

May 26, 2016

SUMITOMO LIFE INSURANCE COMPANY

Disclosure of European Embedded Value (summary) as of March 31, 2016

This is the summarized translation of the European Embedded Value (“EEV”) of Sumitomo Life Insurance Company (hereinafter “Sumitomo Life”), Medicare Life Insurance Co. (hereinafter “Medicare Life”) and Symetra Financial Corporation (hereinafter “Symetra”) (collectively, the “Group”) as of March 31, 2016.

We calculate EV based on European Embedded Value Principles. In the calculation of EEV, the Group has mainly adopted a market-consistent approach. More specifically, the EEV for Sumitomo Life and Medicare Life are calculated based on a market-consistent approach, while the EEV for Symetra is calculated based on a top-down approach. Both approaches are permitted under the EEV Principles.

As a mutual life insurance company, Sumitomo Life regarded the surplus after policyholder dividends as the value attributable to the company in calculating its EEV. Also, foundation funds, classified as net assets in the statutory financial report, were classified as liabilities in the calculation of EEV.

1. EEV Results

a. EEV Results of the Group

(1) EEV Results

(Billions of yen)

| | March 31, 2015 | March 31, 2016 | Increase (Decrease) |
|----------------------------|-------------------|-------------------|------------------------|
| EEV | 3,651.7 | 2,505.1 | (1,146.5) |
| Adjusted net worth | 3,334.8 | 3,850.7 | 515.8 |
| Value of in-force business | 316.8 | (1,345.5) | (1,662.3) |

| | Year ended March 31, 2015 | Year ended March 31, 2016 | Increase (Decrease) |
|-----------------------|------------------------------|------------------------------|------------------------|
| Value of new business | 154.0 | 154.5 | 0.5 |

(Note1) The EEV of the Group is calculated as follows: Sumitomo Life's EEV plus Medicare Life's EEV and Symetra's EEV attributable to Sumitomo Life's equity stake in Medicare Life and Symetra less Sumitomo Life's carrying amount of equity of Medicare Life and Symetra.

(Note2) Sumitomo Life held 100% of the shares of Medicare Life as of March 31, 2015 and as of March 31, 2016. Sumitomo Life held 100% of the shares of Symetra as of March 31, 2016.

(Note3) Sumitomo Life's carrying amount of Medicare Life's equity was ¥55.0 billion as of March 31, 2015 and as of March 31, 2016. Sumitomo Life's carrying amount of Symetra's equity was ¥466.5 billion as of March 31, 2016.

(Note4) Symetra became a wholly owned subsidiary of Sumitomo Life on February 1, 2016. The Group EEV as of March 31, 2015 does not include Symetra's EEV. The Group EEV as of March 31, 2016 includes Symetra's EEV as of February 1, 2016 in accordance with Symetra's closing date for the Group's consolidated financial statements. Group's value of new business for the year ended March 31, 2015 and March 31, 2016 does not include value of new business of Symetra.

(2) Adjusted Net Worth

(Billions of yen)

| | March 31, 2015 | March 31, 2016 | Increase (Decrease) |
|---|-------------------|-------------------|------------------------|
| Adjusted net worth | 3,334.8 | 3,850.7 | 515.8 |
| Total net assets on the balance sheets (Note1) | 703.6 | 944.8 | 241.1 |
| Retained earnings in liabilities (after tax) | 406.8 | 519.5 | 112.7 |
| Unrealized gains (losses) on securities and miscellaneous items (after tax) | 2,213.7 | 2,833.7 | 620.0 |
| Unrealized gains (losses) on loans (after tax) | 81.3 | 82.4 | 1.0 |
| Unrealized gains (losses) on real estate (after tax) | (29.0) | (0.2) | 28.8 |
| Unrealized gains (losses) on liabilities (after tax) | (9.2) | (11.0) | (1.8) |
| Unfunded retirement benefit obligation (after tax) | 22.6 | 11.2 | (11.3) |
| Consolidation adjustment regarding Medicare Life (Note2) | (55.0) | (55.0) | 0.0 |
| Adjustment for deferred tax assets in Symetra and miscellaneous items | - | (8.3) | (8.3) |
| Consolidation adjustment regarding Symetra (Note3) | - | (466.5) | (466.5) |

(Note1) Figures do not include foundation funds, net unrealized gains (losses) on available-for-sale securities and expected disbursements from capital outside the company.

(Note2) Deduction consists of the carrying amount of the equity of Medicare Life held by Sumitomo Life, which is recorded under "Total net assets on the balance sheets" in the table above.

(Note3) Deduction consists of the carrying amount of the equity of Symetra held by Sumitomo Life, which is recorded under "Total net assets on the balance sheets" in the table above.

