May 13, 2011

Financial Results for the Fiscal Year Ended March 31, 2011

The Dai-ichi Life Insurance Company, Limited (the "Company" or the "Parent Company"; President: Koichiro Watanabe) announces its financial results for the fiscal year ended March 31, 2011.

*The Company reorganized from a mutual life insurance company to a joint stock corporation ("demutualized") on April 1, 2010

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Please note that this is an unofficial translation of the original disclosure in Japanese.

1. Business Highlights

(1) Sum Insured of Policies in Force and New Policies

Policies in Force

	As of March 31, 2010			
	Number of policies		Amount	
	(thousands)	% of March 31, 2009 total	(billions of yen)	% of March 31, 2009 total
Individual insurance	10,970	99.3	150,575.1	94.7
Individual annuities	1,233	102.6	7,196.6	103.2
Individual insurance and annuities	12,203	99.6	157,771.8	95.0
Group insurance	-	-	54,051.1	98.7
Group annuities	-	-	6,192.2	100.8

	As of March 31, 2011			
	Number of policies		Amount	
	(thousands)	% of March 31, 2010 total	(billions of yen)	% of March 31, 2010 total
Individual insurance	11,143	101.6	144,361.3	95.9
Individual annuities	1,261	102.3	7,357.6	102.2
Individual insurance and annuities	12,405	101.7	151,718.9	96.2
Group insurance	-	-	52,336.6	96.8
Group annuities	-	-	6,041.7	97.6

Note: 1. Policy amount in force of individual annuities is equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
2. Policy amount in force of group annuities is equal to the amount of outstanding corresponding policy reserve.

New Policies

	Year ended March 31, 2010					
	Number of policies		Amount			
	(thousands)	% of March 31, 2009 total	(billions of yen)	New Business	Net increase by conversion	% of March 31, 2009 total
Individual insurance	1,073	101.2	6,397.8	6,778.4	(380.5)	92.4
Individual annuities	64	180.0	437.9	449.0	(11.1)	177.0
Individual insurance and annuities	1,138	103.8	6,835.8	7,227.5	(391.7)	95.3
Group insurance	-		221.5	221.5		29.6
Group annuities	-		1.9	1.9		144.3

	Year ended March 31, 2011					
	Number of policies		Amount			
	(thousands)	% of March 31, 2010 total	(billions of yen)	New Business	Net increase by conversion	% of March 31, 2010 total
Individual insurance	1,242	115.7	6,844.2	6,906.2	(61.9)	107.0
Individual annuities	60	93.9	415.9	425.4	(9.5)	95.0
Individual insurance and annuities	1,303	114.5	7,260.1	7,331.6	(71.5)	106.2
Group insurance			312.5	312.5		141.1
Group annuities			1.1	1.1		58.9

Note: 1. Number of new policies is the sum of new business and policies after conversion.
2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commen
3. Amount of new policies for group annuities is equal to the initial premium payment.

(Reference) Surrenders and lapses in individual insurance and annuities

(billions of yen except percentages)

	Year ended March 31, 2010	Year ended March 31, 2011
Amount of surrenders and lapses	9,306.2	7,358.4
Surrender and lapse rate (%)	5.60	4.66

Note: 1. The amount of lapses is not offset by the amount of lapses which are reinstated.
2. The table above excludes cases where the sum insured is decreased or riders are surrendered for in-force contracts.

(2) Annualized Net Premium

Policies in Force

(billions of yen except percentages)

	As of March 31, 2010		As of March 31, 2011	
		% of March 31, 2009 total		% of March 31, 2010 total
Individual insurance	1,722.8	97.5	1,704.7	98.9
Individual annuities	297.5	104.2	309.0	103.9
Total	2,020.4	98.4	2,013.8	99.7
Medical and survival benefits	494.8	100.4	506.6	102.4

New Policies

(billions of yen except percentages)

	Year Ended March 31, 2010		Year Ended March 31, 2011	
		% of March 31, 2009 total		% of March 31, 2010 total
Individual insurance	103.8	96.0	113.1	109.0
Individual annuities	15.8	128.6	15.0	94.5
Total	119.6	99.3	128.1	107.1
Medical and survival benefits	36.4	89.7	42.5	116.7

Note: 1. Annualized net premium is calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized net premium for medical and survival benefits includes (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.
3. New policies include net increase by conversion.

(3) Profit and Loss Items

(millions of yen except percentages)

	Year Ended March 31, 2010		Year Ended March 31, 2011	
		% of March 31, 2009 total		% of March 31, 2010 total
Premium and other income	2,837,251	97.7	3,056,555	107.7
Investment income	1,153,480	97.9	922,686	80.0
Benefits and claims	2,610,535	94.8	2,625,013	100.6
Investment expense	330,067	23.3	429,594	130.2
Net surplus from operations / ordinary profit	193,620	177.4	78,902	40.8

(4) Total Assets

(millions of yen except percentages)

	As of March 31, 2010		As of March 31, 2011	
		% of March 31, 2009 total		% of March 31, 2010 total
Total Assets	30,822,467	102.7	30,869,661	100.2

2. Policies in Force as of March 31, 2011 by Benefit

		Individual insurance (I)		Individual annuities (II)		Group insurance (III)		Total (I+II+III)	
		Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Death benefits									
	general	10,595	127,061.9		-	25,890	52,328.8	36,485	179,390.7
	accidental	[4,923]	[19,136.3]	[407]	[392.2]	[3,187]	[2,167.1]	[8,518]	[21,695.6]
	others	[-]	[-]	(—)	(—)	[77]	[98.4]	[77]	[98.4]
Survival benefits		548	17,299.3	1,261	7,357.6	10	7.8	1,821	24,664.8
Hospitalization benefits									
	accidental	[8,782]	[41.2]	[89]	[0.4]	[1,673]	[1.1]	[10,544]	[42.8]
	illness	[8,705]	[41.0]	[91]	[0.4]	[-]	[-]	[8,797]	[41.4]
	others	[4,622]	[23.3]	[72]	[0.3]	[64]	[-]	[4,759]	[23.6]
Injury benefits		[8,814]	—	[92]	—	[2,950]	—	[11,857]	—
Surgery benefits		[6,397]	—	[91]	—	—	—	[6,488]	—

	Group annuities (IV)		Financial insurance (V)		Financial annuities (VI)		Total (IV+V+VI)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Survival benefits	12,266	6,041.7	99	276.1	51	124.6	12,417	6,442.5

	Medical care insurance	
	Number (thousands)	Amount (billions of yen)
Hospitalization benefits	558	0.9

	Group disability	
	Number (thousands)	Amount (billions of yen)
Disability benefits	45	3.1

Note:
1. Figures in [ ] show numbers and amounts of additional benefits and of benefits to be paid from riders.
2. Numbers of group insurance, group annuities, financial insurance, financial annuities, medical care insurance and group disability show the numbers of insureds.
3. Amounts in 'Survival benefits' show the sum of (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced for individual annuities, group insurance (annuity riders) and financial annuities. The amounts in 'Survival benefits' show the amount of outstanding corresponding policy reserve for group annuities, financial insurance and others.
4. Amounts in 'Hospitalization benefits' show the amount of hospitalization benefit to be paid per day.
5. Amount in 'Hospitalization benefits' for medical care insurance shows the daily amount to be paid for hospitalization from illness.
6. Amount in group disability insurance shows the amount of disability benefits paid per month.
7. The number of insureds and amount of policies for reinsurance written were 960 thousand and 4,741.7 billion yen, respectively.

3. Investment of General Account Assets

(1) Overview of Investment of General Account Assets for the Fiscal Year Ended March 31, 2011

A. Investment Environment

The global economy experienced a moderate recovery over the fiscal year, especially in emerging countries, though facing depressing factors such as fiscal uncertainty of certain European countries and escalation in food prices. Although the recovery in the global economy together with monetary easing measures implemented by the Bank of Japan helped Japan to enjoy increased export demand particularly from Asian countries and, consequently, avoid entering an economic downward phase, the Japanese economy declined significantly due to the major earthquake and related tsunami that occurred in northeastern Japan on March 11, 2011 (the "Earthquake"). The U.S. economy experienced a modest recovery thanks to the tax reduction program implemented by the U.S. government and the large-scale quantitative easing policy conducted by the FRB. Under the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

Yield on ten year government bonds once declined below 1.0% for the first time in approximately seven years, reflecting concerns over a Japanese economic slowdown due to fiscal uncertainty in European countries and the termination of eco-car subsidy by the Japanese government. The yield bounced back to some extent after the large-scale quantitative easing policy by the FRB. However, the bounce was limited, disturbed by the tense situation in the Middle East and the Earthquake in Japan.

Yield on ten-year government bonds:	March 31, 2010	1.390%
	March 31, 2011	1.250%

[Domestic Stocks]

The Nikkei 225 Stock Average once rose over 11,000, reflecting expectations of improved earnings performance by Japanese companies due to the expanding external demand. However, the index then kept declining by early fall 2011, as investors took risk-adverse actions with deepened concerns over (1) fiscal uncertainty of certain European countries, (2) potential Japanese economic slowdown and (3) negative earnings impact on Japanese companies as a result of Yen appreciation. After the monetary easing actions taken by the U.S. and Japanese governments and moderation of the yen appreciation, investor expectations on a recovery of the Japanese economy grew. But after the Earthquake in March 2011, the index once fell as low as 8,000.

Nikkei 225 Stock Average:	March 31, 2010	11,089
	March 31, 2011	9,755
TOPIX:	March 31, 2010	978
	March 31, 2011	869

[Foreign Currency]

Given investors' concerns over widening fiscal uncertainty in European countries and the monetary easing actions taken by the FRB, the Japanese Yen appreciated against the U.S. dollar. Thereafter, the Yen towards the end of the fiscal year hit a postwar record, as (1) the situation in the Middle East intensified and (2) certain investors speculated Japanese companies impacted by the earthquake might sell their foreign currency-denominated assets to secure Yen. However, the Yen finally returned to the pre-quake level by the end of fiscal year thanks to a series of joint foreign exchange interventions conducted by the G7.

The Yen appreciated against the Euro as it did against the U.S. dollar. However, the pressure for Yen appreciation eased toward the end of the fiscal year as the interest-spread between Japan and Europe widened due to speculation that the ECB might raise interest rates earlier than people had expected.

Yen/U.S. dollar:	March 31, 2010	¥93.04
	March 31, 2011	¥83.15
Yen/Euro:	March 31, 2010	¥124.92
	March 31, 2011	¥117.57

B. Investment Results

[Asset Composition]

The Company continued to set fixed income investments, including government and corporate bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies. The Company actively increased its position in policy-reserve-matching bonds by purchasing long-term and super-long-term domestic bonds, in order to further enhance its Asset Liability Management (ALM) strategy and to improve profitability.

The Company has managed risk associated with its risk assets (such as domestic stocks and foreign securities intended to promote diversification of risks and to improve its profitability) by taking market trends into account.

The table below summarizes the investment results of the general account by asset category:

Assets	Investment results
Domestic bonds	Increased The Company actively replaced low-yield bonds with longer duration high-yield bonds and also increased investment in policy-reserve-matching bonds (mainly long-term and super-long-term bonds) based on its ALM strategy. The Company also made efforts to improve investment yields by carefully selecting and diversifying among various credit risk products, including corporate bonds and asset backed securities, in accordance with its internal guidelines on risk-adjusted credit-spread.
Loans	Decreased The Company made efforts to maintain high profitability by setting adequate risk-adjusted spreads, while paying attention to the credit spread changes in the bond market. However, its total balance of loans decreased due to maturities.
Domestic stocks	Decreased The balance decreased as (1) the Company carried out sales of a part of this asset category for risk-control purposes during the period and (2) stock prices declined as a result of the sluggish stock market. Stocks of certain companies and sectors were replaced by those with more competitiveness and growth potential based on in-house analyses.
Foreign bonds	Increased The Company increased its investment in foreign currency-denominated bonds with currency hedges aiming for an improved investment return in the fixed income asset category, resulting in an increase in the total balance of foreign bonds. Also, the Company made efforts to improve return on investments and to control risk by diversifying its portfolio by sector and currency.
Foreign stocks	Decreased Although stock prices of foreign stock in the Company increased in local currencies, the balance in JPY decreased due to Yen appreciation. The Company accelerated diversification of geographic allocation and styles of foreign stock investment, utilizing both independent advisors and in-house managers.
Real estate	Flat The Company made efforts to improve profitability, which include renegotiating rents and improving vacancy rates of its real estate portfolio. The Company also made efforts to increase the value of existing real estate by refurbishment and housing rehabilitation.

Note: Changes in assets are described on a book value basis.

[Investment income and expenses]

Investment income decreased by ¥37.6 billion, compared to the prior fiscal year, to ¥922.6 billion largely due to (i) a decrease in foreign interest income resulting from yen appreciation against other currencies and (ii) a decrease in gain on sales of securities. Meanwhile, investment expenses increased by ¥67.4 billion to ¥397.5 billion, mainly due to an increase in losses on valuation of securities.

As a result, net investment income for the fiscal year ended March 31, 2011 amounted to ¥525.1 billion (a ¥105.0 billion decrease compared to that for the fiscal year ended March 31, 2010).

(2) Investment Environment Outlook for the Fiscal Year Ending March 31, 2012

In the first half of the fiscal year, the Japanese economy is expected to falter in light of (1) the supply constraints as a result of damaged corporate supply chains and power shortages associated with the Earthquake and (2) the worsened corporate and consumer sentiment. However, throughout the second half of the fiscal year, the economy is expected to enter a recovery phase as supply constraints improve to some extent and government expenditures for recovery from the Earthquake are carried into effect. But it will likely take a certain period of time to resolve the economic uncertainty as whether the supply constraints will be resolved effectively still remains uncertain.

[Domestic interest rates]

Interest rates are expected to remain low, with the stagnant economy resulting from the Earthquake and sustained monetary easing measures taken by the Bank of Japan, despite the concerns over Japan's extra issuance of government bonds to finance government expenditure for the recovery. However, with the economic recovery, a moderate increase in interest rates is expected towards the end of the fiscal year.

[Domestic stocks]

The domestic stock market is anticipated to be sluggish, given the uncertain outlook for corporate profits as a consequence of corporate supply constraints and power shortages. However, stock prices are expected to rise back gradually in the second half of the fiscal year as government expenditures for recovery from the Earthquake are carried into effect and expectations for the recovery in corporate profits are expected to grow as a result of yen depreciation.

[Foreign currency]

Taking into account the spread between domestic and foreign interest rates in the future, the U.S. dollar is anticipated to appreciate against the yen, reflecting steady performance of the U.S. economy and growing expectations for the termination of monetary easing measures by the FRB.

The Euro is also anticipated to appreciate against the yen, taking into account (1) the spread between domestic and foreign interest rates, and (2) the forecast that ECB will continue to raise interest rates in order to curb price increases. However, since fiscal problems of certain European countries seem to remain uncertain and the rise in interest rates is expected to slow down the European economy to some extent, we would not expect the yen depreciation against the Euro to become a sharp one.

(3) Investment Policies for the Fiscal Year Ending March 31, 2012

The Company will continue to set fixed income investments, including bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies. The Company will control the balance of each asset in its portfolio and related risks fully taking into account the market trends.

The table below summarizes the expected general account investments by asset class:

Assets	Investment policies
Domestic bonds	Increase The Company will keep investing in domestic bonds, as a core asset under its ALM strategy, throughout the year. When interest rates rise, the Company will accelerate its investment in bonds with longer durations (i.e. long-term bonds and super-long-term bonds) to further promote the concept of ALM.
Loans	Slight decrease The Company will provide new loans with attention to the lending conditions and credit spread levels in the corporate bond market. Because certain loans are expected to be redeemed within the current fiscal year ending March 31, 2012, however, the total balance of loans is expected to decrease slightly.
Domestic stocks	Decrease or slight decrease The Company will seek opportunities to improve the profitability of its portfolio by actively selecting companies and sectors with mid- to long-term growth potential, while intending to decrease its exposure to domestic stocks in the long run for risk management reasons.
Foreign bonds	Flat The Company will maintain its foreign currency-denominated bond portfolio at the present level, which contributes to diversification and a better risk-return profile of the overall asset portfolio. The Company will carefully monitor the spread between domestic and foreign interest rates as well as foreign currency exchange rates.
Foreign Stocks	Flat Taking the market trends into account, the Company will control its exposure to foreign stocks at the present level. The Company also continues to seek regional diversification, as well as investment style diversification, by utilizing both in-house fund managers and independent investment advisors.

(2) Asset Composition (General Account)

(millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	356,433	1.2	441,114	1.5
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	289,885	1.0	291,115	1.0
Trading account securities	-	-	-	-
Money held in trust	22,258	0.1	21,178	0.1
Securities	22,793,303	77.1	23,201,366	78.0
Domestic bonds	12,989,979	44.0	13,434,971	45.2
Domestic stocks	3,258,143	11.0	2,538,013	8.5
Foreign securities	6,325,956	21.4	7,035,698	23.7
Foreign bonds	4,782,266	16.2	5,581,739	18.8
Foreign stocks and other securities	1,543,689	5.2	1,453,959	4.9
Other securities	219,225	0.7	192,683	0.6
Loans	3,834,365	13.0	3,627,422	12.2
Policy loans	571,443	1.9	539,497	1.8
Ordinary loans	3,262,921	11.0	3,087,925	10.4
Real estate	1,238,898	4.2	1,290,787	4.3
Real estate for rent	782,788	2.6	814,333	2.7
Deferred tax assets	337,687	1.1	475,198	1.6
Others	699,925	2.4	398,585	1.3
Reserve for possible loan losses	(21,095)	(0.1)	(12,900)	(0.0)
Total	29,551,663	100.0	29,733,868	100.0
Foreign currency-denominated assets	5,027,866	17.0	5,435,294	18.3

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(3) Changes (Increase/Decrease) in Assets (General Account)

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash, deposits, and call loans	(2,613)	84,681
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	(14,954)	-
Monetary claims bought	8,513	1,230
Trading account securities	(52,597)	-
Money held in trust	8,993	(1,080)
Securities	1,204,329	408,062
Domestic bonds	369,747	444,992
Domestic stocks	412,089	(720,129)
Foreign securities	417,188	709,742
Foreign bonds	322,437	799,472
Foreign stocks and other securities	94,750	(89,730)
Other securities	5,304	(26,542)
Loans	(414,073)	(206,942)
Policy loans	(33,262)	(31,946)
Ordinary loans	(380,811)	(174,996)
Real estate	3,775	51,888
Real estate for rent	3,948	31,545
Deferred tax assets	(303,303)	137,511
Others	240,036	(301,340)
Reserve for possible loan losses	(10,179)	8,195
Total	667,928	182,205
Foreign currency-denominated assets	623,737	407,427

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(4) Investment Income (General Account)

(millions of yen)

	Year ended March 31, 2010		Year ended March 31, 2011	
	Amount	%	Amount	%
Interest and dividends	708,082	73.7	698,159	75.7
Interest from deposits	2,832	0.3	5,229	0.6
Interest and dividends from securities	533,908	55.6	529,413	57.4
Interest from loans	91,517	9.5	86,019	9.3
Rental income	70,333	7.3	66,814	7.2
Other interest and dividends	9,489	1.0	10,682	1.2
Gains on trading account securities	1,336	0.1	-	-
Gains on money held in trust	3,295	0.3	-	-
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	242,556	25.3	212,245	23.0
Gains on sale of domestic bonds	16,603	1.7	69,746	7.6
Gains on sale of domestic stocks	109,425	11.4	79,808	8.6
Gains on sale of foreign securities	116,528	12.1	62,689	6.8
Others	-	-	-	-
Gains on redemption of securities	4,472	0.5	1,533	0.2
Derivative transaction gains	-	-	9,842	1.1
Foreign exchange gains	-	-	-	-
Other investment income	566	0.1	906	0.1
Total	960,310	100.0	922,686	100.0

(5) Investment Expense (General Account)

(millions of yen)

	Year ended March 31, 2010		Year ended March 31, 2011	
	Amount	%	Amount	%
Interest expenses	12,725	3.9	13,073	3.3
Losses on trading account securities	-	-	-	-
Losses on money held in trust	-	-	1,051	0.3
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	207,894	63.0	120,905	30.4
Losses on sale of domestic bonds	19,655	6.0	4,461	1.1
Losses on sale of domestic stocks	51,171	15.5	34,035	8.6
Losses on sale of foreign securities	137,067	41.5	82,407	20.7
Others	-	-	-	-
Losses on valuation of securities	10,502	3.2	179,621	45.2
Losses on valuation of domestic bonds	-	-	-	-
Losses on valuation of domestic stocks	7,121	2.2	174,022	43.8
Losses on valuation of foreign securities	3,380	1.0	5,595	1.4
Others	-	-	3	0.0
Losses on redemption of securities	2,470	0.7	4,168	1.0
Derivative transaction losses	16,772	5.1	-	-
Foreign exchange losses	18,528	5.6	28,417	7.1
Provision for reserve for possible loan losses	10,288	3.1	-	-
Provision for reserve for possible investment losses	1,123	0.3	-	-
Write-down of loans	573	0.2	410	0.1
Depreciation of rental real estate and others	15,016	4.5	15,207	3.8
Other investment expenses	34,171	10.4	34,665	8.7
Total	330,067	100.0	397,522	100.0

(6) Net Investment Income (General Account)

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Net investment income	630,242	525,163

(7) Other Information on Investments (General Account)

A. Rates of return (general account)

(%)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash, deposits, and call loans	0.24	0.04
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	0.10	0.13
Monetary claims bought	2.31	2.39
Trading account securities	1.85	-
Money held in trust	22.39	(4.73)
Securities	2.31	1.81
Domestic bonds	1.85	2.41
Domestic stocks	3.22	(3.15)
Foreign securities	2.72	2.49
Foreign bonds	2.37	2.28
Foreign stocks and other securities	3.85	3.24
Loans	2.03	2.29
Ordinary loans	1.55	1.85
Real estate	4.47	3.84
Total	2.17	1.78
Foreign investments	2.68	2.45

Note: 1. Rates of return above are calculated by dividing the net investment income included in net surplus from operations/ordinary profit by the average daily balance on a book value basis.
2. "Foreign investments" include yen-denominated assets.

