

Consolidated Balance Sheets

	(millions of yen)		(millions of US\$)
	As of March 31,		
	2010	2011	2011
(ASSETS)			
Cash and deposits	¥ 188,208	¥ 257,204	\$ 3,093
Call loans	249,100	244,700	2,942
Monetary claims bought	289,885	291,115	3,501
Money held in trust	55,685	62,838	755
Securities	25,147,356	25,597,752	307,850
Loans	3,834,955	3,627,991	43,631
Tangible fixed assets	1,244,006	1,296,105	15,587
Land	814,807	843,018	10,138
Buildings	408,356	445,572	5,358
Leased assets	646	1,474	17
Construction in progress	15,766	2,219	26
Other tangible fixed assets	4,428	3,821	45
Intangible fixed assets	105,381	104,173	1,252
Software	71,850	70,646	849
Other intangible fixed assets	33,531	33,527	403
Reinsurance receivable	45,828	45,764	550
Other assets	608,753	288,336	3,467
Deferred tax assets	339,534	477,206	5,739
Customers' liabilities for acceptances and guarantees	17,787	17,826	214
Reserve for possible loan losses	(21,111)	(12,928)	(155)
Reserve for possible investment losses	(1,123)	(223)	(2)
Total assets	32,104,248	32,297,862	388,428
(LIABILITIES)			
Policy reserves and others	29,112,220	29,641,967	356,487
Reserves for outstanding claims	150,313	198,841	2,391
Policy reserves	28,632,692	29,039,453	349,241
Reserve for policyholder dividends	329,214	403,671	4,854
Reinsurance payable	871	1,278	15
Subordinated bonds	46,510	149,129	1,793
Other liabilities	1,213,370	1,126,459	13,547
Reserve for employees' retirement benefits	411,440	420,067	5,051
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,336	3,168	38
Reserve for possible reimbursement of prescribed claims	1,100	1,100	13
Allowance for policyholder dividends	92,500	-	-
Reserves under the special laws	115,528	80,596	969
Reserve for price fluctuations	115,528	80,596	969
Deferred tax liabilities	682	798	9
Deferred tax liabilities for land revaluation	124,706	123,635	1,486
Acceptances and guarantees	17,787	17,826	214
Total liabilities	31,140,054	31,566,027	379,627
(NET ASSETS)			
Accumulated redeemed foundation funds	420,000	-	-
Revaluation reserve	248	-	-
Consolidated surplus	138,469	-	-
Total of foundation funds and surplus	558,718	-	-
Capital stock	-	210,200	2,527
Capital surplus	-	210,200	2,527
Retained earnings	-	149,007	1,792
Treasury stock	-	(20,479)	(246)
Total shareholders' equity	-	548,928	6,601
Net unrealized gains (losses) on securities, net of tax	462,289	238,886	2,872
Deferred hedge gains (losses)	(2,008)	1,243	14
Reserve for land revaluation	(63,540)	(65,194)	(784)
Foreign currency translation adjustments	(3,069)	(3,765)	(45)
Total accumulated other comprehensive income	393,671	171,169	2,058
Minority interests	11,804	11,737	141
Total net assets	964,193	731,835	8,801
Total liabilities and net assets	¥ 32,104,248	¥ 32,297,862	\$ 388,428

Consolidated Statements of Earnings

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
ORDINARY REVENUES.....	¥ 5,294,004	¥ 4,571,556	\$ 54,979
Premium and other income.....	3,704,259	3,312,456	39,837
Investment income.....	1,247,203	922,787	11,097
Interest and dividends.....	708,453	698,753	8,403
Gains on trading account securities.....	1,336	-	-
Gains on sale of securities.....	242,745	212,360	2,553
Gains on redemption of securities.....	4,472	1,533	18
Derivative transaction gains.....	-	9,233	111
Other investment income.....	561	906	10
Gains on investment in separate accounts.....	289,633	-	-
Other ordinary revenues.....	342,542	336,313	4,044
ORDINARY EXPENSES.....	5,105,793	4,490,356	54,003
Benefits and claims.....	2,656,900	2,711,314	32,607
Claims.....	777,372	765,792	9,209
Annuities.....	478,855	517,331	6,221
Benefits.....	538,923	514,565	6,188
Surrender values.....	671,927	659,025	7,925
Other refunds.....	189,822	254,599	3,061
Provision for policy reserves and others.....	1,194,284	466,486	5,610
Provision for reserves for outstanding claims.....	-	48,531	583
Provision for policy reserves.....	1,183,883	408,071	4,907
Provision for interest on policyholder dividends.....	10,401	9,882	118
Investment expenses.....	340,350	444,681	5,347
Interest expenses.....	12,725	13,074	157
Losses on money held in trust.....	9,616	5,718	68
Loss on trading securities.....	2,930	1,955	23
Losses on sale of securities.....	207,894	120,960	1,454
Losses on valuation of securities.....	7,824	179,622	2,160
Losses on redemption of securities.....	2,470	4,168	50
Derivative transaction losses.....	16,772	-	-
Foreign exchange losses.....	18,510	28,122	338
Provision for reserve for possible loan losses.....	10,299	-	-
Provision for reserve for possible investment losses.....	1,123	-	-
Write-down of loans.....	573	410	4
Depreciation of rented real estate and others.....	15,016	15,207	182
Other investment expenses.....	34,591	35,320	424
Losses on investment in separate accounts.....	-	40,119	482
Operating expenses.....	475,835	434,859	5,229
Other ordinary expenses.....	438,423	433,015	5,207
Net surplus from operations/ Ordinary profit.....	188,211	81,199	976
EXTRAORDINARY GAINS.....	336	40,023	481
Gains on disposal of fixed assets.....	166	3,350	40
Reversal of reserve for possible loan losses.....	-	1,052	12
Reversal of reserve for possible investment.....	-	498	5
Gains on collection of loans and claims written off.....	169	189	2
Reversal of reserve for price fluctuations.....	-	34,932	420
Other extraordinary gains.....	0	1	0
EXTRAORDINARY LOSSES.....	116,583	11,526	138
Losses on disposal of fixed assets.....	1,857	4,113	49
Impairment losses on fixed assets.....	4,897	3,338	40
Provision for allowance for policyholder dividends.....	92,500	-	-
Provision for reserve for price fluctuations.....	14,050	-	-
Losses on accelerated redemption of foundation funds.....	2,372	-	-
Effect of initial application of accounting standard for asset retirement obligations.....	-	4,074	48
Other extraordinary losses.....	906	0	0
Provision for reserve for policyholder dividends.....	-	78,500	944
Net surplus before adjustment for taxes, etc.....	71,964	-	-
Income before income taxes and minority interests.....	-	31,196	375
Corporate income taxes-current.....	911	26,514	318
Corporate income tax-deferred.....	16,092	(14,380)	(172)
Total of corporate income taxes.....	17,003	12,133	145
Income before minority interests.....	-	19,063	229
Minority interests in gain (loss) of subsidiaries.....	(703)	(75)	(0)
Net surplus for the year.....	¥ 55,665	-	-
Net income for the year.....	-	¥ 19,139	\$ 230

Consolidated Statement of Comprehensive Income

	(millions of yen)	(millions of US\$)
	Year ended March 31,	
	2011	2011
Income before minority interests.....	¥ 19,063	\$ 229
Other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	(223,366)	(2,686)
Deferred hedge gains (losses)	3,251	39
Foreign currency translation adjustments	(815)	(9)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method.....	102	1
Total other comprehensive income	(220,826)	(2,655)
Comprehensive income.....	(201,763)	(2,426)
(Details)		
Attributable to shareholders of the parent company.....	(201,708)	(2,425)
Attributable to minority interests	(54)	(0)

Consolidated Statements of Changes in Net Assets

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
Foundation funds and surplus			
Foundation funds			
Balance at the end of the previous year	¥ 120,000	-	-
Changes for the year			
Redemption of foundation funds	(120,000)	-	-
Total changes for the year	(120,000)	-	-
Balance at the end of the year	-	-	-
Accumulated redeemed foundation funds			
Balance at the end of the previous year	300,000	-	-
Changes for the year			
Transfer to accumulated redeemed foundation funds	120,000	-	-
Total changes for the year	120,000	-	-
Balance at the end of the year	420,000	-	-
Revaluation reserve			
Balance at the end of the previous year	248	-	-
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	248	-	-
Consolidated surplus			
Balance at the end of the previous year	265,787	-	-
Changes for the year			
Transfer to reserve for policyholder dividends	(64,963)	-	-
Transfer to accumulated redeemed foundation funds	(120,000)	-	-
Interest payment for foundation funds	(2,328)	-	-
Net surplus for the year	55,665	-	-
Transfer from reserve for land revaluation	1,242	-	-
Changes by capital increase of consolidated subsidiaries	2,457	-	-
Others	607	-	-
Total changes for the year	(127,317)	-	-
Balance at the end of the year	138,469	-	-
Total of foundation funds and surplus			
Balance at the end of the previous year	686,035	-	-
Changes for the year			
Transfer to reserve for policyholder dividends	(64,963)	-	-
Transfer to accumulated redeemed foundation funds	-	-	-
Interest payment for foundation funds	(2,328)	-	-
Net surplus for the year	55,665	-	-
Redemption of foundation funds	(120,000)	-	-
Transfer from reserve for land revaluation	1,242	-	-
Changes by capital increase of consolidated subsidiaries	2,457	-	-
Others	607	-	-
Total changes for the year	(127,317)	-	-
Balance at the end of the year	¥ 558,718	-	-

