurance	4,536	6,584	—	—
Individual annuities	2,379,535	13,449,829	160,060	820,708
Variable individual annuities	703	2,625	—	—
Variable individual annuities (that assure planned annuity value)	96,126	372,291	7,197	28,870
Annuity type payment rider attached to life insurance policies	2,547	8,534	58	332
Income protection rider	2,237	12,382	—	—
Whole life or fixed-term annuity rider with disability income benefit	467	6,519	—	—
Whole life annuity rider with disability income benefit	92	2,314	—	—
Whole life nursing care annuity rider	19	173	—	—
Others	1,136	4,964	—	—
<b>Total</b>	<b>2,486,262</b>	<b>13,866,218</b>	<b>167,315</b>	<b>849,912</b>

Notes: 1. Others is not included in the total number of policies.

2. The amount of policies in force represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

3. The amount of new policies represents planned annuity value at the start of annuity payments.

## Group Life Insurance

(Millions of Yen)

	Policies in force (as of March 31, 2015)		New policies (year ended March 31, 2015)	
	Number of policies	Amount	Number of policies	Amount
Group term life insurance	11,411,318	53,163,163	127,012	631,687
Comprehensive group term life insurance for employees	4,640,683	13,703,569	113,482	113,399
Group credit life insurance	12,539,131	44,603,711	909,232	6,211
Consumer group credit life insurance	7,797	4,362	—	—
Group whole life insurance	2,139	7,040	—	—
Life insurance for disability support	48,767	28,890	—	—
Group endowment insurance	127	10	—	—
Annuity type payment rider attached to group term life insurance	21,748	125,385	—	—
<b>Total</b>	<b>28,622,943</b>	<b>111,636,133</b>	<b>1,149,726</b>	<b>751,299</b>

Notes: 1. The number of policies represents the number of insured persons.

2. The amount of annuity type payment rider represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

3. The total number of policies does not include the number of life insurance policies for disability support.

## Group Pensions

(Millions of Yen)

	Policies in force (as of March 31, 2015)		New policies (year ended March 31, 2015)	
	Number of policies	Amount	Number of policies	Amount
Corporate pensions	849	527	—	—
New corporate pensions	7,625,555	405,231	7,465	127
Corporate pensions with individual contribution	3,292,993	3,518,180	—	—
National pension fund insurance	—	1,277	—	—
Employees' pension fund insurance	988,873	207,489	—	—
Group pure endowment insurance	—	188,030	—	—
Defined contribution pension plans (corporate)	—	89,381	—	82
Defined contribution pension plans (individual)	—	4,573	—	—
Defined benefit corporate pension plans (contract-type)	—	1,592,416	—	5
Defined benefit corporate pension plans (foundation fund-type)	—	1,126,567	—	1,352
<b>Total</b>	<b>11,908,270</b>	<b>7,133,678</b>	<b>7,465</b>	<b>1,568</b>

Notes: 1. The number of policies represents the number of insured persons.

2. The amount of policies in force represents policy reserves.

3. The amount of new policies represents insurance premiums from the first payment of premiums.

## Other Insurance

(Millions of Yen)

	Policies in force (as of March 31, 2015)		New policies (year ended March 31, 2015)	
	Number of policies	Amount	Number of policies	Amount
Asset formation insurance and asset formation annuities				
Asset formation saving insurance	54,251	132,194	984	71
Asset formation for home acquisition insurance	5,637	17,167	115	16
Asset formation benefit saving insurance	11,023	973	1,182	27
Asset formation annuities	857	2,114	—	—
Asset formation wealth accumulation annuities	32,584	68,668	398	6
Subtotal	104,352	221,118	2,679	122
Medical life insurance	923,255	3,139	45,687	88
Disability income insurance	29,096	944	77	6
Reinsurance underwritten	310,411	115,954	2,871	820

Notes: 1. The number of policies represents the number of insured persons.

2. Insurance amount of policies in force in categories under asset formation insurance and asset formation annuities (excluding figures for "asset formation annuities") represents policy reserves. The amount of new policies represents insurance premiums from the first payment of premiums.

3. The amount of asset formation annuities represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

4. The amount of medical life insurance represents the amount of daily hospitalization benefits.

5. The amount of disability income insurance represents the amount of monthly disability income benefits.

## Insurance Amount of Policies in Force by Coverage Type

(Millions of Yen)

As of March 31,	2015	2014
<b>Death coverage</b>		
Death protection due to illness/accidents		
Individual life insurance	74,006,817	78,481,188
Individual annuities	5,234	5,668
Group life insurance	111,510,748	110,876,804
Group pensions	—	—
Total (including others)	185,638,755	189,575,261
Death protection due to accidents		
Individual life insurance	[13,270,222]	[14,383,546]
Individual annuities	[164,179]	[163,002]
Group life insurance	[6,469,087]	[6,675,142]
Group pensions	[—]	[—]
Total (including others)	[19,939,054]	[21,281,061]
Death protection due to other causes		
Individual life insurance	—	—
Individual annuities	[—]	[—]
Group life insurance	[50,867]	[50,877]
Group pensions	[—]	[—]
Total (including others)	—	—
<b>Pure endowment</b>		
Maturity and living benefits		
Individual life insurance	456,446	490,756
Individual annuities	12,126,467	12,293,944
Group life insurance	5,106	4,940
Group pensions	—	—
Total (including others)	12,633,328	12,836,859
<b>Annuities</b>		
Individual life insurance	[34,264]	[30,272]
Individual annuities	[1,527,475]	[1,485,240]
Group life insurance	[17,719]	[18,164]
Group pensions	[—]	[—]
Total (including others)	[1,583,966]	[1,538,303]
<b>Others</b>		
Individual life insurance	—	—
Individual annuities	1,734,516	1,568,952
Group life insurance	120,279	124,244
Group pensions	7,133,678	6,970,502
Total (including others)	9,164,285	8,840,489
<b>Hospitalization coverage</b>		
Hospitalization due to accidents		
Individual life insurance	[29,915]	[29,928]
Individual annuities	[804]	[864]
Group life insurance	[4,348]	[4,565]
Group pensions	[—]	[—]
Total (including others)	[38,208]	[38,407]
Hospitalization due to illness		
Individual life insurance	[29,269]	[29,075]
Individual annuities	[797]	[856]
Group life insurance	[—]	[—]
Group pensions	[—]	[—]
Total (including others)	[33,207]	[32,981]
Hospitalization due to other causes		
Individual life insurance	[58,469]	[72,788]
Individual annuities	[1,416]	[1,514]
Group life insurance	[35]	[35]
Group pensions	[—]	[—]
Total (including others)	[59,920]	[74,338]

- Notes: 1. Figures in brackets are additional coverage and rider coverage attached to coverage under primary policies. However, death coverage due to illness/accidents under term rider is included in figures for coverage under primary policies.
2. In the pure endowment category, the figures for maturity and living benefits of individual annuities and group life insurance represent the expected future value of accumulated capital of policies written prior to payout at pension eligibility.
3. In the pure endowment category, the figures in annuities represent the annual amount of annuity payments.
4. In the pure endowment category, the figures in others represent policy reserves.
5. The figures for hospitalization coverage represent daily hospitalization benefits.
6. The total (including others) of hospitalization due to illness includes coverage under primary policies and additional coverage.

	(Number of Policies)	
As of March 31,	2015	2014
<b>Disability coverage</b>		
Individual life insurance	[5,185,879]	[5,843,566]
Individual annuities	[28,082]	[29,800]
Group life insurance	[3,210,265]	[3,199,189]
Group pensions	[—]	[—]
<b>Total (including others)</b>	<b>[8,424,226]</b>	<b>[9,072,555]</b>
<b>Surgery coverage</b>		
Individual life insurance	[6,812,525]	[6,364,264]
Individual annuities	[147,098]	[157,016]
Group life insurance	[—]	[—]
Group pensions	[—]	[—]
<b>Total (including others)</b>	<b>[6,959,623]</b>	<b>[6,521,280]</b>

Note: Figures in brackets represent the number of policies and riders attached to coverage under primary policies.

### Insurance Amount of Individual Life Insurance and Individual Annuities in Force by Type of Policy

	(Millions of Yen)	
As of March 31,	2015	2014
<b>Mortality insurance</b>		
Whole life insurance	13,570,263	12,705,651
Whole life insurance with term rider	7,862,006	9,229,260
Wealth accumulation whole life insurance with floating interest	33,007,070	43,485,167
Comprehensive protection insurance with combined policies	7,298,517	—
Whole life hospitalization insurance	2,203,374	2,317,578
Term insurance	5,272,197	5,223,664
<b>Total (including others)</b>	<b>71,185,006</b>	<b>75,177,241</b>
<b>Hybrid insurance</b>		
Endowment insurance	1,047,531	1,158,956
Endowment insurance with term rider	1,071,272	1,243,884
Term life insurance with living benefits	263,031	361,878
<b>Total (including others)</b>	<b>2,821,811</b>	<b>3,303,947</b>
<b>Pure endowment insurance</b>		
Wealth accumulation insurance with death/accident benefits for women	36,504	39,569
Child insurance	295,065	280,553
<b>Total (including others)</b>	<b>456,446</b>	<b>490,756</b>
<b>Annuities</b>		
Individual annuities	13,866,218	13,868,566
<b>Rider coverage for accidents and illness</b>		
Accidental death benefit rider	2,424,194	2,922,265
Rider for injuries	9,150,176	9,767,449
Hospitalization rider due to accidents	2,819	3,342
Hospitalization rider due to illness	27,262	27,348
Hospitalization rider due to lifestyle-related diseases	2,892	3,578
Hospitalization rider due to cancer	2,156	2,728
Hospitalization rider for female-specific critical illness	9,006	10,966
Home care rider (post-hospitalization)	31,448	39,762
Rider for specific injuries	62,905	59,342
		(Policies)
Surgery rider	2,081,985	1,902,301
Rider for protection against cancer	1,459,537	804,991
Advanced medical care rider	1,748,865	1,530,615
Rider for six specified diseases	838,400	560,749
New nursing care rider	466,626	323,738

- Notes: 1. Amount of individual annuities in force represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.
2. Figures for hospitalization rider due to accidents, illness, lifestyle-related diseases, and cancer as well as hospitalization rider for female-specific critical illness represent daily hospitalization benefits. However, hospitalization rider due to accidents includes standard daily benefits under rider for leisure coverage and comprehensive injury rider.
3. The home care rider (post-hospitalization) represents standard benefits paid to the insured person after hospital release for home treatment.
4. Rider for specific injuries represents injury benefits paid for such injuries.
5. The figures for surgery rider, rider for protection against cancer, advanced medical care rider, rider for six specified diseases and new nursing care rider represent the number of policies with such riders.
6. Rider for protection against cancer includes the number of policies with rider for cancer treatment and rider for intraepithelial neoplasia and other types of cancer.
7. Rider for six specified diseases includes the number of policies with rider for seven specified diseases.
8. New nursing care rider includes the number of riders (excluding riders with a set period for premium payments) with lump-sum benefits for policyholders requiring long-term nursing care and those requiring lighter nursing assistance.

## Trend of Policy Transitions

### Individual Life Insurance

(Millions of Yen)

Years ended March 31,	2015		2014	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	8,800,027	78,971,945	8,765,470	83,389,526
New policies	582,427	3,219,155	642,605	3,509,629
Renewal	1,325,651	2,454,451	1,307,572	2,521,291
Reinstatement	20,770	238,770	19,993	251,878
Increase of insurance amount	—	4	—	24
Increase from conversion	426,261	7,265,740	258,993	4,201,717
Death	50,151	309,990	48,316	306,396
Maturity	1,498,382	3,724,347	1,506,786	3,922,240
Decrease of insurance amount	—	773,805	—	904,162
Decrease from conversion	428,416	8,965,099	259,742	5,435,024
Surrender	328,195	3,210,360	325,121	3,466,697
Lapse	49,856	530,241	52,348	611,523
Decrease due to other changes	2,338	172,958	2,293	256,076
At the end of the fiscal year	8,797,798	74,463,264	8,800,027	78,971,945
Rate of increase (%)	(0.0)	(5.7)	0.4	(5.3)
Net increase	(2,229)	(4,508,680)	34,557	(4,417,581)
Year-on-year change in net increase (%)	—	—	—	—

Notes: 1. Amount represents coverage under primary policies (mortality insurance, hybrid insurance, and pure endowment insurance).

2. The figures for increase/decrease from conversion include, respectively, increase/decrease due to coverage revision and rider changes.

## Individual Annuities

(Millions of Yen)

Years ended March 31,	2015		2014	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	2,451,989	13,868,566	2,365,845	13,563,364
<Assumed annuity amount>		<1,485,240>		<1,446,373>
New policies	167,315	849,912	181,523	961,992
Reinstatement	2,057	12,438	2,015	12,499
Increase of annuity amount	—	96	—	123
Increase due to conversion	—	—	—	—
Death	5,868	34,130	5,921	34,626
Completion of payments	18,209	77	17,359	248
Decrease of annuity amount	—	17,420	—	15,674
Decrease due to conversion	330	2,067	556	3,379
Surrender	55,963	324,416	54,618	325,164
Lapse	4,779	25,589	5,045	28,186
Decrease due to other changes	49,950	461,093	13,895	262,133
At the end of the fiscal year	2,486,262	13,866,218	2,451,989	13,868,566
Rate of increase (%)	1.4	(0.0)	3.6	2.3
<Assumed annuity amount>		<1,527,475>		<1,485,240>
Net increase	34,273	(2,347)	86,144	305,201
Year-on-year change in net increase (%)	(60.2)	—	(49.7)	(64.5)

Note: The amounts represent the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

## Group Life Insurance

(Millions of Yen)

Years ended March 31,	2015		2014	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	28,124,072	111,005,988	28,193,185	110,128,043
New policies	1,149,726	751,299	436,631	1,878,531
Renewal	16,052,113	66,641,315	16,077,195	65,894,822
Reinstatement	—	—	—	—
Midterm enrollment	1,601,931	5,923,059	1,612,183	6,235,586
Increase of insurance amount	—	999,567	—	667,669
Death	51,792	146,013	51,798	148,848
Maturity	16,207,766	66,537,427	16,113,653	66,228,492
Withdrawal	1,808,755	4,560,181	1,879,401	5,002,008
Decrease of insurance amount	—	2,326,601	—	2,358,400
Surrender	238,161	111,353	45,829	61,149
Lapse	—	—	(311)	(2,899)
Decrease due to other changes	(1,575)	3,518	104,752	2,663
At the end of the fiscal year	28,622,943	111,636,133	28,124,072	111,005,988
Rate of increase (%)	1.8	0.6	(0.2)	0.8
Net increase	498,871	630,145	(69,113)	877,945
Year-on-year change in net increase (%)	—	(28.2)	—	(8.6)

Notes: 1. Amounts represent coverage under primary policies (mortality insurance, hybrid insurance, and policies with annuity rider attached to death coverage).  
2. The number of policies represents the number of insured persons.  
3. In decrease due to other changes, the number of policies includes changes in policies where the cause had yet to be determined.