B. Average daily balance (general account)

(billions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash, deposits, and call loans	281.3	349.3
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	30.8	0.1
Monetary claims bought	279.5	286.5
Trading account securities	70.6	-
Money held in trust	14.4	22.2
Securities	22,100.6	22,821.9
Domestic bonds	12,343.1	12,896.6
Domestic stocks	2,875.2	2,613.6
Foreign securities	6,661.3	7,102.1
Foreign bonds	5,109.0	5,546.1
Foreign stocks and other securities	1,552.2	1,555.9
Loans	4,005.2	3,743.6
Ordinary loans	3,417.2	3,189.5
Real estate	785.8	807.1
Total	29,095.3	29,492.0
Foreign investments	6,942.9	7,387.0

Note: 1. "Foreign investments" include yen-denominated assets.

C. Valuation gains and losses on trading securities (general account)

(millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	22,258	3,359	21,178	(1,049)
Trading account securities	-	56	-	-
Money held in trust	22,258	3,303	21,178	(1,049)

Note: 'Valuation gains (losses) included in statement of earnings' include reversal gains (losses) at the beginning of the fiscal year.

D. Fair value information on securities (general account) (securities with fair value except for trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2010					
Bonds held to maturity	171,263	174,819	3,556	4,904	1,348
Domestic bonds	124,253	124,592	338	1,686	1,348
Foreign bonds	47,009	50,227	3,218	3,218	-
Policy-reserve-matching bonds	5,766,069	5,889,306	123,236	136,732	13,495
Domestic bonds	5,766,069	5,889,306	123,236	136,732	13,495
Stocks of subsidiaries and affiliates	17,209	24,415	7,206	7,206	0
Securities available for sale	14,921,552	15,642,718	721,166	1,016,728	295,562
Domestic bonds	6,957,460	7,099,655	142,195	148,896	6,700
Domestic stocks	2,417,263	2,939,839	522,575	702,945	180,369
Foreign securities	5,126,575	5,179,708	53,133	152,490	99,357
Foreign bonds	4,659,418	4,735,257	75,838	124,257	48,419
Foreign stocks and other securities	467,156	444,451	(22,705)	28,233	50,938
Other securities	111,595	110,630	(965)	7,184	8,150
Monetary claims bought	285,657	289,885	4,227	5,211	983
Certificates of deposit	23,000	22,999	(0)	0	0
Others	-	-	-	-	-
Total	20,876,095	21,731,260	855,165	1,165,572	310,406
Domestic bonds	12,847,783	13,113,554	265,770	287,314	21,544
Domestic stocks	2,417,263	2,939,839	522,575	702,945	180,369
Foreign securities	5,189,931	5,253,489	63,558	162,915	99,357
Foreign bonds	4,706,428	4,785,484	79,056	127,475	48,419
Foreign stocks and other securities	483,503	468,005	(15,498)	35,440	50,938
Other securities	112,458	111,492	(966)	7,184	8,151
Monetary claims bought	285,657	289,885	4,227	5,211	983
Certificates of deposit	23,000	22,999	(0)	0	0
Others	-	-	-	-	-
As of March 31, 2011					
Bonds held to maturity	145,823	150,247	4,424	4,424	-
Domestic bonds	103,924	105,161	1,237	1,237	-
Foreign bonds	41,899	45,085	3,186	3,186	-
Policy-reserve-matching bonds	6,870,639	7,092,066	221,426	234,913	13,486
Domestic bonds	6,870,639	7,092,066	221,426	234,913	13,486
Stocks of subsidiaries and affiliates	20,785	42,999	22,213	22,224	10
Securities available for sale	14,706,987	15,078,568	371,580	794,148	422,567
Domestic bonds	6,299,209	6,460,407	161,198	174,100	12,902
Domestic stocks	1,915,677	2,221,350	305,672	495,777	190,104
Foreign securities	6,088,114	5,987,731	(100,383)	106,876	207,259
Foreign bonds	5,608,527	5,539,839	(68,687)	85,205	153,892
Foreign stocks and other securities	479,587	447,891	(31,695)	21,671	53,367
Other securities	106,978	101,963	(5,015)	6,914	11,929
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-
Total	21,744,236	22,363,881	619,644	1,055,709	436,065
Domestic bonds	13,273,773	13,657,635	383,862	410,250	26,388
Domestic stocks	1,915,677	2,221,350	305,672	495,777	190,104
Foreign securities	6,149,107	6,074,134	(74,972)	132,287	207,259
Foreign bonds	5,650,426	5,584,925	(65,501)	88,391	153,892
Foreign stocks and other securities	498,680	489,209	(9,471)	43,896	53,367
Other securities	108,671	103,645	(5,025)	6,914	11,940
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Law.

* Carrying values of securities whose market prices are deemed extremely difficult to obtain are as follows:

(millions of yen)

	As of March 31, 2010	As of March 31, 2011
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	202,902	202,187
Unlisted domestic stocks (except over-the-counter stocks)	182,680	182,680
Unlisted foreign stocks (except over-the-counter stocks)	12,192	12,192
Others	8,029	7,313
Other securities	1,305,728	1,190,373
Unlisted domestic stocks (except over-the-counter stocks)	135,623	133,982
Unlisted foreign stocks (except over-the-counter stocks)	1,063,784	968,050
Unlisted foreign bonds	0	0
Others	106,320	88,340
Total	1,508,631	1,392,560

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Law.
2. The amounts of foreign exchange valuation losses on foreign securities whose market prices are deemed extremely difficult to obtain and which are listed in the table above are as follows: 5,524 million yen as of March 31, 2011 and 3,714 million yen as of March 31, 2010.

(Reference) Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities whose market prices are deemed extremely difficult to obtain and which are listed on the table above, in addition to the figures in the table D, is as follows:

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2010					
Bonds held to maturity	171,263	174,819	3,556	4,904	1,348
Domestic bonds	124,253	124,592	338	1,686	1,348
Foreign bonds	47,009	50,227	3,218	3,218	-
Policy-reserve-matching bonds	5,766,069	5,889,306	123,236	136,732	13,495
Domestic bonds	5,766,069	5,889,306	123,236	136,732	13,495
Stocks of subsidiaries and affiliates	220,112	223,306	3,194	7,335	4,141
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	35,156	38,351	3,194	7,335	4,140
Other securities	2,275	2,274	(0)	-	0
Securities available for sale	16,227,281	16,948,744	721,463	1,017,025	295,562
Domestic bonds	6,957,460	7,099,655	142,195	148,896	6,700
Domestic stocks	2,552,887	3,075,462	522,575	702,945	180,369
Foreign securities	6,190,359	6,243,790	53,430	152,788	99,358
Foreign bonds	4,659,418	4,735,257	75,838	124,257	48,419
Foreign stocks and other securities	1,530,941	1,508,533	(22,408)	28,530	50,938
Other securities	217,916	216,950	(965)	7,184	8,150
Monetary claims bought	285,657	289,885	4,227	5,211	983
Certificates of deposit	23,000	22,999	(0)	0	0
Others	-	-	-	-	-
Total	22,384,726	23,236,177	851,450	1,165,998	314,547
Domestic bonds	12,847,783	13,113,554	265,770	287,314	21,544
Domestic stocks	2,735,567	3,258,143	522,575	702,945	180,369
Foreign securities	6,272,525	6,332,369	59,843	163,342	103,498
Foreign bonds	4,706,428	4,785,484	79,056	127,475	48,419
Foreign stocks and other securities	1,566,097	1,546,884	(19,213)	35,866	55,079
Other securities	220,191	219,225	(966)	7,184	8,151
Monetary claims bought	285,657	289,885	4,227	5,211	983
Certificates of deposit	23,000	22,999	(0)	0	0
Others	-	-	-	-	-
As of March 31, 2011					
Bonds held to maturity	145,823	150,247	4,424	4,424	-
Domestic bonds	103,924	105,161	1,237	1,237	-
Foreign bonds	41,899	45,085	3,186	3,186	-
Policy-reserve-matching bonds	6,870,639	7,092,066	221,426	234,913	13,486
Domestic bonds	6,870,639	7,092,066	221,426	234,913	13,486
Stocks of subsidiaries and affiliates	222,972	239,546	16,574	22,224	5,650
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	37,902	54,487	16,585	22,224	5,639
Other securities	2,389	2,378	(10)	-	10
Securities available for sale	15,897,360	16,269,056	371,695	794,263	422,568
Domestic bonds	6,299,209	6,460,407	161,198	174,100	12,902
Domestic stocks	2,049,660	2,355,333	305,672	495,777	190,104
Foreign securities	7,056,164	6,955,896	(100,268)	106,992	207,260
Foreign bonds	5,608,527	5,539,839	(68,687)	85,205	153,892
Foreign stocks and other securities	1,447,637	1,416,057	(31,580)	21,787	53,367
Other securities	195,319	190,304	(5,015)	6,914	11,929
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-
Total	23,136,797	23,750,917	614,120	1,055,825	441,705
Domestic bonds	13,273,773	13,657,635	383,862	410,250	26,388
Domestic stocks	2,232,341	2,538,013	305,672	495,777	190,104
Foreign securities	7,135,966	7,055,470	(80,496)	132,403	212,900
Foreign bonds	5,650,426	5,584,925	(65,501)	88,391	153,892
Foreign stocks and other securities	1,485,540	1,470,544	(14,995)	44,011	59,007
Other securities	197,709	192,683	(5,025)	6,914	11,940
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Law.

E. Fair value information on money held in trust (general account)

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2010	22,258	22,258	3,303	7,288	3,984
As of March 31, 2011	21,178	21,178	(1,049)	4,705	5,755

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.
"Gains (losses)" include gains (losses) from derivative transactions within the trusts.

* Information on money held in trust for investment purpose is as follows:

(millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for investment purpose	22,258	3,303	21,178	(1,049)

Note: "Valuation gains (losses) included in the statement of earnings" include reversal gains (losses) at the beginning of the fiscal year.

* Information on money held in trust classified as held-to-maturity, policy-reserve-matching, and available-for-sale are as follows:

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2010					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	-	-	-	-	-
As of March 31, 2011					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	-	-	-	-	-

F. Total net unrealized gains (losses) of general account assets

(millions of yen)

	As of March 31, 2010	As of March 31, 2011
Securities	851,450	614,120
Domestic bonds	265,770	383,862
Domestic stocks	522,575	305,672
Foreign securities	59,843	(80,496)
Foreign bonds	79,056	(65,501)
Foreign stocks and other securities	(19,213)	(14,995)
Other securities	(966)	(5,025)
Others	4,227	10,108
Real estate	90,879	20,526
Total (including others not listed above)	942,030	639,200

Note: 1. Only foreign exchange valuation gains (losses) are taken into account for foreign securities whose market prices are deemed extremely difficult to obtain.
2. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Law.
3. Difference between the book value before revaluation and fair value is reported as unrealized gains (losses) of real estate.

4. Non-Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2010	As of March 31, 2011		As of March 31, 2010	As of March 31, 2011
(ASSETS)			(LIABILITIES)		
Cash and deposits	168,804	230,249	Policy reserves and others	27,803,736	28,190,891
Cash	931	880	Reserves for outstanding claims	149,682	197,695
Bank deposits	167,872	229,369	Policy reserves	27,324,838	27,589,524
Call loans	228,800	236,900	Reserve for policyholder dividends	329,214	403,671
Monetary claims bought	289,885	291,115	Reinsurance payable	525	588
Money held in trust	22,258	21,178	Subordinated bonds	46,510	149,129
Securities	23,987,934	24,294,557	Other liabilities	1,206,894	1,118,137
Government bonds	10,688,290	11,124,813	Collateral for securities lending transactions	390,728	439,443
Local government bonds	324,082	313,283	Long-term debt and other borrowings	313,014	363,607
Corporate bonds	2,324,075	2,312,471	Corporate income tax payable	571	13,333
Stocks	3,598,019	2,838,617	Accounts payable	282,582	29,100
Foreign securities	6,678,934	7,370,161	Accrued expenses	36,974	42,089
Other securities	374,532	335,210	Unearned revenue	1,410	1,163
Loans	3,834,365	3,627,422	Deposits received	55,342	54,659
Policy loans	571,443	539,497	Guarantee deposits received	34,761	32,489
Ordinary loans	3,262,921	3,087,925	Differential account for futures trading	57	53
Ordinary loans	3,237,583	3,062,819	Derivatives	87,677	132,656
Trust loans	25,337	25,105	Lease liabilities	642	1,459
Tangible fixed assets	1,243,607	1,295,811	Asset retirement obligations	-	4,019
Land	814,807	843,018	Suspense receipt	3,080	3,975
Buildings	408,325	445,549	Other liabilities	51	86
Leased assets	642	1,459	Reserve for employees' retirement benefits	409,639	418,312
Construction in progress	15,766	2,219	Reserve for retirement benefits of directors, executive officers and corporate auditors	3,307	3,147
Other tangible fixed assets	4,065	3,565	Reserve for possible reimbursement of prescribed claims	1,100	1,100
Intangible fixed assets	106,602	105,770	Allowance for policyholder dividends	92,500	-
Software	73,078	72,249	Reserve for price fluctuations	115,453	80,453
Other intangible fixed assets	33,524	33,520	Deferred tax liabilities for land revaluation	124,706	123,635
Reinsurance receivable	1,309	4,189	Acceptances and guarantees	17,787	17,826
Other assets	605,642	282,565	**Total liabilities**	**29,822,160**	**30,103,223**
Accounts receivable	293,417	19,216	(NET ASSETS)		
Prepaid expenses	15,251	15,298	Accumulated redeemed foundation funds	420,000	-
Accrued revenue	129,893	136,238	Revaluation reserve	248	-
Deposits	43,079	42,697	Surplus	184,448	-
Margin money for futures trading	16,413	21,786	Reserve for future losses	5,600	-
Differential account for futures trading	-	2	Other surplus	178,848	-
Derivatives	76,141	17,472	Fund for risk allowance	43,139	-
Suspense payment	15,164	10,811	Fund for price fluctuation allowance	55,000	-
Other assets	16,281	19,042	Subsidy fund for social public enterprise	9	-
Deferred tax assets	337,687	475,198	Fund for Public Health Awards	8	-
Customers' liabilities for acceptances and guarantees	17,787	17,826	Fund for Environmental Green Design Award	14	-
Reserve for possible loan losses	(21,095)	(12,900)	Reserve for tax basis adjustments of real estate	16,420	-
Reserve for possible investment losses	(1,123)	(223)	Other reserves	100	-
			Unappropriated net surplus for the period	64,157	-
			Total of foundation funds and surplus	604,697	-
			Net unrealized gains (losses) on securities, net of tax	461,158	-
			Deferred hedge gains (losses)	(2,008)	-
			Reserve for land revaluation	(63,540)	-
			Total of valuation and translation adjustments	395,609	-
			Total net assets	**1,000,307**	**-**
			Capital stock	-	210,200
			Capital surplus	-	210,200
			Legal capital surplus	-	210,200
			Retained earnings	-	192,887
			Legal retained earnings	-	5,600
			Other retained earnings	-	187,287
			Fund for risk allowance	-	43,120
			Fund for price fluctuation allowance	-	65,000
			Reserve for tax basis adjustments of real estate	-	17,962
			Retained earnings brought forward	-	61,205
			Treasury stock	-	(20,479)
			Total shareholders' equity	-	592,808
			Net unrealized gains (losses) on securities, net of tax	-	237,580
			Deferred hedge gains (losses)	-	1,243
			Reserve for land revaluation	-	(65,194)
			Total of valuation and translation adjustments	-	173,629
			Total net assets	**-**	**766,437**
Total assets	**30,822,467**	**30,869,661**	**Total liabilities and net assets**	**30,822,467**	**30,869,661**