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
Shareholders' equity			
Capital stock			
Balance at the beginning of the year	–	¥ 210,200	\$ 2,527
Changes for the year			
Total changes for the year	–	–	–
Balance at the end of the year	–	210,200	2,527
Capital surplus			
Balance at the beginning of the year	–	210,200	2,527
Changes for the year			
Total changes for the year	–	–	–
Balance at the end of the year	–	210,200	2,527
Retained earnings			
Balance at the beginning of the year	–	138,318	1,663
Changes for the year			
Dividends	–	(10,000)	(120)
Net income for the year	–	19,139	230
Transfer from reserve for land revaluation	–	1,653	19
Others	–	(103)	(1)
Total changes for the year	–	10,689	128
Balance at the end of the year	–	149,007	1,792
Treasury stock			
Balance at the beginning of the year	–	–	–
Changes for the year			
Purchase of treasury stock	–	(20,479)	(246)
Total changes for the year	–	(20,479)	(246)
Balance at the end of the year	–	(20,479)	(246)
Total shareholders' equity			
Balance at the beginning of the year	–	558,718	6,719
Changes for the year			
Dividends	–	(10,000)	(120)
Net income for the year	–	19,139	230
Purchase of treasury stock	–	(20,479)	(246)
Transfer from reserve for land revaluation	–	1,653	19
Others	–	(103)	(1)
Total changes for the year	–	(9,790)	(117)
Balance at the end of the year	–	548,928	6,601
Accumulated other comprehensive income			
Net unrealized gains (losses) on securities, net of tax			
Balance at the beginning of the year	¥ (47,349)	462,289	5,559
Changes for the year			
Net changes of items other than foundation funds and surplus	509,639	–	–
Net changes of items other than shareholders' equity	–	(223,403)	(2,686)
Total changes for the year	509,639	(223,403)	(2,686)
Balance at the end of the year	462,289	238,886	2,872
Deferred hedge gains (losses)			
Balance at the beginning of the year	(357)	(2,008)	(24)
Changes for the year			
Net changes of items other than foundation funds and surplus	(1,651)	–	–
Net changes of items other than shareholders' equity	–	3,251	39
Total changes for the year	(1,651)	3,251	39
Balance at the end of the year	¥ (2,008)	¥ 1,243	\$ 14

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
Reserve for land revaluation			
Balance at the beginning of the year	¥ (62,297)	¥ (63,540)	\$ (764)
Changes for the year			
Net changes of items other than foundation funds and surplus	(1,242)	–	–
Net changes of items other than shareholders' equity	–	(1,653)	(19)
Total changes for the year	(1,242)	(1,653)	(19)
Balance at the end of the year	(63,540)	(65,194)	(784)
Foreign currency translation adjustments			
Balance at the beginning of the year	(2,514)	(3,069)	(36)
Changes for the year			
Net changes of items other than foundation funds and surplus	(554)	–	–
Net changes of items other than shareholders' equity	–	(696)	(8)
Total changes for the year	(554)	(696)	(8)
Balance at the end of the year	(3,069)	(3,765)	(45)
Total accumulated other comprehensive income			
Balance at the beginning of the year	(112,519)	393,671	4,734
Changes for the year			
Net changes of items other than foundation funds and surplus	506,190	–	–
Net changes of items other than shareholders' equity	–	(222,501)	(2,675)
Total changes for the year	506,190	(222,501)	(2,675)
Balance at the end of the year	393,671	171,169	2,058
Minority interests			
Balance at the beginning of the year	6,412	11,804	141
Changes for the year			
Net changes of items other than foundation funds and surplus	5,391	–	–
Net changes of items other than shareholders' equity	–	(66)	(0)
Total changes for the year	5,391	(66)	(0)
Balance at the end of the year	11,804	11,737	141
Total net assets			
Balance at the beginning of the year	579,928	964,193	11,595
Changes for the year			
Transfer to reserve for policyholder dividends	(64,963)	–	–
Transfer to accumulated redeemed foundation funds	–	–	–
Interest payment for foundation funds	(2,328)	–	–
Net surplus for the year	55,665	–	–
Redemption of foundation funds	(120,000)	–	–
Dividends	–	(10,000)	(120)
Net income for the year	–	19,139	230
Purchase of treasury stock	–	(20,479)	(246)
Transfer from reserve for land revaluation	1,242	1,653	19
Changes by capital increase of consolidated subsidiaries	2,457	–	–
Others	607	(103)	(1)
Net changes of items other than foundation funds and surplus	511,582	–	–
Net changes of items other than shareholders' equity	–	(222,568)	(2,676)
Total changes for the year	384,264	(232,358)	(2,794)
Balance at the end of the year	¥ 964,193	¥ 731,835	\$ 8,801

Consolidated Statements of Cash Flows

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus before adjustment for taxes, etc.	¥ 71,964	¥ -	\$ -
Income before income taxes and minority interests	-	31,196	375
Depreciation of rented real estate and others	15,016	15,207	182
Depreciation	31,253	33,774	406
Impairment losses on fixed assets	4,897	3,338	40
Increase (decrease) in reserves for outstanding claims	(23,276)	48,531	583
Increase (decrease) in policy reserves	1,183,883	408,071	4,907
Provision for interest on policyholder dividends	10,401	9,882	118
Provision for (reversal of) reserve for policyholder dividends	-	78,500	944
Increase (decrease) in reserve for possible loan losses	10,189	(8,182)	(98)
Increase (decrease) in reserve for possible investment losses	1,123	(900)	(10)
Gains on collection of loans and claims written off	(169)	(189)	(2)
Write-down of loans	573	410	4
Increase (decrease) in reserve for employees' retirement benefits	5,869	8,629	103
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(150)	(167)	(2)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	100	-	-
Increase (decrease) in allowance for policyholder dividends	92,500	(92,500)	(1,112)
Transfer from allowance for policyholder dividends to reserve for policyholder dividends	-	92,500	1,112
Increase (decrease) in reserve for price fluctuations	14,050	(34,932)	(420)
Interest and dividends	(708,453)	(698,753)	(8,403)
Securities related losses (gains)	(317,067)	132,933	1,598
Interest expenses	12,725	13,074	157
Foreign exchange losses (gains)	18,510	28,122	338
Losses (gains) on disposal of fixed assets	1,690	763	9
Equity in losses (income) of affiliates	(892)	(4,355)	(52)
Decrease (increase) in trading account securities	52,597	-	-
Decrease (increase) in reinsurance receivable	(31,954)	64	0
Decrease (increase) in other assets	8,084	(5,688)	(68)
Increase (decrease) in reinsurance payable	284	406	4
Increase (decrease) in other liabilities	(23,951)	(2,150)	(25)
Others, net	78,453	41,408	497
Subtotal	508,252	98,996	1,190
Interest and dividends received	732,474	723,309	8,698
Interest paid	(11,463)	(9,091)	(109)
Policyholder dividends paid	(93,808)	(106,426)	(1,279)
Others, net	(258,298)	78,482	943
Corporate income taxes paid	56,097	(3,732)	(44)
Net cash flows provided by operating activities	933,254	781,539	9,399
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of monetary claims bought	(42,135)	(11,851)	(142)
Proceeds from sale and redemption of monetary claims bought	17,849	16,502	198
Purchases of money held in trust	(60,400)	(12,900)	(155)
Proceeds from decrease in money held in trust	26,611	-	-
Purchases of securities	(11,307,321)	(10,021,629)	(120,524)
Proceeds from sale and redemption of securities	10,226,631	9,035,758	108,668
Origination of loans	(391,340)	(389,518)	(4,684)
Proceeds from collection of loans	802,825	587,373	7,064
Others, net	(70,363)	48,715	585
Total of net cash provided by (used in) investment transactions	(797,643)	(747,550)	(8,990)
Total of net cash provided by (used in) operating activities and investment transactions	135,611	33,988	408
Acquisition of tangible fixed assets	(32,962)	(80,181)	(964)
Proceeds from sale of tangible fixed assets	653	6,829	82
Acquisition of intangible fixed assets	(21,454)	(21,165)	(254)
Proceeds from sale of intangible fixed assets	3	0	0
Payments for execution of assets retirement obligations	-	(151)	(1)
Net cash flows used in investing activities	(851,402)	(842,218)	(10,128)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing	-	55,597	668
Repayment of borrowings	(11)	(5,004)	(60)
Proceeds from issuing bonds	-	106,314	1,278
Repayment of financial lease obligations	(107)	(252)	(3)
Redemption of foundation funds	(120,000)	-	-
Interest paid on foundation funds	(5,963)	-	-
Purchase of treasury stock	-	(20,479)	(246)
Cash dividends paid	-	(9,881)	(118)
Proceeds from stock issuance to minority shareholders	8,500	-	-
Others, net	(4)	(12)	(0)
Net cash flows provided by (used in) financing activities	(117,586)	126,282	1,518
Effect of exchange rate changes on cash and cash equivalents	66	(1,006)	(12)
Net increase (decrease) in cash and cash equivalents	(35,667)	64,596	776
Cash and cash equivalents at the beginning of the year	472,975	437,308	5,259
Cash and cash equivalents at the end of the year	¥ 437,308	¥ 501,904	\$ 6,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2010 AND 2011

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 ¥83.15=US\$1.00, the foreign exchange rate on March 31, 2011, 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"), Dai-ichi Life Insurance Company of Vietnam, Limited, TAL Dai-ichi Life Australia Pty Ltd and TAL Dai-ichi Life Group Pty Ltd. The numbers of consolidated subsidiaries as of March 31, 2010 and 2011 were 3 and 5, respectively. TAL Dai-ichi Life Australia Pty Ltd and TAL Dai-ichi Life Group Pty Ltd were newly established in March 2011 and included in the scope of consolidation in the fiscal year ended March 31, 2011.

The numbers of affiliates under the equity method as of March 31, 2010 and 2011 were 30 and 27, 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, 2011, two subsidiaries and one affiliated company 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 companies.

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. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of the net income (net surplus) for the year, retained earnings (consolidated surplus) and others at the year end.

The summary of special purpose entities is described in 38. Specified Purpose Companies.

(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

The entire amount is expensed as incurred 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:

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

a) Trading Securities

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

b) Held-to-maturity Securities

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

- c) 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 the 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.
 - 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.
- d) 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.
- e) 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.

However, a certain domestic stock with market value was valued at fair value as of March 31, 2011, due to the factors including the significant differences between their average value during March 2011 and their fair value as of March 31, 2011.
 - 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.
- f) Stocks of Subsidiaries
- The amounts of stocks of non-consolidated subsidiaries and affiliated companies DL held as of March 31, 2010 and 2011 were ¥59,083 million and ¥64,653 million (US\$777 million), respectively.
- (2) Derivative Transactions
- Derivative transactions are reported at fair value.
- (3) Depreciation of Depreciable Assets
- i) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

 - a. Buildings (excluding leasehold improvements and structures)
 - i. Acquired on or before March 31, 2007

Calculated by the previous straight-line method.
 - ii. Acquired on or after April 1, 2007

Calculated by the straight-line method.
 - b. Assets Other than Buildings
 - i. Acquired on or before March 31, 2007

Calculated by the previous declining balance method.
 - ii. 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 leased 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 on or before March 31, 2008, are accounted for in the same manner applicable to ordinary operating leases.

(4) 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, taking into account (1) the recoverable amount covered by the collateral or guarantees and (2) an overall assessment of the obligor’s ability to pay.

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, 2010 and 2011 were ¥4,206 million and ¥3,832 million (US\$46 million), respectively.

(5) 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.

