

By your side, for life

DAI-ICHI LIFE

# 2015

The Dai-ichi Life Insurance  
Company, Limited

## Annual Report

(Integrated version with Dai-ichi Life DSR Report)



By your side, for life

**Koichiro Watanabe,**  
President and  
Representative Director



**Katsutoshi Saito,**  
Chairman of the Board and  
Representative Director



Management  
Philosophy

Basic  
Management  
Policies

## Customer First By your side, for life

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

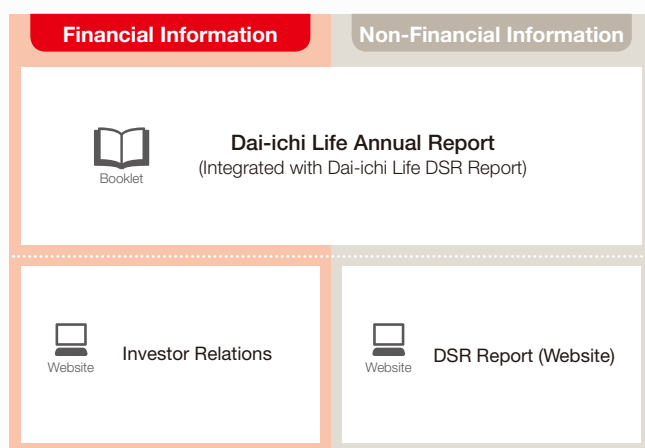
### Overview of Dai-ichi Life (as of the end of March 2015)

|  |   |  |   |   |
|--|---|--|---|---|
| <b>Official name</b>                         | <b>The Dai-ichi Life Insurance Company, Limited</b><br><small>*Structure changed from a mutual company to a stock company on April 1, 2010.</small> | <b>Status of assets</b>                    | <b>Total assets</b>                             | <b>¥36,828.7 billion</b>  |
| <b>Established</b>                           | <b>September 15, 1902</b>   | <b>Status of liabilities</b>               | <b>Policy reserves and others</b>               | <b>¥30,449.6 billion</b>  |
| <b>Head Office address</b>                   | <b>13-1, Yurakucho 1-chome, Chiyoda-ku,<br/>Tokyo 100-8411, Japan</b><br><b>Tel: 81-3-3216-1211</b>   | <b>Status of net assets</b>                | <b>Capital stock and legal capital surplus:</b> | <b>¥686.2 billion</b>   |
| <b>President and Representative Director</b> | <b>Koichiro Watanabe</b>  | <b>Status of revenues and expenditures</b> | <b>Premium and other income</b>                 | <b>¥3,266.3 billion</b><br><small>(April 2014–March 2015)</small> |
| <b>Number of employees</b>                   | <b>54,090</b><br><small>(In-house employees: 11,828; sales representatives: 42,262)</small>   | <b>Policy amount in-force</b>              | <b>Benefits and claims</b>                      | <b>¥2,718.1 billion</b><br><small>(April 2014–March 2015)</small> |
| <b>Number of business bases</b>              | <b>84 branch offices and 1,255 unit offices, etc.</b><br><small>(as of April 1, 2015)</small>   |  | <b>Individual insurance:</b>                    | <b>¥121,655.7 billion</b>   |
|  |   |  | <b>Individual annuity insurance:</b>            | <b>¥9,291.5 billion</b>   |
|  |   |  | <b>Group insurance:</b>                         | <b>¥48,092.2 billion</b>  |
|  |   |  | <b>Group annuities</b>                          | <b>¥6,397.4 billion</b>   |

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## Positioning of this Report



## 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," or the "Company") solely for the purpose of disclosure of relevant information, and does not constitute a solicitation or an offer to buy or sell any securities in or outside of Japan. Though Dai-ichi 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 of Dai-ichi Life, its subsidiaries and its affiliates (the "Dai-ichi Life Group" or the "Group") 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.



The Group companies will contribute to comfortable lives with peace of mind and the development of local communities in their respective regions and countries, providing life insurance and related services by sharing the Group's principles (Mission, Vision and Values). We will strive to maximize the value of the Group and aim for sustainable growth by sharing the Group's strategies with each company, moving forward together in the same direction.

## Principles of the Dai-ichi Life Group

**By your side, for life**

**Thinking People First**

**Dai-ichi's Social  
Responsibility Charter  
(DSR Charter)**





## 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

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

## Group Values: Dai-ichi's Social Responsibility Charter (DSR Charter)

|   |  |
|---|--|
| <b>[Customer satisfaction]</b>                | 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.                         |
| <b>[Communication]</b>                        | We hold ourselves accountable to our stakeholders and sincerely accept their opinions, reflecting them in our corporate management.  |
| <b>[Compliance]</b>                           | 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.   |
| <b>[Respect to human rights]</b>              | 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.                         |
| <b>[Diversity]</b>                            | We actively cultivate human resources by ensuring a rewarding work environment in which diversified human resources can play an active role.   |
| <b>[Environmental protection]</b>             | We actively engage in environmental protection on a daily basis, recognizing that preserving the global environment is our social responsibility.  |
| <b>[Social contribution]</b>                  | We head social action programs, growing together with communities as an active corporate citizen.  |
| <b>[Promoting health]</b>                     | 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.  |
| <b>[Creating sustainable corporate value]</b> | 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. |

Mission

Vision

Values



# Overview of the Dai-ichi Life Group

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



Protective Life Corporation (USA)



TAL Dai-ichi Life Australia Pty Ltd (Australia)



Lifetime Partner

Dai-ichi Life Insurance Company of Vietnam, Limited (Vietnam)



PT Panin Dai-ichi Life (Indonesia)



Star Union Dai-ichi Life Insurance Company Limited (India)



OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED (Thailand)

### Domestic life insurance business

In the domestic life insurance business, the Dai-ichi Life Group's core business, we operate a domestic three life insurance company structure. This is to remain in step with the diverse needs of our customers by providing the optimum products through the most suitable channel.

At Dai-ichi Life, all of its staff, including Total Life Plan Designers, draw on their specialized skills to provide all customers with "security and peace of mind" and "complete health support" through life insurance products.

The Dai-ichi Frontier Life Insurance Co., Ltd. ("Dai-ichi Frontier Life") sells savings-type products through financial institutions, that support the asset formation of customers necessary to maintain a long and prosperous life after retirement.

The Neo First Life Insurance Company, Limited. ("Neo First Life") sells differentiated, easy-to-understand products through simplified procedures at low-cost operation through financial institutions and walk-in insurance shops to meet the needs of customers who wish to make a comparison.



By your side, for life

DAI-ICHI LIFE

The Dai-ichi Life Insurance Company, Limited

 第一フロンティア生命  
第一生命グループ

The Dai-ichi Frontier Life Insurance Co., Ltd.

 ネオファースト生命  
The Neo First Life Insurance Company, Limited

The Neo First Life Insurance Company, Limited



 **DIAM**  
ダイヤモンド

DIAM Co., Ltd.

 **JANUS**

Janus Capital Group Inc. (USA)

Others

**DLS**

Dai-ichi Life Information Systems Co., Ltd.

Others

### Overseas life insurance business

We are developing the overseas life insurance business in six countries: the United States, Australia, Vietnam, Indonesia, India and Thailand.

We are pursuing our initiatives to strengthen our business management framework and create higher values as a group through regional headquarters we have established in North America and the Asia-Pacific region, with the head office and the Group Management Headquarters as the central players.

To harness the high growth potential of overseas life insurance markets, we will seek balanced growth in the markets of both developed and emerging countries by actively developing our business.

### 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 enhance the contribution of the asset management business to the Group's profits through efforts such as the mutual supply of products and expertise between DIAM Co., Ltd. ("DIAM") and Janus Capital Group Inc. ("Janus") (the United States), the core players in this business, the exertion of Group synergy through cooperation between these two companies and life insurance companies in Japan and overseas including Dai-ichi Life and Dai-ichi Frontier Life, and business expansion through new investments.

### 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.



## What is DSR Management?

DSR Management is a management framework for creating value, unique to Dai-ichi Life. Its purpose is to fulfill the Company's social responsibility to all stakeholders through an increase in the corporate value, with the aim of constantly improving its management quality through the PDCA (Plan-Do-Check-Action) cycle for the purpose of pursuing the Group Mission "By your side, for life."

"DSR" stands for Dai-ichi's social responsibility, and it is an expression of our distinct management efforts that extend far beyond the framework of corporate social responsibility (CSR) in general terms.

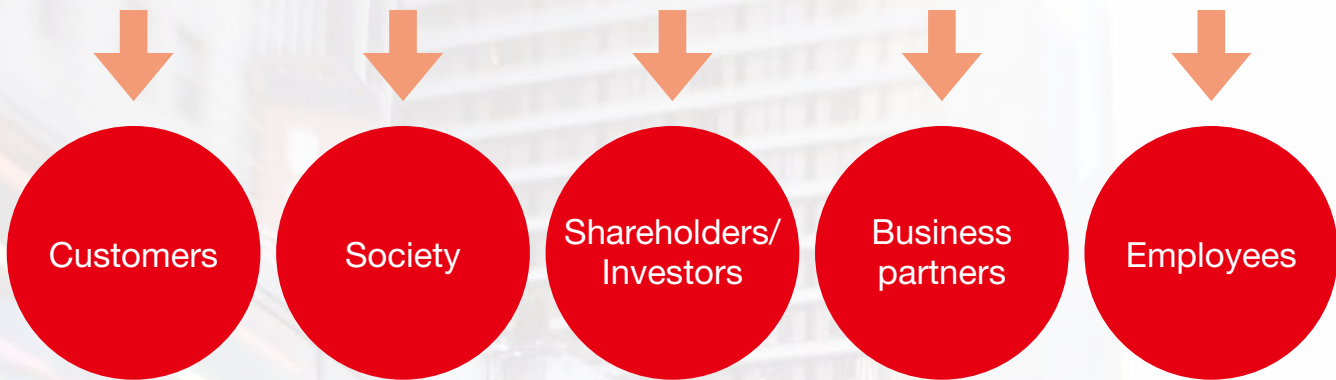
This effort refers to the guidelines of the Japan Quality Award, which is a system to honor organizations that keep creating value sought by customers through self-innovation by reviewing their management from a customer's point of view. We have been conducting "management quality improvement activities" since 1998 as the core strategy in our management plan to improve our management quality, and received the Japan Quality Award in 2001 for the first time as a financial institution.

Since receiving the award, we have continued our work on improving our management quality, advancing our strategy for "CSR Management." Subsequently, we took another step forward at the time of our demutualization, adopting "DSR Management," which enables us to better reflect Dai-ichi Life-ness in our activities. We will continue to pursue the Group Mission, "By your side, for life," while constantly evolving DSR Management.



# Social responsibilities of the Dai-ichi Life Group

## Creation and provision of value



**2001:**  
Received the Japan Quality Award

**2010:**  
New founding through demutualization



1998 - :  
Management quality improvement activities

2005 - :  
CSR Management  
(improvement of the corporate brand)

2011 - :  
DSR  
Management

Message from the President

Peace of mind.  
In communities and  
around the world.



July 2015  
President and Representative Director

*K. Watanabe*  
Koichiro Watanabe

I would like to take this opportunity to express my gratitude to our stakeholders for their support of Dai-ichi Life.

Dai-ichi Life, which began operating as Japan's first mutual company in 1902, has been seeking innovation based on its belief that what needs to be changed should be changed, adhering to its philosophy of "Customer First" at all times. At the same time, our Company seeks to preserve the important assets that have been passed down since its foundation, through numerous difficulties over its history of more than a century.

This philosophy remains unchanged even now as our Company continues to expand its business and grow in Japan and overseas after demutualization in 2010. Adopting the management philosophy "By your side, for life" as our Group Mission, we regard it as our *raison d'être* for each company in our Group to contribute to the comfort and peace of mind of our customers and the development of local communities in their region by standing by the side of our stakeholders. The Group Mission is shared by the entire Group.

## Value Creation Management of Dai-ichi Life: DSR Management

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To continue to stand "By your side, for life," we are working to realize our Group Mission through the practice of DSR Management.

DSR stands for Dai-ichi's Social Responsibility, with the "D" in Dai-ichi Life as the initial letter to express Dai-ichi Life's distinct efforts, which extend far beyond the framework of corporate social responsibility (CSR) in general terms. This expresses not only our determination to fulfill our social mission as a life insurance company, but also our Company's

commitment to resolutely take on global issues through its primary business.

This concept of DSR Management very much reflects the purport of the Corporate Governance Code for listed companies and the Stewardship Code for institutional investors. We will work to create a sustainable society as a member of society (corporate citizen), in addition to achieving growth as a company by further advancing DSR Management.

## Looking back on our medium-term management plan: Action D

---

In the medium-term management plan "Action D" starting from fiscal 2013, we sought to move to a new level as a Group through DSR Management. As a result of steadily executing our plans for value creation and sustainable growth, the Group's consolidated results saw higher sales and profits, and in the fiscal year ended March 31, 2015 consolidated ordinary revenues, ordinary profit and net income for the year reached new post-listing highs. We were also able to attain almost all management targets a year ahead of schedule. We believe that these achievements, including the financial results of Action D, are the result of our implementation of DSR Management.

Let us introduce some of our efforts, taking

the domestic life insurance business as an example.

The first is our initiative as a company that plays a role complementing the social security system of the government. Associated with the aging population and declining birth rate, the reduction of social burdens and maintenance of public health are important tasks for preserving a healthy social security system. As a response to this challenge, our Group has embarked on the "By your side, for life – With You Project." We have positioned providing security and peace of mind through the further strengthening of our life insurance functions, as well as offering complete health support that contributes to better customer health, as unique value offerings

of our Group, and have strengthened this initiative. The provision of both security and peace of mind by leveraging our strengths, such as the new products we launch and the quality consulting services we offer through various points of contact, as well as the provision of complete health support with medical and health information, using our network with all kinds of medical institutions and providing education on cancer prevention and health in cooperation with local governments, have both stimulated customer interest in security and improved satisfaction. This in turn has helped build a foundation to boost our performance in the life insurance market in Japan.

The second initiative is our approach for growth markets. Along with growing needs of senior citizens for saving, the domestic market for savings-type products is expected to continue to grow. In fiscal 2014, Dai-ichi Frontier Life acquired the largest amount of new business since its founding in its sales of savings-type products through financial institutions and maintained the largest market share of new business among bancassurance insurance companies. This result suggests the success of our strategy of continuing to provide timely products that match customer needs in the market for savings-type products, responding with agility by separately establishing Dai-ichi Frontier Life, instead of Dai-ichi Life itself conducting the bancassurance business.

The third initiative is our effort to respond to diversified lifestyles. In recent years, more and more customers are seeking to compare insurance products on their own. To provide products that meet these customer needs, we made Sompo Japan DIY Life Insurance Co., Ltd. a wholly owned subsidiary in 2014 and restarted it as Neo First Life in November 2014. From mid-August 2015, Neo First Life plans to provide attractive new insurance products to prepare for diseases and hospitalization, for instance, through financial institutions and insurance shops.

In the overseas life insurance business, Group companies did well, successfully achieving steady growth in their respective markets. Moreover, support for the profit growth of the Group has been created in the United States by making Protective Life Corporation (“Protective Life”) a wholly owned subsidiary, among other measures. The asset management business also contributed to the growth of the Group by each company operating in accordance with its business strategy, while fulfilling its social responsibility as a company and as an institutional investor based on its unique characteristics.

As just described, we believe that the Dai-ichi Life Group was able to show growth in Action D through a concerted focus on DSR Management, as well as through its initiatives to create new value for all stakeholders.

## Start of a new medium-term management plan “D-Ambitious”

---

Action D was the medium-term management plan for the period when we built a solid foundation for the continued growth of the Group in Japan and overseas through the execution of our strategies. Going forward, we will enter the stage of accelerating growth based on the foundation we have built.

The Group has revised its medium-term management plan and adopted a new medium-term management plan covering fiscal 2015 to fiscal 2017, “D-Ambitious/ Our values. Our future.”

The word “Ambitious” is used in the name of the plan to express our intention to aggressively seek a further acceleration of growth and an increase in corporate value to an unprecedented level through the further evolution of DSR Management.

Specifically, we will become an insurance group that will remain the insurer of choice for customers and that will be valued by local communities and society. We will do this by strengthening the three engines of our growth strategy, namely the domestic life insurance



business, the overseas life insurance business and the asset management business, while exerting synergy through mutual learning by Group companies in Japan and overseas. Consequently, we will achieve our management objectives of making rapid progress in consolidated profits, secure a capital level with our eyes fixed on global regulations, and achieve an even higher level of return to meet the expectations of our stakeholders.

In addition, we will also work to develop a framework to support global business development through the transition to a holding company structure<sup>\*1</sup> planned for October 2016 and the further promotion of diversity and inclusion<sup>\*2</sup> to build a vibrant organization by benefiting from the individuality of each employee.

\*1: To make a transition to a holding company structure, the permission and authorization of the authorities and the approval of shareholders at a shareholders meeting are necessary, among other steps.

\*2: This is an effort by the Company to respect the diversity of human capital (diversity) and mutually accept diversified human capital (inclusion).

In addition, as the development and growth of society in Japan and other countries where we operate is an essential element for the growth of the Group, we need to contribute to the development of local communities in each country and to the comfort and peace of mind of people living there through our business activities.

Taking Japan for example, we will continue to contribute to solving social challenges including the aging population and declining birth rate through the life insurance business so that Japan can overcome its social challenges and achieve sustainable growth.

Our overseas Group companies also, through sharing the philosophy represented by “By your side, for life” and fulfilling their social responsibility through the life insurance and other businesses, aim to achieve solid growth on their own by contributing to the development of each region and the lives of people.

In D-Ambitious, we will aim to create sustainable value and grow into a global insurance group by further refining DSR Management and expanding that effort globally.

## ■ Further enhancement of “By your side, for life – With You Project”

As an example of our growth strategies, let us introduce our efforts in the domestic market, our main market.

The Dai-ichi Life Group will work to further strengthen the “By your side, for life – With You Project” to deliver security and peace of mind and complete health support, the value provided by the Group in Japan, to more customers and further improve the quality of this value.

The domestic three life insurance company structure consisting of Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life has started in Japan, and a system for each of the three companies to quickly provide customers with competitive products and services will be put in place. We will meet the diverse needs of our customers by delivering the optimum products through the most suitable channels.

We will also step up our efforts to provide more customers with high-quality consulting services. First, we have appointed Customer Consultants as specialists who provide after-sales services and consulting to customers who had difficulty contacting us in the past. Customer Consultants began working in earnest from April 2015. Second, we will increase the number of Total Consultants specializing in consulting services at offices in urban areas and government offices to an industry-leading level of 2,000 persons to expand in major urban areas. Third, with respect to Total Life Plan Designers, we will foster human capital to assist customers with sophisticated consulting capabilities by extending the development period from two years to five years.

In addition to these initiatives, we will continue to make efforts in the Declaration to Support Total Life Plan for the Second Half of Life, which we announced last year, to deliver security and peace of mind and complete health support at a high level to senior customers, whose presence in society is increasing and whose lifestyles are diversifying, and further enhance our initiatives to gain more support from senior customers.

## **Lastly: Peace of mind. In communities and around the world.**

---

In the fiscal year under review, in time with the start of the new medium-term management plan “D-Ambitious,” the Group set a new medium- to long-term vision “Peace of mind. In communities and around the world.” as an objective for 2020. This is a declaration of our aim to become an insurance group that continues to be selected by people around the world as a partner standing “By your side, for life” who is of the best help and the most trusted by the local community in

all countries where we operate business.

To realize this medium- to long-term vision, the Group will continue to provide value to customers, shareholders, investors and all other stakeholders related to the Group with concerted efforts.

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



# Management Strategy

## History of the Dai-ichi Life Group

Founding – A new founding through demutualization

Five years since the new founding through demutualization

## Medium-Term Management Plan of Dai-ichi Life

[Dynamism] Growth Strategy (Domestic Life Insurance Business)

Growth Strategy (Overseas Life Insurance Business)

Growth Strategy (Asset Management Business)

[Discipline] Promotion of ERM

[Dimension] Group Management

[Diversity] Human Capital Development

## History of the Dai-ichi Life Group

(Founding – A new founding through demutualization)

Since its founding in 1902, Dai-ichi Life has been consistently practicing its management philosophy “Customer First” through all of the stages of its long history, which extends back more than a century. To practice its management philosophy, Dai-ichi Life has not been constrained by tradition, but has been pursuing innovation to “change what needs to be changed” in response to the evolving times and society. Maintaining its own management philosophy for more than 110 years, the Company will continue to work for sustainable growth in the future.

# Solid management, a customer-first mentality, and try to become the best rather than the largest.

Passion of the founder Tsuneta Yano

In the immediate postwar period when the hygienic environment in Japan deteriorated, then President Ichiro Yano established the Public Health Award as an award to give thanks and respect to those who worked to improve health and hygiene. Continuing to commend health-related activities for a wide range of current issues, the Public Health Award will be its 67th time in 2015.



Dai-ichi Life, Japan's first mutual company, was established by the founder Tsuneta Yano who had a passion to create a customer-oriented life insurance company.

### Establishment of Public Health Award



### Founding

1902

1950

1997

### Launch of Total Life Plan

In 1997, the amount of policies in force turned down for the first time since the Company's founding. The Company launched the concept of a Total Life Plan to comprehensively cover risks in customers' lives according to changes in their life stage. This initiative has now evolved into “By your side, for life – With You Project.”



Dai-ichi Life acquired Bao Minh CMG in Vietnam in 2007 and, with this acquisition as a start, has been developing the life insurance business in Thailand, Australia, India and Indonesia to strengthen its efforts in overseas life insurance markets, mainly in the Asia-Pacific region.

**Beginning of Business Development in the Asia-Pacific Region**



Lifetime Partner

Dai-ichi Life Insurance Company of Vietnam



OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED



A DAI-ICHI LIFE Group Company



**2007**

**2010**

**2006**

**2001**

**1998**



**Winner of Japan Quality Award**

The Company established the concept of a Total Life Plan in 1997 and, since then, has been focusing on developing human capital with advanced consulting abilities, the launch of new products, and follow-up with existing policyholders based on its management philosophy of Customer First. Winning approval for these endeavors, the Company received the Japan Quality Award for the first time in the history of the financial and insurance industries.

**Business Alliance with the Financial Industry**

Accompanying financial deregulation, competition and liberalization progressed across sectorial boundaries in the financial industry. To provide the best products against risks, Dai-ichi Life formed a business alliance with The Industrial Bank of Japan (currently Mizuho Financial Group) in 1998 and with Yasuda Fire and Marine Insurance Co., Ltd. (currently Sampo Japan Nipponkoa Insurance Inc. ("Sampo Japan Nipponkoa")) and American Family Life Assurance Company of Columbus ("AFLAC") in 2000. In 2007, the Company formed a business alliance with Resona Holdings in the area of bancassurance.



**New Founding - Change of the Organizational Structure to a Stock Company/ Listing on the Tokyo Stock Exchange**

The Company changed its organizational structure to a stock company to consistently promote its management philosophy of Customer First and execute growth strategies globally by expanding management options. The Company, which listed its stocks on the Tokyo Stock Exchange in April 2010, regards this day as its new founding and has entered a new stage of innovative changes.

**Establishment of Dai-ichi Frontier Life**



第一フロンティア生命 第一生命グループ Dai-ichi Frontier Life

To lay out a framework to quickly respond to increasingly diverse customer needs, the Company established Dai-ichi Frontier Life on the premise of selling savings type insurance products over the counter at banks and securities companies.

**Spirit of Customer First unaltered since the founding**

# History of the Dai-ichi Life Group

(Five years since the new founding through demutualization)

In April 2010, the Company changed its organizational structure from a mutual company to a stock company and made a new start with its new founding.

The Group has been taking any steps to remain “By your side, for life” for customers even amid the influence of the European debt crisis and the Great East Japan Earthquake.

Value up 2010

Success 110

Fiscal 2010

Fiscal 2011

Fiscal 2012

Demutualization/  
Listing

Two years we worked on reconstruction and growth

Construction of a framework to meet diversifying customer

March 2011 -

### Response to the Great East Japan Earthquake

We confirmed the safety of customers who became victim to the Great East Japan Earthquake and made efforts for them to receive insurance claims and benefits quickly and surely.

November 2012 -

January 2011

### Launched Medical Yell, a non-participating medical insurance product.

Launched a non-participating medical insurance product for the first time since demutualization.



August 2012

### Introduced the DL Pad, a tablet computer mainly for sales and business use.

Renovated the existing eNavIt to be able to provide a broader range of information at all contact points (see page 43 for details).



Accelerated

May 2011

### Made TOWER Australia Group Limited (currently TAL) a wholly-owned subsidiary.

Built a foundation in the Australian market.



January 2013

### Made Janus Capital Group Inc., an asset management company in the United States, an affiliate.

Strengthened efforts for the asset management business.



Fiscal 2010

Fiscal 2011

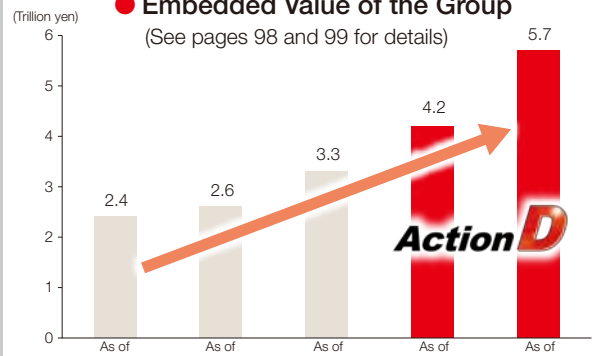
Fiscal 2012

In the fiscal 2014, consolidated ordinary revenues, ordinary profit and net income reached new post-listing highs in March 2015, thanks to these initiatives.

As a result, the Company achieved the management objectives set in the medium-term management plan for fiscal 2013 to fiscal 2015 “Action D” a year ahead of schedule.

### Embedded Value of the Group

(See pages 98 and 99 for details)



\* Results for March 31, 2015 includes Protective Life

## Two years we aimed for further growth

needs as a partner standing “By your side, for life” of customers and their loved ones

December 2013 -

### By your side, for life – With You Project

Provided customers with security and peace of mind and complete health support with strong teamwork by all officers and employees with specialized skills, including Total Life Plan Designers (see page 24 for details).

—生涯のパートナー—  
**With You プロジェクト**

December 2014 -

### “Declaration to Support Total Life Plan for the Second Half of Life”

Strengthened our efforts to provide services that are friendly to senior customers (see page 25 for details).

**セカンドライフ  
生涯設計応援宣言**

### Insurance Proceeds Quick Reception Service

Enabled customers to receive their death benefits on the day of performing request procedures in order to meet their needs for receiving funds urgently (see page 39 for details).

**保険金クイック  
お受取りサービス**

### Provision of security and peace of mind through Periodical Information Checks

Strengthened the framework to reliably pay insurance claims and benefits, through activities such as Total Life Plan Designers visiting customers to check the contents of policies (see page 41 for details).

January 2014

Launched Bright Way, a whole life insurance product with a dividend payable every five years, and Crest Way, nursing care annuity insurance with a dividend every five years (without surrender value).

Enhanced protection for living onward by reforming our main products.

**第一生命の  
ブライトWay** **クレストWay**

March 2014

Dai-ichi Frontier Life achieved the largest sales share (single premium savings-type products in bancassurance).

Increased sales through the diversification of a product lineup that reflected changes in the environment.

**第一フロンティア生命  
第一生命グループ  
Dai-ichi Frontier Life**

August 2014

Made Sampo Japan DIY Life Insurance Co., Ltd. (currently Neo First Life) a wholly owned subsidiary.

Provide easy-to-understand products through simplified procedures to meet the needs of customers who want to make a comparison. (Began selling in August 2015)

**ネオファースト生命  
The Neo First Life Insurance Company, Limited**

## global development for further growth

October 2013

Made PT Panin Life (currently Panin Dai-ichi Life) in Indonesia an affiliate.

Accelerated development in the Asia-Pacific region.

**PaninDai-ichiLife**  
By your side, for life

December 2013

TAL in Australia achieved the largest market share (in terms of annualized net premium from policies in-force) (protection-type products).

Provided products through various sales channels tailored to customer needs.

**TAL**  
A DAI-ICHI LIFE Group Company

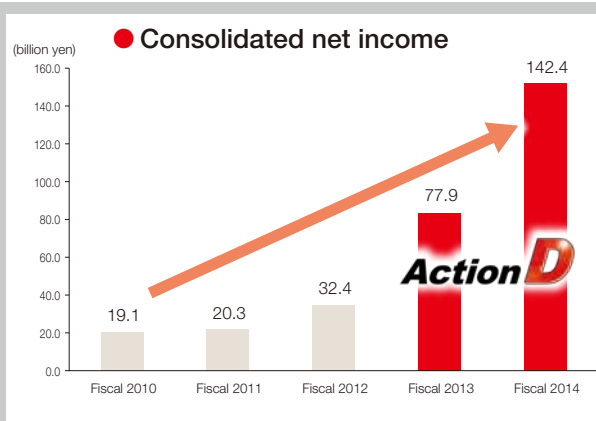
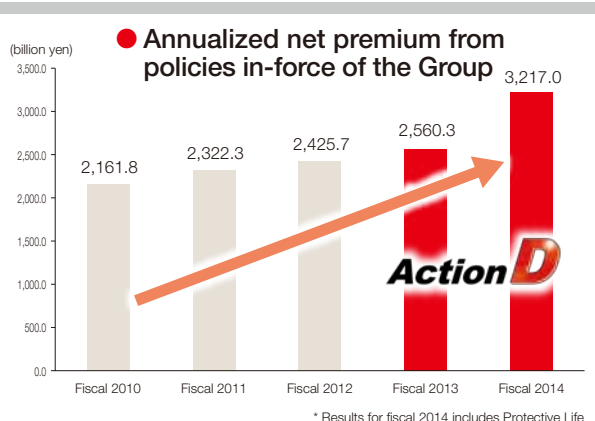
February 2015

Made Protective Life Corporation in the United States a wholly owned subsidiary.

Entered the United States, the world's largest life insurance market.

**Protective.**

## Status of Achieving Major Management Targets



# Medium-Term Management Plan of Dai-ichi Life



## Medium-Term Management Plan for Fiscal 2015 to Fiscal 2017 D-Ambitious

Dai-ichi Life is working on the medium-term management plan covering fiscal 2015 to fiscal 2017 “D-Ambitious/ Our values. Our future.” Given that the management objectives in the medium-term management plan for fiscal 2013 to fiscal 2015 “Action D” are likely to be achieved a year ahead of schedule and that the business structure of the Group has changed drastically as a result of active M&A, we have revised the medium-term management plan in fiscal 2015 to make a new start for accelerating growth in earnest.

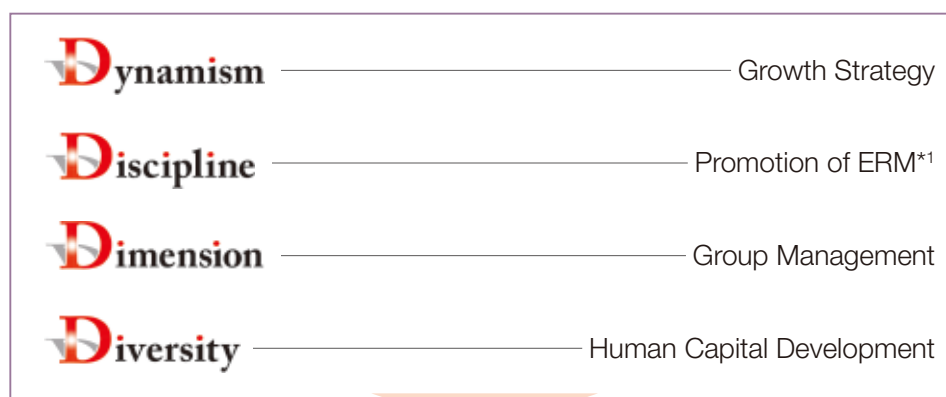
We will dynamically and swiftly develop our business and strive to realize sustainable creation of corporate value that will meet the expectations of all stakeholders, by further evolving DSR Management, our unique value-creating framework.

| 2013   | 2014 | 2015                          | 2016 | 2017 | 2018  | 2019 | 2020                           | 2021 | 2022                                     |
|--|------|-------------------------------|------|------|---|------|--------------------------------|------|--|
|  |      | The 5th anniversary since IPO |      |      |   |      | The 10th anniversary since IPO |      | The 120th anniversary since the founding |
| Challenges for Further Growth & Achievement of Sustainable Growth    |      |                               |      |      | Peace of mind. In communities and around the world. |      |                                |      |  |
| <br>Join forces across our Group to succeed in the next growth stage |      | <br>Our values, Our future.   |      |      | Thinking People First                               |      |                                |      |  |

original term (3 years)

### Overview of the Medium-Term Management Plan for Fiscal 2015 to Fiscal 2017 “D-Ambitious”

#### Basic Strategy “Four Ds”



- Achieving sustainable and accelerating growth with three growth engines (the domestic life insurance business, the overseas life insurance business and the asset management business)
- Forming the Global Trilateral Structure (Japan, North America and Asia Pacific) to support sustainable growth, and strengthen the corporate governance structure
- Doubling consolidated adjusted net income\*2, securing adequate capital level anticipating global capital regulations, realizing a further enhancement of return to meet stakeholders’ expectations

\*1: ERM (Enterprise Risk Management) is an effort to increase capital efficiency and corporate value by formulating strategies according to profits, capital and risks, taking into account the types and characteristics of the risks.

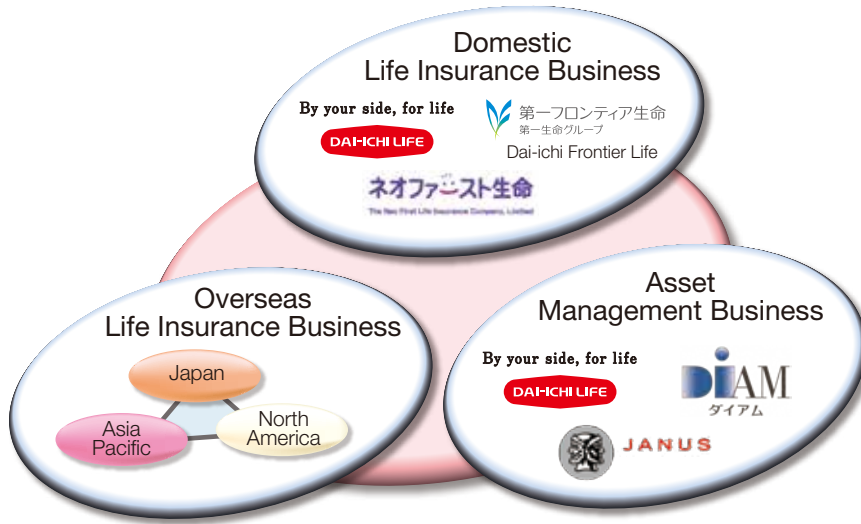
\*2: We assume the doubling of consolidated adjusted net income from ¥100 billion, which was the target set in the medium-term management plan Action D.



## Dynamism Growth Strategy Pages 22 to 33

We will realize sustainable and solid growth with three growth engines (the domestic life insurance business, the overseas life insurance business and the asset management business).

- **Domestic life insurance business:** Three domestic life insurance companies for a larger share
- **Overseas life insurance business:** Global Trilateral Structure supports profit growth
- **Asset management business:** Synergies of three companies for an enhanced profit contribution



## Discipline Promotion of ERM Page 34

We will not only strive to increase consolidated profits, but also ensure an adequate capital level anticipating global capital regulations and increase capital efficiency and the corporate value.

## Dimension Group Management Page 35

We will further strengthen the Group management framework through the enhancement of functions of the Group Management Headquarters and Regional Headquarters and, at the same time, seek to accelerate our efforts for the sustainable growth of the Group and increase the corporate value of the entire Group through the transition to a holding company structure in October 2016 (planned).

Along with these endeavors, we will aim to further strengthen our corporate governance structure, so that the Company will serve as a model in the industry as a listed company in light of the spirit of the Corporate Governance Code, etc.

## Diversity Human Capital Development Page 36

We will continue to develop an environment where diversified human capital play an active role, regardless of their nationality, gender, disability, or lifestyle. We will step up our efforts to foster human capital that will support the global business development of the Group by respecting and mutually accepting diversified human capital (diversity and inclusion).

In the medium-term management plan **D-Ambitious**, we will also endeavor to continue to provide stakeholders with corporate value. See “Initiatives for Stakeholders” from page 37 for details.

## Domestic Life Insurance Business

In Japan, customers' needs for life insurance are becoming increasingly diverse. To precisely cater to those needs, we aim to offer our customers the best suited products via the most appropriate sales channels, based on our network of a three domestic life insurance company structure. We also intend to step up existing initiatives, aimed at offering security and peace of mind and complete health support through our core life insurance business, in an effort to provide customers with even greater value.

Representative Director,  
Deputy President  
**Norimitsu Horio**



### Our journey so far

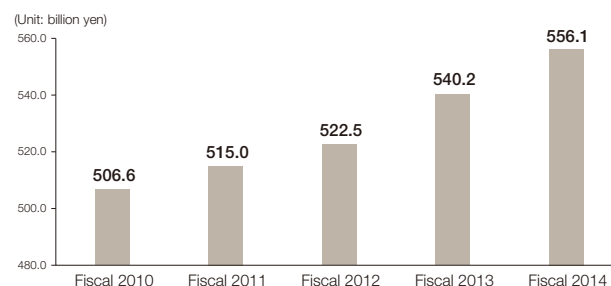
The “By your side for life – With You Project” is our domestic growth strategy for the Dai-ichi Life Group. Based on this strategy, we have provided our products and services best suited for every stage of life, so that we can help our individual customers lead secure and healthy lives.

We regard the third sector market, including medical and nursing care insurance, and the individual savings market as growth areas that are likely to keep on expanding in the future, and have therefore continued to enhance initiatives in the market such as flexibly releasing new products.

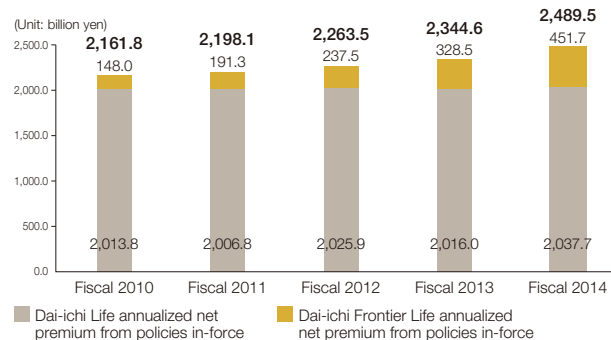
In the third sector market, we are doing well with sales such as riders offering cover against seven risks (three major illnesses, physical disorders and serious disabilities requiring nursing care) and nursing care annuity insurance. As a result, we have been able to increase group annualized net premium from policies in-force in the third sector.

In the individual savings market, we have also continued to increase group annualized net premium from policies in-force, through sales of single premium whole life insurance and individual annuity insurance, and via the bancassurance channel through Dai-ichi Frontier Life.

Dai-ichi Life + Dai-ichi Frontier Life third sector annualized net premium from policies in-force



Dai-ichi Life + Dai-ichi Frontier Life annualized net premium from policies in-force



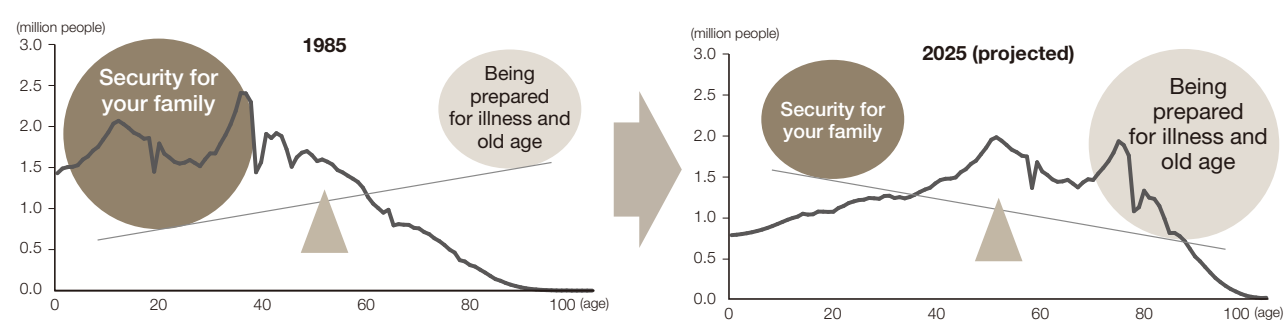
### Outlook for the domestic life insurance business environment

With social security costs expected to increase over the medium to long term due to Japan's dwindling birth rate and aging population, private life insurance companies are set to play an increasingly important role as supplementary capacity for social security in the future. Specifically, there is strong demand for medical, nursing care and inheritance services amongst Japan's growing population of senior citizens. That is why we have earmarked the

third sector and individual savings markets as growth markets that are likely to keep on expanding in the future.

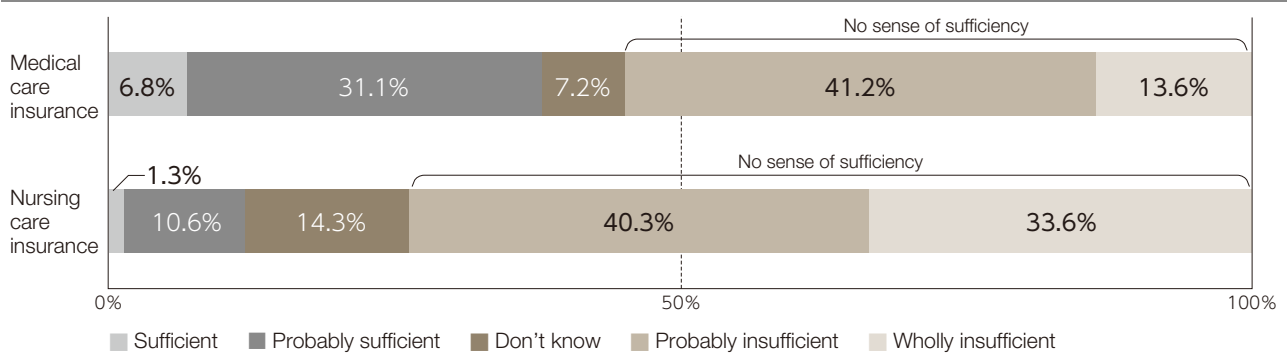
Faced with an increasingly diverse range of customer needs, we recognize that it is more important than ever to establish a sales structure that reflects those needs, including walk-in insurance shops as well as sales channels such as Total Life Plan Designers and financial institutions.

### Changing demographics and needs



Source: Population Projections for Japan (Ministry of Internal Affairs and Communications/National Institute of Population and Social Security Research)

### Sense of sufficiency regarding medical and nursing care insurance



\* Responses selected at random from men and women nationwide aged 18-69  
 \* Medical care insurance sample: 3,989 people  
 \* Nursing care insurance sample: 3,943 people  
 [Source] FY2013 Survey on Life Protection (Japan Institute of Life Insurance)

### Future initiatives

#### Three domestic life insurance company structure

The Dai-ichi Life Group revolves around the three domestic life insurance company structure – Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life – enabling us to precisely cater to a

wide range of customer needs by providing the most suitable products via the most appropriate channels. Operating three separate companies enables us to respond to customers' needs more flexibly and supply products as quickly as possible.



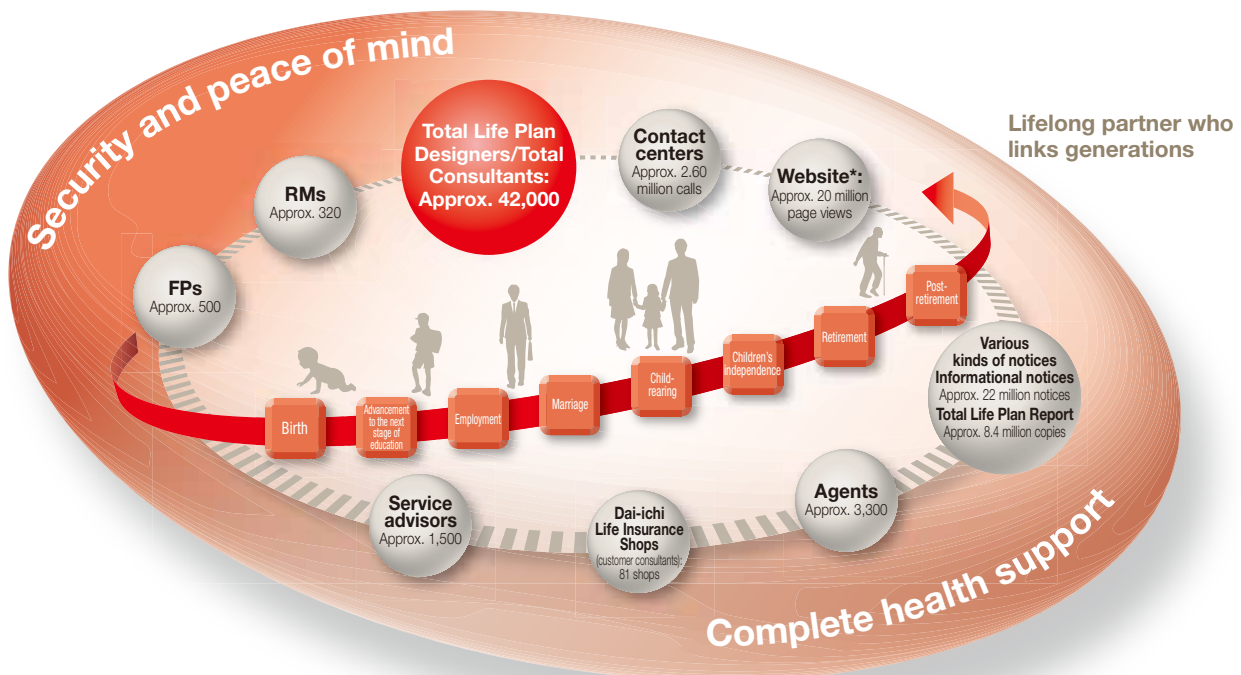


**Domestic Growth Strategy: By your side, for life – With You Project**

Society is going through some major changes at the moment, as individual lifestyles and values becoming increasingly diverse. In order to respond precisely to current changes such as these, all of our employees put themselves in the customer's shoes and are constantly reviewing how they can assist our

customers, as they promote the By your side, for life – With You Project as lifelong partners.

As well as offering security and peace of mind through our core life insurance business, the aim of this project is to provide individual customers with complete health support based on strong teamwork across all of our expert officers and employees, including Total Life Plan Designers.



\*Number of page views from April 2014 to March 2015.

**[Initiatives aimed at offering security and peace of mind]**

**By your side, for life**



One of the aims of the By your side, for life – With You Project is to offer security and peace of mind. Offering security and peace of mind means ensuring that our customers feel glad that they entered into their insurance policy, and appreciate the importance of insurance, at every stage from checking policy coverage, making claims and receiving benefits.

**Key Initiatives**

|  |   |     |
|--|---|-----|
| Payment of insurance claims and benefits and pursuit of security and peace of mind                 | We are working to establish a support structure to ensure that customers receive their claims/benefits as quickly as possible and to provide information and consulting services, in order to maximize the value of insurance policies.   | P38 |
| Secure after-sale service during the contract period   | It is important that customers who have entered into insurance policies are able to carry out procedures without delay when they need to. That is why we take great care to maintain communication on a regular basis, so that policyholders and their families are prepared in the event of a worst case scenario. | P41 |
| Uniform and high-quality consulting suitable to the lifestyle of customers at the time of contract | As society continues to change and values continue to become more diverse, we have introduced DL Pad portable computers, and are making every effort to provide more information on subjects such as the social security system and to offer consulting services that are more useful to our customers.             | P43 |
| Product development in line with customers' needs  | Customers' needs are becoming increasingly diverse as a result of changes such as Japan's dwindling birth rate and aging society, and an increase in single-person households. We are constantly striving to improve our product lineup so that we can cater to a wider range of needs.                             | P44 |

### [Initiatives aimed at providing complete health support]

Ever since the Company was first established, we have been working to offer peace of mind through our core life insurance business, as well as providing support to improve our customers' health, in an effort to complement the social security system and contribute to society as a whole. We will continue to provide complete health support unique to Dai-ichi Life.

#### Key Initiatives

|   |   |     |
|---|---|-----|
| Raising awareness of how to prevent cancer, cardiovascular disease and dementia                     | We provide accurate information and try to raise awareness of how to prevent conditions such as cancer, cardiovascular disease and dementia.  | P42 |
| Medical support service for health, medical, childcare, and nursing care services for policyholders | We provide advice and information on health, medical care, childcare and nursing care for policyholders and members of their families.  | P42 |
| Run with You Project  | We sponsor public marathons nationwide, organize running classes and do our bit to promote running at the local level, as a major example of a sport that people can enjoy while improving their health on a daily basis. | P42 |

### [Declaration to Support Total Life Plan for the Second Half of Life]



Senior citizens are establishing a greater presence, due to Japan's dwindling birth rate and aging

population, and are choosing to live their lives in an increasingly diverse number of ways. Last year, we launched the Declaration to Support Total Life Plan for the Second Half of Life initiative, in our capacity as lifelong partners accompanying our customers through their lives.

The concept of Declaration to Support Total Life Plan for the Second Half of Life is fulfilling the function of life insurance to industry-leading level and offering security and peace of mind for all of our senior customers, to ensure that they receive their claims/benefits. The aim is to provide services that are easier for senior customers to use.

For example, we phone senior customers to check how they are progressing and follow up on relevant procedures.

Other initiatives include operating a toll free service exclusively for senior customers, to facilitate direct communication.

#### Recent example: Launching services in conjunction with Yamato Transport Co., Ltd.

We have launched a service whereby sales drivers from Yamato Transport deliver leaflets and other such items to customers who do not live near one of our sales offices or whose location makes it difficult for Total Life Plan Designers to visit them on a regular basis.

### [Providing high quality consulting services]

We are constantly working to increase points of contact with our customers, and to improve the consulting capabilities of our Total Life Plan Designers, so that we can ensure satisfaction for as many customers as possible by offering them security and peace of mind, and providing complete health support.

#### Establishing and expanding channels for specific customers and segments, in addition to Total Life Plan Designers Page 47

We are looking to increase our number of Total Consultants, who are specializing in consulting for corporate and government offices in major metropolitan areas, to an industry-leading level of 2,000. We have created Customer Consultants, as a team of specialists offering after-sales and consulting services for less accessible customers, and have been operating at full capacity since April 2015.

#### Improving the consulting capabilities of Total Life Plan Designers Page 60

We have extended training periods from two to five years, in an effort to develop more human capital with high level consulting capabilities, and thereby improve productivity even further.



A Total Consultant in action

**[Initiative in savings-type product market]**

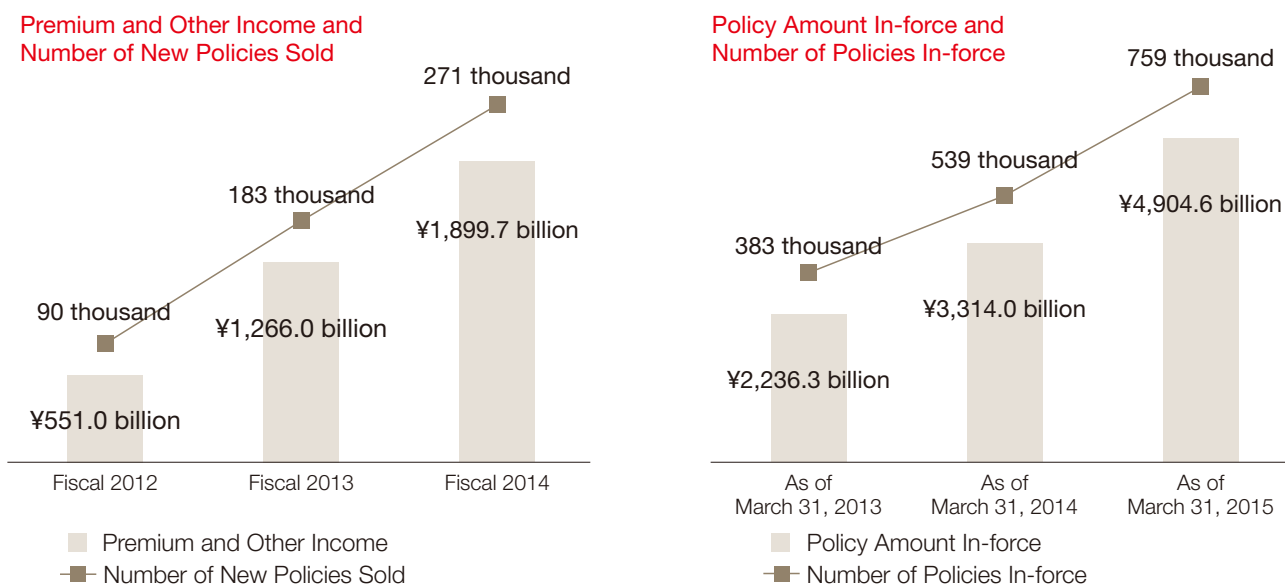


The life insurance market in Japan is being shaped by significant environmental and structural changes, such as demographic shifts associated with the declining birth rate and the aging society. Many baby boomers have retired from supporting their companies and families, and have begun their second lives.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

Thanks chiefly to strong sales of foreign currency products, premium and other income reached ¥1,899.7 billion in fiscal 2014, which was the highest since the Company was first established. Policy amount in-force stood at ¥4,904.6 billion. We will continue to provide high-quality products and services responding to customer needs in a timely manner.

**Dai-ichi Frontier Life – Main Financial Results**



**[Initiatives aimed at developing new markets (catering to customers wishing to compare products)]**



As customers' needs becoming increasingly diverse, sales via financial institutions have started to expand to include protection-type insurance as well as savings-type insurance in recent years. Banks, walk-in insurance shops and other such facilities have also seen an increase in the number of customers wishing to compare and choose insurance products by themselves. In an effort to cater to such kind of needs

more effectively, we established Neo First Life, and started providing a series of new products and services from August 2015, via facilities such as financial institutions and walk-in insurance shops.

Neo First Life has set out "Focusing on what people want" as its corporate slogan and is working to meet the needs of customers wishing to compare products, by selling straight-forward, distinctive products that embody what people want through banks and other financial institutions, and through walk-in insurance shops with simple procedures.

As its first product, Neo First Life is aiming to sell a new third sector product that is designed to ensure satisfaction for new customers.



## ■ Efforts for Business Alliance

We are committed to forging powerful partnerships between the Dai-ichi Life Group and its business partners, in order to make our operations more competitive in the domestic market.

|   |   |
|---|---|
| <p><b>Mizuho Financial Group</b></p> <p>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. As part of our bancassurance business, we also sell Dai-ichi Frontier Life products at banks and securities companies affiliated with the Mizuho Financial Group. We also exchange human capital by sending Dai-ichi Life employee with consulting expertise in life insurance to the Mizuho Financial Group.</p>  | <p><b>Resona Holdings</b></p> <p>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.</p> <p>As part of our bancassurance business, we sell individual annuity insurance from Dai-ichi Frontier Life at banks affiliated with Resona Holdings. We also exchange human capital by sending Dai-ichi Life employee with consulting expertise in life insurance to Resona Holdings.</p> |
| <p><b>Sompo Japan Nipponkoa Insurance</b></p> <p>In our full-scale business alliance with Sompo Japan Nipponkoa, 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.</p> <p>In non-life insurance we aim to improve customer satisfaction by selling auto insurance products, taking advantage of Sompo Japan Nipponkoa’s strong brand and products and its dependable accident response system.</p> <p>In the life insurance area, Sompo Japan Nipponkoa agents sell Dai-ichi Life products (in the First Sector, death protection products) to complement and strengthen the product lineup of the Sompo Japan Nipponkoa Group.</p> | <p><b>AFLAC</b></p> <p>In our business alliance with 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.</p> <p>In cancer insurance we sell AFLAC’s products that are customized for the Total Life Plan of individual customers proposed by Dai-ichi Life.</p>   |

## Overseas Life Insurance Business

We have positioned the overseas life insurance business as a growth sector for the Dai-ichi Life Group, and have launched operations in six countries to date. As our operations have expanded across an increasingly wide area, we have established regional headquarters in North America and the Asia Pacific region, in an effort to reinforce our business management and support frameworks based on a Global Trilateral Structure which includes Japan. Given that overseas life insurance markets are expected to grow in the future, we intend to focus on balanced growth across developed and emerging markets.

Representative Director, Deputy President  
Chief General Manager, Asia Pacific Business

**Shigeo Tsuyuki**



### Our journey so far

With the overseas life insurance business positioned as a growth sector for the Dai-ichi Life Group, we acquired a local life insurance company in Vietnam in 2007, after which point we proceeded to expand into the life insurance markets in Thailand, Australia, India and Indonesia. In 2015, we acquired US life insurance group Protective Life as a wholly owned subsidiary, enabling us to expand our business into the United States, the world's largest life insurance market.

Our aim is to enhance the value of group life insurance companies by providing them with our expertise in the life insurance business, built up over more than 110 years (risk management, actuarial work, sales channel development, asset management,

etc.) and providing support in areas such as human capital and capital.

As we continue to expand our business over a wider area, in 2015 we established and began operating regional headquarters in North America and the Asia Pacific region, in an effort to reinforce our business management and support frameworks with respect to our overseas group companies, and ensure adequate governance throughout the Group.

As a result of initiatives such as these, we have continued to steadily expand the scale of our overseas life insurance business and increase our profits. (See pages 30 and 31 for details of our overseas group life insurance companies)

### Outlook for the overseas life insurance business environment

Although overseas life insurance markets are expected to continue expanding in the future, driven by factors such as economic and population growth, the economic and business environment surrounding the life insurance market varies from one country to the next.

Whereas developed markets in North America and other parts of the world are relatively mature, in terms of the prevalence of insurance, they are nonetheless likely to see stable growth in the future due to steady economic and population growth.

We also expect to see strong growth in emerging markets, particularly in Asia, due to factors such as high economic growth rates, increasing numbers of middle income earners, and a greater awareness of risks which are covered under life and health insurance.

With overseas operations in six different countries, we are aware of just how important it is to provide adequate business management and support in line with factors such as the degree of market maturity and the business environment in each country.

## Future initiatives

### ■ Upgrading our business management framework and harnessing group synergy via our Global Trilateral Structure

As the globalization of the Dai-ichi Life Group continues, we have established regional headquarters in North America and the Asia Pacific region, thereby creating an operating framework based on a Global Trilateral Structure, revolving around our Head Office and Group Management Headquarters.

Our regional headquarters enable us to quickly and easily maintain communication with other group life insurance companies without having to worry about time differences. Located at the heart of their respective regions, each headquarters acts as a focal point that enables us to promote exchange between regional group companies to an even greater extent.

In terms of initiatives aimed at generating synergy, we are committed to promoting exchange with management at overseas group companies through measures such as having them to participate in meetings at our Head Office and Group Management Headquarters, and organizing Executive Summits attended by management staff from overseas group companies. We also organize Global Management Conferences based around a variety of topics,

including product development, sales, branding and advertising, ERM, and personnel, with the aim of sharing best practice in each country and strengthening the networks between top management at the divisional level. We continue to implement initiatives such as these in an effort to create even greater value as a group.

We intend to continue effectively operating our Global Trilateral Structure in the future, so that we can establish and strengthen business management and support for group life insurance companies, and achieve sustainable growth.



Global Management Conference

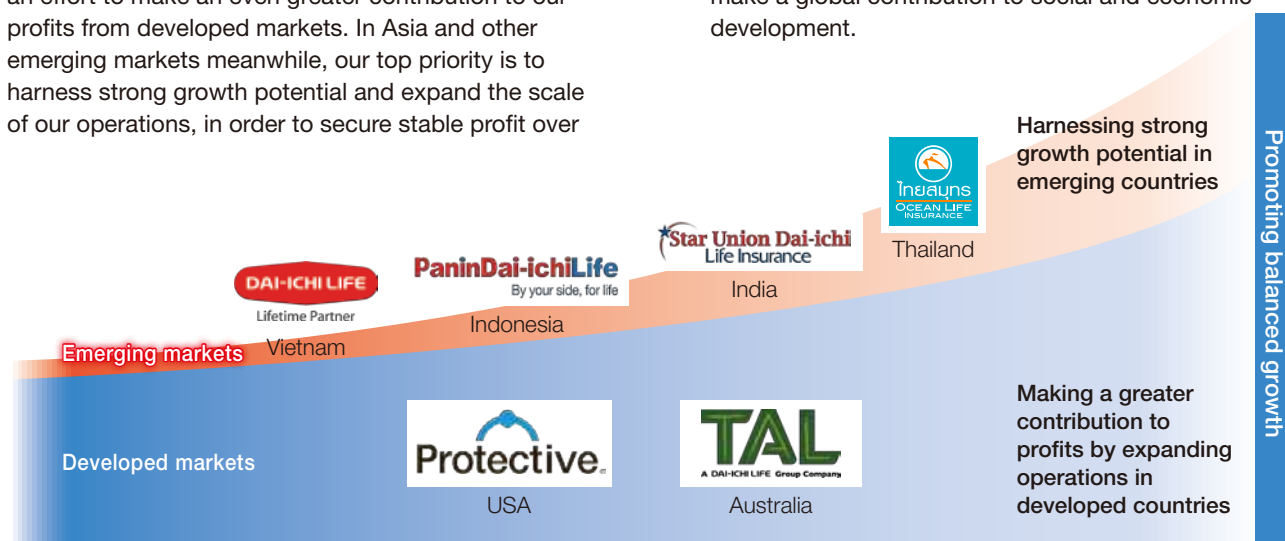
### ■ Promoting balanced growth

We plan to actively expand the Dai-ichi Life Group's operations in the future, to tap into strong growth in overseas life insurance markets, and intend to maintain balanced growth in both developed and emerging markets.

Specifically, we will be focusing on business management geared towards stable profit growth, in an effort to make an even greater contribution to our profits from developed markets. In Asia and other emerging markets meanwhile, our top priority is to harness strong growth potential and expand the scale of our operations, in order to secure stable profit over

the medium to long term. We are also exploring the potential to further expand new businesses in both developed and emerging markets.

Based on our shared vision and philosophy throughout the Dai-ichi Life Group, we are determined to keep on spreading the vision "Peace of mind. In communities and around the world.," and to make a global contribution to social and economic development.



## Overseas Life Insurance Companies of the Dai-ichi Life Group

### Protective Life (USA)

#### Protective Life Corporation



John D. Johns, CEO, Protective Life and Koichiro Watanabe, President, Dai-ichi Life

Established in 1907, Protective Life provides life insurance throughout the United States. In addition to traditional life insurance and individual annuities, it has also developed advanced competencies and capabilities in acquisitions, having an industry-leading track record in this area, demonstrated by the completion of 47 acquisition transactions by 2014.<sup>5</sup> Its commitment to minimizing costs to ensure efficient operations is one of Protective Life's strengths, which has enabled its corporate growth based on a distinctive business model wherein capital generated through the retail business is utilized for the expansion of acquisition business.

Dai-ichi Life has established DLI NORTH AMERICA INC. in New York as its North America Regional Headquarters at the same time Dai-ichi Life completed the acquisition of Protective Life, which enabled it to achieve a swift and smooth Post Merger Integration, as well as routine monitoring.



|                                       |  |                     |
|---------------------------------------|--|---------------------|
| Number of employees <sup>1</sup>      | 2,476  |                     |
| Actual premium income <sup>2, 3</sup> | 3,297 million US dollars (397.5 billion yen) | Year on year +10.6% |
| Market share / ranking <sup>4</sup>   | 0.8% / 34th                                  |                     |

### TAL (Australia)

#### TAL Dai-ichi Life Australia Pty Ltd



TAL head office building

As a strategic specialist in protection-type products, TAL became the industry leader in the Australian (protection-type) life insurance market in December 2013 in terms of annualized net premium from policies in-force, thanks to its effective use of retail, group and direct sales channels. Since then, it has continued to increase its share as the leading company in the market.

