Non-Consolidated Balance Sheets

	(millions of yen)		(millions of US$)
	As of March 31,		
	2009	2010	2010
(ASSETS)			
Cash and deposits	¥ 222,407	¥ 168,804	$ 1,814
Cash	1,019	931	10
Bank deposits	221,388	167,872	1,804
Call loans	171,100	228,800	2,459
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	13,265	22,258	239
Securities	22,667,846	23,987,934	257,823
Government bonds	10,147,344	10,688,290	114,878
Local government bonds	343,529	324,082	3,483
Corporate bonds	2,462,903	2,324,075	24,979
Stocks	3,139,601	3,598,019	38,671
Foreign securities	6,220,487	6,678,934	71,785
Other securities	353,980	374,532	4,025
Loans	4,248,438	3,834,365	41,212
Policy loans	604,706	571,443	6,141
Ordinary loans	3,643,732	3,262,921	35,070
Ordinary loans	3,618,169	3,237,583	34,797
Trust loans	25,562	25,337	272
Tangible fixed assets	1,239,487	1,243,607	13,366
Land	814,730	814,807	8,757
Buildings	417,454	408,325	4,388
Leased assets	242	642	6
Construction in progress	2,937	15,766	169
Other tangible fixed assets	4,122	4,065	43
Intangible fixed assets	107,423	106,602	1,145
Software	73,427	73,078	785
Other intangible fixed assets	33,996	33,524	360
Reinsurance receivables	148	1,309	14
Other assets	352,988	605,642	6,509
Accounts receivable	109,437	293,417	3,153
Prepaid expenses	14,136	15,251	163
Accrued revenue	129,934	129,893	1,396
Deposits	44,340	43,079	463
Margin money for futures trading	12,753	16,413	176
Differential account for futures trading	6	–	–
Derivatives	8,475	76,141	818
Suspense payment	18,804	15,164	162
Other assets	15,099	16,281	174
Deferred tax assets	640,990	337,687	3,629
Customers' liabilities for acceptances and guarantees	20,138	17,787	191
Reserve for possible loan losses	(10,916)	(21,095)	(226)
Reserve for possible investment losses	–	(1,123)	(12)
Total assets	¥ 30,022,243	¥ 30,822,467	$ 331,281

FINANCIAL SECTIONS

	(millions of yen)		(millions of US$)
	As of March 31,		
	2009	2010	2010
(LIABILITIES)			
Policy reserves and others	¥ 27,527,576	¥ 27,803,736	$ 298,836
Reserves for outstanding claims	172,940	149,682	1,608
Policy reserves	27,006,977	27,324,838	293,689
Reserve for policyholder dividends	347,658	329,214	3,538
Reinsurance payables	512	525	5
Subordinated bonds	49,102	46,510	499
Other liabilities	1,169,969	1,206,894	12,971
Collateral for securities lending transactions	484,550	390,728	4,199
Long-term debt and other borrowings	313,025	313,014	3,364
Corporate income tax payable	320	571	6
Accounts payable	33,832	282,582	3,037
Accrued expenses	39,438	36,974	397
Unearned revenue	1,623	1,410	15
Deposits received	55,398	55,342	594
Guarantee deposits received	36,396	34,761	373
Differential account for futures trading	143	57	0
Trading account securities borrowed	1,022	–	–
Derivatives	202,802	87,677	942
Lease liabilities	242	642	6
Suspense receipt	986	3,080	33
Other liabilities	185	51	0
Reserve for employees' retirement benefits	403,662	409,639	4,402
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,464	3,307	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	101,453	115,453	1,240
Reserve for price fluctuations	101,453	115,453	1,240
Deferred tax liabilities for land revaluation	125,535	124,706	1,340
Acceptances and guarantees	20,138	17,787	191
Total liabilities	29,402,415	29,822,160	320,530
(NET ASSETS)			
Foundation funds	120,000	–	–
Accumulated redeemed foundation funds	300,000	420,000	4,514
Revaluation reserve	248	248	2
Surplus	309,690	184,448	1,982
Reserve for future losses	5,400	5,600	60
Other surplus	304,290	178,848	1,922
Reserve for redemption of foundation funds	81,300	–	–
Fund for risk allowance	43,139	43,139	463
Fund for price fluctuation allowance	30,000	55,000	591
Reserve for tax basis adjustments of real estate	15,961	16,420	176
Other reserves	122	132	1
Unappropriated net surplus for the period	133,766	64,157	689
Total of Foundation Funds and surplus	729,938	604,697	6,499
Net unrealized gains (losses) on securities, net of tax	(47,456)	461,158	4,956
Deferred hedge gains (losses)	(357)	(2,008)	(21)
Reserve for land revaluation	(62,297)	(63,540)	(682)
Total of valuation and translation adjustments	(110,111)	395,609	4,252
Total net assets	619,827	1,000,307	10,751
Total liabilities and net assets	¥ 30,022,243	¥ 30,822,467	$ 331,281