(6) 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.

(Additional Information)

A certain consolidated subsidiary of DL introduced defined benefit pension plans as a replacement of tax-qualified pension plans on July 1, 2010. This change in retirement benefit plans had a minimal impact on the consolidated financial results for the fiscal year ended March 31, 2011.

(7) 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.

(8) 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.

(9) 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.

(10) Reserve for Price Fluctuations

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

(11) 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.

At a certain consolidated subsidiary of DL, effective the fiscal year ended March 31, 2011, changes in fair value of foreign currency denominated available-for-sale bonds held for foreign currency-denominated insurance are divided into change in bond market prices in denominated currencies and changes in foreign exchange rates and accounted for as "net unrealized gains (losses) on securities" and "foreign exchange gains (losses)", respectively.

(Additional Information)

Effective the fiscal year ended March 31, 2011, in order to achieve appropriate accounting for foreign exchange gains and losses of foreign currency-denominated available-for-sale securities and liabilities related to foreign currency-denominated annuity products introduced in the fiscal year, changes in fair value of foreign currency denominated available-for-sale bonds held for foreign currency-denominated individual annuities are divided into change in bond market prices in denominated currencies and changes in foreign exchange rates and accounted for as "net unrealized gains (losses) on securities" and "foreign exchange gains (losses)", respectively.

(12) 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, (1) special hedge accounting for interest rate swaps and the deferral hedge method are used for cash flow hedges of certain loans, government and corporate bonds, and loans and bonds payable; (2) the currency allotment method and deferral hedge method are used for cash flow hedges by foreign currency swaps and foreign currency forward contracts against exchange rate fluctuations in certain foreign currency-denominated loans, loans payable, bonds payable, term deposits and stocks (forecasted transaction); and (3) the fair value hedge method by currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds.

ii) Hedging Instruments and Hedged Instruments
Year Ended March 31, 2010

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

Year Ended March 31, 2011

Hedging instruments	Hedged instruments
Interest rate swaps	Loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps.....	Foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency-denominated bonds payable
Foreign currency forward contracts.....	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stocks (forecasted transactions)
Currency options	Foreign currency-denominated bonds

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.

(13) 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.

(14) 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 Act. 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.
Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996, premium payments for which were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided in the following nine years. As a result, additional provisions for policy reserves for the year ended March 31, 2010 and 2011 were ¥96,154 million and ¥112,631 million (US\$1,354 million), respectively.

(15) Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the year ended March 31, 2010 and 2011 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, 2010 were as follows:

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

Impairment losses by asset group for the year ended March 31, 2011 were as follows:

Asset Group		Place	Number	Impairment Losses					
				Land		Buildings	Total	Land	
				(millions of yen)			(millions of US\$)		
Real estate for rent	Assets including Iwaki City, Fukushima Prefecture		4	¥ 132	¥ 169	¥ 302	\$ 1	\$ 2	\$ 3
Real estate not in use	Assets including Himeji City, Hyogo Prefecture		64	2,082	953	3,036	25	11	36
Total			68	¥ 2,215	¥ 1,123	¥ 3,338	\$ 26	\$ 13	\$ 40

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 2.96% and 2.89% for the years ended March 31, 2010 and 2011, 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.

(16) Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2011, the market value of the securities borrowed which were not sold or pledged was ¥1,301 million, among which no securities were pledged as collateral.

(17) 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 Act in Japan does not permit insurance companies to defer and amortize these costs.

(18) Application of “Accounting Standard for Asset Retirement Obligations”

Effective the fiscal year ended March 31, 2011, the Group applied “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). As a result, ordinary profit and income before income taxes and minority interests for the fiscal year ended March 31, 2011 decreased by ¥497 million (US\$5 million) and ¥4,572 million (US\$54million), respectively, compared to the corresponding figures calculated by the previous method. The amount of change in asset retirement obligations incurred due to the initial application of the accounting standard for the fiscal year was ¥3,247 million (US\$39 million).

i) Overview of Asset Retirement Obligation

The Group recognized statutory or similar obligations associated with some of its real estate for rent and business use with regard to the removal of (1) tangible fixed assets and (2) certain harmful substances in the tangible fixed assets and so recorded the asset retirement obligation.

ii) Calculation of Asset Retirement Obligation

The Group calculated the asset retirement obligation by (1) estimating the period of service of each building between 0 and 37 years based on its contract term and useful life and (2) applying discount rates ranging from 0.144% to 2.293%.

iii) Increase and Decrease in Asset Retirement Obligation

The following table shows the increase and decrease in asset retirement obligations for the fiscal year ended March 31, 2011:

	(millions of yen)	(millions of US\$)
Beginning balance	¥ 3,247	\$ 39
Time progress adjustments	43	0
Others	728	8
Ending balance	¥ 4,019	\$ 48

Note:

The "Beginning balance" in the above table represents the amount of asset retirement obligations as of April 1, 2010 instead of that of March 31, 2010, as the Group applied the standard effective the fiscal year ended March 31, 2011.

(19) Presentation of Net Assets

Due to DL's demutualization on April 1, 2010, net assets in its balance sheet as of March 31, 2011 were reported in a joint stock corporation format, while those as of March 31, 2010 were reported in a mutual company format.

(20) Income Before Minority Interests

Following application of "Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No.5, March 24, 2009) based on "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, issued on December 26, 2008), income before minority interests account was newly added to the consolidated statements of earnings effective the fiscal year ended March 31, 2011.

(21) Introduction of Stock Granting Trust (J-ESOP)

Effective the fiscal year ended March 31, 2011, DL introduced Stock Granting Trust (J-ESOP). J-ESOP is an incentive program granting middle managements who fulfill requirements under its Stock Granting Regulations shares of common stock to motivate them to improve corporate value and financial results and, thus, stock prices by (1) linking their retirement benefits to the stock price and financial results of DL and (2) sharing economic benefits with stockholders.

DL vests points to each managerial level employee based on her/his contribution to DL and grants stocks of DL based on her/his total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from DL.

Taking into consideration the economic reality of the J-ESOP trust, assets, including stocks of DL, and liabilities of the J-ESOP trust are recorded in DL's consolidated balance sheet as of March 31, 2011 and statement of earnings, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the fiscal year ended March 31, 2011.

The J-ESOP trust owned 45 thousand shares of common stock of DL as of March 31, 2011.

(22) Introduction of Trust-type Employee Shareholding Incentive Plan (E-Ship®)

Effective the fiscal year ended March 31, 2011, DL introduced a Trust-type Employee Shareholding Incentive Plan (E-Ship®). E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership Plan (the "Plan"). In the E-Ship®, DL sets up the E-Ship trust at a trust bank. The E-ship trust estimates the number of shares of common stock of DL which the Plan is to acquire in the next 5 years after the setup of the E-Ship trust and purchases the shares in advance. The Plan buys shares of DL from the E-Ship trust periodically. At the end of the trust period, the Plan's retained earnings, accumulation of net gains on sales of shares of DL, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, DL will compensate outstanding debt at the end of the period due to accumulation of net losses on shares as DL guarantees the debt of the E-Ship trust for share purchases.

Taking into consideration the economic reality of the E-Ship trust, assets, including stocks of DL, and liabilities of the E-ship trust are recorded in DL's consolidated balance sheet as of March 31, 2011 and statement of earnings, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the fiscal year ended March 31, 2011.

The E-ship trust owned 93 thousand shares of common stock of DL as of March 31, 2011.

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,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Securities (Government bonds)	¥ 390,274	¥ 445,706	\$ 5,360
Securities (Foreign securities).....	8,791	7,347	88
Cash/deposits.....	86	86	1
Securities and cash/deposits pledged as collateral	¥ 399,153	¥ 453,140	\$ 5,449

The amounts of secured liabilities were as follows:

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Cash collateral for securities lending transactions	¥ 390,728	¥ 439,443	\$ 5,284
Loan	14	10	0
Secured liabilities	¥ 390,743	¥ 439,454	\$ 5,285

Among the amounts, "Securities (Government bonds)" for securities lending transactions as of March 31, 2010 and 2011 were ¥389,085 million and ¥436,425 million (US\$5,248 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, 2010 and 2011 was ¥436,743 million and ¥482,741 million (US\$5,805 million), respectively.

7. Problem Loans

As of March 31, 2010 and 2011, 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 ¥35,981 million and ¥25,639 million (US\$308 million), respectively.

As of March 31, 2010, the amount of credits to bankrupt borrowers was ¥5,259 million, the amount of delinquent loans was ¥28,338 million, DL held no amount of loans past due for three months or more, and the amount of restructured loans was ¥2,383 million.

As of March 31, 2011, the amount of credits to bankrupt borrowers was ¥5,034 million (US\$60 million), the amount of delinquent loans was ¥17,349 million (US\$208 million), DL held no amount of loans past due for three months or more, and the amount of restructured loans was ¥3,255 million (US\$39 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, ¥736 million and ¥3,469 million respectively, in the year ended March 31, 2010, and ¥739 million (US\$8 million) and ¥3,093 million (US\$37 million), respectively, in the year ended March 31, 2011.

8. Commitment Line

As of March 31, 2010 and 2011, there were unused commitment line agreements under which DL is the lender of ¥6,529 million and ¥5,300 million (US\$63 million), respectively.

9. Accounting of Beneficial Interests in Securitized Mortgage Loans

As of March 31, 2010 and 2011, the trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by DL in August 2000, amounted to ¥25,337 million and, ¥25,105 million (US\$301 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, 2010 and 2011 were ¥53,995 million and, ¥44,268 million (US\$532 million), respectively.

10. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2010 and 2011 was ¥645,081 million and ¥658,950 million (US\$7,924 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 Act as of March 31, 2010 and 2011 were ¥2,470,865 million and ¥2,461,453 million (US\$29,602 million), respectively. Separate account liabilities were the same amount as separate account assets.

12. Reinsurance

As of March 31, 2010 and 2011, reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter, “reserves for outstanding claims reinsured”) were ¥27 million and ¥21 million (US\$0 million), respectively.

As of March 31, 2010 and 2011, the amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter, “policy reserves reinsured”) was ¥1,498 million and ¥7,473 million (US\$89 million), respectively.

13. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year Ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Balance at the end of the previous year	¥ 347,658	¥ 329,214	\$ 3,959
Transfer from allowance for policyholder dividends	—	92,500	1,112
Transfer from surplus in the previous year	64,963	—	—
Dividends paid in the year	(93,808)	(106,426)	(1,279)
Interest accrual in the year	10,401	9,882	118
Provision for reserve for policyholder dividends	—	78,500	944
Balance at the end of the year	¥ 329,214	¥ 403,671	\$ 4,854

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 Act as of March 31, 2010 and 2011 were ¥62,175 million and ¥61,381 million (US\$738 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 was ¥8,994 million as of March 31, 2010, which included ¥39,087 million negative excess (deficiency) attributable to real estate for rent, and ¥55,701 million (US\$669 million) as of March 31, 2011, which included ¥2,419 million (US\$29 million) negative excess (deficiency) attributable to real estate for rent.

16. Subordinated Bonds

Subordinated bonds of ¥46,510 million and ¥149,129 million (US\$1,793 million) shown in liabilities as of March 31, 2010 and 2011 were foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

Issuer	Description	Issuance Date	Balance as of March 31, 2010	Balance as of March 31, 2011	Interest rate (%)	Collateral	Maturity Date
(millions of yen)							
DL	Foreign currency (US dollar) denominated subordinated bonds	March 17, 2004	46,510 [499 mil USD]	41,567 [499 mil USD]	5.73	None	March 17, 2014
DL	Foreign currency (US dollar) denominated perpetual subordinated bonds	March 15, 2011	–	107,562 [1,300 mil USD]	7.25	None	Perpetual
Total	–	–	46,510	149,129	–	–	–

Note:

- The figures in parentheses represent the principle amount in US dollars.
- The following table shows the maturities of long-term borrowings for the 5 years subsequent to March 31, 2011.

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)				
–	–	41,575	–	–

17. Subordinated Debt

As of March 31, 2010 and 2011, other liabilities included subordinated debt of ¥313,000 million and ¥350,000 million (US\$4,209 million), respectively, the repayment of which is subordinated to other obligations.

Category	Balance as of March 31, 2010	Balance as of March 31, 2011	Average interest rate (%)	Maturity
(millions of yen)				
Current portions of long-term borrowings.....	¥ 2	¥ 2	5.2	–
Current portions of lease obligations	161	363	–	–
Long-term borrowings (excluding current portion).....	313,012	363,605	2.7	September 2012 - perpetual
Lease obligations (excluding current portion)	485	1,111	–	April 2012 - February 2016
Total	¥ 313,661	¥ 365,082	–	–

Note:

- Those borrowings and lease obligations above are included in the "other liabilities" on the consolidated balance sheets.
- The average interest rate represents the weighted-average rate applicable to the balance as of March 31, 2011. As for lease obligations, description is omitted since interest method is applied.
- The following table shows the maturities of long-term borrowings (excluding the current portion or those without maturities) and lease obligations (excluding the current portion) for the 5 years subsequent to March 31, 2011.

	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	¥ 30,002	¥ 1	¥ 0
Lease obligations.....	355	350	280	125

18. Assets Denominated in Foreign Currencies

Assets of DL denominated in foreign currencies as of March 31, 2010 totaled ¥5,382,291 million. The principal foreign currency asset amounts as of March 31, 2010 were 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 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 Act.

20. Organizational Change Surplus

The amount of DL's organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million (US\$1,416 million).

21. Operating Expenses

Details of operating expenses for the years ended March 31, 2010 and 2011 were as follows:

	Years Ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Sales activity expenses	¥ 198,910	¥ 172,140	\$ 2,070
Sales management expenses.....	73,020	70,536	848
General management expenses.....	203,905	192,183	2,311

22. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2010 and 2011 were as follows:

	Years Ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Land	¥ 134	¥ 3,122	\$ 37
Buildings	25	187	2
Other tangible assets.....	6	27	0
Other intangible assets.....	0	—	—
Other assets.....	—	11	0
Total	¥ 166	¥ 3,350	\$ 40

23. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2010 and 2011 were as follows:

	Years Ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Land	¥ 102	¥ 530	\$ 6
Buildings	1,003	2,515	30
Leased assets.....	21	—	—
Other tangible assets.....	103	180	2
Software.....	150	79	0
Other intangible assets.....	266	—	—
Other assets.....	209	806	9
Total	¥ 1,857	¥ 4,113	\$ 49

24. Minority Interests

The increases in minority interests in consolidated subsidiaries of DL during the fiscal year ended March 31, 2010 were due to the increase in their capital stock by ¥6,042 million.

25. Reconciliations of Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2010 and 2011 were as follows:

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Cash and cash deposits	¥ 188,208	¥ 257,204	\$ 3,093
Call loans	249,100	244,700	2,942
Cash and cash equivalents.....	¥ 437,308	¥ 501,904	\$ 6,036

26. Lease Transactions

Finance Leases (As lessee)

(i) 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
		(millions of yen)	
Tangible fixed assets	¥ 12,520	¥ 10,856	¥ 1,663
Total	¥ 12,520	¥ 10,856	¥ 1,663

Acquisition cost, accumulated depreciation and net carrying amount of finance leases as of March 31, 2011 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	¥ 2,138	¥ 1,653	¥ 484	\$ 25	\$ 19	\$ 5
Total	¥ 2,138	¥ 1,653	¥ 484	\$ 25	\$ 19	\$ 5

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, 2010 and 2011 were as follows:

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Due within one year	¥ 1,178	¥ 347	\$ 4
Due after one year	484	137	1
Total	¥ 1,663	¥ 484	\$ 5

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, 2010 and 2011 were as follows:

	Years Ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Total payments for finance leases	¥ 2,513	¥ 432	\$ 5
Depreciation	2,513	432	5

(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, 2010 and 2011 were as follows:

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Due within one year	¥ 2,259	¥ 627	\$ 7
Due after one year	6,914	6,318	75
Total	¥ 9,173	¥ 6,945	\$ 83

27. Financial Instruments

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 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 and bonds payable are floating interest rate based and/or foreign currency-denominated and, thus, DL is exposed to interest-rate and/or currency risk.

DL utilizes interest rate swaps to hedge interest-rate risk associated with some of its loans receivable and payable and adopts hedge accounting.

In applying the hedge accounting, in order to fulfill requirements stipulated in the “Opinion on the establishment of accounting standards for financial instruments”, DL has established investment policy and procedure guidelines and clarifies the risk of underlying assets to be hedged and derivative instruments to be used, and conducts pre- and post-effectiveness tests of the transactions.

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 utilizes derivatives in order to reduce the risk associated with guaranteed minimum maturity benefits of variable annuities. In accordance with its internal regulations to manage the risks associated with its guaranteed minimum maturity benefits, DFLI (i) assesses hedge effectiveness of derivative transactions, (ii) manages gains and losses from derivative transactions on a daily basis, and (iii) periodically checks its progress on reducing the

risk associated with its guaranteed minimum maturity benefits and measures VaR (value-at-risk).

DFLI's 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 DFLI's Board of Directors and 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 and 2011 were as follows.

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

As of March 31, 2010			
	Carrying amount	Fair value	Gains (Losses)
(millions of yen)			
(1) Cash and deposits.....	¥ 188,208	¥ 188,222	¥ 14
(2) Call loans	249,100	249,100	—
(3) Monetary claims bought.....	289,885	289,885	—
(4) Money held in trust.....	55,685	55,685	—
(5) Securities			
1. Trading securities	2,371,687	2,371,687	—
2. Held-to-maturity bonds	171,263	174,819	3,556
3. Policy-reserve-matching bonds	5,766,069	5,889,306	123,236
4. Stocks of subsidiaries and affiliates ..	15,784	24,415	8,631
5. Securities available for sale.....	15,466,378	15,466,378	—
(6) Loans	3,834,955		
Reserves for possible loan losses ^(*)	(19,478)		
	3,815,476	3,914,618	99,141
Total assets	¥ 28,389,540	¥ 28,624,119	¥ 234,579
(1) Bonds	¥ 46,510	¥ 48,112	¥ 1,602
(2) Long-term borrowings	313,014	331,171	18,156
Total liabilities	¥ 359,524	¥ 379,283	¥ 19,758
Derivative transactions ^(*)			
1. Hedge accounting not applied	¥ [4,582]	¥ [4,582]	¥ —
2. Hedge accounting applied.....	[6,952]	[4,109]	2,842
Total derivative transactions	¥ [11,534]	¥ [8,691]	¥ 2,842

As of March 31, 2011						
	Carrying amount	Fair value	Gains (Losses)	Carrying amount	Fair value	Gains (Losses)
		(millions of yen)			(millions of US\$)	
(1) Cash and deposits.....	¥ 257,204	¥ 257,218	¥ 13	\$ 3,093	\$ 3,093	\$ 0
(2) Call loans.....	244,700	244,700	–	2,942	2,942	–
(3) Monetary claims bought.....	291,115	291,115	–	3,501	3,501	–
(4) Money held in trust.....	62,838	62,838	–	755	755	–
(5) Securities						
1. Trading securities	2,376,259	2,376,259	–	28,577	28,577	–
2. Held-to-maturity bonds.....	145,823	150,247	4,424	1,753	1,806	53
3. Policy-reserve-matching bonds	6,870,639	7,092,066	221,426	82,629	85,292	2,662
4. Stocks of subsidiaries and affiliates ..	21,256	42,999	21,743	255	517	261
5. Securities available for sale.....	14,943,895	14,943,895	–	179,722	179,722	–
(6) Loans.....	3,627,991			43,631		
Reserves for possible loan losses ^(*)	(11,033)			(132)		
	3,616,957	3,706,833	89,875	43,499	44,580	1,080
Total assets	¥ 28,830,691	¥ 29,168,174	¥ 337,483	\$ 346,731	\$ 350,789	\$ 4,058
(1) Bonds	¥ 149,129	¥ 149,557	¥ 427	\$ 1,793	\$ 1,798	\$ 5
(2) Long-term borrowings	363,607	391,832	28,224	4,372	4,712	339
Total liabilities	¥ 512,737	¥ 541,389	¥ 28,652	\$ 6,166	\$ 6,510	\$ 344
Derivative transactions ^(*)						
1. Hedge accounting not applied	¥ 1,519	¥ 1,519	¥ –	\$ 18	\$ 18	\$ –
2. Hedge accounting applied.....	[116,863]	[114,253]	2,609	[1,405]	[1,374]	31
Total derivative transactions.....	¥ [115,343]	¥ [112,734]	¥ 2,609	\$ [1,387]	\$ [1,355]	\$ 31

(*) 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 amounts, 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 30. 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, the amount equivalent to partnership interest in fair value of the partnership assets is recorded as fair value of the stake in the partnership. Additionally, notes for the securities for each investment purpose are described in 28. 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 30. 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	2011	2011
	Carrying amount		
	(millions of yen)		(millions of US\$)
1. Unlisted domestic stocks ^(*) (^(*))	¥ 165,015	¥ 164,345	\$ 1,976
2. Unlisted foreign stocks ^(*) (^(*))	17,409	17,069	205
3. Other foreign securities ^(*) (^(*))	1,066,014	969,424	11,658
4. Other securities ^(*) (^(*))	107,733	89,037	1,070
Total	¥ 1,356,172	¥ 1,239,877	\$ 14,911

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

(*) DL recorded impairment charges of ¥1,373 million for the year ended March 31, 2010 and ¥259 million for the year ended March 31, 2011.