## Group Pensions

(Millions of Yen)

Years ended March 31,	2015		2014	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	12,286,929	6,970,502	12,323,882	6,683,296
New policies	7,465	1,568	45,428	515
Annuity payments	2,249,555	278,351	2,219,423	260,492
Lump-sum payments	621,399	251,793	659,766	272,341
Surrender	164,386	31,746	112,832	42,526
At the end of the fiscal year	11,908,270	7,133,678	12,286,929	6,970,502
Rate of increase (%)	(3.1)	2.3	(0.3)	4.3
Net increase	(378,659)	163,175	(36,953)	287,206
Year-on-year change in net increase (%)	—	(43.2)	—	68.0

- Notes: 1. Amount at the beginning and the end of the fiscal year represents policy reserves.  
2. The figures for new policies represents insurance premiums from the first payment.  
3. The figures for annuity payments, lump-sum payments and surrender represents the amount of benefits paid in each instance.  
4. The number of policies represents the number of insured persons.

## Performance Indicators for Insurance Policies

### Rate of Change of Policies in Force

(%)

Years ended March 31,	2015	2014
Individual life insurance	(5.7)	(5.3)
Individual annuities	(0.0)	2.3
Group life insurance	0.6	0.8
Group pensions	2.3	4.3

### Average Insured Amount per New Policy and Policy in Force (individual life insurance)

(Thousands of Yen)

Years ended March 31,	2015	2014
New policy	5,527	5,461
Policy in force	8,463	8,974

Note: New policy does not include policies subject to conversion, revision of coverage and changes in rider.

### New Policy Rate (comparison between the beginning and end of the year)

(%)

Years ended March 31,	2015	2014
Individual life insurance	4.1	4.2
Individual annuities	6.1	7.1
Group life insurance	0.7	1.7

Note: Figures represent the proportion of new policies (excluding those resulting from conversion, revision of coverage and changes in rider) to policies in force at the beginning of the fiscal year. The rates are calculated based on the insurance amount of new policies.

### Surrender and Lapse Rates (comparison between the beginning and end of the year)

(%)

Years ended March 31,	2015	2014
Individual life insurance	4.7	4.9
Individual annuities	2.5	2.6
Group life insurance	0.1	0.1

Note: Surrender and lapse rates represent the proportion of surrendered or lapsed policies to policies in force at the beginning of the fiscal year. The rates are calculated based on the insurance amount of surrendered and lapsed policies.

### Average Premiums for New Policies (individual life insurance policies with monthly payments)

(Yen)

Year ended March 31, 2015	Year ended March 31, 2014
87,313	84,772

- Notes: 1. Excludes converted policies.  
2. The premiums have been annualized

## Mortality Rate (individual life insurance)

(%)

Rate by number of policies		Rate by insurance amount	
Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
5.68	5.49	4.03	3.77

Notes: 1. The rate is calculated on the basis of figures for policies with mortality claims (numerator) divided by total policies (denominator).

2. Calculations for total policies are based on one half of policies in force at the beginning of the fiscal year, one-half of policies in force at the end of the fiscal year, and one-half of policies with mortality claims.

3. Mortality includes severe incapacitation.

4. Figures are presented on a per thousand (‰) basis.

## Rate of Incidence of Events Covered by Riders (individual life insurance)

(%)

Years ended March 31,	2015		2014	
	By the number of policies with paid rider	By amount of claims paid	By the number of policies with paid rider	By amount of claims paid
Accidental death	0.21	0.18	0.19	0.18
Disability	0.29	0.10	0.27	0.09
Hospitalization due to accidents	4.53	145.61	4.49	143.83
Hospitalization due to illness	46.92	1,237.34	45.99	1,186.75
Hospitalization due to lifestyle-related diseases	42.86	1,312.50	41.81	1,273.59
Surgery for illness and injuries	69.35		62.75	
Surgery for lifestyle-related diseases	33.03		30.78	

Notes: 1. Rates are calculated by dividing the number of policies with paid rider or the amount of claims paid based on such rider (numerator) by the number of total policies or amount of maximum possible claims under such policies (denominator).

2. Calculations for total policies for accidental death are based on one half of policies in force at the beginning of the fiscal year, one-half of policies in force at the end of the fiscal year, and one-half of policies with accidental death claims. However, calculations for total policies for other claims are based on the average of policies in force at the beginning and the end of the fiscal year.

3. Accidental deaths include severe incapacitation.

4. Figures are presented on a per thousand (‰) basis.

## Ratio of Operating Expenses to Insurance Premiums

(%)

Year ended March 31, 2015	Year ended March 31, 2014
10.2	9.7

## The Number of Major Insurance Companies that Accepted Reinsurance Agreements

Year ended March 31, 2015	Year ended March 31, 2014
9	9

Note: There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

## Ratio of Reinsurance Premiums Paid to the Top Five Counterparties

(%)

Year ended March 31, 2015	Year ended March 31, 2014
97.2	97.6

Note: There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

## Ratio of Reinsurance Premiums by Counterparty Rating

(%)

Years ended March 31,	2015	2014
A or higher	100.0	100.0
BBB or higher	—	—
Others	—	—

Notes: 1. Ratings are based on assessments by Standard & Poor's.

2. A or higher includes A-. BBB or higher includes BBB-.

3. An unrated insurance subsidiary has been included in the data under the rating of its parent company.

4. There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.



## Unreceived Reinsurance Claims

(Millions of Yen)

Year ended March 31, 2015	Year ended March 31, 2014
108	202

Note: There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

## Ratio of Premiums Paid as Benefit Payments under Third-Sector Insurance, with Coverage Breakdown

(%)

Years ended March 31,	2015	2014
Ratio of benefits paid under third-sector insurance	32.3	32.6
Medical coverage (for illness)	40.2	39.9
Cancer coverage	40.6	39.2
Nursing care coverage	19.0	20.9
Others	18.1	19.6

Notes: 1. Benefits include operating expenses associated with the payment of claims and benefits for third-sector insurance policies.

2. Premiums paid are calculated by averaging annualized premiums from business in force at the beginning of and at the end of the fiscal year.

## Performance Indicators for Accounting

### Reserve for Outstanding Claims

(Millions of Yen)

As of March 31,	2015	2014
Insurance claims	74,046	78,719
Death insurance claims	58,358	60,520
Insurance claims for accidents	991	1,310
Insurance claims for disabilities	13,917	14,646
Insurance claims upon maturity	745	2,223
Others	32	17
Annuity payments	3,928	3,538
Benefit payments	21,616	22,793
Surrender benefits	7,947	7,239
Other refunds	293	290
Payments of deferred claims	651	1,171
<b>Total</b>	<b>108,483</b>	<b>113,752</b>

## Policy Reserves

(Millions of Yen)

As of March 31,	2015	2014
Policy reserves (excluding contingency reserves)		
Individual life insurance	<b>14,637,687</b>	13,742,131
General account	<b>14,560,846</b>	13,670,570
Separate account	<b>76,841</b>	71,560
Individual annuities	<b>7,354,404</b>	7,459,630
General account	<b>6,991,123</b>	7,113,406
Separate account	<b>363,281</b>	346,224
Group life insurance	<b>149,085</b>	152,875
General account	<b>149,085</b>	152,875
Separate account	—	—
Group pensions	<b>7,133,678</b>	6,970,502
General account	<b>6,739,612</b>	6,579,981
Separate account	<b>394,065</b>	390,520
Others	<b>222,427</b>	225,284
General account	<b>222,427</b>	225,284
Separate account	—	—
Subtotal	<b>29,497,283</b>	28,550,424
General account	<b>28,663,095</b>	27,742,119
Separate account	<b>834,188</b>	808,305
Contingency reserves	<b>667,346</b>	660,402
Total	<b>30,164,629</b>	29,210,826
General account	<b>29,330,441</b>	28,402,521
Separate account	<b>834,188</b>	808,305

## Breakdown of Policy Reserves

(Millions of Yen)

	Premium reserves	Unearned premiums	Refund reserves	Contingency reserves	Total
<b>As of March 31, 2015</b>	<b>28,946,512</b>	<b>550,770</b>	—	<b>667,346</b>	<b>30,164,629</b>
As of March 31, 2014	28,101,705	448,719	—	660,402	29,210,826

## Policy Reserves for Individual Life Insurance and Individual Annuities

### Policy Reserve Accumulation Method and Ratio

As of March 31,		2015	2014
Accumulation method	Policies subject to standard policy reserves	<b>The method stipulated by Prime Minister (Ministry of Finance Notification No. 48 in 1996)</b>	The method stipulated by Prime Minister (Ministry of Finance Notification No. 48 in 1996)
	Policies not subject to standard policy reserves	<b>Net level premium method</b>	Net level premium method
Accumulation ratio (excluding contingency reserves)		<b>100%</b>	100%

Notes: 1. The aforementioned accumulation method and ratio apply to policy reserves for individual life insurance and individual annuities.

2. The above table excludes policy reserves for group life insurance and group pensions because these policies are not subject to the accumulation method under the notification described below.

3. The accumulation ratio of policies subject to standard policy reserves is calculated using a method stipulated by Ministry of Finance Notification No. 48 in 1996. The accumulation ratio of other policies represents the ratio of policy reserves to the total of insurance premium reserves calculated using the net level premiums method and unearned premiums.

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

	Policy reserves (Millions of Yen)	Assumed interest rates (%)
Up to year ended March 31, 1981	337,589	2.75 - 5.00
Years ended March 31, 1982 to 1986	907,137	2.75 - 6.00
Years ended March 31, 1987 to 1991	3,165,872	2.75 - 6.00
Years ended March 31, 1992 to 1996	3,828,869	1.00 - 5.50
Years ended March 31, 1997 to 2001	1,317,559	1.00 - 3.75
Years ended March 31, 2002 to 2006	927,529	0.55 - 2.35
Years ended March 31, 2007 to 2011	3,847,291	0.55 - 1.85
Year ended March 31, 2012	3,025,185	0.71 - 1.50
Year ended March 31, 2013	1,561,318	0.45 - 1.50
Year ended March 31, 2014	1,380,781	0.45 - 1.50
<b>Year ended March 31, 2015</b>	<b>1,252,834</b>	<b>0.35 - 1.09</b>

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

2. The above table displays the principal assumed interest rates of policy reserves that were signed into effect during each period and subject to reserves.

3. The allocation of policy reserves is determined based on reasonable actuarial methods.

## Balance of, calculation method for, and coefficient used as the basis for the calculation of policy reserves in general account in relation to insurance policies with separate account and minimum insurance benefit guarantee

### • Policy Reserves (General Account)

	(Millions of Yen)	
As of March 31,	2015	2014
Policy reserves (General account)	5,018	3,623

Notes: 1. Policy reserves (general account) are accumulated for insurance policies stipulated by Article 68 of the Ordinance for Enforcement of the Insurance Business Act as being subject to standard policy reserves.

2. Policy reserves (general account) represent insurance premium reserves necessary to ensure minimum insurance benefit guarantee.

### • Calculation Method and Coefficient Used for the Calculation

#### (1) Calculation method

The “scenario testing method” stipulated as an alternative method by Article 9, Paragraph 1, Item 1 of said notification is used for:

- Single premium variable individual annuities with periodic (every five years) and surplus dividends;
- Single premium variable individual annuities (type II) with periodic (every five years) and surplus dividends;
- Single premium variable individual annuities (series 2012—future annuity value guaranteed) with periodic (every five years) and surplus dividends.

The standard method stipulated by Article 9, Paragraph 1, Item 1 of Ministry of Finance Notification No. 48 in 1996 is used for variable annuities other than those stated above.

#### (2) Coefficient used for the calculation

##### *i) Assumed mortality rate*

The rate stipulated by Article 9, Paragraph 1, Item 2 of said notification.

##### *ii) Discount rate*

The rate stipulated by Article 9, Paragraph 1, Item 3 of said notification.

##### *iii) Expected return and volatility*

The rate stipulated by Article 9, Paragraph 1, Item 4 of said notification. However, the following rates are set in line with rates stipulated by the statement of calculation procedures for insurance premiums and policy reserves.

- Volatility of short-term funds: 0.3% annually
- Volatility of assets in separate accounts for single premium variable individual annuities (type II) with periodic (every five years) and surplus dividends: 5.3% annually
- Volatility of assets in separate accounts for single premium variable individual annuities (series 2012—future annuity value guaranteed) with periodic (every five years) dividends: 4.3% annually for standard-type policies; 3.5% annually for surplus-type policies

### Confirming the Soundness and Validity of Actuarial Assumptions in Accordance with Article 121, Paragraph 1, Item 1 of the Insurance Business Act (Relating to Third-Sector Insurance Only)

#### (1) Securing appropriate funding of policy reserves for third-sector insurance policies

The Company secures a sufficient level of policy reserves by performing liability adequacy tests and stress tests in accordance with provisions stipulated by Financial Supervisory Agency and Ministry of Finance Notification No. 22 in June 2000 and Ministry of Finance Notification No. 231 in 1998.

