

Regeneration and Creation



再 生
創 造

Overview of Sumitomo Life (Non-Consolidated)

Official name	SUMITOMO LIFE INSURANCE COMPANY
Established	May 1907
Location	
Head Office:	1-4-35, Shiromi, Chuo-ku, Osaka 540-8512, Japan
Tokyo Head Office:	7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan
Website:	http://www.sumitomolife.co.jp
President and CEO	Yoshio Sato (appointed July 3, 2007)
Number of Employees	43,434 (8,706 administrative; 34,728 sales)
Sales Offices	78 branch offices; 2,037 district offices
Assets	
Total assets	¥ 23,382.5 billion
Liabilities	
Total policy reserves	¥ 20,202.3 billion (Policy reserves of ¥19,672.9 billion)
Capital	
Foundation Funds	¥ 369.0 billion (Including reserve for redemption of foundation funds)
Revenue and Expenditures:	
Total insurance premiums and other	¥ 2,548.5 billion (April 2007-March 2008)
Total benefits and other payments	¥ 2,142.2 billion (April 2007-March 2008)
Annualized Premium of Policies in Force:	
Individual life insurance	¥ 1,474.5 billion
Individual annuities	¥ 590.4 billion
Policies in Force:	
Individual life insurance	¥132,342.9 billion
Individual annuities	¥ 12,608.4 billion
Group insurance	¥ 33,883.6 billion
Group annuities	¥ 2,674.0 billion

(As of March 31, 2008)

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.

Contents

Business Highlights	01
Message from the President	02
Review of Operations	
Individual Life Insurance and Individual Annuities	07
Operating Results	09
Financial Soundness and Other Indicators	12
Asset Management (General Account)	14
Sales Network	16
Overseas Operations	18
Governance System	19
Risk Management System	21
Financial Section	23
Corporate Information	55

Business Highlights

Non-Consolidated Data	Millions of JPY			Millions of U.S. dollars* ¹
	2008	2007	2006	2008
Total ordinary income	¥ 3,289,813	¥ 3,732,220	¥ 3,872,557	\$ 32,835
Ordinary profit	109,207	129,137	137,604	1,089
Core business profit	238,153	302,809	266,451	2,377
Net surplus for the year	89,965	80,002	67,603	897
Total foundation funds* ²	369,000	319,000	319,000	3,683
Total assets	23,382,567	23,286,436	22,409,210	233,382
[Separate account]	[2,741,745]	[2,669,759]	[1,932,173]	[27,365]
Policy reserves	19,672,951	19,753,746	18,975,152	196,356
Loans	4,057,938	4,186,203	4,639,698	40,502
Securities	16,024,737	16,281,024	15,096,402	159,943
Solvency margin ratio (%)	1030.7%	1068.6%	949.7%	—
Dividend reserves as a percentage of surplus available for disposition (%)* ³	99.8%	99.5%	99.4%	—
Number of Employees	43,434	45,834	49,446	—
Number of Members (Policyholders)* ⁴	7,409,345	7,555,359	7,649,175	—
Policies in force* ⁵	178,834,952	187,264,892	195,725,534	1,784,958
Group annuities* ⁶	2,674,058	2,912,318	2,870,019	26,689

Consolidated Financial Data

Total ordinary income	¥ 3,339,925	¥ 3,780,295	¥ 3,920,331	\$ 33,335
Ordinary profit	111,887	130,782	142,856	1,116
Net surplus for the year	93,280	86,072	71,581	931
Total assets	23,440,081	23,340,457	22,454,770	233,956

* 1. U.S. dollar amounts are converted, for convenience only, at ¥100.19 = US\$1.00, the rate prevailing on March 31, 2008.

* 2. Total foundation funds includes reserve for redemption of foundation funds.

* 3. Dividend reserves as a percentage of surplus available for disposition refers to the percentage of the amount calculated according to Article 30-4 of the Enforcement Regulations of the Insurance Business Law and includes the total of provisions for reserve for dividends to policyholders and the equalized reserve for dividends to policyholders.

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

* 5. Policies in force are the total of individual life insurance, individual annuities and group insurance policies in force.

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

Message from the President



Yoshio Sato
President and
Chief Executive Officer

FY2007 in Review

The fiscal year ending on March 31, 2008 (FY2007) was the first fiscal year for me since I became President and CEO of Sumitomo Life in July 2007. I am pleased to announce that the overall performance of Sumitomo Life for the year was stable.

FY2007 was a very difficult year in terms of economic conditions. In response, Sumitomo Life continued to develop attractive products in areas where customer needs are strong, such as life insurance with living benefits, medical insurance, especially cancer and nursing care, and individual annuities. On the sales side, we strove to improve the new business persistency rate and the consulting skills of our sales personnel, to provide more detailed explanations at the time of sale and to enhance our after-sale services.

As a result, the annualized premium of policies in force for individual life insurance and individual annuities increased by 1.7% from the previous year, owing to ongoing improvements in surrenders and lapses. We also achieved a steady improvement in the new business persistency rate. Due to the difficult operating environment, however, we were obliged to see a decline in the annualized premium of new business.

With respect to earnings for FY2007, we recorded a small drop in core business profit, due to the decline in the stock market towards the end of FY2007. Regarding the financial soundness of Sumitomo Life, the accumulated retained surplus grew ¥86.1 billion during FY2007, exceeding ¥1 trillion at fiscal year-end. Moreover, the solvency margin ratio at the end of FY2007 was 1,030.7%, which proves that we have high levels of coverage ratio for insurance claims.

In recent years, Japan's life insurance industry has seen numerous uninformed and non-executed insurance payout cases (see Note). While not entirely immune to such cases, we have implemented procedures and mechanisms to ensure that these incidents will never occur again in our practice. Going forward, we will strive harder to create a high standard payment management system.

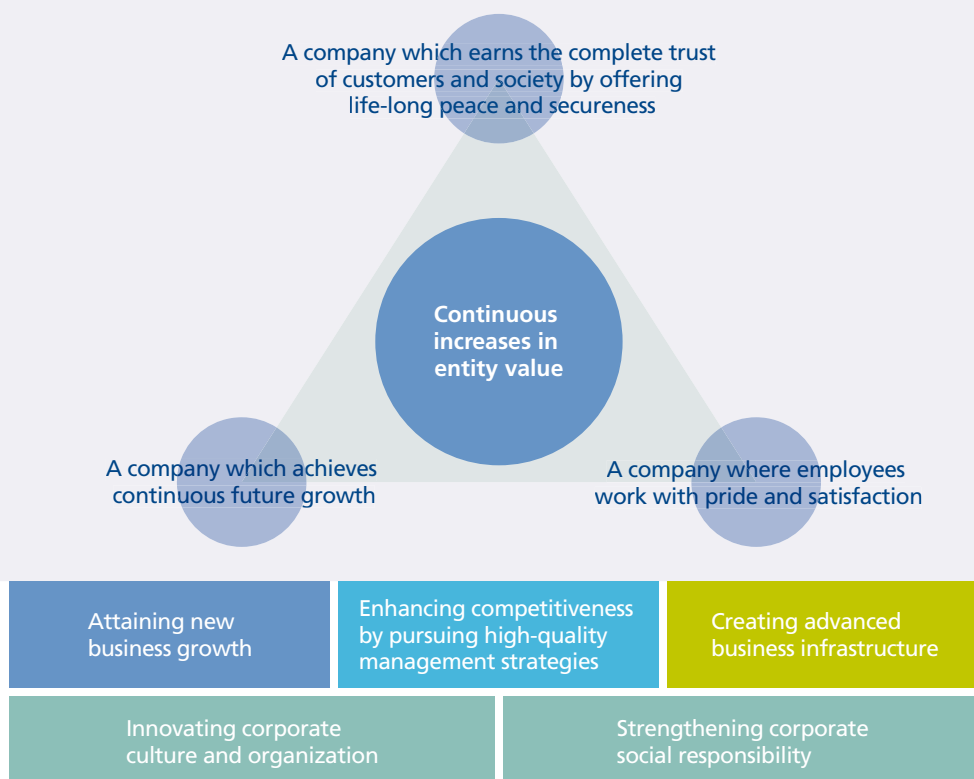
Increasing Entity Value through *Regeneration* and *Creation*

Long-Term Vision for Continuous Growth

Sumitomo Life marked its 100th anniversary in May 2007. Thus, the current fiscal year, ending March 2009, is the start of our new centennial. In the Japanese life insurance industry, we predict that the business environment will become more challenging, with intensified competition among the distribution channels, due to factors such as the diversification of customer needs and full-scale price competition. However, facing Japan's aging and low-birthrate society, the need for private welfare will continue to increase. In this context, the social role and mission of life insurance companies to support the self-reliance of Japanese people will increase and become of vital importance. To achieve continuous growth in the next 100 years, we have formulated a management strategy with the keywords of *Regeneration* and *Creation*.

Regeneration: Further Improvement of Sales Personnel

As part of our *Regeneration* strategy, Sumitomo Life will reinforce and maximize the skills of our sales personnel, which is our main distribution channel, in order to create strong consulting and sales capabilities. In this process, we will cherish our most valuable asset and strength: our existing base of 11 million policies in force, covering around 6 million households. We aim to fully utilize this base to attract new policyholders in the future. In addition, we will promote sales strategies to reflect the needs of each region, in order to increase customer satisfaction. Furthermore, we have committed ourselves to further improving our sales service quality at all stages, that is, from the start of the contract to the final payment.



Creation: Initiate New Channels and Business

As part of our *Creation* strategy, Sumitomo Life will seek to create new distribution channels and new business, alongside our high-quality services. With respect to new channels, we will focus on diversifying our channels in order to address the wide-ranging needs of customers. In individual life insurance and individual annuities, we have moved swiftly to diversify our channels, establishing bank channels and the postal service channels. In addition, we are also setting up new channels, such as the independent retail shop channels and direct marketing channels. Furthermore, we will also work to develop and provide new innovative products and services.

Internationally, we will continue to develop our life insurance business in China, while also considering new business opportunities as well as business alliances in other Asian countries.

In addition to the strategies mentioned above, we will also pursue more advanced corporate governance, compliance, and risk management, so that we can build a robust infrastructure over the next 100 years.

In pursuing this long-term vision of *Regeneration* and *Creation*, we endeavor to make substantial progress through innovating every business process, from sales activities and customer services to building corporate infrastructure. With these innovations, I believe we will establish an advanced level of management and attain new business growth, which will certainly contribute to the creation of an affluent, content and long-living society.

Becoming an Ideal Company

Sumitomo Life aims to achieve continuous increases in entity value. To achieve this, it is of vital importance for us to provide our esteemed customers with life-long peace and secureness. Last but not least, we strive to be a company which is supported by complete trust from our customers and society, a company in which our employees work with pride and satisfaction, and a company which achieves continuous future growth.

July 2008



Yoshio Sato

President and Chief Executive Officer

Note:

In February 2007, Japan's Financial Services Agency, under Article 128 of the Insurance Business Law, instructed all life insurance companies to investigate and report on items requiring additional payments (see Note 1 below). In response, Sumitomo Life reported the results of its investigations (see Note 2 below) in April and October 2007. In July 2008, the Financial Services Agency issued a business improvement order to 10 life insurance companies, including Sumitomo Life.

Note 1 Main cases

- Cases where insurance claim payments that should have been made were not executed, due to overlooking or misinterpretation of information related to hospitalization, surgery, etc., listed on medical certificates required when making claims.
- Cases where, given the content of items contained in medical certificates, extra payments that could have been made in addition to amounts claimed were not executed; cases of failure to inform policyholders that a claim could be made; and other cases where payments that could have been made were not executed.
- Cases where, for policyholders with multiple policies, extra insurance payments could have been made, in addition to amounts already claimed for in the policies; cases of failure to inform policyholders that a claim could be made; and other cases where payments that could have been made were not executed.

Note 2

The number of cases for additional payment was 89,309, making a total of ¥15.8 billion. As of March 31, 2008, Sumitomo Life had already paid ¥15.1 billion of this total.

Review of Operations



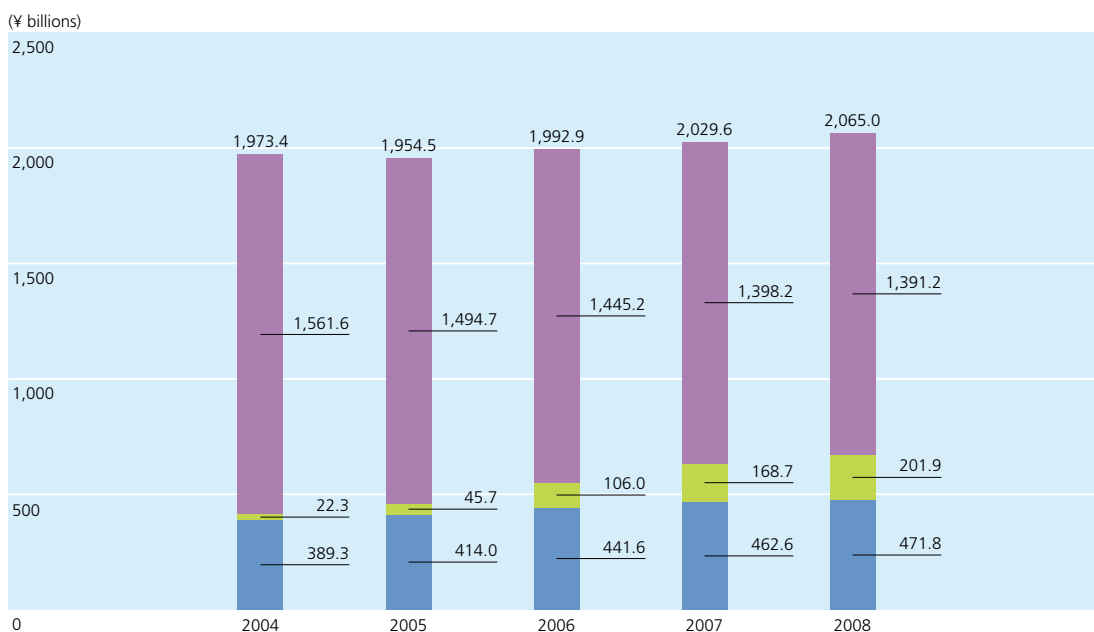
INDIVIDUAL LIFE INSURANCE AND INDIVIDUAL ANNUITIES (Non-Consolidated & General Account Base)

In individual life insurance and individual annuities, there were improvements in the annualized premium of surrenders and lapses, leading to an increase in the annualized premium of policies in force, although there was a decline in the annualized premium of new business.

Annualized Premium of Policies in Force

The annualized premium of policies in force rose 1.7% to ¥2.0 trillion, for the third consecutive year-on-year increase. To clarify, individual life insurance consists of death protection, together with third-sector insurance (see Note 2) products, such as living benefits insurance and medical insurance, while individual annuities consist of fixed annuities and variable annuities.

Facing the challenges of Japan's aging and low-birthrate society, Sumitomo Life strove to minimize surrenders and lapses, which led to an increase in the annualized premium of policies in force. As part of this, we saw year-on-year increases in third-sector insurance products and variable annuities for the fifth consecutive year since we started disclosing such figures. Specifically, the annualized premium from third-sector insurance products rose 2.0% to ¥471.8 billion, and the annualized premium from variable annuities increased 19.7% to ¥201.9 billion.