5. Non-Consolidated Statements of Earnings

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
ORDINARY REVENUES	**4,331,560**	**4,308,466**
Premium and other income	2,837,251	3,056,555
Premium income	2,836,231	3,055,768
Reinsurance income	1,019	786
Investment income	1,153,480	922,686
Interest and dividends	708,082	698,159
Interest from bank deposits	2,832	5,229
Interest and dividends from securities	533,908	529,413
Interest from loans	91,517	86,019
Rental income	70,333	66,814
Other interest and dividends	9,489	10,682
Gains on trading account securities	1,336	-
Gains on money held in trust	3,295	-
Gains on sale of securities	242,556	212,245
Gains on redemption of securities	4,472	1,533
Derivative transaction gains	-	9,842
Other investment income	566	906
Gains on investment in separate accounts	193,170	-
Other ordinary revenues	340,828	329,224
Fund receipt for annuity rider of group insurance	1,036	974
Fund receipt for claim deposit payment	295,673	310,833
Reversal of reserves for outstanding claims	23,257	-
Other ordinary revenues	20,861	17,416
ORDINARY EXPENSES	**4,137,940**	**4,229,564**
Benefits and claims	2,610,535	2,625,013
Claims	777,001	765,003
Annuities	478,704	515,481
Benefits	533,811	505,918
Surrender values	661,715	636,936
Other refunds	158,160	200,540
Ceding reinsurance commissions	1,141	1,133
Provision for policy reserves and others	328,262	322,580
Provision for reserves for outstanding claims	-	48,012
Provision for policy reserves	317,861	264,685
Provision for interest on policyholder dividends	10,401	9,882
Investment expenses	330,067	429,594
Interest expenses	12,725	13,073
Losses on money held in trust	-	1,051
Losses on sale of securities	207,894	120,905
Losses on valuation of securities	10,502	179,621
Losses on redemption of securities	2,470	4,168
Derivative transaction losses	16,772	-
Foreign exchange losses	18,528	28,417
Provision for reserve for possible loan losses	10,288	-
Provision for reserve for possible investment losses	1,123	-
Write-down of loans	573	410
Depreciation of rented real estate and others	15,016	15,207
Other investment expenses	34,171	34,665
Losses on investment in separate accounts	-	32,071
Operating expenses	438,729	424,686
Other ordinary expenses	430,345	427,688
Claim deposit payments	358,828	348,955
National and local taxes	23,592	25,226
Depreciation	31,563	34,219
Provision for reserve for employees' retirement benefits	5,976	8,673
Other ordinary expenses	10,384	10,614
NET SURPLUS FROM OPERATIONS/ORDINARY PROFIT	**193,620**	**78,902**
EXTRAORDINARY GAINS	**329**	**40,101**
Gains on disposal of fixed assets	159	3,348
Reversal of reserve for possible loan losses	-	1,065
Reversal of reserve for possible investment	-	498
Gains on collection of loans and claims written off	169	189
Reversal of reserve for price fluctuations	-	35,000
EXTRAORDINARY LOSSES	**116,509**	**11,828**
Losses on disposal of fixed assets	1,833	4,415
Impairment losses on fixed assets	4,897	3,338
Provision for allowance for policyholder dividends	92,500	-
Provision for reserve for price fluctuations	14,000	-
Losses on accelerated redemption of foundation funds	2,372	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	4,074
Subsidy for social public enterprise	826	-
Public Health Awards	36	-
Environmental Green Design Award	44	-
Provision for reserve for policyholder dividends	**-**	**78,500**
Net surplus before income taxes	**77,439**	**-**
Income before income taxes	**-**	**28,675**
Corporate income taxes-current	**317**	**25,956**
Corporate income tax-deferred	**16,315**	**(14,217)**
Total of corporate income taxes	**16,632**	**11,739**
Net surplus for the year	**60,807**	**-**
Net income for the year	**-**	**16,936**

6. Non-Consolidated Statement of Changes in Net Assets

(1) Non-Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31, 2010

(millions of yen)

	Year ended March 31, 2010
Foundation Funds and surplus	
Foundation funds	
Balance at the end of the previous year	120,000
Changes for the year	
Redemption of foundation funds	(120,000)
Total changes for the year	(120,000)
Balance at the end of the year	-
Accumulated redeemed foundation funds	
Balance at the end of the previous year	300,000
Changes for the year	
Transfer to accumulated redeemed foundation funds	120,000
Total changes for the year	120,000
Balance at the end of the year	420,000
Revaluation reserve	
Balance at the end of the previous year	248
Changes for the year	
Total changes for the year	-
Balance at the end of the year	248
Surplus	
Reserve for future losses	
Balance at the end of the previous year	5,400
Changes for the year	
Transfer to reserve for future losses	200
Total changes for the year	200
Balance at the end of the year	5,600
Other surplus	
Reserve for redemption of foundation funds	
Balance at the end of the previous year	81,300
Changes for the year	
Transfer to accumulated redeemed foundation funds	(120,000)
Transfer to reserve for redemption of foundation funds	38,700
Total changes for the year	(81,300)
Balance at the end of the year	-
Reserve for interest payment for foundation funds	
Balance at the end of the previous year	-
Changes for the year	
Transfer to reserve for interest payment for foundation funds	1,263
Transfer from reserve for interest payment for foundation funds	(1,263)
Total changes for the year	-
Balance at the end of the year	-
Fund for risk allowance	
Balance at the end of the previous year	43,139
Changes for the year	
Total changes for the year	-
Balance at the end of the year	43,139
Fund for price fluctuation allowance	
Balance at the end of the previous year	30,000
Changes for the year	
Transfer to fund for price fluctuation allowance	25,000
Total changes for the year	25,000
Balance at the end of the year	55,000
Subsidy fund for social public enterprise	
Balance at the end of the previous year	9
Changes for the year	
Transfer to subsidy fund for social public enterprise	826
Transfer from subsidy fund for social public enterprise	(826)
Total changes for the year	-
Balance at the end of the year	9
Fund for Public Health Awards	
Balance at the end of the previous year	4
Changes for the year	
Transfer to fund for Public Health Awards	40
Transfer from fund for Public Health Awards	(36)
Total changes for the year	3
Balance at the end of the year	8
Fund for Environmental Green Design Award	
Balance at the end of the previous year	9
Changes for the year	
Transfer to fund for Environmental Green Design Award	50
Transfer from fund for Environmental Green Design Award	(44)
Total changes for the year	5
Balance at the end of the year	14
Reserve for tax basis adjustments of real estate	
Balance at the end of the previous year	15,961
Changes for the year	
Transfer to reserve for tax basis adjustments of real estate (*1)	540
Transfer to reserve for tax basis adjustments of real estate (*2)	200
Transfer from reserve for tax basis adjustments of real estate (*1)	(145)
Transfer from reserve for tax basis adjustments of real estate (*2)	(137)
Total changes for the year	458
Balance at the end of the year	16,420
Other reserves	
Balance at the end of the previous year	100
Changes for the year	
Total changes for the year	-
Balance at the end of the year	100
Unappropriated net surplus	
Balance at the end of the previous year	133,766
Changes for the year	
Transfer to reserve for policyholder dividends	(64,963)
Transfer to reserve for future losses	(200)
Interest payment for foundation funds	(2,328)
Net surplus for the year	60,807
Transfer to reserve for redemption of foundation funds	(38,700)
Transfer to reserve for interest payment for foundation funds	(1,263)
Transfer from reserve for interest payment for foundation funds	1,263
Transfer to fund for price fluctuation allowance	(25,000)
Transfer to subsidy fund for social public enterprise	(826)
Transfer from subsidy fund for social public enterprise	826
Transfer to fund for Public Health Awards	(40)
Transfer from fund for Public Health Awards	36
Transfer to fund for Environmental Green Design Award	(50)
Transfer from fund for Environmental Green Design Award	44
Transfer to reserve for tax basis adjustments of real estate (*1)	(540)
Transfer to reserve for tax basis adjustments of real estate (*2)	(200)
Transfer from reserve for tax basis adjustments of real estate (*1)	145
Transfer from reserve for tax basis adjustments of real estate (*2)	137
Transfer from reserve for land revaluation	1,242
Total changes for the year	(69,609)
Balance at the end of the year	64,157
Total of surplus	
Balance at the end of the previous year	309,690
Changes for the year	
Transfer to reserve for policyholder dividends	(64,963)
Transfer to accumulated redeemed foundation funds	(120,000)
Interest payment for foundation funds	(2,328)
Net surplus for the year	60,807
Transfer from reserve for land revaluation	1,242
Total changes for the year	(125,241)
Balance at the end of the year	184,448
Total of foundation funds and surplus	
Balance at the end of the previous year	729,938
Changes for the year	
Transfer to reserve for policyholder dividends	(64,963)
Interest payment for foundation funds	(2,328)
Net surplus for the year	60,807
Redemption of foundation funds	(120,000)
Transfer from reserve for land revaluation	1,242
Total changes for the year	(125,241)
Balance at the end of the year	604,697
Valuation and translation adjustments	
Net unrealized gains (losses) on securities, net of tax	
Balance at the end of the previous year	(47,456)
Changes for the year	
Net changes of items other than foundation funds and surplus	508,614
Total changes for the year	508,614
Balance at the end of the year	461,158
Deferred hedge gains (losses)	
Balance at the end of the previous year	(357)
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,651)
Total changes for the year	(1,651)
Balance at the end of the year	(2,008)
Reserve for land revaluation	
Balance at the end of the previous year	(62,297)
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,242)
Total changes for the year	(1,242)
Balance at the end of the year	(63,540)
Total of valuation and translation adjustments	
Balance at the end of the previous year	(110,111)
Changes for the year	
Net changes of items other than foundation funds and surplus	505,721
Total changes for the year	505,721
Balance at the end of the year	395,609
Total net assets	
Balance at the end of the previous year	619,827
Changes for the year	
Transfer to reserve for policyholder dividends	(64,963)
Interest payment for foundation funds	(2,328)
Net surplus for the year	60,807
Redemption of foundation funds	(120,000)
Transfer from reserve for land revaluation	1,242
Net changes of items other than foundation funds and surplus	505,721
Total changes for the year	380,479
Balance at the end of the year	1,000,307

*1: The general meeting of representative policyholders of the Company approved the surplus appropriation of those items as above.

*2: Until the prior fiscal year, those items were appropriated at the general meeting of representative policyholders, as is the case for mutual companies. However, in light of the Company's demutualization on April 1, 2010, they were recorded in the fiscal year ended March 31, 2010, as is the case for stock companies.

(2) Non-Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31, 2011

(millions of yen)

	Year ended March 31, 2011
Shareholders' equity	
Capital stock	
Balance at the beginning of the year	210,200
Changes for the year	
Total changes for the year	-
Balance at the end of the year	210,200
Capital surplus	
Legal capital surplus	
Balance at the beginning of the year	210,200
Changes for the year	
Total changes for the year	-
Balance at the end of the year	210,200
Total capital surplus	
Balance at the beginning of the year	210,200
Changes for the year	
Total changes for the year	-
Balance at the end of the year	210,200
Retained earnings	
Legal retained earnings	
Balance at the beginning of the year	5,600
Changes for the year	
Total changes for the year	-
Balance at the end of the year	5,600
Other retained earnings	
Fund for risk allowance	
Balance at the beginning of the year	43,120
Changes for the year	
Total changes for the year	-
Balance at the end of the year	43,120
Fund for price fluctuation allowance	
Balance at the beginning of the year	55,000
Changes for the year	
Transfer to fund for price fluctuation allowance	10,000
Total changes for the year	10,000
Balance at the end of the year	65,000
Reserve for tax basis adjustments of real estate	
Balance at the beginning of the year	16,420
Changes for the year	
Transfer to reserve for tax basis adjustments of real estate	1,673
Transfer from reserve for tax basis adjustments of real estate	(132)
Total changes for the year	1,541
Balance at the end of the year	17,962
Retained earnings brought forward	
Balance at the beginning of the year	64,157
Changes for the year	
Dividends	(10,000)
Net income for the year	16,936
Transfer to fund for price fluctuation allowance	(10,000)
Transfer to reserve for tax basis adjustments of real estate	(1,673)
Transfer from reserve for tax basis adjustments of real estate	132
Transfer from reserve for land revaluation	1,653
Total changes for the year	(2,951)
Balance at the end of the year	61,205
Total retained earnings	
Balance at the beginning of the year	184,297
Changes for the year	
Dividends	(10,000)
Net income for the year	16,936
Transfer from reserve for land revaluation	1,653
Total changes for the year	8,590
Balance at the end of the year	192,887

	Year ended March 31, 2011
Treasury stock	
Balance at the beginning of the year	-
Changes for the year	
Purchase of treasury stock	(20,479)
Total changes for the year	(20,479)
Balance at the end of the year	(20,479)
Total shareholders' equity	
Balance at the beginning of the year	604,697
Changes for the year	
Dividends	(10,000)
Net income for the year	16,936
Purchase of treasury stock	(20,479)
Transfer from reserve for land revaluation	1,653
Total changes for the year	(11,889)
Balance at the end of the year	592,808
Valuation and translation adjustments	
Net unrealized gains (losses) on securities, net of tax	
Balance at the beginning of the year	461,158
Changes for the year	
Net changes of items other than shareholders' equity	(223,577)
Total changes for the year	(223,577)
Balance at the end of the year	237,580
Deferred hedge gains (losses)	
Balance at the beginning of the year	(2,008)
Changes for the year	
Net changes of items other than shareholders' equity	3,251
Total changes for the year	3,251
Balance at the end of the year	1,243
Reserve for land revaluation	
Balance at the beginning of the year	(63,540)
Changes for the year	
Net changes of items other than shareholders' equity	(1,653)
Total changes for the year	(1,653)
Balance at the end of the year	(65,194)
Total of valuation and translation adjustments	
Balance at the beginning of the year	395,609
Changes for the year	
Net changes of items other than shareholders' equity	(221,979)
Total changes for the year	(221,979)
Balance at the end of the year	173,629
Total net assets	
Balance at the beginning of the year	1,000,307
Changes for the year	
Dividends	(10,000)
Net income for the year	16,936
Purchase of treasury stock	(20,479)
Transfer from reserve for land revaluation	1,653
Net changes of items other than shareholders' equity	(221,979)
Total changes for the year	(233,869)
Balance at the end of the year	766,437

I. NOTES TO THE NON-CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2011

1. Valuation Methods of Securities

Securities held by the Company including cash equivalents, bank deposits, and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

(1) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

(2) Held-to-maturity Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method.

(3) 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))

Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.

(4) Stocks of Subsidiaries and Affiliated Companies

Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

i. Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at market value at the end of the fiscal year (for domestic stocks, the average value during March), with cost determined by the moving average method.

However, certain domestic stocks with market value were valued at fair value as of March 31, 2011, taking into account the factors such as the significant gap between their average value during March 2011 and their fair value as of March 31, 2011

ii. Available-for-sale Securities Whose Market Values Are Extremely Difficult to Be Recognized

a. Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment

Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment, are valued at the amortized cost, determined by the moving average method.

b. Others

All others are valued at cost using the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the non-consolidated statements of earnings.

The amortization of premium or discount of securities is calculated by the straight-line method.

2. Policy-reserve-matching Bonds

The book value, market value, and risk management policy regarding policy-reserve-matching bonds are as follows:

(1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of March 31, 2011 amounted to ¥6,870,639 million. The market value of these bonds as of March 31, 2011 was ¥7,092,066 million.

(2) Risk Management Policy

The Company categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of the sub-groups. Moreover, the Company periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:

i. individual life insurance and annuities,
ii. financial insurance and annuities, and
iii. group annuities,
with the exception of certain types.

3. Valuation method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

Based on the "Law for Revaluation of Land" (Publicly Issued Law 34, March 31, 1998), the Company revalued land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land
  The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.
- The excess of the new book value of the land over the fair value after revaluation in accordance with Article 10 of the Law for Revaluation of Land as of March 31, 2011 was ¥55,701 million.

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets is calculated by the following method.

i. Buildings (excluding leasehold improvements and structures)
   a. Acquired on or before March 31, 2007
      Calculated by the previous straight-line method.
   b. Acquired on or after April 1, 2007
      Calculated by the straight-line method.

ii. Assets other than buildings
   a. Acquired on or before March 31, 2007
      Calculated by the previous declining balance method.
   b. Acquired on or after April 1, 2007
      Calculated by the declining balance method.

Estimated useful lives of major assets are as follows:

Buildings	two to sixty years
Other tangible assets	two to twenty years

Tangible fixed assets other than land and buildings that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

With respect to tangible fixed assets that were acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the salvage values are depreciated in the five years following the year end when such assets are depreciated to their final depreciable limit.

(2) Amortization of Intangible Assets Excluding Leased Assets

The Company uses the straight-line method of amortization for intangible fixed assets excluding leased assets. Amortization of software for internal use is based on the estimated useful life of five years.

(3) Depreciation of Leased Assets

Depreciation for leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero salvage value over their lease terms.

Finance leases, which commenced on or before March 31, 2008, are accounted for in the same manner applicable to ordinary operating leases.

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2011 was ¥658,245 million.

6. Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

The Company translated foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates at the end of the year. Stocks of subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

7. Reserve for possible loan losses

The reserve for possible loan losses is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, "bankrupt obligors") and loans to and claims on obligors that have suffered substantial business failure (hereafter, "substantially bankrupt obligors"), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, "obligors at risk of bankruptcy"), the reserve is calculated by deducting the estimated recoverable amount, determined based on an overall assessment of the obligor's ability to pay and collateral or guarantees, from the book value of the loans and claims.

For loans and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, "obligors at risk of bankruptcy"), the reserve is calculated, taking into account (1) the recoverable amount covered by the collateral or guarantees and (2) an overall assessment of the obligor's ability to pay.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in the Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2011 was ¥3,832 million.

8. Accounting of Beneficial Interests in Securitized Mortgage Loans

The trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Company in August 2000, amounted to ¥25,105 million as of March 31, 2011 and are included as loans in the non-consolidated balance sheet. The reserve for possible loan losses for these particular beneficial interests is calculated based on the balance of the underlying loans. The balance of the underlying loans in the trust as of March 31, 2011 was ¥44,268 million.

9. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Council) is provided, based on the projected benefit obligations and pension assets as of March 31, 2011.

Gains/losses on plan amendments are amortized by the straight-line method through a certain period of seven years, which is within the employees' average remaining service period.

Actuarial differences are amortized by the straight-line method through a certain period of seven years starting from the following year, which is within the employees' average remaining service period.

(1) Funding status of the Company's employees' retirement benefits:

		(millions of yen)
a.	Projected benefit obligations	¥ (658,505)
b.	Pension assets	202,506
	Retirement benefit trust included in the above pension assets	98,230
c.	Unfunded benefit obligations (a + b)	(455,998)
d.	Unrecognized actuarial differences	37,685
e.	Net amount recognized on the non-consolidated balance sheet (c + d)	(418,312)
f.	Prepaid pension expenses	-
g.	Reserve for employees' retirement benefits (e - f)	¥ (418,312)

(2) Assumptions used by the Company:

i. Method of periodic allocation of benefit obligations: straight-line method
ii. Discount rate: 1.7% per annum
iii. Estimated return on investment:
  a. Defined benefit corporate pension: 1.7% per annum
  b. Retirement benefit trust: 0.0% per annum
iv. Amortization period for actuarial differences: 7 years starting from the following fiscal year
v. Amortization period for gains on plan amendments: 7 years

10. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of the Company is established for securities whose market values are extremely difficult to be recognized. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

11. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

For the reserve for retirement benefits of directors, executive officers and corporate auditors of the Company, (1) an estimated amount for future payment out of the total amount of benefits for past service approved by the 105^{th} general meeting of representative policyholders of the Company and (2) an estimated amount for future corporate-pension payments to directors, executive officers, and corporate auditors who retired before the approval of the 105^{th} general meeting of representative policyholders of the Company are provided.

12. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had run out in the previous years, the Company provided for reserve for possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

13. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities at the end of the year in accordance with the provisions of Article 115 of the Insurance Business Act.

14. Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No. 10 issued on March 10, 2008). Primarily, (1) special hedge accounting for interest rate swaps and the deferral hedge method are used for cash flow hedges of certain ordinary loans, government and corporate bonds, and loans and bonds payable; (2) foreign currency swaps, the currency allotment method by foreign currency forward contracts and deferred hedges are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated loans, loans payable, bonds payable, term deposits and stock (forecasted transaction); and (3) the fair value hedge method is used for hedges by currency options and foreign currency forward contracts against exchange rate fluctuations in the value of certain foreign currency-denominated bonds.

(2) Hedging Instruments and Hedged Instruments

Hedging instruments	Hedged instruments
Interest rate swaps ……………………………	Loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps ……………………...	Foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency denominated bonds payable
Foreign currency forward contracts …………	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stock (forecasted transaction)
Currency options ……………………………..	Foreign currency-denominated bonds

(3) Hedging Policies

The Company conducts hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines.

(4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

15. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

16. Policy Reserve

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as follows:

i. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).

ii. Reserves for other policies are established based on the net level premium method.

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996, premium payments for which were already completed (including lump-sum payment), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided in the following nine years. As a result, additional provision for policy reserves for the fiscal year ended March 31, 2011 was ¥112,631 million.

17. Application of “Accounting Standard for Asset Retirement Obligations”

Effective the fiscal year ended March 31, 2011, the Company applied “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). As a result, ordinary profit and income before income taxes for the fiscal year ended March 31, 2011 decreased by ¥497 million and ¥4,572 million, respectively, compared to the corresponding figures calculated by the previous method. The amount of change in asset retirement obligations incurred due to the initial application of the accounting standard for the fiscal year was ¥3,247 million.