(3) Reconciliation of total net assets to adjusted net worth

(Billions of yen)

| | March 31, 2015 | March 31, 2016 | Increase (Decrease) |
|--|-------------------|-------------------|------------------------|
| Total Net Assets on the consolidated balance sheets (Note1) | 676.4 | 666.2 | (10.2) |
| PLUS Retained earnings in liabilities (After tax) | 406.8 | 519.5 | 112.7 |
| PLUS Unrealized gains (losses) (After tax) | 2,251.5 | 2,898.7 | 647.2 |
| PLUS Adjustment for deferred tax assets in Symetra and miscellaneous items | - | (8.3) | (8.3) |
| PLUS Difference between Symetra's net assets based on its statutory accounting and US-GAAP (Note2) | - | (225.5) | (225.5) |
| LESS Book value of businesses not covered (Note3) | - | - | - |
| Adjusted net worth | 3,334.8 | 3,850.7 | 515.8 |

(Note1) Figures do not include foundation funds, net unrealized gains (losses) on available-for-sale securities and expected disbursements from capital outside the company.

(Note2) The difference between net assets based on statutory accounting and US-GAAP is shown because Symetra's EEV is calculated based on its statutory accounting while the Group's consolidated balance sheet is prepared based on Symetra's US-GAAP balance sheet.

(Note3) There are no subsidiaries and affiliate companies which are deducted from covered business.

(4) Value of In-force Business (VIF)

(Billions of yen)

| | March 31, 2015 | March 31, 2016 | Increase (Decrease) |
|--|-------------------|-------------------|------------------------|
| Value of in-force business | 316.8 | (1,345.5) | (1,662.3) |
| Present value of future profits (Note1) | 736.1 | (842.2) | (1,578.3) |
| Time value of financial options and guarantees | (137.0) | (169.3) | (32.3) |
| Cost of holding required capital (Note2) | (62.0) | (93.2) | (31.2) |
| Cost of non-hedgeable risks | (220.1) | (240.6) | (20.4) |

(Note1) Includes the certainty equivalent present value of future profits for business valued using a market-consistent approach and present value of future profits for business valued using a top-down approach.

(Note2) Includes the cost of holding required capital for business valued using a market-consistent approach and the cost of capital for business valued using a top-down approach.

(5) Value of New Business

(Billions of yen)

| | Year ended March 31,2015 | Year ended March 31,2016 | Increase (Decrease) |
|--|-----------------------------|-----------------------------|------------------------|
| Value of new business | 154.0 | 154.5 | 0.5 |
| Certainty equivalent present value of future profits | 179.0 | 185.1 | 6.1 |
| Time value of financial options and guarantees | (7.9) | (11.1) | (3.1) |
| Cost of holding required capital | (3.6) | (3.8) | (0.2) |
| Cost of non-hedgeable risks | (13.4) | (15.6) | (2.1) |

(Note) Group's value of new business for the year ended March 31, 2015 and March 31, 2016 does not include value of new business of Symetra.

The new business margin (the ratio of the value of new business to the present value of premium income) is as follows:

(Billions of yen)

| | Year ended March 31,2015 | Year ended March 31,2016 | Increase (Decrease) |
|--|-----------------------------|-----------------------------|------------------------|
| Value of new business (a) | 154.0 | 154.5 | 0.5 |
| Present value of premium income (b) (Note) | 1,916.4 | 2,475.0 | 558.6 |
| New business Margin (a) ÷ (b) | 8.0 % | 6.2 % | (1.8) points |

(Note) Future premium income is discounted by the risk-free rate used for the calculation of the value of new business.

b. EEV Results by company

(1) Sumitomo Life

(Billions of yen)

| | March 31, 2015 | March 31, 2016 | Increase (Decrease) |
|---|-------------------|-------------------|------------------------|
| EEV (Note1) | 3,619.9 | 2,681.1 | (938.8) |
| Adjusted net worth | 3,345.3 | 4,081.8 | 736.5 |
| Total net assets on the balance sheets (Note2) | 670.2 | 699.2 | 28.9 |
| Retained earnings in liabilities (after tax) | 406.0 | 486.9 | 80.9 |
| Unrealized gains (losses) on securities and miscellaneous items (after tax) | 2,203.2 | 2,813.2 | 609.9 |
| Unrealized gains (losses) on loans (after tax) | 81.3 | 82.4 | 1.0 |
| Unrealized gains (losses) on real estate (after tax) | (29.0) | (0.2) | 28.8 |
| Unrealized gains (losses) on liabilities (after tax) | (9.2) | (11.0) | (1.8) |
| Unfunded retirement benefit obligation (after tax) | 22.6 | 11.2 | (11.3) |
| Value of in-force business | 274.6 | (1,400.7) | (1,675.4) |
| Certainty equivalent present value of future profits | 679.0 | (986.5) | (1,665.5) |
| Time value of financial options and guarantees | (136.1) | (165.4) | (29.2) |
| Cost of holding required capital | (61.7) | (33.6) | 28.0 |
| Cost of non-hedgeable risks | (206.5) | (215.1) | (8.6) |

(Billions of yen)

| | Year ended March 31,2015 | Year ended March 31,2016 | Increase (Decrease) |
|--|-----------------------------|-----------------------------|------------------------|
| Value of new business | 146.8 | 147.5 | 0.6 |
| Certainty equivalent present value of future profits | 168.5 | 174.8 | 6.3 |
| Time value of financial options and guarantees | (7.9) | (11.0) | (3.1) |
| Cost of holding required capital | (3.5) | (3.8) | (0.2) |
| Cost of non-hedgeable risks | (10.1) | (12.4) | (2.2) |

(Note1) The shares of Medicare Life and Symetra held by Sumitomo Life are valued on a book value basis for purposes of calculating the embedded value of Sumitomo Life on a stand-alone basis. For purposes of calculating the embedded value of the Group, consolidation adjustments are required.

