

Annual Report 2011

Fiscal Year Ended March 31, 2011



Overview

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

President and CEO	Yoshio Sato
Number of Employees	42,366 (9,790 administrative; 32,576 sales)
Sales Offices	73 branch offices; 1,679 district offices
Total Assets	¥23.7 trillion
Policies in Force:	
Individual life insurance	¥109.1 trillion
Individual annuities	¥13.2 trillion
Group insurance	¥32.5 trillion
Group annuities	¥2.4 trillion

History



The head office building of Hinode Life completed in December 1913

May 1907	Incorporated as Hinode Life Insurance Co., Ltd.
May 1926	Name changed to Sumitomo Life Insurance Co., Ltd. following acquisition by Sumitomo Goshi (joint-stock) Company.
March 1948	All assets and liabilities were transferred to Kokumin Life Insurance Co. after the General Headquarters dismantled large Japanese conglomerates including "Sumitomo".
June 1952	Name changed to Sumitomo Life Insurance Company.
November 2005	Established PICC Life Insurance Co., Ltd. in China with PICC Holding Company.
April 2010	Established Medicare Life Insurance Co., Ltd. as a life insurance subsidiary.

Management Policy

1. Based upon the concepts of coexistence, co-prosperity and mutual support, we strive to strengthen and expand our business, while contributing to the advancement of social and public welfare.
2. Creditworthiness and steadiness will be the foundation for the execution of our business.
3. We will always remain composed in judgment and retain a progressive and indomitable spirit, responding to changes in our environment and keeping abreast of the times.

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Business Highlights (Non-Consolidated)

Years ended March 31	Billions of U.S. dollars	Billions of yen		
	2011	2011	2010	2009
[Key Financial Results]				
Premium income	\$36.0	¥2,998.8	¥3,059.1	¥2,529.2
Core business profit	\$ 3.1	¥ 265.2	¥ 386.8	¥ 148.5
Adjusted core business profit ^{*1}	\$ 3.5	¥ 298.5	¥ 303.1	¥ 312.4
[Business Performance]				
(Individual Life Insurance and Annuities)				
Annualized premium of policies in force	\$26.2	¥2,184.1	¥2,153.3	¥2,076.7
Annualized premium of new business	\$ 2.1	¥ 178.6	¥ 231.3	¥ 174.1
Annualized premium of surrendered and lapsed policies	\$ 1.1	¥ 97.9	¥ 105.8	¥ 108.8
[EEV]				
EEV	\$23.6	¥1,969.5	¥1,970.2	¥1,390.0
Value of new business	\$ 1.8	¥ 156.7	¥ 149.0	—
[Financial Strength]				
Accumulated retained surplus ^{*2}	\$11.8	¥ 985.4	¥ 897.6	¥ 786.7
Solvency margin ratio (current standard)	—	1002.2%	955.1%	837.2%
Solvency margin ratio (new standard) ^{*3}	—	636.5%	—	—

Note: U.S. dollar amounts are converted at US\$1.00 = ¥83.15, the rate prevailing on March 31, 2011. Numbers may not match exactly due to rounding.

* 1. Core business profit excluding the impact of standard policy reserves concerning the minimum guarantees for variable annuities.

* 2. Accumulated retained surplus is the total of the fund for price fluctuation allowance, accumulated redeemed foundation funds, and the reserves for redemption of foundation funds on the net assets section plus the contingency reserves and the reserves for price fluctuations on the liabilities section.

* 3. A new solvency margin ratio standard with a higher risk weight will be implemented from the end of March 2012. The ratio using the new standard is presented from this fiscal year for reference purposes.



Yoshio Sato
President and Chief Executive Officer

Review of FY2010

On March 11, 2011, an unprecedented earthquake struck Japan, leaving over 20,000 persons dead or missing. We immediately set up an emergency management headquarters on the same day and began assessing the extent of the disaster. On March 12, we announced that the 'force majeure' exemption on policies would not be applied and that we would be paying all insurance benefits and claims in full for our customers. Since that time, we have made every effort to deliver donations and emergency supplies to the disaster areas, and to confirm the personal safety of policyholders, carrying out our mission as a life insurance company.

While fiscal 2010 was a year in which Japan faced unprecedented challenges, it was also a year which proved once again that we have a strong business and financial position that our policyholders can always count on.

Reviewing the fiscal 2010 non-consolidated performance, annualized premium of individual life insurance and annuities in force rose 1.4% to ¥2,184.1 billion, increasing for the sixth consecutive year and firmly maintaining the trend of sustainable growth. Annualized premium of new business declined 22.8% to ¥178.6 billion primarily because we discontinued sales of variable annuities. However, value of new business rose 5.2% to ¥156.7 billion, a sign of our success in building a more profitable new business portfolio.

Annualized premium of surrendered and lapsed policies decreased 7.5% to ¥97.9 billion, improving for the eighth consecutive year, due to the increased efforts of our 30,000 sales representatives who regularly visit existing policyholders.

With the solid insurance operations performance, we continued to achieve stable profits, and posted adjusted core business profits* of ¥298.5 billion even after deducting ¥24.0 billion for the increase in reserves for projected insurance benefit payments associated with the earthquake.

Moreover, we were able to maintain policyholder dividends at the same level as in the prior fiscal year and also bolstered our financial strength by increasing our accumulated retained surplus by ¥87.8 billion to ¥985.4 billion, the level posted prior to the 2008 economic crisis.

*Adjusted core business profits: Core business profit excluding the impact of standard policy reserves concerning the minimum guarantees for variable annuities.

Standing strong, we accomplished our mission in the midst of an unprecedented disaster

Growth Strategy

21st century market leader that supports a comfortable, worry-free and long-lived society

As discussed last year, in addition to covering mortality risk, we are aggressively expanding into the areas of morbidity and longevity risks with the aim of realizing a comfortable, worry-free and long-lived society. Specifically, we have positioned nursing care, medical insurance and retirement planning as three growth areas, and we are exploring these areas using our unique “multi-channel, multi-product” strategy.

Like mortality risk coverage, latent customer needs have to be evoked for selling nursing care and medical insurance products. We are marketing nursing care and medical insurance products primarily through our network of 30,000 sales representatives who have substantial consulting experience. In fiscal 2010, annualized nursing care and medical insurance premiums rose 1.7% to ¥499.9 billion, increasing for the eighth consecutive year. This growth is the result of the strong consulting abilities of our sales representatives and the regular contact they maintain with our seven million existing policyholders. We are now accelerating these efforts with the launch of “*W Stage*,” which provides more developed nursing care and medical insurance coverage, as the first renewal of our mainline insurance products in 10 years.

In the retirement planning market, we continue to effectively manage our bancassurance network, which is the industry’s largest with over 300 banks and financial institutions. Sumitomo Life discontinued sales of variable annuities in fiscal 2009 because of the stagnant performance of the stock market. However, the single-premium whole life insurance which replaced variable annuities has been very well received, and has achieved premium income almost equivalent to that in fiscal 2009 from the bancassurance network.

Along with this multi-channel strategy, we are also responding to the growing number of customers who compare multiple life insurance products using such new channels as insurance outlets and the Internet. In April 2010, we launched Medicare Life Insurance Co., Ltd. as the first life insurance subsidiary of a major Japanese life insurance company to provide simple and affordable life insurance through these emerging channels, instituting a multi-product strategy. Medicare Life is steadily expanding its business, with sales of medical and cancer insurance policies in its initial year.

Overseas Strategy

Turning to our overseas business, China-based PICC Life Insurance Company, which we established with PICC Holding Company in 2005, has rapidly expanded its business by leveraging PICC's strong brand and by accelerating the expansion of its branch network. In its fifth year, fiscal 2010, PICC Life generated insurance premium income of 82.4 billion yuan (\$12.4 billion) and is now the sixth largest among the 60 life insurance companies in China, carrying a 7.8% market share. PICC Life posted a profit in fiscal 2010 for the second consecutive year and is growing at a pace that will erase its accumulated losses by fiscal 2011.

As a driver for our sustainable growth, we continue to focus on overseas operations, especially high-growth life insurance markets in Asia.

Brand Strategy

A new brand strategy to pioneer the new century

We have a well established brand as we are one of Japan's largest life insurers. Founded in 1907, we possess a history spanning back over a century, and a name that embodies the historic Sumitomo brand.

For the next century, however, we believe that a new brand strategy is necessary to show our future direction. Under a new brand strategy, we declared a set of values we aspire to achieve: to protect and support the lives of our customers and their families, to provide innovative insurance products through highly professional sales representatives and to achieve customer satisfaction by providing exceptional quality service that exceeds their expectations.

Guided by this new vision, we will strive to become a life insurance company that our customers can always trust over the centuries ahead.

I thank you for your continued support.



Yoshio Sato
President and Chief Executive Officer

Individual Life Insurance and Annuities

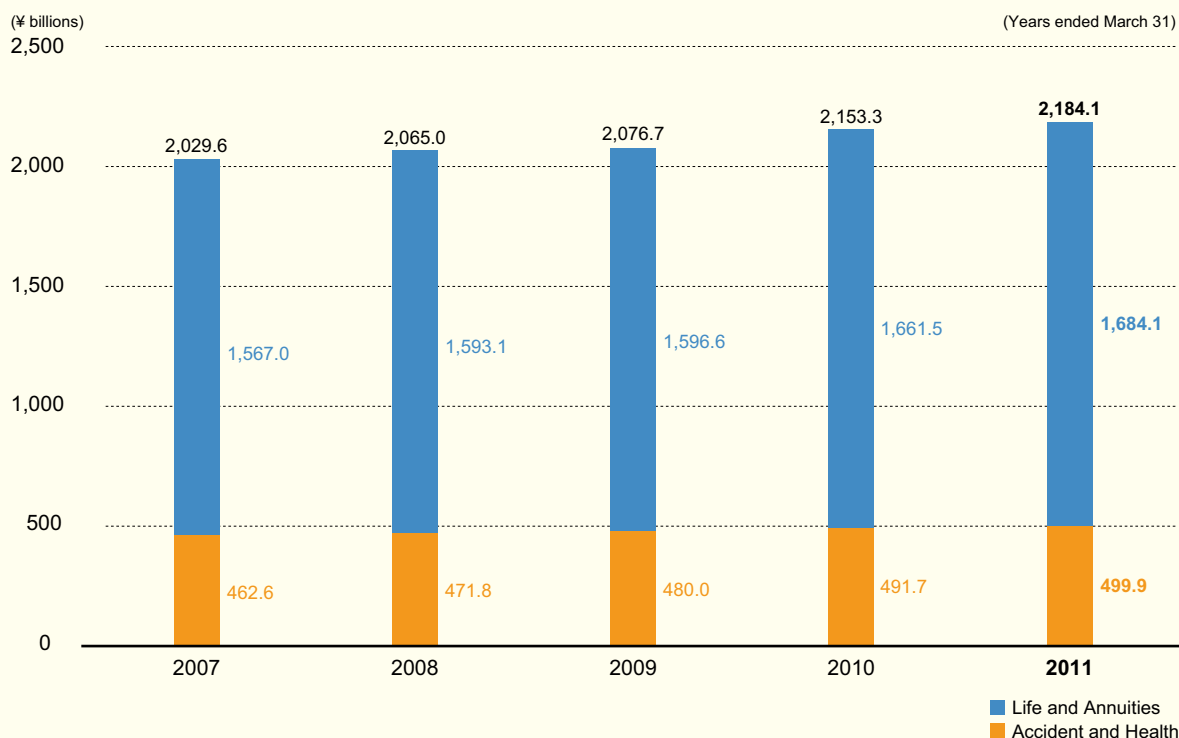
The annualized premium of individual life insurance and annuities in force increased from the previous fiscal year, the sixth consecutive year-over-year increase, reflecting a steady increase in new policies and a decline in surrenders and lapses.