#### (2) Soundness and validity of risk frequency and other assumptions set for liability adequacy tests and stress tests

In principle, the Company classifies its policies by the occurrence rate of insurance claims based on historical data for insurance claims and thereby determines risk frequency for each classification of policies. The Company also allows for some additional stress factors in this calculation. As a result, possible increases in

insurance claims due to changes in occurrence rates are covered with a 97.7 to 99% degree of certainty.

### (3) Results of liability adequacy tests and stress tests

In the year ended March 31, 2015, the Company did not identify a need to provision for contingency reserves (based on the results of

stress tests) or additional policy reserves (based on the results of liability adequacy tests). In line with in-house rules, the soundness and validity of methods for establishing risk frequency ratios and test results are double-checked by the Underwriting Risk Management Sub-committee, which is independent from departments performing said calculation.

## Policyholders' Dividend Reserves

(Millions of Yen)

Years ended March 31,	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance, Asset formation annuities	Other insurance	Total
<b>2015</b>							
Balance at the beginning of the fiscal year	227,062	10,829	26,532	3,647	607	1,344	270,023
Transfer from surplus in the previous fiscal year	8,174	1,396	114,301	28,883	1	5,337	158,094
Interest accrued during the fiscal year	417	14	27	0	0	0	461
Other increases	45	—	—	—	—	—	45
Dividend payments to policyholders during the fiscal year	21,148	2,344	117,095	29,237	75	5,308	175,209
Balance at the end of the fiscal year	214,551	9,896	23,766	3,293	533	1,373	253,414
	[204,995]	[8,822]	[18,322]	[—]	[513]	[2]	[232,656]
<b>2014</b>							
Balance at the beginning of the fiscal year	239,724	12,952	23,821	2,044	692	1,289	280,524
Transfer from surplus in the previous fiscal year	5,813	454	113,909	27,297	0	5,359	152,835
Interest accrued during the fiscal year	444	17	28	0	0	0	490
Other increases	44	—	—	—	—	—	44
Dividend payments to policyholders during the fiscal year	18,964	2,594	111,227	25,694	85	5,305	163,872
Balance at the end of the fiscal year	227,062	10,829	26,532	3,647	607	1,344	270,023
	[218,451]	[10,467]	[19,151]	[—]	[588]	[2]	[248,661]

Note: Balance at the end of the fiscal year figures in brackets represent amounts appropriated to dividends.

## Allowance for Possible Loan Losses and Other Reserves

(Millions of Yen)

Years ended March 31,	Beginning balance	Ending balance	Year-on-year increase (decrease)
<b>2015</b>			
Allowance for possible loan losses			
General allowance for possible loan losses	4,501	1,677	(2,824)
Specific allowance for possible loan losses	3,633	3,356	(276)
Specific allowance for possible overseas loan losses	—	—	—
Accrued retirement benefits for directors and executive officers	183	92	(90)
Reserve for contingent liabilities	14	2	(12)
Reserve for price fluctuation	480,840	492,482	11,642
<b>2014</b>			
Allowance for possible loan losses			
General allowance for possible loan losses	5,897	4,501	(1,395)
Specific allowance for possible loan losses	3,624	3,633	9
Specific allowance for possible overseas loan losses	—	—	—
Accrued retirement benefits for directors and executive officers	393	183	(210)
Reserve for contingent liabilities	2,563	14	(2,548)
Reserve for price fluctuation	363,544	480,840	117,295

### Specific Allowance for Possible Overseas Loan Losses

- Specific Allowance for Possible Overseas Loan Losses

Not applicable.

- Balance of Specific Allowance for Possible Overseas Loan Losses by Country

Not applicable.

### Insurance Premiums

(Millions of Yen)

Years ended March 31,	2015	2014
Individual life insurance	<b>1,863,314</b>	1,998,234
Lump-sum payment	<b>988,880</b>	1,136,248
Annual payment	<b>128,836</b>	116,390
Biannual payment	<b>4,939</b>	5,142
Monthly payment	<b>740,657</b>	740,452
Individual annuities	<b>354,049</b>	390,963
Lump-sum payment	<b>36,810</b>	90,820
Annual payment	<b>32,329</b>	26,298
Biannual payment	<b>845</b>	933
Monthly payment	<b>284,063</b>	272,911
Group life insurance	<b>309,593</b>	309,328
Group pensions	<b>837,785</b>	871,057
<b>Total (including others)*</b>	<b>3,407,946</b>	3,615,578

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

### Insurance Premiums Categorized by Policy Year

(Millions of Yen)

Years ended March 31,		2015	2014
Individual life insurance	First-year premiums	<b>1,161,344</b>	1,336,858
Individual annuities	Premiums for the second year and beyond	<b>1,056,019</b>	1,052,340
	Subtotal	<b>2,217,363</b>	2,389,198
Group life insurance	First-year premiums	<b>3,159</b>	3,164
	Premiums for the second year and beyond	<b>306,433</b>	306,163
	Subtotal	<b>309,593</b>	309,328
Group pensions	First-year premiums	<b>10,983</b>	7,691
	Premiums for the second year and beyond	<b>826,801</b>	863,365
	Subtotal	<b>837,785</b>	871,057
<b>Total (including others)*</b>	First-year premiums	<b>1,176,218</b>	1,348,513
	Premiums for the second year and beyond	<b>2,231,728</b>	2,267,064
	Total	<b>3,407,946</b>	3,615,578
	Growth rate (%)	<b>(5.7)</b>	(1.2)

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

## Insurance Claims, Annuities and Benefits Paid

(Millions of Yen)

	Year ended March 31, 2015							Year ended March 31, 2014
	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance Asset formation annuities	Other insurance	Total	Total
Claims paid:	439,663	1,139	146,157	42,781	715	5,196	635,653	670,538
Death benefits	250,091	1,007	134,867	—	—	5,184	391,150	390,901
Accidental death benefits	2,853	6	377	—	36	—	3,274	3,213
Disability benefits	31,792	11	10,900	—	—	7	42,711	43,869
Maturity benefits	154,926	114	0	42,781	678	—	198,500	232,525
Others	—	—	11	—	—	4	15	28
Annuity payments	9,967	537,294	19,175	278,351	5,035	—	849,823	616,182
Benefit payments:	142,707	29,186	626	251,793	1,338	2,039	427,691	450,420
Death benefits	23,935	23,337	6	3,284	230	14	50,808	46,410
Hospitalization benefits	34,265	1,147	334	—	—	1,780	37,528	38,606
Surgery benefits	16,647	828	—	—	—	181	17,657	18,405
Disability benefits	987	4	88	—	7	—	1,087	1,034
Survivor benefits	34,678	881	—	—	1,099	—	36,660	45,607
Lump-sum benefits	—	—	197	245,925	—	—	246,123	266,344
Others	32,192	2,986	—	2,583	—	62	37,825	34,011
Surrender benefits	312,140	89,187	—	31,746	18,910	0	451,984	436,951

## The Number of Cases Where Claims, Annuities and Benefits Were Paid

	Year ended March 31, 2015							Year ended March 31, 2014
	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance Asset formation annuities	Other insurance	Total	Total
Claims paid:	150,065	138	54,115	5	1,914	13,326	219,563	242,968
Death benefits	40,083	129	50,324	—	—	13,310	103,846	102,479
Accidental death benefits	654	4	205	—	6	—	869	805
Disability benefits	13,082	5	3,574	—	—	10	16,671	16,175
Maturity benefits	96,246	—	8	5	1,908	—	98,167	123,499
Others	—	—	4	—	—	6	10	10
Annuity payments	5,897	628,012	63,062	7,468,787	15,692	—	8,181,450	7,097,257
Benefit payments:	3,112,740	45,816	5,425	715,165	605	31,937	3,911,688	3,886,846
Death benefits	8,387	4,609	423	4,234	108	29	17,790	16,973
Hospitalization benefits	358,274	11,637	4,402	—	—	28,591	402,904	402,991
Surgery benefits	180,064	9,029	—	—	—	2,174	191,267	196,627
Disability benefits	634	5	177	—	3	—	819	828
Survivor benefits	114,592	9,282	—	—	494	—	124,368	149,392
Lump-sum benefits	—	—	423	710,924	—	—	711,347	760,067
Others	2,450,789	11,254	—	7	—	1,143	2,463,193	2,359,968

## Depreciation

(Millions of Yen)

Years ended March 31,		Acquisition cost	Current-year depreciation	Accumulated depreciation	Ending balance	Accumulated depreciation ratio (%)
<b>2015</b>	Tangible fixed assets	<b>310,401</b>	<b>8,287</b>	<b>178,976</b>	<b>131,424</b>	<b>57.7</b>
	Buildings	<b>294,274</b>	<b>7,180</b>	<b>165,923</b>	<b>128,351</b>	<b>56.4</b>
	Others	<b>16,126</b>	<b>1,106</b>	<b>13,053</b>	<b>3,073</b>	<b>80.9</b>
	Intangible fixed assets	<b>62,859</b>	<b>12,408</b>	<b>25,830</b>	<b>37,038</b>	<b>41.1</b>
	Others	<b>257</b>	<b>42</b>	<b>104</b>	<b>152</b>	<b>40.6</b>
	<b>Total</b>	<b>373,518</b>	<b>20,738</b>	<b>204,912</b>	<b>168,615</b>	<b>54.9</b>
2014	Tangible fixed assets	319,886	8,683	179,489	140,396	56.1
	Buildings	301,967	7,393	165,283	136,684	54.7
	Others	17,918	1,290	14,206	3,712	79.3
	Intangible fixed assets	61,795	12,670	24,698	37,097	40.0
	Others	251	41	101	149	40.5
	<b>Total</b>	<b>381,933</b>	<b>21,394</b>	<b>204,289</b>	<b>177,643</b>	<b>53.5</b>

## Operating Expenses

(Millions of Yen)

Years ended March 31,		2015	2014
	Marketing promotion expenses	<b>133,730</b>	134,699
	Marketing administration expenses	<b>52,563</b>	50,367
	General and administration expenses	<b>162,132</b>	166,979
	<b>Total</b>	<b>348,426</b>	<b>352,046</b>

Note: General and administration expenses include funding contributions that the Company paid for Insurance Policyholders Protection Corporation of Japan in accordance with Article 259 of the Insurance Business Act, which totaled ¥4,515 million and ¥3,784 million in the years ended March 31, 2014 and March 31, 2015, respectively.

## Taxes

(Millions of Yen)

As of March 31,	2015	2014
National tax	<b>17,075</b>	12,887
Consumption tax	<b>13,243</b>	8,866
Special local corporate tax	<b>3,523</b>	3,740
Revenue stamp tax	<b>284</b>	258
Registration and license tax	<b>9</b>	6
Other national taxes	<b>15</b>	15
Local tax	<b>11,207</b>	10,185
Local consumption tax	<b>3,553</b>	2,216
Corporate enterprise tax	<b>4,538</b>	4,816
Fixed asset tax	<b>2,655</b>	2,695
Real estate acquisition tax	<b>6</b>	1
Business office tax	<b>452</b>	454
Other local taxes	<b>0</b>	0
<b>Total</b>	<b>28,282</b>	<b>23,072</b>

## Lease Transactions

**Acquisition cost, accumulated depreciation and ending balance of leased assets**

Not applicable.

**Ending balance of future lease payments**

Not applicable.

**Cumulative lease fees paid, depreciation and interest expenses**

Not applicable.

## Balance of Loans Payable by Remaining Loan Period

(Millions of Yen)

As of March 31,	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total
<b>2015</b> Payables under securities borrowing transactions	<b>220,000</b>	—	—	—	—	—	<b>220,000</b>
Loans payable	—	—	—	<b>100,000</b>	—	—	<b>100,000</b>
Total	<b>220,000</b>	—	—	<b>100,000</b>	—	—	<b>320,000</b>
2014 Payables under securities borrowing transactions	640,951	—	—	—	—	—	640,951
Loans payable	—	—	—	—	100,000	—	100,000
Total	640,951	—	—	—	100,000	—	740,951

## Investment Performance Indicators

### Breakdown of Invested Assets (General Account)

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	<b>507,313</b>	<b>1.4</b>	393,066	1.2
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary claims bought	<b>229,523</b>	<b>0.6</b>	233,622	0.7
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	<b>28,433,462</b>	<b>79.8</b>	26,429,360	78.9
Domestic bonds	<b>16,566,439</b>	<b>46.5</b>	16,905,337	50.5
Domestic stocks	<b>4,213,452</b>	<b>11.8</b>	3,352,351	10.0
Foreign securities	<b>7,399,532</b>	<b>20.8</b>	5,982,317	17.9
Foreign bonds	<b>5,812,254</b>	<b>16.3</b>	4,533,873	13.5
Foreign stocks	<b>1,587,278</b>	<b>4.5</b>	1,448,444	4.3
Other securities	<b>254,037</b>	<b>0.7</b>	189,353	0.6
Loans	<b>5,052,238</b>	<b>14.2</b>	5,136,765	15.3
Policy loans	<b>289,921</b>	<b>0.8</b>	304,630	0.9
Financial loans	<b>4,762,317</b>	<b>13.4</b>	4,832,134	14.4
Real estate	<b>916,587</b>	<b>2.6</b>	937,632	2.8
Deferred tax assets	—	—	—	—
Others	<b>479,268</b>	<b>1.3</b>	382,261	1.1
Allowance for possible loan losses	<b>(5,034)</b>	<b>(0.0)</b>	(8,135)	(0.0)
Total	<b>35,613,360</b>	<b>100.0</b>	33,504,573	100.0
Assets denominated in foreign currencies	<b>6,452,535</b>	<b>18.1</b>	5,008,450	14.9

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



## Increase (Decrease) by Asset Type (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
Cash, deposits and call loans	114,247	(159,190)
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	(4,099)	(31,630)
Trading account securities	—	—
Money held in trust	—	—
Securities	2,004,101	1,527,142
Domestic bonds	(338,898)	363,590
Domestic stocks	861,100	310,290
Foreign securities	1,417,215	777,326
Foreign bonds	1,278,381	545,559
Foreign stocks	138,833	231,767
Other securities	64,684	75,934
Loans	(84,526)	(61,380)
Policy loans	(14,709)	(13,057)
Financial loans	(69,817)	(48,322)
Real estate	(21,045)	(25,340)
Deferred tax assets	—	—
Others	97,007	12,885
Allowance for possible loan losses	3,101	1,386
Total	2,108,786	1,263,873
Assets denominated in foreign currencies	1,444,085	749,812

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

## Investment Returns (General Account)

(%)

Years ended March 31,	2015	2014
Cash, deposits and call loans	0.09	0.10
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	2.06	2.03
Trading account securities	—	—
Money held in trust	—	—
Securities	3.08	3.07
Domestic bonds	2.62	3.02
Domestic stocks	4.86	4.04
Foreign securities	3.85	2.84
Foreign bonds	3.34	2.59
Foreign stocks	5.40	3.62
Loans	1.92	2.01
Financial loans	1.77	1.85
Real estate	1.70	1.70
Total	2.72	2.71
Overseas investments	3.80	2.82

Notes: 1. The rate of return is calculated by deducting investment expenses from investment income (numerator: presented as ordinary profit), and by dividing the result by the average daily balance (denominator: based on the book value).