(Note2) Figures do not include foundation funds, net unrealized gains (losses) on available-for-sale securities and expected disbursements from capital outside the company.

The new business margin (the ratio of the value of new business to the present value of premium income) is as follows:

(Billions of yen)

| | Year ended March 31,2015 | Year ended March 31,2016 | Increase (Decrease) |
|--|-----------------------------|-----------------------------|------------------------|
| Value of new business (a) | 146.8 | 147.5 | 0.6 |
| Present value of premium income (b) (Note) | 1,850.5 | 2,403.8 | 553.2 |
| New business Margin (a) ÷ (b) | 7.9 % | 6.1 % | (1.8) points |

(Note) Future premium income is discounted by the risk-free rate used for the calculation of the value of new business.

(2) Medicare Life

(Billions of yen)

| | March 31, 2015 | March 31, 2016 | Increase (Decrease) |
|---|-------------------|-------------------|------------------------|
| EEV | 86.7 | 71.5 | (15.2) |
| Adjusted net worth | 44.5 | 48.1 | 3.6 |
| Total net assets on the balance sheets (Note) | 33.3 | 26.6 | (6.7) |
| Retained earnings in liabilities (after tax) | 0.7 | 1.0 | 0.2 |
| Unrealized gains (losses) on securities and miscellaneous items (after tax) | 10.4 | 20.5 | 10.1 |
| Unrealized gains (losses) on loans (after tax) | - | - | - |
| Unrealized gains (losses) on real estate (after tax) | - | - | - |
| Unrealized gains (losses) on liabilities (after tax) | - | - | - |
| Unfunded retirement benefit obligation (after tax) | - | - | - |
| Value of in-force business | 42.2 | 23.3 | (18.8) |
| Certainty equivalent present value of future profits | 57.1 | 49.5 | (7.5) |
| Time value of financial options and guarantees | (0.9) | (0.6) | 0.3 |
| Cost of holding required capital | (0.3) | (0.1) | 0.1 |
| Cost of non-hedgeable risks | (13.6) | (25.4) | (11.7) |

(Billions of yen)

| | Year ended March 31,2015 | Year ended March 31,2016 | Increase (Decrease) |
|--|-----------------------------|-----------------------------|------------------------|
| Value of new business | 7.1 | 7.0 | (0.1) |
| Certainty equivalent present value of future profits | 10.5 | 10.3 | (0.2) |
| Time value of financial options and guarantees | (0.0) | (0.0) | (0.0) |
| Cost of holding required capital | (0.0) | (0.0) | 0.0 |
| Cost of non-hedgeable risks | (3.2) | (3.1) | 0.0 |

(Note) Figures do not include net unrealized gains (losses) on available-for-sale securities.

The new business margin (the ratio of the value of new business to the present value of premium income) is as follows:

(Billions of yen)

| | Year ended March 31,2015 | Year ended March 31,2016 | Increase (Decrease) |
|--|-----------------------------|-----------------------------|------------------------|
| Value of new business (a) | 7.1 | 7.0 | (0.1) |
| Present value of premium income (b) (Note) | 65.8 | 71.2 | 5.3 |
| New business Margin (a) ÷ (b) | 10.8 % | 9.8 % | (1.0) points |

(Note) Future premium income is discounted by the risk-free rate used for the calculation of the value of new business.

(3) Symetra (Note1)

(Billions of yen)

| | February 1, 2016 |
|--|---------------------|
| EEV | 274.0 |
| Adjusted net worth | 242.1 |
| Total net assets on the balance sheets (Note2) | 219.0 |
| Retained earnings in liabilities (after tax) (Note3) | 31.5 |
| Adjustment for deferred tax assets and miscellaneous items | (8.3) |
| Value of in-force business | 31.8 |
| Present value of future profits | 94.7 |
| Time value of financial options and guarantees | (3.3) |
| Cost of capital | (59.4) |

(Note1) Symetra became a wholly owned subsidiary of Sumitomo Life on February 1, 2016. Group EEV as of March 31, 2016 includes Symetra's EEV as of February 1, 2016 in accordance with Symetra's closing date for the Group's consolidated financial statements.

(Note2) The sum of net assets based on statutory capital and surplus, value of non-life entities and holding company's equity.

(Note3) Asset valuation reserve is reported.