Non-Consolidated Statements of Earnings

	(millions of yen)		(millions of US$)
	Years ended March 31,		
	2009	2010	2010
ORDINARY REVENUES	¥ 5,182,814	¥ 4,331,560	$ 46,555
Premium and other income	2,904,336	2,837,251	30,494
Premium income	2,903,640	2,836,231	30,483
Reinsurance income	696	1,019	10
Investment income	1,178,355	1,153,480	12,397
Interest and dividends	741,330	708,082	7,610
Interest from bank deposits	6,316	2,832	30
Interest and dividends from securities	557,911	533,908	5,738
Interest from loans	97,400	91,517	983
Rental income	69,534	70,333	755
Other interest and dividends	10,165	9,489	101
Gains on trading account securities	1,484	1,336	14
Gains on money held in trust	–	3,295	35
Gains on sale of securities	382,670	242,556	2,607
Gains on redemption of securities	11,223	4,472	48
Derivative transaction gains	41,172	–	–
Other investment income	473	566	6
Gains on investment in separate accounts	-	193,170	2,076
Other ordinary revenues	1,100,122	340,828	3,663
Fund receipt for annuity rider of group insurance	1,004	1,036	11
Fund receipt for claim deposit payment	341,631	295,673	3,177
Transfer from reserves for outstanding claims	–	23,257	249
Transfer from policy reserves	737,755	–	–
Other ordinary revenues	19,730	20,861	224
ORDINARY EXPENSES	5,073,668	4,137,940	44,474
Benefits and claims	2,753,596	2,610,535	28,058
Claims	934,190	777,001	8,351
Annuities	441,857	478,704	5,145
Benefits	504,349	533,811	5,737
Surrender values	668,096	661,715	7,112
Other refunds	204,034	158,160	1,699
Ceding reinsurance commissions	1,067	1,141	12
Provision for policy reserves and others	27,138	328,262	3,528
Provision for reserves for outstanding claims	16,248	–	–
Provision for policy reserves	–	317,861	3,416
Provision for interest on policyholder dividends	10,890	10,401	111
Investment expenses	1,414,800	330,067	3,547
Interest expenses	9,402	12,725	136
Losses on money held in trust	6,729	–	–
Losses on sale of securities	504,840	207,894	2,234
Losses on valuation of securities	441,948	10,502	112
Losses on redemption of securities	2,240	2,470	26
Derivative transaction losses	–	16,772	180
Foreign exchange losses	91,499	18,528	199
Provision for reserve for possible loan losses	–	10,288	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	41,687	34,171	367
Losses on investment in separate accounts	300,436	–	–
Operating expenses	444,015	438,729	4,715
Other ordinary expenses	434,117	430,345	4,625
Claim deposit payments	359,544	358,828	3,856
National and local taxes	23,952	23,592	253
Depreciation	30,661	31,563	339
Provision for reserve for employees' retirement benefits	9,314	5,976	64
Other ordinary expenses	10,646	10,384	111
NET SURPLUS FROM OPERATIONS	¥109,146	¥193,620	$2,081
EXTRAORDINARY GAINS	122,449	329	3
Gains on disposal of fixed assets	897	159	1
Reversal of reserve for possible loan losses	1,108	–	–
Gains on collection of loans and claims written off	236	169	1
Reversal of reserve for price fluctuations	120,000	–	–
Gains on establishment of retirement benefit trust	207	–	–
EXTRAORDINARY LOSSES	11,864	116,509	1,252
Losses on disposal of fixed assets	3,715	1,833	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	–	14,000	150
Losses on accelerated redemption of foundation funds	–	2,372	25
Other extraordinary losses	2,433	906	9
Net surplus before adjustment for taxes, etc.	219,731	77,439	832
Corporate income taxes-current	859	317	3
Corporate income tax-deferred	88,335	16,315	175
Total of corporate income taxes	89,195	16,632	178
Net surplus for the year	¥ 130,535	¥ 60,807	$ 653

