

NISSAY
Annual Report
2006

Nippon Life Insurance Company

Outline of Nippon Life Insurance Company

Company Name:	Nippon Life Insurance Company
Location of Head Office:	3-5-12 Imabashi, Chuo-ku, Osaka 541-8501, Japan
Established:	July 4, 1889
President:	Kunie Okamoto
Number of Employees:	66,437 (Non-sales personnel: 10,754)

Offices	Branches:	128
	Sales offices:	1,704
	Overseas offices:	4
	Agencies:	6,925

Related Companies

Insurance and insurance-related businesses:	15
Asset management-related businesses:	32
General affairs-related operations:	12

Nippon Life's Major Areas of Business

1. Life insurance business
 - a. Underwriting insurance based on life insurance business licenses
Nippon Life underwrites insurance based on Article 3, Clause 4, Parts 1, 2, and 3 of the Insurance Business Law.
 - b. Asset management
Assets, such as monies received as premiums, are mainly invested in loans, securities and real estate.
 - (1) Loans
As one part of asset management, call loans and loans to corporations and individuals are made.
 - (2) Securities investments
As part of asset management, we invest in securities (including foreign securities) and lend securities.
 - (3) Real estate investment
As part of asset management, we invest in real estate, including buildings.
2. Auxiliary business
 - a. Proxy for other insurance companies and other financial institutions
Based upon Article 98, Clause 1, Paragraph 1 of the Insurance Business Law, Nippon Life acts as an agent or proxy for business conducted by other financial institutions, including insurance companies (such as an agent or proxy for

- the insurance-related business of Nissay Dowa General Insurance).
- b. Credit guarantee
Nippon Life guarantees loans as credit guarantees as stipulated in Article 98, Clause 1, Part 2 of the Insurance Business Law.
- c. Underwriting bonds such as Japanese government bonds
Nippon Life underwrites bonds such as Japanese government bonds as stipulated in Article 98, Clause 1, Part 3 of the Insurance Business Law.
- d. Counter sales of Japanese government bonds
Nippon Life sells Japanese government bonds as stipulated in Article 98, Clause 1, Part 3 of the Insurance Business Law.
- e. Private placement of securities
Nippon Life privately places securities as stipulated in Article 98, Clause 1, Part 5 of the Insurance Business Law.
- f. Transaction of trading securities
Nippon Life trades public bonds as stipulated by Article 99, Clause 1 of the Insurance Business Law.
- g. Sales of investment securities and investment trust beneficiary securities
Nippon Life sells investment securities and investment trust beneficiary securities as stipulated by Article 99, Clause 1 of the Insurance Business Law.

Key Performance Financial Highlights

For the years ended March 31	(Unit: Billions of Yen or as noted)		
	2006	2005	2004
Total revenues	¥ 6,839.4	¥ 6,398.0	¥ 7,101.9
Operating income	443.7	357.4	366.1
Core operating profit*1	633.6	550.1	559.8
Surplus in the current year	229.8	195.7	187.4
Dividend reserves as a percentage of surplus available for disposition*2 [%]	100.6%	98.7%	98.7%
Total assets	50,542.5	46,559.4	45,270.7
of which, assets in separate account	2,334.5	2,149.1	2,276.4
Investments in securities	35,283.4	31,331.8	29,999.6
Loans receivable	9,999.1	10,317.2	11,011.5
Policy reserves	39,418.1	38,794.3	38,642.6
Foundation funds (kikin) and reserves*3	3,179.1	2,834.7	2,469.9
of which, total foundation funds*4	900.0	750.0	750.0
Solvency margin ratio [%]	1,257.9%	975.2%	893.8%
Policies in force*5	337,592.0	348,278.1	358,735.9
Policies in force for group annuities*6	8,800.0	8,797.1	9,425.5
Number of customers*7 [individuals]	10,871,787	11,203,374	11,581,509
Number of members [policyholders]*8 [individuals]	10,721,302	11,055,886	11,444,910
Number of employees [individuals]	66,437	67,116	68,048
Negative spread [approximate]	150.0	270.0	290.0

*1. Core operating profit mainly consists of income related to insurance and investment operations, including mainly interest and dividend income, and is an insurance company's fundamental earnings on a flow basis. (See p.6, 113 for details.)

*2. Dividend reserves as a percentage of surplus available for disposition refers to the percentage of the amount calculated according to Article 27 of the Enforcement Ordinance of the Insurance Business Law accounted for by the total of provisions for reserve for dividends to policyholders and equalized reserve for dividends to policyholders. The percentage, according to Article 29 of the same Regulations is 20% or more. (The minimum was reduced from 80%, to 20% in the March 25, 2002 revision of the enforcement ordinance.) For purposes of this calculation, undisposed current term surplus less the surplus carried forward from the previous term is used as the denominator. (See p.16 for details.)

*3. The foundation funds (kikin) and reserves include the foundation funds, which represent the capital of a mutual company, contingency reserve and reserve for price fluctuations established to deal with contingencies. (See p.4)

*4. The foundation funds total includes the reserve for redemption of foundation funds. (See p.67)

*5. Policies in force are the total of individual insurance, individual annuities and group insurance policies in force. Individual annuities are the total of annuity resources at the start of annuities for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.

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

*7. Number of customers includes policyholders not eligible for distribution of surplus.

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

Explanation of Basic Terms

- ① **Insurance policyholder**
A person who concludes an insurance policy with a life insurance company, and assumes the rights (right to request a change in policy content) and responsibilities (responsibility to pay insurance premiums, etc.) that go with it.
- ② **Insured person**
The person whose life, diseases, injuries or other are insured under a policy.
- ③ **Beneficiary**
The recipient of insurance claims, benefits, annuities or other payments under a policy.
- ④ **Insurance premiums**
The money paid to a life insurance company by policyholders.
- ⑤ **Insurance claims**
Insurance claims paid to the beneficiary by a life insurance company upon the death or serious disability of the insured, or upon the conclusion of a policy's coverage period. Normally, an insurance policy is terminated upon the payment of insurance claims.
- ⑥ **Benefits**
Benefits paid to the beneficiary by a life insurance company when the insured person is hospitalized, undergoes surgery, etc.
- ⑦ **Main policy**
The base of a life insurance contract—a person may enroll in only a main policy without attaching riders.
- ⑧ **Rider**
Riders may be attached to a main policy in order to improve the insurance coverage offered by the main policy. A person may not conclude an agreement for a rider only. Several riders may be attached to a main policy.
- ⑨ **Policy conversion**
A method of utilizing a current policy to contract for new insurance. Accumulated portions or accumulated dividends of a person's current policy are counted at the "conversion (trade-in) price" as part of a new policy, and the original policy is terminated.
- ⑩ **Renewal**
In the case of term life insurance, medical life insurance and some others, a system that allows a policyholder of term life insurance, medical life insurance or other to continue their policy upon the conclusion of the coverage period regardless of health conditions, and, in principle, with the same policy content and coverage amount. Insurance premiums normally increase upon renewal of a policy because premiums are recalculated according to the policyholder's age and according to premium rates at the time of renewal.

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The latest information is available on the Nippon Life website.

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

- This disclosure report was produced in accordance with Article 111 of the Insurance Business Law.
- Article numbers of laws appearing in this report are current as of March 31, 2006.

TO BE A PARTNER THAT PROVIDES “CONSISTENT PROTECTION. SUPERIOR SERVICES.”

We would like to thank you for your unwavering support of Nippon Life Insurance Company. We have prepared this annual report for 2006 to assist you in better understanding our business operations and measures for managerial challenges.

Consistent Protection with Appealing Products

Nippon Life has contracts with over 10 million customers throughout Japan. Our mission is, through coverage, to provide consistent protection and support for our customers throughout their lives.

Nippon Life provides a full lineup of products to meet customers' needs that change over time. In the fiscal year ended March 31, 2006 (fiscal 2005), we introduced *Iryo Meijin EX* policies for customers 50 years of age and over who have increasing needs for medical coverage, as well as *Long Dream* policies with high savings components for sale at bank service counters. These policies were well received in the market.

A mutual company is distinguished by its ability to return the majority of the business surplus to customers in the form of a dividend. For fiscal 2005, Nippon Life increased its dividend payout for the second consecutive year. We will continue to strive to increase dividends to customers.

Enhancing Our Superior Services

Nippon Life aims to constantly improve its services to be able to offer customers superior services as their lifetime partner. We are committed to providing customers with sincere, face-to-face consulting services when we recommend coverage plans or suggest that they reconsider their plans, and we are training sales representatives and making customer visits toward those ends.

Nippon Life is also making every effort to reflect through improved services the varied customer opinions and requests gleaned through daily visitation activities, aiming for ever-greater customer satisfaction.

Enhancing Our Business Foundation

Total insurance claims and other benefits paid by Nippon Life in fiscal 2005 were in the range of ¥2.5 trillion. To be able to meet its policy obligations over the long-term and properly make benefit payments, Nippon Life has worked to improve the soundness of its financial standing. In fiscal 2005, Nippon Life's foundation funds (*kikin*) and reserves surpassed ¥3 trillion, providing for an even more robust financial platform. We will continue to construct a firm business foundation in preparation for new business expansion into healthcare, asset management and other fields.

Moreover, we are bolstering our administrative and system infrastructure. This includes the training of assessment specialists and further development of our assessment system to provide fair and appropriate underwriting and claims and benefit assessment.

Being a Good Corporate Citizen

Nippon Life strives to be a company that is welcomed and trusted by local communities and society as a whole. In the same manner that we approach the life insurance business, Nippon Life is pursuing social and public activities through consistent efforts over the long term. Our Nissay Planting and Nurturing Forests for Future Generations campaign, launched in 1992, and our Nissay Masterpiece Theater program, to which we have invited over 6.44 million children since it began in 1964, continue to this day.

To be your lifelong partner that provides “Consistent protection. Superior services.” all management and employees of Nippon Life will continue in unity to exert our sincere efforts. We look forward to your continued support and assistance.

July 2006



Ikuo Uno

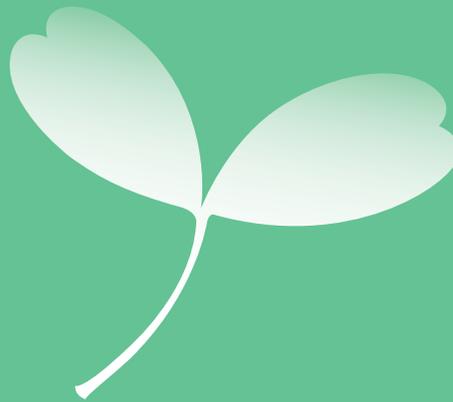
Chairman:
Ikuo Uno

Kunie Okamoto

President:
Kunie Okamoto

CHAPTER

1



BUSINESS PERFORMANCE IN FISCAL 2005

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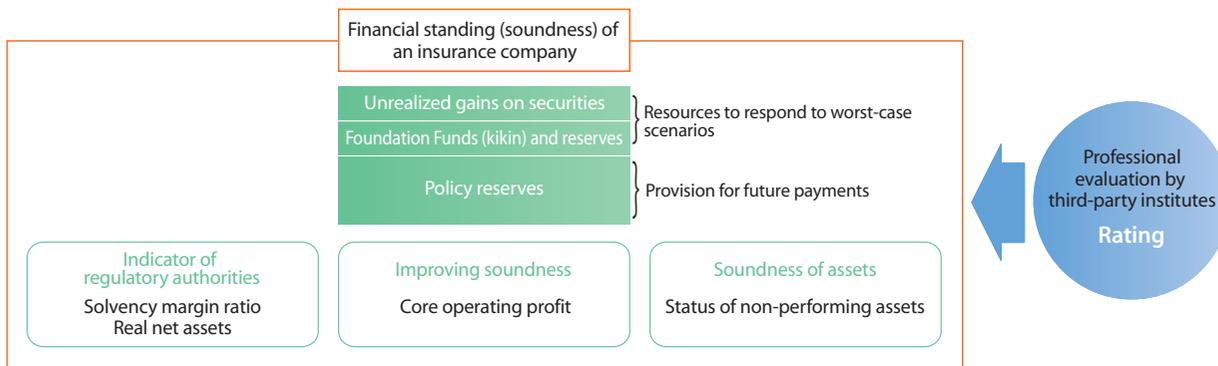
Life insurance contracts are long-term agreements with customers that typically continue over 20 to 30 year periods from the time the customer enters the agreement until insurance claims are paid out. To be able to make payments to customers faithfully, it is essential to maintain a sound financial standing and to prepare for all varieties of risk such as disasters. During fiscal 2005, Nippon Life achieved its short-term goal of ¥3 trillion in foundation funds [kikin] and reserves. The following describes the status of the indicators of our soundness and profitability from a variety of perspectives, including that short-term goal.

In order to properly understand the soundness and profitability of a life insurance company, we believe it is necessary to comprehensively review a variety of indicators, including the following.

Indicators of Soundness and Profitability

- In order to promote greater understanding of their financial standing, insurance companies disclose the same sort of information as is standard for ordinary listed companies (financial statements, cash flow statements, notes and supplementary materials, etc.). In addition to this, it is of particular importance that they provide information demonstrating the financial soundness to be able to pay insurance claims. For this reason, life insurance companies disclose the following sort of information suited to the unique characteristics of the insurance business.
 - Policy reserves that insurance companies accumulate and allocate for future insurance claims and other payouts
 - Foundation funds (kikin) and reserves*, as well as unrealized gains on securities*, as source funds to respond to the

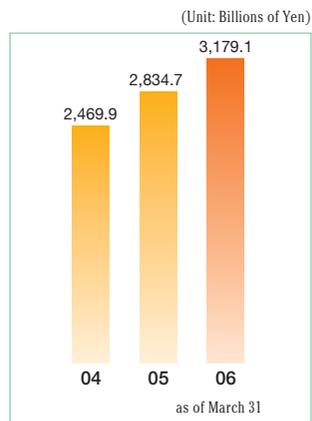
- occurrence of unforeseeable events such as earthquakes
- Indicators such as the solvency margin ratio and real net assets that are used during regulatory audits to confirm the financial soundness of an insurance company
- Core operating profit, an indicator of profitability, which enhances financial soundness
- In addition to these, we believe it is necessary to make a comprehensive assessment of a variety of indicators in order to properly understand a life insurance company's soundness. Among these indicators are non-performing assets, which is one indicator of the soundness of assets, as well as ratings by specialized external ratings companies that measure an insurance company's soundness and ability to make payments.



* Foundation funds (kikin) and reserves are disclosed by Nippon Life. Unrealized gains on securities are generally disclosed by listed companies.

Foundation Funds (Kikin) and Reserves
 Foundation funds (kikin) and reserves include the foundation funds, the reserve for redemption of foundation funds under capital, and contingency reserves, etc. under liabilities on the balance sheets, and is designated as a financial resource against risks, excluding unrealized gains on securities that are easily swayed by economic conditions.

Trends in Foundation Funds (Kikin) and Reserves



Foundation Funds (kikin) and Reserves Reach ¥3 Trillion

¥3,179.1 billion as of March 31, 2006
 (¥2,834.7 billion as of March 31, 2005)

Nippon Life believes that improving its ability to deal with risk and lessening its dependency on unrealized gains in securities, which are easily affected by economic conditions, are essential for strengthening the management base. Accordingly, through greater management efficiency and an additional offering, Nippon Life has steadily built up its foundation funds (kikin) and reserves, which include foundation funds and reserve for redemption of foundation funds, contingency reserves, and reserve for price fluctuations.

Nippon Life has aimed to enrich flexibility in capital procurement and to increase the scope of contributors to the foundation funds (kikin) through additional offerings. In the offering carried out in fiscal 2005, Nippon Life procured funds not only from individual and corporate investors in Japan, but also from international institutional investors.

As a result, the foundation funds (kikin) and reserves as of March 31, 2006 totaled ¥3,179.1 billion, marking the achievement of Nippon Life's targeted level of ¥3 trillion.

Having attained this goal, Nippon Life will make even more concerted efforts to maintain a balance between initiatives that contribute to greater mid- to long-term profitability and paying dividend discounts to policyholders. We will endeavor to maximize overall benefits for all customers. (See p.67 regarding the status of foundation funds (kikin) contributors and foundation funds).

Computed with the Most Conservative Legal Method for Policy Reserves

¥39,418.1

billion as of March 31, 2006
(¥38,794.3 billion as of March 31, 2005)

Life insurance companies are obliged to accumulate policy reserves in order to prepare for payments of future insurance claims, annuities and other benefits. At Nippon Life, we utilize the most conservative legal method (the net premium reserve method) for computing policy reserves in order to be fully prepared to meet insurance and other payment obligations. (See p.127).

Continued High Level of Unrealized Gains on Securities

¥6,572.7

billion as of March 31, 2006
(¥3,852.1 billion as of March 31, 2005)

The unrealized gains on securities indicate the positive difference that exists when fair value of securities exceeds book value. Unrealized gains on securities is one of the indicators for preparing against risks, although it is affected by economic conditions. (See p.152).

Unrealized gains on securities
Unrealized gains on securities apply to all securities with fair value, and include negotiable deposits and other items that are handled as securities under the Securities and Exchange Act of Japan.

Solvency Margin Ratio to Respond to Worst-Case Scenarios

1,257.9%

as of March 31, 2006
(975.2% as of March 31, 2005)

The solvency margin indicates the leeway to make payments. In addition to the foundation funds (kikin) and reserves, it reflects unrealized gains (losses) on securities, etc. Risks that can normally be forecast can be covered by policy reserves. The solvency margin ratio is one of the indicators for regulatory agencies to determine whether or not a company has the leeway to pay benefits in the event that such a normally unforeseeable risk occurs, such as major catastrophes or stock market collapse. (See p.104).

Solvency Margin Ratio
The solvency margin ratio is the total value of the solvency margin divided by the quantified amount of all risks exceeding those that can normally be forecast. When this ratio falls below 200%, the regulatory agency will issue an order to improve business performance.

Solvency Margin Ratio

(Unit: Billions of Yen, %)

As of March 31, 2006		
Total solvency margin	(A)	¥10,010.7
Foundation funds (kikin) and reserves		3,179.1
Unrealized gains and losses on other securities × 90%		5,790.2
Total amount of risk	(B)	1,591.5
Solvency margin ratio		
	$\frac{(A)}{\frac{1}{2} \times (B)} \times 100$	1,257.9%

Continued High Level of Real Net Assets

¥10,663.0

billion as of March 31, 2006
(¥7,554.7 billion as of March 31, 2005)

Real net assets is calculated by subtracting liabilities, other than contingency reserves and reserve for price fluctuations, from total assets at fair value. Approximating an insurance company's liquidation value, it is one of the indicators used by regulatory agencies.

Real Net Assets
Also called the difference between real assets and liabilities. If this figure is negative, it is judged that liabilities exceed assets and the regulatory agency may issue an order to suspend business.

Sound Asset Levels Through Appropriate Reserves and Total Coverage

Non-performing asset ratio* **0.58%**
(0.59% as of March 31, 2005)

We are advancing recovery of non-performing assets and write offs, while maintaining an appropriate level of reserves at the same time. (See p.103 and p.105 for self-assessment of assets).

Total coverage (loans) ratio **96.4%**
(93.7% as of March 31, 2005)

*Includes loans made under lending contracts with cash collateral as of March 31, 2006. Calculated including the loan amount in this category, which was not included at year-end fiscal 2005.

Negative Spread Covered Plus High-Level Core Operating Profit

¥633.6

billion for the year ended March 31, 2006
(¥550.1 billion for the year ended March 31, 2005)

Core operating profit mainly consists of income related to insurance (the net of income from premiums less payments for insurance benefits and business costs) and income related to investment operations, including interest and dividend income. It is the fundamental index that reflects an insurance company's earnings position on a flow basis. (See p.113 for more details).

Total core operating profit for the year ended March 31, 2006 was calculated after taking account of the negative spread for the fiscal year, and it remained at a high level sufficient to pay dividends to policyholders and increase the contingency reserves against future risks.

Negative Spreads

Amid a continuing condition of ultra-low interest rates, a deficit is created by the negative difference between the assumed return on insurance premium investments and actual investment return for some policyholders. This is called negative spread.

Nippon Life Provision for Negative Spreads

- In addition to covering ¥150.0 billion in negative spread, Nippon Life maintains ¥633.6 billion in core operating profit.
- To provide reserves for future negative spreads, Nippon Life makes the assumption that tough conditions with ultra-low interest rates

will continue, and has accumulated foundation funds (kikin) and reserves to cover insufficient amounts based on current net revenues from negative spreads on policies.

Calculation of Negative Spreads

In the life insurance industry, negative spreads are calculated according to the following formula.

$$\begin{matrix} \text{Negative spread} & = & (\text{Investment yield on core operating profit} & - & \text{Average assumed interest rate}) & \times & \text{General account policy reserves} \\ \text{[Approximately ¥150 billion]} & & \text{[2.84\%]} & & \text{[3.28\%]} & & \text{[¥34,979.4 billion]} \end{matrix}$$

- Investment return on core operating profit is the return on general account policy reserves after deducting provision for accumulated interest on policyholder dividends from general account investment revenues included in core operating profit.
- Average assumed interest rate is the return of assumed interest on general account policy reserves.
- The general account policy reserves are calculated as follows for policy reserves in the general account, excluding the contingency reserves.
(Policy reserves at beginning of period + Policy reserves at end of period - Assumed interest) / 2

Excellent Ratings from Ratings Companies

(As of July 1, 2006)

AA R&I
(Insurance Claims Paying Ability)

AA- Fitch
(Insurer Financial Strength Rating)

A+ S&P
(Insurer Financial Strength Rating)

Nippon Life has obtained ratings from Rating and Investment Information, Inc. (R&I), Fitch Ratings Ltd. (Fitch) and Standard & Poor's (S&P). These ratings, issued by third party ratings agencies, are an evaluation of an insurance company's ability to pay insurance claims. We believe that obtaining these ratings is meaningful as a reference point for customers to objectively assess an insurance company.

We believe that the high ratings obtained from these three companies are based on a high appraisal of our strong business foundation, our superior capital position, our high level of profitability, and our financial flexibility in areas such as capital procurement. Looking forward, we are aiming to maintain and improve our ratings as a reassurance for our policyholders through increased profitability and capital expansion.

R&I's Definition of "AA" Rating
<http://www.r-i.co.jp>

A very high degree of capacity for payment of insurance claims, and excellence in several key factors of evaluation.

Fitch's Definition of "AA" Rating
<http://www.fitchratings.co.jp>

Very strong. Insurers are viewed as possessing very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small.

S&P's Definition of "A" Rating
<http://www.standardandpoors.co.jp>

An insurer rated "A" has strong financial security characteristics to fulfill insurance policy obligations, but is somewhat more likely to be affected by adverse business conditions than are insurers with two higher ratings ("AAA", "AA").

*The above-mentioned ratings express the certainty of an insurance company's ability to pay insurance claims, and are not guarantees for payment of insurance claims.

*The above-mentioned ratings are based on information and data up to the time of each rating, and are subject to change in the future.

*Nippon Life received the above-mentioned ratings from R&I, Fitch and S&P after officially requesting them and providing detailed information for more accurate evaluation.

Plus (+) or minus (-) signs following the above ratings show relative standing within the major rating categories.

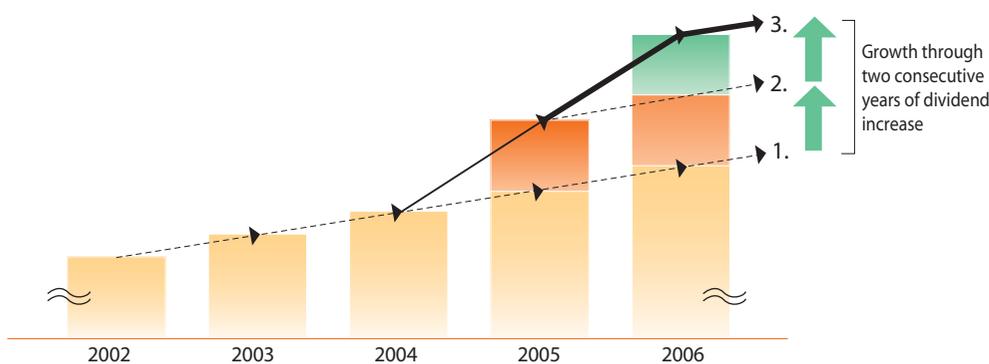
Increased Policyholder Dividends for the Second Consecutive Year

Nippon Life strengthened its financial foundation in fiscal 2005, attaining its goal of ¥3 trillion in foundation funds (kikin) and reserves. We are allotting gains generated by this reformed foundation as dividend resources, further enhancing dividend discounts.

Concerning individual insurance and individual annuities, we are increasing management dividends primarily on level premium policies for the first time in 23 years. In addition, we are increasing specified health-related dividends for the second consecutive year.

Diagram of Dividend Increase on EX Series (Policies from April 2, 1999)

1. Trend of dividend calculated at fiscal 2003 level
2. Trend of dividend calculated at fiscal 2004 level
3. Trend of dividend calculated at fiscal 2005 level



Policyholder Dividends in Mutual Companies

Life insurance premiums are generally calculated based upon the principle of balancing revenues and expenditures. (See p.23 for more details on setting insurance premiums). Because life insurance contracts are long-term agreements, however, actual conditions may turn out different than expectations due to changes in the economic environment, increasing management efficiency or other factors. In the event that a surplus is generated by the difference between expectations and actual conditions, cash to be distributed to policyholders based on policy terms is deemed as policyholder dividends.

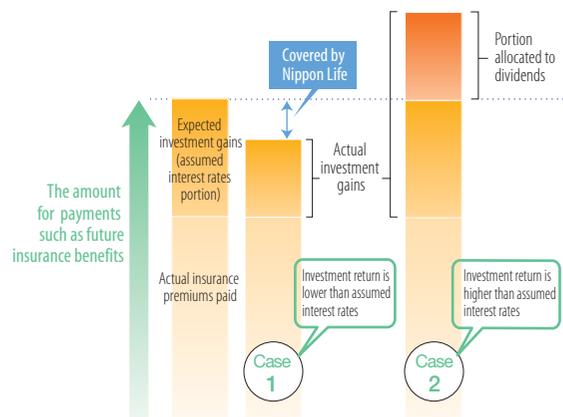
In fact, policyholder dividends could be classified, by nature, as post-settlement of insurance premiums that were originally calculated based upon assumed rates.

Life insurance contracts can be broadly classified into two categories, namely “participating insurance” where dividend payments are distributed, and “nonparticipating insurance” where no dividend payments are distributed.

Nippon Life employs a “participating insurance” mutual company format in which all policyholders are counted as members. Business profits are deemed “surplus,” the majority of which is returned to participating insurance policyholders as policyholder dividends.

Dividend Framework (Portion Related to Assumed Rates)

The figure on below shows the framework for dividends based on assumed rates. Insurance premiums are calculated while discounting investment gains based on assumed rates. Even if actual investment profits are lower than expected, as in case number one in the figure, Nippon Life guarantees this discount on insurance premiums to stay the same.



For Greater Customer Satisfaction

Under the slogan “Consistent Protection. Superior Services.” all Nippon Life employees are working in unity to further enhance customer satisfaction by offering better service.

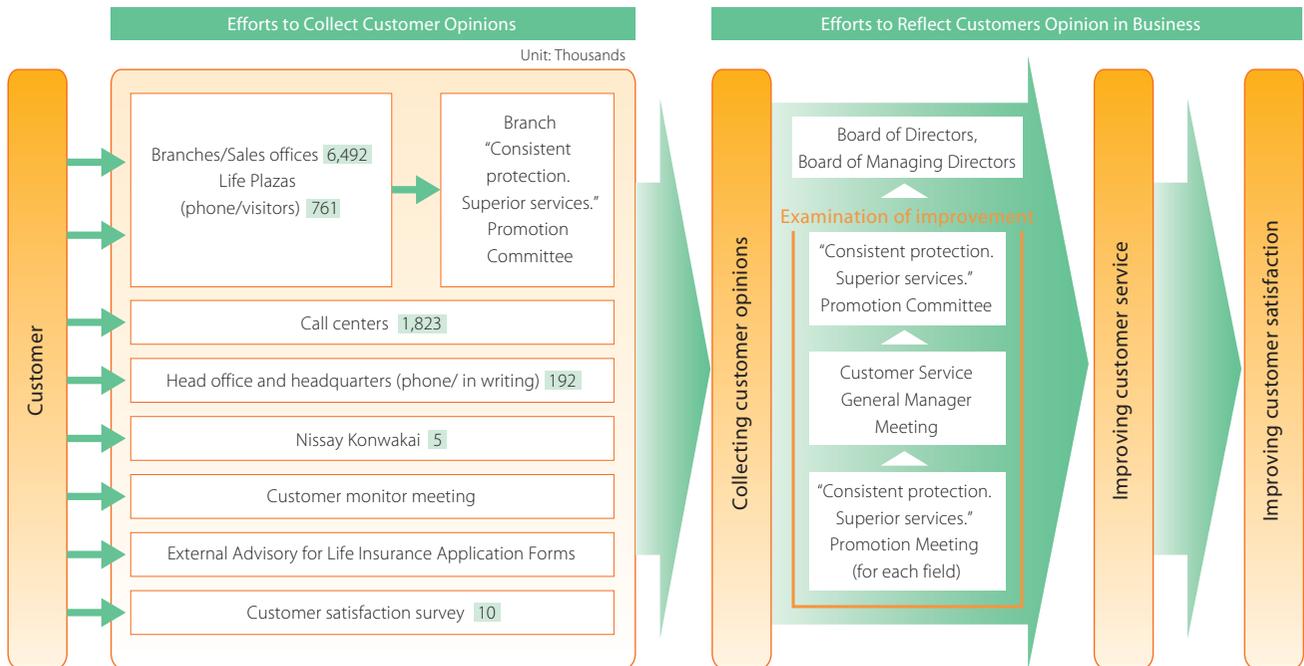
We believe that the first step to doing so is to listen attentively to customer opinions and requests, and to do everything possible to eliminate sources of inconvenience. Heeding customer opinions, we are working to implement improvements proposed by our sales representatives on the front lines, and continually striving to improve services.

Sales representatives at nationwide branches, sales offices, Life Plazas and call centers (Tokyo, Osaka) respond on the spot to individual customer opinions. Matters requiring a Company-wide response are submitted to headquarters, and a response is then evaluated and implemented.

We also hold Nissay Konwakai every year at all branches throughout Japan, which are attended by the members of the Meeting of Representatives and directors, in further efforts to gather a broad sampling of customer opinions and requests.

We are also focused on making notices, pamphlets and other materials that are easy for customers to understand. We hold Customer Monitor Meetings and meetings of the External Advisory Board for Life Insurance Application Forms, attended by outside experts from whom we receive opinions about materials from a customer perspective.

Nippon Life began conducting an annual customer satisfaction survey in 2002. Various meetings composed of directors and general managers from each department consider and deliberate upon customer opinions categorized following the survey, and Nippon Life makes every effort to reflect these opinions in its business activities. In fiscal 2005, Nippon Life implemented 247 such improvement measures based on customer opinions, concerning its administrations and services.



* Figures represent the number of opinions from customers

Efforts to Elicit Customer Opinions

■ Improvement Measures Based upon Customer Opinions

• Consolidating Opinions at Branches, Sales Offices and Life Plazas

Customer opinions and requests are received at service counters or by telephone at nationwide branches, sales offices, Life Plazas and other means. These are entered on a customer opinion sheet, and issues from among them that require improvements are collected and categorized. These issues are examined at monthly branch and other meetings. Issues that can be quickly improved upon are addressed on the front lines of sales operations, while issues that require improvements throughout the entire Company, such as with system development or revision of materials, are communicated to headquarters as improvement proposals.

• Efforts at Call Centers, Head Offices and Headquarters

Head offices and headquarters work in unity with sales representatives on the front lines to respond rapidly to customer opinions and requests received by telephone or in writing at call centers, head offices and departments at headquarters. Issues noticed by employees at the head offices and headquarters during their responses to customers are gathered as improvement proposals, and taken up in respective departments in an effort to enhance business operations and services.

■ Nissay Konwakai (see p.50)

Nissay Konwakai are roundtable conferences that have been held annually since 1975 as forums to explain Nippon Life business activities to policyholders throughout Japan, and to receive opinions and inquiries regarding overall management, products and services. In fiscal 2005, Nissay Konwakai were held in 110 locations around Japan, with total attendance of 2,431 (up 51 from a year earlier) including 89 members of the Meeting of Representatives and 2,342 policyholders and others. A total of 4,525 (up 206 from a year earlier) opinions and requests were submitted. We are working to reflect these opinions and requests in business operations.

■ Customer Monitor Meeting

In order to directly receive opinions from outside experts, as well as obtain proposals from them regarding the condition of customer needs and improvement measures regarding overall customer service activities, and to use these opinions and proposals in future improvement measures, Nippon Life began hosting Customer Monitor Meetings in 2000.

We have currently commissioned 10 monitors in both Tokyo and Osaka who have corporate or academic experience in the field of consumer relations, and these monitors hold meetings four times per year (two times each in Tokyo and Osaka).

We have received opinions regarding our customer satisfaction surveys (see p.10), customer notices, disclosure reports, TV commercials and official website, and are utilizing these to make concrete improvements.

■ Meetings of the External Advisory Board for Life Insurance Application Forms

Nippon Life has been holding meetings of the External Advisory Board for Life Insurance Application Forms since fiscal 2001. These are held in order to receive opinions regarding customer materials such as policies and procedural forms from a customer perspective, with the goal of creating materials that are easy for customers to understand.

Nippon Life has commissioned external advisory specialists for consumer affairs as advisors, with eight advisors in Tokyo and five advisors in Osaka. These advisors hold six meetings annually (one in Tokyo and five in Osaka). In fiscal 2005, Nippon Life received their opinions regarding *Iryo Meijin EX* prospectuses and pamphlets, notices sent at the time of policy enrollment, application forms and other materials. We are working to make improvements to these materials.

Improvement proposals from customer opinions (fiscal 2005)

(Unit: cases)

	Improvement proposals	
		Increase
Branches, Sales offices	13,784	2,916
Life Plazas	6,240	3,059
Call centers	2,126	456
Head offices, Headquarters	9,168	(107)
Total	31,318	6,324

■ Customer Satisfaction Survey

Nippon Life has commissioned outside institutes to conduct annual surveys since fiscal 2002 in order to obtain appraisals and opinions of its products and services, and to promote initiatives aimed at further improving customer satisfaction and administration.

Results of the survey are analyzed by departments responsible for related areas, and are widely utilized during the development of new products and the revamping of services.

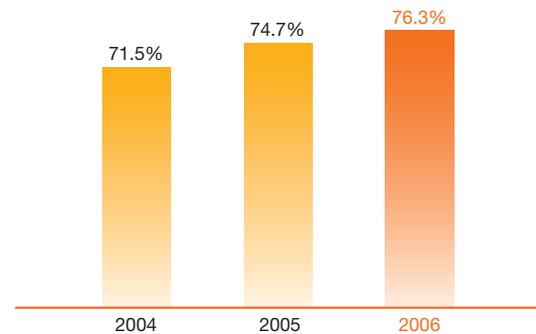
In addition to reporting survey results to internal committees, executive meetings, Meetings of Representatives and Board of Trustee Meetings, we also receive opinions regarding the results at Customer Monitor Meetings. (See p.9).

Survey Overview

- Once per year, every September
- Usable answers received from approximately 10,000 policyholders
- Questions cover 150 items in 28 categories such as
 - Responsiveness of sales representative
 - Currently held policies
 - Application procedures for new contracts
 - Procedures for continuing contracts
 - Content of notifications and pamphlets
 - Reliability of Nippon Life
- The options “satisfied,” “partially satisfied,” “partially dissatisfied,” and “dissatisfied” are given concerning the level of customer satisfaction

Overall Customer Satisfaction as Measured by the Customer Satisfaction Survey

*Percent of customers who answered “satisfied” or “partially satisfied”



Efforts to Reflect Customer Opinions in Business Activities and Examples of Improvements

Nippon Life believes that each and every customer opinion and request is an important hint about how to improve services, and keeps a record on customer opinion sheets. Issues that arise concerning operations are examined at “Consistent protection. Superior services.” promotion meetings held monthly at branches around Japan, and then consolidated at Headquarters. After these have been deliberated upon by departments responsible for those areas, directors and department representatives at monthly Customer Service General Manager Meetings and at quarterly “Consistent protection. Superior services.” promotion meetings investigate action countermeasures. The status of customer opinions is also reported to the Board of Directors and Board of Managing Directors.

Business improvements based upon customer opinions during fiscal 2005 totaled 247, bringing the seven-year cumulative total since fiscal 1998 to 968.

The next sections introduce prime examples of improvements made based upon customer opinions during fiscal 2005.

■ Examples of Improvements Based on Customer Opinions

● Greater Convenience for Customers

“I would like for there to be a branch where it is easy to stop by.”

Nippon Life opened Life Square Umeda, a small branch office in the underground shopping area near Osaka Station and Umeda Station. The branch offers a variety of information relevant to daily life, as well as consulting and other services. (From October 2005)



“I want to be able to make inquiries using my mobile phone for free.”

Customers may now call the Nissay Call Center free of charge from their mobile phones and PHS devices. (From March 2006)



● Improved Provision of Information to Customers

“I would like to have more medical and health-related information.”

Nippon Life now publishes the magazine “SALUTE” that contains medical and health-related information. Sales representatives hand out copies of SALUTE when visiting customers. (From March 2006)



“I would like to see some data regarding insurance put together in a booklet.”

Nippon Life produced “Nissay Data 2006,” a booklet containing diverse data to enable customers to understand the amount of insurance coverage needed at different times of their lifecycle. (From March 2006)



“I would like to have materials about policy content that are easier to understand.”

Nippon Life now publishes “Consistent protection. Superior services.” information, which explains policy content and free services in an easy-to-understand format. (From March 2006)



“I would like to have some materials that show a comparison of various types of insurance.”

Nippon Life has produced an “Asset Formation Product Comparative Prospectus,” which compares an array of Nippon Life insurance types, enabling customers to easily understand the products they are purchasing. (From March 2006)



● New Product Development

“I wish there were a broader lineup of medical and nursing care products.”

In addition to insurance coverage against hospitalization and surgery, Nippon Life also launched its *Iryo Meijin EX* medical coverage for customers 50 years of age and over for provision against serious conditions including the three dread diseases, lifestyle related diseases, organ transplants and other diseases. (From September 2005)



● Expansion of Easy-to-Understand Administration and Services

In fiscal 2005, Nippon Life worked to: Improve the layout of application forms and procedural forms (123 items), Revise notifications and booklets (46 items) and Make policies and pamphlets easier to understand (24 items).

In addition, we revised internal documents and manuals, and worked to improve system responsiveness, and other administrative procedures and services encompassing a total of 247 improvement items.

“Specialized terms in contract clauses are difficult to understand.”

Difficult legal, medical and other terms in contract clauses have been revised to make them easier to understand, including the addition of phonetic spellings beside difficult Japanese terms, and explanatory notes for specialized terms. (From March 2006)

“I would like to have easy-to-understand information about serious disability claim procedures and conditions that qualify for payments.”

Nippon Life created new guidance materials that make it simpler for customers to understand serious disability claim procedures and conditions that qualify for payments. (From March 2005)

“I wish the forms were easier to fill out.”

The forms actually used have been made to more closely resemble example forms. Diagrams have been included, and the overall procedure for forms has been reviewed. (From March 2006)

“I would like someone to explain the content of riders to me.”

New functions have been added to the portable PC terminals of sales representatives (“Duo”), helping customers to understand content of riders more easily through image and voice explanations. (From October 2005)

● Efforts to Enhance Corporate Image

“I would like Nissay to make some TV commercials that leave a lasting company impression.”

Our recent TV commercials include themes such as “for the ones you love,” represented in different versions: “At a train ticket gate” “Safe!! (At a baseball game)” and “Pillar of strength.” The commercials show Nippon Life’s passion to remain a leader in the life insurance business. (From April 2005)



“I believe Nippon Life should do more to publicize its social and public activities.”

Nippon Life has produced a booklet that presents its social contribution activities. We have also produced a TV commercial about the “Nissay Planting and Nurturing Forests for Future Generations” campaign, which is being widely broadcast. (From March 2006)



Summary of Performance (See p. 13–15 for details)

■ Individual Market Sales

- New policies for the individual market saw a year-on-year increase of 6.3% based on insurance premiums and an increase of 4.9% in the number of new policies. The amount of death protection, however, declined 15.4% year on year.
- Nippon Life expanded its lineup of *Ikiru Chikara EX* policies, offering new death protection advantage plan, medical coverage advantage plan and balanced plans. In addition, we introduced new *Iryo Meijin EX* medical life insurance policies in September 2005 for customers 50 years of age and over, selling 64,000 policies in a six-month period. With 79,000 new policies being reached, sales of single-premium products with high savings components increased approximately 20% compared with the previous fiscal year, partially due to a rise in assumed interest rates in February 2006.
- Policies in force as of March 31, 2006 decreased year on year by 4.6% in terms of the amount of death protection, with declines of 0.8% in terms of insurance premiums and 2.3% in the number of policies. Establishing an earnings structure through a recovery in policies in force remained a key issue.

■ Corporate Market Sales

- The amount of group insurance policies in force rose 2.0% compared with the previous fiscal year, in spite of contraction in the overall market.
- The value of group annuities in force remained at approximately the same level as the previous fiscal year, with increases in investment returns and other factors offsetting the impact remaining from the return of employees' pension funds that had been managed for the government (*Daiko Henjo*).
- As a defined contribution pension investment and management organization, Nippon Life concluded 98 new agreements, bringing the total to 291 and maintaining its leading performance among such organizations.
- In the field of non-life insurance, Nippon Life continued to promote sales of non-life insurance through sales representatives working as agents of Nissay Dowa General Insurance, and pressed ahead with efforts to jointly develop business in the corporate market with Nissay Dowa General Insurance.
- Nippon Life also implemented measures to expand overseas life insurance operations in the United States, China, the Philippines, and Thailand.

■ Asset Management

- We continued activities aimed at enhancing profitability, including adjusting the composition of our domestic and foreign stock portfolio with a focus on growth potential and shareholder dividends, as well as accumulating foreign bonds at times when the value of the yen appreciated. Dividend income from domestic stocks reached a record ¥118.3 billion, leading to a year-on-year increase of 9.1% in interest, dividend and other income, and contributing significantly to growth in core operating profit.

■ Underwriting and Benefit Settlement Examinations

- Nippon Life continued its efforts to train specialists responsible for assessment. At the same time, we implemented initiatives to strengthen our assessment systems in response to the growing complexity of assessments for benefit settlement. Through the initiatives of the Medical Information Department newly established at the end of the previous fiscal year, we worked to expand the scope of our underwriting, including a review of daily benefit standards for hospitalization riders.

■ Customer Service

- Sales representatives on the front lines collaborate closely with headquarters to examine customer opinions and requests. In fiscal 2005, we implemented 247 improvement measures, including the creation of easier-to-understand customer notifications.

■ Social and Public Activities

- Nippon Life implemented environmental initiatives based upon its ISO14001 certification, which was obtained four years ago. Through our "Nissay Planting and Nurturing Forests for Future Generations" campaign, we planted and nurtured trees in 20 locations around Japan as part of our forest preservation activities.
- In cultural activities, we presented approximately 200,000 children with invitations to Nissay Masterpiece Theater.

Revenues and Expenditures (See p. 16 for details)

- Core operating profit, which indicates basic profitability conditions, increased 15.2% year on year to ¥633.6 billion. Operating income, which is core operating profit plus net capital gains/losses and extraordinary profits and losses, rose 24.2% to ¥443.7 billion.
- The surplus in the current year, which reflects operating income after such adjustments as extraordinary losses and income taxes, increased 17.4% year on year to ¥229.8 billion.

Assets (See p. 17 for details)

- Total assets as of March 31, 2006 increased ¥3,983.1 billion from a year earlier to ¥50,542.5 billion.
- The foundation funds (*kikin*) and reserves for unexpected risks totaled ¥3,179.1 billion, exceeding our target of ¥3 trillion. Primary

factors included an additional offering of ¥150.0 billion in foundation funds, as well as accumulations of ¥154.6 billion in contingency reserves and ¥51.0 billion in reserve for price fluctuations.

Summary of Performance

The Japanese economy in the fiscal year ended March 31, 2006 underwent a modest recovery on the back of improved corporate earnings and increases in capital investment. The momentum, however, did not sufficiently carry over to the household sector in areas such as personal consumption.

The life insurance industry emerged from a period of severe operating conditions and exhibited signs of an upturn through the rise of stock prices and the management efforts of companies in the industry. On the other hand, consumer confidence toward the life insurance business was shaken as a result of incidents of improper non-payment of insurance benefits.

Against this backdrop, Nippon Life got off to a fresh start under a new management team, working to recover insurance results, strengthen profitability, and bolster its business foundation. At the same time, Nippon Life made further progress with efforts to ensure thorough legal compliance, including the protection of personal information, and to reflect in its business the opinions of customers and sales representatives on the front lines of sales operations. In addition,

we continued with endeavors to improve our systems for payment of insurance claims and benefits, establishing a new Claims Examination Management Office.

During the fiscal year under review, Nippon Life saw signs of recovery in its insurance results, achieving increases in annualized premiums on new policies and number of policies sold, as well as improvements in the decrease of policies in force. The number of policies in force did continue to decline, however, leaving issues to be faced. In terms of earnings and financial soundness, core operating profit rose and Nippon Life steadily accumulated foundation funds (kikin) and reserves*, achieving its goal of ¥3 trillion and strengthening its financial foundation. With the reinforced financial foundation supporting an improvement in profitability, Nippon Life plans to expand dividend returns to customers.

Main initiatives and results in each sector were as follows.

*Foundation funds and reserves refers to the foundation funds (kikin), which represents the capital of a mutual company, together with contingency reserves and reserve for price fluctuations accumulated to respond to various risks.

■ Individual Market Sales

On the product front, we expanded our lineup of *Ikiru Chikara EX* policies, offering new death protection advantage plan, medical coverage advantage plan and balanced plans. In response to rising medical coverage needs among middle-aged customers, we introduced new *Iryo Meijin EX* medical life insurance policies in September 2005 for customers 50 years of age and over, selling 64,000 policies in a six-month period. With a close watch on investment conditions such as the movement of market interest rates, we raised assumed interest rates on single-premium products in February 2006, which spurred sales of 79,000 of these products, an approximate 20% year-on-year increase.

Concerning our sales network, the number of sales representatives* decreased by 479 year on year to 50,727 as of March 31, 2006. However, efforts to strengthen education and training of sales representatives, and thoroughgoing customer visitation initiatives led to greater customer satisfaction and an increase in the number of policies sold.

Nippon Life has been working to bolster life insurance agencies as one of its primary sales channels to complement the sales representative channel. The number of agencies increased by 561, bringing the year-end total to 6,925. We also strived to upgrade our insurance sales at banks, introducing an array of specialized products in response to the further lifting of restrictions on banks' handling of

insurance products in December 2005.

To meet a diversifying array of customer needs and lifestyles, we continued with initiatives to enhance the services of our customer service channels, including Life Plazas (customer service counters), branch service counters, and expanded calls and visits to customers outside of regular business hours, including on weekends.

As a result of these initiatives, annualized premiums on new policies increased 6.3% compared with the previous fiscal year, and the number of policies sold rose 4.9%. The value of new policies as of March 31, 2006, calculated as the total of such items as the death protection amount, declined 15.4%. This was due to a higher ratio of products with low or no death protection coverage as a proportion of the total number of products sold. These included products within the three new *Ikiru Chikara EX* plans, including medical coverage advantage plans with relatively low death protection amounts and the *Iryo Meijin EX* policy, which has no death protection attached, as well as individual annuities and other products.

Though the decline in value of policies in force as measured by the total death protection amount improved 7.9% year on year, the decline still exceeded the value of new policies.

*The number of registered sales representatives does not include sales management and part-time sales staff.

Performance of Individual Insurance and Individual Annuities

		(Unit: Billions of Yen, %)			
As of March 31		2006	Rate of increase	2005	2004
Total of individual insurance and individual annuities	Amount of new policies	¥15,347.8	(15.4)%	¥18,151.3	¥19,468.1
	Decrease in amount of policies	27,688.1	(7.9)	30,058.3	35,826.9
	Annualized premiums on new policies	272.6	6.3	256.4	250.7
	Number of policies sold (thousands)	1,340	4.9	1,270	1,390

Notes: 1. Value of new policies and annualized premiums on new policies includes net increase due to conversions.

2. Number of policies sold represents the total of new policies and policies after conversions.

3. Amounts for new policies and decrease in policies represent the total sum of: individual insurance coverage amount, individual annuity resources amount (in the case of policies prior to the start of annuity payments, amount of future annuity payments is translated to value at the start of annuity payments) and policy reserves total amount (in the case of policies after the start of annuity payments, amount of reserves accumulated for future payments of annuities and others.)

4. Annualized premiums, the amount for an entire year, are calculated using coefficients based on the premium payment method. (The premium divided by the coverage period is used for single payments.)

As a result of the aforementioned, the amount of policies in force as of March 31, 2006, as measured by the total of such items as death protection amount, decreased 4.6% compared with a year earlier. Annualized premiums for policies in force edged down 0.8% year on

year, while the number of policies in force slipped 2.3%. Nippon Life will continue efforts to firm up its revenue structure through a recovery in policies in force.

Performance of Individual Insurance and Individual Annuities

As of March 31		2006	Rate of increase	2005	2004
Total of individual insurance and individual annuities	Amount of policies in force	¥254,073.2	(4.6)%	¥266,413.5	¥278,320.5
	Annualized premiums for policies in force	3,302.2	(0.8)	3,330.4	3,386.7
	Number of policies in force (thousands)	15,950	(2.3)	16,340	16,860

(Unit: Billions of Yen, %)

■ Corporate Market Sales

Amid the diversifying range of corporate benefit plans and the continuing transition to new corporate retirement allowance and annuity systems, Nippon Life promotes an array of precise consulting services and proposals.

In the field of group insurance, the entire Company worked to expand sales to regional public organizations. In response to diversifying corporate and employee needs, Nippon Life developed dread disease term riders for group credit life insurance and other products. Group insurance policies in force increased 2.0% year on year in spite of contraction in the overall market.

In the field of group annuities, we worked to provide better education and information to employees about defined contribution pensions, and entered the small and medium-size enterprise market by offering comprehensive plans. These efforts were focused on the entrustment of management institutions that play a central role in systems administration. The amount of group annuities remained largely unchanged from a year earlier, with increases in investment

returns offsetting remaining impact from the return of employees' pension funds that had been managed for the government (*Daiko Henjo*). Annuity assets managed by the Nippon Life Group, including Nissay Asset Management Corporation ("Nissay Asset"), edged down 0.9%* from a year earlier due to impact from policy cancellations by large organizations. As a defined contribution pension investment and management organization, Nippon Life obtained 98 new agreements, bringing the total to 291 agreements and reinforcing its leading position among such organizations.

We also strengthened efforts to expand into new fields by enhancing collaboration between sales representatives and corporate marketing managers.

*From the fiscal year ended March 31, 2006, fair value figures are used for the balance of managed annuity assets of Nissay Asset. Accordingly, rate of increase figures are calculated using the fair value for Nippon Life's balance of managed annuity assets as of March 31, 2005.

Year-End Value of Group Insurance and Group Annuity Policies

As of March 31		2006	Rate of increase	2005	2004
Total group insurance (Coverage amount)		¥83,518.7	2.0%	¥81,864.6	¥80,415.3
	General welfare group term life insurance	24,122.8	3.2	23,374.9	22,826.8
	Optional group term life insurance	23,448.8	1.0	23,211.5	23,165.3
	Group credit insurance	35,897.9	1.9	35,228.3	34,372.7
Group annuities (Policy reserves amount)		8,800.0	0.0	8,797.1	9,425.5
	Separate account	1,868.9	7.9	1,731.5	1,923.3

(Unit: Billions of Yen, %)

Notes: 1. Value of new group insurance policies (increase in premiums and the net increase in premiums from midterm enrollment and withdrawals) for the fiscal year ended March 31, 2006 was up 44.9% to ¥10,511.9 billion, and the decrease in value of policies rose 52.6% to ¥8,857.7 billion.

2. Policy reserves are provisions accumulated for the payment of future annuities and benefits.

● Non-Life Insurance Field & Overseas Operations

In the field of non-life insurance, Nippon Life continued to promote sales of non-life insurance through sales representatives working as agents of Nissay Dowa General Insurance, and pressed ahead with efforts to jointly develop business in the corporate market with Nissay Dowa General Insurance. We also received non-life insurance corporate marketing manager from Nissay Dowa General Insurance

and others in an effort to firm up our sales structure in this business.

Nippon Life also pressed ahead with measures to expand overseas life insurance operations in the United States, China, the Philippines, and Thailand. We will work to accelerate the growth of this business platform, as the overall scale and revenue contributions of this business have not yet achieved sufficient levels.

Performance at Nissay Dowa General Insurance Company, Limited

As of March 31		2006	Rate of increase	2005	2004
Net premiums (Coverage amount)		¥321.7	(0.0)%	¥321.8	¥322.3

(Unit: Billions of Yen, %)

■ Asset Management Field

In the general account, along with accumulating public and corporate bonds expected to provide stable interest income as investment assets, we pushed forward with efforts to improve profitability. We adjusted the composition of our portfolio of domestic stocks with a focus on stocks with growth potential and the ability to provide stockholder returns such as dividends in the mid- to long-term. In foreign securities, while maintaining an awareness of risks related to fluctuating exchange rates, we purchased more foreign bonds in the first half of the year due to the appreciation of the yen. We also invested in securities backed by housing loans as the core focus of our investments in domestic asset-backed securities, which yield relatively high returns.

As a result of these endeavors, interest, dividend and other income climbed 9.1% over the previous fiscal year, with dividend income from domestic stocks reaching a record ¥118.3 billion.

Main Asset Management-Related Revenues and Expenditures

(Unit: Billions of Yen, %)				
Fiscal years ended March 31	2006	Rate of increase	2005	2004
Investment income	¥1,677.7	30.2%	¥1,288.3	¥1,545.0
Interest, dividend and other income	1,070.0	9.1	980.4	980.0
Gains on the sales of securities	174.2	(13.6)	201.7	188.7
Gains from separate account	388.0	351.6	85.9	348.4
Investment expenses	291.7	38.4	210.8	188.5
Losses on sales of securities	114.7	117.2	52.8	57.2
Losses on valuation of securities	8.8	(71.6)	31.1	23.3
Net proceeds from investments	1,386.0	28.6	1,077.5	1,356.5
Proceeds from investments in the general account	998.0	0.6	991.6	1,008.1

Note: Net investment income/expenses for the separate account is shown as net amount of gains from separate account and losses from separate account.

Investment Return (General Account)

(Unit: %)			
Fiscal years ended March 31	2006	2005	2004
Investment return	2.37%	2.42%	2.48%

Note: Investment return is calculated as follows:

$$\frac{\text{Investment income minus investment expenses, plus valuation gains (under Insurance Business Law Article 112)}}{\text{Average daily asset balance for the year (calculated using the daily average balance method)}}$$

■ Underwriting and Benefit Settlement Examination

While promoting the training of specialists responsible for underwriting and benefit settlement assessment, Nippon Life worked to strengthen its assessment systems to respond to the increase in the growing number and greater complexity of assessments for payments, which is due to the greater variety of products. At the Medical Information Department, which was newly established at the end of the previous fiscal year, we conducted analysis of accumulated mortality and medical data, as well as studies on medical technology including rapidly advancing surgical and testing techniques. Such endeavors led us to reexamine daily benefit standards on hospitalization riders, expand the scope of underwriting, and develop *Iryo Meijin EX* policies with expanded coverage for eligible surgeries and serious diseases.

■ Customer Service

Aiming to improve customer satisfaction, we are redoubling our system for ensuring that management reflects the opinions of customers and sales representatives on the front lines. In addition to taking up improvement proposals based upon customer opinions, sales representatives from the front lines and headquarters are banding together to formulate improvement measures with the aim of implementing customer proposals. During the fiscal year under review, we implemented 247 improvement measures, including the

Unrealized gains on domestic stocks nearly doubled from ¥2,967.0 billion a year earlier to ¥5,837.7 billion as of March 31, 2006, which is equivalent to 1.2 times of the book value (¥4,070.0 billion).

In the separate account, higher stock prices led to ¥388.0 billion in proceeds from investments, which were recorded as gains from separate account.

As a result, net proceeds from investments, which represent investment income less expenses for investment, totaled ¥1,386.0 billion, an increase of 28.6% over the previous fiscal year.

Net proceeds from investments in the general account edged up 0.6% to ¥998.0 billion, for a return on investment of 2.37% (2.42% in the previous fiscal year). In addition, return on investment for the first treaty comprehensive account (separate account for group annuities), which makes up a large portion of separate account investment assets, was 21.08% (4.44% in the previous fiscal year).

First Treaty Comprehensive Account (Separate Account for Group Annuities)

(Unit: %)			
Fiscal years ended March 31	2006	2005	2004
Investment return	21.08%	4.44%	17.25%
(Reference)	Average performance for past three years 14.03%	Average performance for past five years 4.63%	Average performance for past seven years 3.42%

creation of easier-to-understand customer notifications. In June 2005, we obtained ISO9001 certification, the international standard for quality assurance management, for creation of product explanation materials.

■ Social and Public Activities

In addition to the activities in the above areas, Nippon Life also took the following measures.

We continued our progress in environmental protection activities based upon ISO14001 certification, which we obtained four years ago. We also pressed ahead with forest preservation activities through the "Nissay Planting and Nurturing Forests for Future Generations" campaign, planting and nurturing trees in 20 locations throughout Japan during fiscal 2005. Since fiscal 1992, we have planted approximately 1.13 million trees at 167 locations throughout Japan.

In the area of cultural activities, during the year we invited approximately 200,000 children to the Nissay Masterpiece Theater, which raised the total number of children that have participated in the program since 1964 to around 6.44 million, continuing our persistent efforts.

Revenues and Expenditures

■ Operating Income

Total revenues were ¥6,839.4 billion, a year-on-year increase of 6.9% (1). Revenues came mainly from income from insurance and reinsurance premiums, which edged up 0.3% to ¥4,842.2 billion, and from investment income, which climbed 30.2% to ¥1,677.7 billion.

Total expenditures were ¥6,395.6 billion, a year-on-year increase of 5.9% (2). The main sources of expenses were insurance claims and other payments, which dropped 4.4% to ¥4,442.3 billion, provision for policy reserves and others, which jumped 244.0% to ¥662.8 billion, and operating expenses, which declined 1.6% to ¥536.3 billion.

As a result, operating income was ¥443.7 billion, a year-on-year increase of 24.2% (3).

Core operating profit, which indicates operating income minus net capital gains/losses and extraordinary gains/losses, was ¥633.6 billion, a rise of 15.2%. (Please refer to p.6).

■ Extraordinary Profits and Losses

Extraordinary profits totaled ¥1.3 billion, down 96.7% year on year, and extraordinary losses were ¥166.3 billion, down 10.9% year on year, due to the recording of ¥77.8 billion in losses in accordance with the application of accounting standards related to impairment of fixed assets, and due to ¥51.0 billion in provision for reserve for price fluctuations of investments in securities (4).

■ Surplus in the Current Year

The surplus in the current year, which reflects operating income after such adjustments as extraordinary profits and losses, and income taxes, was ¥229.8 billion, an increase of 17.4% year on year (5).

Transfers to Reserve for Dividends to Policyholders

The minimum percentage of the surplus for distribution that is transferred to the reserve for dividends to policyholders (calculation method is given on the right) is stipulated in the Company's Articles of Association.

Applying Article 29 of the Enforcement Ordinance of the Insurance Business Law, Nippon Life has set the minimum amount in the Articles of Association to 20.0%. In fiscal 2005, 100.6% of the surplus for distribution was transferred. The reason that the ratio is over 100% is that, based upon provisions of Article 27 of the Enforcement Regulation of the Insurance Business Law, "Year-end surplus for distribution increased by fair value" was deducted from the denominator of the transfer ratio.

Fiscal 2005 Unappropriated Surplus

$$\frac{\text{The reserves for dividends to policyholder (c)}}{\text{Unappropriated surplus}} \times 100 = 100.6\%$$

$$[\text{b} - (\text{a} + \text{d} + \text{e} + \text{f}) + \text{Year-end surplus for distribution increased by fair value (¥2.4 billion)}]$$

Main Items in Statements of Operations

(Unit: Billions of Yen)

Fiscal years ended March 31	2006	2005	2004
TOTAL INCOME			
+ Total revenues (1)	¥6,839.4	¥6,398.0	¥7,101.9
Income from insurance and reinsurance premiums	4,842.2	4,829.7	5,142.8
Investment income	1,677.7	1,288.3	1,545.0
Interest, dividend, and other income	1,070.0	980.4	980.0
Gains on the sales of securities	174.2	201.7	188.7
Gains from separate accounts, net	388.0	85.9	348.4
Other revenues	319.4	279.8	413.9
— Total expenditures (2)	6,395.6	6,040.5	6,735.7
Insurance claims and other payments	4,442.3	4,647.8	5,422.8
Provision for policy reserves and others	662.8	192.6	72.5
Provision for policy reserves	623.8	151.6	29.1
Expenses for investment	291.7	210.8	188.5
Losses on sales of securities	114.7	52.8	57.2
Losses on valuation of securities	8.8	31.1	23.3
Operating expenses	536.3	545.2	558.9
Other expenditures	462.4	444.0	492.7
= Operating income (3)	443.7	357.4	366.1
EXTRAORDINARY PROFITS AND LOSSES			
+ Extraordinary profits (4)	1.3	42.0	23.1
Reversal of allowance for doubtful accounts	—	37.3	16.5
— Extraordinary losses (4)	166.3	186.7	136.6
Losses on disposal of assets	36.0	47.6	23.0
Impairment losses	77.8	—	—
Provision for reserve for price fluctuations of investments in securities	51.0	135.0	105.0
Losses on valuation of real estate	—	2.4	1.6
= Extraordinary profits (losses)	(164.9)	(144.7)	(113.5)
= Surplus before income taxes	278.8	212.6	252.6
— Income taxes, current	142.9	124.0	140.0
— Deferred income taxes	(93.9)	(107.1)	(74.9)
= Surplus in the current year (5)	229.8	195.7	187.4
+ Reversal of revaluation reserve for land	5.7	6.7	3.6
+ Reversal of reserve for assisting social public welfare	a	1.5	2.7
= Unappropriated surplus	236.8	203.9	193.8

Resolutions on Distribution of Surplus

(Unit: Billions of Yen)

Fiscal years ended March 31	2006	2005	2004
UNAPPROPRIATED SURPLUS b	¥236.8	¥203.9	¥193.8
Reversal of voluntary reserves	0.8	4.5	0.7
Reversal of reserves for condensed booking of real estate for tax purpose	0.8	0.7	0.7
Reversal of special account reserve for condensed booking of real estate for tax purpose	—	3.7	—
Surplus for distribution	237.6	208.4	194.6
Reserve for dividends to policyholders c	179.9	146.9	135.1
Net surplus after deduction	57.7	61.4	59.4
Legal reserve for deficiency d	0.7	0.6	0.5
Reserve for redemption of foundation funds e	50.0	50.0	50.0
Foundation funds interest f	3.6	2.8	3.6
Voluntary surplus reserve	3.4	7.9	5.2
Reserve for assisting social public welfare	1.5	1.5	1.5
Reserve for condensed booking of real estate for tax purpose	—	6.4	—
Special account reserve for condensed booking of real estate for tax purpose	1.9	—	3.7

Balance Sheets

■ Assets

Total assets at the end of the year were ¥50,542.5 billion (3), an increase of ¥3,983.1 billion from a year earlier, primarily as a result of increases in the fair value of investment securities. General account assets were ¥48,208.0 billion, an increase of ¥3,797.7 billion from a year earlier (1); and separate account assets totaled ¥2,334.5 billion, an increase of ¥185.3 billion from a year earlier (2).

The following were the main balance sheet items.

Main Balance Sheet Items

(Unit: Billions of Yen)			
As of March 31	2006	2005	2004
ASSETS			
Cash and deposits	¥ 915.0	¥ 364.0	¥ 233.8
Call loans	553.7	363.1	437.4
Monetary receivables purchased	1,391.6	1,456.6	901.9
Trading securities	2.0	2.9	2.9
Money held in trust	177.0	144.6	155.0
Investments in securities	35,283.4	31,331.8	29,999.6
Domestic bonds	16,426.5	16,078.7	15,069.3
Domestic stocks	11,250.7	8,176.6	7,943.3
Foreign securities	7,039.7	6,372.1	6,186.8
Loans receivable	9,999.1	10,317.2	11,011.5
Policy loans	1,263.4	1,325.8	1,371.7
Industrial and consumer loans	8,735.7	8,991.3	9,639.8
Real estate and movables, net of accumulated depreciation	1,708.5	1,800.7	1,838.7
Reinsurance receivable	0.4	0.4	0.4
Other assets	549.4	824.2	773.2
Customers' liabilities for acceptances and guarantees	2.0	—	0.7
Allowance for doubtful accounts	(39.9)	(46.5)	(84.8)
[General account]	(1) [48,208.0]	[44,410.2]	[42,994.3]
[Separate account]	(2) [2,334.5]	[2,149.1]	[2,276.4]
Total assets	(3) ¥ 50,542.5	¥ 46,559.4	¥ 45,270.7

Note: Total separate account assets consist of the assets in separate account for individual variable insurance, separate account for individual variable annuities, separate account for group annuities, and separate account for defined contribution pension.

■ Liabilities and Capital

Policy reserves as of March 31, 2006 totaled ¥39,418.1 billion, a ¥623.8 billion increase from a year earlier (4).

Total foundation funds (including reserve for redemption of foundation funds) were ¥900.0 billion, due to an additional offering of ¥150 billion in August 2005. In the foundation funds, of the portion offered in fiscal 2000, ¥50.0 billion was amortized as initially planned. As a result, reserve for redemption of foundation funds was ¥600.0 billion (5).

Net unrealized gains on securities, net of taxes, were ¥4,110.7 billion, an increase of ¥1,974.9 billion from a year earlier (6).

(Unit: Billions of Yen)			
As of March 31	2006	2005	2004
LIABILITIES			
Policy reserves	¥40,957.4	¥40,391.0	¥40,304.0
Reserve for outstanding claims	227.2	239.2	245.7
Policy reserves	(4) 39,418.1	38,794.3	38,642.6
Reserve for dividends to policyholders	1,312.0	1,357.4	1,415.6
Reinsurance payables	0.4	0.4	0.4
Other liabilities	1,900.2	1,731.4	927.8
Accrued bonus for directors and corporate auditors	0.1	—	—
Accrued severance indemnities	410.8	392.9	451.6
Accrued losses from supporting closely related companies	0.6	0.6	0.7
Reserve for price fluctuations of investments in securities	441.2	390.2	255.2
Deferred tax liabilities	1,380.0	354.9	305.5
Deferred tax liabilities for revaluation reserve for land	181.5	34.9	38.7
Acceptances and guarantees	2.0	—	0.7
Total liabilities	45,274.6	43,296.7	42,285.0
CAPITAL			
Foundation funds	300.0	200.0	250.0
Reserve for redemption of foundation funds	(5) 600.0	550.0	500.0
Reserve for revaluation	0.6	0.6	0.6
Surplus	350.1	314.4	300.7
Legal reserve for deficiency	7.4	6.7	6.1
Voluntary surplus reserve	105.9	103.7	100.6
Unappropriated surplus	236.8	203.9	193.8
Revaluation reserve for land, net of taxes	(93.6)	61.8	68.6
Net unrealized gains on securities, net of taxes	(6) 4,110.7	2,135.7	1,865.7
Total capital	5,267.9	3,262.7	2,985.7
Total liabilities and capital	¥50,542.5	¥46,559.4	¥45,270.7

■ Indicators of Soundness

The foundation funds (kikin) and reserves for unexpected risks totaled ¥3,179.1 billion as of March 31, 2006, an increase of ¥344.4 billion from a year earlier, attaining the targeted level of ¥3 trillion.

Nippon Life's solvency margin ratio increased 282.7 percentage points, and real net assets were ¥10,663.0 billion, an increase of ¥3,108.3 billion from a year earlier.

Non-performing assets (assets classified as requiring special attention or lower), totaled ¥76.5 billion (up ¥2.8 billion from the previous term), which is 0.58% (0.59%* in fiscal 2004) of total assets.

*From the year under review, the ratio is calculated in accordance with revisions to the Enforcement Regulation on the Insurance Business Law, and includes bonds via bond loan transactions with attached cash collateral.

Forward-Looking Efforts to Raise Management Efficiency

Nippon Life has worked aggressively to improve management efficiency. While continuing to promote greater management efficiency and reforms, we will strive vigorously to enhance profitability, soundness, and dividend discounts to customers through progress with concentrated investment to management issues.

■ Efforts to Reduce Expenses

Operating expenses in the fiscal year ended March 31, 2006 were ¥536.3 billion, a reduction of 40.8% since expenses peaked at ¥906.4 billion in fiscal 1992.

While continuing to promote greater efficiency in the area of fixed costs, we also aim to improve mid- to long-term business efficiency by conducting aggressive and focused investment activities to expand earnings and in response to various management issues.

Furthermore, we are moving forward with activities and education related to environmental issues such as reducing the use of paper, electricity, and water by becoming ISO14001 certified at our Osaka head office and Tokyo headquarters. All employees and executives participate in these efforts.

■ Reducing Personnel Costs

By concentrating insurance policy administration at our headquarters and raising the efficiency of indirectly related work such as headquarters staff activity, we were able to reduce the number of non-sales personnel to 10,754 in fiscal 2005, a 23.2% reduction from the peak number in fiscal 1994.

With the aim of implementing an optimal underwriting and benefit settlement examination system, and from the perspective of medium-term training of employees, we also repositioned personnel, adding about 70 to the area of underwriting and benefit settlement examination at the beginning of fiscal 2006.

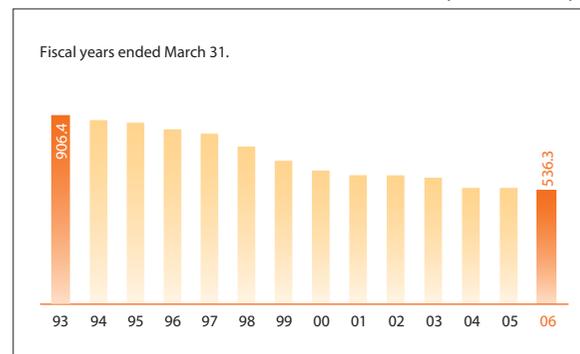
■ Organizational Efforts

The Company is restructuring its sales system to reflect market size and raise efficiency. As a result of this ongoing effort, the number of branches was reduced to 117 by the beginning of fiscal 2006, a decrease of 19.9% from the peak of 146 in fiscal 1995.

Nippon Life will press ahead with efforts to construct an efficient organization that provides services that meet customer requirements and expectations.