(Reference) Symetra's EEV in US Dollar

(Millions of USD)

| | February 1, 2016 |
|--|---------------------|
| EEV | 2,267 |
| Adjusted net worth | 2,003 |
| Total net assets on the balance sheets | 1,811 |
| Retained earnings in liabilities (after tax) | 260 |
| Adjustment for deferred tax assets and miscellaneous items | (69) |
| Value of in-force business | 263 |
| Present value of future profits | 783 |
| Time value of financial options and guarantees | (27) |
| Cost of capital | (492) |

2. Statement of changes in EEV

a. Statement of changes in EEV of the Group

(Billions of yen)

| | Adjusted net worth | Value of in-force business | EEV |
|--|--------------------|----------------------------|-----------|
| Values as of March 31, 2015 | 3,334.8 | 316.8 | 3,651.7 |
| Value of new business | - | 154.5 | 154.5 |
| Expected existing business contribution (at the risk-free rate) | 0.7 | 16.3 | 17.0 |
| Expected existing business contribution (in excess of risk-free rate) | 45.6 | 268.2 | 313.9 |
| Expected transfer from VIF to adjusted net worth in-force at beginning of year | 93.2 | (93.2) | - |
| new business | 253.9 | (253.9) | - |
| | (160.7) | 160.7 | - |
| Non-economic experience variances | (58.7) | 41.0 | (17.7) |
| Non-economic assumptions changes | - | 118.0 | 118.0 |
| Economic variances | 629.5 | (2,183.0) | (1,553.5) |
| Change of tax rate | 29.7 | (16.1) | 13.6 |
| Adjustments to the values as of March 31, 2016 (Note) | (224.3) | 31.8 | (192.4) |
| Values as of March 31, 2016 | 3,850.7 | (1,345.5) | 2,505.1 |

(Note) This item represents the difference between Symetra's EEV as of February 1, 2016 and Sumitomo life's carrying amount of equity of Symetra.

b. Statement of changes in EEV by Company

(1) Sumitomo Life

(Billions of yen)

| | Adjusted net worth | Value of in-force business | EEV |
|---|--------------------|----------------------------|-----------|
| Values as of March 31, 2015 | 3,345.3 | 274.6 | 3,619.9 |
| Value of new business | - | 147.5 | 147.5 |
| Expected existing business contribution (at the risk-free rate) | 0.7 | 15.6 | 16.3 |
| Expected existing business contribution (in excess of risk-free rate) | 45.2 | 266.8 | 312.0 |
| Expected transfer from VIF to adjusted net worth | 99.9 | (99.9) | - |
| in-force at beginning of year | 253.3 | (253.3) | - |
| new business | (153.4) | 153.4 | - |
| Non-economic experience variances | (58.6) | 41.0 | (17.5) |
| Non-economic assumptions changes | - | 118.7 | 118.7 |
| Economic variances | 619.5 | (2,148.5) | (1,528.9) |
| Change of tax rate | 29.7 | (16.7) | 13.0 |
| Values as of March 31, 2016 | 4,081.8 | (1,400.7) | 2,681.1 |

(2) Medicare Life

(Billions of yen)

| | Adjusted net worth | Value of in-force business | EEV |
|---|--------------------|----------------------------|--------|
| Values as of March 31, 2015 | 44.5 | 42.2 | 86.7 |
| Value of new business | - | 7.0 | 7.0 |
| Expected existing business contribution (at the risk-free rate) | 0.0 | 0.6 | 0.6 |
| Expected existing business contribution (in excess of risk-free rate) | 0.4 | 1.3 | 1.8 |
| Expected transfer from VIF to adjusted net worth | (6.7) | 6.7 | - |
| in-force at beginning of year | 0.5 | (0.5) | - |
| new business | (7.3) | 7.3 | - |
| Non-economic experience variances | (0.1) | 0.0 | (0.1) |
| Non-economic assumptions changes | - | (0.7) | (0.7) |
| Economic variances | 9.9 | (34.5) | (24.5) |
| Change of tax rate | 0.0 | 0.5 | 0.5 |
| Values as of March 31, 2016 | 48.1 | 23.3 | 71.5 |

3. Sensitivity Analysis

a. Sensitivity Analysis of EEV of the Group

(Billions of yen)

| | EEV | Increase (Decrease) |
|--|---------|------------------------|
| EEV as of March 31, 2016 | 2,505.1 | - |
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | 3,169.3 | 664.1 |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 1,869.8 | (635.3) |
| Sensitivity 3: 10% decline in equity and real estate values | 2,353.0 | (152.1) |
| Sensitivity 4: 10% decline in maintenance expenses | 2,616.5 | 111.3 |
| Sensitivity 5: 10% decline in surrender and lapse rates | 2,601.3 | 96.1 |
| Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products | 2,737.6 | 232.4 |
| Sensitivity 7: 5% decline in mortality and morbidity rates for annuities | 2,495.1 | (10.0) |
| Sensitivity 8: Setting required capital at statutory minimum level | 2,568.1 | 62.9 |
| Sensitivity 9: 25% increase in implied volatilities of equity and real estate values | 2,502.6 | (2.5) |
| Sensitivity 10: 25% increase in implied volatilities of swaptions | 2,449.7 | (55.4) |

The following table shows the effect of sensitivities 1 through 3 on adjusted net worth. Only the value of in-force business is affected in sensitivities 4 through 10.

