Non-Consolidated Balance Sheets

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)		(millions of US$)
	As of March 31,		
	2008	2009	2009
(ASSETS)			
Cash and deposits	¥ 177,816	**¥ 222,407**	**$ 2,264**
Cash	1,196	**1,019**	**10**
Bank deposits (Note II.28)	176,619	**221,388**	**2,253**
Call loans	206,300	**171,100**	**1,741**
Deposit paid for securities borrowing transactions	47,273	**14,954**	**152**
Monetary claims bought	316,767	**281,371**	**2,864**
Trading account securities (Note II.1 and 2)	46,663	**52,597**	**535**
Money held in trust	25,223	**13,265**	**135**
Securities (Note II.1, 3, 20, 27 and 28)	24,317,141	**22,667,846**	**230,762**
Government bonds	9,260,744	**10,147,344**	**103,301**
Local government bonds	452,300	**343,529**	**3,497**
Corporate bonds	2,831,143	**2,462,903**	**25,072**
Stocks	4,939,522	**3,139,601**	**31,961**
Foreign securities	6,327,686	**6,220,487**	**63,325**
Other securities	505,745	**353,980**	**3,603**
Loans (Note II.21 and 33)	4,647,199	**4,248,438**	**43,249**
Policy loans	629,534	**604,706**	**6,156**
Ordinary loans	4,017,665	**3,643,732**	**37,093**
Ordinary loans	3,991,859	**3,618,169**	**36,833**
Trust loans (Note II.9)	25,805	**25,562**	**260**
Tangible fixed assets (Note II.6)	1,238,793	**1,239,487**	**12,618**
Land (Note II.5)	807,248	**814,730**	**8,294**
Buildings	424,341	**417,454**	**4,249**
Leased assets (Note II.13 and 25)	-	**242**	**2**
Construction in progress	2,392	**2,937**	**29**
Other tangible fixed assets	4,810	**4,122**	**41**
Intangible fixed assets (Note II.17)	102,665	**107,423**	**1,093**
Software	68,656	**73,427**	**747**
Other intangible fixed assets	34,009	**33,996**	**346**
Reinsurance receivables	123	**148**	**1**
Other assets	542,986	**352,988**	**3,593**
Accounts receivable	236,124	**109,437**	**1,114**
Prepaid expenses	14,970	**14,136**	**143**
Accrued revenue	168,851	**129,934**	**1,322**
Deposits	43,625	**44,340**	**451**
Margin money for futures trading	9,301	**12,753**	**129**
Differential account for futures trading	33	**6**	**0**
Derivatives	40,429	**8,475**	**86**
Suspense payment	14,085	**18,804**	**191**
Other assets	15,563	**15,099**	**153**
Deferred tax assets (Note II.24)	162,392	**640,990**	**6,525**
Customers' liabilities for acceptances and guarantees	18,835	**20,138**	**205**
Reserve for possible loan losses (Note II.8)	(12,321)	**(10,916)**	**(111)**
Reserve for possible investment losses (Note II.11)	(3,955)	**-**	**-**
Total assets	¥ 31,833,906	**¥ 30,022,243**	**$ 305,632**

