

Annual Report 2016

Meiji Yasuda Life Insurance Company, Year ended March 31, 2016



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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



Akio Negishi
President

Nobuya Suzuki
Chairman of the Board

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

● **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:**

81 Regional Offices and Market Development Departments, 980 Agency Offices, and 18 Group Marketing Departments (As of April 1, 2016)

● **Total Assets:**

¥36,576.6 billion

● **Foundation Funds:**

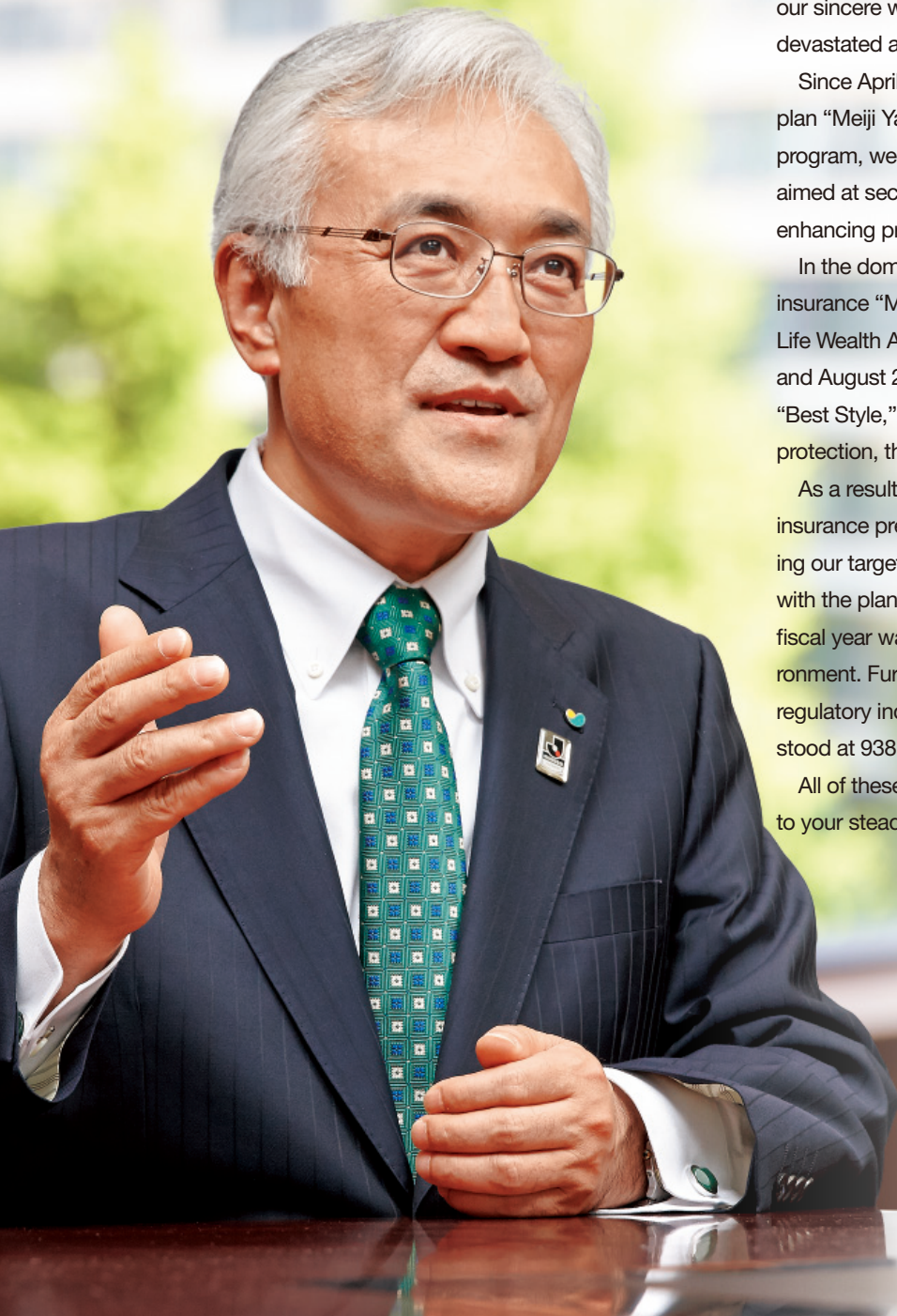
¥730.0 billion
(Including reserve for redemption of foundation funds)

● **Number of Employees:**

41,045
Sales personnel: 30,531

(As of March 31, 2016)

Building Brand Recognition Based on Excellence in After-Sales Service



First of all, I would like to extend my deepest condolence to those who suffered due to the 2016 Kumamoto Earthquake. On behalf of all the Meiji Yasuda Life Group members, I extend our sincere wishes for the earliest possible recovery of the devastated areas.

Since April 2014, we have been implementing 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.

In the domestic life insurance business, we released medical insurance “Medical Style F” and child insurance “Meiji Yasuda Life Wealth Accumulation Educational Endowment ” in June and August 2015, respectively. Following on the success of “Best Style,” a product capable of providing comprehensive protection, these two new products enjoyed stable sales.

As a result, in the fiscal year ended March 31, 2016, insurance premiums and other totaled ¥3,357.8 billion, surpassing our target. Base profit was ¥459.9 billion, a figure on par with the planned level. In sum, our overall performance for the fiscal year was firm, despite a rapidly evolving operating environment. Furthermore, our solvency margin ratio, one of several regulatory indicators displaying the soundness of life insurers, stood at 938.5%, maintaining superior 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, 2017, the final year of the aforementioned program, we are determined to establish a solid business foundation for the next 10 years. With all officers and employees rallying their full strength, we will step up our efforts to promote the following brand and growth strategies and

to reinforce our operating base to enable these strategies. In doing so, we will focus on strengthening the key distribution channel of agency, strategically upgrading our operating base, and carrying out surveys and research toward the next growth stage.

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 customers' understanding of the value of ongoing service, following enrollment, through face-to-face consultations with MY life plan advisors (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 for the ultra-low interest rate environment, which has become increasingly widespread since January 2016. At the same time, we will focus on promoting third-sector insurance products in such fields as medical and nursing care insurance while securing an even greater customer base.

In the overseas insurance business, we completed the acquisition of StanCorp Financial Group, Inc., a U.S. life insurance group, in March 2016. We will strive to secure greater profits from this and other investees while helping them upgrade their management structure. In these ways, we will bring greater benefits to our policyholders.

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 a manner compatible with the ultra-low interest rate environment, step up investments in growth fields, and introduce a more sophisticated management structure, as well as precise methods of enterprise risk management for the entire Group.

Adopting a future-oriented approach to facilitate business innovation, we will strengthen our survey and research functions to apply the latest know-how gleaned from the medical and IT fields in our insurance-related operations.

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. Since then, we successfully entered into sponsorship contracts with each football club operating under J. League Divisions 1, 2 and 3. During the Meiji Yasuda Life J. League 2015 season, a multitude of Meiji Yasuda Life employees and customers, as many as 130,000 in total, flocked to the stadium and cheered for their favorite local football clubs under the slogan "supporters across-the-board." Going forward, we will continue to help J. League succeed, and further, contribute to local society.

In addition, we will help advance a social environment that fosters the sound upbringing of children while engaging in activities to create a community where all residents can enjoy safer and more abundant lives. Among these activities is a "Community Safety Initiative," in which our sales personnel keep an eye out for local children and the elderly, notifying local police or municipal authorities whenever they recognize something unusual so that they can be spared from the unexpected.

We sincerely ask for your continued support and encouragement.

July 2016



Akio Negishi
President

History of Our Challenges

In January 2004, Meiji Yasuda Life Insurance Company was inaugurated through the merger of the two life insurers in Japan, namely, Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company, both of which boast a longstanding history extending more than 120 years.

Having received administrative measures twice in 2005 due to such problems as non-payments of insurance claims and benefits, we took pause to deeply reflect on the seriousness of the mishaps that caused trouble and anxiety to our customers.

Drawing important lessons from these incidents, we formulated the Meiji Yasuda Revitalization Plan in January 2006. Under this plan, we pursued a variety of initiatives to reinforce our claim payment administration system and enhance the transparency of governance, with an eye to becoming a company that places utmost value on its customers.

Then, we successively implemented the Meiji Yasuda Challenge Plan and the Meiji Yasuda New Development Plan, each of which spanned three years. At the same time, we implemented the MOT Project aimed at creating a new corporate culture. In these ways, we strove to regain the trust of our customers through ongoing initiatives to improve our operations and enhance customer satisfaction.

Having celebrated the 10th anniversary of Meiji Yasuda Life's inauguration in January 2014, we launched the Meiji Yasuda NEXT Challenge Program, a new three-year plan beginning April 2014. Building upon the success of our thoroughgoing efforts to enhance customer satisfaction, all Meiji Yasuda Life officers and employees are now rallying their overall strength to create a life insurer capable of providing each customer with inspiring experience that makes an impression.

Kyosai Gohyakumei-Sha (the forerunner of The Yasuda Mutual Life Insurance Company) established

Meiji Life Insurance Limited Company established

Received two separate administrative measures
Business suspension and improvement orders against inappropriate non-payments of insurance claims and benefits

Meiji Yasuda Life Insurance Company inaugurated

2004 2005 2006

1880 1881

In 2002, two precursor companies signed a basic agreement in preparation for business integration in January and signed a memorandum for merger in October, declaring their decision on greenlighting the merger. With the merger taking effect in January 2004, Meiji Yasuda Life Insurance Company was thus inaugurated.



Meiji Yasuda Revitalization Plan

Aim to rebuild customers' trust, lay foundations for next growth stage

Medium-Term Business Plan

- Initiate drastic reforms in corporate governance
- Strengthen core functions (policy underwriting, policyholder services, and claim payments)
- Adopt sales and marketing policy that places greater emphasis on after-sales service

MOT Project for Creating a New Corporate Culture

Create a new corporate culture that supports our transformation into "a company placing utmost value on our customers"

Initiatives to achieve revitalization and further growth

Drastic reforms in corporate governance

- Initiate the selection of voluntary candidates for policyholder representatives
- Outside directors form the majority of the Board
- Adopt the "Company-with-Committees" system*

Ensure clear institutional separation between management supervision and executive functions, securing a more transparent management structure with solid oversight

* The "Company with Three Committees system" from May 2015

Initiatives to regain the trust of customers

- Overhaul administration systems for the payment of claims and benefits
- Establish the Customer Satisfaction Advisory Council*
- Install a dedicated system for receiving customer complaints with regard to the payment of insurance claims and benefits
- Disclose the number of cases where claims were not eligible for payment and customer complaints

* The Customer Service Advisory Council from April 2015

Contribution to local society

CSR Management Declaration

- Declare the Company's determination to engage in long-lasting CSR management based on basic recognition of its corporate social responsibilities, along with the Company's commitment to the communities where customers live and to cherishing the environment

Expansion of the overseas insurance business

Meiji Yasuda Challenge Plan

Proactively seek to enhance customer satisfaction and achieve stable growth

Medium-Term Business Plan

- Implement drastic reforms in our key distribution channel of agency (sales personnel)
- Diversify our sales channels and develop new markets
- Further strengthen core functions and the capital and financial base

MOT Project Phase II for Creating a New Corporate Culture

Promote a corporate culture that supports enhanced customer satisfaction

Meiji Yasuda New Development Plan

Achieve stable and long-term growth over the future

Medium-Term Business Plan

- Secure sustainable growth potential in domestic life insurance business
- Actively invest in growth markets, such as the overseas insurance business and the nursing care service business
- Adopt sophisticated risk management and strengthen the capital and financial base

MOT Project Phase III for Further Enhancing Customer Satisfaction

Raise employees' awareness and facilitate their actions toward creating a company that places utmost value on its customers

Meiji Yasuda NEXT Challenge Program

Become a life insurer capable of providing each customer with inspiring experience that makes an impression and steadily improve corporate value

Medium-Term Business Plan

- Pursue brand strategy centered on face-to-face after-sales service
- Execute growth strategy involving the enrichment of third-sector insurance products, such as medical insurance, and the proactive expansion of the overseas insurance business
- Reinforce operating base by stepping up capital policies and sophisticated risk management

The "Kando" Realization Project

Establish a new corporate culture through the "MoT Campaign" supported by small groups in which coworkers encourage one another in taking on challenges while fostering team strength

2008

2011

2014

2017

Reforms in individual insurance marketing

(phase II: From April 2011 onward ; phase III: From April 2014 onward)

- Provide high-quality consulting and after-sales services to enhance customer satisfaction
- Introduce the MY life plan advisor system
- Establish the Company Training Authorization System
- Initiate the "Ease of Mind Service Activities Program"

Administrative Service Reforms

(named the "AAA" project from April 2016)

- Thoroughly pursue swift, convenient and convincing services with the utmost priority on "putting ourselves in the customer's shoes"
- Promote cashless and paperless operations



Reforms in various fields

- Underwriting service
- Group insurance administrative service
- Asset management administrative service
- Human resource development
- Work style
- General affairs and infrastructure management

Initiatives to strengthen corporate governance

- Formulate the Corporate Governance Guidelines
- Establish the Outside Directors Council

June 2014

"Best Style," capable of providing comprehensive protection, released



October 2014

MY Anshin Family Registration Scheme, released

April 2015

MY Longevity Policy Checking Scheme, released



Our response to the Great East Japan Earthquake

Confirm the safety of all customers through "Omimai-Houmon (visiting)" activities employing MY life plan advisors (sales personnel), thereby reaching 99.9% of customers and determining whether they had eligible claims as of October 2011



Upgrade our after-sales service structure by drawing lessons from the aforementioned "Omimai-Houmon" activities

June 2006

A community initiative to protect the lives and safety of children



Start checking on the safety of elderly

September 2014

A "Community Safety Initiative"

January 2015

A title partner contract with J. League



©J.LEAGUE PHOTOS

November 2010

Formed a business alliance with Talanx AG (Germany)

November 2010

Acquired equity stake in PT Avrist Assurance (Indonesia)

December 2010

Acquired equity stake in Founder Meiji Yasuda Life Insurance Co., Ltd. (China)

June 2012

Acquired equity stake in TU Europa S.A. (Poland)

July 2012

Acquired equity stake in TUIR Warta S.A. (Poland)

November 2013

Acquired equity stake in Thai Life Insurance Public Company Limited (Thailand)

March 2016

Acquired StanCorp Financial Group, Inc., a U.S. life insurance group, making it a wholly-owned subsidiary



Status of the Meiji Yasuda NEXT Challenge Program

(April 2014 — March 2017)

1. Overview of the Meiji Yasuda NEXT Challenge Program

Since April 2014, we have been 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 operating 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 customers’ understanding about the value of our after-sales services, which include face-to-face consultations, through our sales personnel.

More specifically, “*Anshin Roadmap*” booklet is distributed to customers who just have enrolled in “Best Style,” a product capable of providing comprehensive protection, and the booklet provides them with details about our long-term after-sales services following enrollment. Furthermore, we have a periodic policy checking scheme for examining the content of policies and determining whether there are eligible claims that they can apply for. In these ways, we are providing timely after-sales services to address each customer’s intention.

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, we have 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. We also promote “MY *Anshin* Family Registration Scheme” in which we register secondary contacts from whom we confirm the policyholders’ latest contact and whereabouts. The scheme will allow us to swiftly reestablish communication in the event contact with the policyholder becomes difficult.

In addition, we strive to publicize our initiatives through various media under our brand strategy. Effectively facilitating the general public’s recognition of our operations, we aim to ensure that Meiji Yasuda Life is viewed favorably.

2 Growth Strategy

Domestic Life Insurance Business

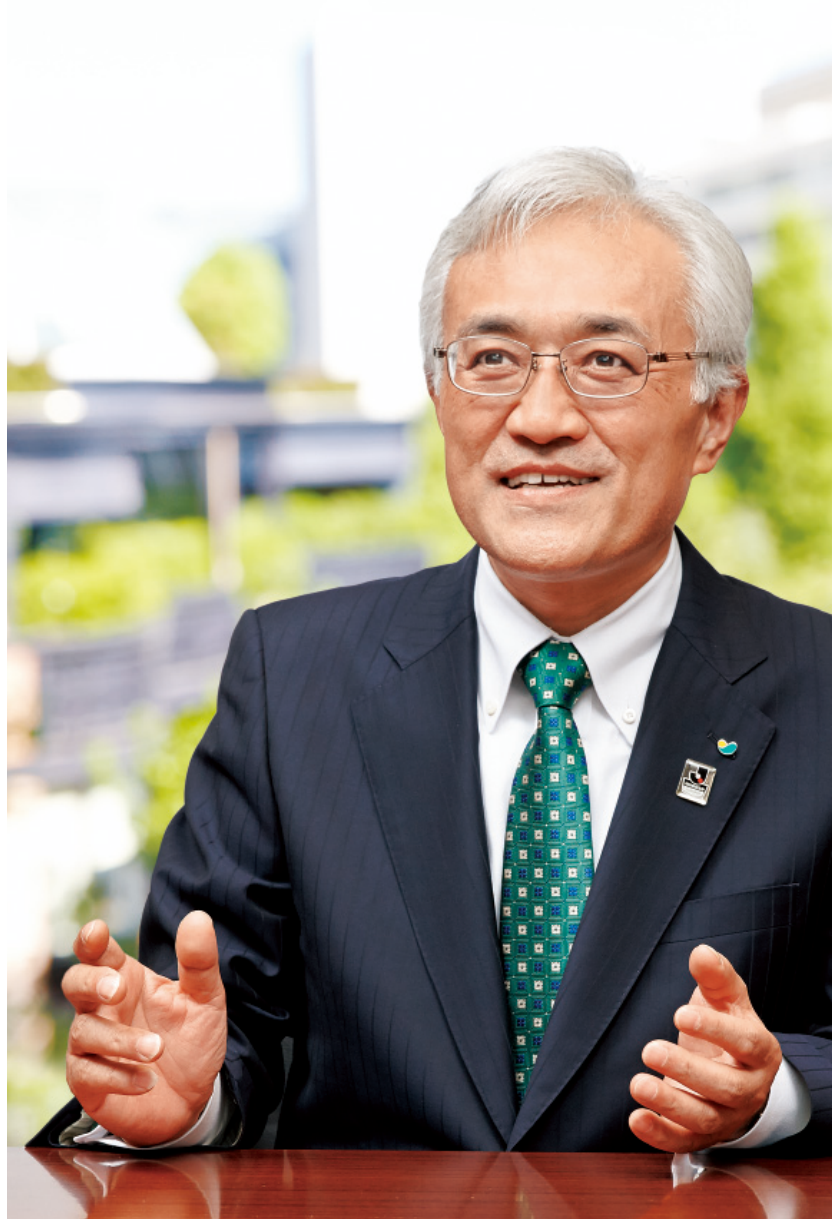
In our distribution channel of agency, we released “Medical Style F” in June 2015, a new medical insurance that offers an annual opportunity for coverage revision with greater flexibility to accommodate changes in medical technology and the customer’s life stage.

In August 2015, we released “Pioneer Care Plus,” a single premium insurance that combined death coverage with a whole life annuity for those who fall under the status of requiring long-term care; and “Meiji Yasuda Life Wealth Accumulation Educational Endowment,” a child insurance that simultaneously enables higher rates of return and lower premiums by eliminating policyholder dividends. In addition, we enhanced the flexibility of “Best Style,” a product capable of providing comprehensive protection, through the release of a serious disease rider with ongoing coverage and a whole life annuity rider with nursing care support in June 2016. In the same month, we began receiving applications from “Best Style” customers for revisions to their insurance coverage and whole life protection.

In addition, we strove to strengthen our sales and service structures by enhancing training systems for sales personnel while establishing a new sales channel maintained by newly recruited sales personnel to better serve customers in urban areas.

In the Bancassurance channel, we endeavored to boost sales of level premium products while securing a set amount of insurance premiums from single premium products. More specifically, we stepped up sales support to obtain stable sales at each financial institution while upgrading the product lineup to minimize the effect of the evolving economic environment on the sales.

In the group insurance marketing channel, we promoted proposals with aim of improving employee benefits and value-added services for group life insurance products. Simultaneously, we strove to enhance after-sales services for group and corporate customers, thereby increasing the number of insured persons.



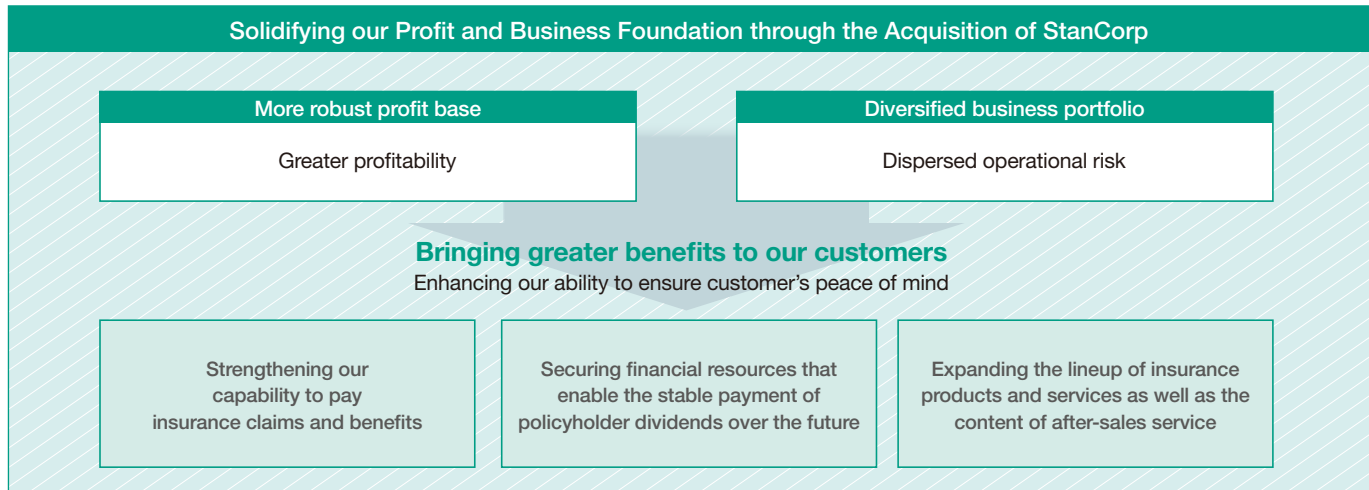
As for group pensions, we reinforced the marketing of investment products with performance-based dividends mainly through separate accounts assets and product brokerage services undertaken by our investment advisory subsidiary.

With the aim of promoting reforms in our administrative services, we have launched Administrative Service Reforms “AAA.” Under this project, we streamlined in-house rules for handling administrative services, enhanced the readability of customer notifications and business forms, and improved the quality of our insurance underwriting services through the revision of underwriting standards. At the same time, we pursued Group Insurance Administrative Service Reforms, to enhance the quality and efficiency of our administrative services for group insurance and pension customers.

Overseas Insurance, Asset Management and Other Businesses

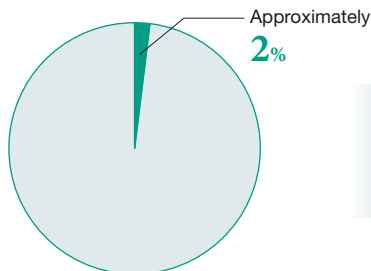
In the overseas insurance business, we completed the acquisition of StanCorp Financial Group, Inc., a U.S. life insurance group, in March 2016. We strove to yield greater profits from this and other investees while helping them upgrade their management structure.

At the same time, 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.

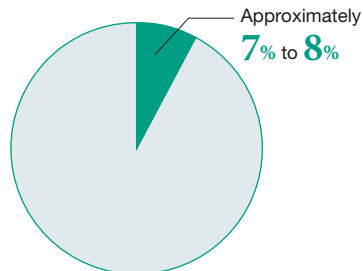


● Proportion of Overseas Insurance Business in Group Base Profit*

■ Results for the Fiscal Year Ended March 31, 2016



■ Forecast for the Fiscal Year Ending March 31, 2017



In the fiscal year ending March 31, 2017, the proportion of the overseas insurance business in Group base profit is expected to grow due to the acquisition of StanCorp.

The operating results of the Meiji Yasuda Life Group will include operating results of StanCorp spanning 10 months.

* Group base profit represents the total of base profit recorded by Meiji Yasuda Life and income before income taxes posted by consolidated subsidiaries, as well as equity-method affiliates (capital gains and losses are deducted from income before income taxes; as for equity-method affiliates, income before income taxes are commensurate with the proportion of equity held by the Company; intergroup transactions are eliminated from the base profit figure).

Forecasts of Group base profit for the fiscal year ending March 31, 2017, include operating results of StanCorp. Amortization of expenses in relation to acquisition of policies in force is not taken into account.

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 the Group operations.

In the nursing care service business, we provided multifaceted 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 which has become increasingly widespread since January 2016. In addition, we optimized 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 ade-

quate 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

In line with our basic policies on ideal corporate culture and project approach, we are striving to enhance the understanding of these policies throughout our organization, with the president taking the lead in implementing this project. All officers and employees are participating in it.

Specifically, we undertake the “MY Message” activity in which sales personnel deliver message cards to enhance customer communication. We also held “Workplace MoT* Meetings” to share best practices by utilizing “Heartfelt Customer Response Cards” and other means to communicate customer feedback, especially

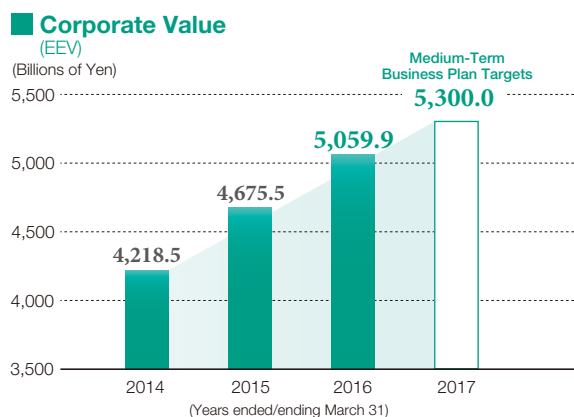
about services that pleased our customers and provided them with inspiring experience. These meetings also entailed lively discussions about possible measures that can be taken to enhance customer satisfaction even more. These initiatives will help us transform our corporate culture and achieve our aim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

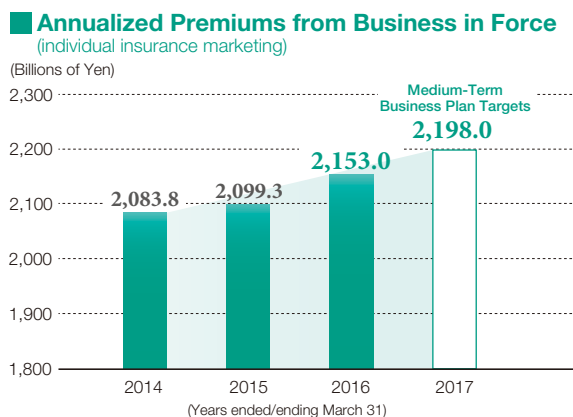
1 Growth in Operating Results

Thanks to the success of the aforementioned initiatives, operating results for the fiscal year ended March 31, 2016 were favorable, making steady progress toward our Medium-Term Business Plan

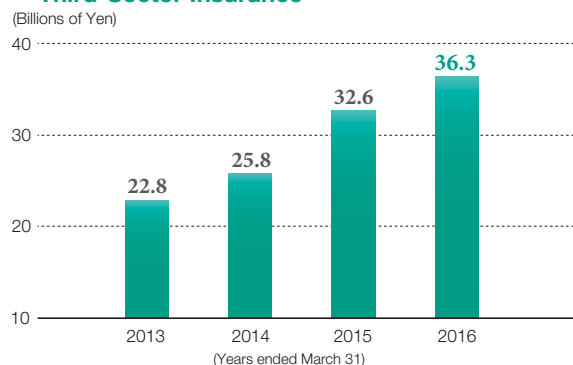


In medical, nursing care and other third-sector insurance, collectively one of the promising fields set forth in our growth strategy, operating results grew steadily. This was attributable mainly to the firm sales of “Best Style,” a product capable of providing comprehensive protection; “Medical Style F” medical insurance; and “Pioneer Care Plus,” a single premium nursing care insurance with whole life protection.

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



Annualized New Premiums from Third-Sector Insurance

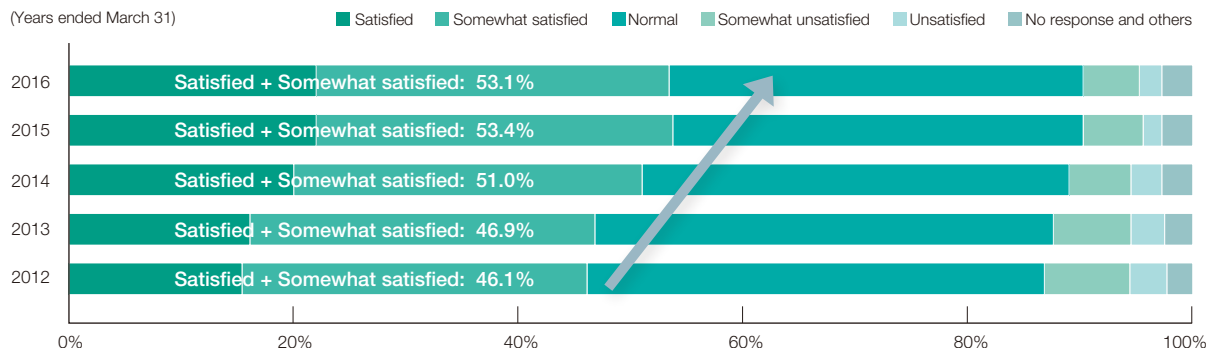


2 Management Quality

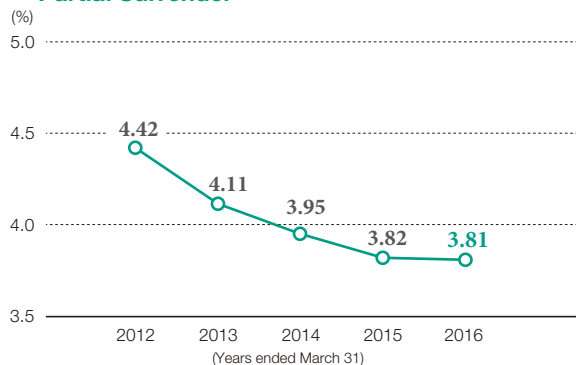
Total customer satisfaction (the proportion of “Satisfied” and “Somewhat satisfied”) has improved steadily since we began customer satisfaction surveys in 2006, thanks to the success of our initiatives aimed at enhancing face-to-face after-sales service. The

figure for the fiscal year ended March 31, 2016 was virtually unchanged from the previous fiscal year. Looking at the quality indicators of our policies, we were able to improve the rates of surrender, lapse and partial surrender.

Total Customer Satisfaction Ratings from Customer Satisfaction Surveys

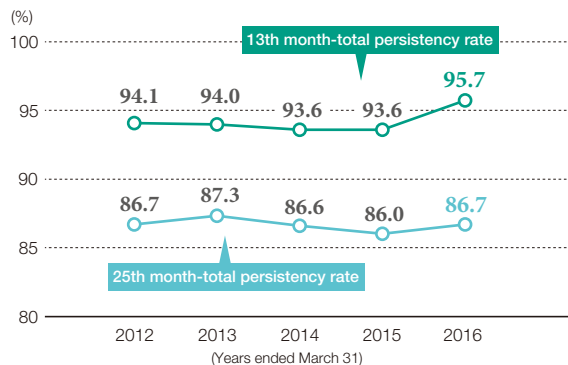


Rates of Surrender, Lapse and Partial Surrender



Note: Rates of surrender, lapse and partial surrender represent the proportion of surrendered, lapsed and partial surrendered policies to policies in force at the beginning of the fiscal year. The rates are calculated based on annualized premiums from business in force.

Total Persistency Rate



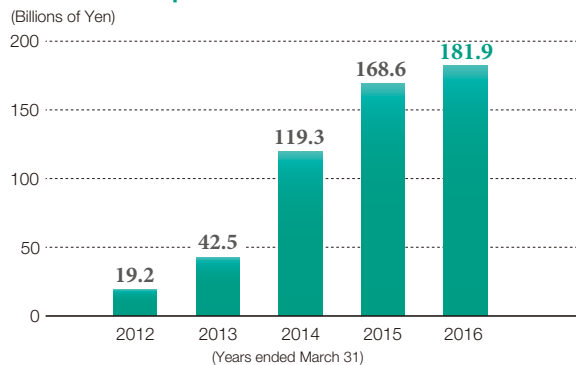
Note: Total persistency rate is based on the insurance amount of policies in force.

3 Profitability

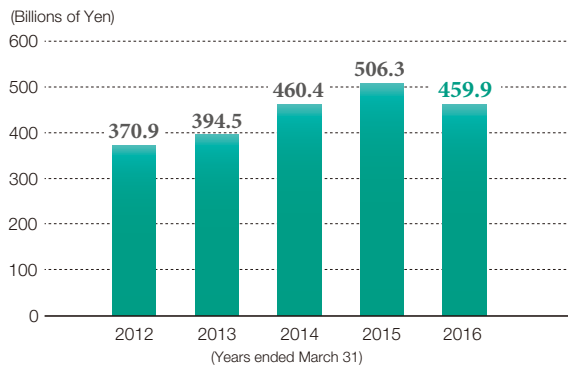
We accomplished our longstanding target of making a turnaround from negative spread, for the first time in 20 years, during the year

ended March 31, 2012. Since then, we maintained robust interest surplus while maintaining base profit at continuously high levels.

Interest Surplus (positive/negative spread)



Base Profit



4 Financial Soundness

In terms of financial soundness indicators, we are continuously securing high levels, with our solvency margin ratio (one of several

regulatory indicators displaying the soundness of life insurers) standing at 938.5%.

As of March 31,	2015	2016
Solvency margin ratio	1,041.0%	938.5%
Real net assets	¥8,899.3 billion	¥9,515.6 billion
Proportion in general account assets	25.0%	26.6%
Unrealized gains/losses on general account assets	¥5,618.2 billion	¥6,170.7 billion
Unrealized gains/losses on securities with market prices*	¥5,276.7 billion	¥5,820.4 billion

* Including monetary claims bought.

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



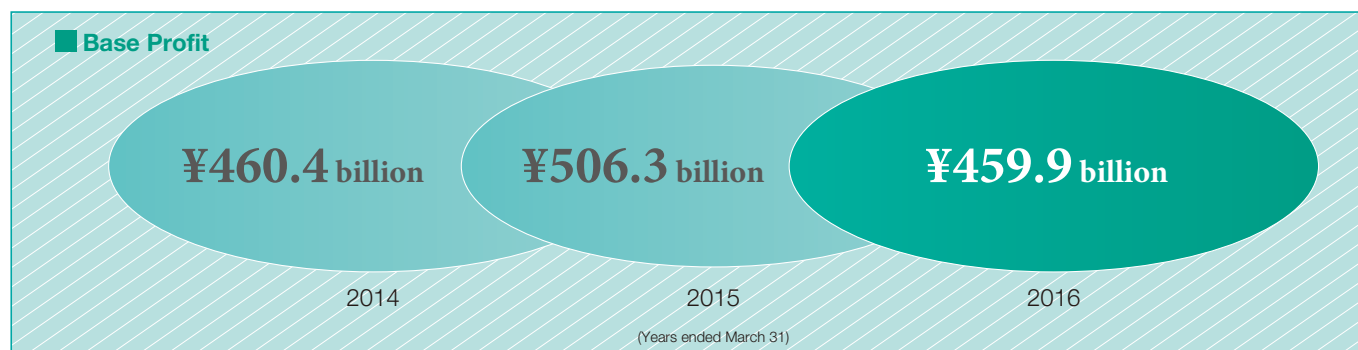
Profitability

Maintaining Superior Financial Soundness and Profitability in the Fiscal Year Ended March 31, 2016

■ Base Profit

¥459.9 billion

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 and other, insurance claims and business expenses, as well as gains and losses attributable to asset management activities, including interest, dividends and other income.



(Billions of Yen)

Years ended March 31,	2014	2015	2016
Base profit (A: 1 - 2)	460.4	506.3	459.9
Base income (1)	4,520.6	4,372.3	4,227.2
Insurance premiums and other	3,616.2	3,408.4	3,357.8
Investment income	758.2	842.8	779.9
Base expenses (2)	4,060.2	3,866.0	3,767.3
Benefits and other payments	2,276.1	2,596.3	2,301.1
Provision for policy reserves and other reserves ^{*1}	1,230.0	717.4	853.8
Investment expenses	22.7	23.9	57.2
Operating expenses	352.0	348.4	355.6
Capital gains/losses (B) ^{*2}	133.4	114.3	(113.5)
Temporary gains/losses (C) ^{*3}	(172.1)	(236.7)	(45.4)
Ordinary profit (A + B + C)	421.6	383.8	300.9

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

*2 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.

*3 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

Overview of the rate of policyholder dividends based on financial results for the fiscal year ended March 31, 2016

Financial results for the fiscal year ended March 31, 2016, included a decrease in base profit. However, the rate of dividends for individual life insurance and individual annuities remained unchanged, as we aim to achieve the stable return of surplus to policyholders.

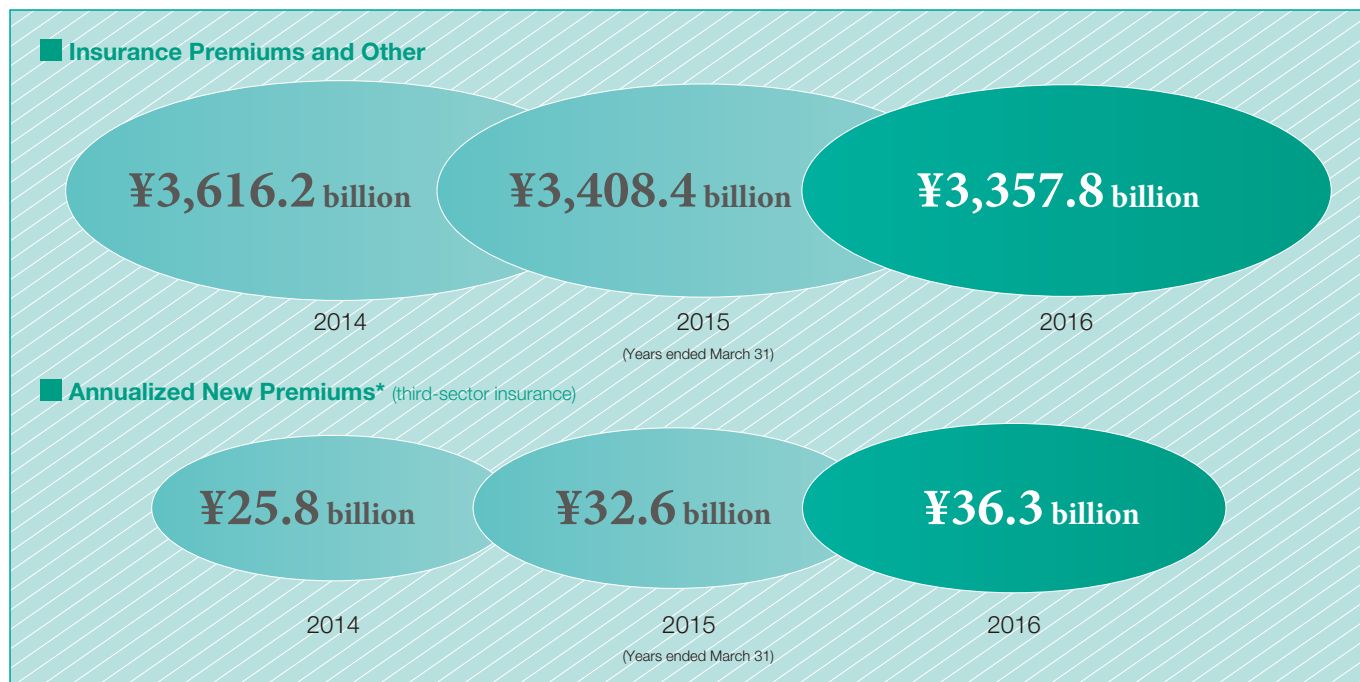
The rate of dividends for group life insurance also remained the same, taking into account the balance of insurance premiums against benefits and other payments.

The rate of dividends for group pensions decreased based on the investment results of the fiscal year ended March 31, 2016. Unlike individual life insurance and individual annuities, the rate of dividends for these products are performance based under the premise that capital gains, capital losses and other investment returns should be directly reflected in the subsequent fiscal year's policyholder returns for group pensions. After giving due consideration to the investment performance of this asset category, the Company consequently decided to decrease the rate of dividends for group pensions.

■ Insurance Premiums and Other

¥3,357.8 billion

Insurance premiums and other represent gains from insurance premiums paid by policyholders and proceeds from reinsurance refunds.

