

Consolidated Balance Sheets

	(millions of yen)		(millions of US\$)
	As of March 31,		
	2009	2010	2010
(ASSETS)			
Cash and deposits	¥ 245,895	¥ 188,208	\$ 2,022
Call loans	206,580	249,100	2,677
Deposit paid for securities borrowing transactions	14,954	—	—
Monetary claims bought	281,371	289,885	3,115
Trading account securities	52,597	—	—
Money held in trust	31,603	55,685	598
Securities	22,995,047	25,147,356	270,285
Loans	4,248,799	3,834,955	41,218
Tangible fixed assets	1,239,843	1,244,006	13,370
Land	814,730	814,807	8,757
Buildings	417,490	408,356	4,389
Leased assets	247	646	6
Construction in progress	2,937	15,766	169
Other tangible fixed assets	4,437	4,428	47
Intangible fixed assets	106,771	105,381	1,132
Software	72,765	71,850	772
Other intangible fixed assets	34,005	33,531	360
Reinsurance receivables	13,874	45,828	492
Other assets	355,473	608,753	6,542
Deferred tax assets	642,595	339,534	3,649
Customers' liabilities for acceptances and guarantees	20,138	17,787	191
Reserve for possible loan losses	(10,921)	(21,111)	(226)
Reserve for possible investment losses	—	(1,123)	(12)
Total assets	¥ 30,444,624	¥ 32,104,248	\$ 345,058
(LIABILITIES)			
Policy reserves and others	27,970,307	29,112,220	312,900
Reserves for outstanding claims	173,590	150,313	1,615
Policy reserves	27,449,059	28,632,692	307,746
Reserve for policyholder dividends	347,658	329,214	3,538
Reinsurance payables	587	871	9
Subordinated bonds	49,102	46,510	499
Other liabilities	1,187,288	1,213,370	13,041
Reserve for employees' retirement benefits	405,571	411,440	4,422
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,486	3,336	35
Reserve for possible reimbursement of prescribed claims	1,000	1,100	11
Allowance for policyholder dividends	—	92,500	994
Reserves under the special laws	101,478	115,528	1,241
Reserve for price fluctuations	101,478	115,528	1,241
Deferred tax liabilities	197	682	7
Deferred tax liabilities for land revaluation	125,535	124,706	1,340
Acceptances and guarantees	20,138	17,787	191
Total liabilities	29,864,695	31,140,054	334,695
(NET ASSETS)			
Foundation funds	120,000	—	—
Accumulated redeemed foundation funds	300,000	420,000	4,514
Revaluation reserve	248	248	2
Consolidated surplus	265,787	138,469	1,488
Total of foundation funds and surplus	686,035	558,718	6,005
Net unrealized gains (losses) on securities, net of tax	(47,349)	462,289	4,968
Deferred hedge gains (losses)	(357)	(2,008)	(21)
Reserve for land revaluation	(62,297)	(63,540)	(682)
Foreign currency translation adjustments	(2,514)	(3,069)	(32)
Total of valuation and translation adjustments	(112,519)	393,671	4,231
Minority interests	6,412	11,804	126
Total net assets	579,928	964,193	10,363
Total liabilities and net assets	¥ 30,444,624	¥ 32,104,248	\$ 345,058

See Notes to the Consolidated Financial Statements.

Consolidated Statements of Earnings

	(millions of yen)		(millions of US\$)
	Years ended March 31,		
	2009	2010	2010
ORDINARY REVENUES	¥ 5,225,262	¥ 5,294,004	\$ 56,900
Premium and other income	3,293,646	3,704,259	39,813
Investment income	1,178,070	1,247,203	13,405
Interest and dividends	740,859	708,453	7,614
Gains on trading account securities	1,484	1,336	14
Gains on sale of securities	382,856	242,745	2,609
Gains on redemption of securities	11,223	4,472	48
Derivative transaction gains	41,172	-	-
Other investment income	473	561	6
Gains on investment in separate accounts	-	289,633	3,112
Other ordinary revenues	753,544	342,542	3,681
ORDINARY EXPENSES	5,161,911	5,105,793	54,877
Benefits and claims	2,763,750	2,656,900	28,556
Claims	934,443	777,372	8,355
Annuities	441,921	478,855	5,146
Benefits	505,717	538,923	5,792
Surrender values	670,297	671,927	7,221
Other refunds	211,369	189,822	2,040
Provision for policy reserves and others	27,761	1,194,284	12,836
Provision for reserves for outstanding claims	16,871	-	-
Provision for policy reserves	-	1,183,883	12,724
Provision for interest on policyholder dividends	10,890	10,401	111
Investment expenses	1,435,620	340,350	3,658
Interest expenses	9,402	12,725	136
Losses on money held in trust	6,891	9,616	103
Loss on trading securities	-	2,930	31
Losses on sale of securities	504,847	207,894	2,234
Losses on valuation of securities	412,416	7,824	84
Losses on redemption of securities	2,240	2,470	26
Derivative transaction losses	-	16,772	180
Foreign exchange losses	91,473	18,510	198
Provision for reserve for possible loan losses	-	10,299	110
Provision for reserve for possible investment losses	-	1,123	12
Write-down of loans	905	573	6
Depreciation of rented real estate and others	15,110	15,016	161
Other investment expenses	41,793	34,591	371
Losses on investment in separate accounts	350,539	-	-
Operating expenses	465,112	475,835	5,114
Other ordinary expenses	469,665	438,423	4,712
NET SURPLUS FROM OPERATIONS	63,351	188,211	2,022
EXTRAORDINARY GAINS	122,424	336	3
Gains on disposal of fixed assets	897	166	1
Reversal of reserve for possible loan losses	1,102	-	-
Gains on collection of loans and claims written off	236	169	1
Reversal of reserve for price fluctuations	119,980	-	-
Gains on contribution of securities to retirement benefit trust	207	-	-
Other extraordinary gains	1	0	0
EXTRAORDINARY LOSSES	11,891	116,583	1,253
Losses on disposal of fixed assets	3,742	1,857	19
Impairment losses on fixed assets	3,002	4,897	52
Provision for reserve for retirement benefits of directors, executive officers and corporate auditors	2,712	-	-
Provision for allowance for policyholder dividends	-	92,500	994
Provision for reserve for price fluctuations	-	14,050	151
Losses on accelerated redemption of foundation funds	-	2,372	25
Other extraordinary losses	2,433	906	9
Net surplus before adjustment for taxes, etc.	173,884	71,964	773
Corporate income taxes-current	1,204	911	9
Corporate income tax-deferred	88,235	16,092	172
Total of corporate income taxes	89,439	17,003	182
Total of minority interests in loss of subsidiaries	2,368	703	7
Net surplus for the year	¥ 86,813	¥ 55,665	\$ 598

See Notes to the Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

	(millions of yen)		(millions of US\$)
	As of March 31,		
	2009	2010	2010
Foundation funds and surplus			
Foundation funds			
Beginning balance.....	¥ 120,000	¥ 120,000	\$ 1,289
Changes for the year			
Redemption of foundation funds.....	–	(120,000)	(1,289)
Changes for the year	–	(120,000)	(1,289)
Ending balance	120,000	–	–
Accumulated redeemed foundation funds			
Beginning balance.....	300,000	300,000	3,224
Changes for the year			
Transfer to accumulated redeemed foundation funds.....	–	120,000	1,289
Changes for the year	–	120,000	1,289
Ending balance	300,000	420,000	4,514
Revaluation reserve			
Beginning balance.....	248	248	2
Changes for the year			
Changes for the year	–	–	–
Ending balance	248	248	2
Consolidated surplus			
Beginning balance.....	269,339	265,787	2,856
Changes for the year			
Transfer to reserve for policyholder dividends	(89,227)	(64,963)	(698)
Transfer to accumulated redeemed foundation funds.....	–	(120,000)	(1,289)
Interest payment for foundation funds	(2,328)	(2,328)	(25)
Net surplus for the year	86,813	55,665	598
Transfer from reserve for land revaluation	797	1,242	13
Decrease due to changes in the scope of consolidation	(904)	–	–
Changes by capital increase of consolidated subsidiaries	1,297	2,457	26
Others	–	607	6
Changes for the year	(3,551)	(127,317)	(1,368)
Ending balance	265,787	138,469	1,488
Total of foundation funds and surplus			
Beginning balance.....	689,587	686,035	7,373
Changes for the year			
Transfer to reserve for policyholder dividends	(89,227)	(64,963)	(698)
Transfer to accumulated redeemed foundation funds.....	–	–	–
Interest payment for foundation funds	(2,328)	(2,328)	(25)
Net surplus for the year	86,813	55,665	598
Redemption of foundation funds.....	–	(120,000)	(1,289)
Transfer from reserve for land revaluation	797	1,242	13
Decrease due to changes in the scope of consolidation	(904)	–	–
Changes by capital increase of consolidated subsidiaries	1,297	2,457	26
Others	–	607	6
Changes for the year	(3,551)	(127,317)	(1,368)
Ending balance	686,035	558,718	6,005
Valuation and translation adjustments			
Net unrealized gains (losses) on securities, net of tax			
Beginning balance.....	957,565	(47,349)	(508)
Changes for the year			
Net changes of items other than foundation funds and surplus	(1,004,914)	509,639	5,477
Changes for the year	(1,004,914)	509,639	5,477
Ending balance	(47,349)	462,289	4,968

	(millions of yen)		(millions of US\$)
	As of March 31,		
	2009	2010	2010
Deferred hedge gains (losses)			
Beginning balance.....	–	(357)	(3)
Changes for the year			
Net changes of items other than foundation funds and surplus	(357)	(1,651)	(17)
Changes for the year	(357)	(1,651)	(17)
Ending balance	(357)	(2,008)	(21)
Reserve for land revaluation			
Beginning balance.....	(61,500)	(62,297)	(669)
Changes for the year			
Net changes of items other than foundation funds and surplus	(797)	(1,242)	(13)
Changes for the year	(797)	(1,242)	(13)
Ending balance	(62,297)	(63,540)	(682)
Foreign currency translation adjustments			
Beginning balance.....	(553)	(2,514)	(27)
Changes for the year			
Net changes of items other than foundation funds and surplus	(1,961)	(554)	(5)
Changes for the year	(1,961)	(554)	(5)
Ending balance	(2,514)	(3,069)	(32)
Total of valuation and translation adjustments			
Beginning balance.....	895,510	(112,519)	(1,209)
Changes for the year			
Net changes of items other than foundation funds and surplus	(1,008,030)	506,190	5,440
Changes for the year	(1,008,030)	506,190	5,440
Ending balance	(112,519)	393,671	4,231
Minority interests			
Beginning balance	917	6,412	68
Changes for the year			
Net changes of items other than foundation funds and surplus	5,495	5,391	57
Changes for the year	5,495	5,391	57
Ending balance	6,412	11,804	126
Total net assets			
Beginning balance	1,586,016	579,928	6,233
Changes for the year			
Transfer to reserve for policyholder dividends	(89,227)	(64,963)	(698)
Transfer to accumulated redeemed foundation funds	–	–	–
Interest payment for foundation funds	(2,328)	(2,328)	(25)
Net surplus for the year.....	86,813	55,665	598
Redemption of foundation funds	–	(120,000)	(1,289)
Transfer from reserve for land revaluation.....	797	1,242	13
Decrease due to changes in the scope of consolidation	(904)	–	–
Changes by capital increase of consolidated subsidiaries	1,297	2,457	26
Others.....	–	607	6
Net changes of items other than foundation funds and surplus.....	(1,002,535)	511,582	5,498
Changes for the year.....	(1,006,087)	384,264	4,130

