

By your side, for life

DAI-ICHI LIFE

2014

The Dai-ichi Life Insurance
Company, Limited

Annual Report

(Integrated version with Dai-ichi Life DSR Report)

By your side, for life

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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 ("Dai-ichi Life," the "Company" or the "Group") 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 Life has relied upon and assumed the accuracy and completeness of all information available to it in preparing this presentation, Dai-ichi Life 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 Life'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 Life disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.

Overview of Dai-ichi Life (as of the end of March 2014)

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	55,603 (In-house employees: 12,237; sales representatives: 43,366)
Number of business bases	84 branch offices and 1,257 unit offices, etc. (as of April 1, 2014)
Status of assets	Total assets: ¥34,028.8 billion
Status of liabilities	Policy reserves and others: ¥29,744.0 billion
Status of net assets	Capital stock and legal capital surplus: ¥420.4 billion
Status of revenues and expenditures	Premium and other income: ¥2,868.0 billion (April 2013–March 2014)
	Benefits and claims: ¥2,439.1 billion (April 2013–March 2014)
Policy amount in-force	Individual insurance: ¥128,094.8 billion Individual annuity insurance: ¥8,798.3 billion Group insurance: ¥48,357.1 billion Group annuity insurance: ¥6,353.4 billion

● Management philosophy

Customer First
By your side, for life

● Basic Management Policies

Maximize customer satisfaction
Secure social trust
Create sustainable corporate value
Foster employee potential



Koichiro Watanabe,
President and
Representative Director

Katsutoshi Saito,
Chairman of the Board and
Representative Director

Message from the President

The Group's Collective Initiatives for Further Growth



Koichiro Watanabe,
President and Representative Director



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

In 2013, the Group established the management philosophy "By your side, for life" as the group mission to increase its corporate value. We have rediscovered that our mission, our *raison d'être*, is for each company in the Group to contribute to the comfort and peace of mind of our customers and the development of local communities in their respective region by standing by the side of our customers and those they love, for life.

Taking into account the establishment of this Group mission, we have decided to issue the Dai-ichi Life Annual Report as an integrated version with the Dai-ichi Life DSR Report from the fiscal year under review. Although we issued the Annual Report, which mainly covered financial information, and the Dai-ichi Life DSR Report that centered on non-financial information and summarized our efforts to fulfill our social responsibilities in the past, we have decided to combine them into an integrated report^{*1}. By presenting both financial and non-financial information together, we will report our initiatives to continuously create corporate value for our stakeholders, including our customers and shareholders as well as people in local communities, in an easier-to-understand manner.

Continuous Creation of Corporate Value: DSR Management

To practice our Group mission of "By your side, for life," we undertake DSR Management by sharing the Dai-ichi Life Group's corporate action principles (DSR Charter)^{*2}, values held in high esteem by our officers and employees, and setting a goal of contributing to the development of a sustainable society. DSR stands for Dai-ichi's Social Responsibility, with D in Dai-ichi Life as the initial letter to express Dai-ichi Life's own efforts that extend far beyond the framework of corporate social responsibility (CSR) in general terms.

Our recent efforts in DSR Management include: a social action program on themes such as the invitation of nursery centers to use real estate owned by Dai-ichi Life to reduce the number of children on the waiting list, promotion of diversity and inclusion to increase the share of women among those employees being promoted to management level to 30%, efforts in corporate governance in accordance with the Principles for Responsible Institutional Investors or "Japan's Stewardship Code" and participation in

the United Nations Global Compact, which is the global framework for realizing sustainable growth of society. We will continue to provide our stakeholders with value, continually aiming for higher value, by complying with a plan-do-check-action (PDCA) cycle in all of our activities, including those to increase customer satisfaction, improve compliance, improve health and promote environmental protection, in addition to the initiatives above.

Looking back on the first year of our medium-term management plan: Action D

In fiscal 2013, the Group started its medium-term management plan: Action D, setting up collective challenges to achieve further growth as a Group-wide initiative.

Consolidated business results for fiscal 2013, the first year of the three-year medium-term management plan: Action D, enjoyed higher revenues and income for the third consecutive year after two upward forecast revisions. Consolidated ordinary revenues

^{*1}: An integrated report is a report prepared by the company in order to communicate to investors and other stakeholders financial information such as revenues of Dai-ichi Life and non-financial information including a wide variety of issues ranging from consideration of the environment and society, intellectual assets, corporate governance and medium- and long-term management strategies.

^{*2}: For details on the Dai-ichi Life Group's corporate action principles (DSR Charter), please refer to page 14.

reached ¥6 trillion, on par with a record high level for the first time in the 14 years since fiscal 1999, with premium and other income hitting a record high of ¥4.35 trillion and net income also reaching the highest level since our public listing in 2010 on a consolidated basis.

The increase in revenues was attributable to positive factors such as the continued strong performance of insurance sales in growth areas of medical insurance, savings-type products and overseas business, sales of products by Dai-ichi Life in the third sector, such as medical and nursing care insurance, sales of savings-type products by The Dai-ichi Frontier Life Insurance Co., Ltd. (“Dai-ichi Frontier Life”) through financial institutions, and increased sales at TAL in Australia. As a result, new policy amount reached a record high at Dai-ichi Frontier Life, and the annualized premium of policies in force at TAL was ranked first in the industry in the Australian life insurance market at the end of December 2013.

Income increased significantly primarily due to improvement in the net investment income of Dai-ichi Life on a non-consolidated basis, thanks to the continued weakening trend of the yen and the solid stock market. The negative spread, which had been a financial challenge, turned to a positive spread of ¥32.3 billion^{*3}, reflecting the effect of additional policy reserves that Dai-ichi Life has been putting aside, in addition to an increase in interest and dividends.

These results led to an increase in the Group’s embedded value, which represents the corporate value of a life insurance company, to ¥4.2 trillion; also hitting a new high since the listing.

Taking the above into account, Dai-ichi Life updated the medium-term management plan in May 2014 and has decided to upwardly revise the top-line target from the initially planned value. In fiscal 2013, we believe that we were able to show solid improvement in the Group’s income structure.

By your side, for life – With You Project, a growth strategy in Japan, launched

In the domestic business, we launched a growth strategy, By your side, for life – With You Project, in December 2013. Its purpose is to provide our customers with security and peace of mind and quality health support through life insurance products and services with the heartfelt purpose to stand by our customers’ side for life, with strong teamwork of all officers and employees of the Group, who possess a high level of expertise. To provide security and peace of mind under the By your side, for life – With You Project, we released a comprehensive insurance product, Bright Way, and nursing- and medical-care-focused insurance called Crest Way in December 2013 to raise the level of main products in the sales representatives’ channel. To provide rewarding health support, we also in May 2014 entered into a comprehensive collaborative agreement with the National Cerebral and Cardiovascular Center (NCVC) on the provision of information about cardiovascular diseases. With the conclusion of this agreement, Dai-ichi Life created an information network on cancer and cardiovascular diseases across the board, including three major illnesses for the first time in the industry. Utilizing this network, we will provide our customers with high-quality services.

With respect to our initiatives to develop new markets through a new subsidiary that we announced in February 2014, we are advancing preparations for provision of products and services adapting to changes in society by introducing easy-to-understand product features and simplified procedures and plans to begin offering new products and services in the second half of fiscal 2015.

Given that the role of life insurance companies in the industry (the second largest in the world), which complements the social security system of the government, is becoming increasingly more important due to the aging population and declining birth rate in the Japanese market, we will meet diversified customer needs at a high level.

^{*3}: The sum of Dai-ichi Life and Dai-ichi Frontier Life.

Aiming to become a global insurance group

In our overseas businesses, we made PT Panin Life (now PT Panin Dai-ichi Life) ("Panin Dai-ichi Life") our associate company in October 2013 and reached an agreement with Protective Life Corporation ("Protective Life") in the United States in June 2014 on the commencement of procedures to welcome Protective Life to the Dai-ichi Life Group as a wholly owned subsidiary. As a result of acquiring the business in the U.S., the world's largest life insurance market, a tripolar system consisting of Japan, the U.S. and Asia-Pacific (Vietnam, Australia, Indonesia, India and Thailand) has been constructed, and we have taken a big step forward toward becoming a global insurance group.

In light of progress made in multiple business lines associated with the increase in the Group companies, we will further strengthen the Group's business management framework by establishing a controlling function in North America and Asia-Pacific to achieve appropriate capital allocation inside the Group and quick decision-making in the Group companies.

In April 2015, Dai-ichi Life will celebrate the fifth anniversary of its new founding through demutualization. Even at the moment of this milestone, we will vigorously push forward with our goal of achieving continuous growth in order to show steady progress toward a global insurance group by continually challenging ourselves to take a greater leap forward with concerted efforts as the Group and providing all our stakeholders with value.

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



Indicators Showing Major Business Performance Over the Past Five Years

Billions of yen

Item	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
No. of employees	57,803	56,908	56,852	56,976	55,603
Total assets	30,822.4	30,869.6	31,461.9	33,072.4	34,028.8
Separate account assets	1,292.2	1,176.1	1,115.6	1,230.7	1,243.4
Policy reserves and others	27,803.7	28,190.8	28,529.9	29,168.3	29,744.0
Balance of policy reserves	27,324.8	27,589.5	28,011.6	28,637.0	29,199.2
Total foundation fund ^{*1}	420.0	—	—	—	—
Amount of capital stock ^{*2}	—	420.4	420.4	420.4	420.4
Total number of shares outstanding ^{*3}	—	10 million shares	10 million shares	10 million shares	1 billion shares
Premium and other income	2,837.2	3,056.5	3,056.0	2,921.8	2,868.0
Benefits and claims	2,610.5	2,625.0	2,508.7	2,467.7	2,439.1
Policy amount in-force ^{*4}	211,822.9	204,055.6	196,627.0	190,628.2	185,250.3
Individual insurance	150,575.1	144,361.3	138,597.9	133,344.7	128,094.8
Individual annuity insurance	7,196.6	7,357.6	7,537.5	8,516.8	8,798.3
Group insurance	54,051.1	52,336.6	50,491.5	48,766.6	48,357.1
Policy amount in-force for group annuity insurance ^{*5}	6,192.2	6,041.7	6,065.9	6,146.1	6,353.4
Ordinary revenues	4,331.5	4,308.4	4,398.2	4,315.9	4,384.6
Fundamental profit	330.1	275.9	302.4	314.5	399.8
Ordinary profit	193.6	78.9	243.7	173.8	307.6
Net surplus for the year	60.8	—	—	—	—
Net income for the year	—	16.9	17.6	51.4	85.5
Balance of loans	3,834.3	3,627.4	3,412.5	3,139.6	3,023.1
Balance of securities	23,987.9	24,294.5	25,333.4	27,161.9	28,005.1
Solvency margin ratio ^{*6}	953.5%	983.9% (547.7%)	575.9%	715.2%	772.1%
Ratio of reserves for policyholder dividends, etc. to surplus to be appropriated ^{*7}	67.1%	—	—	—	—

*1: As Dai-ichi Life was a mutual company until March 2010, the total fund until fiscal 2009 is stated.

*2: The amount of capital stock includes legal capital surplus.

*3: The Company conducted a 1:100 share split on October 1, 2013.

*4: The policy amount in-force is the total policy amount in-force for individual insurance, individual annuity insurance, and group insurance. For individual annuity insurance, the policy amount in-force is 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 reserves for an annuity for which payments have commenced.

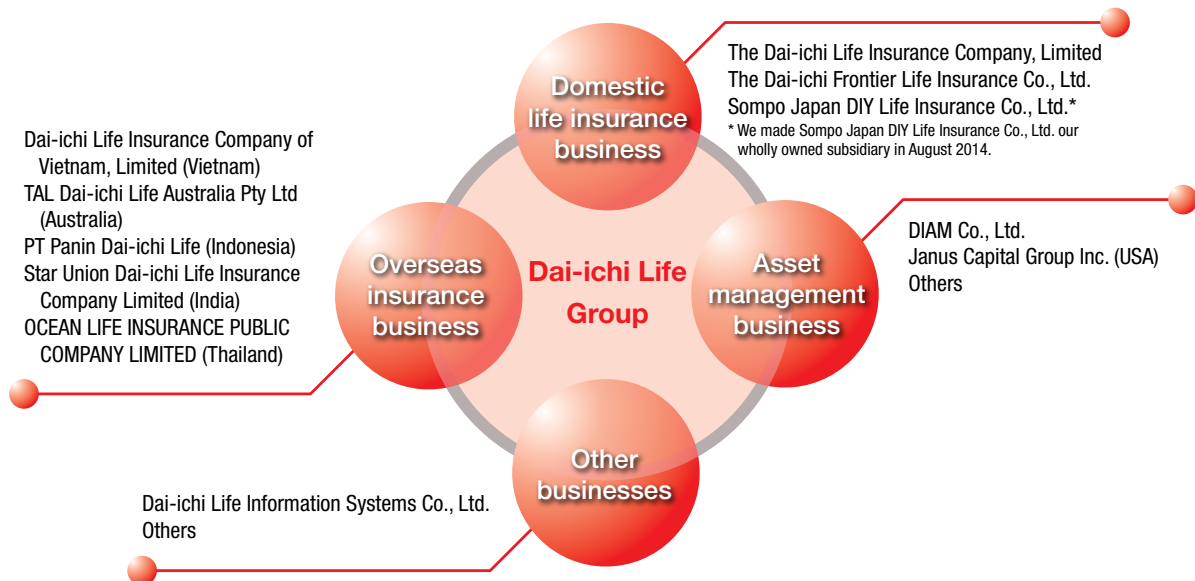
*5: The policy amount in-force for group annuity insurance is equal to the amount of outstanding policy reserves.

*6: The figures for fiscal 2011 through fiscal 2013 are calculated based on the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Official Notification No. 50 of 1996. Some of the calculation standards for the total amount of the solvency margin and the sum of risks have been changed (tightening the margin calculation, tightening and refining risk measurements, etc.) in accordance with the Cabinet Office Ordinance No. 23 of 2010 and the Financial Services Agency Notification No. 48 of 2010. The figures in parentheses for fiscal 2010 are calculated on the assumption that the standards in fiscal 2011 were applied to the figures at the end of fiscal 2010.

*7: The ratio of reserves for policyholder dividends, etc. to surplus to be appropriated is the ratio of the total amount to be accumulated in reserves for policyholder dividends and reserves for policyholder dividend equalization to the amount calculated based on the provisions of Article 30-4 of the Ordinance for Enforcement of the Insurance Business Act.

Overview of the Dai-ichi Life Group

Business Domains and Major Companies of the Dai-ichi Life Group



■ Domestic life insurance business

At Dai-ichi Life, all our staffs, including Total Life Plan Designers, draw upon their specialized skills to provide all customers with security and peace of mind and fulfilling health support through life insurance, the core business of the Group. Dai-ichi Frontier Life also sells savings-type products through financial institutions that support asset formation necessary to maintain a prosperous and long life after retirement. Dai-ichi Life, as a Group, will continue to provide products and services tailored to increasingly diversified customer needs.

■ Overseas insurance business

As a driving force for the Group's growth we will strive to increase value in countries where we have already introduced businesses and to develop businesses in new markets. In countries where we have already introduced businesses, we will pursue creation of added value through provision of our expertise that we have been accumulating in life insurance for more than 110 years and mutual cooperation among Group companies. When operating businesses in new markets, we will increase the contribution of the overseas insurance business as a whole to the Group's profits by seeking to proactively construct a well-diversified portfolio of overseas businesses, in addition to our existing initiatives mainly in the Asia-Pacific region.

■ Asset management business

As a business that plays a part in the Group's growth strategies, we operate the asset management business with growth potential and high affinity with the life insurance business in Japan and overseas.

We are working to increase the contribution of the asset management business to the Group's profits by promoting our initiatives to grow the business, such as mutual supply of products and expertise between DIAM Co., Ltd. ("DIAM") and Janus Capital Group Inc. ("Janus"), the core players in this business, exertion of Group synergy through collaboration between these two companies and life insurance companies in Japan and overseas, including Dai-ichi Life and Dai-ichi Frontier Life, and new capital injections.

■ Other businesses

Dai-ichi Life also carries out operations necessary for conducting insurance and asset management-related businesses. These include system-related business that involve the development of the Group's computer systems and software, research studies and transmission of information related to the economy and finance, development of financial technologies, a research and study business that provides consulting services, and "general affairs related" business for printing and shipping of materials for customers.

History of the Dai-ichi Life Group

The Dai-ichi Life Insurance Company was established in 1902 by Tsuneta Yano as Japan's first mutual life insurance company. Our "Policyholder First" management philosophy since our foundation remains unchanged, and we aim to stand by our customers' side for life based on our concept of "Passing On Peace Of Mind." To put this philosophy into practice, we have repeatedly transformed ourselves in keeping up with changes of the times and changes in customers' lifestyles. We would like to introduce the challenges we have faced and the over 110-year history of the Dai-ichi Life Group.

Birth of a mutual life insurance company, Dai-ichi Life (foundation in 1902-1940s)



Founder Tsuneta Yano

In Japan, the first life insurance company was established in 1881, followed by the birth of a series of insurance companies. However, it was Tsuneta Yano, who later became the founder of Dai-ichi Life, who had continual passion for realizing a customer-oriented life insurance company. Yano believed that a mutual company able to return company profits to policyholders demonstrated an ideal customer-oriented business style, and announced the results of his own studies in a number of papers. He also worked hard to seek wide approval for establishment of a mutual company from leading figures in political and business circles and was committed to realizing an ideal life insurance company by participating in drafting the insurance act as the deputy director of the Insurance Division in the Ministry of Agriculture and Commerce to develop a legal system for the establishment of a mutual company. Yano, who had built the foundations for the birth of a mutual company in Japan in this way, established the Dai-ichi Mutual Life Insurance Company, Japan's first mutual company, in 1902.

Yano built the foundation of the present Dai-ichi Life as president and chairman from 1915 to 1946, and declared the characteristics of Dai-ichi Life since its foundation as follows: "Solid management, a customer-first mentality, strict selection and generous

payment, and try to become the best rather than the largest." With its efforts to give first priority to the convenience of customers, raising credibility among customers, the Company, which had been ranked 12th in the industry in 1911, made rapid progress to become second largest in 1932.

From adverse circumstances after World War II to development under high economic growth (1940s-1980s)

Socioeconomic circumstances changed drastically due to the outbreak of the Pacific War, and the Company lost many of its employees and offices and all of its assets in overseas territories. Although the Company struggled to reconstruct itself after the war, as represented by the seizure of the Dai-ichi Mutual Life Insurance Building in Hibiya, Tokyo, which remained unburned, by the General Headquarters of the Allied Powers (GHQ), it developed its business steadily driven by the subsequent high economic growth.

From 1956, when a white paper on economics declared the post-war period over, life insurance became widespread in the public, riding the wave of high economic growth. The Company also reformed its sales organization to respond to changes in the market and promoted expansion of new policies sold by focusing on an increase in sales representatives through recruitment of a large number of staff, centering on housewives, and by laying the foundations of today's Total Life Plan Designer system.



Old Dai-ichi Life Insurance Building

As the high economic growth also changed the socioeconomic environment, needs for life insurance began diversifying due to growth in life expectancy and growth in the trend of nuclear families. In light of such environmental changes, the Company developed and provided products in a timely manner, accurately comprehending changes in demand in ways such as selling new corporate pension products for corporate customers and reducing rising insurance costs by combining term insurance with endowment insurance for individual customers. As a result, policy amount in-force grew to ¥10 trillion in 1970.

When the Japanese economy entered a stable growth period in which the growth seen in personal income in previous times became unlikely while the crisis of the social insurance system triggered concerns due to increased pension benefits and medical expenses associated with the aging population and needs for lifelong benefits, and preparation for funds and medical expenses after retirement increased among the people, the Company promoted diversification of its insurance products. This was tailored to needs, regarding whole life insurance with term riders as one of the mainstay products, by launching new individual annuities and improving medical compensation mainly using riders. Policy amount in-force as a result came to exceed ¥100 trillion in 1983.

Efforts to improve management quality and enter growth markets (1980s-2009)



Winner of Japan Quality Award

The so-called economic bubble said to have started to grow at the end of 1986 accelerated sales of savings-type products and boosted stock and land prices, which increased the Company's total assets. In 1990, however, stock prices collapsed, and land prices also took a downward turn the following year, forcing many life insurance companies to decrease their policyholder dividends. In this environment, the Company started a new sales representative

system focusing more on the cultivation of sales representatives in fiscal 1992, and shifted to an asset structure more resistant to changes in stock prices by accumulating fixed-income assets such as bonds and loans in its portfolio. However, unable to escape the impact of the rapid economic downturn, the new policy amount of the Company turned to a downward trend in fiscal 1992, and policy amount in-force did so in fiscal 1997.

Under such circumstances, the Company established a concept of a Total Life Plan in which we provide our customers with peace of mind for their entire lifetime. We have been focusing on developing human resources with advanced consulting abilities, the launch of new products, and follow-up with existing policyholders, to promote the Total Life Plan. The Company, which had been working to construct a framework to promote the Total Life Plan, giving first priority to the customer's perspective in response to the changes in the operating environment, while striving to improve its management quality, received the Japan Quality Award in 2001 for the first time in the history of the financial and insurance industry on the grounds that its principle of Total Life Plan based on its management philosophy of Customer First was valued highly.

Amid financial deregulation trends, the environment surrounding the life insurance business also underwent major changes. Deregulation progressed further under the new Insurance Business Act enforced in 1996 and the Financial System Reform Law enforced in 1998, and competition and liberalization progressed across sectorial boundaries in the financial industry. As movements toward alliances and integration became active, the Company formed an alliance with The Industrial Bank of Japan (now Mizuho Financial Group, Inc.) in 1998 and with Yasuda Fire and Marine Insurance (now Sompo Japan Insurance Inc.) and American Family Life Assurance Company of Columbus ("AFLAC") in 2000 to provide the best products against all risks. With respect to the lifting of the ban on sales of insurance products at banks (bancassurance), we founded Dai-ichi Frontier Life, Japan's first life insurance subsidiary established by a life insurance company, in 2006 to begin over-the-counter sales of life insurance products including variable annuities at banks and securities companies.

As it became difficult to draw up continuous growth strategies only in the domestic protection-type insurance market given structural changes such as the aging population and declining birth rate, the Company acquired Bao Minh CMG in Vietnam in 2007 to begin sales activities as Dai-ichi Life Insurance Company of Vietnam, Limited ("Dai-ichi

Life Vietnam”). In 2008, we invested in Ocean Life Insurance Co., Ltd. (now OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED) (“Ocean Life”) in Thailand and TOWER Australia Group Limited (now TAL Dai-ichi Life Australia Pty Ltd) (“TAL”) in Australia and made them our associate companies. In 2009, Star Union Dai-ichi Life Insurance Company Limited (“Star Union Dai-ichi Life”), a joint venture life insurance company with two local state-owned banks in India, began operations. As such, the Company worked to accelerate business operations in overseas life insurance markets.

**New foundation:
Toward a new leap forward
(2010-)**



Ceremony for listing on the Tokyo Stock Exchange

In April 2010, the Company that was established as Japan’s first mutual company changed its organizational structure to a stock company able to take more flexible business strategies, and took the first step for a new leap forward as The Dai-ichi Life Insurance Company, Limited to further promote its management philosophy of Customer First. Regarding April 1, 2010 as a new foundation, we continue to carry out our social mission of the life insurance business with the aim of standing by our customers’ side for life as an insurance company providing them with peace of mind for their entire lifetime, fulfilling our management philosophy since the foundation of Customer First.

In domestic businesses, as customer needs diversify, we plan to take steps to develop new markets by making Sompo Japan DIY Life Insurance Co., Ltd. (“Sompo Japan DIY Life”) a wholly owned subsidiary in August 2014, for the purpose of meeting needs of customers who intend to choose insurance by independently comparing different products by utilizing sales channels such as the store-visit model.

In the overseas life insurance business, we made TOWER Australia Group Limited (now TAL), which had been our associate company, a wholly owned

subsidiary in 2011 and made PT Panin Life (now Panin Dai-ichi Life) and its parent PT Panin Internasional in Indonesia our associate companies in 2013. In June 2014, we reached a basic agreement with Protective Life in the United States on commencing procedures for its acquisition. With this as a steppingstone, we plan to enter the US life insurance market, adding to our current positions in Japan and Asia-Pacific.

The Dai-ichi Life Group will continue to take on challenges to become a global insurance group as a company “Thinking People First” in Japan and overseas by accurately comprehending changes in the economic environment and the social structure and more diversified customer needs.

Principles of Dai-ichi Life Group

The Group companies will contribute to lives of comfort with peace of mind of people and the development of local communities in their respective regions through providing life insurance and related services by sharing the Group principles (Mission, Vision and Values) we established in August 2013. We will strive to maximize Group value by sharing the Group's strategies with each company, advancing together in the same direction.

Principles of the Dai-ichi Life Group

Mission

Raison d'être of Dai-ichi Life Group

By your side, for life

As part of the Dai-ichi Life Group, all our companies will contribute to lives of comfort with peace of mind of people and development of local communities in respective regions by standing by the side of our customers and their loved ones, for life.

Vision

Medium-term vision

Thinking People First

We will aim to become a company that thinks of people first, more than anyone else, from the following four perspectives, in order to become an insurance group that is the leader in trust and support of its customers.

- First in Quality
- First in Productivity
- First in Vital and Energetic Employees
- First in Growth Potential

Values

Values we emphasize

**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.

Rediscovered importance of the role of life insurance

Importance of our concept of Passing On Peace Of Mind rediscovered through the Great East Japan Earthquake

Through the Great East Japan Earthquake, Dai-ichi Life's officers and employees felt anew the weight of life insurance's role of complementing the social security system. Through this experience we learned the importance of "Passing On Peace Of Mind." We rediscovered our mission of delivering invisible and irreplaceable things such as bonds with family and beloved ones, and the bond between us and our customers through the protection function of life insurance, such as payment of insurance claims and benefits. We believe that our concept of "Passing On Peace Of Mind" to customers applies not only in Japan but around the world, and we share the concept globally as the universal mission of employees of the Dai-ichi Life Group.

Group Mission: By your side, for life

Since our foundation in 1902, the Dai-ichi Life Group has always put the customer first. This philosophy continues to guide us as we move forward. We contribute to local communities by passing on peace of mind through providing life insurance and related services. As part of the Dai-ichi Life Group, all our companies will continue to stand by the side of our customers and their loved ones, for life.

Group Vision: 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.

Group Values: Dai-ichi Life Group's Corporate Action Principles (DSR Charter)

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

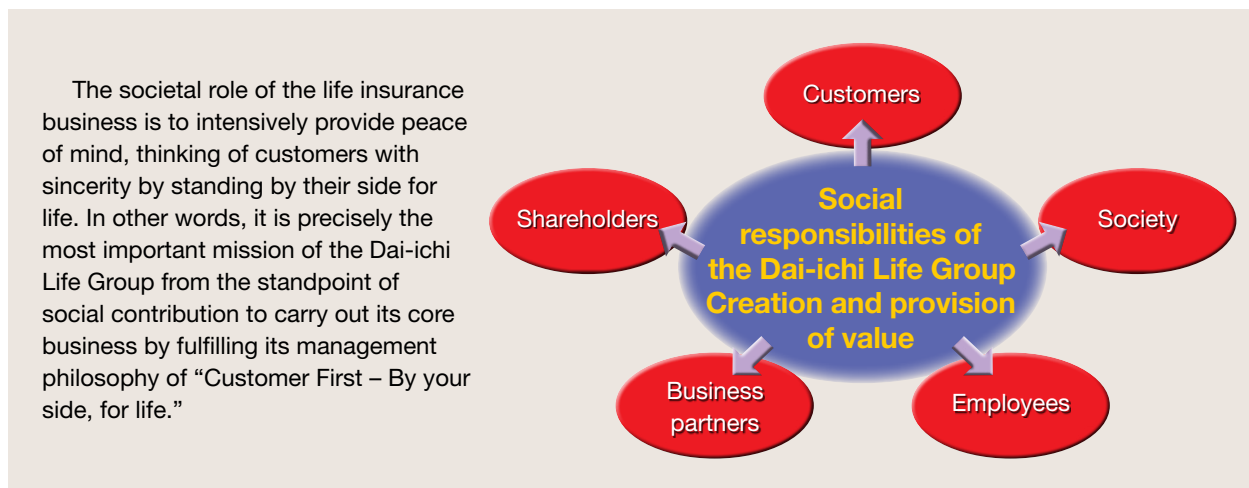
[Customer satisfaction]	We provide high-quality products and services with the intention of standing by the side of our customers for life. Everything we do is designed to exceed our customer's needs and deliver customer satisfaction.
[Communication]	We hold ourselves accountable to our stakeholders 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.

DSR Management

The Company promotes DSR Management, which we have built on our own, as an initiative to uphold our Customer First philosophy that we have inherited since our founding in 1902, improve the quality of our products and services, and continue to improve our management quality.

DSR, which stands for Dai-ichi's Social Responsibility, starts with the D from Dai-ichi Life to express our own management system that extends far beyond the framework of corporate social

responsibility (CSR) in general terms. We aim to provide our stakeholders with value while fulfilling our social responsibilities as a member of society (corporate citizen), through continual improvement of our management quality by complying with a plan-do-check-action (PDCA) cycle in our relationships with society, the environment and our shareholders, investors and employees, including measures we take from the customer's perspective.



Our DSR management initiatives are promoted by the "Committee for Dai-ichi's Social Responsibility Promotion," chaired by the president. Under the committee's umbrella, four special committees are established to address core challenges in DSR Management to increase the effectiveness of each

initiative. Furthermore, as part of efforts to improve management quality through the PDCA cycle, we have set up "Branch DSR Committees" at each of our branch offices, and "Unit Office DSR Committees" at each of our unit offices.

DSR Management Promotion System



Medium-Term Management Plan ‘Action D’ for Fiscal 2013 to Fiscal 2015

The Company is working on its medium-term management plan, *Action D The Group’s Collective Challenges for Achieving Further Growth*. DSR Management is the name for our framework for value creation management to achieve our Group vision of *Thinking People First*. We aim to realize continual and sustainable growth based on this framework in order to live up to our stakeholders’ expectations. We take a broad range of measures with a greater inclination for growth based on our basic strategies consisting of the four Ds.



■ 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 launched the By your side, for life – With You Project^{*1}, a growth strategy in Japan to provide all our customers with security and peace of mind and complete health support unique to Dai-ichi Life through life insurance products and services. We will also promote our initiatives to launch competitive savings-type products in an agile manner at Dai-ichi Frontier Life to meet diversifying customer needs and develop new markets through a new subsidiary^{*2}.

We will strive to create synergy through sales promotion activities as a Group such as collaboration between Dai-ichi Life and Dai-ichi Frontier Life and DIAM. We will also continue to take steps to improve the efficiency of fixed costs by pursuing optimal cost structure to increase our competitiveness.

*1: See page 17 for details.

*2: See page 20 for details.

- **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 management framework 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 promote investments in growth areas and aim for profit growth in our asset management business. We will also endeavor to secure additional revenues by promoting our ALM operation and dynamically managing our assets.

■ ERM* [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.

* See page 27 for details.

■ Group Management* [Dimension]

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

We aim to strengthen our business management framework to accelerate the growth of the Group and

quickly make decisions with the Group Management Headquarters* as the core function, setting our sights on enhancing our overseas regional control function and a shift to a holding company system in the future. We plan to maximize our corporate value by sharing our principles and strategies with our Group companies.

* See page 28 for details.

■ Human Capital Development* [Diversity]

Diversified human capital developed to compete effectively in the global market

We promote diversity and inclusion to create new value and sustain the Group's continuous growth by mutually accepting diversified human capital. Notably, we are accelerating our efforts to promote the active participation of women in the workplace.

* See page 29 for details.

Growth Strategy (Dynamism)

Growth Strategy in Japan

By your side, for life – With You Project

Since our founding in 1902, we have been working to deliver the security and peace of mind that leads to the next generation, looking at each customer's present and future, by setting up the management philosophy of *Customer First – By your side, for life*. And now the social environment is changing drastically and the lifestyle and values of individuals are growing increasingly diverse.

It is precisely for this reason that we believe we should stand by the side of our customers for life.

Based on this philosophy, we promote the By your side, for life – With You Project, in which we will support the healthy life with peace of mind of individual customers with optimal products and services in accordance with their life stages, supported by the strong team work of all Dai-ichi Life officers and employees, with their high level of expertise, including our Total Life Plan Designers.

In our domestic growth strategy By your side, for life – With You Project, we provide individual customers with security and peace of mind and complete health support unique to Dai-ichi Life through life insurance products and services, our core business, supported by the strong teamwork of all officers and employees, who have a high level of expertise, including our Total Life Plan Designers.

By your side, for life – With You Project Security and Peace of Mind

The role of insurance is fulfilled at the very moment customers receive their insurance claims and benefits.

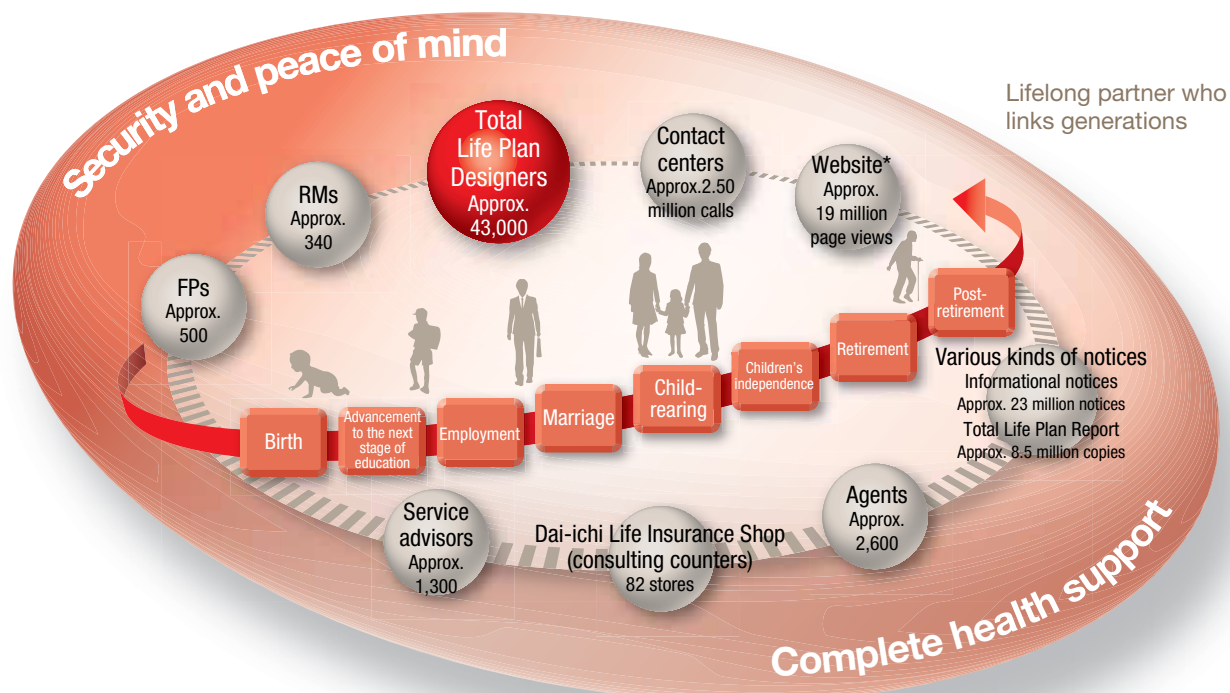
In the By your side, for life – With You Project, to fully assume the essential role of insurance we provide our customers with security and peace of mind by endeavoring to further improve our insurance procedures from a customer-based perspective, from the confirmation of the details of their policies, to the requests, reception and use of claims and benefits, their remittance and their effective use.

■ **Well-prepared handling when customers receive their insurance claims and benefits**

We seek to be more helpful and useful for our customers in making sure they receive their insurance claims and benefits promptly and accurately by improving the provision of information and consulting on related social security and tax systems.

- Reception of the entire amount on the day procedures are taken, at the earliest Quick Reception Service

Note: We also provide the following services at the customer's request. Simplified Death Benefit Receiving Service in which customers are able to receive a death benefit of up to ¥5 million even if public documents are submitted on later dates. Death Benefit Delivery Service in which our staff delivers the customer's death benefit of up to ¥5 million in cash.



* Number of page views from April 2013 to March 2014.

Security and peace of mind	Complete health support	Response to diversifying customer needs
Well-prepared handling when customers receive their insurance claims and benefits	Health support services for customers	Bancassurance of life insurance products at financial institutions by Dai-ichi Frontier Life
Secure after-sale services during the contract period	Promoting the health of people in local communities	Sales of simple life insurance products to develop new markets by new subsidiary
Uniform and high-quality consulting suitable to the lifestyle of customers at the time of contract		
Development of <i>products to live</i> that are useful for customers		

- Payment using a life insurance trust
Omoi no Teikibin (regular death benefit payment service) is a trust product of Mizuho Trust & Banking, and Dai-ichi Life provides an intermediary service as a trust contract agent of Mizuho Trust & Banking.
- Support for the use of adult guardianship when it is difficult for customers to make an insurance claim on their own due to dementia, etc. (Adult Guardianship Support)
- Easy-to-understand consulting on social security and tax systems
- A financial planner (FP) with considerable knowledge about inheritance-related issues assigned to all of our 84 branch offices

■ Secure after-sale service during the contract period

The Company implements a Periodical Insurance Information Check once a year. We will also continue to work to develop a procedure assistance system and improve the level of our request guidance service, from a customer-based perspective.

- Implement Periodical Insurance Information Check
- Quick Withdrawal Telephone Service

■ Uniform and high-quality consulting suitable to the lifestyle of customers at the time they take out insurance

As a lifelong partner who links generations, we will explain the social security system in an easy-to-understand manner, using a mobile PC.

- Support customers with the teamwork of staff possessing a high level expertise, including consulting by Total Life Plan Designers.
- Explain useful information on health, medical services, nursing care, etc. in an easy-to-understand manner, using the DL Pad, our original tablet for sales and business use.

■ Development of *products to live* useful for customers

The Company has been launching a number of products meeting customer needs ahead of the industry, focusing on *protections to live* in response to the aging population and progress in medical technologies. We released two new products, Bright Way and Crest Way, mobilizing the product development expertise we have accumulated.

- Comprehensive insurance able to flexibly respond to various risks of customers in a wide age range
- Nursing care and medical services-oriented insurance able to prepare nursing care benefits, etc. for one's lifetime with low premiums

By your side, for life – With You Project Complete Health Support

Since our founding, we have provided our customers with peace of mind through life insurance products and services, our core business, and promoted initiatives to support the health enhancement of our customers from the perspective of complementing the social security system. We will continue to provide complete health support unique to Dai-ichi Life.

■ Support a healthy and comfortable life (services for individual customers)

We will improve our support system for health and medical services, childrearing and nursing care ranging from daily health support to guidance on specialized medical services and second opinions. We will continue to pursue health support services that only Dai-ichi Life can provide.

- Comprehensive collaboration arrangement with the National Cancer Center, Japanese Foundation for Cancer Research and National Cerebral and Cardiovascular Center
- Medical support service

■ Support a healthy and comfortable life (services for corporate customers)

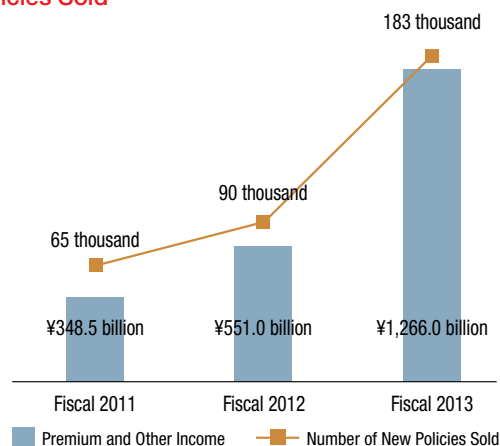
For corporate customers, we will also expand our services for their health through the Dai-ichi Life Health Support Desk and support the strengthening of benefit programs of companies as a life insurance company.

Initiative in Savings-Type Product Market

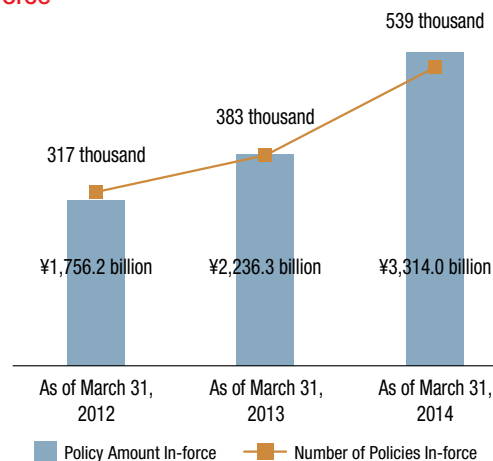
The life insurance market in Japan is being shaped by significant environmental and structural changes, such as demographic shifts associated with the declining birth rate and the aging society. Many baby boomers have retired from supporting their companies and families, and have begun their second

● Dai-ichi Frontier Life – Main Financial Results

Premium and Other Income and Number of New Policies Sold



Policy Amount In-force and Number of Policies In-force



lives. Consequently, demand for asset building to maintain a robust retirement and for asset succession to beloved family members has been growing.




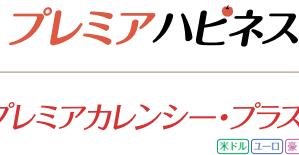





To bolster our operations in the savings-type product market, which we position as a growth area, our subsidiary Dai-ichi Frontier Life commenced operations in October 2007. This subsidiary sells single premium savings-type products, such as annuity insurance and whole life insurance, through banks, securities companies and other financial institutions.

To effectively meet diversified customer needs we are endeavoring to expand our product lineup. As of July 2014, we have realized a broad-ranging, well-balanced product lineup by preparing a total of 10 types of products in the categories of annuity insurance and whole life insurance.

In fiscal 2013, premium and other income amounted to ¥1,266.0 billion, reaching a record high since our founding thanks to strong sales of foreign-currency- and yen-denominated whole life insurance, yen-denominated whole life insurance and variable annuity insurance products. Policy amount in-force stood at ¥3,314.0 billion.

We will continue to provide high-quality products and services responding to customer needs in a timely manner.

● Major products of Dai-ichi Frontier Life

Annuity insurance	Variable	Japanese yen-denominated	
		Foreign currencies-denominated	
	Fixed amount	Japanese yen-denominated	
		Foreign currencies-denominated	
Whole life insurance	Variable	Japanese yen-denominated	
	Fixed amount	Japanese yen-denominated	
		Foreign currencies-denominated	
		Foreign currencies-denominated	
			

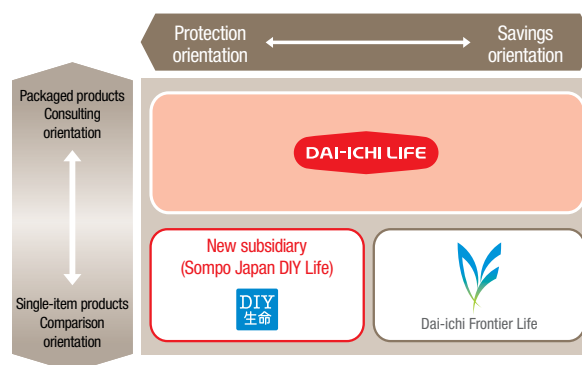
Note: The products above are major ones handled by Dai-ichi Frontier Life.

Efforts to Develop New Markets Through New Subsidiary

In recent years, in addition to savings-type insurance, sales of protection-type insurance through bancassurance channels increased reflecting diversifying customer needs. In addition, customers who prefer to choose insurance by independently comparing different products by visiting walk-in shops, are also increasing.

To improve our efforts to meet such customer needs, we plan to provide new products and services through channels such as bancassurance and store-visit-type insurance stores in the second half of fiscal 2015, with Sampo Japan DIY Life Insurance Co., Ltd. ("Sampo Japan DIY Life") as a new subsidiary.

Markets to be covered by the new subsidiary



Efforts for Business Alliance

We are striving to strengthen our business competitiveness in Japan by constructing a framework to provide non-life insurance, cancer insurance and other financial products and services that will contribute to the Total Life Plan of individual customers by formulating strong partnerships with our business alliance partners.

■ Mizuho Financial Group

In our full-scale business alliance with Mizuho Financial Group, we have been steadily achieving results primarily in the financial sector by establishing joint ventures such as Mizuho-DL Financial Technology Co., Ltd., which researches and develops advanced financial technologies, and DIAM Co., Ltd. In the bancassurance business we sell the individual annuity products of Dai-ichi Frontier Life at companies affiliated with Mizuho Financial Group (Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities). We also exchange human resources by sending Dai-ichi Life staff with consulting expertise in life insurance to Mizuho Financial Group.