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 ^(*)	350,274	1,295,445	1,114,006	407,609

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

(*) 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.

As of March 31, 2011				
	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	¥ 256,704	¥ 300	¥ 200	¥ –
Call loans	244,700	–	–	–
Monetary claims bought	–	9,343	–	271,645
Money held in trust ^{(*)1}	1,000	479	–	–
Securities				
Held-to-maturity bonds	10,000	50,400	–	47,900
Held-to-maturity bonds (foreign bonds)	–	41,575	–	–
Policy-reserve-matching bonds	–	588,586	220,320	6,116,459
Available-for-sale securities with maturities (bonds)	343,004	1,491,695	2,313,382	2,284,989
Available-for-sale securities with maturities (foreign securities) ..	172,323	2,002,335	1,363,306	1,902,048
Available-for-sale securities with maturities (other securities) ...	3,820	53,898	18,490	24,429
Loans ^{(*)2}	333,410	1,280,893	968,507	430,493

As of March 31, 2011				
	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	\$ 3,087	\$ 3	\$ 2	\$ –
Call loans	2,942	–	–	–
Monetary claims bought	–	112	–	3,266
Money held in trust ^{(*)1}	12	5	–	–
Securities				
Held-to-maturity bonds	120	606	–	576
Held-to-maturity bonds (foreign bonds)	–	500	–	–
Policy-reserve-matching bonds	–	7,078	2,649	73,559
Available-for-sale securities with maturities (bonds)	4,125	17,939	27,821	27,480
Available-for-sale securities with maturities (foreign securities) ..	2,072	24,080	16,395	22,874
Available-for-sale securities with maturities (other securities) ...	45	648	222	293
Loans ^{(*)2}	4,009	15,404	11,647	5,177

(*)1 Money held in trust without maturities amounted to ¥61,358 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 ¥18,955 million and were not included. Also, ¥595,172 million of loans without maturities were not included.

Note 4: Scheduled maturities of bonds and long term borrowings

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

As of March 31, 2011						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(millions of yen)						
Bonds	–	–	41,575	–	–	–
Long term borrowings	2	2	30,002	1	0	1

As of March 31, 2011						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(millions of US\$)						
Bonds	–	–	500	–	–	–
Long term borrowings	0	0	360	0	0	0

(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.

28. Securities

Trading Securities:

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Gains (losses) on valuation of trading securities	¥ 309,530	¥ (31,414)	\$ (377)

Held-to-maturity Securities:

	As of March 31, 2010		
	Carrying amount	Market value	Unrealized gains (losses)
	(millions of yen)		
Held-to-maturity securities with unrealized gains:			
(1) Bonds.....	¥ 80,351	¥ 82,037	¥ 1,686
1. Government bonds	80,351	82,037	1,686
(2) Foreign securities.....	47,009	50,227	3,218
1. Foreign bonds	47,009	50,227	3,218
Subtotal	¥ 127,360	¥ 132,265	¥ 4,904
Held-to-maturity securities with unrealized losses:			
(1) Bonds.....	¥ 43,902	¥ 42,554	¥ (1,348)
1. Government bonds	43,902	42,554	(1,348)
Subtotal	¥ 43,902	¥ 42,554	¥ (1,348)
Total.....	¥ 171,263	¥ 174,819	¥ 3,556

	As of March 31, 2011					
	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.....	¥ 103,924	¥ 105,161	¥ 1,237	\$ 1,249	\$ 1,264	\$ 14
1. Government bonds	103,924	105,161	1,237	1,249	1,264	14
(2) Foreign securities.....	41,899	45,085	3,186	503	542	38
1. Foreign bonds	41,899	45,085	3,186	503	542	38
Total.....	¥ 145,823	¥ 150,247	¥ 4,424	\$ 1,753	\$ 1,806	\$ 53

Policy-reserve-matching Bonds:

	As of March 31, 2010		
	Carrying amount	Market value	Unrealized gains (losses)
	(millions of yen)		
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds.....	¥ 4,119,105	¥ 4,255,837	¥ 136,732
1. Government bonds	3,709,800	3,826,857	117,056
2. Local government bonds	166,394	174,155	7,761
3. Corporate bonds	242,910	254,824	11,914
Subtotal	¥ 4,119,105	¥ 4,255,837	¥ 136,732
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds.....	¥ 1,646,964	¥ 1,633,469	¥ (13,495)
1. Government bonds	1,646,964	1,633,469	(13,495)
Subtotal	¥ 1,646,964	¥ 1,633,469	¥ (13,495)
Total.....	¥ 5,766,069	¥ 5,889,306	¥ 123,236

As of March 31, 2011						
	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.....	¥ 5,957,244	¥ 6,192,157	¥ 234,913	\$ 71,644	\$ 74,469	\$ 2,825
1. Government bonds	5,541,511	5,759,162	217,650	66,644	69,262	2,617
2. Local government bonds	168,243	174,697	6,453	2,023	2,100	77
3. Corporate bonds	247,489	258,298	10,809	2,976	3,106	129
Subtotal	¥ 5,957,244	¥ 6,192,157	¥ 234,913	\$ 71,644	\$ 74,469	\$ 2,825
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds.....	¥ 913,395	¥ 899,908	¥ (13,486)	\$ 10,984	\$ 10,822	\$ (162)
1. Government bonds	893,943	880,681	(13,261)	10,750	10,591	(159)
2. Local government bonds	13,752	13,706	(45)	165	164	(0)
3. Corporate bonds	5,699	5,519	(179)	68	66	(2)
Subtotal	¥ 913,395	¥ 899,908	¥ (13,486)	\$ 10,984	\$ 10,822	\$ (162)
Total.....	¥ 6,870,639	¥ 7,092,066	¥ 221,426	\$ 82,629	\$ 85,292	\$ 2,662

Available-for-sale Securities:

As of March 31, 2010			
	Carrying amount	Purchase cost	Unrealized gains (losses)
(millions of yen)			
Available for sale securities with gains:			
(1) Bonds.....	¥ 5,948,102	¥ 5,797,438	¥ 150,663
1. Government bonds	3,859,496	3,781,637	77,859
2. Local government bonds	151,599	146,429	5,169
3. Corporate bonds	1,937,006	1,869,371	67,634
(2) Domestic stocks	2,228,949	1,526,004	702,945
(3) Foreign securities.....	3,890,328	3,737,672	152,656
1. Foreign bonds	3,753,565	3,629,147	124,418
2. Other foreign securities	136,762	108,525	28,237
(4) Other securities.....	258,179	245,783	12,396
Subtotal	¥ 12,325,560	¥ 11,306,899	¥ 1,018,661
Available for sale securities with losses:			
(1) Bonds.....	¥ 1,266,061	¥ 1,272,811	¥ (6,750)
1. Government bonds	1,109,300	1,113,592	(4,291)
2. Local government bonds	2,920	2,930	(9)
3. Corporate bonds	153,839	156,289	(2,449)
(2) Domestic stocks	710,889	891,259	(180,369)
(3) Foreign securities.....	1,311,417	1,410,789	(99,372)
1. Foreign bonds	1,003,678	1,052,108	(48,429)
2. Other foreign securities	307,738	358,681	(50,943)
(4) Other securities.....	165,335	174,470	(9,134)
Subtotal	¥ 3,453,703	¥ 3,749,330	¥ (295,626)
Total.....	¥ 15,779,263	¥ 15,056,229	¥ 723,034

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 and ¥22,999 million, respectively, as of March 31, 2010. The aggregate purchase cost and carrying amount of trust beneficiary rights were ¥285,657 million and ¥289,885 million, respectively, as of March 31, 2010.

As of March 31, 2011						
	Carrying amount	Purchase cost	Unrealized gains (losses)	Carrying amount	Purchase cost	Unrealized gains (losses)
	(millions of yen)			(millions of US\$)		
Available for sale securities with gains:						
(1) Bonds.....	¥ 5,217,984	¥ 5,041,520	¥ 176,463	\$ 62,753	\$ 60,631	\$ 2,122
1. Government bonds	3,308,218	3,201,987	106,230	39,786	38,508	1,277
2. Local government bonds	127,724	122,926	4,798	1,536	1,478	57
3. Corporate bonds	1,782,041	1,716,606	65,434	21,431	20,644	786
(2) Domestic stocks	1,583,226	1,087,448	495,777	19,040	13,078	5,962
(3) Foreign securities.....	2,174,641	2,067,155	107,486	26,153	24,860	1,292
1. Foreign bonds	2,054,192	1,968,380	85,811	24,704	23,672	1,032
2. Other foreign securities	120,449	98,774	21,674	1,448	1,187	260
(4) Other securities.....	327,200	309,805	17,394	3,935	3,725	209
Subtotal	¥ 9,303,052	¥ 8,505,930	¥ 797,121	\$ 111,882	\$ 102,296	\$ 9,586
Available for sale securities with losses:						
(1) Bonds.....	¥ 1,373,463	¥ 1,386,762	¥ (13,298)	\$ 16,517	\$ 16,677	\$ (159)
1. Government bonds	1,089,238	1,095,942	(6,704)	13,099	13,180	(80)
2. Local government bonds	1,589	1,608	(18)	19	19	(0)
3. Corporate bonds	282,636	289,212	(6,576)	3,399	3,478	(79)
(2) Domestic stocks	638,124	828,228	(190,104)	7,674	9,960	(2,286)
(3) Foreign securities.....	3,854,491	4,061,916	(207,424)	46,355	48,850	(2,494)
1. Foreign bonds	3,527,013	3,681,068	(154,054)	42,417	44,270	(1,852)
2. Other foreign securities	327,477	380,848	(53,370)	3,938	4,580	(641)
(4) Other securities.....	81,879	94,180	(12,300)	984	1,132	(147)
Subtotal	¥ 5,947,959	¥ 6,371,088	¥ (423,129)	\$ 71,532	\$ 76,621	\$ (5,088)
Total.....	¥ 15,251,011	¥ 14,877,018	¥ 373,992	\$ 183,415	\$ 178,917	\$ 4,497

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 ¥16,000 million (US\$192 million) and ¥16,000 million (US\$192 million), respectively, as of March 31, 2011. The aggregate purchase cost and carrying amount of trust beneficiary rights were ¥281,006 million (US\$3,379 million) and ¥291,115 million (US\$3,501 million), respectively, as of March 31, 2011.