Consolidated Statements of Cash Flows

	(millions of yen)	(millions of US\$)
	Years ended March 31,	
	2009	2010
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus before adjustment for taxes, etc.	¥ 173,884	¥ 71,964
Depreciation of rented real estate and others	15,110	15,016
Depreciation	30,437	31,253
Impairment losses on fixed assets	3,002	4,897
Gains on contribution of securities to retirement benefit trust	(207)	-
Increase (decrease) in reserves for outstanding claims	16,871	(23,276)
Increase (decrease) in policy reserves	(389,201)	1,183,883
Provision for interest on policyholder dividends	10,890	10,401
Increase (decrease) in reserve for possible loan losses	(1,399)	10,189
Increase (decrease) in reserve for possible investment losses	(3,955)	1,123
Gains on collection of loans and claims written off	(236)	(169)
Write-down of loans	905	573
Increase (decrease) in reserve for employees' retirement benefits	(76,719)	5,869
Contribution to retirement benefit trust	86,126	-
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	2,308	(150)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	-	100
Increase (decrease) in allowance for policyholder dividends	-	92,500
Increase (decrease) in reserve for price fluctuations	(119,980)	14,050
Interest and dividends	(740,859)	(708,453)
Securities related losses (gains)	874,478	(317,067)
Interest expenses	9,402	12,725
Foreign exchange losses (gains)	91,473	18,510
Losses (gains) on disposal of fixed assets	2,845	1,690
Equity in income (losses) of affiliates	28,235	(892)
Decrease (increase) in trading account securities	(5,934)	52,597
Decrease (increase) in reinsurance receivables	(13,750)	(31,954)
Decrease (increase) in other assets	33,885	8,084
Increase (decrease) in reinsurance payables	40	284
Increase (decrease) in other liabilities	(37,974)	(23,951)
Others, net	5,646	78,453
Subtotal	(4,672)	508,252
Interest and dividends received	780,024	732,474
Interest paid	(9,426)	(11,463)
Policyholder dividends paid	(105,997)	(93,808)
Others, net	250,855	(258,298)
Corporate income taxes paid	(125,993)	56,097
Net cash flows provided by operating activities	784,789	933,254
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(42,326)	(42,135)
Proceeds from sale and redemption of monetary claims bought	52,738	17,849
Purchases of money held in trust	(18,500)	(60,400)
Proceeds from decrease in money held in trust	5,160	26,611
Purchases of securities	(17,224,921)	(11,307,321)
Proceeds from sale and redemption of securities	15,948,309	10,226,631
Origination of loans	(585,667)	(391,340)
Proceeds from collection of loans	979,872	802,825
Others, net	(34,793)	(70,363)
II. ① Subtotal	(920,128)	(797,643)
[I. + II. ①]	[(135,338)]	[135,611]
Acquisition of tangible fixed assets	(29,128)	(32,962)
Proceeds from sale of tangible fixed assets	2,062	653
Acquisition of intangible fixed assets	(26,764)	(21,454)
Proceeds from sale of intangible fixed assets	11	3
Net cash flows used in investing activities	(973,947)	(851,402)
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	183,000	-
Repayment of borrowings	(6)	(11)
Repayment of lease obligations	(48)	(107)
Redemption of foundation funds	-	(120,000)
Interest paid on foundation funds	(2,328)	(5,963)
Proceeds from stock issuance to minority shareholders	10,000	8,500
Others, net	(3)	(4)
Net cash flows provided by (used in) financing activities	190,614	(117,586)
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,632)	66
V. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(176)	(35,667)
VI. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	479,951	472,975
VII. INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DUE TO CHANGES IN THE SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION	(6,799)	-
VIII. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	¥ 472,975	¥ 437,308

See Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED MARCH 31, 2009 AND 2010

1. Basis for Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Mutual Life Insurance Company, or The Dai-ichi Life Insurance Company, Limited after April 1, 2010, ("DL", the "Company" or the "Parent Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Financial Instruments and Exchange Act, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP") which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements are reclassified for the convenience of readers outside Japan. The notes to the consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥93.04=US\$1.00, the foreign exchange rate on March 31, 2010, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

2. Principles of Consolidation

(1) Scope of Consolidation

The consolidated financial statements include the accounts of DL and its consolidated subsidiaries (collectively, "the Group"), including The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Frontier Life Insurance Co., Ltd. ("DFLI") and Dai-ichi Life Insurance Company of Vietnam, Limited. The numbers of consolidated subsidiaries as of March 31, 2009 and 2010 were 3, respectively. In the year ended March 31, 2009, 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. were excluded from the scope of consolidation due to their immateriality in terms of quality and quantity.

Dai-ichi Life International (H.K.) Ltd. and Dai-ichi Life International (U.K.) Ltd. changed their names to Dai-ichi Life International (AsiaPacific) Ltd. and Dai-ichi Life International (Europe) Ltd., respectively, in September 2008.

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 eleven other subsidiaries for the year ended March 31, 2009 and nine other subsidiaries for the year ended March 31, 2010) are not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of total assets, revenues, net surplus for the year and consolidated surplus (and cash flows and others for the fiscal year ended March 31, 2010) at the year end.

The summary of special purpose entities are described in 41. Specified Purpose Companies.

DL had no non-consolidated subsidiaries accounted for under the equity method as of March 31, 2009 and 2010.

The numbers of affiliates under the equity method as of March 31, 2009 and 2010 were 32 and 30, respectively. The affiliates included 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.

In the year ended March 31, 2009, Tower Australia Group Limited (and its 18 subsidiaries), Ocean Life Insurance Co., Ltd., Star Union Dai-ichi Life Insurance Company Limited, DIAM SINGAPORE PTE. LTD., and DIAM Asset Management (HK) Limited were newly included in the scope of the equity method due to DL's acquisition of their shares and their establishment.

In the year ended March 31, 2009, DIAM International Fund Management (Jersey) Ltd. was excluded from the scope of the equity method as a result of its liquidation. In the year ended March 31, 2010, two subsidiaries of Tower Australia Group Limited were excluded from the scope of the equity method as Tower Australia Group Limited disposed of its interest in the subsidiaries.

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 certain affiliated companies (DSC No. 3 Investment Partnership, CVC No. 1 Investment Limited Partnership, CVC No. 2 Investment Limited Partnership, NEOSTELLA No. 1 Investment Limited Partnership, O.M. Building Management Co., Ltd., and others) are not accounted for under the equity method. In addition, DSC No. 2 Investment Partnership, an affiliated company of DL, was not accounted for under the equity method in the 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, consolidated surplus and others at the year end.

(2) Year-end Dates of Consolidated Subsidiaries

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

(3) Valuation of Assets and Liabilities of Consolidated Subsidiaries

Assets and liabilities of consolidated subsidiaries, including the portion attributable to minority shareholders, were valued at fair value as of the respective dates of acquisition.

(4) Amortization of Goodwill and Negative Goodwill

Goodwill and negative goodwill are amortized over a period up to 20 years under the straight-line method. The entire amount is expensed as incurred if the amount has no material impact due to its immateriality.

3. Summary of Significant Accounting Policies

(1) Securities

Securities held by DL and its consolidated subsidiaries including cash equivalents, bank deposits, and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

i) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

ii) Held-to-maturity Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method.

iii) 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.

• Risk Management Policy

DL categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of sub-groups. Moreover, it periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:

- individual life insurance and annuities,
- financial insurance and annuities, and
- group annuities,
- with the exception of certain types.

• Integration of Sub-groups

DL previously classified individual life insurance and annuities into sub-groups by duration of individual life insurance and annuities. However, effective the year ended March 31, 2009, DL integrates 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 DL for the year ended March 31, 2009.

• Changes in Classification

Effective the fiscal year ended March 31, 2010, in order to achieve integrated duration control, and thus promote more sophisticated ALM, DL added (a) defined benefit corporate pension insurance, (b) employees' pension fund insurance (with the exception of certain types), and (c) new corporate pension insurance (with the exception of certain types) to the sub-group of employee-funded corporate pension contracts, and renamed it to "group annuities." This redefinition did not have any impact on profits and losses of DL for the fiscal year ended March 31, 2010.

iv) 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.

v) Available-for-sale Securities

i. Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at fair value at the end of the year (for domestic stocks, the average value during March), with cost determined by the moving average method.

ii. Available-for-sale Securities Whose Market Values Are Extremely Difficult to Be Recognized

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.

vi) Stocks of Subsidiaries

The amounts of stocks of non-consolidated subsidiaries and affiliated companies DL held as of March 31, 2009 and 2010 were ¥55,248 million and ¥59,083 million (US\$635 million), respectively.

(2) Trading Account Securities

Trading account securities are reported at fair value with cost determined by the moving average method.

(3) Derivative Transactions

Derivative transactions are reported at fair value.

(4) Depreciation of Depreciable Assets

i) Depreciation of Tangible Fixed Assets Excluding Lease Assets

Depreciation of tangible fixed assets excluding lease assets is calculated by the following method:

a. Buildings (excluding leasehold improvements and structures)

- Acquired on or before March 31, 2007

Calculated by the previous straight-line method.

- Acquired on or after April 1, 2007

Calculated by the straight-line method.

b. Assets Other than Buildings

- Acquired on or before March 31, 2007

Calculated by the previous declining balance method.

- Acquired on or after April 1, 2007

Calculated by the declining balance method.

Estimated useful lives of major assets are as follows:

Buildings two to sixty years

Other tangible fixed assets two to twenty years

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

With respect to tangible fixed assets that are acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the year ended March 31, 2008, the salvage values are depreciated in the five years following the year end when such assets were depreciated to their final depreciable limit.

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

ii) Amortization of Intangible Fixed Assets Excluding Leased Assets

DL 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.

iii) Depreciation of Leased Assets

Depreciation for leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero salvage value.

Finance leases, which commenced before April 1, 2008, are accounted for in the same manner applicable to ordinary operating leases.

(5) Reserve for Possible Loan Losses

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the years ended March 31, 2009 and 2010 were ¥4,145 million and ¥4,206 million (US\$45 million), respectively.

(6) Reserve for Possible Investment Losses

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

(7) Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount 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.

Gains/losses on plan amendments are amortized by the straight-line method through a certain period of 3 to 7 years, which is within the employees' average remaining service period.

Actuarial differences are amortized by the straight-line method through a certain period of 3 to 7 years starting from the following year, which is within the employees' average remaining service period.

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

Effective the fiscal year ended March 31, 2010, DL and its consolidated subsidiaries adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" issued on July 31, 2008 by the Accounting Standards Board of Japan (ASBJ). This change did not have any impact on profits and losses of DL and its consolidated subsidiaries.

(8) Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

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

For the reserve for retirement benefits of directors, executive officers, and corporate auditors of some of the consolidated subsidiaries, an amount considered to have been rationally incurred is 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 as expenses when they were paid until the year ended March 31, 2008. However, effective the year ended March 31, 2009, reserve for retirement benefits of directors, executive officers, and corporate auditors is calculated by adding items (1) and (2) above and the amount of payments for the year ended March 31, 2009 was reported as an extraordinary loss. As a result of this change, extraordinary losses increased by ¥2,712 million and net surplus before adjustment for taxes, etc. decreased by ¥2,712 million for the year ended March 31, 2009.

(9) Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had run out in the previous years, DL provided for reserve for possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

(10) Allowance for policyholder dividends

Allowance for policyholder dividends is provided for paying out policyholder dividends deemed appropriate after demutualization of DL.

Transfers to reserve for policyholder (member) dividends by mutual life insurance companies constitute dispositions of net surplus. On the other hand, the equivalent of such transfer in the case of life insurance companies that are joint stock corporations is the allowance for policyholder dividends, which is reflected as a separate expense in the statement of earnings.

As DL reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, DL recorded the allowance for policyholder dividends as a reserve to prepare for paying out policyholder dividends after the demutualization to its policyholders.

However, DL's reserve for policyholder dividends as of March 31, 2010 represents a combined amount of its allowance for policyholder dividends and reserve for policyholder dividends.

In the fiscal year ended March 31, 2010, ¥92,500 million (US\$994 million) was provided for allowance for policyholder dividends.

(11) Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities at the end of the year in accordance with the provisions of Article 115 of the Insurance Business Law.

(12) Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

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

Assets, liabilities, revenues, and expenses of its consolidated overseas subsidiaries are translated to yen at the exchange rates at the end of their fiscal year. Translation adjustments associated with the consolidated overseas subsidiaries are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheets.

(13) Hedge Accounting

i) 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 rate 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.

ii) Hedging Instruments and Hedged Instruments

Hedging instruments	Hedged instruments
Interest rate swaps	Ordinary loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps.....	Foreign currency-denominated loans
Foreign currency forward contracts.....	Foreign currency-denominated securities, foreign currency-denominated term deposits
Currency options	Foreign currency-denominated securities

iii) Hedging Policies

DL conducts hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines

iv) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

(14) Calculation of National and Local Consumption Tax

DL 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.

(15) Policy Reserves

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

- i) 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).
- ii) Reserves for other policies are established based on the net level premium method.

For whole life insurance contracts acquired on or before March 31, 1996, premium payments for which were already completed at the end of the year ended March 31, 2008 (including lump-sum payment), 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 in the following nine years. As a result, additional provision for policy reserves for the year ended March 31, 2009 and March 31, 2010 was ¥104,241 million and ¥96,154 million (US\$1,033 million), respectively.

DL formerly intended to provide the additional policy reserve over five years (until the year ending March 31, 2012). However, effective the year ended March 31, 2009, DL changed the provision period to nine years (until the year ending March 31, 2016). As a result, in the year ended March 31, 2009, reversal of provision for policy reserves increased by ¥41,633 million and net surplus from operations and net surplus before adjustment for taxes, etc. increased by ¥41,633 million.

(16) 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 year ended March 31, 2009, they are accounted for in the same manner applicable to purchased assets 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 and lease liabilities increased by ¥247 million for the 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 year.