2. Overseas investments include assets in foreign currencies, loans for non-residents and foreign bonds issued in yen.

## Average Balances of Assets (General Account)

(Millions of Yen)

Years ended March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	229,748	0.7	270,618	0.9
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary claims bought	242,660	0.8	256,814	0.9
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	23,674,120	75.8	22,560,899	75.0
Domestic bonds	16,278,265	52.2	15,602,309	51.9
Domestic stocks	1,795,820	5.8	1,911,409	6.4
Foreign securities	5,424,868	17.4	4,907,229	16.3
Foreign bonds	4,076,213	13.1	3,691,885	12.3
Foreign stocks	1,348,654	4.3	1,215,343	4.0
Loans	5,110,743	16.4	5,117,388	17.0
Financial loans	4,813,860	15.4	4,806,413	16.0
Real estate	940,240	3.0	960,502	3.2
Total	31,212,483	100.0	30,083,680	100.0
Overseas investments	5,574,783	17.9	5,065,830	16.8

Notes: 1. Average balances are calculated based on book value.

2. Overseas investments include assets in foreign currencies, loans for non-residents and foreign bonds issued in yen.

## Investment Income (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
Interest, dividends and other income	698,142	667,637
Gains on securities products	—	—
Gains on money held in trust	0	0
Gains on trading securities	—	—
Gains on sales of securities	186,196	220,575
Gains on redemption of securities	58,075	36,416
Gains on derivative financial instruments	—	—
Foreign exchange gains	—	14
Reversal of allowance for possible loan losses	2,875	1,363
Other investment income	23	14
Total	945,313	926,021

## Investment Expenses (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
Interest expenses	3,292	3,239
Losses on securities products	—	—
Losses on money held in trust	—	—
Losses on trading securities	—	—
Losses on sales of securities	365	27,984
Losses on valuation of securities	300	1,704
Losses on redemption of securities	—	0
Losses on derivative financial instruments	71,082	57,491
Foreign exchange losses	145	—
Provision for allowance for possible loan losses	—	—
Redemption of loans	—	—
Depreciation of real estate for non-insurance business	9,513	9,613
Other investment expenses	11,173	9,946
Total	95,874	109,979

### Interest, Dividends and Other Income (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
Interest on deposits	61	70
Interest and dividends on securities	558,623	522,612
Interest on domestic bonds	266,750	266,037
Dividends on domestic stocks	72,633	66,159
Interest and dividends on foreign securities	211,308	183,887
Interest on loans	95,007	100,910
Rent on real estate	33,404	33,420
Total (including others)	698,142	667,637

### Attribution Analysis of Interest, Dividends and Other Income (General Account)

(Millions of Yen)

Years ended March 31,	2015			2014		
	Net increase (decrease)	Change in balance	Change due to interest rate and others	Net increase (decrease)	Change in balance	Change due to interest rate and others
Interest, dividends and other income	30,505	25,051	5,454	48,661	28,870	19,791
Securities	36,011	25,787	10,224	46,831	29,939	16,892
Loans	(5,902)	(131)	(5,771)	(125)	1,282	(1,407)
Real estate	(15)	(705)	689	1,257	(230)	1,487

### Gains on Sales of Securities (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
Domestic bonds	159,673	205,826
Domestic stocks	15,052	14,128
Foreign securities	11,470	620
Total (including others)	186,196	220,575

### Losses on Sales of Securities (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
Domestic bonds	1	1,264
Domestic stocks	353	3,186
Foreign securities	10	23,533
Total (including others)	365	27,984

### Losses on Valuation of Securities (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
Domestic bonds	—	—
Domestic stocks	58	52
Foreign securities	—	1,447
Total (including others)	300	1,704

## Balance of Securities (General Account)

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Government bonds	14,023,339	49.3	14,200,235	53.7
Municipal bonds	757,983	2.7	928,371	3.5
Corporate bonds	1,785,116	6.3	1,776,730	6.7
Public entity bonds	485,326	1.7	489,148	1.9
Domestic stocks	4,213,452	14.8	3,352,351	12.7
Foreign securities	7,399,532	26.0	5,982,317	22.6
Foreign bonds	5,812,254	20.4	4,533,873	17.2
Foreign stocks	1,587,278	5.6	1,448,444	5.5
Other securities	254,037	0.9	189,353	0.7
<b>Total</b>	<b>28,433,462</b>	<b>100.0</b>	<b>26,429,360</b>	<b>100.0</b>

## Breakdown of Municipal Bonds by Region

(Millions of Yen)

As of March 31,	2015	2014
Hokkaido	32,389	46,202
Tohoku	5,834	8,111
Kanto	227,489	250,425
Chubu	90,261	98,579
Kinki	224,067	321,191
Chugoku	37,052	44,150
Shikoku	—	—
Kyushu	50,773	60,029
Others	90,115	99,680
<b>Total</b>	<b>757,983</b>	<b>928,371</b>

Note: Others represents municipal bonds issued through public offering under the Joint Local Government Bonds scheme.

## Breakdown of Securities by Remaining Period for Maturity (General Account)

(Millions of Yen)

As of March 31, 2015	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total
Securities	473,984	879,087	1,805,171	3,123,542	2,618,953	19,532,724	28,433,462
Government bonds	276,936	268,585	512,525	1,190,579	1,506,916	10,267,796	14,023,339
Municipal bonds	68,379	188,358	233,486	9,200	5,266	253,292	757,983
Corporate bonds	61,316	168,280	206,132	151,396	154,625	1,043,365	1,785,116
Domestic stocks	—	—	—	—	—	4,213,452	4,213,452
Foreign securities	66,303	249,081	852,781	1,769,893	951,152	3,510,320	7,399,532
Foreign bonds	66,303	248,340	852,781	1,769,893	951,152	1,923,783	5,812,254
Foreign stocks	—	740	—	—	—	1,586,537	1,587,278
Other securities	1,048	4,781	245	2,473	991	244,497	254,037
Monetary claims bought	—	—	—	—	—	229,523	229,523
Negotiable deposits	6,000	—	—	—	—	—	6,000
Others	—	—	—	—	—	—	—
<b>Total</b>	<b>479,984</b>	<b>879,087</b>	<b>1,805,171</b>	<b>3,123,542</b>	<b>2,618,953</b>	<b>19,762,247</b>	<b>28,668,986</b>
As of March 31, 2014							
Securities	889,118	812,612	1,367,614	1,621,827	3,313,301	18,424,885	26,429,360
Government bonds	413,976	352,166	482,152	417,767	2,134,835	10,399,336	14,200,235
Municipal bonds	171,099	151,344	278,617	73,023	5,147	249,140	928,371
Corporate bonds	121,333	134,866	233,372	109,899	168,336	1,008,921	1,776,730
Domestic stocks	100,000	—	—	—	—	3,252,351	3,352,351
Foreign securities	82,213	172,792	368,205	1,021,138	1,002,101	3,335,866	5,982,317
Foreign bonds	81,880	171,611	368,205	1,021,138	1,002,101	1,888,936	4,533,873
Foreign stocks	333	1,181	—	—	—	1,446,929	1,448,444
Other securities	495	1,442	5,266	—	2,879	179,268	189,353
Monetary claims bought	—	—	—	—	—	233,622	233,622
Negotiable deposits	9,999	—	—	—	—	—	9,999
Others	—	—	—	—	—	—	—
<b>Total</b>	<b>899,118</b>	<b>812,612</b>	<b>1,367,614</b>	<b>1,621,827</b>	<b>3,313,301</b>	<b>18,658,507</b>	<b>26,672,983</b>

Notes: 1. Figures for over 10 years include financial instruments with no specified maturity period.

2. Includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

## Rate of Return on Bonds at Fiscal Year End (General Account)

(%)

As of March 31,	2015	2014
Domestic bonds	1.75	1.77
Foreign bonds	3.10	3.35

## Breakdown of Stocks Held by Industry (General Account)

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Fishery, agriculture & forestry	790	0.0	763	0.0
Mining	—	—	—	—
Construction	71,653	1.7	55,320	1.7
Manufacturing				
Foods	176,613	4.2	120,778	3.6
Textiles & apparels	22,838	0.5	19,227	0.6
Pulp & paper	3,927	0.1	3,917	0.1
Chemicals	319,249	7.6	223,048	6.7
Pharmaceuticals	103,691	2.5	66,574	2.0
Oil & coal products	5,676	0.1	6,054	0.2
Rubber products	8,698	0.2	6,409	0.2
Glass & ceramics products	178,532	4.2	139,231	4.2
Iron & steel	84,478	2.0	70,007	2.1
Nonferrous metals	17,953	0.4	13,402	0.4
Metal products	20,651	0.5	18,917	0.6
Machinery	296,149	7.0	218,188	6.5
Electric appliances	467,376	11.1	368,233	11.0
Transportation equipment	551,627	13.1	439,720	13.1
Precision instruments	120,002	2.8	95,663	2.9
Other products	36,567	0.9	27,480	0.8
Electric power & gas	147,756	3.5	131,200	3.9
Transportation, information & communication				
Land transportation	204,994	4.9	139,187	4.2
Marine transportation	12,766	0.3	10,669	0.3
Air transportation	2,328	0.1	1,368	0.0
Warehouse & harbor transportation services	29,065	0.7	23,025	0.7
Information & communication	23,194	0.6	21,273	0.6
Trade				
Wholesale trade	250,030	5.9	207,334	6.2
Retail trade	38,731	0.9	27,796	0.8
Finance & insurance				
Banks	515,868	12.2	473,561	14.1
Securities & commodity futures	18,590	0.4	18,173	0.5
Insurance	166,790	4.0	138,705	4.1
Other financing business	69,247	1.6	52,431	1.6
Real estate	208,553	4.9	189,215	5.6
Services	39,052	0.9	25,468	0.8
<b>Total</b>	<b>4,213,452</b>	<b>100.0</b>	<b>3,352,351</b>	<b>100.0</b>

Note: Classification is based on industrial sector classification specified by the Securities Identification Code Committee.

## Loans (General Account)

(Millions of Yen)

As of March 31,	2015	2014
Policy loans	289,921	304,630
Policyholder loans	272,376	286,010
Premium loans	17,544	18,620
Industrial and consumer loans	4,762,317	4,832,134
(Loans for non-residents)	111,596	122,205
Corporate loans	4,510,803	4,562,455
(To domestic corporations)	4,479,491	4,525,741
Loans to governments and supranationals	58,906	64,261
Loans to public organizations	169,092	179,820
Housing loans	2,217	2,988
Consumer loans	20,264	21,352
Others	1,032	1,256
<b>Total</b>	<b>5,052,238</b>	<b>5,136,765</b>

## Breakdown of Loans by Duration (General Account)

(Millions of Yen)

As of March 31, 2015	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total
Floating interest rate	18,561	24,747	7,779	47,173	35,830	9,373	143,466
Fixed interest rate	406,160	862,087	660,634	472,179	849,164	1,368,623	4,618,850
<b>Total</b>	<b>424,722</b>	<b>886,835</b>	<b>668,413</b>	<b>519,352</b>	<b>884,995</b>	<b>1,377,997</b>	<b>4,762,317</b>
As of March 31, 2014							
Floating interest rate	3,724	28,712	20,034	76,443	53,072	9,766	191,753
Fixed interest rate	383,252	900,613	782,127	470,383	802,204	1,301,798	4,640,380
<b>Total</b>	<b>386,976</b>	<b>929,326</b>	<b>802,161</b>	<b>546,826</b>	<b>855,277</b>	<b>1,311,565</b>	<b>4,832,134</b>

Note: Figures for over 10 years include loans with no specified maturity period.

## Breakdown of Domestic Corporate Loans by Size of Borrower (General Account)

(Millions of Yen)

As of March 31,		2015		2014	
			(%)		(%)
Large size corporations	Number of borrowers	693	64.2	682	62.3
	Loan amount	4,106,275	91.7	4,172,895	92.2
Medium size corporations	Number of borrowers	77	7.1	86	7.9
	Loan amount	26,861	0.6	24,841	0.5
Small size corporations	Number of borrowers	309	28.6	326	29.8
	Loan amount	346,354	7.7	328,004	7.2
<b>Total</b>	Number of borrowers	<b>1,079</b>	<b>100.0</b>	1,094	100.0
	Loan amount	<b>4,479,491</b>	<b>100.0</b>	4,525,741	100.0

Notes: 1. Please refer to the following chart for the classification of borrowers by size and industry.

