Note: This Convocation Notice is a translation of the Japanese language original for convenience purposes only, and in the event of any discrepancy, the Japanese language original shall prevail.

Disclosures on the Company's website with the Convocation Notice of the Annual General Meeting of Shareholders for the 8th Fiscal Year

(from April 1, 2017 to March 31, 2018)

Dai-ichi Life Holdings, Inc.

Table of Contents

The matters mentioned above are posted on the Company’s website (http://www.dai-ichi-life-hd.com/investor/share/meeting/index.html) pursuant to the provisions of laws and regulations, and the provisions under Article 20 of the Articles of Incorporation of the Company.

Assets and Income of the Corporate Group and Insurance Holding Company (the Company)

(1) Assets and income of the corporate group

Category	Fiscal 2014	Fiscal 2015	Fiscal 2016	**Fiscal 2017 (Current fiscal year)**
				millions of yen
Consolidated ordinary revenues	7,252,242	7,333,947	6,456,796	**7,037,827**
Consolidated ordinary profit	406,842	418,166	425,320	**471,994**
Net Income attributable to shareholders of parent company	142,476	178,515	231,286	**363,928**
Consolidated comprehensive income	1,384,315	(592,867)	264,969	**684,757**
Consolidated total net assets	3,589,927	2,932,959	3,137,266	**3,749,271**
Consolidated total assets	49,837,202	49,924,922	51,985,850	**53,603,028**

(2) Assets and income of the Insurance Holding Company

Category	Fiscal 2014	Fiscal 2015	Fiscal 2016	**Fiscal 2017 (Current fiscal year)**
				millions of yen
Operating revenues	-	-	21,826	**58,168**
Dividend income	-	-	17,295	**49,456**
Subsidiaries, etc. engaging in insurance business	-	-	16,279	**47,906**
Other subsidiaries, etc.	-	-	1,016	**1,550**
Ordinary revenues	4,798,467	4,265,779	2,027,716	**-**
Net income for the year	152,196	129,123	101,910	**57,565**
Net income per share	¥133.46	¥108.88	¥86.63	**¥49.15**
				millions of yen
Total assets	36,828,768	35,894,956	1,679,530	**1,691,175**
Shares, etc. of subsidiaries, etc. engaging in insurance business	-	-	1,504,669	**1,503,017**
Shares, etc. of other subsidiaries, etc.	-	-	34,936	**11,235**

(Note) The above figures for fiscal 2016 represent the total amounts for Dai-ichi Life before the shift to a holding company structure (hereinafter the “former Dai-ichi Life”) and Dai-ichi Life Holdings (excluding total assets), while the figures for fiscal 2014 through 2015 represent the amounts for the former Dai-ichi Life.

Principal Offices of the Corporate Group

[The Company]

Company name	Office name	Location	Date of establishment
Dai-ichi Life Holdings, Inc.	Head Office	Chiyoda-ku, Tokyo	September 15, 1902

[Subsidiaries, etc.]

Sector	Company name	Office name	Location	Date of establishment
Domestic life insurance business	The Dai-ichi Life Insurance Company, Limited	Head Office	Chiyoda-ku, Tokyo	April 1, 2016
	The Dai-ichi Frontier Life Insurance Co., Ltd.	Head Office	Shinagawa -ku, Tokyo	December 1, 2006
	The Neo First Life Insurance Company, Limited	Head Office	Shinagawa-ku, Tokyo	April 23, 1999
Overseas insurance business	Protective Life Corporation	Head Office	Birmingham, U.S.A.	July 24, 1907
	TAL Dai-ichi Life Australia Pty Ltd	Head Office	Sydney, Australia	March 25, 2011
	Dai-ichi Life Insurance Company of Vietnam, Limited	Head Office	Ho Chi Minh, Vietnam	January 18, 2007

(Note 1) The above table includes the Company and its major consolidated subsidiaries, etc.
(Note 2) The “Date of establishment” represents the dates on which the companies were founded.

Employees of the Corporate Group

Sector	Previous fiscal year-end	**Current fiscal year-end**	Change
			Number of persons
Domestic life insurance business	56,720	**56,736**	16
Overseas insurance business	5,344	**5,604**	260
Other businesses	542	**603**	61
Total	62,606	**62,943**	337

(Note) The above table includes the Company and its consolidated subsidiaries, etc.

Stock Acquisition Rights, etc.

(1) Stock Acquisition Rights, etc. of the Insurance Holding Company Held by the Directors and the Audit & Supervisory Committee Members of the Insurance Holding Company at the Current Fiscal Year-End

Classification	Series	Number of stock acquisition rights (payment amount per share)	Class and number of shares to be issued upon exercise	Value of assets to be contributed upon exercise	Exercise period	Number of holders
Directors (excluding directors serving as Audit & Supervisory Committee members and Outside Directors)	1st Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2011	380 (¥88,521)	38,000 shares of common stock (100 shares per stock acquisition right)	¥1 per share	From August 17, 2011 to August 16, 2041	5 persons
	2nd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2012	888 (¥76,638)	88,800 shares of common stock (100 shares per stock acquisition right)		From August 17, 2012 to August 16, 2042	7 persons
	3rd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2013	522 (¥130,030)	52,200 shares of common stock (100 shares per stock acquisition right)		From August 17, 2013 to August 16, 2043	7 persons
	4th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2014	512 (¥136,600)	51,200 shares of common stock (100 shares per stock acquisition right)		From August 19, 2014 to August 18, 2044	7 persons
	5th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2015	363 (¥231,800)	36,300 shares of common stock (100 shares per stock acquisition right)		From August 18, 2015 to August 17, 2045	8 persons
	1st Series of Stock Acquisition Rights of Dai-ichi Life Holdings, Inc. Issued in October 2016	434 (¥134,400)	43,400 shares of common stock (100 shares per stock acquisition right)		From October 19, 2016 to October 18, 2046	8 persons
	2nd Series of Stock Acquisition Rights of Dai-ichi Life Holdings, Inc. Issued in August 2017	292 (¥156,800)	29,200 shares of common stock (100 shares per stock acquisition right)		From August 25, 2017 to August 24, 2047	6 persons

Classification	Series	Number of stock acquisition rights (payment amount per share)	Class and number of shares to be issued upon exercise	Value of assets to be contributed upon exercise	Exercise period	Number of holders
Directors serving as Audit & Supervisory Committee members	1st Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2011	48 (¥88,521)	4,800 shares of common stock (100 shares per stock acquisition right)	¥1 per share	From August 17, 2011 to August 16, 2041	1 person
	2nd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2012	88 (¥76,638)	8,800 shares of common stock (100 shares per stock acquisition right)		From August 17, 2012 to August 16, 2042	1 person
	3rd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2013	63 (¥130,030)	6,300 shares of common stock (100 shares per stock acquisition right)		From August 17, 2013 to August 16, 2043	1 person
	4th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2014	60 (¥136,600)	6,000 shares of common stock (100 shares per stock acquisition right)		From August 19, 2014 to August 18, 2044	1 person
	5th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2015	34 (¥231,800)	3,400 shares of common stock (100 shares per stock acquisition right)		From August 18, 2015 to August 17, 2045	1 person
Outside Directors (excluding directors serving as Audit & Supervisory Committee members)	-	-	-	-	-	-

(Note 1) A person to whom stock acquisition rights are allotted ("Allottee") may exercise stock acquisition rights only within 10 days from the day immediately following the date on which he/she loses status as both a director (except Audit & Supervisory Committee members) and an executive officer of the Company, as both a director and an executive officer of The Dai-ichi Life Insurance Company, Limited, as both a director and an executive officer of The Dai-ichi Frontier Life Insurance Co., Ltd., and as both a director and an executive officer of The Neo First Life Insurance Company, Limited. Upon the death of an Allottee, the heir(s) of such Allottee may succeed to and exercise any stock acquisition rights which have not been exercised as of the date of occurrence of any event constituting grounds for inheritance. However, matters such as conditions for the exercise of stock acquisition rights and the procedure for such exercise will be in accordance with the provisions of the stock acquisition right allotment agreement executed between the Company and each Allottee pursuant to any relevant resolution of the Board of Directors of the Company. Each Allottee must collectively exercise all of the stock acquisition rights allotted to the Allottee (or, if the Allottee has relinquished any stock acquisition right, then the stock acquisition rights remaining after such relinquishment) and may not exercise only a part thereof. An Allottee may not partly exercise any single stock acquisition right. Other conditions for the exercise of stock acquisition rights shall be stipulated in a stock acquisition rights allotment agreement to be concluded between the Company and the Allottee, based on resolutions of the Board of Directors of the Company.

(Note 2) With regard to the number of stock acquisition rights, etc. for directors serving as Audit & Supervisory Committee members, all of the stock acquisition rights were allotted to the directors of the former Dai-ichi Life before the shift to a holding company structure.