(17) Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the year ended March 31, 2009 and 2010 were as follows:

i) 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.

ii) Background for Recognition of Impairment Losses

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

iii) Breakdown of Impairment Losses

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

Asset Group		Place	Number	Impairment Losses		
				Land	Buildings	Total
(millions of yen)						
Real estate for rent	Assets including Hirosaki City, Aomori Prefecture		2	¥ 354	¥ 227	¥ 582
Real estate not in use	Assets including Urayasu City, Chiba Prefecture		26	616	1,803	2,420
Total			28	¥ 971	¥ 2,031	¥ 3,002

Impairment losses by asset group for the year ended March 31, 2010 were as follows:

Asset Group	Place	Number		Impairment Losses								
				Land Leasing					Land Leasing			
			Land	Rights	Buildings	Total	Land	Rights	Buildings	Total		
(millions of yen)							(millions of US\$)					
Real estate for rent	Assets including Yao City, Osaka Prefecture	6	¥ 341	¥ 200	¥ 605	¥ 1,147	\$ 3	\$ 2	\$ 6	\$ 12		
Real estate not in use	Assets including Hiroshima City, Hiroshima Prefecture	56	2,733	—	1,016	3,749	29	—	10	40		
Total		62	¥ 3,074	¥ 200	¥ 1,621	¥ 4,897	\$ 33	\$ 2	\$ 17	\$ 52		

iv) 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 2.96% for the years ended March 31, 2009 and 2010, 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.

(18) Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2009, the market value of the securities borrowed which were not sold or pledged was ¥13,830 million, among which no securities were pledged as collateral.

(19) Policy Acquisition Costs

The costs of acquiring and renewing business, which include agent commissions and certain other costs directly related to the acquisition of business, are expensed when incurred as the Insurance Business Law in Japan does not permit insurance companies to defer and amortize these costs.

4. Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

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 funds included in securities, and overdrafts included in other liabilities.

5. Assets Pledged as Collateral / Secured Liabilities

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

	As of March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Securities (Government bonds)	¥ 488,503	¥ 390,274	\$ 4,194
Securities (Foreign securities)	9,595	8,791	94
Securities (Stocks)	4,320	—	—
Cash/deposits	86	86	0
Securities and cash/deposits pledged as collateral	¥ 502,506	¥ 399,153	\$ 4,290

The amounts of secured liabilities were as follows:

	As of March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Cash collateral for securities lending transactions	¥ 484,550	¥ 390,728	\$ 4,199
Loan	26	14	0
Secured liabilities	¥ 484,576	¥ 390,743	\$ 4,199

Among the amounts, "Securities (Government bonds)" for securities lending transactions as of March 31, 2009 and 2010 were ¥475,736 million and ¥389,085 million (US\$4,181 million), respectively.

6. 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 2010 was ¥475,988 million and ¥436,743 million (US\$4,694 million), respectively.

7. Problem Loans

As of March 31, 2009 and 2010, 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 and ¥35,981 million (US\$386 million), respectively. As of March 31, 2009, the amount of credits to bankrupt borrowers was ¥5,493 million, the amount of delinquent loans was ¥11,648 million, DL held no amount of loans past due for three months or more, and the amount of restructured loans was ¥2,528 million. As of March 31, 2010, the amount of credits to bankrupt borrowers was ¥5,259 million (US\$56 million), the amount of delinquent loans was ¥28,338 million (US\$304 million), DL held no amount of loans past due for three months or more, and the amount of restructured loans was ¥2,383 million (US\$25 million).

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. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

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

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of 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, credits to bankrupt borrowers and delinquent loans decreased by, ¥976 million and ¥3,169 million respectively, in the year ended March 31, 2009, and ¥736 million (US\$7 million) and ¥3,469 million (US\$37 million), respectively, in the year ended March 31, 2010.

8. Commitment Line

As of March 31, 2009 and 2010, there were unused commitment line agreements under which DL is the lender of ¥12,507 million and ¥6,529 million (US\$70 million), respectively.

9. Accounting of Beneficial Interests in Securitized Mortgage Loans

As of March 31, 2009 and 2010, the trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by DL in August 2000, amounted to ¥25,562 million and, ¥25,337 million (US\$272 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 2010 were ¥62,703 million and, ¥53,995 million (US\$580 million) respectively.

10. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2009 and 2010 was ¥625,063 million and ¥645,081 million (US\$6,933 million), respectively.

11. 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 2010 were ¥1,542,048 million and ¥2,470,865 million (US\$26,557 million), respectively. Separate account liabilities were the same amount as separate account assets.

12. Reinsurance

As of March 31, 2009 and 2010, 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") were ¥49 million and ¥27 million (US\$0 million), respectively.

As of March 31, 2009 and 2010, 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 and ¥1,498 million (US\$16 million), respectively.

13. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Years Ended March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Balance at the end of previous year	¥ 353,538	¥ 347,658	\$ 3,736
Transfer from surplus in previous year.....	89,227	64,963	698
Dividends paid in year	(105,997)	(93,808)	(1,008)
Interest accrual in year.....	10,890	10,401	111
Balance at the end of year.....	¥ 347,658	¥ 329,214	\$ 3,538

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

The estimated future obligations of DL and its subsidiaries that operate a life insurance business in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law as of March 31, 2009 and 2010 were ¥61,957 million and ¥62,175 million (US\$668 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

15. Revaluation of Land

Based on the "Law for Revaluation of Land" (Publicly Issued Law 34, March 31, 1998), DL revalued land for business use. The difference between 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.

The excess of the new book value of the land over the fair value after revaluation in accordance with Article 10 of the Law of Revaluation of Land as of March 31, 2010 was ¥8,994 million (US\$96 million).

16. Subordinated Bonds

Subordinated bonds of ¥49,102 million and ¥46,510 million (US\$499 million) shown in liabilities as of March 31, 2009 and 2010 were foreign currency-denominated subordinated bonds of US\$499 million, the repayment of which is subordinated to other obligations.

Issuer	Description	Issuance Date	Balance as of March 31, 2009	Balance as of March 31, 2010	Interest rate (%)	Collateral	Maturity Date
(millions of yen)							
DL	Foreign currency (US dollar) denominated subordinated bonds	March 17, 2004	49,102 (499 mil USD)	46,510 (499 mil USD)	5.73	None	March 17, 2014

Note:

1. The figures in parentheses represent the balance in US dollars.

2. The following table shows the maturities of long-term borrowings for the 5 years subsequent to March 31, 2010.

Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(millions of yen)				
—	—	—	46,520	—

17. Subordinated Debt

As of March 31, 2009 and 2010, other liabilities included subordinated debt of ¥313,000 million and ¥313,000 million (US\$3,364 million), respectively, the repayment of which is subordinated to other obligations.

Category	Balance as of March 31, 2009	Balance as of March 31, 2010	Average interest rate (%)	Maturity
(millions of yen)				
Current portion of long-term borrowings	—	¥ 2	5.1	—
Current portions of lease obligations	¥ 59	161	—	—
Long-term borrowings (excluding current portion).....	313,025	313,012	2.2	September 2011~ January 2024
Lease obligations (excluding current portion)	188	485	—	April 2011~ January 2015
Total	¥ 313,273	¥ 313,661		

Note:

1. Those borrowings and lease obligations above are included in the “other liabilities” on the consolidated balance sheets.

2. The average interest rate represents the weighted-average rate applicable to the balance as of March 31, 2010. As for lease obligations, description is omitted since interest method is applied.

3. The following table shows the maturities of long-term borrowings (excluding the current portion) and lease obligations (excluding the current portion) for the 5 years subsequent to March 31, 2010.

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(millions of yen)				
Long-term borrowings	¥ 2	¥ 2	¥ 30,002	¥ 1
Lease obligations	147	139	133	64

18. Assets Denominated in Foreign Currencies

Assets of DL denominated in foreign currencies as of March 31, 2009 and 2010 totaled ¥4,725,208 million and ¥5,382,291 million (US\$57,849 million), respectively. The principal foreign currency asset amounts as of March 31, 2009 and 2010 were US\$25,981 million and €12,970 million, and US\$27,224 million and €17,327 million, respectively.

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

In accordance with the Plan for Demutualization approved at the 108th general meeting of representative policyholders, in preparation for demutualization the Company redeemed the whole unredeemed balance of its foundation funds amounting to ¥100,000 million (¥40,000 million of the unredeemed portion, at that point, of ¥60,000 million foundation fund issued in the year ended March 31, 2005 and the whole ¥60,000 million foundation fund issued in the year ended March 31, 2007) on March 26, 2010, before their maturity dates, in accordance with Article 89 of the Insurance Business Act.

In the year ended March 31, 2010, due to the redemption of foundation funds of ¥120,000 million (including foundation fund of ¥20,000 million redeemed in August 2009), DL provided the same amount as accumulated redeemed foundation funds, in accordance with Article 56 of the Insurance Business Law.

20. Operating Expenses

Details of operating expenses for the years ended March 31, 2009 and 2010 were as follows:

	Years Ended March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Sales activity expenses	¥ 183,336	¥ 198,910	\$ 2,137
Sales management expenses	78,689	73,020	784
General management expenses	203,087	203,905	2,191

21. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2009 and 2010 were as follows:

	Years Ended March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Land	¥ 857	¥ 134	\$ 1
Buildings	27	25	0
Other tangible assets	0	6	0
Other intangible assets	12	0	0
Other assets	0	-	-
Total	¥ 897	¥ 166	\$ 1

22. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2009 and 2010 were as follows:

	Years Ended March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Land	¥ 63	¥ 102	\$ 1
Buildings	2,780	1,003	10
Leased assets	-	21	0
Other tangible assets	314	103	1
Software	341	150	1
Other intangible assets	0	266	2
Other assets	241	209	2
Total	¥ 3,742	¥ 1,857	\$ 19

23. Extraordinary Gains

Details of extraordinary gains for the years ended March 31, 2009 and 2010 were as follows:

	Years Ended March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Gains on disposal of fixed assets	¥ 897	¥ 166	\$ 1
Reversal of reserve for possible loan losses	1,102	-	-
Gains on collection of loans and claims written off	236	169	1
Reversal of reserve for price fluctuations	119,980	-	-
Gains on contribution of securities to retirement benefit trust	207	-	-
Other extraordinary gains	1	0	0
Total	¥ 122,424	¥ 336	\$ 3

24. Extraordinary Losses

Details of extraordinary losses for the years ended March 31, 2009 and 2010 were as follows:

	Years Ended March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Losses on disposal of fixed assets.....	¥ 3,742	¥ 1,857	\$ 19
Impairment losses on fixed assets	3,002	4,897	52
Provision for reserve for retirement benefits of directors, executive officers and corporate auditors	2,712	—	—
Provision for allowance for policyholder dividends	—	92,500	994
Provision for reserve for price fluctuations	—	14,050	151
Losses on accelerated redemption of foundation funds	—	2,372	25
Other extraordinary losses.....	2,433	906	9
Total	¥ 11,891	¥ 116,583	\$ 1,253

25. Policyholder Dividends in a Mutual Company

Appropriation of unappropriated net surplus for the fiscal year ended March 31, 2009 was approved by the general meeting of representative policyholders of DL held on June 30, 2009 and ¥64,963 million was transferred to the reserve for policyholder dividends.

26. Change in Scope of Consolidation

DL changed its scope of consolidation during the year ended March 31, 2009. As a result, consolidation surplus decreased by ¥904 million.

27. Minority Interests

The increases in minority interests in consolidated subsidiaries of DL during the fiscal year ended March 31, 2009 and 2010 were due to the increase in their capital stock by ¥8,702 million and ¥6,042 million (US\$64 million), respectively.

28. Reconciliations of Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2009 and 2010 were as follows:

	As of March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Cash and cash deposits	¥ 245,895	¥ 188,208	\$ 2,022
Call loans	206,580	249,100	2,677
Commercial paper included in monetary claims bought	19,999	—	—
Monetary market fund included in securities.....	500	—	—
Cash and cash equivalents.....	¥ 472,975	¥ 437,308	\$ 4,700

29. Tangible Fixed Assets

Details of tangible fixed assets as of March 31, 2009 and 2010 were as follows:

	As of March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Land	¥ 814,730	¥ 814,807	\$ 8,757
Buildings	417,490	408,356	4,389
Leased assets.....	247	646	6
Construction in progress	2,937	15,766	169
Other tangible fixed assets	4,437	4,428	47
Total	¥ 1,239,843	¥ 1,244,006	\$ 13,370

30. Intangible Fixed Assets

Details of intangible fixed assets as of March 31, 2009 and 2010 were as follows:

	As of March 31,		
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Software.....	¥ 72,765	¥ 71,850	\$ 772
Other intangible fixed assets	34,005	¥ 33,531	360
Total	¥ 106,771	¥ 105,381	\$ 1,132

31. Lease Transactions

Finance Leases (As lessee)

(i) Acquisition cost, accumulated depreciation and net carrying amount of finance leases as of March 31, 2009 were as follows:

	Acquisition cost	Accumulated depreciation (millions of yen)	Net carrying amount
Tangible fixed assets	¥ 14,881	¥ 10,413	¥ 4,468
Total	¥ 14,881	¥ 10,413	¥ 4,468

Acquisition cost, accumulated depreciation and net carrying amount of finance leases as of March 31, 2010 were as follows:

	Acquisition cost	Accumulated depreciation (millions of yen)	Net carrying amount	Acquisition Cost	Accumulated depreciation (millions of US\$)	Net carrying amount
Tangible fixed assets	¥ 12,520	¥ 10,856	¥ 1,663	\$ 134	\$ 116	\$ 17
Total	¥ 12,520	¥ 10,856	¥ 1,663	\$ 134	\$ 116	\$ 17

Note:

1. Acquisition cost is calculated by the interest-payable-including-method, as the obligations under finance leases represent a low percentage of tangible fixed assets.