Non-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
Surplus			
Reserve for future losses			
Beginning balance	5,100	5,400	58
Changes for the year			
Transfer to reserve for future losses	300	200	2
Changes for the year	300	200	2
Ending balance	5,400	5,600	60
Other surplus			
Reserve for redemption of foundation funds			
Beginning balance	42,600	81,300	873
Changes for the year			
Transfer to accumulated redeemed foundation funds	–	(120,000)	(1,289)
Transfer to reserve for redemption of foundation funds	38,700	38,700	415
Changes for the year	38,700	(81,300)	(873)
Ending balance	81,300	–	–
Reserve for interest payment for foundation funds			
Beginning balance	–	–	–
Changes for the year			
Transfer to reserve for interest payment for foundation funds	–	1,263	13
Transfer from reserve for interest payment for foundation funds	–	(1,263)	(13)
Changes for the year	–	–	–
Ending balance	–	–	–
Fund for risk allowance			
Beginning balance	43,139	43,139	463
Changes for the year			
Changes for the year	–	–	–
Ending balance	¥ 43,139	¥ 43,139	$ 463

FINANCIAL SECTIONS

	(millions of yen)		(millions of US$)
	As of March 31,		
	2009	2010	2010
Fund for price fluctuation allowance			
Beginning balance	¥ 20,000	¥ 30,000	$ 322
Changes for the year			
Transfer to fund for price fluctuation allowance	10,000	25,000	268
Changes for the year	10,000	25,000	268
Ending balance	30,000	55,000	591
Reserve for tax basis adjustments of real estate			
Beginning balance	15,635	15,961	171
Changes for the year			
Transfer to reserve for tax basis adjustments of real estate (*1)	482	540	5
Transfer to reserve for tax basis adjustments of real estate (*2)	–	200	2
Transfer from reserve for tax basis adjustments of real estate (*1)	(156)	(145)	(1)
Transfer from reserve for tax basis adjustments of real estate (*2)	–	(137)	(1)
Changes for the year	326	458	4
Ending balance	15,961	16,420	176
Other reserves			
Beginning balance	120	122	1
Changes for the year			
Transfer to other reserves	2,436	916	9
Transfer from other reserves	(2,433)	(906)	(9)
Changes for the year	2	9	0
Ending balance	122	132	1
Unappropriated net surplus for the year			
Beginning balance	143,318	133,766	1,437
Changes for the year			
Transfer to reserve for policyholder dividends	(89,227)	(64,963)	(698)
Transfer to reserve for future losses	(300)	(200)	(2)
Interest payment for foundation funds	(2,328)	(2,328)	(25)
Net surplus for the year	130,535	60,807	653
Transfer to reserve for redemption of foundation funds	(38,700)	(38,700)	(415)
Transfer to reserve for interest payment for foundation funds	–	(1,263)	(13)
Transfer from reserve for interest payment for foundation funds	–	1,263	13
Transfer to fund for price fluctuation allowance	(10,000)	(25,000)	(268)
Transfer to subsidy for social public enterprise	(2,326)	(826)	(8)
Transfer from subsidy for social public enterprise	2,326	826	8
Transfer to fund for Public Health Awards	(60)	(40)	(0)
Transfer from fund for Public Health Awards	60	36	0
Transfer to fund for Environmental Green Design Award	(50)	(50)	(0)
Transfer from fund for Environmental Green Design Award	46	44	0
Transfer to reserve for tax basis adjustments of real estate (*1)	(482)	(540)	(5)
Transfer to reserve for tax basis adjustments of real estate (*2)	–	(200)	(2)
Transfer from reserve for tax basis adjustments of real estate (*1)	156	145	1
Transfer from reserve for tax basis adjustments of real estate (*2)	–	137	1
Transfer from reserve for land revaluation	797	1,242	13
Changes for the year	(9,551)	(69,609)	(748)
Ending balance	¥ 133,766	¥ 64,157	$ 689