FINANCIAL SECTIONS

	(millions of yen)		(millions of US$)
	As of March 31,		
	2008	2009	2009
(LIABILITIES)			
Policy reserves and others	¥ 28,254,963	¥ 27,527,576	$ 280,235
Reserves for outstanding claims (Note II.29)	156,692	172,940	1,760
Policy reserves (Note II.16 and 29)	27,744,733	27,006,977	274,936
Reserve for policyholder dividends (Note II.26)	353,538	347,658	3,539
Reinsurance payables	546	512	5
Subordinated bonds (Note II.35)	50,080	49,102	499
Other liabilities	1,093,365	1,169,969	11,910
Collateral for securities lending transactions (Note II.28)	537,079	484,550	4,932
Long-term debt and other borrowings (Note II.34)	130,032	313,025	3,186
Corporate income tax payable	57,678	320	3
Accounts payable	215,827	33,832	344
Accrued expenses	36,978	39,438	401
Unearned revenue	1,889	1,623	16
Deposits received	56,131	55,398	563
Guarantee deposits received	36,665	36,396	370
Differential account for futures trading	47	143	1
Trading account securities borrowed	3,042	1,022	10
Derivatives	15,611	202,802	2,064
Lease liabilities	-	242	2
Suspense receipt	1,995	986	10
Other liabilities	384	185	1
Reserve for employees' retirement benefits (Note II.10)	480,475	403,662	4,109
Reserve for retirement benefits of directors, executive officers and corporate auditors (Note II.18)	1,138	3,464	35
Reserve for possible reimbursement of prescribed claims (Note II.19)	1,000	1,000	10
Reserve for price fluctuations (Note II.12)	221,453	101,453	1,032
Deferred tax liabilities for land revaluation (Note II.5)	126,001	125,535	1,277
Acceptances and guarantees	18,835	20,138	205
Total liabilities	30,247,859	29,402,415	299,322
(NET ASSETS)			
Foundation funds (Note II.31)	120,000	120,000	1,221
Accumulated redeemed foundation funds (Note II.31)	300,000	300,000	3,054
Revaluation reserve	248	248	2
Surplus	269,913	309,690	3,152
Reserve for future losses	5,100	5,400	54
Other surplus	264,813	304,290	3,097
Reserve for redemption of foundation funds	42,600	81,300	827
Fund for risk allowance	43,139	43,139	439
Fund for price fluctuation allowance	20,000	30,000	305
Reserve for tax basis adjustments of real estate	15,635	15,961	162
Other reserves	120	122	1
Unappropriated net surplus for the period	143,318	133,766	1,361
Total of Foundation Funds and surplus	690,162	729,938	7,430
Net unrealized gains on securities, net of tax	957,385	(47,456)	(483)
Deferred hedge gains / losses (Note II.14)	-	(357)	(3)
Reserve for land revaluation (Note II.5)	(61,500)	(62,297)	(634)
Valuation and translation adjustments	895,884	(110,111)	(1,120)
Total net assets	1,586,046	619,827	6,309
Total liabilities and net assets	¥ 31,833,906	¥ 30,022,243	$ 305,632

See Notes to the Non-Consolidated Financial Statements.