(1) Overview of Asset Retirement Obligation

The Company recognized statutory or similar obligations associated with some of its real estate for rent and business use with regard to the removal of (1) tangible fixed assets and (2) certain harmful substances in the tangible fixed assets and so recorded the asset retirement obligation.

(2) Calculation of Asset Retirement Obligation

The Company calculated the asset retirement obligation by (1) estimating the period of service of each building between 0 and 37 years based on its contract term and useful life and (2) applying discount rates ranging from 0.144% to 2.293%.

(3) Increase and Decrease in Asset Retirement Obligation

The following table shows the increase and decrease in asset retirement obligations:

		(millions of yen)
Beginning balance ………………………………………	¥	3,247
Time progress adjustments ……………………………...		43
Others …………………………………………………		728
Ending balance ……………………………………….	¥	4,019

The “Beginning balance” in the above table represents the amount of asset retirement obligations as of April 1, 2010 instead of that of March 31, 2010, as the Company applied the standard effective the fiscal year ended March 31, 2011.

18. Introduction of Stock Granting Trust (J-ESOP)

Effective the fiscal year ended March 31, 2011, the Company introduced Stock Granting Trust (J-ESOP). J-ESOP is an incentive program granting middle managements who fulfill requirements under its Stock Granting Regulations shares of common stock to motivate them to improve corporate value and financial results and, thus, stock prices by (1) linking their retirement benefits to the stock price and financial results of the Company and (2) sharing economic benefits with stockholders.

The Company vests points to each managerial level employee based on her/his contribution to the Company and grants stocks of the Company based on her/his total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from the Company.

Taking into consideration the economic reality of the J-ESOP trust, assets, including stocks of the Company, and liabilities of the J-ESOP trust are recorded in the Company’s balance sheet as of March 31, 2011 and statement of earnings and statement of changes in net assets for the fiscal year ended March 31, 2011.

The J-ESOP trust owned 45 thousand shares of common stock of the Company as of March 31, 2011.

19. Introduction of Trust-type Employee Shareholding Incentive Plan (E-Ship®)

Effective the fiscal year ended March 31, 2011, the Company introduced a Trust-type Employee Shareholding Incentive Plan (E-Ship®). E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership Plan (the “Plan”). In the E-Ship®, the Company sets up the E-Ship trust at a trust bank. The E-ship trust estimates the number of shares of common stock of the Company which the Plan is to acquire in the next five years after the setup of the E-Ship trust and purchases the shares in advance. The Plan buys shares of the Company from the E-Ship trust periodically. At the end of the trust period, the Plan’s retained earnings, accumulation of net gains on sales of shares of the Company, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, the Company will compensate outstanding debt at the end of the period due to accumulation of net losses on shares as the Company as the Company guarantees the debt of the E-Ship trust for share purchases.

Taking into consideration the economic reality of the E-Ship trust, assets, including stocks of the Company, and liabilities of the E-ship trust are recorded in the Company’s balance sheet as of March 31, 2011 and statement of earnings and statement of changes in net assets for the fiscal year ended March 31, 2011.

The E-ship trust owned 93 thousand shares of common stock of the Company as of March 31, 2011.

20. Presentation of Net Assets

Due to the Company's demutualization on April 1, 2010, net assets in its balance sheet as of March 31, 2011were reported in a joint stock corporation format, while that of March 31, 2010 were reported in a mutual company format.

21. Securities Lending

Securities lent under lending agreements are included in the balance sheets. The total balance of securities lent as of March 31, 2011 was ¥482,741 million.

22. Problem Loans

The total balance of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, amounted to ¥25,639 million. The amounts of (1) credits to bankrupt borrowers, (2) delinquent loans, and (3) restructured loans were (1) ¥5,034 million, (2) ¥17,349 million, and (3) ¥3,255 million, respectively. The Company held no loans past due for three month or more as of March 31, 2011.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written-off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in Note 7 above, credits to bankrupt borrowers and delinquent loans decreased by ¥739 million and ¥3,093 million, respectively.

23. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act was ¥1,176,136 million. Separate account liabilities were the same amount as separate account assets.

24. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies were ¥4,567 million and ¥4,589 million, respectively.

25. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2011

	(millions of yen)
Deferred tax assets:	
Insurance policy reserve	¥ 377,833
Reserve for employees' retirement benefits	182,001
Losses on valuation of securities	62,787
Reserve for price fluctuations	29,027
Impairment losses	7,561
Others	32,814
Subtotal	692,026
Valuation allowances	(34,994)
Total	¥ 657,032
Deferred tax liabilities:	
Net unrealized gains on securities, net of tax	(147,455)
Reserve for tax basis adjustments of real estate	(10,138)
Dividend receivables from stocks	(7,675)
Others	(16,563)
Total	(181,833)
Net deferred tax assets	¥ 475,198

(2) The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2011

Statutory tax rate	36.08 %
(Adjustments)	
Nondeductible expenses including entertainment expenses	3.11 %
Others	1.75 %
Actual effective tax rate after considering deferred taxes	40.94 %

26. Leased Computers

In addition to leased assets included in the non-consolidated balance sheet, the Company has computers as significant leased tangible fixed assets. The Company has no material leased intangible fixed assets.

27. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(millions of yen)
Balance at the end of the previous year	¥ 329,214
Transfer from allowance for policyholder dividends	92,500
Dividends paid during the year ended March 31, 2011	(106,426)
Interest accrual during the year ended March 31, 2011	9,882
Provision for reserve for policyholder dividends	78,500
Balance as of March 31, 2011	¥ 403,671

28. Stocks of Subsidiaries

The amount of stocks of subsidiaries the Company held as of March 31, 2011 was ¥222,961 million.

29. Organizational Change Surplus

The amount of the Company's organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

30. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were as follows:

		(millions of yen)
Securities (Government bonds) …………………………	¥	442,335
Securities (Foreign securities) …………………………..		7,347
Cash/deposits ……………………………………………		86
Securities and cash deposits pledged as collateral ………	¥	449,770

The amounts of secured liabilities were as follows:

		(millions of yen)
Cash collateral for securities lending transactions ……..	¥	439,443
Loan …………………………………………………..		10
Secured liabilities ……………………………………….	¥	439,454

Among the amounts, "Securities (Government bonds)" for securities lending transactions as of March 31, 2011 was ¥436,425 million.

31. Reinsurance

The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter "reserve for outstanding claims reinsured") was ¥10 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter "policy reserve reinsured") was ¥0 million.

32. Net Assets per Share

Net assets per share of the Company was ¥77,727.54.

33. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2011, the market value of the securities borrowed which were not sold or pledged was ¥1,301 million, respectively, among which no securities were pledged as collateral.

34. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥5,300 million.

35. Subordinated Debt

As of March 31, 2011, long-term debt and other borrowings included subordinated debt of ¥350,000 million, the repayment of which is subordinated to other obligations.

36. Subordinated Bonds

Subordinated bonds of ¥149,129 million shown in liabilities were foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

37. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥60,531 million. These obligations will be recognized as operating expenses in the fiscal year in which they are paid.

II. NOTES TO THE NON-CONSOLIDATED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2011

1. Revenues and Expenses from Transactions with Subsidiaries and Affiliated Companies

Total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥9,783 million and ¥25,303 million, respectively.

2. Gains and Losses on Sale of Securities/ Losses on Valuation of Securities

Gain on sale of securities included gains on sales of domestic bonds, domestic stocks and foreign securities of ¥69,746 million, ¥79,808 million and ¥62,689 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥4,461 million, ¥34,035 million and ¥82,407 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks, foreign securities and other securities of ¥174,022 million, ¥5,595 million and ¥3 million, respectively.

3. Provision for/ Reversal of Reserve for Outstanding Claims Reinsured

In calculating the provision for reserves for outstanding claims, the amount of adjustment of provision for reserve for outstanding claims reinsured was ¥2 million. In calculating provision for policy reserves, reversal for policy reserve reinsured of ¥0 million was deducted.

4. Gains /Losses on Money Held in Trust

Losses on money held in trust included valuation loss of ¥1,049 million.

5. Derivative Transaction Gains/Losses

Derivative transaction gains included valuation gain of ¥4,872 million.

6. Net Income per Share

Net income per share for the fiscal year ended March 31, 2011 was ¥1,696.72. Information on diluted net income per share is omitted as there was no potential diluting shares of the Company.

7. Retirement Benefit Expenses

Retirement benefit expenses of the Company were ¥43,136 million and consisted of the following:

	(millions of yen)
Service cost	¥ 25,998
Interest cost	11,129
Estimated investment income	(1,785)
Amortization of unrecognized actuarial differences	13,169
Amortization of unrecognized gains on plan amendments	(5,376)
Retirement benefit expenses	¥ 43,136

8. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the fiscal year ended March 31, 2011 were as follows:

(1) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group. Each property for rent and property not in use, which is not used for insurance business purposes, is deemed to be an independent asset group.

(2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value in some asset groups, the Company wrote down the book value of these assets to the recoverable value, and reported such reduced amount as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

Impairment losses by asset group were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
			(millions of yen)		
Real estate for rent	Assets including Iwaki City, Fukushima Prefecture	4	¥ 132	¥ 169	¥ 302
Real estate not in use	Assets including Himeji City, Hyogo Prefecture	64	2,082	953	3,036
Total		68	¥ 2,215	¥ 1,123	¥ 3,338

(4) Calculation of Recoverable Value

Value in use or net sale value is used as recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.89% was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value is used as the net sale value.

III. NOTES TO THE NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2011

1. Treasury Stock

(thousand shares)

	Number of treasury stock outstanding at the beginning of the fiscal year (*1)	Increase in treasury stock	Decrease in treasury stock	Number of treasury stock outstanding at the end of the fiscal year
Common Stock (*2)	-	139	-	139

*1 The "Number of treasury stock outstanding at the beginning of the fiscal year" was presented in the above table instead of that at the end of the previous fiscal year as the Company was a mutual company at the end of the previous fiscal year ended March 31, 2010.

*2 Increase in treasury stock represents the sum of shares of common stock of the Company purchased by (1) the J-ESOP trust and (2) the E-ship trust.

2. Basis of Presentation

As the Company was a mutual company at the end of previous fiscal year (March 31, 2010), its statements of changes in net assets for the fiscal year ended March 31, 2011 reported "balance at the beginning of the year" instead of "balance at the end of the previous year."

3. Amount of Net Assets

Based on its plan for demutualization and others in accordance with Article 86 of the Insurance Business Act, the Company realigned its net assets in the non-consolidated balance sheet as follows:

(millions of yen)

As of March 31, 2010		As of April 1, 2010	
Accumulated redeemed foundation funds	420,000	Capital stock	210,200
Revaluation reserve	248	Capital surplus	210,200
Surplus	184,448	Legal capital surplus	210,200
Reserve for future losses	5,600	Retained earnings	184,297
Other surplus	178,848	Legal retained earnings	5,600
Fund for risk allowance	43,139	Other retained earnings	178,697
Fund for price fluctuation allowance	55,000	Fund for risk allowance	43,120
Subsidy fund for social public enterprise	9	Fund for price fluctuation allowance	55,000
Fund for Public Health Awards	8	Reserve for tax basis adjustments of real esta	16,420
Fund for Environmental Green Design Awar	14	Retained earnings brought forward	64,157
Reserve for tax basis adjustments of real esta	16,420	Total shareholders' equity	604,697
Other reserves	100	Net unrealized gains (losses) on securities, net of ta	461,158
Unappropriated net surplus for the period	64,157	Deferred hedge gains (losses)	(2,008)
Total of foundation funds and surplus	604,697	Reserve for land revaluation	(63,540)
Net unrealized gains (losses) on securities, net of ta	461,158	Total of valuation and translation adjustments	395,609
Deferred hedge gains (losses)	(2,008)		
Reserve for land revaluation	(63,540)		
Total of valuation and translation adjustments	395,609		
Total net assets	1,000,307	Total net assets	1,000,307

7. Breakdown of Net Surplus from Operations (Fundamental Profit)

(millions of yen)

		Year ended March 31, 2010	Year ended March 31, 2011
Fundamental revenues		4,084,372	4,086,378
Premium and other income		2,837,251	3,056,555
Investment income		906,291	700,598
[Interest and dividends]		708,082	698,159
Other ordinary revenues		340,828	329,224
Fundamental expense		3,754,220	3,810,457
Benefits and claims		2,610,535	2,625,013
Provision for policy reserves and others		212,853	233,881
Investment expenses		61,755	99,186
Operating expenses		438,729	424,686
Other ordinary expenses		430,345	427,688
Fundamental profit	*A*	330,152	275,921
Capital gains		247,188	222,087
Gains on money held in trust		3,295	-
Gains on investments in trading securities		-	-
Gains on sale of securities		242,556	212,245
Derivative transaction gains		-	9,842
Foreign exchange gains		-	-
Gains on trading account securities		1,336	-
Others		-	-
Capital losses		253,697	329,996
Losses on money held in trust		-	1,051
Losses on investments in trading securities		-	-
Losses on sale of securities		207,894	120,905
Losses on valuation of securities		10,502	179,621
Derivative transaction losses		16,772	-
Foreign exchange losses		18,528	28,417
Losses on trading account securities		-	-
Others		-	-
Net capital gains	*B*	(6,509)	(107,908)
Fundamental profit plus net capital gains	*A + B*	323,642	168,012
Other one-time gains		-	25,000
Reinsurance income		-	-
Reversal of contingency reserve		-	25,000
Others		-	-
Other one-time losses		130,022	114,110
Ceding reinsurance commissions		-	-
Provision for contingency reserve		18,000	-
Provision for specific reserve for possible loan losses		12,916	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		573	410
Others		98,532	113,699
Other one-time profits	*C*	(130,022)	(89,110)
Net surplus from operations	*A + B + C*	193,620	78,902

Note 1: "Others" in "Other one-time losses" for the fiscal year ended March 31, 2010 represents the amount of the additional policy reserves provided (97,408 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act and provision for reserve for possible investment losses (1,123 million yen).

2: "Others" in "Other one-time losses" for the fiscal year ended March 31, 2011 represents the amount of the additional policy reserves provided (113,699 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of March 31, 2010	As of March 31, 2011
Claims against bankrupt and quasi-bankrupt obligors	5,829	5,387
Claims with collection risk	27,769	16,996
Claims for special attention	2,383	3,292
Subtotal (I)	35,981	25,676
[Percentage (I)/(II)]	[0.83%]	[0.62%]
Claims against normal obligors	4,274,266	4,122,851
Total (II)	4,310,248	4,148,527

Note:
1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
4. Claims against normal obligors are all other loans.

9. Risk-Monitored Loans

(millions of yen)

	As of March 31, 2010	As of March 31, 2011
Credits to bankrupt borrowers (I)	5,259	5,034
Delinquent loans (II)	28,338	17,349
Loans past due for three months or more (III)	-	-
Restructured loans (IV)	2,383	3,255
Total ((I)+(II)+(III)+(IV))	35,981	25,639
[Percentage of total loans]	[0.94%]	[0.71%]

No 1. For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers in the fiscal years ended March 31, 2010 and March 31, 2011 were 736 million yen and 739 million yen, respectively. The write-offs relating to delinquent loans in the fiscal years ended March 31, 2010 and March 31, 2011 were 3,469 million yen and 3,093 million yen, respectively.

2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
3. Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.
4. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans, excluding those loans classified as credits to bankrupt borrowers or delinquent loans.
5. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

10. Solvency Margin Ratio

(millions of yen)

		As of March 31, 2010	As of March 31, 2011
Total solvency margin	*(A)*	3,525,861	3,314,721
Foundation funds and surplus/ common stock, etc *1		594,697	576,808
Reserve for price fluctuations		115,453	80,453
Contingency reserve		527,093	502,093
General reserve for possible loan losses		4,853	4,480
Net unrealized gains on securities (before tax) × 90% *2		649,316	334,526
Net unrealized gains (losses) on real estate × 85% *2		77,247	17,447
Policy reserves in excess of surrender values		1,245,466	1,367,418
Qualifying subordinated debt		328,906	456,189
Excluded items		(169,881)	(169,881)
Others		152,707	145,185
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	*(B)*	739,535	673,739
Insurance risk	R_1	102,331	98,094
3rd sector insurance risk	R_8	150,182	154,741
Assumed investment yield risk	R_2	130,566	123,947
Investment risk	R_3	538,537	475,887
Business risk	R_4	18,556	17,175
Guaranteed minimum benefit risk	R_7 *3	6,209	6,094
Solvency margin ratio $\dfrac{(A)}{(1/2)\times(B)}\times 100$		953.5%	983.9%

*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The above figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996. ("Policy reserves in excess of surrender values" is calculated based on Article 1 Paragraph 3-1 of the Announcement No. 50.)

(Reference). Solvency Margin Ratio under the New Standards to Be Officially Applied at the end of Fiscal Year ending March 31, 2012.

(millions of yen)

		As of March 31, 2011
Total solvency margin	*(A)*	3,048,033
Foundation funds and surplus/ common stock, etc [*1]		576,808
Reserve for price fluctuations		80,453
Contingency reserve		502,093
General reserve for possible loan losses		4,480
Net unrealized gains on securities (before tax) × 90% [*2]		334,526
Net unrealized gains (losses) on real estate × 85% [*2]		17,447
Policy reserves in excess of surrender values [*3]		1,367,418
Qualifying subordinated debt [*3]		456,189
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt [*3]		(227,437)
Excluded items		(169,881)
Others		105,935
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	*(B)*	1,112,941
Insurance risk	R_1	98,094
3rd sector insurance risk	R_8	154,741
Assumed investment yield risk	R_2	296,597
Investment risk	R_3	754,112
Business risk	R_4	26,195
Guaranteed minimum benefit risk	R_7 [*4]	6,215
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		547.7%

*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.

*2: Multiplied by 100% if losses.

*3: "Policy reserves in excess of surrender values" represent the amount stipulated under Notification of the Financial Services Agency No. 25, Article 1, paragraph 1-1. "Qualifying subordinated debt" represent the amount stipulated under Notification of the Financial Services Agency No. 25, Article 1, paragraph 1-2. "Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt" represent the amount stipulated under Notification of the Financial Services Agency No. 25, Article 1, paragraph 1-3.

*4: Calculated by standard method.

Note: Under Cabinet Office Ordinance No.23, 2010 and Notification of the Financial Services Agency No. 48, the standards for the calculation of solvency margin ratio is planned to be revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The revised standards will be officially applied at the end of the fiscal year ending March 31, 2012.

The above figures are calculated by appliying the revised standards to the financial results as of March 31, 2011.

11. Status of Separate Account for the Fiscal Year Ended March 31, 2011

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2010	As of March 31, 2011
Individual variable insurance	48,107	45,273
Individual variable annuities	174,050	153,869
Group annuities	1,070,091	976,992
Separate account total	1,292,250	1,176,136

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

(millions of yen except number of policies)

	As of March 31, 2010		As of March 31, 2011	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	220	1,107	201	1,015
Variable insurance (whole life)	48,160	300,010	47,495	294,700
Total	48,380	301,118	47,696	295,716

Note: Policies in force include term life riders.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen except percentages)

	As of March 31, 2010		As of March 31, 2011	
	Amount	%	Amount	%
Cash, deposits, and call loans	1	0.0	3	0.0
Securities	45,335	94.2	41,985	92.7
Domestic bonds	13,615	28.3	13,626	30.1
Domestic stocks	17,152	35.7	14,296	31.6
Foreign securities	14,567	30.3	14,062	31.1
Foreign bonds	5,605	11.7	5,048	11.2
Foreign stocks and other securities	8,962	18.6	9,014	19.9
Other securities	-	-	-	-
Loans	-	-	-	-
Others	2,771	5.8	3,284	7.3
Reserve for possible loan losses	-	-	-	-
Total	48,107	100.0	45,273	100.0

C. Investment gains and losses of separate account for individual variable insurance

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Interest and dividends	889	894
Gains on sale of securities	2,204	1,949
Gains on redemption of securities	-	-
Gains on valuation of securities	11,334	4,088
Foreign exchange gains	215	173
Derivative transaction gains	88	55
Other investment income	50	1
Losses on sale of securities	4,195	3,290
Losses on redemption of securities	-	-
Losses on valuation of securities	2,632	4,682
Foreign exchange losses	144	168
Derivative transaction losses	64	49
Other investment expenses	2	1
Net investment income	7,742	(1,029)

D. Fair value information on securities in separate account for individual variable insurance

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	45,335	8,702	41,985	(593)

Note: "Valuation gains (losses) included in the statement of earnings" include reversal gains (losses) at the beginning of the fiscal year.