(2) Stock Acquisition Rights, etc. of the Insurance Holding Company Allotted to Employees during the Current Fiscal Year

Classification	Series	Number of stock acquisition rights (Payment amount per share)	Class and number of shares to be issued upon exercise	Value of assets to be contributed upon exercise	Exercise period	Number of holders
Employees (Executive Officers)	2nd Series of Stock Acquisition Rights of Dai-ichi Life Holdings, Inc. Issued in August 2017	364 (¥156,800)	36,400 shares of common stock (100 shares per stock acquisition right)	¥1 per share	From August 25, 2017 to August 24, 2047	15 persons
Directors and employees at subsidiaries, etc.		1,502 (¥156,800)	150,200 shares of common stock (100 shares per stock acquisition right)		From August 25, 2017 to August 24, 2047	37 persons

(Note) The principal conditions for the exercise of stock acquisition rights are the same as those for “(1) Stock Acquisition Rights, etc. of the Insurance Holding Company Held by the Directors and the Audit & Supervisory Committee members of the Insurance Holding Company at the Current Fiscal Year-End.”

Independent Auditor

(1) Independent Auditor

Name	Remuneration for the current fiscal year	Other
KPMG AZSA LLC Hiroyuki Takanami, Designated Limited Liability Partner Takanobu Miwa, Designated Limited Liability Partner Kenji Seki, Designated Limited Liability Partner	¥142 million	- Based on the "Practical Guidance for Cooperation with Accounting Auditors" published by the Japan Audit and Supervisory Board Members Association, the Audit & Supervisory Committee has duly examined whether or not the contents of the Independent Auditor's auditing plans, the status of the performance of duties regarding accounting audits, the basis for calculating the estimated remuneration, etc. are appropriate, and has given its consent to the amount of remuneration for the Independent Auditor as set forth in Article 399, Paragraph 1 of the Companies Act. - Services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-auditing services) include "advisory service relating to accounting standards," etc.

(Note 1) Given that the audit engagement agreement between the Company and the Independent Auditor does not clearly differentiate the amount of audit fees payable under the Companies Act from the amount of audit fees payable under the Financial Instruments and Exchange Act, remuneration for the current fiscal year is an aggregate of both amounts.

(Note 2) The total amount of monetary and other financial benefits payable to the Independent Auditor by the Company and its subsidiaries, etc. was 351 million yen.

(2) Liability Limitation Agreement

Not applicable

(3) Other Matters concerning Independent Auditor

(i) (Policy for Determining the Dismissal or Non-reappointment of the Independent Auditor) If any of the causes provided in the Items of Article 340, Paragraph 1 of the Companies Act shall occur and all Audit & Supervisory Committee members approve, the Audit & Supervisory Committee may dismiss the Independent Auditor. Further, if the Audit & Supervisory Committee has checked the eligibility of the Independent Auditor, the appropriateness of the auditing plans, and the status of the implementation of audits, etc. in accordance with the policy for determining the election or dismissal of Independent Auditor stipulated by the Audit & Supervisory Committee, and has accordingly deemed that it would be difficult for the Independent Auditor to perform its duties in a fair and appropriate manner, or has otherwise judged there to be appropriate reasons, the Audit & Supervisory Committee will resolve the content of a proposal for the dismissal or non-reappointment of the Independent Auditor to be submitted to the general meeting of shareholders.

(ii) The following companies are audited by audit corporations other than the Independent Auditor of the Company: Protective Life Corporation (a significant subsidiary of the Company) and the subsidiaries, etc. affiliated therewith; TAL Dai-ichi Life Australia Pty Ltd and subsidiaries, etc. affiliated therewith; and Dai-ichi Life Insurance Company of Vietnam, Limited and subsidiaries, etc. affiliated therewith.

Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies

Not applicable

System for Ensuring Appropriate Operations

As a step to develop the Group’s system for ensuring appropriate operations, the Board of Directors adopted a resolution to institute the Internal Control Policy for the Dai-ichi Life Group as of April 1, 2017, a summary of which is given below along with the implementation status of the internal control system.

<Internal Control Policy for the Dai-ichi Life Group>

Dai-ichi Life Holdings, Inc. (hereinafter “the Company”) shall establish the Internal Control Policy for the Dai-ichi Life Group (comprising the Company and all of its subsidiaries and associated companies; “the Group”) to define the general principle for establishment and operation of internal control system and framework of the Group in order to ensure effectiveness and efficiency of operation, and maintain and enhance its Group value.

1. System for Ensuring Proper Operations within the Group

The Company shall implement and manage systems for ensuring proper operations within the Group.

(1) The Company shall conduct business supervision of the Group companies in principle, based on the supervision category stipulated in the Business Supervision Regulations, according to individual Group companies’ business specifics, size and importance in the Group’s management strategy.

(2) The Company shall establish basic policies for maintaining and operating the Group internal control system, make these policies known to the Group companies and shall have each Group company establish its own basic policies conforming to its business characteristics.

(3) The Company shall establish rules for prior approval by the Company and reporting of the Group companies’ important matters which affect the Group as a whole to the Company.

(4) The Company shall establish the Group's basic policies for management of intra-group transactions, collaborative operations and the equivalent and implement their management.

2. System for Ensuring Execution of Professional Duties in Accordance with Applicable Laws, Regulations and the Articles of Incorporation

The Company shall implement and manage systems for ensuring the execution of professional duties in accordance with applicable laws, regulations and the Articles of Incorporation, etc.

(1) The Company shall establish a department supervising the Group compliance.

(2) The Company shall establish the Group's basic policies and implement systems for Group compliance.

(3) The Company shall have each Group company implement compliance systems and shall establish rules for prior approval by the Company and reporting of important compliance systems and misconducts by the Group companies to the Company.

(4) The Company shall report the operation status of the Group’s compliance systems to the board of directors or equivalent organization to the board of directors.

(5) The Company shall establish the Group's basic policies for conflict of interest management and implement systems for such transactions.

(6) The Company shall establish the Group's basic policies and implement systems for the protection of information assets.

(7) The Company shall establish a department managing Group’s actions against anti-social forces.

(8) The Company shall establish the Group's basic policies for actions against anti-social forces and implement systems for such actions, and act as an organization against anti-social forces to break relationships with anti-social forces and take proper action towards unreasonable request from anti-social forces, collaborating with outside specialist bodies.

3. System for Risk Management

The Company shall implement and manage systems to conduct Group's risk management.

(1) The Company shall establish a department supervising the Group's risk management and comprehensively assess and measure various risks to be controlled.
(2) The Company shall establish the Group's basic policies and implement systems for risk management.
(3) The Company shall have each Group company implement risk management systems and shall establish rules for prior approval by the Company and reporting for important risk management systems and risk events by the Group companies to the Company.
(4) The Company shall report the operation status of the Group's risk management systems to the board of directors or equivalent organization to Board of Directors.
(5) The Company shall establish the Group's basic policies and implement systems for crisis management.

4. System for Ensuring Efficient Execution of Professional Duties

The Company shall implement systems for ensuring efficient execution of professional duties.

(1) The Company shall formulate a medium-term management plan of the Group and evaluate its progress appropriately.
(2) The Company shall construct an appropriate organizational structure, regulate division of responsibilities and authorities, and appropriately use and control its IT systems.
(3) The Company shall establish an Executive Management Board which discusses important management and executive issues.

5. System for Ensuring Appropriateness and Reliability of Financial Reporting

The Company shall implement systems for ensuring the appropriateness and reliability of consolidated financial reporting.

6. System for Preserving and Managing Information Concerning Execution of Directors' and Executive Officers' Duties

To preserve and manage information concerning the execution of directors' and executive officers' duties, the Company shall establish systems necessary for preserving information relating the execution of duties by the directors and executive officers, such as minutes of important meetings and written approvals containing material information.

7. Systems for the Execution of Duties of the Audit & Supervisory Committee

(1) The Company shall establish systems concerning directors and employees with duties to assist the Audit & Supervisory Committee as set out below.

a. An office of the Audit & Supervisory Committee shall be set up and employees with duties to assist it shall be appointed.
b. With respect to personnel transfer, evaluation and others for these employees, their independence from directors shall be ensured through deliberations with the Audit & Supervisory Committee.
c. These employees shall engage in duties that they have been instructed to perform by the Audit & Supervisory Committee and in assist with work that is necessary for audits. They are authorized to collect necessary information.

(2) The Company shall establish systems for reporting to the Audit & Supervisory Committee as set out below.

a. In the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules or any event that causes or may cause severe damage to the Company, any director, executive officer or employee shall deliver a timely and appropriate report to the Audit & Supervisory Committee.

b. In the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules at any Group company or any event that causes or may cause severe damage to the Group company, any director, Audit and Supervisory Board member, executive officer or employee of the Group company or anyone notified by any of them shall deliver a timely and appropriate report to the Audit & Supervisory Committee.

c. The Company shall establish a system that prevents the delivery of any report to the Audit & Supervisory Committee pursuant to a. or b. from receiving any disadvantageous treatment for reason of the report.