Held-to-maturity Securities Sold:

DL and its consolidated subsidiaries sold no held-to-maturity securities during the year ended March 31, 2010 and 2011.

Policy-reserve-matching Bonds Sold:

Policy-reserve-matching bonds sold during the year ended March 31, 2010 and 2011 were as follows.

Year Ended March 31, 2010						
	Amounts sold	Realized gains	Realized losses			
	(millions of yen)					
(1) Bonds.....	¥ 732,964	¥ 2,193	¥ 10,028			
1. Government bonds	729,167	2,069	10,028			
2. Corporate bonds	3,797	123	—			
Total.....	¥ 732,964	¥ 2,193	¥ 10,028			

Year Ended March 31, 2011						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(millions of yen)			(millions of US\$)		
(1) Bonds.....	¥ 371,399	¥ 14,842	—	\$ 4,466	\$ 178	—
1. Government bonds	358,388	13,967	—	4,310	167	—
2. Local government bonds	3,874	276	—	46	3	—
3. Corporate bonds	9,136	598	—	109	7	—
Total.....	¥ 371,399	¥ 14,842	—	\$ 4,466	\$ 178	—

Available-for-sale Securities Sold:

Available-for-sale securities sold during the year ended March 31, 2010 and 2011 were as follows.

Year Ended March 31, 2010			
	Amounts sold	Realized gains	Realized losses
	(millions of yen)		
(1) Bonds.....	¥ 1,567,782	¥ 14,598	¥ 9,626
1. Government bonds	1,316,536	10,330	8,758
2. Local government bonds	6,366	64	0
3. Corporate bonds.....	244,879	4,204	867
(2) Domestic stocks	398,087	103,379	51,171
(3) Foreign securities.....	5,166,457	116,528	137,067
1. Foreign bonds	5,052,264	87,735	136,415
2. Other foreign securities.....	114,193	28,792	651
(4) Other securities.....	31,555	6,045	—
Total.....	¥ 7,163,883	¥ 240,552	¥ 197,865

Year Ended March 31, 2011						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(millions of yen)			(millions of US\$)		
(1) Bonds.....	¥ 2,617,814	¥ 55,019	¥ 4,513	\$ 31,483	\$ 661	\$ 54
1. Government bonds	2,380,246	47,352	4,297	28,625	569	51
2. Local government bonds	4,042	63	60	48	0	0
3. Corporate bonds.....	233,526	7,602	155	2,808	91	1
(2) Domestic stocks	400,694	79,808	34,001	4,818	959	408
(3) Foreign securities.....	2,811,560	62,690	82,411	33,813	753	991
1. Foreign bonds	2,743,815	53,931	78,556	32,998	648	944
2. Other foreign securities.....	67,745	8,758	3,855	814	105	46
(4) Other securities.....	2,669	—	34	32	—	0
Total.....	¥ 5,832,740	¥ 197,518	¥ 120,960	\$ 70,147	\$ 2,375	\$ 1,454

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 amounts written down from the balance of available-for-sale securities with market value for the year ended March 31, 2010 and 2011 were ¥6,450 million and ¥179,362 million (US\$2,157 million), respectively.

29. Money Held in Trust

Money Held in Trust for Trading:

As of March 31,			
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Carrying amount on the consolidated balance sheets	¥ 55,685	¥ 62,838	\$ 755
Gains (losses) on valuation of money held in trust	(9,608)	(5,715)	(68)

30. Derivative Transactions

Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions

As of March 31, 2010			
	Notional amount/ contract value	Fair value	Gains (Losses)
(millions of yen)			
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold:	¥ 497,428	¥ (4,486)	¥ (4,486)
U.S. dollar	217,103	(5,221)	(5,221)
Euro	251,545	987	987
British pound	15,248	365	365
Canadian dollar	7,539	(533)	(533)
Australian dollar	4,113	(122)	(122)
Swedish krona	771	(1)	(1)
Danish krone	763	33	33
Norwegian krone	339	6	6
Swiss franc	2	(0)	(0)
Singapore dollar	0	(0)	(0)
Bought:	357,104	3,371	3,371
U.S. dollar	143,371	2,285	2,285
Euro	190,987	386	386
British pound	14,444	316	316
Polish zloty	1,293	74	74
Swiss franc	800	57	57
Singapore dollar	486	27	27
Norwegian krone	503	23	23
Australian dollar	4,183	160	160
Canadian dollar	826	30	30
Swedish krona	2	0	0
Hong Kong dollar	192	7	7
Indian rupee	12	0	0
Total			¥ (1,115)

As of March 31, 2011						
	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:	¥ 241,516	¥ (4,703)	¥ (4,703)	\$ 2,904	\$ (56)	\$ (56)
U.S. dollar.....	147,127	(855)	(855)	1,769	(10)	(10)
Euro	54,352	(2,885)	(2,885)	653	(34)	(34)
British pound	15,375	(309)	(309)	184	(3)	(3)
Canadian dollar	4,011	(117)	(117)	48	(1)	(1)
Australian dollar.....	18,708	(422)	(422)	224	(5)	(5)
Swedish krona.....	533	(34)	(34)	6	(0)	(0)
Danish krone	641	(52)	(52)	7	(0)	(0)
Norwegian krone	253	(16)	(16)	3	(0)	(0)
Swiss franc	168	(3)	(3)	2	(0)	(0)
Singapore dollar	88	(1)	(1)	1	(0)	(0)
Polish zloty	13	0	0	0	0	0
Mexican peso	243	(6)	(6)	2	(0)	(0)

Bought:	159,357	3,978	3,978	1,916	47	47
U.S. dollar.....	82,440	726	726	991	8	8
Euro	44,678	2,159	2,159	537	25	25
British pound	9,148	116	116	110	1	1
Polish zloty	1,109	29	29	13	0	0
Swiss franc	638	15	15	7	0	0
Singapore dollar	486	9	9	5	0	0
Norwegian krone	357	9	9	4	0	0
Australian dollar	16,950	804	804	203	9	9
Canadian dollar	2,947	88	88	35	1	1
Swedish krona	253	7	7	3	0	0
Hong Kong dollar	228	6	6	2	0	0
Danish krone	114	5	5	1	0	0
Indian rupee	3	0	0	0	0	0
Mexican peso	0	0	0	0	0	0
Total			¥ (725)			\$ (8)

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)
(millions of yen)				
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating	¥ 1,000	¥ 1,000	¥ 37	¥ 37
Total				¥ 37

As of March 31, 2011								
	(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\$)		
Exchange-traded transactions:								
Interest rate futures:								
Sold	¥ 24,901	—	¥ (8)	¥ (8)	\$ 299	—	\$ (0)	\$ (0)
Bought	24,901	—	4	4	299	—	0	0
Over-the-counter transactions:								
Yen interest rate swaps:								
Receipts fixed, payments floating	1,000	1,000	40	40	12	12	0	0
Total.....				¥ 37				\$ 0

Note:

1. (1) Fair values of interest rate futures listed above are based on the closing exchange-traded prices.
- (2) Fair values of yen interest rate swaps 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)
(millions of yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Bought	¥ 12,820	¥ 512	¥ 512
Foreign currency-denominated stock index futures:			
Bought	2,945	34	34
Stock index options:			
Sold:			
Call	99,985		
	[1,786]	4,422	(2,635)
Bought:			
Put	100,000		
	[3,117]	286	2,830
Total			¥ (4,919)

As of March 31, 2011						
	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	¥ 18,078	¥ (2,328)	¥ (2,328)	\$ 217	\$ (27)	\$ (27)
Bought	13,798	(184)	(184)	165	(2)	(2)
Foreign currency-denominated stock index futures:						
Sold	2,882	(57)	(57)	34	(0)	(0)
Bought	1,960	45	15	23	0	0
Stock index options:						
Bought:						
Put	79,961			961		
	[5,162]	4,700	(461)	[62]	56	(5)
Total			¥ (2,986)			\$ (35)

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)			
(millions of yen)						
Exchange-traded transactions:						
Yen bond futures:						
Sold	¥ 5,009	¥ 33	¥ 33			
Over-the-counter transactions:						
Bond OTC options						
Sold:						
Call	17,488					
	[46]	17	29			
Put	45,815					
	[114]	187	(73)			
Bought:						
Call	45,815					
	[68]	33	(34)			
Put	374,384					
	[3,320]	221	(3,098)			
Total			¥ (3,144)			
As of March 31, 2011						
	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	¥ 8,899	¥ (31)	¥ (31)	\$ 107	\$ (0)	\$ (0)
Bought	11,932	68	68	143	0	0
Foreign bond futures:						
Sold	11,745	4	4	141	0	0
Over-the-counter transactions:						
Foreign currency-denominated bond forward contracts:						
Sold	16,713	(25)	(25)	200	(0)	(0)
Bought	16,701	17	17	200	0	0
Bond OTC options						
Sold:						
Call	7,391			88		
	[25]	30	(4)	[0]	0	(0)
Put	27,173			326		
	[34]	3	31	[0]	0	0
Bought:						
Call	27,173			326		
	[28]	24	(4)	[0]	0	(0)
Put	87,064			1,047		
	[1,026]	7	(1,019)	[12]	0	(12)
Total			¥ (963)			\$ (11)

Note:

1. (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.