Non-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	¥ 4,452,475	¥ 5,182,814	$ 52,762
Premium and other income	3,098,525	2,904,336	29,566
Premium income	3,097,758	2,903,640	29,559
Reinsurance income	767	696	7
Investment income	1,026,369	1,178,355	11,995
Interest and dividends	832,184	741,330	7,546
Interest from bank deposits	4,687	6,316	64
Interest and dividends from securities	651,127	557,911	5,679
Interest from loans	102,821	97,400	991
Rental income	62,579	69,534	707
Other interest and dividends	10,969	10,165	103
Gains on trading account securities	-	1,484	15
Gains on sale of securities (Note III.3)	150,181	382,670	3,895
Gains on redemption of securities	7,498	11,223	114
Derivative transaction gains (Note III.7)	36,082	41,172	419
Other investment income	421	473	4
Other ordinary revenues	327,580	1,100,122	11,199
Fund receipt for annuity rider of group insurance	1,127	1,004	10
Fund receipt for claim deposit payment	300,266	341,631	3,477
Reversal of policy reserves (Note III.4)	-	737,755	7,510
Reversal of reserve for possible claims payment	5,500	-	-
Other ordinary revenues	20,686	19,730	200
ORDINARY EXPENSES	4,251,893	5,073,668	51,650
Benefits and claims	2,648,008	2,753,596	28,032
Claims	868,816	934,190	9,510
Annuities	389,588	441,857	4,498
Benefits	522,129	504,349	5,134
Surrender values	699,602	668,096	6,801
Other refunds	166,641	204,034	2,077
Ceding reinsurance commissions	1,230	1,067	10
Provision for policy reserves and others	159,959	27,138	276
Provision for reserves for outstanding claims	2,578	16,248	165
Provision for policy reserves (Note III.4)	146,047	-	-
Provision for interest on policyholder dividends	11,333	10,890	110
Investment expenses	563,957	1,414,800	14,402
Interest expenses	10,169	9,402	95
Losses on trading account securities	187	-	-
Losses on money held in trust (Note III.6)	7,534	6,729	68
Losses on sale of securities (Note III.3)	148,338	504,840	5,139
Losses on valuation of securities (Note III.3)	31,904	441,948	4,499
Losses on redemption of securities	520	2,240	22
Foreign exchange losses	80,577	91,499	931
Provision for reserve for possible loan losses	1,339	-	-
Provision for reserve for possible investment losses	3,869	-	-
Write-down of loans	683	905	9
Depreciation of rented real estate and others	15,273	15,110	153
Other investment expenses	28,718	41,687	424
Losses on investment in separate accounts	234,842	300,436	3,058
Operating expenses	443,461	444,015	4,520
Other ordinary expenses	436,507	434,117	4,419
Claim deposit payments	354,310	359,544	3,660
National and local taxes	24,048	23,952	243
Depreciation	30,350	30,661	312
Provision for reserve for employees' retirement benefits (Note III.8)	13,842	9,314	94
Other ordinary expenses	13,955	10,646	108
NET SURPLUS FROM OPERATIONS	¥ 200,581	¥109,146	$ 1,111
EXTRAORDINARY GAINS	4,426	122,449	1,246
Gains on disposal of fixed assets	651	897	9
Reversal of reserve for possible loan losses	-	1,108	11
Gains on collection of loans and claims written off	3,775	236	2
Reversal of reserve for price fluctuations	-	120,000	1,221
Gains on contribution of securities to retirement benefit trust	-	207	2
EXTRAORDINARY LOSSES	33,213	11,864	120
Losses on disposal of fixed assets	957	3,715	37
Impairment losses on fixed assets (Note III.9)	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	14,000	-	-
Other extraordinary losses	2,428	2,433	24
Net surplus before adjustment for taxes, etc.	171,795	219,731	2,236
Corporate income taxes-current	122,123	859	8
Corporate income tax-deferred	(89,757)	88,335	899
Total of corporate income taxes (Note III.1)	32,366	89,195	908
Net surplus for the year	¥ 139,429	¥ 130,535	$ 1,328

See Notes to the Non-Consolidated Financial Statements.

Non-Consolidated Statements of Surplus

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)		(millions of US$)
	As of March 31,		As of March 31,
	2008	2009	2009
Unappropriated net surplus for the year	¥ 143,318	¥ 133,766	$ 1,361
Transfer from general reserve	156	145	1
Transfer from reserve for tax basis adjustments of real estate	156	145	1
Total	¥ 143,474	¥ 133,911	$ 1,363
Appropriation of unappropriated net surplus	¥ 143,474	¥ 133,911	$ 1,363
Reserve for policyholder dividends	89,227	64,963	661
Net surplus	54,246	68,947	701
Reserve for future losses	300	200	2
Interest payment for foundation funds	2,328	2,328	23
General reserve	51,618	66,419	676
Reserve for redemption of foundation funds	38,700	38,700	393
Reserve for interest payment for foundation funds	-	1,263	12
Fund for price fluctuation allowance	10,000	25,000	254
Subsidy for social public enterprise	2,326	826	8
Fund for Public Health Awards	60	40	0
Fund for Environmental Green Design Award	50	50	0
Transfer to reserve for tax basis adjustments of real estate	482	540	5
Total	¥ 143,474	¥ 133,911	$ 1,363

See Notes to the Non-Consolidated Financial Statements.