■ Resona Holdings

In our business alliance with Resona Holdings, 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.

In the bancassurance business we sell the individual annuity products of Dai-ichi Frontier Life at companies affiliated with Resona Holdings (Resona Bank, Saitama Resona Bank, and Kinki Osaka Bank). We also exchange human resources by sending Dai-ichi Life staff with consulting expertise in life insurance to Resona Holdings.

■ Sompo Japan Insurance

In our full-scale business alliance with Sompo Japan Insurance* ("Sompo Japan"), 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.

In non-life insurance we aim to improve customer satisfaction by selling auto insurance products, 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 Life products (in the First Sector, death protection products) to complement and strengthen the product lineup of the Sompo Japan Group.

* Sompo Japan Insurance became Sompo Japan Nipponkoa Insurance Inc. on September 1, 2014 by merging with Nipponkoa Insurance Co., Ltd.

■ AFLAC

In our business alliance with American Family Life Assurance Company ("AFLAC"), 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.

In cancer insurance we sell AFLAC's products that are customized for the Total Life Plan of individual customers proposed by Dai-ichi Life.

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 110 years and pursuing added value based on greater cooperation among our overseas subsidiaries and affiliated companies.

Star Union Dai-ichi Life (India)



Winning of the Award for Excellence in Financial Reporting of the Institute of Chartered Accountants of India (Bronze Award in the Insurance Sector)

Number of employees^{*1}

2,582

Actual premium income^{*2, *3}

7,375 million rupees
(12.6 billion yen)

Year on year
+10.4%

Market share / ranking^{*4, *5}

2.4% / 10th

Ocean Life (Thailand)



Sales managers conference

Number of employees^{*1}

2,007

Actual premium income^{*2, *3}

13,084 million baht
(41.8 billion yen)

Year on year
-8.6%

Market share / ranking^{*4}

3.1% / 8th

Panin Dai-ichi Life (Indonesia)



Signing ceremony with PT Panin Life

Number of employees^{*1}

260

Actual premium income^{*2, *3}

3,294.9 billion rupiah
(28.3 billion yen)

Year on year
+45.7%

Market share / ranking^{*4}

2.9% / 11th

Protective Life (USA)



CEO of Protective Life Corporation and President of Dai-ichi Life

United States

Dai-ichi Life Vietnam (Vietnam)



Customer counter at the head office

Number of employees*1

583

Actual premium income*2, *3

1,857.3 billion dong
(9.2 billion yen)

Year on year
+25.6%

Market share / ranking*4

8.0% / 4th

TAL (Australia)



New office building of TAL (relocated in June 2013)

Number of employees*1

1,467

Actual premium income*2, *3

2,316 million Australian dollars
(220.5 billion yen)

Year on year
+24.2%

Market share / ranking*4

14.7% / 1st

Dai-ichi Life Vietnam (Vietnam)

In January 2007, Dai-ichi Life acquired Bao Minh CMG, a life insurance company in Vietnam, which commenced operations as Dai-ichi Life Insurance Company of Vietnam, Limited (“Dai-ichi Life Vietnam”). 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 Vietnam increased faster than the market since the acquisition, reaching 5 times its pre-acquisition level in fiscal 2006. The company’s market share has also expanded from 4.4% in fiscal 2006 to 8.0% in fiscal 2013. In fiscal 2013, initiatives of The Dai-ichi Life Vietnam were also highly and broadly regarded in Vietnam. This was demonstrated in the company receiving the Vietnam Prime Minister’s Award, which is presented to a corporation or individual that makes an outstanding effort in the areas of business, social contribution, environmental protection or education, from the Vietnamese government, as well as the CSR Award in the 17th Asia Insurance Industry Awards, organized by the *Asia Insurance Review*, a professional journal for the insurance industry in Singapore. This was the first time a Vietnamese insurance company (life or non-life) won this award.

TAL (Australia)

In May 2011, TOWER Australia Group Limited, an associate company of Dai-ichi Life, became a wholly owned subsidiary of Dai-ichi Life through a friendly acquisition scheme, and subsequently changed its corporate name to TAL Limited in June 2011. In June 2012, we transferred the function of TAL Limited to its holding company TAL Dai-ichi Life Australia Pty Ltd. (“TAL”) to improve management efficiency. We also worked to continually increase the corporate value of TAL by promoting improvement of its sales channels in ways such as acquiring NFS Group, an online broker in Australia, to make it TAL’s wholly owned subsidiary in October 2013.

TAL takes strategies specializing in protection-type products and is expanding its share of the life insurance market (for protection products) in Australia, growing to become the largest life insurer in terms of annualized premium in force at the end of December 2013. We plan to support TAL’s growth more than ever by further strengthening our cooperation through the exchange of human resources.

Panin Dai-ichi Life (Indonesia)

In October 2013, Dai-ichi Life made PT Panin Life and PT Panin Internasional, the parent company of PT Panin Life, our associate companies. In November 2013, PT Panin Life changed its corporate name to PT Panin Dai-ichi Life (“Panin Dai-ichi Life”).

Panin Dai-ichi 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 Dai-ichi Life has been expanding its presence in the Indonesian market, as it increased its premium income by 45.7% from the previous fiscal year, a higher growth rate than the market, and boosted its industry ranking from 15th in 2009 to 11th in 2013.

Star Union Dai-ichi Life (India)

Star Union Dai-ichi Life Insurance Company Limited (“Star Union Dai-ichi Life”), 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 major local state-owned banks, Star Union Dai-ichi Life is ranked 10th out of 23 private life insurance companies in ranking of first-year premiums (January-December 2013), with the annualized premium being 7,375 million rupees (¥12.6 billion) in fiscal 2013, the fifth year since its founding.

Ocean Life (Thailand)

In July 2008, Dai-ichi Life agreed to take an equity stake in Ocean Life Insurance Co., Ltd. (now OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED) (“Ocean Life”) and form a strategic business alliance. Ocean Life subsequently became Dai-ichi Life’s affiliate in the same year.^{*6}

Since then, we have been cooperating with Ocean Life on an ongoing basis, in ways such as improving the sales abilities of individual agents, to increase the corporate value of Ocean Life. In fiscal 2013, its insurance premium income was ranked eighth out of 24 life insurance companies in the industry. In addition, Ocean Life 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 third consecutive year.

Protective Life (USA)

In June 2014, we entered into a definitive agreement to acquire 100% of the outstanding shares of Protective Life Corporation (“Protective Life”), a U.S. life insurance group listed on the New York Stock Exchange. By acquiring a foundation in the largest life insurance market in the world, we will accelerate the globalization of our business and diversify our business geographically. Subject to approval from Protective Life’s shareholders and from the relevant regulatory authorities in Japan and the United States, Protective Life is expected to become a wholly owned subsidiary of Dai-ichi Life by the end of fiscal 2014.

*1: As of the end of March 2014. Excluding staff in sales channels. However, staff involved in direct sales of TAL are included in the number of employees.

*2: The period is January-December 2013 for Dai-ichi Life Vietnam, Panin Dai-ichi Life, Star Union Dai-ichi Life and Ocean Life, and April 2013-March 2014 for TAL. Actual premium income is premium and other income for Dai-ichi Life Vietnam, TAL, Panin Dai-ichi Life and Ocean Life, and annualized premium income for Star Union Dai-ichi Life.

*3: Currencies are converted based on the following exchange rates: 1 dong = ¥0.005, 1 Australian dollar = ¥95.19, 1 rupiah = ¥0.0086, 1 rupee = ¥1.72 and 1 baht = ¥3.2.

*4: The basis of comparison is premium and other income for the Vietnamese, Indonesian and Thai markets, annualized premium of policies in force for the Australian market (protection-type insurance market) and first-year premium for the Indian market. The period of comparison is January-December 2013 for the Vietnamese, Indonesian, Indian and Thai markets, and the end of December 2013 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 through our affiliates in Japan and overseas, where high, sustainable growth is expected against the backdrop of an aging population, global population increase, and measures (mainly in developed countries) promoting individual asset building.

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 ¥8.9 trillion (as of the end of March 2014) in the investment advisory business and ¥5.1 trillion (as of the end of March 2014) 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



Awarded various prizes for excellent investment performance

Morningstar and Lipper, etc., which recognize those asset managers and funds that exhibit excellent investment performance.

Number of employees*	Assets under management*	
		Year-on-year change
425	¥14.0 trillion	+19.0%

* As of March 31, 2014

(Major awards)

- DIAM: Morningstar Award Fund of the Year 2013, Alternative and Balanced Fund Division, Excellent Fund (received in 2014)
- DIAM: Lipper Fund Awards Japan 2014, 'Japanese Medium and Small-Cap Stock Fund (over 5 years),' Best Fund (received in 2014)
- DIAM: Lipper Fund Awards Japan 2014, 'Japanese Yen Bond Fund (over 10 years),' Best Fund (received in 2014)

■ 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
1,194	US\$173.8 billion (¥18.3 trillion)	+10.9%

*1: As of December 31, 2013

*2: Currencies are converted at ¥105.39 to the US dollar.

(Major awards)

- Janus: Lipper Fund Awards 2014, 'Global Healthcare & Biotechnology Fund,' Best Fund (received in 2014)
- Janus: Lipper Fund Awards 2013, 'Global Multi-Cap Value Fund (over 5 years),' Best Fund (received in 2013)

ERM (Discipline)

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.

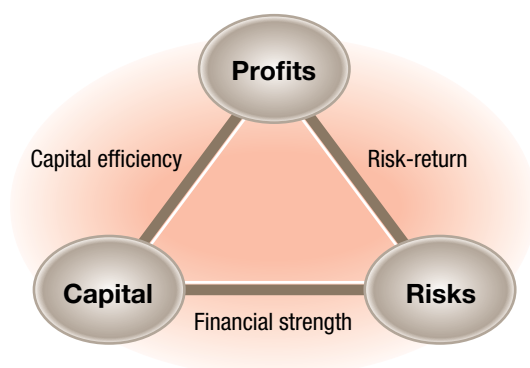
Promotion of ERM

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

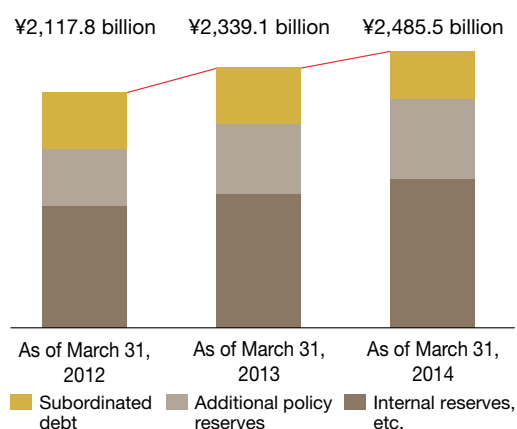
* See page 81 for details.

Dai-ichi Life's Capital Strategies

Dai-ichi Life understands that building a strong capital base is important if it is to retain the trust of its customers. To this end, Dai-ichi Life 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 Life 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 Life will continue to maintain a capital base adequate to deal with risks.

Breakdown of Capital (for Dai-ichi Life 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 (Dimension)

Group Management Headquarters

■ Primary purpose of establishment

The number and the size of subsidiaries and associate companies are expanding as the Company has been promoting its efforts in growth areas such as the domestic life insurance business, overseas life insurance business and asset management business. We therefore need improvement of the Group's operations more than ever. 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, with the Company's President as its Chief, controls 11 business units with designated Executive Officers as their respective heads. Also, certain members of the Group's existing departments double as members of those units. At the Group Management Headquarters' Meetings consisting of the Chief and Deputy Chief of the Headquarters, Executive Officers in charge

of the subsidiary units, and other Executive Officers appointed by the Chief of the Headquarters*, we are discussing important management issues of the Group and the execution of important business activities.

* See page 91 for an overview of the Company's business management framework.

■ Improvement of the Group's operation

Under the initiative of the Group Management Headquarters, the Company is working to further accelerate growth through creation of Group synergy by promoting sharing of the Group's principles and strategic targets and exchange of human resources and sharing of expertise in various areas and layers of the Group. With respect to internal control, such as compliance and risk management, the Company has also developed a system to control Group companies in a cross-sectoral manner through establishment of the Group's policies and regulations. As described, by achieving a balance between the centrifugal force of globalization and the growth of each company and the centripetal force of controlling and managing them as the Group, we will aim to increase the corporate value of the Group as a whole by improving the Group's operation.

Structure of the Group Management Headquarters



* We made Sompo Japan DIY Life our wholly owned subsidiary in August 2014.

Human Capital Development (Diversity)

Toward Realization of Diversity and Inclusion

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 Dai-ichi Life Group's corporate action

principles (DSR Charter), to practice our mission of "By your side, for life." 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).

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*.



For Customers: Delivering Peace of Mind

Payment of Insurance Claims and Benefits and Pursuit of Security and Peace of Mind

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 2013, our customers received a total of ¥1,743.6 billion (¥1,768.1 billion in aggregation with Dai-ichi Frontier Life), including claims and benefits for death and hospitalization as well as maturity proceeds.

Insurance claims and benefits paid in fiscal 2013 (for Dai-ichi Life on a non-consolidated basis)

Death, disability and specified disease insurance claims, etc. **¥435.4 billion**

Hospital expenses and surgical insurance benefits, etc. **¥126.6 billion**

Maturity proceeds, living benefits, and annuities, etc. **¥1,181.5 billion**

Total ¥1,743.6 billion

Status of Claims and Benefit Payments in Fiscal 2013 (for Dai-ichi Life on a non-consolidated basis)

	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	1,062,668	82,066	980,602
Number of cases in which payments were not made	33,787	3,701	30,086
Cases that don't meet payment requirements	32,085	3,278	28,807
Cancellations due to violations of the duty to disclose	1,141	112	1,029
Cases that fall under immunity grounds	556	311	245
Other	5	0	5

Note: 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.

Well-Managed Handling When Customers Receive Their Insurance Claims and Benefits

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

The Company created the Insurance Proceeds Quick Reception Service so customers can receive death proceeds that meet certain requirements more quickly, if they urgently need to pay funeral and other expenses when a loved one passes away.

Since June 2014, customers have been able to receive their insurance benefits on the day of performing request procedures if they use this service.

We also provide a Simplified Death Benefit Reception Service in which customers are able to receive a death benefit of up to ¥5 million by submitting a predetermined request form, death certificate and copy of an identification document, even if it takes time to prepare public documents such as a residence certificate, as well as the Death Benefit Delivery Service in which our staff delivers the customer's death benefit in cash.

■ Reception of insurance claims and benefits, using a life insurance trust

To meet customer needs for ensuring that insurance benefits can be left to those with uncertain ability to manage property, the Company provides an intermediary service as a trust contract agent for *Omoi no Teikibin*, a trust product of Mizuho Trust & Banking Co., Ltd.

In the life insurance trust, the policyholder customizes the use of his/her death benefit before his/her death, and a trust bank receives the death benefit when the policyholder passes away and pays it to a person predetermined by the customer (policyholder) with the decided-upon specifics, while safely managing the death benefit.



Guidance on life insurance trust

■ Support for payment procedures when the request is difficult to make

We have introduced the Proxy Request System in which a proxy who has met the predetermined requirements is able to make a claim for insurance on behalf of the claimant if there are exceptional circumstances in which the claimant is unable to request the payment of insurance claims and benefits.

In January 2014, we also introduced Adult Guardianship Support as a new service for introducing as an intermediary a judicial scrivener who can support legal procedures for the customer who needs the appointment of an adult guardian, so

that the beneficiary will be able to assuredly receive insurance benefits, etc. even if the policyholder is unable to use the Proxy Request System for certain reasons.

■ Improvement of information and consulting provided when customers receive their insurance claims and benefits

When the beneficiary receives his or her death benefit, we provide information on the survivor pension system and inheritance tax system and give consulting on the inherited property including the death benefit.

Furthermore, when our customers receive hospital expense benefits, etc., we provide information on the high-cost medical care benefit system and medical expenses deduction.



Guidance on public procedures



Guidance on medical expenses

Customer-Oriented Assistance with Insurance Procedures

■ Accurate and courteous guidance upon request

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

■ 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 submitting reports that they can fill out themselves and copies of receipts.

■ Making requests more convenient

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

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

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 customers are unclear on any points in cases where they are not eligible to receive insurance claims and benefits, 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 Each System

	Fiscal 2012	Fiscal 2013
Dispute Counter	202 cases	172 cases
Outside Lawyer Consultation System	6 cases	11 cases
Payment Examination Committee	6 cases	8 cases

For Customers to Assuredly Receive Insurance Claims and Benefits

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.

In Periodical Insurance Information Checks, we also implement measures to ensure our customers receive their insurance claims and benefits by promoting registration of their family information and contact addresses to allow us to have seamless contact with their families in the event of emergency.

Procedures on Total Life Plan My Page and the Internet, and at ATMs

Total Life Plan My Page is a website for the exclusive use of policyholders where they can check the details of their policies, process insurance-related administrative procedures and use assorted types of information and services. Policyholders are able to use the Total Life Plan My Page from the Total Life Plan Support CD that we deliver to customers when they purchase insurance policies or on the Company’s website.

In addition to the above, the Company also works to improve customer service and convenience by enabling use of various procedures by telephone and at ATMs.



Total Life Plan Report
(Fiscal 2014 Edition)

Methods for procedures Procedures	Procedures through the Internet ¹	Procedures via automated answering system by telephone (response via voice service)	Customers who have the Dai-ichi Life Card Procedures at Dai-ichi Life ATMs and affiliated ATMs
① Checking contents of policies	○	—	—
② Changing address and telephone number	○	—	—
③ Changing transfer account for premiums	○	—	—
④ Changing password for Dai-ichi Life Card	○ ^{*2}	○ ^{*2}	—
⑤ Registering and changing account designated for money transfer	○ ^{*2}	—	—
⑥ Using policyholder loans	○ ^{*2}	○ ^{*2, *3}	○
⑦ Repaying policyholder loans	—	—	○
⑧ Withdrawing deferred payments such as insurance benefits	○ ^{*2}	○ ^{*2, *3}	○
⑨ Withdrawing accumulated dividends	○ ^{*2}	○ ^{*2, *3}	○

Information is as of April 2014.

*1: Total Life Plan My Page is not available for corporate policyholders or policyholders of insurance for special tax-treatment savings plan for salaried employees.

*2: Service is available for customers who have the Dai-ichi Life Card or Dai-ichi Life Service Passport.

*3: Quick Money Withdrawal Telephone Service is available for customers who do not have the Dai-ichi Life Card or Dai-ichi Life Service Passport and customers who have one of those but forget their ID or password.

Development of Products for Living Onward

Wide-Ranging Protection Tailored to Individual Customers' Needs

■ Bright Way launched (January 2014)

In January 2014, Dai-ichi Life launched Bright Way, a whole life insurance policy with a dividend payable every five years, as a product able to flexibly respond to risks of customers in a wide age range.

Based on a death benefit for life, Bright Way ensures protection tailored to individual customer needs by combining riders that enable policyholders to prepare for three major illnesses, physical disorders and serious disability requiring nursing and/or medical care.

With Bright Way, policyholders are able to broadly prepare for seven risks including three major illnesses, physical disorders and serious disability requiring nursing care, as well as death, by adding a new Assist Seven rider. Since policyholders are able to receive insurance benefits as lump-sum payments, they are able to use the benefits more freely. In addition by adding the Assist Seven Plus rider, policyholders are

able to receive benefits of the highest level in the industry* that cover risks more widely from a milder or earlier stage of illness when they are diagnosed with cancer in situ, identified as Care Level 1 under the public nursing care insurance system and designated as Disability Grade 1 to 4 under the Act on Welfare of Physically Disabled Persons, in addition to causes for payment under Assist Seven.

By adding other riders such as Income Support, Premium Waiver Rider (2013), *Ino Ichiban* NEO, 8 Lifestyle-related Diseases Hospitalization Rider, Female-Specific Cure Rider (2010) and Advanced Medical Care Rider, policyholders are able to achieve higher value-added *protection for living onward*.

* This is the highest level in the industry in terms of coverage of benefits among the life insurance companies that are members of the Life Insurance Association of Japan and which provide benefits for cancer in situ, benefits linked to the public nursing care insurance system and benefits linked to the Act on Welfare of Physically Disabled Persons (surveyed by Dai-ichi Life; as of the end of June 2014).

Survival Benefit Products Received by Policyholders

■ Crest Way launched (January 2014)

In January 2014, Dai-ichi Life launched Crest Way, annuity insurance with a dividend every five years (without surrender value), which allows policyholders to prepare for nursing care protection for life with premiums that remain unchanged for their lifetime and to significantly reduce the premium burden without surrender value.

Crest Way is characterized by the easy-to-understand and wide-ranging content of its benefits by introducing causes for payment linked to the public nursing care insurance system, in addition to causes for payment based on the Company's own standards. If any cause for payment applies, policyholders are able to receive their annuity for their lifetime. By adding riders such as Assist Seven and Assist Seven Plus, policyholders are able to prepare for three major illnesses and physical disorders and temporary expenses under the condition of need for nursing care, such as making one's home barrier-free or installing handrails. With a medical compensation rider such as *Ino Ichiban* NEO, Crest Way also enables policyholders to prepare for their needs for medical care.

Expansion of Product Lineup

With products such as medical care insurance and single-premium products with high savings ability, we are expanding the contents of our products and ages to be covered in response to customer needs.

■ Medical Yell launched (January 2011)

In January 2011, we launched Medical Yell (term-type), a term-type medical non-participating insurance product, and Medical Yell (whole life-type), a whole life-type non-participating medical insurance product, as non-participating products able to provide wide-ranging and gratifying medical protection.

Medical Yell (term-type) is a product for those aged 0-49, and Medical Yell (whole life-type) is for ages 50-80.

Medical Yell (whole life-type) provides medical protection for life with premiums that remain unchanged for the customer's lifetime, since the premium burden is reduced significantly by eliminating surrender value.

We have also introduced Medical Switch (medical protection change system) that provides an option for policyholders to replace an old medical rider to their policy with Medical Yell, the latest medical insurance product, without medical screening (there are some conditions for purchasing Medical Switch). This rider has been well received.

■ Grand Road launched (August 2011)

In August 2011, we launched Grand Road, a single-premium non-participating whole life insurance product (without health declaration). A wide range of customers aged 0-75 can apply with easy procedures since it does not require a medical examination by a doctor, or health declaration. Customers are also able to achieve stable savings, given that the surrender value according to elapsed years is fixed at the time of purchasing the policy since the credited interest rate per the policy contract will remain the same for the duration of the contract.

Note: The description above gives an overview of Dai-ichi Life's products as of July 2014 and does not state all matters concerning the policies. When considering purchasing a policy, please make sure to read materials designated by the Company including the separate brochure and the Policy Illustration (policy overview). When purchasing the policy, make sure to read the Disclosure Statement (information requiring attention), Policy Guide, and Policy Provisions.

Complete Health Support

Initiatives for Education such as Prevention of Cancer and Cardiovascular Disease

We proactively work to provide customers with accurate information on cancer, cerebral stroke and cardiovascular diseases such as acute cardiac infarction. Total Life Plan Designers visit customers in person in order to help them develop knowledge about these diseases and restrict them.

We entered into a comprehensive collaborative agreement with the National Cancer Center in January 2012, with the Japanese Foundation for Cancer Research in February 2013 regarding the provision of information on cancer, and with the National Cerebral and Cardiovascular Center in May 2014 regarding cardiovascular disease.

Through mechanisms such as collaboration with local governments, we will continue to widely provide customers with highly specialized information on cancer and cardiovascular disease in an easy-to-understand manner through information papers, seminars, the DL Pad, the Internet and other means.



Countermeasures for working population against cancer

Medical Support Service for Health, Medical, Childcare, and Nursing Care Services for Policyholders

The Medical Support Service provides advice and information on health and medical services, child care, and nursing care, and is available for policyholders and insured people with individual insurance* and their family members via telephone and online 24 hours/day, 365 days/year (excluding when systems are undergoing maintenance).

The Medical Support Service, which started in April 2012, has been expanding its services and began providing Specialized Medical Service Consultation/ Second Opinion Support and Nursing Care Telephone Consultation in March 2013. In December 2013, it also began providing "Nursing Care Service Wide & Double," a nursing-care-related service that adds introduction and intermediation services of "nursing

care related" information to telephone consultation about nursing care.

With these initiatives we will routinely deliver peace of mind and offer assurance in the event a policyholder or family member requires medical or nursing care. We will do this by broadly providing services related to health, medical care, childcare, and nursing care, ranging from guidance on daily health, specialized medical services and second opinions to nursing-care-related services.

* The Medical Support Service is not available for policyholders of insurance for special tax-treatment savings plan for salaried employees.



Four features of Medical Support Service

"With Partner" Point Service for Policyholders

We provide the With Partner point service for policyholders who purchase individual insurance*. Policyholders are able to receive preferential treatment useful for their health, medical care and living, and use services celebrating their life events using points calculated by premiums paid and the number of years the policy has been held.

* The With Partner service is not available for policyholders of insurance for special tax-treatment savings plan for salaried employees.



Dai-ichi Life service guide

Be Trusted by Customers as Their Lifelong Partner

Total Life Plan Designers

At Dai-ichi Life, approximately 40,000 Total Life Plan Designers provide face-to-face consultation and service to policyholders based on their individual total life plans.

To assist customers in all scenarios over the course of their contract cycles, including at the time of contracting, throughout the duration of the policy, when paying insurance benefits, and when the policy matures, Total Life Plan Designers establish trust with customers. They implement Periodical Insurance Information Checks and offer advice on Dai-ichi Life's products, as well as a wide range of information and services related to social security, tax, health, medical services and nursing care, and provide consistent, high-quality consulting services suited to customers' lifestyles.

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 Life 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.

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 Life deploys approximately 480 financial planners (FPs) nationwide.

In fiscal 2014, we assigned FPs with strong knowledge about inheritance matters to all 84 of our branch offices.

In principle, Dai-ichi Life 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 the structuring of corporate welfare systems using life insurance

products for local small- and medium-sized enterprises, and explaining the effective use of life insurance based on their extensive knowledge of tax and inheritance matters. Dai-ichi Life has 6,378 employees holding qualifications as a 2nd Grade Certified Skilled Worker of Financial Planning and/or AFP including 386 1st Grade Certified Skilled Workers of Financial Planning, or CFPs (at the end of March 2014).

Contact Centers

Dai-ichi Life Contact Centers work to improve our services to customers by handling administrative procedures and inquiries from customers across the country, checking the contents of their policies and providing the latest information on our products, services and promotional campaigns.

Dai-ichi Life has introduced the latest call center systems in an effort to more quickly and appropriately meet customer demands. We have also established contact centers in Sapporo, Tokyo, Osaka and Fukuoka in order to reliably handle calls even during large-scale disasters.

In fiscal 2013, with approximately 1.14 million cases handled at contact centers and approximately 1.33 million cases where calls were made to customers to inform them of details and the situation of their policies, a large number of customers use these centers. The centers receive customer feedback and requests, and this information is shared inside the Company to improve our services and business processes.

In fiscal 2013, we achieved a three-star rating in the HDI Customer Contact Center Ratings fiscal 2013 organized by the Japanese office of Help Desk Institute (USA), the world's largest membership group in the support service industry.

We will continue to strive to further improve our services for customers.



Contact Center



Website

On our website we post content such as Insurance Estimates and FP Consulting (Internet consulting) so customers can confer with us on insurance estimates at any time. We will provide comprehensive consulting services via e-mail, telephone or meeting with a Total Life Plan Designer after our FPs prepare insurance plans at the customer's request. We also provide individual advice on inheritance issues and post-retirement financial planning.

We make efforts to improve our services at contact points where customers are able to receive friendly consultation at any time.



Reception Page for Insurance Estimates

Dai-ichi Life Insurance Shops

The Company's consulting counters are spread among 82 offices across the country under the name Dai-ichi Life Insurance Shops and are used by approximately 100,000 customers annually (as of April 2014). The counters play an important role in providing total consulting in which we give advice complying with customers' wishes in all scenarios over the course of their contract cycles, including at the time of contract, throughout the duration of the policy, and when paying insurance proceeds, and delivering the concept of "Passing On Peace Of Mind."



Dai-ichi Life Insurance Shops

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. Currently, 34 out of the 82 Dai-ichi Life Insurance Shops have extended business hours in the evenings on weekdays and on weekends, and appointments to visit a shop can also be made on the Company's website. 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.

Agents

From the standpoint of further improving customer convenience and responding to increasingly diversified customer needs, Dai-ichi Life 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, our subsidiary that specializes in providing products to financial institutions, has also been offering savings-type products, such as individual annuities, to agents at financial institutions since fiscal 2007.

Dai-ichi Life 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

Service Advisers

Dai-ichi Life assigns in-house employees in charge of overall office work related to life insurance to unit offices across the country.

In-house employees have also embarked on support (service advice) work for sales activities of Total Life Plan Designers as Service Advisers by simplifying and increasing the efficiency of their existing administrative work.

Taking advantage of their strengths such as their knowledge and experience regarding claims and benefits and life insurance products, Service Advisers prudently advise Total Life Plan Designers depending on customers' policy situations according to their life cycle (marriage, childbearing, employment and retirement). This includes their life insurance policies that span long periods from proposals and underwriting of policies, during the policy to the payment of insurance proceeds and maturity.

Service Advisers will continue to work to meet diversifying customer needs by further improving their skills for sales support as members who play a role in total consulting.



Provision of Diverse Information to Customers

We provide our customers with important information at appropriate timing for the duration of their insurance policy, which spans long periods from purchase of insurance to payment of insurance claims and benefits.

We will continue to exert efforts so that the information we provide to customers will be easier for them to understand.

Examples of information for customers

Payment of premiums	<ul style="list-style-type: none">• Notice of scheduled account transfer• Guidance on premium payment• Guidance on automatic loans for premiums• Notice of lapse of policy• Notice of expiration of premium payments
Deferred payments and loans	<ul style="list-style-type: none">• Notice of various interests carried over• Notice of balance of loans to policyholder
Procedures	<ul style="list-style-type: none">• Written request for procedures• Guidance on procedure for claim for maturity proceeds• Notice of renewal of riders• Payment statements• Detailed statement of changes in content of policy
Other	<ul style="list-style-type: none">• Certificate of life insurance deduction

Improvement of Information Provided to Customers

Improvement of the Contract Guide and Policy Provisions Delivered at the Time of Contract

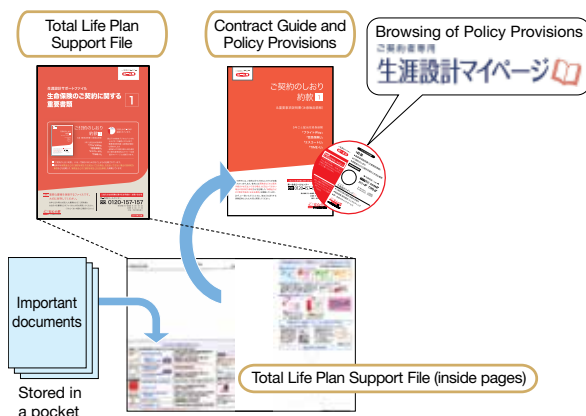
To make the Contract Guide and Policy Provisions easier to understand we are promoting a review of expressions and use of simpler charts and tables, taking into account customers' opinions and requests.

■ Improvement of information provided on payment of insurance proceeds, etc.

Responding to customers' opinions that the ability to check causes for payment at the time of contract would be a desirable feature, we write down detailed causes for payment, such as physical disability, which we extract from the Policy Provisions, and the collection of payment cases in the Contract Guide in order to improve information on insurance payments to be provided at the time of application.

■ Increase of customer convenience through CD-ROM-based Policy Provisions

We include the Contract Guide and Policy Provisions in a CD-ROM and provide it as a Total Life Plan Support CD. This enables customers to use functions unique to electronic media. For the portion comprising the Contract Guide we deliver a brochure as well as a CD to all customers. For the portion comprising the Policy Provisions we also deliver a brochure at the customer's request.



Total Life Plan Support File

For our customers to be able to store important documents related to their policy in bulk, we deliver, in advance, a Total Life Plan Support File in which the Contract Guide and Policy Provisions and the Total Life Plan Support CD are contained.

Regarding documents we deliver, we try to increase customer convenience by using illustrations and larger characters.

Further Improving Understandability of Disclosure Statement

We are strengthening our efforts to facilitate customers' understanding of important matters to which they need to pay particular attention in filing an application.

■ Format focusing on readability and understandability

We write important matters to which customers need to pay attention at the beginning of the Contract Guide and Policy Provisions, so that customers can check detailed contents more easily in conjunction with the Contract Guide.

■ Providing animation with voice guidance

Customers can see explanations of important matters on the DL Pad, a tablet for sales and business use, with likeable animations offering voice guidance.

We also have the same content in the Total Life Plan Support CD which we deliver to customers at the time of application and on the Company's website, so customers can view them any time.

Browsing method for animation with voice guidance



DL Pad Tablet 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 to enhance their consulting capabilities.

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

In September 2014, we will start procedures for purchasing life insurance via the DL Pad. Customers will be able to apply simply and quickly on the easily viewable and easy-to-understand screen of the DL Pad.



The DL Pad

Consulting Using the DL Pad

Using the DL Pad, users can prepare a Total Life Plan that provides income and expense simulations and estimates of public pension tailored to the life plan of individual customers together with them in an enjoyable manner as if playing a game.

We can design the optimal insurance plan together with customers, and customers can confirm the content of their benefits in detail. It is also possible to print and give to customers the Total Life Plan and benefits designed by the DL Pad.

The DL Pad is also equipped with Navi-Setsu Book, which allows explanation of 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 for ensuring receipt of services and insurance claims and benefits after enrollment. In this way we are working to improve our consulting services through cooperative communication with our customers.

The DL Pad also has a function for supporting the learning and activities of Total Life Plan Designers to improve their consulting abilities and provide all 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 business efficiency.



Screen image of Total Life Plan



Screen image of Navi-Setsu Book

Initiative to Utilize Customer Feedback for Our Management

Initiatives to Utilize Customer Feedback

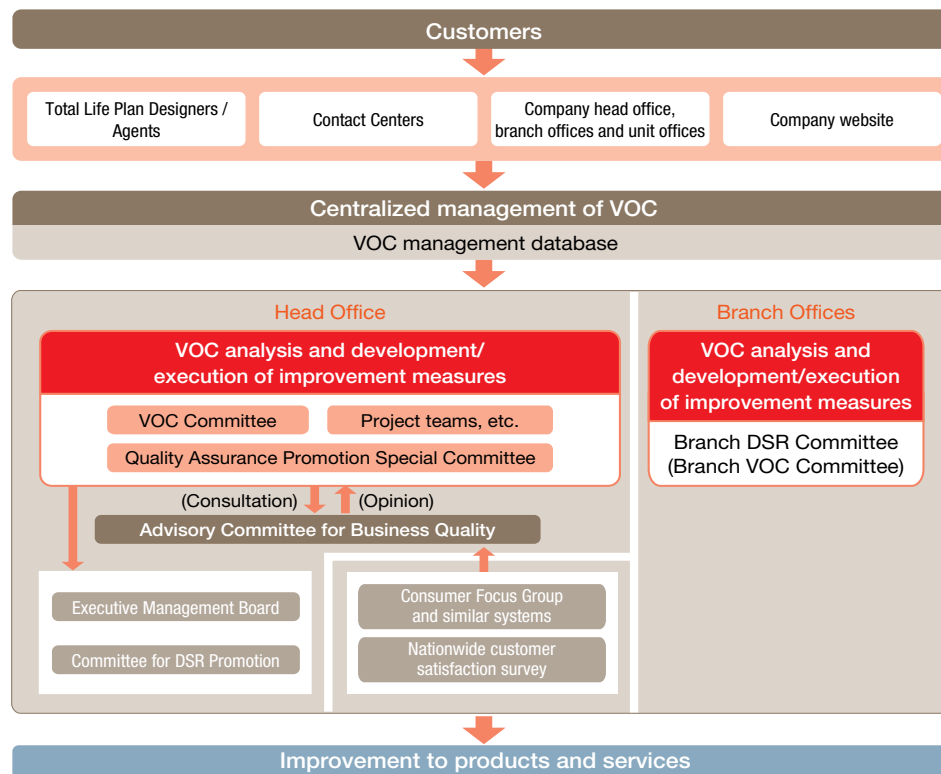
In 1992, we built a system to incorporate customer feedback received from all over Japan into the way we manage our company and have been continually improving the system ever since. The system collects and analyzes customer feedback received through customer contact points, using them to improve corporate management and operational processes. We analyze the feedback from customers at monthly meetings of the VOC Committee*, and identify and prioritize challenges. Project teams then develop and execute specific improvement measures, and their initiatives are reported to the Executive Management Board, etc. When considering improvement measures, we employ a Consumer Focus Group and other similar systems to collect consumer perspectives, opinions, and advice to further respond to customers' needs.

In this system we are improving our products and services to further increase customer satisfaction.

* VOC: voice of customers

Customer Feedback (Complaints, Praise, Opinions and Requests) and Its Major Components

We believe it is important to widely collect feedback from customers and have this lead to improving our corporate management and operational processes. We regard customer complaints as the expression of their dissatisfaction with the insurance products we sell (including products of our business partners, such as cancer insurance and non-life insurance), our sales activities, the attitude and manners of our employees, and our administrative work and systems. Appreciative voices are customers' gratitude and compliments regarding our sales activities, the responses of our staff on the phone and over the counter, and our administrative procedures. We also regard opinions and requests of customers as their proposals, short of complaints, for improving our business.



● **Number of customer feedback instances (complaints, praise, opinions and requests) received in fiscal 2013 and their major components**

Classification of customer feedback		Number of customer feedback instances received	Share (%)	Major contents	Number of customer feedback instances received	Share (%) in each item
Complaints	Related to new policy	3,736	8.3	Dissatisfaction, etc. with explanation when purchasing a policy	1,285	34.4
				Dissatisfaction, etc. with carelessness of those who are in charge of selling a policy and delay in arrangement	395	10.5
	Related to procedures for premium payments	3,165	7.0	Dissatisfaction, etc. with payment of premiums	1,365	43.1
				Dissatisfaction, etc. with account withdrawal at banks, etc. and change of the account	621	19.6
	Related to procedures for maintenance of content of policy	12,963	29.0	Dissatisfaction, etc. with surrender procedures	3,104	23.9
				Dissatisfaction, etc. with policyholder dividends	1,651	12.7
	Related to payment of insurance claims and benefits	6,675	14.9	Dissatisfaction, etc. with procedures for payment of benefits	2,807	42.0
				Dissatisfaction, etc. with procedures for payment of maturity proceeds	1,279	19.1
	Others	18,152	40.6	Dissatisfaction, etc. with attitude and manners of sales representatives and responses, etc. over the counter and via telephone	7,155	39.4
Dissatisfaction, etc. with follow-up				5,375	29.6	
Total		44,691				
Grateful voices		107,817				
Opinions and requests*		1,459	* Opinions and requests are the number received after February 2014.			

* Opinions and requests are the number received after February 2014.

■ **Posting of customer feedback on the Company's website**

Since October 2006 on the Company's website we have been posting the number of customer feedback instances and the number of complaints that were resolved.

■ **Advisory Committee for Business Quality**

We have established the Advisory Committee for Business Quality as an advisory board to the Quality Assurance Promotion Special Committee for receiving opinions from a consumer-based perspective. More specifically, we consult with the Advisory Committee for Business Quality on issues discussed at the Quality Assurance Promotion Special Committee; the opinions of its members are reflected in improvements to our business operations.



Advisory Committee for Business Quality

● Grateful voices received from customers by Total Life Plan Designers

Examples
<p>This case is about a customer who died due to sudden deterioration of his medical condition during the procedure for the application of the hospital expense benefit. After completing the procedure, the Total Life Plan Designer received the following comment from his family: "Thanks to your care concerning my father when he was in hospital, the procedure went smoothly and we were able to receive the benefit. You are the first person who awarded us for our nursing care to help him fight his illness over a long period. We sincerely appreciate your truly faithful and warm follow-up."</p>
<p>One day when I met a 75-year-old customer during a regular visit, she confessed that she would not have long to live because of cancer. So I met her daughter and explained the content of the insurance coverage. A month later I heard from the daughter that her mother had passed away and I visited the daughter. After completing the procedure, I receive the following comment from her. "Thank you for taking the time to explain the insurance. I will cherish the insurance benefit my mother left for me."</p>

● Examples of improvements made from customer feedback

	Inconvenient and dissatisfactory issues for customers	Remedial measures and their results
At time of contract	<p>○ I would like Dai-ichi Life to have an insurance product through which we can prepare for a wide range of risks.</p>	<p>○ Launch of Assist Seven and Assist Seven Plus Riders We launched the Assist Seven rider by which policyholders can prepare for seven risks with a single rider including three major illnesses, physical disorders and serious disabilities requiring nursing care, and death. At the same time, we also launched the Assist Seven Plus rider that covers wider risks, such as cases in which the insured person is identified as "Care Level 1" under the public nursing care insurance system or designated as "Disability Grade 1 to 4" under the Act on Welfare of Physically Disabled Persons, in addition to the causes for payment under the Assist Seven rider.* (These riders were launched in January 2014.)</p>
While the policy is in effect	<p>○ It takes time to apply for policyholder loans, withdrawal of accumulated dividends and deferred money unless you have the Dai-ichi Life Card or Dai-ichi Life Service Passport. ○ It is inconvenient to submit documents if you forget the card password, even if you want to withdraw money immediately.</p>	<p>○ We started the Quick Money Withdrawal Telephone Service in which policyholders can complete procedures on the same day by calling the Dai-ichi Life Contact Center and performing procedures, following automatic voice guidance. (The Service was launched in September 2013.)</p>

* The description above is the overview of riders as of July 2014 and does not state all matters concerning the policies. The Asset Seven Plus rider needs to be added to the main policy along with Assist Seven rider.

■ Roundtable conference with customers

We routinely hold roundtable conferences with customers at our branch offices around the country and listen directly to opinions and requests from customers in order to improve our products and services.

■ Consumer Focus Group

To listen to opinions from consumers, we have been operating the Consumer Focus Group since 1984 and have experts in consumer issues, advisers at consumer centers and advisory specialists for consumers' affairs assist us as consumer monitors.

We receive opinions and advice from various perspectives on our products and services through roundtable conferences in major cities around the country and reflect them in the improvement of our business operations.

■ Nationwide customer satisfaction survey

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 objectively figure out customer satisfaction through a questionnaire survey, performed by an outside agency, of individual and corporate customers including current policyholders as well as customers who have surrendered their insurance policies.

We include the overall satisfaction level of customers as one of the goals in our medium-term management plan. We reflect survey results in initiatives conducted by departments in the headquarters and use them for initiatives of the Quality Assurance Promotion Special Committee and other organizations to improve customer satisfaction. Survey results are also reported to the Executive Management Board.

Consulting, Products and Services for Corporate Customers

Consulting by Relationship Managers (RMs)

At Dai-ichi Life, Relationship Managers (RMs) consult with corporate customers to propose welfare programs, pension and retirements plans, non-life insurance products and products for business owners for the purpose of supporting their measures to develop and improve various protection systems for their employees and reduce expected business risks. We also offer a wide range of information by providing their employees with seminars on life insurance and other insurance programs such as welfare and pension systems, the total life plan, money plans post-retirement and business manners, as well as services through the Internet.

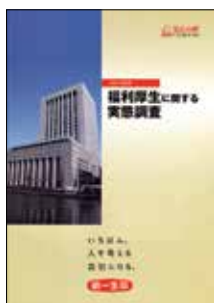
We will continue to satisfy corporate customers' needs by developing better products and services in harmony with the above initiatives.

Provision of Health Support Menus

We provide corporate customers with information and services regarding their health support.

● Field survey of welfare programs

We conducted a questionnaire on the status of welfare programs introduced by corporate customers (field survey on welfare programs) including countermeasures against so-called metabolic syndrome and measures for psychological health. We compiled the survey results received from 877 companies into a report (brochure) for distribution.



Field survey on welfare programs

● Dai-ichi Life Health Support Desk

The Dai-ichi Life Health Support Desk is an additional service provided with our products for corporate customers and sets up broad-ranging options for consultation from daily health to psychological health.

