

The Dai-ichi Life Insurance
Company, Limited

2013

Annual Report



Thinking People First

DAI-ICHI LIFE

Thinking People First

People's lifestyles will continue to vary and change, so we provide easy to understand products and services tailored to these many different ways of life. At Dai-ichi Life Group, we will always be *Thinking People First*.

Thinking People: We take action, considering sincerely people and their lives. It means listening to people and working together with them to build human capital that contributes to happiness. It means a global perspective, constantly taking on new challenges for the future. *Thinking People* means sincerely thinking about people, considering their needs, demands, and lifestyles.

Our philosophy has been *Customer First* since 1902. Dai-ichi Life Group will continue to reform and renew itself to meet the challenges of the times, delivering new value and achieving consistent and sustainable growth.

DAI-ICHI LIFE

Dai-ichi Life Group Vision

Dai-ichi Life Group has adopted *Thinking People First* as its medium- to long-term Group vision. This vision is shared by around 60,000 people in the Dai-ichi Life Group. Based on this vision, we will always take a sincere approach to stakeholders such as customers, society, shareholders and investors, employees, and others who are involved in the daily activities of our Company, act accordingly, and aim to be the 'First in Quality,' 'First in Productivity,' 'First in Vital and Energetic Employees,' and 'First in Growth Potential.' Ultimately, our aspiration is to be the number one customer-supported company.

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Aiming to Become a Global Insurance Group Representing Asia through a Further Leap Forward

I would like to take this opportunity to express my gratitude to our shareholders for their support of Dai-ichi Life Insurance Company, Limited (hereinafter “Dai-ichi” or the “Company” or the “Group”).

In this Annual Report, we explain the Company’s business performance, financial results, and initiatives. We hope our shareholders gain a better understanding of Dai-ichi through this report.

Looking Back on Our Previous Medium-Term Management Plan, ‘Success 110’

Dai-ichi celebrated the 110th anniversary of its founding in September 2012, thanks to the support of our shareholders and other stakeholders. I am deeply grateful for the ongoing patronage and support we have received over the years from our many customers, shareholders, and other stakeholders. In our previous medium-term management plan, *Success 110 Achieve a Recovery and Growth by Utilizing All Available Resources*, we worked toward the important milestone of the 110th anniversary of our founding by accelerating business development for new growth while focusing on recovery efforts after the Great East Japan Earthquake.

We rediscover the fundamental principle of life insurance and our mission as a life insurance company when we attend to each of our customers after natural disasters such as typhoons and the Great East Japan Earthquake. Based on our management philosophy, which includes the *Customer First* principle that we have followed since our foundation, we have been working to make sure that our customers receive their insurance claims and benefits. In addition, we have been helping people communicate the thoughts and feelings they have about our life insurance to their family members under the concept of *Passing On Peace Of Mind*, with the aim of becoming a life insurance company that truly supports its customers.

Regarding our business development for growth, we continued to employ our resources in growth areas and to strive to fundamentally improve profitability and efficiency in our existing business areas. In the domestic life insurance business, sales of insurance products remained solid, thanks to the delivery of insurance products to the Third Sector and our new individual savings-type products, as well as the quality of our policies. The efficiency of our fixed costs improved as planned. In The Dai-ichi Frontier Life Insurance Co., Ltd., where products are offered through banks and securities firms, etc., sales remained strong. In the overseas life insurance business, we furthered our business development in Australia (where we made TAL Limited a wholly owned subsidiary) as well as in Vietnam, Thailand, and India. As our business performance steadily improved in each country, each area’s contribution to the consolidated income of the Dai-ichi Life Group also increased. We also developed business in the asset management area, a growth area, by making Janus Capital Group Inc. in the United States our affiliate.

As a result of the above initiatives, Dai-ichi increased revenues and profits for the second consecutive year of our previous medium-term management plan. We also believe that we have built a foundation for the Dai-ichi Life Group to make a further leap forward, as we have mostly achieved the management targets set in this plan. To live up to the expectations of our stakeholders, we believe that we need to build a higher level of sustainable growth going forward.

Medium-Term Management Plan 2013-15

Action **D**

The Group's Collective Challenges for Achieving Further Growth

- Promotion of DSR Management from customers' perspective -

Growth Strategy	<div style="display: flex; align-items: center;"> <div style="font-size: 2em; font-weight: bold; color: red; margin-right: 10px;">D</div> <div> <p style="margin: 0;"><i>dynamism</i></p> <p style="margin: 0; font-size: 0.8em;">Dynamic and flexible strategy-making to adjust to diversifying markets and achieve growth that meets stakeholders' expectations</p> </div> </div>
ERM*	<div style="display: flex; align-items: center;"> <div style="font-size: 2em; font-weight: bold; color: red; margin-right: 10px;">D</div> <div> <p style="margin: 0;"><i>discipline</i></p> <p style="margin: 0; font-size: 0.8em;">Disciplined decision making through ERM for attaining a capital level on par with leading global life insurers, and an increase in capital efficiency and corporate value</p> </div> </div>
Group Management	<div style="display: flex; align-items: center;"> <div style="font-size: 2em; font-weight: bold; color: red; margin-right: 10px;">D</div> <div> <p style="margin: 0;"><i>imension</i></p> <p style="margin: 0; font-size: 0.8em;">Dimensions added by evolution of the Group's management framework to support growth</p> </div> </div>
Human Capital Development	<div style="display: flex; align-items: center;"> <div style="font-size: 2em; font-weight: bold; color: red; margin-right: 10px;">D</div> <div> <p style="margin: 0;"><i>iversity</i></p> <p style="margin: 0; font-size: 0.8em;">Diversified human capital developed to compete effectively in the global market</p> </div> </div>

* ERM (Enterprise Risk Management) are activities maximizing corporate value, by developing/executing strategies for optimizing three key factors: (i) Profitability; (ii) Capital; and (iii) Risk.

Our New Medium-Term Management Plan: 'Action D'

For the three-year period from fiscal 2013 to fiscal 2015, the Dai-ichi Life Group has formulated a new medium-term management plan as our next growth stage: *Action D The Group's Collective Challenges for Achieving Further Growth*.

The name of the framework for the management of value creation in order to achieve our group vision of *Thinking People First* is DSR Management (Note). Based on this framework the Group will take a wide range of steps with a greater tilt toward growth than in the previous medium-term management plan with the aim of realizing consistent and sustainable growth in order to live up to the expectations of our stakeholders.

The basic strategies of *Action D* are composed of four pillars, or four *D*'s.

(1) ***Dynamism***

Dynamic and flexible strategy-making to adjust to diversifying markets and achieve growth that meets stakeholders' expectations

(2) ***Discipline***

We will achieve a capital level comparable to that of leading global life insurers. We will also improve capital efficiency and corporate value by formulating strategies appropriate to the status of profitability, capital, and risks, taking into account the types and characteristics of the risks. We will promote Enterprise Risk Management (ERM) to improve capital efficiency and corporate value.

(3) ***Dimension***

Dimensions added by evolution of the Group's management framework to support growth

(4) ***Diversity***

Diversified human capital developed to compete effectively in the global market

(Note) DSR Management is a type of value creation management framework unique to the Dai-ichi Life Group, established to help us achieve the Group's vision of *Thinking People First*.

Standing for *Dai-ichi's Social Responsibility* (the social responsibility of the Dai-ichi Life Group), DSR is a management framework that seeks to increase corporate value by consistently improving the management quality of the Dai-ichi Life Group, in which the life insurance business itself contributes to society.

By regarding the three years when we will be developing under *Action D* as a period in which we will achieve further growth through the combined efforts of the Group, we plan to take a wide range of steps with a greater tilt toward growth by implementing the four *D*'s, which are the basic strategies of our DSR Management.

Based on *Action D*, we will resolutely carry out our mission of delivering the concept of *Passing On Peace Of Mind* to our customers based on our unchanging management philosophy of *Customer First*. We will continue to stand by the side of our customers for life not only in Japan but even when we develop business globally. At the same time, with the aim of becoming a global insurance group representing Asia, we are determined to continue to make vigorous efforts to achieve sustainable growth.

As we pursue these initiatives, we hope we can continue to count on the support and patronage of our stakeholders.



Koichiro Watanabe
President and Representative Director



We have reaffirmed the following due to the Great East Japan Earthquake:

Passing On Peace Of Mind

The fundamental principle of life insurance, which the Company has reaffirmed after the Great East Japan Earthquake, is the concept of *Passing On Peace Of Mind*. Our responsibility is to form and strengthen the concept of *Passing On Peace Of Mind* for our customers and their loved ones.

We have taken our social responsibility deep into our hearts once again. The Company will continue to pursue the concept of *Passing On Peace Of Mind* for years to come.

Passing On Peace Of Mind

Today is just one of many,
And we live thinking of what lies ahead.

We want a sense of security,
Peace of mind in what tomorrow holds.

Insurance is peace of mind
for anyone at any age.

Insurance gives us confidence
to face what lies ahead.

Insurance is for anyone
seeking peace of mind.



Company Profile

Official name	The Dai-ichi Life Insurance Company, Limited * Structure changed from a mutual company to a stock company on April 1, 2010.	
Established	September 15, 1902	
Head Office Address	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8411, Japan Tel: 81-3-3216-1211	
President and Representative Director	Koichiro Watanabe	
Number of employees	56,976 (In-house employees: 12,558; sales representatives: 44,418) as of March 31, 2013	
Number of business bases	84 branch offices and 1,259 sales offices, etc. (as of April 1, 2013)	
Status of assets	Total assets:	¥33,072.4 billion
Status of liabilities	Policy reserves and others:	¥29,168.3 billion
Status of net assets	Capital stock and legal capital surplus:	¥420.4 billion
Status of revenues and expenditures	Premium and other income:	¥2,921.8 billion (April 2012–March 2013)
	Benefits and claims:	¥2,467.7 billion (April 2012–March 2013)
Sum insured of policies in force	Individual insurance:	¥133,344.7 billion
	Individual annuity insurance:	¥8,516.8 billion
	Group insurance:	¥48,766.6 billion
	Group annuity insurance:	¥6,146.1 billion
<ul style="list-style-type: none"> ● Management philosophy 	<ul style="list-style-type: none"> ● Basic Management Policies 	
Customer First	Maximize customer satisfaction	
By Your Side, for Life	Secure social trust	
	Create sustainable corporate value	
	Foster employee potential	



Katsutoshi Saito,
Chairman of the Board

Koichiro Watanabe,
President

Financial Highlights

Years ended March 31, 2011, 2012 and 2013

(Non-Consolidated Basis)

	Unit: million yen (except percentages and number of personnel)			Unit: million US dollars
	2011	2012	2013	2013 ⁽¹⁾
Total assets.....	30,869,661	31,461,940	33,072,490	351,647
General account	29,733,868	30,364,280	31,911,883	339,307
Policy reserves and others	28,190,891	28,529,906	29,168,377	310,136
Policy reserves.....	27,589,524	28,011,648	28,637,045	304,487
Total net assets	766,437	1,028,379	1,677,691	17,838
Ordinary revenues	4,308,466	4,398,207	4,315,957	45,890
Premium and other income	3,056,555	3,056,096	2,921,863	31,067
Investment income	922,686	974,046	1,104,462	11,743
Ordinary expenses	4,229,564	4,154,442	4,142,150	44,041
Benefits and claims	2,625,013	2,508,726	2,467,768	26,238
Investment expenses.....	429,594	363,380	206,514	2,195
Operating expenses.....	424,686	415,611	408,876	4,347
Ordinary profit	78,902	243,765	173,806	1,848
Net income for the year.....	16,936	17,624	51,465	547
Fundamental profit	275,921	302,425	314,555	3,344
Solvency margin ratio ⁽⁴⁾	547.7%	575.9%	715.2%	–
Administrative personnel.....	13,381	12,904	12,558	
Sales representatives	43,527	43,948	44,418	

Notes:

1. U.S. dollar figures have been converted at the rate of ¥94.05 to \$1.00, the rate of exchange at March 31, 2013.
2. Yen amounts of less than ¥1 million/billion have been truncated.
3. U.S. dollar amounts of less than \$1 million/billion have been truncated.
4. The figure as of March 31, 2012 and March 31, 2013 is calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996. Under Cabinet Office Ordinance No. 23, 2010 and Notification of the Financial Services Agency No. 48, 2010, the standards for the calculation of solvency margin ratio are revised to tighten and refine calculation of total solvency margin and estimation of total risk and others.

BASIS OF PRESENTATION

Unless otherwise noted, financial figures in this annual report are reported on a non-consolidated basis.

FORWARD-LOOKING STATEMENTS

This annual report was prepared by the Dai-ichi Life Insurance Company, Limited (hereinafter, “Dai-ichi,” “DL,” the “Company,” or the “Parent company”) solely for the purpose of disclosure of relevant information, and does not constitute a solicitation or an offer to buy or sell any securities in or outside of Japan. Though Dai-ichi has relied upon and assumed the accuracy and completeness of all information available to it in preparing this presentation, Dai-ichi makes no representations as to its actual accuracy or completeness.

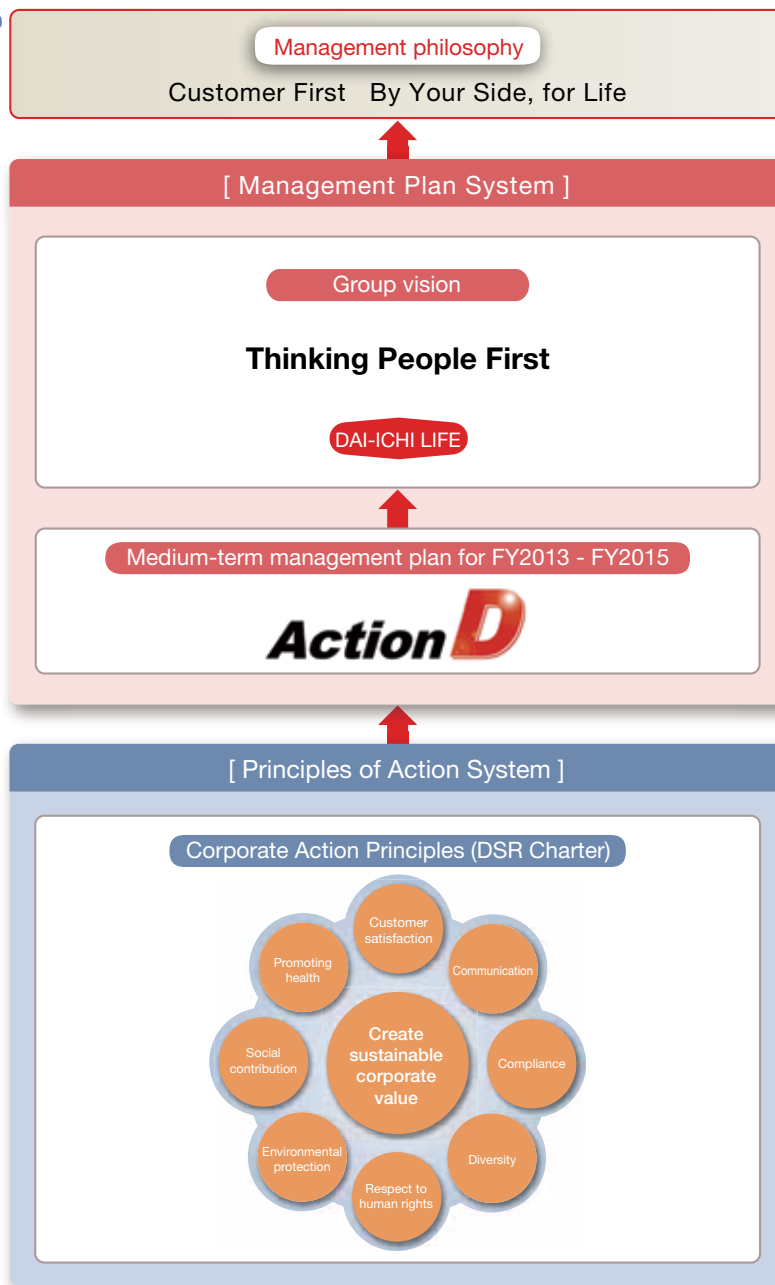
Statements contained herein that relate to future operating performance are forward-looking statements. Forward-looking statements may include – but are not limited to – words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “forecast,” “predict,” “possibility” and similar words that describe future operating activities, business performance, events or conditions.

Forward-looking statements are based on judgments made by Dai-ichi’s management based on information that is currently available to it. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, you are cautioned not to place undue reliance on forward-looking statements. Dai-ichi disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.

DSR Management Setup

Since our founding in 1902, for more than 110 years the Company has been striving to practice its *Customer First* management philosophy. We will continue to position this management philosophy as our permanent *raison d'être*, and continue to stand by the side of our customers and their loved ones, for life.

DSR Management Setup



What Is DSR (Dai-ichi's Social Responsibility)?

DSR stands for Dai-ichi's Social Responsibility (the social responsibility of the Dai-ichi Life Group). It is part of our management framework to fulfill our social responsibility to each stakeholder and increase the corporate value of the Dai-ichi Life Group by continually improving the quality of our management across the Group through the PDCA (Plan-Do-Check-Action) cycle.

Medium-Term Management Plan 'Action D' for FY2013 to FY2015

From fiscal 2013 to fiscal 2015, the Company will be working on its medium-term management plan *Action D The Group's Collective Challenges for Achieving Further Growth*. DSR Management is our name for our framework for value creation management that achieves our Group vision of *Thinking People First*. We aim to realize consistent and sustainable growth based on this framework, in order to live up to the expectations of our stakeholders. We regard the three years that we will be developing under *Action D* as a time when we will collectively strive for further growth and take a wide variety of measures with a greater tilt toward growth based on our basic strategies consisting of the four *D*'s.



■ Growth Strategy [Dynamism]

Dynamic and flexible strategy to react to diversifying markets and achieve growth that meets stakeholders' expectations

● Implement growth strategy to increase our share of the domestic life insurance market

We will achieve above market growth by continuing to launch highly competitive products that meet customer needs. Specifically, the Company plans to improve its products in the medical and nursing care areas, while The Dai-ichi Frontier Life Insurance Co., Ltd. will dynamically launch competitive savings-type products. We will also provide *consistent, high-quality* consulting services by leveraging the Company's collective power.

We will work to create synergies by promoting sales as a Group, including boosting sales through collaborations between The Dai-ichi Frontier Life Insurance Co., Ltd., DIAM Co., Ltd., and the Company. We will also discover markets with growth potential by providing solutions based on our customers' perspectives. We aim to continue to improve the efficiency of our fixed costs by pursuing the best cost structure to increase our competitiveness.

● Accelerate business development and increase the contribution to profits in overseas life insurance markets

We aim to build a regionally diversified overseas business portfolio over the medium term, taking into account growth potential and profitability. We will also strive to increase our value in countries where we have already made investments. We will upgrade our business administration system and infrastructure, creating a system for specialized human resources and expertise in a way that can be shared throughout the Group.

● Expand the contribution to profits in the asset management area

We will aim for profit growth in our asset management business. We will also endeavor to secure additional revenues by promoting our ALM operation (Note) and dynamically managing our assets.

(Note) See page 35 for details.

■ **ERM (Note) [Discipline]**
Disciplined decision-making through ERM for attaining a capital level on par with leading global life insurers, and an increase in capital efficiency and corporate value

We will strive to achieve a capital level comparable to that of leading global life insurers. We will also endeavor to increase our capital efficiency and corporate value and enhance returns to shareholders by reallocating capital.

(Note) See page 18 for details.

■ **Group Management [Dimension]**
Dimensions with evolution of the Group's management framework to support growth

We aim to accelerate the growth of the Group and further strengthen Group management centered on our Group Management Headquarters (Note). We plan to maximize our corporate value by sharing our vision and strategies with Group companies.

(Note) See page 19 for details.

■ **Human Capital Development [Diversity]**
Diversified human capital developed to compete effectively in the global market

We will enhance our channels to provide consistent, high-quality consulting services. We will also promote Diversity & Inclusion (Note) by ramping up our efforts to promote the active participation of women in the workplace, among other initiatives.

(Note) See page 21 for details.

Continuing to Stand by the Side of Our Customers for Life

We will look at the *present* and *future* of each of our customers, and through the concerted efforts of all our staff we will support sound and healthy lives for them through our comprehensive services in order to ensure their peace of mind.

Dai-ichi will remain a lifelong partner of our customers.

System to Provide Consulting Services that Leverage Dai-ichi's Organizational Power

In the Japanese life insurance market, competition has intensified due to significant environmental changes such as an increase in independent agents and online insurance sales, in addition to diversified customer needs.

In this environment, the Company has launched a comprehensive marketing strategy, and is promoting customer-oriented activities as the lifelong partner of its customers. The Company's Total Life Plan Designers (sales representatives) are serving as its core sales force by improving their relationships with each customer who has a policy through all points of contact across the Company.

From our experience after the Great East Japan Earthquake, which struck in March 2011, we renewed our awareness of the importance of providing consulting services tailored to each customer and promoting communications with their family members, including their beneficiaries, and also the importance of regularly updating their contact information, etc. to ensure that they receive their insurance claims and benefits, which is the primary role of life insurance.

Based on this understanding, we will continue to work to provide a wide range of services, such as insurance policies as well as health, medical services, and information on the social security system, which are all closely related to life insurance. We will do this during our face-to-face consultations at all points of contact with customers, from contract to expiration and payment, and by improving our *Periodical Insurance Information Check*. This is implemented when we send out our *Total Life Plan Report*, an annual notice of the contents of customer policies, and our *Medical Support Service*, which provides information on the health and medical services, child care, and nursing care available for policyholders and their family members.

With our Total Life Plan Designers across the country and all our staff drawing on their specialized skills to provide all our customers with consistent, high-quality consulting services, working as one strong, professional organization backed by teamwork that extends beyond the boundaries of each department, we can deliver substantial peace of mind that will be passed down to the next generation.

We will promote these initiatives to continue to be the company of choice for our customers, and will ensure the sustainable growth of our core business by increasing our profitability and competitiveness along with our customer satisfaction.

* See pages 54–62 for details.

■ Delivering our Total Life Plan Reports and implementing our Periodical Insurance Information Checks

Our Total Life Plan Report informs policyholders of the contents of their policies and the performance of the Company each year. At the time we send out the Total Life Plan Reports, our Total Life Plan Designers implement Periodical Insurance Information Checks, verifying the contents of customers' policies, their payment history, and seeing if there are any changes in their registered information.

The reports include not only the contents of life insurance policies of the Company but also the contents of nonlife insurance policies of Sampo Japan and the cancer insurance policies of AFLAC, which the Company has handled as an insurance agency, so that policyholders can confirm all their policies. Moreover, to ensure that policyholders can claim insurance benefits, the report also includes an eligibility list for the payment of claims on each main insurance policy and rider and a 10-year payment history for claims and benefits related to hospitalization and operation by policy, so that policyholders can access more detailed information about their claims.

Policyholders are able to verify the procedures related to filing claims and benefits using the Periodical Insurance Information check sheet and the Customer Service Information Registration form at the end of the Total Life Plan Report. We are also working to develop an environment to ensure that customers receive claims and benefits by registering family information and contact information for family members who are the recipients of these claims and benefits.

■ The DL Pad, a tablet computer for sales and business use

In August 2012, the DL Pad, our latest tablet computer for sales and business use, was introduced to replace eNavit, our former portable PC. The DL Pad is a tablet that allows Total Life Plan Designers to quickly make proposals and provide services anytime, anywhere. At the time of consultation, the DL Pad allows them to design an insurance plan with customers and explain a wide variety of information, including information on health and medical services and the social security system, by using illustrations and video comments to provide all customers with consistent, high-quality consulting services.

■ Tailoring our product lineup to more accurately meet customer needs

Based on the concept of delivering better-quality products, proposals and services for the duration of our customers' lives, we have been working to enhance our product lineup and services to more closely meet the needs of our customers and society. Following the launch of *Medical Yell* in 2010 and *Grand Road* in 2011, we launched *Junpu Life Power Medical* in 2012, a product that supports the treatment of disease from both insurance and service aspects (Note).

■ Nationwide Customer Survey

Nationwide Customer Survey in FY2012
Overall satisfaction
86.1%

[Purpose]	To clarify the reasons for customer satisfaction and dissatisfaction and to identify the steps required to improve customer satisfaction, through feedback from customers.
[Survey period]	September 3 to November 26, 2012
[Research agency]	Research and Development, Inc.

Each year, we calculate customer satisfaction as an indicator to measure the degree to which we are attaining our goal of *Maximize Customer Satisfaction*, as set forth in our basic management policy. We use customers' opinions from the survey to improve customer satisfaction.

Overall customer satisfaction improved year on year for the 11th consecutive year, and reached a record high of 86.1% in the Nationwide Customer Survey conducted in fiscal 2012.

■ Payment of Insurance Claims, Benefits, and Annuities

Payments in FY2012 ^(Note)
¥1,822.8 billion

The total amount of insurance claims, benefits, and annuities paid in FY2012 stood at ¥1,822.8 billion. As a lifelong partner of our customers, we will continue to support their total life plans through the payment of insurance claims, benefits, and annuities.

(Note) The payments above do not include the payment of cash surrender values, etc.

Accelerating Business Development for Growth

With changes in the social environment, the life insurance market is evolving. To respond to these changes and achieve sustainable growth, we have positioned our individual savings product business, overseas life insurance business, and asset management business as growth businesses.

Initiative in Savings-type Product Market

The life insurance market in Japan is being shaped by significant environmental and structural changes, such as demographic shifts associated with the declining birth rate and the aging society. Most baby boomers have retired from supporting their companies and families, and have started their second lives. Consequently, demand in the individual savings market to maintain a robust retirement and to enjoy long lives has been growing.

To bolster our operations in the savings-type product market, including the individual annuity insurance business, which we position as a growth field, our subsidiary The Dai-ichi Frontier Life Insurance Co., Ltd. commenced operations in October 2007. This subsidiary sells savings-type products, such as annuity insurance, through banks, securities companies, and other financial institutions.



Basic Management Policy of Dai-ichi Frontier Life

As a group company of Dai-ichi, whose management philosophy has been *Customer First (By Your Side, for Life)* since its foundation, Dai-ichi Frontier Life follows the concepts included in the basic management policies of Dai-ichi, positioning the following policies as the foundation of its management:

- To become a company with the very strong trust and support of its customers, business partners, and many other stakeholders, Dai-ichi Frontier Life will fully develop internal control systems, including a compliance system, and aim for sound and sustainable development.
- Dai-ichi Frontier Life is always striving to be ahead of changes in the business environment and the evolution of customers' needs and will continue to provide the most appropriate products and services that will satisfy customers.
- Dai-ichi Frontier Life will comprehensively pursue prompt, secure, and low-cost business operations and will seek to improve business efficiency.
- Employees will continue to perform challenging tasks to realize both their own dreams and the aspirations of Dai-ichi Frontier Life.

Dai-ichi Frontier Life – Main Financial Results

Dai-ichi Frontier Life delivers products tailored to customer needs through banks, securities companies, and other financial institutions. With sales results remaining firm, Dai-ichi Frontier Life has been growing steadily as a major supplier of life insurance products in the over-the-counter sales market.

Sum Insured of New Business

¥511.8 billion

(FY2012)

Sum Insured of New Business is an indicator showing the insured amount of the new insurance policies that a life insurance company has contracted in a given fiscal year. This stood at ¥511.8 billion (148.4% year on year) in fiscal 2012 due to strong sales of foreign currency-denominated products and variable annuities.



Sum Insured of Policies in Force
¥2,236.3 billion
 (As of March 31, 2013)

Sum Insured of Policies in Force is an indicator showing the total insured amount of insurance policies held by a life insurance company. This has increased steadily, mainly attributable to the introduction of new products, and amounted to ¥2,236.3 billion at the end of fiscal 2012.

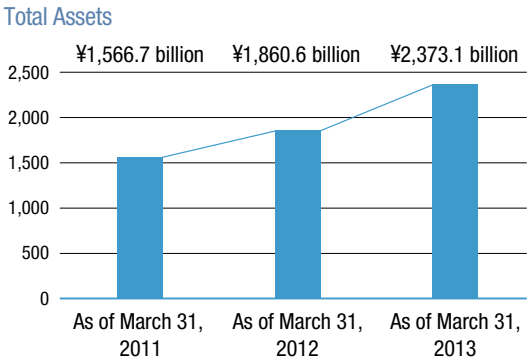
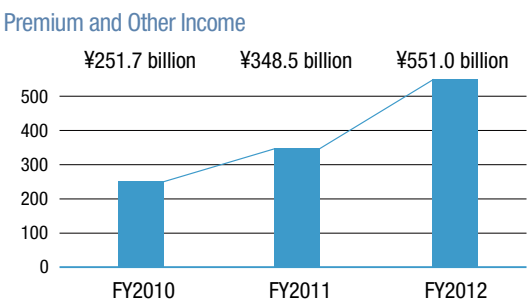
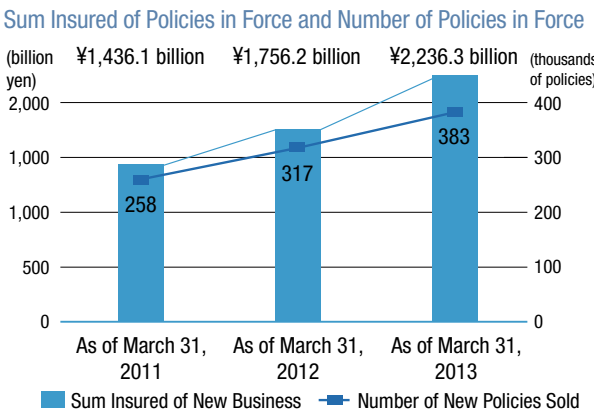
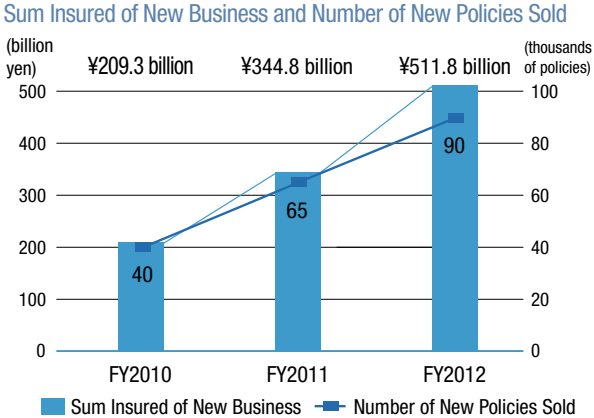
Premium and Other Income
¥551.0 billion
 (FY2012)

Premium and Other Income stood at ¥551.0 billion in fiscal 2012, mainly reflecting the strong sales of foreign currency-denominated products and variable annuities, which we began selling in August 2012.

Total Assets
¥2,373.1 billion
 (As of March 31, 2013)

Total Assets represent the sum of assets such as cash and deposits, call loans, and securities. Total Assets at the end of fiscal 2012 came to ¥2,373.1 billion, an increase of ¥512.5 billion from the end of the previous fiscal year. Of the total assets of Dai-ichi Frontier Life, ¥817.5 billion are general account assets and ¥1,555.6 billion are special account assets (Note).

(Note) Receivables generated from transactions involving general account assets are deducted under the Insurance Business Act.



Initiatives in the Overseas Life Insurance Business

We are working to accelerate the operation of overseas businesses for growth.

Through our overseas subsidiaries and affiliated companies, we contribute to the promotion of life insurance and the development of the life insurance market, and seek to expand our businesses from a medium and long-term perspective according to the economic development of each country. We are also contributing more to Group business by sharing the life insurance expertise we have accumulated over the past 100 years and pursuing added value based on greater cooperation among our overseas subsidiaries and affiliated companies.



Winner of the Indian Insurance Award

Number of employees ⁽¹⁾
1,891

Actual premium income ^{(2) (3)}
6,683 million rupees
(10.6 billion yen)

Year on year
+9.2%

Market share / ranking ^{(4) (5)}
2.4% / 11th



Sales managers conference

Number of employees ⁽¹⁾
1,961

Actual premium income ^{(2) (3)}
14,800 million baht
(41.7 billion yen)

Year on year
+11.5%

Market share / ranking ⁽⁴⁾
3.8% / 8th



Customer counter at the new head office

Number of employees ⁽¹⁾
555

Actual premium income ^{(2) (3)}
1,478.6 billion dong
(6.2 billion yen)

Year on year
+26.8%

Market share / ranking ⁽⁴⁾
8.0% / 4th



Signing ceremony with PT Panin Life

Number of employees ⁽¹⁾
218

Actual premium income ^{(2) (3)}
2,215.8 billion rupiah
(23.0 billion yen)

Year on year
+10.1%

Market share / ranking ⁽⁴⁾
2.8% / 12th



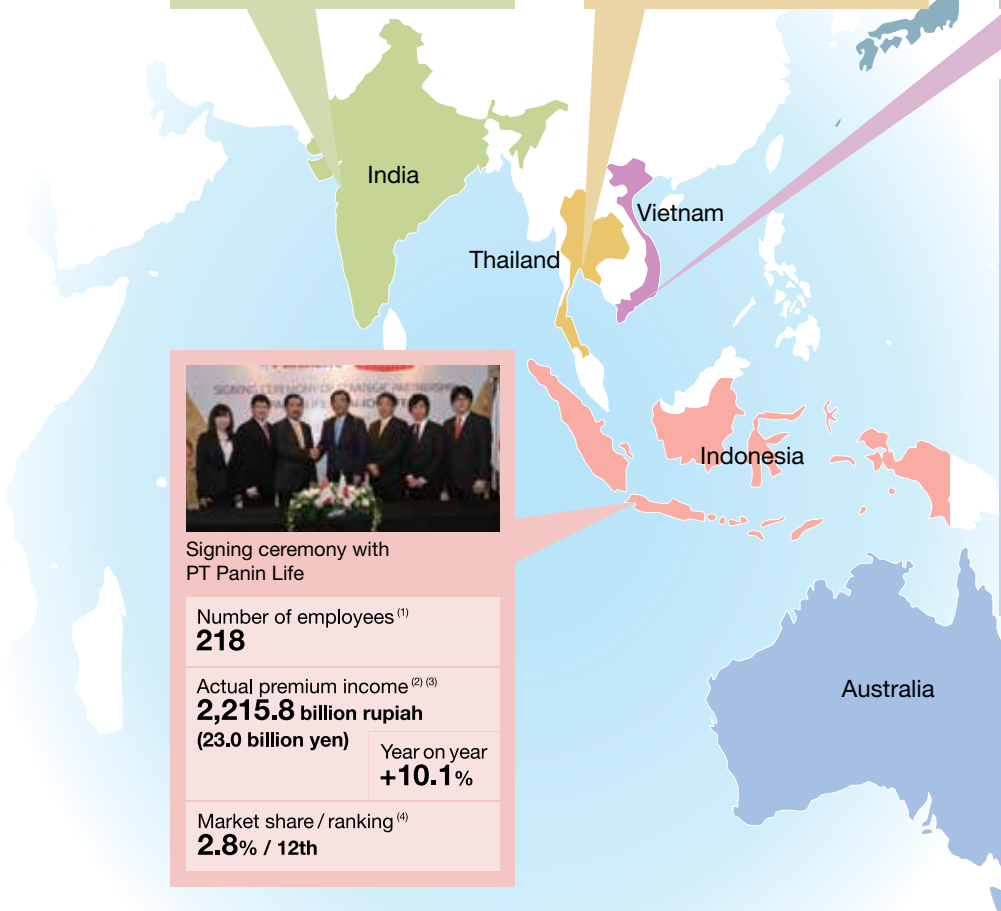
Commemoration ceremony for making TAL our subsidiary

Number of employees ⁽¹⁾
1,339

Actual premium income ^{(2) (3)}
1,864 million Australian dollars
(182.5 billion yen)

Year on year
+13.7%

Market share / ranking ⁽⁴⁾
13.5% / 2nd



India

Star Union Dai-ichi Life Insurance Company Limited, a joint life insurance company established in conjunction with two local state-owned banks, commenced operations in February 2009. This was the first time a Japanese life insurance company had entered the life insurance business in India.

Focusing on selling insurance through its joint partners, the two local state-owned banks, Star Union Dai-ichi Life Insurance is ranked 11th out of 23 private life insurance companies in a ranking of first-year premiums (January–December 2012), with the annualized premium being 6,683 million rupee in fiscal 2012, the fourth year since its founding.

Thailand

In July 2008, Dai-ichi agreed to take an equity stake in Ocean Life Insurance Co., Ltd. and form a strategic business alliance. Ocean Life Insurance subsequently became Dai-ichi's affiliate in the same year. ⁽⁶⁾

Since then, we have been cooperating with Ocean Life Insurance on an ongoing basis, for instance improving the sales capabilities of individual agents, to increase the corporate value of Ocean Life Insurance. In fiscal 2012, insurance premium income increased steadily, by 11.5% from the previous fiscal year. In addition, Ocean Life Insurance is rated highly in Thailand, and won the Excellent Insurance Company Award, which is given to insurance companies that are operated efficiently and have excellent corporate management, for the second consecutive year.

Vietnam

In January 2007, Dai-ichi acquired Bao Minh CMG, which commenced operations as Dai-ichi Life Insurance Company of Vietnam, Limited. This was the first instance of a Japanese life insurer operating in Vietnam.

With the life insurance market in Vietnam growing rapidly, the premium income of Dai-ichi Life Insurance Company of Vietnam increased faster than the market since the acquisition, reaching 4 times its pre-acquisition level in FY2006. The company's market share has also expanded from 4.4% in FY2006 to 8.0% in FY2012. Dai-ichi Life Insurance Company of Vietnam also enjoys a superior reputation in Vietnam. In 2013, for the fifth consecutive year, it received the Golden Dragon Award, which is given to foreign-affiliated companies that have contributed to Vietnam's economic development.

Indonesia

In June 2013, the Company entered into a new share subscription agreement with PT Panin Life (“Panin Life”) and PT Panin Internasional (“Panin Internasional”), the intermediate holding company of Panin Life, in Indonesia. Panin Life, a life insurance company in the Panin Group, a leading local financial group, is currently growing its business through multiple sales channels, including individual agents, bancassurance, and direct sales, while diversifying into other sales channels. Panin Life has been expanding its presence in the Indonesian market, as it increased its premium income by 10.1% from the previous fiscal year, a higher growth rate than the market, and boosted its industry ranking from 15th in 2009 to 12th in 2011.

We plan to accelerate our efforts to initiate a business alliance with the aim of developing a life insurance business and contributing to the economy in Indonesia, where tremendous growth is expected in a life insurance market backed by the world’s fourth largest population, by consolidating our expertise in the life insurance business with Panin Life’s strong brand and wealth of management resources.

Australia

In May 2011, TOWER Australia Group Limited, an affiliate of Dai-ichi, became a wholly owned subsidiary of Dai-ichi through a friendly acquisition scheme, and subsequently changed its corporate name to TAL Limited in June 2011.

TAL Limited employs strategies specializing in protection-type products, and increased its premium income by 13.7% year on year in FY2012, expanding its share of the protection-type insurance market in Australia, which has high growth potential. The management of TAL Limited is highly regarded in Australia. In March 2013, for the third consecutive year, the company received an award for the ‘Life Insurance Company of the Year,’ which is given to insurance companies that exhibit all-around excellence in terms of financial strength, products, and services.

We plan to support the growth of TAL Limited more than ever by strengthening our cooperation through the exchange of human resources.

- (1) Staff in the sales channel are not included. However, the staff involved in the direct sales of TAL Limited are included in the number of employees.
- (2) The period is January–December for Dai-ichi Life Insurance Company of Vietnam, Limited, Star Union Dai-ichi Life Insurance Company Limited, Ocean Life Insurance Co., Ltd., and PT Panin Life, and April–March for TAL Limited. Actual premium income represents premium and other income for Dai-ichi Life Insurance Company of Vietnam, Limited, TAL Limited, Ocean Life Insurance Co., Ltd., and PT Panin Life, and the annualized premium for Star Union Dai-ichi Life Insurance Company Limited.
- (3) Currencies are converted based on the following exchange rates: 1 dong = ¥0.0042, 1 Australian dollar = ¥97.93, 1 rupee = ¥1.59, 1 baht = ¥2.82, and 1 rupiah = ¥0.0104.
- (4) The basis of comparison is premium and other income for the Vietnamese, Thai, and Indonesian markets, the annualized premium of policies in force for the Australian market (the protection-type insurance market), and the first-year premium for the Indian market.
The period of comparison is January–December 2011 for the Indonesian market, January–December 2012 for the Vietnamese, Indian, and Thai markets, and the end of December 2012 for the Australian market.
- (5) The market share and ranking are among private life insurance companies, excluding the state-owned Life Insurance Corporation of India (LIC), in which the Indian government has a 100% stake.
- (6) Ocean Life Insurance Co., Ltd. changed its name to OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED in July 2012, due to its reorganization from a nonpublic stock company to a public stock company.

Initiatives for the Asset Management Business

Regarding the asset management business, the Company is working to develop business in this growth area.

We aim to benefit from the growth potential of the market by actively participating in the asset management market, where high, sustainable growth is expected against the backdrop of an aging population, a worldwide population increase, and measures to promote individual savings, mainly in developed countries, through our affiliates in Japan and overseas.

We have also made inroads into the asset management business overseas by taking a stake in Janus Capital Group Inc. in the United States in fiscal 2012. We plan to further bolster our efforts in the asset management business, using it as a driver to support the sustainable growth of the Group over the medium and long term, along with our efforts in the overseas life insurance business.

■ DIAM Co., Ltd.

In October 1999, Dai-ichi Life Asset Management Co., Ltd., IBJ NW Asset Management Co., Ltd. and IBJ Investment Trust Management Co., Ltd. merged to form DLIBJ Asset Management Co., Ltd., which was then renamed DIAM Co., Ltd. ("DIAM") in January 2008.

DIAM has been building a track record, mainly in the pension and investment trust businesses, as an asset manager in which the Company and Mizuho Financial Group, Inc. have a 50-50 stake. The balance of assets under management is ¥7 trillion (as of the end of March 2013) in the investment advisory business and ¥4.8 trillion (as of the end of March 2013) in the investment trust business, both of which boast one of the largest assets under management in Japan. DIAM, as well as the funds DIAM manages, is also highly regarded by external evaluation organizations for its strong investment capabilities, as it has been winning various prizes every year from Morningstar and Lipper, etc., which recognize those asset managers and funds that exhibit excellent investment performance.

Number of employees ⁽¹⁾	Assets under management ⁽¹⁾	
		Year-on-year change
409	¥11.8 trillion	+14.7%

(1) As of March 31, 2013



Awarded various prizes for excellent investment performance

(Major awards)

- DIAM: Morningstar Award, 'Fund of the Year 2012,' International Bond Fund (unhedged) division, Best Fund Award (received in 2013)
- DIAM: Lipper Fund Awards Japan 2013, 'Japanese Medium and Small-Cap Stock Fund (over 5 years),' Best Fund (received in 2013)
- DIAM: Lipper Fund Awards Japan 2013, 'Japanese Yen Bond Fund (over 10 years),' Best Fund (received in 2013)

■ Janus Capital Group Inc.

After entering into a capital and business alliance agreement in August 2012 with Janus Capital Group Inc. ("Janus"), a US-based asset manager, we took a 19.9% stake in Janus in January 2013 to make it our affiliate. The United States is the world's largest asset management market, and medium and long-term growth is expected against the backdrop of the growing retirement population. Janus has established a solid brand in the US market based on its competitiveness and wide-ranging sales network, particularly in its stock investments.

Since we entered into this business alliance, we have been working to develop specific alliance initiatives, including a Janus mandate, dispatching human resources, and selling Janus's products in Japan in collaboration with DIAM, our affiliate, so that we can maximize our alliance with Janus and Janus's corporate value.



Commemorative photo upon the CEO's arrival in Japan



Number of employees ⁽¹⁾	Assets under management ^{(1) (2)}	
		Year-on-year change
1,156	US\$156.8 billion (¥13.5 trillion)	+5.8%

(1) As of December 31, 2012

(2) Currencies are converted at ¥86.58 to the US dollar.

(Major awards)

- Janus: Lipper Fund Awards 2013, 'Global Multi-Cap Value Fund (over 5 years),' Best Fund (received in 2013)
- Janus: Lipper Fund Awards 2012, 'Global Multi-Cap Growth Fund (over 5 years),' Best Fund (received in 2012)

Promotion of ERM and Dai-ichi's Capital Strategies

The Company is striving to achieve a capital level comparable to that of leading global life insurers, and to improve its capital efficiency and corporate value by promoting ERM.

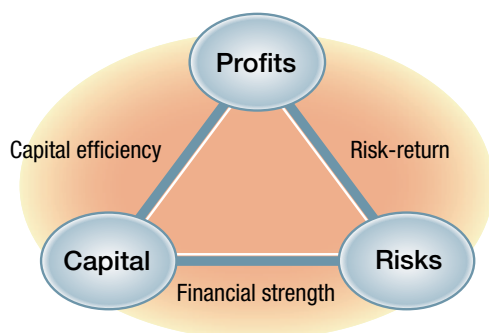
Promotion of ERM

The Company promotes ERM (Enterprise Risk Management) across the Group.

■ What is ERM?

ERM is a risk management approach to promote business activities by formulating a management plan and a capital strategy in accordance with a company's capital conditions, risks, and profits. In other words, it aims to achieve strategic targets by properly controlling capital, risks, and profits, taking into consideration the source, types, and characteristics of risks.

Relationship Between Capital, Risks, and Profits



■ Achieving a capital level comparable to that of leading global life insurers

By the end of fiscal 2014, the Company aims to achieve a capital level on an economic value basis that will allow it to weather risks assumed to only occur once every 2,000 years by developing new policies and reducing risks, taking market trends into account.

■ Improving capital efficiency and corporate value

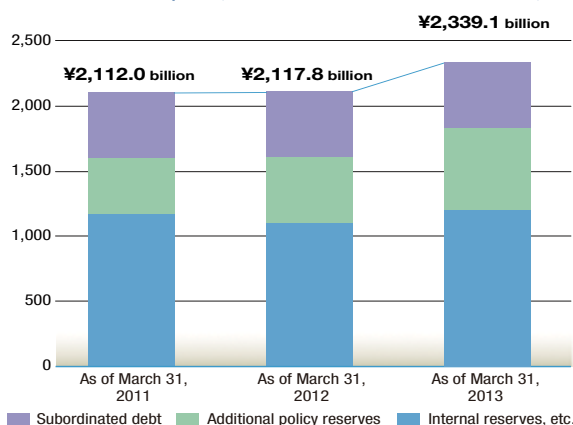
The Company plans to improve its capital efficiency and realize stable growth in its corporate value as represented by its embedded value (Note) by putting into practice initiatives such as improving its risk/return relationship and allocating capital into growth areas in a disciplined manner, taking into account the characteristics of each business line. (Note) See page 37 for details.

Dai-ichi's Capital Strategies

Dai-ichi understands that building a strong capital base is important if it is to retain the trust of its customers. To this end, Dai-ichi has sought to enhance capital by securing periodic income and building up shareholders' equity and internal reserves, such as a contingency reserve and a reserve for price fluctuations. Dai-ichi has also been accumulating additional policy reserves since fiscal 2007 and improving its future negative spread to enhance its financial stability.

Based on regulatory trends, Dai-ichi will continue to maintain a capital base adequate to deal with risks.

Breakdown of Capital (For Dai-ichi on a non-consolidated basis)



[Capital level on an economic value basis]

The Company's capital level on an economic value basis is measured for internal control purposes to determine a capital level in which assets and liabilities that are not given accounting valuations are valued.

Group Management Headquarters

■ Primary Purpose of Establishment

In our medium-term management plan *Success 110* for fiscal 2011 and fiscal 2012, we established the acceleration of business development for growth as one of our strategies, and have been steadily advancing our initiatives in the overseas life insurance business in countries where we have already introduced businesses, such as Vietnam, Thailand, and India, as well as Australia, where we made TAL a wholly owned subsidiary.

In Japan, we also launched new products in the Third Sector and the individual savings markets based on our growth strategies, while The Dai-ichi Frontier Life Insurance, our subsidiary, has been steadily increasing the balance of its assets under management by launching new products.

With the number and size of our subsidiaries and affiliated companies increasing as we further our efforts in these growth areas, it is necessary to strengthen our Group management more than ever before. For this purpose, in 2012 we established a Group Management Headquarters based on our existing structures. We feel that this is currently the best framework to accelerate the Group's growth and strengthen its management, while maintaining management efficiency and speed.

■ Structure of the Group Management Headquarters

The Group Management Headquarters oversees eight units as its subsidiary organizations, and has appointed the President as Chief of the Headquarters and Executive Officers as heads of the subsidiary units. The Group Management Headquarters has also appointed employees to an additional position based on existing organizational departments such as corporate planning, international business management, profit management, human resources, and risk management. Under the new Group management structure, we will further accelerate the growth of the Group and increase corporate value as a whole by bolstering the necessary business management skills and functions, developing infrastructure, and promoting ERM across the Group. We are doing this along with establishing multiple business lines through domestic and cross-border M&A.

■ Group Management Headquarters' Meetings

In fiscal 2013, the first year of our new medium-term management plan, *Action D: The Group's Collective Challenges for Achieving Further Growth*, we have positioned the Group Management Headquarters' Meetings as a deliberative organ to

Structure of the Group Management Headquarters



strengthen the structure of our Group Management Headquarters (Note). At the Group Management Headquarters' Meetings, we will discuss the important management issues of the Group and the execution of important businesses. The Group Management Headquarters' Meetings consist of the Chief and Deputy Chief of the Headquarters, the heads of subsidiary units, and other Executive Officers appointed by the Chief of the Headquarters. (Note) See page 45 for an overview of the Company's management control system.

Business Alliances

We are strengthening the competitiveness of our businesses by forming strong partnerships with our business alliance partners and establishing a framework to offer non-life insurance, cancer insurance, and other financial products and services.

Mizuho Financial Group

In our full-scale business alliance with The Industrial Bank of Japan (currently Mizuho Financial Group, Inc. [hereinafter "Mizuho Financial Group"]), which we announced in October 1998, we have steadily achieved results, primarily in the financial sector. These include the establishment of IBJ-DL Financial Technology Co., Ltd. (currently Mizuho-DL Financial Technology Co., Ltd.), a joint venture engaging in the research and development of advanced financial technologies, in April 1999, and the establishment of DLIBJ Asset Management Co., Ltd. (currently DIAM Co., Ltd.), a merger of three investment trust and investment advisory companies, in October 1999. This full-scale business alliance has been preserved under the consolidation and reorganization system of Mizuho Financial Group.