Non-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
Surplus		
Reserve for future losses		
Beginning balance as of March 31, 2008	5,100	51
Changes for the year		
Transfer to reserve for future losses	300	3
Changes for the year	300	3
Ending balance as of March 31, 2009	5,400	54
Other surplus		
Reserve for redemption of foundation funds		
Beginning balance as of March 31, 2008	42,600	433
Changes for the year		
Transfer to reserve for redemption of foundation funds	38,700	393
Changes for the year	38,700	393
Ending balance as of March 31, 2009	81,300	827
Fund for risk allowance		
Beginning balance as of March 31, 2008	43,139	439
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	43,139	439
Fund for price fluctuation allowance		
Beginning balance as of March 31, 2008	20,000	203
Changes for the year		
Transfer to fund for price fluctuation allowance	10,000	101
Changes for the year	10,000	101
Ending balance as of March 31, 2009	30,000	305
Subsidy for social public enterprise		
Beginning balance as of March 31, 2008	9	0
Changes for the year		
Transfer to subsidy for social public enterprise	2,326	23
Transfer from subsidy for social public enterprise	(2,326)	(23)
Changes for the year	-	-
Ending balance as of March 31, 2009	9	0
Fund for Public Health Awards		
Beginning balance as of March 31, 2008	4	0
Changes for the year		
Transfer to fund for Public Health Awards	60	0
Transfer from fund for Public Health Awards	(60)	(0)
Changes for the year	0	0
Ending balance as of March 31, 2009	4	0
Fund for Green Design Award		
Beginning balance as of March 31, 2008	6	0
Changes for the year		
Transfer to fund for Green Design Award	50	0
Transfer from fund for Green Design Award	(46)	(0)
Changes for the year	3	0
Ending balance as of March 31, 2009	9	0
Reserve for tax basis adjustments of real estate		
Beginning balance as of March 31, 2008	15,635	159
Changes for the year		
Transfer to reserve for tax basis adjustments of real estate	482	4
Transfer from reserve for tax basis adjustments of real estate	(156)	(1)
Changes for the year	326	3
Ending balance as of March 31, 2009	15,961	162
Other reserves		
Beginning balance as of March 31, 2008	100	1
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	100	1

	(millions of yen) Year ended March 31, 2009	(millions of US$) Year ended March 31, 2009
Unappropriated net surplus for the year		
Beginning balance as of March 31, 2008	¥ 143,318	$ 1,459
Changes for the year		
Transfer to reserve for policyholder dividends	(89,227)	(908)
Transfer to reserve for future losses	(300)	(3)
Interest payment for foundation funds	(2,328)	(23)
Net surplus for the year	130,535	1,328
Transfer to reserve for redemption of foundation funds	(38,700)	(393)
Transfer to fund for price fluctuation allowance	(10,000)	(101)
Transfer to subsidy for social public enterprise	(2,326)	(23)
Transfer from subsidy for social public enterprise	2,326	23
Transfer to fund for Public Health Awards	(60)	(0)
Transfer from fund for Public Health Awards	60	0
Transfer to fund for Green Design Award	(50)	(0)
Transfer from fund for Green Design Award	46	0
Transfer to reserve for tax basis adjustments of real estate	(482)	(4)
Transfer from reserve for tax basis adjustments of real estate	156	1
Transfer from reserve for land revaluation	797	8
Changes for the year	(9,551)	(97)
Ending balance as of March 31, 2009	133,766	1,361
Total of surplus		
Beginning balance as of March 31, 2008	269,913	2,747
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	130,535	1,328
Transfer from reserve for land revaluation	797	8
Changes for the year	39,776	404
Ending balance as of March 31, 2009	309,690	3,152
Total of foundation funds and surplus		
Beginning balance as of March 31, 2008	690,162	7,025
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	130,535	1,328
Transfer from reserve for land revaluation	797	8
Changes for the year	39,776	404
Ending balance as of March 31, 2009	729,938	7,430
Valuation and translation adjustments		
Net unrealized gains on securities, net of tax		
Beginning balance as of March 31, 2008	957,385	9,746
Changes for the year		
Net changes of items other than foundation funds and surplus	(1,004,841)	(10,229)
Changes for the year	(1,004,841)	(10,229)
Ending balance as of March 31, 2009	(47,456)	(483)
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)
Total of valuation and translation adjustments		
Beginning balance as of March 31, 2008	895,884	9,120
Changes for the year		
Net changes of items other than foundation funds and surplus	(1,005,996)	(10,241)
Changes for the year	(1,005,996)	(10,241)
Ending balance as of March 31, 2009	(110,111)	(1,120)
Total		
Beginning balance as of March 31, 2008	1,586,046	16,146
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	130,535	1,328
Transfer from reserve for land revaluation	797	8
Net changes of items other than foundation funds and surplus	(1,005,996)	(10,241)
Changes for the year	(966,219)	(9,836)
Ending balance as of March 31, 2009	¥ 619,827	$ 6,309