(3) The Company shall also establish systems for ensuring effectiveness of audits conducted by Audit & Supervisory Committee as set out below.

a. Directors, executive officers and employees shall, upon request from the Audit & Supervisory Committee, establish a system under which a member of the Audit & Supervisory Committee may attend and make comments at any Board of Directors meeting or other important meeting of a Group company.

b. Directors, executive officers and employees shall, upon request from the Audit & Supervisory Committee, take appropriate action with respect to the minutes of any important meeting at a Group company or any decision document on which directors and executive officers have made a decision or any equivalent document.

c. Directors, executive officers and employees shall, upon request from the Audit & Supervisory Committee, report the matters relating to business execution and establish a system for proper reporting from any director, Audit and Supervisory Board member, executive officer or employee of a Group company to the Audit & Supervisory Committee.

d. The Company may not reject any claim for predetermined expenses requisite for any member of the Audit & Supervisory Committee to carry out his or her duties except where the expenses associated with the claim are deemed unnecessary to the execution of duties of the member of the Audit & Supervisory Committee.

8. Systems for Ensuring Effective Internal Audits

The Company shall establish a department, independent from other business operations, to supervise the Group’s internal audits, and establish basic policies and implement systems for the Group's internal audits.

9. Establishment and Revision

This Basic Policy shall be established and revised for each fiscal year by the Board of Directors. It shall be appropriately revised in accordance with environmental changes and other events.

The Internal Control Policy for the Dai-ichi Life Group was amended as of April 1, 2018 with regard to the establishment of systems for ensuring effectiveness of audits conducted by the Audit & Supervisory Committee. The latest policy is available on the Company’s website (http://www.dai-ichi-life-hd.com/).

<Contents of Major Amendments to the Internal Control Policy for the Dai-ichi Life Group (as of April 1, 2018)>

* Clarify the establishment of systems for ensuring effectiveness of audits conducted under the “Audit & Supervision Policy” and the “Audit & Supervisory Committee Regulations” stipulated by the Audit & Supervisory Committee.
* Clarify the establishment of systems with close collaboration by and among the Audit & Supervisory Committee of the Company, the internal audit sections and the departments in charge of internal control of the Company and Group companies, etc.

Implementation Status of Internal Control System (Summary)

Items	Implementation Status of Internal Control System
1. Internal Control in General	Dai-ichi Life Holdings, Inc. (hereinafter "the Company") has established the Internal Control Policy for the Dai-ichi Life Group and works on the establishment and operation of internal control system and framework of the Group in order to ensure effectiveness and efficiency of operation, and maintain and enhance its Group value.
2. System for Ensuring Proper Operations within the Group	In order to ensure appropriate operations within the Group, the Company has set the supervision category for Group companies according to individual Group companies' business specifics, size and importance in the Group's management strategy. It conducts business supervision pursuant to global services agreements, etc. concluded with each of the Group companies. The Company has established basic policies for the Dai-ichi Life Group for important matters such as compliance and risk management in order to maintain and operate the Group internal control system, and makes these policies known to the Group companies. In addition, the Company has established and operated rules for prior approval by the Company of the Group companies' important matters which affect the Group as a whole pursuant to global services agreements, etc.
3. System for Ensuring Execution of Professional Duties in Accordance with Applicable Laws, Regulations and the Articles of Incorporation	The Company has established a system whereby a Compliance Unit supervises matters related to the Group compliance, has enforced policies and regulations, including the Basic Compliance Policy for the Dai-ichi Life Group and Compliance Regulations for the Dai-ichi Life Group, and has made them well known to each Group company. In addition, the Company has in place a system whereby the Compliance Unit monitors the status of compliance promotion in each Group company based on reports, etc. from each Group company, and informs the Board of Directors, President, Executive Management Board, Audit & Supervisory Committee, etc. of problems and events occurring in each Group company according to their importance. In addition, the Company has established a Group Compliance Committee in order to discuss important matters related to the development and promotion of a system for Group compliance and monitor the status of compliance promotion in each Group company. Furthermore, the Company offered instructions and support to each Group company to improve education and training toward more sophisticated compliance systems and improved awareness of compliance in each Group company. With regard to the protection of information property, the Policy on Group Information Safekeeping stipulates the philosophies underlying the safekeeping of group information, and the Rules on Group Information Safekeeping stipulates more specific approval and reporting systems and other management practices. In order to deal with the increasing ingenuity of cyber-attacks, the Company has set out Group Rules for Handling Cyber Incidents. An Information Safekeeping Group has also been established within the Compliance Unit to provide a permanent organization for handling the safekeeping of information at Group companies. Information Safekeeping Group provided guidance and support as needed based on considerations such as the business activities of each Group company and the quantity and nature of the information they hold. With regard to the handling of antisocial forces, the Company has established Group Antisocial Forces Handling Regulations in accordance with the Group Basic Policy on Handling of Antisocial Forces, which establishes basic approaches and policies to halt the development of any relationships with antisocial forces in order to prevent any damage. The Company has designated the General Affairs Unit to be in charge of strengthening systems to block the development of any relationships with antisocial forces or to prevent damage that may occur, taking into account the attributes of each company. Regular reporting was conducted to the Board of Directors and the Executive Management Board concerning the handling status of efforts to sever ties with antisocial forces.

Items	Implementation Status of Internal Control System
4. System for Risk Management	(1) Risk Management Policies and Regulations Under the Internal Control Policy for the Dai-ichi Life Group, the Risk Management Policy for the Dai-ichi Life Group stipulates basic matters regarding Group risk management such as the processes undertaken for each type of risk, and the Risk Management Regulations for the Dai-ichi Life Group stipulate specific approval and reporting systems and managerial methods when implementing Group risk management, including more detailed managerial methods.
	(2) Risk Management Initiatives The Risk Management Unit coordinates and implements group-wide policies for risk management. The Risk Management Unit also plays a central role in monitoring and controlling the status and integrity of risk management across the group. There is also a Group ERM Committee that sits regularly to formulate risk management policy, monitor compliance, and conduct studies aimed at improving how risk management is exercised.
	(3) Promotion of ERM The Risk Management Unit assesses the suitability of business plans, capital strategy, and similar formulated as part of ERM, and also seeks to improve group risk management through activities such as setting and managing margins for risk.
5. System for Ensuring Efficient Execution of Professional Duties	The Company has formulated internal regulations related to decision-making, organization, and the division of responsibilities and authorities to ensure the efficient execution of professional duties by directors, executive officers and employees. The Company has also established an Executive Management Board which discusses important management and executive issues. The Company has also formulated a medium-term management plan for the Dai-ichi Life Group, and the Executive Management Board, etc. confirms and evaluates the performance of the plan.
6. System for Ensuring Appropriateness and Reliability of Financial Reporting	In accordance with the Financial Instruments and Exchange Act, the Company has developed and implemented an internal control system over financial reporting where the Company assesses the effectiveness of internal control regarding key processes related to financial reporting and financial report preparation system.
7. System for Preserving and Managing Information Concerning Execution of Directors' and Executive Officers' Duties	To preserve and manage information concerning the execution of directors' and executive officers' duties, the Company establishes internal regulations necessary for preserving information relating the execution of duties by the directors and executive officers, such as minutes of important meetings such as the Board of Directors and the Executive Management Board, and written approvals containing material information, and preserve and manage information accordingly.

<table>
<tr><th>Items</th><th>Implementation Status of Internal Control System</th></tr>
<tr><td>8. Systems for the Execution of Duties of the Audit & Supervisory Committee</td><td>Based on the Audit & Supervision Policy and the Audit & Supervisory Committee Regulations established by the Audit & Supervisory Committee, the Company has in place a system to ensure the effectiveness of audits by the Audit & Supervisory Committee.
1) The Company set up an office of the Audit & Supervisory Committee and appointed employees with duties to assist it. With respect to personnel transfer, evaluation and others for these employees, their independence from directors is ensured. These employees are authorized to collect information necessary for audit purpose under the supervision of the Audit & Supervisory Committee.
2) The Company adopts a whistle-blowing system in which the department in charge of internal control acts as the contact point. The operational status of said system is regularly reported to full-time Audit & Supervisory Committee members. The Company has established a system for a timely and appropriate report to the Audit & Supervisory Committee in the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules or any event that causes or may cause severe damage to the Company or Group companies.
3) The Company has established a system whereby full-time Audit & Supervisory Committee members attend important meetings including meetings of the Executive Management Board, and verify the developmental and operational status of the internal control system. In addition, the Company has also established a system whereby matters for discussion from an auditing viewpoint are reported to full-time Audit & Supervisory Committee members or the Audit & Supervisory Committee to ensure the implementation of effective audits.
4) The Company has established a system whereby full-time Audit & Supervisory Committee members regularly hear opinions from directors, etc. to collect information while inviting directors, etc. to the meetings of the Audit & Supervisory Committee to exchange opinions. The Company has also established a system whereby full-time Audit & Supervisory Committee members work to ensure the effectiveness and efficiency of audits by close collaboration with departments in charge of internal control, internal audit and the Independent Auditor, etc. through regular collection of information and exchange of opinions.</td></tr>
<tr><td rowspan="2">9. Systems for Ensuring Effective Internal Audits</td><td>(1) Policies and Regulations, etc. Associated with Internal Audits
The Company has established basic approaches and policies for internal audits in the Internal Control Policy for the Dai-ichi Life Group and Internal Audit & Supervision Policy for the Dai-ichi Life Group. The Company has also established Internal Audit Regulations for the Dai-ichi Life Group, Internal Audit Rules, and Internal Audit Work Regulations, all of which stipulate basic matters necessary for the smooth and effective implementation of internal audits for the Group.</td></tr>
<tr><td>(2) Initiatives for Internal Audits
To ensure the financial soundness and appropriate business operations of the Group as a whole, internal audits are conducted to assure that internal control framework and activities of the Group are appropriate and effective.
The Company has set up the Internal Audit Unit as an independent organization to ensure its effective checking function to other organizations. The Internal Audit Unit verified and assessed the appropriateness and effectiveness of internal control framework and activities of the Group, identified flaws, provided advice for improvement and reports to the Board of Directors, Executive Management Board, etc. on the results of internal audits.</td></tr>
</table>

