

# Annual Report 2010

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Fiscal Year Ended March 31, 2010



## Overview of Sumitomo Life (Non-Consolidated)

(As of March 31, 2010)

<b>Official Name</b>	SUMITOMO LIFE INSURANCE COMPANY	<b>Assets</b>	Total assets	¥23,018.3 billion
<b>Established</b>	May 1907	<b>Liabilities</b>	Total policy reserves	¥20,815.2 billion (policy reserves of ¥20,369.6 billion)
<b>Location</b>		<b>Capital</b>	Foundation Funds	¥369.0 billion (including accumulated redeemed foundation funds)
		<b>Revenue and Expenditures:</b>	Total insurance premiums and other	¥3,063.7 billion (April 2009-March 2010)
Head Office: 1-4-35, Shiromi, Chuo-ku, Osaka 540-8512, Japan <a href="http://www.sumitomolife.co.jp">http://www.sumitomolife.co.jp</a>	Tokyo Head Office: 7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan		Total benefits and other payment	¥2,005.4 billion (April 2009-March 2010)
<b>President and CEO</b>	Yoshio Sato	<b>Annualized Premium of Policies in Force:</b>	Individual life insurance	¥1,425.0 billion
<b>Number of Employees</b>	45,281 (9,612 administrative; 35,669 sales)	<b>Policies in Force:</b>	Individual annuities	¥728.3 billion
<b>Sales Offices</b>	73 branch offices; 1,782 district offices		Individual life insurance	¥116,114.6 billion
			Individual annuities	¥13,320.2 billion
			Group insurance	¥33,484.0 billion
			Group annuities	¥2,528.3 billion

## Our Management Policy

1. Based upon the concept of coexistence, co-prosperity and mutual assistance, we shall strive to solidify and expand our business, while contributing to the furtherance of social and public welfare.
2. Creditworthiness and steadiness shall be the norms in the execution of our business.
3. We shall always remain imperturbable in judgment and retain a progressive and indomitable spirit, responding to changes in our environment and keeping abreast of the times.

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Non-Consolidated Financial Data	Millions of yen			Millions of U.S. dollars* <sup>1</sup>
	2010	2009	2008	2010
Total ordinary income	¥ 4,026,050	¥ 3,604,842	¥ 3,289,813	\$ 43,272
Ordinary profit	155,786	103,738	109,207	1,674
Core business profit	386,817	148,562	238,153	4,157
Net surplus for the year	108,616	106,408	89,965	1,167
Total foundation funds* <sup>2</sup>	369,000	369,000	369,000	3,966
Total assets	23,018,316	22,609,749	23,382,567	247,402
[Separate account]	[3,276,905]	[2,612,125]	[2,741,745]	[35,220]
Policy reserves	20,369,636	19,287,447	19,672,951	218,934
Loans	3,443,887	3,869,177	4,057,938	37,015
Securities	17,116,912	15,792,810	16,024,737	183,973
Solvency margin ratio (%)	955.1%	837.2%	1030.7%	—
Number of employees (individuals)	45,281	44,546	43,434	—
Number of members (policyholders)* <sup>3</sup>	7,155,151	7,255,703	7,409,345	—
Policies in force* <sup>4</sup>	162,918,990	170,884,334	178,834,952	1,751,063
Group annuities* <sup>5</sup>	2,528,329	2,451,770	2,674,058	27,174

### Consolidated Financial Data

Total ordinary income	¥ 4,064,942	¥ 3,647,518	¥ 3,339,925	\$ 43,690
Ordinary profit	159,787	104,198	111,887	1,717
Net surplus for the year	111,874	104,244	93,280	1,202
Total assets	23,072,153	22,666,512	23,440,081	247,981

\* 1. U.S. dollar amounts are converted, for convenience only, at ¥93.04 = US\$1.00, the rate prevailing on March 31, 2010.

\* 2. Total foundation funds includes accumulated redeemed foundation funds.

\* 3. In the case of a mutual company, "Members" refers to policyholders (excluding those not eligible for the distribution of surplus).

\* 4. Policies in force are the total of individual life insurance, individual annuities and group insurance policies in force. Individual annuities are the total of annuity resources at the start of annuities for policies prior to the commencement of annuity payment and policy reserves for policies after the commencement of annuity payment.

\* 5. Policies in force for group annuities indicate the amount of policy reserves.



**Yoshio Sato**  
President and Chief Executive Officer

### Looking Back on FY2009

Fiscal year 2009, ended March 31, 2010, was a sobering year for the global economy and world financial markets. Despite the severity of the worldwide business environment, Sumitomo Life was able to achieve sustainable growth in the life insurance business while at the same time enhancing its financial strength. The annualized premium of policies in force rose 3.7% to ¥2,153.3 billion, the fifth consecutive year-on-year increase. Third-sector insurance, comprising the promising field of medical insurance, recorded annualized premiums of ¥491.7 billion, marking the seventh consecutive year of growth for Sumitomo Life in the sector.

The annualized premium of new business was another strong performer, growing 32.8% year-on-year to ¥231.3 billion. Bancassurance sales contributed significantly to new business results in the previous fiscal year, demon-

strating that our solid multi-channel strategy is becoming even stronger.

In addition, the annualized premium of surrendered and lapsed policies improved for the seventh consecutive year. This demonstrates that despite significant global economic and financial uncertainty, policyholders have continued to value our financial strength and after-sales service.

As a result of the solid performance in insurance sales, core business profit increased 160.4% year-on-year to ¥386.8 billion. Negative spread, an issue of concern in the past, fell to ¥90.6 billion, less than 40% of its peak level. This decrease was largely caused by the additional provision of policy reserves for individual annuities with high assumed interest rates.

Through its strong performance, Sumitomo Life was the only company among Japan's four major insurance industry leaders to increase dividends to policyholders in fiscal 2009—an increase of ¥16.8 billion to ¥61.6 billion. At the same time, we boosted our accumulated retained surplus by ¥110.9 billion over the previous fiscal year to ¥897.6 billion, further bolstering our financial strength.

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*We achieved sustainable growth and financial strength  
in a year of historic turmoil in the global economy and  
world financial markets*

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### *Moving forward as a 21st century market leader that supports a secure, long-lived society*

Since the end of World War II, Japan's domestic life insurance industry has focused on covering mortality risk with the mainstream product of whole-life insurance with a term rider, turning Japan into one of the world's few major mortality insurance markets. Entering the 21st century, however, Japan has reached an inflection point in its demographics, specifically, a declining birthrate and an aging population.

To help achieve what we articulate as a secure, long-lived society, we believe our role should be to provide coverage for mortality risk, and then to expand into new areas that include coverage for morbidity and longevity risks.

Three growth areas are foremost in our vision for achieving these objectives: medical insurance, nursing care and annuities. We estimate, to realize a secure, long-lived society, medical and annuity coverage will need to increase to three times the scale of what is currently offered by the life insurance industry today, while nursing care coverage should expand to ten times its current coverage size. To address these areas of potential growth, Sumitomo Life has recently taken steps to develop cutting-edge products that will make the company an industry leader in these growing fields.

We are also working to offer and deliver these products in new ways that suit each individual customer's particular needs. We are progressing with our build-out of a multi-channel strategy, the cornerstones of which are our sales network comprising 35,000 sales personnel with substantial consulting expertise; and over 300 of the largest banks and financial institutions, the largest bancassurance network of any domestic life insurer.

Over the past few years, insurance outlets in shopping malls and Internet sites have been growing as alternative sales channels for the Japanese insurance market. An increasing number of customers, primarily younger people, are comparing and choosing life insurance products from multiple insurers, and trends point to the increasing popularity of simplified and more affordable insurance policies.

To access this growing channel and address these growing customer needs, Sumitomo Life founded Medicare Life Insurance Co., Ltd. in April 2010 to provide

simple and affordable life insurance products geared toward distribution through insurance outlets in shopping malls and Internet sites. This represents Sumitomo Life's commitment to actively responding to changing customer needs.

### Overseas Strategy

Insurance premium income from the major Asian countries, which are currently on par with premium income from Japan, have the potential to grow to triple the size of Japan premium income over the next decade. In order for Sumitomo Life to realize long-term sustainable growth, we intend to capitalize on the current substantial growth opportunities in the Asian life insurance market, while still maintaining our historic focus on risk management.

Turning to Sumitomo Life's overseas business, China-based PICC Life Insurance Company, established by Sumitomo Life in partnership with PICC Holding Company in 2005, has experienced surging growth in only four years. PICC Life is currently the sixth largest life insurer in China, holding a 6.4% market share. While substantially expanding the size of its business, PICC Life realized profits in fiscal 2009. Also, in October 2009, Sumitomo Life signed a memorandum of understanding with Vietnam Bank for Agriculture and Rural Development, Vietnam's largest commercial bank, to collaborate in jointly providing life insurance services in Vietnam.

### Risk Management

In order to adjust to the changing risk management landscape, Sumitomo Life is moving ahead to evaluate our integrated risk on an economic value basis while taking into consideration developments with the Solvency II Framework, now being discussed in the EU. To this end, starting with our fiscal 2009 year-end results, we will disclose Embedded Value (EV) metrics. While emphasizing EV and integrated risk management on an economic value basis as the core of our business management infrastructure, we intend to further enhance it by introducing Enterprise Risk Management.

Sumitomo Life will continue to take steps to meet the changing needs of our customers and constantly evolving economic environment. By maintaining sustainable growth and enhancing our financial strength, we will continue to meet the high level of trust and expectations of our policyholders.



**Yoshio Sato**  
President and Chief Executive Officer

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## Individual Life Insurance and Annuities

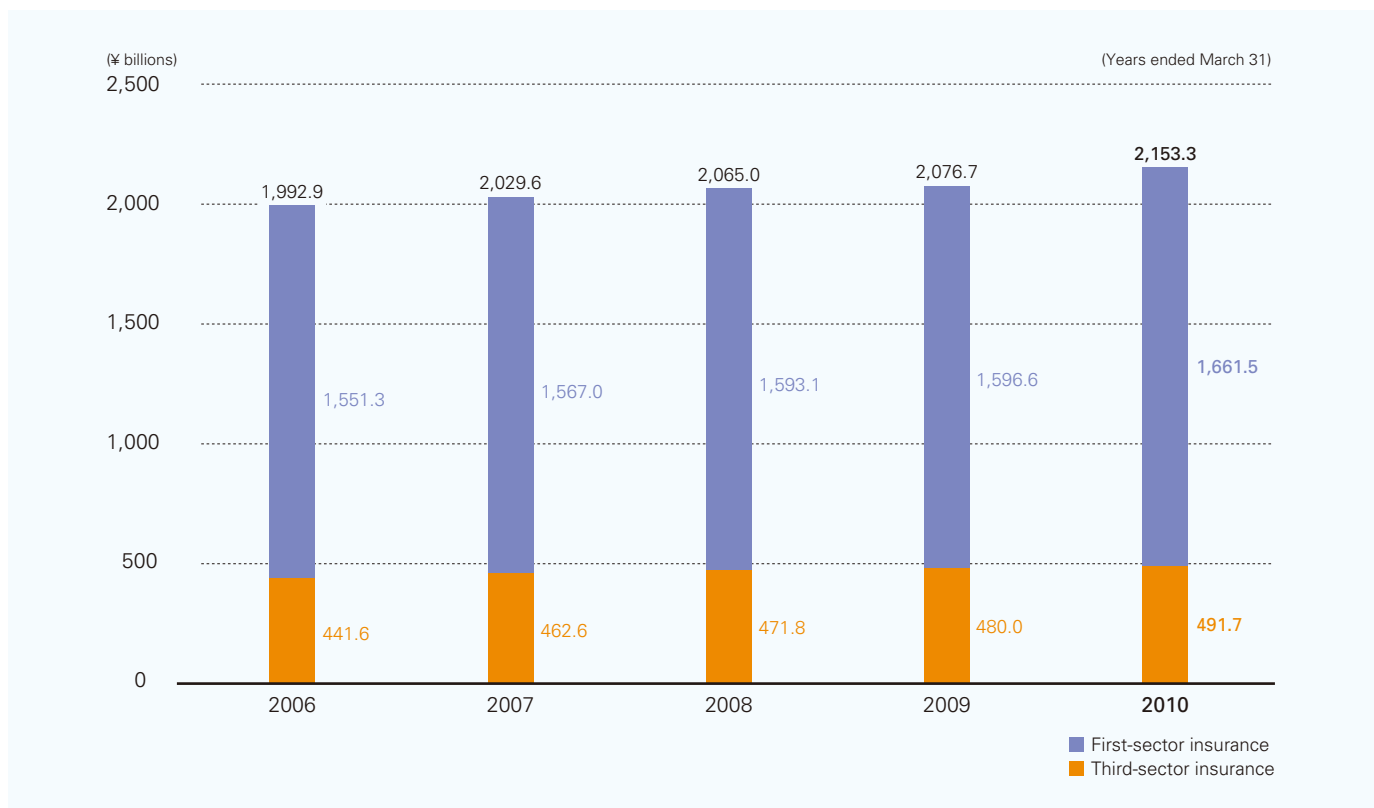
The annualized premium of individual life insurance and individual annuities in force expanded compared to the previous fiscal year, the fifth consecutive year-on-year increase, reflecting an increase in new policies and a decline in surrenders and lapses.