Annualized Premium of Policies in Force

In the fiscal year ended March 31, 2011, the annualized premium of policies in force for individual life insurance and annuities rose 1.4% to ¥2,184.1 billion (\$26.2 billion), increasing for the sixth consecutive year. The annualized premium of policies in force for Accident and Health insurance products such as nursing care and medical insurance rose 1.7% to ¥499.9 billion (\$6.0 billion), increasing for the eighth consecutive year.

The two main reasons for the ongoing increase in the annualized premium of policies in force are as follows:

1. We have achieved steady results through channel diversification in three growing markets such as nursing care, medical insurance and retirement planning which are expanding along with the advent of a long-lived society.
2. We have increased our efforts to reduce the surrenders and lapses of existing policies. This has been achieved through our sales representatives maintaining frequent contact with customers, while making efforts to provide exceptional customer service.

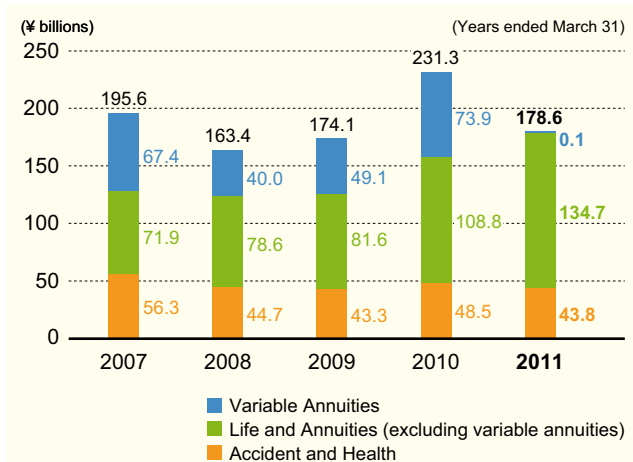


Annualized Premium of New Business

The annualized premium of new business for individual life insurance and annuities totaled ¥178.6 billion (\$2.1 billion), down 22.8% from the previous fiscal year.

The amount declined due to the termination of the single-premium variable annuities sales in fiscal 2009, a leading product distributed via our bancassurance network, as a consequence of the market disruption following the financial crisis. Nevertheless, we maintained the same level of new business premium via the bancassurance network compared to the prior year, which was at approximately ¥900.0 billion, due to strong sales of the single-premium whole life insurance that replaced variable annuities.

While the annualized premium of new business declined, the value of new business rose 5.2% to ¥156.7 billion (\$1.8 billion), legitimizing our success in realizing a more profitable new business portfolio.



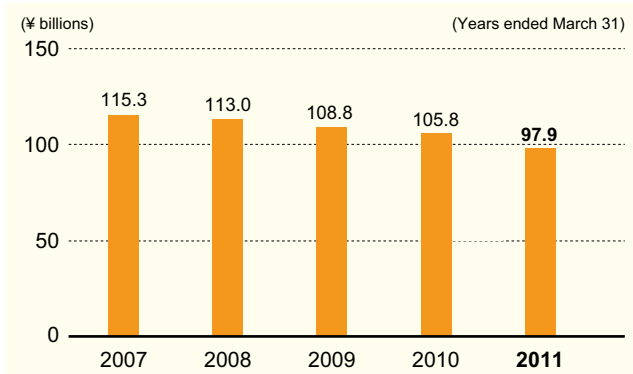
	Billions of Yen		
	2010	2011	Change (%)
Value of new business	¥149.0	¥156.7	5.2%

Annualized Premium of Surrendered and Lapsed Policies

The annualized premium of surrendered and lapsed policies decreased 7.5% to ¥97.9 billion (\$1.1 billion), improving for the eighth consecutive year.

Seven million existing policyholders form an irreplaceable business platform for us. We maintain regular contact with our customers to provide superior service to them throughout their lives. We enforce this regular contact through measures such as system investments for customer follow-ups and sales representatives' incentives, which put an emphasis on policy retention.

It has been these customers follow-up efforts that have helped us achieve the aforementioned eight consecutive years of improvement.

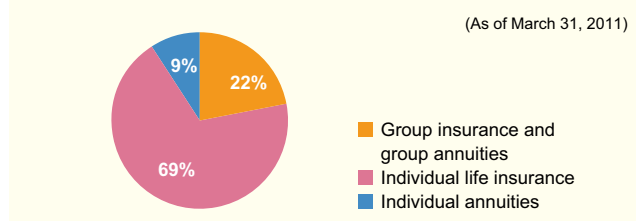


Group Insurance and Group Annuities

The total of the individual life insurance, individual annuities, group insurance and group annuities in force is ¥157.4 trillion (\$1,893.1 billion).

Group insurance and group annuities account for ¥34.9 trillion (\$420.8 billion), or 22% of the total, representing a significant portion of our well-balanced business portfolio.

Policies in Force



Operating Results

We achieved a stable profit in fiscal 2010, posting an adjusted core business profit of ¥298.5 billion (\$3.5 billion) even after the impact of the Great East Japan Earthquake.

Core Business Profit

Core business profit is an indicator of the earnings strength of Japan's life insurance companies.

In fiscal 2010, Sumitomo Life's core business profit declined 31.4% to ¥265.2 billion (\$3.1 billion) due to the provision of ¥33.3 billion (\$0.4 billion) in additional policy reserves to secure the minimum guarantees for variable annuities following the sharp decline in stock prices after the Great East Japan Earthquake.

On the other hand, adjusted core business profit, which excludes the provision and reversal of reserves to cover the minimum guarantees for variable annuities to measure fundamental profitability, remained stable with a decrease of 1.5% year-over-year to ¥298.5 billion (\$3.5 billion), despite the ¥24.0 billion of reserves provided for the projected insurance benefit payments associated with the earthquake.

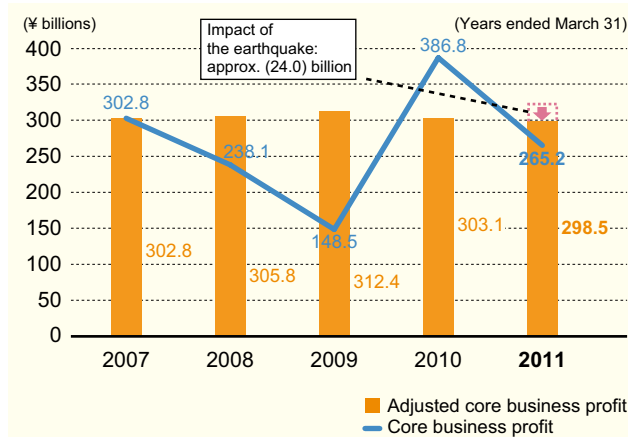
Negative spread fell by ¥16.0 billion (\$0.1 billion) to the controllable level of ¥74.6 billion (\$0.8 billion).

Negative spread, which we started to disclose in fiscal 2000, has improved for 10 consecutive years for two reasons:

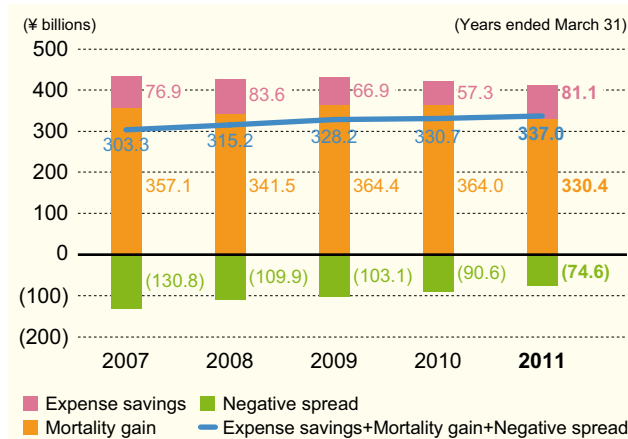
One reason is that the assumed interest rates on policies in force are declining because older policies with higher assumed interest rates are maturing and therefore, the percentage of policies with lower assumed interest rates are increasing.

The other reason is that we have been allocating additional policy reserves to individual annuities at the commencement of new annuity payments by applying the latest standard calculation rates, thus lowering the average assumed interest rate.

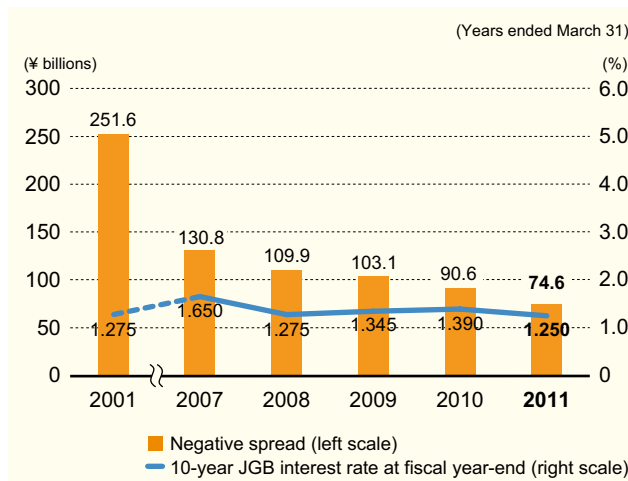
Core Business Profits



Sources of Profits



Negative Spread



European Embedded Value (EEV)