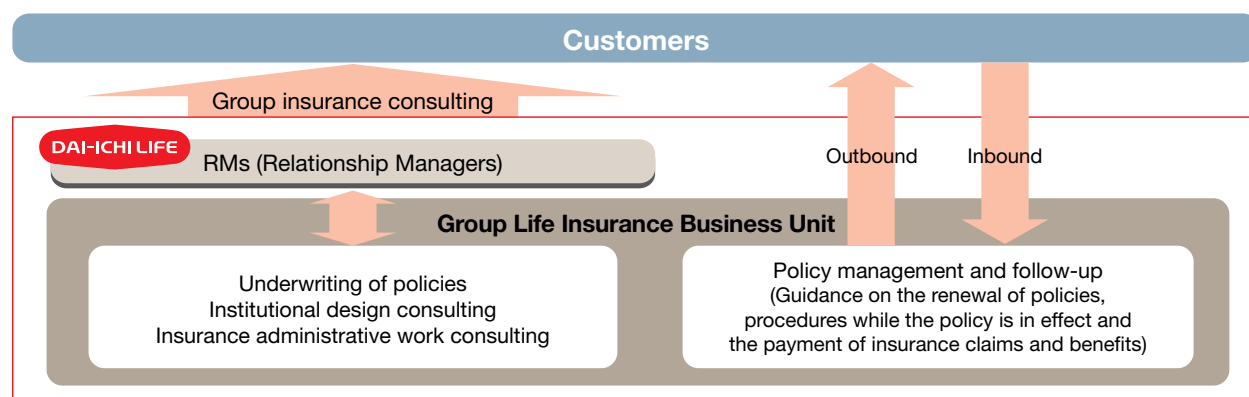
Group Insurance Consulting, Products and Services

RMs and the Group Life Insurance Business Unit in charge of group insurance products work in unison to provide information on the group insurance system in a timely manner and provide consultation on institutional design and insurance administrative work. We have been selling non-participating riders since April 2012 with comprehensive welfare group term life insurance and insurance riders for specific conditions since October 2013 with group credit life insurance.

As a new service in group term life insurance since April 2014, we have also been offering the Administrative Work Contact Service, in which customers can check the reception state of product purchase applications they submitted.

In step with these initiatives, the Group Life Insurance Business Unit is strengthening a system to carefully follow up on practical responses such as guidance on the underwriting and renewal of policies, procedures during the contract period and the payment of insurance claims and benefits. To increase customer convenience, we also offer D1-i Office, a support service for group insurance administrative work in which customers can complete procedures such as changing the information of members in group insurance via the Internet, and D1-i Leaflet in which customers can see the features of group term life insurance on their PC screen. Since January 2014,

Group Insurance Consulting System



we have been posting the Contract Guide—Policy Provisions for group insurance on the Company's official website. We will continue to seek to increase customer satisfaction.

Corporate Pension Consulting

Dai-ichi Life conducts comprehensive consultation for pension and retirement plans, with RMs and the headquarters organizations working in unison. We provide broad-ranging services for institutional design, asset management, retirement benefit accounting and system operation, tailored to customers' needs.

Initiatives to Improve the Corporate Pension Fiduciary Service

■ Initiatives for defined benefit plans

● Provision of Defined Benefit Plan Online Service

We provide the Defined Benefit Plan Online Service*, a system to perform procedures for the maintenance of a defined benefit plan, to customers for whom Dai-ichi Life is the sole underwriter or the agent, in order to improve the efficiency and speed of customers' administrative work.

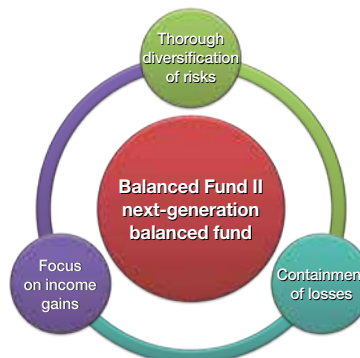
* We provide this service through our business partner Corporate-pension Business Service Co., Ltd.

● Expansion of lineup of performance-based products and services

Since April 2014, we have been selling a new product, Separate Account Balanced Fund II, to meet customer needs for controlling the downside risk of

investment performance and achieving stable income.

The Balanced Fund II is a next-generation balanced fund with three major investment strategies: thorough diversification of risks, containment of losses when the market collapses, and focus on income gains.



Product features (image)

In May 2014, we commenced agency and intermediation services for our corporate pension customers to enter into discretionary investment contracts with DIAM, our Group company.

■ Initiatives for defined contribution plans

● Investment education service

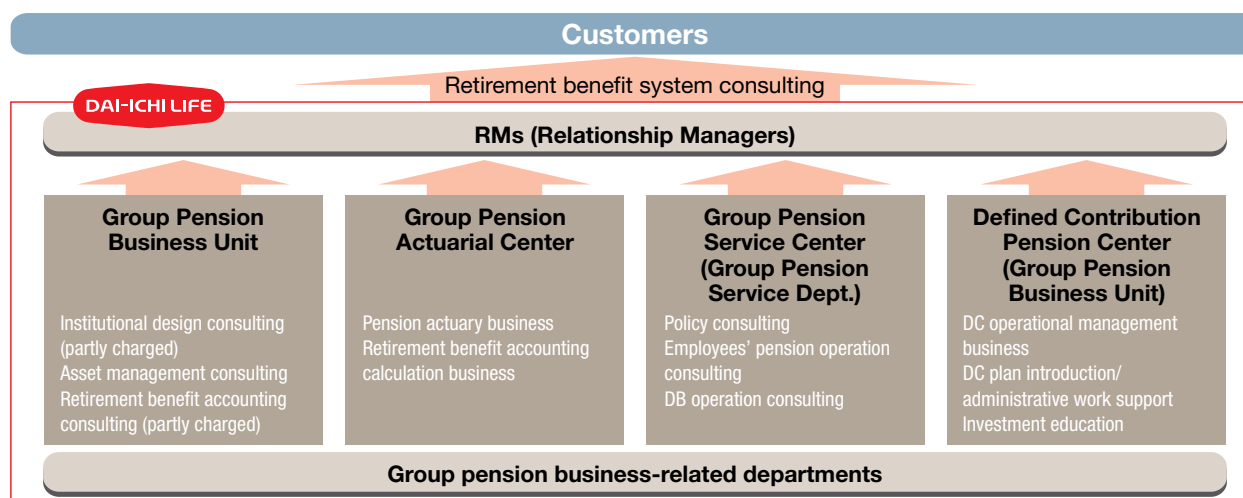
As a defined contribution plan provider, we provide customers of our defined contribution plans with investment education seminars and continuous education e-learning for their employees.

Dai-ichi Life's fulltime instructors



View of investment education (image)

Corporate Pension Consulting System



advise on the preparation of funds for retirement in light of needs of individual employees by offering ongoing support ranging from seminars and individual consultation at the time of introducing the plan to subsequent continuous education.

● Providing information to members in defined contribution plans

We provide members in a defined contribution plan with a service* for them to make inquiries about the balance of assets and investment yields via the Internet or cell phone. We also work to improve information provided by establishing a dedicated portal site on the Internet in which the plan members can check the amount of money they will receive in the future, run various simulations of items such as taxes and social insurance premiums, and see the information in our information magazine *L'Espoir* and notices from Dai-ichi Life.

* The service is provided through our outsourcing contractor Japan Investor Solutions & Technologies Co., Ltd.

● Providing Dai-ichi Life DC Smart Plan package plan

We sell the Dai-ichi Life DC Smart Plan, which is designed to simplify administrative procedures by managing the corporate defined contribution (DC) plans of multiple companies by using a single pension code in the DC system. We prepare six kinds of product packages, Types I-VI, to meet the needs of more customers.

● Providing information to business owners

We provide customers of a defined contribution plan with DC Support Web, a dedicated online service that provides information in a timely manner and supports the operation and administration of the plan.

● Dai-ichi Tsumitate Pension to prepare funds post-retirement

Dai-ichi Tsumitate Pension^{*1} is a principal protection product^{*2} under the defined contribution pension system that guarantees yields according to the market interest rate for five (or ten) years. This product, which offers a number of reception methods, including a certain annuity and a whole life annuity, is selected by many customers as the core product for investing their defined contribution pension.

*1: The official name is fixed-term guaranteed interest rate defined-contribution pension insurance.

*2: If canceled before maturity, the principal may not be protected since the surrender charge could come into effect.

■ Provision of information to customers

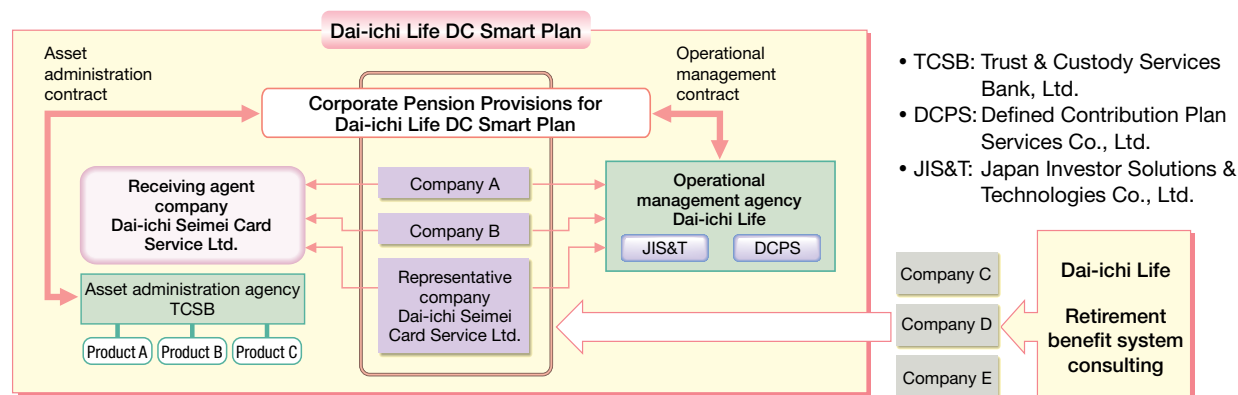
We offer our customers many opportunities to be provided with information centering on the latest topics, including seminars, briefing sessions on pension fund administrative work and debriefing sessions on investment of separate accounts (four times a year).

We also publish *Pension News*, which regularly provides information in broad-ranging areas, such as pension finance including revision of laws related to the pension system, asset management and a glossary.



Dai-ichi Life Pension News (image)

Smart Plan Fiduciary System (image)



System for Employee's Life and Finance Solution (SELFS)

Along with changes in the environment surrounding companies, many firms are reviewing their personnel systems, welfare programs and retirement plans.

In response to such changes, we have been providing the System for Employee's Life and Finance Solution (SELFS), a comprehensive Internet-based welfare program management system, since April 2000 to support the restructuring and higher efficiency of welfare programs of companies.

Approximately 8,000 companies now use the SELFS service (as of April 2014), and many of them hold SELFS in high regard.

SELFS provides information on social insurance and a life plan that supports the self-reliance of employees and explains funds for life after retirement and the amount of public pension to be received. We are also taking steps to improve its content, in particular strengthening the simulation function of the amount of insurance necessary to receive for emergencies and accidents, and the various consultation functions on the Total Life Plan Support Site.

For higher efficiency in the operations of the welfare program, SELFS enables companies to improve the efficiency of their administrative work for corporate insurance by using a system which encourages participation in the network of employee contribution insurance and making inquiries about the network's contents. SELFS also offers reports on the amount of pension assets for each group annuity insurance policy.

A portal site dedicated to the defined contribution plan provides knowledge about the defined contribution plan and its investment products and investments, a simulation function that estimates the amount of money to be received in the future and other functions to check the balance of assets and perform procedures. SELFS users can use these functions in an integrated fashion.



Top screen of the Total Life Plan Support Site

Success Net Members-only Service for Corporate Customers

Success Net is a members-only service for corporate customers that is operated jointly with Sampo Japan, with approximately 60,000 companies participating (as of April 2014). Success Net supports business management by providing wide-ranging information and services covering business and welfare programs, including Success Net News, which provides business information via e-mail and fax, Application and Notification Navigation for business and legal documents, Possible Subsidiary Reception Diagnostic Service, Business Report, Business Management Consulting and Hotel Courtesy Service that enables participants to stay in affiliated hotels around the country at special prices.



Application form for Success Net

International Insurance Business

Services for International Companies Operating in Japan

Dai-ichi Life provides comprehensive welfare services to international companies operating in Japan through its International Corporate Relations Department. We have concluded transactions with more than 420 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 Life to provide non-life insurance products, including disability income replacement insurance and accident insurance.

As a representative of Japanese insurance companies, Dai-ichi Life 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 insurance company for each country or region becomes a member of the IGP. Currently, insurance companies in more than 60 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 840 companies have joined the IGP worldwide.

Group Insurance Consulting

To support the improvement of welfare programs of Japanese companies conducting overseas businesses, Dai-ichi Life introduces Japanese companies to its allied overseas life insurance companies, which perform consulting activities in group insurance. They provide detailed services, including explanations in Japanese, at the customer's request.

Using the IGP system they also introduce welfare services for foreign-based Japanese companies.

For Shareholders: Meeting the Expectations of Our Shareholders 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 2013, 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 Fourth Fiscal Year on June 24, 2014 (number of shareholders attending: 1,702. Duration: 2 hours and 27 minutes). At the meeting we reported our business results and passed a resolution on three proposals.

In reporting our business results, in particular we improved the presentation to help our shareholders better understand the explanations of our business operations in fiscal 2013 and the progress of the Medium-term Management Plan and Future Growth Strategy. We held a question-and-answer session on our proposals and business operation of the Group to further improve our communications with shareholders. We also displayed panels describing our efforts to solve social issues in our DSR management and salaried workers’ *Senryu* at the venue and distributed a questionnaire to shareholders in attendance.

We sent a notice of convocation to shareholders well in advance (three weeks ahead) of the meeting and posted it on our website a week before the mailing in an effort to give enough time to our shareholders to consider the proposals.

As part of our efforts for active information disclosure, after the meeting we posted a video reporting our business operations, progress of our Medium-Term Management Plan, and future growth strategy, as well as a summary of questions received from shareholders and results of voting.

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.

Note: See page 76 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

For Society: A Society that Spreads Smiles and for the Environment

Corporate Citizenship Activities

Through its life insurance business with a social and public nature, the Group strives to continuously progress with local communities as a good corporate citizen while helping them build a safe and comfortable lifestyle and society. The Group supports voluntary social participation of its employees, and the companies and their employees work together to contribute to society.

Concept of Corporate Citizenship Activities

Under its Basic Policy for Corporate Citizenship, the Company participates in corporate citizenship activities, focusing on promoting health, creating a comfortable society for future generations and preserving the environment based on the idea of solving social issues associated with or linked to the life insurance business, in particular by utilizing the Company's strengths. The Company aims for higher value-added activities by periodically reviewing and improving them, taking into account social needs and the distinctive qualities the Company offers.

■ Promoting Health

While the sustainability of the social security system has become a social issue, the Company playing the role of complementing the system helps to maintain it through various activities to support promotion of its customers' health.

● Public Health Award

Dai-ichi Life 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 960 organizations and individuals have been honored to date. Award winners receive an audience with the Emperor and Empress of Japan.



Presentation ceremony for the 65th Public Health Award

● The Cardiovascular Institute

This foundation was established in 1959 to conduct medical research on cardiovascular diseases and contribute to their prevention, diagnosis and treatment. It helps improve treatment results through numerous studies directly related to clinical medicine and provides advanced specialized medical services at its hospital.

● Efforts to promote our customers' health

Dai-ichi Life conducts a host of activities to respond to its customers, hoping to improve their health.

It provides individual customers with Medical Support Service including consultation and supply of information for health, medical, childcare and nursing care issues. Our Total Life Plan Designers work in cooperation with medical institutions specializing in cancer and cardiovascular disease to deliver accurate knowledge on diseases, how to prevent them, how to undergo examinations, and other educational information.

For corporate customers, the Company has been providing healthcare information and services since 2013. This includes the Dai-ichi Life Health Support Desk service offering consultations on a wide range of topics from daily healthcare to psychological health and a Survey on Welfare Benefits reporting the results of a questionnaire on introduction of welfare programs.



Announcement of agreement signed with a medical institution

■ Creating a Comfortable Next-Generation Society

The Company works to solve the problem of limited availability of preschools as one of the issues in tackling the declining birthrate and to promote finance and insurance education among members of future generations, in efforts to create a comfortable society for the next generation, in which everyone can enjoy a comfortable life.

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

As part of its measures to reduce the number of children waiting to enter preschool, the Company has since 2011 been inviting nursery centers to operate using real estate the Company owns as an

institutional investor. Aiming to accept 2,500 children, or approximately 10% of children on nationwide waiting lists, the Company had invited operators to open 10 daycare centers (up to 422 children) by April 2014 in cooperation with these operators.

This project was selected as good practice in fiscal 2012 and fiscal 2013 by approximately 190 financial institutions that had signed the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century).



Poppins Nursery School Yurigaoka in Dai-ichi Life Yurigaoka Bldg.

Daycare/nursery centers invited (as of April 2014)

Property name	Location	Center's name	Max. number of children accepted
Makuhari Techno Garden	Chiba City, Chiba Prefecture	ASK Kaihin Makuhari Daycare	59
Nakano Honcho Dai-ichi Life Bldg.	Nakano-ku, Tokyo	Daycare Baby Salon Shin-Nakano	30
Omori Bellport	Shinagawa-ku, Tokyo	ASK Minami Oi Daycare	70
Shin-koenji Dai-ichi Life Bldg.	Suginami-ku, Tokyo	Pinocchio Preschool Shin-Koenji	28
Tabata Asuka Tower	Kita-ku, Tokyo	Poppins Nursery School Tabata	40
Tokyo Square Garden	Chuo-ku, Tokyo	Kids Square Tokyo Square Garden	30
Nerima Sakuradai Branch	Nerima-ku, Tokyo	Poppins Nursing Mama Room Sakuradai	15
Kobe Tarumi Branch	Kobe City, Hyogo Prefecture	Sora Branch, Takeno Nursery School, Social Welfare Corporation Yokokai	20
Dai-ichi Life Mitaka Bldg.	Mitaka City, Tokyo	Poppins Nursery School Mitaka-Minami	70
Dai-ichi Life Yurigaoka Bldg.	Kawasaki City, Kanagawa Prefecture	Poppins Nursery School Yurigaoka	60
Total			422

● Aid provided to daycare/nursery centers by The Dai-ichi Life Foundation

A general incorporated foundation, The Dai-ichi Life Foundation conducts survey research, makes proposals and provides assistance to help achieve health and livability amid an aging society and declining birth rate, in order to help to create a comfortable society for future generations.

With the recognition that the lack of children's daycare facilities is a pressing social issue, the



First Presentation Ceremony for projects as measures to reduce numbers of waiting children and support daycare/nursing centers

Company began subsidizing newly established nurseries and Certified Children's Nurseries in 2013 (as measures to reduce the number of waiting children or support daycare/nursing centers), and provided approximately 30 million yen to 35 centers in its first project. This aid program (which funds the purchase of playground and exercise equipment) not only helps increase the number of nursery facilities and possibly reduces the number of children waiting for nursery admission, but also contributes to improving childcare quality through the support provided to such centers, exerting sincere and dedicated efforts for the healthy growth of children.

Note: 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].

- **Support for consumer education and finance and insurance education through *Life Cycle Game II: Recommending a Total Life Plan***

In 2012, the Company created *Life Cycle Game II: Recommending a Total Life Plan*. This is a consumer education tool that lets players learn about life risks and informs them regarding necessary preparation and consumer contracts through the enjoyment of a *sugoroku*-style game (*sugoroku* is the Japanese version of Parcheesi).

This material is provided for free through the Company's website, and through April 2014 applications for approximately 11,000 sets had been received from schools, consumer service centers, government offices and other facilities.

Dai-ichi Life employees visit schools, consumer service centers, companies, etc. and provide classes and training using the material (47 times for 1,658 participants in fiscal 2013), and help promote consumer education and finance/insurance education in schools, communities and companies.



Life Cycle Game II

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

This foundation provides training sessions and seminars for people from the insurance industry in Japan and overseas. As of March 31, 2014, participants totaled more than 8,000.

FALIA also works to develop and educate human resources in insurance administration and business in ways such as organizing a prize essay competition for students coming from developing countries to Japan.

- **Yellow Badge program**

The program of giving so-called Yellow Badges along with traffic accident insurance to children entering elementary schools began in 1965 to help prevent such accidents. Dai-ichi Life joined the program in 2003, and it is currently being operated by Mizuho Financial Group, Sampo Japan, Meiji Yasuda Life and Dai-ichi Life.

The year 2014 marks its 50th anniversary, and approximately 61.11 million badges have been given out to date.



50th Yellow Badge Presentation Ceremony
Traffic safety class

- **Preserving the environment**

Dai-ichi Life supports development of urban greenery and sustainable communities to facilitate safe and healthy living by contributing to the environmental conservation of local communities and global environmental protection.

- **Green Environmental Design Award and Green City Award**

The Company created the Green Environmental Design Award in 1990, and has been sponsoring it together with the public interest-incorporated foundation Organization for Landscape and Urban Green Infrastructure. The award commends and provides subsidies for greening plans, selected from among public candidates, that will contribute to creation of beautiful local landscapes and urban environments in which people and nature can coexist. A criterion for accrediting such plans which actively incorporate environmental preservation was added in 2009 to improve measures for environmental issues.



Houtoku Kindergarten (the 23rd Green Environmental Design Award; the Minister of Land, Infrastructure, Transport and Tourism Prize)

Since the award was established, green spaces have been created at 144 locations in 39 prefectures nationwide, including schools, medical and welfare institutions, shopping districts, and areas in front of train stations.

Since 2013, the Company has also been participating in the Green City Award, which aims to honor groups showing outstanding results in 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 helping from planning of greening (entry) to results (exit).

■ Corporate citizenship activities of Dai-ichi Life employees

Executives and other employees of Dai-ichi Life across Japan voluntarily contribute to local communities through ways such as cleaning, charity bazaars and fund-raising.

To assist and promote the contribution of employees to their local communities, the Company has introduced the Matching Gift Program, in which the company adds a certain amount to the funds raised by its employees through donations or sales when they donate the funds to organizations. The Company also introduced the Action Gift Program in 2010, in which it contributes or donates a certain amount to activities that do not directly result in donations, such as community cleanups; the amount donated depends on the number of participants in each activity.

In Karakuwa district, Kesennuma, Miyagi Prefecture, approximately 140 employees participated in activities to support the restoration of marine product farming between 2011 and 2012. In 2013, 63 employees joined the Fukushima Organic Cotton Project in Fukushima Prefecture, aiming to create new agricultural and other industries, and helped to weed fields and harvest cotton. In addition to regional activities, the Company organized sale of products related to the disaster areas for employees to purchase at the head office, and continues to help the restoration of disaster-hit areas.



Participation in charity walk

■ Promoting arts, culture, and sports

● VOCA Exhibition and Dai-ichi Life Gallery

Dai-ichi Life has been assisting The Vision of Contemporary Art (VOCA) Exhibition at the Ueno Royal Museum since its premiere in 1994 to help foster and support young artists in the field of two-dimensional arts. The Company also provides continuous support by collecting and periodically exhibiting outstanding works in the lobby and gallery of its Hibiya head office and holding solo exhibitions of award-winning artists in this gallery to provide them with opportunities to present their works after winning awards.

Such activities were recognized and in 2000 the Company received the Japan Mécénat Award from the Association for Corporate Support of the Arts, which honors companies and foundations that contribute significantly to the promotion of arts and culture.

● Supporting NPO Triton Arts Network

Dai-ichi Life established the NPO Triton Arts Network (TAN) in 2001 to restore the Dai-ichi Seimei Hall in Harumi, Tokyo, aiming to promote community-oriented art activities by supporting TAN.

In addition to performances held at the hall, TAN has been steadily expanding community-based music-oriented activities such as outreach for delivering quality music to people at schools and welfare institutions who have not had the opportunity to visit the hall frequently.

Such initiatives were recognized, and in 2009 the Company received the Japan Mécénat Award.



Dai-ichi Seimei Hall

● Dai-ichi Life All Japan Primary School Student Tennis Championships

Dai-ichi Life has been providing special support for the championships organized by the Japan Tennis Association since its first tournament in 1983 and lends out the Company's clay courts (in Sengawa, Tokyo) for the tournaments so as to help develop young players.

The 2014 tournament is the 32nd time the event is being held, and the championships have produced a number of internationally recognized players such as

Ai Sugiyama and Kei Nishikori.

The fact that these activities have been continuing for many years was recognized, and in 2014 the Company received its third Special Company Award from the Japan Tennis Association.



31st Dai-ichi Life All Japan Primary School Student Tennis Championship

Overseas corporate citizenship activities

The Dai-ichi Life Group actively leads a host of corporate citizenship activities outside Japan as well.

● Dai-ichi Life Vietnam

Dai-ichi Life Vietnam has been working with Dai-ichi Life since 2008 to provide surgery free of charge to cataract patients who are unable to afford it. To date, approximately 3,000 patients have been helped. These initiatives were recognized and in fiscal 2013 Dai-ichi Life Vietnam received the Vietnam Prime Minister's Award. In November 2013, the *Asia Insurance Review* journal selected it as the first insurance company in Vietnam to receive the CSR Award in recognition of the company's donation of water filtering devices with an ultraviolet sterilization function to 24 schools.



Support for cataract patients

● TAL (Australia)

TAL established action guidelines for sponsorship and community partnership called the A Gift for Life program and actively assists activities such as the sponsorship of an historical Australian art collection that is available for the public to enjoy, the raising and training of assistance dogs, support for skin cancer



Charity marathon to support breast cancer research

research, support for Paralympics participants, and fundraising activities for donations to charities and support for breast cancer research.

● Panin Dai-ichi Life (Indonesia)

Panin Dai-ichi Life organizes group blood donation events among its employees, personal agents, and customers, and seminars on diabetes prevention.



Group blood donation event

The company also held fundraising events to support the victims of the eruption of Mt. Sinabung and Mt. Kelud in 2014 and donated the funds to the disaster-stricken areas.

● Star Union Dai-ichi Life (India)

Star Union Dai-ichi Life actively engages in



Helping the village of Mohpuri

corporate citizenship activities, including the supply of free food and water to Mohpuri village in the state of Maharashtra, which suffered serious drought damage in March 2013.

● Ocean Life (Thailand)

To help support children who suffered from the devastating floods of 2011, Ocean Life has continually donated stationery, office supplies, and relief funds to local elementary schools. The company also donated funds to the victims of the super typhoon that hit the Philippines in 2012, carried out company-wide blood donation activities, and has been accepting college



Accepting interns

interns to provide practical education for development of human resources supplied to the life insurance industry.

Initiatives in Environmental Management

Dai-ichi Life has established its Basic Environmental Policy, and all executives and employees are working together to protect the environment, aiming to help achieve social and economic development, harmony with the global environment, and building of sustainable society.

Basic Environmental Policy (overview)

● Basic idea

As a member of society, Dai-ichi Life considers protection of the local and global environment and building of a recycling-oriented society, based on its basic management policy of Securing Social Trust, to be part of the Company's social responsibility, and works to continually protect the environment on a daily basis in accordance with the following action guidelines.

● Guidelines for action

Comply with laws and regulations related to the protection of the environment and **behave in ways that consider environmental impact**.

Reduce environmental load through energy and resource saving and recycling in business activities.

Increase awareness of environmental issues among executives and employees and **implement environmental awareness efforts** such as subsidies and support for environmental protection activities.

Promote sustainable environmental improvement by setting objectives and goals, checking the progress of activities, and actively disclosing the results.

Promoting Environmental Management

As part of its medium-term management plan, Action D: The Group's Collective Challenges for Achieving Further Growth, Dai-ichi Life has established a Medium-Term Environmental Effort Plan for fiscal 2013-fiscal 2015 to become a global insurance group that contributes to the development of sustainable society in the medium- to long-term.

This plan sets specific numerical goals regarding Efforts to Prevent Global Warming (Energy Saving) and Efforts to Build a Recyclable Society (Resource

Saving).

It also sets qualitative goals regarding Corporate Efforts for Environmental Protection and Efforts to Improve Environmental Management in Response to Social Demands.

The Company calls this plan Action D-“ECO” and is currently implementing it throughout the company to further strengthen our environmental management, and steady achievements have already been made in energy saving, resource saving, and environmentally friendly behavior in asset management.

Medium-Term Environmental Effort Plan for fiscal 2013-fiscal 2015

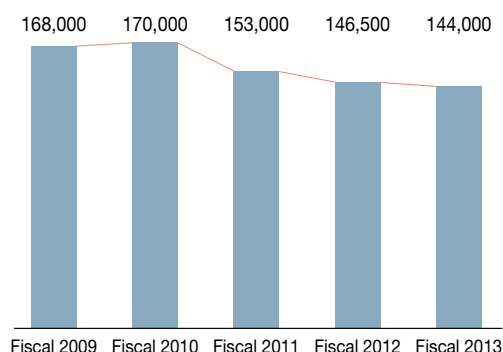
Efforts to Prevent Global Warming (Energy Saving)	Reduction of energy in offices	<ul style="list-style-type: none"> CO₂ emissions (t-CO₂) Reducing CO₂ emissions by 6% compared to fiscal 2009 Electricity use (1,000 kwh) Reducing electricity use by 6% compared to fiscal 2009
	Reduction of paper usage	<ul style="list-style-type: none"> Total use of paper (tons) Reducing the total use of paper by 30% compared to fiscal 2009
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 fiscal 2012 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	

■ Efforts to reduce CO₂ emissions and electricity use

Dai-ichi Life is working to reduce CO₂ emissions and electricity use in its business activities to help prevent global warming.

The Company is continuing our company-wide energy-saving efforts (general power-saving measures) such as reducing the use of lights which we began in 2011, and continuously promoting facility improvements such as the replacement of air conditioners with more energy-efficient models. As a result, CO₂ emissions in fiscal 2013 were 14.3% lower than the figure in the base year of fiscal 2009.

CO₂ emissions (t-CO₂)



■ Efforts to reduce paper usage

Dai-ichi Life needs a large amount of paper in its business operations for functions such as sending notices to customers. Efforts are therefore being made to reduce the use of paper at various levels from the entire company to individual employees. This has resulted in a 36.5% reduction in fiscal 2013 from use in the base year of fiscal 2009.

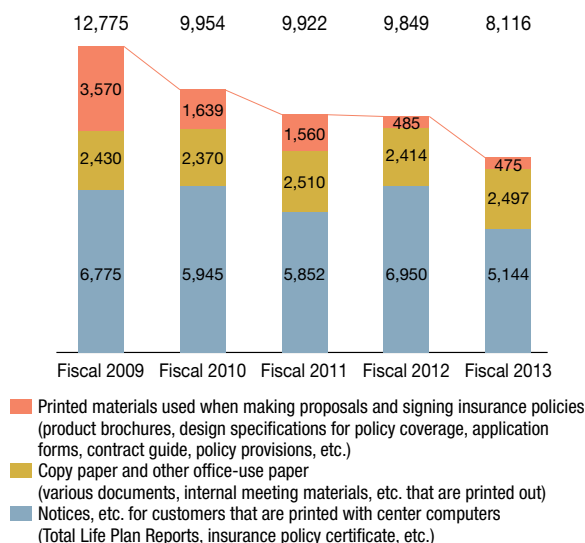
● Efforts to reduce printing

Brochures and other printed materials for customers and documents for internal use that make up approximately 60% of paper used in the entire company have been combined or eliminated and policy provisions have been replaced with electronic documents since 2008.

● Efforts to reduce copy paper

The Company has increased its efforts to reduce the amount of copy paper and other office-related paper used in the entire company since 2009. More specifically, we have implemented independent efforts by employee, including paperless alternatives to meeting materials such as use of projectors and promotion of digitized internal information, and document digitization in clerical processes.

Changes in use of paper (t)



■ ESG Principles in Asset Management Three Arrows – E, S and G

As an institutional investor that controls approximately ¥30 trillion in total assets, Dai-ichi Life's approach to asset management focuses not only on stability and profitability, but also on the benefits for society and the public. With interest growing around the world in asset management that considers environmental (E), social (S) and governance (G) issues, Dai-ichi Life has drawn up its own set of principles of behavior, known as the Three Arrows, by incorporating the ESG perspective and taking into account its contribution to the government's growth strategies.

● Arrow 1 – E: Environmentally friendly asset management

- Financing development of infrastructure for utilizing renewable energy

We have set a goal of providing up to ¥200 billion in financing for growth sectors during the three-year period of our medium-term management plan for 2013-2015. As part of this initiative, we plan on expanding investments in the environmental and infrastructure sectors. Based on the idea that environmentally friendly asset management of Dai-ichi Life as an institutional investor leads to sustainable development of all of society, the Company plans to increase its investment and lending in the environmental and infrastructure sectors, which are expected to have high demand for capital. The Company put more than ¥30 billion into investments and loans in fiscal 2013 (see table below), and will also consider active financing as one of its asset management vehicles.

Examples of Dai-ichi Life's investments and loans (fiscal 2013)

Sector	Type	Total amount
Biomass power plant project	Loan	¥3.0 billion
Mega solar power plant project	Loan	¥7.5 billion
	Equity investment	¥4.8 billion
	Securitization	¥3.7 billion
Thermal and renewable energy project (public-private partnership infrastructure fund)	PE fund	¥3.0 billion
Investment in overseas infrastructure fund	PE fund	¥5.0 billion
Green Loan	Loan	¥3.0 billion
Private Finance Initiative Promotion Corporation of Japan	Investment	¥0.5 billion
Total		¥30.5 billion

■ Environmentally friendly real estate investment

Dai-ichi Life works to save energy in both hardware and software aspects of buildings. Hardware includes improvement of environmental performance by introducing high-efficiency equipment and planting trees in and around buildings. Energy-efficiency is increased also in the software aspect based on daily management and operation through continuous improvement by cooperating with building management companies. In the construction of Tokyo Square Garden in Chuo-ku, Tokyo, for instance, a green space of approximately 3,000 m² called Kyobashi no Oka was created to help reduce the urban heat island effect. The Kyobashi Environment Station was also placed in the building as an advanced initiative to promote energy conservation in the area as a whole. It presents information on area energy management and environmental technologies. This building construction project was selected by the Ministry of Land, Infrastructure Transport and Tourism as a leading housing/building project in CO₂ control, and also has been recognized by many organizations.



Tokyo Square Garden (Chuo-ku, Tokyo)

● Arrow 2 – S: Social contribution through asset management

For the first time in the life insurance industry, a Socially Responsible Investment (SRI^{*1}) fund was established^{*2} in October 2010 for asset management in Dai-ichi Life. This fund selects and invests in companies recognized for their diversity, governance, environmental protection, etc. (approximately 100 companies as of the end of June 2014). Investment in the fund was increased from an initial ¥1 billion to ¥3 billion in fiscal 2013, and it was renamed the ESG Fund. The Company is also raising the weight of diversity assessment such as the level of participation of female employees (percentage of females who are managerial level and percentage of female employees taking childcare leave) as one of the criteria for selecting companies in which to invest.

^{*1}: SRI is generally a type of investment that concerns aspects such as legal compliance, information disclosure, consideration for employees, clients' labor conditions, contribution to local communities, and consideration for the environment, in addition to financial matters.

^{*2}: This fund is managed in-house (not outsourced) and focuses on investments in domestically listed companies.

● Arrow 3 – G: Corporate governance through asset management

As an institutional investor that holds more than ¥2 trillion in Japanese equity, Dai-ichi Life promotes activities that improve the corporate governance of companies in which we have invested, and publicly accepts the Principles for Responsible Institutional Investors: Japan's Stewardship Code. The purpose of this code is to guide institutional investors to promote increased corporate value and continuous growth of companies in which they invest through purposeful dialogue and increase medium- to long-term investment returns of their customers and beneficiaries. Being a responsible institutional investor, Dai-ichi Life earnestly supports the intent of the code. The Company has already held regular dialogue with the companies in which we have invested concerning management goals and the idea of returns to shareholders, and we appropriately exercise our voting right for all proposals submitted to the general meetings of shareholders of those companies, based on our internal standards.*

There are increasing international expectations for institutional investors to play the role of promoting growth and improving corporate governance of companies in which they invest. To meet such expectations, Dai-ichi Life will continue to improve its dialogue with invested-in companies in which we invest and the standards for exercising our voting rights.

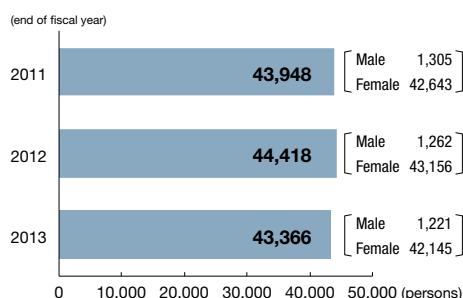
* The idea and process of exercising the Company's voting rights are found on our website.

For Employees: Being an Energetic and Attractive Company

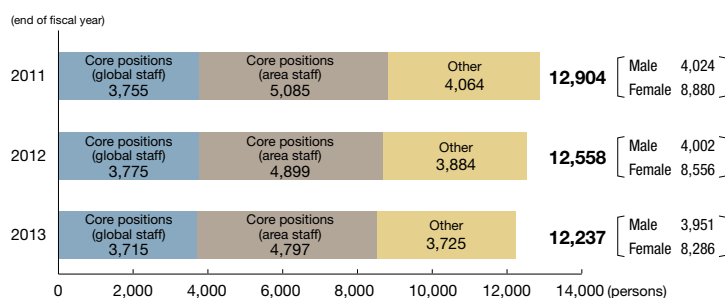
All activities of the Dai-ichi Life Group are supported by our human resources, whom we consider our most important management resource. Dai-ichi Life implements various human resource development programs and promotes diversity and inclusion in order to create an exciting and rewarding workplace where each employee can fully exercise his or her abilities.

Employees Status

● Employment of Total Life Plan Designers



● Employment of in-house employees



● Number of recruits, average age, and average service years

Category			Number of recruits			Avg. age	Avg. service years
			Fiscal 2011	Fiscal 2012	Fiscal 2013	End of fiscal 2013	
Total Life Plan Designer			9,777	9,561	8,666	47 years 1 month old	10 years 6 months
Sex	Male		51	65	55	43 years 3 months old	18 years 8 months
	Female		9,726	9,496	8,611	47 years 2 months old	10 years 3 months
In-house employee			857	763	719	43 years 9 months old	13 years 11 months
Sex	Male		144	177	129	45 years 8 months old	19 years 1 month
	Female		713	586	590	42 years 11 months old	11 years 6 months
By duty	Core positions (global staff)		114	154	111	43 years 7 months old	19 years 11 months
	Core positions (area staff)		91	78	104	41 years 1 month old	16 years 2 months
	Other		652	531	504	47 years 7 months old	5 years 2 months

● Average salary (monthly)

(thousand yen)				(thousand yen)			
Category	Fiscal 2011	Fiscal 2012	Fiscal 2013	Category	Fiscal 2011	Fiscal 2012	Fiscal 2013
Total Life Plan Designer	259	257	255	In-house employee	288	292	297

Notes:

- Total Life Plan Designers include heads of offices.
- The number of Total Life Plan Designers employed includes those who have signed a delegation contract with the Company and also are registered as life insurance agents, totaling 1,091 as of the end of fiscal 2011, 1,181 for fiscal 2012, and 1,301 for fiscal 2013. Those with assistant duties were 678 at the end of fiscal 2011, 639 for fiscal 2012 and 603 for fiscal 2013.
- In-house employees include Branch Office General Managers, Regional Managers, and Special Staff Managers.
- Revision of the personnel system effective July 1, 2009 merged the conventional managerial and general positions into core positions. These core positions are divided into global and area staff depending on whether the employee can be transferred.
- Fulltime temporary workers and contract employees are also included.
- Average salary (monthly) is regular salary before taxes and does not include bonuses or overtime pay.

Development Support System

– Total Life Plan Designers and Agencies

Total Life Plan Designer Development Policy

■ Education system

Dai-ichi Life strives to develop Total Life Plan Designers equipped with knowledge and skills to stay with, be trusted by, and serve customers through consultation in line with our management philosophy of Customer First.

● Training programs

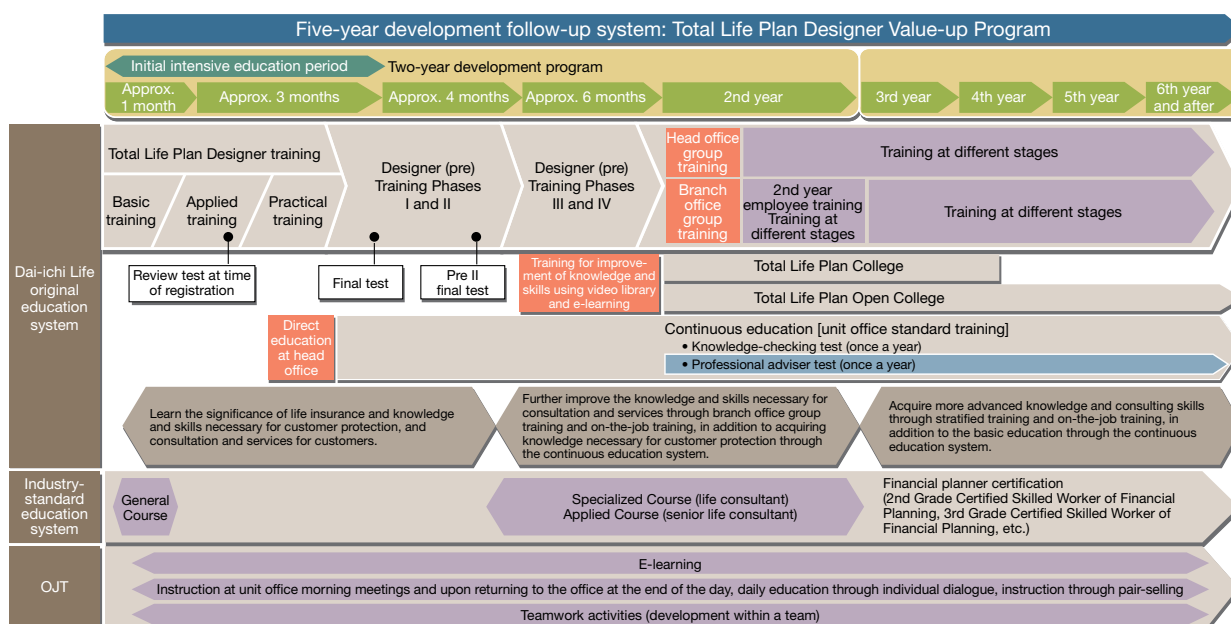
Total Life Plan Designers must pass a general course test consisting of standardized examinations for the life insurance industry to qualify for selling life insurance products. The period of three months after passing the test is the initial intensive education period, in which they intensively learn the basics of sales such as the significance of life insurance, business manners, and communication skills as well as product knowledge and proposal skills at specialized training centers. They also learn about customer service to appropriately respond to customers' requests for going through procedures, and before starting sales activities they confirm

the essential knowledge they have acquired for life protection of their customers.

Since the Company considers it important to improve such knowledge and skills not only through theory but also repetition of practical training, we develop employees through new employee training given by specialized internal trainers, on-the-job training by sales instructors, and other daily education in combination with e-learning even after starting their sales work based on the two-year development program. Subsequently, progress is checked at each stage based on each employee's development policy, and the five-year development follow-up system including stratified training for further growth is built as a long-term development system.

Total Life Plan Designers who have completed their development term periodically confirm their understanding through the continuous education system focusing on the knowledge specified by the Life Insurance Association of Japan, such as legal compliance and contract follow-up for protecting their customers, and the Company's original curriculum. In this way, the Company strives to enhance the development system.

Total Life Plan Designer Development Program – five-year development follow-up system



- **Industry standard educational tests and external qualifying examinations**

Employees actively take the tests recommended by the Life Insurance Association of Japan and external qualifying examinations in efforts to acquire a wide range of advanced specialized knowledge and serve our customers even more effectively.

The Company particularly encourages employees to acquire related qualifications, such as the specialized and applied course examinations given by the Life Insurance Association and the nationally certified financial planner skill tests. The company provides group education given by specialized instructors and various learning materials as part of our support system for acquisition of qualifications by our employees.

- **E-learning system**

An e-learning system is installed in the DL Pad. The explanation guidance function for customers, on-camera role-playing function to allow employees to check their presentation by taking a video of themselves, learning function that allows checking of learning progress after acquiring more knowledge, and other functions are used in training sessions and for self-education.



Training using the explanation guidance function



Training using the on-camera role-playing function

- **Head office group training**

In addition to regular training, daily education, and training for industry standard course examinations, the Company has established a group training system at the head office.

The head office group training provides Total Life Plan Designers selected from across Japan with advanced education on skills to meet diverse customer needs.



Head office group training

Educational Facilities and Staff

- **Educational facilities**

In addition to the Higashi-Totsuka Education Center (Kanagawa Prefecture) that hosts the head office group training, approximately 180 practical training facilities, specialized educational service for new employee education, are placed at branches and sales offices across Japan.

A teleconferencing system has also been installed to enhance audiovisual education.

- **Education staff**

Specialized education staff members are assigned to branches and approximately 180 practical training facilities across Japan to develop Total Life Plan Designers. The Head Office establishes a high-quality educational system for these members by holding periodical head office group training and teleconference sessions and sharing positive training examples.

