The Dai-ichi Life Insurance Company, Limited

2012
Annual Report






Thinking People First

DAI-ICHI LIFE

Katsutoshi Saito, *Chairman of the Board (Left),* and Koichiro Watanabe, *President (Right)*

Thinking People First

People's lifestyles will continue to vary and change, so we provide easy to understand products and services tailored to these many different ways of life. At Dai-ichi Life Group, we will always be *Thinking People First*.

Thinking People: We take action, considering sincerely people and their lives. It means listening to people and working together with them to build human capital that contributes to happiness. It means a global perspective, constantly taking on new challenges for the future. *Thinking People* means sincerely thinking about people, considering their needs, demands, and lifestyles.

Our philosophy has been *Customer First* since 1902. Dai-ichi Life Group will continue to reform and renew itself to meet the challenges of the times, delivering new value and achieving consistent and sustainable growth.

Dai-ichi Life Group Vision

Dai-ichi Life Group has adopted "Thinking People First" as its medium- to long-term Group vision. This vision is shared by around 60,000 people in the Dai-ichi Life Group. Based on this vision, we will always take a sincere approach to stakeholders such as customers, society, shareholders and investors, employees, and others who are involved in the daily activities of our Company, act accordingly, and aim to be the "First in Quality," "First in Productivity," "First in Vital and Energetic Employees," and "First in Growth Potential." Ultimately, our aspiration is to be the number one customer-supported company.

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Financial Highlights

Years ended March 31, 2010, 2011 and 2012
(Non-Consolidated Basis)

	Millions of yen (except percentages and number of personnel)			Millions of US$
	2010	2011	**2012**	**2012(1)**
Total assets	¥30,822,467	¥30,869,661	**¥31,461,940**	**$382,795**
General account	29,551,663	29,733,868	**30,364,280**	**369,440**
Policy reserves and others	27,803,736	28,190,891	**28,529,906**	**347,121**
Policy reserves	27,324,838	27,589,524	**28,011,648**	**340,815**
Total net assets	1,000,307	766,437	**1,028,379**	**12,512**
Ordinary revenues	¥4,331,560	¥4,308,466	**¥4,398,207**	**$53,512**
Premium and other income	2,837,251	3,056,555	**3,056,096**	**37,183**
Investment income	1,153,480	922,686	**974,046**	**11,851**
Ordinary expenses	4,137,940	4,229,564	**4,154,442**	**50,546**
Benefits and claims	2,610,535	2,625,013	**2,508,726**	**30,523**
Investment expenses	330,067	429,594	**363,380**	**4,421**
Operating expenses	438,729	424,686	**415,611**	**5,056**
Ordinary profit	193,620	78,902	**243,765**	**2,965**
Net surplus for the year	60,807	–	**–**	**–**
Net income for the year	–	16,936	**17,624**	**214**
Fundamental profit	¥330,152	¥275,921	**¥302,425**	**$3,679**
Solvency margin ratio(4)	953.5%	983.9% (547.7%)	**575.9%**	**–**
Administrative personnel	13,570	13,381	**12,904**	
Sales representatives	44,233	43,527	**43,948**	

Notes:
1. U.S. dollar figures have been converted at the rate of ¥82.19 to $1.00, the rate of exchange at March 31, 2012.
2. Yen amounts of less than ¥1 million/billion have been truncated.
3. U.S. dollar amounts of less than $1 million/billion have been truncated.
4. The figure as of March 31, 2012 is calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No.50, Ministry of Finance, 1996. Under Cabinet Office Ordinance No.23, 2010 and Notification of the Financial Services Agency No. 48, 2010, the standards for the calculation of solvency margin ratio are revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The figure in the parentheses as of March 31, 2011 is calculated by applying the standards as of March 31, 2012 to the financial results as of March 31, 2011.

BASIS OF PRESENTATION

Unless otherwise noted, financial figures in this annual report are reported on a non-consolidated basis.

FORWARD-LOOKING STATEMENTS

This annual report was prepared by the Dai-ichi Life Insurance Company, Limited (hereinafter, “Dai-ichi,” “DL,” the “Company,” or the “Parent company”) solely for the purpose of disclosure of relevant information, and does not constitute a solicitation or an offer to buy or sell any securities in or outside of Japan. Though Dai-ichi has relied upon and assumed the accuracy and completeness of all information available to it in preparing this presentation, Dai-ichi makes no representations as to its actual accuracy or completeness.