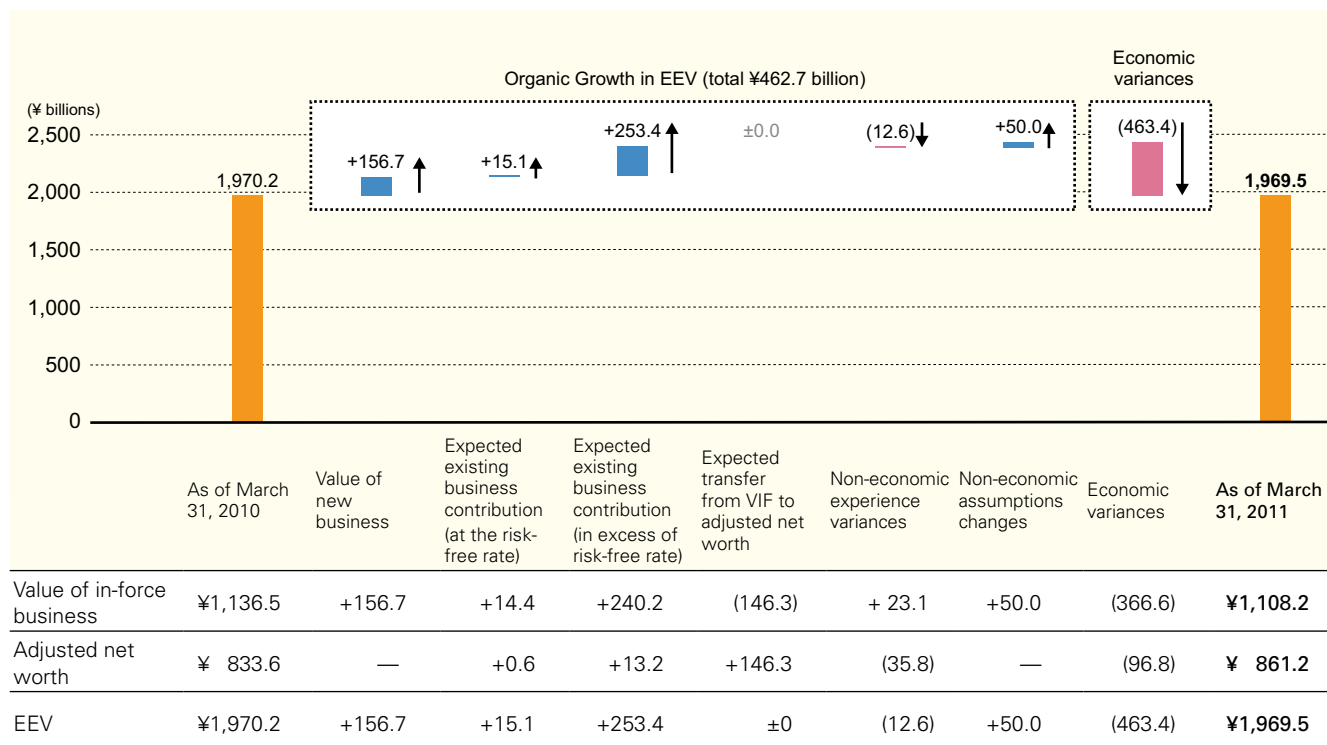
EEV slightly decreased ¥0.7 billion year-over-year to ¥1,969.5 billion (\$23.6 billion) at the end of fiscal 2010.

EEV decreased ¥463.4 billion (\$5.5 billion) due to lower interest rates, reduced stock prices

and other economic factors. This was offset by an increase of ¥462.7 billion (\$5.5 billion) because of management's efforts to secure new business, reduce the expense ratio and reduce the level of surrendered and lapsed policies.

As of March 31	Billions of yen		
	2010	2011	Increase/ Decrease
EEV	¥1,970.2	¥1,969.5	¥ (0.7)
Value of in-force business	1,136.5	1,108.2	(28.3)
Adjusted net worth	833.6	861.2	27.6

Changes in EEV



Value of new business increased 5.2% year-over-year to ¥156.7 billion (\$1.8 billion) at the end of fiscal 2010, which is continuously contributing to the increase of our EEV.

New business margin, the ratio of new business value to the present value of future premium income (not the annualized premium), was 6.8%.

We will continue to focus on sustainable growth of our EEV by expanding the value of new business, improving our operating efficiency, and promoting ALM.

Years ended March 31	Billions of Yen		
	2010	2011	Change (%)
Value of new business (A)	¥149.0	¥156.7	+5.2%
Present value of premium income (B)*	¥2,289.9	¥2,291.0	—
New business margin (A / B)	6.5%	6.8%	+0.3

* Future premium income discounted by the risk-free rate

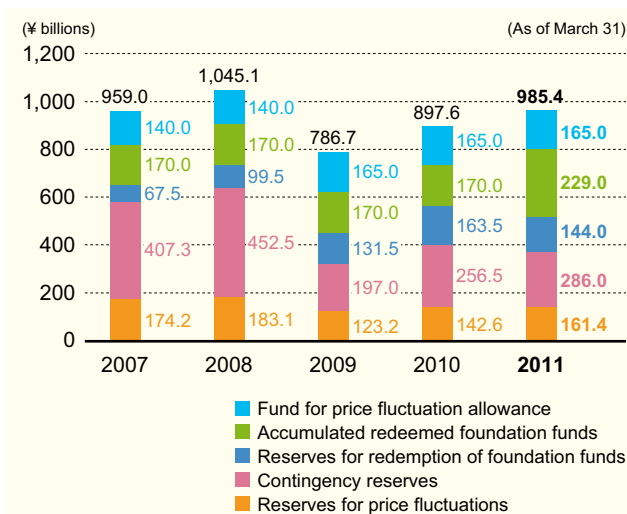
Financial Strength

We boosted accumulated retained surplus to ¥985.4 billion and recorded a sound solvency margin ratio of 1,002.2%.

Accumulated Retained Surplus

In fiscal 2010, we boosted accumulated retained surplus by ¥87.8 billion to ¥985.4 billion (\$11.8 billion). If pre-tax contingency reserves and reserves for price fluctuations were converted on an after-tax basis, accumulated retained surplus on an after-tax basis would post a record high of ¥823.6 billion (\$9.9 billion).

We will continue to reinforce our long-term financial strength by accumulating surplus while considering the distribution of dividends to policyholders.



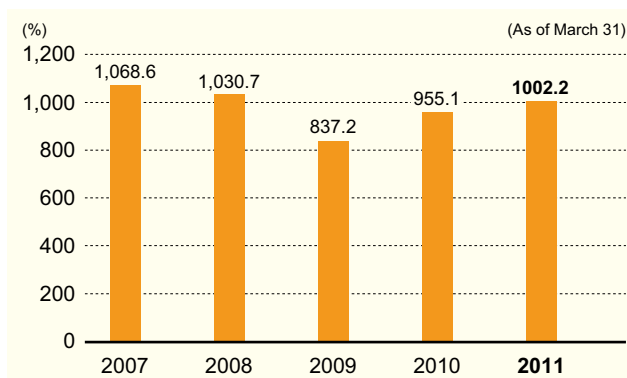
Solvency Margin Ratio

The solvency margin ratio is the ratio of total solvency margin to total risk amount, which quantifies various unexpected risks. In the fiscal year ended March 31, 2011, our solvency margin ratio rose on a year-over-year basis from 955.1% to 1,002.2%. The ratio has far exceeded the 200%, a level which requires administrative intervention in Japan.

The current Japanese solvency margin regulations adopt a 90% of Value at Risk confidence interval for the risk weights, but new regulations will be introduced at the end of March 2012, which will increase the Value at Risk confidence interval to 95%. In addition, economic value-based solvency regulations, similar to the Solvency II Framework to be introduced in Europe, will be implemented in Japan as early as the end of March 2015.

Our new solvency margin ratio, at the 95% confidence interval to be introduced in March 2012, was 636.5% as of March 31, 2011, well above the administrative intervention standard of 200%. We will undertake forward-looking initiatives

to reduce market risks and increase net surplus, referring to the Solvency II Framework as a guideline, in order to well prepare for the economic value-based solvency regulations expected to be introduced in the near future.



Dividends to Policyholders

Maintaining a medium- to long-term perspective, we pay dividends to policyholders while maintaining a level of accumulated retained surplus sufficient to withstand downside risk.

In fiscal 2010, we were able to increase retained surplus despite the effects of the Great

East Japan Earthquake. Accordingly, we maintained the same level of policyholder dividends as in the prior fiscal year, distributing dividends of ¥57.4 billion (\$0.6 billion).

Financial Strength Ratings

As of the end of July 2011, we have received a rating of A2 from Moody's, an A from both Rating and Investment Information (R&I) and Japan Credit Rating Agency (JCR), and an A- from both Fitch

Ratings (Fitch) and Standard & Poor's (S&P), receiving an A level rating from all the rating agencies.

Rating Status

As of July 31, 2011

Moody's	A2
Rating and Investment Information (R&I)	A
Japan Credit Rating Agency (JCR)	A
Fitch Ratings (Fitch)	A-
Standard & Poor's (S&P)	A-

Asset Management (General Account)

Our investment strategy is based on an Asset-Liability Management (ALM) framework. We strive to secure stable returns over the medium to long term by investing primarily in yen-denominated interest-bearing assets.

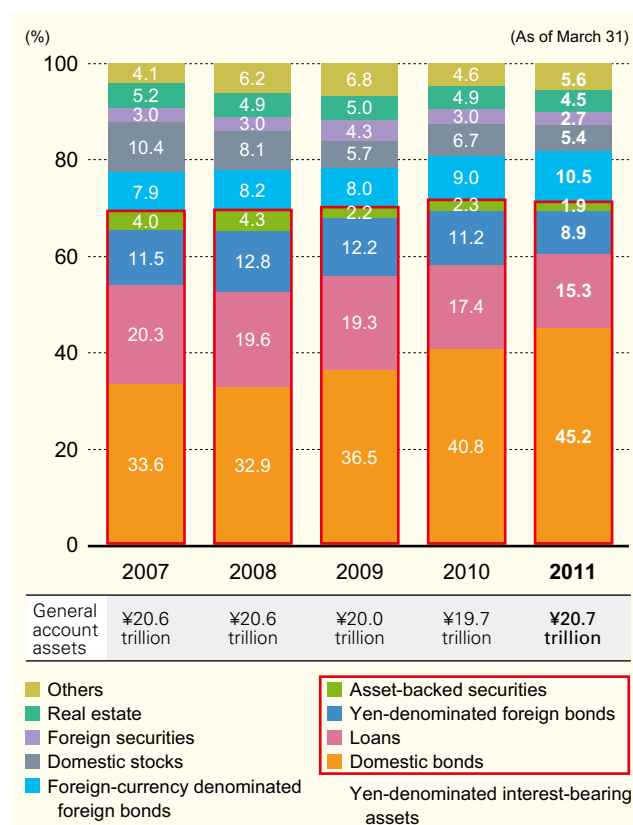
Asset Management

We have an ALM framework as our investment policy regarding general accounts from the perspective of the nature of life insurance business, which typically owns long-term liabilities.

We implement conservative asset management by investing mainly in low credit risk yen-denominated interest-bearing assets to secure stable earnings over the medium- to long-term periods.

Our investments in foreign currency denominated foreign bonds are limited to government bonds and other low credit risk instruments. In fiscal 2010, the currency risk was controlled with a full foreign exchange risk hedge on the principal of these investments.

We also limit the impact from stock price declines as we decreased our exposure to stocks. Based on this approach, we were able to minimize the impact from the sharp fall in stock prices following the Great East Japan Earthquake.