### Annualized Premium of Policies in Force

In the fiscal year ended March 31, 2010, the annualized premium of policies in force for individual life insurance and individual annuities rose 3.7% to ¥2,153.3 billion (\$23.1 billion) for the fifth consecutive year-on-year increase. Individual life insurance consists of death protection together with third-sector insurance products such as living benefits insurance and medical insurance, while individual annuities consist of fixed annuities and variable annuities.

To address changing demographics and customer needs, Sumitomo Life diversified its business

into growth markets, namely medical insurance, nursing care and annuities, while striving to minimize the surrenders and lapses of existing policies. As a result of these efforts, Sumitomo Life achieved a year-on-year increase in the annualized premium of policies in force, with the annualized premiums of both first-sector (individual life insurance and annuities) and third-sector (medical insurance and nursing care) insurance products growing by 4.1% to ¥1,661.5 billion (\$17.8 billion) and 2.4% to ¥491.7 billion (\$5.2 billion), respectively.

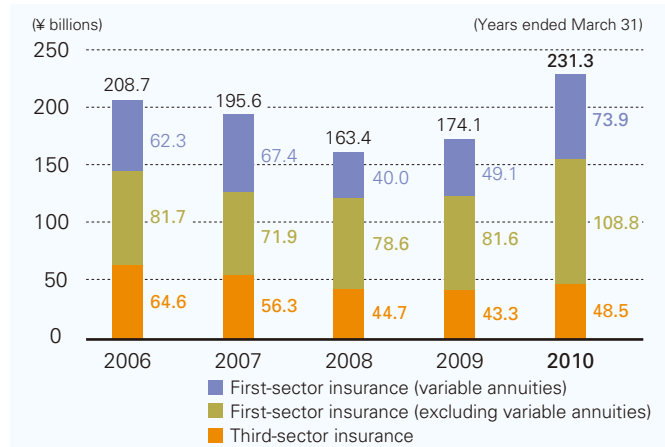


Note: Third-sector insurance includes medical insurance, cancer insurance, nursing care insurance, and coverage for disease and injury, as well as payment for related therapies.



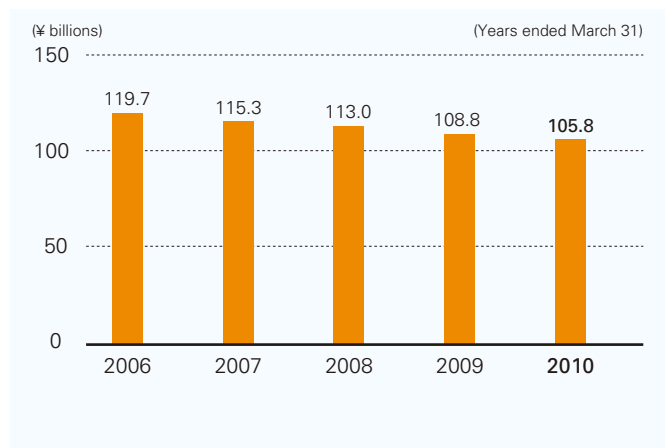
## Annualized Premium of New Business

The annualized premium of new business for individual life insurance and individual annuities totaled ¥231.3 billion (\$2.4 billion), up 32.8% from the previous fiscal year. In third-sector insurance products, sold mainly through sales personnel channels, Sumitomo Life posted an 11.9% increase to ¥48.5 billion. In addition, bancassurance sales of variable annuities were favorable in the first half of the year under review, while single-premium whole-life insurance performed well in the second half. As a result, variable annuities sales rose 50.4% to ¥73.9 billion, and first-sector sales excluding variable annuities increased 33.3% to ¥108.8 billion. These results demonstrate that Sumitomo Life's strategy to diversify insurance products and sales channels that meet customer needs has made steady progress.



## Annualized Premium of Surrendered and Lapsed Policies

Due to concerted efforts to increase regular visits and after-sales service for existing customers, the annualized premium of surrendered and lapsed policies decreased 2.7% to ¥105.8 billion (\$1.1 billion), improving for the seventh consecutive year even in the midst of the historic turmoil in the global economy and world financial markets.



## Group Insurance and Group Annuities

Group insurance policies in force decreased 1.2% from the previous fiscal year to ¥33.4 trillion (\$359.8 billion). Group annuities in force climbed 3.1% to ¥2.5 trillion (\$27.1 billion).

## Operating Results

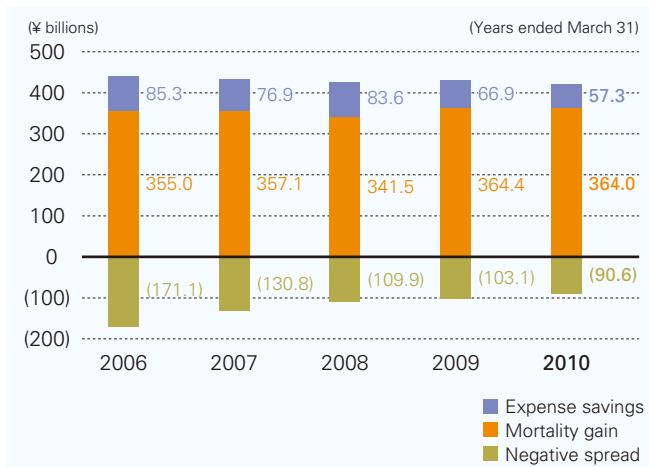
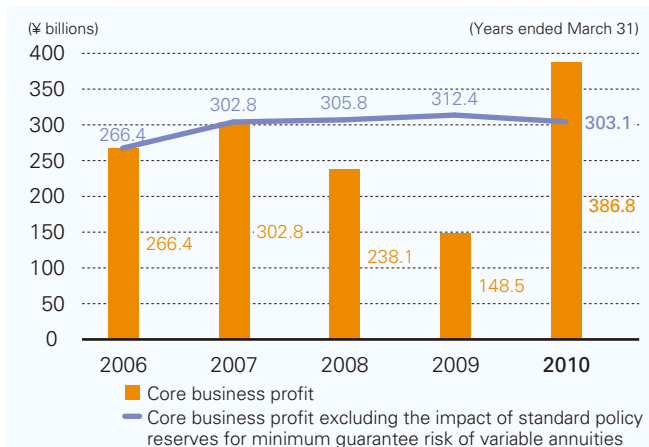
Buoyed by the gradual recovery of the stock market, core business profit jumped 160.4% from the previous fiscal year to its highest ever amount of ¥386.8 billion.

### Core Business Profit

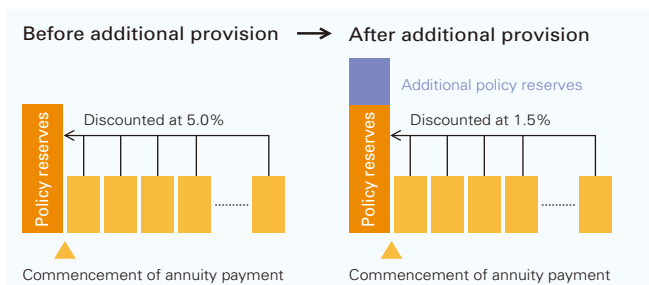
Core business profit is an indicator of the earnings strength of Japan's life insurance companies. Sumitomo Life's core business profit reached a new high, amounting to ¥386.8 billion (\$4.1 billion), a substantial increase of 160.4% from the previous fiscal year. This increase was in part due to the posting of ¥83.6 billion on the reversal of the standard policy reserves for minimum guarantee risks of variable annuities, owing to an increase in stock prices in the fiscal year under review. Even excluding this factor, core business profit would have amounted to ¥303.1 billion (\$3.2 billion), underscoring Sumitomo Life's stable earnings strength.

Core business profit has three components: expense savings, mortality gain, and negative spread. The sum of expense savings and mortality gain continued to be stable, supported by growing premium income. Negative spread, on the other hand, fell by ¥12.4 billion from the previous fiscal year, to the controllable level of ¥90.6 billion.

In order to improve negative spread, Sumitomo Life has been providing additional policy reserves by applying the latest standard calculation rate, on commencement of the annuity payment, to individual annuities with high assumed interest rates, thus lowering the average assumed interest rate.



### Additional Policy Reserves for Individual Annuities



## Ordinary Profit and Net Surplus for the Year

In the year ended March 31, 2010, ordinary profit (the sum of core business profit, capital gains/losses, and non-recurring income/loss) increased 50.2% to ¥155.7 billion (\$1.6 billion). After adding

extraordinary gains and losses and deducting current and deferred income taxes, the net surplus rose 2.1% to ¥108.6 billion (\$1.1 billion).

Years ended March 31	Billions of yen			Billions of U.S. dollars
	2010	2009	2008	2010
Core business profit (A)	¥ 386.8	¥ 148.5	¥ 238.1	\$ 4.1
Capital gains (losses) (B)	(143.6)	(253.0)	(52.4)	(1.5)
Non-recurring income (loss) (C)	(87.3)	208.2	(76.4)	(0.9)
Ordinary profit (D=A+B+C)	155.7	103.7	109.2	1.6
Extraordinary gains (E)	1.1	61.5	18.6	0.0
Extraordinary losses (E)	(27.5)	(13.4)	(19.2)	(0.2)
Surplus before income taxes	129.3	151.8	108.6	1.3
Current income taxes (F)	0.5	0.4	43.9	0.0
Deferred income taxes (F)	20.2	45.0	(25.2)	0.2
Net surplus for the year (G=D+E-F)	¥ 108.6	¥ 106.4	¥ 89.9	\$ 1.1

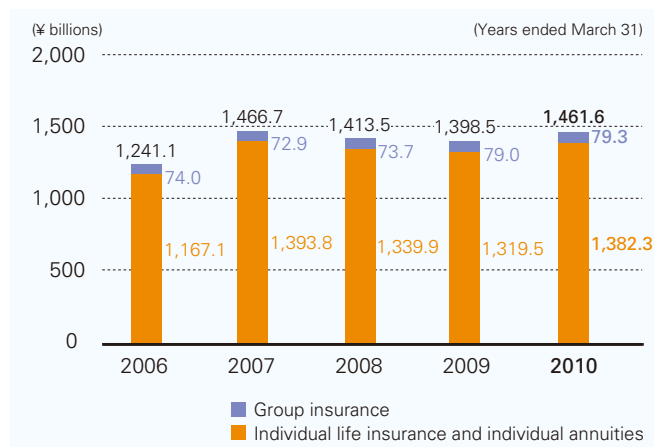
## Value of in Force Policies (VIF) and New Business Value (NBV)

VIF is the present value of future after-tax earnings expected from policies in force. NBV is the present value of future after-tax earnings expected from new business acquired during each fiscal year. Both VIF and NBV represent figures before the cost of capital.

