# Consolidated Balance Sheets

The Dai-ichi Mutual Life Insurance Company

| | (millions of yen) | | (millions of US$) |
|---|---|---|---|
| | As of March 31, | | |
| | 2008 | 2009 | 2009 |
| (ASSETS) | | | |
| Cash and deposits (Note III.27 and V.2) | ¥ 208,107 | ¥ 245,895 | $ 2,503 |
| Call loans (Note V.2) | 226,860 | 206,580 | 2,103 |
| Deposit paid for securities borrowing transactions | 47,273 | 14,954 | 152 |
| Monetary claims bought (Note V.2) | 316,767 | 281,371 | 2,864 |
| Trading account securities (Note III.1 and 2) | 46,663 | 52,597 | 535 |
| Money held in trust | 25,223 | 31,603 | 321 |
| Securities (Note III.1, 3, 20, 26, 27 and V.2) | 24,368,043 | 22,995,047 | 234,093 |
| Loans (Note III.9, 21 and 31) | 4,647,912 | 4,248,799 | 43,253 |
| Tangible fixed assets (Note III.5, 6, 13 and 24) | 1,239,249 | 1,239,843 | 12,621 |
| Land | - | 814,730 | 8,294 |
| Buildings | - | 417,490 | 4,250 |
| Leased assets | - | 247 | 2 |
| Construction in progress | - | 2,937 | 29 |
| Other tangible fixed assets | - | 4,437 | 45 |
| Intangible fixed assets (Note III.17) | 102,029 | 106,771 | 1,086 |
| Software | - | 72,765 | 740 |
| Other intangible fixed assets | - | 34,005 | 346 |
| Reinsurance receivables | 123 | 13,874 | 141 |
| Other assets | 546,964 | 355,473 | 3,618 |
| Deferred tax assets (Note III.23) | 163,962 | 642,595 | 6,541 |
| Customers' liabilities for acceptances and guarantees | 18,835 | 20,138 | 205 |
| Reserve for possible loan losses (Note III.8) | (12,351) | (10,921) | (111) |
| Reserve for possible investment losses (Note III.11) | (3,955) | - | - |
| Total assets | ¥ 31,941,710 | ¥ 30,444,624 | $ 309,932 |
| (LIABILITIES) | | | |
| Policy reserves and others | 28,350,278 | 27,970,307 | 284,743 |
| Reserves for outstanding claims (Note III.28) | 156,722 | 173,590 | 1,767 |
| Policy reserves (Note III.16 and 28) | 27,840,017 | 27,449,059 | 279,436 |
| Reserve for policyholder dividends (Note III.25) | 353,538 | 347,658 | 3,539 |
| Reinsurance payables | 546 | 587 | 5 |
| Subordinated bonds (Note III.33) | 50,080 | 49,102 | 499 |
| Other liabilities (Note III.27 and 32) | 1,103,766 | 1,187,288 | 12,086 |
| Reserve for employees' retirement benefits (Note III.10) | 482,321 | 405,571 | 4,128 |
| Reserve for retirement benefits of directors, executive officers and corporate auditors (Note III.18) | 1,200 | 3,486 | 35 |
| Reserve for possible reimbursement of prescribed claims (Note III.19) | 1,000 | 1,000 | 10 |
| Reserve for price fluctuations (Note III.12) | 221,458 | 101,478 | 1,033 |
| Deferred tax liabilities (Note III.23) | 204 | 197 | 2 |
| Deferred tax liabilities for land revaluation (Note III.5) | 126,001 | 125,535 | 1,277 |
| Acceptances and guarantees | 18,835 | 20,138 | 205 |
| Total liabilities | 30,355,694 | 29,864,695 | 304,028 |
| (NET ASSETS) | | | |
| Foundation funds (Note III.29) | 120,000 | 120,000 | 1,221 |
| Accumulated redeemed foundation funds (Note III.29) | 300,000 | 300,000 | 3,054 |
| Revaluation reserve | 248 | 248 | 2 |
| Consolidated surplus | 269,339 | 265,787 | 2,705 |
| Total of foundation funds and surplus | 689,587 | 686,035 | 6,983 |
| Net unrealized gains on securities, net of tax (Note III.23) | 957,565 | (47,349) | (482) |
| Deferred hedge gains (losses) (Note III.14) | - | (357) | (3) |
| Reserve for land revaluation (Note III.5) | (61,500) | (62,297) | (634) |
| Foreign currency translation adjustments | (553) | (2,514) | (25) |
| Total of valuation and translation adjustments | 895,510 | (112,519) | (1,145) |
| Minority interests | 917 | 6,412 | 65 |
| Total net assets | 1,586,016 | 579,928 | 5,903 |
| Total liabilities and net assets | ¥ 31,941,710 | ¥ 30,444,624 | $ 309,932 |

*See Notes to the Consolidated Financial Statements.*

FINANCIAL SECTIONS

# Consolidated Statements of Earnings

The Dai-ichi Mutual Life Insurance Company

| | (millions of yen) | | (millions of US$) |
|---|---|---|---|
| | Year ended March 31, | | |
| | 2008 | 2009 | 2009 |
| ORDINARY REVENUES | ¥ 4,552,457 | ¥ 5,225,262 | $ 53,194 |
| Premium and other income | 3,191,012 | 3,293,646 | 33,529 |
| Investment income | 1,025,747 | 1,178,070 | 11,992 |
| Interest and dividends | 831,362 | 740,859 | 7,542 |
| Gains on trading account securities | - | 1,484 | 15 |
| Gains on sale of securities | 150,226 | 382,856 | 3,897 |
| Gains on redemption of securities | 7,501 | 11,223 | 114 |
| Derivative transaction gains | 36,082 | 41,172 | 419 |
| Other investment income | 573 | 473 | 4 |
| Other ordinary revenues | 335,697 | 753,544 | 7,671 |
| ORDINARY EXPENSES | 4,359,577 | 5,161,911 | 52,549 |
| Benefits and claims | 2,648,792 | 2,763,750 | 28,135 |
| Claims | 869,063 | 934,443 | 9,512 |
| Annuities | 389,591 | 441,921 | 4,498 |
| Benefits | 522,169 | 505,717 | 5,148 |
| Surrender values | 699,992 | 670,297 | 6,823 |
| Other refunds | 167,976 | 211,369 | 2,151 |
| Provision for policy reserves and others | 250,749 | 27,761 | 282 |
| Provision for reserves for outstanding claims | 2,608 | 16,871 | 171 |
| Provision for policy reserves | 236,808 | - | - |
| Provision for interest on policyholder dividends | 11,333 | 10,890 | 110 |
| Investment expenses | 565,908 | 1,435,620 | 14,614 |
| Interest expenses | 10,176 | 9,402 | 95 |
| Losses on trading account securities | 187 | - | - |
| Losses on money held in trust | 7,534 | 6,891 | 70 |
| Losses on sale of securities | 148,349 | 504,847 | 5,139 |
| Losses on valuation of securities | 31,904 | 412,416 | 4,198 |
| Losses on redemption of securities | 520 | 2,240 | 22 |
| Foreign exchange losses | 80,603 | 91,473 | 931 |
| Provision for reserve for possible loan losses | 1,334 | - | - |
| Provision for reserve for possible investment losses | 3,868 | - | - |
| Write-down of loans | 689 | 905 | 9 |
| Depreciation of rented real estate and others | 15,273 | 15,110 | 153 |
| Other investment expenses | 28,732 | 41,793 | 425 |
| Losses on investment in separate accounts | 236,734 | 350,539 | 3,568 |
| Operating expenses | 450,412 | 465,112 | 4,734 |
| Other ordinary expenses (Note IV.2) | 443,714 | 469,665 | 4,781 |
| NET SURPLUS FROM OPERATIONS | 192,879 | 63,351 | 644 |
| EXTRAORDINARY GAINS | 4,431 | 122,424 | 1,246 |
| Gains on disposal of fixed assets | 651 | 897 | 9 |
| Reversal of reserve for possible loan losses | - | 1,102 | 11 |
| Gains on collection of loans and claims written off | 3,775 | 236 | 2 |
| Reversal of reserve for price fluctuations | - | 119,980 | 1,221 |
| Gains on contribution of securities to retirement benefit trust | - | 207 | 2 |
| Other extraordinary gains | 3 | 1 | 0 |
| EXTRAORDINARY LOSSES | 33,274 | 11,891 | 121 |
| Losses on disposal of fixed assets | 974 | 3,742 | 38 |
| Impairment losses on fixed assets (Note IV.3) | 3,476 | 3,002 | 30 |
| One-time depreciation | 11,350 | - | - |
| Provision for reserve for retirement benefits of directors, executive officers and corporate auditors | - | 2,712 | 27 |
| Provision for reserve for possible reimbursement of prescribed claims | 1,000 | - | - |
| Provision for reserve for price fluctuations | 14,005 | - | - |
| Other extraordinary losses | 2,468 | 2,433 | 24 |
| Net surplus before adjustment for taxes, etc. | 164,036 | 173,884 | 1,770 |
| Corporate income taxes-current | 122,658 | 1,204 | 12 |
| Corporate income tax-deferred | (89,888) | 88,235 | 898 |
| Total of corporate income taxes (Note IV.1) | 32,770 | 89,439 | 910 |
| Minority interests in gain (loss) of subsidiaries | 23 | (2,368) | (24) |
| Net surplus for the year | ¥ 131,242 | ¥ 86,813 | $ 883 |