Bonds

In line with our ALM strategy, we strive to accumulate yen-denominated interest-bearing assets, especially held-to-maturity bonds and policy-reserve-matching bonds. Our investment focus on high rated bonds is demonstrated by the fact that bonds rated A or higher account for 98.3% of

our bond portfolio.

In addition, we promote ALM and make asset duration longer by investing in super-long-term bonds. This allows us to better match the duration of long-term liabilities.

Domestic Stocks

During fiscal 2010, the outstanding balance of domestic stocks was reduced by ¥147.3 billion (\$1.7 billion) to ¥1,115.4 billion (\$13.4 billion) on a

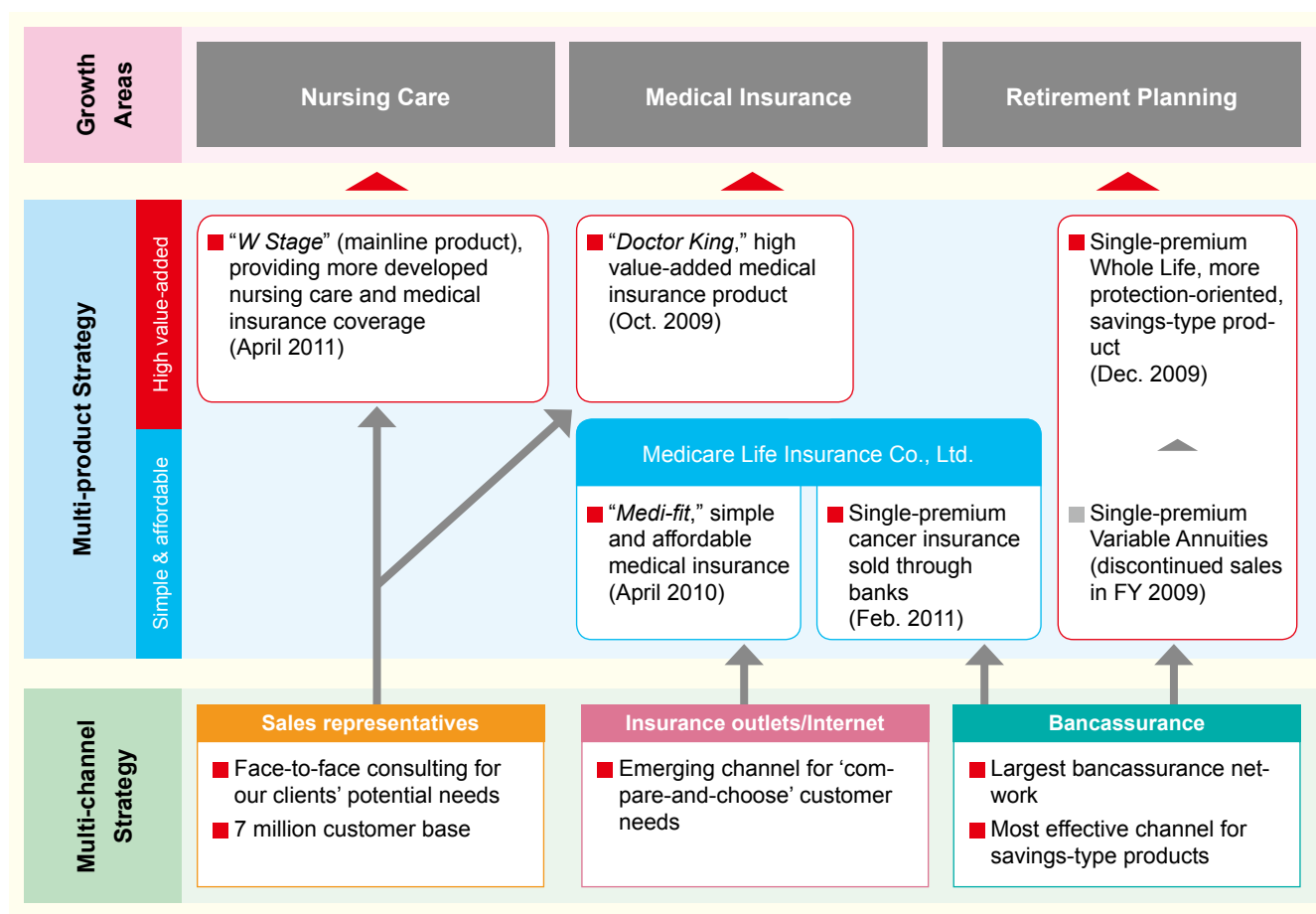
book value basis. Domestic stocks now account for 5.4% of the general account, the lowest level among Japan's leading life insurance companies.

Sales Network

To achieve sustainable growth, in addition to the traditional mortality insurance field, we are actively developing the growth areas of nursing care, medical insurance and retirement planning, which will grow along with the advent of a long-lived society.

We vigorously strive to develop these growing fields through our unique “multi-channel, multi-

product” strategy. In addition to leveraging our sales representative channel, we promote sales via banks and the Japan Post Group, while providing simple and affordable life insurance products developed by our subsidiary, Medicare Life Insurance Co., Ltd. through insurance outlets and the Internet.



Sales Representatives

Our primary sales channel includes over 30,000 full-time sales representatives. Our sales representatives, along with their strong consulting abilities, will be the most effective channel to develop the growing fields of nursing care and medical insurance, as we have to educate the client of their potential needs.

With 10 million policies in force covering seven million existing policyholders, our sales representative network benefits from the solid foundation provided by our customer base. This existing customer base can be used as a launching pad for sales initiatives which propose additional insurance and reviews of current policies.

From this perspective, we encourage sales representatives to meet customers more often through system investments which enable easier customer follow-ups and stronger incentive scheme for sales representatives to increase the frequency of contact with policyholders. In sales representative recruitment, we have shifted from a monthly to a quarterly recruitment system for the careful selection of superior representatives. We have also introduced a training program developed following the principles of Dr. Csaba Sziklai's "Advocacy System" to strengthen the consulting

capabilities of our sales representatives.

These efforts have been proven effective in successfully strengthening our sales representative channel, as demonstrated by the consistent improvements in our sales representative retention rate and insurance policy persistency rate.

We are now reinforcing our approach to the growing fields of nursing care and medical insurance with the April 2011 launch of "W Stage," which provides more developed nursing care and medical insurance coverage as the first renewal of our mainline insurance products in 10 years.

Bancassurance

We also sell our products via our network of more than 300 banks and financial institutions, the largest bancassurance network of any domestic life insurer.

The "retirement planning" market of annuities and other savings-type products for a comfortable and worry-free post-retirement life is projected to grow with the advent of a long-lived society. Our bancassurance network, with total deposits of ¥568 trillion and a broad customer base, is the most effective channel for developing this market.

Single-premium whole life insurance policies which replaced variable annuities were particularly popular in fiscal 2010, with new policy premium income reaching ¥888.9 billion (\$10.6 billion).

In this way, our bancassurance network is gradually evolving into a channel for the sales of more protection-oriented saving-type products.

Moreover, our subsidiary Medicare Life Insurance Co., Ltd. began selling single-premium cancer insurance in February 2011, capturing cancer insurance needs via the bancassurance network.

Japan Post Group

We have built close relationships with the Japan Post Group, which was privatized in October 2007. We presently provide multiple products to Japan Post Network Co., Ltd. and Japan Post Insurance Co., Ltd. We have established a superior position with Japan Post channels, where the number of branches handling our products is the largest among all life insurance companies.

The Japan Post Group is an attractive sales channel, with one of the country's largest networks of over 24,000 branches. We will continue to focus on retaining our superior position to capitalize on the advantages of sales via the Japan Post Group when the sales in Japan Post channels increase.

Medicare Life Insurance Co., Ltd.

In Japan, the number of customers who have a preference for selecting insurance products after comparing them with other insurance products is growing. Insurance outlets, which offer suitable products of multiple insurance companies, have been increasing nationwide to meet this change in demand.

We responded to these emerging needs by launching our life insurance subsidiary, Medicare

Life Insurance Co., Ltd. in April 2010 to provide competitive insurance products through insurance outlets and the Internet. Medicare Life offers simple and affordable life insurance products that are different from the high value-added products marketed by our sales representatives, thus advancing our multi-product strategy.

Overseas Operations

Along with efforts to develop domestic growth areas, we will focus on overseas operations to realize sustainable EV growth.

Asia

In November 2005, we established PICC Life Insurance Company in partnership with PICC Holding Company, which owns PICC Property & Casualty Co., Ltd., the largest non-life insurance company in China with a domestic market share of 38%. Sumitomo Life presently owns 10% of PICC Life as a strategic partner.

PICC Life operates branches in 29 provinces and autonomous regions of China. The Company has branches in 95% of Chinese cities nationwide.

PICC Life's premium income in the year ended December 2010 totaled 82.4 billion yuan (\$12.4 billion). PICC Life had a 7.8% share of the domestic life insurance market, placing the Company in the sixth position among China's 60 life insurance companies.

In its fifth year, fiscal 2010, PICC Life earned 700 million yuan in profits, posting a profit for the second consecutive year and reducing its accumulated losses to 500 million yuan. The Company's EV also rose by 30% from 13.5 billion yuan to 17.7 billion yuan.

In Vietnam, we signed a memorandum of understanding in October 2009 with Vietnam Bank for Agriculture and Rural Development (Agribank), Vietnam's largest state-owned commercial bank, to collaborate on the launch of a life insurance business.

We would like to realize sustainable EV growth by capturing the high growth potential of the Asian life insurance market, making use of the accumulated experience and performance of PICC Life.

North America

We established a wholly owned U.S. subsidiary, Sumitomo Life Insurance Agency America, Inc. (SLIA) in 1986. SLIA has been accommodating the needs of Japanese companies with U.S. operations for 25 years. SLIA provides brokerage and consulting services for employee benefit plans

(group health insurance, etc.) to over 400 companies nationwide. The Company maintains offices in New York, Los Angeles, Atlanta, Chicago, Kentucky and South Carolina, and is one of the largest Japanese brokers of employee benefit plans in the United States.

Representative Offices

Having established overseas representative offices in New York, London and Beijing, we are able to gather a broad range of information con-

cerning overseas finance, securities and insurance businesses, which is used to expand insurance businesses in Japan and abroad.

Risk Management

In Japan, new solvency margin regulations that will increase the Value at Risk confidence interval to 95% will be introduced in March 2012, and economic value-based solvency margin regulations are scheduled to be introduced as early as the end of March 2015.

In anticipation of the economic value-based solvency margin regulations, we have implemented an economic value-based integrated risk management and have become the first mutual company in Japan to disclose EEV.

Our integrated risk management system is an internally-developed model and adopts a 99.5% Value at Risk confidence interval based on the Solvency II Framework in Europe. In addition, our internal model calibrates solvency by tiering capital by quality, an advanced methodology which is expected to be introduced by economic value-based solvency margin regulations.

We are further upgrading our risk management system by introducing an Enterprise Risk Management (ERM) framework.