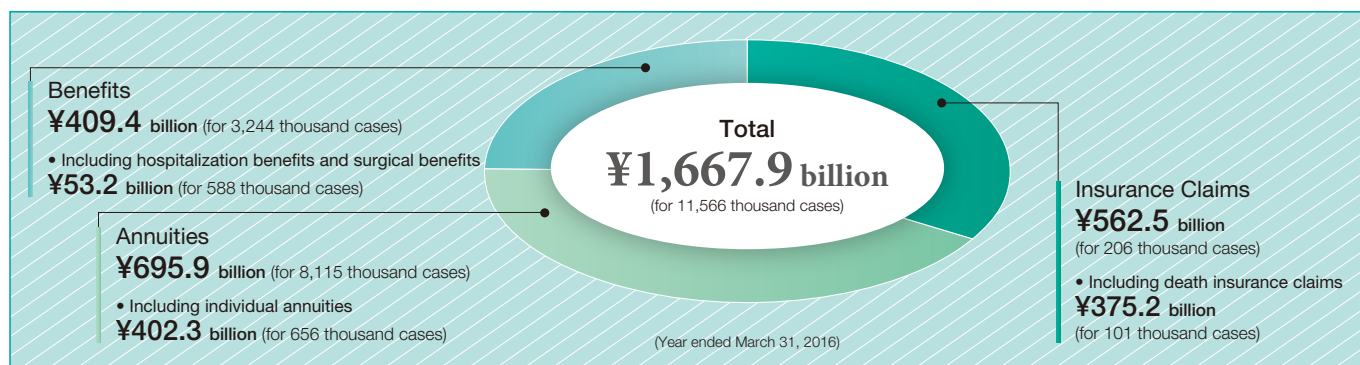


* A performance indicator that represents the annualized total of insurance premiums paid for new policies.

■ Insurance Claims, Annuities and Benefits on Policies Paid

¥1,667.9 billion

During the fiscal year ended March 31, 2016, the total of insurance claims, annuities and benefits on policies paid stood at ¥1,667.9 billion, approximately ¥4.6 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.



Financial Soundness

■ Solvency Margin Ratio

938.5 %

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.

■ Strengthening Our Equity Position

Securing a robust financial base capable of withstanding various risks

To enhance the soundness of our financial base, we are strengthening our equity by securing greater internal reserves, including reserve for price fluctuation and contingency reserves. 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.

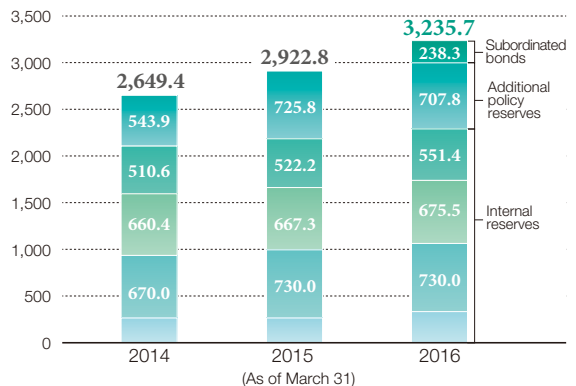
As of March 31, 2016, Meiji Yasuda Life's internal reserves stood at ¥2,289.5 billion, up ¥92.5 billion from the end of the previous fiscal year. This reflects the Company's efforts to enhance its resilience to diverse risks by, for example, increasing reserve for price fluctuation and contingency reserves.

To secure its preparedness for the economic value-based calculation of insurance liabilities and the upcoming introduction of new capital regulations, the Company built additional policy reserves for individual annuities and variable life insurance. Moreover, in the fiscal year ended March 31, 2016, the Company issued subordinated bonds.

As a result, the total of internal reserves, additional policy reserves and subordinated bonds stood at ¥3,235.7 billion as of March 31, 2016. Going forward, we will strive to secure an even stronger financial base.

■ Equity Position

(Billions of Yen)



- Subordinated bonds
- Additional policy reserves
- Reserve for price fluctuation and fund for price fluctuation allowance*
- Contingency reserves
- Foundation funds and reserve for redemption of foundation funds
- Other*

* Figures reflect the appropriation of surplus.

■ European Embedded Value (EEV)

¥3,401.4 billion

EEV is an indicator that shows the corporate value of insurance companies. With StanCorp Financial Group, Inc. becoming a wholly-owned subsidiary, StanCorp's EEV is included in the Company's EEV calculated at March 31, 2016 and for subsequent fiscal years.

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

Rating and Investment Information (R&I)

Insurance claims-paying ability

AA-

Japan Credit Rating Agency (JCR)

Insurance claims-paying ability rating

A+

Moody's

Insurance financial strength rating

A1

Standard & Poor's (S&P)

Insurer financial strength rating

A

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 May 1, 2016)

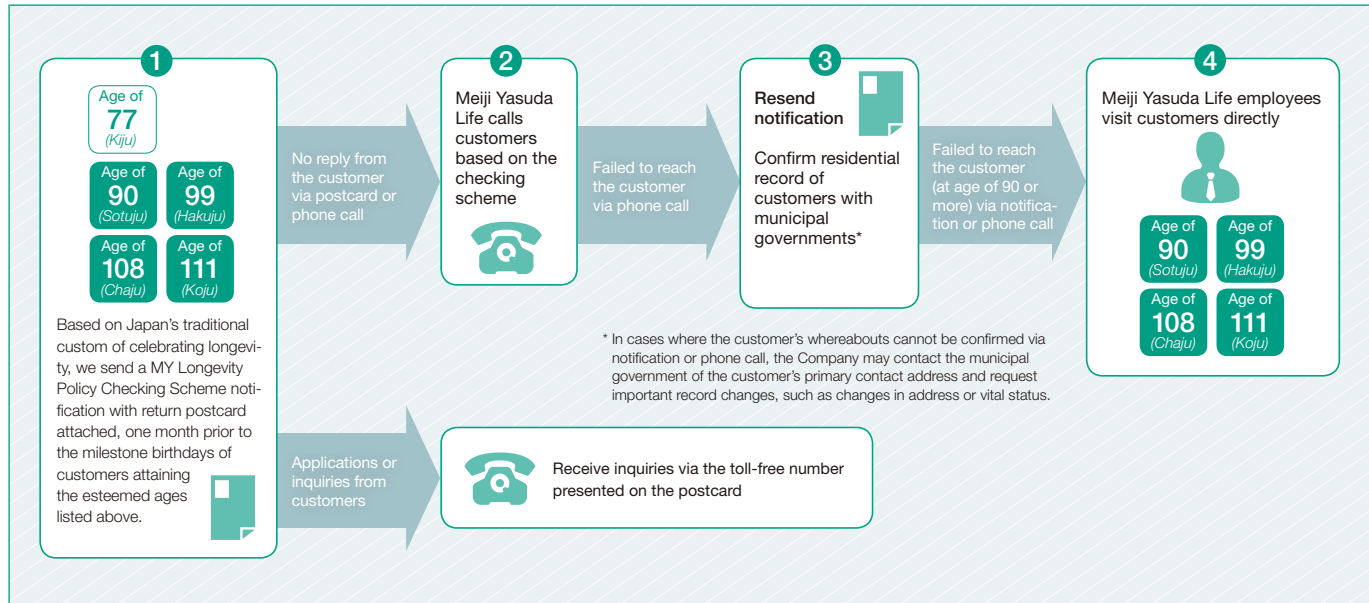
Notes:

1. Insurance claims-paying ability and insurance claims-paying ability rating represent 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 insurance financial strength rating represents an agency's evaluation of a particular insurer's ability to pay preferred liabilities stipulated in insurance policies without delay. 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.

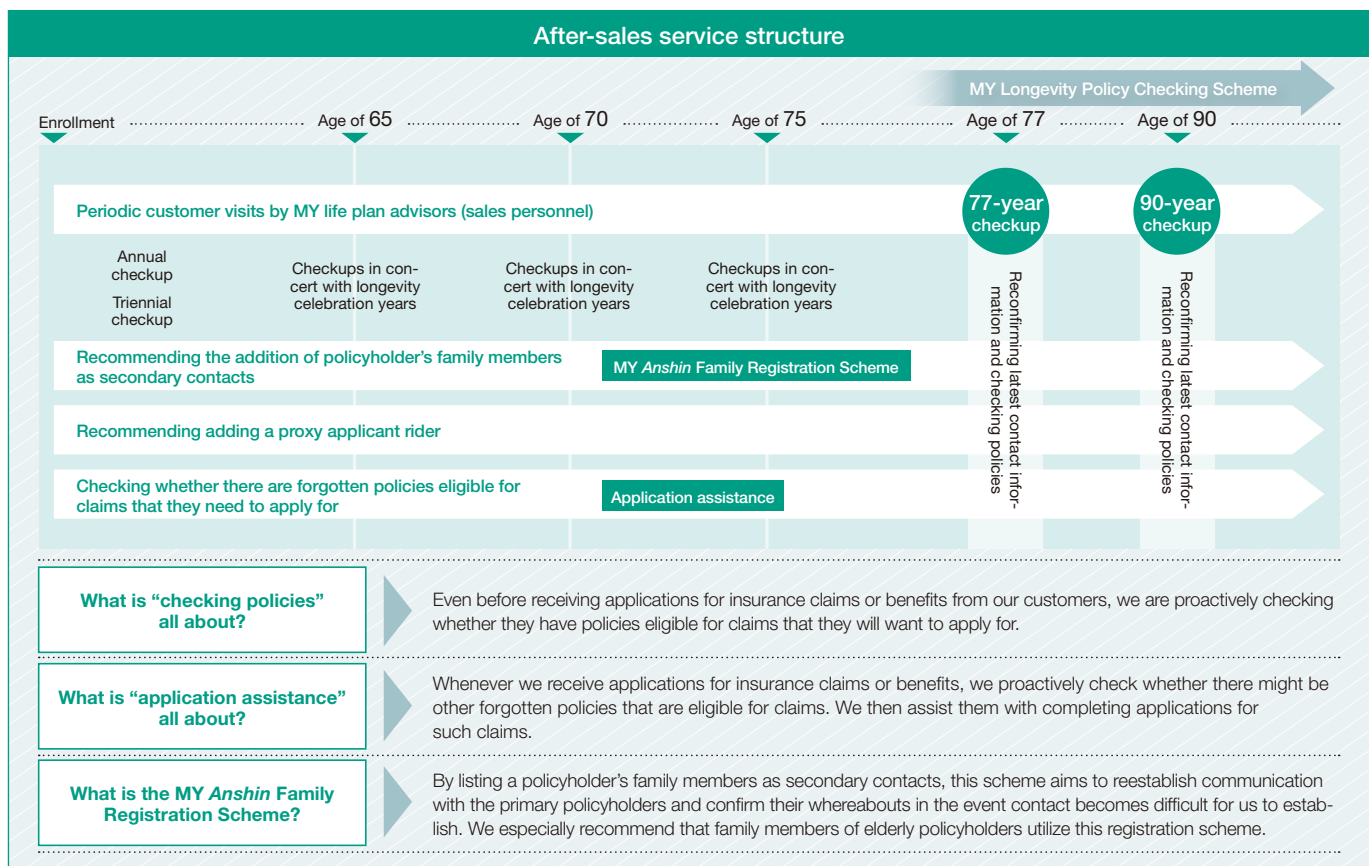
Stepping up After-Sales Service Tailored for the Elderly

We Implement MY Longevity Policy Checking Scheme to Ensure Customer's Peace of Mind.

Flow of the MY Longevity Policy Checking Scheme



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



“Best Style” Provides Comprehensive Protection

■ An easy-to-tailor, revise and understand insurance product, “Best Style” has sold over 940,000 policies since launch.

“Best Style” enables 1) an optimal combination of coverage at the time of enrollment; 2) flexible coverage revision attuned to changes in external conditions after enrollment; and 3) easy-to-understand claim applications supported by reliable, comprehensive consulting and after-sales services during enrollment.

5年ごと配当付組立総合保障保険

進化する保険

ベストスタイル

Employing our after-sales service, we will deliver:



New Features

Serious disease rider with ongoing coverage	
<p>Feature 1 Coverage for seven serious diseases</p> <ul style="list-style-type: none"> ▶ Enables customers to secure protection against seven specified serious diseases • Seven specified serious diseases: acute myocardial infarction; strokes; serious diabetes; serious hypertensive disease (e.g., hypertensive retinopathy); chronic renal failure, liver cirrhosis; and serious chronic pancreatitis 	<p>“Medical Expense Wide Support” is a combination of serious disease rider with ongoing coverage and rider for protection against cancer. This coupling enables the provision of coverage for wide ranging medical expense needs in the event a customer suffers one of eight serious diseases (cancer and the aforementioned seven specified serious diseases). Coverage includes expenses for hospital treatment and household care.</p> <p>療養費 ワイドサポート</p>
<p>Feature 2 Ongoing coverage eligibility</p> <ul style="list-style-type: none"> ▶ The customer remains eligible to be paid each time he/she suffers one of seven specified serious diseases • The rider will not expire until one claim payment each has been made for all seven types of specified serious diseases. 	

Whole life annuity rider with nursing care support	
<p>Feature 1 Lifelong coverage</p> <ul style="list-style-type: none"> ▶ Provides lifelong nursing care coverage with unchanging premiums over the customer’s lifetime 	
<p>Feature 2 Reasonable premiums</p> <ul style="list-style-type: none"> ▶ Keeps premiums lower by eliminating death coverage and surrender benefits during premium payment periods 	
<p>Feature 3 Reliable whole life annuity</p> <ul style="list-style-type: none"> ▶ Provides a whole life annuity in cases where the customer meets “Level 3 nursing care required” criteria stipulated in Japan’s long-term care insurance system 	

■ We recommend “Updating Insurance”

In general, life insurance policies have long durations that extend for 30 to 40 years. We therefore believe that coverage and premiums must be periodically reviewed through ongoing after-sales services, so that these elements are consistent with changes in the social environment and the customer’s life stage.

▶ For more details, please also see our website (Japanese only).
<http://www.meijiyasuda.co.jp/enjoy/koukoku/fp/>

Acquisition of U.S. Life Insurer StanCorp Financial Group, Inc.

Meiji Yasuda Life completed the acquisition of StanCorp Financial Group, Inc., making it a wholly-owned subsidiary effective as of March 8, 2016.

An Ideal Partner for Meiji Yasuda Life

StanCorp is a leading group life insurance company in the United States.

Boasting a solid track record that extends more than 100 years, StanCorp maintains a management philosophy to “lead the insurance industry and help people achieve financial well-being and peace of mind,” with its business network extending to regions throughout the United States. Furthermore, StanCorp shares common values with Meiji Yasuda Life.

Using this acquisition as a springboard, we will seize growth opportunities in the United States, the world’s largest life insurance market. We will thus secure a more stable growth path for the entire Group, with the aim of bringing greater benefits to our customers.



(From left) Mr. J. Greg Ness, Chairman, President and CEO of StanCorp, and Mr. Akio Negishi, President of Meiji Yasuda Life

Outline of StanCorp Financial Group, Inc.

- **Year of establishment:** 1906
- **Number of employees:** 2,767 (as of December 31, 2015)
- **Headquarters:** Portland, Oregon, the United States
- **Number of customers:** Approximately 6,200,000 (spanning all 50 states)
- **Ratings*:** S&P A+ (Strong); Moody’s A2 (Good); A.M. Best A (Excellent)
- **Representative:** J. Greg Ness, Chairman, President and CEO

(* As of December 31, 2015; insurer financial strength rating for Standard Insurance Company, a life insurance subsidiary of StanCorp)

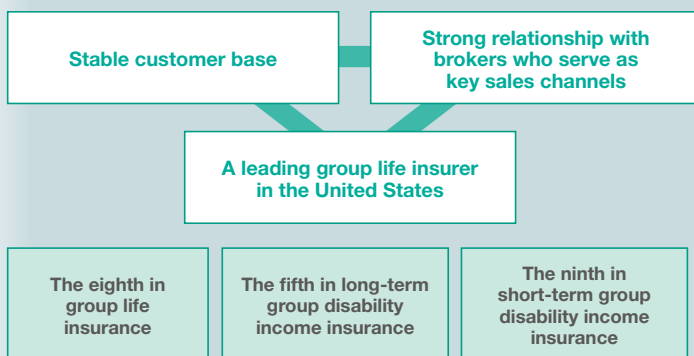
Key Management Indicators (2015)*

- **Insurance premiums:** ¥261.0 billion
- **Income before income taxes:** ¥36.0 billion
- **Net income:** ¥25.8 billion
- **Total assets:** ¥2,795.0 billion
- **Net assets:** ¥264.2 billion

* Based on the *Annual Report* (Form 10-K) submitted to the U.S. Securities and Exchange Commission and prepared by StanCorp Financial Group, Inc.; U.S. dollar amounts are translated to yen using the exchange rate on December 31, 2015 (one US dollar = ¥120.61)

Strength of StanCorp

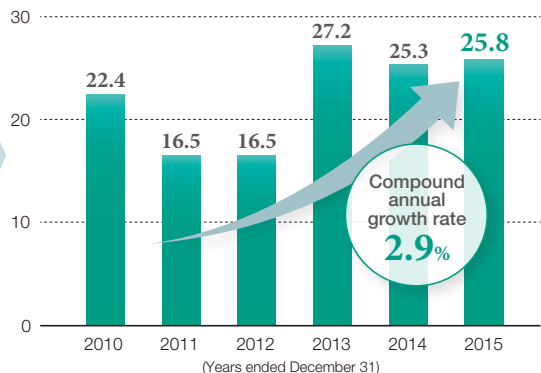
Backed by a strong relationship of trust with main brokerage channels, StanCorp boasts a solid business model, benefitting from a stable customer base and other competitive strengths. Thanks to these, StanCorp enjoys stable growth and profitability while maintaining financial soundness.



Source: Gen Re (rankings are based on 2015 in force premiums)

Net Income

(Billions of Yen)



Note: Calculated using exchange rates as of December 31, 2015 (one US dollar = ¥120.61)

Our Management Strategy



Brand Strategy

Building Brand Recognition Based on Excellence in After-Sales Service while Leveraging Our Nationwide Network to Make Community Contributions

Masao Aratani

Managing Executive Officer
Executive Officer in Charge of the Corporate Communications and Corporate Planning Departments

Our Recognition of the Business Environment and Strategies

Based on a spirit of mutual aid, life insurance is playing an important role to complement the public social security system, enabling policyholders to provide their loved ones with protection for the future. On the back of Japan's rapidly aging demographics, longer individual lifespans and the rise of one-person households, there is a growing need for third-sector insurance, such as medical and nursing care insurance, as well as annuities and other saving-type products. Moreover, the current ultra-low interest rate environment is spurring a sense of uncertainty over the outlook of individual financial asset management. As such, life insurance is expected to fill an even greater role going forward.

Meiji Yasuda Life believes that the true value of life insurance derives not just from the content of coverage, but also from reliable and ongoing after-sales service. Signing a policy is just the beginning of our service to customers. Since insurance is an intangible product, all of our officers and employees, not to mention our sales personnel (MY life plan advisors), are committed to providing customers with peace of mind through extensive after-sales service spanning 30, 40 or more years from enrollment. We believe that by doing so, Meiji Yasuda Life can build unrivaled brand image based on its excellence in after-sales service.

Main Initiatives

As part of our brand strategy that puts great emphasis on enhancing after-sales services, we promote face-to-face consultations through the "Ease of Mind Service Activities Program" while establishing more sophisticated service frameworks for the elderly, such as "MY Longevity Policy Checking Scheme" and "MY Anshin Family Registration Scheme." Moreover, we are engaging in a variety of promotional activities via TV commercials, websites and newspapers. By employing various media to send messages tailored to reach each age group, we are facilitating the general public's understanding of the value of our after-sales services.

Previously, life insurance products have been evaluated based on two key assessment factors, namely, coverage content and prices. We are determined to make after-sales service the third assessment factor used by all would-be insurance purchasers in Japan by harnessing our strength in the key sales personnel channel. Furthermore, we will take on the challenge of building widespread brand image based on excellence in after-sales service.

Also, Meiji Yasuda Life has sales and service bases in all 47 prefectures throughout Japan, thereby providing customers nationwide with its insurance products and services. As these bases have close relationships with communities, we recognize that making contributions to local society is of importance. As part of its social contribution activities, in January 2015 Meiji Yasuda Life signed a title partner contract with the Japan Professional Football League (J. League), a top domestic football league that aims to cultivate Japan's sporting culture through the operation of sports clubs rooted in community. We found substantial overlap between the league's aim and our motto of contributing to local society, and thus signed this contract.

We will strive to contribute to the vitalization of local society by supporting J. League and local football clubs. Moreover, we will step up partnerships with these clubs, thereby implementing ongoing initiatives to assist the sound upbringing of children through sports.

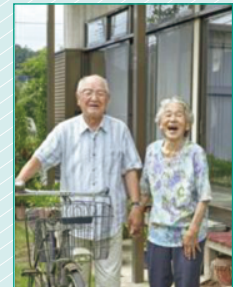
Our Management Strategy

1 Facilitate the general public's understanding of the value of our after-sales service

We are implementing a variety of initiatives targeting the broader general public to raise their recognition of the value of face-to-face after-sales service through our sales personnel. By doing so, we are working to establish unrivaled brand image based on excellence in after-sales service.



A leaflet featuring the president of Meiji Yasuda Life having an interview with Shuzo Matsuoka, a celebrated ex-professional tennis player



A scene from an online commercial (released in October 2015)

2 Step up after-sales services tailored for the elderly

In April 2015, we established “MY Longevity Policy Checking Scheme.” Under this scheme, we try to reconfirm contact details with all policyholders who reach milestone birthdays while checking their policies to determine whether there are forgotten policies eligible for claims they can apply for. As such, we are striving to adopt more sophisticated service systems for the elderly.



Newspaper advertisement (July 2015)



Newspaper advertisement (February 2016)

3 Meiji Yasuda J. League

Under the slogan “supporters across-the-board,” we are supporting J. League and other local football clubs to expand contact points with customers in each region while contributing to the vitalization of local society and the sound upbringing of children.



Advertising in a magazine (March 2016)



Dedicated J. League website included in Meiji Yasuda Life corporate site



A scene from a TV commercial (Meiji Yasuda J. League 2016 season)



Growth Strategy

Domestic Life Insurance Business

Distribution Channel of Agency and Bancassurance Channel

Providing Optimal Products and Services to Meet the Latest Customer Needs by Harnessing Our Strength in Face-to-Face After-Sales Service

Tadashi Onishi

Senior Managing Executive Officer
Executive Officer in Charge of the Marketing Planning & Research Department

Our Recognition of the Business Environment and Strategies

Amid Japan's rapidly graying society, private life insurers are expected to fill an even greater role to complement the public social security system. Furthermore, demographic aging, longer individual lifespans and the increase in one-person households as well as unmarried individuals, are anticipated to spur market demand for medical, nursing care and other third-sector insurance. Simultaneously, there is a growing need for such saving-type products as individual annuities. Moreover, major advances in information and communication technology (ICT) and popularization of digital devices have changed customers' lifestyles and purchasing behaviors, diversifying the process of purchasing insurance products for customers.

Against this backdrop, we have positioned our distribution channel of agency, which has strength in face-to-face after-sales service, as a

key sales channel. At the same time, we have positioned our Bancassurance channel, which has a customer base including the affluent, as a basic channel. By doing so, we are striving to establish a more robust sales and service structure while securing contact points with customers with diversifying needs and preferences.

In addition, we are aware that the ultra-low interest rate environment, which began in January 2016, can undermine the attractiveness of our saving-type products if the current trend continues further. Addressing this adversity, we are striving to enhance our product lineup and revise the content of existing products, with the aim of ensuring that we can stably deliver insurance products under any circumstances. We are also stepping up consulting services related to such protection-type products as third-sector insurance.

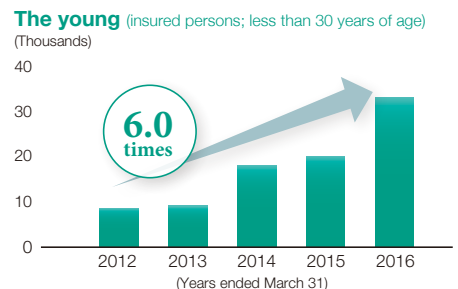
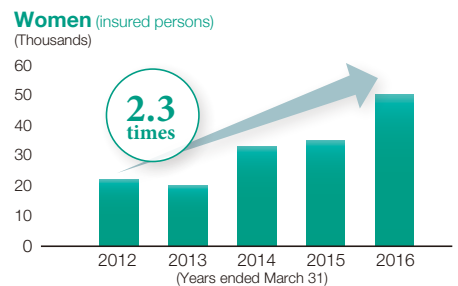
Main Initiatives

In the distribution channel of agency, we strove to reinforce our field education structure while establishing a new sales channel maintained by newly recruited sales personnel in step with changes in the market environment. With an eye to providing face-to-face after-sales service to every single customer, we were able to secure a strong workforce of 30,000 sales personnel capable of supporting a more robust sales and service structure.

Sales of products capable of providing comprehensive protection with medical and nursing care coverage were firm, as were sales of other new products. The number of policies sold for key comprehensive protection products totaled more than 940,000 (from June 2014 to May 2016). Annualized new premiums for third-sector insurance also grew. We will continuously provide products and services that accurately satisfy customer needs. In addition, we acquired a growing number of new customers thanks to the release of strategic products that are more accessible to young customers and female customers as well as the success of promotional activities including seminars, J. League-related events and web-based advertising. Going forward, we will strive to expand our customer base by securing an even greater number of contact points with our customers.

In the Bancassurance channel, we will endeavor to maintain optimal sales volume based upon the current interest rate environment. In doing so, we will provide saving-type products tailored to asset investment and succession needs among middle-aged or older affluent customers. We will also step up sales support for financial institutions.

Medical Insurance Policies Sold (distribution channel of agency)



Our Management Strategy



Growth Strategy

Domestic Life Insurance Business

Group Insurance Marketing Channel

Supporting Customers' Growth and Ensuring Mutual Development as a Leading Company in the Group Life Insurance Market

Kikuo Asano

Senior Managing Executive Officer
Executive Officer in Charge of the Group Market Planning & Research Department

Our Recognition of the Business Environment and Strategies

The corporate business environment is undergoing significant change on the back of the rapid graying of Japan's population, the spread of globalization and fluctuations in financial, economic and other external factors which, in turn, create diverse risks to be addressed. Turning our sights to internal corporate developments, we see changes in workforce structure due to growing numbers of elderly and female workers who play key roles, as well as an increase in temporary positions. Taking these factors into account, effectively addressing employee needs for various benefits, both during employment and after retirement, is strategically important for every corporation seeking to secure competent human resources.

Given these circumstances, we are determined to fulfill our role as a leading company in the group life insurance market by assisting group and corporate customers with their business expansion. Naturally, this pursuit will be mutually beneficial, leading to the development of both Meiji Yasuda Life and its customers. To help them introduce robust employee benefit programs, we are developing new products capable of accurately meeting their diversifying needs while offering services with superior customer convenience. Moreover, plans call for initiating R&D on new services that leverage highly sophisticated ICT technologies. Looking ahead, all Meiji Yasuda Life officers and employees will rally their strength to become an insurer of choice for as many customers as possible.

Main Initiatives

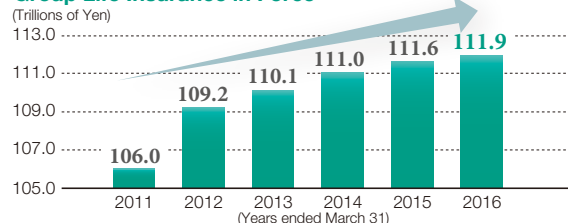
We have been offering solutions to improve the employee benefit programs while stepping up enrollment solicitation targeting and consultation services for workers at our group and corporate customers. Thanks to these initiatives, we have garnered favorable reviews from a number of customers. In fact, our group life insurance in force totaled ¥111.9 trillion (as of March 31, 2016), which represents the sixth consecutive year of annual growth, a testament to our solid position as the industry's leading insurer.

In group pensions, we are aware of the effect of the ongoing ultra-low interest rate environment on general account assets, and therefore, adopt a cautious underwriting approach from a perspective of risk management. On the other hand, we endeavor to increase pension assets under management by stepping up the marketing of products with performance-based dividends, with the aim of accommodating diversifying customer needs for asset management.

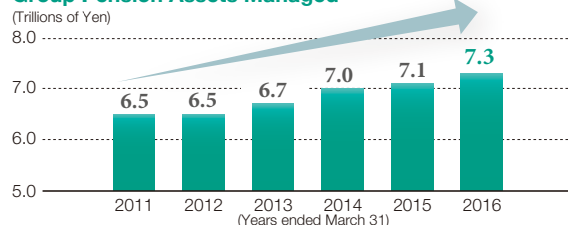
In medical, nursing care and other third-sector insurance, we were able to significantly increase the number of persons insured as well as insurance premiums. This was mainly attributable to the success of new products that provide coverage for cancer and other specified serious diseases. In addition, efforts are now under way to foster closer collaboration between group insurance marketing and individual insurance marketing as we aim to leverage the former's customer base to market comprehensive insurance services to workers at our group and corporate customers.

To enhance the convenience of personnel who handle employee benefit programs at our corporate and group customers, we will promote the web-based "MY *Hojin* Portal" support service. We will also enhance our "Bereaved Family Guidance" service to support bereaved families of the insured persons. In these ways, we will actively upgrade our after-sales service in the field of group life insurance.

Group Life Insurance in Force



Group Pension Assets Managed





Growth Strategy

Administrative Service

Realizing the Industry's Leading Level of Administrative Service Quality to Establish Unrivaled Brand Image Based on Excellence in After-Sales Service

Teruki Umezaki

Managing Executive Officer
Executive Officer in Charge of the Customer Service Planning & Administration Department

Our Recognition of the Business Environment and Strategies

In the face of a rapidly aging society and the diversification of sales channels, the operating environment surrounding life insurers is undergoing drastic changes and engulfed by ever-intensifying competition. Administrative services (such as those related to policy underwriting, policy maintenance and claim payment) are especially at the core of after-sales service throughout the entire duration of long-term policies. We have thus positioned administrative services as a key area of competition and are determined to enhance the quality of these services to establish brand image based on excellence in after-sales service.

To overhaul its administrative service structure, Meiji Yasuda Life places utmost priority on “putting ourselves in the customer’s shoes,”

thereby implementing Administrative Service Reforms, which involve reforms in policy maintenance and claim payments systems, and Underwriting Service Reforms as well as other initiatives to ensure that customers are fully convinced and satisfied in their choice of policies.

In April 2016, we launched Administrative Service Reforms “AAA,” a four-year project aimed at establishing the industry’s leading level of administrative service quality. We are striving to improve the quality of our face-to-face after-sales service, thereby enhancing customer convenience and boosting our strength in customer relations. In these ways, we will become a life insurer of choice for customers.

Main Initiatives

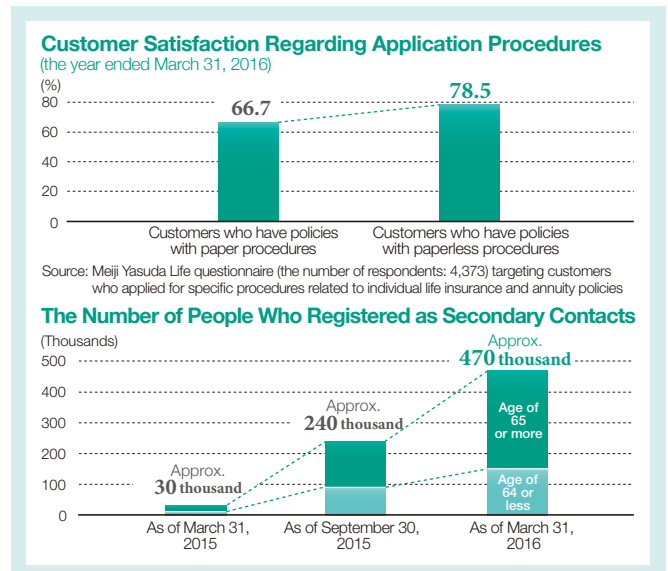
In the course of the previous Administrative Service Reforms executed from April 2011 to March 2016, we promoted cashless procedures. For example, we recommended that customers, who signed policies with premiums collected by sales personnel, switch to payment via bank transfer. We also began accepting bank transfers for the first premium payment after enrollment, something which had typically been conducted in cash. Thanks to these efforts, we were able to largely eliminate the customer inconvenience of paying by cash.

Moreover, we introduced “Meister Mobile” tablet terminals for use in customer consultations. These terminals enabled paperless service whenever customers apply for changes in policy content, enrollment in policies and other procedures. Having realized far more convenient and smooth application procedures than before, we have garnered favorable customer feedback, such as “procedures have become so simple since there’s no need for putting a seal on paper.”

On the back of rapidly graying society, we are adopting a more sophisticated after-sales service structure tailored for the elderly. We reviewed our in-house rule for handling administrative services and simplified documents necessary for procedures. We also created “MY Anshin Family Registration Scheme.” This scheme aims to ensure that communication with the primary policyholder is swiftly reestablished in the event contact becomes difficult due to emergencies, such as major disasters, by confirming his/her latest contact with the pre-registered secondary contact. Since numerous customers support the objective of this scheme, we have successfully registered many family members as secondary contacts.

Stepping up our initiatives to ensure life-long protection, we are

implementing “MY Longevity Policy Checking Scheme,” in which we proactively provide policy checks to determine whether customers have eligible claims that they will want to apply for. We provide such checks to customers who reach esteemed ages, such as 77 (*Kiju*) and 90 (*Sotuju*), that are traditionally celebrated. The scheme also involves reconfirming the policyholder’s latest contact.



Our Management Strategy



Growth Strategy

Overseas Insurance Business

Seizing Global Growth Opportunities to Benefit Our Customers

Kazunori Yamauchi

Managing Executive Officer
Executive Officer in Charge of the International Business Department

Our Recognition of the Business Environment and Strategies

Looking at overseas life insurance markets, developed countries present potential opportunities to profit from stable economic and population growth. Meanwhile, emerging nations present promising markets for insurers seeking future profit growth, thanks to their burgeoning economic growth and the expansion of the middle-class.

Expanding into both developed and emerging countries, the Meiji Yasuda Life Group is striving to establish a balanced overseas business portfolio. In this way, we seek to bring stable benefits to our customers over the long term.

To strengthen the management structure of its existing subsidiaries and affiliates, Meiji Yasuda Life is dispatching personnel to these over-

seas bases and sharing its expertise to help them boost their profitability and enhance their corporate value.

Moreover, as we aim to secure a robust workforce capable of bolstering our overseas insurance business, we have established a global human resource development program, thereby securing and nurturing globally capable employees in a systematic manner. We are also implementing leadership training aimed at equipping participants with the business experience, expertise and competencies necessary to supervise overseas insurance subsidiaries and affiliates. By doing so, we are becoming well prepared for the future expansion of our overseas insurance business.

Main Initiatives

In line with the current Medium-Term Business Plan, we have carried out surveys to select new investment candidates in both developed and emerging countries, with an eye to establishing an optimal overseas business portfolio for future growth. Our staff at three overseas bases in New York, London and Hong Kong as well as those at headquarters in Japan, have closely cooperated to realize successful investment. Thanks to these efforts, we were able to acquire StanCorp Financial Group, Inc. in March 2016. This acquisition was the largest investment that Meiji Yasuda Life has ever made in a developed country to acquire a subsidiary.

Founded more than a century ago, StanCorp is a leading provider of group life insurance in the U.S., and its business network extends across every region of the country. Backed by its strong foundation for the group life insurance business, StanCorp enjoys stable growth and profitability while maintaining financial soundness. Notably, StanCorp has a management philosophy centered on a similar customer-oriented approach. Because of this, we believe StanCorp is an ideal partner that shares common values with Meiji Yasuda Life. Going forward, we will support StanCorp's smooth management, thereby strengthening our business foundation in the U.S. life insurance market.

With the acquisition of StanCorp, Meiji Yasuda Life's overseas network has grown to seven subsidiaries and affiliates spanning five countries, together helping us secure a more robust profit base. By stepping up our overseas insurance business, we will bring greater benefits to and provide our customers with peace of mind.

Positive Effects of the StanCorp Acquisition

More stable and sustainable profit and business foundation

More robust profit base

Greater profitability

Diversified business portfolio

Dispersed operational risk

Bringing greater benefits to our customers

Enhancing our ability to ensure customer's peace of mind

Strengthening our capability to pay insurance claims and benefits

Securing financial resources that enable the stable payment of policyholder dividends over the future

Expanding the lineup of insurance products and services as well as the content of after-sales service



Operating Base Reinforcement

Asset Management

Adopting More Sophisticated and Diverse Asset Management Methodologies to Better Adapt to Evolving Market Environment

Toshihiko Yamashita

Deputy President
Chief Executive, the Investment Division

Our Recognition of the Business Environment and Strategies

In line with our Medium-Term Asset Management Plan (April 2014 to March 2017), we are striving to build a robust asset portfolio capable of securing stable profit by promoting the surplus management type of asset liability management (ALM),* with an eye to enhancing the soundness of our financial foundation and boosting profitability.

More specifically, we are giving due consideration to the characteristics of insurance policies we underwrite while striking the optimal balance between the profitability and soundness of assets we manage. In these ways, we are developing an asset management structure that constantly contributes to corporate value and ensures the soundness of our financial foundation even when drastic changes in market conditions emerge.

The Bank of Japan continues to execute large purchases of Japanese government bonds and launched a negative interest rate policy in January 2016. The ongoing ultra-low interest rate environment in Japan, along with anxieties over slowing growth in emerging economies and

unstable oil prices, spurred a trend toward risk aversion. Moreover, we need to remain alert to the movement of “Brexit,” following the United Kingdom’s decision to break away from the European Union, as well as the timing and frequency of possible interest rate hikes in the United States. Taking these factors into account, we are facing growing market volatility in terms of stock prices and foreign exchange rates.

As we aim to counter the ultra-low interest rate and high-volatility environment, we recognize that quickly adapting to evolving market conditions is key to securing greater profitability and financial soundness. In line with this recognition, we are implementing the initiatives described below.

* ALM provides for the comprehensive management of assets and liabilities with the aim of controlling volatility risk by centering the capital strategy on surplus, which derives from the difference between the economic value of assets and liabilities based on fair value or market-consistent value determined using future cash flows.

Main Initiatives

In the fiscal year ended March 31, 2016, we engaged in investment activities aimed at effectively countering the ultra-low interest rate environment and the latest market conditions. More specifically, we invested mainly in foreign currency denominated bonds while increasing the proportion of yen denominated bonds when interest rates were rising in Japan. Furthermore, we strove to boost profitability by investing in domestic corporate bonds as well as funds that invest in foreign corporate bonds and stocks.

Thanks to these efforts, we maintained a positive interest surplus for the fifth consecutive year since we achieved a turnaround from negative spread during the year ended March 31, 2012.

In addition, having positioned investment in growth fields as a priority initiative in our Medium-Term Asset Management Plan, we increased the budget for domestic investment while establishing a new budget for overseas investment. This move is also consistent with our aim to contribute to growing industries worldwide by investing in such fields. We pursued this aim while making progress in our initiatives to enhance profitability and efforts to adopt more sophisticated and diverse asset management methodologies. We also launched Asset Management Administrative Service Reforms to secure a solid foundation for supporting such investment activities. Going forward, we will endeavor to

enhance profitability and financial soundness by executing effective investment with an eye to market conditions and by adopting more sophisticated and diverse asset management methodologies.

Base Profit

Years ended March 31,	2011	2012	2013	2014	2015	2016
Base profit	310.5	370.9	394.5	460.4	506.3	459.9
Interest surplus	(1.0)	19.2	42.5	119.3	168.6	181.9

(Billions of Yen)

Investment in Growth Fields

Investment mandate

Japan: ¥250 billion; Overseas: ¥150 billion;
¥400 billion in total

Investment undertaken as of March 31, 2016

Japan: ¥200 billion; Overseas: ¥100 billion;
¥300 billion in total

Primary Investment Outlets

- Theme-based domestic stock funds
- Foreign corporate bonds with consideration given to environmental conservation and social contribution
- Investment in agriculture, forestry and fishery industries and other relevant fields
- Overseas infrastructure debt funds
- Investment in overseas infrastructure developers
- Financing for domestic corporations to assist their global expansion

Our Management Strategy

Operating Base Reinforcement

Adopting a More Sophisticated Management Approach

Upgrading Our Enterprise Risk Management and Corporate Governance Systems to Ensure Sustainable Growth in Corporate Value

Our Recognition of the Business Environment and Strategies

As it aims to drive its brand and growth strategies, Meiji Yasuda Life is clearly aware of the importance of making effective use of equity and raising corporate value with an eye to recent international trends regarding capital regulations and accounting standards. The Company also recognizes the need to secure a more robust financial base capable of ensuring the payment of insurance claims and benefits even when the economic environment deteriorates drastically.

In line with this recognition, Meiji Yasuda Life is stepping up enterprise risk management (ERM), the surplus management type of asset liability management (ALM) and risk mitigation measures while enhancing its resilience to risks with the goal of increasing its equity by ¥500

billion or more by the end of the current Medium-Term Business Plan.

At the same time, the Company is striving to adopt a more sophisticated approach to ERM. This pursuit constitutes a key part of our initiatives to sustainably enhance corporate value by striking the right balance between the growth rate, profitability and financial soundness while giving due consideration to various management perspectives.

As a mutual company, we are also continuously upgrading our corporate governance system to maintain the soundness of our operations and ensure swift and decisive decision making, which, in turn, helps us achieve sustainable business growth and increase corporate value over the long-term.

Main Initiatives

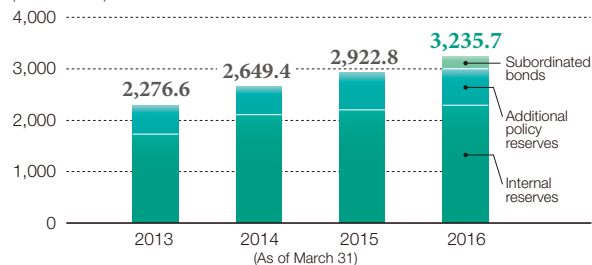
We strove to better adapt to the ultra-low interest rate environment while promoting the surplus management type of ALM. In the fiscal year ended March 31, 2016, we issued subordinated bonds totaling US\$2 billion as part of our ongoing effort to strengthen our equity. As a result, Meiji Yasuda Life was able to maintain superior financial soundness.