In the year ended March 31, 2010, VIF climbed 4.5% to ¥1,461.6 billion (\$15.7 billion). Within this amount, VIF for individual life insurance and annuities, a major component of total VIF, increased 4.8% to ¥1,382.3 billion (\$14.8 billion). Increased sales of individual life insurance products by sales personnel contributed to NBV for individual life insurance and annuities, which grew by 20.2% to ¥85.6 billion (\$0.9 billion).

In order to achieve sustainable growth of VIF, Sumitomo Life will move forward on the diversification of products and channels that meet changing customer needs, together with focusing on improvements to asset management yields and business expense efficiency.

### VIF



The principal assumptions and the impact of revised assumptions in the calculation of VIF are as follows:

### Principal Assumptions

	Calculation method
Discount rate	5.9% Based on the risk-free interest rate (10-year JGB: approx. 1.390%) plus a risk premium of 4.5%.
Investment yield	Based on asset portfolio ratios while incorporating new investment plans. The following yields have been applied: 2.53% (FY2010) 2.55% (FY2011) 2.56% (FY2012) 2.58% (FY2013) 2.59% (after FY2014)
Operating expenses	Based on actual expenses in the most recent year.
Surrender and lapse	Based on actual figures for the past three years for each product, number of years elapsed, payment method, etc.
Mortality and morbidity	Based on actual figures for the past three years for each insurance category, number of years elapsed, etc.
Dividend rate	Based on the dividend rate applied in FY2010.

### Impact of Revised Assumptions (Sensitivities)

		Billions of yen		Billions of U.S. dollars
		Impact on VIF	VIF	VIF
Discount rate	5.9% » 6.9%	¥ (82.9)	¥1,299.4	\$13.9
	5.9% » 4.9%	95.8	1,478.1	15.8
Investment yield	+0.25%	214.6	1,596.9	17.1
	-0.25%	(215.4)	1,166.9	12.5
Operating expenses	Assumption X 110%	(67.2)	1,315.1	14.1
	Assumption X 90%	67.2	1,449.5	15.5
Surrender and lapse	Assumption X 110%	(61.2)	1,321.1	14.1
	Assumption X 90%	66.0	1,448.3	15.5
Mortality and morbidity	Assumption X 110%	(221.9)	1,160.4	12.4
	Assumption X 90%	225.5	1,607.8	17.2

### Review by Actuarial Firm

Sumitomo Life asked an independent actuarial firm to review the methodology used and the assumptions applied for calculating VIF to assure objectivity.

The independent actuarial firm has also carried out a limited review of the consistency between the results, the methodology and the underlying assumptions.

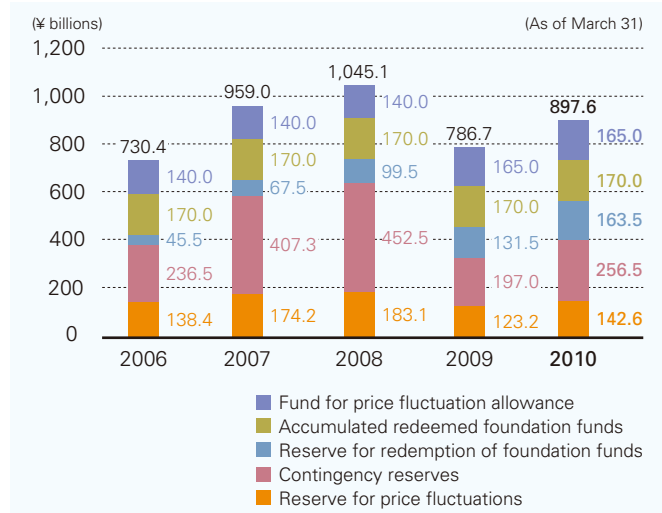
## Financial Strength

Sumitomo Life boosted accumulated retained surplus to ¥897.6 billion and recorded a sound solvency margin ratio of 955.1%.

### Capital Strategies and Accumulated Retained Surplus

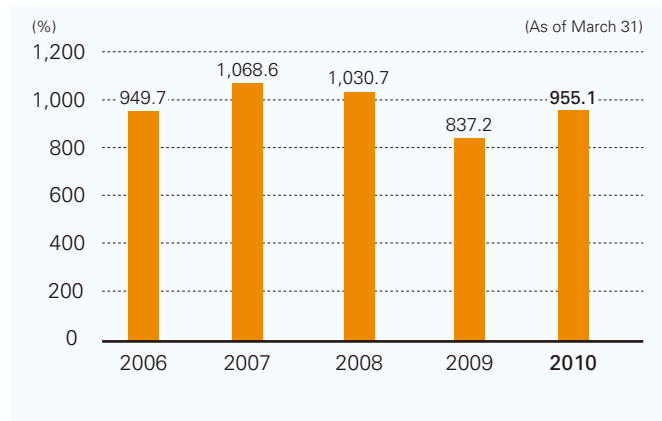
At fiscal year-end, total foundation funds—the sum of foundation funds and accumulated redeemed foundation funds—totaled ¥369.0 billion (\$3.9 billion), the same as at the end of the previous fiscal year. Sumitomo Life boosted accumulated retained surplus by ¥110.9 billion to ¥897.6 billion (\$9.6 billion).

Sumitomo Life has been enhancing its financial strength principally by increasing accumulated retained surplus. In addition, the Company has further enhanced its financial strength through the procurement of supplemental external capital sources such as foundation funds and subordinated debt. In January 2009, we raised ¥100.0 billion of hybrid capital from the domestic capital market. Following this, in January 2010, we refinanced for ¥102.5 billion of hybrid capital, raising the soundness of our capital position. In addition, we redeemed ¥59.0 billion of foundation funds in July 2010 and procured ¥70.0 billion of foundation funds by public offering in August 2010.



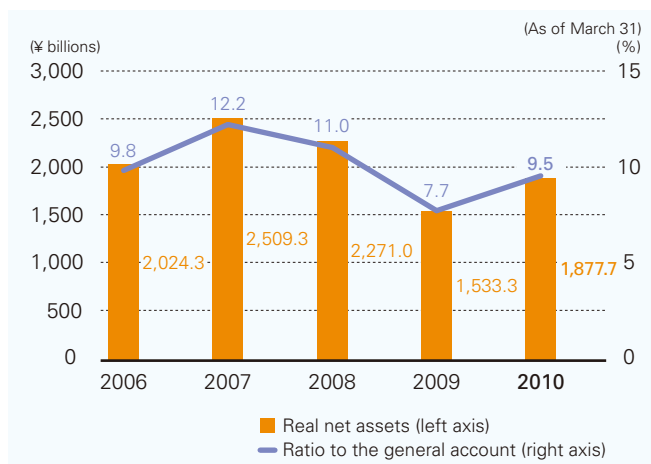
### Solvency Margin Ratio

The solvency margin ratio is the ratio of the total solvency margin to the total amount of quantified risks outside the normal scope of predictability. In the year ended March 31, 2010, Sumitomo Life's solvency margin ratio rose from 837.2% to 955.1%. The ratio continues to far exceed the 200% level, which, in Japan, is regarded as the indication of a sound insurer.



## Real Net Assets

Real net assets are the value of total assets, reflecting the net of unrealized gains or losses on securities and real estate, minus the value of total liabilities, excluding the contingency reserve, the reserve for price fluctuations, and certain other reserves. They are another indicator of a life insurance company's financial strength. Due to the increase of accumulated retained surplus and unrealized gains, Sumitomo Life's real net assets at fiscal year-end stood at ¥1,877.7 billion, up from ¥1,533.3 billion a year earlier.



## Policyholders' Dividends

Adopting a medium- to long-term perspective, Sumitomo Life pays dividends while maintaining a level of accumulated retained surplus sufficient to withstand risks. In the fiscal year under review, in

light of a certain level of accumulated retained surplus having been achieved as a result of its strong performance, Sumitomo Life raised policyholders' dividends, an increase of ¥16.8 billion, to ¥61.6 billion.

## Insurance Financial Strength Ratings

As of the end of July 2010, Sumitomo Life has received an insurance financial strength rating of A2 from Moody's, an A from both Rating and Investment Information (R&I) and Japan Credit

Rating Agency (JCR), an A- from Fitch Ratings (Fitch) and a BBB+ from Standard & Poor's (S&P). Each of these ratings has been assigned "Stable" outlooks.

## Rating Status

Rating Agency	As of July 31, 2010
Moody's	A2
Rating and Investment Information (R&I)	A
Japan Credit Rating Agency (JCR)	A
Fitch Ratings (Fitch)	A-
Standard & Poor's (S&P)	BBB+

## Asset Management (General Account)

Sumitomo Life's investment strategy is based on Asset-Liability Management (ALM). In addition to investing primarily in yen-denominated, fixed-income assets, we stabilized income flow by reducing risk and flexibly hedging in response to world financial market turmoil.

### Asset Management

Sumitomo Life has a basic investment policy of managing assets and liabilities based on the nature of life insurance as a long-term liability. We invest mainly in yen-denominated interest-bearing assets to boost earnings in the medium and long terms while adopting a flexible hedging approach to reduce risk.

Sumitomo Life has traditionally managed its assets prudently by reducing its exposure to stocks

and opting for assets with low credit risk. At the same time, we are not exposed to securitized products backed by overseas assets, such as subprime loan-related products and do not hold bonds from European countries experiencing sovereign debt issues. Thanks to this approach, the global financial crisis has had a very limited impact on Sumitomo Life.

As of March 31	Millions of yen						Millions of U.S. dollars
	2010	(%)	2009	(%)	2008	(%)	2010
Cash, deposits and call loans	¥ 230,242	1.2	¥ 344,988	1.7	¥ 599,277	2.9	\$ 2,474
Monetary claims bought	462,598	2.3	437,022	2.2	880,103	4.3	4,972
Securities:							
Bonds	8,060,309	40.8	7,314,209	36.5	6,805,043	32.9	86,632
Stocks	1,320,983	6.7	1,148,805	5.7	1,664,309	8.1	14,198
Foreign securities:							
Bonds	3,990,477	20.2	4,051,836	20.2	4,356,048	21.1	42,889
Stocks, etc.	596,602	3.0	861,539	4.3	615,490	3.0	6,412
Total foreign securities	4,587,080	23.2	4,913,376	24.5	4,971,538	24.1	49,302
Other securities	33,029	0.2	34,202	0.2	54,365	0.3	354
Total securities	14,001,401	70.8	13,410,593	66.9	13,495,257	65.3	150,487
Loans:							
Policy loans	390,623	2.0	414,280	2.1	436,673	2.1	4,198
General loans	3,053,263	15.4	3,454,896	17.2	3,621,265	17.5	32,816
Total loans	3,443,887	17.4	3,869,177	19.3	4,057,938	19.6	37,015
Real estate:							
Investment real estate	977,742	4.9	997,424	5.0	1,006,917	4.9	10,508
Deferred tax assets	735,640	3.7	749,069	3.7	754,203	3.6	7,906
Other	303,203	1.5	441,632	2.2	321,582	1.6	3,258
Other	354,911	1.8	537,167	2.7	308,851	1.5	3,814
Allowance for possible loan losses	(7,923)	(0.0)	(2,233)	(0.0)	(1,584)	(0.0)	(85)
General account total	19,766,064	100.0	20,035,772	100.0	20,668,343	100.0	212,446
Foreign currency denominated assets	1,879,131	9.5	1,824,237	9.1	1,971,870	9.5	20,197

Note: Real estate lists the sum of land, buildings and construction in progress.