(ii) Obligations under finance leases as of March 31, 2009 and 2010 were as follows:

	As of March 31,		
	2009	2010	2010
	(millions of yen)	(millions of yen)	(millions of US\$)
Due within one year	¥ 2,715	¥ 1,178	\$ 12
Due after one year	1,752	484	5
Total	¥ 4,468	¥ 1,663	\$ 17

Note:

1. Obligations under finance leases are calculated by the interest-payable-including-method, as the obligations under finance leases represent a low percentage of tangible fixed assets.

(iii) Total payments for finance leases and depreciation for years ended March 31, 2009 and 2010 were as follows:

	Years Ended March 31,		
	2009	2010	2010
	(millions of yen)	(millions of yen)	(millions of US\$)
Total payments for finance leases	¥ 3,002	¥ 2,513	\$ 27
Depreciation	3,002	2,513	27

(iv) Calculation method of depreciation

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

Operating Lease

As Lessee:

Future minimum lease payments under noncancellable operating leases as of March 31, 2009 and 2010 were as follows:

	As of March 31,		
	2009	2010	2010
	(millions of yen)	(millions of yen)	(millions of US\$)
Due within one year	¥ 2,298	¥ 2,259	\$ 24
Due after one year	9,047	6,914	74
Total	¥ 11,346	¥ 9,173	\$ 98

32. Financial instruments

For the fiscal year ended March 31, 2010

Policies in Utilizing Financial Instrument

In an effort to manage our investment assets in a manner appropriate to our liabilities, which arise from the insurance policies we underwrite, we engage in asset liability management, or ALM, which considers the long-term balance between assets and liabilities in an effort to ensure stable returns. With such strategy, DL sets fixed income investments, including bonds and loans, as the core of its asset portfolio. While placing its financial soundness first, DL holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

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

DL uses derivatives primarily to hedge the risks associated with our existing asset portfolio to supplement our investment objectives.

Moreover, DFLI, one of the consolidated subsidiaries of DL, utilizes derivatives included in its money held in trust and foreign securities (investment trust funds) to mitigate the risks associated with guaranteed minimum benefits.

Financial Instruments Used and Their Risks

Securities included in financial assets of DL, mainly stocks and bonds, are categorized by their investment objectives such as held-to-maturity, policy-reserve-matching and available-for-sale. Loans are exposed to credit risk arising from the defaults of obligors. Such securities and loans are exposed to (1) market fluctuation risk, (2) credit risk, and (3) interest-rate risk.

In certain circumstances, DL and its subsidiaries might be exposed to liquidity risk, in which they cannot access the financial market and make timely payments of principal, interest or other amounts. Also, some of our loans payable are floating interest rate based and, thus, DL is exposed to interest-rate risk, though some of such risk is hedged by utilizing interest rate swaps.

DL utilizes interest rate swaps to hedge interest rate risk associated with its loans and adopts hedge accounting. Hedge effectiveness of such interest rate swaps is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

In addition, DL conducts foreign currency forward contracts and currency options to hedge foreign currency risks associated with bonds in our asset portfolio and adopt fair value hedge method, in which adjustments (gains and losses) are made directly to the underlying assets. Also, DL utilizes foreign currency forward contracts and currency swaps to hedge foreign currency risks of our foreign currency denominated term deposits and loans. Some derivative transactions that do not meet requirements of hedge accounting are exposed to currency and interest-rate risks.

Risk Management

(i) Market risk management

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

a. Interest rate risk

DL keeps track of interest rates and durations of its assets and liabilities, monitors its internal analyses on duration gap and interest rate sensitivity, and periodically reports them to its board of directors. It utilizes interest rate swaps to hedge some of interest rate risk associated with its financial assets.

b. Currency risk

The Company keeps track of currency composition of its financial assets and liabilities, conducts sensitivity analyses, and periodically reports them to its board of directors. It utilizes derivatives such as foreign currency forward contracts and currency options to hedge some of the currency risk.

c. Fluctuation in market values

The Company defines risk management policies for each component of its overall portfolio, including securities, and specific risk management procedures. In such policies and procedures, it sets and manages upper limits of each asset balance and risk exposure.

Such management conditions are periodically reported by Risk Management Department of DL to the board of directors, management meetings, and ALM committee.

d. Derivative transactions

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

DFLI has managed gains and losses from derivative transactions within its money held in trust and foreign securities (mutual funds) on a daily basis, and, moreover, has strictly controlled risks by (i) periodically checking

its progress on reducing the risk associated with its guaranteed minimum maturity benefits and (ii) measuring VaR (value-at-risk). In controlling its risks, DFLI has established internal regulations to manage the risks associated with its guaranteed minimum maturity benefits. The regulations clearly stipulate its specific approaches to such risks as well as fundamental policies on risk management. The Financial Planning and Actuarial Department of DFLI is in charge of controlling such risk, while its Compliance and Risk Management Department is in charge of managing overall risks including risks associated with its guaranteed minimum maturity benefits, and periodically reports the status of such management to the Board of Directors and the Internal Control Committee.

(ii) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, DL has established a credit management system related to loans, such as preliminary reviews on individual transactions, credit limit setting, credit information management, internal credit rating, attachment of guarantees and collateral, and follow-ups on problem loans. For corporate bond investment, the Credit Department sets investment caps on individual issuers taking into account internal credit ratings and other factors. Excessive risk taking is restricted since front offices such as Fixed Income Investment Department and Foreign Fixed Income Investment Department make investment within those caps. That credit management has been conducted by Credit Department and Risk Management Department, and has been periodically reported to Board of Directors and other management. Additionally, Internal Control and Auditing Department has checked credit management status.

Credit risk of security issuers and counterparty risk with respect to derivative transactions are managed by the Credit Department which sets upper limits for each counterparty and financial instrument and periodically monitors credit information, and by the Risk Management Department which periodically calculates current exposures.

Supplementary Explanation for Fair Values of Financial Instruments

As well as the values based on market prices, fair values of financial instruments include values which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied. Also, for the contract value regarding derivative transactions described in "Fair Values of Financial Instruments", the contract value itself does not indicate market risk related to derivative transactions.

Fair Values of Financial Instruments

Carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2010 were as follows.

The following table does not include financial instruments whose fair values were extremely difficult to be recognized.

As of March 31, 2010							
	Carrying amount	Fair value	Gains (Losses)	Carrying amount	Fair value	Gains (Losses)	
	(millions of yen)			(millions of US\$)			
(1) Cash and deposits	¥ 188,208	¥ 188,222	¥ 14	\$ 2,022	\$ 2,023	\$ 0	
(2) Call loans	249,100	249,100	–	2,677	2,677	–	
(3) Monetary claims bought	289,885	289,885	–	3,115	3,115	–	
(4) Money held in trust	55,685	55,685	–	598	598	–	
(5) Securities							
1. Trading securities	2,371,687	2,371,687	–	25,491	25,491	–	
2. Held-to-maturity bonds	171,263	174,819	3,556	1,840	1,878	38	
3. Policy-reserve-matching bonds	5,766,069	5,889,306	123,236	61,974	63,298	1,324	
4. Stocks of subsidiaries and affiliates	15,784	24,415	8,631	169	262	92	
5. Securities available for sale	15,466,378	15,466,378	–	166,233	166,233	–	
(6) Loans	3,834,955			41,218			
Reserves for possible loan losses ^(*)	(19,478)			(209)			
	3,815,476	3,914,618	99,141	41,008	42,074	1,065	
Total assets	¥ 28,389,540	¥ 28,624,119	¥ 234,579	\$ 305,132	\$ 307,653	\$ 2,521	
(1) Bonds	46,510	48,112	1,602	499	517	17	
(2) Long-term borrowings	313,014	331,171	18,156	3,364	3,559	195	
Total liabilities	¥ 359,524	¥ 379,283	¥ 19,758	\$ 3,864	\$ 4,076	\$ 212	
Derivative transactions ^(*)							
1. Hedge accounting not applied	[4,582]	[4,582]	–	[49]	[49]	–	
2. Hedge accounting applied	[6,952]	[4,109]	2,842	[74]	[44]	30	
Total derivative transactions	¥ [11,534]	¥ [8,691]	¥ 2,842	\$ [123]	\$ [93]	\$ 30	

(*) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(*) Credits/debts from derivative transactions are net base. Figures in [] are net debts.

Note:

1. Notes to Methods for Calculating Fair Values of Financial Instruments, Securities and Derivative Transactions

• Assets

(1) Cash and deposits

As for deposits with maturities, except for those which are close to maturity, present value is calculated by discounting the carrying amount for each segment based on the term, using deposit interest rate which is assumed to be applied to new deposit. As for deposits close to maturity and deposits without maturity, fair value is based on carrying amount since fair value is close to carrying amount.

(2) Call loans

Since all call loans are close to due date and their fair value is close to carrying amount, fair value of call loans is based on their carrying amount.

(3) Monetary claims bought

Fair value of monetary claims bought is based on the price presented by counterparty financial institutions.

(4) Money held in trust

Fair value of stocks is based on the price on stock exchanges and that of bonds is based on price on bond markets or price presented by counterparty financial institutions. Fair value of mutual funds is based on unit price.

For details on derivative transactions of money held in trust, please refer to 35. Derivative Transactions.

(5) Securities

Fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. Fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, after measuring fair value of the assets in the partnership available for mark-to-market, the amount equivalent to partnership interest is recorded as fair value of the stake in the partnership. Additionally, notes for the securities for each investment purpose are described in 33. Securities.

(6) Loans

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

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

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

• Liabilities

(1) Bonds

Fair value of bonds issued by DL is based on the price on the bond market.

(2) Long-term borrowings

Fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining period which are assumed to be applied to new borrowing.

• Derivative Instruments

For details on derivative transactions of money held in trust, please refer to 35. Derivative Transactions.

Note:

2. Available-for-sale securities not recorded at market value are as follows and are not included in the market value of (5) Securities

	As of March 31, 2010	
	Carrying amount (millions of yen)	Carrying amount (millions of US\$)
1. Unlisted domestic stocks ^(*) (^(*) 2)	¥ 165,015	\$ 1,773
2. Unlisted foreign stocks ^(*) (^(*) 2)	17,409	187
3. Other foreign securities ^(*) (^(*) 2)	1,066,014	11,457
4. Other securities ^(*) (^(*) 2)	107,733	1,157
Total	¥ 1,356,172	\$ 14,576

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

(*)2 We recorded impairment charges of ¥1,373 million for the year ended March 31, 2010.

Note:

3. Scheduled redemptions of money held in trust and securities with maturities

As of March 31, 2010				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
(millions of yen)				
Cash and deposits	¥ 187,858	¥ 150	¥ 200	¥ –
Call loans	249,100	–	–	–
Monetary claims bought	210	15,251	2,953	267,232
Money held in trust ^(*)	–	1,489	–	–
Securities				
Held-to-maturity bonds	20,900	60,400	–	47,900
Held-to-maturity bonds(foreign bonds)	–	46,520	–	–
Policy-reserve-matching bonds	–	496,756	350,080	4,970,559
Available-for-sale securities with maturities (bonds)	473,594	1,878,038	2,211,457	2,526,402
Available-for-sale securities with maturities (foreign securities)	107,485	1,841,140	1,076,072	1,478,756
Available-for-sale securities with maturities (other securities)	4	55,852	23,473	31,986
Loans ^{(*)2}	350,274	1,295,445	1,114,006	407,609

As of March 31, 2010				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
(millions of US\$)				
Cash and deposits	\$ 2,019	\$ 1	\$ 2	\$ –
Call loans	2,677	–	–	–
Monetary claims bought	2	163	31	2,872
Money held in trust ^(*)	–	16	–	–
Securities				
Held-to-maturity bonds	224	649	–	514
Held-to-maturity bonds(foreign bonds)	–	500	–	–
Policy-reserve-matching bonds	–	5,339	3,762	53,423
Available-for-sale securities with maturities (bonds)	5,090	20,185	23,768	27,153
Available-for-sale securities with maturities (foreign securities)	1,155	19,788	11,565	15,893
Available-for-sale securities with maturities (other securities)	0	600	252	343
Loans ^{(*)2}	3,764	13,923	11,973	4,381

(*) Money held in trust without maturities amounted to ¥54,195 million and was not included.