To step up ERM, we are constantly introducing more sophisticated methods for stress tests, key risk management and Own Risk and Solvency Assessment (ORSA). Having established the ERM Development Office at the Corporate Planning Department, we also work to formulate management plans by incorporating ERM.

To secure solid corporate governance, we established and announced the Corporate Governance Guidelines, which sets forth our fundamental concepts regarding and basic policies on this matter. We have also set up the Outside Directors Council while undertaking the self-evaluation of the Board of Directors' effectiveness and a review of the Board's operations, including meeting agenda content. Moreover, we are stepping up dialogue with policyholders.

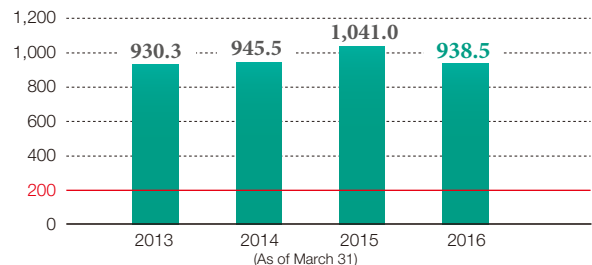
Equity Position

(Billions of Yen)



Solvency Margin Ratio

(%)





Operating Base Reinforcement

Human Resource Management

Ensuring That All Employees Can Realize Their Full Potential through Innovation in Human Resource Development

Masahiro Ifuku

Deputy President
Executive Officer in Charge of the Human Resources Department

Our Recognition of the Business Environment and Strategies

We believe people are our most powerful management resource. In line with the Meiji Yasuda NEXT Challenge Program, we have been working to create a vibrant work force with ambitious employees capable of driving our growth strategy. To achieve this end, our management focus is largely placed on human resource development aimed at enhancing the value of our people. We think that desirable human resources are professionals who can give customers inspiring experience that makes an impression. Specifically, they are defined as below.

1. Those who have noble vision and a high moral bearing, as well as a drive to decisively take challenges
2. Those who work to develop their strength and attain longstanding personal growth
3. Those who respect diversity and strive to deepen relationships of trust with others

We are also endeavoring to address such crucial human resource-related issues as the aging of the Company's entire workforce while developing employee skills necessary to enhance our competitiveness. We are also striving to ensure an environment in which workers with diverse backgrounds can succeed in their careers. Simultaneously, we are encouraging every employee to tackle the challenge of taking on job functions that are one level above their current position and proactively engage in self-motivated skill development, with the aim of enhancing their value as human resources. We are sparing no effort to support their pursuit of career development while promoting a comprehensive human resource management initiative under the name of Innovation in Human Resource Development to help them fulfill their goals. Under this initiative, we are exhaustively reviewing our overall human resource management practices to enhance employee satisfaction (ES).

Main Initiatives

Innovation in Human Resource Development utilizes a new human resource evaluation framework based on the ideal personal traits for employees and focuses on the following three activities.

1 Maximize the potential performance of each employee

We introduced a system for better rewarding those who made greater contributions by meticulously evaluating the importance of their respective job roles and reflecting their achievements in compensation.

2 Help each employee enhance their value as human resources

We established a comprehensive program for systematically boosting human resource capability. Under this program, we are implementing a "Value Up Program" for all employees; a global human resource development program aimed at nurturing employees who can succeed in the overseas insurance business; and a program for selecting and nurturing executive candidates who can be next generation leaders.

3 Step up diversity management

To help women realize their potential in a broader business field, we are

reclassifying job categories while establishing new positions to allow them to utilize job experience gained in their former careers. In addition, we set the goal of raising the proportion of women in overall managerial positions to 20% by April 2017 and, subsequently, to around 30% by April 2020. So far, our efforts toward this goal are steadily making progress.

Our future human resource management policies include new measures aligned with the forthcoming Medium-Term Business Plan that will start in the beginning of the fiscal year ending March 31, 2018. Among these measures are Work Style Reforms that aim to adopt systems for helping employees strike work-life balance, to streamline operations and to eliminate overlaps in duties. These reforms are expected to uncover inefficiencies where more sophisticated operational methods can be introduced, facilitating innovation. In addition, discussions are now under way to initiate Work Style Reforms one year ahead of schedule.

Business Activities

Individual Insurance Marketing

In our distribution channel of agency, we strive to expand sales of level premium protection-type products in third-sector insurance such as medical and nursing care insurance while building a more robust sales and service network.

As for new products, we released “Medical Style F” in June 2015, a medical insurance that offers an annual opportunity for coverage revision with greater flexibility to accommodate changes in medical technology and the customer’s life stage. In August, we went on to expand our product lineup by releasing “Pioneer Care Plus,” a single premium insurance that combined death coverage with a whole life annuity for those who fall under the status of requiring long-term care, and “Meiji Yasuda Life Wealth Accumulation Educational Endowment,” a child insurance that simultaneously enables higher rates of return and lower premiums by eliminating policyholder dividends.

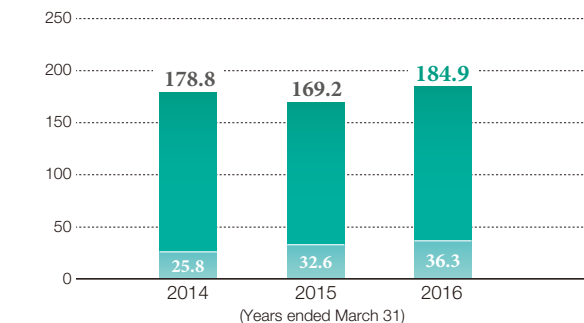
In April 2015, we established the Meiji Yasuda Relationship Associate (MYRA), a new sales channel maintained by newly recruited sales personnel, targeting customers in urban areas. This move is expected to boost our competitiveness in the market and help strengthen our structure for customer services. Thanks to these and other initiatives, we are able to maintain a strong workforce of more than 30,000 sales personnel, which, in turn, drives our efforts to reinforce our sales and service structure.

We sponsor events and campaigns employing title partner and other contracts with J. League while holding various seminars themed on such subjects as asset succession. We also carry out web-based promotional activities. In these ways, we are increasing our contact points with customers.

Annualized New Premiums

(individual life insurance and individual annuities)

(Billions of Yen)

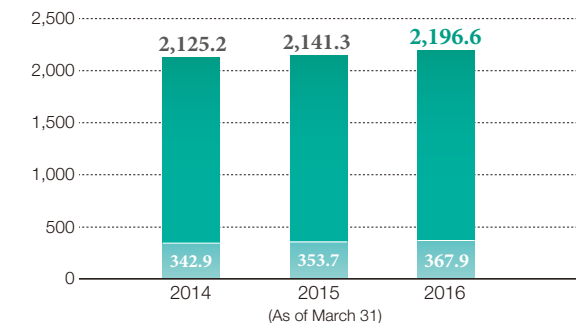


■ Medical insurance, living benefits and others

Annualized Premiums in Force

(individual life insurance and individual annuities)

(Billions of Yen)



■ Medical insurance, living benefits and others

■ Group Insurance Marketing

In group life insurance, we offer solutions to improve employee benefits and other value-added service proposals. We also implement measures aimed at acquiring new group and corporate customers to adopt our employee benefit systems and increasing the number of persons insured who work at our existing customers.

We endeavored to boost sales of third-sector insurance by proposing the uptake of a newly introduced medical rider, which we began underwriting in April 2016.

As for group pensions, we are accommodating the diversifying asset management needs of our customers. We place entrusted pension assets under our management in separate

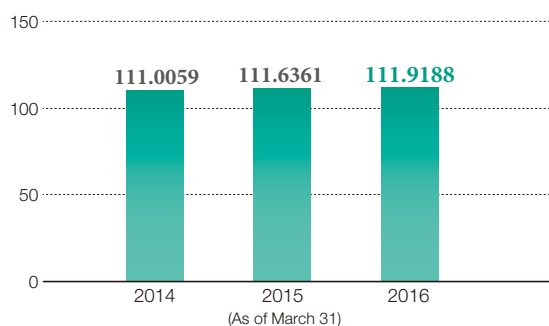
accounts while, through our brokerage service, we promote the marketing of products of our subsidiary that engages in investment advisory and consulting.

In addition, leveraging the customer base and negotiation know-how we have gained through group insurance marketing, we are working to increase sales opportunities by, for example, asking existing corporate customers for approval of more frequent office visits and promotional events at their worksites.

■ Life Insurance in Force

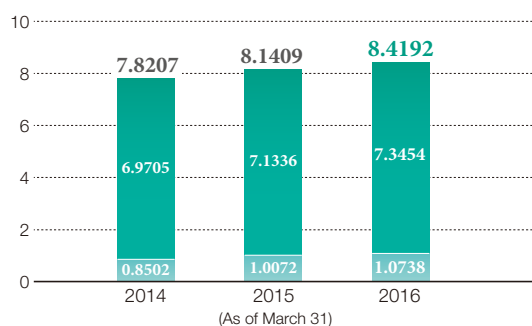
(group life insurance)

(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

In the Bancassurance channel at banks and other financial institutions, we provide an array of products tailored to diverse customer needs. We released a single premium insurance that combined death coverage with a whole life annuity for those who fall under the status of requiring long-term care and a level premium increasing whole life insurance in November 2015 and January 2016, respectively, thereby enhancing our product lineup.

We are striving to secure a greater number of corporate agencies and tax accountant agencies and facilitate collaboration with these agencies, thereby cultivating new corporate customers. At the same time, we are providing agencies with training and other assistance.

Business Activities

Asset Management

We have implemented asset management activities centered on the surplus management type of asset liability management (ALM) while adopting an effective investment approach tailored to the ultra-low interest rate environment and other market factors. In doing so, we strive to maintain returns at high levels.

We invested mainly in foreign currency denominated bonds while increasing the proportion of yen denominated bonds when interest rates were rising in Japan. Furthermore, we strove to boost profitability by investing in domestic corporate bonds as well as funds that invest in foreign corporate bonds and stocks. To support the Japan Revitalization Strategy led by the government, we are proactively investing in growth fields in Japan and overseas, with the total investment mandate set at ¥400 billion for the 3.5 year period from October 2013 to March 2017.

In addition, we strive to secure the financial soundness of assets by adopting increasingly sophisticated methods to monitor indicators of domestic interest rate hikes and by successively upgrading our contingency plans in preparation for drastic changes in the market environment.

Based on its “Policies for Fulfilling Our Stewardship Responsibilities,” Meiji Yasuda Life is engaging in ongoing and constructive dialogue with its investees to discuss such matters as their initiatives to achieve sustainable growth and corporate governance from a long-term perspective. Maintaining such dialogue also helps us ensure the appropriate exercise of our voting rights. In addition, we are regularly evaluating the appropriateness of both the dialogue and the exercise of voting rights.

Overview of Asset Management Results

With constant focus being placed on asset management centered on ALM, we worked to maintain optimal asset allocation consistent with the present market environment, giving due consideration to the gap between domestic and overseas interest rates, as well as trends in foreign exchange rates. By doing so, we strove to maintain a higher level of profitability despite the ongoing ultra-low interest rate environment in Japan. Specifically, we increased the proportion of foreign bonds while purchasing domestic bonds when interest rates were rising in Japan.

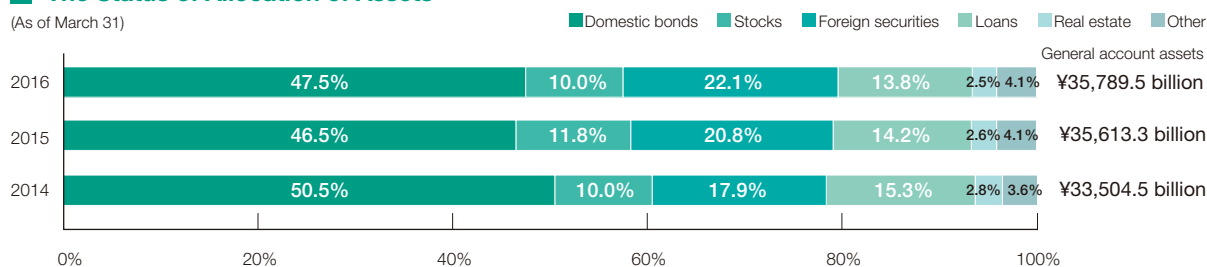
General account assets as of March 31, 2016 stood at ¥35,789.5 billion, up ¥176.1 billion compared with March 31,

2015. Detailed year-on-year comparisons by asset type follow.

Domestic bonds rose ¥432.0 billion reflecting the policy of executing purchases when domestic interest rates rose. Value of stocks held decreased ¥631.6 billion due to such factors as a fall in stock prices. Foreign securities rose ¥510.7 billion due mainly to the acquisition of the U.S.-based StanCorp Financial Group, Inc. and the purchase of foreign bonds. Loans decreased ¥102.3 billion. This was attributable to decreases from repayments during the fiscal year, which exceeded the increase due to lending. Real estate holdings declined ¥27.1 billion due mainly to property sales.

The Status of Allocation of Assets

(As of March 31)



Proceeds from Investment

Investment income decreased to ¥788.1 billion, or 83.4% of the figure recorded in the previous fiscal year, due mainly to decreases in interest, dividends and other income and gains on sales of securities. On the other hand, investment expenses grew to ¥151.0 billion, or 157.5% of last year's figure, due mainly to an increase in losses on derivative financial instruments. As a result, proceeds from investment declined to ¥637.0 billion, or 75.0% of last year's figure.

Investment return on base profit and overall investment return fell year on year to 2.60% and 1.99%, respectively, compared with the previous fiscal year.

Rate of Return

Years ended March 31,	2014	2015	2016
Investment Return on Base Profit = (proceeds from investment in base profit – provision for interest on dividend reserves)/policy reserves in general account	2.54%	2.64%	2.60%
Investment Return = net investment income/average daily balance of general account assets	2.71%	2.72%	1.99%

■ 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. We recommend that our policyholders, especially elderly customers, utilize our scheme for registering their family members as secondary contacts in preparation for an event when contact becomes difficult to establish. In April 2015, we established the MY Longevity Policy Checking Scheme, thereby confirming the latest contacts of policyholders who reach celebrated ages and checking whether they might have forgotten policies eligible for claims. We also carry out Underwriting Service Reforms to expand the scope of insurance fields subject to our underwriting services. In January

2016, we began introducing electronic application procedures for enrollment in new policies, with the aim of providing our life insurance services to an even broader customer base.

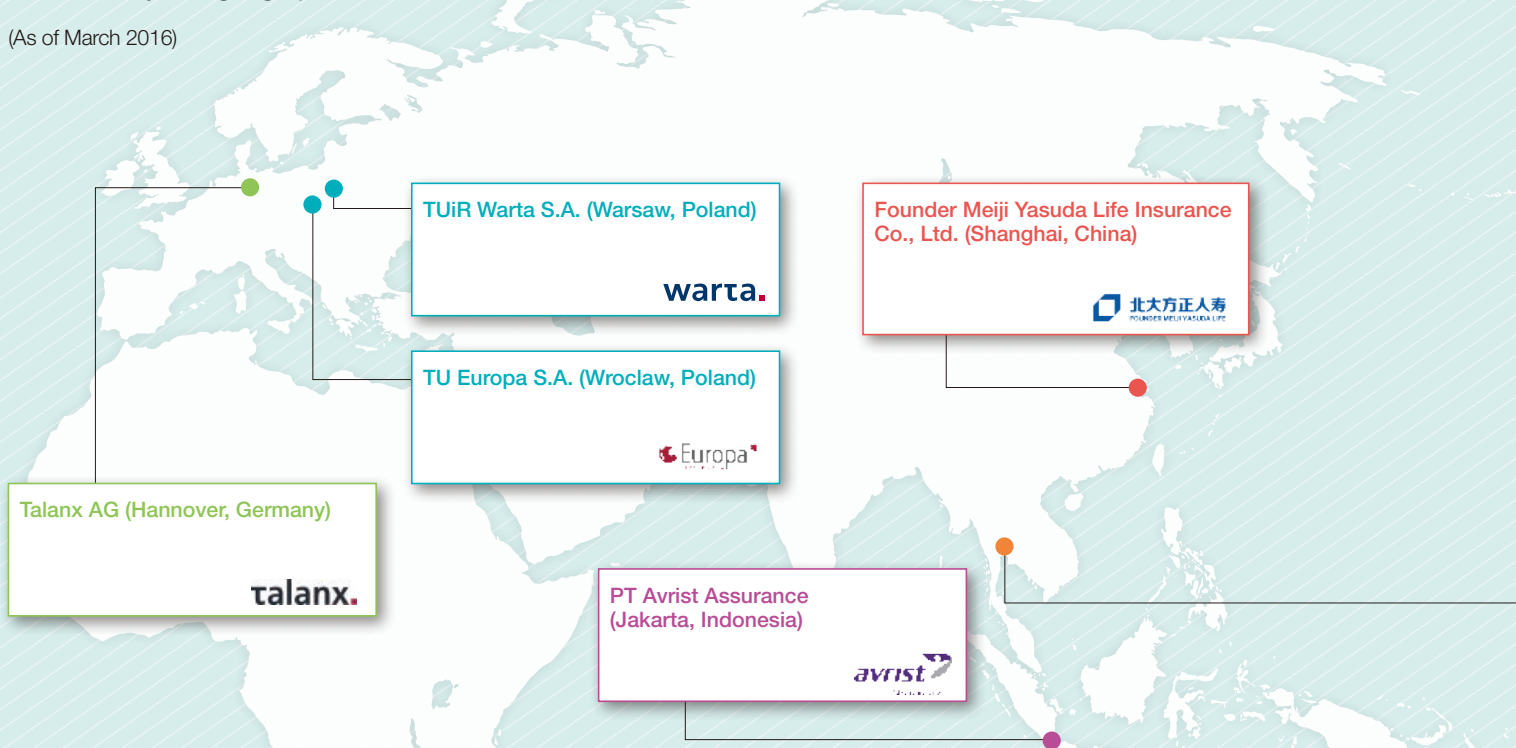
In the field of group insurance, we promote Group Insurance Administrative Service Reforms aimed at further enhancing customer convenience and satisfaction. For example, in April 2015, we launched the web-based "MY *Hojin* Portal" support service. We also relaxed administrative rules related to application procedures while continuously developing a sophisticated system for administrating the payment of insurance claims and benefits. In these ways, we strive to ensure that every eligible claim is paid in an even more prompt manner.

Our Overseas Insurance Initiatives

In addition to the domestic life insurance business, we are proactively engaged in the overseas insurance business to secure greater future profit opportunities.

In the fiscal year ended March 31, 2016, we acquired a 100% equity stake in StanCorp Financial Group, Inc., a U.S. life insurance group. Looking ahead, we will work toward medium- to long-term profit expansion for our seven subsidiaries and affiliates 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 2016)



TU Europa S.A. and TUiR Warta S.A.

In 2012, we acquired shares of two major Polish insurers TU Europa S.A. and TUiR Warta S.A. jointly with our alliance partner Talanx 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.

We are striving to reinforce the business foundation of these two companies, helping them expand their operations.

Founder Meiji Yasuda Life Insurance Co., Ltd.

In 2010, we invested in a Chinese life insurance company, the precursor of Founder Meiji Yasuda Life Insurance Co., Ltd., making it an affiliate. 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).

PT Avrist Assurance

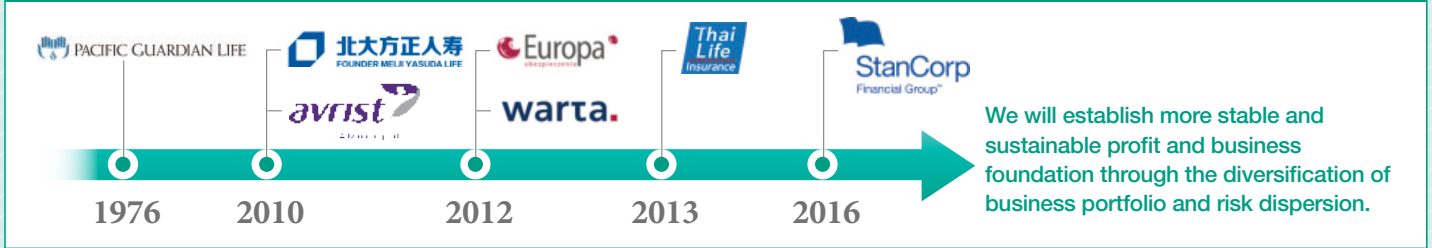
In 2010, we invested in Indonesian life insurer PT Avrist Assurance, becoming the first Japanese life insurance company to expand into Indonesia.

Since then, we gradually stepped up investment, increasing our shareholdings in Avrist, making it our affiliate in 2012. Meiji Yasuda Life is dispatching officers and employees to share its experience and know-how with Avrist, thereby helping this affiliate improve its corporate value through such measures as improving administrative services and strengthening sales capabilities.



The 40th anniversary ceremony of Avrist

Our Expansion Track Record



StanCorp Financial Group, Inc.
(Portland, U.S.A.)



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



Thai Life Insurance Public Company
Limited (Bangkok, Thailand)



Overview of the Overseas Insurance Business

Pacific Guardian Life Insurance Company, Limited (PGL)

In 1976, we became the first Japanese life insurer to participate in the management of a life insurance company in the United States by acquiring a majority equity stake in PGL. In 1985, we went on to increase 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. Meiji Yasuda Life is helping PGL strengthen its operating base through arrangements including dispatching personnel to serve as a director.

Thai Life Insurance Public Company Limited

In 2013, we invested in Thai Life Insurance Public Company Limited 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. Meiji Yasuda Life is assisting Thai Life with its efforts to strengthen the distribution channel of agency, thereby helping it achieve sustainable growth.



Thai Life and Meiji Yasuda Life representatives who attended a joint meeting

StanCorp Financial Group, Inc.

In March 2016, we acquired a 100% equity stake in StanCorp Financial Group, Inc., a corporate group handling life insurance business, making it a wholly-owned subsidiary. Headquartered in Portland, Oregon, the United States, StanCorp boasts a solid track record extending more than 100 years as well as a leading position in the field of group life insurance in the United States, the world's largest life insurance market. StanCorp maintains a management philosophy to "lead the insurance industry and help people achieve financial well-being and peace of mind," with its business network extending to regions throughout the United States.

Having positioned this subsidiary as a strategic base in the United States for

securing future growth for Group operations, Meiji Yasuda Life is supporting StanCorp to pursue its customer-oriented business approach. We are providing this subsidiary with management oversight and monitoring by, for example, dispatching our personnel who serve as a director at StanCorp, with the aim of helping it achieve business expansion and greater profitability.



Mr. J. Greg Ness, the CEO of StanCorp and Mr. Akio Negishi, the president of Meiji Yasuda Life at the signing ceremony

Governance and Compliance

Operation of Mutual Company

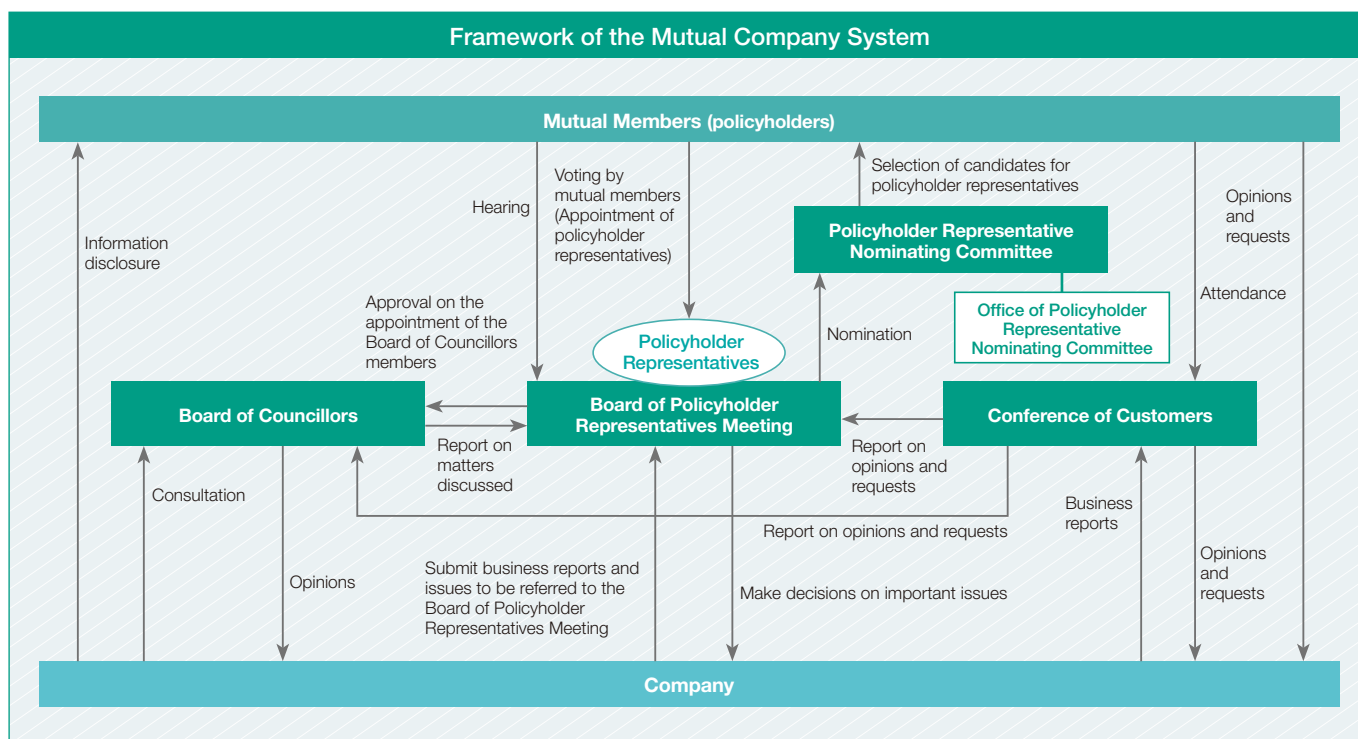
Framework of the Mutual Company System

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.” These members own the mutual company, just as shareholders own a stock company. As of March 31, 2016, Meiji Yasuda Life’s mutual members numbered approximately 6.64 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.

* Excluding those who enroll only in policies without dividends



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 6.64 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 84 regional offices across Japan held these meetings from January to March 2016, with a total of 1,945 policyholders attending.

The conference provided briefings on the operating results for the first half of the fiscal year (April 1 to September 30, 2015), the outline of Meiji Yasuda Life's operations, including the overseas insurance business, its initiatives to enhance customer satisfaction, and the Company's social and community contribution activities. In addition, a total of 7,037 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 policyholders' 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, 2017, 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

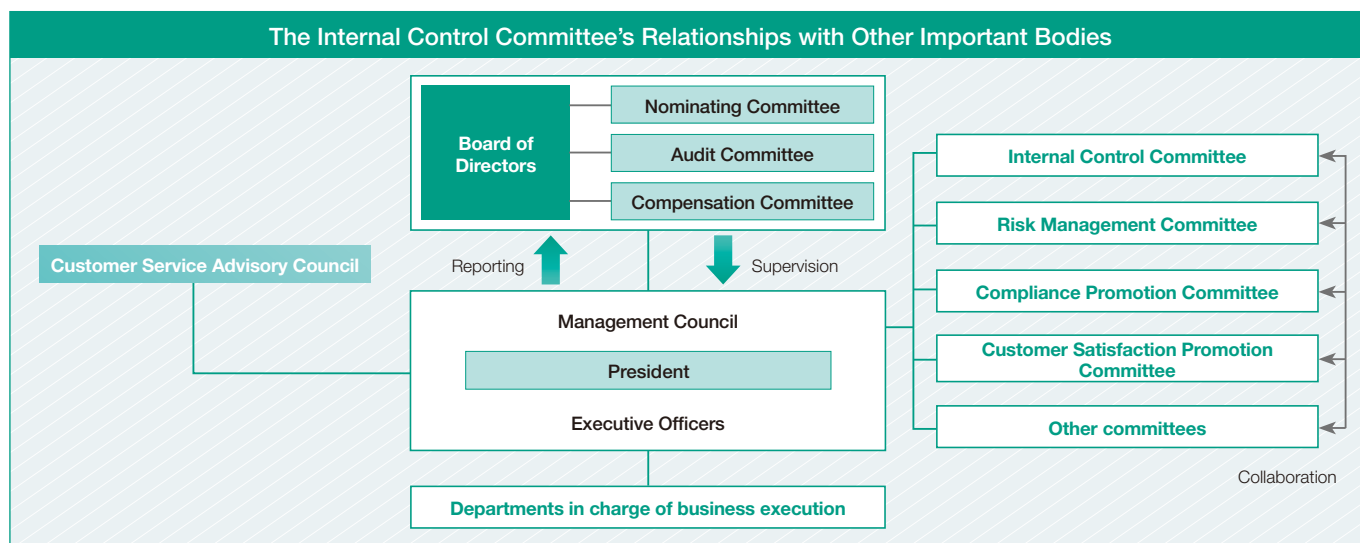
Development and Enhancement of the Internal Control System

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.



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 was revised, making it mandatory for insurers to resolve related policies at their board of directors meetings. Accordingly, Meiji Yasuda Life 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.

Reinforcing Our Internal Audit Structure

Meiji Yasuda Life has positioned internal auditing as an important process in which it obtains advice and recommendation from auditors who evaluate the status of its business operations from a fair and objective standpoint with the aim of helping the Company achieve its management targets. To secure the effectiveness of internal audits, the Company established its Policy on Internal Audit. In line with this policy, the Internal Audit Division has been put in place, operating under the dedicated supervision of the executive officer serving as Chairman of the Board. With the aim of ensuring that its audit function is strictly independent from business execution functions, the Company requires the approval of the Audit Committee for any change in its Policy on

Internal Audit or the formulation of internal audit plans while consolidating all internal audit results to be reported to the committee.

Moreover, the head of the Internal Audit Department attends every Audit Committee meeting while regularly exchanging opinions with a full-time Audit Committee member. As such, the department maintains close collaboration with the Audit Committee.

To ensure that internal audits are carried out in an efficient and effective manner, internal audit plans are formulated based on risk assessments, with the scope of audits encompassing all business units and activities of Meiji Yasuda Life, its subsidiaries and affiliates. Specific audit themes include key risks, insurance claim and benefit payment

Governance and Compliance

administration systems and the appropriateness of financial statements requiring management representation letters. Applying these themes, across-the-board audits covering subsidiaries and affiliates are being performed. Meanwhile, headquarters and other business bases, including regional offices as well as group marketing departments, are subject to unit-specific audits aimed at determining the status of business activities at each business unit. In addition, these audits involve off-site monitoring in which meeting materials and other documents are examined as necessary, with monitoring results being reflected in risk assessment process. The results of internal audits and the status of recommended improvement measures are swiftly reported to the Management Council, Audit Committee and Board of Directors. Meiji Yasuda Life's main domestic subsidiaries and affiliates also have their own Internal Audit departments operating under the instruction of and receiving advice from their counterparts at the Company. Meiji Yasuda Life is cooperating with its overseas insurance subsidiaries and affiliates as necessary, with the aim of strengthening the internal auditing systems of the entire Group.

To maintain and enhance specialist knowledge and skills possessed by internal auditors, we established in-house educational programs and are regularly providing training sessions. In doing so, we are striving to nurture expert human resources who can be accredited under the Certified Internal Auditor (CIA) scheme sponsored by The Institute of Internal Auditors (IIA), an international association of internal auditing professionals. Moreover, to secure personnel capable of performing highly specialized auditing, efforts are now under way to collaborate with external auditors and other outside experts and tap into the audit know-how they possess.

Also, we have formulated audit quality management programs to constantly enhance the quality of internal auditing, thereby carrying out periodic evaluation of audit quality. 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 IIA. These assessments concluded that our audits deserve a "Generally Conforms" rating, which represents the highest degree of conformity to the standards.

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 carries out inspections and the External Auditor undertakes external audits. 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 implementing more efficient capital allocation based on 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 atop three tiers of risk management. 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. Placed under the purview of the Risk Management Committee, a dedicated sub-committee and small-committees conduct specialized risk management to address 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.

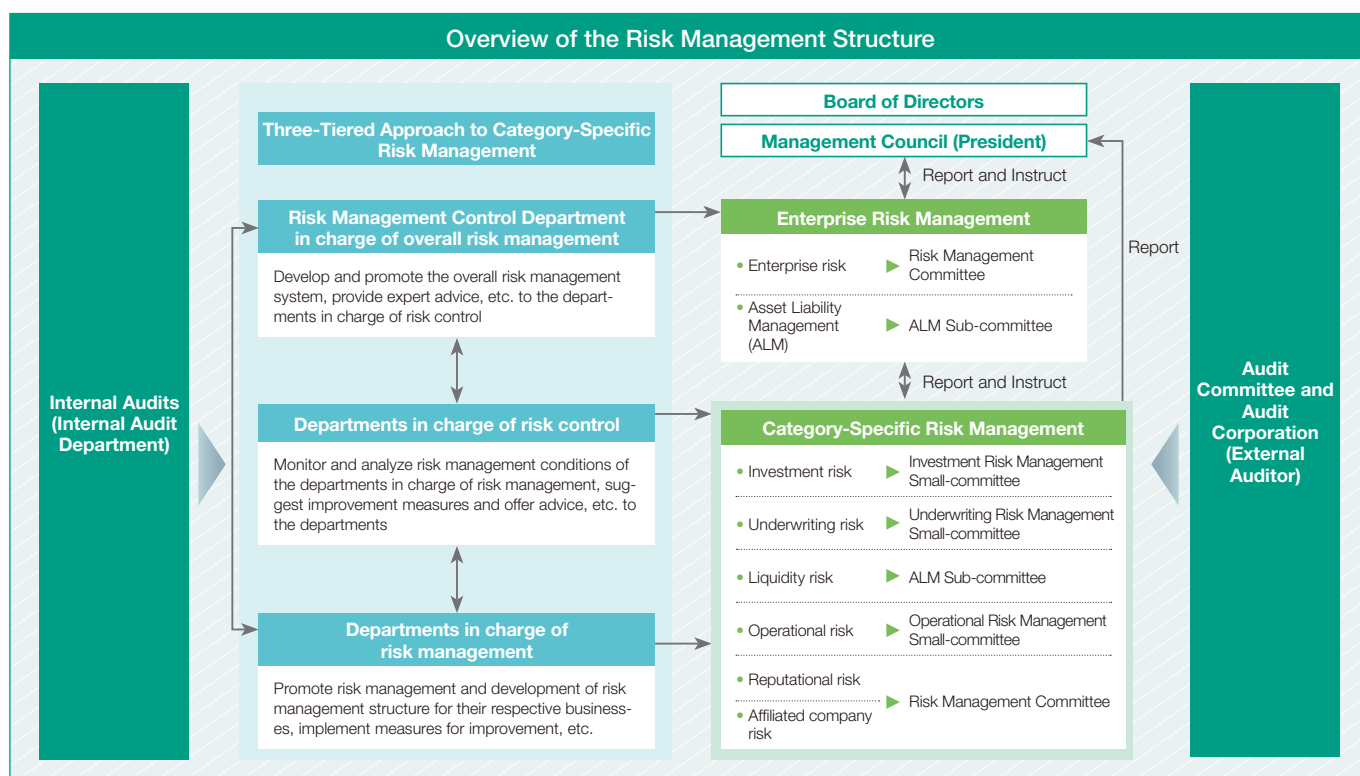
Stress Test

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.

Key Risk Management

Having examined the magnitude and probability of various risk factors, the Company has defined such events as drastic interest rate hikes and devastating disasters, including major earthquakes, as key risks that may cause a significant loss and pose a grave impact on its business operations. Each department incorporates these risk factors into its annual management and internal audit plans.

Furthermore, in addition to monitoring leading indicators for early signs of such events, the Company is promoting a PDCA cycle to enhance its risk management process, thereby taking preemptive measures to minimize damage and enable a flexible counteraction when a risk materializes.



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.

In addition, the “Compliance Manuals” are a set of comprehensive manuals aimed at ensuring that every employee is well-versed in the procedures and instructions necessary to maintain compliance. The manuals cover a range of laws, regulations and in-house rules that must be observed by employees in their day-to-day business conduct.

■ 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 impropri-

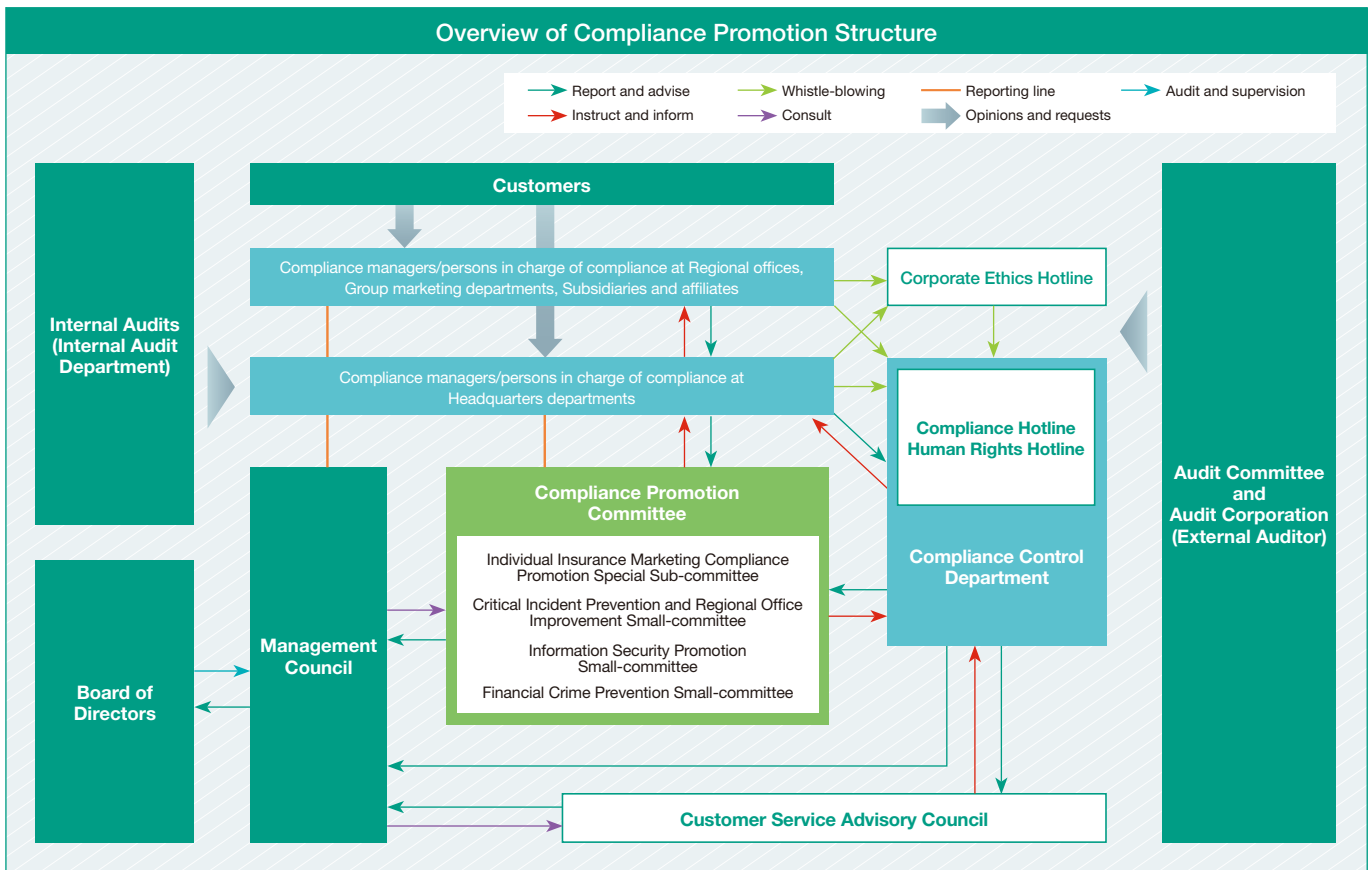
eties are identified. If fraudulent behavior occurs, it is reported to the Compliance Control Department through the compliance managers and persons in charge of compliance at the departments in question. We also have multiple contacts for internal reporting (“Compliance Hotline,” “Human Rights Hotline” and “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 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 individual 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.



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 lifecycle, 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 line with its "Policies for Fulfilling Our Stewardship Responsibilities," announced in August 2014, Meiji Yasuda Life is maintaining ongoing and constructive dialogue with its investees from a long-term perspective, engaging in discussions with regard to their initiatives to secure sustainable growth and corporate governance systems. Maintaining such dialogue also helps us ensure the appropriate exercise of our voting rights. In addition, we are regularly verifying the appropriateness of dialogue and the exercise of voting rights.

Although our fundamental concept for stock investment has been

to yield stable returns over the long term in step with growth in each investee's corporate value, we will step up our efforts to fulfill our responsibilities as an institutional investor by practicing the abovementioned policies and 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 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 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 continuously monitor developments at our investees and accurately assess the quantitative and qualitative aspects of their operating status, thereby maintaining ongoing dialogue and appropriately exercising our voting rights.