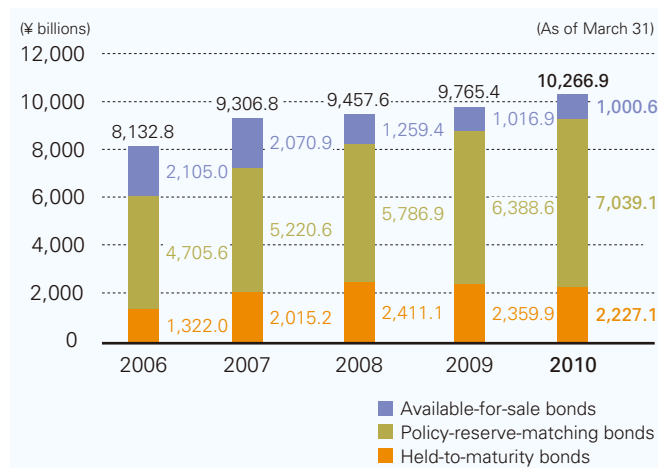
## Securities

In line with our ALM strategy, Sumitomo Life strives to accumulate yen-denominated interest-bearing assets, centering on held-to-maturity bonds and policy-reserve-matching bonds. We also seek to improve the rate of return by extending asset duration and thus investing in long-term and super-long-term bonds.

With respect to foreign currency-denominated foreign bonds, we invested in government bonds and other securities with low credit risk, while controlling the foreign exchange risk. In fiscal 2009, we were not particularly affected by the appreciating yen due to our full foreign exchange hedging activities to protect the principal.

Unrealized gains/losses on Sumitomo Life's investment securities increased ¥297.5 billion from a loss of ¥106.8 billion at the end of the previous fiscal year to a gain of ¥190.6 billion (\$2.0 billion).

### Yen Denominated Bonds



Note: Refers to the total of bonds, including domestic bonds, Samurai bonds and foreign currency denominated foreign bonds with fixed yen value.

### Bonds by Maturity Date (General Account)

	¥ billions							
March 31, 2010	1 year or under	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	No fixed maturity	Total
Government bonds	¥ 83.8	¥122.2	¥147.9	¥376.8	¥364.5	¥3,831.1	¥ —	¥4,926.5
Local government bonds	21.1	109.7	125.4	18.7	5.9	2.6	—	283.6
Corporate bonds	247.8	376.9	639.0	488.4	277.5	798.2	22.0	2,850.1
Foreign bonds	270.2	273.6	749.5	565.4	748.5	1,383.0	—	3,990.4

	¥ billions							
Increase (decrease)	1 year or under	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	No fixed maturity	Total
Government bonds	¥(253.3)	¥ (23.8)	¥ 27.6	¥(25.8)	¥(104.5)	¥1,261.2	¥ —	¥881.3
Local government bonds	(18.1)	43.7	(13.7)	(46.2)	(0.3)	(4.0)	—	(38.7)
Corporate bonds	8.6	(16.2)	107.5	(81.7)	(186.3)	71.3	0.3	(96.4)
Foreign bonds	(52.6)	(174.2)	318.8	384.6	(387.7)	(150.1)	—	(61.3)

### Difference Between Market Value and Book Value of Securities (Unrealized Gains or Losses)

Years ended March 31	Billions of yen				Billions of U.S. dollars	
	2010	Increase (decrease)	2009	2008	2010	Increase (decrease)
Securities:	¥190.6	¥297.5	¥(106.8)	¥313.9	\$ 2.0	\$ 3.1
Held-to-maturity bonds	(11.8)	(18.3)	6.4	(15.3)	(0.1)	(0.1)
Policy-reserve-matching bonds	132.7	(8.9)	141.7	125.8	1.4	(0.0)
Available-for-sale securities:	69.7	324.8	(255.0)	203.4	0.7	3.4
Domestic bonds	1.2	3.1	(1.8)	1.0	0.0	0.0
Domestic stocks	58.2	261.3	(203.0)	256.2	0.6	2.8
Foreign securities	5.8	49.6	(43.7)	(62.1)	0.0	0.5
Other securities, etc.	4.3	10.7	(6.3)	8.3	0.0	0.1

Note: These are securities with fair market value other than trading securities.



## Sales Network

Sumitomo Life is seeking to diversify its sales channels. In addition to our own sales personnel, we also promote sales via banks and the Japan Post Group, as well as by developing insurance outlets in shopping malls to meet changing customer needs.

### Sales Personnel

Sumitomo Life has one of Japan's largest nationwide sales networks, encompassing 73 branch offices, 1,782 district offices, and around 35,000 full-time sales personnel. One of our most valuable assets, which we are effectively utilizing, is our customer base, with around 11 million policies in force covering 7 million current policyholders.

With respect to the performance evaluation of our sales personnel, we put an emphasis on the persistency rate of insurance policies and personnel retention rates to enhance our service quality to policyholders. We are the first major Japanese life

insurer to change from recruiting sales personnel on a monthly basis to a quarterly basis. This policy enables us not only to recruit highly qualified candidates but also to train them in groups that are recruited in the same quarter. In addition, we are currently introducing different sales organizations and service methods to suit the different characteristics of each marketing area.

As a result, we continue to improve our 13th month and 25th month persistency rates. In addition, the number of sales personnel and their average years of career duration continued to increase.

### Bancassurance

Sumitomo Life also sells its products via a domestic network of more than 300 banks and financial institutions, the largest bancassurance network of any domestic life insurer. We have sold in excess of 600,000 policies in the seven and one-half years since we began selling insurance via banks in October 2002.

Notably, in fiscal 2009, we succeeded in shifting the primary bancassurance product from vari-

able annuities to more profitable single-premium whole-life insurance. In the second half of fiscal 2009, we achieved a dominant 60% market share of the bancassurance sales of single-premium whole-life insurance.

To maintain the leading position in bancassurance sales, we will continue to develop innovative products and strengthen our support of the financial institution sales channel.

### Sales via Japan Post Group

With regard to insurance sales via the Japan Post Group, which was privatized in October 2007, we made concerted efforts to establish a sales support framework to utilize this potentially powerful distribution channel. The Japan Post Network Company has 24,000 branches and 111,200 employees, while the Japan Post Insurance Company has

80 branches and 6,200 employees. From June 2008, Japan Post Insurance commenced the sale of our term life insurance products for corporate owners, and from October 2008, Japan Post Network started selling our medical insurance products. Great expectations are held for the future growth of this sales channel.

## Other Sales Channels

Over the past few years, an increasing number of customers prefer to first compare and then choose their life insurance products. Given the evolution of needs such as these, insurance outlets in shopping malls are increasing across the country. Sumitomo Life is involved in this as well by opening

insurance outlets through its subsidiary, Izumi Life Designers Co., Ltd. Based on the knowledge and experience gained through this emerging sales channel, Sumitomo Life established Medicare Life Insurance Co., Ltd. as a separate life insurance company in April 2010.

### Establishment of Medicare Life Insurance Co., Ltd.

In line with diversifying customer needs for life insurance products, an increasing number of customers have a preference for “wanting to compare and choose products that suit personal needs” by going through insurance outlets in shopping malls, Internet sites, mail-order and other new sales channels.

With the objective of providing simple and affordable products that precisely meet the changing needs of these customers in a timely manner, we established Medicare Life Insurance Co., Ltd. as a separate life insurance company in April 2010. Sumitomo Life, in tandem with Medicare Life, will respond to diversifying customer needs by promoting a multi-product strategy.

### Strengthened Alliance with Mitsui Sumitomo Insurance Company

From the perspective of covering a variety of risks that exist in our customers’ lives, Sumitomo Life is also active in cross-selling a broad range of non-life insurance products. Previously, we had been selling non-life insurance products underwritten by our subsidiary, Sumi-Sei General Insurance Company.

To promote cross-sales even further, we decided to dissolve Sumi-Sei General Insurance and started to sell non-life insurance products underwritten by Mitsui Sumitomo Insurance Company from October 2009 through our sales personnel. By selling Mitsui Sumitomo Insurance’s highly competitive non-life products, fiscal 2009 second-half sales of non-life insurance increased, and cross-selling by our sales personnel is moving forward.

## Overseas Operations

### Asia

Encouraged by signs of an expanding insurance market in China, in November 2005 Sumitomo Life established PICC Life Insurance Company in partnership with PICC Holding Company, which owns PICC Property & Casualty Co., Ltd., the largest non-life insurance company in China. As of March 31, 2009, PICC Life Insurance had opened offices in 31 provinces and autonomous regions.

PICC Life Insurance's operations are expanding as it develops its sales network through banking channels and, as of December 31, 2009, its approximately 151,000 insurance agents. Premium income in the year ended December 2009 totaled ¥710.5 billion (\$7.6 billion), placing the company in

sixth position among China's 59 life insurance companies, with 6.4% of the market share in China, and achieving profitability in just the fourth year since its establishment.

In October 2009, Sumitomo Life and Vietnam Bank for Agriculture and Rural Development (Agribank), Vietnam's largest state-owned commercial bank, signed a memorandum of understanding to collaborate to provide life insurance services in Vietnam. We will move ahead with preparations to develop a life insurance business that effectively capitalizes Sumitomo Life's expertise and Agribank's high brand recognition and broad customer base.

### North America

Sumitomo Life has a wholly owned U.S. subsidiary, Sumitomo Life Insurance Agency America, Inc. (SLIA), which has been accommodating the needs of Japanese companies with operations in the region since 1986. SLIA provides high-quality brokerage and consulting services for employee benefits

in a broad range of areas, including corporate health insurance. At present, it has offices in New York, Los Angeles, Atlanta, Chicago, Kentucky and South Carolina, acting as one of the largest Japanese brokers of employee benefits in the United States.

### Representative Offices

#### North America

Since opening a representative office in New York in 1972, Sumitomo Life has pursued a range of activities in the region. Seeking to advance our operations globally in the future, our New York office now gathers a diversity of information about the U.S. financial, securities and insurance businesses, which it conveys to the management and key departments in our head office in Japan.

#### Europe

Sumitomo Life opened a representative office in London in 1980 and has conducted various initiatives ever since. With a view to developing operations globally, our London office gathers a wide

range of information about the financial, securities and insurance businesses in Europe, which it conveys to management and key departments in Japan.

The London Representative Office also provides support to the head office investment and loan division by providing credit information and maintaining contacts with borrowers to gain an accurate grasp of the credit risk profile of existing loan customers in Europe.

#### Asia

Sumitomo Life opened a representative office in Beijing in 1991 and gathers information on local financial and insurance businesses.