	(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
Surplus	
Reserve for future losses	
Beginning balance as of March 31, 2007	4,700
Changes for the year	
Transfer to reserve for future losses	400
Changes for the year	400
Ending balance as of March 31, 2008	5,100
Other surplus	
Reserve for redemption of foundation funds	
Beginning balance as of March 31, 2007	36,400
Changes for the year	
Transfer to accumulated redeemed foundation funds	(20,000)
Transfer to reserve for redemption of foundation funds	26,200
Changes for the year	6,200
Ending balance as of March 31, 2008	42,600
Fund for risk allowance	
Beginning balance as of March 31, 2007	43,139
Changes for the year	
Changes for the year	-
Ending balance as of March 31, 2008	43,139
Fund for price fluctuation allowance	
Beginning balance as of March 31, 2007	10,000
Changes for the year	
Transfer to fund for price fluctuation allowance	10,000
Changes for the year	10,000
Ending balance as of March 31, 2008	20,000
Subsidy for social public enterprise	
Beginning balance as of March 31, 2007	9
Changes for the year	
Transfer to subsidy for social public enterprise	2,326
Transfer from subsidy for social public enterprise	(2,326)
Changes for the year	-
Ending balance as of March 31, 2008	9
Fund for Public Health Awards	
Beginning balance as of March 31, 2007	6
Changes for the year	
Transfer to fund for Public Health Awards	50
Transfer from fund for Public Health Awards	(51)
Changes for the year	(1)
Ending balance as of March 31, 2008	4
Fund for Green Design Award	
Beginning balance as of March 31, 2007	6
Changes for the year	
Transfer to fund for Green Design Award	50
Transfer from fund for Green Design Award	(50)
Changes for the year	0
Ending balance as of March 31, 2008	6
Reserve for tax basis adjustments of real estate	
Beginning balance as of March 31, 2007	13,891
Changes for the year	
Transfer to reserve for tax basis adjustments of real estate	1,908
Transfer from reserve for tax basis adjustments of real estate	(163)
Changes for the year	1,744
Ending balance as of March 31, 2008	15,635
Other reserves	
Beginning balance as of March 31, 2007	100
Changes for the year	
Changes for the year	-
Ending balance as of March 31, 2008	100

	(millions of yen) Year ended March 31, 2008
Unappropriated net surplus for the year	
Beginning balance as of March 31, 2007	¥ 157,618
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Transfer to reserve for future losses	(400)
Interest payment for foundation funds	(2,678)
Net surplus for the year	139,429
Transfer to reserve for redemption of foundation funds	(26,200)
Transfer to fund for price fluctuation allowance	(10,000)
Transfer to subsidy for social public enterprise	(2,326)
Transfer from subsidy for social public enterprise	2,326
Transfer to fund for Public Health Awards	(50)
Transfer from fund for Public Health Awards	51
Transfer to fund for Green Design Award	(50)
Transfer from fund for Green Design Award	50
Transfer to reserve for tax basis adjustments of real estate	(1,908)
Transfer from reserve for tax basis adjustments of real estate	163
Transfer from reserve for land revaluation	1,460
Changes for the year	(14,300)
Ending balance as of March 31, 2008	143,318
Total of surplus	
Beginning balance as of March 31, 2007	265,871
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	139,429
Transfer from reserve for land revaluation	1,460
Changes for the year	4,042
Ending balance as of March 31, 2008	269,913
Total of foundation funds and surplus	
Beginning balance as of March 31, 2007	686,119
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Interest payment for foundation funds	(2,678)
Net surplus for the year	139,429
Redemption of foundation funds	(20,000)
Transfer from reserve for land revaluation	1,460
Changes for the year	4,042
Ending balance as of March 31, 2008	690,162
Valuation and translation adjustments	
Net unrealized gains on securities, net of tax	
Beginning balance as of March 31, 2007	2,253,999
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,296,614)
Changes for the year	(1,296,614)
Ending balance as of March 31, 2008	957,385
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)
Total of valuation and translation adjustments	
Beginning balance as of March 31, 2007	2,193,991
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,298,107)
Changes for the year	(1,298,107)
Ending balance as of March 31, 2008	895,884
Total	
Beginning balance as of March 31, 2007	2,880,111
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Interest payment for foundation funds	(2,678)
Net surplus for the year	139,429
Redemption of foundation funds	(20,000)
Transfer from reserve for land revaluation	1,460
Net changes of items other than foundation funds and surplus	(1,298,107)
Changes for the year	(1,294,065)
Ending balance as of March 31, 2008	¥ 1,586,046