(2) Dialogue

We recognize that maintaining dialogue with investees and helping them maximize their corporate value is key to fulfilling our responsibilities as an institutional investor over the long term. Moreover, improved corporate value will lead to greater shareholder value, which will, in turn, be attributable to Meiji Yasuda Life as a shareholder. Therefore, from the stance of a 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. By doing so, we will ensure that they can share our perspective. In this process, we ask investees to make improvements when problems have been identified.

In addition, we will document dialogue with investees and preserve a record of the dialogue, thereby ensuring that discussions will remain constructive and be held on an ongoing basis.

Meiji Yasuda Life never intends to receive undisclosed important information from investees in the course of dialogue. In cases where the Company happens to receive such information from an investee, we will immediately suspend the transaction of its shares and take other necessary steps in accordance with laws, regulations and in-house rules.

(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 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) 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)

(4) Periodic reporting

We will periodically update the implementation status of these policies on our corporate website. To see the latest information, please visit the following URL. (http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/stewardship_activity.pdf)

(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 periodically. 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, 2016
Annualized premiums in force (individual insurance marketing)	Those related to “Medical Style F” and “Pioneer Care Plus”
Customer satisfaction	Those aimed at supporting “Ease of Mind Service Activities Program” and such customer communication materials as policy summaries

■ 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 sales personnel 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.

To counter the external threat of cyberattacks, we have established a dedicated Computer Security Incident Response Team (CSIRT) in charge of handling such incidents. Furthermore, we are remaining apprised of the latest developments by leveraging external sources that share this information. We are also updating our incident response procedures to minimize damage caused by cyberattacks while implementing periodic drills.

* A certification under the ISMS conformity assessment employing a third-party evaluation scheme based on the ISO 27001 standard

Governance and Compliance

Our Initiatives to Strengthen Corporate Governance

Meiji Yasuda Life operates as a mutual company in which policyholders¹ 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.

Although Japan's Corporate Governance Code, enacted for domestically listed companies, does not legally apply to mutual companies, Meiji Yasuda Life recognizes that the code comprises important principles for realizing effective corporate governance. In line with the spirit of the Corporate Governance Code, Meiji Yasuda

Life is voluntarily incorporating steps to ensure responsiveness to principles stipulated in the code.

Meiji Yasuda Life also established and announced its Corporate Governance Guidelines, which set forth its fundamental concepts and basic policies on this matter, 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"² posted on its corporate website.

¹ Excluding those who enroll only in policies without dividends

² 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 our 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 manner.

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 customers 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.

Governance and Compliance

Interview with an Outside Director



Director
Shigehiko Hattori

2012 Director, Meiji Yasuda Life Insurance Company

2015 Senior Advisor, Shimadzu Corporation (current position)

Meiji Yasuda Life recognizes that providing customers with life-long 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 as a mutual company is of primary importance.

Having adopted the "Company-with-Committees" system (currently known as the Company with Three Committees system) in 2006, Meiji Yasuda Life has appointed outside directors who account for the majority of the members of the Board of Directors, thereby strengthening the supervisory function of the Board. Moreover, Meiji Yasuda Life ensures clear institutional separation between management supervision and business execution. Specifically, the Company appoints executive officers to whom it delegates matters other than those reserved for the Board of Directors in accordance with the law. These steps help us accelerate decision making and enhance management efficiency.

In this section, we hear from Mr. Shigehiko Hattori, who has been serving as an outside director at the Company since 2012 and was elected as the Lead Outside Director,* about his views on the Company's initiative to enhance its corporate governance and what roles should be played by outside directors in this pursuit.

* The Lead Outside Director, elected by outside directors, chairs the Outside Directors Council, a body aimed at deliberating such important issues as the Company's long-term management strategy, which all outside directors attend. When necessary, the Lead Outside Director also serves as a representative of the outside directors, communicating their opinions to, as well as consulting with, the other directors and executive officers.

Q.

How do you evaluate initiatives undertaken hitherto by Meiji Yasuda Life to strengthen corporate governance?

A.

Meiji Yasuda Life has initiated the selection of voluntary candidates for policyholder representatives and is maintaining diverse and transparent selection processes. At the same time, having adopted the Company with Three Committees system, Meiji Yasuda Life appointed outside directors and they account for the majority of the members of the Board of Directors. The Company also ensures the clear separation of management supervision and executive functions, with authority for business execution being largely delegated to executive officers to accelerate decision making and enhance management efficiency. In sum, I think Meiji Yasuda Life has been in the vanguard of governance system development.

Moreover, although a mutual company is not subject to Japan's Corporate Governance Code enacted for listed companies, Meiji Yasuda Life is voluntarily incorporating steps to ensure responsiveness to principles stipulated in the code.

Specifically, Meiji Yasuda Life established and announced its Corporate Governance Guidelines in conjunction with the enforcement of the Corporate Governance Code in 2015. The process of drafting these guidelines involved thoroughgoing discussions between outside directors and top management at meetings of the Outside Directors Council. Having participated in this debate, I admire the high priority the Company's top management places on corporate governance.

I also note that the maintenance of appropriate and robust relationships with various stakeholders is of particular importance to a mutual company. A primary objective of enhancing our corporate governance system is to ensure such relationships with our customers, employees and communities. Therefore, I expect the Company to continue relentless efforts to enhance its governance system.

Q.

As the Lead Outside Director, what role do you think the outside directors should play to ensure corporate governance at Meiji Yasuda Life?

A.

In the Company with Three Committees system, the Board of Directors is in charge of making decisions on basic management policies and supervising each director and executive officer who engages in business execution. Accordingly, decisions on individual business matters are up to management team members who concurrently take on executive roles.

To help ensure that the Board of Directors reaches correct decisions on basic management policies, outside directors hold the Outside Directors Council inviting top management to receive detailed briefings and take sufficient time to exchange opinions with them.

I think outside directors serving at a mutual company like Meiji Yasuda Life have a unique mission to represent the interests of policyholders. To fulfill this mission, our important duty is to constantly monitor the status of business execution so that management policies are practiced and management goals are met.

I also strive to ensure that opinions of such stakeholders as policyholders are appropriately reflected in operations. To this end, I maintain a forthright attitude, giving frank opinions to top management at Board of Directors meetings.

Supporting Meiji Yasuda J. League to Help Vitalize Local Society

2016 Season Marks Second Year of Meiji Yasuda J. League



During the Meiji Yasuda J. League 2015 season, the number of Meiji Yasuda Life employees and customers who flocked to the stadiums to cheer for players totaled approximately 130,000. 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.*

* Including football clubs belonging to such associations as the Japan Football League (JFL)



Meiji Yasuda Life president presenting the championship pennant to the winning team in the Meiji Yasuda J1 League Second Stage



Meiji Yasuda Life president presenting the championship trophy to Meiji Yasuda J1 League champion team

Meiji Yasuda Life Signed 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 53 member clubs of the J. League through our business bases nationwide, including three marketing headquarters and 78 regional offices. In addition, some business bases operating in areas where J. League clubs are not active, became sponsors of clubs that belong to such associations as JFL.



A commemorative photo taken at a match with Meiji Yasuda Life appearing on the banner (Ofuna and Hiratsuka Regional Offices)



Map of Japan featuring flags of the J. League clubs that signed sponsorship deals

A Community Safety Initiative Supported by Our Regional Offices Nationwide Helps Create a Society where Elderly Can Rest Assured

In addition to their 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.



Football Clinics for Elementary School Students Were Hosted on Approximately 200 Occasions in Locations Nationwide



In the fiscal year ended March 31, 2016, we were able to hold football clinics for elementary school students on approximately 200 occasions in areas throughout Japan, thanks to the generous cooperation of local clubs operating under J. League and other associations. A total of around 17,000 children and their parents participated in the clinics.



Football clinic held by Nagoya Minami Regional Office



Football clinic held by Shikoku Higashi Regional Office

Meiji Yasuda J. League 2016 Season TV Commercials Are Currently Broadcast on a Nationwide Basis



With the aim of communicating our aspiration to contribute to local society and help children pursue their future dreams, these TV commercials feature scenes of football clinics, incorporating the footage of children vigorously practicing with peers and their beaming smiles.



- ▶ To provide details on its CSR activities, Meiji Yasuda Life has a dedicated website for reporting its latest CSR activities (Japanese only).

<http://www.meijiyasuda.co.jp/profile/csr/>

Our Social Contribution Activities

Remaining true to the spirit of mutual assistance, which led to our founding as a mutual company, we are implementing social contribution 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 it to police stations or local municipal authorities, 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 63,320,000 children with these patches.

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



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. Over the past 32 years, the concerts have been held at 141 special-needs schools around Japan.



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 health-care. In 2015, the number of employees and their families who participated in this activity totaled approximately 39,000.



■ 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, seashells 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 Activities

Entering into 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 agreeing with this objective, in January 2015 the Company signed a title partner contract with J. League.

Maintaining our position as a title partner for the 2016 season, we will strive to support the success of J. League. Moreover, we will contribute to the vitalization of local society and a sound upbringing for children by stepping up partnerships with each local football club.



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, including nursing care, as well as such matters as healthcare, medical treatment and social welfare issues, such as child raising, in addition to life planning, pension plans, consumer awareness and employee benefit plans.

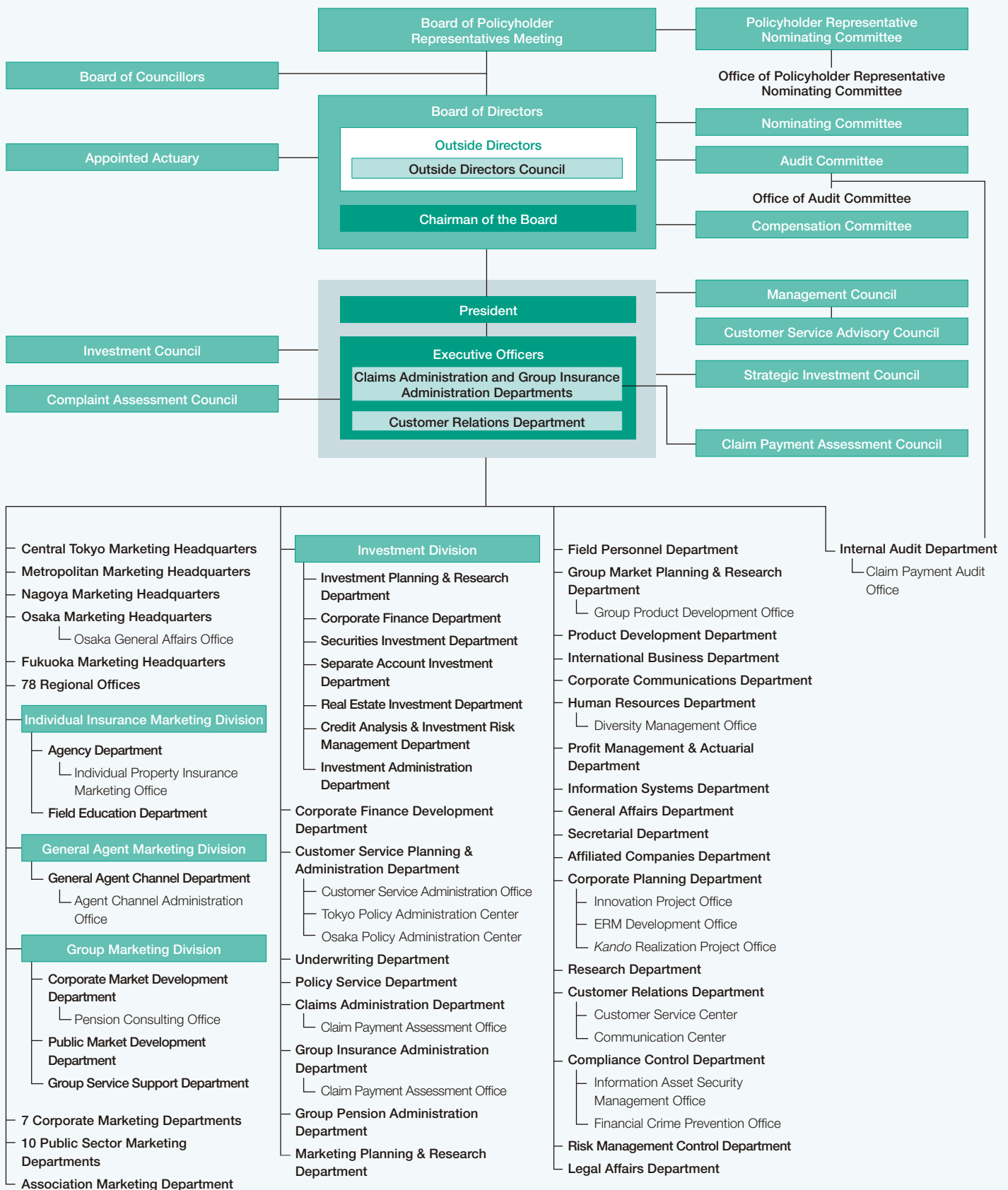
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Company Organization

(As of July 5, 2016)



Sources of Foundation Funds/ Status of Employees

Contributors

(As of March 31, 2016)

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		2016	
	2015	2016	2015	2016	Average age	Average length of service
Permanent staff	10,692	10,514	256	251	43 years, 9 months	15 years, 9 months
Male	4,504	4,466	136	130	43 years, 7 months	19 years, 11 months
Female	6,188	6,048	120	121	43 years, 11 months	12 years, 8 months
Sales personnel	30,101	30,531	5,839	5,464	47 years, 6 months	10 years, 8 months
Male	8	8	—	—	73 years, 0 month	41 years, 11 months
Female	30,093	30,523	5,839	5,464	47 years, 6 months	10 years, 8 months

Notes: 1. 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, 2015 and 2016:

Those seconded to external companies, those taking long-term leave and those dedicated to service for labor unions

2. New recruits (permanent staff) indicates the number of new employees who joined the Company immediately after graduation.

3. From March 31, 2013, 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.

Reference: Status of Employees (Consolidated Basis)

As of March 31,	Total Employees	
	2015	2016
Permanent staff	12,315	15,039
Sales personnel	30,101	30,531

Directors and Executive/ Operating Officers

(As of July 5, 2016)

Directors



Chairman of the Board
Nobuya Suzuki*



Director, President
Akio Negishi*



Director, Deputy President
Toshihiko Yamashita



Director, Deputy President
Masahiro Ifuku



Director
Kenji Kojo



Director
Shigehiko Hattori**
Senior Advisor,
Shimadzu Corporation



Director
Seiichi Ochiai**
Professor Emeritus,
the University of Tokyo



Director
Yoshhide Munekuni**
A former Chairman of the Board,
Honda Motor Co., Ltd.



Director
Teruo Kise**
Senior Advisor, TOTO LTD.



Director
Miyako Suda**
Special Advisor,
The Canon Institute for Global Studies



Director
Keiko Kitamura**
Professor Emeritus,
Chuo University

* Representative Executive Officer
** Outside Director

Executive Officers

Senior Managing Executive Officers

Takashi Ito	Chief Executive, Individual Insurance Marketing
Kikuo Asano	
Tatsuo Ogoshi	Chief Executive, General Agent Marketing
Akio Sakai	Chief Executive, Group Marketing
Tadashi Onishi	

Managing Executive Officers

Masahiko Sagara
Masao Aratani
Shinya Makino
Tetsuo Maejima
Takashi Kikugawa
Yasuyuki Ayai
Teruki Umezaki
Kazunori Yamauchi

Operating Officers

Managing Operating Officer

Takashi Tsunematsu	Chief General Manager, Central Tokyo Marketing Headquarters
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Operating Officers

Kazuhiko Umakoshi	Chief General Manager, Metropolitan Marketing Headquarters
Satomi Matsumura	General Manager, Tachikawa Regional Office
Michihiko Hayashi	Chief General Manager, Osaka Marketing Headquarters
Hideki Nagashima	General Manager, Human Resources Department
Shinji Nakatani	General Manager, Group Insurance Administration Department
Tsuyoshi Mizuno	General Manager, Affiliated Companies Department
Yoshiro Shimizu	Chief General Manager, Fukuoka Marketing Headquarters
Hideki Yamaguchi	Chief General Manager, Nagoya Marketing Headquarters
Shiro Kishimoto	General Manager, Compliance Control Department
Koichi Nagao	General Manager, Group Market Planning & Research Department
Atsushi Nakamura	General Manager, Corporate Planning Department

Domestic Subsidiaries, Affiliates and Others

(As of March 31, 2016)

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	<ul style="list-style-type: none"> One of whose directors/officers concurrently serves as the Company's officer The Company serves as a nonlife insurance agency for this subsidiary 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 and "Type II Financial Instruments Business"	92.9	0.0	<ul style="list-style-type: none"> One of whose directors/officers concurrently serves as the Company's officer Commissioned by the Company to provide investment advisory services
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	7.1	40.1	<ul style="list-style-type: none"> Commissioned by the Company to provide such services as system development 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 9th Investment Partnership	Chiyoda-ku, Tokyo	270 (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	35.0	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	17.0	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	2,210 (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

Note: The investment amounts in Meiji Capital 9th Investment Partnership and THE YASUDA ENTERPRISE DEVELOPMENT IV, LIMITED PARTNERSHIP represent figures as of December 31, 2015.

Reference: Foundations Established by the Company

Foundation name	Main business site	Capital or investment (millions of yen)	Establishment	Principal function
Meiji Yasuda Life Foundation of Health and Welfare	Shinjuku-ku, Tokyo	250	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	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	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

Overseas Subsidiaries, Affiliates and Others

(As of March 31, 2016)

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/officers concurrently serves as the Company's officer
StanCorp Financial Group, Inc.	Portland, Oregon, U.S.A.	USD 4,950 million	September 23, 1998	Life insurance and insurance related-businesses	100.0	0.0	One of whose directors/officers concurrently serves as the Company's officer
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/officers concurrently serves as the Company's officer

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 1,930 million	November 28, 2002	Life insurance	29.2	0.0	Three of whose directors/officers concurrently serves as the Company's officers
PT AVRIST Assurance	Jakarta, Indonesia	IDR 4.5 billion	May 19, 1975	Life insurance	29.9	0.0	One of whose directors/officers concurrently serves as the Company's officer
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/officers concurrently serves as the Company's officer

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	Customer development assistance in financing business, and financial and economic research	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. Equity stakes were acquired in Pacific Guardian Life Insurance Company, Limited (March 1976), StanCorp Financial Group, Inc. (March 2016), Founder Meiji Yasuda Life Insurance Co., Ltd. (December 2010), PT AVRIST Assurance (November 2010), Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna (June 2012), Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna (July 2012) and Thai Life Insurance Public Company Limited (November 2013).

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

- StanCorp Financial Group, Inc.: Ten subsidiaries (nine of which are Meiji Yasuda Life's subsidiaries, with another being Meiji Yasuda Life's affiliate)
- 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 affiliate)
- Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna: One subsidiary (Meiji Yasuda Life's affiliate)
- Thai Life Insurance Public Company Limited: 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
	2016	2015	2016
ASSETS:			
Cash and deposits (Notes 3, 4, and 7)	¥ 481,381	¥ 240,038	\$ 4,272
Call loans (Note 3)	90,000	368,000	798
Monetary claims bought (Note 4)	223,659	229,523	1,984
Securities (Notes 4, 5, 6, 7, and 8)	30,624,492	29,256,897	271,782
Loans (Notes 4, 7, 9, and 10)	5,634,123	5,076,391	50,001
Tangible fixed assets (Notes 11, 12, and 13)			
Land	617,463	621,684	5,479
Buildings	306,647	301,346	2,721
Leased assets	87	—	0
Construction in progress	1,667	6,045	14
Other tangible fixed assets	4,728	3,454	41
Subtotal	930,595	932,531	8,258
Intangible fixed assets			
Software	50,821	37,788	451
Goodwill (Note 26)	158,679	—	1,408
Other intangible fixed assets	317,643	26,394	2,818
Subtotal	527,144	64,183	4,678
Due from agents	1,831	1,647	16
Reinsurance receivables	115,877	675	1,028
Other assets	480,002	317,794	4,259
Net defined benefit assets (Note 14)	37,298	74,345	331
Deferred tax assets (Note 15)	2,485	1,779	22
Customers' liabilities under acceptances and guarantees	20,854	20,848	185
Allowance for possible loan losses	(5,457)	(5,034)	(48)
Total assets	¥39,164,289	¥36,579,624	\$347,570
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 707,333	¥ 114,465	\$ 6,277
Policy reserves	32,842,168	30,225,061	291,464
Policyholders' dividend reserves (Note 16)	240,902	253,414	2,137
Subtotal	33,790,403	30,592,941	299,879
Due to agents	2,835	9	25
Reinsurance payables	832	804	7
Bonds payable	293,445	—	2,604
Other liabilities	478,051	700,186	4,242
Net defined benefit liabilities (Note 14)	12,447	1,084	110
Accrued retirement benefits for directors and executive officers (Note 19)	82	92	0
Reserve for contingent liabilities (Note 20)	1	2	0
Reserve for price fluctuation	522,116	492,907	4,633
Deferred tax liabilities (Note 15)	329,406	504,535	2,923
Deferred tax liabilities for land revaluation	82,137	85,877	728
Acceptances and guarantees	20,854	20,848	185
Total liabilities	35,532,618	32,399,288	315,340
NET ASSETS:			
Foundation funds (Note 21)	260,000	260,000	2,307
Reserve for redemption of foundation funds (Note 21)	470,000	470,000	4,171
Reserve for revaluation	452	452	4
Surplus	506,083	472,533	4,491
Total funds, reserve and surplus	1,236,536	1,202,986	10,973
Net unrealized gains on available-for-sale securities	2,291,022	2,838,597	20,332
Deferred unrealized gains on derivatives under hedge accounting	38,659	15,456	343
Land revaluation differences	119,894	118,988	1,064
Foreign currency translation adjustments	(26,190)	22,894	(232)
Remeasurements of defined benefit plans	(32,200)	(22,862)	(285)
Total accumulated other comprehensive income	2,391,186	2,973,074	21,221
Non-controlling interests	3,947	4,274	35
Total net assets	3,631,671	4,180,335	32,229
Total liabilities and net assets	¥39,164,289	¥36,579,624	\$347,570

Consolidated Statements of Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
ORDINARY INCOME:			
Insurance premiums and other	¥3,381,621	¥3,431,497	\$30,010
Investment income			
Interest, dividends and other income	690,493	698,484	6,127
Gains on money held in trust	0	0	0
Gains on sales of securities	8,505	186,293	75
Gains on redemption of securities	88,701	58,075	787
Foreign exchange gains	154	—	1
Reversal of allowance for possible loan losses	—	2,875	—
Other investment income	892	899	7
Investment gains on separate accounts	—	83,806	—
Subtotal	788,747	1,030,435	6,999
Other ordinary income	106,171	137,909	942
Total ordinary income	4,276,540	4,599,843	37,952
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	569,516	642,721	5,054
Annuity payments	696,036	849,963	6,177
Benefit payments	412,172	430,363	3,657
Surrender benefits	455,478	453,264	4,042
Other refunds	178,963	231,236	1,588
Subtotal	2,312,168	2,607,548	20,519
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	1,866	—	16
Provision for policy reserves	898,470	955,304	7,973
Provision for interest on policyholders' dividend reserves (Note 16)	251	461	2
Subtotal	900,587	955,765	7,992
Investment expenses			
Interest expenses	6,288	3,368	55
Losses on sales of securities	1,967	365	17
Losses on valuation of securities	12,791	300	113
Losses on redemption of securities	37	—	0
Losses on derivative financial instruments	107,329	71,082	952
Foreign exchange losses	—	144	—
Provision for allowance for possible loan losses	664	—	5
Depreciation of real estate for non-insurance business	9,732	9,737	86
Other investment expenses	14,320	12,982	127
Investment losses on separate accounts	28,956	—	256
Subtotal	182,088	97,982	1,615
Operating expenses (Note 23)	372,229	361,559	3,303
Other ordinary expenses	210,360	190,519	1,866
Total ordinary expenses	3,977,433	4,213,375	35,298
Ordinary profit	299,107	386,468	2,654
Extraordinary gains			
Gains on disposals of fixed assets	2,614	5,965	23
Reversal of reserve for contingent liabilities	0	12	0
Subtotal	2,615	5,978	23
Extraordinary losses			
Losses on disposals of fixed assets	6,589	5,582	58
Impairment losses (Note 13)	3,807	6,344	33
Provision for reserve for price fluctuation	29,209	11,562	259
Losses on reduction entry of real estate	—	2,413	—
Contributions for promotion of social welfare project	553	552	4
Other extraordinary losses	—	1,678	—
Subtotal	40,160	28,133	356
Surplus before income taxes and non-controlling interests	261,561	364,312	2,321
Income taxes (Note 15)			
Current	54,641	119,746	484
Deferred	(7,706)	(21,181)	(68)
Total income taxes	46,934	98,564	416
Net surplus	214,627	265,747	1,904
Net surplus attributable to non-controlling interests	528	344	4
Net surplus attributable to the Parent Company	¥ 214,099	¥ 265,402	\$ 1,900

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
	2016	2015	2016
Net surplus	¥ 214,627	¥ 265,747	\$ 1,904
Other comprehensive income (loss) (Note 25)	(580,454)	1,178,038	(5,151)
Net unrealized gains (losses) on available-for-sale securities	(546,805)	1,097,249	(4,852)
Deferred unrealized gains (losses) on derivatives under hedge accounting	23,203	14,511	205
Land revaluation differences	2,506	5,884	22
Foreign currency translation adjustments	(36,574)	5,827	(324)
Remeasurements of defined benefit plans	(9,501)	43,135	(84)
Share of other comprehensive income (loss) of associates accounted for under the equity method	(13,283)	11,430	(117)
Comprehensive income (loss)	¥(365,827)	¥1,443,786	\$(3,246)
Comprehensive income (loss) attributable to the Parent Company	(366,188)	1,443,499	(3,249)
Comprehensive income (loss) attributable to non-controlling interests	361	286	3

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
	2016	2015	2016
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 261,561	¥ 364,312	\$ 2,321
Depreciation of real estate for non-insurance business	9,732	9,737	86
Depreciation	21,647	20,913	192
Impairment losses	3,807	6,344	33
Increase (Decrease) in reserve for outstanding claims	1,944	(5,715)	17
Increase (Decrease) in policy reserves	898,283	955,329	7,971
Provision for interest on policyholders' dividend reserves	251	461	2
Increase (Decrease) in allowance for possible loan losses	423	(3,101)	3
Increase (Decrease) in net defined benefit liabilities	67	20	0
Increase (Decrease) in accrued retirement benefits for directors and executive officers	(9)	(90)	(0)
Increase (Decrease) in reserve for contingent liabilities	(0)	(12)	(0)
Increase (Decrease) in reserve for price fluctuation	29,209	11,562	259
Interest, dividends, and other income	(690,493)	(698,484)	(6,127)
Losses (Gains) on securities	168,606	(529,202)	1,496
Interest expenses	6,288	3,368	55
Foreign exchange losses (gains)	29	94	0
Losses (Gains) on tangible fixed assets	3,523	2,032	31
Investment losses (gains) on equity method	(1,920)	(2,005)	(17)
Decrease (Increase) in due from agents	49	(3)	0
Decrease (Increase) in reinsurance receivables	(173)	2,227	(1)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(89,689)	(41,561)	(795)
Increase (Decrease) in due to agents	8	(8)	0
Increase (Decrease) in reinsurance payables	28	(2,225)	0
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	(53,926)	79,426	(478)
Others, net	24,571	(3,889)	218
Subtotal	593,820	169,530	5,269
Interest, dividends, and other income received	738,937	740,485	6,557
Interest paid	(3,283)	(3,328)	(29)
Policyholders' dividends paid	(192,857)	(175,209)	(1,711)
Income taxes paid	(123,357)	(150,147)	(1,094)
Net cash provided by operating activities	1,013,259	581,329	8,992
II Cash flows from investing activities			
Net decrease (increase) in deposits	(9,985)	(5,427)	(88)
Purchase of monetary claims bought	(19,800)	(21,500)	(175)
Proceeds from sales and redemption of monetary claims bought	26,155	25,777	232
Purchase of securities	(2,485,561)	(3,365,610)	(22,058)
Proceeds from sales and redemption of securities	1,762,429	3,295,992	15,641
Loans extended	(1,009,828)	(1,061,804)	(8,961)
Proceeds from collection of loans	1,110,671	1,145,247	9,856
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	(113,710)	(447,111)	(1,009)
Total investment activities (IIa)	(739,629)	(434,434)	(6,563)
[I + IIa]	273,630	146,895	2,428
Purchase of tangible fixed assets	(11,852)	(15,281)	(105)
Proceeds from sales of tangible fixed assets	15,702	11,764	139
Purchase of intangible fixed assets	(22,397)	(18,509)	(198)
Acquisition of stock of subsidiaries with change in scope of consolidation (Note 26)	(531,629)	—	(4,718)
Others, net	(2,627)	(1,249)	(23)
Net cash used in investing activities	(1,292,434)	(457,710)	(11,469)
III Cash flows from financing activities			
Proceeds from debt	150	663	1
Repayments of debt	(150)	(891)	(1)
Proceeds from issuance of bonds payable	235,514	—	2,090
Proceeds from issuance of foundation funds	—	60,000	—
Redemption of foundation funds	—	(60,000)	—
Payment of interest on foundation funds	(2,101)	(2,572)	(18)
Acquisition of stock of subsidiaries without change in scope of consolidation	(395)	—	(3)
Others, net	(294)	(255)	(2)
Net cash provided by (used in) financing activities	232,722	(3,056)	2,065
IV Effect of foreign exchange rate changes on cash and cash equivalents	(45)	2,196	(0)
V Net increase (decrease) in cash and cash equivalents	(46,497)	122,759	(412)
VI Cash and cash equivalents at the beginning of the year	579,044	456,284	5,138
VII Cash and cash equivalents at the end of the year (Note 3)	¥ 532,547	¥ 579,044	\$ 4,726

Consolidated Statements of Changes in Net Assets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2015

(Millions of Yen)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)								Total net assets
	Foundation funds (Note 21)	Reserve for redemption of foundation funds (Note 21)	Reserve for revaluation	Surplus	Total funds, reserves 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 adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests		
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 effects of changes 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	
Changes in the fiscal year														
Issuance of foundation funds	60,000				60,000								60,000	
Additions to policyholders' dividend reserves (Note 16)				(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 attributable to the Parent Company				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	

Year ended March 31, 2016

(Millions of Yen)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)								Total net assets
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves 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 adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests		
Beginning 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	
Changes in the fiscal year														
Additions to policyholders' dividend reserves (Note 16)				(180,044)	(180,044)								(180,044)	
Payment of interest on foundation funds				(2,101)	(2,101)								(2,101)	
Net surplus attributable to the Parent Company				214,099	214,099								214,099	
Reversal of land revaluation differences				1,599	1,599								1,599	
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(2)	(2)								(2)	
Net changes, excluding funds, reserves and surplus						(547,575)	23,203	906	(49,084)	(9,337)	(581,887)	(326)	(582,214)	
Net changes in the fiscal year	—	—	—	33,550	33,550	(547,575)	23,203	906	(49,084)	(9,337)	(581,887)	(326)	(548,664)	
Ending balance	¥260,000	¥470,000	¥452	¥506,083	¥1,236,536	¥2,291,022	¥38,659	¥119,894	¥(26,190)	¥(32,200)	¥2,391,186	¥3,947	¥3,631,671	

Consolidated Statements of Changes in Net Assets (continued)

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2016

(Millions of U.S. Dollars)

	Funds, reserves and surplus				Accumulated other comprehensive income (loss)								Total net assets
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves 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 transition adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non controlling interests	
Beginning balance	\$2,307	\$4,171	\$4	\$4,193	\$10,676	\$25,191	\$137	\$1,055	\$ 203	\$(202)	\$26,385	\$37	\$37,099
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 16)				(1,597)	(1,597)								(1,597)
Payment of interest on foundation funds				(18)	(18)								(18)
Net surplus attributable to the Parent Company				1,900	1,900								1,900
Reversal of land revaluation differences				14	14								14
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(0)	(0)								(0)
Net changes, excluding funds, reserves and surplus						(4,859)	205	8	(435)	(82)	(5,164)	(2)	(5,166)
Net changes in the fiscal year	—	—	—	297	297	(4,859)	205	8	(435)	(82)	(5,164)	(2)	(4,869)
Ending balance	\$2,307	\$4,171	\$4	\$4,491	\$10,973	\$20,332	\$343	\$1,064	\$(232)	\$(285)	\$21,221	\$35	\$32,229

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 March 31, 2016, which was ¥112.68 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 numbers of consolidated subsidiaries were 7 and 17 as of March 31, 2015 and 2016, respectively. The consolidated subsidiaries as of March 31, 2016 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.)
StanCorp Financial Group, Inc. (U.S.A.)
Meiji Yasuda Realty USA Incorporated (U.S.A.)

StanCorp Financial Group, Inc. and its nine subsidiaries have been included in consolidation from the year ended March 31, 2016.

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, 2015 and 2016 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 numbers of affiliates accounted for by the equity method were 12 and 12 as of March 31, 2015 and 2016, respectively. The affiliates accounted for by the equity method as of March 31, 2016 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)

One affiliate of StanCorp Financial Group, Inc. and one affiliate of Thai Life Insurance Public Company Limited have been included as affiliates from the year ended March 31, 2016.

Two affiliates of TU Europa S.A. have been excluded from the scope of the equity method as of March 31, 2016, due to their decreased importance.

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. However, for certain overseas consolidated subsidiaries, financial statements as of March 7 (U.S. local time), the date of business combination, is used to prepare 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 of the Company 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 risk related to foreign currency denominated loans and bonds payable; 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 (excluding leased 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

Tangible fixed assets owned by the Company's overseas consolidated subsidiaries are depreciated by mainly using the straight-line method.

Leased assets related to finance leases that do not transfer ownership to the lessees are depreciated by using the straight-line method, with the lease period being considered as useful lives of assets and residual value being set at zero.

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) Intangible fixed assets

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). Intangible fixed assets owned by certain overseas consolidated subsidiaries are amortized based on the each country's accounting standard, such as U.S. GAAP.

(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 collaterals 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 collaterals 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 collaterals to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2015 and 2016 amounted to ¥50 million and ¥46 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.

The policy reserves also include reserves which are additionally set aside 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.

Policy reserves of certain overseas consolidated subsidiaries are calculated based on the each country's accounting standard, such as U.S. GAAP.

(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 consolidated insurance subsidiary is calculated pursuant to Article 115 of the "Insurance Business Act".

(13) Revenue recognition

Insurance premiums of the Company 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.

Insurance premiums of certain overseas consolidated subsidiaries are recognized based on the each country's accounting standard, such as U.S. GAAP.

(14) Policy acquisition costs

Policy acquisition costs of the Company are expensed when incurred.

Policy acquisition costs of certain overseas consolidated subsidiaries are calculated based on the each country's accounting standard, such as U.S. GAAP.

(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. Assets, liabilities, revenues and expenses of the Company's overseas consolidated subsidiaries are translated into Japanese yen at the exchange rate at the end of their fiscal year, and translation adjustments are included in "foreign currency translation adjustments" in the net assets section of the consolidated balance sheets.

(17) New accounting standards

a. 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 and, as well, ordinary profit and surplus before income

taxes and non-controlling interests decreased by ¥806 million for the year ended March 31, 2015.

b. "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereafter the "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereafter the "Consolidation Accounting Standard"), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereafter the "Business Divestitures Accounting Standard") have been applied from the beginning of the year ended March 31, 2016. Accordingly, the accounting method has been changed that the difference associated with changes in equity in subsidiaries remaining under the control of the Company is recorded as surplus, and acquisition-related costs are recorded as expenses for the period in which the costs are incurred. For business combinations implemented on or after the beginning of the year ended March 31, 2016, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of provisional accounting treatment in the consolidated financial statements for the year containing the date of the business combinations. In addition, the presentation method of net surplus was changed as well as the name was changed from "minority interests" to "non-controlling interests".

In the consolidated statements of cash flows for the year ended March 31, 2016, cash flows from the acquisition or sales of stock of subsidiaries without changes in scope of consolidation is stated in cash flows from financing activities. Cash flows related to the cost of acquisition of stock of subsidiaries with changes in scope of consolidation or cost of the acquisition or sales of stock of subsidiaries without changes in scope of consolidation is stated in cash flows from operating activities.

With respect to application of the Accounting Standards regarding business combinations, the transitional treatments as prescribed in Article 58-2(4) of the Business Combinations Accounting Standard, Article 44-5(4) of the Consolidation Accounting Standard and Article 57-4(4) of the Business Divestitures Accounting Standard have been applied prospectively on and after the beginning of the year ended March 31, 2016.

As a result, ordinary profit and surplus before income taxes and non-controlling interests decreased by ¥3,256 million (U.S. \$28 million) for the year ended March 31, 2016 and, as well, surplus at the end of the year decreased by ¥3,259 million (U.S. \$28 million).

The previous year's presentation has been revised to conform to the current year's presentation.

3. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2015 and 2016 were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Cash and deposits	¥442,303	¥210,945	\$3,925
Call loans	90,000	368,000	798
Securities	243	99	2
Cash and cash equivalents	¥532,547	¥579,044	\$4,726

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 and investment trusts. Loans primarily consist of loans to domestic corporate borrowers. Securities held by certain overseas consolidated subsidiaries primarily consist of bonds, and loans primarily consist of loans to overseas borrowers.

The use of derivatives is, in principle, limited to hedging activities as a primary method of hedging against invested asset risk, insurance liability risk and bonds payable 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 risk related to foreign currency denominated loans and bonds payable; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Securities held by the Company and certain overseas consolidated subsidiaries 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.

Some of the loans payable and bonds payable of the Company and certain overseas consolidated subsidiaries which are floating interest rate-based and denominated in foreign currencies are exposed to interest rate fluctuation risk and exchange rate fluctuation risk.

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 small-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.

(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		
	2016			2015			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 481,381	¥ 481,381	¥ —	¥ 240,038	¥ 240,038	¥ —	\$ 4,272	\$ 4,272	\$ —
Available-for-sale securities (CDs)	23,998	23,998	—	6,000	6,000	—	212	212	—
Monetary claims bought	223,659	241,204	17,545	229,523	241,833	12,309	1,984	2,140	155
Held-to-maturity debt securities	195,380	212,925	17,545	200,223	212,532	12,309	1,733	1,889	155
Available-for-sale securities	28,278	28,278	—	29,300	29,300	—	250	250	—
Securities	29,864,488	32,493,864	2,629,375	28,377,942	29,665,018	1,287,075	265,038	288,372	23,334
Trading securities	1,526,261	1,526,261	—	808,800	808,800	—	13,545	13,545	—
Held-to-maturity debt securities	4,680,863	5,654,681	973,818	5,066,536	5,702,545	636,008	41,541	50,183	8,642
Policy-reserve-matching bonds	7,162,085	8,817,642	1,655,556	6,820,691	7,471,758	651,066	63,561	78,253	14,692
Available-for-sale securities	16,495,277	16,495,277	—	15,681,913	15,681,913	—	146,390	146,390	—
Loans	5,634,123	5,963,967	329,844	5,076,391	5,357,002	280,610	50,001	52,928	2,927
Policy loans	278,719	278,719	—	293,365	293,365	—	2,473	2,473	—
Industrial and consumer loans	5,355,403	5,685,247	329,844	4,783,026	5,063,637	280,610	47,527	50,454	2,927
Allowance for possible loan losses ⁽¹⁾	(3,955)	—	—	(3,066)	—	—	(35)	—	—
	5,630,168	5,963,967	333,799	5,073,325	5,357,002	283,677	49,965	52,928	2,962
Bonds payable	293,445	325,435	31,990	—	—	—	2,604	2,888	283
Payables under securities borrowing transactions	—	—	—	220,000	220,000	—	—	—	—
Loans payable	100,000	100,000	—	100,000	100,000	—	887	887	—
Derivative financial instruments ⁽²⁾	143,564	143,564	—	(44,171)	(44,171)	—	1,274	1,274	—
Hedge accounting is not applied	492	492	—	(27)	(27)	—	4	4	—
Hedge accounting is applied	143,071	143,071	—	(44,143)	(44,143)	—	1,269	1,269	—

(*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."

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.

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 ¥878,954 million and ¥760,003 million (U.S. \$6,744 million) as of March 31, 2015 and 2016, respectively. Impairment losses on the unlisted stocks and others were ¥254 million and ¥98 million (U.S. \$0 million) for the years ended March 31, 2015 and 2016, 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 of the Company 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

Bonds payable

The fair value of bonds payable is stated at the market price at the balance sheet date, or based on data provided by pricing vendors.

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 and bonds payable, their fair value is included in the fair value of hedged loans and bonds payable 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 ¥25,474 million and ¥(59,656) million (U.S. \$(529) million) for the years ended March 31, 2015 and 2016, respectively.