### Mutual Company Framework

As Sumitomo Life is a mutual insurance company, each policyholder has rights similar to those of a company shareholder. At the annual Board of Policyholders' Representatives meeting (equivalent to the general shareholders' meeting of a stock company), decisions are made on important matters, including

the appropriation of the Company's net surplus, changes to the articles of incorporation, and the appointment of directors and auditors. Also, at the Board of Councillors meetings, which are attended by elected policyholders and academic experts, important business and advisory issues are discussed.

### Corporate Governance

Sumitomo Life's corporate governance framework is coordinated to improve management transparency and to clarify the division of roles between management oversight and business execution. In order for this framework to function properly, Sumitomo Life has adopted several management structures. The Board of Corporate Auditors, an independent organ, audits the activities of directors who are well versed in the insurance industry. We have also adopted an Executive Officer System in order to separate the decision-making and over-

sight functions from the business execution function. To ensure the transparency of management, we have appointed three external directors: a corporate executive, a lawyer and a certified public accountant. The Corporate Governance Committee, headed by one of the external directors, adopts an outside perspective in its deliberation of issues related to the appointment of directors and executive officers, remuneration for executive officers, and the enhancement of the system of internal controls.

### Compliance

Fulfilling our responsibility to contribute to social and public welfare through life insurance operations, we conduct our business with integrity according to our Management Policy and the Sumitomo Life Group Code of Conduct, which together embody our

basic management philosophy. To clarify our basic policy on compliance, we formulated a set of Legal and Compliance Rules and have been setting up systems accordingly.

## CSR Vision

In 1952, Sumitomo Life formulated a Management Policy which included its commitment to “contributing to the furtherance of social and public welfare.” We have since then clarified our commitment, setting out to “help create an affluent, content and long-lived society through effective management and the development of insurance services.”

Fulfilling our social responsibilities is our fundamental guiding principle, and on this basis, we will strive to win the trust of all our stakeholders—customers, business partners, employees, those in the local and international communities, and all who care for the global environment.

## Social Contribution Activities

Sumitomo Life regards contribution to society as one of its most important management priorities. To this end, we promote a variety of social welfare and cultural support initiatives. With respect to social welfare activities, we provide various means of support to address Japan’s declining population, a major issue for the nation. We also provide support for people suffering from cancer, which causes a third of all deaths in Japan. Since fiscal 2007, Sumitomo Life has supported the Pink Ribbon Campaign, which provides assistance to those with breast cancer—a disease that afflicts approximately one in every 20 women in Japan today. Our sales personnel throughout Japan support the campaign and promote breast cancer screening to customers.

Back in 1960, we established two organizations—the Sumitomo Life Social Welfare Business Foundation and the Sumitomo Life Health

Foundation—to help foster social welfare and improve the health of citizens. Today, continuing in this tradition, Sumitomo Life participates in the Sumitomo Foundation, set up by 20 members of the Sumitomo Group to promote a diverse array of initiatives that contribute to society. Another important initiative is providing care for dementia patients, whose numbers are increasing as the population ages.

Regarding cultural support activities, since 1986 we have hosted regular charity concerts throughout Japan, raising funds for welfare facilities. To date, we have held 896 such concerts, attracting more than 1,110,000 people. Since 1977, Sumitomo Life has organized an international children’s drawing contest, and the winning works have been exhibited at the Louvre Museum every year since 2000.

### Basic Approach

Sumitomo Life actively manages risks by identifying and analyzing them in order to ensure a healthy financial foundation and reliable, appropriate payments of insurance benefits to policyholders.

Specifically, we have established management frameworks for each category of risk and strive to improve and advance risk management governance.

### Risk Management Policies and Rules

The basic risk management rules, determined by the Board of Directors, establish company-wide risk management governance, define risks and lay out the basic approach to risk management. Other

rules have also been established for each of the risk categories defined in the risk management rules in order to clarify risk management procedures.

### Risk Management Governance

Sumitomo Life has a Corporate Risk Management Department and other risk management departments, which manage the various risks associated with the life insurance business according to the basic policies on risk management established by the Board of Directors. The Risk Management Committee was established to advise the Executive Management

Committee to ensure that systems are in place for properly monitoring risk and that inter-departmental risk management issues are addressed. The effectiveness of risk management is monitored through internal audits conducted by the Internal Audit Department and external audits carried out by corporate auditors and independent auditors.

### Integrated Risk Management

With products and distribution channels diversifying and changes taking place in the operating environment, Sumitomo Life calculates the overall risk exposure by measuring risk levels for market risk, credit risk, real estate investment risk, underwriting

risk and operational risk using a unified method, while taking into account diversification benefits. Integrated risk is then compared to the risk buffer to help us efficiently manage the potential impact of various risks.

### ALM System

ALM refers to the comprehensive management of assets and liabilities. Sumitomo Life analyzes and estimates the cash flow for each type of insurance. Where necessary, we make changes to the asset portfolio, sales policies and premium rates for insurance products after taking account of assets, market

conditions, asset management risk, liquidity risk, underwriting risk, as well as other risks.

We established the ALM Committee as an advisory organ of the Executive Management Committee to discuss strategy and important issues related to ALM.



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Notes: 1. The Financial Section is an English translation of audited financial statements prepared to conform with Japanese accounting standards.

2. Notes to Consolidated and Non-Consolidated Financial Statements are not provided in the Financial Section of this Report's English Edition.

3. U.S. dollar amounts are converted, solely for convenience, at ¥93.04 = U.S. \$1.00, the rate prevailing on March 31, 2010.

4. Amounts of less than one million yen or less than one million dollars have been omitted.

## Consolidated Balance Sheets

At March 31, 2010, 2009 and 2008	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Assets</b>				
Cash and deposits	¥ 106,117	¥ 109,071	¥ 225,247	\$ 1,140
Call loans	252,500	379,300	543,800	2,713
Monetary claims bought	462,598	437,022	880,103	4,972
Securities	17,148,392	15,826,995	16,059,439	184,312
Loans	3,443,939	3,869,240	4,058,009	37,015
<b>Tangible fixed assets:</b>				
Land	553,081	554,985	—	5,944
Buildings	424,399	440,609	—	4,561
Leased assets	427	—	—	4
Construction in progress	471	2,040	—	5
Other tangible fixed assets	8,753	10,742	—	94
Total tangible fixed assets	987,134	1,008,377	1,018,869	10,609
<b>Intangible fixed assets:</b>				
Software	13,599	15,497	—	146
Other intangible fixed assets	11,784	17,125	—	126
Total intangible fixed assets	25,384	32,623	34,791	272
Due from insurance agencies	29	179	185	0
Due from reinsurers	407	422	295	4
Other assets	347,063	561,025	295,384	3,730
Deferred tax assets	306,070	444,048	325,141	3,289
Customers' liabilities for acceptances and guarantees	440	440	400	4
Allowance for possible loan losses	(7,924)	(2,234)	(1,587)	(85)
<b>Total assets</b>	<b>¥23,072,153</b>	<b>¥22,666,512</b>	<b>¥23,440,081</b>	<b>\$247,981</b>



	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Liabilities</b>				
<b>Policy reserves:</b>				
Reserves for outstanding claims	¥ 119,744	¥ 123,949	¥ 141,989	\$ 1,287
Policy reserves	20,404,323	19,325,869	19,709,685	219,307
Policyholders' dividend reserves	336,273	367,459	398,782	3,614
Total policy reserves	20,860,341	19,817,278	20,250,457	224,208
Due to reinsurers	343	757	757	3
<b>Other liabilities:</b>				
Deposits received under securities lending transactions	628,242	1,391,342	1,541,069	6,752
Other	674,604	843,523	733,672	7,250
Total other liabilities	1,302,846	2,234,866	2,274,742	14,003
Accrued retirement benefits	22,209	14,783	10,282	238
Reserve for directors' and corporate auditors' retirement benefits	20	39	34	0
Reserve for price fluctuations	142,961	123,546	183,430	1,536
Deferred tax liabilities on revaluation of land	38,327	39,182	39,763	411
Acceptances and guarantees	440	440	400	4
<b>Total liabilities</b>	<b>22,367,490</b>	<b>22,230,893</b>	<b>22,759,868</b>	<b>240,407</b>
<b>Net assets</b>				
<b>Funds, reserve and surplus:</b>				
Foundation funds	199,000	199,000	199,000	2,138
Accumulated redeemed foundation funds	170,000	170,000	170,000	1,827
Reserve for revaluation	2	2	2	0
Surplus	404,345	352,354	303,433	4,345
Total funds, reserve and surplus	773,347	721,356	672,436	8,311
<b>Unrealized gains/losses, revaluation reserve and adjustments:</b>				
Unrealized gains (losses) on available-for-sale securities, net of taxes	44,901	(162,188)	130,401	482
Deferred unrealized gains on hedging instruments	243	151	23	2
Revaluation reserve for land, net of taxes	(113,537)	(123,398)	(122,555)	(1,220)
Foreign currency translation adjustments	(292)	(302)	(93)	(3)
Total unrealized gains/losses, revaluation reserve and adjustments	(68,684)	(285,737)	7,776	(738)
<b>Total net assets</b>	<b>704,663</b>	<b>435,619</b>	<b>680,212</b>	<b>7,573</b>
<b>Total liabilities and net assets</b>	<b>¥23,072,153</b>	<b>¥22,666,512</b>	<b>¥23,440,081</b>	<b>\$247,981</b>

## Consolidated Statements of Income

Years ended March 31, 2010, 2009 and 2008	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Ordinary income</b>				
<b>Insurance premiums and other</b>	<b>¥3,092,641</b>	<b>¥2,570,786</b>	<b>¥2,586,098</b>	<b>\$33,239</b>
<b>Investment income:</b>				
Interest and dividend income	479,119	473,782	481,177	5,149
Gains on trading securities	—	488	65	—
Gains on sales of securities	26,885	42,667	38,926	288
Gains on redemption of securities	—	3,889	—	—
Foreign exchange gains	—	1,877	—	—
Other	474	294	452	5
Gains on assets in separate accounts	333,517	—	—	3,584
Total investment income	839,996	522,999	520,622	9,028
<b>Other ordinary income</b>	<b>132,304</b>	<b>553,732</b>	<b>233,204</b>	<b>1,422</b>
Total ordinary income	4,064,942	3,647,518	3,339,925	43,690
<b>Ordinary expenses</b>				
<b>Benefits and other payment:</b>				
Claims paid	681,629	759,598	731,565	7,326
Annuities paid	287,000	271,209	251,718	3,084
Benefits paid	436,735	437,134	450,688	4,694
Surrenders	511,081	536,196	567,865	5,493
Other	109,993	157,236	164,349	1,182
Total benefits and other payment	2,026,441	2,161,375	2,166,188	21,780
<b>Provision for policy reserves and other reserves:</b>				
Provision for reserves for outstanding claims	—	—	964	—
Provision for policy reserves	1,078,454	—	—	11,591
Provision for interest on policyholders' dividend reserves	1,049	1,898	1,407	11
Total provision for policy reserves and other reserves	1,079,503	1,898	2,371	11,602
<b>Investment expenses:</b>				
Interest expenses	14,168	16,690	14,985	152
Losses on trading securities	415	—	—	4
Losses on sales of securities	59,624	118,989	32,024	640
Losses on devaluation of securities	44,461	127,983	5,893	477
Losses on derivatives	64,796	50,552	53,573	696
Foreign exchange losses	906	—	880	9
Provision for allowance for possible loan losses	6,784	20,572	—	72
Write-off of loans	—	—	35	—
Depreciation of real estate for investment	18,452	18,768	19,622	198
Other expenses	23,424	22,471	20,453	251
Losses on assets in separate accounts	—	398,953	292,986	—
Total investment expenses	233,034	774,983	440,456	2,504
<b>Operating expenses</b>	<b>387,781</b>	<b>375,126</b>	<b>382,844</b>	<b>4,167</b>
<b>Other ordinary expenses</b>	<b>178,395</b>	<b>229,935</b>	<b>236,177</b>	<b>1,917</b>
Total ordinary expenses	3,905,155	3,543,319	3,228,038	41,972
<b>Ordinary profit</b>	<b>¥ 159,787</b>	<b>¥ 104,198</b>	<b>¥ 111,887</b>	<b>\$ 1,717</b>