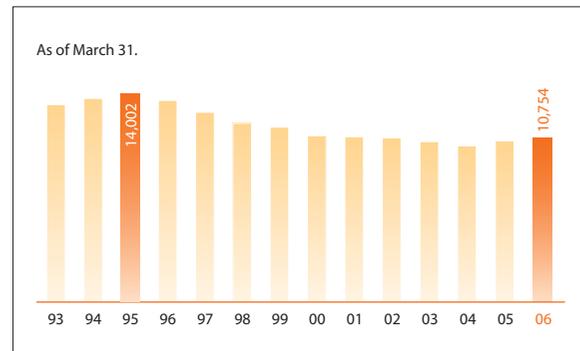
Trends in Operating Expenses

(Unit: Billions of Yen)



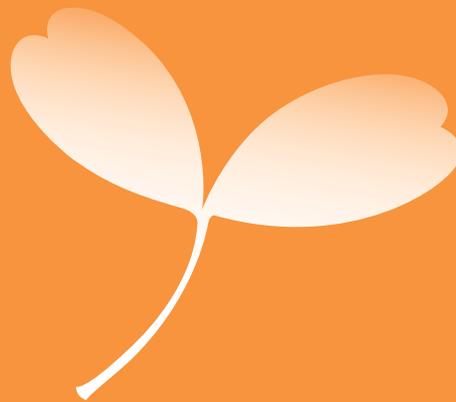
Trends in Non-Sales Personnel

(Unit: Number)



CHAPTER

2



LIFE INSURANCE Q&A FOR CUSTOMERS

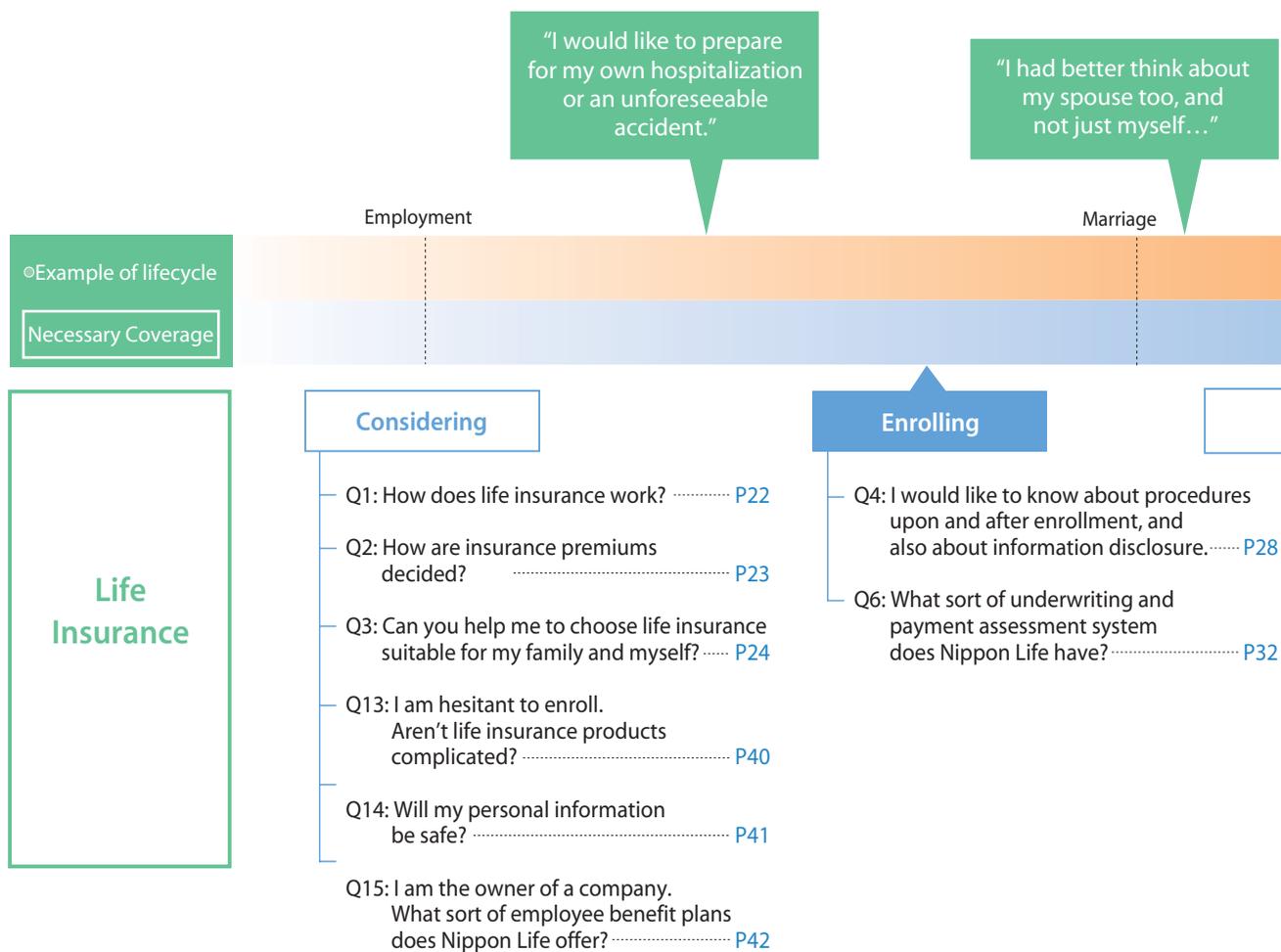
Considering Life Insurance: From the Commencement of a Contract to Receiving Insurance Benefits	20
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A life insurance policy is an agreement with customers that spans 20–30 years from the time the customer enrolls in a policy until the policy comes to maturity, or until the customer receives claims or benefits. In order to give customers constant peace of mind, it is also important to review and adjust coverage as needed in response to events that occur during the course of this long-term agreement.

Different considerations for different cases—The following shows examples of the conceivable insurance-related procedures, according to the stages in customers’ lives. We hope that reading the following pages in conjunction with the rest of chapter 2 will give readers a greater understanding of our mission.

Please contact Nippon Life at anytime to consult or inquire about insurance coverage.

Q7: What do I do when I don’t understand something about insurance or otherwise have trouble? ... P34



Reference:

We recommend customers refer to The Japan Institute of Life Insurance (JILI) homepage section Life Insurance Policy Procedures for easily understandable information on life insurance policies. The homepage also features information about life insurance framework life planning, and taxes in an easily understandable format.

The Japan Institute of Life Insurance
<http://www.jili.or.jp/> (Japanese)



The Japan Institute of Life Insurance homepage's top page

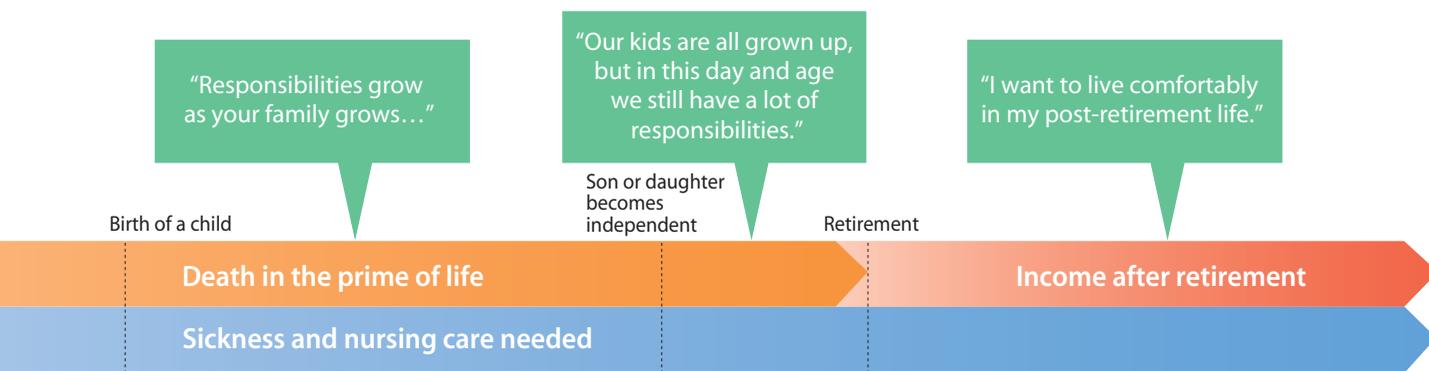
Q8: Who are the Nissay Total Partners? P35

Q9: What are Nippon Life agencies? P36

Q10: Is it true that I can enroll in insurance at the bank or credit union? P36

Q11: Are there consultation counters at Nippon Life? P37

Q12: Can procedures be completed over the phone or by Internet? P39



Consultations and Procedures for Policy Changes, Receiving Benefit and Claim Payments

Q5: It has been quite a long time since I enrolled in my policy. Is there any information available to remind me about the contents of my policy? P30

Q16: Are the insurance premiums we are paying being safely invested? P45

Talk to Your Local Nippon Life Representative at These Times

	Change of policyholder	Change of beneficiary	Change of family name or other name	Change of personal seal	Change of type of policy or rider	Increasing coverage amount or adding coverage	Change of riders	Change of address	Change of bank account information	Renewal when coverage period ends	Claims and benefits
Marriage	○	○	○	○	Self→ Self/Spouse	○	○	○	○		
Birth of a child					Self/Spouse→ Self/Spouse and child	○	○				
When the youngest child becomes an adult					Self/Spouse and child→ Self/Spouse						
Divorce	○	○	○		Self/Spouse and child→ Self/Child			○	○		
When the period of term life insurance comes to maturity										○	
Death of policyholder	○								○		
Death of beneficiary		○							○		
When a specified reason for payment occurs											○

*Please refer to p.26 – 27 for an overview of products (Main Policies/Riders)



Q1 How does life insurance work?

Spirit of Mutual Assistance

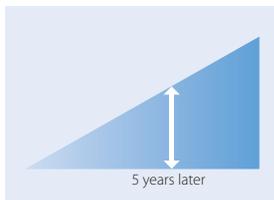
Life insurance is a framework for mutual assistance. A large number of people make regular small monetary contributions to create a significant pool of shared reserve assets. It is a system of mutual economic support to be able to provide a family with a substantial amount of money by drawing from that pool when unforeseen circumstances affect one of the members. In other words, life insurance is a framework for the “All for one, one for all” spirit, and the mutual company is the best form of company to put that spirit into practice.

The Advantage of Life Insurance: Saving is a Triangle, Insurance is a Square

Because life insurance generally combines coverage and asset formation functions, it has a feature not found in regular savings deposits.

- **Saving is a Triangle**

The reason we refer to saving as a triangle is that, in the event of death before completion of savings, all that comes back is the amount that has been put aside up until that point plus interest.



For example: A person saves ¥20,000 per month. Five years later, he is told that he only has six months to live. How much savings does he have now?

$$\begin{aligned} & ¥20,000 \times 12 \text{ months} \times 5 \text{ years} \\ & = \text{¥} \mathbf{1.2} \text{ million} \end{aligned}$$

- **Life Insurance is a Square**

With life insurance, in the event of death during the coverage period, the policyholder is entitled to receive the full coverage amount regardless of the premiums paid up to that point. This is why we refer to life insurance as a square.



For example: A person pays ¥20,000 per month in life insurance premiums. Five years later, he is told that he only has six months to live. How much savings does he have now?

$$\begin{aligned} & \text{¥} \mathbf{50} \text{ million,} \\ & \text{after paying just ¥1.2 million in premiums.} \end{aligned}$$

The Law of Large Numbers

Though a small number of experiences don't seem to reveal underlying probability, when a large number of experiences are compiled, trends and tendencies are revealed.

Life insurance companies apply the law of large numbers and forecast future mortality and other rates based upon past mortality rates and the occurrence rates of disasters and accidents calculated from historical data.

Mortality rates represent the ratio of people of a certain age that pass away per year, and are calculated in the following manner.

$$\frac{\text{Number of deaths per year}}{\text{Population at beginning of the year}} = \text{Mortality rate}$$

The mortality rate differs by gender and by age, and so to be fair, life insurance companies decide the amount of premiums that should be borne in accordance with gender and age.

It is this law of large numbers that is the source of balance between life insurance companies' revenues and expenditures, and in turn the reason they can provide policyholders with true peace-of-mind. Accordingly, it is important not to lose sight of the law of large numbers. When people enroll in life insurance, companies also need to confirm that the insured's health conditions and so on are within certain boundaries. This is the reason that disclosure is mandatory, and examinations are sometimes required. (See p.28 for details about the enrollment procedure).

The Principle of Balancing Revenues and Expenses

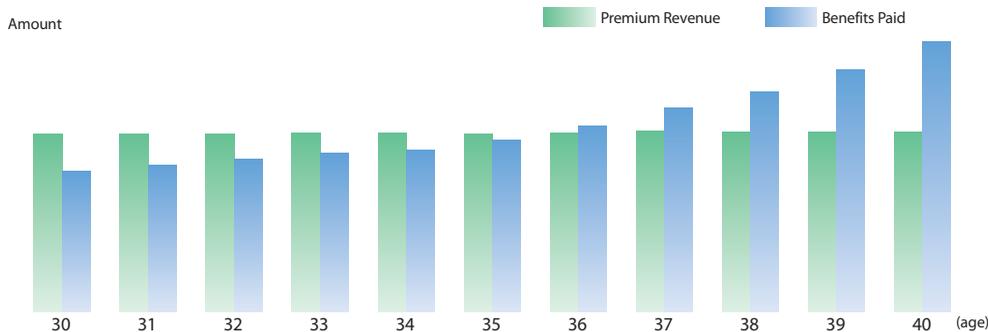
Viewing policyholders on a case-by-case basis, we see that life insurance differs from savings deposits. Though there are cases when insurance benefits exceed the amount of premiums a particular individual has paid, there are also cases when the benefits are lower than the premiums an individual has paid. Because life insurance is a system of mutual economic support in the event of something unexpected, insurance companies must think of revenues and expenses not in relation to each policyholder, but in relation to all of its policyholders. In practice, this means that a basic principle is for insurance companies to determine premiums with a view toward balancing future revenues and expenditures as equitably as possible in relation to all of its policyholders. This is the principle of balancing revenues and expenses.



Net Level Premiums

Insurance policies that extend over the long term generally require greater benefit payouts as the policyholder ages. If premiums are set so as to balance revenues and expenditures every year, this means that the burden on policyholders grows along with the age of the policyholder. Life insurance companies therefore set fixed premiums to balance revenues and expenditures throughout the entire coverage period. This sort of insurance premium is called a “net level premium.” In most cases, enrolling in a level premium policy from a younger age rather than in the later years allows customers to decrease premium payments year by year.

The Relationship Between Premium Revenue and Benefits Paid



Insurance Dividends

Life insurance premiums are calculated based on the principle of balancing revenues and expenditures. Because life insurance contracts are long-term agreements, however, actual revenues and expenditures may differ from expectations due to changes in the economic environment, increasing management efficiency or other factors. In the event that a surplus is generated by the difference between assumed and actual returns, it is distributed to policyholders in the form of dividend discounts. (See p.7 for details about insurance dividends).

Q3 Can you help me to choose life insurance suitable for my family and myself?

Nippon Life Product Lineup

Nippon Life strives to offer services and develop products with primary emphasis on providing truly useful coverage for customers. The areas that customers want to prioritize when choosing coverage vary according to their life stages and their lifestyles. Furthermore, lifestyles are undergoing major changes in recent years, with people getting married later and an increasing number of people remaining single, as well as growth in the number of households where the members work together.

To respond thoroughly to such diversifying customer needs, Nippon Life has prepared a wide-ranging product lineup of death protection, medical coverage, savings and retirement coverage, coverage for children and other products. We combine these to supply customers with comprehensive, well-balanced coverage for their needs.

Nissay Insurance Accounts

Nippon Life works to provide comprehensive coverage suited to the needs of each and every one of its customers. Customers are able to join the service free of charge, and Nippon Life now considers Nissay Insurance Accounts to be the centerpiece of its product and service strategy as a service that consolidates all types of coverage under a single umbrella.

By consolidating coverage into a single account, customers can easily confirm their insurance holdings and pinpoint areas where they might have either too much or too little coverage. It also simplifies the procedures that customers have to go through. Furthermore, premiums are discounted when coverage is consolidated.

Nissay Insurance Accounts provide for both life insurance and non-life insurance and service needs, providing peace of mind in a more beneficial, comprehensible and convenient way.

Four Advantages of Nissay Insurance Accounts

Discount Based on Transactions	Discounts are offered on premiums for EX series products (policies effective as of April 2, 1999) depending on the total transaction amount for the policy in which a customer has enrolled.
Discounts for Non-Life Insurance Accounts	Discounts are available on insurance premiums for automobile and accident insurance from Nissay Dowa General Insurance.
Higher Dividends for Longer Participation	Longer spans of continuous policy coverage provide customers with higher dividend eligibility.
Naruhodo Tokuten Services for Policyholders	We provide an array of benefits and services to match each customer's lifestyle: —Transactions can be conducted by phone, over the Internet, through an ATM cash dispenser —Complimentary service and special discounts at 10,000 affiliates throughout Japan —Consulting regarding health or nursing care, and providing information about medical organizations —Housing loan preferred interest rate services



Nissay Insurance Accounts Card
 PEANUTS © United Feature Syndicate, Inc.
 www.snoopy.co.jp



Nissay Insurance Accounts Card, Type One
 In addition to the features and privileges of Nissay Insurance Accounts cards, Type One cards offer users a variety of advantages, including automatic 1% return of amounts spent on shopping services provided by Toyota Financial Corporation.

Assumed Interest Rates Raised for Single-Payment Products

With a close watch on investment conditions and the movement of market interest rates, Nippon Life raised assumed interest rates on single-payment products (endowment insurance, whole life insurance, annuity) in February and June 2006 in response to greater needs for retirement coverage. (When assumed interest rates increase, insur-

ance premiums decrease.) We will continue to offer attractive saving-based products that meet the growing self-reliant needs of people seeking to make provision according to their stage of life, such as asset formation for post-retirement.

New Product Development

■ Life Insurance Products

● *Ikiru Chikara EX* (Launched in April 2001)

Medical coverage offering sufficient protection must provide both daily hospitalization costs and substantial funds to live on when one is suffering from a serious disease. *Ikiru Chikara EX* insurance policies provide comprehensive medical coverage that meets both of these medical coverage requirements, as well as providing for the family of the deceased.



Ikiru Chikara Poster—
Mouse Family Version

● *Iryo Meijin EX* (Launched in September 2005)

These medical insurance policies were developed for customers 50 years of age and over who are seriously thinking about enrolling in policies that provide for their own medical coverage needs in addition to death protection. In addition to hospitalization and surgery coverage, the policies also provide against serious conditions including the three dread diseases, serious adult diseases, organ transplants and other diseases.



Iryo Meijin EX

● *Super Phoenix 100EX* (Launched in September 2005)

This is an ultra-long term life insurance policy for business executives with coverage lasting until the age of 100. It provides for business insurance capital in case of unforeseen circumstances that affect the executive, and also serves as a provision for retirement bonuses at the time the executive steps down.



Super Phoenix 100EX

■ Products Sold at Service Counters of Financial Institutions

● *Long Dream* (Launched in December 2005)

Long Dream policies are single-payment whole life insurance policies sold only at the life insurance counters of banks and credit unions. This product features the combination of lifelong death protection with highly effective asset formation. The lineup of *Long Dream* policies also includes Nippon Life's first-ever dollar denominated product.



Long Dream

*The product is named “*Eternal Dream*” at some financial institutions.

● *My Dream* (Launched in December 2004)

My Dream is an annuity with variable accumulation rate released to help customers prepare for their own retirement and to meet asset management needs. The product reflects changes in market interest rates in a timely manner. (It is sold nationwide at financial institutions including banks and credit unions, as well as at Nissay Life Plazas.)



My Dream

■ Non-Life Insurance Products

● *Long-Term Automobile Insurance Long* (Launched in April 2006)

Nippon Life sells non-life insurance as an agency of Nissay Dowa General Insurance Company, Limited. *Long* is a product that extends to three years (or two years) the coverage period of our existing *Pittato-Kun* and *New PAP* automobile insurance. The policies provide a number of merits to customers. Insurance premiums are lower than those for policies that must be renewed annually, and customers do not have to go through the procedure of renewing their policies during the coverage period.



Nissay Dowa General Insurance Company, Limited
core automobile insurance product *Pittato-Kun*

Overview of Main Products for Individual Customers (as of July 2006)

■ Main Policies

• Death Coverage / Medical Coverage

Type of insurance	Summary	Product name
Whole life insurance*	Insurance that guarantees coverage over the insured's whole life	Nissay Whole Life Insurance EX Whole Life Insurance <i>Nice Day EX</i> (for women) Whole Life Insurance <i>Seicho-Nikki EX</i> (for children)
Term life insurance*	Insurance with death protection for a set period	Nissay Term Life Insurance EX
Whole life insurance with term rider*	Insurance that combines term coverage for a set period of time with coverage that continues for the insured's whole life	Whole Life Insurance with Term Rider <i>Long Run EX</i> Whole Life Insurance with Term Rider <i>Nice Day More EX</i> (for women) Whole Life Insurance with Term Rider <i>Kenkou Jyujitsu Sengen EX</i> Whole Life Insurance with Annuity Certain for Family <i>Fureai Kazoku EX</i> Whole Life Insurance with Term Rider <i>My Anniversary EX</i>
<i>Ikiru Chikara</i> *	Insurance that combines term coverage and medical whole life insurance for illness, injuries and cancer	<i>Ikiru Chikara EX</i> <i>Ikiru Chikara EX</i> (cancer coverage type) <i>Ikiru Chikara EX</i> (medical coverage type) <i>Ikiru Chikara Master Class EX</i> (for male customers aged 50 and over) <i>Ikiru Chikara Frau EX</i> (for women) Whole Life Insurance with Term Rider <i>Fufu no Hoken (You & Me EX)</i>
Hospitalization and medical insurance*	Insurance that covers serious diseases in addition to hospitalization and surgery	<i>Iryo Meijin EX</i>
Cancer Insurance*	Insurance that guarantees various types of coverage for life if the insured is diagnosed with cancer	Nissay Cancer Insurance EX

• Coverage Combining Protection and Saving Components

Type of insurance	Summary	Product name
Endowment insurance*	Insurance with equal benefit payments for death, serious disability or upon policy maturity	Nissay Endowment Insurance EX
Endowment insurance with term rider*	Insurance that combines death protection for a set period with endowment insurance	Endowment Insurance with Term Rider <i>Nissay Kurashi no Hoken EX</i> Endowment Insurance with Term Rider <i>Little Anniversary EX</i>

• Retirement Coverage

Type of insurance	Summary	Product name
Fixed amount annuities*	Insurance that pays a fixed annuity when a specified age is reached	Individual Fixed Annuity <i>Nenkin Meijin EX</i> Individual Fixed Annuity <i>Kenkou Sapoto Nenkin EX</i>
Products sold at financial institution service counters		
Annuity with variable accumulation rate	Adds to annuity resource coverage; while promising a set yield, provides annuity insurance with timely single payments that reflect changes in market interest rates	<i>My Dream</i> (fixed interest rate and variable interest rate types)
Variable amount annuities	Insurance with single premiums managed in a separate account, with future amount of annuity, surrender value, and death benefit based investment performance	Individual Variable Annuity <i>Toshi Gata Nenkin (Investment-Type Annuity)</i> : Standard type, Balanced type, 90 years old fund guaranteed type
Annuity with variable accumulation rate type single-payment whole life insurance	Single payment whole life insurance with an accumulative rate that moves in response to market interest rate	<i>Long Dream</i> (yen or U.S. dollar denominated)

• Coverage for Other Needs

Type of insurance	Summary	Product name
Term life insurance with survival benefit	Insurance paying survival benefit every three years in addition to death/serious disability coverage	Term Life with Survival Benefit Insurance <i>Nissay BIG YOU EX</i> Term Life with Survival Benefit Insurance <i>Nissay Melody EX</i>
Juvenile insurance	Insurance paying special payment when the child reaches specified age and a specified education annuity if the policyholder dies	Juvenile Insurance <i>Genki EX</i>

Notes: 1. EX series products:

Policies with policy dates after April 2, 1999, that were also sold at the start of Nissay Insurance Accounts.

All features of the Nissay Insurance Accounts apply, namely discounts based on transactions, *Naruhodo Tokuten* services for policyholders and higher dividends for longer participation. (See p.24 for details).

2. Products denoted with * have a Keyman plan (when policy is in the name of a corporation) that provides a death benefit if the insured executive dies, and a fund for the executive's retirement benefit.

■ Riders

•Living Benefit Riders

Name of rider	Summary
Serious Disease Rider	Rider providing coverage for three dread diseases, serious designated lifestyle diseases, transplants, and other diseases
Dread Disease Term Rider	Rider providing coverage for three dread diseases: designated malignant neoplasm (cancers), acute myocardial infarction, and cerebral stroke
Recurrence Dread Disease Term Rider	Rider providing coverage for recurrence of three dread diseases: designated malignant neoplasm (cancers), acute myocardial infarction, and cerebral stroke
Illness & Disability Term Rider	Rider providing coverage for specified disability due to illness
Nursing Care Term Rider	Rider providing coverage for specified conditions that require nursing, such as being bedridden
New Nursing Care Term Rider	Rider paying annuity for specified conditions that require nursing, such as being bedridden
Insurance Premium Waiver Rider	Rider that waives premium payments in one of the following situations: one of the three dread diseases specified disability due to sickness, or specified condition requiring nursing care
Living Needs Rider	Rider providing benefit when the insured is determined to have six months or less to live

•Accident and Medical Riders

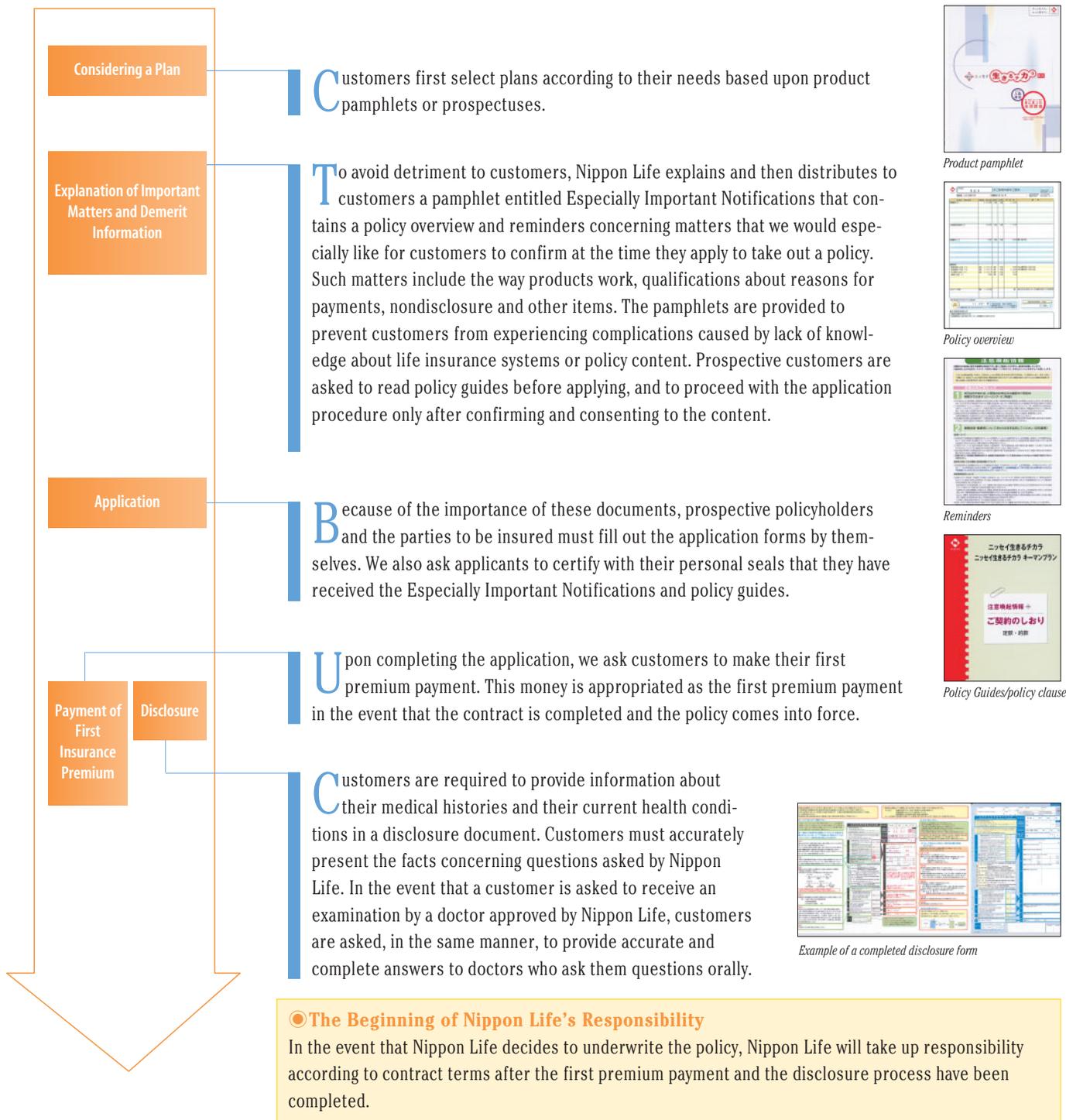
Name of rider	Summary
Accident Rider with Extra Premium	Rider providing coverage for death/specified serious disability due to accident
New Injury Rider	Rider providing coverage for death/specified disability due to accident
Limited Injury Rider	Rider providing coverage for specified injuries (broken bones, joint dislocation, severed tendons) due to accident
New Hospitalization due to Accident Rider α	Rider providing coverage for specified hospitalization due to injury that lasts five days or more
New Hospitalization Medical Rider α	Rider providing coverage for specified surgery due to illness and injury and specified hospitalization due to illness that lasts five days or more
Short-term Hospitalization Rider α	Rider providing coverage for hospitalization for one-night and two-days due to disease or injury
Hospitalization due to Cancer Rider	Rider providing coverage for specified hospitalization, surgery and post-hospitalization care directly related to cancer
New Hospitalization due to Adult Disease Rider α	Rider providing coverage for specified hospitalization five consecutive days or more and surgery directly related to specified adult diseases
Hospitalization Rider for Women α	Rider providing coverage for hospitalization related to specified female disease that lasts five consecutive days or more
Long-term Hospitalization Rider α	Rider providing coverage for specified hospitalization 125 consecutive days or more
Hospital Visit Rider α	Rider providing coverage for specified outpatient services after hospitalization that lasts five consecutive days or more

•Riders Focused on Death Protection

Name of rider	Summary
Term Insurance Rider	Rider providing coverage for death/specified serious disability
Term Life with New Survival Benefit Rider	Rider paying survival benefit every two or three years in addition to coverage for death/specified serious disability
Term Rider Annualized Payment	Rider paying annuity for a set period for death/specified serious disability
Spouse Term Insurance Rider	Rider providing coverage for death/specified serious disability of a spouse
Juvenile Term Insurance Rider	Rider providing coverage for death/specified serious disability of a child

Q4 I would like to know about procedures upon and after enrollment, and also about information disclosure.

General procedures and information disclosure at the time of and after enrollment in an individual insurance policy are mainly as follows.



Duty of Disclosure and Penalties for Nondisclosure

Policyholders and insured parties are required to disclose information regarding their health conditions. Items to be disclosed are included on a disclosure document. However, in the event that facts are not dis-

closed or inaccurate information is provided, whether intentionally or by gross negligence, the policy or rider may be cancelled on the grounds of nondisclosure, and Nippon Life may not pay benefits and claims.

Life insurance is a system wherein a large number of people pay insurance premiums into a pool in order to mutually support one another. In order to maintain fairness between policyholders, decisions about underwriting are made based upon the content of the application and disclosure forms.

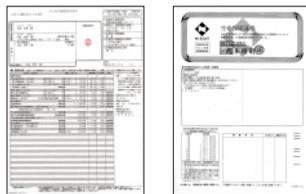
Decisions about Underwriting (at Nippon Life)

● Confirmation of Policy Content

Nippon Life employees or parties entrusted by Nippon Life may phone or visit policyholders, insured, and beneficiaries in order to confirm the content of application forms, disclosure forms, or content of requests for benefit payments. Regarding the medical condition of the insured, Nippon Life may also make inquiries and otherwise seek confirmation through the doctor who examined the insured.

Conclusion of a Policy

Insurance certificates



Front

Back

In the event that the policy is completed, Nippon Life sends insurance certificates to the policyholder. Through these, we confirm that there are no discrepancies with the information provided on the application form. Because the insurance certificates are essential documents in various filing processes, we ask customers to store them safely.

Cooling Off System (Withdrawal of Application and Contract Cancellation)

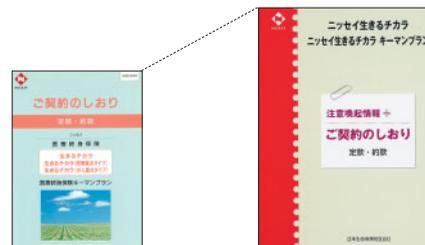
Under what's known as the cooling off system, applicants and policyholders may withdraw their applications or cancel their policies by submitting a written request within 8 days from the later of either the application date or the date customers received the receipt of first insurance premiums. In this case, written requests must be post-marked within 8 days of the above-mentioned period and sent to the sales branch that handled the application or policy. The amount that

was paid shall then be returned in full.

However, after an examination by a doctor designated by Nippon Life or when the customer is a corporate client, the cooling off system can not be applied to policy changes (addition or increase of coverage amounts for riders, etc.) after the policy has come into force or to reinstatement of policies.

Obtaining the ISO9001 Certification for Production Process of Product Explanation Materials (First Company in the Finance and Insurance Industry)

Nippon Life established the Committee for Reviewing Product Explanation Materials, composed of managers from each division including product planning, legal and compliance, underwriting and payment assessment, and systems. The committee thoroughly reviews and confirms the quality of product explanation materials. We have designed a process for creating materials that are easy to understand and don't lead to misperceptions, including participation by certified advisory specialists for consumer affairs. This process for creating product explanation materials obtained ISO9001 certification in June 2005, marking the first time in the finance and insurance industry that such a process has been awarded with this international standard for quality assurance.



Old Policy Guides

New Policy Guides

Efforts to Make Materials Easier to Understand

We are making persistent efforts to review various sales documents to make them easier to understand for prospective customers. We now print our Policy Guides on larger size paper, classify pages by topic in the table of contents, and include phonetic spellings beside difficult-to-read medical terms in the terms and conditions section.

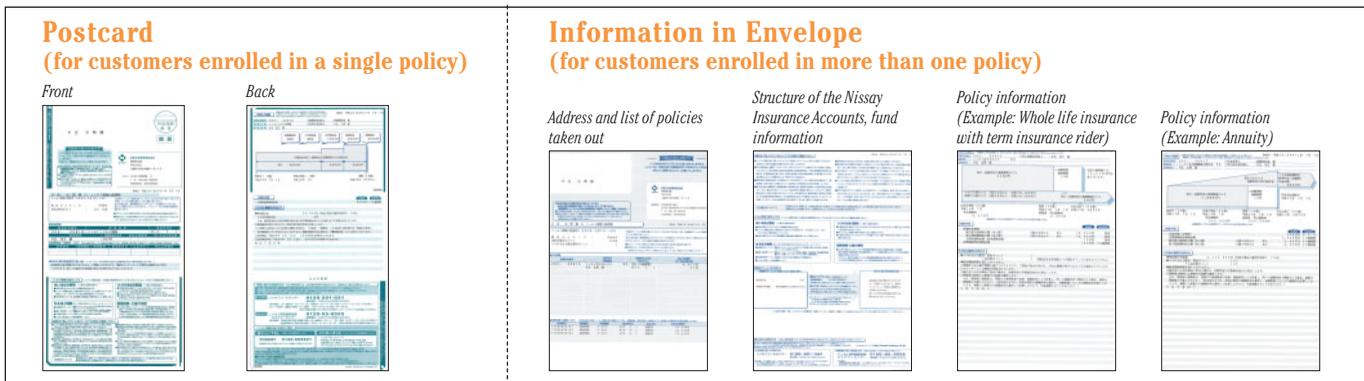
Q5 *It has been quite a long time since I enrolled in my policy. Is there any information available to remind me about the contents of my policy?*

Provision of Information After Taking Out a Policy

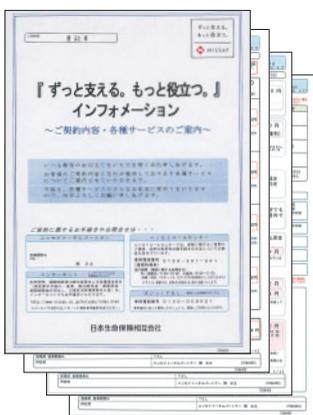
■ Notices of Policy Terms and Conditions

Once a year, we provide customers with easy to understand information regarding their insurance coverage, as well as financing and services available to them based on the policies in which they are enrolled.

- For customers enrolling in a single policy, we send postcards every year, approximately one month after the month of initial policy enrollment. For customers enrolling in multiple policies, we send information in sealed envelopes in the earliest month after April following the month of initial policy enrollment. (In the case of customers who enrolled in policies during April or May, such information is sent in July due to matters related to dividends.)
- We explain policy content, such as coverage periods and coverage amounts, through diagrams to make it easy for customers to understand.
- We notify customers about various financing services that are available to them (amount of accumulated dividends, deferred insurance amount, policy loan limits, etc.)
- Even for customers enrolled in more than one policy, information is summarized in one notice, so customers can see the current status of the policies in which they are enrolled.



*Customers with a Nissay Insurance Accounts Card can view their entire insurance policy's terms and conditions on our website at "Special Policyholder Services (Policy Terms and Conditions Inquiry)" (See p.31). (Written in Japanese)



Information of "Consistent Protection. Superior Services"

■ Information Regarding "Consistent protection. Superior services."

Nippon Life provides easy-to-understand information to customers about insurance coverage and free services available according to their policies. Customers with inquiries can contact their Nissay Total Partners representative or the call center.

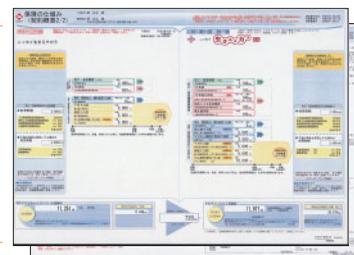
- We explain the coverage period and the coverage amount through easily understandable color diagrams for each policy.
- We introduce riders and services available to customers for free, and notify them of how many of these advantages they have utilized. Nippon Life also includes one-point messages to customers about their policies.
- We offer easily understandable explanations on a case-by-case basis regarding diseases and injuries in relation to medical coverage for hospitalization and surgery.

■ Other

In addition to the above, Nippon Life provides a variety of notices including Certification of Life Insurance Premium Deduction, Notice of Change in Discount based on transaction and others. Each of these are important notices, so we kindly request that our customers carefully confirm the content.

Provision of Information upon Conversion of Policies

When recommending a policy conversion, Nippon Life explains how to review policy coverage with hand-outs and other materials, and provides comparative prospectuses that describe policies before and after conversion. Through these and other materials, we make every effort to enhance our customer's understanding of important points concerning policy conversion.



Comparative prospectus

Confirmation of Policy Content via Internet

Customers can conduct a variety of procedures on the Nippon Life website, such as confirming their policy content, changing addresses, and financial transactions including policy loans.

We are expanding the number of procedures that may be easily completed over the Internet outside of regular business hours of representatives, service counters and call centers.

Various administrative procedures and a diagram of policy terms and conditions can be seen on trial versions.
*Trial versions are accessible from the login button.

Procedures

- Inquiries regarding content of life insurance and non-life insurance policies
- Change of address or telephone number
- Change in name (some procedures for family name, etc.) from June 2006
- Change of premium payment method (number of payments) from June 2006
- Requests to change accounts through which premium transfers are made
- Reissue of Certification of Life Insurance Premium Deduction
- Registration or change of PIN number for Nissay Insurance Accounts

, etc.

Internet ATM

- Payments and withdrawals for policy loans, accumulated dividends deferred insurance payments
- Repayment of policy loans
- Payment of premium after the initial premium*

, etc.

*Some procedures can be carried out using the Internet via mobile phones (See p.39).

Q6 *What sort of underwriting and payment assessment system does Nippon Life have?*

Life insurance companies gain the trust of customers by faithfully paying claims and benefits, and must have a fair and appropriate underwriting and benefit settlement assessment system.

In addition to recent advances in medicine and increasing medical and nursing care costs brought on by the aging of the population, demand for products that offer living needs benefits are on the rise. Moreover, transformations in the social structure and economic climate, and the diversification of conditions engulfing life insurance companies are spurring customer needs for stronger systems to adequately assess various medical and moral risks facing insurance companies.

Under such conditions, Nippon Life is focusing on improving its underwriting and benefit assessment systems.

Training Specialists in Underwriting and Benefit Settlement Assessment

Since fiscal 2003, Nippon Life has been constructing a structured training system for cultivating assessment specialists responsible for policy underwriting and benefit payment assessment, both essential areas of the life insurance business. We are conducting in-house examinations and training in essential medical and legal knowledge.

Through our systematic programs, we are concentrating on developing leaders in the increasingly sophisticated and specialized assessment process.

Strengthening our Systematic Payment Structure

Nippon Life established the Claims Examination Management Office as a part of its internal auditing operations in October 2005. The Claims Examination Management Office is responsible for verifying the payment of benefits and claims.

We are also working to enhance our payment systems by consulting with outside lawyers and analyzing customer opinions regarding improvement of payment standards.

Upgrading Administrative Systems

Nippon Life is constructing a new benefit settlement assessment system in order to strengthen its ability to respond to expected increases in requests for products that offer medical and living needs benefits. As assessment operations grow more diverse and increasingly complex, we are aiming to accelerate such assessment operations and improve customer service through these efforts. We compile and analyze our assessment information and continue to actively work to upgrade and enhance our payment services.

Strengthening Medical Research

Nippon Life established the Medical Information Department in fiscal 2005 with the aim of enhancing research in the increasingly important fields of medical and nursing care. Based upon previously compiled data and the latest transformations in the medical field, we will work to develop new products suited to customer needs and to steadily review our underwriting standards.

Payment of Insurance Benefits and Claims

Life insurance companies receive premiums from a large number of policyholders and provide coverage for customers in the event of sickness, injury or other unforeseen circumstances.

During fiscal 2005, Nippon Life made 85,757 payments of insurance claims, and 606,912 payments of other benefits.

In contrast, as a result of appropriate benefit settlement assessment efforts, we determined that payment of insurance claims should not be made in 2,931 cases, and that payment of other benefits should not be made in 8,735 cases.

Number of policies paid on and amount of payments (Fiscal 2005)

(Unit: Millions of Yen, Number)

	Insurance claims	Other benefits
Number of payments	85,757	606,912
Amount of payments	¥718,936	¥118,433

Notes: 1. The above represent the total for individual and corporate insurance policies upon which claims were filed.

2. Figures do not include policies that require no payment assessments such as maturity benefits, survival benefits, single payments, annuities and other benefits.

3. Regarding payments for corporate insurance underwritten by multiple companies, the figures include policy for which Nippon Life is the leading underwriters. The amount of payments was calculated according to Nippon Life's underwriting ratio.

Number of cases for which it was determined that no payment was warranted (Fiscal 2005)

(Unit: Number)

Reasons for denied of payments	Insurance claims	Other benefits
Cases of fraud	2	0
Benefit claim for illegal objectives	0	0
Cancellation of policies due to nondisclosure	251	871
Cancellation due to serious matters	0	1
Categorized as an exemption	492	219
Not categorized as a reason for payment	2,186	7,644
Total	2,931	8,735

Notes: 1. The above represent the total for individual and corporate insurance policies upon which claims were filed.

2. Regarding payment for corporate insurance underwritten by multiple companies, the figures include policies for which Nippon Life is the leading underwriter.

Explanation of terms

Reasons for denial of payments	Content
Cases of fraud	Policies are rendered invalid in the event that fraudulent actions were taken by the policyholder or by the insured at the time when the policy was taken out. In such cases, premiums that have already been paid shall not be returned.
Cancellation of policies due to nondisclosure	Policies may be cancelled in the event that the policyholder or the insured neglected to disclose important information that should have been disclosed, or disclosed false information at the time when the policy was taken out, whether intentionally or by gross negligence. In such cases, surrender benefits shall be returned to the policyholder.
Cancellation due to serious matters	Policies shall be cancelled in the event that accidents are caused intentionally for the purpose of fraudulently obtaining insurance claims, or in the event of fraudulent acts such as falsification of diagnosis forms upon request of payment. In such cases, surrender benefits shall be returned to the policyholder.
Categorized as an exemption	Nippon Life may determine that the content of a claim falls in the category of an exemption under the terms and conditions of the policy. Examples: <ul style="list-style-type: none"> • A claim for death benefits following a suicide by the insured during the prescribed non-payment period. • A claim for benefits following accidents caused intentionally by the policyholder or beneficiary, or following accidents caused by the insured's criminal activities.
Not categorized as a reason for payment	Nippon Life may determine that a claim does not qualify as a reason for payment under the terms and conditions of the policy. Examples: <ul style="list-style-type: none"> • A claim for hospitalization benefits after a hospitalization of less than five days, while the terms of the policy attach a rider for hospitalization benefits in the event that hospitalization is for a period of five days or more • A claim for surgical benefits following removal of the tonsils, which does not fall into the category of procedures eligible for coverage

Q7 *What do I do when I don't understand something about insurance or otherwise have trouble?*

Nippon Life is developing a variety of service channels to match customer needs.

Inquiries about insurance may be directed to Nissay Total Partners (sales representatives) or by contacting an agency. Our representatives are available to assist customers with policy procedures, consulting to match customer lifestyles, and all procedures from enrolling in policies to after-sales services.

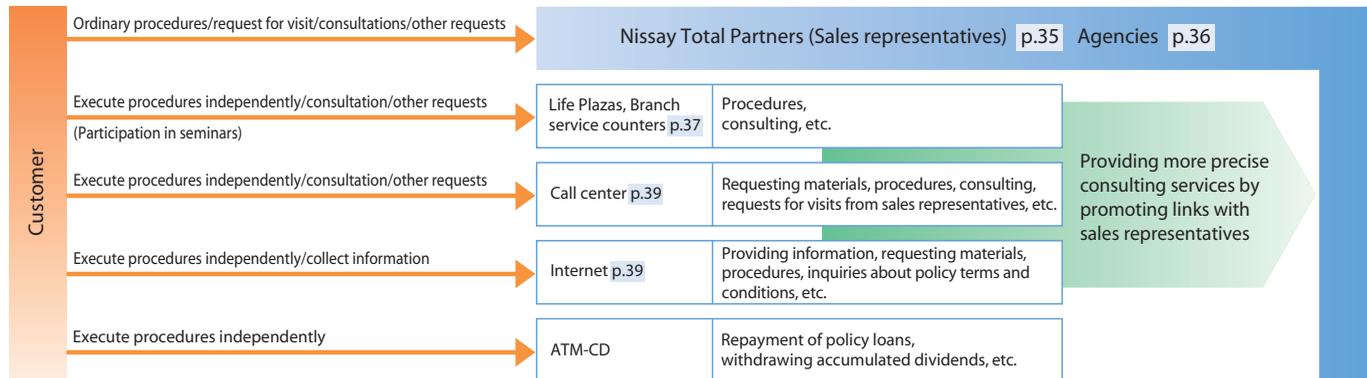
Customers who wish to carry out procedures by themselves or desire more information may visit one of our Life Plazas or branch service counters, or may find information by making use of our call center, internet or ATM cash dispenser services.

Our Life Plazas hold regular seminars regarding public pensions, post-retirement asset investment, tax services, inheritance and other topics. We offer a range of specialized consulting services to match customer needs.

We are also expanding services available via internet, providing information about Nippon Life and our products. Customers may request materials, as well as access information regarding their policies, and withdraw loans and accumulated dividends.

Customers are encouraged to contact Nissay Total Partners, customer service counters and call centers by telephone to convey any opinions or requests.

We will continue to expand our network of sales representatives to cover customers throughout Japan, while working to create new service channels in response to diversifying customer needs.



Number of complaints and issues raised by customers in fiscal 2005 (by content)

Content	Number	Percentage	Examples and Causes of Frequent Inquiries, Complaints, etc.
Concerning enrollment in policies	6,725	16.5%	• I converted to another policy, but the period of payment has lengthened. (Insufficient explanation of important items)
Concerning payment of premiums	7,068	17.4%	• I received a notice concerning my information about withdrawal of premium payments, but I haven't heard from my representative. (Failure or delay in collecting premiums) • I changed the bank account for payment of insurance premiums, but premiums were withdrawn from my old bank account. (Delay in updating account information)
Concerning after enrollment procedures	18,458	45.4%	• I applied to cancel my policy, but my representative still hasn't contacted me. (Delay in implementing procedures)
Concerning payment of insurance claims and benefits	3,624	8.9%	• I want to have more detailed information about procedures and content of benefits. (Insufficient explanation from sales representative or lack of knowledge) • I disagree with the decision that I cannot receive hospitalization benefits. (Dissatisfaction that claim was not eligible for payment)
Other	4,762	11.7%	• Since I enrolled in my policy, my sales representative has never visited me. (Insufficient follow-up) • The representative had a rude attitude and used rude language. (Bad manners of sales representative)
Total	40,637	100%	

Q8 Who are the Nissay Total Partners?

Nissay Total Partners (Sales Representatives)

We have a network of approximately 53,000 Nissay Total Partners (sales representatives) at 1,704 offices and 117 branches. Our system aims to cover customers throughout Japan with 50 million households being geographically divided into 300,000 regions with 100,000 offices.

In order to meet the expectations of each and every customer, we are currently working to visit all customers at least once per year.

We are also striving to enhance the abilities of personnel in order to provide precise consulting services. We are encouraging our Nissay Total Partners to obtain national certifications from the Ministry of Health, Labour and Welfare as financial planners, as well as Japan Association of Financial Planners certification (AFP certification). These certifications require in-depth knowledge of not only life insurance, but also financial products, real estate, taxation and inheritance. The number of Nissay Total Partners that had obtained certification as of June 2006 was 9,442, the largest number in any industry.

Furthermore, we are equipping all sales representatives with *Duo* mobile consulting terminals that feature precise sales support and consulting functions, making full use of our expanding IT infrastructure as we develop a system to enable Nissay Total Partners to respond to customer expectations on the spot.

Education of the Nissay Total Partners

Nissay Total Partners strive to be of assistance to customers regarding all of their insurance needs, from recommending and reviewing policies to payment of insurance claims and benefits. While reconsidering basic activities including customer visits and timely response to customer requests for visits, sales offices, branches and headquarters are all endeavoring to provide a face to face sincere consulting service and are uniting to strengthen the education system for that purpose.

- Sales offices: Model employees are given responsibility for education of employees who have been with Nippon Life for less than two years, and work together with general managers of the sales offices to lead basic insurance knowledge training, role-playing activities and compliance education programs.
- Branches: Personnel specialized in education work at the New Activity Training Center. In addition to product knowledge and practical sales training, they also go together with trainees on customer visits and provide support to employees responsible for education of new employees.
- Headquarters: Intensive training is given to regular employees in advanced consulting techniques, and leadership training is conducted in areas such as coaching of employees responsible for education.

Use of *Duo* mobile consulting terminals is also being expanded in everyday operations, including updates to explanatory materials for customers, as well as access to data about customer visitation requests received at call centers. These efforts are being supported by relevant skill training.

Nissay Total Partners

Nippon Life sales representatives are referred to as Nissay Total Partners. The title embodies the concept of total service and total support for customers and their families.

Financial Planner (FP)

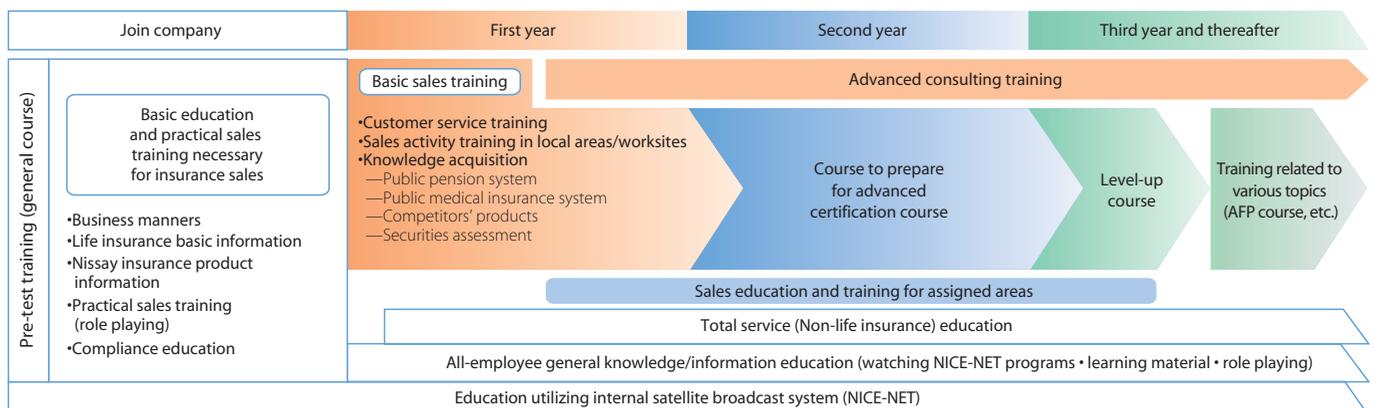
A financial planner is a specialist that analyzes a customer's situation, including insurance, assets, liabilities, composition of income and expenditures, and number of family members. When necessary, he or she seeks the support of attorneys, tax accountants, and various other specialists in such fields as insurance and real estate. Based on the analysis, the financial planner helps the customer create and implement a comprehensive plan, including tax strategies, insurance plans, investment strategies, and saving plans to enable customers to reach their life-plan goals.



Mobile Terminals for Consulting (*Duo*)



Training



Q9 What are Nippon Life agencies?

Nissay Agency System

The number of agencies handling life insurance has grown rapidly following revisions to the Insurance Business Law in 1996 that allowed agencies to handle both life and non-life insurance. In addition, with the introduction of a system of independent life insurance agencies, which formerly were exclusive agents of a single insurance company, we are endeavoring to increase customer convenience by making it possible for customers to get information on various life insurance companies' products from a single agency. Accordingly, we created a new Nissay Agency System in fiscal 1996.



A-Net (Nissay Agency Net)

This is an Internet-based system that makes it possible for agencies to create the most appropriate proposals based on customer needs by accessing the Nissay Agency website.

In addition to the function for creating proposals, there are various reference menus that are useful for agencies.

Agencies

Forming agency consignment agreements, we have developed a network of 6,925 agencies, (a year-on-year increase of 561 agencies) centered on tax accountants, professional life and non-life insurance sales agencies, major financial institutions and their related agencies throughout Japan as of March 31, 2006.

Agencies conduct business consulting related to business transfers, executive retirement allowances and succession, mainly for sole proprietorships.

In addition to this, in autumn 2002, we began to offer individual annuities at the service counters of financial institutions, making it possible for customers to receive advice related to various products and services, including asset formation and retirement coverage, at the service counters of local financial institutions.

Aiming to respond to a wider range of customer needs, we are making an effort to expand our sales support system for agencies and strengthen their compliance system by offering numerous types of educational material and programs, utilizing the Internet, and posting over 400 agency personnel at 80 locations throughout Japan.

Agency Education Program

STEP 1 Orientation (Explanation of the content of agency's business)	STEP 2 Industry-wide training (Training before and after registration)	STEP 3 Standard training	STEP 4 Advanced training
<ul style="list-style-type: none"> Agency business overview Nippon Life overview 	<ul style="list-style-type: none"> Product training Policy sales practical training Compliance training 	<ul style="list-style-type: none"> FP training (Executive retirement allowance, company shares inheritance tax law, gifts during one's life) New product training 	<ul style="list-style-type: none"> FP training (Religious corporations, medical corporations, non-profit organizations, high income individuals) Employee benefit plan and retirement allowance systems Hosting Agency Business School

Q10 Is it true that I can enroll in insurance at the bank or credit union?

Life Insurance Sales at Service Counters of Financial Institutions

Owing to deregulation trends of recent years, customers are now able to enroll for some life insurance products (primarily savings-based products) at the service counters of banks, credit unions and other financial institutions. Nippon Life is aiming to enhance its lineup of products suited to the characteristics of the financial institution channels where they are sold.



Nippon Life products sold at service counters of financial institutions, and financial institutions handling these products

(As of June 5, 2006)

Type of product	Product name	Number of financial institutions handling products
Variable amount annuities	<i>Dream Select</i> variable amount annuities (standard type), etc	24
	<i>Dream Select</i> (balanced type), etc	147
	<i>Dream Select</i> (90 years old fund guaranteed type), etc	77
Fixed amount annuities	<i>My Dream</i> fixed amount annuities	160
Single-payment whole life insurance	<i>Long Dream</i> single-payment whole life insurance, etc	86

Customer Service Counters

We have established customer service counters, which handle all insurance-related procedures, provide consultations and respond to a wide-range of customer requests, in 87 locations throughout Japan. Typical of most years, approximately 880,000 customers visited these counters in fiscal 2005.

As the face of Nippon Life, we aim to provide reliable service at these counters in order to gain customer trust. Toward that end, we are working to enhance the consulting ability of representatives, providing training and testing to expand their FP knowledge and to foster the receptiveness needed to offer quality service. Through these initiatives, we will continue to provide useful information to customers and meticulously meet their individual needs.

■ Nissay Life Plazas

Life Plazas have opened in 46 locations throughout Japan. These customer service counters meet a wide range of advanced customer needs, including consulting related to taxation, asset investment, medical insurance, nursing care insurance and investment-type annuities, as well as handling insurance related procedures and providing insurance-related advice.

In addition, Life Plazas hold free-seminars on various topics, provide tax accounting advice (in some locations), and if desired by the customer, a staff member will visit a customer at home or another place for consulting, in addition to providing various other services. (Some locations provide services on Saturdays.)

■ Branch Service Counters

Branch service counters have been established at 41 locations throughout Japan. These customer service counters provide services especially geared toward the particular region while meeting immediate customer needs, such as handling insurance-related procedures, consulting, explaining policy content and assessing coverage.

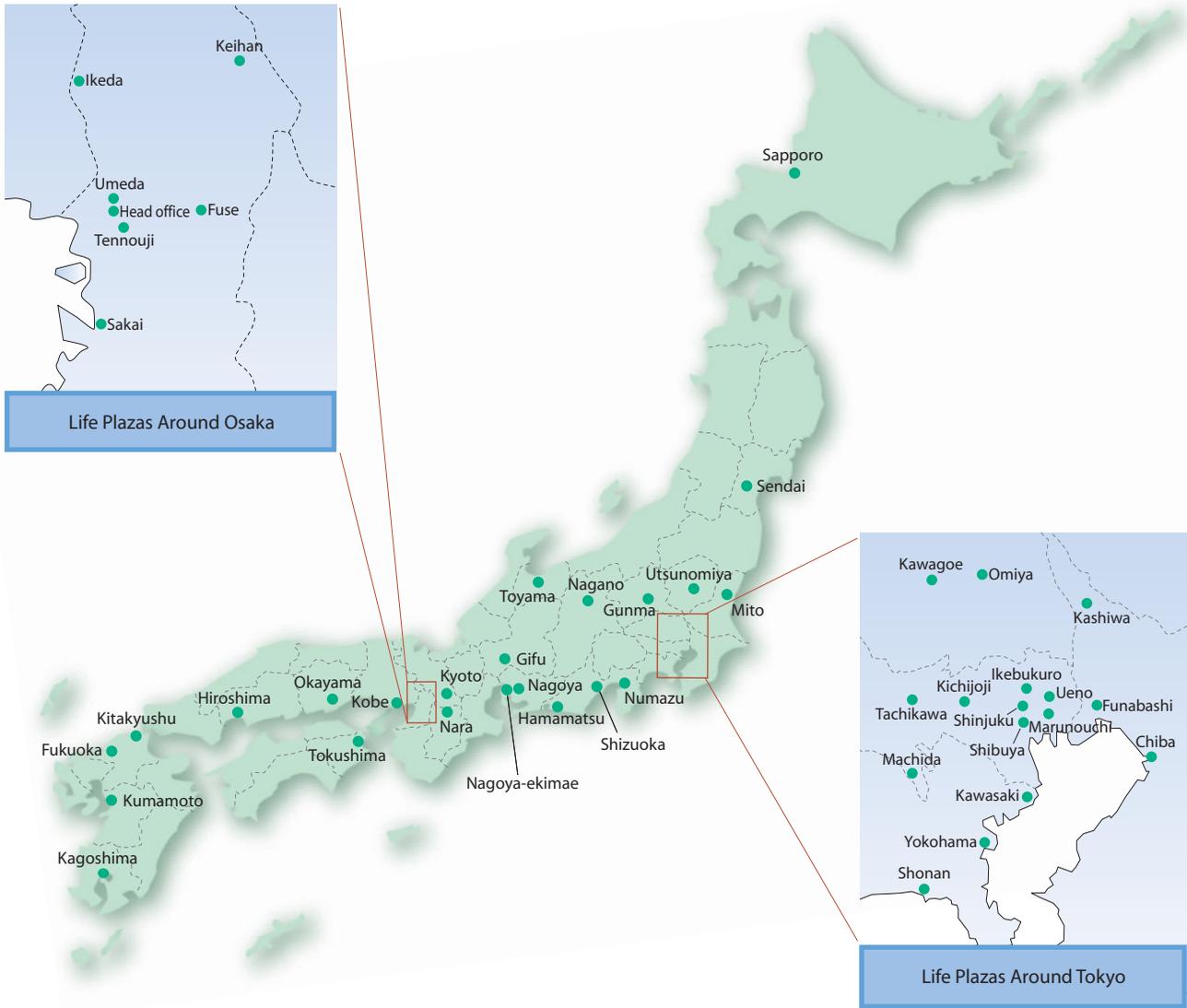


Nissay Life Plaza



Consulting

Nissay Life Plazas



Compensation for Damage as a Result of Falsification or Theft of Nissay Insurance Accounts Card

The Nissay Insurance Accounts system was upgraded on December 29, 2005. As with banks and other financial institutions that are subject to the Depositor Protection Law (enacted on February 10, 2006), com-

penensation of all or a portion of damages incurred is now available for specified cases. (See the Nippon Life website for more details.)

Efforts to Strengthen Card Security

In order to prevent damage to customers resulting from illegal use of cards, Nippon Life is making vigorous efforts to improve card security.

- Service is stopped in the event that customers register easily inferred PIN numbers such as their birthdays or telephone numbers.

- Service is stopped in the event that an ATM is not used for a period of 10 years.

- Customers are sent notifications by post after withdrawals are made.

Q12 Can procedures be completed over the phone or by Internet?

Telephone

■ Nissay Call Center

We are working to have specialist operators, who answer calls from customers throughout Japan, handle all requests, such as changing addresses and PIN numbers, and requesting hospitalization benefits in a simple, convenient and efficient manner.

■ Automatic Phone Services

Customers with Nissay Insurance Accounts can make use of this service to change PIN numbers, take out loans against their policy and withdraw accumulated dividends through an automated voice directory.



Nissay Call Center

Nissay Customer Center

Through Nissay Customer Centers, Nippon Life contacts customers by phone any day of the week, provides explanations of various insurance-related systems and responds to a wide range of customer requests, including policy content checks and various maintenance procedures. When requested, the sales representative responsible for that customer will respond.

*Available in some locations

Internet

Customers with Nissay Insurance Accounts may confirm policy content, conduct transactions such as policy loans and complete procedures such as address and telephone number changes via Internet. (See p.31 for details.)

Customers that are considering enrolling in a new policy may request materials, and receive estimates and consulting via Internet. In addition to viewing introductions to products and Policy Guides, customers may examine insurance options to suit their particular needs including receiving a reliable estimate of the amount they may need at times of sickness, injury or worst-case scenarios.



About the Nippon Life Solicitation Policy

Nippon Life believes that it is essential to sell life and non-life insurance, and other financial products based upon a customer first perspective. The solicitation policy embodies Nippon Life's stance in approaching potential customers in sales activities.

The solicitation policy was formulated based upon the Sales of Financial Products Law, which came into force in April 2001. Insurance companies are required to determine and disclose solicitation policies, and to present them to customers who request them.

The solicitation policy requires, among other things, proposing insurance based on a customer's overall needs and exercising ingenuity in giving explanations to provide customers with a sufficient understanding.

To be able to provide them to customers at any time, the solicitation policy is contained in employee booklets that all Nippon Life directors and employees must carry at all times.

Nippon Life Solicitation Policy

We sell insurance and other financial products in compliance with all laws including the Insurance Business Law, Sales of Financial Products Law and the Consumer Contracts Law. The following is the policy under which sales are conducted and was created with the idea that customers come first.

Taking into account customers' knowledge of insurance and other financial products, their purpose for purchasing the policy, their family and their assets, we make an effort to have customers choose the most appropriate insurance and other financial products while explaining products from the standpoint of the customer. In particular, for products such as variable life insurance and investment trusts that entail market risk, we recommend products considered most appropriate for the customer's age, knowledge and investment experience while giving appropriate explanations regarding products and their risks.

We are striving to eliminate moral risk in order to treat all policyholders impartially, to operate a morally sound insurance system, and to always conduct consultative sales so customers can choose the appropriate product that corresponds to their situation and desires while taking into account the protection of customer privacy.

Furthermore, when explaining insurance and financial products over the phone or during visits, we strive to take into consideration various factors, including the time and place, from the perspective of the customer.

We also strive to create ingenious ways to provide product explanations that customers truly understand when explaining insurance and other financial products.

Moreover, we strive to guarantee appropriate solicitation activities by educating, managing and instructing all employees and executives through systematic training including compliance-related training.

We are striving to collect various customer opinions and to thus increase customer satisfaction.

Educating Sales Representatives and Reinforcing Principles

To be able to provide product proposals that are attuned to the needs of our customers, we conduct morning assemblies and other daily training programs in our sales division, equipping sales representatives with the knowledge and skills they need as Nissay Total Partners.

Nippon Life considers it very important that customers enroll in policies only after they have understood the content of the policy. Sales representatives utilize prospectuses (policy overviews) in explaining products as part of our thorough efforts to gain customer understanding, and orally explain important matters contained in booklets. To certify that they understand the product well and have been given a Policy Overview, Policy Guide and other necessary materials, we ask

customers to indicate this with their personal seals on application forms.

In addition to printing them in manuals used daily by sales representatives, these sorts of rules are thoroughly reinforced through regular training (customer satisfaction courses) consisting of satellite broadcasts that combine compliance education with practical education about life and non-life insurance operations. The courses were conducted 64 times in fiscal 2006. Quizzes are given regarding compliance programs to confirm that representatives understand the material well. Management at headquarters and regular internal audits confirm that the satellite broadcast training programs are followed and quizzes are scored to ensure complete implementation.

Efforts Related to Information Asset Protection

Nippon life is entrusted with personal information related to over 10 million individual insurance policies, as well as sensitive information related to customers' health conditions. Customer information is a precious asset of Nippon Life, and we protect these information assets carefully, recognizing the handling of this information as an extremely important issue. Based upon this view, we have formulated an Information Asset Protection Policy, and make exhaustive efforts to protect information assets such as customer information, confidential business information and the information system that handles this infor-

mation. We have also established a Personal Information Protection Policies (disclosed on the Nippon Life website), and are working to protect customers' personal information while appropriately managing and utilizing that information. We are improving our information security infrastructure to protect personal information properly, and striving to heighten the awareness of all directors and employees regarding the protection of information assets. Our efforts include guidance and education, as well as designating two months of each year as Information Asset Protection Month.

Personal Information Protection Policy (Handling a Customer's Personal Information)

We have established policies regarding the handling of personnel information and are working to properly protect use, and manage customer information in order to be a company that customers can

trust. In order to appropriately protect personal information, we continue to maintain and improve this policy.

1. Information Collection

The collection of a customer's personal information is necessary in order to conduct business, underwrite various insurance policies, conduct continuation and maintenance management, and handle payments such as insurance payments and benefits.

2. Types of Information Collected

We collect information necessary to conduct business, underwrite various insurance policies, conduct continuation and maintenance management, and handle payments such as insurance payments and benefits. This information primarily includes a customer's address, name, date of birth, state of health and occupation. Furthermore, for other types of products and services we offer, customers provide additional information necessary to conduct business.

3. Information Collection Method

We collect customer information using appropriate and impartial methods. The information is mainly collected through policy applications, contracts and surveys. Furthermore, there are times when information is gathered over the Internet and from postcards when conducting various activities including campaigns.

4. Purpose of Using a Customer's Personal Information

A customer's information is used to conduct the following businesses:

- (1) Underwrite various insurance policies, conduct continuation and maintenance management, and handle various types of payments such as insurance payments and benefits
- (2) Explain and provide various products including those of related and affiliated companies, and to conduct policy maintenance
- (3) Provide information concerning our business, manage our operations, and to expand our lineup of products and services
- (4) Other insurance-related business

These uses are given in our Personal Information Protection Policy that is available through our website Disclosure Report and elsewhere. Furthermore, when personal information is collected directly from customers, the use is clearly conveyed to the customer in advance.

5. Information Management

In order to guarantee that a customer's personal information is up to date and correct, we take the appropriate steps necessary to conduct business. Furthermore, we implement measures deemed necessary and appropriate for the safe management of a customer's personal information in order to prevent its inappropriate access, leakage, loss or destruction.

6. Provision of Information

- (1) As a general rule, we do not provide a customer's personal information to third parties without receiving consent from the customer. This includes the following situations:

- 1) Providing customer information to Nippon Life Group companies, including Nissay Dowa General Insurance, in order to provide services related to Nissay Insurance Accounts.

- 2) Providing customer information to Nippon Life related and affiliated companies in order to explain and provide various products and services.

- (2) However, in the following situations, we will provide customer information to third parties without customer consent.

- 1) Providing a customer's personal information to a third party without customer consent is permitted by Article 23, Clause 1 of the Law Related to Personal Information Protection (Personal Information Protection Law) or other laws and regulations
- 2) When the provision of information to firms that Nippon Life has outsourced work to is necessary for Nippon Life to conduct business
- 3) When sharing a customer's personal information as stipulated by the Personal Information Protection Law
- 4) Other cases where the Personal Information Protection Law permits provision of a customer's personal information without customer consent

7. Disclosure, Revision, Suspension of Use and Erasure of Information

When customers request that their personal information be disclosed, revised, not used or erased, the appropriate action will be taken after confirming the customer's identity provided there is no special reason not to.

8. Compliance with Related Laws

Regarding a customer's personal information, we conduct business in a manner that adheres to all aspects of the Personal Information Protection Law, all other related laws, regulations and guidelines, and the Life Insurance Association of Japan's guidelines on handling personal information for the insurance industry.

9. Establishment of and Improvements to the Compliance Program

In order to guarantee that a customer's personal information is being handled appropriately, a compliance program was established which all our employees, firms that we have outsourced work to, and other related parties are made thoroughly aware of, and we conduct necessary and appropriate supervision.

Furthermore, we review and revise the policy and compliance program when necessary.

10. Customer Requests Regarding Personal Information

Customer requests regarding the handling of a customer's personal information are received at the personal information counter and processed in an appropriate and efficient manner.

Q15 *I am the owner of a company. What sort of employee benefit plans does Nippon Life offer?*

The policies that have been explained so far are in the category of individual insurance. The following sorts of insurance plans are available if companies and organizations are affiliated with life insurance companies. Nippon Life offers a broad range of products and consulting services to match the needs of corporate managers who are working to enhance benefit plans for their employees.