Held-to-maturity debt securities

No held-to-maturity debt securities were sold during the year ended March 31, 2015, and disposition of held-to-maturity debt securities due to considerable deterioration of the issuer's credit standing amounted to ¥4,650 million (U.S. \$41 million) resulting in total losses on sales of ¥350 million (U.S. \$3 million) for the year ended March 31, 2016. 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.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2016			2015			2016		
	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	¥3,907,176	¥4,778,510	¥871,334	¥4,221,779	¥4,792,775	¥570,996	\$34,674	\$42,407	\$7,732
2) Corporate bonds	654,758	750,528	95,769	702,235	762,947	60,711	5,810	6,660	849
3) Others	298,768	323,721	24,953	288,025	305,450	17,425	2,651	2,872	221
Total	4,860,703	5,852,760	992,056	5,212,040	5,861,173	649,132	43,137	51,941	8,804
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	621	618	(3)	1,864	1,848	(16)	5	5	(0)
2) Corporate bonds	—	—	—	12,952	12,836	(116)	—	—	—
3) Others	14,918	14,228	(689)	39,901	39,219	(682)	132	126	(6)
Total	15,540	14,847	(693)	54,718	53,904	(814)	137	131	(6)

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

Policy-reserve-matching bonds

The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type were shown in the following

table, along with their fair values and the differences between these amounts. No policy-reserve-matching bonds were sold during the years ended March 31, 2015 and 2016.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2016			2015			2016		
	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	¥7,123,476	¥8,775,028	¥1,651,552	¥6,809,524	¥7,459,007	¥649,482	\$63,218	\$77,875	\$14,657
2) Corporate bonds	37,709	41,721	4,011	11,167	12,751	1,584	334	370	35
3) Others	—	—	—	—	—	—	—	—	—
Total	7,161,185	8,816,749	1,655,563	6,820,691	7,471,758	651,066	63,553	78,245	14,692
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	900	892	(7)	—	—	—	7	7	(0)
3) Others	—	—	—	—	—	—	—	—	—
Total	900	892	(7)	—	—	—	7	7	(0)

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥1,477,320 million and ¥106,957 million (U.S. \$949 million) resulting in total gains on sales of ¥186,293 million and ¥8,505 million (U.S. \$75 million) and total losses of ¥365 million and ¥1,617 million (U.S. \$14 million) for the

years ended March 31, 2015 and 2016, 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		
	2016			2015			2016		
	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	¥ 1,515,661	¥ 3,317,853	¥1,802,192	¥ 1,568,781	¥ 3,993,134	¥2,424,352	\$13,451	\$ 29,444	\$15,993
(2) Bonds	4,791,138	5,333,851	542,712	4,423,060	4,817,078	394,017	42,519	47,336	4,816
1) National & local government bonds	3,538,179	3,994,223	456,043	3,457,542	3,787,413	329,870	31,400	35,447	4,047
2) Corporate bonds	1,252,958	1,339,628	86,669	965,518	1,029,665	64,147	11,119	11,888	769
(3) Others	4,239,269	5,146,013	906,743	4,767,088	5,948,790	1,181,701	37,622	45,669	8,047
Total	10,546,069	13,797,718	3,251,649	10,758,931	14,759,003	4,000,072	93,593	122,450	28,857
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	135,757	121,378	(14,378)	84,775	77,658	(7,117)	1,204	1,077	(127)
(2) Bonds	30,517	29,776	(741)	61,680	60,933	(746)	270	264	(6)
1) National & local government bonds	550	550	(0)	31,904	31,676	(227)	4	4	(0)
2) Corporate bonds	29,967	29,226	(741)	29,775	29,256	(518)	265	259	(6)
(3) Others	2,656,942	2,598,682	(58,260)	829,206	819,808	(9,397)	23,579	23,062	(517)
Total	2,823,217	2,749,836	(73,380)	975,661	958,399	(17,261)	25,055	24,403	(651)

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

"Acquisition or amortized costs" in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is readily available

amounted to ¥46 million and ¥8,358 million (U.S. \$74 million) for the years ended March 31, 2015 and 2016, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31,	Millions of Yen					
	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
Deposits	¥ 239,805	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	229,523
Loans*	516,245	975,185	759,328	482,999	718,850	1,329,301
Securities						
Held-to-maturity debt securities	341,727	201,812	336,574	374,435	591,132	3,219,663
Policy-reserve-matching bonds	—	—	10,397	101,336	196,296	6,512,661
Available-for-sale securities with maturities	144,144	695,854	1,474,531	2,660,504	1,851,302	4,389,059
Total	1,241,923	1,872,851	2,580,831	3,619,276	3,357,581	15,680,208

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2016						2016					
	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	¥ 481,171	¥ —	¥ —	¥ —	¥ —	¥ —	\$ 4,270	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	—	—	—	—	—	223,659	—	—	—	—	—	1,984
Loans*	581,335	928,243	592,073	571,511	791,828	1,888,797	5,159	8,237	5,254	5,071	7,027	16,762
Securities												
Held-to-maturity debt securities	70,578	292,108	353,517	371,596	768,374	2,823,265	626	2,592	3,137	3,297	6,819	25,055
Policy-reserve-matching bonds	—	—	46,663	226,053	109,673	6,779,695	—	—	414	2,006	973	60,167
Available-for-sale securities with maturities	334,983	1,298,700	1,778,995	3,228,125	1,435,037	4,352,303	2,972	11,525	15,788	28,648	12,735	38,625
Total	1,468,069	2,519,052	2,771,249	4,397,287	3,104,914	16,067,720	13,028	22,355	24,593	39,024	27,555	142,596

* Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they are ¥231 million and ¥1,220 million (U.S. \$10 million) as of March 31, 2015 and 2016, respectively.

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

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

As of March 31,	Millions of Yen					
	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
Payable under securities borrowing transactions	¥220,000	¥—	¥—	¥—	¥—	¥—
Loans payable	—	—	—	100,000	—	—
Total	220,000	—	—	100,000	—	—

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2016						2016					
	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
Bonds payable	¥ —	¥—	¥—	¥29,543	¥—	¥263,901	\$ —	\$—	\$—	\$262	\$—	\$2,342
Loans payable*	100,000	—	—	—	—	—	887	—	—	—	—	—
Total	100,000	—	—	29,543	—	263,901	887	—	—	262	—	2,342

* Loans payable are included in "Within 1 year", due to the repayment of ¥100,000 million in April 2016, prior to their maturity.

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	2015			
	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
Total				10

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2016				2016			
	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	¥ 100	¥100	¥(0)	¥(0)	\$ 0	\$0	\$(0)	\$(0)
Receipts floating, payments fixed	2,347	949	(1)	(1)	20	8	(0)	(0)
Total				(2)				(0)

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

ii) Currency-related

As of March 31,	Millions of Yen			
	2015			
	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)
(Australian dollar)	888	—	3	3
(U.S. dollar)	8,654	—	(53)	(53)
(Euro)	977	—	7	7
(Canadian dollar)	672	—	(1)	(1)
(Others)	373	—	(1)	(1)
Bought	11,641	—	30	30
(U.S. dollar)	8,933	—	44	44
(Euro)	1,428	—	(13)	(13)
(Canadian dollar)	567	—	1	1
(Others)	711	—	(1)	(1)
Total				(16)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2016				2016			
	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	¥12,946	¥—	¥(103)	¥(103)	\$114	\$—	\$(0)	\$(0)
(Australian dollar)	12,226	—	(105)	(105)	108	—	(0)	(0)
(U.S. dollar)	519	—	3	3	4	—	0	0
(Euro)	169	—	(1)	(1)	1	—	(0)	(0)
(Canadian dollar)	—	—	—	—	—	—	—	—
(Others)	32	—	0	0	0	—	0	0
Bought	5,339	—	39	39	47	—	0	0
(U.S. dollar)	3,572	—	(7)	(7)	31	—	(0)	(0)
(Euro)	1,641	—	46	46	14	—	0	0
(Canadian dollar)	7	—	0	0	0	—	0	0
(Others)	117	—	0	0	1	—	0	0
Total				(63)				(0)

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

iii) Stock-related

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

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2016		Fair value	Net gains (losses)	2016		Fair value	Net gains (losses)
	Notional amount/ contract value (A)	Over 1 year included in (A)			Notional amount/ contract value (A)	Over 1 year included in (A)		
Exchange-traded transactions								
Yen Stock index futures								
Sold	¥ 274	¥—	¥ 4	¥ 4	\$ 2	\$—	\$0	\$0
Bought	1,824	—	21	21	16	—	0	0
Foreign currency-denominated stock index futures								
Bought	2,332	—	17	17	20	—	0	0
Exchange-traded transactions								
Stock index options								
Bought								
Call	53,254	—			472	—		
	[1,063]		515	(548)	[9]		4	(4)
Total				(505)				(4)

Notes: Option fees are shown in [].

Net gains (losses) represent the fair values for futures trading, and the difference between the option fees and the fair values for option transactions.

iv) Bond-related

No ending balance as of March 31, 2015 and 2016.

Hedge accounting applied

i) Interest-rate related

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

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
		2016			2016		
	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	¥233,900	¥233,900	¥59,067	\$2,075	\$2,075	\$524
Receipts floating, payments fixed	Bonds payable	28,754	28,754	(4,825)	255	255	(42)
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	37,221	37,221	574	330	330	5
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	28,948	18,948	922	256	168	8
Total				55,738			494

ii) Currency-related

As of March 31,	Millions of Yen			
		2015		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-	¥2,354,756	¥ —	¥(70,919)
(U.S. dollar)	denominated bonds	2,010,069	—	(89,973)
(Euro)		196,339	—	10,404
(Australian dollar)		148,347	—	8,649
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency-	35,575	35,575	(4,800)
(Australian dollar)	denominated bonds	—	—	—
Total				(75,719)

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
		2016			2016		
	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-	¥2,123,031	¥ —	¥89,473	\$18,841	\$ —	\$794
(U.S. dollar)	denominated bonds	1,808,792	—	86,840	16,052	—	770
(Euro)		182,880	—	1,773	1,623	—	15
(Australian dollar)		131,358	—	859	1,165	—	7
Deferred hedge accounting							
Cross currency swaps							
(Euro)	Foreign-currency-	35,575	35,575	(1,307)	315	315	(11)
(Australian dollar)	denominated bonds	4,305	4,305	89	38	38	0
Total				88,255			783

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, 2015 and 2016.

iv) Bond-related

No ending balance as of March 31, 2015 and 2016.

5. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,623,208

million and ¥1,440,683 million (U.S. \$12,785 million) as of March 31, 2015 and 2016, respectively.

6. Securities Borrowed

Assets that can be sold or resecured are marketable securities borrowed under borrowing agreements. These assets were held without disposal totaling ¥12,076 million (U.S. \$107 million) at fair value as of March 31, 2016.

7. Pledged Assets

Assets pledged as collateral were cash and deposits in the amount of none and ¥6,261 million (U.S. \$55 million), securities in the amount of ¥4,586 million and ¥5,096 million (U.S. \$45 million), and loans in the amount of none and ¥40,311 million (U.S. \$357 million) as of March 31, 2015 and 2016, respectively.

8. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥188,734 million and ¥175,014 million (U.S. \$1,553 million) as of March 31, 2015 and 2016, respectively.

9. 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 ¥19,825 million and ¥29,840 million (U.S. \$264 million) as of March 31, 2015 and 2016, respectively.

There were no loans to bankrupt borrowers, and none as of March 31, 2015 and 2016. The aggregate amounts of loans in arrears were ¥2,630 million and ¥3,985 million (U.S. \$35 million) as of March 31, 2015 and 2016, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2015 and 2016 were ¥44 million and ¥44 million (U.S. \$0 million), respectively, for loans to bankrupt borrowers, and ¥5 million and ¥1 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, 2015. The amounts of loans in arrears for three months or longer were ¥125 million (U.S. \$1 million) as of March 31, 2016.

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 ¥17,195 million and ¥25,728 million (U.S. \$228 million) as of March 31, 2015 and 2016, 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.

10. Loan Commitments

The amounts of loan commitments outstanding were ¥24,386 million and ¥45,588 million (U.S. \$404 million) as of March 31, 2015 and 2016, respectively.

11. Fair Values of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥592,183 million and ¥582,778 million (U.S. \$5,171 million), and their fair values were ¥647,046 million and ¥669,136 million (U.S. \$5,938 million) as of March 31, 2015 and 2016, 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.

12. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥407,166 million and ¥409,136 million (U.S. \$3,630 million) as of March 31, 2015 and 2016, respectively.

13. 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, 2015 and 2016, 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, 2015

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

For the year ended March 31, 2016

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	41	1,518	2,282	3,800
Total	41	¥1,518	¥2,282	¥3,800

For the year ended March 31, 2016

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	\$—	\$—	\$—
Idle assets	13	20	33
Total	\$13	\$20	\$33

(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 2.09% and 2.03% for the years ended March 31, 2015 and 2016, respectively. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

14. 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.

Certain overseas consolidated subsidiaries have defined benefit plans and 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 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, 2015 and 2016 were as follows:

Years ended March 31,	2016	2015
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

b. Changes in the retirement benefit obligations for the years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Balance at the beginning of the fiscal year	¥317,110	¥356,916	\$2,814
Service costs	11,225	11,448	99
Interest cost on retirement benefit obligations	2,935	3,083	26
Actuarial losses (gains) recognized	2,079	4,320	18
Benefits paid	(26,236)	(27,501)	(232)
Past service costs incurred	—	(4,139)	—
Increase due to new consolidation	66,546	—	590
Others	42	(27,018)	0
Balance at the end of the fiscal year	¥373,704	¥317,110	\$3,316

c. Changes in the plan assets for the years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Balance at the beginning of the fiscal year	¥390,372	¥362,538	\$3,464
Expected return on plan assets	3,433	3,391	30
Actuarial gains (losses) recognized	(50,245)	49,182	(445)
Contributions by employer	9,798	10,194	86
Benefits paid	(10,122)	(10,732)	(89)
Increase due to new consolidation	55,280	—	490
Others	38	(24,201)	0
Balance at the end of the fiscal year	¥398,554	¥390,372	\$3,537

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, 2015 and 2016 were determined as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Present value of funded retirement benefit obligations	¥365,218	¥315,093	\$3,241
Plan assets at fair value	(398,554)	(390,372)	(3,537)
Net present value of funded retirement benefit obligations	(33,336)	(75,278)	(295)
Present value of non-funded retirement benefit obligations	8,486	2,017	75
Net balance on the consolidated balance sheet	(24,850)	(73,261)	(220)
Consists of:			
Defined benefit liabilities	12,447	1,084	110
Defined benefit assets	(37,298)	(74,345)	(331)

e. The amounts recognized in retirement benefit expenses in the consolidated statements of income for the years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Service costs	¥11,225	¥11,448	\$ 99
Interest cost on retirement benefit obligations	2,935	3,083	26
Expected return on plan assets	(3,433)	(3,391)	(30)
Amortization of net actuarial losses (gains)	40,288	10,864	357
Amortization of net past service costs	(860)	(776)	(7)
Others	74	1,683	0
Retirement benefit expenses	¥50,229	¥22,913	\$445

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 years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Actuarial gains (losses)	¥(12,037)	¥60,559	\$(106)
Past service costs	(860)	2,927	(7)
Total	¥(12,898)	¥63,486	\$(114)

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Unrecognized actuarial gains (losses)	¥(49,751)	¥(37,713)	\$(441)
Unrecognized past service costs	5,129	5,989	45
Total	¥(44,622)	¥(31,723)	\$(396)

g. Plan assets

Plan assets as of March 31, 2015 and 2016 were comprised as follows:

As of March 31,	% of total fair value of plan assets	
	2016	2015
Debt securities	8.1%	8.3%
Stocks	33.4%	47.3%
General account of life insurance companies	31.9%	25.1%
Jointly invested assets	22.6%	17.0%
Cash and deposits	0.7%	1.1%
Others	3.3%	1.2%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 57.1% and 44.0% of total plan assets as of March 31, 2015 and 2016, 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, 2015 and 2016 were as follows:

Years ended March 31,	2016	2015
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 amounts recognized as expenses for the defined contribution pension plans were ¥900 million and ¥1,147 million (U.S. \$10 million) for the years ended March 31, 2015 and 2016, respectively.

15. Deferred Taxes

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

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Deferred tax assets	¥ 700,506	¥ 650,205	\$6,216
Valuation allowance for deferred tax assets	(6,055)	(6,417)	(53)
Subtotal	694,451	643,787	6,163
Deferred tax liabilities	(1,021,373)	(1,146,543)	(9,064)
Net deferred tax assets (liabilities)	(326,921)	(502,755)	(2,901)

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

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Deferred tax assets			
Policy reserves and other reserves	¥433,251	¥ 424,852	\$3,844
Reserve for price fluctuation	145,892	141,866	1,294
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	863,417	1,106,381	7,662

(2) The statutory tax rates were 30.73% and 28.80% for the years ended March 31, 2015 and 2016, 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,	2016	2015
Policyholders' dividend reserves	(17.59)%	(15.19)%
Effects of changes in the income tax rate	7.25%	11.81%

(3) 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, deferred tax liabilities for land revaluation in the consolidated balance sheet decreased by ¥5,754 million, and deferred portion of income taxes of the Company in the consolidated statement of income increased by ¥43,023 million.

(4) From the end of the year ended March 31, 2016, the statutory tax rates of the Company which are used to measure deferred tax assets and liabilities were changed from 28.80% to 28.20% for the year ended March 31, 2017 and 2018, and to 27.96% for the year ended March 31, 2019 or later in accordance with the “Act for Partial Revision of the Income Tax Act” (Act No. 15 in 2016).

Due to this change, as of March 31, 2016, deferred tax liabilities of the Company in the consolidated balance sheet decreased by ¥8,234 million (U.S. \$73 million), deferred tax liabilities for land revaluation in the consolidated balance sheet decreased by ¥2,467 million (U.S. \$21 million), and deferred portion of income taxes of the Company in the consolidated statement of income increased by ¥18,968 million (U.S. \$168 million).

16. Policyholders’ Dividend Reserves

Changes in policyholders’ dividend reserves for the years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Balance at the beginning of the fiscal year	¥253,414	¥ 270,023	\$2,248
Transfer from surplus in the previous fiscal year	180,044	158,094	1,597
Dividend payments to policyholders during the fiscal year	(192,857)	(175,209)	(1,711)
Interest accrued during the fiscal year	300	506	2
Balance at the end of the fiscal year	¥240,902	¥ 253,414	\$2,137

17. Subordinated Bonds

As of March 31, 2016, bonds payable in liabilities included foreign currency-denominated subordinated bonds of ¥263,901 million (U.S. \$2,342 million), and the repayments of which are subordinated to other obligations.

18. Subordinated Debts

As of March 31, 2015 and 2016, other liabilities included subordinated debts of ¥100,000 million and ¥100,000 million (U.S. \$887 million), respectively, and the repayments of which are subordinated to other obligations.

In April 2016, the Company made a repayment of the subordinated debts in the amount of ¥100,000 million, prior to their maturity.

19. 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.

20. 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 securitizations of loans and loan commitments outstanding pursuant to Article 24-4 of the “Ordinance for Enforcement of the Insurance Business Act”.

21. 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 as of March 31, 2015.

The Company offered foundation funds in the amount of ¥60,000 million pursuant to Article 60 of the “Insurance Business Act” in the year ended March 31, 2015.

22. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the “Insurance Business Act” were ¥864,990 million and ¥799,603 million (U.S. \$7,096 million) as of March 31, 2015 and 2016, respectively. The amounts of separate account liabilities were the same as these figures.

23. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥52,814 million and ¥52,265 million (U.S. \$463 million) as of March 31, 2015 and 2016, respectively, pursuant to Article 259 of the “Insurance Business Act”.

These contributions are recognized as operating expenses when contributed.

24. 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.

25. 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, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Net unrealized gains on available-for-sale securities:			
Amount arising during the fiscal year	¥ (810,847)	¥1,657,722	\$(7,196)
Reclassification adjustments	5,220	(184,502)	46
Before income tax effect adjustments	(805,626)	1,473,219	(7,149)
Income tax effects	258,820	(375,970)	2,296
Net unrealized gains on available-for-sale securities	(546,805)	1,097,249	(4,852)
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ 34,773	¥22,901	\$308
Reclassification adjustments	(3,106)	(2,961)	(27)
Before income tax effect adjustments	31,666	19,939	281
Income tax effects	(8,463)	(5,428)	(75)
Deferred unrealized gains (losses) on derivatives under hedge accounting	23,203	14,511	205
Land revaluation differences:			
Amount arising during the fiscal year	¥ —	¥ —	\$ —
Reclassification adjustments	—	—	—
Before income tax effect adjustments	—	—	—
Income tax effects	2,506	5,884	22
Land revaluation differences	2,506	5,884	22
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥ (36,574)	¥5,827	\$(324)
Reclassification adjustments	—	—	—
Before income tax effect adjustments	(36,574)	5,827	(324)
Income tax effects	—	—	—
Foreign currency translation adjustments	(36,574)	5,827	(324)
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ (47,115)	¥ 44,064	\$(418)
Reclassification adjustments	34,217	19,355	303
Before income tax effect adjustments	(12,898)	63,419	(114)
Income tax effects	3,397	(20,284)	30
Remeasurements of defined benefit plans	(9,501)	43,135	(84)
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ (13,388)	¥11,443	\$(118)
Reclassification adjustments	105	(13)	0
Share of other comprehensive income of affiliates accounted for by the equity method	(13,283)	11,430	(117)
Total other comprehensive income	¥ (580,454)	¥1,178,038	\$(5,151)

26. Business Combination

(1) Overview of business combination

i) Name and business of the acquired company
Company name: StanCorp Financial Group, Inc.
Business: Life insurance and insurance related business*
*StanCorp Financial Group, Inc. is a holding company and its subsidiaries operate life insurance business and others.

ii) Purpose of the acquisition

Through expanding the scale and increasing the level of profits of overseas insurance business, the Company aims to enhance profits and diversify the business portfolio (disperse business risk) of the entire Group, and further improve value for policyholders.

iii) Date of business combination

March 7, 2016 (U.S. local time)

iv) Legal form of business combination

Acquisition through a reverse triangular merger in accordance with the U.S. laws regarding corporate reorganization

v) Name of the acquired company after business combination

StanCorp Financial Group, Inc.

vi) Acquired percentage of shareholdings after completion of the transaction
100%

vii) Controlling company

The Company holds more than a 50% stake in the acquired company and, therefore, the Company controls the decision-making body.

(2) Period of the acquired company's financial results included in the consolidated financial statements

The acquired company's financial results are not included in the consolidated financial statement of income for the year ended March 31, 2016, as the company used the consolidated statement as of the date of business combination.

(3) Breakdown of acquisition costs

Consideration of acquisition (cash) ¥599,410 million (U.S. \$5,319 million)
Acquisition cost ¥599,410 million (U.S. \$5,319 million)

(4) Primary component of other expenses associated with the acquisition

Advisory fees and others ¥3,256 million (U.S. \$28 million)

(5) Goodwill

i) Amount of goodwill
¥158,679 million (U.S. \$1,408 million)

ii) Reason to recognize goodwill

The acquisition cost, which was calculated by taking into account projections of the acquired company's future profit as of the valuation date, exceeded the net amounts of acquired assets and liabilities assumed.

iii) Amortization method and period

Amortized on the straight-line basis over 20 years

(6) The amount of acquired assets and liabilities assumed at the date of business combination

Total assets	¥2,938,535 million (U.S. \$26,078 million)
Securities included above "Total assets"	¥1,694,223 million (U.S. \$15,035 million)
Total liabilities	¥2,534,399 million (U.S. \$22,492 million)
Policy reserves and others included above "Total liabilities"	¥2,309,724 million (U.S. \$20,498 million)

(7) Proforma effect on consolidated financial results had the business combination been completed at the beginning of the year ended March 31, 2016

Ordinary income	¥350,058 million (U.S. \$3,106 million)
Ordinary profit	¥27,670 million (U.S. \$245 million)
Net surplus attributable to the Parent Company	¥17,454 million (U.S. \$154 million)

The ordinary income, ordinary profit and net surplus attributable to the Parent Company are calculated based on the *Annual Report* (Form 10-K) which StanCorp Financial Group, Inc. submitted to the U.S. Securities and Exchange Commission for the year ended December 31, 2015. The goodwill recognized as of the date of business combination was deemed to be recognized at the beginning of the year ended March 31, 2016 and its amortization is included in the proforma financial results. The amortization amount of other intangible fixed assets recognized at the date of business combination is not included. These amount do not represent the actual figures, which were calculated assuming that the business combination was completed at the beginning of the year ended March 31, 2016.

This note is unaudited.

(8) Breakdown of assets and liabilities of newly consolidated subsidiaries as a result of the acquisition of shares

Associated with the consolidation of StanCorp Financial Group, Inc. as a result of the acquisition of shares, the breakdown of the assets and liabilities at the beginning of the consolidation, and the relationship between the acquisition price and net cash flow for the acquisition were as follows:

	Millions of	
	Millions of Yen	U.S. Dollars
As of March 31,	2016	2016
Assets	¥2,938,535	\$26,078
Securities included above "Assets"	1,694,223	15,035
Goodwill	158,679	1,408
Liabilities	(2,534,399)	(22,492)
Policy reserves and other reserves included above "Liabilities"	(2,309,724)	(20,498)
Foreign currency translation adjustments	36,595	324
Acquisition price of stock of subsidiaries	599,410	5,319
Cash and cash equivalents of subsidiaries	(67,780)	(601)
Net cash flow for the acquisition of stock of subsidiaries	¥ 531,629	\$ 4,718

27. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2016 was approved as planned at the annual meeting of the representatives of policyholders held on July 5, 2016.

Offering of foundation funds

During the annual meeting of representatives of policyholders held on July 5, 2016, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥100,000 million during the year ending March 31, 2017.

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Meiji Yasuda Life Insurance Company:

We have audited the accompanying consolidated financial statements of Meiji Yasuda Life Insurance Company and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2016, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Meiji Yasuda Life Insurance Company and its consolidated subsidiaries as at March 31, 2015 and 2016, and their financial performance and cash flows for the years then ended in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

KPMG AZSA LLC
July 29, 2016
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Non-consolidated Balance Sheets

Meiji Yasuda Life Insurance Company

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
ASSETS:			
Cash and deposits (Note 3)			
Cash	¥ 205	¥ 228	\$ 1
Deposits	321,220	159,822	2,850
Subtotal	321,425	160,050	2,852
Call loans	90,000	368,000	798
Monetary claims bought (Note 3)	223,659	229,523	1,984
Securities (Notes 3, 4, 5, 6, and 7)			
National government bonds	14,358,321	14,116,333	127,425
Local government bonds	697,305	768,778	6,188
Corporate bonds	2,069,524	1,822,072	18,366
Domestic stocks	3,713,046	4,362,817	32,952
Foreign securities	8,053,941	7,553,114	71,476
Other securities	643,840	619,146	5,713
Subtotal	29,535,980	29,242,263	262,122
Loans (Notes 3, 8, and 9)			
Policy loans	275,085	289,921	2,441
Industrial and consumer loans	4,674,782	4,762,317	41,487
Subtotal	4,949,867	5,052,238	43,928
Tangible fixed assets (Notes 10, 11, 12, and 13)			
Land	602,923	613,832	5,350
Buildings	284,975	296,709	2,529
Construction in progress	1,516	6,045	13
Other tangible fixed assets	3,330	3,248	29
Subtotal	892,746	919,835	7,922
Intangible fixed assets			
Software	41,631	37,443	369
Other intangible fixed assets	31,169	26,274	276
Subtotal	72,801	63,717	646
Due from agents	30	33	0
Reinsurance receivables	718	506	6
Other assets			
Accounts receivable	102,552	93,162	910
Prepaid expenses	5,110	4,760	45
Accrued income	100,105	98,334	888
Money on deposit	8,358	8,261	74
Deposits for futures transactions	2,812	1,157	24
Margins on futures transactions	—	18	—
Derivative financial instruments (Note 3)	152,102	52,381	1,349
Cash collaterals pledged for financial instruments	10,400	43,110	92
Suspense	2,306	3,087	20
Other assets	9,940	8,232	88
Subtotal	393,688	312,506	3,493
Prepaid pension cost (Note 14)	80,366	104,534	713
Customers' liabilities under acceptances and guarantees	20,854	20,848	185
Allowance for possible loan losses	(5,457)	(5,034)	(48)
Total assets	¥36,576,681	¥36,469,024	\$324,606

Non-consolidated Balance Sheets (continued)

Meiji Yasuda Life Insurance Company

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims (Note 15)	¥ 110,142	¥ 108,483	\$ 977
Policy reserves (Note 15)	31,060,996	30,164,629	275,656
Policyholders' dividend reserves (Note 16)	240,902	253,414	2,137
Subtotal	31,412,041	30,526,528	278,772
Reinsurance payables	683	635	6
Bonds payable (Notes 3 and 17)	238,310	—	2,114
Other liabilities			
Payables under securities borrowing transactions (Note 3)	—	220,000	—
Loans payable (Notes 3 and 18)	100,000	100,000	887
Income taxes payable	—	49,760	—
Accounts payable	41,938	62,975	372
Accrued expenses	29,694	28,129	263
Deferred income	2,530	2,450	22
Deposits received	25,054	25,038	222
Guarantee deposits received	32,191	32,541	285
Margins on futures transactions	49	3	0
Derivative financial instruments (Note 3)	4,799	96,553	42
Cash collaterals received for financial instruments	93,450	19,870	829
Asset retirement obligations	3,097	3,539	27
Suspense receipts	14,648	8,250	129
Subtotal	347,455	649,112	3,083
Accrued retirement benefits for directors and executive officers (Note 19)	82	92	0
Reserve for contingent liabilities (Note 20)	1	2	0
Reserve for price fluctuation	521,677	492,482	4,629
Deferred tax liabilities (Note 21)	256,892	513,117	2,279
Deferred tax liabilities for land revaluation	82,137	85,877	728
Acceptances and guarantees	20,854	20,848	185
Total liabilities	32,880,138	32,288,695	291,801
NET ASSETS:			
Foundation funds (Note 22)	260,000	260,000	2,307
Reserve for redemption of foundation funds (Note 22)	470,000	470,000	4,171
Reserve for revaluation	452	452	4
Surplus	519,529	481,603	4,610
Reserve for future losses	9,883	9,336	87
Other surplus	509,646	472,267	4,522
Reserve for fund redemption	132,000	80,000	1,171
Fund for price fluctuation allowance	29,764	29,764	264
Reserve for promotion of social welfare project	48	48	0
Reserve for business infrastructure	100,000	75,000	887
Reserve for reduction entry of real estate	25,123	23,859	222
Special reserves	2,000	2,000	17
Other reserves	85	85	0
Unappropriated surplus	220,625	261,509	1,957
Total funds, reserve and surplus	1,249,982	1,212,056	11,093
Net unrealized gains on available-for-sale securities	2,288,005	2,833,827	20,305
Deferred unrealized gains on derivatives under hedge accounting	38,659	15,456	343
Land revaluation differences	119,894	118,988	1,064
Total unrealized gains, revaluation reserves and adjustments	2,446,559	2,968,272	21,712
Total net assets	3,696,542	4,180,328	32,805
Total liabilities and net assets	¥36,576,681	¥36,469,024	\$324,606

Non-consolidated Statements of Income

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
ORDINARY INCOME:			
Insurance premiums and other			
Insurance premiums	¥3,357,042	¥3,407,946	\$29,792
Reinsurance revenue	816	500	7
Subtotal	3,357,858	3,408,447	29,799
Investment income (Note 26)			
Interest, dividends and other income	690,849	698,142	6,131
Interest on deposits	42	61	0
Interest and dividends on securities	554,603	558,623	4,921
Interest on loans	90,474	95,007	802
Rent revenue from real estate	34,861	33,404	309
Other interest and dividends	10,867	11,044	96
Gains on money held in trust	0	0	0
Gains on sales of securities	8,415	186,196	74
Gains on redemption of securities	88,701	58,075	787
Foreign exchange gains	153	—	1
Reversal of allowance for possible loan losses	—	2,875	—
Other investment income	24	23	0
Investment gains on separate accounts	—	83,806	—
Subtotal	788,144	1,029,120	6,994
Other ordinary income			
Income from annuity riders	15,004	14,979	133
Income from deferred benefits	66,906	87,118	593
Reversal of reserves for outstanding claims (Note 27)	—	5,268	—
Reversal of accrued retirement benefits	—	5,733	—
Other ordinary income	7,540	7,960	66
Subtotal	89,452	121,061	793
Total ordinary income	4,235,455	4,558,629	37,588
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	562,557	635,653	4,992
Annuity payments	695,922	849,823	6,176
Benefit payments	409,457	427,691	3,633
Surrender benefits	454,237	451,984	4,031
Other refunds	173,064	225,214	1,535
Reinsurance premiums	5,898	6,021	52
Subtotal	2,301,138	2,596,389	20,421
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims (Note 27)	1,659	—	14
Provision for policy reserves (Note 27)	896,366	953,803	7,954
Provision for interest on policyholders' dividend reserves (Note 16)	251	461	2
Subtotal	898,277	954,264	7,971
Investment expenses (Note 26)			
Interest expenses	6,217	3,292	55
Losses on sales of securities	1,959	365	17
Losses on valuation of securities	12,791	300	113
Losses on redemption of securities	37	—	0
Losses on derivative financial instruments	107,329	71,082	952
Foreign exchange losses	—	145	—
Provision for allowance for possible loan losses	664	—	5
Depreciation of real estate for non-insurance business	9,508	9,513	84
Other investment expenses	12,538	11,173	111
Investment losses on separate accounts	28,956	—	256
Subtotal	180,002	95,874	1,597

Non-consolidated Statements of Income (continued)

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Operating expenses (Note 28)	355,644	348,426	3,156
Other ordinary expenses			
Deferred benefit payments	120,001	125,661	1,064
Taxes	28,395	28,282	251
Depreciation	21,618	20,738	191
Provision for accrued retirement benefits	24,167	—	214
Other ordinary expenses	5,256	5,137	46
Subtotal	199,438	179,820	1,769
Total ordinary expenses	3,934,501	4,174,775	34,917
Ordinary profit	300,953	383,854	2,670
Extraordinary gains			
Gains on disposals of fixed assets	2,614	5,951	23
Reversal of reserve for contingent liabilities	0	12	0
Subtotal	2,615	5,964	23
Extraordinary losses			
Losses on disposals of fixed assets	6,584	5,566	58
Impairment losses (Note 13)	3,800	6,296	33
Provision for reserve for price fluctuation	29,195	11,642	259
Losses on reduction entry of real estate	—	2,413	—
Contributions for promotion of social welfare project	553	552	4
Other extraordinary losses (Note 14)	—	1,669	—
Subtotal	40,133	28,140	356
Surplus before income taxes	263,435	361,677	2,337
Income taxes (Note 21)			
Current	52,632	117,680	467
Deferred	(7,668)	(21,258)	(68)
Total income taxes	44,963	96,422	399
Net surplus	¥ 218,472	¥ 265,255	\$ 1,938

Non-consolidated Statements of Changes in Net Assets

Meiji Yasuda Life Insurance Company

Year ended March 31, 2015

(Millions of Yen)

	Funds, reserves and surplus												Unrealized gains (losses), revaluation reserve and adjustments					Total net assets	
	Surplus											Total funds, reserves 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			
	Foundations funds (Note 22)	Reserve for redemption of foundation funds (Note 22)	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	¥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 effects of changes 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
Changes in the fiscal year																			
Issuance of foundation funds	60,000													60,000					60,000
Additions to policyholders' dividend reserves (Note 16)												(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, 2016

(Millions of Yen)

	Funds, reserves and surplus												Unrealized gains (losses), revaluation reserve and adjustments					Total net assets	
	Surplus											Total funds, reserves 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			
	Foundations funds (Note 22)	Reserve for redemption of foundation funds (Note 22)	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	¥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
Changes in the fiscal year																			
Additions to policyholders' dividend reserves (Note 16)												(180,044)	(180,044)	(180,044)					(180,044)
Additions to reserve for future losses				547								(547)							
Payment of interest on foundation funds												(2,101)	(2,101)	(2,101)					(2,101)
Net surplus												218,472	218,472	218,472					218,472
Additions to reserve for fund redemption					52,000							(52,000)							
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								25,000				(25,000)							
Additions to reserve for reduction entry of real estate									1,838			(1,838)							
Reversal of reserve for reduction entry of real estate									(574)			574							
Reversal of land revaluation differences												1,599	1,599	1,599					1,599
Net changes, excluding funds, reserves and surplus															(545,822)	23,203	906	(521,712)	(521,712)
Net changes in the fiscal year	—	—	—	547	52,000	—	(0)	25,000	1,263	—	—	(40,884)	37,926	37,926	(545,822)	23,203	906	(521,712)	(483,786)
Ending balance	¥260,000	¥470,000	¥452	¥9,883	¥132,000	¥29,764	¥48	¥100,000	¥25,123	¥2,000	¥85	¥220,625	¥519,529	¥1,249,982	¥2,288,005	¥38,659	¥119,894	¥2,446,559	¥3,696,542

Non-consolidated Statements of Changes in Net Assets (continued)

Meiji Yasuda Life Insurance Company

(Millions of U.S. Dollars)

Year ended March 31, 2016

	Funds, reserves and surplus												Unrealized gains (losses), revaluation reserve and adjustments					Total net assets	
	Surplus											Total funds, reserves and surplus	Net unrealized gains (losses) 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																		
	Foundation funds (Note 22)	Reserve for redemption of foundation funds (Note 22)	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	\$2,307	\$4,171	\$ 4	\$82	\$ 709	\$264	\$0	\$665	\$211	\$17	\$0	\$2,320	\$4,274	\$10,756	\$25,149	\$137	\$1,055	\$26,342	\$37,099
Changes in the fiscal year																			
Additions to policyholders' dividend reserves (Note 16)												(1,597)	(1,597)	(1,597)					(1,597)
Additions to reserve for future losses				4								(4)							
Payment of interest on foundation funds												(18)	(18)	(18)					(18)
Net surplus												1,938	1,938	1,938					1,938
Additions to reserve for fund redemption					461							(461)							
Additions to reserve for promotion of social welfare project							4					(4)							
Reversal of reserve for promotion of social welfare project							(4)					4							
Additions to reserve for business infrastructure								221				(221)							
Additions to reserve for reduction entry of real estate									16			(16)							
Reversal of reserve for reduction entry of real estate									(5)			5							
Reversal of land revaluation differences												14	14	14					14
Net changes, excluding funds, reserves and surplus															(4,844)	205	8	(4,630)	(4,630)
Net changes in the fiscal year	—	—	—	4	461	—	(0)	221	11	—	—	(362)	336	336	(4,844)	205	8	(4,630)	(4,293)
Ending balance	\$2,307	\$4,171	\$ 4	\$87	\$1,171	\$264	\$0	\$887	\$222	\$17	\$0	\$1,957	\$4,610	\$11,093	\$20,305	\$343	\$1,064	\$21,712	\$32,805

Non-consolidated Proposed Appropriation of Surplus

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Unappropriated surplus	¥220,625	¥261,509	\$1,957
Reversal of voluntary surplus reserves:	631	574	5
Reversal of reserve for reduction entry of real estate	631	574	5
Total	221,256	262,084	1,963
Appropriation of surplus	221,256	262,084	1,963
Provision for policyholders' dividend reserves	165,707	180,044	1,470
Net surplus	55,549	82,039	492
Reserve for future losses	504	547	4
Interest on foundation funds	2,101	2,101	18
Voluntary surplus reserves:	52,944	79,391	469
Reserve for fund redemption	52,000	52,000	461
Reserve for promotion of social welfare project	553	553	4
Reserve for business infrastructure	—	25,000	—
Reserve for reduction entry of real estate	391	1,838	3

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 March 31, 2016, which was ¥112.68 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 risk related to foreign currency denominated loans and bonds payable; 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 collaterals 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 collaterals 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 collaterals to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2015 and 2016 amounted to ¥50 million and ¥46 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.

The policy reserves also include reserves which are additionally set aside 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.

(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, 2015 and 2016, 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

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 and, as well, ordinary profit and surplus before income taxes decreased by ¥806 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 and investment trusts. 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, insurance liability risk and bonds payable 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 risk related to foreign currency denominated loans and bonds payable; 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. Foreign currency denominated bonds payable are exposed to exchange rate fluctuation risk.

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 small-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		
	2016			2015			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 321,425	¥ 321,425	¥ —	¥ 160,050	¥ 160,050	¥ —	\$ 2,852	\$ 2,852	\$ —
Available-for-sale securities (CDs)	23,998	23,998	—	6,000	6,000	—	212	212	—
Monetary claims bought	223,659	241,204	17,545	229,523	241,833	12,309	1,984	2,140	155
Held-to-maturity debt securities	195,380	212,925	17,545	200,223	212,532	12,309	1,733	1,889	155
Available-for-sale securities	28,278	28,278	—	29,300	29,300	—	250	250	—
Securities	28,059,227	30,686,513	2,627,286	28,264,546	29,550,365	1,285,819	249,016	272,333	23,316
Trading securities	746,596	746,596	—	808,800	808,800	—	6,625	6,625	—
Held-to-maturity debt securities	4,659,686	5,631,416	971,729	5,049,665	5,684,417	634,752	41,353	49,977	8,623
Policy-reserve-matching bonds	7,162,085	8,817,642	1,655,556	6,820,691	7,471,758	651,066	63,561	78,253	14,692
Available-for-sale securities	15,490,858	15,490,858	—	15,585,388	15,585,388	—	137,476	137,476	—
Loans	4,949,867	5,278,744	328,877	5,052,238	5,331,508	279,269	43,928	46,847	2,918
Policy loans	275,085	275,085	—	289,921	289,921	—	2,441	2,441	—
Industrial and consumer loans	4,674,782	5,003,659	328,877	4,762,317	5,041,586	279,269	41,487	44,405	2,918
Allowance for possible loan losses ⁽¹⁾	(3,955)	—	—	(3,066)	—	—	(35)	—	—
	4,945,912	5,278,744	332,832	5,049,172	5,331,508	282,335	43,893	46,847	2,953
Bonds payable	238,310	270,300	31,990	—	—	—	2,114	2,398	283
Payables under securities borrowing transactions	—	—	—	220,000	220,000	—	—	—	—
Loans payable	100,000	100,000	—	100,000	100,000	—	887	887	—
Derivative financial instruments ⁽²⁾	147,302	147,302	—	(44,171)	(44,171)	—	1,307	1,307	—
Hedge accounting is not applied	(20)	(20)	—	(27)	(27)	—	(0)	(0)	—
Hedge accounting is applied	147,323	147,323	—	(44,143)	(44,143)	—	1,307	1,307	—

(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, 2015 and 2016 were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Unlisted stocks and others	¥1,476,752	¥977,716	\$13,105
Equity securities issued by subsidiaries and affiliates	890,889	285,948	7,906

Impairment losses on the unlisted stocks and others except for equity securities issued by subsidiaries and affiliates were ¥254 million and ¥98 million (U.S. \$0 million) for the years ended March 31, 2015 and 2016, 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

Bonds payable

The fair value of bonds payable is based on data provided by pricing vendors at the balance sheet date.