*See Notes to the Consolidated Financial Statements.*

FINANCIAL SECTIONS

# Consolidated Statements of Changes in Net Assets

The Dai-ichi Mutual Life Insurance Company



| | (millions of yen) Year ended March 31, 2009 | (millions of US$) Year ended March 31, 2009 |
|---|---|---|
| Foundation funds and surplus | | |
| Foundation funds | | |
| Beginning balance as of March 31, 2008 | ¥ 120,000 | $ 1,221 |
| Changes for the year | | |
| Changes for the year | - | - |
| Ending balance as of March 31, 2009 | 120,000 | 1,221 |
| Accumulated redeemed foundation funds | | |
| Beginning balance as of March 31, 2008 | 300,000 | 3,054 |
| Changes for the year | | |
| Changes for the year | - | - |
| Ending balance as of March 31, 2009 | 300,000 | 3,054 |
| Revaluation reserve | | |
| Beginning balance as of March 31, 2008 | 248 | 2 |
| Changes for the year | | |
| Changes for the year | - | - |
| Ending balance as of March 31, 2009 | 248 | 2 |
| Consolidated surplus | | |
| Beginning balance as of March 31, 2008 | 269,339 | 2,741 |
| Changes for the year | | |
| Transfer to reserve for policyholder dividends | (89,227) | (908) |
| Interest payment for foundation funds | (2,328) | (23) |
| Net surplus for the year | 86,813 | 883 |
| Transfer from reserve for land revaluation | 797 | 8 |
| Decrease due to changes in the scope of consolidation (Note VI.1) | (904) | (9) |
| Changes by capital increase of consolidated subsidiaries | 1,297 | 13 |
| Changes for the year | (3,551) | (36) |
| Ending balance as of March 31, 2009 | 265,787 | 2,705 |
| Total of foundation funds and surplus | | |
| Beginning balance as of March 31, 2008 | 689,587 | 7,020 |
| Changes for the year | | |
| Transfer to reserve for policyholder dividends | (89,227) | (908) |
| Interest payment for foundation funds | (2,328) | (23) |
| Net surplus for the year | 86,813 | 883 |
| Transfer from reserve for land revaluation | 797 | 8 |
| Decrease due to changes in the scope of consolidation (Note VI.1) | (904) | (9) |
| Changes by capital increase of consolidated subsidiaries | 1,297 | 13 |
| Changes for the year | (3,551) | (36) |
| Ending balance as of March 31, 2009 | 686,035 | 6,983 |
| Valuation and translation adjustments | | |
| Net unrealized gains on securities, net of tax | | |
| Beginning balance as of March 31, 2008 | 957,565 | 9,748 |
| Changes for the year | | |
| Net changes of items other than foundation funds and surplus | (1,004,914) | (10,230) |
| Changes for the year | (1,004,914) | (10,230) |
| Ending balance as of March 31, 2009 | (47,349) | (482) |
| Deferred hedge gains / losses | | |
| Beginning balance as of March 31, 2008 | - | - |
| Changes for the year | | |
| Net changes of items other than foundation funds and surplus | (357) | (3) |
| Changes for the year | (357) | (3) |
| Ending balance as of March 31, 2009 | (357) | (3) |
| Reserve for land revaluation | | |
| Beginning balance as of March 31, 2008 | (61,500) | (626) |
| Changes for the year | | |
| Net changes of items other than foundation funds and surplus | (797) | (8) |
| Changes for the year | (797) | (8) |
| Ending balance as of March 31, 2009 | (62,297) | (634) |
| Foreign currency translation adjustments | | |
| Beginning balance as of March 31, 2008 | (553) | (5) |
| Changes for the year | | |
| Net changes of items other than foundation funds and surplus | (1,961) | (19) |
| Changes for the year | (1,961) | (19) |
| Ending balance as of March 31, 2009 | (2,514) | (25) |
| Total of valuation and translation adjustments | | |
| Beginning balance as of March 31, 2008 | 895,510 | 9,116 |
| Changes for the year | | |
| Net changes of items other than foundation funds and surplus | (1,008,030) | (10,261) |
| Changes for the year | (1,008,030) | (10,261) |
| Ending balance as of March 31, 2009 | (112,519) | (1,145) |
| Minority interests (Note VI.2) | | |
| Beginning balance as of March 31, 2008 | 917 | 9 |
| Changes for the year | | |
| Net changes of items other than foundation funds and surplus | 5,495 | 55 |
| Changes for the year | 5,495 | 55 |
| Ending balance as of March 31, 2009 | 6,412 | 65 |
| Total net assets | | |
| Beginning balance as of March 31, 2008 | 1,586,016 | 16,145 |
| Changes for the year | | |
| Transfer to reserve for policyholder dividends | (89,227) | (908) |
| Interest payment for foundation funds | (2,328) | (23) |
| Net surplus for the year | 86,813 | 883 |
| Transfer from reserve for land revaluation | 797 | 8 |
| Decrease due to changes in the scope of consolidation (Note VI.1) | (904) | (9) |
| Changes by capital increase of consolidated subsidiaries | 1,297 | 13 |
| Net changes of items other than foundation funds and surplus | (1,002,535) | (10,205) |
| Changes for the year | (1,006,087) | (10,242) |
| Ending balance as of March 31, 2009 | ¥ 579,928 | $ 5,903 |