Systems for Supporting and Educating Agents

Dai-ichi Life develops training systems that cover not only the knowledge of life insurance but also related knowledge of finance in response to varying needs of agencies. Dai-ichi Life seeks to improve the knowledge of our agencies through this training and carry out sophisticated consulting sales that meet increasingly diverse customer needs together with the agencies.

The Company further provides education for advanced consultation and timely information by expanding the Dai-ichi-life Internet Agency System (DIAS) online.

Dai-ichi-life Internet Agency System (DIAS)



DIAS screen

Training system

Introduction training	Briefing regarding outsourcing	<ul style="list-style-type: none"> Overview of agency operation Dai-ichi Life corporate profile, etc.
	Training before registration	<ul style="list-style-type: none"> Mechanism of life insurance Product knowledge Laws concerning sale of life insurance, etc.
	Training after registration	<ul style="list-style-type: none"> Learning operations for sales contracts Duties of agencies and correct sales activities Confirming overview of policy provisions
Skill improvement training	Life insurance training	<ul style="list-style-type: none"> Total Life Plan consultation Retirement allowance consultation Consultation for business operators Practical role-playing Legal compliance training Case studies, etc.

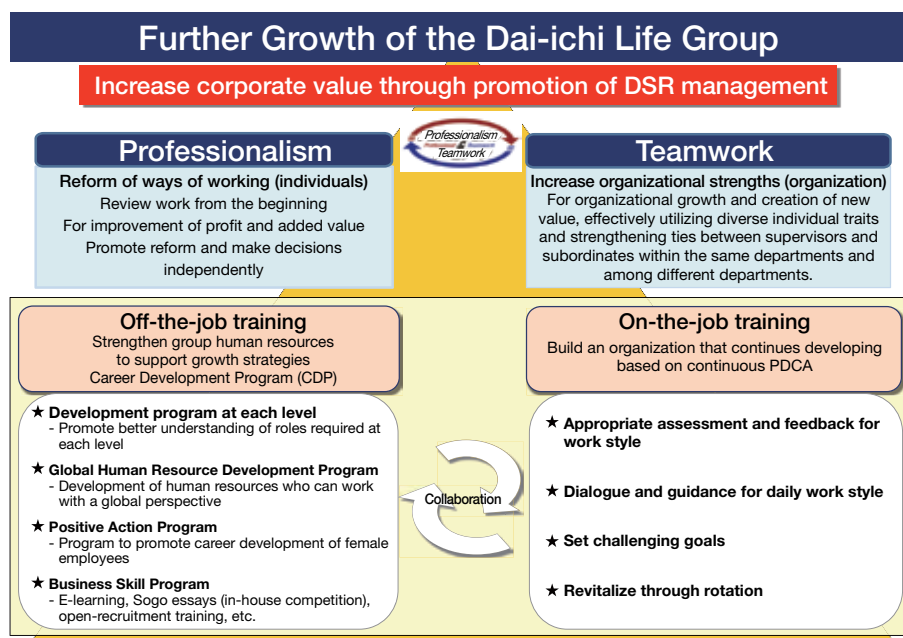
Development Support System – In-house Employees

● Policy on human resource development

The most important management resources for the Dai-ichi Life Group are people and the ability to secure good human resources in all sectors must be improved to achieve further growth for the Group.

The Company places the concepts of professionalism and teamwork at the highest level of our HR development policy and aims for the notion of: professional = reform of the ways individuals work and teamwork = increasing organizational strength.

For professionalism, each employee aims to become a human resource capable of reviewing his/her own way of working, promoting work reform to increase profit and added value, and making decisions. For teamwork, the Company will strengthen ties between supervisors and subordinates within the same departments and among different departments to create new value that considers organizational growth and total optimization.



● Efforts for building professionalism

Reform of ways of working

Each employee sets challenging targets for higher positions, continuously operates the PDCA cycle, and raises individual action levels through interim and year-end interviews for work review, and daily dialogue and guidance.

Development of next-generation leaders

Candidates for next-generation leaders are shared within the same departments and among the entire company and developed through strategic rotation and combination of off-the-job and on-the-job training.

● Efforts for building teamwork

The entire organization of Dai-ichi Life is working hard to develop human resources as the Company's management resources. One specific initiative is to place clear focus on the development of subordinates as an important managerial duty, and a new supervisor system to provide opportunities and responsibility for development has been established. Expertise of HR development was collected and standardized as a communication handbook, which is used among different departments to strengthen the company-wide HR development system.

● Efforts for development of global human resources

Dai-ichi Life focuses on the development of global human resources to increase the value of its overseas business, a growth area, and to establish a solid position as a global company.

In addition to overseas training and overseas study, a specific initiative is the Overseas Challenge Club, in which we invite native speakers of foreign languages and provide younger employees with programs to help improve language skills and cultural understanding. The e-learning programs aim to help improve language skills and cultural understanding by improving language programs using methods such as online English conversation.



Overseas Challenge Club

Number of e-learning courses applied for

	Fiscal 2014
# of applications for e-learning	2,760

Number of overseas trainees and students

	Fiscal 2014
Trainees in US	2
Trainees in Europe/ Australia	4
Trainees in Asia	3
Students	2
Total	11

* The number of students includes those studying abroad, EMBA, and those studying in Japan.

Promoting Diversity and Inclusion

Promoting the Achievements of Female Employees

As one of the initiatives of Diversity and Inclusion, Dai-ichi Life is working to reform employee awareness and improve the HR development system to provide more opportunities for female employees, comprising a large part of the Company, to make achievements.

The Medium-term Management Plan (fiscal 2013-fiscal 2015) aims to increase the proportion of females in managerial posts to 20% by 2016, and various efforts have been made for both Total Life Plan Designers and in-house employees.

● Efforts for Total Life Plan Designers

At an early stage the Company develops women aiming for top management positions as instructors and managers by indicating clear managerial career paths such as one from the development of new Total Life Plan Designers to unit office management, and even branch management.

Head office group training is provided at each level in the process of career development to help acquisition of knowledge and technical skills and raise awareness of higher positions and qualifications.

● Efforts for in-house employees

Dai-ichi Life is working to develop female leaders by making them take on challenges directly linked to growth strategies and produce achievements (diversification of duties) and by helping them improve their action to make such achievements (reform of ways of working).

In particular, the Company works to develop female leaders at an early stage through training systems consistent with the roles required at each level, positive action programs that systemize the promotion to higher positions, and a career support program for experiencing high positions linked to growth strategies. In fiscal 2013, a mentor system run by executive officers was introduced to strengthen efforts for promotion to managerial positions.

As a result, the first female Special General Manager of the Company was appointed on April 1, 2014, and 30% of those newly appointed to managerial positions were women. Female leaders are also working at more than 40% of the Company's unit offices in more than 1,200 locations across Japan.

Promoting Achievements of Employees with Disabilities

As a corporate citizen, the Dai-ichi Life Group considers that providing a wide range of employment opportunities is also an important part of its social responsibility. The Group, therefore, actively recruits people with disabilities and develops an accommodating work environment for them. As of June 2014, the ratio of employees with disabilities was 2.16%, and 909 employees are working across the country. Dai-ichi Life Challenged Co., Ltd., one of the Group companies, provides primarily people with intellectual or mental disabilities with a wide range of jobs such as cleaning, printing, and cafeteria operations at multiple workplaces. For the coffee shop business, dl.café (in front of the Imperial Palace) was opened on the first floor of the Dai-ichi Life Hibiya Head Office Building in November 2012, which has been used by many customers.



dl.café (in front of the Imperial Palace) on first floor of Dai-ichi Life Hibiya Head Office Building

Number of females in managerial posts and proportion of females in managerial posts (as of April 2014)

	# of females in managerial posts	of which # of section chiefs	of which # of department managers or higher	Proportion of females in managerial posts
In-house employees	155	141	14	8.2%
Sales representatives	512	508	4	29.6%
Total	667	649	18	18.4%

Promoting Global Diversity

The Dai-ichi Life Group held the Global Management Conference as an opportunity for exchange and development of executives inside and outside Japan to increase the entire Group's international competitiveness. The conference was attended by members of overseas Group companies and hosted presentations and discussions of various companies on their activities on commonly shared themes such as ERM. Through such efforts, the Group works to create synergy and develop human resources who will contribute to the Group's management.



Global Management Conference

● Other initiatives

- Promoting recruitment of international students
- Overseas Challenge Club (training to improve language skills and cultural understanding)
- Dispatching employees for overseas study, training, etc.

Promoting Work-Life Balance

■ Reform of work style

Dai-ichi Life works to reform its employees' work styles to develop a work environment accommodating to a variety of human resources (work-life balance). The Company sets finishing time targets and implements actions to promote leaving early in an effort to reduce total working hours. It also actively encourages employees to take their annual paid leave.

■ Promoting childcare leave

Dai-ichi Life allows childcare leave of up to 25 months, a period considerably longer than the statutory leave. In fiscal 2013, a total of 1,056 men and women used their childcare leave benefit. The Company encourages not only female employees, but also encourages male employees to take Papa Training Childcare Leave.



■ Designation as *Kaeru-no-Hoshi*

The Dai-ichi Life Group is promoting work-life balance both across the entire Group and at the department level to reduce workloads. *Kaeru-no-Hoshi* (frog's star) is an award established by the Gender Equality Bureau of the Cabinet Office and given to organizations that have achieved positive results in streamlining daily work processes and promoting work-life balance.

The Group Life Insurance Business Unit and Employee Contribution Pension Center of the Group Pension Service Dept. were designated for this award in 2012 and 2014, respectively.



Employee Contribution Pension Center of Group Pension Service Dept.

Cabinet Office	Certified <i>Kaeru-no-Hoshi</i> (Initiatives of Group Life Insurance Business Unit) (2012)	 <i>Kaeru-no-Hoshi</i>
	(Initiatives of Group Pension Service Dept.) (2014)	
Ministry of Health, Labour and Welfare	Received Special Encouragement Award of the Ikumen Company Award (2013)	
Ministry of Economy, Trade and Industry	Diversity Management Selection 100 (2013)	
Nikkei WOMAN	Ranked 5th in top 100 companies in which women can excel (2014)	

Stakeholder Dialogue

What the Dai-ichi Life Group Needs to Do Become a Company That Thinks People First.

The Dai-ichi Life Group invited Ms. Yukiko Furuya, an executive advisor to the Nippon Association of Consumer Specialists, and held a Stakeholder Dialogue on the theme of the Group Vision “Thinking People First.” The participants were 10 employees selected from the Dai-ichi Life Group companies. The members held a spirited debate on what they should work on to achieve the vision.

They were split into two teams and discussed who the “customers” of the Dai-ichi Life Group are, what kind of value the Group could provide the customers with, and how it could be possible. This was an important opportunity for the members, with widely ranging duties and areas of work, to realize views of others that were normally overlooked.



Keynote speech by Ms. Furuya

At the beginning of the dialogue, Ms. Furuya gave a keynote speech titled “Thinking of the future based on your company and social trends surrounding the company.”

Ms. Furuya suggested the need for each employee of the Dai-ichi Life Group to understand the essence of the “Customer First” philosophy and the vision of “Thinking People First,” and apply more specific

ways to put them into practice. She emphasized that it was important, after ensuring such understanding and practice, to examine the past cases of default or negligence of insurance payment and other companies’ or industries’ cases such as fraudulent food labeling in view of the relationship between consumers and sellers, and think of the causes of such incidents and reasons for failure in preventing them.

She also mentioned the importance of paying attention to the latest trends and social changes such as accidents that have recently occurred in the area of consumer affairs and enacted laws, and asked the members to consider these aspects in their discussions.



Ms. Yukiko Furuya
Executive Adviser to the
Nippon Association of
Consumer Specialists

As an expert tackling consumer issues, Ms. Furuya has advised many companies on consumer-oriented corporate activities.



Voices of the Participants

■ What is important is our communication with customers and information-sharing in the Company and Group.

Those we consider customers of the Dai-ichi Life Group include agents, shareholders, the media, and employees of Group companies, in addition to direct policyholders and their families. A participant who is in charge of sales emphasized the importance of potential customers by arguing that all people to whom insurance products could be offered should already be treated as customers.

Meeting varying demands of customers requires the pursuit of simplicity in aspects such as products, product procedures, and explanations, and the unity of the Group and cooperation in its responses to customers.

The members unanimously agreed that active communication was an essential factor in increasing the value provided to customers. Information-sharing among employees and building a unified customer information management system within the Company and Group are also necessary, and we think it is equally important to create a work environment that allows employees to work in a lively and energetic manner.



From left
Shun Mitsuogi (DIAM)
Yumiko Seo (Contact Center Control Dept.)
Ikuyo Kitaoku (Dai-ichi Frontier Life)
Kouji Arioka (Group Pension Service Dept.)
Makiko Nakamura (Metropolitan Consulting Sales Center)

■ Each individual becomes capable of creating value to increase the value of the entire Group.

We held discussions from many different perspectives. Prospective customers included business partners and employees, in addition to direct policyholders, and even overseas Group companies. A participant engaging in system development also mentioned system users.

Opinions about issues of the entire Group included, “we should recognize that we need to provide not only insurance, but total consultation services including asset management and healthcare” and “overseas Group companies need to make use of one another’s strengths.”

In the final summary, there was an ambitious opinion that “each individual must offer valuable presence and become capable of creating new value,” and we strongly felt the significance of working for both customers and ourselves in our daily life. We consider that we need to think of what value we can provide our customers with and act accordingly in our individual departments and positions.



From left
Sei Sugita (Dai-ichi Life Information Systems)
Noriko Sato (IT Business Process Planning Dept.)
Keitaro Inoue (International Business Management Dept.)
Ayako Kawaguchi (Toshin Sogo Branch Office)
Rei Yamamoto (Separate Account Management Dept.)

Ms. Furuya's comments

We all had a very active discussion and the wide-ranging views regarding customers were highly positive. One more factor you should pay attention to, however, is the relationship between customer and seller. For product information, for example, the customer must depend on what the seller provides, which makes an unbalanced relationship between customer and seller. I suggest that you strongly recognize the gap in the information provided to consumers and put the range of ideas raised today into practice from the perspective of creating a better society together with your customers.

Summary of the dialogue

What do we need to work on to become a company that “thinks people first”? Of course this question cannot be answered easily but it is important to listen to third-party opinions and share a common understanding across the Group in order to create value of the Dai-ichi Life Group as a whole. Operating the PDCA cycle while conducting repeated trial and error will surely lead us to the achievement of the Group Mission “By your side, for life.” We will resolutely share the issues brought by the participants in each department, think how to achieve our ideals, and continue to take action.

Review of Operations in the Most Recent Fiscal Year

Financial and Economic Environment

In fiscal 2013, the Japanese economy maintained a steady recovery led by domestic demand. The supplementary budget passed in fiscal 2012 provided a significant boost in public investment and consumer spending, backed by a strong improvement in employment, to maintain overall economic growth. Capital expenditure remained weak until the summer of 2013 but began recovering in the fall in response to increased corporate earnings and rising business confidence.

The Nikkei Stock Average had risen beyond 16,000 by the end of 2013 as the yen weakened on the Bank of Japan's aggressive monetary easing. Entering 2014, however, the Nikkei began declining in response partly to uncertainties regarding the outlook for the U.S. economy, and generally fluctuated between 14,000 and 15,000. Long-term interest rates in Japan were unstable, with a sharp rise following on from the rapid decline seen after the monetary easing, although they gradually stabilized from June 2013 to settle in the range of 0.5% to 0.8%.

Major Management Indicators

Consolidated Ordinary Revenues

Consolidated ordinary revenues in fiscal 2013 increased 14.4% from the previous fiscal year, to ¥6,044.9 billion. This was as a result of an increase in premium and other income of 19.4% year on year, to ¥4,353.2 billion, a decline in investment income of 1.1% year on year, to ¥1,320.0 billion, and an increase in other ordinary revenues of 23.1%, to ¥371.6 billion. Premium and other income increased from the previous fiscal year, mainly reflecting continued strength in sales in Dai-ichi Frontier Life and TAL, which made efforts in growth areas.

Consolidated Ordinary Profit

Consolidated ordinary expenses increased 12.0% year on year, to ¥5,740.2 billion, given an increase in benefits and claims of 3.9% from the previous fiscal year, to ¥2,903.5 billion, an increase in provisions for policy reserves and others of 37.2%, to ¥1,634.8 billion, an increase in investment expenses of 6.0% year on year, to ¥234.9 billion, an increase in operating expenses of 6.4%, to ¥517.5 billion, and

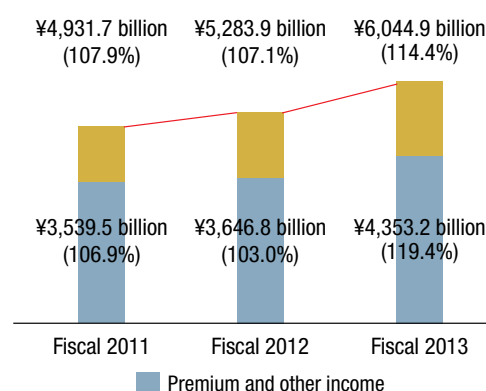
an increase in other ordinary expenses of 4.2%, to ¥449.2 billion. Consolidated ordinary profit surged 93.7% from the previous fiscal year, to ¥304.7 billion.

Consolidated Net Income

Consolidated net income resulting after accounting for extraordinary gains, extraordinary losses, provision for reserves for policyholder dividends, corporate

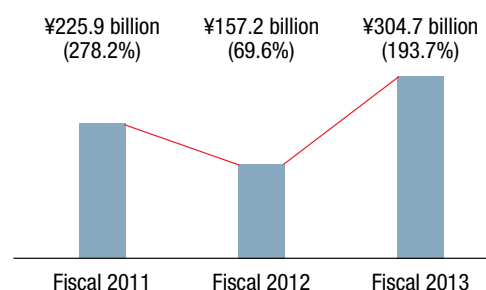
Consolidated Ordinary Revenues

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



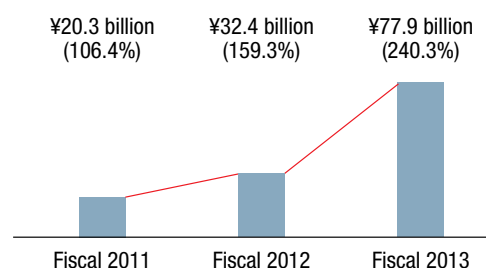
Consolidated Ordinary Profit

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



Consolidated Net Income

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



* See page 106 for more details on consolidated statements of earnings.

income taxes-current, corporate income taxes-deferred and minority interests in loss of subsidiaries was ¥77.9 billion, representing year-on-year growth of 140.3%. The increase in net income was primarily a result of a rise in interest and dividend income thanks to the favorable financial and economic environment and steady progress in the Group's efforts in growth areas.

Performance of Individual Life Insurance Products and Services

Policy Amount In-force, New Policy Amount, and Decrease in Policy Amount

In fiscal 2013, the new policy amount for individual insurance and individual annuities (the combined figure for Dai-ichi Life and Dai-ichi Frontier Life; the same applies to the policy amount in-force and the decrease in policy amount) decreased 7.9% from the previous fiscal year, to ¥7,675.7 billion. The decrease in policy amount declined 4.6% year on year, to ¥11,566.4 billion. As a result, the policy amount in-force at the end of fiscal 2013 was down 2.7% from the end of the previous fiscal year, to ¥140,207.2 billion.

The new policy amount for Dai-ichi Life on a non-consolidated basis decreased 17.3% year on year, to ¥6,467.5 billion.

Annualized Net Premium from Policies In-force and Annualized Net Premium for New Policies

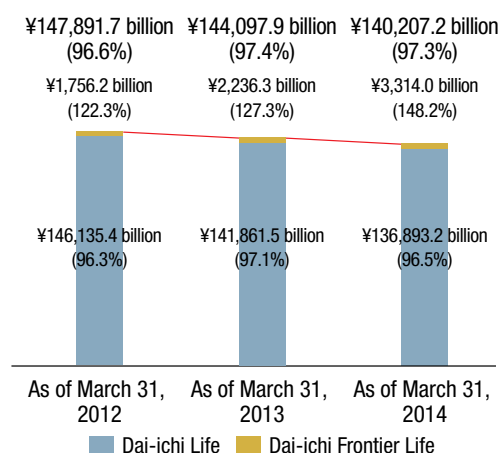
Annualized net premium is calculated by applying multipliers for various payment terms to the premium per payment. In single premium contracts, for domestic business, the amount is calculated by dividing the premium by the duration of the policy.

The Dai-ichi Life Group's annualized net premium from policies in-force for individual insurance and individual annuities rose 3.8% from the end of the previous fiscal year to ¥2,437.4 billion, however, for Dai-ichi Life on a non-consolidated basis this decreased 0.5% year on year, to ¥2,016.0 billion. The annualized net premium from policies in-force in the Third Sector increased 3.4%, to ¥540.2 billion.

The Dai-ichi Life Group's annualized net premium for new policies for individual insurance and individual annuities rose 9.1% from the previous fiscal year, to ¥255.0 billion; however, for Dai-ichi Life on a non-consolidated basis this decreased 20.4% year on year, to ¥119.2 billion. The annualized net premium for new policies in the Third Sector rose 20.5% year on year, to ¥48.8 billion.

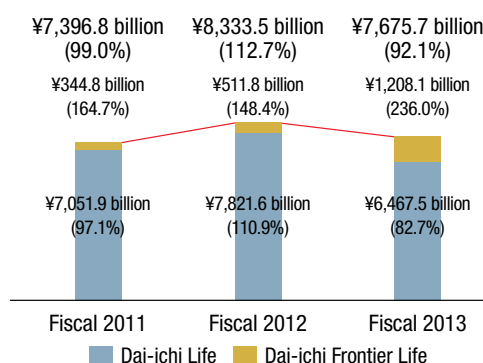
Policy Amount In-force

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



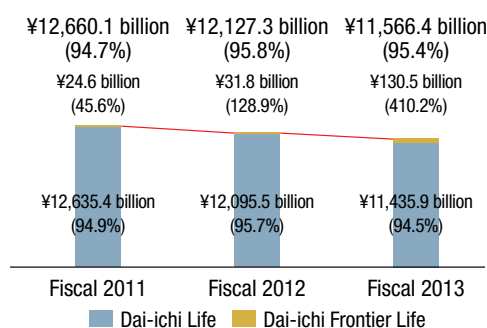
New Policy Amount

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



Decrease in Policy Amount

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

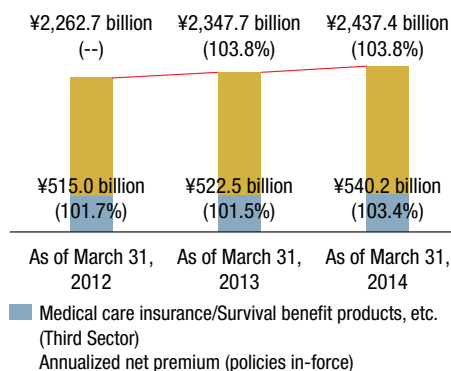


Notes:

1. For the policy amount in-force, new policy amount, and decrease in policy amount, the combined figures for Dai-ichi Life and Dai-ichi Frontier Life are stated.
2. Policy amounts for individual annuities are equal to the funds to be held at the time annuity payments are to commence for annuities for which annuity payments have not yet commenced and the amount of policy reserve for annuities for which payments have commenced.
3. The new policy amount for individual annuities equates to funds to be held at the time annuity payments are to commence for an annuity.

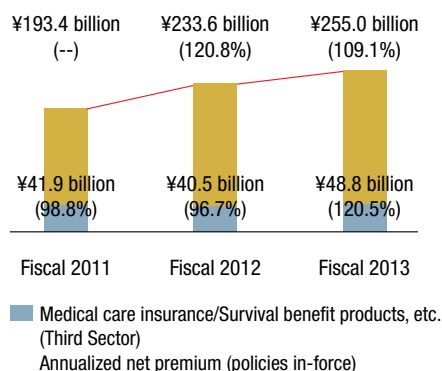
Annualized Net Premium from Policies In-force

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



Annualized Net Premium for New Policies

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



Notes:

1. 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.
2. The combined figures for the four companies—namely, Dai-ichi Life, Dai-ichi Frontier Life, TAL, and Dai-ichi Life Vietnam—are stated (the values for TAL and Dai-ichi Life Vietnam are recorded from fiscal 2011).
3. The year-on-year percentage change is not stated for fiscal 2011, as there are no combined figures for fiscal 2010.

Status of Tied Sales

The business partnership with Sampo 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

Sampo Japan's non-life insurance products and AFLAC's cancer insurance.

We also sell our life insurance products (First Sector) through Sampo Japan agents in conjunction with the product lineup of the Sampo Japan Group.

Status of the Company's Sales of Its Partners' Products (actual results in fiscal 2013)

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)			
490	97.6%	29.82	103.4%
Actual sales of cancer insurance (new policies)			
68	96.1%	2.37	95.6%
AFLAC policies in force (sales by the Company)			
Actual results	Year-on-year	Actual results	Year-on-year
1,208	99.8%	49.44	99.0%

Status of Sampo Japan's Sales of the Company's Products (actual results in fiscal 2013)

	Number of policies		New policy amount (Unit: billion yen)		Number of commissioned agents (stores)
		Year-on-year		Year-on-year	
Individual insurance/ individual annuities	12,527	92.2%	198.5	94.8%	2,253

Sales Results of Products and Services for Corporate Clients

A look at the status of group life insurance as of March 31, 2014 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 policy amount in-force of group insurance policies fell 0.8% from the end of the previous fiscal year, to ¥48,357.1 billion.

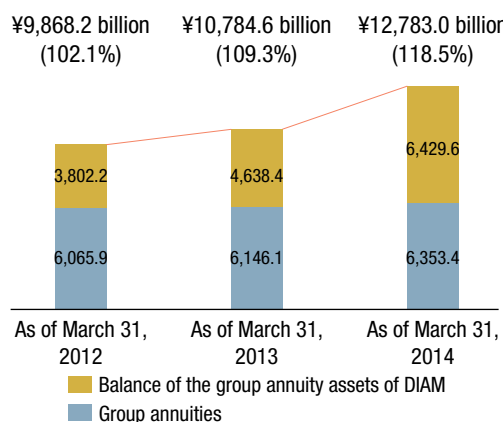
The policy amount in-force of group annuity policies at the end of fiscal 2013 was ¥6,353.4 billion, 3.4% higher than a year earlier, owing mainly to an increase in the separate account balance backed by strong financial and economic markets.

The balance of the group annuity assets of DIAM rose 38.6% from the end of the previous fiscal year, to ¥6,429.6 billion.

As a result, the balance of group annuity assets for the overall Dai-ichi Life Group as of March 31, 2014 increased by 18.5% from the end of the previous fiscal year, to ¥12,783.0 billion.

Balance of the Group Annuity Assets of the Dai-ichi Life Group

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

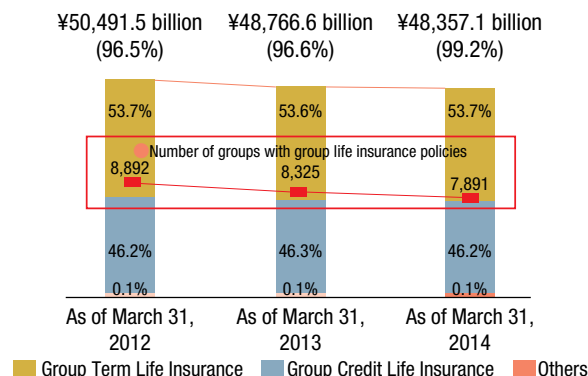


Notes:

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

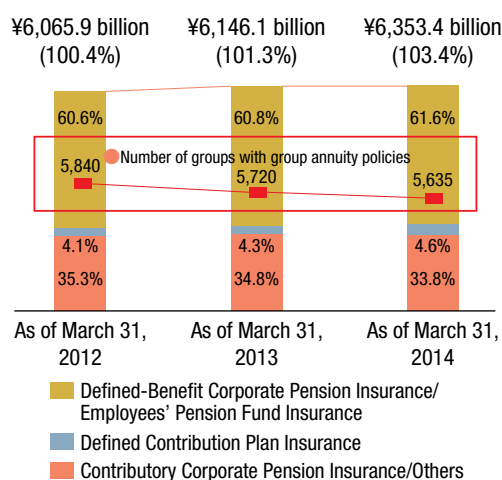
Policy Amount In-force of Group Life Insurance

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



Policy Amount In-force of Group Annuities

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



Note: The amount of group annuities is the amount of outstanding policy reserves.

Assets and Liabilities

Selected Balance Sheet Items (Consolidated)

(Unit: billion yen)

	As of March 31,		
	2012	2013	2014
Assets			
Cash and deposits	315.1	457.5	698.5
Call loans	249.2	391.2	362.8
Monetary claims bought	294.3	285.0	281.8
Money held in trust	48.2	56.2	66.4
Securities	27,038.7	29,390.9	31,203.5
Loans	3,413.6	3,140.9	3,024.7
Tangible fixed assets	1,254.6	1,236.2	1,215.8
Intangible fixed assets	211.0	215.4	210.0
Reinsurance receivable	41.7	32.8	33.8
Other assets	307.9	390.8	516.4
Deferred tax assets	284.5	67.6	5.7
Customers' liabilities for acceptances and guarantees	20.0	33.4	88.2
Reserve for possible loan losses	(10.6)	(4.1)	(2.7)
Reserve for possible investment losses	(0.1)	–	(0.2)
Total assets	33,468.6	35,694.4	37,705.1
Liabilities and Net Assets (Capital)			
Policy reserves and others	30,489.9	31,703.8	33,327.5
Reserves for outstanding claims	239.3	298.5	358.6
Policy reserves	29,862.7	31,012.5	32,574.9
Reserve for policyholder dividends	387.8	392.7	394.0
Reinsurance payable	12.6	16.5	27.6
Subordinated bonds	148.6	154.5	107.5
Other liabilities	1,188.1	1,496.5	1,593.2
Reserve for employees' retirement benefits	433.7	439.7	–
Net defined benefit liabilities	–	–	385.4
Reserve for retirement benefits of directors, executive officers and corporate auditors	2.5	2.3	2.1
Reserve for possible reimbursement of prescribed claims	1.0	0.7	0.8
Reserve for price fluctuations	74.8	89.2	118.1
Deferred tax liabilities	9.7	13.5	15.1
Deferred tax liabilities for land revaluation	95.6	94.8	91.5
Acceptances and guarantees	20.0	33.4	88.2
Total liabilities	32,476.9	34,045.3	35,757.5
Capital stock	210.2	210.2	210.2
Capital surplus	210.2	210.2	210.2
Retained earnings	165.5	156.3	219.5
Treasury stock	(16.7)	(13.4)	(11.5)
Total shareholders' equity	569.2	563.3	628.5
Net unrealized gains (losses) on securities, net of tax	483.4	1,099.3	1,322.7
Deferred hedge gains (losses)	(0.0)	(1.8)	(2.5)
Reserve for land revaluation	(61.6)	(36.9)	(38.3)
Foreign currency translation adjustments	(8.5)	18.2	19.7
Accumulated remeasurements of defined benefit plans	–	–	16.8
Total accumulated other comprehensive income	413.2	1,078.7	1,318.4
Subscription rights to shares	0.1	0.3	0.5
Minority interests	9.0	6.5	0.0
Total net assets	991.7	1,649.0	1,947.6
Total liabilities and net assets	33,468.6	35,694.4	37,705.1

Selected Balance Sheet Items (Non-consolidated)

(Unit: billion yen)

	As of March 31,		
	2012	2013	2014
Assets			
Cash and deposits, call loans	440.9	710.0	827.4
Monetary claims bought	294.3	283.1	275.8
Money held in trust	20.6	24.0	34.6
Securities	24,314.6	26,079.8	26,905.4
Domestic bonds	15,541.6	16,427.3	16,120.3
Domestic stocks	2,284.8	2,557.4	2,862.1
Foreign securities	6,298.2	6,816.2	7,535.7
Loans	3,412.5	3,139.6	3,023.1
Policy loans	509.8	480.2	452.9
Ordinary loans	2,902.7	2,659.4	2,570.2
Real estate ^{*1}	1,249.1	1,224.4	1,206.1
Deferred tax assets ①	282.6	65.5	11.1
Others	360.0	389.2	538.8
Reserve for possible loan losses	(10.6)	(4.1)	(2.7)
Total general account assets ②	30,364.2	31,911.8	32,820.0
Foreign currency-denominated assets	4,669.6	5,262.6	6,039.8
Total separate account assets ^{*2}	1,097.6	1,160.6	1,208.7
Total assets ③	31,461.9	33,072.4	34,028.8
Liabilities and Net Assets (Capital)			
Policy reserves and others ④	28,529.9	29,168.3	29,744.0
Reserves for outstanding claims	130.3	138.5	150.7
Policy reserves	28,011.6	28,637.0	29,199.2
Reserve for policyholder dividends	387.8	392.7	394.0
Reinsurance payable	0.4	0.7	0.6
Subordinated bonds	148.6	154.5	107.5
Other liabilities	1,128.8	1,413.8	1,498.3
Reserve for employees' retirement benefits	432.0	437.5	407.1
Reserve for retirement benefits of directors, executive officers and corporate auditors	2.5	2.3	2.1
Reserve for possible reimbursement of prescribed claims	1.0	0.7	0.8
Reserve for price fluctuations ⑤	74.4	88.4	116.4
Deferred tax liabilities for land revaluation	95.6	94.8	91.5
Acceptances and guarantees	20.0	33.4	88.2
Total liabilities	30,433.5	31,394.7	32,056.9
Capital stock	210.2	210.2	210.2
Capital surplus	210.2	210.2	210.2
Retained earnings	206.7	216.5	287.2
Treasury stock	(16.7)	(13.4)	(11.5)
Total shareholders' equity	610.3	623.5	696.2
Net unrealized gains on securities, net of tax ⑥	479.4	1,092.5	1,315.8
Deferred hedge gains (losses)	(0.0)	(1.8)	(2.5)
Reserve for land revaluation ⑦	(61.6)	(36.9)	(38.3)
Total of valuation and translation adjustments	417.8	1,053.7	1,274.9
Subscription rights to shares	0.1	0.3	0.5
Total net assets	1,028.3	1,677.6	1,971.8
Total liabilities and net assets	31,461.9	33,072.4	34,028.8

*1: The amount of real estate is the sum of the amounts of land, buildings, and construction in progress.

*2: Receivables generated from transactions involving general account assets are deducted under the Insurance Business Act.

Note: See pages 105 (consolidated) and 157 through 158 (non-consolidated) for details of the balance sheets.

■ Deferred Tax Assets and Liabilities (1)

Some accounting items for which the time periods to recognize revenues/gains and expenses/losses vary between financial accounting and tax accounting, and deferred tax assets (liabilities) are recorded through tax effect accounting in order to adjust the gap between the recognized time periods. Deferred tax assets are added to the balance sheet after subtracting deferred tax liabilities, which were ¥11.1 billion at the end of fiscal 2013.

■ Status of Assets (2 and 3)

During the fiscal year ended March 31, 2014, Dai-ichi Life 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 Life accumulated policy reserve-matching bonds consisting primarily of super-long-term government bonds, taking into account the interest rate level, in an effort to promote asset liability management ("ALM") and increase profitability.

Continuing from fiscal 2012, the Company flexibly changed allocation in risk assets such as domestic stocks and foreign securities primarily to increase earnings strength through diversified investments while paying attention to market trends.

Outstanding general account assets as of March 31, 2014, increased by ¥908.1 billion from the end of the previous fiscal year, to ¥32,820.0 billion, primarily reflecting a rise in unrealized gains on securities. The balance of separate account assets increased by ¥48.1 billion, to ¥1,208.7 billion. As a result, total assets climbed by ¥956.3 billion, to ¥34,028.8 billion.

■ Policy Reserves and Others (4)

Policy Reserves and Others consist of 1) a reserve established for the fulfillment of insurance claims and other payments related to the Company's outstanding policies that are expected to be paid in the future (Policy Reserves), 2) a reserve for potential claims such as insurance claims, other payments, and benefits that remained outstanding as of the balance sheet date (Reserve for Outstanding Claims), and 3) a reserve used to fund the payment of policyholder dividends (Reserve for Policyholder Dividends).

The Company maintains Policy Reserves based on the standards specified by the Insurance Business Act and other applicable laws in preparation for the future payment of insurance claims and benefits, and adopts the most statutorily sound method (these reserves are referred to as "standard policy reserves" under Japanese regulations). Since fiscal 2007, the

Company has been accumulating additional policy reserves for some whole life insurance policies with a high assumed investment yield for which payment is completed in an effort to enhance its financial security.

As part of policy reserves, the Company makes contingency reserves in preparation for risks beyond normal forecasts. Reserves of ¥36.0 billion were reported in the results of fiscal 2013.

■ Reserve for Price Fluctuations (5)

The Company maintains price fluctuation reserves in preparation for losses due to a fall in the price of assets such as stocks whose prices fluctuate rapidly. Reserves of ¥28.0 billion were accumulated during fiscal 2013, and the closing balance was ¥116.4 billion.

■ Net Unrealized Gains on Securities, Net of Tax and Reserve for Land Revaluation (6 and 7)

Market value of land, marketable securities, and other assets are valued based on the Act on Revaluation of Land and market-value accounting for financial instruments, and valuation differences (after subtracting the amount equivalent to taxes) are included in the section of net assets.

Revenues and Expenditures

Selected Items on Consolidated Statements of Earnings

(Unit: billion yen)

	Years ended March 31,		
	2012	2013	2014
Ordinary revenues	4,931.7	5,283.9	6,044.9
Premium and other income ①	3,539.5	3,646.8	4,353.2
Investment income ②	1,035.6	1,335.1	1,320.0
Other ordinary revenues	356.5	302.0	371.6
Ordinary expenses	4,705.8	5,126.6	5,740.2
Benefits and claims ③	2,688.4	2,795.3	2,903.5
Provision for policy reserves and others	718.6	1,191.9	1,634.8
Investment expenses ④	380.3	221.7	234.9
Operating expenses	471.0	486.4	517.5
Other ordinary expenses	447.3	431.2	449.2
Ordinary profit	225.9	157.2	304.7
Extraordinary gains	30.4	8.8	3.6
Extraordinary losses	36.3	24.0	67.3
Provision for reserve for policyholder dividends	69.0	86.0	94.0
Income before income taxes and minority interests	151.0	56.1	147.0
Corporate income taxes-current	29.5	80.6	117.2
Corporate income taxes-deferred	104.0	(54.0)	(46.4)
Total of corporate income taxes	133.6	26.5	70.7
Income before minority interests	17.4	29.5	76.2
Minority interests in loss of subsidiaries	2.9	2.8	1.6
Net income for the year	20.3	32.4	77.9

Note: See page 106 for details of the consolidated statements of earnings.

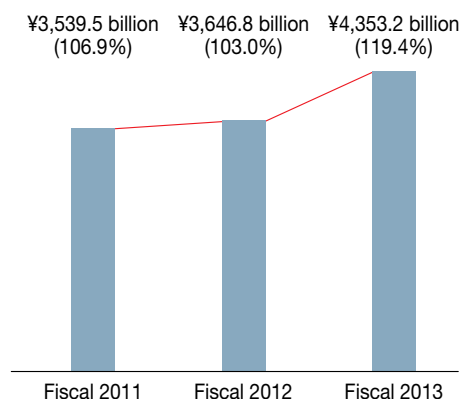
■ Insurance-Related Income and Expenses (Premium and Other Income, and Benefits and Claims) (① and ③)

Premium and other income for the Dai-ichi Life Group increased by ¥706.3 billion from the previous fiscal year, to ¥4,353.2 billion, mainly attributable to strong sales at Dai-ichi Frontier Life and TAL, which

made efforts in growth areas. Benefits and claims rose by ¥108.2 billion year on year, to ¥2,903.5 billion. This was as a result primarily of an increase in refunds through the achievement of target values for annuity products (which are selected by customers) sold by Dai-ichi Frontier Life, thanks to strong financial and economic conditions.

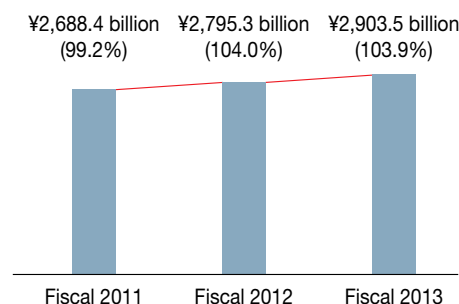
Premium and Other Income

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



Benefits and Claims

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

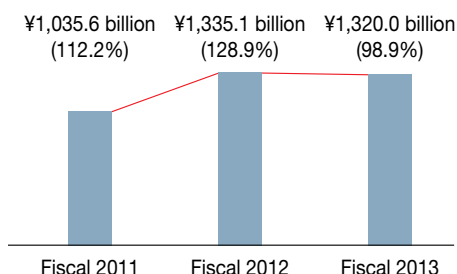


■ Investment-Related Income and Expenses (2 and 4)

The Dai-ichi Life Group's investment income decreased by ¥15.0 billion from the previous fiscal year, to ¥1,320.0 billion. Meanwhile, investment expenses grew by ¥13.2 billion year on year, to ¥234.9 billion.

Investment Income

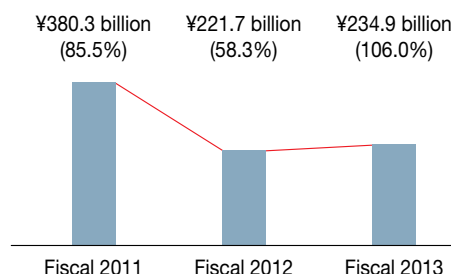
(Figures in parentheses show the year-on-year comparison.)



Net investment income declined by ¥28.2 billion year on year, to ¥1,085.1 billion, due to factors such as a decrease in gains on investments in separate accounts despite an increase in interest, dividend and other income backed by good financial and economic conditions.

Investment Expenses

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



■ Provision for Reserve for Policyholder Dividends (5)

The Company accumulated a reserve for policyholder dividends and provided ¥94.0 billion for the reserve in fiscal 2013.

The rate of policyholder dividends for fiscal 2013 was 55.6%. This is the ratio of the amount of the provision for the reserve for policyholder dividends (¥94.0 billion in fiscal 2013) to the surplus attributable to participating policyholders (¥169.0 billion in fiscal 2013), calculated based on earnings related

to participating policies defined in the Articles of Incorporation.

Notes:

1. The Company specifies in its Articles of Incorporation that 20% or more of the amount subject to policyholder dividends based on the profit/loss on participating policies is used as the funds for policyholder dividends. Profit and loss in the category of participating policies refers to profit and loss on insurance policies (including participating riders) that pay policyholder dividends.
2. See page 79 for information on the policyholder dividends in fiscal 2014.

Selected Items on Non-Consolidated Statements of Earnings

(Unit: billion yen)

	Years ended March 31,		
	2012	2013	2014
Ordinary revenues	4,398.2	4,315.9	4,384.6
Premium and other income	3,056.0	2,921.8	2,868.0
Investment income	974.0	1,104.4	1,161.4
Other ordinary revenues	368.0	289.6	355.1
Ordinary expenses	4,154.4	4,142.1	4,077.0
Benefits and claims	2,508.7	2,467.7	2,439.1
Provision for policy reserves and others	431.6	642.7	583.3
Investment expenses	363.3	206.5	213.9
Operating expenses	415.6	408.8	410.5
Other ordinary expenses	435.0	416.2	430.1
Ordinary profit	243.7	173.8	307.6
Extraordinary gains	7.5	8.8	3.6
Extraordinary losses	35.9	23.5	66.4
Provision for reserve for policyholder dividends (5)	69.0	86.0	94.0
Income before income taxes	146.3	73.1	150.8
Corporate income taxes-current	24.7	76.1	112.7
Corporate income taxes-deferred	103.9	(54.4)	(47.4)
Total of corporate income taxes	128.7	21.7	65.2
Net income for the year	17.6	51.4	85.5

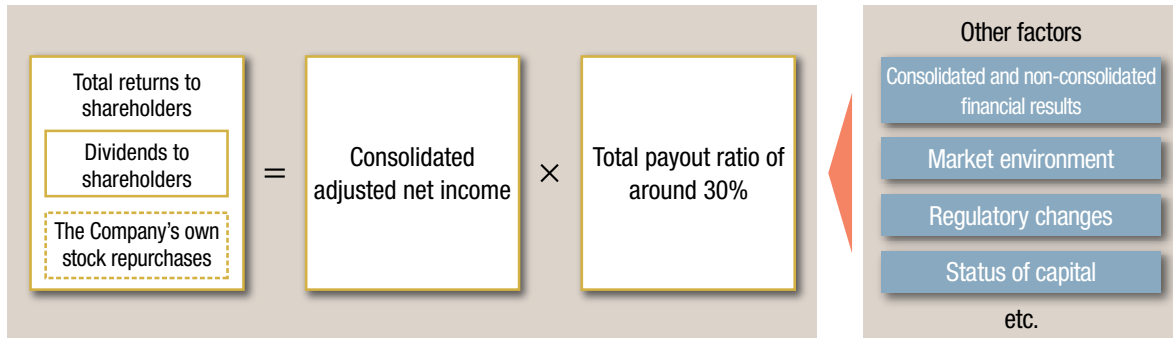
Note: See pages 159 and 160 for details of the non-consolidated statements of earnings.