* Fair value information on money held in trust

The Company had no balance as of March 31, 2010 or March 31, 2011.

(3) Individual Variable Annuities (Separate Account)

A. Sum insured of policies in force

(millions of yen except number of policies)

	As of March 31, 2010		As of March 31, 2011	
	Number	Amount	Number	Amount
Individual variable annuities	46,803	162,411	44,063	142,440

Note: Sum insured of policies in force includes that of annuities for which payments have commenced.

B. Breakdown of separate account assets for individual variable annuities

(millions of yen except percentages)

	As of March 31, 2010		As of March 31, 2011	
	Amount	%	Amount	%
Cash, deposits, and call loans	1,645	0.9	1,670	1.1
Securities	170,423	97.9	150,347	97.7
Domestic bonds	4,971	2.9	5,004	3.3
Domestic stocks	3,804	2.2	3,409	2.2
Foreign securities	6,340	3.6	5,777	3.8
Foreign bonds	2,391	1.4	2,001	1.3
Foreign stocks and other securities	3,948	2.3	3,776	2.5
Other securities	155,307	89.2	136,155	88.5
Loans	-	-	-	-
Others	1,982	1.1	1,851	1.2
Reserve for possible loan losses	-	-	-	-
Total	174,050	100.0	153,869	100.0

C. Investment gains and losses of separate account for individual variable annuities

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Interest and dividends	733	679
Gains on sales of securities	487	414
Gains on redemption of securities	-	-
Gains on valuation of securities	46,245	16,433
Foreign exchange gains	7	5
Derivative transaction gains	0	0
Other investment income	8	0
Losses on sales of securities	676	604
Losses on redemption of securities	-	1
Losses on valuation of securities	13,724	21,679
Foreign exchange losses	7	8
Derivative transaction losses	0	0
Other investment expenses	1,493	1,679
Net investment income	31,579	(6,438)

D. Fair value information on securities in separate account for individual variable annuities

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	170,423	32,520	150,347	(5,245)

Note: 'Valuation gains (losses) included in the statement of earnings' include reversal gains (losses) at the beginning of the fiscal year.

* Fair value information on money held in trust

The Company had no balance as of March 31, 2010 or March 31, 2011.

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Ordinary revenues	5,294,004	4,571,556
Net surplus from operations/ Ordinary profit	188,211	81,199
Net surplus for the year	55,665	-
Net income for the year	-	19,139
Comprehensive income	-	(201,763)

	As of March 31, 2010	As of March 31, 2011
Total assets	32,104,248	32,297,862

(2) Scope of Consolidation and Application of Equity Method

	Year ended March 31, 2010	Year ended March 31, 2011
Number of consolidated subsidiaries	3	5
Number of non-consolidated subsidiaries accounted for under the equity method	0	0
Number of affiliates accounted for under the equity method	30	27

(3) Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2010	As of March 31, 2011
ASSETS		
Cash and deposits	188,208	257,204
Call loans	249,100	244,700
Monetary claims bought	289,885	291,115
Money held in trust	55,685	62,838
Securities	25,147,356	25,597,752
Loans	3,834,955	3,627,991
Tangible fixed assets	1,244,006	1,296,105
Land	814,807	843,018
Buildings	408,356	445,572
Leased assets	646	1,474
Construction in progress	15,766	2,219
Other tangible fixed assets	4,428	3,821
Intangible fixed assets	105,381	104,173
Software	71,850	70,646
Other intangible fixed assets	33,531	33,527
Reinsurance receivable	45,828	45,764
Other assets	608,753	288,336
Deferred tax assets	339,534	477,206
Customers' liabilities for acceptances and guarantees	17,787	17,826
Reserve for possible loan losses	(21,111)	(12,928)
Reserve for possible investment losses	(1,123)	(223)
Total assets	**32,104,248**	**32,297,862**

	As of March 31, 2010	As of March 31, 2011
LIABILITIES		
Policy reserves and others	29,112,220	29,641,967
Reserves for outstanding claims	150,313	198,841
Policy reserves	28,632,692	29,039,453
Reserve for policyholder dividends	329,214	403,671
Reinsurance payable	871	1,278
Subordinated bonds	46,510	149,129
Other liabilities	1,213,370	1,126,459
Reserve for employees' retirement benefits	411,440	420,067
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,336	3,168
Reserve for possible reimbursement of prescribed claims	1,100	1,100
Allowance for policyholder dividends	92,500	-
Reserve for price fluctuations	115,528	80,596
Deferred tax liabilities	682	798
Deferred tax liabilities for land revaluation	124,706	123,635
Acceptances and guarantees	17,787	17,826
Total liabilities	**31,140,054**	**31,566,027**
NET ASSETS		
Accumulated redeemed foundation funds	420,000	-
Revaluation reserve	248	-
Consolidated surplus	138,469	-
Total of foundation funds and surplus	558,718	-
Net unrealized gains (losses) on securities, net of tax	462,289	-
Deferred hedge gains (losses)	(2,008)	-
Reserve for land revaluation	(63,540)	-
Foreign currency translation adjustments	(3,069)	-
Total of valuation and translation adjustments	393,671	-
Minority interests	11,804	-
Total net assets	**964,193**	**-**
NET ASSETS		
Capital stock	-	210,200
Capital surplus	-	210,200
Retained earnings	-	149,007
Treasury stock	-	(20,479)
Total shareholders' equity	-	548,928
Net unrealized gains (losses) on securities, net of tax	-	238,886
Deferred hedge gains (losses)	-	1,243
Reserve for land revaluation	-	(65,194)
Foreign currency translation adjustments	-	(3,765)
Total accumulated other comprehensive income	-	171,169
Minority interests	-	11,737
Total net assets	**-**	**731,835**
Total liabilities and net assets	**32,104,248**	**32,297,862**

(4) Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income
[Consolidated Statements of Earnings]

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
ORDINARY REVENUES	5,294,004	4,571,556
Premium and other income	3,704,259	3,312,456
Investment income	1,247,203	922,787
Interest and dividends	708,453	698,753
Gains on trading account securities	1,336	-
Gains on sale of securities	242,745	212,360
Gains on redemption of securities	4,472	1,533
Derivative transaction gains	-	9,233
Other investment income	561	906
Gains on investment in separate accounts	289,633	-
Other ordinary revenues	342,542	336,313
ORDINARY EXPENSES	5,105,793	4,490,356
Benefits and claims	2,656,900	2,711,314
Claims	777,372	765,792
Annuities	478,855	517,331
Benefits	538,923	514,565
Surrender values	671,927	659,025
Other refunds	189,822	254,599
Provision for policy reserves and others	1,194,284	466,486
Provision for reserves for outstanding claims	-	48,531
Provision for policy reserves	1,183,883	408,071
Provision for interest on policyholder dividends	10,401	9,882
Investment expenses	340,350	444,681
Interest expenses	12,725	13,074
Losses on money held in trust	9,616	5,718
Losses on trading securities	2,930	1,955
Losses on sale of securities	207,894	120,960
Losses on valuation of securities	7,824	179,622
Losses on redemption of securities	2,470	4,168
Derivative transaction losses	16,772	-
Foreign exchange losses	18,510	28,122
Provision for reserve for possible loan losses	10,299	-
Provision for reserve for possible investment losses	1,123	-
Write-down of loans	573	410
Depreciation of rented real estate and others	15,016	15,207
Other investment expenses	34,591	35,320
Losses on investment in separate accounts	-	40,119
Operating expenses	475,835	434,859
Other ordinary expenses	438,423	433,015
Net surplus from operations/ Ordinary profit	188,211	81,199
EXTRAORDINARY GAINS	336	40,023
Gains on disposal of fixed assets	166	3,350
Reversal of reserve for possible loan losses	-	1,052
Reversal of reserve for possible investment	-	498
Gains on collection of loans and claims written off	169	189
Reversal of reserve for price fluctuations	-	34,932
Other extraordinary gains	0	1
EXTRAORDINARY LOSSES	116,583	11,526
Losses on disposal of fixed assets	1,857	4,113
Impairment losses on fixed assets	4,897	3,338
Provision for allowance for policyholder dividends	92,500	-
Provision for reserve for price fluctuations	14,050	-
Losses on accelerated redemption of foundation funds	2,372	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	4,074
Other extraordinary losses	906	0
Provision for reserve for policyholder dividends	-	78,500
Net surplus before adjustment for taxes, etc.	71,964	-
Income before income taxes and minority interests	-	31,196
Corporate income taxes-current	911	26,514
Corporate income tax-deferred	16,092	(14,380)
Total of corporate income taxes	17,003	12,133
Income before minority interests	-	19,063
Minority interests in loss of subsidiaries	703	75
Net surplus for the year	55,665	-
Net income for the year	-	19,139

[Consolidated Statements of Comprehensive Income]

(millions of yen)

	Year ended March 31,2010	Year ended March 31,2011
Income before minority interests	-	19,063
Other comprehensive income	-	(220,826)
Net unrealized gains (losses) on securities, net of tax	-	(223,366)
Deferred hedge gains (losses)	-	3,251
Foreign currency translation adjustments	-	(815)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	-	102
Comprehensive income	-	(201,763)
Comprehensive income attributable to shareholders of the parent company	-	(201,708)
Comprehensive income attributable to minority shareholders	-	(54)

(5) Consolidated Statements of Cash Flows

(millions of yen)

	Year ended March 31,2010	Year ended March 31,2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus before adjustment for taxes, etc.	71,964	-
Income before income taxes and minority interests	-	31,196
Depreciation of rented real estate and others	15,016	15,207
Depreciation	31,253	33,774
Impairment losses on fixed assets	4,897	3,338
Increase (decrease) in reserves for outstanding claims	(23,276)	48,531
Increase (decrease) in policy reserves	1,183,883	408,071
Provision for interest on policyholder dividends	10,401	9,882
Provision for (reversal of) reserve for policyholder dividends	-	78,500
Increase (decrease) in reserve for possible loan losses	10,189	(8,182)
Increase (decrease) in reserve for possible investment losses	1,123	(900)
Gains on collection of loans and claims written off	(169)	(189)
Write-down of loans	573	410
Increase (decrease) in reserve for employees’ retirement benefits	5,869	8,629
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(150)	(167)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	100	-
Increase (decrease) in allowance for policyholder dividends	92,500	(92,500)
Transfer from allowance for policyholder dividends to reserve for policyholder dividends	-	92,500
Increase (decrease) in reserve for price fluctuations	14,050	(34,932)
Interest and dividends	(708,453)	(698,753)
Securities related losses (gains)	(317,067)	132,933
Interest expenses	12,725	13,074
Foreign exchange losses (gains)	18,510	28,122
Losses (gains) on disposal of fixed assets	1,690	763
Equity in losses (income) of affiliates	(892)	(4,355)
Decrease (increase) in trading account securities	52,597	-
Decrease (increase) in reinsurance receivable	(31,954)	64
Decrease (increase) in other assets	8,084	(5,688)
Increase (decrease) in reinsurance payable	284	406
Increase (decrease) in other liabilities	(23,951)	(2,150)
Others, net	78,453	41,408
Subtotal	508,252	98,996
Interest and dividends received	732,474	723,309
Interest paid	(11,463)	(9,091)
Policyholder dividends paid	(93,808)	(106,426)
Others, net	(258,298)	78,482
Corporate income taxes paid	56,097	(3,732)
Net cash flows provided by operating activities	933,254	781,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(42,135)	(11,851)
Proceeds from sale and redemption of monetary claims bought	17,849	16,502
Purchases of money held in trust	(60,400)	(12,900)
Proceeds from decrease in money held in trust	26,611	-
Purchases of securities	(11,307,321)	(10,021,629)
Proceeds from sale and redemption of securities	10,226,631	9,035,758
Origination of loans	(391,340)	(389,518)
Proceeds from collection of loans	802,825	587,373
Others, net	(70,363)	48,715
Total of net cash provided by (used in) investment transactions	(797,643)	(747,550)
Total of net cash provided by (used in) operating activities and investment transactions	135,611	33,988
Acquisition of tangible fixed assets	(32,962)	(80,181)
Proceeds from sale of tangible fixed assets	653	6,829
Acquisition of intangible fixed assets	(21,454)	(21,165)
Proceeds from sale of intangible fixed assets	3	0
Payments for execution of assets retirement obligations	-	(151)
Net cash flows used in investing activities	(851,402)	(842,218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	-	55,597
Repayment of borrowings	(11)	(5,004)
Proceeds from issuing bonds	-	106,314
Repayment of financial lease obligations	(107)	(252)
Redemption of foundation funds	(120,000)	-
Interest paid on foundation funds	(5,963)	-
Purchase of treasury stock	-	(20,479)
Cash dividends paid	-	(9,881)
Proceeds from stock issuance to minority shareholders	8,500	-
Others, net	(4)	(12)
Net cash flows provided by (used in) financing activities	(117,586)	126,282
Effect of exchange rate changes on cash and cash equivalents	66	(1,006)
Net increase (decrease) in cash and cash equivalents	(35,667)	64,596
Cash and cash equivalents at the beginning of the year	472,975	437,308
Cash and cash equivalents at the end of the year	437,308	501,904

(6) Consolidated Statements of Changes in Net Assets

A. Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31,2010

(millions of yen)

	Year ended March 31, 2010
Foundation funds and surplus	
Foundation funds	
Balance at the end of the previous year	120,000
Changes for the year	
Redemption of foundation funds	(120,000)
Total changes for the year	(120,000)
Balance at the end of the year	-
Accumulated redeemed foundation funds	
Balance at the end of the previous year	300,000
Changes for the year	
Transfer to accumulated redeemed foundation funds	120,000
Total changes for the year	120,000
Balance at the end of the year	420,000
Revaluation reserve	
Balance at the end of the previous year	248
Changes for the year	
Total changes for the year	-
Balance at the end of the year	248
Consolidated surplus	
Balance at the end of the previous year	265,787
Changes for the year	
Transfer to reserve for policyholder dividends	(64,963)
Transfer to accumulated redeemed foundation funds	(120,000)
Interest payment for foundation funds	(2,328)
Net surplus for the year	55,665
Transfer from reserve for land revaluation	1,242
Changes by capital increase of consolidated subsidiaries	2,457
Others	607
Total changes for the year	(127,317)
Balance at the end of the year	138,469
Total of foundation funds and surplus	
Balance at the end of the previous year	686,035
Changes for the year	
Transfer to reserve for policyholder dividends	(64,963)
Transfer to accumulated redeemed foundation funds	-
Interest payment for foundation funds	(2,328)
Net surplus for the year	55,665
Redemption of foundation funds	(120,000)
Transfer from reserve for land revaluation	1,242
Changes by capital increase of consolidated subsidiaries	2,457
Others	607
Total changes for the year	(127,317)
Balance at the end of the year	558,718
Valuation and translation adjustments	
Net unrealized gains (losses) on securities, net of tax	
Balance at the end of the previous year	(47,349)
Changes for the year	
Net changes of items other than foundation funds and surplus	509,639
Total changes for the year	509,639
Balance at the end of the year	462,289
Deferred hedge gains (losses)	
Balance at the end of the previous year	(357)
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,651)
Total changes for the year	(1,651)
Balance at the end of the year	(2,008)
Reserve for land revaluation	
Balance at the end of the previous year	(62,297)
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,242)
Total changes for the year	(1,242)
Balance at the end of the year	(63,540)
Foreign currency translation adjustments	
Balance at the end of the previous year	(2,514)
Changes for the year	
Net changes of items other than foundation funds and surplus	(554)
Total changes for the year	(554)
Balance at the end of the year	(3,069)
Total of valuation and translation adjustments	
Balance at the end of the previous year	(112,519)
Changes for the year	
Net changes of items other than foundation funds and surplus	506,190
Total changes for the year	506,190
Balance at the end of the year	393,671
Minority interests	
Balance at the end of the previous year	6,412
Changes for the year	
Net changes of items other than foundation funds and surplus	5,391
Total changes for the year	5,391
Balance at the end of the year	11,804
Total net assets	
Balance at the end of the previous year	579,928
Changes for the year	
Transfer to reserve for policyholder dividends	(64,963)
Transfer to accumulated redeemed foundation funds	-
Interest payment for foundation funds	(2,328)
Net surplus for the year	55,665
Redemption of foundation funds	(120,000)
Transfer from reserve for land revaluation	1,242
Changes by capital increase of consolidated subsidiaries	2,457
Others	607
Net changes of items other than foundation funds and surplus	511,582
Total changes for the year	384,264
Balance at the end of the year	964,193

B. Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31,2011

(millions of yen)

	Year ended March 31,2011
Shareholders' equity	
Capital stock	
Balance at the beginning of the year	210,200
Changes for the year	
Total changes for the year	-
Balance at the end of the year	210,200
Capital surplus	
Balance at the beginning of the year	210,200
Changes for the year	
Total changes for the year	-
Balance at the end of the year	210,200
Retained earnings	
Balance at the beginning of the year	138,318
Changes for the year	
Dividends	(10,000)
Net income for the year	19,139
Transfer from reserve for land revaluation	1,653
Others	(103)
Total changes for the year	10,689
Balance at the end of the year	149,007
Treasury stock	
Balance at the beginning of the year	-
Changes for the year	
Purchase of treasury stock	(20,479)
Total changes for the year	(20,479)
Balance at the end of the year	(20,479)
Total shareholders' equity	
Balance at the beginning of the year	558,718
Changes for the year	
Dividends	(10,000)
Net income for the year	19,139
Purchase of treasury stock	(20,479)
Transfer from reserve for land revaluation	1,653
Others	(103)
Total changes for the year	(9,790)
Balance at the end of the year	548,928
Accumulated other comprehensive income	
Net unrealized gains (losses) on securities, net of tax	
Balance at the beginning of the year	462,289
Changes for the year	
Net changes of items other than shareholders' equity	(223,403)
Total changes for the year	(223,403)
Balance at the end of the year	238,886
Deferred hedge gains (losses)	
Balance at the beginning of the year	(2,008)
Changes for the year	
Net changes of items other than shareholders' equity	3,251
Total changes for the year	3,251
Balance at the end of the year	1,243
Reserve for land revaluation	
Balance at the beginning of the year	(63,540)
Changes for the year	
Net changes of items other than shareholders' equity	(1,653)
Total changes for the year	(1,653)
Balance at the end of the year	(65,194)
Foreign currency translation adjustments	
Balance at the beginning of the year	(3,069)
Changes for the year	
Net changes of items other than shareholders' equity	(696)
Total changes for the year	(696)
Balance at the end of the year	(3,765)
Total accumulated other comprehensive income	
Balance at the beginning of the year	393,671
Changes for the year	
Net changes of items other than shareholders' equity	(222,501)
Total changes for the year	(222,501)
Balance at the end of the year	171,169
Minority interests	
Balance at the beginning of the year	11,804
Changes for the year	
Net changes of items other than shareholders' equity	(66)
Total changes for the year	(66)
Balance at the end of the year	11,737
Total net assets	
Balance at the beginning of the year	964,193
Changes for the year	
Dividends	(10,000)
Net income for the year	19,139
Purchase of treasury stock	(20,479)
Transfer from reserve for land revaluation	1,653
Others	(103)
Net changes of items other than shareholders' equity	(222,568)
Total changes for the year	(232,358)
Balance at the end of the year	731,835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2011

I. Principles of Consolidation

1. Scope of Consolidation

(1) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Parent Company and its consolidated subsidiaries, including:

The Dai-ichi Life Information Systems Co., Ltd.,
Dai-ichi Frontier Life Insurance Co., Ltd. (“DFLI”),
Dai-ichi Life Insurance Company of Vietnam, Limited,
TAL Dai-ichi Life Australia Pty Ltd, and
TAL Dai-ichi Life Group Pty Ltd

The numbers of consolidated subsidiaries as of March 31, 2011 was 5. TAL Dai-ichi Life Australia Pty Ltd and TAL Dai-ichi Life Group Pty Ltd were newly established in March 2011 and included in the scope of consolidation in the fiscal year ended March 31, 2011.