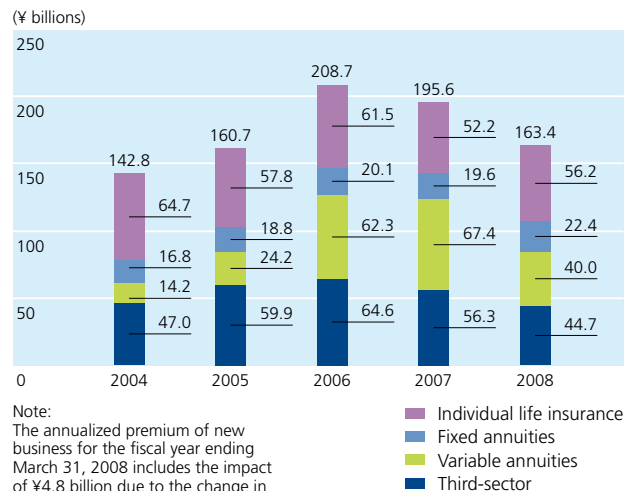
Notes:

1. The annualized premium of policies in force at the end of March 31, 2008 increased by ¥35.7 billion compared to the end of the previous fiscal year due to a change in annualized premium calculation, which now recognizes the extra single premium income and the partial withdrawal from the insurance fund of our major product, "Live One." Using the previous calculation method, the annualized premium of policies in force at the end of March 31, 2007 would be ¥2,063.7 billion, which makes the annualized premium of policies in force substantially increased by ¥1.2 billion.
2. Third-sector insurance includes medical insurance, cancer insurance, nursing care insurance, and coverage for disease and injury, as well as payment for related therapies.

■ Individual life insurance and fixed annuities
■ Variable annuities
■ Third-sector insurance

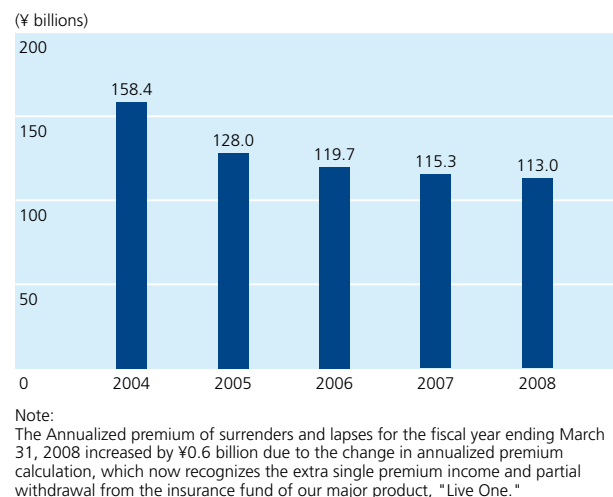
Annualized Premium of New Business (New Business + Net Increase from Conversion)

The annualized premium of new business for individual life insurance and individual annuities totaled ¥163.4 billion, down 16.5% from the previous year. This was due to a 20.5% decline in new business from third-sector insurance products, dropping to ¥44.7 billion and a 40.6% drop in new business from variable annuities. The significant fall in variable annuities stemmed from cooling consumer sentiment due to the stock market decline, as well as the impact of the enforcement of the Financial Instruments and Exchange Law.



Annualized Premium of Surrenders and Lapses

Owing to enhanced consulting and after-sales service for existing customers, the annualized premium of surrenders and lapses decreased 2.0% to ¥113.0 billion, improving for the fifth consecutive year since such figures were first disclosed.



Other Insurance Business

Group Insurance and Group Annuities

To help foster employee benefit plans to meet current needs, Sumitomo Life has been upgrading its lineup of products for domestic corporations and enhancing its asset management capabilities. At the same time, we have been delivering comprehensive services, including consulting services for issues regarding retirement benefit obligations, and delivering new pension services with defined contribution plans. Overall, group insurance policies in force decreased 1.4% to ¥33.8 trillion, while group annuities in force fell 8.2% to ¥2.6 trillion.

Sales of Non-Life Insurance

Sumitomo Life is also active in non-life insurance products, provided by Sumi-Sei General Insurance, a wholly owned subsidiary of us. In an alliance with Mitsui Sumitomo Insurance which has advanced risk consulting capabilities and one of the largest services networks in Japan, we now offer a broad range of non-life products, sold via our sales personnel. In FY2007, the net premium income for non-life insurance edged down 0.4% to ¥29.4 billion.

OPERATING RESULTS

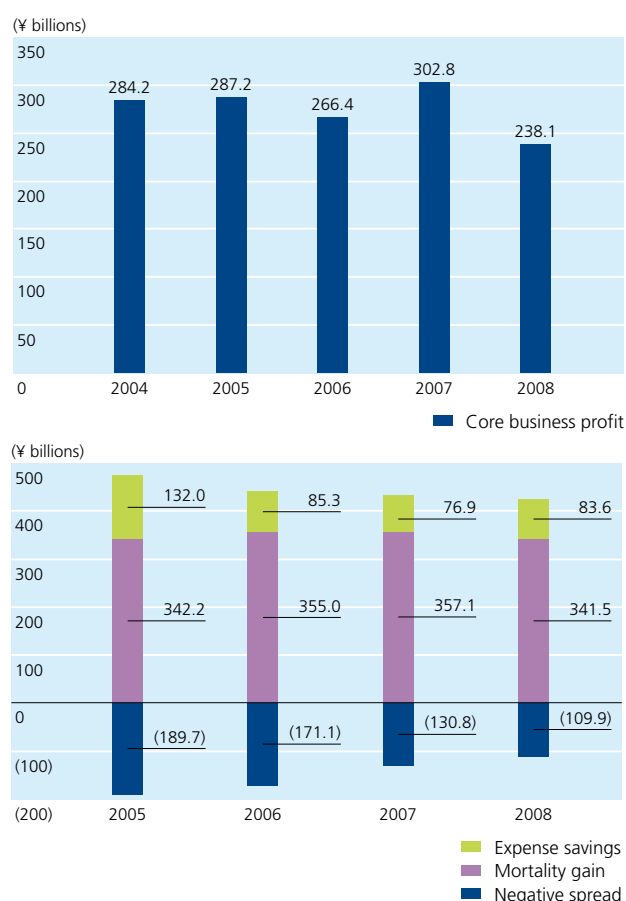
Due to the impact of falling stock prices toward the end of the fiscal year, core business profit declined 21.4% to ¥238.1 billion.

Core Business Profit

Core business profit is an indicator of a life insurance company's earnings strength. After providing for negative spread, core business profit in FY2007 totaled ¥238.1 billion, down 21.4% from the previous year. The decline was mostly due to the provision of ¥67.7 billion, as required by law, for a standard policy reserve to cover future payments of insurance benefits, due to the turbulent nature of the share market at the end of the fiscal year. If the impact of this provision was excluded, core business profit would have slightly exceeded the previous year's level, underscoring Sumitomo Life's ongoing stable earnings position. If stock markets recover and the reserve is no longer required in the future, Sumitomo Life will then post a gain from the reversal of that reserve.

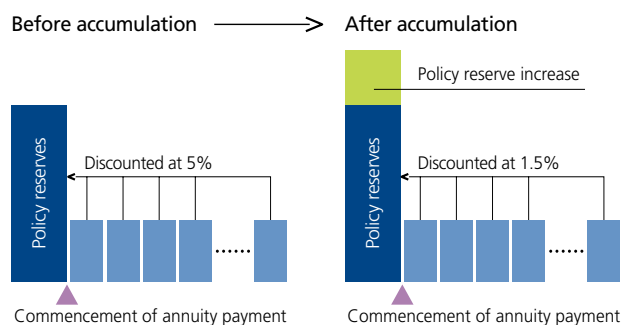
Core business profit has three components: expense savings, mortality gain, and negative spread. In FY2007, expense savings grew ¥6.6 billion to ¥83.6 billion, due to a decline in operating expenses. The mortality gain declined by ¥15.5 billion to ¥341.5 billion, due to additional payments of claims and benefits associated with an investigation into uninformed and non-executed claims. The negative spread improved by ¥20.9 billion to ¥109.9 billion, due to an increase in interest and dividend income and the additional provision of policy reserve.

In order to improve its financial profile against negative spread, we have been accumulating policy reserves by applying the latest standard calculation rate on commencement of the annuity payment, to individual annuities with payments that start at the beginning of each year. The average annual increase in policy reserves, due to this change, is approximately ¥30.0 billion. These steps will lower the average assumed interest rate and thus improve the negative spread.



Accumulating Policy Reserves for Individual Annuities

(The case of policies with an assumed interest rate of 5%)



Ordinary Profit and Net Surplus

Ordinary profit (the sum of core business profit, capital gains/losses, and non-recurring income/losses) declined 15.4% to ¥109.2 billion. After adding the extraordinary gains and losses, and deducting the current and deferred income taxes, the net surplus for the year rose 12.5% to ¥89.9 billion.

	Billions of JPY				Billions of U.S. dollars
	2008	(YoY)	2007	2006	2008
Core business profit (A):					
Insurance premiums and other	2,548.5	-385.8	2,934.4	3,019.1	25.4
Interest and dividend income	480.4	+ 12.2	468.1	439.7	4.7
Benefits and other payments	2,142.2	+ 76.8	2,065.3	2,273.6	21.3
Provision for policy reserves for valuable annuities	67.7	+ 67.7	—	—	0.6
Operating expenses	372.1	- 10.3	382.5	378.7	3.7
Total core business profit (A)	238.1	- 64.6	302.8	266.4	2.3
Capital gains (losses) (B)	(52.4)	- 78.1	25.6	(28.0)	(0.5)
Non-recurring income (loss) (C)	(76.4)	+122.8	(199.3)	(100.8)	(0.7)
Ordinary profit (D=A+B+C)	109.2	- 19.9	129.1	137.6	1.0
Extraordinary gains (E)	18.6	- 5.9	24.6	25.9	0.1
Extraordinary losses (E)	(19.2)	+ 43.6	(62.9)	(87.0)	(0.1)
Surplus before income taxes	108.6	+ 17.8	90.7	76.4	1.0
Current income taxes (F)	43.9	- 39.8	83.7	60.6	0.4
Deferred income taxes (F)	(25.2)	+ 47.6	(72.9)	(51.7)	(0.2)
Net surplus for the year (G=D+E-F)	89.9	+ 9.9	80.0	67.6	0.8

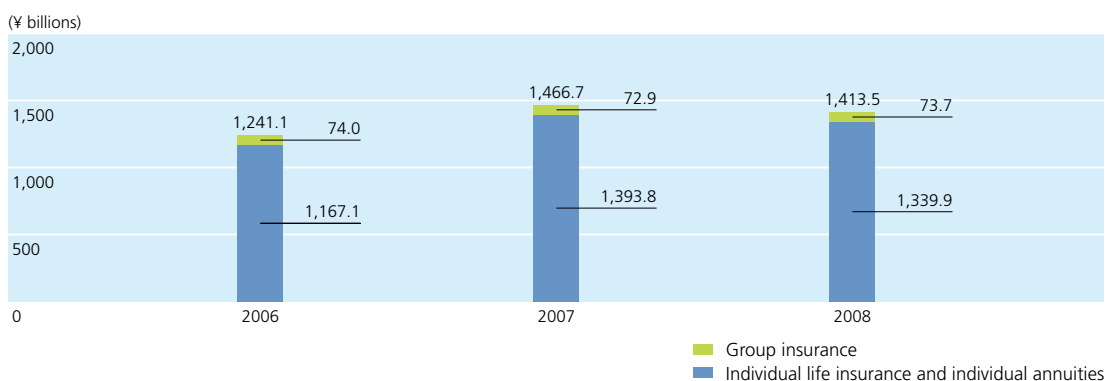
Present Value of Policies in Force (PVIF) and New Business Value of New Policies (NBV)

PVIF is the present value of future after-tax earnings expected to be generated from policies in force. It is a component of embedded value and an indicator of a life insurance company's corporate value. NBV is the present value of future earnings expected from new business acquired during each fiscal year. Both PVIF and NBV figures are before cost of capital.

In FY2007, PVIF declined by 3.6% to ¥1.4 trillion. PVIF for individual life insurance and individual annuities dropped 3.9% to ¥1.3 trillion. Meanwhile NBV for individual life insurance and individual annuities fell 18.7% to ¥74.0 billion.

In order to achieve continuing growth, Sumitomo Life will strive to reinforce its sales and service capabilities and to improve asset management yields.

PVIF



Principal assumptions for calculating PVIF at the end of FY2007 are given below.

PRINCIPAL ASSUMPTIONS

	Calculation method
Discount rate	5.8% Based on the risk-free interest rate (10-year JGB: approx. 1.28%) 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: 2.59% (FY2008) 2.59% (FY2009) 2.58% (FY2010) 2.58% (FY2011) 2.57% (After FY2012)
Operating expenses	Based on actual expenses for 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.

The impact of revised assumptions on individual life insurance and individual annuities are given below.

IMPACT OF REVISED ASSUMPTIONS (SENSITIVITIES)

			Billions of JPY		Billions of U.S. dollars
			Impact on PVIF	PVIF	PVIF
Discount rate	5.8%	6.8%	- 76.9	1,263.0	12.6
	5.8%	4.8%	+ 88.7	1,428.6	14.2
Investment yield	+0.25%		+216.7	1,556.6	15.5
	-0.25%		-217.5	1,122.4	11.2
Operating expenses	Assumption X 110%		- 72.1	1,267.7	12.6
	Assumption X 90%		+ 72.1	1,412.0	14.0
Surrender and lapse	Assumption X 110%		- 63.4	1,276.5	12.7
	Assumption X 90%		+ 68.3	1,408.2	14.0
Mortality and morbidity	Assumption X 110%		-239.5	1,100.4	10.9
	Assumption X 90%		+243.1	1,582.9	15.7

Review by Actuarial Firm

Tillinghast, an independent actuarial firm, has reviewed the methodology used and the assumptions applied for calculating PVIF. Tillinghast has also carried out a limited review on consistency between the results and the method and the assumptions, without detailed checks on the calculation models and the calculation processes.

FINANCIAL SOUNDNESS AND OTHER INDICATORS

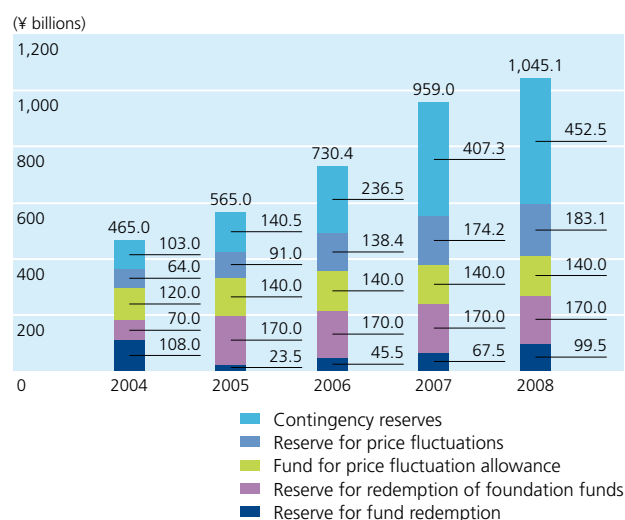
During the year, Sumitomo Life reached our target of ¥1.0 trillion for accumulated retained surplus. The solvency margin ratio at the fiscal year-end was 1,030.7%, remaining at a sound level.

Capital Strategies and Accumulated Retained Surplus

Sumitomo Life has been boosting our capital by increasing the level of accumulated retained surplus, as well as using foundation funds, subordinated debt and other external capital sources to strengthen our financial position. In August 2007, we used a securitization scheme to make a ¥50.0 billion public offering of foundation funds, and then used these proceeds to repay long-term subordinated debt of the same value. Accordingly, the total foundation funds rose 15.7% to ¥369.0 billion.

At the fiscal year-end, the accumulated retained surplus, an indicator of financial soundness, stood at ¥1.0 trillion, up 9.0% from the previous year. This increase stemmed mainly from additions to the contingency reserve and the reserve for price fluctuations, using our stable core business profit.