Statements contained herein that relate to future operating performance are forward-looking statements. Forward-looking statements may include – but are not limited to – words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “forecast,” “predict,” “possibility” and similar words that describe future operating activities, business performance, events or conditions.

Forward-looking statements are based on judgments made by Dai-ichi’s management based on information that is currently available to it. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, you are cautioned not to place undue reliance on forward-looking statements. Dai-ichi disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.

Review of Operations

Ordinary Revenues

With respect to ordinary revenues for fiscal 2011, premium and other income were nearly flat from the previous fiscal year, at ¥3,056.0 billion. Although premiums for individual insurance increased due to higher premiums for single premium whole life insurance, premiums for group annuity insurance declined. Investment income increased by 5.6% year on year, to ¥974.0 billion, thanks to increases in gains on the sale of securities and gains on investments in separate accounts. Other ordinary revenues rose by 11.8%, to ¥368.0 billion. As a result, ordinary revenues increased by 2.1% from the previous fiscal year, to ¥4,398.2 billion.

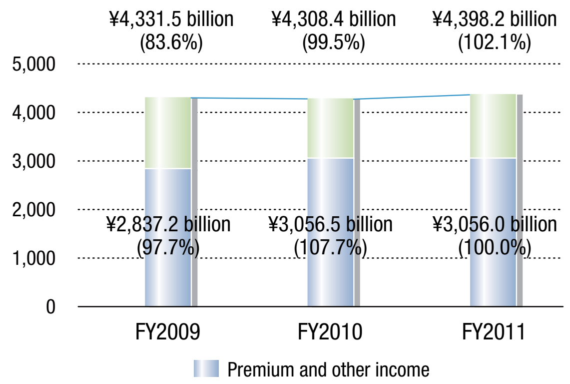
Ordinary Profit

Regarding ordinary expenses, benefits and claims declined by 4.4% from the previous fiscal year, to ¥2,508.7 billion, while provision for policy reserves and others increased by 33.8%, to ¥431.6 billion. Investment expenses decreased by 15.4% year on year, to ¥363.3 billion, and operating expenses were down by 2.1%, to ¥415.6 billion. As a result, ordinary expenses declined by 1.8% year on year, to ¥4,154.4 billion, and ordinary profit increased by 208.9% from the previous fiscal year, to ¥243.7 billion.

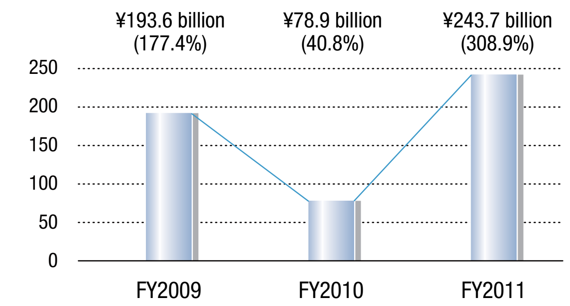
Net Income

Net income after adding and subtracting extraordinary gains, extraordinary losses, provision for reserve for policyholder dividends, and the total of corporate income taxes to and from ordinary profit increased by 4.1% from the previous fiscal year, to ¥17.6 billion.

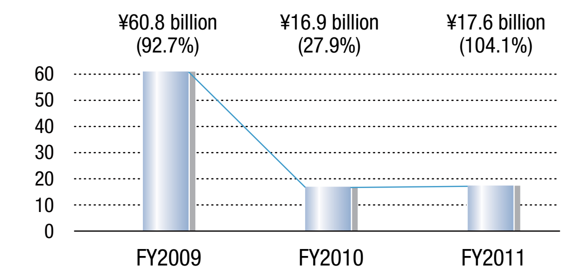
Ordinary Revenues (Figures in parentheses show the year-on-year comparison.)



Ordinary Profit (Figures in parentheses show the year-on-year comparison.)



Net Income (Figures in parentheses show the year-on-year comparison.)



(Note) Until March 31, 2010, Dai-ichi was a mutual company, and therefore net surplus is stated for FY2009.

* See page 58 for more details on consolidated statements of earnings.