(Billions of yen)

| | Increase (Decrease) |
|--|------------------------|
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | (769.5) |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 323.3 |
| Sensitivity 3: 10% decline in equity and real estate values | (141.8) |

Sensitivity analysis of the Group's value of new business

(Billions of yen)

| | Value of new business | Increase (Decrease) |
|--|-----------------------|---------------------|
| Value of new business for the fiscal year ended March 31, 2016 | 154.5 | - |
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | 206.6 | 52.1 |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 100.0 | (54.5) |
| Sensitivity 3: 10% decline in equity and real estate values | 154.5 | - |
| Sensitivity 4: 10% decline in maintenance expenses | 160.5 | 5.9 |
| Sensitivity 5: 10% decline in surrender and lapse rates | 169.9 | 15.3 |
| Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products | 164.6 | 10.1 |
| Sensitivity 7: 5% decline in mortality and morbidity rates for annuities | 154.6 | 0.0 |
| Sensitivity 8: Setting required capital at statutory minimum level | 156.7 | 2.2 |
| Sensitivity 9: 25% increase in implied volatilities of equity and real estate values | 154.5 | (0.0) |
| Sensitivity 10: 25% increase in implied volatilities of swaptions | 150.8 | (3.7) |

b. Sensitivity Analysis of EEV by Company

(1) Sumitomo Life

(Billions of yen)

| | EEV | Increase (Decrease) |
|--|---------|------------------------|
| EEV as of March 31, 2016 | 2,681.1 | - |
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | 3,337.3 | 656.2 |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 2,062.0 | (619.1) |
| Sensitivity 3: 10% decline in equity and real estate values | 2,535.4 | (145.6) |
| Sensitivity 4: 10% decline in maintenance expenses | 2,780.5 | 99.3 |
| Sensitivity 5: 10% decline in surrender and lapse rates | 2,774.0 | 92.9 |
| Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products | 2,901.6 | 220.4 |
| Sensitivity 7: 5% decline in mortality and morbidity rates for annuities | 2,673.8 | (7.3) |
| Sensitivity 8: Setting required capital at statutory minimum level | 2,700.7 | 19.5 |
| Sensitivity 9: 25% increase in implied volatilities of equity and real estate values | 2,678.5 | (2.5) |
| Sensitivity 10: 25% increase in implied volatilities of swaptions | 2,625.8 | (55.2) |

The following table shows the effect of sensitivities 1 through 3 on adjusted net worth. Only the value of in-force business is affected in sensitivities 4 through 10.

(Billions of yen)

| | Increase (Decrease) |
|--|------------------------|
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | (760.7) |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 319.4 |
| Sensitivity 3: 10% decline in equity and real estate values | (141.8) |

Sensitivity analysis of the value of new business

(Billions of yen)

| | Value of new business | Increase (Decrease) |
|--|-----------------------|---------------------|
| Value of new business for the fiscal year ended March 31, 2016 | 147.5 | - |
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | 198.8 | 51.3 |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 94.2 | (53.2) |
| Sensitivity 3: 10% decline in equity and real estate values | 147.5 | - |
| Sensitivity 4: 10% decline in maintenance expenses | 153.0 | 5.4 |
| Sensitivity 5: 10% decline in surrender and lapse rates | 162.9 | 15.3 |
| Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products | 156.5 | 9.0 |
| Sensitivity 7: 5% decline in mortality and morbidity rates for annuities | 147.6 | 0.0 |
| Sensitivity 8: Setting required capital at statutory minimum level | 149.7 | 2.1 |
| Sensitivity 9: 25% increase in implied volatilities of equity and real estate values | 147.5 | (0.0) |
| Sensitivity 10: 25% increase in implied volatilities of swaptions | 143.8 | (3.7) |

(2) Medicare Life

(Billions of yen)

| | EEV | Increase (Decrease) |
|--|------|---------------------|
| EEV as of March 31, 2016 | 71.5 | - |
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | 77.4 | 5.8 |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 62.6 | (8.8) |
| Sensitivity 3: 10% decline in equity and real estate values | 71.5 | - |
| Sensitivity 4: 10% decline in maintenance expenses | 74.0 | 2.5 |
| Sensitivity 5: 10% decline in surrender and lapse rates | 66.9 | (4.6) |
| Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products | 76.9 | 5.4 |
| Sensitivity 7: 5% decline in mortality and morbidity rates for annuities | 71.5 | - |
| Sensitivity 8: Setting required capital at statutory minimum level | 71.6 | 0.1 |
| Sensitivity 9: 25% increase in implied volatilities of equity and real estate values | 71.5 | - |
| Sensitivity 10: 25% increase in implied volatilities of swaptions | 71.3 | (0.2) |

The following table shows the effect of sensitivities 1 through 3 on adjusted net worth. Only the value of in-force business is affected in sensitivities 4 through 10.