FINANCIAL SECTIONS

	(millions of yen)		(millions of US$)
	As of March 31,		
	2009	2010	2010
Total of surplus			
Beginning balance	¥ 269,913	¥ 309,690	$ 3,328
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	130,535	60,807	653
Transfer from reserve for land revaluation	797	1,242	13
Changes for the year	39,776	(125,241)	(1,346)
Ending balance	309,690	184,448	1,982
Total of foundation funds and surplus			
Beginning balance	690,162	729,938	7,845
Changes for the year			
Transfer to reserve for policyholder dividends	(89,227)	(64,963)	(698)
Interest payment for foundation funds	(2,328)	(2,328)	(25)
Net surplus for the year	130,535	60,807	653
Redemption of foundation funds	–	(120,000)	(1,289)
Transfer from reserve for land revaluation	797	1,242	13
Changes for the year	39,776	(125,241)	(1,346)
Ending balance	729,938	604,697	6,499
Valuation and translation adjustments			
Net unrealized gains (losses) on securities, net of tax			
Beginning balance	957,385	(47,456)	(510)
Changes for the year			
Net changes of items other than foundation funds and surplus	(1,004,841)	508,614	5,466
Changes for the year	(1,004,841)	508,614	5,466
Ending balance	(47,456)	461,158	4,956
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)
Total of valuation and translation adjustments			
Beginning balance	895,884	(110,111)	(1,183)
Changes for the year			
Net changes of items other than foundation funds and surplus	(1,005,996)	505,721	5,435
Changes for the year	(1,005,996)	505,721	5,435
Ending balance	(110,111)	395,609	4,252
Total			
Beginning balance	1,586,046	619,827	6,661
Changes for the year			
Transfer to reserve for policyholder dividends	(89,227)	(64,963)	(698)
Interest payment for foundation funds	(2,328)	(2,328)	(25)
Net surplus for the year	130,535	60,807	653
Redemption of foundation funds	–	(120,000)	(1,289)
Transfer from reserve for land revaluation	797	1,242	13
Net changes of items other than foundation funds and surplus	(1,005,996)	505,721	5,435
Changes for the year	(966,219)	380,479	4,089
Ending balance	¥ 619,827	¥ 1,000,307	$ 10,751

Non-Consolidated Statements of Surplus

	(millions of yen) Year ended March 31, 2009
Unappropriated net surplus for the year	¥ 133,766
Transfer from general reserve	145
Transfer from reserve for tax basis adjustments of real estate	145
Total	¥ 133,911
Appropriation of unappropriated net surplus	¥ 133,911
Reserve for policyholder dividends	64,963
Net surplus	68,947
Reserve for future losses	200
Interest payment for foundation funds	2,328
General reserve	66,419
Reserve for redemption of foundation funds	38,700
Reserve for interest payment for foundation funds	1,263
Fund for price fluctuation allowance	25,000
Subsidy for social public enterprise	826
Fund for Public Health Awards	40
Fund for Environmental Green Design Award	50
Transfer to reserve for tax basis adjustments of real estate	540
Total	¥ 133,911

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

I. PRESENTATION OF FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Mutual Life Insurance Company, or The Dai-ich Life Insurance Company, Limited after April 1, 2010 ("DL", the "Company" or the "Parent Company") 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 non-consolidated financial statements are reclassified for the convenience of readers outside Japan. The notes to the non-consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥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.

II. NOTES TO NON-CONSOLIDATED BALANCE SHEETS

1. Valuation Methods of Securities

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

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

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

(3) Policy-reserve Matching Bonds (in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (JICPA))
Policy-reserve Matching Bonds are stated at amortized cost determined by the moving average method.

(4) Stocks of Subsidiaries and Affiliated Companies
Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

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

ii. Available-for-sale Securities 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 non-consolidated statements of earnings.

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

2. Trading Account Securities

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

3. Policy-reserve-matching Bonds

(1) Book Value and Market Value
The book value of policy-reserve-matching bonds as of March 31, 2009 and 2010 amounted to ¥5,161,684 million and ¥5,766,069 million (US$61,974 million), respectively. The market value of these bonds as of March 31, 2009 and 2010 was ¥5,391,451 million and ¥5,889,306 million (US$63,298 million), respectively.

(2) Risk Management Policy
DL categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of sub-groups. Moreover, 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.

(3) 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.

(4) 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.

4. Derivative Transactions
Derivative transactions are reported at fair value.

5. Revaluation of Land
Based on the "Law for Revaluation of Land" (Publicly Issued Law 34, March 31, 1998), 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 for Revaluation of Land as of March 31, 2010 was ¥8,994 million (US$96 million).

6. Depreciation of Depreciable Assets
(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets
Depreciation of tangible fixed assets excluding lease assets is calculated by the following method:

i. Buildings (excluding leasehold improvements and structures)

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.