Specified Wholly Owned Subsidiaries

Name	Location	Total book value of specified wholly owned subsidiaries at the Company and wholly owned subsidiaries, etc.	Total amount of assets on the non-consolidated balance sheet of the Company
The Dai-ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	¥530,000 million	¥1,691,175 million

Transactions with the Parent Company

Not applicable

Accounting Advisor

Not applicable

Others

Not applicable

Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31, 2018

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,146	329,740	665,345	(37,476)	1,300,756
Changes for the year					
Dividends			(50,531)		(50,531)
Net income attributable to shareholders of parent company			363,928		363,928
Purchase of treasury stock				(22,999)	(22,999)
Disposal of treasury stock		(87)		400	312
Transfer from reserve for land revaluation			(5,121)		(5,121)
Others			3,277		3,277
Net changes of items other than shareholders' equity					
Total changes for the year	-	(87)	311,553	(22,599)	288,866
Balance at the end of the year	343,146	329,653	976,899	(60,076)	1,589,623

(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	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of the year	1,906,091	(25,243)	(17,541)	(8,178)	(19,865)	1,835,262
Changes for the year						
Dividends						
Net income attributable to shareholders of parent company						
Purchase of treasury stock						
Disposal of treasury stock						
Transfer from reserve for land revaluation						
Others						
Net changes of items other than shareholders' equity	332,068	15,594	5,117	(41,023)	11,280	323,037
Total changes for the year	332,068	15,594	5,117	(41,023)	11,280	323,037
Balance at the end of the year	2,238,159	(9,649)	(12,423)	(49,201)	(8,584)	2,158,300

(Unit: million yen)

	Subscription rights to shares	Total net assets
Balance at the beginning of the year	1,247	3,137,266
Changes for the year		
Dividends		(50,531)
Net income attributable to shareholders of parent company		363,928
Purchase of treasury stock		(22,999)
Disposal of treasury stock		312
Transfer from reserve for land revaluation		(5,121)
Others		3,277
Net changes of items other than shareholders' equity	101	323,138
Total changes for the year	101	612,005
Balance at the end of the year	1,348	3,749,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2018

(GUIDELINES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries as of March 31, 2018: 61

The consolidated financial statements include the accounts of Dai-ichi Life Holdings, Inc. (the "Company") and its consolidated subsidiaries (collectively, "the Group"), including The Dai-ichi Life Insurance Company, Limited ("DL"), 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.

Effective the fiscal year ended March 31, 2018, one subsidiary of TAL Dai-ichi Life Australia Pty Ltd was included in the scope of consolidation.

Effective the fiscal year ended March 31, 2018, one subsidiary of TAL Dai-ichi Life Australia Pty Ltd was excluded from the scope of consolidation as it had been liquidated.

(2) Number of non-consolidated subsidiaries as of March 31, 2018: 18

The main subsidiaries that are not consolidated for the purposes of financial reporting are The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Seimei Business Service K.K and First U Anonymous Association.

The eighteen non-consolidated subsidiaries as of March 31, 2018 had, individually and in the aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), cash flows, and others.

2. Application of the Equity Method

(1) Number of non-consolidated subsidiaries under the equity method as of March 31, 2018: 0

(2) The number of affiliated companies under the equity method as of March 31, 2018 :23

The affiliated companies included Asset Management One Co., Ltd., Trust & Custody Services Bank Ltd., Corporate-pension Business Service Co., Ltd., Japan Excellent Asset Management Co., Ltd., NEOSTELLA CAPITAL CO., LTD., OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED, Star Union Dai-ichi Life Insurance Company Limited and PT Panin Internasional.

Effective the fiscal year ended March 31, 2018, one affiliated company of Asset Management One Co., Ltd. was excluded from the scope of the equity method because it had been sold.

As a result of the business integration with Henderson Group plc, effective the fiscal year ended March 31, 2018, the total twenty-four companies of Janus Capital Group Inc. were excluded from the scope of the equity method.

Effective the fiscal year ended March 31, 2018, one affiliated company of TAL Dai-ichi Life Australia Pty Ltd was excluded from the scope of the equity method as it had been liquidated.

(3) The non-consolidated subsidiaries (The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Seimei Business Service K.K. and First U Anonymous Association and others), as well as affiliated companies (Mizuho-DL Financial Technology Co., Ltd., O.M. Building Management Co., Ltd., and others) were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of the net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others.

3. Year-end Dates of Consolidated Subsidiaries

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

4. Amortization of Goodwill

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

(NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2018)

1. Valuation Methods of Securities

Securities held by the Company and its consolidated subsidiaries including cash and 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 the Japanese Institute of Certified Public Accountants (JICPA))

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

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

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

(5) Available-for-sale Securities

a) Available-for-sale Securities with Fair 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 market value during March), with cost determined by the moving average method.

b) Available-for-sale Securities Whose Fair 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 consolidated statement of earnings.

Securities held by certain consolidated overseas subsidiaries are stated at cost determined by the first-in first-out.

2. Risk Management Policy of Policy-Reserve-Matching Bonds

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

The sub-groups of insurance products of DL are:

a) individual life insurance and annuities,
b) non-participating single premium whole life insurance (without duty of medical disclosure),
c) financial insurance and annuities, and
d) group annuities,

with the exception of certain types.

The sub-groups of insurance products of DFLI are:

a) individual life insurance and annuities (yen-denominated, short-term),
b) individual life insurance and annuities (yen-denominated, long-term),
c) individual life insurance and annuities (U.S. dollar-denominated),
d) individual life insurance and annuities (Australian dollar-denominated), and
e) individual life insurance and annuities (New Zealand dollar-denominated),
with the exception of certain types and contracts.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

Based on the "Act on Revaluation of Land" (Act No. 34, March 31, 1998), land for business use was revalued. 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.

(1) Date of revaluation: March 31, 2001

(2) Method stipulated in Article 3, Paragraph 3 of the Act on 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 Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, March 31, 1998).

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets of the Company and its domestic consolidated subsidiaries is calculated by the declining balance method (the depreciation of buildings (other than facilities attached to buildings and structures that were acquired on or before March 31, 2016) 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 were acquired on or before March 31, 2007 and that were fully depreciated to their original depreciable limit, effective the fiscal year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years from the following fiscal year of the year in which they reached the original depreciable limit.

Depreciation of tangible fixed assets owned by consolidated overseas subsidiaries is calculated by the straight-line method.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Company and its consolidated subsidiaries use the straight-line method for amortization of intangible fixed assets excluding leased assets. Software for internal use is amortized by the straight-line method based on the estimated useful lives of two to eight 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 and using the lease period as the useful life.

(4) Accumulated Depreciation of Tangible Fixed Assets

The amount of accumulated depreciation of tangible fixed assets as of March 31, 2018 was ¥625,682 million.

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

The Company and its domestic consolidated subsidiaries translated foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rates at the end of the year. Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method were translated into yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues, and expenses of the Company'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, 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)".

7. Reserve for Possible Loan Losses

The reserve for possible loan losses of consolidated subsidiaries that operate a life insurance business in Japan 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 a) the recoverable amount covered by the collateral or guarantees and b) 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 each subsidiary performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2018 was ¥6 million.

The reserve for possible loan losses of consolidated subsidiaries that do not operate a life insurance business in Japan is calculated mainly by considering the estimated recoverable amount from the book value of individual loans.

8. Reserve for Possible Investment Losses

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

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

For the reserve for retirement benefits of directors, executive officers and corporate auditors, an estimated amount for future payment in accordance with the internal policies of certain consolidated subsidiaries is provided.

10. Reserve for Possible Reimbursement of Prescribed Claims

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

11. Net Defined Benefit Liabilities and Net Defined Benefit Assets

For the net defined benefit liabilities, the amount is provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2018. The accounting treatment for retirement benefits is as follows.

(1) Allocation of Estimated Retirement Benefits

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefit for the fiscal year ended March 31, 2018.

(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. Certain consolidated overseas subsidiaries applied corridor approach.

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

12. 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.

13. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

As for the Company and certain of its domestic consolidated subsidiaries, hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008). Primarily, i) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; ii) the currency allotment method and the deferral hedge method using foreign currency swaps, foreign currency forward contracts and foreign currency-denominated monetary claims are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); iii) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; iv) the deferral hedge method for over-the-counter options on bonds is used for hedges against interest-rate fluctuations in certain foreign currency-denominated bonds; v) 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), and vi) the deferral hedge method using interest rate swaps is used for hedges against interest-rate fluctuations in certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (Industry Audit Committee Report No. 26 issued by JICPA).