2. The number of borrowers does not represent the number of loans, as a single borrower may have multiple loans under the same name.

Size	Conditions	1. All industries excluding 2. To 4.	2. Retail trade, food and beverage service	3. Service industry	4. Wholesale trade
Large	Capital	¥1 billion or greater	¥1 billion or greater	¥1 billion or greater	¥1 billion or greater
	Number of regular employees	More than 300	More than 50	More than 100	More than 100
Medium	Capital	More than ¥300 million and less than ¥1 billion	More than ¥50 million and less than ¥1 billion	More than ¥50 million and less than ¥1 billion	More than ¥100 million and less than ¥1 billion
	Number of regular employees	More than 300	More than 50	More than 100	More than 100
Small	Capital*	¥300 million or smaller	¥50 million or smaller	¥50 million or smaller	¥100 million or smaller
	Number of regular employees*	300 or less	50 or less	100 or less	100 or less

\*Entities that meet either of two conditions stipulated for this classification shall be defined as small-size corporations.



## Breakdown of Loans by Industry (General Account)

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
<b>Domestic</b>				
Manufacturing	919,477	19.3	980,655	20.3
Foodstuffs and beverages	72,725	1.5	68,184	1.4
Textile products	20,218	0.4	24,926	0.5
Lumber and wood products	—	—	—	—
Pulp, paper, and paper products	53,865	1.1	58,155	1.2
Printing	5,341	0.1	5,490	0.1
Chemical and allied products	121,323	2.5	128,029	2.6
Petroleum refining	75,680	1.6	76,180	1.6
Ceramic, stone, and clay products	80,696	1.7	81,867	1.7
Iron and steel	148,858	3.1	161,732	3.3
Nonferrous metals and products	24,718	0.5	27,732	0.6
Fabricated metal products	2,785	0.1	3,383	0.1
General-purpose, production, and business-oriented machinery	64,982	1.4	67,706	1.4
Electrical machinery equipment and supplies	112,338	2.4	124,293	2.6
Transportation equipment	129,095	2.7	146,503	3.0
Miscellaneous manufacturing industries	6,848	0.1	6,470	0.1
Agriculture and forestry	—	—	—	—
Fishery	—	—	—	—
Mining and quarrying of stone and gravel	184	0.0	236	0.0
Construction	19,876	0.4	22,323	0.5
Electricity, gas, heat supply, and water	721,519	15.2	735,888	15.2
Information and communications	94,738	2.0	104,739	2.2
Transport and postal activities	333,526	7.0	330,351	6.8
Wholesale trade	941,619	19.8	941,593	19.5
Retail trade	25,112	0.5	31,552	0.7
Finance and insurance	1,066,421	22.4	1,044,614	21.6
Real estate	311,656	6.5	311,851	6.5
Goods rental and leasing	163,288	3.4	149,505	3.1
Scientific research, and professional and technical services	20,700	0.4	20,700	0.4
Hotels	2,337	0.0	2,749	0.1
Eating and drinking services	723	0.0	637	0.0
Living-related and personal services, and amusement services	2,741	0.1	2,211	0.0
Education and learning support	1,057	0.0	1,305	0.0
Medical, health care, and welfare services	186	0.0	350	0.0
Other services	1,597	0.0	2,375	0.0
Local governments	1,473	0.0	1,948	0.0
Loans for housing funds and consumer credit (with installment repayments)	22,482	0.5	24,341	0.5
Others	—	—	—	—
<b>Subtotal</b>	<b>4,650,720</b>	<b>97.7</b>	<b>4,709,929</b>	<b>97.5</b>
<b>Overseas</b>				
Governments and others	80,284	1.7	85,491	1.8
Financial institutions	23,220	0.5	31,560	0.7
Commerce, industry and others	8,092	0.2	5,154	0.1
<b>Subtotal</b>	<b>111,596</b>	<b>2.3</b>	<b>122,205</b>	<b>2.5</b>
<b>Total of general loans</b>	<b>4,762,317</b>	<b>100.0</b>	<b>4,832,134</b>	<b>100.0</b>

Note: For domestic borrowers, industrial sectors are classified based on Loans and Bills Discounted and New Loans for Fixed Investment by Sector (by Type of Industries) issued by the Bank of Japan.

## Breakdown of Loans by Usage (General Account)

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Capital expenditures	963,703	20.2	990,631	20.5
Operating capital	3,798,614	79.8	3,841,503	79.5

## Breakdown of Loans by Region (General Account)

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Hokkaido	45,806	1.0	51,103	1.1
Tohoku	71,988	1.6	71,581	1.5
Kanto	3,452,028	74.6	3,421,236	73.0
Chubu	442,204	9.6	472,174	10.1
Kinki	328,834	7.1	330,244	7.0
Chugoku	72,344	1.6	91,397	2.0
Shikoku	65,052	1.4	94,083	2.0
Kyushu	149,979	3.2	153,767	3.3
Total	4,628,238	100.0	4,685,588	100.0

Notes: 1. Excludes individual loans, loans for non-residents and policy loans.  
2. Regions are based on the locations of the borrowers' headquarters.

## Breakdown of Loans by Collateral (General Account)

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Collateral loans	17,369	0.4	24,104	0.5
Loans secured by securities	4,312	0.1	4,446	0.1
Loans secured by real estate, movable assets or aggregated foundation collateral	11,928	0.3	18,564	0.4
Loans secured by nominative claims	1,128	0.0	1,092	0.0
Guaranteed loans	101,503	2.1	92,837	1.9
Fiduciary loans	4,620,962	97.0	4,690,851	97.1
Others	22,482	0.5	24,341	0.5
Total of general loans	4,762,317	100.0	4,832,134	100.0
Subordinated loans	491,300	10.3	574,500	11.9

## Tangible Fixed Assets (General Account)

(Millions of Yen)

Year ended March 31, 2015	Beginning balance	Increase	Decrease		Ending balance	Accumulated depreciation	Accumulated depreciation ratio (%)
			Impairment losses	Depreciation			
Land	623,453	827	10,448	2,737	613,832	—	—
Buildings	310,528	12,030	9,253	3,558	296,709	385,936	56.5
Construction in progress	3,650	15,802	13,407	—	6,045	—	—
Other tangible fixed assets	3,810	1,005	409	1,158	3,248	14,409	81.6
Total	941,443	29,665	33,519	6,296	919,835	400,346	—
Real estate for rent	570,931	35,798	27,012	6,295	570,298	225,442	—
Year ended March 31, 2014							
Land	631,342	3,331	11,220	1,624	623,453	—	—
Buildings	329,278	8,956	10,797	3,674	310,528	383,722	55.3
Construction in progress	2,352	12,549	11,251	—	3,650	—	—
Other tangible fixed assets	4,203	987	42	1,337	3,810	15,542	80.3
Total	967,176	25,824	33,311	5,299	941,443	399,265	—
Real estate for rent	585,378	25,894	30,825	3,981	570,931	219,806	—

Note: Figures for increase and decrease of "Real estate for rent" include increases and decreases due to changes in usage, such as from operational to rental usage.

## Real Estate Balance and the Number of Buildings Owned

(Millions of Yen)

As of March 31,	2015	2014
Real estate	916,587	937,632
For operational use	353,640	368,045
For rent	562,946	569,587
The number of buildings for rent	164 buildings	176 buildings

## Gains on Disposals of Fixed Assets (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
Tangible fixed assets	5,950	1,405
Land	2,664	1,009
Buildings	3,286	395
Others	—	—
Intangible fixed assets	—	—
Other fixed assets	0	3
Total	5,951	1,408
Real estate for rent	4,602	1,389

## Losses on Disposals of Fixed Assets (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
Tangible fixed assets	5,235	6,109
Land	1,447	2,481
Buildings	3,395	3,592
Others	392	35
Intangible fixed assets	218	2
Other fixed assets	111	1,387
Total	5,566	7,499
Real estate for rent	2,610	4,633

## Depreciation of Real Estate for Non-Insurance Business (General Account)

(Millions of Yen)

Year ended March 31, 2015	Acquisition cost	Depreciation	Accumulated depreciation	Ending balance	Accumulated depreciation ratio (%)
Tangible fixed assets	389,884	9,462	221,352	168,531	56.8
Buildings	388,370	9,415	220,013	168,357	56.7
Others	1,513	46	1,339	173	88.5
Intangible fixed assets	99	5	56	42	56.9
Other fixed assets	821	45	594	227	72.3
Total	390,804	9,513	222,003	168,801	56.8
Year ended March 31, 2014					
Tangible fixed assets	393,705	9,561	219,763	173,942	55.8
Buildings	392,284	9,515	218,439	173,844	55.7
Others	1,421	46	1,324	97	93.2
Intangible fixed assets	98	6	51	47	52.0
Other fixed assets	718	44	549	169	76.4
Total	394,523	9,613	220,364	174,158	55.9

**Foreign Securities Investment and Overseas Loans (General Account)  
Breakdown by Asset Type**

**(1) Assets denominated in foreign currencies**

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Bonds	5,481,136	71.8	4,168,963	67.8
Stocks	933,778	12.2	805,581	13.1
Cash, deposits and others	37,620	0.5	33,905	0.6
<b>Subtotal</b>	<b>6,452,535</b>	<b>84.5</b>	<b>5,008,450</b>	<b>81.5</b>

**(2) Assets with value fixed in yen**

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Loans	82,837	1.1	10,272	0.2
Others	36	0.0	5	0.0
<b>Subtotal</b>	<b>82,873</b>	<b>1.1</b>	<b>10,277</b>	<b>0.2</b>

Note: The above figures represent the value of assets that entail forward exchange contracts fixing the value of yen at the time of settlement.  
These values are included in yen on the balance sheet.

**(3) Assets denominated in yen**

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Loans for non-residents	111,596	1.5	122,205	2.0
Domestic bonds (foreign bonds issued in yen)	331,117	4.3	364,910	5.9
Others	653,499	8.6	642,862	10.5
<b>Subtotal</b>	<b>1,096,214</b>	<b>14.4</b>	<b>1,129,978</b>	<b>18.4</b>

**(4) Total of (1)+(2)+(3)**

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Foreign securities investment and overseas loans	7,631,623	100.0	6,148,705	100.0
Overseas real estate	24,843	0.3	24,843	0.4

**Breakdown of Foreign Securities Investment and Overseas Loans by Region**

(Millions of Yen)

As of March 31, 2015	Foreign securities								Loans for non-residents	
			Bonds		Stocks					
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
North America	4,453,491	60.2	4,400,614	75.7	52,876	3.3	26,000	23.3		
Europe	1,049,264	14.2	861,898	14.8	187,366	11.8	41,500	37.2		
Oceania	265,426	3.6	265,426	4.6	—	—	—	—		
Asia	169,600	2.3	58,999	1.0	110,600	7.0	2,720	2.4		
Latin America	1,309,028	17.7	72,593	1.2	1,236,435	77.9	92	0.1		
Middle East	—	—	—	—	—	—	—	—		
Africa	—	—	—	—	—	—	—	—		
Supranationals	152,721	2.1	152,721	2.6	—	—	41,284	37.0		
<b>Total</b>	<b>7,399,532</b>	<b>100.0</b>	<b>5,812,254</b>	<b>100.0</b>	<b>1,587,278</b>	<b>100.0</b>	<b>111,596</b>	<b>100.0</b>		
As of March 31, 2014										
North America	3,361,732	56.2	3,311,456	73.0	50,275	3.5	23,000	18.8		
Europe	922,602	15.4	719,702	15.9	202,899	14.0	49,500	40.5		
Oceania	258,740	4.3	258,740	5.7	—	—	—	—		
Asia	157,543	2.6	54,415	1.2	103,127	7.1	3,060	2.5		
Latin America	1,135,240	19.0	43,100	1.0	1,092,140	75.4	154	0.1		
Middle East	—	—	—	—	—	—	—	—		
Africa	—	—	—	—	—	—	—	—		
Supranationals	146,458	2.4	146,458	3.2	—	—	46,491	38.0		
<b>Total</b>	<b>5,982,317</b>	<b>100.0</b>	<b>4,533,873</b>	<b>100.0</b>	<b>1,448,444</b>	<b>100.0</b>	<b>122,205</b>	<b>100.0</b>		

## Breakdown of Foreign Currency-Denominated Assets by Currency

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
(U.S. dollar)	5,195,007	80.5	3,925,981	78.4
(Euro)	558,534	8.7	574,166	11.5
(Australian dollar)	373,717	5.8	344,637	6.9
(Others)	325,276	5.0	163,664	3.3
<b>Total</b>	<b>6,452,535</b>	<b>100.0</b>	<b>5,008,450</b>	<b>100.0</b>

## Investments and Loans for Public Entities (General Account)

(Millions of Yen)

Years ended March 31,	2015	2014
<b>Bonds</b>		
Government bonds	—	—
Municipal bonds	—	—
Other public entity bonds	1,445	1,999
<b>Subtotal</b>	<b>1,445</b>	<b>1,999</b>
<b>Loans</b>		
Loans for government-related agencies	1,622	1,770
Loans for other public entities	4,050	—
<b>Subtotal</b>	<b>5,672</b>	<b>1,770</b>
<b>Total</b>	<b>7,117</b>	<b>3,769</b>

Note: Figures for bonds represent the value of bonds underwritten during the fiscal year. Figures for loans represent loans made during each fiscal year to domestic borrowers.

## Interest Rates of Loans

Not applicable.