In fiscal 2014, TAL won awards in a number of different fields, including the "Life Insurance Company of the Year Award"<sup>6</sup> and "Employer of the Year Award"<sup>7</sup>, in recognition of its business activities, commitment to diversity and social contributions, etc.



|                                       |  |                     |
|---------------------------------------|--|---------------------|
| Number of employees <sup>1</sup>      | 1,537  |                     |
| Actual premium income <sup>2, 3</sup> | 2,745 million Australian dollars (252.7 billion yen) | Year on year +18.5% |
| Market share / ranking <sup>4</sup>   | 15.6% / 1st  |                     |

### Dai-ichi Life Vietnam (Vietnam)

#### Dai-ichi Life Insurance Company of Vietnam, Limited



Customer counter at the head office

In January 2007, Dai-ichi Life became the first Japanese life insurance company to expand its life insurance business into Vietnam. With the Vietnamese life insurance as a whole experiencing rapid growth, Dai-ichi Life Vietnam has managed to expand its business ahead of the market, increasing its share from 4.4% in fiscal 2006 to 9.0% in fiscal 2014. Dai-ichi Life Vietnam has won widespread acclaim for its initiatives. In January 2014, the Vietnamese government presented it with the Vietnam Prime Minister's Award, given to companies or individuals that have made an outstanding effort in areas such as business, social contribution, environmental preservation and education. Dai-ichi Life Vietnam also became the first Vietnamese insurance company (life or non-life) to receive the CSR Award at the 17th Asia Insurance Industry Awards, organized by the Asia Insurance Review, a professional journal for the insurance industry.



|                                       |   |                     |
|---------------------------------------|---|---------------------|
| Number of employees <sup>1</sup>      | 652                                     |                     |
| Actual premium income <sup>2, 3</sup> | 2,546.0 billion dong (14.2 billion yen) | Year on year +37.1% |
| Market share / ranking <sup>4</sup>   | 9.0% / 4th                              |                     |

\*1: As of the end of March 2015. Excluding staff in sales channels. However, staff involved in direct sales of TAL are included in the number of employees.

\*2: Figures refer to the period from January to December 2014, for Protective Life, Dai-ichi Life Vietnam, Panin Dai-ichi Life, Star Union Dai-ichi Life and Ocean Life. Figures for TAL are for the period from April 2014 to March 2015. Actual premium income figures are based on premium and other income for Protective Life, TAL, Dai-ichi Life Vietnam and Panin Dai-ichi Life, and on premium income for Ocean Life. Figures for Star Union Dai-ichi Life refer to annualized premium income.

\*3: Currencies are calculated based on the following exchange rates: 1 US dollar = ¥120.55, 1 Australian dollar = ¥92.06, 1 dong = ¥0.0056, 1 Indonesian rupiah = ¥0.0097, 1 rupee = ¥1.91, 1 baht = ¥3.67

\*4: Comparisons are based on net premium income for the US market, annualized net premiums from policies in-force (protection-type) for the Australian market, premium and other income for the Vietnamese and Indonesian markets, annual premium equivalent (individual insurance) for the Indian market, and premium income for the Thai market.

Comparative periods are from January to December 2013 for the US market, as of the end of December 2014 for the Australian market, and from January to December 2014 for the Vietnamese, Indonesian, Indian and Thai markets.

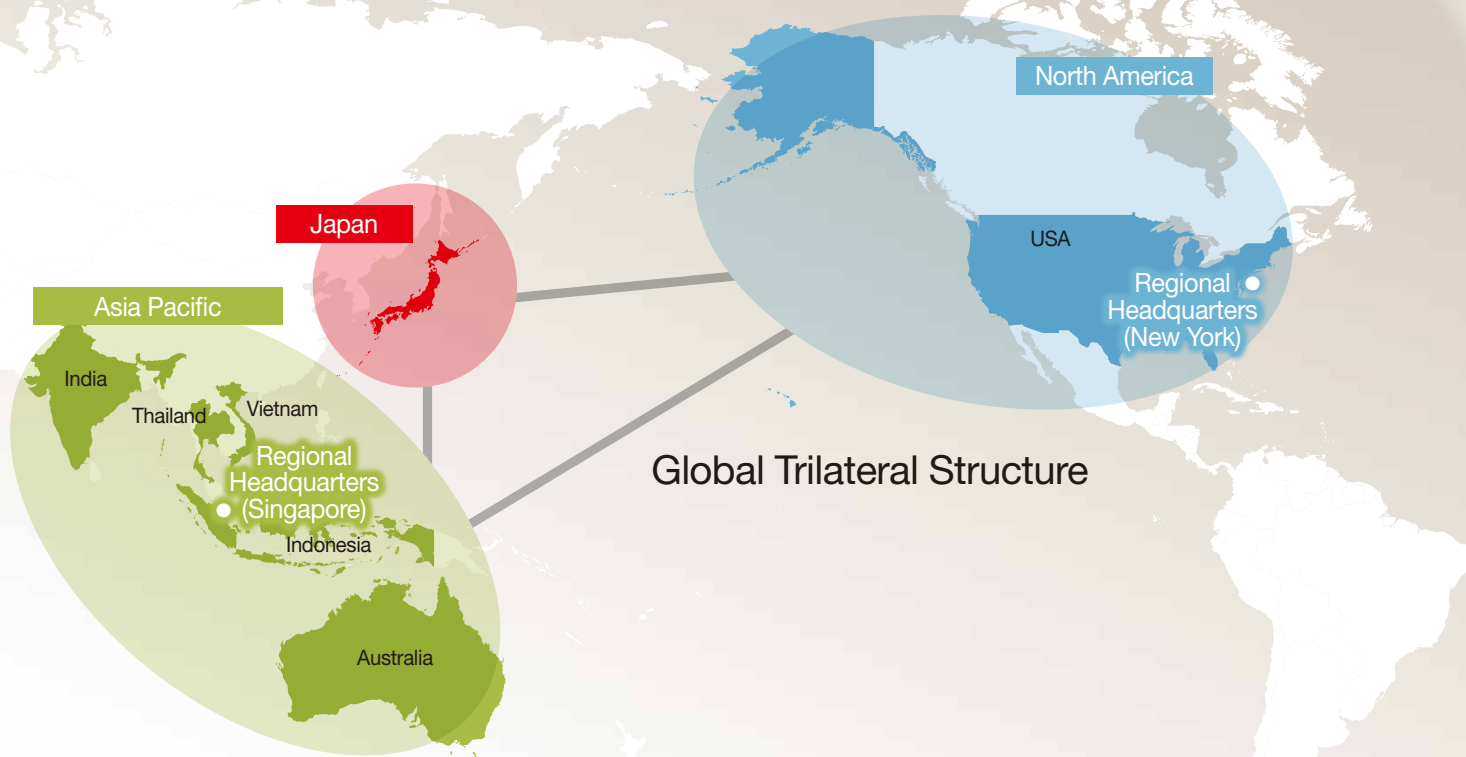
\*5: Includes corporate acquisitions and reinsurance.

\*6: Award presented to the best performing life insurance company, based on a survey of life insurance companies selling protection-type products carried out by Plan for Life (consulting company) and the Association of Financial Advisers (AFA)

\*7: Award presented by leading Australian financial publications (Money Management, Super Review) to the company making the greatest commitment to issues such as gender equality in the workplace

\*8: Based on private life insurance companies, excluding the Life Insurance Corporation of India (LIC), which is 100% owned by the Indian government.





## Panin Dai-ichi Life (Indonesia)



### PT Panin Dai-ichi Life



Investment ceremony

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

A member of the Panin Group, a leading local financial group, Panin Dai-ichi Life is a life insurance company with multiple sales channels, including individual agents, bancassurance and direct sales. It is steadily improving its results by continuing to diversify sales channels. Panin Dai-ichi Life has grown ahead of the market and continues to expand its presence in the Indonesian market, as evidenced by its industry ranking, which jumped from 15th in fiscal 2009 to 10th in fiscal 2014.

|  |   |
|--|---|
| Number of employees <sup>1</sup>       | 572                                       |
| Actual premium income <sup>2, *3</sup> | 3,700.5 billion rupiah (35.8 billion yen) |
| Year on year                           | +12.3%                                    |
| Market share / ranking <sup>4</sup>    | 3.0% / 10th                               |

## Star Union Dai-ichi Life (India)



### Star Union Dai-ichi Life Insurance Company Limited



Award ceremony for the Banking Financial Services & Insurance Awards 2015

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, two major state-owned banks, Star Union Dai-ichi Life is ranked 11th out of 23 private life insurance companies in the ranking of annual premium equivalent (individual insurance), with annualized premiums totaling 8,666 million rupees in fiscal 2014, the company's sixth year in business. It is highly acclaimed within the Indian life insurance market, and in February 2015 won the awards for both Best Life Insurance Company in the Private Sector and the Company with Highest Claims Settlement at the Banking Financial Services & Insurance Awards 2015.

|   |   |
|---|---|
| Number of employees <sup>1</sup>        | 3,009                                   |
| Actual premium income <sup>2, *3</sup>  | 8,666 million rupees (16.5 billion yen) |
| Year on year                            | +17.5%                                  |
| Market share / ranking <sup>4, *8</sup> | 2.0% / 11th                             |

## Ocean Life (Thailand)



### OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED



Sales managers conference

In July 2008, Dai-ichi Life agreed to invest in and enter into a business alliance with Ocean Life, which subsequently became an affiliate that same year.

Since then, Dai-ichi Life 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 2014, its insurance premium income was ranked ninth 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.

|  |  |
|--|--|
| Number of employees <sup>1</sup>       | 1,998                                  |
| Actual premium income <sup>2, *3</sup> | 14,129 million baht (51.8 billion yen) |
| Year on year                           | +8.0%                                  |
| Market share / ranking <sup>4</sup>    | 2.9% / 9th                             |



## Asset Management Business

As well as managing assets for premiums received from our policyholders, to ensure that we can make future benefit payouts, we also operate domestic and overseas asset management businesses that are compatible with our life insurance business.



Representative Director,  
Deputy President  
**Satoru Tsutsumi**

## Dai-ichi Life's Asset Management for Our Policyholders

As an institutional investor managing approximately ¥35 trillion in assets, we are constantly working to enhance stability and profitability, while at the same time harnessing our financial intermediary capabilities, by actively catering to new capital demand in the infrastructure sector for instance.

### Our journey so far

We promote ALM (\*) operations based on the nature of our insurance policies (insurance liabilities), revolving around long-term and super-long-term domestic bonds, and also flexibly allocate capital to risk assets such as domestic and foreign stocks, and foreign currency-denominated bonds without currency hedges, in an effort to increase profitability.

Amidst low interest rates in recent years, we have reduced purchasing of yen-denominated bonds and have actively engaged in selective investment in foreign currency-denominated bonds with currency hedges, which offer more attractive returns than yen-denominated bonds. We have enhanced our investment diversification by investing in emerging market currencies and in middle-risk middle-return assets which have low correlation with traditional assets such as stocks and bonds. We are also committed to harnessing our financial intermediary capabilities, by actively providing investments and loans for new capital demand in the infrastructure sector for instance.

It is thanks to initiatives such as these that we have achieved a positive spread for two fiscal years in a row, since the year ended March 2014.

\*ALM (asset liability management) is a method that involves managing assets in line with the nature of insurance policies (insurance liabilities).

### Examples of major investments and loans for new capital demand

| Description   | Date      |
|---|-----------|
| Investment in the Private Finance Initiative Promotion Corporation of Japan | Oct. 2013 |
| Investment in corporate bonds of local company in Southeast Asia            | Dec. 2013 |
| Overseas project finance initiatives  | Sep. 2014 |
| Investment in inclusive business bonds (Page 59)                            | Dec. 2014 |
| Investment in infrastructure debt funds                                     | Mar. 2015 |

### Outlook for the asset management environment

We expect the Japanese economy will be on track for a modest recovery, supported by positive effects such as (a) a recovery in individual consumption on the back of an improved employment and wage environment, and (b) a recovery in foreign demand. Interest rates meanwhile are expected to remain low for a while as the Bank of Japan maintains or strengthens its quantitative and qualitative monetary easing measures.

We expect to see an underlying recovery in overseas economies on the whole, particularly in the United States, and believe that financial markets will remain stable. We will nonetheless need to keep a close eye on growing expectations that the Federal Reserve Bank will raise interest rates and disruption stemming from factors such as the Chinese stock market, and support for Greece.

## Future initiatives

While retaining a focus on core ALM operations based on the nature of life insurance policies, we intend to continue with (a) flexible control of the allocation of the risk assets taking market trends into account and (b) diversified investment, including broadening our scope of currencies and countries as part of overseas investment, and investing in middle-risk middle-return sectors, in both domestic and foreign markets. We are also looking at active investments and loans in sectors that are expected to see new capital demand, in an effort to harness our financial intermediary capabilities as an institutional investor.

Initiatives such as these will enable us to maintain a dual focus on both stability and profitability.

## Asset Management Business

On the domestic front, we have established DIAM as an equal joint venture with the Mizuho Financial Group. Overseas, we have formed a strategic business and capital alliance with Janus in the United States. In the future, we intend to generate group synergy to a greater extent through activities such as developing new insurance products as a group by making the most of the business's close affinity with Dai-ichi Frontier Life, which provides single premium savings-type insurance for the domestic asset management market.

## Our journey so far

We entered the asset management business in earnest in fiscal 1999 with the establishment of DIAM. Having steadily increased the balance of assets under management after that point, DIAM has now grown into one of the largest scale asset management companies in Japan, with assets under management of more than ¥17 trillion.

In fiscal 2012, we expanded into the United States, the world's largest asset management market through the business and capital alliance with Janus. Since then, we have continued to carry out initiatives aimed at harnessing group synergy, including selling Janus products on the domestic market via DIAM, and developing the new Separate Account Balanced Fund II and the smart beta model "JSG200" in conjunction with DIAM.

## Outlook for the asset management business environment

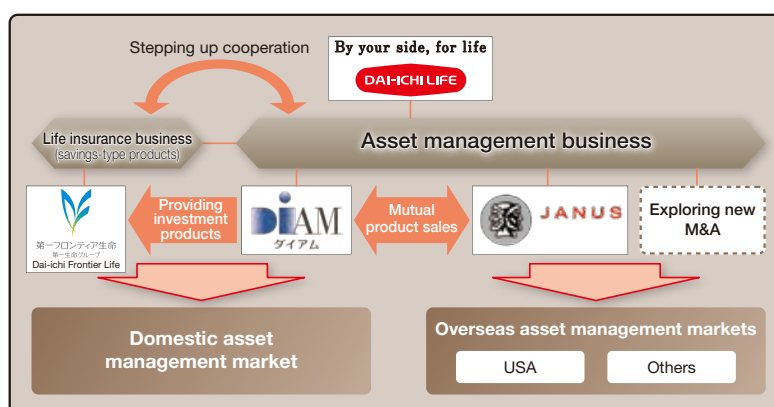
As of the end of 2014, personal financial assets in Japan stood at just under ¥1,700 trillion, approximately ¥900 trillion of which was in savings. There is also momentum behind measures to encourage individual asset building, as evidenced by the launch of the Nippon Individual Savings Account (NISA) scheme in fiscal 2013. This shift from savings to investment is expected to ensure that the domestic asset management market continues to grow in the future. Overseas asset management markets, including the United States, are also expected to experience sustained growth in the future.

## Future initiatives

We intend to increase the balance of assets under management even further in both domestic and overseas asset management markets by continuing to support the growth of DIAM and Janus, and exploring options such as new M&A in the future.

Specifically, we will continue to promote mutual product sales between DIAM and Janus, whilst also pushing the boundaries of group synergy through initiatives such as stepping up cooperation on asset management with other group life insurance companies, including Dai-ichi Frontier Life, and developing new single premium savings-type insurance products.

As well as increasing our share of both domestic and overseas asset management markets, initiatives such as these will enable us to help customers build assets.



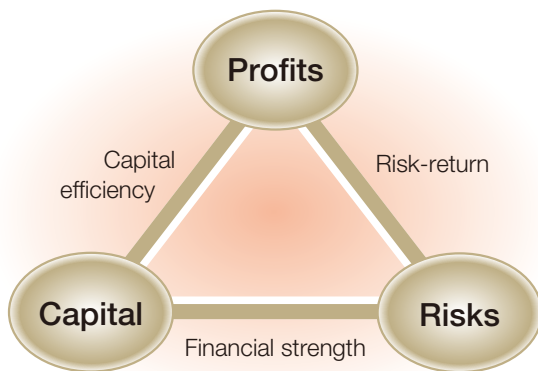
# Discipline Promotion of ERM

We ensure that capital levels remain in line with global capital regulations, whilst striving to increase consolidated profits, improve capital efficiency and enhance corporate value.

## Initiatives to date

The Company promotes ERM (Enterprise Risk Management) across the Group. 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 profits, capital conditions, and risks. This means that, as well as ensuring that risks are sound and adequately controlled based on their source, type and nature, ERM aims to improve capital efficiency and enhance corporate value, through initiatives such as allocating capital to businesses that are likely to bring in a higher return.

Relationship Between Profits, Capital, and Risks

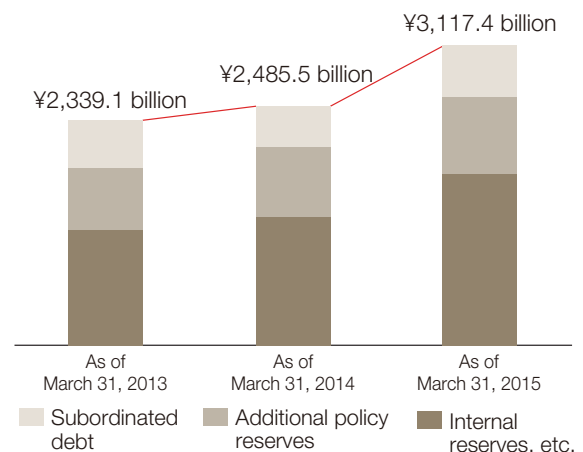


## Outlook for the current environment

Dai-ichi Life understands that building a strong capital base is important if it is to retain the trust of its customers. We already take steps to ensure that we have sufficient capital to cover risks. At the same time however, new capital regulations are currently under consideration for global insurance companies. Having continued to expand our operations globally, we are keeping a close eye on this trend. We also believe that it is necessary to raise our capital level, improve capital efficiency and enhance corporate value, so as to live up to the expectations of our stakeholders.

We are committed to securing a profit each year and have continued to work on accumulating shareholders' equity and internal reserves, including contingency reserves and reserves for price fluctuations, in the interests of capital adequacy. Dai-ichi Life has also been accumulating additional policy reserves since fiscal 2007 and improving its future negative spread to enhance its financial stability. Disciplined capital allocation meanwhile, including carefully selected M&A, has enabled us to maintain a focus on increasing profits, improving capital efficiency and enhancing corporate value.

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



## Future initiatives

We intend to raise our capital level relative to risk level even further in the future, in light of trends in global capital regulations. Specifically, we will be focusing on securing a profit each year, accumulating internal reserves, promoting ALM and controlling the balance of risk assets. As well as improving the profitability of individual lines of business, based on the nature of our operations in each area, we also intend to establish an optimum business portfolio through disciplined allocation of capital to growth sectors, as we continue to increase consolidated profits, improve capital efficiency and enhance corporate value.

Based on the results of initiatives such as these, we are determined to adequately return profits and live up to the expectations of all of our stakeholders.



As we have expanded the scale of the Dai-ichi Life Group and globalized our operations, it has become necessary to strengthen our management structure on a groupwide basis. We recognize the importance of reinforcing the capabilities of our Group Management Headquarters and further strengthening our group management structure via our regional headquarters.

## Initiatives to date

We have continued to implement initiatives in growth sectors as part of our domestic life insurance, overseas life insurance and asset management businesses. As a result, our subsidiaries and affiliates have continued to grow in scale and number, making group management more essential than ever. That is why we established our Group Management Headquarters in 2012, as the ideal means of accelerating growth and reinforcing group management, whilst ensuring management efficiency and maintaining a sense of speed.

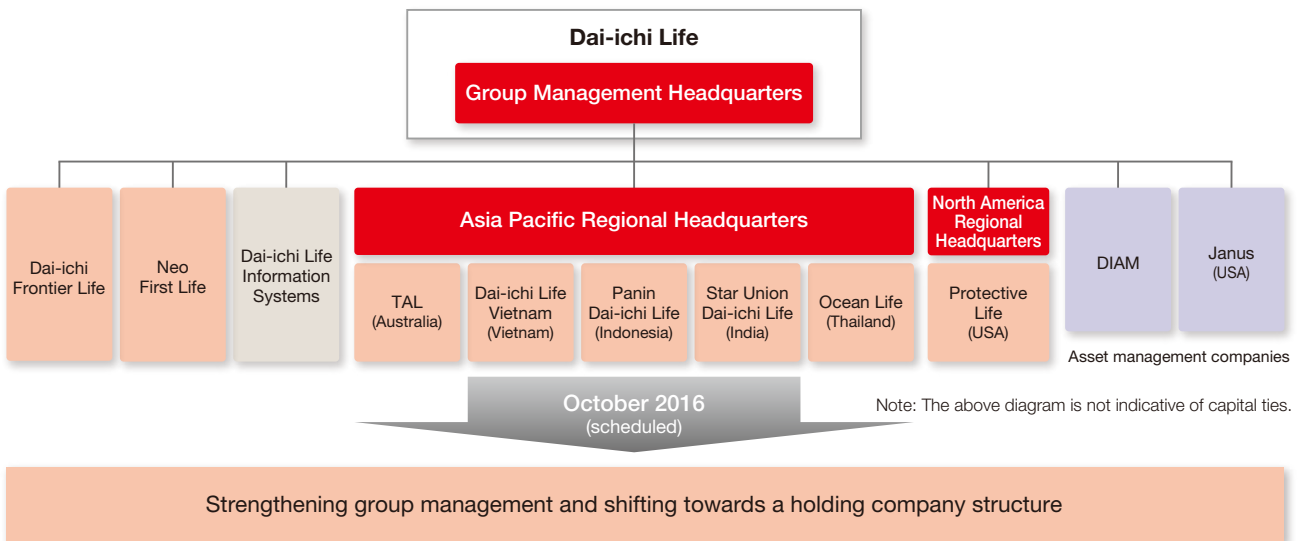
\* See page 70 for an overview of the Company's business management framework.

## Outlook for the current environment

To date, we have focused on a growth strategy designed to increase our share of the domestic life insurance market, and on initiatives aimed at accelerating business expansion and bringing in a greater contribution to profits from overseas life insurance markets. Acquisition of Protective Life and business preparation for Neo First Life in fiscal 2014 has accelerated our multiplex businesses structure both domestically and overseas.

## Future initiatives

Taking into account the current environment and issues we are facing, we intend to shift to a holding company based around our Group Management Headquarters in October 2016 (scheduled), before the end of our medium-term management plan for fiscal 2015 to fiscal 2017 "D-Ambitious." We are also aiming to (1) flexibly allocate management resources on a groupwide basis, (2) establish a governance structure to help speed up the decision making process at affiliated companies, and (3) fundamentally reform our group management style. This will enable us to further accelerate initiatives geared towards sustainable growth as a group, and enhance the corporate value of the group as a whole.



We believe accepting each other's "diversity," or inclusion, is the foundation for sustainable growth. We have put in place an environment in which a diverse range of human capital can play a key role, regardless of nationality, gender, disability or lifestyle, and have continued to promote human capital development in support of our global business expansion.

## Initiatives to date

To improve the value of our human capital to the level required in the age of global competition today, especially to promote the achievements of female employees, we work to raise awareness of female employees and to improve our training system. We also consider it the social responsibility of a corporate citizen, to provide a wide range of employment opportunities. We have therefore been working to actively recruit people with disabilities and create a comfortable working environment, for example with the establishment of Dai-ichi Life Challenged Co., Ltd. in 2006.

We organize Global Management Conferences, as one of our initiatives to make us more globally competitive, to create an opportunity for communication and training for domestic and overseas executives.

We also believe it is crucial that each one of our officers and employees have a keen interest in health and medical issues themselves, in order to meet customers' wishes to lead healthy lives, which we consider our social responsibility. It is for this belief that we have always continued to promote health, in management as well as in individual workplaces, through initiatives such as clarification of our management philosophy regarding health and the establishment of an organizational structure that helps promote health management.

## Outlook for the current environment

We understand there is a growing need to create a comfortable working environment friendly to all of our employees, regardless of any disability, to achieve normalization, as well as to reinforce the pipeline up to female managerial positions.\*

We also consider it essential to advance our initiative to develop global human capital as we expand overseas, and to step up initiatives aimed at extending employees' life expectancy as healthy individuals.

\*Normalization is a concept in which society is considered the natural society, when people with and without disabilities live together as part of the same community, based on mutual respect and support.

## Future initiatives

Successful realization of the new medium term management plan for fiscal 2015 to fiscal 2017, "D-Ambitious," depends on increasing the human capital value of the Dai-ichi Life Group.

We will continue to promote initiatives in the future, such as those illustrated in the diagram on the right.

\*See pages 63 to 65 for details.



# Initiatives for Stakeholders

## **Initiatives for Customers**

Payment of Insurance Claims and Benefits and Pursuit of Security and Peace of Mind  
Secure After-Sales Service During the Contract Period  
Complete Health Support  
Uniform and High-quality Consulting Suitable to the Lifestyle of Customers at the Time of Contract  
Improvement of Information Provided to Customers  
Product Development in Line with Customers' Needs  
Consulting, Products and Services for Corporate Customers  
International Insurance Business  
Contact Points with a Wide Range of Customers  
Initiative to Utilize Customer Feedback for Our Management

## **Initiatives for Shareholders and Investors**

Relationships with Shareholders and Investors

## **Social Initiatives**

Three Main Themes Towards Solving Social Issues  
Initiatives Aimed at Society as an Institutional Investor

## **Initiatives for Employees**

Development Support System  
(Total Life Plan Designers / Financial Planners / Agencies)  
Development Support System (In-house Employees)  
Promoting Diversity and Inclusion

## **Stakeholder Dialogue**

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

Dai-ichi Life is endeavoring to handle insurance procedures from a customer-based perspective, and to make accurate and equitable payments by ensuring that all officers and employees understand that the role of insurance is fulfilled at the very moment when customers receive their insurance claims and benefits. To even better fulfill the primary role of insurance, we have established a support system to increase convenience for customers when they make a request for insurance claims and benefits and to enable them to receive their claims and benefits quickly and reliably. We are also striving to be more helpful for customers by enhancing the information we provide and the consulting services we offer on the social security system and tax matters.

### Status of the Payment of Insurance Claims and Benefits

#### ● Insurance claims and benefits paid in fiscal 2014 (for Dai-ichi Life on a non-consolidated basis)

|  |                  |
|--|------------------|
| Death, disability and specified disease insurance claims, etc. | ¥438.2 billion   |
| Hospital expenses and surgical insurance benefits, etc.        | ¥128.0 billion   |
| Maturity proceeds, living benefits, and annuities, etc.        | ¥1,225.2 billion |
| Total  | ¥1,791.4 billion |

Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life **¥1,881.8 billion**

Note: For Neo First Life, the value is from July 2014 to March 2015.

#### ● Status of claims and benefit payments in fiscal 2014 (for Dai-ichi Life on a non-consolidated basis)

|  | Total     | Claims for death, disability and specified disease insurance, etc. |   |
|--|-----------|--|---|
|  |           | 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                            | 1,118,672 | 85,979   | 1,032,693   |
| Number of cases in which payments were not made                        | 32,915    | 3,539  | 29,376  |
| Cases that don't meet payment requirements <sup>(1)</sup>              | 31,303    | 3,143  | 28,160  |
| Cancellations due to violations of the duty to disclose <sup>(2)</sup> | 1,071     | 74   | 997   |
| Cases that fall under immunity grounds <sup>(3)</sup>                  | 538       | 322  | 216   |
| Others   | 3         | 0  | 3   |

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

\*1: These were cases that did not meet the payment requirements prescribed in our policy provisions, such as cases that were not eligible for surgery, or cases involving the onset of disease before the policy went into effect.

\*2: As the policyholder or the insured did not disclose important facts that must be declared when subscribing to the policy, either intentionally or through gross negligence, the insurance policy was cancelled. If a refund is due based on calculations at the time of cancellation, this will be paid.

\*3: As there was a case that constitutes grounds for immunity under the policy provisions, such as the insured committing suicide within the specified period or the policyholder or insured, either intentionally or through gross negligence, having an accident, insurance claims and benefits were not paid.



## Fast and Courteous Request Procedures from a Customer-Based Perspective

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

Since fiscal 2012, we have been offering the Proceeds Quick Reception Service so that customers can receive death proceeds on the day of performing request procedures, if they urgently need to pay funeral and other expenses when a loved one passes away.

Since fiscal 2014, we have also been providing a Simplified Death Benefit Reception Service in which customers are able to receive a death benefit of up to ¥5 million, even if they are unable to prepare some of the documents necessary for procedures, as well as the Death Benefit Delivery Service in which our staff delivers the customer's death benefit in cash. Since fiscal 2012, when we started these services, a total of 400 customers have used them. We also provide a service in which customers are able to make a request with proof of death registration\* instead of with a residence certificate, etc.

\*This is a document that proves death registration, and in some cases customers may be able to receive a death benefit more smoothly than by using a residence certificate.



### Development of a framework for accurate and courteous guidance

Requests for insurance claims and benefits, etc. are received by approximately 40,000 Total Life Plan Designers and at about 80 Dai-ichi Life Insurance Shops nationwide, as well as at the Dai-ichi Life Contact Center. The Dai-ichi Life Contact Center opened its services on Sundays in fiscal 2014 to further increase customer convenience.

The Company also set up a dedicated dial-up (toll-free) number for senior customers in fiscal 2014 to provide them with courteous guidance to meet their needs.

### Building of a mechanism to facilitate insurance requests

Instead of having to submit a medical certificate, we have been the first in the industry to offer other means for customers to request insurance claims and benefits, such as submitting reports that they can fill out themselves and copies of receipts, to better meet customers' insurance requests.

## Pick UP

We need to think sincerely about what customers are requesting especially when we pay insurance claims and benefits. The process of trial and error to determine value we can provide when we make a payment has led to the development of Proceeds Quick Reception Service and Direct Payment Service for Specified Advanced Medical Care. We received the following feedback from a customer who had actually used the Proceeds Quick Reception Service: "Although we were considering a family funeral, we were able to have an ordinary funeral without concern as we were able to receive the insurance proceeds early." Hearing this, we realized how significant this kind of service was. We will continue our efforts to develop services through which customers can realize the benefit of "purchasing an insurance of Dai-ichi Life."

Claims Department  
Senior Assistant Manager  
**Sayoko Takatsu**  
Joined Dai-ichi Life in fiscal  
1994.



### Assistance with insurance procedures in keeping with customers' circumstances

In late July 2015, we began to provide the “Advanced Medical Care Support for Peace of Mind,” making it easier for customers to be able to receive advanced medical care. We provide comprehensive support, including the acquisition of information, before accessing advanced medical care. We also offer telephone consultations about visiting the doctor, assistance with procedures, and direct payment of medical expenses for heavy particle radiotherapy and proton radiation therapy (technical fees for advanced medical care).

We have also introduced the Proxy Request System in which a proxy who has met 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.

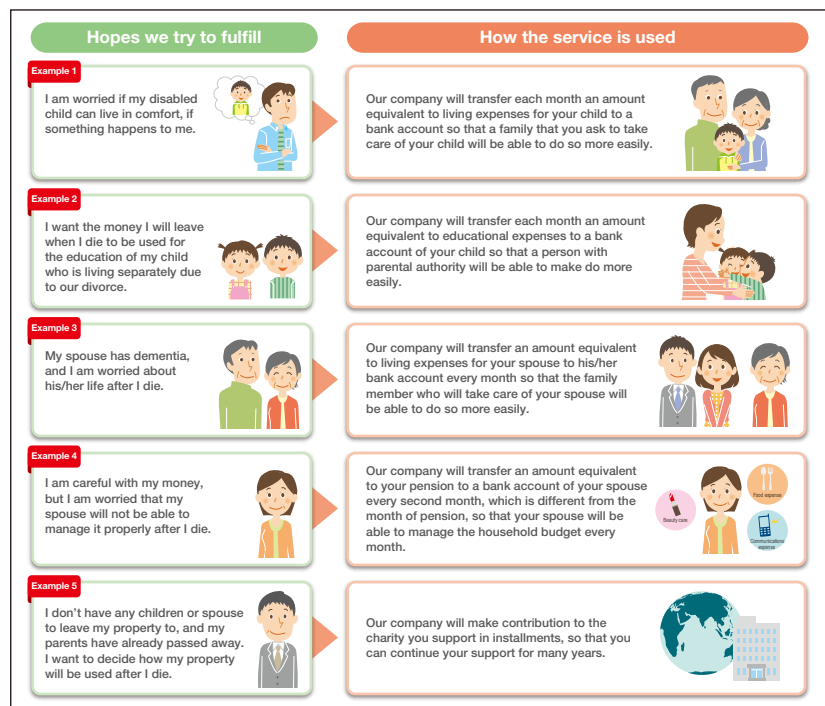
In addition, we have introduced the Adult Guardianship Support as a service for introducing as an intermediary a judicial scrivener who can provide legal support for a customer who is unable to use the Proxy Request System and who needs the appointment of an adult guardian, so that the beneficiary will be able to reliably receive insurance benefits, etc.

## Services for the Reception of Insurance Claims and Benefits

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

To ensure that we meet needs for insurance bequests, the Company provides Omoi no Teikibin (regular time payment service of death benefit), a trust product we developed jointly with Mizuho Trust & Banking, as a trust contract agent for Mizuho Trust & Banking.

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 dies and pays it to a person nominated by the customer (policyholder) with agreed specifics.



## Improved Explanation Regarding the Reception of Insurance Claims and Benefits

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

Our Company has organized a system for specialists in the payment department to provide explanations directly at the Payment Inquiry Counter if customers are unclear on any points, in cases where they are not eligible to receive insurance claims and benefits.

If customers aren't satisfied with the explanation, they can go to the Dispute Counter, which is operated by a different department from the payment department, use the Outside Lawyer Consultation System run by outside lawyers, or go before the Payment Examination Committee in which three outside persons, including a lawyer, a doctor and a consumer affairs expert, examine the payment assessment result.

# Secure After-Sale Service During the Contract Period

We recognize that because life insurance is preparation for times of emergency, it is essential for customers who have purchased insurance to be able to complete the necessary procedures without delay.

## Callback Reservation for Inquiries and Procedures

In September 2014, ahead of other companies, we initiated a callback reservation service for customers who can make contact only at certain times as they are busy at work. With this service, our Company accepts reservations on our website 24 hours/day, 365 days/year (excluding times when systems are undergoing maintenance), and the Contact Center gives customers answers to inquiries and provides guidance on procedures by phone.

In February 2015, our Company also revamped its website, so that customers are able to enter the preferred day and time when they wish to receive a call back.

### Use of callback reservation

|                           | Insurance claims and benefits | Other procedures |
|---------------------------|-------------------------------|------------------|
| Fiscal 2014 <sup>*1</sup> | 161                           | 878              |
| Fiscal 2015 <sup>*2</sup> | 142                           | 296              |
| Total                     | 303                           | 1,174            |

\*1: For fiscal 2014, the number of cases from September 2014 to March 2015

\*2: For fiscal 2015, the number of cases from April 2015 to June 2015



## Delivering Our Total Life Plan Reports and Implementing Our Periodical Insurance Information Checks

Our Total Life Plan Report informs policyholders of the details of their policies and the performance of the Company each year.

In fiscal 2015, we revised the Total Life Plan Report so that we are able to communicate the latest contents of policies in an easy-to-understand manner by improving consistency with life insurance policies delivered at the time of contract and explanatory materials delivered when the policy is changed, as well as by enriching the content of the report. The report also includes a 10-year payment history of claims and benefits related to hospitalization and operation by policy, so that policyholders can access more detailed information about their claims.



We also conduct Periodical Insurance Information Checks in which Total Life Plan Designers visit customers directly to coincide with the arrival of the Total Life Plan Report to check the contents of important policies with their family members, including their beneficiaries.

## Establishment of Policy Content Guidance System

Request for insurance claims and benefits may be made by a person other than the policyholder, depending on the content and form of the policies. In this case, it is necessary for a person other than the policyholder to be regularly updated on policy content and relevant procedures to ensure that insurance claims and benefits are received.

If the policyholder is absent for an extended period, involved in an accident, or affected by a disaster, or if the policyholder suffers impaired consciousness, dementia, etc., the Company needs to give guidance smoothly to a relevant person other than the policyholder.

Taking this possibility into account, the Company introduced the Policy Content Guidance System in fiscal 2015, to lay out a framework for responding quickly to inquiries from relevant persons other than policyholders. Using this system, we will be able to respond more smoothly to inquiries from persons other than policyholders, something that we were not able to do in the past, as well as requests for procedures requiring predetermined documents.

# 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. Based on this concept, we still continue our efforts in Complete Health Support to provide each of our customers with information and services beneficial for their health.

## Raising awareness of how to prevent cancer, cardiovascular disease and dementia

We have built an information network with national centers related to cancer, cardiovascular diseases such as cerebral stroke and acute cardiac infarction, and dementia and other geriatrics and gerontology for the first time in the industry to provide customers with accurate information, helping them develop knowledge about these diseases through Total Life Plan Designers who visit customers in person.

Moreover, to contribute to public health in local communities, we are working to conclude cancer education agreements with local governments, based on which we undertake health and medical educational activities (agreements have been concluded with 37 prefectures and 14 cities as of April 2015).

| Industry's Top-Class Information Network                    |  |
|---|--|
| Cancer  | <b>National Cancer Center</b><br>(concluded the agreement in January 2012)   |
|   | <b>The Cancer Institute Hospital of Japan Foundation of Cancer Research (JFCR)</b><br>(concluded the agreement in February 2013) |
| Cerebrovascular diseases<br>(cerebral stroke, etc.)         | <b>National Cerebral and Cardiovascular Center</b><br>(concluded the agreement in May 2014)                                      |
| Cardiovascular diseases<br>(acute cardiac infarction, etc.) | <b>The Cardiovascular Institute (The Dai-ichi Life Group)</b>  |
| Dementia<br>(geriatrics and gerontology)                    | <b>National Center for Geriatrics and Gerontology</b><br>(concluded the agreement in February 2015)                              |

## 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. In fiscal 2014, the service was used more than 30,000 times.

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

### <History of Service Expansion>

- March 2013** Beginning of Specialized Medical Service Consultation/ Second Opinion Support
- December 2013** Beginning of Nursing Care Service Wide & Double, a nursing care-related service that adds introduction and intermediation services of nursing care to telephone consultations about nursing care
- December 2014** Beginning of Service to Support Second Life that provides policyholders in their 50s or older and those with family with services such as home barber and beauty care

## Run with You Project

In June 2015, we began the Run with You project that supports 15 road running events across the country, including the Tokyo Marathon, regarding marathon and jogging as great sports for improving your health while enjoying yourself. In the Run with You project, we will encourage customers and people across the country to enjoy good health through not only watching sports, but also taking part in running events in which anyone can participate, as our own initiative to encourage better health. We will also support road running and local communities by holding a running school featuring Yoshimi Ozaki, an adviser to the Dai-ichi Life women's athletics team and a participant in the 2012 Summer Olympics in London, at the race site.



# Uniform and High-quality Consulting Suitable to the Lifestyle of Customers at the Time of Contract

In light of recent changes in the social environment and diversified lifestyles and values, we are enhancing the information we provide on the related social security system and tax matters while working on more useful consulting for customers, using the DL Pad, our original tablet for sales and business use.

## DL Pad Tablet for Sales and Business Use

We work to provide high-quality consulting services by introducing the DL Pad, a tablet computer designed for sales and business use, to approximately 40,000 Total Life Plan Designers.

The DL Pad, equipped with high-speed communication, is a highly portable LCD tablet that allows users to quickly handle procedures, including proposals of life insurance products and purchase of a policy. The DL Pad also enables courteous and easy-to-understand communication of a broad range of information, regarding health, medical services, and the social security system related to life insurance, as well as the process for receiving services after enrollment, through illustrations and video comments.

Using the DL Pad, users can also provide income and expense simulations and estimates of public pension tailored to the life plan of individual customers. In this way we are able to provide consulting services from a customer-based perspective, which design protection with customers through cooperative communication.



The DL Pad

## Improvement of Information Provided to Customers

The Company is endeavoring to increase customer understanding of the insurance products they purchase, and their satisfaction with those products, by providing information on important matters and payment with the Disclosure Statement (information requiring attention) and the Contract Guide—Policy Provisions, etc. when customers purchase insurance products.

## Improvement of Information Provided at the Time of Application

We are taking steps to facilitate customer understanding of important matters they should take particular note of when making an application.

Specifically, a Total Life Plan Designer provides a brief overview of important matters one by one to a customer to make sure the customer understands them. Total Life Plan Designers also devise ways to communicate important matters in a way that is easy to understand by giving explanations through animations with voice guidance, using the DL Pad, our tablet for sales and business use. In addition, in the Disclosure Statement (information requiring attention) delivered at the time of application, we improve the provision of information on applying for products and paying insurance claims and benefits, etc. by setting out the procedures for requesting insurance claims and benefits and providing examples of payment collection.

We also give all policyholders a Total Life Plan Support File at the time of application. In the File, the Contract Guide—Policy Provisions contained in the DVD-ROM and the Disclosure Statement (information requiring attention) are enclosed, and policyholders are able to keep the notices they receive after purchasing an insurance product, including the insurance policy, all together.

The Contract Guide—Policy Provisions are also posted permanently on our website. In this way, not only policyholders, but also insured persons and beneficiaries are able to check important information related to insurance policies, including the nature of protection, causes for payment and procedure methods, at any time during long-term insurance policies.



Total Life Plan Support File

# Product Development in Line with Customers' Needs

Reflecting social changes such as the contraction of the social security system associated with the aging population and declining birth rate and an increase in single-person households, customer needs have diversified, and needs for life protection, etc. have emerged. To meet these diverse needs, we are working to enhance our product lineup.

## ■ Main product lineup of Dai-ichi Life (As of April 2015)

|                |                        | Junior              | Young                    | Household formation segment    | Middle and senior  |
|----------------|------------------------|---------------------|--------------------------|--------------------------------|--------------------|
| Life insurance | Death benefit          | Bright Way (Junior) |                          | Bright Way (Middle and senior) |                    |
|                | Medical care insurance | Medical Yell (定期型)  |                          |                                | Medical Yell (終身型) |
|                | Nursing care insurance |                     |                          |                                | Crest Way          |
|                | Savings-type           | Mickey              | Grand Road (養老保険, 一時払養老) |                                |                    |
|                |                        | Grand Road (終身型)    |                          |                                | Grand Road (終身型)   |

### ■ Bright Way launched (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.

Bright Way is a product designed to meet the needs of individual customers. In Bright Way, policyholders are able to prepare broadly for seven unexpected risks in their life, including three major illnesses, disability requiring nursing care, physical disorders, serious disability, and death, by adding an Assist Seven rider.

### ■ Kodomo Oendan (Children Cheering Party) launched and Mickey renewed (January 2015)

Kodomo Oendan and Mickey, educational endowment insurance with a dividend every five years (2014), are products that embody parental love, in which policyholders are able to prepare an education fund and maturity proceeds to meet their child's education expenses, in a planned manner.

Customers are able to make a choice from the products according to their needs: Kodomo Oendan is recommended for those who place emphasis on the nature of protection, while Mickey is for those who attach value to the return rate.

### ■ Medical Yell launched (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 products able to provide comprehensive medical protection.

These are non-participating products which we launched in the fiscal year when the Company was demutualized.

### ■ Crest Way launched (January 2014)

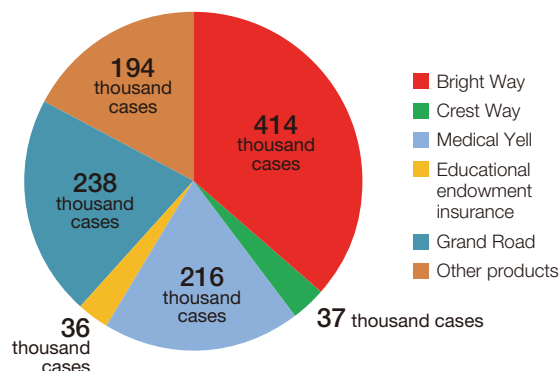
We launched Crest Way, an annuity insurance with a dividend every five years (without surrender value), to respond to rising needs to prepare for possible nursing care through self-help efforts.

Crest Way is a product characterized by an easy-to-understand benefit so that policyholders can prepare for nursing care protection for life with affordable premiums.

### ■ Grand Road launched (August 2011)

We launched Grand Road, a single-premium non-participating whole life insurance product (without health declaration). Customers aged 0-80 can apply for Grand Road.

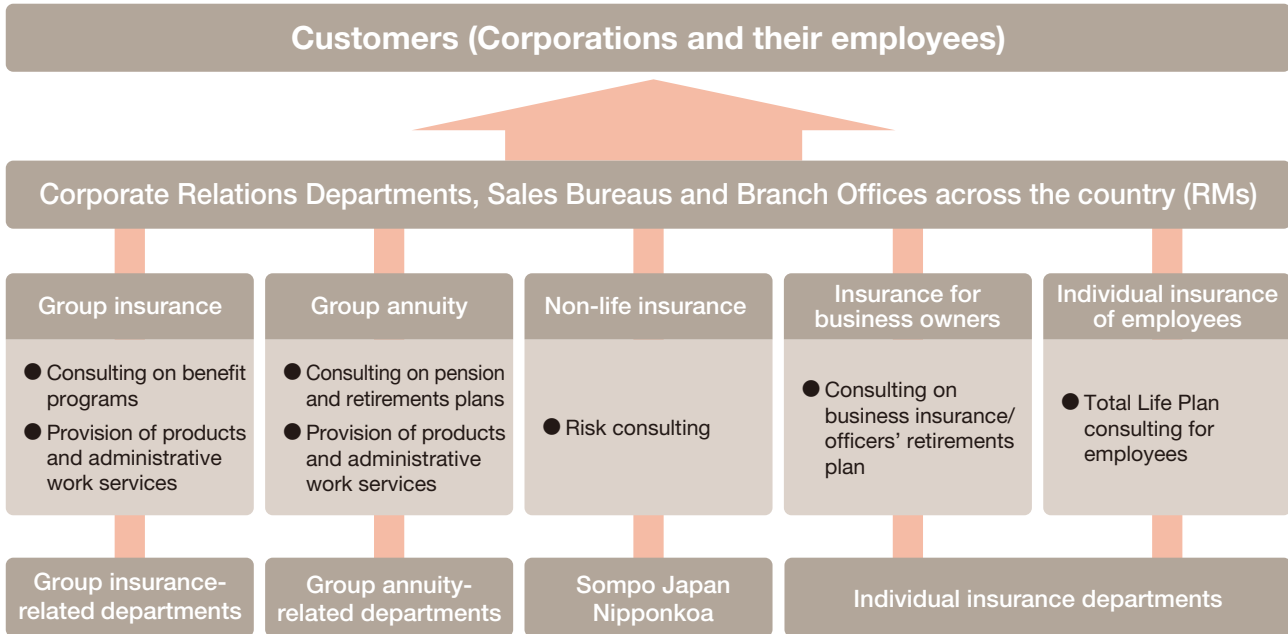
Status of Sales by Dai-ichi Life's Product in Fiscal 2014



# Consulting, Products and Services for Corporate Customers

The environment surrounding corporate customers and their employees has changed drastically, given a diversifying social security system, including public pensions and medical insurance, and employment patterns. To help corporate customers overcome the challenges arising from these environmental changes, we propose benefit programs, pension and retirements plans, as well as risk management for business owners, among other solutions.

More specifically, we work to provide insurance products through Relationship Managers (RMs), including group insurance, corporate pension, and insurance for business owners, and consulting services, making effective use of non-life insurance products in cooperation with Sompo Japan Nipponkoa, as well as aiming to provide information and services which improve customer convenience through the internet and seminars.



## Efforts to Improve Group Insurance Services

### Efforts to enhance the product lineup

We have enhanced our own product lineup to meet diversifying customer needs.

#### ■ New insurance products for groups in recent years

|                  |   |
|------------------|---|
| <b>Apr. 2012</b> | We introduced the non-participating riders in comprehensive welfare group term insurance, with premiums that are lower compared to those of our participating products, and which do not impose administrative work for accepting dividends on companies and groups.            |
| <b>Oct. 2013</b> | We pioneered insurance riders for specific conditions in group credit life insurance, which guarantee predetermined disability and serious disability requiring nursing care, as well as the three major illnesses.   |
| <b>Jan. 2016</b> | We will launch <i>Hataraku Watashino</i> Medical Insurance (Medical Insurance for Working Myself), a new medical care insurance (group-type) with broader coverage in which policyholders are able to receive benefits for hospitalization of a duration starting from one day. |

### Introduction of Administrative Work Contact Service

Since April 2014, we have pioneered the Administrative Work Contact Service, in which customers can check on the internet the status of applications for group term insurance they submitted. By enabling corporate customers to “visualize” the status of procedures, their administrative staff now enjoy greater convenience and a reduced workload.

## Initiatives to Improve the Corporate Pension Fiduciary Service

### Initiatives for business establishments participating in the employees' pension fund plan

With the dissolution of the employees' pension fund as a result of the revision of the Employees' Pension Insurance Act in April 2014, many business establishments are considering a shift to another plan. As a successor plan to the employees' pension fund to be dissolved, we have been offering the Guaranteed Interest Rate DB (Master PlanIII) and DC Simple Smart since June 2014 and October 2014, respectively. We have also established a call center in which customers can consult on a succession plan.

### Initiatives to enhance product and service lineups in response to customer feedback and changes in the environment

Since April 2014, to meet customer needs for controlling the downside risk of investment performance and achieving stable income, we have been offering Separate Account Balanced Fund II, a next-generation balanced fund, in the defined benefit (DB) corporate pension plan. Within a year of the launch, 245 corporate customers had adopted this fund, and the contract balance had reached approximately ¥115.9 billion (as of April 2015), suggesting that it has been well received by customers.

In May 2014, we also began providing agency and intermediation services for our corporate pension customers to enter into discretionary investment contracts with DIAM, our group company, to provide them with a more extensive product lineup.

#### ● Other Initiatives to Improve Services for Customers

|   |   |
|---|---|
| <b>Provision of Online Services</b>           | We provide a Defined Benefit Plan Online Service that enables procedures for the maintenance of a defined benefit plan for customers for whom Dai-ichi Life is the sole underwriter or the agent  |
| <b>Provision of more complete information</b> | We offer customers of our defined contribution plans with investment education seminars, continuous education e-learning for employees, and consultation on the preparation of funds for retirement using insurance (life plan seminar), among other services.                  |
|   | We hold briefing sessions on pension fund administrative work and debriefing sessions on the management of separate accounts (four times a year), etc.  |
|   | We also publish <i>Pension News</i> , a regular source of information on a broad range of areas, including legislative amendments related to the pension system. We provide an "e-mail notification service" that informs customers each time <i>Pension News</i> is published. |

## International Insurance Business

### Provision of Services through the International Group Program (IGP)

As a leading Japanese insurance company, 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, the major U.S. insurer. IGP consists of leading life insurance companies in more than 70 countries and regions\*, forming an international insurance network of a global scale.

Taking advantage of the IGP system, our group insurance business provides global companies with a scheme to support their benefit programs in cooperation with global member companies. Over 830 companies\* have adopted the IGP worldwide.

(\* Surveyed by the IGP; as of March 2015)

### Services for Japanese Companies Overseas

To improve benefit programs for Japanese companies that have established offices overseas, we introduce them to overseas life insurance companies with which we have an alliance, so that they can provide local group insurance and other products. They provide detailed services, including explanations in Japanese, at the customer's request.

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



# Contact Points with a Wide Range of Customers

To win customer confidence as a partner standing “By your side, for life,” we are strengthening contact points with customers, harnessing all of our resources, centering on Total Life Plan Designers.

|                     |  |  |
|---------------------|--|--|
| <b>Face to Face</b> | <b>Total Life Plan Designers</b><br>Approx. 42,000   | <p>We always conduct consulting and services to customers face to face, in every scene, from the time of contract, throughout the duration of the policy, at the time of insurance benefit payment, and to the time the policy matures, in step with our customers’ Total Life Plan.</p> <p>In addition to providing advice on our products, we conduct Periodical Insurance Information Checks. We also provide a wide range of information and services related to social security, tax, health, medical services and nursing care. Through these activities, we build trust with customers and provide consistent, high-quality consulting services tailored to their lifestyles.</p> |
|                     | <b>Total Consultants</b>   | Total Consultants visit companies and public offices to provide high-quality consulting services. These are life insurance professionals who propose products and services best suited to the Total Life Plan of each customer.  |
|                     | <b>FPs</b><br>Approx. 500 throughout Japan   | To meet diversified customer requests quickly and accurately, we have assigned qualified financial planners (FPs) with extensive knowledge of our products, tax, corporation and effective proposal of benefit programs throughout Japan.  |
|                     | <b>FPs</b><br>(inheritance tax consultants)  | We deploy inheritance tax consultants nationwide, who are FPs with a strong knowledge especially of inheritance matters, specialized in helping customers complete public procedures at the time of receiving insurance claims and benefits, and in consulting on inheritance matters and advancement.   |
|                     | <b>RMs</b><br>Approx. 320  | To help corporate customers take steps to develop and strengthen security systems for their employees and measures against expected business risks, Relationship Managers (RMs) provide consulting through the proposal of products and systems.   |
|                     | <b>Dai-ichi Life Insurance Shops</b><br>81 throughout Japan  | Approximately 100,000 customers visit the counters of our shops each year. We listen to feedback from customers who visit our shops, to understand their needs to enable us to provide them with total consulting tailored to their needs.   |
|                     | <b>Customer Consultants</b>  | Customer Consultants conduct after-sales service activities and consulting mainly for our policyholders. We have organized a system to meet requests of all customers quickly, for instance by responding to requests during visits to their homes or at our counters.   |
|                     | <b>Agents</b><br>Approx. 3,300   | Insurance agents of our alliance partner Sampo Japan Nipponkoa sell Dai-ichi Life products mainly to customers who have purchased a non-life insurance product, providing them with total insurance services including both life and non-life. Dai-ichi Frontier Life sells savings-type products such as individual annuity insurance through financial institutions as its agents. Neo First Life will sell products through banks and other financial institutions and walk-in insurance shops, among other methods.  |
| <b>Phone</b>        | <b>Contact Centers</b><br>Approx. 2.60 million calls   | Dai-ichi Life Contact Centers handle administrative procedures and inquiries from customers across the country and provide the latest information on our products and services, etc. In fiscal 2014, we enhanced our services for customers by beginning to receive inquiries, etc. on Sundays and opening a dedicated dial-up (toll-free) number for senior customers aged 70 or older.   |
| <b>Others</b>       | <b>Service Advisers</b><br>Approx. 1,500 at unit offices throughout Japan  | Service Advisers support Total Life Plan Designers at unit offices across the country by giving advice on suitable services to be provided according to the situation of customers (age, family, etc.), taking advantage of their strong knowledge and experience about the procedures for life insurance.   |
|                     | <b>Website</b><br>Approx. 20 million PVs   | Our website features content such as Insurance Estimates and FP Consulting (internet consulting), so customers can confer with us on insurance estimates at any time.  |
|                     | <b>Customer notices</b><br>Informational notices<br>Approx. 22 million notices<br><b>Total Life Plan Report</b><br>Approx. 8.40 million copies | We provide important and timely notices for customers such as the Total Life Plan Report, which is a general notice to customers, as well as guidance on premium payments, guidance on procedures for claiming maturity proceeds, and a certificate of life insurance deduction.   |



# Initiative to Utilize Customer Feedback for Our Management

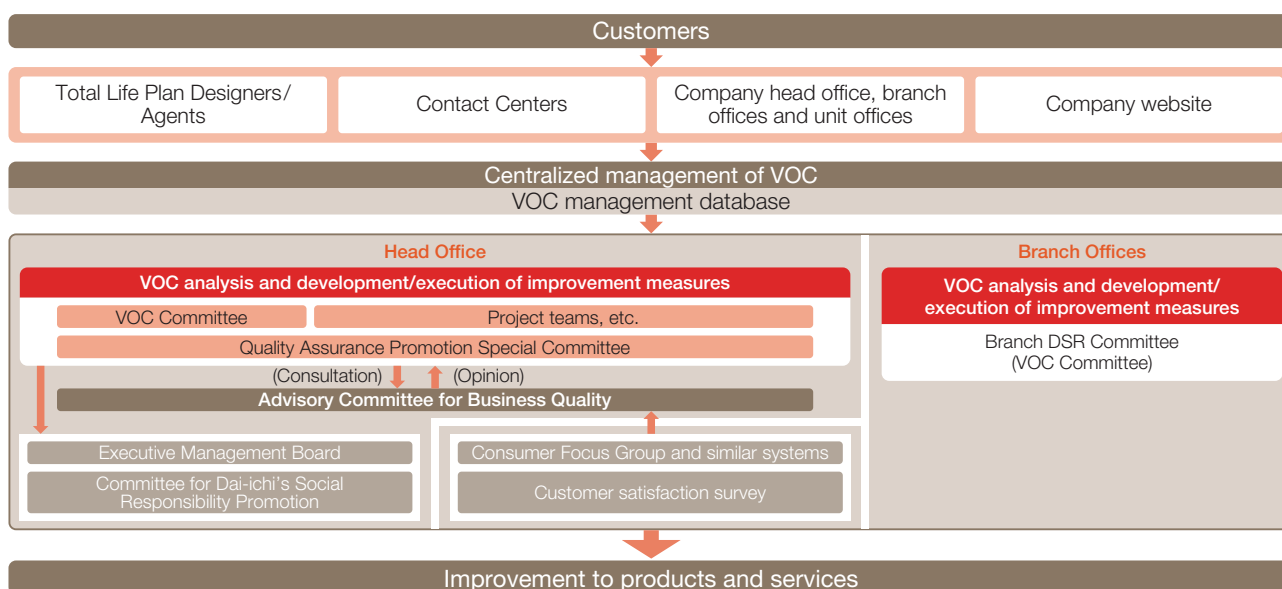
We collect feedback from a wide range of customers. We regard the expression of customer dissatisfaction with our insurance products, our sales activities, the attitude and manners of our staff, and our administrative work and systems as customer complaints. Expressions of gratitude or compliments about our sales activities, the responses of our staff, and our administrative procedures are regarded as positive feedback. We also regard the opinions and requests of customers as proposals, short of complaints, for improving our business.

We respond to customer feedback sincerely, believing that customers' voices are important for improving our corporate management and operational processes.

## Initiatives to Utilize Customer Feedback

We have built a system to incorporate the customer feedback we receive from all over Japan into the way we manage our company. Feedback from customers is analyzed at meetings of the VOC Committee<sup>\*</sup> Project teams then develop and execute specific improvement measures, and the Quality Assurance Promotion Special Committee also discusses them to make improvements in our management and operations. With regard to improvement measures, we employ a Consumer Focus Group and similar systems to collect consumer perspectives and opinions, etc. to better respond to customers' needs. 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.

\*VOC: voice of customers



### Establishment of 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.

### Operation of Consumer Focus Group

We have been operating the Consumer Focus Group since 1984. We receive diverse opinions about our products and services from consumer advisory specialists through roundtable conferences in major cities. We use those opinions to improve our business operations.

### Holding of 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.

### Implementation of 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 include the overall satisfaction level of customers as one of the goals in our medium-term management plan. We reflect the survey results in initiatives conducted by the Company 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 and the Board of Directors.

## Customer Feedback (gratitude, complaints, opinions and requests)

### Customer feedback received in fiscal 2014

| Classification of customer feedback                        | Number of customer feedbacks | Share  |
|--|------------------------------|--------|
|  |                              |        |
| Customer feedback  | 287,802                      | 100.0% |
| Gratitude  | 233,633                      | 81.2%  |
| Complaints   | 51,253                       | 17.8%  |
| Complaints about procedures after purchasing a policy      | 14,321                       | 5.0%   |
| Complaints about payments of insurance claims and benefits | 7,128                        | 2.5%   |
| Complaints about the purchase of insurance policies        | 4,607                        | 1.6%   |
| Complaints about the transfer of premiums                  | 3,382                        | 1.2%   |
| Others   | 21,815                       | 7.6%   |
| Opinions and requests                                      | 2,916                        | 1.0%   |

### Examples of improvements made from customer feedback

|                               | Inconvenient and dissatisfactory issues for customers   | Remedial measures and their results  |
|-------------------------------|---|--|
| At the time of payment        | I want to receive insurance claims and benefits much earlier.   | Although in the past it took one to three business days to transmit insurance claims and benefits from the Company to the bank accounts designated by customers, following a revision to administrative processing for remittances, including system changes, they can now be delivered on the same day in the fastest cases. (June 2014)  |
|                               | I want to claim a death benefit quickly, but it takes time to prepare necessary documents.                          | Public documents (residence certificate, etc.) that provide evidence that the insured person is deceased are necessary to claim death benefits, but obtaining a residence certificate can be troublesome and time-consuming, for instance when the address of the deceased and the place where the death is reported are different. We have enabled customers to claim death benefits more easily with proof of death registration in place of a residence certificate. (June 2014)<br>*A person who has registered the death can obtain a proof of death registration at the municipality office where the registration was made. |
| While the policy is in effect | I want to make an inquiry to Dai-ichi Life, but I can only do so at specific times as I am busy at work.            | To improve customer convenience, our Contact Centers have begun accepting inquiries, etc. on Sundays (9:00 – 17:00). (October 2014)  |
| At the time of contract       | Even if something unexpected happens to me, I want my child to fulfill his dream. I also want to secure my savings. | We have launched Kodomo Oendan, in which policyholders are able to prepare an education fund for their child, and the payment of premiums becomes unnecessary in cases the policyholder meets the seven causes which have wide coverage. We have also renewed "Mickey" to meet the needs of customers who place more emphasis on savings than on breadth of protection. (January 2015)   |

## Relationships with Shareholders and Investors

We have strengthened our communications with shareholders and investors by holding Financial Analyst Meeting, participating in IR events, and disclosing information on our website.

### Investor Relations Policy

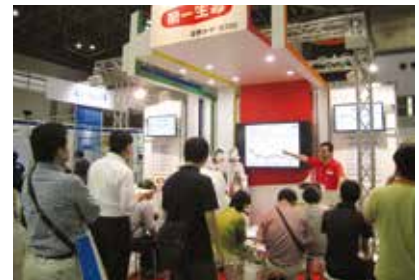
Through our IR activities, we disclose information on our management strategies and financial and business results in a timely and appropriate manner to shareholders, investors and securities analysts. Respecting the spirit of the Corporate Governance Code, enforced in June 2015, we aim to win confidence and adequate evaluation from shareholders and investors by striving to offer an accurate understanding of our management strategies, etc. Based on this recognition, we will conduct IR activities with our senior management playing the central role, establishing the Investor Relations Center in the Corporate Planning Department and appropriately assigning IR specialists.