(2) 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.

(3) 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.

(4) Accumulated Depreciation of Tangible Fixed Assets
Accumulated depreciation of tangible fixed assets as of March 31, 2009 and 2010 was ¥624,460 million and ¥644,389 million (US$6,925 million), respectively.

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

DL translated foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates at the end of the year. Stocks of non-consolidated subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

8. Reserve for Possible Loan Losses

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

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

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

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

For all loans and claims, the relevant department in 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.

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. 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 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 7 years starting from the following year, which is within the employees' average remaining service period.

Effective the fiscal year ended March 31, 2010, DL 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.

11. 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.

12. Reserve for Price Fluctuations

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

13. Lease Transactions

Finance leases, other than those whose ownership transfers to the lessees, have previously been accounted for in the same manner applicable to ordinary operating leases. However, effective the 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 ¥242 million and lease liabilities increased by ¥242 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.

Finance Leases (As lessee)

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

	Acquisition cost	Accumulated depreciation	Net carrying amount
		(millions of yen)	
Tangible fixed assets	¥ 14,768	¥ 10,341	¥ 4,427
Total	¥ 14,768	¥ 10,341	¥ 4,427

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

	Acquisition cost	Accumulated depreciation	Net carrying amount	Acquisition Cost	Accumulated depreciation	Net carrying amount
		(millions of yen)			(millions of US$)	
Tangible fixed assets	¥ 12,450	¥ 10,808	¥ 1,641	$ 133	$ 116	$ 17
Total	¥ 12,450	¥ 10,808	¥ 1,641	$ 133	$ 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.

(2) 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 US$)
Due within one year	¥ 2,696	**¥ 1,167**	**$ 12**
Due after one year	1,730	**474**	**5**
Total	¥ 4,427	**¥ 1,641**	**$ 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.

(3) 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 US$)
Total payments for finance leases	¥ 2,978	**¥ 2,496**	**$ 26**
Depreciation	2,978	**2,496**	**26**

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 US$)
Due within one year	¥ 2,298	¥ 2,257	$ 24
Due after one year	9,047	6,909	74
Total	¥ 11,346	¥ 9,167	$ 98

14. Methods for Hedge Accounting

(1) 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.

(2) 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

(3) Hedging Policies

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

(4) Assessment of Hedge Effectiveness

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

15. 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.

16. Policy Reserves

Policy reserves of DL are established in accordance with Article 116 of the Insurance Business Law. Insurance premium reserves are calculated as follows:

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

For whole life insurance contracts acquired on or before March 31, 1996, premium payments for which were already completed (including lump-sum payment), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business 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 were ¥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.

17. 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.

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.

18. 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.

19. 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, effective the fiscal year ending March 31, 2011, represents a combined amount of its allowance for policyholder dividends and reserve for policyholder dividends.

20. Securities Lending

Securities lent under lending agreements are included in the non-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.

21. 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 the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

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

As a result of the direct write-off of loans, 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.

FINANCIAL SECTIONS

22. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Law as of March 31, 2009 and 2010 were ¥1,159,122 million and ¥1,292,250 million (US$13,889 million), respectively. Separate account liabilities were the same amount as separate account assets.

23. Receivables and Payables to Subsidiaries

The total amounts of receivables and payables to subsidiaries and affiliated companies were ¥19,893 million and ¥5,078 million as of March 31, 2009, and ¥33,048 million (US$355 million) and ¥4,418 million (US$47 million) as of March 31, 2010, respectively.

24. Deferred Tax Accounting

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

	(millions of yen)
Deferred tax assets:	
Insurance policy reserve	¥ 315,896
Reserve for employees' retirement benefits	176,716
Losses on valuation of securities	68,895
Tax losses carried forward	65,964
Reserve for price fluctuations	36,604
Others	50,607
Subtotal	¥ 714,684
Valuation allowances	(46,582)
Total	668,101
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	(2,280)
Total	(27,110)
Net deferred tax assets	¥ 640,990