*See Notes to the Consolidated Financial Statements.*

| | (millions of yen) Year ended March 31, 2008 |
|---|---|
| Foundation funds and surplus | |
| Foundation funds | |
| Beginning balance as of March 31, 2007 | ¥140,000 |
| Changes for the year | |
| Redemption of foundation funds | (20,000) |
| Changes for the year | (20,000) |
| Ending balance as of March 31, 2008 | 120,000 |
| Accumulated redeemed foundation funds | |
| Beginning balance as of March 31, 2007 | 280,000 |
| Changes for the year | |
| Transfer to accumulated redeemed foundation funds | 20,000 |
| Changes for the year | 20,000 |
| Ending balance as of March 31, 2008 | 300,000 |
| Revaluation reserve | |
| Beginning balance as of March 31, 2007 | 248 |
| Changes for the year | |
| Changes for the year | - |
| Ending balance as of March 31, 2008 | 248 |
| Consolidated surplus | |
| Beginning balance as of March 31, 2007 | 273,483 |
| Changes for the year | |
| Transfer to reserve for policyholder dividends | (114,169) |
| Transfer to accumulated redeemed foundation funds | (20,000) |
| Interest payment for foundation funds | (2,678) |
| Net surplus for the year | 131,242 |
| Transfer from reserve for land revaluation | 1,460 |
| Changes for the year | (4,144) |
| Ending balance as of March 31, 2008 | 269,339 |
| Total of foundation funds and surplus | |
| Beginning balance as of March 31, 2007 | 693,732 |
| Changes for the year | |
| Transfer to reserve for policyholder dividends | (114,169) |
| Interest payment for foundation funds | (2,678) |
| Net surplus for the year | 131,242 |
| Redemption of foundation funds | (20,000) |
| Transfer from reserve for land revaluation | 1,460 |
| Changes for the year | (4,144) |
| Ending balance as of March 31, 2008 | 689,587 |
| Valuation and translation adjustments | |
| Net unrealized gains on securities, net of tax | |
| Beginning balance as of March 31, 2007 | 2,253,984 |
| Changes for the year | |
| Net changes of items other than foundation funds and surplus | (1,296,419) |
| Changes for the year | (1,296,419) |
| Ending balance as of March 31, 2008 | 957,565 |
| Deferred hedge gains / losses | |
| Beginning balance as of March 31, 2007 | (2) |
| Changes for the year | |
| Net changes of items other than foundation funds and surplus | 2 |
| Changes for the year | 2 |
| Ending balance as of March 31, 2008 | - |
| Reserve for land revaluation | |
| Beginning balance as of March 31, 2007 | (60,005) |
| Changes for the year | |
| Net changes of items other than foundation funds and surplus | (1,495) |
| Changes for the year | (1,495) |
| Ending balance as of March 31, 2008 | (61,500) |
| Foreign currency translation adjustments | |
| Beginning balance as of March 31, 2007 | (141) |
| Changes for the year | |
| Net changes of items other than foundation funds and surplus | (412) |
| Changes for the year | (412) |
| Ending balance as of March 31, 2008 | (553) |
| Total of valuation and translation adjustments | |
| Beginning balance as of March 31, 2007 | 2,193,835 |
| Changes for the year | |
| Net changes of items other than foundation funds and surplus | (1,298,324) |
| Changes for the year | (1,298,324) |
| Ending balance as of March 31, 2008 | 895,510 |
| Minority interests | |
| Beginning balance as of March 31, 2007 | 1,001 |
| Changes for the year | |
| Net changes of items other than foundation funds and surplus | (84) |
| Changes for the year | (84) |
| Ending balance as of March 31, 2008 | 917 |
| Total net assets | |
| Beginning balance as of March 31, 2007 | **2,888,569** |
| Changes for the year | |
| Transfer to reserve for policyholder dividends | **(114,169)** |
| Interest payment for foundation funds | **(2,678)** |
| Net surplus for the year | **131,242** |
| Redemption of foundation funds | **(20,000)** |
| Transfer from reserve for land revaluation | **1,460** |
| Net changes of items other than foundation funds and surplus | **(1,298,408)** |
| Changes for the year | **(1,302,553)** |
| Ending balance as of March 31, 2008 | **¥1,586,016** |

*See Notes to the Consolidated Financial Statements.*

# Consolidated Statements of Cash Flows

The Dai-ichi Mutual Life Insurance Company

| | (millions of yen) | | (millions of US$) |
|---|---|---|---|
| | Year ended March 31, | | |
| | 2008 | 2009 | 2009 |
| I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net surplus before adjustment for taxes, etc. | ¥164,036 | ¥173,884 | $1,770 |
| Depreciation of rented real estate and others | 15,273 | 15,110 | 153 |
| Depreciation | 30,187 | 30,437 | 309 |
| One-time depreciation | 11,350 | - | - |
| Impairment losses on fixed assets | 3,476 | 3,002 | 30 |
| Gains on contribution of securities to retirement benefit trust | - | (207) | (2) |
| Increase (decrease) in reserves for outstanding claims | 2,602 | 16,871 | 171 |
| Increase (decrease) in policy reserves | 236,808 | (389,201) | (3,962) |
| Provision for interest on policyholder dividends | 11,333 | 10,890 | 110 |
| Increase (decrease) in reserve for possible loan losses | 782 | (1,399) | (14) |
| Increase (decrease) in reserve for possible investment losses | 3,868 | (3,955) | (40) |
| Gains on collection of loans and claims written off | (3,775) | (236) | (2) |
| Write-down of loans | 689 | 905 | 9 |
| Increase (decrease) in reserve for possible claims payment | (5,500) | - | - |
| Increase (decrease) in reserve for employees' retirement benefits | 14,010 | (76,719) | (781) |
| Contribution to retirement benefit trust | - | 86,126 | 876 |
| Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors | (451) | 2,308 | 23 |
| Increase (decrease) in reserve for possible reimbursement of prescribed claims | 1,000 | - | - |
| Increase (decrease) in reserve for price fluctuations | 14,005 | (119,980) | (1,221) |
| Interest and dividends | (831,362) | (740,859) | (7,542) |
| Securities related losses (gains) | 259,967 | 874,478 | 8,902 |
| Interest expenses | 10,176 | 9,402 | 95 |
| Foreign exchange losses (gains) | 80,603 | 91,473 | 931 |
| Losses (gains) on disposal of fixed assets | 322 | 2,845 | 28 |
| Equity in income of affiliates | (4,189) | 28,235 | 287 |
| Decrease (increase) in trading account securities | (46,663) | (5,934) | (60) |
| Decrease (increase) in reinsurance receivables | 0 | (13,750) | (139) |
| Decrease (increase) in other assets | (76,866) | 33,885 | 344 |
| Increase (decrease) in reinsurance payables | (306) | 40 | 0 |
| Increase (decrease) in other liabilities | 47,461 | (37,974) | (386) |
| Others, net | 77,754 | 5,646 | 57 |
| Subtotal | 16,595 | (4,672) | (47) |
| Interest and dividends received | 814,625 | 780,024 | 7,940 |
| Interest paid | (10,228) | (9,426) | (95) |
| Policyholder dividends paid | (130,134) | (105,997) | (1,079) |
| Others, net | 90,856 | 250,855 | 2,553 |
| Corporate income taxes paid | (121,796) | (125,993) | (1,282) |
| Net cash flows provided by operating activities | 659,917 | 784,789 | 7,989 |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of monetary claims bought | (43,510) | (42,326) | (430) |
| Proceeds from sale and redemption of monetary claims bought | 114,092 | 52,738 | 536 |
| Purchases of money held in trust | (500) | (18,500) | (188) |
| Proceeds from decrease in money held in trust | - | 5,160 | 52 |
| Purchases of securities | (12,062,188) | (17,224,921) | (175,352) |
| Proceeds from sale and redemption of securities | 11,005,229 | 15,948,309 | 162,356 |
| Origination of loans | (798,658) | (585,667) | (5,962) |
| Proceeds from collection of loans | 1,204,779 | 979,872 | 9,975 |
| Others, net | (120,880) | (34,793) | (354) |
| II. ① Subtotal | (701,635) | (920,128) | (9,367) |
| [I. + II. ①] | [(41,718)] | [(135,338)] | [(1,377)] |
| Acquisition of tangible fixed assets | (105,914) | (29,128) | (296) |
| Proceeds from sale of tangible fixed assets | 1,500 | 2,062 | 20 |
| Acquisition of intangible fixed assets | (24,646) | (26,764) | (272) |
| Proceeds from sale of intangible fixed assets | - | 11 | 0 |
| Net cash flows used in investing activities | (830,696) | (973,947) | (9,914) |
| III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowing | 7,000 | 183,000 | 1,862 |
| Repayment of borrowings | (6,414) | (6) | (0) |
| Repayment of finance lease obligations | - | (48) | (0) |
| Redemption of foundation funds | (20,000) | - | - |
| Interest paid on foundation funds | (2,678) | (2,328) | (23) |
| Proceeds from stock issuance to minority shareholders | - | 10,000 | 101 |
| Others, net | 84 | (3) | (0) |
| Net cash flows provided by (used in) financing activities | (22,008) | 190,614 | 1,940 |
| IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (515) | (1,632) | (16) |
| V. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (193,302) | (176) | (1) |
| VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 673,372 | 479,951 | 4,885 |
| VII. INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DUE TO CHANGES IN THE SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION | (118) | (6,799) | (69) |
| VIII. CASH AND CASH EQUIVALENTS AT END OF YEAR (Note V.1 and 2) | ¥479,951 | ¥472,975 | $4,814 |