(Billions of yen)

| | Increase (Decrease) |
|--|------------------------|
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | (8.7) |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 3.8 |
| Sensitivity 3: 10% decline in equity and real estate values | - |

Sensitivity analysis of the value of new business

(Billions of yen)

| | Value of new business | Increase (Decrease) |
|--|--------------------------|------------------------|
| Value of new business for the fiscal year ended March 31, 2016 | 7.0 | - |
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | 7.7 | 0.7 |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 5.7 | (1.2) |
| Sensitivity 3: 10% decline in equity and real estate values | 7.0 | - |
| Sensitivity 4: 10% decline in maintenance expenses | 7.5 | 0.5 |
| Sensitivity 5: 10% decline in surrender and lapse rates | 6.9 | (0.0) |
| Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products | 8.1 | 1.1 |
| Sensitivity 7: 5% decline in mortality and morbidity rates for annuities | 7.0 | - |
| Sensitivity 8: Setting required capital at statutory minimum level | 7.0 | 0.0 |
| Sensitivity 9: 25% increase in implied volatilities of equity and real estate values | 7.0 | - |
| Sensitivity 10: 25% increase in implied volatilities of swaptions | 6.9 | (0.0) |

(3) Symetra

(Billions of yen)

| | EEV | Increase (Decrease) |
|--|-------|------------------------|
| EEV as of February 1, 2016 | 274.0 | - |
| Sensitivity 1: 50bp upward parallel shift in risk-free yield curve | 276.0 | 2.0 |
| Sensitivity 2: 50bp downward parallel shift in risk-free yield curve | 266.7 | (7.2) |
| Sensitivity 3: 10% decline in equity and real estate values | 267.5 | (6.4) |
| Sensitivity 4: 10% decline in maintenance expenses | 283.4 | 9.4 |
| Sensitivity 5: 10% decline in surrender and lapse rates | 281.9 | 7.8 |
| Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products | 280.5 | 6.5 |
| Sensitivity 7: 5% decline in mortality and morbidity rates for annuities | 271.3 | (2.7) |
| Sensitivity 8: Setting required capital at statutory minimum level | 317.2 | 43.2 |
| Sensitivity 9: 1% increase in equity and real estate yield | 281.7 | 7.7 |
| Sensitivity 10: 50bp upward shift in risk discount rate | 267.6 | (6.3) |
| Sensitivity 11: 50bp downward shift in risk discount rate | 280.7 | 6.7 |

For the value of in-force business of sensitivity 1 using a top-down approach, the item is calculated based on simultaneous upward parallel shift of 50bp in both the investment yields and the risk discount rate. (sensitivity 2 too)

Sensitivity 10 represents the effect on EEV of an upward shift of 50bp of the risk discount rate for a top-down approach. (sensitivity 11 too)

Only the value of in-force business is affected in sensitivities in the above table.

The effect on the adjusted net worth of sensitivities 1 and 2 are not calculated as they are not material.

Sensitivity 3 has no effect on the adjusted net worth.

4. Note

The calculation of EEV requires numerous assumptions regarding future projections that are subject to risks and uncertainties. Future results may differ from those assumptions used in the calculation of EEV.

Appendix A: Principal EEV Assumptions (Sumitomo Life and Medicare Life)

1. Economic assumptions

a. Risk-free rate

In the certainty equivalent calculation and the interest rate model calibration, Japanese Government Bonds (JGBs) are used as a proxy for risk-free rates.

Given the poor liquidity of ultra-long JGBs, we have extrapolated risk-free rates for terms greater than 30 years with reference to the shape of the Japanese swap rates as the observable market rates.

The table below shows, for selected terms, the risk-free rates (spot rates) which are used in the calculations.

| Term | March 31, 2015 | March 31, 2016 |
|---------|----------------|----------------|
| 1 year | 0.030% | (0.154)% |
| 2 year | 0.037% | (0.206)% |
| 3 year | 0.057% | (0.229)% |
| 4 year | 0.093% | (0.205)% |
| 5 year | 0.131% | (0.190)% |
| 10 year | 0.402% | (0.048)% |
| 15 year | 0.817% | 0.209 % |
| 20 year | 1.198% | 0.454 % |
| 25 year | 1.406% | 0.601 % |
| 30 year | 1.450% | 0.571 % |
| 35 year | 1.480% | 0.560 % |
| 40 year | 1.504% | 0.552 % |
| 45 year | 1.522% | 0.545 % |
| 50 year | 1.537% | 0.540 % |

(Source: Ministry of Finance and Bloomberg (after interpolation/extrapolation))

b. Principal dynamic assumption

(1) Interest rate model

As an interest rate model, Sumitomo Life has adopted a single-factor Hull-White model, in which interest rates associated with Japanese yen, U.S. dollars, Euros and British pounds are calculated. The model has been adjusted to be in line with a risk-neutral approach in which Japanese yen is set as a base currency, and correlations between the interest rates have also been taken into account. The interest rate model has been calibrated to be consistent with the market environment as of each reporting date, and parameters used are estimated from the yield curve and implied volatilities of interest rate swaptions with various maturities. 5,000 scenarios are used in calculating the time value of financial options and guarantees through the stochastic method.