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. We also disclose information that will give shareholders and investors more insight into the Company, in a timely and appropriate manner. We also strive to enhance communications with shareholders and investors through briefing sessions and by responding to inquiries about our financial results. In principle, information disclosed in news releases and annual reports, etc. is also posted on our website. With respect to responding to inquiries about financial results, we are careful to limit our explanations only to information that has already been disclosed and facts that have already become public, to ensure that our information disclosure is fair.

We will make good use of the helpful opinions and requests we received in communications with shareholders and investors to further increase corporate value by providing them as feedback to senior management and directors through reports to the Executive Management Board and the Board of Directors.

### Communication and Information Disclosure

We place great value on our communications with shareholders and investors. The introduction of Japan’s Stewardship Code in February 2014 requires an advancement in communication with investors. In response, the Company has sought to enhance dialogues with shareholders and investors and has further strengthened IR activities. This is indicated by the 20% increase in the number of meetings with shareholders and investors in fiscal 2014, compared with the previous fiscal year. More specifically, we hold results briefings four times a year, management meetings twice a year, and more than 300 meetings with institutional investors each year (of which more than 100 are held overseas). In addition, to facilitate the understanding of shareholders and investors about the Company, senior management also has a direct dialogue with shareholders and investors by participating in IR events for individual investors, such as the Nikkei IR Fair 2014, as well as company information sessions.



Nikkei IR Fair 2014

### Pick UP

We are constantly committed to improving communications with shareholders and investors, hearing fresh opinions about our management and about the financial and business situation through meetings with institutional investors and IR events. With society now demanding a strengthening of corporate governance, we will continue our efforts to contribute to an increase in corporate value, using the opinions of shareholders and investors in our IR activities.

Investor Relations Center,  
Corporate Planning Department  
Senior Assistant Manager

**Yuta Matsui**

Joined Dai-ichi Life in fiscal 2005





## Shareholders' Meeting

We held our Annual General Meeting of Shareholders for the Fifth Fiscal Year on June 23, 2015 (number of shareholders attending: 2,077. Duration: 2 hours and 10 minutes). In holding the meeting, we worked to improve the convenience of shareholders and enhance communication with them.

We sent a notice of convocation to shareholders well in advance (three weeks ahead) of the meeting and posted the details on our website a week before the mailing in an effort to give our shareholders enough time to consider the proposals. We also sought to improve the environment for exercising voting rights by enabling shareholders to exercise their voting rights online and by participating in the platform for the electronic exercise of voting rights by institutional investors as recommended by the Tokyo Stock Exchange.

With regard to the report on business operations, we aimed to facilitate shareholder understanding by looking back on the previous fiscal year with video, making full use of charts and moving pictures. The president explained the history of growth after the listing and the content of the new medium-term management plan.

During the Q&A, we received questions about the Group's business strategies and our response to Japan's Stewardship Code as an institutional investor and to the Corporate Governance Code, and the president and relevant officers answered them. We thereby aimed to enhance bilateral communication.

As part of our efforts to improve information disclosure to shareholders, after the meeting we immediately published on our website the report of our business operations, video explaining our medium-term management plan, a summary of questions received from shareholders and the results of voting, among other information.



Annual General Meeting of Shareholders for the Fifth Fiscal Year

### 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 earnings by setting as a target a total payout ratio of around 40% based on our consolidated adjusted net income during the period of "D-Ambitious,"

our medium-term management plan for fiscal 2015 to fiscal 2017. 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. We will consider the repurchase of the Company's shares, taking into account financial results and the status of capital, etc.

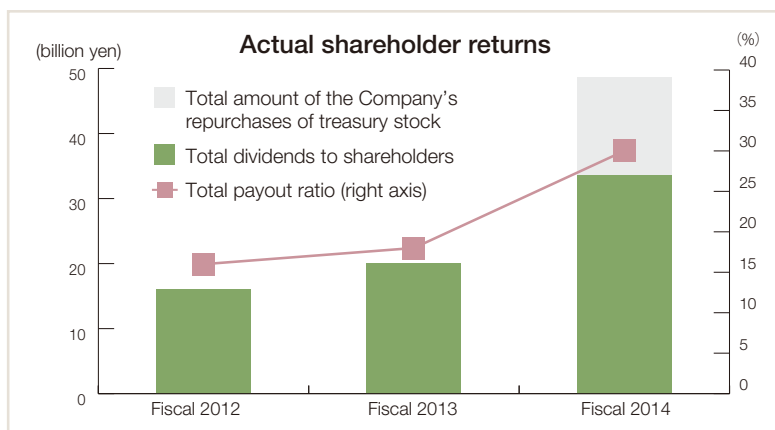
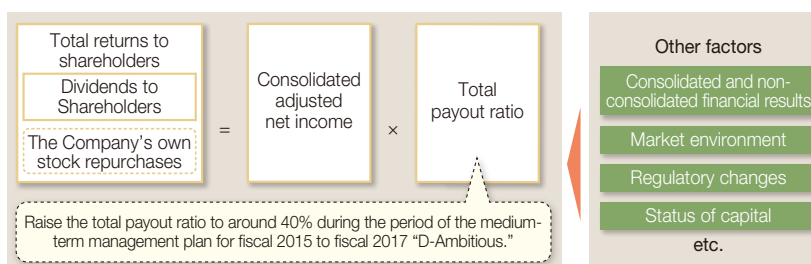
The policyholders of a mutual life insurance company are owners with the rights to receive policyholder dividends. Those rights are transferred to a public company after its demutualization. Our policy for policyholder dividends is included in the Articles of Incorporation under the Insurance Business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

#### [Consolidated adjusted net income]

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

#### [Total payout ratio]

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



## Three Main Themes Towards Solving Social Issues

Modern society faces a wide range of issues, from a dwindling birthrate and aging population to global warming and poverty. These issues can't be solved through government policy alone; the public and private sector need to work together to find solutions. That's why the Group pursues a range of initiatives in Japan and overseas in its capacity as a corporate citizen.

Under its basic policy for corporate citizenship, Dai-ichi Life strives to find solutions to social issues with a focus on the main themes of promoting health, creating a comfortable society for future generations and preserving the environment. The Company delivers peace of mind and health to citizens through its life insurance business, and will continue contributing to the development of a better society moving forward.

### Promoting Health

Amid the need for the public and private sectors to cooperate in efforts to help people stay healthier longer, Dai-ichi Life leverages its domestic and overseas the Group resources and expertise to pursue various initiatives linked to health, disease prevention and early detection among people in local communities, offered as unique value to society.

#### Public Health Award

Dai-ichi Life established the Public Health Award in 1950 to show its gratitude and respect for the individuals and groups working to improve public health and hygiene amid worsening health conditions following World War II. With the support of organizations such as the Ministry of Health, Labour and Welfare, the award has been held annually, and having celebrated its 66th holding in 2014, is the longest-running corporate citizenship activity at the Company. The award honors the individuals and groups that have continually striven to tackle the issues of the day, including measures to deal with adult-onset diseases, welfare for the elderly and people with disabilities, overseas health care and disease control. Recipients of the award span the country, with some 644 groups and 331 individuals having been honored to date. Award winners receive an audience with the Emperor and Empress of Japan.



Presentation ceremony for the 66th Public Health Award

## Collaboration with research institutions and local governments

Dai-ichi Life collaborates with research institutions such as the National Cancer Center as well as local government and other entities to provide society with a wide range of information through Total Life Plan Designers, including basic information on dementia and geriatrics and gerontology, as well as preventing and treatment. (See page 42 for details)

## Run with You Project

Dai-ichi Life sponsors and otherwise contributes to fifteen public marathons held across Japan, including the Tokyo Marathon, as part of its bid to support the advancement of health for people across the country. (See page 42 for details)

## Activities to provide cataract patients surgery free of charge (Vietnam)

Dai-ichi Life has been working with Dai-ichi Life Vietnam since 2008 to provide surgery free of charge to cataract patients who are unable to afford it. In January 2014, Dai-ichi Life Vietnam received a Prime Minister Award Certificate from the Vietnamese government in recognition of the significant contributions made to the development of Vietnam through such corporate citizenship activities.



Support for cataract patients

## Creating a Comfortable Society for Future Generations

The decline in the working age population due to the aging population and declining birth rate poses significant challenges for the social security system of the government as well as the management of life insurance companies. In the midst of this, the increased number of children waiting for daycare and nursing centers due to factors such as the higher number of dual-income households has become a social issue. The need to enhance consumer education with regard to increasingly diverse consumer issues has also gained recognition. In an effort to create a comfortable society for future generations in which everyone can enjoy a comfortable life, Dai-ichi Life works to invite daycare facilities to operate, promote finance and insurance education among members of future generations, and foster their development through art and sports.

### Initiatives aimed at daycare facilities

#### Inviting daycare facilities to operate using our real estate

In an effort to eliminate the issue of children waiting for enrollment in daycare facilities, in the first attempt of its kind in the industry (according to our research), we have worked with daycare service providers since 2011 in efforts to entice them to open daycare facilities on real estate owned by the Company nationwide. As of the end of April 2015, 13 daycare facilities (with a total capacity of 653 children) have been invited and opened under the scheme, and we continue to pursue initiatives with the aim of enrolling 2,500 children, which is equal to roughly ten percent of the children waiting for enrollment in daycare facility enrollment across Japan.

\*This project was selected as good practice for three years running from fiscal 2012 to fiscal 2014 according to the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century).



Uchu Daycare, Kamakura

## Aid provided to daycare facilities by The Dai-ichi Life Foundation

While local governments are making progress with the upgrading and expansion of daycare facilities and certified children's nurseries, as some facilities face a lack of items such as toys and books, The Dai-ichi Life Foundation aids newly established daycare facilities and other locations with toys and other equipment to help with qualitative improvements to childcare. Through the first (fiscal 2013) and second (fiscal 2014) drives run to date, the foundation has provided total aid worth approximately 60 million yen to 70 facilities in total.



Children playing with toys granted through the program

## Pick UP

The lack of daycare facilities is one of the concerns held by families with small children. I have personally experienced the trouble of searching for a daycare facility, and so it is with a sense of mission that I work to promote this initiative. Since the issue of children waiting for daycare and nursing centers has become increasingly apparent, there has been progress in the upgrading of daycare facilities across Japan and Dai-ichi Life has also played a part in those efforts, but as evidenced by the fact that the number of children waiting for daycare and nursing centers still hovers at a high level, since there is still a high demand for the establishment of new daycare facilities in local communities, we will continue to tackle this as a medium-to-long term issue moving forward.

Real Estate Department  
Senior Assistant Manager

**Takafumi Watanabe**

Joined Dai-ichi Life in fiscal 2006



## Dai-ichi Life All Japan Elementary School Student Tennis Tournament Championships



Mitsui, Winner of the 32nd Tournament

With the aim of helping to develop young players, Dai-ichi Life has been providing special support for the championships organized by the Japan Tennis Association since its first tournament in 1983, and provides the Company's tennis courts (in Tokyo) for the tournaments.

The tournament is a stage that elementary school students around the country aspire to reach. Professional tennis player Kei Nishikori, whose remarkable accomplishments on the international stage have attracted attention, even recounted winning the tournament in his own book.



## Donations to universities and research institutions (USA)

Dai-ichi Life and Protective Life donate to universities, research institutions and other entities on a joint basis. At the University of Alabama, the donated funds will be used to foster the development of human capital in the field of actuarial science and to maintain an Insurance Hall of Fame located inside the university. Funds have also been donated towards the development of novel drugs by the University of Alabama at Birmingham and the Southern Research Institute as part of efforts to support those suffering from cancer and other diseases.



The University of Alabama

## Other major initiatives

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



Scene from a class visited at a high school

By playing a sugoroku-style game (Japanese board game), players can learn about life's risks, the necessary preparations and gain information about consumer contracts. Through training that involves Dai-ichi Life employees visiting schools, we contribute to the promotion of consumer education and finance and insurance education.

### ◆ Outreach activities for NPO Triton Arts Network (TAN)

Dai-ichi Life provides support to TAN, an organization that works to promote community-based art activities. TAN has steadily expanded the community-oriented activities based in and around the Dai-ichi Seimei Hall, offering lectures in the hall and engaging in outreach activities to bring music to those who have few opportunities to experience live art in their daily lives. In 2015, ahead of the hall's 15th anniversary the following year, a chamber orchestra based in the hall was founded and began operating.



Outreach activities

## Preserving the Environment

Dai-ichi Life has established its basic approach and code of conduct with the aim of achieving social and economic development and harmony with the global environment and building a sustainable society in the form the Basic Environmental Policy. The Company announced the 2013-2015 Medium-Term Environmental Effort Plan as a set of specific targets for its initiatives, and all its officers and employees are working together to protect the environment. As the targets outlined in the medium-term plan were achieved ahead of schedule, a new 2015-2017 Medium-Term Environmental Effort Plan was devised in light of factors such as changing societal demands surrounding environmental initiatives.

### 2015-2017 Medium-Term Environmental Effort Plan

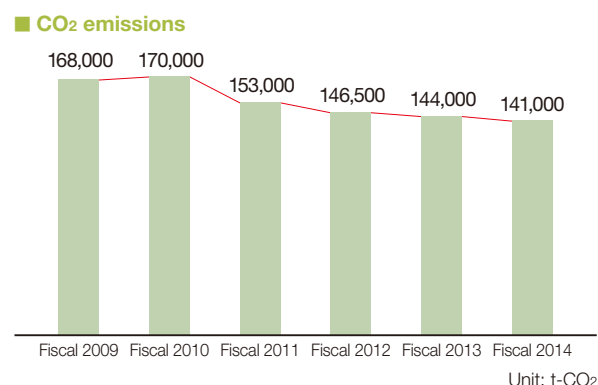
|   |   | Initiatives              | Target Fiscal Year  | Target                         |                                |                              |
|---|---|--------------------------|---|--------------------------------|--------------------------------|------------------------------|
| Efforts to Prevent Global Warming (Energy Saving)                         | Reduction of energy in offices  | Medium-term              | ● CO <sub>2</sub> emissions (t-CO <sub>2</sub> )<br>● Electricity use (kWh) | Fiscal 2017                    | Compared to Fiscal 2009 Levels | 8% reduction<br>8% reduction |
|   |   | Long-term                | ● CO <sub>2</sub> emissions (t-CO <sub>2</sub> )                            | Fiscal 2030                    | Compared to Fiscal 2009 Levels | 20% reduction                |
|   | ● Electricity use consumption rate (kWh / 1,000m <sup>2</sup> )           |                          | Fiscal 2020   | Average annual reduction of 1% |                                |                              |
|   | Efforts to Build a Recyclable Society (Resource Saving)                   | Reduction of paper usage | ● Total use of paper (tons)   | Fiscal 2017                    | Compared to Fiscal 2009 Levels | 50% reduction                |
| Corporate Efforts for Environmental Protection                            | Promoting pro-environmental behavior in asset management                  |                          |   |                                |                                |                              |
|   | Response to biodiversity conservation                                     |                          |   |                                |                                |                              |
|   | Promotion of 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                          |                          |   |                                |                                |                              |
|   | Improving the social valuation of our efforts to conserve the environment |                          |   |                                |                                |                              |
|   | Further enhancing educational activities for employees                    |                          |   |                                |                                |                              |

### Efforts to prevent global warming (energy saving) and build a recyclable society (resource saving)

#### Efforts to reduce CO<sub>2</sub> emissions and electricity use (energy saving)

With a focus on the thinning out of lights, we are continuing with company-wide energy saving efforts through the operation of schemes such as Cool Biz summer attire. We are also promoting the switch to equipment with high energy-saving effects, such as the adoption of LED lighting in newly constructed buildings. Dai-ichi Life has obtained third-party certification from the Japan Quality Assurance Organization regarding its CO<sub>2</sub> emissions since fiscal 2014 to enhance the veracity of its reported figures.

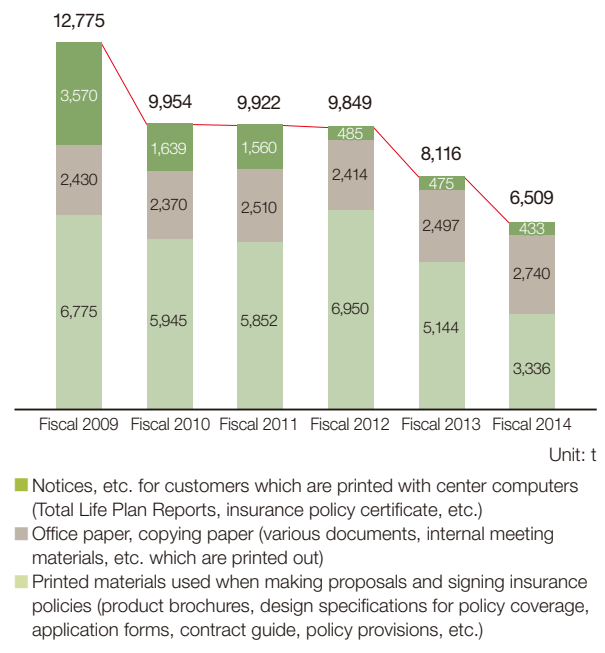
Further, in light of the fact that negotiations towards international greenhouse gas reductions from 2020 onwards will take place at COP21, the Company has also established long-term targets up to fiscal 2030.



**Efforts to reduce paper usage (resource saving)**

In addition to combining or eliminating brochures and other printed materials for customers and documents for internal use that make up approximately 50% of the paper used in the entire company, we have produced electronic media versions of the Contract Guide—Policy Provisions that state important policy information. In fiscal 2014, insurance enrollment procedures were made paperless. Through these efforts, we have managed to offer greater convenience to customers while almost halving paper usage, with a reduction of 48% compared with fiscal 2009 levels.

**Changes in paper usage**



**Promoting pro-environmental behavior in asset management**

Dai-ichi Life practices environmentally friendly real estate investment. In the construction of Tokyo Square Garden in Chuo-ku, Tokyo, a green space dubbed Kyobashi no Oka was set up to help reduce the urban heat island effect. In a more advanced undertaking, the Kyobashi Environment Station was placed in the building to promote energy conservation through efforts that include introducing environmental technologies to nearby building owners and tenants of the building. In addition, when constructing the Ikebukuro Dai-ichi Seimei Building that was completed in April 2014, efforts were made to reduce the building's environmental load through the use of LED lighting, natural ventilation windows, eco voids (open ceiling spaces) and other advances.



Green space dubbed Kyobashi no Oka at Tokyo Square Garden (Chuo-ku, Tokyo)

**Green Environmental Design Award, Omotenashi Garden Special Program and Green City Award**



Fiscal 2014 34th Green City Award / Prime Minister's Award  
Sekisui House, Ltd. Shin Umeda City "Shin Satoyama"

Established in 1990, the Green Environmental Design Award honors and aid greening plans that contribute to the formation of the urban environment, and to date has given birth to new green areas in around 150 regions around the country. In addition, under the Omotenashi Garden Program established to commemorate the 25th anniversary of the award, aid in the amount of 20.20 million yen will be provided to the best greening plans that welcome tourists with flowers and greenery as a special limit Program just for Tokyo up to the year 2020. The Green City Award is an award that honors groups and other organizations with a track record and accomplishments contributing to the environment or society. Dai-ichi Life has been a special sponsor of the award since 2013.

# Initiatives Aimed at Society as an Institutional Investor

Dai-ichi Life actively promotes stewardship activities as an institutional investor operating roughly 35 trillion yen in assets, and works to contribute to society through asset management.

## Efforts to Stewardship Activities



As an institutional investor that holds more than 3 trillion yen in Japanese equity (at current prices), Dai-ichi Life agrees with and publicly accepts the Principles for Responsible Institutional Investors: Japan's Stewardship Code. The Company makes equity investments from a medium-to-long term perspective and has established a policy governing its stewardship activities that focuses on dialogue with the companies it invests in and the exercising of voting rights. From the perspective of supporting the corporate value improvement and the sustainable growth of the companies in which it invests, Dai-ichi Life places particular importance on dialogue and encourages proactive stewardship activities.

There are increasing international expectations for institutional investors to play a role in promoting growth and corporate governance improvement of the companies in which they invest. To meet these expectations, Dai-ichi Life will strive to contribute to the reinvigoration of the stock market and Japanese government's growth strategies, by improving its stewardship activities through continuous reviews of its dialogue process and its criteria for exercising its voting rights.

### Dialogue-oriented activities

In the course of these dialogue-oriented activities, we focus on three perspectives; corporate governance, sustainable growth in ROE, and better shareholder return. To ensure steady progress on these priorities, we deepen our understanding of corporate initiatives through dialogue while seeking to support corporate value improvement through discussions and provision of the pertinent information. In fiscal 2015, a seven member-strong Stewardship Activity Promotion Team was newly established. The team will coordinate with the 15 stock analysts in the Equity Investment Research Center to promote dialogue.

### Exercising voting rights

In exercising its voting rights, Dai-ichi Life avoids making determinations with formalities based on concerns such as short-term business performance and stock prices, and instead decides whether to approve or disapprove measures on an individual basis from the perspective of maintaining and improving stock value after taking non-financial information into account. However, with regard to important frameworks concerning corporate governance, we believe it is desirable for all listed companies to meet certain standards, and accordingly, we make decisions regarding measures based on formal criteria.

\*The Company's policy for stewardship activities, and its idea and process for dialogue and the exercise of voting rights are found on our website.



## Social Contribution through Asset Management

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.

### Initiatives with International Finance Corporation

In 2014, Dai-ichi Life purchased the Inclusive Business Bonds<sup>\*1</sup> issued to it by the International Finance Corporation ("IFC"), a member of the World Bank Group. This was the first time in the world that the bonds were issued to institutional investors, and Dai-ichi Life purchased the entire amount (for approximately USD100 million). Investing in Inclusive Business Bonds allows us to help low-income communities (BOP<sup>\*2</sup>) in developing countries to participate in business and support their economic growth. Dai-ichi Life supports IFC's principle, which is focused on support for the private sector in developing countries, and decided on the investment as a part of its ESG<sup>\*3</sup> investments.

\*1: Inclusive Business models are commercially viable and replicable business models that incorporate low-income communities around the world (BOP<sup>\*2</sup>) into the business value chain. Proceeds from the bonds are set aside in an account and used only to invest in private sector companies that follow inclusive business models.

\*2: BOP means the Base of the Economic Pyramid, defined by IFC as people who earn less than the equivalent of \$8 per day in Purchasing Power Parity terms or who do not have access to basic goods and services, and approximately 4.5 billion people live at the BOP.

\*3: ESG indicates Environment, Society and Governance. Dai-ichi Life pursues asset management that evaluates companies not only on a financial basis, but also from perspectives such as environmental protection, social contribution, diversity initiatives and corporate governance.

### Investments made through the ESG Fund

For the first time for Japanese life insurers, the Socially Responsible Investment (SRI<sup>\*1</sup>) fund was raised internally in 2010<sup>\*2</sup>. This fund, renamed the ESG Fund in 2013, selects the companies to invest in by evaluating them from perspectives such as diversity, governance and environmental protection. The Company has raised the weight of diversity assessment such as the level of participation of female (e.g. percentage of female managers or rate at which childcare leave is taken) as one of the criteria for selecting companies in which to invest. In addition, the Company also proactively invests in Health and Productivity Management Brand stocks and Nadeshiko Brand stocks selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

\*1: Socially Responsible Investment (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), investing in domestic listed stocks.

### Contributions to Society by Employees (Great East Japan Earthquake Recovery Support Volunteers)

As support for areas affected by the Great East Japan Earthquake where the acceleration of reconstruction has become an issue, Dai-ichi Life employees have continued to visit the disaster-affected regions each year since fiscal 2012. Their activities include reconstruction support activities for the marine and aquaculture industries, the Fukushima Organic Cotton Project (cotton harvesting) which aims to create new agriculture and industry, and efforts to conduct exchanges with farms through help with agricultural work. In fiscal 2014, 53 employees took part in the activities. In other initiatives, officers and employees of Dai-ichi Life across Japan voluntarily contribute to local communities through ways such as cleaning, charity bazaars and fund-raising.



Fukushima Organic Cotton Project

## Development Support System (Total Life Plan Designers / Financial Planners / Agencies)

### Total Life Plan Designer Training Policy and Education System

Our customers' needs are diversifying due to the rapidly changing environment, with an aging population, declining birth rate and increase in single households. To respond to such needs, we need to provide consulting in line with our "Customer First" management philosophy and deliver high-quality services. Dai-ichi Life strives to train Total Life Plan Designers equipped with advanced skills and knowledge who are competent to stay with, be trusted by, and support customers.

#### Training programs (five-year development follow-up system)

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.

We have introduced a curriculum to develop employees even after starting their sales work, 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. Subsequently, progress is checked at each stage based on each employee's development status, 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 specified by the Life Insurance Association of Japan and the Company's original curriculum. In this way, the Company strives to enhance the development system.



Training using the DL Pad explanation guidance function



Training using the DL Pad on-camera role-playing function

### Financial Planner (Inheritance Tax Consultant) Training Policy and Education System

Since fiscal 2014, Dai-ichi Life has appointed and worked to develop Financial Planners (inheritance tax consultants). When claims for death benefits are made, Financial Planners accompany Total Life Plan Designers and offer consulting that stands by the side of customers by providing them with information on the official procedures that accompany inheritance in addition to guidance concerning insurance benefit claim procedures.

## Training programs

Financial Planners (inheritance tax consultants) improve their skills to ensure customer satisfaction, through group training sessions offered several times a year, in which they are trained to gain practical knowledge concerning insurance benefit claim procedures and the necessary official procedures that accompany an inheritance, as well as basic knowledge of general tax affairs, the social security system and the civil code. At each training session, participants improve their understanding of inheritance by taking part in role-playing exercises based on case studies, and attending lectures by tax accountants and judicial scriveners on specific inheritance case studies. We also train them to become seminar instructors for customers on the theme of inheritance, whereby we create opportunities to respond to more customers who wish to consult over inheritance matters.

Apart from the group training session, we also work to enhance the human capital development system. For instance, specialized head office staff visit sites to provide on-the-job training to Financial Planners (inheritance tax consultants) and to support them in developing local networks of local experts, including tax accountants and judicial scriveners.



Group training session

## Systems for Supporting and Educating Agencies

### Initiatives for our agent financial institutions

The development of human capital capable of responding to increasingly diverse customer needs and a rapidly changing market is a challenge common to all financial institutions.

Dai-ichi Frontier Life, in response to this common challenge faced by our agent financial institutions, provides education to develop a large number of training instructors who possess expert coaching skills and communication skills. We conduct training for our agent financial institutions around Japan, not only for knowledge acquisition, but also on communication skills or insurance sales know-how, customizing the context according to the purpose of the training session and its participants. In fiscal 2014, more than 300 training sessions in total were conducted.



Training

### Initiatives for insurance agencies

Dai-ichi Life adopts a training system that covers not only the knowledge of life insurance but also finance related knowledge in response to the diverse needs of our agencies. We aim to improve the knowledge of our agencies and enable them to conduct advanced consulting sales skills through the training.

We have also introduced the Dai-ichi-life Internet Agency System (DIAS) online, as an internet system for agency-support, through which we provide education for advanced consultation and timely information.

#### ■ Training system

|                            |                                |   |  |  |
|----------------------------|--------------------------------|---|--|--|
| Introduction training      | Briefing regarding outsourcing | ● Overview of agency operation  | ● Dai-ichi Life corporate profile, etc.                            |  |
|                            | Training before registration   | ● Mechanism of life insurance   | ● Product knowledge  | ● Laws concerning sale of life insurance, etc.   |
|                            | Training after registration    | ● Learning operations for sales contracts                               | ● Duties of agencies and correct sales activities                  | ● Confirming overview of policy provisions       |
| Skill improvement training | Life insurance training        | ● Total Life Plan consultation<br>● Consultation for business operators | ● Retirement allowance consultation<br>● Legal compliance training | ● Practical role-playing<br>● Case studies, etc. |



# Development Support System (In-house Employees)

## Policy on Human Capital Development

The most important management resources for the Dai-ichi Life Group are people and the ability to secure good human capital 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: professionalism = reform of the ways individuals work and teamwork = increasing organizational strength.

For professionalism, each employee aims to become a human capital 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 capital as the Company's management resources. Specifically, from fiscal 2014 we have placed a clear focus on the development of subordinates as an important managerial duty, and established a new supervisor system to create more opportunities and responsibilities for human capital development. 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.





# Promoting Diversity and Inclusion

We believe accepting each other's "diversity," or inclusion, is the foundation for sustainable growth. We will make further progress to establish an environment in which diverse human capital can thrive regardless of nationality, gender, disability, and lifestyle, as well as promoting the development of human capital that will support our global business expansion.

## 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.

### Efforts for Total Life Plan Designers

We have established two career courses tailored to the different aptitudes and career visions of our employees, with the purpose of expanding the fields of achievement for our female employees. 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.

#### [Professional Course]

We develop consulting sales professionals who are able to provide customers with advanced consulting-based proposals and deliver high-quality after-sales service.

#### [Management Course]

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.

### 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.

### Dai-ichi Life as a Nadeshiko Brand

As a result of our initiatives above, Dai-ichi Life was selected as a Nadeshiko Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in fiscal 2014. The designation is given to publicly listed companies that have made exceptional achievements promoting the success of women in the workplace. On April 1, 2015, the Company's first female Executive Officer was appointed. At the same time, the number of females in managerial positions (Senior General Managers, Special General Managers, General Managers) jumped to 1.4 times the level of the previous year, and roughly half of the employees promoted to managerial positions were women. As of April 1, 2015, female employees in managerial posts number approximately 800. The percentage of female managers has surpassed 20%, and female leaders are also working at more than 40% of the Company's unit office in more than 1,300 locations across Japan.



### Efforts to reach 25% by 2018

In its Medium-term Management Plan (fiscal 2015-fiscal2017), Dai-ichi Life aims to raise the percentage of females in managerial posts to more than 25% by April 2018, and to more than 30% as early as possible in the 2020s.

Percentage of Female Employees in Managerial Posts<sup>(\*)</sup> and Total Number (as of April 1 of each fiscal year)

|   | Fiscal 2013 | Fiscal 2014 | Fiscal 2015 <sup>(*)</sup> |
|---|-------------|-------------|----------------------------|
| Percentage of females in managerial posts | 18.2%       | 18.4%       | 22.5%                      |
| Number of females in managerial posts     | 666         | 667         | 808                        |

\*1: General Manager and equivalent positions, Manager and equivalent positions

\*2: Includes Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life



## Pick UP

I have two children, one in junior high school and another in elementary school. I have built my career based on the idea of “giving my all to both child-rearing and my job.” I completed a large project that I had thought, “isn’t this too difficult for me?” with the support of fellow colleagues, and this has given me a lot of confidence. I hope to utilize the environment that allows me to strike a balance between child-rearing and work and continue to challenge higher-level work moving forward.

Corporate Relations  
Department No. 1  
Deputy General Manager  
**Rina Nakayama**  
Joined Dai-ichi Life in fiscal 1996



## 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. Accordingly, the Group actively recruits people with disabilities and develops an accommodating work environment for them. As of June 2015, the ratio of employees with disabilities was 2.25%, and 933 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. In September 2014, Dai-ichi Life was awarded the Health, Labour and Welfare Minister’s Award, the top honor in the 2014 Best Practices for Improving the Employment Environment for People with Disabilities organized by the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers.



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

## Promoting Global Diversity



Overseas Challenge Club, a program for younger employees to strengthen their language skills and cultural understanding

With the aim of enhancing the international competitiveness of our overall Group, in addition to exchanges and development for the executives, the general managers and the managers in Japan and overseas, we devote efforts to developing global human capital in Japan. Specific initiatives include overseas training and overseas study, as well as 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.

## Promoting Work-Life Balance

### Shortening total working hours

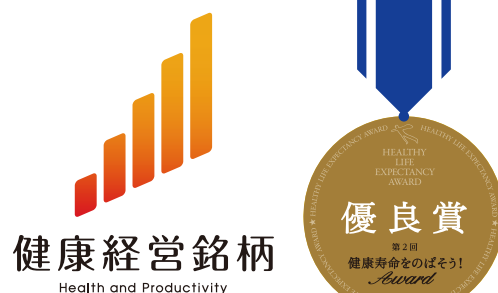
Dai-ichi Life sets finishing time targets and implements actions to promote leaving early. We also actively encourage employees to take at least 14 days of their annual paid leave in a bid to meet the standard of 70% of annual paid leave taken by 2020 announced as part of the government’s new growth strategy.

### Promoting the participation of male employees in their children’s upbringing

As well as granting three days of special leave that are separate from annual paid leave when the spouse of an employee gives birth, our childcare leave program allows employees to take up to 25 months off, far surpassing the amount of time required by law. In fiscal 2014, the rate of male employees taking childcare leave reached 56%.

## Promoting Employee Health

Based on the recognition that each one of our officers and employees need to have a strong interest in health and medical issues themselves, in order to fulfill our social responsibility to respond to its customers' wishes to lead healthy lives, the Dai-ichi Life Group regards promoting health as an important management issue. To promote health-centric management, the Group has clarified its management philosophy towards health, developed an organizational structure on that basis and worked towards the advancement of health in a consistent fashion from management down to individual workplaces. In recognition of these efforts, in November 2013 the Company was awarded for excellence by the Director of Health Service Bureau, Ministry of Health, Labour and Welfare in the "2nd Smart Life Project Award (Let's extend healthy life expectancy!)" organized by the Ministry of Health, Labour and Welfare, and in March 2015 was jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange among the Brand of Companies Enhancing Corporate Value through Health and Productivity Management.



### Philosophy on and organizational structure for health

#### ○ Philosophy on health

In July 2011, Dai-ichi Life announced the Dai-ichi Life Group Health Declaration entitled "Iki Iki Dai-ichi 110." In April 2013, in addition to the "Health Promotion" principle being added to the Dai-ichi's Social Responsibility Charter (DSR Charter), the Basic Policy on Health Promotion was newly established.

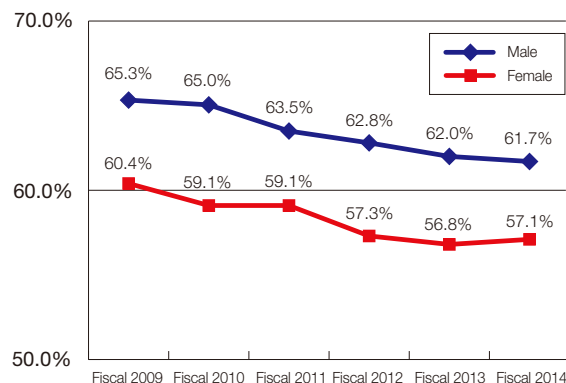
#### ○ Construction of an internal PDCA cycle system

The Promoting Health Special Committee was established under the Committee for Dai-ichi's Social Responsibility Promotion, which is under the direct control of the president. The Plan-Do-Check-Action (PDCA) cycle is also being used to strongly promote the principles of health management. Furthermore, beyond the internal PDCA cycle, Dai-ichi Life also participates in the KENKO Enterprise Group established by 14 companies actively working to promote the health of their employees. Through benchmarks shared between the member companies, the Company engages in activities designed to further enhance the level of its initiatives.

### Efforts to promote health

By thoroughly recommending the undertaking of further medical examinations after regular medical checkups, the examination rate has jumped significantly, from 27.2% five years ago to 80.6% today. Dai-ichi Life also fully supports special checkups and special health guidance sessions in response to metabolic syndrome. Thanks to these efforts, the prevalence of abnormal findings \* discovered during regular medical checkups of employees has steadily dropped since the initiatives were began, marking a steady improvement in the health of Company employees. Dai-ichi Life is also placing an emphasis on screening for cancer, and each year approximately 30 employees have benefited through the early detection of breast cancer. The "Health Promotion Campaign" conducted in autumn of each year as an opportunity for employees to improve their lifestyles has seen yearly increases in the number of participants.

■ Prevalence of Abnormal Findings by Gender (Statutory Items Only)



\*Prevalence of abnormal findings: The numbers of people identified as "requiring consultations," "requiring retesting," "requiring detailed testing" or "undergoing treatment." divided by the total number of people undergoing medical checkups.

## Utilizing External Assessments as Part of the PDCA Cycle

We evolve these Diversity and Inclusion initiatives by further iterating on the PDCA cycle in response to external assessments. In March 2015, Dai-ichi Life was simultaneously selected among the Brand of Companies Enhancing Corporate Value through Health and Productivity Management and the Nadeshiko Brand.

| Organizer  | Assessment / Award  | Month and year of Assessment / Award |
|--|---|--------------------------------------|
| Ministry of Economy, Trade and Industry / Tokyo Stock Exchange | Selected as Brand of Companies Enhancing Corporate Value through Health and Productivity Management in fiscal 2014                                | Mar. 2015                            |
| Ministry of Economy, Trade and Industry / Tokyo Stock Exchange | Selected as Nadeshiko Brand in fiscal 2014  | Mar. 2015                            |
| Nikkei BP  | Ranked first among the Insurance, Securities and Other Financial Industry Companies and 5th overall in top 100 companies in which women can excel | May 2015                             |

# Stakeholder Dialogue

Striving to Become a Role Model that Leads Japan in Governance



In response to the formulation of the Corporate Governance Code as a continuation of the Japanese version of the Stewardship Code, Dai-ichi Life needs to approach governance from the dual perspectives of institutional investor and a publicly listed company. Given this, Dai-ichi Life invited EY Japan Area CCaSS Leader Keiichi Ushijima, who is well acquainted with governance for global companies, to engage in a dialogue with Managing Executive Officer Seiji Inagaki on the future role of Dai-ichi Life.

## Fulfilling Responsibility from Dual Perspectives

**Ushijima** From my perspective, in a sense your company can become something that represents the future role of the financial industry. You have two sides — the stance of an entity that was demutualized and tackles a stewardship code as an institutional investor, and the stance of a publicly listed company grappling with a corporate governance code. To date, Japan's financial institutions have been described as interlocking and closed. Amid questions as to how their relationship with companies will change in response to both codes, the initiatives undertaken by Dai-ichi Life are attracting attention.

**Inagaki** Speaking first from our stance as an institutional investor, last year we formulated a Stewardship Activities Policy to ensure that we fulfill our role as a responsible institutional investor. Now with both codes having taken effect, at this stage we have started to feel a positive response in our ability to engage in constructive discussions through the dialogues we have with companies we invest in that are serious about their management.

**Ushijima** As for what impact you will have on the world through investment, while ensuring more immediate profits and cost reductions, investment activities from a more sustainable and long-term perspective need to be implemented.

**Inagaki** That is precisely what we hope to accomplish. We are also working on an ESG fund. By having analysts who have previously focused on financial analysis and currently analyze companies based on non-financial aspects as well, our investment valuations are undergoing gradual change. We believe that this pretty much represents social responsibility as an investor.

**Ushijima** As a joint stock corporation, your own governance is also important. As an investor, Dai-ichi Life's stance is to demand adequate governance on the part of the companies in which it invests. Your company is in a special position that makes it susceptible to being described as duplicitous by being hard on others and easy on itself. Society expects you to develop into a company that serves as a future role model.

**Inagaki** Dai-ichi Life takes pride in the fact that it has regarded governance with a great degree of seriousness since its founding. Dai-ichi Life establishing the first mutual corporation in Japan and being the first major life insurance company to be demutualized are both results of our consideration of the responsibilities we need to fulfill to our stakeholders on the scale of forty to fifty years, based on our "Customer First" philosophy.

**Ushijima** How was the response when you engaged in dialogue with shareholders as a publicly listed company?



**Inagaki** When we first became publicly listed, we found it difficult to earn investor understanding regarding plans for overseas business expansion, but by the fifth year the results of the endeavor could be seen and there was a sense that we had finally won their understanding.

**Ushijima** Particularly when it comes to long-term overseas investors, questions such as how the long-term strategy is connected to the long-term benefits of shareholders and other stakeholders and how the story of long-term value creation will unfold become points of interest. On the other hand, I often hear that many Japanese companies provide inadequate explanations with regard to these points.

**Inagaki** Similarly, rather than simply presenting financial targets, we want to properly convey the essence of the company in terms of where we are headed and what we hope to accomplish. When we engage in dialogue with investors who are willing to listen to what we have to say in this regard, we can also expand our own field of view, and when they agree with our vision, we take this as a push of support.

## ■ The Key to Global Management is Diversity

**Ushijima** I believe that the foundation of global governance in its truest sense is diversity. In the pursuit of global management, there are limitations to only relying on the sensibilities and perspectives of people raised in Japan. On the premise of sharing a company's philosophy and values, I think that diverse human capital is an absolute requirement. I believe that it is only when we bring in perspectives that we don't have ourselves and look at management from many sides that global decision-making becomes possible.



**Keiichi Ushijima** After working in Business and Solutions Division and CSR Division Hitachi, Ltd., Ushijima joined Ernst & Young Institute Co., Ltd. in 2013. He has held his current post since August 2014.



**Seiji Inagaki** Managing Executive Officer, Head of Group Management Strategy Unit and General Manager of Corporate Planning Department

**Inagaki** We have an awareness of issues with regard to that point. Last year we established a regional headquarters in Singapore. English is the common language spoken there, and in the future we have plans to make more than half the employees non-Japanese. We expect that human capital who possess both a global and local perspective will do well at the regional headquarters. In October 2016 we intend to shift to a holding company structure, and we feel that human capital with such perspectives will have to take the lead in terms of holding company management.

As a part of our efforts to foster the development of such people, the Dai-ichi Life Group holds a Global Management Conference (GMC) where practical-level staff from the Group companies gather to conduct face-to-face meetings on individual themes. By doing so, we think the staff will develop mutual awareness of issues, be inspired by initiatives at other group companies and learn from each other.

**Ushijima** While building organizational mechanisms is one aspect of global management, the aspects that rely on people, such as how well informal networks function, are also an important factor. Developing trusted interpersonal relationships on a global scale is essential. If the people who learn from one another and cultivate their sensitivities assume important posts in the end, it will become easier to engage in decision-making from a global perspective through the utilization of networks.

## ■ Disseminating Health-conscious Management from Japan as a Leader in Tackling Issues

**Ushijima** Japan has long grappled with the issue of limited natural resources along with problems such as an aging population and natural disasters. Accordingly, Japan leads the world as a nation confronted with various issues and social limitations.

It is for this reason that the solutions Japan has developed as a result of tackling these issues head-on will translate into a competitive advantage for Japan moving forward. As for how companies will be involved, I think insurance is a field that will assume such a role.

**Inagaki** Many of our customers belong to the baby boomer generation. As for how we respond when those people reach an age that requires personal care and nursing care, since Dai-ichi Life has more than 40,000 Total Life Plan Designers who make sure to visit policyholders on a regular basis, we are able to provide customers with timely health information and quickly carry out procedures for the disbursement of benefits. I think it would be wonderful if we could leverage the strengths of our business model to contribute to society. Having customers extending their healthy life expectancy is preferable both for customers and for Japan as a whole, and as a result, this improves the soundness of overall insurance policies accepted by insurance companies. To ensure we are able to deliver support that will please our customers, we have concluded partnership

agreements with various specialist medical organizations and built a structure that enables us to provide the latest information concerning the three major illnesses, geriatrics and gerontology.

We also coordinate with local governments and have made progress in providing health information and raising awareness among people in local communities.

**Ushijima** These initiatives will make excellent use of Dai-ichi Life's unique capabilities. Today's discussions have been very interesting. I have also learned something about an attitude which truly seeks to respond to the expectations of customers with sincerity. I think Dai-ichi Life is a business expected to develop into a company that will serve as a future role model.

**Inagaki** Today's discussions have been full of useful suggestions and have given me the opportunity to reaffirm that many challenges still remain. Thank you for your time.



# Corporate Governance

**Corporate Governance Structure**

**Internal Control System**

**Leadership** (as of July 1, 2015)

## Our Basic Approach to Corporate Governance

To respond to the mandates from multiple stakeholders including customers, shareholders, society and employees and to achieve sustainable growth along with improved corporate value in the medium and long terms, Dai-ichi Life has built a corporate governance structure through the

establishment of a Corporate Governance Policy (see pages 72 and 73). The policy aims to strike a balance between the supervision of management and the execution of operations while ensuring transparent, fair, swift and resolute decision-making.

## Management Control

### Board of Directors and Executive Officer System

At Dai-ichi Life, the Board of Directors makes decisions on management strategy, management planning and other aspects that are important to Company management and supervises the execution of operations in accordance with laws and regulations, its articles of incorporation and Company-related regulations. Furthermore, as a company with a Audit and Supervisory Board, audits on matters such as the status of the execution of duties are conducted by Audit and Supervisory Board Members and an Audit and Supervisory Board that are independent from the Board of Directors. The Board of Directors is made up of those who possess various knowledge, experience and skills selected from among those who are able to fulfill the obligations required as a director. To have management policies properly reflect the views of persons possessing a wealth of experience and insight, such as outside entrepreneurs and academic experts, several outside directors are selected. As of June 30, 2015, Dai-ichi Life has 16 directors (including five outside directors and two female directors).

To separate management decision-making and supervision from business execution and to facilitate swift decision-making associated with the execution of business, 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

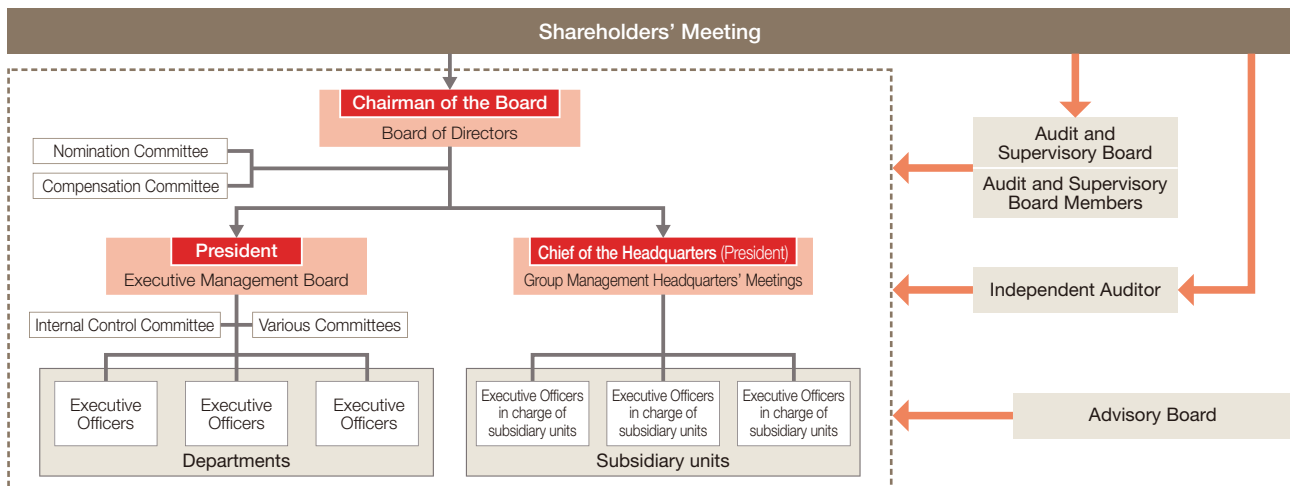
president and executive officers appointed by the president and meets twice a month, in principle. The Executive Management Board discusses important management and executive issues. As of June 30, 2015, Dai-ichi Life has 28 executive officers (including nine members also serving as directors and one female). In addition, the Group Management Headquarters' Meetings discuss important management and executive issues for the Dai-ichi Life Group.

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.

### Nomination Committee and Compensation Committee

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. To ensure the independence of the committees, in principle outside committee members make up the majority of each committee. The Nomination Committee confirms the eligibility of candidate directors and deliberates on the appointment or dismissal of directors and executive officers. The Compensation Committee deliberates on the compensation systems for directors and executive officers and other related matters.

### Management Control System





To ensure that supervisory functions are adequately exercised with regard to candidate outside directors, a basic policy that persons who in principle meet the following requirements be appointed has been established.

- Those who possess superior views and extensive experience in certain sectors, including corporate management, risk management, compliance and internal control, corporate ethics, management quality, global management and macro policies
- Deemed independent from management of the Company in accordance with independence standards for outside directors

Also note that the maximum term of appointment for outside directors is eight years, in the interests of ensuring independence.

### Audit and Supervisory Board Members

Audit and Supervisory Board Members attend important meetings including meetings of the Board of Directors, Executive Management Board and Group Management Headquarters' Meetings. Through interviews with directors, executive officers and the relevant departments and other activities, Audit and Supervisory Board Members audit the execution of duties on the part of directors and executive officers, and conduct audits of compliance by the Company and its subsidiaries, the response status for risk control in overall management and the status of business and financial matters. In addition, the Audit and Supervisory Board deliberates on and resolves important audit issues. For this reason, the Audit and Supervisory Board includes persons with appropriate knowledge of finance and accounting, and as of June 30, 2015, Dai-ichi Life has five Audit and Supervisory Board Members (including three outside Audit and Supervisory Board Members). Also note that the maximum term of appointment for Audit and Supervisory Board Members is 12 years, in the interests of ensuring independence.

### Compensation of Directors and Audit and Supervisory Board Members

Executive compensation for directors (excluding outside directors) at the Company is made up of fixed

compensation, Company business performance-based compensation, divisional business performance-based compensation and stock-based compensation in the form of stock options (subscription rights to shares). The compensation of outside directors comprises fixed compensation. The levels for these types of compensation are set using third-party research into the compensation of domestic business managers and other factors. These forms of compensation are determined by the Board of Directors upon consultation with the Compensation Committee.

The compensation of Audit and Supervisory Board Members is made up of fixed compensation, and levels of compensation are set using third-party research into that of senior management in Japan and other factors. Also note that these forms of compensation are determined through discussions on the part of Audit and Supervisory Board Members.

### Independent Auditor

The Company's independent auditor is Ernst & Young ShinNihon LLC. The certified public accounts who have performed accountancy services are Masahiko Yamauchi and Hiroshi Yamano.

The assistants involved with auditing work consist of 13 certified public accounts and 41 other staff, each of whom perform audits in compliance with generally accepted auditing standards. Note that auditing compensation is determined based on factors including the size and characteristics of the Company and the number of days engaged in auditing.

### Details of compensation, etc. for Independent Auditor

| Category                        | Previous Consolidated Fiscal Year                                    |  | Current Consolidated Fiscal Year                                     |  |
|---------------------------------|--|--|--|--|
|                                 | Compensation based on Audit Certification Services (millions of yen) | Compensation based on Non-audit Services (millions of yen) | Compensation based on Audit Certification Services (millions of yen) | Compensation based on Non-audit Services (millions of yen) |
| Companies Subject to Submission | 212  | 32   | 329  | 44   |
| Consolidated Subsidiaries       | 30   | —  | 34   | 6  |
| Total                           | 242  | 32   | 363  | 50   |

### Total amount of compensation, etc. for Directors, Audit and Supervisory Board Members, total amounts by type of compensation, etc., and number of applicable persons

| Category  | Total Amount of Compensation, etc. (millions of yen) | Total Amount by Type of Compensation, etc. (millions of yen) |               |         |                     |        | Number of Applicable Persons |
|---|--|--|---------------|---------|---------------------|--------|------------------------------|
|   |  | Basic Compensation   | Stock Options | Bonuses | Retirement Benefits | Others |                              |
| Director (excluding outside directors)  | 655  | 527  | 120           | —       | —                   | 7      | 13                           |
| Audit and Supervisory Board Members (excluding outside Audit and Supervisory Board Members) | 69   | 69   | —             | —       | —                   | 0      | 3                            |
| Outside directors and outside Audit and Supervisory Board Members                           | 54   | 54   | —             | —       | —                   | —      | 5                            |

\* The above figures include two directors and one Audit and Supervisory Board Member who stepped down on June 24, 2014.

# Corporate Governance Policy

Enacted: June 1, 2015

## Part I: General Provisions

### 1. Purpose of this Policy

This Policy sets out the basic policy of the corporate governance in The Dai-ichi Life Insurance Company, Limited (the "Company") to (1) execute its social responsibility to the stakeholders, such as customers, shareholders, society and employees, and (2) achieve sustainable growth and enhancement of corporate value.

### 2. Fundamental Perspectives regarding Corporate Governance

The Company shall develop a system of corporate governance to ensure transparent, fair, prompt and bold decision-making while balancing the ownership and management, in order to discharge responsibility to its multi-stakeholders such as customers, shareholders, society and employees, and to achieve sustainable growth and enhancement of corporate value over the mid-to long term.

## Part II: Corporate Governance System and the Duties of the Board of Directors, etc.

### 1. Corporate Governance System

While the Board of Directors of the Company is responsible for making important management decision and supervising business execution, the Company, as a company with board of company auditors, shall ensure that the Audit and Supervisory Board and its members, who are independent from the Board of Directors, conduct audits on the execution of duties of officers and employees. The Company shall adopt an executive officer system in order to separate functions of decision-making and supervision on one hand, and operational execution on the other, for ensuring a prompt decision-making. To enhance management transparency, the Company shall form (1) a Nomination Committee which deliberates on elections and discharges of Directors and executive officers, and (2) a Compensation Committee which deliberates on the remuneration systems for Directors and executive officers.

### 2. Board of Directors and Directors

#### (1) Roles of the Board of Directors

The Board of Directors shall be responsible for making decisions on the Company's corporate strategies, management plan and other important matters in accordance with relevant laws and regulations, and the Articles of Incorporation and internal rules of the Company. Except these responsibilities, the Board of Directors shall delegate its authorities to executive officers in order to ensure a prompt decision-making.

#### (2) Composition of the Board of Directors

The Board of Directors shall be comprised of persons who are able to conduct the Directors' duty and have an ample knowledge, experience, and capability. In accordance with the Articles of Incorporation of the Company, the number of Directors shall be twenty or less. The Company shall, in order to reflect opinions of outside experts, appoint more than one Outside Directors from (1) those who have experience in managing companies and/or (2) academic experts and so on.

#### (3) Election

(i) The Board of Directors shall elect candidates for Inside Directors who possess (1) knowledge and experience, through which they are able to accurately, fairly and efficiently carry out the management of the Company, and (2) sufficient social credibility. Moreover, the Board of Directors shall, in principle, elect candidates for Outside Directors who satisfy the items described below to ensure that their supervisory functions are sufficiently performed.

- Those who possess superior views and extensive experience in certain sectors, including corporate management, risk management, compliance and internal control, corporate ethics, management quality, global management and macro policies
- Those who are considered to be independent from the management of the Company in light of the independence standards for outside officers that are separately set forth and disclosed

(ii) The Board of Directors shall elect executive officers who have extensive knowledge about the Company's operations and are able to carry out their duties.

(iii) The election of candidates for Directors and executive officers shall be deliberated by the Nomination Committee, and determined by the Board of Directors, and reasons for the election shall be disclosed.

#### (4) Term of office

The term for the office of Directors shall be until the close of the ordinary general meeting of shareholders with respect to the last business term ending within two (2) years after election in accordance with the provisions set forth in the Articles of Incorporation of the Company. Moreover, from the perspective of securing independence, the maximum term of office for Outside Directors shall be eight (8) years.

#### (5) Concurrent positions

If Directors concurrently hold positions of officers, etc., of companies other than the Company, such concurrent positions shall be limited to the extent that the Directors are able to fulfill their duty of care and duty of loyalty. Moreover, the situation of important concurrent positions shall be

disclosed every year.

#### (6) Assessment of effectiveness

To ensure the validity and the effectiveness of decision-making, the Board of Directors shall analyze the efficiency of the meeting process and the validity and the effectiveness of decision-making through self-assessment and other methods every year and disclose a summary of the results.

## 3. Audit and Supervisory Board and Auditors

### (1) Roles of the Audit and Supervisory Board

The Audit and Supervisory Board, in response to the mandate from the shareholders and as an organization independent from the Board of Directors, shall conduct audits mainly on the execution of the duties of Directors, the internal control system, results and financial situation of the Company and subsidiaries through methods, including requests for business reports to the Company and subsidiaries in accordance with laws and regulations, examinations of the operating and asset situation and the exercise of rights to elect and discharge accounting auditors and other rights.

### (2) Composition of the Audit and Supervisory Board

Auditors shall include persons who possess appropriate knowledge about finance and accounting, and, in accordance with the Articles of Incorporation of the Company, the number of auditors shall be five or less. Moreover, more than half of the auditors shall be comprised of outside auditors.

### (3) Election

(i) The Audit and Supervisory Board shall elect candidates for inside auditors who possess (1) knowledge and experience, through which they are able to accurately, fairly and efficiently carry out auditing of the execution of duties of Directors, and (2) sufficient social credibility. Moreover, the Audit and Supervisory Board shall, in principle, elect candidates for outside auditors who satisfy the items described below to ensure that their audit functions are sufficiently performed.

- Those who possess superior views and extensive experience in certain sectors, including corporate management, risk management, compliance and internal control, corporate ethics, management quality, global management and macro policies
- Those who are considered to be independent from the management of the Company in light of the independence standards for outside officers that are separately set forth and disclosed

(ii) The election of candidates for auditors shall be approved by the Audit and Supervisory Board, and determined by the Board of Directors, and reasons for the election shall be disclosed.

### (4) Term of office

The term for the office of auditors shall be until the close of the ordinary general meeting of shareholders with respect to the last business term ending within four (4) years after election in accordance with the provisions set forth in the Articles of Incorporation of the Company. Moreover, from the perspective of securing independence, the maximum term of office shall be twelve (12) years.

### (5) Concurrent positions

If auditors concurrently hold positions of officers, etc., of companies other than the Company, such concurrent positions shall be limited to the extent that the auditors are able to carry out their duty of care and duty of loyalty. Moreover, the situation of important concurrent positions shall be disclosed every year.

## 4. Nomination Committee

### (1) Roles of the Nomination Committee

The Nomination Committee, as an advisory committee to the Board of Directors, shall confirm procedures of elections and discharges of Directors and executive officers from the perspective of eligibility, and shall deliberate and determine committee proposals and propose them to the Board of Directors.

### (2) Composition of the Nomination Committee

The members of the Nomination Committee shall be comprised of the Chairman, the Vice Chairman, the President and outside members, and the Board of Directors shall elect outside members from Outside Directors or outside experts. Moreover, in principle, to ensure the independence of the Nomination Committee, more than a half of the members shall be outside members.

## 5. Compensation Committee

### (1) Roles of the Compensation Committee

The Compensation Committee, as an advisory committee to the Board of Directors, shall deliberate and determine committee proposals about matters related to the remuneration system of Directors and executive officers, and propose them to the Board of Directors.

### (2) Composition of the Compensation Committee

The members of the Compensation Committee shall be comprised of the Chairman, the Vice Chairman, the President and outside members, and the Board of Directors shall elect outside members from Outside Directors or outside experts. Moreover, in principle, to ensure the independence of

the Compensation Committee, more than a half of the members shall be outside members.

## 6. Remuneration of Officers

### (1) Policy and procedure

(i) In deciding the remuneration of Directors of the Company, the items as described below shall be adopted as basic policies.

- Ensure transparency, fairness and objectivity for the remuneration of Directors.
- Strengthen incentives for improved results by adopting performance-linked remuneration.
- Accomplish the accountability by sharing returns with shareholders through remuneration linked to achievement levels based on the Company's results indicators and other targets that have been determined in accordance with management strategies.
- When determining the amount of individual remuneration, etc., the appropriateness of the amount of remuneration, etc., shall be judged by taking into account the type of industries and referring to the level of remuneration, etc., of other companies that are suitably comparable. In this case, the reference shall also be made to the level and other aspects of (1) remuneration, etc., of other officers and employees of the Company and (2) remuneration, etc., of officers and employees of the other companies in the corporate group to which the Company belongs.

(ii) The structure of remuneration for Directors and executive officers and the amounts of individual remuneration shall be deliberated at the Compensation Committee and determined by the Board of Directors.

### (2) Remuneration of Directors and executive officers

Officers' remuneration of Directors (excluding Outside Directors) and executive officers shall comprise fixed remuneration, corporate performance remuneration, divisional performance remuneration and stock remuneration - type stock options (share option) to ensure that the remuneration functions as a sound incentive to achieve a sustainable growth. Moreover, the remuneration of Outside Directors shall comprise fixed remuneration alone.

### (3) Remuneration of auditors

Remuneration of auditors shall be comprised of fixed remuneration alone, and the level of remuneration shall be established primarily by using investigations conducted by third parties on remuneration of managers of domestic companies.

## 7. Training

Aiming to (1) offer opportunities to Directors and auditors, including Outside Directors and auditors, at the time when they take office, to obtain the necessary knowledge related to the Company's businesses, financing and organizations and other matters and sufficiently understand roles and responsibilities that are expected of Directors and auditors, and (2) continually update the matters as described above during the term of office, the Company shall offer and introduce training opportunities that are suitable to individual Directors and auditors and support expenses incurred by such training.

## Part III: Securing the Rights and Equal Treatment of Shareholders and Dialogue with Shareholders

### 1. Policy

The Company shall take measures to develop an environment in which the rights of shareholders are appropriately exercised to practically ensure the rights and the equality of shareholders. Moreover, to contribute to the Company's sustainable growth and an improvement in the corporate value for the medium to long terms, the Company shall endeavor to develop a structure in which it can hold constructive dialogues with shareholders even outside the meetings of shareholders.

### 2. Meetings of Shareholders

#### (1) Fundamental perspectives

The Company shall recognize that the meeting of shareholders is the Company's highest decision-making institution and is an important venue in which constructive dialogues with shareholders take place, and it shall take adequate measures to develop an environment by taking into account the attribution of shareholders and other matters so that the intention of shareholders is appropriately reflected on the Company's management.

#### (2) Provision of information

To ensure that shareholders are able to spare adequate time to examine agendas of the meeting of shareholders, the Company shall endeavor to promptly dispatch convocation notices, and it shall make announcements by electronic means, for example, by announcing the details on the Company's website and other media before convocation notices are dispatched.

#### (3) Schedule of the meeting

The Company shall appropriately schedule the date of the meeting of shareholders and other matters to ensure that constructive dialogues with shareholders take place through the participation of a large number of shareholders in shareholders meetings.

### 3. Dialogues with Shareholders

#### (1) Fundamental perspectives

The Company shall carry out IR activities through the leadership of

the senior management. Through IR activities, it shall (1) promptly and appropriately disclose information related to management strategies, the financial and performance situation and other matters to shareholders, investors and other stakeholders, and (2) improve dialogues with shareholders, investors and other stakeholders. The Company shall aim to gain trust and appropriate assessment from shareholders, investors and other stakeholders by taking initiatives to ensure that they are able to accurately understand the Company's management strategies and other matters. Moreover, the Company shall use valuable comments and requests that are collected through IR activities for improving its corporate value by giving such feedback of comments and requests to the Executive Management Board and the Board of Directors.

#### (2) IR policy

A policy to achieve fundamental perspectives as set forth in the preceding item shall be established and disclosed as an IR policy.

## 4. Strategic-holding Shares

### (1) Fundamental perspectives

Shares, other than the shares that are held purely for investment purpose, that carry other important purposes in terms of the Group's business strategies, such as strengthening relations through business alliances, shall be held as strategic-holding shares.

### (2) Confirmation of the share-holding situation

The medium-to-long-term economic rationale, the future outlook and other matters concerning major strategic-holding shares shall be examined, and the purposes and rationale of holding such shares shall be confirmed at the meetings of the Board of Directors every fiscal year.

### (3) Exercising of voting rights

Voting rights of strategic-holding shares shall be exercised in the same manner as shares other than strategic-holding shares, and appropriate actions shall be taken in accordance with the voting rights exercise standards that are separately established.

## 5. Transactions among Related Parties

### (1) Transactions between the Company and the officers

If competing transactions or transactions involving conflicts of interest as stipulated in laws and regulations are carried out between the Company and the officers, the approval of the Board of Directors shall be obtained without fail. Moreover, if such transactions are carried out, the important facts of the transactions shall be appropriately disclosed in accordance with laws and regulations.