■ Efforts to Sell Insurance Products through Bancassurance

In the bancassurance business, we sell the individual annuities and whole life insurance products of The Dai-ichi Frontier Life Insurance at companies affiliated with Mizuho Financial Group.

We also exchange human resources by sending Dai-ichi staff with consulting expertise in life insurance to Mizuho Financial Group.

As described, we have been entering into business alliances in a wide range of areas. We will

continue to strengthen our relationship with Mizuho Financial Group to better meet the needs of our individual and corporate customers.

Resona Holdings

In our business alliance with Resona Holdings, Inc. (hereinafter "Resona Holdings") which we announced in July 2007, we plan to strengthen the business competitiveness of both companies by offering better products and services in the insurance field to meet the increasingly sophisticated and diversified needs of our customers.

■ Efforts to Sell Insurance Products through Bancassurance

In the bancassurance business, we sell the individual annuities and whole life insurance products of The Dai-ichi Frontier Life Insurance at banks affiliated with Resona Holdings. We also exchange human resources by sending Dai-ichi staff with consulting expertise in life insurance to Resona Holdings.

We will continue to offer products tailored to customer needs in cooperation with Resona Holdings.

Sompo Japan Insurance

In our full-scale business alliance with Yasuda Fire and Marine Insurance Co., Ltd. (currently Sompo Japan Insurance Inc. [hereinafter "Sompo Japan"]), which we announced in August 2000, we seek to form the "strongest and most comprehensive life and non-life insurance group" with them as an equal partner, while maintaining the uniqueness of both companies.

■ Mutual Product Offering

In the non-life insurance area, our Total Life Plan Designers (sales representatives) sell an auto insurance product called ONE-Step as well as other Sompo Japan products. We aim to improve customer satisfaction, taking advantage of Sompo Japan's strong brand and products and its dependable accident response system.

In the life insurance area, Sompo Japan agents sell Dai-ichi products (in the First Sector, death protection products) to complement and strengthen the product lineup of the Sompo Japan Group.

■ Strengthening Alliances

To further strengthen our alliance, we took a stake in Sompo Japan DIY Life Insurance Co., Ltd. in September 2008, and Sompo Japan invested in The Dai-ichi Frontier Life Insurance.

AFLAC

In our business alliance with AFLAC (American Family Life Assurance Company), which we announced in September 2000, we seek to form the 'strongest partnership in the First and Third Sectors (death protection insurance and medical insurance)'

as an equal partner, leveraging the strengths of both companies while maintaining their distinctiveness.

■ Sales of Cancer Insurance

In the area of cancer insurance, we sell AFLAC's *Ikirutameno Gan Hoken* [cancer insurance for life] Days as *Ikirutameno Gan Hoken* Days Dai-ichi Life Full-Support Plan, which is customized for the Company. With this product we plan to offer comprehensive support for a wide range of areas, from economic support to mental health care, in an effort to minimize customers' concerns regarding their cancer treatments.

Diversity & Inclusion

The Company seeks to create a work environment in which diversified human resources can play an active role, with the aim of realizing *Diversity & Inclusion*.

Concept of Diversity & Inclusion

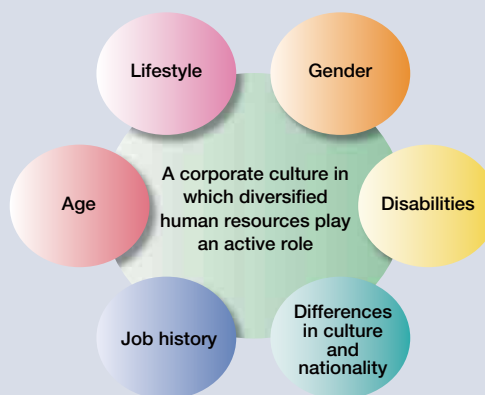
We believe that the social mission of the Dai-ichi Life Group is to create, deliver, and expand the values of 'peace of mind, health and safety' for our customers and society by offering our products and services, which constitute our core business, and our social action programs, leveraging the Company's unique attributes. We aim to realize our group vision of *Thinking People First* by practicing DSR Management, while sharing among all the employees of the Dai-ichi Life Group the concept of *Passing On Peace Of Mind* to our customers and society.

Although the active roles played by various individuals will become the basis for creating these new values, we believe that it is important to create new values as an organization on the whole by mutually accepting diversity (Inclusion). A perspective of Diversity & Inclusion is essential to realize the value creation management the Dai-ichi Life Group is aiming for.

Diversity & Inclusion means that various professionals work effectively as a team based on their individual characteristics by accepting each other, and this overlaps with the Dai-ichi Life Group's human resources development policy, *Professional & Team Work*. The individual characteristics mentioned here not only include gender differences, but also people's various perspectives and backgrounds, such as their disability, culture, nationality, age, and job history, etc.

The Dai-ichi Life Group aims to become a highly adaptable company and a strong organization in which diverse human resources are able to play an active role.

We will seek to refine the work methods and actions of individuals and organizations to enable them to achieve the challenging goals they have set, while sharing the vision of Diversity & Inclusion in all our services and businesses, both in Japan and overseas.



Social Evaluation of Our Initiatives for Diversity & Inclusion and Major Awards

2010

Ministry of Health, Labour and Welfare, Prize for Equal Employment/Work and Family Harmonization	Commendation for Companies Promoting Equal Employment, Excellent Award of the Director-General of the Tokyo Labour Bureau Commendation for Family-Friendly Companies, Excellent Award of the Director-General of the Tokyo Labour Bureau
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2011

NPO J-Win	Diversity Award Grand Prize
Diversity Management Grand Prize (Toyo Keizai Inc.)	Work-Life Balance Section Award
Ministry of Health, Labour and Welfare, Prize for Equal Employment/Work and Family Harmonization	Commendation for Family-Friendly Companies, Excellent Award of the Minister of Health, Labour and Welfare
Nikkei WOMAN	Ranked fourth for companies where women play an active role

2012

NPO J-Win	Diversity Award Continuation Prize
Diversity Management Grand Prize (Toyo Keizai Inc.)	Diversity Management Grand Prize
Nikkei WOMAN	Ranked third for companies where women play an active role
Japan Productivity Center	Mentor Award Excellence Prize Work-Life Balance Award, Excellence Prize
Cabinet Office	Certified <i>Kaeru-no-Hoshi</i> (Group Insurance Business Section)
Japan Institute of Workers' Evolution	Work-Life Balance Certification
Nikkei Inc.	Ranked sixth in research of Companies with a Pleasant Working Environment

2013

Ministry of Economy, Trade and Industry	Diversity Management Selection 100
Nikkei WOMAN	Ranked third for companies where women play an active role

Dai-ichi Life Group’s Corporate Action Principles (DSR Charter)

The Dai-ichi Life Group will help build a sustainable society by adopting its corporate action principles (DSR Charter) so it can continue to meet the expectations of customers, society, shareholders, investors, and employees.

Dai-ichi Life Group’s Corporate Action Principles (DSR Charter)	
[Customer satisfaction]	We provide high-quality products and services with the intention of standing by the side of our customers for life. Everything we do is designed to exceed our customer’s needs and deliver customer satisfaction.
[Communication]	We hold ourselves accountable to our stakeholders and sincerely accept their opinions, reflecting them in our corporate management.
[Compliance]	We set the bar high for ethical standards and maintain full compliance in all our business activities. We respect privacy and fully enforce the protection and management of personal information.
[Respect to human rights]	We respect the culture and customs of every country and region, always operating in a way that contributes to local development. We also respect human rights and proactively operate in a way that reflects this.
[Diversity]	We actively cultivate human resources by ensuring a rewarding work environment in which diversified human resources can play an active role.
[Environmental protection]	We actively engage in environmental protection on a daily basis, recognizing that preserving the global environment is our social responsibility.
[Social contribution]	We head social action programs, growing together with communities as an active corporate citizen.
[Promoting health]	We manage the Company to help improve the health of the people in our local communities. We also promote the mental and physical health of our employees.
[Creating sustainable corporate value]	Based on the eight principles above, we are working to create sustainable corporate value by effectively using our management resources, improving the productivity of our business, and maintaining and strengthening our financial base.

Relationships with Shareholders and Investors

We aim to create sustainable corporate value.

Investor Relations Policy

The Company, through its IR activities, strives to provide information, including information about its management strategies, financial condition, and financial results, to shareholders, investors, and securities analysts (collectively, “Investors”) in a fair and timely manner. By making efforts to accurately deliver information, the Company strives to earn the trust and an appropriate evaluation from the financial markets.

The Company is committed to fair disclosure in accordance with (1) laws and ordinances including the Financial Instruments and Exchange Act (the “Act”) and (2) Securities Listing Regulations (the “Regulations”) of the Tokyo Stock Exchange. The Company will also make fair and timely disclosure of information that is not required to be disclosed by such laws and regulations, ordinances, and the Regulations, but which it believes helps the Investors achieve a better understanding of the Company.

Requests and opinions obtained from Investors will be reported to the Company’s management to be considered and shared within the Company to improve its corporate value.

Communication and Information Disclosure

We place great value on our communications with shareholders and investors. The Company provides an opportunity for its senior management to communicate directly with these stakeholders at its results briefings held four times a year, at its management meetings held twice a year, and in meetings with institutional investors (more than 300 were held in the most recent year, of which more than 100 were overseas). To offer more insight into the Company, senior management also participates in IR events for individual investors, such as the Nikkei IR Fair 2012, as well as company information sessions.

The Company has set up a page for shareholders and investors on its website and posts useful information for shareholders, investors, and security analysts, such as news releases, briefing documents, videos, and voice clips. We also provide clear explanations about our market share, management strategies, and embedded value, so that individual investors can develop a better understanding of the Company.

Shareholders’ Meeting

We held our Annual General Meeting of Shareholders for the Third Fiscal Year on June 24, 2013 (number of shareholders attending: 2,020. Duration: 2 hours and 34 minutes). At the meeting we reported our business results and passed a resolution on four proposals.

In reporting our business results, we improved the presentation so that our shareholders can understand more easily the explanations of our business operations and initiatives in the previous fiscal year as well as our newly formulated medium-term management plan. In addition we sought to improve our communications with shareholders through a Q&A about our Company proposals and business operations. We also displayed panels related to the Company’s efforts to promote health and salaried workers’ *Senryu* at the venue, and distributed a questionnaire to shareholders who attended the meeting.

As in the previous year, we sent a convocation notice to shareholders well in advance of the meeting, and posted this notice on our website before mailing it to give them enough time to consider the proposals.

After the meeting, we disclosed information on our website by posting a video that reported our business results and explained our new medium-term management plan, as well as a summary of the questions we received from shareholders at the meeting and a notice of the resolutions.

Enhancing Shareholder Returns

We regard providing stable dividends to shareholders as the basis of our shareholder returns. Specifically, we aim to increase our returns to shareholders in tandem with growth in our profits by setting as a medium-term target a total payout ratio of around 30% based on our consolidated adjusted net income.

* See page 33 for an overview.

[Consolidated adjusted net income]

Consolidated adjusted net income is the indicator showing our effective real profitability, which is calculated by adding back to our consolidated net income items such as a provision for a contingency reserve in excess of the statutory amount (after-tax).

[Total payout ratio]

Total payout ratio = (Total dividends to shareholders + Total amount of the Company’s own stock repurchases) / Consolidated adjusted net income

Review of Operations in the Most Recent Fiscal Year

■ Financial and Economic Environment

In fiscal 2012, the Japanese economy continued to decelerate in the first half, but began to pick up after the end of 2012. In the first half of the fiscal year, the economy slowed against the backdrop of a significant fall in exports, influenced by decelerating growth in overseas economies and a decline in capital investment due to an erosion of business confidence. After the end of the calendar year, however, the Japanese economy began recovering, with exports ceasing to fall due to the pickup in overseas economies and increasing automobile production.

Stock prices remained weak until the beginning of autumn due to the effect of the decelerating overseas economies and the deteriorated Japanese economy. After November, however, the Nikkei Stock Average rose sharply, and rebounded to the 12,000 level in March thanks to the rapid depreciation of the yen, reflecting stronger expectations for monetary easing. Long-term interest rates remained low in Japan following a fall in long-term interest rates in the United States, and dropped further at the end of the fiscal year in the context of increased expectations for monetary easing by the Bank of Japan.

In a severe business environment, which saw financial markets remaining weak, the life insurance industry endeavored to develop new products and enhance customer services, and further bolstered its efforts to address overseas businesses and more diverse sales channels such as bancassurance and the store-visit model.

■ Consolidated Ordinary Revenues

With respect to consolidated ordinary revenues for fiscal 2012, premium and other income increased by 3.0% from the previous fiscal year, to ¥3,646.8 billion, investment income increased by 28.9% year on year, to ¥1,335.1 billion, and other ordinary revenues declined by 15.3%, to ¥302.0 billion. As a result, ordinary revenues increased by 7.1% from the previous fiscal year, to ¥5,283.9 billion. Premium and other income increased from the previous fiscal year, mainly reflecting continuing firm sales in The Dai-ichi Frontier Life Insurance and TAL, which made efforts in growth areas. Investment income rose from the previous fiscal year, primarily attributable to an increase in gains

on investments in separate accounts due to the favorable turnaround in the financial and economic environments.

■ Consolidated Ordinary Profit

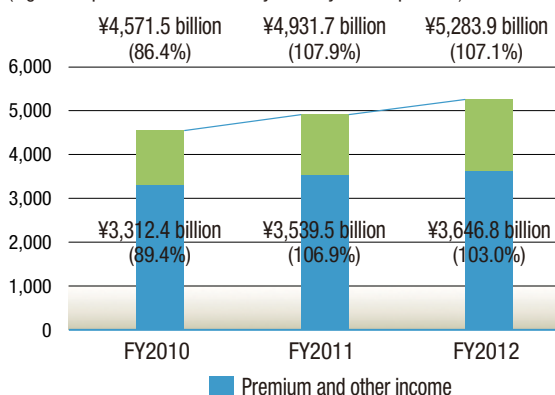
Regarding consolidated ordinary expenses, benefits and claims increased by 4.0% from the previous fiscal year, to ¥2,795.3 billion, while provisions for policy reserves and others increased by 65.9%, to ¥1,191.9 billion. Investment expenses decreased by 41.7% year on year, to ¥221.7 billion, operating expenses rose by 3.3%, to ¥486.4 billion, and other ordinary expenses decreased by 3.6%, to ¥431.2 billion. As a result, consolidated ordinary expenses increased by 8.9% year on year, to ¥5,126.6 billion, and consolidated ordinary profit declined by 30.4% from the previous fiscal year, to ¥157.2 billion. The fall in ordinary profit was mainly due to the absence of the reversal of internal reserves (contingency reserves) conducted in the previous fiscal year in light of the financial and economic environment, and the effect of the accounting treatment for changes in corporate income tax rates in the previous fiscal year.

■ Consolidated Net Income

After adjusting consolidated ordinary profit for extraordinary gains, extraordinary losses, provision for reserves for policyholder dividends, income taxes-current, income taxes-deferred, corporate income tax-current, corporate income tax-deferred and minority interests in losses, to and from consolidated ordinary profit, consolidated net income increased by 59.3% from the previous fiscal year, to ¥32.4 billion. The increase in net income was mainly due to a rise in net investment income thanks to the favorable change in the financial and economic environment as our efforts in growth areas continued to steadily produce results.

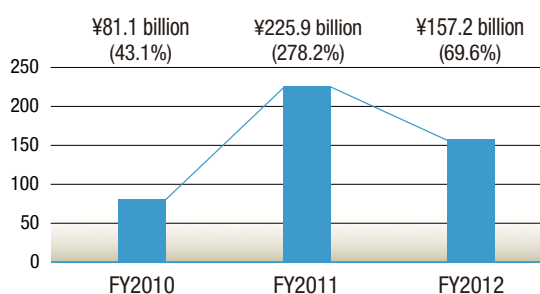
Consolidated Ordinary Revenues

(Figures in parentheses show the year-on-year comparison.)



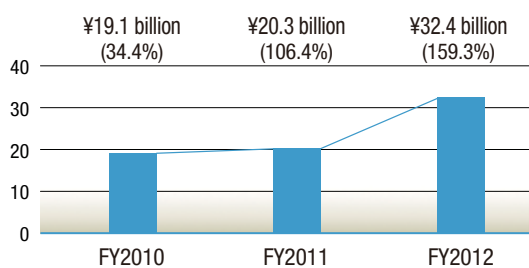
Consolidated Ordinary Profit

(Figures in parentheses show the year-on-year comparison.)



Consolidated Net Income

(Figures in parentheses show the year-on-year comparison.)



* See page 70 for more details on consolidated statements of earnings.

Individual Life Insurance Products Offered to Individuals

In October 2012, we launched *Junpu Life Power Medical*, a product commemorating the 110th anniversary of our founding that has been highly rated by customers.

We sell savings-type products of Dai-ichi Frontier Life through financial institutions such as banks and securities companies.

We also strive to meet the needs of a wide range of customers by selling non-life insurance products of Sampo Japan and cancer insurance products of AFLAC.

In an effort to thoroughly maintain and enhance our points of contact with customers over the long term, in August 2012 we introduced the DL Pad, a tablet computer for sales and business use, centering on its ability to enable Total Life Plan Designers to provide face-to-face consulting services.

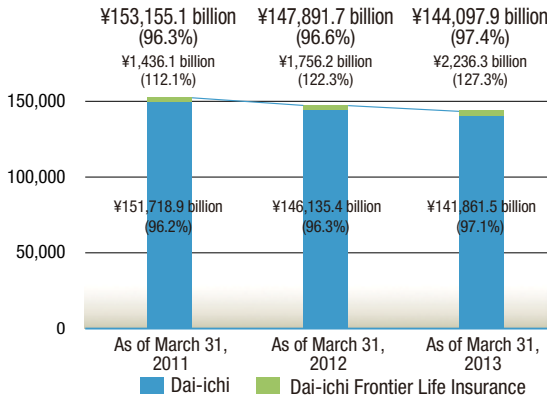
■ Policies in Force, New Business, and Decreased Policies

In fiscal 2012, the sum insured of new business for individual insurance and individual annuities (the combined figure for Dai-ichi and The Dai-ichi Frontier Life Insurance; the same to apply to sum insured of policies in force and decreased sum insured) increased by 12.7% from the previous fiscal year, to ¥8,333.5 billion. Decreased sum insured declined by 4.2% year on year, to ¥12,127.3 billion. As a result, the sum insured of policies in force at the end of fiscal 2012 declined by 2.6% from the end of the previous fiscal year, to ¥144,097.9 billion.

The sum insured of new business for Dai-ichi on a non-consolidated basis increased by 10.9% from the previous fiscal year, to ¥7,821.6 billion.

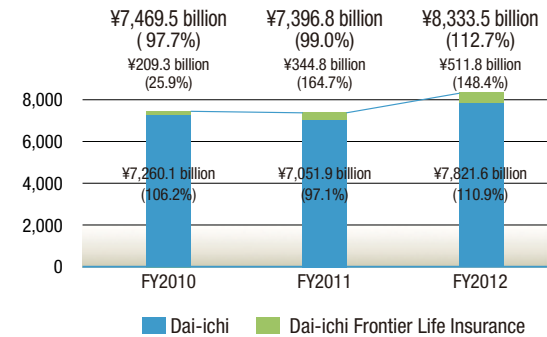
Sum Insured of Policies in Force

(Figures in parentheses show the year-on-year comparison.)



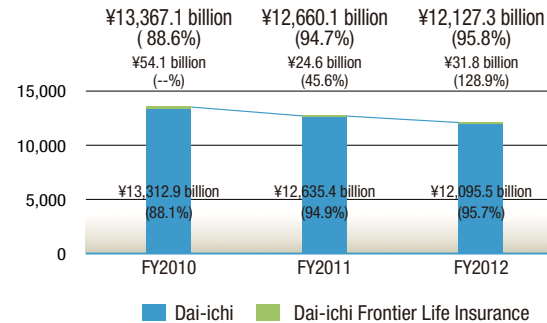
Sum Insured of New Business

(Figures in parentheses show the year-on-year comparison.)



Decreased Sum Insured

(Figures in parentheses show the year-on-year comparison.)



* For the sum insured of policies in force, the sum insured of new business, and decreased sum insured, the combined figures for Dai-ichi and The Dai-ichi Frontier Life Insurance are stated.

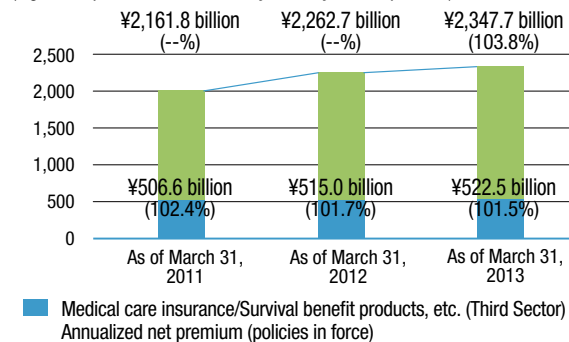
Annualized Net Premium From Policies in Force

Annualized net premium is calculated by applying multipliers for various 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.

The Dai-ichi Group's annualized net premium from policies in force for individual insurance and individual annuities rose by 3.8% from the end of the previous fiscal year to ¥2,347.7 billion. For Dai-ichi on a non-consolidated basis, it increased by 1.0% to ¥2,025.9 billion. The annualized net premium from policies in force in the Third Sector increased by 1.5% to ¥522.5 billion.

Annualized Net Premium from Policies in Force

(Figures in parentheses show the year-on-year comparison.)



■ Medical care insurance/Survival benefit products, etc. (Third Sector)
Annualized net premium (policies in force)

* The Third Sector represents the annualized net premium for the portion of policies that fall under benefits for hospitalization, surgery, specific illness, nursing care, etc., and the premium waiver benefits resulting from a hospitalization, surgery, specific illness, nursing care, etc.

* The combined figures for the four companies—namely, Dai-ichi, The Dai-ichi Frontier Life Insurance, TAL Dai-ichi Life Australia Pty Ltd., and Dai-ichi Life Insurance Company of Vietnam, Limited, are stated (the values for TAL and Dai-ichi Life Insurance Company of Vietnam are recorded from fiscal 2011).

* The year-on-year percent change is not stated for fiscal 2010 and fiscal 2011, as there are no combined figures for fiscal 2009 and fiscal 2010.

■ Annualized Net Premium for New Policies

The Dai-ichi Life Group's annualized net premium for new policies for individual insurance and individual annuities rose by 20.8% from the previous fiscal year, to ¥233.6 billion. For Dai-ichi on a non-consolidated basis, it increased by 17.0% year-on-year, to ¥149.7 billion. The annualized net premium for new policies in the Third Sector declined by 3.3% year on year, to ¥40.5 billion.

■ Status of Tied Sales

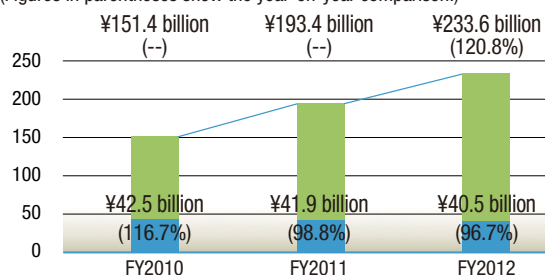
The business alliance with Sompo Japan and AFLAC entered into in fiscal 2000 plays an important role in the product infrastructure.

The Company will continue to conscientiously deal with a wide range of customer needs by selling Sompo Japan's non-life insurance products and AFLAC's cancer insurance.

Also, we sell our life insurance products (First Sector) through Sompo Japan agents in conjunction with the product lineup of the Sompo Japan Group.

Annualized Net Premium for New Policies

(Figures in parentheses show the year-on-year comparison.)



■ Medical care insurance/Survival benefit products, etc. (Third Sector)
Annualized net premium (policies in force)

* The Third Sector represents the annualized net premium for the portion of policies that fall under benefits for hospitalization, surgery, specific illness, nursing care, etc., and the premium waiver benefits resulting from a hospitalization, surgery, specific illness, nursing care, etc.

* The combined figures for the four companies—namely, Dai-ichi, The Dai-ichi Frontier Life Insurance, TAL Dai-ichi Life Australia Pty Ltd., and Dai-ichi Life Insurance Company of Vietnam, Limited, are stated (the values for TAL and Dai-ichi Life Insurance Company of Vietnam are recorded from fiscal 2011).

* The year-on-year percent change is not stated for fiscal 2010 and fiscal 2011, as there are no combined figures for fiscal 2009 and fiscal 2010.

Status of the Company's Sales of Its Partners' Products (actual results in fiscal 2012)

Number of policies (thousands)		Annualized net premium (Unit: billion yen)	
Actual results	Year-on-year	Actual results	Year-on-year
Actual sales of non-life insurance products (new policies)			
502	98.2%	28.85	99.4%
Actual sales of cancer insurance (new policies)			
70	92.9%	2.47	89.6%
AFLAC policies in force (sales by the Company)			
Actual results	Year-on-year	Actual results	Year-on-year
1,210	99.7%	49.97	98.7%

Status of Sompo Japan's Sales of the Company's Products (actual results in fiscal 2012)

	Number of policies		Sum insured of new business (Unit: billion yen)		Number of commissioned agents (stores)
	Actual results	Year-on-year	Actual results	Year-on-year	
Individual insurance/ individual annuities	13,583	104.4%	209.4	107.8%	2,234

Sales Results of Products and Services for Corporate Clients

Dai-ichi has been offering a range of products and services to corporate clients, including consultation on welfare, pension, and retirement benefit systems, as well as a broad range of information through seminars.

In group insurance, Dai-ichi is proposing to its corporate clients general welfare group term life insurance products that support systems for condolence money and retirement benefits at the time of death, and group term life insurance and (group) medical care insurance products, which help employees prepare insurance by themselves.

In the arena of group annuities, in addition to customized pension plans to meet the needs of customers. Dai-ichi is proposing the New DB Master Plan II, which takes advantage of a standardized system design by fixing the amount of contributions in the defined benefit (DB) system, and the Dai-ichi Life DC Smart Plan, which is designed to manage the corporate defined contribution (DC) plans of multiple companies by using a single pension code in the DC system, in addition to customized pension plans to meet the needs of customers.

A look at the status of group life insurance as of March 31, 2013 shows that the number of organizations with policies in force declined, reflecting surrenders in association with changes in employment systems and revisions to benefit programs. As a result, the sum insured of group insurance policies in force fell by 3.4% from the end of the previous fiscal year, to ¥48,766.6 billion.

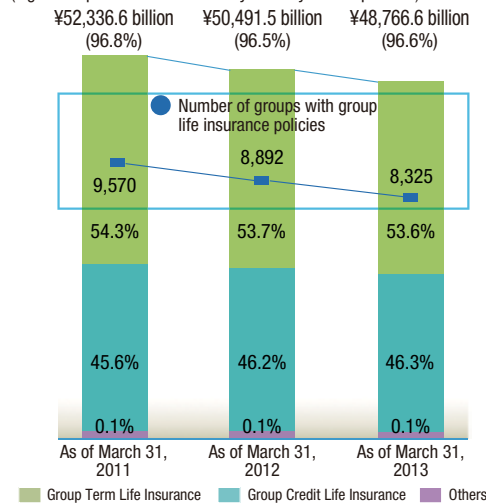
With respect to group annuities, the sum insured of group annuity policies in force as at the end of fiscal 2012 increased by 1.3% from the end of the previous fiscal year, to ¥6,146.1 billion, although the number of groups with annuity policies declined.

The balance of the group annuity assets of DIAM Co., Ltd. increased by 22.0% from the end of the previous fiscal year, to ¥4,638.4 billion.

As a result, the balance of group annuity assets for the overall Dai-ichi Life Group as of March 31, 2013 increased by 9.3% from the end of the previous fiscal year, to ¥10,784.6 billion.

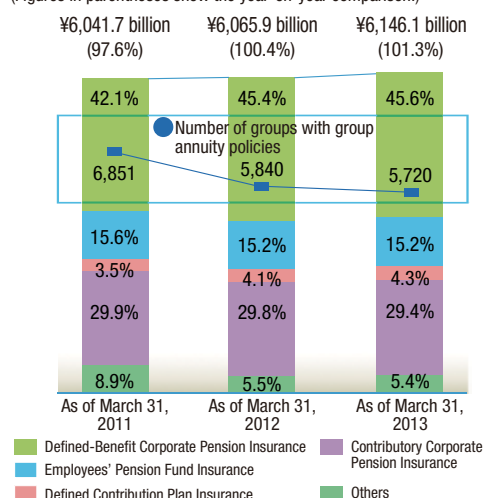
Policies in Force of Group Life Insurance

(Figures in parentheses show the year-on-year comparison.)



Policies in Force of Group Annuities

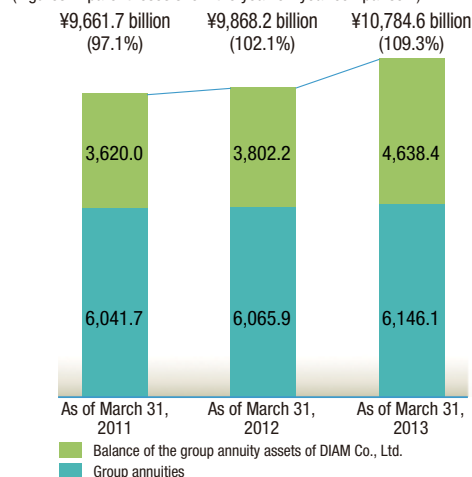
(Figures in parentheses show the year-on-year comparison.)



* The amount of group annuities is the amount of outstanding policy reserves.

Balance of the group annuity assets of the Dai-ichi Life Group

(Figures in parentheses show the year-on-year comparison.)



* 1. Balance of the group annuity assets of DIAM Co., Ltd. valued at market.
2. For group annuities, the amount of the policy reserve is stated.

Assets and Liabilities

Selected Balance Sheet Items (Non-consolidated)

	As of March 31,		
	2011	2012	2013
	(Unit: billion yen)		
Assets			
Cash and deposits, call loans	441.1	440.9	710.0
Monetary claims bought	291.1	294.3	283.1
Money held in trust	21.1	20.6	24.0
Securities:	23,201.3	24,314.6	26,079.8
Domestic bonds	13,434.9	15,541.6	16,427.3
Domestic stocks	2,538.0	2,284.8	2,557.4
Foreign securities	7,035.6	6,298.2	6,816.2
Loans:	3,627.4	3,412.5	3,139.6
Policy loans	539.4	509.8	480.2
Ordinary loans	3,087.9	2,902.7	2,659.4
Real estate (Note 1)	1,290.7	1,249.1	1,224.4
Deferred tax assets	475.1	282.6	65.5
Others	398.5	360.0	389.2
Reserve for possible loan losses	(12.9)	(10.6)	(4.1)
Total general account assets	29,733.8	30,364.2	31,911.8
Foreign currency-denominated assets	5,435.2	4,669.6	5,262.6
Total separate account assets (Note 2)	1,135.7	1,097.6	1,160.6
Total assets	30,869.6	31,461.9	33,072.4
Liabilities and Net Assets (Capital)			
Policy reserves and others:	28,190.8	28,529.9	29,168.3
Policy reserves	27,589.5	28,011.6	28,637.0
Reserve for policyholder dividends	403.6	387.8	392.7
Subordinated bonds	149.1	148.6	154.5
Reserve for employees' retirement benefits	418.3	432.0	437.5
Reserve for price fluctuations	80.4	74.4	88.4
Deferred tax liabilities for land revaluation	123.6	95.6	94.8
Others	1,140.8	1,152.9	1,451.0
Total liabilities	30,103.2	30,433.5	31,394.7
Capital stock	210.2	210.2	210.2
Capital surplus:	210.2	210.2	210.2
Legal capital surplus	210.2	210.2	210.2
Retained earnings:	192.8	206.7	216.5
Legal retained earnings	5.6	5.6	5.6
Other retained earnings	187.2	201.1	210.9
Retained earnings brought forward	61.2	73.6	81.9
Treasury stock	(20.4)	(16.7)	(13.4)
Total shareholders' equity	592.8	610.3	623.5
Net unrealized gains on securities, net of tax	237.5	479.4	1,092.5
Deferred hedge gains (losses)	1.2	(0.0)	(1.8)
Reserve for land revaluation	(65.1)	(61.6)	(36.9)
Total of valuation and translation adjustments	173.6	417.8	1,053.7
Subscription rights to shares	–	0.1	0.3
Total net assets	766.4	1,028.3	1,677.6
Total liabilities and net assets	30,869.6	31,461.9	33,072.4

Notes:

- The amount of real estate is the sum of the amounts of land, buildings, and construction in progress.
 - Receivables generated from transactions involving general account assets are deducted under the Insurance Business Act.
- * See pages 116 and 117 for details of the balance sheets.

■ Status of Assets

During the fiscal year ended March 31, 2013, Dai-ichi continued to position fixed income investments, including domestic bonds, as a core of its asset portfolio, so that they are consistent with its medium to long-term investment policies. Meanwhile, Dai-ichi accumulated policy reserve-matching bonds, centering on super-long-term bonds, in an effort to promote ALM (Asset Liability Management) and enhance its profitability.

From fiscal 2011, Dai-ichi continues to appropriately manage the risk associated with its risk assets, such as domestic stocks and foreign securities, which it acquired primarily to diversify its investment portfolio and achieve higher profitability. In doing so, the Company takes market trends into account.

Outstanding general account assets as of March 31, 2013, increased by ¥1,547.6 billion from the end of the previous fiscal year, to ¥31,911.8 billion, primarily reflecting a rise in unrealized gains on securities. The balance of separate account assets increased by ¥62.9 billion, to ¥1,160.6 billion. As a result, total assets climbed by ¥1,610.5 billion, to ¥33,072.4 billion.

Revenues and Expenditures

Selected Items on Consolidated Statements of Earnings

	Years ended March 31,		
	2011	2012	2013
	(Unit: billion yen)		
Ordinary revenues:			
Premium and other income	3,312.4	3,539.5	3,646.8
Investment income	922.7	1,035.6	1,335.1
Other ordinary revenues	336.3	356.5	302.0
Total ordinary revenues	4,571.5	4,931.7	5,283.9
Ordinary expenses:			
Benefits and claims	2,711.3	2,688.4	2,795.3
Provision for policy reserves and others.....	466.4	718.6	1,191.9
Investment expenses.....	444.6	380.3	221.7
Operating expenses.....	434.8	471.0	486.4
Other ordinary expenses.....	433.0	447.3	431.2
Total ordinary expenses	4,490.3	4,705.8	5,126.6
Ordinary profit	81.1	225.9	157.2
Extraordinary gains.....	40.0	30.4	8.8
Extraordinary losses	11.5	36.3	24.0
Provision for reserve for policyholder dividends	78.5	69.0	86.0
Income before income taxes and minority interests	31.1	151.0	56.1
Corporate income taxes:			
Current	26.5	29.5	80.6
Deferred	(14.3)	104.0	(54.0)
Total of corporate income taxes.....	12.1	133.6	26.5
Income before minority interests.....	19.0	17.4	29.5
Minority interests in loss of subsidiaries	0.0	2.9	2.8
Net income for the year.....	19.1	20.3	32.4

* See page 70 for details of the consolidated statements of earnings.

■ Insurance-Related Income and Expenses (Premiums and Other Income, and Benefits and Claims)

Premium and other income for the Dai-ichi Life Group increased by ¥107.2 billion from the previous fiscal year, to ¥3,646.8 billion, mainly attributable to strong sales at The Dai-ichi Frontier Life Insurance and TAL, which made efforts in growth areas. Benefits and claims rose by ¥106.9 billion year on year, to ¥2,795.3 billion. This was mainly due to an increase in refunds, as the target values set by customers were reached in the annuity products sold by The Dai-ichi Frontier Life Insurance against the backdrop of the favorable change in the financial and economic environment.

■ Investment-Related Income and Expenses

The Dai-ichi Life Group's investment income increased by ¥299.4 billion from the previous fiscal year, to ¥1,335.1 billion, primarily thanks to an increase in gains on investments in separate accounts due to the favorable change in the financial and economic environment.

Meanwhile, investment expenses declined by ¥158.5 billion year-on-year, to ¥221.7 billion, reflecting a decrease in losses on the sale of securities.

As a result, net investment income improved by ¥458.0 billion from the previous fiscal year, to ¥1,113.3 billion.

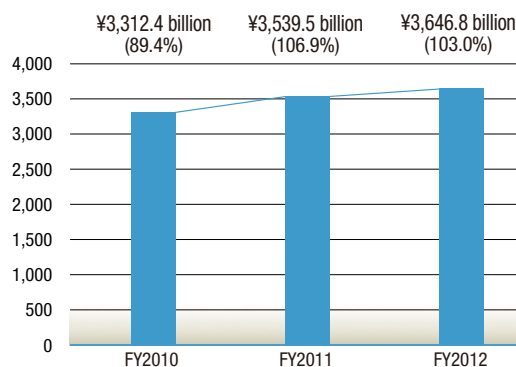
■ Provision for Reserve for Policyholder Dividends

The Company accumulated a reserve for policyholder dividends and provided ¥86.0 billion for the reserve in fiscal 2012.

The rate of policyholder dividends for fiscal 2012 was 68.8%. This is the ratio of the amount of the provision for the reserve for policyholder dividends (¥86.0 billion in fiscal 2012) to the surplus attributable to participating policyholders (¥124.9 billion in fiscal 2012), calculated based on earnings related to participating policies defined in the Articles of Incorporation.

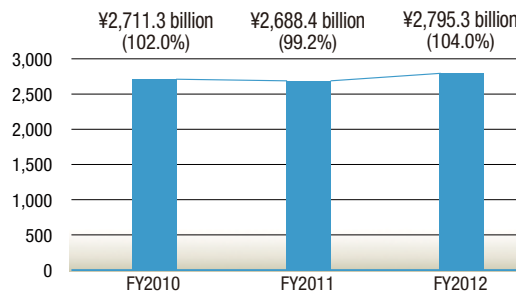
Premiums and Other Income

(Figures in parentheses show the year-on-year comparison.)



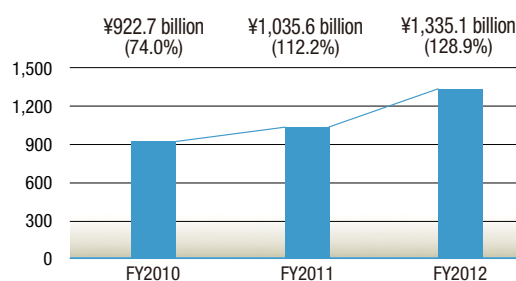
Benefits and Claims

(Figures in parentheses show the year-on-year comparison.)



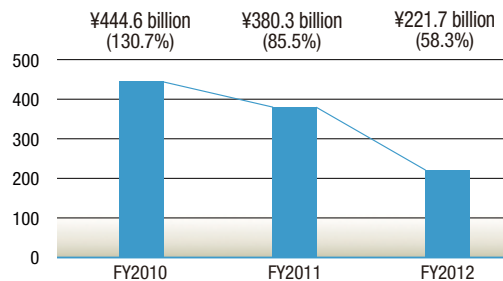
Investment Income

(Figures in parentheses show the year-on-year comparison.)



Investment Expenses

(Figures in parentheses show the year-on-year comparison.)

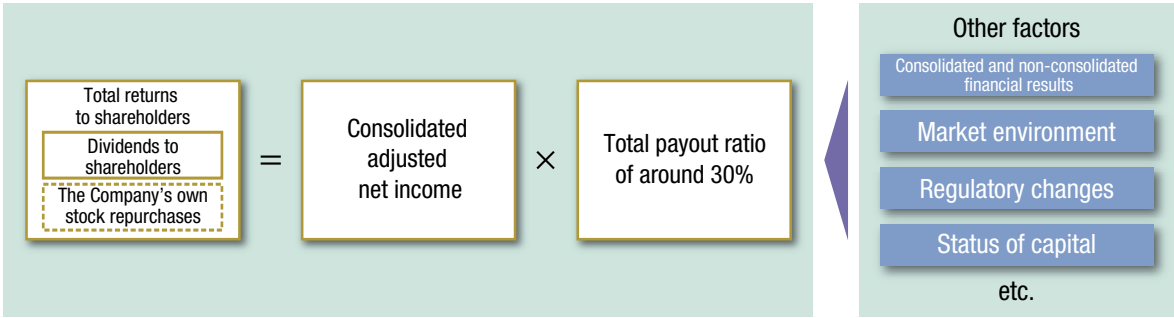


■ Dividends to Shareholders

Public life insurance companies pay policyholder dividends and dividends to shareholders.

The policyholders of a mutual life insurance company are owners with the rights to receive policyholder dividends. Those rights are transferred to a public company after its demutualization. Our policy for policyholder dividends is included in the Articles of Incorporation under the Insurance Business Act, so that we aim to protect the rights of policyholders related to dividends.

We aim to increase returns to shareholders in tandem with growth in profits, with our basic policy being to provide stable dividends to shareholders, by setting a total payout ratio of around 30% based on our consolidated adjusted net income as our medium-term target. Specifically, we intend to determine the dividend level each year by taking into account factors such as our consolidated and non-consolidated financial results, the market environment, and regulatory changes.



[Consolidated adjusted net income]

Consolidated adjusted net income is the indicator showing our effective real profitability, which is calculated by adding back to our consolidated net income items such as a provision for a contingency reserve in excess of the statutory amount (after-tax).

[Total payout ratio]

Total payout ratio = (Total dividends to shareholders + Total amount of the Company's own stock repurchases) / Consolidated adjusted net income

Investments

Investment Environment

During fiscal 2012, the Japanese economy temporarily contracted, following a decline in exports influenced by slower growth in overseas economies and decelerating capital investment due to the erosion of business confidence. Toward the end of the fiscal year, however, the economy picked up, driven by exports, due to a recovery in the global economy.

Meanwhile, growth in the US economy was moderate, affected by slower capital investment due to the uncertain outlook regarding the European sovereign-debt crisis and the problem of the fiscal cliff, despite an increase in consumer spending and housing investment associated with monetary policy easing by the Federal Reserve Board (FRB). Growth in the European economy turned negative due to constraints on government spending for fiscal reconstruction and an increase in unemployment.

Given the economic conditions described above, the investment environment was as follows:

■ Domestic Interest Rates

Ten-year government bond yields followed a declining trend in the first half of the fiscal year, as the Japanese economy slowed down due to falling exports, reflecting diminished economic growth worldwide. Thereafter, the yield dropped to the 0.5% level, reflecting expectations for bold aggressive monetary easing by the new regime at the Bank of Japan, although the Japanese economy began to recover.

Yield on ten-year government bonds:

March 31, 2012	0.985%
March 31, 2013	0.560%

■ Domestic Stocks

The Nikkei 225 Stock Average temporarily fell to a low of 8,000, as the market reacted to the appreciation of the yen associated with the worsening European sovereign-debt crisis and the worldwide economic deceleration in the first half of the fiscal year. However, the index rebounded sharply to the 12,000 level for the first time since September 2008 after the dissolution in November of the House of Representatives in the Japanese Lower House of Parliament. This reflected expectations of an improvement in corporate earnings due to a correction of the

strong yen, as expectations for breaking away from deflation were raised by the aggressive monetary policy and economic policies proposed by the new administration led by Shinzo Abe.

Nikkei 225 Stock Average:

March 31, 2012	10,083
March 31, 2013	12,397

TOPIX:

March 31, 2012	854
March 31, 2013	1,034

■ Foreign Currency

The yen became significantly stronger against the euro, rising to above ¥94/EUR in July 2012, due to the worsening European sovereign-debt crisis, including fears that Greece would withdraw from the euro and concerns about Spain's financial system. The yen also strengthened against the US dollar, reaching a level below ¥80/US dollar by the summer, following concerns about the slowdown in the US economy and a third round of quantitative easing by the FRB.

However, the appreciation of the yen corrected significantly, finishing at the end of the fiscal year at above ¥96/US dollar, the sharpest depreciation of the yen against the US dollar since August 2009. This was attributable to the unwinding of risk aversion due to improvements in the European sovereign-debt crisis, in addition to Japan's deteriorated trade balance and expectations for a departure from deflation due to the aggressive monetary policy and fiscal stimulus expected after the commencement of the new Abe administration.

Yen/U.S. dollar:

March 31, 2012	¥82.19
March 31, 2013	¥94.05

Yen/Euro:

March 31, 2012	¥109.80
March 31, 2013	¥120.73

Fundamental Investment Policy

Our fundamental investment policy is based on the Asset Liability Management (ALM) approach. The objective of this approach is to secure the payment of annuities and claims, etc. into the future, taking the characteristics of the liability of life insurance policies into consideration. Specifically, we set yen-denominated fixed income assets, consisting mainly of domestic bonds, as the core of our asset portfolio. On the other hand, we are striving to increase the profitability of our portfolio by incorporating stocks and foreign securities within an acceptable range of risk to ensure financial soundness. Through a meticulous risk management system, Dai-ichi ensures the effectiveness of its risk monitoring and seeks to improve investment efficiency.

[ALM]

ALM stands for Asset Liability Management. For a life insurance company, it means grasping the risks arising from fluctuations in interest rates on liabilities (insurance policies) and managing the assets that are appropriate given the characteristics of those risks. Among other imperatives, it is important to maintain assets in accordance with the characteristics of the liabilities and prepare for the future payment of insurance claims.

[Portfolio]

A portfolio is a set of assets that a particular company has.

Summary of Investment Results

■ Summary of General Account Assets ^(Note 1)

● Balance of Cash and Deposits Kept Low

While domestic interest rates remained low, Dai-ichi sought to improve investment efficiency by keeping the balance of cash and deposits low.

● Domestic Bonds: Increase

The Company actively prolonged the duration of bonds, mainly when interest rates were rising, and also increased its investment in policy-reserve-matching bonds (mainly super-long-term bonds) to strengthen its ALM. It also replaced foreign currency-denominated bonds with currency hedges with domestic bonds to improve the investment efficiency of fixed-income assets. The Company also made efforts to improve investment yields by carefully selecting and diversifying among various credit risk products, including corporate bonds and securitized products, in accordance with its internal guidelines on risk-adjusted credit-spread (Note 2).

● Domestic Stocks: Increase

Although the Company controlled risks based on stock market trends, the market capitalization of domestic stocks in the portfolio increased due to rising stock prices. To improve the profitability of the portfolio, the Company replaced the stocks of certain companies and sectors with more competitive stocks of companies offering greater competitive advantage, growth potential, and a more attractive valuation, based on corporate research by in-house analysts.

● Foreign Bonds: Increase

The Company decreased its investment in foreign currency-denominated bonds with currency hedges, aiming for an improved return on investment in the fixed income asset category, while increasing its investment in foreign currency-denominated bonds without currency hedges, taking into account market trends, resulting in an increase in the total balance of foreign bonds. Meanwhile, the Company also made efforts to improve return on investments and to control risk by diversifying its portfolio by sector and currency.

● Foreign Stocks: Increase

The Company increased the balance of foreign stocks in its portfolio, improving the portfolio's profitability. The Company also began increasingly diversifying the geographic distribution of its foreign stocks, utilizing in-house management (Note 3) as well as multi-manager investments (Note 4),

employing outside managers.

● **Loans: Decrease**

The total balance of loans decreased, mainly due to weak demand for corporate capital needs and other factors. The Company also provided loans to maintain excess returns by setting adequate risk-adjusted spreads, while paying attention to the credit spread trends in the bond market.

● **Real Estate: Decrease**

The Company sought to improve the profitability of the portfolio by renegotiating rents and improving occupancy rates in its existing real estate portfolio. The Company also took steps to increase the value of existing real estate by refurbishment and housing rehabilitation.

Asset investment yield (general account)

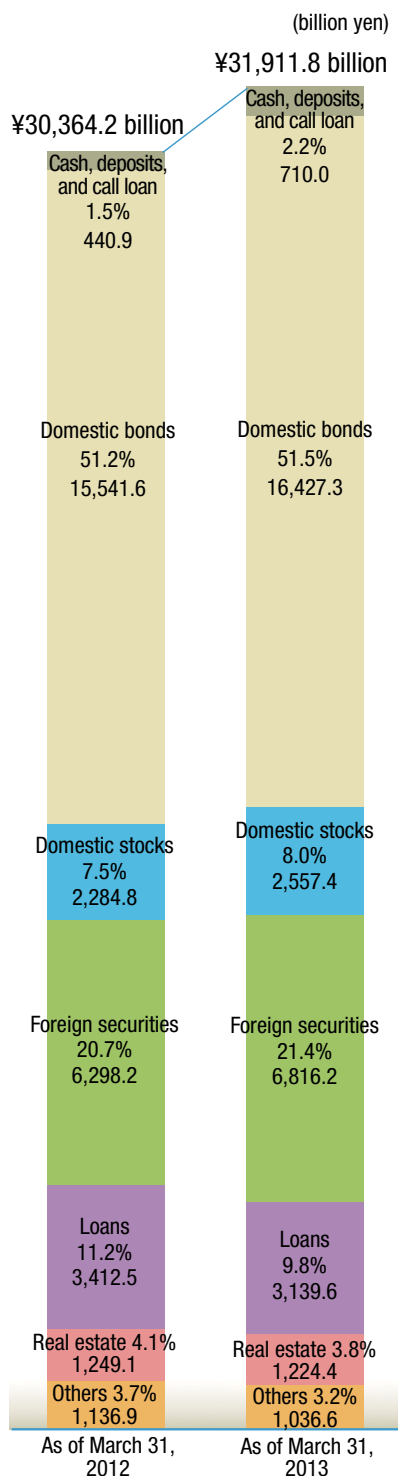
	FY2010	FY2011	FY2012
Rate of return of investment on fundamental profit	2.46%	2.38%	2.42%
Investment yield	1.78%	1.99%	2.42%

Rate of return of investment on fundamental profit = (Return of investment in fundamental profit – Interest on policyholder dividends) / Policy reserves
 Investment yield = Net investment income / Average daily balance of general account assets

Notes:

- Changes in assets are based on the book value on the balance sheets.
- Credit spread
Yield in excess of the yield of government bonds
- In-house management
The Company manages assets, acquiring stocks and bonds and setting up deposits by itself, without assigning the management to outside investment managers.
- Multi-manager investment
More than one manager manages assets that are allocated from one fund.

Breakdown of Assets in General Account



Embedded Value

Embedded value of Dai-ichi Life Group	
At the end of fiscal year 2012:	¥3,341.9 billion
	(At the end of fiscal year 2011: ¥2,661.5 billion)
	(At the end of fiscal year 2010: ¥2,440.3 billion)
Embedded value of Dai-ichi (non-consolidated)	
At the end of fiscal year 2012:	¥3,352.9 billion
	(At the end of fiscal year 2011: ¥2,715.0 billion)
	(At the end of fiscal year 2010: ¥2,479.6 billion)

* For the details of embedded value, please refer to pages 164–166.