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

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

As of March 31, 2011						
	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	¥ 18,356	¥ (187)	¥ (187)	\$ 220	\$ (2)	\$ (2)
(Euro / U.S. dollar)	11,902	(232)	(232)	143	(2)	(2)
(British pound / U.S. dollar)	6,453	44	44	77	0	0
Bought	32,603	(268)	(268)	392	(3)	(3)
(Yen / U.S. dollar)	32,603	(268)	(268)	392	(3)	(3)
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold:	133,680	(1,846)	(1,846)	1,607	(22)	(22)
U.S. dollar	64,030	64	64	770	0	0
Euro	32,684	(1,369)	(1,369)	393	(16)	(16)
British pound	9,365	68	68	112	0	0
Canadian dollar	9,863	(137)	(137)	118	(1)	(1)
Australian dollar	9,260	(347)	(347)	111	(4)	(4)
Swedish krona	614	(9)	(9)	7	(0)	(0)
Danish krone	421	(16)	(16)	5	(0)	(0)
Norwegian krone	339	(14)	(14)	4	(0)	(0)
Swiss franc	1,490	(58)	(58)	17	(0)	(0)
Hong Kong dollar	3,613	(4)	(4)	43	(0)	(0)
Singapore dollar	1,197	(12)	(12)	14	(0)	(0)
Polish zloty	289	(3)	(3)	3	(0)	(0)
Mexican peso	314	(4)	(4)	3	(0)	(0)
New Zealand dollar	194	(1)	(1)	2	(0)	(0)

Bought:	15,658	32	32	188	0	0
U.S. dollar.....	7,622	2	2	91	0	0
Euro	3,856	25	25	46	0	0
British pound.....	930	(0)	(0)	11	(0)	(0)
Swiss franc.....	271	0	0	3	0	0
Singapore dollar.....	131	(0)	(0)	1	(0)	(0)
Australian dollar.....	1,195	4	4	14	0	0
Canadian dollar	1,192	0	0	14	0	0
Hong Kong dollar	453	(0)	(0)	5	(0)	(0)
Total.....			¥ (2,270)			\$ (27)

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)			
(millions of yen)						
Exchange-traded transactions:						
Yen stock index futures:						
Sold	¥ 31,581	¥ (2,093)	¥ (2,093)			
Foreign currency-denominated stock index futures:						
Sold	22,495	(312)	(312)			
Total.....			¥ (2,405)			

As of March 31, 2011						
	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	¥ 60,783	¥ 1,418	¥ 1,418	\$ 731	\$ 17	\$ 17
Foreign currency-denominated stock index futures:						
Sold	53,221	(1,860)	(1,860)	640	(22)	(22)
Total.....			¥ (441)			\$ (5)

Note:

- Fair values listed above are based on the closing exchange-traded prices.
- Fair value for futures and forward contracts are shown in "Gains (losses)".
- 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)
(millions of yen)			
Exchange-traded transactions:			
Yen bond futures:			
Bought	¥ 42,379	¥ (222)	¥ (222)
Foreign bond futures:			
Sold	90,683	(246)	(246)
Total.....			¥ (469)

As of March 31, 2011						
	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	¥ 13,963	¥ (8)	¥ (8)	\$ 167	\$ (0)	\$ (0)
Foreign bond futures:						
Sold	149,557	193	193	1,798	2	2
Total.....			¥ 185			\$ 2

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

(1) Currency-related transactions		As of March 31, 2010	
	Notional amount/ contract value	Fair value	
		(millions of yen)	
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold:	¥ 2,875,475	¥ (3,887)	
U.S. dollar.....	1,336,048	(60,403)	
Euro	1,271,841	55,215	
British pound	153,954	8,023	
Canadian dollar	23,054	(2,148)	
Australian dollar.....	70,276	(4,918)	
Swedish krona.....	10,052	29	
Danish krone	7,024	248	
Norwegian krone	3,223	66	
Bought:	9,629	77	
U.S. dollar.....	4,445	28	
Euro	5,184	49	
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	(*1)	
U.S. dollar.....	29,003	(*1)	

As of March 31, 2011						
	Notional amount/ contract value	Transactions with maturity of more than one year	Fair value	Notional amount/ contract value	Transactions with maturity of more than one year	Fair value
	(millions of yen)			(millions of US\$)		
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold:	¥ 3,526,926	—	¥ (118,907)	\$ 42,416	—	\$ (1,430)
U.S. dollar.....	1,796,391	—	188	21,604	—	2
Euro	1,394,184	—	(110,345)	16,767	—	(1,327)
British pound	177,162	—	(2,916)	2,130	—	(35)
Canadian dollar	42,809	—	(788)	514	—	(9)
Australian dollar.....	93,764	—	(3,535)	1,127	—	(42)
Swedish krona.....	11,745	—	(802)	141	—	(9)
Danish krone	5,968	—	(386)	71	—	(4)
Norwegian krone	4,899	—	(322)	58	—	(3)
Bought:	3,999	—	99	48	—	1
U.S. dollar.....	2,519	—	21	30	—	0
Euro	1,432	—	77	17	—	0
British pound	48	—	1	0	—	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	180,356	–	(*1)	2,169	–	(*1)
Australian dollar	140,354	–	(*1)	1,687	–	(*1)
U.S. dollar	40,001	–	(*1)	481	–	(*1)

Currency swaps to hedge foreign currency-denominated bonds payable:

U.S. dollar	107,562	107,562	(*1)	1,293	1,293	(*1)
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Note:

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

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

(2) Interest-related transactions

As of March 31, 2010						
	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value			
(millions of yen)						
Deferred hedge						
Yen interest rate swaps to hedge loans and loans payable:						
Receipts fixed, payments floating	¥ 5,000	¥ 5,000	¥ 36			
Receipts floating, payments fixed	183,000	183,000	(3,179)			
Special exemption						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating	120,666	104,830	2,842			
As of March 31, 2011						
	(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	¥ –	¥ 18	\$ 60	\$ –	\$ 0
Receipts floating, payments fixed	320,000	320,000	1,926	3,848	3,848	23
Special exemption						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating	104,340	91,340	2,609	1,254	1,098	31

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.

31. 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,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
a. Projected benefit obligations	¥ (657,806)	¥ (662,024)	\$ (7,961)
b. Pension assets	217,921	204,152	2,455
Retirement benefit trust included in the above pension assets	111,546	98,230	1,181
c. Unfunded benefit obligations (a + b)	(439,884)	(457,872)	(5,506)
d. Unrecognized actuarial differences	33,820	37,782	454
e. Unrecognized gains on plan amendments	(5,376)	22	0
f. Reserve for employees' retirement benefits (c + d + e)	¥ (411,440)	¥ (420,067)	\$ (5,051)

Note :

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

Retirement Benefit Expenses

	Years ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
a. Service cost (Note 1)	¥ 24,201	¥ 26,272	\$ 315
b. Interest cost	10,790	11,185	134
c. Estimated investment income	(1,653)	(1,798)	(21)
d. Amortization of unrecognized actuarial differences	15,215	13,119	157
e. Amortization of unrecognized gains on plan amendments	(5,376)	(5,368)	(64)
f. Retirement benefit expenses (a + b + c + d + e)	¥ 43,177	¥ 43,410	\$ 522

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, 2010	As of March 31, 2011
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%	1.0 – 1.7%
b. Tax qualified pension plan	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)

32. Deferred Tax Accounting

Major Components of Deferred Tax Assets and Liabilities as of March 31, 2010 and 2011

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Deferred tax assets:			
Insurance policy reserve	¥ 365,837	¥ 391,041	\$ 4,702
Reserve for employees' retirement benefits	179,689	182,712	2,197
Reserve for price fluctuations	41,682	29,079	349
Tax losses carried forward	34,305	10,369	124
Losses on valuation of securities	29,059	62,786	755
Others	43,298	43,262	520
Subtotal	¥ 693,873	¥ 719,251	\$ 8,650
Valuation allowances	(59,621)	(60,213)	(724)
Total	¥ 634,252	¥ 659,037	\$ 7,925
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax	(264,324)	(148,251)	(1,782)
Reserve for tax basis adjustments of real estate	(9,268)	(10,138)	(121)
Dividend receivables from stocks	(8,867)	(7,675)	(92)
Others	(12,939)	(16,563)	(199)
Total	¥ (295,400)	¥ (182,629)	\$ (2,196)
Net deferred tax assets	¥ 338,852	¥ 476,407	\$ 5,729

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, 2010

	As of March 31, 2010
Statutory tax rate	36.08%
(Adjustments)	
Increase (decrease) in valuation allowances	(12.47)%
Others	0.02%
Actual effective tax rate after considering deferred taxes	23.63%

(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, 2011

	As of March 31, 2011
Statutory tax rate	36.08%
(Adjustments)	
Nondeductible expenses including entertainment expenses	2.90%
Others	(0.09)%
Actual effective tax rate after considering deferred taxes	38.89%

33. 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 and 2011 was ¥35,256 million and ¥31,006 million (US\$372 million), respectively. 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 in the fiscal year ended March 31, 2010 and that of ¥3,296 million (US\$39 million) in the fiscal year ended March 31, 2011.

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

Carrying amount			Market value
Beginning balance	Net change during year	Ending balance	
(millions of yen)			
¥ 807,666	¥ 4,579	¥ 812,246	¥ 900,371

The carrying amount and the market value of such rental real estate as of March 31, 2011 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\$)			
¥ 812,246	¥ 31,881	¥ 844,127	¥ 862,520	\$ 9,768	\$ 383	\$ 10,151	\$ 10,373

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 and cost of acquisition of the real estate for ¥45,401 million (US\$546 million) and the depreciation expense of ¥15,197 million (US\$182 million) during the year ended March 31, 2011.
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.

34. Segment Information

Business Segment Information

For the years ended March 31, 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, the total net income and the total assets from all segments of the Group. Therefore business segment information has been omitted.

Geographic Segment Information

For the years ended March 31, 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, 2010

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

Segment Information

For the years ended March 31, 2011

Overview of the reported segments

The overview of the reported segments has been omitted as the Group's operations consist of only one segment.

(Additional Information)

Effective the fiscal year ended March 31, 2011, the Company applied "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17 issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008).

35. Other Related Information

For the year ended March 31, 2011

(1) Product (Service) Segment Information

The product (service) segment information is omitted as the Group's operations consist of only one product (service) segment.

(2) Geographic Segment Information

The geographic segment information is omitted as more than 90% of the Group's total ordinary revenues for the year ended March 31, 2011 and tangible fixed assets as of March 31, 2011 derive from its business unit in Japan.

(3) Major Customer Information

The major customer information is omitted as no single customer accounts for more than 10% of the Group's ordinary profit.

36. Impairment Losses on Fixed Assets by Reported Segment

For the year ended March 31, 2011

The information on impairment losses on fixed assets by reported segment is omitted as the Group's operations consist of only one segment.

37. Related Party Transactions

There are no significant transactions to be disclosed.

38. Specified Purpose Companies

Securitization of Foundation Funds and Subordinated Obligations

DL securitized foundation funds and subordinated obligations to broaden the range of investors and to secure a stable base for raising capital. For the securitization, DL utilized Tokutei Mokuteki Kaishas (TMKs, specified purpose companies) regulated by the Asset Liquidation Act. TMKs raise capital by issuing specified company bonds backed by assets transferred to the TMKs by contributors of foundation funds and subordinated loans. DL holds non-voting shares in Cayman-based special purpose companies, 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), and in September 2010, two TMKs which had been engaged in such foundation funds completed their liquidation.