### (2) Insider trading

To preemptively prevent insider trading of the Company's shares and other instruments by the Company's related parties, the Company shall establish items that are required to be complied with in relation to the Company's important fact management and selling and buying and other trading of the Company's shares and other instruments by officers, employees and other parties, and it shall strictly manage such items.

## Part IV: Cooperation with Stakeholders

### 1. Policy

To achieve its sustainable growth and improve its corporate value in the medium-to-long-term, the Company shall establish sound relationships with stakeholders, including customers, shareholders, society and employees, and strive to make appropriate collaborations with them.

### 2. Code of Conduct

To realize its basic management policies, "Maximize Customer Satisfaction," "Secure Social Trust," "Create Sustainable Corporate Value" and "Foster Employees' Potential," and to secure the collaboration with stakeholders, the Company shall establish a "Code of Conduct (Our Principles of Action)" and comply with and practice the policies.

### 3. Response to Issues Related to Sustainability

The Company shall appropriately respond to issues related to sustainability, and present reports to the Board of Directors on a regular basis concerning the status of responses to the issues.

### 4. Promoting Diversity and Inclusion

The Company shall promote diversity and inclusion to create new values and support the sustainable growth through the mutual inclusion of a variety of diversified human resources.

### 5. Whistle-blowing System

The Company shall establish a desk that handles whistle-blowing, independent from the management, and establish and manage rules related to the secrecy of whistle-blowers and unfair treatment.

## Part V: Other

### 1. Information Disclosure

The Company shall (1) promptly and appropriately disclose important facts in accordance with laws and regulations and the provisions set forth in the Securities Listing Regulations established by Tokyo Stock Exchange, Incorporated, and (2) impartially, promptly and appropriately disclose information that is useful for society, customers, shareholders and investors.

### 2. Enactment, Revision and Abolition

This Basic Policy shall be reviewed by the Board of Directors every fiscal year. Moreover, it may be reviewed when necessary in accordance with changes in the operating environment and other factors.

## Basic Approach to Internal Control

The Company establishes and operates an internal control system based on the Basic Internal Control Policy with the aim of ensuring the legitimate conduct of business on the part of the corporate group made

up of the Company and its subsidiaries as well as maintaining and creating corporate value to fulfill social responsibility as a life insurance company.

## 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 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

## 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 Dai-ichi’s Social Responsibility Charter (DSR Charter), 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 internal rules for promoting compliance, explanations of laws and regulations and points to keep in mind when performing operations. In addition to distributing the manual to all officers and employees, the Company seeks to disseminate the rules, laws, regulations and points and ensure their thorough compliance through various training sessions and other initiatives. 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, 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. These personnel promote 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.

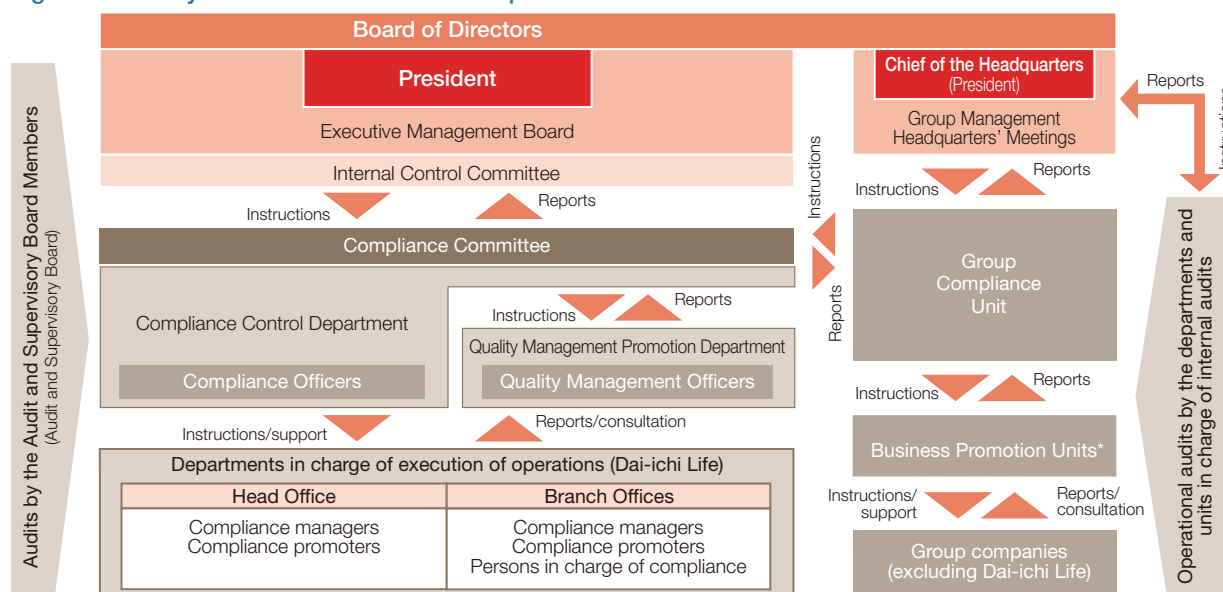
The Company is endeavoring to develop and strengthen its compliance system as a Group, taking into account the attributes of each company, by establishing a Group Compliance Unit at the Group Management Headquarters.

### 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. In addition, 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. To improve the effectiveness of initiatives to tackle major issues, the Company works to enhance its educational and training efforts related to improved awareness of compliance in addition to reforming and refining mechanisms and offering knowledge-based education.

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

## 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 the Company 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 capital, 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 customer 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.

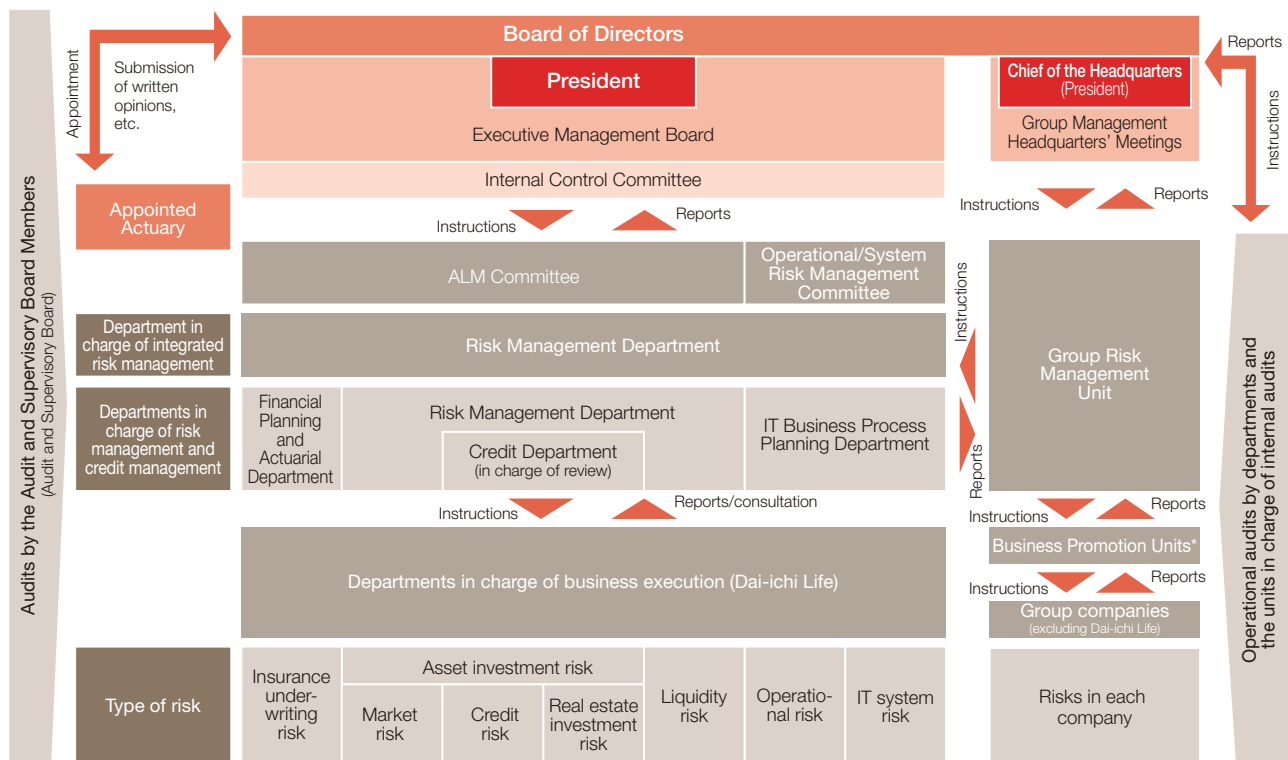
## Risk Management Structures

For risks arising from operations of the Company, we developed a risk management structure in which the operations of the Company are monitored by the department responsible according to the risk category, in obedience to 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 of the Group's overall risk management and its soundness.

We have established the ALM Committee, Operational Risk Management Committee and System Risk Management Committee, each of which convenes regularly for management to share information regarding individual risks that will be used to guide 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.

## Risk Management Structures



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



## Integrated Risk Management Initiatives

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

To conduct ALM (Asset Liability Management) appropriately, the ALM Committee encourages the refinement of its management system and the improvement of the Company's soundness.

In addition, the Operational Risk Management Committee and System Risk Management Committee curb operational and system risks and strengthen the management system.

In addition, in the course of formulating the Company's investment policy taking liability characteristics into consideration, developing new products and setting an appropriate assumed investment yield, 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. See pages 74 and 80 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 model-based risk quantification, 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 its 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 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, 2015, 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 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.

Dai-ichi Life has also established the Group Internal Audit Unit at the Group Management Headquarters in a bid to strengthen its Group-wide business audit structure.

## 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.

The Company has established Group Antisocial Forces Handling Regulations under its Internal Control Policy for Dai-ichi Life Group, strengthening its unified Group-wide stance towards eliminating antisocial forces.

### Systems for Handling Antisocial Forces

In an effort to hold company-wide 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.

Dai-ichi Life has made preparations whereby in the event business with an antisocial force is identified, the matter is reported to a director or other officer in a timely and appropriate fashion and efforts are made to promptly cut off the ties in question. Top management is also appropriately involved through procedures including regular reporting to the Board of Directors concerning the handling status of efforts to sever ties with antisocial forces.

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.

Dai-ichi Life has also established a Group General Affairs Unit at Group Management Headquarters and strives to ensure that Group companies work together to develop a highly effective stance to eliminate antisocial forces.

■ **Directors**

**Katsutoshi Saito**



**Representative Director, Chairman of the Board**

Born in 1943  
1967 Joined the Dai-ichi Mutual Life Insurance Company  
1994 Director  
1997 Managing Director  
2001 Senior Managing Director  
2003 Representative Senior Managing Director  
2004 Representative Director, President  
2010 Representative Director, Deputy Chairman  
2011 Representative Director, Chairman of the Board

**Koichiro Watanabe**



**Representative Director, President**

Born in 1953  
1976 Joined the Dai-ichi Mutual Life Insurance Company  
2001 Director  
2004 Managing Director  
Managing Executive Officer  
2007 Director, Managing Executive Officer  
2008 Director, Senior Managing Executive Officer  
2010 Representative Director, President

**Shigeo Tsuyuki**



**Representative Director, Deputy President**

**Chief General Manager, Asia Pacific Assistant to President (International Insurance Business)**  
**Supervising:** International Business Management Dept. (supervise the matters regarding North America)  
**In charge of:** International Business Management Dept. (except for the matters regarding North America)  
Born in 1954  
1977 Joined the Dai-ichi Mutual Life Insurance Company  
2003 Director  
2004 Executive Officer  
2005 Managing Executive Officer  
2008 Director, Managing Executive Officer  
2011 Director, Senior Managing Executive Officer  
2014 Representative Director, Deputy President  
2015 Chief General Manager, Asia Pacific

**Norimitsu Horio**



**Representative Director, Deputy President Assistant to President (Domestic Insurance Business)**

**Supervising:** Retail Management Dept., Sales Personnel Dept., Sales Office Manager Training Dept., Sales Management Dept., Chubu Sales Management Dept., Kansai Sales Management Dept.  
**In charge of:** Quality Management Promotion Dept., Alliance Business Promotion Dept., Agency Sales Promotion Dept.  
Born in 1954  
1978 Joined the Dai-ichi Mutual Life Insurance Company  
2005 Executive Officer  
2008 Managing Executive Officer  
2013 Senior Managing Executive Officer Director, Senior Managing Executive Officer  
2014 Representative Director, Senior Managing Executive Officer  
2015 Representative Director, Deputy President

**Satoru Tsutsumi**



**Representative Director, Deputy President Assistant to President (Asset Management Business)**

**Supervising:** Investment Planning Dept., Fixed Income Investment Dept., Global Fixed Income Investment Dept., Equity Investment Dept.  
**In charge of:** Separate Account Management Dept., Loan Dept., Real Estate Dept.  
Born in 1955  
1978 Joined the Dai-ichi Mutual Life Insurance Company  
2005 Executive Officer  
Senior Managing Executive Director, DLIBJ Asset Management Co., Ltd. (currently DIAM Co., Ltd.)  
2010 Representative Director, president, The Dai-ichi Frontier Life Insurance Co., Ltd.  
2015 Deputy President, The Dai-ichi Life Insurance Company, Limited  
Representative Director, Deputy President

**Kazuma Ishii**



**Director, Senior Managing Executive Officer**

**Supervising:** Profit Management Dept., Financial Planning and Actuarial Dept.  
**In charge of:** Investment Administration Dept., Credit Dept.  
Born in 1954  
1977 Joined the Dai-ichi Mutual Life Insurance Company  
2003 Director  
2004 Executive Officer  
2005 Managing Executive Officer  
2008 Director, Managing Executive Officer  
2011 Director, Senior Managing Executive Officer

**Tomoyasu Asano**



**Director, Senior Managing Executive Officer**

**Supervising:** IT Business Process Planning Dept., Business Process Planning Dept.  
**In charge of:** Product Development and Management Unit, Investment Trust Service Center, Underwriting and Medical Dept., Policy Service Dept., Claims Dept.  
Born in 1953  
1978 Joined the Dai-ichi Mutual Life Insurance Company  
2006 Executive Officer  
2009 Managing Executive Officer  
Director, Managing Executive Officer  
2014 Director, Senior Managing Executive Officer

**Hideo Teramoto**



**Director, Senior Managing Executive Officer Chief General Manager, Marketing Promotion**

**Supervising:** Sales Force Planning Dept., Total Life Planning and Sales Training Dept.  
**In charge of:** Government Relations Dept. (\*), Marketing Strategy Dept.  
Born in 1960  
1983 Joined the Dai-ichi Mutual Life Insurance Company  
2009 Executive Officer  
2011 Managing Executive Officer  
2012 Director, Managing Executive Officer  
2015 Director, Senior Managing Executive Officer  
Chief General Manager, Marketing Promotion

\* Until July 17, 2015



## Takashi Kawashima



Director, Senior Managing Executive Officer  
Chief General Manager, DSR Management Promotion and Deputy Chief General Manager, Group Management Headquarters

Supervising: Corporate Planning Dept.  
In charge of: Dai-ichi's Social Responsibility Promotion Center, Government Relations Dept., Public Relations Dept.

Born in 1960  
1983 Joined the Dai-ichi Mutual Life Insurance Company  
2009 Executive Officer  
2012 Managing Executive Officer  
2013 Director, Managing Executive Officer  
2015 Director, Senior Managing Executive Officer  
Chief General Manager, DSR Management Promotion  
Deputy Chief, Group Management Headquarters

## Kenji Sakurai



Director, Senior Managing Executive Officer  
Chief General Manager, Consulting Promotion and Chief General Manager, Metropolitan Market

In charge of: Workplace Sales Force Promotion Dept., Financial Planning and Consulting Dept., Customer Service Dept., Contact Center Control Dept., Metropolitan Sales Management Dept.

Born in 1959  
1982 Joined the Dai-ichi Mutual Life Insurance Company  
2008 Executive Officer  
2011 Managing Executive Officer  
2014 Director, Managing Executive Officer  
2015 Director, Senior Managing Executive Officer  
Chief General Manager, Consulting Promotion  
Chief General Manager, Metropolitan Market

## Morinobu Nagahama



Director, Managing Executive Officer  
Supervising: Claims Payment Examination Center, Risk Management Dept., General Affairs Dept., Affiliated Business Management Dept., Human Resources Dept.

In charge of: Internal Audit Dept., Compliance Control Dept., Secretarial Dept., Legal Dept.

Born in 1956  
1979 Joined the Dai-ichi Mutual Life Insurance Company  
2008 Executive Officer  
2013 Managing Executive Officer  
2014 Director, Managing Executive Officer

## Haruo Funabashi



Outside Director

Born in 1946  
1969 Joined Ministry of Finance  
1998 Secretary-General of Executive Bureau, Securities and Exchange Surveillance Commission  
2001 Vice-Minister, Ministry of Land, Infrastructure, Transport and Tourism  
2002 Retired from Ministry of Land, Infrastructure, Transport and Tourism  
2003 Representative Director, Sirius Institute Inc.  
2009 Director, The Dai-ichi Mutual Life Insurance Company

## Michiko Miyamoto



Outside Director

Born in 1947  
1996 Professor, Faculty of Education, Chiba University  
1997 Visiting Researcher, Faculty of Social and Political Science, University of Cambridge  
2005 Professor, Faculty of Liberal Arts, The Open University of Japan (to present)  
2012 Director, The Dai-ichi Life Insurance Company, Limited  
2014 Vice President, The Open University of Japan (to present)

## George Olcott



Outside Director

Born in 1955  
1998 Vice President, LTCB-UBS-Brinson Asset Management  
1999 President, UBS Asset Management (Japan)  
2000 President, Japan UBS Brinson  
2000 Managing Director, UBS Warburg Tokyo  
2001 Judge Business School, University of Cambridge  
2005 FME Teaching Fellow, Judge Business School, University of Cambridge  
2008 Senior Fellow, Judge Business School, University of Cambridge  
2010 Project Professor, Research Center for Advanced Science and Technology, The University of Tokyo  
2014 Guest Professor, Faculty of Business and Commerce, Keio University (to present)  
2015 Director, The Dai-ichi Life Insurance Company, Limited

## Rieko Sato



Outside Director

Born in 1956  
1984 Registered Attorney-at-Law  
1998 Partner, Ishii Law Office (to present)  
2015 Director, The Dai-ichi Life Insurance Company, Limited

## Shu Ungyong



Outside Director

Born in 1962  
2011 Vice Chairman, Merrill Lynch Japan Securities Co., Ltd.  
2013 President & CEO, Core Value Management Co., Ltd. (to present)  
2015 Director, The Dai-ichi Life Insurance Company, Limited

## Audit and Supervisory Board Members



### Atsushi Nagayama

Senior Audit and Supervisory Board Member  
(Full-time)

Born in 1958  
1982 Joined the Dai-ichi Mutual Life Insurance Company  
2011 Executive Officer  
2014 Managing Executive Officer  
Senior Audit and Supervisory Board Member



### Fusakazu Kondo

Senior Audit and Supervisory Board Member  
(Full-time)

Born in 1960  
1983 Joined the Dai-ichi Mutual Life Insurance Company  
2012 Senior Audit and Supervisory Board Member



### Masasuke Omori

Outside Audit and Supervisory Board Member

Born in 1937  
1972 Judge  
1978 Prosecutor  
1996 Director-General of the Cabinet Legislation Bureau  
1999 Registered Attorney-at-Law  
2007 Audit and Supervisory Board Member, The Dai-ichi Mutual Life Insurance Company



### Takashi Wachi

Outside Audit and Supervisory Board Member

Born in 1935  
1995 Representative Director and President, Terumo Corporation  
2004 Representative Director and Chairman, Terumo Corporation  
2008 Audit and Supervisory Board Member, The Dai-ichi Mutual Life Insurance Company  
2011 Director and Honorary Chairman, Terumo Corporation  
Honorary Chairman, Terumo Corporation  
2013 Representative Director, Human Resources Development Management Study Group, Limited Liability Company (to present)  
Retired as Honorary Chairman from Terumo Corporation



### Tsuneaki Taniguchi

Outside Audit and Supervisory Board Member

Born in 1943  
2005 President, Japan Productivity Center  
2011 Special Advisor, Japan Productivity Center  
2012 Audit and Supervisory Board Member, The Dai-ichi Life Insurance Company, Limited  
2013 Advisor, Japan Productivity Center  
2015 Retired as Advisor from Japan Productivity Center

## Information including reasons for selections of outside directors and outside Audit and Supervisory Board Members

### Haruo Funabashi

Director

Attendance at Fiscal 2014 Board of Directors: 19 / 19 (Attendance / Total Number of Meetings)

#### [Reasons for Selection]

Haruo Funabashi possesses experience working for many years at government organizations and expert knowledge with regard to corporate ethics and economic morality. The Company believes that in the Board of Directors and other bodies, Funabashi will offer proactive views regarding overall management from an objective viewpoint and fulfill the role of supervising management.

### Michiko Miyamoto

Director

Attendance at Fiscal 2014 Board of Directors: 18 / 19 (Attendance / Total Number of Meetings)

#### [Reasons for Selection]

Michiko Miyamoto possesses knowledge and experience as an expert in sociology. The Company believes that in the Board of Directors and other bodies, Miyamoto will offer proactive views primarily with regard to improving customer service and CSR matters from an objective viewpoint and fulfill the role of supervising management.

### George Olcott

Director

Assumed post in June 2015

#### [Reasons for Selection]

George Olcott is an expert in human capital development and corporate governance in global management, possesses a wealth of experience and deep insight as a business manager at financial institutions as well as extensive experience serving as an outside director for other companies. The Company believes that in the Board of Directors and other bodies, Olcott will offer proactive views regarding overall management from a global and objective viewpoint and fulfill the role of supervising management.

### Rieko Sato

Director

Assumed post in June 2015

#### [Reasons for Selection]

Rieko Sato possesses extensive experience as well as advanced and expert knowledge as an attorney and has a wealth of experience as an outside auditor for other companies. The Company believes that in the Board of Directors and other bodies, Sato will offer proactive views primarily with regard to corporate legal matters from an objective viewpoint and will fulfill the role of supervising management.

### Shu Ungyong

Director

Assumed post in June 2015

#### [Reasons for Selection]

Shu Ungyong possesses extensive experience and deep insight as a business manager at financial institutions. The Company believes that in the Board of Directors and other bodies, Ungyong will offer proactive views regarding overall management from a global and objective viewpoint and fulfill the role of supervising management.

**Masasuke Omori**

Audit and Supervisory Board Member

Attendance at Fiscal 2014 Board of Directors: 19 / 19 (Attendance / Total Number of Meetings)  
Attendance at Fiscal 2014 Audit and Supervisory Board: 13 / 13 (Attendance / Total Number of Meetings)

**[Reasons for Selection]**

Masasuke Omori possesses advanced and expert knowledge and experience as a judge, prosecutor, director-general of the Cabinet Legislation Bureau and attorney. The Company believes that in the Audit and Supervisory Board and other bodies, Omori will offer proactive views primarily with regard to the appropriateness of management from an objective viewpoint and fulfill the role of auditing management.

**Takashi Wachi**

Audit and Supervisory Board Member

Attendance at Fiscal 2014 Board of Directors: 18 / 19 (Attendance / Total Number of Meetings)  
Attendance at Fiscal 2014 Audit and Supervisory Board: 12 / 13 (Attendance / Total Number of Meetings)

**[Reasons for Selection]**

Takashi Wachi possesses a wealth of experience as a business manager and deep insight into corporate management. The Company believes that in the Audit and Supervisory Board and other bodies, Wachi will offer proactive views regarding overall management from an objective viewpoint and fulfill the role of auditing management.

**Tsuneaki Taniguchi**

Audit and Supervisory Board Member

Attendance at Fiscal 2014 Board of Directors: 19 / 19 (Attendance / Total Number of Meetings)  
Attendance at Fiscal 2014 Audit and Supervisory Board: 13 / 13 (Attendance / Total Number of Meetings)

**[Reasons for Selection]**

Based on the experience he has gained through investigative research and recommendations regarding improvements in productivity and management quality in various fields at the Japan Productivity Center over many years, the Company believes that in the Audit and Supervisory Board and other bodies, Tsuneaki Taniguchi will offer proactive views regarding the Company's corporate governance as well as the maintenance and improvement of management quality from an objective viewpoint, and will fulfill the role of auditing management.

**Gender Composition of Directors and Audit and Supervisory Board Members**

Male: 19, Female: 2 (proportion of female directors and Audit and Supervisory Board Members: 9.5%)

**Executive Officers****Takehide Itonaga**

Senior Managing Executive Officer

Supervising: Group Life Insurance Business Unit, Group Pension Business Unit, Group Pension Service Dept., Wholesale Management Dept., Relations Departments, Sales Bureaus, etc. other than the areas in charge below

In charge of: Corporate Relations Dept. No.5, No.6, No.7 and No.8, Financial Institution Relations Dept.

**Akio Tanaka**

Managing Executive Officer  
Chief General Manager, Chubu Operations Bureau

In charge of: Chubu Sales Management Dept., Chubu Corporate Relations Dept.

**Koichi Maruno**

Managing Executive Officer

In charge of: Group Pension Business Unit, Group Pension Service Dept., Corporate Relations Dept. No.1, No.2, No.3 and No.4, International Corporate Relations Dept., Special Sector Relations Dept.

**Nobuyuki Akimoto**

Managing Executive Officer  
Chief General Manager, Kansai Operations Bureau

In charge of: Kansai Market Sales Dept., Kansai Sales Management Dept., Osaka Corporate Relations Dept., Kyoto/Kobe Corporate Relations Dept.

**Atsushi Takahashi**

Managing Executive Officer  
Chief General Manager, Western Market  
General Manager, West Japan Sales Bureau

In charge of: Sales Management Dept., West Japan Sales Bureau

**Shinichi Aizawa**

Managing Executive Officer  
Chief General Manager, North America

In charge of: International Business Management Dept. (in charge of the matters regarding North America)

**Satoru Sato**

Managing Executive Officer

In charge of: IT Business Process Planning Dept., Business Process Planning Dept.

**Masamitsu Nambu**

Managing Executive Officer

In charge of: Retail Management Examination Center, Risk Management Office Manager Training Dept.

**Seiji Inagaki**

Managing Executive Officer  
Chief of Group Management Strategy Unit and General Manager, Corporate Planning Dept.

In charge of: Corporate Planning Dept.

**Masao Taketomi**

Managing Executive Officer  
Chief of Group Human Resources Unit and General Manager, Human Resources Dept.

In charge of: Affiliated Business Management Dept., Human Resources Dept.

**Masahiro Takashima**

Managing Executive Officer  
Chief General Manager, Eastern Market and General Manager, Hokkaido Sales Bureau

In charge of: Sales Management Dept., Hokkaido Sales Bureau, East Japan Corporate Relations Dept.

**Katsuhisa Watanabe**

Executive Officer

In charge of: Group Life Insurance Business Unit, Wholesale Management Dept., Dispersed Sector Relations Dept.

**Hideo Hatanaka**

Executive Officer

In charge of: Claims Payment Examination Center, Risk Management Dept., General Affairs Dept.

**Kimihiro Sato**

Executive Officer  
Chief General Manager, Metropolitan Corporate Relations and General Manager, Kanagawa Sales Bureau

In charge of: Tokyo Market Sales Dept., Metropolitan Sales Management Dept., Metropolitan Corporate Relations Dept. No.1 and No.2, Kanagawa Sales Bureau

**Tetsuya Kikuta**

Executive Officer  
Chief General Manager, Investment and General Manager, Equity Investment Dept.

In charge of: Fixed Income Investment Dept., Global Fixed Income Investment Dept., Equity Investment Dept.

**Chieko Takahashi**

Executive Officer  
General Manager, Public Sector Relations Dept.

In charge of: Public Sector Relations Dept.

**Munehiro Uryu**

Executive Officer  
General Manager, Total Life Planning and Sales Training Dept.

In charge of: Sales Force Planning Dept., Total Life Planning and Sales Training Dept.

**Hiroshi Shoji**

Executive Officer  
General Manager, Financial Planning and Actuarial Dept.

In charge of: Profit Management Dept., Financial Planning and Actuarial Dept.

**Tatsusaburo Yamamoto**

Executive Officer  
Chief General Manager, Asset Management Business Unit and General Manager, Investment Planning Dept.

In charge of: Investment Planning Dept.





# Financial Highlights

## Indicators Showing Major Business Performance Over the Past Five Years

(Unit: billion yen)

| Item  | Fiscal 2010       | Fiscal 2011       | Fiscal 2012       | Fiscal 2013          | Fiscal 2014          |
|---|-------------------|-------------------|-------------------|----------------------|----------------------|
| No. of employees  | 56,908            | 56,852            | 56,976            | 55,603               | 54,090               |
| Total assets  | 30,869.6          | 31,461.9          | 33,072.4          | 34,028.8             | 36,828.7             |
| Separate account assets   | 1,176.1           | 1,115.6           | 1,230.7           | 1,243.4              | 1,259.4              |
| Policy reserves and others                                      | 28,190.8          | 28,529.9          | 29,168.3          | 29,744.0             | 30,449.6             |
| Balance of policy reserves                                      | 27,589.5          | 28,011.6          | 28,637.0          | 29,199.2             | 29,840.9             |
| Amount of capital stock <sup>1</sup>                            | 420.4             | 420.4             | 420.4             | 420.4                | 686.2                |
| Total number of shares outstanding <sup>2</sup>                 | 10 million shares | 10 million shares | 10 million shares | 1,000 million shares | 1,197 million shares |
| Premium and other income  | 3,056.5           | 3,056.0           | 2,921.8           | 2,868.0              | 3,266.3              |
| Benefits and claims   | 2,625.0           | 2,508.7           | 2,467.7           | 2,439.1              | 2,718.1              |
| Policy amount in-force <sup>3</sup>                             | 204,055.6         | 196,627.0         | 190,628.2         | 185,250.3            | 179,039.5            |
| Individual insurance  | 144,361.3         | 138,597.9         | 133,344.7         | 128,094.8            | 121,655.7            |
| Individual annuity insurance                                    | 7,357.6           | 7,537.5           | 8,516.8           | 8,798.3              | 9,291.5              |
| Group insurance   | 52,336.6          | 50,491.5          | 48,766.6          | 48,357.1             | 48,092.2             |
| Policy amount in-force for group annuity insurance <sup>4</sup> | 6,041.7           | 6,065.9           | 6,146.1           | 6,353.4              | 6,397.4              |
| Ordinary revenues   | 4,308.4           | 4,398.2           | 4,315.9           | 4,384.6              | 4,798.4              |
| Fundamental profit  | 275.9             | 302.4             | 314.5             | 399.8                | 458.2                |
| Ordinary profit   | 78.9              | 243.7             | 173.8             | 307.6                | 408.7                |
| Net income for the year   | 16.9              | 17.6              | 51.4              | 85.5                 | 152.1                |
| Balance of loans  | 3,627.4           | 3,412.5           | 3,139.6           | 3,023.1              | 3,029.2              |
| Balance of securities   | 24,294.5          | 25,333.4          | 27,161.9          | 28,005.1             | 30,673.3             |
| Solvency margin ratio <sup>5</sup>                              | 983.9% (547.7%)   | 575.9%            | 715.2%            | 772.1%               | 913.2%               |

\*1: The amount of capital stock includes legal capital surplus.

\*2: The Company conducted a 1:100 share split on October 1, 2013.

\*3: 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.

\*4: The policy amount in-force for group annuity insurance is equal to the amount of outstanding policy reserves.

\*5: The figures for fiscal 2011 through fiscal 2014 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.

Review of Operations in the Most Recent Fiscal Year

Assets and Liabilities

Revenues and Expenditures

Summary of Investment Results

Policyholder Dividends in Fiscal 2015

Embedded Value

Fundamental Profit

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

Solvency Margin Ratio

Adjusted Net Assets

Unrealized Gains (Losses) on General Account Assets

Ratings

Status of DSR Management Promotion

## Financial and Economic Environment

In fiscal 2014, the Japanese economy weakened in the first half, as indicated by a significant fall in consumption and housing investment as a reaction to the last-minute surge in demand before the consumption tax hike. However, the economy recovered, and GDP growth moved into positive territory in the second half of the fiscal year, reflecting a moderate recovery in consumption backed by an improvement in employment conditions and the rebound of exports following the expansion of the U.S. economy.

Stock prices continued to rise with the depreciation of the yen based on differences in the monetary policies of Japan and the United States and expectations for an improvement in corporate earnings. In March 2015, the Nikkei Stock Average rose to the 19,000 level, the

highest since 2000 as stock prices were boosted by the depreciation of the yen associated with additional monetary easing by the Bank of Japan in October 2014 and rising expectations for an early rate hike in the United States. Long-term interest rates continued to follow a downward trend against a backdrop of prolonged low interest rates worldwide and the purchase of Japanese government bonds by the Bank of Japan.

The life insurance industry acted to develop a system to protect customers as an industry-wide initiative. This followed a revision of the Insurance Business Act which stipulated an obligation to understand the intention of customers and provide them with information when selling insurance products, following changes in the environment such as more diversified life insurance sales channels.

## Major Management Indicators

### Consolidated Ordinary Revenues

Consolidated ordinary revenues in fiscal 2014 increased 20.0% from the previous fiscal year, to ¥7,252.2 billion. This was as a result of an increase in premium and other income of 24.8% year on year, to ¥5,432.7 billion, an increase in investment income of 9.4% year on year, to ¥1,444.0 billion, and an increase in other ordinary revenues of 1.0%, to ¥375.5 billion. Premium and other income increased from the previous fiscal year, mainly reflecting continued strength in sales in Dai-ichi Life and Dai-ichi Frontier Life.

### Consolidated Ordinary Profit

Ordinary profit is the amount remaining after subtracting expenses (ordinary expenses) from revenues (ordinary revenues) that arise on a continuous basis every year from original operating activities of the life insurance business.

Consolidated ordinary expenses increased 19.3% from the previous fiscal year, to ¥6,845.4 billion as a result of the following factors: an increase in benefits and claims by 16.4% year on year, to ¥3,380.8 billion, an increase in provisions for policy reserves and others by 38.9%, to ¥2,271.2 billion, a decrease in investment expenses by 28.1%, to ¥168.9 billion, an increase in operating expenses by 8.1%, to ¥559.3 billion and an increase in other ordinary expenses by 3.5%, to ¥465.0 billion.

The increase in provisions for policy reserves and others was due to strong sales at Dai-ichi Frontier Life.

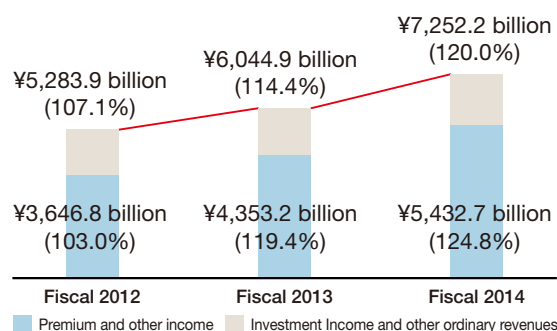
Consolidated ordinary profit rose 33.5% from the previous fiscal year, to ¥406.8 billion.

### Consolidated Net Income

Consolidated net income resulting after accounting for extraordinary gains, extraordinary losses, provision for reserves for policyholder dividends, corporate income taxes-current, corporate income taxes-deferred and minority interests in income of subsidiaries was ¥142.4 billion, representing year-on-year growth of 82.8%. The increase in consolidated 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.

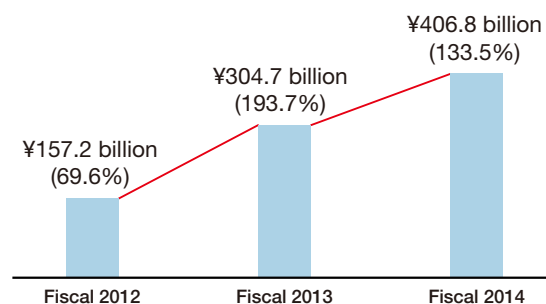
### Consolidated Ordinary Revenues

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



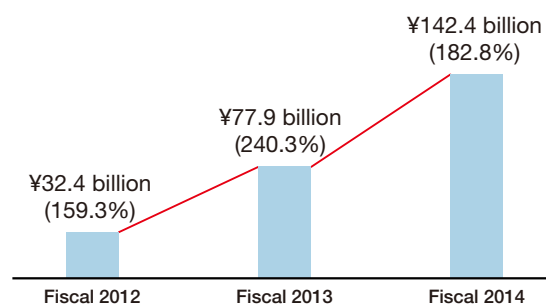
### Consolidated Ordinary Profit

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



### Consolidated Net Income

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



\*See page 110 for more details on consolidated statements of earnings.

# Performance of Individual Life Insurance Products and Services

## Annualized Net Premium from Policies In-force

Annualized net premium is calculated by applying multipliers for various payment terms to the premium per payment. In single premium contracts, 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 27.0% from the end of the previous fiscal year to ¥3,095.0 billion. The rise in annualized net premium from policies in-force was due to Dai-ichi Life's action of making Protective Life and Neo First Life its wholly-owned subsidiaries and an increase in sales of savings-type products at Dai-ichi Life and Dai-ichi Frontier Life.

## Annualized Net Premium for New Policies

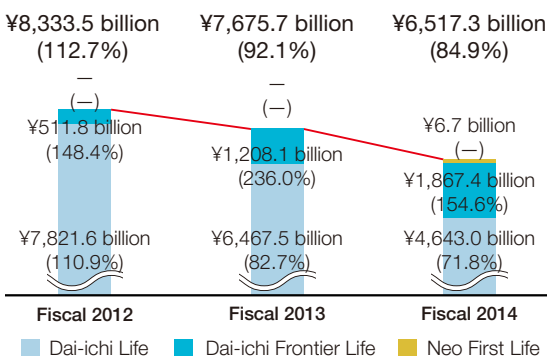
The Dai-ichi Life Group's annualized net premium for new policies for individual insurance and individual annuities rose 31.3% from the previous fiscal year, to ¥334.9 billion. The increase in annualized net premium for new policies was due to an increase in sales of savings-type products at Dai-ichi Life and Dai-ichi Frontier Life.

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

New policy amount for individual insurance and individual annuities in fiscal 2014 (the sum of Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life. The same for policy amount in-force and decrease in policy amount) declined 15.1% from the previous fiscal year, to ¥6,517.3 billion. The decrease in policy amount declined 5.7% year on year, to ¥10,908.8 billion. As a result, the policy amount in-force at the end of fiscal 2014 was down 2.6% from the end of the previous fiscal year, to ¥136,500.7 billion.

## New Policy Amount

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

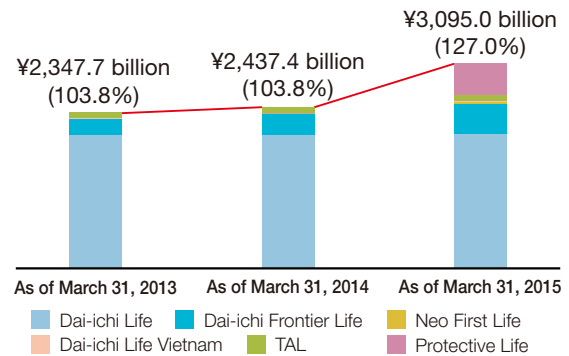


\*For the policy amount in-force of Neo First Life, actual results after making it a wholly owned subsidiary are stated.

\*For the new policy amount and the decrease in policy amount of Neo First Life, actual results for July-March of fiscal 2014 are stated.

## Annualized Net Premium from Policies In-force

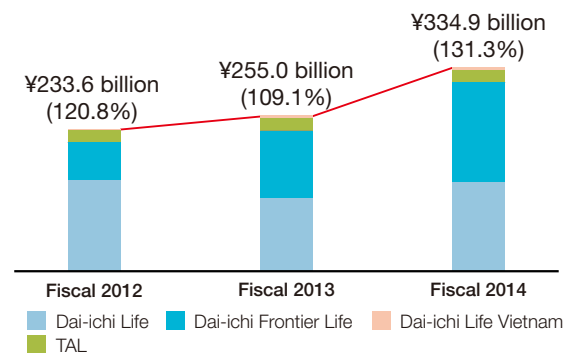
(Figures in parentheses show the year-on-year comparison.)



\*For the annualized net premium from policies in-force of Neo First Life and Protective Life, actual results after making them wholly owned subsidiaries are stated.

## Annualized Net Premium for New Policies

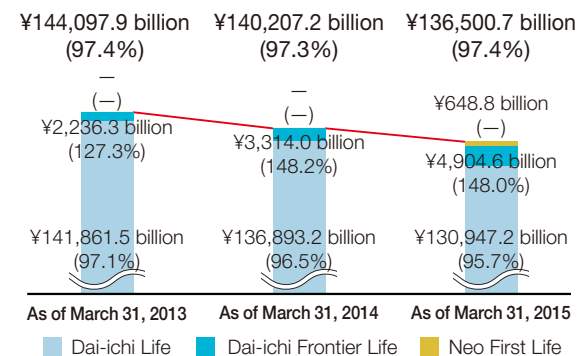
(Figures in parentheses show the year-on-year comparison.)



\*For the annualized net premium for new policies of Neo First Life, actual results for July-March of fiscal 2014 are stated.

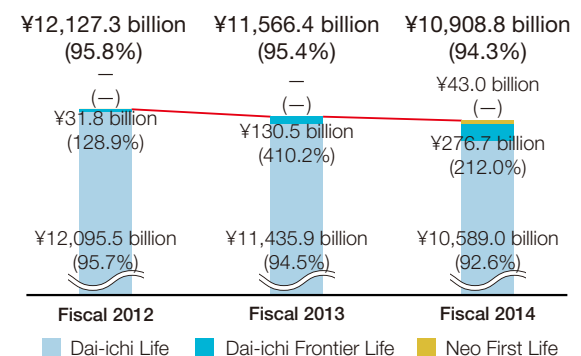
## Policy Amount In-force

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



## Decrease in Policy Amount

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



## Status of Tied Sales

The business alliance with Sampo Japan Nipponkoa 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 Nipponkoa's non-life insurance products and AFLAC's cancer insurance.

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

## Status of the Company's Sales of Its Partners' Products (actual results in fiscal 2014)

| Number of policies (thousands)                                    |              | Annualized net premium (billion yen) |              |
|---|--------------|--------------------------------------|--------------|
| Actual results  | Year-on-year | Actual results                       | Year-on-year |
| <b>Actual sales of non-life insurance products (new policies)</b> |              |                                      |              |
| 481   | 98.1%        | 30.84                                | 103.4%       |
| <b>Actual sales of cancer insurance (new policies)</b>            |              |                                      |              |
| 75  | 111.4%       | 2.71                                 | 114.7%       |
| <b>AFLAC policies in force (sales by the Company)</b>             |              |                                      |              |
| 1,217   | 100.7%       | 49.46                                | 100.0%       |

## Status of Sampo Japan Nipponkoa's Sales of the Company's Products (actual results in fiscal 2014)

|   | Number of policies |              | New policy amount (billion yen) |              | Number of commissioned agents (stores) |
|---|--------------------|--------------|---------------------------------|--------------|--|
|   | Year-on-year       | Year-on-year | Year-on-year                    | Year-on-year |  |
| Individual insurance/individual annuities | 14,479             | 115.6%       | 216.0                           | 108.8%       | 2,489                                  |

## Sales Results of Products and Services for Corporate Clients

A look at the status of group life insurance as of March 31, 2015 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 0.5% from the end of the previous fiscal year, to ¥48,092.2 billion.

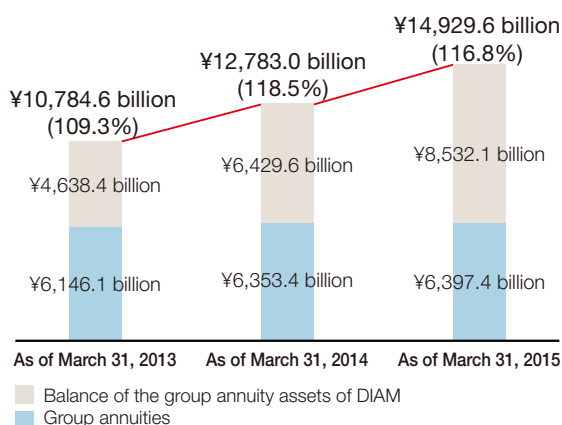
The policy amount in-force of group annuity policies at the end of fiscal 2014 was ¥6,397.4 billion, 0.7% higher than a year earlier, owing mainly to an increase in the separate account balance backed by strong financial and economic markets.

The balance of the group annuity assets of DIAM increased by 32.7% from the end of the previous fiscal year, to ¥8,532.1 billion.

As a result, the balance of group annuity assets for the overall Dai-ichi Life Group as of March 31, 2015 increased by 16.8% from the end of the previous fiscal year, to ¥14,929.6 billion.

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

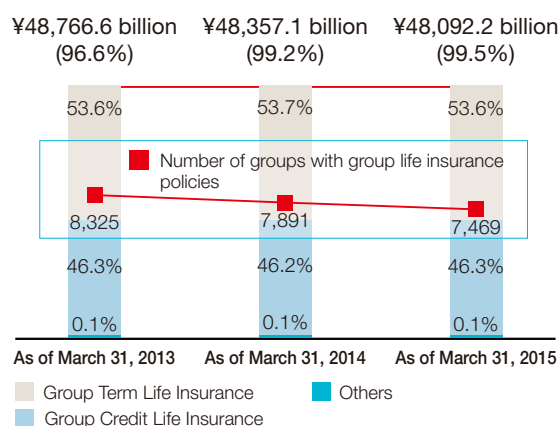
(Figures in parentheses show the year-on-year comparison.)



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.

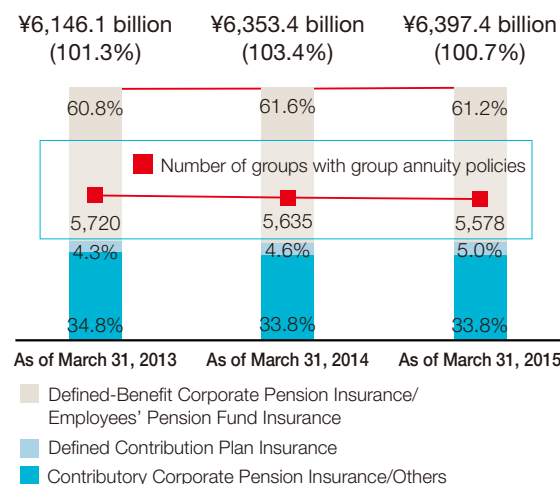
## Policy Amount In-force of Group Life Insurance

(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)

| Item  | As of<br>March 31,<br>2013 | As of<br>March 31,<br>2014 | As of<br>March 31,<br>2015 |
|---|----------------------------|----------------------------|----------------------------|
| <b>Assets</b>   |                            |                            |                            |
| Cash and deposits   | 457.5                      | 698.5                      | 873.4                      |
| Call loans  | 391.2                      | 362.8                      | 380.4                      |
| Monetary claims bought  | 285.0                      | 281.8                      | 265.8                      |
| Money held in trust   | 56.2                       | 66.4                       | 65.2                       |
| Securities  | 29,390.9                   | 31,203.5                   | 41,105.4                   |
| Loans   | 3,140.9                    | 3,024.7                    | 3,898.1                    |
| Tangible fixed assets   | 1,236.2                    | 1,215.8                    | 1,217.0                    |
| Intangible fixed assets   | 215.4                      | 210.0                      | 437.6                      |
| Reinsurance receivable  | 32.8                       | 33.8                       | 101.2                      |
| Other assets  | 390.8                      | 516.4                      | 1,401.0                    |
| Net defined benefit asset   | —                          | —                          | 0.7                        |
| Deferred tax assets   | 67.6                       | 5.7                        | 1.3                        |
| Customers' liabilities for acceptances and guarantees                                   | 33.4                       | 88.2                       | 91.6                       |
| Reserve for possible loan losses  | (4.1)                      | (2.7)                      | (2.1)                      |
| Reserve for possible investment losses  | —                          | (0.2)                      | —                          |
| <b>Total assets</b>   | <b>35,694.4</b>            | <b>37,705.1</b>            | <b>49,837.2</b>            |
| <b>Liabilities and Net Assets (Capital)</b>   |                            |                            |                            |
| Policy reserves and others  | 31,703.8                   | 33,327.5                   | 42,547.0                   |
| Reserves for outstanding claims   | 298.5                      | 358.6                      | 506.7                      |
| Policy reserves   | 31,012.5                   | 32,574.9                   | 41,634.7                   |
| Reserve for policyholder dividends  | 392.7                      | 394.0                      | 405.5                      |
| Reinsurance payable   | 16.5                       | 27.6                       | 56.2                       |
| Bonds payable   | 154.5                      | 107.5                      | 489.0                      |
| Other liabilities   | 1,496.5                    | 1,593.2                    | 1,864.7                    |
| Reserve for employees' retirement benefits  | 439.7                      | —                          | —                          |
| Net defined benefit liabilities   | —                          | 385.4                      | 331.3                      |
| Reserve for retirement benefits of directors, executive officers and corporate auditors | 2.3                        | 2.1                        | 2.0                        |
| Reserve for possible reimbursement of prescribed claims                                 | 0.7                        | 0.8                        | 0.7                        |
| Reserve for price fluctuations  | 89.2                       | 118.1                      | 136.2                      |
| Deferred tax liabilities  | 13.5                       | 15.1                       | 643.3                      |
| Deferred tax liabilities for land revaluation   | 94.8                       | 91.5                       | 84.9                       |
| Acceptances and guarantees  | 33.4                       | 88.2                       | 91.6                       |
| <b>Total liabilities</b>  | <b>34,045.3</b>            | <b>35,757.5</b>            | <b>46,247.2</b>            |
| Capital stock   | 210.2                      | 210.2                      | 343.1                      |
| Capital surplus   | 210.2                      | 210.2                      | 343.2                      |
| Retained earnings   | 156.3                      | 219.5                      | 352.9                      |
| Treasury stock  | (13.4)                     | (11.5)                     | (9.7)                      |
| <b>Total shareholders' equity</b>   | <b>563.3</b>               | <b>628.5</b>               | <b>1,029.6</b>             |
| Net unrealized gains (losses) on securities, net of tax                                 | 1,099.3                    | 1,322.7                    | 2,528.2                    |
| Deferred hedge gains (losses)   | (1.8)                      | (2.5)                      | (12.0)                     |
| Reserve for land revaluation  | (36.9)                     | (38.3)                     | (33.4)                     |
| Foreign currency translation adjustments  | 18.2                       | 19.7                       | 22.6                       |
| Accumulated remeasurements of defined benefit plans                                     | —                          | 16.8                       | 54.0                       |
| <b>Total accumulated other comprehensive income</b>                                     | <b>1,078.7</b>             | <b>1,318.4</b>             | <b>2,559.4</b>             |
| Subscription rights to shares   | 0.3                        | 0.5                        | 0.7                        |
| Minority interests  | 6.5                        | 0.0                        | 0.0                        |
| <b>Total net assets</b>   | <b>1,649.0</b>             | <b>1,947.6</b>             | <b>3,589.9</b>             |
| <b>Total liabilities and net assets</b>   | <b>35,694.4</b>            | <b>37,705.1</b>            | <b>49,837.2</b>            |

## Selected Balance Sheet Items (Non-consolidated)

(Unit: billion yen)

| Item  | As of<br>March 31,<br>2013 | As of<br>March 31,<br>2014 | As of<br>March 31,<br>2015 |
|---|----------------------------|----------------------------|----------------------------|
| <b>Assets</b>   |                            |                            |                            |
| Cash, deposits, and call loans  | 710.0                      | 827.4                      | 901.8                      |
| Monetary claims bought  | 283.1                      | 275.8                      | 259.7                      |
| Money held in trust   | 24.0                       | 34.6                       | 36.1                       |
| Securities  | 26,079.8                   | 26,905.4                   | 29,670.2                   |
| Domestic bonds  | 16,427.3                   | 16,120.3                   | 16,088.9                   |
| Domestic stocks   | 2,557.4                    | 2,862.1                    | 3,754.7                    |
| Foreign securities  | 6,816.2                    | 7,535.7                    | 9,392.5                    |
| Loans   | 3,139.6                    | 3,023.1                    | 3,029.2                    |
| Policy loans  | 480.2                      | 452.9                      | 428.5                      |
| Ordinary loans  | 2,659.4                    | 2,570.2                    | 2,600.7                    |
| Real estate <sup>1</sup>  | 1,224.4                    | 1,206.1                    | 1,196.0                    |
| Deferred tax assets   | 65.5                       | 11.1                       | —                          |
| Others  | 389.2                      | 538.8                      | 564.5                      |
| Reserve for possible loan losses  | (4.1)                      | (2.7)                      | (2.1)                      |
| <b>Total general account assets</b>   | <b>31,911.8</b>            | <b>32,820.0</b>            | <b>35,655.7</b>            |
| Foreign currency-denominated assets   | 5,262.6                    | 6,039.8                    | 7,780.8                    |
| <b>Total separate account assets<sup>2</sup></b>  | <b>1,160.6</b>             | <b>1,208.7</b>             | <b>1,173.0</b>             |
| <b>Total assets</b>   | <b>33,072.4</b>            | <b>34,028.8</b>            | <b>36,828.7</b>            |
| <b>Liabilities and Net Assets (Capital)</b>   |                            |                            |                            |
| Policy reserves and others  | 29,168.3                   | 29,744.0                   | 30,449.6                   |
| Reserves for outstanding claims   | 138.5                      | 150.7                      | 203.0                      |
| Policy reserves   | 28,637.0                   | 29,199.2                   | 29,840.9                   |
| Reserve for policyholder dividends  | 392.7                      | 394.0                      | 405.5                      |
| Reinsurance payable   | 0.7                        | 0.6                        | 0.6                        |
| Subordinated bonds  | 154.5                      | 107.5                      | 215.7                      |
| Other liabilities   | 1,413.8                    | 1,498.3                    | 1,496.4                    |
| Reserve for employees' retirement benefits  | 437.5                      | 407.1                      | 389.4                      |
| Reserve for retirement benefits of directors, executive officers and corporate auditors | 2.3                        | 2.1                        | 1.9                        |
| Reserve for possible reimbursement of prescribed claims                                 | 0.7                        | 0.8                        | 0.7                        |
| Reserve for price fluctuations  | 88.4                       | 116.4                      | 132.4                      |
| Deferred tax liabilities  | —                          | —                          | 413.8                      |
| Deferred tax liabilities for land revaluation   | 94.8                       | 91.5                       | 84.9                       |
| Acceptances and guarantees  | 33.4                       | 88.2                       | 91.6                       |
| <b>Total liabilities</b>  | <b>31,394.7</b>            | <b>32,056.9</b>            | <b>33,277.4</b>            |
| Capital stock   | 210.2                      | 210.2                      | 343.1                      |
| Capital surplus   | 210.2                      | 210.2                      | 343.2                      |
| Retained earnings   | 216.5                      | 287.2                      | 430.7                      |
| Treasury stock  | (13.4)                     | (11.5)                     | (9.7)                      |
| <b>Total shareholders' equity</b>   | <b>623.5</b>               | <b>696.2</b>               | <b>1,107.3</b>             |
| Net unrealized gains (losses) on securities, net of tax                                 | 1,092.5                    | 1,315.8                    | 2,488.6                    |
| Deferred hedge gains (losses)   | (1.8)                      | (2.5)                      | (12.0)                     |
| Reserve for land revaluation  | (36.9)                     | (38.3)                     | (33.4)                     |
| <b>Total of valuation and translation adjustments</b>                                   | <b>1,053.7</b>             | <b>1,274.9</b>             | <b>2,443.2</b>             |
| Subscription rights to shares   | 0.3                        | 0.5                        | 0.7                        |
| <b>Total net assets</b>   | <b>1,677.6</b>             | <b>1,971.8</b>             | <b>3,551.3</b>             |
| <b>Total liabilities and net assets</b>   | <b>33,072.4</b>            | <b>34,028.8</b>            | <b>36,828.7</b>            |

\*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 109 (consolidated) and 169 through 170 (non-consolidated) for details of the balance sheets.

### ■ Deferred Tax Assets and Liabilities (① and ②)

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. At the end of fiscal 2014, deferred tax liabilities of ¥413.8 billion were recorded, as deferred tax liabilities for the marking to market of available-for-sale securities at the end of the year exceeded deferred tax assets.

### ■ Status of Assets (③ and ④)

During fiscal 2014, Dai-ichi Life continued to position fixed income investments, including domestic bonds, as the core of its asset portfolio, so that they are consistent with its medium to long-term investment policies. Meanwhile, Dai-ichi Life curbed the accumulation of policy reserve matching bonds consisting primarily of super-long term government bonds, reflecting the continuation of the low interest rate environment. The Company also activated the replacement of domestic bonds with foreign bonds with currency hedges to improve the return on investment in the fixed income asset category in an effort to promote asset liability management (“ALM”) and increase profitability.

In addition, 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, 2015, increased by ¥2,835.6 billion from the end of the previous fiscal year, to ¥35,655.7 billion, primarily reflecting a rise in unrealized gains on securities. The balance of separate account assets decreased by ¥35.7 billion, to ¥1,173.0 billion. As a result, total assets climbed by ¥2,799.9 billion, to ¥36,828.7 billion.

### ■ Policy Reserves and Others (⑤)

Policy reserves and others consist of policy reserves, reserve for outstanding claims, and reserve for policyholder dividends.

Policy reserves are 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. The reserve for outstanding claims is a reserve for potential claims such as insurance claims, other payments, and benefits that remained outstanding as of the balance sheet date. The reserve for policyholder dividends is a reserve used to fund the payment of policyholder dividends.

### ■ Reserve for Price Fluctuations (⑥)

Reserve for price fluctuations is a reserve the Company maintains in preparation for losses due to a fall in the price of assets such as stocks whose prices fluctuate rapidly.

### ■ Net Unrealized Gains on Securities, Net of Tax and Reserve for Land Revaluation (⑦ and ⑧)

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)

| Item  | Fiscal 2012 | Fiscal 2013 | Fiscal 2014 |
|---|-------------|-------------|-------------|
| Ordinary revenues                                 | 5,283.9     | 6,044.9     | 7,252.2     |
| Premium and other income ①                        | 3,646.8     | 4,353.2     | 5,432.7     |
| Investment income ②                               | 1,335.1     | 1,320.0     | 1,444.0     |
| Other ordinary revenues                           | 302.0       | 371.6       | 375.5       |
| Ordinary expenses                                 | 5,126.6     | 5,740.2     | 6,845.4     |
| Benefits and claims ③                             | 2,795.3     | 2,903.5     | 3,380.8     |
| Provision for policy reserves and others          | 1,191.9     | 1,634.8     | 2,271.2     |
| Investment expenses ④                             | 221.7       | 234.9       | 168.9       |
| Operating expenses                                | 486.4       | 517.5       | 559.3       |
| Other ordinary expenses                           | 431.2       | 449.2       | 465.0       |
| Ordinary profit                                   | 157.2       | 304.7       | 406.8       |
| Extraordinary gains                               | 8.8         | 3.6         | 3.3         |
| Extraordinary losses                              | 24.0        | 67.3        | 29.4        |
| Provision for reserve for policyholder dividends  | 86.0        | 94.0        | 112.2       |
| Income before income taxes and minority interests | 56.1        | 147.0       | 268.5       |
| Corporate income taxes-current                    | 80.6        | 117.2       | 125.5       |
| Corporate income taxes-deferred                   | (54.0)      | (46.4)      | 0.5         |
| Total of corporate income taxes                   | 26.5        | 70.7        | 126.0       |
| Income before minority interests                  | 29.5        | 76.2        | 142.4       |
| Minority interests in income (loss)               | (2.8)       | (1.6)       | 0.0         |
| Net income for the year                           | 32.4        | 77.9        | 142.4       |

Note: See page 110 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 ¥1,079.4 billion from the previous fiscal year, to ¥5,432.7 billion, mainly attributable to strong sales at Dai-ichi Life and Dai-ichi Frontier Life. Benefits and claims rose by ¥477.2 billion year on year, to ¥3,380.8 billion. This was 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.

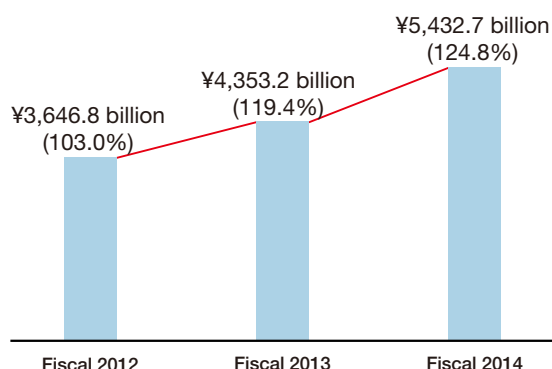
### Investment-Related Income and Expenses (② and ④)

The Dai-ichi Life Group's investment income increased by ¥123.9 billion from the previous fiscal year, to ¥1,444.0 billion. Meanwhile, investment expenses decreased by ¥66.0 billion year on year, to ¥168.9 billion.

Net investment income increased by ¥189.9 billion year on year, to ¥1,275.0 billion, mainly due to an increase in interest, dividend and other income backed by good financial and economic conditions.

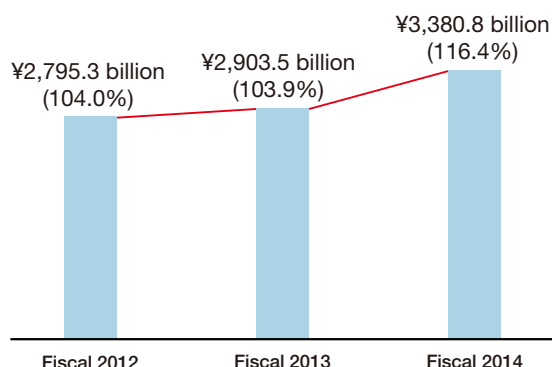
### Premium and Other Income

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



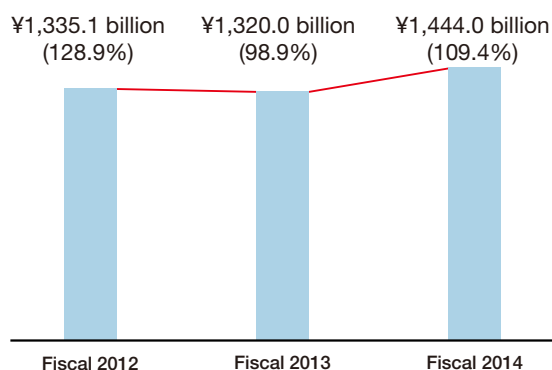
### Benefits and Claims

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



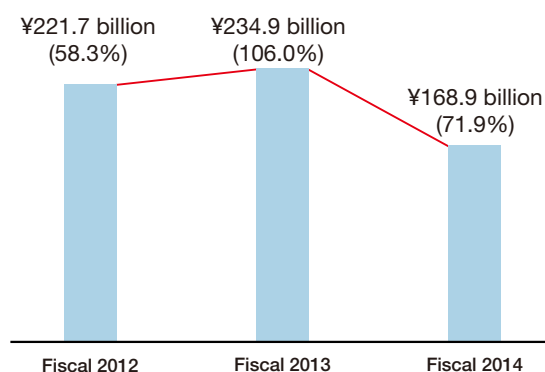
### Investment Income

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



### Investment Expenses

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





## Selected Items on Non-Consolidated Statements of Earnings

(Unit: billion yen)

| Item   | Fiscal 2012 | Fiscal 2013 | Fiscal 2014 |
|--|-------------|-------------|-------------|
| Ordinary revenues                                  | 4,315.9     | 4,384.6     | 4,798.4     |
| Premium and other income                           | 2,921.8     | 2,868.0     | 3,266.3     |
| Investment income                                  | 1,104.4     | 1,161.4     | 1,174.4     |
| Other ordinary revenues                            | 289.6       | 355.1       | 357.6       |
| Ordinary expenses                                  | 4,142.1     | 4,077.0     | 4,389.7     |
| Benefits and claims                                | 2,467.7     | 2,439.1     | 2,718.1     |
| Provision for policy reserves and others           | 642.7       | 583.3       | 702.8       |
| Investment expenses                                | 206.5       | 213.9       | 131.2       |
| Operating expenses                                 | 408.8       | 410.5       | 398.5       |
| Other ordinary expenses                            | 416.2       | 430.1       | 438.8       |
| Ordinary profit                                    | 173.8       | 307.6       | 408.7       |
| Extraordinary gains                                | 8.8         | 3.6         | 3.0         |
| Extraordinary losses                               | 23.5        | 66.4        | 27.2        |
| Provision for reserve for policyholder dividends ⑤ | 86.0        | 94.0        | 112.2       |
| Income before income taxes                         | 73.1        | 150.8       | 272.3       |
| Corporate income taxes-current                     | 76.1        | 112.7       | 119.3       |
| Corporate income taxes-deferred                    | (54.4)      | (47.4)      | 0.8         |
| Total of corporate income taxes                    | 21.7        | 65.2        | 120.1       |
| Net income for the year                            | 51.4        | 85.5        | 152.1       |

Note: See pages 171 and 172 for details of the non-consolidated statements of earnings.