*See Notes to the Consolidated Financial Statements.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## I. PRESENTATION OF FINANCIAL STATEMENTS

1. Basis of Presentation
   The accompanying consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Mutual Life Insurance Company (the "Company" or the "Parent Company") in accordance with the provisions set forth in the Japanese Insurance Business Law and in conformity with accounting principles and practices generally accepted in Japan, which differ in certain respects from the application and disclosure requirements of International Financial Reporting Standards.
   In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.
2. U.S. Dollar Amounts
   The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥98.23 = US$1.00. The translations should not be construed as representations that such yen amounts have been, or could in the future be, converted into U.S. dollars at that or any other rate.
3. Yen amounts of less than ¥1 million have been omitted.
4. U.S. dollar amounts of less than $1 million have been omitted.

## II. GUIDELINES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation
   (1) Consolidated Subsidiaries
   i) Number of consolidated subsidiaries in the fiscal year ended March 31, 2009: 3
   The Dai-ichi Life Information Systems Co., Ltd.
   Dai-ichi Frontier Life Insurance Co., Ltd.
   Dai-ichi Life Insurance Company of Vietnam, Limited
   - Dai-ichi Life International (Europe) Limited, Dai-ichi Seimei Card Service Ltd., Dai-ichi Life International (AsiaPacific) Limited, Dai-ichi Life International (U.S.A.), Inc., Dai-ichi Life Research Institute Inc., and The Dai-ichi Well Life Support Co., Ltd. become a non-consolidated subsidiaries for the fiscal year ended March 31, 2009 due to their immateriality in terms of quality and quantity.
   - Dai-ichi Life International (H.K.) Limited changed its name to Dai-ichi Life International (AsiaPacific) Limited in September 2008.
   - Dai-ichi Life International (U.K.) Limited changed its name to Dai-ichi Life International (Europe) Limited in September 2008.

   ii) Number of consolidated subsidiaries in the fiscal year ended March 31, 2008: 9
   Dai-ichi Life International (U.K.) Ltd.
   Dai-ichi Seimei Card Service Ltd.
   Dai-ichi Life International (H.K.) Ltd.
   The Dai-ichi Life Information Systems Co., Ltd.
   Dai-ichi Life International (U.S.A.), Inc.
   Dai-ichi Life Research Institute Inc.
   The Dai-ichi Well Life Support Co., Ltd.
   Dai-ichi Frontier Life Insurance Co., Ltd.
   Dai-ichi Life Insurance Company of Vietnam, Limited
   - Dai-ichi Frontier Co., Ltd. changed its name to Dai-ichi Frontier Life Insurance Co., Ltd. in July 2007.
   - CUBIC VENTURE CAPITAL Co., Ltd. was excluded from the scope of consolidation in February 2008 following a change in the composition of its shareholders.

   (2) Number of non-consolidated subsidiaries in the fiscal year ended March 31, 2009: 14
   Number of non-consolidated subsidiaries in the fiscal year ended March 31, 2008: 8
   The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. Each of the non-consolidated subsidiaries is immaterial in terms of overall assets, revenues, net surplus, and surplus for the year.
   (3) Special Purpose Entities subject to disclosure
   i) Securitization of Foundation Funds and Subordinated Obligations
   The Parent Company securitized foundation funds and subordinated obligations to broaden the range of investors and to secure a stable base for raising capital. For the securitization, the Parent Company utilized a Tokutei Mokuteki Kaisha (the "TMK", specified purpose company) regulated by the Asset Liquidation Act. TMKs raise capital by issuing specified company bonds backed by assets transferred to the TMKs by contributors of foundation funds and subordinated loans. The Parent Company holds non-voting shares in Cayman-based special

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purpose companies (the "SPC"), which in turn hold specified shares in TMKs. The Parent Company recognized future possible losses for those non-voting shares in its financial statements by writing them down appropriately, taking the TMKs' financial situation into account, in accordance with the "Accounting Standard for Financial Instruments" issued on March 10, 2008. The Parent Company has implemented four capital raisings through securitization by March 31, 2009. The number of TMKs which are still engaged in transactions with the Parent Company at the end of the fiscal year ended March 31, 2009 became three, as one of the companies completed its liquidation on October 15, 2008.

The total of assets of these companies at the end of their latest two consecutive fiscal years (September 30, 2008 and September 30, 2007) were ¥151,400 million (US$1,541 million) and ¥151,706 million, respectively. The total of liabilities at the end of their latest two consecutive fiscal years (September 30, 2008 and September 30, 2007) were ¥150,397 million (US$1,531 million) and ¥150,397 million, respectively. The Parent Company held no ordinary shares in those three companies and none of the three companies had directors, officers, or employees transferred from the Parent Company.