## Other Assets (General Account)

(Millions of Yen)

Year ended March 31, 2015	Acquisition cost	Increase	Decrease	Accumulated depreciation	Ending balance
Deferred assets	969	178	68	698	380
Others	—	741	1,043	—	7,851
<b>Total</b>	<b>—</b>	<b>919</b>	<b>1,111</b>	<b>—</b>	<b>8,232</b>
Year ended March 31, 2014					
Deferred assets	960	72	63	650	318
Others	—	670	1,193	—	8,153
<b>Total</b>	<b>—</b>	<b>742</b>	<b>1,257</b>	<b>—</b>	<b>8,472</b>

Note: Acquisition cost and accumulated depreciation represent amount for deferred assets only.

## Fair Values of Financial Instruments (General Account)

### Gains and Losses on Valuation of Trading Securities (General Account)

Not applicable.

### Fair Values of Securities (General Account)

#### • Securities with Fair Value (excluding trading securities)

(Millions of Yen)

As of March 31,	2015					2014				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	5,249,888	5,896,950	647,061	647,860	(798)	5,784,393	6,257,478	473,085	474,415	(1,330)
Policy-reserve-matching bonds	6,820,691	7,471,758	651,066	651,066	—	5,405,462	5,594,374	188,911	191,578	(2,667)
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	11,642,072	15,620,689	3,978,616	3,995,764	(17,147)	11,997,786	14,506,235	2,508,449	2,581,352	(72,902)
Domestic bonds	4,431,621	4,823,786	392,165	392,909	(743)	5,619,164	6,075,409	456,245	457,063	(817)
Domestic stocks	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)	1,742,981	3,204,756	1,461,775	1,483,543	(21,768)
Foreign securities	5,328,260	6,460,968	1,132,708	1,141,981	(9,273)	4,453,537	5,021,371	567,834	618,102	(50,268)
Foreign bonds	4,757,793	5,684,550	926,756	935,936	(9,179)	3,957,020	4,378,253	421,233	467,655	(46,422)
Foreign stocks	570,466	776,417	205,951	206,045	(93)	496,516	643,117	146,600	150,447	(3,846)
Other securities	195,445	230,158	34,712	34,725	(12)	144,427	165,384	20,957	21,005	(48)
Monetary claims bought	27,484	29,300	1,816	1,816	—	27,676	29,313	1,637	1,637	—
Negotiable deposits	6,000	6,000	0	0	(0)	10,000	9,999	(0)	0	(0)
Others	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>23,712,652</b>	<b>28,989,397</b>	<b>5,276,745</b>	<b>5,294,691</b>	<b>(17,946)</b>	<b>23,187,643</b>	<b>26,358,088</b>	<b>3,170,445</b>	<b>3,247,346</b>	<b>(76,900)</b>
Domestic bonds	16,174,274	17,847,825	1,673,550	1,674,410	(859)	16,449,092	17,554,688	1,105,596	1,109,112	(3,515)
Domestic stocks	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)	1,742,981	3,204,756	1,461,775	1,483,543	(21,768)
Foreign securities	5,455,964	6,593,106	1,137,141	1,146,989	(9,847)	4,609,156	5,178,226	569,069	620,545	(51,476)
Foreign bonds	4,885,497	5,816,688	931,190	940,944	(9,753)	4,112,639	4,535,108	422,468	470,098	(47,629)
Foreign stocks	570,466	776,417	205,951	206,045	(93)	496,516	643,117	146,600	150,447	(3,846)
Other securities	195,445	230,158	34,712	34,725	(12)	144,427	165,384	20,957	21,005	(48)
Monetary claims bought	227,707	241,833	14,125	14,233	(108)	231,985	245,033	13,047	13,139	(91)
Negotiable deposits	6,000	6,000	0	0	(0)	10,000	9,999	(0)	0	(0)
Others	—	—	—	—	—	—	—	—	—	—

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

#### • Held-to-Maturity Debt Securities

(Millions of Yen)

As of March 31,	2015			2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	5,197,034	5,844,894	647,860	5,709,338	6,183,754	474,415
Domestic bonds	4,909,008	5,539,443	630,434	5,413,239	5,873,710	460,470
Foreign bonds	101,111	106,119	5,007	103,830	106,273	2,442
Others	186,913	199,331	12,417	192,268	203,770	11,502
Securities whose fair value does not exceed the balance sheet amount	52,854	52,055	(798)	75,055	73,724	(1,330)
Domestic bonds	12,952	12,836	(116)	11,225	11,194	(31)
Foreign bonds	26,592	26,018	(573)	51,789	50,581	(1,207)
Others	13,309	13,201	(108)	12,040	11,948	(91)

• Policy-Reserve-Matching Bonds

(Millions of Yen)

As of March 31,	2015			2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	<b>6,820,691</b>	<b>7,471,758</b>	<b>651,066</b>	5,048,866	5,240,445	191,578
Domestic bonds	<b>6,820,691</b>	<b>7,471,758</b>	<b>651,066</b>	5,048,866	5,240,445	191,578
Others	—	—	—	—	—	—
Securities whose fair value does not exceed the balance sheet amount	—	—	—	356,596	353,929	(2,667)
Domestic bonds	—	—	—	356,596	353,929	(2,667)
Others	—	—	—	—	—	—

• Available-for-Sale Securities

(Millions of Yen)

As of March 31,	2015			2014		
	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	<b>10,678,152</b>	<b>14,673,917</b>	<b>3,995,764</b>	10,005,909	12,587,262	2,581,352
Domestic bonds	<b>4,371,423</b>	<b>4,764,333</b>	<b>392,909</b>	5,535,917	5,992,980	457,063
Domestic stocks	<b>1,568,675</b>	<b>3,993,007</b>	<b>2,424,331</b>	1,470,284	2,953,828	1,483,543
Foreign securities	<b>4,512,668</b>	<b>5,654,650</b>	<b>1,141,981</b>	2,826,666	3,444,769	618,102
Other securities	<b>194,900</b>	<b>229,626</b>	<b>34,725</b>	141,364	162,370	21,005
Monetary claims bought	<b>27,484</b>	<b>29,300</b>	<b>1,816</b>	27,676	29,313	1,637
Negotiable deposits	<b>3,000</b>	<b>3,000</b>	<b>0</b>	4,000	4,000	0
Others	—	—	—	—	—	—
Securities whose balance sheet amount does not exceed the acquisition or amortized costs	<b>963,919</b>	<b>946,771</b>	<b>(17,147)</b>	1,991,876	1,918,973	(72,902)
Domestic bonds	<b>60,197</b>	<b>59,453</b>	<b>(743)</b>	83,246	82,429	(817)
Domestic stocks	<b>84,585</b>	<b>77,468</b>	<b>(7,117)</b>	272,696	250,928	(21,768)
Foreign securities	<b>815,591</b>	<b>806,317</b>	<b>(9,273)</b>	1,626,870	1,576,602	(50,268)
Other securities	<b>545</b>	<b>532</b>	<b>(12)</b>	3,062	3,014	(48)
Monetary claims bought	—	—	—	—	—	—
Negotiable deposits	<b>3,000</b>	<b>2,999</b>	<b>(0)</b>	6,000	5,999	(0)
Others	—	—	—	—	—	—

• **Book Value of Securities of Which Market Value is Extremely Difficult to Determine**

(Millions of Yen)

As of March 31,	2015	2014
Held-to-maturity debt securities	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliates	285,948	280,311
Available-for-sale securities	690,289	696,001
Unlisted domestic stocks	48,294	52,911
Unlisted foreign stocks	632,126	632,126
Other foreign securities	1,721	2,535
Others	8,147	8,427
<b>Total</b>	<b>976,238</b>	<b>976,312</b>

Reference: Foreign currency denominated stocks of subsidiaries and affiliates (as presented in the above chart) with additional information on fair value of general account securities calculated with adjustments for foreign exchange valuation and other factors

(Millions of Yen)

As of March 31,	2015					2014				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses	Gains			Losses		
Domestic bonds	16,174,274	17,847,825	1,673,550	1,674,410	(859)	16,449,092	17,554,688	1,105,596	1,109,112	(3,515)
Domestic stocks	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)	1,742,981	3,204,756	1,461,775	1,483,543	(21,768)
Foreign securities	5,637,867	6,797,583	1,159,716	1,180,619	(20,903)	4,786,236	5,361,775	575,538	642,285	(66,747)
Foreign bonds	4,885,497	5,816,688	931,190	940,944	(9,753)	4,112,639	4,535,108	422,468	470,098	(47,629)
Foreign stocks	752,369	980,895	228,525	239,675	(11,149)	673,596	826,666	153,069	172,186	(19,117)
Other securities	198,430	233,664	35,233	35,246	(12)	148,296	169,584	21,288	21,397	(108)
Others	233,707	247,833	14,125	14,233	(108)	241,985	255,033	13,047	13,139	(91)
<b>Total</b>	<b>23,897,540</b>	<b>29,197,381</b>	<b>5,299,841</b>	<b>5,328,842</b>	<b>(29,001)</b>	<b>23,368,592</b>	<b>26,545,838</b>	<b>3,177,246</b>	<b>3,269,477</b>	<b>(92,231)</b>

Notes: 1. Figures presented above exclude ¥795,363 million comprising unlisted domestic securities totaling ¥167,363 million and unlisted foreign securities totaling ¥628,000 million, both of which were posted at book value as of March 31, 2014.

2. Figures presented above exclude ¥791,350 million comprising unlisted domestic securities totaling ¥163,350 million and unlisted foreign securities totaling ¥628,000 million, both of which were posted at book value as of March 31, 2015.

3. After these exclusions, the above figures account for 96.7% and 96.8% of total securities, respectively, as of March 31, 2014 and March 31, 2015.

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

**Fair Value of Money-Held-in-Trust (General Account)**

Not applicable.

• **Money-Held-in-Trust for Investment**

Not applicable.

• **Money-Held-in-Trust for Maturity, for Policy Reserve Matching and for Other Purposes**

Not applicable.



## Fair Value of Derivative Transactions (General Account)

### (1) Breakdown of Net Gains (Losses) on Derivative Transactions (by Application and Non-Application of Hedge Accounting)

(Millions of Yen)

As of March 31,	2015						2014					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting is applied	32,813	(75,719)	—	—	—	(42,905)	12,099	(43,562)	—	—	—	(31,462)
Hedge accounting is not applied	10	0	—	—	—	10	366	(1)	—	—	—	365
<b>Total</b>	<b>32,824</b>	<b>(75,719)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(42,895)</b>	<b>12,466</b>	<b>(43,563)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(31,096)</b>

Note: Gains and losses on derivative transactions where fair value hedge accounting is applied include losses attributable to currency-related transactions totaling ¥40,632 million and ¥70,919 million as of March 31, 2014 and March 31, 2015, respectively. These figures are presented on the statements of income, together with gains and losses on derivative transactions where hedge accounting is not applied.

### (2) Transactions Where Hedge Accounting Is Not Applied

#### ◆ Interest-Rate Related

(Millions of Yen)

As of March 31,	2015			2014		
	Notional amount/ contract value Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value Over 1 year	Fair value	Net gains (losses)
OTC						
Interest rate swaps						
Receipts fixed, payments floating	1,000	1,000	10	47,600	47,600	366
<b>Total</b>			<b>10</b>			<b>366</b>

Note: Net gains (losses) on interest rate swaps are based on fair value.

### Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

(Millions of Yen)

As of March 31,	2015							2014						
	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total
Receipts fixed, payments floating swap														
Notional amount	—	—	—	—	—	1,000	1,000	—	—	—	—	—	47,600	47,600
Average interest rate in receipt (%)	—	—	—	—	—	1.17	1.17	—	—	—	—	—	1.80	1.80
Average interest rate in payment (%)	—	—	—	—	—	0.14	0.14	—	—	—	—	—	0.21	0.21

#### ◆ Currency-Related

(Millions of Yen)

As of March 31,	2015			2014		
	Notional amount/ contract value Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value Over 1 year	Fair value	Net gains (losses)
OTC						
Foreign currency forward contracts						
Sold	301	—	0	310	—	(1)
(Australian dollar)	301	—	0	310	—	(1)
Bought	6	—	0	—	—	—
(U.S. dollar)	6	—	0	—	—	—
<b>Total</b>			<b>0</b>			<b>(1)</b>

Note: Net gains (losses) on foreign currency forward contracts are based on fair value.

◆ **Stock-Related**

Not applicable.

◆ **Bond-Related**

Not applicable.

**(3) Transactions Where Hedge Accounting Is Applied**

◆ **Interest-Rate Related**

(Millions of Yen)

As of March 31, Hedge accounting method	Type	Main hedged items	2015			2014		
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year			Over 1 year		
Deferred hedge accounting	Interest rate swaps Receipts fixed, payments floating	Insurance liabilities	234,100	234,100	31,576	186,800	186,800	10,358
Special hedge accounting	Interest rate swaps Receipts fixed, payments floating	Loans	46,251	31,141	1,237	47,695	45,020	1,740
<b>Total</b>					<b>32,813</b>			<b>12,099</b>

**Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration**

(Millions of Yen)

As of March 31,	2015							2014						
	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total	Within 1 year	Up to 3 years	Up to 5 years	Up to 7 years	Up to 10 years	Over 10 years	Total
Receipts fixed, payments floating swap														
Notional amount	15,110	22,000	5,409	7,800	13,832	216,200	280,351	2,675	25,220	17,000	4,600	12,100	172,900	234,495
Average interest rate in receipt (%)	1.62	1.90	2.11	1.56	1.73	1.89	1.86	1.92	1.75	1.94	1.51	1.70	1.92	1.88
Average interest rate in payment (%)	0.25	0.31	0.34	0.14	0.21	0.14	0.17	0.47	0.34	0.35	0.20	0.20	0.20	0.23

◆ **Currency-Related**

(Millions of Yen)

As of March 31, Hedge accounting method	Type	Main hedged items	2015				2014			
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value		
			Over 1 year			Over 1 year				
Fair value hedge accounting	Foreign currency forward contracts	Foreign-currency- denominated bonds								
			Sold		2,354,756	—	(70,919)	2,031,158	—	(40,632)
			(U.S. dollar)		2,010,069	—	(89,973)	1,690,459	—	(33,578)
			(Euro)		196,339	—	10,404	201,159	—	(1,789)
	(Australian dollar)			148,347	—	8,649	139,540	—	(5,264)	
Deferred hedge accounting	Cross currency swaps (Euro)	Foreign-currency- denominated bonds	35,575	35,575	(4,800)	26,958	26,958	(2,929)		
<b>Total</b>					<b>(75,719)</b>			<b>(43,562)</b>		

Note: Excludes transactions related to foreign currency denominated monetary claims and liabilities that entail foreign currency forward contracts fixing the value of yen currency at the time of settlement and can be included in yen on the balance sheet.