## Provision for Reserve for Policyholder Dividends (⑤)

The Company accumulated a reserve for policyholder dividends and provided ¥112.2 billion for the reserve in fiscal 2014.

The Company specified in its Articles of Incorporation that the rate of policyholder dividends shall be 20% or more. The rate of policyholder dividends for fiscal 2014 was 46.6%.

Notes: 1. The rate of policyholder dividends is the ratio of provision for reserve for policyholder dividends (¥112.2 billion for fiscal 2014) to the amount (¥240.6 billion for fiscal 2014) equivalent to net income for the year (the amount before recording a provision for reserve for policyholder dividends) calculated by segmenting policies that pay policyholder dividends from profits and losses of policies.

2. See page 97 for information on the policyholder dividends in fiscal 2015.

## Summary of General Account Assets\*1

**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**  
Taking the low interest rate environment into consideration, the Company curbed the accumulation of investments in policy reserve-matching bonds consisting primarily of super-long term government bonds. As the Company also replaced domestic bonds with foreign bonds with currency hedges to improve return on investment in the fixed income asset category, the balance of domestic bonds decreased. The Company also made efforts to improve investment yields by carefully selecting and diversifying among various credit risk products, including corporate bonds and securitized products, in accordance with its internal guidelines on risk-adjusted credit-spread<sup>2</sup>.

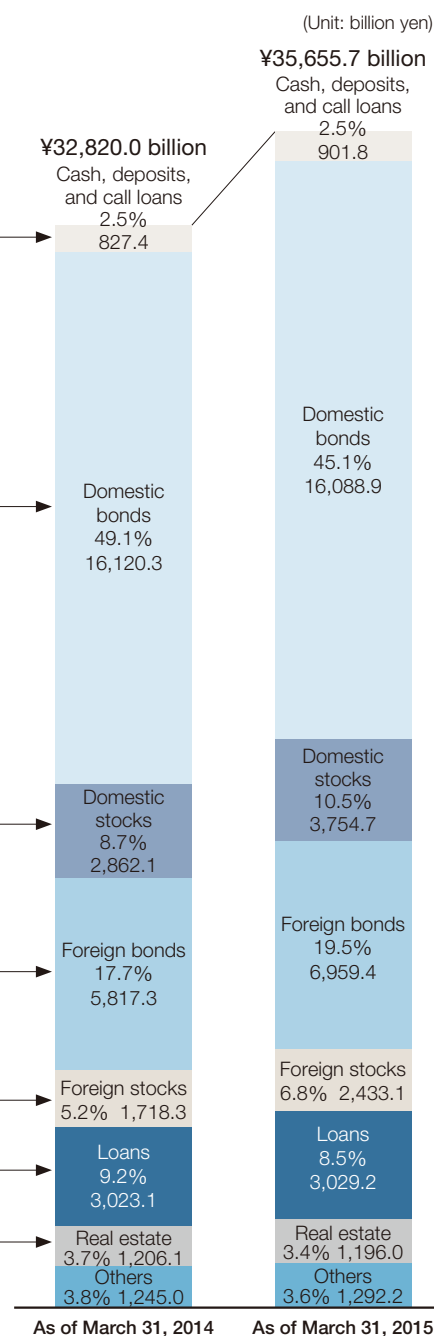
**Domestic Stocks: Increase**  
The balance of domestic stocks increased as a result of a rise in stock prices. To improve the profitability of the portfolio, the Company replaced the stocks of certain companies and sectors with more competitive stocks of companies offering greater competitive advantage, growth potential, and a more attractive valuation, based on corporate research by in-house analysts.

**Foreign Bonds: Significant Increase**  
The Company activated the replacement of 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.

**Foreign Stocks: Significant Increase**  
The Company increased the balance of foreign stocks in its portfolio throughout the year to improve the portfolio's profitability and strengthen the diversification of its asset management, in addition to an increase in the balance associated with the Company's action of making Protective Life a wholly owned subsidiary. The company also worked to strengthen the diversification of its asset management, between in-house management<sup>3</sup> and outside asset management companies, among investment styles, and among regions.

**Loans: Unchanged**  
While the total balance of loans decreased due to contract maturities and other factors, the balance remained flat from the previous year, reflecting active responses to new capital requirements in growth areas including the environment and infrastructure. 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: Unchanged**  
The Company sought to improve the profitability of the portfolio by renegotiating rents and improving occupancy rates in its existing real estate portfolio, in addition to investments in new properties including housing and the sale of unprofitable properties. The Company also took steps to increase the value of existing real estate by promoting its effective use through renovation and remodeling, etc.



### Asset Investment Yield (general account)

|  | Fiscal 2012 | Fiscal 2013 | Fiscal 2014 |
|--|-------------|-------------|-------------|
| Rate of return of investment on fundamental profit | 2.42%       | 2.67%       | 2.74%       |
| Investment yield                                   | 2.42%       | 2.59%       | 2.71%       |

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.

## 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.

# Policyholder Dividends in Fiscal 2015

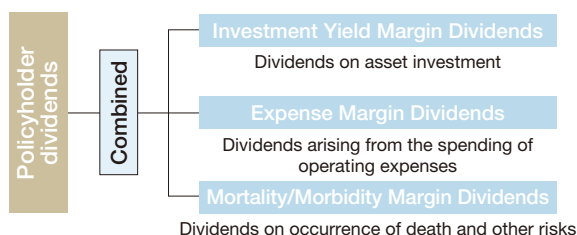
## Overview of Policyholder Dividends in Fiscal 2015

|   |   |
|---|---|
| Individual insurance/<br>individual annuities | The Company raised some of the investment yield margin dividend scale. The expense margin dividend scale and mortality/morbidity margin dividend scale remain unchanged from the standards of the previous year.  |
| Group insurance                               | Policyholder dividends, including group term insurance, comprehensive welfare group term insurance, and group credit life insurance, remain unchanged from the standards of the previous year.  |
| Group annuities                               | As a result of applying the investment performance in fiscal 2014, the investment yield margin dividend scale of products with the assumed investment yield of 1.25% and surrender charge will be 1.00%, the investment yield margin dividend scale of products with the assumed investment yield of 0.75% will be 0.27%, and the investment yield margin dividend scale of products with the assumed investment yield of 1.25% and no surrender charge will be 0.43%. Policyholder dividends for guaranteed fixed-term rate defined contribution annuity insurance are zero. |

## Scheme of policyholder dividends in individual insurance and individual annuities

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. Policyholder dividends are calculated for each policy, taking into account both the base policy and riders. Negative dividends are counted as zero.

### Scheme of policyholder dividends

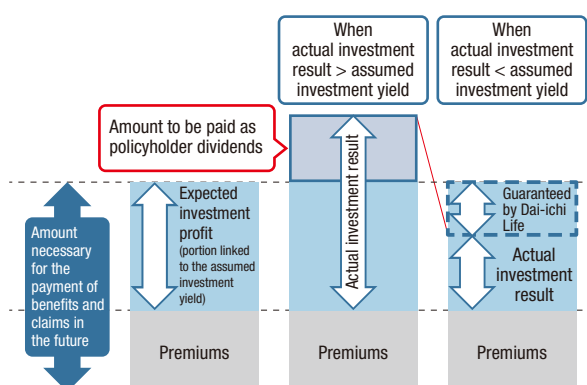


### Dividend types

- **Annual dividend type**  
Policyholder dividends will be paid from the third year of the policy.
- **Five-year (investment yield margin) dividend type**  
Policyholder dividends will be paid every five years starting from the sixth year of the policy. In fiscal 2015, policyholder dividends for policies that started in fiscal 2000, 2005, and 2010 will be paid.

A certain amount of profit is assumed in advance in asset management, and life insurance premiums are determined by deducting the assumed amount of 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.

### Chart (example when considering only the assumed investment yield)



### Investment yield margin dividend scale in fiscal 2015

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).

Investment yield margin dividend scale in fiscal 2015 is as follows.

### Investment yield margin dividend scale by assumed investment yield (example)

| Assumed investment yield               | 5.5%    | 4.75%  | 3.75%   | 2.75%   | 2.15%   | 1.65% | 1.15% |
|--|---------|--------|---------|---------|---------|-------|-------|
| Investment yield margin dividend scale | (4.85%) | (3.9%) | (2.75%) | (1.65%) | (1.05%) | 0.1%  | 0.6%  |

Investment yield margin dividends in the five-year (investment yield margin) dividend type are calculated by summing up those for five years, using the investment yield margin dividend scale from fiscal 2011 to fiscal 2015.

### (Reference) Standard yields for policyholder dividends in fiscal 2015

- Policies with the assumed investment yield of 2% or less:..... 1.75%
- Policies with the assumed investment yield of more than 2% and not more than 3%: ..... 1.10%
- Policies with the assumed investment yield of more than 3% and not more than 4%: ..... 1.00%
- Policies with the assumed investment yield of more than 4% and not more than 5%: ..... 0.85%
- Policies with the assumed investment yield of more than 5%:..... 0.65%

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

# Embedded Value

At the end of fiscal 2014 (The Dai-ichi Life Group)

**¥5,779.6 billion**

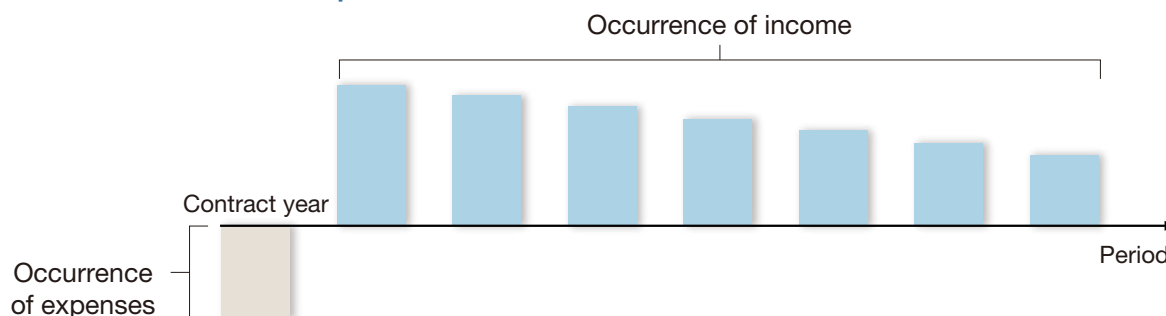
(At the end of fiscal year 2013: ¥4,294.7 billion)

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

Embedded value of Dai-ichi Life (non-consolidated)  
 At the end of fiscal year 2014: ¥5,700.8 billion  
 (At the end of fiscal year 2013: ¥4,268.5 billion)  
 (At the end of fiscal year 2012: ¥3,352.9 billion)

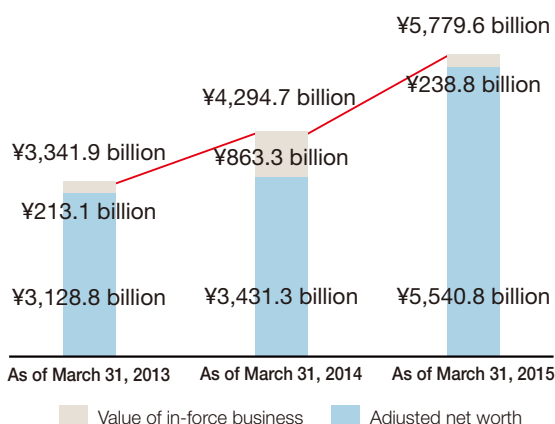
The embedded value (EV) is one of the indicators representing the corporate value of life insurance companies. While it takes time to realize accounting profits under the existing statutory accounting for life insurance companies, it is believed that EV is able to reinforce financial information in statutory accounting as EV recognizes the contribution of future profits at the time of acquiring new policies.

## 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 2014 increased from the end of the previous fiscal year, to ¥5,779.6 billion due to an increase in unrealized gains on securities associated with the depreciation of yen and rising stock prices, as well as the acquisition of new policies.

## EV



## EEV of the Dai-ichi Life Group

(Unit: billion yen)

|                            | As of March 31, 2013 | As of March 31, 2014 | As of March 31, 2015 |
|----------------------------|----------------------|----------------------|----------------------|
| EEV                        | 3,341.9              | 4,294.7              | 5,779.6              |
| Adjusted net worth         | 3,128.8              | 3,431.3              | 5,540.8              |
| Value of in-force business | 213.1                | 863.3                | 238.8                |
| Value of new business      | 211.2                | 255.4                | 274.0                |

Notes: 1. The Group EEV is calculated as follows: Dai-ichi Life's EEV plus the EEVs of Dai-ichi Frontier Life, TAL and Protective Life attributable to Dai-ichi Life's equity stake in each of these three companies less Dai-ichi Life's carrying amount of the equity of Dai-ichi Frontier Life, TAL and Protective Life.  
 2. Dai-ichi Frontier Life became a wholly owned subsidiary of Dai-ichi Life in March 2014. The Group's value of new business for fiscal 2012 and fiscal 2013 is calculated based on Dai-ichi Life's 90.0% equity stake in Dai-ichi Frontier Life before making it a wholly owned subsidiary.  
 3. Protective Life became a wholly owned subsidiary of Dai-ichi Life on February 1, 2015. The Group EEV at the end of fiscal 2012 and fiscal 2013 does not include Protective Life's EEV. The Group EEV at the end of fiscal 2014 includes Protective Life's EEV at the beginning of February 2015, which is the base date for the settlement of accounts of Protective Life on the consolidated financial statements of the Dai-ichi Life Group at the end of fiscal 2014. The Group's value of new business for fiscal 2012, fiscal 2013 and fiscal 2014 does not include Protective Life's value of new business.



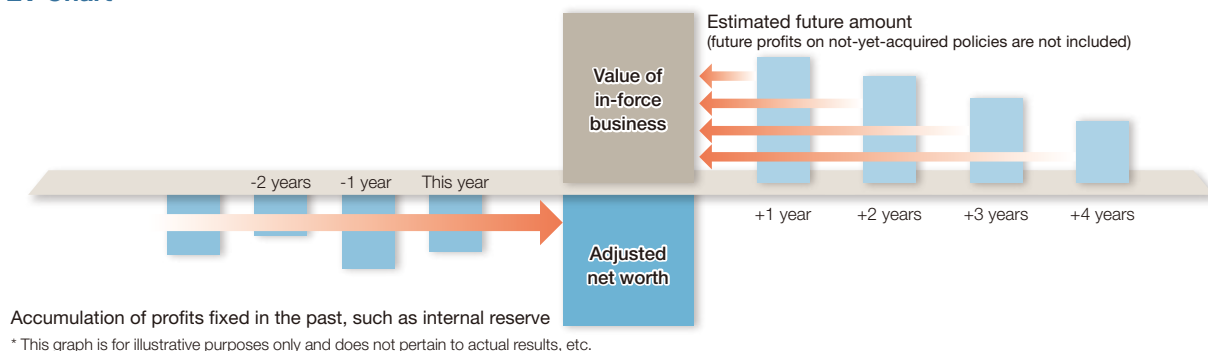
● **Adjusted net worth**

Adjusted net worth is calculated by adjusting the total net assets on the balance sheet mainly by adding retained earnings in liabilities, and unrealized gains and losses in assets not accounted for under the mark-to-market methodology.

● **Value of in-force business**

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.

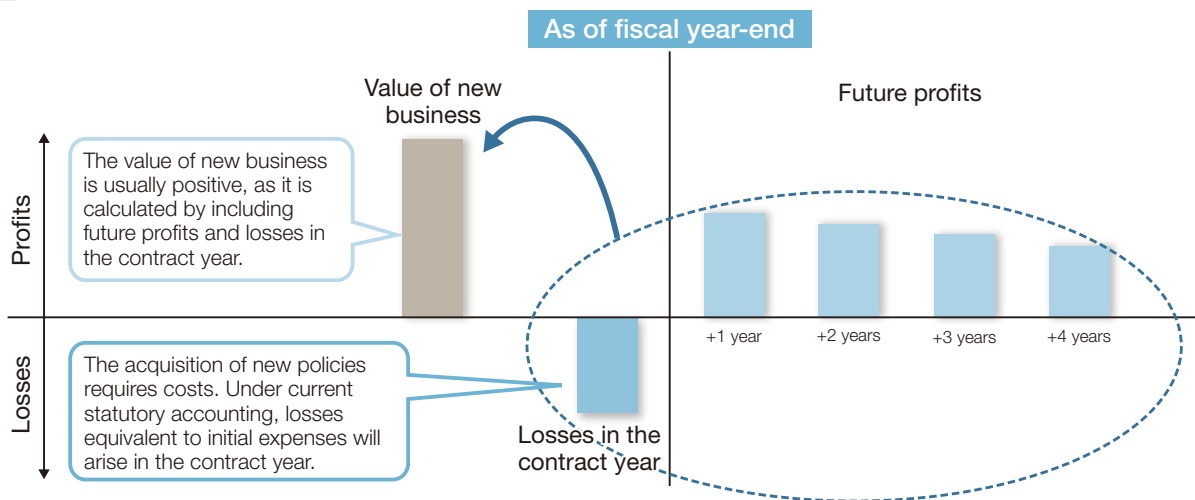
■ **EV Chart**



● **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 “Disclosure of European Embedded Value as of March 31, 2015” ([http://www.dai-ichi-life.co.jp/english/investor/financial/results/2014/pdf/index\\_022.pdf](http://www.dai-ichi-life.co.jp/english/investor/financial/results/2014/pdf/index_022.pdf)) and the “European Embedded Value as of March 31, 2015: Additional Disclosure on Sensitivity Analysis of Protective Life” ([http://www.dai-ichi-life.co.jp/english/investor/financial/results/2014/pdf/index\\_023.pdf](http://www.dai-ichi-life.co.jp/english/investor/financial/results/2014/pdf/index_023.pdf)) posted on the Company’s website.

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

For fiscal year 2014: (the Dai-ichi Life Group)

**¥472.0 billion**

(For fiscal year 2013: ¥446.1 billion)

(For fiscal year 2012: ¥364.2 billion)

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

For fiscal year 2014: ¥458.2 billion

(For fiscal year 2013: ¥399.8 billion)

(For fiscal year 2012: ¥314.5 billion)

Note: The value stated as the fundamental profit (the Dai-ichi Life Group) is obtained by offsetting the sum of fundamental profits of Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life, adjusted profit of TAL (on a pretax basis), and pretax profit of Dai-ichi Life Vietnam by certain internal transactions inside the Group.

Fundamental profit is an indicator that shows the profit and loss situation of the core insurance business of a life insurance company during the term under review. It consists of insurance-related income and expenditures such as premium income and payment of insurance claims and benefits and operating expenses, as well as investment-related income and expenditures centering on interests and dividends.

The fundamental profit for fiscal 2014 (the Dai-ichi Life Group) increased by ¥25.8 billion from the previous fiscal year, to ¥472.0 billion, which was primarily attributable to an improvement in investment income and a decrease in the total assumed investment return due to the accumulation of additional policy reserves.

## Positive Spread (Negative Spread)

Combined figures of positive spread for Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life  
For fiscal year 2014:

**¥74.3 billion**

(Positive spread in fiscal 2013: ¥32.3 billion)

(Negative spread in fiscal 2012: ¥58.4 billion)

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

For fiscal year 2014: ¥69.2 billion

(Positive spread in fiscal 2013: ¥28.0 billion)

(Negative spread in fiscal 2012: ¥61.1 billion)

Insurance companies guarantee policyholders a certain level of return from their investments in advance, and calculate premiums by discounting the assumed investment income. 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.

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

Positive spread amount  
(¥69.2 billion)

$$= \left( \begin{array}{l} \text{Actual rate of investment return} \\ \text{on fundamental profit}^1 \\ (2.74\%) \end{array} - \begin{array}{l} \text{Average assumed} \\ \text{investment yield}^2 \\ (2.48\%) \end{array} \right) \times \left( \begin{array}{l} \text{Policy reserves for} \\ \text{general account}^3 \\ (\text{¥27,411.6 billion}) \end{array} \right)$$

\*1: Actual investment yield on fundamental profit = (return of investment in fundamental profit<sup>4</sup> – interest on policyholder dividends<sup>5</sup>) / 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) ×  $\frac{1}{2}$

# Accumulation of Policy Reserves

## (For Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life)

Policy reserves are mandatory reserves, the accumulation of which is required by the Insurance Business Act, etc. 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.

Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life have accumulated standard policy 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.

# Solvency Margin Ratio

**For Dai-ichi Life on a non-consolidated basis**  
**At the end of fiscal year 2014:**

## 913.2%

(At the end of fiscal year 2013: 772.1%)  
 (At the end of fiscal year 2012: 715.2%)

**Consolidated**  
**At the end of fiscal year 2014:**

## 818.2%

(At the end of fiscal year 2013: 756.9%)  
 (At the end of fiscal year 2012: 702.4%)

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 2014 was 913.2%, an increase from the level at the end of the previous fiscal year due to the growth of retained earnings and an increase in unrealized gains on securities based on the weaker yen and higher stock prices.

### ● Method for calculating the solvency margin ratio

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

# Adjusted Net Assets

**For Dai-ichi Life on a non-consolidated basis**  
**At the end of fiscal year 2014:**

## ¥9,101.2 billion

(At the end of fiscal year 2013: ¥6,019.7 billion)  
 (At the end of fiscal year 2012: ¥5,563.3 billion)

**Consolidated**  
**At the end of fiscal year 2014:**

## ¥9,430.7 billion

(At the end of fiscal year 2013: ¥6,165.7 billion)  
 (At the end of fiscal year 2012: ¥5,671.3 billion)

Adjusted net assets are real net worth derived by subtracting non-capital adjusted liabilities<sup>2</sup> from adjusted assets at fair market value<sup>1</sup>. They serve as one of the indicators used by the supervising administrative agency to ascertain the financial soundness of insurance companies.

The non-consolidated adjusted net assets of the Company at the end of fiscal 2014 were ¥9,101.2 billion, an increase from the level at the end of the previous year due to the growth of retained earnings, an increase in unrealized gains on securities associated with higher stock prices and the weaker yen, and a capital increase.

\*1. Adjusted assets represent assets reported in the balance sheet plus unrealized gains/losses and other off-balance-sheet assets.

\*2. Adjusted liabilities are calculated by deducting various reserves and allowances from on-balance-sheet liabilities.

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

At the end of fiscal year 2014:

## ¥5,550.7 billion

(At the end of fiscal year 2013: ¥3,050.5 billion)

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

### ■ Total Net Unrealized Gains (Losses) on General Account Assets

(Unit: billion yen)

| Item   | As of March 31, 2013 | As of March 31, 2014 | As of March 31, 2015 |
|--|----------------------|----------------------|----------------------|
| Securities   | 2,814.4              | 3,005.6              | 5,491.7              |
| Domestic bonds   | 1,627.5              | 1,381.3              | 2,236.8              |
| Domestic stocks  | 643.3                | 931.8                | 1,785.6              |
| Foreign securities <sup>1</sup>                        | 505.0                | 642.2                | 1,400.8              |
| Foreign bonds  | 416.1                | 484.9                | 1,011.6              |
| Foreign stocks and other securities                    | 88.9                 | 157.3                | 389.2                |
| Other securities                                       | 21.3                 | 36.3                 | 54.4                 |
| Others <sup>2</sup>                                    | 17.1                 | 13.9                 | 13.8                 |
| Real estate <sup>3</sup>                               | 21.4                 | 48.2                 | 75.5                 |
| Total (including others not listed above) <sup>4</sup> | 2,833.9              | 3,050.5              | 5,550.7              |

\*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.

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, 2015, unrealized gains and losses on securities increased by ¥2,486.0 billion from the end of the previous fiscal year, to ¥5,491.7 billion, mainly reflecting lower interest rates in Japan and overseas, rising stock prices and the depreciation of the yen. Unrealized gains on real estate (land, etc.) increased by ¥27.3 billion from a year earlier, to ¥75.5 billion. As a result, total unrealized gains on all general account assets increased by ¥2,500.1 billion, to ¥5,550.7 billion.

## Ratings

As of June 30, 2015

| Rating and Investment Information         | Japan Credit Rating Agency                | Standard & Poor's                 | Fitch Ratings                     |
|---|---|-----------------------------------|-----------------------------------|
| <b>A+</b>                                 | <b>A+</b>                                 | <b>A+</b>                         | <b>A</b>                          |
| 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.

## DSR Management Promotion System

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 and create value continuously 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.



### List of Status of DSR Management Promotion

| Category   | DSR Management Promotion Index  | Explanation of the Index  | Fiscal 2012                | Fiscal 2013                | Fiscal 2014                | Target   |
|--|---|---|----------------------------|----------------------------|----------------------------|--|
| Quality Assurance                                  | Result of total satisfaction in the customer satisfaction survey (individual customers) | Percentages of responses “very satisfied”, “satisfied” and “somewhat satisfied” in the questionnaire given to individual customers            | — <sup>1</sup>             | 67.2%                      | 75.8%                      | Fiscal 2015<br>77.0%                                   |
|  | Customer feedback (customer complaints)   | —   | 68,174                     | 44,691                     | 51,253                     | — <sup>2</sup>   |
| Corporate Citizenship and Environmental Activities | Percentage of volunteer activity involvement  | Percentage of departmental community contribution involvement (head office and branches)  | 94.0%                      | 100.0%                     | 100.0%                     | Fiscal 2015<br>100%                                    |
|  | CO <sub>2</sub> emissions   | Total CO <sub>2</sub> emissions <sup>3</sup> from the Company’s investment property, business-use property, and welfare property <sup>3</sup> | 146,500 t-CO <sub>2</sub>  | 144,000 t-CO <sub>2</sub>  | 141,000 t-CO <sub>2</sub>  | Fiscal 2017<br>154,560 t-CO <sub>2</sub> <sup>4</sup>  |
|  | Total paper usage   | Total amount of paper used at the Group companies (photocopy paper, pamphlets, policy illustration (policy overview), etc.)                   | 9,849t                     | 8,116t                     | 6,509 t                    | Fiscal 2017<br>6,388t <sup>4</sup>                     |
| Promoting Health                                   | Percentage of employees maintaining a desirable body weight                             | Percentage of employees with a BMI <sup>5</sup> score of less than 25   | Men: 69.7%<br>Women: 78.2% | Men: 69.8%<br>Women: 77.9% | Men: 70.6%<br>Women: 77.9% | Fiscal 2017 <sup>6</sup><br>Men: 71.1%<br>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: 24.6%<br>Women: 13.9% | Men: 25.8%<br>Women: 14.4% | Men: 34.7%<br>Women: 27.1% | Fiscal 2017 <sup>6</sup><br>Men: 35.1%<br>Women: 29.1% |
|  | Smoking rate  | Percentage of smokers   | Men: 33.0%<br>Women: 27.9% | Men: 31.9%<br>Women: 27.7% | Men: 31.0%<br>Women: 27.6% | Fiscal 2017 <sup>6</sup><br>Men: 24.7%<br>Women: 22.4% |
| Employee Satisfaction and Diversity & Inclusion    | Results of employee satisfaction survey   | The average of major items (5 points in full marks) in a questionnaire sent to employees of the Company                                       | —                          | 3.48                       | 3.51                       | Fiscal 2017 <sup>7</sup><br>3.57                       |
|  | Percentage of females in managerial posts   | Percentage of women in managerial positions (department head or equivalent and section chief or equivalent)                                   | 18.2%                      | 18.4%                      | 22.5% <sup>8</sup>         | April 2018 <sup>8</sup><br>25% or more                 |
|  | Percentage of employees with disabilities   | Percentage of employees as of June 1 in the following year  | 2.06%                      | 2.16%                      | 2.25%                      | — <sup>9</sup>   |

<sup>1</sup>: Due to change of assessment index in fiscal 2014

<sup>2</sup>: Customer feedback (customer complaints) is used for the Company to strive to improve its business.

<sup>3</sup>: 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.

<sup>4</sup>: Targets in the 2015-2017 Medium-term Environmental Effort Plan. The target for CO2 emissions was exceeded, and the Company continues to take steps to achieve further reductions.

<sup>5</sup>: BMI is the degree of obesity calculated from height and weight (BMI of 25 or more is classified as obesity).

<sup>6</sup>: The target in the Medium-Term Management Plan for fiscal 2015 to fiscal 2017. (A new target has been adopted, as the target for fiscal 2015 was exceeded.) The target is set by counting backward and dividing the target for 2022 in the Healthy Japan 21 (second campaign) of the Ministry of Health, Labour and Welfare proportionally into the relevant periods.

<sup>7</sup>: The employee satisfaction survey is positioned as a tool to help quantitatively understand the current situation and effect of activities and facilitate problem solving. As the index was changed in fiscal 2013, values after fiscal 2013 are stated.

<sup>8</sup>: Includes Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life

<sup>9</sup>: The percentage of employees with disabilities is one in compliance with the statutory rate of disability employment.

## 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)



Network Japan  
WE SUPPORT

The UNGC is a set of principles on the behavior for human rights, labour, 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.

|                 |   |
|-----------------|---|
| 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   |
| Environment     | Principle 6: the elimination of discrimination in respect of employment and occupation.   |
|                 | Principle 7: Businesses should support a precautionary approach to environmental challenges;  |
|                 | Principle 8: undertake initiatives to promote greater environmental responsibility; and   |
| Anti-Corruption | Principle 9: encourage the development and diffusion of environmentally friendly technologies.  |
|                 | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.                            |

### Women's Empowerment Principles (WEPs)



The Women's Empowerment Principles (WEPs), a joint initiative of United Nations Global Compact (UNGC) and UN Women, are a set of comprehensive principles that offer guidance to business on how to empower women in the workplace, marketplace and community. The 7 principles were developed from real life business practice and seek to elaborate

the gender dimension of good corporate citizenship, the UNGC's 10 principles, and businesses' role in sustainable development. Dai-ichi Life signed the CEO 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.

## ■ Fiscal 2014: Assessment of the Dai-ichi Life Group by Society and Major Awards Received

| Organizer  | Recipient                   | Assessment / Award  | Month and year of Assessment / Award  |
|--|-----------------------------|---|---------------------------------------|
| <b>Quality assurance</b>                                     |                             |   |                                       |
| Thomson Reuters  | Dai-ichi Life               | DealWatch Award 2014<br>Issuer of the Year<br>Equity Deal of the Year   | Mar. 2015                             |
| Toyo Keizai, Inc.  | Dai-ichi Life               | CSR Corporate Ranking<br>3rd among financial institutions   | Mar. 2015                             |
| R&I  | DIAM                        | R&I Fund Award 2015<br>Japanese REIT Fund<br>The First Prize  | Apr. 2015                             |
| Lipper   | DIAM                        | Lipper Fund Awards Japan 2015<br>Equity Japan Small and Mid Caps (5 year assessment period)<br>Bond Japanese Yen (10 year assessment period)<br>Awards For Excellence   | Mar. 2015                             |
|  | Janus                       | Lipper Fund Awards 2015<br>Mixed-Asset Target Allocation Moderate Funds<br>(10 year assessment period)<br>Awards For Excellence   |                                       |
| Morningstar  | DIAM                        | Morningstar Award Fund of the Year 2014<br>Flexible Allocation Fund Division<br>High Yield Bond Fund Division   | Jan. 2015                             |
| Plan for Life/<br>Association of Financial<br>Advisers (AFA) | TAL                         | Association of Financial Advisers (AFA)/ Plan for Life Awards<br>Winner - Life Company of the Year  | Mar. 2015                             |
| Interactive Intelligence                                     | TAL                         | Interactive Intelligence Annual Awards<br>Innovation Award  | Oct. 2014                             |
| Vietnam Economic<br>Times                                    | Dai-ichi Life<br>Vietnam    | Golden Dragon Award 2014  | Mar. 2015<br>(7 consecutive<br>years) |
| Infobank   | Panin Dai-ichi Life         | Excellence Rating in 3 Categories :<br>Very Good (2nd) among joint venture companies,<br>Very Good (4th) among companies with assets greater than 1 trillion IDR,<br>Very Good (4th) among companies with capital larger than 100 billion IDR | Jul. 2014                             |
| ABP News   | Star Union Dai-ichi<br>Life | Banking Financial Services & Insurance Awards 2015<br>Best Life Insurance Co. (Private Sector)<br>Company with Highest Claim Settlement   | Feb. 2015                             |
| Office of The Consumer<br>Protection Board                   | Ocean Life                  | Outstanding Consumer Protection Contact Center 2014   | May 2014                              |



| Organizer  | Recipient             | Assessment / Award   | Month and year of Assessment / Award |
|--|-----------------------|--|--------------------------------------|
| <b>Corporate Citizenship and Environmental Activities</b>  |                       |  |                                      |
| Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century) | Dai-ichi Life         | Good Practices of Signatories (FY 2014) : Insurance Category (Countermeasures for the falling birth rate)                                  | Mar. 2015<br>(3 consecutive years)   |
| Nikkei Inc.  | Dai-ichi Life         | Corporate ranking in Nikkei Environmental Management Survey : 12th among financial institutions (1st among life insurance industry)        | Jan. 2015                            |
| Vietnamese Government  | Dai-ichi Life Vietnam | Prime Minister Award Certificate   | Jan. 2014                            |
| <b>Promoting Health</b>  |                       |  |                                      |
| Ministry of Economy, Trade and Industry and Tokyo Stock Exchange   | Dai-ichi Life         | FY2014 Health & Productivity Stock Selection   | Mar. 2015                            |
| American Heart Association   | Protective Life       | Fit-Friendly Worksite  | Nov. 2014<br>(5 consecutive years)   |
| Birmingham Business Journal  | Protective Life       | Healthiest Employers   | Aug. 2014<br>(5 consecutive years)   |
| <b>Employee Satisfaction and Diversity &amp; Inclusion</b>   |                       |  |                                      |
| Nikkei Business Publications, Inc.   | Dai-ichi Life         | Survey on Female Worker's Workplace Opportunities : 1st among insurance, securities and other financial industries, 5th in overall ranking | May 2015                             |
| Ministry of Economy, Trade and Industry and Tokyo Stock Exchange   | Dai-ichi Life         | FY2014 Nadeshiko Brand   | Mar. 2015                            |
| Money Management/Super Review  | TAL                   | Women in Financial Services Awards Winner — Employer of the Year   | Oct. 2014                            |

## Inclusion in the SRI Indices

Dai-ichi Life is incorporated into the “FTSE4Good Index Series” (UK) and the “Morningstar Socially Responsible Investment Index” (Japan), which are socially responsible investment (SRI) indexes in Japan and overseas (as of July 31, 2015).



# FINANCIAL SECTION

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# Consolidated Balance Sheet

|   | (Unit: million yen) |                   | (Unit: million<br>US dollars) |
|---|---------------------|-------------------|-------------------------------|
|   | As of March 31,     |                   |                               |
|   | 2014                | 2015              | 2015                          |
| <b>(ASSETS)</b>   |                     |                   |                               |
| Cash and deposits .....   | 698,594             | 873,444           | 7,268                         |
| Call loans.....   | 362,800             | 380,400           | 3,165                         |
| Monetary claims bought.....   | 281,859             | 265,813           | 2,211                         |
| Money held in trust.....  | 66,400              | 65,283            | 543                           |
| Securities.....   | 31,203,581          | 41,105,413        | 342,060                       |
| Loans.....  | 3,024,702           | 3,898,148         | 32,438                        |
| Tangible fixed assets .....   | 1,215,895           | 1,217,070         | 10,127                        |
| Land .....  | 796,436             | 804,035           | 6,690                         |
| Buildings.....  | 408,402             | 402,693           | 3,351                         |
| Leased assets .....   | 6,141               | 4,687             | 39                            |
| Construction in progress.....   | 1,349               | 850               | 7                             |
| Other tangible fixed assets.....  | 3,566               | 4,804             | 39                            |
| Intangible fixed assets.....  | 210,053             | 437,677           | 3,642                         |
| Software .....  | 65,040              | 63,364            | 527                           |
| Goodwill .....  | 77,108              | 79,293            | 659                           |
| Other intangible fixed assets.....  | 67,904              | 295,019           | 2,455                         |
| Reinsurance receivable .....  | 33,867              | 101,290           | 842                           |
| Other assets .....  | 516,436             | 1,401,047         | 11,658                        |
| Net defined benefit assets.....   | -                   | 705               | 5                             |
| Deferred tax assets .....   | 5,734               | 1,379             | 11                            |
| Customers' liabilities for acceptances and guarantees .....                                     | 88,225              | 91,648            | 762                           |
| Reserve for possible loan losses.....   | (2,759)             | (2,120)           | (17)                          |
| Reserve for possible investment losses .....  | (215)               | -                 | -                             |
| Total assets .....  | <b>37,705,176</b>   | <b>49,837,202</b> | <b>414,722</b>                |
| <b>(LIABILITIES)</b>  |                     |                   |                               |
| Policy reserves and others .....  | 33,327,552          | 42,547,013        | 354,056                       |
| Reserves for outstanding claims.....  | 358,606             | 506,735           | 4,216                         |
| Policy reserves .....   | 32,574,923          | 41,634,712        | 346,465                       |
| Reserve for policyholder dividends.....   | 394,022             | 405,566           | 3,374                         |
| Reinsurance payable.....  | 27,677              | 56,248            | 468                           |
| Bonds payable .....   | 107,562             | 489,045           | 4,069                         |
| Other liabilities.....  | 1,593,272           | 1,864,717         | 15,517                        |
| Net defined benefit liabilities .....   | 385,436             | 331,322           | 2,757                         |
| Reserve for retirement benefits of directors,<br>executive officers and corporate auditors..... | 2,163               | 2,017             | 16                            |
| Reserve for possible reimbursement of prescribed claims.....                                    | 800                 | 700               | 5                             |
| Reserves under the special laws.....  | 118,167             | 136,254           | 1,133                         |
| Reserve for price fluctuations .....  | 118,167             | 136,254           | 1,133                         |
| Deferred tax liabilities .....  | 15,108              | 643,398           | 5,354                         |
| Deferred tax liabilities for land revaluation .....   | 91,595              | 84,908            | 706                           |
| Acceptances and guarantees.....   | 88,225              | 91,648            | 762                           |
| Total liabilities .....   | <b>35,757,563</b>   | <b>46,247,274</b> | <b>384,848</b>                |
| <b>(NET ASSETS)</b>   |                     |                   |                               |
| Capital stock .....   | 210,224             | 343,104           | 2,855                         |
| Capital surplus .....   | 210,262             | 343,255           | 2,856                         |
| Retained earnings .....   | 219,552             | 352,985           | 2,937                         |
| Treasury stock .....  | (11,500)            | (9,723)           | (80)                          |
| Total shareholders' equity .....  | <b>628,538</b>      | <b>1,029,622</b>  | <b>8,568</b>                  |
| Net unrealized gains (losses) on securities, net of tax .....                                   | 1,322,731           | 2,528,262         | 21,039                        |
| Deferred hedge gains (losses).....  | (2,586)             | (12,036)          | (100)                         |
| Reserve for land revaluation.....   | (38,320)            | (33,424)          | (278)                         |
| Foreign currency translation adjustments .....  | 19,756              | 22,654            | 188                           |
| Accumulated remeasurements of defined benefit plans.....  | 16,854              | 54,027            | 449                           |
| Total accumulated other comprehensive income.....   | <b>1,318,435</b>    | <b>2,559,484</b>  | <b>21,298</b>                 |
| Subscription rights to shares .....   | 583                 | 753               | 6                             |
| Minority interests .....  | 55                  | 67                | 0                             |
| Total net assets .....  | <b>1,947,613</b>    | <b>3,589,927</b>  | <b>29,873</b>                 |
| Total liabilities and net assets.....   | <b>37,705,176</b>   | <b>49,837,202</b> | <b>414,722</b>                |

# Consolidated Statement of Earnings

|  | (Unit: million yen)  |           | (Unit: million<br>US dollars) |
|--|----------------------|-----------|-------------------------------|
|  | Year ended March 31, |           |                               |
|  | 2014                 | 2015      | 2015                          |
| Ordinary revenues .....                                    | 6,044,955            | 7,252,242 | 60,349                        |
| Premium and other income .....                             | 4,353,229            | 5,432,717 | 45,208                        |
| Investment income .....                                    | 1,320,066            | 1,444,012 | 12,016                        |
| Interest and dividends .....                               | 797,309              | 856,550   | 7,127                         |
| Gains on money held in trust .....                         | -                    | 3,228     | 26                            |
| Gains on investments in trading securities .....           | 20,659               | 26,405    | 219                           |
| Gains on sale of securities .....                          | 210,417              | 162,163   | 1,349                         |
| Gains on redemption of securities .....                    | 25,418               | 24,652    | 205                           |
| Reversal of reserve for possible loan losses .....         | 1,329                | 460       | 3                             |
| Reversal of reserve for possible investment losses .....   | -                    | 214       | 1                             |
| Other investment income .....                              | 2,568                | 623       | 5                             |
| Gains on investments in separate accounts .....            | 262,363              | 369,713   | 3,076                         |
| Other ordinary revenues .....                              | 371,659              | 375,513   | 3,124                         |
| Ordinary expenses .....                                    | 5,740,205            | 6,845,400 | 56,964                        |
| Benefits and claims .....                                  | 2,903,587            | 3,380,827 | 28,133                        |
| Claims .....   | 772,715              | 829,650   | 6,903                         |
| Annuities .....  | 576,951              | 672,898   | 5,599                         |
| Benefits .....   | 497,867              | 472,705   | 3,933                         |
| Surrender values .....                                     | 693,785              | 790,234   | 6,575                         |
| Other refunds .....  | 362,267              | 615,339   | 5,120                         |
| Provision for policy reserves and others .....             | 1,634,864            | 2,271,268 | 18,900                        |
| Provision for reserves for outstanding claims .....        | 61,004               | 87,946    | 731                           |
| Provision for policy reserves .....                        | 1,564,912            | 2,174,573 | 18,095                        |
| Provision for interest on policyholder dividends .....     | 8,946                | 8,748     | 72                            |
| Investment expenses .....                                  | 234,950              | 168,935   | 1,405                         |
| Interest expenses .....                                    | 20,005               | 16,934    | 140                           |
| Losses on money held in trust .....                        | 13,356               | -         | -                             |
| Losses on sale of securities .....                         | 67,494               | 24,221    | 201                           |
| Losses on valuation of securities .....                    | 1,407                | 469       | 3                             |
| Losses on redemption of securities .....                   | 3,050                | 305       | 2                             |
| Derivative transaction losses .....                        | 61,093               | 5,551     | 46                            |
| Foreign exchange losses .....                              | 13,233               | 68,177    | 567                           |
| Provision for reserve for possible investment losses ..... | 215                  | -         | -                             |
| Write-down of loans .....                                  | 31                   | 43        | 0                             |
| Depreciation of real estate for rent and others .....      | 14,198               | 14,633    | 121                           |
| Other investment expenses .....                            | 40,862               | 38,599    | 321                           |
| Operating expenses .....                                   | 517,566              | 559,344   | 4,654                         |
| Other ordinary expenses .....                              | 449,236              | 465,022   | 3,869                         |
| Ordinary profit .....                                      | 304,750              | 406,842   | 3,385                         |
| Extraordinary gains .....                                  | 3,634                | 3,310     | 27                            |
| Gains on disposal of fixed assets .....                    | 3,624                | 3,030     | 25                            |
| Gains on step acquisition .....                            | -                    | 273       | 2                             |
| Other extraordinary gains .....                            | 10                   | 7         | 0                             |
| Extraordinary losses .....                                 | 67,374               | 29,451    | 245                           |
| Losses on disposal of fixed assets .....                   | 13,890               | 5,396     | 44                            |
| Impairment losses on fixed assets .....                    | 23,890               | 5,472     | 45                            |
| Provision for reserve for price fluctuations .....         | 28,939               | 18,067    | 150                           |
| Other extraordinary losses .....                           | 654                  | 514       | 4                             |
| Provision for reserve for policyholder dividends .....     | 94,000               | 112,200   | 933                           |
| Income before income taxes and minority interests .....    | 147,010              | 268,502   | 2,234                         |
| Corporate income taxes-current .....                       | 117,221              | 125,503   | 1,044                         |
| Corporate income taxes-deferred .....                      | (46,467)             | 509       | 4                             |
| Total of corporate income taxes .....                      | 70,753               | 126,013   | 1,048                         |
| Income before minority interests .....                     | 76,256               | 142,489   | 1,185                         |
| Minority interests in gain (loss) of subsidiaries .....    | (1,674)              | 12        | 0                             |
| Net income for the year .....                              | 77,931               | 142,476   | 1,185                         |



## Consolidated Statement of Comprehensive Income

|  | (Unit: million yen)  |           | (Unit: million<br>US dollars) |
|--|----------------------|-----------|-------------------------------|
|  | Year ended March 31, |           |                               |
|  | 2014                 | 2015      | 2015                          |
| Income before minority interests.....  | 76,256               | 142,489   | 1,185                         |
| Other comprehensive income   |                      |           |                               |
| Net unrealized gains (losses) on securities, net of tax .....  | 224,078              | 1,203,801 | 10,017                        |
| Deferred hedge gains (losses) .....  | (784)                | (9,450)   | (78)                          |
| Reserve for land revaluation.....  | (269)                | 5,668     | 47                            |
| Foreign currency translation adjustments .....   | (4,131)              | (5,940)   | (49)                          |
| Remeasurements of defined benefit plans, net of tax.....   | -                    | 37,171    | 309                           |
| Share of other comprehensive income of subsidiaries and<br>affiliates accounted for under the equity method..... | 5,031                | 10,575    | 88                            |
| Total other comprehensive income .....   | 223,924              | 1,241,826 | 10,333                        |
| Comprehensive income.....  | 300,180              | 1,384,315 | 11,519                        |
| (Details)  |                      |           |                               |
| Attributable to shareholders of the parent company.....  | 301,783              | 1,384,296 | 11,519                        |
| Attributable to minority interests .....   | (1,603)              | 19        | 0                             |

# Consolidated Statement of Changes in Net Assets

(Unit: million yen)

| Year ended March 31, 2014  | 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                    |
| Cumulative effect of changes in accounting policies .....  |                      |                 |                   |                | -                          |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 210,207              | 210,207         | 156,357           | (13,431)       | 563,340                    |
| Changes for the year   |                      |                 |                   |                |                            |
| Issuance of new shares .....   |                      |                 |                   |                | -                          |
| 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 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                                   |
| Cumulative effect of changes in accounting policies .....  |   |                               |                              |  |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 1,099,351   | (1,801)                       | (36,995)                     | 18,229                                   |
| Changes for the year   |   |                               |                              |  |
| Issuance of new shares .....   |   |                               |                              |  |
| Issuance of new shares—exercise of subscription rights to shares.....                                    |   |                               |                              |  |
| Dividends .....  |   |                               |                              |  |
| Net income for the year .....  |   |                               |                              |  |
| Disposal of treasury stock .....   |   |                               |                              |  |
| 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        |
| Cumulative effect of changes in accounting policies .....  |   |  |                               |                    | -                |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | -   | 1,078,784                                    | 379                           | 6,514              | 1,649,020        |
| Changes for the year   |   |  |                               |                    |                  |
| Issuance of new shares .....   |   |  |                               |                    | -                |
| 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 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)

(Unit: million yen)

| Year ended March 31, 2015  | Shareholders' equity |                 |                   |                | Total shareholders' equity |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock |                            |
| Balance at the beginning of the year.....  | 210,224              | 210,262         | 219,552           | (11,500)       | 628,538                    |
| Cumulative effect of changes in accounting policies .....  |                      |                 | 11,272            |                | 11,272                     |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 210,224              | 210,262         | 230,824           | (11,500)       | 639,810                    |
| Changes for the year   |                      |                 |                   |                |                            |
| Issuance of new shares .....   | 132,842              | 132,842         |                   |                | 265,684                    |
| Issuance of new shares—exercise of subscription rights to shares.....                                    | 37                   | 37              |                   |                | 74                         |
| Dividends .....  |                      |                 | (19,846)          |                | (19,846)                   |
| Net income for the year .....  |                      |                 | 142,476           |                | 142,476                    |
| Disposal of treasury stock .....   |                      | 113             |                   | 1,776          | 1,890                      |
| Transfer from reserve for land revaluation.....  |                      |                 | 771               |                | 771                        |
| Others .....   |                      |                 | (1,239)           |                | (1,239)                    |
| Net changes of items other than shareholders' equity .....   |                      |                 |                   |                |                            |
| Total changes for the year .....   | 132,879              | 132,993         | 122,161           | 1,776          | 389,811                    |
| Balance at the end of the year .....   | 343,104              | 343,255         | 352,985           | (9,723)        | 1,029,622                  |

(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.....  | 1,322,731   | (2,586)                       | (38,320)                     | 19,756                                   |
| Cumulative effect of changes in accounting policies .....  |   |                               |                              |  |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 1,322,731   | (2,586)                       | (38,320)                     | 19,756                                   |
| Changes for the year   |   |                               |                              |  |
| Issuance of new shares .....   |   |                               |                              |  |
| Issuance of new shares—exercise of subscription rights to shares.....                                    |   |                               |                              |  |
| Dividends .....  |   |                               |                              |  |
| Net income for the year .....  |   |                               |                              |  |
| Disposal of treasury stock .....   |   |                               |                              |  |
| Transfer from reserve for land revaluation.....  |   |                               |                              |  |
| Others .....   |   |                               |                              |  |
| Net changes of items other than shareholders' equity .....   | 1,205,531   | (9,450)                       | 4,896                        | 2,898                                    |
| Total changes for the year .....   | 1,205,531   | (9,450)                       | 4,896                        | 2,898                                    |
| Balance at the end of the year .....   | 2,528,262   | (12,036)                      | (33,424)                     | 22,654                                   |

(Unit: million yen)

|  | Accumulated other comprehensive income              |  |                               |                    | Total net assets |
|--|---|--|-------------------------------|--------------------|------------------|
|  | Accumulated remeasurements of defined benefit plans | Total accumulated other comprehensive income | Subscription rights to shares | Minority interests |                  |
| Balance at the beginning of the year.....  | 16,854  | 1,318,435                                    | 583                           | 55                 | 1,947,613        |
| Cumulative effect of changes in accounting policies .....  |   |  |                               |                    | 11,272           |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 16,854  | 1,318,435                                    | 583                           | 55                 | 1,958,885        |
| Changes for the year   |   |  |                               |                    |                  |
| Issuance of new shares .....   |   |  |                               |                    | 265,684          |
| Issuance of new shares—exercise of subscription rights to shares.....                                    |   |  |                               |                    | 74               |
| Dividends .....  |   |  |                               |                    | (19,846)         |
| Net income for the year .....  |   |  |                               |                    | 142,476          |
| Disposal of treasury stock .....   |   |  |                               |                    | 1,890            |
| Transfer from reserve for land revaluation.....  |   |  |                               |                    | 771              |
| Others .....   |   |  |                               |                    | (1,239)          |
| Net changes of items other than shareholders' equity .....   | 37,172  | 1,241,048                                    | 170                           | 11                 | 1,241,230        |
| Total changes for the year .....   | 37,172  | 1,241,048                                    | 170                           | 11                 | 1,631,042        |
| Balance at the end of the year .....   | 54,027  | 2,559,484                                    | 753                           | 67                 | 3,589,927        |

## Consolidated Statement of Changes in Net Assets (Continued)

(Unit: million US dollars)

| Year ended March 31, 2015  | Shareholders' equity |                 |                   |                | Total shareholders' equity |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock |                            |
| Balance at the beginning of the year.....  | 1,749                | 1,749           | 1,827             | (95)           | 5,230                      |
| Cumulative effect of changes in accounting policies .....  |                      |                 | 93                |                | 93                         |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 1,749                | 1,749           | 1,920             | (95)           | 5,324                      |
| Changes for the year   |                      |                 |                   |                |                            |
| Issuance of new shares .....   | 1,105                | 1,105           |                   |                | 2,210                      |
| Issuance of new shares—exercise of subscription rights to shares.....                                    | 0                    | 0               |                   |                | 0                          |
| Dividends .....  |                      |                 | (165)             |                | (165)                      |
| Net income for the year .....  |                      |                 | 1,185             |                | 1,185                      |
| Disposal of treasury stock .....   |                      | 0               |                   | 14             | 15                         |
| Transfer from reserve for land revaluation.....  |                      |                 | 6                 |                | 6                          |
| Others .....   |                      |                 | (10)              |                | (10)                       |
| Net changes of items other than shareholders' equity .....   |                      |                 |                   |                |                            |
| Total changes for the year .....   | 1,105                | 1,106           | 1,016             | 14             | 3,243                      |
| Balance at the end of the year .....   | 2,855                | 2,856           | 2,937             | (80)           | 8,568                      |

(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.....  | 11,007  | (21)                          | (318)                        | 164                                      |
| Cumulative effect of changes in accounting policies .....  |   |                               |                              |  |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 11,007  | (21)                          | (318)                        | 164                                      |
| Changes for the year   |   |                               |                              |  |
| Issuance of new shares .....   |   |                               |                              |  |
| Issuance of new shares—exercise of subscription rights to shares.....                                    |   |                               |                              |  |
| Dividends .....  |   |                               |                              |  |
| Net income for the year .....  |   |                               |                              |  |
| Disposal of treasury stock .....   |   |                               |                              |  |
| Transfer from reserve for land revaluation.....  |   |                               |                              |  |
| Others .....   |   |                               |                              |  |
| Net changes of items other than shareholders' equity .....   | 10,031  | (78)                          | 40                           | 24                                       |
| Total changes for the year .....   | 10,031  | (78)                          | 40                           | 24                                       |
| Balance at the end of the year .....   | 21,039  | (100)                         | (278)                        | 188                                      |

(Unit: million US dollars)

|  | Accumulated other comprehensive income              |  |                               |                    | Total net assets |
|--|---|--|-------------------------------|--------------------|------------------|
|  | Accumulated remeasurements of defined benefit plans | Total accumulated other comprehensive income | Subscription rights to shares | Minority interests |                  |
| Balance at the beginning of the year.....  | 140   | 10,971                                       | 4                             | 0                  | 16,207           |
| Cumulative effect of changes in accounting policies .....  |   |  |                               |                    | 93               |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 140   | 10,971                                       | 4                             | 0                  | 16,300           |
| Changes for the year   |   |  |                               |                    |                  |
| Issuance of new shares .....   |   |  |                               |                    | 2,210            |
| Issuance of new shares—exercise of subscription rights to shares.....                                    |   |  |                               |                    | 0                |
| Dividends .....  |   |  |                               |                    | (165)            |
| Net income for the year .....  |   |  |                               |                    | 1,185            |
| Disposal of treasury stock .....   |   |  |                               |                    | 15               |
| Transfer from reserve for land revaluation.....  |   |  |                               |                    | 6                |
| Others .....   |   |  |                               |                    | (10)             |
| Net changes of items other than shareholders' equity .....   | 309   | 10,327                                       | 1                             | 0                  | 10,328           |
| Total changes for the year .....   | 309   | 10,327                                       | 1                             | 0                  | 13,572           |
| Balance at the end of the year .....   | 449   | 21,298                                       | 6                             | 0                  | 29,873           |

# Consolidated Statement of Cash Flows

|   | (Unit: million yen)  |             | (Unit: million<br>US dollars) |
|---|----------------------|-------------|-------------------------------|
|   | Year ended March 31, |             |                               |
|   | 2014                 | 2015        | 2015                          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                      |             |                               |
| Income (loss) before income taxes and minority interests .....  | 147,010              | 268,502     | 2,234                         |
| Depreciation of rented real estate and others .....   | 14,198               | 14,633      | 121                           |
| Depreciation .....  | 38,278               | 37,650      | 313                           |
| Impairment losses on fixed assets .....   | 23,890               | 5,472       | 45                            |
| Amortization of goodwill .....  | 4,490                | 5,858       | 48                            |
| Increase (decrease) in reserves for outstanding claims .....  | 64,445               | 91,675      | 762                           |
| Increase (decrease) in policy reserves .....  | 1,563,285            | 2,164,622   | 18,012                        |
| Provision for interest on policyholder dividends .....  | 8,946                | 8,748       | 72                            |
| Provision for (reversal of) reserve for policyholder dividends .....  | 94,000               | 112,200     | 933                           |
| Increase (decrease) in reserve for possible loan losses .....   | (1,351)              | (640)       | (5)                           |
| Increase (decrease) in reserve for possible investment losses .....   | 215                  | (215)       | (1)                           |
| Write-down of loans .....   | 31                   | 43          | 0                             |
| Decrease (Increase) in net defined benefit assets .....   | -                    | 108         | 0                             |
| Increase (decrease) in net defined benefit liabilities .....  | (29,962)             | (2,502)     | (20)                          |
| Increase (decrease) in reserve for retirement benefits of directors,<br>executive officers and corporate auditors ..... | (186)                | (146)       | (1)                           |
| Increase (decrease) in reserve for possible reimbursement of prescribed claims .....                                    | 100                  | (100)       | (0)                           |
| Increase (decrease) in reserve for price fluctuations .....   | 28,939               | 18,067      | 150                           |
| Interest and dividends .....  | (797,309)            | (856,550)   | (7,127)                       |
| Securities related losses (gains) .....   | (446,907)            | (557,939)   | (4,642)                       |
| Interest expenses .....   | 20,005               | 16,934      | 140                           |
| Foreign exchange losses (gains) .....   | 13,233               | 68,177      | 567                           |
| Losses (gains) on disposal of fixed assets .....  | 9,764                | 1,585       | 13                            |
| Equity in losses (income) of affiliates .....   | (5,359)              | (6,460)     | (53)                          |
| Loss (gain) on step acquisitions .....  | -                    | (273)       | (2)                           |
| Decrease (increase) in reinsurance receivable .....   | (993)                | (44,978)    | (374)                         |
| Decrease (increase) in other assets unrelated to investing and financing activities .....                               | (73,269)             | (23,605)    | (196)                         |
| Increase (decrease) in reinsurance payable .....  | 11,554               | (458)       | (3)                           |
| Increase (decrease) in other liabilities unrelated to investing and financing activities ..                             | (31,334)             | 36,326      | 302                           |
| Increase (decrease) in accounts payable relating to introduction of<br>defined-contribution pension plan .....          | 22,133               | (7,782)     | (64)                          |
| Others, net .....   | 115,120              | 43,551      | 362                           |
| Subtotal .....  | 792,970              | 1,392,504   | 11,587                        |
| Interest and dividends received .....   | 837,102              | 901,607     | 7,502                         |
| Interest paid .....   | (19,722)             | (14,968)    | (124)                         |
| Policyholder dividends paid .....   | (101,686)            | (109,404)   | (910)                         |
| Others, net .....   | (297,517)            | (153,024)   | (1,273)                       |
| Corporate income taxes paid .....   | (117,175)            | (141,072)   | (1,173)                       |
| Net cash flows provided by (used in) operating activities .....   | 1,093,970            | 1,875,642   | 15,608                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                      |             |                               |
| Purchases of monetary claims bought .....   | (33,040)             | (15,500)    | (128)                         |
| Proceeds from sale and redemption of monetary claims bought .....   | 32,924               | 31,407      | 261                           |
| Purchases of money held in trust .....  | (23,287)             | (1,900)     | (15)                          |
| Proceeds from decrease in money held in trust .....   | -                    | 6,000       | 49                            |
| Purchases of securities .....   | (8,698,928)          | (7,052,529) | (58,687)                      |
| Proceeds from sale and redemption of securities .....   | 7,680,239            | 5,617,127   | 46,743                        |
| Origination of loans .....  | (612,363)            | (422,203)   | (3,513)                       |
| Proceeds from collection of loans .....   | 728,934              | 413,966     | 3,444                         |
| Others, net .....   | 205,504              | (42,431)    | (353)                         |
| Total of net cash provided by (used in) investment transactions .....   | (720,015)            | (1,466,063) | (12,199)                      |
| Total of net cash provided by (used in) operating activities and<br>investment transactions .....                       | 373,955              | 409,579     | 3,408                         |
| Acquisition of tangible fixed assets .....  | (38,333)             | (27,858)    | (231)                         |
| Proceeds from sale of tangible fixed assets .....   | 15,058               | 6,792       | 56                            |
| Acquisition of intangible fixed assets .....  | (19,249)             | (18,091)    | (150)                         |
| Proceeds from sale of intangible fixed assets .....   | 18                   | 303         | 2                             |
| Acquisition of stock of subsidiaries resulting in change in scope of consolidation .....                                | (2,236)              | (526,206)   | (4,378)                       |
| Acquisition of stock of subsidiaries and affiliates .....   | (18,501)             | (1,020)     | (8)                           |
| Payments for execution of assets retirement obligations .....   | (3)                  | -           | -                             |
| Net cash flows provided by (used in) investing activities .....   | (783,262)            | (2,032,143) | (16,910)                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                      |             |                               |
| Repayment of borrowings .....   | (31,959)             | (1,862)     | (15)                          |
| Proceeds from issuing bonds .....   | -                    | 106,808     | 888                           |
| Redemption of bonds .....   | (51,624)             | -           | -                             |
| Repayment of financial lease obligations .....  | (1,735)              | (1,669)     | (13)                          |
| Proceeds from issuing common stock .....  | -                    | 264,175     | 2,198                         |
| Proceeds from disposal of treasury stock .....  | 1,932                | 1,830       | 15                            |
| Cash dividends paid .....   | (15,787)             | (19,783)    | (164)                         |
| Others, net .....   | (14)                 | (7)         | (0)                           |
| Net cash flows provided by (used in) financing activities .....   | (99,189)             | 349,490     | 2,908                         |
| Effect of exchange rate changes on cash and cash equivalents .....  | 1,157                | 377         | 3                             |
| Net increase (decrease) in cash and cash equivalents .....  | 212,676              | 193,366     | 1,609                         |
| Cash and cash equivalents at the beginning of the year .....  | 848,717              | 1,061,394   | 8,832                         |
| Cash and cash equivalents at the end of the year .....  | 1,061,394            | 1,254,760   | 10,441                        |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2015

## 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 ¥120.17=US\$1.00, the foreign exchange rate on March 31, 2015, 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 the Parent Company 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”), The Neo First Life Insurance Company, Limited (“Neo First Life”), Dai-ichi Life Insurance Company of Vietnam, Limited (“DLVN”), TAL Dai-ichi Life Australia Pty Ltd (“TDLA”) and Protective Life Corporation. The number of consolidated subsidiaries as of March 31, 2015 was sixty-one.