Nippon Life's Main Corporate Products (as of July 2006)

* Self-reliant products: Insurance premiums are borne not by the corporation or organization, but by the executives and employees themselves.

Employee Benefit Plans		Pillars of Employee Benefits	Plans that Support the Pillars of Employee Benefits	Products that Meet the Needs of Company Plans
Provision for employees	Protection against the unexpected (Group insurance)	Survivor coverage	<ul style="list-style-type: none"> • Non-statutory workers' accident compensation plan • Plan for retirement funds payable on employee's death and condolence payments • Plan providing pensions for surviving family/children 	• Nissay General Welfare Group Term Life Insurance
		Disability coverage	<ul style="list-style-type: none"> • Plan for employee (executive) self-reliant aid 	• Nissay Optical Group Term Life Insurance
		Medical coverage	<ul style="list-style-type: none"> • Disability coverage plan 	• Nissay Group Disability Income Insurance
	Retirement allowance and annuities (Group annuity)	Medical coverage	<ul style="list-style-type: none"> • Medical coverage plan 	• Nissay Medical Life Insurance (Group Type)
			<ul style="list-style-type: none"> • Plan for employee (executive) self-reliant aid 	<ul style="list-style-type: none"> • Nissay Medical Life Insurance (Group Type) • Nissay Medical Life Insurance (Non-participating) • Nissay Term Life Insurance (Group Type) with Medical Rider • Nissay Dread Disease Term Insurance (Group Type) • Nissay Insured Contributory Pension Plans Happy Life (Medical Treatment Coverage Plan)
		Retirement coverage	<ul style="list-style-type: none"> • Plan for retirement allowance and old-age pensions • Single retirement allowance system 	<ul style="list-style-type: none"> • Nissay Defined Benefit Corporation Pension Plans • Nissay Employees' Pension Fund Insurance • Nissay Insured Pension Plans (Tax-qualified pension plans)
	Executive's own provision	Survivor coverage	<ul style="list-style-type: none"> • Plan for employee (executive) self-reliant aid 	• Nissay Defined Contribution Pension Plans
		Retirement coverage	<ul style="list-style-type: none"> • Plan for employee (executive) self-reliant aid 	<ul style="list-style-type: none"> • Nissay Insured Contributory Pension Plans <i>Happy Life</i> • Nissay Asset Formation Pension Fund Insurance
	Asset formation	Preparation for buying one's own house	<ul style="list-style-type: none"> • Plan for retirement funds, death coverage and condolence payments for executives 	• Nissay <i>Keyman</i> Insurance
		Various life plans	<ul style="list-style-type: none"> • Executive retirement allowance plan 	<ul style="list-style-type: none"> • Nissay Workers' Asset-Formation Housing Funding Insurance • Nissay Group Credit Life Insurance
<ul style="list-style-type: none"> • Plan for employee self-reliant aid 			• Nissay Workers' Asset-Formation Savings Insurance	
		<ul style="list-style-type: none"> • Asset formation incentive plan (interest subsidy and other aid) 	<ul style="list-style-type: none"> • Nissay Workers' Asset-Formation Benefits Savings Insurance • Nissay Workers' Asset-Formation Fund Savings Insurance 	

Note: The *Keyman plan* is an individual insurance and insurance annuities policy handled by corporations

Provision for Unexpected Events that Affect an Employee (Group Insurance)

■ Building Attractive Employee Benefit Plans

In addition to providing general welfare group term life insurance to support surviving family members in the event of an employee's death, Nippon Life is moving ahead with consulting related to optional group term life insurance for employees, and with proposals to meet increasing needs to establish employee benefit plans that meet the needs of both corporations and employees. This effort involves introducing products that meet the increasing demand for medical coverage.

In addition, Nippon Life is working to strengthen its comprehensive consulting in fields that straddle the boundary between life and non-life insurance by offering combinations of life and non-life insurance such as medical/cancer insurance plans, group long-term disability insurance and comprehensive group accident insurance, which are provided by Nissay Dowa General Insurance, and optional group term life insurance provided by Nippon Life.

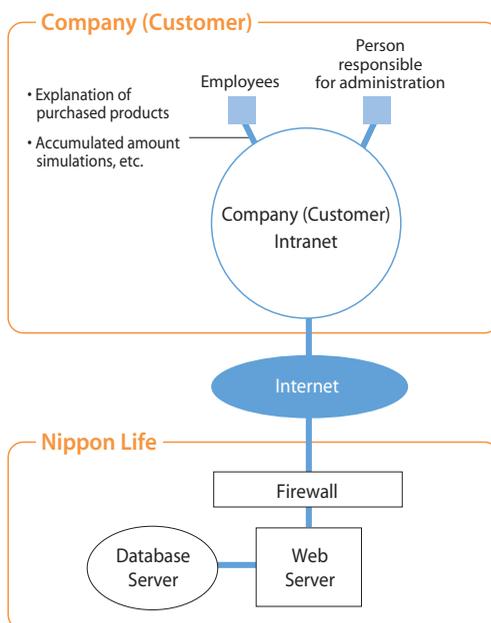
■ Efforts on the Administrative Services

In the field of self-reliant products, Nippon Life is striving to reduce the burden of system administration for companies and increase convenience for employees by establishing call centers handling inquiries and providing policyholders with a single notification that covers the various products they have purchased.

In response to companies' introduction of information technology, Nippon Life also offers the Nissay Life Navigation System, which individual policyholders can access online. This includes such functions as online applications, pension accumulated amount simulations and handling of online inquiries about purchased policies.

ご加入内容	
ABC総合保険プラン制度 への現在加入状況です。	
団体コード	129467890
被保険者番号	521601
事業所コード	50001
保険料(円/月)	2,500
性別	男性
生年月日	昭和37年 2月26日
ABC総合保険プラン (団体定期保険)	加入年月日 昭和59年 4月 1日 保険内容変更年月日 昭和59年 4月 1日
現在加入中になっております。	
・死亡保険金額(主契約)	1,000 万円
・死亡保険金額(1)	100 万円 災害保険特約付保特約しています
・死亡保険金額(2)	0 万円
・死亡保険金受取人	二世セイ / 扶子コ 様
・受取人の住所	配属者
・受取人の年齢	0 名
・受取人の職業	(他の受取人人数)
・配属者のご加入	毎月
・お子様のご加入	毎月
・現在お支払保険料 (お支払方法)	15,000 円 二契約の加入を合算した計算です 月 払
・配当金	350 円
(詳細は詳細の画面でご確認ください)	
ABC総合保険プラン (医療保険特約 (団体定期))	加入年月日 昭和59年 4月 1日 保険内容変更年月日 昭和59年 4月 1日
現在加入中になっております。	
・入院給付金	5,000 円
・死亡保険金額	1,000 万円
・死亡保険金受取人	二世セイ / 扶子コ 様
・受取人の住所	配属者
・受取人の年齢	0 名
・受取人の職業	(他の受取人人数)
・配属者のご加入	毎月
・お子様のご加入	毎月
・現在お支払保険料 (お支払方法)	1,500 円 二契約の加入を合算した計算です 月 払
・配当金	2,500 円
(詳細は詳細の画面でご確認ください)	
ABC企業年金プラン	新加入年月日 昭和59年 4月 1日

Nissay Life Navigation System



Defined Contribution Pensions

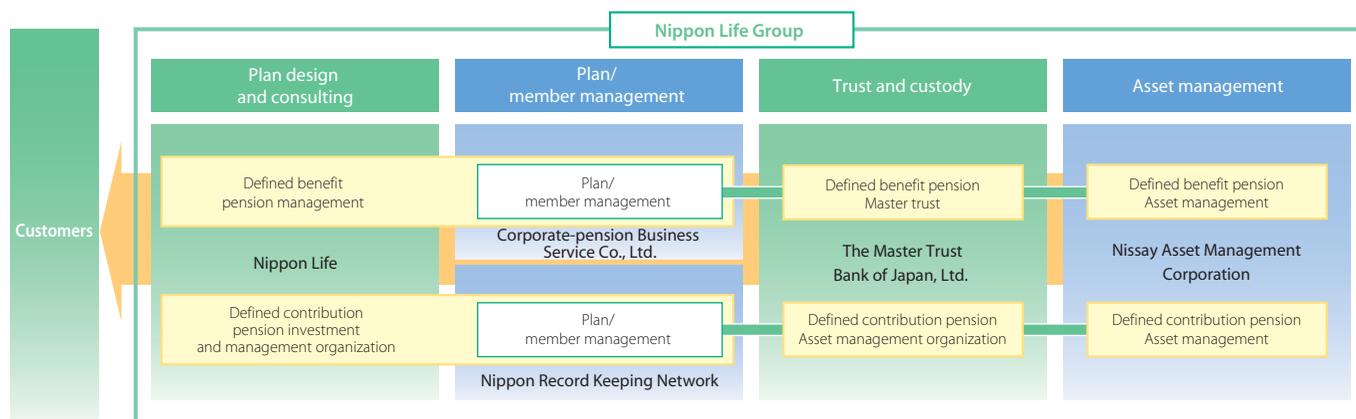
These pension plans are based on predetermined contributions and set benefits determined by the performance of individuals' investments. There are both corporate plans under which the firm pays the contribution for employees and individual plans where individuals pay the contributions. Further growth is expected in this field as new pension plans are developed to comply with pension laws that went into effect in October 2001.

Supporting Corporate Clients' Preparation for Employee Retirement Allowances and Pensions (Group Annuities)

■ Commissioned Systems to Strengthen and Specialize Group Annuities Services

As a commissioned organization that can provide a combination of defined benefit pensions and defined contribution pensions, we utilize the strength of the entire Nippon Life Group to offer high-quality services in a wide range of areas, including plan design, plan administration, trust and custody and asset management.

Commissioned Systems to Strengthen and Specialize Group Annuities Services



■ Consulting for Corporate Retirement Allowance and Annuity Systems Design

Nippon Life provides a wide range of services, including consulting on retirement allowances and pension plans by actuaries and system design specialists and verification of the effects of system changes on corporate and annuity finances.

Furthermore, in response to the elimination of tax-qualified pension plans in March 2012, Nippon Life is making efforts, focused on the approximately 10,000 customers (as of March 31, 2006) using its management services for approved tax-qualified pension plans, to provide information on the new system, improve advice on transition, propose the most advantageous plans, and ensure smooth transition.

Defined Contribution Pensions (401k Pensions)

Data from the Ministry of Health, Labour and Welfare shows that the number of people enrolled in defined contribution plans, which were first introduced in October 2001, reached 1.8 million as of March 31, 2006, and further growth in defined contribution pensions is expected.

For these plans, Nippon Life has built upon its record in the corporate annuities field, and utilized its business experience acquired in the 401(k)-style defined contribution pension plan market in the United States, to become Japan's leading company in defined contribution pension investment and management. Nippon Life has obtained the highest total of 291 (as of March 31, 2006) outsourcing contracts in this area.

Specifically, Nippon Life provides such services as high-quality investment training, our own call center that enables clients to get answers to all questions with a single phone call, and the provision of consulting and administrative support to business owners. We have created a structure that can meet comprehensive needs, from system introduction to daily management.

The Company also provides a variety of products that are appropriate for long-term annuity investments such as various Nissay Asset Management Corporation investment trusts and GIC (Guaranteed Investment Contracts) that are extremely safe. In addition to customization plans, as part of our services and products that meet diverse needs, we also offer open-type, low-cost package plans that minimize the burden on customers of introducing the annuity systems.

Nissay Defined Contribution Pension Call Center

Asset transfers and balance inquiries can be made 24-hours a day through the call center. This service is not limited to defined contribution pensions. It also offers advice from our specialist operators on taxes, public pensions and life planning.



Open Plans

Open plans are defined contribution pension plans that multiple companies can join together regardless of their industry or size. Since they are packaged, clerical work prior to plan introduction is greatly reduced, and they are less expensive than traditional plans.

This is a new defined contribution pension plan for firms that want a plan that is easy to introduce.

Q16 *Are the insurance premiums we are paying being safely invested?*

Features of Asset Management

To be certain that they can pay future insurance benefits, life insurance companies invest the insurance premiums entrusted to them with a sufficient view to safety, profitability and liquidity. Life insurance companies recognize the very public nature of the assets they invest, the accumulated premiums put in their hands by a large number of policyholders. Maintaining a mid- to long-term perspective, life insurance companies aim to secure stable investment returns by diversifying their assets and spreading risk in an appropriate manner.

General Account Asset Management Policies

Nippon Life invests general account assets based upon the following asset management policies.

1. Protecting the economic well being of policyholders is our first responsibility
2. Achieving long-term stable growth of investment returns through a coherent asset management strategy
3. Conducting asset management in a way that is acceptable to policyholders, maintaining an awareness of the mission and public nature of the life insurance business

Recognizing the characteristics of life insurance policies, we have established asset management policies based upon an Asset Liability Management (ALM) approach. In order to consistently provide policyholders with promised returns over the long term, we are concentrating investments in domestic public and corporate bonds expected to provide stable interest income. In order to improve mid- to long-term profitability, and aiming to provide returns to policyholders in the form of dividends, we invest in domestic stocks, foreign securities and other investment products within an allowable level of risk with a view to the stability of operations.

General Account and Separate Account

The separate account consists of individual variable insurance, individual variable annuities and a portion of group annuities. The separate account increases or decreases depending on investment management results of such assets as insurance payment funds and other reserves, and it is classified and managed separately from other accounts.

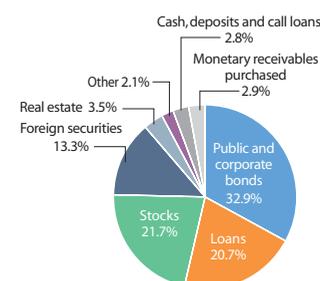
The general account is the account in which assets except those of the separate account are managed.

Asset Liability Management (ALM)

ALM is a method of managing assets and liabilities in an integrated manner. To assure that it can pay future insurance benefits, Nippon Life works to lessen the impact of interest rate changes by adjusting investment periods and implementing other management tactics, maintaining a firm grasp on the status of liabilities deemed "policy reserves" that are accumulated every fiscal period, as well as the status of assets under management.

Breakdown of General Account

(¥48,208 billion as of March 31, 2006)



Efforts in the Asset Management Business

To respond to corporate employee benefit and customer asset formation needs that continue to diversify and become more sophisticated, the Nippon Life Group positions asset management as a core business on par with its life and non-life insurance businesses and is making every effort to strengthen it. Nissay Asset Management Corporation was established in May 2000 by consolidating Nippon Life's Separate Account Management Department, which was initially spun off as a

separate company, and a Nippon Life trust investment-advisory subsidiary. This company plays the central role in the asset management business of the Nippon Life Group.

Nissay Asset Management Corporation is striving to win customer trust while strengthening risk management, client services, product development and asset management capabilities.

Nippon Life is aggressively developing its insurance operations overseas through local affiliates in order to shore up its mid- to long-term earnings foundation. In Asia and other regions with high growth potential, the need for insurance is increasing in tandem with economic growth. The advance of Japanese companies overseas is also increasing the importance of welfare benefit plans for employees working overseas. Though competition is fierce in the international insurance business, we are also learning many things from the insurance markets in various nations.

Currently, we are providing high quality services tailored to the needs of each respective region primarily through our four overseas insurance companies in the United States, the Philippines, China and Thailand.



Nippon Life Insurance Company of America

Nippon Life Insurance Company of America

Established in December 1991, Nippon Life Insurance Company of America is selling insurance products to corporations, including group health insurance, through six branches in New York, Los Angeles, Chicago, Atlanta and other cities.



Nippon Life Insurance Company of the Philippines, Inc.

Nippon Life Insurance Company of the Philippines, Inc.

Established in February 1997 through a joint venture with one of the leading financial groups in the Philippines, the company sells individual and group insurance through 16 bases around the nation.



Nissay-SVA Life Insurance Co., Ltd.

Nissay-SVA Life Insurance Co., Ltd.

Established in September 2003 as a joint venture together with SVA (Group) Co., Ltd., a leading consumer electronics manufacturer under direct control of the Shanghai municipal government, the company concentrates its business on selling individual and group insurance in Shanghai.



Bangkok Life Assurance Limited

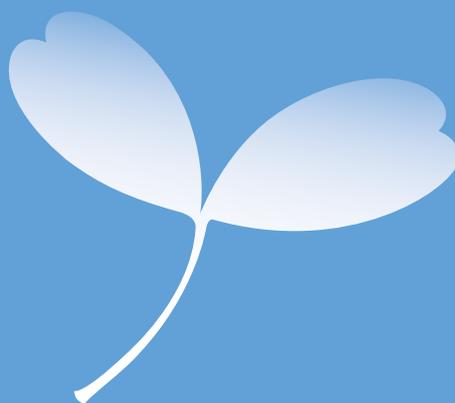
Bangkok Life Assurance Limited

Since first acquiring a stake in Bangkok Life Assurance Limited, one of Thailand's leading life insurance companies, in April 1997, we have strengthened our ties through the years. With additional increased shareholding in January 2004, we made Bangkok Life Assurance an affiliated company.

Nippon Life will continue to steadily develop overseas operations, aiming to expand profit-earning opportunities by providing high-quality insurance services.

CHAPTER

3



MANAGEMENT OF NIPPON LIFE

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Principles of a Mutual Company

Nippon Life was established as a mutual company under the Insurance Business Law of Japan. A mutual company is an incorporated association of insurance policyholders (excluding policyholders with nonparticipating insurance) defined as members. Nippon Life believes that a mutual company is the most appropriate kind of corporation for the life insurance business, for the following two reasons.

- 1) Nippon Life believes that policyholder interests should be at the forefront, and the framework for distributing surplus under a mutual company corresponds with this belief through the return of a major portion of retained earnings from business operations to policyholders, without the need to consider shareholder dividends.
- 2) To ensure that its promise to pay insurance benefits to policyholders is fulfilled, a life insurance company is obligated to maintain a sound financial position, and stably secure surplus over the long term. We believe that a mutual company format is the most appropriate in fulfilling these responsibilities and ensuring long-term stable management.

Nippon Life also strives to achieve flexibility in capital procurement and to practice corporate management open to external scrutiny from investors by procuring capital through the public securitization of foundation funds (kikin), and by holding regular financial results meetings as part of its concerted efforts to enhance disclosure.

Role and Operation of the Meeting of Representatives

■ Meeting of Representatives

Established to replace the General Meeting of Members, the Meeting of Representatives is comprised of policyholders selected to act as representatives. The Meeting of Representatives is equivalent to the general shareholders' meeting of a stock corporation, and deliberates and passes resolutions such as amending the Articles of Incorporation, approving proposals for the disposal of retained earnings, and nominating directors and auditors.

■ Attendance System for Meeting of Representatives

Policyholders may attend the Meeting of Representatives by following the prescribed procedures. Information is available at our offices and on our website in May and June.



The 58th Meeting of Representatives

■ Questions at the 58th Meeting of Representatives, held on July 5, 2005, included:

- I have heard that financial institutions are devising strategies that target baby-boomer retirement allowances for management. What sort of approach is Nippon Life taking toward the baby-boomer generation?
- I think there are many baby-boomers among the employees of Nippon Life. What sort of measures is Nippon Life taking to prevent contract cancellations and to maintain strong operations upon the retirement of veteran employees with their years of experience?
- Could you please explain why Nippon Life decided not to disclose the total for bonus payments to directors and auditors in the meeting agenda?
- Could you tell us about efforts in response to the Law Concerning the Promotion of Measures to Aid the Nurturing of the Next Generation of Children?
- In addition to promoting the appeal of the essence of products in TV commercials as has been the practice, I think it would also be good to feature Nissay's sales methods and sales representatives. Please tell me what you think of this idea.
- I have heard of corporate governance systems that separate business execution and oversight, and that make use of outside directors and auditors. What is Nippon Life's stance on this sort of system?
- On several fronts society continues to concentrate things in urban areas, but I hope Nippon Life will continue to place the same amount of importance on regional business activities.
- Does the new President have any particular aspirations to express for policyholders?
- What policies does Nippon Life have for overseas business expansion, and what is the current status of overseas expansion?
- I hope Nippon Life will take good care of its customers in local overseas operations.
- I would like to see Nippon Life continue the social contribution activities that it has traditionally been involved with in different areas.
- What sort of energy-saving activities is Nippon Life undertaking at its offices?

Minutes and a summary of the Meeting of Representatives (Q&A summary) are available soon afterward at head offices, the Tokyo Headquarters and all branches, as well as on the Nippon Life website.

Representatives and Their Election

■ Representatives

According to the Articles of Incorporation, each representative's term of office is generally four years, and can extend to eight years if selected for a second term. The number of representatives currently stands at 150 (the number shall be 160 as of April 1, 2007, and 180 as of April 1, 2009.)

Nippon Life aims to assure proportional representation of prefectures in choosing representatives. In addition, because representatives are requested to check management from a variety of perspectives, they are chosen from a wide range of backgrounds, occupations and ages. They participate in the Meeting of Representatives and deliberate with the Company through direct question and answer sessions.

From this perspective, Nippon Life believes that the number of representatives is set at an appropriate level.

■ Election of Representatives

Representatives are chosen to represent the interests of all policyholders, with no ties to the interests of specific policyholders from among the approximately 10.72 million policyholders, based on the perspective of fairly reflecting the opinions of policyholders at the Meeting of Representatives. In this context, the Representative Nomination Committee recommends candidates, who are elected by all policyholders as a means to directly reflect their opinions of the candidates.

Representative candidates are also selected from among policyholders that participated in Nissay Konwakai, which are held at branches throughout Japan every year, and where management receives opinions and requests from policyholders. Though we do not adhere to a system in which policyholders interested in becoming representatives can be directly selected as representative candidates, Nippon Life will continue to promote this method of selecting representative candidates from among policyholders who participate in the Nissay Konwakai, and aims to diversify selection methods by exploring other ways of selecting representative candidates in the future.

● Representative Nomination Committee

The Representative Nomination Committee is composed of members chosen from among policyholders by the Meeting of Representatives. The Representative Nomination Committee decides on selection standards for candidates, and selects representative candidates from a broad base of policyholders. From this election (appointments on April 1, 2007), Nippon Life aims to increase the independence of the selection process by appointing an external person to the position of head of the secretariat of the Representative Nomination Committee. In addition, Nippon Life aims to revitalize deliberations, including increasing from two to three the number of meetings of the Nomination Committee for each election.

● Policyholder Voting

All policyholders cast votes for individual representative candidates selected by the Representative Nomination Committee. If the total number of no-confidence votes is less than 10% of the total number of policyholders, candidates are nominated as representatives.

Board of Trustees

Nippon Life has a Board of Trustees that serves as a management advisory body to ensure the appropriateness of management. Trustees are elected at the Meeting of Representatives from among policyholders and academic experts. Trustees give opinions on advisory matters and important management issues, and deliberate on policyholder opinions of corporate management. The results of these opinions and deliberations are reported at the Meeting of Representatives.

Selection Standards for Representative Candidates

1. Required Qualifications
 - (1) Is a policyholder of Nippon Life.
 - (2) Is not a representative of another life insurance company.
2. Eligibility Standards
 - (1) Have a strong interest in the life insurance business and the management of Nippon Life, and have adequate insight as a representative.
 - (2) Can be expected to actively participate as a representative in the Meeting of Representatives and other events.
 - (3) Be able to check and advise on operations and management as necessary, in addition to making fair decisions at the Meeting of Representatives to promote the interests of all policyholders.
3. Selection

Representative candidates are selected from a broad base of policyholders with an emphasis placed on ability to represent policyholders and to inspect management.

 - (1) We select representative candidates to achieve well-balanced policyholder representation in terms of geographic region, occupation, age and gender.
 - (2) We select representative candidates who are able to check on operations and advise management from a management perspective, consumer perspective and from a specialist's viewpoint.

Qualifications for Selecting Representative Nomination Committee Members

- (1) Have a strong interest in and a deep understanding of the life insurance business and mutual company management, and adequate insight as a representative.
- (2) Able to fairly and impartially select representative candidates.
- (3) Able to participate in the Representative Nomination Committee.

Time of Policyholder Voting

Voting for representative candidates is held once every two years from August to September. The next election by policyholders is scheduled for 2006. (Voting materials and the Nissay Information Pamphlet shall be sent to all Nippon Life policyholders.)

Nissay Konwakai

The Nissay Konwakai are roundtable conferences for policyholders that we hold once a year throughout Japan, serving as opportunities for Nippon Life to explain its business activities and for policyholders to voice their opinions and requests on overall management as well as products and services. These have been held since 1975, making fiscal 2005 the 31st year in which Konwakai were held.

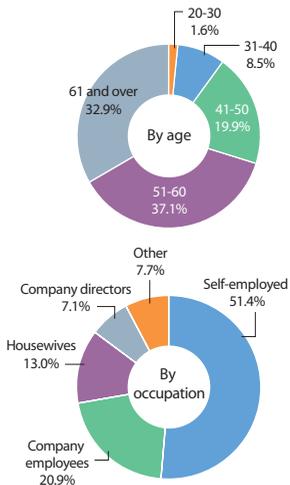
The main opinions and requests that we receive from participants are acted on and reported at the Meeting of Representatives and Board of Trustees, and we endeavor to examine and reflect these ideas in management. Participation includes several representatives and directors, and we continue to improve ties between the Nissay Konwakai and Meeting of Representatives.



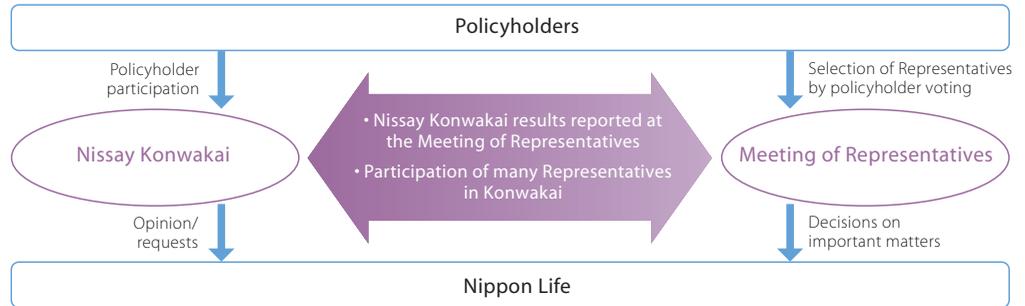
Nissay Konwakai Meeting

Description of Participants

(2,431 policyholders) Fiscal 2005



Position of Nissay Konwakai



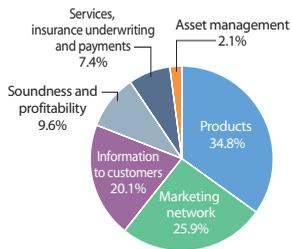
Information about when and where the Nissay Konwakai are held is available at our branches and sales offices, and is disclosed on our website. We promote broad participation in the Nissay Konwakai.

■ Status of the Nissay Konwakai Meeting in Fiscal 2005

In January and February 2006, we held the Nissay Konwakai in 110 locations around Japan for a total of 2,431 policyholders. We received a total of 4,525 opinions and requests. At the Nissay Konwakai, we showed easy-to-understand video presentations about our basic strategies, mutual company management and responses to customer opinions. Opinions and questions received at the Nissay Konwakai are thoroughly examined by the relevant departments and every effort is made to reflect them in management. The following are the main opinions and requests that we received during the fiscal year ended March 31, 2006, and our responses to them.

Categories of Opinions and Requests

(3,108 cases) Fiscal 2005



In addition to the above, we received 1,417 comments by participants in the Nissay Konwakai.

Main Opinions and Questions Received, and Our Responses to Them



Is Nippon Life developing medical coverage products in which senior citizens and others with concerns about their health can enroll?



Nippon Life offers products that meet the individual needs of each one of its customers, and is working to broaden its lineup to promote enrollment by an even greater variety of customers. We introduced *Iryo Meijin EX* medical life insurance for customers age 50 and over in September 2005, aiming to expand our products for middle-aged and senior citizens. This product has been well received, with sales of 64,000 policies in six months.

We have also set in place systems making it easier for customers who have been treated during past hospital stays, as well as other customers who have health concerns, to enroll in policies. Customers may choose to combine several options, including increased premium payments according to health conditions, reduced discounts on premiums and others. We aim to maintain a system that is equitable and available to a greater variety of customers (Some policy applications may be refused depending upon the applicant's health conditions.)

We will continue to compile and analyze a greater amount of medical data in order to set appropriate insurance premiums in line with underwriting risks, and work to aptly meet customers' insurance needs.



Is Nippon Life developing products that reward policyholders who make efforts to maintain their health (such as not smoking) with lower premiums, special payments for good health or other merits? I'd like to see such products.



In addition to providing sound coverage to help customers prepare for diseases, injuries and death, we believe it is also very important to expand merits for customers who are making efforts to maintain their health.

Since 1996, Nippon Life has been paying additional dividends called "health dividends" to customers who are making effort to maintain good health. This initiative is part of efforts to enhance dividend payments to both new and existing policyholders. Health dividend payouts were increased for the last two consecutive fiscal years.

We are also offering a number of services through the Nissay Insurance Accounts to support policyholders in their efforts to maintain health, including free consultation regarding health and nursing, discounts on health check-ups and fitness club memberships, information services regarding health and nursing care and other services. In addition, we will begin publishing and distributing SALUTE, a seasonal journal of health information, to customers from fiscal 2006.

Nippon Life will continue to enhance the appeal of products, dividends and services that reward customers who are striving to maintain their health with a variety of merits.

Other Opinions and Questions

Products:

- "I would like Nippon Life to work to create product pamphlets, policies and terms and conditions that are easy to understand."

Marketing Network:

- "I was very happy to have a visit from my sales representative soon after I went into the hospital. I hope this sort of considerate service is taught to other sales representatives."
- "I would like to ask that sales representatives be thorough and concise in carrying on quality service when they are assigned to take over another representative's client. I'd also like to see efforts to improve the business manners and consulting abilities of sales representatives."
- "I would like to see a greater number of Life Plaza service counters in convenient locations."

Providing Information to Customers:

- "With the growing proliferation of the Internet, will Nippon Life offer better services over the Internet?"

Soundness and Profitability:

- "It is important to aim to be the world's leading company in terms of stability and providing peace of mind. I hope Nippon Life will continue working to enhance its financial soundness."

Administration, Services, Underwriting and Payments:

- "What sort of measures are being taken to avoid problems with non-payment of insurance benefits?"
- "Would Nippon Life pay claims and benefits to policyholders infected by a rampantly spreading disease such as avian influenza?"
- "I would like to see procedures for enrolling in policies, payment of benefits and other procedures made faster and more simple."

Other (about Nissay Konwakai, etc.):

- "I have gained greater understanding of the Company's business management by participating in Nissay Konwakai. I would like to see customer opinions comprehensively reflected in business practices, and not only through Nissay Konwakai."
- "I know Nippon Life developed some new products for sale at financial institutions in response to deregulation in December 2005. What is the Company's strategy for the future in this area?"
- "What sort of response is Nippon Life preparing for mass retirements among the baby-boomer generation?"
- "What sort of strategy does Nippon Life have for growth in nations outside of Japan?"

Please visit the Nippon Life website for more details on Nippon Life's responses to these and other questions.

CONSTRUCTING AN INTERNAL CONTROLS SYSTEM

Nippon Life is constructing an internal controls system with the aim of increasing corporate value through the assurance of appropriate business operations.

Specifically, we are strengthening management oversight functions on the organizational level, including improving mutual company management and establishing a Board of Trustees. In addition, we are focusing on promoting compliance and implementing thorough risk management in order to assure appropriateness of business operations.

Internal controls
 “Internal controls” indicates systems and management processes built inside of a company to ensure that its operations are conducted appropriately and efficiently

Overview of Primary Initiatives

Internal controls system	Business organization	<ul style="list-style-type: none"> Constructing a check-and-balance system through the Meeting of Representatives, external directors, and Board of Trustees Increasing management efficiency Strengthening auditing functions
	Compliance	<ul style="list-style-type: none"> Constructing a compliance system Managing the compliance program Teaching and entrenching compliance principles
	Risk Management	<ul style="list-style-type: none"> Building risk management systems in each division according to risk characteristics Building a comprehensive risk management system for the entire Nippon Life Group

PROMOTING COMPLIANCE

Promoting Compliance

Compliance at Nippon Life goes beyond the narrow sense of the word, and extends to complying with all rules, earning the trust of customers and society, and taking up our work sincerely. All directors and employees bear the responsibility of compliance and, considering compliance to be a fundamental operating premise, strive to promote compliance primarily in the following areas.

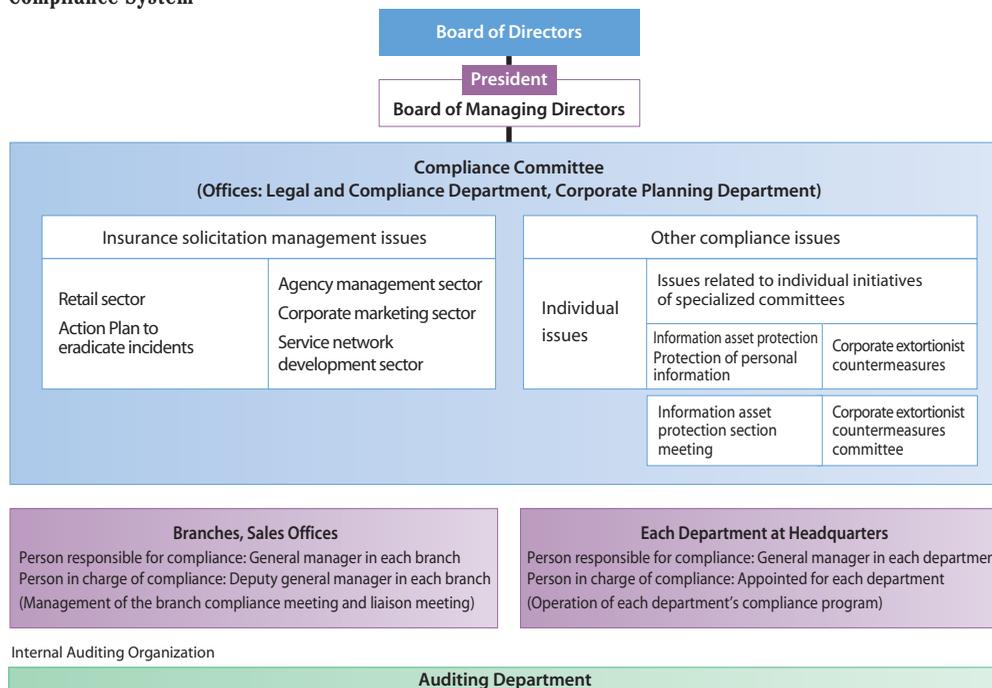
- 1) Construction of a compliance system
- 2) Compliance program management
- 3) Teaching and entrenching compliance principles

Compliance Committee
 Controls and manages the compliance system comprehensively by deliberating on measures related to insurance solicitation management and other compliance-related issues, and by monitoring organizational status.

Information Asset Protection Section Meeting
 Handles numerous issues related to protection of information assets, centered on protection of customer data.

Corporate Extortionist Countermeasures Committee
 Investigates countermeasures to eliminate antisocial activities, including corporate extortion; Confirms incidents that arise and communicates with related divisions.

Compliance System



■ Constructing a Compliance System

Nippon Life established a Compliance Committee as an advisory body to the Board of Managing Directors. The Compliance Committee comprehensively controls and manages the compliance system, including insurance solicitation management, by deliberating on measures related to compliance issues, and by monitoring organizational efforts.

Under the Compliance Committee, department managers and general managers at each branch are responsible for compliance of each organization. Each department at headquarters also appoints managers and deputy general managers at each branch as people in charge of compliance. Through these, Nippon Life has established a system for thorough compliance inside of operational management. People responsible for compliance actively manage the formulation and implementation of compliance programs at each department and branch, and people in charge of compliance work in a role to promote concrete initiatives together with the people responsible for compliance.

■ Management of Compliance Programs

The Board of Directors formulates compliance programs every year as concrete frameworks for the promotion of compliance. Based on these programs, the Compliance Committee analyzes problems and forms solutions related to insurance solicitation management issues and other compliance issues.

Organizations at branches formulate “branch compliance programs” aimed at eradicating improper activities, and decide upon items that call for daily action at each branch during the year. Branch compliance meetings and liaison meetings are held monthly to examine compliance issues and countermeasures aimed at solving those issues.

Each department at headquarters also formulates its own compliance programs in response to the various issues arising in its diverse operations, and works to implement these programs in daily operations.

Management of compliance programs at branches and at head offices is monitored by the Legal and Compliance Department, and by internal audits that confirm the content of branch programs, as well as the mid-year and year-end progress in implementing those programs and training programs.

■ Promoting and Inculcating Compliance Principles

Nippon Life drew up a Code of Conduct in 1998 that identifies the principles and standards by which all directors and employees must abide during the execution of daily business endeavors. We have also created a code of conduct and compliance manual that explains the Code of Conduct and the operations of each division from a compliance perspective.

The Code of Conduct is contained in a small booklet titled “An Employee Booklet” that all directors and employees are required to carry. The code of conduct and compliance manual are posted on Nippon Life’s intranet, and can easily be referred to at any time.

Education programs for sales representatives are conducted regularly through internal satellite broadcasts (customer satisfaction courses) with the aim of instilling a thorough awareness of compliance and business rules. Quizzes (about compliance matters) are given regarding content of the broadcast compliance programs to assure that employees have understood the material. (See p.40).

Non-sales personnel undergo group training according to job categories, and receive training based upon compliance programs for each department in order to enhance their knowledge of compliance as it relates to their work.



An Employee Booklet

All directors and employees are given copies of An Employee Booklet, which they are required to carry with them. They can easily refer to the booklet anytime they are in doubt about decisions in carrying out their daily work, including whether or not their actions are in line with the Code of Conduct, benefit the customer, are proper from a legal and common sense perspective, or infringe upon human rights.

Risk Management System

Underwriting the long-term collective risk of our customers is the essence of the insurance business, and correct identification and appropriate management of each aspect of risk are of utmost importance to Nissay's management. Moreover, operating in an environment of abrupt fluctuations in share prices and interest rates, with rapid progress in medical technology, the importance of risk management grows increasingly pronounced for life insurance companies.

For this reason, Nippon Life is building a comprehensive risk management system certain to meet our obligations to customers over the long-term.

Our approach to risk management involves a variety of initiatives to create and enhance risk management systems, rules and regulations, based on a clear understanding of the areas and types of risk to which life insurance companies are exposed. We manage risks in an integrated fashion, in terms of their overall impact on operations.

In addition, we have built a system of mutual checks and balances involving the establishment of risk management units, independent of profit centers, along with secondary checks and balances, including examinations of the effectiveness of risk management conducted by the Auditing Department.

Risk Management System



Integrated Risk Management

Nippon Life takes an integrated management approach to the various risks facing the entire Company. In addition to allocating funds as a buffer against all manner of risks, we closely monitor the magnitude of risk and report such conditions regularly to the Risk Management Committee.

Managing Insurance Underwriting Risk

Insurance underwriting risk can give rise to losses when factors such as economic conditions, incidence of insured events, asset management results and operational expenses, do not match the predictions made when premiums were set.

A life insurance company must fulfill its responsibility to bear the risk it assumes on behalf of customers for long periods extending over many decades. This requires the setting of reasonable premium rates that enable stable payment of claims, and an appropriate level of policy selection in order to control risk while upholding our coverage responsibilities. In addition, we employ an asset liability management (ALM) system, conduct appropriate benefit settlement assessments and adhere to rigorous cost management principles with the aim of responding flexibly to changes in the business environment and other conditions.

■ Dealing with Risks in Setting Premiums (See p.23)

Nippon Life sets insurance premiums after expert staff, who hold qualifications as doctors or actuaries, have analyzed reliable statistical data for setting frequency ratios of the incidence of insured events.

We also conduct numerous simulations to discover whether or not we will be able to meet future coverage obligations at the established level of premiums.

■ Responding to Risk Related to Policy Selection and Benefit Settlement Examinations

When Nippon Life considers underwriting a new policy, staff with medical qualifications conduct a medical examination and assessment, while other expert staff perform a more intensive assessment from the perspective of moral risk. Depending on the results of this process, we may choose to impose special conditions such as increased premiums, allowing us to offer a wide variety of fairly-priced insurance products to as many customers as possible.

We are also diligent about managing risks related to paying out claims and benefits. We are stepping up our use of professionals with medical qualifications in assessment of payments. When a policy gives grounds for concern about potential improprieties, these staff professionals undertake further rigorous assessments, and confirmation is handled by outside organizations.

Liquidity Risk Management

Liquidity risk, which consists of cash flow risk and market liquidity risk, refers to the risk of incurring losses from a rapid outflow of funds due to an unexpected event such as a major natural catastrophe, or being forced to make transactions at extremely unfavorable prices due to market confusion.

■ Dealing with Cash Flow Risk

Nippon Life deals with cash flow risk via asset management plans and daily cash flow management, which ensure that highly liquid assets exceed a given threshold. In the event that cash flows were actually to deteriorate, we would take countermeasures such as establishing maximum holding ceilings for less liquid assets.

■ Dealing with Market Liquidity Risk

Nippon Life deals with market liquidity risks by establishing appropriate transaction limits, then reviewing them as necessary in the context of changes in market environment.

Actuary

A professional occupation that involves securing revenues by the application of mathematical methods, including probability theory and statistics.

Policy Selection

Life insurance is a system of mutual dependence involving customers paying premiums, which are calculated on the basis of the probability of an insured event occurring, for protection and benefits. An examination is carried out at the time the policy is to be issued to confirm if medical and other risks are homogenous across the insured. This is known as policy selection.

Moral Risk

As a system in which payments from many policyholders are used to provide insurance against the unexpected, life insurance is inherently subject to the danger that some parties might make small premium payments and then attempt to illegitimately gain a large payout, an act that denies the very essence of the system. This is what is generally referred to as moral risk.

Cash Flow Risk

This refers to the risk that an unexpected funds outflow could cause cash flow to deteriorate to the extent that we would be forced to dispose of assets at extremely low prices.

Market Liquidity Risk

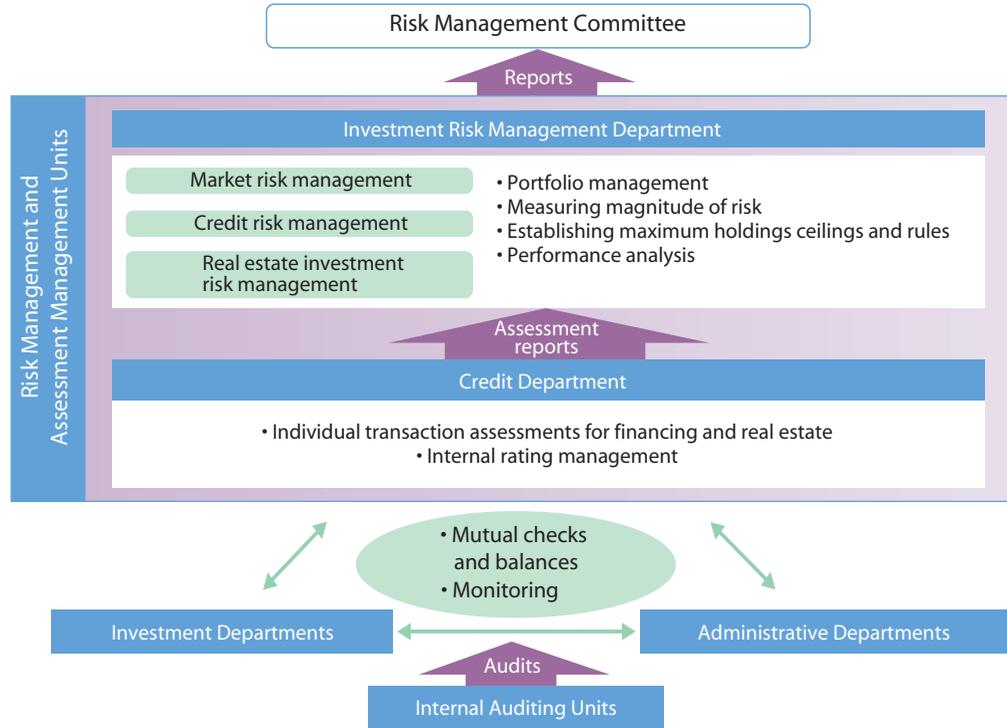
This refers to the risk of losses when confusion in the markets prevents transactions from taking place, or forces transactions to be made under conditions substantially less favorable than normal.

Investment Risk Management

Investment risk, which can be categorized into market risk, credit risk and real estate investment risk, refers to a variety of risks associated with investment and finance activities.

The long-term nature of life insurance policies requires a long-term approach to managing risks associated with investment. Nippon Life has therefore established an Investment Risk Management Department as part of a rigorous system for managing risks and seeking to limit losses to acceptable levels while also pursuing stable returns.

System of Managing Investment Risk



Market Risk Management

Market risk refers to the risk of losses incurred when the market value of invested assets declines due to such factors as fluctuations in interest rates, stock prices or exchange rates. In addition to stemming the occurrence of large-scale losses on individual investment and finance transactions, it is important to keep risks to the overall portfolio within pre-established boundaries.

Establishing Maximum Holdings Ceilings and Loss-Cut Rules

To prevent the occurrence of large-scale losses on individual investment and finance transactions, Nippon Life establishes maximum holdings ceilings and loss-cut rules based on the nature of the assets, reporting the state of compliance regularly to the Risk Management Committee. Nippon Life is also developing systems to contain risk within acceptable limits when rules are in conflict.

Measuring and Managing Market Value-at-Risk

To control the market risk of our overall portfolio, we use statistical analysis to reasonably calculate market value-at-risk for our entire portfolio and conduct appropriate asset allocation within the level of allowed risk.

Portfolio
Holdings of various investment assets under management, including stocks, bonds and loans.

Loss-Cut Rules
A measure for limiting losses to a predetermined level by disposing of an asset when losses on it exceed a specified level.

Market Value-at-Risk
The assumed maximum amount of potential risk due to changes in the external environment, calculated from historical data.

■ Credit Risk

Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or is entirely eliminated due to deterioration of the financial condition of the party to whom credit has been extended. We believe that in managing credit risk it is important to examine each transaction rigorously, set terms appropriate to the level of credit risk involved, and conduct thorough analysis to accurately evaluate every facet of overall portfolio risk.

● Credit Risk Management in Individual Transactions

We have built systems for rigorous examinations, involving a Credit Department independent of the departments handling the investment and finance activities. We are working to construct systems to support credit risk management, including loan interest rate guidelines to ensure the returns we obtain are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

● Managing Credit Risk in a Portfolio as a Whole

The Company calculates the magnitude of credit risk as credit value at risk, using Monte Carlo simulations. We incorporate the results into our management strategy for the credit portfolio to maintain the magnitude of risk within acceptable limits.

■ Managing Real Estate Investment Risk

Real estate investment risk refers to the risk of reduced returns caused by such factors as rent fluctuation as well as losses when real estate values decline due to market deterioration. Our approach to managing real estate investment risk involves rigorous examination of each investment by a Credit Department independent of the departments actually handling the investment. We also adhere to a system involving warning levels for investment return and price levels. This enables us to appropriately focus management efforts on properties whose profitability is suffering.

■ Stress Tests

In addition to the risk management systems above, we also conduct stress tests with a view to understanding the portfolio's characteristics in case of exceptional and sudden market shifts. We formulate a variety of severe market scenarios and conduct simulations and analyses to identify losses that cannot be ascertained through statistical calculations of value-at-risk. These tests help to assure portfolio soundness.

Loan Interest Guidelines

Loan interest levels are set on the basis of such factors as the potential loss that Nippon Life could incur in the event of a borrower bankruptcy.

Internal Rating System

This system classifies the creditworthiness of a borrower based upon objective statistical analysis of its financial data and other attributes. This system is used in conjunction with our self-assessment system.

Credit Limit System

This system is used to prevent excessive concentration of credit risk on a particular borrower.

Monte Carlo Simulation

This is a comprehensive calculation method used to estimate the magnitude of portfolio losses by running simulations based on random numbers, yielding a calculation of value-at-risk.

Credit Value at Risk

Calculated from historical data, this is the maximum loss amount that the portfolio could incur due to the deterioration of the financial position of a borrower and other factors.

Operational Risk

Operational risk refers to the risk of incurring losses as a result of administrative errors or incidents, or improper actions by directors or employees. Erroneous procedures and other such mistakes not only inconvenience customers, they can also be a violation of our social responsibilities.

At Nippon Life, we are focused on integrated operational risk management, and we are gathering and analyzing opinions from customers and information about instances of administrative errors. Through these efforts, we work to prevent problems from occurring and, in the event that such problems do occur, to promptly discover the cause and prevent similar errors from happening again.

Our intent is to establish a system involving comprehensive administrative guidelines and multilayered inspections and guidance carried out by the headquarters' auditing groups and branches. Through these, we are working to ensure that administrative processes are accurate, and to reduce operational risk.

Computer System Risk

Computer system risk refers to the risk of losses from computer system failure, incorrect or defective operation, and illicit use.

To deal with the risk of computer systems going down, we have prepared for area-wide disasters by establishing our main computer center in Kansai (western Japan) and a backup center in Kanto (eastern Japan). In addition, we have developed a system with contingency plans to enable quick response to emergencies.

We also have implemented a wide variety of security measures to deal with potential defects, faulty computer system operation, illicit use and data leaks.

We are committed to reducing risks Company-wide through strict compliance with our own safety standards for the planning, development and appropriate operation of computer systems.

Special Handling after Natural Disasters

When natural disasters occur and the Natural Disaster Act is applied, in principle Nippon Life extends the deadline by which insurance premiums must be paid and implements other special handling conditions for policyholders in affected areas. In such cases, Nippon Life gives notice through its branch offices in areas where this applies. To ensure that administrative procedures run smoothly, customers are kindly requested to always keep a record of their certificate numbers and call center numbers safely on separate sheets of paper.

Nippon Life Natural Disaster Countermeasures

Nippon Life is working to build a structure that provides customers with uninterrupted service even after large-scale natural disasters. We have established system infrastructures in both Tokyo and Osaka that are mutually capable of replacing one another. In addition, we have conducted regular disaster-response training, and have developed countermeasures concerning hardware and software failures.

EFFORTS IN SYSTEM DEVELOPMENT

Environmental Changes Surrounding IT and the Effort for System Development

In the life insurance industry, Nippon Life has traditionally been in the forefront of developing and adopting information technology.

The Unique IT-System Demands of the Life Insurance Industry

- The need to process vast amounts of medical and statistical data in product development, policy underwriting and benefit assessments
- The need to calculate precise insurance premiums using extensive consulting tools during the sales process
- The need to maintain and manage the enormous number of complicated and diversified long-term policies
- The need to compete in various fields with advanced financial techniques in the asset management business

As an industry pioneer in regard to system development, we have introduced the latest technologies, including offering a variety of services to customers over the Internet.

With the rapid IT expansion of recent years, increasing network speeds and more advanced capabilities of computers, IT has become part of today's social infrastructure. With broadband and further advances, IT is coming to play an even greater part in people's lives.

In this rapidly changing environment, Nippon Life recognizes that IT systems are indispensable business tools providing a foundation for the Company's efforts to improve and expand customer service, as well as boost efficiency. We are pressing ahead with diversified system development, confident that effectively using IT and maintaining stable system operations will lead to greater trust with customers.

Investment in IT

With an eye on the latest technology trends, Nippon Life invested approximately ¥36.0 billion in IT during the fiscal year ended March 31, 2006, aiming to improve customer service and strengthen its business foundation.

With the goal of improving payment and underwriting services, we are reconstructing our underwriting and benefit assessment systems, while strengthening our information security systems, starting with encryption of customer information.

While continually investing to upgrade the backbone of our administrative and IT systems, we are also introducing lighter weight basic systems and server-based systems, and shifting to low-cost infrastructure with the aim of reducing system-maintenance costs and boosting efficiency.

Nippon Life is also working to expand shared use of its system with other companies through the endeavors of Nissay Information Technology Co., Ltd.

Milestones in Nissay System Development

- | | |
|--|---|
| 1988 Introduced integrated in-house computer network system to 2,000 sales offices throughout Japan | 2000 Test start of New TS system (life and non-life insurance total service) |
| 1995 Introduced satellite communication network to 2,000 sales offices throughout Japan | 2001 Constructed an intranet system
Constructed a call center system |
| 1997 Created Nissay website (http://www.nissay.co.jp) and introduced online services | 2002 Established a new real estate system
Established a new securities management system (NIT X-NET) |
| 1999 Introduced the Nx-2000 System that uses a client server system infrastructure
Provided approximately 60,000 sales representatives with mobile terminals for consulting (<i>FPer</i>)
Started the Nissay Insurance Accounts service
Established a strategic IT subsidiary, Nissay Information Technology Co., Ltd. | 2004 Created a Web version of the agency system
2005 Updated a client server system of 1,800 sales offices throughout Japan to a Web-based network (e-system)
Provided approximately 50,000 sales representatives with <i>Duo</i> mobile terminals for consulting |

Nippon Life's Social and Public Activities

Based on a spirit of providing mutual assistance, the insurance business has a strong public nature. Since its establishment, Nippon Life has been guided by that nature and commits the same vigor to its social and public activities that it exerts in the relentless development of progressively better products and services.

Starting with the founding of the Nippon Life Saiseikai Foundation in 1924, five foundations have been established through which specialized public-spirited initiatives have been continuously implemented in the areas of environmental protection, youth and culture, senior citizens, and health care and medicine.

In addition, we are vigorously promoting regional contribution initiatives, in which employees and executives throughout Japan voluntarily participate in promoting local culture and making a better living environment.

With its strong determination to be a good corporate citizen that lives in harmony with society, Nippon Life will continue these initiatives wholeheartedly.

Environmental Protection

■ Green Initiatives

In order to replenish the earth's forests, which serve as the source of paper that Nippon Life uses, the Friends of Nissay Forests Association has been working with the Nissay Green Foundation on forestry projects since 1992. In the fourteen years to 2005, Nissay forests were planted at 167 locations in 42 cities and prefectures, covering a total of approximately 376 hectares. More than 1,130,000 trees have been planted.

In 2003 we launched the Nissay Planting and Nurturing Forests for Future Generations campaign. This goes beyond planting trees and involves cutting undergrowth and clearing vines so that the trees grow into full forests. While broadening the scope of these planting and nurturing activities to include local residents and children, we are promoting the nurturing of forests as local community assets and the passing on of our irreplaceable environment to the next generation.



The Friends of Nissay Forests Association
This is a voluntary organization composed mainly of Nippon Life directors and employees. It raises funds within the company for planting and nurturing Nissay forests and provides information on environmental protection, among other activities.



Nissay Onogami-no-mori (Gunma Prefecture):
Tree-Planting Activities (Fiscal 2005)



Nissay Kume-no-mori (Okayama Prefecture):
Forest-Nurturing Activities (Fiscal 2005)



Nissay Fuji-no-mori

Nissay Forests Environmental Contribution (Fiscal 2005)

(As evaluated by the Forestry Agency)

Effect		Evaluation	Economic Value (Thousands of Yen)
Prevention of Global Warming	CO ₂ absorption, stabilization	1,623 tons per year, equivalent to annual emissions of about 5,000 people	¥20,620
Nurturing of Water Resources	Water reservoir	118,955 cubic meters per year, equivalent to the annual consumption of about 108,000 people	¥ 6,370
	Flood prevention	5.0457 cubic meters per second	¥19,010
	Water purification	118,955 cubic meters per year, equivalent to the annual consumption of about 108,000 people	¥ 8,180
Preservation of Mountains	Landslide prevention	2,154 cubic meters per year	¥12,250
Total			¥66,430

■ Support for Environment-Related Research

The Nissay Life Foundation was quick to turn its attention to environmental problems, which are now extremely important social problems, and has supported research on the harmonization of human activity and environmental protection in cooperation with college researchers and organizations such as NPOs since 1979. Furthermore, the Foundation is striving to promote understanding of these problems and their solutions by supporting the publication of research results and holding workshops where the research results are reported.



Environmental Issue Research Grant Workshop

Reducing the Environmental Burden

Since 1991, Nippon Life has promoted the “Nissay Save & Recycle Campaign” as part of its efforts to reduce environmental burden. From the perspective of developing and furthering responses to environmental problems, we established an environmental charter in 2001, received ISO 14001 certification for our Osaka head office and Tokyo

headquarters, and are reinforcing our environmental measures. These include systematic and continual reductions in our consumption of energy and resources such as paper, electricity and water, separation of garbage, green purchasing and raising our employees’ awareness of environmental issues.

Environmental Charter

I. Basic Ideal

As a citizen of the earth, we recognize that protecting the environment is the most important issue for all people and corporations, and strive to take the environment into account in all of our business activities, with the goal of passing on our irreplaceable environment to the next generation.

II. Action Guidelines

1. Environmental protection through the life insurance business

We strive to contribute to environmental protection while developing the life insurance business.

2. Efficient use of energy and resources

In order to reduce the environmental burden resulting from business activities, we are contributing to the creation of a recycling society by implementing green purchasing while promoting energy and resource conservation, as well as resource recycling.

3. Pollution prevention and compliance with environmental laws

We are working to prevent pollution and comply with environmental agreements and policies we have agreed to, in addition to environmental laws and regulations.

4. Promotion of environmental education and social contributions

We are contributing to society and promoting environmental protection through programs such as reforestation. Simultaneously, we are working to raise awareness of our directors and employees through environmental education.

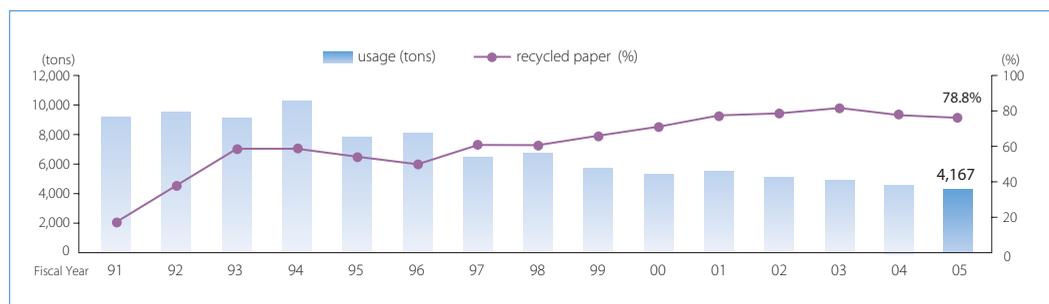
5. Continuous improvement of environmental efforts

We strive to continuously improve our efforts by setting environmental goals and targets, implementing them, and periodically reviewing them.

This Environmental Charter is well known within the Company and is also published outside the Company.

Formulated May 7, 2001
Nippon Life Insurance Company
Kunie Okamoto, President

Amount of Paper Used and Percentage of Recycled Paper Used



Recycling Station (Tokyo Headquarters)



JQA EM2002
Head Office and Tokyo Headquarters

In addition, we promote the construction of buildings that take the environment into account, and this effort has centered on the approximately 420 buildings we hold as investments. In February 2003, the Nissay Shin-Osaka Building received the Environment and Energy Conservation

Construction Award (Director’s Award) from the Institute for Building Environment and Energy Conservation, and in March was given the Society Award from the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan.

Cultural Activities (For Young People)

■ Nissay Masterpiece Theater



Nissay Theater

The Nissay Theater was created in 1963 to aid in the development of a fulfilling and enriching society through the promotion and expansion of the performing arts, and has been staging excellent theatrical performances ever since. This vision is supported by the Nissay Masterpiece Theatre, created in 1964, which offers free musical performances for entire schools with the hope of fostering an abundant aesthetic sense and new sensitivity in children, the torchbearers of the next generation. The Nissay Culture Foundation, with our support, sponsors the performances. The shows are created and performed by the Shiki Theatre Company in 11 cities throughout the country, and as of March 31, 2006 they have given dreams and inspiration to over 6.44 million children.



Nissay Masterpiece Theater: The Dream of John Manjiro (Shiki Theater Company)

Nissay Masterpiece Theater Recent Shows

Year	Season Number	Show Name	Number of Children	Planned Performances
2006	43	The Dream of John Manjiro	202,000 (forecast)	Sapporo, Sendai, Tokyo, Yokohama, Nagoya, Kyoto, Osaka, Kobe,
2005	42	The Witch that Gave up Magic	204,043	Hiroshima, Fukuoka, Kitakyushu (11 cities)
2004	41	The Adventures of Momojiro	200,062	

■ Supporting the Healthy Development of Children and Teenagers



Support for Healthy Nurturing of Children (Tomiura "Society of Picture Book Enthusiasts")

To promote the passing on of local traditions, friendship building, and the experience of nature and life, the Nippon Life Foundation has since 1979 helped support governor-recommended private organizations that conduct local childrearing activities and child-focused activities in cooperation with local residents possessing the know-how and materials to conduct such activities. As of 2005, the Foundation has contributed to 9,568 organizations.

Examples of Organizations Supported in Fiscal 2006

Organization Name	Activities	Type of Support
Nippon Active Life (NALC) (Otsu City, Shiga Prefecture)	Supports nature adventures and educational activities for groups comprising senior citizens, local children and their parents	Microscopes A set of equipment for observing biotopes A set of wooden construction tools
Nippon Sango-sho Skore (Naha City, Okinawa Prefecture)	Runs programs for children who are frequently truant from school or who are socially withdrawn to work cooperatively on nature projects. The programs develop the children physically and mentally, helping them take steps towards self-reliance.	Set of tools for construction of a work studio

Senior Citizens Activities

■ Nissay Eden-no-Sono



Matsudo Nissay Eden-no-Sono

Nissay Eden-no-Sono, operated by Nissay Seirei Health and Welfare Foundation, is a comprehensive health and welfare facility for senior citizens, which includes such provisions as a retirement home (fee-based), an illness prevention center, a comprehensive welfare center for senior citizens and a home nursing service center. The first one was opened in Nara in 1992, and the second one in Matsudo in 1997. Both facilities have been recognized as exemplifying the Ministry of Health, Labour and Welfare's policy of "Promoting health and longevity in 21st century hometowns."

■ Supporting the Aging Society



Aging Society Support Symposium

The Nippon Life Foundation supports organizations and individuals that conduct practical research or cutting-edge work related to the creation of systems to promote the participation of senior citizens in society, the construction of cities and regional benefit plans for the aging society, along with the prevention of senility in senior citizens and their care. Furthermore, the Foundation holds symposiums and workshops every year in order to spread information of achievements in these areas.

Health Care and Medical Fields

Since it was founded in 1924, the Nippon Life Saiseikai Foundation has been working to aid society in the field of social welfare, offering free or low-cost medical examinations at retirement homes and children's homes in 50 locations.

Founded in Osaka city in 1931, the Nissay Hospital provides high-quality medical care as a general hospital with 17 departments and 350 beds. Recognized by the Japan Council for Quality Health Care, the Nissay Hospital also trains medical staff as a clinical research hospital certified by the Ministry of Health, Labour and Welfare.



Nissay Hospital

Regional Contributions and Volunteer Activities

Nippon Life conducts regional contribution activities such as sports, education, interaction with welfare facilities, and cleanup activities at branches and other operating sites throughout Japan.

Local Community Contribution Activities in Fiscal 2005

Department		Type of Support
Hiroshima Branch Shiga Branch Matsumoto Branch Takamatsu Branch	Local community interaction through sports	Ping-pong classes and exhibition matches held in cooperation with our ping-pong club for women. Participants totaled 380, mainly elementary and junior-high school students, as well as local community members.
Takamatsu Branch	Financial education for young people	Financial education at local junior-high and high schools 230 students attended seminars on the mechanisms and role of insurance.
Nara Branch	Local cleanup activities	Local cleanup campaign "Cleanup Nara" with 162 participants
Niigata Branch	Interaction with welfare facility	Invited people with disabilities to the branch to safely view fireworks
Tokyo Headquarters, other	Outings for people with serious disabilities	In collaboration with other companies in Chiyoda-ku, assisted in outings for residents of Chiyoda-ku who have serious disabilities
Kochi Branch, other	Support for orphans	Our employees from 17 branches took part in the Ashinaga P-Walk (a walk-a-thon to assist orphans)



Local community interaction through sports



Financial education for young people



Interaction with welfare facility

To promote independent volunteer initiatives by employees, we provide timely information about volunteering opportunities, and hold in-house seminars to equip employees with practical knowledge and basic techniques for volunteer activities.

Volunteer Seminars in Fiscal 2005

Location	Theme	Contents of activities
Head Office, Tokyo Headquarters	International contribution: Support for children in poverty-stricken areas	Employees from throughout Japan collected used children's picture books from their homes, which were then translated by 90 volunteers. 102 picture books were donated to regions of Asia where there are no libraries.



Volunteer seminars
(Creation of translated picture books)

We are working together with five foundations in joint social contribution activities

(as of March 2006)

Name of foundation	Date established	Location	Main activities	Address
Nippon Life Saiseikai Foundation	July 1924	Osaka	Social welfare work, management of Nissay Hospital and training of nurses	http://www.nissay-hp.or.jp/index.html
Nissay Culture Foundation	November 1973	Tokyo	Hosting theatrical performances for children and general audiences, management and operation of the Nissay Theater	http://www.nissaytheatre.or.jp
Nissay Life Foundation (Nippon Life Foundation)	July 1979	Osaka	Support for businesses and research that contribute to the building of a truly prosperous society filled with humanity and culture	http://www.nihonseimeizaidan.or.jp
Nissay Seirei Health & Welfare Foundation	July 1989	Osaka	Surveys, research and services related to the aging of the population, and support for the education of qualified nursing care workers	http://www.nissay-seirei.org
Nissay Green Foundation	July 1993	Tokyo	Protection of forests through tree-planting and nurturing activities in Japan and abroad	http://www.mmjp.or.jp/nissay-green

Nippon Life is working to enhance its varied disclosure initiatives in order to better help customers gain a clear and timely understanding of its business information.

Disclosure Materials Available at Service Counters and by Post

So that a broad range of customers may view them, Nissay disclosure reports are available at the service counters of branches, sales divisions and representative offices nationwide. In addition, Nippon Life sends various disclosure materials by post in response to customer needs.

With an increasingly diverse range of products and services, we aim to create easy-to-understand disclosure materials, and are working to improve content by receiving opinions through Customer Monitor Meetings and other avenues. (See p.9).

Disclosure Materials Produced in Fiscal 2005



Nissay Disclosure Report produced in accordance with Article 111 of the Insurance Business Law. Available at all service counters throughout Japan (in Japanese)



NISSAY NOW Nissay disclosure, digest version (in Japanese)



Nissay Disclosure Report for semiannual version (in Japanese)



Annual Report (in English)



NISSAY 2005 Business information pamphlet for all policyholders (in Japanese)



*Variable Amount Insurance (Separate Account) Result Notification Result report for variable amount insurance policyholders*1 (in Japanese)*



*Variable Annuities (Separate Account) Result Notification Result report for variable annuities policyholders*2 (in Japanese)*



*Result Report for Group Annuities Result report material for policyholders of group annuities (employees' pension fund insurance, new insured pension plans, etc)*3 (in Japanese)*



Nippon Life, a Financial Organization Material related to asset management business and results for corporate customers (in Japanese)

*1 Information on variable amount insurance investments can be obtained at the headquarters and branch service counters.

*2 For the latest performance summary of variable annuities separate account, please see the Nissay investment annuity page of the Nissay website.

*3 A quarterly disclosure magazine is issued to all separate account policyholders. Furthermore, information on annuity investments is provided in a timely manner on the Nissay website.



Nissay Website, Disclosure Materials

Information Provided on the Website

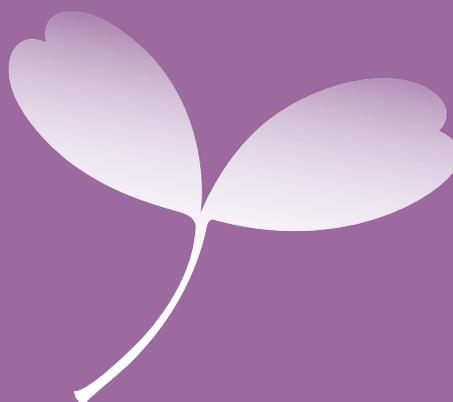
Nippon Life utilizes its website to issue timely information. In addition to press releases, minutes and outlines of resolutions presented at the Meeting of Representatives, customers can view and download other information, such as our Nissay Disclosure (written in Japanese) and Annual Report (written in English) over the Internet.

Financial Results Meetings

We hold financial results meetings for analysts and institutional investors twice a year. During these meetings, we also report management policies, as well as the medium- and long-term strategies of each division, in order to promote greater understanding of our operations.

CHAPTER

4



COMPANY INFORMATION

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COMPANY HISTORY

Nippon Life was founded as Nippon Life Assurance Co., Inc. in July 1889, and in 1891 the name was changed to Nippon Life Assurance Co., Ltd. When the Company was founded, the first premium table based on Japanese mortality statistics was created. At the same time, Nippon Life decided to offer profit dividends to policyholders, which was not a common practice in the life insurance industry at the time. As a life insurance company, Nippon Life was first to embody the spirit of mutual aid and was the first in the industry to pay policyholder dividends after its first major closing of books in 1898. After World War II, the Company was reborn as Nippon Life Insurance Company in 1947, striving ever since to realize mutual aid and cooperative prosperity as a mutual company.