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

I. PRESENTATION OF FINANCIAL STATEMENTS

1. Basis of Presentation
The accompanying non-consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Mutual Life Insurance Company (the "Company") in accordance with the provisions set forth in 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 non-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. NOTES TO NON-CONSOLIDATED BALANCE SHEETS

1. Valuation Methods of Securities
The valuation of securities, 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 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
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) are stated at amortized cost determined by the moving average method.
(4) Stocks of Subsidiaries and Affiliated Companies
Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.
(5) Available-for-sale Securities
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 non-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 amounted to ¥5,161,684 million (US$52,546 million) and ¥4,927,142 million, respectively. The market value of these bonds as of March 31, 2009 and 2008 was ¥5,391,451 million (US$54,885 million) and ¥5,078,369 million, respectively.

FINANCIAL SECTIONS

(2) Risk Management Policy

The 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, the Company 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.

(3) Integration of Sub-groups

The Company previously classified individual life insurance and annuities into plural 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 promote 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 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. for the fiscal year ended March 31, 2008 each decreased by ¥323 million.

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, a one-time depreciation was recognized for those assets. 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.

(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 ¥624,460 million (US$6,357 million) and ¥604,881 million

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

Foreign currency-denominated assets and liabilities are translated to yen at the prevailing exchange rate at the end of the fiscal year. Stocks of subsidiaries and affiliated companies are translated to yen at the exchange rate on the date of acquisition.

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 ¥4,118 million, respectively.

9. Accounting for 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 Company in August 2000, amounted to ¥25,562 million (US$260 million) and ¥25,805 million, respectively, and are included as trust loans in the non-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 Company as of March 31, 2009 and 2008 was as follows:

(1) Funding status of the Company's employees' retirement benefits:

	As of March 31,		
	2008	**2009**	**2009**
	(millions of yen)		(millions of US$)
a. Projected benefit obligations	¥ (630,293)	**¥ (631,785)**	**$ (6,431)**
b. Pension assets	104,215	**185,233**	**1,885**
Retirement benefit trust (included in the above pension assets)	-	**88,607**	**902**
c. Unfunded benefit obligations (a + b)	(526,078)	**(446,552)**	**(4,545)**
d. Unrecognized actuarial differences	61,731	**53,642**	**546**
e. Unrecognized gains on plan amendments	(16,128)	**(10,752)**	**(109)**
f. Net amount recognized on the non-consolidated balance sheets (c + d + e)	(480,475)	**(403,662)**	**(4,109)**
g. Prepaid pension expenses	-	**-**	**-**
h. Reserve for employees' retirement benefits (f - g)	¥ (480,475)	**¥ (403,662)**	**$ (4,109)**

(2) Assumptions used by the Company

i. Assumptions used during the fiscal year ended March 31, 2009

- Method of periodic allocation of benefit obligations: straight-line method
- Discount rate: 1.7% per annum
- Estimated return on investment:
  a. Defined benefit corporate pension: 1.7% per annum
  b. Retirement benefit trust: 0.0% per annum
- Amortization period for actuarial differences: 7 years starting from the following fiscal year
- Amortization period for gains on plan amendments: 7 years

ii. Assumptions used during the fiscal year ended March 31, 2008

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

11. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses 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, were accounted for in the same manner applicable to ordinary operating leases during the fiscal year ended March 31, 2008. 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 ¥242 million (US$2 million) and lease liabilities increased by ¥242 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 fiscal year ended March 31, 2009.