A summary of implied volatilities of interest rate swaptions used to calibrate the scenarios is as follows:

Interest rate swaptions

| | | March 31,2015 | | | | March 31,2016 | | | |
|-------------|-----------|---------------|-------|--------|-------|---------------|-------|-------|-------|
| Option Term | Swap Term | JPY | USD | EUR | GBP | JPY | USD | EUR | GBP |
| 5 year | 10 year | 38.5% | 34.6% | 83.6% | 39.2% | 79.4% | 38.4% | 58.7% | 42.3% |
| 7 year | 10 year | 33.7% | 32.8% | 84.3% | 36.6% | 65.2% | 34.7% | 53.6% | 38.9% |
| 10 year | 10 year | 29.8% | 30.1% | 101.0% | 32.8% | 55.0% | 32.1% | 53.5% | 37.6% |
| 15 year | 10 year | 27.5% | 27.0% | - | 29.7% | 55.7% | 28.1% | 67.7% | 38.8% |
| 20 year | 10 year | 29.4% | 24.2% | - | 28.0% | 80.3% | 25.6% | - | 40.9% |

(Source : Bloomberg)

(2) Implied volatilities of equities and currencies

Volatilities of major equity indices and currencies are calibrated based on implied volatilities of options traded in the market. Implied volatilities used to calibrate the scenarios are as follows:

Stock options

| Currency | Underlying Asset | Option Term | Volatility | |
|----------|------------------|-------------|----------------|----------------|
| | | | March 31, 2015 | March 31, 2016 |
| JPY | Nikkei225 | 3 year | 20.3% | 20.2% |
| | | 4 year | 20.4% | 19.9% |
| | | 5 year | 20.6% | 19.8% |
| USD | S&P 500 | 3 year | 19.6% | 18.8% |
| | | 4 year | 21.0% | 20.1% |
| | | 5 year | 22.2% | 21.3% |
| EUR | Euro Stoxx50 | 3 year | 21.1% | 20.1% |
| | | 4 year | 21.5% | 20.1% |
| | | 5 year | 21.7% | 20.2% |
| GBP | FTSE 100 | 3 year | 17.9% | 18.7% |
| | | 4 year | 18.7% | 19.2% |
| | | 5 year | 19.4% | 19.7% |

(Source : Markit(after interpolation/extrapolation))

Currency options

| Currency | Option Term | Volatility | |
|----------|-------------|----------------|----------------|
| | | March 31, 2015 | March 31, 2016 |
| USD | 5 year | 11.7% | 10.8% |
| EUR | 5 year | 13.0% | 12.7% |
| GBP | 5 year | 13.7% | 16.2% |

(Source : Bloomberg)

(3) Correlations

In addition to the implied volatilities described above, each company has calculated implied volatilities reflecting its asset portfolio and correlation factors. The share of each asset is assumed to be unchanged over the projection periods.

With regard to correlation factors, market-consistent data from exotic options with sufficient liquidity have not been observed in the market. Therefore, Sumitomo Life estimated correlation factors based on historical market data. Specifically, the monthly data from March 31, 2006 to March 31, 2016 have been used. The following table shows correlation factors between major variables.

| | 1year Rate /JPY | 1year Rate /USD | 1year Rate /EUR | 1year Rate /GBP | USD/JPY | EUR/JPY | GBP/JPY | NIKKEI 225 | S&P500 | EuroStoxx 50 | FTSE100 |
|-----------------|-----------------|-----------------|-----------------|-----------------|---------|---------|---------|------------|--------|--------------|---------|
| 1year Rate /JPY | 1.00 | 0.50 | 0.47 | 0.48 | 0.34 | 0.22 | 0.35 | 0.35 | 0.23 | 0.22 | 0.19 |
| 1year Rate /USD | 0.50 | 1.00 | 0.70 | 0.75 | 0.49 | 0.32 | 0.49 | 0.41 | 0.32 | 0.29 | 0.25 |
| 1year Rate /EUR | 0.47 | 0.70 | 1.00 | 0.72 | 0.31 | 0.46 | 0.47 | 0.34 | 0.37 | 0.35 | 0.32 |
| 1year Rate /GBP | 0.48 | 0.75 | 0.72 | 1.00 | 0.32 | 0.29 | 0.47 | 0.33 | 0.29 | 0.23 | 0.19 |
| USD/JPY | 0.34 | 0.49 | 0.31 | 0.32 | 1.00 | 0.61 | 0.74 | 0.62 | 0.25 | 0.29 | 0.22 |
| EUR/JPY | 0.22 | 0.32 | 0.46 | 0.29 | 0.61 | 1.00 | 0.79 | 0.66 | 0.57 | 0.47 | 0.47 |
| GBP/JPY | 0.35 | 0.49 | 0.47 | 0.47 | 0.74 | 0.79 | 1.00 | 0.70 | 0.49 | 0.45 | 0.33 |
| NIKKEI 225 | 0.35 | 0.41 | 0.34 | 0.33 | 0.62 | 0.66 | 0.70 | 1.00 | 0.72 | 0.71 | 0.66 |
| S&P500 | 0.23 | 0.32 | 0.37 | 0.29 | 0.25 | 0.57 | 0.49 | 0.72 | 1.00 | 0.85 | 0.86 |
| EuroStoxx 50 | 0.22 | 0.29 | 0.35 | 0.23 | 0.29 | 0.47 | 0.45 | 0.71 | 0.85 | 1.00 | 0.86 |
| FTSE100 | 0.19 | 0.25 | 0.32 | 0.19 | 0.22 | 0.47 | 0.33 | 0.66 | 0.86 | 0.86 | 1.00 |