Effective the fiscal year ended March 31, 2015, Neo First Life, Protective Life Corporation and its forty subsidiaries are included in the scope of consolidation. Sompo Japan DIY Life Insurance Co., Ltd. (“DIY Life”) changed its name to Neo First Life on November 25, 2014. Effective the fiscal year ended March 31, 2015, 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 Business Service K.K and First U Anonymous Association. The eighteen non-consolidated subsidiaries as of March 31, 2015 had, individually and in the aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income (loss), retained earnings, cash flows, and others.

There was no non-consolidated subsidiary accounted for under the equity method as of March 31, 2015.

The number of affiliated companies under the equity method as of March 31, 2015 was forty-six. The affiliated companies included DIAM Co., Ltd., Mizuho-DL Financial Technology 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, 2015, six affiliated companies of Protective Life Corporation, five subsidiaries of Janus Capital Group Inc. and four subsidiaries of PT Panin Internasional were newly included in the scope of the equity method.

Effective the fiscal year ended March 31, 2015, Japan Real Estate Asset Management Co., Ltd. is excluded from the scope of the equity method as DL disposed of its interest in Japan Real Estate Asset Management Co., Ltd.. The non-consolidated subsidiaries (Dai-ichi Seimei Business Service K.K., First U Anonymous Association and others), as well as affiliated companies (CVC No.1 Investment Limited Partnership, NEOSTELLA No.1 Investment Limited Partnership, O.M. Building Management Co., Ltd. and others) of the Parent Company were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of net income (loss), retained earnings and others.

### 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 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.

Regarding certain consolidated overseas subsidiaries, financial information as of February 1, the date of business combination, is used for preparation of the consolidated financial statements of the Group.

### 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.

Securities held by certain consolidated overseas subsidiaries are stated at cost determined by the first-in first-out method.

#### (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 three 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 to 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 repay.

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 to and claims on bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or 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, 2014 and 2015 were ¥67 million and ¥59 million (US\$0 million), respectively.

**(5) 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.

**(6) 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.

**(7) Net Defined Benefit Liabilities and Net Defined Benefit Assets**

For the net defined benefit liabilities and the net defined benefit assets, the amount is provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2015.

a) Allocation of Estimated Retirement Benefits

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefits for the fiscal year ended March 31, 2015.

b) Amortization of Actuarial Differences

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.

**(8) Reserve for Price Fluctuations**

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

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

DL translates foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rates at the end of the year. Stocks of non-consolidated subsidiaries and affiliated companies which are 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 into yen at the exchange rates at the end of their fiscal year. Translation adjustments associated with the consolidated overseas subsidiaries are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

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

#### (10) Methods for Hedge Accounting

##### 1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” (ASBJ Statement No.10). 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 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).

##### 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.

#### (11) Amortization of Goodwill

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

#### (12) Scope of Cash and Cash Equivalents

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

#### (13) Calculation of National and Local Consumption Tax

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

#### (14) Policy Reserve

Policy reserve 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), or
- b) Reserves for other policies are established based on the net level premium method.  
Policy reserves of consolidated foreign subsidiaries are calculated based on the each country's accounting standard, such as US GAAP.

#### (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 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, the amount of the provisions for policy reserves for the years ended March 31, 2014 and 2015 were ¥126,720 million and ¥122,957 million (US\$1,023 million), respectively.

#### (15) Changes in Accounting Policies

Effective the fiscal year ended March 31, 2015, 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 March 26, 2015, hereinafter the "Guidance"), subject to provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance. DL and its domestic consolidated subsidiaries revised the calculation method of projected benefit obligations and service cost by changing the allocation of estimated retirement benefits from the straight-line method to the benefit formula basis and by changing the determination of the discount rate from using the discount rate based on a certain period close to employees' average remaining service period to using the single weighted-average discount rate taking into account the assumed payment period of retirement benefits and the amount per each assumed payment period.

Upon the adoption of these new standards, DL and its domestic consolidated subsidiary followed the transitional treatment stipulated in Paragraph 37 of the Standard and the impact of adoption at the beginning of the fiscal year ended March 31, 2015 related to changes in calculation method of projected benefit obligations and service cost was included in DL and its domestic consolidated subsidiary's retained earnings.

As a result, net defined benefit assets increased by ¥450 million (US\$3 million), net defined benefit liabilities decreased by ¥15,900 million (US\$132 million) and retained earnings increased by ¥11,272 million (US\$93 million) at the beginning of the fiscal year ended March 31, 2015 as compared to what they would have been if calculated using the previous method. Also, for the fiscal year ended March 31, 2015, both ordinary profit and income before income taxes and minority interests decreased by ¥289 million (US\$2 million).

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

#### (16) Accounting Standard and Guidance Scheduled to be Applied

"Accounting Standard for Business Combinations" (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 Statement 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) are not yet applied but scheduled to be applied.

#### a) Overview

Under these revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income was amended, the reference to "minority interests" was changed to "non-controlling interests" and transitional provisions for these accounting standards were also defined.

#### b) Scheduled date for application

DL will apply these revised accounting standards from the beginning of the fiscal year starting April 1, 2015. Tentative treatment of the new standards will be applied to business combinations that are implemented on and after the beginning of the fiscal year starting April 1, 2015.

#### c) Impact of applying the standard and guidance

The impact of applying these standards is currently under assessment.



#### (17) 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.

##### (Additional information)

The Parent Company conducts transactions by granting its stocks to its employees using trust schemes (“the Stock Granting Trust (J-ESOP)” and “the Company’s Trust-type Employee Shareholding Incentive Plan (E-Ship®)”) to incentivize its employees to improve the corporate value and, thus, stock prices, and to provide the employees with incentives to improve the corporate value of the Parent Company in the medium- to long-term.

##### a) Overview of the transactions

###### i) J-ESOP

J-ESOP is a program to grant shares of common stock to the Parent Company’s managerial level employees who fulfill requirements under the Stock Granting Regulations of the Parent Company. The Parent Company vests points to each managerial level employee based on her/his total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from book of the Company.

###### ii) E-Ship®

E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership (the “Partnership”). Under the E-Ship® plan, the Parent Company sets up a trust through a trust bank. The trust estimates the number of shares of common stock of the Parent Company which the Partnership is to acquire in 5 years and purchases the shares in advance. The Partnership buys shares of the Parent Company from the trust periodically. At the end of the trust period, the Partnership’s retained earnings, accumulation of net gains on sale of shares of the Parent Company, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, the Parent Company will pay off retained loss, accumulation of net losses on sale of the shares and any amount equivalent to the amount of outstanding debt at the end of period, as it is to guarantee the debt of the trust needed to purchase the shares.

b) While adopting “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts.” (ASBJ PITF No.30), the Parent Company applies the same accounting treatment as before.

##### c) Information related to the stocks of the Parent Company which the trusts hold

###### i) J-ESOP

a. Book value of the stocks of the Parent Company within the trust for the years ended March 31, 2014 and 2015 were ¥6,839 million and ¥6,771 million (US\$56 million). These stocks were recorded as the treasury stock in the total shareholders’ equity.

b. The number of stocks within the trust at the year-end for the years ended March 31, 2014 and 2015 were 4,524 thousand shares and 4,479 thousand shares, and the average number of stocks within the trust for the years ended March 31, 2014 and 2015 were 4,534 thousand shares and 4,496 thousand shares. The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

###### ii) E-Ship®

a. Book value of the stocks of the Parent Company within the trust for the years ended March 31, 2014 and 2015 were ¥4,661 million and ¥2,952 million (US\$24 million). These stocks were recorded as the treasury stock in the total shareholders’ equity.

b. The number of stocks within the trust at the year-end for the years ended March 31, 2014 and 2015 were 3,219 thousand shares and 2,039 thousand shares, and the average number of stocks within the trust for the years ended March 31, 2014 and 2015 were 3,789 thousand shares and 2,545 thousand shares. The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

Note: The Parent Company conducted a 1:100 share split on October 1, 2013. The average number of stocks is calculated, assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2014.

### 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,     |         |                            |
|---|---------------------|---------|----------------------------|
|   | 2014                | 2015    | 2015                       |
|   | (Unit: million yen) |         | (Unit: million US dollars) |
| Securities (Government bonds).....                      | 752,581             | 712,005 | 5,924                      |
| Securities (Foreign securities) .....                   | 4,149               | 181,804 | 1,512                      |
| Securities (Corporate bonds) .....                      | 527                 | 523     | 4                          |
| Cash/deposits .....                                     | 86                  | 879     | 7                          |
| Securities and cash/deposits pledged as collateral..... | 757,345             | 895,212 | 7,449                      |

The amounts of secured liabilities were as follows:

|  | As of March 31,     |         |                            |
|--|---------------------|---------|----------------------------|
|  | 2014                | 2015    | 2015                       |
|  | (Unit: million yen) |         | (Unit: million US dollars) |
| Cash collateral for securities lending transactions..... | 773,937             | 731,505 | 6,087                      |
| Loans payable .....                                      | 3                   | 0       | 0                          |
| Secured liabilities .....                                | 773,941             | 731,506 | 6,087                      |

“Securities (Government bonds)” pledged as collateral for securities lending transactions with cash collateral as of March 31, 2014 and 2015 were ¥726,832 million and ¥650,112 million (US\$5,409 million), respectively.

#### 2. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balances of securities lent as of March 31, 2014 and 2015 were ¥1,148,500 million and ¥1,888,894 million (US\$15,718 million), respectively.

#### 3. Risk Management Policy of Policy-reserve-matching Bonds

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, formulates its policy on investments and resource allocation based on the balance of the subgroups. Moreover, they periodically check that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance products of DL are:

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

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

- i) individual life insurance and individual annuity (yen-denominated, short-term),
- ii) individual life insurance and individual annuity (yen-denominated, long-term),
- 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.

#### 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,     |         |                            |
|---------------|---------------------|---------|----------------------------|
|               | 2014                | 2015    | 2015                       |
|               | (Unit: million yen) |         | (Unit: million US dollars) |
| Stocks .....  | 98,916              | 126,803 | 1,055                      |
| Capital ..... | 40,026              | 51,591  | 429                        |
| Total .....   | 138,942             | 178,395 | 1,484                      |

## 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,     |       |                            |
|--|---------------------|-------|----------------------------|
|  | 2014                | 2015  | 2015                       |
|  | (Unit: million yen) |       | (Unit: million US dollars) |
| Credits to bankrupt borrowers .....          | 4,329               | 502   | 4                          |
| Delinquent loans.....                        | 4,463               | 3,525 | 29                         |
| Loans past due for three months or more..... | -                   | -     | -                          |
| Restructured loans .....                     | 35                  | 2,040 | 16                         |
| Total .....                                  | 8,828               | 6,068 | 50                         |

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,     |      |                            |
|-------------------------------------|---------------------|------|----------------------------|
|                                     | 2014                | 2015 | 2015                       |
|                                     | (Unit: million yen) |      | (Unit: million US dollars) |
| Credits to bankrupt borrowers ..... | 6                   | 4    | 0                          |
| Delinquent loans.....               | 60                  | 54   | 0                          |

## 6. Commitment Line

As of March 31, 2014 and 2015, unused amounts of commitment line agreements under which DL is the lender were ¥27,767 million and ¥95,370 million (US\$793 million), respectively.

## 7. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2014 and 2015 were ¥638,112 million and ¥648,947 million (US\$5,400 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, 2014 and 2015 were ¥3,052,249 million and ¥3,328,149 million (US\$27,695 million), respectively. Separate account liabilities were the same amount as the separate account assets.

## 9. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

|  | Year ended March 31, |           |                            |
|--|----------------------|-----------|----------------------------|
|  | 2014                 | 2015      | 2015                       |
|  | (Unit: million yen)  |           | (Unit: million US dollars) |
| Balance at the beginning of the year.....              | 392,761              | 394,022   | 3,278                      |
| Dividend payment .....                                 | (101,686)            | (109,404) | (910)                      |
| Interest accrual.....                                  | 8,946                | 8,748     | 72                         |
| Provision for reserve for policyholder dividends ..... | 94,000               | 112,200   | 933                        |
| Balance at the end of the year .....                   | 394,022              | 405,566   | 3,374                      |

## 10. 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, 2014 and 2015 were ¥55,825 million and ¥54,887 million (US\$456 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

## 11. 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 ¥20,257 million as of March 31, 2014, which included ¥2,032 million attributable to real estate for rent, and ¥2,525 million (US\$21 million) as of March 31, 2015, which included ¥(7,935) million (US\$(66) million) attributable to real estate for rent.

## 12. Bonds Payable

As of March 31, 2014 and 2015, bonds payable included foreign currency-denominated subordinated bonds of ¥107,562 million and ¥281,988 million (US\$ 2,346 million), respectively, the repayment of which is subordinated to other obligations.

| Issuer                      | Description   | Issuance date                            | Balance as of April 1, 2014 | Balance as of March 31, 2015 | Interest rate (%)  | Collateral | Maturity date                              |
|-----------------------------|---|--|-----------------------------|------------------------------|--------------------|------------|--|
| (Unit: million yen)         |   |  |                             |                              |                    |            |  |
| DL                          | Foreign currency (US dollar) denominated perpetual subordinated bonds | From March 15, 2011 To October 28, 2014  | 107,562<br>[1,300 mil US\$] | 215,727<br>[2,300 mil US\$]  | From 5.10 to 7.25  | None       | Perpetual                                  |
| (*)                         | Foreign currency (US dollar) denominated bonds                        | From August 15, 1994 To October 10, 2012 | –                           | 207,056<br>[1,751 mil US\$]  | From 1.96 to 11.25 | None       | From January 15, 2018 To July 15, 2052     |
| Protective Life Corporation | Foreign currency (US dollar) denominated subordinated bonds           | From January 27, 2004 To August 15, 2012 | –                           | 66,261<br>[560 mil US\$]     | From 6.00 to 6.25  | None       | From January 27, 2034 To September 1, 2042 |
| <b>Total</b>                | <b>–</b>  | <b>–</b>                                 | <b>107,562</b>              | <b>489,045</b>               | <b>–</b>           | <b>–</b>   | <b>–</b>                                   |

Note: 1. The above (\*) represents the total of bonds issued by the following consolidated overseas subsidiaries: Protective Life Corporation, Golden Gate II Captive Insurance Company, Golden Gate V Vermont Captive Insurance Company and MONY Life Insurance Company.

2. Figures in [ ] are the principal amount in US dollars.

3. The following table shows the maturities of bonds payable for the 5 years subsequent to March 31, 2015:

|                            | Due in one year or less | Due after one year through two years | Due after two years through three years | Due after three years through four years | Due after four years through five years |
|----------------------------|-------------------------|--------------------------------------|---|--|---|
| (Unit: million yen)        |                         |                                      |   |  |   |
| Bonds payable .....        | –                       | –                                    | 17,737                                  | –  | 47,300                                  |
| (Unit: million US dollars) |                         |                                      |   |  |   |
| Bonds payable .....        | –                       | –                                    | 147                                     | –  | 393                                     |

### 13. Subordinated Debt

As of March 31, 2014 and 2015, other liabilities included subordinated debt of ¥320,000 million and ¥320,000 million (US\$2,662 million), respectively. Those repayment is subordinated to other obligations.

| Category   | Balance as of<br>April 1, 2014 | Balance as of<br>March 31, 2015 | Average<br>interest rate (%) | Maturity                     | Balance as of<br>April 1, 2014 | Balance as of<br>March 31, 2015 |
|--|--------------------------------|---------------------------------|------------------------------|------------------------------|--------------------------------|---------------------------------|
|  | (Unit: million yen)            |                                 |                              |                              | (Unit: million US dollars)     |                                 |
| Current portions of long-term borrowings .....         | 1                              | 20,575                          | 3.8                          | –                            | 0                              | 171                             |
| Current portions of lease obligations...               | 1,642                          | 1,518                           | –                            | –                            | 13                             | 12                              |
| Long-term borrowings (excluding current portion) ..... | 348,334                        | 371,315                         | 2.4                          | July 2016~<br>perpetual      | 2,898                          | 3,089                           |
| Lease obligations (excluding current portion) .....    | 4,385                          | 3,064                           | –                            | April 2016~<br>February 2020 | 36                             | 25                              |
| <b>Total .....</b>                                     | <b>354,362</b>                 | <b>396,474</b>                  | <b>–</b>                     | <b>–</b>                     | <b>2,948</b>                   | <b>3,299</b>                    |

- 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, 2015. 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, 2015:

|                           | Due after one year<br>through two years | Due after two years<br>through three years | Due after three years<br>through four years | Due after four years<br>through five years |
|---------------------------|---|--|---|--|
|                           | (Unit: million yen)                     |  |   |  |
| Long-term borrowings..... | 0                                       | –  | –   | –  |
| Lease obligations .....   | 1,298                                   | 1,269                                      | 458   | 34   |

|                           | Due after one year<br>through two years | Due after two years<br>through three years | Due after three years<br>through four years | Due after four years<br>through five years |
|---------------------------|---|--|---|--|
|                           | (Unit: million US dollars)              |  |   |  |
| Long-term borrowings..... | 0                                       | –  | –   | –  |
| Lease obligations .....   | 10                                      | 10   | 3   | 0  |

### 14. 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, 2014 and 2015, the market value of the securities borrowed which were not sold or pledged as collateral was ¥43,418 million and ¥94,474 million (US\$786 million), respectively.

### 15. Organizational Change Surplus

As of March 31, 2014 and 2015, 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\$ 980 million), respectively.



## IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

### 1. Operating Expenses

Details of operating expenses for the years ended March 31, 2014 and 2015 were as follows:

|                                  | Year ended March 31, |         |                            |
|----------------------------------|----------------------|---------|----------------------------|
|                                  | 2014                 | 2015    | 2015                       |
|                                  | (Unit: million yen)  |         | (Unit: million US dollars) |
| Sales activity expenses .....    | 229,549              | 267,612 | 2,226                      |
| Sales management expenses .....  | 72,984               | 71,876  | 598                        |
| General management expenses..... | 215,032              | 219,856 | 1,829                      |

### 2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2014 and 2015 were as follows:

|                                    | Year ended March 31, |       |                            |
|------------------------------------|----------------------|-------|----------------------------|
|                                    | 2014                 | 2015  | 2015                       |
|                                    | (Unit: million yen)  |       | (Unit: million US dollars) |
| Land .....                         | 3,373                | 2,477 | 20                         |
| Buildings.....                     | 237                  | 551   | 4                          |
| Other tangible fixed assets.....   | 5                    | 1     | 0                          |
| Other intangible fixed assets..... | 8                    | -     | -                          |
| Total .....                        | 3,624                | 3,030 | 25                         |

### 3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2014 and 2015 were as follows:

|                                    | Year ended March 31, |       |                            |
|------------------------------------|----------------------|-------|----------------------------|
|                                    | 2014                 | 2015  | 2015                       |
|                                    | (Unit: million yen)  |       | (Unit: million US dollars) |
| Land .....                         | 8,008                | 1,249 | 10                         |
| Buildings.....                     | 5,333                | 2,911 | 24                         |
| Leased assets .....                | 1                    | 41    | 0                          |
| Other tangible fixed assets.....   | 40                   | 163   | 1                          |
| Software .....                     | 65                   | 198   | 1                          |
| Other intangible fixed assets..... | 299                  | 248   | 2                          |
| Other assets .....                 | 141                  | 582   | 4                          |
| Total .....                        | 13,890               | 5,396 | 44                         |

#### 4. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the years ended March 31, 2014 and 2015 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, 2014 were as follows:

| Asset Group            | Place                                       | Number    | Impairment Losses |                       |              |               |
|------------------------|---|-----------|-------------------|-----------------------|--------------|---------------|
|                        |   |           | Land              | Land Leasehold Rights | Buildings    | Total         |
| (Unit: million yen)    |   |           |                   |                       |              |               |
| Real estate for rent   | Shinjuku-Ku, Tokyo and others               | 2         | 2,682             | 6,495                 | 6,154        | 15,332        |
| Real estate not in use | Okayama City, Okayama Prefecture and others | 28        | 3,461             | 2,718                 | 2,378        | 8,557         |
| <b>Total</b>           |   | <b>30</b> | <b>6,144</b>      | <b>9,213</b>          | <b>8,532</b> | <b>23,890</b> |

Impairment losses by asset group for the year ended March 31, 2015 were as follows:

| Asset Group            | Place                                      | Number | Impairment Losses |                       |           |       | Impairment Losses          |                       |           |       |
|------------------------|--|--------|-------------------|-----------------------|-----------|-------|----------------------------|-----------------------|-----------|-------|
|                        |  |        | Land              | Land Leasehold Rights | Buildings | Total | Land                       | Land Leasehold Rights | Buildings | Total |
| (Unit: million yen)    |  |        |                   |                       |           |       | (Unit: million US dollars) |                       |           |       |
| Real estate not in use | Maebashi City, Gunma Prefecture and others | 27     | 2,370             | 304                   | 2,798     | 5,472 | 19                         | 2                     | 23        | 45    |

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 2.66% and 2.57% for the years ended March 31, 2014 and 2015, 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, |           |                            |
|---|----------------------|-----------|----------------------------|
|   | 2014                 | 2015      | 2015                       |
|   | (Unit: million yen)  |           | (Unit: million US dollars) |
| Net unrealized gains (losses) on securities, net of tax   |                      |           |                            |
| Amount incurred during the year.....  | 468,991              | 1,783,498 | 14,841                     |
| Amount reclassified.....  | (145,882)            | (145,030) | (1,206)                    |
| Before tax adjustment.....  | 323,109              | 1,638,467 | 13,634                     |
| Tax effect.....   | (99,031)             | (434,666) | (3,617)                    |
| Net unrealized gains (losses) on securities, net of tax.....  | 224,078              | 1,203,801 | 10,017                     |
| Deferred hedge gains (losses)   |                      |           |                            |
| Amount incurred during the year.....  | (2,435)              | 64,255    | 534                        |
| Amount reclassified.....  | (143)                | (111)     | (0)                        |
| Amount adjusted for asset acquisition cost.....   | 1,437                | (77,309)  | (643)                      |
| Before tax adjustment.....  | (1,141)              | (13,165)  | (109)                      |
| Tax effect.....   | 356                  | 3,714     | 30                         |
| Deferred hedge gains (losses).....  | (784)                | (9,450)   | (78)                       |
| Reserve for land revaluation  |                      |           |                            |
| Amount incurred during the year.....  | -                    | -         | -                          |
| Amount reclassified.....  | -                    | -         | -                          |
| Before tax adjustment.....  | -                    | -         | -                          |
| Tax effect.....   | (269)                | 5,668     | 47                         |
| Reserve for land revaluation.....   | (269)                | 5,668     | 47                         |
| Foreign currency translation adjustments  |                      |           |                            |
| Amount incurred during the year.....  | (4,131)              | (5,940)   | (49)                       |
| Amount reclassified.....  | -                    | -         | -                          |
| Before tax adjustment.....  | (4,131)              | (5,940)   | (49)                       |
| Tax effect.....   | -                    | -         | -                          |
| Foreign currency translation adjustments.....   | (4,131)              | (5,940)   | (49)                       |
| Remeasurements of defined benefit plans, net of tax   |                      |           |                            |
| Amount incurred during the year.....  | -                    | 52,829    | 439                        |
| Amount reclassified.....  | -                    | (1,281)   | (10)                       |
| Before tax adjustment.....  | -                    | 51,547    | 428                        |
| Tax effect.....   | -                    | (14,375)  | (119)                      |
| Remeasurements of defined benefit plans, net of tax.....  | -                    | 37,171    | 309                        |
| Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method      |                      |           |                            |
| Amount incurred during the year.....  | 5,136                | 10,737    | 89                         |
| Amount reclassified.....  | (104)                | (161)     | (1)                        |
| Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method..... | 5,031                | 10,575    | 88                         |
| Total other comprehensive income.....   | 223,924              | 1,241,826 | 10,333                     |

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

### 1. For the Year Ended March 31, 2014

#### (1) Type and Number of Shares Outstanding

|  | Year ended March 31, 2014    |                          |                          |                        |
|--|------------------------------|--------------------------|--------------------------|------------------------|
|  | 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 <sup>(*)</sup>                  | 10,000                       | 990,059                  | –                        | 1,000,060              |
| Treasury stock <sup>(*)</sup> <sup>(4)</sup> | 90                           | 8,255                    | 602                      | 7,743                  |

(\*) The Company conducted a 1:100 share split on October 1, 2013.

(\*) 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.

(\*) The increase of 8,255 thousand shares of treasury stock represents the stock split.

(\*) 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  |

#### (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 <sup>(*)</sup> | ¥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.

##### 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 <sup>(*)</sup>     | ¥19,846 million  |
| Dividends per share <sup>(2)</sup> | ¥20  |
| Record date                        | March 31, 2014   |
| Effective date                     | June 25, 2014  |
| Dividend resource                  | Retained earnings  |

(\*) Total dividends did not include ¥154 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) The Company conducted a 1:100 share split on October 1, 2013. The dividend per share reflects the share split.

### 2. For the Year Ended March 31, 2015

#### (1) Type and Number of Shares Outstanding

|                               | Year ended March 31, 2015    |                          |                          |                        |
|-------------------------------|------------------------------|--------------------------|--------------------------|------------------------|
|                               | 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 <sup>(*)</sup>   | 1,000,060                    | 197,878                  | –                        | 1,197,938              |
| Treasury stock <sup>(2)</sup> | 7,743                        | –                        | 1,225                    | 6,518                  |

(\*) The increase of 197,878 thousand shares of common stock represents the sum of a) the exercise of stock acquisition rights of 78 thousand shares and b) issuance of 197,800 thousand new shares.

(2) The decrease of 1,225 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, 2015<br>(Unit: million yen) |
|--------|---|---|
| DL     | Stock acquisition rights in the form of stock options | 753 (US\$6 million)                                 |

## (3) Dividends on Common Stocks

### a) Dividends paid during the fiscal year ended March 31, 2015

|                                     |   |
|-------------------------------------|---|
| Date of resolution                  | June 24, 2014 (at the Annual General Meeting of Shareholders) |
| Type of shares                      | Common stock  |
| Total dividends <sup>(*)</sup>      | ¥19,846 million (US\$165 million)                             |
| Dividends per share <sup>(**)</sup> | ¥20 (US\$0.16)  |
| 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.

### b) Dividends, the record date of which was March 31, 2015, to be paid out in the year ending March 31, 2016

|                                |  |
|--------------------------------|--|
| Date of resolution             | June 23, 2015 (at the Annual General Meeting of Shareholders to be held) |
| Type of shares                 | Common stock   |
| Total dividends <sup>(*)</sup> | ¥33,359 million (US\$277 million)  |
| Dividends per share            | ¥28 (US\$0.23)   |
| Record date                    | March 31, 2015   |
| Effective date                 | June 24, 2015  |
| Dividend resource              | Retained earnings  |

(\*) Total dividends did not include ¥182 million (US\$1 million) of dividends to the J-ESOP trust and the E-ship trust, as DL recognized the shares held by those trusts as treasury shares.

## VII. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### 1. Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2014 and 2015 were as follows:

|  | As of March 31,     |           |                            |
|--|---------------------|-----------|----------------------------|
|  | 2014                | 2015      | 2015                       |
|  | (Unit: million yen) |           | (Unit: million US dollars) |
| Cash and cash deposits.....                    | 698,594             | 873,444   | 7,268                      |
| Call loans.....                                | 362,800             | 380,400   | 3,165                      |
| Money market funds included in securities..... | –                   | 915       | 7                          |
| Cash and cash equivalents .....                | 1,061,394           | 1,254,760 | 10,441                     |

### 2. Breakdown of Assets and Liabilities of Newly Consolidated Subsidiaries as a Result of the Acquisition of Shares

Associated with the consolidation of Neo First Life and Protective Life Corporation as a result of the acquisition of shares, the breakdown of the assets and liabilities of Neo First Life and Protective Life Corporation at the beginning of the consolidation, and the reconciliation of the acquisition price with net cash flow for the acquisition were as follows:

#### (1) Neo First Life

|  | (Unit: million yen) | (Unit: million US dollars) |
|--|---------------------|----------------------------|
| Assets.....  | 5,111               | 42                         |
| Cash and cash deposits included in the above assets.....           | 1,820               | 15                         |
| Goodwill .....   | 2,038               | 16                         |
| Liabilities.....   | (1,114)             | (9)                        |
| Policy reserves and others included in the above liabilities.....  | (928)               | (7)                        |
| Acquisition price of shares of Neo First Life.....                 | 6,035               | 50                         |
| Gain on step acquisition.....                                      | (273)               | (2)                        |
| Acquisition cost before acquisition .....                          | (326)               | (2)                        |
| Cash and cash equivalents of Neo First Life.....                   | (2,735)             | (22)                       |
| Net cash flow for the acquisition of shares of Neo First Life..... | 2,699               | 22                         |



## (2) Protective Life Corporation

|   | (Unit: million yen) | (Unit: million US dollars) |
|---|---------------------|----------------------------|
| Assets.....   | 8,304,813           | 69,108                     |
| Cash and cash deposits included in the above assets.....                        | 54,823              | 456                        |
| Goodwill .....  | 8,561               | 71                         |
| Liabilities.....  | (7,735,044)         | (64,367)                   |
| Policy reserves and others included in the above liabilities.....               | (6,958,358)         | (57,904)                   |
| Acquisition price of shares of Protective Life Corporation.....                 | 578,331             | 4,812                      |
| Cash and cash equivalents of Protective Life Corporation.....                   | (54,823)            | (456)                      |
| Net cash flow for the acquisition of shares of Protective Life Corporation..... | 523,507             | 4,356                      |

## VIII. LEASE TRANSACTIONS

### 1. Finance Leases (As lessee)

For the fiscal years ended March 31, 2014 and 2015, information regarding finance leases (as lessee) is omitted due to the importance on the consolidated financial statements.

### 2. Operating Leases

Future minimum lease payments under non-cancellable operating leases as of March 31, 2014 and 2015 were as follows:

(As Lessee)

|                          | As of March 31,     |        |                            |
|--------------------------|---------------------|--------|----------------------------|
|                          | 2014                | 2015   | 2015                       |
|                          | (Unit: million yen) |        | (Unit: million US dollars) |
| Due within one year..... | 2,239               | 3,039  | 25                         |
| Due after one year.....  | 17,992              | 27,694 | 230                        |
| Total.....               | 20,232              | 30,733 | 255                        |

(As Lessor)

|                          | As of March 31,     |      |                            |
|--------------------------|---------------------|------|----------------------------|
|                          | 2014                | 2015 | 2015                       |
|                          | (Unit: million yen) |      | (Unit: million US dollars) |
| Due within one year..... | –                   | 8    | 0                          |
| Due after one year.....  | –                   | 256  | 2                          |
| Total.....               | –                   | 265  | 2                          |

## IX. FINANCIAL INSTRUMENTS AND OTHERS

### 1. Financial Instruments

#### (1) Policies in Utilizing Financial Instrument

In an effort to manage investment assets in a manner appropriate to liabilities which arise from the insurance policies DL underwrites, DL engages 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 investment objectives, taking into account the exposure of underlying assets. Moreover, DL and certain of its consolidated subsidiaries 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 investment objective 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 "2. 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, 2014 and 2015 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, 2014 |                   |                  |
|---|----------------------|-------------------|------------------|
|   | Carrying amount      | Fair value        | Gains (losses)   |
|   | (Unit: million yen)  |                   |                  |
| (1) Cash and deposits.....                              | 698,594              | 698,606           | 12               |
| (2) Call loans .....                                    | 362,800              | 362,800           | -                |
| (3) Monetary claims bought.....                         | 281,859              | 281,859           | -                |
| (4) Money held in trust .....                           | 66,400               | 66,400            | -                |
| (5) Securities  |                      |                   |                  |
| a. Trading securities .....                             | 3,170,435            | 3,170,435         | -                |
| b. Held-to-maturity bonds .....                         | 45,109               | 48,862            | 3,753            |
| c. Policy-reserve-matching bonds.....                   | 12,461,047           | 13,539,746        | 1,078,698        |
| d. Stocks of subsidiaries and affiliated companies..... | 37,348               | 44,116            | 6,768            |
| e. Available-for-sale securities.....                   | 14,408,024           | 14,408,024        | -                |
| (6) Loans.....  | 3,024,702            |                   |                  |
| Reserves for possible loan losses (*1).....             | (1,846)              |                   |                  |
|   | 3,022,855            | 3,136,544         | 113,688          |
| <b>Total assets .....</b>                               | <b>34,554,474</b>    | <b>35,757,395</b> | <b>1,202,920</b> |
| (1) Bonds payable.....                                  | 107,562              | 127,995           | 20,433           |
| (2) Long-term borrowings.....                           | 348,335              | 353,867           | 5,531            |
| <b>Total liabilities .....</b>                          | <b>455,897</b>       | <b>481,862</b>    | <b>25,965</b>    |
| Derivative transactions (*2)                            |                      |                   |                  |
| a. Hedge accounting not applied.....                    | 2,904                | 2,904             | -                |
| b. Hedge accounting applied .....                       | [51,825]             | [51,315]          | 509              |
| <b>Total derivative transactions .....</b>              | <b>[48,921]</b>      | <b>[48,411]</b>   | <b>509</b>       |

(\*1) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(\*2) Credits/debts from derivative transactions are presented on a net basis. Figures in [ ] are net debts.

|  | As of March 31, 2015 |                   |                  |                            |                |                |
|--|----------------------|-------------------|------------------|----------------------------|----------------|----------------|
|  | Carrying amount      | Fair value        | Gains (losses)   | Carrying amount            | Fair value     | Gains (losses) |
|  | (Unit: million yen)  |                   |                  | (Unit: million US dollars) |                |                |
| (1) Cash and deposits.....                               | 873,444              | 873,453           | 9                | 7,268                      | 7,268          | 0              |
| (2) Call loans .....                                     | 380,400              | 380,400           | -                | 3,165                      | 3,165          | -              |
| (3) Monetary claims bought.....                          | 265,813              | 265,813           | -                | 2,211                      | 2,211          | -              |
| (4) Money held in trust .....                            | 65,283               | 65,283            | -                | 543                        | 543            | -              |
| (5) Securities   |                      |                   |                  |                            |                |                |
| a. Trading securities .....                              | 5,332,413            | 5,332,413         | -                | 44,373                     | 44,373         | -              |
| b. Held-to-maturity bonds .....                          | 108,312              | 112,842           | 4,529            | 901                        | 939            | 37             |
| c. Policy-reserve-matching bonds.....                    | 13,730,760           | 15,693,503        | 1,962,743        | 114,261                    | 130,594        | 16,333         |
| d. Stocks of subsidiaries and affiliated companies ..... | 42,055               | 78,650            | 36,595           | 349                        | 654            | 304            |
| e. Available-for-sale securities .....                   | 20,779,417           | 20,779,417        | -                | 172,916                    | 172,916        | -              |
| (6) Loans.....   | 3,898,148            |                   |                  | 32,438                     |                |                |
| Reserves for possible loan losses (*1)....               | (1,327)              |                   |                  | (11)                       |                |                |
|  | 3,896,821            | 4,040,839         | 144,018          | 32,427                     | 33,626         | 1,198          |
| <b>Total assets .....</b>                                | <b>45,474,722</b>    | <b>47,622,618</b> | <b>2,147,895</b> | <b>378,419</b>             | <b>396,293</b> | <b>17,873</b>  |
| (1) Bonds payable.....                                   | 489,045              | 519,605           | 30,560           | 4,069                      | 4,323          | 254            |
| (2) Long-term borrowings.....                            | 391,891              | 393,705           | 1,813            | 3,261                      | 3,276          | 15             |
| <b>Total liabilities .....</b>                           | <b>880,936</b>       | <b>913,310</b>    | <b>32,374</b>    | <b>7,330</b>               | <b>7,600</b>   | <b>269</b>     |
| Derivative transactions (*2)                             |                      |                   |                  |                            |                |                |
| a. Hedge accounting not applied.....                     | [12,165]             | [12,165]          | -                | [101]                      | [101]          | -              |
| b. Hedge accounting applied .....                        | [69,304]             | [68,910]          | 394              | [576]                      | [573]          | 3              |
| <b>Total derivative transactions .....</b>               | <b>[81,470]</b>      | <b>[81,076]</b>   | <b>394</b>       | <b>[677]</b>               | <b>[674]</b>   | <b>3</b>       |

(\*1) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(\*2) Credits/debts from derivative transactions are presented on a net basis. Figures in [ ] are net debts.

**Note 1: Notes to Methods for Calculating Fair Value of Financial Instruments, Securities and Derivative Transactions**  
**Assets**

(1) Cash and deposits

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

(2) Call loans

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

(3) Monetary claims bought

The 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 loan, using interest rates corresponding to the internal credit rating and remaining period which are assumed to be applied to new loans to the 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

The fair value of bonds 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,     |                  |                            |
|--|---------------------|------------------|----------------------------|
|  | 2014                | 2015             | 2015                       |
|  | Carrying amount     |                  |                            |
|  | (Unit: million yen) |                  | (Unit: million US dollars) |
| 1. Unlisted domestic stocks <sup>(*)</sup> ( <sup>(*)</sup> 2) ..... | 156,509             | 153,031          | 1,273                      |
| 2. Unlisted foreign stocks <sup>(*)</sup> ( <sup>(*)</sup> 2) .....  | 31,046              | 51,064           | 424                        |
| 3. Other foreign securities <sup>(*)</sup> ( <sup>(*)</sup> 2) ..... | 798,089             | 795,227          | 6,617                      |
| 4. Other securities <sup>(*)</sup> ( <sup>(*)</sup> 2) .....         | 95,972              | 113,131          | 941                        |
| <b>Total</b> .....   | <b>1,081,617</b>    | <b>1,112,454</b> | <b>9,257</b>               |

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

(\*)2 DL recorded impairment charges of ¥5 million for the year ended March 31, 2014 and ¥13 million (US\$0 million) for the year ended March 31, 2015.



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

| As of March 31, 2014  |                          |                                     |                                       |                       |
|---|--------------------------|-------------------------------------|---------------------------------------|-----------------------|
|   | Due in 1 year<br>or less | Due after 1 year<br>through 5 years | Due after 5 years<br>through 10 years | Due after<br>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 <sup>(*)</sup> .....                              | -                        | 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 <sup>(*)</sup> .....  | 255,599                  | 1,028,760                           | 754,427                               | 514,774               |

(\*) 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 were not included. Also, ¥464,467 million of loans without maturities were not included.

| As of March 31, 2015  |                          |                                     |                                       |                       |
|---|--------------------------|-------------------------------------|---------------------------------------|-----------------------|
|   | Due in 1 year<br>or less | Due after 1 year<br>through 5 years | Due after 5 years<br>through 10 years | Due after<br>10 years |
| (Unit: million yen)   |                          |                                     |                                       |                       |
| Cash and deposits .....   | 870,994                  | 200                                 | -                                     | -                     |
| Call loans.....   | 380,400                  | -                                   | -                                     | -                     |
| Monetary claims bought .....  | -                        | 23,000                              | -                                     | 229,233               |
| Money held in trust <sup>(*)</sup> .....                              | -                        | 2,760                               | -                                     | -                     |
| Securities:   |                          |                                     |                                       |                       |
| Held-to-maturity bonds (bonds) .....                                  | -                        | -                                   | 47,900                                | -                     |
| Held-to-maturity bonds (foreign securities) .....                     | -                        | -                                   | -                                     | 51,438                |
| Policy-reserve-matching bonds (bonds) .....                           | 94,020                   | 293,897                             | 524,213                               | 11,561,862            |
| Policy-reserve-matching bonds (foreign securities) .....              | 500                      | 61,299                              | 895,173                               | 224,015               |
| Available-for-sale securities with maturities (bonds) .....           | 194,818                  | 1,319,214                           | 577,040                               | 1,877,613             |
| Available-for-sale securities with maturities (foreign securities) .. | 429,053                  | 3,051,078                           | 2,366,088                             | 4,102,798             |
| Available-for-sale securities with maturities (other securities) ...  | 36,652                   | 71,644                              | 285,483                               | 7,677                 |
| Loans <sup>(*)</sup> .....  | 330,033                  | 1,170,533                           | 934,916                               | 774,008               |

| As of March 31, 2015  |                          |                                     |                                       |                       |
|---|--------------------------|-------------------------------------|---------------------------------------|-----------------------|
|   | Due in 1 year<br>or less | Due after 1 year<br>through 5 years | Due after 5 years<br>through 10 years | Due after<br>10 years |
| (Unit: million US dollars)  |                          |                                     |                                       |                       |
| Cash and deposits .....   | 7,248                    | 1                                   | -                                     | -                     |
| Call loans.....   | 3,165                    | -                                   | -                                     | -                     |
| Monetary claims bought .....  | -                        | 191                                 | -                                     | 1,907                 |
| Money held in trust <sup>(*)</sup> .....                              | -                        | 22                                  | -                                     | -                     |
| Securities:   |                          |                                     |                                       |                       |
| Held-to-maturity bonds (bonds) .....                                  | -                        | -                                   | 398                                   | -                     |
| Held-to-maturity bonds (foreign securities) .....                     | -                        | -                                   | -                                     | 428                   |
| Policy-reserve-matching bonds (bonds) .....                           | 782                      | 2,445                               | 4,362                                 | 96,212                |
| Policy-reserve-matching bonds (foreign securities) .....              | 4                        | 510                                 | 7,449                                 | 1,864                 |
| Available-for-sale securities with maturities (bonds) .....           | 1,621                    | 10,977                              | 4,801                                 | 15,624                |
| Available-for-sale securities with maturities (foreign securities) .. | 3,570                    | 25,389                              | 19,689                                | 34,141                |
| Available-for-sale securities with maturities (other securities) ...  | 305                      | 596                                 | 2,375                                 | 63                    |
| Loans <sup>(*)</sup> .....  | 2,746                    | 9,740                               | 7,779                                 | 6,440                 |

(\*) Money held in trust without maturities amounted to ¥62,406 million (US\$ 519 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 ¥1,200 million (US\$9 million) were not included. Also, ¥642,404 million (US\$ 5,345 million) of loans without maturities were not included.

**Note 4: Scheduled maturities of bonds and long term borrowings**

| As of March 31, 2014                      |                          |                                     |                                      |                                      |                                      |                      |
|---|--------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------|
|   | Due in 1 year<br>or less | Due after 1 year<br>through 2 years | Due after 2 years<br>through 3 years | Due after 3 years<br>through 4 years | Due after 4 years<br>through 5 years | Due after<br>5 years |
| (Unit: million yen)                       |                          |                                     |                                      |                                      |                                      |                      |
| Long term borrowings <sup>(*)</sup> ..... | 1                        | 21,275                              | 0                                    | 0                                    | 0                                    | 0                    |

(\*) ¥327,057 million of long term borrowings without maturities were not included.

| As of March 31, 2015                      |                          |                                     |                                      |                                      |                                      |                      |
|---|--------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------|
|   | Due in 1 year<br>or less | Due after 1 year<br>through 2 years | Due after 2 years<br>through 3 years | Due after 3 years<br>through 4 years | Due after 4 years<br>through 5 years | Due after<br>5 years |
| (Unit: million yen)                       |                          |                                     |                                      |                                      |                                      |                      |
| Bonds payable <sup>(*)</sup> .....        | 12,190                   | –                                   | 17,737                               | –                                    | 47,300                               | 156,005              |
| Long term borrowings <sup>(*)</sup> ..... | 20,575                   | 0                                   | –                                    | –                                    | –                                    | 46,117               |

| As of March 31, 2015                      |                          |                                     |                                      |                                      |                                      |                      |
|---|--------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------|
|   | Due in 1 year<br>or less | Due after 1 year<br>through 2 years | Due after 2 years<br>through 3 years | Due after 3 years<br>through 4 years | Due after 4 years<br>through 5 years | Due after<br>5 years |
| (Unit: million US dollars)                |                          |                                     |                                      |                                      |                                      |                      |
| Bonds payable <sup>(*)</sup> .....        | 101                      | –                                   | 147                                  | –                                    | 393                                  | 1,298                |
| Long term borrowings <sup>(*)</sup> ..... | 171                      | 0                                   | –                                    | –                                    | –                                    | 383                  |

(\*) ¥215,727 million (US\$ 1,795 million) of bonds payable without maturities were not included.

(\*) ¥325,197 million (US\$ 2,706 million) of long term borrowings without maturities were not included.

## X. SECURITIES

### 1. Trading Securities

|   | As of March 31, |         |       |
|---|-----------------|---------|-------|
|   | 2014            | 2015    | 2015  |
| (Unit: million yen)                                     |                 |         |       |
| Gains (losses) on valuation of trading securities ..... | 118,922         | 197,216 | 1,641 |

### 2. Held-to-maturity Bonds

| As of March 31, 2014                               |                    |                 |                              |
|--|--------------------|-----------------|------------------------------|
|  | Carrying<br>amount | Market<br>value | Unrealized<br>gains (losses) |
| (Unit: million yen)                                |                    |                 |                              |
| Held-to-maturity securities with unrealized gains: |                    |                 |                              |
| (1) Bonds .....                                    | 45,109             | 48,862          | 3,753                        |
| a. Government bonds .....                          | 45,109             | 48,862          | 3,753                        |
| b. Local government bonds .....                    | –                  | –               | –                            |
| c. Corporate bonds .....                           | –                  | –               | –                            |
| (2) Foreign securities .....                       | –                  | –               | –                            |
| a. Foreign bonds .....                             | –                  | –               | –                            |
| Total .....  | 45,109             | 48,862          | 3,753                        |

| As of March 31, 2015                                |                     |              |                           |                            |              |                           |
|---|---------------------|--------------|---------------------------|----------------------------|--------------|---------------------------|
|   | Carrying amount     | Market value | Unrealized gains (losses) | Carrying amount            | Market value | Unrealized gains (losses) |
|   | (Unit: million yen) |              |                           | (Unit: million US dollars) |              |                           |
| Held-to-maturity securities with unrealized gains:  |                     |              |                           |                            |              |                           |
| (1) Bonds .....                                     | 45,411              | 49,940       | 4,529                     | 377                        | 415          | 37                        |
| a. Government bonds .....                           | 45,411              | 49,940       | 4,529                     | 377                        | 415          | 37                        |
| b. Local government bonds .....                     | -                   | -            | -                         | -                          | -            | -                         |
| c. Corporate bonds .....                            | -                   | -            | -                         | -                          | -            | -                         |
| (2) Foreign securities .....                        | -                   | -            | -                         | -                          | -            | -                         |
| a. Foreign bonds .....                              | -                   | -            | -                         | -                          | -            | -                         |
| Subtotal .....                                      | 45,411              | 49,940       | 4,529                     | 377                        | 415          | 37                        |
| Held-to-maturity securities with unrealized losses: |                     |              |                           |                            |              |                           |
| (1) Bonds .....                                     | -                   | -            | -                         | -                          | -            | -                         |
| a. Government bonds .....                           | -                   | -            | -                         | -                          | -            | -                         |
| b. Local government bonds .....                     | -                   | -            | -                         | -                          | -            | -                         |
| c. Corporate bonds .....                            | -                   | -            | -                         | -                          | -            | -                         |
| (2) Foreign securities .....                        | 62,901              | 62,901       | -                         | 523                        | 523          | -                         |
| a. Foreign bonds .....                              | 62,901              | 62,901       | -                         | 523                        | 523          | -                         |
| Subtotal .....                                      | 62,901              | 62,901       | -                         | 523                        | 523          | -                         |
| Total .....   | 108,312             | 112,842      | 4,529                     | 901                        | 939          | 37                        |

### 3. Policy-reserve-matching Bonds

| As of March 31, 2014                                  |                     |              |                           |
|---|---------------------|--------------|---------------------------|
|   | Carrying amount     | Market value | Unrealized gains (losses) |
|   | (Unit: million yen) |              |                           |
| Policy-reserve-matching bonds with unrealized gains:  |                     |              |                           |
| (1) Bonds .....                                       | 11,926,910          | 13,003,053   | 1,076,142                 |
| a. Government bonds .....                             | 11,233,673          | 12,287,943   | 1,054,269                 |
| b. Local government bonds .....                       | 138,689             | 144,601      | 5,912                     |
| c. Corporate bonds .....                              | 554,547             | 570,508      | 15,960                    |
| (2) Foreign Securities .....                          | 343,307             | 347,758      | 4,450                     |
| a. Foreign bonds .....                                | 343,307             | 347,758      | 4,450                     |
| Subtotal .....  | 12,270,218          | 13,350,811   | 1,080,593                 |
| Policy-reserve-matching bonds with unrealized losses: |                     |              |                           |
| (1) Bonds .....                                       | 95,679              | 95,447       | (232)                     |
| a. Government bonds .....                             | 70,510              | 70,479       | (31)                      |
| b. Local government bonds .....                       | -                   | -            | -                         |
| c. Corporate bonds .....                              | 25,169              | 24,967       | (201)                     |
| (2) Foreign Securities .....                          | 95,149              | 93,487       | (1,661)                   |
| a. Foreign bonds .....                                | 95,149              | 93,487       | (1,661)                   |
| Subtotal .....  | 190,829             | 188,934      | (1,894)                   |
| Total .....   | 12,461,047          | 13,539,746   | 1,078,698                 |

| As of March 31, 2015                                  |                     |              |                           |                            |              |                           |
|---|---------------------|--------------|---------------------------|----------------------------|--------------|---------------------------|
|   | 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 .....                                       | 12,348,894          | 14,207,276   | 1,858,381                 | 102,761                    | 118,226      | 15,464                    |
| a. Government bonds .....                             | 11,783,358          | 13,604,027   | 1,820,668                 | 98,055                     | 113,206      | 15,150                    |
| b. Local government bonds .....                       | 83,784              | 92,704       | 8,920                     | 697                        | 771          | 74                        |
| c. Corporate bonds .....                              | 481,751             | 510,544      | 28,793                    | 4,008                      | 4,248        | 239                       |
| (2) Foreign securities .....                          | 1,187,920           | 1,293,593    | 105,673                   | 9,885                      | 10,764       | 879                       |
| a. Foreign bonds .....                                | 1,187,920           | 1,293,593    | 105,673                   | 9,885                      | 10,764       | 879                       |
| Subtotal .....  | 13,536,814          | 15,500,869   | 1,964,054                 | 112,647                    | 128,991      | 16,343                    |
| Policy-reserve-matching bonds with unrealized losses: |                     |              |                           |                            |              |                           |
| (1) Bonds .....                                       | 167,803             | 166,626      | (1,176)                   | 1,396                      | 1,386        | (9)                       |
| a. Government bonds .....                             | 111,260             | 110,946      | (313)                     | 925                        | 923          | (2)                       |
| b. Local government bonds .....                       | 1,029               | 1,011        | (18)                      | 8                          | 8            | (0)                       |
| c. Corporate bonds .....                              | 55,513              | 54,667       | (845)                     | 461                        | 454          | (7)                       |
| (2) Foreign securities .....                          | 26,142              | 26,007       | (134)                     | 217                        | 216          | (1)                       |
| a. Foreign bonds .....                                | 26,142              | 26,007       | (134)                     | 217                        | 216          | (1)                       |
| Subtotal .....  | 193,945             | 192,633      | (1,311)                   | 1,613                      | 1,603        | (10)                      |
| Total .....   | 13,730,760          | 15,693,503   | 1,962,743                 | 114,261                    | 130,594      | 16,333                    |

#### 4. Available-for-sale Securities

| As of March 31, 2014                                  |                     |                  |                           |
|---|---------------------|------------------|---------------------------|
|   | Carrying amount     | Acquisition cost | Unrealized gains (losses) |
|   | (Unit: million yen) |                  |                           |
| Available-for-sale securities with unrealized gains:  |                     |                  |                           |
| (1) Bonds .....                                       | 4,520,051           | 4,202,729        | 317,321                   |
| a. Government bonds .....                             | 2,861,998           | 2,608,822        | 253,176                   |
| b. Local government bonds .....                       | 104,111             | 100,523          | 3,588                     |
| c. Corporate bonds .....                              | 1,553,941           | 1,493,383        | 60,557                    |
| (2) Domestic stocks .....                             | 2,331,534           | 1,345,838        | 985,695                   |
| (3) Foreign securities .....                          | 6,248,424           | 5,586,906        | 661,518                   |
| a. Foreign bonds .....                                | 5,649,038           | 5,119,855        | 529,183                   |
| b. Other foreign securities .....                     | 599,385             | 467,050          | 132,334                   |
| (4) Other securities .....                            | 586,839             | 535,163          | 51,676                    |
| Subtotal .....  | 13,686,849          | 11,670,637       | 2,016,212                 |
| Available-for-sale securities with unrealized losses: |                     |                  |                           |
| (1) Bonds .....                                       | 150,575             | 151,927          | (1,352)                   |
| a. Government bonds .....                             | 51,947              | 52,299           | (352)                     |
| b. Local government bonds .....                       | 105                 | 105              | (0)                       |
| c. Corporate bonds .....                              | 98,523              | 99,522           | (999)                     |
| (2) Domestic stocks .....                             | 206,165             | 260,058          | (53,892)                  |
| (3) Foreign securities .....                          | 604,037             | 630,623          | (26,586)                  |
| a. Foreign bonds .....                                | 475,347             | 496,017          | (20,669)                  |
| b. Other foreign securities .....                     | 128,690             | 134,606          | (5,916)                   |
| (4) Other securities .....                            | 57,255              | 58,514           | (1,259)                   |
| Subtotal .....  | 1,018,033           | 1,101,124        | (83,090)                  |
| Total .....   | 14,704,883          | 12,771,761       | 1,933,121                 |

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 and ¥15,000 million, respectively, as of March 31, 2014. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥268,110 million and ¥281,859 million, respectively, as of March 31, 2014.

As of March 31, 2015

|   | 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 .....                                       | 4,253,125           | 3,836,985        | 416,139                   | 35,392                     | 31,929           | 3,462                     |
| a. Government bonds .....                             | 2,829,790           | 2,481,840        | 347,949                   | 23,548                     | 20,652           | 2,895                     |
| b. Local government bonds .....                       | 60,059              | 57,150           | 2,909                     | 499                        | 475              | 24                        |
| c. Corporate bonds .....                              | 1,363,275           | 1,297,995        | 65,280                    | 11,344                     | 10,801           | 543                       |
| (2) Domestic stocks .....                             | 3,334,981           | 1,527,586        | 1,807,394                 | 27,752                     | 12,711           | 15,040                    |
| (3) Foreign securities .....                          | 7,733,702           | 6,442,740        | 1,290,961                 | 64,356                     | 53,613           | 10,742                    |
| a. Foreign bonds .....                                | 6,943,224           | 5,891,550        | 1,051,674                 | 57,778                     | 49,026           | 8,751                     |
| b. Other foreign securities .....                     | 790,477             | 551,190          | 239,287                   | 6,577                      | 4,586            | 1,991                     |
| (4) Other securities .....                            | 876,549             | 788,661          | 87,888                    | 7,294                      | 6,562            | 731                       |
| Subtotal .....  | 16,198,359          | 12,595,974       | 3,602,384                 | 134,795                    | 104,817          | 29,977                    |
| Available-for-sale securities with unrealized losses: |                     |                  |                           |                            |                  |                           |
| (1) Bonds .....                                       | 153,306             | 153,760          | (453)                     | 1,275                      | 1,279            | (3)                       |
| a. Government bonds .....                             | 106,003             | 106,345          | (342)                     | 882                        | 884              | (2)                       |
| b. Local government bonds .....                       | -                   | -                | -                         | -                          | -                | -                         |
| c. Corporate bonds .....                              | 47,303              | 47,414           | (111)                     | 393                        | 394              | (0)                       |
| (2) Domestic stocks .....                             | 94,369              | 116,092          | (21,723)                  | 785                        | 966              | (180)                     |
| (3) Foreign securities .....                          | 4,604,695           | 4,614,811        | (10,115)                  | 38,318                     | 38,402           | (84)                      |
| a. Foreign bonds .....                                | 4,421,935           | 4,426,892        | (4,957)                   | 36,797                     | 36,838           | (41)                      |
| b. Other foreign securities .....                     | 182,760             | 187,919          | (5,158)                   | 1,520                      | 1,563            | (42)                      |
| (4) Other securities .....                            | 34,500              | 34,978           | (478)                     | 287                        | 291              | (3)                       |
| Subtotal .....  | 4,886,872           | 4,919,643        | (32,771)                  | 40,666                     | 40,939           | (272)                     |
| Total .....   | 21,085,231          | 17,515,618       | 3,569,613                 | 175,461                    | 145,756          | 29,704                    |

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 ¥40,000 million (US\$332 million) and ¥40,000 million (US\$332 million), respectively, as of March 31, 2015. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥252,203 million (US\$2,098 million) and ¥265,813 million (US\$2,211 million), respectively, as of March 31, 2015.

## 5. Held-to-maturity Bonds Sold

DL and its consolidated subsidiaries sold no held-to-maturity bonds during the years ended March 31, 2014 and 2015.

## 6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the years ended March 31, 2014 and 2015 were as follows:

| Year ended March 31, 2014         |                     |                |                 |  |  |  |
|-----------------------------------|---------------------|----------------|-----------------|--|--|--|
|                                   | Amounts sold        | Realized gains | Realized losses |  |  |  |
|                                   | (Unit: million yen) |                |                 |  |  |  |
| (1) Bonds .....                   | -                   | -              | -               |  |  |  |
| a. Government bonds .....         | -                   | -              | -               |  |  |  |
| b. Local government bonds .....   | -                   | -              | -               |  |  |  |
| c. Corporate bonds .....          | -                   | -              | -               |  |  |  |
| (2) Foreign securities .....      | 14,093              | 2,119          | -               |  |  |  |
| a. Foreign bonds .....            | 14,093              | 2,119          | -               |  |  |  |
| b. Other foreign securities ..... | -                   | -              | -               |  |  |  |
| Total .....                       | 14,093              | 2,119          | -               |  |  |  |

| Year ended March 31, 2015         |                     |                |                 |                            |                |                 |
|-----------------------------------|---------------------|----------------|-----------------|----------------------------|----------------|-----------------|
|                                   | Amounts sold        | Realized gains | Realized losses | Amounts sold               | Realized gains | Realized losses |
|                                   | (Unit: million yen) |                |                 | (Unit: million US dollars) |                |                 |
| (1) Bonds .....                   | 244,677             | 9,061          | 1,922           | 2,036                      | 75             | 15              |
| a. Government bonds .....         | 242,099             | 8,718          | 1,922           | 2,014                      | 72             | 15              |
| b. Local government bonds .....   | -                   | -              | -               | -                          | -              | -               |
| c. Corporate bonds .....          | 2,577               | 343            | -               | 21                         | 2              | -               |
| (2) Foreign securities .....      | 4,406               | 989            | -               | 36                         | 8              | -               |
| a. Foreign bonds .....            | 4,406               | 989            | -               | 36                         | 8              | -               |
| b. Other foreign securities ..... | -                   | -              | -               | -                          | -              | -               |
| Total .....                       | 249,083             | 10,051         | 1,922           | 2,072                      | 83             | 15              |



## 7. Available-for-sale Securities Sold

Available-for-sale securities sold during the years ended March 31, 2014 and 2015 were as follows.

| Year ended March 31, 2014         |                  |                |                            |               |                |                 |
|-----------------------------------|------------------|----------------|----------------------------|---------------|----------------|-----------------|
|                                   | Amounts sold     | Realized gains | Realized losses            |               |                |                 |
| (Unit: million yen)               |                  |                |                            |               |                |                 |
| (1) Bonds .....                   | 1,692,240        | 48,416         | 6,656                      |               |                |                 |
| a. Government bonds .....         | 1,424,135        | 41,570         | 5,247                      |               |                |                 |
| b. Local government bonds .....   | 890              | 197            | –                          |               |                |                 |
| c. Corporate bonds .....          | 267,215          | 6,648          | 1,408                      |               |                |                 |
| (2) Domestic stocks .....         | 154,113          | 40,648         | 9,027                      |               |                |                 |
| (3) Foreign securities .....      | 3,566,085        | 119,230        | 51,633                     |               |                |                 |
| a. Foreign bonds .....            | 3,493,369        | 103,435        | 47,827                     |               |                |                 |
| b. Other foreign securities ..... | 72,715           | 15,795         | 3,806                      |               |                |                 |
| (4) Other securities .....        | 1,436            | 2              | 176                        |               |                |                 |
| <b>Total .....</b>                | <b>5,413,876</b> | <b>208,298</b> | <b>67,494</b>              |               |                |                 |
| Year ended March 31, 2015         |                  |                |                            |               |                |                 |
|                                   | Amounts sold     | Realized gains | Realized losses            | Amounts sold  | Realized gains | Realized losses |
| (Unit: million yen)               |                  |                | (Unit: million US dollars) |               |                |                 |
| (1) Bonds .....                   | 455,855          | 9,295          | 378                        | 3,793         | 77             | 3               |
| a. Government bonds .....         | 294,114          | 5,382          | 71                         | 2,447         | 44             | 0               |
| b. Local government bonds .....   | 470              | 16             | 1                          | 3             | 0              | 0               |
| c. Corporate bonds .....          | 161,270          | 3,896          | 306                        | 1,342         | 32             | 2               |
| (2) Domestic stocks .....         | 89,262           | 29,826         | 4,687                      | 742           | 248            | 39              |
| (3) Foreign securities .....      | 1,923,468        | 97,367         | 16,781                     | 16,006        | 810            | 139             |
| a. Foreign bonds .....            | 1,848,474        | 74,213         | 13,594                     | 15,382        | 617            | 113             |
| b. Other foreign securities ..... | 74,993           | 23,154         | 3,187                      | 624           | 192            | 26              |
| (4) Other securities .....        | 44,326           | 13,667         | 450                        | 368           | 113            | 3               |
| <b>Total .....</b>                | <b>2,512,913</b> | <b>150,156</b> | <b>22,299</b>              | <b>20,911</b> | <b>1,249</b>   | <b>185</b>      |

## 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 probability 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 years ended March 31, 2014 and 2015 were ¥1,401 million and ¥455 million (US\$ 3 million), respectively.