	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Extraordinary gains</b>				
Gains on disposal of fixed assets, etc.	¥ 1,129	¥ 1,669	¥ 20,998	\$ 12
Reversal of reserve for price fluctuations	—	59,884	—	—
Reversal of allowance for possible loan losses	—	—	3,491	—
Gains on contribution of securities to retirement benefit trust	—	—	3,291	—
Total extraordinary gains	1,129	61,553	27,781	12
<b>Extraordinary losses</b>				
Losses on disposal of fixed assets, etc.	2,988	1,430	11,695	32
Impairment losses on fixed assets	4,399	11,299	2,783	47
Provision for reserve for price fluctuations	19,415	—	8,934	208
Advanced depreciation for real estate	100	56	166	1
Payment to social responsibility reserve	657	670	602	7
Other extraordinary losses	—	781	—	—
Total extraordinary losses	27,560	14,238	24,182	296
<b>Surplus before income taxes and minority interests</b>	<b>133,355</b>	<b>151,513</b>	<b>115,485</b>	<b>1,433</b>
<b>Income taxes:</b>				
Current	1,638	1,178	47,629	17
Deferred	19,842	46,089	(25,423)	213
Total income taxes	21,481	47,268	—	230
<b>Minority interests</b>	—	—	(0)	—
<b>Net surplus for the year</b>	<b>¥ 111,874</b>	<b>¥ 104,244</b>	<b>¥ 93,280</b>	<b>\$ 1,202</b>

## Consolidated Statements of Changes in Net Assets

Years ended March 31, 2010, 2009 and 2008	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Funds, reserve and surplus</b>				
<b>Foundation funds</b>				
Balance at the end of previous fiscal year	¥199,000	¥199,000	¥149,000	\$2,138
Changes during the current fiscal year:				
Financing of additional foundation funds	—	—	50,000	—
Total changes in current fiscal year	—	—	50,000	—
Balance at the end of current fiscal year	199,000	199,000	199,000	2,138
<b>Accumulated redeemed foundation funds</b>				
Balance at the end of previous fiscal year	170,000	170,000	170,000	1,827
Changes during the current fiscal year	—	—	—	—
Balance at the end of current fiscal year	170,000	170,000	170,000	1,827
<b>Reserve for revaluation</b>				
Balance at the end of previous fiscal year	2	2	2	0
Changes during the current fiscal year	—	—	—	—
Balance at the end of current fiscal year	2	2	2	0
<b>Surplus</b>				
Balance at the end of previous fiscal year	352,354	303,433	270,170	3,787
Changes during the current fiscal year:				
Provision for policyholders' dividend reserves	(44,758)	(51,043)	(50,588)	(481)
Payment of interest on foundation funds	(5,263)	(5,123)	(3,686)	(56)
Net surplus for the year	111,874	104,244	93,280	1,202
Decrease due to exclusion of subsidiaries from scope of consolidation	—	—	(4,923)	—
Increase due to exclusion of companies accounted for under equity method	—	—	682	—
Reversal of revaluation reserve for land	(9,860)	842	(1,501)	(105)
Total changes in current fiscal year	51,991	48,920	33,262	558
Balance at the end of current fiscal year	404,345	352,354	303,433	4,345
<b>Total funds, reserve and surplus</b>				
Balance at the end of previous fiscal year	721,356	672,436	589,173	7,753
Changes during the current fiscal year:				
Financing of additional foundation funds	—	—	50,000	—
Provision for policyholders' dividend reserves	(44,758)	(51,043)	(50,588)	(481)
Payment of interest on foundation funds	(5,263)	(5,123)	(3,686)	(56)
Net surplus for the year	111,874	104,244	93,280	1,202
Decrease due to exclusion of subsidiaries from scope of consolidation	—	—	(4,923)	—
Increase due to exclusion of companies accounted for under equity method	—	—	682	—
Reversal of revaluation reserve for land	(9,860)	842	(1,501)	(105)
Total changes in current fiscal year	51,991	48,920	83,262	558
Balance at the end of current fiscal year	¥773,347	¥721,356	¥672,436	\$8,311

	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Unrealized gains/losses, revaluation reserve and adjustments</b>				
<b>Unrealized gains (losses) on available-for-sale securities, net of taxes</b>				
Balance at the end of previous fiscal year	¥(162,188)	¥ 130,401	¥ 592,236	\$(1,743)
Changes during the current fiscal year	207,090	(292,590)	(461,834)	2,225
Balance at the end of current fiscal year	44,901	(162,188)	130,401	482
<b>Deferred unrealized gains (losses) on hedging instruments</b>				
Balance at the end of previous fiscal year	151	23	(25)	1
Changes during the current fiscal year	92	128	49	0
Balance at the end of current fiscal year	243	151	23	2
<b>Revaluation reserve for land, net of taxes</b>				
Balance at the end of previous fiscal year	(123,398)	(122,555)	(123,893)	(1,326)
Changes during the current fiscal year	9,860	(842)	1,338	105
Balance at the end of current fiscal year	(113,537)	(123,398)	(122,555)	(1,220)
<b>Foreign currency translation adjustments</b>				
Balance at the end of previous fiscal year	(302)	(93)	(5,253)	(3)
Changes during the current fiscal year	10	(209)	5,159	0
Balance at the end of current fiscal year	(292)	(302)	(93)	(3)
<b>Total unrealized gains/losses, revaluation reserve and adjustments</b>				
Balance at the end of previous fiscal year	(285,737)	7,776	463,063	(3,071)
Changes during the current fiscal year	217,053	(293,514)	(455,287)	2,332
Balance at the end of current fiscal year	(68,684)	(285,737)	7,776	(738)
<b>Minority interests</b>				
Balance at the end of previous fiscal year	—	—	35	—
Changes during the current fiscal year	—	—	(35)	—
Balance at the end of current fiscal year	—	—	—	—
<b>Total net assets</b>				
Balance at the end of previous fiscal year	435,619	680,212	1,052,272	4,682
Changes during the current fiscal year:				
Financing of additional foundation funds	—	—	50,000	—
Provision for policyholders' dividend reserves	(44,758)	(51,043)	(50,588)	(481)
Payment of interest on foundation funds	(5,263)	(5,123)	(3,686)	(56)
Net surplus for the year	111,874	104,244	93,280	1,202
Decrease due to exclusion of subsidiaries from scope of consolidation	—	—	(4,923)	—
Increase due to exclusion of companies accounted for under equity method	—	—	682	—
Reversal of revaluation reserve for land	(9,860)	842	(1,501)	(105)
Other changes during the current fiscal year	217,053	(293,514)	(455,323)	2,332
Total changes in current fiscal year	269,044	(244,593)	(372,060)	2,891
Balance at the end of current fiscal year	¥ 704,663	¥ 435,619	¥ 680,212	\$ 7,573

## Consolidated Statements of Cash Flows

Years ended March 31, 2010, 2009 and 2008	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>I. Cash flows from operating activities:</b>				
Surplus before income taxes and minority interests	¥ 133,355	¥ 151,513	¥ 115,485	\$ 1,433
Depreciation of real estate for investment	18,452	18,768	19,622	198
Depreciation	15,407	16,007	16,206	165
Impairment losses on fixed assets	4,399	11,299	2,783	47
Amortization of goodwill	—	(8)	—	—
Gains on contribution of securities to retirement benefit trust	—	—	(3,291)	—
Increase (decrease) in reserves for outstanding claims	(4,205)	(18,039)	964	(45)
Increase (decrease) in policy reserves	1,078,454	(383,816)	(80,313)	11,591
Provision for interest on policyholders' dividend reserves	1,049	1,898	1,407	11
Increase (decrease) in allowance for possible loan losses	5,690	647	(3,220)	61
Increase (decrease) in accrued retirement benefits	7,426	4,500	(3,351)	79
Increase (decrease) in reserve for price fluctuations	19,415	(59,884)	8,934	208
Interest and dividend income	(479,119)	(473,782)	(481,177)	(5,149)
Losses (gains) on securities	(212,306)	627,312	345,358	(2,281)
Interest expenses	14,168	16,690	14,985	152
Losses (gains) on foreign exchange transactions	904	(1,877)	1,093	9
Losses (gains) on tangible fixed assets	2,274	(90)	(10,985)	24
Equity in losses (earnings) of affiliates	(1,334)	363	(2,214)	(14)
Decrease in due from insurance agencies	150	5	6	1
Decrease (increase) in due from reinsurers	14	(127)	146	0
Decrease (increase) in other assets				
(excluding assets for investing and financing activities)	173,369	(119,208)	(2,490)	1,863
Increase (decrease) due to reinsurers	(414)	0	(141)	(4)
Increase (decrease) in other liabilities				
(excluding liabilities for investing and financing activities)	(101,247)	134,607	(8,197)	(1,088)
Other, net	(57,435)	63,124	(45,419)	(617)
<b>Subtotal</b>	<b>618,468</b>	<b>(10,093)</b>	<b>(113,810)</b>	<b>6,647</b>
Interest and dividends received	531,847	538,339	548,065	5,716
Interest paid	(16,110)	(17,175)	(13,902)	(173)
Policyholders' dividends paid	(76,994)	(84,265)	(95,861)	(827)
Other, net	(657)	(670)	(602)	(7)
Income taxes refund (paid)	15,981	(26,246)	(91,316)	171
<b>Net cash provided by operating activities (I)</b>	<b>¥1,072,536</b>	<b>¥ 399,887</b>	<b>¥ 232,571</b>	<b>\$11,527</b>

	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>II. Cash flows from investing activities:</b>				
Net decrease (increase) in deposits	¥ (12,204)	¥ 124,968	¥ (86,745)	\$ (131)
Purchases of monetary claims bought	(185,745)	(753,113)	(2,365,917)	(1,996)
Proceeds from sales and redemption of monetary claims bought	164,833	1,196,247	2,319,212	1,771
Purchases of securities	(5,064,671)	(8,577,418)	(8,024,942)	(54,435)
Proceeds from sales and redemption of securities	4,298,817	7,391,302	7,097,223	46,203
Loans made	(240,515)	(452,643)	(510,068)	(2,585)
Proceeds from collection of loans	640,748	599,128	615,372	6,886
Other, net	(637,203)	16,654	698,531	(6,848)
<b>Subtotal (IIa)</b>	<b>(1,035,941)</b>	<b>(454,872)</b>	<b>(257,333)</b>	<b>(11,134)</b>
<b>[I+IIa]</b>	<b>[36,594]</b>	<b>[(54,985)]</b>	<b>[(24,761)]</b>	<b>[393]</b>
Purchases of tangible fixed assets	(13,125)	(30,378)	(20,570)	(141)
Proceeds from sales of tangible fixed assets	8,246	4,035	71,872	88
Purchases of investments in subsidiaries resulting in change in scope of consolidation	—	(1,550)	—	—
Other, net	(4,078)	(4,657)	(13,819)	(43)
<b>Net cash used in investing activities</b>	<b>(1,044,898)</b>	<b>(487,423)</b>	<b>(219,849)</b>	<b>(11,230)</b>
<b>III. Cash flows from financing activities:</b>				
Proceeds from issuance of debt	102,500	100,040	11,190	1,101
Repayment of debt	(140,040)	—	(61,190)	(1,505)
Increase in foundation funds	—	—	50,000	—
Payment of interest on foundation funds	(5,263)	(5,123)	(3,686)	(56)
<b>Net cash provided by (used in) financing activities</b>	<b>(42,803)</b>	<b>94,917</b>	<b>(3,686)</b>	<b>(460)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(1)</b>	<b>(4)</b>	<b>9</b>	<b>(0)</b>
<b>V. Net increase (decrease) in cash and cash equivalents</b>	<b>(15,168)</b>	<b>7,377</b>	<b>9,044</b>	<b>(163)</b>
<b>VI. Cash and cash equivalents at the beginning of the year</b>	<b>60,174</b>	<b>52,797</b>	<b>48,983</b>	<b>646</b>
<b>VII. Decrease in cash and cash equivalents due to exclusion of subsidiaries from the consolidation scope</b>	<b>—</b>	<b>—</b>	<b>(5,230)</b>	<b>—</b>
<b>VIII. Cash and cash equivalents at the end of the year</b>	<b>¥ 45,006</b>	<b>¥ 60,174</b>	<b>¥ 52,797</b>	<b>\$ 483</b>