(Source: Ministry of Finance (1year Rate/JPY) and Bloomberg(the others))

c. Assumed investment yield used for the calculation of expected returns

Assumed investment yields on major asset categories used for the calculation of “Expected existing business contribution (the sum of risk-free rate and excess of risk-free rate)” in “2. Statement of changes in EEV” are as follows. The Weighted-average assumed investment yield (annual rate) is based on the asset portfolio at the beginning of the year. The yield for Sumitomo Life is 1.9% and, for Medicare Life, is 1.2%.

| | Assumed investment yield |
|---------------------|--------------------------|
| Fixed income assets | 1.2% |
| Foreign bonds | 3.1% |
| Stocks | 6.1% |

2. Non-economic assumptions

All cash flows (premiums, operating expenses, benefits and claims, cash surrender value, tax, etc.) are projected applying the best estimate assumptions, by product, referring to past, current and expected future experience.

a. Operating expenses

Operating expenses are set based on the experience of each company. The look-through basis is applied in terms of operating expenses of insurance business.

For Medicare Life, operating expenses are assumed to decrease for a certain period of time, because it has operated for only a short period of time and the improvement of operating efficiency is expected in the future. Therefore, the assumption for operating expenses incorporates recent developments, and decrease of unit-cost (by approximately 4% per annum on average) until the fiscal year ending March 31, 2020 is assumed.

Future inflation rates are assumed to be zero.

The rise of consumption tax rate after April 2017 is considered.

b. Policyholder dividends

(1) Sumitomo Life

Policyholder dividend rates are based on the current dividend policy, and set according to market-consistent, risk-neutral scenarios.

(2) Medicare Life

No assumption of policyholder dividend rate is set, as it sells only non-participating policies.

c. Effective tax rate

In the projection of future profits, effective tax rate is set at the following rates, reflecting the change in corporate tax rates.

| | | |
|-----------------|-------------|--------|
| Sumitomo Life : | FY2015 | 28.80% |
| | FY2016-2017 | 28.20% |
| | FY2018- | 27.96% |
| Medicare Life : | FY2015 | 28.85% |
| | FY2016-2017 | 28.24% |
| | FY2018- | 28.00% |

Appendix B: Principal EEV Assumptions (Symetra)

1. Economic Assumptions and Risk Discount Rate

a. Economic assumptions

Investment cash flows for the top-down approach are based on current and expected asset allocations and the economic environment as of February 1, 2016. Key economic assumptions include the level of government bond rates, credit spreads, default rates and investment expenses. Government bond rates and credit spreads were set equal to January 31, 2016 levels.

Existing yields as of February 1, 2016 are as follows:

| | Current yield (%) |
|-----------------|-------------------|
| Corporate Bonds | 4.60% |
| Grand Total | 4.58% |

(Note) Statutory basis, before default, excluding investment costs

Reinvestment yields vary by liability group, in accordance with the characteristics of the liabilities and actual practice, and are determined based on the current and expected future reinvestment strategy.

Reinvestment rates as of February 1, 2016 by main liability group are as follows:

| Main Products | Reinvestment rates (Note3,4) |
|-------------------|------------------------------|
| Life | 3.46-4.22% |
| Annuities (Note1) | 3.45-4.26% |
| Benefits | 4.38% |
| VA (Note2) | 7.50% |

- (Note1) VA is not included
- (Note2) Separate account
- (Note3) Before default, excluding investment costs
- (Note4) Rates vary by product type

Default rates, which apply to existing assets and reinvestments, are determined by asset type and rating, where applicable, based on historical studies.

Expected default cost net of recovery are as follows:

| | Default cost (bp) |
|---------------------|-------------------|
| Existing Assets | |
| AAA-A | 10 |
| BBB | 19 |
| Reinvestment Assets | |
| AAA-A | 13 |
| BBB | 21 |

b. Risk discount rate

The risk discount rate is set using a weighted average cost of capital approach (WACC) taking into account the cost of equity and cost of debt. The risk discount rate as of February 1, 2016 is 7.0%, which consists of a risk-free rate of 1.94% (10 year U.S. government bond yield as of January 31, 2016) and a risk margin of 5.06%

2. Non-economic assumptions

All cash flows (premium, operating expense, benefits and claims, cash surrender value, tax, etc.) are projected each insurance, applying the best estimate assumptions into the future, by product, referring to past, current and expected future experience.

For interest sensitive business, future credited rates are based on current credited rate setting methods and are consistent with the projected economic assumptions. Dynamic policyholder behavior is applied where appropriate.

The future inflation rate is assumed to be 2.0% p.a. and is applied to the best estimate unit expense assumptions.

The tax rate is set at 35% and is applied to the projected taxable income.

3. Exchange rate

The EEV of Symetra is calculated in local currency and converted into JPY using the following rate:

| | January 31,2016 |
|---------|-----------------|
| USD1.00 | JPY120.87 |