(2) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps……………………..	Loans, government and corporate bonds, loans payable, bonds payable, insurance liabilities
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)
Foreign currency-denominated monetary claims ………………………	Foreign currency-denominated stocks (forecasted transaction)
Currency options ………………………	Foreign currency-denominated bonds
Bond over-the-counter options………	Foreign currency-denominated bonds
Equity options …………………………	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts………………	Domestic stocks

(3) Hedging Policies

The Company and certain of its domestic consolidated subsidiaries conduct 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.

14. Calculation of National and Local Consumption Tax

The Company and its domestic consolidated subsidiaries account for national and local consumption tax mainly 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 Ordinance for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

15. Policy Reserves

Policy reserves of the 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 stated in (1) and (2) below. Policy reserves include additional policy reserves for some whole life insurance policies in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

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

(2) Reserves for other policies are established based on the net level premium method.

Policy reserves of consolidated overseas subsidiaries are calculated based on the each country's accounting standard, such as US GAAP.

16. Financial Instruments and Others

(1) Financial Instruments

a) Policies in Utilizing Financial Instruments

The Group mainly operates in life insurance business and, in an effort to manage investment assets in a manner appropriate to liabilities, which arise from the insurance policies underwritten, engages in asset liability management, or ALM, which considers the long-term balance between assets and liabilities to ensure stable returns. With this strategy, the Group holds fixed income investments, including bonds and loans, as the core of its asset portfolio. While placing its financial soundness first, the Group also holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

The Group uses derivatives primarily to hedge market risks associated with its existing asset portfolio and to mitigate the risks associated with guaranteed minimum maturity benefits of individual variable annuity insurance.

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

b) Financial Instruments Used and Their Risks

Securities included in financial assets of the Group, mainly stocks and bonds, 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.

The Group might be exposed to liquidity risk in certain circumstance in which it cannot make timely payments of principal, interest or other amounts due to unpredictable cash outflows or is forced to raise capital with interest rates substantially higher than usual. Also, some of its 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.

The Group utilizes (i) interest rate swaps to hedge interest rate risk associated with certain of its loans receivable and payable, (ii) equity forward contracts to hedge market fluctuation risks associated with domestic stocks, and (iii) 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 adopts hedge accounting.

In addition, certain consolidated subsidiaries, etc. utilize (i) interest rate swaps to hedge interest rate risk associated with certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (JICPA Industry Audit Committee Report No. 26), and (ii) foreign currency swaps to hedge foreign currency risks associated with funding agreements and adopts hedge accounting.

In applying the hedge accounting, in order to fulfill requirements stipulated in accounting standards such as the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008), the Group has established investment policy and procedure guidelines and clarified the transactions to be hedged, the risk of underlying assets to be hedged and derivative instruments to be used, and conducted pre- and post-effectiveness tests of the transactions.

c) Risk Management

The Group manages risk in accordance with a basic policy for risk management, rules for management procedures, etc. defined by the board of directors, etc.

i) Market Risk Management

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

(a) Interest-rate risk

DL keeps track of interest rates and durations of its assets and liabilities, monitors its internal analyses on duration gap and interest rate sensitivity, and periodically reports its findings to the board of directors, etc.

(b) Currency risk

DL keeps track of currency composition of its financial assets and liabilities, conducts sensitivity analyses, and periodically reports its findings to the board of directors, etc.

(c) Fluctuation in market values

DL defines risk management policies and management procedures for each component of its overall portfolio, including securities, based on the risk characteristics of the categories, and sets and manages upper limits of each asset balance and asset allocation weight.

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

(d) Derivative transactions

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

The consolidated subsidiaries other than DL have established appropriate risk management systems in accordance with the Group's basic policy for risk management, etc.

DFLI utilizes derivatives in order to reduce the risk associated with guaranteed minimum maturity benefits of individual variable annuities and hedge foreign currency risks associated with bonds. For derivatives used to reduce the risk associated with guaranteed minimum maturity benefits of individual variable annuities, in accordance with its internal regulations to manage the risks associated with its guaranteed minimum maturity benefits, it (i) assesses the hedge effectiveness of derivative transactions, (ii) manages gains and losses from derivative transactions on a daily basis, and (iii) periodically checks its progress on reducing the risk associated with its guaranteed minimum maturity benefits and measures estimated losses based on VaR (value-at-risk). The risk management section is in charge of managing overall risks including risks associated with the guaranteed minimum maturity benefits, and periodically reports the status of such management to the board of directors, etc.

ii) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, DL has established a credit management system related to loans, such as preliminary reviews on individual transactions, credit limit setting, credit information management, internal credit rating, attachment of guarantees and collateral, and follow-ups on problem loans. For corporate bond investment, the credit 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. Policies and framework for large-lot borrowers have been formulated in order to prevent credit concentration by monitoring compliance, etc. That credit management has been conducted by the credit and risk management sections, and has been periodically reported to its 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.

The consolidated subsidiaries other than DL have established appropriate risk management systems in accordance with the Group’s basic policy for risk management, etc.

d) 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.

(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, 2018 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, 2018	Carrying amount	Fair value	Gains (Losses)
		(Unit: million yen)	
(1) Cash and deposits	891,285	891,285	-
(2) Call loans	164,600	164,600	-
(3) Monetary claims bought	195,133	195,133	-
(4) Money held in trust	523,828	523,828	-
(5) Securities			
a. Trading securities	5,103,308	5,103,308	-
b. Held-to-maturity bonds	355,877	366,225	10,348
c. Policy-reserve-matching bonds	15,654,655	18,521,357	2,866,701
d. Stocks of subsidiaries and affiliated companies	815	815	-
e. Available-for-sale securities	23,116,985	23,116,985	-
(6) Loans	3,487,682		
Reserve for possible loan losses (*1)	(547)		
	3,487,134	3,600,132	112,997
Total assets	49,493,625	52,483,672	2,990,047
(1) Bonds payable	968,938	979,680	10,742
(2) Long-term borrowings	751,251	758,617	7,366
Total liabilities	1,720,189	1,738,298	18,109
Derivative transactions (* 2)			
a. Hedge accounting not applied	[46,347]	[46,347]	-
b. Hedge accounting applied	168,532	166,180	(2,351)
Total derivative transactions	122,184	119,832	(2,351)

(*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**

a) Cash and deposits

Since deposits are close to maturity or have no maturity and their fair value is close to the carrying amounts, fair value is based on the carrying amount.

b) 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.

c) Monetary claims bought

The fair value of monetary claims bought is based on the reasonably calculated price.

d) 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.

The fair value of derivative transactions included in money held in trust is based on the closing exchange-traded prices.

e) 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 “(3) Securities”.

f) Loans

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

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

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

- **Liabilities**

a) Bonds payable

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

b) 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 Transactions**

The breakdown of derivative transactions is a) currency-related transactions; b) interest-related transactions; c) stock-related transactions; and d) bond-related transactions. The fair value of the instruments is based on the closing exchange-traded prices and the prices quoted from financial institutions, etc.

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

As of March 31, 2018	Carrying amount
	(Unit: million yen)
(1) Unlisted domestic stocks (*1)(*2) ……………	77,088
(2) Unlisted foreign stocks (*1)(*2)……………….	64,022
(3) Other foreign securities (*1)(*2) ……………..	448,852
(4) Other securities (*1)(*2) ……………………….	95,350
Total	685,315

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

(*2) For the fiscal year ended March 31, 2018, impairment charges of ¥375 million were recorded.

(Note 3) Scheduled redemptions of monetary claims and securities with maturities

As of March 31, 2018	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
		(Unit: million yen)		
Cash and deposits…………………..	889,905	1,384	-	-
Call loans…………………………….	164,600	-	-	-
Monetary claims bought……………	6,000	3,025	-	179,789
Securities:				
Held-to-maturity bonds (bonds)……………………………	-	-	48,100	2,000
Held-to-maturity bonds (foreign securities)………………	-	-	100	297,642
Policy-reserve-matching bonds (bonds)…………………………	88,570	205,551	1,163,763	11,293,547
Policy-reserve-matching bonds (foreign securities)…………….	26,616	235,355	2,156,388	348,441
Available-for-sale securities with maturities (bonds)…………….	239,849	720,017	989,604	1,336,592
Available-for-sale securities with maturities (foreign securities)….	414,887	2,290,618	3,530,330	5,984,501
Available-for-sale securities with maturities (other securities)…….	46,033	91,800	240,516	21,370
Loans (*)………………………………	391,390	912,873	964,541	642,471

(*) 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, amounting to ¥86 million, were not included. Also, ¥553,011 million of loans without maturities were not included.

(Note 4) Scheduled maturities of bonds and long-term borrowings

As of March 31, 2018	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
				(Unit: million yen)		
Bonds payable (*1)	16,950	45,200	-	-	-	406,806
Long-term borrowings (*2)	-	18,251	-	450,000	-	-

(*1) ¥476,277 million of bonds payable without maturities were not included.

(*2) ¥283,000 million of long-term borrowings without maturities were not included.