Governance

As a mutual insurance company, each policyholder has a right similar to that of a company shareholder.

At the Annual Board of Policyholder Representatives Meeting, 180 policyholder representatives appointed by our policyholders make decisions on important matters, including the appropriation of the Company's net surplus, changes to the articles of incorporation, and the appointment of directors and auditors.

Three external directors have been appointed as members of the Board of Directors. To secure independence, the majority of our auditors are also external auditors.

The Corporate Governance Committee, headed by one of the external directors, allows for an outsider's perspective in its deliberation of issues related to the appointment of directors and execu-

tive officers, remuneration for executive officers, and the enhancement of internal control systems.

In fiscal 2010, we also held 88 Policyholder Dialogues at branches throughout Japan for executives to listen directly to the opinions of policyholders and reflect those opinions in company management.

Additionally, the Board of Councilors, a body of academic experts and policyholders elected at the Annual Board of Policyholder Representatives Meeting to discuss important business issues, meets three times each year so that those opinions will be reflected in company management.

We believe that contributing to society is one of our most important management priorities.

Specifically, we are advancing social contribution activities primarily around the themes of “measures addressing the declining birthrate and support for child raising,” “nursing care and medical care,” “the promotion of arts and culture,” and “global environmental conservation,” considering the affinity of these activities with the life insurance business.

For example, we support the Pink Ribbon Campaign which educates the public on the importance of the early detection and treatment of breast cancer. Our 30,000 sales representatives nationwide wear pink ribbons, explain the campaign to customers, and promote breast cancer screening.



25th Charity Concert (2010)

In the promotion of arts and culture, we have regularly hosted charity concerts throughout Japan since 1986. To date, we have held a total of 921 charity concerts attended by more than 1.15 million people. The funds raised by these concerts are donated to welfare facilities around Japan, and to international NGOs for the construction of school buildings in Thailand and Vietnam.

Since 1977, we have also organized international children's drawing contests for the healthy growth of children, which have attracted over 10 million entries in total since inception. The winning works have been exhibited at the Louvre Museum in Paris every year since 2000, inspiring the dreams of children.



34th Louvre Museum Award



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

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

3. U.S. dollar amounts are converted at U.S. \$1.00 = ¥83.15, the rate prevailing on March 31, 2011.

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

Consolidated Balance Sheets

At March 31, 2011, 2010 and 2009	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Assets				
Cash and deposits	\$ 1,460	¥ 121,444	¥ 106,117	¥ 109,071
Call loans	5,217	433,800	252,500	379,300
Monetary claims bought	4,690	390,037	462,598	437,022
Securities	217,322	18,070,402	17,148,392	15,826,995
Loans	38,140	3,171,361	3,443,939	3,869,240
Tangible fixed assets:				
Land	6,428	534,568	553,081	554,985
Buildings	4,875	405,397	424,399	440,609
Leased assets	7	613	427	—
Construction in progress	13	1,104	471	2,040
Other tangible fixed assets	98	8,155	8,753	10,742
Total tangible fixed assets	11,423	949,839	987,134	1,008,377
Intangible fixed assets:				
Software	164	13,698	13,599	15,497
Other intangible fixed assets	130	10,826	11,784	17,125
Total intangible fixed assets	294	24,524	25,384	32,623
Due from insurance agencies	0	3	29	179
Due from reinsurers	2	187	407	422
Other assets	3,374	280,576	347,063	561,025
Deferred tax assets	3,852	320,362	306,070	444,048
Customers' liabilities for acceptances and guarantees	5	440	440	440
Allowance for possible loan losses	(97)	(8,128)	(7,924)	(2,234)
Total assets	\$285,686	¥23,754,851	¥23,072,153	¥22,666,512

	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Liabilities				
Policy reserves:				
Reserves for outstanding claims	\$ 1,548	¥ 128,789	¥ 119,744	¥ 123,949
Policy reserves	254,416	21,154,707	20,404,323	19,325,869
Policyholders' dividend reserves	3,869	321,724	336,273	367,459
Total policy reserves	259,834	21,605,221	20,860,341	19,817,278
Due to reinsurers	1	144	343	757
Other liabilities:				
Deposits received under securities lending transactions	5,872	488,275	628,242	1,391,342
Other	8,815	733,019	674,604	843,523
Total other liabilities	14,687	1,221,294	1,302,846	2,234,866
Accrued retirement benefits	259	21,559	22,209	14,783
Reserves for directors' and corporate auditors' retirement benefits	0	4	20	39
Reserves for price fluctuations	1,941	161,452	142,961	123,546
Deferred tax liabilities	0	55	—	—
Deferred tax liabilities on revaluation of land	440	36,610	38,327	39,182
Acceptances and guarantees	5	440	440	440
Total liabilities	277,171	23,046,783	22,367,490	22,230,893
Net assets				
Funds, reserves and surplus:				
Foundation funds	2,525	210,000	199,000	199,000
Accumulated redeemed foundation funds	2,754	229,000	170,000	170,000
Reserves for revaluation	0	2	2	2
Surplus	4,555	378,775	404,345	352,354
Total funds, reserves and surplus	9,834	817,777	773,347	721,356
Accumulated other comprehensive income:				
Unrealized gains (losses) on available-for-sale securities, net of taxes	(117)	(9,729)	44,901	(162,188)
Deferred unrealized gains on hedging instruments	1	162	243	151
Revaluation reserves for land, net of taxes	(1,253)	(104,263)	(113,537)	(123,398)
Foreign currency translation adjustments	(4)	(393)	(292)	(302)
Total accumulated other comprehensive income	(1,373)	(114,223)	(68,684)	(285,737)
Minority interests	54	4,514	—	—
Total net assets	8,515	708,068	704,663	435,619
Total liabilities and net assets	\$285,686	¥23,754,851	¥23,072,153	¥22,666,512

Consolidated Statements of Income

Years ended March 31, 2011, 2010 and 2009	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Ordinary income				
Insurance premiums and other	\$36,201	¥3,010,164	¥3,092,641	¥2,570,786
Investment income:				
Interest and dividend income	5,849	486,392	479,119	473,782
Gains on trading securities	—	—	—	488
Gains on sales of securities	345	28,723	26,885	42,667
Gains on redemption of securities	9	824	—	3,889
Gains on derivatives	184	15,374	—	—
Foreign exchange gains	2	182	—	1,877
Other	5	450	474	294
Gains on assets in separate accounts	—	—	333,517	—
Total investment income	6,397	531,948	839,996	522,999
Other ordinary income	1,520	126,456	132,304	553,732
Total ordinary income	44,119	3,668,568	4,064,942	3,647,518
Ordinary expenses				
Benefits and other payments:				
Claims paid	7,392	614,695	681,629	759,598
Annuities paid	3,612	300,377	287,000	271,209
Benefits paid	4,946	411,266	436,735	437,134
Surrenders	6,901	573,826	511,081	536,196
Other	1,188	98,830	109,993	157,236
Total benefits and other payments	24,040	1,998,995	2,026,441	2,161,375
Provision for policy reserves and other reserves:				
Provision for reserves for outstanding claims	233	19,403	—	—
Provision for policy reserves	9,441	785,070	1,078,454	—
Provision for interest on policyholders' dividend reserves	8	744	1,049	1,898
Total provision for policy reserves and other reserves	9,683	805,218	1,079,503	1,898
Investment expenses:				
Interest expenses	156	12,978	14,168	16,690
Losses on trading securities	1	150	415	—
Losses on sales of securities	693	57,638	59,624	118,989
Losses on devaluation of securities	596	49,626	44,461	127,983
Losses on derivatives	—	—	64,796	50,552
Foreign exchange losses	—	—	906	—
Provision for allowance for possible loan losses	—	—	6,784	20,572
Depreciation of real estate for investment	222	18,463	18,452	18,768
Other expenses	225	18,724	23,424	22,471
Losses on assets in separate accounts	286	23,783	—	398,953
Total investment expenses	2,181	181,366	233,034	774,983
Operating expenses	4,525	376,336	387,781	375,126
Other ordinary expenses	1,839	152,946	178,395	229,935
Total ordinary expenses	42,271	3,514,864	3,905,155	3,543,319
Ordinary profit	\$ 1,848	¥ 153,704	¥ 159,787	¥ 104,198

	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Extraordinary gains				
Gains on disposal of fixed assets, etc.	\$ 102	¥ 8,517	¥ 1,129	¥ 1,669
Reversal of reserves for price fluctuations	—	—	—	59,884
Reversal of allowance for possible loan losses	13	1,132	—	—
Total extraordinary gains	116	9,649	1,129	61,553
Extraordinary losses				
Losses on disposal of fixed assets, etc.	42	3,532	2,988	1,430
Impairment losses on fixed assets	97	8,089	4,399	11,299
Provision for reserves for price fluctuations	226	18,805	19,415	—
Advanced depreciation for real estate	—	—	100	56
Payment to social responsibility reserves	7	646	657	670
Losses on adjustment for changes of accounting standard for asset retirement obligations	8	692	—	—
Other extraordinary losses	—	—	—	781
Total extraordinary losses	382	31,765	27,560	14,238
Surplus before income taxes and minority interests	1,582	131,589	133,355	151,513
Income taxes:				
Current	126	10,486	1,638	1,178
Deferred	151	12,561	19,842	46,089
Total income taxes	277	23,048	21,481	47,268
Surplus before minority interests	1,305	108,541	111,874	104,244
Minority interests	4	403	—	—
Net surplus for the year	\$1,310	¥108,944	¥111,874	¥104,244

Consolidated Statements of Comprehensive Income

	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Surplus before minority interests	\$1,305	¥108,541	¥—	¥—
Other comprehensive income:				
Unrealized gains (losses) on available-for-sale securities, net of taxes	(653)	(54,308)	—	—
Deferred unrealized gains (losses) on hedging instruments	(0)	(81)	—	—
Foreign currency translation adjustments	(1)	(101)	—	—
Share of other comprehensive income of affiliates accounted for under the equity method	0	11	—	—
Total other comprehensive income	(655)	(54,479)	—	—
Comprehensive income:				
Comprehensive income attributable to the parent company	654	54,445	—	—
Comprehensive income attributable to minority shareholders	(4)	(383)	—	—
Total comprehensive income	\$ 650	¥ 54,061	¥—	¥—