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

Summary of Investment Results

Summary of General Account Assets¹

● Balance of Cash and Deposits Kept Low

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

● Domestic Bonds: Decrease

The Company prolonged the duration of bonds while paying attention to the interest rate level and increased its investment mostly in policy reserve-matching bonds to strengthen its ALM. The reduced balance resulted from the replacement of domestic bonds with foreign currency-denominated bonds with currency hedges (which was done to improve the investment efficiency of fixed-income assets) as well as a decline in market value due to increased interest rates. 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-spread².

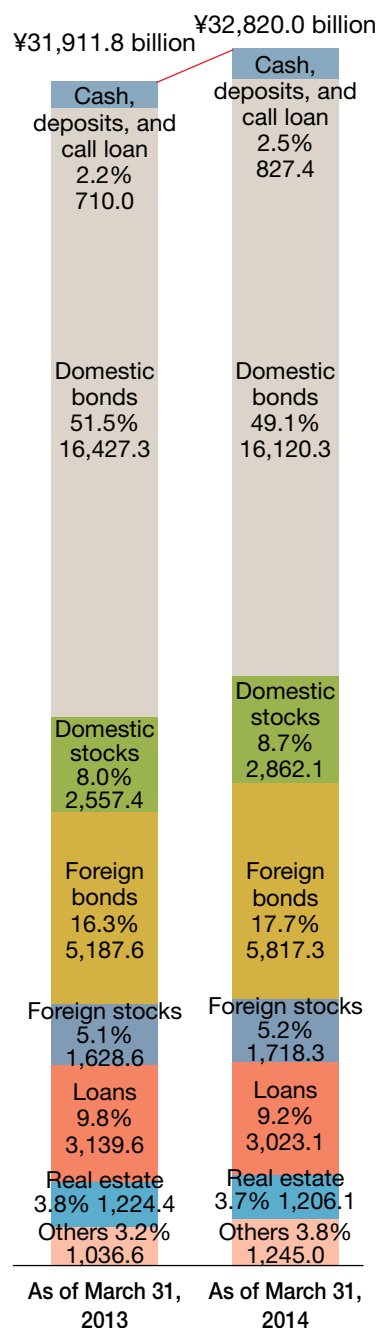
● Domestic Stocks: Increase

The market capitalization of domestic stocks in the portfolio increased as a result of an increase in stock prices and flexible asset allocation according to market trends. 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 replaced domestic bonds with foreign currency-denominated bonds with currency hedges, aiming for an improved return on investment in the fixed income asset category (focusing on differences in domestic and foreign interest rates), while flexibly changing allocation and increasing its investment in foreign currency-denominated bonds without currency hedges, taking into account market trends, which resulted in an increase in the total balance of foreign bonds. Meanwhile, the Company also made efforts to improve its return on investments and to control risk by diversifying its portfolio by sector and currency.

Breakdown of Assets in General Account



● Foreign Stocks: Increase

The Company increased the balance of foreign stocks in its portfolio to improve the portfolio's profitability and diversify its investments. The company also worked to strengthen the diversification of its asset management, between in-house management³ and outside asset management companies, among investment styles, and among regions.

● Loans: Slight decrease

While the total balance of loans decreased slightly, due to contract maturities and other factors, active responses to new capital requirements in growth areas including the environment and infrastructure nearly doubled the amount of lending from the previous year. The Company also provided loans to acquire excess returns by setting adequate risk-adjusted spreads, while paying attention to the credit spread trends in the bond market.

● Real Estate: Slight 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 promoting its effective use, such as efforts to invite daycare service providers for children.

Future Policies

The Company will continue to conduct its portfolio management focusing on fixed-income assets such as public and corporate bonds in an effort to ensure stable investment profit based on its medium- and long-term investment policy. Risk assets such as domestic stocks and foreign securities allocated primarily to increase the Company's earnings strength through diversified investment will be flexibly allocated while paying full attention to market trends.

Asset Investment Yield (general account)

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Rate of return of investment on fundamental profit	2.38%	2.42%	2.67%
Investment yield	1.99%	2.42%	2.59%

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

*1: Changes in assets are based on the book value on the
balance sheets.

*2: Credit spread

Yield in excess of the yield of government bonds

*3: 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.

Policyholder Dividends in Fiscal 2014

Policyholder Dividends for Individual Insurance and Individual Annuities in Fiscal 2014

Premiums are calculated based on three predetermined rates (assumed investment yield, assumed operating expense rate, and assumed rate of mortality/morbidity). A profit margin resulting from differences between the schedule or assumptions and actual rates in the annual settlement of accounts will be subject to payment to policyholders as policyholder dividends according to the details of individual policies.

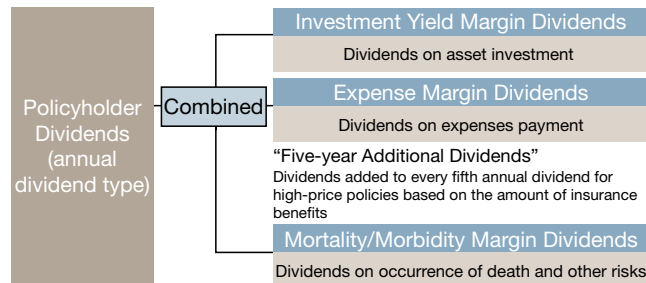
In particular, a certain amount of profit is assumed in advance in asset management, which is deducted as an assumed investment yield when determining a premium. In other words, unlike deposits and savings with specified interest added to the principal, life insurance premiums are determined by assuming in advance part of the investment profit in the form of an assumed investment yield.

If the actual result is below the assumption, policyholder dividends may not be paid. The agreed premiums will not change even when policyholder dividends cannot be paid.

Annual dividend type

Policyholder dividends are paid from the third year of the policy (Policyholder dividends are calculated for each policy, including the base policy and riders. Negative dividends are counted as zero).

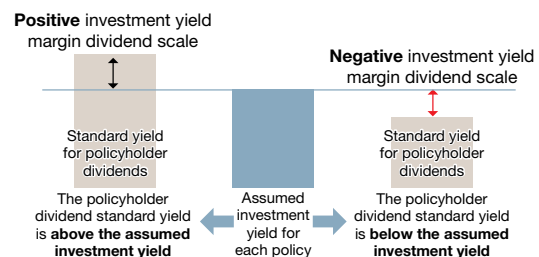
For policyholder dividends for fiscal 2014, the investment yield margin dividend scale has been revised according to the assumed investment yield, taking into account factors such as changes in the investment environment. The expense margin dividend scale and mortality/morbidity margin dividend scale remain unchanged from the standards of the previous year.



Standard Yields for Policyholder Dividends and Investment Yield Margin Dividend Scale

The "investment yield margin dividend scale" is the difference between the standard yield for policyholder dividends determined by the Company based on asset investment condition and the assumed investment yield of each policy (gain on asset management assumed in advance).

The following shows the standard yield of policyholder dividends for dividend-paying policies in the current fiscal year. As a result of this, the investment yield margin dividend scale becomes negative for most policies and policyholder dividends will not be paid for many policies.



Standard yield of policyholder dividends for fiscal 2014

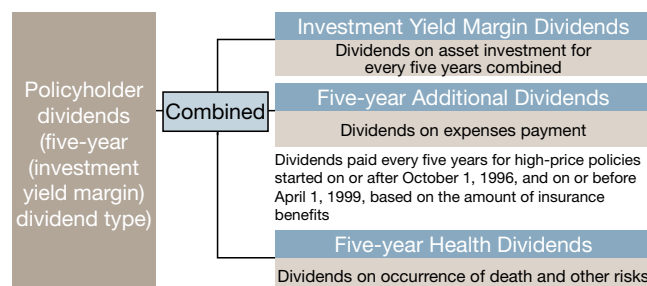
Policies with the assumed investment yield of 2% or below	1.70%
Policies with the assumed investment yield of more than 2% and up to 3%	1.10%
Policies with the assumed investment yield of more than 3% and up to 4%	1.00%
Policies with the assumed investment yield of more than 4% and up to 5%	0.85%
Policies with the assumed investment yield of more than 5%	0.65%

Some policies such as single premium endowment insurance and single premium whole life insurance may be different from the above.

■ Five-year (investment yield margin) dividend type

Unlike the policyholder dividend framework of the annual dividend type products, the five-year (investment yield margin) dividend type pays policyholder dividends every five years from the sixth year of the policy. In fiscal 2014, policyholder dividends for policies that started in fiscal 1999, 2004, and 2009 will be paid.

For policyholder dividends for fiscal 2014, the investment yield margin dividend scale has been revised according to the assumed investment yield, taking into account factors such as changes in the investment environment. The standards for the “five-year additional dividends” and “five-year health dividends” remain unchanged from the previous year.



Policyholder Dividends for Group Insurance and Group Annuities in Fiscal 2014

Policyholder dividends for group insurance, including group term insurance, comprehensive welfare group term insurance, and group credit life insurance, remain unchanged from the standards of the previous year.

As a result of applying the investment performance in fiscal 2013 to group annuity insurance, the investment yield margin dividend scale of products with the assumed investment yield of 1.25% and surrender charge will be 0.70%, the investment yield margin dividend scale of products with the assumed investment yield of 0.75% will be 0.15%, and the investment yield margin dividend scale of products with the assumed investment yield of 1.25% and no surrender charge will be 0.26%. Policyholder dividends for guaranteed fixed-term rate defined contribution annuity insurance are zero.

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.

Embedded value of Dai-ichi Life Group At the end of fiscal year 2013:

¥4,294.7 billion

(At the end of fiscal year 2012: ¥3,341.9 billion)

(At the end of fiscal year 2011: ¥2,661.5 billion)

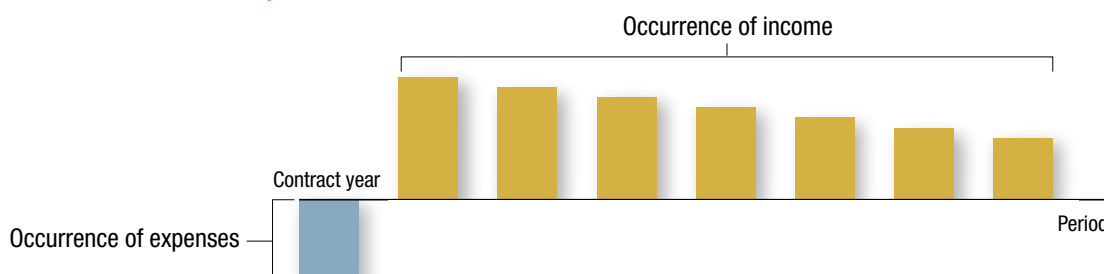
Embedded value of Dai-ichi Life (non-consolidated)

At the end of fiscal year 2013: ¥4,268.5 billion

(At the end of fiscal year 2012: ¥3,352.9 billion)

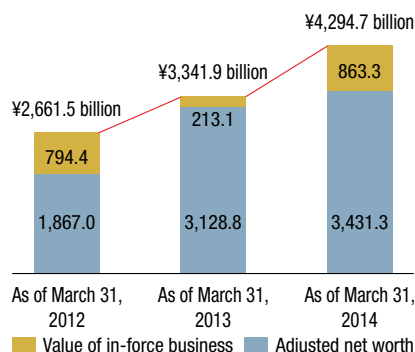
(At the end of fiscal year 2011: ¥2,715.0 billion)

Life Insurance Income and Expenses Chart



The Dai-ichi Life Group has been disclosing EV in accordance with the European Embedded Value (EEV) Principles since the end of fiscal 2007. The EEV at the end of fiscal 2013 increased from the end of the previous fiscal year, to ¥4,294.7 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.

EV



EEV of Dai-ichi Life Group

(Unit: billion yen)

	As of March 31,		
	2012	2013	2014
EEV	2,661.5	3,341.9	4,294.7
Adjusted net worth	1,867.0	3,128.8	3,431.3
Value of in-force business	794.4	213.1	863.3
Value of new business	187.7	211.2	255.4

Notes:

- The Group EEV is calculated as follows: Dai-ichi Life's EEV plus the EEVs of Dai-ichi Frontier Life and TAL attributable to Dai-ichi Life's equity stake in Dai-ichi Frontier Life and TAL less Dai-ichi Life's carrying amount of the equity of Dai-ichi Frontier Life and TAL.
- Dai-ichi Frontier Life became a wholly owned subsidiary of Dai-ichi Life in March 2014. The Group's value of new business for the year ended March 31, 2014 is calculated based on Dai-ichi Life's 90.0% equity stake in Dai-ichi Frontier Life.

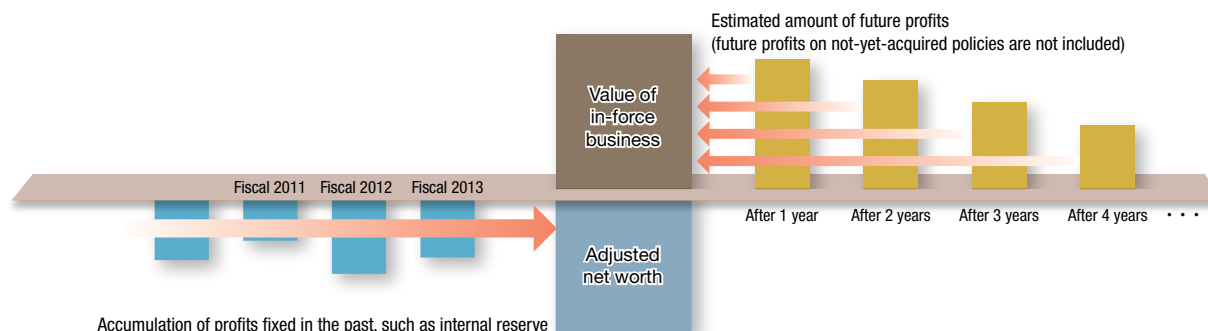
● Adjusted net worth

Adjusted net worth is the 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

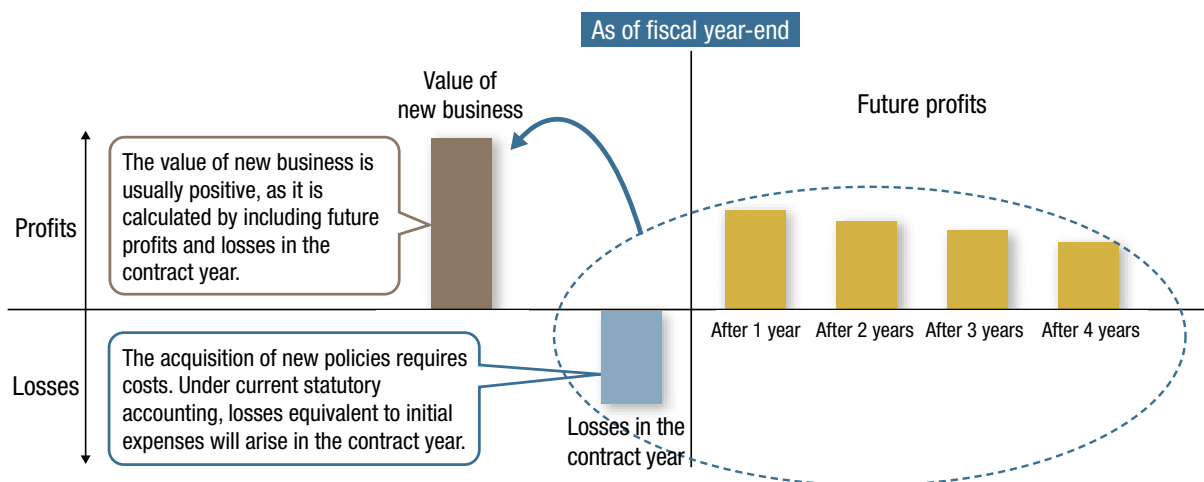


Note: This graph is for illustrative purposes only and does not pertain to actual results, etc.

● 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).

Value of New Business Chart



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/2013/pdf/index_026.pdf)

The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. Actual future results may 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 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 of the periodic income or loss of the Company's insurance business. Fundamental profit is not an item on the Company's statements of operations, but is calculated by deducting capital gains, such as gains (losses) on sales of securities and other one-time gains (losses) such as the provision for contingency reserve, from ordinary profit.

The fundamental profit for fiscal 2013 (the combined figure for Dai-ichi Life and Dai-ichi Frontier Life) increased by ¥80.8 billion from the previous fiscal year to ¥428.4 billion, which was primarily attributable to an improvement in net investment income and a decrease in the total assumed investment return 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 Life and Dai-ichi Frontier Life For fiscal year 2013:

¥428.4 billion

(For fiscal year 2012: ¥347.6 billion)

(For fiscal year 2011: ¥319.9 billion)

Fundamental profit of Dai-ichi Life (non-consolidated)

For fiscal year 2013: ¥399.8 billion

(For fiscal year 2012: ¥314.5 billion)

(For fiscal year 2011: ¥302.4 billion)

Positive Spread (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 investment yield. 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 sufficient for the total assumed investment return, the state is called a positive spread, and if it is short, the difference is called a negative spread.

The Company eliminated negative spread in fiscal 2013, and positive spread for the Company and Dai-ichi Frontier Life combined amounted to ¥32.3 billion (a positive spread of ¥28.0 billion for Dai-ichi Life on a non-consolidated basis).

Combined figures of positive spread for Dai-ichi Life and Dai-ichi Frontier Life For fiscal year 2013:

¥32.3 billion

(Negative spread in fiscal 2012: ¥58.4 billion)

(Negative spread in fiscal 2011: ¥90.7 billion)

Positive spread of Dai-ichi Life (non-consolidated)

For fiscal year 2013: ¥28.0 billion

(Negative spread in fiscal 2012: ¥61.1 billion)

(Negative spread in fiscal 2011: ¥91.4 billion)

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

Positive spread amount (¥28.0 billion)	=	$\left(\begin{array}{l} \text{Actual rate of investment}^{*1} \\ \text{return on fundamental profit} \end{array} - \begin{array}{l} \text{Average assumed} \\ \text{investment yield} \end{array} \right)^{*2}$ <div style="display: flex; justify-content: space-around; width: 100%;"> (2.67%) (2.57%) </div>	×	Policy reserves for general account ^{*3} (¥26,865.3 billion)
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*1: **Actual investment yield on fundamental profit** = (return of investment in fundamental profit^{*4} – interest on policyholder dividends^{*5}) / policy reserves for general accounts

*4: Return of investment in fundamental profit = (interest and dividends + gains on redemption of securities + other investment income) – (interest expenses + losses on redemption of securities + provision for general reserve for possible loan losses + depreciation of real estate for rent and others + other investment expenses)

*5: Interest on policyholder dividends refers to interest on dividends reserved at the insurance company, which is recorded in the income statement as Provision for Interest on Policyholder Dividends.

*2: **Average assumed investment yield** is calculated by dividing the numerator as assumed interest (general accounts only) by the denominator as policy reserves in general accounts

*3: **Policy reserves in general accounts** represents the earned policy reserve calculated for policy reserves in general accounts less the contingency reserve, which is calculated as follows:

(policy reserves at the beginning of the period + policy reserves at the end of the period – assumed interest) × 1/2

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

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 Life and Dai-ichi Frontier Life have

accumulated statutory reserves based on the criteria stipulated by the Insurance Business Act, etc., and have adopted the most conservative method among those required by law. Effective in fiscal 2007, Dai-ichi Life 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 increase its financial stability.

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

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 payment obligations 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.

The non-consolidated solvency margin ratio of the Company at the end of fiscal 2013 was 772.1%, an increase from the level at the end of the previous fiscal year due to an increase in unrealized gains on securities and the growth of retained earnings based on the weaker yen and higher stock price.

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

For Dai-ichi Life on a non-consolidated basis At the end of fiscal year 2013:

772.1%

(At the end of fiscal year 2012: 715.2%)

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

Consolidated At the end of fiscal year 2013:

756.9%

(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

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

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.

The non-consolidated adjusted net assets of the Company at the end of fiscal 2013 were ¥6,019.7 billion, an increase from the level at the end of the previous year due to an increase in unrealized gains on securities and the growth of retained earnings.

**For Dai-ichi Life on a non-consolidated basis
At the end of fiscal year 2013:**

¥6,019.7 billion

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

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

**Consolidated
At the end of fiscal year 2013:**

¥6,165.7 billion

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

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

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

Unrealized Gains (Losses) on General Account Assets

Unrealized gains and losses represent differences between the fair value of assets (securities, real estate, etc.) held and their book value.

Unrealized gains act as a defense against the different types of risks to which Dai-ichi Life is exposed and leave more room for risk-taking in investments, making a substantial contribution to the increase in profitability.

Of the unrealized gains and losses as of March 31, 2014, unrealized gains on securities increased by ¥191.1 billion from the end of the previous fiscal year, to ¥3,005.6 billion, mainly reflecting rising stock prices and the depreciation of the yen. Unrealized gains on real estate (land, etc.) improved by ¥26.7 billion from a year earlier, to ¥48.2 billion. As a result, total unrealized gains on all general account assets increased by ¥216.5 billion, to ¥3,050.5 billion.

At the end of fiscal year 2013:

¥3,050.5 billion

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

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

Total Net Unrealized Gains (Losses) on General Account Assets (Unit: billion yen)

	As of March 31,		
	2012	2013	2014
Securities	1,215.6	2,814.4	3,005.6
Domestic bonds	790.6	1,627.5	1,381.3
Domestic stocks	297.8	643.3	931.8
Foreign securities ¹	114.4	505.0	642.2
Foreign bonds	138.9	416.1	484.9
Foreign stocks and other securities	(24.5)	88.9	157.3
Other securities	(5.6)	21.3	36.3
Others ²	18.4	17.1	13.9
Real estate ³	(36.5)	21.4	48.2
Total (including others not listed above) ⁴	1,179.9	2,833.9	3,050.5

*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.

Ratings

As of June 30, 2014

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

Note: The above ratings represent the opinions of the rating agencies, and do not guarantee the payment of insurance benefits, etc. The ratings may change at the discretion of the rating agencies.

Ratings are given and published by independent third-party agencies primarily as their opinions about the financial soundness of businesses. 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.

As shown above, the Company has received high ratings from all of the rating agencies.

Status of DSR Management Promotion

List of Status of DSR Management Promotion

To enhance the effectiveness of DSR management, we have established the Committee for DSR Promotion headed by the President and four special committees (quality assurance, social contribution and environmental activities, promoting health, and employee satisfaction and Diversity & Inclusion) beneath to focus on each area.

Category	DSR Management Promotion Index	Explanation of the Index	Fiscal 2011	Fiscal 2012	Fiscal 2013	Target
Quality Assurance	Result of total satisfaction in the nationwide customer satisfaction survey (individual customers)	Percentages of responses “satisfied” and “somewhat satisfied” in the questionnaire given to individual customers	86.0%	86.1%	91.1%	— ^{*1}
		Percentage of response “very satisfied” in the questionnaire given to individual customers	—	—	— ^{*1}	Fiscal 2014: 14.3%
	Number of customer complaints	The number of complaints among the customer opinions reported to the Company	78,803	68,174	44,691	Improvement in fiscal 2014 from fiscal 2013
Corporate Citizenship and Environmental Activities	Percentage of volunteer activity involvement	Percentage of departmental community contribution involvement (head office and branches)	76.0%	94.0%	100.0%	Fiscal 2014: 100.0%
	CO ₂ emissions	Total CO ₂ emissions ^{*2} from the Company’s investment property, business-use property, and welfare property	153,000 t-CO ₂	146,500 t-CO ₂	144,000 t-CO ₂	Fiscal 2015: 158,000t-CO₂^{*3}
	Total paper usage	Total amount of paper used at the Group companies (photocopy paper, pamphlets, insurance design documents, etc.)	9,922t	9,849t	8,116t	Fiscal 2015: 8,851t^{*3}
Promoting Health	Percentage of employees maintaining a desirable body weight	Percentage of employees with a BMI* score of less than 25 * BMI (Body Mass Index) is a measure of a person’s body shaped based on their height and weight (BMI 25 and above are categorized as obese)	Men: 68.2% Women: 78.7%	Men: 69.7% Women: 78.2%	Men: 69.8% Women: 77.9%	Fiscal 2015 Men: 69.1%^{*4} Women: 79.2%
	Percentage of employees doing regular exercise	Percentage of employees continuing more than 30-minute exercise twice or more per week for one year or more	Men: 24.4% Women: 13.6%	Men: 24.6% Women: 13.9%	Men: 25.8% Women: 14.4%	Fiscal 2015 Men: 27.3%^{*4} Women: 18.4%
Employee Satisfaction and Diversity & Inclusion	Results of employee satisfaction survey	Percentages of responses “satisfied” and “somewhat satisfied” in the questionnaire survey given to the Company’s employees	69.4%	69.9%	66.6%	— ^{*5}
	Percentage of females in managerial posts	Percentage of women in managerial positions (department head or equivalent, section chief or equivalent, and office chief)	17.6%	18.2%	18.4%	Fiscal 2016: 20.0% or higher
	Percentage of employees with disabilities	Percentage of employment as of June 1 of each fiscal year	2.03%	2.06%	2.13%	— ^{*6}

*1: Due to change of assessment index in fiscal 2014

*2: Calculated based on the provisions of Article 7, paragraph 3 of the Act on the Rational Use of Energy (“Energy-saving Act”). Total emissions in each fiscal year have been recalculated by applying the fiscal 2009 coefficient.

*3: Targets in the 2013-2015 Medium-term Environmental Effort Plan. The targets were exceeded, and the Company continues to promote the activities for further reduction.

*4: The targets were calculated back from the goals for year 2022 in the Health Japan 21 (2nd) project promoted by the Ministry of Health, Labour and Welfare (MHLW) and determined proportionally for the period.

*5: The employee satisfaction survey is positioned as a tool to help quantitatively understand the current situation and effect of activities and facilitate problem solving.

*6: The percentage of employees with disabilities is one in compliance with the statutory rate of disability employment.

Inclusion in the SRI Indices

Dai-ichi Life is included in domestic and overseas socially responsible investment (SRI) indices (stock price indices) such as FTSE4Good Index Series (UK) and the Morningstar Socially Responsible Investment Index (MS-SRI) (Japan) (as of April 30, 2014).



Participation in External Initiatives

Dai-ichi Life promotes activities aiming to achieve a sustainable society through participation in domestic and overseas initiatives.

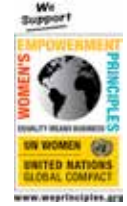
■ The United Nations Global Compact (UNGC)

The UNGC is a set of principles on the behavior for human rights, labor, the environment, and anti-corruption, proposed by the former UN Secretary General Kofi Annan. It encourages participating companies to behave as good members of society, aiming to achieve sustainable growth. Dai-ichi Life joined the initiative in May 2014.



■ Women's Empowerment Principles (WEPs)

The WEPs is a set of principles of corporate behavior created jointly by UN Women, a UN organization working for gender equality and women's empowerment, and the UNGC. The WEPs specify the development of a labor and social environment in which women are able to fulfill their potential and improve their abilities, with their efforts fairly appraised. Dai-ichi Life signed a Statement of Support for the Women's Empowerment Principles in December 2012.



■ Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century)

The Principles for Financial Action for the 21st Century provide action guidelines for the overall CSR of financial institutions wishing to play a role and take responsibilities necessary for the formation of sustainable society. Dai-ichi Life participated in the development of the principles as a member of the draft committee and signed up in November 2011.

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Fiscal 2013: Assessment of the Dai-ichi Life Group by Society and Major Awards Received

Assessment / Award	Month and year of Assessment / Award	Organizer
Quality assurance		
Ranked 2nd financial institution in CSR Corporate Ranking	March 2014	Toyo Keizai, Inc.
3-star certified and awarded “Fiscal 2013 HDI help desk ranking” (Contact Center Control Dept.)	November 2013	HDI (Help Desk Institute) -Japan
Awarded Best Fund in Alternative & Balanced Fund Division of Morningstar Award “Fund of the Year 2013” (DIAM)	January 2014	Morningstar
Awarded best of Japanese Mid and Small Caps Equity Fund (5-year assessment period) in Lipper Fund Awards Japan 2014 (DIAM) Awarded best of Global Healthcare/Biotechnology Funds in Lipper Fund Awards 2014 (Janus Capital Group Inc.)	March 2014	Lipper
Received “Corporate Social Responsibility Award” (Dai-ichi Life Vietnam)	November 2013	Asia Insurance Review
Received Vietnamese “Prime Minister Award Certificate” (Dai-ichi Life Vietnam)	January 2014	Vietnamese Government
Awarded the “Life Company of the Year” (TAL)	August 2013	Rice Warner
Awarded the “2013 Life Insurance Company of the Year” (TAL)	October 2013	Australian Banking & Finance
Awarded the “Risk Provider of the Year Award” (TAL)	December 2013	Core Data
Received Indian Insurance Award (Technology Maturity) (Star Union Dai-ichi Life)	June 2013	Fintelekt
Received “Excellence in Financial Reporting” (Star Union Dai-ichi Life)	February 2014	Indian Accounting Associations
Received “The Prime Minister’s Insurance Awards 2012” (Ocean Life)	September 2013 (3 consecutive years)	Thailand Office of Insurance Commission
Corporate citizenship and environmental activities		
Awarded the Best in the “8th Excellent Material Awards concerning Consumer Education for Companies and Organizations” (Life Cycle Game II—Recommending a Total Life Plan)	May 2013	National Institute on Consumer Education
Selected as Good Practice in insurance category (measures against declining birthrate)	March 2014	Principles for Financial Action for the 21st Century
Corporate ranking in Nikkei Environmental Management Survey 15th financial institution (1st in life insurance industry)	January 2014	Nikkei Inc.
Received 54th BCS Award (Dai-ichi Life Shin-Oi Office)	July 2013	Japan Federation of Construction Contractors
Received Judge’s Choice Award in the “5th Sustainable Architecture Award” (office Architecture category) (Toyosu Cubic Garden and Dai-ichi Life Shin-Oi Office)	February 2014	Institute for Building Environment and Energy Conservation
Promoting health		
Fiscal 2013 Minister of Health, Labour and Welfare Award for distinguished service related to nutrition (excellent specified catering facility category)	September 2013	Ministry of Health, Labour and Welfare (MHLW)
2nd “Let’s Extend Healthy Life Expectancies!” Award Awarded for excellence by the Director of Health Service Bureau, MHLW	November 2013	MHLW
Employee satisfaction and Diversity & Inclusion		
Received Special Jury Prize in <i>ikumen</i> Company Award 2013	October 2013	MHLW
Certified for 2nd <i>Kaeru-no-Hoshi</i> (frog’s star) (Employee Contribution Pension Center of Group Pension Service Dept.)	February 2014	Gender Equality Bureau, Cabinet Office

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 Life 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 Life 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, 2014 Dai-ichi Life had 13 directors (including two outside directors) and 27 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 Life 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, Dai-ichi Life has established an Advisory Board so that it

can receive advice on its overall management issues from outside experts from a medium- and long-term perspective to further strengthen and enhance its governance.

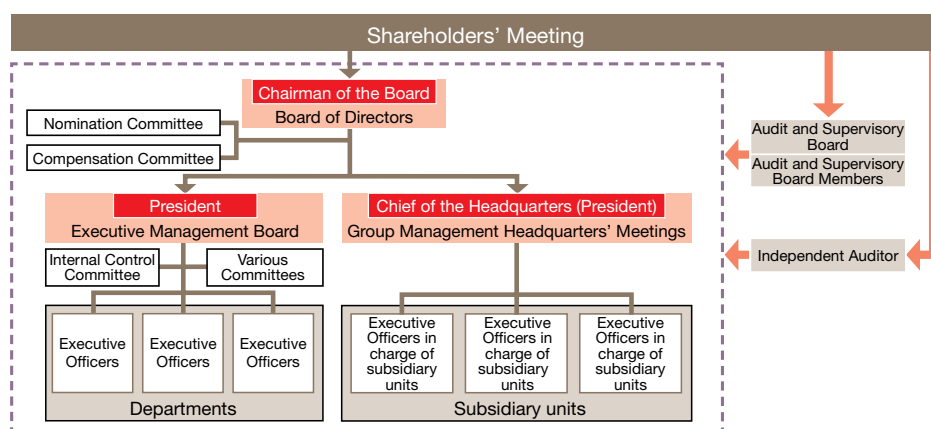
In addition to attending meetings of the Board of Directors and the Executive Management Board, Audit and Supervisory Board Members audit the execution of duties by directors and executive officers through interviews with directors, executive officers, and the relevant departments. Audit and Supervisory Board Members also audit the status of compliance, risk management in overall operations, and the operational and financial status of Dai-ichi Life and its subsidiaries. In addition, the Audit and Supervisory Board deliberates on and resolves important audit issues. As of June 30, 2014 Dai-ichi Life had five Audit and Supervisory Board Members (including three outside Audit and Supervisory Board Members).

Status of Internal Control Systems

Dai-ichi Life has established Internal Control Policy for Dai-ichi Life Group and Basic Internal Control Policy, which set 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 operation of an internal control system; checking

Management Control System



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 Life 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 Life 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 Life 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 Life has established basic policies and regulations, including Compliance Regulations that outline its basic approach to the compliance system and the details of that system, under the Internal Control Policy for Dai-ichi Life Group and 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 Life has established a cooperation system between the Compliance Control Department and the Quality Management Promotion Department, which provides branch offices that engage directly in insurance sales directly with instructions and support. The Company assigns Compliance Officers to the Compliance Control Department to provide direct compliance support at head office departments and branches, as well as Quality Management Officers to the Quality Management Promotion Department to give direct instructions and support for further advances in business quality, such as the promotion of compliance at branch offices, from a customer-based perspective. In doing so, the objective is to manage compliance and insurance sales in cooperation with the compliance managers as 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 also established an internal hotline (in the Compliance Control Department) and a consultation service (with outside lawyers) in accordance with the Whistleblower Protection Act to act as a channel through which employees can directly report and consult on

compliance matters. The Company operates these systems with full respect for privacy so that those who duly blow the whistle or consult are not subject to unfavorable treatment resulting from their whistleblowing or consultation.

To check whether compliance is being promoted effectively and appropriately, the Internal Audit Department regularly conducts internal audits.

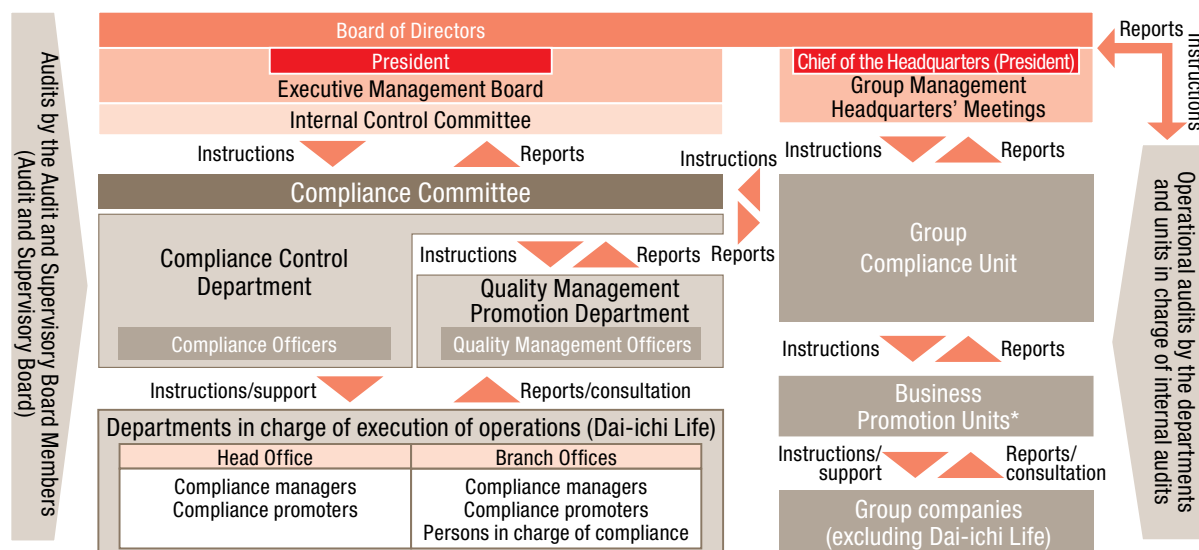
The Company is endeavoring to develop and strengthen its compliance system as a Group, taking into account the attributes of each company, by establishing a Group Compliance Unit at the Group Management Headquarters.

■ Compliance Promotion

The Board of Directors of Dai-ichi Life 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



* Collective term for the Group Management Strategy Unit, the Asset Management Business Unit, and the International Life Insurance Business Unit

Salesmanship Policy of Dai-ichi Life

Basic policy

- To further pursue its management philosophy of “Customer First – By your side, for life,” which it has maintained since its founding in 1902, Dai-ichi Life will seek to promote the concept of Total Life Plan that proposes and provides products and services tailored to diversifying needs and changes in the life stage of its customers.
- To enhance the confidence of customers, Dai-ichi Life will make appropriate solicitations in compliance with laws, regulations, social norms, rules and the Company regulations, etc.

● Appropriate solicitations and proposals

- Under the basic policy above, we will make solicitations and proposals in line with the concept of the Total Life Plan, taking into account the age, income, assets and the status of policies of family members, etc. of our customers.
- We will explain clearly to customers what they wish to know regarding their policies, and the important aspects of their policies at the time of contract, throughout the duration of the policy, and in the process of paying insurance claims.
- We will conduct appropriate solicitation and proposal activities based on customers’ intent, giving consideration to their convenience such as the time when visiting or calling them.
- When making a proposal of an insurance product, we will strive to ensure that customers have a correct understanding about the content of the product by using and handing over the Policy Illustration (policy overview), the Material Representation (heads-up information), the Contract Guide, and the Policy Provisions, etc.
- When a customer makes an application, we will reconfirm that the insurance product the customer applies for meets customer needs with an intention confirmation document and double check the premium and protection, etc. to make sure that the customer will purchase a product that meets his or her wishes. In addition, if the customer does not understand or misunderstands the content, etc. of the insurance product, we will strive to explain in a more easy-to-understand matter and clear up the misunderstanding.
- Particularly for a life insurance policy in which the insured person is a minor (less than 20 years old), we will check the content of the policy from the standpoint of eliminating moral risk and strive to make an appropriate solicitation.

- Investment-type products such as variable annuity insurance and investment trusts
 - With respect to investment-type products such as variable annuity insurance and investment trusts, we will propose products that are suitable for the customer, taking into account the customer’s age, income, assets, status of policies of family members, investment experience, knowledge about investment-type products and the purpose of purchasing the policy, etc.
 - Particularly for important matters such as market risk, we will hand over an explanation document and give a sufficient explanation, taking into account the customer’s knowledge, investment experience, income, assets, and the purpose of purchasing the policy, etc., so that the customer will have the correct understanding of the product.
- We will try to avoid causing misconceptions, etc. about products and the insurance company underwriting the products by making appropriate solicitations and proposals through a clear categorization of life insurance, non-life insurance, investment trusts and other financial products that we cover.

● Education and cultivation of employees

- To meet diversified customer needs, we will build the Total Life Plan Designer System and work to cultivate Total Life Plan Designers with the knowledge and skills to propose a total life plan.
- We provide ongoing training to our employees to raise their awareness of compliance and facilitate appropriate solicitations and proposals in light of the continuous education system of The Life Insurance Association of Japan.
- We encourage Total Life Plan Designers to acquire FP qualifications to develop more advanced consulting capabilities.
- With respect to the employees who propose investment-type products, we oblige them to acquire predetermined qualifications and fulfill the requirements set by Dai-ichi Life to become a qualified sales representative.

● Protection of personal information

- We will properly handle information about customers which we come to know in the course of our business under strict management in accordance with the Personal Information Protection Policy set by Dai-ichi Life.

Explanation of Important Matters and Full Enforcement of Identification

■ In the area of individual insurance

For new policies, we have been taking steps since April 1999 to verify the identity of the customer when a contract is made and when the medical examination is conducted, to explain important matters to the policyholder and the insured person. In April 2006, we enhanced these procedures, so that the explanation of important matters is handed to customers as a Material Representation (heads-up information). In addition, since September 2007 we have been preparing a Customer Intention Confirmation for customers to make a final check before purchasing an insurance product to ensure that the product they are about to apply for meets their needs. When changing the name of policyholder or beneficiary, we have also been verifying the identity of the current policyholder and the insured person since April 1999. In July 2009, we changed the application procedure, with the exception of that for corporate customers, so that the applicant does not need to affix a seal on the application form, etc. but checks various items simply by signing, for the purpose of simplifying the application procedure.

● Identification at the time a contract is made

A sales representative visits the home or a place of employment of a policyholder and an insured person to verify their identity. If the identity is unable to be verified by visiting a home or a place of employment, it is verified by a certificate with photo.

If a policyholder is a corporation, an employee in charge checks the existence and business activities of the company by checking the actual condition of business activities with the company's building and signboard, the display of the company name and the existence of employees by visiting the company and checking documents (the directory of companies and the certified copy of corporate register).

At the time of a medical examination by a doctor or a meeting with a qualified interview inspector of life insurance, the identity of an insured person is verified with a certificate with photo (driver's license, passport, company ID card with photo, and student ID card with photo, etc.).

● Explanation of important matters to a policyholder

When a new policy is purchased, we hand over the Policy Illustration (policy overview), the Material Representation (heads-up information) that summarizes particularly important matters that need to be checked, and the Contract Guide—Policy Provisions that state the content of the policy and its details to a customer and explain the overview of the policy and important matters before the customer makes an application. Before the application, we ask the customer to check on his/her own whether the insurance product he/she is about to apply

for meets his/her needs, using the Customer Intention Confirmation. We also ask the customer to submit the Confirmation Slip of Important Document Receipt to ensure that the Policy Illustration (policy overview), the Disclosure Statement (heads-up information) and the Contract Guide—Policy Provisions have indeed been handed over to the customer.

Other than the above, if a customer uses a conversion (trade-in structure), we explain important matters and ask the customer to check various systems to review the protection after comparing the contents of the old policy the customer has already purchased and the new policy he/she will purchase.

● Explanation of important matters to an insured person

To confirm the application form, a sales representative explains the content of the policy to an insured person, confirms his/her agreement and receives his/her signature on the application form. In addition, in a policy where the policyholder and insured person are different, the sales representative hands over the Policy Description and Confirmation Slip of Insured Person's Agreement (a copy for the insured person) and receives the signature of the insured person on the application form when receiving it.

● Identification at the time the name of policyholder is changed

In the procedure to change the name of policyholder, we verify the identity of the current policyholder, the new policyholder and the insured person using a copy of their driver's license, etc., which we ask them to submit.

● Handling of other matters

If the death benefit or the disability benefit is paid in a policy purchased after April 2, 1999 in which the claimant is a corporation and the insured persons are its employees (excluding the president and directors), we check the understanding of a bereaved family or the insured person (the bereaved family or the insured person needs to fill out the Confirmation Slip of the Content of Claim for Insurance Contracted by Corporation/ Business Owner via the group they belong to, and the group needs to submit it).

■ In the area of group insurance

● Confirmation of the existence and business activities of company holding the policy

When a new contract is made or when the name of the policyholder is changed (when the policyholder is changed as a result of a merger, etc.), we confirm the existence and business activities of the company with the visit by an officer and the collection of public documents.

● Explanation of important matters to a policyholder and an insured person

We explain important matters to a policyholder with the Contract Guide—Policy Provisions when a policy is

purchased, hand it over before the application is made, and receive the policyholder's receipt stamp on the application form.

With respect to the explanation of important matters to insured persons in employer contribution insurance, we ask the policyholder to announce the insurance to the insured persons by posting important matters in a notice distributed by the policyholder to its employees as a company when confirming the insured persons' agreement. Meanwhile, in the case of employee contribution insurance, we ask the policyholder to announce important matters (the policy overview and heads-up information) in an individual brochure distributed to the insured persons to recommend enrollment.

- **Notice of content of a comprehensive welfare group term life insurance to insured persons**

We receive a report on the method of giving notice from the policyholder from the perspective of whether eligible persons have agreed to become the insured persons after they were properly notified of the content of the policy.

- **In the area of group annuity insurance**

When we confirm the existence and business activities of a company, etc., a policyholder, and explain important matters to the policyholder, we take similar measures to those for group insurance.

For the explanation of important matters (policy overview and heads-up information) to the insured persons of an employee contribution corporate pension insurance, we also take similar measures to those for group insurance.