## XI. MONEY HELD IN TRUST

### Money Held in Trust for Trading

|   | As of March 31,     |        |                            |
|---|---------------------|--------|----------------------------|
|   | 2014                | 2015   | 2015                       |
|   | (Unit: million yen) |        | (Unit: million US dollars) |
| Carrying amount on the consolidated balance sheet ..... | 63,565              | 62,406 | 519                        |
| Gains (losses) on valuation of money held in trust..... | (18,389)            | (477)  | (3)                        |

### Money Held in Trust Classified as Available-For-Sale

|   | As of March 31, 2014 |                  |                           | As of March 31, 2015       |                  |                           |
|---|----------------------|------------------|---------------------------|----------------------------|------------------|---------------------------|
|   | 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                       | 23                         | 21               | 2                         |
| Total.....  | 2,835                | 2,587            | 247                       | 23                         | 21               | 2                         |

## XII. DERIVATIVE TRANSACTIONS

### 1. Derivative Transactions (Hedge Accounting Not Applied)

#### (1) Currency-related transactions

| As of March 31, 2014                            |  |                                |            |                |
|---|--|--------------------------------|------------|----------------|
|   | (A) Notional amount/<br>contract value | Over 1 year included<br>in (A) | Fair value | Gains (losses) |
| (Unit: million yen)                             |  |                                |            |                |
| Over-the-counter transactions:                  |  |                                |            |                |
| Foreign currency forward contracts:             |  |                                |            |                |
| Sold .....                                      | 1,630,028                              | –                              | (8,705)    | (8,705)        |
| U.S. dollar.....                                | 805,133                                | –                              | (1,904)    | (1,904)        |
| Euro .....                                      | 286,081                                | –                              | (1,233)    | (1,233)        |
| Australian dollar.....                          | 148,558                                | –                              | (3,680)    | (3,680)        |
| British pound.....                              | 92,889                                 | –                              | (446)      | (446)          |
| Canadian dollar .....                           | 80,417                                 | –                              | (31)       | (31)           |
| Others.....                                     | 216,948                                | –                              | (1,409)    | (1,409)        |
| Bought.....                                     | 1,290,787                              | –                              | 1,794      | 1,794          |
| U.S. dollar.....                                | 626,321                                | –                              | 406        | 406            |
| Euro .....                                      | 160,550                                | –                              | 355        | 355            |
| Australian dollar.....                          | 115,970                                | –                              | 290        | 290            |
| British pound.....                              | 85,696                                 | –                              | 24         | 24             |
| Canadian dollar .....                           | 79,092                                 | –                              | 0          | 0              |
| Others.....                                     | 223,155                                | –                              | 716        | 716            |
| Currency swaps:                                 |  |                                |            |                |
| Receipts yen, payments foreign<br>currency..... | 1,560                                  | 1,560                          | (449)      | (449)          |
| Australian dollar.....                          | 1,560                                  | 1,560                          | (449)      | (449)          |
| Currency options:                               |  |                                |            |                |
| Bought:   |  |                                |            |                |
| Put .....                                       | 207,940                                |                                |            |                |
|   | [1,317]                                | –                              | 55         | (1,261)        |
| U.S. dollar.....                                | 207,940                                |                                |            |                |
|   | [1,317]                                | –                              | 55         | (1,261)        |
| Total return swaps:                             |  |                                |            |                |
| Foreign currency<br>index linked .....          | 57,760                                 | 57,760                         | 1,890      | 1,890          |
| Total .....                                     |  |                                |            | (6,731)        |

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)."

## As of March 31, 2015

|                                     | (A) Notional amount/<br>contract value | Over 1 year included<br>in (A) | Fair value | Gains (losses) | (A) Notional amount/<br>contract value | Over 1 year included<br>in (A) | Fair value | Gains (losses) |
|-------------------------------------|--|--------------------------------|------------|----------------|--|--------------------------------|------------|----------------|
|                                     | (Unit: million yen)                    |                                |            |                | (Unit: million US dollars)             |                                |            |                |
| Exchange-traded transactions:       |  |                                |            |                |  |                                |            |                |
| Currency futures:                   |  |                                |            |                |  |                                |            |                |
| Sold .....                          | 27,930                                 | -                              | 1,201      | 1,201          | 232                                    | -                              | 9          | 9              |
| British pound / U.S. dollar         | 13,734                                 | -                              | 473        | 473            | 114                                    | -                              | 3          | 3              |
| Euro / U.S. dollar .....            | 9,788                                  | -                              | 788        | 788            | 81                                     | -                              | 6          | 6              |
| Yen / U.S. dollar .....             | 4,407                                  | -                              | (60)       | (60)           | 36                                     | -                              | (0)        | (0)            |
| Over-the-counter transactions:      |  |                                |            |                |  |                                |            |                |
| Foreign currency forward contracts: |  |                                |            |                |  |                                |            |                |
| Sold .....                          | 1,650,262                              | -                              | 23,354     | 23,354         | 13,732                                 | -                              | 194        | 194            |
| U.S. dollar .....                   | 632,401                                | -                              | (6,012)    | (6,012)        | 5,262                                  | -                              | (50)       | (50)           |
| Euro .....                          | 522,799                                | -                              | 26,811     | 26,811         | 4,350                                  | -                              | 223        | 223            |
| Australian dollar .....             | 121,232                                | -                              | 2,819      | 2,819          | 1,008                                  | -                              | 23         | 23             |
| Canadian dollar .....               | 79,056                                 | -                              | 16         | 16             | 657                                    | -                              | 0          | 0              |
| British pound .....                 | 70,157                                 | -                              | 605        | 605            | 583                                    | -                              | 5          | 5              |
| Others .....                        | 224,614                                | -                              | (884)      | (884)          | 1,869                                  | -                              | (7)        | (7)            |
| Bought .....                        | 1,146,992                              | -                              | (831)      | (831)          | 9,544                                  | -                              | (6)        | (6)            |
| U.S. dollar .....                   | 637,934                                | -                              | 415        | 415            | 5,308                                  | -                              | 3          | 3              |
| Euro .....                          | 132,000                                | -                              | (375)      | (375)          | 1,098                                  | -                              | (3)        | (3)            |
| Canadian dollar .....               | 70,852                                 | -                              | (5)        | (5)            | 589                                    | -                              | (0)        | (0)            |
| Australian dollar .....             | 62,076                                 | -                              | (314)      | (314)          | 516                                    | -                              | (2)        | (2)            |
| British pound .....                 | 37,235                                 | -                              | (611)      | (611)          | 309                                    | -                              | (5)        | (5)            |
| Others .....                        | 206,892                                | -                              | 59         | 59             | 1,721                                  | -                              | 0          | 0              |
| Currency swaps:                     |  |                                |            |                |  |                                |            |                |
| Receipts yen, payments              |  |                                |            |                |  |                                |            |                |
| foreign currency .....              | 1,560                                  | 1,560                          | (386)      | (386)          | 12                                     | 12                             | (3)        | (3)            |
| Australian dollar .....             | 1,560                                  | 1,560                          | (386)      | (386)          | 12                                     | 12                             | (3)        | (3)            |
| Currency options:                   |  |                                |            |                |  |                                |            |                |
| Bought:                             |  |                                |            |                |  |                                |            |                |
| Put .....                           | 115,953                                |                                |            |                | 964                                    |                                |            |                |
|                                     | [948]                                  | -                              | 43         | (904)          | [7]                                    | -                              | 0          | (7)            |
| U.S. dollar .....                   | 115,953                                |                                |            |                | 964                                    |                                |            |                |
|                                     | [948]                                  | -                              | 43         | (904)          | [7]                                    | -                              | 0          | (7)            |
| Total return swaps:                 |  |                                |            |                |  |                                |            |                |
| Foreign currency                    |  |                                |            |                |  |                                |            |                |
| index linked .....                  | 248,572                                | 248,572                        | 238        | 238            | 2,068                                  | 2,068                          | 1          | 1              |
| <b>Total .....</b>                  |  |                                |            | <b>22,672</b>  |  |                                |            | <b>188</b>     |

Note: 1. (1) Fair value of currency futures listed above is based on the prices quoted from counterparty financial institutions.  
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.  
(3) Fair value of currency swaps is calculated by discounting expected cash flows.  
(4) An option pricing model is used for fair value calculation of currency options.  
(5) Fair value of total return swaps is based on fair value calculated by referred index of 31 March 2015.  
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, 2014                |  |                                |            |                |
|-------------------------------------|--|--------------------------------|------------|----------------|
|                                     | (A) Notional amount/<br>contract value | Over 1 year included<br>in (A) | Fair value | Gains (losses) |
| (Unit: million yen)                 |  |                                |            |                |
| Over-the-counter transactions:      |  |                                |            |                |
| Yen interest rate swaps:            |  |                                |            |                |
| Receipts fixed, payments floating.. | 20,820                                 | 17,770                         | 384        | 384            |
| Receipts floating, payments fixed.. | 4,900                                  | 4,900                          | (94)       | (94)           |
| Yen interest rate swaptions:        |  |                                |            |                |
| Bought:                             |  |                                |            |                |
| Receipts floating, payments fixed.. | 480,000                                | 480,000                        |            |                |
|                                     | [11,594]                               | [11,594]                       | 5,220      | (6,374)        |
| <b>Total .....</b>                  |  |                                |            | <b>(6,085)</b> |

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)."

| As of March 31, 2015                   |  |                                |            |                |  |                                |            |                |  |
|--|--|--------------------------------|------------|----------------|--|--------------------------------|------------|----------------|--|
|  | (A) Notional amount/<br>contract value | Over 1 year included<br>in (A) | Fair value | Gains (losses) | (A) Notional amount/<br>contract value | Over 1 year included<br>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..... | 239,398                                | 230,028                        | 19,776     | 19,776         | 1,992                                  | 1,914                          | 164        | 164            |  |
| Receipts floating, payments fixed..... | 30,250                                 | 27,750                         | (437)      | (437)          | 251                                    | 230                            | (3)        | (3)            |  |
| Yen interest rate swaptions:           |  |                                |            |                |  |                                |            |                |  |
| Sold:                                  |  |                                |            |                |  |                                |            |                |  |
| Receipts floating, payments fixed ..   | 200,000                                | 200,000                        |            |                | 1,664                                  | 1,664                          |            |                |  |
|  | [2,734]                                | [2,734]                        | 1,425      | 1,308          | [22]                                   | [22]                           | 11         | 10             |  |
| Bought:                                |  |                                |            |                |  |                                |            |                |  |
| Receipts fixed, payments floating ..   | 47,300                                 |                                |            |                | 393                                    |                                |            |                |  |
|  | [1,611]                                | -                              | 1,499      | (112)          | [13]                                   | -                              | 12         | (0)            |  |
| Receipts floating, payments fixed ..   | 786,606                                | 506,606                        |            |                | 6,545                                  | 4,215                          |            |                |  |
|  | [17,750]                               | [12,307]                       | 5,241      | (12,508)       | [147]                                  | [102]                          | 43         | (104)          |  |
| <b>Total .....</b>                     |  |                                |            | <b>8,026</b>   |  |                                |            | <b>66</b>      |  |

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 or the prices quoted from financial institutions.  
 (2) An option pricing model is used for fair value calculation of yen interest rate swaptions or the prices quoted from financial institutions.  
 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, 2014                              |                                    |            |                |
|---|------------------------------------|------------|----------------|
|   | Notional amount/<br>contract value | Fair value | Gains (losses) |
| (Unit: million yen)                               |                                    |            |                |
| Exchange-traded transactions:                     |                                    |            |                |
| Yen stock index futures:                          |                                    |            |                |
| Sold .....  | 40,645                             | 37         | 37             |
| Bought.....                                       | 10,153                             | 288        | 288            |
| Foreign currency-denominated stock index futures: |                                    |            |                |
| Sold .....  | 18,749                             | (319)      | (319)          |
| Bought.....                                       | 11,016                             | 148        | 148            |
| <b>Total.....</b>                                 |                                    |            | <b>154</b>     |

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, 2015

|   | (A) Notional amount/<br>contract value | Over 1 year included in (A) | Fair value | Gains (losses)  | (A) Notional amount/<br>contract value | Over 1 year included in (A) | Fair value | Gains (losses) |
|---|--|-----------------------------|------------|-----------------|--|-----------------------------|------------|----------------|
|   | (Unit: million yen)                    |                             |            |                 | (Unit: million US dollars)             |                             |            |                |
| Exchange-traded transactions:                       |  |                             |            |                 |  |                             |            |                |
| Yen stock index futures:                            |  |                             |            |                 |  |                             |            |                |
| Sold .....  | 57,306                                 | -                           | 1,204      | 1,204           | 476                                    | -                           | 10         | 10             |
| Bought.....   | 9,245                                  | -                           | 15         | 15              | 76                                     | -                           | 0          | 0              |
| Foreign currency-denominated stock index futures:   |  |                             |            |                 |  |                             |            |                |
| Sold .....  | 75,848                                 | -                           | (312)      | (312)           | 631                                    | -                           | (2)        | (2)            |
| Bought.....   | 7,662                                  | -                           | 58         | 58              | 63                                     | -                           | 0          | 0              |
| Yen stock index swaptions:                          |  |                             |            |                 |  |                             |            |                |
| Sold:   |  |                             |            |                 |  |                             |            |                |
| Put .....   | 39,979                                 |                             |            |                 | 332                                    |                             |            |                |
|   | [843]                                  | -                           | 375        | 467             | [7]                                    | -                           | 3          | 3              |
| Bought:   |  |                             |            |                 |  |                             |            |                |
| Put .....   | 44,948                                 |                             |            |                 | 374                                    |                             |            |                |
|   | [1,227]                                | -                           | 745        | (482)           | [10]                                   | -                           | 6          | (4)            |
| Foreign currency-denominated stock index swaptions: |  |                             |            |                 |  |                             |            |                |
| Sold:   |  |                             |            |                 |  |                             |            |                |
| Call.....   | 83,203                                 |                             |            |                 | 692                                    |                             |            |                |
|   | [3,272]                                | -                           | 3,028      | 243             | [27]                                   | -                           | 25         | 2              |
| Put .....   | 40,344                                 |                             |            |                 | 335                                    |                             |            |                |
|   | [536]                                  | -                           | 318        | 217             | [4]                                    | -                           | 2          | 1              |
| Bought:   |  |                             |            |                 |  |                             |            |                |
| Call.....   | 79,159                                 |                             |            |                 | 658                                    |                             |            |                |
|   | [5,346]                                | -                           | 5,496      | 149             | [44]                                   | -                           | 45         | 1              |
| Put .....   | 118,313                                | 11,300                      |            |                 | 984                                    | 94                          |            |                |
|   | [10,847]                               | [2,396]                     | 3,877      | (6,970)         | [90]                                   | [19]                        | 32         | (58)           |
| Others:   |  |                             |            |                 |  |                             |            |                |
| Bought:   |  |                             |            |                 |  |                             |            |                |
| Call.....   | 28                                     | 28                          |            |                 | 0                                      | 0                           |            |                |
|   | [35]                                   | [35]                        | 38         | 3               | [0]                                    | [0]                         | 0          | 0              |
| Over-the-counter transactions:                      |  |                             |            |                 |  |                             |            |                |
| Equity forward contracts to hedge domestic stocks:  |  |                             |            |                 |  |                             |            |                |
| Bought.....   | 47,524                                 | -                           | (784)      | (784)           | 395                                    | -                           | (6)        | (6)            |
| Foreign currency-denominated stock options:         |  |                             |            |                 |  |                             |            |                |
| Bought:   |  |                             |            |                 |  |                             |            |                |
| Put .....   | 770                                    |                             |            |                 | 6                                      |                             |            |                |
|   | [68]                                   | -                           | 24         | (44)            | [0]                                    | -                           | 0          | (0)            |
| Yen stock index options:                            |  |                             |            |                 |  |                             |            |                |
| Bought:   |  |                             |            |                 |  |                             |            |                |
| Put .....   | 6,931                                  | 6,786                       |            |                 | 57                                     | 56                          |            |                |
|   | [1,329]                                | [1,307]                     | 516        | (812)           | [11]                                   | [10]                        | 4          | (6)            |
| Foreign currency-denominated stock index options:   |  |                             |            |                 |  |                             |            |                |
| Sold:   |  |                             |            |                 |  |                             |            |                |
| Call.....   | 9,524                                  |                             |            |                 | 79                                     |                             |            |                |
|   | [396]                                  | -                           | 301        | 95              | [3]                                    | -                           | 2          | 0              |
| Bought:   |  |                             |            |                 |  |                             |            |                |
| Call.....   | 9,487                                  |                             |            |                 | 78                                     |                             |            |                |
|   | [448]                                  | -                           | 343        | (105)           | [3]                                    | -                           | 2          | (0)            |
| Put .....   | 64,874                                 | 58,376                      |            |                 | 539                                    | 485                         |            |                |
|   | [11,748]                               | [10,871]                    | 7,594      | (4,153)         | [97]                                   | [90]                        | 63         | (34)           |
| <b>Total .....</b>                                  |  |                             |            | <b>(11,210)</b> |  |                             |            | <b>(93)</b>    |

Note: 1. (1) Yen stock index futures, Foreign currency-denominated stock index futures, Yen stock index options and Foreign currency-denominated stock index options  
Fair value is based on the closing exchange-traded prices and the prices quoted from financial institutions.  
(2) Yen stock forwards  
Fair value is based on the market price of underlying assets, interest rates and expected dividends, etc.  
(3) Foreign currency-denominated equity option  
An option pricing model is used for fair value calculation of currency options.  
(4) Others  
Fair value is based on the prices quoted from financial institutions.  
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)."

**(4) Bond-related transactions**

As of March 31, 2014

|  | Notional amount/<br>contract value | Fair value | Gains<br>(losses) |
|--|------------------------------------|------------|-------------------|
| (Unit: million yen)                        |                                    |            |                   |
| Exchange-traded transactions:              |                                    |            |                   |
| Yen bond futures:                          |                                    |            |                   |
| Bought .....                               | 112,052                            | (116)      | (116)             |
| Foreign currency-denominated bond futures: |                                    |            |                   |
| Sold .....                                 | 18,217                             | 11         | 11                |
| Over-the-counter transactions:             |                                    |            |                   |
| Bond OTC options:                          |                                    |            |                   |
| Sold:                                      |                                    |            |                   |
| Call .....                                 | 431,678                            |            |                   |
|  | [4,174]                            | 2,100      | 2,074             |
| Put .....                                  | 17,731                             |            |                   |
|  | [38]                               | 40         | (1)               |
| Bought:                                    |                                    |            |                   |
| Call .....                                 | 17,731                             |            |                   |
|  | [33]                               | 9          | (23)              |
| Put .....                                  | 431,678                            |            |                   |
|  | [8,456]                            | 4,891      | (3,565)           |
| <b>Total .....</b>                         |                                    |            | <b>(1,622)</b>    |

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.

As of March 31, 2015

|  | Notional amount/<br>contract value | Fair value | Gains<br>(losses)          | Notional amount/<br>contract value | Fair value | Gains<br>(losses) |
|--|------------------------------------|------------|----------------------------|------------------------------------|------------|-------------------|
| (Unit: million yen)                        |                                    |            | (Unit: million US dollars) |                                    |            |                   |
| Exchange-traded transactions:              |                                    |            |                            |                                    |            |                   |
| Yen bond futures:                          |                                    |            |                            |                                    |            |                   |
| Bought .....                               | 106,496                            | 237        | 237                        | 886                                | 1          | 1                 |
| Foreign currency-denominated bond futures: |                                    |            |                            |                                    |            |                   |
| Sold .....                                 | 11,850                             | (71)       | (71)                       | 98                                 | (0)        | (0)               |
| Bought .....                               | 192,896                            | 55         | 55                         | 1,605                              | 0          | 0                 |
| Over-the-counter transactions:             |                                    |            |                            |                                    |            |                   |
| Bond OTC options:                          |                                    |            |                            |                                    |            |                   |
| Sold:                                      |                                    |            |                            |                                    |            |                   |
| Call .....                                 | 357,459                            |            |                            | 2,974                              |            |                   |
|  | [2,764]                            | 2,137      | 626                        | [23]                               | 17         | 5                 |
| Put .....                                  | 29,411                             |            |                            | 244                                |            |                   |
|  | [136]                              | 130        | 5                          | [1]                                | 1          | 0                 |
| Bought:                                    |                                    |            |                            |                                    |            |                   |
| Call .....                                 | 29,411                             |            |                            | 244                                |            |                   |
|  | [106]                              | 90         | (16)                       | [0]                                | 0          | (0)               |
| Put .....                                  | 357,459                            |            |                            | 2,974                              |            |                   |
|  | [5,850]                            | 3,226      | (2,623)                    | [48]                               | 26         | (21)              |
| <b>Total .....</b>                         |                                    |            | <b>(1,785)</b>             |                                    |            | <b>(14)</b>       |

Note: 1. (1) Fair value of Yen bond futures is based on the closing exchange-traded prices.  
(2) Fair value of Foreign currency-denominated bond futures is based on the closing exchange-traded prices or the price presented by counterparty financial institutions.  
(3) 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

a) Credit Default Swaps and Embedded Derivatives

As of March 31, 2014:

There was no transaction.

As of March 31, 2015

|                                | (A) Notional<br>amount/<br>contract value | Over 1 year<br>included<br>in (A) | Fair<br>value | Gains<br>(losses) | (A) Notional<br>amount/<br>contract value | Over 1 year<br>included<br>in (A) | Fair<br>value | Gains<br>(losses) |
|--------------------------------|---|-----------------------------------|---------------|-------------------|---|-----------------------------------|---------------|-------------------|
|                                | (Unit: million yen)                       |                                   |               |                   | (Unit: million US dollars)                |                                   |               |                   |
| Over-the-counter transactions: |   |                                   |               |                   |   |                                   |               |                   |
| Credit default swaps:          |   |                                   |               |                   |   |                                   |               |                   |
| Sold protection.....           | 13,000                                    | 12,000                            | 273           | 273               | 108                                       | 99                                | 2             | 2                 |
| Bought protection .....        | 2,000                                     | 2,000                             | (52)          | (52)              | 16  | 16                                | (0)           | (0)               |
| Others:                        |   |                                   |               |                   |   |                                   |               |                   |
| Embedded derivatives .....     | 1,564,181                                 | 1,564,181                         | (76,727)      | (76,727)          | 13,016                                    | 13,016                            | (638)         | (638)             |
| <b>Total .....</b>             |   |                                   |               | <b>(76,506)</b>   |   |                                   |               | <b>(636)</b>      |

Note: 1. Embedded derivatives are guaranteed minimum portion and others of variable annuity products of certain of overseas subsidiaries that are classified as embedded derivatives, under local accounting standards.

2. Fair value listed above is based on the present value of estimated future cash flows.

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

b) 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:

i) Currency-related transactions

As of March 31, 2014

|                                     | Notional<br>amount/<br>contract value | Fair value | Gains<br>(losses) |
|-------------------------------------|---------------------------------------|------------|-------------------|
|                                     | (Unit: million yen)                   |            |                   |
| Exchange traded transactions:       |                                       |            |                   |
| Currency futures:                   |                                       |            |                   |
| Sold .....                          | 2,135                                 | (1)        | (1)               |
| (Euro / U.S. dollar) .....          | 1,495                                 | 3          | 3                 |
| (British pound / U.S. dollar) ..... | 640                                   | (4)        | (4)               |
| Bought.....                         | 4,461                                 | (47)       | (47)              |
| (Yen / U.S. dollar).....            | 4,461                                 | (47)       | (47)              |
| Over-the-counter transactions:      |                                       |            |                   |
| Foreign currency forward contracts: |                                       |            |                   |
| Sold .....                          | 57,694                                | (293)      | (293)             |
| U.S. dollar.....                    | 27,903                                | (93)       | (93)              |
| Euro .....                          | 15,246                                | (2)        | (2)               |
| British pound .....                 | 4,306                                 | (24)       | (24)              |
| Canadian dollar .....               | 3,496                                 | (10)       | (10)              |
| Australian dollar.....              | 3,232                                 | (125)      | (125)             |
| Others.....                         | 3,507                                 | (37)       | (37)              |
| Bought.....                         | 19,024                                | 81         | 81                |
| U.S. dollar.....                    | 9,735                                 | 41         | 41                |
| Euro .....                          | 4,932                                 | 24         | 24                |
| British pound .....                 | 1,194                                 | 5          | 5                 |
| Australian dollar.....              | 948                                   | 3          | 3                 |
| Canadian dollar .....               | 929                                   | 2          | 2                 |
| Others.....                         | 1,283                                 | 4          | 4                 |
| <b>Total .....</b>                  |                                       |            | <b>(261)</b>      |

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, 2015                |                                    |            |                   |                                    |            |                   |
|-------------------------------------|------------------------------------|------------|-------------------|------------------------------------|------------|-------------------|
|                                     | Notional amount/<br>contract value | Fair value | Gains<br>(losses) | Notional amount/<br>contract value | Fair value | Gains<br>(losses) |
|                                     | (Unit: million yen)                |            |                   | (Unit: million US dollars)         |            |                   |
| Exchange traded transactions:       |                                    |            |                   |                                    |            |                   |
| Currency futures:                   |                                    |            |                   |                                    |            |                   |
| Sold .....                          | 1,685                              | 2          | 2                 | 14                                 | 0          | 0                 |
| (Euro / U.S. dollar) .....          | 1,164                              | 3          | 3                 | 9                                  | 0          | 0                 |
| (British pound / U.S. dollar) ..... | 521                                | (1)        | (1)               | 4                                  | (0)        | (0)               |
| Bought .....                        | 3,403                              | 0          | 0                 | 28                                 | 0          | 0                 |
| (Yen / U.S. dollar) .....           | 3,403                              | 0          | 0                 | 28                                 | 0          | 0                 |
| Over-the-counter transactions:      |                                    |            |                   |                                    |            |                   |
| Foreign currency forward contracts: |                                    |            |                   |                                    |            |                   |
| Sold .....                          | 20,298                             | (49)       | (49)              | 168                                | (0)        | (0)               |
| U.S. dollar .....                   | 11,172                             | (158)      | (158)             | 92                                 | (1)        | (1)               |
| Euro .....                          | 4,306                              | 86         | 86                | 35                                 | 0          | 0                 |
| British pound .....                 | 2,038                              | (5)        | (5)               | 16                                 | (0)        | (0)               |
| Canadian dollar .....               | 1,375                              | 22         | 22                | 11                                 | 0          | 0                 |
| Australian dollar .....             | 1,015                              | 13         | 13                | 8                                  | 0          | 0                 |
| Others .....                        | 390                                | (8)        | (8)               | 3                                  | (0)        | (0)               |
| Bought .....                        | 9,686                              | 12         | 12                | 80                                 | 0          | 0                 |
| U.S. dollar .....                   | 5,408                              | (1)        | (1)               | 45                                 | (0)        | (0)               |
| Euro .....                          | 2,075                              | 9          | 9                 | 17                                 | 0          | 0                 |
| Canadian dollar .....               | 757                                | 0          | 0                 | 6                                  | 0          | 0                 |
| Australian dollar .....             | 734                                | 2          | 2                 | 6                                  | 0          | 0                 |
| British pound .....                 | 710                                | 1          | 1                 | 5                                  | 0          | 0                 |
| <b>Total .....</b>                  |                                    |            | <b>(34)</b>       |                                    |            | <b>(0)</b>        |

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.

#### ii) Stock-related transactions

| As of March 31, 2014                                 |                                    |            |                   |
|--|------------------------------------|------------|-------------------|
|  | Notional amount/<br>contract value | Fair value | Gains<br>(losses) |
|  | (Unit: million yen)                |            |                   |
| Exchange-traded transactions:                        |                                    |            |                   |
| Yen stock index futures:                             |                                    |            |                   |
| Sold .....   | 13,942                             | (553)      | (553)             |
| Foreign currency-denominated<br>stock index futures: |                                    |            |                   |
| Sold .....   | 9,978                              | (190)      | (190)             |
| <b>Total .....</b>                                   |                                    |            | <b>(744)</b>      |

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, 2015                                 |                                    |            |                   |                                    |            |                   |
|--|------------------------------------|------------|-------------------|------------------------------------|------------|-------------------|
|  | Notional amount/<br>contract value | Fair value | Gains<br>(losses) | Notional amount/<br>contract value | Fair value | Gains<br>(losses) |
|  | (Unit: million yen)                |            |                   | (Unit: million US dollars)         |            |                   |
| Exchange-traded transactions:                        |                                    |            |                   |                                    |            |                   |
| Yen stock index futures:                             |                                    |            |                   |                                    |            |                   |
| Sold .....   | 2,102                              | 3          | 3                 | 17                                 | 0          | 0                 |
| Foreign currency-denominated<br>stock index futures: |                                    |            |                   |                                    |            |                   |
| Sold .....   | 1,497                              | 5          | 5                 | 12                                 | 0          | 0                 |
| <b>Total .....</b>                                   |                                    |            | <b>9</b>          |                                    |            | <b>0</b>          |

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.

iii) Bond-related transactions

As of March 31, 2014

|  | Notional amount/<br>contract value | Fair value | Gains<br>(losses) |
|--|------------------------------------|------------|-------------------|
| (Unit: million yen)                        |                                    |            |                   |
| Exchange-traded transactions:              |                                    |            |                   |
| Yen bond futures:                          |                                    |            |                   |
| Bought.....                                | 33,571                             | (20)       | (20)              |
| Foreign currency-denominated bond futures: |                                    |            |                   |
| Sold .....                                 | 42,888                             | 40         | 40                |
| <b>Total .....</b>                         |                                    |            | <b>20</b>         |

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, 2015

|  | Notional amount/<br>contract value | Fair value | Gains<br>(losses)          | Notional amount/<br>contract value | Fair value | Gains<br>(losses) |
|--|------------------------------------|------------|----------------------------|------------------------------------|------------|-------------------|
| (Unit: million yen)                        |                                    |            | (Unit: million US dollars) |                                    |            |                   |
| Exchange-traded transactions:              |                                    |            |                            |                                    |            |                   |
| Yen bond futures:                          |                                    |            |                            |                                    |            |                   |
| Bought.....                                | 46,117                             | (37)       | (37)                       | 383                                | (0)        | (0)               |
| Foreign currency-denominated bond futures: |                                    |            |                            |                                    |            |                   |
| Sold .....                                 | 2,024                              | (1)        | (1)                        | 16                                 | (0)        | (0)               |
| <b>Total .....</b>                         |                                    |            | <b>(39)</b>                |                                    |            | <b>(0)</b>        |

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, 2014  |   |                                |            |
|---|---|--------------------------------|------------|
|   | (A) Notional<br>amount/<br>contract value | Over 1 year<br>included in (A) | Fair value |
| (Unit: million yen)   |   |                                |            |
| Deferral hedge:   |   |                                |            |
| Currency swaps to hedge foreign currency-denominated bonds:   |   |                                |            |
| Receipts yen, payments  |   |                                |            |
| foreign currency .....  | 42,977                                    | 42,977                         | (2,602)    |
| U.S. dollar .....   | 42,977                                    | 42,977                         | (2,602)    |
| Fair value hedge:   |   |                                |            |
| Foreign currency forward contracts to hedge foreign currency-denominated bonds:                         |   |                                |            |
| Sold .....  | 2,734,183                                 | -                              | (47,814)   |
| U.S. dollar .....   | 1,116,047                                 | -                              | (22,338)   |
| Euro .....  | 1,063,706                                 | -                              | (12,887)   |
| Australian dollar .....   | 207,160                                   | -                              | (8,166)    |
| British pound .....   | 141,008                                   | -                              | (318)      |
| Canadian dollar .....   | 14,462                                    | -                              | (248)      |
| Others .....  | 191,798                                   | -                              | (3,854)    |
| Bought .....  | 4,323                                     | -                              | 28         |
| U.S. dollar .....   | 3,247                                     | -                              | 19         |
| British pound .....   | 641                                       | -                              | 8          |
| Euro .....  | 434                                       | -                              | (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)       |
| Australian dollar .....   | 329,055                                   | -                              | (*1)       |
| U.S. dollar .....   | 187,932                                   | -                              | (*1)       |
| Currency swaps to hedge foreign currency-denominated bonds payable and loans:                           |   |                                |            |
| Receipts yen, payments foreign  |   |                                |            |
| currency .....  | 117,482                                   | 117,482                        | (*2)       |
| Foreign currency-denominated bonds payable:   |   |                                |            |
| U.S. dollar .....   | 107,562                                   | 107,562                        | (*2)       |
| Foreign currency-denominated loans:   |   |                                |            |
| U.S. dollar .....   | 9,920                                     | 9,920                          | (*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.

## As of March 31, 2015

|   | (A) Notional amount/<br>contract value | Over 1 year included in (A) | Fair value | (A) Notional amount/<br>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.....   | 105,126                                | 105,126                     | (16,550)   | 874                                    | 874                         | (137)      |
| U.S. dollar .....   | 92,336                                 | 92,336                      | (16,903)   | 768                                    | 768                         | (140)      |
| Euro.....   | 12,790                                 | 12,790                      | 352        | 106                                    | 106                         | 2          |
| Fair value hedge:   |  |                             |            |  |                             |            |
| Foreign currency forward contracts to hedge foreign currency-denominated bonds:                         |  |                             |            |  |                             |            |
| Sold.....   | 3,325,730                              | –                           | (47,731)   | 27,675                                 | –                           | (397)      |
| U.S. dollar .....   | 1,458,337                              | –                           | (68,333)   | 12,135                                 | –                           | (568)      |
| Euro.....   | 1,040,408                              | –                           | 20,549     | 8,657                                  | –                           | 170        |
| Australian dollar .....   | 354,309                                | –                           | 7,140      | 2,948                                  | –                           | 59         |
| British pound.....  | 134,114                                | –                           | (1,136)    | 1,116                                  | –                           | (9)        |
| Canadian dollar .....   | 23,889                                 | –                           | (366)      | 198                                    | –                           | (3)        |
| Others .....  | 314,670                                | –                           | (5,584)    | 2,618                                  | –                           | (46)       |
| Bought .....  | 4,013                                  | –                           | (85)       | 33                                     | –                           | (0)        |
| U.S. dollar .....   | 2,603                                  | –                           | 50         | 21                                     | –                           | 0          |
| Euro.....   | 1,271                                  | –                           | (137)      | 10                                     | –                           | (1)        |
| British pound.....  | 19                                     | –                           | 0          | 0                                      | –                           | 0          |
| Others .....  | 118                                    | –                           | 0          | 0                                      | –                           | 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.....   | 577,349                                | –                           | (*)        | 4,804                                  | –                           | (*)        |
| Australian dollar .....   | 273,603                                | –                           | (*)        | 2,276                                  | –                           | (*)        |
| U.S. dollar .....   | 164,861                                | –                           | (*)        | 1,371                                  | –                           | (*)        |
| Others .....  | 138,883                                | –                           | (*)        | 1,155                                  | –                           | (*)        |
| Currency swaps to hedge foreign currency-denominated bonds payable and loans:                           |  |                             |            |  |                             |            |
| Receipts foreign currency, payments yen .....   |  |                             |            |  |                             |            |
|   | 215,727                                | 215,727                     | (*)        | 1,795                                  | 1,795                       | (*)        |
| Foreign currency-denominated bonds payable:   |  |                             |            |  |                             |            |
| U.S. dollar.....  | 215,727                                | 215,727                     | (*)        | 1,795                                  | 1,795                       | (*)        |
| Receipts yen, payments foreign currency.....  |  |                             |            |  |                             |            |
|   | 26,767                                 | 26,767                      | (*)        | 222                                    | 222                         | (*)        |
| Foreign currency-denominated loans:   |  |                             |            |  |                             |            |
| U.S. dollar.....  | 26,767                                 | 26,767                      | (*)        | 222                                    | 222                         | (*)        |

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.

(\*) 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.

(\*\*) 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, 2014                            |  |                             |            |
|---|--|-----------------------------|------------|
|   | (A) Notional amount/<br>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                     | (1,143)    |
| Special hedge accounting                        |  |                             |            |
| Yen interest rate swaps to hedge loans:         |  |                             |            |
| Receipts fixed, payments floating ...           | 25,500                                 | 14,800                      | 509        |

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, 2015  |  |                             |            |  |                             |            |
|---|--|-----------------------------|------------|--|-----------------------------|------------|
|   | (A) Notional amount/<br>contract value | Over 1 year included in (A) | Fair value | (A) Notional amount/<br>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                                | -                           | (426)      | 2,662                                  | -                           | (3)        |
| Inflation linked yen interest rate swaps to funding agreements: |  |                             |            |  |                             |            |
| Receipts floating, payments fixed ...                           | 3,081                                  | -                           | (11)       | 25                                     | -                           | (0)        |
| Special hedge accounting  |  |                             |            |  |                             |            |
| Yen interest rate swaps to hedge loans:                         |  |                             |            |  |                             |            |
| Receipts fixed, payments floating...                            | 14,800                                 | 12,800                      | 394        | 123                                    | 106                         | 3          |

Note: 1. Yen interest rate swaps:

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

2. Inflation linked yen interest rate swaps:

Fair value listed above is present values of expected cash flows.

## (3) Stock-related transactions

| As of March 31, 2014                               |                                    |            |
|--|------------------------------------|------------|
|  | Notional amount/<br>contract value | Fair value |
| (Unit: million yen)                                |                                    |            |
| Fair value hedge:                                  |                                    |            |
| Equity forward contracts to hedge domestic stocks: |                                    |            |
| Sold.....  | 53,072                             | (293)      |

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, 2015                               |                                    |            |                                    |            |
|--|------------------------------------|------------|------------------------------------|------------|
|  | Notional amount/<br>contract value | Fair value | Notional amount/<br>contract value | Fair value |
| (Unit: million yen)                                |                                    |            | (Unit: million US dollars)         |            |
| Fair value hedge:                                  |                                    |            |                                    |            |
| Equity forward contracts to hedge domestic stocks: |                                    |            |                                    |            |
| Sold.....  | 112,344                            | (4,499)    | 934                                | (37)       |

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

#### 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. Certain consolidated overseas subsidiaries maintain their defined benefit plan and defined contribution plan.

#### 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                 | 2015           | 2015                       |
|  | (Unit: million yen)  |                | (Unit: million US dollars) |
| Beginning balance of the projected benefit obligations.....                                | 664,459              | 634,657        | 5,281                      |
| Cumulative effect of changes in accounting policies.....                                   | –                    | (16,351)       | (136)                      |
| Beginning balance of the year reflecting the effect of changes in accounting policies..... | 664,459              | 618,306        | 5,145                      |
| Service cost.....  | 24,559               | 25,013         | 208                        |
| Interest cost.....   | 10,740               | 10,469         | 87                         |
| Accruals of actuarial (gains) losses.....  | 419                  | (7,748)        | (64)                       |
| Payment of retirement benefits.....  | (34,726)             | (34,400)       | (286)                      |
| Increases due to new consolidation.....  | –                    | 39,299         | 327                        |
| Others.....  | (30,794)             | (1,161)        | (9)                        |
| <b>Ending balance of the projected benefit obligation.....</b>                             | <b>634,657</b>       | <b>649,776</b> | <b>5,407</b>               |

Note: The amount of changes associated with the transition to a defined contribution pension plan was reported separately at the prior fiscal year. Those of current fiscal year were financially minimal impact, so the amount was included in "Others."

##### (2) Reconciliations of beginning and ending balances of pension assets (Except for the plans which apply the simplified method)

|  | Year ended March 31, |                |                            |
|--|----------------------|----------------|----------------------------|
|  | 2014                 | 2015           | 2015                       |
|  | (Unit: million yen)  |                | (Unit: million US dollars) |
| Beginning balance of pension assets.....     | 235,369              | 249,559        | 2,076                      |
| Expected return on assets.....               | 1,935                | 2,049          | 17                         |
| Accruals of actuarial gains and losses.....  | 12,949               | 45,024         | 374                        |
| Contributions from the employer.....         | 7,569                | 7,448          | 61                         |
| Payment of retirement benefits.....          | (8,265)              | (8,367)        | (69)                       |
| Increases due to new consolidation.....      | –                    | 23,865         | 198                        |
| <b>Ending balance of pension assets.....</b> | <b>249,559</b>       | <b>319,579</b> | <b>2,659</b>               |

##### (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                 | 2015       | 2015                       |
|   | (Unit: million yen)  |            | (Unit: million US dollars) |
| Beginning balance of the net defined benefit liabilities.....     | 302                  | 338        | 2                          |
| Retirement benefit expenses.....                                  | 104                  | 114        | 0                          |
| Payment of retirement benefits.....                               | (68)                 | (73)       | (0)                        |
| Increases due to new consolidation.....                           | –                    | 39         | 0                          |
| Others.....   | 0                    | 0          | 0                          |
| <b>Ending balance of the net defined benefit liabilities.....</b> | <b>338</b>           | <b>419</b> | <b>3</b>                   |

(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                 | 2015      | 2015                       |
|  | (Unit: million yen)  |           | (Unit: million US dollars) |
| Projected benefit obligation of funded plans .....                             | 349,797              | 387,074   | 3,221                      |
| Pension assets .....   | (249,559)            | (319,579) | (2,659)                    |
|  | 100,237              | 67,494    | 561                        |
| Projected benefit obligation of unfunded plans .....                           | 285,198              | 263,122   | 2,189                      |
| Net of assets and liabilities recorded in the consolidated balance sheet ..... | 385,436              | 330,616   | 2,751                      |
| Net defined benefit liabilities .....  | 385,436              | 331,322   | 2,757                      |
| Net defined benefit assets.....  | -                    | (705)     | (5)                        |
| Net of assets and liabilities recorded in the consolidated balance sheet ..... | 385,436              | 330,616   | 2,751                      |

(5) Amount of the components of retirement benefit expenses

|  | Year ended March 31, |         |                            |
|--|----------------------|---------|----------------------------|
|  | 2014                 | 2015    | 2015                       |
|  | (Unit: million yen)  |         | (Unit: million US dollars) |
| Service cost.....  | 24,559               | 25,013  | 208                        |
| Interest cost.....   | 10,740               | 10,469  | 87                         |
| Expected return on assets .....                                  | (1,935)              | (2,049) | (17)                       |
| Expense of actuarial (gains) losses .....                        | 1,404                | (1,315) | (10)                       |
| Expense of prior service cost.....                               | 2                    | -       | -                          |
| Retirement benefit expenses calculated in simplified method..... | 104                  | 114     | 0                          |
| Others.....  | 654                  | 501     | 4                          |
| Retirement benefit expenses of defined benefit plans.....        | 35,530               | 32,733  | 272                        |

(6) Remeasurements of defined benefit plans

Breakdown of items recorded in remeasurements of defined benefit plans (before applicable tax effect) is as follows:

|                               | Year ended March 31, |        |                            |
|-------------------------------|----------------------|--------|----------------------------|
|                               | 2014                 | 2015   | 2015                       |
|                               | (Unit: million yen)  |        | (Unit: million US dollars) |
| Actuarial gains (losses)..... | -                    | 51,547 | 428                        |
| Total.....                    | -                    | 51,547 | 428                        |

(7) 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                 | 2015     | 2015                       |
|  | (Unit: million yen)  |          | (Unit: million US dollars) |
| Unrecognized actuarial gains (losses)..... | (24,336)             | (75,883) | (631)                      |
| Total.....                                 | (24,336)             | (75,883) | (631)                      |

(8) Pension assets

a) The main components of the pension assets

Ratios of the major assets to the pension assets are as follows:

|                                      | Year ended March 31, |      |
|--------------------------------------|----------------------|------|
|                                      | 2014                 | 2015 |
| Stock .....                          | 58%                  | 61%  |
| Bond.....                            | 16%                  | 16%  |
| Life insurance general account ..... | 17%                  | 11%  |
| Others.....                          | 9%                   | 12%  |
| Total.....                           | 100%                 | 100% |

Note: The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2014 and 2015 were 51% and 52%, respectively.



b) The method of setting the expected long-term rate of return on pension assets

To determine the expected long-term rate of return on pension assets, the Company 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.

**(9) Basis of actuarial calculation**

Major assumptions of basis of actuarial calculation as of the fiscal year-end are as follows:

|   | Year ended March 31, |               |
|---|----------------------|---------------|
|   | 2014                 | 2015          |
| Discount rate .....                     | 1.1 or 1.7%          | 1.10 to 3.55% |
| Expected long-term rate of return       |                      |               |
| Defined benefit corporate pension ..... | 1.0 or 1.7%          | 1.00 or 1.70% |
| Employee pension trust .....            | 0.0%                 | 0.00%         |

**3. Defined contribution plans**

Required amount of contribution to defined contribution plans for the years ended March 31, 2014 and 2015 is ¥1,536 million and ¥1,644 million (US\$ 13 million), respectively.

## 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, 2014: ¥238 million

Operating expenses for the fiscal year ended March 31, 2015: ¥244 million (US\$ 2 million)

### 2. Details of the stock options granted for the fiscal year ended March 31, 2015

#### (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 <sup>(*)</sup> | 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<br>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<br>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<br>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. |

|                                       | 4th Series of Stock Acquisition Rights   |
|---------------------------------------|--|
| Granted persons                       | 11 directors (except outside directors) and 17 executive officers of DL  |
| Class and total number <sup>(*)</sup> | 179,000 shares of common stock   |
| Granted date                          | August 18, 2014  |
| Vesting conditions                    | The acquisition rights are vested on the above granted date.   |
| Service period covered                | N/A  |
| Exercise period                       | From August 19, 2014 to August 18, 2044<br>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, 2015 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<br>Stock Acquisition Rights | 2nd Series of<br>Stock Acquisition Rights | 3rd Series of<br>Stock Acquisition Rights |
|--|---|---|---|
| Before vesting                                 |   |   |   |
| Outstanding at the end<br>of prior fiscal year | -   | -   | -   |
| Granted  | -   | -   | -   |
| Forfeited                                      | -   | -   | -   |
| Vested   | -   | -   | -   |
| Outstanding at the end<br>of the fiscal year   | -   | -   | -   |
| After vesting                                  |   |   |   |
| Outstanding at the end<br>of prior fiscal year | 137,800                                   | 290,700                                   | 183,700                                   |
| Vested   | -   | -   | -   |
| Exercised                                      | 20,200                                    | 36,800                                    | 21,700                                    |
| Forfeited                                      | -   | -   | -   |
| Outstanding at the end<br>of the fiscal year   | 117,600                                   | 253,900                                   | 162,000                                   |

|  | 4th Series of<br>Stock Acquisition Rights |
|--|---|
| Before vesting                                 |   |
| Outstanding at the end<br>of prior fiscal year | -   |
| Granted  | 179,000                                   |
| Forfeited                                      | -   |
| Vested   | 179,000                                   |
| Outstanding at the end<br>of the fiscal year   | -   |
| After vesting                                  |   |
| Outstanding at the end<br>of prior fiscal year | -   |
| Vested   | 179,000                                   |
| Exercised                                      | -   |
| Forfeited                                      | -   |
| Outstanding at the end<br>of the fiscal year   | 179,000                                   |

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<br>Stock Acquisition Rights | 2nd Series of<br>Stock Acquisition Rights | 3rd Series of<br>Stock Acquisition Rights |
|--|---|---|---|
| Exercise price                                 | ¥1 per stock option                       | ¥1 per stock option                       | ¥1 per stock option                       |
| Average stock price at the<br>time of exercise | ¥1,499                                    | ¥1,499                                    | ¥1,499                                    |
| Fair value at the granted<br>date              | ¥885                                      | ¥766                                      | ¥1,300                                    |
|  | 4th Series of<br>Stock Acquisition Rights |   |   |
| Exercise price                                 | ¥1 per stock option                       |   |   |
| Average stock price at the<br>time of exercise | -   |   |   |
| Fair value at the granted<br>date              | ¥1,366                                    |   |   |

Note: 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, 2015 were valued as follows:

(1) Valuation method

Black-Scholes Model

(2) Assumptions

|  | 4th Series of Stock Acquisition Rights |
|--|--|
| Expected volatility <sup>(1)</sup>     | 37.409%                                |
| Expected durations <sup>(2)</sup>      | 3 years                                |
| Expected dividends <sup>(3)</sup>      | ¥25                                    |
| Risk-free interest rate <sup>(4)</sup> | 0.091%                                 |

<sup>(1)</sup> Computed based on the closing prices of common stock in each trading day from August 16, 2011 to August 15, 2014.

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

<sup>(3)</sup> Computed based on the expected dividend for the fiscal year ended March 31, 2015.

<sup>(4)</sup> 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,     |             |                            |
|--|---------------------|-------------|----------------------------|
|  | 2014                | 2015        | 2015                       |
|  | (Unit: million yen) |             | (Unit: million US dollars) |
| Deferred tax assets:                                       |                     |             |                            |
| Policy reserves and others.....                            | 443,531             | 466,068     | 3,878                      |
| Net defined benefits liabilities.....                      | 144,801             | 140,018     | 1,165                      |
| Other assets.....  | -                   | 40,375      | 335                        |
| Reserve for price fluctuations.....                        | 36,255              | 39,189      | 326                        |
| Tax losses carried forward.....                            | 13,389              | 17,307      | 144                        |
| Others.....  | 63,631              | 80,919      | 673                        |
| Subtotal.....  | 701,608             | 783,879     | 6,523                      |
| Valuation allowances.....                                  | (76,227)            | (77,032)    | (641)                      |
| Total.....   | 625,381             | 706,847     | 5,882                      |
| Deferred tax liabilities:                                  |                     |             |                            |
| Net unrealized gains on securities, net of tax.....        | (579,931)           | (1,008,675) | (8,393)                    |
| Evaluation difference related to business combination..... | -                   | (202,684)   | (1,686)                    |
| Other intangible fixed assets.....                         | (13,623)            | (94,862)    | (789)                      |
| Reserve for tax basis adjustments of real estate.....      | (10,416)            | (10,042)    | (83)                       |
| Others.....  | (30,784)            | (32,600)    | (271)                      |
| Total.....   | (634,755)           | (1,348,865) | (11,224)                   |
| Net deferred tax assets (liabilities).....                 | (9,374)             | (642,018)   | (5,342)                    |

### 2. The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes

|   | As of March 31, |         |
|---|-----------------|---------|
|   | 2014            | 2015    |
| Statutory tax rate.....   | 33.23%          | 30.68%  |
| (Adjustments)   |                 |         |
| Decrease in deferred tax assets in relation to change in tax rates..... | 3.40%           | 14.60%  |
| Increase in valuation allowances.....                                   | 5.39%           | 2.45%   |
| Others.....   | 6.10%           | (0.80%) |
| Actual effective tax rate after considering deferred taxes.....         | 48.13%          | 46.93%  |

### 3. Adjustment of deferred tax assets and liabilities due to changes in effective statutory tax rate

Following the promulgation of the "Act on the Partial Revision of the Income Tax Act, etc." (Act No.9 of 2015) effective the fiscal year starting from April 1, 2015, effective statutory tax rate used for calculation of deferred tax assets and liabilities as of March 31, 2015 was changed from 30.68% to 28.76%.

As a result, deferred tax assets and liabilities decreased by ¥69 million (US\$ 0 million) and ¥32,366 million (US\$ 269 million), respectively, and corporate income taxes-deferred increased by ¥39,189 million (US\$ 326 million) as of and for the fiscal year ended March 31, 2105.



## XVI. Consolidation as a Result of Acquisition

### 1. Neo First Life

#### (1) Overview of business combination

- i) Name and business of the acquired company
- Company name: The Neo First Life Insurance Company, Limited (\*)
  - Business: Life insurance business
- ii) Purpose of the acquisition  
Through the acquisition of Neo First Life, the Parent Company aims to offer a new brand of insurance products through a network of agents in consideration of the diversification of the customers' needs in order to develop a new market.
- iii) Date of business combination  
August 1, 2014
- iv) Legal form of business combination  
Purchase of shares of DIY Life for cash
- v) Name of the acquired company after business combination  
The Neo First Life Insurance Company, Limited\*
- vi) The Parent Company's percentage of shareholdings after completion of the transaction
- Share of existing voting rights before the date of business combination: 10%
  - Share of additional voting rights acquired on the date of business combination: 90%
  - Share of voting rights after completion of the transaction: 100%
- vii) Controlling company  
The Parent Company holds more than a 50% stake in DIY Life and, therefore, the Parent Company controls the decision-making body of DIY Life.  
\* Sompo Japan DIY Life Insurance Co., Ltd. changed its name to Neo First Life on November 25, 2014.

#### (2) Accounting period for which earnings of the acquired company were included in the consolidated statement of earnings

From July 1, 2014 to March 31, 2015.

#### (3) Acquisition cost and breakdown

|  | (Unit: million yen) | (Unit: million US dollars) |
|--|---------------------|----------------------------|
| Acquisition price:   |                     |                            |
| Fair value of existing shares before the date of business combination .....        | 600                 | 4                          |
| Fair value of additional shares acquired on the date of business combination ..... | 5,400               | 44                         |
| Other direct costs:  |                     |                            |
| Fee to outside advisors, etc. ....   | 35                  | 0                          |
| <b>Total acquisition cost.....</b>   | <b>6,035</b>        | <b>50</b>                  |

#### (4) Difference between revalued acquisition price and the sum of actual costs associated with step acquisitions ¥273 million (US\$2 million)

#### (5) Goodwill

- i) Amount of goodwill  
¥2,038 million (US\$16 million)
- ii) Reason to recognize goodwill  
The acquisition cost, which was calculated by taking into account projections of the acquiree's future profit as of the valuation date, exceeded the net amounts of assets acquired and liabilities assumed.
- iii) Amortization methods and amortization period  
Amortized at one time

#### (6) Details of assets acquired and liabilities assumed at the date of business combination

|  | (Unit: million yen) | (Unit: million US dollars) |
|--|---------------------|----------------------------|
| Total assets.....  | 5,111               | 42                         |
| Securities included in the above "Total assets" .....                    | 2,881               | 23                         |
| Total liabilities .....  | 1,114               | 9                          |
| Policy reserves and others included in the above "Total liabilities" ... | 928                 | 7                          |

## 2 Protective Life Corporation

### (1) Overview of business combination

i) Name and business of the acquired company

- Company name: Protective Life Corporation
- Business: Insurance and insurance related business (\*)

(\*) Protective Life Corporation is a holding company and its subsidiaries operate insurance business, etc.

ii) Purpose of the acquisition

The Group aims to accelerate globalization of its business by acquiring a business foundation in the U.S., the largest life insurance market in the world, to enhance its corporate value and profit base, and achieve geographical diversification.

iii) Date of business combination

February 1, 2015

iv) Legal form of business combination

The acquisition has been executed by merging Protective Life Corporation and DL Investment (Delaware), Inc., a 100% owned subsidiary of the Parent Company established in the United States solely for the purpose of the acquisition process.

This is a common method used for acquisitions in the United States and is called reverse triangular merger.

v) Name of the acquired company after business combination

Protective Life Corporation

vi) The Parent Company's percentage of shareholdings after completion of the transaction

100%

vii) Controlling company

The Parent Company holds more than a 50% stake in Protective Life Corporation and, therefore, the Parent Company controls the decision-making body of Protective Life Corporation.

### (2) Accounting period for which earnings of the acquired company were included in the consolidated statement of earnings

As the Parent Company used the financial statements as of the date of business combination, the earnings of the acquired company were not included in the consolidated statement of earnings.

### (3) Acquisition cost and breakdown

|                                    | (Unit: million yen) | (Unit: million US dollars) |
|------------------------------------|---------------------|----------------------------|
| Acquisition price:                 |                     |                            |
| Consideration paid in cash.....    | 575,008             | 4,784                      |
| Other direct costs:                |                     |                            |
| Fee to outside advisors, etc. .... | 3,322               | 27                         |
| <b>Total acquisition cost.....</b> | <b>578,331</b>      | <b>4,812</b>               |

### (4) Goodwill

i) Amount of goodwill

¥8,561 million (US\$71 million)

ii) Reason to recognize goodwill

The acquisition cost, which was calculated by taking into account projections of the acquiree's future profit as of the valuation date, exceeded the net amounts of assets acquired and liabilities assumed.

iii) Amortization methods and amortization period

Amortized over a period of 20 years under the straight-line method.

### (5) Details of assets acquired and liabilities assumed at the date of business combination

|  | (Unit: million yen) | (Unit: million US dollars) |
|--|---------------------|----------------------------|
| Total assets.....  | 8,304,813           | 69,108                     |
| Securities included in the above "Total assets" .....                    | 6,301,208           | 52,435                     |
| Total liabilities .....  | 7,735,044           | 64,367                     |
| Policy reserves and others included in the above "Total liabilities" ... | 6,958,358           | 57,904                     |

### (6) Allocation of the acquisition cost

Since the Parent Company has not yet completed the allocation of acquisition cost, a tentative accounting procedure is made, based on the information reasonably available at that time.

(7) Estimated impact on consolidated financial results if the business combination had been completed at the beginning of the fiscal year ended March 31, 2015.

|                           |                                      |
|---------------------------|--------------------------------------|
| Ordinary Revenues         | ¥530,850 million (US\$4,417 million) |
| Ordinary Profit           | ¥69,887 million (US\$581 million)    |
| Net income for the period | ¥45,968 million (US\$382 million)    |

(Calculation method of the estimated amount)

The ordinary revenues, ordinary profit and net income information above are calculated based on the figures from Form 10-K, which Protective Life Corporation submitted to the SEC for the fiscal year ended December 31, 2014. The amortization of goodwill is calculated as if the amount of goodwill as of the date of business combination was recognized at the beginning of the fiscal year ended March 31, 2015. These amount do not represent the actual figures, which were calculated assuming that the business combination was completed at the beginning of the fiscal year ended March 31, 2015. Please note that this note is unaudited.

## XVII. 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, |       |                            |
|--------------------------------|----------------------|-------|----------------------------|
|                                | 2014                 | 2015  | 2015                       |
|                                | (Unit: million yen)  |       | (Unit: million US dollars) |
| Beginning balance.....         | 2,855                | 2,831 | 23                         |
| Time progress adjustments..... | 41                   | 40    | 0                          |
| Others.....                    | (65)                 | (82)  | (0)                        |
| Ending balance.....            | 2,831                | 2,789 | 23                         |

## XVIII. 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, 2014 and 2015 were ¥26,116 million and ¥27,342 million (US\$227 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded impairment loss on rental real estate as extraordinary losses for the fiscal years ended March 31, 2014 and 2015 were ¥19,196 million and ¥4,585 million (US\$38 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, |         |                            |
|-----------------------------|----------------------|---------|----------------------------|
|                             | 2014                 | 2015    | 2015                       |
|                             | (Unit: million yen)  |         | (Unit: million US dollars) |
| Carrying amount:            |                      |         |                            |
| Beginning balance.....      | 814,007              | 803,093 | 6,682                      |
| Net change during year..... | (10,914)             | 615     | 5                          |
| Ending balance.....         | 803,093              | 803,708 | 6,688                      |
| Market value.....           | 792,311              | 823,457 | 6,852                      |

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 ¥40,155 million, sale of the real estate for ¥21,790 million, impairment loss for ¥19,196 million, depreciation expense of ¥14,184 million, during the year ended March 31, 2014, and cost of acquisition of the real estate for ¥22,408 million (US\$186 million), depreciation expense of ¥14,620 million (US\$121 million), impairment loss for ¥4,585 million (US\$38 million) and sale of the real estate for ¥3,484 million (US\$28 million) during the year ended March 31, 2015.  
3. DL calculates the market value of the majority of the real estate based on real estate appraisal standards by an independent appraiser, and others based on the internal but reasonable estimates.

## **XIX. SEGMENT INFORMATION AND OTHERS**

### **1. Segment Information**

For the years ended March 31, 2014 and 2015

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, 2014 and 2015

#### **(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, 2014 and 2015

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, 2014 and 2015

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, 2014 and 2015

Not applicable

### **6. Related Party Transactions**

For the years ended March 31, 2014 and 2015

There are no significant transactions to be disclosed.

## XX. PER SHARE INFORMATION

|                                    | As of / Year ended March 31, |             |                    |
|------------------------------------|------------------------------|-------------|--------------------|
|                                    | 2014                         | 2015        | 2015               |
|                                    |                              | (Unit: yen) | (Unit: US dollars) |
| Net assets per share .....         | 1,962.05                     | 3,012.46    | 25.06              |
| Net income per share .....         | 78.58                        | 124.94      | 1.03               |
| Diluted net income per share ..... | 78.54                        | 124.87      | 1.03               |

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.  
 2. The Company applied the accounting standard for retirement benefits, etc., and followed the handling transitional provisions of paragraph 37 of the accounting standard for retirement benefits as described in the "Changes in Accounting Policies." As a result, net assets per share for the fiscal year ended March 31, 2015 increased by ¥9.29 (US\$0.07).  
 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,  |                       |                            |
|---|-----------------------|-----------------------|----------------------------|
|   | 2014                  | 2015                  | 2015                       |
|   |                       | (Unit: million yen)   | (Unit: million US dollars) |
| Net income per share  |                       |                       |                            |
| Net income .....  | 77,931                | 142,476               | 1,185                      |
| Net income attributable to other than shareholders of common stock.....   | -                     | -                     | -                          |
| Net income attributable to shareholders of common stock .....   | 77,931                | 142,476               | 1,185                      |
| Average number of outstanding common stock <sup>(*)</sup> .....   | 991,732               | 1,140,358             | 1,140,358                  |
|   | thousand shares       | thousand shares       | thousand shares            |
| Diluted net income per share  |                       |                       |                            |
| Adjustments to net income.....  | -                     | -                     | -                          |
| Increase in the number of common stock.....   | 554 thousand shares   | 665 thousand shares   | 665 thousand shares        |
| [Increase in the number of common stock attributable to subscription rights to shares] .....  | [554 thousand shares] | [665 thousand shares] | [665 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 outstanding common stock" 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, |                     |                            |
|---|-----------------|---------------------|----------------------------|
|   | 2014            | 2015                | 2015                       |
|   |                 | (Unit: million yen) | (Unit: million US dollars) |
| Net assets .....  | 1,947,613       | 3,589,927           | 29,873                     |
| Adjustments .....                                       | 639             | 821                 | 6                          |
| Subscription rights to shares.....                      | (583)           | (753)               | (6)                        |
| Minority interests .....                                | (55)            | (67)                | (0)                        |
| Net assets attributable to common stock.....            | 1,946,974       | 3,589,106           | 29,866                     |
| Number of outstanding common stock <sup>(*)</sup> ..... | 992,316         | 1,191,420           | 1,191,420                  |
|   | thousand shares | thousand shares     | thousand shares            |

(\*) "Number of outstanding common stock" in the above table excludes shares held by the J-ESOP or the E-Ship®.



## XXI. SUBSEQUENT EVENTS

1. The board of directors of DL adopted a plan to shift to a holding company structure in the form of a corporate split (the "Transition") in October 2016 at the board meeting held on May 15, 2015. The Transition is subject to the approvals of: (i) the annual general meeting of shareholders to be held in late June 2016; and (ii) regulatory authorities.

### (1) Background and objectives

The Company has been implementing its growth strategies to enhance its share in the domestic life insurance market as well as taking actions to develop its business in the overseas insurance markets for increase in profit contribution. To pursue these objectives, the Company established "Group Management Headquarters" to further enhance its group management on May 15, 2012. With the Transition occurring during the period of the medium-term management plan 'D-Ambitious' covering fiscal years 2015 to 2017, the Company intends to take further initiatives for sustainable growth at an accelerated pace through: (i) realizing flexible resource allocation within the Group; (ii) establishing a governance structure that contributes to swift decision-making for each group company; and (iii) implementing fundamental reforms of the group management.

### (2) Plan of the Transition

Through the proposed corporate split, the Company will be the splitting company which will transfer its domestic life insurance business to a wholly-owned subsidiary. The Company, as a holding company, will remain a publicly listed company.

### (3) Provisional schedule

|                |  |
|----------------|--|
| Late June 2016 | Approval of the annual general meeting of shareholders |
| October 2016   | Shift to a holding company structure                   |

2. The board of directors of DL resolved at its meeting held on May 15, 2015 to repurchase the Company's shares under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the Act, as follows.

### (1) Reason for the Repurchase of the Company's shares

To enhance shareholder return through the implementation of a flexible capital policy and the improvement of capital efficiency.