(*)2 Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥29,801 million and were not included. Also, ¥637,371 million of loans without maturities were not included.

Note:

4. Scheduled maturities of bonds and long term borrowings

As of March 31, 2010						
	Due within one year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(millions of yen)						
Bonds	–	–	–	46,520	–	–
Long term borrowings	2	2	2	30,002	1	283,002

As of March 31, 2010						
	Due within one year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(millions of US\$)						
Bonds	–	–	–	500	–	–
Long term borrowings	0	0	0	322	0	3,041

Additional Information

Effective April 1, 2009, the Group had adopted Accounting Standard for Financial Instruments and its Implementation Guidance (ASBJ Statement No. 10) and ASBJ Guidance No. 19 Guidance on Disclosures about Fair Value of Financial Instruments, both released on March 10, 2008.

33. Securities

Fiscal Year Ended March 31, 2009

Trading Securities:

	As of March 31, 2009
	(millions of yen)
Carrying amount on the consolidated balance sheets	¥ 1,508,659
Gains (losses) on valuation of trading securities	(268,677)

Note:

1. The balance and gains (losses) on valuation of trading securities in the table above include those of trading account securities, whose balance as of March 31, 2009 was ¥52,597 million.

Held-to-maturity Securities with Market Value:

	As of March 31, 2009		
	Carrying amount	Market value	Unrealized gains (losses)
	(millions of yen)		
Held-to-maturity securities with unrealized gains:			
(1) Bonds	¥ 80,095	¥ 81,529	¥ 1,433
1. Government bonds	80,095	81,529	1,433
(2) Foreign securities	49,765	54,174	4,408
1. Foreign bonds	49,765	54,174	4,408
Subtotal	¥ 129,861	¥ 135,703	¥ 5,842
Held-to-maturity securities with unrealized losses:			
(1) Bonds	¥ 43,601	¥ 42,238	¥ (1,362)
1. Government bonds	43,601	42,238	(1,362)
Subtotal	¥ 43,601	¥ 42,238	¥ (1,362)
Total	¥ 173,462	¥ 177,941	¥ 4,479

Policy-reserve-matching Bonds with Market Value:

	As of March 31, 2009		
	Carrying amount	Market value	Unrealized gains (losses)
	(millions of yen)		
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	¥ 4,778,820	¥ 5,012,503	¥ 233,682
1. Government bonds	4,371,115	4,589,078	217,963
2. Local Government bonds	165,723	171,751	6,028
3. Corporate bonds	241,982	251,672	9,690
Subtotal	¥ 4,778,820	¥ 5,012,503	¥ 233,682
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	¥ 382,864	¥ 378,948	¥ (3,915)
1. Government bonds	378,772	374,882	(3,889)
2. Corporate bonds	4,091	4,065	(26)
Subtotal	¥ 382,864	¥ 378,948	¥ (3,915)
Total	¥ 5,161,684	¥ 5,391,451	¥ 229,767

Available-for-sale Securities with Market Value:

	As of March 31, 2009		
	Carrying amount	Market value	Gains (Losses)
	(millions of yen)		
Available for sale securities with gains:			
(1) Bonds.....	¥ 5,212,987	¥ 5,409,524	¥ 196,537
1. Government bonds	3,351,464	3,478,380	126,915
2. Local Government bonds.....	163,894	167,731	3,837
3. Corporate bonds	1,697,628	1,763,413	65,784
(2) Domestic stocks	860,137	1,137,618	277,480
(3) Foreign securities	2,527,739	2,624,690	96,950
1. Foreign bonds	2,506,185	2,592,356	86,171
2. Other foreign securities	21,554	32,333	10,779
(4) Other Securities	11,701	12,994	1,293
Subtotal	¥ 8,612,565	¥ 9,184,827	¥ 572,262
Available for sale securities with losses:			
(1) Bonds.....	¥ 2,042,649	¥ 2,020,695	¥ (21,954)
1. Government bonds	1,587,164	1,577,545	(9,619)
2. Local Government bonds.....	5,458	5,433	(25)
3. Corporate bonds	450,026	437,716	(12,310)
(2) Domestic stocks	1,746,336	1,372,062	(374,274)
(3) Foreign securities	2,417,031	2,181,841	(235,190)
1. Foreign bonds	1,960,581	1,818,807	(141,774)
2. Other foreign securities	456,450	363,034	(93,416)
(4) Other securities.....	213,833	199,063	(14,770)
Subtotal	¥ 6,419,852	¥ 5,773,662	¥ (646,189)
Total	¥ 15,032,418	¥ 14,958,490	¥ (73,927)

Note:

- Figures in the chart above include (1) certificates of deposit and (2) commercial paper, which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheets, respectively. The aggregate purchase cost and carrying amount of such certificates of deposits were ¥90,000 million and ¥90,000 million, respectively, as of March 31, 2009. The aggregate purchase cost and carrying amount of such commercial paper were ¥19,999 million and ¥19,999 million, respectively, as of March 31, 2009.
- DL and its consolidated subsidiaries write down the balance of certain available-for-sale securities with market values (1) when the market value of such securities declines by 50%, or more, of its purchase cost or (2) when the market value of such securities without a certain level of creditworthiness declines by 30% or more, but less than 50%, of its purchase cost unless it is deemed that there is a possibility that the fair value of the security could recover to equal or exceed the purchase cost. The aggregate amount written down from the balance of available-for-sale securities with market value for the year ended March 31, 2009 was ¥409,903 million.

Held-to-maturity Securities Sold:

DL and its consolidated subsidiaries sold no held-to-maturity securities during the year ended March 31, 2009.

Policy-reserve-matching Bonds Sold:

Policy-reserve-matching bonds sold during the year ended March 31, 2009 were as follows:

	Year Ended March 31, 2009
	(millions of yen)
Amount of policy-reserve-matching bonds sold	¥ 1,587,774
Gains on sales of policy-reserve-matching bonds.....	46,014
Losses on sales of policy-reserve-matching bonds.....	1,501

Available-for-sale Securities Sold:

Available-for-sale securities sold during the year ended March 31, 2009 were as follows:

	Year Ended March 31, 2009
	(millions of yen)
Amount of available-for-sales securities sold	¥ 11,435,435
Gains on available-for-sales securities	336,841
Losses on sales of available-for-sales securities.....	503,342

Carrying Amount of Securities not Recorded at Market Value:

	As of March 31, 2009 (millions of yen)
Available-for-sale securities not recorded at market value:	
1. Unlisted domestic stocks	¥ 165,230
2. Unlisted foreign stocks	4,781
3. Other foreign securities	1,020,380
4. Other securities	371,077
Total	¥ 1,561,471

Note:

1. Item "4. Other securities" above includes trust beneficiary rights, which are presented as monetary claims bought on the consolidated balance sheets. The balance of such beneficiary rights as of March 31, 2009 was ¥261,371 million.

Scheduled Redemptions of Available-for-sale Securities, Held-to-maturity Bonds, and Policy-reserve Matching Bonds with Maturities:

	As of March 31, 2009			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	(millions of yen)			
(1) Bonds	¥ 501,081	¥ 2,258,693	¥ 3,094,648	¥ 6,832,113
1. Government bonds	328,371	1,300,883	1,751,662	6,548,592
2. Local government bonds	23,592	133,799	150,430	31,065
3. Corporate bonds	149,117	824,010	1,192,556	252,455
(2) Foreign securities	135,985	1,600,300	1,028,059	1,585,531
1. Foreign bonds	135,985	1,600,300	1,028,059	1,585,531
(3) Other securities	115,911	70,074	13,823	274,260
Total	¥ 752,978	¥ 3,929,069	¥ 4,136,531	¥ 8,691,906

Note:

1. Figures of the "(3) Other securities" in the chart above include (a) certificates of deposit, (b) trust beneficiary rights and (c) commercial paper, which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheets, respectively. The aggregate carrying amount of such (a) certificates of deposits, (b) trust beneficiary rights and (c) commercial papers were ¥90,000 million, ¥261,371 million and ¥19,999 million, respectively, as of March 31, 2009.

Fiscal Year Ended March 31, 2010

Trading Securities:

	as of March 31,	
	2010	2010
	(millions of yen)	(millions of US\$)
Gains (losses) on valuation of trading securities	¥ 309,530	\$ 3,326

Held-to-maturity Securities:

	As of March 31, 2010					
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
	(millions of yen)			(millions of US\$)		
Held-to-maturity securities with unrealized gains:						
(1) Bonds	¥ 80,351	¥ 82,037	¥ 1,686	\$ 863	\$ 881	\$ 18
1. Government bonds	80,351	82,037	1,686	863	881	18
(2) Foreign securities	47,009	50,227	3,218	505	539	34
1. Foreign bonds	47,009	50,227	3,218	505	539	34
Subtotal	¥ 127,360	¥ 132,265	¥ 4,904	\$ 1,368	\$ 1,421	\$ 52
Held-to-maturity securities with unrealized losses:						
(1) Bonds	¥ 43,902	¥ 42,554	¥ (1,348)	\$ 471	\$ 457	\$ (14)
1. Government bonds	43,902	42,554	(1,348)	471	457	(14)
Subtotal	¥ 43,902	¥ 42,554	¥ (1,348)	471	457	(14)
Total	¥ 171,263	¥ 174,819	¥ 3,556	\$ 1,840	\$ 1,878	\$ 38

Policy-reserve-matching Bonds:

As of March 31, 2010						
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
	(millions of yen)			(millions of US\$)		
Policy-reserve-matching bonds with unrealized gains:						
(1) Bonds.....	¥ 4,119,105	¥ 4,255,837	¥ 136,732	\$ 44,272	\$ 45,742	\$ 1,469
1. Government bonds	3,709,800	3,826,857	117,056	39,873	41,131	1,258
2. Local Government bonds.....	166,394	174,155	7,761	1,788	1,871	83
3. Corporate bonds.....	242,910	254,824	11,914	2,610	2,738	128
Subtotal	¥ 4,119,105	¥ 4,255,837	¥ 136,732	\$ 44,272	\$ 45,742	\$ 1,469
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds.....	¥ 1,646,964	¥ 1,633,469	¥ (13,495)	\$ 17,701	\$ 17,556	\$ (145)
1. Government bonds	1,646,964	1,633,469	(13,495)	17,701	17,556	\$ (145)
Subtotal	¥ 1,646,964	¥ 1,633,469	¥ (13,495)	\$ 17,701	\$ 17,556	\$ (145)
Total	¥ 5,766,069	¥ 5,889,306	¥ 123,236	\$ 61,974	\$ 63,298	1,324

Available-for-sale Securities:

As of March 31, 2010						
	Carrying amount	Market value	Gains (Losses)	Carrying amount	Market value	Gains (Losses)
	(millions of yen)			(millions of US\$)		
Available for sale securities with gains:						
(1) Bonds.....	¥ 5,948,102	¥ 5,797,438	¥ 150,663	\$ 63,930	\$ 62,311	\$ 1,619
1. Government bonds	3,859,496	3,781,637	77,859	41,482	40,645	836
2. Local Government bonds.....	151,599	146,429	5,169	1,629	1,573	55
3. Corporate bonds	1,937,006	1,869,371	67,634	20,819	20,092	726
(2) Domestic stocks	2,228,949	1,526,004	702,945	23,956	16,401	7,555
(3) Foreign securities.....	3,890,328	3,737,672	152,656	41,813	40,172	1,640
1. Foreign bonds	3,753,565	3,629,147	124,418	40,343	39,006	1,337
2. Other foreign securities	136,762	108,525	28,237	1,469	1,166	303
(4) Other Securities	258,179	245,783	12,396	2,774	2,641	133
Subtotal	¥ 12,325,560	¥ 11,306,899	¥ 1,018,661	\$ 132,475	\$ 121,527	\$ 10,948
Available for sale securities with losses:						
(1) Bonds.....	¥ 1,266,061	¥ 1,272,811	¥ (6,750)	\$ 13,607	\$ 13,680	\$ (72)
1. Government bonds	1,109,300	1,113,592	(4,291)	11,922	11,968	(46)
2. Local Government bonds.....	2,920	2,930	(9)	31	31	(0)
3. Corporate bonds	153,839	156,289	(2,449)	1,653	1,679	(26)
(2) Domestic stocks	710,889	891,259	(180,369)	7,640	9,579	(1,938)
(3) Foreign securities.....	1,311,417	1,410,789	(99,372)	14,095	15,163	(1,068)
1. Foreign bonds	1,003,678	1,052,108	(48,429)	10,787	11,308	(520)
2. Other foreign securities	307,738	358,681	(50,943)	3,307	3,855	(547)
(4) Other Securities	165,335	174,470	(9,134)	1,777	1,875	(98)
Subtotal	¥ 3,453,703	¥ 3,749,330	¥ (295,626)	\$ 37,120	\$ 40,298	\$ (3,177)
Total.....	¥ 15,779,263	¥ 15,056,229	¥ 723,034	\$ 169,596	\$ 161,825	\$ 7,771

Note:

1. Figures in the chart above include (1) certificates of deposit and (2) trust beneficiary rights, which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheets, respectively. The aggregate purchase cost and carrying amount of such certificates of deposits were ¥23,000 million (US\$247 million) and ¥22,999 million (US\$247 million), respectively, as of March 31, 2010. The aggregate purchase cost and carrying amount of trust beneficiary rights were ¥285,657 million (US\$3,070 million) and ¥289,885 million (US\$3,115 million), respectively, as of March 31, 2010.