- **Explanation of important matters in insurance for special tax-treatment savings plan for salaried employees**

We explain important matters to a policyholder by delivering the Disclosure Statement (heads-up information) to the policyholder and explaining matters the policyholder needs to pay special attention to before the application is made, and to receive a receipt stamp on the application form.

The Act on Prevention of Transfer of Criminal Proceeds

The purpose of this Act is to prevent terrorism financing and money laundering from being conducted through financial institutions, etc. by obliging financial institutions, etc. to make verification at the time of a transaction, prepare and store verification records and transaction records etc. and report suspicious transactions.

- **What is verification at the time of transaction?**

The Act on Prevention of Transfer of Criminal Proceeds stipulates that financial institutions, etc. shall verify customer identification data (the name, address and date of birth in the case of individual customers and the name and the address of the head office, etc. in the case of corporate customers), the purpose of transaction, and occupation or the contents of business, as well as a person with substantial control in the case of corporate customers when conducting certain transactions with a customer, such as the opening of a savings account, the transaction of securities and the purchase of a savings-oriented insurance policy.

Information Property Protection

- **Basic Recognition**

Dai-ichi Life keeps personal information on customers, including their names, dates of birth, 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 Life has established Internal Control Policy for Dai-ichi Life Group and Basic Internal Control Policy. Under these policies, it has established basic policies and regulations, including Information

Property Protection and Control Regulations, to set out basic principles and rules for protecting information property and standards for appropriately protecting information property. Dai-ichi Life has also created the 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 Life 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 Compliance Unit taking a central role in obtaining the cooperation of the Group companies.

■ Information Property Protection and Control

Dai-ichi Life 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 Life 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 Life's website.

■ Handling of Comments, etc.

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

Personal Information Protection Policy

The Dai-ichi Life Insurance Company, Limited (hereinafter “Dai-ichi Life” or the “Company”) gives first priority to the trust given to us by our customers and endeavors to protect personal information by complying with the Act on the Protection of Personal Information (hereinafter the “Personal Information Protection Act”), the Insurance Business Act and other related laws and regulations in order to improve management quality.

1. Purpose of using personal information

Dai-ichi Life will use personal information only to the extent necessary to achieve the following purposes and will not use it for any other purpose.

- (1) Underwriting, continuation and maintenance of various insurance policies and the payment of insurance claims and benefits;
- (2) Notice and provision of various products and services including those of affiliated companies and business partners and the maintenance of insurance policies;
- (3) Provision of information on and the operation and administration of the Company's business and the enhancement of its products and services;
- (4) Other businesses related and incidental to insurance.

These purposes of use are stated on the Company's website and disclosure documents, etc. and expressed clearly when information is gathered directly from customers themselves in writing, etc.

2. Kinds of personal information to be gathered and owned

The personal information that Dai-ichi Life gathers and retains is that necessary to achieve the purposes of use described in the preceding paragraph, such as name, address, date of birth, sex, occupation and health condition.

3. Methods of gathering personal information

Personal information is gathered using appropriate methods according to the Personal Information Protection Act, the Insurance Business Act, Policy Provisions and other related laws and regulations, etc.

4. Provision of personal information

Dai-ichi Life will not provide personal information externally, except in the following cases.

- (1) When the customer him/herself has agreed;
- (2) When the provision is based on laws and regulations;
- (3) When personal information is used jointly under the Personal Information Protection Act, such as registering the contents of insurance policies and riders with the Life Insurance Association of Japan;
- (4) When part of the Company's business is delegated to the extent necessary to achieve the purposes of use of the information;
- (5) When the provision is permitted under the Personal Information Protection Act.

5. Protection and management of personal information

Dai-ichi Life makes efforts to keep the contents of personal information accurate and up to date and takes organizational, human and technical safety control measures to protect personal information and reviews the measures as necessary. Dai-ichi Life also promotes the appropriate management of information and makes efforts to protect personal information at the Compliance Committee.

6. Disclosure of personal information and request for revision, etc.

If there is a request for the disclosure or revision, etc. of personal information, Dai-ichi Life will respond promptly after confirming that the party making the request is the customer him/herself, unless there is a special reason such as the request being made posing a considerable impediment to the appropriate operation of business.

7. Review of the Personal Information Protection Policy

Dai-ichi Life will review the Personal Information Protection Policy on an ongoing basis to protect personal information appropriately in light of changes in the environment and other factors.

Shareholders' Personal Information Protection Policy

The Dai-ichi Life Insurance Company, Limited (hereinafter "Dai-ichi Life" or the "Company") strives to protect the personal information of shareholders by complying with the Act on the Protection of Personal Information (hereinafter the "Personal Information Protection Act"), the Insurance Business Act, the Companies Act and other related laws and regulations in order to improve management quality.

1. Purpose of using the personal information of shareholders

Dai-ichi Life will use the personal information of shareholders only to the extent necessary to achieve the following purposes and will not use it for any other purpose.

- (1) Exercise of rights and the performance of obligations under the Companies Act;
- (2) Provision of various benefits to the status as a shareholder from the Company;
- (3) Implementation of various measures to facilitate relationships between the Company and its shareholders from the perspective of relationships between an association and its members;
- (4) Management of shareholders such as preparing their data based on prescribed standards under various laws and regulations.

2. Kinds of the personal information of shareholders to be gathered and owned

The personal information of shareholders Dai-ichi Life gathers and retains is that necessary to achieve the purposes of use described in the preceding paragraph, such as name, address, and the number of shares owned.

3. Methods of gathering personal information of shareholders

Personal information of shareholders is gathered in appropriate methods according to the Personal Information Protection Act, the Insurance Business Act, the Companies Act and other related laws and regulations, etc.

4. Provision of the personal information of shareholders

Dai-ichi Life will not provide the personal information of shareholders to third parties, except in the following cases.

- (1) When the shareholder him/herself has agreed;
- (2) When the provision is based on laws and regulations;
- (3) When part of the Company's business is delegated to the extent necessary to achieve the purposes of use of the information;
- (4) When the provision is permitted under the Personal Information Protection Act.

5. Protection and management of the personal information of shareholders

Dai-ichi Life makes efforts to keep the personal information of shareholders accurate and takes organizational, human and technical safety control measures to protect the personal information of shareholders and reviews the measures as necessary. Dai-ichi Life also promotes the appropriate management of information and makes efforts to protect the personal information of shareholders at the Compliance Committee.

6. Disclosure of the personal information of shareholders and request for revision, etc.

If there is a request for the disclosure and revision, etc. of the personal information of shareholders, Dai-ichi Life will respond promptly after confirming that the party making the request is the shareholder him/herself, unless there is a special reason such as the request being made posing a considerable impediment to the appropriate operation of business.

7. Review of the Shareholders' Personal Information Protection Policy

Dai-ichi Life will review the Shareholders' Personal Information Protection Policy on an ongoing basis to protect the personal information of shareholders appropriately in light of changes in the environment and other factors.

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 Internal Control Policy for Dai-ichi Life Group and Basic Internal Control Policy include 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. The Group Risk Management 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.

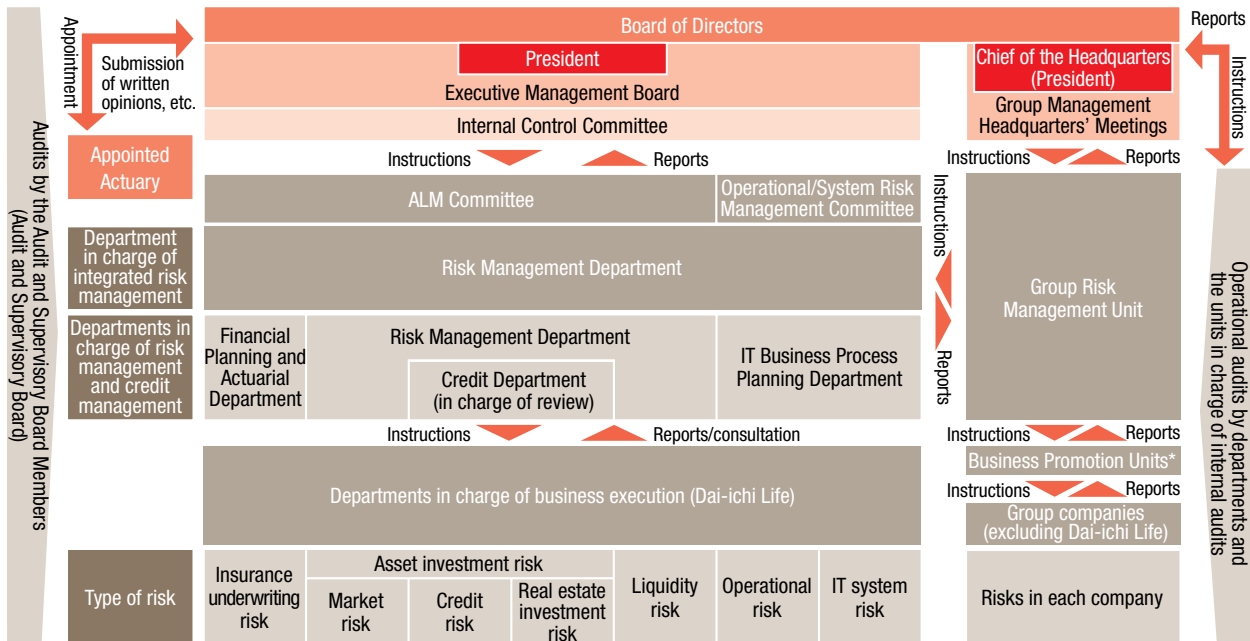
Management shares information regarding individual risks at regular meetings of our ALM Committee, Operational Risk Management Committee and System Risk Management Committee, and uses the shared information to guide its decision making. Moreover, our Internal Audit Department examines the effectiveness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

The status of risk management is reported to the Board of Directors, the Executive Management Board and the Group Management Headquarters' Meetings. 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

Organizational Systems Associated with Risk Management



* Collective term for the Group Management Strategy Unit, the Asset Management Business Unit, and the International Life Insurance Business Unit

potentially significant ones, as a whole and comparing them against its capital, etc. Dai-ichi Life 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 Life 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.

Note: As part of the integrated risk management, Dai-ichi Life carries out internal control self-assessments (CSA), ensures the appropriateness of business at its subsidiaries, etc., and implements risk management for large-scale disasters. Please see pages 91 and 102 for details.

■ 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 Life 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.

Note: 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 Life 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 Life, 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.

Dai-ichi Life has established basic matters for the development and operation of an internal control system in its Internal Control Policy for Dai-ichi Life Group and Basic Internal Control Policy to ensure sound and appropriate operations at its subsidiaries, etc. and to continuously improve their corporate value. Also, based on the Internal Control Policy for Dai-ichi Life Group and Basic Internal Control Policy, Dai-ichi Life has developed the necessary company regulations and rules.

■ 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 Life'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 Internal Control Policy for Dai-ichi Life Group and the Basic Internal Control Policy, Dai-ichi Life has established basic policies and regulations to ensure the reliability of financial reporting and its appropriate disclosure on a timely basis. Under 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 Life 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 Life'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, 2014, 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 Life 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 Life has established basic regulations and policies for operational audits in its Internal Control Policy for Dai-ichi Life Group and 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 Life 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 Life 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 Life 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 Life 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 Life 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 Life 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 Life 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 ensure that we have no relations with and to prevent damage related to antisocial forces, Dai-ichi Life 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.

FINANCIAL SECTION

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Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2013	2014	2014
(ASSETS)			
Cash and deposits	457,517	698,594	6,787
Call loans	391,200	362,800	3,525
Monetary claims bought	285,082	281,859	2,738
Money held in trust	56,251	66,400	645
Securities	29,390,963	31,203,581	303,182
Loans	3,140,990	3,024,702	29,388
Tangible fixed assets	1,236,270	1,215,895	11,813
Land	794,387	796,436	7,738
Buildings	429,573	408,402	3,968
Leased assets	7,600	6,141	59
Construction in progress	524	1,349	13
Other tangible fixed assets	4,183	3,566	34
Intangible fixed assets	215,457	210,053	2,040
Software	67,479	65,040	631
Goodwill	69,103	77,108	749
Other intangible fixed assets	78,874	67,904	659
Reinsurance receivable	32,861	33,867	329
Other assets	390,844	516,436	5,017
Deferred tax assets	67,636	5,734	55
Customers' liabilities for acceptances and guarantees	33,446	88,225	857
Reserve for possible loan losses	(4,110)	(2,759)	(26)
Reserve for possible investment losses	—	(215)	(2)
Total assets	35,694,411	37,705,176	366,354
(LIABILITIES)			
Policy reserves and others	31,703,858	33,327,552	323,819
Reserves for outstanding claims	298,557	358,606	3,484
Policy reserves	31,012,539	32,574,923	316,507
Reserve for policyholder dividends	392,761	394,022	3,828
Reinsurance payable	16,541	27,677	268
Subordinated bonds	154,584	107,562	1,045
Other liabilities	1,496,592	1,593,272	15,480
Reserve for employees' retirement benefits	439,734	—	—
Net defined benefit liabilities	—	385,436	3,745
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,350	2,163	21
Reserve for possible reimbursement of prescribed claims	700	800	7
Reserves under the special laws	89,228	118,167	1,148
Reserve for price fluctuations	89,228	118,167	1,148
Deferred tax liabilities	13,511	15,108	146
Deferred tax liabilities for land revaluation	94,842	91,595	889
Acceptances and guarantees	33,446	88,225	857
Total liabilities	34,045,391	35,757,563	347,430
(NET ASSETS)			
Capital stock	210,207	210,224	2,042
Capital surplus	210,207	210,262	2,042
Retained earnings	156,357	219,552	2,133
Treasury stock	(13,431)	(11,500)	(111)
Total shareholders' equity	563,340	628,538	6,107
Net unrealized gains (losses) on securities, net of tax	1,099,351	1,322,731	12,852
Deferred hedge gains (losses)	(1,801)	(2,586)	(25)
Reserve for land revaluation	(36,995)	(38,320)	(372)
Foreign currency translation adjustments	18,229	19,756	191
Accumulated remeasurements of defined benefit plans	—	16,854	163
Total accumulated other comprehensive income	1,078,784	1,318,435	12,810
Subscription rights to shares	379	583	5
Minority interests	6,514	55	0
Total net assets	1,649,020	1,947,613	18,923
Total liabilities and net assets	35,694,411	37,705,176	366,354

Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2013	2014	2014
Ordinary revenues	5,283,989	6,044,955	58,734
Premium and other income	3,646,831	4,353,229	42,297
Investment income	1,335,120	1,320,066	12,826
Interest and dividends	709,592	797,309	7,746
Gains on investments in trading securities	19,492	20,659	200
Gains on sale of securities	226,587	210,417	2,044
Gains on redemption of securities	3,887	25,418	246
Foreign exchange gains	18,704	—	—
Reversal of reserve for possible loan losses	912	1,329	12
Other investment income	20,649	2,568	24
Gains on investments in separate accounts	335,295	262,363	2,549
Other ordinary revenues	302,037	371,659	3,611
Ordinary expenses	5,126,695	5,740,205	55,773
Benefits and claims	2,795,355	2,903,587	28,212
Claims	798,773	772,715	7,507
Annuities	556,474	576,951	5,605
Benefits	540,349	497,867	4,837
Surrender values	652,870	693,785	6,741
Other refunds	246,886	362,267	3,519
Provision for policy reserves and others	1,191,953	1,634,864	15,884
Provision for reserves for outstanding claims	53,489	61,004	592
Provision for policy reserves	1,129,293	1,564,912	15,205
Provision for interest on policyholder dividends	9,170	8,946	86
Investment expenses	221,738	234,950	2,282
Interest expenses	20,046	20,005	194
Losses on money held in trust	14,009	13,356	129
Losses on sale of securities	66,203	67,494	655
Losses on valuation of securities	3,210	1,407	13
Losses on redemption of securities	1,637	3,050	29
Derivative transaction losses	63,369	61,093	593
Foreign exchange losses	—	13,233	128
Provision for reserve for possible investment losses	—	215	2
Write-down of loans	429	31	0
Depreciation of real estate for rent and others	14,606	14,198	137
Other investment expenses	38,224	40,862	397
Operating expenses	486,419	517,566	5,028
Other ordinary expenses	431,227	449,236	4,364
Ordinary profit	157,294	304,750	2,961
Extraordinary gains	8,882	3,634	35
Gains on disposal of fixed assets	8,880	3,624	35
Other extraordinary gains	2	10	0
Extraordinary losses	24,054	67,374	654
Losses on disposal of fixed assets	6,350	13,890	134
Impairment losses on fixed assets	3,128	23,890	232
Provision for reserve for price fluctuations	14,397	28,939	281
Other extraordinary losses	179	654	6
Provision for reserve for policyholder dividends	86,000	94,000	913
Income before income taxes and minority interests	56,122	147,010	1,428
Corporate income taxes-current	80,625	117,221	1,138
Corporate income taxes-deferred	(54,086)	(46,467)	(451)
Total of corporate income taxes	26,538	70,753	687
Income before minority interests	29,583	76,256	740
Minority interests in gain (loss) of subsidiaries	(2,843)	(1,674)	(16)
Net income for the year	32,427	77,931	757

Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2013	2014	2014
Income before minority interests.....	29,583	76,256	740
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax	615,900	224,078	2,177
Deferred hedge gains (losses)	(1,757)	(784)	(7)
Reserve for land revaluation	(97)	(269)	(2)
Foreign currency translation adjustments	23,904	(4,131)	(40)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	3,141	5,031	48
Total other comprehensive income	641,091	223,924	2,175
Comprehensive income.....	670,675	300,180	2,916
(Details)			
Attributable to shareholders of the parent company.....	673,243	301,783	2,932
Attributable to minority interests	(2,568)	(1,603)	(15)

Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2013	2014	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income taxes and minority interests	56,122	147,010	1,428
Depreciation of rented real estate and others	14,606	14,198	137
Depreciation	39,992	38,278	371
Impairment losses on fixed assets	3,128	23,890	232
Amortization of goodwill	3,839	4,490	43
Increase (decrease) in reserves for outstanding claims	43,517	64,445	626
Increase (decrease) in policy reserves	1,134,919	1,563,285	15,189
Provision for interest on policyholder dividends	9,170	8,946	86
Provision for (reversal of) reserve for policyholder dividends	86,000	94,000	913
Increase (decrease) in reserve for possible loan losses	(1,469)	(1,351)	(13)
Increase (decrease) in reserve for possible investment losses	(142)	215	2
Write-down of loans	429	31	0
Increase (decrease) in reserve for employees' retirement benefits	5,941	—	—
Increase (decrease) in net defined benefit liabilities	—	(29,962)	(291)
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(188)	(186)	(1)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(300)	100	0
Increase (decrease) in reserve for price fluctuations	14,397	28,939	281
Interest and dividends	(709,592)	(797,309)	(7,746)
Securities related losses (gains)	(514,210)	(446,907)	(4,342)
Interest expenses	20,046	20,005	194
Foreign exchange losses (gains)	(18,704)	13,233	128
Losses (gains) on disposal of fixed assets	(2,530)	9,764	94
Equity in losses (income) of affiliates	(2,652)	(5,359)	(52)
Decrease (increase) in reinsurance receivable	10,016	(993)	(9)
Decrease (increase) in other assets unrelated to investing and financing activities	(16,705)	(73,269)	(711)
Increase (decrease) in reinsurance payable	2,184	11,554	112
Increase (decrease) in other liabilities unrelated to investing and financing activities ..	27,947	(31,334)	(304)
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan	—	22,133	215
Others, net	96,361	115,120	1,118
Subtotal	302,125	792,970	7,704
Interest and dividends received	738,053	837,102	8,133
Interest paid	(19,846)	(19,722)	(191)
Policyholder dividends paid	(90,280)	(101,686)	(988)
Others, net	(408,429)	(297,517)	(2,890)
Corporate income taxes paid	(33,918)	(117,175)	(1,138)
Net cash flows provided by (used in) operating activities	487,703	1,093,970	10,629
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of monetary claims bought	(20,800)	(33,040)	(321)
Proceeds from sale and redemption of monetary claims bought	28,701	32,924	319
Purchases of money held in trust	(23,500)	(23,287)	(226)
Proceeds from decrease in money held in trust	1,477	—	—
Purchases of securities	(8,441,421)	(8,698,928)	(84,521)
Proceeds from sale and redemption of securities	7,837,464	7,680,239	74,623
Origination of loans	(402,048)	(612,363)	(5,949)
Proceeds from collection of loans	687,176	728,934	7,082
Others, net	162,616	205,504	1,996
Total of net cash provided by (used in) investment transactions	(170,335)	(720,015)	(6,995)
Total of net cash provided by (used in) operating activities and investment transactions	317,368	373,955	3,633
Acquisition of tangible fixed assets	(34,178)	(38,333)	(372)
Proceeds from sale of tangible fixed assets	32,592	15,058	146
Acquisition of intangible fixed assets	(20,322)	(19,249)	(187)
Proceeds from sale of intangible fixed assets	89	18	0
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	—	(2,236)	(21)
Acquisition of stock of subsidiaries	—	(18,501)	(179)
Payments for execution of assets retirement obligations	—	(3)	(0)
Net cash flows provided by (used in) investing activities	(192,153)	(783,262)	(7,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	(2,210)	(31,959)	(310)
Redemption of bonds	—	(51,624)	(501)
Repayment of financial lease obligations	(1,338)	(1,735)	(16)
Proceeds from disposal of treasury stock	2,165	1,932	18
Cash dividends paid	(15,746)	(15,787)	(153)
Others, net	(8)	(14)	(0)
Net cash flows provided by (used in) financing activities	(17,138)	(99,189)	(963)
Effect of exchange rate changes on cash and cash equivalents	5,919	1,157	11
Net increase (decrease) in cash and cash equivalents	284,330	212,676	2,066
Cash and cash equivalents at the beginning of the year	564,387	848,717	8,246
Cash and cash equivalents at the end of the year	848,717	1,061,394	10,312

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2014

(Unit: million yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the year.....	210,207	210,207	156,357	(13,431)	563,340
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....	17	17			35
Dividends			(15,855)		(15,855)
Net income for the year			77,931		77,931
Disposal of treasury stock		37		1,930	1,967
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....			1,055		1,055
Others			62		62
Net changes of items other than shareholders' equity					
Total changes for the year	17	54	63,194	1,930	65,197
Balance at the end of the year	210,224	210,262	219,552	(11,500)	628,538

(Unit: million yen)

	Accumulated other comprehensive income			
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year.....	1,099,351	(1,801)	(36,995)	18,229
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....				
Dividends				
Net income for the year				
Disposal of treasury stock				
Transfer from retained earnings to capital surplus.....				
Transfer from reserve for land revaluation.....				
Others				
Net changes of items other than shareholders' equity	223,379	(784)	(1,325)	1,527
Total changes for the year	223,379	(784)	(1,325)	1,527
Balance at the end of the year	1,322,731	(2,586)	(38,320)	19,756

(Unit: million yen)

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year.....	—	1,078,784	379	6,514	1,649,020
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....					35
Dividends					(15,855)
Net income for the year					77,931
Disposal of treasury stock					1,967
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....					1,055
Others					62
Net changes of items other than shareholders' equity	16,854	239,651	203	(6,458)	233,396
Total changes for the year	16,854	239,651	203	(6,458)	298,593
Balance at the end of the year	16,854	1,318,435	583	55	1,947,613

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2014

(Unit: million US dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year.....	2,042	2,042	1,519	(130)	5,473
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....	0	0			0
Dividends			(154)		(154)
Net income for the year			757		757
Disposal of treasury stock		0		18	19
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....			10		10
Others			0		0
Net changes of items other than shareholders' equity					
Total changes for the year	0	0	614	18	633
Balance at the end of the year	2,042	2,042	2,133	(111)	6,107

(Unit: million US dollars)

	Accumulated other comprehensive income			
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year.....	10,681	(17)	(359)	177
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....				
Dividends				
Net income for the year				
Disposal of treasury stock				
Transfer from retained earnings to capital surplus.....				
Transfer from reserve for land revaluation.....				
Others				
Net changes of items other than shareholders' equity	2,170	(7)	(12)	14
Total changes for the year	2,170	(7)	(12)	14
Balance at the end of the year	12,852	(25)	(372)	191

(Unit: million US dollars)

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year.....	—	10,481	3	63	16,022
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....					0
Dividends					(154)
Net income for the year					757
Disposal of treasury stock					19
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....					10
Others					0
Net changes of items other than shareholders' equity	163	2,328	1	(62)	2,267
Total changes for the year	163	2,328	1	(62)	2,901
Balance at the end of the year	163	12,810	5	0	18,923

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2013

(Unit: million yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the year.....	210,200	210,200	165,557	(16,703)	569,253
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....	7	7			14
Dividends			(15,818)		(15,818)
Net income for the year			32,427		32,427
Disposal of treasury stock		(1,090)		3,272	2,182
Transfer from retained earnings to capital surplus.....		1,090	(1,090)		—
Transfer from reserve for land revaluation.....			(24,718)		(24,718)
Others			0		0
Net changes of items other than shareholders' equity					
Total changes for the year	7	7	(9,199)	3,272	(5,912)
Balance at the end of the year	210,207	210,207	156,357	(13,431)	563,340

(Unit: million yen)

	Accumulated other comprehensive income			
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year.....	483,446	(44)	(61,616)	(8,535)
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....				
Dividends				
Net income for the year				
Disposal of treasury stock				
Transfer from retained earnings to capital surplus.....				
Transfer from reserve for land revaluation.....				
Others				
Net changes of items other than shareholders' equity	615,905	(1,757)	24,621	26,765
Total changes for the year	615,905	(1,757)	24,621	26,765
Balance at the end of the year	1,099,351	(1,801)	(36,995)	18,229

(Unit: million yen)

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year.....	—	413,249	150	9,091	991,745
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....					14
Dividends					(15,818)
Net income for the year					32,427
Disposal of treasury stock					2,182
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....					(24,718)
Others					0
Net changes of items other than shareholders' equity	—	665,534	229	(2,577)	663,187
Total changes for the year	—	665,534	229	(2,577)	657,274
Balance at the end of the year	—	1,078,784	379	6,514	1,649,020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED MARCH 31, 2014

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", the "Company" or the "Parent Company") 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 ¥102.92=US\$1.00, the foreign exchange rate on March 31, 2014, 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 ("DLVN") and TAL Dai-ichi Life Australia Pty Ltd ("TDLA"). The number of consolidated subsidiaries as of March 31, 2014 was twenty-one. Effective the fiscal year ended March 31, 2014, seven new subsidiaries of TDLA and one new subsidiary of DLVN are included in the scope of consolidation. Two subsidiaries of TDLA are excluded from the scope of the consolidation as TDLA disposed of its interest in the subsidiaries.

The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Business Service K.K. and First U Anonymous Association. The fifteen non-consolidated subsidiaries as of March 31, 2014 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, 2014.

The number of affiliated companies under the equity method as of March 31, 2014 was thirty-two. 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, Janus Capital Group Inc. and PT Panin Internasional. Effective the fiscal year ended March 31, 2014, one subsidiary of Janus Capital Group Inc., PT Panin Internasional and its subsidiary were newly included in the scope of the equity method. The non-consolidated subsidiaries (Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Business Service K.K. and First U Anonymous Association 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.

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

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

With respect to tangible fixed assets that 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.

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 four to eight 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.

(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, 2013 and 2014 were ¥472 million and ¥67 million (US\$0 million), respectively.

(5) Reserve for Possible Investment Losses

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

(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) Net Defined Benefit Liabilities

For the net defined benefit liabilities, the amount is provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2014.

a) Allocation of Estimated Retirement Benefits

In calculating the projected benefit obligations, the straight-line method is adopted to allocate estimated retirement benefits to the period until March 31, 2014.

b) Amortization of Actuarial Differences and Past Service Cost

Past service cost is amortized under the straight-line method through a certain period (three years) within the employees’ average remaining service period.

Actuarial differences are amortized under the straight-line method through a certain period (three or seven 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.

(9) 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.

(10) 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)”.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

(15) 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, 2013 and 2014 were ¥150,798 million and ¥126,720 million (US\$1,231 million), respectively.

(16) Changes in Accounting Policies

Effective the fiscal year ended March 31, 2014, DL and its domestic consolidated subsidiaries applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012, hereinafter “the Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012, hereinafter “the Guidance”), except for provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance.

As DL changed the calculation method of net defined benefit liabilities to record them as the projected benefit obligations minus pension assets, the unrecognized actuarial differences and unrecognized past service cost were recorded as net defined benefit liabilities.

Upon the adoption of these new standards, DL followed the transitional treatment stipulated in Paragraph 37 of the Standard and the impact of adoption as of March 31, 2014 is included in the accumulated remeasurements of defined benefit plans as a component of the accumulated other comprehensive income.

As a result, DL recorded ¥385,436 million (US\$3,745 million) of net defined benefit liabilities. Also accumulated other comprehensive income of DL as of March 31, 2014 increased by ¥16,854 million (US\$163 million) as compared to what it would have been if calculated using the previous method.

The impact on per-share information is described XIX. **PER SHARE INFORMATION.**

(17) Accounting Standard and Guidance Scheduled to be Applied

For the fiscal year ended March 31, 2014, accounting standards and the relevant guidance that are not yet applied but scheduled to be applied are as follows:

a) Retirement Benefits

- “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)

i) Overview

From the viewpoint of improvements to financial reporting and promoting international convergence, ASBJ revised the standard and guidance to improve accounting for unrecognized actuarial differences and unrecognized prior service cost and calculation of projected benefit obligations and service costs and to enhance related disclosures.

ii) 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 applied the other components of the standard and guidance at the end of the fiscal year ended March 31, 2014.

iii) Impact of applying the standard and guidance

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

b) Business Combination and Others

- “Accounting Standard for Business Combination” (ASBJ Statement No.21 issued on September 13, 2013),
- “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 issued on September 13, 2013),
- “Accounting Standard for Business Divestitures” (ASBJ Statement No.7 issued on September 13, 2013),
- “Accounting Standard for Earnings Per Share” (ASBJ Statement No.2 issued on September 13, 2013),
- “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10 issued on September 13, 2013) and
- “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4 issued on September 13, 2013)

i) Overview

ASBJ revised the standards and guidance focusing on

- ✓ treatment of changes in a parent company’s stake in its subsidiary in case the parent company continues to control the subsidiary at the time of acquiring additional stake in the subsidiary
- ✓ treatment of expenses related to the acquisition
- ✓ presentation of net income and transition from minority interests to non-controlling interests, and
- ✓ tentative accounting treatment.

ii) Scheduled date for application

DL will apply the revised standards and guidance effective the fiscal year beginning April 1, 2015, although it will apply the tentative accounting treatment for the business combination conducted on or after April 1, 2015.

iii) Impact of applying the standard and guidance

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

(18) 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,			
2013	2014	2014	
(Unit: million yen)		(Unit: million US dollars)	
Securities (Government bonds).....	620,782	752,581	7,312
Securities (Foreign securities)	3,753	4,149	40
Securities (Corporate bonds)	534	527	5
Cash/deposits	86	86	0
Securities and cash/deposits pledged as collateral.....	625,157	757,345	7,358

The amounts of secured liabilities were as follows:

As of March 31,			
2013	2014	2014	
(Unit: million yen)		(Unit: million US dollars)	
Cash collateral for securities lending transactions.....	568,433	773,937	7,519
Loans payable	5	3	0
Secured liabilities	568,438	773,941	7,519

“Securities (Government bonds)” pledged as collateral for securities lending transactions with cash collateral as of March 31, 2013 and 2014 were ¥537,715 million and ¥726,832 million (US\$7,062 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, 2013 and 2014 were ¥741,123 million and ¥1,148,500 million (US\$11,159 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, 2013 and 2014 were as follows:

As of March 31,			
2013	2014	2014	
(Unit: million yen)		(Unit: million US dollars)	
Book value.....	10,794,851	12,461,047	121,075
Market value	12,005,334	13,539,746	131,556

(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:

Year ended March 31, 2013	Year ended March 31, 2014
i) individual life insurance and individual annuity (yen-denominated, short-term),	i) individual life insurance and individual annuity (yen-denominated, short-term),
ii) individual life insurance and individual annuity (U.S. dollar-denominated), and	ii) individual life insurance and individual annuity (yen-denominated, long-term),
iii) individual life insurance and individual annuity (Australian dollar-denominated), with the exception of certain types and contracts.	iii) individual life insurance and individual annuity (U.S. dollar-denominated), and
	iv) individual life insurance and individual annuity (Australian dollar-denominated), with the exception of certain types and contracts.

(3) Addition of Sub-groups

Effective the fiscal year ended March 31, 2014, in order to conduct appropriate duration control, taking into account the duration of liabilities to promote more sophisticated ALM, a certain subsidiary of DL added individual life insurance and individual annuity (yen-denominated, long-term) as a new sub-group. This addition did not have any impact on profits and losses of DL and the subsidiary.

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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Stocks	72,989	98,916	961
Capital	3,990	40,026	388
Total	76,980	138,942	1,350

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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	4,132	4,329	42
Delinquent loans.....	4,679	4,463	43
Loans past due for three months or more.....	—	—	—
Restructured loans	926	35	0
Total	9,738	8,828	85

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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	407	6	0
Delinquent loans.....	65	60	0

6. Commitment Line

As of March 31, 2013 and 2014, there were unused commitment line agreements under which DL is the lender of ¥25,041 million and ¥27,767 million (US\$269 million), respectively.

7. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2013 and 2014 were ¥627,365 million and ¥638,112 million (US\$6,200 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, 2013 and 2014 were ¥2,788,994 million and ¥3,052,249 million (US\$29,656 million), respectively. Separate account liabilities were the same amount as the separate account assets.

9. Reinsurance

As of March 31, 2013 and 2014, 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 ¥12 million and ¥5 million (US\$0 million), respectively.

As of March 31, 2013 and 2014, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥8,236 million and ¥12,262 million (US\$119 million), respectively.

10. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year.....	387,871	392,761	3,816
Dividends paid during the year.....	(90,280)	(101,686)	(988)
Interest accrual during the year.....	9,170	8,946	86
Provision for reserve for policyholder dividends	86,000	94,000	913
Balance at the end of the year	392,761	394,022	3,828

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, 2013 and 2014 were ¥58,654 million and ¥55,825 million (US\$542 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 Issue 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 ¥31,044 million as of March 31, 2013, which included ¥8,883 million attributable to real estate for rent, and ¥20,257 million (US\$196 million) as of March 31, 2014, which included ¥2,032 million (US\$19 million) attributable to real estate for rent.

13. Subordinated Bonds

Subordinated bonds of ¥154,584 million and ¥107,562 million (US\$1,045 million) shown in liabilities as of March 31, 2013 and 2014 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

Issuer	Description	Issuance date	Balance as of April 1, 2013	Balance as of March 31, 2014	Interest rate (%)	Collateral	Maturity date
(Unit: million yen)							
DL	Foreign currency (US dollar) denominated subordinated bonds	March 17, 2004	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	–	–	154,584	107,562	–	–	–

Note: The figures in parentheses represent the principle amount in US dollars.

14. Subordinated Debt

As of March 31, 2013 and 2014, other liabilities included subordinated debt of ¥350,000 million and ¥320,000 million (US\$3,109 million), respectively, the repayment of which is subordinated to other obligations.

Category	Balance as of April 1, 2013	Balance as of March 31, 2014	Average interest rate (%)	Maturity	Balance as of April 1, 2013	Balance as of March 31, 2014
(Unit: million yen)					(Unit: million US dollars)	
Current portions of long-term borrowings	30,001	1	5.2	–	291	0
Current portions of lease obligations...	1,679	1,642	–	–	16	15
Long-term borrowings (excluding current portion)	350,905	348,334	2.7	September 2015 - perpetual	3,409	3,384
Lease obligations (excluding current portion)	5,878	4,385	–	April 2015 - January 2019	57	42
Total	388,465	354,362	–	–	3,774	3,443

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, 2014. 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, 2014:

	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.....	21,275	0	0	0
Lease obligations	1,487	1,253	1,225	418
(Unit: million US dollars)				
Long-term borrowings.....	206	0	0	0
Lease obligations	14	12	11	4

15. Securities Borrowing

Securities borrowed under borrowing agreements and securities received as collateral of reinsurance transactions can be sold or pledged as collateral. As of March 31, 2013 and 2014, the market value of the securities borrowed which were not sold or pledged as collateral was ¥9,644 million and ¥43,418 million (US\$421 million), respectively.

16. Organizational Change Surplus

As of March 31, 2013 and 2014, 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\$1,144 million), respectively.

IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

1. Operating Expenses

Details of operating expenses for the years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses	202,657	229,549	2,230
Sales management expenses	70,947	72,984	709
General management expenses.....	212,814	215,032	2,089

2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Land	3,265	3,373	32
Buildings.....	5,609	237	2
Other tangible fixed assets.....	4	5	0
Other intangible fixed assets.....	–	8	0
Total	8,880	3,624	35

3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Land	3,976	8,008	77
Buildings.....	837	5,333	51
Leased assets	1	1	0
Other tangible fixed assets.....	295	40	0
Software	110	65	0
Other intangible fixed assets.....	581	299	2
Other assets	546	141	1
Total	6,350	13,890	134

4. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the years ended March 31, 2013 and 2014 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, 2013 were as follows:

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

Impairment losses by asset group for the year ended March 31, 2014 were as follows:

Asset Group	Place	Number	Impairment Losses							
			Land	Land Leasehold Rights	Buildings	Total	Land	Land Leasehold Rights	Buildings	Total
			(Unit: million yen)				(Unit: million US dollars)			
Real estate for rent	Shinjuku-Ku, Tokyo and others	2	2,682	6,495	6,154	15,332	26	63	59	148
Real estate not in use	Okayama City, Okayama Prefecture and others	28	3,461	2,718	2,378	8,557	33	26	23	83
Total		30	6,144	9,213	8,532	23,890	59	89	82	232

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 2.73% and 2.66% for the years ended March 31, 2013 and 2014, 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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year	1,006,123	468,991	4,556
Amount reclassified	(117,516)	(145,882)	(1,417)
Before tax adjustment	888,607	323,109	3,139
Tax effect	(272,706)	(99,031)	(962)
Net unrealized gains (losses) on securities, net of tax	615,900	224,078	2,177
Deferred hedge gains (losses)			
Amount incurred during the year	(2,352)	(2,435)	(23)
Amount reclassified	(190)	(143)	(1)
Amount adjusted for asset acquisition cost	–	1,437	13
Before tax adjustment	(2,542)	(1,141)	(11)
Tax effect	784	356	3
Deferred hedge gains (losses)	(1,757)	(784)	(7)
Reserve for land revaluation			
Amount incurred during the year	–	–	–
Amount reclassified	–	–	–
Before tax adjustment	–	–	–
Tax effect	(97)	(269)	(2)
Reserve for land revaluation	(97)	(269)	(2)
Foreign currency translation adjustments			
Amount incurred during the year	23,904	(4,131)	(40)
Amount reclassified	–	–	–
Before tax adjustment	23,904	(4,131)	(40)
Tax effect	–	–	–
Foreign currency translation adjustments	23,904	(4,131)	(40)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year	3,254	5,136	49
Amount reclassified	(113)	(104)	(1)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	3,141	5,031	48
Total other comprehensive income	641,091	223,924	2,175

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

1. 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

(*) The increase of common stock that rounded to 0 thousand shares represents the exercise of stock acquisition rights.

(*) The decrease of 22 thousand shares of 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

(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 stock
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.

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 stock
Total dividends ^(*)	¥15,855 million
Dividends per share	¥1,600
Record date	March 31, 2013
Effective date	June 25, 2013
Dividend resource	Retained earnings

(*) Total dividends did not include ¥145 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, 2014

(1) Type and Number of Shares Outstanding

	At the beginning of the year	Year ended March 31, 2014		
		Increase during the year	Decrease during the year	At the end of the year
		(Unit: thousands of shares)		
Common stock ^{(*)2}	10,000	990,059	—	1,000,060
Treasury stock ^{(*)3)(*)4}	90	8,255	602	7,743

(*)1 The Company conducted a 1:100 share split on October 1, 2013.

(*)2 The increase of 990,059 thousand shares of common stock represents the sum of a) the exercise of stock acquisition rights of 0 thousand shares and b) the stock split 990,059 thousand shares.

(*)3 The increase of 8,255 thousand shares of treasury stock represents the stock split.

(*)4 The decrease of 602 thousand shares of 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, 2014 (Unit: million yen)
DL	Stock acquisition rights in the form of stock options	583 (US\$5 million)

(3) Dividends on Common Stocks

a) Dividends paid during the fiscal year ended March 31, 2014

Date of resolution	June 24, 2013 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends ^(*)	¥15,855 million (US\$154 million)
Dividends per share	¥1,600 (US\$15.54)
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.

b) Dividends, the record date of which was March 31, 2014, to be paid out in the year ending March 31, 2015

Date of resolution	June 24, 2014 (at the Annual General Meeting of Shareholders to be held)
Type of shares	Common stock
Total dividends ^(*)	¥19,846 million (US\$192 million)
Dividends per share ^(*)	¥20 (US\$0.19)
Record date	March 31, 2014
Effective date	June 25, 2014
Dividend resource	Retained earnings

(*) Total dividends did not include ¥154 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.

(*) The Company conducted a 1:100 share split on October 1, 2013. The dividend per share reflects the share split.

VII. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2013 and 2014 were as follows:

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Cash and cash deposits.....	457,517	698,594	6,787
Call loans.....	391,200	362,800	3,525
Cash and cash equivalents	848,717	1,061,394	10,312

VIII. LEASE TRANSACTIONS

1. Finance Leases (As lessee)

For the fiscal year ended March 31, 2013 and 2014, information regarding finance leases (as lessee) is omitted due to the importance on the consolidated financial statements.

2. Operating Leases (As lessee)

Future minimum lease payments under noncancellable operating leases as of March 31, 2013 and 2014 were as follows:

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Due within one year.....	3,117	2,239	21
Due after one year	21,157	17,992	174
Total	24,274	20,232	196

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 impact 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, 2013 and 2014 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, 2013			
	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)		
(1) Cash and deposits.....	457,517	457,534	17
(2) Call loans	391,200	391,200	–
(3) Monetary claims bought.....	285,082	285,082	–
(4) Money held in trust	56,251	56,251	–
(5) Securities			
a. Trading securities	2,906,496	2,906,496	–
b. Held-to-maturity bonds	142,267	147,965	5,698
c. Policy-reserve-matching bonds.....	10,794,851	12,005,334	1,210,483
d. Stocks of subsidiaries and affiliated companies.....	29,768	34,541	4,773
e. Available-for-sale securities.....	14,409,040	14,409,040	–
(6) Loans.....	3,140,990		
Reserves for possible loan losses ^(*)	(3,172)		
	3,137,817	3,262,315	124,497
Total assets	32,610,293	33,955,763	1,345,470
(1) Bonds payable.....	154,584	170,107	15,522
(2) Long-term borrowings.....	380,907	377,110	(3,796)
Total liabilities	535,491	547,218	11,726
Derivative transactions ^(*)			
a. Hedge accounting not applied.....	[16,818]	[16,818]	–
b. Hedge accounting applied	[161,207]	[160,279]	928
Total derivative transactions	[178,025]	[177,097]	928

(*) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(*) Credits/debts from derivative transactions are presented on a net basis. Figures in [] are net debts.

As of March 31, 2014						
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Cash and deposits.....	698,594	698,606	12	6,787	6,787	0
(2) Call loans	362,800	362,800	–	3,525	3,525	–
(3) Monetary claims bought.....	281,859	281,859	–	2,738	2,738	–
(4) Money held in trust	66,400	66,400	–	645	645	–
(5) Securities						
a. Trading securities	3,170,435	3,170,435	–	30,804	30,804	–
b. Held-to-maturity bonds	45,109	48,862	3,753	438	474	36
c. Policy-reserve-matching bonds.....	12,461,047	13,539,746	1,078,698	121,075	131,556	10,480
d. Stocks of subsidiaries and affiliated companies	37,348	44,116	6,768	362	428	65
e. Available-for-sale securities	14,408,024	14,408,024	–	139,992	139,992	–
(6) Loans.....	3,024,702			29,388		
Reserves for possible loan losses ^(*)	(1,846)			(17)		
	3,022,855	3,136,544	113,688	29,370	30,475	1,104
Total assets	34,554,474	35,757,395	1,202,920	335,741	347,429	11,687
(1) Bonds payable.....	107,562	127,995	20,433	1,045	1,243	198
(2) Long-term borrowings.....	348,335	353,867	5,531	3,384	3,438	53
Total liabilities	455,897	481,862	25,965	4,429	4,681	252
Derivative transactions ^(*)						
a. Hedge accounting not applied.....	2,904	2,904	–	28	28	–
b. Hedge accounting applied	[51,825]	[51,315]	509	[503]	[498]	4
Total derivative transactions	[48,921]	[48,411]	509	[475]	[470]	4

(*) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(*) 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,		
	2013	2014	2014
	Carrying amount		
	(Unit: million yen)		(Unit: million US dollars)
1. Unlisted domestic stocks ^(*) ^(*)	156,513	156,509	1,520
2. Unlisted foreign stocks ^(*) ^(*)	18,208	31,046	301
3. Other foreign securities ^(*) ^(*)	846,824	798,089	7,754
4. Other securities ^(*) ^(*)	86,992	95,972	932
Total	1,108,539	1,081,617	10,509

(*) 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 ¥79 million for the year ended March 31, 2013 and ¥5 million (US\$ 0 million) for the year ended March 31, 2014.