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2011, 2010 and 2009	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Funds, reserves and surplus				
Foundation funds				
Balance at the end of previous fiscal year	\$2,393	¥199,000	¥199,000	¥199,000
Changes during the current fiscal year:				
Financing of additional foundation funds	841	70,000	—	—
Redemption of foundation funds	(709)	(59,000)	—	—
Total changes in current fiscal year	132	11,000	—	—
Balance at the end of current fiscal year	2,525	210,000	199,000	199,000
Accumulated redeemed foundation funds				
Balance at the end of previous fiscal year	2,044	170,000	170,000	170,000
Changes during the current fiscal year:				
Transfer to accumulated redeemed foundation funds	709	59,000	—	—
Total changes in the current fiscal year	709	59,000	—	—
Balance at the end of current fiscal year	2,754	229,000	170,000	170,000
Reserves for revaluation				
Balance at the end of previous fiscal year	0	2	2	2
Changes during the current fiscal year	—	—	—	—
Balance at the end of current fiscal year	0	2	2	2
Surplus				
Balance at the end of previous fiscal year	4,862	404,345	352,354	303,433
Changes during the current fiscal year:				
Provision for policyholders' dividend reserves	(740)	(61,602)	(44,758)	(51,043)
Transfer to accumulated redeemed foundation funds	(709)	(59,000)	—	—
Payment of interest on foundation funds	(59)	(4,910)	(5,263)	(5,123)
Net surplus for the year	1,310	108,944	111,874	104,244
Increase due to change of the consolidation scope	3	271	—	—
Reversal of revaluation reserves for land	(111)	(9,273)	(9,860)	842
Total changes in current fiscal year	(307)	(25,570)	51,991	48,920
Balance at the end of current fiscal year	4,555	378,775	404,345	352,354
Total funds, reserves and surplus				
Balance at the end of previous fiscal year	9,300	773,347	721,356	672,436
Changes during the current fiscal year:				
Financing of additional foundation funds	841	70,000	—	—
Provision for policyholders' dividend reserves	(740)	(61,602)	(44,758)	(51,043)
Payment of interest on foundation funds	(59)	(4,910)	(5,263)	(5,123)
Net surplus for the year	1,310	108,944	111,874	104,244
Redemption of foundation funds	(709)	(59,000)	—	—
Increase due to change of the consolidation scope	3	271	—	—
Reversal of revaluation reserves for land	(111)	(9,273)	(9,860)	842
Total changes in current fiscal year	534	44,429	51,991	48,920
Balance at the end of current fiscal year	\$9,834	¥817,777	¥773,347	¥721,356

	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Accumulated other comprehensive income				
Unrealized gains (losses) on available-for-sale securities, net of taxes				
Balance at the end of previous fiscal year	\$ 540	¥ 44,901	¥(162,188)	¥ 130,401
Changes during the current fiscal year	(657)	(54,630)	207,090	(292,590)
Balance at the end of current fiscal year	(117)	(9,729)	44,901	(162,188)
Deferred unrealized gains (losses) on hedging instruments				
Balance at the end of previous fiscal year	2	243	151	23
Changes during the current fiscal year	(0)	(81)	92	128
Balance at the end of current fiscal year	1	162	243	151
Revaluation reserves for land, net of taxes				
Balance at the end of previous fiscal year	(1,365)	(113,537)	(123,398)	(122,555)
Changes during the current fiscal year	111	9,273	9,860	(842)
Balance at the end of current fiscal year	(1,253)	(104,263)	(113,537)	(123,398)
Foreign currency translation adjustments				
Balance at the end of previous fiscal year	(3)	(292)	(302)	(93)
Changes during the current fiscal year	(1)	(101)	10	(209)
Balance at the end of current fiscal year	(4)	(393)	(292)	(302)
Total accumulated other comprehensive income				
Balance at the end of previous fiscal year	(826)	(68,684)	(285,737)	7,776
Changes during the current fiscal year	(547)	(45,539)	217,053	(293,514)
Balance at the end of current fiscal year	(1,373)	(114,223)	(68,684)	(285,737)
Minority interests				
Balance at the end of previous fiscal year	—	—	—	—
Changes during the current fiscal year	54	4,514	—	—
Balance at the end of current fiscal year	54	4,514	—	—
Total net assets				
Balance at the end of previous fiscal year	8,474	704,663	435,619	680,212
Changes during the current fiscal year:				
Financing of additional foundation funds	841	70,000	—	—
Provision for policyholders' dividend reserves	(740)	(61,602)	(44,758)	(51,043)
Payment of interest on foundation funds	(59)	(4,910)	(5,263)	(5,123)
Net surplus for the year	1,310	108,944	111,874	104,244
Redemption of foundation funds	(709)	(59,000)	—	—
Increase due to change of the consolidation scope	3	271	—	—
Reversal of revaluation reserves for land	(111)	(9,273)	(9,860)	842
Other changes during the current fiscal year	(493)	(41,024)	217,053	(293,514)
Total changes in current fiscal year	40	3,404	269,044	(244,593)
Balance at the end of current fiscal year	\$ 8,515	¥ 708,068	¥ 704,663	¥ 435,619

Consolidated Statements of Cash Flows

Years ended March 31, 2011, 2010 and 2009	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
I. Cash flows from operating activities:				
Surplus before income taxes and minority interests	\$ 1,582	¥ 131,589	¥ 133,355	¥ 151,513
Depreciation of real estate for investment	222	18,463	18,452	18,768
Depreciation	173	14,404	15,407	16,007
Impairment losses on fixed assets	97	8,089	4,399	11,299
Amortization of goodwill	—	—	—	(8)
Increase (decrease) in reserves for outstanding claims	233	19,403	(4,205)	(18,039)
Increase (decrease) in policy reserves	9,441	785,070	1,078,454	(383,816)
Provision for interest on policyholders' dividend reserves	8	744	1,049	1,898
Increase (decrease) in allowance for possible loan losses	2	203	5,690	647
Increase (decrease) in accrued retirement benefits	(7)	(638)	7,426	4,500
Increase (decrease) in reserves for price fluctuations	226	18,805	19,415	(59,884)
Interest and dividend income	(5,849)	(486,392)	(479,119)	(473,782)
Losses (gains) on securities	1,868	155,325	(212,306)	627,312
Interest expenses	156	12,978	14,168	16,690
Losses (gains) on foreign exchange transactions	(2)	(185)	904	(1,877)
Losses (gains) on tangible fixed assets	(19)	(1,614)	2,274	(90)
Equity in losses (earnings) of affiliates	(16)	(1,355)	(1,334)	363
Decrease (increase) in due from insurance agencies	(1)	(94)	150	5
Decrease (increase) in due from reinsurers	0	80	14	(127)
Decrease (increase) in other assets (excluding assets for investing and financing activities)	831	69,167	173,369	(119,208)
Increase (decrease) due to reinsurers	0	22	(414)	0
Increase (decrease) in other liabilities (excluding liabilities for investing and financing activities)	162	13,527	(101,247)	134,607
Other, net	56	4,666	(57,435)	63,124
Subtotal	9,167	762,262	618,468	(10,093)
Interest and dividends received	6,494	540,041	531,847	538,339
Interest paid	(159)	(13,232)	(16,110)	(17,175)
Policyholders' dividends paid	(924)	(76,896)	(76,994)	(84,265)
Other, net	(7)	(646)	(657)	(670)
Income taxes refund (paid)	(35)	(2,970)	15,981	(26,246)
Net cash provided by operating activities (I)	\$14,534	¥1,208,559	¥1,072,536	¥ 399,887

	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
II. Cash flows from investing activities:				
Net decrease (increase) in deposits	\$ (35)	¥ (2,936)	¥ (12,204)	¥ 124,968
Purchases of monetary claims bought	(593)	(49,342)	(185,745)	(753,113)
Proceeds from sales and redemption of monetary claims bought	1,523	126,686	164,833	1,196,247
Purchases of securities	(55,832)	(4,642,489)	(5,064,671)	(8,577,418)
Proceeds from sales and redemption of securities	41,263	3,431,018	4,298,817	7,391,302
Loans made	(1,659)	(138,001)	(240,515)	(452,643)
Proceeds from collection of loans	4,743	394,429	640,748	599,128
Other, net	(3,861)	(321,076)	(637,203)	16,654
Subtotal (IIa)	(14,452)	(1,201,710)	(1,035,941)	(454,872)
[I+IIa]	[82]	[6,848]	[36,594]	[(54,985)]
Purchases of tangible fixed assets	(197)	(16,420)	(13,125)	(30,378)
Proceeds from sales of tangible fixed assets	250	20,839	8,246	4,035
Purchases of investments in subsidiaries resulting in change in scope of consolidation	—	—	—	(1,550)
Other, net	(77)	(6,479)	(4,078)	(4,657)
Net cash used in investing activities	(14,477)	(1,203,771)	(1,044,898)	(487,423)
III. Cash flows from financing activities:				
Proceeds from issuance of debt	—	—	102,500	100,040
Repayment of debt	—	—	(140,040)	—
Increase in foundation funds	841	70,000	—	—
Redemption of foundation funds	(709)	(59,000)	—	—
Payment of interest on foundation funds	(59)	(4,910)	(5,263)	(5,123)
Other, net	51	4,279	—	—
Net cash provided by (used in) financing activities	124	10,368	(42,803)	94,917
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(0)	(9)	(1)	(4)
V. Net increase (decrease) in cash and cash equivalents	182	15,146	(15,168)	7,377
VI. Cash and cash equivalents at the beginning of the year	541	45,006	60,174	52,797
VII. Increase (decrease) in cash and cash equivalents due to change of the consolidation scope	(4)	(392)	—	—
VIII. Cash and cash equivalents at the end of the year	\$ 718	¥ 59,760	¥ 45,006	¥ 60,174

Non-Consolidated Balance Sheets

At March 31, 2011, 2010 and 2009	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Assets				
Cash and deposits:				
Cash	\$ 9	¥ 825	¥ 809	¥ 889
Bank deposits	1,314	109,312	92,832	96,389
Total cash and deposits	1,324	110,138	93,641	97,279
Call loans	5,217	433,800	252,500	379,300
Monetary claims bought	4,690	390,037	462,598	437,022
Securities:				
Government bonds	87,954	7,313,434	5,835,507	5,026,388
Local government bonds	3,534	293,927	319,797	327,039
Corporate bonds	35,019	2,911,883	3,057,497	3,048,759
Stocks	19,919	1,656,284	1,964,122	1,721,766
Foreign securities	61,810	5,139,553	5,139,021	5,376,798
Other securities	9,062	753,548	800,965	292,058
Total securities	217,301	18,068,631	17,116,912	15,792,810
Loans:				
Policy loans	4,496	373,873	390,623	414,280
Ordinary loans	33,643	2,797,488	3,053,263	3,454,896
Total loans	38,140	3,171,361	3,443,887	3,869,177
Tangible fixed assets:				
Land	6,428	534,540	553,052	554,956
Buildings	4,872	405,160	424,219	440,426
Leased assets	7	613	427	—
Construction in progress	13	1,102	470	2,040
Other tangible fixed assets	95	7,965	8,635	10,601
Total tangible fixed assets	11,417	949,381	986,806	1,008,026
Intangible fixed assets:				
Software	156	13,043	13,749	15,062
Other intangible fixed assets	129	10,797	11,730	16,979
Total intangible fixed assets	286	23,841	25,480	32,041
Due from insurance agencies	0	3	2	18
Due from reinsurers	2	187	267	165
Other assets:				
Accounts receivable	462	38,454	53,818	123,349
Prepaid expenses	752	62,611	81,732	101,620
Accrued income	1,191	99,097	94,955	94,098
Deposits	57	4,807	5,119	5,480
Differential account for futures trading	0	42	174	25,343
Derivatives	463	38,538	67,869	157,378
Suspense payment	94	7,874	10,460	21,453
Other	311	25,920	26,368	25,344
Total other assets	3,335	277,346	340,499	554,068
Deferred tax assets	3,846	319,829	303,203	441,632
Customers' liabilities for acceptances and guarantees	5	440	440	440
Allowance for possible loan losses	(97)	(8,127)	(7,923)	(2,233)
Total assets	\$285,470	¥23,736,871	¥23,018,316	¥22,609,749