Message from the President

Koichiro Watanabe
President and Representative Director

Introduction

I am pleased to announce that the Dai-ichi Life Insurance Company, Limited (hereinafter "Dai-ichi" or the "Company") will celebrate the 110th anniversary of its founding this year. I would like to express my sincere gratitude to our many customers and all stakeholders for their long-standing patronage and support.

In the course of our long history, last year we suffered a particularly large number of natural disasters, including the Great East Japan Earthquake and typhoons. Please let me take this opportunity to extend my heartfelt condolences to all those affected. I offer my sincere wishes for their good health and hope that their lives will return to normal in the very near future.

Looking Back on Fiscal 2011

In fiscal 2011, the Company responded to the harsh business environment, including the effects of the Great East Japan Earthquake and the deteriorating financial market conditions stemming from the debt crisis in Europe, by mobilizing our forces. Specifically, the Company focused on providing customers affected by the Great East Japan Earthquake with complete information about procedures for filing claims and benefits and ensuring full payouts on these based on our function as a life insurance company, and promoted efforts toward the sustainable growth of the Dai-ichi Life Group Companies (hereinafter the "Group" or "Dai-ichi Life Group"). These efforts are all based on our current medium-term management plan, "Success 110 Achieve a Recovery and Growth by Utilizing All Available Resources."

As a result, the embedded value (EV) of the Dai-ichi Life Group increased by 221.2 billion yen, or approximately 9%, from the end of fiscal 2010, to 2,661.5 billion yen at the end of fiscal 2011, attributable to our management efforts to increase the value of new business and reduce operating expenses, despite the effect of external factors such as lowered interest rates.

Toward the Completion of the Medium-Term Management Plan—Realizing a Recovery and Promoting the Concept of "Passing On Peace Of Mind"

To realize a recovery from the earthquake, the management and employees of the Dai-ichi Life Group were united in rapidly singling out the policies of customers affected by the Great East Japan Earthquake for special handling and ensuring that those customers received their benefits and claims promptly and reliably, while also being receptive to their feelings.

We learned a great deal from these activities, and came to reaffirm the "fundamental principle of life insurance—passing on peace of mind." The primary purpose of life insurance is to give people a sense of security. We also rediscovered that the most important thing, which reinforces the ties between a life insurance company and its customers, is trust. Believing that everyone in the life insurance business should share this philosophy, that the way to give strong sense of security is to be trusted by as many customers as possible, we plan to pass on peace of mind to our customers.

Toward the Completion of the Medium-Term Management Plan—Realizing Growth

With respect to realizing growth, Dai-ichi has been promoting its efforts in the domestic market based on its “New Total Life Plan.” The New Total Life Plan is an initiative where we strive to become a lifelong partner with our customers by providing products that meet the needs of all age groups as well as a broad range of services, utilizing all available Company channels and making targeted proposals to customers in all phases of the policy cycle. We will continue to meet the many different needs of our customers based on this concept.

In its approach to the market for savings-type products, which are expected to grow in Japan, the Dai-ichi Frontier Life Insurance Co., Ltd., a subsidiary of Dai-ichi, achieved a significant increase in sales volume by focusing on sales of fixed annuity insurance. We will continue to steadily improve profitability by building up the balance of our assets under management through sales of our two pillars—variable annuity insurance and fixed annuity insurance, taking future risks into account.

Meanwhile, in overseas life insurance markets, we have made TAL Limited in Australia our wholly owned subsidiary and have received approval to establish a joint life insurance company in China. The business performance in each country of the Group’s insurance companies has remained firm, as premium income has exceeded last year’s level. As described, we have been expanding our overseas business areas into Australia and China as well as Vietnam, Thailand, and India, by creating lines connecting to points and surfaces connecting to lines, while taking advantage of the experience the Company has gained over the past 110 years by playing a part in Japan’s social security system. We will continue to work on developing new markets, including an early startup of the Chinese business, by enhancing our efforts for growth in each country.

In fiscal 2011, regarding our capital strategy, we maintained sufficient financial strength, with our solvency margin ratio increasing compared to the end of fiscal 2010 as a result of reducing risk assets and increasing unrealized gains on securities due to falling interest rates, although we used some internal reserves from a one-time decrease in deferred tax assets after the reassessment in connection with the reduction of corporate taxes.