(2) Non-consolidated subsidiaries

The subsidiaries that are not consolidated for the purposes of financial reporting include Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., Dai-ichi Seimei Business Service K.K. and other 9 subsidiaries. These 12 non-consolidated subsidiaries had, individually and in the aggregate, a minimal impact on the consolidated financial conditions, results and cash flows.

(3) Specified Purpose Companies subject to disclose

(i) Securitization of Foundation Funds and Subordinated Obligations

The Parent Company securitized foundation funds and subordinated obligations to broaden the range of investors and to secure a stable base for raising capital. For the securitization, the Parent Company utilized Tokutei Mokuteki Kaishas (TMKs, specified purpose companies) regulated by the Asset Liquidation Act. TMKs raise capital by issuing specified company bonds backed by assets transferred to the TMKs by contributors of foundation funds and subordinated loans. The Parent Company holds non-voting shares in Cayman-based special purpose companies, which in turn hold specified shares in the TMKs. The Parent Company monitors the TMKs’ financial situation and appropriately recognizes those non-voting shares and writes down future possible losses associated with the shares, if necessary, in its financial statements in accordance with the “Accounting Standard for Financial Instruments” issued on March 10, 2008 regarding those non-voting preference shares in its financial statements.

As per the resolution made at the 108th general meeting of representative policyholders with regards to its plan for demutualization, the Parent Company implemented one-time pre-maturity redemption of its foundation funds prior to the organizational conversion (demutualization), and in September 2010, two TMKs which had been engaged in such foundation funds completed their liquidation.

The Parent Company implemented four capital raisings through securitization, three of which were still engaged in transactions with the Parent Company at the beginning of the fiscal year (the Parent Company completed liquidation of two of the three companies as stated above). The total of assets and liabilities of the remaining company at the end of the latest fiscal year (September 30, 2010) were ¥30,358 million and ¥30,087 million, respectively.

The Parent Company held no ordinary shares in those three companies and none of the three companies had directors, officers, or employees transferred from the Parent Company.

The amounts involved in the transactions between the Parent Company and the TMKs for the fiscal year ended March 31, 2011 were as follows:

	As of March 31, 2011
	(millions of yen)
Subordinated obligation	¥ 30,000

	Fiscal year ended March 31, 2011
	(millions of yen)
Interest expenses	¥ 618

(ii) Investment in Securitized Real Estate

To diversify investments in real estate and stabilize its investment returns, the Parent Company had an exposure to an investment project to securitize real estate as of March 31, 2011. The Parent Company had three special purpose companies ("SPCs") to disclose as of March 31, 2011 and the Parent Company invested in the SPCs under an anonymous association contract based on the Commercial Code.

The investment in the anonymous association contract was accounted for based on the fair value of real estate owned by the SPCs in accordance with the "Accounting Standards for Financial Instruments" issued on March 10, 2008. The Parent Company anticipates no obligation in the future to cover possible losses of the SPCs. Even if the fair value of the real estates declines, the loss of the Parent Company is limited to the amount of investment in the anonymous association contract.

Total assets and liabilities of the SPCs at the ends of their latest fiscal years (December 31, 2010 and January 31, 2011) amounted to ¥139,312 million and ¥93,308 million, respectively.

As of March 31, 2011, the Parent Company had no management authority in the SPCs and the SPCs had no directors, officers, and employees transferred from the Parent Company.

The amounts involved in transactions between the Parent Company and the SPCs for the fiscal year ended March 31, 2011 were as follows:

	As of March 31, 2011
	(millions of yen)
Investment in anonymous association	¥ 29,381
Preferred investments	¥ 2,900

	Fiscal year ended March 31, 2011
	(millions of yen)
Dividends	¥ 2,162
Dividends	¥ 179

2. Application of the Equity Method

(1) Non-consolidated subsidiaries accounted for under the equity method

The Parent Company had no non-consolidated subsidiaries accounted for under the equity method for the fiscal year ended March 31, 2011.

(2) Affiliated companies accounted for under the equity method

The Parenet Company had 27 affiliated companies accounted for under the equity method for the fiscal year ended March 31, 2011, including:

DIAM Co., Ltd.

DIAM U.S.A., Inc.

DIAM International Ltd

DIAM SINGAPORE PTE. LTD.

DIAM Asset Management (HK) Limited

Mizuho-DL Financial Technology Co., Ltd.

Japan Real Estate Asset Management Co., Ltd.
Trust & Custody Services Bank Ltd.
Corporate-pension Business Service Co., Ltd.
Japan Excellent Asset Management Co., Ltd.
NEOSTELLA CAPITAL CO., LTD.
Ocean Life Insurance Co., Ltd.
Tower Australia Group Limited
Star Union Dai-ichi Life Insurance Company Limited

In the fiscal year ended March 31, 2011, two subsidiaries and one affiliated company of Tower Australia Group were excluded from the scope of the equity method of the Parent Company as Tower Australia Group disposed of its interest in the companies.

(3) Non-consolidated subsidiaries and affiliated companies

The non-consolidated subsidiaries (Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. and others), as well as affiliated companies (DSC No.3 Investment Partnership, CVC No.1 Investment Limited Partnership, CVC No.2 Investment Limited Partnership, NEOSTELLA No.1 Investment Limited Partnership, O.M. Building Management Co., Ltd., and others) were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of net income (loss), retained earnings, and others.

3. Year-end Dates of Consolidated Subsidiaries

The closing date of domestic consolidated subsidiaries is March 31, whereas that of foreign consolidated subsidiaries is December 31. Financial information as of those closing dates is used to prepare the consolidated financial statements, although the necessary adjustments are made when significant transactions take place between the account closing date of an individual subsidiary and that of the consolidated financial statements.

4. Amortization of Good Will and Negative Good Will

Goodwill and negative goodwill are amortized over a period up to 20 years under the straight-line method. The entire amount is expensed as incurred if the amount has no material impact due to its immateriality.

II. NOTES TO THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2011

1. Valuation Methods of Securities

Securities held by the Parent Company and its consolidated subsidiaries, including cash equivalents, bank deposits, and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

(1) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

(2) Held-to-maturity Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method.

(3) 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))

Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.

(4) Stocks of Non-consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method

Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

i. Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at fair value as of March 31, 2011 (for domestic stocks, the average value during March), with cost determined by the moving average method.

However, certain domestic stocks with market value were valued at fair value as of March 31, 2011, taking into account the factors such as the significant gap between their average value during March 2011 and their fair value as of March 31, 2011

ii. Available-for-sale Securities Whose Market Values Are Extremely Difficult to Be Recognized

a. Government/corporate bonds (including foreign bonds) whose premium or discount represents the interest adjustment

Government/corporate bonds (including foreign bonds) whose premium or discount represents the interest adjustment are valued at the amortized cost, determined by the moving average method.

b. Others

All others are valued at cost using the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the consolidated statements of earnings.

The amortization of premium or discount of securities is calculated by the straight-line method.

2. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of March 31, 2011 amounted to ¥6,870,639 million. The market value of these bonds as of March 31, 2011 was ¥7,092,066 million.

(2) Risk management policy

The Parent Company categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of sub-groups. Moreover, it periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:

i. individual life insurance and annuities
ii. financial insurance and annuities, and
iii. group annuities,
with the exception of certain types.

3. Valuation method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

Based on the “Law for Revaluation of Land” (Publicly Issued Law 34, March 31, 1998), the Parent Company revalued land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land

  The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.
- The excess of the new book value of the land over the fair value after revaluation in accordance with Article 10 of the Law for Revaluation of Land as of March 31, 2011 was ¥55,701 million, which includes ¥2,419 negative excess (deficiency) attributable to real estate for rent.

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets is calculated by the following method.

i. Buildings (excluding leasehold improvements and structures)
  a. Acquired on or before March 31, 2007
     Calculated by the previous straight-line method
  b. Acquired on or after April 1, 2007
     Calculated by the straight-line method

ii. Assets other than buildings
  a. Acquired on or before March 31, 2007
     Calculated by the previous declining balance method
  b. Acquired on or after April 1, 2007
     Calculated by the declining balance method

Estimated useful lives of major assets are as follows:

Buildings:	two to sixty years
Other tangible assets:	two to twenty years

Tangible fixed assets other than land and building that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

With respect to tangible assets that were acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the salvage values are depreciated in the five years following the year end when such assets were depreciated to their final depreciable limit.

Depreciation of tangible assets owned by consolidated subsidiaries in Japan is principally calculated by the declining balance method, while the straight-line method is principally used to compute depreciation for such assets of consolidated overseas subsidiaries.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Parent Company uses the straight-line method of amortization for intangible fixed assets excluding leased assets. Amortization of software for internal use is based on the estimated useful life of five years.

(3) Depreciation of Leased Assets

Depreciation for leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero salvage value. Finance leases, which commenced on or before March 31, 2008, are accounted for in the same manner applicable to ordinary operating leases.

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2011 was ¥658,950 million.

6. Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

The Parent Company translated foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rate at the end of the year. Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are translated into yen at the exchange rate on the dates of acquisition.

Assets, liabilities, revenues, and expenses of its consolidated overseas subsidiaries are translated into yen at the exchange rates at the end of their fiscal year. Translation adjustments associated with the consolidated overseas subsidiaries are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

At certain consolidated subsidiaries and affiliated companies of the Parent Company, changes in market values of bonds included in foreign currency-denominated available-for-sale securities related to foreign currency-denominated insurance contracts are divided into two, and changes in fair value due to changes in market prices in their denominated currencies are accounted for as “net unrealized gains (losses) on securities”, and the remaining changes are reported in “foreign exchange gains/losses”.

Also, effective the fiscal year ended March 31, 2011, at certain consolidated subsidiaries and affiliated companies of the Parent Company, since the start of sales of foreign currency-denominated annuities, in order to appropriately recognize foreign exchange-related gains/losses from both foreign currency-denominated available-for-sale securities and foreign currency-denominated liabilities accrued during the fiscal year, changes in market values of bonds included in foreign currency-denominated available-for-sale securities for foreign currency-denominated individual annuities are divided into two, and the portion attributable to changes in the securities’ nominal market prices in their local currencies is included in “net unrealized gains (losses) on securities”, and the rest in “foreign exchange gains/losses”.

7. Reserve for Possible Loan Losses

The reserve for possible loan losses is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, “bankrupt obligors”) and loans to and claims on obligors that have suffered substantial business failure (hereafter, “substantially bankrupt obligors”), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, “obligors at risk of bankruptcy”), the reserve is calculated by deducting the estimated recoverable amount, determined based on an overall assessment of the obligor’s ability to pay and collateral or guarantees, from book value of the loans and claims.

For loans and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, “obligors at risk of bankruptcy”), the reserve is calculated, taking into account (1) the recoverable amount covered by the collateral or guarantees and (2) an overall assessment of the obligor’s ability to pay.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in the Parent Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2011 was ¥3,832 million.

8. Accounting of Beneficial Interests in Securitized Mortgage Loans

The trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Parent Company in August 2000, amounted to ¥25,105 million as of March 31, 2011 and are included as loans in the consolidated balance sheet. The reserve for possible loan losses for these particular beneficial interests is calculated based on the balance of the underlying loans. The balance of the underlying loans in the trust as of March 31, 2011 was ¥44,268 million.

9. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Council) is provided, based on the projected benefit obligations and pension assets as of March 31, 2011.

Gains/losses on plan amendments are amortized by the straight-line method through a certain period of 3 to 7 years, which is within the employees' average remaining service period.

Actuarial differences are amortized by the straight-line method through a certain period of 3 to 7 years, starting from the following year, which is within the employees' average remaining service period.

(1) Funding status of the employees' retirement benefits:

		(millions of yen)
a.	Projected benefit obligations	¥ (662,024)
b.	Pension assets	204,152
	Retirement benefit trust included in the above pension assets	98,230
c.	Unfunded benefit obligations (a + b)	(457,872)
d.	Unrecognized actuarial differences	37,782
e.	Unrecognized losses on plan amendments	22
f.	Net amount recognized on the consolidated balance sheet (c + d + e)	(420,067)
g.	Prepaid pension expenses	-
h.	Reserve for employees' retirement benefits (f - g)	¥ (420,067)

Certain consolidated subsidiaries applied the simplified method in calculating their projected benefit obligations.

Also, certain consolidated subsidiaries and affiliated companies of the Parent Company introduced defined benefit pension plans instead of tax-qualified pension plans as of July 1, 2010. This change in retirement benefit plans had a minimal impact on the consolidated financial results for the fiscal year.

(2) Assumptions used by the Parent Company:

- i Method of periodic allocation of benefit obligations: straight-line method
- ii Discount rate: 1.7 – 1.8 % per annum
- iii Estimated return on investment:
  - a. Defined benefit corporate pension: 1.0 – 1.7% per annum
  - b. Retirement benefit trust: 0.0% per annum
- iv Amortization period for actuarial differences: 3 to 7 years starting from the following fiscal year
- v Amortization period for gains on plan amendments: 3 to 7 years

10. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of the Parent Company is established for securities whose market values are extremely difficult to be recognized. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

11. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

For the reserve for retirement benefits of directors, executive officers and corporate auditors of the Parent Company, (1) an estimated amount for future payment out of the total amount of benefits for past service approved by the 105th general meeting of representative policyholders of the Parent Company and (2) an estimated amount for future corporate-pension payments to directors, executive officers, and corporate auditors who retired before the approval of the 105th general meeting of representative policyholders of the Parent Company are provided.

For the reserve for retirement benefits of directors, executive officers, and corporate auditors of some of the consolidated subsidiaries, an amount considered to have been rationally incurred is provided.

12. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had run out in the previous years, the Parent Company provided for reserve for possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

13. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities at the end of the year in accordance with the provisions of Article 115 of the Insurance Business Act.

14. Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” (Accounting Standards Board of Japan (ASBJ) Statement No. 10 issued on March 10, 2008). Primarily, (1) special hedge accounting for interest rate swaps and the deferral hedge method are used for cash flow hedges of certain loans and government and corporate bonds, and loan and bonds payable; (2) foreign currency swaps, the currency allotment method by foreign currency forward contracts and deferred hedges are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated loans, loans payable, bond payable, term deposits and stock (forecasted transaction); and (3) the fair value hedge method is used for hedges by currency options and foreign currency forward contracts against exchange rate fluctuations in the value of certain foreign currency-denominated securities.

(2) Hedging Instruments and Hedged Instruments

Hedging instruments	Hedged instruments
Interest rate swaps …………………………	Loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps ……………... ……	Foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency-denominated bonds payable
Foreign currency forward contracts ………	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stock (forecasted transaction)
Currency options …………………….. ……	Foreign currency-denominated bonds

(3) Hedging Policies

The Parent Company conducts hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines.

(4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

15. Calculation of National and Local Consumption Tax

The Parent Company accounts for national and local consumption tax by the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

16. Policy Reserve

Policy reserve of the Parent Company and its consolidated subsidiaries that operate a life insurance business in Japan are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as follows:

i. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).

ii. Reserves for other policies are established based on the net level premium method.

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired by the Parent Company on or before March 31, 1996, premium payments for which were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided in the following nine years. As a result, the amount of provision for policy reserves for the year ended March 31, 2011 was ¥112,631 million.

17. Application of "Accounting Standard for Asset Retirement Obligations"

Effective the fiscal year ended March 31, 2011, the Parent Company applied "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008). As a result, ordinary profit and Income before income taxes and minority interests for the fiscal year ended March 31, 2011 decreased by ¥497 million and ¥4,572 million, respectively, compared to the corresponding figures calculated by the previous method. The amount of change in asset retirement obligations incurred due to the initial application of accounting standard for the fiscal year was ¥3,247 million.

(1) Overview of Asset Retirement Obligation

The Parent Company recognized statutory or similar obligations associated with some of its real estate for rent and business use with regard to the removal of (1) tangible fixed assets and (2) certain harmful substances in the tangible fixed assets and so recorded the asset retirement obligation.

(2) Calculation of Asset Retirement Obligation

The Parent Company calculated the asset retirement obligation by (1) estimating the period of service of each building between 0 and 37 years based on its contract term and useful life and (2) applying discount rates ranging from 0.144 to 2.293%.

(3) Increase and Decrease in Asset Retirement Obligation

The following table shows the increase and decrease in asset retirement obligations:

	(millions of yen)
Beginning balance	¥ 3,247
Time progress adjustments	43
Others	728
Ending balance	¥ 4,019

The "Beginning balance" in the above table represents the amount of asset retirement obligations as of April 1, 2010 instead of that of March 31, 2010, as the Parent Company applied the standard effective the fiscal year ended March 31, 2011.

18. Introduction of Stock Granting Trust (J-ESOP)

Effective the fiscal year ended March 31, 2011, the Parent Company introduced Stock Granting Trust (J-ESOP). J-ESOP is an incentive program granting middle managements who fulfill requirements under its Stock Granting Regulations shares of common stock to motivate them to improve corporate value and financial results and, thus, stock prices by (1) linking their retirement benefits to the stock price and financial results of the Parent Company and (2) sharing economic benefits with stockholders.

The Parent Company vests points to each managerial level employee based on her/his contribution to the Parent Company and grants stocks of the Parent Company based on her/his total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from the Parent Company.

Taking into consideration the economic reality of the J-ESOP trust, assets, including stocks of the Parent Company, and liabilities of the J-ESOP trust are recorded in the Parent Company's consolidated balance sheet as of March 31, 2011 and statement of earnings, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the fiscal year ended March 31, 2011.

The J-ESOP trust owned 45 thousand shares of common stock of the Parent Company as of March 31, 2011.

19. Introduction of Stock Granting Trust (E-Ship)

Effective the fiscal year ended March 31, 2011, the Parent Company introduced a Trust-type Employee Shareholding Incentive Plan (E-Ship®). E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership Plan (the "Plan"). In the E-Ship®, the Parent Company sets up the E-Ship trust at a trust bank. The E-ship trust estimates the number of shares of common stock of the Parent Company which the Plan is to acquire in the next 5 years after the setup of the E-Ship trust and purchases the shares in advance. The Plan buys shares of the Parent Company from the E-Ship trust periodically. At the end of the trust period, the Plan's retained earnings, accumulation of net gains on sales of shares of the Parent Company, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, the Parent Company will compensate outstanding debt at the end of the period due to accumulation of net losses on shares as the Parent Company guarantees the debt of the E-Ship trust for share purchases.

Taking into consideration the economic reality of the E-Ship trust, assets, including stocks of the Parent Company, and liabilities of the E-ship trust are recorded in the Parent Company's consolidated balance sheet as of March 31, 2011 and statement of earnings, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the fiscal year ended March 31, 2011.

The E-ship trust owned 93 thousand shares of common stock of the Parent Company as of March 31, 2011.