(3) Securities

a) Trading securities

	Year ended March 31, 2018
	(Unit: million yen)
Gains (losses) on valuation of trading securities…………	110,962

b) Held-to-maturity Bonds

As of March 31, 2018	Carrying amount	Fair value	Unrealized gains (losses)
		(Unit: million yen)	
Held-to-maturity securities with unrealized gains:			
(1) Bonds ………………………………………	48,230	52,090	3,860
a. Government bonds ……………………	46,316	50,160	3,844
b. Local government bonds ………………	-	-	-
c. Corporate bonds ………………………	1,913	1,929	16
(2) Foreign securities ………………………	227,681	236,336	8,654
a. Foreign bonds …………………………	227,681	236,336	8,654
Subtotal ………………………………………	275,912	288,427	12,515
Held-to-maturity securities with unrealized losses:			
(1) Bonds ………………………………………	311	309	(1)
a. Government bonds ……………………	-	-	-
b. Local government bonds ………………	-	-	-
c. Corporate bonds ………………………	311	309	(1)
(2) Foreign securities ………………………	79,654	77,488	(2,165)
a. Foreign bonds …………………………	79,654	77,488	(2,165)
Subtotal ………………………………………	79,965	77,798	(2,166)
Total …………………………………………	355,877	366,225	10,348

c) Policy-reserve-matching Bonds

As of March 31, 2018	Carrying amount	Fair value	Unrealized gains (losses)
		(Unit: million yen)	
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds ………………………………………	12,428,346	15,249,007	2,820,661
a. Government bonds ……………………	11,674,895	14,430,474	2,755,578
b. Local government bonds ………………	98,910	113,682	14,772
c. Corporate bonds ………………………	654,540	704,851	50,310
(2) Foreign securities ………………………	2,077,420	2,153,077	75,657
a. Foreign bonds …………………………	2,077,420	2,153,077	75,657
Subtotal ………………………………………	14,505,766	17,402,084	2,896,318
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds ………………………………………	369,057	357,009	(12,047)
a. Government bonds ……………………	222,917	213,374	(9,543)
b. Local government bonds ………………	325	321	(3)
c. Corporate bonds ………………………	145,815	143,314	(2,500)
(2) Foreign securities ………………………	779,831	762,262	(17,569)
a. Foreign bonds …………………………	779,831	762,262	(17,569)
Subtotal ………………………………………	1,148,889	1,119,272	(29,616)
Total …………………………………………	15,654,655	18,521,357	2,866,701

d) Available-for-sale Securities

As of March 31, 2018	Carrying amount	Acquisition cost	Unrealized gains (losses)
		(Unit: million yen)	
Available-for-sale securities with unrealized gains:			
(1) Bonds	3,956,530	3,457,686	498,843
a. Government bonds	2,504,525	2,074,108	430,416
b. Local government bonds	27,044	25,338	1,706
c. Corporate bonds	1,424,960	1,358,239	66,720
(2) Domestic stocks	3,486,754	1,440,923	2,045,830
(3) Foreign securities	8,282,554	7,527,570	754,984
a. Foreign bonds	7,511,539	6,920,204	591,334
b. Other foreign securities	771,015	607,365	163,649
(4) Other securities	693,011	652,540	40,471
Subtotal	16,418,850	13,078,720	3,340,129
Available-for-sale securities with unrealized losses:			
(1) Bonds	324,112	333,599	(9,487)
a. Government bonds	377	431	(53)
b. Local government bonds	4,645	4,794	(148)
c. Corporate bonds	319,089	328,373	(9,284)
(2) Domestic stocks	167,505	197,398	(29,892)
(3) Foreign securities	6,251,956	6,481,700	(229,744)
a. Foreign bonds	5,778,549	5,986,462	(207,912)
b. Other foreign securities	473,406	495,238	(21,831)
(4) Other securities	199,689	203,853	(4,163)
Subtotal	6,943,264	7,216,551	(273,287)
Total	23,362,114	20,295,272	3,066,842

(Note) Other securities include (a) certificates of deposit and (b) 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 deposit were ¥50,000 million and ¥49,995 million, respectively, as of March 31, 2018. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥188,874 million and ¥195,133 million, respectively, as of March 31, 2018.

e) Held-to-maturity Bonds Sold

The Company and its consolidated subsidiaries sold no held-to-maturity bonds during the fiscal year ended March 31, 2018.

f) Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the fiscal year ended March 31, 2018 were as follows:

Year ended March 31, 2018	Amounts sold	Realized gains	Realized losses
		(Unit: million yen)	
(1) Bonds	854,871	133,078	-
a. Government bonds	786,968	129,924	-
b. Local government bonds	-	-	-
c. Corporate bonds	67,903	3,153	-
(2) Foreign securities	86,579	2,224	1,193
a. Foreign bonds	86,579	2,224	1,193
b. Other foreign securities	-	-	-
Total	941,451	135,302	1,193

g) Available-for-sale Securities Sold

Available-for-sale securities sold during the fiscal year ended March 31, 2018 were as follows:

Year ended March 31, 2018	Amounts sold	Realized gains	Realized losses
		(Unit: million yen)	
(1) Bonds	233,465	3,542	4,857
a. Government bonds…………..	43,362	2,766	41
b. Local government bonds……	3,386	-	145
c. Corporate bonds…………….	186,716	776	4,670
(2) Domestic stocks……………….	163,978	43,140	5,203
(3) Foreign securities…………….	4,423,122	46,198	101,671
a. Foreign bonds……………….	4,020,781	13,751	91,082
b. Other foreign securities…….	402,340	32,446	10,589
(4) Other securities……………….	121,062	8,519	3,017
Total……………………………….	4,941,628	101,399	114,750

h) Securities Written Down

The Company and its consolidated subsidiaries write down the balance of certain available-for-sale securities with fair values i) when the fair value of such securities declines by 50% or more, of its purchase cost or ii) when the fair value of such securities without a certain level of creditworthiness declines by 30% or more, but less than 50%, of its purchase cost unless it is deemed that there is a possibility that the fair value of the security could recover to equal or exceed the purchase cost.

The aggregate amount written down from the balance of available-for-sale securities with fair value for the fiscal year ended March 31, 2018 was ¥4,333 million.

(4) Money Held in Trust

Money Held in Trust for Trading

As of March 31, 2018	(Unit: million yen)
Carrying amount………………………………………………	523,828
Gains (losses) on valuation of money held in trust ………….	(9,234)

17. Real Estate for Rent

Certain domestic consolidated subsidiaries own 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 fiscal year ended March 31, 2018 was ¥32,603 million. The rental income was included in investment income and the rental expense was included in investment expenses. Impairment loss on rental real estate as extraordinary losses for the fiscal year ended March 31, 2018 was ¥11,505 million.

The carrying amount, net change during the year and the market value of such rental real estate were as follows:

Fiscal year ended March 31, 2018	(Unit: million yen)
Carrying amount	
Beginning balance ……	795,164
Net change during year ……	9,438
Ending balance ……	804,603
Market value	958,825

(*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 of ¥23,038 million, depreciation expense of ¥13,262 million, impairment loss of ¥11,505 million, sale of the real estate of ¥1,931 million during the fiscal year ended March 31, 2018.

(*3) Certain domestic consolidated subsidiaries calculate the fair value of the majority of the rental real estate based on real estate appraisal standards by an independent appraiser, and others based on the internal but reasonable estimates.

18. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2018 was ¥1,749,161 million.

19. Problem Loans

As of March 31, 2018, the amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which was included in loans, were as follows:

	(Unit: million yen)
Credits to bankrupt borrowers ……	115
Delinquent loans ……	2,537
Loans past due for three months or more ……	-
Restructured loans ……	52
Total ……	2,704

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, (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order 97, 1965). Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

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

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

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

As a result of the direct write-off of loans described in Note 7, decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	(Unit: million yen)
Credits to bankrupt borrowers ……	3
Delinquent loans ……	3

20. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act was ¥3,260,643 million. Separate account liabilities were the same amount as the separate account assets.

21. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

(Unit: million yen)

Balance at the beginning of the fiscal year …………………………………………	385,884
Dividends paid during the fiscal year ………………………………………………	90,542
Interest accrual during the fiscal year ………………………………………………	8,308
Provision for reserve for policyholder dividends …………………………………	95,000
Balance at the end of the fiscal year …………………………………………………	398,650

22. Stocks of Subsidiaries and Affliated Companies

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

(Unit: million yen)

Stocks ………………………………	107,197
Capital ………………………………	62,952
Total …………………………………	170,149

23. Organizational Change Surplus

As of March 31, 2018, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

24. Assets Pledged as Collateral / Secured Liabilities

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

(Unit: million yen)

Securities …………………………………………………………	657,654
Cash and deposits …………………………………………………	5,925
Securities and cash and deposits pledged as collateral ……..	663,579

The amount of secured liabilities was as follows:

(Unit: million yen)

Cash collateral for securities lending transactions ……………	299,045

Securities pledged as collateral for securities lending transactions with cash collateral as of March 31, 2018 was ¥251,489 million.

25. Net Assets per Share

The amount of net assets per share of the Company as of March 31, 2018 was ¥3,217.68.