In addition to our efforts to increase our financial strength, we will establish an Enterprise Risk Management (ERM) system, a scheme for each business segment to pursue returns in accordance with the attributes and risks of their business. More specifically, we will maintain and improve periodic income in the insurance business, etc., control risks by reducing the balance of risk assets, and allocate capital to growth areas in a disciplined manner. Through these activities, we will seek to build the optimum business portfolio by growing the insurance business in Japan and overseas and promoting the stable growth of EV, while moderating its fluctuations.

Commemorating the 110th Anniversary of Our Founding

Using the 110th anniversary of our founding as a stepping-stone, the Company is determined to mobilize all available resources, including the 60,000 employees of the Dai-ichi Life Group, to achieve our group vision of “Thinking People First” by leaping forward to the next growth stage, while maintaining our earthquake recovery efforts.

Since we plan to do our best to support our customers as a lifelong partner in order to promote the concept of “Passing On Peace Of Mind,” we hope we can continue to count on the support and patronage of our stakeholders.

Response to the Great East Japan Earthquake

We would like to extend our heartfelt condolences to the victims of the Great East Japan Earthquake.

Since the occurrence of the Great East Japan Earthquake, we have been working on confirming the safety of affected customers and trying to contact them to check on their situation. To fulfill the most important purpose of existence and the social mission of the life insurance business—to help our customers—our management and employees are making a concerted effort to implement various procedures for the special handling and secure payment of claims and benefits.

Services to Customers

Strengthening services to customers in afflicted areas

We have extended the reception hours at our head office call center and have established a dedicated dial-up (toll free) disaster service to reliably provide information about various special procedures and enable the Company to comprehensively respond to customer inquiries. We also opened temporary offices in five locations for a total of 11 days in areas that had sustained serious damage, to promptly engage in follow-up procedures and respond to customer requests and consultations.

Activities to confirm the safety of customers, to facilitate customer contacts and follow-up procedures

Since right after the earthquake, the sales representatives, agents, and branch staff of Dai-ichi have been working to confirm the safety of our customers, and sent approximately 580,000 cards to customers in afflicted areas, indicating the dedicated dial-up (toll free) disaster service information and special procedures regarding policies.

Individual visits by head office and branch staff to confirm the safety of customers

We also took steps to confirm customers' safety, and to facilitate customer contacts and follow-up procedures, drawing on all of Dai-ichi's resources: our call center contacted customers in hard-hit areas to let them know about the dedicated dial-up disaster service; head office staff searched safety confirmation websites; and teams of approximately 200 head office and branch staff regularly visited customer homes and evacuation centers in afflicted areas.

As of the end of March 2012, safety confirmation was completed for 99.99% of customers on approximately 860,000 policies in areas where the Disaster Relief Act applies, and information about various procedures, such as filing claims and benefits, was sent to customers who had insurance claims.

We will continue our efforts to reach out to customers whose safety has yet to be confirmed.

Verifying customers' intentions once the grace period for their premiums expires

For customers who have extended the grace period for their premiums (see the next page for more details), we have been verifying their intention to resume paying their premiums and/or to maintain their protection. The various steps we take to confirm customer status include sending sales representatives, mailing notices, verifying by phone from call centers, and dispatching head office and branch staff to visit customers directly. As a result, many customers have decided to maintain their protection, and we can continue to provide customers with a sense of security through our life insurance.

Providing assistance through monetary donations and volunteer activities

The Dai-ichi Life Group as a whole has been working to help afflicted areas recover and rebuild, including sending donations to support these areas and participating in various volunteer activities to help restore the lives of residents.

Services to customers at a temporary counter in Kesennuma

Volunteer activity to support the aquaculture industry in the Karakuwa area of Kesennuma

Various Special Measures Related to the Great East Japan Earthquake

Payment of the full amount of claims and benefits related to accidental riders

Although our accidental riders stipulate that there may be cases when accidental death benefits or disaster hospital expense benefits may be reduced or may not be paid due to an earthquake, etc., we paid the full amount of accidental death benefits, etc. this time without applying this exemption clause.

As of the end of March 2012, we paid 14.2 billion yen in claims and benefits pertaining to the Great East Japan Earthquake (of which we paid 12.3 billion yen in claims for approximately 1,300 individual customer policies).