DL raised capital through four securitization programs, three of which were still outstanding at the beginning of the fiscal year ended March 31, 2011 (DL completed liquidation of two of the three companies in September 2010 as stated above). The total of assets and liabilities of the remaining three companies at the end of their prior fiscal year (September 30, 2009) were ¥131,388 million and ¥130,383 million, respectively, and those of the one remaining company at the end of its latest fiscal year (September 30, 2010) were ¥30,358 million (US\$365 million) and ¥30,087 (US\$361 million) million, respectively.

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

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

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Foundation funds obligation	¥ -	¥ -	\$ -
Subordinated obligation	30,000	30,000	360
Undrawn commitment line balance related to loans	1,129	-	-
	Years ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Interest on foundation funds	¥ 5,963	¥ -	\$ -
Interest expenses	618	618	7

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, 2010 and 2011. DL had three SPCs as of March 31, 2010 and 2011, 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 2009 ended December 31, 2009 and January 31, 2010 and 2010 ended December 31, 2010 and January 31, 2011 amounted to ¥141,124 million and ¥94,396 million, respectively, and ¥139,312 million (US\$1,675 million) and ¥93,308 million (US\$1,122 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 SPC were as follows:

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Investment in anonymous association	¥ 29,952	¥ 29,381	\$ 353
Preferred investments	2,900	2,900	34

	Years ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Dividends from investment in anonymous association	¥ 2,273	¥ 2,162	\$ 26
Dividends from preferred investments	179	179	2

39. Per Share Information

Net assets per share as of March 31, 2011: ¥ 73,027.99 (US\$ 878.26)

Notes:

1. Net assets per share as of March 31, 2010 was omitted as DL was a mutual company.
2. Reconciliation of the net assets per share as of March 31, 2011 was as follows:

	As of March 31, 2011	
	(millions of yen)	(millions of US\$)
Net assets	¥ 731,835	\$ 8,801
Adjustments	11,737	141
Minority interests	11,737	141
Net assets attributable to common stocks	¥ 720,097	\$ 8,660
Number of common stocks outstanding:	9,860 thousand	

Note:

1. "Number of common stock outstanding" in the above table excludes shares held by Stock Granting Trust (J-ESOP) or E-Ship trust.

Net income per share for the year ended March 31, 2011: ¥ 1,917.40 (US\$ 23.05)

Notes:

1. Net income per share for the year ended March 31, 2010 was omitted as DL was a mutual company.
2. Information on diluted net income per share is omitted as there were no potential diluting shares of the Company.
3. Reconciliation of the net income per share was as follows:

	As of March 31, 2011	
	(millions of yen)	(millions of US\$)
Net income per share	¥ 19,139	\$ 230
Net income attributable to other than shareholders of common stocks	—	—
Net income attributable to shareholders of common stocks	¥ 19,139	\$ 230
Average number of common stocks outstanding:	9,981 thousand	

Note:

1. "Average number of common shares outstanding" in the above table excludes shares held by Stock Granting Trust (J-ESOP) or E-Ship trust.

40. Application of Accounting Standards for Presentation of Comprehensive Income

Effective the fiscal year ended March 31, 2011, DL applied the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25 issued on June 30, 2010). “Accumulated other comprehensive income” and “total of accumulated other comprehensive income” were presented as “valuation and translation adjustments” and “total of valuation and translation adjustments”, respectively, in the fiscal year ended March 31, 2010.

Components of comprehensive income and other comprehensive income for the previous fiscal year (ended March 31, 2010) were as follows:

(1) Comprehensive income for the year ended March 31, 2010

	(millions of yen)
Comprehensive income attributable to shareholders of the parent company	¥ 563,098
Comprehensive income attributable to minority interests	(645)
Total	¥ 562,452

(2) Other comprehensive income for the year ended March 31, 2010

	(millions of yen)
Net unrealized gains (losses) on securities, net of tax	¥ 509,457
Deferred hedge gains (losses)	(1,651)
Foreign currency translation adjustments	(197)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(117)
Total	¥ 507,491

41. Type and Number of Shares Outstanding

Year Ended March 31, 2011	At the beginning of the fiscal year ^{*1}	Increase during the year	Decrease during the year	At the end of the fiscal year
		(thousands of shares)		
Common stocks	10,000	–	–	10,000
Treasury shares ^{*2}	–	139	–	139

^{*1}: As DL was a mutual company as of March 31, 2010, “At the beginning of the period” was used instead of “At the end of the prior fiscal year” in the above table.

^{*2}: Increase in treasury shares (139 thousand shares) represents the sum of shares of common stock of the Parent Company purchased by (1) the J-ESOP trust and (2) the E-ship trust.

42. Dividends on Common Stocks

(1) Dividends paid during the fiscal year ended March 31, 2011

Date of resolution	June 28, 2010 (at the First Ordinary General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends	¥10,000 million
Dividends per share	¥1,000
Record date ^{*1}	April 16, 2010
Effective date	June 29, 2010
Dividend resource	Retained earnings

^{*1}: The record date was set on April 16, 2010 in accordance with Article 2, Supplementary Provisions of DL's Articles of Incorporation.

(2) Dividends, the record date of which was March 31, 2011, to be paid out in the fiscal year ending March 31, 2012

Date of resolution	June 27, 2011 (at the Ordinary General Meeting of Shareholders to be held)
Type of shares	Common stocks
Total dividends ^{*1}	¥15,776 million
Dividends per share	¥1,600
Record date	March 31, 2011
Effective date	June 28, 2011
Dividend resource	Retained earnings

^{*1}: Total dividends did not include ¥223 million of dividends to the J-ESOP trust and the E-ship trust, as DL recognized the shares held by those trusts as treasury shares.

(3) As DL was a mutual company as of March 31, 2010, in the statement of changes in net assets for the year ended March 31, 2011, “Balance at the beginning of the year” is reported instead of “Balance at the end of the previous year.”

43. Amount of Net Assets

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 of the Insurance Business Act. 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
Subsidy fund for social public enterprise	9	Fund for price fluctuation allowance	55,000
Fund for Public Health Awards	8	Reserve for tax basis adjustments of real estate ..	16,420
Fund for Environmental Green Design Award	14	Retained earnings brought forward	64,157
Reserve for tax basis adjustments of real estate ..	16,420	Shareholders' equity	604,697
Other reserves	100	Net unrealized gains (losses) on securities, net of tax ..	461,158
Unappropriated net surplus for the period	64,157	Deferred hedge gains (losses)	(2,008)
Total of Foundation Funds and surplus	604,697	Reserve for land revaluation	(63,540)
Net unrealized gains (losses) on securities, net of tax ..	461,158	Valuation and translation adjustments	395,609
Deferred hedge gains (losses)	(2,008)		
Reserve for land revaluation	(63,540)		
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

44. Subsequent Events

The board of directors of DL, on December 28, 2010, decided to acquire 100% ownership of Tower Australia Group Limited (“Tower”) and, on the same date, entered into an arrangement to purchase remaining shares of Tower. In the process of the transaction, DL established two subsidiaries and completed the acquisition of the rest of shares of Tower that DL had not owned through the subsidiaries on May 11, 2011. Summary of the transaction is as follows. While DL does not directly own Tower’s shares, taking into account the fact that DL substantially, though indirectly, owns all of the shares issued by Tower, the following description is subject to Tower instead of the two subsidiaries.

(1) Purpose of the acquisition

Making Tower a wholly owned subsidiary, DL aims to (a) strengthen its operating base significantly in Australia, (b) promote geographical diversification of its earnings, etc.

(2) Company profile of Tower

Company name	Tower Australia Group Limited ⁽¹⁾
Engaged business	Insurance and insurance-related business ⁽²⁾
Location of headquarters	Milsons Point, New South Wales, Australia
Tower’s consolidated results of operations for the year ended September 30, 2010	Premium income: AUD 942 million (81,738 million yen) Net income: AUD 87 million (7,587 million yen)
Tower’s consolidated financial position as of September 30, 2010	Total assets: AUD 3,672 million (318,629 million yen) Net assets: AUD 850 million (73,786 million yen) Capital stock: AUD 536 million (46,524 million yen)
Other information	Stock of Tower was delisted from Australian Securities Exchange as of the end of trading hours on April 27, 2011

*1. DL directly owns shares of TAL Dai-ichi Life Australia Pty Ltd which owns Tower’s shares. Also, Tower Australia Group Limited changed its name to TAL Limited on June 1, 2011.

*2. Tower Australia Group Limited is a holding company and its subsidiaries operate life insurance businesses, etc.

(3) Completion date of the transaction

The transaction was completed on May 11, 2011

(4) Acquisition price and percentage of share holdings after completion of the transaction

(a) Acquisition price: DL acquired the rest of the shares of Tower (71.04% of Tower’s shares outstanding) for AUD 1,193 million (103,477 million yen) in total – AUD 4.00 (about 347 yen) per share. Additionally, DL acquired Tower’s stock options held by Tower’s managements for AUD 50 million (4,339 million yen) in total – AUD 4.00 (about 347 yen) per share. These acquisitions were executed through the two newly established subsidiaries. Moreover, DL expects to pay expenses other than the price above, such as fees to outside advisors.

(b) DL’s percentage of share holdings after completion of the transaction

- Share of existing voting rights before the date of business combination: 28.96%
- Share of additional voting rights acquired on the date of business combination: 71.04%
- Share of voting rights after completion of the transaction: 100%

(5) Financing

DL used its own fund.

(6) Other Information

DL acquired Tower by utilizing a friendly acquisition scheme called a “Scheme of Arrangement”, in which the transaction became effective when (a) 75% or more voting rights and the majority of Tower’s shareholders who attended the meeting of shareholders (including proxies) approved the transaction and (b) DL completed the transaction by paying AUD 4.00 per share for Tower’s shareholders with Australian court approval.

(Note) Australian dollars are converted into yen at the rate of JPY 86.77 to AUD.

Report of Independent Auditors



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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 Life Insurance Company, Limited (formerly The Dai-ichi Mutual Life Insurance Company for the fiscal year ended March 31, 2010) and consolidated subsidiaries as of March 31, 2010 and 2011, and the related consolidated statements of earnings, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, 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, Limited (formerly The Dai-ichi Mutual Life Insurance Company for the fiscal year ended March 31, 2010) and consolidated subsidiaries at March 31, 2010 and 2011, 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, 2011 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 27, 2011

A member firm of Ernst & Young Global Limited