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 and bonds payable, their fair value is

included in the fair value of hedged loans and bonds payable 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 ¥25,474 million and ¥(59,656) million (U.S. \$(529) million) for the years ended March 31, 2015 and 2016, respectively.

Held-to-maturity debt securities

No held-to-maturity debt securities were sold during the year ended March 31, 2015, and disposition of held-to-maturity debt securities due to considerable deterioration of the issuer's credit standing amounted to ¥4,650 million (U.S. \$41 million) resulting in total losses on sales of ¥350 million (U.S. \$3 million) for the year ended March 31, 2016. 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.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2016			2015			2016		
	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	¥3,889,095	¥ 4,758,337	¥ 869,241	¥4,206,772	¥4,776,496	¥569,723	\$34,514	\$42,228	\$7,714
2) Corporate bonds	654,758	750,528	95,769	702,235	762,947	60,711	5,810	6,660	849
3) Others	298,768	323,721	24,953	288,025	305,450	17,425	2,651	2,872	221
Total	4,842,623	5,832,587	989,964	5,197,034	5,844,894	647,860	42,976	51,762	8,785
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	—	—	—	12,952	12,836	(116)	—	—	—
3) Others	12,444	11,755	(689)	39,901	39,219	(682)	110	104	(6)
Total	12,444	11,755	(689)	52,854	52,055	(798)	110	104	(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, 2015 and 2016.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2016			2015			2016		
	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	¥7,123,476	¥8,775,028	¥1,651,552	¥6,809,524	¥7,459,007	¥649,482	\$63,218	\$77,875	\$14,657
2) Corporate bonds	37,709	41,721	4,011	11,167	12,751	1,584	334	370	35
3) Others	—	—	—	—	—	—	—	—	—
Total	7,161,185	8,816,749	1,655,563	6,820,691	7,471,758	651,066	63,553	78,245	14,692
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	900	892	(7)	—	—	—	7	7	(0)
3) Others	—	—	—	—	—	—	—	—	—
Total	900	892	(7)	—	—	—	7	7	(0)

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥1,462,894 million and ¥86,396 million (U.S. \$766 million) resulting in total gains on sales of ¥186,196 million and ¥8,415 million (U.S. \$74 million) and total losses of ¥365 million and ¥1,609 million (U.S. \$14 million) for the years ended March 31, 2015 and 2016, 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		
	2016			2015			2016		
	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	¥ 1,515,554	¥ 3,317,732	¥1,802,177	¥ 1,568,675	¥ 3,993,007	¥2,424,331	\$13,450	\$ 29,443	\$15,993
(2) Bonds	4,744,251	5,285,472	541,220	4,371,423	4,764,333	392,909	42,103	46,906	4,803
1) National & local government bonds	3,491,392	3,945,944	454,551	3,406,065	3,734,828	328,763	30,985	35,019	4,034
2) Corporate bonds	1,252,858	1,339,527	86,668	965,358	1,029,504	64,146	11,118	11,887	769
(3) Others	4,216,928	5,121,887	904,959	4,738,053	5,916,577	1,178,523	37,423	45,455	8,031
Total	10,476,734	13,725,092	3,248,357	10,678,152	14,673,917	3,995,764	92,977	121,805	28,828
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	135,757	121,378	(14,378)	84,585	77,468	(7,117)	1,204	1,077	(127)
(2) Bonds	7,828	7,086	(741)	60,197	59,453	(743)	69	62	(6)
1) National & local government bonds	—	—	—	30,421	30,196	(224)	—	—	—
2) Corporate bonds	7,828	7,086	(741)	29,775	29,256	(518)	69	62	(6)
(3) Others	1,747,189	1,689,578	(57,610)	819,136	809,849	(9,286)	15,505	14,994	(511)
Total	1,890,774	1,818,043	(72,730)	963,919	946,771	(17,147)	16,780	16,134	(645)

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

"Acquisition or amortized costs" in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is readily available

amounted to ¥46 million and ¥8,358 million (U.S. \$74 million) for the years ended March 31, 2015 and 2016, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31,	Millions of Yen					
	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
Deposits	¥ 159,822	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	229,523
Loans*	514,850	972,800	756,277	480,441	715,202	1,321,629
Securities	473,984	879,087	1,805,171	3,123,542	2,618,953	14,098,114
Held-to-maturity debt securities	341,727	201,812	336,574	372,785	586,022	3,210,743
Policy-reserve-matching bonds	—	—	10,397	101,336	196,296	6,512,661
Available-for-sale securities with maturities	132,256	677,274	1,458,199	2,649,420	1,836,634	4,374,710
Total	1,148,657	1,851,887	2,561,448	3,603,983	3,334,155	15,649,267

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2016						2016					
	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	¥ 321,220	¥ —	¥ —	¥ —	¥ —	¥ —	\$ 2,850	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	—	—	—	—	—	223,659	—	—	—	—	—	1,984
Loans*	563,111	893,532	560,817	551,759	755,220	1,348,727	4,997	7,929	4,977	4,896	6,702	11,969
Securities	318,432	1,373,259	2,029,070	3,614,158	2,133,003	13,788,523	2,825	12,187	18,007	32,074	18,929	122,368
Held-to-maturity debt securities	70,578	292,108	353,517	368,236	763,174	2,812,071	626	2,592	3,137	3,267	6,772	24,956
Policy-reserve-matching bonds	—	—	46,663	226,053	109,673	6,779,695	—	—	414	2,006	973	60,167
Available-for-sale securities with maturities	247,853	1,081,150	1,628,890	3,019,868	1,260,155	4,196,757	2,199	9,594	14,455	26,800	11,183	37,244
Total	1,202,763	2,266,791	2,589,888	4,165,917	2,888,224	15,360,910	10,674	20,117	22,984	36,971	25,632	136,323

* Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they are ¥231 million and ¥1,220 million (U.S. \$10 million) as of March 31, 2015 and 2016, respectively.

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

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

As of March 31,	Millions of Yen					
	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
Payable under securities borrowing transactions	¥220,000	¥—	¥—	¥—	¥—	¥—
Loans payable	—	—	—	100,000	—	—
Total	220,000	—	—	100,000	—	—

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2016						2016					
	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
Bonds payable	¥ —	¥—	¥—	¥—	¥—	¥238,310	\$ —	\$—	\$—	\$—	\$—	\$2,114
Loans payable*	100,000	—	—	—	—	—	887	—	—	—	—	—
Total	100,000	—	—	—	—	238,310	887	—	—	—	—	2,114

* Loans payable are included in "Within 1 year", due to the repayment of ¥100,000 million in April 2016, prior to their maturity.

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	2015			
	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
Total				10

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2016				2016			
	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	¥100	¥100	¥(0)	¥(0)	\$0	\$0	\$(0)	\$(0)
Total				(0)				(0)

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

ii) Currency-related

As of March 31,	Millions of Yen			
	2015			
	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)
(Australian dollar)	888	—	3	3
(U.S. dollar)	8,654	—	(53)	(53)
(Euro)	977	—	7	7
(Canadian dollar)	672	—	(1)	(1)
(Others)	373	—	(1)	(1)
Bought	11,641	—	30	30
(U.S. dollar)	8,933	—	44	44
(Euro)	1,428	—	(13)	(13)
(Canadian dollar)	567	—	1	1
(Others)	711	—	(1)	(1)
Total				(16)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2016		2016		2016		2016	
	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	¥12,946	¥—	¥(103)	¥(103)	\$114	\$—	\$ (0)	\$ (0)
(Australian dollar)	12,226	—	(105)	(105)	108	—	(0)	(0)
(U.S. dollar)	519	—	3	3	4	—	0	0
(Euro)	169	—	(1)	(1)	1	—	(0)	(0)
(Canadian dollar)	—	—	—	—	—	—	—	—
(Others)	32	—	0	0	0	—	0	0
Bought	5,339	—	39	39	47	—	0	0
(U.S. dollar)	3,572	—	(7)	(7)	31	—	(0)	(0)
(Euro)	1,641	—	46	46	14	—	0	0
(Canadian dollar)	7	—	0	0	0	—	0	0
(Others)	117	—	0	0	1	—	0	0
Total				(63)				(0)

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

iii) Stock-related

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

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2016		2016		2016		2016	
	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								
Sold	¥ 274	¥—	¥ 4	¥ 4	\$ 2	\$—	\$0	\$0
Bought	1,824	—	21	21	16	—	0	0
Foreign currency-denominated stock index futures								
Bought	2,332	—	17	17	20	—	0	0
Total				43				0

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

iv) Bond-related

No ending balance as of March 31, 2015 and 2016.

Hedge accounting applied

i) Interest-rate related

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

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
		2016			2016		
	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	¥233,900	¥233,900	¥59,067	\$2,075	\$2,075	\$524
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	28,948	18,948	922	256	168	8
Total				59,990			532

ii) Currency-related

As of March 31,	Millions of Yen			
		2015		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥2,354,756	¥ —	¥(70,919)
(U.S. dollar)		2,010,069	—	(89,973)
(Euro)		196,339	—	10,404
(Australian dollar)		148,347	—	8,649
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency-denominated bonds	35,575	35,575	(4,800)
(Australian dollar)		—	—	—
Total				(75,719)

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
		2016			2016		
	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-	¥2,123,031	¥ —	¥89,473	\$18,841	\$ —	\$794
(U.S. dollar)	denominated bonds	1,808,792	—	86,840	16,052	—	770
(Euro)		182,880	—	1,773	1,623	—	15
(Australian dollar)		131,358	—	859	1,165	—	7
Deferred hedge accounting							
Cross currency swaps							
(Euro)	Foreign-currency-	35,575	35,575	(1,307)	315	315	(11)
(Australian dollar)	denominated bonds	4,305	4,305	89	38	38	0
Total				88,255			783

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, 2015 and 2016.

iv) Bond-related

No ending balance as of March 31, 2015 and 2016.

4. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,623,208 million and ¥1,440,683 million (U.S. \$12,785 million) as of March 31, 2015 and 2016, respectively.

5. Securities Borrowed

Assets that can be sold or resecured are marketable securities borrowed under borrowing agreements. These assets were held without disposal totaling ¥12,076 million (U.S. \$107 million) at fair value as of March 31, 2016.

6. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥4,586 million and ¥3,028 million (U.S. \$26 million) as of March 31, 2015 and 2016, respectively.

7. Equity Securities issued by Subsidiaries and Affiliates

The total amounts of equity securities issued by subsidiaries and affiliates were ¥287,687 million and ¥891,955 million (U.S. \$7,915 million) as of March 31, 2015 and 2016, 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 ¥19,713 million and ¥20,172 million (U.S. \$179 million) as of March 31, 2015 and 2016, respectively.

There were no loans to bankrupt borrowers, and none as of March 31, 2015 and 2016. The aggregate amounts of loans in arrears were ¥2,630 million and ¥3,722 million (U.S. \$33 million) as of March 31, 2015 and 2016, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets as of March 31, 2015 and 2016 were ¥44 million and ¥44 million (U.S. \$0 million), respectively, for loans to bankrupt borrowers, and ¥5 million and ¥1 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, 2015 and 2016.

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 ¥17,083 million and ¥16,450 million (U.S. \$145 million) as of March 31, 2015 and 2016, respectively.

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

9. Loan Commitments

The amounts of loan commitments outstanding were ¥24,386 million and ¥23,133 million (U.S. \$205 million) as of March 31, 2015 and 2016, respectively.

10. Fair Values of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥582,459 million and ¥567,414 million (U.S. \$5,035 million), and their fair values were ¥626,982 million and ¥641,946 million (U.S. \$5,697 million) as of March 31, 2015 and 2016, 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.

11. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥400,346 million and ¥401,947 million (U.S. \$3,567 million) as of March 31, 2015 and 2016, respectively.

12. 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.

13. 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, 2015 and 2016, 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, 2015

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

For the year ended March 31, 2016

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	41	1,518	2,282	3,800
Total	41	¥1,518	¥2,282	¥3,800

For the year ended March 31, 2016

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	\$ —	\$ —	\$ —
Idle assets	13	20	33
Total	\$13	\$ 20	\$ 33

(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 2.09% and 2.03% for the years ended March 31, 2015 and 2016, respectively. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

14. 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 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, 2015 and 2016 were as follows:

Years ended March 31,	2016	2015
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

b. Changes in the retirement benefit obligations for the years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Balance at the beginning of the fiscal year	¥ 311,806	¥352,881	\$2,767
Service costs	11,053	11,299	98
Interest cost on retirement benefit obligations	2,806	2,948	24
Actuarial losses (gains) recognized	2,066	3,562	18
Benefits paid	(26,121)	(27,365)	(231)
Past service costs incurred	—	(4,139)	—
Others	—	(27,380)	—
Balance at the end of the fiscal year	¥ 301,611	¥311,806	\$2,676

c. Changes in the plan assets for the years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Balance at the beginning of the fiscal year	¥385,856	¥358,647	\$3,424
Expected return on plan assets	3,262	3,215	28
Actuarial gains (losses) recognized	(50,037)	49,161	(444)
Contributions by employer	9,698	10,083	86
Benefits paid	(10,024)	(10,598)	(88)
Others	—	(24,651)	—
Balance at the end of the fiscal year	¥338,755	¥385,856	\$3,006

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, 2015 and 2016 were determined as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Present value of funded retirement benefit obligations	¥300,471	¥310,551	\$2,666
Plan assets at fair value	(338,755)	(385,856)	(3,006)
Net present value of funded retirement benefit obligations	(38,283)	(75,305)	(339)
Present value of non-funded retirement benefit obligations	1,139	1,254	10
Unrecognized actuarial losses (gains)	(48,412)	(36,540)	(429)
Unrecognized past service costs	5,189	6,056	46
Accrued retirement benefits (Prepaid pension cost)	¥(80,366)	¥(104,534)	\$ (713)

e. The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Service costs	¥11,053	¥11,299	\$ 98
Interest cost on retirement benefit obligations	2,806	2,948	24
Expected return on plan assets	(3,262)	(3,215)	(28)
Amortization of net actuarial losses (gains)	40,232	10,866	357
Amortization of net past service costs	(866)	(782)	(7)
Others	—	1,669	—
Retirement benefit expenses	¥49,962	¥22,785	\$443

f. Plan assets

Plan assets as of March 31, 2015 and 2016 were comprised as follows:

As of March 31,	% of total fair value of plan assets	
	2016	2015
Debt securities	8.5%	8.2%
Stocks	39.2%	47.9%
General account of life insurance companies	29.4%	25.1%
Jointly invested assets	18.8%	17.1%
Cash and deposits	0.9%	1.1%
Others	3.2%	0.6%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 57.7% and 51.8% of total plan assets as of March 31, 2015 and 2016, 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, 2015 and 2016 were as follows:

Years ended March 31,	2016	2015
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 amounts recognized as expenses for the defined contribution pension plans were ¥828 million and ¥1,072 million (U.S. \$9 million) for the years ended March 31, 2015 and 2016, respectively.

15. Reinsurance

As of March 31, 2015 and 2016, 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 ¥163 million and ¥52 million (U.S. \$0 million), respectively.

As of March 31, 2015 and 2016, 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 ¥5,727 million and ¥13,369 million (U.S. \$118 million), respectively.

16. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Balance at the beginning of the fiscal year	¥253,414	¥270,023	\$ 2,248
Transfer from surplus in the previous fiscal year	180,044	158,094	1,597
Dividend payments to policyholders during the fiscal year	(192,857)	(175,209)	(1,711)
Interest accrued during the fiscal year	300	506	2
Balance at the end of the fiscal year	¥240,902	¥253,414	\$ 2,137

17. Subordinated Bonds

As of March 31, 2016, bonds payable in liabilities are foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

18. Subordinated Debts

As of March 31, 2015 and 2016, loans payable are subordinated debts, the repayments of which are subordinated to other obligations.

In April 2016, the Company made a repayment of the subordinated debts in the amount of ¥100,000 million, prior to their maturity.

19. 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.

20. 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 securitizations of loans and loan commitments outstanding pursuant to Article 24-4 of the "Ordinance for Enforcement of the Insurance Business Act."

21. Deferred Taxes

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

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Deferred tax assets	¥647,718	¥ 634,664	\$ 5,748
Valuation allowance for deferred tax assets	(2,313)	(3,753)	(20)
Subtotal	645,405	630,911	5,727
Deferred tax liabilities	(902,298)	(1,144,028)	(8,007)
Net deferred tax assets (liabilities)	(256,892)	(513,117)	(2,279)

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

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Deferred tax assets			
Policy reserves and other reserves	¥410,469	¥ 420,613	\$3,642
Reserve for price fluctuation	145,861	141,835	1,294
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	856,637	1,104,981	7,602

(2) The statutory tax rates were 30.73% and 28.80% for the years ended March 31, 2015 and 2016, 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,	2016	2015
Policyholders' dividend reserves	(17.47)%	(15.30)%
Effects of changes in the income tax rate	7.20%	11.90%

(3) 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 sheets decreased by ¥34,385 million, deferred tax liabilities for land revaluation in the non-consolidated balance sheets decreased by ¥5,754 million, and deferred portion of income taxes in the non-consolidated statements of income increased by ¥43,023 million.

(4) From the end of the year ended March 31, 2016, the statutory tax rates which are used to measure deferred tax assets and liabilities were changed from 28.80% to 28.20% for the years ended March 31, 2017 and 2018, and to 27.96% for the year ended March 31, 2019 or later in accordance with the "Act for Partial Revision of the Income Tax Act" (Act No. 15 in 2016).

Due to this change, as of March 31, 2016, deferred tax liabilities in the non-consolidated balance sheets decreased by ¥8,234 million (U.S. \$73 million), deferred tax liabilities for land revaluation in the non-consolidated balance sheets decreased by ¥2,467 million (U.S. \$21 million), and deferred portion of income taxes in the non-consolidated statements of income increased by ¥18,968 million (U.S. \$168 million).

22. 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 as of March 31, 2015.

The Company offered foundation funds in the amount of ¥60,000 million pursuant to Article 60 of the "Insurance Business Act" in the year ended March 31, 2015.

23. 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 ¥2,968,725 million and ¥2,447,012 million (U.S. \$21,716 million) as of March 31, 2015 and 2016, respectively.

24. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥864,990 million and ¥799,603 million (U.S. \$7,096 million) as of March 31, 2015 and 2016, respectively. The amounts of separate account liabilities were the same as these figures.

25. 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, 2015 and 2016 were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Monetary receivable	¥ 3,100	¥2,902	\$27
Monetary payable	3,983	4,017	35

26. 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
	2016	2015	2016
Domestic bonds including national government bonds	¥ 4	¥159,673	\$ 0
Domestic stocks	2,073	15,052	18
Foreign securities	6,337	11,470	56

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

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Domestic bonds including national government bonds	¥ 21	¥ 1	\$ 0
Domestic stocks	472	353	4
Foreign securities	1,465	10	13

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

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Domestic bonds including national government bonds	¥ —	¥—	\$—
Domestic stocks	8,457	58	75
Foreign securities	4,333	—	38

Loss on derivative financial instruments included net valuation gains of ¥184,613 million for the year ended March 31, 2015 and net valuation losses of ¥52,055 million (U.S. \$461 million) for the year ended March 31, 2016.

27. Policy Reserves for Ceded Reinsurance

The amounts of provision for (reversal of) 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, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ 110	¥ 126	\$ 0
Provision for (reversal of) reinsurance recoverable on policy reserves	7,642	1,275	67

28. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥52,814 million and ¥52,265 million (U.S. \$463 million) as of March 31, 2015 and 2016, respectively, pursuant to Article 259 of the "Insurance Business Act".

These contributions are recognized as operating expenses when contributed.

29. 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, 2015 and 2016 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2016	2015	2016
Total income	¥11,942	¥11,623	\$105
Total expenses	32,932	31,217	292

30. 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.

31. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2016 was approved as planned at the annual meeting of the representatives of policyholders held on July 5, 2016.

Offering of foundation funds

During the annual meeting of representatives of policyholders held on July 5, 2016, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥100,000 million during the year ending March 31, 2017.

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Meiji Yasuda Life Insurance Company:

We have audited the accompanying non-consolidated financial statements of Meiji Yasuda Life Insurance Company, which comprise the non-consolidated balance sheets as at March 31, 2015 and 2016, and the non-consolidated statements of income, the non-consolidated statements of changes in net assets and the non-consolidated proposed appropriation of surplus for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the non-consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Meiji Yasuda Life Insurance Company as at March 31, 2015 and 2016, and its financial performance for the years then ended in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

KPMG AZSA LLC

KPMG AZSA LLC
July 29, 2016
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Non-consolidated Information

Assets

Loans Categorized by Internal Classification of Borrowers

(Millions of Yen)

As of March 31,	2016	2015
Loans to legally bankrupt and substantially bankrupt borrowers	497	563
Loans to borrowers with high possibility of bankruptcy	3,224	2,066
Loans with collection risk	16,695	17,356
Subtotal	20,417	19,986
Proportion of total loans (%)	0.32	0.30
Normal loans	6,411,416	6,697,746
Total	6,431,834	6,717,733

- 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 Notes 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 Notes 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 Notes 1. to 3.

Non-performing Loans

(Millions of Yen)

As of March 31,	2016	2015
Loans to bankrupt borrowers	—	—
Loans in arrears	3,722	2,630
Loans in arrears for three months or longer	—	—
Restructured loans	16,450	17,083
Total	20,172	19,713
Non-performing loans/total loans (%)	0.41	0.39

- 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 ¥5 million for loans in arrears as of March 31, 2015; and ¥44 million for loans to bankrupt borrowers and ¥1 million for loans in arrears as of March 31, 2016.
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 for three months or longer.

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 established 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,	2016		2015	
	Amount	% of total value of loans	Amount	% of total value of loans
Not Classified	6,387,813	99.3	6,669,443	99.3
Class II	43,951	0.7	48,215	0.7
Class III	69	0.0	73	0.0
Class IV	—	—	—	—
Subtotal of II-IV	44,021	0.7	48,289	0.7
Total	6,431,834	100.0	6,717,733	100.0

- 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,	2016	2015
(A) Total solvency margin	6,805,494	7,190,670
① Foundation funds	1,079,518	1,029,910
② Reserve for price fluctuation	521,677	492,482
③ Contingency reserves	675,573	667,346
④ General allowance for possible loan losses	1,310	1,677
⑤ Net unrealized gains (losses) on available-for-sale securities (before tax effect deduction) and deferred unrealized gains (losses) on derivatives under hedge accounting (before tax effect deduction) × 90% (100% in case of losses)	2,857,322	3,582,085
⑥ Unrealized gains on land × 85% (100% in case of losses)	281,996	246,998
⑦ Excess of continued Zillmerized reserve	966,800	990,405
⑧ Qualifying subordinated debt	338,310	100,000
⑨ Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
⑩ Deductions	—	—
⑪ Other (tax effect adjustment)	82,985	79,763
(B) Total risk $\sqrt{((12)+(13))^2 + ((14)+(15)+(16))^2 + (17)}$	1,450,251	1,381,407
⑫ Insurance risk	118,650	118,922
⑬ Third-sector insurance risk	56,014	53,597
⑭ Assumed interest rate risk	150,273	154,118
⑮ Minimum guarantee risk	8,800	9,772
⑯ Investment risk	1,248,733	1,176,205
⑰ Business management risk	31,649	30,252
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	938.5	1,041.0

- 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. In addition, the method of determining the total solvency margin was partially revised in accordance with the revisions of the Ordinance for Enforcement of the Insurance Business Act. The revised method is applied to the calculation of such margin for the year ended March 31, 2016 and beyond.
 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,	2016	2015
Real net assets	9,515,679	8,899,331
Ratio of real net assets to general account assets (%)	26.6	25.0

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,	2016	2015
Real net assets after deducting unrealized gains and losses on held-to-maturity debt securities and policy-reserve-matching bonds	6,870,848	7,601,202

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,	2016		2015	
	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	746,596	(59,656)	808,800	25,474
General account	—	—	—	—
Separate account	746,596	(59,656)	808,800	25,474

Fair Value of Securities

• Securities with Fair Value (excluding trading securities)

(Millions of Yen)

As of March 31,	2016					2015				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	4,855,067	5,844,342	989,274	989,964	(689)	5,249,888	5,896,950	647,061	647,860	(798)
Policy-reserve-matching bonds	7,162,085	8,817,642	1,655,556	1,655,563	(7)	6,820,691	7,471,758	651,066	651,066	—
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	12,367,508	15,543,135	3,175,626	3,248,357	(72,730)	11,642,072	15,620,689	3,978,616	3,995,764	(17,147)
Domestic bonds	4,752,079	5,292,559	540,479	541,220	(741)	4,431,621	4,823,786	392,165	392,909	(743)
Domestic stocks	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)
Foreign securities	5,662,264	6,484,268	822,004	871,607	(49,603)	5,328,260	6,460,968	1,132,708	1,141,981	(9,273)
Foreign bonds	5,051,489	5,750,923	699,433	741,873	(42,439)	4,757,793	5,684,550	926,756	935,936	(9,179)
Foreign stocks and others	610,774	733,345	122,570	129,733	(7,163)	570,466	776,417	205,951	206,045	(93)
Other securities	251,881	274,920	23,038	31,044	(8,006)	195,445	230,158	34,712	34,725	(12)
Monetary claims bought	25,971	28,278	2,307	2,307	—	27,484	29,300	1,816	1,816	—
Negotiable deposits	24,000	23,998	(1)	—	(1)	6,000	6,000	0	0	(0)
Others	—	—	—	—	—	—	—	—	—	—
Total	24,384,662	30,205,120	5,820,458	5,893,885	(73,427)	23,712,652	28,989,397	5,276,745	5,294,691	(17,946)
Domestic bonds	16,458,020	19,619,067	3,161,046	3,161,795	(748)	16,174,274	17,847,825	1,673,550	1,674,410	(859)
Domestic stocks	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)
Foreign securities	5,778,096	6,606,819	828,722	879,015	(50,292)	5,455,964	6,593,106	1,137,141	1,146,989	(9,847)
Foreign bonds	5,167,321	5,873,474	706,152	749,281	(43,129)	4,885,497	5,816,688	931,190	940,944	(9,753)
Foreign stocks and others	610,774	733,345	122,570	129,733	(7,163)	570,466	776,417	205,951	206,045	(93)
Other securities	251,881	274,920	23,038	31,044	(8,006)	195,445	230,158	34,712	34,725	(12)
Monetary claims bought	221,352	241,204	19,852	19,852	—	227,707	241,833	14,125	14,233	(108)
Negotiable deposits	24,000	23,998	(1)	—	(1)	6,000	6,000	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,	2016			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	4,842,623	5,832,587	989,964	5,197,034	5,844,894	647,860
Domestic bonds	4,543,854	5,508,865	965,010	4,909,008	5,539,443	630,434
Foreign bonds	103,387	110,795	7,407	101,111	106,119	5,007
Others	195,380	212,925	17,545	186,913	199,331	12,417
Securities whose fair value does not exceed the balance sheet amount	12,444	11,755	(689)	52,854	52,055	(798)
Domestic bonds	—	—	—	12,952	12,836	(116)
Foreign bonds	12,444	11,755	(689)	26,592	26,018	(573)
Others	—	—	—	13,309	13,201	(108)

• Policy-Reserve-Matching Bonds

(Millions of Yen)

As of March 31,	2016			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	7,161,185	8,816,749	1,655,563	6,820,691	7,471,758	651,066
Domestic bonds	7,161,185	8,816,749	1,655,563	6,820,691	7,471,758	651,066
Others	—	—	—	—	—	—
Securities whose fair value does not exceed the balance sheet amount	900	892	(7)	—	—	—
Domestic bonds	900	892	(7)	—	—	—
Others	—	—	—	—	—	—

• Available-for-Sale Securities

(Millions of Yen)

As of March 31,	2016			2015		
	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	10,476,734	13,725,092	3,248,357	10,678,152	14,673,917	3,995,764
Domestic bonds	4,744,251	5,285,472	541,220	4,371,423	4,764,333	392,909
Domestic stocks	1,515,554	3,317,732	1,802,177	1,568,675	3,993,007	2,424,331
Foreign securities	4,046,382	4,917,990	871,607	4,512,668	5,654,650	1,141,981
Other securities	144,574	175,618	31,044	194,900	229,626	34,725
Monetary claims bought	25,971	28,278	2,307	27,484	29,300	1,816
Negotiable deposits	—	—	—	3,000	3,000	0
Others	—	—	—	—	—	—
Securities whose balance sheet amount does not exceed the acquisition or amortized costs	1,890,774	1,818,043	(72,730)	963,919	946,771	(17,147)
Domestic bonds	7,828	7,086	(741)	60,197	59,453	(743)
Domestic stocks	135,757	121,378	(14,378)	84,585	77,468	(7,117)
Foreign securities	1,615,881	1,566,278	(49,603)	815,591	806,317	(9,273)
Other securities	107,307	99,301	(8,006)	545	532	(12)
Monetary claims bought	—	—	—	—	—	—
Negotiable deposits	24,000	23,998	(1)	3,000	2,999	(0)
Others	—	—	—	—	—	—

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

(Millions of Yen)

As of March 31,	2016	2015
Held-to-maturity debt securities	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliates	890,889	285,948
Available-for-sale securities	585,469	690,289
Unlisted domestic stocks	48,290	48,294
Unlisted foreign stocks	527,126	632,126
Other foreign securities	1,461	1,721
Others	8,590	8,147
Total	1,476,359	976,238

Fair Value of Money-Held-in-Trust

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, insurance liabilities and bonds payable. 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 and liabilities, to minimize unexpected losses 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 foreign 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, insurance liability risk and bonds payable 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 small-committee for investment risk management 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, insurance liabilities and bonds payable, 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, insurance liabilities and bonds payable 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,	2016						2015					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	59,990	88,255	—	—	—	148,246	32,813	(75,719)	—	—	—	(42,905)
Hedge accounting not applied	(0)	(63)	43	—	—	(20)	10	(16)	(21)	—	—	(27)
Total	59,989	88,192	43	—	—	148,225	32,824	(75,735)	(21)	—	—	(42,933)

Note: Gains and losses on derivative transactions where fair value hedge accounting is applied included loss attributable to currency-related transactions totaling ¥70,919 million as of March 31, 2015 and gain attributable to currency-related transactions totaling ¥89,473 million as of March 31, 2016. 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,	2016				2015			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
OTC								
Interest rate swaps								
Receipts fixed, payments floating	100	100	(0)	(0)	1,000	1,000	10	10
Total				(0)				10

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

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

(Millions of Yen)

As of March 31,	2016							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	Total	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	Total
Receipts fixed, payments floating swap														
Notional amount	—	—	—	—	—	100	100	—	—	—	—	—	1,000	1,000
Average interest rate in receipt (%)	—	—	—	—	—	0.46	0.46	—	—	—	—	—	1.17	1.17
Average interest rate in payment (%)	—	—	—	—	—	0.02	0.02	—	—	—	—	—	0.14	0.14

◆ Currency-Related

(Millions of Yen)

As of March 31,	2016				2015			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
OTC								
Foreign currency forward contracts								
Sold	12,946	—	(103)	(103)	11,566	—	(46)	(46)
(Australian dollar)	12,226	—	(105)	(105)	888	—	3	3
(U.S. dollar)	519	—	3	3	8,654	—	(53)	(53)
(Euro)	169	—	(1)	(1)	977	—	7	7
(Canadian dollar)	—	—	—	—	672	—	(1)	(1)
(Others)	32	—	0	0	373	—	(1)	(1)
Bought	5,339	—	39	39	11,641	—	30	30
(U.S. dollar)	3,572	—	(7)	(7)	8,933	—	44	44
(Euro)	1,641	—	46	46	1,428	—	(13)	(13)
(Canadian dollar)	7	—	0	0	567	—	1	1
(Others)	117	—	0	0	711	—	(1)	(1)
Total				(63)				(16)

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

◆ Stock-Related

(Millions of Yen)

As of March 31,	2016				2015			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
Exchange-traded transactions								
Yen Stock index futures								
Sold	274	—	4	4	—	—	—	—
Bought	1,824	—	21	21	1,059	—	(25)	(25)
Foreign currency-denominated stock index futures								
Bought	2,332	—	17	17	1,681	—	3	3
Total				43				(21)

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

◆ Bond-Related

Not applicable.

(3) Transactions Where Hedge Accounting Is Applied

◆ Interest-Rate Related

(Millions of Yen)

As of March 31,	2016				2015				
	Hedge accounting method	Type	Main hedged items	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	233,900	233,900	59,067	234,100	234,100	31,576	
Special hedge accounting	Interest rate swaps Receipts fixed, payments floating	Loans	28,948	18,948	922	46,251	31,141	1,237	
Total					59,990			32,813	

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

(Millions of Yen)

As of March 31,	2016								2015										
	Receipts fixed, payments floating swap	Notional amount	Average interest rate in receipt (%)	Average interest rate in payment (%)	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	Total	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	Total	
																			Over 1 year to 3 years
Receipts fixed, payments floating swap																			
Notional amount	10,000	15,000	4,118	7,400	16,130	210,200	262,848	15,110	22,000	5,409	7,800	13,832	216,200	280,351					
Average interest rate in receipt (%)	1.95	1.97	1.51	1.68	1.73	1.89	1.88	1.62	1.90	2.11	1.56	1.73	1.89	1.86					
Average interest rate in payment (%)	0.22	0.23	0.01	0.04	0.16	0.06	0.08	0.25	0.31	0.34	0.14	0.21	0.14	0.17					

◆ Currency-Related

(Millions of Yen)

As of March 31,	2016				2015				
	Hedge accounting method	Type	Main hedged items	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			2,123,031	—	89,473	2,354,756	—	(70,919)	
(U.S. dollar)			1,808,792	—	86,840	2,010,069	—	(89,973)	
(Euro)			182,880	—	1,773	196,339	—	10,404	
(Australian dollar)			131,358	—	859	148,347	—	8,649	
Deferred hedge accounting	Cross currency swaps (Euro)	Foreign-currency-denominated bonds	35,575	35,575	(1,307)	35,575	35,575	(4,800)	
(Australian dollar)			4,305	4,305	89	—	—	—	
Total					88,255			(75,719)	

Note: Excluding transactions related to foreign currency denominated monetary claims and liabilities whose value is fixed in yen at the time of settlement through such means as forward exchange contracts and can thus be included in yen on the balance sheet.

◆ 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: 14

Total amount reported in the balance sheet: 54,302 million yen

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

As of March 31, 2016

				(Thousand Shares, Millions of Yen)
Stock	Number of shares	Balance sheet amount	Purpose	
Talanx AG	12,493	47,878	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, 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	

3. Investment Securities Held Solely for Investment

											(Millions of Yen)
As of and years ended March 31,	2016					2015					
	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 losses				Unrealized gains/losses	Impairment losses	
Unlisted stocks	46,912	2,249	164	897	(98)	47,309	4,105	643	1,333	(12)	
Others	3,493,060	74,109	12,711	1,801,510	(8,358)	4,144,997	69,737	25,326	2,451,476	(46)	

Components of Ordinary Profit (Base Profit)

(Millions of Yen)

Years ended March 31,	2016	2015
Base income ①	4,227,253	4,372,381
Insurance premiums and other	3,357,858	3,408,447
Insurance premiums	3,357,042	3,407,946
Investment income (Note 1)	779,942	842,871
Interest, dividends and other income	690,849	698,142
Other ordinary income (Note 1)	89,452	121,061
Base expenses ②	3,767,349	3,866,036
Benefits and other payments	2,301,138	2,596,389
Claims paid	562,557	635,653
Annuity payments	695,922	849,823
Benefit payments	409,457	427,691
Surrender benefits	454,237	451,984
Other refunds	173,064	225,214
Provision for policy reserves and other reserves (Note 1)	853,869	717,420
Investment expenses (Note 1)	57,257	23,980
Operating expenses	355,644	348,426
Other ordinary expenses	199,438	179,820
Base profit	A (①-②)	506,344
Capital income ③	8,568	186,196
Gains on money held in trust	0	0
Gains on trading securities	—	—
Gains on sales of securities	8,415	186,196
Gains on derivative financial instruments	—	—
Foreign exchange gains	153	—
Other capital income	—	—
Capital expenses ④	122,080	71,894
Losses on money held in trust	—	—
Losses on trading securities	—	—
Losses on sales of securities	1,959	365
Losses on valuation of securities	12,791	300
Losses on derivative financial instruments	107,329	71,082
Foreign exchange losses	—	145
Other capital expenses	—	—
Capital gains/losses	B (③-④)	114,302
Total of base profit and capital gains/losses	A+B	620,646
Temporary income ⑤	—	51
Reversal of contingency reserves	—	—
Reversal of specific allowance for possible loan losses	—	51
Other temporary income	—	—
Temporary expenses ⑥	45,438	236,843
Provision for contingency reserves	8,227	6,944
Provision for specific allowance for possible loan losses	1,031	—
Provision for specific allowance for possible overseas loan losses	—	—
Write-off of doubtful accounts	—	—
Other temporary expenses (Note 2)	36,179	229,899
Temporary gains/losses	C (⑤-⑥)	(236,792)
Ordinary profit	A+B+C	383,854

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,		2016	2015
Base profit ⁽¹⁾	A	459.9	506.3
Interest surplus		181.9	168.6
Mortality profit		267.9	292.8
Expense profit		9.9	44.8
Excluding the effect of price fluctuations in pension assets ⁽²⁾		44.4	49.7
Capital gains/losses	B	(113.5)	114.3
Temporary gains/losses	C	(45.4)	(236.7)
Ordinary profit	D (=A+B+C)	300.9	383.8
Extraordinary gains/losses, income taxes	E	(80.3)	(122.3)
Unappropriated surplus	F (=D+E)	220.6	261.5

(*1) The Company changed the method for calculating components of base profit from the beginning of the year ended March 31, 2016.