	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Liabilities				
Policy reserves:				
Reserves for outstanding claims	\$ 1,548	¥ 128,789	¥ 109,386	¥ 112,844
Policy reserves	254,333	21,147,790	20,369,636	19,287,447
Policyholders' dividend reserves	3,869	321,724	336,273	367,459
Total policy reserves	259,751	21,598,303	20,815,295	19,767,751
Due to reinsurers	1	144	121	132
Other liabilities:				
Deposits received under securities lending transactions	5,872	488,275	628,242	1,391,342
Long-term debt	4,900	407,500	407,500	445,040
Income tax payable	27	2,256	563	404
Accounts payable	809	67,312	25,638	60,995
Accrued expenses	462	38,445	41,857	40,905
Unearned income	31	2,595	2,796	3,245
Deposits received	620	51,634	50,966	50,212
Guarantee deposits received	580	48,307	53,234	55,796
Securities borrowed	—	—	1,738	32
Derivatives	840	69,865	28,786	91,497
Lease obligations	7	629	447	—
Asset retirement obligations	23	1,960	—	—
Suspense receipt	65	5,452	5,724	5,245
Other	398	33,165	51,030	84,625
Total other liabilities	14,641	1,217,400	1,298,525	2,229,342
Accrued retirement benefits	246	20,478	21,237	13,813
Reserves for price fluctuations	1,941	161,447	142,647	123,247
Deferred tax liabilities on revaluation of land	440	36,610	38,327	39,182
Acceptances and guarantees	5	440	440	440
Total liabilities	277,027	23,034,824	22,316,595	22,173,908
Net assets				
Funds, reserves and surplus:				
Foundation funds	2,525	210,000	199,000	199,000
Accumulated redeemed foundation funds	2,754	229,000	170,000	170,000
Reserves for revaluation	0	2	2	2
Surplus:				
Reserves for future losses	48	4,004	3,804	3,604
Other surplus:				
Reserves for redemption of foundation funds	1,256	104,500	131,500	99,500
Fund for price fluctuation allowance	1,984	165,000	165,000	140,000
Reserves for assisting social responsibility	18	1,548	1,494	1,452
Other reserves	2	223	223	223
Unappropriated surplus	1,223	101,694	99,412	107,922
Total other surplus	4,485	372,966	397,631	349,097
Total surplus	4,533	376,971	401,435	352,702
Total funds, reserves and surplus	9,813	815,973	770,438	721,704
Unrealized gains/losses, revaluation reserves and adjustments:				
Unrealized gains (losses) on available-for-sale securities, net of taxes	(118)	(9,825)	44,576	(162,617)
Deferred unrealized gains on hedging instruments	1	162	243	151
Revaluation reserves for land, net of taxes	(1,253)	(104,263)	(113,537)	(123,398)
Total unrealized gains/losses, revaluation reserves and adjustments	(1,370)	(113,926)	(68,716)	(285,864)
Total net assets	8,443	702,047	701,721	435,840
Total liabilities and net assets	\$285,470	¥23,736,871	¥23,018,316	¥22,609,749

Non-Consolidated Statements of Income

Years ended March 31, 2011, 2010 and 2009	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Ordinary income				
Insurance premiums and other:				
Premium income	\$36,065	¥2,998,823	¥3,059,184	¥2,529,256
Reinsurance income	6	559	555	644
Other income to policy reserves	44	3,701	3,971	3,830
Total insurance premiums and other	36,116	3,003,084	3,063,711	2,533,731
Investment income:				
Interest and dividend income:				
Interest from deposits	0	27	43	390
Interest and dividends from securities	4,198	349,113	329,580	315,650
Interest on loans	825	68,623	75,391	80,264
Income from real estate rental	724	60,247	64,885	67,075
Other interest and dividends	113	9,417	9,740	11,375
Total interest and dividend income	5,862	487,430	479,641	474,755
Gains on trading securities	—	—	—	488
Gains on sales of securities	345	28,723	26,530	42,071
Gains on redemption of securities	9	824	—	3,889
Gains on derivatives	184	15,374	—	—
Foreign exchange gains	2	182	—	1,877
Other	5	450	474	296
Gains on assets in separate accounts	—	—	333,517	—
Total investment income	6,409	532,985	840,162	523,378
Other ordinary income:				
Annuity supplementary contract premiums	171	14,260	13,013	12,838
Benefits left to accumulate at interest	1,034	86,027	97,433	120,856
Reversal of reserves for outstanding claims	—	—	3,457	17,785
Reversal of policy reserves	—	—	—	385,504
Reversal of accrued retirement benefits	19	1,650	—	1,275
Other	112	9,336	8,271	9,472
Total other ordinary income	1,338	111,274	122,176	547,732
Total ordinary income	43,864	3,647,344	4,026,050	3,604,842
Ordinary expenses				
Benefits and other payments:				
Claims paid	7,392	614,706	664,926	742,747
Annuities paid	3,612	300,377	287,000	271,209
Benefits paid	4,946	411,261	436,735	437,134
Surrenders	6,901	573,826	510,052	535,163
Other refunds paid	1,178	97,998	105,841	151,952
Reinsurance premiums	9	831	878	914
Total benefits and other payments	24,040	1,999,001	2,005,434	2,139,122
Provision for policy reserves and other reserves:				
Provision for reserves for outstanding claims	233	19,403	—	—
Provision for policy reserves	9,358	778,153	1,082,189	—
Provision for interest on policyholders' dividend reserves	8	744	1,049	1,898
Total provision for policy reserves and other reserves	\$ 9,600	¥ 798,301	¥1,083,238	¥ 1,898

	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Investment expenses:				
Interest expenses	\$ 156	¥ 12,978	¥ 14,168	¥ 16,690
Losses on trading securities	1	150	415	—
Losses on sales of securities	693	57,638	59,623	118,933
Losses on devaluation of securities	596	49,626	44,461	127,981
Losses on derivatives	—	—	64,796	50,552
Foreign exchange losses	—	—	906	—
Provision for allowance for possible loan losses	—	—	6,784	20,573
Depreciation of real estate for investment	222	18,463	18,452	18,768
Other expenses	225	18,724	23,528	22,567
Losses on assets in separate accounts	286	23,783	—	398,953
Total investment expenses	2,181	181,366	233,137	775,021
Operating expenses	4,503	374,484	381,546	367,716
Other ordinary expenses:				
Payment of benefits left to accumulate at interest	1,156	96,122	116,026	174,229
Taxes	270	22,475	23,015	21,240
Depreciation	169	14,111	14,961	15,457
Provision for accrued retirement benefits	—	—	7,067	—
Other	74	6,159	5,837	6,416
Total other ordinary expenses	1,670	138,868	166,907	217,344
Total ordinary expenses	41,996	3,492,022	3,870,264	3,501,103
Ordinary profit	1,867	155,321	155,786	103,738
Extraordinary gains				
Gains on disposal of fixed assets, etc.	102	8,517	1,128	1,669
Reversal of reserves for price fluctuations	—	—	—	59,900
Reversal of allowance for possible loan losses	13	1,131	—	—
Total extraordinary gains	116	9,649	1,128	61,569
Extraordinary losses				
Losses on disposal of fixed assets, etc.	42	3,517	2,965	1,411
Impairment losses on fixed assets	96	8,029	4,396	11,299
Provision for reserves for price fluctuations	226	18,800	19,400	—
Advanced depreciation for real estate	—	—	100	56
Payment to social responsibility reserves	7	646	657	670
Losses on adjustment for change of accounting standard for asset retirement obligations	8	689	—	—
Total extraordinary losses	381	31,682	27,519	13,438
Surplus before income taxes	1,602	133,288	129,395	151,869
Income taxes:				
Current	125	10,462	564	422
Deferred	150	12,503	20,214	45,037
Total income taxes	276	22,966	20,779	45,460
Net surplus for the year	\$ 1,326	¥ 110,322	¥ 108,616	¥ 106,408

Non-Consolidated Statements of Changes in Net Assets

Years ended March 31, 2011, 2010 and 2009	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Funds, reserves and surplus				
Foundation funds				
Balance at the end of previous fiscal year	\$2,393	¥199,000	¥199,000	¥199,000
Changes during the current fiscal year:				
Financing of additional foundation funds	841	70,000	—	—
Redemption of foundation funds	(709)	(59,000)	—	—
Total changes in current fiscal year	132	11,000	—	—
Balance at the end of current fiscal year	2,525	210,000	199,000	199,000
Accumulated redeemed foundation funds				
Balance at the end of previous fiscal year	2,044	170,000	170,000	170,000
Changes during the current fiscal year:				
Transfer to accumulated redeemed foundation funds	709	59,000	—	—
Total changes in current fiscal year	709	59,000	—	—
Balance at the end of current fiscal year	2,754	229,000	170,000	170,000
Reserves for revaluation				
Balance at the end of previous fiscal year	0	2	2	2
Changes during the current fiscal year	—	—	—	—
Balance at the end of current fiscal year	0	2	2	2
Surplus				
Reserves for future losses				
Balance at the end of previous fiscal year	45	3,804	3,604	3,404
Changes during the current fiscal year:				
Additions to reserves for future losses	2	200	200	200
Total changes in current fiscal year	2	200	200	200
Balance at the end of current fiscal year	48	4,004	3,804	3,604
Other surplus				
Reserves for redemption of foundation funds				
Balance at the end of previous fiscal year	1,581	131,500	99,500	67,500
Changes during the current fiscal year:				
Additions to reserves for redemption of foundation funds	384	32,000	32,000	32,000
Reversal of reserves for redemption of foundation funds	(709)	(59,000)	—	—
Total changes in current fiscal year	(324)	(27,000)	32,000	32,000
Balance at the end of current fiscal year	1,256	104,500	131,500	99,500
Fund for price fluctuation allowance				
Balance at the end of previous fiscal year	1,984	165,000	140,000	140,000
Changes during the current fiscal year:				
Additions to fund for price fluctuation allowance	—	—	25,000	—
Total changes in current fiscal year	—	—	25,000	—
Balance at the end of current fiscal year	1,984	165,000	165,000	140,000
Reserves for assisting social responsibility				
Balance at the end of previous fiscal year	17	1,494	1,452	1,422
Changes during the current fiscal year:				
Additions to reserves for assisting social responsibility	8	700	700	700
Reversal of reserves for assisting social responsibility	(7)	(646)	(657)	(670)
Total changes in current fiscal year	0	53	42	29
Balance at the end of current fiscal year	18	1,548	1,494	1,452
Other reserves				
Balance at the end of previous fiscal year	2	223	223	223
Changes during the current fiscal year	—	—	—	—
Balance at the end of current fiscal year	\$ 2	¥ 223	¥ 223	¥ 223