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

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

(*) 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 were not included. Also, ¥501,548 million of loans without maturities were not included.

As of March 31, 2014				
	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	698,394	200	–	–
Call loans	362,800	–	–	–
Monetary claims bought	–	23,585	–	244,561
Money held in trust ^(*)	–	2,730	–	–
Securities:				
Held-to-maturity bonds (bonds)	–	–	47,900	–
Policy-reserve-matching bonds (bonds)	317,982	342,117	450,759	10,884,519
Policy-reserve-matching bonds (foreign securities)	300	55,175	274,173	107,557
Available-for-sale securities with maturities (bonds)	390,398	1,260,570	701,335	1,992,102
Available-for-sale securities with maturities (foreign securities) ..	183,597	2,031,333	1,511,424	2,010,915
Available-for-sale securities with maturities (other securities) ...	236	70,353	89,810	210
Loans ^(*)	255,599	1,028,760	754,427	514,774

As of March 31, 2014				
	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	6,785	1	–	–
Call loans	3,525	–	–	–
Monetary claims bought	–	229	–	2,376
Money held in trust ^(*)	–	26	–	–
Securities:				
Held-to-maturity bonds (bonds)	–	–	465	–
Policy-reserve-matching bonds (bonds)	3,089	3,324	4,379	105,757
Policy-reserve-matching bonds (foreign securities)	2	536	2,663	1,045
Available-for-sale securities with maturities (bonds)	3,793	12,248	6,814	19,355
Available-for-sale securities with maturities (foreign securities) ..	1,783	19,737	14,685	19,538
Available-for-sale securities with maturities (other securities) ...	2	683	872	2
Loans ^(*)	2,483	9,995	7,330	5,001

(*) Money held in trust without maturities amounted to ¥63,565 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 ¥6,266 million (US\$ 60 million) were not included. Also, ¥464,467 million (US\$ 4,512 million) of loans without maturities were not included.

Note 4: Scheduled maturities of bonds and long term borrowings

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

(*) ¥107,562 million of bonds payable without maturities were not included.

(*) ¥329,014 million of long term borrowings without maturities were not included.

As of March 31, 2014						
	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)						
Long term borrowings ^(*)	1	21,275	0	0	0	0

As of March 31, 2014						
	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)						
Long term borrowings ^(*)	0	206	0	0	0	0

(*) ¥327,057 million (US\$ 3,177 million) of long term borrowings without maturities were not included.

X. SECURITIES

1. Trading Securities

As of March 31,			
	2013	2014	2014
(Unit: million yen)			(Unit: million US dollars)
Gains (losses) on valuation of trading securities	315,317	118,922	1,155

2. Held-to-maturity Bonds

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

As of March 31, 2014						
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)				(Unit: million US dollars)		
Held-to-maturity bonds with unrealized gains:						
(1) Bonds	45,109	48,862	3,753	438	474	36
a. Government bonds	45,109	48,862	3,753	438	474	36
(2) Foreign securities	—	—	—	—	—	—
a. Foreign bonds	—	—	—	—	—	—
Total	45,109	48,862	3,753	438	474	36

3. Policy-reserve-matching Bonds

As of March 31, 2013			
	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)			
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	10,609,565	11,817,208	1,207,642
a. Government bonds	10,040,231	11,223,444	1,183,212
b. Local government bonds	186,673	194,066	7,392
c. Corporate bonds	382,660	399,697	17,036
(2) Foreign Securities	112,533	116,216	3,682
a. Foreign bonds	112,533	116,216	3,682
Subtotal	10,722,099	11,933,424	1,211,325
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	12,218	12,046	(171)
a. Government bonds	—	—	—
b. Local government bonds	201	201	(0)
c. Corporate bonds	12,017	11,845	(171)
(2) Foreign Securities	60,533	59,863	(669)
a. Foreign bonds	60,533	59,863	(669)
Subtotal	72,752	71,910	(841)
Total	10,794,851	12,005,334	1,210,483

As of March 31, 2014						
	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	11,926,910	13,003,053	1,076,142	115,885	126,341	10,456
a. Government bonds	11,233,673	12,287,943	1,054,269	109,149	119,393	10,243
b. Local government bonds.....	138,689	144,601	5,912	1,347	1,404	57
c. Corporate bonds.....	554,547	570,508	15,960	5,388	5,543	155
(2) Foreign securities	343,307	347,758	4,450	3,335	3,378	43
a. Foreign bonds.....	343,307	347,758	4,450	3,335	3,378	43
Subtotal.....	12,270,218	13,350,811	1,080,593	119,220	129,720	10,499
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds	95,679	95,447	(232)	929	927	(2)
a. Government bonds	70,510	70,479	(31)	685	684	(0)
b. Local government bonds.....	—	—	—	—	—	—
c. Corporate bonds.....	25,169	24,967	(201)	244	242	(1)
(2) Foreign securities	95,149	93,487	(1,661)	924	908	(16)
a. Foreign bonds.....	95,149	93,487	(1,661)	924	908	(16)
Subtotal.....	190,829	188,934	(1,894)	1,854	1,835	(18)
Total.....	12,461,047	13,539,746	1,078,698	121,075	131,556	10,480

4. Available-for-sale Securities

As of March 31, 2013

	Carrying amount	Acquisition cost	Unrealized gains (losses)
(Unit: million yen)			
Available-for-sale securities with unrealized gains:			
(1) Bonds	5,805,653	5,377,103	428,550
a. Government bonds	3,910,382	3,565,845	344,536
b. Local government bonds	112,261	106,992	5,269
c. Corporate bonds	1,783,009	1,704,265	78,743
(2) Domestic stocks	1,930,168	1,196,220	733,948
(3) Foreign securities	5,389,343	4,847,380	541,963
a. Foreign bonds	4,932,803	4,469,456	463,346
b. Other foreign securities	456,540	377,923	78,616
(4) Other securities	421,434	379,921	41,513
Subtotal	13,546,600	11,800,625	1,745,975
Available-for-sale securities with unrealized losses:			
(1) Bonds	227,149	231,317	(4,167)
a. Government bonds	111,560	112,084	(524)
b. Local government bonds	102	103	(0)
c. Corporate bonds	115,486	119,128	(3,642)
(2) Domestic stocks	320,107	410,668	(90,560)
(3) Foreign securities	546,369	588,794	(42,424)
a. Foreign bonds	399,680	425,932	(26,252)
b. Other foreign securities	146,689	162,861	(16,172)
(4) Other securities	88,894	91,914	(3,019)
Subtotal	1,182,521	1,322,694	(140,172)
Total	14,729,122	13,123,319	1,605,803

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 acquisition cost and carrying amount of such certificates of deposits were ¥35,000 million and ¥34,999 million, respectively, as of March 31, 2013. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥267,993 million and ¥285,082 million, respectively, as of March 31, 2013.

As of March 31, 2014						
	Carrying amount	Acquisition cost	Unrealized gains (losses)	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Available-for-sale securities with unrealized gains:						
(1) Bonds	4,520,051	4,202,729	317,321	43,918	40,834	3,083
a. Government bonds	2,861,998	2,608,822	253,176	27,807	25,348	2,459
b. Local government bonds.....	104,111	100,523	3,588	1,011	976	34
c. Corporate bonds.....	1,553,941	1,493,383	60,557	15,098	14,510	588
(2) Domestic stocks.....	2,331,534	1,345,838	985,695	22,653	13,076	9,577
(3) Foreign securities	6,248,424	5,586,906	661,518	60,711	54,283	6,427
a. Foreign bonds.....	5,649,038	5,119,855	529,183	54,887	49,745	5,141
b. Other foreign securities	599,385	467,050	132,334	5,823	4,537	1,285
(4) Other securities	586,839	535,163	51,676	5,701	5,199	502
Subtotal.....	13,686,849	11,670,637	2,016,212	132,985	113,395	19,590
Available-for-sale securities with unrealized losses:						
(1) Bonds	150,575	151,927	(1,352)	1,463	1,476	(13)
a. Government bonds	51,947	52,299	(352)	504	508	(3)
b. Local government bonds.....	105	105	(0)	1	1	(0)
c. Corporate bonds.....	98,523	99,522	(999)	957	966	(9)
(2) Domestic stocks.....	206,165	260,058	(53,892)	2,003	2,526	(523)
(3) Foreign securities	604,037	630,623	(26,586)	5,868	6,127	(258)
a. Foreign bonds.....	475,347	496,017	(20,669)	4,618	4,819	(200)
b. Other foreign securities	128,690	134,606	(5,916)	1,250	1,307	(57)
(4) Other securities	57,255	58,514	(1,259)	556	568	(12)
Subtotal.....	1,018,033	1,101,124	(83,090)	9,891	10,698	(807)
Total.....	14,704,883	12,771,761	1,933,121	142,876	124,094	18,782

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 acquisition cost and carrying amount of such certificates of deposits were ¥15,000 million (US\$145 million) and ¥15,000 million (US\$145 million), respectively, as of March 31, 2014. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥268,110 million (US\$2,605 million) and ¥281,859 million (US\$2,738 million), respectively, as of March 31, 2014.

5. Held-to-maturity Bonds Sold

DL and its consolidated subsidiaries sold no held-to-maturity bonds during the years ended March 31, 2013 and 2014.

6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the years ended March 31, 2013 and 2014 were as follows:

Year ended March 31, 2013						
	Amounts sold	Realized gains	Realized losses			
	(Unit: million yen)					
(1) Bonds	694,578	39,613	2,830			
a. Government bonds	694,578	39,613	2,830			
(2) Foreign securities	9,887	1,384	–			
a. Foreign bonds	9,887	1,384	–			
Total	704,466	40,997	2,830			

Year ended March 31, 2014						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	–	–	–	–	–	–
a. Government bonds	–	–	–	–	–	–
(2) Foreign securities	14,093	2,119	–	136	20	–
a. Foreign bonds	14,093	2,119	–	136	20	–
Total	14,093	2,119	–	136	20	–

7. Available-for-sale Securities Sold

Available-for-sale securities sold during the years ended March 31, 2013 and 2014 were as follows.

Year ended March 31, 2013						
	Amounts sold	Realized gains	Realized losses			
(Unit: million yen)						
(1) Bonds	2,323,245	65,869	329			
a. Government bonds.....	2,139,462	61,634	271			
b. Local government bonds.....	6,556	70	0			
c. Corporate bonds.....	177,226	4,164	57			
(2) Domestic stocks.....	146,388	28,272	22,832			
(3) Foreign securities	2,869,685	91,315	40,210			
a. Foreign bonds.....	2,823,505	87,980	29,588			
b. Other foreign securities	46,180	3,335	10,622			
(4) Other securities	1,737	132	–			
Total.....	5,341,057	185,589	63,373			

Year ended March 31, 2014						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			(Unit: million US dollars)			
(1) Bonds	1,692,240	48,416	6,656	16,442	470	64
a. Government bonds.....	1,424,135	41,570	5,247	13,837	403	50
b. Local government bonds.....	890	197	–	8	1	–
c. Corporate bonds.....	267,215	6,648	1,408	2,596	64	13
(2) Domestic stocks.....	154,113	40,648	9,027	1,497	394	87
(3) Foreign securities	3,566,085	119,230	51,633	34,649	1,158	501
a. Foreign bonds.....	3,493,369	103,435	47,827	33,942	1,005	464
b. Other foreign securities	72,715	15,795	3,806	706	153	36
(4) Other securities	1,436	2	176	13	0	1
Total.....	5,413,876	208,298	67,494	52,602	2,023	655

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, 2013 and 2014 were ¥3,131 million and ¥1,401million (US\$13 million), respectively.

XI. MONEY HELD IN TRUST

Money Held in Trust for Trading

As of March 31,			
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount on the consolidated balance sheet	56,251	63,565	617
Gains (losses) on valuation of money held in trust.....	(12,130)	(18,389)	(178)

Money Held in Trust Classified as Available-For-Sale

As of March 31, 2014						
	Carrying amount	Acquisition cost	Unrealized gains (losses)	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Money held in trust classified as available-for-sale with unrealized gains:						
Money held in trust classified as available-for-sale.....	2,835	2,587	247	27	25	2
Total.....	2,835	2,587	247	27	25	2

XII. DERIVATIVE TRANSACTIONS

1. Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions

As of March 31, 2013				
	(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	1,414,300	–	(16,530)	(16,530)
U.S. dollar	741,240	–	(13,625)	(13,625)
Euro	265,344	–	(2,345)	(2,345)
Australian dollar	71,327	–	(376)	(376)
British pound	48,783	–	(442)	(442)
Canadian dollar	22,717	–	0	0
Others	264,885	–	258	258
Bought	1,168,220	–	(653)	(653)
U.S. dollar	576,066	–	1,109	1,109
Euro	205,113	–	(1,915)	(1,915)
Australian dollar	59,030	–	5	5
British pound	33,812	–	269	269
Canadian dollar	24,927	–	67	67
Others	269,268	–	(189)	(189)
Currency swaps				
Receipts yen, payments foreign				
currency	1,560	1,560	(506)	(506)
Australian dollar	1,560	1,560	(506)	(506)
Total				(17,690)

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)".

As of March 31, 2014

As of March 31, 2014								
	(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	1,630,028	—	(8,705)	(8,705)	15,837	—	(84)	(84)
U.S. dollar	805,133	—	(1,904)	(1,904)	7,822	—	(18)	(18)
Euro	286,081	—	(1,233)	(1,233)	2,779	—	(11)	(11)
Australian dollar	148,558	—	(3,680)	(3,680)	1,443	—	(35)	(35)
British pound	92,889	—	(446)	(446)	902	—	(4)	(4)
Canadian dollar	80,417	—	(31)	(31)	781	—	(0)	(0)
Others	216,948	—	(1,409)	(1,409)	2,107	—	(13)	(13)
Bought	1,290,787	—	1,794	1,794	12,541	—	17	17
U.S. dollar	626,321	—	406	406	6,085	—	3	3
Euro	160,550	—	355	355	1,559	—	3	3
Australian dollar	115,970	—	290	290	1,126	—	2	2
British pound	85,696	—	24	24	832	—	0	0
Canadian dollar	79,092	—	0	0	768	—	0	0
Others	223,155	—	716	716	2,168	—	6	6
Currency swaps:								
Receipts yen, payments								
foreign currency	1,560	1,560	(449)	(449)	15	15	(4)	(4)
Australian dollar	1,560	1,560	(449)	(449)	15	15	(4)	(4)
Currency options:								
Bought:								
Put	207,940				2,020			
	[1,317]	—	55	(1,261)	[12]	—	0	(12)
U.S. dollar	207,940				2,020			
	[1,317]	—	55	(1,261)	[12]	—	0	(12)
Total return swaps:								
Foreign currency								
index linked	57,760	57,760	1,890	1,890	561	561	18	18
Total				(6,731)				(65)

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.

(4) Fair value of total return swaps is based on fair value calculated by referred index of 31 March 2014.

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)".

(2) Interest-related transactions

As of March 31, 2013

As of March 31, 2018				
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Exchange-traded transactions:				
Interest rate futures:				
Sold	23,451	—	(3)	(3)
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating..	18,010	14,510	498	498
Receipts floating, payments fixed..	3,700	3,700	(74)	(74)
Total				420

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, 2014								
	(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:								
Yen interest rate swaps:								
Receipts fixed, payments floating.....	20,820	17,770	384	384	202	172	3	3
Receipts floating, payments fixed.....	4,900	4,900	(94)	(94)	47	47	(0)	(0)
Yen interest rate swaptions:								
Bought:								
Receipts floating, payments fixed ..	480,000	480,000			4,663	4,663		
	[11,594]	[11,594]	5,220	(6,374)	[112]	[112]	50	(61)
Total				(6,085)				(59)

Note: 1. (1) 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) An option pricing model is used for fair value calculation of yen interest rate swaptions.
2. Figures in [] are option premiums which are included in the consolidated balance sheet.
3. Fair value for swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

(3) Stock-related transactions

As of March 31, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold	4,285	(14)	(14)
Bought.....	8,779	255	255
Foreign currency-denominated stock index futures:			
Sold	4,398	(27)	(27)
Bought.....	5,740	(1)	(1)
Total.....			212

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, 2014						
	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	40,645	37	37	394	0	0
Bought.....	10,153	288	288	98	2	2
Foreign currency-denominated stock index futures:						
Sold	18,749	(319)	(319)	182	(3)	(3)
Bought.....	11,016	148	148	107	1	1
Total.....			154			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.

(4) Bond-related transactions

As of March 31, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold.....	12,759	(40)	(40)
Bought	41,654	92	92
Foreign currency-denominated bond futures:			
Sold.....	2,985	(10)	(10)
Yen bond futures options:			
Sold			
Put	42,850		
	[17]	24	(6)
Over-the-counter transactions:			
Bond OTC options:			
Sold:			
Call	6,175		
	[22]	81	(59)
Put	65,258		
	[80]	46	34
Bought:			
Call	65,258		
	[58]	319	260
Put	6,175		
	[27]	29	1
Total.....			271

Note: 1. (1) Fair value of yen bond futures, foreign currency-denominated 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 for option transaction, 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, 2014						
	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	112,052	(116)	(116)	1,088	(1)	(1)
Foreign currency-denominated bond futures:						
Sold.....	18,217	11	11	177	0	0
Over-the-counter transactions:						
Bond OTC options:						
Sold:						
Call	431,678			4,194		
	[4,174]	2,100	2,074	[40]	20	20
Put	17,731			172		
	[38]	40	(1)	[0]	0	(0)
Bought:						
Call	17,731			172		
	[33]	9	(23)	[0]	0	(0)
Put	431,678			4,194		
	[8,456]	4,891	(3,565)	[82]	47	(34)
Total.....			(1,622)			(15)

Note: 1. (1) Fair value of yen bond futures and foreign currency-denominated bond futures is based on the closing exchange-traded prices.
 (2) An option pricing model is used for fair value calculation of bond OTC options.
 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 for option transaction, 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, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange traded transactions:			
Currency futures:			
Sold	31,272	(332)	(332)
(Yen / U.S. dollar)	31,272	(332)	(332)
Bought	15,317	(95)	(95)
(Euro / U.S. dollar)	10,649	(102)	(102)
(British pound / U.S. dollar)	4,667	7	7
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold	28,018	(146)	(146)
U.S. dollar	15,872	(99)	(99)
Euro	5,822	(32)	(32)
Canadian dollar	2,127	(7)	(7)
Australian dollar	1,529	(10)	(10)
British pound	1,230	0	0
Others	1,435	2	2
Total			(574)

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, 2014						
	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	2,135	(1)	(1)	20	(0)	(0)
(Euro / U.S. dollar)	1,495	3	3	14	0	0
(British pound / U.S. dollar)	640	(4)	(4)	6	(0)	(0)
Bought	4,461	(47)	(47)	43	(0)	(0)
(Yen / U.S. dollar)	4,461	(47)	(47)	43	(0)	(0)
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold	57,694	(293)	(293)	560	(2)	(2)
U.S. dollar	27,903	(93)	(93)	271	(0)	(0)
Euro	15,246	(2)	(2)	148	(0)	(0)
British pound	4,306	(24)	(24)	41	(0)	(0)
Canadian dollar	3,496	(10)	(10)	33	(0)	(0)
Australian dollar	3,232	(125)	(125)	31	(1)	(1)
Others	3,507	(37)	(37)	34	(0)	(0)
Bought	19,024	81	81	184	0	0
U.S. dollar	9,735	41	41	94	0	0
Euro	4,932	24	24	47	0	0
British pound	1,194	5	5	11	0	0
Australian dollar	948	3	3	9	0	0
Canadian dollar	929	2	2	9	0	0
Others	1,283	4	4	12	0	0
Total			(261)			(2)

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, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold	11,846	(96)	(96)
Bought.....	13,407	35	35
Foreign currency-denominated stock index futures:			
Sold	9,045	(59)	(59)
Bought.....	13,595	3	3
Total			(116)

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.

3. There were no transactions with maturity of more than one year in the table above.				As of March 31, 2014		
	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	13,942	(553)	(553)	135	(5)	(5)
Foreign currency-denominated stock index futures:						
Sold	9,978	(190)	(190)	96	(1)	(1)
Total			(744)			(7)

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, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Bought.....	29,031	60	60
Foreign currency-denominated bond futures:			
Sold	32,188	(123)	(123)
Bought.....	19,033	204	204
Total			141

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, 2014						
	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.....	33,571	(20)	(20)	326	(0)	(0)
Foreign currency-denominated bond futures:						
Sold	42,888	40	40	416	0	0
Total			20			0

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, 2013			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Deferral hedge:			
Currency swaps to hedge foreign currency-denominated bonds:			
Receipts yen, payments			
foreign currency.....	9,877	9,877	(1,139)
U.S. dollar	9,877	9,877	(1,139)
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold.....	2,427,927	—	(145,161)
U.S. dollar	1,481,780	—	(138,325)
Euro	660,985	—	(4,347)
British pound.....	167,377	—	(188)
Australian dollar	62,762	—	(1,348)
Canadian dollar	14,290	—	17
Others	40,731	—	(968)
Bought	8,601	—	421
U.S. dollar	7,012	—	462
Euro	710	—	(25)
British pound.....	440	—	(7)
Australian dollar	131	—	(1)
Others	306	—	(6)
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⁾)
Australian dollar	180,277	—	(⁽¹⁾)
U.S. dollar	84,982	—	(⁽¹⁾)
Currency swaps to hedge foreign currency-denominated bonds payable:			
Receipts foreign currency,			
payments yen	107,562	107,562	(⁽²⁾)
U.S. dollar	107,562	107,562	(⁽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.

As of March 31, 2014

	(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.....	42,977	42,977	(2,602)	417	417	(25)
U.S. dollar	42,977	42,977	(2,602)	417	417	(25)
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold.....	2,734,183	—	(47,814)	26,566	—	(464)
U.S. dollar	1,116,047	—	(22,338)	10,843	—	(217)
Euro.....	1,063,706	—	(12,887)	10,335	—	(125)
Australian dollar	207,160	—	(8,166)	2,012	—	(79)
British pound.....	141,008	—	(318)	1,370	—	(3)
Canadian dollar	14,462	—	(248)	140	—	(2)
Others	191,798	—	(3,854)	1,863	—	(37)
Bought	4,323	—	28	42	—	0
U.S. dollar	3,247	—	19	31	—	0
British pound.....	641	—	8	6	—	0
Euro.....	434	—	(0)	4	—	(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.....	516,987	—	(⁽¹⁾)	5,023	—	(⁽¹⁾)
Australian dollar	329,055	—	(⁽¹⁾)	3,197	—	(⁽¹⁾)
U.S. dollar	187,932	—	(⁽¹⁾)	1,826	—	(⁽¹⁾)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:						
Receipts yen, payments						
foreign currency.....	117,482	117,482	(⁽²⁾)	1,141	1,141	(⁽²⁾)
Foreign currency-denominated bonds payable:						
U.S. dollar.....	107,562	107,562	(⁽²⁾)	1,045	1,045	(⁽²⁾)
Foreign currency-denominated loans:						
U.S. dollar.....	9,920	9,920	(⁽²⁾)	96	96	(⁽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 and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.

(2) Interest-related transactions

As of March 31, 2013			
	(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	(1,786)
Special hedge accounting			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating ...	52,100	19,700	928

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, 2014						
	(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	(1,143)	3,109	3,109	(11)
Special hedge accounting						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating...	25,500	14,800	509	247	143	4

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
(Unit: million yen)		
Fair value hedge		
Equity forward contracts to hedge domestic stocks:		
Sold.....	34,949	(13,541)

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.

As of March 31, 2014				
	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.....	53,072	(293)	515	(2)

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.

XIII. EMPLOYEES' RETIREMENT BENEFITS

For the year ended March 31, 2013

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, 2013
	(Unit: million yen)
a. Projected benefit obligations	(664,761)
b. Pension assets	235,369
Retirement benefit trust included in the above pension assets	120,596
c. Unfunded benefit obligations (a + b)	(429,392)
d. Unrecognized actuarial differences	(10,344)
e. Unrecognized gains/losses on plan amendments	2
f. Reserve for employees' retirement benefits (c + d + e)	(439,734)

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

3. Retirement Benefit Expenses

	Year ended March 31, 2013
	(Unit: million yen)
a. Service cost (Note)	25,968
b. Interest cost	11,311
c. Estimated investment income	(1,803)
d. Amortization of unrecognized actuarial differences	5,907
e. Amortization of unrecognized gains/losses on plan amendments	9
f. Others	176
g. Retirement benefit expenses (a + b + c + d + e + f)	41,570

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, 2013
Method of periodic allocation of estimated retirement benefits	straight-line method
Discount rate	1.1 or 1.7%
Estimated return on investment	
a. Defined benefit corporate pension	1.0 or 1.7%
b. Retirement benefit trust	0.0%
Amortization period for actuarial differences	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)

For the year ended March 31, 2014

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. Defined benefit plans

(1) Reconciliations of beginning and ending balances of projected benefit obligations (Except for the plans which apply the simplified method)

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Beginning balance of the projected benefit obligation.....	664,459	6,456
Service cost.....	24,559	238
Interest cost.....	10,740	104
Accruals of actuarial gains and losses	419	4
Payment of retirement benefits	(34,726)	(337)
Changes associated with the transition to a defined contribution pension plan.....	(30,794)	(299)
Ending balance of the projected benefit obligation.....	634,657	6,166

Note: Amount that the Company transferred to the defined contribution pension plan for the fiscal year ended March 31, 2014 is ¥31,393 million (US\$305 million), and is scheduled to be transferred in four years. The ¥22,133 million (US\$215 million) not transferred as of the current fiscal year-end are recorded in other liabilities.

(2) Reconciliations of beginning and ending balances of pension assets (Except for the plans which apply the simplified method)

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Beginning balance of pension assets.....	235,369	2,286
Expected return on assets.....	1,935	18
Accruals of actuarial gains and losses	12,949	125
Contributions from the employer.....	7,569	73
Payment of retirement benefits	(8,265)	(80)
Ending balance of pension assets	249,559	2,424

(3) Reconciliations of beginning and ending balances of net defined benefit liabilities for the plans which apply the simplified method

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Beginning balance of the net defined benefit liabilities.....	302	2
Retirement benefit expenses.....	104	1
Payment of retirement benefits	(68)	(0)
Others	0	0
Ending balance of the net defined benefit liabilities.....	338	3

(4) Reconciliations of year-end balance of projected benefit obligations and pension assets, and net defined benefit liabilities and assets that have been recorded in the consolidated balance sheet

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Projected benefit obligation of funded plans	349,797	3,398
Pension assets	(249,559)	(2,424)
	100,237	973
Projected benefit obligation of unfunded plans	285,198	2,771
Net of assets and liabilities recorded in the consolidated balance sheet	385,436	3,745
Net defined benefit liabilities	385,436	3,745
Net defined benefit assets.....	—	—
Net of assets and liabilities recorded in the consolidated balance sheet	385,436	3,745

(5) Amount of the components of retirement benefit expenses

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Service cost.....	24,559	238
Interest cost.....	10,740	104
Expected return on assets	(1,935)	(18)
Expense of actuarial gains and losses	1,404	13
Expense of prior service cost.....	2	0
Retirement benefit expenses calculated in simplified method.....	104	1
Others.....	654	6
Retirement benefit expenses of defined benefit plans.....	35,530	345

(6) Accumulated remeasurements of defined benefit plans

Breakdown of items recorded in accumulated remeasurements of defined benefit plans (before applicable tax effect) is as follows:

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Unrecognized actuarial gains (losses).....	(24,336)	(236)
Total	(24,336)	(236)

(7) Pension assets

a) Main components of the pension assets

Ratios of the major assets to the total pension assets are as follows:

Stock	58%
Life insurance general account	17%
Bond.....	16%
Others.....	9%
Total	100%

Note: 51% of the total pension assets is retirement benefit trust that has been set for the unfunded retirement benefit plans.

b) The method of setting the long-term expected rate of return on pension assets

To determine the long-term expected rate of return on pension assets, DL has taken into account the allocation of pension assets at present and in future, and long-term rate of return on a variety of assets that make up the pension assets at present and in future.

(8) Calculation basis of actuarial gains and losses

Major assumptions of actuarial gains and losses as of the current fiscal year-end are as follows:

Discount rate	1.1 or 1.7%
Long-term expected rate of return	
Defined benefit corporate pension	1.0 or 1.7%
Employee pension trust.....	0.0%

3. Defined contribution Plans

Required amount of contribution to defined contribution plans is ¥1,536 million (US\$14 million).

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, 2013: ¥244 million

Operating expenses for the fiscal year ended March 31, 2014: ¥238 million (US\$2 million)

2. Details of the stock options granted for the fiscal year ended March 31, 2014

(1) Details of the stock options

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd 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	11 directors (except outside directors) and 17 executive officers of DL
Class and total number ^(*)	169,800 shares of common stock	318,700 shares of common stock	183,700 shares of common stock
Granted date	August 16, 2011	August 16, 2012	August 16, 2013
Vesting conditions	The acquisition rights are vested on the above granted date.	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	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.	From August 17, 2013 to August 16, 2043 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.

(*) It has been described in terms of the number of shares. The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split

(2) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2014 and the total number of stock options is translated to the number of common stock.

a) Number of the stock options (shares)

(shares)

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights
Before vesting			
Outstanding at the end of prior fiscal year	–	–	–
Granted	–	–	183,700
Forfeited	–	–	–
Vested	–	–	183,700
Outstanding at the end of the fiscal year	–	–	–

After vesting			
Outstanding at the end of prior fiscal year	153,200	318,700	–
Vested	–	–	183,700
Exercised	15,400	28,000	–
Forfeited	–	–	–
Outstanding at the end of the fiscal year	137,800	290,700	183,700

Note: It has been described in terms of the number of shares. The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

b) Price information

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥1,277	¥1,277	–
Fair value at the granted date	¥885	¥766	¥1,300

Note: It has been described in terms of the number of shares. The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

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

Stock options granted for the fiscal year ended March 31, 2014 were valued as follows:

(1) Valuation method

Black-Scholes Model

(2) Assumptions

	3rd Series of Stock Acquisition Rights
Expected volatility ^{(*)1}	40.280%
Expected durations ^{(*)2}	3 years
Expected dividends ^{(*)3}	¥20
Risk-free interest rate ^{(*)4}	0.142%

^{(*)1} Computed based on the closing prices of common stock in each trading day from August 16, 2010 to August 15, 2013.

^{(*)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, 2014. In addition, the Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the stock split.

^{(*)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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others.....	405,907	443,531	4,309
Reserve for employees' retirement benefits	163,467	–	–
Net defined benefits liabilities.....	–	144,801	1,406
Reserve for price fluctuations.....	27,620	36,255	352
Losses on valuation of securities.....	18,824	17,414	169
Tax losses carried forward	13,775	13,389	130
Others	32,828	46,216	449
Subtotal	662,424	701,608	6,817
Valuation allowances	(68,985)	(76,227)	(740)
Total.....	593,438	625,381	6,076
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax.....	(487,237)	(579,931)	(5,634)
Other intangible fixed assets	(13,987)	(13,623)	(132)
Reserve for tax basis adjustments of real estate.....	(9,222)	(10,416)	(101)
Accrued dividend receivables.....	(6,637)	(7,093)	(68)
Others	(22,227)	(23,690)	(230)
Total.....	(539,313)	(634,755)	(6,167)
Net deferred tax assets (liabilities).....	54,125	(9,374)	(91)

2. The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes

	Year ended March 31,	
	2013	2014
Statutory tax rate.....	33.23%	33.23%
(Adjustments)		
Increase in valuation allowances.....	17.30%	5.39%
Difference in tax rate associated with special corporate tax for reconstruction	12.59%	4.78%
Decrease in deferred tax assets in relation to change in tax rates	–	3.40%
Others.....	(15.83%)	1.32%
Actual effective tax rate after considering deferred taxes.....	47.29%	48.13%

3. Adjustment of deferred tax assets and liabilities due to changes in effective statutory tax rate

With the promulgation of the “Law for partial revision of income tax (No. 10, 2014 Law)” and “Government ordinance for partial revision of the government ordinance related to corporate special reconstruction tax (No. 151, 2014 Government ordinance)”, the effective tax rate to be used in the calculation of deferred tax liabilities and deferred tax assets for the fiscal year beginning April 1, 2014 has been changed to 30.68% from 33.23%.

As a result of this change, deferred tax assets decreased by ¥4,925 million (US\$47 million) and corporate income taxes-deferred increased by ¥4,964 million (US\$48 million).

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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance.....	3,551	2,855	27
Time progress adjustments.....	38	41	0
Others.....	(734)	(65)	(0)
Ending balance.....	2,855	2,831	27

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 years ended March 31, 2013 and 2014 were ¥24,807 million and ¥26,116 million (US\$253 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded impairment loss on real estate for rent as extraordinary losses for the fiscal years ended March 31, 2013 and 2014 that were ¥2,949 million and ¥19,196 million (US\$186 million), respectively.

The carrying amount, net change during the year and the market value of such rental real estate were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount			
Beginning balance.....	840,711	814,007	7,909
Net change during year.....	(26,703)	(10,914)	(106)
Ending balance.....	814,007	803,093	7,803
Market value.....	768,069	792,311	7,698

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 ¥26,014 million, sale of the real estate for ¥28,411 million and the depreciation expense of ¥14,597 million during the year ended March 31, 2013, and cost of acquisition of the real estate for ¥40,155 million (US\$390 million), sale of the real estate for ¥21,790 million (US\$211 million), impairment loss for ¥19,196 million (US\$186 million) and depreciation expense of ¥14,184 million (US\$137 million), during the year ended March 31, 2014.
3. DL calculates the market value of the majority of the real estate for rent 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, 2013 and 2014

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, 2013 and 2014

(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, 2013 and 2014

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 years ended March 31, 2013 and 2014

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, 2013 and 2014

Not applicable

6. Related Party Transactions

For the years ended March 31, 2013 and 2014

There are no significant transactions to be disclosed.

XIX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2013	2014	2014
	(Unit: yen)		(Unit: US dollars)
Net assets per share	1,657.14	1,962.05	19.06
Net income per share	32.75	78.58	0.76
Diluted net income per share	32.74	78.54	0.76

Note 1: The Company conducted a 1:100 share split on October 1, 2013. Net income per share and diluted net income per share are calculated, assuming that the share split was conducted at the beginning of the previous fiscal year.

Note 2: The Company applied the accounting standard for retirement benefits, etc., and followed the handling transitional provisions of paragraph 37 accounting standard for retirement benefits as described in the "Changes in Accounting Policies". As a result, net assets per share for this fiscal year increased by ¥16.98 (US\$0.16).

Note 3: 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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income	32,427	77,931	757
Net income attributable to other than shareholders of common stock.....	—	—	—
Net income attributable to shareholders of common stock	32,427	77,931	757
Average number of common stock outstanding ^(*)	990,010	991,732	991,732
	thousand shares	thousand shares	thousand shares
Diluted net income per share			
Adjustments to net income.....	—	—	—
Increase in the number of common stock.....	365 thousand shares	554 thousand shares	554 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares]	[365 thousand shares]	[554 thousand shares]	[554 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	—	—	—

(*) "Average number of common stock outstanding" in the above table excludes shares held by the J-ESOP or the E-Ship®.

Note 4: Underlying basis for the calculation of the net assets per share was as follows:

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Net assets	1,649,020	1,947,613	18,923
Adjustments	6,894	639	6
Subscription rights to shares.....	379	583	5
Minority interests	6,514	55	(0)
Net assets attributable to common stock.....	1,642,125	1,946,974	18,917
Number of common stock outstanding ^(*)	990,940	992,316	992,316
	thousand	thousand	thousand
	shares	shares	shares

(*) "Number of common stock outstanding" in the above table excludes shares held by the J-ESOP or the E-Ship®.

XX. SUBSEQUENT EVENTS

- The board of directors of DL resolved to acquire 100% of the outstanding shares of Protective Life Corporation ("Protective") at the board meeting held on June 4, 2014 and entered into a definitive agreement with Protective on the same day that a 100% owned subsidiary of DL established in the U.S. solely for the purpose of the acquisition process will be merged with Protective.

(1) Purpose of share acquisition

The Group aims to accelerate globalization of its business as a group by acquiring a business foundation in the U.S., the largest life insurance market in the world, to enhance corporate value and profit base, and achieve a geographical diversification.

(2) Acquired company's name and business, etc.

a) Name of the acquired company

Protective Life Corporation

b) Business

Insurance and insurance related business ^(*)

(*) Protective is a holding company and its subsidiaries operate insurance business, etc.

c) Location

South Birmingham, Alabama, USA

d) Results of operations (consolidated basis, for the fiscal year ended December 2013)

Premium and policy fees.....	US\$2,981 million	(¥304.1 billion)
Net income	US\$393 million	(¥40.1 billion)

e) Financial conditions (consolidated basis, as of the end of December 2013)

Total assets.....	US\$68,784 million	(¥7,015.9 billion)
Net assets	US\$3,714 million	(¥378.9 billion)
Capital stock	US\$44 million	(¥4.5 billion)

f) Others

Common stock of Protective is listed in the New York Stock Exchange.

(3) Schedule of share acquisition

Although we intend to acquire the shares by December 2014 to January 2015, the acquisition is subject to approval of both the U.S. and Japanese regulatory authorities, etc. and, therefore, the actual schedule may differ from original plan.

(4) Amount to be invested and DL's percentage of share holdings after completion of the transaction

a) Amount to be invested

The acquiring price is expected to be approximately US\$5,708 million (approximately ¥582.2 billion) and US\$70 per share (¥7,140). Upon acquisition, it is forecasted that specific compensation and fee to be paid to outside advisors, etc. will occur.

- b) DL's percentage of share holdings after completion of the transaction
100%

(5) Source of consideration

In addition to cash in hand, DL plans a fundraising through newly issuance of common stocks based on the Shelf Registration Statement.

(6) Others

The acquisition will be executed by merging Protective and DL Investment (Delaware), Inc., a 100% owned subsidiary of DL established in the U.S. solely for the purpose of the acquisition process. The merger will come into effect subject to approval of Protective's shareholders, and Protective is the surviving corporation. Through this process and by paying a cash consideration to Protective's existing shareholders, DL will acquire 100% ownership of Protective. The acquisition is subject to the approval of various regulatory authorities in Japan and the U.S.

Note. The exchange rate used to calculate the yen-denominated amount is 1USD = 102JPY.

2. The board of directors of DL resolved to file a Shelf Registration Statement for the issuance of new shares at the board meeting held on June 4, 2014.

(1) Class of offered securities

Common stock of DL

(2) Scheduled issue period

The period until the day when passed one year from the scheduled effective date of the shelf registration (from June 12, 2014 until June 11, 2015)

(3) Scheduled issue amount

A maximum amount of ¥250 billion

(4) Offering method

To be determined

(5) Use of proceeds

To be appropriated in full to the funds for the acquisition of Protective

3. On June 16, 2014, DL entered into an agreement with Sampo Japan Insurance Inc. for the acquisition of whole stake in Sampo Japan DIY Life Insurance Co., Ltd. ("DIY Life").

(1) Purpose of share acquisition

The Group aims to offer insurance products of new brand through a network of agents in consideration of diversity of customers' needs to develop a new market by acquiring DIY Life.

(2) Counterparty to share acquisition

Sampo Japan Insurance Inc.

(3) Acquired company's name and business, etc.

a) Name of acquired company

Sampo Japan DIY Life Insurance Co., Ltd.

b) Business

Life insurance business

c) Results of operations (for the fiscal year ended March 2014)

Premium and other income	¥3,901 million	(\$37 million)
Net income	¥139 million	(\$1 million)

d) Financial conditions (as of the end of March 2014)

Total assets.....	¥5,033 million	(\$48 million)
Net assets	¥3,837 million	(\$37 million)
Capital stock	¥10,100 million	(\$98 million)

(4) Schedule of share acquisition

In July, 2014 (scheduled)

(5) 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
360,000 shares

b) Amount to be invested
DL will acquire the 90% stake in DIY Life for ¥5.4 billion (\$52 million) (¥15,000 per share (\$145 per share)). Upon acquisition, it is forecasted that specific compensation and fee to be paid to outside advisors, etc. will occur.

c) DL's percentage of share holdings after completion of the transaction
100%

(6) Others

The acquisition is subject to the approval of regulatory authorities in Japan.

XXI. QUARTERLY INFORMATION

	Three months ended June 30, 2013	Six months ended September 30, 2013	Nine months ended December 31, 2013	Year ended March 31, 2014
Ordinary revenues (million yen)	1,436,042	2,975,233	4,477,081	6,044,955
Income (loss) before income taxes and minority interests (million yen)	49,805	90,363	130,379	147,010
Net income (loss) (million yen)	26,307	47,937	73,889	77,931
Net income (loss) per share (yen)	26.54	48.35	74.52	78.58

	Three months ended June 30, 2013	Three months ended September 30, 2013	Three months ended December 31, 2013	Three months ended March 31, 2014
Net income (loss) per share (yen)	26.54	21.81	26.16	4.07

	Three months ended June 30, 2013	Six months ended September 30, 2013	Nine months ended December 31, 2013	Year ended March 31, 2014
Ordinary revenues (million US dollars)	13,952	28,908	43,500	58,734
Income (loss) before income taxes and minority interests (million US dollars)	483	877	1,266	1,428
Net income (loss) (million US dollars)	255	465	717	757
Net income (loss) per share (US dollars)	0.25	0.46	0.72	0.76

	Three months ended June 30, 2013	Three months ended September 30, 2013	Three months ended December 31, 2013	Three months ended March 31, 2014
Net income (loss) per share (US dollars)	0.25	0.21	0.25	0.03

Note: The Company conducted a 1:100 share split on October 1, 2013. Net income per share are calculated, assuming that the share split was conducted at the beginning of the previous fiscal year.