(*2) 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,	2016		2015	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	1,527,436	103.4	1,477,214	102.4
Individual annuities	669,261	100.8	664,111	97.3
Total	2,196,698	102.6	2,141,325	100.8
Medical insurance, living benefits and others	367,950	104.0	353,708	103.1

• Number of Policies

As of March 31,	2016		2015	
	Number of policies	YOY change (%)	Number of policies	YOY change (%)
Individual life insurance	8,925,048	101.4	8,797,798	100.0
Individual annuities	2,553,514	102.7	2,486,262	101.4
Total	11,478,562	101.7	11,284,060	100.3

(2) New Policies

• Annualized Premiums

(Millions of Yen)

Years ended March 31,	2016		2015	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	145,629	110.9	131,352	97.8
Individual annuities	39,345	103.9	37,875	85.0
Total	184,974	109.3	169,228	94.6
Medical insurance, living benefits and others	36,337	111.2	32,671	126.4

• Number of Policies

Years ended March 31,	2016		2015	
	Number of policies	YOY change (%)	Number of policies	YOY change (%)
Individual life insurance	1,004,226	99.6	1,008,688	111.9
Individual annuities	186,062	111.2	167,315	92.2
Total	1,190,288	101.2	1,176,003	108.6

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

As of March 31,	2016		2015	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	71,193,761	95.6	74,463,264	94.3
Individual annuities	14,003,510	101.0	13,866,218	100.0
Subtotal	85,197,272	96.5	88,329,483	95.1
Group life insurance	111,918,819	100.3	111,636,133	100.6
Total	197,116,091	98.6	199,965,617	98.1
Group pensions	7,345,422	103.0	7,133,678	102.3

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

Years ended March 31,	2016				2015			
	New policies	Net increase from conversion	New policies + net increase from conversion	YOY change (%)	New policies	Net increase from conversion	New policies + net increase from conversion	YOY change (%)
Individual life insurance	3,460,275	(1,217,031)	2,243,243	147.6	3,219,155	(1,699,358)	1,519,796	66.8
Individual annuities	908,972	(1,098)	907,873	107.1	849,912	(2,067)	847,845	88.4
Subtotal	4,369,247	(1,218,130)	3,151,117	133.1	4,069,067	(1,701,425)	2,367,642	73.2
Group life insurance	629,310	—	629,310	83.8	751,299	—	751,299	40.0
Total	4,998,558	(1,218,130)	3,780,428	121.2	4,820,367	(1,701,425)	3,118,941	61.0
Group pensions	5,275	—	5,275	336.3	1,568	—	1,568	304.5

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, 2016)				New policies (year ended March 31, 2016)			
	Number of policies	% of policies	Amount	% of policies	Number of policies	% of policies	Amount	% of policies
Mortality insurance	8,059,801	90.3	68,269,715	95.9	[937,756]	[93.4]	[8,113,984]	[98.0]
Whole life insurance	1,099,925	12.3	6,521,618	9.2	631,597	62.9	3,293,565	39.8
Whole life insurance with living benefits	102,206	1.1	140,875	0.2	[81,067]	[8.1]	[508,610]	[6.1]
Whole life insurance whose period of premium payments has finished	38,260	0.4	111,385	0.2	80,854	8.1	505,816	6.1
Single premium special whole life insurance	840,768	9.4	5,271,612	7.4	[8,108]	[0.8]	[1,013]	[0.0]
Lump-sum whole-life insurance with periodic benefits	5,720	0.1	43,957	0.1	8,108	0.8	1,013	0.0
Increasing whole life insurance	324,552	3.6	2,288,431	3.2	—	—	—	—
Whole life insurance with term rider	645,032	7.2	6,653,489	9.3	—	—	—	—
Wealth accumulation whole life insurance with floating interest	1,460,715	16.4	25,018,820	35.1	—	—	—	—
Comprehensive protection insurance with combined policies	925,915	10.4	13,013,576	18.3	[7,068]	[0.7]	[109,346]	[1.3]
Term life insurance	571,011	6.4	2,728,526	3.8	—	—	—	—
Increasing term life insurance	17,245	0.2	457,761	0.6	[497,038]	[49.5]	[6,157,247]	[74.3]
Term life insurance with coverage for specified diseases	1,349,475	15.1	2,173,971	3.1	200,751	20.0	1,470,939	17.8
Variable insurance (whole-life type)	54,077	0.6	513,183	0.7	[37,495]	[3.7]	[239,586]	[2.9]
Whole life insurance for surviving spouses with term rider	34,235	0.4	437,471	0.6	37,494	3.7	239,486	2.9
Whole life hospitalization insurance	215,962	2.4	1,996,131	2.8	[6,039]	[0.6]	[102,550]	[1.2]
Medical and nursing care insurance	374,703	4.2	141,454	0.2	6,039	0.6	102,550	1.2
Term rider	[169,742]	—	749,171	1.1	[142,979]	[14.2]	[222,857]	[2.7]
Others	[3,997]	—	8,274	0.0	142,979	14.2	222,857	2.7
Hybrid insurance	541,009	6.1	2,402,560	3.4	—	—	—	—
Endowment insurance	264,283	3.0	953,904	1.3	—	—	—	—
Endowment insurance with term rider	150,748	1.7	546,766	0.8	[2,923]	[0.3]	[22,158]	[0.3]
					333	0.0	288	0.0
					[52,108]	[5.2]	[80,772]	[1.0]
					52,108	5.2	80,772	1.0
					[7]	—	[20]	[0.0]
					[7]	—	20	0.0
					[1]	—	[1]	[0.0]
					[1]	—	1	0.0
					[7,530]	[0.7]	[51,157]	[0.6]
					7,305	0.7	48,323	0.6
					[5,380]	[0.5]	[27,156]	[0.3]
					5,360	0.5	26,786	0.3
					[145]	[0.0]	[827]	[0.0]
					142	0.0	806	0.0

(Millions of Yen)

	Policies in force (as of March 31, 2016)				New policies (year ended March 31, 2016)			
	Number of policies	% of policies	Amount	% of policies	Number of policies	% of policies	Amount	% of policies
Endowment insurance with term rider with living benefits	38,805	0.4	367,190	0.5	[2,005]	[0.2]	[23,174]	[0.3]
					1,803	0.2	20,731	0.3
Variable insurance (term type)	2	0.0	6	0.0	—	—	—	—
					—	—	—	—
Term life insurance with living benefits	18,680	0.2	179,866	0.3	—	—	—	—
					—	—	—	—
Child insurance with annuity for child	68,491	0.8	317,432	0.4	—	—	—	—
					—	—	—	—
Term rider with living benefits	[22,274]	—	37,393	0.1	—	—	—	—
					—	—	—	—
Pure endowment insurance	324,238	3.6	521,485	0.7	[58,940]	[5.9]	[118,386]	[1.4]
					58,940	5.9	118,386	1.4
Wealth accumulation insurance with death/accident benefits for women	55,275	0.6	37,595	0.1	[16,136]	[1.6]	[11,124]	[0.1]
					16,136	1.6	11,124	0.1
Child insurance	194,326	2.2	392,845	0.6	[42,804]	[4.3]	[107,262]	[1.3]
					42,804	4.3	107,262	1.3
Child insurance with educational endowment	74,637	0.8	56,226	0.1	—	—	—	—
					—	—	—	—
Policy aggregation rider	[1,415,773]	—	34,819	0.0	—	—	—	—
					—	—	—	—
Total	8,925,048	100.0	71,193,761	100.0	[1,004,226]	[100.0]	[8,283,528]	[100.0]
					697,842	69.5	3,460,275	41.8

Notes: 1. Figures presented in brackets in the first row of each line item for new policies in the year ended March 31, 2016 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, 2016)		New policies (year ended March 31, 2016)	
	Number of policies	Amount	Number of policies	Amount
Whole life annuities with term life insurance	4,314	6,103	—	—
Individual annuities	2,447,338	13,611,924	183,549	898,796
Variable individual annuities	621	1,992	—	—
Variable individual annuities (that assure planned annuity value)	96,164	349,173	2,451	9,750
Annuity type payment rider attached to life insurance policies	2,494	7,970	62	425
Income protection rider	1,890	10,924	—	—
Whole life or fixed-term annuity rider with disability income benefit	506	6,865	—	—
Whole life annuity rider with disability income benefit	158	3,569	—	—
Whole life nursing care annuity rider	29	298	—	—
Others	1,078	4,688	—	—
Total	2,553,514	14,003,510	186,062	908,972

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 insurance policies written prior to payout at pension eligibility and policy reserves of insurance 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, 2016)		New policies (year ended March 31, 2016)	
	Number of policies	Amount	Number of policies	Amount
Group term life insurance	11,433,127	53,276,474	321,805	525,339
Comprehensive group term life insurance for employees	4,667,927	13,782,144	47,280	103,691
Group credit life insurance	12,379,497	44,700,576	317	279
Consumer group credit life insurance	7,250	3,836	—	—
Group whole life insurance	1,827	6,042	—	—
Life insurance for disability support	47,103	28,030	—	—
Annuity type payment rider attached to group term life insurance	21,111	121,714	—	—
Total	28,510,739	111,918,819	369,402	629,310

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, 2016)		New policies (year ended March 31, 2016)	
	Number of policies	Amount	Number of policies	Amount
Corporate pensions	817	515	—	—
New corporate pensions	7,743,906	417,982	489	2,084
Corporate pensions with individual contribution	3,270,046	3,519,422	—	—
National pension fund insurance	—	1,211	—	—
Employees' pension fund insurance	799,511	194,884	—	—
Group pure endowment insurance	—	132,168	—	—
Defined contribution pension plans (corporate)	—	97,252	—	21
Defined contribution pension plans (individual)	—	5,146	—	—
Defined benefit corporate pension plans (contract-type)	—	1,669,641	—	258
Defined benefit corporate pension plans (fund-type)	—	1,307,196	—	2,911
Total	11,814,280	7,345,422	489	5,275

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, 2016)		New policies (year ended March 31, 2016)	
	Number of policies	Amount	Number of policies	Amount
Asset formation insurance and asset formation annuities				
Asset formation saving insurance	52,278	133,782	923	70
Asset formation for home acquisition insurance	5,154	15,976	115	8
Asset formation benefit saving insurance	11,394	1,031	1,191	27
Asset formation annuities	848	2,007	—	—
Asset formation wealth accumulation annuities	31,450	65,968	468	11
Subtotal	101,124	218,767	2,697	117
Medical life insurance	886,549	3,113	9,989	29
Disability income insurance	39,541	1,750	135	12
Reinsurance underwritten	304,719	101,519	2,502	482

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,	2016	2015
Death coverage		
Death protection due to illness/accidents		
Individual life insurance	70,672,275	74,006,817
Individual annuities	4,850	5,234
Group life insurance	111,797,105	111,510,748
Group pensions	—	—
Total (including others)	182,575,750	185,638,755
Death protection due to accidents		
Individual life insurance	[12,571,325]	[13,270,222]
Individual annuities	[152,056]	[164,179]
Group life insurance	[6,259,500]	[6,469,087]
Group pensions	[—]	[—]
Total (including others)	[19,014,008]	[19,939,054]
Death protection due to other causes		
Individual life insurance	—	—
Individual annuities	[—]	[—]
Group life insurance	[46,596]	[50,867]
Group pensions	[—]	[—]
Total (including others)	—	—
Pure endowment		
Maturity and living benefits		
Individual life insurance	521,485	456,446
Individual annuities	12,193,288	12,126,467
Group life insurance	5,703	5,106
Group pensions	—	—
Total (including others)	12,763,887	12,633,328
Annuities		
Individual life insurance	[42,781]	[34,264]
Individual annuities	[1,564,694]	[1,527,475]
Group life insurance	[17,242]	[17,719]
Group pensions	[—]	[—]
Total (including others)	[1,629,140]	[1,583,966]
Others		
Individual life insurance	—	—
Individual annuities	1,805,371	1,734,516
Group life insurance	116,010	120,279
Group pensions	7,345,422	7,133,678
Total (including others)	9,442,163	9,164,285
Hospitalization coverage		
Hospitalization due to accidents		
Individual life insurance	[30,028]	[29,915]
Individual annuities	[747]	[804]
Group life insurance	[4,097]	[4,348]
Group pensions	[—]	[—]
Total (including others)	[37,986]	[38,208]
Hospitalization due to illness		
Individual life insurance	[29,528]	[29,269]
Individual annuities	[740]	[797]
Group life insurance	[—]	[—]
Group pensions	[—]	[—]
Total (including others)	[33,383]	[33,207]

(Millions of Yen)		
As of March 31,	2016	2015
Hospitalization due to other causes		
Individual life insurance	[48,075]	[58,469]
Individual annuities	[1,322]	[1,416]
Group life insurance	[34]	[35]
Group pensions	[—]	[—]
Total (including others)	[49,432]	[59,920]

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,	2016	2015
Disability coverage		
Individual life insurance	[4,672,131]	[5,185,879]
Individual annuities	[26,434]	[28,082]
Group life insurance	[3,181,059]	[3,210,265]
Group pensions	[—]	[—]
Total (including others)	[7,879,624]	[8,424,226]
Surgery coverage		
Individual life insurance	[7,288,508]	[6,812,525]
Individual annuities	[137,472]	[147,098]
Group life insurance	[—]	[—]
Group pensions	[—]	[—]
Total (including others)	[7,425,980]	[6,959,623]

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,	2016	2015
Mortality insurance		
Whole life insurance	14,386,694	13,570,263
Whole life insurance with term rider	6,653,489	7,862,006
Wealth accumulation whole life insurance with floating interest	25,018,820	33,007,070
Comprehensive protection insurance with combined policies	13,013,576	7,298,517
Whole life hospitalization insurance	1,996,131	2,203,374
Term insurance	5,360,260	5,272,197
Total (including others)	68,269,715	71,185,006
Hybrid insurance		
Endowment insurance	953,904	1,047,531
Endowment insurance with term rider	913,957	1,071,272
Term life insurance with living benefits	179,866	263,031
Total (including others)	2,402,560	2,821,811
Pure endowment insurance		
Wealth accumulation insurance with death/accident benefits for women	37,595	36,504
Child insurance	392,845	295,065
Total (including others)	521,485	456,446
Annuities		
Individual annuities	14,003,510	13,866,218

(Millions of Yen)

As of March 31,	2016	2015
Rider coverage for accidents and illness		
Accidental death benefit rider	2,027,131	2,424,194
Rider for injuries	8,660,590	9,150,176
Hospitalization rider due to accidents	2,421	2,819
Hospitalization rider due to illness	27,516	27,262
Hospitalization rider due to lifestyle-related diseases	2,368	2,892
Hospitalization rider due to cancer	1,717	2,156
Hospitalization rider for female-specific critical illness	7,547	9,006
Home care rider (post-hospitalization)	25,435	31,448
Rider for specific injuries	67,496	62,905
		(Number of Policies)
Surgery rider	2,305,644	2,081,985
Rider for protection against cancer	2,125,029	1,459,537
Advanced medical care rider	1,956,179	1,748,865
Rider for six specified diseases	1,140,932	838,400
New nursing care rider	573,486	466,626

- 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,	2016		2015	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	8,797,798	74,463,264	8,800,027	78,971,945
New policies	697,842	3,460,275	582,427	3,219,155
Renewal	1,356,500	2,322,777	1,325,651	2,454,451
Reinstatement	21,802	239,343	20,770	238,770
Increase of insurance amount	—	15	—	4
Increase from conversion	306,384	4,823,253	426,261	7,265,740
Death	52,286	309,993	50,151	309,990
Maturity	1,513,078	3,459,648	1,498,382	3,724,347
Decrease of insurance amount	—	650,864	—	773,805
Decrease from conversion	308,185	6,040,284	428,416	8,965,099
Surrender	328,367	2,978,822	328,195	3,210,360
Lapse	50,652	517,466	49,856	530,241
Decrease due to other changes	2,710	158,087	2,338	172,958
At the end of the fiscal year	8,925,048	71,193,761	8,797,798	74,463,264
Rate of increase (%)	1.4	(4.4)	(0.0)	(5.7)
Net increase	127,250	(3,269,503)	(2,229)	(4,508,680)
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,	2016		2015	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	2,486,262	13,866,218	2,451,989	13,868,566
<Annual amount of annuity payments>		<1,527,475>		<1,485,240>
New policies	186,062	908,972	167,315	849,912
Reinstatement	2,098	11,180	2,057	12,438
Increase of annuity amount	—	31	—	96
Increase due to conversion	—	—	—	—
Death	5,220	29,199	5,868	34,130
Completion of payments	27,342	79	18,209	77
Decrease of annuity amount	—	21,137	—	17,420
Decrease due to conversion	179	1,098	330	2,067
Surrender	61,210	356,569	55,963	324,416
Lapse	5,168	25,240	4,779	25,589
Decrease due to other changes	21,789	349,565	49,950	461,093
At the end of the fiscal year	2,553,514	14,003,510	2,486,262	13,866,218
Rate of increase (%)	2.7	1.0	1.4	(0.0)
<Annual amount of annuity payments>		<1,564,694>		<1,527,475>
Net increase	67,252	137,292	34,273	(2,347)
Year-on-year change in net increase (%)	96.2	—	(60.2)	—

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,	2016		2015	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	28,622,943	111,636,133	28,124,072	111,005,988
New policies	369,402	629,310	1,149,726	751,299
Renewal	16,079,343	66,541,632	16,052,113	66,641,315
Reinstatement	—	—	—	—
Midterm enrollment	1,637,333	6,075,835	1,601,931	5,923,059
Increase of insurance amount	—	647,415	—	999,567
Death	49,976	142,627	51,792	146,013
Maturity	16,313,501	66,257,814	16,207,766	66,537,427
Withdrawal	1,793,116	4,663,557	1,808,755	4,560,181
Decrease of insurance amount	—	2,462,962	—	2,326,601
Surrender	42,776	79,707	238,161	111,353
Lapse	466	1,528	—	—
Decrease due to other changes	(1,553)	3,311	(1,575)	3,518
At the end of the fiscal year	28,510,739	111,918,819	28,622,943	111,636,133
Rate of increase (%)	(0.4)	0.3	1.8	0.6
Net increase	(112,204)	282,685	498,871	630,145
Year-on-year change in net increase (%)	—	(55.1)	—	(28.2)

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,	2016		2015	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	11,908,270	7,133,678	12,286,929	6,970,502
New policies	489	5,275	7,465	1,568
Annuity payments	2,310,868	260,780	2,249,555	278,351
Lump-sum payments	610,728	248,179	621,399	251,793
Surrender	158,881	31,099	164,386	31,746
At the end of the fiscal year	11,814,280	7,345,422	11,908,270	7,133,678
Rate of increase (%)	(0.8)	3.0	(3.1)	2.3
Net increase	(93,990)	211,744	(378,659)	163,175
Year-on-year change in net increase (%)	—	29.8	—	(43.2)

- 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,	2016	2015
Individual life insurance	(4.4)	(5.7)
Individual annuities	1.0	(0.0)
Group life insurance	0.3	0.6
Group pensions	3.0	2.3

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

(Thousands of Yen)

Years ended March 31,	2016	2015
New policy	4,958	5,527
Policy in force	7,976	8,463

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,	2016	2015
Individual life insurance	4.6	4.1
Individual annuities	6.6	6.1
Group life insurance	0.6	0.7

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,	2016	2015
Individual life insurance	4.7	4.7
Individual annuities	2.8	2.5
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, 2016	Year ended March 31, 2015
87,942	87,313

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, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
5.88	5.68	4.25	4.03

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,	2016		2015	
	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	0.19	0.17	0.21	0.18
Disability	0.29	0.11	0.29	0.10
Hospitalization due to accidents	4.55	149.27	4.53	145.61
Hospitalization due to illness	48.06	1,291.50	46.92	1,237.34
Hospitalization due to lifestyle-related diseases	45.77	1,368.88	42.86	1,312.50
Surgery for illness and injuries	76.18		69.35	
Surgery for lifestyle-related diseases	35.04		33.03	

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, 2016	Year ended March 31, 2015
10.6	10.2

The Number of Major Insurance Companies that Accepted Reinsurance Agreements

Year ended March 31, 2016	Year ended March 31, 2015
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, 2016	Year ended March 31, 2015
96.7	97.2

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,	2016	2015
A or higher	99.1	100.0
BBB or higher	0.9	—
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, 2016	Year ended March 31, 2015
224	108

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,	2016	2015
Ratio of benefits paid under third-sector insurance	32.5	32.3
Medical coverage (for illness)	40.0	40.2
Cancer coverage	43.7	40.6
Nursing care coverage	18.1	19.0
Others	18.0	18.1

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,	2016	2015
Insurance claims	74,832	74,046
Death insurance claims	58,418	58,358
Insurance claims for accidents	906	991
Insurance claims for disabilities	15,105	13,917
Insurance claims upon maturity	382	745
Others	19	32
Annuity payments	2,716	3,928
Benefit payments	21,303	21,616
Surrender benefits	10,348	7,947
Other refunds	282	293
Deferred benefit payments	659	651
Total	110,142	108,483

Policy Reserves

		(Millions of Yen)	
As of March 31,		2016	2015
Policy reserves (excluding contingency reserves)			
Individual life insurance		15,300,601	14,637,687
General account		15,234,938	14,560,846
Separate account		65,662	76,841
Individual annuities		7,374,541	7,354,404
General account		7,030,615	6,991,123
Separate account		343,926	363,281
Group life insurance		144,804	149,085
General account		144,804	149,085
Separate account		—	—
Group pensions		7,345,422	7,133,678
General account		6,965,716	6,739,612
Separate account		379,706	394,065
Others		220,051	222,427
General account		220,051	222,427
Separate account		—	—
Subtotal		30,385,422	29,497,283
General account		29,596,126	28,663,095
Separate account		789,295	834,188
Contingency reserves		675,573	667,346
Total		31,060,996	30,164,629
General account		30,271,700	29,330,441
Separate account		789,295	834,188

Breakdown of Policy Reserves

(Millions of Yen)					
	Premium reserves	Unearned premiums	Refund reserves	Contingency reserves	Total
As of March 31, 2016	29,737,051	648,370	—	675,573	31,060,996
As of March 31, 2015	28,946,512	550,770	—	667,346	30,164,629

Policy Reserves for Individual Life Insurance and Individual Annuities Policy Reserve Accumulation Method and Ratio

As of March 31,		2016	2015
Accumulation method	Policies subject to standard policy reserves	The method stipulated by Prime Minister (Ministry of Finance Notification No. 48 in 1996)	The method stipulated by Prime Minister (Ministry of Finance Notification No. 48 in 1996)
	Policies not subject to standard policy reserves	Net level premium method	Net level premium method
Accumulation ratio (excluding contingency reserves)		100%	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	313,229	2.75 - 5.00
Years ended March 31, 1982 to 1986	834,499	2.75 - 6.00
Years ended March 31, 1987 to 1991	3,088,367	2.75 - 6.00
Years ended March 31, 1992 to 1996	3,846,758	1.00 - 5.50
Years ended March 31, 1997 to 2001	1,289,402	1.00 - 3.75
Years ended March 31, 2002 to 2006	820,323	0.55 - 2.35
Years ended March 31, 2007 to 2011	3,631,845	0.55 - 1.85
Year ended March 31, 2012	2,987,508	0.71 - 1.50
Year ended March 31, 2013	1,551,159	0.45 - 1.50
Year ended March 31, 2014	1,406,286	0.45 - 1.50
Year ended March 31, 2015	1,293,829	0.35 - 1.09
Year ended March 31, 2016	1,202,342	0.44 - 1.05

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,	2016	2015
Policy reserves (general account)	12,526	5,018

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 Ministry of Finance Notification No. 48 in 1996 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 said notification 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 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% and a 99% degree of certainty.

(3) Results of liability adequacy tests and stress tests

In the year ended March 31, 2016, the Company set aside provision for contingency reserves totaling ¥20 million (based on the results of stress tests). On the other hand, the Company did not identify a need for 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 small-committee for underwriting risk management, which is independent from departments performing said calculation.

Policyholders' Dividend Reserves

(Millions of Yen)

	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance, Asset formation annuities	Other insurance	Total
Year ended March 31, 2016							
Balance at the beginning of the fiscal year	214,551	9,896	23,766	3,293	533	1,373	253,414
Transfer from surplus in the previous fiscal year	8,838	1,758	120,396	44,289	(11)	4,773	180,044
Interest accrued during the fiscal year	233	5	12	0	0	0	251
Other increases	48	—	—	—	—	—	48
Dividend payments to policyholders during the fiscal year	19,718	1,908	121,787	44,131	72	5,238	192,857
Balance at the end of the fiscal year	203,952	9,751	22,387	3,452	449	908	240,902
	[194,356]	[7,788]	[17,334]	[—]	[446]	[2]	[219,928]
Year ended March 31, 2015							
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]

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)

	Beginning balance	Ending balance	YOY increase (decrease)
Year ended March 31, 2016			
Allowance for possible loan losses			
General allowance for possible loan losses	1,677	1,310	(366)
Specific allowance for possible loan losses	3,356	4,147	790
Specific allowance for possible overseas loan losses	—	—	—
Accrued retirement benefits for directors and executive officers	92	82	(9)
Reserve for contingent liabilities	2	1	(0)
Reserve for price fluctuation	492,482	521,677	29,195
Year ended March 31, 2015			
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

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,	2016	2015
Individual life insurance	1,821,120	1,863,314
Lump-sum payment	915,087	988,880
Annual payment	178,101	128,836
Biannual payment	4,803	4,939
Monthly payment	723,128	740,657
Individual annuities	346,822	354,049
Lump-sum payment	10,805	36,810
Annual payment	43,533	32,329
Biannual payment	751	845
Monthly payment	291,732	284,063
Group life insurance	310,584	309,593
Group pensions	841,898	837,785
Total (including others)*	3,357,042	3,407,946

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

Insurance Premiums Categorized by Policy Year

(Millions of Yen)

Years ended March 31,		2016	2015
Individual life insurance	First-year premiums	1,126,838	1,161,344
	Premiums for the second year and beyond	1,041,105	1,056,019
	Subtotal	2,167,943	2,217,363
Group life insurance	First-year premiums	2,193	3,159
	Premiums for the second year and beyond	308,390	306,433
	Subtotal	310,584	309,593
Group pensions	First-year premiums	15,782	10,983
	Premiums for the second year and beyond	826,116	826,801
	Subtotal	841,898	837,785
Total (including others)*	First-year premiums	1,145,713	1,176,218
	Premiums for the second year and beyond	2,211,328	2,231,728
	Total	3,357,042	3,407,946
	Growth rate (%)	(1.5)	(5.7)

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

Insurance Claims, Annuities and Benefits Paid

(Millions of Yen)

	Year ended March 31, 2016							Year ended March 31, 2015
	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance annuities	Other insurance	Total	Total
Claims paid:	416,368	869	142,669	1,030	605	1,015	562,557	635,653
Death insurance claims	243,028	703	130,503	—	—	1,004	375,240	391,150
Insurance claims for accidents	2,504	10	438	—	37	—	2,990	3,274
Insurance claims for disabilities	33,485	61	11,708	—	—	10	45,265	42,711
Insurance claims upon maturity	137,349	94	—	1,030	567	—	139,042	198,500
Others	—	—	18	—	—	1	19	15
Annuity payments	8,990	402,324	18,888	260,780	4,938	—	695,922	849,823
Benefit payments:	136,951	20,751	542	248,179	989	2,044	409,457	427,691
Death benefits	28,432	17,664	6	3,171	238	9	49,522	50,808
Hospitalization benefits	33,063	1,117	331	—	—	1,757	36,269	37,528
Surgery benefits	15,876	850	—	—	—	211	16,939	17,657
Disability benefits	1,002	8	79	—	—	—	1,090	1,087
Survivor benefits	26,200	591	—	—	750	—	27,542	36,660
Lump-sum benefits	—	—	124	242,397	—	—	242,522	246,123
Others	32,375	518	0	2,610	—	65	35,570	37,825
Surrender benefits	319,468	85,361	8	31,099	18,298	0	454,237	451,984

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

	Year ended March 31, 2016							Year ended March 31, 2015
	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance annuities	Other insurance	Total	Total
Claims paid:	139,286	119	52,009	1	1,940	13,311	206,666	219,563
Death insurance claims	39,992	106	48,179	—	—	13,294	101,571	103,846
Insurance claims for accidents	643	4	200	—	3	—	850	869
Insurance claims for disabilities	15,063	9	3,623	—	—	11	18,706	16,671
Insurance claims upon maturity	83,588	—	—	1	1,937	—	85,526	98,167
Others	—	—	7	—	—	6	13	10
Annuity payments	5,242	656,031	60,537	7,378,009	15,578	—	8,115,397	8,181,450
Benefit payments:	2,472,347	32,392	5,032	700,821	460	33,280	3,244,332	3,911,688
Death benefits	9,269	3,797	451	4,014	119	20	17,670	17,790
Hospitalization benefits	356,836	11,166	4,066	—	—	29,492	401,560	402,904
Surgery benefits	175,367	9,233	—	—	—	2,519	187,119	191,267
Disability benefits	594	12	169	—	—	—	775	819
Survivor benefits	92,070	6,001	—	—	341	—	98,412	124,368
Lump-sum benefits	—	—	345	696,800	—	—	697,145	711,347
Others	1,838,211	2,183	1	7	—	1,249	1,841,651	2,463,193

Depreciation

(Millions of Yen)

	Acquisition cost	Current-year depreciation	Accumulated depreciation	Ending balance	Accumulated depreciation ratio (%)
Year ended March 31, 2016					
Tangible fixed assets	301,164	8,294	176,964	124,200	58.8
Buildings	284,458	7,171	163,242	121,216	57.4
Others	16,705	1,122	13,722	2,983	82.1
Intangible fixed assets	72,973	13,280	31,600	41,373	43.3
Others	262	43	112	149	42.9
Total	374,400	21,618	208,677	165,723	55.7
Year ended March 31, 2015					
Tangible fixed assets	310,401	8,287	178,976	131,424	57.7
Buildings	294,274	7,180	165,923	128,351	56.4
Others	16,126	1,106	13,053	3,073	80.9
Intangible fixed assets	62,859	12,408	25,830	37,038	41.1
Others	257	42	104	152	40.6
Total	373,518	20,738	204,912	168,615	54.9

Operating Expenses

(Millions of Yen)

Years ended March 31,	2016	2015
Marketing promotion expenses	138,382	133,730
Marketing administration expenses	50,846	52,563
General and administration expenses	166,415	162,132
Total	355,644	348,426

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 ¥3,784 million and ¥3,739 million in the years ended March 31, 2015 and March 31, 2016, respectively.

Taxes

(Millions of Yen)

Years ended March 31,	2016	2015
National tax	16,022	17,075
Consumption tax	13,336	13,243
Special local corporate tax	2,370	3,523
Revenue stamp tax	288	284
Registration and license tax	10	9
Other national taxes	16	15
Local tax	12,373	11,207
Local consumption tax	3,581	3,553
Corporate enterprise tax	5,676	4,538
Fixed asset tax	2,642	2,655
Real estate acquisition tax	4	6
Business office tax	467	452
Other local taxes	2	0
Total	28,395	28,282

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)

	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	Total
As of March 31, 2016							
Bonds payable	—	—	—	—	—	238,310	238,310
Payables under securities borrowing transactions	—	—	—	—	—	—	—
Loans payable*	100,000	—	—	—	—	—	100,000
Total	100,000	—	—	—	—	238,310	338,310
As of March 31, 2015							
Bonds payable	—	—	—	—	—	—	—
Payables under securities borrowing transactions	220,000	—	—	—	—	—	220,000
Loans payable	—	—	—	100,000	—	—	100,000
Total	220,000	—	—	100,000	—	—	320,000

* Loans payable are included in "Within 1 year," due to the repayment of ¥100,000 million in April 2016, prior to their maturity.

Reference: Average Interest Rates of Bonds and Loans Payable

(%)

As of March 31,	2016	2015
Bonds payable	5.20	—
Loans payable	1.31	1.35

Notes: 1. Average interest rates presented above are weighted average interest rates applied to balances at the end of each fiscal year.
2. Bonds payable consist of subordinated bonds denominated in US dollars with the date of maturity set at October 2045.

Quarterly Information

(Millions of Yen)

	As of June 30, 2015	As of September 30, 2015	As of December 31, 2015	As of March 31, 2016
Insurance premiums and other	971,989	1,812,165	2,528,728	3,357,858
Base profit	115,572	242,862	339,159	459,903

Investment Performance Indicators Breakdown of Invested Assets (General Account)

(Millions of Yen)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	394,726	1.1	507,313	1.4
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary claims bought	223,659	0.6	229,523	0.6
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	28,789,384	80.4	28,433,462	79.8
Domestic bonds	16,998,500	47.5	16,566,439	46.5
Domestic stocks	3,581,780	10.0	4,213,452	11.8
Foreign securities	7,910,257	22.1	7,399,532	20.8
Foreign bonds	5,866,755	16.4	5,812,254	16.3
Foreign stocks and others	2,043,502	5.7	1,587,278	4.5
Other securities	298,845	0.8	254,037	0.7
Loans	4,949,867	13.8	5,052,238	14.2
Policy loans	275,085	0.8	289,921	0.8
Industrial and consumer loans	4,674,782	13.1	4,762,317	13.4
Real estate	889,415	2.5	916,587	2.6
Deferred tax assets	—	—	—	—
Others	547,927	1.5	479,268	1.3
Allowance for possible loan losses	(5,457)	(0.0)	(5,034)	(0.0)
Total	35,789,522	100.0	35,613,360	100.0
Assets denominated in foreign currencies	7,111,751	19.9	6,452,535	18.1

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,	2016	2015
Cash, deposits and call loans	(112,587)	114,247
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	(5,864)	(4,099)
Trading account securities	—	—
Money held in trust	—	—
Securities	355,921	2,004,101
Domestic bonds	432,060	(338,898)
Domestic stocks	(631,671)	861,100
Foreign securities	510,724	1,417,215
Foreign bonds	54,500	1,278,381
Foreign stocks and others	456,223	138,833
Other securities	44,808	64,684
Loans	(102,371)	(84,526)
Policy loans	(14,835)	(14,709)
Industrial and consumer loans	(87,535)	(69,817)
Real estate	(27,171)	(21,045)
Deferred tax assets	—	—
Others	68,659	97,007
Allowance for possible loan losses	(423)	3,101
Total	176,162	2,108,786
Assets denominated in foreign currencies	659,215	1,444,085

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

Investment Returns (General Account)

(%)

Years ended March 31,	2016	2015
Cash, deposits and call loans	0.07	0.09
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	2.02	2.06
Trading account securities	—	—
Money held in trust	—	—
Securities	2.16	3.08
Domestic bonds	1.63	2.62
Domestic stocks	3.86	4.86
Foreign securities	3.09	3.85
Foreign bonds	2.92	3.34
Foreign stocks and others	3.65	5.40
Loans	1.80	1.92
Industrial and consumer loans	1.64	1.77
Real estate	1.80	1.70
Total	1.99	2.72
Overseas investments	3.01	3.80

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,	2016		2015	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	426,643	1.3	229,748	0.7
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary claims bought	230,756	0.7	242,660	0.8
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	24,424,290	76.2	23,674,120	75.8
Domestic bonds	16,432,599	51.3	16,278,265	52.2
Domestic stocks	1,793,861	5.6	1,795,820	5.8
Foreign securities	5,951,875	18.6	5,424,868	17.4
Foreign bonds	4,597,569	14.3	4,076,213	13.1
Foreign stocks and others	1,354,305	4.2	1,348,654	4.3
Loans	5,009,928	15.6	5,110,743	16.4
Industrial and consumer loans	4,727,548	14.7	4,813,860	15.4
Real estate	919,494	2.9	940,240	3.0
Total	32,052,039	100.0	31,212,483	100.0
Overseas investments	6,201,016	19.3	5,574,783	17.9

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,	2016	2015
Interest, dividends and other income	690,849	698,142
Gains on securities products	—	—
Gains on money held in trust	0	0
Gains on trading securities	—	—
Gains on sales of securities	8,415	186,196
Gains on redemption of securities	88,701	58,075
Gains on derivative financial instruments	—	—
Foreign exchange gains	153	—
Reversal of allowance for possible loan losses	—	2,875
Other investment income	24	23
Total	788,144	945,313

Investment Expenses (General Account)

(Millions of Yen)

Years ended March 31,	2016	2015
Interest expenses	6,217	3,292
Losses on securities products	—	—
Losses on money held in trust	—	—
Losses on trading securities	—	—
Losses on sales of securities	1,959	365
Losses on valuation of securities	12,791	300
Losses on redemption of securities	37	—
Losses on derivative financial instruments	107,329	71,082
Foreign exchange losses	—	145
Provision for allowance for possible loan losses	664	—
Redemption of loans	—	—
Depreciation of real estate for non-insurance business	9,508	9,513
Other investment expenses	12,538	11,173
Total	151,045	95,874

Interest, Dividends and Other Income (General Account)

(Millions of Yen)

Years ended March 31,	2016	2015
Interest on deposits	42	61
Interest and dividends on securities	554,603	558,623
Interest on domestic bonds	268,008	266,750
Dividends on domestic stocks	76,093	72,633
Interest and dividends on foreign securities	203,015	211,308
Interest on loans	90,474	95,007
Rent on real estate	34,861	33,404
Total (including others)	690,849	698,142

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

(Millions of Yen)

Years ended March 31,	2016			2015		
	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	(7,292)	18,778	(26,071)	30,505	25,051	5,454
Securities	(4,020)	17,701	(21,721)	36,011	25,787	10,224
Loans	(4,532)	(1,874)	(2,658)	(5,902)	(131)	(5,771)
Real estate	1,456	(737)	2,193	(15)	(705)	689

Gains on Sales of Securities (General Account)

(Millions of Yen)

Years ended March 31,	2016	2015
Domestic bonds and others	4	159,673
Domestic stocks and others	2,073	15,052
Foreign securities	6,337	11,470
Total (including others)	8,415	186,196

Losses on Sales of Securities (General Account)

(Millions of Yen)

Years ended March 31,	2016	2015
Domestic bonds and others	21	1
Domestic stocks and others	472	353
Foreign securities	1,465	10
Total (including others)	1,959	365

Losses on Valuation of Securities (General Account)

(Millions of Yen)

Years ended March 31,	2016	2015
Domestic bonds and others	—	—
Domestic stocks and others	8,457	58
Foreign securities	4,333	—
Total (including others)	12,791	300

Balance of Securities (General Account)

(Millions of Yen)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
Government bonds	14,265,684	49.6	14,023,339	49.3
Municipal bonds	692,832	2.4	757,983	2.7
Corporate bonds	2,039,982	7.1	1,785,116	6.3
Public entity bonds	486,090	1.7	485,326	1.7
Domestic stocks	3,581,780	12.4	4,213,452	14.8
Foreign securities	7,910,257	27.5	7,399,532	26.0
Foreign bonds	5,866,755	20.4	5,812,254	20.4
Foreign stocks and others	2,043,502	7.1	1,587,278	5.6
Other securities	298,845	1.0	254,037	0.9
Total	28,789,384	100.0	28,433,462	100.0

Breakdown of Municipal Bonds by Region

(Millions of Yen)

As of March 31,	2016	2015
Hokkaido	31,618	32,389
Tohoku	5,818	5,834
Kanto	208,242	227,489
Chubu	86,947	90,261
Kinki	193,114	224,067
Chugoku	30,754	37,052
Shikoku	—	—
Kyushu	50,805	50,773
Others	85,529	90,115
Total	692,832	757,983

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)

	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	Total
As of March 31, 2016							
Securities	318,432	1,373,259	2,029,070	3,614,158	2,133,003	19,321,459	28,789,384
Government bonds	73,059	475,658	422,387	1,535,523	1,463,934	10,295,121	14,265,684
Municipal bonds	80,751	274,025	72,797	100	6,787	258,369	692,832
Corporate bonds	70,607	235,357	152,060	167,678	105,777	1,308,501	2,039,982
Domestic stocks	100	—	—	—	—	3,581,680	3,581,780
Foreign securities	93,851	384,715	1,377,737	1,907,919	556,142	3,589,892	7,910,257
Foreign bonds	93,188	384,715	1,377,737	1,907,919	556,142	1,547,052	5,866,755
Foreign stocks and others	662	—	—	—	—	2,042,839	2,043,502
Other securities	61	3,503	4,087	2,937	362	287,893	298,845
Monetary claims bought	—	—	—	—	—	223,659	223,659
Negotiable deposits	23,998	—	—	—	—	—	23,998
Others	—	—	—	—	—	—	—
Total	342,430	1,373,259	2,029,070	3,614,158	2,133,003	19,545,118	29,037,042
As of March 31, 2015							
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 and others	—	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	—	—	—	—	—	—	—
Total	479,984	879,087	1,805,171	3,123,542	2,618,953	19,762,247	28,668,986

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,	2016	2015
Domestic bonds	1.73	1.75
Foreign bonds	2.96	3.10

Breakdown of Stocks Held by Industry (General Account)

(Millions of Yen)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
Fishery, agriculture & forestry	973	0.0	790	0.0
Mining	—	—	—	—
Construction	77,671	2.2	71,653	1.7
Manufacturing				
Foods	178,484	5.0	176,613	4.2
Textiles & apparels	21,142	0.6	22,838	0.5
Pulp & paper	4,037	0.1	3,927	0.1
Chemicals	249,312	7.0	319,249	7.6
Pharmaceuticals	136,044	3.8	103,691	2.5
Oil & coal products	5,360	0.1	5,676	0.1
Rubber products	11,589	0.3	8,698	0.2
Glass & ceramics products	144,415	4.0	178,532	4.2
Iron & steel	56,580	1.6	84,478	2.0
Nonferrous metals	16,051	0.4	17,953	0.4
Metal products	19,351	0.5	20,651	0.5
Machinery	217,555	6.1	296,149	7.0
Electric appliances	391,128	10.9	467,376	11.1
Transportation equipment	419,330	11.7	551,627	13.1
Precision instruments	139,908	3.9	120,002	2.8
Other products	35,626	1.0	36,567	0.9
Electric power & gas	143,616	4.0	147,756	3.5
Transportation, information & communication				
Land transportation	194,939	5.4	204,994	4.9
Marine transportation	7,920	0.2	12,766	0.3
Air transportation	3,295	0.1	2,328	0.1
Warehouse & harbor transportation services	24,122	0.7	29,065	0.7
Information & communication	24,696	0.7	23,194	0.6
Trade				
Wholesale trade	211,057	5.9	250,030	5.9
Retail trade	39,449	1.1	38,731	0.9
Finance & insurance				
Banks	369,222	10.3	515,868	12.2
Securities & commodity futures	16,275	0.5	18,590	0.4
Insurance	156,477	4.4	166,790	4.0
Other financing business	63,312	1.8	69,247	1.6
Real estate	164,330	4.6	208,553	4.9
Services	38,499	1.1	39,052	0.9
Total	3,581,780	100.0	4,213,452	100.0

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,	2016	2015
Policy loans	275,085	289,921
Policyholder loans	258,842	272,376
Premium loans	16,242	17,544
Industrial and consumer loans	4,674,782	4,762,317
(Loans for non-residents)	104,704	111,596
Corporate loans	4,429,189	4,510,803
(To domestic corporations)	4,398,279	4,479,491
Loans to governments and supranationals	58,270	58,906
Loans to public organizations	165,195	169,092
Housing loans	1,737	2,217
Consumer loans	19,580	20,264
Others	809	1,032
Total	4,949,867	5,052,238

Breakdown of Loans by Duration (General Account)

(Millions of Yen)

	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	Total
As of March 31, 2016							
Floating interest rate	20,199	16,842	2,212	37,929	26,864	6,944	110,993
Fixed interest rate	446,511	763,468	526,396	564,691	876,976	1,385,743	4,563,788
Total	466,711	780,311	528,608	602,621	903,841	1,392,688	4,674,782
As of March 31, 2015							
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
Total	424,722	886,835	668,413	519,352	884,995	1,377,997	4,762,317