26. Stock Options

(1) The account used to record expenses associated with issuing stock options and the amount expensed during the fiscal year ended March 31, 2018
Operating expenses: ¥327 million

(2) Details of the stock options granted for the fiscal year ended March 31, 2018

a) Details of the stock options

	The Dai-ichi Life Insurance Company, Limited 1st Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 2nd Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 3rd Series of Stock Acquisition Rights
Granted persons	10 directors (except outside directors) and 16 executive officers of the Company	11 directors (except outside directors) and 16 executive officers of the Company	11 directors (except outside directors) and 17 executive officers of the Company
Class and total number (*1)	169,800 shares of common stock	318,700 shares of common stock	183,700 shares of common stock
Grant date	August 16, 2011	August 16, 2012	August 16, 2013
Vesting conditions	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.
Service period covered	N/A	N/A	N/A
Exercise period (*2)	From August 17, 2011 to August 16, 2041	From August 17, 2012 to August 16, 2042	From August 17, 2013 to August 16, 2043

	The Dai-ichi Life Insurance Company, Limited 4th Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 5th Series of Stock Acquisition Rights	Dai-ichi Life Holdings, Inc. 1st Series of Stock Acquisition Rights
Granted persons	11 directors (except outside directors) and 17 executive officers of the Company	11 directors (except outside directors) and 18 executive officers of the Company	10 directors (excluding directors serving as Audit & Supervisory Committee members) and 15 executive officers of the Company, and 38 directors, etc. of the Company's subsidiaries
Class and total number (*1)	179,000 shares of common stock	110,600 shares of common stock	269,600 shares of common stock
Grant date	August 18, 2014	August 17, 2015	October 18, 2016
Vesting conditions	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.
Service period covered	N/A	N/A	N/A
Exercise period (*2)	From August 19, 2014 to August 18, 2044	From August 18, 2015 to August 17, 2045	From October 19, 2016 to October 18, 2046

	Dai-ichi Life Holdings, Inc. 2nd Series of Stock Acquisition Rights
Granted persons	6 directors (excluding directors serving as Audit & Supervisory Committee members) and 15 executive officers of the Company, and 37 directors, etc. of the Company's subsidiaries
Class and total number (*1)	215,800 shares of common stock
Grant date	August 24, 2017
Vesting conditions	The acquisition rights are vested on the above grant date.
Service period covered	N/A
Exercise period (*2)	From August 25, 2017 to August 24, 2047

(*1) 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) A granted person can exercise stock acquisition rights only within 10 days from the day on which she/he loses status as any of a director (excluding director serving as Audit & Supervisory Committee member) or an executive officer of the Company, DL, DFLI and Neo First Life. For stock options granted before the shift to a holding company structure, the terms and conditions for the exercise period have been changed due to the shift to a holding company structure effective on October 1, 2016.

b) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2018 and the total number of stock options is translated to the number of shares of common stock.

i) Number of the stock options (shares)

	The Dai-ichi Life Insurance Company, Limited				
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights
Before vesting					
Outstanding at the end of prior fiscal year	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at the end of the fiscal year	-	-	-	-	-
After vesting					
Outstanding at the end of prior fiscal year	92,800	208,600	140,600	155,900	106,500
Vested	-	-	-	-	-
Exercised	23,800	43,400	25,500	32,700	18,500
Forfeited	-	-	-	-	-
Outstanding at the end of the fiscal year	69,000	165,200	115,100	123,200	88,000

	Dai-ichi Life Holdings, Inc.	
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Before vesting		
Outstanding at the end of prior fiscal year	-	-
Granted	-	215,800
Forfeited	-	-
Vested	-	215,800
Outstanding at the end of the fiscal year	-	-
After vesting		
Outstanding at the end of prior fiscal year	269,600	-
Vested	-	215,800
Exercised	38,000	-
Forfeited	-	6,900
Outstanding at the end of the fiscal year	231,600	208,900

(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.

ii) Price information

	The Dai-ichi Life Insurance Company, Limited				
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option	¥1 per stock option	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥1,947	¥1,947	¥1,947	¥1,947	¥1,947
Fair value at the grant date	¥885	¥766	¥1,300	¥1,366	¥2,318

	Dai-ichi Life Holdings, Inc.	
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥1,947	-
Fair value at the grant date	¥1,344	¥1,568

(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, 2018 were valued as follows:

a) Valuation method

Black-Scholes Model

b) Assumptions

Stock options granted for the fiscal year ended March 31, 2018

	Dai-ichi Life Holdings, Inc. 2nd Series of Stock Acquisition Rights
Expected volatility (*1)	37.378%
Expected durations (*2)	5 years
Expected dividends (*3)	¥45
Risk-free interest rate (*4)	(0.096%)

(*1) Computed based on the closing prices of common stock in each trading day from August 24, 2012 to August 23, 2017.

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

(*3) Computed based on the expected dividend for the fiscal year ended March 31, 2018.

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

(4) Method to estimate the number of stock options vested

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

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

Certain consolidated overseas subsidiaries have maintained their defined benefit plan and defined contribution plan.

(2) Defined Benefit Plans

a) Reconciliations of beginning and ending balances of projected benefit obligations

(Unit: million yen)

a.	Beginning balance of the projected benefit obligations	730,381
b.	Service cost	29,372
c.	Interest cost	3,358
d.	Accruals of actuarial (gains) and losses	6,961
e.	Payment of retirement benefits	(34,665)
f.	Others	(2,201)
g.	Ending balance of the projected benefit obligation (a + b + c + d + e + f)	733,207

(Note) Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in "Service cost".

b) Reconciliations of beginning and ending balances of pension assets

(Unit: million yen)

a.	Beginning balance of pension assets	308,821
b.	Estimated return on assets	1,915
c.	Accruals of actuarial (gains) and losses	19,717
d.	Contribution from the employer	12,485
e.	Payment of retirement benefits	(22,218)
f.	Others	(704)
g.	Ending balance of pension assets (a + b + c + d + e+ f)	320,017

c) 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

(Unit: million yen)

a.	Projected benefit obligation for funded pensions	412,373
b.	Pension assets	(320,017)
c.	Subtotal (a + b)	92,355
d.	Projected benefit obligation for unfunded pensions	320,833
e.	Net of assets and liabilities recorded in the consolidated balance sheet (c + d)	413,189
f.	Net defined benefit liabilities	413,189
g.	Net defined benefit assets	—
h.	Net of assets and liabilities recorded in the consolidated balance sheet (f + g)	413,189

d) Amount of the components of retirement benefit expenses

(Unit: million yen)

a.	Service cost	29,372
b.	Interest cost	3,358
c.	Expected return on assets	(1,915)
d.	Expense of actuarial (gains) and losses	3,073
e.	Others	257
f.	Retirement benefit expenses for defined benefit plans (a + b + c + d + e)	34,146

(Note) Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in "Service cost".

e) Remeasurements of defined benefit plans

Breakdown of items recorded in remeasurements of defined benefit plans (before applicable tax effect) is as follows:

(Unit: million yen)

a.	Actuarial gains (losses)	15,871
b.	Total	15,871

f) Accumulated remeasurements of defined benefit plans

Breakdown of items recorded in accumulated remeasurements of defined benefit plans (before applicable tax effect) is as follows:

(Unit: million yen)

a.	Unrecognized actuarial gains (losses)	11,575
b.	Total	11,575

g) Pension assets

i) The main components of the pension assets

Ratios of the major assets to the total pension assets are as follows:

Stocks	59%
Asset under joint management	15%
Bonds	11%
Life insurance general account	7%
Others	8%
Total	100%

The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2018 was 50%.

ii) 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 consolidated subsidiaries have 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.

h) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of March 31, 2018 are as follows:

Discount rate	0.30% to 3.55%
Expected long-term rate of return	
Defined benefit corporate pension	0.30% to 7.00%
Employee pension trust	0.00%

(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans of consolidated subsidiaries for the fiscal year ended March 31, 2018 is ¥2,479 million.

28. 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, 2018, the market value of the securities which were not sold or pledged as collateral was ¥129,588 million. None of the securities were pledged as collateral as of March 31, 2018.

29. Commitment Line

As of March 31, 2018, there were unused commitment line agreements, under which the Company and its consolidated subsidiaries were the lenders, of ¥110,263 million.

30. Subordinated Debt and Other Liabilities

As of March 31, 2018, other liabilities included subordinated debt of ¥283,000 million, the repayment of which is subordinated to other obligations.

31. Bonds Payable

As of March 31, 2018, bonds payable included foreign currency-denominated subordinated bonds of ¥551,872 million, the repayment of which is subordinated to other obligations.

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

The estimated future obligations of consolidated companies 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, 2018 were ¥56,369 million. These obligations will be recognized as operating expenses in the years in which they are paid.

33. Incentive Programs for Employees

The Company conducts transactions by granting its stocks to its employees using trust schemes ("the Stock Granting Trust (J-ESOP)" to incentivize its employees to improve stock prices and financial results.

(1) Overview of the transactions

J-ESOP is a program to grant shares of common stock to the managerial level employees of the Company and its Group companies who fulfill requirements under the Stock Granting Regulations of the Company and its Group companies.