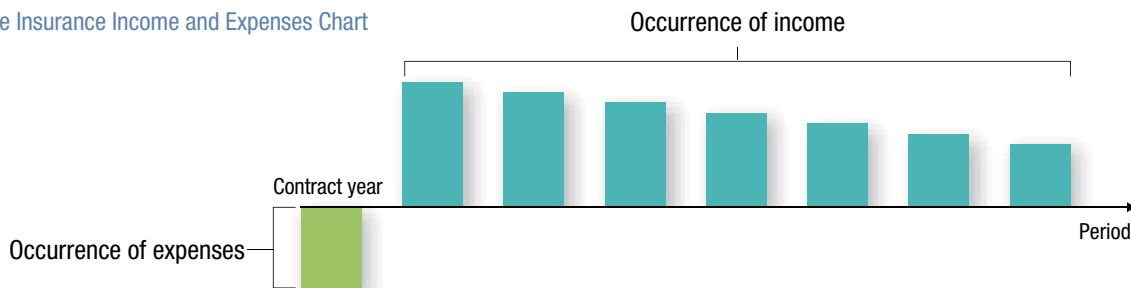
■ Embedded Value

The Dai-ichi Life Group discloses its embedded value (EV) as an indicator of its corporate value in the market. We strive to improve our EV.

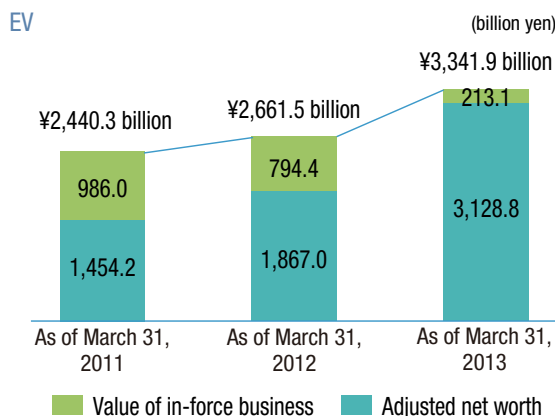
Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of accounting profits. Most expenses, such as sales commissions, are incurred in the

initial period of each policy. On the other hand, life insurance policy periods are very long (20 years, 30 years, etc.), and revenues are generated over long periods. Since the EV principles allow life insurers to recognize discounted future profits from already-acquired policies in force at the time of sale, the EV measure is considered to complement financial data based on statutory accounting practices.

Life Insurance Income and Expenses Chart



EV is widely used in overseas markets, especially in Europe, as a criterion for the valuation of the stock prices of life insurance companies. To improve investor understanding of Dai-ichi Life, the Dai-ichi Life Group has been disclosing EV in accordance with the European Embedded Value (EEV) Principles since the end of FY2007. The EEV at the end of FY2012 increased from the end of the previous fiscal year, to ¥3,341.9 billion, due to an increase in unrealized gains on securities associated with the depreciation of the yen and rising stock prices as well as the acquisition of new policies.



EEV of Dai-ichi Life Group

	As of March 31,		
	2011	2012	2013
	(Unit: billion yen)		
EEV	2,440.3	2,661.5	3,341.9
Adjusted net worth	1,454.2	1,867.0	3,128.8
Value of in-force business	986.0	794.4	213.1
Value of new business	158.1	187.7	211.2

- * 1. The Group EEV is calculated as follows: Dai-ichi Life's EEV plus the EEVs of The Dai-ichi Frontier Life Insurance (DFL) and TAL attributable to Dai-ichi Life's equity stake in DFL and TAL less Dai-ichi Life's carrying amount of the equity of DFL and TAL.
2. The calculation of TAL's EEV began in fiscal 2011. TAL's EEV is included in the Group EEV.
3. While Dai-ichi made TAL a wholly owned subsidiary on May 11, 2011, the value of new business for TAL for fiscal 2011 is calculated by including the value of new business for TAL from April 1, 2011 to May 10, 2011.

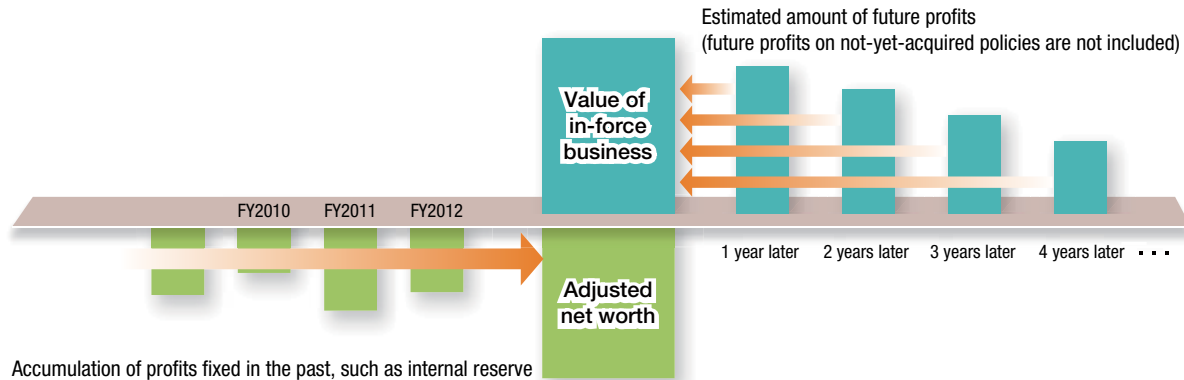
● Adjusted net worth

Adjusted net worth is accumulation of realized profits and is the sum of net assets on the balance sheet, certain quasi-equity reserves in liabilities, and unrealized gains and losses on assets not accounted for under the marked-to-market methodology.

● Value of in-force business

The value of in-force business is the present value as at the year end of future after-tax profits occurring from already-acquired policies in force in each fiscal year (future profits on not-yet-acquired policies are not included.)

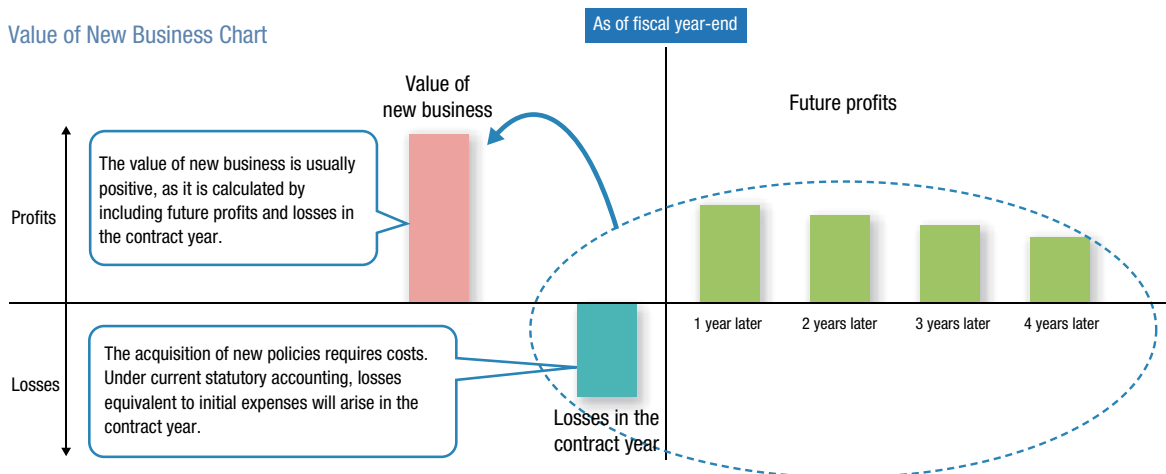
EV Chart



* This graph is for illustrative purposes only and does not pertain to actual results, etc.

● Value of new business

The value of new business is the value at the time of sale, after all acquisition-related costs, of the new policies obtained during the fiscal year (one year).



The Dai-ichi Life Group requested a third party (an actuarial firm) with expertise in actuarial calculations to review the assumptions and calculation method, and provide a written opinion. For information on this written opinion and the details of the EEV of the Dai-ichi Life Group, please refer to the news release posted on the Company's website. (http://www.dai-ichi-life.co.jp/english/investor/ir/financial/results/2012/pdf/index_026.pdf)

The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. Actual future results might differ materially from the assumptions used in the EV calculations. Moreover, changes in assumptions might cause significant changes in future results. We therefore ask that full care be exercised when using or analyzing EV figures.

Fundamental Profit

■ Fundamental Profit

Fundamental profit is one of the indicators that show a profit from the core insurance business during the term under review. Namely, we collect insurance premiums from policyholders and gain investment income, to pay insurance claims and benefits in accordance with the provisions of insurance policies from those premiums and returns, while accumulating policy reserves for future payments and managing them.

Fundamental profit is an indicator used to measure ordinary profitability. Ordinary profit is obtained by adding capital gains and losses which include gains and losses on the sale of securities, and other one-time gains and losses such as the provision for contingency reserve, to fundamental profit.

The fundamental profit for fiscal 2012 (the combined figure for Dai-ichi and Dai-ichi Frontier Life Insurance) increased by ¥27.6 billion from the previous fiscal year to ¥347.6 billion, primarily attributable to a decrease in the sum equivalent to guaranteed investment return and an improvement in net investment income due to the accumulation of additional policy reserves.

The Company continues to make an effort to maintain and bolster fundamental profit by strengthening the competitiveness of its core business and investing aggressively in growth markets.

Combined figures of fundamental profit for Dai-ichi and Dai-ichi Frontier Life Insurance**For fiscal year 2012: ¥347.6 billion**

(For fiscal year 2011: ¥319.9 billion)

(For fiscal year 2010: ¥273.5 billion)

Fundamental profit of Dai-ichi (non-consolidated)**For fiscal year 2012: ¥314.5 billion**

(For fiscal year 2011: ¥302.4 billion)

(For fiscal year 2010: ¥275.9 billion)

■ Negative Spread

When calculating the amounts of insurance premiums, an insurance company guarantees policyholders a certain level of return from its investments in advance, and discounts future insurance premiums by the guaranteed rate of return. This discount rate is called the *assumed rate of (investment) return*. For this reason, an insurance company needs to secure the sum equivalent to guaranteed investment return from investment returns and other income.

If actual investment returns and other income are short of total guaranteed investment return, the difference is called a negative spread.

The negative spread for fiscal 2012 (the combined figure for Dai-ichi and Dai-ichi Frontier Life Insurance) amounted to ¥58.4 billion.

Combined figures of negative spread for Dai-ichi and Dai-ichi Frontier Life Insurance**For fiscal year 2012: ¥58.4 billion**

(Negative spread in fiscal 2011: ¥90.7 billion)

(Negative spread in fiscal 2010: ¥90.2 billion)

Negative spread of Dai-ichi (non-consolidated)**For fiscal year 2012: ¥61.1 billion**

(For fiscal year 2011: ¥91.4 billion)

(For fiscal year 2010: ¥90.3 billion)

**Calculation Formula for Negative/Positive Spread Amount
(For Dai-ichi on a non-consolidated basis)**

Negative/positive spread amount = (Actual rate of investment return on fundamental profit – Average assumed rate of investment return) x Policy reserves for general account

Negative/Positive Spread

	Years ended March 31,		
	2011	2012	2013
Average assumed rate of return	2.81%	2.73%	2.66%
Average actual rate of return	2.46%	2.38%	2.42%
(Negative)/Positive spread amount (billions)	(¥90.3)	(¥91.4)	(¥61.1)

Accumulation of Policy Reserves (For Dai-ichi and Dai-ichi Frontier Life Insurance)

Policy reserves are mandatory reserves the accumulation of which is required by law in preparation for the future payment of claims and benefits. The accumulation level of policy reserves is determined by the accumulation method and actuarial assumptions. The Insurance Business Act that came into force in April 1996 introduced the standard policy reserve rules, in which the accumulation method and actuarial assumptions for policy reserves were set by the Financial Services Agency.

Dai-ichi and Dai-ichi Frontier Life Insurance have accumulated statutory reserves based on the criteria stipulated by the Insurance Business Act, etc., and have adopted a most conservative method among those required by law. Effective in FY2007, Dai-ichi is also accumulating additional policy reserves for whole life insurance policies with a high assumed rate of return after the completion of premium payments to reduce the future negative spread amount and thereby increase its financial stability.

The details of customers' policies will not change as a result of Dai-ichi's accumulation of additional policy reserves.

Solvency Margin Ratio

■ Solvency Margin Ratio

The solvency margin ratio is one of the indicators used by the supervising administrative agency to ascertain the extent to which an insurance company can meet payments in the event risks exceed the normally anticipated level.

Specifically, the ratio is the index that shows how diverse risks are covered by the total of capital and other internal reserves, as well as by unrealized gains on securities and other assets (solvency margin total), when exposed to risks greater than normally anticipated. The diverse risks may include those involved in the payment for claims and other benefits and investment risks. A solvency margin ratio exceeding 200% is one indication that an insurance company has met the standards for general financial stability.

Dai-ichi's solvency margin ratio on a non-consolidated basis at the end of fiscal 2012 rose from the end of the previous fiscal year, to 715.2%, thanks to an increase in unrealized gains on securities due to the depreciation of the yen, rising stock prices, and lower interest rates, as well as our efforts to accumulate internal reserves.

Dai-ichi views the solvency margin ratio as one of the most important indicators for giving customers a sense of security in Dai-ichi. The Company continues its efforts to maintain enough ability to meet payments of insurance claims.

For Dai-ichi on a non-consolidated basis

At the end of fiscal year 2012: **715.2%**

(At the end of fiscal year 2011: 575.9%)

(At the end of fiscal year 2010: 547.7%)

Consolidated

At the end of fiscal year 2012: **702.4%**

(At the end of fiscal year 2011: 563.2%)

Method for calculating the solvency margin ratio

$$\text{Solvency margin ratio} = \frac{\text{Total solvency margin amount}}{1/2 \times \text{Total risk amount}} \times 100 (\%)$$

Unrealized Gains (Losses) on General Account Assets

■ Unrealized Gains and Losses

Unrealized gains and losses represent differences between the market value of assets (securities, real estate, etc.) held and their book value, and are considered to be substantial capital because they constitute part of the solvency margin total used as a numerator when the solvency margin ratio is calculated. Unrealized gains also act as a buffer against the different types of risks to which Dai-ichi is exposed, and at the same time leave more room for risk taking in investments, thus making a substantial contribution to stronger profitability.

With respect to unrealized gains and losses as of at March 31, 2013, unrealized gains on securities increased by ¥1,598.8 billion from the end of the previous fiscal year to ¥2,814.4 billion, mainly reflecting falling interest rates in Japan and overseas, rising stock prices, and the depreciation of the yen. Unrealized gains on real estate (land, etc.) improved by ¥58.0 billion to ¥21.4 billion, mainly because of the effect of the trading of properties. As a result, total unrealized gains on all general account assets increased by ¥1,654.0 billion, to ¥2,833.9 billion.

For Dai-ichi on a non-consolidated basis

At the end of fiscal year 2012: ¥2,833.9 billion

(At the end of fiscal year 2011: ¥1,179.9 billion)

(At the end of fiscal year 2010: ¥639.2 billion)

Total Net Unrealized Gains (Losses) on General Account Assets

	As of March 31,		
	2011	2012	2013
	(Unit: billion yen)		
Securities.....	614.1	1,215.6	2,814.4
Domestic bonds.....	383.8	790.6	1,627.5
Domestic stocks.....	305.6	297.8	643.3
Foreign securities (Note 1).....	(80.4)	114.4	505.0
Foreign bonds.....	(65.5)	138.9	416.1
Foreign stocks and other securities.....	(14.9)	(24.5)	88.9
Other securities.....	(5.0)	(5.6)	21.3
Others (Note 2).....	10.1	18.4	17.1
Real estate (Note 3).....	20.5	(36.5)	21.4
Total (including others not listed above) (Note 4).....	639.2	1,179.9	2,833.9

Notes:

1. Foreign exchange valuation gains (losses) only are taken into account for foreign securities whose fair value is deemed extremely difficult to recognize.
2. "Others" includes assets that are considered appropriate to handle as securities, as defined in the Financial Instruments and Exchange Act.
3. Difference between the book value before revaluation and fair value is reported as unrealized gains (losses) of land.
4. Unrealized gains (losses) on loans and buildings are not recorded.

Adjusted Net Assets

■ Adjusted Net Assets

Adjusted net assets are derived by subtracting non-capital adjusted liabilities from adjusted assets at fair market value. In other words, they refer to real net worth after market price-based valuation, and serve as one of the indicators used by the supervising administrative agency to ascertain the financial soundness of insurance companies.

Adjusted assets represent assets reported in the balance sheet plus unrealized gains/losses and other off-balance sheet assets. Adjusted liabilities are calculated by deducting various reserves and allowances from on-balance sheet liabilities.

Adjusted net assets for Dai-ichi on a non-consolidated basis as of the end of fiscal 2012 increased from the end of the previous fiscal year to ¥5,563.3 billion, chiefly due to an increase in unrealized gains on securities associated with falling interest rates.

For Dai-ichi on a non-consolidated basis

At the end of fiscal year 2012: ¥5,563.3 billion

(At the end of fiscal year 2011: ¥3,670.1 billion)

(At the end of fiscal year 2010: ¥3,066.8 billion)

Consolidated

At the end of fiscal year 2012: ¥5,671.3 billion

(At the end of fiscal year 2011: ¥3,751.7 billion)

* If adjusted net assets fall into negative territory, the Company could receive a suspension of operations notice from the supervisory authorities.

Ratings

As of June 30, 2013

Rating and Investment Information	A+	Rating on Insurance Claims Paying Ability
Japan Credit Rating Agency	A+	Rating on Ability to Pay Insurance Claims
Standard & Poor's	A	Insurer Financial Strength Rating
Fitch Ratings	A	Insurer Financial Strength Rating

■ Ratings

Ratings are given and published by independent third-party agencies primarily as their opinions about the financial soundness of businesses. Ratings are usually expressed in symbols for ease of understanding. There are two types of ratings: those published by rating agencies at the request of the subject company and those published by rating agencies as their independent opinions irrespective of whether they are requested or not.

Ratings for life insurance companies usually represent the degree of certainty with which insurance claims, annuities, etc. are paid in accordance with the policies involved.

Dai-ichi views credit ratings as one of the factors for objectively determining a company's business performance, such as its financial soundness. It obtains ratings for the capability to pay insurance claims from Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd. and those for the insurer's financial strength from Standard & Poor's and Fitch Ratings.

As of June 30, 2013, Rating and Investment Information rated Dai-ichi at A+, Japan Credit Rating Agency gave Dai-ichi a rating of A+, Standard & Poor's gave Dai-ichi a rating of A, and Fitch Ratings rated Dai-ichi at A.

Management Control System

Management Control

The Board of Directors makes important management decisions and supervises the execution of operations. To separate and thereby strengthen its functions of decision making and supervision on the one hand and operational execution on the other, Dai-ichi has introduced an executive officer system. Executive officers are elected by the Board of Directors and carry out duties assigned by the Board of Directors. Dai-ichi also has an Executive Management Board that consists of the president and executive officers appointed by the president and meets twice a month, in principle. The Executive Management Board discusses important management and executive issues. As of June 30, 2013 Dai-ichi had 13 directors (including two outside directors) and 26 executive officers (including nine officers who are concurrently directors). In addition, the Group Management Headquarters' Meetings discuss important management and executive issues for the Dai-ichi Life Group.

To further enhance management transparency, Dai-ichi has established a Nomination Committee and a Compensation Committee, each of which consists of the chairman, president, and outside members, as independent advisory committees to the Board of Directors. The Nomination Committee

confirms the eligibility of candidate directors. The Compensation Committee deliberates on the compensation systems for directors and executive officers and other related matters.

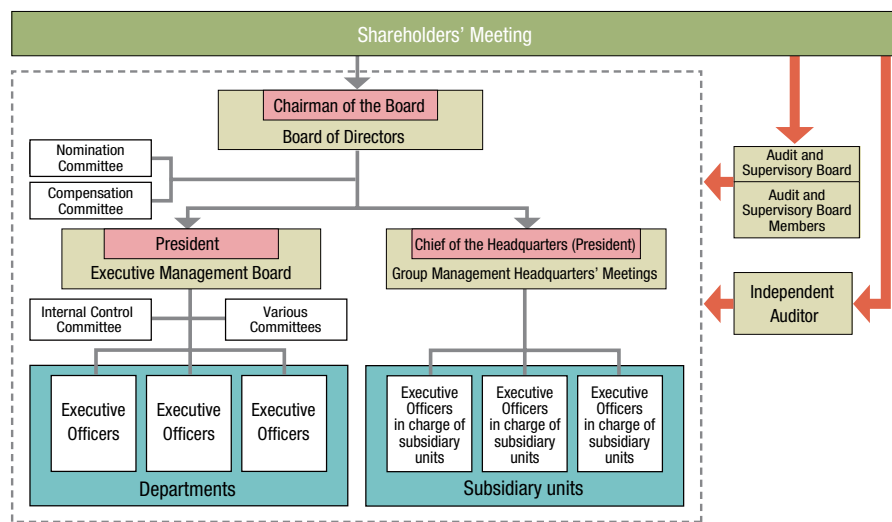
In addition to attending meetings of the Board of Directors and the Executive Management Board, Audit and Supervisory Board Members audit the execution of duties by directors and executive officers through interviews with directors, executive officers, and the relevant departments. Audit and Supervisory Board Members also audit the status of compliance, risk management in overall operations, and the operational and financial status of Dai-ichi and its subsidiaries. In addition, the Audit and Supervisory Board deliberates on important audit issues. As of June 30, 2013 Dai-ichi had five Audit and Supervisory Board Members (including three outside Audit and Supervisory Board Members).

Status of Internal Control Systems

Dai-ichi has established a Basic Internal Control Policy, which sets out its basic approach and policy concerning internal control.

As part of the establishment of its internal control system, the Company has set up an Internal Control Committee. The Committee is a special organization assisting the Board of Directors and the Executive Management Board and is responsible for the following: promoting the establishment and

Management Control System



operation of an internal control system; checking the appropriateness of financial reports and the effectiveness of internal audits; and checking and discussing issues of compliance, the protection of information property, risk management, and the handling of antisocial forces as an organization overseeing the Compliance Committee, Risk Management Committees, and Antisocial Forces Handling Committee. The Internal Control Committee consists of representative directors and the executive officers in charge of the departments responsible for internal control and holds a meeting every month, in principle.

To enhance the effectiveness of internal controls, Dai-ichi also carries out internal control self-assessment (CSA) in all operations. Through CSA, the Company (1) identifies major risks in each operation, (2) evaluates the importance of the risks in view of the magnitude of the potential effects for customers and losses they may cause, and (3) assesses risk prevention systems. Not only the Company, but also its subsidiaries and affiliated companies promote these CSA efforts in order to determine and control risks and improve the overall operations of the Dai-ichi Life Group.

Basic Internal Control Policy

1. Conduct business activities in compliance with laws and regulations, the Articles of Incorporation, social standards, and rules in the market
2. Ensure insurance sales compliance with laws and regulations, etc. and conduct appropriate insurance sales management
3. Protect and manage information property appropriately, including customer information, shareholder information, material facts, and other unique information
4. Manage risks effectively in accordance with the characteristics of those risks
5. Block any relationships with antisocial forces to prevent any damage that might occur
6. Ensure appropriate operations at subsidiaries
7. Ensure the reliability of financial reports and disclose them appropriately on a timely basis
8. Check the appropriateness and effectiveness of internal control through operational audits

Internal Control System

Compliance (observance of laws and ordinances, etc.)

Basic Recognition

Dai-ichi understands that complying with laws and regulations, its Articles of Incorporation, social standards, and rules in the market is the basis for conducting business activities. To fulfill social responsibility and public missions as a life insurance company, Dai-ichi is developing systems to promote compliance in all of its operations, including insurance sales and investment.

Policies and Regulations, etc. Designed to Promote Compliance

Dai-ichi has established Compliance Regulations that outline its basic approach to the compliance system and the details of that system under the Basic Internal Control Policy. Under its Basic Management Policies, the Company has also established the DSR Charter, the Dai-ichi Life Group's corporate action principles, which outline the specific principles of its actions as a company, and the Code of Conduct, which outlines specific principles for the behavior of directors, executive officers and employees. The Company has created a Compliance Manual that includes explanations of laws and regulations and points to keep in mind when performing operations, in addition to the internal rules for promoting compliance. By distributing the manual to all directors, executive officers, and employees, and providing them with training programs, the Company seeks to keep them informed of the internal rules, laws, and regulations, as well as other important points. The Compliance Committee holds preliminary discussions on important regulations and manuals, the Executive Management Board discusses them, and the Board of Directors makes decisions.

Organizational Systems Associated with Compliance

The Compliance Committee (consisting primarily of relevant directors and executive officers), under the Internal Control Committee, discusses important matters relating to compliance and consults with the Executive Management Board, the President, and the Board of Directors. The Compliance Control Department develops and promotes the company-wide compliance system. To ensure

compliance, especially in the area of insurance sales management, Dai-ichi has established a Sales Compliance Promotion Center, which strengthens the system and provides branch offices that engage in insurance sales directly with instructions and support. The Company assigns compliance officers to the Compliance Control Department and Sales Compliance Promotion Center to ensure compliance at head office departments and branches, and manage compliance and insurance sales in cooperation with the compliance managers at the head of each department or branch.

The Company establishes a system to handle and resolve important matters associated with compliance in the most appropriate manner. These matters that arise in departments and branches are reported through the compliance managers to the Compliance Control Department. The Company has established an internal hotline in the Compliance Control Department to act as a channel through which employees can directly report and consult on compliance matters. The Company has also developed a system where outside lawyers can directly provide advice to those who need it.

To check whether compliance is being promoted

effectively and appropriately, the Internal Audit Department regularly conducts internal audits.

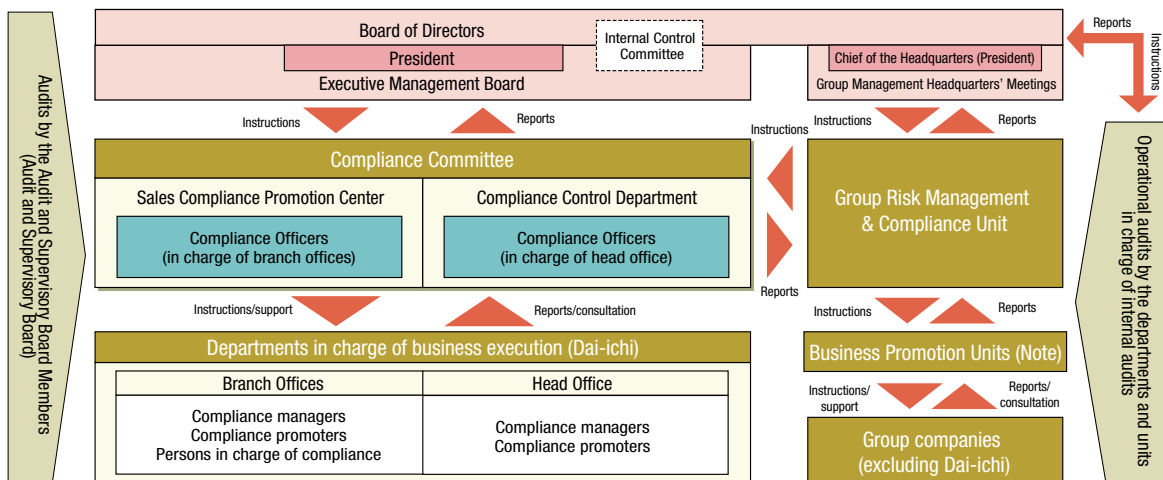
The Company is endeavoring to develop and strengthen its compliance system as a Group, taking into account the attributes of each company, by establishing a Group Risk Management & Compliance Unit at the Group Management Headquarters.

■ Compliance Promotion

The Board of Directors of Dai-ichi sets out a Compliance Program each year as a specific plan of action for compliance in accordance with the issues identified for each fiscal year. The Company promotes compliance in a plan-do-check-action (PDCA) cycle, particularly among executives, in which the Compliance Committee checks the status of each issue in the Compliance Program regularly and revises the issues appropriately.

In addition, the Company requires the general managers of the head office and branch offices to submit a confirmation sheet concerning compliance promotion semi-annually so that management can monitor the effectiveness of compliance promotion.

Organizational Systems Associated with Compliance



(Note) Collective term for the Group Management Strategy Unit, the Bancassurance & Asset Management Business Unit, and the International Life Insurance Business Unit

Information Property Protection

■ Basic Recognition

Dai-ichi keeps personal information on customers, including their names, birth dates, addresses, contract details, and medical information, for long periods and also retains information about business clients that it has obtained in the course of its operations, such as financial transactions. The Company believes that complying with laws, regulations and its internal regulations and managing the protection of information property appropriately are the major premise for earning the trust of its customers.

■ Policy, Regulations, etc. Associated with the Protection of Information Property

Dai-ichi has established a Basic Internal Control Policy and, under that policy, Information Property Protection and Control Regulations. These regulations set out basic principles for protecting information property and standards for appropriately protecting information property. Dai-ichi has also created information property protection and control standards, which stipulate the details of standards for specific security measures. Based on the spirit of the Act on the Protection of Personal Information, Dai-ichi has established a Personal Information Protection Policy and a Shareholder Personal Information Protection Policy, which describe the purposes of the use of personal information and shareholder information and the protection and control of personal information and shareholder information, based on decisions by the Board of Directors. These policies are posted on the Company website.

The Company has created a Compliance Manual and an Information Property Protection and Control Manual, which specify rules and regulations related to the control and promotion of information property protection, as well as points to keep in mind in the execution of operations. The Company has distributed these manuals to all directors, executive officers and employees and has provided training programs based on the manuals to keep them fully informed about the contents.

■ Organizational Systems Associated with the Protection of Information Property

The Information Property Protection Working Group, which has been established as a subsidiary body of the Compliance Committee, discusses

important matters related to the promotion of information property protection and reports the results of the discussions to the Compliance Committee. We have established an Information Security Management Center, a permanent organ that promotes protection of information property across the board, within the Compliance Control Department. The Information Security Management Center gives the necessary instructions and support to each head office department and each branch, and develops a system for the appropriate protection and management of information property in each organ through compliance managers and compliance promoters, who have been appointed across various departments.

The Internal Audit Department regularly carries out operational audits to ensure that these systems are working effectively throughout the Company and reports the results of the audits to the Board of Directors and the Executive Management Board.

The Company is working to establish the Group's information management system according to each sector and the quality and quantity of information owned by the Group, with the Group Risk Management & Compliance Unit taking a central role in obtaining the cooperation of the Group companies.

■ Information Property Protection and Control

Dai-ichi has developed information property protection and control systems based on the Act on the Protection of Personal Information, guidelines, and other regulations associated with the protection of personal information in the financial industry by taking the following safety control measures in terms of its human resources, organizations, and technology:

- Publishing its personal information protection policy and developing internal regulations on the protection of information property
- Strengthening compliance with information handling rules through regular staff training and conducting regular inspections of compliance with the rules
- Establishing a firewall, regulating access to data inside the Company, and acquiring logs as a measure to prevent unauthorized external access from outside
- Supervising and checking outsourcing service providers, including their subcontractors

■ Handling of Requests for the Disclosure of Personal Information and Others

When customers or shareholders request the disclosure of their own personal information, Dai-ichi promptly and appropriately responds after confirming that the requests have been made by the customers or shareholders themselves or by legal proxies.

Information about disclosure requests based on the Act on the Protection of Personal Information is also available on Dai-ichi's website.

■ Handling of Comments, etc.

Dai-ichi responds promptly and appropriately to any comments, etc. about the handling of customer information or personal information.

Risk Management

■ Basic Recognition

To ensure sound and proper business operations and to ensure that we fulfill the obligations arising from our insurance policies, we identify and evaluate potential risks, take appropriate action based on the specific characteristics of each risk and comprehensively manage those risks. We are committed, on a Company-wide basis, to improving

soundness through the management and control of the financial base, including risk volume and capital.

We have also established a crisis management system and a risk management system to respond to catastrophes and large-scale disasters in addition to our everyday risk management system.

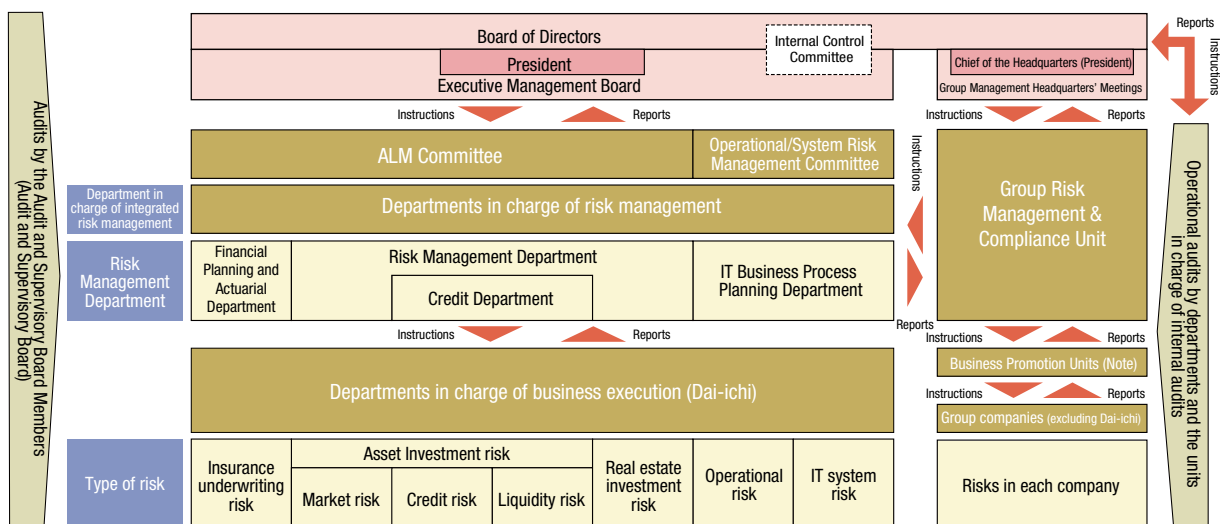
■ Risk Management Policies and Regulations

Our Basic Internal Control Policy includes our basic philosophy and policies regarding risk management. The approach used to manage each type of risk is developed in line with our series of Basic Risk Management Policies. In addition, each of the risk management regulations and standards is translated into practical rules, following our series of Basic Risk Management Policies.

■ Risk Management Structures

For risks arising from operations at the discretion of the departments responsible for executing the related operations, the departments responsible for risk management activities monitor the operations for each risk category, in accordance with our series of Basic Risk Management Policies. To strengthen our risk management structure, we have established a Risk Management Department, which manages risks comprehensively, on a Company-wide basis.

Organizational Systems Associated with Compliance



(Note) Collective term for the Group Management Strategy Unit, the Bancassurance & Asset Management Business Unit, and the International Life Insurance Business Unit

The Group Risk Management & Compliance Unit has taken a central role in strengthening the risk management system of the Group by monitoring the status and soundness of the Group's overall risk management and its financial soundness.

Management shares information regarding individual risks at regular meetings of our ALM Committee, Operational Risk Management Committee and System Risk Management Committee, and uses the shared information to guide its decision making. Moreover, our Internal Audit Department examines the effectiveness and appropriateness of our risk management functions.

The Board of Directors, the Executive Management Board, and the Group Management Headquarters' Meetings receive reports on risk management. The Executive Management Board and the Group Management Headquarters' Meetings discuss the status of risk management, and the Board of Directors makes decisions based on these reports and discussions. Our Audit and Supervisory Board Members inspect overall risk management, including those taken by our management.

■ Integrated Risk Management Initiatives

Integrated risk management is an approach in which the Company controls the risks it is exposed to in its overall operations, including in the flow of business such as underwriting insurance and setting premium rates, by considering risks, including potentially significant ones, as a whole and comparing them against its capital, etc. Dai-ichi ensures its financial stability by integrating various risks on an accounting and economic value basis and comparing them against its capital, etc. The economic value basis is a valuation standard that is consistent with Embedded Value, one of the indicators that represent the corporate value of a life insurance company.

To ensure sound management and conduct ALM (Asset Liability Management) appropriately, Dai-ichi has established an ALM Committee, and encourages the refinement of its management system and the improvement of financial soundness.

The Company has also established an Operational Risk Management Committee and System Risk Management Committee to curb its operational and system risks and strengthen its management system.

In addition, when formulating the Company's investment policy taking liability characteristics into consideration, developing new products and setting appropriate assumed rates of return, the departments in charge of risk management check the various risks involved in insurance underwriting and investments and examine the adequacy of those operations.

■ Promotion of ERM

The Company promotes ERM (Enterprise Risk Management), a risk management approach to promote business activities, by formulating a management plan and capital strategies in accordance with its capital, risk, and profit situation.

When formulating a management plan and capital strategies as a risk management measure related to ERM, the department in charge of enterprise risk management examines the adequacy of the plan and the strategies, properly controls capital, risks, and profits by setting and managing risk tolerance, etc., taking into consideration the source, types, and characteristics of risks, and promotes the enhancement of the Group's risk management.

■ Implementation of Stress Tests

To recognize and determine events that cannot be captured by quantifying risks, Dai-ichi implements a stress test, assuming a worst-case scenario based on past events, such as disruptions in the financial market and large-scale disasters, as well as the Company's future outlook to analyze the effect on the Company's financial soundness. Stress test results are regularly reported to the Board of Directors and the Executive Management Board so that management can check market conditions, strengthen its monitoring, and consider and implement managerial and financial measures as necessary.

Definition of Risks

Type of risk		Details
Insurance underwriting risk		The risk that an insurance company may suffer a loss due to changes in economic conditions, or a frequency ratio of insured events that are contrary to the projections made at the time premiums were set.
Asset investment risk	Market risk	The risk of suffering a loss due to changes in the value of the assets and liabilities owned because of changes in market conditions such as interest rates, exchange rates, and share prices, and the risk of suffering a loss due to changes in the income generated from assets and liabilities.
	Credit risk	The risk of suffering a loss due to a decrease in or eradication of the value of assets because of a deterioration in the financial condition of credit recipients.
	Real estate investment risk	The risk of suffering a loss due to a drop in income from real estate due to changes in rent, etc. or a decrease in the value of the real estate itself because of factors such as changes in market conditions.
Liquidity risk		The risk of suffering a loss due to being forced to sell assets at a markedly lower price than normal as a result of a deterioration in cash management from a drop in premium income, etc. (cash management risk), or the risk of not being able to participate in market transactions because of a market disruption (market liquidity risk).
Operational risk		The risk that customers and the Company may suffer a loss due to an officer or employee, etc. neglecting to conduct a proper operation, experiencing an accident, or engaging in wrongdoing.
IT system risk		The risk that customers and the Company may suffer a loss due to a system flaw such as the failure or malfunction of a Company computer system or the unauthorized use of a Company computer.

* In addition to the risks above, the Company also manages legal risk, human risk, tangible asset risk, and reputational risk.

Ensuring the Appropriate Operations at Subsidiaries, etc.

■ Basic Recognition

The subsidiaries, etc. of Dai-ichi means subsidiary companies, subsidiary corporations, and related corporations, as established in the Insurance Business Act, the Order for Enforcement of the Insurance Business Act, and the Ordinance for Enforcement of the Insurance Business Act.

To manage its subsidiaries, etc., Dai-ichi, as a major shareholder, monitors the decisions and the supervision of the operation of its subsidiaries, etc. by their Boards of Directors as a basic practice, and takes measures according to the characteristics of subsidiaries, etc. by verifying how their operations are executed.

■ Policies and Regulations, etc. Associated with the Management of Subsidiaries, etc.

The Company has established basic regulations and policies in its Basic Internal Control Policy to ensure appropriate operations at its subsidiaries, etc. Also, based on this Basic Internal Control Policy, Dai-ichi has developed the internal regulations and rules necessary to ensure appropriate operations at its subsidiaries, etc., such as the Internal Control Regulations for Subsidiaries, etc.

■ Management System for Subsidiaries, etc.

Departments that are in charge of the management of subsidiaries, etc. and that are responsible for the internal control of subsidiaries, etc. take steps according to the characteristics of subsidiaries, etc., such as building an internal control system and planning and implementing

measures to increase the effectiveness of internal control at subsidiaries, etc., and instructing and supporting subsidiaries, etc. in cooperation with other related departments in charge of internal control and the delegation of business to subsidiaries, etc.

Also, in cooperation with the departments in charge of internal control, important matters are reported to Dai-ichi's Board of Directors, Executive Management Board, and Internal Control Committee.

Actions Regarding Internal Control over Financial Reporting

■ Basic Recognition

In accordance with the Financial Instruments and Exchange Act, we have prepared an Internal Control Report that evaluates the effectiveness of our internal control over financial reporting.

■ Policies and Regulations, etc. Associated with Internal Control over Financial Reporting

In the Basic Internal Control Policy, Dai-ichi has established basic policies and regulations to ensure the reliability of financial reporting and its appropriate disclosure on a timely basis. Based on the Basic Internal Control Policy, the Company has developed Evaluation Regulations for Internal Control over Financial Reporting, which outlines procedures to appropriately evaluate internal control over financial reporting.

■ Actions Regarding Internal Control over Financial Reporting

To ensure the reliability of its financial reporting, Dai-ichi evaluates the effectiveness of its internal controls, such as the important processes related to financial reporting and the system for preparing financial reports.

Based on the results of this evaluation, the Company creates an internal control report, which verifies that Dai-ichi's internal control over its financial reporting was effective, and submits this Report together with the annual securities report. With respect to the internal control report dated March 31, 2013, the Company received an internal control audit from an independent auditor and obtained its unqualified opinion.

Operational Audit System

■ Basic Recognition

To ensure sound and proper business operations, Dai-ichi examines the appropriateness and effectiveness of its internal control through operational audits. To implement effective operational audits, the Company develops and carries out the necessary arrangements such as ensuring the independence of the internal control and audit department.

■ Policies and Regulations, etc. Associated with Operational Audits

Dai-ichi has established basic regulations and policies for operational audits in its Basic Internal Control Policy. Under the Basic Internal Control Policy, the Company has established Operational Audit Regulations so that all officers and employees will understand the importance of operational audits and will smoothly and effectively promote all activities related to operational audits by clarifying basic matters related to operational audits. The Company has also established Operational Audit Work Regulations as implementation guidelines for operational audits.

■ Operational Audit System

Dai-ichi has established the Internal Audit Department as an independent organ with a verification function for those departments receiving an operational audit. The Internal Audit Department examines the appropriateness and effectiveness of the Company's and its Group companies' compliance, internal controls including risk management, and business operations in their overall management activities, discovers and points out problems, assesses their internal controls, makes proposals for improvements, and reports the results of its operational audits to the Board of Directors and the Executive Management Board.

Handling of Antisocial Forces

■ Basic Recognition

Under the basic management policy of Securing Social Trust, all Dai-ichi organizations are united in their resolve to reject any coercion from antisocial forces that threatens the order and security of civil society or that disrupts sound economic and social development or corporate activities. Dai-ichi is fully committed to halting the development of any relationships with these forces in all of its transactions, including insurance policies, to prevent any damage from occurring.

■ Policies, Regulations, etc. Associated with the Handling of Antisocial Forces

In accordance with the Basic Internal Control Policy, which establishes basic approaches and policies to halt the development of any relationships with antisocial forces in order to prevent any damage, Dai-ichi has established regulations regarding antisocial forces. Moreover, based on its Code of Conduct, which establishes specific principles for the behavior of officers and employees, Dai-ichi endeavors to fully enforce these approaches, policies, and regulations. By establishing detailed standards, the Company clearly articulates rules for directors, executive officers, and employees, as well as specific steps to halt the development of any relationships with antisocial forces and prevent any damage.

■ Systems for Handling Antisocial Forces

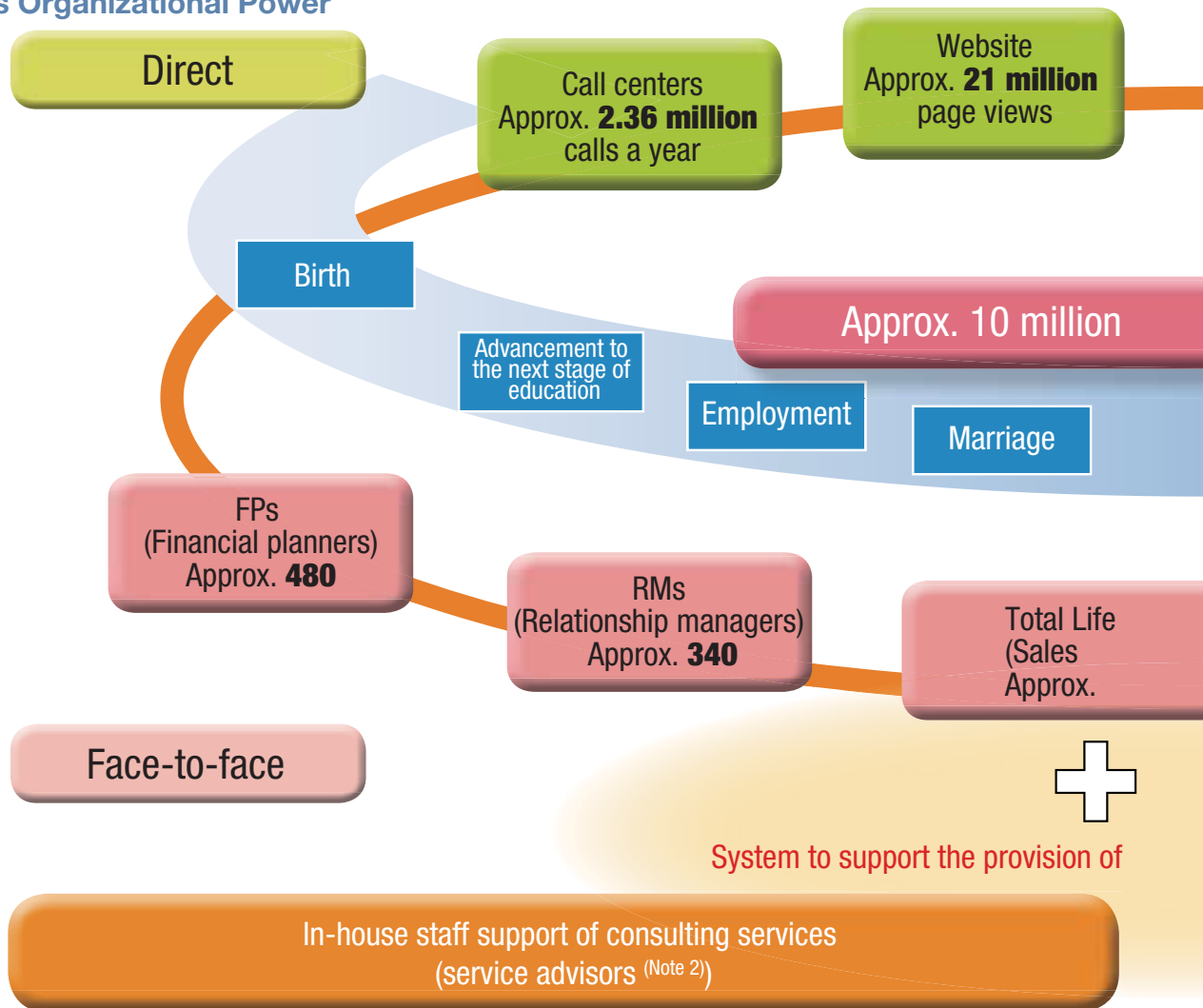
In an effort to hold Companywide deliberations with a wide range of participants about the handling of antisocial forces, Dai-ichi has established an Antisocial Forces Handling Committee. It has also designated the General Affairs Department as the department in charge of streamlining and strengthening systems to block the development of any relationships with antisocial groups or to prevent damage that may occur.

Dai-ichi also has developed a system in which each department and branch office appoints a manager in charge of the handling of antisocial forces and a person who promotes the appropriate handling of antisocial forces. Under this system, if a department or a branch office is contacted by antisocial forces, receiving undue claims and other demands, the manager and the designated person of that department or office play the leading role to take an appropriate response against such forces

by cooperating with the General Affairs Department.

In addition, to appropriately handle antisocial forces, Dai-ichi is permanently committed to developing close cooperative systems with external specialist organizations, such as local police offices, the National Center for the Elimination of Boryokudan (Organized Crime Groups), and lawyers.

System to Provide Consulting Services That Leverage Dai-ichi's Organizational Power




Value Dai-ichi provides

Consistent, high-quality consulting services in all settings from contract to payment to the expiration of policies.