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,		2016		2015	
			(%)		(%)
Large size corporations	Number of borrowers	693	64.0	693	64.2
	Loan amount	3,992,999	90.8	4,106,275	91.7
Medium size corporations	Number of borrowers	79	7.3	77	7.1
	Loan amount	33,661	0.8	26,861	0.6
Small size corporations	Number of borrowers	311	28.7	309	28.6
	Loan amount	371,617	8.4	346,354	7.7
Total	Number of borrowers	1,083	100.0	1,079	100.0
	Loan amount	4,398,279	100.0	4,479,491	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,	2016		2015	
	Amount	(%)	Amount	(%)
Domestic				
Manufacturing	861,921	18.4	919,477	19.3
Foodstuffs and beverages	56,804	1.2	72,725	1.5
Textile products	11,930	0.3	20,218	0.4
Lumber and wood products	—	—	—	—
Pulp, paper, and paper products	50,370	1.1	53,865	1.1
Printing	5,314	0.1	5,341	0.1
Chemical and allied products	128,205	2.7	121,323	2.5
Petroleum refining	81,080	1.7	75,680	1.6
Ceramic, stone, and clay products	80,171	1.7	80,696	1.7
Iron and steel	143,228	3.1	148,858	3.1
Nonferrous metals and products	16,807	0.4	24,718	0.5
Fabricated metal products	3,221	0.1	2,785	0.1
General-purpose, production, and business-oriented machinery	58,994	1.3	64,982	1.4
Electrical machinery equipment and supplies	113,224	2.4	112,338	2.4
Transportation equipment	105,934	2.3	129,095	2.7
Miscellaneous manufacturing industries	6,636	0.1	6,848	0.1
Agriculture and forestry	100	0.0	—	—
Fishery	—	—	—	—
Mining and quarrying of stone and gravel	131	0.0	184	0.0
Construction	18,488	0.4	19,876	0.4
Electricity, gas, heat supply, and water	694,175	14.8	721,519	15.2
Information and communications	93,559	2.0	94,738	2.0
Transport and postal activities	326,861	7.0	333,526	7.0
Wholesale trade	914,010	19.6	941,619	19.8
Retail trade	20,867	0.4	25,112	0.5
Finance and insurance	1,115,034	23.9	1,066,421	22.4
Real estate	332,213	7.1	311,656	6.5
Goods rental and leasing	140,573	3.0	163,288	3.4
Scientific research, and professional and technical services	20,700	0.4	20,700	0.4
Hotels	2,249	0.0	2,337	0.0
Eating and drinking services	598	0.0	723	0.0
Living-related and personal services, and amusement services	3,437	0.1	2,741	0.1
Education and learning support	817	0.0	1,057	0.0
Medical, health care, and welfare services	252	0.0	186	0.0
Other services	1,687	0.0	1,597	0.0
Local governments	1,080	0.0	1,473	0.0
Loans for housing funds and consumer credit (with installment repayments)	21,317	0.5	22,482	0.5
Others	—	—	—	—
Subtotal	4,570,077	97.8	4,650,720	97.7
Overseas				
Governments and others	73,793	1.6	80,284	1.7
Financial institutions	17,880	0.4	23,220	0.5
Commerce, industry and others	13,030	0.3	8,092	0.2
Subtotal	104,704	2.2	111,596	2.3
Total of industrial and consumer loans	4,674,782	100.0	4,762,317	100.0

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,	2016		2015	
	Amount	(%)	Amount	(%)
Capital expenditures	905,335	19.4	963,703	20.2
Operating capital	3,769,446	80.6	3,798,614	79.8

Breakdown of Loans by Region (General Account)

(Millions of Yen)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
Hokkaido	40,951	0.9	45,806	1.0
Tohoku	69,371	1.5	71,988	1.6
Kanto	3,452,126	75.9	3,452,028	74.6
Chubu	410,509	9.0	442,204	9.6
Kinki	310,368	6.8	328,834	7.1
Chugoku	58,222	1.3	72,344	1.6
Shikoku	56,336	1.2	65,052	1.4
Kyushu	150,874	3.3	149,979	3.2
Total	4,548,760	100.0	4,628,238	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,	2016		2015	
	Amount	(%)	Amount	(%)
Collateral loans	17,632	0.4	17,369	0.4
Loans secured by securities	5,276	0.1	4,312	0.1
Loans secured by real estate, movable assets or aggregated foundation collateral	11,218	0.2	11,928	0.3
Loans secured by nominative claims	1,137	0.0	1,128	0.0
Guaranteed loans	96,154	2.1	101,503	2.1
Fiduciary loans	4,539,677	97.1	4,620,962	97.0
Others	21,317	0.5	22,482	0.5
Total of industrial and consumer loans	4,674,782	100.0	4,762,317	100.0
Subordinated loans	481,800	10.3	491,300	10.3

Tangible and Intangible Fixed Assets (General Account)

(Millions of Yen)

	Beginning balance	Increase	Decrease		Ending balance	Accumulated depreciation	Accumulated depreciation ratio (%)
			Impairment losses	Depreciation			
Year ended March 31, 2016							
Land	613,832	340	11,249	1,518	—	602,923	—
Buildings	296,709	14,376	9,580	2,282	16,529	284,975	386,782
Construction in progress	6,045	9,843	14,372	—	—	1,516	—
Other tangible fixed assets	3,248	1,334	46	—	1,205	3,330	15,164
Total of tangible fixed assets	919,835	25,895	35,248	3,800	17,735	892,746	401,947
Real estate for rent	570,298	27,058	32,631	3,763	9,359	555,366	227,246
Software	37,443	17,695	—	—	13,506	41,631	32,320
Other intangible fixed assets	26,274	27,422	22,509	—	18	31,169	168
Total of intangible fixed assets	63,717	45,118	22,509	—	13,525	72,801	32,489
Year ended March 31, 2015							
Land	623,453	827	10,448	2,737	—	613,832	—
Buildings	310,528	12,030	9,253	3,558	16,596	296,709	385,936
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
Total of tangible fixed assets	941,443	29,665	33,519	6,296	17,755	919,835	400,346
Real estate for rent	570,931	35,798	27,012	6,295	9,418	570,298	225,442
Software	37,671	12,533	112	—	12,650	37,443	26,468
Other intangible fixed assets	19,968	23,494	17,168	—	19	26,274	187
Total of intangible fixed assets	57,639	36,028	17,280	—	12,669	63,717	26,656

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,	2016	2015
Real estate	889,415	916,587
For operational use	337,158	353,640
For rent	552,257	562,946
The number of buildings for rent	155 buildings	164 buildings

Gains on Disposals of Fixed Assets (General Account)

(Millions of Yen)

Years ended March 31,	2016	2015
Tangible fixed assets	2,552	5,950
Land	1,686	2,664
Buildings	866	3,286
Others	—	—
Intangible fixed assets	62	—
Others	—	0
Total	2,614	5,951
Real estate for rent	2,560	4,602

Losses on Disposals of Fixed Assets (General Account)

(Millions of Yen)

Years ended March 31,	2016	2015
Tangible fixed assets	5,896	5,235
Land	768	1,447
Buildings	5,088	3,395
Others	39	392
Intangible fixed assets	132	218
Others	555	111
Total	6,584	5,566
Real estate for rent	3,817	2,610

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

(Millions of Yen)

	Acquisition cost	Depreciation	Accumulated depreciation	Ending balance	Accumulated depreciation ratio (%)
Year ended March 31, 2016					
Tangible fixed assets	389,076	9,441	224,971	164,105	57.8
Buildings	387,299	9,358	223,540	163,758	57.7
Others	1,776	82	1,430	346	80.5
Intangible fixed assets	89	5	51	37	57.8
Others	822	61	655	167	79.6
Total	389,989	9,508	225,678	164,310	57.9
Year ended March 31, 2015					
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
Others	821	45	594	227	72.3
Total	390,804	9,513	222,003	168,801	56.8

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,	2016		2015	
	Amount	(%)	Amount	(%)
Bonds	5,578,278	68.3	5,481,136	71.8
Stocks and others	1,495,185	18.3	933,778	12.2
Cash, deposits and others	38,287	0.5	37,620	0.5
Subtotal	7,111,751	87.0	6,452,535	84.5

(2) Assets with value fixed in yen

(Millions of Yen)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
Loans	119,856	1.5	82,837	1.1
Others	85	0.0	36	0.0
Subtotal	119,941	1.5	82,873	1.1

Note: The above figures represent the value of assets whose value is fixed in yen at the time of settlement through such means as forward exchange contracts. These values are included in yen on the balance sheet.

(3) Assets denominated in yen

(Millions of Yen)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
Loans for non-residents	104,704	1.3	111,596	1.5
Domestic bonds (foreign bonds issued in yen)	288,477	3.5	331,117	4.3
Others	548,317	6.7	653,499	8.6
Subtotal	941,498	11.5	1,096,214	14.4

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

(Millions of Yen)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
Foreign securities investment and overseas loans	8,173,191	100.0	7,631,623	100.0
Overseas real estate	24,843	0.3	24,843	0.3

Breakdown of Foreign Securities Investment and Overseas Loans by Region

(Millions of Yen)

	Foreign securities							
			Bonds		Stocks and others		Loans for non-residents	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
As of March 31, 2016								
North America	5,143,121	65.0	4,491,085	76.6	652,035	31.9	23,000	22.0
Europe	973,456	12.3	823,260	14.0	150,196	7.3	38,500	36.8
Oceania	265,052	3.4	265,052	4.5	—	—	—	—
Asia	173,325	2.2	61,136	1.0	112,188	5.5	2,380	2.3
Latin America	1,196,082	15.1	67,001	1.1	1,129,081	55.3	30	0.0
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
Supranationals	159,219	2.0	159,219	2.7	—	—	40,793	39.0
Total	7,910,257	100.0	5,866,755	100.0	2,043,502	100.0	104,704	100.0
As of March 31, 2015								
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
Total	7,399,532	100.0	5,812,254	100.0	1,587,278	100.0	111,596	100.0

Breakdown of Foreign Currency-Denominated Assets by Currency

(Millions of Yen)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
(U.S. dollar)	5,910,446	83.1	5,195,007	80.5
(Euro)	517,893	7.3	558,534	8.7
(Australian dollar)	365,920	5.1	373,717	5.8
(Others)	317,490	4.5	325,276	5.0
Total	7,111,751	100.0	6,452,535	100.0

Investments and Loans for Public Entities (General Account)

(Millions of Yen)

Years ended March 31,	2016	2015
Bonds		
Government bonds	—	—
Municipal bonds	—	—
Other public entity bonds	2,118	1,445
Subtotal	2,118	1,445
Loans		
Loans for government-related agencies	1,477	1,622
Loans for other public entities	5,800	4,050
Subtotal	7,277	5,672
Total	9,395	7,117

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)

	Acquisition cost	Increase	Decrease	Accumulated depreciation	Ending balance
Year ended March 31, 2016					
Deferred assets	1,079	2,862	60	907	2,973
Others	—	739	1,624	—	6,967
Total	1,079	3,602	1,685	907	9,940
Year ended March 31, 2015					
Deferred assets	969	178	68	698	380
Others	—	741	1,043	—	7,851
Total	969	919	1,111	698	8,232

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,	2016					2015				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	4,855,067	5,844,342	989,274	989,964	(689)	5,249,888	5,896,950	647,061	647,860	(798)
Policy-reserve-matching bonds	7,162,085	8,817,642	1,655,556	1,655,563	(7)	6,820,691	7,471,758	651,066	651,066	—
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	12,367,508	15,543,135	3,175,626	3,248,357	(72,730)	11,642,072	15,620,689	3,978,616	3,995,764	(17,147)
Domestic bonds	4,752,079	5,292,559	540,479	541,220	(741)	4,431,621	4,823,786	392,165	392,909	(743)
Domestic stocks	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)
Foreign securities	5,662,264	6,484,268	822,004	871,607	(49,603)	5,328,260	6,460,968	1,132,708	1,141,981	(9,273)
Foreign bonds	5,051,489	5,750,923	699,433	741,873	(42,439)	4,757,793	5,684,550	926,756	935,936	(9,179)
Foreign stocks and others	610,774	733,345	122,570	129,733	(7,163)	570,466	776,417	205,951	206,045	(93)
Other securities	251,881	274,920	23,038	31,044	(8,006)	195,445	230,158	34,712	34,725	(12)
Monetary claims bought	25,971	28,278	2,307	2,307	—	27,484	29,300	1,816	1,816	—
Negotiable deposits	24,000	23,998	(1)	—	(1)	6,000	6,000	0	0	(0)
Others	—	—	—	—	—	—	—	—	—	—
Total	24,384,662	30,205,120	5,820,458	5,893,885	(73,427)	23,712,652	28,989,397	5,276,745	5,294,691	(17,946)
Domestic bonds	16,458,020	19,619,067	3,161,046	3,161,795	(748)	16,174,274	17,847,825	1,673,550	1,674,410	(859)
Domestic stocks	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)
Foreign securities	5,778,096	6,606,819	828,722	879,015	(50,292)	5,455,964	6,593,106	1,137,141	1,146,989	(9,847)
Foreign bonds	5,167,321	5,873,474	706,152	749,281	(43,129)	4,885,497	5,816,688	931,190	940,944	(9,753)
Foreign stocks and others	610,774	733,345	122,570	129,733	(7,163)	570,466	776,417	205,951	206,045	(93)
Other securities	251,881	274,920	23,038	31,044	(8,006)	195,445	230,158	34,712	34,725	(12)
Monetary claims bought	221,352	241,204	19,852	19,852	—	227,707	241,833	14,125	14,233	(108)
Negotiable deposits	24,000	23,998	(1)	—	(1)	6,000	6,000	0	0	(0)
Others	—	—	—	—	—	—	—	—	—	—

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

(1) Held-to-Maturity Debt Securities

(Millions of Yen)

As of March 31,	2016			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	4,842,623	5,832,587	989,964	5,197,034	5,844,894	647,860
Domestic bonds	4,543,854	5,508,865	965,010	4,909,008	5,539,443	630,434
Foreign bonds	103,387	110,795	7,407	101,111	106,119	5,007
Others	195,380	212,925	17,545	186,913	199,331	12,417
Securities whose fair value does not exceed the balance sheet amount	12,444	11,755	(689)	52,854	52,055	(798)
Domestic bonds	—	—	—	12,952	12,836	(116)
Foreign bonds	12,444	11,755	(689)	26,592	26,018	(573)
Others	—	—	—	13,309	13,201	(108)

(2) Policy-Reserve-Matching Bonds

(Millions of Yen)

As of March 31,	2016			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	7,161,185	8,816,749	1,655,563	6,820,691	7,471,758	651,066
Domestic bonds	7,161,185	8,816,749	1,655,563	6,820,691	7,471,758	651,066
Others	—	—	—	—	—	—
Securities whose fair value does not exceed the balance sheet amount	900	892	(7)	—	—	—
Domestic bonds	900	892	(7)	—	—	—
Others	—	—	—	—	—	—

(3) Available-for-Sale Securities

(Millions of Yen)

As of March 31,	2016			2015		
	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	10,476,734	13,725,092	3,248,357	10,678,152	14,673,917	3,995,764
Domestic bonds	4,744,251	5,285,472	541,220	4,371,423	4,764,333	392,909
Domestic stocks	1,515,554	3,317,732	1,802,177	1,568,675	3,993,007	2,424,331
Foreign securities	4,046,382	4,917,990	871,607	4,512,668	5,654,650	1,141,981
Other securities	144,574	175,618	31,044	194,900	229,626	34,725
Monetary claims bought	25,971	28,278	2,307	27,484	29,300	1,816
Negotiable deposits	—	—	—	3,000	3,000	0
Others	—	—	—	—	—	—
Securities whose balance sheet amount does not exceed the acquisition or amortized costs	1,890,774	1,818,043	(72,730)	963,919	946,771	(17,147)
Domestic bonds	7,828	7,086	(741)	60,197	59,453	(743)
Domestic stocks	135,757	121,378	(14,378)	84,585	77,468	(7,117)
Foreign securities	1,615,881	1,566,278	(49,603)	815,591	806,317	(9,273)
Other securities	107,307	99,301	(8,006)	545	532	(12)
Monetary claims bought	—	—	—	—	—	—
Negotiable deposits	24,000	23,998	(1)	3,000	2,999	(0)
Others	—	—	—	—	—	—

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

(Millions of Yen)

As of March 31,	2016	2015
Held-to-maturity debt securities	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliates	890,889	285,948
Available-for-sale securities	585,469	690,289
Unlisted domestic stocks	48,290	48,294
Unlisted foreign stocks	527,126	632,126
Other foreign securities	1,461	1,721
Others	8,590	8,147
Total	1,476,359	976,238

Reference: Foreign currency denominated stocks and others 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,	2016					2015				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Domestic bonds	16,458,020	19,619,067	3,161,046	3,161,795	(748)	16,174,274	17,847,825	1,673,550	1,674,410	(859)
Domestic stocks	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)	1,653,260	4,070,475	2,417,214	2,424,331	(7,117)
Foreign securities	6,564,984	7,353,653	788,668	894,473	(105,804)	5,637,867	6,797,583	1,159,716	1,180,619	(20,903)
Foreign bonds	5,167,321	5,873,474	706,152	749,281	(43,129)	4,885,497	5,816,688	931,190	940,944	(9,753)
Foreign stocks and others	1,397,662	1,480,179	82,516	145,191	(62,675)	752,369	980,895	228,525	239,675	(11,149)
Other securities	253,003	276,167	23,163	31,171	(8,007)	198,430	233,664	35,233	35,246	(12)
Others	245,352	265,203	19,851	19,852	(1)	233,707	247,833	14,125	14,233	(108)
Total	25,172,672	30,953,201	5,780,529	5,909,470	(128,940)	23,897,540	29,197,381	5,299,841	5,328,842	(29,001)

Notes: 1. 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.

2. Figures presented above exclude ¥688,348 million comprising unlisted domestic securities totaling ¥165,348 million and unlisted foreign securities totaling ¥523,000 million, both of which were posted at book value as of March 31, 2016.

3. After these exclusions, the above figures account for 96.8% and 97.3% of total securities, respectively, as of March 31, 2015 and March 31, 2016.

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.

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,	2016						2015					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	59,990	88,255	—	—	—	148,246	32,813	(75,719)	—	—	—	(42,905)
Hedge accounting not applied	(0)	(106)	—	—	—	(107)	10	0	—	—	—	10
Total	59,989	88,149	—	—	—	148,138	32,824	(75,719)	—	—	—	(42,895)

Note: Gains and losses on derivative transactions where fair value hedge accounting is applied include loss attributable to currency-related transactions totaling ¥70,919 million as of March 31, 2015 and gain attributable to currency-related transactions totaling ¥89,473 million as of March 31, 2016. 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,	2016				2015			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year	Over 1 year			Over 1 year	Over 1 year		
OTC								
Interest rate swaps								
Receipts fixed, payments floating	100	100	(0)	(0)	1,000	1,000	10	10
Total				(0)				10

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

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

(Millions of Yen)

As of March 31,	2016							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	Total	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	Total
Receipts fixed, payments floating swap														
Notional amount	—	—	—	—	—	100	100	—	—	—	—	—	1,000	1,000
Average interest rate in receipt (%)	—	—	—	—	—	0.46	0.46	—	—	—	—	—	1.17	1.17
Average interest rate in payment (%)	—	—	—	—	—	0.02	0.02	—	—	—	—	—	0.14	0.14

◆ Currency-Related

(Millions of Yen)

As of March 31,	2016				2015			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year	Over 1 year			Over 1 year	Over 1 year		
OTC								
Foreign currency forward contracts								
Sold	12,367	—	(106)	(106)	301	—	0	0
(Australian dollar)	12,226	—	(105)	(105)	301	—	0	0
(U.S. dollar)	141	—	(0)	(0)	—	—	—	—
Bought	—	—	—	—	6	—	0	0
(U.S. dollar)	—	—	—	—	6	—	0	0
Total				(106)				0

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

◆ 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,	2016				2015			
	Hedge accounting method	Type	Main hedged items	Notional amount/ contract value		Notional amount/ contract value		Fair value
				Over 1 year	Fair value	Over 1 year	Fair value	
Deferred hedge accounting	Interest rate swaps	Insurance liabilities						
	Receipts fixed, payments floating		233,900	233,900	59,067	234,100	234,100	31,576
Special hedge accounting	Interest rate swaps	Loans						
	Receipts fixed, payments floating		28,948	18,948	922	46,251	31,141	1,237
Total					59,990			32,813

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

(Millions of Yen)

As of March 31,	2016							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	Total	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	Total
Receipts fixed, payments floating swap														
Notional amount	10,000	15,000	4,118	7,400	16,130	210,200	262,848	15,110	22,000	5,409	7,800	13,832	216,200	280,351
Average interest rate in receipt (%)	1.95	1.97	1.51	1.68	1.73	1.89	1.88	1.62	1.90	2.11	1.56	1.73	1.89	1.86
Average interest rate in payment (%)	0.22	0.23	0.01	0.04	0.16	0.06	0.08	0.25	0.31	0.34	0.14	0.21	0.14	0.17

◆ Currency-Related

(Millions of Yen)

As of March 31,				2016		2015			
	Hedge accounting method	Type	Main hedged items	Notional amount/ contract value		Notional amount/ contract value			
			Over 1 year	Fair value	Over 1 year	Fair value			
Fair value hedge accounting	Foreign currency forward contracts	Foreign-currency-denominated bonds							
			Sold	2,123,031	—	89,473	2,354,756	—	(70,919)
			(U.S. dollar)	1,808,792	—	86,840	2,010,069	—	(89,973)
			(Euro)	182,880	—	1,773	196,339	—	10,404
	(Australian dollar)	131,358	—	859	148,347	—	8,649		
Deferred hedge accounting	Cross currency swaps (Euro)	Foreign-currency-denominated bonds							
			(Australian dollar)	35,575	35,575	(1,307)	35,575	35,575	(4,800)
			4,305	4,305	89	—	—	—	
Total					88,255		(75,719)		

Note: Excluding transactions related to foreign currency denominated monetary claims and liabilities whose value is fixed in yen at the time of settlement through such means as forward exchange contracts and can thus 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		
As of March 31, 2016	331,760	202,032	129,727	616,050	745,777
As of March 31, 2015	290,586	204,865	85,721	627,079	712,800

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,	2016	2015
Securities	5,780,529	5,299,841
Valuation differences	3,176,020	3,980,095
Unrealized gains in off-balance-sheet transactions	2,604,508	1,319,746
Land	331,760	290,586
Revaluation differences	202,032	204,865
Unrealized gains in off-balance-sheet transactions	129,727	85,721
Others	58,510	27,783
Total	6,170,799	5,618,211

- 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 special hedge accounting treatment) is applied. Of those transactions, derivative transactions where fair value hedge accounting is applied posted loss attributable to currency-related transactions totaling ¥70,919 million as of March 31, 2015 and gain attributable to currency-related transactions totaling ¥89,473 million as of March 31, 2016. 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,	2016	2015
Variable individual life insurance	66,061	77,288
Variable individual annuities	345,612	366,134
Group pensions	387,929	421,567
Total	799,603	864,990

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

In the domestic bond market, long-term interest rates fell in April 2015, reflecting the Bank of Japan's (BOJ's) purchase program for Japanese government bonds (JGBs) and successful issuance of new government bonds through auction, which together resulted in robust demand and tightened supply. Following that, although there was a temporary turnaround in interest rates due to the impact of interest rate rises in Europe and the United States, long-term interest rates remained lower from June 2015 onward. At the end of January 2016, long-term interest rates declined drastically after the BOJ introduced negative interest rates. As a result, the yield on ten-year JGBs was a negative 0.050% as of March 31, 2016, down 0.450% compared with the end of the previous fiscal year.

In the domestic stock market, overall stock prices remained high until the beginning of August 2015, backed by expectations of robust corporate earnings and the yen's depreciation. However, the market experienced steep decline due to the global plunge in stock prices triggered by the devaluation of the Chinese yuan. October brought a strong turnaround as the market responded positively to such factors as rising U.S. stock prices, comments alluding to additional easing from the president of the European Central Bank (ECB), and additional monetary easing by the People's Bank of China. However, stock prices declined again with falling crude oil prices after OPEC decided not to reduce output in December 2015, as well as such negative factors as the January 2016 turmoil in the Chinese stock market, which led to considerable decline in global stock prices. Despite a temporary upturn in stock prices due to the introduction of negative interest rates by the BOJ at the end of January 2016, stock prices fell on anxiety over worldwide economic deceleration and credit uncertainty in Europe. Although stock prices somewhat recovered in the middle of February 2016, the Nikkei average as of March 31, 2016 was ¥16,758, down ¥2,448 from March 31, 2015.

In the U.S. bond market, long-term interest rates rose through June 2015, in response to a rise in European interest rates backed by improved money supply in the eurozone as well as favorable employment statistics in the United States. After that, weak economic indicators and a growing trend toward risk avoidance caused interest rates to decline following the global stock market plunges in August 2015. In October 2015, a statement issued by the Federal Open Market Committee (FOMC) stimulated growing speculation that a December interest rate hike was imminent, leading to higher interest rates. However, interest rates fell significantly from January to the beginning of February 2016 on the back of plunging global stock prices and declining crude oil prices, which, in turn, triggered a growing trend toward risk avoidance. As a result, the yield on ten-year U.S. Treasuries was 1.770% as of March 31, 2016, down 0.154% from a year earlier.

In the U.S. stock market, stock prices were stable, until dropping on anxieties over the Chinese economy following the devaluation of the Chinese yuan and growing uncertainty over the timing of the Federal Reserve Board's interest rate hike. In October 2015, stock prices rebounded on the ECB president's remarks suggesting additional easing measures, and due to other positive factors. After the interest rate hike in December 2015 increased market volatility, stock prices fell considerably in January 2016 due to a steep decline in the Chinese stock prices, lower crude oil prices and stagnant economic indicators. However, such positive factors as an upturn in crude oil prices in the middle of February 2016 and improvements in economic indicators led to recovery in stock prices. As a result, the Dow Jones Industrial Average stood at US\$17,685 on March 31, 2016, down US\$91 year on year.

As for foreign currency exchange rates, the yen continued to decline through early June 2015, but then the plunge in global stock prices stimulated safe-haven demand for the yen amid growing risk aversion. This led the yen to surge. As of March 31, 2016, the exchange rate stood at ¥112.68 to the U.S. dollar, up ¥7.49 year on year. Against the euro, the exchange rate stood at ¥127.70, up ¥2.62 year on year.

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, 2016, the Company flexibly adjusted its asset portfolio on the back of ongoing volatility in the stock market. In line with changes in the market environment, the Company temporarily decreased stock allocations when stock prices were too high while increasing them when stock prices were too low.

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,	2016		2015	
	Number of policies	Amount	Number of policies	Amount
Variable life insurance (term type)	2	6	4	14
Variable life insurance (whole-life type)	54,077	513,183	55,266	532,149
Total	54,079	513,190	55,270	532,163

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

Breakdown of Assets (Separate Account Assets for Variable Individual Life Insurance)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	1,904	2.9	3,000	3.9
Securities	59,189	89.6	71,090	92.0
Domestic bonds	11,614	17.6	16,125	20.9
Domestic stocks	23,951	36.3	27,392	35.4
Foreign securities	23,623	35.8	27,573	35.7
Foreign bonds	7,165	10.8	8,139	10.5
Foreign stocks and others	16,457	24.9	19,433	25.1
Other securities	—	—	—	—
Loans	—	—	—	—
Others	4,968	7.5	3,197	4.1
Allowance for possible loan losses	—	—	—	—
Total	66,061	100.0	77,288	100.0

Investment Returns (Separate Account Assets for Variable Individual Life Insurance)

(Millions of Yen)

Years ended March 31,	2016	2015
Interest, dividends and other income	1,480	1,370
Gains on sales of securities	6,211	7,888
Gains on redemption of securities	—	—
Gains on valuation of securities	6,020	13,340
Foreign exchange gains	55	82
Gains on derivative financial instruments	762	548
Other income	4	4
Losses on sales of securities	2,132	1,045
Losses on redemption of securities	0	—
Losses on valuation of securities	15,196	9,014
Foreign exchange losses	81	56
Losses on derivative financial instruments	800	235
Other expenses	0	0
Net gains (losses)	(3,674)	12,880

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,	2016		2015	
	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	59,189	(9,175)	71,090	4,325

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)

(Millions of Yen)

As of March 31,	2016						2015					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—	—	—	—	—	—	—
Hedge accounting not applied	—	11	15	—	—	27	—	—	—	—	—	—
Total	—	11	15	—	—	27	—	—	—	—	—	—

Note: Gains and losses on derivative transactions where hedge accounting is not applied are presented on the statements of income.

(2) Transactions Where Hedge Accounting Is Not Applied

◆ Interest-Rate Related

Not applicable.

◆ Currency-Related

(Millions of Yen)

As of March 31,	2016				2015			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
OTC								
Foreign currency forward contracts								
Bought	1,008	—	11	11	—	—	—	—
(U.S. dollar)	708	—	1	1	—	—	—	—
(Euro)	300	—	10	10	—	—	—	—
Total				11				—

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

◆ Stock-Related

(Millions of Yen)

As of March 31,	2016				2015			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
Exchange-traded transactions								
Yen Stock index futures								
Sold	274	—	4	4	—	—	—	—
Foreign currency-denominated stock index futures								
Bought	1,087	—	10	10	—	—	—	—
Total				15				—

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

◆ 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,	2016		2015	
	Number of policies	Amount	Number of policies	Amount
Variable individual annuities	96,785	351,165	96,829	374,916

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

Breakdown of Assets (Separate Account Assets for Variable Individual Annuities)

(Millions of Yen)

As of March 31,	2016		2015	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	655	0.2	1,400	0.4
Securities	342,083	99.0	361,631	98.8
Domestic bonds	—	—	—	—
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and others	—	—	—	—
Other securities	342,083	99.0	361,631	98.8
Loans	—	—	—	—
Others	2,873	0.8	3,101	0.8
Allowance for possible loan losses	—	—	—	—
Total	345,612	100.0	366,134	100.0

Investment Returns (Separate Account Assets for Variable Individual Annuities)

(Millions of Yen)

Years ended March 31,	2016	2015
Interest, dividends and other income	2,919	4,335
Gains on sales of securities	0	0
Gains on redemption of securities	—	0
Gains on valuation of securities	36,528	44,563
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	49,848	36,572
Foreign exchange losses	—	—
Losses on derivative financial instruments	—	—
Other expenses	—	—
Net gains (losses)	(10,400)	12,326

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,	2016		2015	
	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	342,083	(13,319)	361,631	7,990

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,	2016		2015	
	Number of groups	Fair value	Number of groups	Fair value
First treaty separate account	742	379,706	709	394,065
Comprehensive account	565	233,110	567	259,203
Accounts established for each investee	189	146,596	148	134,861
Total	742	379,706	709	394,065

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, 2016

In line with its annual investment plan, the Company allocated a greater proportion of its portfolio to stocks, both domestic and overseas while investing less in domestic bonds. Maintaining this policy, the Company rebalanced its asset allocations as necessary to adapt to changes in the market environment. The average time-weighted return rate for comprehensive account assets during the fiscal year ended March 31, 2016 was negative 5.13%. This was attributable to negative returns recorded in both domestic and foreign stocks as well as foreign bonds.

(%)

	Planned figures for year ended March 31, 2016	Asset Allocations				As of March 31, 2016
		As of March 31, 2015	As of June 30, 2015	As of September 30, 2015	As of December 31, 2015	
Domestic bonds	30.0	23.6	23.3	18.9	22.5	19.9
Domestic stocks	33.0	36.9	38.5	36.1	34.5	35.3
Foreign bonds	10.0	10.3	9.1	10.8	9.1	11.0
Foreign stocks	24.0	26.2	26.1	25.3	25.8	27.2
Short-term funds and others	3.0	2.9	3.0	8.8	8.0	6.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note: Asset allocations are based on fair value.

(2) Balance in Fair Value By Asset Type

(Millions of Yen)

As of March 31,	2016		2015	
	Fair value	(%)	Fair value	(%)
Domestic bonds	46,381	19.9	61,291	23.6
Domestic stocks	82,323	35.3	95,733	36.9
Foreign bonds	25,736	11.0	26,821	10.3
Foreign stocks	63,404	27.2	67,918	26.2
Short-term funds and others	15,264	6.5	7,438	2.9
Total	233,110	100.0	259,203	100.0

(3) Investment Performance

(%)

Years ended March 31,	2016	2015
Time-weighted return rate	(5.13)	19.49

First Treaty Separate Account (Accounts Established for Each Investee)

(1) Investment Status in the Year Ended March 31, 2016

Fund	Status
Yen currency denominated bond account	Based on fundamental analysis, the Company determined its duration, yield curve and bond portfolio composition 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 bond portfolio composition strategies. The Company adjusted the allocation by 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 stock portfolio by focusing on investment efficiency. In doing so, the Company sought to harness growth potential of stocks while responding to such market factors as economic trends in Japan, the United States and other countries, changes in monetary policies and fluctuations in resource prices.
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, yield curve and bond portfolio composition 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. In addition, the Company adjusted allocation by duration while including non-government bonds.
Foreign currency denominated bond account—A	The Company maintained a cautious stance in executing its currency, duration, yield curve and bond portfolio composition 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 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 growth potential in shareholder returns. In addition, the Company continuously invested in 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 while paying consistent attention to European value indices.
Short-term fund account	The Company engaged in investment focusing on maintaining liquidity and stability.

(2) Fair Value and Investment Performance

(Millions of Yen)

As of and years ended March 31,	2016		2015	
	Fair value	Time-weighted return rate (%)	Fair value	Time-weighted return rate (%)
Yen currency denominated bond account	53,921	5.43	45,404	2.99
Yen currency denominated bond account—A	20,396	5.50	23,485	3.07
Yen currency denominated stock account	13,641	(10.57)	13,979	30.89
Yen currency denominated stock account—B	14,625	(11.02)	15,616	30.24
Foreign currency denominated bond account	9,120	(2.81)	8,256	12.61
Foreign currency denominated bond account—A	6,975	(2.81)	6,732	12.53
Foreign currency denominated stock account	9,629	(9.03)	9,768	24.03
Foreign currency denominated stock account—B	8,517	(8.16)	8,615	22.72
Short-term fund account	9,769	0.06	3,003	0.09
Total	146,596		134,861	

Consolidated Information

Non-performing Loans

	(Millions of Yen)	
As of March 31,	2016	2015
Loans to bankrupt borrowers	—	—
Loans in arrears	3,985	2,630
Loans in arrears for three months or longer	125	—
Restructured loans	25,728	17,195
Total	29,840	19,825
Non-performing loans/total loans (%)	0.53	0.39

- 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 ¥5 million for loans in arrears as of March 31, 2015; and ¥44 million for loans to bankrupt borrowers and ¥1 million for loans in arrears as of March 31, 2016.
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 for three months or longer.

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,	2016	2015
(A) Total solvency margin	6,195,368	7,002,417
① Foundation funds and capital and others	626,226	1,024,615
② Reserve for price fluctuation	522,116	492,907
③ Contingency reserves	675,607	667,380
④ Catastrophe reserves	9,116	8,618
⑤ General allowance for possible loan losses	1,310	1,677
⑥ Net unrealized gains (losses) on available-for-sale securities (before tax effect deduction) and deferred unrealized gains (losses) on derivatives under hedge accounting (before tax effect deduction) × 90% (100% in case of losses)	2,859,755	3,585,929
⑦ Unrealized gains on land × 85% (100% in case of losses)	288,299	252,268
⑧ Total of unrecognized actuarial differences and unrecognized prior service costs	(44,743)	(31,883)
⑨ Excess of continued Zillmerized reserve	966,800	990,405
⑩ Qualifying subordinated debt	363,901	100,000
⑪ Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
⑫ Deductions	(156,398)	(169,671)
⑬ Other (tax effect adjustment)	83,374	80,169
(B) Total risk $\sqrt{(\sqrt{14^2+15^2+17+18})^2+(19+20+21)^2+16+22}$	1,259,489	1,310,703
⑭ Insurance risk	155,024	119,662
⑮ General underwriting risk	1,782	1,717
⑯ Major disaster risk	500	516
⑰ Third-sector insurance risk	56,391	53,962
⑱ Insurance risk of small-amount short-term insurer	—	—
⑲ Assumed interest rate risk	150,281	154,127
⑳ Minimum guarantee risk	8,800	9,772
㉑ Investment risk	1,053,088	1,105,560
㉒ Business management risk	28,517	28,906
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	983.7	1,068.4

- 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. In addition, the method of determining the total solvency margin was partially revised in accordance with the revisions of the Ordinance for Enforcement of the Insurance Business Act. The revised method is applied to the calculation of such margin for the year ended March 31, 2016 and beyond.
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,	2016	2015
(A) Total solvency margin	68,902	67,792
① Foundation funds and capital and others	57,136	56,978
② Reserve for price fluctuation	113	108
③ Contingency reserves	34	34
④ Catastrophe reserves	9,116	8,618
⑤ General allowance for possible loan losses	—	—
⑥ Net unrealized gains (losses) on available-for-sale securities (before tax effect deduction) and deferred unrealized gains (losses) on derivatives under hedge accounting (before tax effect deduction) × 90% (100% in case of losses)	1,198	994
⑦ Unrealized gains on land × 85% (100% in case of losses)	915	651
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	389	405
(B) Total risk $\sqrt{((13+14)^2+(15+16)^2+17+18)}$	2,735	2,698
⑬ General underwriting risk	1,782	1,717
⑭ Third-sector insurance risk	—	—
⑮ Assumed interest rate risk	8	9
⑯ Investment risk	1,221	1,220
⑰ Business management risk	70	69
⑱ Major disaster risk	500	516
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	5,036.7	5,024.6

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. In addition, the method of determining the total solvency margin was partially revised in accordance with the revisions of the Ordinance for Enforcement of the Insurance Business Act. The revised method is applied to the calculation of such margin for the year ended March 31, 2016 and beyond.

Segment Information

Business operations undertaken by the Company, its consolidated subsidiaries and subsidiary entities during the years ended March 31, 2015 and March 31, 2016, 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 and the Company's operations can be regarded as consisting of a single business segment.

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

September

- Launched “Everybody,” a single premium special whole life insurance

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)

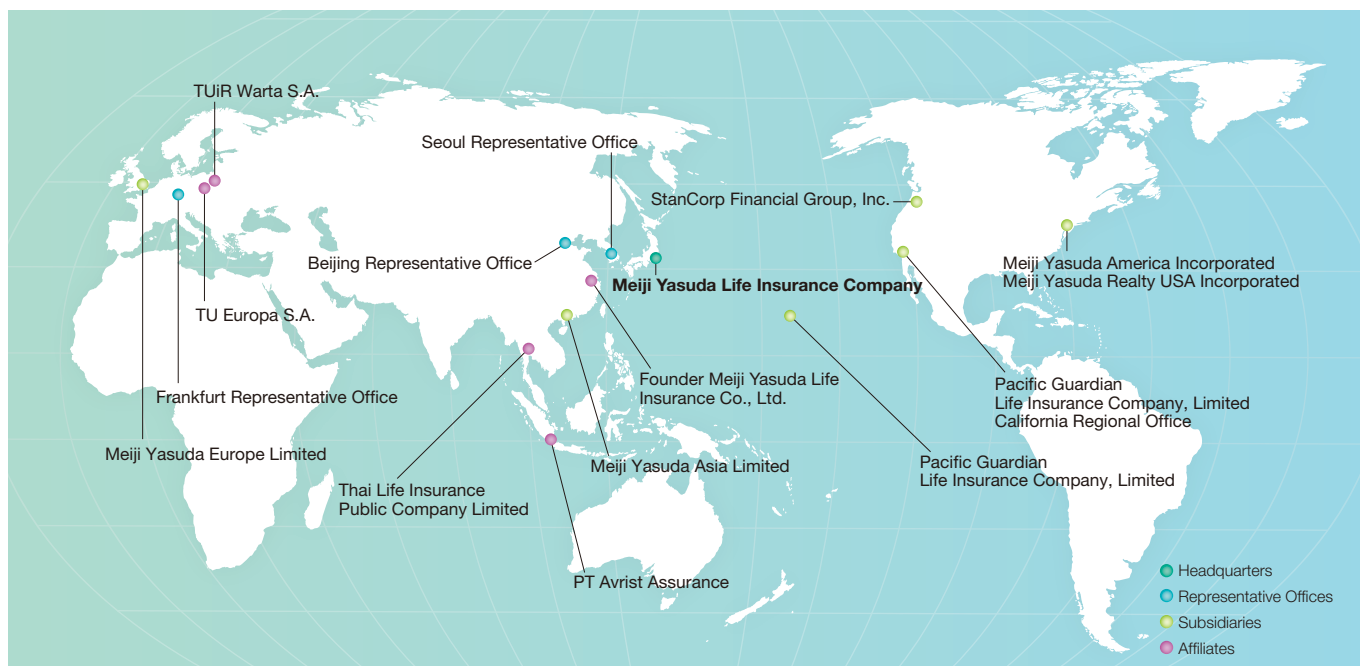
2016

March

- Acquired StanCorp Financial Group, Inc. (the United States) and made it a wholly-owned subsidiary

International Directory

(As of March 31, 2016)



Headquarters

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Subsidiaries

- **Pacific Guardian Life Insurance Company, Limited**
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- **StanCorp Financial Group, Inc.**
1100 SW Sixth Avenue, Portland, Oregon 97204, U.S.A.
Phone:+1-971-321-7000 Fax:+1-971-321-7540
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