The amounts involved in the principal transactions between the Parent Company and the TMKs were as follows:

| | Amounts as of March 31, | | |
|---|---|---|---|
| | 2008 | 2009 | 2009 |
| | (millions of yen) | | (millions of US$) |
| Foundation funds obligation | ¥ 120,000 | ¥ 120,000 | $ 1,221 |
| Subordinated obligation | 30,000 | 30,000 | 305 |
| Undrawn commitment line balance related to loans | 2,107 | 2,107 | 21 |

| | Year ended March 31, | | |
|---|---|---|---|
| | 2008 | 2009 | 2009 |
| | (millions of yen) | | (millions of US$) |
| Interests for foundation funds | ¥ 2,678 | ¥ 2,328 | $ 23 |
| Interest Expenses | 619 | 616 | 6 |

ii) Investment in Securitized Real Estate

To diversify investments in real estates and stabilize its investment returns, the Parent Company had an exposure to investment projects to securitize real estate. The Parent Company had three special purpose companies (the "SPCs") to be disclosed as of March 31, 2009 and one SPC as of March 31, 2008, and the Parent Company invested in the SPC under an anonymous association contract based on the Commercial Code. The investment in the anonymous association contract was fairly accounted for based on the fair value of real estate owned by the SPCs in accordance with the "Accounting Standards for Financial Instruments" issued on March 10, 2008. The Parent Company anticipates no obligation in the future to cover possible losses of the SPC. Even if the fair value of the real estates declines, the loss of the Parent Company is limited to the amount of investment in the anonymous association contract. The total of assets and liabilities of the SPC(s) at the end of their fiscal year 2008 (December 31, 2008 and January 31, 2009) amounted to ¥143,015 million (US$1,455 million) and ¥95,685 million (US$974 million), respectively. The total assets and liabilities of the Company's SPC at the end of its fiscal year 2007 (January 31, 2008) amounted to ¥119,682 million and ¥75,864 million, respectively. As of March 31, 2009 and 2008, the Parent Company had no management authority in the SPC and the SPC had no directors, officers, and employees transferred from the Parent Company.

The amounts involved in transactions between the Parent Company and the SPC were as follows:

| | Amounts as of March 31, | | |
|---|---|---|---|
| | 2008 | 2009 | 2009 |
| | (millions of yen) | | (millions of US$) |
| Investment in anonymous association | ¥ 25,195 | ¥ 30,430 | $ 309 |
| Preferred investments | - | ¥ 3,000 | $ 30 |

| | Years ended March 31 | | |
|---|---|---|---|
| | 2008 | 2009 | 2009 |
| | (millions of yen) | | (millions of US$) |
| Dividends | ¥ 2,002 | ¥ 2,183 | $ 22 |
| Dividends | - | ¥ 91 | $ 0 |

2. Application of the Equity Method

(1) Number of non-consolidated subsidiaries accounted for under the equity method in the fiscal years ended March 31, 2009 and 2008: 0

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(2) Affiliated companies accounted for under the equity method

i) Number of affiliated companies accounted for under the equity method for the fiscal year ended March 31, 2009: 32

DIAM Co., Ltd.
DIAM U.S.A., Inc.
DIAM International Ltd
DIAM SINGAPORE PTE. LTD.
DIAM Asset Management (HK) Limited
Mizuho-DL Financial Technology Co., Ltd.
Japan Real Estate Asset Management Co., Ltd.
Trust & Custody Services Bank Ltd.
Corporate-pension Business Service Co., Ltd.
Japan Excellent Asset Management Co., Ltd.
NEOSTELLA CAPITAL CO., LTD.
Ocean Life Insurance Co., Ltd.
Tower Australia Group Limited
Star Union Dai-ichi Life Insurance Company Limited

- DIAM SINGAPORE PTE. LTD. became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, due to its establishment in April 2008 by DIAM Co., Ltd., an affiliated company of the Parent Company.
- Ocean Life Insurance Co., Ltd. became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, due to the Parent Company's acquisition of its shares in July 2008 and subscription of its capital increase in October 2008.
- Tower Australia Group Limited became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, due to the Parent Company's acquisition of its shares in October 2008. Also, 18 subsidiaries and affiliates of Tower Australia Group Limited became accounted for under the equity method effective the fiscal year ended March 31, 2009.
- DIAM International Fund Management (Jersey) Ltd. completed its liquidation process in December 2008 and ceased to be an affiliated company of the Parent Company.
- Star Union Dai-ichi Life Insurance Company Limited became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, as it started operations as a life insurance company in February 2009.
- DIAM Asset Management (HK) Limited became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, due to its establishment in March 2009 by DIAM Co., Ltd., an affiliated company of the Parent Company.

ii) Number of affiliated companies accounted for under the equity method in the fiscal year ended March 31, 2008: 10

DIAM Co., Ltd.
DIAM U.S.A., Inc.
DIAM International Ltd.
DIAM International Fund Management (Jersey) Ltd.
Mizuho-DL Financial Technology Co., Ltd.
Japan Real Estate Asset Management Co., Ltd.
Trust & Custody Services Bank Ltd.
Corporate-pension Business Service Co., Ltd.
Japan Excellent Asset Management Co., Ltd.
NEOSTELLA CAPITAL CO., LTD.

- DIAM International Fund Management (Jersey) Ltd. became an affiliated company in April 2007.
- Polaris Principal Finance Co., Ltd. became a non-affiliated company in June 2007 following a share transfer by the Parent Company.
- DLIBJ Asset Management Co., Ltd., DLIBJ Asset Management (U.S.A.), Inc. and DLIBJ Asset Management International Ltd. changed their names to DIAM Co., Ltd., DIAM U.S.A., Inc. and DIAM International Ltd., respectively, in January 2008.
- CUBIC VENTURE CAPITAL Co., Ltd. changed its name to NEOSTELLA CAPITAL CO., LTD. and became an affiliated company in February 2008.

(3) The non-consolidated subsidiaries (Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. and others), as well as affiliated companies (DSC No. 2 Investment Partnership, DSC No. 3 Investment Partnership, CVC No. 1 Investment Limited Partnership, CVC No. 2 Investment Limited Partnership, O.M. Building Management Co., Ltd., and others) were not accounted for under the equity method. In addition, NEOSTELLA No.1 Investment Limited Partnership, an affiliated company of the Parent Company, was not accounted for under the equity method in the fiscal year ended March 31, 2009. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of the net surplus for the year and the surplus at year end.

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

4. Assets and Liabilities of Consolidated Subsidiaries
Assets and liabilities of consolidated subsidiaries were recorded at fair value at the acquisition date.

5. Amortization of Goodwill on Consolidation
Goodwill on consolidation which is immaterial is charged to operations as incurred.

## III. NOTES TO CONSOLIDATED BALANCE SHEETS

1. Valuation Methods of Securities
The valuation of securities of the Parent 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, is carried out as explained below:
(1) Trading Securities
Trading securities are carried at fair value with cost determined by the moving average method.
(2) Held-to-maturity Securities
Held-to-maturity debt securities are stated at amortized cost determined by the moving average method.
(3) Policy-reserve-matching Bonds in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (JICPA)
Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.
(4) Stocks of Non-consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method
Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are stated at cost determined by the moving average method.
(5) Available-for-sale Securities
i. Available-for-sale Securities with Market Value
Available-for-sale securities which have market value are valued at market value at the end of the fiscal year (for domestic stocks, the average value during March), with cost determined by the moving average method.
ii. Available-for-sale Securities without Market Value
a. Government/Corporate bonds (including Foreign Bonds), Whose Premium or Discount Represents the Interest Adjustment,
Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment, are valued at the amortized cost, determined by the moving average method.
b. Others
All others are valued at cost using the moving average method.