Headquarters (former main building)
(1902–1959)



Current head office building

History

1889	Nippon Life Assurance Co., Inc. established	1994	Satellite broadcast system NICE-NET introduced Living benefit rider was launched
1891	Changed name to Nippon Life Assurance Co., Ltd.	1995	Nissay Investment Trust Co., Ltd. established
1898	Paid the first profit dividends to policyholders in Japan	1996	Nissay General Insurance Company, Limited established
1899	Top in industry for policies in force	1997	Nippon Life Insurance Company of the Philippines, Inc. (Nissay Philippines) established <i>Forward</i> (illness & disability term rider) was launched Tie-up with Putnam Investments, LLC (U.S.A.) in the pension field
1902	Headquarters moved to present location	1998	<i>Nice Care</i> (nursing care rider) was launched Established Nissay Asset Management Corporation in merger of Nissay Investment Advisors Co., Ltd. and Nissay Investment Trust Co., Ltd. Tie-up with Putnam Investments, LLC (U.S.A.) in the investment trusts field Tie-up with Deutsche Bank
1924	Nippon Life Saiseikai Foundation established	1999	110th Anniversary Start of N _X -2000 System Nissay Insurance Accounts launched Nissay Information Technology Co., Ltd. established
1931	Nissay Hospital opened, attached to the Nippon Life Saiseikai Foundation	2000	Separate Account Management Division was spun off, then integrated with Investment Trust Advisors subsidiary, name changed to Nissay Asset Management Corporation The Master Trust Bank of Japan, Ltd. began operation Foundation funds (kikin) fundraising using securitization through Special Purpose Company (SPC)
1940	Japan's first "Ordinary insurance with dividend by profit source" was launched	2001	Formed Nissay Dowa General Insurance Company, Limited in merger of Dowa Fire & Marine Insurance Co., Ltd. and Nissay General Insurance Co., Ltd. Insurance System Solution, a joint venture with the Sumitomo Marine Group and Mitsui Marine Group, established Life Care Partners Co., Ltd. established in cooperation with Nichii Gakkan Group and Hitachi, Ltd. Corporate-pension Business Service Co., Ltd. a joint venture with Daiichi Mutual Life Insurance Company, established Nissay Call Center launched
1942	Full transfer of Fuji Life Insurance	2002	Nissay Million Tree-Planting Campaign goal of one million trees reached Individual variable annuities that are sold in banks were launched
1945	Full transfer of Aikoku Life Insurance	2003	Nissay Planting and Nurturing Forests for the Future Generation, forest project campaign, began More than six million children have benefited from the Nissay Masterpiece Theater Series Nissay-SVA Life Insurance Co., Ltd. began operation
1947	Company reemerged as Nippon Life Insurance Company	2004	Tokyo Headquarters moved to Marunouchi area <i>My Dream</i> (annuity with variable accumulation rate) was launched Nissay-SVA Life Insurance Co., Ltd. began handling group insurance
1959	Endowment Insurance with Term Rider <i>Kurashi no Hoken</i> was launched	2005	<i>Iryo Meijin EX</i> (hospitalization and medical life insurance) was launched <i>Nissay Keyman Plus Super Phoenix 100EX</i> (term life insurance) was launched <i>Long Dream</i> (single-payment whole life insurance with variable accumulation rate) was launched
1963	Nissay Theater established		
1964	Launch of the Nissay Masterpiece Theater Series		
1973	Nissay Children's Culture Promotion Foundation established (name changed to Nissay Culture Foundation in 1993)		
1975	New York Liaison Office established (name changed to New York Office in 1977) Full transfer of Ryukyu Life Insurance		
1979	Nippon Life Foundation established		
1980	Nippon Life's new comprehensive in-house computer network system began		
1981	Whole life insurance with profit dividends and term insurance riders (given the nickname <i>Long Run</i> in 1983) Whole life insurance with profit dividends launched London representative office opened		
1982	Frankfurt representative office opened		
1984	Nissay Leasing Co., Ltd. established		
1985	Nissay BOT Investing Advisors established (name changed to Nissay Investing Advisors in 1989)		
1987	Beijing representative office opened PanAgora Asset Management Limited (London) established		
1988	Comprehensive Information online "System 100" began operation Nissay Research Institute established Corporate identity (CI) introduced Nissay Senboku Computer Center established		
1989	100th Anniversary NLI Research Institute (NLIRI) established Nissay Seirei Health and Welfare Foundation established PanAgora Asset Management, Inc. (Boston) established		
1991	Nissay Capital Co., Ltd. established Nippon Life Insurance Company of America began operation		
1992	<i>Athlete</i> (Dread Disease Term Rider) was launched Nissay Million Tree-Planting Campaign began		
1993	NISSAY NEW CREATION CO., LTD. established Nissay Green Foundation established		

FOUNDATION FUNDS (KIKIN) CONTRIBUTORS AND FOUNDATION FUNDS (KIKIN) STATUS

■ Fund Contributors (as of March 31, 2006)

Amount of fund contributions	¥300 Billion
Number of fund contributors	3

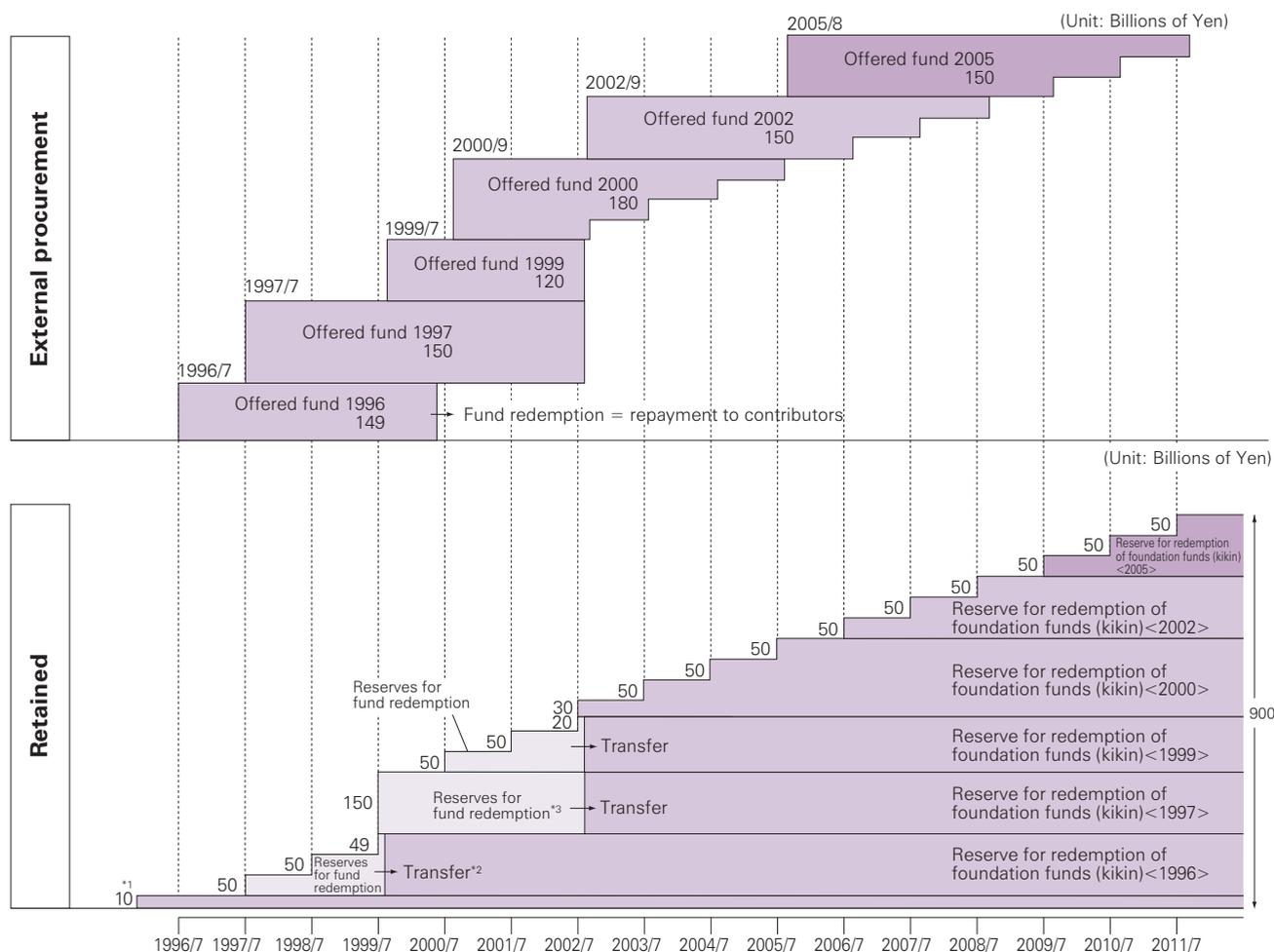
Name of fund contributors	Fund contributions to Nippon Life		Investments of the Company in fund contributors	
	Amount (Billions of Yen)	Fund contribution (Percentage)	Thousands of shares	Percentage of voting rights
Nissay Fund Special Purpose Company	¥150	50.00%	—	—%
Nippon Life 2005 Fund Special Purpose Company	100	33.33	—	—
Nippon Life 2005 Fund Global Special Purpose Company	50	16.67	—	—

Notes: 1. Nissay Fund Special Purpose Company issues special corporate bonds, backed by claims on the fund; issuance proceeds are used to purchase claims on the fund. Nippon Life has no specified investments in the Nissay Fund Special Purpose Company.
 2. Nippon Life 2005 Fund Special Purpose Company issues special corporate bonds, backed by claims on the fund; issuance proceeds are used to purchase claims on the fund. Nippon Life has no specified investments in the Nippon Life 2005 Fund Special Purpose Company.
 3. Nippon Life 2005 Fund Global Special Purpose Company issues special corporate bonds, backed by claims on the fund; issuance proceeds are used to purchase claims on the fund. Nippon Life has no specified investments in the Nippon Life 2005 Fund Global Special Purpose Company.
 4. Fund contributors are the three above-mentioned entities.

■ Foundation Funds (Kikin) Status

Nippon Life endeavors to build up the foundation funds (kikin) as part of efforts to increase its ability to respond to risks. As a result of reoffering funds six times since revisions were made to the Insurance Business Law in 1996, our total foundation funds (kikin), including funds and the reserve for redemption of foundation funds, reached ¥900.0 billion as of the end of fiscal 2005. Since fiscal 2000, Nippon Life has aimed to expand the number of fund contributors by using securitization methods through a special purpose company. In fiscal 2002, Nippon Life made a public offering to general individual investors, and in fiscal 2005 Nippon Life made an offering to overseas investors, increasing flexibility in funds procurement.

Fund Redemption



Notes: 1. As stipulated by the Insurance Business Law, minimum fund amount is ¥1 billion.
 2. Article 56 of the Insurance Business Law: when redeeming the fund, an amount equivalent to the redemption amount must be accumulated as reserves for repaying the fund. Reserve for fund redemption is a voluntary reserve and it is transferred to reserve for redemption of foundation funds (kikin) when the foundation funds (kikin) is redeemed.
 3. The redemption of ¥150 billion of reserve for fund redemption expected to occur between fiscal 1999 and fiscal 2001 was completed earlier than expected.

CORPORATE MANAGEMENT



Chairman
Ikuo Uno



President
Kunie Okamoto



Vice Chairman
Mitsuhiro Ishibashi



Executive Vice President
Eitaro Waki



Executive Vice President
Takao Arai



Senior
Managing Director
Takashi Minagawa



Senior
Managing Director
Tetsuro Taki



Senior
Managing Director
Sadao Kato



Senior
Managing Director
Keizo Tsutsui



Senior
Managing Director
Shunsuke Wada



Managing Director
Kiyoshi Ujihara



Managing Director
Chiaki Hamaguchi



Managing Director
Akito Kuwabara



Managing Director
Yoichi Fujita



Managing Director
Yoshikazu Takeda

DIRECTORS

Yoshihisa Akiyama
Yoshinobu Tsutsui
Takeshi Furuichi
Shigemi Kanamori
Kennosuke Matsumura
Kenichi Kobayashi
Hiroshi Ishimura

Koji Aiba
Akira Mihayashi
Hiroaki Shodono
Yasushi Ozaki
Hiroshi Manabe
Yasuomi Matsuyama

AUDITORS

Koji Miyazaki
(Senior Corporate Auditor)
Takashi Imai
Keisuke Kitajima
Kantarō Toyozumi
Atsuhiko Nozaki

(as of July 4, 2006)

EMPLOYEE HIGHLIGHTS

■ Number of Employees by Job Function

	Number of Employees (As of March 31)			Number of New Employees (Fiscal years ended March 31)		
	2006	2005	2004	2006	2005	2004
Total non-sales personnel	10,754	10,647	10,483	863	882	438
Male	4,471	4,457	4,482	294	255	214
Female	6,283	6,190	6,001	569	627	224
Managerial track	3,823	3,856	3,939	167	137	146
Administrative clerk	3,221	3,246	3,291	—	—	—
Clerk	2,329	2,436	2,540	254	265	210
Total sales representatives	55,683	56,469	57,565	18,725	18,760	20,557
Male	3,289	3,593	4,032	158	203	479
Female	52,394	52,876	53,533	18,567	18,557	20,078
Sales management positions	2,229	2,329	2,390	—	—	—
Male	2,050	2,136	2,193	—	—	—
Female	179	193	197	—	—	—
Sales representatives	53,336	54,064	55,102	18,648	18,729	20,536
Male	1,121	1,381	1,766	81	172	458
Female	52,215	52,683	53,336	18,567	18,557	20,078
Sales management track	118	76	73	77	31	21
Total	66,437	67,116	68,048	19,588	19,642	20,995
Male	7,760	8,050	8,514	452	458	693
Female	58,677	59,066	59,534	19,136	19,184	20,302

Notes: 1. All figures were calculated on March 31 of each fiscal year.

2. Non-sales personnel is the total number of non-sales representatives, medical staff, policy managers, labor service staff, special contract employees, conservation affairs advisors and non managerial employees.

3. After fiscal 2003, the number of sales representatives includes employees that were registered as life insurance solicitors prior to employment. (1,753 employees as of March 31, 2006, 1,943 employees as of March 31, 2005 and 1,797 employees as of March 31, 2004)

4. After fiscal 2003, the number of sales management track includes sales general manager trainees. (New employees only include sales general manager trainees.)

■ Average Age and Years of Service

As of March 31	Average Age (years)			Average Number of Years of Service (years)		
	2006	2005	2004	2006	2005	2004
Total non-sales personnel	40.7	40.6	40.3	17.3	17.6	18.1
Male	42.6	42.4	42.1	17.1	17.1	17.2
Female	39.3	39.2	39.0	17.5	17.9	18.8
Managerial track	40.9	40.7	40.4	18.8	18.6	18.2
Administrative clerk	43.4	43.2	43.0	24.1	23.9	23.8
Clerk	34.1	34.0	34.0	12.9	13.0	13.2
Total sales representatives	45.5	45.1	44.8	8.8	8.7	8.7
Male	44.4	44.1	43.6	18.3	17.3	16.0
Female	45.5	45.1	44.9	8.2	8.1	8.1
Sales management positions	45.1	44.9	44.9	22.3	21.8	21.7
Male	44.6	44.3	44.3	22.3	21.9	21.7
Female	51.7	51.1	51.8	22.4	21.0	21.3
Sales representatives	45.5	45.1	44.8	8.3	8.2	8.1
Male	45.7	44.3	43.2	12.5	10.9	9.2
Female	45.5	45.1	44.9	8.2	8.1	8.1
Sales management track	29.9	32.8	34.0	3.5	6.1	8.0
Total	44.7	44.3	44.1	10.2	10.1	10.1
Male	43.4	43.1	42.8	17.6	17.2	16.6
Female	44.9	44.5	44.3	9.2	9.2	9.2

Notes: 1. All figures were calculated on March 31 of each fiscal year, and rounded to the nearest decimal place.

2. Non-sales personnel is the total number of non-sales representatives, medical staff, policy managers, labor service staff, special contract employees, conservation affairs advisors and non managerial employees.

3. After fiscal 2003, the number of sales representatives includes employees that were registered as life insurance solicitors prior to employment. (1,753 employees as of March 31, 2006, 1,943 employees as of March 31, 2005 and 1,797 employees as of March 31, 2004)

4. After fiscal 2003, the number of sales management track includes sales general manager trainees.

■ Average Monthly Salary of Non-Sales Personnel

For March	(Unit: Thousands of Yen)		
	2006	2005	2004
Non-sales personnel	385	390	399

Notes: 1. The average monthly salary is the tax-inclusive standard salary in March, excluding bonuses and overtime pay.

2. Non-sales personnel is the total number of non-sales representatives, medical staff, policy managers, labor service staff, special contract employees, conservation affairs advisors and non managerial employees.

■ Average Monthly Salary of Sales Representatives

Fiscal years ended March 31	(Unit: Thousands of Yen)		
	2006	2005	2004
Sales representatives	250	252	250

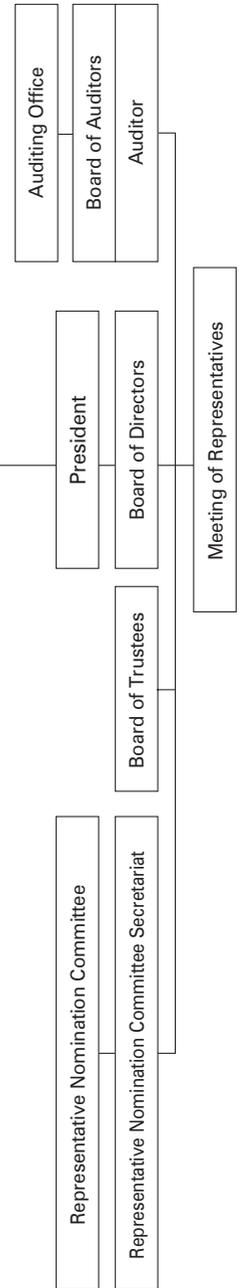
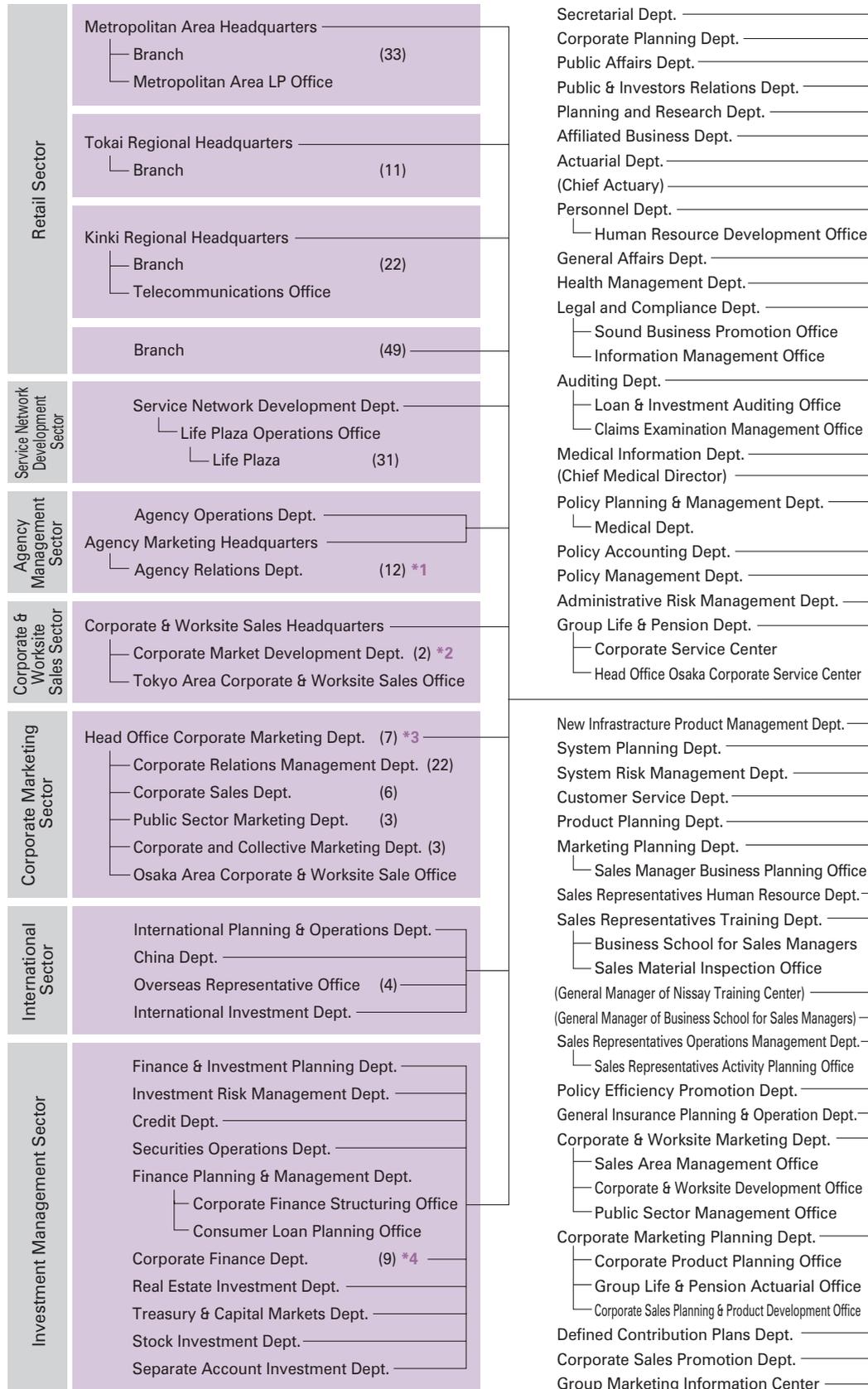
Notes: 1. The average monthly salary for each fiscal year is based on tax-inclusive standard salary and excludes bonuses and overtime pay.

2. Excludes deputy subbranch managers, training managers, special subbranch advisors, training center trainers, training assistant managers, SA office trainers, sales management, sales management track, sales general manager trainees, senior planning partners, specially commended sales representatives, specially qualified sales representatives, sales advisors, life agents, sales representative trainees, life insurance agency, SA staff, and service support staff.

ORGANIZATION

(As of May 8, 2006)

Customer



*Notes with additional information are provided at the top of the adjacent page.

Note 1: Twelve Agency Relations Departments

East Japan Agency Relations Dept. (Sendai)
 1st Metropolitan Agency Relations Dept. (Tokyo)
 2nd Metropolitan Agency Relations Dept. (Tokyo)
 3rd Metropolitan Agency Relations Dept. (Tokyo)
 4th Metropolitan Agency Relations Dept. (Tokyo)
 5th Metropolitan Agency Relations Dept. (Yokohama)
 Chubu & Hokuriku Agency Relations Dept. (Nagoya)
 1st Kinki Agency Relations Dept. (Osaka)
 2nd Kinki Agency Relations Dept. (Osaka)
 West Japan Agency Relations Dept. (Okayama)
 Kyushu Agency Relations Dept. (Fukuoka)
 Financial Institution Sales Dept. (Tokyo, Osaka)

Note 2: Two Corporate Market Development Departments

1st Corporate Market Development Department (Tokyo)
 2nd Corporate Market Development Department (Tokyo)

Note 3: Seven Head Office Corporate Marketing Departments

- Head Office 1st Corporate Marketing Dept. (Tokyo)
- 1st Corporate Relations Management Dept. (Tokyo)
- 2nd Corporate Relations Management Dept. (Tokyo)
- 3rd Corporate Relations Management Dept. (Tokyo)

4th Corporate Relations Management Dept. (Tokyo)
 International Corporate Marketing Dept. (Tokyo)
 1st Corporate Sales Dept. (Tokyo)
 2nd Corporate Sales Dept. (Tokyo)
 3rd Corporate Sales Dept. (Tokyo)
 ● Head Office 2nd Corporate Marketing Dept. (Tokyo)
 4th Corporate Relations Management Dept. (Tokyo)
 5th Corporate Relations Management Dept. (Tokyo)
 6th Corporate Relations Management Dept. (Tokyo)
 7th Corporate Relations Management Dept. (Tokyo)
 8th Corporate Relations Management Dept. (Tokyo)
 Kanagawa Regional Corporate Relations Management Dept. (Yokohama)
 ● Head Office 3rd Corporate Marketing Dept. (Tokyo)
 Financial Institution Relations Dept. (Tokyo)
 1st Public Sector Marketing Dept. (Tokyo)
 2nd Public Sector Marketing Dept. (Tokyo)
 3rd Public Sector Marketing Dept. (Tokyo)
 1st Corporate and Collective Marketing Dept. (Tokyo)
 2nd Corporate and Collective Marketing Dept. (Tokyo)
 ● Head Office East Japan Corporate Marketing Dept. (Sapporo)
 Hokkaido Corporate Relations Management Dept. (Sapporo)
 Tohoku Corporate Relations Management Dept. (Sendai)
 ● Head Office Tokai Corporate Marketing Dept. (Nagoya)
 1st Tokai Corporate Relations Management Dept. (Nagoya)
 2nd Tokai Corporate Relations Management Dept. (Kariya)
 Tokai Corporate Sales Dept. (Nagoya)

- Head Office Osaka Corporate Marketing Dept. (Osaka)
- 1st Osaka Corporate Relations Management Dept. (Osaka)
- 2nd Osaka Corporate Relations Management Dept. (Osaka)
- 3rd Osaka Corporate Relations Management Dept. (Osaka)
- Kyoto Corporate Relations Management Dept. (Kyoto)
- Kobe Corporate Relations Management Dept. (Kobe)
- Hiroshima Corporate Relations Management Dept. (Hiroshima)
- 1st Osaka Corporate Sales Dept. (Osaka)
- 2nd Osaka Corporate Sales Dept. (Osaka)
- Osaka Corporate and Collective Marketing Dept. (Osaka)
- Osaka Area Corporate & Worksite Sales Office (Osaka)
- Head Office Kyushu Corporate Marketing Dept. (Fukuoka)
- Kyushu Corporate Relations Management Dept. (Fukuoka)

Note 4: Nine Corporate Finance Departments

1st Corporate Finance Dept. (Tokyo)
 2nd Corporate Finance Dept. (Tokyo)
 3rd Corporate Finance Dept. (Tokyo)
 Metropolitan Area Corporate Finance Dept. (Tokyo)
 East Japan Corporate Finance Dept. (Tokyo)
 Tokai Area Corporate Finance Dept. (Nagoya)
 1st Osaka Corporate Finance Dept. (Osaka)
 2nd Osaka Corporate Finance Dept. (Osaka)
 Kyushu Area Corporate Finance Dept. (Fukuoka)

Headquarters Organization

As of April 1	(Unit: Number)		
	2006	2005	2004
Regional Headquarters	3	3	3
Agency Marketing Headquarters	1	1	1
Corporate & Worksite Sales Headquarters	1	1	—
Head Office Corporate Marketing Departments	7	7	7
Departments	40	39	39
Offices	30	29	25
Sections (known as "Groups")	85	88	90
Agency Relations Departments	12	12	12
Corporate Relations Management Departments	22	22	22
Corporate Sales Departments	6	6	6
Corporate and Collective Marketing Departments	6	6	6
Corporate & Worksite Sales Offices	2	2	2
Corporate Market Development Departments	2	—	—
Corporate Finance Departments	9	9	9

Note: Figures were compiled at the start of each fiscal year.

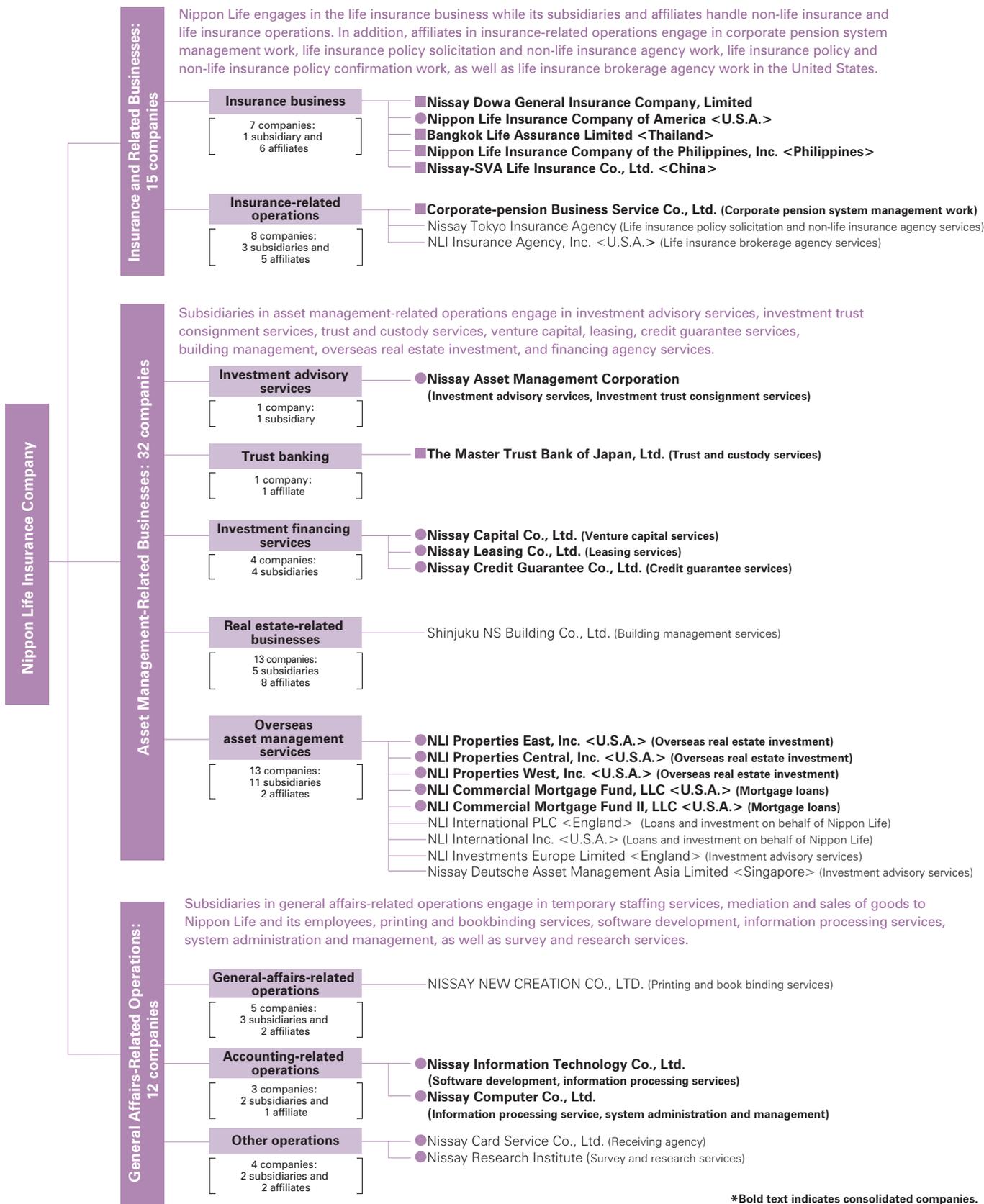
Branch Organization

As of April 1	(Unit: Number)		
	2006	2005	2004
Branches	117	118	117
Branch Offices	11	12	14
Sales Offices	1,498	1,560	1,556
Sales Suboffices	206	197	201
Overseas Representative Offices	4	4	5
Agencies	6,925	6,364	5,954

Notes: 1. Figures were compiled at the start of each fiscal year.

2. About Branches:

- Branches include Metropolitan Area LP Office and Telecommunications Offices.
- Branch offices are organizations that specialize in urban corporate & worksite sales. Branch offices include Metropolitan FP offices that provide advanced consulting sales services backed by a broad field of knowledge in insurance, taxation and asset management.



Notes: 1. ● Indicates consolidated subsidiaries and ■ marks indicate affiliates accounted for by the equity method
2. Major company names shown

SUBSIDIARIES AND AFFILIATES

The following table shows Nippon Life's major subsidiaries, both direct and indirect, as well as its equity method affiliates as of March 31, 2006. (18 major companies from a total of 59 subsidiaries and affiliate companies shown)

Name	Country	Main business	Issued capital (millions)	Percent of voting rights held by Nippon Life (percent)	Percent of voting rights held by Nippon Life subsidiary or affiliate (percent)
Consolidated Subsidiaries					
Nissay Computer Co., Ltd.	Japan	Information processing services and systems administration and management	¥220	45.00%	55%
Nissay Leasing Co., Ltd.	Japan	Leasing services	¥3,099	51.21	2.45
Nissay Capital Co., Ltd.	Japan	Venture capital services	¥3,000	100.00	—
Nissay Asset Management Corporation	Japan	Investment advisory and investment trust consignment services	¥10,000	90.00	—
Nissay Information Technology Co., Ltd.	Japan	Software development and information processing services	¥4,000	75.00	3
Nippon Life Insurance Company of America	U.S.A.	Insurance business	\$3.6	96.96	—
NLI Properties East., Inc.	U.S.A.	Real estate investment	\$310	100.00	—
NLI Properties Central., Inc.	U.S.A.	Real estate investment	\$250	100.00	—
NLI Properties West., Inc.	U.S.A.	Real estate investment	\$290	100.00	—
NLI Commercial Mortgage Fund, LLC	U.S.A.	Mortgage loan	\$100	100.00	—
NLI Commercial Mortgage Fund II, LLC	U.S.A.	Mortgage loan	\$100	100.00	—
Nissay Credit Guarantee Co., Ltd.	Japan	Credit guarantee services	¥200	18.00	9
Affiliates					
Nissay Dowa General Insurance Co., Ltd.	Japan	Non-life insurance	¥47,328	36.47	—
The Master Trust Bank of Japan, Ltd.	Japan	Master trust and custody services	¥10,000	33.50	—
Corporate-pension Business Service Co., Ltd.	Japan	Corporate pension system and administration management	¥6,000	49.00	1
Bangkok Life Assurance Limited	Thailand	Insurance business	1,000 Baht	16.41	—
Nippon Life Insurance Company of the Philippines, Inc.	Philippines	Insurance business	500 Peso	50.00	—
Nissay-SVA Life Insurance Co., Ltd.	China	Insurance business	300 RMB	50.00	—

Notes: 1. The Company's percentage of voting rights shows the number of voting rights held by Nippon Life divided by the total number of voting rights.

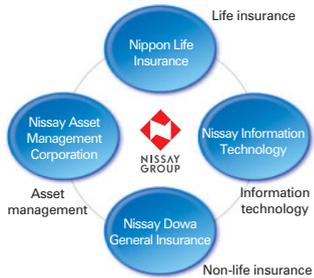
2. The percentage of voting rights held by Nippon Life subsidiary and affiliate companies shows the number of voting rights held by Nippon Life's subsidiary or affiliate company divided by the total number of voting rights. Major subsidiaries and affiliates are shown.

• Corporate Merger Activity (Fiscal 2005)

- On September 15, 2005, Nippon Life purchased additional shares of Nissay Credit Guarantee Co., Ltd., raising its share of voting rights to 18%.
- On September 30, 2005, Nippon Life also increased its share of voting rights in The Master Trust Bank of Japan, Ltd. to 33.5% through a purchase of shares.
- On October 18, 2005, Nippon Life raised its share of voting rights in Nissay Card Service Co., Ltd. to 100% through a purchase of shares. Nippon Life then spun off the company, which handled credit card and related operations, by transferring it to Toyota Finance Card Service Co., Ltd. on February 16, 2006. As a result Nissay Card Service Co., Ltd. is no longer classified as a major consolidated subsidiary.

GROUP MANAGEMENT STRUCTURE AND ALLIANCE FUNCTIONS

Four Core Group Companies



Group Management Structure

Nippon Life makes every effort to create a structure capable of providing the best, most comprehensive insurance services across a broad spectrum of needs, including life insurance, non-life insurance, medical and nursing care insurance and asset formation, to meet the increasingly diverse and sophisticated needs of its customers. We work from the customer's perspective in our basic strategies to:

- 1) Provide the finest in innovative services in a precise and prompt manner
- 2) Provide responsible services, from sales to underwriting.

To this end, the four group companies of Nippon Life Insurance Company, Nissay Dowa General Insurance, Nissay Asset Management Corporation and Nissay Information Technology are working toward even more solid group management.



Nissay Dowa General Insurance Company, Limited (Osaka)

Nissay Dowa General Insurance

Taking advantage of the direction and position of the comprehensive insurance strategy, which is advancing along with Nippon Life since their merger in 2001, Nissay Dowa General Insurance recorded ¥321.7 billion in net premiums written in fiscal 2005, an increase of ¥53.5 billion over the past five years since the merger. In addition to improving growth, profitability and soundness by continuing to expand products and services, Nissay Dowa General Insurance aims to strengthen corporate governance and other areas to realize CSR-based management, to continue to be trusted and selected by customers and agencies.



Nissay Asset Management Corporation (Tokyo)

Nissay Asset Management Corporation

Nissay Asset Management Corporation provides high-quality services with a full lineup of investment products to aggressively meet the diverse needs of its customers for asset formation and employee benefit. Nissay Asset had approximately ¥7.0 trillion in assets under management as of March 31, 2006, one of the highest levels in the industry. The company works tirelessly to increase the trust of its customers in the fields of group pensions and investment trusts. Nissay Asset Management Corporation is also involved in joint development of investment products together with partners such as Putnam Investments, LLC from the U.S. and Nissay Research Institute. Among these is the *Nissay/Putnam Income Open fund*, which had net assets in excess of ¥800.0 billion as of March 31, 2006, making it one of Japan's foremost funds.



Nissay Information Technology Co., Ltd. (Tokyo)

Nissay Information Technology

Assuming responsibility for the Nippon Life Group's IT strategy, Nissay Information Technology has consolidated IT development resources and know-how, and developed cutting-edge information systems, including the industry-first Nissay Insurance Accounts and terminals for sales representatives that support the selling of life and non-life insurance together. Nissay Information Technology is currently working in conjunction with Nippon Life to reconstruct large-scale systems, such as our underwriting system, in order to strengthen assessment functions, as well as our call center system. In addition, taking full advantage of its expertise in IT systems, the company is entering IT markets associated with the insurance industry, and actively provides services to a wide range of customers. In fiscal 2005, ¥16.3 billion of Nissay Information Technology's ¥36.8 billion in sales came from outside of the Nippon Life Group.

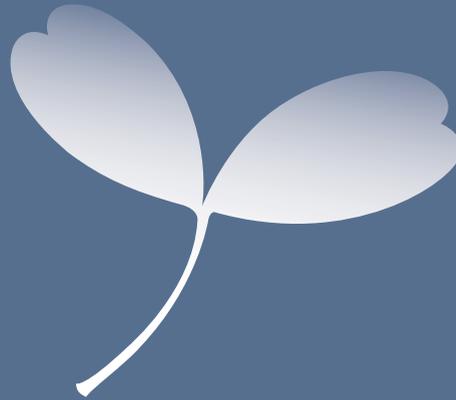
Initiatives to Promote Alliances by Business Field

In addition to the above four core group companies, Nippon Life adheres to the following basic policies in its efforts to forge alliances with other companies.

- 1) When new services are needed, conclude alliances with the strongest company in that business field, and
- 2) Build an infrastructure that is common throughout society, and in the business areas where priority must be given to cost reduction, work together with a broad range of partners.

CHAPTER

5



FINANCIAL DATA

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CONSOLIDATED FINANCIAL REVIEW

Report of Independent Auditors

Nippon Life Insurance Company and Subsidiaries

Report of Independent Auditors

The Board of Directors of
NIPPON LIFE INSURANCE COMPANY

We have audited the accompanying consolidated balance sheets of NIPPON LIFE INSURANCE COMPANY and its subsidiaries as of March 31, 2004, 2005 and 2006, and the related consolidated statements of operations, surplus, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides 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 NIPPON LIFE INSURANCE COMPANY and its subsidiaries as of March 31, 2004, 2005 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principals generally accepted in Japan.

As described in Note 2, effective from the year ended March 31, 2006, NIPPON LIFE INSURANCE COMPANY and its domestic consolidated subsidiaries have adopted new Japanese accounting standards for impairment of fixed assets.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.



ChuoAoyama PricewaterhouseCoopers

Osaka, Japan
May 22, 2006

1. Consolidated Balance Sheets

Nippon Life Insurance Company and Subsidiaries

As of March 31	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Assets:				
Cash and deposits	¥ 1,048,805	¥ 511,376	¥ 394,613	\$ 8,928
Call loans	553,700	363,100	437,400	4,713
Monetary receivables purchased	1,391,624	1,456,619	901,904	11,846
Trading securities	2,099	2,999	2,999	17
Money held in trust	177,038	144,615	155,055	1,507
Investments in securities (Note 3)	35,210,880	31,213,322	29,856,490	299,743
Loans receivable (Notes 11 and 12)	9,994,705	10,298,415	10,993,883	85,083
Real estate and movables, net of accumulated depreciation (Notes 4 and 14)	1,796,081	1,880,583	1,937,312	15,289
Reinsurance receivables	465	497	419	3
Other assets	691,456	951,429	893,837	5,886
Deferred tax assets (Note 15)	4,869	4,499	4,937	41
Customers' liabilities for acceptances and guarantees	3,222	1,574	3,085	27
Allowance for doubtful accounts	(43,744)	(51,068)	(89,584)	(372)
Total assets	¥50,831,204	¥46,777,966	¥45,492,355	\$432,716
Liabilities:				
Policy reserves:				
Reserve for outstanding claims	¥ 230,431	¥ 241,262	¥ 247,880	\$ 1,961
Policy reserve	39,419,816	38,796,547	38,645,018	335,573
Reserve for dividends to policyholders (Note 6)	1,312,057	1,357,447	1,415,625	11,169
	40,962,304	40,395,257	40,308,524	348,704
Agency account payable	28	37	27	0
Reinsurance payables	490	499	409	4
Other liabilities	2,033,700	1,841,026	1,041,161	17,312
Accrued bonus for directors and corporate auditors	103	—	—	0
Accrued severance indemnities (Note 8)	412,068	393,941	452,662	3,507
Accrued losses from supporting closely related companies	603	656	705	5
Reserve for price fluctuations of investments in securities	441,263	390,262	255,261	3,756
Deferred tax liabilities (Note 15)	1,380,184	355,207	305,279	11,749
Deferred tax liabilities for revaluation reserve for land	181,525	34,962	38,770	1,545
Acceptances and guarantees	3,222	1,574	3,085	27
Total liabilities	¥45,415,496	¥43,413,426	¥42,405,887	\$386,613
Minority interests	10,305	9,065	7,650	87
Capital:				
Foundation funds (Note 9)	300,000	200,000	250,000	2,553
Reserve for redemption of foundation funds (Note 9)	600,000	550,000	500,000	5,107
Reserve for revaluation	651	651	651	5
Surplus	438,305	428,234	411,095	3,731
Revaluation reserve for land, net of taxes	(93,688)	61,881	68,620	(797)
Net unrealized gains on securities, net of taxes	4,171,825	2,167,583	1,898,076	35,513
Cumulative translation adjustments	(11,691)	(52,876)	(49,625)	(99)
Total capital	5,405,402	3,355,475	3,078,817	46,015
Total liabilities, minority interests and capital	¥50,831,204	¥46,777,966	¥45,492,355	\$432,716

The accompanying notes are an integral part of the financial statements.

2. Consolidated Statements of Operations

Nippon Life Insurance Company and Subsidiaries

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Revenues:				
Income from insurance and reinsurance premiums	¥4,866,096	¥4,852,854	¥5,169,262	\$41,424
Investment income:				
Interest, dividend and other income	1,053,305	992,769	995,820	8,966
Gains from money held in trust, net	36,817	18,869	24,184	313
Gains on sales of securities	174,453	201,805	189,082	1,485
Gains from redemption of securities	6,528	217	30	55
Foreign exchange gains, net	—	—	2,119	—
Other investment income	25,397	22,701	17,474	216
Gains from separate accounts, net	388,277	86,089	348,404	3,305
	1,684,781	1,322,452	1,577,116	14,342
Other revenues (Note 14)	373,489	329,024	464,793	3,179
Total revenues	6,924,367	6,504,331	7,211,172	58,945
Expenditures:				
Insurance claims and other payments:				
Death and other claims	1,410,107	1,254,272	1,581,421	12,003
Annuity payments	416,219	410,990	388,094	3,543
Health and other benefits	791,275	828,828	894,880	6,735
Surrender benefits	1,186,750	1,228,264	1,284,092	10,102
Other refunds	657,666	944,312	1,296,060	5,598
	4,462,020	4,666,668	5,444,550	37,984
Provision for policy reserves:				
Provision for policy reserve	623,837	151,591	29,193	5,310
Interest on reserve for dividends to policyholders	39,066	41,000	43,495	332
	662,903	192,591	72,689	5,643
Expenses for investment:				
Interest expense	2,667	3,933	2,932	22
Losses from trading securities, net	9	3	48	0
Losses on sales of securities	114,910	53,123	57,432	978
Losses on valuation of securities	9,195	31,382	23,505	78
Losses on redemption of securities	209	—	0	1
Losses from derivative financial instruments, net	97,879	66,340	47,561	833
Foreign exchange losses, net	4,879	2,155	—	41
Provision for doubtful accounts	15,065	—	—	128
Write-down of loans	656	506	1,705	5
Depreciation for rental real estate and other assets	27,861	31,636	34,066	237
Other expenses for investment	36,776	34,678	32,779	313
	310,110	223,760	200,032	2,639
Operating expenses	551,745	564,994	576,937	4,696
Other expenditures	507,700	483,263	534,703	4,321
Total expenditures	6,494,480	6,131,279	6,828,913	55,286
Operating income	429,887	373,052	382,259	3,659

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Extraordinary profits:				
Gains on disposal of assets	¥ 1,395	¥ 4,871	¥ 6,584	\$ 11
Reversal of allowance for doubtful accounts	—	36,701	15,954	—
Other	64	295	—	0
	1,459	41,868	22,539	12
Extraordinary losses:				
Losses on disposal of assets	36,121	47,709	23,104	307
Provision for reserve for price fluctuations of investments in securities	51,000	135,000	105,000	434
Losses on valuation of real estate	—	2,476	2,124	—
Impairment loss (Note 14)	77,807	—	—	662
Other (Note 16)	1,532	1,864	7,046	13
	166,461	187,050	137,276	1,417
Surplus before income taxes	264,885	227,870	267,522	2,254
Income taxes (Note 15):				
Current	153,200	130,755	147,203	1,304
Deferred	(94,431)	(106,482)	(78,993)	(803)
Minority interests	904	866	682	7
Surplus in the current year	¥205,212	¥202,730	¥198,628	\$1,746

The accompanying notes are an integral part of the financial statements.

3. Consolidated Statements of Cash Flows

Nippon Life Insurance Company and Subsidiaries

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Cash flows from operating activities:				
Surplus before income taxes	¥ 264,885	¥ 227,870	¥ 267,522	\$ 2,254
Depreciation	92,138	90,593	95,870	784
Impairment loss	77,807	—	—	662
Amortization of goodwill	(30)	(454)	—	(0)
Net increase (decrease) in reserve for outstanding claims	(11,161)	(6,561)	(33,358)	(95)
Net increase (decrease) in policy reserve	623,031	151,590	29,168	5,303
Interest on reserve for dividends to policyholders	39,066	41,000	43,495	332
Net increase (decrease) in allowance for doubtful accounts	14,285	(21,812)	(10,924)	121
Net increase (decrease) in accrued severance indemnities	18,235	(58,721)	25,364	155
Net increase (decrease) in reserve for price fluctuations of investments in securities	51,000	135,000	105,000	434
Interest, dividend and other income	(1,053,305)	(992,769)	(995,820)	(8,966)
Net losses (gains) on securities investment	(56,667)	(117,550)	(108,174)	(482)
Interest expense	2,667	3,933	2,932	22
Foreign exchange losses (gains), net	4,879	2,155	(2,119)	41
Net losses (gains) on real estate investment	35,005	45,502	22,291	297
Equity in earnings of affiliates	(3,223)	(2,200)	(1,878)	(27)
Losses (gains) from separate accounts, net	(388,277)	(86,089)	(348,404)	(3,305)
Net decrease (increase) in trading securities	899	—	3,000	7
Net decrease (increase) in reinsurance receivables	32	(78)	27	0
Net decrease (increase) in other assets	17,168	(17,396)	2,258	146
Net decrease (increase) in agency account payable	(9)	10	(19)	(0)
Net decrease (increase) in reinsurance payables	(8)	90	0	(0)
Net increase (decrease) in other liabilities	(6,874)	(24,228)	(20,548)	(58)
Other, net	40,964	111,319	55,445	348
Subtotal	(237,489)	(518,795)	(868,871)	(2,021)
Interest, dividend and other income received	1,030,452	1,008,630	1,018,345	8,772
Interest paid	(2,679)	(3,988)	(2,889)	(22)
Dividends to policyholders paid	(217,950)	(221,325)	(243,468)	(1,855)
Other, net	51,600	39,947	36,722	439
Income taxes paid	(131,352)	(206,713)	14,140	(1,118)
Net cash provided by (used in) operating activities	492,580	97,755	(46,022)	4,193

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Cash flows from investing activities:				
Net change in deposits	¥ (4,600)	¥ —	¥ (469)	\$ (39)
Purchases of monetary receivables purchased	(319,939)	(631,939)	(207,297)	(2,723)
Proceeds from sales and redemption of monetary receivables purchased	468,328	215,973	246,243	3,986
Purchases of money held in trust	(20,043)	(13,632)	(9,732)	(170)
Proceeds from sales of money held in trust	3,955	29,906	115,664	33
Purchases of securities	(8,473,227)	(6,980,723)	(6,911,387)	(72,130)
Proceeds from sales and redemption of securities	7,892,822	6,333,298	6,681,420	67,190
Investments in loans	(3,891,177)	(3,858,467)	(4,125,820)	(33,124)
Collections of loans	4,251,003	4,560,926	4,735,476	36,187
Other, net	53,068	460,468	(123,486)	451
Subtotal	(39,812)	115,810	400,609	(338)
Purchases of real estate and movables	(83,929)	(112,762)	(57,313)	(714)
Proceeds from sales of real estate and movables	37,971	55,390	20,651	323
Net cash provided by (used in) investing activities	(85,769)	58,438	363,947	(730)
Cash flows from financing activities:				
Proceeds from debt issuance	112,152	190,758	34,703	954
Repayments of debt	(88,411)	(192,480)	(36,353)	(752)
Raising of foundation funds	150,000	—	—	1,276
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(425)
Interest on foundation funds paid	(2,849)	(3,645)	(4,291)	(24)
Other, net	—	864	(35)	—
Net cash provided by (used in) financing activities	120,891	(54,502)	(55,976)	1,029
Effect of exchange rate changes on cash and cash equivalents	11,500	(4,564)	(16,151)	97
Net increase (decrease) in cash and cash equivalents	539,202	97,127	245,796	4,590
Cash and cash equivalents at the beginning of the year	1,470,387	1,381,179	1,135,382	12,517
Decrease in cash and cash equivalents due to the exclusion of subsidiaries from the consolidation	(3,586)	(7,919)	—	(30)
Cash and cash equivalents at the end of the year	¥ 2,006,003	¥ 1,470,387	¥ 1,381,179	\$ 17,076

The accompanying notes are an integral part of the financial statements.

4. Notes to the Consolidated Financial Statements

Nippon Life Insurance Company and Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

(1) Accounting principles and presentation

The accompanying consolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Insurance Business Law and the related rules and regulations applicable to the mutual life insurance industry in general and in conformity with accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministry ordinances and guidances. The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are in compliance with such requirements.

Relevant notes have been added and certain reclassifications or summarizations of the account balances in the basic consolidated financial statements disclosed in Japan have been made to achieve presentation deemed appropriate for foreign readers of the consolidated financial statements.

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

(2) United States Dollar amounts

The Company prepares its consolidated financial statements in yen. The dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on the basis of ¥117.47=US\$1, the effective rate of exchange at the balance sheet date of March 31, 2006. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in dollars at ¥117.47=US\$1 or at any other rate.

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

i) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and its subsidiaries. Consolidated subsidiaries in the year ended March 31, 2006 are listed below:

Nissay Computer Co., Ltd. (Japan)
Nissay Asset Management Corporation (Japan)
Nissay Information Technology Co., Ltd. (Japan)
Nissay Capital Co., Ltd. (Japan)
Nippon Life Insurance Company of America (U.S.A.)
NLI Properties East, Inc. (U.S.A.)
NLI Properties Central, Inc. (U.S.A.)
NLI Properties West, Inc. (U.S.A.)
NLI Commercial Mortgage Fund, LLC (U.S.A.)
NLI Commercial Mortgage Fund II, LLC (U.S.A.)
Nissay Credit Guarantee Co., Ltd. (Japan)
Nissay Leasing Co., Ltd. (Japan)

NLI Commercial Mortgage Fund, LLC has been established and treated as a consolidated subsidiary in the year ended March 31, 2004.

NLI Properties UK Limited was excluded from the consolidation due to its liquidation in the year ended March 31, 2005.

NLI Commercial Mortgage Fund II, LLC has been established and treated as a consolidated subsidiary in the year ended March 31, 2005.

Nissay Card Service Co., Ltd was excluded from the consolidation due to its transfer of credit card business in the year ended March 31, 2006.

The major subsidiaries excluded from consolidation are Tokyo Agency of Nippon Life Insurance Co., Ltd., Japan Insurance Services, Inc., and Nissay Business Service Co., Ltd. The respective and aggregate effects of the companies, which are excluded from consolidation, on total assets, revenues, surplus in the current year and surplus at the end of the year are immaterial. This exclusion from the consolidation does not prevent reasonable judgment of the consolidated financial position of the Company and its subsidiaries and the result of their operations.

ii) Affiliates

Affiliates accounted for under the equity method in the year ended March 31, 2006 are listed below:

Nissay Dowa General Insurance Company, Limited (Japan)
The Master Trust Bank of Japan, Ltd. (Japan)
Corporate-Pension Business Service Co., Ltd. (Japan)
Nippon Life Insurance Company of the Philippines, Inc. (Philippines)
Nissay-SVA Life Insurance Co., Ltd. (China)
Bangkok Life Assurance Limited (Thailand)

Nissay-SVA Life Insurance Co., Ltd. has been established and treated as an affiliate accounted for under the equity method in the year ended March 31, 2004.

Bangkok Life Assurance Limited has been treated as an affiliate accounted for under the equity method effective from the year ended March 31, 2004, due to acquisition of its shares.

The subsidiaries not consolidated, e.g., Tokyo Agency of Nippon Life Insurance Co., Ltd. and Japan Insurance Services, Inc., and affiliates other than those listed above, e.g., Japan Affinity Marketing, Inc., are not accounted for under the equity method. The respective and aggregate effects of such companies to surplus in the current year and surplus at the end of the year are immaterial.

The number of consolidated subsidiaries and affiliates in the years ended March 31, 2004, 2005 and 2006 were as follows:

	2006	2005	2004
Consolidated subsidiaries	12	13	13
Subsidiaries not consolidated but accounted for under the equity method	0	0	0
Affiliates accounted for under the equity method	6	6	6

iii) *Balance sheet date of subsidiaries*

The financial statements of consolidated overseas subsidiaries, the fiscal year-ends of which are all December 31, are included in the consolidated financial statements on the basis of their respective fiscal years after making appropriate adjustments for material transactions during the periods from their respective year-ends to the date of the consolidated financial statements.

iv) *Valuation of subsidiary's assets and liabilities on acquisition*

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair value.

v) *Goodwill arising on consolidation*

Goodwill arising on consolidation is charged or credited to income in the year in which it is incurred.

vi) *Treatment of appropriation of surplus*

Consolidated statements of surplus are prepared based on appropriation of surplus approved during the current year.

(2) Cash and cash equivalents

Cash and cash equivalents, for the purpose of reporting cash flows, are composed of cash in hand, deposits held at call with banks and all highly liquid short term investments, with maturity of three months or less when purchased and which are readily convertible into cash and present insignificant risk of change in value.

(3) Securities and hedging activities

Valuations of trading securities, investments in securities, financial instruments similar to securities included in deposits and monetary receivables purchased, and also securities included in money held in trust, are mainly as follows:

- i) Trading securities are stated at market value prevailing at the balance sheet date. Costs of their sales are determined by the moving average method.
- ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
- iii) Policy-reserve-matching bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method in accordance with the Industry Audit Committee Report No.21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching bonds in Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (the "JICPA").
- iv) Investments in non-consolidated subsidiaries and affiliates which are not accounted for under the equity method are stated at cost, cost being determined by the moving average method.
- v) Available-for-sale securities for which market quotations are available are stated at fair value, determined as described below. Costs of their sales are determined by the moving average method. Adjustments to fair value, net of taxes are recorded as an increase or decrease in capital.

Available-for-sale securities for which market quotations are unavailable are stated at cost, cost being determined by the moving average method, except for public and corporate bonds including foreign bonds, of which the difference between purchase price and face value is due to interest rate adjustment. Such bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method.

The Company's derivative financial instruments are stated at market value.

The Company applies the mark-to-market method of hedge accounting mainly for hedging activities against exposures to foreign exchange rate fluctuations on certain bonds and others denominated in foreign currencies. The Company also applies the special treatment prescribed under the Accounting Standards for Financial Instruments for interest swap agreements satisfying the conditions of the accounting standards to manage cash flow volatility associated with interest rate changes on certain loans receivable. In addition, the Company matches forward foreign exchange contracts with certain financial assets denominated in foreign currencies.

Effectiveness of hedging activities is mainly evaluated by ratio analysis to compare market value movements on the hedging instruments and the positions being hedged in accordance with the Company's internal risk management policies.

Effective from the year ended March 31, 2003, deferred gains on certain interest swap agreements, previously recorded on the balance sheet, are credited to income over the residual term of the swap agreements, three or four years, on a straight-line basis in accordance with the temporary provision prescribed in the Industry Audit Committee Report No.26 "Treatment of Accounting and Auditing Concerning Application of Accounting Standards for Financial Instruments in Insurance Industry" issued by the JICPA. Such deferred gains outstanding as at March 31, 2004, 2005 and 2006 amounted to ¥17,596 million, ¥7,572 million and ¥47 million (US\$0 million) respectively.

(4) Policy-reserve-matching bonds

The Company's securities that are held to match the duration of the sub-groups of individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities set by insurance type, remaining period and investment policy, etc. are categorized as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (JICPA).

The book value and market value of policy-reserve-matching bonds as of March 31, 2006 amounted to ¥16,724,615 million (US\$142,373 million) and ¥16,808,437 million (US\$143,087 million), respectively.

(5) Foreign currency translation

The Company's assets and liabilities denominated in foreign currencies, except for investments in non-consolidated subsidiaries and affiliates which are not accounted for under the equity method, are translated into Japanese yen at the current exchange rate prevailing at the balance sheet date. Investments in non-consolidated subsidiaries and affiliates which are not accounted for under the equity method are translated into Japanese yen at the historical exchange rates prevailing at the transaction dates.

Where a significant change in exchange rates occurs and there is no expectation of upward recovery, the assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rate prevailing at the balance sheet date, not changed for subsequent recoveries.

Assets and liabilities denominated in foreign currencies, which are held by consolidated subsidiaries, are mainly converted into yen at the exchange rates prevailing at the respective fiscal year-ends of the consolidated subsidiaries.

(6) Real estate and movables

Depreciation of real estate and movables held by the Company, except for buildings newly acquired on and after April 1, 1998 which are depreciated based on the straight-line method, is computed based on the declining balance method. Depreciation of real estate and movables held by consolidated subsidiaries is mainly computed based on the straight-line method.

In accordance with the Law for the Revaluation of Land, the Company's business use land has been revalued at March 31, 2002 on the basis of appraisal values disclosed in public and the road tax rating, with rational adjustments, which are prescribed in Article 2 Item 1 and Item 4 of the Enforcement Regulation of the Law for the Revaluation of Land, respectively. The difference between the amount revalued and the historical cost, net of tax has been credited to revaluation reserve for land in capital, resulting in deferred tax liabilities in respect of revaluation reserve for land being included in liabilities.

Changes in the total value of business use land revalued, as compared with its aggregate carrying amount after revaluation, amounted to ¥102,224 million, ¥98,446 million and ¥40,605 million (US\$345million) as of March 31, 2004, 2005 and 2006, respectively, which is required to be disclosed in accordance with Article 10 of the Law of the Revaluation of Land.

(7) Software

Depreciation of the Company's software, which is included in other assets, is computed based on the straight-line method.

(8) Leases

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

(9) Allowance for doubtful accounts

The allowance for doubtful accounts of the Company is provided as follows, in accordance with the Company's asset valuation regulation and writing-down/provision rule:

- i) The allowance for credits of borrowers, who are legally or substantially bankrupt, is provided based on the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or execution of guarantees from the balance of loans receivable after write-down described below.
- ii) The allowance for credits of borrowers, who are not currently legally bankrupt but have high possibility of bankruptcy, is provided based on the amounts deemed necessary considering the borrowers' overall solvency assessment, within the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
- iii) The allowance for credits of borrowers other than the above is provided based on the borrowers' balance multiplied by the actual average percentage of bad debt losses on defaults during a certain past period.
- iv) The allowance for specialized overseas debts is provided based on the expected amounts of overseas investment losses caused by political and economic difficulties of respective countries, and is included in allowance for doubtful accounts.

All credits are assessed by the sections concerned in accordance with the Company's asset valuation regulation. The assessments are audited by the specific credit assessment department, which is independent from the sections described above, and are reflected in the calculation of the allowance for doubtful accounts.

The allowance for doubtful accounts of consolidated subsidiaries is mainly provided based on the asset assessment standard and writing-down/provision rule.

In respect of credits of legally or substantially bankrupt borrowers including credits secured and/or guaranteed, the amounts remaining after deductions of collateral value or the amounts collectible through execution of guarantees or other methods is written-down directly from the balance of loans receivable as uncollectible amounts estimated. The amounts were ¥30,794 million, including ¥17,121 million of credits secured and/or guaranteed, ¥15,889 million, including ¥10,881 million of credits secured and/or guaranteed, and ¥26,786 million (US\$228 million), including ¥6,290 million (US\$53 million) of credits secured and/or guaranteed, as of March 31, 2004, 2005 and 2006, respectively.

(10) Impairment of Fixed Asset

The Company and its consolidated subsidiaries adopted "Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Council in Japan on August 2002 and No.6 of Business Accounting Standard Adaptation Guideline "Adaptation Guideline for Accounting Standard for Impairment of Fixed Assets" on October 2003 from the year ended March 31, 2006. As a result, surplus before income taxes for the year ended March 31, 2006 decreased by ¥77,807 million (US\$662 million) compared to the former method.

(11) Accrued bonus for directors and corporate auditors

The Company's accrued bonus for directors and corporate auditors are provided based on the estimation of bonus payment for directors and corporate auditors in accordance with Article 32-14 of the Enforcement Regulation of the Insurance Business Law.

(Information)

Bonus for directors and corporate auditors was previously treated as appropriation of surplus. The Company adopted the Business Accounting Standard Committee Practice Report No. 13 "Temporary Treatment of Accounting for Bonus for Directors and Corporate Auditors" and recorded bonus for directors and corporate auditors as an expense on the accrual basis from the year ended March 31, 2006.

As a result, operating income and surplus before income taxes for the year ended March 31, 2006 decreased by ¥103 million (US\$0 million) compared to the former method.

(12) Accrued severance indemnities

Accrued severance indemnities of the Company are provided based on the estimated amounts of projected benefit obligations in excess of the fair value of pension plan assets for future severance payments of employees.

(13) Accrued losses from supporting closely related companies

Accrued losses from supporting closely related companies of the Company are provided for in accordance with Article 32-14 of the Enforcement Regulation of the Insurance Business Law, formerly Article 287-2 of the Commercial Code, and represent the loss amount estimated for restructuring and financial support to closely related companies in the future.

(14) Reserve for price fluctuations of investments in securities

Reserve for price fluctuations of investments in securities of the Company is computed based on Article 115 of the Insurance Business Law.

(15) Accounting for consumption taxes

Consumption taxes withheld or borne by the Company and its domestic subsidiaries are separately recorded with no inclusion in each account of revenues and expenditures. The consumption taxes paid on certain real estate transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Law, are deferred as prepaid expenses and amortized to income over a five-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are charged to income as they are incurred.

(16) Policy reserve

Policy reserve of the Company is provided in accordance with Article 116 of the Insurance Business Law. Reserve for life policies and contracts included in policy reserve is computed as follows:

Reserves for contracts subject to the standard policy reserve are computed in accordance with the method, which the Prime Minister prescribed, by means of the ordinance No.48 issued by the Ministry of Finance in 1996. Reserve for other contracts is computed based on the net level premium method.

(17) Deferred income taxes

The Company and its subsidiaries account for their income taxes using accounting for deferred income taxes, which requires the recognition of deferred tax assets and liabilities.

3. Securities Loaned

The balances of securities loaned for consumption were ¥1,861,197 million, ¥2,185,972 million, and ¥3,057,231 million (US\$26,025 million) as of March 31, 2004, 2005 and 2006, respectively.

4. Accumulated Depreciation

Accumulated depreciation for real estate and movables amounted to ¥1,053,491 million, ¥1,058,241 million and ¥1,039,441 million (US\$8,848 million) as of March 31, 2004, 2005 and 2006, respectively.

5. Separate Accounts

Total assets in the Separate Accounts provided for in Article 118 of the Insurance Business Law were ¥2,276,451 million, ¥2,149,186 million, and ¥2,334,507 million (US\$19,873 million) as of March 31, 2004, 2005 and 2006, respectively. The amounts of liabilities were the same as these figures.

6. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders included in policy reserves for the years ended March 31, 2004, 2005 and 2006 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Balance at the end of previous fiscal year	¥1,357,447	¥1,415,625	¥1,500,148	\$11,555
Transfer to reserves from surplus in previous fiscal year	146,977	135,123	116,158	1,251
Policyholders dividends paid out in fiscal year	(231,434)	(234,302)	(244,177)	(1,970)
Increase in interest	39,066	41,000	43,495	332
Balance at the end of fiscal year	¥1,312,057	¥1,357,447	¥1,415,625	\$11,169

7. Net Assets Provided for in Article 24-2 Paragraph 2 Item 2 of the Enforcement Regulation of the Insurance Business Law

The Company's net assets provided for in Article 24-2 Paragraph 2 Item 2 of the Enforcement Regulation of the Insurance Business Law, formerly Article 55 Paragraph 2 Item 6 of the Insurance Business Law, were ¥1,863,043 million, ¥2,126,453 million, and ¥4,113,235 million (US\$35,015 million) as of March 31, 2004, 2005 and 2006, respectively.

8. Accrued Severance Indemnities

Accrued severance indemnities as of March 31, 2004, 2005 and 2006 were analyzed as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Benefit obligations	¥(791,126)	¥(717,874)	¥(770,398)	\$(6,734)
Fair value of pension plan assets	320,739	291,132	255,746	2,730
Funded status	(470,386)	(426,741)	(514,652)	(4,004)
Unrecognized transition amount	—	—	120	—
Unrecognized actuarial differences	87,825	70,625	61,385	747
Unrecognized prior service cost	(29,507)	(37,824)	483	(251)
Accrued severance indemnities	¥(412,068)	¥(393,941)	¥(452,662)	\$(3,507)

Components of net periodic benefit cost for the years ended March 31, 2004, 2005 and 2006 were summarized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Service cost	¥24,207	¥29,059	¥30,057	\$206
Interest cost	17,924	19,216	19,062	152
Expected return on plan assets	(7,269)	(7,636)	(6,942)	(61)
Amortization of transition amount	—	15	60	—
Amortization of actuarial differences	27,798	21,593	24,835	236
Amortization of prior service cost	(7,135)	(559)	241	(60)
Others	284	(435)	(495)	2
	55,810	61,252	66,818	475
Profit resulting from the transfer to defined contribution pension plans of subsidiaries	—	(326)	—	—
Net periodic benefit cost	¥55,810	¥60,926	¥66,818	\$475

The following sets forth the assumptions used in developing the benefit obligations of the Company for the years ended March 31, 2004, 2005 and 2006.

	2006	2005	2004
Discount rate	1.6%	2.5%	2.5%
Expected rate of return on plan assets	2.5	3.0	3.0

The projected benefits are attributed to periods based on years of service. Actuarial differences are amortized using the straight-line method over 5 years, being within the limit of the average remaining service period counting from the next year in which they arise. Prior service cost is amortized on the straight-line basis over 5 years, being within the limit of the average remaining service period.

In the year ended March 31, 2005 the Company has amended a part of its severance indemnities regulation, shifting from a tax qualified pension plan to a defined contribution pension plan and a new corporate defined benefit pension plan. As a result, additional prior service cost amounting to ¥35,634 million (US\$331 million) was incurred. Such a prior service cost is amortized over 5 years, counting from this year.

9. Foundation Funds

In the year ended March 31, 2004, the Company redeemed ¥50,000 million of foundation funds, and credited the same amount to reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Law.

In the year ended March 31, 2005, the Company redeemed ¥50,000 million of foundation funds, and credited the same amount to reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Law.

In the year ended March 31, 2006, the Company raised ¥150,000 million (US\$1,276 million) of foundation funds in accordance with Article 60 of the Insurance Business Law and redeemed ¥50,000 million (US\$425 million) of foundation funds, and credited the same amount to reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Law.

10. Pledged Assets

Assets pledged as collateral amounted to ¥534,281 million, ¥1,066,967 million, and ¥1,526,661 million (US\$12,996 million) as of March 31, 2004, 2005 and 2006, respectively. Debts secured amounted to ¥331,647 million, ¥876,046 million and ¥1,204,533 million (US\$10,253 million) as of March 31, 2004, 2005 and 2006, respectively.

These amounts included ¥321,860 million, ¥822,609 million and ¥1,226,073 million (US\$10,437 million) of securities deposited, and ¥316,782 million, ¥819,077 million, and ¥1,126,165 million (US\$9,586 million) of cash received as collateral, under securities lending contracts secured by cash, as of March 31, 2004, 2005 and 2006, respectively.

11. Loans Receivable

The total amounts of credits of bankrupt borrowers, delinquent loans, delinquent loans past 3 months or more and restructured loans, which were included in loans receivable, were ¥120,637 million, ¥86,213 million and ¥90,238 million (US\$768 million) as of March 31, 2004, 2005 and 2006, respectively.

- i) The balances of credits of bankrupt borrowers were ¥7,727 million, ¥5,229 million, and ¥4,243 million (US\$36 million) as of March 31, 2004, 2005 and 2006, respectively. Credits of bankrupt borrowers are the loans, except for a portion of loans written-down, whose borrowers satisfy the conditions prescribed in Article 96 Paragraph 1 Item 3 or Item 4 of the Enforcement Regulations of the Corporation Tax Law. In addition, accruing interest is not recorded as income since principal of or interest on such loans is unlikely to be recovered in view of the considerable period of postponement of the principal or interest payments or other circumstances.
- ii) The balances of delinquent loans were ¥81,164 million, ¥64,372 million, and ¥69,575 million (US\$592 million) as of March 31, 2004, 2005 and 2006, respectively. Delinquent loans are credits whose accruing interest is not recorded as income due to the same reason as described above, and exclude credits of bankrupt borrowers and the loans to which postponement of interest payment was made with the object of reconstructing and supporting the borrowers.

- iii) The balances of delinquent loans past 3 months or more from the due date of interest or principal under terms of the related loan agreements were ¥496 million, ¥572 million, and ¥540 million (US\$4 million), which did not include the amounts of credits of bankrupt borrowers and delinquent loans described above, as of March 31, 2004, 2005 and 2006, respectively.
- iv) The balances of restructured loans, where certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payment, release of credit, and other methods, were made with the object of reconstructing and supporting the borrowers, and which did not include the amount of credits of bankrupt borrowers, delinquent loans and delinquent loans past 3 months or more described above, were ¥31,249 million, ¥16,038 million, and ¥15,880 million (US\$135 million) as of March 31, 2004, 2005 and 2006, respectively.

The direct write-down of loans receivable decreased credits of bankrupt borrowers described above by ¥13,394 million, ¥4,340 million and ¥2,669 million (US\$22 million) as of March 31, 2004, 2005 and 2006, respectively.

The direct write-down of loans receivable decreased delinquent loans described above by ¥17,399 million, ¥11,549 million and ¥24,117 million (US\$205 million) as of March 31, 2004, 2005 and 2006, respectively.

12. Loan Commitments

The outstanding commitments contracted but not provided for and similar agreements were ¥141,259 million, ¥193,786 million, and ¥199,970 million (US\$1,702 million) as of March 31, 2004, 2005 and 2006, respectively.

13. Contribution to Policyholder Protection Fund and Organization

The amounts of future contributions to the Policyholder Protection Fund, which has been taken over by the Life Insurance Policyholder Protection Corporation of Japan in accordance with Supplementary Article 140 Paragraph 5 of the Enactment Law of Financial System Reform Legislation, were estimated at ¥16,996 million, ¥11,921 million and ¥7,178 million (US\$61 million) as of March 31, 2004, 2005 and 2006, respectively. The contribution is charged to income as operating expenses when paid.

The amounts of future contributions to the Life Insurance Policyholder Protection Corporation of Japan, which were in accordance with Article 259 of the Insurance Business Law, were estimated at ¥91,298 million, ¥67,889 million, and ¥97,366 million (US\$828 million) as of March 31, 2004, 2005 and 2006, respectively. The contribution is also charged to income as operating expenses when paid.