(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	¥ 349,598	$ 3,757
Reserve for employees' retirement benefits	178,872	1,922
Reserve for price fluctuations	41,655	447
Losses on valuation of securities	29,059	312
Tax losses carried forward	27,510	295
Others	40,286	432
Subtotal	666,982	7,168
Valuation allowances	(34,666)	(372)
Total	¥ 632,316	$ 6,796
Deferred tax liabilities:		
Net unrealized gains on securities, net of tax	¥ (263,647)	$ (2,833)
Reserve for tax basis adjustments of real estate	(9,268)	(99)
Dividend receivables from stocks	(8,867)	(95)
Others	(12,844)	(138)
Total	(294,628)	(3,166)
Net deferred tax assets	¥ 337,687	$ 3,629

(3) Difference between the statutory tax rate and actual effective tax rate after considering deferred taxes

i. 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	13.54%
Reserve for policyholder dividends	(10.67)%
Others	1.64%
Actual effective tax rate after considering deferred taxes	40.59%

ii. 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)	
Decrease in valuation allowances	(15.44)%
Others	0.84%
Actual effective tax rate after considering deferred taxes	21.48%

25. 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**

26. Stocks of Subsidiaries

The amount of stocks of subsidiaries DL held as of March 31, 2009 and 2010 was ¥207,232 million and ¥220,111 million (US$2,365 million), respectively.

27. 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$)
Securities (Government bonds)	¥ 488,482	**¥ 390,274**	**$ 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	¥ 502,485	**¥ 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 March 31, 2010 were ¥475,736 million and ¥389,085 million (US$4,181 million), respectively.

28. Reinsurance

As of March 31, 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 ¥12 million (US$0 million), while DL had no reserves for outstanding claims reinsured as of March 31, 2009.

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 ¥0 million and ¥0 million (US$0 million), respectively.

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

The total amount of adjustment items for redemption of foundation funds and appropriation of net surplus as of March 31, 2009 and 2010, defined in Article 30, Paragraph 2 of the Enforcement Regulations of the Insurance Business Law, were minus ¥108 million and ¥459,398 million (US$4,937 million), respectively.

In accordance with the Plan for Demutualization approved at the 108th general meeting of representative policyholders, in preparation for demutualization DL 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

35. Securities

Fiscal Year Ended March 31, 2009

(1) Stocks of DL's subsidiaries and affiliates with market value

	As of March 31,		
	Carrying Amount	Market Value	Gains (Losses)
		(millions of yen)	
Stocks of subsidiaries and affiliates with market value	¥ 16,345	¥ 16,345	–

Fiscal Year Ended March 31, 2010

(1) Stocks of DL's subsidiaries and affiliates

	As of March 31, 2010					
	Acquisition cost	Accumulated depreciation	Net carrying amount	Acquisition cost	Accumulated depreciation	Net carrying amount
		(millions of yen)			(millions of US$)	
Stocks of subsidiaries and affiliates	¥ 17,208	¥ 24,415	¥ 7,206	$ 184	$ 262	$ 77

Note:
The table above does not include stocks of DL's subsidiaries and affiliates whose market values are extremely difficult to be recognized. Carrying amounts of such stocks are as follows:

	As of March 31, 2010	
	Carrying Amount	Carrying Amount
	(millions of yen)	(millions of US$)
Subsidiaries	¥ 178,359	$ 1,917
Affiliates	24,543	263

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

The estimated future obligations of DL to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law as of March 31, 2009 and 2010 were ¥61,824 million and ¥61,661 million (US$662 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

III. NOTES TO NON-CONSOLIDATED STATEMENTS OF EARNINGS

1. Total of Corporate Income Taxes

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

2. Revenues and Expenses from Transactions with Subsidiaries

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥5,591 million and ¥28,305 million, respectively in the fiscal year ended March 31, 2009, and ¥7,754 million (US$83 million) and ¥23,899 million (US$256 million), respectively, in the fiscal year ended March 31, 2010.

3. Gains/Losses on Sale of Securities, Losses on Valuation of Securities

Gains on sale of securities included gains on sales of domestic bonds, domestic stocks and foreign securities of ¥130,575 million, ¥52,221 million and ¥199,873 million, respectively, in the fiscal year ended March 31, 2009, and ¥16,603 million (US$178 million), ¥109,425 million (US$1,176 million) and ¥116,528 million (US$1,252 million), respectively, in the fiscal year ended March 31, 2010.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥23,091 million, ¥54,194 million and ¥427,555 million, respectively, in the fiscal year ended March 31, 2009, and ¥19,655 million (US$211 million), ¥51,171 million (US$549 million) and ¥137,067 million (US$1,473 million), respectively, in the fiscal year ended March 31, 2010.