◆ **Stock-Related**

Not applicable.

◆ **Bond-Related**

Not applicable.

## Fair Value of Land (General Account)

(Millions of Yen)

		Net unrealized gains			
		Revaluation differences	Unrealized gains in off-balance-sheet transactions		
			Book value	Fair value	
<b>As of March 31, 2015</b>	<b>290,586</b>	<b>204,865</b>	<b>85,721</b>	<b>627,079</b>	<b>712,800</b>
As of March 31, 2014	268,437	198,962	69,475	636,808	706,283

Notes: 1. Includes land used under leasehold rights.

2. Revaluation differences are based on the results of fair value accounting performed by former Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company on March 31, 2000 and 2001, respectively, in accordance with the Act on Revaluation of Land.

3. Unrealized gains in off-balance-sheet transactions result from fluctuations in market value before and after revaluation.

## Unrealized Gains and Losses on Overall Assets (General Account)

(Millions of Yen)

As of March 31,	2015	2014
Securities	<b>5,299,841</b>	3,177,246
Valuation differences	<b>3,980,095</b>	2,509,027
Unrealized gains in off-balance-sheet transactions	<b>1,319,746</b>	668,218
Land	<b>290,586</b>	268,437
Revaluation differences	<b>204,865</b>	198,962
Unrealized gains in off-balance-sheet transactions	<b>85,721</b>	69,475
Others	<b>27,783</b>	8,852
<b>Total</b>	<b>5,618,211</b>	3,454,536

Notes: 1. Figures for securities represent unrealized gains attributable to such factors as foreign currency translation adjustments of securities with market prices as well as those whose market value is extremely difficult to determine (e.g., foreign currency denominated stocks of subsidiaries and affiliates).

2. Securities include financial instruments that are deemed appropriate to handle as securities under the Financial Instruments and Exchange Act.

3. Revaluation differences of land are based on the results of fair value accounting performed by former Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company on March 31, 2000 and 2001, respectively, in accordance with the Act on Revaluation of Land. In addition, land includes land used under leasehold rights.

4. Others include unrealized gains and losses on derivative transactions. In addition, the Company applied hedge accounting to some of these transactions. The above table presents unrealized gains and losses on derivative transaction where hedge accounting (deferred hedge accounting or exceptional accounting treatment) is applied. Of those transactions, derivative transactions where fair value hedge accounting is applied posted losses attributable to currency-related transactions totaling ¥40,632 million and ¥70,919 million as of March 31, 2014 and 2015, respectively. These figures are presented on the statements of income on the basis of valuation gains and losses, together with gains and losses on transactions where hedge accounting is not applied. None of these transactions included unrealized gains and losses.

## Performance Indicators for Separate Account

### Balance of Separate Account Assets

(Millions of Yen)

As of March 31,	2015	2014
Variable individual life insurance	<b>77,288</b>	71,992
Variable individual annuities	<b>366,134</b>	349,352
Group pensions	<b>421,567</b>	400,965
<b>Total</b>	<b>864,990</b>	822,310

### Investment Status of Separate Account Assets for Variable Individual Life Insurance and Variable Individual Annuities

In the domestic bond market, long-term interest rates remained low, reflecting stable progress in the Bank of Japan's outright purchase program for Japanese government bonds (JGBs), successful issuance of new government bonds through auction, and the effect of a downturn in U.S. interest rates. Moreover, at the end of October 2014, the Bank of Japan (BOJ) launched additional quantitative easing, which propelled rates further downward. The trend temporarily led to an interest rate below 0.2% in the middle of January 2015. The rate then edged up due to anxiety about the worsening supply-demand balance amid sluggish bidding at auctions for new government bonds. However, in the middle of February, further issuance of new JGBs mitigated anxiety. Nevertheless, the yield on ten-year JGBs was 0.40% as of March 31, 2015, down 0.24% compared with the end of the previous fiscal year.

In the domestic stock market, stock prices fell at the beginning of the fiscal year under review due to falling expectations for additional quantitative easing from the BOJ. From the end of May 2014 onward, however, stock prices rose thanks to such factors as improvements in U.S. economic indices. Prices then declined from time to time on rising geopolitical risk at the beginning of August, on anxiety about global economic deceleration that emerged from early October, and on the rapid fall in crude oil prices in December 2014. Nevertheless, upward momentum was sustained thanks to the BOJ's additional quantitative easing at the end of October, the rebalancing of the Government Pension Investment Fund's asset portfolio to increase stock allocations, and additional quantitative easing at the end of January 2015 by the European Central Bank (ECB), as well as expectations for an upturn in domestic corporate performance. Consequently, the Nikkei average as

of March 31, 2015 was ¥19,206, up ¥4,379 from March 31, 2014.

In the U.S. bond market, long-term interest rates remained low, bottoming out at around 1.6% at the end of January 2015, despite gradual progress in the Federal Reserve Board's efforts toward raising interest rates. This was mainly attributable to anxiety over conflicts in Ukraine, the effect of the decline in European interest rates, a drop in crude oil prices from December 2014 onward, and the appreciation of the U.S. dollar, which, in turn, thwarted expectations for inflation. Although favorable employment statistics have helped curb a further decline in interest rates from February 2015 onward, the yield on ten-year U.S. Treasuries was 1.92% as of March 31, 2015, down 0.80% from a year earlier.

In the U.S. stock market, such factors as rising geopolitical risk, anxiety about global economic deceleration and a drastic fall in crude oil prices occasionally led to sluggish market sentiment, but the upward trajectory in stock prices was sustained due to firm corporate performance backed by the robust U.S. economy, which benefitted from an improvement in employment statistics and frequent M&A activity. As a result, the Dow Jones Industrial Average stood at US\$17,776 on March 31, 2015, up US\$1,318 year on year.

As for foreign currency exchange rates, the first significant move occurred near the end of the first half of the fiscal year under review when additional quantitative easing by the BOJ at the end of October triggered depreciation of the yen. Moreover, the value of the yen against the U.S. dollar further declined as dollars were bought on prospects of rising interest rates and improving economic indices in the United States. As of March 31, 2015, the exchange rate stood at ¥120.17 to the U.S. dollar, down ¥17.25 year on year. Against the euro, the exchange rate stood at ¥130.32 as of March 31, 2015, up ¥11.33 year on year. This was attributable to euro selling (after the ECB's quantitative easing in January 2015) that outpaced the downward trend in the value of the yen.

Given this environment, the Company strove to secure stable returns from separate account assets for variable individual life insurance through diversified investment in both domestic and overseas assets. Specifically, during the fiscal year ended March 31, 2015, the Company sought to take advantage of the favorable investment environment by raising the proportion of domestic stocks in its asset portfolio in April, and then increasing foreign stocks in May 2014. However, on the back of the rise of geopolitical risk at the beginning of August and the adjustment of U.S. stock prices at the end of September, the Company flexibly adjusted its asset portfolio as needed to adapt to developments by, for example, temporarily raising domestic stock allocations and increasing the overall proportion of stocks. The Company further increased allocations of both domestic and foreign stocks when stock prices rose in the middle of February 2015 and afterward.

As for variable individual annuities, the Company invested in investment trusts in step with fund inflows from separate account assets. Generally, the ratio of such assets incorporated in investment trusts has been high during the fiscal year under review.

## Variable Individual Life Insurance (Separate Account)

### Insurance Amount of Policies in Force

As of March 31,	(Millions of Yen)			
	2015		2014	
	Number of policies	Amount	Number of policies	Amount
Variable life insurance (term type)	4	14	4	12
Variable life insurance (whole-life type)	55,266	532,149	56,436	551,777
<b>Total</b>	<b>55,270</b>	<b>532,163</b>	<b>56,440</b>	<b>551,790</b>

Note: Insurance amount of policies in force includes coverage under term rider.

### Breakdown of Separate Account Assets for Variable Individual Life Insurance

As of March 31,	(Millions of Yen)			
	2015		2014	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	3,000	3.9	1,000	1.4
Securities	71,090	92.0	67,874	94.3
Domestic bonds	16,125	20.9	22,043	30.6
Domestic stocks	27,392	35.4	20,928	29.1
Foreign securities	27,573	35.7	24,902	34.6
Foreign bonds	8,139	10.5	10,039	13.9
Foreign stocks	19,433	25.1	14,863	20.6
Other securities	—	—	—	—
Loans	—	—	—	—
Others	3,197	4.1	3,116	4.3
Allowance for possible loan losses	—	—	—	—
<b>Total</b>	<b>77,288</b>	<b>100.0</b>	<b>71,992</b>	<b>100.0</b>

## Investment Returns from Separate Account Assets for Variable Individual Life Insurance

(Millions of Yen)

Years ended March 31,	2015	2014
Interest, dividends and other income	1,370	1,403
Gains on sales of securities	7,888	7,420
Gains on redemption of securities	—	—
Gains on valuation of securities	13,340	10,778
Foreign exchange gains	82	68
Gains on derivative financial instruments	548	188
Other income	4	4
Losses on sales of securities	1,045	1,164
Losses on redemption of securities	—	—
Losses on valuation of securities	9,014	9,214
Foreign exchange gains	56	32
Losses on derivative financial instruments	235	139
Other expenses	0	0
Net gains	12,880	9,312

## Fair Value of Securities (Separate Account Assets for Variable Individual Life Insurance)

### Gains and Losses on Valuation of Trading Securities

(Millions of Yen)

As of March 31,	2015		2014	
	Balance sheet amount	Valuation gains/ losses included in the statement of income	Balance sheet amount	Valuation gains/ losses included in the statement of income
Trading securities	71,090	4,325	67,874	1,563

## Fair Value of Money-Held-in-Trust (Separate Account Assets for Variable Individual Life Insurance)

Not applicable.

## Fair Value of Derivative Transactions (Separate Account Assets for Variable Individual Life Insurance)

### (1) Breakdown of Net Gains (Losses) on Derivative Transactions (by Application and Non-Application of Hedge Accounting)

Not applicable.

### (2) Transactions Where Hedge Accounting Is Not Applied

#### ◆ Interest-Rate Related

Not applicable.

#### ◆ Currency-Related

Not applicable.

#### ◆ Stock-Related

Not applicable.

#### ◆ Bond-Related

Not applicable.

### (3) Transactions Where Hedge Accounting Is Applied

Not applicable.

## Variable Individual Annuities (Separate Account)

### Policies in Force

(Millions of Yen)

As of March 31,	2015		2014	
	Number of policies	Amount	Number of policies	Amount
Variable individual annuities	96,829	374,916	92,453	361,153

Note: Insurance amount of policies in force includes the amount of general account policies written after pension payout.

## Breakdown of Separate Account Assets for Variable Individual Annuities

(Millions of Yen)

As of March 31,	2015		2014	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	1,400	0.4	1,401	0.4
Securities	361,631	98.8	345,067	98.8
Domestic bonds	—	—	—	—
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks	—	—	—	—
Other securities	361,631	98.8	345,067	98.8
Loans	—	—	—	—
Others	3,101	0.8	2,883	0.8
Allowance for possible loan losses	—	—	—	—
<b>Total</b>	<b>366,134</b>	<b>100.0</b>	<b>349,352</b>	<b>100.0</b>

## Investment Returns from Separate Account Assets for Variable Individual Annuities

(Millions of Yen)

Years ended March 31,	2015	2014
Interest, dividends and other income	4,335	3,243
Gains on sales of securities	0	0
Gains on redemption of securities	0	—
Gains on valuation of securities	44,563	35,141
Foreign exchange gains	—	—
Gains on derivative financial instruments	—	—
Other income	—	—
Losses on sales of securities	0	0
Losses on redemption of securities	—	—
Losses on valuation of securities	36,572	40,049
Foreign exchange losses	—	—
Losses on derivative financial instruments	—	—
Other expenses	—	0
<b>Net gains (losses)</b>	<b>12,326</b>	<b>(1,665)</b>

## Fair Value of Securities (Separate Account Assets for Variable Individual Annuities)

### Gains and Losses on Valuation of Trading Securities

(Millions of Yen)

As of March 31,	2015		2014	
	Balance sheet amount	Valuation gains/ losses included in the statement of income	Balance sheet amount	Valuation gains/ losses included in the statement of income
Trading securities	361,631	7,990	345,067	(4,907)

## Fair Value of Money-Held-in-Trust (Separate Account Assets for Variable Individual Annuities)

Not applicable.

## Fair Value of Derivative Transactions (Separate Account Assets for Variable Individual Annuities)

Not applicable.

## Group Pensions (Separate Account)

### Separate Account Assets Managed for Group Pension Policyholders

(Millions of Yen)

As of March 31,	2015		2014	
	Number of groups	Fair value	Number of groups	Fair value
First treaty separate account	709	394,065	725	390,520
Comprehensive account	567	259,203	597	240,366
Accounts established for each investee	148	134,861	136	150,154
<b>Total</b>	<b>709</b>	<b>394,065</b>	<b>725</b>	<b>390,520</b>

Note: First treaty separate account jointly manages the assets of multiple group pension policyholders.