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

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

2. Trading Account Securities
Trading account securities are reported at fair value using the moving average method.

3. Policy-reserve-matching Bonds
The book value, market value, and risk management policy regarding policy-reserve-matching bonds are as follows:
(1) Book Value and Market Value
The book value of policy-reserve-matching bonds as of March 31, 2009 and 2008 were ¥5,161,684 million (US$52,546 million) and ¥4,927,142 million, respectively. The market values of these bonds as of March 31, 2009 and 2008 were ¥5,391,451 million (US$54,885 million) and ¥5,078,369 million, respectively.
(2) Risk Management Policy
The Parent Company categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of sub-groups. Moreover, it periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:
i. individual life insurance and annuities
ii. financial insurance and annuities, and
iii. employee-funded corporate pension contracts.

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(3) Integration of Sub-groups

The Parent Company previously classified individual life insurance and annuities into sub-groups by durations of individual life insurance and annuities. However, effective the fiscal year ended March 31, 2009, the Company integrated the sub-groups into a single group to control the duration of individual life insurance and annuities in the aggregate and to facilitate more sophisticated ALM. This change did not have any impact on profits and losses of the Company.

4. Valuation Methods of Derivative Transactions

Derivative transactions are reported at fair value.

5. Revaluation of Land

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

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

The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.

6. Depreciation of Tangible Fixed Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

i. Buildings (excluding leasehold improvements and structures)

a. Acquired on or before March 31, 2007

Calculated by the previous straight-line method.

b. Acquired on or after April 1, 2007

Calculated by the straight-line method.

ii. Assets other than buildings

a. Acquired on or before March 31, 2007

Calculated by the previous declining balance method.

b. Acquired on or after April 1, 2007

Calculated by the declining balance method.

Assets in "other tangible fixed assets" that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

With the revision of the corporate income tax law, the depreciation of tangible fixed assets acquired on or after April 1, 2007 is computed using the straight-line method and the declining balance method stipulated in the revised law. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥323 million for the fiscal year ended March 31, 2008.

With respect to tangible fixed assets that were acquired on or before March 31, 2007 and that were depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the salvage values were depreciated in the five years following the fiscal year end when such assets were depreciated to their final depreciable limit. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥714 million for the fiscal year ended March 31, 2008.

Taking into account the decision made in December 2007 on the restructuring and transfer of the Oi head office, and the expected decline in the future value of related buildings and other assets arising from that decision, one-time depreciation was recognized for those assets in the fiscal year ended March 31, 2008. This one-time depreciation was calculated on the assumption that the estimated useful lives of the assets concluded at the end of the fiscal year ended March 31, 2008, after depreciation by the method stated above was recognized until the fiscal year end. This cost was recorded as a one-time depreciation in extraordinary losses. As a result, extraordinary losses for the fiscal year ended March 31, 2008 increased by ¥11,350 million and net surplus before adjustment for taxes, etc. for the fiscal year ended March 31, 2008 decreased by ¥11,350 million.

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

(2) Depreciation of Leased Assets

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

(3) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2009 and 2008 was ¥625,063 million (US$6,363 million) and ¥605,510 million, respectively.

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

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

Assets, liabilities, revenues, and expenses of its consolidated overseas subsidiaries are translated to yen at the exchange rate 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 balance sheet.

8. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the fiscal years ended March 31, 2009 and 2008 were ¥4,145 million (US$42 million) and ¥4,125 million, respectively.

9. Accounting of Beneficial Interests in Securitized Mortgage Loans

As of March 31, 2009 and 2008, the trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Parent Company in August 2000, amounted to ¥25,562 million (US$260 million) and ¥25,805 million, respectively, and are included as loans in the consolidated balance sheets. The reserve for possible loan losses for these particular beneficial interests is calculated based on the balance of the underlying loans. The balances of the underlying loans in the trust as of March 31, 2009 and 2008 were ¥62,703 million (US$638 million) and ¥73,671 million, respectively.

10. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Council) is provided.

The funding status of employees' retirement benefits of the Parent Company and its consolidated subsidiaries were as follows:

(1) Funding status of employees' retirement benefits of the Parent Company and its consolidated subsidiaries:

| | As of March 31, | | |
|---|---|---|---|
| | 2008 | **2009** | **2009** |
| | (millions of yen) | | (millions of US$) |
| a. Projected benefit obligations | ¥ (633,087) | ¥ (634,578) | $ (6,460) |
| b. Pension assets | 105,179 | 186,362 | 1,897 |
| Retirement benefit trust (included in the above pension assets) | | 88,607 | 902 |
| c. Unfunded benefit obligations (a + b) | (527,908) | (448,215) | (4,562) |
| d. Unrecognized actuarial differences | 61,715 | 53,396 | 543 |
| e. Unrecognized gains on plan amendments | (16,128) | (10,752) | (109) |
| f. Net amount recognized on the consolidated balance sheets (c + d + e) | (482,321) | (405,571) | (4,128) |
| g. Prepaid pension expenses | - | - | - |
| h. Reserve for employees' retirement benefits (f - g) | ¥ (482,321) | ¥ (405,571) | $ (4,128) |

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

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(2) Assumptions

i) Assumptions used as of March 31, 2009:

- Method of periodic allocation of benefit obligations: straight-line method
- Discount rate: 1.7% to 1.8% per annum
- Estimated return on investment:

| | |
|---|---|
| a. Defined benefit corporate pension | 1.7% per annum |
| b. Tax qualified pension plan | 1.0% per annum |
| c. Retirement benefit trust | 0.0% per annum |

- Amortization period for actuarial differences: 3 to 7 years starting from the following fiscal year
- Amortization period for gains on plan amendments: 3 to 7 years

ii) Assumptions used as of March 31, 2008:

- Method of periodic allocation of benefit obligations: straight-line method
- Discount rate: 1.7% to 1.8% per annum
- Estimated return on investment: 1.0% to 1.7% per annum
- Amortization period for actuarial differences: 3 to 7 years starting from the following fiscal year
- Amortization period for gains on plan amendments: 3 to 7 years

## 11. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of the Company is established for securities with no market value. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

## 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 fiscal year in accordance with the provisions of Article 115 of the Insurance Business Law.

## 13. Lease Transactions

Finance leases, other than those whose ownership transfers to the lessees, have previously been accounted for in the same manner applicable to ordinary operating leases. However, effective the fiscal year ended March 31, 2009, they are accounted for in the same manner applicable to purchases and reported as leased assets except small transactions by adopting the "Accounting Standard for Lease Transactions" issued on March 30, 2007 by the Accounting Standards Board of Japan (ASBJ) and the "Implementation Guidance on the Accounting Standard for Lease Transactions" issued on March 30, 2007 by the ASBJ.

Finance leases, other than those whose ownership transfers to the lessees and which commenced before April 1, 2008, are accounted for in the same manner applicable to ordinary operating leases.

As a result, leased assets increased by ¥247 million (US$2 million) and lease liabilities increased by ¥247 million (US$2 million) for the fiscal year ended March 31, 2009. This change did not have any impact on net surplus from operations and net surplus before adjustment for taxes, etc. for the fiscal year.

## 14. Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" issued on March 10, 2008 by the Accounting Standards Board of Japan. Primarily, special hedge accounting for interest swaps and the deferral hedge method are used for cash flow hedges of certain ordinary loans, government and corporate bonds, and debt and bonds payable; the currency allotment method is used for cash flow hedges by foreign currency swaps and foreign currency forward contracts against exchange rate fluctuations in certain foreign currency-denominated loans and term deposits, and the fair value hedge method is used for hedges by currency options and foreign currency forward contracts against exchange rate fluctuations in the value of certain foreign currency-denominated securities. Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

## 15. Calculation of National and Local Consumption Tax

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

## 16. Policy Reserves

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

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

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

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996, premium payments for which were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Law and will be provided evenly in the following years. As a result, provision for policy reserves for the fiscal year ended March 31, 2009 was ¥104,241 million (US$1,061 million).