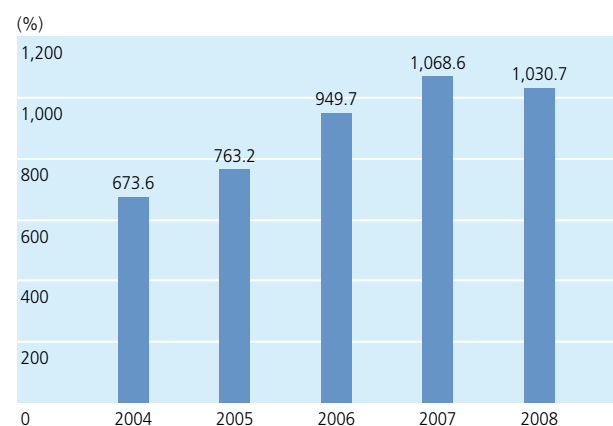
Accumulated Retained Surplus



Solvency Margin Ratio

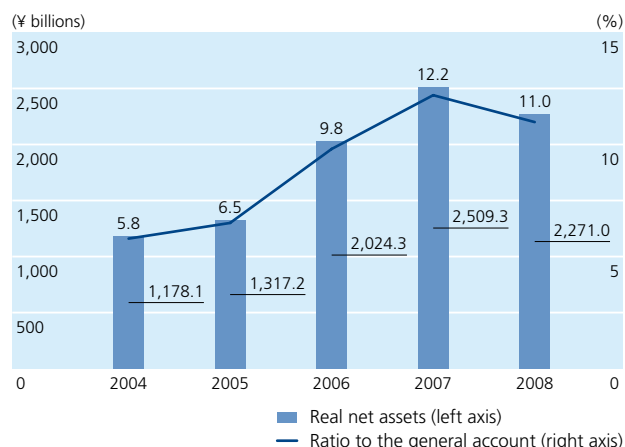
The solvency margin ratio is the ratio of the total solvency margin to the total amount of risk, quantified for risks outside the normal scope of predictability. In FY2007, Sumitomo Life's solvency margin ratio only slightly declined from 1,068.6% to 1,030.7% at the fiscal year-end despite the turbulent stock market conditions. Thus, it remained at a high level, exceeding the 1,000.0% mark.

Sumitomo Life will work to reinforce its capital by making ongoing additions to the accumulated retained surplus. We will also further strengthen and stabilize our financial position by using funds raised externally.



Real Net Assets

Real net assets are the value of total assets (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. Sumitomo Life's real net assets at the fiscal year-end stood at ¥2.2 trillion, down from ¥2.5 trillion in the previous year. Real net assets as a ratio of the general account total, therefore, declined from 12.2% to 11.0%.



Basic Strategy on Policyholders' Dividend

Adopting a medium to long-term perspective, Sumitomo Life makes a dividend to each policy depending on contribution. The distribution of interest dividends is based on operating performance and market conditions, while the distribution of mortality and morbidity gains, expense margins, and special gains are based on the medium to long-term claim payment scenario and the business expenditure situation.

Insurance Financial Strength Ratings

Sumitomo Life's insurance financial strength rating from Moody's at the fiscal year-end was A2, upgraded from the Baa1 in July 2007. During the year, Rating and Investment Information (R&I) also made an upward revision of its outlook to Positive. These improved ratings reflect our further improved capital position and recognize our new business strategies, in which we have been moving away from the traditional business model for Japanese life insurance companies. By contrast, the outlooks for several Japanese life insurers including us were revised to Stable from Positive by Standard & Poor's in February 2008, due to worsening market conditions caused by the subprime loan crisis in the United States.

RATING STATUS

Rating Agency	As of June 30, 2008
Rating and Investment Information (R&I)	A
Japan Credit Rating Agency (JCR)	A
Fitch Ratings (Fitch)	A
Moody's	A2
Standard & Poor's (S&P)	BBB+

Notes:

- Insurance financial strength ratings are subject to change in the future due to changes in economic conditions and other factors.
- Insurance financial strength ratings are the opinions of respective rating agencies and do not guarantee the payment of insurance benefits.
- Definition of Insurance financial strength ratings are publicly disclosed by the rating agencies respectively.
- Plus and minus symbols appended to credit ratings indicate relative position within a given rating. (Moody's attaches numerical figures 1, 2 or 3 to its ratings. "1" is highest within a given rating; "3" is lowest.)

ASSET MANAGEMENT (GENERAL ACCOUNT)

Despite the difficult economic conditions for asset management this year, Sumitomo Life achieved a slight year-on-year increase in returns on core business profit, and a slight decline in returns on general account assets after including for capital gains/losses.

Asset Management

Sumitomo Life manages the general account assets in order to secure stable returns. Our investment strategy is based on asset and liability management since life insurance policies have such long-term liabilities. Within this strategy, we invest primarily in yen-denominated fixed income assets, such as JGBs, corporate bonds and loans. On the other hand, we also invest in foreign bonds and other assets with properly managed risk in order to boost earnings.

As a result, the return on core business profit rose 0.09 points to 2.60%, mainly due to an increase in interest and dividend income. The return on general account assets, after including for capital gains/losses, declined 0.35 points to 1.86%.

The general account total at the fiscal year-end was ¥20.6 trillion, up slightly from the previous year.

	Millions of JPY						Millions of U.S. dollars
	2008	(%)	2007	(%)	2006	(%)	2008
Cash, deposits and call loans	¥ 599,277	2.9	¥ 513,551	2.5	¥ 533,048	2.6	\$ 5,981
Monetary claims brought	880,103	4.3	832,901	4.0	739,621	3.6	8,784
Securities:							
Bonds	6,805,043	32.9	6,928,904	33.6	6,269,599	30.5	67,921
Equities	1,664,309	8.1	2,157,591	10.4	2,203,511	10.7	16,611
Foreign securities:							
Bonds	4,356,048	21.1	4,005,647	19.4	4,151,767	20.2	43,477
Equities, etc.	615,490	3.0	615,209	3.0	624,811	3.0	6,143
Total foreign securities	4,971,538	24.1	4,620,856	22.4	4,776,578	23.2	49,621
Other securities	54,365	0.3	66,418	0.3	65,530	0.3	542
Total securities	13,495,257	65.3	13,773,771	66.7	13,315,220	64.8	134,696
Loans:							
Policy loans	436,673	2.1	459,418	2.2	499,154	2.4	4,358
General loans	3,621,265	17.5	3,726,784	18.0	4,140,544	20.1	36,143
Total loans	4,057,938	19.6	4,186,203	20.3	4,639,698	22.6	40,502
Real estate:	1,006,917	4.9	1,076,130	5.2	1,145,630	5.6	10,050
Investment real estate	754,203	3.6	818,367	4.0	865,021	4.2	7,527
Deferred tax assets	321,582	1.6	36,244	0.2	-	-	3,209
Other	308,851	1.5	234,813	1.1	192,094	0.9	3,082
Allowance for possible loan losses	(1,584)	(0.0)	(4,877)	(0.0)	(2,047)	(0.0)	(15)
General account total	20,668,343	100.0	20,648,739	100.0	20,563,265	100.0	206,291
Foreign-denominated assets	1,971,870	9.5	1,954,025	9.5	2,523,609	12.3	19,681

Note:

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

Securities

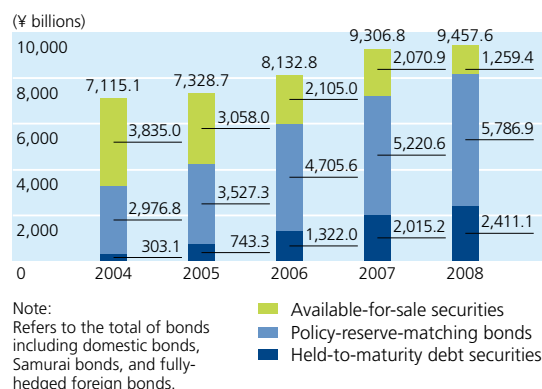
In FY2007, Sumitomo Life sought to improve returns from JGBs and domestic corporate bonds by increasing our holdings of long-term and super long-term bonds, focusing on hold-to-maturity bonds and policy reserve-matching bonds, in view of rising interest rates. Addressing fluctuations in interest rates and foreign exchange rates, we strove to maintain stable earnings through investments in reverse dual-currency bonds and other instruments. We then redeemed and sold our short-term bonds, replacing them with JGBs and corporate bonds with maturities of 10 years or longer.

Among foreign bonds, at the beginning of the fiscal year we sold a certain amount of our currency-hedged foreign bonds which had a relatively lower appeal than domestic bonds. And then, we invested in the same type of foreign bonds again, according to domestic and overseas interest rate movements. Regarding foreign bonds exposed to currency risk, we made new investments while properly controlling risk. At the fiscal year-end, we had zero holdings of securitized products linked to subprime loans.

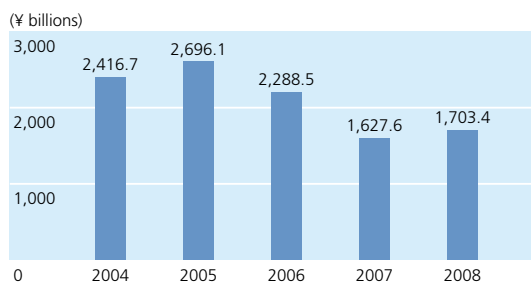
With respect to domestic stocks, we rearranged our portfolio while monitoring market movements, making purchases in major market dips.

As a result, the balance of our security holdings declined 2.0% to ¥13.4 trillion at the fiscal year-end. Unrealized gains on those holdings fell ¥616.7 billion to ¥313.9 billion. This was mainly due to a ¥585.9 billion decline in unrealized gains on domestic stocks, because of falling stock market prices. This contrasted with a ¥121.8 billion increase in unrealized gains on policy-reserve-matching bonds, owing to the decreasing domestic interest rates.

Domestic Bonds

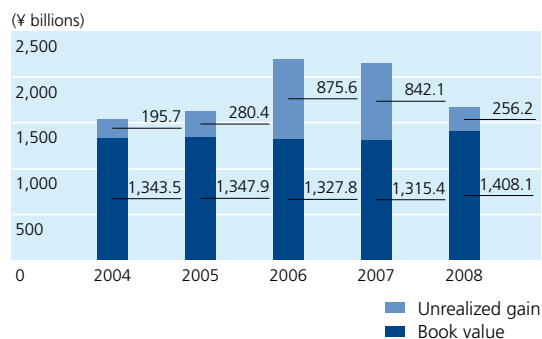


Foreign Bonds



Note:
Refers to the total amount of foreign bonds, except fully-hedged foreign bonds.

Domestic Stocks



Loans

The balance of loans at the fiscal year-end stood at ¥4.0 trillion, down 3.1% from the previous year. With respect to domestic lending, we focused on lending to high-quality borrowers only after properly ascertaining their credit risk.

Real Estate

In FY2007, Sumitomo Life strove to increase the occupancy rates and profitability of our office building holdings. The balance of our real estate holdings at the fiscal year-end was ¥1.0 trillion, down 6.4% from the previous year. However, unrealized gain on real estate holdings rose ¥147.0 billion to ¥192.2 billion.

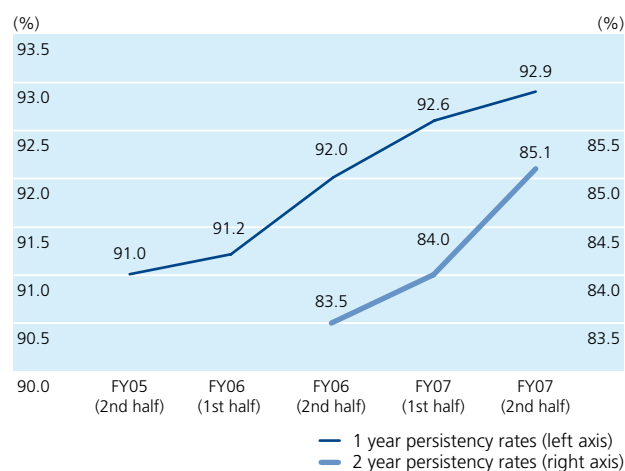
SALES NETWORK

Sumitomo Life is endeavoring to build the strongest sales network in the domestic life insurance market. We have been putting our emphasis not only on our sales personnel, but also on selling via banks and members of the Japan Post Group.

Sales Personnel

Sumitomo Life has one of Japan's largest sales personnel networks, encompassing 78 branch offices, 2,037 district offices, and 34,728 sales personnel. One of our most valuable assets is our customer base, as we have around 11 million policies in force covering 6 million households, and we are utilizing this base in order to expand our business further.

Regarding evaluation standards for our sales personnel, we regard the persistency rate of insurance policies and the retention rate of our sales personnel as indicators of policyholder satisfaction levels from a long-term perspective. To strengthen our consulting capabilities in selling insurance, we have stepped up our education and training systems for sales personnel. Meanwhile, both the 1 year and 2 year persistency rates are on an upward trend.

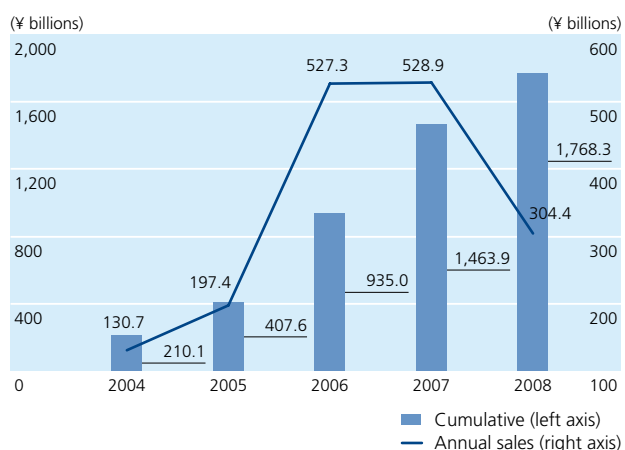


Sales via Banks

Sumitomo Life also sells our products via a domestic network of more than 300 financial institutions. This channel is now our second largest channel, behind our sales personnel. At present, we have Japan's largest life insurance sales network, formed by sales agency agreements with over 300 financial institutions to sell our individual annuity products.

In FY2007, sales of individual annuities, especially variable annuities, declined in line with stock market conditions and due in part to the enforcement of the Financial Instruments and Exchange Law. For the fiscal year, single-premium variable annuities sold through the bank channels declined 45.9% to 57,621 policies, and premiums from such policies fell 42.4% to ¥304.4 billion. Regular-premium variable annuities sold through bank channels were down 48.3% to 2,169 policies, with annualized premiums down 52.3% to ¥0.4 billion. We also sold 37 policies of single-premium fixed annuities via banks, generating ¥0.1 billion in premiums.

Premiums from single-premium variable annuities



In selling individual annuities via banks, we anticipate ongoing high levels of demand among Japan's baby-boomer generation, who seek vehicles for retirement benefits and financial security for their old age. We began selling individual annuities via banks around 5 and a half years ago. As of March 31, 2008, single-premium variable annuities sold via banks reached 395,000 policies, making a total of ¥1.7 trillion in premiums.

In FY2007, we sold 306 policies of single-premium whole-life insurance policies, generating ¥2.1 billion in premiums. We believe this is a highly promising market segment over the medium and long-term.

To bolster the market for the bank channels, we will step up development of new products and enhance our support infrastructure in order to maintain our "top runner" position in this field.

Sales via Japan Post Group

Seeking to foster a third powerful distribution channel to support our sales personnel and the bank channels, Sumitomo Life has formed sales agreements to supply products to all three members of the Japan Post Group, which was privatized in October 2007. These companies are Japan Post Network Company, with about 24,000 branches and 120,700 employees; Japan Post Bank Company, with 223 branches and about 11,600 employees; and Japan Post Insurance Company, with 81 branches and about 5,400 employees. We are confident that we can build a powerful sales system through this channel.