Number of new policies sold:
Approx. 1.4 million policies a year


At the time of contract

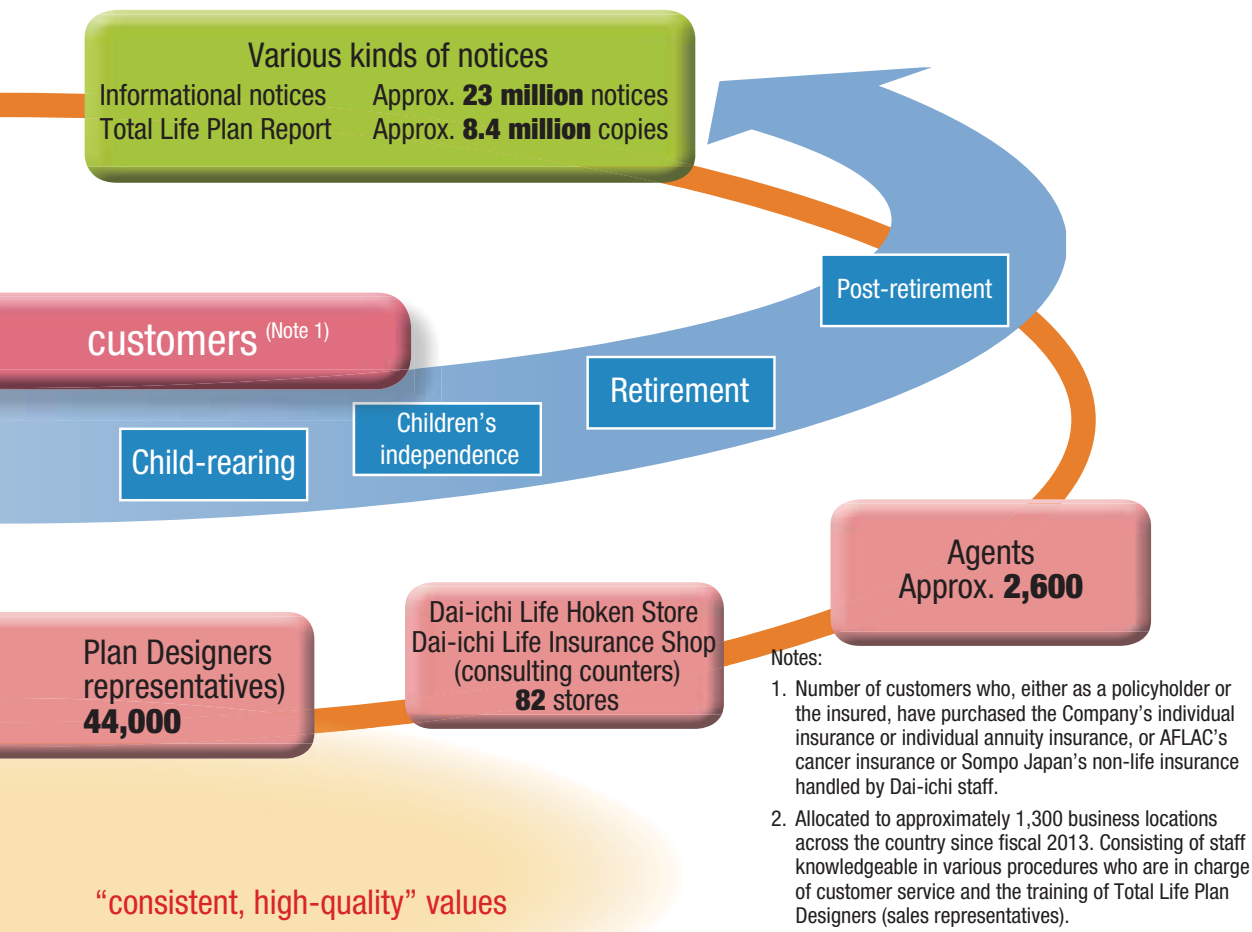
- Makes proposals to meet the needs of each customer through Total Life Plan consulting
- Provides information on social security and tax planning
- Employs Uses the DL Pad, a tablet computer for sales and business use
- Offers a product lineup that meets all customer needs
- Provides information on health and medical services



During the contract period

- Checks the content of each policy, the payment reasons, payment history, and any changes in the content of the policy during the annual Periodical Insurance Information Check.
- Proposes an appropriate review of coverage according to the life cycle.





“consistent, high-quality” values

Consulting services and support provided by specialized staff for benefits, claims, and various office procedures

Benefits: Approx. 900,000 policies a year

Death proceeds: Approx. 50,000 policies a year
 Maturity proceeds: Approx. 150,000 policies a year

- Provides consulting when benefits are received
 - Provides information on high-cost illness insurance and the medical expenses deduction
 - Provides information on medical support services
- Provides information on health and medical services

- At the time of payment and expiration**
- Prompt and accurate payment
 - Provides information on secure billing procedures for insurance claims' proceeds
 - Has established a dedicated call center
 - Has initiated the Insurance Proceeds Quick Reception Service
 - Provides consulting at the time of receiving insurance proceeds
 - Consults on public formalities and procedures and the social security system, etc.
 - Provides estate consulting
 - Consults on inheritances and methods of using proceeds, etc.

Continuing to Stand by the Side of Our Customers for Life

As a lifelong partner of its customers, Dai-ichi has been promoting various initiatives based on the concept of delivering high-quality products, services, and proposals to all its customers, and since its founding has been working to practice its management philosophy of *Customer First*.

In Japan, the business environment surrounding the life insurance industry is expected to continue to change, reflecting the agings of the population and the falling birth rate, change in customer needs and life cycles, and intensified competition.

To continue to be the insurance company that customers choose and to keep growing in this environment, the Company aims to strengthen its contact points with customers throughout their lifetimes, from contract to the maturity of policies and payment. We will achieve this by leveraging all the Group's resources centered on our Total Life Plan Designers (sales representatives), not only regarding its customers as policyholders and the insured, but also seeing them along with their beneficiaries and families. From this standpoint, we will deliver products, services, and proposals tailored to their lifestyles.

We will continue to stand by the side of our customers for life by communicating, cementing, and expanding the concept of *Passing On Peace Of Mind* into the future and mobilizing all the available resources of the Group.

Consultation Systems

Bolstering Consultation Functions

■ Total Life Plan Proposals to Customers Using the DL Pad

The Total Life Plan is capable of simulating the various risks that could arise in the future according to each customer's life stage, taking into account customers' future income status and expenditures, including the public pension payments they will receive. Customers can consider their future life planning in an enjoyable way on the screen, which employs many colorful animations, as if they were playing a game.

Provision of Consultation Services by Total Life Plan Designers

At Dai-ichi, over 40,000 Total Life Plan Designers (sales representatives) provide face-to-face consultations and services to policyholders based on their individual total life plans.

To assist customers in all settings over the course of their contract cycles, including at the time of contract, during the policy, when paying insurance proceeds, and when the policy matures, Total Life Plan Designers have established trust with customers. They offer advice on Dai-ichi's products, as well as a wide range of information and services related to social security, taxes, health, medical services and nursing care, and provide consistent, high-quality consulting services suited to customers' lifestyles.



Image of the information



Image of the DL Pad display

The role of life insurance is to provide customers with tangible peace of mind to protect their treasured belongings and precious lives and loved ones. Dai-ichi will continue communicating the concept of *Passing On Peace Of Mind* to its customers and their families based on the sense of duty that the mission of Total Life Plan Designers is to stand by the side of our customers for life, to put themselves in customers' shoes, and be sensitive to their feelings and sentiments.

Provision of Consultation Services by Financial Planners (FPs)

Specialist knowledge about products and tax is required in proposing life insurance to customers.

To promptly and accurately respond to the diversified requests of customers, Dai-ichi deploys approximately 480 financial planners (FPs) nationwide.

In principle, Dai-ichi FPs possess qualifications such as a Certified Skilled Worker of Financial Planning, a national accreditation, or CFP or AFP certifications provided by the Japan Association for Financial Planners.

Aiming to improve customer satisfaction, FPs are engaged in a wide range of activities nationwide, including proposals such as: structuring a corporate welfare system using life insurance products to local small and medium-size enterprises, and explaining the effective use of life insurance based on their extensive knowledge of tax. Dai-ichi has 5,645 employees holding qualifications as a 2nd Grade Certified Skilled Worker of Financial Planning and/or AFP including 359 1st Grade Certified Skilled Workers of Financial Planning, or CFPs (at the end of March 2013).

Initiatives for the Agent Channel

From the standpoint of further improving customer convenience and responding to increasingly diversified customer needs, Dai-ichi embarked on a full-scale initiative for our agent channel in fiscal 2000. Since then, we have been bolstering our efforts by improving the organizations and staff involved in our agent channel.

Specifically, in fiscal 2001 we began selling our products through the professional agents of Sampo Japan, our business partner, in order to provide total insurance services, including both life and non-life insurance products. Dai-ichi Frontier Life Insurance,

our subsidiary that specializes in providing products to financial institutions, has also been offering savings-type products, such as individual annuity annuities, to agents at financial institutions since fiscal 2007.

Dai-ichi will continue to provide products and services to meet our customers' needs, making maximum use of the comprehensive strength of the Dai-ichi Life Group.



Counter at an agent of Sampo Japan

Internet Consulting

Dai-ichi has developed a Life Design Cyber Shop on its website so that customers can easily ask questions about insurance estimates and other matters. Dai-ichi FPs offer comprehensive consultation services, including preparations for various kinds of insurance in accordance with customers' objectives, and provision of consultations and advice via e-mail, telephone, and even face-to-face. Dai-ichi also provides individual customers with a wide range of private consultations regarding post-retirement financing plans, inheritance planning, and other topics.



Call Centers

■ Dai-ichi Life Call Center

Dai-ichi Life Call Center handles administrative procedures and inquiries from customers across the country. It has introduced the latest call center systems in an effort to more quickly and appropriately meet customer demands. It has also established call centers in Tokyo, Osaka and Sapporo to reliably handle calls even during large-scale disasters.

As approximately 1.27 million cases were handled in fiscal 2012, a large number of customers use these call centers. The call centers receive customer feedback and requests, and this information is shared inside the Company to improve our services and business processes.



Call Center

■ Communication Desk

The Communication Desk endeavors to improve customer service by confirming policy details and providing the latest information on products, services, and campaigns. Depending on the details of the policy and the situation, the Communication Desk can also provide more useful information for customers by calling them directly.

and to centralize names under the easy-to-understand name 'Insurance Shops,' these counters were designed to raise customer awareness that along with taking care of insurance procedures, they can also receive consultations and information there.

Along with providing roadside offices, Dai-ichi Life Insurance Shops have also been established close to terminal stations and inside shopping centers, for increased customer convenience. In March and April 2013, we opened the following three shops: the Kasukabe Office, the Machida Station-Front Office, and the Higashi Kurume Office. Currently, 32 out of the 82 Dai-ichi Life Insurance Shops have extended business hours in the evenings on weekdays and on weekends, and we have received a number of favorable comments from the customers who have visited them, such as, "It was good to be able to visit the office at my own convenience" and "It was nice to be able to consult them about a number of things." We aim to continue to improve our services at consulting counters so that customers can easily talk to us at the time and place most convenient for them.



Courteous consulting services from a customer perspective

Nationwide Consulting Counters (Dai-ichi Life Insurance Shops, etc.)

■ Enhanced Services at Consulting Counters

The Company's consulting counters were standardized in October 2012 by naming both 'Total Life Plan Parks,' the offices that are directly managed by the head office, and the counters at branch offices across the country 'Dai-ichi Life Insurance Shops.' In preparation to provide consistent consulting services across the country



The Ikebukuro Station Front Office for the Dai-ichi Life Insurance Shop

Payment of Insurance Claims and Benefits

Status of the Payment of Insurance Claims and Benefits

The Company is endeavoring to handle insurance procedures from a customer-based perspective, and to make accurate and equitable payments by ensuring that all its officers and employees understand that the role of insurance is fulfilled at the very moment that customers receive their insurance claims and benefits.

In fiscal 2012, our customers received a total of ¥1,822.8 billion, including claims and benefits for death and hospitalization as well as maturity proceeds.

Insurance claims and benefits paid in fiscal 2012

Death, disability and specified disease insurance claims, etc.)

¥439.6 billion

(94.6% year-on-year)

Hospital expenses and surgical insurance benefits, etc.

¥123.3 billion

(102.2% year-on-year)

Maturity proceeds, living benefits, and annuities, etc.

¥1,259.8 billion

(107.0% year-on-year)

Total: ¥1,822.8 billion

(103.4% year-on-year)

[Status of Claims and Benefit Payments in FY2012]

	Total	Claims for death, disability and specified disease insurance, etc.	Benefits for hospital expenses and surgical insurance, etc.
Number of cases in which payments were made	1,017,381	80,482	936,899
Number of cases in which payments were not made	36,335	3,495	32,840
Cases that don't meet payment requirements	34,674	3,005	31,669
Cancellations due to violations of the duty to disclose	1,044	102	942
Cases that fall under immunity grounds	597	387	210
Other	20	1	19

* These figures do not include maturity proceeds and living benefits, etc.

[Cases that don't meet payment requirements]

These are cases that don't meet the payment requirements prescribed in our policy provisions, such as cases that aren't eligible for surgery, or the onset of diseases before the policy went into effect.

[Cancellations due to violations of the duty to disclose]

If the policyholder or the insured does not disclose important facts that must be declared when subscribing to the policy, either intentionally or through gross negligence, the insurance policy will be cancelled. If a refund is due based on calculations at the time of cancellation, this will be paid.

[Cases that fall under immunity grounds]

If there is a case that constitutes grounds for immunity under the policy provisions, such as the insured committing suicide within the specified period of time or the policyholder or insured, either intentionally or through gross negligence, having an accident, insurance claims and benefits will not be paid.

Improved Explanations Regarding the Payment of Insurance Claims and Benefits

For any inquiries pertaining to the content of insurance claims and benefits, the Company will explain the details in a courteous and easy-to-understand manner through a dedicated dial-up (toll-free) number.

In the event that customers aren't eligible to receive insurance claims and benefits or, if they are unclear about any points, they can consult with the 'Payment Inquiry Counter.' Specialized persons in charge in the payment department can directly provide them with an explanation.

If customers aren't satisfied with the explanation, they can go to the 'Dispute Counter' (a different department from the payment department), use the 'Outside Lawyer Consultation System,' or go before the 'Payment Examination Committee' (a third-party organization).

[Status of Utilization of Dispute Counters, etc.]

	FY2011	FY2012
Dispute Counter	254 cases	202 cases
Outside Lawyer Consultation System	8 cases	6 cases
Payment Examination Committee	3 cases	6 cases

Customer-Oriented Assistance with Insurance Procedures

■ Accurate and courteous guidance upon request

At the Dai-ichi Life Call Center, persons in charge with specialized knowledge will directly respond to customer inquiries regarding insurance claims and benefits, providing accurate and courteous guidance to their questions.



■ Facilitating insurance requests

Instead of having to submit a medical certificate, we have created other ways for customers to request insurance claims and benefits, such as customers submitting reports that they can fill out themselves and copies of receipts.

If customers are unfortunately unable to receive insurance claims and benefits, even though they have attached the prescribed medical certificate, for instance if the payment requirements haven't been met, we will handle the situation by paying an amount equivalent to the cost of obtaining the medical certificate (¥5,000 across the board).

■ Making requests more convenient

Requests for insurance claims, etc. are handled by Total Life Plan Designers and at Dai-ichi Life Insurance Shops.

For those customers who are usually out during the day or who live far away, we can send claims documents directly from the head office. Customers can then return the prepared documents in a dedicated envelope.

■ Initiatives for customers to receive their insurance claims and benefits faster

The Company created the 'Insurance Proceeds Quick Reception Service' in April 2013 so that customers can receive death proceeds more quickly in case they urgently need to pay funeral expenses, etc. when their loved one has passed away.

In this service, we will deposit the total amount of the death proceeds that meet requirements to the customer's account on the business day after the day they request the death proceeds. Also, to further accelerate the process for receiving insurance claims and benefits, in November 2012 we introduced the new Payment Assessment Workflow System for Insurance Claims and Benefits (see page 62 for details).



■ Providing information when customers receive insurance claims and benefits

We also provide information on the social security and tax systems customers wish to know, such as information about survivor pensions and inheritance, as well as high-cost illness insurance and the medical expenses deduction when medical expenses are incurred.



Information Systems to Support Customer Services

■ The development and introduction of the DL Pad, a tablet computer for sales and business use

In August 2012, we introduced the DL Pad, a tablet computer mainly for sales and business use, to approximately 40,000 Total Life Plan Designers (sales representatives) to enhance their consulting capabilities.

The DL Pad is equipped with high-speed communications and is a highly portable LCD tablet to allow users to quickly make proposals and handle procedures for customers. We have also installed the most advanced security system to protect important customer information.

When consulting with customers, we can design the best insurance plan together with customers, and customers can confirm the content of their benefits in detail. In addition, the DL Pad allows us to explain a wide variety of information through illustrations and video comments, including information on health, medical services, and the social security system, as well as the process to ensure the receipt of services and insurance claims and benefits after enrollment. In this way, we are working to improve our consulting services through two-way communications with our customers. The DL Pad also has the function of supporting the learning and activities of Total Life Plan Designers to improve their consulting capabilities and provide all our customers with consistent, high-quality consulting services.

We will continue to strive to assist our customers as their lifelong partner by further improving the quality of our services and our business efficiency, such as by installing computerized processes and settlement functions.



The DL Pad

■ Upgrade of the Payment Assessment Workflow System for Insurance Claims and Benefits

In November 2012, we upgraded our Payment Assessment Workflow System for Insurance Claims and Benefits, which plays a central role in paying insurance proceeds. The new system has tripled the rate at which we can take in and process payment information, such as medical certificates. This was made possible by upgrading the operating system, equipped with new functions that enable us to significantly improve administrative efficiency, while retaining the usability of the old system. This has substantially shortened the time for turning over payment information to the assessment department. Also, the additional function of visualizing the process has enabled us to determine the number of cases in each workflow process in real-time and to manage the overall process. We will continue striving to provide better-quality products and services by further improving our business efficiency and productivity.

International Insurance Business

Services for International Companies Operating in Japan

Dai-ichi provides comprehensive welfare services to international companies operating in Japan through its International Corporate Relations Department. We have concluded transactions with more than 500 international companies in terms of corporate insurance alone.

The services we provide to international companies cover a broad array of products. These include planning bereaved families' compensation through group insurance, planning corporate pension plans and proposals for the management of corporate pension plan assets, and consulting on introducing defined contribution pension. Moreover, our business alliance with Sompo Japan has enabled Dai-ichi to provide non-life insurance products, including disability income replacement insurance and accident insurance.

As a representative of Japanese insurance companies, Dai-ichi has become a member of the International Group Program (IGP), the international group insurance network created at the initiative of John Hancock Life Insurance Company, a major U.S. insurer. In principle, one representative life

Timeline for System-Related Investments

1989	● "Pascal-Kun," a portable sales terminal (first generation), introduced
1991	● Online facsimile image system created
1992	● New corporate pension actuary system begins operations
1994	● "Second-Generation Pascal-Kun," a portable sales terminal introduced
1997	● "New Information Network Plan" established
1998	● "New Generation Ordinary Insurance System" begins operations
1999	● "Navit," a portable sales terminal (third generation), introduced ● Dai-ichi Life Information Systems Co. Ltd., an IT strategy subsidiary, established
2001	● "Customer Database" begins operations
2003	● "New Call Center System" established
2004	● Payment of insurance claims and benefits using a multi-payment network begins
2005	● "eNavit," a portable sales PC (fourth generation), introduced
2007	● "Payment Information Integration System," to pay insurance claims and benefits accurately without omissions, established
2008	● "Mobatan," a mobile settlement terminal, introduced ● "Company-wide IP Telephone Network" begins operations
2010	● Server virtualization technology introduced
2012	● The "DL Pad," a tablet computer for sales and business (fifth generation), introduced ● "Payment Assessment Workflow System for Insurance Claims and Benefits" upgraded to respond to customers more quickly

insurance company for each country or region becomes a member of the IGP. Currently, insurance companies in more than 70 countries and regions have become members and have formed an international group insurance network that spans the globe.

Our group insurance business takes advantage of the IGP system, in which global member companies cooperate to provide support for multinational companies. Over 830 companies have joined the IGP worldwide.

Group Insurance Consulting

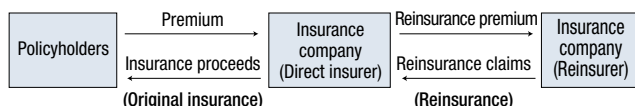
To support the overseas expansion and operations of Japanese companies, Dai-ichi manages a group reinsurance business through which it introduces Japanese companies to Dai-ichi's partner insurance companies in countries and regions that have concluded a reinsurance agreement. Dai-ichi also provides group insurance services to Japanese companies through its partner insurance companies. At present, Dai-ichi has 14 partner insurance companies and has underwritten 353 reinsurance policies (as at the end of March 2013).

To improve services provided by our partner insurance companies, we dispatch staff to provide support in the form of sophisticated services that meet the needs of customers.

We are also working to enhance the welfare services for Japanese companies operating overseas through the IGP system described above.

Reinsurance

Reinsurance is a type of insurance in which another insurance company (a reinsurer) assumes all or part of the responsibility of an insurance company (the direct insurer) that has underwritten the insurance for a policyholder, and must pay insurance proceeds to the policyholder in the event that an accident occurs. The group reinsurance business mentioned here is a scheme in which a Japanese company purchases an insurance product from an overseas insurance company, and the Company assumes part of the responsibility of the overseas insurance company to pay the insurance proceeds, and receives a reinsurance premium depending on its obligation.



Overseas Reinsurance

Associated with the development of its overseas businesses in recent years, Dai-ichi underwrites reinsurance for overseas life insurance companies, including reinsurance for its overseas subsidiaries and affiliated companies. The Company is engaged in the reinsurance business, including reinsurance for the group insurance of Japanese companies overseas and the reinsurance of individual insurance, with 22 companies in 12 countries and regions centering on Asia and Oceania.

Group reinsurance agreements by country and region (As of March 31, 2013)

U.K.	AXA PPP healthcare	Apr. 1994
Czech Republic	Cooperativa	Mar. 2009
France	Quatrem	June 1991
Singapore	AVIVA	Dec. 1988
Thailand	Ocean Life	July 2006
	Muang Thai Life	Mar. 1994
China	Ping An Life Insurance	June 2010
Hong Kong	Pacific Century	Oct. 1997
	AXA China Region	Mar. 1987
Taiwan	Shin Kong Life	June 2006
Malaysia	ING	July 1994
Philippines	First Life	Feb. 1997
Australia	AMP	Jan. 1988
	TAL Life	Oct. 2009

* Months and years in which agreements were concluded

Corporate Citizenship Policy and Major Activities in Fiscal 2012

Under its Basic Policy for Corporate Citizenship, Dai-ichi participates in corporate citizenship activities, focusing on promoting health, creating an affluent next-generation society, and preserving the environment. The Company aims to increase the benefits of its activities by periodically reviewing and revising them.

■ Promoting Health

● Public Health Award

Dai-ichi established the Public Health Award in 1950 to show our gratitude to and respect for those working to improve public health and hygiene. We have presented the award every year since then through the sponsorship of the Ministry of Health, Labour and Welfare and other organizations. The award commends health-related activities for a wide range of current issues, such as overseas medical activities and efforts to combat lifestyle-related diseases, and 946 organizations and individuals have been honored to date. The award ceremony is held in the fall of each year, and award winners receive an audience with the Emperor and Empress of Japan.



Presentation ceremony for the 64th Public Health Award

● The Cardiovascular Institute

This foundation conducts medical research on various cardiovascular diseases, publishes its research results, and provides advanced specialized medical services at its hospital for the purpose of contributing to the prevention, diagnosis, and treatment of cardiovascular diseases. The foundation will continue to contribute to the development of clinical medicine for cardiovascular diseases.

■ Creating an Affluent Next-Generation Society

● Supporting consumer education through the *Life Cycle Game II—Recommending a Total Life Plan*

The *Life Cycle Game II—Recommending a Total Life Plan*, developed by Dai-ichi, is a consumer education program that allows users to learn about various life risks and how to prepare for them, and review insurance policies by playing a *Sugoroku*-style game (*Sugoroku* is the Japanese version of Parcheesi). Dai-ichi uses this game to provide education at schools and other institutions, and offers the game to schools and consumer centers as consumer education materials.



Life Cycle Game II

● The Foundation for the Advancement of Life & Insurance Around the world (FALIA)

To help develop the life insurance business, this foundation holds training sessions and seminars for people in the insurance industry in Japan and overseas.

● Initiatives to invite nursery centers to operate using our real estate

As its initial attempt in the industry (Based on a Dai-ichi survey), the Company is working to invite nursery centers to operate using the real estate it owns, in cooperation with JP Holdings Inc. and Poppins Co., Ltd., who run nursery centers.

● General Incorporated Foundation The Dai-ichi Life Foundation

This foundation conducts survey research, makes proposals, and provides aid to realize a healthy and livable society in an aging society with a falling birth rate, for the purpose of helping to create an affluent next-generation society. In April 2013, it began subsidizing newly established nursery centers as a measure to address the many children on the waiting lists of nursery centers, which is a pressing social issue.

* This foundation was established in April 2013 through the merger of three general incorporated foundations—namely, Toshi No Shikumi To Kurashi Kenkyusho [The Research Institute of City and Life Structures], Chiiki Shakai Kenkyusho [The Research Institute of Local Communities], and Shisei Kenkyusho [The Japan Institute of Human Posture Research].

■ Preserving the Environment

● Green Environmental Design Award and Green City Award

The Company has been sponsoring the 'Green Environmental Design Award,' which commends and subsidizes excellent works, with the public interest incorporated foundation Organization for Landscape and Urban Green Infrastructure, which publicly seeks greening plans that will contribute to the creation of beautiful local landscapes and an urban environment where people and nature can coexist. Since 2013, the Company has also been participating in the 'Green City Award,' which aims to reward groups showing remarkable results in their efforts to conserve and create a green environment and widely promote urban tree planting. The Company comprehensively supports environmental preservation activities for 'Urban Greenery' by consistently administering these two awards.



The Public Interest Incorporated Foundation Solapuchi Kids' Camp (the 22nd Green Environmental Design Award; the Minister of Land, Infrastructure, Transport and Tourism Prize)

Initiatives to Protect the Environment

As part of its social responsibility, Dai-ichi is engaged in environmental preservation activities on a routine, ongoing basis for the environmental conservation of local communities, global environmental protection, and the creation of a recycling-conscious society.

● Promoting Environmental Management

In its Medium-Term Environmental Effort Plan for FY2011 and FY2012, the Company steadily produced results due to its concerted efforts company-wide, regarding the following initiatives as its top priorities: reducing CO₂ emissions and electricity use, reducing the amount of paper

used, being pro-environment in the area of asset management, and establishing a system to encourage environmental management.

We have launched a Medium-Term Environmental Effort Plan for FY2013 – FY2015 that coincides with the period of our medium-term management plan *Action D: The Group's Collective Challenges for Achieving Further Growth* to further strengthen our environmental management.

● Promoting pro-environmental behavior in asset management: Initiatives for environmental finance

As an institutional investor that manages some ¥30 trillion in assets, Dai-ichi is not only working to reduce the environmental burden in its business activities, but is also actively promoting efforts in environmental finance to create a sustainable society. We will continue to promote asset management that strikes a balance between returns and environmental friendliness, including loans and investments in power-generation projects using renewable energy, such as photovoltaic power generation.

● Promoting environmentally educational activities: Promotion of the Ecocap Movement

Dai-ichi is participating in the Ecocap Movement* with local customers at its offices around the nation. This initiative, which began in certain offices and branches in fiscal 2005, has evolved into a special activity that allows Company employees and local customers to learn about the environment and become more environmentally conscious through the efficient use of limited resources.

We had retrieved a cumulative total of approximately 66 million caps as at the end of March 2013, and donated vaccines for approximately 82,500 children through the NPO Ecocap Movement.

* The Ecocap Movement is a program to help prevent global warming by recycling discarded PET bottle caps and using the income to donate vaccines to children in developing nations.

Medium-Term Environmental Effort Plan for FY2013 – FY2015

Efforts to Prevent Global Warming (Energy Saving)	Reduction of energy in offices	<ul style="list-style-type: none"> ● CO₂ emissions (t-CO₂) Reducing CO₂ emissions by 6% compared to FY2009 ● Electricity use (1,000 kwh) Reducing electricity use by 6% compared to FY2009
	Reduction of paper usage	<ul style="list-style-type: none"> ● Total use of paper (tons) Reducing the total use of paper by 30% compared to FY2009
Efforts to Build a Recyclable Society (Resource Saving)	Reduction of general waste	<ul style="list-style-type: none"> ● Reducing general waste by 10% compared to FY2009 in three major offices (Hibiya, Toyosu, and Fuchu)
	Promotion of green purchases	<ul style="list-style-type: none"> ● Percentage of green purchases 80% or more
Corporate Efforts for Environmental Protection	Promoting pro-environmental behavior in asset management	
	Response to biodiversity conservation	
	Efforts to conserve the environment through supply chains	
Efforts to improve environmental management in response to social demands	Developing pro-environmental behavior as a Group	
	Understanding and disclosing indirect CO ₂ emissions	
	Improving the social valuation of our efforts to conserve the environment	
	Further enhancing educational activities for employees	



FINANCIAL SECTION

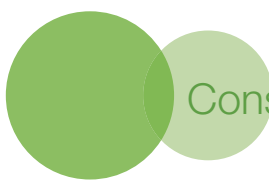
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Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2012	2013	2013
(ASSETS)			
Cash and deposits	315,187	457,517	4,864
Call loans	249,200	391,200	4,159
Monetary claims bought	294,324	285,082	3,031
Money held in trust	48,266	56,251	598
Securities	27,038,793	29,390,963	312,503
Loans	3,413,620	3,140,990	33,397
Tangible fixed assets	1,254,685	1,236,270	13,144
Land	809,048	794,387	8,446
Buildings	430,318	429,573	4,567
Leased assets	1,681	7,600	80
Construction in progress	9,747	524	5
Other tangible fixed assets	3,889	4,183	44
Intangible fixed assets	211,055	215,457	2,290
Software	71,036	67,479	717
Goodwill	63,654	69,103	734
Other intangible fixed assets	76,364	78,874	838
Reinsurance receivable	41,751	32,861	349
Other assets	307,973	390,844	4,155
Deferred tax assets	284,562	67,636	719
Customers' liabilities for acceptances and guarantees	20,074	33,446	355
Reserve for possible loan losses	(10,684)	(4,110)	(43)
Reserve for possible investment losses	(142)	-	-
Total assets	33,468,670	35,694,411	379,525
(LIABILITIES)			
Policy reserves and others	30,489,920	31,703,858	337,095
Reserves for outstanding claims	239,320	298,557	3,174
Policy reserves	29,862,729	31,012,539	329,745
Reserve for policyholder dividends	387,871	392,761	4,176
Reinsurance payable	12,681	16,541	175
Subordinated bonds	148,652	154,584	1,643
Other liabilities	1,188,105	1,496,592	15,912
Reserve for employees' retirement benefits	433,791	439,734	4,675
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,538	2,350	24
Reserve for possible reimbursement of prescribed claims	1,000	700	7
Reserves under the special laws	74,831	89,228	948
Reserve for price fluctuations	74,831	89,228	948
Deferred tax liabilities	9,719	13,511	143
Deferred tax liabilities for land revaluation	95,608	94,842	1,008
Acceptances and guarantees	20,074	33,446	355
Total liabilities	32,476,924	34,045,391	361,992
(NET ASSETS)			
Capital stock	210,200	210,207	2,235
Capital surplus	210,200	210,207	2,235
Retained earnings	165,557	156,357	1,662
Treasury stock	(16,703)	(13,431)	(142)
Total shareholders' equity	569,253	563,340	5,989
Net unrealized gains (losses) on securities, net of tax	483,446	1,099,351	11,689
Deferred hedge gains (losses)	(44)	(1,801)	(19)
Reserve for land revaluation	(61,616)	(36,995)	(393)
Foreign currency translation adjustments	(8,535)	18,229	193
Total accumulated other comprehensive income	413,249	1,078,784	11,470
Subscription rights to shares	150	379	4
Minority interests	9,091	6,514	69
Total net assets	991,745	1,649,020	17,533
Total liabilities and net assets	33,468,670	35,694,411	379,525

Consolidated Statement of Earnings



	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Ordinary revenues	4,931,781	5,283,989	56,182
Premium and other income	3,539,579	3,646,831	38,775
Investment income	1,035,662	1,335,120	14,195
Interest and dividends	698,627	709,592	7,544
Gains on investments in trading securities	822	19,492	207
Gains on sale of securities	259,619	226,587	2,409
Gains on redemption of securities	686	3,887	41
Foreign exchange gains	-	18,704	198
Reversal of reserve for possible loan losses	2,174	912	9
Other investment income	2,582	20,649	219
Gains on investments in separate accounts	71,149	335,295	3,565
Other ordinary revenues	356,539	302,037	3,211
Ordinary expenses	4,705,860	5,126,695	54,510
Benefits and claims	2,688,419	2,795,355	29,722
Claims	784,632	798,773	8,493
Annuities	541,770	556,474	5,916
Benefits	498,299	540,349	5,745
Surrender values	630,846	652,870	6,941
Other refunds	232,871	246,886	2,625
Provision for policy reserves and others	718,673	1,191,953	12,673
Provision for reserves for outstanding claims	-	53,489	568
Provision for policy reserves	709,161	1,129,293	12,007
Provision for interest on policyholder dividends	9,512	9,170	97
Investment expenses	380,315	221,738	2,357
Interest expenses	20,034	20,046	213
Losses on money held in trust	14,342	14,009	148
Losses on sale of securities	180,717	66,203	703
Losses on valuation of securities	44,713	3,210	34
Losses on redemption of securities	3,355	1,637	17
Derivative transaction losses	36,543	63,369	673
Foreign exchange losses	29,084	-	-
Provision for reserve for possible investment losses	17	-	-
Write-down of loans	58	429	4
Depreciation of real estate for rent and others	15,078	14,606	155
Other investment expenses	36,370	38,224	406
Operating expenses	471,061	486,419	5,171
Other ordinary expenses	447,390	431,227	4,585
Ordinary profit	225,920	157,294	1,672
Extraordinary gains	30,477	8,882	94
Gains on disposal of fixed assets	1,595	8,880	94
Reversal of reserve for price fluctuations	5,765	-	-
Gain on step acquisition	23,116	-	-
Other extraordinary gains	0	2	0
Extraordinary losses	36,348	24,054	255
Losses on disposal of fixed assets	2,631	6,350	67
Impairment losses on fixed assets	33,602	3,128	33
Provision for reserve for price fluctuations	-	14,397	153
Other extraordinary losses	114	179	1
Provision for reserve for policyholder dividends	69,000	86,000	914
Income before income taxes and minority interests	151,048	56,122	596
Corporate income taxes-current	29,597	80,625	857
Corporate income taxes-deferred	104,024	(54,086)	(575)
Total of corporate income taxes	133,621	26,538	282
Income before minority interests	17,427	29,583	314
Minority interests in gain (loss) of subsidiaries	(2,930)	(2,843)	(30)
Net income for the year	20,357	32,427	344

Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Income before minority interests	17,427	29,583	314
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax	244,910	615,900	6,548
Deferred hedge gains (losses)	(1,287)	(1,757)	(18)
Reserve for land revaluation	16,861	(97)	(1)
Foreign currency translation adjustments	(4,207)	23,904	254
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(604)	3,141	33
Total other comprehensive income	255,673	641,091	6,816
Comprehensive income	273,100	670,675	7,131
(Details)			
Attributable to shareholders of the parent company	275,722	673,243	7,158
Attributable to minority interests	(2,622)	(2,568)	(27)

Consolidated Statement of Changes in Net Assets

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Shareholders' equity			
Capital stock			
Balance at the beginning of the year	210,200	210,200	2,234
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares.....	-	7	0
Total changes for the year	-	7	0
Balance at the end of the year	210,200	210,207	2,235
Capital surplus			
Balance at the beginning of the year	210,200	210,200	2,234
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares.....	-	7	0
Disposal of treasury stock	(1,315)	(1,090)	(11)
Transfer from retained earnings to capital surplus	1,315	1,090	11
Total changes for the year	-	7	0
Balance at the end of the year	210,200	210,207	2,235
Retained earnings			
Balance at the beginning of the year	149,007	165,557	1,760
Changes for the year			
Dividends	(15,776)	(15,818)	(168)
Net income for the year	20,357	32,427	344
Transfer from retained earnings to capital surplus	(1,315)	(1,090)	(11)
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Others	0	0	0
Total changes for the year	16,549	(9,199)	(97)
Balance at the end of the year	165,557	156,357	1,662
Treasury stock			
Balance at the beginning of the year	(20,479)	(16,703)	(177)
Changes for the year			
Disposal of treasury stock	3,775	3,272	34
Total changes for the year	3,775	3,272	34
Balance at the end of the year	(16,703)	(13,431)	(142)
Total shareholders' equity			
Balance at the beginning of the year	548,928	569,253	6,052
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares.....	-	14	0
Dividends	(15,776)	(15,818)	(168)
Net income for the year	20,357	32,427	344
Disposal of treasury stock	2,459	2,182	23
Transfer from retained earnings to capital surplus	-	-	-
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Others	0	0	0
Total changes for the year	20,325	(5,912)	(62)
Balance at the end of the year	569,253	563,340	5,989
Accumulated other comprehensive income			
Net unrealized gains (losses) on securities, net of tax			
Balance at the beginning of the year	238,886	483,446	5,140
Changes for the year			
Net changes of items other than shareholders' equity.....	244,560	615,905	6,548
Total changes for the year	244,560	615,905	6,548
Balance at the end of the year	483,446	1,099,351	11,689

Consolidated Statement of Changes in Net Assets (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Deferred hedge gains (losses)			
Balance at the beginning of the year	1,243	(44)	(0)
Changes for the year			
Net changes of items other than shareholders' equity	(1,287)	(1,757)	(18)
Total changes for the year	(1,287)	(1,757)	(18)
Balance at the end of the year	(44)	(1,801)	(19)
Reserve for land revaluation			
Balance at the beginning of the year	(65,194)	(61,616)	(655)
Changes for the year			
Net changes of items other than shareholders' equity	3,577	24,621	261
Total changes for the year	3,577	24,621	261
Balance at the end of the year	(61,616)	(36,995)	(393)
Foreign currency translation adjustments			
Balance at the beginning of the year	(3,765)	(8,535)	(90)
Changes for the year			
Net changes of items other than shareholders' equity	(4,769)	26,765	284
Total changes for the year	(4,769)	26,765	284
Balance at the end of the year	(8,535)	18,229	193
Total accumulated other comprehensive income			
Balance at the beginning of the year	171,169	413,249	4,393
Changes for the year			
Net changes of items other than shareholders' equity	242,080	665,534	7,076
Total changes for the year	242,080	665,534	7,076
Balance at the end of the year	413,249	1,078,784	11,470
Subscription rights to shares			
Balance at the beginning of the year	-	150	1
Changes for the year			
Net changes of items other than shareholders' equity	150	229	2
Total changes for the year	150	229	2
Balance at the end of the year	150	379	4
Minority interests			
Balance at the beginning of the year	11,737	9,091	96
Changes for the year			
Net changes of items other than shareholders' equity	(2,646)	(2,577)	(27)
Total changes for the year	(2,646)	(2,577)	(27)
Balance at the end of the year	9,091	6,514	69
Total net assets			
Balance at the beginning of the year	731,835	991,745	10,544
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares	-	14	0
Dividends	(15,776)	(15,818)	(168)
Net income for the year	20,357	32,427	344
Disposal of treasury stock	2,459	2,182	23
Transfer from retained earnings to capital surplus	-	-	-
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Others	0	0	0
Net changes of items other than shareholders' equity	239,584	663,187	7,051
Total changes for the year	259,909	657,274	6,988
Balance at the end of the year	991,745	1,649,020	17,533

Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes and minority interests	151,048	56,122	596
Depreciation of rented real estate and others	15,078	14,606	155
Depreciation	38,555	39,992	425
Impairment losses on fixed assets	33,602	3,128	33
Amortization of goodwill	3,352	3,839	40
Increase (decrease) in reserves for outstanding claims	(45,804)	43,517	462
Increase (decrease) in policy reserves	706,755	1,134,919	12,067
Provision for interest on policyholder dividends	9,512	9,170	97
Provision for (reversal of) reserve for policyholder dividends	69,000	86,000	914
Increase (decrease) in reserve for possible loan losses	(2,244)	(1,469)	(15)
Increase (decrease) in reserve for possible investment losses	(80)	(142)	(1)
Write-down of loans	58	429	4
Increase (decrease) in reserve for employees' retirement benefits	13,725	5,941	63
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(628)	(188)	(1)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(100)	(300)	(3)
Increase (decrease) in reserve for price fluctuations	(5,765)	14,397	153
Interest and dividends	(698,627)	(709,592)	(7,544)
Securities related losses (gains)	(103,492)	(514,210)	(5,467)
Interest expenses	20,034	20,046	213
Foreign exchange losses (gains)	29,084	(18,704)	(198)
Losses (gains) on disposal of fixed assets	1,036	(2,530)	(26)
Equity in losses (income) of affiliates	(2,065)	(2,652)	(28)
Loss (gain) on step acquisitions	(23,116)	-	-
Decrease (increase) in reinsurance receivable	5,858	10,016	106
Decrease (increase) in other assets unrelated to investing and financing activities	5,773	(16,705)	(177)
Increase (decrease) in reinsurance payable	602	2,184	23
Increase (decrease) in other liabilities unrelated to investing and financing activities ..	3,046	27,947	297
Others, net	84,712	96,361	1,024
Subtotal	308,914	302,125	3,212
Interest and dividends received	744,172	738,053	7,847
Interest paid	(18,599)	(19,846)	(211)
Policyholder dividends paid	(94,311)	(90,280)	(959)
Others, net	(174,455)	(408,429)	(4,342)
Corporate income taxes paid	(35,650)	(33,918)	(360)
Net cash flows provided by (used in) operating activities	730,069	487,703	5,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of monetary claims bought	(30,900)	(20,800)	(221)
Proceeds from sale and redemption of monetary claims bought	36,014	28,701	305
Purchases of money held in trust	(9,100)	(23,500)	(249)
Proceeds from decrease in money held in trust	9,300	1,477	15
Purchases of securities	(9,839,307)	(8,441,421)	(89,754)
Proceeds from sale and redemption of securities	9,131,880	7,837,464	83,332
Origination of loans	(419,187)	(402,048)	(4,274)
Proceeds from collection of loans	633,334	687,176	7,306
Others, net	(33,626)	162,616	1,729
Total of net cash provided by (used in) investment transactions	(521,592)	(170,335)	(1,811)
Total of net cash provided by (used in) operating activities and investment transactions	208,476	317,368	3,374
Acquisition of tangible fixed assets	(25,817)	(34,178)	(363)
Proceeds from sale of tangible fixed assets	4,792	32,592	346
Acquisition of intangible fixed assets	(21,652)	(20,322)	(216)
Proceeds from sale of intangible fixed assets	0	89	0
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	(86,217)	-	-
Payments for execution of assets retirement obligations	(343)	-	-
Net cash flows provided by (used in) investing activities	(650,831)	(192,153)	(2,043)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	(2,377)	(2,210)	(23)
Repayment of financial lease obligations	(474)	(1,338)	(14)
Proceeds from disposal of treasury stock	2,456	2,165	23
Cash dividends paid	(15,693)	(15,746)	(167)
Others, net	(24)	(8)	(0)
Net cash flows provided by (used in) financing activities	(16,113)	(17,138)	(182)
Effect of exchange rate changes on cash and cash equivalents	(642)	5,919	62
Net increase (decrease) in cash and cash equivalents	62,482	284,330	3,023
Cash and cash equivalents at the beginning of the year	501,904	564,387	6,000
Cash and cash equivalents at the end of the year	564,387	848,717	9,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2013

I. BASIS FOR PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Life Insurance Company, Limited (“DL”) and its consolidated subsidiaries in accordance with the provisions set forth in the Financial Instruments and Exchange Act, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”) which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements are reclassified for the convenience of readers outside Japan. The notes to the consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥94.05=US\$1.00, the foreign exchange rate on March 31, 2013, has been used for translation of the truncated figures in Japanese yen. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

II. PRINCIPLES OF CONSOLIDATION

1. Scope of Consolidation

The consolidated financial statements include the accounts of DL and its consolidated subsidiaries (collectively, “the Group”), including The Dai-ichi Life Information Systems Co., Ltd., The Dai-ichi Frontier Life Insurance Co., Ltd. (“DFLI”), Dai-ichi Life Insurance Company of Vietnam, Limited and TAL Dai-ichi Life Australia Pty Ltd (“TDLA”). The number of consolidated subsidiaries as of March 31, 2013 was fifteen. One subsidiary of TDLA is excluded from the scope of consolidation as TDLA disposed of its interest in the company in September 2012.

The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. The thirteen non-consolidated subsidiaries had, individually and in the aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income, retained earnings, cash flows, and others.

There was no non-consolidated subsidiary accounted for under the equity method as of March 31, 2013.

The number of affiliated companies under the equity method as of March 31, 2013 was 29. The affiliated companies included DIAM Co., Ltd., 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 PUBLIC COMPANY LIMITED, Star Union Dai-ichi Life Insurance Company Limited and Janus Capital Group Inc.

OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED changed its name from Ocean Life Insurance Co., Ltd. on July 10, 2012.

As Janus Capital Group Inc. became an affiliated company of DL on January 22, 2013, effective the fiscal year ended March 31, 2013, Janus Capital Group Inc. and its fourteen group companies were newly included in the scope of the equity method of DL. 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 (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 the net income (loss), retained earnings and others.

The summary of special purpose entities is described in **XIX. SPECIFIED PURPOSE COMPANIES.**

2. Year-end Dates of Consolidated Subsidiaries

The closing date of domestic consolidated subsidiaries is March 31, whereas that of consolidated overseas subsidiaries is December 31 or March 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.

3. Summary of Significant Accounting Policies

(1) Valuation Methods of Securities

Securities held by DL 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:

The amortization of premiums and accretion of discounts is calculated by the straight-line method.

- a) Trading Securities
Trading securities are carried at fair value with cost determined by the moving average method.
- b) Held-to-maturity Bonds
Held-to-maturity bonds are stated at amortized cost determined by the moving average method.
- c) 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.
- d) 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.
- e) 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 at the end of the fiscal year (for domestic stocks, the average fair value during March), with cost determined by the moving average method.
 - ii) Available-for-sale Securities Whose Market Values Are Extremely Difficult to Recognize
 - 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 determined by 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 statement of earnings.

(2) Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

(3) Depreciation of Depreciable Assets

a) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets is calculated by the declining balance method (the depreciation of buildings other than attached improvements and structures is calculated by the straight-line method).

Estimated useful lives of major assets are as follows:

Buildings	2 to 60 years
Other tangible fixed assets	2 to 20 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 are acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years following the year end when such assets were depreciated to their final depreciable limit.

Depreciation of tangible fixed 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.

(Changes in accounting policies, which are difficult to distinguish from changes in accounting estimates)

Effective the fiscal year ended March 31, 2013, DL and its domestic consolidated subsidiaries changed their depreciation method for tangible fixed assets acquired on or after April 1, 2012 in accordance with the revision of the Corporation Tax Act.

As a result, consolidated ordinary profit and income before income taxes and minority interests for the fiscal year ended March 31, 2013 were each ¥357 million (US\$3 million) higher than they would have been if calculated using the previous depreciation method.

b) Amortization of Intangible Fixed Assets Excluding Leased Assets

DL and its consolidated subsidiaries use the straight-line method for amortization of intangible fixed assets excluding leased assets. Amortization of software for internal use is based on the estimated useful lives of 4 to 8 years.

c) Depreciation of Leased Assets

Depreciation of 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) 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 on 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 a) the recoverable amount covered by the collateral or guarantees and b) 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 DL 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 amounts written off during the years ended March 31, 2012 and 2013 were ¥119 million and ¥472 million (US\$5 million), respectively.

(5) 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, 2013.

Gains/losses on plan amendments are amortized under the straight-line method through a certain period (3 years) within the employees’ average remaining service period.

Actuarial differences are amortized under the straight-line method through a certain period (3 or 7 years) within the employees’ average remaining service period, starting from the following year.

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

(Additional information)

DL replaced a part of its lump-sum retirement benefit plan with a defined contribution pension plan on April 1, 2013, and adopted “Guidance on Accounting for Transfers between Retirement Benefit Plans” (Accounting Standards Board of Japan (ASBJ) Application Guidance No. 1 issued on January 31, 2002) and “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (Practical Issues Task Force No. 2 issued on February 7, 2007) to account for the replacement. As a result, DL recognized other extraordinary losses of ¥176 million (US\$1 million) for the fiscal year ended March 31, 2013.

(6) 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 DL, a) 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 DL and b) an estimated amount for future corporate-pension payments to directors, executive officers, and corporate auditors who retired before the 105th general meeting of representative policyholders of DL are provided.

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

(7) Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had expired, DL provided for reserve for possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

(8) 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.

(9) Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

DL translated foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies not accounted for under the equity method) into yen at the prevailing exchange rates 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 rates on the dates of acquisition. Assets, liabilities, revenues, and expenses of DL's consolidated overseas subsidiaries are translated to 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.

For certain consolidated subsidiaries of DL, changes in fair value of bonds included in foreign currency-denominated available-for-sale securities related to foreign currency-denominated insurance contracts are divided into two: changes in fair value due to changes in market prices in their original currencies are accounted for as "net unrealized gains (losses) on securities", and the remaining changes are reported in "foreign exchange gains (losses)".

(10) Methods for Hedge Accounting**a) Methods for Hedge Accounting**

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008). Primarily, i) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; ii) the currency allotment method and the deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); iii) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; and iv) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction).

b) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps	Loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps	Foreign currency-denominated bonds, 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 stocks (forecasted transaction)
Currency options	Foreign currency-denominated bonds
Equity options	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts	Domestic stocks

c) Hedging Policies

DL 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.

d) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of hedging instruments.

(11) Amortization of Goodwill

Goodwill is amortized over a period up to 20 years under the straight-line method. The entire amount is expensed as incurred if the amount is immaterial.

(12) 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.

(13) Calculation of National and Local Consumption Tax

DL and its domestic consolidated subsidiaries account for national and local consumption tax by the tax-exclusion method. Deferred consumption tax included in non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

(14) Policy Reserves

Policy reserves of DL 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:

- a) 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).
- b) Reserves for other policies are established based on the net level premium method.

(Additional information)

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired by DL on or before March 31, 1996 for which premium payments 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 the provisions for policy reserves for the year ended March 31, 2012 and 2013 were ¥105,958 million and ¥150,798 million (US\$1,603 million), respectively.

(15) Accounting Standard and Guidance Scheduled to be Applied

The accounting standard and relevant guidance that are not yet applied but scheduled to be applied are as follows:

- “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012), and
- “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012)

a) Overview

From the viewpoint of improvements to financial reporting and promoting international convergence, ASBJ revised the standard and guidance to improve accounting of unrecognized actuarial differences and unrecognized gains (losses) on plan amendments and calculation of projected benefit obligations and service costs and to enhance related disclosures.

b) Scheduled date for application

DL will apply the revised method for calculating projected benefit obligations and service cost effective the fiscal year beginning April 1, 2014, although it will apply the other components of the standard and guidance at the end of the fiscal year ending March 31, 2014.

c) Impact of applying the standard and guidance

The impact of applying the standard and guidance is currently under assessment.

(16) Policy Acquisition Costs

The costs of acquiring and renewing business, which include agent commissions and certain other costs directly related to the acquisition of business, are expensed when incurred as the Insurance Business Act in Japan does not permit insurance companies to defer and amortize these costs.

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Assets Pledged as Collateral / Secured Liabilities

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

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Securities (Government bonds).....	432,624	620,782	6,600
Securities (Foreign securities)	3,294	3,753	39
Securities (Corporate bonds)	526	534	5
Cash/deposits	86	86	0
Securities and cash/deposits pledged as collateral.....	436,532	625,157	6,647

The amounts of secured liabilities were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Cash collateral for securities lending transactions.....	405,816	568,433	6,043
Loans payable	8	5	0
Secured liabilities	405,824	568,438	6,043

“Securities (Government bonds)” pledged as collateral for securities lending transactions with cash collateral as of March 31, 2012 and 2013 were ¥394,756 million and ¥537,715 million (US\$5,717 million), respectively.

2. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2012 and 2013 was ¥490,077 million and ¥741,123 million (US\$7,880 million), respectively.

3. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value and the market value of policy-reserve-matching bonds as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Book value.....	8,375,688	10,794,851	114,777
Market value.....	8,898,007	12,005,334	127,648

(2) Risk Management Policy

DL and its certain subsidiary categorize their insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulate their policies on investments and resource allocation based on the balance of the sub-groups. Moreover, they periodically check that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance products of DL are:

- i) individual life insurance and annuities,
 - ii) non-participating single premium whole life insurance (without duty of medical disclosure),
 - iii) financial insurance and annuities, and
 - iv) group annuities,
- with the exception of certain types.

The sub-groups of insurance products of the subsidiary of DL are:

- i) individual life insurance and individual annuity (yen-denominated),
 - ii) individual life insurance and individual annuity (U.S. dollar-denominated), and
 - iii) individual life insurance and individual annuity (Australian dollar-denominated),
- with the exception of certain types and contracts.

4. Stocks of Subsidiaries and Affiliated Companies

The amounts of stocks of and stakes in non-consolidated subsidiaries and affiliated companies DL held were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Stocks	42,766	72,989	776
Capital	2,126	3,990	42
Total	44,892	76,980	818

5. Problem Loans

The amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	4,743	4,132	43
Delinquent loans	15,574	4,679	49
Loans past due for three months or more	-	-	-
Restructured loans	1,452	926	9
Total	21,770	9,738	103

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 Act. 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, decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	50	407	4
Delinquent loans	69	65	0

6. Commitment Line

As of March 31, 2012 and 2013, there were unused commitment line agreements under which DL is the lender of ¥2,300 million and ¥25,041 million (US\$266 million), respectively.

7. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2012 and 2013 was ¥621,752 million and ¥627,365 million (US\$6,670 million), respectively.

8. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2012 and 2013 were ¥2,450,415 million and ¥2,788,994 million (US\$29,654 million), respectively. Separate account liabilities were the same amount as the separate account assets.

9. Reinsurance

As of March 31, 2012 and 2013, 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 were ¥19 million and ¥12 million (US\$0 million), respectively.

As of March 31, 2012 and 2013, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥5,923 million and ¥8,236 million (US\$87 million), respectively.

10. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2012	2013	2013
			(Unit: million US dollars)
	(Unit: million yen)		
Balance at the beginning of the year.....	403,671	387,871	4,124
Dividends paid during the year.....	(94,311)	(90,280)	(959)
Interest accrual during the year.....	9,512	9,170	97
Provision for reserve for policyholder dividends	69,000	86,000	914
Balance at the end of the year	387,871	392,761	4,176

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

The estimated future obligations of DL and its subsidiaries that operate a life insurance business in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2012 and 2013 were ¥60,468 million and ¥58,654 million (US\$623 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

12. Revaluation of Land

Based on the "Law for Revaluation of Land" (Publicly Issued Law 34, March 31, 1998), DL revalued land for business use. The difference between the 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 of the Law for Revaluation of Land (Publicly Issued Cabinet Order 119, March 31, 1998).
- 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 was ¥58,604 million as of March 31, 2012, which included ¥18,199 million attributable to real estate for rent, and ¥31,044 million (US\$330 million) as of March 31, 2013, which included ¥8,883 million (US\$94 million) attributable to real estate for rent.

13. Subordinated Bonds

Subordinated bonds of ¥148,652 million and ¥154,584 million (US\$1,643 million) shown in liabilities as of March 31, 2012 and 2013 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

Issuer	Description	Issuance date	Balance as of April 1, 2012	Balance as of March 31, 2013	Interest rate (%)	Collateral	Maturity date
(Unit: million yen)							
DL	Foreign currency (US dollar) denominated subordinated bonds	March 17, 2004	41,090 [499 mil US\$]	47,022 [499 mil US\$]	5.73	None	March 17, 2014
DL	Foreign currency (US dollar) denominated perpetual subordinated bonds	March 15, 2011	107,562 [1,300 mil US\$]	107,562 [1,300 mil US\$]	7.25	None	Perpetual
Total	-	-	148,652	154,584	-	-	-

Note: 1. The figures in parentheses represent the principle amount in US dollars.
 2. Foreign currency (US dollar) denominated subordinated bonds of ¥47,022 million (US\$499 million) are due in one year or less.
 3. The following table shows the maturities of long-term subordinated bonds for the 5 years subsequent to March 31, 2013:

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Unit: million yen)					
Subordinated bonds.....	47,025	-	-	-	-
(Unit: million US dollars)					
Subordinated bonds.....	500	-	-	-	-

14. Subordinated Debt

As of March 31, 2012 and 2013, other liabilities included subordinated debt of ¥350,000 million and ¥350,000 million (US\$3,721 million), respectively, the repayment of which is subordinated to other obligations.

Category	Balance as of April 1, 2012	Balance as of March 31, 2013	Average interest rate (%)	Maturity	Balance as of April 1, 2012	Balance as of March 31, 2013
(Unit: million yen)			(Unit: million US dollars)			
Current portions of long-term borrowings.....	2	30,001	2.1	-	0	318
Current portions of lease obligations...	491	1,679	-	-	5	17
Long-term borrowings (excluding current portion)	380,325	350,905	2.8	September 2014 - perpetual	4,043	3,731
Lease obligations (excluding current portion)	1,190	5,878	-	April 2014 - August 2018	12	62
Total	382,010	388,465	-	-	4,061	4,130

Note: 1. Those borrowings and lease obligations above are included in the "other liabilities" on the consolidated balance sheet.
 2. The average interest rate represents the weighted-average rate applicable to the balance as of March 31, 2013. As for lease obligations, description is omitted since interest method is applied.
 3. The following table shows the maturities of long-term borrowings (excluding the current portion or those without maturities) and lease obligations (excluding the current portion) for the 5 years subsequent to March 31, 2013:

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Unit: million yen)				
Long-term borrowings.....	1	21,888	0	0
Lease obligations	1,610	1,455	1,221	1,193
(Unit: million US dollars)				
Long-term borrowings.....	0	232	0	0
Lease obligations	17	15	12	12

15. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2012, the Group held no securities borrowed which were not sold or pledged as collateral. As of March 31, 2013, the market value of the securities borrowed which were not sold or pledged as collateral was ¥9,644 million (US\$102 million).

16. Organizational Change Surplus

As of March 31, 2012 and March 31, 2013, the amounts of DL's organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US\$1,252 million), respectively.

IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

1. Operating Expenses

Details of operating expenses for the years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses	192,206	202,657	2,154
Sales management expenses	71,604	70,947	754
General management expenses.....	207,250	212,814	2,262

2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Land	1,293	3,265	34
Buildings.....	294	5,609	59
Other tangible fixed assets.....	1	4	0
Other assets	5	-	-
Total	1,595	8,880	94

3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Land	790	3,976	42
Buildings.....	829	837	8
Leased assets	3	1	0
Other tangible fixed assets.....	308	295	3
Software	86	110	1
Other intangible fixed assets.....	100	581	6
Other assets	512	546	5
Total	2,631	6,350	67

4. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the years ended March 31, 2012 and 2013 were as follows:

a) 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.

b) Background for Recognition of Impairment Losses

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

c) Breakdown of Impairment Losses

Impairment losses by asset group for the year ended March 31, 2012 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
(Unit: million yen)					
Real estate for rent	Tomakomai City, Hokkaido and others	5	378	467	845
Real estate not in use	Ashigara-kami County, Kanagawa Prefecture and others	92	28,929	3,605	32,534
Total		97	29,307	4,072	33,379

Impairment losses by asset group for the year ended March 31, 2013 were as follows:

Asset Group	Place	Number	Impairment Losses							
			(Unit: million yen)				(Unit: million US dollars)			
			Land	Land Leasehold Rights	Buildings	Total	Land	Land Leasehold Rights	Buildings	Total
Real estate for rent	Fujisawa City, Kanagawa Prefecture and others	2	125	501	687	1,315	1	5	7	13
Real estate not in use	Nagoya City, Aichi Prefecture and others	42	1,437	-	375	1,813	15	-	3	19
Total		44	1,563	501	1,063	3,128	16	5	11	33

d) 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. Discount rates of 2.81% and 2.73% for the years ended March 31, 2012 and 2013, respectively, were 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 for tax purposes is used as the net sale value.

V. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The amount reclassified and tax effect amounts related to other comprehensive income were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year	289,877	1,006,123	10,697
Amount reclassified	34,331	(117,516)	(1,249)
Before tax adjustment	324,209	888,607	9,448
Tax effect	(79,299)	(272,706)	(2,899)
Net unrealized gains (losses) on securities, net of tax	244,910	615,900	6,548
Deferred hedge gains (losses)			
Amount incurred during the year	(2,817)	(2,352)	(25)
Amount reclassified	(75)	(190)	(2)
Amount adjusted for asset acquisition cost	901	-	-
Before tax adjustment	(1,991)	(2,542)	(27)
Tax effect	704	784	8
Deferred hedge gains (losses)	(1,287)	(1,757)	(18)
Reserve for land revaluation			
Amount incurred during the year	-	-	-
Amount reclassified	-	-	-
Before tax adjustment	-	-	-
Tax effect	16,861	(97)	(1)
Reserve for land revaluation	16,861	(97)	(1)
Foreign currency translation adjustments			
Amount incurred during the year	(4,207)	23,904	254
Amount reclassified	-	-	-
Before tax adjustment	(4,207)	23,904	254
Tax effect	-	-	-
Foreign currency translation adjustments	(4,207)	23,904	254
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year	300	3,254	34
Amount reclassified	(905)	(113)	(1)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(604)	3,141	33
Total other comprehensive income	255,673	641,091	6,816

VI. NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

1. For the Year Ended March 31, 2012

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2012			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(Unit: thousands of shares)			
Common stock	10,000	-	-	10,000
Treasury stock ^(*)	139	-	26	113

(*) 26 thousand shares of decrease in treasury stock represents the sum of a) shares granted to eligible employees at retirement by the Stock Granting Trust (J-ESOP) under DL's incentive program granting middle management the purchased shares and b) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under DL's Trust-type Employee Shareholding Incentive Plan (E-Ship[®]).

(2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2012 (Unit: million yen)
DL	Stock acquisition rights in the form of stock options	150

(3) Dividends on Common Stocks

a) Dividends paid during the fiscal year ended March 31, 2012

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

(*) Total dividends did not include ¥223 million of dividends to the J-ESOP trust and the E-ship trust, as DL recognized the shares held by those trusts as treasury shares.

b) Dividends paid during the fiscal year ended March 31, 2013

Date of resolution	June 25, 2012 (at the Annual General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends ^(*)	¥15,818 million
Dividends per share	¥1,600
Record date	March 31, 2012
Effective date	June 26, 2012
Dividend resource	Retained earnings

(*) Total dividends did not include ¥181 million of dividends to the J-ESOP trust and the E-ship trust, as DL recognized the shares held by those trusts as treasury shares.

2. For the Year Ended March 31, 2013

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2013			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(Unit: thousands of shares)			
Common stock ^(*)	10,000	0	–	10,000
Treasury stock ^(**)	113	–	22	90

(*) 0 thousand shares of increase in common stock represents the exercise of stock acquisition rights.

(**) 22 thousand shares of decrease in treasury stock represents the sum of a) shares granted to eligible employees at retirement by the J-ESOP under DL's incentive program granting middle management the purchased shares and b) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

(2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2013 (Unit: million yen)
DL	Stock acquisition rights in the form of stock options	379 (US\$4 million)

(3) Dividends on Common Stocks

a) Dividends paid during the fiscal year ended March 31, 2013

Date of resolution	June 25, 2012 (at the Annual General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends ^(*)	¥15,818 million (US\$168 million)
Dividends per share	¥1,600 (US\$17.01)
Record date	March 31, 2012
Effective date	June 26, 2012
Dividend resource	Retained earnings

(*) Total dividends did not include ¥181 million (US\$1 million) of dividends to the J-ESOP trust and the E-ship trust, as DL recognized the shares held by those trusts as treasury shares.

b) Dividends, the record date of which was March 31, 2013, to be paid out in the year ending March 31, 2014

Date of resolution	June 24, 2013 (at the Annual General Meeting of Shareholders to be held)
Type of shares	Common stocks
Total dividends ^(*)	¥15,855 million (US\$168 million)
Dividends per share	¥1,600 (US\$17.01)
Record date	March 31, 2013
Effective date	June 25, 2013
Dividend resource	Retained earnings

(*) Total dividends did not include ¥145 million (US\$1 million) of dividends to the J-ESOP trust and the E-ship trust, as DL recognized the shares held by those trusts as treasury shares.

VII. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Cash and cash deposits.....	315,187	457,517	4,864
Call loans.....	249,200	391,200	4,159
Cash and cash equivalents.....	564,387	848,717	9,024

VIII. LEASE TRANSACTIONS

1. Finance Leases (As lessee)

(1) Acquisition cost, accumulated depreciation and net carrying amount of finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2012 were as follows:

	Tangible fixed assets	Total
	(Unit: million yen)	
Acquisition cost.....	1,146	1,146
Accumulated depreciation.....	1,016	1,016
Net carrying amount.....	129	129

Note: 1. Acquisition cost is calculated by the interest-payable-including-method, as the obligations under the finance leases represent a low percentage of tangible fixed assets.

2. There was no such finance lease as of March 31, 2013.

(2) Obligations under finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Due within one year.....	129	-	-
Due after one year.....	-	-	-
Total.....	129	-	-

Note: Obligations under the finance leases are calculated by the interest-payable-including-method, as the obligations under the finance leases represent a low percentage of tangible fixed assets.

(3) Total payments for finance leases accounted for in the same manner applicable to ordinary operating leases and depreciation for years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Total payments for the finance leases.....	232	-	-
Depreciation.....	232	-	-

(4) Calculation method of depreciation

Depreciation for leased assets is calculated over the lease term by the straight-line method assuming zero salvage value.

2. Operating Leases (As lessee)

Future minimum lease payments under noncancellable operating leases as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Due within one year.....	1,623	3,117	33
Due after one year.....	8,181	21,157	224
Total.....	9,804	24,274	258

IX. FINANCIAL INSTRUMENTS AND OTHERS

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 to ensure stable returns. With this strategy, DL and certain of its consolidated subsidiaries hold fixed income investments, including bonds and loans, as the core of their asset portfolio. While placing its financial soundness first, DL also holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

DL and certain of its consolidated subsidiaries use derivatives primarily to hedge market risks associated with their existing asset portfolio and supplement our investment objectives, taking into account the exposure of underlying assets. Moreover, they utilize derivatives to mitigate the risks associated with guaranteed minimum maturity benefits of individual variable annuity insurance.

With respect to financing, DL 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 growing areas. To avoid impacts from interest-rate fluctuations, DL utilizes derivative transactions in hedging some of such financial liabilities and adopts hedge accounting.

(2) Financial Instruments Used and Their Risks

Securities included in financial assets of DL and certain of its consolidated subsidiaries, mainly stocks and bonds, are categorized by their investment objectives such as held-to-maturity, policy-reserve-matching and available-for-sale. Those securities are exposed to market fluctuation risk, credit risk, and interest-rate risk and some of the securities denominated in foreign currency are exposed to foreign currency risk. Also, loans are exposed to credit risk arising from the defaults of obligors. DL and certain of its consolidated subsidiaries might be exposed to liquidity risk in certain circumstance in which they cannot access the financial market and make timely payments of principal, interest or other amounts. Also, some of their loans payable and bonds payable which are floating interest rate based and denominated in foreign currency are exposed to interest-rate risk and foreign currency risk.

They utilize interest rate swaps to hedge interest rate risk associated with certain of their loans receivable and payable and adopt hedge accounting.

In addition, they utilize a) equity forward contracts to hedge market fluctuation risks associated with domestic stocks, and b) foreign currency forward contracts, currency options and foreign currency swaps to hedge foreign currency risks associated with certain foreign currency-denominated bonds, foreign currency-denominated short-term deposits and foreign currency-denominated debts, etc. and adopt hedge accounting.

In applying the hedge accounting, in order to fulfill requirements stipulated in the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10 issued on March 10, 2008), DL and certain of its consolidated subsidiaries have established investment policy and procedure guidelines and clarified the risk of underlying assets to be hedged and derivative instruments to be used, and conducted pre- and post-effectiveness tests of the transactions.

(3) Risk Management

The risk management system of DL and certain of its domestic consolidated subsidiaries is as follows:

a) Market risk management

Under the internal investment policy and market risk management policy, they manage market risk by conducting mid- to long-term asset allocation in a manner appropriate to their liabilities. Therefore, they categorize their portfolio into sub-groups, based on their investment purpose, and manage them taking into account each of their risk characteristics.

i) Interest rate risk

They keep track of interest rates and durations of their assets and liabilities, monitor their internal analyses on duration gap and interest rate sensitivity, and periodically report their findings to their board of directors, etc.

ii) Currency risk

They keep track of currency composition of their financial assets and liabilities, conduct sensitivity analyses, and periodically report their findings to their board of directors, etc.

iii) Fluctuation in market values

They define risk management policies for each component of their overall portfolio, including securities, and specific risk management procedures. In such policies and procedures, they set and manage upper limits of each asset balance and risk exposure.

Such management conditions are periodically reported by their risk management sections to their board of directors, etc.

iv) Derivative transactions

For derivative transactions, they have established internal check system by segregating (a) executing department, (b) the department which engages in assessment of hedge effectiveness, and (c) the back-office. Additionally, in order to limit speculative use of derivatives, they have put restrictions on utilization purpose, such as hedging, and establish position limits for each asset class.

They also utilize derivatives in order to reduce the risk associated with guaranteed minimum maturity benefits of individual variable annuities. In accordance with their internal regulations to manage the risks associated with their guaranteed minimum maturity benefits, they (a) assess hedge effectiveness of derivative transactions, (b) manage gains and losses from derivative transactions on a daily basis, and (c) periodically check their progress on reducing the risk associated with their guaranteed minimum maturity benefits and measure estimated losses based on VaR (value-at-risk).

The risk management sections are in charge of managing overall risks including risks associated with their guaranteed minimum maturity benefits, and periodically report the status of such management to their board of directors, etc.

b) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, they have 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 section sets investment caps on individual issuers taking into account internal credit ratings and other factors. Excessive risk taking is restricted since front offices make investment within those caps. That credit management has been conducted by the credit and risk management sections, and has been periodically reported to their board of directors, etc. Additionally, the internal audit section has also checked credit management status.

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

In each of certain overseas consolidated subsidiaries, an investment committee established by their board of directors develops its investment policy, and periodically checks the compliance and the status of each risk, thus enabling the subsidiaries to manage their risks in conformity with the risk characteristics.

(4) Supplementary Explanation for Fair Value of Financial Instruments

As well as the values based on market prices, fair value of financial instruments includes 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 Value of Financial Instruments", the contract value itself does not indicate market risk related to derivative transactions.

2. Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2012 and 2013 were as follows.

The following tables do not include financial instruments whose fair value is extremely difficult to recognize (please refer to Note 2).

	As of March 31, 2012		
	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)		
(1) Cash and deposits.....	315,187	315,204	17
(2) Call loans	249,200	249,200	-
(3) Monetary claims bought.....	294,324	294,324	-
(4) Money held in trust	48,266	48,266	-
(5) Securities			
a. Trading securities	2,581,400	2,581,400	-
b. Held-to-maturity bonds	135,828	141,079	5,250
c. Policy-reserve-matching bonds.....	8,375,688	8,898,007	522,318
d. Stocks of subsidiaries and affiliated companies.....	1,932	1,932	-
e. Available-for-sale securities.....	14,761,239	14,761,239	-
(6) Loans.....	3,413,620		
Reserves for possible loan losses ^(*)	(8,812)		
	3,404,808	3,498,821	94,013
Total assets	30,167,876	30,789,476	621,599
(1) Bonds payable.....	148,652	155,194	6,542
(2) Long-term borrowings.....	380,327	367,611	(12,716)
Total liabilities	528,980	522,805	(6,174)

As of March 31, 2012			
	Carrying amount	Fair value	Gains (losses)
(Unit: million yen)			
Derivative transactions ^{(*)2}			
a. Hedge accounting not applied.....	[14,235]	[14,235]	-
b. Hedge accounting applied	[138,756]	[137,321]	1,434
Total derivative transactions	[152,992]	[151,557]	1,434

(*)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 presented on a net basis. Figures in [] are net debts.

As of March 31, 2013						
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
(1) Cash and deposits.....	457,517	457,534	17	4,864	4,864	0
(2) Call loans	391,200	391,200	-	4,159	4,159	-
(3) Monetary claims bought.....	285,082	285,082	-	3,031	3,031	-
(4) Money held in trust	56,251	56,251	-	598	598	-
(5) Securities						
a. Trading securities	2,906,496	2,906,496	-	30,903	30,903	-
b. Held-to-maturity bonds	142,267	147,965	5,698	1,512	1,573	60
c. Policy-reserve-matching bonds.....	10,794,851	12,005,334	1,210,483	114,777	127,648	12,870
d. Stocks of subsidiaries and affiliated companies	29,768	34,541	4,773	316	367	50
e. Available-for-sale securities	14,409,040	14,409,040	-	153,206	153,206	-
(6) Loans.....	3,140,990			33,397		
Reserves for possible loan losses ^{(*)1}	(3,172)			(33)		
	3,137,817	3,262,315	124,497	33,363	34,687	1,323
Total assets	32,610,293	33,955,763	1,345,470	346,733	361,039	14,305
(1) Bonds payable.....	154,584	170,107	15,522	1,643	1,808	165
(2) Long-term borrowings.....	380,907	377,110	(3,796)	4,050	4,009	(40)
Total liabilities	535,491	547,218	11,726	5,693	5,818	124
Derivative transactions ^{(*)2}						
a. Hedge accounting not applied.....	[16,818]	[16,818]	-	[178]	[178]	-
b. Hedge accounting applied	[161,207]	[160,279]	928	[1,714]	[1,704]	9
Total derivative transactions	[178,025]	[177,097]	928	[1,892]	[1,883]	9

(*)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 presented on a net basis. Figures in [] are net debts.

Note 1: Notes to Methods for Calculating Fair Value 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 a 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 the carrying amount since fair value is close to the 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 reasonably calculated price.

(4) Money held in trust

The 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. The fair value of mutual funds is based on unit price.

For details on derivative transactions of money held in trust, please refer to XII. DERIVATIVE TRANSACTIONS.

(5) Securities

The 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. The 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 X. SECURITIES.

(6) Loans

The 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 the 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 (the carrying amount on the balance sheet minus reserve for possible loan losses) is recorded as the fair value of risk-monitored loans.

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

Liabilities

(1) Bonds payable (subordinated bonds)

The fair value of bonds issued by DL is based on the price on the bond market.

(2) Long-term borrowings

The fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining periods which are assumed to be applied to new borrowing. Also, certain of long-term borrowings are deemed to have fair value close to book value, taking into account interest rates. Therefore, their book value is recorded as the fair value.

Derivative Instruments

For details on derivative transactions, please refer to XII. DERIVATIVE TRANSACTIONS.

Note 2: Financial instruments whose fair value is extremely difficult to recognize are as follows and are not included in the fair value of (5) Securities in Note 1

	As of March 31,		
	2012	2013	2013
	Carrying amount		
	(Unit: million yen)		(Unit: million US dollars)
1. Unlisted domestic stocks ^(*) (^(*))	160,745	156,513	1,664
2. Unlisted foreign stocks ^(*) (^(*))	16,459	18,208	193
3. Other foreign securities ^(*) (^(*))	916,996	846,824	9,003
4. Other securities ^(*) (^(*))	88,502	86,992	924
Total	1,182,703	1,108,539	11,786

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

(^(*)) DL recorded impairment charges of ¥830 million for the year ended March 31, 2012 and ¥79 million (US\$0 million) for the year ended March 31, 2013.

Note 3: Scheduled redemptions of monetary claims and securities with maturities

	As of March 31, 2012			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	(Unit: million yen)			
Cash and deposits	314,687	300	200	-
Call loans	249,200	-	-	-
Monetary claims bought	919	11,425	900	262,691
Money held in trust ^(*)	483	-	-	-
Securities:				
Held-to-maturity bonds (bonds)	-	50,400	-	47,900
Held-to-maturity bonds (foreign securities)	-	41,095	-	-
Policy-reserve-matching bonds (bonds)	16,136	620,386	236,695	7,453,470
Policy-reserve-matching bonds (foreign securities)	-	23,000	31,767	3,674
Available-for-sale securities with maturities (bonds)	202,497	1,684,551	2,379,342	2,775,935
Available-for-sale securities with maturities (foreign securities)	127,631	1,619,116	1,047,553	1,805,067
Available-for-sale securities with maturities (other securities)	39,733	24,426	17,321	23,099
Loans ^(*)	387,432	1,177,273	793,054	472,117

(*) Money held in trust without maturities amounted to ¥47,783 million was not included.

(^(*)) 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 ¥17,993 million were not included. Also, ¥565,239 million of loans without maturities were not included.

As of March 31, 2013

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
(Unit: million yen)				
Cash and deposits	457,317	-	200	-
Call loans	391,200	-	-	-
Monetary claims bought	-	15,205	-	252,825
Securities:				
Held-to-maturity bonds (bonds)	50,400	-	-	47,900
Held-to-maturity bonds (foreign securities)	47,025	-	-	-
Policy-reserve-matching bonds (bonds)	136,948	565,330	253,637	9,647,065
Policy-reserve-matching bonds (foreign securities)	-	32,162	132,770	3,231
Available-for-sale securities with maturities (bonds)	438,773	1,581,922	1,276,565	2,279,645
Available-for-sale securities with maturities (foreign securities) ..	67,446	1,900,757	1,248,028	1,725,624
Available-for-sale securities with maturities (other securities) ...	4,653	54,200	26,378	21,993
Loans (*)	329,587	1,088,960	735,600	478,220

As of March 31, 2013

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
(Unit: million US dollars)				
Cash and deposits	4,862	-	2	-
Call loans	4,159	-	-	-
Monetary claims bought	-	161	-	2,688
Securities:				
Held-to-maturity bonds (bonds)	535	-	-	509
Held-to-maturity bonds (foreign securities)	500	-	-	-
Policy-reserve-matching bonds (bonds)	1,456	6,010	2,696	102,573
Policy-reserve-matching bonds (foreign securities)	-	341	1,411	34
Available-for-sale securities with maturities (bonds)	4,665	16,820	13,573	24,238
Available-for-sale securities with maturities (foreign securities) ..	717	20,210	13,269	18,347
Available-for-sale securities with maturities (other securities) ...	49	576	280	233
Loans (*)	3,504	11,578	7,821	5,084

(*) 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 ¥6,615 million (US\$70 million) were not included. Also, ¥501,548 million (US\$5,332 million) of loans without maturities were not included.

Note 4: Scheduled maturities of bonds and long term borrowings

As of March 31, 2012

	Due in 1 year or less	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
(Unit: million yen)						
Bonds payable (*)	-	41,095	-	-	-	-
Long term borrowings (*)	2	30,002	1	19,098	0	0

(*) ¥107,562 million of bonds payable without maturities were not included.
 (*) ¥331,221 million of long term borrowings without maturities were not included.

As of March 31, 2013

	Due in 1 year or less	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
(Unit: million yen)						
Bonds payable (*)	47,025	-	-	-	-	-
Long term borrowings (*)	30,001	1	21,888	0	0	0

As of March 31, 2013

	Due in 1 year or less	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
(Unit: million US dollars)						
Bonds payable (*)	500	-	-	-	-	-
Long term borrowings (*)	318	0	232	0	0	0

(*) ¥107,562 million (US\$1,143 million) of bonds payable without maturities were not included.
 (*) ¥329,014 million (US\$3,498 million) of long term borrowings without maturities were not included.

X. SECURITIES

1. Trading Securities

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Gains (losses) on valuation of trading securities	89,603	315,317	3,352

2. Held-to-maturity Bonds

As of March 31, 2012						
	Carrying amount	Market value	Unrealized gains (losses)			
(Unit: million yen)						
Held-to-maturity securities with unrealized gains:						
(1) Bonds	94,524	96,999	2,474			
a. Government bonds	94,524	96,999	2,474			
(2) Foreign securities	41,303	44,079	2,775			
a. Foreign bonds	41,303	44,079	2,775			
Total	135,828	141,079	5,250			

As of March 31, 2013						
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Held-to-maturity securities with unrealized gains:						
(1) Bonds	95,131	99,341	4,210	1,011	1,056	44
a. Government bonds	95,131	99,341	4,210	1,011	1,056	44
(2) Foreign securities	47,135	48,623	1,487	501	516	15
a. Foreign bonds	47,135	48,623	1,487	501	516	15
Total	142,267	147,965	5,698	1,512	1,573	60

3. Policy-reserve-matching Bonds

As of March 31, 2012			
	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)			
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	8,015,770	8,538,824	523,053
a. Government bonds	7,528,520	8,032,442	503,921
b. Local government bonds	192,491	199,446	6,955
c. Corporate bonds	294,758	306,935	12,177
(2) Foreign Securities	37,160	37,668	507
a. Foreign bonds	37,160	37,668	507
Subtotal	8,052,931	8,576,493	523,561
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	299,937	298,892	(1,044)
a. Government bonds	295,694	295,054	(639)
b. Local government bonds	-	-	-
c. Corporate bonds	4,243	3,838	(404)
(2) Foreign Securities	22,819	22,621	(198)
a. Foreign bonds	22,819	22,621	(198)
Subtotal	322,757	321,514	(1,242)
Total	8,375,688	8,898,007	522,318

As of March 31, 2013

	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Policy-reserve-matching bonds with unrealized gains:						
(1) Bonds	10,609,565	11,817,208	1,207,642	112,807	125,648	12,840
a. Government bonds	10,040,231	11,223,444	1,183,212	106,754	119,334	12,580
b. Local government bonds	186,673	194,066	7,392	1,984	2,063	78
c. Corporate bonds	382,660	399,697	17,036	4,068	4,249	181
(2) Foreign securities	112,533	116,216	3,682	1,196	1,235	39
a. Foreign bonds	112,533	116,216	3,682	1,196	1,235	39
Subtotal	10,722,099	11,933,424	1,211,325	114,004	126,883	12,879
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds	12,218	12,046	(171)	129	128	(1)
a. Government bonds	-	-	-	-	-	-
b. Local government bonds	201	201	(0)	2	2	(0)
c. Corporate bonds	12,017	11,845	(171)	127	125	(1)
(2) Foreign securities	60,533	59,863	(669)	643	636	(7)
a. Foreign bonds	60,533	59,863	(669)	643	636	(7)
Subtotal	72,752	71,910	(841)	773	764	(8)
Total	10,794,851	12,005,334	1,210,483	114,777	127,648	12,870

4. Available-for-sale Securities

As of March 31, 2012

	Carrying amount	Purchase cost	Unrealized gains (losses)
	(Unit: million yen)		
Available-for-sale securities with unrealized gains:			
(1) Bonds	7,078,074	6,794,699	283,375
a. Government bonds	5,184,182	4,972,746	211,435
b. Local government bonds	121,595	116,314	5,281
c. Corporate bonds	1,772,296	1,705,638	66,658
(2) Domestic stocks	1,355,047	889,514	465,533
(3) Foreign securities	4,334,987	4,117,939	217,048
a. Foreign bonds	4,187,956	3,991,235	196,720
b. Other foreign securities	147,031	126,703	20,327
(4) Other securities	330,546	306,526	24,019
Subtotal	13,098,657	12,108,680	989,976
Available-for-sale securities with unrealized losses:			
(1) Bonds	273,060	286,468	(13,407)
a. Government bonds	96,634	96,715	(80)
b. Local government bonds	4	4	(0)
c. Corporate bonds	176,422	189,749	(13,326)
(2) Domestic stocks	617,513	785,222	(167,709)
(3) Foreign securities	1,003,037	1,098,264	(95,226)
a. Foreign bonds	708,774	762,126	(53,351)
b. Other foreign securities	294,263	336,138	(41,875)
(4) Other securities	78,294	89,691	(11,396)
Subtotal	1,971,907	2,259,647	(287,740)
Total	15,070,564	14,368,327	702,236

Note: Figures in the above table 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 sheet, respectively. The aggregate purchase cost and carrying amount of such certificates of deposits were ¥15,000 million and ¥15,000 million, respectively, as of March 31, 2012. The aggregate purchase cost and carrying amount of trust beneficiary rights were ¥275,893 million and ¥294,324 million, respectively, as of March 31, 2012.

As of March 31, 2013

	Carrying amount	Purchase cost	Unrealized gains (losses)	Carrying amount	Purchase cost	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Available-for-sale securities with unrealized gains:						
(1) Bonds	5,805,653	5,377,103	428,550	61,729	57,172	4,556
a. Government bonds	3,910,382	3,565,845	344,536	41,577	37,914	3,663
b. Local government bonds	112,261	106,992	5,269	1,193	1,137	56
c. Corporate bonds	1,783,009	1,704,265	78,743	18,958	18,120	837
(2) Domestic stocks	1,930,168	1,196,220	733,948	20,522	12,718	7,803
(3) Foreign securities	5,389,343	4,847,380	541,963	57,302	51,540	5,762
a. Foreign bonds	4,932,803	4,469,456	463,346	52,448	47,522	4,926
b. Other foreign securities	456,540	377,923	78,616	4,854	4,018	835
(4) Other securities	421,434	379,921	41,513	4,480	4,039	441
Subtotal	13,546,600	11,800,625	1,745,975	144,036	125,471	18,564
Available-for-sale securities with unrealized losses:						
(1) Bonds	227,149	231,317	(4,167)	2,415	2,459	(44)
a. Government bonds	111,560	112,084	(524)	1,186	1,191	(5)
b. Local government bonds	102	103	(0)	1	1	(0)
c. Corporate bonds	115,486	119,128	(3,642)	1,227	1,266	(38)
(2) Domestic stocks	320,107	410,668	(90,560)	3,403	4,366	(962)
(3) Foreign securities	546,369	588,794	(42,424)	5,809	6,260	(451)
a. Foreign bonds	399,680	425,932	(26,252)	4,249	4,528	(279)
b. Other foreign securities	146,689	162,861	(16,172)	1,559	1,731	(171)
(4) Other securities	88,894	91,914	(3,019)	945	977	(32)
Subtotal	1,182,521	1,322,694	(140,172)	12,573	14,063	(1,490)
Total	14,729,122	13,123,319	1,605,803	156,609	139,535	17,073

Note: Figures in the above table 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 sheet, respectively. The aggregate purchase cost and carrying amount of such certificates of deposits were ¥35,000 million (US\$372 million) and ¥34,999 million (US\$372 million), respectively, as of March 31, 2013. The aggregate purchase cost and carrying amount of trust beneficiary rights were ¥267,993 million (US\$2,849 million) and ¥285,082 million (US\$3,031 million), respectively, as of March 31, 2013.

5. Held-to-maturity Bonds Sold

DL and its consolidated subsidiaries sold no held-to-maturity bonds during the years ended March 31, 2012 and 2013.

6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31, 2012			Year ended March 31, 2013		
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	812,327	47,817	-	7,385	421	30
a. Government bonds	812,327	47,817	-	7,385	421	30
Total	812,327	47,817	-	7,490	435	30
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	694,578	39,613	2,830	7,385	421	30
a. Government bonds	694,578	39,613	2,830	7,385	421	30
(2) Foreign securities	9,887	1,384	-	105	14	-
a. Foreign bonds	9,887	1,384	-	105	14	-
Total	704,466	40,997	2,830	7,490	435	30

7. Available-for-sale Securities Sold

Available-for-sale securities sold during the years ended March 31, 2012 and 2013 were as follows.

	Year ended March 31, 2012			Year ended March 31, 2013		
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	1,645,408	44,429	8,802	24,702	700	3
a. Government bonds.....	1,415,930	37,775	4,119	22,748	655	2
b. Local government bonds.....	–	–	–	69	0	0
c. Corporate bonds.....	229,477	6,654	4,682	1,884	44	0
(2) Domestic stocks.....	298,115	55,516	55,177	1,556	300	242
(3) Foreign securities	4,071,073	93,900	116,737	30,512	970	427
a. Foreign bonds.....	4,034,770	90,075	108,993	30,021	935	314
b. Other foreign securities	36,302	3,824	7,743	491	35	112
(4) Other securities	17,332	17,956	–	18	1	–
Total.....	6,031,928	211,801	180,717	56,789	1,973	673

8. Securities Written Down

DL 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 amounts written down from the balance of available-for-sale securities with market value for the year ended March 31, 2012 and 2013 were ¥43,882 million and ¥3,131 million (US\$33 million), respectively.

XI. MONEY HELD IN TRUST

Money Held in Trust for Trading

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount on the consolidated balance sheet	48,266	56,251	598
Gains (losses) on valuation of money held in trust.....	(14,507)	(12,130)	(128)

XII. DERIVATIVE TRANSACTIONS

1. Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions

As of March 31, 2012				
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Over-the-counter transactions:				
Foreign currency forward contracts:				
Sold	436,729	–	(15,755)	(15,755)
U.S. dollar	260,489	–	(9,743)	(9,743)
Euro	97,106	–	(4,894)	(4,894)
Australian dollar	36,769	–	(102)	(102)
Canadian dollar	19,478	–	(20)	(20)
British pound	14,579	–	(814)	(814)
Others	8,305	–	(180)	(180)
Bought	242,580	–	1,581	1,581
U.S. dollar	116,470	–	628	628
Euro	62,163	–	1,154	1,154
Australian dollar	32,628	–	(334)	(334)
Canadian dollar	16,974	–	(2)	(2)
British pound	6,124	–	85	85
Others	8,219	–	50	50
Currency swaps				
Receipts yen, payments foreign				
currency	1,560	1,560	(171)	(171)
Australian dollar	1,560	1,560	(171)	(171)
Currency options				
Bought:				
Put	110,876			
	[1,674]	–	14	(1,659)
Euro	110,876			
	[1,674]	–	14	(1,659)
Total				(16,005)

Note: 1. (1) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.

(2) Fair value of currency swaps is calculated by discounting expected cash flows.

(3) An option pricing model is used for fair value calculation of currency options.

2. Figures in [] are option premiums which are included in the consolidated balance sheet.

3. Fair value for forward contracts and swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

As of March 31, 2013

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)				(Unit: million US dollars)			
Over-the-counter transactions:								
Foreign currency forward contracts:								
Sold	1,414,300	-	(16,530)	(16,530)	15,037	-	(175)	(175)
U.S. dollar.....	741,240	-	(13,625)	(13,625)	7,881	-	(144)	(144)
Euro	265,344	-	(2,345)	(2,345)	2,821	-	(24)	(24)
Australian dollar.....	71,327	-	(376)	(376)	758	-	(3)	(3)
British pound.....	48,783	-	(442)	(442)	518	-	(4)	(4)
Canadian dollar	22,717	-	0	0	241	-	0	0
Others.....	264,885	-	258	258	2,816	-	2	2
Bought.....	1,168,220	-	(653)	(653)	12,421	-	(6)	(6)
U.S. dollar.....	576,066	-	1,109	1,109	6,125	-	11	11
Euro	205,113	-	(1,915)	(1,915)	2,180	-	(20)	(20)
Australian dollar.....	59,030	-	5	5	627	-	0	0
British pound.....	33,812	-	269	269	359	-	2	2
Canadian dollar	24,927	-	67	67	265	-	0	0
Others.....	269,268	-	(189)	(189)	2,863	-	(2)	(2)
Currency swaps:								
Receipts yen, payments								
foreign currency	1,560	1,560	(506)	(506)	16	16	(5)	(5)
Australian dollar.....	1,560	1,560	(506)	(506)	16	16	(5)	(5)
Total				(17,690)				(188)

Note: 1. (1) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.

(2) Fair value of currency swaps is calculated by discounting expected cash flows.

2. Fair value is shown in "Gains (losses)".

(2) Interest-related transactions

As of March 31, 2012

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)			
Exchange-traded transactions:				
Interest rate futures:				
Bought	74,748	-	3	3
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating..	21,800	17,500	566	566
Receipts floating, payments fixed..	7,500	7,500	(129)	(129)
Total				439

Note: 1. (1) Fair value of interest rate futures listed above is based on the closing exchange-traded prices.

(2) Fair value of yen interest rate swaps listed above is present value of expected cash flows, discounted by the interest rates at the end of the year.

2. Fair value is shown in "Gains (losses)".

As of March 31, 2013

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)				(Unit: million US dollars)			
Exchange-traded transactions:								
Interest rate futures:								
Sold	23,451	-	(3)	(3)	249	-	(0)	(0)
Over-the-counter transactions:								
Yen interest rate swaps:								
Receipts fixed, payments floating..	18,010	14,510	498	498	191	154	5	5
Receipts floating, payments fixed..	3,700	3,700	(74)	(74)	39	39	(0)	(0)
Total				420				4

Note: 1. (1) Fair value of interest rate futures listed above is based on the closing exchange-traded prices.
(2) Fair value of yen interest rate swaps listed above is present value of expected cash flows, discounted by the interest rates at the end of the year.
2. Fair value is shown in "Gains (losses)".

(3) Stock-related transactions

As of March 31, 2012

	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)		
Exchange-traded transactions:			
Yen stock index futures:			
Sold	10,146	(411)	(411)
Bought.....	4,100	56	56
Foreign currency-denominated stock index futures:			
Sold	14,052	(97)	(97)
Stock index options:			
Bought:			
Put	109,913		
	[4,202]	71	(4,130)
Total.....			(4,583)

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Figures in [] are option premiums which are included in the consolidated balance sheet.
3. Fair value for futures and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
4. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2013

	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Exchange-traded transactions:						
Yen stock index futures:						
Sold	4,285	(14)	(14)	45	(0)	(0)
Bought.....	8,779	255	255	93	2	2
Foreign currency-denominated stock index futures:						
Sold	4,398	(27)	(27)	46	(0)	(0)
Bought.....	5,740	(1)	(1)	61	(0)	(0)
Total.....			212			2

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

(4) Bond-related transactions

As of March 31, 2012

	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold.....	11,099	23	23
Foreign currency-denominated bond futures:			
Sold.....	21,911	66	66
Over-the-counter transactions:			
Bond OTC options:			
Sold:			
Call.....	3,010		
	[3]	4	(0)
Put	20,007		
	[41]	62	(20)
Bought:			
Call.....	20,007		
	[21]	8	(12)
Put	102,993		
	[1,192]	5	(1,187)
Total.....			(1,131)

Note: 1. (1) Fair value of yen bond futures and foreign bond futures is based on the closing exchange-traded prices.
(2) Fair value of bond OTC options is based on the prices quoted from information vendors.
2. Figures in [] are option premiums which are included in the consolidated balance sheet.
3. Fair value for futures and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
4. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2013

	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Exchange-traded transactions:						
Yen bond futures:						
Sold.....	12,759	(40)	(40)	135	(0)	(0)
Bought	41,654	92	92	442	0	0
Foreign currency-denominated bond futures:						
Sold.....	2,985	(10)	(10)	31	(0)	(0)
Yen bond futures options						
Sold						
Put	42,850			455		
	[17]	24	(6)	[0]	0	(0)
Over-the-counter transactions:						
Bond OTC options:						
Sold:						
Call.....	6,175			65		
	[22]	81	(59)	[0]	0	(0)
Put	65,258			693		
	[80]	46	34	[0]	0	0
Bought:						
Call.....	65,258			693		
	[58]	319	260	[0]	3	2
Put	6,175			65		
	[27]	29	1	[0]	0	0
Total.....			271			2

Note: 1. (1) Fair value of yen bond futures, foreign bond futures and yen bond futures options is based on the closing exchange-traded prices.
(2) Fair value of bond OTC options is based on the prices quoted from information vendors.
2. Figures in [] are option premiums which are included in the consolidated balance sheet.
3. Fair value for futures and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
4. There were no transactions with maturity of more than one year in the table above.

(5) Others

DFLI utilizes derivative transactions within its money held in trust for trading purposes and foreign securities (investment trust). Details of the derivative transactions are as follows:

a) Currency-related transactions

As of March 31, 2012			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange traded transactions:			
Currency futures:			
Sold	15,344	(238)	(238)
(Euro / U.S. dollar)	10,679	(139)	(139)
(British pound / U.S. dollar)	4,664	(99)	(99)
Bought	31,744	(230)	(230)
(Yen / U.S. dollar)	31,744	(230)	(230)
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold	89,219	(5,109)	(5,109)
U.S. dollar	44,413	(2,395)	(2,395)
Euro	20,955	(1,385)	(1,385)
British pound	6,065	(423)	(423)
Canadian dollar	6,032	(345)	(345)
Australian dollar	5,905	(189)	(189)
Others	5,846	(370)	(370)
Total			(5,578)

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices.
 (2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
 2. Fair value is shown in "Gains (losses)".
 3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2013						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Exchange traded transactions:						
Currency futures:						
Sold	31,272	(332)	(332)	332	(3)	(3)
(Yen / U.S. dollar)	31,272	(332)	(332)	332	(3)	(3)
Bought	15,317	(95)	(95)	162	(1)	(1)
(Euro / U.S. dollar)	10,649	(102)	(102)	113	(1)	(1)
(British pound / U.S. dollar)	4,667	7	7	49	0	0
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold	28,018	(146)	(146)	297	(1)	(1)
U.S. dollar	15,872	(99)	(99)	168	(1)	(1)
Euro	5,822	(32)	(32)	61	(0)	(0)
Canadian dollar	2,127	(7)	(7)	22	(0)	(0)
Australian dollar	1,529	(10)	(10)	16	(0)	(0)
British pound	1,230	0	0	13	0	0
Others	1,435	2	2	15	0	0
Total			(574)			(6)

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices.
 (2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
 2. Fair value is shown in "Gains (losses)".
 3. There were no transactions with maturity of more than one year in the table above.

b) Stock-related transactions

As of March 31, 2012			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold	49,486	(1,882)	(1,882)
Foreign currency-denominated stock index futures:			
Sold	43,483	(307)	(307)
Total			(2,189)

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2013						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Exchange-traded transactions:						
Yen stock index futures:						
Sold	11,846	(96)	(96)	125	(1)	(1)
Bought	13,407	35	35	142	0	0
Foreign currency-denominated stock index futures:						
Sold	9,045	(59)	(59)	96	(0)	(0)
Bought	13,595	3	3	144	0	0
Total			(116)			(1)

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

c) Bond-related transactions

As of March 31, 2012			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Bought	5,666	14	14
Foreign currency-denominated bond futures:			
Sold	113,718	444	444
Total			458

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2013						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Exchange-traded transactions:						
Yen bond futures:						
Bought	29,031	60	60	308	0	0
Foreign currency-denominated bond futures:						
Sold	32,188	(123)	(123)	342	(1)	(1)
Bought	19,033	204	204	202	2	2
Total			141			1

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

2. Derivative Transactions (Hedge Accounting Applied)

(1) Currency-related transactions

As of March 31, 2012

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold.....	2,539,107	–	(138,246)
U.S. dollar	1,604,010	–	(88,623)
Euro	671,205	–	(37,535)
British pound.....	131,637	–	(7,461)
Australian dollar	96,993	–	(1,243)
Canadian dollar	11,649	–	(763)
Others	23,610	–	(2,618)
Bought	7,761	–	64
U.S. dollar	3,134	–	16
Euro.....	3,058	–	58
British pound.....	1,568	–	(10)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:			
Foreign currency forward contracts to hedge foreign currency-denominated term deposits:			
Sold.....	205,203	–	(*)
Australian dollar	135,212	–	(*)
U.S. dollar	69,990	–	(*)
Currency swaps to hedge foreign currency-denominated bonds payable:			
Receipts foreign currency,			
payments yen.....	107,562	107,562	(*)
U.S. dollar	107,562	107,562	(*)

Note: Forward exchange rates at the end of the fiscal year are used for fair value calculation.

(*) As foreign currency forward contracts and foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated term deposits and bonds payable as hedged items, their fair value is included in the fair value of such foreign currency-denominated term deposits and bonds payable.

As of March 31, 2013

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
	(Unit: million yen)			(Unit: million US dollars)		
Deferral hedge:						
Currency swaps to hedge foreign currency-denominated bonds:						
Receipts yen, payments						
foreign currency	9,877	9,877	(1,139)	105	105	(12)
U.S. dollar	9,877	9,877	(1,139)	105	105	(12)
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold	2,427,927	-	(145,161)	25,815	-	(1,543)
U.S. dollar	1,481,780	-	(138,325)	15,755	-	(1,470)
Euro	660,985	-	(4,347)	7,028	-	(46)
British pound	167,377	-	(188)	1,779	-	(1)
Australian dollar	62,762	-	(1,348)	667	-	(14)
Canadian dollar	14,290	-	17	151	-	0
Others	40,731	-	(968)	433	-	(10)
Bought	8,601	-	421	91	-	4
U.S. dollar	7,012	-	462	74	-	4
Euro	710	-	(25)	7	-	(0)
British pound	440	-	(7)	4	-	(0)
Australian dollar	131	-	(1)	1	-	(0)
Others	306	-	(6)	3	-	(0)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:						
Foreign currency forward contracts to hedge foreign currency-denominated term deposits:						
Sold	265,260	-	(*1)	2,820	-	(*1)
Australian dollar	180,277	-	(*1)	1,916	-	(*1)
U.S. dollar	84,982	-	(*1)	903	-	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable:						
Receipts foreign currency,						
payments yen	107,562	107,562	(*2)	1,143	1,143	(*2)
U.S. dollar	107,562	107,562	(*2)	1,143	1,143	(*2)

Note: 1. Currency swaps: Fair value of currency swaps is calculated by discounting expected cash flows.

2. Foreign currency forward contracts: Forward exchange rates at the end of the fiscal year are used for fair value calculation.

(*1) As foreign currency forward contracts which apply the currency allotment method are accounted for as combined with foreign currency-denominated term deposits as hedged items, their fair value is included in the fair value of such foreign currency-denominated term deposits.

(*2) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable.

(2) Interest-related transactions

As of March 31, 2012			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Deferral hedge			
Yen interest rate swaps to hedge loans payable:			
Receipts floating, payments fixed ...	320,000	320,000	(573)
Special hedge accounting			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating ...	70,200	52,100	1,434

Note: Fair value listed above is present values of expected cash flows, discounted by the interest rates at the end of the fiscal year.

As of March 31, 2013						
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			(Unit: million US dollars)			
Deferral hedge						
Yen interest rate swaps to hedge loans payable:						
Receipts floating, payments fixed ...	320,000	320,000	(1,786)	3,402	3,402	(18)
Special hedge accounting						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating ...	52,100	19,700	928	553	209	9

Note: Fair value listed above is present values of expected cash flows, discounted by the interest rates at the end of the fiscal year.