14. Losses on Impaired Asset

i) Method of grouping

The Company groups its fixed assets by purpose of use and measure impairment loss for each of the group. Lease assets and unused property are each classified as one group. Assets for insurance business operations are each classified as one group.

ii) The circumstances causing the impairment losses

Due to a decline in the real estate market, the Company observed marked decrease in profitability and fair value of some fixed asset groups, Book value was therefore impaired to recoverable amount and impairment losses were recognized as extraordinary losses.

iii) Asset groups recognized impairment losses by asset group and by fixed asset for the year ended March 31, 2006 were as follows:

Purpose of use	Millions of Yen				Millions of U.S. Dollars
	Land	Leasehold	Buildings	Total	Total
Lease	¥4,056	¥48,736	¥17,242	¥70,034	\$596
Unused	5,251	51	2,469	7,772	66
Total	¥9,308	¥48,787	¥19,711	¥77,807	\$662

iv) Method of calculation of recoverable amount

Recoverable amount used for the measurement of impairment loss on lease assets is determined at net realizable value on sale or future cash flows.

Recoverable amount for unused assets is determined at net realizable value on sale. The discount rate used for calculation of future cash flows is 4.0%. Net realizable values are determined based on real estate appraisal or posted land price.

15. Income Taxes

Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Deferred tax assets	¥ 1,055,244	¥ 936,395	¥ 829,424	\$ 8,983
Valuation allowance for deferred tax assets	(65,684)	(43,096)	(43,199)	(559)
	989,560	893,298	786,225	8,423
Deferred tax liabilities	(2,364,875)	(1,244,006)	(1,086,567)	(20,131)
Net deferred tax assets (liabilities)	¥(1,375,315)	¥ (350,707)	¥ (300,341)	\$(11,707)

The major components causing deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Deferred tax assets:				
Policy reserves	¥ 622,519	¥ 568,751	¥ 478,098	\$ 5,299
Accrued severance indemnities	148,660	138,763	156,737	1,265
Allowance for doubtful accounts	18,757	15,356	32,864	159
Reserve for price fluctuations of investments in securities	159,304	140,892	92,154	1,356
Deferred tax liabilities:				
Net unrealized gains on securities	¥2,323,572	¥1,207,625	¥1,054,580	\$19,780

The statutory tax rate of the Company for the years ended March 31, 2004, 2005 and 2006 was 36.1%. The major differences between the statutory tax rate and the effective income tax rate were as follows:

	2006	2005	2004
Reserve for dividends to policyholders	(24.5)%	(23.3)%	(18.2)%
Losses on valuation of securities	8.5	—	9.0

16. Extraordinary Losses

For the year ended March 31, 2004, other extraordinary losses included ¥597 million of losses from the cancellation of outsourcing contracts with a group company, and ¥50 million of losses from supporting closely related companies.

17. Subsequent Events

The Board of Directors of the Company approved the following appropriation of surplus on May 8, 2006. This appropriation will be proposed at the policyholder meeting which will be held on July 4, 2006.

	Millions of Yen	Millions of U.S. Dollars
The Company's unappropriated surplus at March 31, 2006	¥236,830	\$2,016
Reversal of voluntary surplus reserve	853	7
	237,684	2,023
Appropriations:		
Transfer to reserve for dividends to policyholders	179,929	1,531
Transfer to legal reserve for deficiency	714	6
Transfer to reserve for redemption of foundation funds	50,000	425
Interest on foundation funds	3,632	30
Transfer to voluntary surplus reserve	3,408	29
	¥237,684	\$2,023

NON-CONSOLIDATED FINANCIAL REVIEW

Report of Independent Auditors

Nippon Life Insurance Company

Report of Independent Auditors

The Board of Directors of
NIPPON LIFE INSURANCE COMPANY

We have audited the accompanying non-consolidated balance sheets of NIPPON LIFE INSURANCE COMPANY as of March 31, 2004, 2005 and 2006, and the related non-consolidated statements of operations for the years then ended, all expressed in Japanese Yen. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit.

We conducted our audit 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 also 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 audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of NIPPON LIFE INSURANCE COMPANY as of March 31, 2004, 2005 and 2006, and the non-consolidated results of their operations for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2, effective from the year ended March 31, 2006, NIPPON LIFE INSURANCE COMPANY has adopted new Japanese accounting standards for impairment of fixed assets.

The accounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying non-consolidated financial statements.



ChuoAoyama PricewaterhouseCoopers

Osaka, Japan

May 22, 2006

5. Non-Consolidated Balance Sheets

Nippon Life Insurance Company

As of March 31	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Assets:				
Cash and deposits	¥ 915,044	¥ 364,059	¥ 233,864	\$ 7,789
Call loans	553,700	363,100	437,400	4,713
Monetary receivables purchased	1,391,624	1,456,619	901,904	11,846
Trading securities	2,099	2,999	2,999	17
Money held in trust	177,037	144,614	155,054	1,507
Investments in securities (Note 3):				
Domestic bonds	16,426,527	16,078,795	15,069,343	139,835
Domestic stocks	11,250,725	8,176,676	7,943,353	95,775
Foreign securities	7,039,703	6,372,121	6,186,812	59,927
Other securities	566,511	704,231	800,156	4,822
	35,283,468	31,331,825	29,999,666	300,361
Loans receivable (Notes 13 and 14):				
Industrial and consumer loans	8,735,705	8,991,365	9,639,801	74,365
Policy loans	1,263,464	1,325,898	1,371,769	10,755
	9,999,170	10,317,263	11,011,571	85,121
Real estate and movables, net of accumulated depreciation (Notes 4 and 19):				
Land	1,088,376	1,111,781	1,139,070	9,265
Buildings	581,688	650,887	644,273	4,951
Other	38,440	38,060	55,411	327
	1,708,506	1,800,729	1,838,755	14,544
Reinsurance receivables	465	497	419	3
Other assets	549,401	824,286	773,281	4,676
Customers' liabilities for acceptances and guarantees	2,000	—	734	17
Allowance for doubtful accounts	(39,953)	(46,537)	(84,893)	(340)
Total assets	¥50,542,565	¥46,559,458	¥45,270,759	\$430,259

The accompanying notes are an integral part of the financial statements.

As of March 31	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Liabilities:				
Policy reserves:				
Reserve for outstanding claims	¥ 227,222	¥ 239,230	¥ 245,772	\$ 1,934
Policy reserves (Note15)	39,418,163	38,794,345	38,642,672	335,559
Reserve for dividends to policyholders (Note 7)	1,312,057	1,357,447	1,415,625	11,169
	40,957,442	40,391,023	40,304,070	348,663
Accrued bonus for directors and corporate auditors	103	—	—	0
Reinsurance payables	490	499	409	4
Accrued severance indemnities (Note 9)	410,874	392,937	451,614	3,497
Accrued losses from supporting closely related companies	603	656	705	5
Other liabilities	1,900,279	1,731,450	927,864	16,176
Reserve for price fluctuations of investments in securities	441,263	390,262	255,261	3,756
Deferred tax liabilities (Note 20)	1,380,040	354,911	305,574	11,748
Deferred tax liabilities for revaluation reserve for land	181,525	34,962	38,770	1,545
Acceptances and guarantees	2,000	—	734	17
Total liabilities	45,274,623	43,296,703	42,285,004	385,414
Capital:				
Foundation funds (Note 10)	300,000	200,000	250,000	2,553
Reserve for redemption of foundation funds (Note10)	600,000	550,000	500,000	5,107
Reserve for revaluation	651	651	651	5
Surplus:				
Legal reserve for deficiency	7,409	6,783	6,199	63
Voluntary surplus reserve	105,957	103,704	100,697	901
Unappropriated surplus	236,830	203,951	193,859	2,016
(Surplus in the current year)	(229,830)	(195,713)	(187,476)	(1,956)
	350,197	314,438	300,755	2,981
Revaluation reserve for land, net of taxes	(93,688)	61,881	68,620	(797)
Net unrealized gains on securities, net of taxes	4,110,781	2,135,782	1,865,728	34,994
Total capital	5,267,941	3,262,754	2,985,755	44,844
Total liabilities and capital	¥50,542,565	¥46,559,458	¥45,270,759	\$430,259

The accompanying notes are an integral part of the financial statements.

6. Non-Consolidated Statements of Operations

Nippon Life Insurance Company

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Revenues:				
Income from insurance and reinsurance premiums	¥4,842,280	¥4,829,784	¥5,142,809	\$41,221
Investment income (Note 17):				
Interest, dividend and other income	1,070,088	980,473	980,099	9,109
Gains from money held in trust, net	36,414	18,409	24,016	309
Gains on sales of securities	174,290	201,749	188,761	1,483
Gains from redemption of securities	6,528	217	30	55
Foreign exchange gains, net	—	—	2,145	—
Other investment income	2,426	1,597	1,635	20
Gains from separate accounts, net	388,006	85,909	348,404	3,303
	1,677,754	1,288,357	1,545,095	14,282
Other revenues	319,432	279,878	413,999	2,719
Total revenues	6,839,468	6,398,020	7,101,905	58,223
Expenditures:				
Insurance claims and other payments:				
Death and other claims	1,409,481	1,253,711	1,580,871	11,998
Annuity payments	416,219	410,990	388,094	3,543
Health and other benefits	772,494	810,849	874,013	6,576
Surrender benefits	1,186,750	1,228,264	1,284,092	10,102
Other refunds	656,391	943,099	1,295,117	5,587
Reinsurance premiums	964	934	695	8
	4,442,302	4,647,849	5,422,885	37,816
Provision for policy reserves:				
Provision for policy reserve	623,817	151,673	29,101	5,310
Interest on reserve for dividends to policyholders	39,066	41,000	43,495	332
	662,883	192,673	72,597	5,643
Expenses for investment (Note 17):				
Interest expense	1,421	1,339	1,468	12
Losses from trading securities, net	9	3	48	0
Losses on sales of securities	114,735	52,814	57,286	976
Losses on valuation of securities	8,857	31,175	23,344	75
Losses from redemption of securities	209	—	—	1
Losses from derivative financial instruments, net	97,879	66,340	47,561	833
Foreign exchange losses, net	3,746	2,183	—	31
Allowance for doubtful accounts	15,136	—	—	128
Write-down of loans	160	20	348	1
Depreciation for rental real estate and other assets	27,468	31,250	32,737	233
Other expenses for investment	22,091	25,683	25,774	188
	291,716	210,811	188,571	2,483
Operating expenses	536,324	545,234	558,951	4,565
Other expenditures	462,448	444,029	492,749	3,936
Total expenditures	6,395,674	6,040,598	6,735,755	54,445
Operating income	¥ 443,793	¥ 357,421	¥ 366,149	\$ 3,777

The accompanying notes are an integral part of the financial statements.

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Extraordinary profits:				
Gains on disposal of assets	¥ 1,394	¥ 4,692	¥ 6,584	\$ 11
Reversal of allowance for doubtful accounts	—	37,312	16,587	—
	1,394	42,004	23,172	11
Extraordinary losses:				
Losses on disposal of assets	36,041	47,629	23,008	306
Impairment losses (Note 19)	77,807	—	—	662
Provision for reserve for price fluctuations of investments in securities	51,000	135,000	105,000	434
Losses on valuation of real estate	—	2,476	1,628	—
Contribution for assisting social public welfare	1,245	1,500	2,752	10
Other (Note 22)	279	188	4,294	2
	166,374	186,794	136,684	1,416
Surplus before income taxes	278,813	212,631	252,637	2,373
Income taxes (Note 20):				
Current	142,969	124,050	140,069	1,217
Deferred	(93,985)	(107,132)	(74,907)	(800)
Surplus in the current year	¥229,830	¥195,713	¥187,476	\$1,956
Reversal of revaluation reserve for land	5,755	6,738	3,630	48
Reversal of reserve for assisting social public welfare	1,245	1,500	2,752	10
Unappropriated surplus	¥236,830	¥203,951	¥193,859	\$2,016

The accompanying notes are an integral part of the financial statements.

7. Notes to the Non-Consolidated Financial Statements

Nippon Life Insurance Company

1. Basis of Presenting the Non-Consolidated Financial Statements

(1) Accounting principles and presentation

The accompanying non-consolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY (the “Company”) in accordance with the provisions set forth in the Japanese Commercial Code, the Insurance Business Law and the related rules and regulations applicable to the mutual life insurance industry in general and in conformity with accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministry ordinances and guidances. The accompanying non-consolidated financial statements of the Company are in compliance with such requirements. However, while the business report and supporting schedules have been prepared by the management of the Company as a part of whole disclosure required by the Japanese Commercial Code and the Insurance Business Law, they have not been provided herein.

Relevant notes have been added and certain reclassifications or summarizations of the account balances in the basic non-consolidated financial statements disclosed in Japan have been made to achieve presentation deemed appropriate for foreign readers of the non-consolidated financial statements.

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

(2) United States Dollar amounts

The Company prepares its non-consolidated financial statements in yen. The dollar amounts included in the non-consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on the basis of ¥117.47=US\$1, the effective rate of exchange at the balance sheet date of March 31, 2006. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in dollars at ¥117.47=US\$1 or at any other rate.

2. Summary of Significant Accounting Policies

(1) Securities and hedging activities

Valuations of trading securities, investments in securities, financial instruments similar to securities included in deposits and monetary receivables purchased, and also securities included in money held in trust, are mainly as follows:

- i) Trading securities are stated at market value prevailing at the balance sheet date. Costs of their sales are determined by the moving average method.
- ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
- iii) Policy-reserve-matching bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method in accordance with the Industry Audit Committee Report No.21 “Temporary

Treatment of Accounting and Auditing Concerning Policy-reserve-matching bonds in Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (the “JICPA”).

- iv) Investments in subsidiaries and affiliates which are not accounted for under the equity method are stated at cost, cost being determined by the moving average method.
- v) Available-for-sale securities for which market quotations are available are stated at fair value, determined as described below. Costs of their sales are determined by the moving average method. Adjustments to fair value, net of taxes are recorded as an increase or decrease in capital.

Available-for-sale securities for which market quotations are unavailable are stated at cost, cost being determined by the moving average method, except for public and corporate bonds including foreign bonds, of which the difference between purchase price and face value is due to interest rate adjustment. Such bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method.

Derivative financial instruments are stated at market value.

The Company applies the mark-to-market method of hedge accounting mainly for hedging activities against exposures to foreign exchange rate fluctuations on certain bonds denominated in foreign currencies. The Company also applies the special treatment prescribed under the Accounting Standards for Financial Instruments for interest swap agreements satisfying the conditions of the accounting standards to manage cash flow volatility associated with interest rate changes on certain loans receivable. In addition, The Company matches forward foreign exchange contracts with certain financial assets denominated in foreign currencies.

Effectiveness of hedging activities is mainly evaluated by ratio analysis to compare market value movements on the hedging instruments and the positions being hedged in accordance with the Company’s internal risk management policies.

Effective from the year ended March 31, 2003, deferred gains on certain interest swap agreements, previously recorded on the balance sheet, are credited to income over the residual term of the swap agreements, three or four years, on a straight-line basis in accordance with the temporary provision prescribed in the Industry Audit Committee Report No.26 “Treatment of Accounting and Auditing Concerning Application of Accounting Standards for Financial Instruments in Insurance Industry” issued by the JICPA. Such deferred gains outstanding as at March 31, 2004, 2005 and 2006 amounted to ¥17,596 million, ¥7,572 million and ¥47 million (US\$0 million), respectively.

(2) Policy-reserve-matching bonds

Securities that are held to match the duration of the sub-groups of individual insurance and annuities, workers’ asset-formation insurance and annuities, and group insurance and annuities set by insurance type, remaining period and investment policy, etc. are categorized as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in

the Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (JICPA).

The book value and market value of policy-reserve-matching bonds as of March 31, 2006 amounted to ¥16,724,615 million (US\$142,373 million) and ¥16,808,437 million (US\$143,087 million), respectively.

(3) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for investments in subsidiaries and affiliates, are translated into Japanese yen at the current exchange rate prevailing at the balance sheet date. Investments in subsidiaries and affiliates are translated into Japanese yen at the historical exchange rates prevailing at the transaction dates.

Where a significant change in exchange rates occurs and there is no expectation of upward recovery, the assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rate prevailing at the balance sheet date, not changed for subsequent recoveries.

(4) Real estate and movables

Depreciation of real estate and movables held by the Company, except for buildings newly acquired on and after April 1, 1998 which are depreciated based on the straight-line method, is computed based on the declining balance method.

In accordance with the Law for the Revaluation of Land, the Company’s business use land has been revalued at March 31, 2002 on the basis of appraisal values disclosed in public and the road tax rating, with rational adjustments, which are prescribed in Article 2 Item 1 and Item 4 of the Enforcement Regulation of the Law for the Revaluation of Land, respectively. The difference between the amount revalued and the historical cost, net of tax has been credited to revaluation reserve for land in capital, resulting in deferred tax liabilities in respect of revaluation reserve for land being included in liabilities.

Changes in the total value of business use land revalued, as compared with its aggregate carrying amount after revaluation, amounted to ¥102,224 million, ¥98,446 million and ¥40,605 million (US\$345 million) as of March 31, 2004, 2005 and 2006, respectively, which is required to be disclosed in accordance with Article 10 of the Law of the Revaluation of Land.

(5) Software

Depreciation of software, which is included in other assets, is computed based on the straight-line method.

(6) Allowance for doubtful accounts

The allowance for doubtful accounts is provided as follows, in accordance with the Company’s internal asset valuation regulation and writing-down/provision rule:

- i) The allowance for credits of borrowers, who are legally or substantially bankrupt, is provided based on the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or execution of guarantees from the balance of loans receivable after write-down described below.

- ii) The allowance for credits of borrowers, who are not currently legally bankrupt but have high possibility of bankruptcy, is provided based on the amounts deemed necessary considering the borrowers’ overall solvency assessment, within the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
- iii) The allowance for credits of borrowers other than the above is provided based on the borrowers’ balance multiplied by the actual average percentage of bad debt losses on defaults during a certain past period.
- iv) The allowance for specialized overseas debts is provided based on the expected amounts of overseas investment losses caused by political and economic difficulties of respective countries, and is included in allowance for doubtful accounts.

All credits are assessed by the sections concerned in accordance with the Company’s asset valuation regulation. The assessments are audited by the specific credit assessment department, which is independent from the sections described above, and are reflected in the calculation of the allowance for doubtful accounts.

In respect of credits of legally or substantially bankrupt borrowers including credits secured and/or guaranteed, the amounts remaining after deductions of collateral value or the amounts collectible through execution of guarantees or other methods is written-down directly from the balance of loans receivable as uncollectible amounts estimated. The amounts were ¥25,476 million, including ¥15,155 million of credits secured and/or guaranteed, ¥11,474 million, including ¥9,013 million of credits secured and/or guaranteed and ¥22,586 million (US\$192 million), including ¥4,380 million (US\$37 million) of credits secured and/or guaranteed, as of March 31, 2004, 2005 and 2006, respectively.

(7) Impairment of Fixed Asset

The Company adopted “Accounting Standard for Impairment of Fixed Assets” issued by the Business Accounting Council in Japan on August 2002 and No.6 of Business Accounting Standard Adaptation Guideline “Adaptation Guideline for Accounting Standard for Impairment of Fixed Assets” on October 2003 from the year ended March 31, 2006. As a result, surplus before income taxes for the year ended March 31, 2006 decreased by ¥77,807 million (US\$662 million) compared to the former method.

(8) Accrued bonus for directors and corporate auditors

Accrued bonus for directors and corporate auditors are provided based on the estimation of bonus payment for directors and corporate auditors in accordance with Article 32-14 of the Enforcement Regulation of the Insurance Business Law.

(Information)

Bonus for directors and corporate auditors was previously treated as an appropriation of surplus. The Company adopted the Business Accounting Standard Committee Practice Report No. 13 “Temporary Treatment of Accounting for

Bonus for Directors and Corporate Auditors” and recorded bonus for directors and corporate auditors as an expense on the accrual basis from the year ended March 31, 2006.

As a result, operating income and surplus before income taxes for the year ended March 31, 2006 decreased by ¥103 million (US\$0 million) compared to the former method.

(9) Accrued severance indemnities

Accrued severance indemnities are provided based on the estimated amounts of projected benefit obligations in excess of the fair value of pension plan assets for future severance payments of employees.

(10) Accrued losses from supporting closely related companies

Accrued losses from supporting closely related companies are provided for in accordance with Article 32-14 of the Enforcement Regulation of the Insurance Business Law, formerly Article 287-2 of the Commercial Code, and represent the loss amount estimated for restructuring and financial support to closely related companies in the future.

(11) Reserve for price fluctuations of investments in securities

Reserve for price fluctuations of investments in securities is computed based on Article 115 of the Insurance Business Law.

(12) Accounting for consumption taxes

Consumption taxes withheld or borne by the Company are separately recorded with no inclusion in each account of revenues and expenditures. The consumption taxes paid on certain real estate transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Law, are deferred as prepaid expenses and amortized to income over a five-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are charged to income as they are incurred.

(13) Policy reserve

Policy reserve is provided in accordance with Article 116 of the Insurance Business Law. Reserve for life policies and contracts included in policy reserve are computed as follows:

Reserves for contracts subject to the standard policy reserve are computed in accordance with the method, which the Prime Minister prescribed, by means of the ordinance No.48 issued by the Ministry of Finance in 1996. Reserve for other contracts is computed based on the net level premium method.

(14) Deferred income taxes

The Company accounts for income taxes using accounting for deferred income taxes, which requires the recognition of deferred tax assets and liabilities.

3. Securities Loaned

The balances of securities loaned for consumption were ¥1,861,197 million, ¥2,185,972 million and ¥3,057,231 million (US\$26,025 million) as of March 31, 2004, 2005 and 2006, respectively.

4. Accumulated Depreciation

Accumulated depreciation for real estate and movables amounted to ¥935,917 million, ¥946,247 million and ¥926,549 million (US\$7,887 million) as of March 31, 2004, 2005 and 2006, respectively.

5. Separate Accounts

Total assets in the Separate Accounts provided for in Article 118 of the Insurance Business Law were ¥2,276,451 million, ¥2,149,186 million and ¥2,334,507 million (US\$19,873 million) as of March 31, 2004, 2005 and 2006, respectively. The amounts of liabilities were the same as these figures.

6. Receivables from/Payables to Subsidiaries

Total balances owed by / to subsidiaries as of March 31, 2004, 2005 and 2006 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Monetary receivables	¥123,329	¥108,327	¥46,446	\$1,049
Monetary liabilities	5,782	3,356	3,261	49

7. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders included in policy reserves for the years ended March 31, 2004, 2005 and 2006 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Balance at the end of previous fiscal year	¥1,357,447	¥1,415,625	¥1,500,148	\$11,555
Transfer to reserves from surplus in previous fiscal year	146,977	135,123	116,158	1,251
Policyholders dividends paid out in fiscal year	(231,434)	(234,302)	(244,177)	(1,970)
Increase in interest	39,066	41,000	43,495	332
Balance at the end of fiscal year	¥1,312,057	¥1,357,447	¥1,415,625	\$11,169

8. Net Assets Provided for in Article 24-2 Paragraph 2 Item 2 of the Enforcement Regulation of the Insurance Business Law

Net assets provided for in Article 24-2 Paragraph 2 Item 2 of the Enforcement Regulation of the Insurance Business Law, formerly Article 55 Paragraph 2 Item 6 of the Insurance Business Law, were ¥1,863,043 million, ¥2,126,453 million and ¥4,113,235 million (US\$35,015 million) as of March 31, 2004, 2005 and 2006, respectively.

9. Accrued Severance Indemnities

Accrued severance indemnities as of March 31, 2004, 2005 and 2006 were analyzed as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Benefit obligations	¥(789,325)	¥(716,283)	¥(767,530)	\$(6,719)
Fair value of pension plan assets	320,127	290,544	254,289	2,725
Funded status	(469,197)	(425,739)	(513,240)	(3,994)
Unrecognized actuarial differences	87,831	70,627	61,143	747
Unrecognized prior service cost	(29,507)	(37,824)	483	(251)
Accrued severance indemnities	¥(410,874)	¥(392,937)	¥(451,614)	\$(3,497)

Components of net periodic benefit cost for the years ended March 31, 2004, 2005 and 2006 were summarized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Service cost	¥24,168	¥28,838	¥29,817	\$205
Interest cost	17,907	19,188	19,005	152
Expected return on plan assets	(7,263)	(7,628)	(6,929)	(61)
Amortization of actuarial differences	27,798	21,584	24,805	236
Amortization of prior service cost	(7,135)	(559)	241	(60)
Others	—	(576)	(595)	—
Net periodic benefit cost	¥55,475	¥60,846	¥66,344	\$472

The following sets forth the assumptions used in developing the benefit obligations for the years ended March 31, 2004, 2005 and 2006.

	2006	2005	2004
Discount rate	1.6%	2.5%	2.5%
Expected rate of return on plan assets	2.5	3.0	3.0

All of transition amount was amortized until March 31, 2003. The projected benefits are attributed to periods based on years of service. Actuarial differences are amortized using the straight-line method over 5 years, being within the limit of the average remaining service period counting from the next year in which they arise. Prior service cost is amortized on the straight-line basis over 5 years, being within the limit of the average remaining service period.

In the year ended March 31, 2005 the Company has amended a part of its severance indemnities regulation, shifting from a tax qualified pension plan to a defined contribution pension plan and a new corporate defined benefit pension plan. As a result, additional prior service cost amounting to ¥35,634 million was incurred. Such a prior service cost is amortized over 5 years, counting from the year ended March 31, 2006.

10. Foundation Funds

In the year ended March 31, 2004, the Company redeemed ¥50,000 million of foundation funds, and credited the same amount to reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Law.

In the year ended March 31, 2005, the Company redeemed ¥50,000 million of foundation funds, and credited the same amount to reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Law.

In the year ended March 31, 2006, the Company raised ¥150,000 million (US\$1,276 million) of foundation funds in accordance with Article 60 of the Insurance Business Law and redeemed ¥50,000 million (US\$425 million) of foundation funds, and credited the same amount to reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Law.

11. Pledged Assets

Assets pledged as collateral amounted to ¥511,763 million, ¥1,000,908 million and ¥1,436,505 million (US\$12,228 million) as of March 31, 2004, 2005 and 2006, respectively. Debts secured amounted to ¥317,043 million, ¥819,301 million and ¥1,126,316 million (US\$9,588 million) as of March 31, 2004, 2005 and 2006, respectively.

These amounts included ¥321,860 million, ¥822,609 million and ¥1,226,073 million (US\$10,437 million) of securities deposited, and ¥316,782 million, ¥819,077 million and ¥1,126,165 million (US\$9,586 million) of cash received as collateral, under securities lending contracts secured by cash, as of March 31, 2004, 2005 and 2006, respectively.

12. Investments in Subsidiaries

Investments in subsidiaries aggregated ¥264,546 million, ¥269,064 million and ¥269,184 million (US\$2,291 million) as of March 31, 2004, 2005 and 2006, respectively.

13. Loans Receivable

The total amounts of credits of bankrupt borrowers, delinquent loans, delinquent loans past 3 months or more and restructured loans, which were included in loans receivable, were ¥107,828 million, ¥73,703 million and ¥76,537 million (US\$651 million) as of March 31, 2004, 2005 and 2006, respectively.

- i) The balances of credits of bankrupt borrowers were ¥7,621 million, ¥5,164 million and ¥4,177 million (US\$35 million) as of March 31, 2004, 2005 and 2006, respectively. Credits of bankrupt borrowers are the loans, except for a portion of loans written-down, whose borrowers satisfy the conditions prescribed in Article 96 Paragraph 1 Item 3 or Item 4 of the Enforcement Regulations of the Corporation Tax Law. In addition, accruing interest is not recorded as income since principal or interest on such loans is unlikely to be recovered in view of the considerable period of postponement of the principal or interest payments or other circumstances.

- ii) The balances of delinquent loans were ¥78,564 million, ¥61,756 million and ¥67,075 million (US\$570 million) as of March 31, 2004, 2005 and 2006, respectively. Delinquent loans are credits whose accruing interest is not recorded as income due to the same reason as described above, and exclude credits of bankrupt borrowers and the loans to which postponement of interest payment was made with the object of reconstructing and supporting the borrowers.
- iii) The balances of delinquent loans past 3 months or more from the due date of interest or principal under terms of the related loan agreements were ¥496 million, ¥572 million and ¥540 million (US\$4 million), which did not include the amounts of credits of bankrupt borrowers and delinquent loans described above, as of March 31, 2004, 2005 and 2006, respectively.
- iv) The balances of restructured loans, where certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payment, release of credit, and other methods, were made with the object of reconstructing and supporting the borrowers, and which did not include the amount of credits of bankrupt borrowers, delinquent loans and delinquent loans past 3 months or more described above, were ¥21,145 million, ¥6,210 million and ¥4,744 million (US\$40 million) as of March 31, 2004, 2005 and 2006, respectively.

The direct write-down of loans receivable decreased credits of bankrupt borrowers described above by ¥12,974 million, ¥4,021 million and ¥2,489 million (US\$21 million) as of March 31, 2004, 2005 and 2006, respectively.

The direct write-down of loans receivable decreased delinquent loans described above by ¥12,502 million, ¥7,453 million and ¥20,097 million (US\$171 million) as of March 31, 2004, 2005 and 2006, respectively.

14. Loan Commitments

The outstanding commitments contracted but not provided for and similar agreements were ¥146,678 million, ¥222,698 million and ¥234,185 million (US\$1,993 million) as of March 31, 2004, 2005 and 2006, respectively.

15. Policy Reserves for the Reinsurance Contracts Provided in Accordance with Article 71 Item 1 of the Enforcement Regulation of the Insurance Business Law

Policy reserve for the reinsurance contracts provided in accordance with Article 71 Item 1 of the Enforcement Regulation of the Insurance Business Law were ¥169 million and ¥151 million (US\$1 million) as of March 31, 2005 and 2006, respectively.

16. Contribution to Policyholder Protection Fund and Organization

The amounts of future contributions to the Policyholder Protection Fund, which has been taken over by the Life Insurance Policyholder Protection Corporation of Japan in accordance with Supplementary Article 140 Paragraph 5 of the Enactment Law of Financial System Reform Legislation, were estimated at ¥16,996 million, ¥11,921 million and ¥7,178 million (US\$61 million) as of March 31, 2004, 2005 and 2006, respectively. The contribution is charged to income as operating expenses when paid.

The amounts of future contributions to the Life Insurance Policyholder Protection Corporation of Japan, which were in accordance with Article 259 of the Insurance Business Law, were estimated at ¥91,298 million, ¥67,889 million and ¥97,366 million (US\$828 million) as of March 31, 2004, 2005 and 2006, respectively. The contribution is also charged to income as operating expenses when paid.

17. Investment Income and Expenses

Major items of gains on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Domestic bonds	¥ 9,963	¥ 2,669	¥ 2,523	\$ 84
Domestic stocks and other	144,482	181,768	142,267	1,229
Foreign securities	19,752	17,311	43,963	168

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

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Domestic bonds	¥71,329	¥ 7,034	¥ 6,864	\$607
Domestic stocks and other	9,147	5,855	21,572	77
Foreign securities	34,006	39,343	28,840	289

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

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Domestic bonds	¥ —	¥ —	¥ —	\$—
Domestic stocks and other	4,861	3,568	3,413	41
Foreign securities	3,995	27,607	19,926	34

Major items of gains/losses from trading securities, net were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Interest, dividend and other income	¥ 0	¥ 1	¥ 0	\$ 0
Gains/Losses on sales of trading securities	(60)	(87)	(221)	(0)
Gains/Losses on valuation of trading securities	(0)	0	0	0

Valuation gains/losses included in Gains/Losses from money held in trust, net amounted to ¥12,606 million, ¥5,833 million and ¥16,333 million (US\$139 million) as of March 31, 2004, 2005 and 2006, respectively.

Valuation gains/losses included in Losses from derivative financial instrument, net amounted to ¥21,137 million, ¥(16,231) million and ¥2,107 million (US\$17 million) as of March 31, 2004, 2005 and 2006, respectively.

18. Policy Reserve for Reinsurance

Reversal of policy reserve for ceded reinsurance considered in calculation of policy reserves was ¥17 million (US\$0 million) for the year ended March 31, 2006.

19. Losses on Impaired Asset

i) Method of grouping

The Company groups its fixed assets by purpose of use and measure impairment loss for each of the group. Lease assets and unused property are classified separately as one group. Assets for insurance business operations are classified as one group.

ii) The circumstances causing the impairment losses

Due to decline of real estate market, the Company observed marked decrease in profitability and fair value in some fixed asset groups. Book value was therefore impaired to recoverable amount and impairment losses were recognized as extraordinary losses.

iii) Asset groups recognized impairment losses by asset group and by fixed asset for the year ended March 31, 2006 were as follows:

Purpose of use	Millions of Yen				Millions of U.S. Dollars
	Land	Leasehold	Buildings	Total	Total
Lease	¥4,056	¥48,736	¥17,242	¥70,034	\$596
Unused	5,251	51	2,469	7,772	66
Total	¥9,308	¥48,787	¥19,711	¥77,807	\$662

iv) Method of calculation of recoverable amount

Recoverable amount used for the measurement of impairment loss on lease assets is determined at net realizable value on sale or future cash flows.

Recoverable amount for unused assets is determined at net realizable value on sale. The discount rate used for calculation of future cash flows is 4.0%. Net realizable values are determined based on real estate appraisal or posted land price.

20. Income Taxes

Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Deferred tax assets	¥ 1,061,939	¥ 943,478	¥ 838,206	\$ 9,040
Valuation allowance for deferred tax assets	(78,949)	(56,362)	(58,063)	(672)
	982,989	887,116	780,143	8,368
Deferred tax liabilities	(2,363,030)	(1,242,027)	(1,085,716)	(20,116)
Net deferred tax assets (liabilities)	¥(1,380,040)	¥ (354,911)	¥ (305,574)	\$(11,748)

The major components causing deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Deferred tax assets:				
Policy reserves	¥ 622,476	¥ 568,717	¥ 478,068	\$ 5,299
Accrued severance indemnities	148,333	138,517	156,359	1,262
Allowance for doubtful accounts	17,720	13,935	31,606	150
Reserve for price fluctuations of investments in securities	159,304	140,892	92,154	1,356
Deferred tax liabilities:				
Net unrealized gains on securities	¥2,322,650	¥1,206,787	¥1,054,125	\$19,772

The statutory tax rate for the years ended March 31, 2004, 2005 and 2006 was 36.1%. The major differences between the statutory tax rate and the effective income tax rate were as follows:

	2006	2005	2004
Reserve for dividends to policyholders	(23.3)%	(25.0)%	(19.3)%
Losses on valuation of securities	—	—	9.5

21. Transactions with Subsidiaries

Total transactions with subsidiaries for the years ended March 31, 2004, 2005 and 2006 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2006	2005	2004	2006
Total revenues	¥43,520	¥ 9,846	¥ 7,071	\$370
Total expenses	30,275	30,237	30,983	257

22. Extraordinary Losses

For the year ended March 31, 2004, other extraordinary losses included ¥597 million of losses from the cancellation of outsourcing contracts with a group company, and ¥50 million of losses from supporting closely related companies.

23. Subsequent Events

The Board of Directors of the Company approved the following appropriation of surplus on May 8, 2006. This appropriation will be proposed at the policyholder meeting which will be held on July 4, 2006.

	Millions of Yen	Millions of U.S. Dollars
Unappropriated surplus at March 31, 2006	¥236,830	\$2,016
Reversal of voluntary surplus reserve	853	7
	237,684	2,023
Appropriations:		
Transfer to reserve for dividends to policyholders	179,929	1,531
Transfer to legal reserve for deficiency	714	6
Transfer to reserve for redemption of foundation funds	50,000	425
Interest on foundation funds	3,632	30
Transfer to voluntary surplus reserve	3,408	29
	¥237,684	\$2,023

CHAPTER

6

OPERATIONAL DATA

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STATUS OF SURPLUS

1. Consolidated Statements of Surplus

	Millions of Yen		
For the years ended March 31	2006	2005	2004
Balance at the beginning of the year	¥428,234	¥411,095	¥379,293
Additions:			
Surplus in the current year	205,212	202,730	198,628
Reversal of revaluation reserve for land	5,755	6,738	3,630
	210,967	209,468	202,259
Deductions:			
Transfer to reserve for dividends to policyholders*	146,977	135,123	116,158
Transfer to reserve for redemption of foundation funds**	50,000	50,000	50,000
Interest on foundation funds	2,849	3,645	4,291
Bonus for directors and corporate auditors	1	1	1
Decrease in surplus due to the exclusion of subsidiaries from the consolidation	1,053	3,559	—
Other	14	—	5
	200,896	192,329	170,457
Balance at the end of the year	¥438,305	¥428,234	¥411,095

* See note 6 on p.85.

** See note 9 on p.86.

2. Non-Consolidated Statements of Surplus

	Millions of Yen		
As of March 31	2006	2005	2004
Unappropriated surplus in the current year	¥236,830	¥203,951	¥193,859
Reversal of voluntary surplus reserve	853	4,500	742
Reversal of contingency reserve	—	—	—
Reversal of reserve for advanced deduction of real estate for tax purposes	853	751	742
Reversal of separate account reserve for advanced deduction of real estate for tax purposes	—	3,748	—
Total	¥237,684	¥208,452	¥194,601
Appropriations	¥237,684	¥208,452	¥194,601
Reserve for policyholder dividends	179,929	146,977	135,123
Net surplus	57,754	61,474	59,477
Reserve for deficiency	714	626	584
Reserve for redemption of foundation funds	50,000	50,000	50,000
Interest on foundation funds	3,632	2,849	3,645
Voluntary reserve	3,408	7,999	5,248
Reserve for assisting social public welfare	1,500	1,500	1,500
Reserve for advanced deduction of real estate for tax purposes	—	6,499	—
Separate account reserve for advanced deduction of real estate for tax purposes	1,908	—	3,748

STATUS OF FINANCIAL ASSETS (NON-CONSOLIDATED)

3. Status of Non-Performing Assets According to Borrower Classification

		Millions of Yen, %		
As of March 31		2006	2005	2004
Bankrupt and Quasi-bankrupt		¥ 11,791	¥ 11,268	¥ 16,797
Doubtful		59,475	55,696	69,461
Substandard		5,285	6,782	21,642
Subtotal		76,553	73,747	107,902
Percent of total		0.58%	0.59%	0.83%
Normal		13,031,495	12,486,422	12,841,597
Total		¥13,108,048	¥12,560,170	¥12,949,499

- Notes: 1. 1) Bankrupt and quasi-bankrupt are non-performing assets and similar debt made to an obligor that has fallen into bankruptcy due to reasons including the start of bankruptcy proceedings, start of reorganization proceedings or an application to start rehabilitation proceedings.
- 2) Doubtful are non-performing assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the contract, owing to difficulties in the financial condition and business performance of the obligor who has not yet entered bankruptcy.
- 3) Substandard are delinquent loans overdue three months or more and restructured loans. Delinquent loans overdue three months or more are loans in arrears three months or more from the due date of interest or principal under terms of the related loan agreements. Restructured loans are loans where certain concessions favorable to borrowers, (such as interest reduction or exemption, postponement of principal or interest payment, release of credit and other methods were made with the object of reconstructing and supporting the operations of borrowers).
- 4) Normal are loans that do not fall under the classifications for 1) to 3) above, and where the obligor has no financial or business performance problems.
2. Classifications and calculation methods used in this table are based on the Enforcement Regulation of the Insurance Business Law. The table includes loans, securities lent, accrued interest, suspense payments and customers' liabilities for acceptances and guarantees.
3. Loans subject to bankruptcy rehabilitation, reorganization and other proceedings are directly deducted from total loans as estimated uncollectible amounts calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans. These amounts were ¥22,586 million for bankruptcy and quasi-bankruptcy as of March 31, 2006; ¥8,284 million for bankruptcy and quasi-bankruptcy and ¥3,190 million for doubtful as of March 31, 2005; ¥26,188 million for bankruptcy and quasi-bankruptcy and ¥2,458 million for doubtful as of March 31, 2004.
4. As of March 31, 2006, includes bonds attached via bond loan transactions with attached cash collateral. Accordingly, figures for "Normal" include the following amounts for such bonds, which were not included in previous years: ¥822,681 million as of March 31, 2005 and ¥321,956 million as of March 31, 2004.

4. Status of Risk-Monitored Loans

		Millions of Yen, %		
As of March 31		2006	2005	2004
Loans to bankrupt borrowers	1	¥ 4,177	¥ 5,164	¥ 7,621
Delinquent loans	2	67,075	61,756	78,564
Loans three months or more in arrears	3	540	572	496
Restructured loans	4	4,744	6,210	21,145
Total 1+2+3+4		¥76,537	¥73,703	¥107,828
Percent of total loans receivable		0.77%	0.71%	0.98%

- Notes: 1. Loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans) are directly deducted from total loans as estimated uncollectible amounts calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans. These amounts were ¥2,489 million for loans to bankrupt borrowers and ¥20,097 million for delinquent loans as of March 31, 2006; ¥4,021 million for loans to bankrupt borrowers and ¥7,453 million for delinquent loans as of March 31, 2005; ¥12,974 million for loans to bankrupt borrowers and ¥12,502 million for delinquent loans as of March 31, 2004.
2. 1) Loans to bankrupt borrowers are loans to obligors that are legally bankrupt through filings for proceedings under the Corporate Reorganization Law, Civil Rehabilitation Law, Bankruptcy Law or Commercial Code; loans to obligors that have notes suspended from trading on exchanges; and loans to obligors that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws, within loans (accrued interest unrecorded loans) for which accrued interest was not recorded and on which principal and interest payments have remained in arrears or other reason for not expecting repayment or collection of principal or interest.
- 2) Delinquent loans are loans other than those with flexible interest payment terms and conditions in order to support the business rebuilding of obligors, and the aforementioned loans to bankrupt borrowers as accrued interest unrecorded loans.
- 3) Loans three months or more in arrears are loans that are neither loans to bankrupt borrowers or loans in arrears, with principal and interest payment in arrears for more than three months after the day following the contract payment date.
- 4) Restructured loans are loans with beneficial arrangements given to the obligor, including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness, in order to support the rebuilding of operations at the obligor, and are neither loans to bankrupt borrowers, loans in arrears, or loans three months or more in arrears.
3. Based on the results of asset self-assessment, accrued interest on loans is not recorded as revenues for obligors that are bankrupt, essentially bankrupt or nearing bankruptcy.
4. Restructured loans include loans with lowered interest rates to support the rebuilding of operations at obligors, and are not absolute interest levels.

5. Status of Loans in Trust with Contract for Replacement of Losses

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

6. Ability to Pay Benefits (Solvency Margin Ratio)

As of March 31		2006	2005	2004
Solvency margin gross amount		¥10,010,717	¥6,760,605	¥6,011,632
Foundation funds, reserves, etc.	(A)	3,179,162	2,834,739	2,469,971
Total capital		1,067,286	915,263	912,638
Reserve for price fluctuations of investments in securities		441,263	390,262	255,261
Contingency reserve		1,429,062	1,274,373	1,013,988
General allowance for doubtful accounts		13,882	19,275	43,563
Other		227,667	235,565	244,519
Net unrealized gains/losses on securities X 90%		5,790,220	3,008,445	2,628,001
Net unrealized gains/losses on real estate X 85% (if negative, X 100%)		(82,971)	(182,638)	(181,204)
Revaluation reserve for land, net of taxes		(93,688)	61,881	68,620
Deductions		(2,332)	(1,859)	(2,026)
Other		1,220,326	1,040,036	1,028,271
Total amount of risk	$\sqrt{R_1^2+(R_2+R_3+R_7)^2} + R_4$ (B)	1,591,597	1,386,544	1,345,185
Underwriting risk	R1	251,001	260,386	257,259
Assumed interest rate risk	R2	238,126	240,490	242,648
Asset management risk	R3	1,290,246	1,088,997	1,046,190
Business management risk	R4	35,729	31,797	30,921
Minimum guarantee risk	R7	7,114	—	—
Solvency margin ratio		1,257.9%	975.2%	893.8%
$\frac{(A)}{(1/2) \times (B)} \times 100$				

Note: These figures are calculated based on Article 86 and Article 87 of the Enforcement Regulation of the Insurance Business Law and Ordinance No. 50 issued by the Ministry of Finance in 1996. Minimum guarantee risk is calculated by standard methods. Total capital is calculated by subtracting net unrealized gains/losses on securities and revaluation reserve for land, net of taxes, from total capital on the balance sheets. The figure shown here is after the appropriation of surplus.

7. Unrealized Gains/Losses from Assets (Company Total)

As of March 31		2006	2005	2004
Cash, deposits and call loans	Book value	¥ 1,468.7	¥ 727.1	¥ 671.2
	Market value (appraisal value)	1,468.7	727.1	671.2
	Net gains/losses	0	(0)	(0)
	Gains	0	0	—
	Losses	(0)	(0)	(0)
Trading securities* ¹	Book value	2.0	2.9	2.9
	Market value (appraisal value)	2.0	2.9	2.9
	Net gains/losses	—	—	—
	Gains	—	—	—
	Losses	—	—	—
Money held in trust* ²	Book value	177.0	144.6	155.0
	Market value (appraisal value)	177.0	144.6	155.0
	Net gains/losses	—	—	—
	Gains	—	—	—
	Losses	—	—	—
Investments in securities* ³	Book value	28,849.9	27,989.0	27,079.6
	Market value (appraisal value)	35,409.9	31,795.5	30,340.9
	Net gains/losses	6,560.0	3,806.4	3,261.3
	Gains	6,837.9	4,177.1	3,669.2
	Losses	(277.9)	(370.7)	(407.9)
Loans receivable	Book value	9,999.1	10,317.2	11,011.5
	Market value (appraisal value)	9,999.1	10,317.2	11,011.5
	Net gains/losses	—	—	—
	Gains	—	—	—
	Losses	—	—	—
Real estate* ⁴	Book value	1,175.9	1,258.7	1,285.7
	Market value (appraisal value)	1,092.9	1,076.0	1,104.5
	Net gains/losses	(82.9)	(182.6)	(181.2)
	Gains	93.7	60.0	48.2
	Losses	(176.6)	(242.6)	(229.4)
Other assets	Book value	2,436.0	2,776.8	2,144.4
	Market value (appraisal value)	2,438.1	2,784.6	2,146.3
	Net gains/losses	2.0	7.7	1.8
	Gains	7.9	7.7	1.9
	Losses	(5.8)	(0)	(0)
Total assets	Book value	44,108.9	43,216.7	42,350.7
	Market value (appraisal value)	50,588.0	46,848.2	45,432.7
	Net gains/losses	6,479.0	3,631.5	3,081.9
	Gains	6,939.6	4,244.9	3,719.4
	Losses	(460.5)	(613.4)	(637.5)

Notes: 1. Trading securities, include securities with market values calculated using theoretical prices.

2. Market value calculations are based on prices rationally calculated by the trustee of money held in trust. Book value includes net gains/losses related to derivative transactions within money held in trust.

3. Investments in securities include securities with market values calculated using theoretical prices. Securities also include securities loaned.

4. Real estate is the total of the land account and leasehold account. The market value of real estate (land + land lease rights) is calculated with reference to publicly disclosed appraisal values. On March 31, 2002, the Company reappraised land for business use based on the Law for the Revaluation of Land. Book value includes revaluation differences of ¥87.8 billion as of March 31, 2006; ¥96.8 billion as of March 31, 2005; and ¥107.3 billion as of March 31, 2004.

Asset Self-Assessment

Asset self-assessment is used to categorize retained assets in rankings based on the debtor's income status and recoverability through collateral and other means. In addition to defining strict assessment standards that are in compliance with the FSA's *Inspection Manual for Insurance Companies*, Nippon Life has ensured the objectivity of self-assessments and made them highly reliable by conducting internal audits via an auditing division that is independent of the division implementing the assessment, and by undergoing external audits conducted by an external auditing firm.

Self-assessment categories

Debtor category	Recoverability through collateral and guarantees (see Notes)				Status of debtors
	a)	b)	c)	d)	
Normal	Non-categorized 1				Debtors whose performance is sound and for whom there are no specific concerns regarding their financial situation.
On caution	Non-categorized 2	II Categorized 2			Debtors with caution needed such as debtors whose loan terms and conditions have been eased or whose loan repayment performance is poor, and debtors posting a loss, or whose performance is sluggish or unstable.
Substandard			II Categorized 3		
Doubtful	Non-categorized	II Categorized	III Categorized 4		Debtors who are not bankrupt at present, but for whom the possibility of bankruptcy in the near future is high owing to their financial difficulties.
Quasi-bankrupt	Non-categorized	II Categorized	III Categorized 4	IV Categorized 5	Debtors who are essentially bankrupt. Although there is no legal or formal evidence of bankruptcy, the debtor is in serious financial difficulty and there is no prospect of revitalization.
Bankrupt	Non-categorized	II Categorized	III Categorized 4	IV Categorized 5	Debtors that are legally or formally bankrupt as a result of having entered bankruptcy, liquidation, corporate reorganization, corporate rehabilitation or civil rehabilitation procedures.

Notes: Categories for collateral/guarantee-based recoverability

a) Estimation of disposal of solid collateral and solid guarantee

b) Estimation of disposal of general collateral and general guarantee

c) Portion for which recovery through guarantees is uncertain, calculated as the difference between estimation of collateral amount and disposal amount

d) Portions other than a-c that are deemed irrecoverable

Self-assessment debtor classifications and relationship of disclosed non-performing debt (as of March 31, 2006)

Self-assessment debt classification	Debts based on Financial Reconstruction Law Applicable categories related to loans: Loans, securities loaned*, accrued interest, suspense receivables, acceptance and guarantees *Bonds attached via bond loan transactions with attached cash collateral are not included	Risk Monitored Loans (Applicable: Only to loans)
Normal	Normal	Restructured loan
On caution	Substandard	Loans in default for three months or more from the due date
Doubtful	Doubtful	Delinquent
Quasi-bankrupt	Bankrupt and Quasi-bankrupt	Bankrupt
Bankrupt		
	¥76.5 billion Percentage of total bonds 0.58%	¥76.5 billion Percentage of total bonds 0.77%

State of loan category amount

		Billions of Yen, %	
As of March 31, 2006		Money available	Percentage of whole
Loan balances		¥9,999.1	100.0%
(After direct IV categorized write-off)			
Non-categorized		9,910.3	99.1
II Categorized		62.1	0.6
III Categorized		26.6	0.3
IV Categorized		—	—

Notes: IV categorized was ¥22.5 billion after direct write-off of loans.

Standards for reserve for bad debt

In order to take appropriate measures against bad debt, Nippon Life has created the following types of reserve principles for self-assessment categories ①-⑤, noted in the table of category results based on self-assessment, and builds reserves (bad-debt accounting) in accordance with these principles.

Reserve principles:

① Normal: General bad-debt reserve accounting based on bad-debt performance in the most recent past year.

② On caution: General bad-debt reserve accounting based on bad-debt performance over the past three consecutive years (unrecovered ratio over three consecutive years).

③ Substandard: Approximately 21% of corporate loans not covered by collateral or guarantees are recorded as the general allowance for doubtful accounts.

④ Regarding doubtful, quasi-bankrupt and bankrupt, record as individual reserves for bad debt the amount required to cover the balance when amounts recoverable through collateral and guarantees are written off from the loan amount. Then, for the category IV ⑤ portion, directly write off this amount from the loan amount.

8. Data on Market Value of Securities (Company Total)

1. Net valuation gains/losses from trading securities

Millions of Yen						
As of March 31	2006		2005		2004	
	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses
Securities held for sale	¥2,354,765	¥256,536	¥2,093,645	¥3,048	¥2,172,076	¥338,617

Notes: 1. The carrying value on balance sheets of money held in trust included in trading securities, and net valuation gains/losses included in the profits/losses for the current period include net gains/losses on derivative transactions.

2. The carrying value above excludes cash equivalents and call loans within money held in trust included in trading securities.

2. Data on market value of securities (Securities with market value other than trading securities)

Millions of Yen										
As of March 31	2006					2005				
	Book value	Market value	Net gains/losses	Gains	Losses	Book value	Market value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥16,724,613	¥16,808,437	¥ 83,823	¥ 260,102	¥(176,278)	¥16,114,189	¥16,595,643	¥ 481,454	¥ 605,294	¥(123,840)
Held-to-maturity debt securities	94,272	93,530	(742)	74	(817)	151,860	152,786	926	926	—
Investments in subsidiaries and affiliates	54,454	114,415	59,961	59,961	—	53,718	77,244	23,526	23,526	—
Other securities	11,130,048	17,559,709	6,429,660	6,519,716	(90,055)	10,752,008	14,098,266	3,346,258	3,554,214	(207,955)
Domestic bonds	17,039	18,098	1,059	1,059	—	17,375	17,335	(40)	56	(97)
Domestic stocks	4,347,663	10,125,495	5,777,831	5,830,040	(52,208)	4,426,624	7,370,160	2,943,536	3,045,163	(101,627)
Foreign securities	5,075,419	5,707,491	632,072	669,248	(37,176)	4,661,346	5,055,238	393,892	497,793	(103,900)
Foreign bonds	4,343,439	4,705,632	362,192	386,019	(23,826)	3,902,742	4,171,105	268,363	332,176	(63,813)
Foreign stocks and other securities	731,979	1,001,859	269,879	283,229	(13,350)	758,603	884,133	125,529	165,617	(40,087)
Other securities	306,307	324,979	18,671	19,321	(649)	488,641	497,530	8,888	11,199	(2,310)
Monetary receivables purchased	651,617	651,643	25	41	(16)	916,020	916,003	(17)	0	(18)
Negotiable deposits	732,000	732,000	0	4	(3)	242,000	241,998	(1)	0	(1)
Total	¥28,003,389	¥34,576,092	¥6,572,703	¥6,839,854	¥(267,151)	¥27,071,776	¥30,923,941	¥3,852,165	¥4,183,961	¥(331,796)
Domestic bonds	15,842,655	15,926,419	83,763	252,960	(169,196)	15,375,825	15,847,024	471,198	594,735	(123,536)
Domestic stocks	4,402,118	10,239,910	5,837,792	5,890,001	(52,208)	4,480,342	7,447,405	2,967,062	3,068,690	(101,627)
Foreign securities	5,337,339	5,967,759	630,420	669,633	(39,213)	5,036,725	5,433,978	397,252	501,538	(104,286)
Foreign bonds	4,605,359	4,965,900	360,540	386,404	(25,863)	4,278,121	4,549,845	271,723	335,921	(64,198)
Foreign stocks and other securities	731,979	1,001,859	269,879	283,229	(13,350)	758,603	884,133	125,529	165,617	(40,087)
Other securities	306,307	324,979	18,671	19,321	(649)	488,641	497,530	8,888	11,199	(2,310)
Monetary receivables purchased	1,382,968	1,385,022	2,054	7,932	(5,878)	1,448,240	1,456,005	7,764	7,798	(33)
Negotiable deposits	732,000	732,000	0	4	(3)	242,000	241,998	(1)	0	(1)
Money held in trust	—	—	—	—	—	—	—	—	—	—

As of March 31	2004				
	Book value	Market value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥14,852,231	¥15,205,343	¥ 353,112	¥ 516,965	¥(163,852)
Held-to-maturity debt securities	201,944	202,055	110	628	(517)
Investments in subsidiaries and affiliates	53,718	80,394	26,676	26,676	—
Other securities	10,437,664	13,364,103	2,926,438	3,125,174	(198,735)
Domestic bonds	10,956	11,559	602	602	—
Domestic stocks	4,552,703	7,157,151	2,604,448	2,687,522	(83,074)
Foreign securities	4,537,959	4,864,741	326,781	433,032	(106,251)
Foreign bonds	3,764,554	4,014,057	249,503	307,505	(58,002)
Foreign stocks and other securities	773,405	850,683	77,278	125,527	(48,248)
Other securities	624,049	618,662	(5,386)	4,014	(9,401)
Monetary receivables purchased	570,995	570,989	(6)	0	(7)
Negotiable deposits	141,000	140,999	(0)	—	(0)
Total	¥25,545,559	¥28,851,897	¥3,306,337	¥3,669,444	¥(363,106)
Domestic bonds	14,304,223	14,652,932	348,708	512,316	(163,608)
Domestic stocks	4,606,422	7,237,546	2,631,124	2,714,199	(83,074)
Foreign securities	4,968,717	5,298,740	330,023	436,969	(106,946)
Foreign bonds	4,195,311	4,448,056	252,744	311,442	(58,697)
Foreign stocks and other securities	773,405	850,683	77,278	125,527	(48,248)
Other securities	624,049	618,662	(5,386)	4,014	(9,401)
Monetary receivables purchased	901,147	903,016	1,869	1,943	(74)
Negotiable deposits	141,000	140,999	(0)	—	(0)
Money held in trust	—	—	—	—	—

Notes: 1. This table includes negotiable deposits and other items deemed appropriate to be handled as securities under the Securities and Exchange Act of Japan.

2. Money held in trust excludes cash equivalents and call loans within money held in trust.

8. Data on Market Value of Securities (Company Total), continued

○ Book value of securities with market value unavailable is as follows:

		Millions of Yen					
As of March 31		2006		2005		2004	
Policy-reserve-matching bonds		¥	—	¥	—	¥	—
Held-to-maturity debt securities			—		—		—
Unlisted foreign bonds			—		—		—
Others			—		—		—
Investments in subsidiaries and affiliates			282,803		282,129		277,869
Other securities			510,592		386,962		283,239
Unlisted domestic stocks (excluding stocks sold over-the-counter)			268,035		165,476		68,532
Unlisted foreign stocks (excluding stocks sold over-the-counter)			101,146		86,542		86,796
Unlisted foreign bonds			—		—		—
Others			141,410		134,943		127,910
Total			¥793,396		¥669,091		¥561,108

Note: Of securities with market value unavailable, net losses on currency exchange valuation of assets denominated in foreign currencies were as follows:
March 31, 2006, ¥10,642 million; March 31, 2005, ¥37,972 million; March 31, 2004, ¥43,152 million.

Policy-reserve-matching bonds

We have established the following target portfolios that correspond to a specific type of insurance product.

- Regarding single-payment products (single-payment endowment, single-payment annuities, single-payment whole life insurance) and guaranteed fixed-term rate group annuities, we have established an ALM portfolio that aims to avoid interest fluctuation risks by predicting future cash flow from debt securities.
- In terms of other types of insurance, we have established an ALM portfolio that has a goal of expanding long-term future revenue by evaluating debt characteristics and operating within a specific range of risk allowance.

Given the characteristics of these insurance products and this type of asset management, we have specified and sub-categorized the following insurance policies based on Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry (Japan Institute of Certified Public Accountants Industry Audit Committee Release No. 21).

- All policies for yen-denominated single-payment products
- All policies for U.S. dollar-denominated single-payment products*
- For group annuities other than guaranteed fixed-term rate policies, policy reserves corresponding to cash flow projections over the next 15 years
- For those not listed above, policies with less than 30 years remaining.

Concerning bonds held for the purpose of controlling the respective duration (level of market price fluctuations against fluctuations in interest rates) of bonds that fit into these sub-categories, the Risk Management Committee regularly confirms that the policy reserves and the duration are in a state of general consistency.

Based on such confirmation, we classify most yen-based debt securities into policy-reserve-matching bonds.

*Note: The sub-category "U.S. dollar-denominated single-payment products" is included from the fiscal year ended March 31, 2006, as the Company commenced sales of U.S. dollar-denominated single-payment whole life insurance with variable accumulation rates.

9. Data on Market Value of Money Held in Trust (Company Total)

		Millions of Yen					
As of March 31		2006		2005		2004	
Money held in trust	Carrying value on balance sheets		¥177,037		¥144,614		¥155,054
	Market value		177,037		144,614		155,054
	Net unrealized gains/losses		—		—		—
	Gains		—		—		—
	Losses		—		—		—

Notes: 1. Market value calculations are based on prices rationally calculated by the trustee of money held in trust.
2. Carrying value on the balance sheets includes net gains/losses related to derivative transactions within money held in trust.

○ Money held in trust for trading purposes

		Millions of Yen					
As of March 31		2006		2005		2004	
		Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses
Money held in trust for trading purposes		¥177,037	¥16,333	¥144,614	¥5,833	¥155,054	¥12,606

Note: Carrying value of money held in trust on the balance sheets and net valuation gains/losses included in profits/losses for the current period include net gains/losses related to derivative transactions.

○ Money held in trust classified as held to maturity, held for reserves and other

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

10. Data on Market Value of Derivatives Transactions, Combined Total with and without Hedge Accounting Applied (Company Total)

1. Breakdown of gains/losses (Hedge accounting applied/Hedge accounting not applied)

						Millions of Yen
	Interest	Currencies	Stocks	Bonds	Other	Total
As of March 31						
2006						
Hedge accounting applied	¥ (43)	¥(19,279)	¥ —	¥—	¥—	¥(19,323)
Hedge accounting not applied	(225)	(1,504)	1,145	—	—	(584)
Total	¥ (269)	¥(20,784)	¥1,145	¥—	¥—	¥(19,907)
As of March 31						
2005						
Hedge accounting applied	¥ —	¥(54,206)	¥ —	¥—	¥—	¥(54,206)
Hedge accounting not applied	7,621	(2,053)	(114)	—	—	5,453
Total	¥ 7,621	¥(56,260)	¥ (114)	¥—	¥—	¥(48,752)
As of March 31						
2004						
Hedge accounting applied	¥ —	¥ 48,484	¥ —	¥—	¥—	¥ 48,484
Hedge accounting not applied	16,989	14,163	98	—	—	31,251
Total	¥16,989	¥ 62,647	¥ 98	¥—	¥—	¥ 79,735

Note: Net gains/losses from applying the mark-to-market hedge accounting included in hedge accounting applied, and net gains/losses included in hedge accounting not applied other than deferred gains to be amortized from the discontinuation of hedge accounting, are recorded on the statements of operations.

2. Interest-rate related

				Millions of Yen		
As of March 31				2006	2005	2004
Over-the-counter	Interest-rate swap	Variable interest-rate payment	Contract amount	¥175,100	¥550,000	¥600,000
			Over 1 year	105,100	170,000	550,000
	Fixed interest-rate receipt	Market value	(560)	8,679	19,167	
		Gains/losses	(560)	8,679	19,167	
	Variable interest-rate receipt	Contract amount	150,000	200,000	305,460	
		Over 1 year	100,000	150,000	255,460	
	Fixed interest-rate payment	Market value	291	(1,057)	(2,178)	
		Gains/losses	291	(1,057)	(2,178)	
	Total		Gains/losses	¥ (269)	¥ 7,621	¥ 16,989

Notes: 1. Gains/losses show the current market value: present value of swap transactions.

2. Gains/losses as of March 31, 2006, 2005, and 2004 are recorded on the statements of operations as losses from derivative financial instruments, net other than deferred gains to be amortized from the discontinuation of hedge accounting.

(Reference) Interest-rate swap contracts by maturity dates

		Millions of Yen, %						
As of March 31		1 year or under	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years	Total
2006	Notional amount (receipts fixed/payments variable)	¥ 70,000	¥100,000	¥ —	¥ —	¥2,000	¥3,100	¥175,100
	Average fixed rate (receipt)	1.11	0.42	—	—	1.92	1.99	0.74
	Average variable rate (payment)	0.08	0.08	—	—	0.11	0.11	0.08
	Notional amount (payments fixed/receipts variable)	50,000	100,000	—	—	—	—	150,000
	Average fixed rate (payment)	0.34	0.56	—	—	—	—	0.48
	Average variable rate (receipt)	0.08	0.08	—	—	—	—	0.08
2005	Notional amount (receipts fixed/payments variable)	¥380,000	¥120,000	¥ 50,000	¥ —	¥ —	¥ —	¥550,000
	Average fixed rate (receipt)	3.00	0.79	0.49	—	—	—	2.29
	Average variable rate (payment)	0.08	0.08	0.08	—	—	—	0.08
	Notional amount (payments fixed/receipts variable)	50,000	100,000	50,000	—	—	—	200,000
	Average fixed rate (payment)	1.30	0.41	0.64	—	—	—	0.69
	Average variable rate (receipt)	0.08	0.08	0.08	—	—	—	0.08
2004	Notional amount (receipts fixed/payments variable)	¥ 50,000	¥450,000	¥100,000	¥ —	¥ —	¥ —	¥600,000
	Average fixed rate (receipt)	1.12	2.70	0.42	—	—	—	2.19
	Average variable rate (payment)	0.08	0.08	0.08	—	—	—	0.08
	Notional amount (payments fixed/receipts variable)	50,000	100,000	100,000	52,620	2,840	—	305,460
	Average fixed rate (payment)	1.08	0.82	0.56	1.32	1.37	—	0.87
	Average variable rate (receipt)	0.08	0.08	0.08	0.07	0.08	—	0.08

10. Data on Market Value of Derivatives Transactions,
Combined Total with and without Hedge Accounting Applied (Company Total), continued

3. Currency-related

As of March 31					Millions of Yen			
					2006	2005	2004	
Over-the-counter Foreign exchange forward contracts	Sold	U.S. Dollar	Contract amount		¥1,189,261	¥1,400,390	¥1,477,608	
			Over 1 year		—	—	—	
			Market value		1,189,137	1,437,681	1,452,559	
				Net gains/losses		123	(37,290)	25,049
		Euro	Contract amount		848,518	794,957	879,109	
			Over 1 year		—	—	—	
			Market value		867,541	812,341	845,552	
				Net gains/losses		(19,023)	(17,383)	33,557
		British Pound	Contract amount		12,538	1,574	1,260	
	Over 1 year			—	—	—		
	Market value			12,552	1,584	1,225		
			Net gains/losses		(13)	(10)	34	
		Other, net	Contract amount		2,185,045	2,222,855	2,381,318	
			Over 1 year		—	—	—	
			Market value		2,204,835	2,278,548	2,322,662	
		Net gains/losses		(19,789)	(55,693)	58,655		
Purchased	U.S. Dollar	Contract amount		98,078	518,941	81,254		
		Over 1 year		—	—	—		
		Market value		98,173	520,877	80,441		
			Net gains/losses		95	1,935	(812)	
	Euro	Contract amount		21,743	10,263	8,832		
		Over 1 year		—	—	—		
		Market value		21,851	10,306	8,793		
			Net gains/losses		107	43	(39)	
	British Pound	Contract amount		3,843	5,829	695		
		Over 1 year		—	—	—		
		Market value		3,839	5,898	689		
			Net gains/losses		(4)	69	(6)	
		Other, net	Contract amount		124,293	540,019	91,253	
			Over 1 year		—	—	—	
			Market value		124,491	542,054	90,389	
		Net gains/losses		198	2,034	(864)		

10. Data on Market Value of Derivatives Transactions,
Combined Total with and without Hedge Accounting Applied (Company Total), continued

3. Currency-related, continued

As of March 31						Millions of Yen		
						2006	2005	2004
Over-the-counter	Currency options	Sold	Call	U.S. Dollar	Contract amount	¥411,145	¥477,885	¥58,129
						[1,139]	[974]	[376]
					Over 1 year	—	—	—
						[—]	[—]	[—]
					Market value	344	1,854	97
					Net gains/losses	795	(880)	279
				Euro	Contract amount	28,562	41,661	70,884
						[121]	[223]	[462]
					Over 1 year	—	—	—
						[—]	[—]	[—]
					Market value	45	183	129
					Net gains/losses	76	39	333
				Other, net	Contract amount	439,707	534,244	158,522
						[1,261]	[1,273]	[951]
					Over 1 year	—	—	—
						[—]	[—]	[—]
					Market value	389	2,140	292
					Net gains/losses	872	(867)	659
				Put	U.S. Dollar	Contract amount	—	—
						[—]	[—]	[—]
					Over 1 year	—	—	—
						[—]	[—]	[—]
					Market value	—	—	—
					Net gains/losses	—	—	—
				Euro	Contract amount	—	—	—
						[—]	[—]	[—]
					Over 1 year	—	—	—
						[—]	[—]	[—]
					Market value	—	—	—
					Net gains/losses	—	—	—
				Other, net	Contract amount	—	—	—
						[—]	[—]	[—]
					Over 1 year	—	—	—
						[—]	[—]	(—)
					Market value	—	—	—
					Net gains/losses	—	—	—

10. Data on Market Value of Derivatives Transactions, Combined Total with and without Hedge Accounting Applied (Company Total), continued

3. Currency-related, continued

As of March 31						Millions of Yen			
Over-the-counter	Currency option	Purchased	Call	U.S. Dollar		2006	2005	2004	
					Contract amount	¥ —	¥ —	¥200,811	
					Over 1 year	[—]	[—]	[1,014]	
						[—]	[—]	[—]	
					Market value	—	—	153	
					Net gains/losses	—	—	(860)	
				Euro	Contract amount	—	—	—	
					Over 1 year	[—]	[—]	[—]	
						[—]	[—]	[—]	
					Market value	—	—	—	
					Net gains/losses	—	—	—	
				Other, net	Contract amount	—	—	200,811	
					Over 1 year	[—]	[—]	[1,014]	
						—	—	—	
						[—]	[—]	[—]	
					Market value	—	—	153	
					Net gains/losses	—	—	(860)	
				Put	U.S. Dollar	Contract amount	646,085	574,536	274,794
					Over 1 year	[5,289]	[1,821]	[2,424]	
						117,470	—	—	
						[2,637]	[—]	[—]	
					Market value	3,319	268	7,217	
					Net gains/losses	(1,970)	(1,553)	4,792	
				Euro	Contract amount	28,562	41,661	122,436	
					Over 1 year	[115]	[222]	[900]	
						—	—	—	
						[—]	[—]	[—]	
					Market value	8	96	1,133	
					Net gains/losses	(106)	(125)	232	
				Other, net	Contract amount	674,647	630,895	428,760	
					Over 1 year	[5,404]	[2,116]	[3,430]	
						117,470	—	—	
						[2,637]	[—]	[—]	
					Market value	3,327	381	8,488	
					Net gains/losses	(2,077)	(1,735)	5,058	
				Currency swap	U.S. Dollar	Contract amount	3,947	533	—
					Over 1 year	3,947	533	—	
					Market value	12	0	—	
					Net gains/losses	12	0	—	
				Other, net	Contract amount	3,947	533	—	
					Over 1 year	3,947	533	—	
					Market value	12	0	—	
					Net gain/loss	12	0	—	
Total					Net gains/losses	¥ (20,784)	¥ (56,260)	¥ 62,647	

Notes: 1. Figures in brackets show options fees recorded on the balance sheets. However, these options fees include already contracted options as of the balance sheet date.

2. Net gains/losses shows the difference between the contract amount and market value for forward agreements, the difference between the options fee and market value for option transactions, and the current market value for swap transactions.

3. Net gains/losses as of March, 31, 2006, 2005 and 2004 is recorded on the statements of operations as losses from derivative financial instruments, net and gains from separate accounts, net excluding currency options with hedge accounting applied.

10. Data on Market Value of Derivatives Transactions, Combined Total with and without Hedge Accounting Applied (Company Total), continued

4. Stock-related

As of March 31				Millions of Yen		
Exchange	Stock index futures			2006	2005	2004
		Sold	Contract value	¥ —	¥ —	¥ —
			Over 1 year	—	—	—
			Market value	—	—	—
			Net gains/losses	—	—	—
		Purchased	Contract value	16,150	14,718	9,866
			Over 1 year	—	—	—
			Market value	17,296	14,604	9,965
			Net gains/losses	1,145	(114)	98
Total			Net gains/losses	¥ 1,145	¥ (114)	¥ 98

Notes: 1. Net gains/losses shows the difference between the contracted amount and market value for future agreements.