At the end of May 2008, we started selling variable annuities via Japan Post Bank and Japan Post Network, and in June we began sales of corporate products via Japan Post Insurance.

Other Channels

WELL'S is a sales organization that combines methods developed over the years by Sumitomo Life with active use of know-how and scientific techniques adopted in overseas nations and by foreign-affiliated insurers. Through this organization, Sumitomo Life has been building a model sales method tailored to conditions in urban-city markets.

Hoken-Hyakka is an in-store retail outlet channel operating mainly in shopping centers. It is run as a joint venture between Mitsui Life Insurance, Sumitomo Mitsui Banking Corporation and us. *Hoken-Hyakka* is an independent agent that sells a diverse range of products, not only from Mitsui Life and us but also from foreign-affiliated insurers.

In addition, we use the Internet and direct mail to promote our products offerings to customers.

OVERSEAS OPERATIONS

Asia

Encouraged by growing economic relations between Japan and China, in November 2005, Sumitomo Life established PICC Life Insurance Company in partnership with PICC Holding Company, which owns PICC Property & Casualty Company, the largest non-life insurance company in China. June 2007, PICC Life Insurance increased its capital due to additional investment from PICC Property & Casualty, which strengthened the connections among our three companies, creating greater links between the life and non-life insurance businesses. As of June 30, 2008, PICC Life Insurance has 29 branches, including those in Beijing and other major Chinese cities.

PICC Life Insurance's operations are expanding as it develops its sales network, consisting of bank channels and 46,000 insurance agents. Premium income in 2007 totaled approximately ¥68.0 billion, placing the company in ninth position among China's 52 life insurance companies.

As for social contribution, PICC Life Insurance and Sumitomo Life have set up a scholarship program for Chinese medical students to support the advancement of medical studies in China. In FY2007, the program awarded scholarships to 710 students.

Sumitomo Life also has a representative office in Beijing, which opened in 1991. Through this office, we gather information about the local financial and insurance sectors.

North America

Since opening a representative office in New York in 1972, Sumitomo Life has pursued a range of activities in the region. The New York office now covers a diverse range of researches into the U.S. financial, securities and insurance businesses, seeking to advance our operations globally in the future.

We also have a wholly owned local subsidiary, Sumitomo Life Insurance Agency America (SLIA), which targets the needs of Japanese companies with operations in the region. SLIA provides brokerage services for insurance products relating to employee benefits, including corporate health insurance and other services. At present, it has offices in New York, Los Angeles, Chicago, Kentucky, and Atlanta, acting as the largest broker of employee benefit products among Japanese life insurance firms. SLIA is also among the Top 10 brokers specializing in corporate health insurance in the United States.

Europe

Sumitomo Life opened a representative office in London in 1980 and has targeted various initiatives ever since. With a view to developing our operations globally in the future, the London Representative Office gathers a wide range of information about the financial, securities and insurance sectors in Europe, which we convey to central management and key departments at our Head Offices in Japan. The London Representative Office also provides support to our Head Office Investment and Loan division by maintaining contacts with and providing credit information of borrowers, in order to gain an accurate grasp of the credit risk profile of our existing loan customers in Europe, who constitute part of our loan portfolio.

Meanwhile, we also engage in a variety of social contribution activities in Europe. These include running an international competition with an annual art exhibition held at the Louvre in Paris, as well as support for the training of guide dogs, specially trained to provide essential daily life assistance for the blind and disabled.

Governance System

CSR Vision

Back in 1952, Sumitomo Life formulated a Management Policy which included our commitment to “contributing to the furtherance of social and public welfare.” This marked the beginning of our CSR-oriented approach, which has continued to this day. We have since further clarified our commitment, setting out to “help create an affluent, content, and long-living society through effective management and 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. In addition, we have established stringent regulations in corporate governance, compliance, and risk management.

Our CSR vision is also embodied in the Sumitomo Life Group Code of Conduct, a set of principles guiding the behavior of all executives and employees of the Group.

Social Contribution Activities

As the life insurance business has a uniquely high-level of social responsibility, Sumitomo Life regards contribution to society as one of its most important management priorities and we promote a variety of social welfare and cultural support initiatives.

Regarding social welfare activities, we provide various types of support to address Japan’s declining birthrate, a major issue for the nation. We also provide support for those with cancer, which now causes a third of all deaths in Japan. In addition, we help to install automated external defibrillators (AEDs) and provide care for dementia patients, whose numbers are increasing as the population ages. Other initiatives include contributing to regional communities, and providing support to train guide dogs, making life easier for those with visual, hearing, and other impairments.

Regarding cultural support, since 1986, we have hosted charity concerts throughout Japan, raising money for welfare facilities. To date, we have held 841 such concerts, attracting more than one million people. In addition, we have been managing Izumi Hall, a classical music venue that we opened in 1990. By March 2009, we expect Izumi Hall to have reached a total of 4,500 performances. Our wide-ranging cultural support activities also include organizing the Children’s Picture-Drawing Contest.

In 1960, we established two organizations, the Sumitomo Life Social Welfare Business Foundation and the Sumitomo Life Health Foundation, to help foster health and social welfare. We also participate in the Sumitomo Foundation, established by 20 Sumitomo Group companies to promote a wide range of social contribution initiatives. As part of this Foundation, we have contributed to 281 projects across 21 countries.

Environmental Protection Activities

Sumitomo Life regards the protection of the global environment as one of the most important tasks. Specific behavioral guidelines are set out in the Sumitomo Life Environmental Policy and we are proactively engaged in many activities.

Since January 2008, we have been participating in the Coral Reef Protection Project, to conserve and ensure the sustainability of coral reefs in the South Pacific nation of Fiji, as well as Ishigaki Island in Okinawa Prefecture. We believe it is very important to protect these coral reefs, as they contain diverse living organisms and provide major benefits to people's lives.

Internal Control System

Sumitomo Life continuously enhances an internal control system in order to assure sound business operations. Due to a revision of the Insurance Business Law accompanying the enactment of the Companies Act in May 2006, our Board of Directors resolved to establish an internal control system (as determined by the Insurance Business Law) and formulated basic policies for this system. Guided by these basic policies, we have upgraded our compliance and risk management systems and our internal auditing functions. In order to further improve this system, we have also set up a new framework to enable our corporate auditors to conduct audits more effectively.

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. In addition, we have created a Compliance Manual, a set of guidelines on concrete business conduct in order to foster a compliance-oriented corporate culture. We distribute the manual to all executives and employees and ensure that they observe it.

Protection of Personal Information

Sumitomo Life adheres strictly to the Act on the Protection of Personal Information when handling personal information in all business transactions. The Sumitomo Life Group Code of Conduct specifies behavioral guidelines to help executives and employees handle customer information with the utmost care. More specific items related to handling personal information are covered in two other documents: Rules for Protecting Confidential Information and Rules for Management of Personal Assets. In addition, we maintain stringent controls over those allowed to access personal information, and have various security measures in place to prevent unauthorized access by external parties.

Risk Management System

Basic Approach

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

Specifically, we have established management frameworks for each category of risk, such as underwriting and investment risks, and strive to improve and advance risk management governance to reinforce the soundness of our business.

Also, for risks that are very difficult to foresee under normal risk management practices, such as large-scale natural disasters, we have established rules for handling contingencies.

Risk Management Policies and Rules

The overall risk management rules, decided on 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 management procedures and policies.

Risk Management Governance

Sumitomo Life has an Individual Risk Management Organization and a Corporate Risk Management Department, who manage the various risks associated with the life insurance business, according to the basic policies on risk management established by the Board of Directors. In addition, the Risk Management Committee has been established, to advise the Executive Management Committee (see Note), in order to ensure that systems are in place for properly monitoring risk, that inter-departmental risk management issues are addressed and that asset and liability management is conducted appropriately.

The effectiveness of risk management is monitored through the internal audits conducted by the Auditing Department and the external audits by corporate auditors and independent auditors. The Board of Directors and Executive Management Committee then use the reports made by the auditors in managerial decision-making matters.

Note: The Executive Management Committee is comprised of directors of Managing Director level and above. In accordance with basic management policies determined by the Board of Directors, the committee deliberates and makes decisions on important matters related to management strategy and business execution.

Integrated Risk Management

With products and sales 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 (including minimum guaranteed risk for variable insurance and annuity products) 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.

We have established risk limits (see Note) for each category of risk, and monitors risk levels accordingly. The risk levels are regularly reported to the Risk Management Committee, Executive Management Committee, and the Board of Directors.

Note: Risk limits are limits placed on estimated losses for each risk category to buffer the company from risk exposure. They are set after comprehensively considering the characteristics of each type of risk.

The ALM System

ALM refers to the comprehensive management of assets and liabilities.

Sumitomo Life makes changes to its asset portfolio, sales policies for insurance products, and premium rates, when necessary, and only after analyzing and estimating cash flows for each type of insurance and considering corresponding asset and market conditions.

The ALM Subcommittee of the Risk Management Committee also helps to make decisions on investment strategy from an ALM perspective.

These ALM initiatives make it possible to reliably ensure assets will be available when it is necessary to pay insurance benefits.

Stress Testing

Lastly, Sumitomo Life conducts stress testing as part of our framework for company-wide risk management. Stress testing involves envisioning potential worst-case scenarios, such as large scale natural disasters or the collapse of a bubble economy. It is also used to calculate possible losses and analyze the potential impact on our business soundness.

Financial Section

Contents

Consolidated Financial Statements	
Consolidated Balance Sheets	24
Consolidated Statements of Income	26
Consolidated Statement of Surplus	28
Consolidated Statements of Changes in Net Assets	29
Consolidated Statements of Cash Flows	32
Notes to Consolidated Financial Statements	34
Report of Independent Auditors	45
Non-Consolidated Financial Statements	
Non-Consolidated Balance Sheets	46
Non-Consolidated Statements of Income	49
Non-Consolidated Statements of Changes in Net Assets	51
Non-Consolidated Statements of Surplus	54

Consolidated Balance Sheets

At March 31, 2008, 2007 and 2006	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
ASSETS				
Cash and deposits	¥ 225,247	¥ 134,562	¥ 85,339	\$ 2,248
Call loans	543,800	504,700	514,100	5,427
Monetary claims bought	880,103	832,901	739,621	8,784
Securities	16,059,439	16,291,369	15,073,069	160,289
Loans	4,058,009	4,186,885	4,640,889	40,503
Real estate and movable properties	—	—	1,190,932	—
Tangible fixed assets	1,018,869	1,092,719	—	10,169
Intangible fixed assets	34,791	35,390	—	347
Due from insurance agencies	185	191	171	1
Due from reinsurers	295	441	409	2
Other assets	295,384	221,925	207,500	2,948
Deferred tax assets	325,141	41,052	4,664	3,245
Customers' liabilities for acceptances and guarantees	400	3,320	260	3
Allowance for possible loan losses	(1,587)	(5,003)	(2,188)	(15)

Total assets	¥ 23,440,081	¥23,340,457	¥22,454,770	\$233,956
--------------	--------------	-------------	-------------	-----------

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
LIABILITIES				
Policy reserves:				
Reserves for outstanding claims	¥ 141,989	¥ 141,024	¥ 127,397	\$ 1,417
Policy reserves	19,709,685	19,789,998	19,008,991	196,723
Policyholders' dividend reserves	398,782	442,648	501,670	3,980
Total policy reserves	20,250,457	20,373,672	19,638,059	202,120
Due to reinsurers	757	898	742	7
Other liabilities:				
Deposits received under securities lending transactions	1,541,069	803,774	656,883	15,381
Other	733,672	861,429	853,531	7,322
Total other liabilities	2,274,742	1,665,203	1,510,414	22,704
Accrued retirement benefits	10,282	29,403	56,787	102
Reserve for directors' and corporate auditors' retirement benefits	34	—	—	0
Reserve for price fluctuations	183,430	174,496	138,715	1,830
Deferred tax liabilities	—	—	44,171	—
Deferred tax liabilities on revaluation of land	39,763	41,189	44,236	396
Acceptances and guarantees	400	3,320	260	3
Total liabilities	22,759,868	22,288,184	21,433,387	227,167
MINORITY INTERESTS				
	—	—	35	—
CAPITAL				
Foundation funds	—	—	149,000	—
Reserve for redemption of foundation funds	—	—	170,000	—
Reserve for revaluation	—	—	2	—
Surplus	—	—	231,539	—
Revaluation reserve for land, net of taxes	—	—	(127,018)	—
Unrealized gains on securities, net of taxes	—	—	604,740	—
Foreign currency translation adjustments	—	—	(6,916)	—
Total capital	—	—	1,021,347	—
Total liabilities, minority interests and capital	—	—	¥22,454,770	—
NET ASSETS				
Funds, reserve and surplus:				
Foundation funds	199,000	149,000	—	1,986
Reserve for redemption of foundation funds	170,000	170,000	—	1,696
Reserve for revaluation	2	2	—	0
Surplus	303,433	270,170	—	3,028
Total funds, reserve and surplus	672,436	589,173	—	6,711
Unrealized gains / losses, revaluation reserve and adjustments:				
Unrealized gains on available-for-sale securities, net of taxes	130,401	592,236	—	1,301
Deferred unrealized gains (losses) on hedge instruments	23	(25)	—	0
Revaluation reserve for land, net of taxes	(122,555)	(123,893)	—	(1,223)
Foreign currency translation adjustments	(93)	(5,253)	—	(0)
Total unrealized gains / losses, revaluation reserve and adjustments	7,776	463,063	—	77
Minority interests	—	35	—	—
Total net assets	680,212	1,052,272	—	6,789
Total liabilities and net assets	¥23,440,081	¥23,340,457	—	\$ 233,956

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Income

Years ended March 31, 2008, 2007 and 2006	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Ordinary income				
Insurance premiums and other	¥2,586,098	¥2,971,190	¥3,054,371	\$25,811
Investment income:				
Interest and dividend income	481,177	471,582	444,663	4,802
Gains on money-held-in-trust	—	0	0	—
Gains on trading securities	65	1,049	1,228	0
Gains on sales of securities	38,926	101,844	54,080	388
Gains on redemption of securities	—	905	—	—
Other	452	474	2,105	4
Gains on assets in separate accounts	—	107,097	231,895	—
Total investment income	520,622	682,953	733,973	5,196
Other ordinary income	233,204	126,151	131,987	2,327
Total ordinary income	3,339,925	3,780,295	3,920,331	33,335
Ordinary expenses				
Benefits and other payments:				
Claims paid	731,565	670,201	746,153	7,301
Annuities paid	251,718	225,443	206,913	2,512
Benefits paid	450,688	451,710	431,081	4,498
Surrenders	567,865	580,425	764,462	5,667
Other	164,349	159,025	146,508	1,640
Total benefits and other payments	2,166,188	2,086,807	2,295,118	21,620
Provision for policy reserves and other reserves:				
Provision for reserves for outstanding claims	964	13,627	—	9
Provision for policy reserves	—	781,007	739,522	—
Provision for interest on policyholders' dividend reserves	1,407	264	290	14
Total provision for policy reserves and other reserves	2,371	794,898	739,812	23
Investment expenses:				
Interest expenses	14,985	10,182	8,200	149
Losses on sales of securities	32,024	59,275	35,862	319
Losses on devaluation of securities	5,893	5,536	1,782	58
Losses on redemption of securities	—	1	—	—
Losses on derivatives	53,573	11,406	44,401	534
Losses on foreign exchange transactions	880	958	1,011	8
Provision for allowance for possible loan losses	—	2,865	—	—
Write-off of loans	35	144	161	0
Depreciation of real estate for investment	19,622	21,315	25,283	195
Other expenses	20,453	23,808	26,234	204
Losses on assets in separate accounts	292,986	—	—	2,924
Total investment expenses	440,456	135,492	142,938	4,396
Operating expenses	382,844	392,982	387,017	3,821
Other ordinary expenses	236,177	239,332	212,587	2,357
Total ordinary expenses	3,228,038	3,649,512	3,777,475	32,219
Ordinary profit	¥ 111,887	¥ 130,782	¥ 142,856	\$ 1,116