Held-to-maturity Securities Sold:

DL and its consolidated subsidiaries sold no held-to-maturity securities during the year ended March 31, 2010.

Policy-reserve-matching Bonds Sold:

Policy-reserve-matching bonds sold during the year ended March 31, 2010 were as follows:

Year Ended March 31, 2010						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(millions of yen)			(millions of US\$)		
(1) Bonds.....	¥ 732,964	¥ 2,193	¥ 10,028	\$ 7,877	\$ 23	\$ 107
1. Government bonds	729,167	2,069	10,028	7,837	22	107
2. Corporate bonds	3,797	123	—	40	1	—
Total	¥ 732,964	¥ 2,193	¥ 10,028	\$ 7,877	\$ 23	\$ 107

Available-for-sale Securities Sold:

Available-for-sale securities sold during the year ended March 31, 2010 were as follows:

Year Ended March 31, 2010						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(millions of yen)			(millions of US\$)		
(1) Bonds.....	¥ 1,567,782	¥ 14,598	¥ 9,626	\$ 16,850	\$ 156	\$ 103
1. Government bonds	1,316,536	10,330	8,758	14,150	111	94
2. Local Government bonds.....	6,366	64	0	68	0	0
3. Corporate bonds	244,879	4,204	867	2,631	45	9
(2) Domestic stocks	398,087	103,379	51,171	4,278	1,111	549
(3) Foreign securities.....	5,166,457	116,528	137,067	55,529	1,252	1,473
1. Foreign bonds	5,052,264	87,735	136,415	54,302	942	1,466
2. Other foreign securities.....	114,193	28,792	651	1,227	309	6
(4) Other Securities	31,555	6,045	—	339	64	—
Total	¥ 7,163,883	¥ 240,552	¥ 197,865	\$ 76,997	\$ 2,585	\$ 2,126

Securities Written Down:

DL and its consolidated subsidiaries write down the balance of certain available-for-sale securities with market values (1) when the market value of such securities declines by 50%, or more, of its purchase cost or (2) when the market value of such securities without a certain level of creditworthiness declines by 30% or more, but less than 50%, of its purchase cost unless it is deemed that there is a possibility that the fair value of the security could recover to equal or exceed the purchase cost. The aggregate amount written down from the balance of available-for-sale securities with market value for the year ended March 31, 2010 was ¥6,450 million (US\$69 million).

34. Money Held in Trust

Fiscal Year Ended March 31, 2009

Money Held in Trust for Trading:

	As of March 31, 2009
	(millions of yen)
Carrying amount on the consolidated balance sheets	¥ 30,427
Gains (losses) on valuation of money held in trust	(1,125)

Money Held in Trust Available for Sale:

	As of March 31, 2009		
	Carrying amount	Market value	gains (losses)
	(millions of yen)		
Trust available for sale	¥ 1,176	¥ 1,176	—

Note:

1. Trusts in which bank deposits are held are reported as "Trust available for sale".

Fiscal Year Ended March 31, 2010

Money Held in Trust for Trading:

	As of March 31,	
	2010	2010
	(millions of yen)	(millions of US\$)
Carrying amount on the consolidated balance sheets	¥ 55,685	\$ 598
Gains (losses) on valuation of money held in trust	(9,608)	(103)

35. Derivative Transactions

Fiscal Year Ended March 31, 2009

Status on Derivative Transactions:

(1) Types of transaction

The derivatives which the Group used for the fiscal year ended March 31, 2009 were as follows:

	Year ended March 31, 2009
Interest-related	Interest rate futures Interest rate swaps
Currency-related	Foreign currency forward contracts Currency options
Stock-related	Stock index futures Stock index options
Bond-related	Bond futures Bond future options Bond options Bond forward contracts
Others	Credit default swaps

(2) Transaction policy

DL's purpose of using derivatives is primarily limited to hedging market risks associated with its existing asset portfolio.

DL applied hedge accounting for the following derivative transactions for the year ended March 31, 2009:

	Year ended March 31, 2009
• Interest rate swap transactions used for hedging loans as well as debt payables as underlying assets	
• Foreign currency forward contracts used for hedging foreign currency-denominated bonds as underlying assets	
• Foreign currency forward contracts used for hedging foreign currency-denominated term deposits as underlying assets	

In applying hedge accounting, DL has established investment policy and procedure guidelines. In line with the policy and procedure guidelines, DL clarifies the risk of underlying assets to be hedged and derivative instruments to be used, and manages derivative transactions by measures including pre- and post-effectiveness tests of the transactions.

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

In order to reduce the risk associated with guaranteed minimum maturity benefits attached to variable annuities, DFLI, since the year ended March 31, 2009, has been utilizing derivatives included in its money held in trust. DFLI does not apply derivative accounting to such derivative transactions included in its money held in trust.

(3) Risks associated with derivative transactions

Like investments in real assets, the derivatives that the Group utilizes involve (i) market risks (i.e. the risk that fluctuations in interest rates and/or currency exchange rates may impacts the Group's profitability) and (ii) credit risks (i.e. the risks that DL's business partners or contractual counterparties may default on contractual obligations due to bankruptcy of such partners or counterparties).

(4) Risks management

DL strictly manages derivative transactions by establishing position limits, evaluating daily profit and loss along with the underlying assets, and periodic measurement of tracking errors and VaR (value-at-risk).

Credit risk for over-the-counter derivative transactions is also managed by establishing transaction limits for each counter-party.

Overall investment risks, including those of derivatives, are managed under the internal risk management policy in which detailed management measures are clarified. The "Risk Management Department", the specialist team in risk management, thoroughly watches and controls overall derivative risk profile, while each execution department manages risk at an operations level. The Risk Management Department regularly reports to the "ALM Committee".

DFLI has managed its money held in trust and, moreover, has strictly controlled risks by (i) periodically checking its progress on reducing the risk associated with its guaranteed minimum maturity benefits and (ii) measuring VaR (value-at-risk).

In controlling its risks, DFLI has established internal regulations to manage the risks associated with its guaranteed minimum maturity benefits. The regulations clearly stipulate its specific approaches to such risks as well as fundamental policies on risk management. The "Financial Planning and Actuarial Department" of DFLI is in charge of controlling such risk, while its "Compliance and Risk Management Department" is in charge of managing overall risks and periodically reports the status of such management to the "Internal Control Committee".

(5) Supplementary information on items including market values of derivative transactions

- (i) Since DL uses derivatives primarily to hedge the market risks of its existing asset portfolio, information on derivative transactions, including notional amount and gains and losses, is more easily understood by taking into account information on the underlying assets that are hedged.
- (ii) Gains and losses on derivatives (both hedge accounting applied and not applied) as of March 31, 2009 were as follows:

As of March 31, 2009					
	Currency-related	Interest-related	Stock-related	Bond-related	Others
					Total
(millions of yen)					
Hedge accounting applied.....	¥ (190,886)	¥ 1,459	–	–	–
Hedge accounting not applied	(11,211)	18	¥ (4,014)	¥ 192	–
Total	¥ (202,097)	¥ 1,477	¥ (4,014)	¥ 192	–
					¥ (204,441)

Fair Value Information and Other Information on Derivative Transactions:

Contract values, fair values, and gains (losses) on derivative transactions are as follows:

(1) Currency-related transactions

As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (Losses)
(millions of yen)			
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold:			
U.S. dollar	¥ 1,466,054	¥ 1,562,594	¥ (96,540)
Euro.....	826,031	913,748	(87,716)
British pound	135,071	144,982	(9,911)
Canadian dollar.....	21,101	22,464	(1,363)
Australian dollar	19,108	22,624	(3,515)
Swedish krona	9,467	10,548	(1,081)
Danish krone.....	7,019	7,782	(762)
Norwegian krone.....	2,863	3,342	(479)
Swiss franc	185	188	(2)
Hong Kong dollar.....	44	44	(0)
Singapore dollar.....	7	7	(0)
Polish zloty.....	5	6	(0)
Total Sold	¥ 2,486,960	¥ 2,688,334	¥ (201,373)
Bought:			
U.S. dollar	¥ 54,960	¥ 56,496	¥ 1,535
Euro.....	51,563	54,848	3,284
British pound	8,191	8,747	556
Polish zloty.....	1,137	1,225	88
Swiss franc	1,082	1,130	48
Singapore dollar.....	640	662	21
Norwegian krone.....	448	477	28
Australian dollar	382	418	36
Canadian dollar.....	292	298	6
Swedish krona	260	282	21
Hong Kong dollar.....	192	193	1
Danish krone.....	70	78	8
Indian rupee.....	11	11	0
Total Bought	¥ 119,235	¥ 124,871	¥ 5,636

Currency options:

Bought:

Put	¥ 162,909			
	[6,510]	¥ 150		¥ (6,360)
U.S. dollar	80,960			
	[2,784]	19		(2,765)
Euro	67,411			
	[3,033]	123		(2,910)
Taiwan dolla	14,537			
	[691]	7		(684)
Total				¥ (202,097)

Note:

1. Forward exchange rates are used for fair value calculation at the end of the year.
2. Figures in [] are option premiums which are included in the consolidated balance sheets.
3. Regarding assets and liabilities which were denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and are reported in yen amounts in the consolidated balance sheets, those foreign currency forward contracts are excluded from the table above.
4. Differences between contract value and fair value for foreign currency forward contracts, and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
5. There were no transactions with maturity of more than one year in the table above.

(2) Interest-related transactions

As of March 31, 2009				
	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value	Gains (Losses)
(millions of yen)				
Exchange-traded transactions:				
Interest rate futures:				
Bought	¥ 22,367	¥ –	¥ 22,368	¥ 0
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating	178,764	131,924	2,091	2,091
Receipts floating, payments fixed	198,000	183,000	(615)	(615)
Total				¥ 1,477

Note:

1. (1) Fair values of interest rate futures are based on the closing exchange-traded prices. (2) Fair values of yen interest rate swaps are present values of expected cash flows, discounted by the interest rates at the end of each fiscal year.
2. Differences between contract value and fair value for futures, and fair value for swap transactions, are shown in "Gains (losses)".

(3) Stock-related transactions

As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (Losses)
(millions of yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Bought	¥ 12,646	¥ 12,983	¥ 337
Foreign currency-denominated stock index futures:			
Bought	3,247	3,258	11
Stock index options:			
Bought:			
Put	55,992		
	[5,616]	1,254	(4,362)
Total			¥ (4,014)

Note :

1. Fair values listed above are based on the closing exchange-traded prices.
2. Figures in [] are option premiums which are included in the consolidated balance sheets.
3. Differences between contract value and fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
4. There were no transactions with maturity of more than one year in the table above.

(4) Bond-related transactions

As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (Losses)
(millions of yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold	¥ 28,506	¥ 28,320	¥ 185
Bought	8,173	8,150	(23)
Yen bond future options:			
Bought:			
Call	4,175		
	[7]	7	0
Over-the-counter transactions:			
Bond OTC options:			
Sold:			
Call	7,317		
	[24]	10	13
Put	16,086		
	[38]	27	10
Bought:			
Call	16,086		
	[22]	11	(11)
Put	7,317		
	[30]	47	16
Total			¥ 192

Note:

1. Fair values listed above are obtained as follows:

(1) Fair values of yen bond futures and yen bond future options are based on the closing exchange-traded prices.

(2) Fair values of bond OTC options are based on the prices offered by financial institutions.