(3) Stock-related transactions

As of March 31, 2013				
	Notional amount/ contract value	Fair value	Notional amount/ contract value	Fair value
(Unit: million yen)		(Unit: million US dollars)		
Fair value hedge				
Equity forward contracts to hedge domestic stocks:				
Sold.....	34,949	(13,541)	371	(143)

Note: 1. Fair value listed above is based on the market price of underlying assets, interest rates and expected dividends, etc.
2. There were no transactions with maturity of more than one year in the table above.
3. There was no such stock-related transaction as of March 31, 2012.

XIII. EMPLOYEES' RETIREMENT BENEFITS

1. Overview of Employees' Retirement Benefit Plan of the Group:

As a defined benefit plan for its sales representatives, DL has established and maintained a benefit plan consisting of retirement lump sum grants and company administered pension.

As a defined benefit plan for its administrative personnel, DL has established and maintained a benefit plan consisting of defined benefit corporate pension, retirement lump sum grants and defined contribution pension.

Certain consolidated subsidiaries maintain their benefit plan consisting of retirement lump sum grants and defined benefit corporate pension.

As of April 1, 2013, DL transferred certain of its retirement lump sum grants to defined contribution pension.

2. Funding Status of Employees' Retirement Benefits of the Group

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
a. Projected benefit obligations	(665,149)	(664,761)	(7,068)
b. Pension assets	209,541	235,369	2,502
Retirement benefit trust included in the above pension assets	102,682	120,596	1,282
c. Unfunded benefit obligations (a + b).....	(455,607)	(429,392)	(4,565)
d. Unrecognized actuarial differences.....	21,803	(10,344)	(109)
e. Unrecognized gains/losses on plan amendments	12	2	0
f. Reserve for employees' retirement benefits (c + d + e)	(433,791)	(439,734)	(4,675)

Note: Certain of its consolidated subsidiaries applied simplified methods in calculating their projected benefit obligations.

3. Retirement Benefit Expenses

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
a. Service cost (Note).....	26,053	25,968	276
b. Interest cost.....	11,257	11,311	120
c. Estimated investment income.....	(1,789)	(1,803)	(19)
d. Amortization of unrecognized actuarial differences.....	13,356	5,907	62
e. Amortization of unrecognized gains/losses on plan amendments...	9	9	0
f. Others.....	-	176	1
g. Retirement benefit expenses (a + b + c + d + e + f).....	48,888	41,570	441

Note: Retirement benefit expenses of DL's consolidated subsidiaries which apply simplified methods are included in the item "Service cost".

4. Assumptions

	Year ended March 31,	
	2012	2013
Method of periodic allocation of benefit obligations.....	straight-line method	straight-line method
Discount rate.....	1.7 or 1.8%	1.1 or 1.7%
Estimated return on investment		
a. Defined benefit corporate pension.....	1.0 or 1.7%	1.0 or 1.7%
b. Retirement benefit trust.....	0.0%	0.0%
Amortization period for actuarial differences.....	3 or 7 years (Starting from the following fiscal year under the straight-line method)	3 or 7 years (Starting from the following fiscal year under the straight-line method)
Amortization period for gains/losses on plan amendments.....	3 years (Amortized under the straight-line method)	3 years (Amortized under the straight-line method)

XIV. STOCK OPTIONS

1. The account used to record expenses associated with issuing stock options and the amount expensed

Operating expenses for the fiscal year ended March 31, 2012: ¥150 million

Operating expenses for the fiscal year ended March 31, 2013: ¥244 million (US\$2 million)

2. Details of the stock options granted for the fiscal year ended March 31, 2013

(1) Details of the stock options

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Granted persons	10 directors (except outside directors) and 16 executive officers of DL	11 directors (except outside directors) and 16 executive officers of DL
Class and total number ^(*)	1,698 shares of common stock	3,187 shares of common stock
Granted date	August 16, 2011	August 16, 2012
Vesting conditions	The acquisition rights are vested on the above granted date.	The acquisition rights are vested on the above granted date.
Service period covered	N/A	N/A
Exercise period	From August 17, 2011 to August 16, 2041 A granted person may exercise stock options only within 10 days from the day following the date on which she/he loses the status as both a director and an executive officer of DL.	From August 17, 2012 to August 16, 2042 A granted person may exercise stock options only within 10 days from the day following the date on which she/he loses the status as both a director and an executive officer of DL.

(*) The total number of stock options is translated to the number of common stocks for better understanding.

(2) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2013 and the total number of stock options is translated to the number of common stock.

a) Number of the stock options

(shares)

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Before vesting		
Outstanding at the end of prior fiscal year	-	-
Granted	-	3,187
Forfeited	-	-
Vested	-	3,187
Outstanding at the end of the fiscal year	-	-
After vesting		
Outstanding at the end of prior fiscal year	1,698	-
Vested	-	3,187
Exercised	166	-
Forfeited	-	-
Outstanding at the end of the fiscal year	1,532	3,187

b) Price information

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥117,900	-
Fair value at the granted date	¥88,521	¥76,638

3. Valuation method used for estimating fair value of stock options

Stock options granted for the fiscal year ended March 31, 2013 were valued as follows:

(1) Valuation method

Black-Scholes Model

(2) Assumptions

	2nd Series of Stock Acquisition Rights
Expected volatility ⁽¹⁾	39.504%
Expected durations ⁽²⁾	3 years
Expected dividends ⁽³⁾	¥1,600
Risk-free interest rate ⁽⁴⁾	0.096%

⁽¹⁾ Computed based on the closing prices of common stock in each trading day from April 1, 2010 to August 15, 2012.

⁽²⁾ Computed based on the average service period from the granted date to expected exercise date.

⁽³⁾ Computed based on the expected dividend for the fiscal year ended March 31, 2013.

⁽⁴⁾ Based on yields of Japanese government bonds for a term corresponding to the expected durations.

4. Method to estimate the number of stock options vested

Only the actual number of forfeited stock options is considered, because it is difficult to rationally estimate the number of stock options to be forfeited in the future.

XV. DEFERRED TAX ACCOUNTING

1. Major components of deferred tax assets and liabilities as of March 31, 2012 and 2013

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others.....	337,527	405,907	4,315
Reserve for employees' retirement benefits	162,237	163,467	1,738
Reserve for price fluctuations.....	23,258	27,620	293
Losses on valuation of securities.....	27,091	18,824	200
Tax losses carried forward.....	14,536	13,775	146
Others	37,197	32,828	349
Subtotal	601,849	662,424	7,043
Valuation allowances	(60,007)	(68,985)	(733)
Total.....	541,842	593,438	6,309
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax.....	(222,978)	(487,237)	(5,180)
Other intangible fixed assets	(12,882)	(13,987)	(148)
Reserve for tax basis adjustments of real estate.....	(8,561)	(9,222)	(98)
Losses on valuation of securities.....	(3,213)	(7,142)	(75)
Others	(19,362)	(21,722)	(230)
Total.....	(266,998)	(539,313)	(5,734)
Net deferred tax assets.....	274,843	54,125	575

2. The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes are as follows:

	As of March 31,	
	2012	2013
Statutory tax rate.....	36.09%	33.23%
(Adjustments)		
Reversal of reserve for land revaluation	(0.52%)	(18.56%)
Increase in valuation allowances.....	6.75%	17.30%
Difference in tax rate associated with special corporate tax for reconstruction	–	12.59%
Decrease in deferred tax assets in relation to change in tax rates	50.12%	–
Others.....	(3.98%)	2.73%
Actual effective tax rate after considering deferred taxes.....	88.46%	47.29%

XVI. ASSET RETIREMENT OBLIGATIONS

1. Overview of Asset Retirement Obligations

DL 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 Method of Asset Retirement Obligations

DL 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 2.294%.

3. Increase and Decrease in Asset Retirement Obligations

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

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance ⁽¹⁾	4,019	3,551	37
Time progress adjustments.....	46	38	0
Others.....	(514)	(734)	(7)
Ending balance.....	3,551	2,855	30

XVII. REAL ESTATE FOR RENT

DL 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, 2012 and 2013 was ¥26,757 million and ¥24,807 million (US\$263 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded extraordinary loss of ¥7,945 million for impairment loss on rental real estate for the fiscal year ended March 31, 2012 and that of ¥2,949 million (US\$31 million) for the fiscal year ended March 31, 2013.

The carrying amount, net change during the year and the market value of such rental real estate were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount			
Beginning balance.....	844,127	840,711	8,938
Net change during year.....	(3,416)	(26,703)	(283)
Ending balance.....	840,711	814,007	8,655
Market value.....	819,920	768,069	8,166

Note: 1. The carrying amount of rental real estate on the consolidated balance sheet was acquisition costs net of accumulated depreciation and impairments.
 2. Net change in carrying amount includes cost of acquisition of the real estate for ¥14,644 million and the depreciation expense of ¥15,069 million during the year ended March 31, 2012 and cost of acquisition of the real estate for ¥26,014 million (US\$276 million), sale of the real estate for ¥28,411 million (US\$302 million) and the depreciation expense of ¥14,597 million (US\$155 million) during the year ended March 31, 2013.
 3. DL calculates the market value of the majority of the rental real estate based on real estate appraisal standards by an independent appraiser, and others based on the internal but reasonable estimates.

XVIII. SEGMENT INFORMATION AND OTHERS

1. Segment Information

For the years ended March 31, 2012 and March 31, 2013

Overview of the reporting segments

The overview of the reporting segment has been omitted as DL on a consolidated basis did not operate any businesses categorized in segments other than its own core life insurance business.

2. Other Related Information

For the years ended March 31, 2012 and March 31, 2013

(1) Product (Service) Segment Information

The product (service) segment information has been omitted as the Group's operations consist of only one product (service) segment.

(2) Geographic Segment Information

The geographic segment information has been omitted as more than 90% of the Group's ordinary revenues and tangible fixed assets derive from its business unit in Japan.

(3) Major Customer Information

The major customer information has been omitted as no single customer accounts for 10% or more of the Group's ordinary revenues.

3. Impairment Losses on Fixed Assets by Reporting Segment

For the years ended March 31, 2012 and March 31, 2013

The information on impairment losses on fixed assets by reporting segment has been omitted as the Group's operations consist of only one segment.

4. Amortization of Goodwill and Unamortized Amount of Goodwill by Reporting Segment

For the year ended March 31, 2012 and March 31, 2013

The information on the amortization of goodwill and unamortized amount of goodwill by reporting segment has been omitted as the Group's operations consist of only one segment.

5. Gain on Negative Goodwill by Reporting Segment

For the years ended March 31, 2012 and March 31, 2013

Not applicable

6. Related Party Transactions

For the years ended March 31, 2012 and March 31, 2013

There are no significant transactions to be disclosed.

XIX. SPECIFIED PURPOSE COMPANIES

1. Securitization of Subordinated Obligations

DL securitized subordinated obligations to broaden the range of investors and to secure a stable base for raising capital. For the securitization, DL utilized Tokutei Mokuteki Kaisha ("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 subordinated loans. DL holds non-voting shares in the Cayman-based special purpose companies ("SPCs"), which in turn hold specified shares in the TMKs. DL monitors the TMKs' financial situation and appropriately recognizes such non-voting shares in accordance with the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008) regarding the non-voting preferred shares in its financial statements.

The information of the TMK with which DL has transactions is as follows. DL held no ordinary shares in such TMK and the TMK had no directors, officers, or employees transferred from DL.

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Number of TMKs	One entity	One entity	One entity
Total assets at the end of latest fiscal year	30,359	30,359	322
Total liabilities at the end of latest fiscal year	30,087	30,087	319

The amounts involved in the principal transactions between DL and the TMK were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Subordinated obligation	30,000	30,000	318

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Interest expenses	619	616	6

2. Investment in Securitized Real Estate

To diversify investments in real estate and stabilize its investment returns, DL had exposure to an investment project to securitize real estate. DL invested in the SPCs under an anonymous association contract, etc. based on the Commercial Code.

The investment in the anonymous association contract was accounted for based on the SPCs' financial conditions and the fair value of real estate owned by the SPCs in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008). DL anticipates no obligation in the future to cover possible losses of the SPCs. Even if the fair value of the real estate declines, the loss of DL is limited to the amount of investment in the anonymous association contract.

The information of the SPCs with which DL has transactions is as follows. As of March 31, 2012 and 2013, DL had no management authority in the SPCs and the SPCs had no directors, officers, or employees transferred from DL.

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Number of SPCs	Three entities	Two entities	Two entities
Total assets at the end of latest fiscal year	139,037	124,403	1,322
Total liabilities at the end of latest fiscal year	94,520	85,265	906

Note: For the fiscal year ended March 31, 2013, an SPC under the liquidation procedures is excluded from the above table.

The amounts involved in transactions between DL and the SPCs were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Investment in anonymous association	28,237	27,111	288
Preferred investments	2,900	-	-

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Dividends from investment in anonymous association	2,044	2,118	22
Dividends from preferred investments	147	98	1

XX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2012	2013	2013
	(Unit: yen)		(Unit: US dollars)
Net assets per share	99,376.82	165,713.79	1,761.97
Net income per share	2,061.78	3,275.48	34.82
Diluted net income per share	2,061.55	3,274.27	34.81

Note 1: Underlying basis for the calculation of the net income per share and the diluted net income per share was as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income	20,357	32,427	344
Net income attributable to other than shareholders of common stock	-	-	-
Net income attributable to shareholders of common stock	20,357	32,427	344
Average number of common stock outstanding ^(*)	9,873 thousand shares	9,900 thousand shares	9,900 thousand shares
Diluted net income per share			
Adjustments to net income	-	-	-
Increase in the number of common stock	1 thousand shares	3 thousand shares	3 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares]	[1 thousand shares]	[3 thousand shares]	[3 thousand shares]
Outline of the dilutive shares which are not counted in the basis of calculation of diluted net income per share because they do not have dilutive effect	-	-	-

Note: (*) "Average number of common stock outstanding" in the above table excludes shares held by the J-ESOP or the E-Ship®.

Note 2: Underlying basis for the calculation of the net assets per share was as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Net assets	991,745	1,649,020	17,533
Adjustments	9,242	6,894	73
Subscription rights to shares.....	150	379	4
Minority interests	9,091	6,514	69
Net assets attributable to common stock.....	982,503	1,642,125	17,460
Number of common stock outstanding ^(*)	9,886 thousand shares	9,909 thousand shares	9,909 thousand shares

Note: (*) "Number of common stock outstanding" in the above table excludes shares held by the J-ESOP or the E-Ship®.

XXI. SUBSEQUENT EVENTS

- To help improve convenience and liquidity in securities markets in accordance with the "Action Plan for the Consolidation of Trading Units" announced by all stock exchanges in Japan in November 2007, the board of directors of DL held on May 15, 2013 passed a resolution to split 1 share of its ordinary shares into 100 shares and, accordingly, amend the number of shares constituting one unit of DL's ordinary shares from 1 share to 100 shares effective on October 1, 2013.

If DL had split shares at the beginning of the fiscal year ended March 31, 2012, its per share information for the fiscal year ended March 31, 2012 and 2013 is as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: yen)		(Unit: US dollars)
Net assets per share	993.77	1,657.14	17.61
Net income per share	20.62	32.75	0.34
Diluted net income per share	20.62	32.74	0.34

- On June 3, 2013, DL has concluded a contract on subscription of new shares of PT Panin Life ("Panin Life"), an Indonesian life insurance company, and PT Panin Internasional ("Panin Internasional"), its intermediate holding company, with PT Panin Financial Tbk ("Panin Financial"), the parent company of these companies, Panin Internasional and Panin Life.

(1) Purpose of share acquisition

The investment in Panin Life is based on DL's core growth strategy to enhance overseas life insurance businesses and to enter into Indonesia, a promising life insurance market with the 4th largest population in the world.

Additionally, Panin Life is a life insurance subsidiary of Panin Financial, a leading financial corporation, which also owns Panin Bank, one of the major banks in Indonesia. Panin Life has a number of distribution channels such as agency, bancassurance, direct marketing and telemarketing, and by diversifying into other various sales channels; Panin Life has successfully grown its underlying business performance in recent years. The investment in Panin Life will bring added value for business growth of both DL and Panin Life, providing excellence to customers and business partners.

(2) Name, business and size of acquired company

a) Name of the acquired company

PT Panin Life (*)

(*) By acquiring 5% of shares of Panin Life and 36.842% of shares of Panin Internasional, DL will effectively own 40% shares of Panin Life.

b) Business

Life insurance business

c) Size (as of December 31, 2012)

Total asset: 3,876.1 billion IDR (¥40.3 billion / US\$0.4 billion) (*)

(3) Number of shares acquired, amount to be invested and DL's percentage of share holdings after completion of the transaction

a) Number of shares acquired

Panin Internasional: 75,344,500 shares

Panin Life: 533,669,000 shares

b) Amount to be invested

3,300.0 billion IDR (¥34.3 billion / US\$0.3 billion)

c) DL's percentage of share holdings after completion of the transaction

Panin Internasional: 36.842%

Panin Life: 5%

(4) Others

Simultaneously, subject to obtaining relevant approvals from local authorities, Panin Life is expected to enter into a long-term exclusive bancassurance agreement with Panin Bank.

(*) The exchange rate used to calculate the yen-denominated amount is 1 IDR = 0.0104 JPY.

XXII. QUARTERLY INFORMATION

	Three months ended June 30, 2012	Six months ended September 30, 2012	Nine months ended December 31, 2012	Year ended March 31, 2013
Ordinary revenues (million yen)	1,201,630	2,337,735	3,583,723	5,283,989
Income (loss) before income taxes and minority interests (million yen)	8,770	33,754	36,185	56,122
Net income (loss) (million yen)	11,131	28,052	24,676	32,427
Net income (loss) per share (yen)	1,125.53	2,835.23	2,493.21	3,275.48

	Three months ended June 30, 2012	Three months ended September 30, 2012	Three months ended December 31, 2012	Three months ended March 31, 2013
Net income (loss) per share (yen)	1,125.53	1,709.45	(340.94)	782.31

	Three months ended June 30, 2012	Six months ended September 30, 2012	Nine months ended December 31, 2012	Year ended March 31, 2013
Ordinary revenues (million US dollars)	12,776	24,856	38,104	56,182
Income (loss) before income taxes and minority interests (million US dollars)	93	358	384	596
Net income (loss) (million US dollars)	118	298	262	344
Net income (loss) per share (US dollars)	11.96	30.14	26.50	34.82

	Three months ended June 30, 2012	Three months ended September 30, 2012	Three months ended December 31, 2012	Three months ended March 31, 2013
Net income (loss) per share (US dollars)	11.96	18.17	(3.62)	8.31



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Independent Auditor's Report

The Board of Directors
The Dai-ichi Life Insurance Company, Limited

We have audited the accompanying consolidated financial statements of The Dai-ichi Life Insurance Company, Limited and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of earnings, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Dai-ichi Life Insurance Company, Limited and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note I.

Ernst & Young ShinNihon LLC

June 24, 2013

A member firm of Ernst & Young Global Limited

Non-Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2012	2013	2013
(ASSETS)			
Cash and deposits	259,498	363,601	3,866
Cash	330	309	3
Bank deposits	259,168	363,292	3,862
Call loans	239,800	365,800	3,889
Monetary claims bought	294,324	283,103	3,010
Money held in trust	20,672	24,071	255
Securities	25,333,423	27,161,984	288,803
Government bonds	13,354,741	14,323,032	152,291
Local government bonds	311,133	290,628	3,090
Corporate bonds	2,187,285	2,137,606	22,728
Stocks	2,549,923	2,842,790	30,226
Foreign securities	6,614,982	7,165,487	76,188
Other securities	315,355	402,437	4,278
Loans	3,412,529	3,139,671	33,382
Policy loans	509,826	480,229	5,106
Ordinary loans	2,902,702	2,659,441	28,276
Ordinary loans	2,878,380	2,659,441	28,276
Trust loans	24,321	-	-
Tangible fixed assets	1,254,198	1,236,034	13,142
Land	809,048	794,387	8,446
Buildings	430,305	429,561	4,567
Leased assets	1,664	7,588	80
Construction in progress	9,747	524	5
Other tangible fixed assets	3,432	3,972	42
Intangible fixed assets	105,338	100,909	1,072
Software	71,923	68,665	730
Other intangible fixed assets	33,415	32,243	342
Reinsurance receivable	7,076	14,096	149
Other assets	243,177	288,309	3,065
Accounts receivable	26,839	69,311	736
Prepaid expenses	14,439	13,811	146
Accrued revenue	117,802	125,805	1,337
Deposits	40,508	40,102	426
Margin money for futures trading	7,682	7,119	75
Differential account for futures trading	1	80	0
Derivatives	5,892	12,928	137
Suspense payment	12,656	8,895	94
Other assets	17,353	10,255	109
Deferred tax assets	282,638	65,570	697
Customers' liabilities for acceptances and guarantees	20,074	33,446	355
Reserve for possible loan losses	(10,670)	(4,109)	(43)
Reserve for possible investment losses	(142)	-	-
Total assets	31,461,940	33,072,490	351,647

Non-Consolidated Balance Sheet (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2012	2013	2013
(LIABILITIES)			
Policy reserves and others	28,529,906	29,168,377	310,136
Reserves for outstanding claims	130,386	138,570	1,473
Policy reserves	28,011,648	28,637,045	304,487
Reserve for policyholder dividends	387,871	392,761	4,176
Reinsurance payable	458	727	7
Subordinated bonds	148,652	154,584	1,643
Other liabilities	1,128,862	1,413,825	15,032
Collateral for securities lending transactions	405,816	568,433	6,043
Long-term debt and other borrowings	361,229	359,019	3,817
Corporate income tax payable	6,222	56,612	601
Accounts payable	53,232	89,424	950
Accrued expenses	47,573	46,281	492
Unearned revenue	1,229	1,046	11
Deposits received	53,588	53,883	572
Guarantee deposits received	31,869	31,935	339
Differential account for futures trading	43	-	-
Derivatives	155,358	188,880	2,008
Lease liabilities	1,664	7,545	80
Asset retirement obligations	3,551	2,855	30
Suspense receipt	7,406	7,857	83
Other liabilities	75	48	0
Reserve for employees' retirement benefits	432,022	437,514	4,651
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,521	2,327	24
Reserve for possible reimbursement of prescribed claims	1,000	700	7
Reserves under the special laws	74,453	88,453	940
Reserve for price fluctuations	74,453	88,453	940
Deferred tax liabilities for land revaluation	95,608	94,842	1,008
Acceptances and guarantees	20,074	33,446	355
Total liabilities	30,433,560	31,394,799	333,809
(NET ASSETS)			
Capital stock	210,200	210,207	2,235
Capital surplus	210,200	210,207	2,235
Legal capital surplus	210,200	210,207	2,235
Retained earnings	206,703	216,541	2,302
Legal retained earnings	5,600	5,600	59
Other retained earnings	201,103	210,941	2,242
Fund for risk allowance	43,120	43,120	458
Fund for price fluctuation allowance	65,000	65,000	691
Reserve for tax basis adjustments of real estate	19,352	20,838	221
Retained earnings brought forward	73,630	81,982	871
Treasury stock	(16,703)	(13,431)	(142)
Total shareholders' equity	610,399	623,524	6,629
Net unrealized gains (losses) on securities, net of tax	479,490	1,092,583	11,617
Deferred hedge gains (losses)	(44)	(1,801)	(19)
Reserve for land revaluation	(61,616)	(36,995)	(393)
Total of valuation and translation adjustments	417,829	1,053,786	11,204
Subscription rights to shares	150	379	4
Total net assets	1,028,379	1,677,691	17,838
Total liabilities and net assets	31,461,940	33,072,490	351,647

Non-Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Ordinary revenues	4,398,207	4,315,957	45,890
Premium and other income	3,056,096	2,921,863	31,067
Premium income	3,055,324	2,921,183	31,059
Reinsurance income	771	680	7
Investment income	974,046	1,104,462	11,743
Interest and dividends	691,988	695,667	7,396
Interest from bank deposits	5,949	6,170	65
Interest and dividends from securities	531,101	541,982	5,762
Interest from loans	80,885	76,336	811
Rental income	65,872	63,359	673
Other interest and dividends	8,178	7,819	83
Gains on money held in trust	522	4,904	52
Gains on sale of securities	259,461	211,859	2,252
Gains on redemption of securities	686	3,887	41
Reversal of reserve for possible loan losses	2,159	898	9
Other investment income	2,582	20,649	219
Gains on investments in separate accounts	16,646	166,594	1,771
Other ordinary revenues	368,063	289,631	3,079
Fund receipt for annuity rider of group insurance	814	692	7
Fund receipt for claim deposit payment	282,590	273,136	2,904
Reversal of reserves for outstanding claims	67,308	-	-
Other ordinary revenues	17,349	15,802	168
Ordinary expenses	4,154,442	4,142,150	44,041
Benefits and claims	2,508,726	2,467,768	26,238
Claims	748,564	762,305	8,105
Annuities	540,354	554,669	5,897
Benefits	473,412	505,888	5,378
Surrender values	605,198	519,955	5,528
Other refunds	140,168	123,603	1,314
Ceding reinsurance commissions	1,028	1,346	14
Provision for policy reserves and others	431,636	642,751	6,834
Provision for reserves for outstanding claims	-	8,184	87
Provision for policy reserves	422,124	625,396	6,649
Provision for interest on policyholder dividends	9,512	9,170	97
Investment expenses	363,380	206,514	2,195
Interest expenses	18,666	18,849	200
Losses on sale of securities	180,705	66,196	703
Losses on valuation of securities	44,713	3,210	34
Losses on redemption of securities	3,355	1,637	17
Derivative transaction losses	31,156	48,996	520
Foreign exchange losses	34,444	15,462	164
Provision for reserve for possible investment losses	17	-	-
Write-down of loans	58	429	4
Depreciation of rented real estate and others	15,078	14,606	155
Other investment expenses	35,185	37,124	394
Operating expenses	415,611	408,876	4,347
Other ordinary expenses	435,087	416,239	4,425
Claim deposit payments	351,666	341,855	3,634
National and local taxes	24,454	23,228	246
Depreciation	36,034	37,372	397
Provision for reserve for employees' retirement benefits	13,710	5,314	56
Other ordinary expenses	9,221	8,467	90
Ordinary profit	243,765	173,806	1,848

Non-Consolidated Statement of Earnings (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Extraordinary gains.....	7,589	8,877	94
Gains on disposal of fixed assets	1,589	8,877	94
Reversal of reserve for price fluctuations.....	6,000	-	-
Extraordinary losses	35,962	23,502	249
Losses on disposal of fixed assets	2,582	6,197	65
Impairment losses on fixed assets	33,379	3,128	33
Provision for reserve for price fluctuations.....	-	14,000	148
Other extraordinary losses	-	176	1
Provision for reserve for policyholder dividends	69,000	86,000	914
Income before income taxes	146,391	73,182	778
Corporate income taxes-current	24,798	76,190	810
Corporate income taxes-deferred	103,968	(54,473)	(579)
Total of corporate income taxes.....	128,766	21,716	230
Net income for the year	17,624	51,465	547

Non-Consolidated Statement of Changes in Net Assets

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Shareholders' equity			
Capital stock			
Balance at the beginning of the year	210,200	210,200	2,234
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares	-	7	0
Total changes for the year	-	7	0
Balance at the end of the year	210,200	210,207	2,235
Capital surplus			
Legal capital surplus			
Balance at the beginning of the year	210,200	210,200	2,234
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares	-	7	0
Total changes for the year	-	7	0
Balance at the end of the year	210,200	210,207	2,235
Other capital surplus			
Balance at the beginning of the year	-	-	-
Changes for the year			
Disposal of treasury stock	(1,315)	(1,090)	(11)
Transfer from retained earnings to capital surplus	1,315	1,090	11
Total changes for the year	-	-	-
Balance at the end of the year	-	-	-
Total capital surplus			
Balance at the beginning of the year	210,200	210,200	2,234
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares	-	7	0
Disposal of treasury stock	(1,315)	(1,090)	(11)
Transfer from retained earnings to capital surplus	1,315	1,090	11
Total changes for the year	-	7	0
Balance at the end of the year	210,200	210,207	2,235
Retained earnings			
Legal retained earnings			
Balance at the beginning of the year	5,600	5,600	59
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	5,600	5,600	59
Other retained earnings			
Fund for risk allowance			
Balance at the beginning of the year	43,120	43,120	458
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	43,120	43,120	458
Fund for price fluctuation allowance			
Balance at the beginning of the year	65,000	65,000	691
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	65,000	65,000	691
Reserve for tax basis adjustments of real estate			
Balance at the beginning of the year	17,962	19,352	205
Changes for the year			
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	1,520	-	-
Transfer to reserve for tax basis adjustments of real estate	8	1,621	17
Transfer from reserve for tax basis adjustments of real estate	(138)	(135)	(1)
Total changes for the year	1,390	1,486	15
Balance at the end of the year	19,352	20,838	221

Non-Consolidated Statement of Changes in Net Assets (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Retained earnings brought forward			
Balance at the beginning of the year	61,205	73,630	782
Changes for the year			
Dividends	(15,776)	(15,818)	(168)
Net income for the year	17,624	51,465	547
Transfer from retained earnings to capital surplus	(1,315)	(1,090)	(11)
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	(1,520)	-	-
Transfer to reserve for tax basis adjustments of real estate	(8)	(1,621)	(17)
Transfer from reserve for tax basis adjustments of real estate	138	135	1
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Total changes for the year	12,425	8,351	88
Balance at the end of the year	73,630	81,982	871
Total retained earnings			
Balance at the beginning of the year	192,887	206,703	2,197
Changes for the year			
Dividends	(15,776)	(15,818)	(168)
Net income for the year	17,624	51,465	547
Transfer from retained earnings to capital surplus	(1,315)	(1,090)	(11)
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Total changes for the year	13,815	9,837	104
Balance at the end of the year	206,703	216,541	2,302
Treasury stock			
Balance at the beginning of the year	(20,479)	(16,703)	(177)
Changes for the year			
Disposal of treasury stock	3,775	3,272	34
Total changes for the year	3,775	3,272	34
Balance at the end of the year	(16,703)	(13,431)	(142)
Total shareholders' equity			
Balance at the beginning of the year	592,808	610,399	6,490
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares	-	14	0
Dividends	(15,776)	(15,818)	(168)
Net income for the year	17,624	51,465	547
Disposal of treasury stock	2,459	2,182	23
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Total changes for the year	17,591	13,124	139
Balance at the end of the year	610,399	623,524	6,629
Valuation and translation adjustments			
Net unrealized gains (losses) on securities, net of tax			
Balance at the beginning of the year	237,580	479,490	5,098
Changes for the year			
Net changes of items other than shareholders' equity	241,909	613,092	6,518
Total changes for the year	241,909	613,092	6,518
Balance at the end of the year	479,490	1,092,583	11,617
Deferred hedge gains (losses)			
Balance at the beginning of the year	1,243	(44)	(0)
Changes for the year			
Net changes of items other than shareholders' equity	(1,287)	(1,757)	(18)
Total changes for the year	(1,287)	(1,757)	(18)
Balance at the end of the year	(44)	(1,801)	(19)

Non-Consolidated Statement of Changes in Net Assets (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Reserve for land revaluation			
Balance at the beginning of the year	(65,194)	(61,616)	(655)
Changes for the year			
Net changes of items other than shareholders' equity.....	3,577	24,621	261
Total changes for the year	3,577	24,621	261
Balance at the end of the year	(61,616)	(36,995)	(393)
Total of valuation and translation adjustments			
Balance at the beginning of the year	173,629	417,829	4,442
Changes for the year			
Net changes of items other than shareholders' equity.....	244,199	635,957	6,761
Total changes for the year	244,199	635,957	6,761
Balance at the end of the year	417,829	1,053,786	11,204
Subscription rights to shares			
Balance at the beginning of the year	–	150	1
Changes for the year			
Net changes of items other than shareholders' equity	150	229	2
Total changes for the year	150	229	2
Balance at the end of the year	150	379	4
Total net assets			
Balance at the beginning of the year	766,437	1,028,379	10,934
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares	–	14	0
Dividends	(15,776)	(15,818)	(168)
Net income for the year.....	17,624	51,465	547
Disposal of treasury stock.....	2,459	2,182	23
Transfer from reserve for land revaluation.....	13,284	(24,718)	(262)
Net changes of items other than shareholders' equity	244,350	636,186	6,764
Total changes for the year.....	261,941	649,311	6,903
Balance at the end of the year	1,028,379	1,677,691	17,838

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2013

I. BASIS FOR PRESENTATION

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Life Insurance Company, Limited ("DL") in accordance with the provisions set forth in the Financial Instruments and Exchange Act, and in conformity with Japanese GAAP which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the non-consolidated financial statements are reclassified for the convenience of readers outside Japan. The notes to the non-consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥94.05=US\$1.00, the foreign exchange rate on March 31, 2013, has been used for translation of the truncated figures in Japanese yen. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Valuation Methods of Securities

Securities held by DL 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:

The amortization of premiums and accretion of discounts is calculated by the straight-line method.

(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 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

a) Available-for-sale Securities with Market Value

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

b) Available-for-sale Securities Whose Market Values Are Extremely Difficult to Recognize

i) 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.

ii) Others

All others are valued at cost determined by 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 statement of earnings.

2. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

3. 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 declining balance method (the depreciation of buildings other than attached improvements and structures is calculated by the straight-line method)

Estimated useful lives of major assets are as follows:

Buildings	2 to 60 years
Other tangible fixed assets	2 to 20 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 are acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years following the year end when such assets were depreciated to their final depreciable limit.

(Changes in accounting policies, which are difficult to distinguish from changes in accounting estimates)

Effective the fiscal year ended March 31, 2013, DL changed its depreciation method for tangible fixed assets acquired on or after April 1, 2012 in accordance with the revision of the Corporation Tax Act.

As a result, its ordinary profit and income before income taxes for the fiscal year ended March 31, 2013 were each ¥355 million (US\$3 million) higher than they would have been if calculated using the previous depreciation method.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

DL uses the straight-line method for amortization of intangible fixed assets excluding leased assets. Amortization of software for internal use is based on the estimated useful life of 5 years.

(3) Depreciation of Leased Assets

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

DL 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 non-consolidated subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

5. Policy Reserves

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

(1) 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).

(2) 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 for which premium payments 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 over nine years. As a result, additional provisions for policy reserves for the year ended March 31, 2012 and 2013 were ¥105,958 million and ¥150,798 million (US\$1,603 million), respectively.

6. 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 on 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 DL 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 amounts written off during the years ended March 31, 2012 and 2013 were ¥119 million and ¥472 million (US\$5 million), respectively.

7. 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, 2013.

Actuarial differences are amortized under the straight-line method through a certain period (7 years) within the employees’ average remaining service period, starting from the following year.

(Additional information)

DL replaced a part of its lump-sum retirement benefit plan with a defined contribution pension plan on April 1, 2013 and adopted “Guidance on Accounting for Transfers between Retirement Benefit Plans” (Accounting Standards Board of Japan (ASBJ) Application Guidance No. 1 issued on January 31, 2002) and “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (Practical Issues Task Force No. 2 issued on February 7, 2007) to account for the replacement. As a result, DL recognized other extraordinary losses of ¥176 million (US\$1 million) for the fiscal year ended March 31, 2013.

8. 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 DL, (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 DL and (2) an estimated amount for future corporate-pension payments to directors, executive officers, and corporate auditors who retired before the 105th general meeting of representative policyholders of DL are provided.

9. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had expired, DL provided for reserve for possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

10. 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.

11. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” (ASBJ Statement No.10 issued on March 10, 2008). Primarily, a) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; b) the currency allotment method and deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); c) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; and d) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction).

(2) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps	Loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps	Foreign currency-denominated bonds, 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 stocks (forecasted transaction)
Currency options	Foreign currency-denominated bonds
Equity options	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts	Domestic stocks

(3) Hedging Policies

DL 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 value of hedged items to those of hedging instruments.

12. Calculation of National and Local Consumption Tax

DL accounts for national and local consumption tax by the tax-exclusion method. Deferred consumption tax included in 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 Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

III. NOTES TO NON-CONSOLIDATED BALANCE SHEET

1. Assets Pledged as Collateral / Secured Liabilities

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

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Securities (Government bonds)	424,090	617,658	6,567
Securities (Foreign securities)	3,294	3,753	39
Cash/deposits	86	86	0
Securities and cash/deposits pledged as collateral	427,471	621,499	6,608

The amounts of secured liabilities were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Cash collateral for securities lending transactions	405,816	568,433	6,043
Loans payable	8	5	0
Secured liabilities	405,824	568,438	6,043

“Securities (Government bonds)” pledged as collateral for securities lending transactions with cash collateral as of March 31, 2012 and 2013 were ¥394,756 million and ¥537,715 million (US\$5,717 million), respectively.

2. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent as of March 31, 2012 and 2013 was ¥490,077 million and ¥730,672 million (US\$7,768 million), respectively.

3. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value and the market value of policy-reserve-matching bonds as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Book value.....	8,271,349	10,499,119	111,633
Market value.....	8,793,208	11,705,797	124,463

(2) Risk Management Policy

DL 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 of insurance products are:

- i) individual life insurance and annuities,
 - ii) non-participating single premium whole life insurance (without duty of medical disclosure),
 - iii) financial insurance and annuities, and
 - iv) group annuities,
- with the exception of certain types.

4. Stocks of Subsidiaries and Affiliated Companies

The amounts of stocks of subsidiaries and affiliated companies DL held as of March 31, 2012 and 2013 were ¥340,139 million and ¥368,020 million (US\$3,913 million), respectively.

5. Problem Loans

The amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers.....	4,743	4,132	43
Delinquent loans.....	15,574	4,679	49
Loans past due for three months or more.....	-	-	-
Restructured loans.....	1,452	926	9
Total.....	21,770	9,738	103

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 Act. 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, decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	50	407	4
Delinquent loans.....	69	65	0

6. Commitment Line

As of March 31, 2012 and 2013, there were unused commitment line agreements under which DL is the lender of ¥2,300 million and ¥25,041 million (US\$266 million), respectively.

7. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2012 and 2013 was ¥620,715 million and ¥626,796 million (US\$6,664 million), respectively.

8. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Receivables	65,599	14,617	155
Payables.....	4,226	4,119	43

9. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2012 and 2013 were ¥1,115,683 million and ¥1,230,778 million (US\$13,086 million), respectively. Separate account liabilities were the same amount as the separate account assets.

10. Reinsurance

As of March 31, 2012 and 2013, 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, "reserves for outstanding claims reinsured") were ¥9 million and ¥10 million (US\$0 million), respectively.

As of March 31, 2012 and 2013, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter, "policy reserves reinsured") were ¥0 million and ¥0 million (US\$0 million), respectively.

11. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year.....	403,671	387,871	4,124
Dividends paid during the year.....	(94,311)	(90,280)	(959)
Interest accrual during the year.....	9,512	9,170	97
Provision for reserve for policyholder dividends	69,000	86,000	914
Balance at the end of the year	387,871	392,761	4,176

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

The estimated future obligations of DL to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2012 and 2013 were ¥58,920 million and ¥56,749 million (US\$603 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

13. Revaluation of Land

Based on the “Law for Revaluation of Land” (Publicly Issued Law 34, March 31, 1998), DL 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 of the Law for Revaluation of Land (Publicly Issued Cabinet Order 119, March 31, 1998).
- 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, 2012 and 2013 was ¥58,604 million and ¥31,044 million (US\$330 million), respectively.

14. Subordinated Bonds

Subordinated bonds of ¥148,652 million and ¥154,584 million (US\$1,643 million) shown in liabilities as of March 31, 2012 and 2013 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

15. Subordinated Debt

As of March 31, 2012 and 2013, long-term debt and other borrowings included subordinated debt of ¥350,000 million and ¥350,000 million (US\$3,721 million), respectively, the repayment of which is subordinated to other obligations.

16. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2012, DL held no securities borrowed which were not sold or pledged. As of March 31, 2013, the market value of the securities borrowed which were not sold or pledged was ¥5,204 million (US\$55 million), among which no securities were pledged as collateral.

17. Organizational Change Surplus

As of March 31, 2012 and 2013, the amounts of DL’s organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US\$1,252 million), respectively.

IV. NOTES TO NON-CONSOLIDATED STATEMENT OF EARNINGS

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

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies for the fiscal years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Revenues.....	10,884	14,737	156
Expenses.....	26,054	27,710	294

2. Gains on Sale of Securities

The breakdown of gains on sale of securities is as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds	92,098	103,546	1,100
Domestic stocks.....	55,517	28,404	302
Foreign securities	93,889	79,908	849
Other securities	17,955	-	-

3. Losses on Sale of Securities

The breakdown of losses on sale of securities is as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds	8,802	3,158	33
Domestic stocks.....	55,177	22,832	242
Foreign securities	116,725	40,204	427

4. Losses on Valuation of Securities

The breakdown of losses on valuation of securities is as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Domestic stocks.....	18,077	2,669	28
Foreign securities	26,635	541	5

5. Gains/Losses on Money Held in Trust

Gains (losses) on money held in trust included gains on valuation of securities of ¥357 million for the fiscal year ended March 31, 2012, and gains on valuation of securities of ¥6,783 million (US\$72 million) for the fiscal year ended March 31, 2013.

6. Derivative Transaction Gains/Losses

Derivative transaction gains (losses) included valuation losses of ¥14,239 million for the fiscal year ended March 31, 2012 and valuation gains of ¥2,315 million (US\$24 million) for the fiscal year ended March 31, 2013.

7. Reinsurance

For the fiscal year ended March 31, 2012, in calculating a reversal of reserve for outstanding claims, a reversal of reserve for outstanding claims reinsured of ¥1 million was deducted, while, in calculating a provision for policy reserves, a reversal of reserve for policy reserves reinsured of ¥0 million was added.

For the fiscal year ended March 31, 2013, in calculating a provision for reserves for outstanding claims, a provision for reserve for outstanding claims reinsured of ¥1 million (US\$0 million) was deducted, while, in calculating a provision for policy reserves, a provision for reserve for policy reserves reinsured of ¥0 million (US\$0 million) was deducted.

8. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Land	1,293	3,265	34
Buildings.....	294	5,609	59
Other tangible fixed assets.....	1	1	0
Total	1,589	8,877	94

9. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Land	790	3,976	42
Buildings.....	819	837	8
Leased assets	3	1	0
Other tangible fixed assets.....	283	144	1
Software	86	110	1
Other intangible fixed assets.....	100	581	6
Other assets	499	546	5
Total	2,582	6,197	65

10. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the years ended March 31, 2012 and 2013 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 of some asset groups, DL wrote down the book value of these assets to the recoverable value, and reported such write-off as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the year ended March 31, 2012 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
(Unit: million yen)					
Real estate for rent	Tomakomai City, Hokkaido and others	5	378	467	845
Real estate not in use	Ashigara-kami County, Kanagawa Prefecture and others	92	28,929	3,605	32,534
Total		97	29,307	4,072	33,379

Impairment losses by asset group for the year ended March 31, 2013 were as follows:

Asset Group	Place	Number	Impairment Losses							
			Land Leasehold Rights				Land Leasehold Rights			
(Unit: million yen)							(Unit: million US dollars)			
Real estate for rent	Fujisawa City, Kanagawa Prefecture and others	2	125	501	687	1,315	1	5	7	13
Real estate not in use	Nagoya City, Aichi Prefecture and others	42	1,437	–	375	1,813	15	–	3	19
Total		44	1,563	501	1,063	3,128	16	5	11	33

(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. Discount rates of 2.81% and 2.73% for the years ended March 31, 2012 and 2013, respectively, were 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 for tax purposes is used as the net sale value.

V. NOTES TO NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended March 31, 2012

1. Treasury Stock

(Unit: thousands of shares)

Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2012 ...	139
Increase in treasury stock	-
Decrease in treasury stock	26
Number of treasury stock outstanding at the end of the fiscal year ended March 31, 2012	113

Note: The 26 thousand shares of decrease in treasury stock represents the sum of (1) shares granted to eligible employees at retirement by the J-ESOP and (2) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

For the Year Ended March 31, 2013

1. Treasury Stock

(Unit: thousands of shares)

Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2013 ...	113
Increase in treasury stock	-
Decrease in treasury stock	22
Number of treasury stock outstanding at the end of the fiscal year ended March 31, 2013	90

Note: The 22 thousand shares of decrease in treasury stock represents the sum of (1) shares granted to eligible employees at retirement by the J-ESOP and (2) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

VI. LEASE TRANSACTIONS

1. Finance Leases (As Lessee)

(1) Acquisition cost, accumulated depreciation and net carrying amount of finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2012 were as follows:

	Tangible fixed assets	Total
	(Unit: million yen)	
Acquisition cost	1,142	1,142
Accumulated depreciation	1,013	1,013
Net carrying amount	129	129

Note: 1. Acquisition cost is calculated by the interest-payable-including-method, as the obligations under the finance leases represent a low percentage of tangible fixed assets.

2. There was no such finance lease as of March 31, 2013.

(2) Obligations under finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	129	-	-
Due after one year	-	-	-
Total	129	-	-

Note: Obligations under the finance leases are calculated by the interest-payable-including-method, as the obligations under the finance leases represent a low percentage of tangible fixed assets.

(3) Total payments for finance leases accounted for in the same manner applicable to ordinary operating leases and depreciation for years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Total payments for the finance leases	231	-	-
Depreciation	231	-	-

(4) Calculation method of depreciation

Depreciation for leased assets is calculated over the lease term by the straight-line method assuming zero salvage value.

2. Operating Lease (As Lessee)

Future minimum lease payments under noncancellable operating leases as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	603	853	9
Due after one year	7,303	7,328	77
Total	7,907	8,182	86

VII. SECURITIES

1. Stocks of DL's subsidiaries and affiliated companies with market value as of March 31, 2012 and 2013

	As of March 31, 2012			As of March 31, 2013		
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Stocks of affiliated companies	1,932	1,932	-	293	367	73

Note: The tables above do not include stocks of DL's subsidiaries and affiliated companies whose fair value is extremely difficult to recognize. Carrying amounts of such stocks were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Subsidiaries	314,882	317,138	3,372
Affiliated companies	23,324	23,259	247

VIII. DEFERRED TAX ACCOUNTING

1. Major components of deferred tax assets and liabilities as of March 31, 2012 and 2013

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others	317,947	375,457	3,992
Reserve for employees' retirement benefits	161,580	162,675	1,729
Reserve for price fluctuations	23,142	27,382	291
Losses on valuation of securities	27,091	18,824	200
Impairment losses	7,481	6,062	64
Others	24,152	21,389	227
Subtotal	561,396	611,792	6,504
Valuation allowances	(29,373)	(29,271)	(311)
Total	532,023	582,520	6,193
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax	(220,984)	(484,017)	(5,146)
Reserve for tax basis adjustments of real estate	(8,561)	(9,222)	(98)
Losses on valuation of securities	(3,213)	(7,142)	(75)
Others	(16,625)	(16,568)	(176)
Total	(249,384)	(516,950)	(5,496)
Net deferred tax assets	282,638	65,570	697

2. The Principal Reasons for the Difference Between the Statutory Tax rate and Actual Effective Tax Rate after Considering Deferred Taxes are as Follows:

	As of March 31,	
	2012	2013
Statutory tax rate	36.09%	33.23%
(Adjustments)		
Reversal of reserve for land revaluation	(0.54%)	(14.23%)
Difference in tax rate associated with special corporate tax for reconstruction	-	9.65%
Decrease in deferred tax assets in relation to changes in tax rates	51.65%	-
Others	0.76%	1.02%
Actual effective tax rate after considering deferred taxes	87.96%	29.67%

IX. ASSET RETIREMENT OBLIGATIONS

1. Overview of Asset Retirement Obligation

DL 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 Method of Asset Retirement Obligation

DL 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 2.294%.

3. Increase and Decrease in Asset Retirement Obligation

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

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance	4,019	3,551	37
Time progress adjustments	46	38	0
Others	(514)	(734)	(7)
Ending balance	3,551	2,855	30

X. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2012	2013	2013
	(Unit: yen)		(Unit: US dollars)
Net assets per share	104,001.86	169,264.55	1,799.72
Net income per share	1,784.96	5,198.47	55.27
Diluted net income per share	1,784.76	5,196.55	55.25

Note 1: Underlying basis for the calculation of the net income per share and the diluted net income per share was as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income	17,624	51,465	547
Net income attributable to other than shareholders of common stock.....	-	-	-
Net income attributable to shareholders of common stock	17,624	51,465	547
Average number of common stock outstanding ^(*)	9,873 thousand shares	9,900 thousand shares	9,900 thousand shares
Diluted net income per share			
Adjustments in net income	-	-	-
Increase in the number of common stock.....	1 thousand shares	3 thousand shares	3 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares]	[1 thousand shares]	[3 thousand shares]	[3 thousand shares]
Outline of the dilutive shares which are not counted in the basis of calculation of diluted net income per share because they do not have dilutive effect	-	-	-

Note: (*) "Average number of common stock outstanding" in the above table excludes shares held by the J-ESOP or the E-Ship®.

Note 2: Underlying basis for the calculation of net assets per share was as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Net assets	1,028,379	1,677,691	17,838
Adjustments.....	150	379	4
Subscription rights to shares.....	150	379	4
Net assets attributable to common stock	1,028,229	1,677,311	17,834
Number of common stock outstanding ^(*)	9,886 thousand shares	9,909 thousand shares	9,909 thousand shares

Note: (*) "Number of common stock outstanding" in the above table excludes shares held by the J-ESOP or the E-Ship®.

XI. SUBSEQUENT EVENTS

- To help improve convenience and liquidity in securities markets in accordance with the “Action Plan for the Consolidation of Trading Units” announced by all stock exchanges in Japan in November 2007, the board of directors of DL held on May 15, 2013 passed a resolution to split 1 share of its ordinary shares into 100 shares and, accordingly, amend the number of shares constituting one unit of DL’s ordinary shares from 1 share to 100 shares effective on October 1, 2013.

If DL had split shares at the beginning of the fiscal year ended March 31, 2012, its per share information for the fiscal year ended March 31, 2012 and 2013 is as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: yen)		(Unit: US dollars)
Net assets per share	1,040.02	1,692.65	17.99
Net income per share	17.85	51.98	0.55
Diluted net income per share	17.85	51.97	0.55

- On June 3, 2013, DL has concluded a contract on subscription of new shares of PT Panin Life (“Panin Life”), an Indonesian life insurance company, and PT Panin Internasional (“Panin Internasional”), its intermediate holding company, with PT Panin Financial Tbk (“Panin Financial”), the parent company of these companies, Panin Internasional and Panin Life.