Losses on valuation of securities included losses on valuation of domestic bonds, domestic stocks, foreign securities and other securities of ¥179 million, ¥217,817 million, ¥222,970 million, and ¥980 million, respectively, in the fiscal year ended March 31, 2009, and those on domestic stocks and foreign securities of ¥7,121 million (US$76 million) and ¥3,380 million (US$36 million), respectively, in the fiscal year ended March 31, 2010.

4. Reinsurance

In calculating a provision for reserves for outstanding claims in the fiscal year ended March 31, 2009, there was no adjustment for a provision for reserves for outstanding claims reinsured. In calculating a reversal of reserves for outstanding claims in the fiscal year ended March 31, 2010, ¥12 million (US$0 million) was added to a provision for reserves for outstanding claims reinsured as an adjustment.

In calculating the reversal of policy reserves, a reversal of policy reserves reinsured of ¥0 million (US$0 million) was added back in the fiscal year ended March 31, 2009, and a reversal of policy reserves reinsured of ¥0 million (US$0 million) was added back in the fiscal year ended March 31, 2010, respectively.

5. Gains/Losses on Trading Account Securities

Gains on trading account securities included interest and dividends, gains on the sale of securities and losses on the valuation of securities of ¥1,026 million, ¥586 million and ¥88 million, respectively, in the fiscal year ended March 31, 2009 and ¥531 million (US$5 million), ¥906 million (US$9 million), and ¥94 million (US$1 million), respectively, in the fiscal year ended March 31, 2010.

6. Gains/Losses on Money Held in Trust

Gains/losses on money held in trust included losses on valuation of securities of ¥962 million in the fiscal year ended March 31, 2009, and losses on valuation of securities of ¥3,303 million (US$35 million) in the fiscal year ended March 31, 2010.

7. Derivative Transaction Gains/Losses

Derivative transaction gains included valuation losses of ¥20,993 million in the fiscal year ended March 31, 2009, and valuation gains of ¥9,182 million (US$98 million) in the fiscal year ended March 31, 2010.

8. 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	**–**	**–**
Other intangible assets	12	**–**	**–**
Other assets	0	**–**	**–**
Total	¥ 897	**¥ 159**	**$ 1**

9. 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	**999**	**10**
Leased assets	–	**21**	**0**
Other tangible assets	310	**95**	**1**
Software	340	**150**	**1**
Other intangible assets	0	**266**	**2**
Money on deposit	–	**0**	**0**
Other assets	220	**197**	**2**
Total	¥ 3,715	**¥ 1,833**	**$ 19**

10. Impairment Losses on Fixed Assets

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

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the 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	Land Leasing Rights	Buildings	Total	Land	Land Leasing 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

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. Discount rates of 3.13% and 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.

IV. NOTES TO NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

1. Transfer to reserve for tax basis adjustments of real estate (*1) and Transfer from reserve for tax basis adjustments of real estate (*1)

   The general meeting of representative policyholders of DL before demutualization approved the surplus appropriation of those items.

2. Transfer to reserve for tax basis adjustments of real estate (*2) and Transfer from reserve for tax basis adjustments of real estate (*2)

   Until the prior fiscal year, those items were appropriated at the general meeting of representative policyholders, as is the case for mutual companies. However, in light of DL's demutualization on April 1, 2010, they were recorded in the fiscal year ended March 31, 2010, as is the case for stock companies.

V. PER SHARE INFORMATION

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

VI. 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.

(1) 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:

(millions of yen)

As of March 31, 2010		As of April 1, 2010	
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

VII. SUPPLEMENTAL TABLES

1. Details of Operating Expenses

	Year Ended March 31, 2010	
	(millions of yen)	(millions of US$)
Sales activity expenses	¥ 164,555	$ 1,768
Related to sales representatives	160,994	1,730
Related to sales agencies	1,995	21
Related to selection of policyholders	1,566	16
Sales management expenses	72,977	784
Related to management of sales representatives	69,555	747
Related to advertisement	3,422	36
General management expenses	201,196	2,162
Personal expenses	88,785	954
Property expenses	106,250	1,141
(Donation, co-sponsoring and membership fees)	(570)	(6)
Obligation expenses	6,160	66
Total	¥ 438,729	$ 4,715

Note:
1. Large portion of property expenses consists of (1) expenses for operations for policyholders and information systems to maintain and manage life insurance policies and (2) various transaction costs associated with portfolio managements.
2. Obligation expenses represent obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act.