## Non-Consolidated Balance Sheets

At March 31, 2010, 2009 and 2008	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Assets</b>				
<b>Cash and deposits:</b>				
Cash	¥ 809	¥ 889	¥ 868	\$ 8
Bank deposits	92,832	96,389	215,719	997
Total cash and deposits	93,641	97,279	216,587	1,006
<b>Call loans</b>	252,500	379,300	543,800	2,713
<b>Monetary claims bought</b>	462,598	437,022	880,103	4,972
<b>Securities:</b>				
Government bonds	5,835,507	5,026,388	4,506,783	62,720
Local government bonds	319,797	327,039	457,210	3,437
Corporate bonds	3,057,497	3,048,759	2,959,888	32,862
Stocks	1,964,122	1,721,766	2,329,665	21,110
Foreign securities	5,139,021	5,376,798	5,615,437	55,234
Other securities	800,965	292,058	155,752	8,608
Total securities	17,116,912	15,792,810	16,024,737	183,973
<b>Loans:</b>				
Policy loans	390,623	414,280	436,673	4,198
Ordinary loans	3,053,263	3,454,896	3,621,265	32,816
Total loans	3,443,887	3,869,177	4,057,938	37,015
<b>Tangible fixed assets:</b>				
Land	553,052	554,956	550,921	5,944
Buildings	424,219	440,426	453,694	4,559
Leased assets	427	—	—	4
Construction in progress	470	2,040	2,301	5
Other tangible fixed assets	8,635	10,601	11,541	92
Total tangible fixed assets	986,806	1,008,026	1,018,458	10,606
<b>Intangible fixed assets:</b>				
Software	13,749	15,062	17,464	147
Other intangible fixed assets	11,730	16,979	15,949	126
Total intangible fixed assets	25,480	32,041	33,414	273
<b>Due from insurance agencies</b>	2	18	9	0
<b>Due from reinsurers</b>	267	165	97	2
<b>Other assets:</b>				
Accounts receivable	53,818	123,349	31,489	578
Prepaid expenses	81,732	101,620	80,005	878
Accrued income	94,955	94,098	102,625	1,020
Deposits	5,119	5,480	5,615	55
Differential account for futures trading	174	25,343	—	1
Derivatives	67,869	157,378	37,896	729
Suspense payment	10,460	21,453	9,260	112
Other	26,368	25,344	20,129	283
Total other assets	340,499	554,068	287,022	3,659
<b>Deferred tax assets</b>	303,203	441,632	321,582	3,258
<b>Customers' liabilities for acceptances and guarantees</b>	440	440	400	4
<b>Allowance for possible loan losses</b>	(7,923)	(2,233)	(1,584)	(85)
<b>Total assets</b>	<b>¥23,018,316</b>	<b>¥22,609,749</b>	<b>¥23,382,567</b>	<b>\$247,402</b>



	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Liabilities</b>				
<b>Policy reserves:</b>				
Reserves for outstanding claims	¥ 109,386	¥ 112,844	¥ 130,629	\$ 1,175
Policy reserves	20,369,636	19,287,447	19,672,951	218,934
Policyholders' dividend reserves	336,273	367,459	398,782	3,614
Total policy reserves	20,815,295	19,767,751	20,202,364	223,724
Due to reinsurers	121	132	107	1
<b>Other liabilities:</b>				
Deposits received under securities lending transactions	628,242	1,391,342	1,541,069	6,752
Long-term debt	407,500	445,040	345,000	4,379
Income tax payable	563	404	583	6
Accounts payable	25,638	60,995	183,794	275
Accrued expenses	41,857	40,905	38,634	449
Unearned income	2,796	3,245	3,610	30
Deposits received	50,966	50,212	50,579	547
Guarantee deposits received	53,234	55,796	55,965	572
Securities borrowed	1,738	32	29	18
Derivatives	28,786	91,497	46,696	309
Lease obligations	447	—	—	4
Suspense receipt	5,724	5,245	3,096	61
Other	51,030	84,625	—	548
Total other liabilities	1,298,525	2,229,342	2,269,060	13,956
Accrued retirement benefits	21,237	13,813	9,510	228
Reserve for price fluctuations	142,647	123,247	183,147	1,533
Deferred tax liabilities on revaluation of land	38,327	39,182	39,763	411
Acceptances and guarantees	440	440	400	4
Total liabilities	22,316,595	22,173,908	22,704,354	239,860
<b>Net assets</b>				
<b>Funds, reserve and surplus:</b>				
Foundation funds	199,000	199,000	199,000	2,138
Accumulated redeemed foundation funds	170,000	170,000	170,000	1,827
Reserve for revaluation	2	2	2	0
<b>Surplus:</b>				
Reserve for future losses	3,804	3,604	3,404	40
<b>Other surplus:</b>				
Reserve for redemption of foundation funds	131,500	99,500	67,500	1,413
Fund for price fluctuation allowance	165,000	140,000	140,000	1,773
Reserve for assisting social responsibility	1,494	1,452	1,422	16
Other reserves	223	223	223	2
Unappropriated surplus	99,412	107,922	89,066	1,068
Total other surplus	397,631	349,097	298,213	4,273
Total surplus	401,435	352,702	301,617	4,314
Total funds, reserve and surplus	770,438	721,704	670,620	8,280
<b>Unrealized gains/losses, revaluation reserve and adjustments:</b>				
Unrealized gains (losses) on available-for-sale securities, net of taxes	44,576	(162,617)	130,124	479
Deferred unrealized gains on hedging instruments	243	151	23	2
Revaluation reserve for land, net of taxes	(113,537)	(123,398)	(122,555)	(1,220)
Total unrealized gains/losses, revaluation reserve and adjustments	(68,716)	(285,864)	7,592	(738)
Total net assets	701,721	435,840	678,212	7,542
Total liabilities and net assets	¥23,018,316	¥22,609,749	¥23,382,567	\$247,402

## Non-Consolidated Statements of Income

Years ended March 31, 2010, 2009 and 2008	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Ordinary income</b>				
<b>Insurance premiums and other:</b>				
Premium income	¥3,059,184	¥2,529,256	¥2,544,184	\$32,880
Reinsurance income	555	644	635	5
Other income to policy reserves	3,971	3,830	3,745	42
Total insurance premiums and other	3,063,711	2,533,731	2,548,565	32,928
<b>Investment income:</b>				
Interest and dividend income:				
Interest from deposits	43	390	662	0
Interest and dividends from securities	329,580	315,650	315,333	3,542
Interest on loans	75,391	80,264	82,757	810
Income from real estate rental	64,885	67,075	69,107	697
Other interest and dividends	9,740	11,375	12,595	104
Total interest and dividend income	479,641	474,755	480,456	5,155
Gains on trading securities	—	488	65	—
Gains on sales of securities	26,530	42,071	38,926	285
Gains on redemption of securities	—	3,889	—	—
Foreign exchange gains	—	1,877	327	—
Other	474	296	450	5
Gains on assets in separate accounts	333,517	—	—	3,584
Total investment income	840,162	523,378	520,225	9,030
<b>Other ordinary income:</b>				
Annuity supplementary contract premiums	13,013	12,838	10,936	139
Benefits left to accumulate at interest	97,433	120,856	109,973	1,047
Reversal of reserves for outstanding claims	3,457	17,785	—	37
Reversal of policy reserves	—	385,504	80,794	—
Reversal of accrued retirement benefits	—	1,275	11,498	—
Other	8,271	9,472	7,819	88
Total other ordinary income	122,176	547,732	221,022	1,313
Total ordinary income	4,026,050	3,604,842	3,289,813	43,272
<b>Ordinary expenses</b>				
<b>Benefits and other payment:</b>				
Claims paid	664,926	742,747	713,719	7,146
Annuities paid	287,000	271,209	251,718	3,084
Benefits paid	436,735	437,134	450,688	4,694
Surrenders	510,052	535,163	566,399	5,482
Other refunds paid	105,841	151,952	158,831	1,137
Reinsurance premiums	878	914	896	9
Total benefits and other payment	2,005,434	2,139,122	2,142,254	21,554
<b>Provision for policy reserves and other reserves:</b>				
Provision for reserves for outstanding claims	—	—	492	—
Provision for policy reserves	1,082,189	—	—	11,631
Provision for interest on policyholders' dividend reserves	1,049	1,898	1,407	11
Total provision for policy reserves and other reserves	¥1,083,238	¥ 1,898	¥ 1,899	\$11,642

	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Investment expenses:</b>				
Interest expenses	¥ 14,168	¥ 16,690	¥ 14,978	\$ 152
Losses on trading securities	415	—	—	4
Losses on sales of securities	59,623	118,933	32,024	640
Losses on devaluation of securities	44,461	127,981	6,168	477
Losses on derivatives	64,796	50,552	53,573	696
Foreign exchange losses	906	—	—	9
Provision for allowance for possible loan losses	6,784	20,573	—	72
Depreciation of real estate for investment	18,452	18,768	19,437	198
Other expenses	23,528	22,567	20,286	252
Losses on assets in separate accounts	—	398,953	292,986	—
Total investment expenses	233,137	775,021	439,456	2,505
<b>Operating expenses</b>	<b>381,546</b>	<b>367,716</b>	<b>372,198</b>	<b>4,100</b>
<b>Other ordinary expenses:</b>				
Payment of benefits left to accumulate at interest	116,026	174,229	179,999	1,247
Taxes	23,015	21,240	21,530	247
Depreciation	14,961	15,457	15,886	160
Provision for accrued retirement benefits	7,067	—	—	75
Other	5,837	6,416	7,381	62
Total other ordinary expenses	166,907	217,344	224,797	1,793
Total ordinary expenses	3,870,264	3,501,103	3,180,606	41,597
<b>Ordinary profit</b>	<b>155,786</b>	<b>103,738</b>	<b>109,207</b>	<b>1,674</b>
<b>Extraordinary gains</b>				
Gains on disposal of fixed assets, etc.	1,128	1,669	11,875	12
Reversal of allowance for price fluctuations	—	59,900	—	—
Reversal of allowance for possible loan losses	—	—	3,526	—
Gains on contribution of securities to retirement benefit trust	—	—	3,291	—
Total extraordinary gains	1,128	61,569	18,692	12
<b>Extraordinary losses</b>				
Losses on disposal of fixed assets, etc.	2,965	1,411	6,819	31
Impairment losses on fixed assets	4,396	11,299	2,783	47
Provision for reserve for price fluctuations	19,400	—	8,919	208
Advanced depreciation for real estate	100	56	166	1
Payment to social responsibility reserve	657	670	602	7
Total extraordinary losses	27,519	13,438	19,291	295
<b>Surplus before income taxes</b>	<b>129,395</b>	<b>151,869</b>	<b>108,608</b>	<b>1,390</b>
<b>Income taxes:</b>				
Current	564	422	43,912	6
Deferred	20,214	45,037	(25,268)	217
Total income taxes	20,779	45,460	—	223
<b>Net surplus for the year</b>	<b>¥ 108,616</b>	<b>¥ 106,408</b>	<b>¥ 89,965</b>	<b>\$ 1,167</b>