### Investment Performance of First Treaty Separate Account (Comprehensive Account)

#### (1) Investment Status in the Year Ended March 31, 2015

In line with its annual investment plan, the Company allocated a greater proportion of its portfolio to stocks while investing less in bonds, both domestic and overseas. Maintaining this policy, the Company rebalanced its domestic and foreign stock allocations as necessary to adapt to the market environment. The average time-weighted return rate for comprehensive account assets during the fiscal year ended March 31, 2015 was 19.49%. This was attributable to significant returns from both domestic and foreign stocks as well as foreign bonds.

(%)

	Planned figures for year ended March 31, 2015	Asset Allocations				As of March 31, 2015
		As of March 31, 2014	As of June 30, 2014	As of September 30, 2014	As of December 31, 2014	
Domestic bonds	33.0	29.3	27.7	25.5	23.9	<b>23.6</b>
Domestic stocks	30.0	31.0	33.9	35.6	34.6	<b>36.9</b>
Foreign bonds	13.0	12.8	10.9	8.3	8.5	<b>10.3</b>
Foreign stocks	21.0	21.2	23.6	27.0	28.4	<b>26.2</b>
Short-term funds and others	3.0	5.7	3.9	3.6	4.6	<b>2.9</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: Asset allocations are based on fair value.

#### (2) Balance in Fair Value By Asset Type

(Millions of Yen)

As of March 31,	2015		2014	
	Fair value	(%)	Fair value	(%)
Domestic bonds	61,291	23.6	70,446	29.3
Domestic stocks	95,733	36.9	74,420	31.0
Foreign bonds	26,821	10.3	30,830	12.8
Foreign stocks	67,918	26.2	50,861	21.2
Short-term funds and others	7,438	2.9	13,807	5.7
<b>Total</b>	<b>259,203</b>	<b>100.0</b>	<b>240,366</b>	<b>100.0</b>

#### (3) Investment Performance

(%)

Years ended March 31,	2015	2014
Time-weighted return rate	19.49	14.02

## First Treaty Separate Account (Accounts Established for Each Investee)

### (1) Investment Status in the Year Ended March 31, 2015

Fund	Status
Yen currency denominated bond account	Based on fundamental analysis, the Company determined its duration, yield curve and sector allocation strategies, thus executing active investment. Having expected interest rates to remain at low levels, the Company adjusted its duration strategy while monitoring trends in interest rates and investor sentiments. Looking at the allocation by bond category, the Company maintained a greater proportion of non-government bonds.
Yen currency denominated bond account—A	The Company engaged in active investment while taking a cautious stance in executing its duration, yield curve and sector allocation strategies. The Company adjusted the allocation by remaining duration in line with changes in yield curves. Looking at the allocation by bond category, the Company maintained a greater proportion of non-government bonds.
Yen currency denominated stock account	Drawing on the combined results of bottom-up analyses, both qualitative and quantitative, the Company engaged in active investment while controlling exposure to risks specific to certain business sectors. The Company also reshuffled its portfolio by selecting promising stocks with an eye to current trends in corporate performance, investment efficiency and growth potential.
Yen currency denominated stock account—B	The Company adopted a “factor rotation strategy,” an investment strategy that focuses on various factors affecting investment performance to adjust allocation in step with changes due to market conditions. In this way, the Company executed enhanced index investing. The Company maintains a neutral sector allocation policy while focusing on value indices and profitability.
Foreign currency denominated bond account	Based on fundamental analysis, the Company determined its currency, duration and yield curve strategies, thereby executing active investment. Allocation by currency has been flexibly revised, as the Company incorporated a wide variety of currencies while focusing on the U.S. dollar and euro. The Company was also flexible in adjusting bond duration in step with changes in monetary policies in each country.
Foreign currency denominated bond account—A	The Company maintained a cautious stance in executing its currency, duration, yield curve and sector allocation strategies, thereby executing active investment. On the other hand, the Company has flexibly adjusted allocation by currency and bond duration. The Company also adjusted allocation by remaining duration while including non-government bonds.
Foreign currency denominated stock account	Drawing on the combined results of bottom-up analyses, both qualitative and quantitative, the Company engaged in active investment. In developed countries, the Company controlled its exposure to risks specific to certain business sectors while maintaining regionally neutral allocation. In selecting stocks, the Company also focused on the issuer’s unique growth drivers and improvements in the level of profitability. In addition, the Company raised the proportion of stocks issued by companies in emerging Asian nations.
Foreign currency denominated stock account—B	The Company adopted a “factor rotation strategy,” an investment strategy that focuses on various factors affecting investment performance to adjust allocation in step with changes in market conditions. In this way, the Company executed enhanced index investing. Remaining neutral on region- and sector-based allocation, the Company focused on growth potential in U.S. investments from the second quarter onward while paying consistent attention to European value indices during the fiscal year under review.
Short-term fund account	The Company engaged in investment focusing on maintaining liquidity and stability.

### (2) Fair Value and Investment Performance

As of and years ended March 31,	2015		2014	
	Fair value	Time-weighted return rate (%)	Fair value	Time-weighted return rate (%)
Yen currency denominated bond account	45,404	2.99	50,650	0.51
Yen currency denominated bond account—A	23,485	3.07	33,675	0.73
Yen currency denominated stock account	13,979	30.89	12,391	18.22
Yen currency denominated stock account—B	15,616	30.24	13,498	17.55
Foreign currency denominated bond account	8,256	12.61	8,137	15.21
Foreign currency denominated bond account—A	6,732	12.53	7,116	15.30
Foreign currency denominated stock account	9,768	24.03	8,536	30.88
Foreign currency denominated stock account—B	8,615	22.72	8,709	33.70
Short-term fund account	3,003	0.09	7,438	0.08
Total	134,861		150,154	



## Consolidated Information

### Non-performing Loans

(Millions of Yen)

As of March 31,	2015	2014
Loans to bankrupt borrowers	—	0
Loans in arrears	2,630	2,972
Loans in arrears for three months or longer	—	—
Restructured loans	17,195	18,163
Total	19,825	21,136
Non-performing loans/total loans (%)	0.39	0.41

Notes: 1. Loans to bankrupt borrowers and substantially bankrupt borrowers including collateralized and guaranteed loans are directly deducted from total loans based on estimated uncollectible amounts. This is calculated as the remainder after deducting any amounts expected to be collected through the disposal of collateral or the execution of guarantees. The amounts recognized in the financial statements were ¥44 million for loans to bankrupt borrowers and ¥14 million for loans in arrears as of March 31, 2014; and ¥44 million for loans to bankrupt borrowers and ¥5 million for loans in arrears as of March 31, 2015.

2. Loans to bankrupt borrowers are loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act or Company Act; loans to borrowers with notes suspended from trading on exchanges; and loans to borrowers that have filed for similar legal proceedings based on overseas laws. Interest is not accrued as income on these loans, which remain in arrears on principal and interest payments with little likelihood for the recovery of principal or interest.

3. Loans in arrears are loans that do not accrue interest. These loans exclude loans to bankrupt borrowers and restructured loans with modified interest payment terms and conditions extended in order to support the borrowers or business restructuring.

4. Loans in arrears for three months or longer are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement. These loans exclude loans to bankrupt borrowers and loans in arrears.

5. Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. These loans exclude loans to bankrupt borrowers, loans in arrears, and loans in arrears three months or more.

### The Enhancement of Ability for Insurance Claim and Benefit Payout Possessed by the Insurance Company and Its Subsidiaries (Consolidated Solvency Margin Ratio)

(Millions of Yen)

As of March 31,	2015	2014
(A) Total solvency margin	7,002,417	5,288,401
① Foundation funds and capital and others	1,024,615	946,153
② Reserve for price fluctuation	492,907	481,293
③ Contingency reserves	667,380	660,436
④ Catastrophe reserves	8,618	8,107
⑤ General allowance for possible loan losses	1,677	4,501
⑥ Net unrealized gains on available-for-sale securities × 90% (100% in case of losses)	3,585,929	2,260,023
⑦ Unrealized gains on land × 85% (100% in case of losses)	252,268	232,276
⑧ Total of unrecognized actuarial differences and unrecognized prior service costs	(31,883)	(95,226)
⑨ Excess of continued Zillmerized reserve	990,405	771,894
⑩ Qualifying subordinated debt	100,000	100,000
⑪ Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
⑫ Deductions	(169,671)	(155,716)
⑬ Other (tax effect adjustment)	80,169	74,658
(B) Total risk $\sqrt{(\sqrt{(14^2+15^2+17+18)^2+(19+20+21)^2}+16+22)}$	1,310,703	1,099,570
⑭ Insurance risk	119,662	121,428
⑮ General underwriting risk	1,717	1,684
⑯ Major disaster risk	516	400
⑰ Third-sector insurance risk	53,962	52,508
⑱ Insurance risk of small-amount short-term insurer	—	—
⑲ Assumed interest rate risk	154,127	157,608
⑳ Minimum guarantee risk	9,772	9,225
㉑ Investment risk	1,105,560	893,435
㉒ Business management risk	28,906	24,725
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	1,068.4	961.9

Notes: 1. The figures presented above are calculated based on provisions in Article 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act and the Financial Services Agency Notification No. 23 in 2011.

2. Minimum guarantee risk is calculated based on standard methods stipulated in Article 4, Paragraph 5 of said notification.

**The Enhancement of Ability for Insurance Claim and Benefit Payout Possessed  
by the Insurance Company's Subsidiary (Solvency Margin Ratio)**

**Meiji Yasuda General Insurance Co., Ltd.**

(Millions of Yen)

As of March 31,	2015	2014
(A) Total solvency margin	<b>67,792</b>	66,947
① Foundation funds and capital and others	<b>56,978</b>	56,795
② Reserve for price fluctuation	<b>108</b>	97
③ Contingency reserves	<b>34</b>	34
④ Catastrophe reserves	<b>8,618</b>	8,107
⑤ General allowance for possible loan losses	—	—
⑥ Net unrealized gains on available-for-sale securities × 90% (100% in case of losses)	<b>994</b>	898
⑦ Unrealized gains on land × 85% (100% in case of losses)	<b>651</b>	569
⑧ Excess of refund reserves	—	—
⑨ Qualifying subordinated debt	—	—
⑩ Excess of refund reserves and qualifying subordinated debt not included in margin calculation	—	—
⑪ Deductions	—	—
⑫ Others	<b>405</b>	445
(B) Total risk $\sqrt{(\text{⑬}+\text{⑭})^2+(\text{⑮}+\text{⑯})^2}+\text{⑰}+\text{⑱}$	<b>2,698</b>	2,577
⑬ General underwriting risk	<b>1,717</b>	1,684
⑭ Third-sector insurance risk	—	—
⑮ Assumed interest rate risk	<b>9</b>	9
⑯ Investment risk	<b>1,220</b>	1,260
⑰ Business management risk	<b>69</b>	67
⑱ Major disaster risk	<b>516</b>	400
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100 (\%)$	<b>5,024.6</b>	5,195.5

Note: The figures presented above are calculated based on provisions in Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Notification No. 50 in 1996.

**Segment Information**

Business operations undertaken by the Company, its consolidated subsidiaries and subsidiary entities during the years ended March 31, 2014 and March 31, 2015, included the nonlife insurance business in addition to the life insurance business. However, the nonlife insurance business has been omitted from segment information since it represents such a minor proportion of total operations.



# Our History

Meiji Yasuda Life Insurance Company was inaugurated through the merger of the two oldest life insurers in Japan, namely, Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company.

## History of Meiji Life Insurance Company

In 1881, Taizo Abe, a former student of Yukichi Fukuzawa, established Meiji Life Insurance Limited Company in tandem with Heigoro Shoda and other early pioneers of the Mitsubishi conglomerate. Meiji Life was the first company in Japan to provide a modern-day life insurance service, in which premiums were determined based on expected mortality rates and other actuarial factors.

## History of The Yasuda Mutual Life Insurance Company

In 1880, Zenjiro Yasuda founded "Kyosai Gohyakumei-Sha," a mutual aid company supported by 500 contributors. In the beginning, this organization adopted "assessment insurance," a system that obliges a limited number of contributors to equally bear the cost of insurance claims paid, with the aim of providing an easy-to-understand insurance system.

To improve its service, in 1894 Kyosai Gohyakumei-Sha reorganized into "Kyosai Seimei Hoken Goshi Gaisya," a modern-day life insurance mutual aid company, thus laying the foundation for the development of The Yasuda Mutual Life Insurance Company.

## History of Meiji Yasuda Life Insurance Company

### 2004

January 1

- Meiji Yasuda Life Insurance Company was inaugurated through the merger of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company

January

- Launched "Life Account L.A. Double" to commemorate the Company's inauguration

August

- Meiji Yasuda Life Building was completed in Marunouchi, Tokyo

### 2005

April

- Meiji Yasuda General Insurance Co., Ltd. was inaugurated through the merger of Meiji General Insurance Co., Ltd. and The Yasuda General Insurance Company Ltd.

### 2006

July

- Meiji Yasuda Life began utilizing self-nominees, who voluntarily apply, in the selection of its policyholder representatives while adopting the "Company-with-Committees" system

### 2009

June

- Launched "Ashita no Mikata" hospitalization insurance

### 2010

June

- Launched "Iryohi Link Series," a lineup of riders providing coverage for medical expenses

November

- Formed a business alliance with Talanx AG (Germany)
- Formed a business alliance with PT Avrist Assurance (Indonesia)

December

- Formed a business alliance with Haier Group (China)

### 2012

March

- Acquired the majority of shares in private nursing home operator Sunvenus Tachikawa Company Limited, thereby initiating the operation of nursing care facilities

June

- Acquired 27% of shares in TU Europa S.A. (Poland)

July

- Acquired 30% of shares in TUIR Warta S.A. (Poland)

### 2013

July

- Formed a strategic partnership with Thai Life Insurance Public Company Limited (Thailand)

September

- Introduced "Meister Mobile" tablet terminals

### 2014

June

- Launched "Best Style"

### 2015

January

- Signed a title partner contract with the Japan Professional Football League (J. League)

# International Directory

(As of March 31, 2015)



## Headquarters

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