2. Figures in [] are option premiums which are included in the consolidated balance sheets.

3. Differences between contract value and fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".

4. There were no transactions with maturity of more than one year in the table above.

(5) Others

i) DFLI utilizes derivative transactions within its money held in trust. Details of the derivative transactions are as follows:

a) Currency-related transactions

As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (Losses)
(millions of yen)			
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold:	¥ 35,758	¥ 39,065	¥ (3,307)
U.S. dollar	17,713	19,172	(1,459)
Euro	9,840	10,915	(1,074)
British pound	3,280	3,527	(247)
Australian dollar	1,733	1,990	(257)
Canadian dollar	1,465	1,565	(99)
Swiss franc	430	477	(47)
Singapore dollar	402	430	(28)
Hong Kong dollar	341	369	(27)
Swedish krona	163	180	(17)
Danish krone	128	145	(16)
Norwegian krone	92	102	(9)
Polish zloty	90	99	(9)
New Zealand dollar	74	89	(14)
Bought:			
U.S. dollar	371	372	1
Total			¥ (3,305)

Note:

1. Forward exchange rates are used for fair value calculation at the end of the year.

2. Differences between contract value and fair value for forward contracts are shown in "Gains (losses)".

3. There were no transactions with maturity of more than one year in the table above.

b) Stock-related transactions

As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (Losses)
(millions of yen)			
Exchange-traded transactions:			
Yen stock index futures:	¥ 16,504	¥ 17,645	¥ (1,141)
Sold			
Foreign currency-denominated stock index futures:			
Sold	8,636	8,976	(339)
Total			¥ (1,480)

Note:

1. Fair values listed above are based on the closing exchange-traded prices.
2. Differences between contract value and fair value for futures contracts are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

c) Bond-related transactions

As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (Losses)
(millions of yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold	¥ 12,339	¥ 12,295	¥ 43
Foreign bond futures:			
Sold	53,104	53,567	(463)
Total			¥ (419)

Note:

1. Fair values listed above are based on the closing exchange-traded prices.
2. Differences between contract value and fair value for futures contracts are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

Fiscal Year Ended March 31, 2010

Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions

As of March 31, 2010						
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)
(millions of yen)			(millions of US\$)			
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold:	¥ 497,428	¥ (4,486)	¥ (4,486)	\$ 5,346	\$ (48)	\$ (48)
U.S. dollar	217,103	(5,221)	(5,221)	2,333	(56)	(56)
Euro	251,545	987	987	2,703	10	10
British pound	15,248	365	365	163	3	3
Canadian dollar	7,539	(533)	(533)	81	(5)	(5)
Australian dollar	4,113	(122)	(122)	44	(1)	(1)
Swedish krona	771	(1)	(1)	8	(0)	(0)
Danish krone	763	33	33	8	0	0
Norwegian krone	339	6	6	3	0	0
Swiss franc	2	(0)	(0)	0	(0)	(0)
Singapore dollar	0	(0)	(0)	0	(0)	(0)
Bought:	357,104	3,371	3,371	3838	36	36
U.S. dollar	143,371	2,285	2,285	1540	24	24
Euro	190,987	386	386	2052	4	4
British pound	14,444	316	316	155	3	3
Polish zloty	1,293	74	74	13	0	0
Swiss franc	800	57	57	8	0	0
Singapore dollar	486	27	27	5	0	0

Norwegian krone	503	23	23	5	0	0
Australian dollar	4,183	160	160	44	1	1
Canadian dollar	826	30	30	8	0	0
Swedish krona	2	0	0	0	0	0
Hong Kong dollar	192	7	7	2	0	0
Indian rupee	12	0	0	0	0	0
Total			¥ (1,115)			\$ (11)

Note:

1. Forward exchange rates are used for fair value calculation at the end of the year.
2. "Gains (losses)" represents fair value for forward contracts.
3. There were no transactions with maturity of more than one year in the table above.

(2) Interest-related transactions

As of March 31, 2010								
	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value	Gains (Losses)	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value	Gains (Losses)
	(millions of yen)				(millions of US\$)			
Over-the-counter transactions:								
Yen interest rate swaps:								
Receipts fixed, payments floating	¥ 1,000	¥ 1,000	¥ 37	¥ 37	\$ 10	\$ 10	\$ 0	\$ 0
Total				¥ 37				\$ 0

Note:

1. Fair values listed above are present values of expected cash flows, discounted by the interest rates at the end of each fiscal year.
2. "Gains (losses)" represents fair value of foreign currency forward contracts.

(3) Stock-related transactions

As of March 31, 2010						
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)
	(millions of yen)			(millions of US\$)		
Exchange-traded transactions:						
Yen stock index futures:						
Bought	¥ 12,820	¥ 512	¥ 512	\$ 137	\$ 5	\$ 5
Foreign currency-denominated stock index futures:						
Bought	2,945	34	34	31	0	0
Stock index options:						
Sold:						
Call	99,985			1,074		
	[1,786]	4,422	(2,635)	[19]	47	(28)
Bought:						
Put	100,000			1,074		
	[3,117]	286	2,830	[33]	3	30
Total			¥ (4,919)			\$ (52)

Note:

1. Fair values listed above are based on the closing exchange-traded prices.
2. Figures in [] are option premiums which are included in the consolidated balance sheets.
3. Fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
4. There were no transactions with maturity of more than one year in the table above.

(4) Bond-related transactions

As of March 31, 2010						
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)
	(millions of yen)			(millions of US\$)		
Exchange-traded transactions:						
Yen bond futures:						
Sold	¥ 5,009	¥ 33	¥ 33	\$ 53	\$ 0	\$ 0
Over-the-counter transactions:						
Sold:						
Call	17,488			187		
	[46]	17	29	[0]	0	0
Put	45,815			492		
	[114]	187	(73)	1	2	(0)
Bought:						
Call	45,815			492		
	[68]	33	(34)	[0]	0	(0)
Put	374,384			4,023		
	[3,320]	221	(3,098)	[35]	2	(33)
Total			¥ (3,144)			\$ (33)

Note:

- (1) Fair values of yen bond futures listed above are based on the closing exchange-traded prices. (2) Fair values of bond OTC options are based on the prices quoted from information vendors.
- Figures in [] are option premiums which are included in the consolidated balance sheets.
- Fair value for futures contracts and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
- There were no transactions with maturity of more than one year in the table above.

(5) Others

- DFLI utilizes derivative transactions within its money held in trust. Details of the derivative transactions are as follows:

a) Currency-related transactions

As of March 31, 2010						
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)
	(millions of yen)			(millions of US\$)		
Exchange traded transactions:						
Currency futures:						
Sold	¥ 11,068	¥ (9)	¥ (9)	\$ 118	\$ (0)	\$ (0)
Bought	20,123	(748)	(748)	216	(8)	(8)
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold:	70,824	(2,466)	(2,466)	761	(26)	(26)
U.S. dollar	36,204	(1,450)	(1,450)	389	(15)	(15)
Euro	19,292	(437)	(437)	207	(4)	(4)
British pound	5,775	31	31	62	0	0
Australian dollar	3,051	(226)	(226)	32	(2)	(2)
Canadian dollar	2,956	(205)	(205)	31	(2)	(2)
Singapore dollar	834	(40)	(40)	8	(0)	(0)
Swiss franc	810	(50)	(50)	8	(0)	(0)
Swedish krona	500	(22)	(22)	5	(0)	(0)
Hong Kong dollar	461	(19)	(19)	4	(0)	(0)
Norwegian krone	287	(10)	(10)	3	(0)	(0)
Danish krone	248	(8)	(8)	2	(0)	(0)
New Zealand dollar	232	(12)	(12)	2	(0)	(0)
Polish zloty	169	(13)	(13)	1	(0)	(0)
Bought:	11,481	81	81	123	0	0
U.S. dollar	6,969	38	38	74	0	0
Euro	2,878	29	29	30	0	0
British pound	842	8	8	9	0	0
Australian dollar	426	2	2	4	0	0
Canadian dollar	365	2	2	3	0	0
Total			¥ (2,384)			\$ (25)

Note:

- (1) Fair values of currency futures listed above are based on the closing exchange-traded prices. (2) Forward exchange rates are used for fair value calculation of foreign currency forward contracts at the end of the year.
- Fair values are shown in "Gains (losses)".
- There were no transactions with maturity of more than one year in the table above.

b) Stock-related transactions

As of March 31, 2010						
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)
	(millions of yen)			(millions of US\$)		
Exchange-traded transactions:						
Yen stock index futures:						
Sold	¥ 31,581	¥ (2,093)	¥ (2,093)	\$ 339	\$ (22)	\$ (22)
Foreign currency-denominated stock index futures						
Sold	22,495	(312)	(312)	241	(3)	(3)
Total			¥ (2,405)			\$ (25)

Note:

1. Fair values listed above are based on the closing exchange-traded prices.
2. Fair value for futures and forward contracts are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

c) Bond-related transactions

As of March 31, 2010						
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)
	(millions of yen)			(millions of US\$)		
Exchange-traded transactions:						
Yen bond futures:						
Bought	¥ 42,379	¥ (222)	¥ (222)	\$ 455	\$ (2)	\$ (2)
Foreign bond futures:						
Sold	90,683	(246)	(246)	974	(2)	(2)
Total			¥ (469)			\$ (5)

Note:

1. Fair values listed above are based on the closing exchange-traded prices.
2. Fair value for futures contracts are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

Derivative Transactions (Hedge Accounting Applied)

(1) Currency-related transactions

As of March 31, 2010				
	Notional amount/ contract value	Fair value	Notional amount/ contract value	Fair value
	(millions of yen)		(millions of US\$)	
Fair value hedge:				
Foreign currency forward contracts to hedge foreign currency-denominated bonds:				
Sold:	¥ 2,875,475	¥ (3,887)	\$ 30,905	\$ (41)
U.S. dollar	1,336,048	(60,403)	14,359	(649)
Euro	1,271,841	55,215	13,669	593
British pound	153,954	8,023	1,654	86
Canadian dollar	23,054	(2,148)	247	(23)
Australian dollar	70,276	(4,918)	755	(52)
Swedish krona	10,052	29	108	0
Danish krone	7,024	248	75	2
Norwegian krone	3,223	66	34	0
Bought:	9,629	77	103	0
U.S. dollar	4,445	28	47	0
Euro	5,184	49	55	0
Foreign currency forward contracts, etc, allocated to and/or combined with corresponding hedged items				
Foreign currency forward contracts to hedge foreign currency-denominated term deposits:				
Sold:				
Australian dollar	80,715	(*)	867	(*)
U.S. dollar	29,003	(*)	311	(*)

Note: Forward exchange rates at the end of the fiscal year are used for fair value calculation.

(*) Foreign currency forward contracts other than those are applied fair value hedge method are recorded as the combined amount of such foreign currency forward contracts and their corresponding hedged items. Therefore, their fair values are included in the fair value of such foreign currency-denominated term deposits.

(2) Interest-related transactions

As of March 31, 2010						
	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value
	(millions of yen)			(millions of US\$)		
Deferred hedge						
Yen interest rate swaps to hedge loans and loans payable:						
Receipts fixed, payments floating	¥ 5,000	¥ 5,000	¥ 36	\$ 53	\$ 53	\$ 0
Receipts floating, payments fixed	183,000	183,000	(3,179)	1,966	1,966	(34)
Special exemption						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating	120,666	104,830	2,842	1,296	1,126	30

Note:

1. Fair values listed above are present values of expected cash flows, discounted by the interest rates as of March 31, 2010.

36. Reserve for Employees' Retirement Benefits

Overview of Employees' Retirement Benefit Plan of DL:

As a defined benefit plan for its sales representatives, DL has established and maintains a benefit plan consisting of (1) retirement lump sum grants and (2) company administrated pension.

As a defined benefit plan for its administrative personnel, DL has established and maintains a benefit plan consisting of (1) defined benefit corporate pension and (2) retirement lump sum grants.

Dai-ichi Life Information System Co., Ltd, one of DL's consolidated subsidiaries, maintains a benefit plan consisting of (1) retirement lump sum grants and (2) tax qualified retirement pension, while DL's other consolidated subsidiaries maintain a benefit plan consisting of retirement lump sum grants.

Funding Status of Employees' Retirement Benefits of the Group

As of March 31,			
	2009	2010	2010
	(millions of yen)		(millions of US\$)
a. Projected benefit obligations	¥ (634,578)	¥ (657,806)	\$ (7,070)
b. Pension assets	186,362	217,921	2,342
Retirement benefit trust included in the above pension assets	(88,607)	(111,546)	(1,198)
c. Unfunded benefit obligations (a + b)	(448,215)	(439,884)	(4,727)
d. Unrecognized actuarial differences	53,396	33,820	363
e. Unrecognized gains on plan amendments	(10,752)	(5,376)	(57)
f. Reserve for employees' retirement benefits (c + d + e)	(405,571)	(411,440)	(4,422)

Note :

1. Certain consolidated subsidiaries applied simplified methods in calculating their projected benefit obligations.

Retirement Benefit Expenses

Years ended March 31,			
	2009	2010	2010
	(millions of yen)		(millions of US\$)
Service cost (Note 1)	¥ 24,437	¥ 24,201	\$ 260
Interest cost	10,764	10,790	115
Estimated investment income	(1,781)	(1,653)	(17)
Amortization of unrecognized actuarial differences	18,444	15,215	163
Amortization of unrecognized gains on plan amendments	(5,376)	(5,376)	(57)
Retirement benefit expenses	46,489	43,177	464

Note:

1. Retirement Benefit Expenses of DL's consolidated subsidiaries which apply simplified methods are included in the item "Service cost".