### (2) Details of the Repurchase

- a) Class of shares to be repurchased: Shares of common stock
- b) Aggregate number of shares to be repurchased: Up to 10,000,000 shares
- c) Aggregate price of shares to be repurchased: Up to 15.0 billion yen
- d) Period of repurchase of shares: From May 18, 2015 to July 27, 2015
- e) Method of repurchase of shares: Open-market repurchase by the trust method

### (3) Conclusion of the repurchase

- a) Aggregate number of shares repurchased: 6,878,300 shares
- b) Aggregate purchase price of the shares: 14,999 million yen

Period in which repurchases were made: From May 18, 2015 to June 1, 2015

## (Unaudited) QUARTERLY INFORMATION

|  | Three months ended June 30, 2014 | Six months ended September 30, 2014 | Nine months ended December 31, 2014 | Year ended March 31, 2015 |
|--|----------------------------------|-------------------------------------|-------------------------------------|---------------------------|
| Ordinary revenues (million yen)  | 1,654,031                        | 3,462,742                           | 5,349,902                           | 7,252,242                 |
| Income (loss) before income taxes and minority interests (million yen) | 99,608                           | 175,822                             | 191,519                             | 268,502                   |
| Net income (loss) (million yen)  | 68,471                           | 123,362                             | 131,710                             | 142,476                   |
| Net income (loss) per share (yen)                                      | 68.99                            | 113.23                              | 117.25                              | 124.94                    |

|                                   | Three months ended June 30, 2014 | Three months ended September 30, 2014 | Three months ended December 31, 2014 | Three months ended March 31, 2015 |
|-----------------------------------|----------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|
| Net income (loss) per share (yen) | 68.99                            | 46.26                                 | 7.01                                 | 9.04                              |

|   | Three months ended June 30, 2014 | Six months ended September 30, 2014 | Nine months ended December 31, 2014 | Year ended March 31, 2015 |
|---|----------------------------------|-------------------------------------|-------------------------------------|---------------------------|
| Ordinary revenues (million US dollars)  | 13,764                           | 28,815                              | 44,519                              | 60,349                    |
| Income (loss) before income taxes and minority interests (million US dollars) | 828                              | 1,463                               | 1,593                               | 2,234                     |
| Net income (loss) (million US dollars)  | 569                              | 1,026                               | 1,096                               | 1,185                     |
| Net income (loss) per share (US dollars)                                      | 0.57                             | 0.94                                | 0.97                                | 1.03                      |

|  | Three months ended June 30, 2014 | Three months ended September 30, 2014 | Three months ended December 31, 2014 | Three months ended March 31, 2015 |
|--|----------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|
| Net income (loss) per share (US dollars) | 0.57                             | 0.38                                  | 0.05                                 | 0.07                              |

# Independent Auditor's Report



Ernst & Young ShinNihon LLC  
Hibiya Kokusai Bldg.  
2-2-3 Uchisaiwai-cho, Chiyoda-ku  
Tokyo, Japan 100-0011

Tel: +81 3 3503 1100  
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 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, 2015, and the consolidated statements of earnings, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Dai-ichi Life Insurance Company, Limited and its consolidated subsidiaries as of March 31, 2015, 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 23, 2015

## Non-Consolidated Balance Sheet

|   | (Unit: million yen) |                   | (Unit: million US dollars) |
|---|---------------------|-------------------|----------------------------|
|   | As of March 31,     |                   |                            |
|   | 2014                | 2015              | 2015                       |
| <b>(ASSETS)</b>   |                     |                   |                            |
| Cash and deposits .....                                     | 573,973             | 663,427           | 5,520                      |
| Cash .....  | 220                 | 217               | 1                          |
| Bank deposits .....   | 573,752             | 663,209           | 5,518                      |
| Call loans .....  | 334,500             | 355,300           | 2,956                      |
| Monetary claims bought .....                                | 275,818             | 259,735           | 2,161                      |
| Money held in trust .....                                   | 34,699              | 36,122            | 300                        |
| Securities .....  | 28,005,170          | 30,673,366        | 255,249                    |
| Government bonds .....                                      | 14,169,860          | 14,531,309        | 120,922                    |
| Local government bonds .....                                | 235,000             | 135,572           | 1,128                      |
| Corporate bonds .....                                       | 2,044,589           | 1,675,152         | 13,939                     |
| Stocks .....  | 3,136,437           | 4,007,030         | 33,344                     |
| Foreign securities .....                                    | 7,938,499           | 9,799,414         | 81,546                     |
| Other securities .....                                      | 480,783             | 524,887           | 4,367                      |
| Loans .....   | 3,023,173           | 3,029,295         | 25,208                     |
| Policy loans .....  | 452,938             | 428,555           | 3,566                      |
| Ordinary loans .....  | 2,570,235           | 2,600,740         | 21,642                     |
| Tangible fixed assets .....                                 | 1,215,576           | 1,203,289         | 10,013                     |
| Land .....  | 796,436             | 801,088           | 6,666                      |
| Buildings .....   | 408,390             | 394,089           | 3,279                      |
| Leased assets .....   | 6,133               | 4,658             | 38                         |
| Construction in progress .....                              | 1,349               | 850               | 7                          |
| Other tangible fixed assets .....                           | 3,266               | 2,602             | 21                         |
| Intangible fixed assets .....                               | 88,549              | 83,719            | 696                        |
| Software .....  | 65,824              | 61,602            | 512                        |
| Other intangible fixed assets .....                         | 22,725              | 22,116            | 184                        |
| Reinsurance receivable .....                                | 11,046              | 7,916             | 65                         |
| Other assets .....  | 369,894             | 427,053           | 3,553                      |
| Accounts receivable .....                                   | 88,330              | 58,176            | 484                        |
| Prepaid expenses .....                                      | 13,425              | 13,009            | 108                        |
| Accrued revenue .....                                       | 140,570             | 156,983           | 1,306                      |
| Deposits .....  | 52,276              | 42,217            | 351                        |
| Margin money for futures trading .....                      | 33,596              | 56,390            | 469                        |
| Differential account for futures trading .....              | 2                   | -                 | -                          |
| Derivatives .....   | 19,128              | 82,448            | 686                        |
| Suspense payment .....                                      | 13,713              | 6,172             | 51                         |
| Other assets .....  | 8,850               | 11,655            | 96                         |
| Deferred tax assets .....                                   | 11,163              | -                 | -                          |
| Customers' liabilities for acceptances and guarantees ..... | 88,225              | 91,648            | 762                        |
| Reserve for possible loan losses .....                      | (2,753)             | (2,105)           | (17)                       |
| Reserve for possible investment losses .....                | (215)               | -                 | -                          |
| Total assets .....  | <b>34,028,823</b>   | <b>36,828,768</b> | <b>306,472</b>             |

## Non-Consolidated Balance Sheet (Continued)

|  | (Unit: million yen) |                   | (Unit: million<br>US dollars) |
|--|---------------------|-------------------|-------------------------------|
|  | As of March 31,     |                   |                               |
|  | 2014                | 2015              | 2015                          |
| <b>(LIABILITIES)</b>   |                     |                   |                               |
| Policy reserves and others .....   | 29,744,001          | 30,449,617        | 253,387                       |
| Reserves for outstanding claims .....  | 150,709             | 203,076           | 1,689                         |
| Policy reserves .....  | 29,199,269          | 29,840,974        | 248,322                       |
| Reserve for policyholder dividends .....   | 394,022             | 405,566           | 3,374                         |
| Reinsurance payable .....  | 657                 | 609               | 5                             |
| Subordinated bonds .....   | 107,562             | 215,727           | 1,795                         |
| Other liabilities .....  | 1,498,375           | 1,496,483         | 12,453                        |
| Collateral for securities lending transactions .....   | 773,937             | 731,505           | 6,087                         |
| Long-term debt and other borrowings .....  | 327,060             | 325,198           | 2,706                         |
| Corporate income tax payable .....   | 63,523              | 52,296            | 435                           |
| Accounts payable .....   | 117,445             | 83,212            | 692                           |
| Accrued expenses .....   | 45,760              | 51,619            | 429                           |
| Unearned revenue .....   | 743                 | 785               | 6                             |
| Deposits received .....  | 53,445              | 53,105            | 441                           |
| Guarantee deposits received .....  | 33,396              | 51,008            | 424                           |
| Differential account for futures trading .....   | -                   | 17                | 0                             |
| Derivatives .....  | 68,662              | 124,556           | 1,036                         |
| Lease liabilities .....  | 6,018               | 4,552             | 37                            |
| Asset retirement obligations .....   | 2,831               | 2,789             | 23                            |
| Suspense receipt .....   | 5,473               | 15,345            | 127                           |
| Other liabilities .....  | 76                  | 490               | 4                             |
| Reserve for employees' retirement benefits .....   | 407,170             | 389,480           | 3,241                         |
| Reserve for retirement benefits of directors, executive officers<br>and corporate auditors ..... | 2,141               | 1,990             | 16                            |
| Reserve for possible reimbursement of prescribed claims .....                                    | 800                 | 700               | 5                             |
| Reserves under the special laws .....  | 116,453             | 132,453           | 1,102                         |
| Reserve for price fluctuations .....   | 116,453             | 132,453           | 1,102                         |
| Deferred tax liabilities .....   | -                   | 413,815           | 3,443                         |
| Deferred tax liabilities for land revaluation .....  | 91,595              | 84,908            | 706                           |
| Acceptances and guarantees .....   | 88,225              | 91,648            | 762                           |
| Total liabilities .....  | <b>32,056,983</b>   | <b>33,277,434</b> | <b>276,919</b>                |
| <b>(NET ASSETS)</b>  |                     |                   |                               |
| Capital stock .....  | 210,224             | 343,104           | 2,855                         |
| Capital surplus .....  | 210,262             | 343,255           | 2,856                         |
| Legal capital surplus .....  | 210,224             | 343,104           | 2,855                         |
| Other capital surplus .....  | 37                  | 151               | 1                             |
| Retained earnings .....  | 287,286             | 430,738           | 3,584                         |
| Legal retained earnings .....  | 5,600               | 5,600             | 46                            |
| Other retained earnings .....  | 281,686             | 425,138           | 3,537                         |
| Fund for risk allowance .....  | 43,120              | 43,120            | 358                           |
| Fund for price fluctuation allowance .....   | 65,000              | 65,000            | 540                           |
| Reserve for tax basis adjustments of real estate .....   | 23,534              | 24,875            | 206                           |
| Retained earnings brought forward .....  | 150,031             | 292,143           | 2,431                         |
| Treasury stock .....   | (11,500)            | (9,723)           | (80)                          |
| Total shareholders' equity .....   | 696,272             | 1,107,375         | 9,215                         |
| Net unrealized gains (losses) on securities, net of tax .....                                    | 1,315,890           | 2,488,665         | 20,709                        |
| Deferred hedge gains (losses) .....  | (2,586)             | (12,036)          | (100)                         |
| Reserve for land revaluation .....   | (38,320)            | (33,424)          | (278)                         |
| Total of valuation and translation adjustments .....   | 1,274,983           | 2,443,204         | 20,331                        |
| Subscription rights to shares .....  | 583                 | 753               | 6                             |
| Total net assets .....   | <b>1,971,839</b>    | <b>3,551,333</b>  | <b>29,552</b>                 |
| Total liabilities and net assets .....   | <b>34,028,823</b>   | <b>36,828,768</b> | <b>306,472</b>                |



## Non-Consolidated Statement of Earnings

|  | (Unit: million yen)  |           | (Unit: million<br>US dollars) |
|--|----------------------|-----------|-------------------------------|
|  | Year ended March 31, |           |                               |
|  | 2014                 | 2015      | 2015                          |
| Ordinary revenues .....                                      | 4,384,670            | 4,798,467 | 39,930                        |
| Premium and other income .....                               | 2,868,061            | 3,266,361 | 27,181                        |
| Premium income .....   | 2,867,246            | 3,265,798 | 27,176                        |
| Reinsurance income .....                                     | 815                  | 563       | 4                             |
| Investment income .....                                      | 1,161,432            | 1,174,430 | 9,773                         |
| Interest and dividends .....                                 | 775,206              | 802,330   | 6,676                         |
| Interest from bank deposits .....                            | 7,422                | 11,973    | 99                            |
| Interest and dividends from securities .....                 | 620,515              | 645,467   | 5,371                         |
| Interest from loans .....                                    | 72,669               | 66,896    | 556                           |
| Rental income .....  | 66,327               | 68,030    | 566                           |
| Other interest and dividends .....                           | 8,271                | 9,962     | 82                            |
| Gains on money held in trust .....                           | 5,821                | 7,668     | 63                            |
| Gains on sale of securities .....                            | 202,364              | 146,542   | 1,219                         |
| Gains on redemption of securities .....                      | 25,127               | 23,906    | 198                           |
| Derivative transaction gains .....                           | -                    | 9,411     | 78                            |
| Reversal of reserve for possible loan losses .....           | 1,334                | 468       | 3                             |
| Reversal of reserve for possible investment losses .....     | -                    | 214       | 1                             |
| Other investment income .....                                | 2,568                | 623       | 5                             |
| Gains on investments in separate accounts .....              | 149,010              | 183,263   | 1,525                         |
| Other ordinary revenues .....                                | 355,176              | 357,675   | 2,976                         |
| Fund receipt for annuity rider of group insurance .....      | 768                  | 674       | 5                             |
| Fund receipt for claim deposit payment .....                 | 298,358              | 323,932   | 2,695                         |
| Reversal of reserve for employees' retirement benefits ..... | 30,998               | 3,287     | 27                            |
| Other ordinary revenues .....                                | 25,051               | 29,781    | 247                           |
| Ordinary expenses .....                                      | 4,077,058            | 4,389,702 | 36,529                        |
| Benefits and claims .....                                    | 2,439,165            | 2,718,186 | 22,619                        |
| Claims .....   | 715,702              | 749,138   | 6,233                         |
| Annuities .....  | 574,517              | 629,874   | 5,241                         |
| Benefits .....   | 453,389              | 412,439   | 3,432                         |
| Surrender values .....                                       | 525,941              | 532,807   | 4,433                         |
| Other refunds .....  | 168,288              | 392,652   | 3,267                         |
| Ceding reinsurance commissions .....                         | 1,325                | 1,272     | 10                            |
| Provision for policy reserves and others .....               | 583,309              | 702,820   | 5,848                         |
| Provision for reserves for outstanding claims .....          | 12,138               | 52,367    | 435                           |
| Provision for policy reserves .....                          | 562,223              | 641,704   | 5,339                         |
| Provision for interest on policyholder dividends .....       | 8,946                | 8,748     | 72                            |
| Investment expenses .....                                    | 213,928              | 131,253   | 1,092                         |
| Interest expenses .....                                      | 19,041               | 16,024    | 133                           |
| Losses on sale of securities .....                           | 67,303               | 24,412    | 203                           |
| Losses on valuation of securities .....                      | 1,401                | 469       | 3                             |
| Losses on redemption of securities .....                     | 3,050                | 305       | 2                             |
| Derivative transaction losses .....                          | 49,146               | -         | -                             |
| Foreign exchange losses .....                                | 19,915               | 38,047    | 316                           |
| Provision for reserve for possible investment losses .....   | 215                  | -         | -                             |
| Write-down of loans .....                                    | 31                   | 43        | 0                             |
| Depreciation of real estate for rent and others .....        | 14,198               | 14,633    | 121                           |
| Other investment expenses .....                              | 39,623               | 37,317    | 310                           |
| Operating expenses .....                                     | 410,515              | 398,588   | 3,316                         |
| Other ordinary expenses .....                                | 430,140              | 438,854   | 3,651                         |
| Claim deposit payments .....                                 | 331,778              | 365,251   | 3,039                         |
| National and local taxes .....                               | 22,260               | 28,611    | 238                           |
| Depreciation .....   | 36,028               | 35,210    | 293                           |
| Other ordinary expenses .....                                | 40,071               | 9,781     | 81                            |
| Ordinary profit .....  | 307,612              | 408,764   | 3,401                         |

## Non-Consolidated Statement of Earnings (Continued)

|  | (Unit: million yen)  |         | (Unit: million<br>US dollars) |
|--|----------------------|---------|-------------------------------|
|  | Year ended March 31, |         |                               |
|  | 2014                 | 2015    | 2015                          |
| Extraordinary gains.....                               | 3,618                | 3,029   | 25                            |
| Gains on disposal of fixed assets .....                | 3,618                | 3,029   | 25                            |
| Extraordinary losses .....                             | 66,415               | 27,252  | 226                           |
| Losses on disposal of fixed assets .....               | 13,870               | 5,279   | 43                            |
| Impairment losses on fixed assets.....                 | 23,890               | 5,472   | 45                            |
| Provision for reserve for price fluctuations.....      | 28,000               | 16,000  | 133                           |
| Other extraordinary losses .....                       | 654                  | 501     | 4                             |
| Provision for reserve for policyholder dividends ..... | 94,000               | 112,200 | 933                           |
| Income before income taxes .....                       | 150,815              | 272,341 | 2,266                         |
| Corporate income taxes-current .....                   | 112,720              | 119,336 | 993                           |
| Corporate income taxes-deferred .....                  | (47,449)             | 808     | 6                             |
| Total of corporate income taxes.....                   | 65,270               | 120,145 | 999                           |
| Net income for the year.....                           | 85,544               | 152,196 | 1,266                         |

# Non-Consolidated Statement of Changes in Net Assets

(Unit: million yen)

| Year ended March 31, 2014  | Shareholders' equity |                       |                       |                       | Retained earnings<br>Legal retained earnings |
|--|----------------------|-----------------------|-----------------------|-----------------------|--|
|  | Capital stock        | Capital surplus       |                       | Total capital surplus |  |
|  |                      | Legal capital surplus | Other capital surplus |                       |  |
| Balance at the beginning of the year.....  | 210,207              | 210,207               | -                     | 210,207               | 5,600  |
| Cumulative effect of changes in accounting policies .....  |                      |                       |                       |                       | -  |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 210,207              | 210,207               | -                     | 210,207               | 5,600  |
| Changes for the year   |                      |                       |                       |                       |  |
| Issuance of new shares .....   |                      |                       |                       |                       | -  |
| 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                    |  |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....     |                      |                       |                       |                       | -  |
| 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                 |  |        |                         |                                   | Total retained earnings |
|--|--------------------------------------|--|--------|-------------------------|-----------------------------------|-------------------------|
|  | Retained earnings                    |  |        |                         | Retained earnings brought forward |                         |
|  | Other retained earnings              |  |        | Fund for risk allowance |                                   |                         |
|  | Fund for price fluctuation allowance | Reserve for tax basis adjustments of real estate |        |                         |                                   |                         |
| Balance at the beginning of the year.....  | 43,120                               | 65,000   | 20,838 | 81,982                  | 216,541                           |                         |
| Cumulative effect of changes in accounting policies .....  |                                      |  |        |                         | -                                 |                         |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 43,120                               | 65,000   | 20,838 | 81,982                  | 216,541                           |                         |
| Changes for the year   |                                      |  |        |                         |                                   |                         |
| Issuance of new shares .....   |                                      |  |        |                         | -                                 |                         |
| 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 .....   |                                      |  |        |                         | -                                 |                         |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....     |                                      |  |        |                         | -                                 |                         |
| 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)                       |
| Cumulative effect of changes in accounting policies .....  |                      |                            |   |                               |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | (13,431)             | 623,524                    | 1,092,583   | (1,801)                       |
| Changes for the year   |                      |                            |   |                               |
| Issuance of new shares .....   |                      |                            |   |                               |
| 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                      |   |                               |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....     |                      |                            |   |                               |
| 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)                       |

## Non-Consolidated Statement of Changes in Net Assets (Continued)

(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        |
| Cumulative effect of changes in accounting policies .....  |                                       |  |                               | -                |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | (36,995)                              | 1,053,786                                      | 379                           | 1,677,691        |
| Changes for the year   |                                       |  |                               |                  |
| Issuance of new shares .....   |                                       |  |                               | -                |
| 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            |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....     |                                       |  |                               | -                |
| 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        |

(Unit: million yen)

Year ended March 31, 2015

|  | Shareholders' equity |                       |                         |                       | Retained earnings |
|--|----------------------|-----------------------|-------------------------|-----------------------|-------------------|
|  | Capital stock        | Capital surplus       |                         | Total capital surplus |                   |
| Legal capital surplus  |                      | Other capital surplus | Legal retained earnings |                       |                   |
| Balance at the beginning of the year.....  | 210,224              | 210,224               | 37                      | 210,262               | 5,600             |
| Cumulative effect of changes in accounting policies .....  |                      |                       |                         | -                     |                   |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 210,224              | 210,224               | 37                      | 210,262               | 5,600             |
| Changes for the year   |                      |                       |                         |                       |                   |
| Issuance of new shares .....   | 132,842              | 132,842               |                         | 132,842               |                   |
| Issuance of new shares - exercise of subscription rights to shares.....                                  | 37                   | 37                    |                         | 37                    |                   |
| Dividends .....  |                      |                       |                         | -                     |                   |
| Net income for the year .....  |                      |                       |                         | -                     |                   |
| Disposal of treasury stock .....   |                      |                       | 113                     | 113                   |                   |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....     |                      |                       |                         | -                     |                   |
| 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 .....   | 132,879              | 132,879               | 113                     | 132,993               | -                 |
| Total changes for the year .....   | 132,879              | 132,879               | 113                     | 132,993               | -                 |
| Balance at the end of the year .....   | 343,104              | 343,104               | 151                     | 343,255               | 5,600             |

(Unit: million yen)

|  | Shareholders' equity    |                                      |  |                                   | Total retained earnings |
|--|-------------------------|--------------------------------------|--|-----------------------------------|-------------------------|
|  | Retained earnings       |                                      |  | Retained earnings brought forward |                         |
|  | Fund for risk allowance | Fund for price fluctuation allowance | Reserve for tax basis adjustments of real estate |                                   |                         |
| Balance at the beginning of the year.....  | 43,120                  | 65,000                               | 23,534   | 150,031                           | 287,286                 |
| Cumulative effect of changes in accounting policies .....  |                         |                                      |  | 10,330                            | 10,330                  |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 43,120                  | 65,000                               | 23,534   | 160,362                           | 297,617                 |
| Changes for the year   |                         |                                      |  |                                   |                         |
| Issuance of new shares .....   |                         |                                      |  |                                   | -                       |
| Issuance of new shares - exercise of subscription rights to shares.....                                  |                         |                                      |  |                                   | -                       |
| Dividends .....  |                         |                                      |  | (19,846)                          | (19,846)                |
| Net income for the year .....  |                         |                                      |  | 152,196                           | 152,196                 |
| Disposal of treasury stock .....   |                         |                                      |  |                                   | -                       |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....     |                         |                                      | 670  | (670)                             | -                       |
| Transfer to reserve for tax basis adjustments of real estate .....                                       |                         |                                      | 796  | (796)                             | -                       |
| Transfer from reserve for tax basis adjustments of real estate ..  |                         |                                      | (125)  | 125                               | -                       |
| Transfer from reserve for land revaluation.....  |                         |                                      |  | 771                               | 771                     |
| Net changes of items other than shareholders' equity .....   | -                       | -                                    | 1,340  | 131,780                           | 133,121                 |
| Total changes for the year .....   | -                       | -                                    | 1,340  | 131,780                           | 133,121                 |
| Balance at the end of the year .....   | 43,120                  | 65,000                               | 24,875   | 292,143                           | 430,738                 |

## Non-Consolidated Statement of Changes in Net Assets (Continued)

(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.....  | (11,500)             | 696,272                    | 1,315,890   | (2,586)                       |
| Cumulative effect of changes in accounting policies .....  |                      | 10,330                     |   |                               |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | (11,500)             | 706,603                    | 1,315,890   | (2,586)                       |
| Changes for the year   |                      |                            |   |                               |
| Issuance of new shares .....   |                      | 265,684                    |   |                               |
| Issuance of new shares - exercise of subscription rights to shares.....                                  |                      | 74                         |   |                               |
| Dividends .....  |                      | (19,846)                   |   |                               |
| Net income for the year .....  |                      | 152,196                    |   |                               |
| Disposal of treasury stock .....   | 1,776                | 1,890                      |   |                               |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....     |                      | -                          |   |                               |
| 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.....  |                      | 771                        |   |                               |
| Net changes of items other than shareholders' equity .....   |                      |                            | 1,172,775   | (9,450)                       |
| Total changes for the year .....   | 1,776                | 400,771                    | 1,172,775   | (9,450)                       |
| Balance at the end of the year .....   | (9,723)              | 1,107,375                  | 2,488,665   | (12,036)                      |

(Unit: million yen)

|  | Valuation and translation adjustments |  |                               |                  |
|--|---------------------------------------|--|-------------------------------|------------------|
|  | Reserve for land revaluation          | Total of valuation and translation adjustments | Subscription rights to shares | Total net assets |
| Balance at the beginning of the year.....  | (38,320)                              | 1,274,983                                      | 583                           | 1,971,839        |
| Cumulative effect of changes in accounting policies .....  |                                       |  |                               | 10,330           |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | (38,320)                              | 1,274,983                                      | 583                           | 1,982,170        |
| Changes for the year   |                                       |  |                               |                  |
| Issuance of new shares .....   |                                       |  |                               | 265,684          |
| Issuance of new shares - exercise of subscription rights to shares.....                                  |                                       |  |                               | 74               |
| Dividends .....  |                                       |  |                               | (19,846)         |
| Net income for the year .....  |                                       |  |                               | 152,196          |
| Disposal of treasury stock .....   |                                       |  |                               | 1,890            |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....     |                                       |  |                               | -                |
| 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.....  |                                       |  |                               | 771              |
| Net changes of items other than shareholders' equity .....   | 4,896                                 | 1,168,221                                      | 170                           | 1,168,391        |
| Total changes for the year .....   | 4,896                                 | 1,168,221                                      | 170                           | 1,569,163        |
| Balance at the end of the year .....   | (33,424)                              | 2,443,204                                      | 753                           | 3,551,333        |

(Unit: million US dollars)

### Year ended March 31, 2015

|  | Shareholders' equity |                       |                       |                       | Retained earnings |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------|
|  | Capital stock        | Legal capital surplus | Other capital surplus | Total capital surplus |                   |
| Balance at the beginning of the year.....  | 1,749                | 1,749                 | 0                     | 1,749                 | 46                |
| Cumulative effect of changes in accounting policies .....  |                      |                       |                       |                       | -                 |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies ..... | 1,749                | 1,749                 | 0                     | 1,749                 | 46                |
| Changes for the year   |                      |                       |                       |                       |                   |
| Issuance of new shares .....   | 1,105                | 1,105                 |                       | 1,105                 |                   |
| 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                     |                   |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....     |                      |                       |                       |                       | -                 |
| 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 .....   | 1,105                | 1,105                 | 0                     | 1,106                 | -                 |
| Total changes for the year .....   | 1,105                | 1,105                 | 0                     | 1,106                 | -                 |
| Balance at the end of the year .....   | 2,855                | 2,855                 | 1                     | 2,856                 | 46                |

## Non-Consolidated Statement of Changes in Net Assets (Continued)

(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.....   | 358                     | 540                                  | 195  | 1,248                             | 2,390                   |
| Cumulative effect of changes in accounting policies.....  |                         |                                      |  | 85                                | 85                      |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies..... | 358                     | 540                                  | 195  | 1,334                             | 2,476                   |
| Changes for the year  |                         |                                      |  |                                   |                         |
| Issuance of new shares.....   |                         |                                      |  |                                   | -                       |
| Issuance of new shares - exercise of subscription rights to shares.....                                 |                         |                                      |  |                                   | -                       |
| Dividends.....  |                         |                                      |  | (165)                             | (165)                   |
| Net income for the year.....  |                         |                                      |  | 1,266                             | 1,266                   |
| Disposal of treasury stock.....   |                         |                                      |  |                                   | -                       |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....    |                         |                                      | 5  | (5)                               | -                       |
| Transfer to reserve for tax basis adjustments of real estate.....                                       |                         |                                      | 6  | (6)                               | -                       |
| Transfer from reserve for tax basis adjustments of real estate..  |                         |                                      | (1)  | 1                                 | -                       |
| Transfer from reserve for land revaluation.....   |                         |                                      |  | 6                                 | 6                       |
| Net changes of items other than shareholders' equity.....   |                         |                                      |  |                                   |                         |
| Total changes for the year.....   | -                       | -                                    | 11   | 1,096                             | 1,107                   |
| Balance at the end of the year.....   | 358                     | 540                                  | 206  | 2,431                             | 3,584                   |

(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.....   | (95)                 | 5,794                      | 10,950  | (21)                          |
| Cumulative effect of changes in accounting policies.....  |                      | 85                         |   |                               |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies..... | (95)                 | 5,880                      | 10,950  | (21)                          |
| Changes for the year  |                      |                            |   |                               |
| Issuance of new shares.....   |                      | 2,210                      |   |                               |
| Issuance of new shares - exercise of subscription rights to shares.....                                 |                      | 0                          |   |                               |
| Dividends.....  |                      | (165)                      |   |                               |
| Net income for the year.....  |                      | 1,266                      |   |                               |
| Disposal of treasury stock.....   | 14                   | 15                         |   |                               |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....    |                      | -                          |   |                               |
| 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.....   |                      | 6                          |   |                               |
| Net changes of items other than shareholders' equity.....   |                      |                            | 9,759   | (78)                          |
| Total changes for the year.....   | 14                   | 3,335                      | 9,759   | (78)                          |
| Balance at the end of the year.....   | (80)                 | 9,215                      | 20,709  | (100)                         |

(Unit: million US dollars)

|   | Valuation and translation adjustments |  |                               |                  |
|---|---------------------------------------|--|-------------------------------|------------------|
|   | Reserve for land revaluation          | Total of valuation and translation adjustments | Subscription rights to shares | Total net assets |
| Balance at the beginning of the year.....   | (318)                                 | 10,609   | 4                             | 16,408           |
| Cumulative effect of changes in accounting policies.....  |                                       |  |                               | 85               |
| Balance at the beginning of the year after reflecting the effect of changes in accounting policies..... | (318)                                 | 10,609   | 4                             | 16,494           |
| Changes for the year  |                                       |  |                               |                  |
| Issuance of new shares.....   |                                       |  |                               | 2,210            |
| Issuance of new shares - exercise of subscription rights to shares.....                                 |                                       |  |                               | 0                |
| Dividends.....  |                                       |  |                               | (165)            |
| Net income for the year.....  |                                       |  |                               | 1,266            |
| Disposal of treasury stock.....   |                                       |  |                               | 15               |
| Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....    |                                       |  |                               | -                |
| 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.....   |                                       |  |                               | 6                |
| Net changes of items other than shareholders' equity.....   | 40                                    | 9,721  | 1                             | 9,722            |
| Total changes for the year.....   | 40                                    | 9,721  | 1                             | 13,057           |
| Balance at the end of the year.....   | (278)                                 | 20,331   | 6                             | 29,552           |



# NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2015

## 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” or the “Company”) 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 ¥120.17=US\$1.00, the foreign exchange rate on March 31, 2015, 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 statement of earnings.

### 2. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

### 3. Depreciation of Depreciable Assets

#### (1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

|                             |                     |
|-----------------------------|---------------------|
| Buildings                   | 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 translates 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 to 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 repay.

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 to and claims on bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or 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, 2014 and 2015 were ¥67 million and ¥59 million (US\$0 million), respectively.

### 6. 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, 2015.

#### (1) Allocation of estimated retirement benefits

Estimated retirement benefits are allocated under the benefit formula basis over the period ended March 31, 2015.

#### (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.

## 7. 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.

## 8. 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.

## 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. 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). 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.

## 11. 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 years ended March 31, 2014 and 2015 were ¥126,720 million and ¥122,957 million (US\$1,023 million), respectively.

### (4) Changes in Accounting Policies

Effective the fiscal year ended March 31, 2015, the Company 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 March 26, 2015, hereinafter the “Guidance”), subject to provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance.

The Company revised the calculation method of projected benefit obligation and service cost by changing the allocation of estimated retirement benefits from the straight-line method to the benefit formula basis and by changing the determination of the discount rate from using the discount rate based on a certain period close to employees’ average remaining service period to using the single weighted-average discount rate taking into account the assumed payment period of retirement benefits and the amount per each assumed payment period.

Upon the adoption of these new standards, the Company followed the transitional treatment stipulated in Paragraph 37 of the Standard and the impact of adoption at the beginning of the fiscal year ended March 31, 2015 related to changes in calculation method of projected benefit obligation and service cost was included in the Company’s retained earnings.

As a result, the Company’s reserve for employees’ retirement benefits decreased by ¥14,903 million (US\$124 million) and retained earnings brought forward increased by ¥10,330 million (US\$85 million) at the beginning of the fiscal year ended March 31, 2015 as compared to what it would have been if calculated using the previous method. Also, for the fiscal year ended March 31, 2015, both ordinary profit and income before income taxes of the Company decreased by ¥257 million (US\$2 million). As of March 31, 2015, the amount of net assets per share increased by ¥8.51 (US\$0.07) and it had a minimal impact on net income per share and diluted net income per share.

### 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,     |         |                            |
|---|---------------------|---------|----------------------------|
|   | 2014                | 2015    | 2015                       |
|   | (Unit: million yen) |         | (Unit: million US dollars) |
| Securities (Government bonds).....                      | 748,497             | 704,686 | 5,864                      |
| Securities (Foreign securities) .....                   | 4,149               | 4,885   | 40                         |
| Cash/deposits .....                                     | 86                  | 86      | 0                          |
| Securities and cash/deposits pledged as collateral..... | 752,733             | 709,658 | 5,905                      |

The amounts of secured liabilities were as follows:

|  | As of March 31,     |         |                            |
|--|---------------------|---------|----------------------------|
|  | 2014                | 2015    | 2015                       |
|  | (Unit: million yen) |         | (Unit: million US dollars) |
| Cash collateral for securities lending transactions..... | 773,937             | 731,505 | 6,087                      |
| Loans payable .....                                      | 3                   | 0       | 0                          |
| Secured liabilities .....                                | 773,941             | 731,506 | 6,087                      |

“Securities (Government bonds)” pledged as collateral for securities lending transactions with cash collateral as of March 31, 2014 and 2015 were ¥726,832 million and ¥650,112 million (US\$5,409 million), respectively.

#### 2. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balances of securities lent as of March 31, 2014 and 2015 were ¥1,138,159 million and ¥1,888,894 million (US\$15,718 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, 2014 and 2015 were as follows:

|                   | As of March 31,     |            |                            |
|-------------------|---------------------|------------|----------------------------|
|                   | 2014                | 2015       | 2015                       |
|                   | (Unit: million yen) |            | (Unit: million US dollars) |
| Book value.....   | 11,726,939          | 11,996,350 | 99,828                     |
| Market value..... | 12,799,665          | 13,835,074 | 115,129                    |

##### (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, DL 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, 2014 and 2015 were ¥446,574 million and ¥1,068,255 million (US\$8,889 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,     |              |                            |
|--|---------------------|--------------|----------------------------|
|  | 2014                | 2015         | 2015                       |
|  | (Unit: million yen) |              | (Unit: million US dollars) |
| Credits to bankrupt borrowers .....          | 4,329               | 109          | 0                          |
| Delinquent loans.....                        | 4,463               | 3,525        | 29                         |
| Loans past due for three months or more..... | -                   | -            | -                          |
| Restructured loans .....                     | 35                  | 434          | 3                          |
| <b>Total .....</b>                           | <b>8,828</b>        | <b>4,068</b> | <b>33</b>                  |

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 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, |      |                            |
|-------------------------------------|----------------------|------|----------------------------|
|                                     | 2014                 | 2015 | 2015                       |
|                                     | (Unit: million yen)  |      | (Unit: million US dollars) |
| Credits to bankrupt borrowers ..... | 6                    | 4    | 0                          |
| Delinquent loans.....               | 60                   | 54   | 0                          |

## 6. Commitment Line

As of March 31, 2014 and 2015, unused amounts of commitment line agreements under which DL is the lender were ¥27,767 million and ¥31,390 million (US\$261 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,     |         |                            |
|-------------------|---------------------|---------|----------------------------|
|                   | 2014                | 2015    | 2015                       |
|                   | (Unit: million yen) |         | (Unit: million US dollars) |
| Receivables ..... | 70,667              | 110,566 | 920                        |
| Payables.....     | 4,585               | 4,807   | 40                         |

## 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, 2014 and 2015 were ¥1,243,437 million and ¥1,259,458 million (US\$10,480 million), respectively. Separate account liabilities were the same amount as the separate account assets.

## 9. Reinsurance

As of March 31, 2014 and 2015, 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 ¥4 million and ¥18 million (US\$0 million), respectively.

As of March 31, 2014 and 2015, 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, |           |                            |
|--|----------------------|-----------|----------------------------|
|  | 2014                 | 2015      | 2015                       |
|  | (Unit: million yen)  |           | (Unit: million US dollars) |
| Balance at the beginning of the year.....              | 392,761              | 394,022   | 3,278                      |
| Dividend payment .....                                 | (101,686)            | (109,404) | (910)                      |
| Interest accrual .....                                 | 8,946                | 8,748     | 72                         |
| Provision for reserve for policyholder dividends ..... | 94,000               | 112,200   | 933                        |
| Balance at the end of the year .....                   | 394,022              | 405,566   | 3,374                      |

## 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, 2014 and 2015 were ¥53,689 million and ¥52,414 million (US\$436 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

## 12. Subordinated Bonds

Subordinated bonds of ¥107,562 million and ¥215,727 million (US\$1,795 million) shown in liabilities as of March 31, 2014 and 2015 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

## 13. Subordinated Debt

As of March 31, 2014 and 2015, long-term debt and other borrowings included subordinated debt of ¥320,000 million and ¥320,000 million (US\$2,662 million), respectively. Those repayment is subordinated to other obligations.

## 14. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2014 and 2015, the market value of the securities borrowed which were not sold or pledged was ¥35,402 million and ¥74,082 million (US\$616 million), respectively, among which no securities were pledged as collateral.

## 15. Organizational Change Surplus

As of March 31, 2014 and 2015, 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\$980 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, 2014 and 2015 were as follows:

|               | Year ended March 31, |        |                            |
|---------------|----------------------|--------|----------------------------|
|               | 2014                 | 2015   | 2015                       |
|               | (Unit: million yen)  |        | (Unit: million US dollars) |
| Revenues..... | 13,852               | 11,880 | 98                         |
| Expenses..... | 27,951               | 23,780 | 197                        |

### 2. Gains on Sale of Securities

The breakdown of gains on sale of securities for the fiscal years ended March 31, 2014 and 2015 were as follows:

|                          | Year ended March 31, |        |                            |
|--------------------------|----------------------|--------|----------------------------|
|                          | 2014                 | 2015   | 2015                       |
|                          | (Unit: million yen)  |        | (Unit: million US dollars) |
| Domestic bonds .....     | 47,647               | 17,198 | 143                        |
| Domestic stocks.....     | 40,648               | 43,460 | 361                        |
| Foreign securities ..... | 114,065              | 84,268 | 701                        |
| Other securities .....   | 2                    | 1,615  | 13                         |

### 3. Losses on Sale of Securities

The breakdown of losses on sale of securities for the fiscal years ended March 31, 2014 and 2015 were as follows:

|                          | Year ended March 31, |        |                            |
|--------------------------|----------------------|--------|----------------------------|
|                          | 2014                 | 2015   | 2015                       |
|                          | (Unit: million yen)  |        | (Unit: million US dollars) |
| Domestic bonds .....     | 6,576                | 2,294  | 19                         |
| Domestic stocks .....    | 9,027                | 4,744  | 39                         |
| Foreign securities ..... | 51,522               | 16,978 | 141                        |
| Other securities .....   | 176                  | 393    | 3                          |

### 4. Losses on Valuation of Securities

The breakdown of losses on valuation of securities for the fiscal years ended March 31, 2014 and 2015 were as follows:

|                          | Year ended March 31, |      |                            |
|--------------------------|----------------------|------|----------------------------|
|                          | 2014                 | 2015 | 2015                       |
|                          | (Unit: million yen)  |      | (Unit: million US dollars) |
| Domestic stocks .....    | 39                   | 153  | 1                          |
| Foreign securities ..... | 1,361                | 315  | 2                          |

### 5. Gains/Losses on Money Held in Trust

Gains (losses) on money held in trust included gains on valuation of securities of ¥789 million for the fiscal year ended March 31, 2014, and gains on valuation of securities of ¥3,962 million (US\$32 million) for the fiscal year ended March 31, 2015.

### 6. Derivative Transaction Gains/Losses

Derivative transaction gains (losses) included valuation gains of 361 million for the fiscal year ended March 31, 2014 and valuation gains of ¥20,781 million (US\$172 million) for the fiscal year ended March 31, 2015.

### 7. Reinsurance

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 was added, 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, 2015, in calculating provision for reserve for outstanding claims, a provision for reserve for outstanding claims reinsured of ¥14 million (US\$0 million) was deducted, while, in calculating a provision for policy reserves, a reversal of reserve for policy reserves reinsured of ¥0 million (US\$0 million) was added.

### 8. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the fiscal years ended March 31, 2014 and 2015 were as follows:

|                                     | Year ended March 31, |       |                            |
|-------------------------------------|----------------------|-------|----------------------------|
|                                     | 2014                 | 2015  | 2015                       |
|                                     | (Unit: million yen)  |       | (Unit: million US dollars) |
| Land .....                          | 3,373                | 2,477 | 20                         |
| Buildings .....                     | 237                  | 551   | 4                          |
| Other tangible fixed assets .....   | 0                    | 0     | 0                          |
| Other intangible fixed assets ..... | 8                    | -     | -                          |
| Total .....                         | 3,618                | 3,029 | 25                         |

## 9. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the fiscal years ended March 31, 2014 and 2015 were as follows:

|                                    | Year ended March 31, |              |                            |
|------------------------------------|----------------------|--------------|----------------------------|
|                                    | 2014                 | 2015         | 2015                       |
|                                    | (Unit: million yen)  |              | (Unit: million US dollars) |
| Land .....                         | 8,008                | 1,249        | 10                         |
| Buildings.....                     | 5,333                | 2,909        | 24                         |
| Leased assets .....                | 1                    | 41           | 0                          |
| Other tangible fixed assets.....   | 25                   | 158          | 1                          |
| Software .....                     | 64                   | 142          | 1                          |
| Other intangible fixed assets..... | 299                  | 248          | 2                          |
| Deposits .....                     | -                    | 130          | 1                          |
| Other assets .....                 | 137                  | 398          | 3                          |
| <b>Total .....</b>                 | <b>13,870</b>        | <b>5,279</b> | <b>43</b>                  |

## V. SECURITIES

### 1. Stocks of DL's subsidiaries and affiliated companies with market value as of March 31, 2014 and 2015

| As of March 31, 2014                 |                     |               |                           |  |  |  |
|--------------------------------------|---------------------|---------------|---------------------------|--|--|--|
|                                      | Carrying amount     | Market value  | Unrealized gains (losses) |  |  |  |
|                                      | (Unit: million yen) |               |                           |  |  |  |
| Stocks of subsidiaries .....         | 1,418               | 1,418         | -                         |  |  |  |
| Stocks of affiliated companies ..... | 27,037              | 42,698        | 15,661                    |  |  |  |
| <b>Total .....</b>                   | <b>28,455</b>       | <b>44,116</b> | <b>15,661</b>             |  |  |  |

| As of March 31, 2015                 |                     |               |                           |                            |              |                           |
|--------------------------------------|---------------------|---------------|---------------------------|----------------------------|--------------|---------------------------|
|                                      | Carrying amount     | Market value  | Unrealized gains (losses) | Carrying amount            | Market value | Unrealized gains (losses) |
|                                      | (Unit: million yen) |               |                           | (Unit: million US dollars) |              |                           |
| Stocks of subsidiaries .....         | 137                 | 137           | -                         | 1                          | 1            | -                         |
| Stocks of affiliated companies ..... | 26,495              | 76,800        | 50,304                    | 220                        | 639          | 418                       |
| <b>Total .....</b>                   | <b>26,633</b>       | <b>76,937</b> | <b>50,304</b>             | <b>221</b>                 | <b>640</b>   | <b>418</b>                |

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,     |         |                            |
|--------------------------------------|---------------------|---------|----------------------------|
|                                      | 2014                | 2015    | 2015                       |
|                                      | (Unit: million yen) |         | (Unit: million US dollars) |
| Stocks of subsidiaries .....         | 376,341             | 987,162 | 8,214                      |
| Stocks of affiliated companies ..... | 41,777              | 54,459  | 453                        |

## VI. DEFERRED TAX ACCOUNTING

### 1. Major components of deferred tax assets and liabilities

|  | As of March 31,     |                    |                            |
|--|---------------------|--------------------|----------------------------|
|  | 2014                | 2015               | 2015                       |
|  | (Unit: million yen) |                    | (Unit: million US dollars) |
| <b>Deferred tax assets:</b>                            |                     |                    |                            |
| Policy reserves and others .....                       | 408,593             | 414,363            | 3,448                      |
| Reserve for employees' retirement benefits .....       | 151,343             | 136,784            | 1,138                      |
| Reserve for price fluctuations .....                   | 35,727              | 38,093             | 316                        |
| Losses on valuation of securities .....                | 17,414              | 12,757             | 106                        |
| Impairment losses .....                                | 11,590              | 9,413              | 78                         |
| Others .....   | 28,957              | 29,729             | 247                        |
| Subtotal .....   | 653,626             | 641,142            | 5,335                      |
| Valuation allowances .....                             | (31,374)            | (27,169)           | (226)                      |
| <b>Total .....</b>                                     | <b>622,252</b>      | <b>613,972</b>     | <b>5,109</b>               |
| <b>Deferred tax liabilities:</b>                       |                     |                    |                            |
| Net unrealized gains on securities, net of tax .....   | (576,387)           | (992,759)          | (8,261)                    |
| Reserve for tax basis adjustments of real estate ..... | (10,416)            | (10,042)           | (83)                       |
| Accrued dividend receivables .....                     | (7,093)             | (7,641)            | (63)                       |
| Others .....   | (17,191)            | (17,345)           | (144)                      |
| <b>Total .....</b>                                     | <b>(611,088)</b>    | <b>(1,027,788)</b> | <b>(8,552)</b>             |
| <b>Net deferred tax assets (liabilities) .....</b>     | <b>11,163</b>       | <b>(413,815)</b>   | <b>(3,443)</b>             |

### 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, |               |
|---|-----------------|---------------|
|   | 2014            | 2015          |
| Statutory tax rate .....  | 33.23%          | 30.68%        |
| (Adjustments)   |                 |               |
| Decrease in deferred tax assets in relation to changes in tax rates ..... | 3.29%           | 14.37%        |
| Others .....  | 6.76%           | (0.93%)       |
| <b>Actual effective tax rate after considering deferred taxes .....</b>   | <b>43.28%</b>   | <b>44.12%</b> |

### 3. Adjustment of deferred tax assets and liabilities due to changes in effective statutory tax rate

Following the promulgation of "the Act on the Partial Revision of the Income Tax Act, etc." (Act No.9 of 2015) effective the fiscal year starting from April 1, 2015, the Company changed its effective statutory tax rate for calculating its deferred tax assets and liabilities from 30.68% to 28.76%.

As a result, deferred tax liabilities decreased by ¥27,626 million (US\$229 million) and corporate income taxes-deferred increased by ¥39,121 million (US\$325 million).

## VII. SUBSEQUENT EVENTS

1. The board of directors of DL adopted a plan to shift to a holding company structure in the form of a corporate split (the “Transition”) in October 2016 at the board meeting held on May 15, 2015. The Transition is subject to the approvals of: (i) the annual general meeting of shareholders to be held in late June 2016; and (ii) regulatory authorities.

- (1) Background and objectives

The Company has been implementing its growth strategies to enhance its share in the domestic life insurance market as well as taking actions to develop its business in the overseas insurance markets for increase in profit contribution. To pursue these objectives, the Company established “Group Management Headquarters” to further enhance its group management on May 15, 2012. With the Transition occurring during the period of the medium-term management plan ‘D-Ambitious’ covering fiscal years 2015 to 2017, the Company intends to take further initiatives for sustainable growth at an accelerated pace through: (i) realizing flexible resource allocation within the Group; (ii) establishing a governance structure that contributes to swift decision-making for each group company; and (iii) implementing fundamental reforms of the group management.

- (2) Plan of the transition

Through the proposed corporate split, the Company will be the splitting company which will transfer its domestic life insurance business to a wholly-owned subsidiary. The Company, as a holding company, will remain a publicly listed company.

- (3) Provisional schedule

|                |  |
|----------------|--|
| Late June 2016 | Approval of the annual general meeting of shareholders |
| October 2016   | Shift to a holding company structure                   |

2. The board of directors of DL resolved at its meeting held on May 15, 2015 to repurchase the Company’s shares under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the Act, as follows.

- (1) Reason for the repurchase of the Company’s shares

To enhance shareholder return through the implementation of a flexible capital policy and the improvement of capital efficiency.

- (2) Details of the repurchase

- a) Class of shares to be repurchased: Shares of common stock
- b) Aggregate number of shares to be repurchased: Up to 10,000,000 shares
- c) Aggregate price of shares to be repurchased: Up to 15.0 billion yen
- d) Period of repurchase of shares: From May 18, 2015 to July 27, 2015
- e) Method of repurchase of shares: Open-market repurchase by the trust method

- (3) Conclusion of the repurchase

- a) Aggregate number of shares repurchased: 6,878,300 shares
- b) Aggregate purchase price of the shares: 14,999 million yen
- c) Period in which repurchases were made: From May 18, 2015 to June 1, 2015

## VIII. SUPPLEMENTAL TABLES

### 1. Details of Operating Expenses for the Fiscal Year Ended March 31, 2015

|  | Year Ended March 31, 2015 |                            |
|--|---------------------------|----------------------------|
|  | (Unit: million yen)       | (Unit: million US dollars) |
| Sales activity expenses .....                        | 159,322                   | 1,325                      |
| Related to sales representatives .....               | 155,817                   | 1,296                      |
| Related to sales agencies.....                       | 2,634                     | 21                         |
| Related to selection of policyholders .....          | 869                       | 7                          |
| Sales management expenses .....                      | 66,395                    | 552                        |
| Related to management of sales representatives ..... | 62,993                    | 524                        |
| Related to advertisement .....                       | 3,401                     | 28                         |
| General management expenses.....                     | 172,870                   | 1,438                      |
| Personal expenses .....                              | 86,034                    | 715                        |
| Property expenses.....                               | 83,080                    | 691                        |
| Donation, co-sponsoring and membership fees .....    | 1,103                     | 9                          |
| Obligation expenses.....                             | 3,756                     | 31                         |
| Total .....  | 398,588                   | 3,316                      |

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, 2015

|                                  | 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 .....                       | -                 | -        | -        | 801,088<br>(51,484) | -   | -                           | 801,088              |
| Buildings.....                   | -                 | -        | -        | 1,025,903           | 631,814                                       | 23,338                      | 394,089              |
| Leased assets .....              | -                 | -        | -        | 9,217               | 4,559   | 1,626                       | 4,658                |
| Construction in progress.....    | -                 | -        | -        | 850                 | -   | -                           | 850                  |
| Other tangible fixed assets..... | -                 | -        | -        | 14,427              | 11,824  | 1,273                       | 2,602                |
| Total .....                      | -                 | -        | -        | 1,851,487           | 648,197                                       | 26,238                      | 1,203,289            |
| Intangible fixed assets          |                   |          |          |                     |   |                             |                      |
| Software .....                   | -                 | -        | -        | 115,655             | 54,052  | 22,169                      | 61,602               |
| Other intangible fixed assets... | -                 | -        | -        | 22,137              | 20  | 3                           | 22,116               |
| Total .....                      | -                 | -        | -        | 137,792             | 54,073  | 22,173                      | 83,719               |
| Long-term prepaid expenses ..... | -                 | -        | -        | -                   | -   | -                           | -                    |
| Deferred assets                  |                   |          |          |                     |   |                             |                      |
| Stock delivery expenses .....    | -                 | 1,509    | -        | 1,509               | 335   | 335                         | 1,174                |
| Bond issuance expenses .....     | -                 | 1,356    | -        | 1,356               | 67  | 67                          | 1,288                |
| Total .....                      | -                 | 2,865    | -        | 2,865               | 403   | 403                         | 2,462                |



|                                  | Beginning<br>balance | Increase | Decrease | Ending<br>balance | Accumulated<br>depreciation<br>at the end of<br>period | Depreciation<br>for the period | Ending<br>balance (net) |
|----------------------------------|----------------------|----------|----------|-------------------|--|--------------------------------|-------------------------|
| (Unit: million US dollars)       |                      |          |          |                   |  |                                |                         |
| Tangible fixed assets            |                      |          |          |                   |  |                                |                         |
| Land .....                       | -                    | -        | -        | 6,666<br>(428)    | -  | -                              | 6,666                   |
| Buildings.....                   | -                    | -        | -        | 8,537             | 5,257  | 194                            | 3,279                   |
| Leased assets .....              | -                    | -        | -        | 76                | 37   | 13                             | 38                      |
| Construction in progress .....   | -                    | -        | -        | 7                 | -  | -                              | 7                       |
| Other tangible fixed assets..... | -                    | -        | -        | 120               | 98   | 10                             | 21                      |
| Total .....                      | -                    | -        | -        | 15,407            | 5,394  | 218                            | 10,013                  |
| Intangible fixed assets          |                      |          |          |                   |  |                                |                         |
| Software .....                   | -                    | -        | -        | 962               | 449  | 184                            | 512                     |
| Other intangible fixed assets... | -                    | -        | -        | 184               | 0  | 0                              | 184                     |
| Total .....                      | -                    | -        | -        | 1,146             | 449  | 184                            | 696                     |
| Long-term prepaid expenses ..... | -                    | -        | -        | -                 | -  | -                              | -                       |
| Deferred assets                  |                      |          |          |                   |  |                                |                         |
| Stock delivery expenses .....    | -                    | 12       | -        | 12                | 2  | 2                              | 9                       |
| Bond issuance expenses .....     | -                    | 11       | -        | 11                | 0  | 0                              | 10                      |
| Total .....                      | -                    | 23       | -        | 23                | 3  | 3                              | 20                      |

Note: 1. The difference between the beginning balance and the ending balance of tangible fixed assets were less than 5%. Accordingly, disclosure of "Beginning balance," "Increase" and "Decrease" of tangible fixed assets were omitted.  
2. 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).  
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, 2015

|   | Beginning<br>balance | Increase | Amount used<br>for original<br>purposes | Decrease for<br>other reasons | Ending<br>balance |
|---|----------------------|----------|---|-------------------------------|-------------------|
| (Unit: million yen)   |                      |          |   |                               |                   |
| Reserve for possible loan losses .....  | 2,753                | 2,105    | 179                                     | 2,574                         | 2,105             |
| General reserves.....   | 1,394                | 1,146    | -                                       | 1,394                         | 1,146             |
| Specific reserves .....   | 1,358                | 959      | 179                                     | 1,179                         | 959               |
| Reserve for possible investment losses .....  | 215                  | -        | 215                                     | -                             | -                 |
| Reserve for retirement benefits of directors, executive officers<br>and corporate auditors..... | 2,141                | 62       | 212                                     | -                             | 1,990             |
| Reserve for possible reimbursement of prescribed claims .....                                   | 800                  | 119      | 219                                     | -                             | 700               |
| Reserve for price fluctuations.....   | 116,453              | 16,000   | -                                       | -                             | 132,453           |

|   | Beginning<br>balance | Increase | Amount used<br>for original<br>purposes | Decrease for<br>other reasons | Ending<br>balance |
|---|----------------------|----------|---|-------------------------------|-------------------|
| (Unit: million US dollars)  |                      |          |   |                               |                   |
| Reserve for possible loan losses .....  | 22                   | 17       | 1                                       | 21                            | 17                |
| General reserves.....   | 11                   | 9        | -                                       | 11                            | 9                 |
| Specific reserves .....   | 11                   | 7        | 1                                       | 9                             | 7                 |
| Reserve for possible investment losses .....  | 1                    | -        | 1                                       | -                             | -                 |
| Reserve for retirement benefits of directors, executive officers<br>and corporate auditors..... | 17                   | 0        | 1                                       | -                             | 16                |
| Reserve for possible reimbursement of prescribed claims .....                                   | 6                    | 0        | 1                                       | -                             | 5                 |
| Reserve for price fluctuations.....   | 969                  | 133      | -                                       | -                             | 1,102             |

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.



Ernst & Young ShinNihon LLC  
Hibiya Kokusai Bldg.  
2-2-3 Uchisaiwai-cho, Chiyoda-ku  
Tokyo, Japan 100-0011

Tel: +81 3 3503 1100  
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, 2015, 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, 2015, 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 23, 2015

### Editorial Policy

The Dai-ichi Life Group publishes the “Dai-ichi Life Annual Report (integrated with Dai-ichi Life DSR Report),” which compiles information on “the status of the business and property” as stipulated in Article 111 of the Insurance Business Act and information on efforts of Dai-ichi Life to fulfill its social responsibilities in a simple booklet, by reference to the International Integrated Reporting Council (IIRC) framework. We would be delighted if this report helped our stakeholders better understand the Dai-

ichi Life Group, including its management challenges and strategies for future growth, as well as its efforts to that end.

Information that supplements the contents covered is published on Dai-ichi Life’s website (<http://www.dai-ichi-life.co.jp/>). We invite our stakeholders to read the site in conjunction with this report. This Annual Report (English version) is a translation of the Japanese version.

### Coverage of this report

#### Period covered

April 1, 2014 to March 31, 2015 (including some activities on and after April 1, 2015)

#### Organizations covered

The Dai-ichi Life Insurance Company, Limited and its subsidiaries and affiliates

#### Date of Issue

Published in September every year.

## Dai-ichi Life Website

<http://www.dai-ichi-life.co.jp/>



Top screen of our website

## 2015 Dai-ichi Life Annual Report

# The Dai-ichi Life Insurance Company, Limited

(Prepared in September 2015)

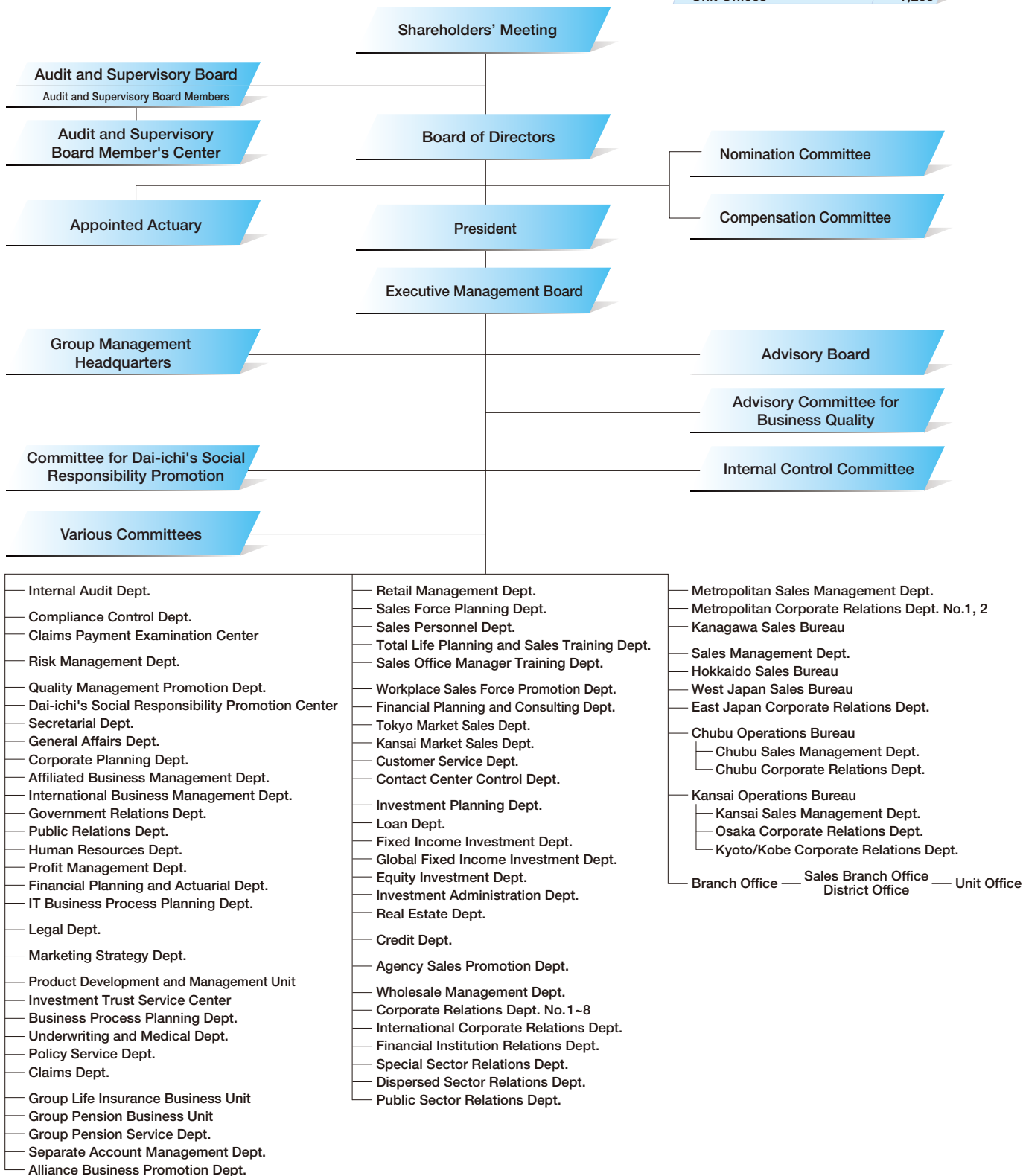
13-1 Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8411, Japan

Phone: +81-3-3216-1211 <http://www.dai-ichi-life.co.jp/>

# Organization Chart

(As of April 1, 2015)

|                      |       |
|----------------------|-------|
| Operations Bureaus   | 2     |
| Dept./Sales Bureaus  | 74    |
| Centers              | 4     |
| Branch Offices       | 84    |
| Sales Branch Offices | 9     |
| Unit Offices         | 1,255 |



# Overseas Network

## NORTH AMERICA

### Protective Life Corporation

CEO: John D. Johns  
Address: 2801 Highway 280 South, Birmingham,  
Alabama 35223, USA  
Tel: 1-205-268-1000  
Home Page: <http://www.protective.com/>

### Janus Capital Group Inc.

CEO: Richard M. Weil  
Address: 151 Detroit Street, Denver, Colorado 80206, USA  
Tel: 1-303-333-3863  
Home Page: <https://www.janus.com/>

### DLI NORTH AMERICA INC.

CEO: Shinichi Aizawa  
Address: 1133 Avenue of the Americas, 28th Floor, New York,  
NY 10036 USA  
Tel: 1-212-350-7600  
Fax: 1-212-354-1866

## ASIA-PACIFIC

### TAL <TAL Dai-ichi Life Australia Pty Ltd>

Group CEO&MD: Brett Clark  
Address: Level 16, 363 George Street, Sydney, NSW 2000,  
Australia  
Tel: 61-2-9448-9000  
Fax: 61-2-9448-9100  
Home Page: <http://www.tal.com.au/>

### 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  
Home Page: <http://www.dai-ichi-life.com.vn/>

### PT Panin Dai-ichi Life

President: Fadjar Gunawan  
Address: Panin Life Center, Jalan Letjend. S. Parman Kav. 91,  
Jakarta 11420  
Tel: 62-21-255-66-888  
Home Page: <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  
Home Page: <https://www.sudlife.in/>

### OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED

President: Nusara Banyatpiyaphod  
Address: 170 / 74 - 83 Ocean Tower 1 Bldg., Rachadapisek  
Rd., Klongtoey, Bangkok, Thailand  
Tel: 66(0)-2261-2300  
Fax: 66(0)-2261-3344  
Home Page: <http://www.ocean.co.th/th/home/index.php>

### DLI ASIA PACIFIC PTE. LTD.

CEO: Norimitsu Kawahara  
Address: 12 Marina View, #24-03/04, Asia Square Tower 2,  
Singapore  
Tel: 65-6805-0550  
Fax: 65-6805-0593

### 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

## 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



## 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 DLI NORTH AMERICA 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

### 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 Nipponkoa 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. 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.
- Dai-ichi Life successfully acquires 100% ownership of Sompo Japan DIY Life Insurance Co., Ltd. (currently The Neo First Life Insurance Company, Limited).

### 2015

- Dai-ichi Life successfully acquires 100% ownership of Protective Life Corporation.
- North America Regional Headquarters DLI NORTH AMERICA INC. and Asia Pacific Regional Headquarters DLI ASIA PACIFIC PTE. LTD. start operation.