2. Net gains/losses as of March, 31, 2006, 2005 and 2004, are recorded on the statements of operations as gains from the separate account.

5. Bond-related

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

6. Others

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

11. Operating Income (Ordinary Income)

	Millions of Yen		
As of March 31	2006	2005	2004
Ordinary Revenues	¥6,628,764	¥6,177,860	¥6,886,980
Income from premiums	4,842,280	4,829,784	5,142,809
Insurance premiums	4,841,763	4,829,055	5,142,270
Reinsurance premiums	516	729	538
Investment income	1,467,050	1,068,198	1,330,171
Interest, dividends and other income	1,070,088	980,473	980,099
Gains from redemption of securities	6,528	217	30
Other investment income	2,426	1,597	1,635
Gains from separate account	388,006	85,909	348,404
Other revenues	319,432	279,878	413,999
Income from annuity riders	6,295	4,759	5,771
Income from deferred benefits	283,433	252,021	358,362
Reversal of reserve for outstanding claims	12,008	6,541	33,718
Reversal of policy reserves*	—	—	—
Reversal of accrued severance indemnities	—	—	—
Other	17,696	16,555	16,147
Other ordinary revenues	1	—	—
Ordinary Expenditures	¥5,995,067	¥5,627,676	¥6,327,119
Insurance claims and other payments	4,442,302	4,647,849	5,422,885
Insurance claims	1,409,481	1,253,711	1,580,871
Annuity payments	416,219	410,990	388,094
Benefits	772,494	810,849	874,013
Surrender benefits	1,186,750	1,228,264	1,284,092
Other refunds	656,391	943,099	1,295,117
Reinsurance premiums	964	934	695
Provision for policy reserves*	508,194	(67,711)	(207,447)
Investment expenses	45,798	58,273	59,981
Interest expenses	1,421	1,339	1,468
Losses on redemption of securities	209	—	—
Transfer to general allowance for doubtful accounts	(5,392)	—	—
Depreciation for rental real estate and other assets	27,468	31,250	32,737
Other expenses for investment	22,091	25,683	25,774
Losses from separate account	—	—	—
Operating expenses	536,324	545,234	558,951
Other expenditures	462,448	444,029	492,749
Deferred benefit payments	348,879	340,291	376,450
Taxes	35,752	37,015	36,772
Depreciation	43,548	39,276	40,033
Provision for accrued severance indemnities	20,957	13,196	25,167
Deferred asset amortization (Insurance Business Law, Article 113)	—	—	—
Other	13,310	14,250	14,325
Other ordinary expenditures	—	—	—
Ordinary Income (core operating profit) (A)	¥ 633,696	¥ 550,184	¥ 559,860

	Millions of Yen		
As of March 31	2006	2005	2004
Capital gains	¥ 210,704	¥ 220,159	¥ 214,924
Gains from trading securities	—	—	—
Gains from money held in trust	36,414	18,409	24,016
Gains from trading securities held for sale	—	—	—
Gains on sales of securities	174,290	201,749	188,761
Gains from derivative financial instruments	—	—	—
Foreign exchange gains	—	—	2,145
Other capital gains	—	—	—
Capital losses	¥ 225,229	¥ 152,517	¥ 128,241
Losses from trading securities	9	3	48
Losses from money held in trust	—	—	—
Losses from trading securities held for sale	—	—	—
Losses on sales of securities	114,735	52,814	57,286
Losses on valuation of securities	8,857	31,175	23,344
Losses from derivative financial instruments	97,879	66,340	47,561
Foreign exchange losses	3,746	2,183	—
Other capital losses	1	—	—
Net capital gains/losses (B)	¥ (14,524)	¥ 67,642	¥ 86,682
Income including net capital gains/losses (A+B)	¥ 619,172	¥ 617,826	¥ 646,543
Non-recurring income	—	—	—
Income from reinsurance premiums	—	—	—
Reversal of contingency reserve	—	—	—
Other non-recurring income	—	—	—
Non-recurring losses	¥ 175,378	¥ 260,405	¥ 280,393
Reinsurance premiums	—	—	—
Provision for contingency reserve	154,689	260,385	280,045
Provision for individual allowance for doubtful accounts	20,529	—	—
Provision for allowance for specialized overseas debts	—	—	—
Loan write-offs and write-downs	160	20	348
Other non-recurring losses	—	—	—
Non-recurring income and losses (C)	¥(175,378)	¥(260,405)	¥(280,393)
Operating income (A+B+C)	¥ 443,793	¥ 357,421	¥ 366,149

Notes: 1. Reversal of policy reserves and provision for policy reserves noted by * exclude provision for contingency reserve.

2. "Other ordinary revenues" and "other capital expenses" for the fiscal year ended March 31, 2006 include ¥1 million in gain (loss) on foreign exchange in relation to foreign-denominated insurance products.

MAIN BUSINESS INDICATORS

12. Policies in Force and New Policies

(1) Policies in force

1. Number of policies

As of March 31	2006		2005		2004
	Rate of increase		Rate of increase		Number of Policies, %
Individual insurance	13,411,425	(3.2)%	13,850,346	(3.9)%	14,408,659
Individual annuities	2,547,848	2.3	2,491,360	1.6	2,452,852

2. Policy amount

As of March 31	2006		2005		2004
	Rate of increase		Rate of increase		Millions of Yen, %
Individual insurance	¥237,617,903	(5.1)%	¥250,443,519	(4.7)%	¥262,785,989
Individual annuities	16,455,389	3.0	15,970,025	2.8	15,534,542
Group insurance	83,518,770	2.0	81,864,614	1.8	80,415,395
Group annuities	8,800,098	0.0	8,797,125	(6.7)	9,425,531

Notes: 1. The amount of individual annuities is the total of annuity resources at the start of annuity payments for policies prior to the start of annuity payments, and policy reserves for policies after the start of annuity payments.

2. The amount of group annuities are equal to the policy reserve balance.

(2) New policies in force

1. Number of policies

Fiscal years ended March 31	2006	2005	2004
	Number of Policies		
Individual insurance	1,193,558	1,150,850	1,302,526
Individual annuities	149,617	129,126	89,912

Note: Number of policies includes policies that were converted into new policies.

2. Policy amount

Fiscal years ended March 31		2006	2005	2004
		Millions of Yen		
Individual insurance	New policies, including conversions	¥14,093,639	¥17,010,697	¥18,661,349
	New policies, excluding conversions	13,702,484	15,456,944	16,695,413
	By conversion	391,154	1,553,752	1,965,936
Individual annuities	New policies, including conversions	1,254,229	1,140,618	806,843
	New policies, excluding conversions	1,248,932	1,136,355	803,749
	By conversion	5,296	4,263	3,094
Group insurance	New policies, including conversions	1,642,281	1,150,488	1,116,241
	New policies, excluding conversions	1,642,281	1,150,488	1,116,241
	By conversion	[10,511,909]	[7,255,009]	[7,806,382]
Group annuities	New policies, including conversions	927	8,418	15,072
	New policies, excluding conversions	927	8,418	15,072
	By conversion	—	—	—

Notes: 1. The amount for new policies for individual annuities represents annuity resources at the start of annuity payments.

2. Figures in brackets in group insurance is the amount that includes the increase in premiums and the net increase in premiums from midterm enrollment and withdrawals.

3. Figures for group annuities for new policies represent the first premium revenues.

13. Annualized Premiums

(1) Policies Held

As of March 31	2006		2005		2004	Millions of Yen, %
		Rate of increase		Rate of increase		
Individual insurance	¥2,722,457	(2.2)%	¥2,782,954	(2.8)%	¥2,862,828	
Individual annuities	579,780	5.9	547,511	4.5	523,962	
Total	3,302,238	(0.8)	3,330,466	(1.7)	3,386,791	
Medical life insurance, living benefits and others	561,982	2.4	548,563	0.0	548,522	

Notes: 1. Annualized premiums are one-time insurance premiums factored according to the payment method and calculated as insurance premiums for one year. (Single payments are insurance premiums divided by the term of coverage.)

2. Medical coverage and living benefits include medical benefits (hospitalization and surgery benefits, etc.), living benefits (limited illness and nursing care benefits, etc.) and premium payment waivers (excluding disability and including specified diseases and nursing), and are recorded as annualized premiums.

(2) New Policies

Fiscal years ended March 31	2006		2005		2004	Millions of Yen, %
		Rate of increase		Rate of increase		
Individual insurance	¥217,846	4.4%	¥208,565	(3.0)%	¥214,916	
Individual annuities	54,772	14.5	47,846	33.5	35,841	
Total	272,619	6.3	256,412	2.3	250,757	
Medical life insurance, living benefits and others	59,656	20.0	49,732	(22.9)	64,488	

Notes: 1. Annualized premiums are one-time insurance premiums factored according to the payment method and calculated as insurance premiums for one year. (Single payments are insurance premiums divided by the term of coverage.)

2. Medical coverage and living benefits include medical benefits (hospitalization and surgery benefits, etc.), living benefits (limited illness and nursing care benefits, etc.) and premium payment waivers (excluding disability and including specified diseases and nursing), and are recorded as annualized premiums.

3. "New policies" is equal to new policies plus the net increase due to policy conversions.

14. New Policies by Product

Number of Policies, Millions of Yen

Fiscal years ended March 31		2006		2005		2004	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual insurance	Mortality insurance	[915,642]	¥[21,773,761]	[859,872]	¥[24,786,169]	[1,005,810]	¥[27,430,494]
		573,282	11,319,518	506,568	12,843,798	555,945	14,033,545
	Term life insurance	[29,487]	[1,606,483]	[27,798]	[1,462,644]	[29,457]	[1,463,018]
		25,968	1,330,972	25,231	1,270,121	27,202	1,288,169
	Whole life insurance	[77,708]	[604,434]	[70,053]	[539,815]	[105,132]	[420,056]
		52,131	483,128	43,571	423,178	33,999	346,083
	Single-payment whole life insurance with variable accumulation rates	1,726	15,245	—	—	—	—
	Whole life insurance with term rider	[656,109]	[18,839,827]	[679,828]	[22,048,157]	[775,047]	[24,917,223]
		342,845	8,873,410	355,573	10,520,173	398,570	11,897,523
	Variable life insurance (whole life type)	—	—	—	—	—	—
	Term life insurance with dread disease term rider	2,013	12,390	1,681	10,267	1,656	10,091
	Whole life insurance with dread disease term rider	372	2,490	315	2,259	238	1,678
	Cancer insurance	69,325	12,819	65,707	11,796	82,788	14,441
	Hospitalization medical insurance	64,957	—	—	—	—	—
	Increasing term life insurance	11,472	526,519	11,118	527,950	7,129	373,189
	Medical life insurance	618	39	1,493	83	2,598	140
	Single premium whole life insurance for retirement	307	1,238	459	1,667	433	1,622
	Medical life insurance for retirement	1,548	663	1,420	556	1,332	486
	Term rider	[40,094]	[151,609]	[46,455]	[180,971]	[58,639]	[228,545]
		16,888	60,600	20,002	75,744	26,296	100,119
	Life and mortality insurance	[272,906]	[2,594,071]	[286,552]	[2,851,600]	[290,533]	[2,913,435]
		265,711	2,380,613	277,931	2,611,027	281,295	2,658,813
	Endowment insurance	[122,992]	[519,294]	[119,298]	[504,053]	[114,320]	[487,167]
		122,490	516,188	118,909	500,702	114,044	485,302
	Endowment insurance with term rider <i>Kurashi no Hoken</i>	[14,288]	[266,346]	[20,675]	[437,271]	[19,032]	[368,865]
		7,595	142,911	12,443	284,396	10,070	206,155
	Variable life insurance (defined term type)	—	—	—	—	—	—
	Term life with survival benefit insurance <i>Melody</i>	3	11	9	47	13	51
	Term life with survival benefit insurance <i>BIG YOU</i>	86,668	1,241,611	97,729	1,395,592	107,628	1,531,824
	Juvenile insurance	48,955	371,618	48,841	371,433	49,540	374,305
	Multi increase endowment rider	765	90	833	100	905	110
Term rider with survival benefit	[106,510]	[195,098]	[74,686]	[143,101]	[78,845]	[151,110]	
	63,532	108,181	32,424	58,755	34,181	61,064	
Pure endowment	5,010	2,352	4,426	2,118	6,183	3,054	
Family pure endowment	5,010	2,352	4,426	2,118	6,183	3,054	
	[1,193,558]	[24,370,186]	[1,150,850]	[27,639,888]	[1,302,526]	[30,346,983]	
Subtotal	844,003	13,702,484	788,925	15,456,944	843,423	16,695,413	
		<14,093,639>		<17,010,697>		<18,661,349>	

14. New Policies by Product, continued

Number of Policies, Millions of Yen

Fiscal years ended March 31		2006		2005		2004	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuity	[111,992] 111,086	¥[1,026,271] 1,013,331	[87,915] 87,336	¥[861,843] 851,717	[55,845] 55,358	¥[577,588] 569,788
	Annuity focused on survival coverage	[21,611] 21,519	[160,051] 159,076	[28,779] 28,669	[208,049] 206,614	[23,491] 23,261	[172,734] 169,226
	Variable assumed rate type annuity	—	—	503	1,287	2,115	4,094
	Accumulation type variable rate annuity	11,487	46,572	4,259	20,083	—	—
	Nissay investment type annuity	4,527	29,952	7,670	56,652	8,461	60,639
	Subtotal	[149,617] 148,619	[1,262,846] 1,248,932	[129,126] 128,437	[1,147,916] 1,136,355	[89,912] 89,195	[815,057] 803,749
Group insurance	Group term life insurance	268,703	1,463,815	280,387	1,056,449	607,561	978,673
	Group credit life insurance	163,792	155,829	28,252	94,039	37,849	56,938
	Consumer credit group insurance	547,613	22,635	—	—	1,717,325	80,629
	Group endowment insurance	—	—	—	—	—	—
	Group whole life insurance	—	—	—	—	—	—
	Life insurance for dependents of disabled	—	—	—	—	—	—
	Annuities rider (group term life insurance)	—	—	—	—	—	—
	Subtotal	980,108	1,642,281	308,639	1,150,488	2,362,735	1,116,241
Group annuities	Insured pension plans	—	—	—	—	—	—
	New insured pension plans	6,507	122	11,909	206	19,633	344
	Insured contributory pension plans	3	0	—	—	96,868	14,339
	Defined benefit corporate pension plans	—	525	—	858	—	84
	Government pension investment fund variable insurance	—	—	—	—	—	—
	National pension fund insurance	—	—	—	—	—	0
	Employees' pension fund insurance	9,431	4	—	—	8,430	0
	Employees' pension association insurance	—	0	—	—	—	—
	Group pure endowment insurance	—	—	—	7,051	—	—
	Defined contribution pension plans	—	275	—	302	—	304
Subtotal	15,941	927	11,909	8,418	124,931	15,072	
Workers' asset-formation savings insurance	Workers' asset-formation savings insurance	9,410	601	10,871	966	11,410	677
	Workers' asset-formation housing funding insurance	1,755	147	1,840	190	2,094	172
	Workers' asset-formation benefits savings insurance	24	0	—	—	270	2
	Workers' asset-formation fund savings insurance	—	—	—	—	—	—
Subtotal	11,189	749	12,711	1,156	13,774	852	
Workers' asset-formation annuities	Workers' asset-formation annuities	—	—	—	—	—	—
	Workers' asset-formation funding annuities	2,368	254	2,759	228	2,532	193
Subtotal	2,368	254	2,759	228	2,532	193	
Medical life insurance	Individual type	94	0	160	0	77	0
	Group type	2,737	1	82,740	483	9,951	10
Subtotal	2,831	2	82,900	484	10,028	10	
Disability income insurance	Disability income insurance	—	—	—	—	—	—
	Group disability income insurance	5,499	191	304	109	17,336	670
Subtotal	5,499	191	304	109	17,336	670	
Reinsurance assumed	—	—	—	—	—	—	

Notes: 1. Figures in brackets include policies that were converted into new policies, except for subtotal figures in angle brackets, which exclude policies prior to conversion.

2. Term life insurance includes term life insurance (group type).

3. Whole life insurance includes comprehensive whole life insurance.

4. Term rider includes juvenile term life insurance riders and spouse term life insurance riders.

5. Term rider, multi increase endowment rider, term rider with survival benefit, life insurance for dependents of disabled and employees' pension association insurance are not included in subtotals.

6. The number of policies for group insurance, group annuities, workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance, disability income insurance and reinsurance assumed is the number of insured persons.

7. Figures for individual annuities, group insurance (annuities rider) and workers' asset-formation annuities (excluding workers' asset-formation funding annuities) represent annuity resources at the start of annuity payments.

8. New policy amounts for group annuities, workers' asset-formation savings insurance and workers' asset-formation funding annuities are first premium revenues.

9. Amounts for medical life insurance show daily amounts of hospitalization benefit.

10. Amounts for disability income insurance show monthly amounts of disability income insurance benefit.

15. Policies in Force by Product

As of March 31		2006		2005		2004	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual insurance	Mortality insurance	9,135,863	¥211,486,363	9,185,260	¥221,995,475	9,377,282	¥232,124,082
	Term life insurance	161,064	7,821,096	152,942	7,181,082	143,841	6,552,096
	Whole life insurance	2,417,041	22,598,177	2,300,596	22,303,007	2,184,334	22,109,358
	Single-payment whole life insurance with variable accumulation rates	1,724	15,240	—	—	—	—
	Whole life insurance with term rider	5,664,495	173,696,866	5,845,796	184,807,043	6,080,302	195,429,344
	Variable life insurance (whole life type)	38,957	617,042	39,847	634,410	40,580	653,689
	Variable life insurance with term rider (whole life type)	2,553	84,041	2,770	91,887	3,033	101,244
	Term life insurance with dread disease term rider	314,615	1,635,949	376,989	2,029,499	453,533	2,487,910
	Whole life insurance with dread disease term rider	39,340	263,187	40,570	273,100	42,146	286,034
	Cancer insurance	353,905	52,210	354,202	52,255	367,081	54,921
	Hospitalization medical insurance	63,514	—	—	—	—	—
	Increasing term life insurance	36,324	1,778,646	29,336	1,475,575	21,038	1,081,793
	Medical life insurance	4,682	264	4,327	237	3,003	163
	Single premium whole life insurance for retirement	5,238	19,013	5,010	18,025	4,623	16,611
	Medical life insurance for retirement	4,193	1,691	2,717	1,034	1,331	483
	Former Dowa Life Insurance	28,218	308,575	30,158	338,396	32,437	373,982
	Term rider	550,934	2,594,361	595,763	2,789,918	640,580	2,976,447
	Life and mortality insurance	4,252,143	26,115,927	4,628,225	28,425,328	4,973,681	30,626,817
	Endowment insurance	2,197,093	8,405,127	2,419,237	9,052,363	2,599,209	9,551,533
	Endowment insurance with term rider <i>Kurashi no Hoken</i>	365,387	4,375,912	432,007	5,108,283	505,464	5,833,591
	Variable life insurance (defined term type)	3,683	20,063	3,910	22,052	4,146	23,524
	Term life with survival benefit insurance <i>Melody</i>	7,638	30,237	8,746	34,749	10,355	41,800
	Term life with survival benefit insurance <i>BIG YOU</i>	544,444	6,534,111	601,623	7,088,834	658,593	7,582,188
	Juvenile insurance	1,125,961	5,570,703	1,154,156	5,916,518	1,186,546	6,279,223
	Former Ryukyu Life Insurance	—	—	—	—	—	—
	Former Dowa Life Insurance	7,937	17,165	8,546	19,061	9,368	21,761
	Multi increase endowment rider	20,266	10,476	20,253	10,915	20,157	11,305
	Term rider with survival benefit	587,717	1,152,130	589,964	1,172,549	641,901	1,281,888
	Pure endowment	23,419	15,612	36,861	22,715	57,696	35,090
	Juvenile pure endowment	—	—	—	—	—	—
	Family pure endowment	23,206	11,846	36,636	18,721	57,453	30,628
	Pure endowment with nursing care benefit	213	3,766	225	3,993	243	4,462
	Former Dowa Life Insurance	—	—	—	—	—	—
Subtotal	13,411,425	237,617,903	13,850,346	250,443,519	14,408,659	262,785,989	

Number of Policies, Millions of Yen

15. Policies in Force by Product, continued

As of March 31		2006		2005		2004	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuity	1,943,882	¥12,684,930	1,899,914	¥12,278,415	1,876,901	¥11,942,160
	Individual fixed annuity <i>Sounen no Sekkei</i>	4,422	8,334	5,182	10,832	5,945	13,699
	Annuity focused on survival coverage	498,545	3,195,796	499,154	3,196,076	493,912	3,153,486
	Variable assumed rate type annuity	26,414	97,581	27,797	111,703	29,163	128,607
	Accumulation type variable rate annuity	15,631	65,960	4,257	20,062	—	—
	Nissay investment type annuity	29,067	251,710	26,609	201,493	19,933	147,508
	Former Dowa Life Insurance	5,092	23,171	5,324	24,366	5,604	25,702
	Annuity rider	20,210	73,850	18,767	71,382	17,437	69,075
	Term rider annualized payment	4,583	54,050	4,354	55,689	3,955	54,296
	Annuity for spouse term rider	2	3	2	4	2	5
	Subtotal	2,547,848	16,455,389	2,491,360	15,970,025	2,452,852	15,534,542
Group insurance	Group term life insurance	14,601,726	47,571,713	14,911,776	46,586,543	15,336,987	45,992,260
	Group credit life insurance	13,732,024	34,276,894	14,261,801	33,520,400	14,534,146	32,630,600
	Consumer credit group insurance	20,010,071	1,621,072	19,927,207	1,707,899	19,638,892	1,742,115
	Group endowment insurance	534	1,365	1,318	2,365	1,854	3,037
	Group whole life insurance	190	124	198	129	207	135
	Life insurance for dependents of disabled	67,493	35,223	68,974	35,919	70,660	36,716
	Annuities rider (group term life insurance)	11,205	12,376	10,904	11,357	10,675	10,530
		Subtotal	48,355,750	83,518,770	49,113,204	81,864,614	49,522,761
Group annuities	Insured pension plans	54,393	41,134	55,323	42,818	55,934	44,508
	New insured pension plans	10,647,079	2,875,578	11,132,970	3,408,078	11,853,415	3,862,640
	Insured contributory pension plans	3,853,638	2,569,250	4,015,127	2,525,892	4,099,169	2,490,932
	Defined benefit corporate pension plans	—	1,985,669	—	1,204,473	—	510,644
	Government pension investment fund variable insurance	—	—	—	—	—	—
	National pension fund insurance	—	4,330	—	7,478	—	15,496
	Employees' pension fund insurance	4,075,024	987,183	4,956,749	1,319,969	6,910,045	2,254,557
	Employees' pension association insurance	—	333	—	—	—	—
	Group pure endowment insurance	—	180,269	—	201,907	—	206,765
	Defined contribution pension plans	—	156,348	—	86,507	—	39,986
	Subtotal	18,630,134	8,800,098	20,160,169	8,797,125	22,918,563	9,425,531
Workers' asset-formation savings insurance	Workers' asset-formation savings insurance	143,195	242,968	148,771	236,611	155,464	230,416
	Workers' asset-formation housing funding insurance	29,160	73,530	31,161	76,324	33,425	79,424
	Workers' asset-formation benefits savings insurance	24,523	1,998	25,602	1,815	26,818	1,573
	Workers' asset-formation fund savings insurance	706	15	726	15	745	15
		Subtotal	197,584	318,512	206,260	314,766	216,452
Workers' asset-formation annuities	Workers' asset-formation annuities	468	1,960	489	2,078	513	2,183
	Workers' asset-formation funding annuities	70,377	157,095	71,531	158,707	72,241	159,936
		Subtotal	70,845	159,056	72,020	160,785	72,754
Medical life insurance	Individual type	2,355	10	2,668	12	2,915	13
	Group type	864,263	2,242	845,625	2,034	831,271	1,599
		Subtotal	866,618	2,253	848,293	2,046	834,186
Disability income insurance	Disability income insurance	—	—	—	—	—	—
	Group disability income insurance	89,073	6,488	104,735	8,224	116,112	8,608
	Subtotal	89,073	6,488	104,735	8,224	116,112	8,608
Reinsurance assumed		24,798	30,858	27,430	31,782	223,412	141,405

Notes: 1. Term life insurance includes term life insurance (group type).

2. Whole life insurance includes comprehensive whole life insurance.

3. Term rider includes juvenile term life insurance riders and spouse term life insurance riders.

4. Term rider, multi increase endowment rider, term rider with survival benefit, life insurance for dependents of disabled and employees' pension association insurance are not included in subtotals.

5. The number of policies for group insurance, group annuities, workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance, disability income insurance and reinsurance assumed is the number of insured persons.

6. Figures for individual annuities, group insurance (annuities rider) and workers' asset-formation annuities (excluding workers' asset-formation funding annuities) represent the total of annuity resources at the start of annuities for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.

7. New policy amounts for group annuities, workers' asset-formation savings insurance and workers' asset-formation funding annuities are amounts for policy reserves.

8. Amounts for medical life insurance show daily amounts of hospitalization benefit.

9. Amounts for disability income insurance show monthly amounts of disability income insurance benefit.

16. Amount of Policies in Force by Coverage Type

As of March 31		Millions of Yen			
		2006	2005	2004	
Death protection	Death protection due to illness/accident	Individual insurance	¥237,599,064	¥250,417,320	¥262,747,097
		Individual annuities	—	—	—
		Group insurance	83,506,394	81,853,257	80,404,865
		Group annuities	—	—	—
		Net including other types	321,136,317	332,302,360	343,185,098
	Death protection due to accident	Individual insurance	[45,364,845]	[48,471,417]	[52,033,748]
		Individual annuities	[359,804]	[393,109]	[456,522]
		Group insurance	[4,649,923]	[4,685,882]	[4,821,668]
		Group annuities	[—]	[—]	[—]
		Net including other types	[50,402,151]	[53,577,334]	[57,471,216]
	Death protection due to specific causes	Individual insurance	[471,728]	[473,599]	[500,025]
		Individual annuities	[—]	[—]	[—]
Group insurance		[149,771]	[150,706]	[150,952]	
Group annuities		[—]	[—]	[—]	
	Net including other types	[621,500]	[624,305]	[650,977]	
Pure endowment	Maturity and survival benefits	Individual insurance	18,839	26,199	38,892
		Individual annuities	15,672,723	15,257,716	14,895,902
		Group insurance	832	766	701
		Group annuities	—	—	—
		Net including other types	15,807,660	15,402,255	15,056,508
	Annuity	Individual insurance	[803,325]	[902,970]	[1,021,032]
		Individual annuities	[1,888,954]	[1,839,633]	[1,797,134]
		Group insurance	[1,518]	[1,385]	[1,282]
		Group annuities	[—]	[—]	[—]
		Net including other types	[2,701,060]	[2,751,190]	[2,826,123]
	Other	Individual insurance	—	—	—
		Individual annuities	782,666	712,309	638,640
Group insurance		11,544	10,590	9,828	
Group annuities		8,800,098	8,797,125	9,425,531	
	Net including other types	9,956,612	9,878,004	10,426,539	
Hospitalization coverage	Coverage for hospitalization due to accident	Individual insurance	[55,272]	[56,329]	[58,223]
		Individual annuities	[1,766]	[1,818]	[1,870]
		Group insurance	[2,280]	[2,415]	[2,653]
		Group annuities	[—]	[—]	[—]
		Net including other types	[61,572]	[62,610]	[64,360]
	Coverage for hospitalization due to illness	Individual insurance	[54,058]	[54,952]	[56,654]
		Individual annuities	[1,747]	[1,798]	[1,849]
		Group insurance	[—]	[—]	[—]
		Group annuities	[—]	[—]	[—]
		Net including other types	[58,059]	[58,798]	[60,117]
	Coverage for hospitalization due to other causes	Individual insurance	[69,628]	[65,159]	[60,635]
		Individual annuities	[479]	[496]	[512]
Group insurance		[52]	[61]	[61]	
Group annuities		[—]	[—]	[—]	
	Net including other types	[70,160]	[65,717]	[61,208]	
Disability coverage	Individual insurance	—	—	—	
	Individual annuities	—	—	—	
	Group insurance	—	—	—	
	Group annuities	—	—	—	
	Net including other types	6,488	8,224	8,608	

- Notes: 1. Figures in brackets show additional coverage and rider coverage attached to primary policies. However, term riders of death protection due to illness/accident are recorded under primary coverage.
2. Figures for maturity and survival benefits of pure endowment show annuity resources at the start of annuity payments for policies prior to the start of annuity payments for individual annuities and group insurance [annuities rider].
3. Figures for annuity within pure endowment show annual annuity amounts.
4. Figures for other within pure endowment show policy reserves for individual annuities (after start of annuity payments), group insurance (after start of annuities rider annuities payments) and group annuities.
5. Figures for hospitalization coverage show daily hospitalization benefits.
6. Figures for net including other types of coverage for hospitalization due to illness within hospitalization coverage show the total of primary coverage portions and rider coverage.

As of March 31		Number of Policies		
		2006	2005	2004
Disability coverage	Individual insurance	[9,306,939]	[9,726,018]	[10,161,760]
	Individual annuities	[92,301]	[95,050]	[97,432]
	Group insurance	[3,411,199]	[3,515,122]	[3,695,341]
	Group annuities	[—]	[—]	[—]
	Net including other types	[12,810,439]	[13,336,190]	[13,954,533]
Surgical coverage	Individual insurance	[14,244,196]	[14,228,687]	[14,312,745]
	Individual annuities	[393,659]	[405,400]	[417,038]
	Group insurance	[—]	[—]	[—]
	Group annuities	[—]	[—]	[—]
	Net including other types	[14,637,855]	[14,634,087]	[14,729,783]

Note: Figures in brackets show attached coverage portions of primary policies and rider coverage.

17. Individual Insurance and Annuity Policy Amounts in Force by Product

Millions of Yen

As of March 31		2006	2005	2004
Mortality insurance	Whole life insurance	¥ 22,948,859	¥ 22,647,007	¥ 22,467,241
	Whole life insurance with term rider	173,696,866	184,807,043	195,429,344
	Term life insurance	11,236,616	10,686,810	10,122,132
	Net including other types	211,486,363	221,995,475	232,124,082
Life and mortality insurance	Endowment insurance	8,405,127	9,052,363	9,551,533
	Endowment insurance with term rider	4,375,912	5,108,283	5,833,591
	Term life insurance with survival benefits	6,564,349	7,123,584	7,623,989
	Net including other types	26,115,927	28,425,328	30,626,817
Pure endowment	Family pure endowment	11,846	18,721	30,628
	Juvenile pure endowment	—	—	—
	Net including other types	15,612	22,715	35,090
Annuities	Individual annuities	16,455,389	15,970,025	15,534,542
Hospitalization/accident riders	Accident rider with extra premium	15,613,280	16,918,346	18,436,739
	Injury rider	29,979,963	31,654,521	33,556,906
	Accident coverage rider	17,929	156,825	307,398
	Hospitalization due to accident rider	56,545	57,895	59,613
	Hospitalization due to illness rider	55,200	56,541	58,190
	Hospitalization due to adult disease rider	9,346	9,514	9,668
	Hospital visit rider	11,102	11,422	11,779
	Long-term hospitalization rider	154	171	199
	Hospitalization rider for women	5,582	5,499	5,423
	Limited injury rider	165,157	164,389	162,705
	Hospitalization due to cancer rider	19,626	17,422	15,111
	Short-term hospitalization rider	19,099	16,504	13,670

Notes: 1. Whole life insurance includes whole life insurance with dread disease term rider, comprehensive whole life insurance, cancer insurance, medical life insurance for retirement (whole life), single premium whole life insurance for retirement and single-payment whole life insurance with variable accumulation rates.

2. Term life insurance includes term life insurance with dread disease term rider, group term life insurance, increasing term life insurance, medical life insurance and medical life insurance for retirement (defined term).

3. Term life insurance with survival benefits is the total of term life with survival benefit insurance BIG YOU, and term life with survival benefit insurance Melody.

4. Figures for individual annuities are the total of annuity resources at the start of annuity payments for policies prior to the start of annuity payments, and policy reserves for policies after the start of annuity payments.

5. Figures for hospitalization and hospital visit riders show the daily hospitalization and hospital visit benefit.

18. Trends and Transitions of Policies

1. Individual insurance

Fiscal years ended March 31	Number of Policies, Millions of Yen, %					
	2006		2005		2004	
	Policies	Amount	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	13,850,346	¥250,443,519	14,408,659	¥262,785,989	15,223,775	¥279,133,482
New policies	844,003	13,702,484	788,925	15,456,944	843,423	16,695,413
Renewals	51,890	1,544,631	47,352	1,592,845	50,977	1,545,063
Reinstatements	17,964	362,366	18,773	396,541	21,867	455,145
Increase from employee dividends	—	47	—	139	—	187
Increase from conversion	349,555	10,667,701	361,925	12,182,943	459,103	13,651,570
Increase from variable amount	—	1,570	—	281	—	326
Death	48,886	633,374	50,093	652,886	51,080	663,470
Maturity	431,211	1,938,943	382,593	1,750,134	540,581	2,059,832
Decrease of benefits	—	3,792,004	—	3,549,625	—	4,404,666
Decrease from conversion	347,930	10,276,547	355,353	10,629,191	379,702	11,685,634
Cancellation	637,312	13,201,366	706,289	14,640,582	855,374	17,325,767
Lapse	231,659	5,003,610	274,891	6,073,280	355,662	7,791,156
Decrease from variable amount	—	396	—	182	—	26
Decrease due to other changes	5,335	4,258,173	6,069	4,676,283	8,087	4,764,645
At the end of the fiscal year	13,411,425	237,617,903	13,850,346	250,443,519	14,408,659	262,785,989
Rate of increase	(3.2)%	(5.1)%	(3.9)%	(4.7)%	(5.4)%	(5.9)%
Net increase	(438,921)	(12,825,615)	(558,313)	(12,342,470)	(815,116)	(16,347,492)
Rate of net increase	—%	—%	—%	—%	—%	—%

Note: Figures show the total of primary coverage portions for mortality insurance, life and mortality insurance, and pure endowment.

2. Individual annuities

Fiscal years ended March 31	Number of Policies, Millions of Yen, %					
	2006		2005		2004	
	Policies	Amount	Policies	Amount	Policies	Amount
At the beginning of the fiscal year		¥<1,836,740>		¥<1,794,356>		¥<1,803,428>
	2,491,360	15,970,025	2,452,852	15,534,542	2,477,541	15,545,853
New policies		<129,163>		<114,291>		<79,109>
	148,619	1,248,932	128,437	1,136,355	89,195	803,749
Reinstatements	821	5,547	708	4,593	597	4,195
Increase from conversion	998	13,914	689	11,561	717	11,308
Death	5,759	29,739	5,406	27,495	5,045	25,971
Completion of payments	3,365	2,741	2,521	2,076	2,126	1,563
Decrease of insurance amount	—	44,119	—	33,403	—	27,516
Decrease from conversion	1,201	8,617	981	7,297	1,203	8,213
Cancellation	74,740	532,057	73,675	504,906	98,918	661,855
Lapse	10,124	71,930	10,052	69,146	10,180	71,730
Decrease due to other changes	(1,239)	12,681	(1,309)	4,102	(2,274)	(22,411)
At the end of the fiscal year		<1,886,083>		<1,836,740>		<1,794,356>
	2,547,848	16,455,389	2,491,360	15,970,025	2,452,852	15,534,542
Rate of increase	2.3%	3.0%	1.6%	2.8%	(1.0)%	(0.1)%
Net increase	56,488	485,363	38,508	435,482	(24,689)	(11,310)
Rate of net increase	46.7%	11.5%	—%	—%	—%	—%

Notes: 1. Figures are the total of annuity resources at the start of annuity payments for policies prior to annuity payments and policy reserves for policies after the start of annuity payments.
2. Figures in angle brackets show annual amounts of annuities.

18. Trends and Transitions of Policies, continued

3. Group insurance

Fiscal years ended March 31	2006		2005		2004	
	Policies	Amount	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	49,113,204	¥81,864,614	49,522,761	¥80,415,395	48,689,210	¥80,054,221
New policies	980,108	1,642,281	308,639	1,150,488	2,362,735	1,116,241
Renewals	14,505,452	45,498,428	14,696,511	44,742,467	14,860,208	44,570,883
Reinstatements	—	—	—	—	—	—
Midterm enrollment	8,292,342	9,937,799	9,837,033	7,122,647	7,728,751	7,783,461
Increase of insurance amount	—	4,731,111	—	4,906,825	—	5,848,018
Death	105,983	136,823	112,535	135,509	115,825	136,941
Maturity	14,787,203	46,084,716	15,064,903	45,461,901	15,492,353	45,712,902
Withdrawal	8,168,166	5,799,283	9,516,605	5,924,952	8,288,670	6,941,338
Decrease of insurance amount	—	4,151,907	—	4,583,793	—	5,753,007
Cancellation	884,273	507,448	456,176	264,283	149,403	291,495
Lapse	730	3,692	2,202	5,134	10,755	25,573
Decrease due to other changes	589,001	3,470,563	99,319	96,694	61,137	95,319
At the end of the fiscal year	48,355,750	83,518,770	49,113,204	81,864,614	49,522,761	80,415,395
Rate of increase	(1.5)%	2.0%	(0.8)%	1.8%	1.7%	0.5%
Net increase	(757,454)	1,654,155	(409,557)	1,449,219	833,551	361,173
Rate of increase	—%	14.1%	—%	301.3%	—%	(90.8)%

Notes: 1. Figures show the total of primary coverage portions of mortality insurance, life and mortality insurance, and annuity riders.

2. Number of policies shows the number of insured persons.

4. Group annuities

Fiscal years ended March 31	2006		2005		2004	
	Policies	Amount	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	20,160,169	¥8,797,125	22,918,563	¥9,425,531	26,832,509	¥9,760,814
New policies	15,941	927	11,909	8,418	124,931	15,072
Annuity payments	4,672,610	202,154	5,479,912	215,936	7,172,801	216,598
Single payments	988,573	427,135	1,104,465	459,368	1,320,071	517,751
Cancellation	172,292	289,619	185,154	330,916	263,830	146,556
At the end of the fiscal year	18,630,134	8,800,098	20,160,169	8,797,125	22,918,563	9,425,531
Rate of increase	(7.6)%	0.0%	(12.0)%	(6.7)%	(14.6)%	(3.4)%
Net increase	(1,530,035)	2,972	(2,758,394)	(628,405)	(3,913,946)	(335,283)
Rate of increase	—%	—%	—%	—%	—%	—%

Notes: 1. Figures for the beginning of the fiscal year and the end of the fiscal year represent policy reserve amounts at that time.

2. Amount of new policies represent first premium revenues.

3. Number of policies shows the number of insured persons.

INSURANCE POLICY INDICATORS

19. Increase in Policy Amounts in Force

1. Number of policies in force and rate of increase

Fiscal years ended March 31	2006		2005		2004	
	Policies	Rate of increase	Policies	Rate of increase	Policies	Rate of increase
Individual insurance	13,411,425	(3.2)%	13,850,346	(3.9)%	14,408,659	(5.4)%
Mortality insurance	9,135,863	(0.5)	9,185,260	(2.0)	9,377,282	(2.5)
Life and mortality insurance	4,252,143	(8.1)	4,628,225	(6.9)	4,973,681	(8.6)
Pure endowment	23,419	(36.5)	36,861	(36.1)	57,696	(65.8)
Individual annuities	2,547,848	2.3	2,491,360	1.6	2,452,852	(1.0)
Group insurance	48,355,750	(1.5)	49,113,204	(0.8)	49,522,761	1.7
Group annuities	18,630,134	(7.6)	20,160,169	(12.0)	22,918,563	(14.6)
Workers' asset-formation savings insurance	197,584	(4.2)	206,260	(4.7)	216,452	(5.7)
Workers' asset-formation annuities	70,845	(1.6)	72,020	(1.0)	72,754	(1.8)
Medical life insurance	866,618	2.2	848,293	1.7	834,186	1.0
Disability income insurance	89,073	(15.0)	104,735	(9.8)	116,112	(17.2)

Note: Number of policies for group insurance, group annuities, workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance and disability income insurance is the number of insured persons.

2. Amount of insurance policies in force and rate of increase

Fiscal years ended March 31	2006		2005		2004	
	Amount	Rate of increase	Amount	Rate of increase	Amount	Rate of increase
Individual insurance	¥237,617.9	(5.1)%	¥250,443.5	(4.7)%	¥262,785.9	(5.9)%
Mortality insurance	211,486.3	(4.7)	221,995.4	(4.4)	232,124.0	(5.5)
Life and mortality insurance	26,115.9	(8.1)	28,425.3	(7.2)	30,626.8	(8.3)
Pure endowment	15.6	(31.3)	22.7	(35.3)	35.0	(71.0)
Individual annuities	16,455.3	3.0	15,970.0	2.8	15,534.5	(0.1)
Group insurance	83,518.7	2.0	81,864.6	1.8	80,415.3	0.5
Group annuities	8,800.0	0.0	8,797.1	(6.7)	9,425.5	(3.4)
Workers' asset-formation savings insurance	318.5	1.2	314.7	1.1	311.4	0.7
Workers' asset-formation annuities	159.0	(1.1)	160.7	(0.8)	162.1	(0.8)
Medical life insurance	2.2	10.1	2.0	26.9	1.6	45.4
Disability income insurance	6.4	(21.1)	8.2	(4.5)	8.6	(30.6)

Notes: 1. Figures for individual annuities, group insurance (annuities rider), and workers' asset-formation annuities (excluding workers' asset-formation funding annuities) are the total of annuity resources at the start of annuity payments for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.

2. Figures for group annuities, workers' asset-formation savings insurance and workers' asset-formation annuities (workers' asset-formation funding annuities) are amounts for policy reserves.

3. Amounts for medical life insurance are daily amounts of hospitalization benefit.

4. Amounts for disability income insurance are monthly amounts of disability income insurance benefit.

20. Increase in New Policies

1. Number of new policies and rate of increase

Fiscal years ended March 31	2006		2005		2004	
	Policies	Rate of increase	Policies	Rate of increase	Policies	Rate of increase
Individual insurance	844,003	7.0%	788,925	(6.5)%	843,423	(16.1)%
Mortality insurance	573,282	13.2	506,568	(8.9)	555,945	(19.6)
Life and mortality insurance	265,711	(4.4)	277,931	(1.2)	281,295	(8.6)
Pure endowment	5,010	13.2	4,426	(28.4)	6,183	(7.1)
Individual annuities	148,619	15.7	128,437	44.0	89,195	(1.6)
Group insurance	980,108	217.6	308,639	(86.9)	2,362,735	163.1
Group annuities	15,941	33.9	11,909	(90.5)	124,931	68.6
Workers' asset-formation savings insurance	11,189	(12.0)	12,711	(7.7)	13,774	(13.5)
Workers' asset-formation annuities	2,368	(14.2)	2,759	9.0	2,532	(9.4)
Medical life insurance	2,831	(96.6)	82,900	726.7	10,028	(84.6)
Disability income insurance	5,499	1,708.9	304	(98.2)	17,336	1,180.4

Notes: 1. Number of policies is the number of insured persons for group insurance, group annuities, workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance, and disability income insurance.

2. Excludes converted policies.

20. Increase in New Policies, continued

2. Increase in new policy amounts and rate of increase

Fiscal year ended March 31	Billions of Yen, %					
	2006		2005		2004	
	Amount	Rate of increase	Amount	Rate of increase	Amount	Rate of increase
Individual insurance	¥13,702.4	(11.4)%	¥15,456.9	(7.4)%	¥16,695.4	(20.9)%
Mortality insurance	11,319.5	(11.9)	12,843.7	(8.5)	14,033.5	(22.6)
Life and mortality insurance	2,380.6	(8.8)	2,611.0	(1.8)	2,658.8	(10.3)
Pure endowment	2.3	11.1	2.1	(30.6)	3.0	(14.1)
Individual annuities	1,248.9	9.9	1,136.3	41.4	803.7	11.7
Group insurance	1,642.2	42.7	1,150.4	3.1	1,116.2	(3.8)
Group annuities	0.9	(89.0)	8.4	(44.1)	15.0	592.9
Workers' asset-formation savings insurance	0.7	(35.2)	1.1	35.7	0.8	(19.8)
Workers' asset-formation annuities	0.2	11.7	0.2	18.1	0.1	(4.0)
Medical life insurance	0.0	(99.5)	0.4	4,559.6	0.0	(81.4)
Disability income insurance	0.1	74.6	0.1	(83.7)	0.6	891.1

Notes: 1. Figures for individual annuities and workers' asset-formation annuities (excluding workers' asset-formation funding annuities) are annuity resources at the start of annuity payments.
2. Figures for group annuities, workers' asset-formation savings insurance, and workers' asset-formation annuities (workers' asset-formation funding annuities) represent the first premium revenues.
3. Amounts for medical life insurance are daily amounts of hospitalization benefit.
4. Amounts for disability income insurance are monthly amounts of disability income insurance benefit.
5. Excludes converted policies.

21. Average Policy Coverage (Individual Insurance)

Fiscal years ended March 31	Thousands of Yen					
	New policy amounts excluding conversions			Policy amounts in force		
	2006	2005	2004	2006	2005	2004
Mortality insurance	¥19,745	¥25,354	¥25,242	¥23,149	¥24,168	¥24,753
Life and mortality insurance	8,959	9,394	9,452	6,141	6,141	6,157
Pure endowment	469	478	493	666	616	608
Total	¥16,235	¥19,592	¥19,794	¥17,717	¥18,082	¥18,238

Note: Average policy coverage for new policies excludes converted policies.

22. Rate of Increase in Number of New Policies (Compared with Beginning of Same Fiscal Year)

Fiscal years ended March 31	%		
	2006	2005	2004
Individual insurance	5.5%	5.9%	6.0%
Individual annuities	8.2	7.6	5.4
Group insurance	2.0	1.4	1.4

Notes: 1. Excludes converted policies.
2. For individual annuities, the ratio of policies prior to start of annuity payments is provided.

23. Rate of Cancellation and Lapses (Compared with Beginning of Same Fiscal Year)

Fiscal years ended March 31	%		
	2006	2005	2004
Individual insurance	8.6%	9.1%	10.4%
Individual annuities	4.2	4.0	5.0
Group insurance	(0.1)	(0.1)	0.3

Notes: 1. The rate of cancellations and lapses is adjusted for net cancellations and lapses with consideration for net increases or decreases in policies and policy reinstatements.
2. For individual annuities, the percentage of policies prior to the start of annuity payments is provided.

24. Average New Policy Premium (Individual Insurance Policies with Annualized Monthly Payments)

Fiscal years ended March 31	Yen		
	2006	2005	2004
Average premium of new individual policies (monthly payment policies)	¥188,225	¥189,018	¥183,873

Note: Excludes converted policies.

25. Mortality Rate (Primary Individual Insurance Policies)

Fiscal years ended March 31	‰		
	2006	2005	2004
Number of policies	3.58‰	3.54‰	3.44‰
Insurance amount	2.59	2.54	2.45

Notes: 1. Mortality rate is calculated by dividing mortality incidence policies by outstanding policies.

2. Outstanding policies are calculated by dividing the total of policies at the start of the fiscal year, policies at the end of the fiscal year and mortality incidence policies by two.

3. Mortality includes serious disability.

26. Incidence of the Events Covered by Riders (Individual Insurance)

Fiscal years ended March 31	‰					
	2006		2005		2004	
	Policies	Amount	Policies	Amount	Policies	Amount
Accidental death insurance	0.206‰	0.169‰	0.192‰	0.182‰	0.186‰	0.170‰
Disability insurance	0.212	0.070	0.217	0.074	0.209	0.070
Hospitalization due to accident	4.577	141.8	4.768	150.2	4.955	155.8
Hospitalization due to illness	37.544	930.6	36.980	937.9	37.104	950.2
Hospitalization due to adult disease	6.843	194.2	6.338	186.3	5.928	178.6
Surgery due to illness or injury	26.393		25.114		24.641	
Surgery due to adult disease	3.460		3.091		2.877	

Notes: 1. The incidence of the events covered by riders occurring is calculated by dividing incidence of events covered by riders by outstanding policies.

2. Outstanding expired policies are calculated by dividing the total of policies at the start of the fiscal year, policies at the end of the fiscal year and accidental death incidence policies by two for accidental death insurance, and by dividing the total of policies at the start of the fiscal year and policies at the end of the fiscal year by two for policies other than accidental death insurance.

3. Accidental death includes serious disability.

27. Operating Efficiency (Operating Expenses as a Percentage of Premium Revenues)

Fiscal years ended March 31	%		
	2006	2005	2004
Operating efficiency (Operating expenses as a percentage of premium revenues)	11.1%	11.3%	10.9%

ACCOUNTING INDICATORS

28. Reserves for Outstanding Claims

As of March 31		Millions of Yen		
		2006	2005	2004
Insurance claims	Mortality insurance claims	¥ 92,593	¥ 97,509	¥ 96,504
	Accident insurance claims	4,086	3,368	4,185
	Serious disability insurance claims	21,900	20,324	18,509
	Maturity insurance amount	10,609	9,694	8,551
	Others	1	2	4
	Subtotal	129,191	130,899	127,754
Annuities		3,476	3,162	3,306
Benefits		28,196	26,694	27,220
Refunds		61,782	75,996	84,868
Deferred insurance amount		4,109	2,078	2,148
Net, including other reserves		227,222	239,230	245,772

29. Policy Reserves

As of March 31		Millions of Yen		
		2006	2005	2004
Policy reserves	Individual Account	¥ 22,753,206	¥ 22,732,040	¥ 22,615,589
(Excluding contingency reserve)	[General Account]	[22,566,704]	[22,568,885]	[22,449,213]
	[Separate Account]	[186,502]	[163,155]	[166,375]
	Individual Annuities	5,918,893	5,479,605	5,080,775
	[General Account]	[5,667,182]	[5,278,112]	[4,933,266]
	[Separate Account]	[251,710]	[201,493]	[147,508]
	Group Insurance	38,084	34,181	31,680
	[General Account]	[38,084]	[34,181]	[31,680]
	[Separate Account]	—	—	—
	Group Annuities	8,800,098	8,797,125	9,425,531
	[General Account]	[6,931,108]	[7,065,578]	[7,502,157]
	[Separate Account]	[1,868,989]	[1,731,547]	[1,923,374]
	Other	478,817	477,019	475,106
	[General Account]	[478,817]	[477,019]	[475,106]
	[Separate Account]	—	—	—
	Subtotal	37,989,101	37,519,972	37,628,684
	[General Account]	[35,681,898]	[35,423,776]	[35,391,425]
	[Separate Account]	[2,307,202]	[2,096,196]	[2,237,258]
Contingency reserve		1,429,062	1,274,373	1,013,988
Total		¥ 39,418,163	¥ 38,794,345	¥ 38,642,672
	[General Account]	[37,110,960]	[36,698,149]	[36,405,413]
	[Separate Account]	[2,307,202]	[2,096,196]	[2,237,258]

30. Policy Reserves for Individual Insurance and Pensions (by Policy Year)

1. Policy reserves accumulation method and rate

As of March 31		2006	2005	2004
Accumulation method	Policies subject to standard policy reserves	Net level premium method	Net level premium method	Net level premium method
	Policies not subject to standard policy reserves	Net level premium method	Net level premium method	Net level premium method
Accumulation rate (excluding contingency reserve)		100.0%	100.0%	100.0%

Notes: 1. Accumulation method and rate applies to policy reserves for individual insurance and annuities. Policy reserves for group insurance and annuities are not included in the above figures due to the absence of an accumulation method.

2. Accumulation rates are calculated by considering premium reserves under the methods defined in Ordinance No. 48 issued by the Ministry of Finance in 1996 for policies subject to standard policy reserves and unearned premiums. For policies not subject to standard policy reserves, accumulation rates are calculated by considering premium reserves under the net level premium method and unearned premiums.

2. Policy reserves (breakdown by policy year)

Policy year	Balance of policy reserves, as of March 31,			Assumed interest rate
	Millions of Yen, %			
	2006	2005	2004	
–1980	¥ 1,263,585	¥ 1,483,281	¥ 1,693,823	4.00–5.00%
1981–1985	2,861,883	2,918,552	2,972,579	5.00–6.00
1986–1990	6,355,623	6,378,443	6,417,830	5.50–6.00
1991–1995	6,942,609	7,174,613	7,231,121	2.25–5.75
1996–2000	5,521,891	5,705,432	5,850,738	1.50–2.90
2001	1,086,425	1,110,496	1,112,735	1.50–1.85
2002	1,112,015	1,125,659	1,096,364	1.00–1.50
2003	1,065,760	1,034,056	1,007,287	1.00–1.50
2004	977,805	916,461	—	1.00–1.50
2005	1,046,286	—	—	1.00–1.50
Total	¥28,233,886	¥27,846,997	¥27,382,480	

Notes: 1. Balance of policy reserves shows policy reserves for individual insurance and individual annuities, excluding policy reserves for the separate account and contingency reserve.

2. Assumed interest rate shows the main assumed interest rate on policy reserves for each policy year.

31. Insurance Policies with Separate Account: The Policy Reserve Balance of the General Account, as well as the Calculation Method and Integers Used as the Basis for Calculations Related to Insurance Policies that Guarantee a Minimum Amount of Insurance Benefits

(1) Policy reserve balance (general account)

As of March 31	Millions of Yen	
	2006	2005
Policy reserve balance (general account)	¥0	¥0

Notes: 1. Applicable to insurance policies (policies applicable to standard liability reserves) as defined in the Insurance Industry Enforcement Regulation, Article 68.

2. Policy reserve balance (general account) includes the premium reserve fund related to minimum guarantees.

3. Applied to insurance policies executed following April 1, 2004.

(2) Calculation method and integers used as the basis for calculations

In terms of the calculation method, we use the standard method defined in Section 5, No. 1 of Ordinance No. 48 issued by the Ministry of Finance in 1996.

Regarding the integers used as the basis for calculations (volatility), we use 0.3% for short-term loans that have not been defined and the amount defined in Section 5, No. 1 of the aforementioned bulletin in all other cases.

32. Reserve for Dividends to Policyholders

	Millions of Yen						
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation savings insurance and annuities	Other insurance	Total
Fiscal year ended March 31							
2006							
Balance at the end of previous fiscal year	¥ 1,291,973	¥ 23,171	¥ 7,842	¥10,273	¥ 8,492	¥15,693	¥ 1,357,447
Transfer to reserves from surplus in previous fiscal year	42,542	22	90,205	14,207	—	—	146,977
Increase in interest	38,328	720	1	0	15	0	39,066
Other increases	—	—	—	—	—	—	—
Policyholders dividends paid out in fiscal year	122,705	1,848	90,429	13,485	760	2,205	231,434
Other decreases	—	—	—	—	—	—	—
Balance at the end of current fiscal year	¥ 1,250,139	¥ 22,065	¥ 7,619	¥10,996	¥ 7,748	¥13,488	¥ 1,312,057
	[1,042,160]	[17,544]	[1,760]	[79]	[6,195]	[64]	[1,067,803]
Fiscal year ended March 31							
2005							
Balance at the end of previous fiscal year	¥ 1,348,011	¥ 23,240	¥10,929	¥10,499	¥ 9,450	¥13,494	¥ 1,415,625
Transfer to reserves from surplus in previous fiscal year	34,057	1,203	82,581	12,786	—	4,495	135,123
Increase in interest	40,213	772	1	0	11	0	41,000
Other increases	—	—	—	—	—	—	—
Policyholders dividends paid out in fiscal year	130,308	2,044	85,670	13,012	969	2,297	234,302
Other decreases	—	—	—	—	—	—	—
Balance at the end of current fiscal year	¥ 1,291,973	¥ 23,171	¥ 7,842	¥10,273	¥ 8,492	¥15,693	¥ 1,357,447
	[1,079,918]	[18,556]	[1,837]	[81]	[6,939]	[66]	[1,107,399]
Fiscal year ended March 31							
2004							
Balance at the end of previous fiscal year	¥ 1,431,661	¥ 23,993	¥12,205	¥11,208	¥10,633	¥10,447	¥ 1,500,148
Transfer to reserves from surplus in previous fiscal year	29,316	689	81,306	—	—	4,846	116,158
Increase in interest	42,646	833	2	0	13	0	43,495
Other increases	—	—	—	—	—	—	—
Policyholders dividends paid out in fiscal year	155,612	2,275	82,584	709	1,195	1,799	244,177
Other decreases	—	—	—	—	—	—	—
Balance at the end of current fiscal year	¥ 1,348,011	¥ 23,240	¥10,929	¥10,499	¥ 9,450	¥13,494	¥ 1,415,625
	[1,121,647]	[19,718]	[1,616]	[114]	[7,894]	[67]	[1,151,059]

Note: The numbers in brackets indicate accumulated dividends reserved.

33. Allowance for Doubtful Accounts and Other Reserves

As of March 31		Millions of Yen					
		2006		2005		2004	
		Increase/ decrease		Increase/ decrease		Increase/ decrease	
Allowance for doubtful accounts* ¹	General allowance for doubtful accounts	¥ 13,882	¥ (5,392)	¥ 19,275	¥ (24,288)	¥ 43,563	¥ (19,947)
	Specific allowance for doubtful accounts	26,070	(1,191)	27,262	(14,062)	41,324	(3,584)
	Allowance for specialized overseas debts	—	—	—	(4)	4	(40)
Reserve for executive bonus payments* ²		103	103	—	—	—	—
Accrued severance indemnities* ³		410,874	17,936	392,937	(58,677)	451,614	25,167
Accrued losses from supporting closely related companies* ⁴		603	(53)	656	(49)	705	(49)
Reserve for price fluctuations of investments in securities* ⁵		441,263	51,000	390,262	135,000	255,261	105,000
Reserve for securities transaction liabilities* ⁶		—	—	—	—	—	—

Notes: *Reason for recording

1. Allowance for doubtful accounts is recorded to cover bad-debt losses.

2. Allotted for executive bonus payments, and recorded accordingly.

3. Accrued severance indemnities are recorded to prepare for employee retirement benefit and pension payments.

4. Accrued losses from supporting closely related companies are recorded to cover losses related to reconstruction aid.

5. Reserve for price fluctuations of investments in securities is recorded based on Article 115 of the Insurance Business Law.

6. Reserve for securities transaction liabilities is recorded based on Article 65-2-7 and Article 51 of the Securities and Exchange Act.

34. Status of Allowance for Specialized Overseas Debts

1. Allowance for specialized overseas debts

As of March 31		Number of Countries, Millions of Yen		
		2006	2005	2004
Number of creditor countries		—	—	1
Amount of debt		¥—	¥—	¥67
Net amount provided for the year		—	(4)	(40)
Balance of allowance		—	—	4

2. Balance of debt by creditor countries

As of March 31		Millions of Yen, %		
		2006	2005	2004
Indonesia		—	—	¥67
Total		—	—	¥67
Compared to percent among assets in General Account		—%	—%	0.0%

35. Reserves (Capital) and Surplus

	Millions of Yen			
	Prior year balance	Current year increase	Current year decrease	Current year balance
Fiscal year ended March 31				
2006				
Reserve for redemption of foundation funds	¥550,000	¥ 50,000	¥ —	¥600,000
Reserve for revaluation	651	—	—	651
Surplus	314,438	245,455	209,697	350,197
Legal reserve for deficiency	6,783	626	—	7,409
Voluntary surplus reserve—reserves for general purpose	103,704	7,999	5,745	105,957
Contingency reserve	71,917	—	—	71,917
Reserves for retirement benefits	3,500	—	—	3,500
Reserves for assisting social public welfare	0	1,500	1,245	255
Reserve for condensed booking of fixed assets for tax purpose	24,367	6,499	751	30,115
Reserve for condensed booking of fixed assets, not purchased yet	3,748	—	3,748	—
Other reserves	170	—	—	170
Unappropriated surplus	203,951	236,830	203,951	236,830
Total	¥865,090	¥295,455	¥209,697	¥950,848
Fiscal year ended March 31				
2005				
Reserve for redemption of foundation funds	¥500,000	¥ 50,000	¥ —	¥550,000
Reserve for revaluation	651	—	—	651
Surplus	300,755	209,784	196,101	314,438
Legal reserve for deficiency	6,199	584	—	6,783
Voluntary surplus reserve—reserves for general purpose	100,697	5,248	2,242	103,704
Contingency reserve	71,917	—	—	71,917
Reserves for retirement benefits	3,500	—	—	3,500
Reserves for assisting social public welfare	0	1,500	1,500	0
Reserve for condensed booking of fixed assets for tax purpose	25,110	—	742	24,367
Reserve for condensed booking of fixed assets, not purchased yet	—	3,748	—	3,748
Other reserves	170	—	—	170
Unappropriated surplus	193,859	203,951	193,859	203,951
Total	¥801,407	¥259,784	¥196,101	¥865,090
Fiscal year ended March 31				
2004				
Reserve for redemption of foundation funds	¥450,000	¥ 50,000	¥ —	¥500,000
Reserve for revaluation	651	—	—	651
Surplus	280,099	197,503	176,846	300,755
Legal reserve for deficiency	5,676	523	—	6,199
Voluntary surplus reserve—reserves for general purpose	156,154	3,121	58,577	100,697
Contingency reserve	126,917	—	55,000	71,917
Reserves for retirement benefits	3,500	—	—	3,500
Reserves for assisting social public welfare	1,252	1,500	2,752	0
Reserve for condensed booking of fixed assets for tax purpose	24,314	1,621	825	25,110
Other reserves	170	—	—	170
Unappropriated surplus	118,269	193,859	118,269	193,859
Total	¥730,750	¥247,503	¥176,846	¥801,407

36. Insurance Premiums

1. Premium payment method

		Millions of Yen		
Fiscal years ended March 31		2006	2005	2004
Individual insurance		¥2,793,081	¥2,810,793	¥2,893,791
Single payment		387,124	331,040	310,577
Annual payment		394,550	391,586	394,577
Semiannual payment		22,117	24,385	26,587
Monthly payment		1,989,288	2,063,781	2,162,048
Individual annuities		536,389	505,130	466,513
Single payment		172,276	140,437	116,831
Annual payment		89,398	93,529	76,712
Semiannual payment		4,176	3,910	3,721
Monthly payment		270,538	267,253	269,248
Group insurance		262,292	257,638	251,503
Group annuities		1,180,897	1,184,588	1,458,466
Net including other premiums		¥4,841,763	¥4,829,055	¥5,142,270

Note: Net including other premiums includes premium revenues from workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance, disability income insurance and reinsurance assumed.

2. Premium revenue by fiscal year

		Millions of Yen, %		
Fiscal years ended March 31		2006	2005	2004
Individual insurance				
	Initial year premium	¥ 815,967	¥ 728,371	¥ 700,552
	Subsequent year premiums	2,513,503	2,587,552	2,659,752
Individual annuities				
	Subtotal	3,329,471	3,315,924	3,360,304
Group insurance				
	Initial year premium	6,175	3,095	2,906
	Subsequent year premiums	256,117	254,542	248,597
Group annuities				
	Subtotal	262,292	257,638	251,503
Net including premiums				
	Initial year premium	841,213	753,843	733,934
	Subsequent year premiums	4,000,550	4,075,211	4,408,336
Subtotal		4,841,763	4,829,055	5,142,270
Percent increase		0.3%	(6.1)%	(5.1)%

Note: Net including premiums includes premium revenues from workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance, disability income insurance and reinsurance assumed.

37. Death and Other Insurance Claims

1. Amount

		Millions of Yen								
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation savings insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total	
Fiscal year ended March 31		2006								
Mortality	¥ 493,909	¥ 936	¥129,560	¥ —	¥ 9	¥26	¥0	¥216	¥ 624,658	
Accident	8,623	24	476	—	139	—	—	—	9,262	
Serious disability	60,844	104	6,827	—	—	—	—	9	67,786	
Maturity	691,530	66	434	12,622	3,113	—	—	—	707,767	
Other	—	—	—	—	—	—	7	—	7	
Total	¥1,254,907	¥1,132	¥137,298	¥12,622	¥3,261	¥26	¥7	¥225	¥1,409,481	
Fiscal year ended March 31		2005								
Mortality	¥ 505,487	¥ 693	¥127,328	¥ —	¥ 4	¥25	¥1	¥251	¥ 633,792	
Accident	10,063	38	379	—	46	—	—	—	10,528	
Serious disability	61,960	59	6,382	—	—	—	—	3	68,405	
Maturity	503,579	66	647	33,244	3,441	—	—	—	540,980	
Other	—	—	—	—	—	—	4	—	4	
Total	¥1,081,090	¥ 858	¥134,738	¥33,244	¥3,492	¥25	¥6	¥254	¥1,253,711	
Fiscal year ended March 31		2004								
Mortality	¥ 524,194	¥ 693	¥129,782	¥ —	¥ —	¥29	¥1	¥185	¥ 654,887	
Accident	9,328	20	449	—	120	—	—	53	9,971	
Serious disability	57,340	58	6,301	—	—	—	—	9	63,709	
Maturity	820,218	73	713	26,485	4,471	—	—	—	851,963	
Other	333	—	—	—	—	—	4	—	338	
Total	¥1,411,415	¥ 846	¥137,247	¥26,485	¥4,592	¥29	¥6	¥247	¥1,580,871	

37. Death and Other Insurance Claims, continued

2. Number of claims paid

	Number of Claims								
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation savings insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
Fiscal year ended March 31									
2006									
Mortality	44,003	182	105,141	—	2	526	21	153	150,028
Accident	1,346	14	351	—	19	—	—	—	1,730
Serious disability	10,779	26	3,087	—	—	—	—	3	13,895
Maturity	279,069	1,559	250	4	4,624	—	—	—	285,506
Other	—	—	—	—	—	—	35	—	35
Total	335,197	1,781	108,829	4	4,645	526	56	156	451,194
Fiscal year ended March 31									
2005									
Mortality	44,471	158	110,652	—	1	524	34	190	156,030
Accident	1,468	14	320	—	10	—	—	—	1,812
Serious disability	10,352	13	3,056	—	—	—	—	2	13,423
Maturity	231,856	1,561	517	7	4,939	—	—	—	238,880
Other	—	—	—	—	—	—	26	—	26
Total	288,147	1,746	114,545	7	4,950	524	60	192	410,171
Fiscal year ended March 31									
2004									
Mortality	46,168	160	113,057	—	—	608	29	120	160,142
Accident	1,290	8	350	—	11	—	—	59	1,718
Serious disability	9,436	14	3,252	—	—	—	—	6	12,708
Maturity	402,072	1,577	690	7	6,233	—	—	—	410,579
Other	138	—	—	—	—	—	19	—	157
Total	459,104	1,759	117,349	7	6,244	608	48	185	585,304

3. Mortality insurance claims paid by age and cause of death

	Number of Claims Paid, %													
	Less than 20 years old		Over 20 years old		Over 30 years old		Over 40 years old		Over 50 years old		Over 60 years old		Total	
Fiscal year ended March 31														
2006														
Tuberculosis	—	—%	—	—%	—	—%	3	0.1%	8	0.1%	86	0.3%	97	0.2%
Legally-designated contagious disease	1	1.0	2	0.4	6	0.4	25	0.8	90	1.1	484	1.5	608	1.4
Malignant neoplasm	12	12.5	38	7.4	298	19.3	966	31.4	3,599	45.3	14,125	44.5	19,038	42.4
Cerebrovascular disease	2	2.1	17	3.3	97	6.3	247	8.0	557	7.0	2,268	7.2	3,188	7.1
Heart disease	4	4.2	29	5.7	99	6.4	280	9.1	665	8.4	2,939	9.3	4,016	8.9
Pneumonia and bronchitis	—	—	4	0.8	14	0.9	56	1.8	196	2.5	2,970	9.4	3,240	7.2
Gastric and duodenal ulcers	—	—	—	—	2	0.1	2	0.1	8	0.1	53	0.2	65	0.1
Liver cirrhosis	—	—	1	0.2	12	0.8	105	3.4	347	4.4	1,118	3.5	1,583	3.5
Kidney inflammation and nephrosis	—	—	1	0.2	4	0.3	19	0.6	60	0.8	411	1.3	495	1.1
Accident	50	52.1	146	28.6	238	15.4	208	6.8	353	4.4	956	3.0	1,951	4.3
Suicide and self-inflicted injuries	11	11.5	182	35.6	501	32.4	626	20.3	831	10.5	672	2.1	2,823	6.3
Other	16	16.7	91	17.8	275	17.8	544	17.7	1,230	15.5	5,632	17.8	7,788	17.3
Total	96	100.0%	511	100.0%	1,546	100.0%	3,081	100.0%	7,944	100.0%	31,714	100.0%	44,892	100.0%

Note: Applies to endowment insurance, endowment insurance with term rider Kurashi no Hoken, term life insurance, whole life insurance and whole life insurance with term rider.