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 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 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

The Company accounts for national and local consumption tax by 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 Company are established in accordance with Article 116 of the Insurance Business Law. Insurance premium reserves are calculated as follows:

- 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).
- 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 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 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 Company changed the 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 operation and net surplus before adjustment for taxes, etc. increased by ¥41,633 million (US$423 million).

17. Amortization of Intangible Fixed Assets

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

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 non-consolidated balance sheets. The total balances of securities lent as of March 31, 2009 and 2008 were ¥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 ¥28,942 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 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, ¥20,286 million, ¥1,682 million and ¥1,159 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 ¥2,872 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 ¥1,159,122 million (US$11,800 million) and ¥1,501,010 million, respectively. Separate account liabilities were the same amount as separate account assets.

23. Receivables and Payables to Subsidiaries

The total amounts of receivables and payables to subsidiaries and affiliated companies were ¥19,893 million (US$202 million) and ¥5,078 million (US$51 million) as of March 31, 2009, and ¥870 million and ¥4,997 million as of March 31, 2008, respectively.

24. Application of Deferred Tax Accounting

Total deferred tax assets as of March 31, 2009 and 2008 were ¥714,684 million (US$7,275 million) and ¥753,975 million, respectively. Total deferred tax liabilities as of March 31, 2009 and 2008 were ¥27,110 million (US$275 million) and ¥574,755 million, respectively. As of March 31, 2009 and 2008, the valuation allowance for deferred tax assets amounted to ¥46,582 million (US$474 million) and ¥16,826 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	¥ 315,896	$ 3,215
Reserve for employees' retirement benefits	176,716	1,799
Losses on valuation of securities	68,895	701
Tax losses carried forward	65,964	671

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	¥ 456,075
Reserve for employees' retirement benefits	173,355
Reserve for price fluctuations	79,900
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	¥ 549,177

Deferred tax liabilities and deferred tax assets are offset and presented as deferred tax assets for the fiscal years ended March 31, 2008 and deferred tax liabilities for the fiscal years ended March 31, 2007.

The statutory tax rate for the Company during the fiscal years ended March 31, 2009 and 2008 was 36.08%. 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 March 31, 2008 was to reduce the tax rate by 10.67% and 18.73%, respectively, and (2) the impact of the valuation allowance, the effect of which for the fiscal year ended March 31, 2009 was to increase 13.54%.

25. Leased Computers

In addition to fixed assets included in the non-consolidated balance sheets, the Company has computers as significant leased fixed assets. The Company has no material leased intangible assets.

26. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	As of March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US$)
Balance at the 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

27. Stocks of Subsidiaries

The amount of stocks of subsidiaries the Company held as of March 31, 2009 and 2008 was ¥207,232 million (US$2,109 million) and ¥82,634 million, respectively.

28. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were ¥ 502,398 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.

29. Reinsurance

As of March 31, 2009 and 2008, 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 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 ¥0 million (US$0 million) and ¥0 million, respectively.

30. Adjustment Items for Redemption of Foundation Funds and Appropriation of Net Surplus

The total amount of adjustment items for redemption of foundation funds and appropriation of net surplus as of March 31, 2009 and 2008, defined in Article 30, Paragraph 2 of the Enforcement Regulations of the Insurance Business Law, were minus ¥108 million (minus US$1 million) and ¥957,633 million, respectively.

31. 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 Company provided the same amount as accumulated redeemed foundation funds, in accordance with Article 56 of the Insurance Business Law.

32. 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 securities borrowed that have not been 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.

33. 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 ¥18,179 million, respectively.

34. Subordinated Debt

As of March 31, 2009 and 2008, long-term debt and other borrowings 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.

35. Subordinated Bonds

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

36. Assets Denominated in Foreign Currencies

Assets of the 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.

37. Obligations to the Life Insurance Policyholders Protection Corporation of Japan
The estimated future obligations of the Company 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 ¥ 61,824 million (US$629 million) and ¥63,675 million, respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

III. NOTES TO NON-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. Revenues and Expenses from Transactions with Subsidiaries
The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥5,591 million (US$56 million) and ¥28,305 million (US$288 million), respectively in the fiscal year ended March 31, 2009, and ¥3,941 million and ¥27,754 million, respectively, in the fiscal year ended March 31, 2008.