The Parent Company formerly intended to provide the additional policy reserve evenly over five years (until the fiscal year ending March 31, 2012). As a result, the provision for policy reserve increased by ¥186,139 million and the net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥186,139 million in the fiscal year ended March 31, 2008.

However, effective the fiscal year ended March 31, 2009, the Parent Company changed the provision period to nine years (until the fiscal year ending March 31, 2016). As a result, in the fiscal year ended March 31, 2009, reversal of provision for policy reserves increased by ¥41,633 million (US$423 million) and net surplus from operations and net surplus before adjustment for taxes, etc. increased by ¥41,633 million (US$423 million).

17. Amortization of Intangible Fixed Assets

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

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

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

Actual corporate-pension payments to directors, executive officers, and corporate auditors who retired before the approval of the 105th general meeting of representative policyholders were recognized until the fiscal year ended March 31, 2008 as expenses when they were paid. However, effective the fiscal year ended March 31, 2009, reserve for retirement benefit of directors, executive officers, and corporate auditors is calculated by adding items (1) and (2) above and the amount of payments for the fiscal year ended March 31, 2009 was reported as an extraordinary loss. As a result of this change, extraordinary losses increased by ¥2,712 million (US$27 million) and net surplus before adjustment for taxes, etc. decreased by ¥2,712 million (US$27 million) for the fiscal year ended March 31, 2009.

For the reserve for retirement benefits of directors, executive officers, and corporate auditors of some of the consolidated subsidiaries, an amount considered to have been rationally incurred is provided for the fiscal year ended March 31, 2009.

19. Reserve for Possible Reimbursement of Prescribed Claims

Until the fiscal year ended March 31, 2007, losses resulting from the reimbursement of claims for which prescription periods had run out in the previous years were recognized as expenses when the reimbursement was made. Effective the fiscal year ended March 31, 2008, in accordance with Auditing and Assurance Practice Committee report No.42 "Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits" issued by the Japanese Institute of Certified Public Accountants (JICPA), a reserve for possible reimbursement of prescribed claims is established, which is estimated based on past reimbursement experiences. As a result, net surplus from operations increased by ¥1,000 million and net surplus before adjustment for taxes, etc. decreased by ¥1,000 million for the fiscal year ended March 31, 2008.

20. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheets. The total balance of securities lent as of March 31, 2009 and 2008 was ¥475,988 million (US$4,845 million) and ¥674,569 million, respectively.

21. Problem Loans

As of March 31, 2009 and 2008, the total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, were ¥19,670 million (US$200 million) and ¥28,947 million, respectively. The amount of credits to bankrupt borrowers was ¥5,493 million (US$55 million), the amount of delinquent loans was ¥11,648 million (US$118 million), the Parent Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥2,528 million (US$25 million) as of March 31, 2009. The amounts of loans in each category as of March 31, 2008 were ¥5,813 million, ¥20,288 million, ¥1,682 million and ¥1,162 million, respectively.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. 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 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 8. above, credits to bankrupt borrowers and delinquent loans decreased by ¥976 million (US$9 million) and ¥3,169 million (US$32 million), respectively, in the fiscal year ended March 31, 2009, and ¥1,246 million and ¥2,879 million, respectively, in the fiscal year ended March 31, 2008.

## 22. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Law as of March 31, 2009 and 2008 were ¥1,542,048 million (US$15,698 million) and ¥1,577,303 million, respectively. Separate account liabilities were the same amount as separate account assets.

## 23. Application of Deferred Tax Accounting

Total deferred tax assets as of March 31, 2009 and 2008 were ¥738,263 million (US$7,515 million) and ¥760,960 million, respectively. Total deferred tax liabilities as of March 31, 2009 and 2008 were ¥27,308 million (US$278 million) and ¥574,968 million, respectively. As of March 31, 2009 and 2008, the valuation allowance for deferred tax assets amounted to ¥68,557 million (US$697 million) and ¥22,234 million, respectively.

Major components of deferred tax assets as of March 31, 2009 were as follows:

| | As of March 31, | |
|---|---|---|
| | 2009 | 2009 |
| | (millions of yen) | (millions of US$) |
| Insurance policy reserve | ¥ 317,563 | $ 3,232 |
| Reserve for employees' retirement benefits | 177,561 | 1,807 |
| Tax losses carried forward | 84,445 | 859 |
| Losses on valuation of securities | 68,895 | 701 |

Major components of deferred tax assets as of March 31, 2008 were as follows:

| | As of March 31, |
|---|---|
| | 2008 |
| | (millions of yen) |
| Insurance policy reserve | ¥ 456,393 |
| Reserve for employees' retirement benefits | 174,178 |
| Reserve for price fluctuations | 79,902 |
| Losses on valuation of securities | 14,561 |

Major components of deferred tax liabilities as of March 31, 2009 were as follows:

| | As of March 31, | |
|---|---|---|
| | 2009 | 2009 |
| | (millions of yen) | (millions of US$) |
| Dividend receivables from stocks | ¥ 10,248 | $ 104 |
| Reserve for tax basis adjustments of real estate | 9,233 | 93 |
| Gains on contribution of securities to retirement benefit trust | 5,348 | 54 |

A major component of deferred tax liabilities as of March 31, 2008 was as follows:

| | As of March 31, 2008 |
|---|---|
| | (millions of yen) |
| Net unrealized gains on securities | ¥ 549,290 |

Deferred tax liabilities and deferred tax assets are offset and presented as deferred tax assets.

The statutory tax rate during the fiscal years ended March 31, 2009 and 2008 was 36.08% and 36.08%, respectively. The principal reason for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes was (1) the impact of the reserve for policyholder dividends, the effect of which for the fiscal year ended March 31, 2009 and 2008 was to reduce the tax rate by 13.48% and 19.62%, respectively, and (2) the impact of the valuation allowance, the effect of which for the fiscal year ended March 31, 2009 was to increase the tax rate by 26.63%.

24. Leased Computers

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

25. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

| | Year ended March 31, | | |
|---|---|---|---|
| | 2008 | **2009** | **2009** |
| | (millions of yen) | | (millions of US$) |
| Balance at end of previous fiscal year | ¥ 358,170 | **¥ 353,538** | **$ 3,599** |
| Transfer from surplus in previous fiscal year | 114,169 | **89,227** | **908** |
| Dividends paid in fiscal year | (130,134) | **(105,997)** | **(1,079)** |
| Interest accrual in fiscal year | 11,333 | **10,890** | **110** |
| Balance at the end of fiscal year | ¥ 353,538 | **¥ 347,658** | **$ 3,539** |

26. Stocks of Subsidiaries

The amounts of stocks of non-consolidated subsidiaries and affiliated companies the Parent Company held as of March 31, 2009 and 2008 were ¥55,248 million (US$562 million) and ¥30,332 million, respectively.

27. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were ¥502,419 million (US$5,114 million) and ¥86 million (US$0 million), respectively, as of March 31, 2009, and ¥566,113 million and ¥86 million, respectively, as of March 31, 2008.

Secured liabilities as of March 31, 2009 and 2008 totaled ¥484,576 million (US$4,933 million) and ¥537,111 million, respectively. Among the amounts, securities and cash collateral for securities lending transactions as of March 31, 2009 were ¥475,736 million (US$4,843 million) and ¥484,550 million (US$4,932 million), respectively, and those as of March 31, 2008 were ¥532,191 million and ¥537,079 million, respectively.