38. Annuity Payments

	Millions of Yen, Number of Contracts								
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation savings insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
Fiscal year ended March 31									
2006									
Annuities paid	¥90,990	¥113,727	¥ 1,711	¥ 202,148	¥ 7,633	¥—	¥—	¥ 8	¥ 416,219
Number of contracts	37,254	175,866	41,892	6,341,768	22,081	—	—	15	6,618,876
Fiscal year ended March 31									
2005									
Annuities paid	¥87,904	¥ 98,325	¥ 1,452	¥ 215,931	¥ 7,351	¥—	¥—	¥25	¥ 410,990
Number of contracts	35,274	154,361	40,972	6,797,841	20,907	—	—	45	7,049,400
Fiscal year ended March 31									
2004									
Annuities paid	¥82,415	¥ 80,777	¥ 1,415	¥ 216,596	¥ 6,882	¥—	¥—	¥ 7	¥ 388,094
Number of contracts	32,733	134,476	39,424	7,269,332	19,114	—	—	19	7,495,098

39. Health and Other Benefits

1. Value

Millions of Yen

	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation savings insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
Fiscal year ended March 31 2006									
Hospitalization due to accident benefits	¥ 9,097	¥ 180	¥194	¥ —	¥ —	¥ 295	¥—	¥—	¥ 9,767
Hospitalization due to illness benefits	64,368	1,468	—	—	—	910	—	—	66,747
Disability benefits	3,312	13	64	—	0	—	—	—	3,390
Surgical benefits	32,844	939	—	—	—	421	—	—	34,205
Survival benefits	200,635	100	—	—	6,009	—	—	—	206,745
Death benefits	4,708	15,845	3	—	521	—	—	0	21,078
Group annuity single benefit	—	—	—	422,382	—	—	—	—	422,382
Other benefits	6	—	39	8,130	—	—	—	—	8,176
Total	¥314,974	¥18,546	¥301	¥430,513	¥6,531	¥1,627	¥—	¥ 0	¥772,494
Fiscal year ended March 31 2005									
Hospitalization due to accident benefits	¥ 9,829	¥ 200	¥221	¥ —	¥ —	¥ 286	¥—	¥—	¥ 10,539
Hospitalization due to illness benefits	65,171	1,494	—	—	—	658	—	—	67,323
Disability benefits	3,382	11	74	—	1	—	—	—	3,469
Surgical benefits	31,501	879	—	—	—	139	—	—	32,521
Survival benefits	207,696	317	—	—	6,634	—	—	—	214,648
Death benefits	4,241	14,422	3	—	594	1	—	—	19,263
Group annuity single benefit	—	—	—	457,426	—	—	—	—	457,426
Other benefits	3	—	9	5,644	—	—	—	—	5,657
Total	¥321,826	¥17,326	¥309	¥463,071	¥7,229	¥1,085	¥—	¥—	¥810,849
Fiscal year ended March 31 2004									
Hospitalization due to accident benefits	¥ 10,547	¥ 218	¥271	¥ —	¥ —	¥ 343	¥—	¥—	¥ 11,381
Hospitalization due to illness benefits	66,952	1,597	—	—	—	421	—	—	68,972
Disability benefits	3,520	7	92	—	15	—	—	—	3,635
Surgical benefits	31,801	933	—	—	—	60	—	—	32,795
Survival benefits	212,419	50	—	—	6,918	—	—	—	219,388
Death benefits	4,025	12,403	3	—	581	—	—	13	17,026
Group annuity single benefit	—	—	—	517,059	—	—	—	—	517,059
Other benefits	0	—	29	3,724	—	—	—	—	3,754
Total	¥329,267	¥15,211	¥396	¥520,784	¥7,514	¥ 825	¥—	¥13	¥874,013

39. Health and Other Benefits, continued

2. Number of policies

	Number of Policies								
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation savings insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
Fiscal year ended March 31									
2006									
Hospitalization due to accident benefits	74,687	1,620	4,706	—	—	14,966	—	—	95,979
Hospitalization due to illness benefits	623,013	17,410	—	—	—	12,352	—	—	652,775
Disability benefits	30,752	81	151	—	1	—	—	—	30,985
Surgical benefits	288,776	10,637	—	—	—	3,542	—	—	302,955
Survival benefits	677,248	735	—	—	2,946	—	—	—	680,929
Death benefits	3,978	4,061	463	—	308	—	—	1	8,811
Group pension single benefit	—	—	—	1,105,386	—	—	—	—	1,105,386
Other benefits	4	—	429	12	—	—	—	—	445
Total	1,698,458	34,544	5,749	1,105,398	3,255	30,860	—	1	2,878,265
Fiscal year ended March 31									
2005									
Hospitalization due to accident benefits	79,260	1,656	5,519	—	—	15,077	—	—	101,512
Hospitalization due to illness benefits	615,041	17,454	—	—	—	9,193	—	—	641,688
Disability benefits	30,870	77	184	—	2	—	—	—	31,133
Surgical benefits	282,563	10,180	—	—	—	1,114	—	—	293,857
Survival benefits	706,888	2,323	—	—	3,250	—	—	—	712,461
Death benefits	3,687	3,845	512	—	333	2	—	—	8,379
Group pension single benefit	—	—	—	1,269,620	—	—	—	—	1,269,620
Other benefits	7	—	448	12	—	—	—	—	467
Total	1,718,316	35,535	6,663	1,269,632	3,585	25,386	—	—	3,059,117
Fiscal year ended March 31									
2004									
Hospitalization due to accident benefits	80,679	1,822	5,388	—	—	18,044	—	—	105,933
Hospitalization due to illness benefits	596,810	18,184	—	—	—	6,085	—	—	621,079
Disability benefits	32,591	66	194	—	4	—	—	—	32,855
Surgical benefits	288,136	10,837	—	—	—	463	—	—	299,436
Survival benefits	753,870	348	—	—	3,648	—	—	—	757,866
Death benefits	3,431	3,601	452	—	336	—	—	3	7,823
Group pension single benefit	—	—	—	1,339,494	—	—	—	—	1,339,494
Other benefits	4	—	554	12	—	—	—	—	570
Total	1,755,521	34,858	6,588	1,339,506	3,988	24,592	—	3	3,165,056

40. Surrender Benefits

Millions of Yen

Fiscal years ended March 31									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation savings insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
2006	¥688,470	¥150,043	¥452	¥301,047	¥46,736	¥—	¥—	¥—	¥1,186,750
2005	710,114	130,895	35	339,129	48,089	—	—	—	1,228,264
2004	893,115	154,670	24	185,636	50,645	—	—	—	1,284,092

41. Depreciation

Millions of Yen, %

	Acquisition cost	Current year depreciation	Accumulated depreciation	Balance as of March 31	Accumulated depreciation percentage
Fiscal year ended March 31					
2006					
Buildings	¥488,548	¥13,496	¥298,788	¥189,759	61.2%
Movables	77,652	7,793	56,501	21,151	72.8
Other	132,844	22,258	78,444	54,400	59.0
Total	¥699,045	¥43,548	¥433,734	¥265,311	62.0%
Fiscal year ended March 31					
2005					
Buildings	¥480,896	¥13,011	¥286,733	¥194,162	59.6%
Movables	76,817	4,987	50,911	25,905	66.3
Other	134,678	21,277	72,473	62,204	53.8
Total	¥692,392	¥39,276	¥410,119	¥282,272	59.2%
Fiscal year ended March 31					
2004					
Buildings	¥465,825	¥12,653	¥282,769	¥183,055	60.7%
Movables	82,342	5,377	65,205	17,137	79.2
Other	141,332	22,002	81,259	60,073	57.5
Total	¥689,501	¥40,033	¥429,234	¥260,266	62.3%

42. Operating Expenses

Millions of Yen

Fiscal years ended March 31	2006	2005	2004
Marketing operations	¥208,361	¥208,125	¥219,941
Marketing administration	87,224	86,975	86,207
General expenses	240,737	250,132	252,802
Total	¥536,324	¥545,234	¥558,951

Notes: 1. Marketing operations and marketing administration include expenditures for underwriting new policies. Marketing operations include expenses related to new policy solicitation and examination. Marketing administration primarily includes expenses related to advertising and sales force.

2. General expenses include expenditures for managing policies with insurance handling systems, and for asset management.

43. Tax Expenses

Fiscal years ended March 31		Millions of Yen		
		2006	2005	2004
National tax		¥14,332	¥14,978	¥15,065
	Consumption tax	13,752	14,445	14,454
	Documentary stamp tax	529	530	606
	Registration and license tax	0	0	2
	Other national tax	50	1	1
Local tax		¥21,420	¥22,037	¥21,707
	Local consumption tax	3,438	3,611	3,609
	Corporate enterprise tax	12,053	12,235	12,017
	Fixed asset tax	5,115	4,986	5,241
	Real-estate acquisition tax	4	408	7
	Corporate income tax	797	784	821
	Special land acquisition tax	—	—	—
	Automobile tax	5	4	4
	Bath tax	—	—	—
	Other local tax	5	6	5
Total		¥35,752	¥37,015	¥36,772

44. Lease Transactions

1. Acquisition cost, accumulated depreciation and year-end balance of leased properties

As of March 31		Millions of Yen		
		2006	2005	2004
Acquisition cost	Movables	¥1,646	¥1,643	¥3,060
	Total	¥1,646	¥1,643	¥3,060
Accumulated depreciation	Movables	¥1,046	¥ 733	¥1,273
	Total	¥1,046	¥ 733	¥1,273
Year-end balance of leased properties	Movables	¥ 599	¥ 909	¥1,787
	Total	¥ 599	¥ 909	¥1,787

2. Future minimum lease payment year-end balance

Fiscal years ended March 31		Millions of Yen		
		2006	2005	2004
Future minimum lease payment year-end balance	Within one year	¥328	¥327	¥ 379
	In more than one year	156	468	914
	Total	¥484	¥795	¥1,293

Note: The fiscal year-end balance of uninitiated lease payments is calculated using methods that do not deduct interest amounts.

3. Lease fees paid and depreciation

Fiscal years ended March 31		Millions of Yen		
		2006	2005	2004
Lease fees paid		¥329	¥342	¥470
Depreciation		328	342	587

4. Calculation method for depreciation

Straight-line method is applied

INDICATORS RELATED TO ASSET MANAGEMENT (GENERAL ACCOUNT)

45. Overview of Fiscal 2005 Asset Management (General Account)

(1) Investment environment

The Japanese economy continued its modest recovery in the fiscal year ended March 31, 2006, supported by sound corporate earnings and capital investment, as well as solid personal consumption as a result of improvements in household income.

- The Nikkei Stock Average remained within a tight range throughout the summer months. With the overwhelming victory of the ruling party in Lower House elections, however, expectations ran high for structural economic reforms to continue, as well as for corporate earnings to recover as the economy began an upturn. Based on these expectations, the Nikkei index rose to ¥17,059 at the fiscal year-end.
- Yields on 10-year Japanese government bonds declined at the beginning of the fiscal year due to concerns of a slowdown in domestic and overseas economies, as well as declines in U.S. interest rates. Yields started on an upward trend from July, however, as the government and the Bank of Japan made pronouncements that the economy was emerging from its stagnant condition, and the government discontinued its policy of quantitative easing. In March, the Bank of Japan decided to discontinue its quantitative easing policy, spurring further rises in yields, and as of March 31, 2006, the yield on 10-year JGBs was 1.77%.
- The yen rose as high as ¥104 to the U.S. dollar in early May due to fears of a downturn in the U.S. economy and expectation of an appreciation of the Chinese yuan. Following that, however, differences in Japanese and U.S. interest rates led to a gradual depreciation of the yen, and the rate as of March 31, 2006 was \$1=¥117.47.

(2) Investment policy

Nippon Life creates portfolios that serve as an axis for medium-term investment, based on our approach to ALMs that appropriately control assets and liabilities. We also create investment plans based on market projections.

Specifically, while we mainly invest in domestic bonds, loans and other yen interest assets that provide stable revenue, we also invest in domestic and foreign stock markets, representing a process in which careful attention is paid to risk control while constantly adjusting portfolios in order to increase medium-term profits.

In fiscal 2005, we increased domestic bonds in order to maintain a level of yen-based interest assets allowing us to achieve stable interest income. Regarding foreign securities, we paid careful attention to the internal/external rate differences and currency exchange risks as we increased our public and corporate bond levels.

(3) Overview of investment results

Loans

Given some signs of a recovery in corporate finance demand, Nippon Life actively accumulated prime lending assets. However, loan balances have decreased due to a continuing trend of recovery amounts exceeding lending amounts in both foreign and domestic markets.

Domestic bonds

We continue to increase balances as a core asset in our portfolio. While mainly investing in government bonds as a stable asset, we also were aggressive with investments in corporate bonds with a goal of improving our interest yield rate.

Domestic stocks

Given our focus on the medium-term perspective, we managed issues based on the overall state of returns to investors including corporate profitability and dividends, with a goal of increasing portfolio profitability. We were also aggressive with investments in municipal and corporate bonds and other assets that yield attractive returns on risk, with the goal of improving our interest yield rate.

Foreign securities

Regarding foreign bonds, we paid careful attention to internal/external rate differences and currency exchange risks as we increased our levels of foreign securities primarily during times when the yen has appreciated.

With respect to foreign stocks, we managed issues with a focus on medium-term growth rates and issues showing future profitability and dividends.

Real estate

We have worked to secure net profits by improving the efficiency of existing properties, controlling the number of vacant rooms, negotiating for decreases in lease rates, and increasing competitiveness through renovation projects where needed. Furthermore, we have worked to sell off inefficient property with a view toward increasing asset efficiency.

Fiscal year ended March 31	Billions of Yen, %		
	2006	Increases*	Breakdown
Assets at end of period	¥48,208.0	¥797.6	100.0%
Loans	9,999.1	(318.0)	20.7
Domestic bonds	15,843.7	466.8	32.9
Domestic stocks	10,484.9	24.9	21.7
Foreign securities	6,424.9	335.0	13.3
Real estate	1,686.5	(87.3)	3.5

*Indicates asset decline when the market price valuation in other marketable securities is not conducted.

46. Portfolio Trends (General Account)

1. Asset structure

As of March 31	Millions of Yen, %					
	2006		2005		2004	
Cash, deposits and call loans	¥ 1,359,633	2.8%	¥ 601,053	1.4%	¥ 472,231	
Monetary receivables purchased	1,391,624	2.9	1,456,619	3.3	901,904	
Trading securities	2,099	0.0	2,999	0.0	2,999	
Money held in trust	177,037	0.4	144,614	0.3	155,054	
Investments in securities	33,106,740	68.7	29,384,967	66.2	27,984,529	
Domestic bonds	15,843,714	32.9	15,375,785	34.6	14,305,026	
Domestic stocks	10,484,913	21.7	7,625,658	17.2	7,313,427	
Foreign securities	6,424,914	13.3	5,844,222	13.2	5,694,235	
Foreign bonds	4,967,555	10.3	4,546,485	10.2	4,444,815	
Foreign stocks and other securities	1,457,359	3.0	1,297,736	2.9	1,249,420	
Other securities	353,198	0.7	539,302	1.2	671,839	
Loans receivable	9,999,170	20.7	10,317,263	23.2	11,011,571	
Policy loans	1,263,464	2.6	1,325,898	3.0	1,371,769	
Industrial and consumer loans	8,735,705	18.1	8,991,365	20.2	9,639,801	
Real estate	1,686,564	3.5	1,773,869	4.0	1,820,507	
Investment property	1,041,587	2.2	1,128,594	2.5	1,169,569	
Deferred tax assets	—	—	—	—	—	
Other	525,140	1.1	775,420	1.7	730,403	
Allowance for doubtful accounts	(39,953)	(0.1)	(46,537)	(0.1)	(84,893)	
General Account total	48,208,058	100.0	44,410,271	100.0	42,994,308	
Foreign currency denominated assets	6,274,029	13.0	5,597,040	12.6	5,286,674	

Note: The above assets include cash received as collateral under securities lending contracts. Guarantees received through these transactions are recorded in other liabilities.
(As of March 31, 2006, ¥1,111,155 million; as of March 31, 2005, ¥804,989 million; as of March 31, 2004, ¥277,137 million)

2. Increases/decreases in assets

Fiscal years ended March 31	Millions of Yen		
	2006	2005	2004
Cash, deposits and call loans	¥ 758,579	¥ 128,822	¥ (40,654)
Monetary receivables purchased	(64,994)	554,714	214,403
Trading securities	(899)	—	(2,999)
Money held in trust	32,422	(10,439)	(93,325)
Investments in securities	3,721,772	1,400,438	2,706,891
Domestic bonds	467,929	1,070,758	945,563
Domestic stocks	2,859,255	312,230	1,766,335
Foreign securities	580,692	149,986	291,719
Foreign bonds	421,069	101,670	320,853
Foreign stocks and other securities	159,622	48,316	(29,134)
Other securities	(186,103)	(132,536)	(296,726)
Loans receivable	(318,093)	(694,307)	(575,323)
Policy loans	(62,433)	(45,871)	(52,061)
Industrial and consumer loans	(255,660)	(648,435)	(523,262)
Real estate	(87,305)	(46,637)	(40,159)
Investment property	(87,007)	(40,975)	(23,941)
Deferred tax assets	—	—	(303,190)
Other	(250,280)	45,017	(74,947)
Allowance for doubtful accounts	6,584	38,355	23,572
General Account total	3,797,786	1,415,962	1,814,266
Foreign currency denominated assets	676,989	310,366	288,433

Note: Increases/decreases in cash received as collateral under securities lending contracts were as follows:
fiscal year ended March 31, 2006, ¥306,166 million; fiscal year ended March 31, 2005, ¥527,851 million; fiscal year ended March 31, 2004, ¥20,942 million.

47. Yield on Primary Assets (General Account)

Fiscal years ended March 31	2006		2005		2004	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Cash, deposits and call loans	¥ 784,858	0.03%	¥ 642,703	0.06%	¥ 581,522	(0.04)%
Cash collateral pledged for bonds borrowed	14,073	0.01	6,503	0.01	13,959	0.02
Monetary receivables purchased	1,307,957	0.61	848,603	0.40	651,215	0.34
Trading securities	2,492	(0.39)	3,300	(0.11)	3,310	(1.47)
Money held in trust	150,712	24.16	167,336	11.00	190,674	12.60
Domestic bonds	15,888,896	1.33	14,880,940	1.72	14,001,921	1.65
Domestic stocks	4,636,248	5.32	4,634,752	5.56	4,799,909	3.61
		[5.32]		[5.56]		[3.61]
Foreign securities	5,716,852	4.26	5,574,959	2.91	5,365,871	3.59
Foreign bonds	4,556,372	3.31	4,381,089	3.14	4,112,462	3.70
Foreign stocks and other securities	1,160,480	7.97	1,193,870	2.08	1,253,408	3.21
Loans receivable	10,129,363	1.91	10,492,280	2.31	11,321,391	2.58
Industrial and consumer loans	8,837,371	1.46	9,142,230	1.91	9,930,404	2.23
Real estate	1,734,700	2.93	1,822,122	2.37	1,866,167	2.48
Investment property	1,079,950	4.69	1,160,645	3.71	1,200,200	3.84
General Account total	42,035,823	2.37	40,971,029	2.42	40,680,238	2.48
		[2.37]		[2.42]		[2.48]
Overseas investment	6,687,026	4.34	6,454,895	3.15	6,604,568	3.82

Notes: 1. Yields are calculated by dividing investment income less investment expenses by the daily average balance based on book value.

2. For the calculation of both yields for domestic stocks and the general account, total appraisal gains under article 112 of the Insurance Business Law are not included in the numerator. Brackets show investment yield.

3. Overseas investment is the total of assets denominated in foreign currencies and yen.

48. Investment Income (General Account)

Fiscal years ended March 31	Millions of Yen		
	2006	2005	2004
Interest, dividends and other income	¥1,070,088	¥ 980,473	¥ 980,099
Gains from money held in trust	36,414	18,409	24,016
Gains on sales of securities	174,290	201,749	188,761
Gains from redemption of securities	6,528	217	30
Foreign exchange gains, net	—	—	2,145
Other investment income	2,426	1,597	1,635
Total	¥1,289,748	¥1,202,448	¥1,196,690

49. Investment Expenses (General Account)

Fiscal years ended March 31	Millions of Yen		
	2006	2005	2004
Interest expenses	¥ 1,421	¥ 1,339	¥ 1,468
Losses from trading securities	9	3	48
Losses on sales of securities	114,735	52,814	57,286
Losses on valuation of securities	8,857	31,175	23,344
Losses from redemption of securities	209	—	—
Losses on derivative financial instruments, net	97,879	66,340	47,561
Foreign exchange losses, net	3,746	2,183	—
Provision for allowance for doubtful accounts	15,136	—	—
Write-downs of loans	160	20	348
Depreciation of real estate and other assets	27,468	31,250	32,737
Other investment expenses	22,091	25,683	25,774
Total	¥291,716	¥210,811	¥188,571

Note: In addition to the above, reversal of allowance for doubtful accounts is recorded as an extraordinary profit.
(Fiscal year ended March 31, 2005, ¥37,312 million; fiscal year ended March 31, 2004, ¥16,587 million)

50. Interest, Dividends and Other Income (General Account)

Fiscal years ended March 31	Millions of Yen		
	2006	2005	2004
Interest on deposits and savings	¥ 102	¥ 67	¥ 41
Interest/dividends on domestic securities	742,939	621,417	568,829
Interest on domestic bonds	272,407	259,782	255,153
Domestic stock dividends	118,343	93,914	80,060
Interest/dividends on foreign securities	313,700	254,110	226,785
Interest on loans receivable	209,326	242,376	292,905
Rent on real estate	97,811	98,063	102,191
Net including other income	¥1,070,088	¥980,473	¥980,099

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

Fiscal years ended March 31	Millions of Yen								
	2006			2005			2004		
	Change in asset allocation balance	Increase/decrease from interest variance	Total Increase/decrease	Change in asset allocation balance	Increase/decrease from interest variance	Total Increase/decrease	Change in asset allocation balance	Increase/decrease from interest variance	Total Increase/decrease
Interest, dividends and other income	¥25,481	¥ 64,133	¥ 89,614	¥ 7,005	¥ (6,632)	¥ 373	¥ 10,508	¥(29,648)	¥(19,139)
Cash equivalents and call loans	20	11	32	8	4	13	17	(40)	(22)
Securities	20,157	101,364	121,522	18,576	34,010	52,587	25,178	(1,839)	23,339
Loans receivable	(8,383)	(24,667)	(33,050)	(21,450)	(29,077)	(50,528)	(12,938)	(20,556)	(33,494)
Real estate	(4,704)	4,453	(251)	(2,411)	(1,716)	(4,128)	(2,712)	(7,995)	(10,707)

52. Gains on Sales of Securities (General Account)

Fiscal years ended March 31	Millions of Yen		
	2006	2005	2004
Domestic bonds	¥ 9,963	¥ 2,669	¥ 2,523
Domestic stocks and other securities	144,482	181,768	142,267
Foreign securities	19,752	17,311	43,963
Net including other gains on sales of securities	¥174,290	¥201,749	¥188,761

53. Losses on Sales of Securities (General Account)

Fiscal years ended March 31	Millions of Yen		
	2006	2005	2004
Domestic bonds	¥ 71,329	¥ 7,034	¥ 6,864
Domestic stocks and other securities	9,147	5,855	21,572
Foreign securities	34,006	39,343	28,840
Net including other losses on sales of securities	¥114,735	¥52,814	¥57,286

54. Losses on Valuation of Securities (General Account)

Fiscal years ended March 31	Millions of Yen		
	2006	2005	2004
Domestic bonds	¥ —	¥ —	¥ —
Domestic stocks and other securities	4,861	3,568	3,413
Foreign securities	3,995	27,607	19,926
Net including other losses on valuation of securities	¥8,857	¥31,175	¥23,344

55. Trading Securities (General Account)

As of March 31	Millions of Yen, %					
	2006		2005		2004	
Trading government bonds	¥2,099	100.0%	¥2,999	100.0%	¥2,999	
Total	¥2,099	100.0%	¥2,999	100.0%	¥2,999	

56. Proceeds on Sales of Trading Securities (General Account)

Fiscal years ended March 31	Millions of Yen		
	2006	2005	2004
Trading government bonds	¥24,435	¥41,159	¥47,369
Total	¥24,435	¥41,159	¥47,369

57. Securities Composition (General Account)

As of March 31	Millions of Yen, %					
	2006		2005		2004	
Domestic bonds	¥15,843,714	47.9%	¥15,375,785	52.3%	¥14,305,026	
National government bonds	10,930,987	33.0	10,636,097	36.2	9,264,636	
Local government bonds	1,664,698	5.0	1,552,396	5.3	1,624,264	
Corporate bonds	3,248,028	9.8	3,187,290	10.8	3,416,125	
Public entity bonds	1,529,213	4.6	1,484,722	5.1	1,669,063	
Domestic stocks	10,484,913	31.7	7,625,658	26.0	7,313,427	
Foreign securities	6,424,914	19.4	5,844,222	19.9	5,694,235	
Foreign bonds	4,967,555	15.0	4,546,485	15.5	4,444,815	
Foreign stocks and other securities	1,457,359	4.4	1,297,736	4.4	1,249,420	
Other securities	353,198	1.1	539,302	1.8	671,839	
Total	¥33,106,740	100.0%	¥29,384,967	100.0%	¥27,984,529	
Subordinated bonds	—	—	—	—	—	

58. Securities by Maturity Dates (General Account)

Millions of Yen

	1 year or under	Over 1 year through 3 years	Over 3 years through 5 years	Over 5 years through 7 years	Over 7 years through 10 years	Over 10 years	No fixed maturity	Total
As of March 31								
2006								
Domestic bonds								
National government bonds	¥ 516,163	¥1,210,690	¥1,919,490	¥1,673,092	¥1,081,189	¥4,530,361	¥ —	¥10,930,987
Local government bonds	88,580	226,159	175,011	585,932	574,040	14,974	—	1,664,698
Corporate bonds	312,655	742,380	738,026	366,377	629,647	458,940	—	3,248,028
Domestic Stocks	—	—	—	—	—	—	10,484,913	10,484,913
Foreign securities	347,897	592,406	775,358	628,576	758,977	2,461,854	859,842	6,424,914
Foreign bonds	346,133	569,884	760,377	611,384	754,440	1,925,335	—	4,967,555
Foreign stocks and other securities	1,764	22,522	14,981	17,191	4,537	536,518	859,842	1,457,359
Other securities	16,492	9,637	3,504	493	9,947	—	313,123	353,198
Total	¥1,281,790	¥2,781,274	¥3,611,390	¥3,254,472	¥3,053,801	¥7,466,131	¥11,657,879	¥33,106,740
As of March 31								
2005								
Domestic bonds								
National government bonds	¥ 492,574	¥1,114,961	¥2,114,516	¥2,250,275	¥ 938,574	¥3,725,194	¥ —	¥10,636,097
Local government bonds	187,864	255,191	126,747	313,879	658,737	9,976	—	1,552,396
Corporate bonds	389,698	695,138	592,987	549,163	577,549	382,752	—	3,187,290
Domestic Stocks	—	—	—	—	—	—	7,625,658	7,625,658
Foreign securities	323,364	874,307	810,522	837,879	973,293	1,295,118	729,736	5,844,222
Foreign bonds	321,540	858,154	800,150	813,722	965,865	787,050	—	4,546,485
Foreign stocks and other securities	1,823	16,153	10,371	24,156	7,427	508,068	729,736	1,297,736
Other securities	62	2,860	12,572	784	6,061	—	516,960	539,302
Total	¥1,393,564	¥2,942,459	¥3,657,347	¥3,951,982	¥3,154,216	¥5,413,042	¥8,872,355	¥29,384,967
As of March 31								
2004								
Domestic bonds								
National government bonds	¥ 396,743	¥1,109,381	¥1,441,011	¥1,754,632	¥1,726,600	¥2,836,266	¥ —	¥ 9,264,636
Local government bonds	195,065	321,012	216,432	126,634	747,698	17,420	—	1,624,264
Corporate bonds	428,579	733,745	654,431	584,955	623,560	390,852	—	3,416,125
Domestic Stocks	—	—	—	—	—	—	7,313,427	7,313,427
Foreign securities	405,420	1,010,378	777,804	667,880	800,274	1,317,438	715,038	5,694,235
Foreign bonds	405,420	989,172	760,023	649,531	783,730	856,936	—	4,444,815
Foreign stocks and other securities	0	21,205	17,781	18,349	16,543	460,501	715,038	1,249,420
Other securities	4	3,289	7,304	8,809	562	—	651,868	671,839
Total	¥1,425,814	¥3,177,807	¥3,096,984	¥3,142,912	¥3,898,696	¥4,561,979	¥8,680,335	¥27,984,529

59. Bond Yield (General Account)

As of March 31	2006	2005	2004
Domestic bonds	1.88%	1.90%	2.01%
Foreign bonds	4.88	4.83	4.78
Yen denominated	1.32	1.07	1.30
Foreign currency denominated	5.13	5.20	5.18

60. Stocks Held—Breakdown by Industry (General Account)

As of March 31	2006		2005		2004
	Millions of Yen, %				
Fishery, agriculture and forestry	¥ 7,375	0.1%	¥ 6,310	0.1%	¥ 5,586
Mining	4,961	0.0	2,947	0.0	2,275
Construction	155,607	1.5	119,765	1.6	118,205
Manufacturing					
Foods	211,004	2.0	186,790	2.4	174,962
Textiles and apparel	180,586	1.7	120,120	1.6	108,454
Pulp and paper	47,285	0.5	41,915	0.5	45,039
Chemicals	745,944	7.1	566,959	7.4	556,461
Pharmaceuticals	802,744	7.7	638,530	8.4	604,297
Oil and coal products	34,807	0.3	25,038	0.3	20,834
Rubber products	51,254	0.5	39,994	0.5	35,184
Glass and ceramic products	172,579	1.6	116,956	1.5	121,863
Iron and steel	317,421	3.0	192,438	2.5	159,423
Nonferrous metals	121,260	1.2	74,609	1.0	63,898
Metal products	47,392	0.5	41,185	0.5	45,012
Machinery	531,334	5.1	319,152	4.2	288,841
Electric appliances	1,268,817	12.1	975,167	12.8	1,055,742
Transportation equipment	1,347,546	12.9	932,361	12.2	889,820
Precision instruments	173,356	1.7	135,333	1.8	131,409
Other products	127,538	1.2	106,025	1.4	121,334
Electric power and gas	827,801	7.9	651,568	8.5	587,626
Transportation, information and communication					
Land transportation	476,789	4.5	364,394	4.8	370,393
Marine transportation	29,652	0.3	24,833	0.3	20,703
Air transportation	26,643	0.3	25,557	0.3	25,971
Warehousing and harbor transportation services	13,294	0.1	11,628	0.2	10,346
Information and communication	168,575	1.6	157,560	2.1	178,244
Trade and services					
Wholesale trade	283,930	2.7	193,823	2.5	168,428
Retail trade	307,920	2.9	230,571	3.0	253,142
Finance and insurance					
Banking	1,354,599	12.9	844,009	11.1	660,053
Securities and trading	168,250	1.6	121,264	1.6	131,358
Insurance	147,851	1.4	115,412	1.5	116,149
Other financial services	166,837	1.6	114,088	1.5	109,008
Real estate	47,123	0.4	30,754	0.4	32,018
Services	116,823	1.1	98,588	1.3	101,337
Total	¥10,484,913	100.0%	¥7,625,658	100.0%	¥7,313,427

61. Loans Receivable (General Account)

		Millions of Yen		
As of March 31		2006	2005	2004
Policy loans		¥1,263,464	¥ 1,325,898	¥ 1,371,769
Premium loans		121,846	127,769	131,434
Policyholder loans		1,141,618	1,198,128	1,240,335
Industrial and consumer loans		8,735,705	8,991,365	9,639,801
[Loans to non-residents]		[509,985]	[596,687]	[961,164]
Corporate loans—international and domestic		6,536,145	6,636,664	6,834,392
[Corporate loans—domestic]		[6,341,145]	[6,428,691]	[6,530,864]
Loans to national, international and government-affiliated organizations		312,152	398,108	618,158
Loans to public entities		459,183	474,152	612,810
Housing loans		975,759	1,033,227	1,115,547
Consumer loans		406,880	419,150	415,819
Other loans		45,584	30,062	43,073
Total		¥9,999,170	¥10,317,263	¥11,011,571

62. Loans by Contractual Maturity Dates (General Account)

		Millions of Yen								
As of March 31		1 year or under	Over 1 year through 3 years	Over 3 years through 5 years	Over 5 years through 7 years	Over 7 years through 10 years	Over 10 years	Maturity not fixed	Total	
		2006								
Fixed rate loans		¥1,454,221	¥2,073,936	¥1,554,080	¥ 881,698	¥866,224	¥711,873	¥ —	¥7,542,034	
Variable rate loans		244,741	234,052	170,385	236,994	124,365	173,131	10,000	1,193,670	
Total loans		¥1,698,963	¥2,307,988	¥1,724,465	¥1,118,692	¥990,589	¥885,004	¥10,000	¥8,735,705	
		2005								
Fixed rate loans		¥1,774,524	¥2,328,105	¥1,511,435	¥ 790,021	¥659,733	¥450,642	¥70,000	¥7,584,463	
Variable rate loans		224,397	335,172	209,798	232,176	186,545	208,811	10,000	1,406,902	
Total loans		¥1,998,921	¥2,663,278	¥1,721,233	¥1,022,198	¥846,279	¥659,454	¥80,000	¥8,991,365	
		2004								
Fixed rate loans		¥1,981,582	¥2,683,582	¥1,464,841	¥ 801,621	¥520,522	¥431,275	¥70,000	¥7,953,426	
Variable rate loans		280,680	423,815	224,399	177,029	318,251	252,197	10,000	1,686,375	
Total loans		¥2,262,263	¥3,107,397	¥1,689,240	¥ 978,651	¥838,774	¥683,472	¥80,000	¥9,639,801	

63. Loans to Domestic Companies by Company Size (General Account)

		Number of Borrowers, Millions of Yen, %					
As of March 31		2006		2005		2004	
Large companies	Number of borrowers	1,062	37.2%	1,106	35.3%	1,183	
	Amount of loans	¥5,116,562	80.7	¥5,151,329	80.1	¥5,222,788	
Medium-sized companies	Number of borrowers	474	16.6	535	17.1	588	
	Amount of loans	¥ 231,178	3.6	¥ 262,296	4.1	¥ 265,541	
Small-sized companies	Number of borrowers	1,318	46.2	1,495	47.7	1,772	
	Amount of loans	¥ 993,404	15.7	¥1,015,065	15.8	¥1,042,534	
Total loans to domestic companies	Number of borrowers	2,854	100.0	3,136	100.0	3,543	
	Total amount of loans	¥6,341,145	100.0%	¥6,428,691	100.0%	¥6,530,864	

Notes: 1. Classifications are defined as follows.

Company size	Industry Type			
	1. All industries (excluding 2-4)		2. Retail and restaurant	
Large companies	More than 300 employees and	Paid-in capital over ¥1 billion	More than 50 employees and	Paid-in capital over ¥1 billion
Medium-sized companies	More than 300 employees and	Paid-in capital between ¥0.3 billion and ¥1 billion	More than 50 employees and	Paid-in capital between ¥50 million and ¥1 billion
Small-sized companies	Paid-in capital under ¥0.3 billion or less than 300 employees		Paid-in capital under ¥50 million or less than 50 employees	
	3. Service		4. Wholesale	
Large companies	More than 100 employees and	Paid-in capital over ¥1 billion	More than 100 employees and	Paid-in capital over ¥1 billion
Medium-sized companies	More than 100 employees and	Paid-in capital between ¥50 million and ¥1 billion	More than 100 employees and	Paid-in capital between ¥100 million and ¥1 billion
Small-sized companies	Paid-in capital under ¥50 million or less than 100 employees		Paid-in capital under ¥100 million or less than 100 employees	

2. Number of borrowers is the number of borrowers identified by name and is not the number of loans.

64. Breakdown of Loans by Industry (General Account)

As of March 31	Millions of Yen, %				
	2006		2005		2004
Domestic					
Manufacturing	¥1,466,899	16.8%	¥1,443,660	16.1%	¥1,464,836
Foods	107,467	1.2	129,492	1.4	146,200
Textiles and apparel	39,687	0.5	37,213	0.4	35,838
Wood, wood products, pulp and paper	86,840	1.0	79,301	0.9	74,187
Printing	30,799	0.4	16,348	0.2	18,303
Chemicals	187,781	2.1	159,345	1.8	163,896
Oil and coal products	91,398	1.0	98,038	1.1	88,973
Ceramics, soil and stone	37,067	0.4	40,488	0.5	43,683
Iron and steel	227,786	2.6	231,628	2.6	264,095
Nonferrous metals	43,520	0.5	41,775	0.5	49,235
Metal products	25,712	0.3	28,941	0.3	33,727
Machinery	95,009	1.1	102,561	1.1	102,377
Electric appliances	219,354	2.5	225,651	2.5	201,000
Transportation equipment	198,007	2.3	183,064	2.0	169,967
Precision instruments	21,407	0.2	17,986	0.2	20,051
Other manufacturing products	55,059	0.6	51,822	0.6	53,295
Fishery, agriculture and forestry	4,836	0.1	6,170	0.1	6,933
Mining	13,860	0.2	9,810	0.1	9,502
Construction	49,516	0.6	55,995	0.6	80,869
Electric power, gas, heat supply and waterworks	980,012	11.2	980,272	10.9	966,246
Information and communication	203,310	2.3	215,873	2.4	230,984
Transportation	523,291	6.0	545,661	6.1	554,093
Wholesale trade	788,158	9.0	744,567	8.3	702,727
Retail trade	117,406	1.3	117,600	1.3	123,926
Financing and insurance	1,325,712	15.2	1,452,992	16.2	1,552,279
Real estate	413,814	4.7	422,042	4.7	473,481
Services	799,125	9.1	784,737	8.7	815,936
Local organizations and public entities	151,300	1.7	155,267	1.7	156,496
Individuals (residential/consumption/local taxes/other)	1,388,475	15.9	1,460,026	16.2	1,540,322
Total	¥8,225,720	94.2%	¥8,394,677	93.4%	¥8,678,637
Overseas					
Governments and public entities	314,985	3.6	388,714	4.3	657,636
Financial institutions	78,311	0.9	68,500	0.8	135,500
Commerce and industry	116,688	1.3	139,473	1.6	168,027
Total	¥ 509,985	5.8%	¥ 596,687	6.6%	¥ 961,164
Total loans	¥8,735,705	100.0%	¥8,991,365	100.0%	¥9,639,801

65. Breakdown of Industrial Loans by Use (General Account)

As of March 31	Millions of Yen, %				
	2006		2005		2004
Capital investments	¥3,078,904	35.2%	¥3,152,613	35.1%	¥3,303,321
Operations	5,656,800	64.8	5,838,752	64.9	6,336,480
Total loans	¥8,735,705	100.0%	¥8,991,365	100.0%	¥9,639,801

66. Breakdown of Loans by Region (General Account)

		Millions of Yen, %						
As of March 31		2006		2005		2004		
Hokkaido	¥	45,514	0.7%	¥	47,918	0.7%	¥	47,588
Tohoku		95,492	1.5		85,171	1.3		87,175
Kanto		4,326,351	68.2		4,335,429	67.4		4,403,689
Chubu		477,835	7.5		540,078	8.4		497,567
Kinki		985,472	15.5		1,026,291	16.0		1,119,268
Chugoku		133,732	2.1		130,628	2.0		117,015
Shikoku		127,503	2.0		111,964	1.7		110,735
Kyushu		149,242	2.4		151,208	2.4		147,824
Total		¥6,341,145	100.0%		¥6,428,691	100.0%		¥6,530,864

Notes: 1. Excludes personal loans, loans to non-residents and policy loans.

2. Regional classifications are based on the location of the headquarters of borrowers.

67. Breakdown of Loans by Collateral (General Account)

		Millions of Yen, %						
As of March 31		2006		2005		2004		
Secured loans	¥	199,908	2.3%	¥	245,343	2.7%	¥	308,276
Loans secured by securities		61,136	0.7		66,758	0.7		82,264
Loans secured by real estate, movables and foundations		122,698	1.4		157,129	1.7		195,423
Loans secured by personal guarantees		16,073	0.2		21,455	0.2		30,588
Guarantee loans		364,903	4.2		341,732	3.8		345,684
Fiduciary loans		6,788,253	77.7		6,951,912	77.3		7,454,473
Other loans		1,382,640	15.8		1,452,377	16.2		1,531,366
Ordinary loans		8,735,705	100.0		8,991,365	100.0		9,639,801
Subordinated loans		366,000	4.2		394,000	4.4		410,000

68. Real Estate and Movables (General Account)

		Millions of Yen, %						
		Balance at end of prior period	Increase in current period	Decrease in current period	Depreciation in current period	Balance at end of current period	Accumulated depreciation	Rate of accumulated depreciation
Fiscal year ended March 31		2006						
Land	¥1,111,781	¥ 460	¥ 23,865	¥ —	¥1,088,376	¥ —	—%	
			[9,308]					
Buildings	650,887	20,077	48,405	40,871	581,688	861,199	59.7	
			[19,711]					
Movables	26,859	3,288	319	7,886	21,941	65,349	74.9	
Construction in progress	11,200	30,295	24,997	—	16,499	—	—	
Total	¥1,800,729	¥ 54,122	¥ 97,587	¥48,758	¥1,708,506	¥926,549	—%	
			[29,020]					
Fiscal year ended March 31		2005						
Land	¥1,139,070	¥ 32,236	¥ 59,525	¥ —	¥1,111,781	¥ —	—%	
Buildings	644,273	68,795	18,085	44,096	650,887	885,367	57.6	
Movables	18,248	16,391	2,628	5,152	26,859	60,880	69.4	
Construction in progress	37,163	84,136	110,098	—	11,200	—	—	
Total	¥1,838,755	¥201,560	¥190,338	¥49,249	¥1,800,729	¥946,247	—%	
Fiscal year ended March 31		2004						
Land	¥1,157,354	¥ 6,152	¥ 24,436	¥ —	¥1,139,070	¥ —	—%	
Buildings	673,585	26,360	10,527	45,144	644,273	860,721	57.2	
Movables	21,302	2,939	368	5,624	18,248	75,195	80.5	
Construction in progress	29,726	10,985	3,549	—	37,163	—	—	
Total	¥1,881,969	¥ 46,438	¥ 38,882	¥50,768	¥1,838,755	¥935,917	—%	

Notes: 1. Figures in brackets under the decrease in current period column for land and buildings indicate the amount of decrease due to impairment losses.

2. The rate of accumulated depreciation shows the percentage of accumulated depreciation versus acquisition cost.

69. Appraisal Value of Real Estate (General Account)

As of March 31	Billions of Yen		
	2006	2005	2004
Land and leaseholds			
Carrying value on balance sheets	¥1,175.9	¥1,258.7	¥1,285.7
Market value (appraisal value)	1,092.9	1,076.0	1,104.5
Net unrealized gains/losses (1)	(82.9)	(182.6)	(181.2)
Gains	93.7	60.0	48.2
Losses	(176.6)	(242.6)	(229.4)
Revaluation (2)	87.8	96.8	107.3
(1) + (2)	¥ 4.8	¥ (85.7)	¥ (73.8)

Notes: 1. Appraisal value is based on the publicly disclosed value of land.

2. Taxation amounts on unrealized gains and losses are recorded under liabilities as deferred tax liabilities for revaluation reserve for land. This amount deducted from revaluation is recorded in the equity section as revaluation reserve for land.

70. Breakdown of Real Estate Holdings by Use (General Account)

As of March 31	Millions of Yen, Number of Buildings		
	2006	2005	2004
Value of real estate holdings	¥1,686,564	¥1,773,869	¥1,820,507
For business operations	644,977	645,275	650,937
For lease	1,041,587	1,128,594	1,169,569
Number of buildings held for leasing	416	422	441

71. Gains and Losses on the Disposal of Real Estate and Movable (General Account)

Fiscal years ended March 31	Millions of Yen					
	2006		2005		2004	
	Gains	Losses	Gains	Losses	Gains	Losses
Real estate	¥1,393	¥ 9,267	¥4,685	¥42,444	¥3,145	¥15,245
Movables	1	259	0	2,666	0	371
Other	0	26,513	6	2,518	3,438	7,392
Total	¥1,394	¥36,041	¥4,692	¥47,629	¥6,584	¥23,008

72. Depreciation on Real Estate, Movable and Other Assets Held for Leasing (General Account)

Fiscal year ended March 31	Millions of Yen, %				
	Acquisition cost	Depreciation in current period	Accumulated depreciation	Balance at end of current period	Rate of accumulated depreciation
2006					
Buildings	¥ 954,340	¥27,375	¥562,411	¥391,928	58.9%
Movables	9,638	92	8,848	790	91.8
Other assets	—	—	—	—	—
Total	¥ 963,979	¥27,468	¥571,260	¥392,718	59.3%
2005					
Buildings	¥1,055,357	¥31,085	¥598,633	¥456,724	56.7%
Movables	10,922	164	9,968	953	91.3
Other assets	—	—	—	—	—
Total	¥1,066,279	¥31,250	¥608,601	¥457,677	57.1%
2004					
Buildings	¥1,039,169	¥32,490	¥577,952	¥461,217	55.6%
Movables	11,101	246	9,990	1,110	90.0
Other assets	—	—	—	—	—
Total	¥1,050,271	¥32,737	¥587,942	¥462,328	56.0%

73. Loan Interest Rates

										Dates, %					
										Type of loan					
Prime rate (extra long-term 10-year prime rate loan)		Prime rate (long-term prime rate loan)		Housing loans				Consumer loans							
				Fixed interest rate		Variable interest rate optional with fixed interest rate		Variable interest rate (long-term loan)		Variable interest rate (short-term loan)		Fixed interest rate		Variable interest rate (long-term loan)	
Fiscal year ending March 31										2007					
4/11	2.55%	4/11	2.45%	4/18	3.75-4.62%	4/18	2.35-4.15%	4/18	2.45%	4/18	3.75-4.15%	4/18	2.75%		
5/10	2.60	5/10	2.50	5/17	3.85-4.78	5/17	2.45-4.30	5/17	2.50	5/17	3.85-4.30	5/17	2.80		
Fiscal year ended March 31										2006					
4/8	1.65	4/8	1.55					4/15	1.55			4/15	1.85		
5/10	1.60	5/10	1.50	5/17	3.40-4.40	5/17	2.00-4.00	5/17	1.50	5/17	3.40-4.00	5/17	1.80		
6/10	1.55	6/10	1.45	6/17	3.35-4.30	6/17	2.00-3.90	6/17	1.45	6/17	3.35-3.90	6/17	1.75		
8/10	1.75	8/10	1.60					8/17	1.60			8/17	1.90		
9/9	1.65	9/9	1.55			9/16	2.00-3.80	9/16	1.55	9/16	3.35-3.80	9/16	1.85		
10/12	1.90	10/12	1.80	10/19	3.40-4.39	10/19	2.00-3.90	10/19	1.80	10/19	3.40-3.90	10/19	2.10		
11/10	2.00	11/10	1.90	11/17	3.50-4.49	11/17	2.10-4.00	11/17	1.90	11/17	3.50-4.00	11/17	2.20		
12/9	1.95	12/9	1.85	12/16	3.45-4.43	12/16	2.10-4.00	12/16	1.85	12/16	3.45-4.00	12/16	2.15		
1/11	1.90	1/11	1.80	1/18	3.55-4.51	1/18	2.10-4.05	1/18	1.80	1/18	3.55-4.05	1/18	2.10		
2/10	2.10	2/10	2.00	2/17	3.45-4.45	2/17	2.10-4.00	2/17	2.00	2/17	3.45-4.00	2/17	2.30		
3/10	2.20	3/10	2.10	3/17	3.55-4.56	3/17	2.20-4.10	3/17	2.10	3/17	3.55-4.10	3/17	2.40		
Fiscal year ended March 31										2005					
4/9	1.85	4/9	1.70	4/16	3.80-4.70	4/16	2.00-4.40	4/16	1.70	4/16	3.80-4.40	4/16	2.00		
				5/18	3.80-4.75	5/18	2.00-4.50			5/18	3.80-4.50				
6/10	2.05	6/10	1.90	6/17	3.80-4.75	6/17	2.00-4.40	6/17	1.90	6/17	3.80-4.40	6/17	2.20		
7/9	2.15	7/9	1.80	7/16	4.20-5.00	7/16	2.00-4.80	7/16	1.80	7/16	4.20-4.80	7/16	2.10		
8/10	2.05	8/10	1.75	8/17	4.10-5.00			8/17	1.75	8/17	4.10-4.80	8/17	2.05		
9/10	2.00	9/10	1.70	9/17	3.75-4.85	9/17	2.00-4.60	9/17	1.70	9/17	3.75-4.60	9/17	2.00		
				10/18	3.75-4.52	10/18	2.00-4.30			10/18	3.75-4.30				
				11/17	3.75-4.50	11/17	2.00-4.10			11/17	3.75-4.10				
12/10	1.70	12/10	1.55	12/17	3.55-4.50			12/17	1.55	12/17	3.55-4.10	12/17	1.85		
				1/19	3.45-4.50	1/19	2.00-4.05			1/19	3.45-4.05				
2/10	1.65			2/18	3.40-4.50			2/18		2/18	3.40-4.05				
3/10	1.80	3/10	1.65					3/17	1.65			3/17	1.95		
Fiscal year ended March 31										2004					
4/10	1.55	4/10	1.40	4/17	3.20-5.10			4/17	1.40	2.375*	4/17	3.20-4.55	4/17	1.70	2.675*
5/9	1.45	5/9	1.35	5/16	3.05-5.10			5/16	1.35	5/16	3.05-4.55	5/16	1.65		
6/10	1.40	6/10	1.25					6/17	1.25			6/17	1.55		
7/10	1.70	7/10	1.60					7/17	1.60			7/17	1.90		
8/8	1.60	8/8	1.50	8/15	3.30-5.25	8/15	1.85-4.65	8/15	1.50	8/15	3.30-4.65	8/15	1.80		
9/10	1.95	9/10	1.85	9/18	3.80-5.55	9/18	1.85-5.10	9/18	1.85	9/18	3.80-5.10	9/18	2.15		
10/10	1.75	10/10	1.65	10/20	3.80-5.50			10/20	1.65			10/20	1.95		
11/11	1.90	11/11	1.80	11/18	3.70-5.45	11/18	1.85-5.00	11/18	1.80	11/18	3.70-5.00	11/18	2.10		
12/10	1.80	12/10	1.70					12/17	1.70			12/17	2.00		
2/10	1.70	2/10	1.60	2/18	3.65-5.45			2/18	1.60	2/18	3.65-5.00	2/18	1.90		
3/10	1.75	3/10	1.65	3/17	3.55-5.35	3/17	1.85-4.90	3/17	1.65	3/17	3.55-4.90	3/17	1.95		

Notes: 1. The prime rate (extra long-term 10-year prime rate loan) is shown as a standard rate for fixed interest rate loans with loan periods in excess of five years.

2. Fixed interest rates for housing loans and consumer loans are set at interest rates according to the lending period.

3. For housing loans, variable interest rate optional with fixed interest rate is set according to the fixed interest rate period of 3, 5, 10 or 15 years.

4. Housing loan interest rates show interest rates at the time of initial lending.

5. Housing loan interest rates include group credit life insurance warranty fees.

6. Consumer loans show traditional mortgage-backed loans.

*April 12, 2001

74. Status of Overseas Loans and Investments (General Account)

1. Breakdown by asset composition

As of March 31	2006		2005		Millions of Yen, %
					2004
Foreign currency denominated assets					
Foreign bonds	¥4,675,705	60.5%	¥4,186,806	60.6%	¥4,023,123
Foreign stocks	657,163	8.5	584,545	8.5	571,953
Cash and cash equivalents	941,160	12.2	825,689	11.9	691,596
Subtotal	6,274,029	81.2	5,597,040	81.0	5,286,674
Foreign currency denominated assets with fixed yen value					
Foreign bonds	—	—	—	—	—
Cash and cash equivalents	113,928	1.5	97,101	1.4	78,297
Subtotal	113,928	1.5	97,101	1.4	78,297
Yen denominated assets					
Loans to non-residents	433,153	5.6	546,942	7.9	905,957
Foreign bonds and other assets	910,143	11.8	671,032	9.7	671,524
Subtotal	1,343,297	17.4	1,217,975	17.6	1,577,482
Net overseas loans and investment	¥7,731,255	100.0%	¥6,912,118	100.0%	¥6,942,454
Overseas real estate	284,308	3.7	263,699	3.8	266,745

Note: Foreign currency denominated assets with fixed yen value are recorded under assets on the balance sheets as the fixed yen value that was determined at settlement with foreign exchange forward contracts.

2. Composition of foreign currency denominated assets by currency

As of March 31	2006		2005		Millions of Yen, %
					2004
U.S. Dollar	¥3,779,441	60.2%	¥3,646,438	65.1%	¥3,359,171
Euro	2,082,481	33.2	1,719,432	30.7	1,697,439
Swedish Krona	97,317	1.6	—	—	—
Canadian Dollar	95,795	1.5	95,519	1.7	89,039
British Pound	95,731	1.5	75,918	1.4	89,004
Australian Dollar	52,244	0.8	—	—	—
Hong Kong Dollar	—	—	33,787	0.6	30,761
Swiss Franc	—	—	11,260	0.2	8,798
Other	71,018	1.1	14,683	0.3	12,459
Net foreign currency denominated assets	¥6,274,029	100.0%	¥5,597,040	100.0%	¥5,286,674

Note: The Other category includes the Swedish Krona for March 31, 2005 and 2004, the Australian Dollar for March 31, 2005 and 2004, the Hong Kong Dollar for March 31, 2006 and the Swiss Franc for March 31, 2006.

74. Status of Overseas Loans and Investments (General Account), continued

3. Overseas loans and investment by geographic area

Millions of Yen, %								
	Foreign securities						Loans to non-residents	
	Value		Percent		Bonds		Stocks and other securities	
					Value	Percent	Value	Percent
As of March 31	2006							
North America	¥2,912,809	45.3%	¥2,410,275	48.5%	¥ 502,534	34.5%	¥ 92,401	18.1%
Europe	2,504,541	39.0	2,187,089	44.0	317,452	21.8	285,250	55.9
Oceania	37,827	0.6	36,439	0.7	1,388	0.1	—	—
Asia	50,479	0.8	38,771	0.8	11,708	0.8	28,044	5.5
Central and South America	732,937	11.4	108,660	2.2	624,276	42.8	18,216	3.6
Middle East	—	—	—	—	—	—	177	0.0
Africa	—	—	—	—	—	—	—	—
International organizations	186,319	2.9	186,319	3.8	—	—	85,895	16.8
Total	¥6,424,914	100.0%	¥4,967,555	100.0%	¥1,457,359	100.0%	¥509,985	100.0%
As of March 31	2005							
North America	¥2,722,147	46.6%	¥2,249,543	49.5%	¥ 472,604	36.4%	¥ 88,675	14.9%
Europe	2,134,069	36.5	1,884,684	41.5	249,385	19.2	323,583	54.2
Oceania	15,000	0.3	15,000	0.3	—	—	—	—
Asia	58,337	1.0	46,773	1.0	11,563	0.9	57,505	9.6
Central and South America	662,236	11.3	98,053	2.2	564,183	43.5	22,459	3.8
Middle East	—	—	—	—	—	—	188	0.0
Africa	—	—	—	—	—	—	—	—
International organizations	252,431	4.3	252,431	5.6	—	—	104,274	17.5
Total	¥5,844,222	100.0%	¥4,546,485	100.0%	¥1,297,736	100.0%	¥596,687	100.0%
As of March 31	2004							
North America	¥2,609,180	45.8%	¥2,150,757	48.4%	¥ 458,423	36.7%	¥118,421	12.3%
Europe	1,979,403	34.8	1,762,109	39.6	217,294	17.4	529,486	55.1
Oceania	15,000	0.3	15,000	0.3	—	—	81,000	8.4
Asia	59,912	1.1	48,337	1.1	11,574	0.9	61,408	6.4
Central and South America	677,988	11.9	115,860	2.6	562,127	45.0	43,282	4.5
Middle East	—	—	—	—	—	—	592	0.1
Africa	—	—	—	—	—	—	—	—
International organizations	352,750	6.2	352,750	7.9	—	—	126,973	13.2
Total	¥5,694,235	100.0%	¥4,444,815	100.0%	¥1,249,420	100.0%	¥961,164	100.0%

Note: Applies to foreign securities and loans to non-residents within overseas investments

75. Yield on Overseas Loans and Investments (General Account)

		%		
Fiscal years ended March 31		2006	2005	2004
Yield on overseas loans and investments		4.34%	3.15%	3.82%

76. Summary of New Public Sector Investment Underwriting and Loans (General Account)

		Millions of Yen, %				
Fiscal years ended March 31		2006		2005		2004
Public bonds	National government bonds	¥287,154	83.5%	¥382,546	88.1%	¥177,628
	Local government bonds	748	0.2	1,169	0.3	2,530
	Subtotal	287,902	83.7	383,716	88.3	180,158
Loans	Public corporations and agencies	31,595	9.2	27,375	6.3	35,347
	Other public entities	24,534	7.1	23,285	5.4	12,305
	Subtotal	56,129	16.3	50,661	11.7	47,652
Total		¥344,032	100.0%	¥434,377	100.0%	¥227,810

77. Breakdown of Other Assets (General Account)

		Millions of Yen				
		Acquisition cost	Increase in current period	Decrease in current period	Accumulated depreciation	Balance at end of current period
Fiscal year ended March 31		2006				
Leaseholds	¥147,054	¥ 316	¥59,706	¥ —	¥ 87,664	
Intangible fixed assets	109,146	14,388	182	72,319	51,033	
Deferred assets	6,514	198	46	3,220	3,445	
Other	46,768	1,046	25,053	2,905	19,855	
Total	¥309,483	¥15,949	¥84,988	¥78,444	¥161,999	
Fiscal year ended March 31		2005				
Leaseholds	¥146,789	¥ 285	¥ 20	¥ —	¥147,054	
Intangible fixed assets	101,489	23,521	407	66,122	58,481	
Deferred assets	6,437	907	196	3,531	3,617	
Other	50,963	870	5,065	2,820	43,947	
Total	¥305,680	¥25,584	¥ 5,689	¥72,473	¥253,101	
Fiscal year ended March 31		2004				
Leaseholds	¥152,264	¥ —	¥ 5,474	¥ —	¥146,789	
Intangible fixed assets	105,002	24,911	1,410	72,184	56,319	
Deferred assets	6,853	79	395	3,435	3,100	
Other	58,376	698	8,112	5,638	45,324	
Total	¥322,497	¥25,688	¥15,393	¥81,259	¥251,534	

SECURITIES INDICATORS (GENERAL ACCOUNT)

78. Market Value of Securities (General Account)

1. Net valuation gains/losses of trading securities

As of March 31	2006		2005		2004	
	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses
Securities held for sale	¥178,037	¥16,333	¥146,787	¥5,834	¥156,939	¥12,607

Millions of Yen

Notes: 1. Money held in trust included in trading securities recorded on the balance sheets, and net valuation gains/losses included in profits/losses for the current period include net gains/losses related to derivative transactions.
2. Excludes cash, deposits and call loans within money held in trust included in trading securities.

2. Market value information of securities (with market value, other than trading securities)

As of March 31	2006					2005				
	Book value	Market value	Gains/losses	Gains	Losses	Book value	Market value	Gains/losses	Gains	Losses
Types of securities										
Policy-reserve-matching bonds	¥16,724,613	¥16,808,437	¥ 83,823	¥ 260,102	¥(176,278)	¥16,114,189	¥16,595,643	¥ 481,454	¥ 605,294	¥(123,840)
Held-to-maturity debt securities	94,272	93,530	(742)	74	(817)	151,860	152,786	926	926	—
Investments in subsidiaries and affiliates	54,454	114,415	59,961	59,961	—	53,718	77,244	23,526	23,526	—
Other securities	11,130,048	17,559,709	6,429,660	6,519,716	(90,055)	10,752,008	14,098,266	3,346,258	3,554,214	(207,955)
Domestic bonds	17,039	18,098	1,059	1,059	—	17,375	17,335	(40)	56	(97)
Domestic stocks	4,347,663	10,125,495	5,777,831	5,830,040	(52,208)	4,426,624	7,370,160	2,943,536	3,045,163	(101,627)
Foreign securities	5,075,419	5,707,491	632,072	669,248	(37,176)	4,661,346	5,055,238	393,892	497,793	(103,900)
Foreign bonds	4,343,439	4,705,632	362,192	386,019	(23,826)	3,902,742	4,171,105	268,363	332,176	(63,813)
Foreign stocks and other securities	731,979	1,001,859	269,879	283,229	(13,350)	758,603	884,133	125,529	165,617	(40,087)
Other securities	306,307	324,979	18,671	19,321	(649)	488,641	497,530	8,888	11,199	(2,310)
Monetary receivables purchased	651,617	651,643	25	41	(16)	916,020	916,003	(17)	0	(18)
Negotiable deposits	732,000	732,000	0	4	(3)	242,000	241,998	(1)	0	(1)
Total	¥28,003,389	¥34,576,092	¥6,572,703	¥6,839,854	¥(267,151)	¥27,071,776	¥30,923,941	¥3,852,165	¥4,183,961	¥(331,796)
Domestic bonds	¥15,842,655	¥15,926,419	¥ 83,763	¥ 252,960	¥(169,196)	¥15,375,825	¥15,847,024	¥ 471,198	¥ 594,735	¥(123,536)
Domestic stocks	4,402,118	10,239,910	5,837,792	5,890,001	(52,208)	4,480,342	7,447,405	2,967,062	3,068,690	(101,627)
Foreign securities	5,337,339	5,967,759	630,420	669,633	(39,213)	5,036,725	5,433,978	397,252	501,538	(104,286)
Foreign bonds	4,605,359	4,965,900	360,540	386,404	(25,863)	4,278,121	4,549,845	271,723	335,921	(64,198)
Foreign stocks and other securities	731,979	1,001,859	269,879	283,229	(13,350)	758,603	884,133	125,529	165,617	(40,087)
Other securities	306,307	324,979	18,671	19,321	(649)	488,641	497,530	8,888	11,199	(2,310)
Monetary receivables purchased	1,382,968	1,385,022	2,054	7,932	(5,878)	1,448,240	1,456,005	7,764	7,798	(33)
Negotiable deposits	732,000	732,000	0	4	(3)	242,000	241,998	(1)	0	(1)
Money held in trust	—	—	—	—	—	—	—	—	—	—

Millions of Yen

As of March 31	2004				
Types of securities	Book value	Market value	Gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥14,852,231	¥15,205,343	¥ 353,112	¥ 516,965	¥(163,852)
Held-to-maturity debt securities	201,944	202,055	110	628	(517)
Investments in subsidiaries and affiliates	53,718	80,394	26,676	26,676	—
Other securities	10,437,664	13,364,103	2,926,438	3,125,174	(198,735)
Domestic bonds	10,956	11,559	602	602	—
Domestic stocks	4,552,703	7,157,151	2,604,448	2,687,522	(83,074)
Foreign securities	4,537,959	4,864,741	326,781	433,032	(106,251)
Foreign bonds	3,764,554	4,014,057	249,503	307,505	(58,002)
Foreign stocks and other securities	773,405	850,683	77,278	125,527	(48,248)
Other securities	624,049	618,662	(5,386)	4,014	(9,401)
Monetary receivables purchased	570,995	570,989	(6)	0	(7)
Negotiable deposits	141,000	140,999	(1)	—	(0)
Total	¥25,545,559	¥28,851,897	¥3,306,337	¥3,669,444	¥(363,106)
Domestic bonds	¥14,304,223	¥14,652,932	¥ 348,708	¥ 512,316	¥(163,608)
Domestic stocks	4,606,422	7,237,546	2,631,124	2,714,199	(83,074)
Foreign securities	4,968,717	5,298,740	330,023	436,969	(106,946)
Foreign bonds	4,195,311	4,448,056	252,744	311,442	(58,697)
Foreign stocks and other securities	773,405	850,683	77,278	125,527	(48,248)
Other securities	624,049	618,662	(5,386)	4,014	(9,401)
Monetary receivables purchased	901,147	903,016	1,869	1,943	(74)
Negotiable deposits	141,000	140,999	(1)	—	(0)
Money held in trust	—	—	—	—	—

Notes: 1. This table includes negotiable deposits and other items deemed appropriate for handling as securities under the Securities and Exchange Act of Japan.
2. Money held in trust excludes cash, deposits and call loans within money held in trust.

78. Market Value of Securities (General Account), continued

2. Market value information of securities (with market value, other than trading securities), continued

Book value of securities without quoted market value

As of March 31	Millions of Yen					
	2006		2005		2004	
Policy-reserve-matching bonds	¥	—	¥	—	¥	—
Held-to-maturity debt securities		—		—		—
Unlisted foreign bonds		—		—		—
Other		—		—		—
Investments in subsidiaries and affiliates		282,803		282,129		277,869
Other securities		510,592		386,962		283,239
Unlisted domestic stocks (excluding over-the-counter stocks)		268,035		165,476		68,532
Unlisted foreign stocks (excluding over-the-counter stocks)		101,146		86,542		86,796
Unlisted foreign bonds		—		—		—
Other		141,410		134,943		127,910
Total		¥793,396		¥669,091		¥561,108

Note: Of securities without quoted market value, net losses on foreign exchange valuation of assets denominated in foreign currencies were as follows:
As of March 31, 2006, ¥10,642 million; as of March 31, 2005, ¥37,972 million; as of March 31, 2004, ¥43,152 million.

79. Data on Market Value of Money Held in Trust (General Account)

As of March 31	Millions of Yen		
	2006	2005	2004
Money held in trust			
Carrying value on balance sheets	¥177,037	¥144,614	¥155,054
Market value	177,037	144,614	155,054
Net unrealized gains/losses	—	—	—
Gains	—	—	—
Losses	—	—	—

Notes: 1. Market value calculations are based on prices rationally calculated by the trustee of money held in trust.
2. Amounts on the balance sheet include net gains/losses on derivative transactions within money held in trust.

Money held in trust for investment

As of March 31	Millions of Yen					
	2006		2005		2004	
	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses
Money held in trust for investment	¥177,037	¥16,333	¥144,614	¥5,833	¥155,054	¥12,606

Note: Money held in trust on the balance sheets and net valuation gains/losses included in current period include net gains/losses on derivative transactions.

80. Qualitative Information on Derivatives Transactions (General Account: Excludes Trading Securities)

1. Transaction details

The following are derivatives transactions that we use:

- Interest-related: interest futures, interest swaps, swaptions
- Currency-related: exchange contracts, currency options, currency swaps
- Stock-related: stock price index futures, stock price index options, stock options
- Bond-related: bond futures, bond futures options, bond sales with attached option

2. Policy

Given our goal of achieving efficient asset investment, we mainly use derivatives for the purpose of controlling investment risks.

3. Purpose

We mainly use derivatives to hedge and manage market risk exposures related to investment assets, in order to ensure stable profit from assets entrusted to us by our policyholders.

4. Risk details

The derivatives transactions we conduct involve market risks (fluctuations in interest rates, stock prices, currency exchange rates, etc.) and credit risks (transaction partner's inability to fulfill obligations due to bankruptcy, etc.). We recognize market risks as limited given that derivatives transactions are mainly for the purpose of controlling investment risks. In terms of credit risks, our transactions are through domestic and foreign exchange markets or with transaction counterparties with a high credit rating; thus, the risk of unfulfilled obligations remains low.

5. Risk management system

We established a system that maintains the necessary transaction limits for derivatives transactions based on the purpose and type of transaction. In addition, this system incorporates front office controls, whereby the back office confirms transaction details through collation with external vouchers. Furthermore, the system is designed such that the state of market risks, is monitored and analyzed quantitatively; information on the amount of risk, as well as on position and the status of profits and losses, is reported periodically to the Risk Management Committee.

6. Information regarding quantitative reports

(1) Supplementary explanation regarding notional amount (amount of contract)

The notional amounts for swap transactions and contract amounts of options transactions are nominal values related to interest conversions, etc., and not meant to indicate a level of risk amount.

The credit risk of derivatives transactions refers to latent costs required to replace the same position in the market when a transaction partner defaults. We calculate this risk using the current exposure method.

(2) Supplementary explanation regarding market price calculations

Futures and other market transactions:

Liquidation value or closing market price at year-end

Exchange contract and currency option:

We calculate theoretical values based on Time-to-Market (TTM) and discount rates obtained from brokers.

Interest swap transactions:

Theoretical present value calculated by discounting future cash flows based on published market interest rates.

(3) Supplementary explanation regarding transaction gains and losses

We mainly utilize derivative transactions as a complementary measure in controlling market risks inherent in spot investments.

For example, yen-interest swap transactions are used to manage the risk of interest rate exposure associated with yen-interest assets such as bonds, loans and short-term loans. For risks related to interest rate fluctuations, not simply risks based on interest rate predictions, we implement controls that take into account insurance debt characteristics from the perspective of Asset/Liability Management (ALM).

Therefore, gains and losses from interest rate swaps cannot be evaluated individually but should be reviewed on a combined basis with the related yen-interest spot assets.

Similarly, foreign exchange forward contracts and currency options transactions are used mainly to hedge foreign currency exchange fluctuations; it is thus necessary to measure profits combined with foreign bonds, stocks and other foreign currency spot assets.

7. Hedge accounting methods

Hedge accounting applied is the mark-to-market method, matching foreign exchange forward contracts with certain investment assets and special treatment for interest swap agreements.

The effectiveness of hedging activities is mainly evaluated by ratio analysis to compare market value movements on the hedging instruments and the positions being hedged in accordance with the internal risk management policies.

81. Credit Risk Amounts (General Account)

As of March 31	2006		2005		2004	
	Notional principal (Contract amount)	Credit risk estimate	Notional principal (Contract amount)	Credit risk estimate	Notional principal (Contract amount)	Credit risk estimate
Interest-rate swaps	¥ 325,100	¥ 1,661	¥ 750,000	¥13,590	¥ 905,460	¥ 27,410
Currency swaps	3,947	308	533	41	—	—
Foreign exchange forward contracts	2,232,710	25,514	2,730,264	29,380	2,357,936	82,199
Currency options (purchase)	674,647	11,445	630,895	6,308	629,571	11,663
Total	¥3,236,405	¥38,929	¥4,111,693	¥49,321	¥3,892,968	¥121,273

Note: Excludes currency-related derivatives corresponding to debts and credits denominated in foreign currencies.

82. Market Value of Derivatives Transactions, Combined Total with and without Hedge Accounting Applied (General Account)

General Account (excluding trading securities)

1. Breakdown of gains and losses, with and without hedge accounting applied

						Millions of Yen
	Interest	Currencies	Stocks	Bonds	Other	Total
As of March 31						2006
Hedge accounting applied	¥ (43)	¥(19,279)	¥—	¥—	¥—	¥(19,323)
Hedge accounting not applied	(225)	(1,252)	—	—	—	(1,478)
Total	¥ (269)	¥(20,532)	¥—	¥—	¥—	¥(20,801)
As of March 31						2005
Hedge accounting applied	¥ —	¥(54,206)	¥—	¥—	¥—	¥(54,206)
Hedge accounting not applied	7,621	(1,821)	—	—	—	5,799
Total	¥ 7,621	¥(56,028)	¥—	¥—	¥—	¥(48,406)
As of March 31						2004
Hedge accounting applied	¥ —	¥48,484	¥—	¥—	¥—	¥48,484
Hedge accounting not applied	16,989	13,835	—	—	—	30,824
Total	¥16,989	¥62,319	¥—	¥—	¥—	¥79,308

Note: Net gains/losses from applying the mark-to-market hedge accounting included in gains and losses on hedge accounting applied, and net gains/losses included in hedge accounting applied other than deferred gains to be amortized from the discontinuation of hedge accounting are recorded on the statements of operations.

2. Breakdown of interest-rate related derivative transactions

				Millions of Yen		
As of March 31				2006	2005	2004
Over-the-counter	Interest-rate swap	Variable interest-rate payment	Contract amount	¥175,100	¥550,000	¥600,000
		Fixed interest-rate receipt	Over 1 year	105,100	170,000	550,000
			Market value	(560)	8,679	19,167
			Gains/losses	(560)	8,679	19,167
		Variable interest-rate receipt	Contract amount	150,000	200,000	305,460
		Fixed interest-rate payment	Over 1 year	100,000	150,000	255,460
			Market value	291	(1,057)	(2,178)
			Gains/losses	291	(1,057)	(2,178)
Total			Net gains/losses	¥ (269)	¥ 7,621	¥ 16,989

Notes: 1. Gains/losses show the current market value: present value of swap transactions.

2. Gains/losses for March 31, 2006, 2005 and 2004 are recorded on the statements of operations as losses from derivative financial instruments, except for deferred gains to be amortized from the discontinuation of hedge accounting and instruments to which hedge accounting was applied.