(1) Purpose of share acquisition

The investment in Panin Life is based on DL’s core growth strategy to enhance overseas life insurance businesses and to enter into Indonesia, a promising life insurance market with the 4th largest population in the world.

Additionally, Panin Life is a life insurance subsidiary of Panin Financial, a leading financial corporation, which also owns Panin Bank, one of the major banks in Indonesia. Panin Life has a number of distribution channels such as agency, bancassurance, direct marketing and telemarketing, and by diversifying into other various sales channels; Panin Life has successfully grown its underlying business performance in recent years. The investment in Panin Life will bring added value for business growth of both DL and Panin Life, providing excellence to customers and business partners.

(2) Name, business and size of acquired company

a) Name of the acquired company

PT Panin Life (*)

(*) By acquiring 5% of shares of Panin Life and 36.842% of shares of Panin Internasional, DL will effectively own 40% shares of Panin Life.

b) Business

Life insurance business

c) Size (as of December 31, 2012)

Total asset: 3,876.1 billion IDR (¥40.3 billion / US\$0.4 billion) (*)

(3) Number of shares acquired, amount to be invested and DL’s percentage of share holdings after completion of the transaction

a) Number of shares acquired

Panin Internasional: 75,344,500 shares

Panin Life: 533,669,000 shares

b) Amount to be invested

3,300.0 billion IDR (¥34.3 billion / US\$0.3 billion)

c) DL’s percentage of share holdings after completion of the transaction

Panin Internasional: 36.842%

Panin Life: 5%

(4) Others

Simultaneously, subject to obtaining relevant approvals from local authorities, Panin Life is expected to enter into a long-term exclusive bancassurance agreement with Panin Bank.

(*) The exchange rate used to calculate the yen-denominated amount is 1 IDR = 0.0104 JPY.

XII. SUPPLEMENTAL TABLES

1. Details of Operating Expenses for the Fiscal Year Ended March 31, 2013

	Year Ended March 31, 2013	
	(Unit: million yen)	(Unit: million US dollars)
Sales activity expenses	168,018	1,786
Related to sales representatives	164,445	1,748
Related to sales agencies.....	2,386	25
Related to selection of policyholders	1,186	12
Sales management expenses	66,029	702
Related to management of sales representatives	63,086	670
Related to advertisement	2,943	31
General management expenses.....	174,828	1,858
Personal expenses	82,654	878
Property expenses.....	87,243	927
Donation, co-sponsoring and membership fees	1,001	10
Obligation expenses.....	4,930	52
Total	408,876	4,347

Note: 1. Property expenses listed in the above table include expenses associated with (1) receiving premium payments from policyholders, (2) information systems and (3) maintaining office.

2. Obligation expenses represent obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act.

2. Details of Tangible Fixed Assets for the Fiscal Year Ended March 31, 2013

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(Unit: million yen)							
Tangible fixed assets							
Land	809,048	8,316	22,977 [1,563]	794,387	-	-	794,387
Buildings.....	1,037,382	32,589	28,636 [1,063]	1,041,336	611,774	24,642	429,561
Leased assets	2,430	7,214	5	9,639	2,051	1,288	7,588
Construction in progress	9,747	31,709	40,932	524	-	-	524
Other tangible fixed assets.....	16,304	2,576	1,938	16,943	12,970	1,892	3,972
Total	1,874,913	82,407	94,489 [2,626]	1,862,831	626,796	27,823	1,236,034
Intangible fixed assets							
Software	-	-	-	122,835	54,169	23,320	68,665
Other intangible fixed assets...	-	-	-	32,272	29	4	32,243
Total	-	-	-	155,107	54,198	23,324	100,909
Long-term prepaid expenses	-	-	-	-	-	-	-
Deferred assets	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(Unit: million US dollars)							
Tangible fixed assets							
Land	8,602	88	244	8,446	–	–	8,446
			[16]				
Buildings.....	11,030	346	304	11,072	6,504	262	4,567
			[11]				
Leased assets	25	76	0	102	21	13	80
Construction in progress.....	103	337	435	5	–	–	5
Other tangible fixed assets.....	173	27	20	180	137	20	42
Total.....	19,935	876	1,004	19,806	6,664	295	13,142
			[27]				
Intangible fixed assets							
Software	–	–	–	1,306	575	247	730
Other intangible fixed assets....	–	–	–	343	0	0	342
Total.....	–	–	–	1,649	576	247	1,072
Long-term prepaid expenses.....	–	–	–	–	–	–	–
Deferred assets	–	–	–	–	–	–	–
Total.....	–	–	–	–	–	–	–

Note: 1. Figures in [] represent impairment losses.

2. Some figures associated with intangible fixed assets are omitted as intangible fixed assets account for less than 1% of DL's total assets.

3. Details of Reserves for the Fiscal Year Ended March 31, 2013

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million yen)					
Reserve for possible loan losses.....	10,670	4,109	5,660	5,009	4,109
General reserves.....	2,411	1,751	–	2,411	1,751
Specific reserves	8,258	2,358	5,660	2,598	2,358
Reserve for possible investment losses.....	142	–	142	–	–
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,521	25	219	–	2,327
Reserve for possible reimbursement of prescribed claims...	1,000	–	264	35	700
Reserve for price fluctuations.....	74,453	14,000	–	–	88,453

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million US dollars)					
Reserve for possible loan losses.....	113	43	60	53	43
General reserves.....	25	18	–	25	18
Specific reserves	87	25	60	27	25
Reserve for possible investment losses.....	1	–	1	–	–
Reserve for retirement benefits of directors, executive officers and corporate auditors	26	0	2	–	24
Reserve for possible reimbursement of prescribed claims...	10	–	2	0	7
Reserve for price fluctuations.....	791	148	–	–	940

Note: 1. Decrease of reserve for possible loan losses (general reserve) for other reasons represents reversing the credited reserve amount in full to renew the reserve.

2. Decrease of reserve for possible loan losses (specific reserve) for other reasons represents reversing the credited reserve amount in full to renew the reserve.

3. Decrease of reserve for possible reimbursement of prescribed claims for other reasons represents reversing the credited reserve amount in full to renew the reserve.



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Independent Auditor's Report

The Board of Directors
The Dai-ichi Life Insurance Company, Limited

We have audited the accompanying non-consolidated financial statements of The Dai-ichi Life Insurance Company, Limited, which comprise the non-consolidated balance sheet as at March 31, 2013, and the non-consolidated statements of earnings, changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. The purpose of an audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Dai-ichi Life Insurance Company, Limited as at March 31, 2013, and its non-consolidated financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of its non-consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying non-consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 24, 2013

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1. Insurance Policies

(1) Policies in Force by Product Line

	As of March 31,							
	2012				2013			
	Number (Thousands)	Increase (Decrease) %	Amount (Billion yen)	Increase (Decrease) %	Number (Thousands)	Increase (Decrease) %	Amount (Billion yen)	Increase (Decrease) %
Individual insurance	11,372	2.1	138,597.9	(4.0)	11,442	0.6	133,344.7	(3.8)
Insurance against death	7,782	10.5	82,794.7	3.6	8,317	6.9	84,510.5	2.1
Mixed insurance	3,023	(14.8)	54,473.0	(13.7)	2,540	(16.0)	47,517.1	(12.8)
Endowment insurance	567	3.5	1,330.1	(1.5)	585	3.1	1,317.0	(1.0)
Individual annuities	1,289	2.2	7,537.5	2.4	1,431	11.1	8,516.8	13.0
Group insurance	25,466	(1.7)	50,491.5	(3.5)	25,107	(1.4)	48,766.6	(3.4)
Group annuities	10,949	(10.7)	6,065.9	0.4	10,995	0.4	6,146.1	1.3
Financial insurance	94	(4.8)	274.9	(0.4)	89	(4.8)	272.4	(0.9)
Financial annuities	49	(3.3)	119.3	(4.2)	48	(3.3)	113.9	(4.5)
Medical care insurance	522	(6.4)	0.8	(8.4)	493	(5.6)	0.8	(6.1)
Group disability	38	(15.2)	2.6	(15.1)	28	(25.5)	2.0	(23.5)

Note:

1. Number of group insurance, group annuities, financial insurance, financial annuities, medical care and group disability show the number of insured.
2. The amounts in individual annuities, group insurance (annuity riders) and financial annuities show the sum of (a) the funds to be held at the time 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.
3. The amount in group annuities, financial insurance and others show the amount of outstanding corresponding policy reserve.
4. The amount in medical care insurance shows the daily amount to be paid for hospitalization from sickness.
5. The amount in group disability insurance shows the amount of disability benefits paid per month.

(2) New Policies by Product Line

	Years ended March 31,							
	2012				2013			
	Number (Thousands)	Increase (Decrease)%	Amount (Billion yen)	Increase (Decrease)%	Number (Thousands)	Increase (Decrease)%	Amount (Billion yen)	Increase (Decrease)%
Individual insurance	803	5.9	6,462.2	(6.4)	655	(18.4)	6,086.3	(5.8)
Insurance against death	671	12.4	3,808.3	(7.7)	566	(15.7)	3,607.0	(5.3)
Mixed insurance	87	(18.6)	2,548.6	(3.8)	45	(47.7)	2,377.9	(6.7)
Endowment insurance	43	(17.0)	105.2	(17.5)	43	(1.7)	101.3	(3.7)
Individual annuities	61	1.4	444.8	4.6	178	190.6	1,241.8	179.2
Group insurance	77	(14.7)	210.6	(32.6)	107	38.7	273.7	30.0
Group annuities	51	75.1	0.6	(46.0)	41	(19.4)	0.0	(89.8)
Financial insurance	1	(19.9)	0.0	(23.5)	1	(5.7)	0.1	35.6
Financial annuities	0	(8.6)	0.0	(19.7)	0	2.0	0.0	90.3
Medical care insurance	0	(85.0)	0.0	(70.1)	1	237.8	0.0	30.0
Group disability	-	-	-	-	-	-	-	-

Note:

1. Number of group insurance, group annuities, financial insurance, financial annuities, medical care and group disability show the number of insured.
2. The amounts in individual annuities and financial annuities show the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced.
3. The amounts in group annuities, financial insurance and financial annuities show the initial premium payment.
4. The amount in medical care insurance shows the daily amount to be paid for hospitalization from sickness.
5. The amount in group disability insurance shows the amount of disability benefits paid per month.
6. New policies do not include new policies by conversion.

(3) Annualized Net Premium of Individual Insurance and Individual Annuities

(Unit: billion yen except percentages)

Policies in Force	As of March 31, 2012		As of March 31, 2013	
	% of March 31, 2011 total		% of March 31, 2012 total	
Individual insurance	1,682.8	98.7	1,663.1	98.8
Individual annuities	323.9	104.8	362.7	112.0
Total	2,006.8	99.7	2,025.9	101.0
Medical and survival benefits	515.0	101.7	522.5	101.5

(Unit: billion yen except percentages)

New Policies	Year ended March 31, 2012		Year ended March 31, 2013	
	% of March 31, 2011 total		% of March 31, 2012 total	
Individual insurance	112.8	99.7	108.0	95.8
Individual annuities	15.2	101.3	41.7	274.2
Total	128.0	99.9	149.7	117.0
Medical and survival benefits	41.9	98.8	40.5	96.7

Note:

- 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.
- 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.
- New policies include net increase by conversion.

(4) Policies in Force by Benefit

(Unit: billion yen)

As of March 31, 2012	Individual Insurance	Individual Annuities	Group Insurance	Group Annuities	Total
Death benefit					
General	120,188	0	50,483	-	176,871
Accidental	(17,626)	(389)	(1,944)	(-)	(20,042)
Others	(0)	(-)	(92)	(-)	(92)
Survival benefits					
Benefits and claims	18,409	6,771	0	-	25,253
Annuities	(-)	(867)	(1)	(-)	(877)
Others	-	766	7	6,065	7,161
Hospitalization benefits					
Accidental	(42)	(0)	(1)	(-)	(44)
Sickness	(42)	(0)	(0)	(-)	(43)
Others	(23)	(0)	(0)	(-)	(23)
Disability benefits	-	-	-	-	2
As of March 31, 2013					
Death benefit					
General	114,086	0	48,759	-	170,563
Accidental	(16,532)	(383)	(1,768)	(-)	(18,769)
Others	(0)	(-)	(60)	(-)	(60)
Survival benefits					
Benefits and claims	19,258	7,667	0	-	26,993
Annuities	(-)	(977)	(0)	(-)	(987)
Others	-	848	6	6,146	7,321
Hospitalization benefits					
Accidental	(43)	(0)	(0)	(-)	(45)
Sickness	(43)	(0)	(0)	(-)	(44)
Others	(23)	(0)	(0)	(-)	(23)
Disability benefits	-	-	-	-	2

Note:

- Figures in () show supplementary benefits portion of base insurance policy and policy riders. However, the general death benefits portion of term insurance riders are accounted for as basic insurance policy.
- The amount of "Individual Annuities" and "Group Insurance" (annuities rider) in the "Benefits and claims" column of the Survival Benefits shows the funds to be held at the time payments are to commence for an annuity for which payments have not yet commenced.
- The amount in the "Annuities" column of the Survival benefits shows the annual annuity payments.
- The amount in the "Others" column of "Survival Benefits" shows outstanding corresponding policy reserve for individual annuities for which payments have commenced, group insurance whose annuity rider payments have commenced, and group annuities.
- The amounts of "Hospitalization benefits" show the daily amount to be paid for hospitalization.

(5) Changes in Policies in Major Product Line

A. Individual Insurance

(Unit: billion yen and thousands of policies)				
Years ended March 31,				
	2012		2013	
	Number of policies	Policy amount	Number of policies	Policy amount
At the beginning of the year	11,143	144,361.3	11,372	138,597.9
Increase due to:				
New policies	803	6,462.2	655	6,086.3
Renewal	50	1,406.5	50	1,292.1
Reinstatements	20	376.0	19	318.3
Conversions	467	9,804.8	532	9,968.8
Decrease due to:				
Death	58	416.1	60	404.9
Maturity	214	3,777.9	221	3,631.5
Decrease in coverage amount	-	1,079.5	-	997.3
Conversions	366	9,650.0	442	9,466.1
Surrender	379	6,428.4	375	6,165.2
Lapse	89	1,483.9	81	1,272.3
Others	5	976.8	6	981.2
At year-end	11,372	138,597.9	11,442	133,344.7
Net increase (decrease)	229	(5,763.4)	69	(5,253.1)

B. Individual Annuities

(Unit: billion yen and thousands of policies)				
Years ended March 31,				
	2012		2013	
	Number of policies	Policy amount	Number of policies	Policy amount
At the beginning of the year	1,261	7,357.6	1,289	7,537.5
Increase due to:				
New policies	61	444.8	178	1,241.8
Reinstatements	2	15.2	2	17.1
Conversions	-	-	-	-
Decrease due to:				
Death	4	32.4	4	32.6
Full payment	7	6.9	9	6.4
Decrease in coverage amount	-	12.9	-	15.6
Conversions	1	9.8	1	9.3
Surrender	21	137.3	21	144.9
Lapse	5	38.5	6	41.5
Others	(4)	42.0	(4)	29.1
At year-end	1,289	7,537.5	1,431	8,516.8
Net increase (decrease)	27	179.9	142	979.2

Note: Policy amounts for individual annuities are equal to the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and the amount of policy reserve for an annuity for which payments have commenced. Because the amount of policy reserves changes over time, in contrast to the static nature of policy amounts of insurance policies, the amount of net increase in the policy amount column does not match the total of the individual items.

C. Group Insurance

(Unit: billion yen and thousands of policies)				
Years ended March 31,				
	2012		2013	
	Number of policies	Policy amount	Number of policies	Policy amount
At the beginning of the year	25,900	52,336.6	25,466	50,491.5
Increase due to:				
New policies	77	210.6	107	273.7
Renewal	13,416	27,670.7	13,286	26,658.3
Reinstatements	2,065	4,586.7	2,338	4,985.9
Increase in coverage amount	-	652.2	-	683.0
Decrease due to:				
Death	55	81.5	51	74.6
Maturity	13,594	28,057.6	13,521	27,038.3
Withdrawal	2,218	1,850.4	2,128	1,630.0
Decrease in coverage amount	-	4,693.6	-	5,029.4
Surrender	70	129.1	363	408.0
Lapse	0	0.7	0	1.7
Others	54	152.2	24	143.7
At year-end	25,466	50,491.5	25,107	48,766.6
Net increase (decrease)	(434)	(1,845.1)	(358)	(1,724.9)

D. Group Annuities

(Unit: billion yen and thousands of policies)

	Years ended March 31,			
	2012		2013	
	Number of policies	Policy amount	Number of policies	Policy amount
At the beginning of the year	12,266	6,041.7	10,949	6,065.9
Increase due to:				
New policies	51	0.6	41	0.0
Decrease due to:				
Annuity payments	4,317	329.4	4,363	336.1
Lump-sum payments	666	284.0	662	320.9
Surrender	232	113.1	282	59.2
At year-end	10,949	6,065.9	10,995	6,146.1
Net increase (decrease)	(1,317)	24.2	46	80.1

Note:

- The tables above do not include new insured persons entered, and insured persons existing without benefit payments, with respect to an existing group annuity contract during each respective period. As a result, the amount of net increase in the number of insured column does not match the total of the individual items.
- The new policy amount is equal to the initial premium payment and the total policy amount in force is equal to the amount of outstanding corresponding policy reserves. Because the amount of policy reserves changes over time, in contrast to the static nature of policy amounts of insurance policies, the amount of net increase in the policy amount column does not match the total of the individual items.

(6) New Policies / Policies in Force of Individual Insurance by Product

(thousands of policies, billion yen, %)

Year ended / as of March 31, 2012	New policies				Policies in force			
	Number	%	Amount	%	Number	%	Amount	%
Whole life with term Insurance	195 (530)	15.4 (41.8)	2,096 (8,797)	12.9 (54.1)	3,969	34.9	49,342	35.6
Income protection rider for specific conditions	(172) (372)	(13.6) (29.3)	(2,050) (3,994)	(12.6) (24.6)	1,734	15.3	17,079	12.3
Whole Life	104 (118)	8.2 (9.4)	364 (491)	2.2 (3.0)	2,090	18.4	12,815	9.2
Term rider for specific illnesses	172 (468)	13.5 (36.9)	276 (876)	1.7 (5.4)	3,038	26.7	6,423	4.6
Total including others	803 (1,270)	63.2 (100.0)	6,462 (16,267)	39.7 (100.0)	11,372	100.0	138,597	100.0
Year ended / as of March 31, 2013								
Whole life with term Insurance	195 (563)	16.5 (47.5)	1,994 (8,752)	12.4 (54.5)	4,271	37.3	52,311	39.2
Income protection rider for specific conditions	173 (382)	14.6 (32.2)	2,078 (4,073)	12.9 (25.4)	1,826	16.0	17,941	13.5
Whole Life	34 (48)	2.9 (4.1)	171 (278)	1.1 (1.7)	2,052	17.9	12,513	9.4
Term rider for specific illnesses	184 (516)	15.5 (43.5)	278 (886)	1.7 (5.5)	3,058	26.7	6,242	4.7
Total including others	655 (1,187)	55.1 (100.0)	6,086 (16,055)	37.9 (100.0)	11,442	100.0	133,344	100.0

Note: Figures in () show the total number and amount of new businesses and new policies by conversion.

(7) Amount of Claims and Benefit Paid to Earned Premiums in the Third Sector

%

	Year ended March 31, 2012	Year ended March 31, 2013
Third sector total	36.6	36.3
Medical (disease)	32.8	32.4
Cancer	40.9	40.7
Nursing care	15.4	16.2
Others	42.1	41.9

Note: Each insurance type is classified based on the principal benefit types.

2. Assets

(1) Asset Composition (General Account)

(Unit: million yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	440,974	1.5	710,026	2.2
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	294,324	1.0	283,103	0.9
Trading account securities	-	-	-	-
Money held in trust	20,672	0.1	24,071	0.1
Securities	24,314,699	80.1	26,079,870	81.7
Domestic bonds	15,541,651	51.2	16,427,398	51.5
Domestic stocks	2,284,861	7.5	2,557,413	8.0
Foreign securities	6,298,234	20.7	6,816,213	21.4
Foreign bonds	4,786,438	15.8	5,187,604	16.3
Foreign stocks and other securities	1,511,795	5.0	1,628,609	5.1
Other securities	189,951	0.6	278,845	0.9
Loans	3,412,529	11.2	3,139,671	9.8
Policy loans	509,826	1.7	480,229	1.5
Ordinary loans	2,902,702	9.6	2,659,441	8.3
Real estate	1,249,101	4.1	1,224,473	3.8
Real estate for rent	810,238	2.7	784,844	2.5
Deferred tax assets	282,638	0.9	65,570	0.2
Others	360,010	1.2	389,205	1.2
Reserve for possible loan losses	(10,670)	(0.0)	(4,109)	(0.0)
Total	30,364,280	100.0	31,911,883	100.0
Foreign currency-denominated assets	4,669,650	15.4	5,262,693	16.5

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

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

(Unit: million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Cash, deposits, and call loans	(140)	269,052
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	3,209	(11,220)
Trading account securities	-	-
Money held in trust	(505)	3,398
Securities	1,113,332	1,765,171
Domestic bonds	2,106,680	885,746
Domestic stocks	(253,151)	272,551
Foreign securities	(737,464)	517,979
Foreign bonds	(795,300)	401,165
Foreign stocks and other securities	57,836	116,813
Other securities	(2,731)	88,894
Loans	(214,893)	(272,857)
Policy loans	(29,670)	(29,597)
Ordinary loans	(185,222)	(243,260)
Real estate	(41,685)	(24,627)
Real estate for rent	(4,095)	(25,393)
Deferred tax assets	(192,559)	(217,068)
Others	(38,574)	29,195
Reserve for possible loan losses	2,229	6,560
Total	630,411	1,547,603
Foreign currency-denominated assets	(765,643)	593,042

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

(3) Rates of Return (General Account)

	(%)	
	Year ended March 31, 2012	Year ended March 31, 2013
Cash, deposits, and call loans	0.13	0.15
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	2.48	2.31
Trading account securities	-	-
Money held in trust	2.58	24.07
Securities	2.10	2.57
Domestic bonds	2.47	2.51
Domestic stocks	1.35	2.19
Foreign securities	1.27	2.78
Foreign bonds	1.57	3.01
Foreign stocks and other securities	0.28	2.07
Loans	2.42	2.95
Ordinary loans	2.00	2.63
Real estate	3.26	3.13
Total	1.99	2.42
Foreign investments	1.26	2.68

Note:

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

(4) Average Daily Balance (General Account)

	(Unit: billion yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Cash, deposits, and call loans	346.1	437.8
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	275.3	273.3
Trading account securities	-	-
Money held in trust	20.2	20.3
Securities	23,470.9	24,078.6
Domestic bonds	14,390.8	15,710.2
Domestic stocks	2,162.5	1,960.7
Foreign securities	6,722.6	6,195.1
Foreign bonds	5,169.2	4,668.7
Foreign stocks and other securities	1,553.3	1,526.3
Loans	3,492.6	3,273.8
Ordinary loans	2,966.2	2,779.0
Real estate	819.7	797.8
Total	29,913.8	30,205.4
Foreign investments	7,000.0	6,525.6

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

(5) Breakdown of Securities (General Account)

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
National government bonds	13,120,539	54.0	14,044,285	53.9
Local government bonds	307,458	1.3	290,122	1.1
Corporate bonds	2,113,653	8.7	2,092,989	8.0
Public entity bonds	784,279	3.2	804,745	3.1
Domestic stocks	2,284,861	9.4	2,557,413	9.8
Foreign securities	6,298,234	25.9	6,816,213	26.1
Foreign bonds	4,786,438	19.7	5,187,604	19.9
Foreign stocks and other securities	1,511,795	6.2	1,628,609	6.2
Other securities	189,951	0.8	278,845	1.1
Total	24,314,699	100.0	26,079,870	100.0

(6) Securities by Contractual Maturity Dates (General Account)

(Unit: million yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2012							
Securities	383,414	2,110,184	1,840,823	1,077,992	2,600,659	16,301,624	24,314,699
National government bonds	95,772	544,624	310,294	297,294	1,785,733	10,086,819	13,120,539
Local government bonds	20,053	186,375	36,161	8,443	28,131	28,293	307,458
Corporate bonds	99,590	670,909	522,791	329,986	162,239	328,135	2,113,653
Domestic stocks	-	-	-	-	-	2,284,861	2,284,861
Foreign securities	128,246	695,954	958,901	434,079	613,882	3,467,170	6,298,234
Foreign bonds	128,246	695,652	952,911	434,079	613,882	1,961,666	4,786,438
Foreign stocks and other securities	-	302	5,989	-	-	1,505,504	1,511,795
Other securities	39,751	12,320	12,675	8,188	10,671	106,343	189,951
Monetary claims bought	922	621	10,926	904	-	280,949	294,324
Certificates of deposit	15,000	-	-	-	-	-	15,000
Others	483	-	-	-	-	20,189	20,672
As of March 31, 2013							
Securities	736,436	1,845,940	2,108,859	1,263,390	1,603,794	18,521,448	26,079,870
National government bonds	383,554	325,713	315,566	432,510	713,075	11,873,865	14,044,285
Local government bonds	74,602	127,393	20,947	7,204	26,421	33,552	290,122
Corporate bonds	161,477	602,704	610,501	220,845	124,088	373,372	2,092,989
Domestic stocks	-	-	-	-	-	2,557,413	2,557,413
Foreign securities	112,149	748,008	1,147,189	589,116	726,129	3,493,621	6,816,213
Foreign bonds	110,307	739,444	1,136,140	584,458	724,470	1,892,782	5,187,604
Foreign stocks and other securities	1,841	8,564	11,049	4,657	1,659	1,600,838	1,628,609
Other securities	4,653	42,120	14,654	13,714	14,080	189,622	278,845
Monetary claims bought	-	1,215	12,623	-	-	269,265	283,103
Certificates of deposit	34,999	-	-	-	-	-	34,999
Others	-	-	-	-	-	24,071	24,071

Note: The table above includes assets which are treated as securities in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No.10).

(7) Domestic Stocks by Industry (General Account)

(Unit: million yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Forestry and fisheries	371	0.0	142	0.0
Mining	402	0.0	200	0.0
Construction	45,387	2.0	62,613	2.4
Manufacturing industries				
Food products	112,664	4.9	130,185	5.1
Textiles and clothing	20,040	0.9	21,494	0.8
Pulp and paper	2,326	0.1	2,450	0.1
Chemicals	95,011	4.2	113,488	4.4
Medical supplies	31,712	1.4	38,999	1.5
Oil and coal products	6,348	0.3	4,504	0.2
Rubber products	13,547	0.6	19,844	0.8
Glass and stone products	53,339	2.3	57,564	2.3
Steel	55,555	2.4	58,940	2.3
Non-steel metals	11,540	0.5	9,123	0.4
Metal products	27,302	1.2	31,602	1.2
Machinery	102,560	4.5	120,944	4.7
Electric appliances	441,873	19.3	398,673	15.6
Transportation vehicles	123,453	5.4	159,278	6.2
Precision instruments	53,513	2.3	58,875	2.3
Others	50,545	2.2	55,442	2.2
Electric and gas utilities	92,921	4.1	91,866	3.6
Transportation and communications industries				
Ground transportation	171,695	7.5	243,019	9.5
Water transportation	628	0.0	158	0.0
Air transportation	1,345	0.1	1,081	0.0
Warehouses	3,951	0.2	5,337	0.2
Telecommunications	33,502	1.5	39,458	1.5
Commerce				
Wholesale	95,617	4.2	104,535	4.1
Retail	71,941	3.1	87,778	3.4
Financial industries				
Banks	305,889	13.4	343,376	13.4
Security and trading companies	6,730	0.3	10,761	0.4
Insurance	175,868	7.7	176,863	6.9
Other	11,570	0.5	19,288	0.8
Real estate	15,493	0.7	24,291	0.9
Service	50,205	2.2	65,226	2.6
Total	2,284,861	100.0	2,557,413	100.0

Note: Industry categories above are based on classification by Securities Identification Code Committee.

(8) Local Government Bonds by Region (General Account)

(Unit: million yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value		Carrying value	
Hokkaido	4,165		4,262	
Tohoku	-		-	
Kanto	114,663		103,310	
Chubu	35,891		35,379	
Kinki	42,145		34,428	
Chugoku	2,822		2,435	
Shikoku	-		-	
Kyushu	18,703		21,259	
Others	89,067		89,045	
Total	307,458		290,122	

Note: "Others" in the above table shows publicly offered co-issue local government bonds.

(9) Breakdown of Loans (General Account)

(Unit: million yen)

	As of March 31, 2012	As of March 31, 2013
Policy loans	509,826	480,229
Premium loans	60,193	54,293
Policyholder loans	449,633	425,936
Ordinary loans	2,902,702	2,659,441
[Loans to non-residents]	[93,924]	[76,772]
Loans to corporations	2,525,603	2,307,261
[Loans to domestic corporations]	[2,472,879]	[2,259,689]
Loans to national government, government-related organizations and international organizations	32,612	28,978
Loans to local governments and public entities	316,890	320,822
Mortgage loans	27,471	2,277
[Trust loans]	[24,321]	[-]
Consumer loans	51	45
Others	73	55
Total loans	3,412,529	3,139,671

(10) Loans by Contractual Maturity Dates (General Account)

(Unit: million yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2012							
Floating-rate loans	24,613	60,250	23,422	13,272	6,389	24,519	152,468
Fixed-rate loans	296,339	497,203	582,416	449,924	348,293	576,057	2,750,234
Total	320,952	557,454	605,838	463,196	354,682	600,577	2,902,702
As of March 31, 2013							
Floating-rate loans	43,605	31,425	10,769	4,052	6,329	183	96,366
Fixed-rate loans	224,948	512,181	514,960	402,274	341,178	567,531	2,563,075
Total	268,553	543,607	525,730	406,327	347,507	567,715	2,659,441

(11) Loans to Domestic Companies by Company Size (General Account)

(Unit: million yen except number of borrowers)

		As of March 31, 2012	As of March 31, 2013
		%	%
Large corporations	Number of borrowers	327	275
	Amount of loans	2,102,320	1,960,924
Medium-sized corporations	Number of borrowers	31	16
	Amount of loans	6,226	4,452
Small-sized corporations	Number of borrowers	257	203
	Amount of loans	364,333	294,311
Total	Number of borrowers	615	494
	Amount of loans	2,472,879	2,259,689

Note:

1. Categorization by company size is based on the following criteria:

- (1) Large corporations include corporations with paid-in capital of at least ¥1 billion and more than 300 employees (more than 50 employees in the case of retailers and restaurants; more than 100 employees in the case of service companies and wholesalers).
- (2) Medium-sized corporations include corporations with paid-in capital of more than ¥300 million and less than ¥1 billion (more than ¥50 million and less than ¥1 billion in the case of retailers, restaurants and service companies; more than ¥100 million and less than ¥1 billion in the case of wholesalers) and more than 300 employees (more than 50 employees in the case of retailers and restaurants; more than 100 employees in the case of service companies and wholesalers).
- (3) Small corporations include all other corporations.

2. Number of borrowers does not equal the number of loan transactions.

(12) Loans by Industry (General Account)

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Domestic				
Manufacturing industries	440,139	15.2	381,556	14.3
Foodstuffs and beverages	30,287	1.0	28,165	1.1
Textile products	5,253	0.2	5,647	0.2
Lumber and wood products	562	0.0	492	0.0
Pulp, paper and paper products	33,918	1.2	34,362	1.3
Printing	20,092	0.7	18,828	0.7
Chemical and allied products	34,780	1.2	25,850	1.0
Petroleum refining	23,007	0.8	21,199	0.8
Ceramic, stone and clay products	23,248	0.8	22,962	0.9
Iron and steel	69,968	2.4	67,476	2.5
Non-ferrous metals and products	14,146	0.5	13,943	0.5
Fabricated metal products	1,874	0.1	599	0.0
General-purpose and production- and business-oriented machinery	62,894	2.2	44,690	1.7
Electrical machinery equipment and supplies	65,234	2.2	52,789	2.0
Transportation equipment	42,593	1.5	34,247	1.3
Miscellaneous manufacturing industries	12,278	0.4	10,301	0.4
Agriculture and forestry	-	-	-	-
Fishery	-	-	-	-
Mining and quarrying of stone and gravel	-	-	-	-
Construction	14,984	0.5	12,730	0.5
Electricity, gas, heat supply and water	338,663	11.7	352,184	13.2
Information and communications	37,166	1.3	37,031	1.4
Transport and postal activities	252,096	8.7	241,553	9.1
Wholesale trade	545,674	18.8	525,587	19.8
Retail trade	20,129	0.7	13,651	0.5
Finance and insurance	735,124	25.3	703,426	26.5
Real estate	197,673	6.8	145,227	5.5
Goods rental and leasing	154,177	5.3	126,126	4.7
Scientific research, professional and technical services	215	0.0	216	0.0
Accommodations	952	0.0	626	0.0
Eating and drinking services	188	0.0	91	0.0
Living-related and personal services and amusement services	3,913	0.1	3,442	0.1
Education, learning support	159	0.0	55	0.0
Medical, health care and welfare	56	0.0	8	0.0
Other services	1,317	0.0	500	0.0
Local governments	38,022	1.3	35,795	1.3
Individuals	27,522	0.9	2,323	0.1
Others	600	0.0	533	0.0
Total domestic	2,808,778	96.8	2,582,669	97.1
Foreign				
Governments	41,200	1.4	29,200	1.1
Financial institutions	18,000	0.6	13,000	0.5
Commercial and industrial	34,724	1.2	34,572	1.3
Total foreign	93,924	3.2	76,772	2.9
Total	2,902,702	100.0	2,659,441	100.0

Note:

1. Policy loans are excluded.
2. Domestic industry categories above are based on classification used by Bank of Japan in survey of loans.

(13) Loans by Region (General Account)

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Hokkaido	40,736	1.5	33,283	1.3
Tohoku	30,350	1.1	34,524	1.3
Kanto	2,148,256	77.2	2,026,369	78.5
Chubu	189,981	6.8	176,201	6.8
Kinki	226,011	8.1	163,883	6.4
Chugoku	48,732	1.8	47,144	1.8
Shikoku	19,639	0.7	18,584	0.7
Kyushu	77,663	2.8	80,444	3.1
Total	2,781,370	100.0	2,580,434	100.0

Note:

- Loans to individuals and non-residents and policy loans are excluded.
- Categorization of region is based on borrowers' registered head offices.

(14) Loans by Collateral Type (General Account)

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Secured loans	17,835	0.6	14,467	0.5
Stocks and other securities	2,867	0.1	2,526	0.1
Real and personal estate	14,685	0.5	11,915	0.4
Others	282	0.0	25	0.0
Guarantees	112,831	3.9	75,428	2.8
Unsecured loans	2,744,627	94.6	2,567,310	96.5
Others	27,407	0.9	2,234	0.1
Total loans	2,902,702	100.0	2,659,441	100.0
Subordinated loans	401,063	13.8	394,063	14.8

Note: Policy loans are excluded.

(15) Risk-Monitored Loans

		(Unit: million yen)	
		As of March 31, 2012	As of March 31, 2013
		Credits to bankrupt borrowers	(I)
Delinquent loans	(II)	15,574	4,679
Loans past due for three months or more	(III)	-	-
Restructured loans	(IV)	1,452	926
Total	((I)+(II)+(III)+(IV))	21,770	9,738
[Percentage of total loans]		[0.64%]	[0.31%]

Note:

- 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 for the fiscal years ended March 31, 2012 and March 31, 2013 were ¥50 million and ¥407 million, respectively. The write-offs relating to delinquent loans for the fiscal years ended March 31, 2012 and March 31, 2013 were ¥69 million and ¥65 million, respectively.
- 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.
- 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 loans 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.

(16) Disclosed Claims Based on Categories of Obligors

	(Unit: million yen)	
	As of March 31, 2012	As of March 31, 2013
Claims against bankrupt and quasi-bankrupt obligors	4,792	4,161
Claims with collection risk	15,549	4,651
Claims for special attention	1,487	957
Subtotal (I)	21,829	9,770
[Percentage (I)/(II)]	[0.55%]	[0.25%]
Claims against normal obligors	3,920,815	3,912,721
Total (II)	3,942,644	3,922,491

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.

(17) Foreign Investments (General Account)

A. Breakdown of Investment by Asset Category (General Account)

(a) Assets denominated in foreign currency

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Foreign bonds	4,196,128	63.0	4,599,711	63.5
Foreign stocks	417,259	6.3	578,443	8.0
Cash, cash equivalents and other assets	56,263	0.8	84,537	1.2
Sub-total	4,669,650	70.1	5,262,693	72.6

(b) Assets swapped into yen

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Foreign bonds	-	-	-	-
Cash, cash equivalents and other assets	205,672	3.1	265,747	3.7
Sub-total	205,672	3.1	265,747	3.7

(c) Assets denominated in yen

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Loans to non-residents	93,924	1.4	76,772	1.1
Foreign bonds (yen-denominated) and others	1,687,601	25.4	1,640,811	22.6
Sub-total	1,781,525	26.8	1,717,584	23.7

(d) Total

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Foreign investments	6,656,848	100.0	7,246,024	100.0

Note: Assets swapped into yen are assets whose settlement amounts are fixed into yen by foreign currency forward contracts and other agreements and which are reported in the yen amounts on the balance sheets.

B. Foreign Currency-Denominated Assets by Currency (General Account)

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
U.S. dollar	2,796,166	59.9	2,917,558	55.4
Euro	1,194,966	25.6	1,192,874	22.7
Australian dollar	280,113	6.0	360,853	6.9
British pound	207,755	4.4	308,824	5.9
Canadian dollar	31,916	0.7	80,632	1.5
Mexican peso	8,892	0.2	61,881	1.2
Malaysian ringgit	9,657	0.2	51,520	1.0
Total (including others not listed above)	4,669,650	100.0	5,262,693	100.0

C. Investments by Region (General Account)

(Unit: million yen)

As of March 31, 2012	Foreign securities		Bonds		Stocks and other securities		Loans to borrowers located outside Japan	
	Carrying value	%	Carrying value	%	Carrying value	%	Carrying value	%
North America	2,810,675	44.6	2,728,996	57.0	81,678	5.4	26,800	28.5
Europe	1,549,170	24.6	1,498,085	31.3	51,085	3.4	30,500	32.5
Oceania	310,317	4.9	170,701	3.6	139,616	9.2	15,000	16.0
Asia	114,991	1.8	23,833	0.5	91,158	6.0	-	-
Latin America	1,408,044	22.4	259,928	5.4	1,148,115	75.9	2,424	2.6
Middle East	-	-	-	-	-	-	-	-
Africa	141	0.0	-	-	141	0.0	-	-
International organizations	104,893	1.7	104,893	2.2	-	-	19,200	20.4
Total	6,298,234	100.0	4,786,438	100.0	1,511,795	100.0	93,924	100.0

As of March 31, 2013								
	Carrying value	%	Carrying value	%	Carrying value	%	Carrying value	%
North America	2,766,648	40.6	2,600,067	50.1	166,581	10.2	26,800	34.9
Europe	1,769,424	26.0	1,675,765	32.3	93,658	5.8	18,500	24.1
Oceania	439,243	6.4	284,205	5.5	155,038	9.5	10,000	13.0
Asia	174,190	2.6	64,562	1.2	109,628	6.7	-	-
Latin America	1,470,837	21.6	367,362	7.1	1,103,475	67.8	2,272	3.0
Middle East	-	-	-	-	-	-	-	-
Africa	18,087	0.3	17,860	0.3	227	0.0	-	-
International organizations	177,781	2.6	177,781	3.4	-	-	19,200	25.0
Total	6,816,213	100.0	5,187,604	100.0	1,628,609	100.0	76,772	100.0

Note: Categorization of region is generally based on nationalities of issuers or borrowers.

(18) Real Estate by Its Use (General Account)

(Unit: million yen)

	As of March 31, 2012	As of March 31, 2013
Real estate for business use	438,862	439,628
Real estate for rent	810,238	784,844
Total	1,249,101	1,224,473
Number of buildings for rent	281	273

(19) Fair Value Information on Securities and Others (General Account)

A. Valuation Gains (Losses) on Trading Securities (General Account)

(Unit: million yen)

	As of March 31, 2012		As of March 31, 2013	
	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	20,672	358	24,071	6,783
Trading account securities	-	-	-	-
Money held in trust	20,672	358	24,071	6,783

B. Fair Value Information on Securities (General Account)
(securities with fair value except for trading securities)

(Unit: million yen)

As of March 31, 2012	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	135,828	141,079	5,250	5,250	-
Domestic bonds	94,524	96,999	2,474	2,474	-
Foreign bonds	41,303	44,079	2,775	2,775	-
Policy-reserve-matching bonds	8,271,349	8,793,208	521,858	522,899	1,041
Domestic bonds	8,271,349	8,793,208	521,858	522,899	1,041
Stocks of subsidiaries and affiliated companies	1,763	1,932	168	168	-
Available-for-sale securities	14,051,792	14,743,299	691,506	978,055	286,548
Domestic bonds	6,909,503	7,175,777	266,273	279,031	12,757
Domestic stocks	1,674,737	1,972,561	297,824	465,533	167,709
Foreign securities	5,071,333	5,186,119	114,785	209,470	94,684
Foreign bonds	4,608,914	4,745,134	136,220	189,147	52,926
Foreign stocks and other securities	462,419	440,984	(21,434)	20,323	41,758
Other securities	105,325	99,516	(5,808)	5,541	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-
Total	22,460,734	23,679,519	1,218,784	1,506,374	287,590
Domestic bonds	15,275,377	16,065,984	790,607	804,406	13,799
Domestic stocks	1,674,737	1,972,561	297,824	465,533	167,709
Foreign securities	5,112,637	5,230,198	117,561	212,246	94,684
Foreign bonds	4,650,217	4,789,214	138,996	191,922	52,926
Foreign stocks and other securities	462,419	440,984	(21,434)	20,323	41,758
Other securities	107,088	101,448	(5,639)	5,710	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-
As of March 31, 2013					
Bonds held to maturity	142,267	147,965	5,698	5,698	-
Domestic bonds	95,131	99,341	4,210	4,210	-
Foreign bonds	47,135	48,623	1,487	1,487	-
Policy-reserve-matching bonds	10,499,119	11,705,797	1,206,678	1,206,821	143
Domestic bonds	10,499,119	11,705,797	1,206,678	1,206,821	143
Stocks of subsidiaries and affiliated companies	27,669	34,541	6,872	6,918	46
Available-for-sale securities	12,759,745	14,335,428	1,575,683	1,715,242	139,559
Domestic bonds	5,416,478	5,833,147	416,669	420,548	3,878
Domestic stocks	1,606,888	2,250,276	643,387	733,948	90,560
Foreign securities	5,266,542	5,743,653	477,111	519,232	42,121
Foreign bonds	4,725,795	5,140,468	414,672	440,625	25,952
Foreign stocks and other securities	540,746	603,185	62,438	78,607	16,168
Other securities	168,842	190,247	21,404	24,394	2,989
Monetary claims bought	265,993	283,103	17,110	17,118	7
Certificates of deposit	35,000	34,999	(0)	0	0
Others	-	-	-	-	-
Total	23,428,801	26,223,733	2,794,931	2,934,681	139,749
Domestic bonds	16,010,728	17,638,286	1,627,557	1,631,580	4,022
Domestic stocks	1,606,888	2,250,276	643,387	733,948	90,560
Foreign securities	5,339,695	5,825,213	485,517	527,639	42,121
Foreign bonds	4,772,931	5,189,092	416,160	442,113	25,952
Foreign stocks and other securities	566,763	636,121	69,357	85,526	16,168
Other securities	170,495	191,853	21,358	24,394	3,036
Monetary claims bought	265,993	283,103	17,110	17,118	7
Certificates of deposit	35,000	34,999	(0)	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 Act.

* Carrying values of securities whose fair value is deemed extremely difficult to recognize are as follows:

(Unit: million yen)

	As of March 31, 2012	As of March 31, 2013
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	338,206	340,397
Unlisted domestic stocks (except over-the-counter stocks)	182,680	182,680
Unlisted foreign stocks (except over-the-counter stocks)	148,716	148,716
Others	6,809	9,000
Available-for-sale securities	1,133,357	1,052,494
Unlisted domestic stocks (except over-the-counter stocks)	129,619	124,456
Unlisted foreign stocks (except over-the-counter stocks)	905,550	833,550
Unlisted foreign bonds	0	0
Others	98,188	94,487
Total	1,471,564	1,392,891

Note:

- The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
- The amounts of foreign exchange valuation gains/losses on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows: loss of ¥3,153 million as of March 31, 2012 and gain of ¥19,556 million as of March 31, 2013.

(Reference)

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

(Unit: million yen)

As of March 31, 2012	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	135,828	141,079	5,250	5,250	-
Domestic bonds	94,524	96,999	2,474	2,474	-
Foreign bonds	41,303	44,079	2,775	2,775	-
Policy-reserve-matching bonds	8,271,349	8,793,208	521,858	522,899	1,041
Domestic bonds	8,271,349	8,793,208	521,858	522,899	1,041
Stocks of subsidiaries and affiliated companies	339,970	336,936	(3,033)	3,219	6,252
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	155,332	152,129	(3,202)	3,050	6,252
Other securities	1,957	2,126	168	168	-
Available-for-sale securities	15,185,150	15,876,706	691,555	978,105	286,549
Domestic bonds	6,909,503	7,175,777	266,273	279,031	12,757
Domestic stocks	1,804,357	2,102,181	297,824	465,533	167,709
Foreign securities	5,986,763	6,101,598	114,834	209,520	94,685
Foreign bonds	4,608,914	4,745,134	136,220	189,147	52,926
Foreign stocks and other securities	1,377,849	1,356,463	(21,385)	20,373	41,758
Other securities	193,633	187,825	(5,808)	5,541	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-
Total	23,932,299	25,147,930	1,215,631	1,509,474	293,843
Domestic bonds	15,275,377	16,065,984	790,607	804,406	13,799
Domestic stocks	1,987,037	2,284,861	297,824	465,533	167,709
Foreign securities	6,183,399	6,297,807	114,408	215,346	100,938
Foreign bonds	4,650,217	4,789,214	138,996	191,922	52,926
Foreign stocks and other securities	1,533,181	1,508,593	(24,588)	23,423	48,011
Other securities	195,590	189,951	(5,639)	5,710	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-

(Unit: million yen)

As of March 31, 2013	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	142,267	147,965	5,698	5,698	-
Domestic bonds	95,131	99,341	4,210	4,210	-
Foreign bonds	47,135	48,623	1,487	1,487	-
Policy-reserve-matching bonds	10,499,119	11,705,797	1,206,678	1,206,821	143
Domestic bonds	10,499,119	11,705,797	1,206,678	1,206,821	143
Stocks of subsidiaries and affiliated companies	368,066	393,851	25,784	30,653	4,868
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	181,349	207,180	25,830	30,653	4,822
Other securities	4,036	3,990	(46)	-	46
Available-for-sale securities	13,812,239	15,388,567	1,576,327	1,715,887	139,559
Domestic bonds	5,416,478	5,833,147	416,669	420,548	3,878
Domestic stocks	1,731,345	2,374,733	643,387	733,948	90,560
Foreign securities	6,109,972	6,587,728	477,755	519,877	42,121
Foreign bonds	4,725,795	5,140,468	414,672	440,625	25,952
Foreign stocks and other securities	1,384,176	1,447,260	63,083	79,252	16,168
Other securities	253,450	274,854	21,404	24,394	2,989
Monetary claims bought	265,993	283,103	17,110	17,118	7
Certificates of deposit	35,000	34,999	(0)	0	0
Others	-	-	-	-	-
Total	24,821,693	27,636,181	2,814,488	2,959,060	144,572
Domestic bonds	16,010,728	17,638,286	1,627,557	1,631,580	4,022
Domestic stocks	1,914,025	2,557,413	643,387	733,948	90,560
Foreign securities	6,338,457	6,843,532	505,074	552,018	46,944
Foreign bonds	4,772,931	5,189,092	416,160	442,113	25,952
Foreign stocks and other securities	1,565,526	1,654,440	88,914	109,905	20,991
Other securities	257,487	278,845	21,358	24,394	3,036
Monetary claims bought	265,993	283,103	17,110	17,118	7
Certificates of deposit	35,000	34,999	(0)	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 Act.

C. Fair Value Information on Money Held in Trust (General Account)

(Unit: million yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)	Gains	Losses
As of March 31, 2012	20,672	20,672	358	6,288	5,929
As of March 31, 2013	24,071	24,071	6,783	9,666	2,883

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:

(Unit: million yen)

	As of March 31, 2012		As of March 31, 2013	
	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	20,672	358	24,071	6,783

* Information on money held in trust classified as held-to-maturity, policy-reserve-matching, and available-for-sale:
 The Company held no balance as of March 31, 2012 or March 31, 2013.

(20) Fair Value Information on Derivative Transactions (General Account)

A. Gains (Losses) on Derivatives

(Unit: million yen)

	As of March 31, 2012					As of March 31, 2013				
	Interest-related	Currency-related	Stock-related	Bond-related	Total	Interest-related	Currency-related	Stock-related	Bond-related	Total
Hedge accounting applied	860	(138,182)	-	-	(137,321)	(857)	(145,879)	(13,541)	-	(160,279)
Hedge accounting not applied	439	(12,830)	(4,130)	(1,210)	(17,733)	420	(15,335)	-	189	(14,726)
Total	1,299	(151,013)	(4,130)	(1,210)	(155,055)	(437)	(161,215)	(13,541)	189	(175,005)

Note: Regarding the table above, following figures are reported in the statements of earnings:

As of March 31, 2012: gains/losses from derivatives with hedge accounting (fair value hedge method) applied (currency-related, loss of ¥138,182 million), and gains/losses from derivatives with hedge accounting not applied (loss of ¥17,733 million), totaling loss of ¥155,915 million.

As of March 31, 2013: gains/losses from derivatives with hedge accounting (fair value hedge method) applied (currency-related, loss of ¥144,739 million, and stock-related, loss of ¥13,541 million) and gains/losses from derivatives with hedge accounting not applied (loss of ¥14,726 million), totaling loss of ¥173,007 million.