20. Accumulated Other Comprehensive Income

Following the application of the forms stipulated in the "Enforcement Regulation of the Insurance Business Act" (Ministry of Finance Ordinance No.5, 1996) and revised under the "Cabinet Office Ordinance Partially Revising Enforcement Regulation of the Banking Act and Others" (Cabinet Office Ordinance No.5, March 25, 2011), "accumulated other comprehensive income" was newly presented in the consolidated balance sheets effective the fiscal year ended March 31, 2011.

21. Financial Instruments and Others

(Financial Instruments)

1. Financial Instruments

(1) Policies in Utilizing Financial Instrument

In an effort to manage our investment assets in a manner appropriate to our liabilities, which arise from the insurance policies we underwrite, we engage in asset liability management, or ALM, which considers the long-term balance between assets and liabilities in an effort to ensure stable returns. With such strategy, the Parent Company sets fixed income investments, including bonds and loans, as the core of its asset portfolio. While placing its financial soundness first, the Parent Company holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

With respect to financing, the Parent Company has raised capital directly from the capital markets by issuing subordinated bonds and securitizing subordinated loans as well as indirectly from banks in order to strengthen its capital base and to invest such capital in growth areas. To avoid impacts from interest-rate fluctuations, the Parent Company utilizes derivative transactions in hedging some of such financial liabilities and adopts hedge accounting.

The Parent Company uses derivatives primarily to hedge the risks associated with our existing asset portfolio to supplement our investment objectives.

Moreover, DFLI, one of the consolidated subsidiaries of the Parent Company, utilizes derivatives to mitigate the risks associated with guaranteed minimum benefits.

(2) Financial Instruments Used and Their Risks

Securities included in financial assets of the Parent Company mainly stocks and bonds, are categorized by their investment objectives such as held-to-maturity, policy-reserve-matching and available-for-sale. Loans are exposed to credit risk arising from the defaults of obligors. Such securities and loans are exposed to (1) market fluctuation risk, (2) credit risk, and (3) interest-rate risk.

In certain circumstances, the Parent Company and its subsidiaries might be exposed to liquidity risk, in which they cannot access the financial market and make timely payments of principal, interest or other amounts. Also, some of our loans payable and bonds payable which are floating interest rate based and denominated in foreign currency, and thus, the Parent Company is exposed to interest-rate risk and forein currency risk.

The Parent Company utilizes interest rate swaps to hedge interest rate risk associated with its loans receivable and payable and adopts hedge accounting.

In addition, the Parent Company utilizes foreign currency forward contracts and currency options to hedge foreign currency risks associated with foreign currency-denominated bonds and foreign currency-denominated short-term deposits. The Parent Company also utilizes currency swaps to hedge foreign currency risks associated with foreign currency-denominated debts and adopts hedge accounting.

In applying the hedge accounting, in order to fulfill requirements stipulated in the “Opinion on the establishment of accounting standards for financial instruments”, the Parent Company has established investment policy and procedure guidelines and clarifies the risk of underlying assets to be hedged and derivative instruments to be used, and conducts pre- and post-effectiveness tests of the transactions.

(3) Risk Management

(i) Market Risk Management

Under its internal investment policy and risk management policy, the Parent Company manages market risk by conducting mid- to long-term asset allocation in a manner appropriate to its liabilities. Therefore, it categorizes its portfolio into sub-groups by the investment purpose and manages them taking into account each of their risk characteristics.

(a) Interest rate risk

The Parent Company keeps track of interest rates and durations of its assets and liabilities, monitors its internal analyses on duration gap and interest rate sensitivity, and periodically reports them to its board of directors. It utilizes interest rate swaps to hedge some of interest rate risk associated with its financial assets.

(b) Currency risk

The Parent Company keeps track of currency composition of its financial assets and liabilities, conducts sensitivity analyses, and periodically reports them to its board of directors. It utilizes derivatives such as foreign currency forward contracts and currency options to hedge some of the currency risk.

(c) Fluctuation in market values

The Parent Company defines risk management policies for each component of its overall portfolio, including securities, and specific risk management procedures. In such policies and procedures, it sets and manages upper limits of each asset balance and risk exposure.

Such management conditions are periodically reported by Risk Management Department of the Parent Company to the board of directors, management meetings, and ALM committee.

(d) Derivative transactions

For derivative transactions, the Parent Company has established internal check system by segregating (i) executing department, (ii) department which engages in assessment of hedge effectiveness, and (iii) back-office. Additionally, in order to limit speculative use of derivatives, the Parent Company has put restrictions on utilization purpose such as hedging and establishes position limits for each asset class.

DFLI utilizes derivatives in order to reduce the risk associated with guaranteed minimum maturity benefits of variable annuities. In accordance with its internal regulations to manage the risks associated with its guaranteed minimum maturity benefits, DFLI (i) assesses hedge effectiveness of derivative transactions, (ii) manages gains and losses from derivative transactions on a daily basis, and (iii) periodically checks its progress on reducing the risk associated with its guaranteed minimum maturity benefits and measures VaR (value-at-risk).

DFLI's Compliance and Risk Management Department is in charge of managing overall risks including risks associated with its guaranteed minimum maturity benefits, and periodically reports the status of such management to the Board of Directors and the Internal Control Committee.

(ii) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, the Parent Company has established a credit management system related to loans, such as preliminary reviews on individual transactions, credit limit setting, credit information management, internal credit rating, attachment of guarantees and collateral, and follow-ups on problem loans. For corporate bond investment, the Credit Department sets investment caps on individual issuers taking into account internal credit ratings and other factors. Excessive risk taking is restricted since front offices such as Fixed Income Investment Department and Global Fixed Income Investment Department make investment within those caps. That credit management has been conducted by Credit Department and Risk Management Department, and has been periodically reported to Board of Directors and other management. Additionally, Internal Audit Department has checked credit management status.

Credit risk of security issuers and counterparty risk with respect to derivative transactions are managed by the Credit Department which sets upper limits for each counterparty and financial instrument and periodically monitors credit information, and by the Risk Management Department which periodically calculates current exposures.

(4) Supplementary Explanation for Fair Values of Financial Instruments

As well as the values based on market prices, fair values of financial instruments include values which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied. Also, for the contract value regarding derivative transactions described in "Fair Values of Financial Instruments", the contract value itself does not indicate market risk related to derivative transactions.

2. Fair Values of Financial Instruments

Carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2011 were as follows.

The following table does not include financial instruments whose fair values were extremely difficult to be recognized. (Please refer to (Note 2))

As of March 31, 2011	Carrying amount	Fair value	Gains (Losses)
		(millions of yen)	
(1) Cash and deposits	¥ 257,204	¥ 257,218	¥ 13
(2) Call loans	244,700	244,700	-
(3) Monetary claims bought	291,115	291,115	-
(4) Money held in trust	62,838	62,838	-
(5) Securities			
1. Trading securities	2,376,259	2,376,259	-
2. Held-to-maturity bonds	145,823	150,247	4,424
3. Policy-reserve-matching bonds	6,870,639	7,092,066	221,426
4. Stocks of subsidiaries and affiliates	21,256	42,999	21,743
5. Securities available for sale	14,943,895	14,943,895	-
(6) Loans	3,627,991		
Allowance for possible loan losses (*1)	(11,033)		
	3,616,957	3,706,833	89,875
Total assets	¥ 28,830,691	¥ 29,168,174	¥ 337,483
(1) Bonds payable	¥ 149,129	¥ 149,557	¥ 427
(2) Long-term borrowings	363,607	391,832	28,224
Total liabilities	¥ 512,737	¥ 541,389	¥ 28,652
Derivative transactions (* 2)			
1. Hedge accounting not applied	1,519	1,519	-
2. Hedge accounting applied	(116,863)	(114,253)	2,609
Total derivative transactions	¥ (115,343)	¥ (112,734)	¥ 2,609

(*1) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.
(*2) Credits/debts from derivative transactions are net base. Figures in [ ] are net debts.

(Note1) Notes to Methods for Calculating Fair Values of Financial Instruments, Securities and Derivative Transactions

Assets

(1) Cash and deposits

As for deposits with maturities, except for those which are close to maturity, present value is calculated by discounting the carrying amount for each segment based on the term, using deposit interest rate which is assumed to be applied to new deposit. As for deposits close to maturity and deposits without maturity, fair value is based on carrying amount since fair value is close to carrying amount.

(2) Call loans

Since all call loans are close to due date and their fair value is close to carrying amounts, fair value of call loans is based on their carrying amount.

(3) Monetary claims bought

Fair value of monetary claims bought is based on the price presented by counterparty financial institutions.

(4) Money held in trust

Fair value of stocks is based on the price on stock exchanges and that of bonds is based on price on bond markets or price presented by counterparty financial institutions. Fair value of mutual funds is based on unit price.

(5) Securities

Fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. Fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, the amount equivalent to partnership interest in fair value of the partnership assets is recorded as fair value of the stake in the partnership. Additionally, notes for the securities for each investment purpose are described in "Securities" below.

(6) Loans

Fair value of loans is calculated by discounting future cash flows of the subject loan, using interest rates corresponding to the internal credit rating and remaining period which are assumed to be applied to new loans to the subject borrower.

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and fair value is close to the carrying amount on the balance sheet minus reserve for possible loan losses at the end of the fiscal year. Therefore, that amount (carrying amount on the balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans.

Also, loans without due date, because of its characteristics that the amount is limited to collaterals, are deemed to have fair value close to book value, taking into account estimated repayment period and interest rates. Therefore, its book value is recorded as the fair value.

Liabilities

(1) Bonds Payable

Fair value of bonds issued by the Parent Company is based on the price on the bond market.

(2) Long-term borrowings

Fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining period which are assumed to be applied to new borrowing.

Derivative Instruments

Breakdown of derivative instruments is (1) currency-related transactions (currency forward contracts, currency options, etc.); (2) interest-related transactions (interest rate futures, interest rate swaps, etc.); (3) yen stock-related transactions (yen stock index futures, foreign currency-denominated stock index futures, etc.); (4) bond-related transactions (yen bond futures, foreign currency-denominated bond futures, etc.). Fair values of the instruments are based on the exchange-traded prices and the prices presented by counterparty financial institution, etc.

(Note2) Available-for-sale securities whose fair values are extremely difficult to be recognized at market value are as follows and are not included in the market value of (5) Securities

As of March 31, 2011	Carrying amount (millions of yen)
1. Unlisted domestic stocks (*1)(*2)	¥ 164,345
2. Unlisted foreign stocks (*1)(*2)	17,069
3. Other foreign securities (*1)(*2)	969,424
4. Other securities (*1)(*2)	89,037
Total	¥1,239,877

(*1) These securities cannot be assigned a market value because of unavailability of tradable markets, and they are excluded from disclosure of market value information

(*2) We recorded impairment losses of ¥259 million for the year ended March 31, 2011.

(Note3) Scheduled redemptions of money held in trust and securities with maturities

As of March 31, 2011	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	(millions of yen)			
Cash and deposits	¥256,704	¥ 300	¥ 200	¥ -
Call loans	244,700	-	-	-
Monetary claims bought	-	9,343	-	271,645
Money held in trust (*1)	1,000	479	-	-
Securities				

Held-to-maturity bonds	10,000	50,400	-	47,900
Held-to-maturity bonds (foreign bonds)	-	41,575	-	-
Policy-reserve-matching bonds	-	588,586	220,320	6,116,459
Available-for-sale securities with maturities (bonds)	343,004	1,491,695	2,313,382	2,284,989
Available-for-sale securities with maturities (foreign securities)	172,323	2,002,335	1,363,306	1,902,048
Available-for-sale securities with maturities (other securities)	3,820	53,898	18,490	24,429
Loans (*2)	333,410	1,280,893	968,507	430,493

(*1) Money held in trust without maturities amounted to ¥61,358 million and was not included.
(*2) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥18,955 million and were not included. Also, ¥595,172 million of loans without maturities were not included.

(Note4) Scheduled maturities of bonds payable and long term borrowings

As of March 31, 2011	Due within one year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
			(millions of yen)			
Bonds payable(*1)	-	-	41,575	-	-	-
Long term borrowings(*2)	2	2	30,002	1	0	1

(*1) ¥107,562 million of bonds payable without maturities were not included.
(*2) ¥333,597 million of long term borrowings without maturities were not included.

(Securities)

1. Trading Securities

	As of March 31 2011 (millions of yen)
Gains (losses) on valuation of trading securities	¥ (31,414)

2. Held-to-maturity Securities

As of March 31, 2011	Carrying amount	Market value (millions of yen)	Unrealized gains (losses)
Held-to-maturity securities with unrealized gains:			
(1) Bonds	¥ 103,924	¥ 105,161	¥ 1,237
1. Government bonds	103,924	105,161	1,237
2. Local government bonds	-	-	-
3. Corporate bonds	-	-	-
(2) Foreign securities	41,899	45,085	3,186
1. Foreign bonds	41,899	45,085	3,186
Subtotal	¥ 145,823	¥ 150,247	¥ 4,424
Held-to-maturity securities with unrealized losses:			
(1) Bonds	¥ -	¥ -	¥ -
1. Government bonds	-	-	-
2. Local government bonds	-	-	-
3. Corporate bonds	-	-	-
(2) Foreign securities	-	-	-
1. Foreign bonds	-	-	-
Subtotal	¥ -	¥ -	¥ -
Total	¥ 145,823	¥ 150,247	¥ 4,424

3. Policy-reserve-matching Bonds:

As of March 31, 2011	Carrying amount	Market value (millions of yen)	Unrealized gains (losses)
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	¥ 5,957,244	¥ 6,192,157	¥ 234,913
1. Government bonds	5,541,511	5,759,162	217,650
2. Local government bonds	168,243	174,697	6,453
3. Corporate bonds	247,489	258,298	10,809
(2) Foreign securities	-	-	-
1. Foreign bonds	-	-	-
Subtotal	¥ 5,957,244	¥ 6,192,157	¥ 234,913
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	¥ 913,395	¥ 899,908	¥ (13,486)
1. Government bonds	893,943	880,681	(13,261)
2. Local government bonds	13,752	13,706	(45)
3. Corporate bonds	5,699	5,519	(179)
(2) Foreign securities	-	-	-
1. Foreign bonds	-	-	-
Subtotal	¥ 913,395	¥ 899,908	¥ (13,486)
Total	¥ 6,870,639	¥ 7,092,066	¥ 221,426

4. Available-for-sale Securities:

As of March 31, 2011		Carrying amount		Purchase cost		gains (losses)
				(millions of yen)		
Available for sale securities with gains:						
(1) Bonds	¥	5,217,984	¥	5,041,520	¥	176,463
1. Government bonds		3,308,218		3,201,987		106,230
2. Local Government bonds		127,724		122,926		4,798
3. Corporate bonds		1,782,041		1,716,606		65,434
(2) Domestic stocks		1,583,226		1,087,448		495,777
(3) Foreign securities		2,174,641		2,067,155		107,486
1. Foreign bonds		2,054,192		1,968,380		85,811
2. Other foreign securities		120,449		98,774		21,674
(4) Other Securities		327,200		309,805		17,394
Subtotal	¥	9,303,052	¥	8,505,930	¥	797,121
Available for sale securities with losses:						
(1) Bonds	¥	1,373,463	¥	1,386,762	¥	(13,298)
1. Government bonds		1,089,238		1,095,942		(6,704)
2. Local Government bonds		1,589		1,608		(18)
3. Corporate bonds		282,636		289,212		(6,576)
(2) Domestic stocks		638,124		828,228		(190,104)
(3) Foreign securities		3,854,491		4,061,916		(207,424)
1. Foreign bonds		3,527,013		3,681,068		(154,054)
2. Other foreign securities		327,477		380,848		(53,370)
(4) Other Securities		81,879		94,180		(12,300)
Subtotal	¥	5,947,959	¥	6,371,088	¥	(423,129)
Total	¥	15,251,011	¥	14,877,018	¥	373,992

Note. Figures in the chart above include (1) certificates of deposit and (2) trust beneficiary rights, which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheets, respectively. The aggregate purchase cost and carrying amount of such certificates of deposits were ¥16,000 million and ¥16,000 million, respectively, as of March 31, 2011. The aggregate purchase cost and carrying amount of such trust beneficiary rights were ¥281,006 million and ¥291,115 million, respectively, as of March 31, 2011.

5. Held-to-maturity Securities Sold:

The Parent Company and its consolidated subsidiaries sold no held-to-maturity securities during the year ended March 31, 2011.

6. Policy-reserve-matching Bonds Sold:

Policy-reserve-matching bonds sold during the year ended March 31, 2011 were as follows.

Year ended March 31, 2011		Amounts sold		Realized gains		Realized losses
				(millions of yen)		
(1) Bonds	¥	371,399	¥	14,842	¥	-
1. Government bonds		358,388		13,967		-
2. Local government bonds		3,874		276		-
3. Corporate bonds		9,136		598		-
(2) Foreign securities		-		-		-
1. Foreign bonds		-		-		-
2. Other foreign securities		-		-		-
Total	¥	371,399	¥	14,842	¥	-

7. Available-for-sale Securities Sold:

Available-for-sale securities sold during the year ended March 31, 2011 were as follows.

Year ended March 31, 2011	Amounts sold	Realized gains	Realized losses
		(millions of yen)	
(1) Bonds	¥ 2,617,814	¥ 55,019	¥ 4,513
1. Government bonds	2,380,246	47,352	4,297
2. Local Government bonds	4,042	63	60
3. Corporate bonds	233,526	7,602	155
(2) Domestic stocks	400,694	79,808	34,001
(3) Foreign securities	2,811,560	62,690	82,411
1. Foreign bonds	2,743,815	53,931	78,556
2. Other foreign securities	67,745	8,758	3,855
(4) Other Securities	2,669	-	34
Total	¥ 5,832,740	¥ 197,518	¥ 120,960

8. Securities Written Down:

The Parent Company and its consolidated subsidiaries write down the balance of certain available-for-sale securities with market values (1) when the market value of such securities declines by 50%, or more, of its purchase cost or (2) when the market value of such securities without a certain level of creditworthiness declines by 30% or more, but less than 50%, of its purchase cost unless it is deemed that there is a possibility that the fair value of the security could recover to equal or exceed the purchase cost. The aggregate amount written down from the balance of available-for-sale securities with market value for the year ended March 31, 2011 was ¥179,362 million.

(Money Held in Trust)

1. Money Held in Trust for Trading:

	As of March 31, 2011
	(millions of yen)
Carrying amount on the consolidated balance sheet	¥ 62,838
Gains (losses) on valuation of money held in trust	(5,715)

22. Real Estate for Rent

The Parent Company owns a number of commercial buildings, including land, for rent in various locations including Tokyo. Net rental income from such real estate for rent for the year ended March 31, 2011 was ¥31,006 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Parent Company recorded extraordinary loss of ¥3,296 million for impairment loss on rental real estate.

The carrying amount and the market value of such rental real estate as of March 31, 2011 were as follows:

Carrying amount			
Beginning balance	Net change during year	Ending balance	Market value
	(millions of yen)		
¥ 812,246	¥ 31,881	¥ 844,127	¥ 862,520

Note 1. The carrying amount of rental real estate on the consolidated balance sheets was net of acquisition costs after deducting accumulated depreciation and impairments.

2. Net change in carrying amount includes cost of acquisition of the real estate for ¥45,401 million and the depreciation expense of ¥15,197 million during the year ended March 31, 2010.
3. The Parent Company calculates the market value of the majority of the rental real estate based on real estate appraisal standards by the independent appraiser, and others based on the internal but reasonable estimates.

23. Presentation of Net Assets

Due to the Parent Company's demutualization on April 1, 2010, net assets in its balance sheet as of March 31, 2011 were reported in a joint corporation format, while those of March 31, 2010 were reported in a mutual company format.

24. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheets. The total balance of securities lent as of March 31, 2011 was ¥482,741 million.