82. Market Value of Derivatives Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

2. Breakdown of interest-rate related derivative transactions, continued (Reference) Interest-rate swap contracts by maturity

							Millions of Yen, %	
		1 year or under	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years	Total
As of March 31		2006						
Notional amount (receipts fixed/payments variable)		¥ 70,000	¥100,000	¥ —	¥ —	¥2,000	¥3,100	¥175,100
Average fixed rate (receipt)		1.11%	0.42%	—%	—%	1.92%	1.99%	0.74%
Average variable rate (payment)		0.08	0.08	—	—	0.11	0.11	0.08
Notional amount (payments fixed/receipts variable)		¥ 50,000	¥100,000	¥ —	¥ —	¥ —	¥ —	¥150,000
Average fixed rate (payment)		0.34%	0.56%	—%	—%	—%	—%	0.48%
Average variable rate (receipt)		0.08	0.08	—	—	—	—	0.08
As of March 31		2005						
Notional amount (receipts fixed/payments variable)		¥380,000	¥120,000	¥ 50,000	¥ —	¥ —	¥ —	¥550,000
Average fixed rate (receipt)		3.00%	0.79%	0.49%	—%	—%	—%	2.29%
Average variable rate (payment)		0.08	0.08	0.08	—	—	—	0.08
Notional amount (payments fixed/receipts variable)		¥ 50,000	¥100,000	¥ 50,000	¥ —	¥ —	¥ —	¥200,000
Average fixed rate (payment)		1.30%	0.41%	0.64%	—%	—%	—%	0.69%
Average variable rate (receipt)		0.08	0.08	0.08	—	—	—	0.08
As of March 31		2004						
Notional amount (receipts fixed/payments variable)		¥ 50,000	¥450,000	¥100,000	¥ —	¥ —	¥ —	¥600,000
Average fixed rate (receipt)		1.12%	2.70%	0.42%	—%	—%	—%	2.19%
Average variable rate (payment)		0.08	0.08	0.08	—	—	—	0.08
Notional amount (payments fixed/receipts variable)		¥ 50,000	¥100,000	¥100,000	¥52,620	¥2,840	¥ —	¥305,460
Average fixed rate (payment)		1.08%	0.82%	0.56%	1.32%	1.37%	—	0.87%
Average variable rate (receipt)		0.08	0.08	0.08	0.07	0.08	—	0.08

3. Currency-related

					Millions of Yen		
As of March 31					2006	2005	2004
Over-the-counter	Foreign exchange forward contracts	Sold	U.S. Dollar	Contract amount	¥1,166,505	¥1,375,919	¥1,473,597
				Over 1 year	—	—	—
				Market value	1,166,225	1,412,739	1,448,649
		Net gains/losses	280	(36,819)	24,947		
		Euro	Contract amount	832,125	771,590	853,319	
			Over 1 year	—	—	—	
	Market value		850,888	788,911	820,384		
	Net gains/losses	(18,762)	(17,321)	32,934			
	Other, net	Contract amount		2,131,986	2,170,978	2,349,366	
		Over 1 year		—	—	—	
	Market value		2,151,341	2,226,071	2,291,488		
	Net gains/losses		(19,354)	(55,092)	57,877		
	Purchased	U.S. Dollar	Contract amount	81,353	502,526	66,863	
			Over 1 year	—	—	—	
Market value			81,369	504,192	66,448		
Net gains/losses		15	1,666	(414)			
Euro		Contract amount	—	—	—		
		Over 1 year	—	—	—		
		Market value	—	—	—		
Net gains/losses		—	—	—			
Other, net		Contract amount		81,353	502,526	66,863	
		Over 1 year		—	—	—	
Market value		81,369	504,192	66,448			
Net gains/losses		15	1,666	(414)			

82. Market Value of Derivatives Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

3. Currency-related, continued

As of March 31					2006	2005	2004	
Over-the-counter	Currency option	Sold	Call	U.S. Dollar	Contract amount	¥411,145 [1,139]	¥477,885 [974]	¥ 58,129 [376]
					Over 1 year	—	—	—
					Market value	344	1,854	97
					Net gains/losses	795	(880)	279
				Euro	Contract amount	28,562 [121]	41,661 [223]	70,884 [462]
					Over 1 year	—	—	—
					Market value	45	183	129
					Net gains/losses	76	39	333
				Other, net	Contract amount	439,707 [1,261]	534,244 [1,273]	158,522 [951]
					Over 1 year	—	—	—
					Market value	389	2,140	292
					Net gains/losses	872	(867)	659
			Put	U.S. Dollar	Contract amount	—	—	—
					Over 1 year	—	—	—
					Market value	—	—	—
					Net gains/losses	—	—	—
				Euro	Contract amount	—	—	—
					Over 1 year	—	—	—
					Market value	—	—	—
					Net gains/losses	—	—	—
				Other, net	Contract amount	—	—	—
					Over 1 year	—	—	—
					Market value	—	—	—
					Net gains/losses	—	—	—
		Purchased	Call	U.S. Dollar	Contract amount	—	—	200,811
					Over 1 year	—	—	[1,014]
					Market value	—	—	153
					Net gains/losses	—	—	(860)
				Euro	Contract amount	—	—	—
					Over 1 year	—	—	—
					Market value	—	—	—
					Net gains/losses	—	—	—
				Other, net	Contract amount	—	—	200,811
					Over 1 year	—	—	[1,014]
					Market value	—	—	153
					Net gains/losses	—	—	(860)
			Put	U.S. Dollar	Contract amount	646,085 [5,289]	574,536 [1,821]	274,794 [2,424]
					Over 1 year	117,470 [2,637]	—	—
					Market value	3,319	268	7,217
					Net gains/losses	(1,970)	(1,553)	4,792
				Euro	Contract amount	28,562 [115]	41,661 [222]	122,436 [900]
					Over 1 year	—	—	—
					Market value	8	96	1,133
					Net gains/losses	(106)	(125)	232
				Other, net	Contract amount	674,647 [5,404]	630,895 [2,116]	428,760 [3,430]
					Over 1 year	117,470 [2,637]	—	—
					Market value	3,327	381	8,488
					Net gains/losses	(2,077)	(1,735)	5,058
		Currency Swap		U.S. Dollar	Contract amount	3,947	533	—
					Over 1 year	3,947	533	—
					Market value	12	0	—
					Net gains/losses	12	0	—
				Other, net	Contract amount	3,947	533	—
					Over 1 year	3,947	533	—
					Market value	12	0	—
					Net gains/losses	12	0	—
Total					Net gains/losses	¥(20,532)	¥ (56,028)	¥ 62,319

Notes: 1. Brackets show option fees recorded on the balance sheets. However, these option fees include commitments made as of the balance sheet date.

2. Net gains/losses shows the difference between the contract amount and market value for forward agreements, the difference between option fees and market value for options transactions, and the current market value for swap transactions.

3. Except for transactions with hedge accounting applied, net gains/losses are recorded on the statements of operations as losses from derivative financial instruments, net.

82. Market Value of Derivatives Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

4. Stock-related

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

5. Bond-related

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

6. Other

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

SEPARATE ACCOUNT INDICATORS

83. Separate Account Asset Balance

As of March 31	2006		2005		2004	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Individual variable insurance	¥ 189,054	8.1%	¥ 167,264	7.8%	¥ 170,267	
Individual variable annuities	251,724	10.8	201,667	9.4	147,744	
Group annuities	1,893,728	81.1	1,780,254	82.8	1,958,438	
Separate Account total	¥2,334,507	100.0%	¥2,149,186	100.0%	¥2,276,451	

About the General Account and Separate Account

A life insurance company classifies and manages its assets in two accounts, the separate account and the general account.

Individual variable insurance, individual variable annuities and certain group pensions, which change in terms of insurance amount and accumulated value based on investment performance in assets, are managed as a separate account with a clear division from the general account.

84. Status of Separate Account Assets for Individual Variable Insurance

Fiscal 2005 saw significant increases in the domestic stock market due to expectations surrounding economic recovery signaling the end of a period marked by deflation, with the Nikkei stock average increasing 46.20%. In addition, a weaker yen and stronger dollar (an approximate decrease of ¥1 against the dollar), coupled with rises in foreign stock prices, supported favorable investment performance in foreign currency denominated assets. Under these investment conditions, fiscal 2005 investment yield for individual variable insurance jumped 21.55%, a substantial increase over the previous fiscal year.

This also represented an increase of 73.48% (2.88% on an annualized basis) in investment yield in comparison with November 1, 1986, when investment was first undertaken.

In individual variable annuities, we continued our investment policy of holding a certain amount of cash and deposits to prepare for changes in insurance policies, while maintaining in principle a high allocation ratio in investment trusts, the main investment vehicle for the separate account.

Investment Return on the Separate Account for Individual Variable Insurance

Investment return on the separate account for individual variable insurance reflects growth rates on premiums received from policyholders, less portions allocated for death protection, and is not total insurance premiums.

STATUS OF SEPARATE ACCOUNT FOR INDIVIDUAL VARIABLE INSURANCE

85. Amounts of Policies in Force (Separate Account for Individual Variable Insurance)

As of March 31	2006		2005		2004	
	Number of Policies	Millions of Yen	Number of Policies	Millions of Yen	Number of Policies	Millions of Yen
Variable life insurance (defined term type)	3,683	¥ 20,063	3,910	¥ 22,052	4,146	¥ 23,524
Variable life insurance (whole life type)	41,510	701,083	42,617	726,298	43,613	754,934
Total	45,193	¥721,147	46,527	¥748,351	47,759	¥778,458

Note: Amounts include term life insurance riders.

86. Breakdown of Separate Account Assets Year-End Balance (Individual Variable Insurance)

As of March 31	Millions of Yen, %					
	2006		2005		2004	
Cash, deposits and call loans	¥ 6,011	3.2%	¥ 8,009	4.8%	¥ 8,002	
Securities	173,566	91.8	148,246	88.6	150,786	
Domestic bonds	39,660	21.0	54,002	32.3	56,620	
Domestic stocks	75,962	40.2	51,746	30.9	55,620	
Foreign securities	57,943	30.6	42,497	25.4	38,545	
Foreign bonds	17,512	9.3	20,265	12.1	12,228	
Foreign stocks and other securities	40,431	21.4	22,231	13.3	26,317	
Other securities	—	—	—	—	—	
Loans receivable	—	—	—	—	—	
Other	9,476	5.0	11,009	6.6	11,479	
Allowance for doubtful accounts	—	—	—	—	—	
Total	¥189,054	100.0%	¥167,264	100.0%	¥170,267	

87. Investment Income from Separate Account (Individual Variable Insurance)

Fiscal years ended March 31	Millions of Yen		
	2006	2005	2004
Interest, dividends and other income	¥ 2,993	¥ 2,806	¥ 2,760
Gains on sales of securities	10,448	7,488	6,769
Gains from redemption of securities	—	5	0
Gains on valuation of securities	20,469	(1,426)	9,439
Foreign exchange, net	17	—	—
Gains from derivative financial instruments	347	18	39
Other income	2	4	3
Losses on sales of securities	2,595	3,542	10,668
Losses from redemption of securities	19	13	3
Losses on valuation of securities	(1,473)	(732)	(16,505)
Foreign exchange, net	—	12	44
Losses from derivative financial instruments	—	—	—
Other expenses	2	1	3
Net income	¥33,134	¥ 6,060	¥24,799

Notes: 1. Investment income and investment expenses related to the separate account are recorded on the statements of operations as gains/losses from separate account, net.
2. Net gains/losses on valuation of securities contain reversal for net gains/losses on valuation of securities from the previous fiscal year.

88. Data on Market Value of Securities in Separate Account (Individual Variable Insurance)

Net valuation gains/losses on securities held for sale

As of March 31	Millions of Yen					
	2006		2005		2004	
	Carrying value on balance sheets	Net valuation gain/loss included in profits/losses	Carrying value on balance sheets	Net valuation gain/loss included in profits/losses	Carrying value on balance sheets	Net valuation gain/loss included in profits/losses
Securities held for sale	¥173,566	¥21,943	¥148,246	¥(694)	¥150,786	¥25,945

89. Data on Market Value of Money Held in Trust in Separate Account (Individual Variable Insurance)

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

90. Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Insurance)

(1) Transaction detail

The following derivative transactions are currently used in the separate account.

Currency related: Foreign exchange contract transactions

Stock related: Stock index futures transactions

(2) Policy

Derivative transactions are used as complementary instruments with the aim of efficient asset investment, and are not used for speculative purposes to gain profit.

(3) Purpose

Derivative transactions are used to hedge against market risks that relate to assets held.

(4) Risk detail

Derivative transactions conducted in the separate account are exposed to market risk (price fluctuation and foreign exchange risks). With respect to credit risk, our transactions are implemented through domestic exchange markets or counterparties with high credit ratings, so that the credit risk is extremely low.

(5) Risk management system

Transaction execution is governed by internal rules such as limitations on transaction amounts. Transactions are executed under a framework including front office and back office functions, where the back office is completely separated from the front office and confirms transactions by verifying external vouchers.

(6) Supplementary explanation of quantitative information

Market transactions such as futures transactions use liquidation value or settlement prices to determine market value.

Foreign exchange contracts use theoretical prices calculated by Nippon Life as based on reference prices such as TTM and discount rates, other than matched to certain credits and debits denominated in foreign currency.

As to derivative transactions for the separate account for individual variable insurance we do not apply hedge accounting.

91. Qualitative Data on Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Insurance)

1. Breakdown of Separate Account gains/losses, with and without hedge accounting applied

Millions of Yen						
	Interest	Currencies	Stocks	Bonds	Other	Total
As of March 31						
2006						
Hedge accounting applied	¥—	¥—	¥—	¥—	¥—	¥—
Hedge accounting not applied	—	3	128	—	—	131
Total	¥—	¥ 3	¥128	¥—	¥—	¥131
As of March 31						
2005						
Hedge accounting applied	¥—	¥—	¥—	¥—	¥—	¥—
Hedge accounting not applied	—	(9)	—	—	—	(9)
Total	¥—	¥ (9)	¥—	¥—	¥—	¥ (9)
As of March 31						
2004						
Hedge accounting applied	¥—	¥—	¥—	¥—	¥—	¥—
Hedge accounting not applied	—	3	—	—	—	3
Total	¥—	¥ 3	¥—	¥—	¥—	¥ 3

Note: Net gains/losses on separate account without hedge accounting applied are recorded on the statements of operations.

2. Interest rate-related

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

3. Currency-related

Millions of Yen							
As of March 31				2006	2005	2004	
Over-the-counter	Currency options	Sold	U.S. Dollar	Contract amount	¥1,303	¥1,212	¥—
				Over 1 year	—	—	—
				Market value	1,304	1,246	—
				Net gains/losses	(1)	(34)	—
			Euro	Contract amount	67	277	783
				Over 1 year	—	—	—
				Market value	67	277	767
				Net gains/losses	(0)	0	16
			British Pound	Contract amount	764	—	—
				Over 1 year	—	—	—
				Market value	765	—	—
				Net gains/losses	(1)	—	—
			Other, net	Contract amount	2,135	1,612	783
				Over 1 year	—	—	—
				Market value	2,138	1,648	767
				Net gains/losses	(3)	(36)	16
		Purchased	U.S. Dollar	Contract amount	915	808	764
					Over 1 year	—	—
				Market value	914	830	752
				Net gains/losses	(0)	22	(12)
			Euro	Contract amount	1,109	—	—
				Over 1 year	—	—	—
				Market value	1,116	—	—
				Net gains/losses	7	—	—
			Canadian Dollar	Contract amount	—	—	—
				Over 1 year	—	—	—
				Market value	—	—	—
				Net gains/losses	—	—	—
			Other, net	Contract amount	2,172	1,585	764
				Over 1 year	—	—	—
				Market value	2,178	1,612	752
				Net gains/losses	6	26	(12)
Total				Net gains/losses	¥ 3	¥ (9)	¥ 3

Notes: 1. Net gains/losses shows the difference between contract amount and market value for forward transactions.

2. Net gains/losses was recorded as gains from separate account, net for March 31, 2006, 2005 and 2004 on the statements of operations.

4. Stock-related

				Millions of Yen		
As of March 31				2006	2005	2004
Stock exchange	Stock index futures	Sold	Contract amount	¥ —	¥ —	¥ —
			Over 1 year	—	—	—
			Market value	—	—	—
			Net gains/losses	—	—	—
		Purchased	Contract amount	1,582	—	—
			Over 1 year	—	—	—
			Market value	1,710	—	—
			Net gains/losses	128	—	—
Total			Net gains/losses	¥ 128	¥ —	¥ —

Notes: 1. Net gains/losses shows the difference between contract amount and market value for forward transactions.
2. Net gains/losses was recorded as gains from separate account, net for March 31, 2006 on the statements of operations.

5. Bond-related

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

6. Other

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

STATUS OF SEPARATE ACCOUNT FOR INDIVIDUAL ANNUITIES

92. Amounts of Policies in Force (Separate Account for Individual Variable Annuities)

		Number of Policies, Millions of Yen					
As of March 31		2006		2005		2004	
		Policies	Value	Policies	Value	Policies	Value
Individual variable annuities		29,067	¥251,710	26,609	¥201,493	19,933	¥147,508

Note: Amounts represent policy reserves

93. Breakdown of Separate Account Assets Year-End Balance (Separate Account for Individual Variable Annuities)

		Millions of Yen, %					
As of March 31		2006		2005		2004	
		Value	%	Value	%	Value	%
Cash, deposits and call loans		¥ 7,000	2.8%	¥ 6,000	3.0%	¥ 7,000	4.7%
Securities		237,996	94.5	188,217	93.3	134,220	90.8
Domestic bonds		28,203	11.2	24,457	12.1	6,247	4.2
Domestic stocks		—	—	—	—	—	—
Foreign securities		—	—	—	—	—	—
Foreign bonds		—	—	—	—	—	—
Foreign stocks and other securities		—	—	—	—	—	—
Other securities		209,792	83.3	163,759	81.2	127,973	86.6
Loans receivable		—	—	—	—	—	—
Other		6,728	2.7	7,449	3.7	6,524	4.4
Allowance for doubtful accounts		—	—	—	—	—	—
Total		¥251,724	100.0%	¥201,667	100.0%	¥147,744	100.0%

94. Investment Income from Separate Account (Separate Account for Individual Variable Annuities)

		Millions of Yen		
Fiscal years ended March 31		2006	2005	2004
Interest, dividend and other income		¥ 6,032	¥1,454	¥ 724
Gains on sales of securities		54	5	0
Gains from redemption of securities		—	—	—
Gains on valuation of securities		35,184	2,933	12,373
Foreign exchange, net		—	—	—
Gains from derivative financial instruments		—	—	—
Other income		0	0	0
Losses on sales of securities		74	141	187
Losses from redemption of securities		—	—	—
Losses on valuation of securities		(619)	(519)	(5,912)
Foreign exchange, net		—	—	—
Losses from derivative financial instruments		—	—	—
Other expenses		—	—	—
Net income		¥41,817	¥4,771	¥18,823

Notes: 1. Investment income and expenses for investment in the separate account are lumped together and shown as gains from separate account, net, or as losses from separate account in the Statements of Operations.
2. Gains on valuation of securities and valuation losses include reversal gains/losses on valuation of securities from the respective preceding fiscal years.

95. Market Value of Securities in Separate Account (Separate Account for Individual Variable Annuities)

Net valuation gains/losses on securities held for sale

As of March 31	2006		2005		2004	
	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses	Carrying value on balance sheets	Net valuation gains/losses included in profits/losses
Securities held for sale	¥237,996	¥35,803	¥188,217	¥3,452	¥134,220	¥18,285

Millions of Yen

96. Market Value of Money Held in Trust in Separate Account (Separate Account for Individual Variable Annuities)

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

97. Qualitative Data on Derivatives Transactions in Separate Account (Separate Account for Individual Variable Annuities)

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

98. Data on Market Value of Derivatives Transactions in Separate Account, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Annuities)

No data as there was not an ending balance from the 2003 fiscal year-end to the fiscal 2005 year-end.

STATUS OF SEPARATE ACCOUNT FOR GROUP ANNUITIES

99. Separate Account Assets by Product (Separate Account for Group Annuities)

As of March 31	2006		2005		2004	
Separate account 1st treaty	¥1,797,140	¥1,665,021	¥1,836,308			
Comprehensive account	1,348,966	1,237,576	1,361,405			
Account by investment categories	448,173	427,444	474,903			
Separate account 2nd treaty	92,959	114,028	115,077			
Separate account 3rd treaty	—	—	6,692			
Government variable annuities fund	—	—	—			
Defined contribution pension plans	3,627	1,205	359			
Total	¥1,893,728	¥1,780,254	¥1,958,438			

Millions of Yen

Separate account 1st treaty: Joint management of several pension funds and qualified retirement pension funds

Comprehensive account: Balanced portfolio management

Account by investment categories: Investments made in specific assets for closer matching with customer needs

Separate account 2nd treaty: Independent management of annuity assets for each customer

Separate account 3rd treaty: Joint management of funds allocated to annuity and other benefits within several pension funds

Government variable annuities fund: Independently managed government public pension assets

Defined contribution pension plans: Jointly managed funds for defined contribution pensions

100. Status of First Treaty—Comprehensive Account (Separate Account for Group Annuities)

(1) Asset management principles and fiscal 2005 performance

Asset management principles

The comprehensive account aims to achieve a balanced portfolio, with goals of moderate-risk, moderate-return.

Based on the standard asset allocation* used to benchmark asset allocation over the medium to long term, we make adjustments to asset allocation in response to changes in domestic and foreign financial and economic developments. At the same time, we aim to improve total profitability through appropriate risk management for each asset.

*Note: Standard asset allocation refers to that asset allocation considered best based on a medium- to long-term investment period under a certain degree of risk tolerance.

Performance in fiscal 2005

Domestic and foreign stocks recorded significant rises, with the Nikkei stock average jumping 46.2% and the Dow Jones industrial average climbing 5.8%. The yen also depreciated in value against the euro (down ¥4) and the U.S. dollar (down ¥11). As a result, we recorded significant gains in investment return for both domestic stocks and foreign currency-denominated assets (domestic stocks: 45.86%; foreign securities: 7.61%; foreign stocks: 28.97%). This led to a 21.08% asset management return (gains in unit price) for the fiscal year under review.

(2) Asset allocation in fiscal year 2005 (Comprehensive Account)

	Standard asset allocation		Asset allocation results (Fiscal year)					Asset management results compared with standard asset allocation
	New standard (From Jan. 2006)	Old standard (Until Dec. 2005)	2006				2005	
			End of Mar.	End of Dec.	End of Sept.	End of June	End of Mar.	
Yen denominated bonds, etc.	30.0%	38.0%	23.7%	28.8%	31.4%	36.3%	37.1%	We distributed less than the old standard early in the fiscal year. Later, distribution was decreased significantly compared with the old standard. The 4Q distribution was less than the new standard.
Yen denominated stocks	35.0	33.0	41.2	39.2	35.5	30.8	31.0	Distribution was less than the old standard at the start of the fiscal year, but we took a higher position compared with the old standard in 2Q. In 4Q, we also took a higher position compared with the new standard.
Foreign currency denominated bonds	12.0	10.0	9.8	7.3	11.4	13.0	12.8	We started the fiscal year with a lower position than the old standard, and decreased distribution in 3Q compared with the old standard. The 4Q distribution was lower than the new standard.
Foreign currency denominated stocks	20.0	16.0	21.9	21.8	18.7	15.9	15.1	We took a lower position compared with the old standard at the start of the fiscal year, but shifted to a higher position relative to the old standard in 2Q. The 4Q distribution was higher than the new standard.
Call loans and other short term assets	3.0	3.0	3.4	2.9	3.0	3.9	4.0	—
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—

Note: Standard asset allocation was reevaluated as of January 2006.

(3) Movement of market value balance by asset (Comprehensive Account)

As of March 31	Millions of Yen		
	2006	2005	2004
	Market value	Market value	Market value
Yen denominated bonds, etc.	¥ 316,079	¥ 450,344	¥ 528,179
Yen denominated bonds	316,079	450,344	511,663
Convertible bonds	—	—	16,516
Loans receivable	—	—	—
Yen denominated stocks	551,116	375,638	443,091
Foreign currency denominated bonds	130,708	155,895	102,909
Foreign currency denominated stocks	292,296	182,809	230,969
Call loans and other short term assets	46,078	48,596	50,221
Total	¥1,336,277	¥1,213,281	¥1,355,369

(4) Investment return ratio (Comprehensive Account)

Fiscal years ended March 31	2006	2005	2004
Unit price fluctuation	21.08%	4.44%	17.25%

101. Status of First Treaty—Accounts by Investment Categories (Separate Account for Group Annuities)

(1) Asset management principles and fiscal 2004 performance (accounts by investment categories)

1. Domestic bond accounts

• Asset management methods

We make necessary adjustments to bring our portfolio mix in line with benchmarks for duration, maturity structure and portfolio diversification. We minimize credit risk by investing primarily in investment-grade securities.

Benchmark: *Nomura Bond Performance Index (overall)*

• Performance in fiscal 2005

After starting with a portfolio duration shorter than market benchmarks, we shifted to a long stance in early May upon the increase in long-term interest rates. In late May, however, we again shortened the duration of the portfolio. Later, we shifted to a neutral-to-short stance in expectation of a rise in long-term interest rates in accordance with the lifting of the government policy of quantitative monetary easing. We brought the portfolio to a long stance in late February, judging that bonds had been oversold after market expectations for expansion in domestic and overseas economies. By the end of the fiscal year, we had adjusted the portfolio to a neutral-to-long stance.

2. Domestic equities accounts

• Asset management methods

Our stock selection process emphasizes analysis of fundamentals, and we make adjustments as necessary to bring our portfolio mix in line with market benchmarks.

Benchmark: *TOPIX (dividends included)*

• Performance in fiscal 2005

Based on analysis of medium- and long-term growth prospects through our stock valuation system (SVS), we worked to add stocks with projected high returns into our portfolio. As a result, our portfolio throughout the fiscal year showed an overweighting of chemical, nonfer-

rous metals and transportation equipment shares, and an underweighting of information technology, wholesale and foods.

3. OTC/small-cap equities accounts

• Asset management principles

Our stock selection process emphasizes analysis of fundamentals, and we make necessary adjustments to keep our portfolio in line with benchmarks for portfolio mix and market diversification. Our primary investment targets are yen-denominated small-cap equities listed on the first section of the Tokyo Stock Exchange (TSE) and yen-denominated equities not listed on the first section of the TSE.

Benchmark: *Russell/Nomura Japan stock index (small-cap index)*

• Performance in fiscal 2005

For the entire fiscal year, we continued our overweighting of the export-processing sector in our portfolio mix. The consumer/retail sector shifted from underweight to overweight, and we increased our underweighting of the public works/infrastructure sector.

4. Foreign bond accounts

We make adjustments as necessary to keep our portfolio in line with benchmarks for duration, country mix and currency mix. As a means of minimizing credit risk, we invest mainly in bonds of leading industrialized nations.

Benchmark: *Citigroup Global Bond Index (excluding Japan, yen-based)*

• Performance in fiscal 2005

In the first half of the fiscal year, we kept sector dispersion risk under control relative to market benchmarks. In the second half of the fiscal year, however, we were underweight in the banking sector and expanded our overweight position in the service and retail sectors. In picking individual stocks, we focused on growth prospects and sought out issues that

appeared to be undervalued, actively substituting attractive stocks for less attractive stocks throughout the year.

5. Foreign bond accounts with currency hedging

• Asset management principles

We make any necessary adjustments to keep our portfolio in line with benchmarks for duration and country mix. As a means of minimizing credit risk, we invest mainly in bonds of leading industrialized nations. In principle, we use currency hedges as a means of avoiding currency risk.

Benchmark: Citigroup World Government Bond Index (excluding Japan, yen-hedge basis)

• Performance in fiscal 2005

We made flexible adjustments to the duration throughout the fiscal year. In terms of country mix, we shifted to an overweight position in dollar-based securities relative to European securities and sterling securities from the second quarter onward. In European securities, we maintained an overweight position in Italian securities throughout the year.

6. Foreign equities accounts

• Asset management principles

Our stock selection process emphasizes analysis of fundamentals, and we make adjustments as necessary to bring our portfolio mix in line with market benchmarks for country mix, currency mix and industry sector mix.

Benchmark: Morgan Stanley Capital International Kokusai Index (dividend reinvestment, yen-basis, excluding withholding tax)

• Performance in fiscal 2005

A breakdown by region shows that we adjusted our portfolio based upon underweighting North America, a neutral stance in Europe, and overweighting Asia and Oceania. In the fourth quarter, however, we shifted to a neutral stance on North America and underweighting for Europe. A breakdown by industry/sector shows that we adjusted our weighting based on market trends and interest rate developments. In selecting individual stocks, we made our choices based on ratings utilizing our SVS.

7. Money market accounts

• Asset management principles

These accounts are invested in call loans, deposits and other short-term financial instruments, with the aim of achieving stable income gains.

Benchmark: Weighted average of unsecured call loan (overnight) rates

• Performance in fiscal 2005

Interest rates on call loans and term deposits remained low throughout the year due to the Bank of Japan's quantitative easing policy; in the interest of maintaining liquidity, we invested mainly in unsecured overnight call loans throughout the year.

(2) Market value breakdown by investment category

As of March 31	Millions of Yen		
	2006	2005	2004
	Market value	Market value	Market value
Domestic bond accounts	¥155,842	¥124,046	¥125,092
Convertible bond accounts	—	—	283
Domestic stock accounts	125,465	109,591	108,985
OTC/small-cap equities accounts	5,267	2,820	2,867
Foreign bond accounts	53,668	66,391	54,954
Foreign bond accounts with currency hedging	12,099	15,626	8,427
Foreign equities accounts	51,766	34,933	33,798
Emerging company stock accounts	—	—	0
Money market accounts	35,776	59,692	128,450
Total	¥439,883	¥413,099	¥462,857

(3) Investment return ratio (investment specific)

As of March 31	%		
	2006	2005	2004
	Unit price fluctuation	Unit price fluctuation	Unit price fluctuation
Domestic bond accounts	(1.38)%	1.90%	(1.70)%
Convertible bond accounts	—	—	4.44
Domestic stock accounts	49.86	1.76	47.02
OTC/small-cap equities accounts	45.53	15.49	74.91
Foreign bonds accounts	7.01	12.60	0.61
Foreign bond accounts with currency hedging	(0.93)	2.56	3.11
Foreign stocks accounts	30.54	12.63	19.23
Emerging company stock accounts	—	—	38.62
Money market accounts	0.02	0.01	0.01

Note: Percentage changes are shown for convertible bond accounts in fiscal 2004 until February 2004, and shown for emerging company stock accounts in fiscal 2004 until November 2003.

STATUS OF FINANCIAL ASSETS (CONSOLIDATED)

102. Nippon Life Group Performance

■ Performance Overview in Fiscal Year Under Review

In the fiscal year under review, the Japanese economy experienced a moderate recovery, boosted by improvements in corporate earnings and increases in capital spending. The strong conditions in the corporate sector did not, however, carry over sufficiently to the household sector and consumer spending.

Under these economic conditions, the Nippon Life Group unified its efforts and concentrated on improving services and developing products to provide customers with the finest in comprehensive insurance services. Specifically, we took the following measures in the four fields of life insurance, non-life insurance, asset management and information systems.

The Nippon Life Group has 12 consolidated subsidiaries and 6 equity-method affiliates.

Non-Life Insurance Field

As a part of providing comprehensive insurance services, Nippon Life continued to promote the sales of non-life insurance in the individual market through sales representatives acting as agents of Nissay Dowa General Insurance. At the same time, we continued efforts to market non-life insurance in the corporate market by jointly developing business with Nissay Dowa General Insurance.

In fiscal 2005, net premiums written at Nissay Dowa General Insurance remained mostly level with the previous fiscal year at ¥321.7 billion ($\pm 0.0\%$), impacted by decreases in insurance premiums in the core automobile insurance field. On the other hand, net claims paid dropped sharply to ¥177.3 billion, down 11.1% year on year as a result of a significant decline in the occurrence of natural disasters. As a result of further streamlining efforts, general and administrative expenses fell 2.9% to ¥49.2 billion. Accordingly, income before income taxes at Nissay Dowa General Insurance rose 9.2% to ¥11.7 billion and net income increased 45.4% to ¥7.3 billion.

Asset Management Field

Nissay Asset Management strives to meet the diversifying and growing asset-building needs of its individual customers and the employee benefit planning needs of its corporate customers by offering a broad range of investment products and services.

In the fiscal year ended March 31, 2006, Nissay Asset Management's total assets in the investment advisory business* increased 2.5% to ¥4,955.9 billion, with a contract termination by a significant public-pensions customer offset by increases in the market value of management assets. In the investment trusts business, while account balances of core product Nissay / Putnam Income Open topped ¥1 trillion during the fiscal year, subsequent declines in outstanding value led to a decrease of 1.1% in total assets under management to ¥2,079.4 billion. As a result, income before income taxes at Nissay Dowa General Insurance rose 0.4% to ¥4.1 billion and net income increased 1.9% to ¥2.4 billion.

*Total assets in the investment advisory business of Nissay Asset Management are shown at market price. Accordingly, the rate of increase used is calculated using total investment advisory assets at market value during fiscal 2004.

Information Technology Field

Nissay Information Technology strived to increase the sophistication and efficiency of business systems as a part of ongoing efforts to improve customer

services. To comply with the Personal Information Protection Law and strengthen assessment functions, we advanced with efforts to reconstruct our underwriting system.

In fiscal 2005, Nissay Information Technology saw a continued decline in sales from the Nippon Life Group, and steady expansion of its customer base in fields outside of the Nippon Life Group, including the insurance, medicine and asset management fields. As a result, sales rose 6.2% to ¥36.8 billion, income before income taxes climbed 25.2% to ¥260 million and net income declined 15.0% to ¥150 million.

Conclusion

As a result of these overall activities, consolidated total revenues amounted to ¥6,924.3 billion, an increase of 6.5% from the previous fiscal year. Total expenditures increased 5.9% to ¥6,494.4 billion. Income before income taxes climbed 15.2% from the previous fiscal year to ¥429.8 billion. Extraordinary profits for the fiscal year amounted to ¥1.4 billion and extraordinary losses were ¥166.4 billion. After income taxes, tax adjustments and minority interests, surplus in the current year increased 1.2% to ¥205.2 billion. On the consolidated balance sheets, surplus at the end of the fiscal year amounted to ¥438.3 billion, and total assets grew 8.7% to ¥50,831.2 billion.

103. Principal Indicators of Operating Performance (Consolidated)

Fiscal years ended March 31	Billions of Yen, Number		
	2006	2005	2004
Total revenues	¥ 6,924.3	¥ 6,504.3	¥ 7,211.1
Operating income	429.8	373.0	382.2
Surplus in the current year	205.2	202.7	198.6
Total assets (at year-end)	50,831.2	46,777.9	45,492.3
Net cash provided by (used in) operating activities	492.5	97.7	(46.0)
Net cash provided by (used in) investing activities	(85.7)	58.4	363.9
Net cash provided by (used in) financing activities	120.8	(54.5)	(55.9)
Cash and cash equivalents at the end of year	2,006.0	1,470.3	1,381.1
Number of consolidated subsidiaries and affiliates (at year-end)	12	13	13
Number of affiliates accounted for under the equity method (at year-end)	6	6	6
Number of employees*	68,545	69,182	70,073

Notes: 1. Number of employees shows the total number of employees at Nippon Life and its consolidated subsidiaries excluding employees on loan to other companies at the fiscal year-end.

2. Cash flows from operating activities, excluding impact from transfer of group annuity assets of ¥(1,172.7) billion to Nissay Asset Management Corporation, totaled ¥1,007.2 billion, and the increase in cash and cash equivalents was ¥52.6 billion.

104. Status of Non-Performing Assets According to Borrower Classification (Consolidated)

As of March 31	Millions of Yen		
	2006	2005	2004
Bankrupt and Quasi-Bankrupt	¥ 13,691	¥ 13,201	¥ 18,731
Doubtful	60,142	56,445	70,233
Substandard	16,420	16,611	31,745
Subtotal	90,254	86,257	120,710
Normal	13,014,348	12,456,520	12,813,016
Total	¥13,104,603	¥12,542,778	¥12,933,727

Notes: 1. 1) Bankrupt and quasi-bankrupt are non-performing assets and similar debt made to an obligor that has fallen into bankruptcy due to reasons including the start of bankruptcy proceedings, start of reorganization proceedings and application to start rehabilitation proceedings.

2) Doubtful are non-performing assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the contract, owing to difficulties in the financial condition and business performance of the obligor who has not yet entered bankruptcy.

3) Substandard are delinquent loans overdue three months or more and restructured loans. Delinquent loans overdue three months or more from the due date of interest or principal under terms of the related loan agreements are loans in arrears. Restructured loans are loans where certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payment, release of credit and other methods, were made with the object of reconstructing and supporting operation of the borrowers.

4) Normal are loans that do not fall under the classifications for 1) to 3) above, and where the obligor has no financial or business performance problems.

2. The table includes loans, rental securities, accrued interest, suspense payments and customers' liabilities for acceptances and guarantees.

3. Loans subject to bankruptcy rehabilitation, reorganization and other proceedings are directly deducted from total loans as estimated uncollectible amounts calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans. These amounts were ¥26,786 million for bankrupt and quasi-bankrupt as of March 31, 2006, ¥12,698 million for bankrupt and quasi-bankrupt and ¥3,190 million for doubtful as of March 31, 2005, and ¥30,794 million for bankrupt and quasi-bankrupt as of March 31, 2004.

4. As of March 31, 2006, includes bonds attached via bond transactions with attached cash collateral. Accordingly, figures for "Normal" include the following amounts for such bonds, which were not included on previous years: ¥822,681 million as of March 31, 2005 and ¥321,956 million as of March 31, 2004.

105. Status of Risk-Monitored Loans (Consolidated)

		Millions of Yen, %		
As of March 31		2006	2005	2004
Loans to bankrupt borrowers	1	¥ 4,243	¥ 5,229	¥ 7,727
Delinquent loans	2	69,575	64,372	81,164
Loans three months or more in arrears	3	540	572	496
Restructured loans	4	15,880	16,038	31,249
Total 1+2+3+4		¥90,238	¥86,213	¥120,637
Percent of total loans receivable		0.90%	0.84%	1.10%

Notes: 1. Loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans) are directly deducted from total loans as estimated uncollectible amounts calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans. These amounts were ¥2,669 million for loans to bankrupt borrowers and ¥24,117 million for delinquent loans as of March 31, 2006; ¥4,340 million for loans to bankrupt borrowers and ¥11,549 million for delinquent loans as of March 31, 2005; ¥13,394 million for loans to bankrupt borrowers and ¥17,399 million for delinquent loans as of March 31, 2004.

2. 1) Loans to bankrupt borrowers are loans to obligors that are legally bankrupt through filings for proceedings under the Corporate Reorganization Law, Civil Rehabilitation Law, Bankruptcy Law or Commercial Code; loans to obligors that have notes suspended from trading on exchanges; and loans to obligors that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws, within loans (accrued interest unrecorded loans) for which accrued interest was not recorded and on which principal and interest payments have remained in arrears or other reason for not expecting repayment or collection of principal or interest.
- 2) Delinquent loans are loans other than those with flexible interest payment terms and conditions in order to support the business rebuilding of obligors, and the aforementioned loans to bankrupt borrowers as accrued interest unrecorded loans.
- 3) Loans three months or more in arrears are loans that are neither loans to bankrupt borrowers or loans in arrears, with principal and interest payment in arrears for more than three months after the day following the contract payment date.
- 4) Restructured loans are loans with beneficial arrangements given to the obligor, including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness, in order to support the rebuilding of operations at the obligor, and are neither loans to bankrupt borrowers, delinquent loans or loans three months or more in arrears.
3. Based on the results of assets self-assessment, accrued interest on loans is not recorded as revenues for obligors that are bankrupt, essentially bankrupt or nearing bankruptcy.
4. Restructured loans include loans with lowered interests rates to support the rebuilding of operations at obligors, and are not absolute interest levels.

106. Status of Insurance Claims Paying Ability of Insurance Subsidiaries (Solvency Margin Ratio)

Nissay Dowa General Insurance

Nissay Dowa General Insurance was established through the merger of Nissay General Insurance and Dowa Fire & Marine Insurance in April 2001.

		Millions of Yen		
As of March 31		2006	2005	2004
Solvency margin gross amount	(A)	¥620,603	¥489,075	¥494,713
Total capital (excluding planned outflows, deferred tax assets and net unrealized gains/losses on securities)		156,810	154,341	154,345
Reserve for price fluctuations of investments in securities		5,752	5,147	4,569
Contingency reserve		127,015	115,645	116,201
General allowance for doubtful accounts		161	140	224
Net unrealized gains/losses on securities (Prior to tax effect deductions)		285,894	171,248	174,162
Net unrealized gains/losses on real estate		4,732	4,639	6,068
Deductions		—	—	—
Other		40,235	37,912	39,140
Total amount of risk $\sqrt{R_1^2 + (R_2 + R_3)^2} + R_4 + R_5$	(B)	107,441	79,026	78,517
Underwriting risk (R ₁)		18,650	17,661	16,932
Assumed interest rate risk (R ₂)		623	641	665
Asset management risk (R ₃)		55,629	42,912	45,016
Business management risk (R ₄)		2,413	1,828	1,812
Catastrophe risk (R ₅)		45,764	30,198	27,987
Solvency margin ratio		1,155.2%	1,237.8%	1,260.1%
$\frac{(A)}{(1/2) \times (B)} \times 100$				

Note: The aforementioned amounts and figures were calculated based on Article 86 and Article 87 of the Enforcement Regulation of the Insurance Business Law, as well as Ordinance no. 50 issued by the Ministry of Finance in 1996.

The calculation method for the solvency margin ratio was changed during fiscal 2005 in accordance with revisions to the Enforcement Ordinance on the Insurance Business Law. As a result, figures for fiscal 2004 and fiscal 2005 were calculated based upon different standards.

Total capital shows the amount after net gains/losses on securities and gains/losses from revaluation of real estate are subtracted from total capital as shown on the balance sheets, and after appropriation of surplus.

107. Segment Information

From fiscal 2003 to fiscal 2005, Nippon Life, its consolidated subsidiaries* and its other subsidiaries have engaged in non-life insurance operations including the acquisition, management, sale and mortgaging of real estate for lease. Segment information is omitted due to its immaterial impact relative to all business segments.

*Subsidiary is defined in Article 2-12 of the Insurance Business Law and in Article 2-3-2 of the Enforcement Regulation of the Insurance Business Law.

I. Balance Sheet Terminology

■ Assets

1. Cash and deposits

Life insurance companies invest the funds earned as premiums in securities and loans, and they hold a part of their assets as cash and deposits to provide for insurance claims and other payments.

2. Call loans

Life insurance companies invest temporary cash surplus in call loans, which are short-term loans to other financial institutions.

3. Monetary receivables purchased

These are securities and other instruments not included in investments in securities. Specifically they include such instruments as commercial paper and beneficial interest in trust.

4. Trading securities

These are marketable securities held not for investment purposes, but for short-term trading and for selling to multiple, miscellaneous investors.

In the statements of operations, interest income and gains/losses on sales of and valuations on trading securities are aggregated and revenues are recorded as gains from trading securities, net of investment income; losses are recorded as losses from trading securities, net of expenses for investment.

5. Money held in trust

Life insurance companies entrust money to trust banks to invest separately from the securities they hold.

In cases where the result of investment is revenue, it is recorded as gains from money held in trust, net of investment income and, in case of loss, it is recorded as losses from money held in trust, net of expenses for investment.

6. Loans receivable

⌘ Policy loans

Policy loans include both loans to policyholders and premium loans automatically transferred in case policyholders fail to pay.

Based on applications from policyholders, loans to policyholders are made at an interest rate set by the Company in amounts within a fixed portion of cash-surrender value of the policy.

In cases where policyholders do not pay premiums during a payment grace period, premium loans are carried out in amounts corresponding to the premium with interest, within a fixed portion of cash-surrender value of the policy.

⌘ General loans

These are loans other than policy loans. They include housing loans and various loans made to domestic and foreign corporations, countries and government organizations.

7. Real estate and movables

⌘ Construction in progress

Temporary account for expenditure of acquisition of real estate, used until delivery and debit to proper accounts such as land, buildings, etc.

8. Reinsurance receivable

Life insurance companies pay premiums for reinsurance to other insurance companies to spread or allocate the risk of high-value policies they underwrite.

Reinsurance receivables are credits to reinsurance companies such as claims and premium refund of cancellation and lapse.

On the other hand, obligation to reinsurance companies such as premium payables are recorded as reinsurance payables.

9. Other assets

⌘ Deposit for futures transaction

Margins deposited for transaction in financial futures and securities futures.

⌘ Futures transactions margin account

These are the amounts paid or received when financial futures and securities futures are mark-to-market. When the amount paid is greater than the amount received, it is recorded under assets. When the amount received is greater than the amount paid, it is recorded under liabilities.

⌘ Financial derivative instruments

The market value of futures, options and other derivative instruments is determined at the end of the fiscal year and if deemed to be settled, that value is posted as a credit or debt in the assets or liabilities account.

⌘ Deferred hedge losses

As a part of asset management, the Company engages in derivative transactions to reduce possible losses in specific assets or liabilities from price fluctuations and cash flow fluctuations. For some of these transactions, hedge accounting is applied to the items that meet specific criteria. When amounts corresponding to losses at the end of the fiscal year are deferred to the following fiscal year, they are stated as deferred hedge losses.

When amounts corresponding to gains at the end of the fiscal year are deferred to the following fiscal year, they are stated as deferred hedge gains.

10. Deferred tax assets

The difference between deferred tax assets (temporary differences and tax losses carried forward expected to be recovered in the future accounting periods) and deferred tax liabilities (temporary differences expected to be assessed in the future accounting periods).

When deferred tax assets exceed deferred tax liabilities, the balance is recorded under assets as deferred tax assets. Conversely, when deferred tax liabilities exceed deferred tax assets, the balance is recorded under liabilities as deferred tax liabilities.

11. Customers' liabilities for acceptances and guarantees

See acceptances and guarantees in the liabilities section.

12. Allowance for doubtful accounts

This account is provided in advance for losses incurred from bankruptcy or other reasons of borrowers.

Life insurance companies prepare individual allowance for doubtful accounts and that for specific overseas credits other than general allowance for doubtful accounts estimated from past loss experiences.

■ Liabilities

1. Policy reserves and others

The Insurance Business Law requires insurance companies to provide policy reserves and others for claims and other payments.

⌘ Reserve for outstanding claims

This reserve is for claims and other amounts payable at the end of the fiscal year, even though the reasons for such payments occurred in the previous term and payment is outstanding due to operational reasons.

⌘ Policy reserves

Required by the Insurance Business Law, this reserve is for future insurance, annuity and benefit payments for policies during which no incidents occur.

⌘ Reserve for dividends to policyholders

This is the reserve provided for insurance policy dividends.

2. Reinsurance payables

See reinsurance receivable in the assets section.

3. Other liabilities

⌘ Financial derivative instruments

See financial derivative instruments in the assets section.

⌘ Deferred gains on hedge instruments, net

See deferred hedge losses in the assets section.

4. Allowance for executive bonuses

A reserve provided for the payment of executive bonuses.

5. Accrued severance indemnities

Allowance provided for future employee retirement (severance) and pension payments.

6. Accrued losses from supporting closely related companies

This is provided for the loss estimated for restructuring and financial support to closely related companies in the future.

7. Reserve for price fluctuations of investments in securities

In accordance with the Insurance Business Law Article 115 paragraph 1, this reserve is provided to cover losses incurred from future decrease in prices of assets such as stocks whose value is likely to fluctuate.

8. Reserve for securities transaction liabilities

In accordance with the Securities and Exchange Act of Japan, this reserve is provided to cover losses incurred through securities transactions, in order to preserve the soundness of life insurance companies. The reserve must be in proportion to the volume of a company's securities transactions.

9. Deferred tax liabilities

See deferred tax assets in the assets section.

10. Deferred tax liabilities for revaluation reserve for land

This is the tax amounts corresponding to the temporary difference of tax accounting between book value and current market value of land applied for land revaluation.

11. Acceptances and guarantees

According to the Insurance Business Law, life insurance companies are allowed to engage in the credit guarantee business as an auxiliary business. Based on requests from customers, insurance companies provide third parties with guarantees of payment for loans taken out by customers. In the event customers fail to pay their debt, insurance companies have obligations to pay on behalf of their customers. In the event that insurance companies make payment, they have the right to seek payment (compensation, indemnity) from their customer, the original debtor.

Acceptances and guarantees represent the entire debt borne for the party receiving the guarantees as contingent liabilities.

In such cases, customers' liabilities for acceptances and guarantees are recorded under assets. This represents contingent obligations to the customers that the Company paid on behalf of.

■ Capital

1. Foundation Funds

According to Article 60 of the Insurance Business Law, foundation funds provide a means of financing and correspond to the capital of a joint stock company.

2. Reserve for redemption of foundation funds

As provided by Article 56 of the Insurance Business Law, if a mutual company redeems its foundation funds, the company is obliged to provide the reserve equivalent to the redeemed amount.

3. Reserve for revaluation

Article 102 of the Asset Revaluation Law enacted in 1950 provides for the establishment of a reserve for revaluation of assets such as stock, real estate and movables.

4. Surplus

⌘ Legal reserve for deficiency

As provided by Article 54 of the Insurance Business Law, at the end of each fiscal year, insurance companies are obliged to reserve a portion of their surplus as deficiency reserve for future losses. This reserve must be accumulated to the amount equals to foundation funds 3/1000 of or greater than disbursement as a result of appropriation of surplus every fiscal year.

⌘ Voluntary surplus reserve

As provided in the Articles of Association, this is retained earnings accumulated according to the conditions of the Articles of Incorporation and the resolution of representative meetings of policyholders.

⌘ Reserve for redemption of foundation funds

This is accumulated through the appropriation of surplus as the source for redemption of foundation funds.

If redemption of foundation funds is implemented, the amount equal to the redemption is transferred to the reserve for redemption of funds.

⌘ Contingency reserve

This account records the amount exceeded accumulation limit of the contingency reserve. The contingency reserve is one of the policy reserves and provides for the risks that frequency of incident exceeds general expectation and investment return falls below the expected return ratio.

⌘ Reserve for advanced depreciation of real estate / advanced depreciation of real estate in the separate account included in the voluntary surplus reserve. This is the reserve for advance depreciation applied in replacement of specific assets accumulated through appropriation of surplus.

⌘ Unappropriated surplus

Unappropriated surplus is the after-tax net surplus for the period plus the surplus carried forward from the previous year and the reversal of the voluntary reserve.

5. Revaluation reserve for land

This is the amount calculated by subtracting deferred tax liability related to revaluation value from revaluation reserve for revaluation of land.

6. Net unrealized gains on securities

The securities held by insurance companies are categorized by purpose of possession; other securities are those securities not included in trading securities, policy-reserve-matching bonds, held to maturity bonds, or investments in subsidiaries and affiliates. They are recorded on the balance sheets at market value. The amount recorded is equal to the difference between market value and book value, net of tax.

II. Terms Used in the Statements of Operations [Equivalent to the Income Statement]

■ Revenues

1. Income from insurance and reinsurance premiums

⌘ Insurance premiums

Insurance premiums are premiums paid by policyholders for their future insurance claims and other benefits.

⌘ Reinsurance premiums

Reinsurance premiums comprise reinsurance claims received from reinsurers as determined in reinsurance policies and refund of reinsurance premiums due to cancellation or lapse of insurance policies.

2. Investment income

⌘ Gains from trading securities

Please refer to trading securities in the assets section of balance sheet terminology.

⌘ Gains from money held in trust

Please refer to money held in trust in the assets section of balance sheet terminology.

⌘ Gains from derivative financial instruments

Gains/losses from derivative financial instruments consist of both realized and unrealized gains/losses derived from derivative financial instruments to which hedge accounting is not applied. When gains exceed losses, net gains are accounted for as gains from derivative financial instruments. When losses exceed gains, net losses are accounted for as losses from derivative financial instruments, net.

⌘ Gains from separate account

The difference between gains and losses from the separate account is accounted for as gains from separate account when gains exceed losses and as losses from separate account, net when losses exceed gains.

⌘ Foreign exchange gains, net

Gains or losses arise from foreign currency transactions due to differences of foreign exchange rates between the transaction date and the settlement date. Such gains and losses incurred during this period as well as gains and losses arising from the translation of foreign currency rights and obligations at the current rate as of the balance sheet date are offset, and the difference arising from the offsetting is accounted for as foreign exchange gains, net when total gains exceed total losses and as foreign exchange losses, net when total losses exceed total losses.

3. Other revenues

⌘ Proceeds from handling of annuity riders included in other expenditures

This account represents insurance claims which are not paid in order to cover annuity resources when beneficiaries choose to receive insurance as annuities.

⌘ Proceeds from deferred insurance included in other expenditures

This account represents insurance claims which are not paid based on beneficiaries' applications. Such insurance claims are deposited with a certain rate prescribed in the deferred insurance system established by the Company. When such insurance claims are paid based on beneficiaries' applications after a definite period, such payments are accounted for under other expenditures.

⌘ Reversal of reserve for outstanding claims included in other expenses

Please refer to provision for policy reserves and others in expenditures

⌘ Reversal of policy reserves included in other expenses

Please refer to provision for policy reserves and others in expenditures

■ Expenditures

1. Insurance claims and other payments

⌘ Death and other claims

Death and other claims are insurance claims paid to beneficiaries when insured persons die during the periods of insurance, or when insured persons survive to maturity.

⌘ Annuity payments

Annuity payments are annuities paid to insured persons or beneficiaries during the periods of insurance.

⌘ Health and other benefits

Health and other benefits are benefits paid to insured persons when they are hospitalized for certain stipulated reasons or operated on during insured periods.

⌘ Reinsurance premiums

Reinsurance premiums are premiums paid to other insurance companies pursuant to the reinsurance agreements mainly for the purpose of diversification of risks of high value policies.

2. Provision for policy reserves and others

As a unique accounting procedure in life insurance companies, the Company reverses policy reserves and reserve for outstanding claims as of the end of the prior fiscal year and provides policy reserves and reserve for outstanding claims as necessary as of the end of the current fiscal year (March 31). Reversal of and provision for such reserves are offset and presented in the statements of operations, and the difference between reversal of and provision for such reserves is accounted for as provision for policy reserves and provision for reserve for outstanding claims when the amounts of provision exceed the amounts of reversal, and as reversal of policy reserves and reversal of reserve for outstanding claims when the amounts of reversal exceed the amount of provision.

⌘ Interest on reserve for dividends to policyholders

Dividends to policyholders which are deposited with interests in insurance companies from anniversary dates are accounted for as reserves for dividends to policyholders. Interest on reserve for dividends to policyholders is interest incurred during the periods of insurance, and added to reserve for dividends to policyholders.

3. Expenses for investment

- ⌘ **Losses from trading securities, net**
Please refer to trading securities in the assets section of balance sheet terminology.
- ⌘ **Losses from money held in trust, net**
Please refer to money held in trust in the assets section of balance sheet terminology.
- ⌘ **Losses from derivative financial instruments, net**
Please refer to gains from derivative financial instruments recorded under revenues.
- ⌘ **Losses from separate account, net**
Please refer to gains from separate account, net recorded under revenues.
- ⌘ **Foreign exchange losses, net**
Please refer to foreign exchange gains, net recorded under revenues.
- ⌘ **Write-down of loans**
This account represents write-down of unrecoverable loans mainly due to bankruptcy of borrowers. Write-down of loans is accounted for in the amounts of loans after deduction of allowance of doubtful accounts provided in the prior years.

⌘ Depreciation for rental real estate and other assets

Please refer to depreciation expenses recorded under other expenditures below.

4. Operating expenses

Operating expenses comprise the various costs incurred in the Company's business and are equivalent to selling and general administrative expenses in other businesses.

5. Other expenditures**⌘ Repayments of deferred insurance**

Please refer to proceeds from deferred insurance recorded under revenues.

⌘ Depreciation expenses

Depreciation is an accounting procedure used to write down the acquisition cost of an asset over its useful life. An apportioned cost is recorded for each fiscal year. The depreciation of real estate and movables held by life insurance companies is accounted for in the amounts depreciated for each fiscal year.

The depreciation expenses of real estate used for investment purposes is recorded as depreciation for rental real estate and other assets.

■ Extraordinary profits and extraordinary losses**⌘ Appraisal gains under Article 112 of the Insurance Business Law**

This pertains to appraisal gains on marketable stock securities in the general account in accordance with Article 112 of the Insurance Business Law. When the market value of marketable stock securities in the general account exceeds the book value, the Company is allowed to recognize appraisal gains on marketable stock securities in the general account within the difference between the market value and the book value and allocate such gains to policy reserves or reserve for dividends to policyholders based on the regulatory clearance.

⌘ Impairment loss

An impairment loss is recognized in the income statement as a reduced carrying value of impaired assets in accordance with the application of impairment accounting to subject fixed assets.

⌘ Losses on advanced depreciation deduction of real estate for tax purposes included in other under extraordinary losses

The losses derived from the deduction of the acquisition costs of real estate as a result of the application of advanced depreciation due to swap, substitution or expropriation of real estate in accordance with the corporate tax law and the special taxation measures law.

■ Others**⌘ Deferred income taxes**

Deferred income taxes are the change in deferred tax assets/liabilities from the beginning to the end of the fiscal year, which includes deferred income taxes arising from reversal of revaluation reserve for land due to sales of land but does not include the change in deferred tax assets/liabilities regarding evaluation of other securities.

⌘ Reversal of revaluation reserve for land

Revaluation reserve for land is reversed due to sales of land for business purposes which were revaluated.

III. Terms Used for Resolutions on Distribution of Surplus**⌘ Reserve for condensed booking of real estate for tax purpose/Special**

Reserve for condensed booking of real estate for tax purpose is a reserve related to real estate that was replaced within the fiscal year under review. Special account reserve for condensed booking of real estate for tax purpose is a reserve related to real estate which, upon sale in the fiscal year under review, is scheduled for acquisition in the following year or thereafter.

Matters Pertaining to Consolidated Settlements**I. Terms Used in the Consolidated Balance Sheets****⌘ Minority interests**

The equity held by third parties other than the parent company in company subsidiaries is recorded under liabilities or capital in the consolidated balance sheets.

⌘ Surplus

Profit reserves and surpluses are posted as items under cumulative after-tax income calculated for the consolidated balance sheets. Until fiscal year 2001, ended March 31, 2002, revaluation reserves were also included in this total.

⌘ Cumulative translation adjustments

When creating our consolidated financial statements, it is necessary to translate values recorded in the financial statements of overseas subsidiaries into yen. When translating foreign currency amounts into yen, the exchange rates will differ for various items. For this reason, a foreign currency translation difference is recorded on the consolidated balance sheets. The difference, excluding the amounts pertaining to the equity held by minority shareholders, is recorded as a foreign currency translation adjustment.

II. Consolidated Statements of Operations**⌘ Minority interests**

This is the increase/decrease in equity held by subsidiary shareholders other than the parent company.

When this equity has increased, profits for minority interests is recorded; when it decreases, a loss for minority interests is recorded.

Early Correction Safeguard System

Early correction safeguarding is a system designed to protect policyholders and ensure sound and appropriate operations at insurance companies. When an insurance company's solvency margin ratio falls below a certain level, and depending on the circumstances, the regulatory agency may issue a directive to the insurance company to improve its operations.

An insurance company is subject to such a directive when its solvency margin ratio falls below 200%. The action standards and directives are categorized in the table on the right.

Depending on the assets and liabilities of the insurance company, as well as the management improvement plans submitted to the regulatory agency, additional directives may be issued for classifications other than the solvency margin ratio in the table on the right.

■ Action Standards and Directives

Classification according to solvency margin	Directive
First classification Under 200% Over 100%	Management improvement plan proposal and directive to implement
Second classification Under 100% Over 0%	Directive to discontinue or limit policyholder dividends, directive to change calculation methods for new policies (anticipated rate of return, etc.)
Third classification Under 0%	Directive to halt all or a portion of operations

Bankruptcy Proceedings for Life Insurance Companies

When a life insurance company enters bankruptcy, the following two proceedings are taken to dispose of assets.

1. Corporate rehabilitation proceedings based on the court-guided rehabilitation law

This proceeding is taken under the supervision of a court of law.

First, the bankrupt insurance company petitions the court to start rehabilitation procedures (it is also possible to petition the Financial Services Agency in Japan). The court of law that received this petition decides to start the procedures and appoints an administrator.

The court-appointed administrator formulates a rehabilitation plan for transferring policyholders while managing and examining the operations and financial assets of the bankrupt insurance company. Through the decisions of related parties, the court-appointed administrator requests authorization from the court of law. After authorization is granted, the administrator executes the disposal of assets based on the rehabilitation plan.

2. Government proceedings based on the Insurance Business Law

These proceedings are based on directives by the Financial Services Agency.

The Financial Services Agency orders the cessation of all or a portion of operations at the bankrupt insurance company, and appoints an insurance administrator to dispose of financial assets under management and operations.

The insurance administrator manages and supervises the operations and financial assets of the bankrupt insurance company, creates plans for the management of operations and financial assets including the transfer of insurance policies, and seeks approval from the head of the Financial Services Agency. After approval is granted, the insurance administrator disposes of the assets according to the plan.

There are no clear standards as to which of the aforementioned procedures will be taken, and there are no differences in the indemnification through protective measures (see next page) between the two procedures.

Life Insurance Policyholders Protection Corporation of Japan

The Life Insurance Policyholders Protection Corporation of Japan is a corporate entity that was established in December 1998 through the Insurance Business Law. In the event that a life insurance company goes bankrupt, this entity will protect policyholders through a mutual support system.

• MEMBERS AND FINANCIAL RESOURCES

Nippon Life and other life insurance companies that operate in Japan are members of the Life Insurance Policyholders Protection Corporation of Japan, and financial resources are in principle contributions paid by these members. However, until at the end of March 2009, in the event that membership contributions from life insurance companies are insufficient as financial support to a life insurance company that goes bankrupt, the Japanese government may provide financial assistance to the Policyholders Protection Corporation through Diet deliberations.

• MAIN OPERATIONS

In the event of a bankruptcy of a life insurance company, the Policyholders Protection Corporation performs the following operations through a mutual support system for the purpose of protecting policyholders.

(Primary Operations of the Policyholders Protection Corporation)

1. Provides financial assistance to savior companies that take over insurance policies
2. Takes over insurance policies in the event that no savior company steps forward
3. Acts as a procedural representative for insurance policyholders in the event that the bankruptcy undergoes rehabilitation proceedings

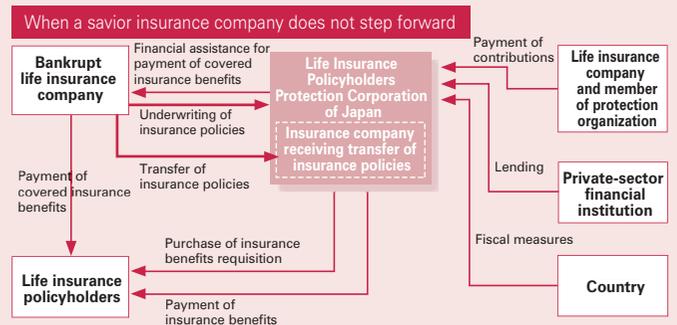
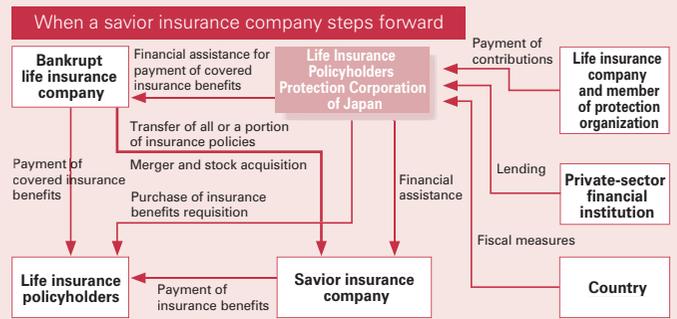
• MAIN CONTENT OF INDEMNIFICATION

In accordance with revisions to the Insurance Business Law in the event of a bankruptcy of a life insurance company, policy indemnification is as follows.

Type of insurance	Up to now	After April 1, 2006	
Individual insurance		General policies	Policy reserves × 90% ^(Note 1)
		High assumed interest rate policies ^(Note 2)	Policy reserves × (90% – Set rate) ^(Notes 1, 3)
Group insurance	Policy reserves × 90% ^(Note 1)	General policies	Policy reserves × 90% ^(Note 1)
		High assumed interest rate policies ^(Notes 2, 4)	Policy reserves × (90% – Set rate) ^(Notes 1, 3)
		Portion related to separate accounts of group annuity policies	Not eligible for indemnification ^(Note 5)

- Notes: 1. Policy reserves are reserves for future insurance claims, annuity and benefit payments, accumulated through insurance premiums and investment returns. This system is not the indemnification for insurance claims, annuities and other benefits, but the indemnification for policy reserves. Accordingly, 90% of pension resource coverage attached to individual variable annuity insurance is not eligible for indemnification.
2. High assumed interest rate policies¹ are policies for which assumed interest rates regularly exceeded reserve interest rates² during the five years preceding bankruptcy.
- *1: Reserve interest rates are determined by the Commissioner of the Financial Services Agency and the Finance Minister. The current reserve interest rate is 3%, which may be confirmed on the website of Nippon Life or the Policyholders Protection Corporation
- *2: When assumed interest rates are different for primary policies and for riders within one insurance policy, decisions of whether or not such policies fall under the category of a high assumed interest rate policy are made for both the primary policy and the rider
3. Set rate = (sum of assumed interest rates for the previous five years less reserve interest rates) / 2
4. In the event that assumed interest rates are different for each insured when the insured are contributing insurance premiums, each insured shall be deemed to have concluded their own insurance policy, and it shall be determined whether or not such a policy falls into the category of a high assumed interest rate policy. However, regarding defined contribution annuity insurance policies, regardless of whether or not the insured is contributing premium, it shall be determined whether or not each insured's policy falls into the category of a high assumed interest rate policy.
5. In rehabilitation procedures, it has become possible to create a rehabilitation plan in which policy reserves that fall into this category are not reduced (whether or not the reserves are actually reduced shall be determined in each individual rehabilitation procedure.)

■ Framework of Life Insurance Policyholders Protection Mechanisms



Information on the previous page and this page, including that regarding the scope of policies eligible for indemnity and the limit of indemnity for eligible policies, is based upon current legal statutes, and is subject to change in the future in accordance with revisions to those legal statutes. (July 2006)

WORLDWIDE NETWORK

HEADQUARTERS

Name	Address/Department	Tel/Fax
Head Office	3-5-12, Imabashi, Chuo-ku, Osaka 541-8501, Japan	Tel: 81-6-6209-5525
Tokyo Office	1-6-6, Marunouchi, Chiyoda-ku, Tokyo 100-8288, Japan	Tel: 81-3-5533-1081
	International Planning and Operations Department	Tel: 81-3-5533-1417 Fax: 81-3-5533-5282
	China Department	Tel: 81-3-5533-1432 Fax: 81-3-5533-5283
	International Investment Department	Tel: 81-3-5533-9743 Fax: 81-3-5533-5273
	International Corporate Marketing Department	Tel: 81-3-5533-5740 Fax: 81-3-5533-5223

REPRESENTATIVE OFFICES

Business	Name	Address	Tel/Fax
Representative Office	New York Representative Office	1251 Avenue of the Americas, 18th Floor New York, NY 10020, U.S.A.	Tel: 1-212-403-3400 Fax: 1-212-764-9773
	London Representative Office	20 Little Britain London EC1A 7DH, U.K.	Tel: 44-20-7600-2804 Fax: 44-20-7588-7681
	Frankfurt Representative Office	An der Hauptwache 5, 60313, Frankfurt am Main, Germany	Tel: 49-69-273999-0 Fax: 49-69-236527
	Beijing Representative Office	Chang Fu Gong Office Building, Room 4007 Jia 26, Jian Guo Men Wai Dajie Beijing, 100022, China	Tel: 86-10-6513-9240 Fax: 86-10-6513-9241

SUBSIDIARIES AND AFFILIATES

Business	Name	Address	Tel/Fax	Equity Ownership
Insurance and Insurance Related	Nippon Life Insurance Company of America	521 Fifth Avenue, New York, NY 10175, U.S.A.	Tel: 1-212-682-3000 Fax: 1-212-682-3002	96.96%* ¹
	NLI Insurance Agency, Inc.			100%
	Eastern Region Office	757 Third Avenue, 26th Floor, New York, NY 10017, U.S.A.	Tel: 1-212-909-9893 Fax: 1-212-486-9054	—
	Central Region Office	190 South LaSalle Street, Suite 1680, Chicago, IL 60603, U.S.A.	Tel: 1-312-807-1100 Fax: 1-312-807-1110	—
	Western Region Office	445 South Figueroa Street, Suite 2870, Los Angeles, CA 90071, U.S.A.	Tel: 1-213-430-9000 Fax: 1-213-623-0064	—
	Nippon Life Insurance Company of the Philippines, Inc.	21st Floor, Tower Two RCBC Plaza, 6819 Ayala Avenue Makati City 1200, Philippines	Tel: 63-2-753-2151 Fax: 63-2-753-2161	50%* ²
	Nissay-SVA Life Insurance Co., Ltd.	37th Floor, United Plaza 1468 Nanjing Road (West), Shanghai, 200040, China	Tel: 86-21-6247-6633 Fax: 86-21-6247-0739	50%
Bangkok Life Assurance Limited	23/115 Royal City Avenue, Rama 9 Road, Bangkok 10320, Thailand	Tel: 66-2-641-4661 Fax: 66-2-203-0500	16.41%	
Investment and Asset Management	NLI International Inc.	1251 Avenue of the Americas, 18th Floor, New York, NY 10020, U.S.A.	Tel: 1-212-403-3400 Fax: 1-212-764-9773	100%
	NLI International PLC	20 Little Britain London EC1A 7DH, U.K.	Tel: 44-20-7600-2804 Fax: 44-20-7588-7681	100%
	NLI Investments Europe Limited	Lloyds Chambers, 1 Portsoken Street, London E18HZ, U.K.	Tel: 44-20-7680-3771 Fax: 44-20-7702-2554	67%* ³
	Nissay Deutsche Asset Management Asia Limited	20 Raffles Place #27-01 Ocean Towers Singapore 048620	Tel: 65-6423-5412 Fax: 65-6535-7220	67%* ⁴
Real Estate Investment	NLI Properties East, Inc.	1251 Avenue of the Americas, 18th Floor, New York, NY 10020, U.S.A.	Tel: 1-212-403-3456 Fax: 1-212-764-3235	100%
	NLI Properties West, Inc.	445 South Figueroa Street, Suite 2850, Los Angeles, CA 90071, U.S.A.	Tel: 1-213-623-9307 Fax: 1-213-623-9263	100%
	NLI Properties Central, Inc.			
Asset Management	PanAgora Asset Management, Inc.	260 Franklin Street, 22nd Floor Boston, MA 02110, U.S.A.	Tel: 1-617-439-6300 Fax: 1-617-439-6675	20%* ⁵
	Union PanAgora Asset Management GmbH	Clemensstrasse 10 60487 Frankfurt am Main, Germany	Tel: 49-69-743840 Fax: 49-69-74384288	—* ⁶

Regarding*¹⁻⁶, the remaining shares are held by:

*¹ Principal International, Inc.

*² The Yuchengco Group of Companies

Great Pacific Life Assurance Corp. 30%

Rizal Commercial Banking Corp. 20%

*³ Hermes Pensions Management

*⁴ Deutsche Asia Pacific Holdings

*⁵ Putnam Investments (U.S.A.)

*⁶ Union PanAgora Asset Management is a 50/50 joint venture company between Union Asset Management Holding AG and PanAgora Asset Management, which is an affiliate of Nippon Life Insurance Company.



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