B. Fair Value Information on Derivatives

(a) Interest-related transactions

(Unit: million yen)

	As of March 31, 2012					As of March 31, 2013				
	Notional amount/ Contract value	Over 1 year	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ Contract value	Over 1 year	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions										
Interest rate futures										
Sold	-	-	-	-	-	23,451	-	(3)	(3)	-
Bought	74,748	-	3	3	-	-	-	-	-	-
Over-the-counter transactions										
Yen interest rate swaps										
Receipts fixed, payments floating	92,000	69,600	2,000	2,000	1,434	70,110	34,210	1,426	1,426	928
Receipts floating, payments fixed	327,500	327,500	(703)	(703)	(573)	323,700	323,700	(1,860)	(1,860)	(1,786)
Total				1,299	860				(437)	(857)

Note: Fair value is shown in "Gains (losses)".

(Reference) Interest rate swaps by contractual maturity dates

(Unit: million yen, %)

	1 year or shorter	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
As of March 31, 2012							
Notional amount (receipts fixed, payments floating)	22,400	49,850	15,730	4,020	-	-	92,000
Average fixed rate (receipt)	1.24	1.34	1.50	1.52	-	-	1.35
Average floating rate (payment)	0.23	0.29	0.26	0.34	-	-	0.27
Notional amount (receipts floating, payments fixed)	-	-	322,500	-	5,000	-	327,500
Average fixed rate (payment)	-	-	0.52	-	1.18	-	0.53
Average floating rate (receipt)	-	-	0.44	-	0.34	-	0.44
Total	22,400	49,850	338,230	4,020	5,000	-	419,500
As of March 31, 2013							
Notional amount (receipts fixed, payments floating)	35,900	25,460	7,850	-	-	900	70,110
Average fixed rate (receipt)	1.20	1.55	1.69	-	-	2.01	1.40
Average floating rate (payment)	0.24	0.23	0.28	-	-	0.26	0.24
Notional amount (receipts floating, payments fixed)	-	322,500	-	-	-	1,200	323,700
Average fixed rate (payment)	-	0.52	-	-	-	1.71	0.53
Average floating rate (receipt)	-	0.43	-	-	-	0.23	0.43
Total	35,900	347,960	7,850	-	-	2,100	393,810

(b) Currency-related transactions

	(Unit: million yen)							
	As of March 31, 2012				As of March 31, 2013			
	Notional amount/ Contract value	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ Contract value	Fair value	Gains (losses)	Hedge accounting applied
Over-the-counter transactions								
Currency forward contracts								
Sold								
	2,891,155	(150,658)	(150,658)	(138,246)	3,665,450	(160,004)	(160,004)	(145,161)
U.S. dollar	1,818,024	(96,735)	(96,735)	(88,623)	2,130,913	(150,058)	(150,058)	(138,325)
Euro	743,207	(40,770)	(40,770)	(37,535)	871,332	(7,041)	(7,041)	(4,347)
British pound	140,751	(8,184)	(8,184)	(7,461)	205,491	(530)	(530)	(188)
Australian dollar	130,365	(1,398)	(1,398)	(1,243)	121,945	(1,747)	(1,747)	(1,348)
Canadian dollar	28,728	(781)	(781)	(763)	35,834	13	13	17
Others	30,077	(2,787)	(2,787)	(2,618)	299,933	(640)	(640)	(968)
Bought								
	218,698	1,304	1,304	64	1,087,801	(70)	(70)	421
U.S. dollar	101,650	549	549	16	544,056	1,576	1,576	462
Euro	55,705	1,004	1,004	58	171,238	(1,698)	(1,698)	(25)
Australian dollar	32,424	(330)	(330)	-	58,264	6	6	(1)
British pound	6,373	56	56	(10)	29,272	260	260	(7)
Canadian dollar	16,770	0	0	-	21,258	0	0	-
Others	5,772	24	24	-	263,710	(214)	(214)	(6)
Currency options								
Bought								
Put								
	110,876				-			
	[1,674]	14	(1,659)	-	[-]	-	-	-
Euro								
	110,876				-			
	[1,674]	14	(1,659)	-	[-]	-	-	-
Currency options								
U.S. dollar								
	-	-	-	-	9,877	(1,139)	(1,139)	(1,139)
	-	-	-	-	9,877	(1,139)	(1,139)	(1,139)
Total			(151,013)	(138,182)			(161,215)	(145,879)

Note:

- Figures in [] are option premiums which are included in the balance sheets.
- Forward exchange rates are used for exchange rates as of fiscal year ends.
- Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheets, those currency forward contracts are excluded from the table above.
- Fair value for forward contracts and currency swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".
- There were no transactions with a maturity of more than one year in the table above except for currency swaps.

(c) Stock-related transactions

	(Unit: million yen)							
	As of March 31, 2012				As of March 31, 2013			
	Notional amount/ Contract value	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ Contract value	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions								
Stock index options								
Bought								
Put								
	109,913				-			
	[4,202]	71	(4,130)	-	[-]	-	-	-
Over-the-counter transactions								
Equity forward contracts								
Sold								
	-	-	-	-	34,949	(13,541)	(13,541)	(13,541)
Total			(4,130)	-			(13,541)	(13,541)

Note:

- Figures in [] are option premiums which are included in the balance sheets.
- Differences between the option premiums paid/received and fair value of the option for option transactions, and fair value for forward contracts, are shown in "Gains (losses)".
- There were no transactions with maturity of more than one year in the table above.

(d) Bond-related transactions

(Unit: million yen)

	As of March 31, 2012				As of March 31, 2013			
	Notional amount/ Contract value	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ Contract value	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions								
Yen bond futures								
Sold	3,560	10	10	-	12,759	(40)	(40)	-
Yen bond futures options								
Sold					42,850			
Put	-	-	-	-	[17]	24	(6)	-
	[-]							
Over-the-counter transactions								
Bond OTC options								
Sold								
Call	3,010				6,175			
	[3]	4	(0)	-	[22]	81	(59)	-
Put	20,007				65,258			
	[41]	62	(20)	-	[80]	46	34	-
Bought								
Call	20,007				65,258			
	[21]	8	(12)	-	[58]	319	260	-
Put	102,993				6,175			
	[1,192]	5	(1,187)	-	[27]	29	1	-
Total			(1,210)	-			189	-

Note:

1. Figures in [] are option premiums which are included in the balance sheets.
2. Fair value for futures, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

3. Liabilities

(1) Policy Reserves by Product Line

	(Unit: million yen)	
	As of March 31, 2012	As of March 31, 2013
Policy reserves (excluding contingency reserves):		
Individual Insurance	17,395,342	17,739,984
(General Account)	(17,352,380)	(17,691,716)
(Separate Account)	(42,961)	(48,268)
Individual Annuities	3,708,251	3,844,726
(General Account)	(3,577,188)	(3,716,192)
(Separate Account)	(131,063)	(128,534)
Group Insurance	23,893	23,987
(General Account)	(23,893)	(23,987)
Group Annuities	6,065,980	6,146,172
(General Account)	(5,150,164)	(5,152,601)
(Separate Account)	(915,816)	(993,570)
Others	395,086	387,081
(General Account)	(395,086)	(387,081)
Subtotal	27,588,555	28,141,951
(General Account)	(26,498,713)	(26,971,578)
(Separate Account)	(1,089,841)	(1,170,373)
Contingency reserves	423,093	495,093
(General Account)	(423,093)	(495,093)
Total	28,011,648	28,637,045
(General Account)	(26,921,807)	(27,466,672)
(Separate Account)	(1,089,841)	(1,170,373)

(2) Reserve for Policyholder Dividends

	(Unit: million yen)						
	Individual Insurance	Individual Annuities	Group Insurance	Group Annuities	Financial Insurance/Annuities	Others	Total
Year ended March 31, 2012							
Balance at the end of previous fiscal year	327,368	8,020	56,043	7,794	1,878	2,564	403,671
Interest accrual in fiscal year	9,349	149	4	2	5	0	9,512
Policyholder dividends paid in fiscal year	33,286	683	52,039	5,960	228	2,114	94,311
Other increase (decrease)	-	-	-	-	-	-	-
Provision for fiscal year	9,715	277	53,072	4,000	-	1,934	69,000
Balance at the end of fiscal year	313,148	7,764	57,080	5,837	1,655	2,385	387,871
Year ended March 31, 2013							
Balance at the end of previous fiscal year	313,148	7,764	57,080	5,837	1,655	2,385	387,871
Interest accrual in fiscal year	9,017	141	4	2	4	0	9,170
Policyholder dividends paid in fiscal year	30,131	776	53,504	3,908	216	1,743	90,280
Other increase (decrease)	-	-	-	-	-	-	-
Provision for fiscal year	10,900	300	55,500	17,500	-	1,800	86,000
Balance at the end of fiscal year	302,934	7,429	59,080	19,431	1,443	2,442	392,761

(3) Reserve for Possible Loan Losses

	(Unit: million yen)		
	As of March 31, 2012	As of March 31, 2013	Change
(1) Total of reserves for possible loan losses			
(a) general reserve	2,411	1,751	(660)
(b) specific reserve	8,258	2,358	(5,900)
(c) specific reserve for loans to refinancing countries	-	-	-
(2) Specific reserve			
(a) provision for the year	8,269	2,364	(5,904)
(b) reversal for the year	8,360	2,603	(5,757)
[excludes reversal due to write-offs]			
(c) net amount of provision	(90)	(238)	(147)
(3) Specific reserve for loans to refinancing countries			
(a) number of countries	-	-	-
(b) amount of loans	-	-	-
(c) provision for the year	-	-	-
(d) reversal for the year	-	-	-
[excludes reversal due to write-offs]			
(4) Write-down of loans	58	429	371

Note:

1. Specific reserve is calculated after direct write-offs of the amount unrecoverable from collateral and guarantees for loans and claims to bankrupt and substantially bankrupt obligors.

The amounts written off were as follows:

- As of March 31, 2012: ¥119 million

- As of March 31, 2013: ¥472 million

4. Insurance Income & Expenses

(1) Insurance Premiums by Product Line

(Unit: million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Individual insurance	1,910,804	1,793,187
Individual annuities	161,286	189,435
Group insurance	154,128	149,310
Group annuities	784,400	743,693
Total including other products	3,055,324	2,921,183

Note: 'Total including other products' include premiums from financial insurance, financial annuities and reinsurance written.

(2) Benefits and Claims by Product Line

(Unit: million yen)

Year ended March 31, 2012	Individual Insurance	Individual Annuities	Group Insurance	Group Annuities	Financial Insurance/Annuities	Others	Total
Claims	660,761	221	82,377	-	934	4,270	748,564
Death	323,213	189	75,607	-	-	4,263	403,273
Accidental	7,299	32	408	-	219	-	7,960
Disability	18,458	-	5,570	-	-	-	24,028
Maturity	282,914	-	393	-	714	-	284,022
Others	28,874	-	397	-	-	6	29,279
Annuities	58,943	142,569	1,026	329,467	8,346	-	540,354
Benefits	147,985	37,884	176	284,041	2,535	789	473,412
Death	1,877	18,275	-	274	328	-	20,756
Hospitalization	54,438	424	58	-	-	561	55,482
Operation	35,160	327	-	-	-	178	35,666
Disability	2,840	7	45	81	-	-	2,975
Survival	45,645	1,352	-	-	2,207	-	49,205
Lump-sum payment	-	17,485	66	283,685	-	-	301,237
Others	8,023	9	5	-	-	48	8,087
Surrender values	371,843	54,039	138	147,279	31,897	-	605,198
Year ended March 31, 2013							
Claims	636,255	164	75,406	43,136	878	6,463	762,305
Death	307,907	140	69,420	-	-	6,448	383,916
Accidental	3,839	18	132	-	83	-	4,074
Disability	17,058	6	5,276	-	-	-	22,341
Maturity	278,471	-	223	43,136	795	-	322,627
Others	28,978	-	353	-	-	14	29,346
Annuities	43,998	165,118	1,002	336,107	8,442	-	554,669
Benefits	146,840	34,635	219	320,984	2,528	679	505,888
Death	1,969	18,976	-	436	260	-	21,642
Hospitalization	53,753	421	58	-	-	472	54,705
Operation	37,080	316	-	-	-	163	37,560
Disability	2,971	20	35	115	-	-	3,142
Survival	43,939	886	-	-	2,267	-	47,093
Lump-sum payment	-	14,004	120	320,431	-	-	334,556
Others	7,127	9	5	-	-	44	7,187
Surrender values	373,148	59,439	153	55,754	31,459	-	519,955

5. Investment Income & Expenses

(1) Investment Income (General Account)

	(Unit: million yen)			
	Year ended March 31, 2012		Year ended March 31, 2013	
	Amount	%	Amount	%
Interest and dividends	691,988	72.3	695,667	74.2
Interest from deposits	5,949	0.6	6,170	0.7
Interest and dividends from securities	531,101	55.5	541,982	57.8
Interest from loans	80,885	8.4	76,336	8.1
Rental income	65,872	6.9	63,359	6.8
Other interest and dividends	8,178	0.9	7,819	0.8
Gains on trading account securities	-	-	-	-
Gains on money held in trust	522	0.1	4,904	0.5
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	259,461	27.1	211,859	22.6
Gains on sale of domestic bonds	92,098	9.6	103,546	11.0
Gains on sale of domestic stocks	55,517	5.8	28,404	3.0
Gains on sale of foreign securities	93,889	9.8	79,908	8.5
Others	17,955	1.9	-	-
Gains on redemption of securities	686	0.1	3,887	0.4
Derivative transaction gains	-	-	-	-
Foreign exchange gains	-	-	-	-
Reversal of reserve for possible loan losses	2,159	0.2	898	0.1
Reversal of reserve for possible investment losses	-	-	-	-
Other investment income	2,582	0.3	20,649	2.2
Total	957,400	100.0	937,867	100.0

(2) Investment Expense (General Account)

	(Unit: million yen)			
	Year ended March 31, 2012		Year ended March 31, 2013	
	Amount	%	Amount	%
Interest expenses	18,666	5.1	18,849	9.1
Losses on trading account securities	-	-	-	-
Losses on money held in trust	-	-	-	-
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	180,705	49.7	66,196	32.1
Losses on sale of domestic bonds	8,802	2.4	3,158	1.5
Losses on sale of domestic stocks	55,177	15.2	22,832	11.1
Losses on sale of foreign securities	116,725	32.1	40,204	19.5
Others	-	-	-	-
Losses on valuation of securities	44,713	12.3	3,210	1.6
Losses on valuation of domestic bonds	-	-	-	-
Losses on valuation of domestic stocks	18,077	5.0	2,669	1.3
Losses on valuation of foreign securities	26,635	7.3	541	0.3
Others	-	-	-	-
Losses on redemption of securities	3,355	0.9	1,637	0.8
Derivative transaction losses	31,156	8.6	48,996	23.7
Foreign exchange losses	34,444	9.5	15,462	7.5
Provision for reserve for possible loan losses	-	-	-	-
Provision for reserve for possible investment losses	17	0.0	-	-
Write-down of loans	58	0.0	429	0.2
Depreciation of rental real estate and others	15,078	4.1	14,606	7.1
Other investment expenses	35,185	9.7	37,124	18.0
Total	363,380	100.0	206,514	100.0

(3) Net Investment Income (General Account)

	(Unit: million yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Net investment income	594,020	731,352

6. Solvency Margin Ratio

(1) Non-Consolidated Basis

		(Unit: million yen)	
		As of March 31, 2012	As of March 31, 2013
Total solvency margin (A)		3,128,027	4,178,263
Common stock, etc. ^{*1}		594,550	607,904
Reserve for price fluctuations		74,453	88,453
Contingency reserve		423,093	495,093
General reserve for possible loan losses		2,411	1,751
Net unrealized gains on securities (before tax) × 90% ^{*2}		622,400	1,418,695
Net unrealized gains (losses) on real estate × 85% ^{*2}		(36,536)	18,245
Policy reserves in excess of surrender values		1,469,387	1,609,462
Qualifying subordinated debt		441,780	427,562
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(383,699)	(411,842)
Excluded items		(169,507)	(169,507)
Others		89,694	92,446
Total risk	$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ (B)	1,086,199	1,168,327
Insurance risk	R ₁	94,146	90,521
3rd sector insurance risk	R ₈	158,098	160,847
Assumed investment yield risk	R ₂	284,367	269,273
Investment risk	R ₃	739,876	838,472
Guaranteed minimum benefit risk	R ₇ ^{*3}	5,874	5,261
Business risk	R ₄	25,647	27,287
Solvency margin ratio	$\frac{(A)}{(1/2) \times (B)} \times 100$	575.9%	715.2%

*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 figures are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

(2) Consolidated Basis

		(Unit: million yen)	
		As of March 31, 2012	As of March 31, 2013
Total solvency margin (A)		3,096,077	4,131,402
Common stock, etc. ^{*1}		453,417	436,330
Reserve for price fluctuations		74,831	89,228
Contingency reserve		480,251	587,497
Catastrophe loss reserve		-	-
General reserve for possible loan losses		2,425	1,752
Net unrealized gains on securities (before tax) × 90% ^{*2}		628,174	1,428,115
Net unrealized gains (losses) on real estate × 85% ^{*2}		(36,536)	18,245
Policy reserves in excess of surrender values		1,527,129	1,669,231
Qualifying subordinated debt		441,780	427,562
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(525,037)	(550,006)
Excluded items		(40,052)	(68,999)
Others		89,694	92,446
Total risk	$\sqrt{(\sqrt{R_1^2+R_5^2+R_8+R_9})^2+(R_2+R_3+R_7)^2}+R_4+R_6$ (B)	1,099,355	1,176,246
Insurance risk	R ₁	101,911	103,425
General insurance risk	R ₅	-	-
Catastrophe risk	R ₆	-	-
3rd sector insurance risk	R ₈	164,238	168,895
Small amount and short-term insurance risk	R ₉	-	-
Assumed investment yield risk	R ₂	287,440	273,604
Guaranteed minimum benefit risk	R ₇ ^{*3}	28,829	28,747
Investment risk	R ₃	723,443	813,382
Business risk	R ₄	26,117	27,761
Solvency margin ratio	$\frac{(A)}{(1/2) \times (B)} \times 100$	563.2%	702.4%

*1: Expected disbursements from capital outside the Company and accumulated other comprehensive income, etc. are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The above figures are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

7. Embedded Value

(1) Embedded Value

EV (Embedded Value) is the sum of “adjusted net worth,” which is calculated by making necessary adjustments to total net assets on the balance sheet, and “value of in-force business,” which is calculated as present value of future after-tax profits on in-force business. EV is one of the indicators that represent corporate value for shareholders.

Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of profits. The use of EV allows the contribution of future profit from new business to be recognized at the time of sale. It therefore serves as a valuable supplement to statutory financial information.

The Dai-ichi Life Group has been disclosing European Embedded Value (“EEV”) pursuant to the European Embedded Value Principles starting from the EEV as of March 31, 2008, with the aim of facilitating understanding of the Group.

*The European Embedded Value Principles were published in May 2004 by the CFO Forum, an organization comprising the chief financial officers of Europe's leading life insurers, to improve consistency and transparency in EV reporting.

(2) EEV Results of the Group

The EEVs as of the ends of the last two fiscal years are shown in the table below.

(Unit: billion yen)

	Dai-ichi Life Group			Dai-ichi Life (Non-consolidated)		
	As of March 31, 2012	As of March 31, 2013	Increase (Decrease)	As of March 31, 2012	As of March 31, 2013	Increase (Decrease)
EEV	2,661.5	3,341.9	680.4	2,715.0	3,352.9	637.8
Adjusted net worth	1,867.0	3,128.8	1,261.7	1,996.2	3,223.0	1,226.8
Total net assets on the balance sheet ⁽¹⁾	750.4	829.8	79.3	610.5	623.9	13.3
Retained earnings in liabilities ⁽²⁾	562.8	682.8	120.0	505.3	589.7	84.3
General reserve for possible loan losses	2.4	1.7	(0.6)	2.4	1.7	(0.6)
Unrealized gains (losses) on securities and miscellaneous items ⁽³⁾	1,346.6	2,961.9	1,615.3	1,340.5	2,947.7	1,607.1
Unrealized gains (losses) on loans	202.7	237.6	34.9	202.7	237.6	34.9
Unrealized gains (losses) on real estate ⁽⁴⁾	(60.7)	(51.5)	9.2	(60.7)	(51.5)	9.2
Unrealized gains (losses) on liabilities ⁽⁵⁾	6.1	(11.7)	(17.9)	6.1	(11.7)	(17.9)
Unfunded retirement benefit obligation ⁽⁶⁾	(21.6)	11.0	32.6	(21.6)	11.0	32.6
Tax effect equivalent of above items	(603.8)	(1,141.3)	(537.4)	(602.0)	(1,136.9)	(534.9)
Adjustment for the Trust Fund for Employee Stock Holding Partnership and Stock Granting Trust ⁽⁷⁾	12.9	11.4	(1.4)	12.9	11.4	(1.4)
Consolidation adjustment regarding DFL ⁽⁸⁾	(163.4)	(163.4)	0.0	-	-	-
Minority interest in DFL's adjusted net worth ⁽⁹⁾	(11.3)	(13.1)	(1.8)	-	-	-
Adjustment for intangible assets in TAL and miscellaneous items ⁽¹⁰⁾	(19.5)	(90.1)	(70.6)	-	-	-
Consolidation adjustment regarding TAL ⁽¹¹⁾	(136.5)	(136.5)	0.0	-	-	-
Value of in-force business	794.4	213.1	(581.2)	718.7	129.8	(588.9)
Certainty equivalent present value of future profits ⁽¹²⁾	1,030.9	493.0	(537.9)	896.5	335.9	(560.5)
Time value of financial options and guarantees	(125.7)	(169.6)	(43.8)	(82.5)	(112.7)	(30.1)
Cost of holding required capital	(54.6)	(49.1)	5.5	(43.5)	(37.8)	5.7
Allowance for non-financial risks	(56.0)	(61.0)	(4.9)	(51.5)	(55.5)	(3.9)
Value of new business	187.7	211.2	23.4	168.1	191.1	23.0

Note:

- The total amount of valuation and translation adjustments are excluded. An adjustment regarding the surplus relief reinsurance has been made for the EEV calculation of The Dai-ichi Frontier Life Insurance Co., Ltd. (“DFL”).
- The sum of reserve for price fluctuations, contingency reserve, and the unallocated portion of reserve for policyholder dividends is reported.
- For purposes of EEV calculations, domestic listed stocks are recorded at their market value as of the end of the reporting period, whereas for accounting purposes under Japanese GAAP, they are recorded on the balance sheet at their average value during the last month of the reporting period. The difference (the value for purposes of EEV calculations less the value recorded on our balance sheet) (after tax) was ¥13.4 billion as of March 31, 2012, and ¥16.5 billion as of March 31, 2013.
- With respect to land, the difference between fair value and carrying value before revaluation is posted.
- The figure represents the unrealized gains (losses) in subordinated debt that Dai-ichi Life issued.
- The sum of unrecognized gains/losses on plan amendments and unrecognized actuarial differences is reported.
- The fair value of the Trust Fund for the Employee Stock Holding Partnership and Stock Granting Trust (collectively, the “Trust”) is reported (the fair value of the Trust Fund for the Employee Stock Holding Partnership does not exceed the loan amount of the trust fund).
- Dai-ichi Life's carrying amount of equity of DFL, which is reported in “Total net assets on the balance sheet”, is deducted to offset.
- Minority interest in DFL's adjusted net worth is deducted.
- An adjustment is made for TAL's intangible assets, including goodwill and value in-force business.
- Dai-ichi Life's carrying amount of equity of TAL Dai-ichi Life Australia Pty Limited (“TAL”), which is reported in “Total net assets on the balance sheet”, is deducted to offset.
- An adjustment regarding the surplus relief reinsurance has been made for DFL's EEV calculation.

*For the Dai-ichi Life Group, all the items from “Total net assets on the balance sheet” to “Tax effect equivalent of above items” display the sum of the figures for Dai-ichi Life, DFL and TAL.

(3) Movement Analysis

	(Unit: billion yen)					
	Dai-ichi Life Group			Dai-ichi Life (Non-consolidated)		
	Adjusted net worth	Value of in-force business	EEV	Adjusted net worth	Value of in-force business	EEV
Values as of March 31, 2012	1,867.0	794.4	2,661.5	1,996.2	718.7	2,715.0
(1) Adjustments to the values as of March 31, 2012	(8.5)	9.8	1.2	(16.0)	0.0	(16.0)
Adjusted values as of March 31, 2012	1,858.5	804.3	2,662.8	1,980.2	718.7	2,699.0
(2) Value of new business	0.0	211.2	211.2	0.0	191.1	191.1
(3) Expected existing business contribution (risk-free rate)	(0.7)	16.4	15.7	1.3	2.5	3.8
(4) Expected existing business contribution (in excess of risk-free rate)	17.6	316.4	334.0	23.6	304.1	327.7
(5) Expected transfer from VIF to adjusted net worth on in-force at beginning of year	(46.7)	46.7	0.0	(51.2)	51.2	0.0
on new business	113.3	(113.3)	0.0	100.6	(100.6)	0.0
(6) Non-economic experience variances	(160.1)	160.1	0.0	(151.8)	151.8	0.0
(7) Non-economic assumptions changes	2.2	3.8	6.1	2.4	5.9	8.3
(8) Economic variances	(1.1)	70.0	68.8	0.0	77.8	77.8
(9) Other variances (Note)	1,299.0	(1,348.9)	(49.8)	1,266.5	(1,314.0)	(47.4)
Values as of March 31, 2013	0.0	93.0	93.0	0.0	92.3	92.3
	3,128.8	213.1	3,341.9	3,223.0	129.8	3,352.9

Note: Dai-ichi Life has revised the premium rate applied to the contracts to be renewed on or after April 1, 2013. This item includes the positive impact of this revision (Dai-ichi Life Group and Dai-ichi Life (non-consolidated): ¥118.3 billion). It also includes the negative impact of revised operating expenses assumption due to scheduled changes in consumption tax (Dai-ichi Life Group: ¥(23.3) billion, Dai-ichi Life (non-consolidated): ¥(23.1) billion).

(4) Sensitivity Analysis

The following table shows a sensitivity analysis to changes in assumptions.

Assumptions	(Unit: billion yen)			
	Dai-ichi Life Group		Dai-ichi Life (Non-consolidated)	
	EEV	Increase (Decrease)	EEV	Increase (Decrease)
Values as of March 31, 2013	3,341.9	-	3,352.9	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	3,611.2	269.3	3,625.5	272.6
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	2,972.8	(369.1)	2,984.2	(368.6)
Sensitivity 3: 10% decline in equity and real estate values	3,045.3	(296.6)	3,060.3	(292.5)
Sensitivity 4: 10% decline in maintenance expenses	3,517.5	175.5	3,521.6	168.7
Sensitivity 5: 10% decline in surrender and lapse rate	3,523.3	181.3	3,518.0	165.1
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	3,489.3	147.3	3,491.8	138.8
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	3,330.8	(11.1)	3,342.0	(10.8)
Sensitivity 8: Setting required capital at statutory minimum level	3,370.3	28.4	3,380.5	27.6
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	3,314.7	(27.1)	3,343.9	(9.0)
Sensitivity 10: 25% increase in implied volatilities of swaptions	3,325.5	(16.3)	3,335.5	(17.3)

(5) Principal EEV Assumptions

A. Economic Assumptions

In the certainty equivalent calculation, for Dai-ichi Life and DFL the Japanese Government Bond (JGB) is used, and for TAL Australian swap rate is used, as a proxy for risk-free rates, taking assets in each company's portfolio and the liquidity in the market into account.

For JGB risk-free rates (forward rates) in the 31st year and beyond, we extrapolate the yield curve taking into account the yield curve of Japanese swap rate due to the low liquidity of ultralong-term bonds in the market beyond a 30 year maturity, for which no standard model exists. For Australian swap, we assumed that forward rates in the 31st year and beyond were equal to those in the 30th year. The table below shows, for selected terms, the risk-free rates (spot rates) which are used in the calculations.

Term	JGB		Australian swap rate	
	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013
1 Year	0.104%	0.069%	4.170%	3.093%
2 Year	0.123%	0.049%	4.146%	3.189%
3 Year	0.173%	0.076%	4.214%	3.343%
4 Year	0.250%	0.102%	4.330%	3.471%
5 Year	0.332%	0.148%	4.442%	3.609%
10 Year	1.050%	0.557%	4.874%	4.162%
15 Year	1.600%	1.112%	5.122%	4.511%
20 Year	1.914%	1.566%	5.078%	4.663%
25 Year	1.998%	1.631%	4.867%	4.692%
30 Year	2.106%	1.678%	4.700%	4.676%
35 Year	2.201%	1.786%	4.582%	4.661%
40 Year	2.272%	1.883%	4.494%	4.649%
45 Year	2.329%	1.959%	4.425%	4.640%
50 Year	2.387%	2.020%	4.370%	4.633%

B. Non-Economic Assumptions

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

(6) Note on Using EV

1. The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. Actual future results might materially differ from the assumptions used in the EV calculations. We therefore ask that full care is exercised when using or analyzing EV.
2. In calculating EV, the Group requested a third party (an actuarial firm) with expertise in actuarial calculation to review the assumptions and method of calculation, and obtained a written opinion. For information on the written opinion and details of Dai-ichi Life Group's EEV, please refer to the news release posted on the Company's website (http://www.dai-ichi-life.co.jp/english/investor/ir/financial/results/2012/pdf/index_026.pdf).

8. Separate Account

(1) Separate Account Assets by Product

(Unit: million yen)

	As of March 31, 2012	As of March 31, 2013
Individual variable insurance	43,785	50,718
Individual variable annuities	142,821	143,755
Group annuities	929,076	1,036,304
Separate account total	1,115,683	1,230,778

(2) Individual Variable Insurance (Separate Account)

A. Sum Insured of Policies in Force

(Unit: million yen except number of policies)

	As of March 31, 2012		As of March 31, 2013	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	191	940	183	904
Variable insurance (whole life)	46,835	290,505	46,136	286,137
Total	47,026	291,446	46,319	287,041

Note: Policies in force include term life riders.

B. Breakdown of Separate Account Assets

(Unit: million yen except percentages)

	As of March 31, 2012		As of March 31, 2013	
	Amount	%	Amount	%
Cash, deposits, and call loans	1	0.0	8	0.0
Securities	39,885	91.1	46,187	91.1
Domestic bonds	12,520	28.6	14,034	27.7
Domestic stocks	13,750	31.4	15,966	31.5
Foreign securities	13,615	31.1	16,186	31.9
Foreign bonds	4,889	11.2	5,839	11.5
Foreign stocks and other securities	8,725	19.9	10,346	20.4
Other securities	-	-	-	-
Loans	-	-	-	-
Others	3,898	8.9	4,522	8.9
Reserve for possible loan losses	-	-	-	-
Total	43,785	100.0	50,718	100.0

C. Investment Gains (Losses) of Separate Account

(Unit: million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Interest and dividends	848	877
Gains on sales of securities	1,861	3,288
Gains on redemption of securities	-	-
Gains on valuation of securities	5,163	7,975
Foreign exchange gains	123	162
Derivative transaction gains	18	6
Other investment income	7	0
Losses on sales of securities	4,703	1,874
Losses on redemption of securities	-	3
Losses on valuation of securities	2,672	2,891
Foreign exchange losses	102	158
Derivative transaction losses	19	9
Other investment expenses	1	1
Net investment income	524	7,371

D. Fair Value Information on Securities in Separate Account

* Valuation gains (losses) of trading securities

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	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	39,885	2,491	46,187	5,083

* Fair value information on money held in trust

The Company had no balance as of March 31, 2012 or March 31, 2013.

E. Fair Value Information on Derivative Transactions (Individual Variable Insurance)

(a) Gains (losses) on derivatives

As of March 31, 2012	(Unit: million yen)				
	Interest-related	Currency-related	Stock-related	Bond-related	Total
Hedge accounting applied	-	-	-	-	-
Hedge accounting not applied	-	0	-	-	0
Total	-	0	-	-	0
As of March 31, 2013					
Hedge accounting applied	-	-	-	-	-
Hedge accounting not applied	-	(1)	-	-	(1)
Total	-	(1)	-	-	(1)

Note: All gains (losses) above are reported in the statements of earnings.

(b) Fair value information on derivatives

* Currency-related transactions

	(Unit: million yen)							
	As of March 31, 2012				As of March 31, 2013			
	Contract Value	Fair Value	Gains (losses)	Hedge Accounting Applied	Contract Value	Fair Value	Gains (losses)	Hedge Accounting Applied
Over-the-counter transactions								
Currency forward contracts								
Sold								
U.S. dollar	220	(0)	(0)	-	313	(1)	(1)	-
British pound	56	(1)	(1)	-	156	(2)	(2)	-
Euro	19	(0)	(0)	-	33	(0)	(0)	-
Others	5	(0)	(0)	-	1	(0)	(0)	-
Bought								
Euro	90	1	1	-	297	(0)	(0)	-
U.S. dollar	111	(0)	(0)	-	291	0	0	-
Canadian dollar	-	-	-	-	159	3	3	-
British pound	9	0	0	-	56	0	0	-
Australian dollar	-	-	-	-	4	(0)	(0)	-
Others	90	1	1	-	110	(0)	(0)	-
Total			0	-			(1)	-

Note:

- Forward exchange rates are used for exchange rates as of fiscal year ends.
- Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts are reported in yen amounts in the balance sheets, those currency forward contracts are excluded from the table above.
- Fair value is shown in "Gains (losses)".
- There were no transactions with a maturity of more than one year in the table above.

The Company held no interest-related, stock-related or bond-related derivative instruments since March 31, 2012. Therefore no information for interest-related, stock-related or bond-related derivative instruments is provided in the report.

(3) Individual Variable Annuities (Separate Account)

A. Sum Insured of Policies in Force

	(Unit: million yen except number of policies)			
	As of March 31, 2012		As of March 31, 2013	
	Number	Amount	Number	Amount
Individual variable annuities	41,056	131,129	36,424	132,371

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

B. Breakdown of Separate Account Assets

	(Unit: million yen except percentages)			
	As of March 31, 2012		As of March 31, 2013	
	Amount	%	Amount	%
Cash, deposits, and call loans	1,563	1.1	1,797	1.3
Securities	139,446	97.6	139,125	96.8
Domestic bonds	4,856	3.4	5,386	3.7
Domestic stocks	3,622	2.5	4,202	2.9
Foreign securities	5,562	3.9	5,944	4.1
Foreign bonds	2,012	1.4	1,911	1.3
Foreign stocks and other securities	3,550	2.5	4,032	2.8
Other securities	125,404	87.8	123,592	86.0
Loans	-	-	-	-
Others	1,811	1.3	2,832	2.0
Reserve for possible loan losses	-	-	-	-
Total	142,821	100.0	143,755	100.0

C. Investment Gains (Losses) of Separate Account

	(Unit: million yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Interest and dividends	577	2,350
Gains on sales of securities	399	781
Gains on redemption of securities	-	-
Gains on valuation of securities	19,670	32,548
Foreign exchange gains	6	7
Derivative transaction gains	-	-
Other investment income	1	0
Losses on sales of securities	973	430
Losses on redemption of securities	-	0
Losses on valuation of securities	15,122	7,832
Foreign exchange losses	9	7
Derivative transaction losses	-	-
Other investment expenses	2,005	2,118
Net investment income	2,544	25,298

D. Fair Value Information on Securities in Separate Account

* Valuation gains (losses) of trading securities

	(Unit: million yen)			
	As of March 31, 2012		As of March 31, 2013	
	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	139,446	4,548	139,125	24,716

* Fair value information on money held in trust

The Company had no balance as of March 31, 2012 or March 31, 2013.

E. Fair Value Information on Derivative Transactions (Individual Variable Annuities)

(a) Gains (losses) on derivatives

	(Unit: million yen)				
As of March 31, 2012	Interest-related	Currency-related	Stock-related	Bond-related	Total
Hedge accounting applied	-	-	-	-	-
Hedge accounting not applied	-	(0)	-	-	(0)
Total	-	(0)	-	-	(0)
As of March 31, 2013					
Hedge accounting applied	-	-	-	-	-
Hedge accounting not applied	-	0	-	-	0
Total	-	0	-	-	0

Note: All gains (losses) above are reported in the statements of earnings.

(b) Fair value information on derivatives

* Currency-related transactions

	(Unit: million yen)							
	As of March 31, 2012				As of March 31, 2013			
	Contract Value	Fair Value	Gains (losses)	Hedge Accounting Applied	Contract Value	Fair Value	Gains (losses)	Hedge Accounting Applied
Over-the-counter transactions								
Currency forward contracts								
Sold								
U.S. dollar	14	0	0	-	10	(0)	(0)	-
Euro	-	-	-	-	4	(0)	(0)	-
Others	-	-	-	-	0	(0)	(0)	-
Bought								
U.S. dollar	15	(0)	(0)	-	129	0	0	-
Euro	-	-	-	-	32	0	0	-
British pound	-	-	-	-	11	0	0	-
Canadian dollar	-	-	-	-	3	(0)	(0)	-
Australian dollar	-	-	-	-	2	(0)	(0)	-
Others	-	-	-	-	5	0	0	-
Total			(0)	-			0	-

Note:

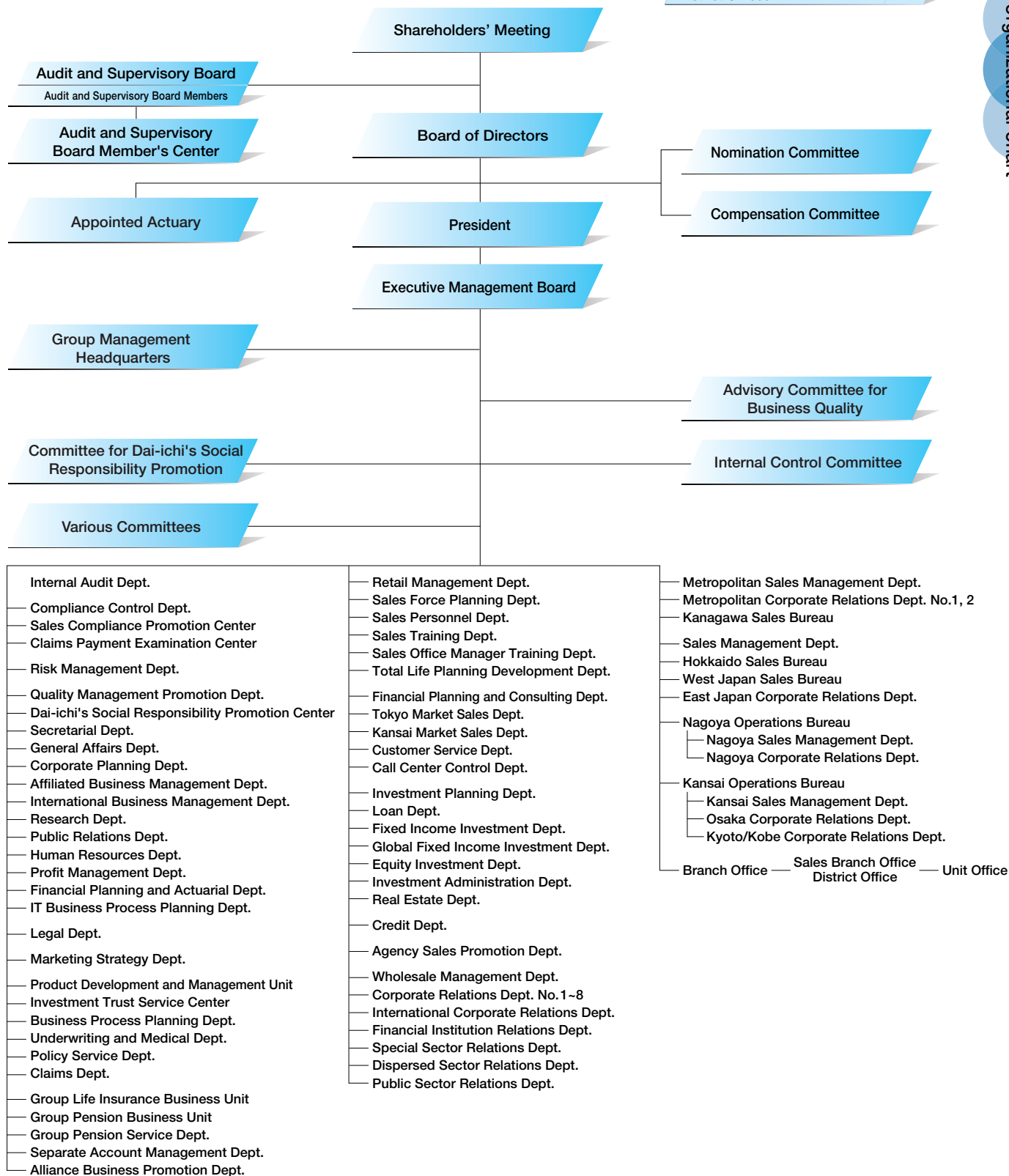
- Forward exchange rates are used for exchange rates as of year ends.
- Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts are reported in yen amounts in the balance sheets, those currency forward contracts are excluded from the table above.
- Fair value is shown in "Gains (losses)".
- There were no transactions with maturity of more than one year in the table above.

The Company held no interest-related, stock-related or bond-related derivative instruments since March 31, 2012. Therefore no information for interest-related, stock-related, or bond-related derivative instruments is provided in the report.

Organization Chart

(As of April 1, 2013)

Operations Bureaus	2
Dept./Sales Bureaus	74
Centers	5
Branch Offices	84
Sales Branch Offices	9
District Offices	7



Organizational Chart

Board of Directors and Executive Officers

(As of June 24, 2013)

- Representative Director, Chairman of the Board
Katsutoshi Saito
- Representative Director, President
Koichiro Watanabe
- Representative Directors, Deputy Presidents
Hideto Masaki
- Directors, Senior Managing Executive Officers
Ryoji Yajima
Kazuma Ishii
Shigeo Tsuyuki
Norimitsu Horio
- Directors, Managing Executive Officers
Tomoyasu Asano
Hiroshi Kanai
Hideo Teramoto
Takashi Kawashima
- Directors
Haruo Funabashi
Michiko Miyamoto
- Senior Corporate Auditors
Teruo Imano
Fusakazu Kondo

- Corporate Auditors
Masasuke Omori
Takashi Wachi
Tsuneaki Taniguchi
- Senior Managing Executive Officers
Satoru Ueno
- Managing Executive Officers
Yoshio Takeyama
Takehide Itonaga
Kenji Sakurai
Akio Tanaka
Morinobu Nagahama
- Executive Officers
Nobuyuki Akimoto
Atsushi Takahashi
Shinichi Aizawa
Atsushi Nagayama
Satoru Sato
Masamitsu Nanbu
Seiji Inagaki
Masao Taketomi
Katsuhisa Watanabe
Masahiro Takashima
Hideo Hatanaka

Overseas Network

NORTH AMERICA

Dai-ichi Life International (U.S.A.), Inc.

President: Shigeru Mori
Address: 1133 Avenue of the Americas, 28th Floor,
New York, NY 10036 USA
Tel: 1-212-350-7600
Fax: 1-212-354-1866

EUROPE

Dai-ichi Life International (Europe) Limited

Managing Director: Shinichiro Masunaga
Address: 6th Floor, 6 Gracechurch Street, London EC3V 0AT,
U.K.
Tel: 44-20-7220-1770
Fax: 44-20-7220-1779

ASIA-PACIFIC

Dai-ichi Life Insurance Company of Vietnam, Limited

Chairman cum General Director: Takashi Fujii
Address: 149-151 Nguyen Van Troi Street, Ward 11,
District Phu Nhuan, Ho Chi Minh City, Vietnam
Tel: 84-8-3810-0888
Fax: 84-8-3997-3000
Homepage: <http://www.dai-ichi-life.com.vn/>

TAL <TAL Dai-ichi Life Australia Pty Ltd>

Chairman: Robert Thomas
CEO & MD: Jim Minto
Address: Level 16, 363 George Street, Sydney, NSW 2000,
Australia
Tel: 61-2-9448-9000
Fax: 61-2-9448-9100
Homepage: <http://www.tal.com.au/>

Star Union Dai-ichi Life Insurance Company Limited

CEO & MD: Girish Kulkarni
Address: 11th Floor, Raghuleela Arcade, IT park,
Sector 30 A, Opp. Vashi Railway Station, Vashi,
Navi Mumbai – 400703
Tel: 91-22-3954-6300
Homepage: <http://sudlife.in/en-US/Pages/homepage.aspx>

ASIA-PACIFIC

OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED

Chairman: Kirati Assakul
Address: 170 / 74 - 83 Ocean Tower 1 Bldg.,
Rachadapisek Rd., Klongtoey, Bangkok, Thailand
Tel: 66(0)-2261-2300
Fax: 66(0)-2261-3344

Dai-ichi Life International (AsiaPacific) Limited

Managing Director: Tatsusaburo Yamamoto
Address: Suite 902, Central Plaza 18, Harbour Road,
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Tel: 852-2588-1331
Fax: 852-2588-1218

Beijing Representative Office

Chief Representative: Zhao Ke Fei
Address: 8th Floor, Chang Fu Gong Office Building,
Jianguomenwai St. Chaoyang District, Beijing,
China
Tel: 86-10-6513-9031
Fax: 86-10-6513-9225

Shanghai Representative Office

Chief Representative: Tomoki Sugizaki
Address: 15F, Shanghai World Financial Center,
100 Century Avenue, Pudong New Area,
Shanghai, China
Tel: 86-21-6877-5788
Fax: 86-21-6877-5988

Taipei Representative Office

Chief Representative: Hajime Namba
Address: Shin Kong Life Tower 33F, 66, Chung-Hsiao
W. RD., Sec.1, Taipei, Taiwan
Tel: 886-2-2388-5399
Fax: 886-2-2331-9344

HISTORY

1902

Tsuneta Yano issues Characteristics of My Company, a pamphlet explaining the merits of a mutual company, and subsequently establishes Japan's first mutual life insurance company, the Dai-ichi Mutual Life Insurance Company.

1938

The Head Office is moved to its current Tokyo location, which served as the General Headquarters of the Allied Powers (GHQ) following World War II.

1967

Dai-ichi's 20-story Oi Head Office, housing the Company's Policy Service departments and Computer Systems Department, is completed.

1970

FALIA, Foundation for the Advancement of Life Insurance Around the World, a consolidation of several related organizations active since 1962, is established to expand Dai-ichi's support for the life insurance business in Asia.

1975

Dai-ichi's first overseas representative office is established in New York (currently Dai-ichi Life International (U.S.A.), Inc.) to study U.S. insurance, economic, and financial systems as well as to promote international group insurance policies among local subsidiaries of Japanese corporations.

1982

Dai-ichi's first European representative office is established in London (currently Dai-ichi Life International (Europe) Limited).

1988

Dai-ichi establishes Dai-ichi Life International (H.K.) Limited (currently Dai-ichi Life International [AsiaPacific] Limited).

1990

Dai-ichi's investment in Lincoln National Life Insurance Company marks the first time a Japanese company has participated in capitalizing a leading U.S. insurer (already ceased).

1993

Dai-ichi completes the DN Tower 21, a new Head Office building in the heart of Tokyo.

1995

Following the Great Hanshin Earthquake in January, Dai-ichi simplifies claims settlement procedures.

1996

Dai-ichi establishes the Dai-ichi Property and Casualty Insurance Co., Ltd. (already ceased).

1997

Dai-ichi establishes Dai-ichi Life Research Institute Inc.

1998

- Dai-ichi enters into the investment trust business as Daiichi Life Asset Management Co., Ltd.
- Dai-ichi reaches an agreement on total business cooperation with the Industrial Bank of Japan, Ltd. (currently Mizuho Financial Group, Inc.).

1999

- Dai-ichi and the Industrial Bank of Japan Co., Ltd. establish IBJ-DL Financial Technology Co., Ltd. (currently Mizuho-DL Financial Technology Co., Ltd.).
- Dai-ichi Life Asset Management Co., Ltd., IBJ NW Asset Management Co., Ltd. and IBJ Investment Trust Management Co., Ltd. merge to form DLIBJ Asset Management Co., Ltd. (currently DIAM Co., Ltd.).

2000

Dai-ichi enters into an agreement to form a comprehensive business alliance with the Yasuda Fire and Marine Insurance Co., Ltd. (currently SOMPO JAPAN INSURANCE INC.) and a strategic marketing alliance with American Family Life Assurance Company of Columbus (AFLAC).

2001

Dai-ichi wins the "Japan Quality Award", the first company in the financial and insurance industry to receive this honor.

2002

Marking a century of insurance and investment achievements, Dai-ichi celebrates its 100th Anniversary.

2003

Dai-ichi issues subordinated bonds of ¥30 billion for public subscription using a securitization scheme.

2004

- Dai-ichi issues U.S. dollar-denominated subordinated bonds in the global capital market.
- Dai-ichi raises additional foundation funds of ¥60 billion through public offering using a securitization scheme.

2006

Dai-ichi raises additional foundation funds of ¥60 billion through public offering using a securitization scheme.

2007

- Dai-ichi acquires Bao Minh CMG, which recommences operations as Dai-ichi Life Insurance Company of Vietnam, Ltd.
- Dai-ichi's wholly-owned subsidiary, Dai-ichi Frontier Life Insurance Co., Ltd., obtains a license for life insurance business.
- Dai-ichi concludes a joint-venture contract to establish a joint life insurance company (Star Union Dai-ichi Life Insurance Company Limited) with the Bank of India and Union Bank of India.

2008

- Dai-ichi adopts a plan to demutualize and become a stock company.
- Dai-ichi concludes an agreement on a strategic business alliance, including the acquisition of shares, with Ocean Life Insurance Co, Ltd. (currently OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED) of Thailand.
- Dai-ichi enters into an agreement to form a strategic business alliance with TOWER Australia Group Limited (TOWER Australia).

2009

- Star Union Dai-ichi Life Insurance Company Limited commences sales of its products.
- Dai-ichi enters into ¥183 billion syndicated subordinated loan.
- The 108th general meeting of representative policyholders approves Dai-ichi's demutualization.

2010

Dai-ichi demutualizes and is listed on the Tokyo Stock Exchange.

2011

- Dai-ichi issues U.S. dollar-denominated perpetual subordinated notes in the global capital market.
- Following the Great East Japan Earthquake in March, Dai-ichi offers aid to the victims and special treatment for the policyholders affected by the earthquake.
- Dai-ichi successfully acquires 100% ownership of TOWER Australia, and TOWER Australia changes its name to TAL Limited.

2012

Dai-ichi enters into a strategic business and capital alliance with Janus Capital Group Inc., a U.S. asset management company.

2013

Dai-ichi concludes agreement with PT Panin Life and PT Panin Internasional, the intermediate holding company of PT Panin Life, to acquire new shares in these companies.

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Thinking People First

DAI-ICHI LIFE