25. Problem Loans

The total balance of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, amounted to ¥25,639 million. The amounts of (1) credits to bankrupt borrowers, (2) delinquent loans, and (3) restructured loans were (1) ¥5,034 million, (2) ¥17,349 million, (3) ¥3,255 million, respectively. The Parent Company held no loans past due for three month or more as of March 31, 2011.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written-off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in Note 7 above, credits to bankrupt borrowers and delinquent loans decreased by ¥739 million and ¥3,093 million, respectively.

26. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118 Paragraph 1 of the Insurance Business Act was ¥2,461,453 million. Separate account liabilities were the same amount as the separate account assets.

27. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2011

		millions of yen
Deferred tax assets:		
Insurance policy reserve	¥	391,041
Reserve for employees' retirement benefits		182,712
Losses on valuation of securities		62,786
Reserve for price fluctuations		29,079
Tax losses carried forward		10,369
Others		43,262
Subtotal		719,251
Valuation allowances		(60,213)
Total	¥	659,037
Deferred tax liabilities:		
Net unrealized gains on securities, net of tax	¥	(148,251)
Reserve for tax basis adjustments of real estate		(10,138)
Dividends receivable from stocks		(7,675)
Others		(16,563)
Total		(182,629)
Net deferred tax assets	¥	476,407

(2) The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2011

Statutory tax rate	36.08%
(Adjustments)	
Items not qualifying for deduction such as entertainment expenses	2.90%
Others	(0.09%)
Actual effective tax rate after considering deferred taxes	38.89%

28. Leased Computers

In addition to leased assets included in the consolidated balance sheet, the Parent Company and its consolidated subsidiaries have computers as significant leased tangible fixed assets. They have no material leased intangible fixed assets.

29. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

		(millions of yen)
Balance at the end of previous year	¥	329,214
Transfer from allowance for policyholder dividends		92,500
Dividends paid during the year ended March 31, 2011		(106,426)
Interest accrual during the year ended March 31, 2011		9,882
Provision for reserve for policyholder dividends		78,500
Balance as of March 31, 2011	¥	403,671

30. Stocks of Subsidiaries

The amount of stocks of and stakes in non-consolidated subsidiaries and affiliated companies the Parent Company held as of March 31, 2011 was as follows:

		(millions of yen)
Stocks …………………………..	¥	62,274
Capital ………………………….		2,378
Total ……………………………	¥	64,653

31. Organizational Change Surplus

The amount of the Company's organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

32. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were as follows:

		(millions of yen)
Securities (Government bonds) …………………………	¥	445,706
Securities (Foreign securities) …………………………..		7,347
Cash/deposits ……………………………………………		86
Securities and cash/deposits pledged as collateral ……...	¥	453,140

The amounts of secured liabilities were as follows:

		(millions of yen)
Cash collateral for securities lending transactions ……..	¥	439,443
Loans payable …………………………………………...		10
Secured liabilities ……………………………………….	¥	439,454

Among the amounts, "Securities (Government bonds)" for securities lending transactions as of March 31, 2011 was ¥436,425 million.

33. Reinsurance

Reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations was ¥21 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations was ¥7,473 million.

34. Net Asset per Share

Net asset per share of the Parent Company as of March 31, 2011 was ¥73,027.99.

35. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The market value of the securities borrowed which were not sold or pledged was ¥1,301 million as of March 31, 2011, among which no securities were pledged as collateral.

36. Commitment Line

There were unused commitment line agreements under which the Parent Company is the lender of ¥5,300 million.

37. Subordinated Debt

Other liabilities included subordinated debt of ¥350,000million, the repayment of which is subordinated to other obligations.

38. Subordinated Bonds

Subordinated bonds of ¥149,129 million shown in liabilities were foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

39. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations of the Parent Company and its subsidiaries that run a life insurance businesses in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥61,381 million as of March 31, 2011. These obligations will be recognized as operating expenses in the years in which they are paid.

40. Subsequent Events

The board of directors of the Parent Company, on December 28, 2010, decided to acquire 100% ownership of Tower Australia Group Limited ("Tower") and, on the same date, entered into a scheme implementation deed with Tower. In the process of the transaction, the Parent Company established two subsidiaries and completed the acquisition of the rest of shares of common stock of Tower that the Parent Company did not own through one of the two subsidiaries on May 11, 2011. Details of the transaction are as follows. While the Parent Company does not directly own Tower's shares, taking into account the fact that the Parent Company substantially, though indirectly, owns all of the shares issued by Tower, the following description is subject to Tower instead of the two subsidiaries.

(1) Strategic aim of the transaction

Making Tower a wholly owned subsidiary, the Parent Company aims to (a) strengthen its operating base significantly in Australia, (b) promote geographical diversification of its earnings, etc.

(2) Company profile of Tower

Company name	Tower Australia Group Limited*1
Engaged business	Insurance and insurance-related business*2
Location of headquarters	Milsons Point, New South Wales, Australia
Tower's consolidated results of operations for the year ended September 30, 2010	Premium income: AUD 942 million (81,738 million yen) Net income: AUD 87 million (7,587 million yen)
Tower's consolidated financial condition as of September 30, 2010	Total assets: AUD 3,672 million (318,629 million yen) Net assets: AUD 850 million (73,786 million yen) Capital stock: AUD 536 million (46,524 million yen)
Other information	Stock of Tower is delisted from Australian Securities Exchange as of the end of trading hours on April 27, 2011

*1. The Parent Company directly owns shares of TAL Dai-ichi Life Australia Pty Ltd which owns Tower's shares.

*2. Tower Australia Group Limited is a holding company and its subsidiaries operate life insurance businesses, etc.

(3) Date of business combination

May 11, 2011.

(4) Acquisition price and share of voting rights after completion of the transaction

(a) Acquisition price: The Parent Company acquired the rest of the shares of Tower that it did not own (71.04% of Tower's shares outstanding) for AUD 1,193 million (103,477 million yen) in total – AUD 4.00 (347 yen) per share. Additionally, the Parent Company acquired Tower's stock options held by Tower's management for AUD 50 million (4,339 million yen) in total– AUD 4.00 (347 yen) per share. These acquisitions were executed through the two newly established subsidiaries. Moreover, the Parent Company expects to pay expenses other than the price above, such as fees to outside advisors.

(b) The Parent Company's share of voting rights after completion of the transaction

Share of existing voting rights before the date of business combination:	28.96%
Share of additional voting rights acquired on the date of business combination:	71.04%
Share of voting rights After completion of the transaction:	100%

(5) Financing

The Parent Company financed the transaction by funds on hand.

(6) Other Information

The Parent Company completed the acquisition of Tower by utilizing a friendly acquisition scheme called a "scheme of arrangement", paying AUD 4.00 per share for Tower's shareholders, based on the approval of 75% or more of votes cast and the majority of Tower's shareholders attending a meeting of shareholders (including proxies) and Australian court approval.

(Note) Australian dollars are converted into yen at the rate of JPY86.77 to AUD.

III. NOTES TO CONSOLIDATED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2011

1. Income Before Minority Interests

Following application of the forms stipulated in “Enforcement Regulation of the Insurance Business Act” (Ministry of Finance Ordinance No.5, 1996) and revised under “Cabinet Office Ordinance Partially Revising Enforcement Regulation of the Banking Act and Others” (Cabinet Office Ordinance No.41, September 21, 2010), “income before minority interests” was newly added to the consolidated statements of earnings effective the fiscal year ended March 31, 2011.

2. Net Income per Share

Net income per share for the year ended March 31, 2011 was ¥1,917.40. Information on diluted net income per share is omitted as there was no potential diluting shares of the Parent Company.

3. Retirement Benefit Expenses

Retirement benefit expenses of the Parent Company and its consolidated subsidiaries for the fiscal years ended March 31, 2011 were ¥43,410 million and consisted of the following:

	Year ended March 31, 2011 (millions of yen)
a. Service cost	¥ 26,272
b. Interest cost	11,185
c. Estimated investment income	(1,798)
d. Amortization of unrecognized actuarial differences	13,119
e. Amortization of unrecognized gains on plan amendments	(5,368)
f. Retirement benefit expenses (a + b + c + d + e)	¥ 43,410

4. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the fiscal year ended March 31, 2011 were as follows:

(1) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group. Each property for rent and property not in use, which is not used for insurance business purposes, is deemed to be an independent asset group.

(2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value in some asset groups, the Parent Company wrote down the book value of these assets to the recoverable value, and reported such reduced amount as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

Impairment losses by asset group were as follows:

Asset Group	Place	Number	Impairment Loss		
			Land	Buildings	Total
			(millions of yen)		
Real estate for rent	Assets including Iwaki City, Fukushima Prefecture	4	¥ 132	¥ 169	¥ 302
Real estate not in use	Assets including Himeji City, Hyogo Prefecture	64	2,082	953	3,036
Total		68	¥ 2,215	¥ 1,123	¥ 3,338

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.89% was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value is used as the net sales value.

IV. NOTES TO CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2011

1. Application of Accounting Standards for Presentation of Comprehensive Income

Comprehensive income and other comprehensive income for the previous fiscal year (ended March 31, 2010) were as follows:

(1) Comprehensive income

		(millions of yen)
Comprehensive income attributable to shareholders of the parent company …	¥	563,098
Comprehensive income attributable to minority shareholders …………………		(645)
Total …………………………………………………………………………	¥	562,452

(2) Other comprehensive income

		(millions of yen)
Net unrealized gains (losses) on securities, net of tax …………………………………	¥	509,457
Deferred hedge gains (losses) …………………………………………………………		(1,651)
Foreign currency translation adjustments …………………………………………		(197)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method………………………………		(117)
Total ………………………………………………………………………………	¥	507,491

V. NOTES TO CONSOLIDATED STATEMENTS OF CHANGE IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2011

1. Type and Number of Shares Outstanding

	At the beginning of the fiscal year *1	Increase during the year	Decrease during the year	At the end of the fiscal year
		(thousand shares)		
Common stocks ……………………………	10,000	-	-	10,000
Treasury shares *2…………………………	-	139	-	139

*1: As the Parent Company was a mutual company at the end of last fiscal year (March 31, 2010), "At the beginning of the period" was used instead of "At the end of the prior fiscal year" in the above table.
*2: Increase in treasury shares (139 thousand shares) represents the sum of shares of common stock of the Parent Company purchased by (1) the J-ESOP trust and (2) the E-ship trust.

2. Dividend on Ordinary Shares

(1) Dividends paid during the fiscal year ended March 31, 2011

Date of resolution	June 28, 2010 (at the First Ordinary General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends	¥10,000 million
Dividends per share	¥1,000
Record date *1	April 16, 2010
Effective date	June 29, 2010
Dividend resource	Retained earnings

*1: The record date was set on April 16, 2010 in accordance with Article 2, Supplementary Provisions of the Parent Company's Articles of Incorporation.

(2) Dividends, the record date of which is March 31, 2011, to be paid out in the fiscal year ending March 31, 2012

Date of resolution	June 27, 2011 (at the Ordinary General Meeting of Shareholders to be held)
Type of shares	Common stocks
Total dividends	¥15,776 million
Dividends per share	¥1,600
Record date *1	March 31, 2011
Effective date	June 28, 2011
Dividend resource	Retained earnings

*1: Total dividends do not include ¥223 million of dividends to the J-ESOP trust and the E-ship trust, as the Parent Company recognizes the shares held by those trusts as treasury shares.

3. Basis of Presentation

As the Parent Company was a mutual company at the end of previous fiscal year (March 31, 2010), its statements of changes in net assets for the year ended March 31, 2011 reported "Balance at the beginning of the year" instead of "Balance at the end of the previous year."

4. Accumulated Other Comprehensive Income

Following the application of the forms stipulated in the "Enforcement Regulation of the Insurance Business Act" (Ministry of Finance Ordinance No.5, 1996) and revised under the "Cabinet Office Ordinance Partially Revising Enforcement Regulation of the Banking Act and Others" (Cabinet Office Ordinance No.5, March 25, 2011), "accumulated other comprehensive income" was newly added to the consolidated statements of change in net assets effective the fiscal year ended March 31, 2011.

5. Amount of Net Assets

The Parent Company reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, in accordance with Article 85, Paragraph 1 of the Insurance Business Act. Based on its plan for demutualization, in accordance with Article 86 of the Insurance Business Act, the Parent Company realigned presentation of net assets in the consolidated balance sheet as follows:

(millions of yen)

As of March 31, 2010		As of April 1, 2010	
Accumulated redeemed foundation funds	420,000	Capital stock	210,200
Revaluation reserve	248	Capital surplus	210,200
Consolidated surplus	138,469	Retained earnings	138,318
Total of foundation funds and surplus	558,718	Total shareholders' equity	558,718
Net unrealized gains (losses) on securities, net of tax	462,289	Net unrealized gains (losses) on securities, net of tax	462,289
Deferred hedge gains (losses)	(2,008)	Deferred hedge gains (losses)	(2,008)
Reserve for land revaluation	(63,540)	Reserve for land revaluation	(63,540)
Foreign currency translation adjustments	(3,069)	Foreign currency translation adjustments	(3,069)
Total of valuation and translation adjustments	393,671	Total of valuation and translation adjustments	393,671
Minority interests	11,804	Minority interests	11,804
Total net assets	964,193	Total net assets	964,193

VI. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2011

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of the following items contained in the consolidated balance sheet: cash and deposits, call loans, commercial paper included in monetary claims bought, money market funds included in securities, and overdrafts included in other liabilities.

2. Reconciliation of Cash and Cash Equivalents

Reconciliation of cash and cash equivalents to balance sheet accounts as of March 31, 2011 was as follows:

	(millions of yen)	
Cash and cash deposits (a)	¥	257,204
Call loans (b) ……………………………………………….....		244,700
Cash and cash equivalents (a + b)	¥	501,904

(7) Risk-Monitored Loans

(millions of yen)

		As of March 31, 2010	As of March 31, 2011
Credits to bankrupt borrowers	(I)	5,259	5,034
Delinquent loans	(II)	28,338	17,349
Loans past due for three months or more	(III)	-	-
Restructured loans	(IV)	2,383	3,255
Total	((I)+(II)+(III)+(IV))	35,981	25,639
[Percentage of total loans]		[0.94%]	[0.71%]

Note: 1. For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers in the fiscal years ended March 31, 2010 and March 31, 2011 were 736 million yen and 739 million yen, respectively. The write-offs relating to delinquent loans in the fiscal years ended March 31, 2010 and March 31, 2011 were 3,469 million yen and 3,093 million yen, respectively.

2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to, foreign proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.

3. Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

4. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans, excluding those loans classified as credits to bankrupt borrowers or delinquent loans.

5. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

(Reference) Disclosed claims based on categories of obligors

(millions of yen)

	As of March 31, 2010	As of March 31, 2011
Claims against bankrupt and quasi-bankrupt obligors	5,829	5,387
Claims with collection risk	27,769	16,996
Claims for special attention	2,383	3,292
Subtotal	35,981	25,676
Claims against normal obligors	4,274,857	4,123,420
Total	4,310,839	4,149,096

Note: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.

4. Claims against normal obligors are all other loans.

(8) Status of Insurance Claims Paying Ability of Insurance Subsidiaries (Solvency Margin Ratio)

The Dai-ichi Frontier Life Insurance Company (millions of yen)

		As of March 31, 2010	As of March 31, 2011
Total solvency margin	(A)	224,341	215,850
Common stock, etc.		116,239	115,329
Reserve for price fluctuations		75	143
Contingency reserve		44,759	36,403
General reserve for possible loan losses		16	28
Net unrealized gains on securities (before tax) × 90% *1		1,681	1,979
Net unrealized gains (losses) on real estate × 85% *1		-	-
Policy reserves in excess of surrender values		61,570	61,965
Qualifying subordinated debt		-	-
Excluded items		-	-
Others		-	-
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	(B)	37,789	27,150
Insurance risk	R_1	-	0
3rd sector insurance risk	R_8	-	-
Assumed investment yield risk	R_2	7	111
Investment risk	R_3	(6,175)	(15,964)
Business risk	R_4	1,100	790
Guaranteed minimum benefit risk	R_7	42,855	42,212
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		1,187.3%	1,590.0%

*1: Multiplied by 100% if losses.

Note 1. The above figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996. ("Policy reserves in excess of surrender values" is calculated based on Article 1 Paragraph 3-1 of the Announcement No. 50.)

2. Guaranteed minimum benefit risk is calculated by standard method.

3. Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) are used to mitigate guaranteed minimum benefit risk on individual variable annuities. Derivative transactions reduced guaranteed minimum benefit risk by 9,105 million yen in the fiscal year ended March 31, 2010 and 19,823 million yen in the fiscal year ended March 31, 2011 and these amounts are included in “Investment risk” above.

(Reference). Solvency Margin Ratio under the New Standards to Be Officially Applied at the end of Fiscal Ye

The Dai-ichi Frontier Life Insurance Company (millions of yen)

			As of March 31, 2011
Total solvency margin		(A)	215,850
Foundation funds and surplus/ common stock, etc [*1]			115,329
Reserve for price fluctuations			143
Contingency reserve			36,403
General reserve for possible loan losses			28
Net unrealized gains on securities (before tax) × 90% [*2]			1,979
Net unrealized gains (losses) on real estate × 85% [*2]			-
Policy reserves in excess of surrender values			61,965
Qualifying subordinated debt			-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt			-
Excluded items			-
Others			-
Total risk	$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	(B)	43,847
Insurance risk	R_1		0
3rd sector insurance risk	R_8		-
Assumed investment yield risk	R_2		250
Investment risk	R_3		20,490
Business risk	R_4		1,277
Guaranteed minimum benefit risk	R_7 [*3]		21,829
Solvency margin ratio $\dfrac{(A)}{(1/2)\times(B)}\times 100$			984.5%

*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: Under Cabinet Office Ordinance No.23, 2010 and Notification of the Financial Services Agency No. 48, the standards for the calculation of solvency margin ratio is planned to be revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The revised standards will be officially applied at the end of the fiscal year ending March 31, 2012.

The above figures are calculated by appliying the revised standards to the financial results as of March 31, 2011.

(9) Segment Information

The Company and its consolidated subsidiaries did not operate any businesses categorized in other segments than its own core life insurance business, and therefore segment information was omitted.

13. Selected Financial Information by Insurance Product

(millions of yen)

	Individual insurance and annuities	Group insurance	Group annuities	Others	Total
Policies in force at the beginning of the fiscal year	157,771,800	54,051,114	6,192,257	-	-
Policies in force at the end of the fiscal year				-	-
Net increase in policies in force				-	-
Ordinary revenues	-	-	-	-	4,308,466
a. Premium and other income	2,045,364	158,999	806,317	45,874	3,056,555
Premium	2,045,312	158,264	806,317	45,874	3,055,768
b. Ordinary revenues other than a. above	-	-	-	-	1,251,910
Ordinary expenses	-	-	-	-	4,229,564
c. Benefits and claims	1,535,326	88,521	952,541	48,623	2,625,013
Claims	669,162	86,076	6,257	3,506	765,003
Annuities	202,531	1,015	303,734	8,200	515,481
Benefits	206,961	203	294,751	4,001	505,918
Surrender values	412,998	137	190,960	32,839	636,936
d. Ordinary expenses other than c. above	-	-	-	-	1,604,550
Provision for policy reserves	446,974	146	(150,545)	(6,890)	264,685
Net surplus from operations/ ordinary profit	-	-	-	-	78,902

Note: 1. Categorization of insurance products:
'Others' are the sum of financial insurance, financial annuities, medical care insurance, group disability insurance and reinsurance written.
2. Policies in force:
a. Policy amount in force of individual annuities is equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
b. Policies in force of group insurance include those of annuity riders attached to group insurance, which are the sum of (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
c. Policies in force of group annuities are equal to the amount of outstanding corresponding policy reserve.
3. Profit and loss items:
a. 'Premium and other income' shows the sum of premium and reinsurance income.
b. 'Benefits and claims' shows the sum of claims, annuities, benefits, surrender values, other payments and reinsurance premium.