Extension of the grace period of premiums

For policies in areas where the Disaster Relief Act applies, we automatically extended the grace period for paying premiums (by nine months) to the end of December 2011 to effectively continue customers' coverage even if they didn't apply for an extension.

As a result of this process, we extended the grace period for premiums for approximately 28,000 policies.

Regarding the payment of premiums during this grace period, we will accept full payment methods up until the last day of the grace period, and will accept a postponement of payment until October 31, 2012, under certain conditions, depending on the customer's circumstances.

Simplified procedures for the prompt payment of claims, benefits, and policyholder loans

We adopted simplified procedures, such as shortening certain necessary documents in order to promptly process payments, based on customer applications.

Also, when a policyholder performs procedures in person over the counter at a branch, we will generally make payments of up to 500,000 yen at the branch, despite our usual rule of making payments by bank transfer.

Applying special interest rates for policyholder loans (reducing or exempting interest)

We have applied special interest rates (reduced or exempted interest) to policyholder loans for affected policyholders in areas where the Disaster Relief Act applies.

Special handling of business loans

For companies affected by the earthquake in areas where the Disaster Relief Act applies that received a Dai-ichi business loan, we discussed the possibility of extending interest and principal payments based on their applications, taking individual circumstances into account.

Special handling of hospital care

For customers affected by the earthquake in areas where the Disaster Relief Act applies who require hospital treatment, we apply special handling to the payment of hospital expense benefits, assuming that they may not be admitted to a hospital or clinic.

Passing On Peace Of Mind

We have reaffirmed the following due to the Great East Japan Earthquake:

Passing On Peace Of Mind

The fundamental principle of life insurance, which the Company has reaffirmed after the Great East Japan Earthquake, is the concept of "Passing On Peace Of Mind."
Our responsibility is to form and strengthen the concept of "Passing On Peace Of Mind" for our customers and their loved ones.
We have taken the social responsibility we bear deep into our hearts once again.
The Company will continue to pursue the concept of "Passing On Peace Of Mind" for years to come.

Passing On Peace Of Mind

Today is just one of many,
And we live thinking of what lies ahead.

We want a sense of security,
Peace of mind in what tomorrow holds.

Insurance is peace of mind
for anyone at any age.