## Non-Consolidated Statements of Changes in Net Assets

Years ended March 31, 2010, 2009 and 2008	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Funds, reserve and surplus</b>				
<b>Foundation funds</b>				
Balance at the end of previous fiscal year	¥199,000	¥199,000	¥149,000	\$2,138
Changes during the current fiscal year:				
Financing of additional foundation funds	—	—	50,000	—
Total changes in current fiscal year	—	—	50,000	—
Balance at the end of current fiscal year	199,000	199,000	199,000	2,138
<b>Accumulated redeemed foundation funds</b>				
Balance at the end of previous fiscal year	170,000	170,000	170,000	1,827
Changes during the current fiscal year	—	—	—	—
Balance at the end of current fiscal year	170,000	170,000	170,000	1,827
<b>Reserve for revaluation</b>				
Balance at the end of previous fiscal year	2	2	2	0
Changes during the current fiscal year	—	—	—	—
Balance at the end of current fiscal year	2	2	2	0
<b>Surplus</b>				
<b>Reserve for future losses</b>				
Balance at the end of previous fiscal year	3,604	3,404	3,204	38
Changes during the current fiscal year:				
Additions to reserve for future losses	200	200	200	2
Total changes in current fiscal year	200	200	200	2
Balance at the end of current fiscal year	3,804	3,604	3,404	40
<b>Other surplus</b>				
<b>Reserve for redemption of foundation funds</b>				
Balance at the end of previous fiscal year	99,500	67,500	45,500	1,069
Changes during the current fiscal year:				
Additions to reserve for redemption of foundation funds	32,000	32,000	22,000	343
Total changes in current fiscal year	32,000	32,000	22,000	343
Balance at the end of current fiscal year	131,500	99,500	67,500	1,413
<b>Fund for price fluctuation allowance</b>				
Balance at the end of previous fiscal year	140,000	140,000	140,000	1,504
Changes during the current fiscal year:				
Additions to fund for price fluctuation allowance	25,000	—	—	268
Total changes in current fiscal year	25,000	—	—	268
Balance at the end of current fiscal year	165,000	140,000	140,000	1,773
<b>Reserve for assisting social responsibility</b>				
Balance at the end of previous fiscal year	1,452	1,422	1,325	15
Changes during the current fiscal year:				
Additions to reserve for assisting social responsibility	700	700	700	7
Reversal of reserve for assisting social responsibility	(657)	(670)	(602)	(7)
Total changes in current fiscal year	42	29	97	0
Balance at the end of current fiscal year	1,494	1,452	1,422	16
<b>Other reserves</b>				
Balance at the end of previous fiscal year	223	223	223	2
Changes during the current fiscal year	—	—	—	—
Balance at the end of current fiscal year	¥ 223	¥ 223	¥ 223	\$ 2

	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Unappropriated surplus</b>				
Balance at the end of previous fiscal year	¥107,922	¥ 89,066	¥ 77,175	\$1,159
Changes during the current fiscal year:				
Provision for policyholders' dividend reserves	(44,758)	(51,043)	(50,588)	(481)
Additions to reserve for future losses	(200)	(200)	(200)	(2)
Payment of interest on foundation funds	(5,263)	(5,123)	(3,686)	(56)
Net surplus for the year	108,616	106,408	89,965	1,167
Additions to reserve for redemption of foundation funds	(32,000)	(32,000)	(22,000)	(343)
Additions to fund for price fluctuation allowance	(25,000)	—	—	(268)
Additions to reserve for assisting social responsibility	(700)	(700)	(700)	(7)
Reversal of reserve for assisting social responsibility	657	670	602	7
Reversal of revaluation reserve for land	(9,860)	842	(1,501)	(105)
Total changes in current fiscal year	(8,509)	18,855	11,891	(91)
Balance at the end of current fiscal year	99,412	107,922	89,066	1,068
<b>Total surplus</b>				
Balance at the end of previous fiscal year	352,702	301,617	267,429	3,790
Changes during the current fiscal year:				
Provision for policyholders' dividend reserves	(44,758)	(51,043)	(50,588)	(481)
Additions to reserve for future losses	—	—	—	—
Payment of interest on foundation funds	(5,263)	(5,123)	(3,686)	(56)
Net surplus for the year	108,616	106,408	89,965	1,167
Additions to reserve for redemption of foundation funds	—	—	—	—
Additions to fund for price fluctuation allowance	—	—	—	—
Additions to reserve for assisting social responsibility	—	—	—	—
Reversal of reserve for assisting social responsibility	—	—	—	—
Reversal of revaluation reserve for land	(9,860)	842	(1,501)	(105)
Total changes in current fiscal year	48,733	51,084	34,188	523
Balance at the end of current fiscal year	401,435	352,702	301,617	4,314
<b>Total funds, reserve and surplus</b>				
Balance at the end of previous fiscal year	721,704	670,620	586,431	7,756
Changes during the current fiscal year:				
Financing of additional foundation funds	—	—	50,000	—
Provision for policyholders' dividend reserves	(44,758)	(51,043)	(50,588)	(481)
Additions to reserve for future losses	—	—	—	—
Payment of interest on foundation funds	(5,263)	(5,123)	(3,686)	(56)
Net surplus for the year	108,616	106,408	89,965	1,167
Additions to reserve for redemption of foundation funds	—	—	—	—
Additions to fund for price fluctuation allowance	—	—	—	—
Additions to reserve for assisting social responsibility	—	—	—	—
Reversal of reserve for assisting social responsibility	—	—	—	—
Reversal of revaluation reserve for land	(9,860)	842	(1,501)	(105)
Total changes in current fiscal year	48,733	51,084	84,188	523
<b>Balance at the end of current fiscal year</b>	<b>¥770,438</b>	<b>¥721,704</b>	<b>¥670,620</b>	<b>\$8,280</b>

Years ended March 31, 2010, 2009 and 2008	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
<b>Unrealized gains/losses, revaluation reserve and adjustments</b>				
<b>Unrealized gains (losses) on available-for-sale securities, net of taxes</b>				
Balance at the end of previous fiscal year	¥(162,617)	¥ 130,124	¥ 591,936	\$(1,747)
Changes during the current fiscal year	207,194	(292,741)	(461,812)	2,226
Balance at the end of current fiscal year	44,576	(162,617)	130,124	479
<b>Deferred unrealized gains (losses) on hedging instruments</b>				
Balance at the end of previous fiscal year	151	23	(25)	1
Changes during the current fiscal year	92	128	49	0
Balance at the end of current fiscal year	243	151	23	2
<b>Revaluation reserve for land, net of taxes</b>				
Balance at the end of previous fiscal year	(123,398)	(122,555)	(123,893)	(1,326)
Changes during the current fiscal year	9,860	(842)	1,338	105
Balance at the end of current fiscal year	(113,537)	(123,398)	(122,555)	(1,220)
<b>Total unrealized gains/losses, revaluation reserve and adjustments</b>				
Balance at the end of previous fiscal year	(285,864)	7,592	468,017	(3,072)
Changes during the current fiscal year	217,147	(293,456)	(460,424)	2,333
Balance at the end of current fiscal year	(68,716)	(285,864)	7,592	(738)
<b>Total net assets</b>				
Balance at the end of previous fiscal year	435,840	678,212	1,054,448	4,684
Changes during the current fiscal year:				
Financing of additional foundation funds	—	—	50,000	—
Provision for policyholders' dividend reserves	(44,758)	(51,043)	(50,588)	(481)
Additions to reserve for future losses	—	—	—	—
Payment of interest on foundation funds	(5,263)	(5,123)	(3,686)	(56)
Net surplus for the year	108,616	106,408	89,965	1,167
Additions to reserve for redemption of foundation funds	—	—	—	—
Additions to fund for price fluctuation allowance	—	—	—	—
Additions to reserve for assisting social responsibility	—	—	—	—
Reversal of reserve for assisting social responsibility	—	—	—	—
Reversal of revaluation reserve for land	(9,860)	842	(1,501)	(105)
Other changes during the current fiscal year	217,147	(293,456)	(460,424)	2,333
Total changes in current fiscal year	265,880	(242,371)	(376,236)	2,857
Balance at the end of current fiscal year	¥ 701,721	¥ 435,840	¥ 678,212	\$ 7,542

## Non-Consolidated Statements of Surplus

Years ended March 31, 2010, 2009 and 2008	Millions of yen			Millions of U.S. dollars
	2010	2009	2008	2010
Unappropriated surplus	<b>¥99,412</b>	¥107,922	¥89,066	<b>\$1,068</b>
Appropriation of surplus				
Provision for policyholders' dividend reserves	<b>61,602</b>	44,758	51,043	<b>662</b>
Net surplus:				
Reserves for future losses	200	200	200	2
Interest on foundation funds	4,910	5,263	5,123	52
Voluntary surplus reserves:				
Reserve for redemption of foundation funds	32,000	32,000	32,000	343
Reserve for price fluctuation allowance	—	25,000	—	—
Reserve for assisting social responsibility	700	700	700	7
Total voluntary reserves	<b>32,700</b>	57,700	32,700	<b>351</b>
Total net surplus	<b>37,810</b>	63,163	38,023	<b>406</b>
Total appropriation of surplus	<b>¥99,412</b>	¥107,922	¥89,066	<b>\$1,068</b>

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#### Chairman and Representative Director

Shinichi Yokoyama

#### President and Representative Director, Chief Executive Officer

Yoshio Sato

#### Senior Managing Directors and Representative Directors, Senior Executive Officers

Fumio Tokubutsu  
Ikunori Kato  
Norio Takamatsu

#### Managing Directors and Managing Executive Officers

Haruo Urata  
Michihisa Tanimoto  
Masahiro Hashimoto  
Yutaka Amino  
Koichi Suzuki  
Yukio Noro  
Masaya Honjo

#### Directors

Yosaku Fuji  
Hiroyuki Kamano  
Tsuquoki Fujinuma

#### Senior Corporate Auditors

Koji Hanaoka  
Mitsutoshi Mise

#### Corporate Auditors

Takemochi Ishii  
Toru Motobayashi  
Masami Ohinata

#### Managing Executive Officers

Tatsuhiko Oda  
Kazuhiko Tsutsumi  
Hiroshi Yamaguchi  
Shinji Haruhara  
Hironobu Sakai  
Hidenori Shinohara

#### Executive Officers

Hiroyuki Shimomura  
Hiroshi Fujii  
Hisato Kogawa  
Masato Inui  
Toshimatsu Araki  
Ryo Oshita  
Yasuhisa Tanabe  
Masayuki Aoto





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“Project to create an affluent future”

This phrase, written in Japanese in the photo, symbolizes Sumitomo Life’s commitment to fulfilling its responsibilities as a social-conscious organization. Through various CSR activities, Sumitomo Life will work together with all stakeholders to achieve this commitment.