The Company vests points to each employee based on her/his contribution, and vests stocks based on 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.

(2) While adopting "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts." (ASBJ PITF No. 30), the Company applies the same accounting treatment as before.

(3) Information related to the stocks of the Company which the trusts hold

i) Book value of the stocks of the Company within the trust as of March 31, 2018 was ¥6,455 million. These stocks were recorded as the treasury stock in the total shareholders' equity.

ii) The number of stocks within the trust as of March 31, 2018 was 4,270 thousand shares, and the average number of stocks within the trust for the fiscal year ended March 31, 2018 was 4,294 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.

(NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2018)

1. Net Income per Share

Net income per share for the fiscal year ended March 31, 2018 was ¥310.69. Diluted net income per share for the same period was ¥310.45.

2. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets of the consolidated subsidiaries that operate a life insurance business in Japan for the fiscal year ended March 31, 2018 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2018 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
				(Unit: million yen)	
Real estate not in use	Chuo-ku, Tokyo and others	46	7,961	3,627	11,589

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.34% for the fiscal year ended March 31, 2018 was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

(NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2018)

1. Type and Number of Shares Outstanding

	At the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	At the end of the fiscal year
	(Unit: thousand shares)			
Common stock…………….	1,198,023	-	-	1,198,023
Treasury stock (*1)(*2)(*3)..	22,873	10,602	245	33,230

(*1) Treasury stock at the beginning and the end of the fiscal year ended March 31, 2018, includes 4,334 thousand shares and 4,270 thousand shares held by the trust fund through the J-ESOP, respectively.
(*2) The increase of 10,602 thousand shares of treasury stock was due to the repurchase of outstanding common stock.
(*3) The decrease of 245 thousand shares of treasury stock represents the sum of (1) 181 thousand shares due to the exercise of stock acquisition rights (stock options) and (2) 64 thousand shares granted to eligible employees at retirement by the J-ESOP.

2. Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2018 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	1,348

3. Dividends on Common Stock

(1) Dividends paid during the fiscal year ended March 31, 2018

Date of resolution	June 26, 2017 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends (*)	¥50,531 million
Dividends per share	¥43
Record date	March 31, 2017
Effective date	June 27, 2017
Dividend resource	Retained earnings

(Note) Total dividends did not include ¥186 million of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

(2) Dividends, the record date of which was March 31, 2018, to be paid out in the year ending March 31, 2019

Date of resolution	June 25, 2018 (at the Annual General Meeting of Shareholders to be held)
Type of shares	Common stock
Total dividends (*)	¥58,239 million
Dividends per share	¥50
Record date	March 31, 2018
Effective date	June 26, 2018
Dividend resource	Retained earnings

(Note) Total dividends did not include ¥213 million of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

Non-Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31, 2018

(Unit: million yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Fund for price fluctuation allowance	Retained earnings brought forward			
Balance at the beginning of the year	343,146	343,146	261	343,408	5,600	65,000	503,968	574,568	(37,476)	1,223,646
Changes for the year										
Dividends							(50,531)	(50,531)		(50,531)
Net income							57,565	57,565		57,565
Purchase of treasury stock									(22,999)	(22,999)
Disposal of treasury stock			(87)	(87)					400	312
Net changes of items other than shareholders’ equity										
Total changes for the year	-	-	(87)	(87)	-	-	7,034	7,034	(22,599)	(15,653)
Balance at the end of the year	343,146	343,146	173	343,320	5,600	65,000	511,002	581,602	(60,076)	1,207,993

(Unit: million yen)

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Total valuation and translation adjustments		
Balance at the beginning of the year	-	-	-	1,247	1,224,893
Changes for the year					
Dividends					(50,531)
Net income					57,565
Purchase of treasury stock					(22,999)
Disposal of treasury stock					312
Net changes of items other than shareholders’ equity	(3,246)	(476)	(3,723)	101	(3,621)
Total changes for the year	(3,246)	(476)	(3,723)	101	(19,275)
Balance at the end of the year	(3,246)	(476)	(3,723)	1,348	1,205,618

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2018

(NOTES TO SIGNIFICANT ACCOUNTING POLICIES)

1. Valuation Methods of Assets

(1) Valuation Methods of Securities

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

Available-for-sale securities which have market value are valued at fair value at the end of the fiscal year (with cost determined by the moving average method; net unrealized gains (losses) are presented as a separate component of net assets and not in the non-consolidated statement of earnings.).

(2) Valuation Methods of Derivatives

Derivatives are reported at fair value.

2. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets

Depreciation of tangible fixed assets is calculated by the declining balance method.

(2) Amortization of Intangible Fixed Assets

The Company uses the straight-line method for amortization of intangible fixed assets.

3. Other Basic Accounting Policies for Preparing Financial Statements

(1) Accounting Treatment of Deferred Assets

Stock delivery expenses are amortized at equal amounts over three years.

(2) Methods for Hedge Accounting

The deferred hedge accounting method is applied to forward exchange contract for foreign currency-denominated forecasted transaction.

(3) Calculation of National and Local Consumption Tax

The Company 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 prepaid expenses and amortized equally over five years in accordance with the Order for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

(NOTES TO CHANGES IN PRESENTATION METHOD)

Balance Sheet

“Accrued revenue,” an item presented separately in “Current assets” in the previous fiscal year, has been included in “Other” under “Current assets,” effective from the current fiscal year, as its quantitative materiality became insignificant.

(ADDITIONAL INFORMATION)

With respect to transactions grating the Company's stocks to its employees using trust schemes, notes are omitted because the same contents are stated in the consolidated financial statements.

(NOTES TO NON-CONSOLIDATED BALANCE SHEET)

1. Accumulated Depreciation of Tangible Fixed Assets

   The accumulated depreciation of tangible fixed assets was ¥67 million.

2. Receivables from and Payables to Subsidiaries and Affiliated Companies (except for those presented separately)

(Unit: million yen)

Short-term receivables ……………………………………………………………..	220
Short-term payables ………………………………………………………………..	1,279

(NOTES TO THE NON-CONSOLIDATED STATEMENT OF EARNINGS)

Revenues and Expenses from Transactions with Subsidiaries and Affiliated Companies

(Unit: million yen)

Sales revenues………………………………………………………………………	58,168
Sales expenses ……………………………………………………………………..	2,929
Non-operating expenses ………..………………………………………………	36

(NOTES TO THE NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS)

Class and number of treasury stock as of March 31, 2018

Shares of common stock ……………………………………………	33,230,600

(Note) The number of shares of common stock as of March 31, 2018 stated above includes 4,270,100 shares of the Company shares held by trust account under the J-ESOP.

(NOTES TO DEFERRED TAX ACCOUNTING)

1. Major components of deferred tax assets and deferred tax liabilities

(Unit: million yen)

Deferred tax assets:	
Shares of subsidiaries and affiliates ……………………………….	502,548
Losses on valuation of securities …………………………………..	19,559
Tax losses carried forward	6,528
Others …………………………………………………………………	533
Deferred tax assets (subtotal) ………………………………………	529,170
Valuation allowances ………………………………………………..	(527,706)
Total deferred tax assets ……………………………………	1,464
Deferred tax liabilities:	
Enterprise taxes receivable ………..……………………………….	(137)
Total deferred tax liabilities………………………………………….	(137)
Deferred tax assets, net …………………………………….	1,327

2. The principal reasons for the difference between the statutory effective tax rate and the actual effective tax rate after considering deferred taxes

Statutory effective tax rate …………………………………………….	30.85%
(Adjustments)	
Dividend income and other items excluded from taxable revenue ..	(56.20)%
Increase (decrease) in valuation allowances	23.01%
Others …………………………………………………………………	0.47%
Actual effective tax rate after considering deferred taxes ………….	(1.86)%

(NOTES TO TRANSACTIONS WITH RELATED PARTIES)

Type	Company name	Ownership (owned) percentage	Relationship	Description of transaction	Transaction amount (million yen)	Items	Balance at the end of fiscal year (million yen)
Subsidiary	The Dai-ichi Life Insurance Company, Limited	Direct ownership 100%	Interlocking directors; business administration, etc.	Receipt of business administration fees * 1	6,601	Accounts payable	937
				Payment of contribution for secondment * 2	2,679	-	-
				Borrowing of funds * 3	30,000	Short-term loans payable to subsidiaries and affiliates	30,000
Subsidiary	DLI ASIA PACIFIC PTE. LTD.	Direct ownership 100%	Interlocking directors, etc.	Payment of business entrustment fees * 4	1,129	-	-
Subsidiary	DLI NORTH AMERICA INC.	Direct ownership 100%	Interlocking directors, etc.	Payment of business entrustment fees * 4	1,083	-	-

Transaction condition and policy for determining transaction condition
* 1 Determined in accordance with business administration agreements.
* 2 Determined in consideration of personnel expenses of employees seconded to the Company.
* 3 Determined in consideration of market interest rates, with no collateral provided.
* 4 Determined in accordance with business entrustment agreements.

(NOTES TO PER SHARE INFORMATION)

(Unit: yen)

Net assets per share ……………………………………………………………….. 1,033.89

Net income per share ………………………………………………………………. 49.15