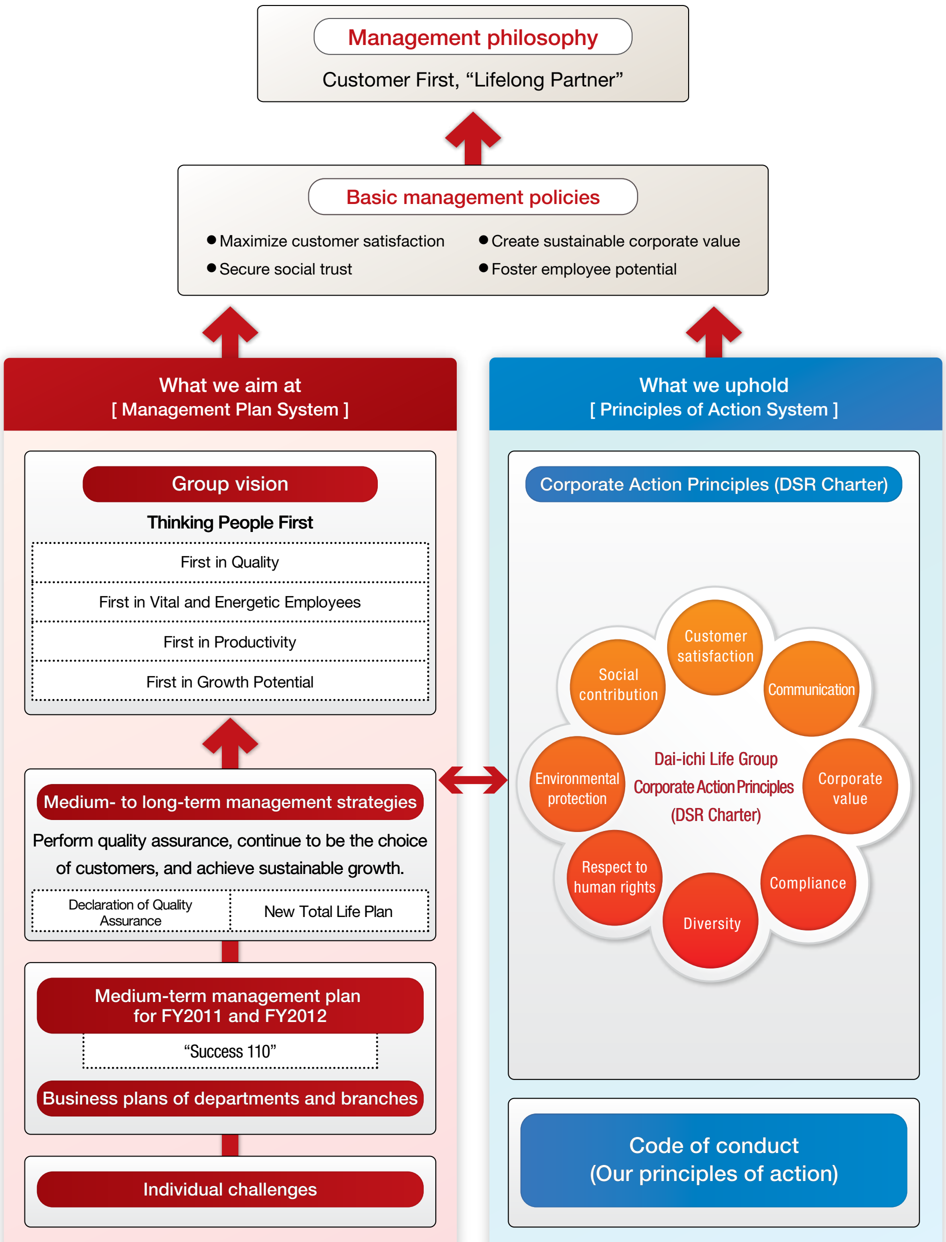
Insurance gives us confidence
to face what lies ahead.

Insurance is for anyone
seeking peace of mind.




DSR Management Setup

This year, the Company will celebrate the 110th anniversary since its founding in 1902. We have been consistently endeavoring to embody our "Customer First" principle throughout our history. We will continue to position this management philosophy as our permanent raison d'etre and we will seek to be a lifelong partner of our customers. Our basic management policies are the pillars of the management approach we take to realize our philosophy.



What Is DSR (Dai-ichi's Social Responsibility)?

DSR stands for Dai-ichi's Social Responsibility (the social responsibility of the Dai-ichi Life Group). It is part of our management framework to fulfill our social responsibility to each stakeholder and increase the corporate value of the Dai-ichi Life Group by continually improving the quality of our management across the Group through the PDCA cycle.

Declaration of Quality Assurance

The Company has made a Declaration of Quality Assurance in its resolution to pursue policies that value customers most.