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Extraordinary gains				
Gains on disposal of real estate and movable properties	¥ —	¥ —	¥ 25,038	\$ —
Gains on disposal of fixed assets, etc.	20,998	17,094	—	209
Reversal of allowance for possible loan losses	3,491	—	1,261	34
Gains on contribution of securities to retirement benefit trust	3,291	11,854	—	32
Other extraordinary gains	—	—	85	—
Total extraordinary gains	27,781	28,948	26,385	277
Extraordinary losses				
Losses on disposal of real estate and movable properties	—	—	36,049	—
Losses on disposal of fixed assets, etc.	11,695	16,993	—	116
Impairment losses on fixed assets	2,783	5,786	3,237	27
Provision for reserve for price fluctuations	8,934	35,780	47,413	89
Advanced depreciation for real estate	166	156	—	1
Payments to social responsibility reserve	602	448	471	6
Other extraordinary losses	—	—	196	—
Total extraordinary losses	24,182	59,165	87,368	241
Surplus before income taxes and minority interests	115,485	100,565	81,874	1,152
Income taxes:				
Current	47,629	90,931	60,772	475
Deferred	(25,423)	(76,438)	(50,507)	(253)
Minority interests	(0)	0	26	(0)
Net surplus for the year	¥ 93,280	¥ 86,072	¥ 71,581	\$ 931

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statement of Surplus

	Millions of yen
	2006
Balance at the beginning of the year	¥203,576
Additions:	
Net surplus for the year	71,581
Additions total	71,581
Deductions:	
Reversal of revaluation reserve for land	1,046
Provision for policyholders' dividend reserves	40,130
Interest on funds	2,442
Deductions total	43,618
Balance at the end of the year	¥231,539

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

	Millions of yen				
	Funds, reserve and surplus				Total funds, reserve and surplus
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	
Year ended March 31, 2008					
Balance at the end of previous fiscal year	¥149,000	¥170,000	¥ 2	¥270,170	¥589,173
Changes during the current fiscal year:					
Financing of additional foundation funds	50,000				50,000
Provision for policyholders' dividend reserves				(50,588)	(50,588)
Payment of interest on foundation funds				(3,686)	(3,686)
Net surplus for the fiscal year				93,280	93,280
Decrease due to exclusion of subsidiaries from scope of consolidation				(4,923)	(4,923)
Increase due to exclusion of the companies accounted for under equity method				682	682
Reversal of revaluation reserve for land				(1,501)	(1,501)
Other changes during the current fiscal year					
Total changes in current fiscal year	50,000	—	—	33,262	83,262
Balance at the end of current fiscal year	¥199,000	¥170,000	¥ 2	¥303,433	¥672,436

	Millions of yen						
	Unrealized gains/losses, revaluation reserve and adjustments					Minority interests	Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Deferred unrealized gains (losses) on hedge instruments	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Total unrealized gains/losses, revaluation reserve and adjustments		
Year ended March 31, 2008							
Balance at the end of previous fiscal year	¥ 592,236	¥ (25)	¥(123,893)	¥(5,253)	¥ 463,063	¥ 35	¥1,052,272
Changes during the current fiscal year:							
Financing of additional foundation funds							50,000
Provision for policyholders' dividend reserves							(50,588)
Payment of interest on foundation funds							(3,686)
Net surplus for the fiscal year							93,280
Decrease due to exclusion of subsidiaries from scope of consolidation							(4,923)
Increase due to exclusion of the companies accounted for under equity method							682
Reversal of revaluation reserve for land							(1,501)
Other changes during the current fiscal year	(461,834)	49	1,338	5,159	(455,287)	(35)	(455,323)
Total changes in current fiscal year	(461,834)	49	1,338	5,159	(455,287)	(35)	(372,060)
Balance at the end of current fiscal year	¥ 130,401	¥ 23	¥(122,555)	¥ (93)	¥ 7,776	¥ —	¥ 680,212

	Millions of yen				
	Funds, reserve and surplus				Total funds, reserve and surplus
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	
Year ended March 31, 2007					
Balance at the end of previous fiscal year	¥149,000	¥170,000	¥ 2	¥ 231,539	¥ 550,542
Changes during the current fiscal year:					
Provision for policyholders' dividend reserves				(41,038)	(41,038)
Payment of interest on foundation funds				(3,089)	(3,089)
Net surplus for the fiscal year				86,072	86,072
Reversal of revaluation reserve for land				(3,275)	(3,275)
Decrease due to inclusion of subsidiaries in scope of consolidation				(36)	(36)
Other changes during the current fiscal year					
Total changes in current fiscal year	—	—	—	38,631	38,631
Balance at the end of current fiscal year	¥149,000	¥170,000	¥ 2	¥ 270,170	¥ 589,173

	Millions of yen						
	Unrealized gains/losses, revaluation reserve and adjustments					Minority interests	Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Deferred unrealized gains (losses) on hedge instruments	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Total unrealized gains/losses, revaluation reserve and adjustments		
Year ended March 31, 2007							
Balance at the end of previous fiscal year	¥ 604,740	¥ —	¥(127,018)	¥(6,916)	¥470,805	¥ 35	¥1,021,382
Changes during the current fiscal year:							
Provision for policyholders' dividend reserves							(41,038)
Payment of interest on foundation funds							(3,089)
Net surplus for the fiscal year							86,072
Reversal of revaluation reserve for land							(3,275)
Decrease due to inclusion of subsidiaries in scope of consolidation							(36)
Other changes during the current fiscal year	(12,503)	(25)	3,124	1,663	(7,741)	0	(7,740)
Total changes in current fiscal year	(12,503)	(25)	3,124	1,663	(7,741)	0	30,890
Balance at the end of current fiscal year	¥ 592,236	¥ (25)	¥(123,893)	¥(5,253)	¥463,063	¥ 35	¥1,052,272

	Millions of U.S. dollars				
	Funds, reserve and surplus				Total funds, reserve and surplus
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	
Year ended March 31, 2008					
Balance at the end of previous fiscal year	\$1,487	\$1,696	\$ 0	\$ 2,696	\$ 5,880
Changes during the current fiscal year:					
Financing of additional foundation funds	499				499
Provision for policyholders' dividend reserves				(504)	(504)
Payment of interest on foundation funds				(36)	(36)
Net surplus for the fiscal year				931	931
Decrease due to exclusion of subsidiaries from scope of consolidation				(49)	(49)
Increase due to exclusion of the companies accounted for under equity method				6	6
Reversal of revaluation reserve for land				(14)	(14)
Other changes during the current fiscal year					
Total changes in current fiscal year	499	—	—	331	831
Balance at the end of current fiscal year	\$1,986	\$1,696	\$ 0	\$ 3,028	\$ 6,711

	Millions of U.S. dollars						
	Unrealized gains/losses, revaluation reserve and adjustments						Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Deferred unrealized gains (losses) on hedge instruments	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Total unrealized gains/losses, revaluation reserve and adjustments	Minority interests	
Year ended March 31, 2008							
Balance at the end of previous fiscal year	\$ 5,911	\$ (0)	\$ (1,236)	\$ (52)	\$ 4,621	\$ 0	\$ 10,502
Changes during the current fiscal year:							
Financing of additional foundation funds							499
Provision for policyholders' dividend reserves							(504)
Payment of interest on foundation funds							(36)
Net surplus for the fiscal year							931
Decrease due to exclusion of subsidiaries from scope of consolidation							(49)
Increase due to exclusion of the companies accounted for under equity method							6
Reversal of revaluation reserve for land							(14)
Other changes during the current fiscal year	(4,609)	0	13	51	(4,544)	(0)	(4,544)
Total changes in current fiscal year	(4,609)	0	13	51	(4,544)	0	(3,713)
Balance at the end of current fiscal year	\$ 1,301	\$ 0	\$ (1,223)	\$ (0)	\$ 77	\$ —	\$ 6,789

Consolidated Statements of Cash Flows

Years ended March 31, 2008, 2007 and 2006	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
I. Cash flows from operating activities:				
Surplus before income taxes and minority interests	¥ 115,485	¥ 100,565	¥ 81,874	\$ 1,152
Depreciation of real estate for investment	19,622	21,315	25,283	195
Depreciation	16,206	15,119	16,338	161
Impairment losses on fixed assets	2,783	5,786	3,237	27
Amortization of goodwill on consolidation	—	—	(508)	—
Gains on contribution of securities to retirement benefit trust	(3,291)	(11,854)	—	(32)
Increase in reserves for outstanding claims	964	13,627	198	9
Increase (Decrease) in policy reserves	(80,313)	781,007	739,462	(801)
Provision for interest on policyholders' dividend reserves	1,407	264	290	14
Increase (Decrease) in allowance for possible loan losses	(3,220)	2,814	(1,736)	(32)
Increase (Decrease) in accrued retirement benefits	(3,351)	(6,684)	2,403	(33)
Increase in reserve for price fluctuations	8,934	35,780	47,413	89
Interest and dividend income	(481,177)	(471,582)	(444,663)	(4,802)
Losses (Gains) on securities	345,358	(102,429)	(277,279)	3,447
Interest expenses	14,985	10,182	8,200	149
Losses on foreign exchange transactions	1,093	128	556	10
Losses on real estate and movable properties	—	—	11,011	—
Losses (Gains) on tangible fixed assets	(10,985)	55	—	(109)
Equity in income of affiliates	(2,214)	(917)	(999)	(22)
Decrease (Increase) in due from insurance agencies	6	(19)	2	0
Decrease (Increase) in due from reinsurers	146	(31)	73	1
Decrease (Increase) in other assets				
(Excluding assets for investing and financing activities)	(2,490)	(4,355)	83,305	(24)
Increase (Decrease) due to reinsurers	(141)	156	(14)	(1)
Increase (Decrease) in other liabilities				
(Excluding liabilities for investing and financing activities)	(8,197)	(1,948)	30,556	(81)
Other, net	(45,419)	(38,519)	(101,468)	(453)
Subtotal	(113,810)	348,461	223,538	(1,135)
Interest and dividend received	548,065	530,543	449,809	5,470
Interest paid	(13,902)	(7,129)	(8,764)	(138)
Policyholders' dividends paid	(95,861)	(100,324)	(109,707)	(956)
Other, net	(602)	(448)	(471)	(6)
Income taxes paid	(91,316)	(91,817)	(30,645)	(911)
Net cash provided by operating activities (I)	¥ 232,571	¥ 679,282	¥ 523,759	\$ 2,321

Years ended March 31, 2008, 2007 and 2006	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
II. Cash flows from investing activities:				
Net decrease (increase) in deposits	¥ (86,745)	¥ (40,537)	¥ 22,713	\$ (865)
Purchase of monetary claims bought	(2,365,917)	(2,953,021)	(2,592,370)	(23,614)
Proceeds from sales and redemption of monetary claims bought	2,319,212	2,860,006	2,773,896	23,148
Purchase of securities	(8,024,942)	(6,720,997)	(7,453,561)	(80,097)
Proceeds from sales and redemption of securities	7,097,223	5,557,607	6,792,209	70,837
Loans made	(510,068)	(424,605)	(677,073)	(5,091)
Proceeds from collection of loans	615,372	842,703	861,931	6,142
Other, net	698,531	157,252	(272,371)	6,972
Sub total (IIa)	(257,333)	(721,591)	(544,624)	(2,568)
[I+IIa]	[(24,761)]	[(42,309)]	[(20,865)]	[(247)]
Purchase of real estate and movable properties	—	—	(39,281)	—
Purchase of tangible fixed assets	(20,570)	(17,013)	—	(205)
Proceeds from sales of real estate and movable properties	—	—	60,644	—
Proceeds from sales of tangible fixed assets	71,872	77,543	—	717
Other, net	(13,819)	(8,221)	—	(137)
Net cash used in investing activities	(219,849)	(669,283)	(523,261)	(2,194)
III. Cash flows from financing activities:				
Proceeds from issuance of debt	11,190	78,113	38,094	111
Repayment of debt	(61,190)	(78,313)	(78,344)	(610)
Increase in foundation funds	50,000	—	40,000	499
Payment of interest on foundation funds	(3,686)	(3,089)	(2,442)	(36)
Other, net	—	—	(1,277)	—
Net cash used in financing activities	(3,686)	(3,289)	(3,969)	(36)
IV. Effect of foreign exchange rate changes on cash and cash equivalents				
	9	1	97	0
V. Net increase (decrease) in cash and cash equivalents	9,044	6,710	(3,374)	90
VI. Cash and cash equivalents at the beginning of the year	48,983	40,327	43,701	488
VII. Decrease in cash and cash equivalents due to exclusion of subsidiaries from the consolidation scope	(5,230)	—	—	(52)
VIII. Increase in cash and cash equivalents due to inclusion of subsidiaries in the consolidation scope	—	1,945	—	—
IX. Cash and cash equivalents at the end of the year	¥ 52,797	¥ 48,983	¥ 40,327	\$ 526

The accompanying notes to consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Financial Years Ended March 31, 2008, 2007 and 2006

I. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of SUMITOMO LIFE INSURANCE COMPANY (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Insurance Business Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The applicable provisions and the accounting principles differ every year. The financial statements for each period are prepared in compliance with the provisions and accounting principles in effect for the respective accounting period.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles in the respective countries of domicile. In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued for domestic purposes in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million have been eliminated. As a result, totals may not add up exactly.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2008, which was ¥100.19 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

II. PRINCIPLES OF CONSOLIDATION

1. Consolidated Subsidiaries

The consolidated financial statements include the accounts of the Company and four of its subsidiaries as of and for the year ended March 31, 2008, seven of its subsidiaries as of and for the year ended March 31, 2007 and six of its subsidiaries as of and for the year ended March 31, 2006. The following are the consolidated subsidiaries of the Company as of March 31, 2008: The Sumisei General Insurance Co., Ltd., SUMISEI COMPUTER SERVICE Co., Ltd., Izumi Agency Co., Ltd., Sumitomo Life Insurance Agency America, Inc.

Izumi Agency Co., Ltd. is included in consolidation from the previous fiscal year as it began the new business and it is considered material in making reasonable judgment on the consolidated financial position of the Company and its subsidiaries and the consolidated results of their operations.

Unconsolidated subsidiaries are Sumisei Insatsu Co., Ltd. and Sumisei Building Management Co., Ltd.

Owing to their decreased materiality during the fiscal year ended March 31, 2008, Sumitomo Life Realty (N.Y.), Inc., SLR Investments, Inc., and Sumisei Card Service Co., Ltd., as well as unconsolidated subsidiaries and personal companies, were omitted from the scope of consolidation, as this omission was determined to not pose an impediment to rational decisions concerning the financial status and management performance of the corporate group, owing to the small scale of these companies' total assets, ordinary income, and net income and surplus.

2. Affiliates

Investments in affiliates are accounted for by the equity method. Four affiliated companies were accounted for by the equity method for the year ended March 31, 2008, five affiliated companies for the year ended March 31, 2007 and four affiliated companies for the year ended March 31, 2006.

The following are the equity-method affiliates of the Company as of March 31, 2008: Sumitomo Mitsui Asset Management Co., Ltd., Office Building Fund Management Japan, Ltd., Japan Pension Navigator Co., Ltd. and Insurance Designers Co., Ltd.