2. Details of Tangible Fixed Assets for the Fiscal Year Ended March 31, 2010

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
				(millions of yen)			
Tangible fixed assets							
Land	¥ 814,730	¥ 3,602	¥ 3,524 [3,074]	¥ 814,807	–	–	¥ 814,807
Buildings	1,019,739	14,358	2,915 [1,621]	1,031,183	622,858	21,544	408,325
Leased assets	289	656	213	732	89	85	642
Construction in progress	2,937	30,800	17,972	15,766	–	–	15,766
Others	26,249	2,241	2,984	25,507	21,441	1,818	4,065
Total	¥ 1,863,947	¥ 51,659	¥ 27,610 [4,696]	¥ 1,887,996	¥ 644,389	¥ 23,448	¥ 1,243,607
Intangible fixed assets							
Software	–	–	–	131,432	58,354	22,482	73,078
Others	–	–	–	33,585	61	6	33,524
Total	–	–	–	¥ 165,018	¥ 58,415	¥ 22,489	¥ 106,602
Long-term prepaid expenses	–	–	–	–	–	–	–
Deferred assets	–	–	–	–	–	–	–
Total of deferred assets	–	–	–	–	–	–	–

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
				(millions of US$)			
Tangible fixed assets							
Land	$ 8,756	$ 38	$ 37 [33]	$ 8,757	–	–	$ 8,757
Buildings	10,960	154	31 [17]	11,083	6,694	231	4,388
Leased assets	3	7	2	7	0	0	6
Construction in progress	31	331	193	169	–	–	169
Others	282	24	32	274	230	19	43
Total	$ 20,033	$ 555	$ 296 [50]	$ 20,292	$ 6,925	$ 252	$ 13,366
Intangible fixed assets							
Software	–	–	–	1,412	627	241	785
Others	–	–	–	360	0	0	360
Total	–	–	–	$ 1,773	$ 627	$ 241	$ 1,145
Long-term prepaid expenses	–	–	–	–	–	–	–
Deferred assets	–	–	–	–	–	–	–
Total of deferred assets	–	–	–	–	–	–	–

Note:
1. Figures in [ ] represents impairment losses.
2. Some figures associated with intangible fixed assets are omitted as intangible fixed assets accounts for less than 1% of DL's total assets.

3. Details of Reserves and Allowances for the Fiscal Year Ended March 31, 2010

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
			(millions of yen)		
Reserve for possible loan losses	¥ 10,916	¥ 21,095	¥ 90	¥ 10,825	¥ 21,095
General purpose	7,481	4,853	–	7,481	4,853
Set aside for particular companies	3,435	16,241	90	3,344	16,241
Reserve for possible investment losses	–	1,123	–	–	1,123
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,464	41	198	–	3,307
Reserve for possible reimbursement of prescribed claims	1,000	425	325	–	1,100
Allowance for policyholder dividends	–	92,500	–	–	92,500
Reserve for price fluctuation	101,453	14,000	–	–	115,453

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
			(millions of US$)		
Reserve for possible loan losses	$ 117	$ 226	$ 0	$ 116	$ 226
General purpose	80	52	–	80	52
Set aside for particular companies	36	174	0	35	174
Reserve for possible investment losses	–	12	–	–	12
Reserve for retirement benefits of directors, executive officers and corporate auditors	37	0	2	–	35
Reserve for possible reimbursement of prescribed claims	10	4	3	–	11
Allowance for policyholder dividends	–	994	–	–	994
Reserve for price fluctuation	1,090	150	–	–	1,240

Note:
1. Decrease of reserve for possible loan losses (general purpose) for other reasons represents adding back the credited reserve amount in full to renew the reserve.
2. Decrease of reserve for possible loan losses (set aside for particular companies) for other reasons represents adding back the credited reserve amount in full to renew the reserve.

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

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

Report of Independent Auditors

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

We have audited the accompanying non-consolidated balance sheets of The Dai-ichi Mutual Life Insurance Company as of March 31, 2009 and 2010, and the related non-consolidated statements of earnings, and changes in net assets for the years then ended, and the related non-consolidated statement of surplus for the year ended March 31, 2009, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Dai-ichi Mutual Life Insurance Company at March 31, 2009 and 2010, and the non-consolidated results of their operations for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 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 I.1.

Ernst & Young ShinNihon LLC

June 28, 2010

FINANCIAL SECTIONS