	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Unappropriated surplus				
Balance at the end of previous fiscal year	\$1,195	¥ 99,412	¥107,922	¥ 89,066
Changes during the current fiscal year:				
Provision for policyholders' dividend reserves	(740)	(61,602)	(44,758)	(51,043)
Additions to reserves for future losses	(2)	(200)	(200)	(200)
Payment of interest on foundation funds	(59)	(4,910)	(5,263)	(5,123)
Net surplus for the year	1,326	110,322	108,616	106,408
Additions to reserves for redemption of foundation funds	(384)	(32,000)	(32,000)	(32,000)
Additions to fund for price fluctuation allowance	—	—	(25,000)	—
Additions to reserves for assisting social responsibility	(8)	(700)	(700)	(700)
Reversal of reserves for assisting social responsibility	7	646	657	670
Reversal of revaluation reserves for land	(111)	(9,273)	(9,860)	842
Total changes in current fiscal year	27	2,281	(8,509)	18,855
Balance at the end of current fiscal year	1,223	101,694	99,412	107,922
Total surplus				
Balance at the end of previous fiscal year	4,827	401,435	352,702	301,617
Changes during the current fiscal year:				
Provision for policyholders' dividend reserves	(740)	(61,602)	(44,758)	(51,043)
Additions to reserves for future losses	—	—	—	—
Payment of interest on foundation funds	(59)	(4,910)	(5,263)	(5,123)
Net surplus for the year	1,326	110,322	108,616	106,408
Additions to reserves for redemption of foundation funds	—	—	—	—
Reversal of reserves for redemption of foundation funds	(709)	(59,000)	—	—
Additions to fund for price fluctuation allowance	—	—	—	—
Additions to reserves for assisting social responsibility	—	—	—	—
Reversal of reserves for assisting social responsibility	—	—	—	—
Reversal of revaluation reserves for land	(111)	(9,273)	(9,860)	842
Total changes in current fiscal year	(294)	(24,464)	48,733	51,084
Balance at the end of current fiscal year	4,533	376,971	401,435	352,702
Total funds, reserves and surplus				
Balance at the end of previous fiscal year	9,265	770,438	721,704	670,620
Changes during the current fiscal year:				
Financing of additional foundation funds	841	70,000	—	—
Provision for policyholders' dividend reserves	(740)	(61,602)	(44,758)	(51,043)
Additions to reserves for future losses	—	—	—	—
Transfer to accumulated redeemed foundation funds	709	59,000	—	—
Payment of interest on foundation funds	(59)	(4,910)	(5,263)	(5,123)
Net surplus for the year	1,326	110,322	108,616	106,408
Redemption of foundation funds	(709)	(59,000)	—	—
Additions to reserves for redemption of foundation funds	—	—	—	—
Reversal of reserves for redemption of foundation funds	(709)	(59,000)	—	—
Additions to fund for price fluctuation allowance	—	—	—	—
Additions to reserves for assisting social responsibility	—	—	—	—
Reversal of reserves for assisting social responsibility	—	—	—	—
Reversal of revaluation reserves for land	(111)	(9,273)	(9,860)	842
Total changes in current fiscal year	547	45,535	48,733	51,084
Balance at the end of current fiscal year	\$9,813	¥815,973	¥770,438	¥721,704

Years ended March 31, 2011, 2010 and 2009	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Unrealized gains/losses, revaluation reserves and adjustments				
Unrealized gains (losses) on available-for-sale securities, net of taxes				
Balance at the end of previous fiscal year	\$ 536	¥ 44,576	¥(162,617)	¥ 130,124
Changes during the current fiscal year	(654)	(54,402)	207,194	(292,741)
Balance at the end of current fiscal year	(118)	(9,825)	44,576	(162,617)
Deferred unrealized gains on hedging instruments				
Balance at the end of previous fiscal year	2	243	151	23
Changes during the current fiscal year	(0)	(81)	92	128
Balance at the end of current fiscal year	1	162	243	151
Revaluation reserves for land, net of taxes				
Balance at the end of previous fiscal year	(1,365)	(113,537)	(123,398)	(122,555)
Changes during the current fiscal year	111	9,273	9,860	(842)
Balance at the end of current fiscal year	(1,253)	(104,263)	(113,537)	(123,398)
Total unrealized gains/losses, revaluation reserves and adjustments				
Balance at the end of previous fiscal year	(826)	(68,716)	(285,864)	7,592
Changes during the current fiscal year	(543)	(45,209)	217,147	(293,456)
Balance at the end of current fiscal year	(1,370)	(113,926)	(68,716)	(285,864)
Total net assets				
Balance at the end of previous fiscal year	8,439	701,721	435,840	678,212
Changes during the current fiscal year:				
Financing of additional foundation funds	841	70,000	—	—
Provision for policyholders' dividend reserves	(740)	(61,602)	(44,758)	(51,043)
Additions to reserves for future losses	—	—	—	—
Transfer to accumulated redeemed foundation funds	709	59,000	—	—
Payment of interest on foundation funds	(59)	(4,910)	(5,263)	(5,123)
Net surplus for the year	1,326	110,322	108,616	106,408
Redemption of foundation funds	(709)	(59,000)	—	—
Additions to reserves for redemption of foundation funds	—	—	—	—
Reversal of reserves for redemption of foundation funds	(709)	(59,000)	—	—
Additions to fund for price fluctuation allowance	—	—	—	—
Additions to reserves for assisting social responsibility	—	—	—	—
Reversal of reserves for assisting social responsibility	—	—	—	—
Reversal of revaluation reserves for land	(111)	(9,273)	(9,860)	842
Other changes during the current fiscal year	(543)	(45,209)	217,147	(293,456)
Total changes in current fiscal year	3	326	265,880	(242,371)
Balance at the end of current fiscal year	\$ 8,443	¥ 702,047	¥ 701,721	¥ 435,840

Non-Consolidated Statements of Surplus

Years ended March 31, 2011, 2010 and 2009	Millions of U.S. dollars	Millions of yen		
	2011	2011	2010	2009
Unappropriated surplus	\$1,223	¥101,694	¥99,412	¥107,922
Appropriation of surplus				
Provision for policyholders' dividend reserves	691	57,466	61,602	44,758
Net surplus:				
Reserves for future losses	2	200	200	200
Interest on foundation funds	46	3,828	4,910	5,263
Voluntary surplus reserves:				
Reserves for redemption of foundation funds	475	39,500	32,000	32,000
Fund for price fluctuation allowance	—	—	—	25,000
Reserves for assisting social responsibility	8	700	700	700
Total voluntary reserves	483	40,200	32,700	57,700
Total net surplus	531	44,228	37,810	63,163
Total appropriation of surplus	\$1,223	¥101,694	¥99,412	¥107,922

Sensitivity Analysis of EEV and the value of new business

Sensitivity Analysis of EEV

	Billions of yen	
	EEV	Increase (Decrease)
EEV as of March 31, 2011	1,969.5	—
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	2,187.0	217.5
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	1,702.1	(267.4)
Sensitivity 3: 10% decline in equity and real estate values	1,812.9	(156.6)
Sensitivity 4: 10% decline in maintenance expenses	2,044.4	74.8
Sensitivity 5: 10% decline in surrender and lapse rates	2,113.6	144.1
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	2,135.3	165.8
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	1,967.3	(2.1)
Sensitivity 8: Setting required capital at statutory minimum level	2,059.8	90.3
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	1,958.6	(10.8)
Sensitivity 10: 25% increase in implied volatilities of swaptions	1,932.1	(37.3)

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

	Billions of yen	
		Increase (Decrease)
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve		(431.1)
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve		396.4
Sensitivity 3: 10% decline in equity and real estate values		(148.7)

Sensitivity Analysis of the value of new business

	Billions of yen	
	Value of new business	Increase (Decrease)
Value of new business for the year ended March 31, 2011	156.7	—
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	180.1	23.4
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	131.0	(25.6)
Sensitivity 3: 10% decline in equity and real estate values	156.7	(0.0)
Sensitivity 4: 10% decline in maintenance expenses	161.0	4.3
Sensitivity 5: 10% decline in surrender and lapse rates	175.2	18.5
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	164.7	8.0
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	156.7	0.0
Sensitivity 8: Setting required capital at statutory minimum level	164.1	7.4
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	156.5	(0.1)
Sensitivity 10: 25% increase in implied volatilities of swaptions	147.7	(8.9)

Corporate Information

(As of July 5, 2011)

Directory

SUMITOMO LIFE INSURANCE COMPANY

Head Office

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:

Capital Planning Section

Corporate Planning Department

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

Representative Offices

New York Representative Office

565 Fifth Avenue, 5F,
New York, NY 10017, U.S.A.
Tel: +1 (212) 521-8340 Fax: +1 (212) 750-7930

London Representative Office

1st Floor, Dashwood House, 69 Old Broad Street,
London EC2M 1QS, U.K.
Tel: +44 (20) 7256-7630 Fax: +44 (20) 7374-2953

Beijing Representative Office

#1205 China Resources Bldg., 8 Jianguomenbei Avenue
Dongcheng district, Beijing 100005, China
Tel: +86 (10) 8519-2501 Fax: +86 (10) 8519-2503

Board of Directors, Corporate Auditors and Executive Officers

Chairman and Representative Director

Shinichi Yokoyama

President and Representative Director, Chief Executive Officer

Yoshio Sato

Representative Directors, Senior Managing Executive Officers

Ikunori Kato

Norio Takamatsu

Koichi Suzuki

Directors, Managing Executive Officers

Haruo Urata

Michihisa Tanimoto

Masahiro Hashimoto

Yutaka Amino

Yukio Noro

Masaya Honjo

Directors

Yosaku Fuji

Hiroyuki Kamano

Tsuguoki Fujinuma

Senior Corporate Auditors

Koji Hanaoka

Mitsutoshi Mise

Corporate Auditors

Toru Motobayashi

Masami Ohinata

Takehiko Sugiyama

Managing Executive Officers

Hiroshi Yamaguchi

Shinji Haruhara

Hironobu Sakai

Hidenori Shinohara

Hiroyuki Shimomura

Masato Inui

Executive Officers

Hiroshi Fujii

Hisato Kogawa

Toshimatsu Araki

Ryo Oshita

Yasuhisa Tanabe

Masayuki Aoto

Masahito Fujito

Susumu Aramaki

Shinzo Kono

SUMITOMO LIFE INSURANCE COMPANY

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

<http://www.sumitomolife.co.jp>