3. Gains/Losses on Sale of Securities, Losses on Valuation of Securities
Gains on sale of securities included gains on sales of domestic bonds, domestic stocks and foreign securities of ¥130,575 million (US$1,329 million), ¥52,221 million (US$531 million) and ¥199,873 million (US$2,034 million), respectively, in the fiscal year ended March 31, 2009, and ¥25,926 million, ¥42,567 million and ¥81,678 million, respectively, in the fiscal year ended March 31, 2008.
Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥23,091 million (US$235 million), ¥54,194 million (US$551 million) and ¥427,555 million (US$4,352 million), respectively, in the fiscal year ended March 31, 2009, and ¥33,121 million, ¥2,618 million and ¥112,597 million, respectively, in the fiscal year ended March 31, 2008.
Losses on valuation of securities included losses on valuation of domestic bonds, domestic stocks, foreign securities and other securities of ¥179 million (US$1 million), ¥217,817 million (US$2,217 million), ¥222,970 million (US$2,269 million), and ¥980 million (US$9 million), respectively, in the fiscal year ended March 31, 2009, and those on domestic stocks and foreign securities of ¥18,797 million and ¥13,107 million, respectively, in the fiscal year ended March 31, 2008.

4. Reinsurance
In calculating the transfer from reserves for outstanding claims in the fiscal year ended March 31, 2008, there was no adjustment for a transfer from reserves for outstanding claims reinsured. In calculating a provision for reserves for outstanding claims in the fiscal year ended March 31, 2009, there was no adjustment for a provision for reserves for outstanding claims reinsured.
In calculating the reversal of policy reserves, a reversal of policy reserves reinsured of ¥0 million (US$0 million) was added back in the fiscal year ended March 31, 2009, and the transfer from policy reserves reinsured of ¥0 million was deducted in the fiscal year ended March 31, 2008, respectively.

5. Gains/Losses on Trading Account Securities
Gains on trading account securities included interest and dividends, gains on the sale of securities and losses on the valuation of securities of ¥1,026 million (US$10 million), ¥586 million (US$5 million) and ¥88 million (US$0 million), respectively, in the fiscal year ended March 31, 2009. Losses on trading account securities included interest and dividends, losses on the sale of securities and gains on the valuation of securities of ¥500 million, ¥876 million, and ¥182 million, respectively, in the fiscal year ended March 31, 2008.

6. Gains/Losses on Money Held in Trust
Gains/losses on money held in trust included losses on valuation of securities of ¥962 million (US$9 million) in the fiscal year ended March 31, 2009, and losses on valuation of securities of ¥6,117 million in the fiscal year ended March 31, 2008.

7. Derivative Transaction Gains/Losses
Derivative transaction gains included valuation losses of ¥20,993 million (US$213 million) in the fiscal year ended March 31, 2009, and valuation gains of ¥3,669 million in the fiscal year ended March 31, 2008.

8. Retirement Benefit Expenses

Retirement benefit expenses for the fiscal years ended March 31, 2009 and 2008 were ¥46,114 million (US$469 million) and ¥49,265 million, respectively, and consisted of the following:

	Year ended March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US$)
Service cost	¥ 24,186	¥ 24,123	$ 245
Interest cost	10,652	10,714	109
Estimated investment income	(1,823)	(1,771)	(18)
Amortization of unrecognized actuarial differences	21,626	18,423	187
Amortization of unrecognized gains on plan amendments	(5,376)	(5,376)	(54)
Retirement benefit expenses	¥ 49,265	¥ 46,114	$ 469

9. 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

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 recoverable value of real estate for rent, and net sale value is used as 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.

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Report of Independent Auditors

The Board of Directors
The Dai-ichi Mutual Life Insurance Company

We have audited the accompanying non-consolidated balance sheets of The Dai-ichi Mutual Life Insurance Company as of March 31, 2008 and 2009, and the related non-consolidated statements of earnings, surplus, and changes in net assets 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 non-consolidated financial position of The Dai-ichi Mutual Life Insurance Company at March 31, 2008 and 2009, and the non-consolidated results of their operations for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying non-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

May 14, 2009