Building a better
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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 of March 31, 2014, and the consolidated statements of earnings, comprehensive income, cash flows, and 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 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 of March 31, 2014, 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, 2014

A member firm of Ernst & Young Global Limited

Non-Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2013	2014	2014
(ASSETS)			
Cash and deposits	363,601	573,973	5,576
Cash	309	220	2
Bank deposits	363,292	573,752	5,574
Call loans	365,800	334,500	3,250
Monetary claims bought	283,103	275,818	2,679
Money held in trust	24,071	34,699	337
Securities	27,161,984	28,005,170	272,106
Government bonds	14,323,032	14,169,860	137,678
Local government bonds	290,628	235,000	2,283
Corporate bonds	2,137,606	2,044,589	19,865
Stocks	2,842,790	3,136,437	30,474
Foreign securities	7,165,487	7,938,499	77,132
Other securities	402,437	480,783	4,671
Loans	3,139,671	3,023,173	29,374
Policy loans	480,229	452,938	4,400
Ordinary loans	2,659,441	2,570,235	24,973
Tangible fixed assets	1,236,034	1,215,576	11,810
Land	794,387	796,436	7,738
Buildings	429,561	408,390	3,968
Leased assets	7,588	6,133	59
Construction in progress	524	1,349	13
Other tangible fixed assets	3,972	3,266	31
Intangible fixed assets	100,909	88,549	860
Software	68,665	65,824	639
Other intangible fixed assets	32,243	22,725	220
Reinsurance receivable	14,096	11,046	107
Other assets	288,309	369,894	3,593
Accounts receivable	69,311	88,330	858
Prepaid expenses	13,811	13,425	130
Accrued revenue	125,805	140,570	1,365
Deposits	40,102	52,276	507
Margin money for futures trading	7,119	33,596	326
Differential account for futures trading	80	2	0
Derivatives	12,928	19,128	185
Suspense payment	8,895	13,713	133
Other assets	10,255	8,850	85
Deferred tax assets	65,570	11,163	108
Customers' liabilities for acceptances and guarantees	33,446	88,225	857
Reserve for possible loan losses	(4,109)	(2,753)	(26)
Reserve for possible investment losses	-	(215)	(2)
Total assets	33,072,490	34,028,823	330,633

Non-Consolidated Balance Sheet (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2013	2014	2014
(LIABILITIES)			
Policy reserves and others	29,168,377	29,744,001	289,001
Reserves for outstanding claims	138,570	150,709	1,464
Policy reserves	28,637,045	29,199,269	283,708
Reserve for policyholder dividends	392,761	394,022	3,828
Reinsurance payable	727	657	6
Subordinated bonds	154,584	107,562	1,045
Other liabilities	1,413,825	1,498,375	14,558
Collateral for securities lending transactions	568,433	773,937	7,519
Long-term debt and other borrowings	359,019	327,060	3,177
Corporate income tax payable	56,612	63,523	617
Accounts payable	89,424	117,445	1,141
Accrued expenses	46,281	45,760	444
Unearned revenue	1,046	743	7
Deposits received	53,883	53,445	519
Guarantee deposits received	31,935	33,396	324
Derivatives	188,880	68,662	667
Lease liabilities	7,545	6,018	58
Asset retirement obligations	2,855	2,831	27
Suspense receipt	7,857	5,473	53
Other liabilities	48	76	0
Reserve for employees' retirement benefits	437,514	407,170	3,956
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,327	2,141	20
Reserve for possible reimbursement of prescribed claims	700	800	7
Reserves under the special laws	88,453	116,453	1,131
Reserve for price fluctuations	88,453	116,453	1,131
Deferred tax liabilities for land revaluation	94,842	91,595	889
Acceptances and guarantees	33,446	88,225	857
Total liabilities	31,394,799	32,056,983	311,474
(NET ASSETS)			
Capital stock	210,207	210,224	2,042
Capital surplus	210,207	210,262	2,042
Legal capital surplus	210,207	210,224	2,042
Other capital surplus	-	37	0
Retained earnings	216,541	287,286	2,791
Legal retained earnings	5,600	5,600	54
Other retained earnings	210,941	281,686	2,736
Fund for risk allowance	43,120	43,120	418
Fund for price fluctuation allowance	65,000	65,000	631
Reserve for tax basis adjustments of real estate	20,838	23,534	228
Retained earnings brought forward	81,982	150,031	1,457
Treasury stock	(13,431)	(11,500)	(111)
Total shareholders' equity	623,524	696,272	6,765
Net unrealized gains (losses) on securities, net of tax	1,092,583	1,315,890	12,785
Deferred hedge gains (losses)	(1,801)	(2,586)	(25)
Reserve for land revaluation	(36,995)	(38,320)	(372)
Total of valuation and translation adjustments	1,053,786	1,274,983	12,388
Subscription rights to shares	379	583	5
Total net assets	1,677,691	1,971,839	19,158
Total liabilities and net assets	33,072,490	34,028,823	330,633

Non-Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2013	2014	2014
Ordinary revenues	4,315,957	4,384,670	42,602
Premium and other income	2,921,863	2,868,061	27,866
Premium income	2,921,183	2,867,246	27,858
Reinsurance income	680	815	7
Investment income	1,104,462	1,161,432	11,284
Interest and dividends	695,667	775,206	7,532
Interest from bank deposits	6,170	7,422	72
Interest and dividends from securities	541,982	620,515	6,029
Interest from loans	76,336	72,669	706
Rental income	63,359	66,327	644
Other interest and dividends	7,819	8,271	80
Gains on money held in trust	4,904	5,821	56
Gains on sale of securities	211,859	202,364	1,966
Gains on redemption of securities	3,887	25,127	244
Reversal of reserve for possible loan losses	898	1,334	12
Other investment income	20,649	2,568	24
Gains on investments in separate accounts	166,594	149,010	1,447
Other ordinary revenues	289,631	355,176	3,450
Fund receipt for annuity rider of group insurance	692	768	7
Fund receipt for claim deposit payment	273,136	298,358	2,898
Reversal of provision for retirement benefits	–	30,998	301
Other ordinary revenues	15,802	25,051	243
Ordinary expenses	4,142,150	4,077,058	39,613
Benefits and claims	2,467,768	2,439,165	23,699
Claims	762,305	715,702	6,953
Annuities	554,669	574,517	5,582
Benefits	505,888	453,389	4,405
Surrender values	519,955	525,941	5,110
Other refunds	123,603	168,288	1,635
Ceding reinsurance commissions	1,346	1,325	12
Provision for policy reserves and others	642,751	583,309	5,667
Provision for reserves for outstanding claims	8,184	12,138	117
Provision for policy reserves	625,396	562,223	5,462
Provision for interest on policyholder dividends	9,170	8,946	86
Investment expenses	206,514	213,928	2,078
Interest expenses	18,849	19,041	185
Losses on sale of securities	66,196	67,303	653
Losses on valuation of securities	3,210	1,401	13
Losses on redemption of securities	1,637	3,050	29
Derivative transaction losses	48,996	49,146	477
Foreign exchange losses	15,462	19,915	193
Provision for reserve for possible investment losses	–	215	2
Write-down of loans	429	31	0
Depreciation of real estate for rent and others	14,606	14,198	137
Other investment expenses	37,124	39,623	384
Operating expenses	408,876	410,515	3,988
Other ordinary expenses	416,239	430,140	4,179
Claim deposit payments	341,855	331,778	3,223
National and local taxes	23,228	22,260	216
Depreciation	37,372	36,028	350
Provision for reserve for employees' retirement benefits	5,314	–	–
Other ordinary expenses	8,467	40,071	389
Ordinary profit	173,806	307,612	2,988

Non-Consolidated Statement of Earnings (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2013	2014	2014
Extraordinary gains.....	8,877	3,618	35
Gains on disposal of fixed assets	8,877	3,618	35
Extraordinary losses	23,502	66,415	645
Losses on disposal of fixed assets	6,197	13,870	134
Impairment losses on fixed assets	3,128	23,890	232
Provision for reserve for price fluctuations.....	14,000	28,000	272
Other extraordinary losses	176	654	6
Provision for reserve for policyholder dividends	86,000	94,000	913
Income before income taxes	73,182	150,815	1,465
Corporate income taxes-current	76,190	112,720	1,095
Corporate income taxes-deferred	(54,473)	(47,449)	(461)
Total of corporate income taxes	21,716	65,270	634
Net income for the year	51,465	85,544	831

Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2014

(Unit: million yen)

	Shareholders' equity				Retained earnings
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at the beginning of the year.....	210,207	210,207	—	210,207	5,600
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....	17	17		17	
Dividends					—
Net income for the year					—
Disposal of treasury stock			37	37	
Transfer from retained earnings to capital surplus.....					—
Transfer to reserve for tax basis adjustments of real estate					—
Transfer from reserve for tax basis adjustments of real estate ..					—
Transfer from reserve for land revaluation.....					—
Net changes of items other than shareholders' equity					—
Total changes for the year	17	17	37	54	—
Balance at the end of the year	210,224	210,224	37	210,262	5,600

(Unit: million yen)

	Shareholders' equity				Retained earnings
	Other retained earnings				Total retained earnings
	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward	
Balance at the beginning of the year.....	43,120	65,000	20,838	81,982	216,541
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....					—
Dividends				(15,855)	(15,855)
Net income for the year				85,544	85,544
Disposal of treasury stock					—
Transfer from retained earnings to capital surplus.....					—
Transfer to reserve for tax basis adjustments of real estate			2,824	(2,824)	—
Transfer from reserve for tax basis adjustments of real estate ..			(129)	129	—
Transfer from reserve for land revaluation.....				1,055	1,055
Net changes of items other than shareholders' equity					—
Total changes for the year	—	—	2,695	68,049	70,745
Balance at the end of the year	43,120	65,000	23,534	150,031	287,286

(Unit: million yen)

	Shareholders' equity		Valuation and translation adjustments	
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year.....	(13,431)	623,524	1,092,583	(1,801)
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....		35		
Dividends		(15,855)		
Net income for the year		85,544		
Disposal of treasury stock	1,930	1,967		
Transfer from retained earnings to capital surplus.....		—		
Transfer to reserve for tax basis adjustments of real estate		—		
Transfer from reserve for tax basis adjustments of real estate ..		—		
Transfer from reserve for land revaluation.....		1,055		
Net changes of items other than shareholders' equity			223,306	(784)
Total changes for the year	1,930	72,747	223,306	(784)
Balance at the end of the year	(11,500)	696,272	1,315,890	(2,586)

(Unit: million yen)

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Reserve for land revaluation	Total of valuation and translation adjustments		
Balance at the beginning of the year.....	(36,995)	1,053,786	379	1,677,691
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....				35
Dividends				(15,855)
Net income for the year				85,544
Disposal of treasury stock				1,967
Transfer from retained earnings to capital surplus.....				—
Transfer to reserve for tax basis adjustments of real estate				—
Transfer from reserve for tax basis adjustments of real estate ..				—
Transfer from reserve for land revaluation.....				1,055
Net changes of items other than shareholders' equity	(1,325)	221,196	203	221,400
Total changes for the year	(1,325)	221,196	203	294,148
Balance at the end of the year	(38,320)	1,274,983	583	1,971,839

Non-Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2014

(Unit: million US dollars)

	Shareholders' equity				Retained earnings
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	
Balance at the beginning of the year.....	2,042	2,042	—	2,042	54
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....	0	0		0	
Dividends				—	
Net income for the year				—	
Disposal of treasury stock			0	0	
Transfer from retained earnings to capital surplus.....				—	
Transfer to reserve for tax basis adjustments of real estate				—	
Transfer from reserve for tax basis adjustments of real estate ..				—	
Transfer from reserve for land revaluation.....				—	
Net changes of items other than shareholders' equity					
Total changes for the year	0	0	0	0	—
Balance at the end of the year	2,042	2,042	0	2,042	54

(Unit: million US dollars)

(Unit: million US dollars)

	Shareholders' equity				
	Retained earnings				
	Other retained earnings				
	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward	Total retained earnings
Balance at the beginning of the year.....	418	631	202	796	2,103
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....					—
Dividends				(154)	(154)
Net income for the year				831	831
Disposal of treasury stock					—
Transfer from retained earnings to capital surplus.....					—
Transfer to reserve for tax basis adjustments of real estate			27	(27)	—
Transfer from reserve for tax basis adjustments of real estate..			(1)	1	—
Transfer from reserve for land revaluation.....				10	10
Net changes of items other than shareholders' equity					
Total changes for the year	—	—	26	661	687
Balance at the end of the year	418	631	228	1,457	2,791

(Unit: million US dollars)

	Shareholders' equity		Valuation and translation adjustments	
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year.....	(130)	6,058	10,615	(17)
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....		0		
Dividends		(154)		
Net income for the year		831		
Disposal of treasury stock	18	19		
Transfer from retained earnings to capital surplus.....		—		
Transfer to reserve for tax basis adjustments of real estate		—		
Transfer from reserve for tax basis adjustments of real estate ..		—		
Transfer from reserve for land revaluation.....		10		
Net changes of items other than shareholders' equity			2,169	(7)
Total changes for the year	18	706	2,169	(7)
Balance at the end of the year	(111)	6,765	12,785	(25)

(Unit: million US dollars)

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Reserve for land revaluation	Total of valuation and translation adjustments		
Balance at the beginning of the year.....	(359)	10,238	3	16,300
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....				0
Dividends				(154)
Net income for the year				831
Disposal of treasury stock				19
Transfer from retained earnings to capital surplus.....				—
Transfer to reserve for tax basis adjustments of real estate				—
Transfer from reserve for tax basis adjustments of real estate ..				—
Transfer from reserve for land revaluation.....				10
Net changes of items other than shareholders' equity	(12)	2,149	1	2,151
Total changes for the year	(12)	2,149	1	2,858
Balance at the end of the year	(372)	12,388	5	19,158

Non-Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2013

(Unit: million yen)

	Capital stock	Shareholders' equity			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	
Balance at the beginning of the year.....	210,200	210,200	—	210,200	5,600
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....	7	7		7	
Dividends					—
Net income for the year					—
Disposal of treasury stock			(1,090)	(1,090)	
Transfer from retained earnings to capital surplus.....			1,090	1,090	
Transfer to reserve for tax basis adjustments of real estate					—
Transfer from reserve for tax basis adjustments of real estate ..					—
Transfer from reserve for land revaluation.....					—
Net changes of items other than shareholders' equity					—
Total changes for the year	7	7	—	7	—
Balance at the end of the year	210,207	210,207	—	210,207	5,600

(Unit: million yen)

	Fund for risk allowance	Fund for price fluctuation allowance	Shareholders' equity		Total retained earnings
			Other retained earnings	Retained earnings brought forward	
Balance at the beginning of the year.....	43,120	65,000	19,352	73,630	206,703
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....					—
Dividends				(15,818)	(15,818)
Net income for the year				51,465	51,465
Disposal of treasury stock					—
Transfer from retained earnings to capital surplus.....				(1,090)	(1,090)
Transfer to reserve for tax basis adjustments of real estate			1,621	(1,621)	—
Transfer from reserve for tax basis adjustments of real estate ..			(135)	135	—
Transfer from reserve for land revaluation.....				(24,718)	(24,718)
Net changes of items other than shareholders' equity					—
Total changes for the year	—	—	1,486	8,351	9,837
Balance at the end of the year	43,120	65,000	20,838	81,982	216,541

(Unit: million yen)

	Shareholders' equity		Valuation and translation adjustments	
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year.....	(16,703)	610,399	479,490	(44)
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....		14		
Dividends		(15,818)		
Net income for the year		51,465		
Disposal of treasury stock	3,272	2,182		
Transfer from retained earnings to capital surplus.....		—		
Transfer to reserve for tax basis adjustments of real estate		—		
Transfer from reserve for tax basis adjustments of real estate ..		—		
Transfer from reserve for land revaluation.....		(24,718)		
Net changes of items other than shareholders' equity			613,092	(1,757)
Total changes for the year	3,272	13,124	613,092	(1,757)
Balance at the end of the year	(13,431)	623,524	1,092,583	(1,801)

(Unit: million yen)

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Reserve for land revaluation	Total of valuation and translation adjustments		
Balance at the beginning of the year.....	(61,616)	417,829	150	1,028,379
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....				14
Dividends				(15,818)
Net income for the year				51,465
Disposal of treasury stock				2,182
Transfer from retained earnings to capital surplus.....				—
Transfer to reserve for tax basis adjustments of real estate				—
Transfer from reserve for tax basis adjustments of real estate ..				—
Transfer from reserve for land revaluation.....				(24,718)
Net changes of items other than shareholders' equity	24,621	635,957	229	636,186
Total changes for the year	24,621	635,957	229	649,311
Balance at the end of the year	(36,995)	1,053,786	379	1,677,691

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2014

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 ¥102.92=US\$1.00, the foreign exchange rate on March 31, 2014, 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 Bonds

Held-to-maturity bonds 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 statements 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	two to sixty years
Other tangible fixed assets	two to twenty years

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

With respect to tangible fixed assets that 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.

(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 five 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.

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 subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

5. 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, 2013 and 2014 were ¥472 million and ¥67 million (US\$0 million), respectively.

6. Reserve for Possible Investment Losses

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

7. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of March 31, 2014.

(1) Allocation of estimated retirement benefits

Estimated retirement benefits are allocated under the straight-line method over the period ended March 31, 2014.

(2) Amortization of actuarial differences

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

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 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); 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. Other Basic Accounting Policies for Preparing Financial Statements

(1) Accounting Treatment of Retirement Benefits

The accounting treatment of unrecognized actuarial differences related to the retirement benefits for the non-consolidated financial statements is different from that for the consolidated financial statements.

(2) 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.

(3) 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:

- 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.

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, 2013 and 2014 were ¥150,798 million and ¥126,720 million (US\$1,231 million), respectively.

(4) Change in Presentation Method

a) According to the form 11 of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. (The Ordinance on Financial Statements, etc., or the Ordinance) (No.6 of the Notice Regarding Presentation), we changed the presentation method in the details of tangible fixed assets stipulated in the Article 121, paragraph 1, item 2 of the Ordinance. The difference between the book values after and before the revaluation is performed for a provision of special laws or other reasons are presented in parentheses in the columns of "beginning balance" and "ending balance" in addition to the columns of "increase" and "decrease" where the information was disclosed previously.

b) The presentation of the following notes are omitted:

- i) Notes to lease transactions (stipulated in Article 8-6 of the Ordinance) are omitted according to Article 8-6, paragraph 4 of the Ordinance.
- ii) Notes to asset retirement obligations (stipulated in Article 8-28 of the Ordinance) are omitted according to Article 8-28, paragraph 2 of the Ordinance.
- iii) Notes to accumulated depreciation (stipulated in Article 26 of the Ordinance) are omitted according to Article 26, paragraph 2 of the Ordinance.
- iv) Notes to revaluation of land for business purpose (stipulated in Article 42 of the Ordinance) are omitted according to Article 42, paragraph 3 of the Ordinance.
- v) Notes to net assets per share (stipulated in Article 68-4 of the Ordinance) are omitted according to Article 68-4, paragraph 3 of the Ordinance.
- vi) Notes to impairment losses (stipulated in Article 95-3-2 of the Ordinance) are omitted according to Article 95-3-2, paragraph 2 of the Ordinance.
- vii) Notes to net income (loss) per share (stipulated in Article 95-5-2 of the Ordinance) are omitted according to Article 95-5-2, paragraph 3 of the Ordinance.
- viii) Notes to diluted net income per share (stipulated in Article 95-5-3 of the Ordinance) are omitted according to Article 95-5-3, paragraph 4 of the Ordinance.
- ix) Notes to treasury stock (stipulated in Article 107 of the Ordinance) are omitted according to Article 107, paragraph 2 of the Ordinance.

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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Securities (Government bonds).....	617,658	748,497	7,272
Securities (Foreign securities)	3,753	4,149	40
Cash/deposits	86	86	0
Securities and cash/deposits pledged as collateral.....	621,499	752,733	7,313

The amounts of secured liabilities were as follows:

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Cash collateral for securities lending transactions.....	568,433	773,937	7,519
Loans payable	5	3	0
Secured liabilities	568,438	773,941	7,519

“Securities (Government bonds)” pledged as collateral for securities lending transactions with cash collateral as of March 31, 2013 and 2014 were ¥537,715 million and ¥726,832 million (US\$7,062 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, 2013 and 2014 was ¥730,672 million and ¥1,138,159 million (US\$11,058 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, 2013 and 2014 were as follows:

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Book value.....	10,499,119	11,726,939	113,942
Market value	11,705,797	12,799,665	124,365

(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, 2013 and 2014 were ¥368,020 million and ¥446,574 million (US\$4,339 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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	4,132	4,329	42
Delinquent loans.....	4,679	4,463	43
Loans past due for three months or more.....	–	–	–
Restructured loans	926	35	0
Total	9,738	8,828	85

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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	407	6	0
Delinquent loans.....	65	60	0

6. Commitment Line

As of March 31, 2013 and 2014, there were unused commitment line agreements under which DL is the lender of ¥25,041 million and ¥27,767 million (US\$269 million), respectively.

7. 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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Receivables	14,617	70,667	686
Payables.....	4,119	4,585	44

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, 2013 and 2014 were ¥1,230,778 million and ¥1,243,437 million (US\$12,081 million), respectively. Separate account liabilities were the same amount as the separate account assets.

9. Reinsurance

As of March 31, 2013 and 2014, 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 ¥10 million and ¥4 million (US\$0 million), respectively.

As of March 31, 2013 and 2014, 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.

10. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year.....	387,871	392,761	3,816
Dividends paid during the year.....	(90,280)	(101,686)	(988)
Interest accrual during the year.....	9,170	8,946	86
Provision for reserve for policyholder dividends	86,000	94,000	913
Balance at the end of the year	392,761	394,022	3,828

11. 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, 2013 and 2014 were ¥56,749 million and ¥53,689 million (US\$521 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

12. Subordinated Bonds

Subordinated bonds of ¥154,584 million and ¥107,562 million (US\$1,045 million) shown in liabilities as of March 31, 2013 and 2014 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

13. Subordinated Debt

As of March 31, 2013 and 2014, long-term debt and other borrowings included subordinated debt of ¥350,000 million and ¥320,000 million (US\$3,109 million), respectively, the repayment of which is subordinated to other obligations.

14. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2013 and 2014, the market value of the securities borrowed which were not sold or pledged was ¥5,204 million and ¥35,402 million (US\$343 million), respectively, among which no securities were pledged as collateral.

15. Organizational Change Surplus

As of March 31, 2013 and 2014, 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\$1,144 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, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Revenues.....	14,737	13,852	134
Expenses.....	27,710	27,951	271

2. Gains on Sale of Securities

The breakdown of gains on sale of securities for the fiscal years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds	103,546	47,647	462
Domestic stocks.....	28,404	40,648	394
Foreign securities	79,908	114,065	1,108
Other securities	—	2	0

3. Losses on Sale of Securities

The breakdown of losses on sale of securities for the fiscal years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds	3,158	6,576	63
Domestic stocks	22,832	9,027	87
Foreign securities	40,204	51,522	500
Other securities	–	176	1

4. Losses on Valuation of Securities

The breakdown of losses on valuation of securities for the fiscal years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Domestic stocks	2,669	39	0
Foreign securities	541	1,361	13

5. Gains/Losses on Money Held in Trust

Gains (losses) on money held in trust included gains on valuation of securities of ¥6,783 million for the fiscal year ended March 31, 2013, and gains on valuation of securities of ¥789 million (US\$7 million) for the fiscal year ended March 31, 2014.

6. Derivative Transaction Gains/Losses

Derivative transaction gains (losses) included valuation gains of ¥2,315 million for the fiscal year ended March 31, 2013 and valuation gains of ¥361 million (US\$3 million) for the fiscal year ended March 31, 2014.

7. Reinsurance

For the fiscal year ended March 31, 2013, in calculating a provision for reserve for outstanding claims, a provision for reserve for outstanding claims reinsured of ¥1 million was deducted, while, in calculating a provision for policy reserves, a provision for reserve for policy reserves reinsured of ¥0 million was deducted.

For the fiscal year ended March 31, 2014, in calculating a provision for reserves for outstanding claims, a reversal of reserve for outstanding claims reinsured of ¥6 million (US\$0 million) was added, 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 fiscal years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Land	3,265	3,373	32
Buildings	5,609	237	2
Other tangible fixed assets	1	0	0
Other intangible fixed assets	–	8	0
Total	8,877	3,618	35

9. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the fiscal years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Land	3,976	8,008	77
Buildings	837	5,333	51
Leased assets	1	1	0
Other tangible fixed assets	144	25	0
Software	110	64	0
Other intangible fixed assets	581	299	2
Other assets	546	137	1
Total	6,197	13,870	134

V. SECURITIES

1. Stocks of DL's subsidiaries and affiliated companies with market value as of March 31, 2013 and 2014

As of March 31, 2013			
	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)			
Stocks of affiliated companies	27,622	34,541	6,918

As of March 31, 2014						
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)				(Unit: million US dollars)		
Stocks of subsidiaries	1,418	1,418	—	13	13	—
Stocks of affiliated companies	27,037	42,698	15,661	262	414	152
Total	28,455	44,116	15,661	276	428	152

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,			
	2013	2014	2014
(Unit: million yen)		(Unit: million US dollars)	
Stocks of subsidiaries	317,138	376,341	3,656
Stocks of affiliated companies	23,259	41,777	405

VI. DEFERRED TAX ACCOUNTING

1. Major components of deferred tax assets and liabilities

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others	375,457	408,593	3,970
Reserve for employees' retirement benefits	162,675	151,343	1,470
Reserve for price fluctuations	27,382	35,727	347
Losses on valuation of securities	18,824	17,414	169
Impairment losses	6,062	11,590	112
Others	21,389	28,957	281
Subtotal	611,792	653,626	6,350
Valuation allowances	(29,271)	(31,374)	(304)
Total	582,520	622,252	6,045
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax	(484,017)	(576,387)	(5,600)
Reserve for tax basis adjustments of real estate	(9,222)	(10,416)	(101)
Accrued dividend receivables	(6,637)	(7,093)	(68)
Others	(17,073)	(17,191)	(167)
Total	(516,950)	(611,088)	(5,937)
Net deferred tax assets	65,570	11,163	108

2. The Principal Reasons for the Difference Between the Statutory Tax rate and Actual Effective Tax Rate after Considering Deferred Taxes were as Follows:

	As of March 31,	
	2013	2014
Statutory tax rate	33.23%	33.23%
(Adjustments)		
Difference in tax rate associated with special corporate tax for reconstruction	9.65%	4.62%
Decrease in deferred tax assets in relation to changes in tax rates	—	3.29%
Increase/decrease in valuation allowances	(0.20%)	1.47%
Others	(13.01%)	0.67%
Actual effective tax rate after considering deferred taxes	29.67%	43.28%

3. Adjustment of Deferred Tax Assets and Liabilities due to Changes in Effective Statutory Tax Rate

With the promulgation of the “Law for partial revision of income tax (No. 10, 2014 Law)” and “Government ordinance for partial revision of the government ordinance related to corporate special reconstruction tax (No. 151, 2014 Government ordinance)”, the effective tax rate to be used in the calculation of deferred tax liabilities and deferred tax assets for the fiscal year beginning April 1, 2014 has been changed to 30.68% from 33.23%.

As a result of this change, deferred tax assets decreased by ¥4,925 million (US\$47 million) and corporate income taxes-deferred increased by ¥4,964 million (US\$48 million).

VII. SUBSEQUENT EVENTS

1. The board of directors of DL resolved to acquire 100% of the outstanding shares of Protective Life Corporation ("Protective") at the board meeting held on June 4, 2014 and entered into a definitive agreement with Protective on the same day that a 100% owned subsidiary of DL established in the U.S. solely for the purpose of the acquisition process will be merged with Protective.

- (1) Purpose of share acquisition

The Group aims to accelerate globalization of its business as a group by acquiring a business foundation in the U.S., the largest life insurance market in the world, to enhance corporate value and profit base, and achieve a geographical diversification.

- (2) Acquired company's name and business, etc.

- a) Name of the acquired company

Protective Life Corporation

- b) Business

Insurance and insurance related business ^(*)

^(*) Protective is a holding company and its subsidiaries operate insurance business, etc.

- c) Location

South Birmingham, Alabama, USA

- d) Results of operations (consolidated basis, for the fiscal year ended December 2013)

Premium and policy fees	US\$2,981 million	(¥304.1 billion)
Net income	US\$393 million	(¥40.1 billion)

- e) Financial conditions (consolidated basis, as of the end of December 2013)

Total assets	US\$68,784 million	(¥7,015.9 billion)
Net assets	US\$3,714 million	(¥378.9 billion)
Capital stock	US\$44 million	(¥4.5 billion)

- f) Others

Common stock of Protective is listed in the New York Stock Exchange.

- (3) Schedule of share acquisition

Although we intend to acquire the shares by December 2014 to January 2015, the acquisition is subject to approval of both the U.S. and Japanese regulatory authorities, etc. and, therefore, the actual schedule may differ from original plan.

- (4) Amount to be invested and DL's percentage of share holdings after completion of the transaction

- a) Amount to be invested

The acquiring price is expected to be approximately US\$5,708 million (approximately ¥582.2 billion) and US\$70 per share (¥7,140). Upon acquisition, it is forecasted that specific compensation and fee to be paid to outside advisors, etc. will occur.

- b) DL's percentage of share holdings after completion of the transaction

100%

- (5) Source of consideration

In addition to cash in hand, DL plans a fundraising through newly issuance of common stocks based on the Shelf Registration Statement.

- (6) Others

The acquisition will be executed by merging Protective and DL Investment (Delaware), Inc., a 100% owned subsidiary of DL established in the U.S. solely for the purposed of the acquisition process. The merger will come into effect subject to approval of Protective's shareholders, and Protective is the surviving corporation. Through this process and by paying a cash consideration to Protective's existing shareholders, DL will acquire 100% ownership of Protective. The acquisition is subject to the approval of various regulatory authorities in Japan and the U.S.

Note. The exchange rate used to calculate the yen-denominated amount is 1USD = 102JPY.

2. The board of directors of DL resolved to file a Shelf Registration Statement for the issuance of new shares at the board meeting held on June 4, 2014.

(1) Class of offered securities

Common stock of DL

(2) Scheduled issue period

The period until the day when passed one year from the scheduled effective date of the shelf registration (from June 12, 2014 until June 11, 2015)

(3) Scheduled issue amount

A maximum amount of ¥250 billion

(4) Offering method

To be determined

(5) Use of proceeds

To be appropriated in full to the funds for the acquisition of Protective

3. On June 16, 2014, DL entered into an agreement with Sampo Japan Insurance Inc. for the acquisition of whole stake in Sampo Japan DIY Life Insurance Co., Ltd. ("DIY Life").

(1) Purpose of share acquisition

The Group aims to offer insurance products of new brand through a network of agents in consideration of diversity of customers' needs to develop a new market by acquiring DIY Life.

(2) Counterparty to share acquisition

Sampo Japan Insurance Inc.

(3) Acquired company's name and business, etc.

a) Name of acquired company

Sampo Japan DIY Life Insurance Co., Ltd.

b) Business

Life insurance business

c) Results of operations (for the fiscal year ended March 2014)

Premium and other income	¥3,901 million	(\$37 million)
Net income	¥139 million	(\$1 million)

d) Financial conditions (as of the end of March 2014)

Total assets	¥5,033 million	(\$48 million)
Net assets	¥3,837 million	(\$37 million)
Capital stock	¥10,100 million	(\$98 million)

(4) Schedule of share acquisition

In July, 2014 (scheduled)

(5) 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

360,000 shares

b) Amount to be invested

DL will acquire the 90% stake in DIY Life for ¥5.4 billion (\$52 million) (¥15,000 per share (\$145 per share)). Upon acquisition, it is forecasted that specific compensation and fee to be paid to outside advisors, etc. will occur.

c) DL's percentage of share holdings after completion of the transaction

100%

(6) Others

The acquisition is subject to the approval of regulatory authorities in Japan.

VIII. SUPPLEMENTAL TABLES

1. Details of Operating Expenses for the Fiscal Year Ended March 31, 2014

	Year Ended March 31, 2014	
	(Unit: million yen)	(Unit: million US dollars)
Sales activity expenses	166,961	1,622
Related to sales representatives	163,678	1,590
Related to sales agencies	2,278	22
Related to selection of policyholders	1,005	9
Sales management expenses	67,332	654
Related to management of sales representatives	64,272	624
Related to advertisement	3,060	29
General management expenses	176,221	1,712
Personal expenses	86,955	844
Property expenses	84,600	821
Donation, co-sponsoring and membership fees	1,085	10
Obligation expenses	4,664	45
Total	410,515	3,988

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, 2014

	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	794,387	25,398	23,349	796,436	—	—	796,436
	(57,847)		(4,572)	(53,274)			
			[6,144]				
Buildings	1,041,336	17,911	30,253	1,028,993	620,602	23,182	408,390
			[8,532]				
Leased assets	9,639	204	83	9,760	3,627	1,658	6,133
Construction in progress	524	44,135	43,310	1,349	—	—	1,349
Other tangible fixed assets	16,943	1,053	1,489	16,507	13,240	1,734	3,266
Total	1,862,831	88,703	98,487	1,853,046	637,470	26,575	1,215,576
			[14,676]				
Intangible fixed assets							
Software	—	—	—	119,796	53,971	22,764	65,824
Other intangible fixed assets	—	—	—	22,744	19	3	22,725
Total	—	—	—	142,540	53,990	22,768	88,549
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	7,718	246	226	7,738	–	–	7,738
	(562)		(44)	(517)			
			[59]				
Buildings.....	10,117	174	293	9,997	6,029	225	3,968
			[82]				
Leased assets	93	1	0	94	35	16	59
Construction in progress	5	428	420	13	–	–	13
Other tangible fixed assets.....	164	10	14	160	128	16	31
Total	18,099	861	956	18,004	6,193	258	11,810
			[142]				
Intangible fixed assets							
Software	–	–	–	1,163	524	221	639
Other intangible fixed assets...	–	–	–	220	0	0	220
Total	–	–	–	1,384	524	221	860
Long-term prepaid expenses	–	–	–	–	–	–	–
Deferred assets	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–

Note: 1. Figures in () in the columns of 'Beginning balance', 'Decrease', and 'Ending balance' represent differences with book value before revaluation based on the "Law for Revaluation of Land" (Publicly Issued Law 34, March 31, 1998).

2. Figures in [] represent impairment losses.

3. 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, 2014

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million yen)					
Reserve for possible loan losses.....	4,109	2,753	21	4,088	2,753
General reserves.....	1,751	1,394	–	1,751	1,394
Specific reserves	2,358	1,358	21	2,337	1,358
Reserve for possible investment losses.....	–	215	–	–	215
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,327	10	197	–	2,141
Reserve for possible reimbursement of prescribed claims...	700	438	338	–	800
Reserve for price fluctuations.....	88,453	28,000	–	–	116,453

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million US dollars)					
Reserve for possible loan losses.....	39	26	0	39	26
General reserves.....	17	13	–	17	13
Specific reserves	22	13	0	22	13
Reserve for possible investment losses.....	–	2	–	–	2
Reserve for retirement benefits of directors, executive officers and corporate auditors	22	0	1	–	20
Reserve for possible reimbursement of prescribed claims...	6	4	3	–	7
Reserve for price fluctuations.....	859	272	–	–	1,131

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.



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Fax: +81 3 3503 1197
www.shinnihon.or.jp

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 of March 31, 2014, 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 of March 31, 2014, 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 I.

Ernst & Young ShinNihon LLC

June 24, 2014

Editorial Policy

Until the previous fiscal year, the Dai-ichi Life Group had issued two kinds of booklets: the Annual Report, a disclosure publication that complied information on the status of its business and property as stipulated in Article 111 of the Insurance Business Act, and the Dai-ichi Life DSR Report that organizes information on its efforts to fulfill its social responsibility.

From the fiscal year under review, we will be issuing the Dai-ichi Life Annual Report (Japanese version) (an integrated version with the Dai-ichi Life DSR Report) for the purpose of providing our stakeholders with an overview of value creation stories of the Dai-ichi Life

Group, including management issues of the Group, strategies for future growth and its efforts to that end, compiling this information in a single booklet.

We also publish information supplementary to the Dai-ichi Life Annual Report (Japanese version) on our website (<http://www.dai-ichi-life.co.jp/>) and invite our stakeholders to read the site in conjunction with the report.

This Annual Report (English version) is the translation of the Japanese version.

Reference guidelines

International Integrated Reporting Council (IIRC) Framework
Japan Quality Award Assessment Standards

Coverage of reporting

We report our activities mainly in fiscal 2013 (April 2013 – March 2014) and some of our operations and policies in fiscal 2014.

Publication month

September 2014

Dai-ichi Life Website

<http://www.dai-ichi-life.co.jp/>



Top screen of our website

Women's Track Team



as a member of the Japan national marathon team, which hopes to win gold in the 2016 Summer Olympics in Rio de Janeiro. Dai-ichi Life's women's track team is a major force in middle and long-distance athletics in Japan.

Since its founding in 1990, Dai-ichi Life's women's track team has been focusing on the development of athletes. It has achieved excellent results in many competitions, including a silver medal by Yoshimi Ozaki in the women's marathon at the 2009 World Championships in Athletics, back-to-back victories in the East Japan Industrial Women's Ekiden Race in 2010 and 2011, and victory in the All Japan Industrial Women's Ekiden Race in 2011. Yoshimi Ozaki also participated in the 2012 Summer Olympics in London as a member of Japan women's marathon team, and in 2014 Tomomi Tanaka was selected by the Japan Association of Athletics Federations

2014 Dai-ichi Life Annual Report

The Dai-ichi Life Insurance Company, Limited

(Prepared in September 2014)

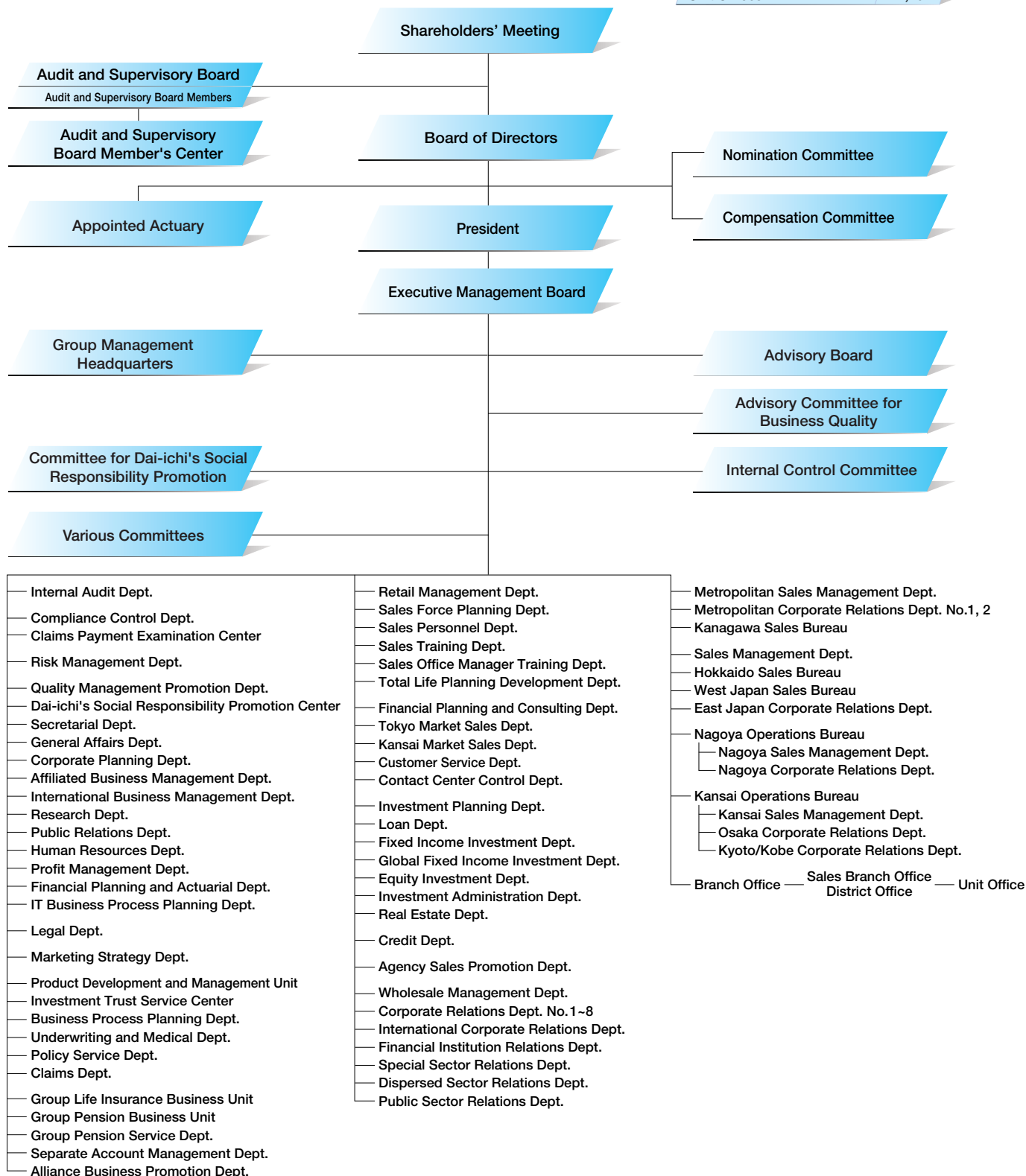
13-1 Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8411, Japan

Phone: +81-3-3216-1211 <http://www.dai-ichi-life.co.jp/>

Organization Chart

(As of April 1, 2014)

Operations Bureaus	2
Dept./Sales Bureaus	74
Centers	4
Branch Offices	84
Sales Branch Offices	9
Unit Offices	1,257



Board of Directors, Audit and Supervisory Board Members and Executive Officers

(As of August 1, 2014)

- Representative Director, Chairman of the Board
Katsutoshi Saito
- Representative Director, President
Koichiro Watanabe
- Representative Director, Deputy President
Shigeo Tsuyuki
- Representative Director, Senior Managing Executive Officer
Norimitsu Horio
- Directors, Senior Managing Executive Officers
Kazuma Ishii
Tomoyasu Asano
Hiroshi Kanai
- Directors, Managing Executive Officers
Hideo Teramoto
Takashi Kawashima
Kenji Sakurai
Morinobu Nagahama
- Directors
Haruo Funabashi
Michiko Miyamoto
- Senior Audit and Supervisory Board Members
Atsushi Nagayama
Fusakazu Kondo

- Audit and Supervisory Board Members
Masasuke Omori
Takashi Wachi
Tsuneaki Taniguchi
- Senior Managing Executive Officers
Satoru Ueno
Takehide Itonaga
- Managing Executive Officers
Yoshio Takeyama
Akio Tanaka
Koichi Maruno
Nobuyuki Akimoto
Atsushi Takahashi
Shinichi Aizawa
Satoru Sato
- Executive Officers
Masamitsu Nanbu
Seiji Inagaki
Masao Taketomi
Katsuhisa Watanabe
Masahiro Takashima
Hideo Hatanaka
Kimihiro Sato
Tetsuya Kikuta

Overseas Network

NORTH AMERICA

Dai-ichi Life International (U.S.A.), Inc.

President: Sugio Suzuki
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

General Director: Tran Dinh Quan
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>

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/>

PT Panin Dai-ichi Life

President: Fadjar Gunawan
Address: Gedung Panin Life Center Lantai 6, Jalan Letjend
S.Parmar Kav. 91, Jakarta Barat 11420
Tel: 62-21-255-66-888
Homepage: <http://www.panindai-ichilife.co.id/>

ASIA-PACIFIC

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: <https://www.sudlife.in/>

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
Homepage: <http://www.ocean.co.th/th/home/index.php>

Dai-ichi Life International (AsiaPacific) Limited

Managing Director: Norimitsu Kawahara
Address: Suite 902, Central Plaza 18, Harbour Road,
Wanchai, Hong Kong
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: Wang Jian Yun
Address: 17F, Hang Seng Bank Tower, 1000 Lujiazui Ring
Road, Pudong New Area, Shanghai, China
Tel: 86-21-6841-3977
Fax: 86-21-6841-0267

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 Life'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 Life's support for the life insurance business in Asia.

1975

Dai-ichi Life'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 Life's first European representative office is established in London (currently Dai-ichi Life International (Europe) Limited).

1988

Dai-ichi Life establishes Dai-ichi Life International (H.K.) Limited (currently Dai-ichi Life International (AsiaPacific) Limited).

1990

Dai-ichi Life'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 Life 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 Life simplifies claims settlement procedures.

1996

Dai-ichi Life establishes the Dai-ichi Property and Casualty Insurance Co., Ltd. (already ceased).

1997

Dai-ichi Life establishes Dai-ichi Life Research Institute Inc.

1998

- Dai-ichi Life enters into the investment trust business as Daiichi Life Asset Management Co., Ltd.
- Dai-ichi Life reaches an agreement on total business cooperation with the Industrial Bank of Japan, Ltd. (currently Mizuho Financial Group, Inc.).

1999

- Dai-ichi Life 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 Life 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 Life 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 Life celebrates its 100th Anniversary.

2003

Dai-ichi Life issues subordinated bonds of ¥30 billion for public subscription using a securitization scheme.

2004

- Dai-ichi Life issues U.S. dollar-denominated subordinated bonds in the global capital market.
- Dai-ichi Life raises additional foundation funds of ¥60 billion through public offering using a securitization scheme.

2006

Dai-ichi Life raises additional foundation funds of ¥60 billion through public offering using a securitization scheme.

2007

- Dai-ichi Life acquires Bao Minh CMG, which recommences operations as Dai-ichi Life Insurance Company of Vietnam, Ltd.
- Dai-ichi Life's wholly-owned subsidiary, Dai-ichi Frontier Life Insurance Co., Ltd., obtains a license for life insurance business.
- Dai-ichi Life 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 Life adopts a plan to demutualize and become a stock company.
- Dai-ichi Life 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 Life 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 Life enters into ¥183 billion syndicated subordinated loan.
- The 108th general meeting of representative policyholders approves Dai-ichi Life's demutualization.

2010

Dai-ichi Life demutualizes and is listed on the Tokyo Stock Exchange.

2011

- Dai-ichi Life issues U.S. dollar-denominated perpetual subordinated notes in the global capital market.
- Following the Great East Japan Earthquake in March, Dai-ichi Life offers aid to the victims and special treatment for the policyholders affected by the earthquake.
- Dai-ichi Life successfully acquires 100% ownership of TOWER Australia, and TOWER Australia changes its name to TAL Limited (currently TAL Dai-ichi Life Australia Pty Ltd).

2012

Dai-ichi Life enters into a strategic business and capital alliance with Janus Capital Group Inc., a U.S. asset management company.

2013

- Dai-ichi Life acquires shares in Janus Capital Group Inc., a U.S. asset management company, making it an affiliate.
- Dai-ichi Life acquires shares in PT Panin Life (currently PT Panin Dai-ichi Life), an Indonesian life insurance company, making it an affiliate.

2014

Dai-ichi Life concludes an agreement with Protective Life Corporation, a U.S. life insurance group listed on the New York Stock Exchange, on the commencement of procedures to acquire 100% ownership of the company.

THE DAI-ICHI LIFE INSURANCE COMPANY, LIMITED

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