28. Reinsurance

As of March 31, 2009, reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Law, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter "reserves for outstanding claims reinsured") was ¥49 million (US$0 million). That of March 31, 2008 was not provided.

As of March 31, 2009 and 2008, the amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter "policy reserves reinsured") was ¥ 6,169 million (US$62 million) and ¥0 million, respectively.

29. Redemption of Foundation Funds and Provision for Accumulated Redeemed Foundation Funds

In the fiscal years ended March 31, 2008, due to the redemption of foundation funds of ¥20,000 million, the Parent Company provided the same amount as accumulated redeemed foundation funds, in accordance with Article 56 of the Insurance Business Law.

30. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2009 and 2008, the market value of the securities borrowed which are not sold or pledged was ¥13,830 million (US$140 million) and ¥44,217 million, respectively, among both of which no securities are pledged as collateral.

31. Commitment Line

As of March 31, 2009 and 2008, there were unused commitment line agreements under which the Company is the lender of ¥12,507 million (US$127 million) and ¥27,432 million, respectively.

32. Subordinated Debt

As of March 31, 2009 and 2008, other liabilities included subordinated debt of ¥313,000 million (US$3,186 million) and ¥130,000 million, respectively, the repayment of which is subordinated to other obligations.

33. Subordinated Bonds

Subordinated bonds of ¥49,102 million and ¥50,080 million shown in liabilities as of March 31, 2009 and 2008 were foreign currency-denominated subordinated bonds of US$499 million, the repayment of which is subordinated to other obligations.

34. Assets Denominated in Foreign Currencies

Assets of the Parent Company denominated in foreign currencies as of March 31, 2009 and 2008 totaled ¥4,725,208 million (US$48,103 million) and ¥5,348,506 million, respectively. The principal foreign currency asset amounts as of March 31, 2009 and 2008 were US$25,981 million and €12,970 million, and US$26,815 million and €11,871 million, respectively.

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

The estimated future obligations of the Parent Company and its subsidiaries that run a life insurance business in Japan as of March 31, 2009 and 2008 to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law were ¥61,957 million (US$630 million) and ¥63,675 million, respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

36. Changes in Presentation of Tangible Fixed Assets and Intangible Fixed Assets

Effective the fiscal year ended March 31, 2009, in accordance with the revised format attached to the Enforcement Regulation of the Insurance Business Law (Article 55 of the Cabinet Office Ordinance, September 19, 2008), the Company made changes in presentation as follows:

(1) The former aggregated "tangible fixed assets" was divided into four sub-categories under the "tangible fixed assets" account, titled as "land", "buildings", "construction in progress" and "other tangible fixed assets" respectively, for the fiscal year ended March 31, 2009.

(2) The former aggregated "intangible fixed assets" was broken down into two sub-categories, "software" and "other intangible fixed assets", under the "intangible fixed assets" account for the fiscal year ended March 31, 2009.

## IV. NOTES TO CONSOLIDATED STATEMENTS OF EARNINGS

1. Total of Corporate Income Taxes

Effective the fiscal year ended March 31, 2009, in accordance with the revised format attached to the Enforcement Regulation of the Insurance Business Law (Article 25 of the Cabinet Office Ordinance, April 17, 2009), the Company presented corporate income taxes, resident taxes, and taxes deferred, collectively as "total of corporate income taxes."

2. Retirement Benefit Expenses

Retirement benefit expenses of the Parent Company and its consolidated subsidiaries for the fiscal years ended March 31, 2009 and 2008 were ¥46,489 million (US$473 million) and ¥49,649 million, respectively, and consisted of the following:

| | Year ended March 31, | | |
|---|---|---|---|
| | 2008 | **2009** | **2009** |
| | (millions of yen) | | (millions of US$) |
| Service cost | ¥ 24,489 | ¥ 24,437 | $ 248 |
| Interest cost | 10,698 | 10,764 | 109 |
| Estimated investment income | (1,831) | (1,781) | (18) |
| Amortization of unrecognized actuarial differences | 21,669 | 18,444 | 187 |
| Amortization of unrecognized gains on plan amendments | (5,376) | (5,376) | (54) |
| Retirement benefit expenses | ¥ 49,649 | ¥ 46,489 | $ 473 |

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2009 and 2008 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2009 were as follows:

| Asset Group | Number | Impairment Losses | | | | | |
|---|---|---|---|---|---|---|---|
| | | (millions of yen) | | | (millions of US$) | | |
| | | Land | Buildings | Total | Land | Buildings | Total |
| Real estate for rent | 2 | ¥ 354 | ¥ 227 | ¥ 582 | $ 3 | $ 2 | $ 5 |
| Real estate not in use | 26 | 616 | 1,803 | 2,420 | 6 | 18 | 24 |
| Total | 28 | ¥ 971 | ¥ 2,031 | ¥ 3,002 | $ 9 | $ 20 | $ 30 |

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Impairment losses by asset group for the fiscal year ended March 31, 2008 were as follows:

| Asset Group | Number | Impairment Losses (millions of yen) | | | |
|---|---|---|---|---|---|
| | | Land | Land Leasing Rights | Buildings | Total |
| Real estate for rent | 4 | ¥ 174 | ¥ 437 | ¥ 835 | ¥ 1,447 |
| Real estate not in use | 29 | 1,739 | - | 290 | 2,029 |
| Total | 33 | ¥ 1,913 | ¥ 437 | ¥ 1,125 | ¥ 3,476 |

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. Discount rates of 3.13% and 3.18% for the fiscal years ended March 31, 2009 and 2008, respectively, were applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value is used as the net sale value.

## V. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

1. Scope of Cash and Cash Equivalents

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

2. Reconciliations of Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2009 and 2008 were as follows:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | **2009** | **2009** |
| | (millions of yen) | | (millions of US$) |
| a. Cash and cash deposits | ¥ 208,107 | **¥ 245,895** | **$ 2,503** |
| b. Call loans | 226,860 | **206,580** | **2,103** |
| c. Commercial paper included in monetary claims bought | 44,983 | **19,999** | **203** |
| d. Monetary market fund included in securities | - | **500** | **5** |
| Cash and cash equivalents (a. + b. + c. + d.) | ¥ 479,951 | **¥ 472,975** | **$ 4,814** |

## VI. NOTES TO CONSOLIDATED STATEMENTS OF CHANGE IN NET ASSETS

1. Change in the Scope of Consolidation

The Parent Company changed its scope of consolidation for its consolidated statement of change in net assets during the fiscal year ended March 31, 2009. As a result, consolidation surplus decreased by ¥904 million (US$9 million).

2. Minority Interests

The increase in minority interests in consolidated subsidiaries of the Parent Company during the fiscal year ended March 31, 2009 is due to the increase in their capital stock by ¥8,702 million (US$88 million).

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# Report of Independent Auditors

Mr. Katsutoshi Saito
President
The Dai-ichi Mutual Life Insurance Company

We have audited the accompanying consolidated balance sheets of The Dai-ichi Mutual Life Insurance Company and consolidated subsidiaries as of March 31, 2008 and 2009, and the related consolidated statements of earnings, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Dai-ichi Mutual Life Insurance Company and consolidated subsidiaries at March 31, 2008 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I.2.

Ernst & Young ShinNihon LLC

June 23, 2009



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