As PICC Life Insurance Company Limited was no longer an affiliate from the fiscal year ended March 31, 2008, this company has been removed from equity-method affiliates. Insurance Designers Co., Ltd. was established during the year ended March 31, 2007 and was treated as an affiliate accounted for by the equity method.

The respective and aggregate effects of the unconsolidated subsidiaries and affiliates including Japan Pension Service Co., Ltd., etc. excluded from the scope of the equity method are considered immaterial to net income and surplus.

3. Fiscal Year-end of Consolidated Subsidiaries

The fiscal year-end of overseas subsidiaries is December 31. The consolidated financial statements include the accounts of such subsidiaries as of their respective fiscal year-ends after making appropriate adjustments for material transactions occurring between their respective year-ends and the date of the consolidated financial statements.

4. Valuation of Consolidated Subsidiaries' Assets and Liabilities

All assets and liabilities of the consolidated subsidiaries are recorded at fair value on the date of acquisition.

5. Goodwill on Consolidation

Goodwill on consolidation is charged or credited to income in the year of acquisition.

6. Treatment of Appropriation of Surplus

The consolidated statement of surplus for the year ended March 31, 2006 are prepared based on the appropriation of surplus approved during the year.

III. BALANCE SHEETS

1. Securities

Securities of the Company are classified and accounted for as follows:

Trading securities are stated at fair market value. Cost of trading securities sold is calculated by the moving average method. Held-to-maturity debt securities are stated at amortized cost and the cost of these securities sold is calculated by the moving average method. Amortization is calculated by the straight-line method. Debt securities earmarked for policy reserve are stated at amortized cost in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Policy Reserve in the Insurance Industry (November 16, 2000)", issued by the Japanese Institute of Certified Public Accountants. Cost of these securities sold is calculated by the moving average method and amortization is calculated by the straight-line method. Investments in non-consolidated subsidiaries and affiliated companies (defined in Article 110 Clause 2 of the Insurance Business Law) are stated at cost. Equity securities with readily determinable market values classified as available-for-sale securities are stated at fair market value which is determined as the average of the market value during the month of fiscal year-end. Other available-for-sale securities with readily determinable market values are stated at fair market value at the end of the fiscal year. Available-for-sale securities without readily determinable market values are stated at amortized cost for debt securities whose premium or discount represents the interest rate adjustment and at cost for other securities. Cost of these securities sold is calculated by the moving average method.

Certain deposits, monetary claims bought and securities in money-held-in-trusts deemed equivalent to investment in securities are stated in the same methods described in the above.

Unrealized gains and losses on available-for-sale securities are reported net of applicable income taxes, as a separate component of Net Assets for the year ended March 31, 2008 and 2007 and Capital for the year ended March 31, 2006 in the consolidated balance sheets, respectively.

2. Securities Earmarked for Policy Reserves

The Company classifies debt securities held in order to match the duration of liabilities (provided for payments of insurance claim) to the duration of securities related to individual insurance and individual annuities among securities corresponding to the subsections set for individual insurances and individual annuities (such as type of insurance, remaining policy term and fund management), as debt securities earmarked for policy reserves in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Policy Reserve in the Insurance Industry (November 16, 2000)", issued by the Japanese Institute of Certified Public Accountants.

The balance of debt securities earmarked for policy reserves on the balance sheet and the fair market value as of March 31, 2008 were ¥5,786,998 million (\$57,760 million) and ¥5,912,892 million (\$59,016 million), and as of March 31, 2007 were ¥5,220,616 million and ¥5,224,626 million, respectively.

3. Derivatives

Derivatives are stated at fair value.

4. Revaluation of Land

The Company revalued its Land for operating use as of March 31, 2001, as permitted by the Land Revaluation Law (the "Law"). The difference in value before and after revaluation is directly included in Net Assets (2008 and 2007) and Capital (2006), respectively, and presented as Revaluation Reserve for Land, net of applicable income taxes which is presented as Deferred Tax Liabilities on Revaluation of Land in the consolidated balance sheets.

Revaluation method is stipulated in Article 3 Clause 3 of the Law. Pursuant to the provision of the Law, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2 Paragraph 1 of the Enforcement Ordinance of the Land Revaluation Law (the "Ordinance") (Government Ordinance No. 119 on March 31, 1998) and appraisal value (detailed in Article 2 Paragraph 5 of the Ordinance) for the revaluation.

Under the Law and related ordinances, the revaluation is a one-time event and subsequent changes in fair value of land are not reflected in the consolidated financial statements. Instead, the Company shall disclose the decline in the fair value in the subsequent years pursuant to Article 10 of the Law. The excess of the total book value of the land after revaluation over the total fair value of land for business operating use at the balance sheet date was ¥30,327 million as of March 31, 2006.

5. Tangible Fixed Assets

Tangible assets owned by the parent company were depreciated as follows:

a. Buildings

- (1) Items acquired on or before March 31, 2007

Calculated according to the previous straight-line method

- (2) Items acquired on or after April 1, 2007

Calculated according to the straight-line method

b. Other tangible fixed assets

- (1) Items acquired on or before March 31, 2007

Calculated according to the previous declining-balance method

- (2) Items acquired on or after April 1, 2008

Calculated according to the declining-balance method

From the fiscal year ended March 31, 2008, in accordance with revisions to the Corporate Tax Code (Act on Partial Revision, etc. of the Income Tax Act, etc., March 30, 2007, No. 6, and Decree Law on Partial Revision, etc. of the Corporate Tax Code Enforcement Ordinance, March 30, 2007, No. 83.), tangible fixed assets acquired on or after April 1, 2007, are accounted for the straight-line method and the declining-balance method, as stipulated by the revised Corporate Tax Code.

The impact of this revision was to reduce ordinary profit and surplus before income taxes and minority interests by ¥364 million (\$3 million).

The residual book value of tangible fixed assets acquired on or before March 31, 2007, that have been depreciated down to their final depreciation limit is depreciated in equal amounts over a five-year period.

The impact of this revision was to reduce ordinary profit and surplus before income taxes and minority interests by ¥454 million (\$4 million).

c. Real Estate and Movable Properties

Real estate was depreciated using the straight-line method, and movable properties were depreciated using the declining-balance method for the year ended March 31, 2006.

6. Foreign Currency Translation

Assets and liabilities denominated in foreign currencies, except for investments in non-consolidated subsidiaries and affiliates are translated at the exchange rates prevailing on the balance sheet date. Investments in non-consolidated subsidiaries and affiliates are translated at the exchange rates at the time of acquisition.

7. Allowance for Possible Loan Losses

The Company's Allowance for Possible Loan Losses is provided pursuant to its standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses. For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "borrowers substantially bankrupt"), an allowance is provided based on the total amount of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral and the execution of guarantees. For loans to borrowers that are likely to become bankrupt (hereafter, "borrowers likely to become bankrupt"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposing of collateral and by executing guarantees. For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed based on its standards for the self-assessment of asset quality and the assessment is reviewed by a department independent of the department that performs and is responsible for the self-assessment. The allowance for possible loan losses is provided on the basis of the results.

For loans to bankrupt borrowers and borrowers substantially bankrupt, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the year ended March 31, 2008, 2007 and 2006 amounted to ¥1,325 million (\$13 million), ¥2,217 million and ¥4,417 million, respectively, out of which ¥251 million (\$2 million), ¥240 million and ¥3,037 million were write-off of loans with collateral or guarantees at March 31, 2008, 2007 and 2006, respectively.

An Allowance for Possible Loan Losses of the consolidated subsidiaries is provided pursuant to their standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses which each consolidated subsidiary sets and maintains consistently with those of the Company.

8. Accrued Retirement Benefits

The following table sets forth the status of accrued retirement allowances for the Company's defined benefit plans at March 31, 2008, 2007 and 2006:

(1) Projected Benefit Obligation

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
a. Projected benefit obligation	¥(331,462)	¥(339,074)	¥(339,159)	\$(3,308)
b. Plan assets at fair value	263,043	321,104	307,199	2,625
[Plan assets held in retirement benefit trust (Included in the above plan assets)]	[136,233]	[179,869]	[173,903]	[1,359]
c. Net projected benefit obligation (a+b)	(68,418)	(17,969)	(31,960)	(682)
d. Unrecognized actuarial differences	67,001	(10,706)	(24,144)	668
e. Net value on the balance sheets (c+d)	(1,417)	(28,676)	(56,104)	(14)
f. Pre-paid plan cost	8,093	—	—	80
g. Accrued retirement benefits (e-f)	¥ (9,510)	¥ (28,676)	¥ (56,104)	\$ (94)

(2) Assumption used in calculation

Assumptions used in accounting for the defined benefit plans for the years ended March 31, 2008, 2007 and 2006 are as follows:

	2008	2007	2006
	Straight-line basis	Straight-line basis	Straight-line basis
Method of attributing benefit to period of service			
Discount rate	2.0%	2.0%	2.0%
Long-term rates of return on plan assets:			
Tax qualified retirement pension plan	4.7%	2.7%	1.9%
Retirement benefit trust	0.0%	0.0%	0.0%
Amortization period for actuarial differences (Commencing in the following year)	8 years	8 years	8 years

9. Reserve for Price Fluctuations

Reserve for Price Fluctuations is calculated pursuant to the provisions of Article 115 of the Insurance Business Law.

10. Hedge Accounting

The Company is exposed to foreign currency exposures arising from foreign currency investments in securities. The Company uses foreign exchange related derivatives to effectively manage those foreign currency exposures. The Company applies fair value hedge method of accounting to the hedging financial instruments and the corresponding hedged items. Hedge effectiveness is evaluated by comparing the cumulative changes in fair values or cash flows from hedged items to those from the hedging instruments.

11. Lease Accounting

Where finance leases do not transfer ownership of the leased properties to the lessee, the leased properties are not capitalized and the related lease expenses are charged to income for the year in which they are incurred.

12. Accounting for Consumption Taxes

Consumption taxes that the Company receives and pays are not included in income and expenses, and net payments (or receipts) of consumption taxes are recorded as asset (or liability) in the consolidated balance sheets. The consumption taxes paid on purchases of certain assets, which are not deductible from the consumption taxes received, are deferred as prepaid expenses (included in Other Assets in the consolidated balance sheets) and amortized over a five-year period on a straight-line basis pursuant to the Corporation Tax Law. Consumption taxes paid on other than the purchases of assets are charged to income as incurred.

13. Policy Reserves

Policy reserves of the Company are provided pursuant to Article 116 of the Insurance Business Law. Premium reserves, a main component of Policy Reserves, are calculated according to the following method:

- (1) For policies that are subject to the standard liability reserve requirements, the Premium reserve is calculated pursuant to the method stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48, in 1996).
- (2) For policies that are not subject to the standard liability reserve requirements, Premium reserve is calculated by the net level premium method.

The Company changed its accounting policy for Premium reserves for existing individual annuity policies whose annuity payments commenced on or after April 1, 2006, effective from the year ended March 31, 2007, as follows:

The difference arising by applying the calculation basis determined by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996) to individual annuity policies, assuming that the date of commencement of an annuity payment is the date of the annuity contract, has also been provided for by the Company. The life insurance standard life table 2007 for after commencement of annuity payment is used for the assumed rate of mortality in the above calculation. Single-premium non-participating individual annuities which have variable crediting interest rates are not subject to the above calculation.

This change was made in order to address the following changes in the circumstances:

The Company is required to secure sufficient solvency margins, taking into consideration the interest rate environment and increase in average policyholder longevity. Upon the amendment to the Ministry of Finance Notification No. 48 on December 27, 2006, for new individual annuity contracts entered into on or after April 1, 2007, the Premium reserves will better reflect economic reality. As for the existing policies whose annuity payments had commenced, mortalities had been improving. To address this situation, the Company decided to use objective calculation bases stipulated in the Ministry of Finance Notification No. 48 in providing for Premium reserves for existing policies whose annuity payments commenced, in order to better reflect economic reality.

As a result of this accounting change, ordinary profit and surplus before income taxes and minority interests for the year ended March 31, 2007 decreased by ¥27,417 million compared to the fiscal year ended March 31, 2006.

14. Software

Certain software of the Company for internal use (included in Intangible Fixed Assets as of March 31, 2008 and 2007, and in Other Assets as of March 31, 2006) is capitalized and amortized over the estimated useful life by the straight-line method.

15. Net Assets

The Company applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance (December 9, 2005)" (Accounting Standards Board of Japan, ASBJ Statement No.5 and ASBJ Guidance No.8) from the year ended March 31, 2007.

The amount equivalent to "Capital" in the year ended March 31, 2006 was ¥1,052,262 million as of March 31, 2007.

Net Assets in the balance sheet as of March 31, 2008 and 2007 are presented pursuant to the revisions to the Enforcement Regulation of Insurance Business Law.

16. Presentation of Accounts

Due to the revisions to the Enforcement Regulation of Insurance Business law, the Company altered the presentation as follows:

- (1) "Real Estate and Movable Properties" in the year ended March 31, 2006 was altered to "Tangible Fixed Assets" from the year ended March 31, 2007.

- (2) "Intangible Fixed Assets" which was included in "Other Assets" in the year ended March 31, 2006 is stated separately from the year ended March 31, 2007. The amount of "Intangible Fixed Assets" included in "Other Assets" in the year ended March 31, 2006 was ¥33,063million.
- (3) "Unrealized Gains or Losses on Securities" was altered to "Unrealized Gains or Losses on Available-for-sale Securities" from the year ended March 31, 2007.

17. Loans Receivable

The aggregate amounts of risk-monitored loans, which are comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, was ¥2,851 million (\$28 million), ¥15,707 million and ¥11,919 million at March 31, 2008, 2007 and 2006, respectively. The aggregate amounts of loans to bankrupt borrowers were ¥21 million (\$0 million), ¥398 million and ¥322 million, and loans in arrears was ¥1,226 million (\$12 million), ¥13,626 million and ¥7,178 million at March 31, 2008, 2007 and 2006, respectively. The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets at March 31, 2008, 2007 and 2006 was ¥1,239 million (\$12 million), ¥1,024 million and ¥1,482 million for loans to bankrupt loans, and ¥84 million (\$0 million), ¥1,225 million and ¥2,973 million for loans in arrears, respectively. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Clause 1 Paragraph 3 and Paragraph 4 of Enforcement Ordinance of Corporation Tax Law (Government Ordinance No. 97 in 1965).

Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers virtually bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.

The amounts of loans in arrears for three months or longer were ¥1,124 million (\$11 million), ¥1,159 million and ¥1,462 million at March 31, 2008, 2007 and 2006, respectively. Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amounts of restructured loans were ¥479 million (\$4 million), ¥523 million and ¥2,956 million at March 31, 2008, 2007 and 2006, respectively. Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

18. Accumulated Depreciation

Accumulated depreciation of Tangible Fixed Assets amounted to ¥431,569 million (\$4,307 million) and ¥425,807 million at March 31, 2008 and 2007, respectively, and of Real Estate and Movable Properties amounted to ¥456,610 million at March 31, 2006.

19. Separate Accounts

The amount of assets held in separate accounts defined in Article 118 of the Insurance Business Law was ¥2,741,745 million (\$27,365 million), ¥2,669,759 million and ¥1,932,173 million at March 31, 2008, 2007 and 2006, respectively. The amounts of liabilities were the same as these figures.

20. Leases

In addition to movable properties capitalized in the consolidated balance sheets, the Company and the consolidated subsidiaries used computers and peripherals under lease agreements as of March 31, 2006.