Assumptions

	As of March 31, 2009	As of March 31, 2010
Method of periodic allocation of benefit obligations	straight-line method	straight-line method
Discount rate	1.7 ~ 1.8%	1.7 ~ 1.8%
Estimated return on investment		
a. Defined benefit corporate pension	1.7%	1.7%
b. Tax qualified pension plan	1.0%	1.0%
c. Retirement benefit trust	0.0%	0.0%
Amortization period for actuarial differences	3 to 7 years (Amortized from the next fiscal year when the actuarial differences are recognized)	3 to 7 years (Amortized from the next fiscal year when the actuarial differences are recognized)
Amortization period for gains on plan amendments	3 to 7 years (Amortized under the straight-line method)	3 to 7 years (Amortized under the straight-line method)

37. Deferred Tax Accounting

Major Components of Deferred Tax Assets and Liabilities

(1) Major components of deferred tax assets and liabilities as of March 31, 2009

	Millions of yen
Deferred tax assets:	
Insurance policy reserve	¥ 317,563
Reserve for employees' retirement benefits	177,561
Tax losses carried forward	84,445
Losses on valuation of securities	68,895
Reserve for price fluctuations	36,613
Others	53,184
Subtotal	738,263
Valuation allowances	(68,557)
Total	¥ 669,706
Deferred tax liabilities:	
Dividend receivables from stocks	¥ (10,248)
Reserve for tax basis adjustments of real estate	(9,233)
Gains on contribution of securities to retirement benefit trust	(5,348)
Others	(2,478)
Total	¥ (27,308)
Net deferred tax assets	¥ 642,397

(2) Major components of deferred tax assets and liabilities as of March 31, 2010

	Millions of yen	Millions of US\$
Deferred tax assets:		
Insurance policy reserve	¥ 365,837	\$ 3,932
Reserve for employees' retirement benefits	179,689	1,931
Reserve for price fluctuations	41,682	448
Tax losses carried forward	34,305	368
Losses on valuation of securities	29,059	312
Others	43,298	465
Subtotal	693,873	7,457
Valuation allowances	(59,621)	(640)
Total	¥ 634,252	\$ 6,816
Deferred tax liabilities:		
Net unrealized gains on securities, net of tax	¥ (264,324)	\$ (2,840)
Reserve for tax basis adjustments of real estate	(9,268)	(99)
Dividend receivables from stocks	(8,867)	(95)
Others	(12,939)	(139)
Total	(295,400)	(3,174)
Net deferred tax assets	¥ 338,852	\$ 3,642

Difference Between the Statutory Tax rate and Actual Effective Tax Rate after Considering Deferred Taxes

(1) The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2009

Statutory tax rate	36.08%
(Adjustments)	
Increase in valuation allowances	26.63%
Reserve for policyholder dividends	(13.48)%
Others	2.21%
Actual effective tax rate after considering deferred taxes	51.44%

(2) The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2010

Statutory tax rate	36.08%
(Adjustments)	
Increase in valuation allowances	(12.47)%
Others	0.02%
Actual effective tax rate after considering deferred taxes	23.63%

38. Real Estate for Rent

DL owns a number of commercial buildings, including land, for rent in various locations including Tokyo. Net rental income from such real estate for rent for the year ended March 31, 2010 was ¥35,256 million. The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded extraordinary loss of ¥4,587 million for impairment loss on rental real estate.

The carrying amount and the market value of such rental real estate as of March 31, 2010 were as follows:

Carrying amount			Market value	Carrying amount			Market value
Beginning balance	Net change during year	Ending balance		Beginning balance	Net change during year	Ending balance	
	(millions of yen)					(millions of US\$)	
¥ 807,666	¥ 4,579	¥ 812,246	¥ 900,371	\$ 8,680	\$ 49	\$ 8,730	\$ 9,677

Note:

1. The carrying amount of rental real estate on the consolidated balance sheets was net of acquisition costs after deducting accumulated depreciation and impairments.
2. Net change in carrying amount includes cost of acquisition of the real estate for ¥14,939 million and the depreciation expense of ¥15,001 million during the year ended March 31, 2010.
3. DL calculates the market value of the majority of the rental real estate based on real estate appraisal standards by the independent appraiser, and others based on the internal but reasonable estimates.

(Additional Information)

Effective the fiscal year ended March 31, 2010, DL has adopted the Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Statement No.20) and the Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Guidance No.23), both released on November 28, 2008.

39. Segment Information

Business Segment Information

For the years ended March 31, 2009 and 2010

Although the Group also operates businesses other than the life insurance business, such as computer system and software development, the life insurance business accounts for more than 90% of the total ordinary revenues, total net surplus from operations and total assets from all segments of the Group. Therefore business segment information has been omitted.

Geographic Segment Information

For the years ended March 31, 2009 and 2010

Geographic segment information has been omitted as more than 90% of both the Group's total ordinary revenues and its total assets belong to its business units in Japan.

Overseas Sales

For the years ended March 31, 2009 and 2010

Disclosure on overseas sales (revenues) information has been omitted because the Group's ordinary revenues generated overseas account for less than 10% of the total consolidated ordinary revenues.

40. Related Party Transactions

For the year ended March 31, 2009

There are no significant transactions to be disclosed.

(Additional information)

Effective April 1, 2008, DL adopted ASBJ Statement No. 11, "Accounting Standard for Related Party Disclosures," and ASBJ Guidance No. 13, "Guidance on Accounting Standard for Related Party Disclosures," both released on October 17, 2006.

For the year ended March 31, 2010

There are no significant transactions to be disclosed.

41. Specified Purpose Companies

Securitization of Foundation Funds and Subordinated Obligations

DL securitized foundation funds and subordinated obligations to broaden a range of investors and to secure a stable base for raising capital. For the securitization, DL utilizes Tokutei Mokuteki Kaishas (the "TMKs", specified purpose company) regulated by the Asset Liquidation Act. The TMKs raise capital by issuing specified company bonds backed by assets transferred to the TMKs by contributors of foundation funds and subordinated loans. DL holds non-voting shares of Cayman-based special purpose companies (the "SPC"), which in turn hold specified shares in TMKs. DL monitors the TMKs' financial situation and appropriately recognizes those non-voting shares and writes down future possible losses associated with the shares, if necessary, in its financial statements in accordance with the "Accounting Standard for Financial Instruments" issued on March 10, 2008 regarding those non-voting preference shares in its financial statements.

As per the resolution made at the 108th general meeting of representative policyholders with regards to its plan for demutualization, DL implemented one-time pre-maturity redemption of its foundation funds prior to the organizational conversion (demutualization). Therefore, the two TMKs engaged in such foundation funds are scheduled to go into liquidation.

By March 31, 2010, DL had implemented four capital raisings through securitization and, therefore, four SPCs were founded to deal with the securitizations. DL liquidated one of the four SPCs on October 15, 2008. The remaining three SPCs are still engaged in transactions with DL, though two of them are scheduled to go into liquidation for the reason mentioned above.

The total of assets of these three companies at the end of their fiscal years (September 30, 2008 and September 30, 2009) were ¥151,400 million and ¥131,388 million (US\$1,412 million), respectively. Their total liabilities at the end of their fiscal years were ¥150,397 million and ¥130,383 million (US\$1,401 million), respectively.

DL held no ordinary shares in those three companies and none of the three companies had directors, officers, or employees transferred from DL.

The amounts involved in the principle transactions between DL and the TMKs for the fiscal years ended March 31, 2009 and 2010 were as follows:

	As of March 31,				Years ended March 31,		
	2009	2010	2010		2009	2010	2010
	(millions of yen)	(millions of US\$)			(millions of yen)	(millions of US\$)	
Foundation funds obligation	¥120,000	—	—	Interest on foundation funds	¥ 2,328	¥ 5,963	\$ 64
Subordinated obligation	30,000	¥ 30,000	\$ 322	Interest expenses	616	618	6
Undrawn commitment line balance related to loans	2,107	1,129	12	—	—	—	—

Investment in Securitized Real Estate

To diversify investments in real estate and stabilize its investment returns, DL had an exposure to an investment project to securitize real estate as of March 31, 2009 and 2010. DL had three SPCs as of March 31, 2009 and 2010, and DL invested in the SPCs under an anonymous association contract based on the Commercial Code. The investment in the anonymous association contract was 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. DL anticipates no obligation in the future to cover possible losses of the SPCs. Even if the fair value of the real estates declines, the loss of DL is limited to the amount of investment in the anonymous association contract. Total assets and liabilities of the SPC(s) at the end of their fiscal years 2008 ended December 31, 2008 and January 31, 2009 and 2009 ended December 31, 2009 and January 31, 2010 amounted to ¥143,015 million and ¥95,685 million,

respectively, and ¥141,124 million (US\$1,516 million) and ¥94,396 million (US\$1,014 million), respectively. As of March 31, 2009 and 2010, DL had no management authority in the SPCs and the SPCs had no directors, officers, and employees transferred from DL.

The amounts involved in transactions between DL and the SPCs were as follows:

As of March 31,			Years ended March 31,				
2009	2010	2010	2009	2010	2010		
(millions of yen)		(millions of US\$)	(millions of yen)		(millions of US\$)		
Investment in anonymous association	¥ 30,430	¥ 29,952	\$ 321	Dividends.....	¥ 2,183	¥ 2,273	\$ 24
Preferred investments	3,000	2,900	31	Dividends.....	91	179	1

42. Per Share Information

Not applicable because DL had been a mutual company as of March 31, 2010.

43. Subsequent Events

DL reorganized from a mutual life insurance company to a joint stock life insurance corporation named The Dai-ichi Life Insurance Company, Limited as of April 1, 2010, in accordance with Article 85, Paragraph 1 of the Insurance Business Act.

Amount of Net Assets

Based on its plan for demutualization and others in accordance with Article 86 of the Insurance Business Act, DL realigned its net assets in the non-consolidated balance sheet as follows:

As of March 31, 2010		As of April 1, 2010	
		(millions of yen)	
Accumulated redeemed foundation funds	420,000	Capital stock	210,200
Revaluation reserve	248	Capital surplus	210,200
Surplus	184,448	Legal capital surplus	210,200
Reserve for future losses	5,600	Retained earnings	184,297
Other surplus	178,848	Legal retained earnings	5,600
Fund for risk allowance	43,139	Other retained earnings	178,697
Fund for price fluctuation allowance	55,000	Fund for risk allowance	43,120
Reserve for tax basis adjustments of real estate	16,420	Fund for price fluctuation allowance	55,000
Other reserves	132	Reserve for tax basis adjustments of real estate	16,420
Unappropriated net surplus for the period	64,157	Retained earnings brought forward	64,157
Total of Foundation Funds and surplus	604,697	Shareholders' equity	604,697
Net unrealized gains (losses) on securities, net of tax	461,158	Net unrealized gains (losses) on securities, net of tax	461,158
Deferred hedge gains (losses)	(2,008)	Deferred hedge gains (losses)	(2,008)
Reserve for land revaluation	(63,540)	Reserve for land revaluation	(63,540)
Valuation and translation adjustments	395,609	Valuation and translation adjustments	395,609
Total net assets	1,000,307	Total net assets	1,000,307

On consolidated basis, net assets of DL can be summarized as follows:

As of March 31, 2010		As of April 1, 2010	
		(millions of yen)	
Accumulated redeemed foundation funds	420,000	Capital stock	210,200
Revaluation reserve	248	Capital surplus	210,200
Consolidated surplus	138,469	Retained earnings	138,318
Total of foundation funds and surplus	558,718	Shareholders' equity	558,718
Net unrealized gains (losses) on securities, net of tax	462,289	Net unrealized gains (losses) on securities, net of tax	462,289
Deferred hedge gains (losses)	(2,008)	Deferred hedge gains (losses)	(2,008)
Reserve for land revaluation	(63,540)	Reserve for land revaluation	(63,540)
Foreign currency translation adjustments	(3,069)	Foreign currency translation adjustments	(3,069)
Total of valuation and translation adjustments	393,671	Total of valuation and translation adjustments	393,671
Minority interests	11,804	Minority interests	11,804
Total net assets	964,193	Total net assets	964,193

Report of Independent Auditors



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100
Fax : +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
The Dai-ichi Life Insurance Company, Limited

We have audited the accompanying consolidated balance sheets of The Dai-ichi Mutual Life Insurance Company and consolidated subsidiaries as of March 31, 2009 and 2010, 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, 2009 and 2010, 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, 2010 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 1.

Ernst & Young ShinNihon LLC

June 28, 2010

A member firm of Ernst & Young Global Limited