21. Policyholders' Dividend Reserves

Changes in the policyholders' dividend reserves for the years ended March 31, 2008, 2007 and 2006 is as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Reserves at the end of previous fiscal year	¥442,648	¥501,670	¥570,957	\$4,418
Transfer from surplus	50,588	41,038	40,130	504
Dividend payments to policyholders during the year	(95,861)	(100,324)	(109,707)	(956)
Interest accrued during the year	1,407	264	290	14
Reserves at the end of current fiscal year	¥398,782	¥442,648	¥501,670	\$3,980

22. Investments in Unconsolidated Subsidiaries and Affiliates

Total amounts of investments in unconsolidated subsidiaries and affiliates as of March 31, 2008 and 2007 were ¥12,618 million (\$125 million) and ¥15,421 million.

23. Pledged Assets

Among assets pledged as collateral, securities amounted to ¥493,065 million (\$4,921 million) and ¥505,963 million as of March 31, 2008 and 2007, and buildings amounted to ¥27,096 million as of March 31, 2007. Compared with this, the amount of assets pledged as collateral as of March 31, 2006 was ¥578,006 million. In addition to above, secured debts as collateral amounted to ¥7,903 million at March 31, 2007 and 2006.

24. Foundation Funds

The Company increased the Foundation Funds in Net Assets and Capital of ¥50,000 million (\$499 million) and ¥40,000 million for the years ended March 31, 2008 and 2006, respectively, in accordance with Article 60 of the Insurance Business Law.

25. Securities Lending

Securities loaned under security lending agreements amounted to ¥1,493,733 million (\$14,909 million), ¥910,839 million and ¥733,948 million at March 31, 2008, 2007 and 2006, respectively.

26. Loan Commitments

Outstanding loan commitments were ¥6,578 million (\$65 million), ¥23,523 million and ¥27,506 million at March 31, 2008, 2007 and 2006, respectively.

27. Subordinated Debt

Other Liabilities in the consolidated balance sheets include ¥345,000 million (\$3,443 million), ¥395,000 million and ¥395,000 million of borrowings whose repayment is subordinated to other obligations at March 31, 2008, 2007 and 2006, respectively.

28. Obligations to Former Insurance Policyholder Protection Fund

The Company estimated future obligations to the former Insurance Policyholders Protection Fund, which was taken over by the Life Insurance Policyholders Protection Corporation under Article 140 Clause 5 of the Supplementary Provision of Laws Related to Reform of the Financial System, at ¥1,254 million and ¥3,849 million at March 31, 2007 and 2006, respectively. These obligations were recognized as operating expenses when the contributions were made.

29. Obligations to Life Insurance Policyholders Protection Corporation

The Company estimated future obligations to the Life Insurance Policyholders Protection Corporation at ¥49,161 million (\$490 million), ¥50,090 million and ¥51,960 million at March 31, 2008, 2007 and 2006, respectively, as stipulated by Article 259 of the Insurance Business Law.

These obligations are recognized as operating expenses when the contributions are made.

30. Deferred Taxes

Gross deferred tax assets at March 31, 2008, 2007 and 2006 totaled ¥419,150 million (\$4,183 million), ¥398,488 million and ¥324,479 million, respectively, and gross deferred tax liabilities at March 31, 2008, 2007 and 2006 totaled ¥87,710 million (\$875 million), ¥350,344 million and ¥356,928 million, respectively. Valuation allowances which are deducted from deferred tax assets amounted to ¥6,298 million (\$62 million), ¥7,091 million and ¥7,057 million at March 31, 2008, 2007 and 2006, respectively.

The main components of deferred tax assets were as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Losses on devaluation of securities	¥ 68,662	¥ 72,569	¥ 77,050	\$ 685
Policy reserves	210,036	180,750	104,979	2,096
Accrued retirement benefits	—	46,902	49,303	—
Reserve for price fluctuations	66,310	63,080	50,145	661

The main components of deferred tax liabilities were as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Unrealized gains on available-for-sale securities	¥73,854	¥335,255	¥342,385	\$737

The statutory tax rate was 36.15% in the years ended March 31, 2008, 2007 and 2006, which was different from the effective tax rates of 19.2%, 14.4% and 12.5% in the years ended March 31, 2008, 2007 and 2006, respectively. The principal reason for the difference was the provision for the reserves for policyholders' dividends, which accounted for a decrease in the effective tax rate by 14.6%, 17.2% and 18.0% in the years ended March 31, 2008, 2007 and 2006, respectively.

IV. INCOME STATEMENTS

1. Gains / Losses on Disposal of Fixed Assets

From the year ended March 31, 2007, due to revisions to the Enforcement Regulation of Insurance Business Law, the Company altered the presentation as follows:

The Company altered from Gains / Losses on Disposal of Real Estate and Movable Properties to Gains / Losses on Disposal of Fixed Assets.

2. Securities

The components of the Company's gains on sales of securities were as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Government and other bonds	¥ 6,479	¥ 2,921	¥ 8,040	\$ 64
Stocks and the equivalent securities	24,616	98,179	41,959	245
Foreign securities	7,830	690	4,077	78

The components of losses on sales of securities of the Company were as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Government and other bonds	¥ 8,249	¥ 7,392	¥ 9,925	\$ 82
Stocks and the equivalent securities	8,106	8,216	6,509	80
Foreign securities	15,668	43,653	19,422	156

The components of losses on devaluation of securities of the Company were as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Stocks and the equivalent securities	¥ 6,168	¥ 5,536	¥ 1,816	\$ 61
Foreign securities	—	—	226	—

3. Trading Securities

Gains on Trading Securities are comprised as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Interest and dividend income	¥ 6	¥ 3	¥ 7	\$ 0
Gains on sales of trading securities, net of losses on sales	19	1,067	1,224	0
Valuation gains (losses)	39	(21)	(3)	0

4. Derivatives

The Company's valuation gains of ¥6,943 million (\$69 million), ¥2,930 million and valuation losses of ¥6,542 million are included in Losses on Derivatives in the consolidated statements of income for the years ended March 31, 2008, 2007 and 2006, respectively.

5. Retirement Benefit Expenses

Retirement benefit expenses of the Company for the years ended March 31, 2008, 2007 and 2006 are comprised of the following:

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
a. Service costs	¥ 12,375	¥ 12,909	¥ 12,980	\$ 123
b. Interest cost on projected benefit obligation	6,810	6,783	6,685	67
c. Return on plan assets	(6,638)	(3,598)	(2,317)	(66)
d. Amortization of actuarial differences	3,895	1,806	10,794	38
Retirement benefit expenses	¥ 16,442	¥ 17,899	¥ 28,143	\$ 164

6. Impairment of Fixed Assets

The method of measurement and recognition of the impairment loss on fixed assets of the Company is as follows:

Total impairment losses on fixed assets are applied to directly reduce the total asset amounts of their respective asset categories.

a. Grouping of fixed assets

The Company groups all the fixed assets held and utilized for the Company's insurance business as one asset group for the measurement and recognition of the impairment losses. For real estate for investment and other idle assets, each asset is treated as an independent unit for the impairment test.

b. Description of impairment losses recognized

For the years ended March 31, 2008, 2007 and 2006, the Company recognized impairment losses on real estate for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

c. Details of fixed assets causing impairment losses

Group	Type	Millions of yen			Millions of U.S. dollars
		2008	2007	2006	2008
Real estate for investment	Land and buildings	¥ 2,399	¥ 5,190	¥ 2,885	\$ 23
Idle real estate	Land and buildings	383	592	351	3
Total		¥ 2,783	¥ 5,783	¥ 3,237	\$ 27

d. The recoverable amount

The recoverable amounts of real estate for investment are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value.

Net realizable value are calculated based on an estimated value of asset on sale, appraisal value based on Real Estate Appraisal Standards, or publicly announced value used as tax basis. Value in use is determined as the estimated net future cash flow discounted at 5.0%.

V. STATEMENTS OF CASH FLOWS

1. Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents are comprised of cash on hand and bank deposits bearing no interest.

2. Reconciliations of Cash and Cash Equivalents

A reconciliation of Cash and Deposits in the consolidated balance sheets with Cash and Cash Equivalents in the consolidated statements of cash flows at March 31, 2008, 2007 and 2006 is as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Cash and deposits	¥ 225,247	¥ 134,562	¥ 85,339	\$ 2,248
Deposits bearing interest	(172,450)	(85,579)	(45,011)	(1,721)
Cash and cash equivalents	¥ 52,797	¥ 48,983	¥ 40,327	\$ 526

Report of Independent Auditors



Independent Auditors' Report

To the Board of Directors of
SUMITOMO LIFE INSURANCE COMPANY

We have audited the accompanying consolidated balance sheets of SUMITOMO LIFE INSURANCE COMPANY and consolidated subsidiaries as of March 31, 2008, 2007 and 2006, and the related consolidated statements of income, surplus or changes in net assets and cash flows for each of the years in the three-year period ended March 31, 2008, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SUMITOMO LIFE INSURANCE COMPANY and subsidiaries as of March 31, 2008, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:

1. As discussed in Note I to the consolidated financial statements, the applicable provisions set forth in the Japanese Insurance Business Law and its related accounting regulations and accounting principles generally accepted in Japan differ every year, and the financial statements for each period are prepared in compliance with the provisions and accounting principles in effect for the respective accounting period.
2. As discussed in Note III 13 to the consolidated financial statements, SUMITOMO LIFE INSURANCE COMPANY changed its accounting policy for Premium reserves for existing individual annuity policies whose annuity payments have commenced on or after April 1, 2006, effective from the year ended March 31, 2007.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
July 2, 2008

Non-Consolidated Balance Sheets

At March 31, 2008, 2007 and 2006	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
ASSETS				
Cash and deposits:				
Cash	¥ 868	¥ 1,465	¥ 1,444	\$ 8
Bank deposits	215,719	113,345	68,664	2,153
Total Cash and deposits	216,587	114,811	70,109	2,161
Call loans	543,800	504,700	514,100	5,427
Monetary claims bought	880,103	832,901	739,621	8,784
Securities:				
Government bonds	4,506,783	4,487,735	3,741,766	44,982
Local government bonds	457,210	570,049	648,227	4,563
Corporate bonds	2,959,888	2,870,077	2,541,808	29,542
Stocks	2,329,665	2,903,291	2,757,059	23,252
Foreign securities	5,615,437	5,270,946	5,254,614	56,047
Other securities	155,752	178,924	152,925	1,554
Total securities	16,024,737	16,281,024	15,096,402	159,943
Loans :				
Policy loans	436,673	459,418	499,154	4,358
Ordinary loans	3,621,265	3,726,784	4,140,544	36,143
Total loans	4,057,938	4,186,203	4,639,698	40,502
Real estate and movable properties:				
Land	—	—	614,808	—
Buildings	—	—	528,096	—
Movable properties	—	—	11,464	—
Construction in progress	—	—	2,725	—
Total real estate and movable properties	—	—	1,157,094	—
Tangible fixed assets:				
Land	550,921	587,007	—	5,498
Buildings	453,694	487,686	—	4,528
Construction in progress	2,301	1,436	—	22
Other tangible fixed assets	11,541	10,503	—	115
Total tangible fixed assets	1,018,458	1,086,634	—	10,165
Intangible fixed assets:				
Software	17,464	17,267	—	174
Other intangible fixed assets	15,949	17,300	—	159
Total intangible fixed assets	33,414	34,568	—	333
Due from insurance agencies	9	17	14	0
Due from reinsurers	97	83	227	0
Other assets :				
Accounts receivable	31,489	31,181	23,704	314
Prepaid expenses	80,005	44,047	2,522	798
Accrued income	102,625	105,277	104,753	1,024
Deposits	5,615	5,469	5,573	56
Differential account for futures trading	—	45	—	—
Derivatives	37,896	6,578	450	378
Losses on deferred hedge instruments	—	—	214	—
Suspense payment	9,260	5,561	13,797	92
Other	20,129	12,642	42,713	200
Total other assets	287,022	210,804	193,730	2,864
Deferred tax assets	321,582	36,244	—	3,209
Customers' liabilities for acceptances and guarantees	400	3,320	260	3
Allowance for possible loan losses	(1,584)	(4,877)	(2,047)	(15)
Total assets	¥23,382,567	¥23,286,436	¥22,409,210	\$ 233,382

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
LIABILITIES				
Policy reserves:				
Reserves for outstanding claims	¥ 130,629	¥ 130,137	¥ 118,227	\$ 1,303
Policy reserves	19,672,951	19,753,746	18,975,152	196,356
Policyholders' dividend reserves	398,782	442,648	501,670	3,980
Total policy reserves	20,202,364	20,326,533	19,595,050	201,640
Due to reinsurers	107	124	136	1
Other liabilities:				
Deposits received under securities lending transactions	1,541,069	803,774	656,883	15,381
Long-term debt	345,000	395,000	395,000	3,443
Income tax payable	583	47,729	48,631	5
Accounts payable	183,794	112,590	146,589	1,834
Accrued expenses	38,634	45,783	41,462	385
Unearned income	3,610	4,043	4,641	36
Deposits received	50,579	52,977	51,629	504
Guarantee deposits received	55,965	56,343	60,517	558
Securities borrowed	29	250	86	0
Derivatives	46,696	135,819	92,645	466
Income from deferred hedge instruments	—	—	30	—
Suspense receipt	3,096	3,603	4,559	30
Total other liabilities	2,269,060	1,657,915	1,502,675	22,647
Accrued retirement benefits	9,510	28,676	56,104	94
Reserve for price fluctuations	183,147	174,228	138,462	1,827
Deferred tax liabilities	—	—	40,868	—
Deferred tax liabilities on revaluation of land	39,763	41,189	44,236	396
Acceptances and guarantees	400	3,320	260	3
Total liabilities	22,704,354	22,231,988	21,377,794	226,612
CAPITAL				
Foundation funds	—	—	149,000	—
Reserve for redemption of foundation funds	—	—	170,000	—
Reserve for revaluation	—	—	2	—
Surplus:				
Reserve for future losses	—	—	3,004	—
Voluntary surplus reserves:				
Reserve for fund redemption	—	—	23,500	—
Fund for price fluctuation allowance	—	—	140,000	—
Reserve for social responsibility reserve funds	—	—	1,074	—
Other reserves	—	—	223	—
Total voluntary surplus reserves	—	—	164,798	—
Unappropriated surplus	—	—	67,028	—
[Net surplus for the year]	—	—	[67,603]	—
Total surplus	—	—	234,831	—
Revaluation reserve for land, net of taxes	—	—	(127,018)	—
Unrealized gains on securities, net of taxes	—	—	604,600	—
Total capital	—	—	1,031,416	—
Total liabilities and capital	—	—	¥22,409,210	—

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
NET ASSETS				
Funds, reserve and surplus:				
Foundation funds	¥ 199,000	¥ 149,000	—	\$ 1,986
Reserve for redemption of foundation funds	170,000	170,000	—	1,696
Reserve for revaluation	2	2	—	0
Surplus:				
Reserve for future losses	3,404	3,204	—	33
Other surplus:				
Reserve for fund redemption	67,500	45,500	—	673
Fund for price fluctuation allowance	140,000	140,000	—	1,397
Reserve for assisting social responsibility	1,422	1,325	—	14
Other reserves	223	223	—	2
Unappropriated surplus	89,066	77,175	—	888
Total other surplus	298,213	264,224	—	2,976
Total surplus	301,617	267,429	—	3,010
Total funds, reserve and surplus	670,620	586,431	—	6,693
Unrealized gains / losses, revaluation reserve and adjustments:				
Unrealized gains on available-for-sale securities, net of taxes	130,124	591,936	—	1,298
Deferred unrealized gains (losses) on hedge instruments	23	(25)	—	0
Revaluation reserve for land, net of taxes	(122,555)	(123,893)	—	(1,223)
Total unrealized gains / losses, revaluation reserve and adjustments	7,592	468,017	—	75
Total net assets	678,212	1,054,448	—	6,769
Total liabilities and net assets	¥23,382,567	¥23,286,436	—	\$ 233,382

Non-Consolidated Statements of Income

Years ended March 31, 2008, 2007 and 2006	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Ordinary income				
Insurance premiums and other:				
Premium income	¥2,544,184	¥2,930,428	¥3,014,979	\$25,393
Reinsurance income	635	445	724	6
Other income to policy reserves	3,745	3,538	3,463	37
Total insurance premiums and other	2,548,565	2,934,411	3,019,166	25,437
Investment income:				
Interest and dividend income:				
Interest from deposits	662	228	25	6
Interest and dividend from securities	315,333	297,150	265,665	3,147
Interest on loans	82,757	90,215	96,678	826
Income from real estate rental	69,107	72,888	72,911	689
Other interest and dividend	12,595	7,700	4,512	125
Total interest and dividend income	480,456	468,183	439,793	4,795
Gains on money-held-in-trust	—	0	0	—
Gains on trading securities	65	1,049	1,228	0
Gains on sales of securities	38,926	101,791	54,078	388
Gains on redemption of securities	—	905	—	—
Gains on foreign exchange transactions	327	—	—	3
Other	450	429	2,109	4
Gains on assets in separate accounts	—	107,097	231,895	—
Total investment income	520,225	679,456	729,105	5,192
Other ordinary income:				
Annuity supplementary contract premiums	10,936	8,942	5,480	109
Benefits left to accumulate at interest	109,973	94,571	110,803	1,097
Reversal of reserve for outstanding claims	—	—	1,241	—
Reversal of policy reserves	80,794	—	—	806
Reversal of accrued retirement benefits	11,498	6,718	—	114
Other	7,819	8,119	6,759	78
Total other ordinary income	221,022	118,351	124,285	2,206
Total ordinary income	3,289,813	3,732,220	3,872,557	32,835
Ordinary expenses				
Benefits and other payments:				
Claims paid	713,719	653,849	729,525	7,123
Annuities paid	251,718	225,443	206,913	2,512
Benefits paid	450,688	451,710	431,081	4,498
Surrenders	566,399	579,338	763,351	5,653
Other refunds paid	158,831	154,234	141,905	1,585
Reinsurance premiums	896	800	901	8
Total benefits and other payments	2,142,254	2,065,376	2,273,678	21,381
Provision for policy reserves and other reserves:				
Provision for reserves for outstanding claims	492	11,910	—	4
Provision for policy reserves	—	778,593	738,629	—
Provision for interest on policyholders' dividend reserves	1,407	264	290	14
Total provision for policy reserves and other reserves	¥ 1,899	¥ 790,768	¥ 738,919	\$ 18

	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Investment expenses:				
Interest expenses	¥ 14,978	¥ 10,170	¥ 8,190	\$ 149
Losses on sales of securities	32,024	59,262	35,858	319
Losses on devaluation of securities	6,168	5,536	2,042	61
Losses on redemption of securities	—	1	—	—
Losses on derivatives	53,573	11,406	44,401	534
Losses on foreign exchange transactions	—	957	1,011	—
Provision for allowance for possible loan losses	—	2,888	—	—
Depreciation of real estate for investment	19,437	20,530	23,933	194
Other expenses	20,286	22,494	24,311	202
Losses on assets in separate accounts	292,986	—	—	2,924
Total investment expenses	439,456	133,248	139,749	4,386
Operating expenses	372,198	382,584	378,713	3,714
Other ordinary expenses:				
Payments of benefits left to accumulate at interest	179,999	187,679	156,828	1,796
Taxes	21,530	23,114	23,521	214
Depreciation	15,886	15,091	16,265	158
Provision for accrued retirement benefits	—	—	2,355	—
Other	7,381	5,218	4,920	73
Total other ordinary expenses	224,797	231,104	203,892	2,243
Total ordinary expenses	3,180,606	3,603,082	3,734,953	31,745
Ordinary profit	109,207	129,137	137,604	1,089
Extraordinary gains				
Gains on disposal of real estate and movable properties	—	—	24,722	—
Gains on disposal of fixed assets, etc.	11,875	12,771	—	118
Reversal of allowance for possible loan losses	3,526	—	1,225	35
Gains on contribution of securities to retirement benefit trust	3,291	11,854	—	32
Total extraordinary gains	18,692	24,625	25,947	186
Extraordinary losses				
Losses on disposal of real estate and movable properties	—	—	35,983	—
Losses on disposal of fixed assets, etc.	6,819	20,829	—	68
Impairment losses on fixed assets	2,783	5,783	3,237	27
Provision for reserve for price fluctuations	8,919	35,765	47,400	89
Advanced depreciation for real estate	166	156	—	1
Payments to social responsibility reserve	602	448	471	6
Total extraordinary losses	19,291	62,984	87,092	192
Surplus before income taxes	108,608	90,779	76,459	1,084
Income taxes:				
Current	43,912	83,718	60,613	438
Deferred	(25,268)	(72,941)	(51,757)	(252)
Net surplus for the year	¥ 89,965	¥ 80,002	¥ 67,603	\$ 897
Reversal of reserve for assisting social responsibility	—	—	471	—
Reversal of revaluation reserve for land	—	—	(1,046)	—
Unappropriated surplus for the period	—	—	¥ 67,028	—

Non-Consolidated Statements of Changes in Net Assets

Year ended March 31, 2008	Millions of yen										
	Funds, reserve and surplus										
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Surplus				
							Other surplus				
							Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserve and surplus
Balance at the end of previous fiscal year	¥149,000	¥170,000	¥ 2	¥3,204	¥45,500	¥140,000	¥1,325	¥223	¥ 77,175	¥267,429	¥586,431
Changes during the current fiscal year:											
Financing of additional foundation funds	50,000										50,000
Provision for policyholders' dividend reserves									(50,588)	(50,588)	(50,588)
Additions to reserve for future losses				200					(200)	—	—
Payment of interest on foundation funds									(3,686)	(3,686)	(3,686)
Net surplus for the fiscal year									89,965	89,965	89,965
Additions to reserve for redemption of foundation funds					22,000				(22,000)	—	—
Additions to reserve for social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(602)		602	—	—
Reversal of revaluation reserve for land									(1,501)	(1,501)	(1,501)
Other changes during the current fiscal year											
Total changes in the current fiscal year	50,000	—	—	200	22,000	—	97	—	11,891	34,188	84,188
Balance at the end of current fiscal year	¥199,000	¥170,000	¥ 2	¥3,404	¥67,500	¥140,000	¥1,422	¥223	¥ 89,066	¥301,617	¥670,620

Year ended March 31, 2008	Millions of yen				
	Unrealized gains/losses, revaluation reserve and adjustments				
	Unrealized gains on available-for-sale securities, net of taxes	Deferred unrealized gains (losses) on hedge instruments	Revaluation reserve for land, net of taxes	Total unrealized gains/losses, revaluation reserve and adjustments	Total net assets
Balance at the end of previous fiscal year	¥ 591,936	¥ (25)	¥(123,893)	¥ 468,017	¥1,054,448
Changes during the current fiscal year					
Financing of additional foundation funds					50,000
Provision for policyholders' dividend reserves					(50,588)
Additions to reserve for future losses					—
Payment of interest on foundation funds					(3,686)
Net surplus for the fiscal year					89,965
Additions to reserve for redemption of foundation funds					—
Additions to reserve for social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of revaluation reserve for land					(1,501)
Other changes during the current fiscal year	(461,812)	49	1,338	(460,424)	(460,424)
Total changes in the current fiscal year	(461,812)	49	1,338	(460,424)	(376,236)
Balance at the end of current fiscal year	¥ 130,124	¥ 23	¥(122,555)	¥ 7,592	¥ 678,212

	Millions of yen										
	Funds, reserve and surplus										
	Surplus										
	Other surplus										
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserve and surplus
Year ended March 31, 2007											
Balance at the end of previous fiscal year	¥149,000	¥170,000	¥ 2	¥3,004	¥23,500	¥140,000	¥1,074	¥223	¥ 67,028	¥234,831	¥553,834
Changes during the current fiscal year:											
Provision for policyholders' dividend reserves									(41,038)	(41,038)	(41,038)
Additions to reserve for future losses				200					(200)	—	—
Payment of interest on foundation funds									(3,089)	(3,089)	(3,089)
Net surplus for the fiscal year									80,002	80,002	80,002
Additions to reserve for redemption of foundation funds					22,000				(22,000)	—	—
Additions to reserve for social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(448)		448	—	—
Reversal of revaluation reserve for land									(3,275)	(3,275)	(3,275)
Other changes during the current fiscal year											
Total changes in the current fiscal year	—	—	—	200	22,000	—	251	—	10,146	32,597	32,597
Balance at the end of current fiscal year	¥149,000	¥170,000	¥ 2	¥3,204	¥45,500	¥140,000	¥1,325	¥223	¥ 77,175	¥267,429	¥586,431

	Millions of yen				
	Unrealized gains/losses, revaluation reserve and adjustments				
	Unrealized gains on available-for-sale securities, net of taxes	Deferred unrealized gains (losses) on hedge instruments	Revaluation reserve for land, net of taxes	Total unrealized gains/losses, revaluation reserve and adjustments	Total net assets
Year ended March 31, 2007					
Balance at the end of previous fiscal year	¥604,600	¥ —	¥ (127,018)	¥ 477,582	¥1,031,416
Changes during the current fiscal year					
Provision for policyholders' dividend reserves					(41,038)
Additions to reserve for future losses					—
Payment of interest on foundation funds					(3,089)
Net surplus for the fiscal year					80,002
Additions to reserve for redemption of foundation funds					—
Additions to reserve for social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of revaluation reserve for land					(3,275)
Other changes during the current fiscal year	(12,664)	(25)	3,124	(9,565)	(9,565)
Total changes in the current fiscal year	(12,664)	(25)	3,124	(9,565)	23,032
Balance at the end of current fiscal year	¥591,936	¥ (25)	¥ (123,893)	¥ 468,017	¥1,054,448

Year ended March 31, 2008	Millions of U.S. dollars										
	Funds, reserve and surplus										
	Surplus										
	Other surplus										
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserve and surplus
Balance at the end of previous fiscal year	\$1,487	\$1,696	\$ 0	\$31	\$454	\$1,397	\$13	\$2	\$770	\$2,669	\$5,853
Changes during the current fiscal year:											
Financing of additional foundation funds	499										499
Provision for policyholders' dividend reserves									(504)	(504)	(504)
Additions to reserve for future losses				1					(1)	—	—
Payment of interest on foundation funds									(36)	(36)	(36)
Net surplus for the fiscal year									897	897	897
Additions to reserve for redemption of foundation funds					219				(219)	—	—
Additions to reserve for social responsibility							6		(6)	—	—
Reversal of reserve for assisting social responsibility							(6)		6	—	—
Reversal of revaluation reserve for land									(14)	(14)	(14)
Other changes during the current fiscal year											
Total changes in the current fiscal year	499	—	—	1	219	—	0	—	118	341	840
Balance at the end of current fiscal year	\$1,986	\$1,696	\$ 0	\$33	\$673	\$1,397	\$14	\$2	\$888	\$3,010	\$6,693

Year ended March 31, 2008	Millions of U.S. dollars				
	Unrealized gains/losses, revaluation reserve and adjustments				
	Unrealized gains on available-for-sale securities, net of taxes	Deferred unrealized gains (losses) on hedge instruments	Revaluation reserve for land, net of taxes	Total unrealized gains/losses, revaluation reserve and adjustments	Total net assets
Balance at the end of previous fiscal year	\$ 5,908	\$ (0)	\$(1,236)	\$ 4,671	\$ 10,524
Changes during the current fiscal year					
Financing of additional foundation funds					499
Provision for policyholders' dividend reserves					(504)
Additions to reserve for future losses					—
Payment of interest on foundation funds					(36)
Net surplus for the fiscal year					897
Additions to reserve for redemption of foundation funds					—
Additions to reserve for social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of revaluation reserve for land					(14)
Other changes during the current fiscal year	(4,609)	0	13	(4,595)	(4,595)
Total changes in the current fiscal year	(4,609)	0	13	(4,595)	(3,755)
Balance at the end of current fiscal year	\$ 1,298	\$ 0	\$(1,223)	\$ 75	\$ 6,769

Non-Consolidated Statements of Surplus

Years ended March 31, 2008, 2007 and 2006	Millions of yen			Millions of U.S. dollars
	2008	2007	2006	2008
Unappropriated surplus	¥ 89,066	¥ 77,175	¥ 67,028	\$ 888
Appropriation of surplus				
Provision for policyholders' dividend reserves	51,043	50,588	41,038	509
Net surplus:				
Reserves for future losses	200	200	200	1
Interest on foundation funds	5,123	3,686	3,089	51
Voluntary surplus reserves:				
Reserve for fund redemption	32,000	22,000	22,000	319
Reserve for assisting social responsibility	700	700	700	6
Total voluntary reserves	32,700	22,700	22,700	326
Total net surplus	38,023	26,586	25,989	379
Total appropriation of surplus	¥ 89,066	¥ 77,175	¥ 67,028	\$ 888

Corporate Information

(As of July 1, 2008)

Directory

Sumitomo Life Insurance Company

Head Office (Osaka)

1-4-35, Shiromi, Chuo-ku, Osaka 540-8512, Japan
Tel: +81 (6) 6937-1435

Tokyo Head Office

7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan
Tel: +81 (3) 5550-1100

* If you have any inquiries, please contact:

Investor Relations Section

Corporate Planning Department

7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan
Tel: +81 (3) 5550-5818 Fax: +81 (3) 5550-1161

Global Network

New York Representative Office

600 Lexington Avenue, 2F,
New York, NY 10022, U.S.A.
Tel: +1 (212) 521-8340 Fax: +1 (212) 750-7930

London Representative Office

6F, 12-15 Finsbury Circus, London EC2M 7BT, U.K.
Tel: +44 (20) 7256-7630 Fax: +44 (20) 7256-7624

Beijing Representative Office

1205, Beijing CR Building, 12F
A8 Jiangguomejn-North Street, Beijing,
China 100005
Tel: +86 (10) 8519-2501 Fax: +86 (10) 8519-2503

Sumitomo Life Insurance Agency America, Inc.

600 Lexington Avenue, 2F,
New York, NY 10022, U.S.A.
Tel: +1 (212) 521-8300 Fax: +1 (212) 980-4008

Board of Directors, Corporate Auditors, and Executive Officers

Chairman and Representative Director

Shinichi Yokoyama

President and Representative Director, Chief Executive Officer

Yoshio Sato

Deputy President and Representative Director, Senior Executive Officer

Eiichi Shibao

Senior Managing Director and Representative Director, Senior Executive Officer

Keisuke Inoue

Managing Director and Managing Executive Officers

Ikunori Kato
Norio Takamatsu
Haruo Urata
Michihisa Tanimoto
Masahiro Hashimoto
Mitsutoshi Mise
Yutaka Amino

Directors

Yosaku Fuji
Hiroyuki Kamano
Tsuguoki Fujinuma

Senior Corporate Auditor

Koji Hanaoka

Corporate Auditors

Masaaki Kamohara
Takemochi Ishii
Eiko Shinotsuka
Toru Motobayashi

Managing Executive Officers

Fumio Tokubutsu
Arata Ito
Tsutomu Yasukawa
Hiroshi Okazaki
Koichi Suzuki
Tatsuhiko Oda

Executive Officers

Kazuhiko Tsutsumi
Hiroshi Yamaguchi
Shinji Haruhara
Sachio Kondo
Hironobu Sakai
Yukio Noro
Masaya Honjo
Hiroyuki Shimomura
Hidenori Shinohara

SUMITOMO LIFE INSURANCE COMPANY

Head Office (Osaka)

1-4-35, Shiromi, Chuo-ku, Osaka 540-8512, Japan

Tokyo Head Office

7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan



“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.