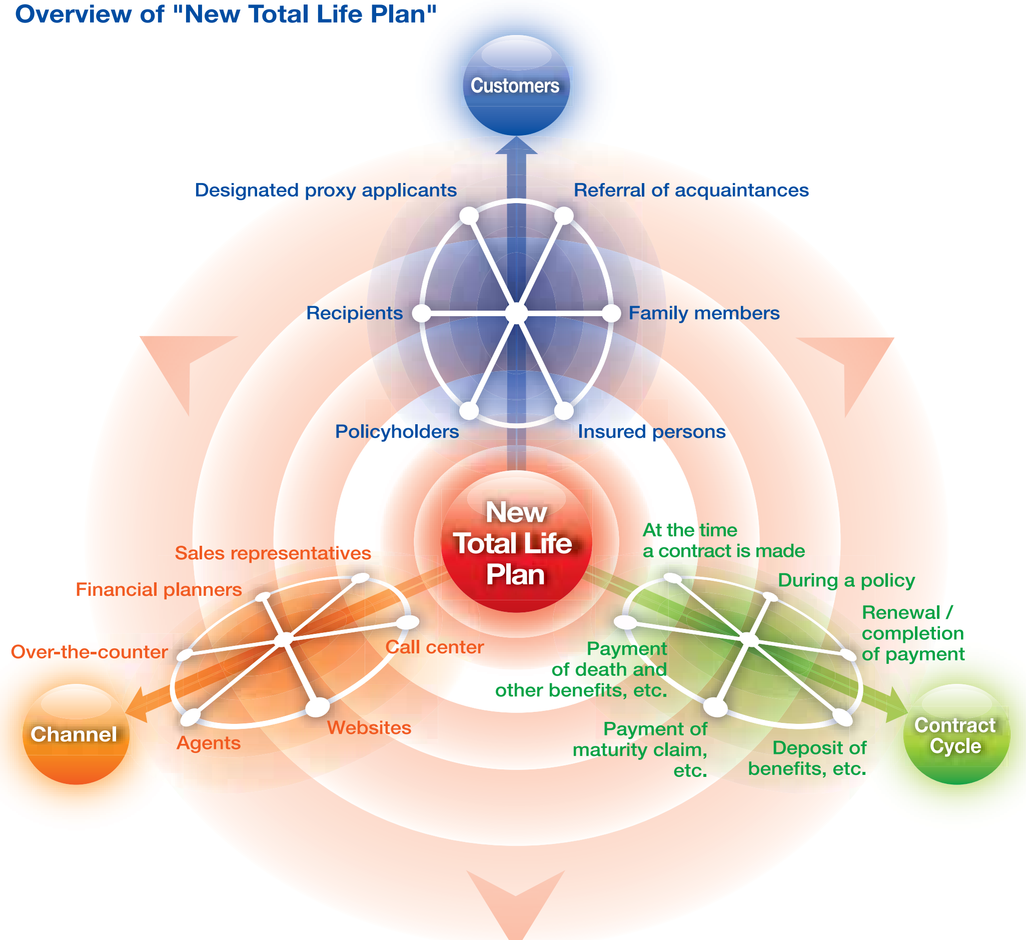
We believe that quality means providing a high level of satisfaction to customers in our products and services at each stage of insurance, including the point when an insurance policy is concluded, throughout the policy term, and the point when claims are paid. We will continue to take steps to improve and strengthen our systems by taking into account the opinions of customers. Our aim is to improve our quality to the point at which we have the highest reputation with customers.

New Total Life Plan

> "New Total Life Plan" —
> For all customers,
> Everyone of us
> Will be their lifelong partner
> At all points of contact

Based on this concept, Dai-ichi will deliver high-quality products, proposals, and services to all its customers, including policyholders. Dai-ichi will leverage the comprehensive strength of the Group by mobilizing Total Life Plan Designers (sales representatives) and strengthening customer contact points in all settings for all contract cycles, such as before and while a policy is being drawn up, during the policy, and when the payment is made.

Overview of "New Total Life Plan"



Promotion of New Total Life Plan Strategies

To continue to be a company that attracts customers, we are working on our New Total Life Plan, an expanded and evolved version of the Total Life Plan concept we had promoted in the past. As a result of promoting our customer-focused activities, overall customer satisfaction reached a record high of 86.0% according to the Nationwide Customer Survey conducted in fiscal 2011.

Promotion of Integrated Marketing Strategies

To act on our Declaration of Quality Assurance, we are working on a sales promotion plan where we evaluate customer-oriented activities of Total Life Plan Designers (sales representatives). Through this sales promotion plan, we aim to further improve our operational performance by pursuing quality assurance with a focus on our priority issues such as training sales representatives, maintaining our existing policies, and promoting compliance.

The Great East Japan Earthquake has once again proven the importance of communicating the value of life insurance as well as the importance of tailoring our services to the needs of each customer at all points of contact. We have also rediscovered that in order to ensure that customers receive claims and benefits, which is the primary role of life insurance, it is important to communicate with their family members, including recipients, and to know their contact information.

We are also working to strengthen customer contact points by promoting our strategies for the New Total Life Plan—integrated marketing strategies—in order to provide customers with a life plan that corresponds to their lifestyle and way of life by trying to understand them at all stages of their lives. We will grow our markets in Japan by delivering better quality products, proposals, and services to customers by strengthening their points of contact with sales representatives and mobilizing all contact resources (over-the-counter, call centers, administration centers, the Internet, mailed notices, etc.).

In August 2012, we upgraded eNavit, the portable PC for Total Life Plan Designers, and introduced DL Pad, a mobile tablet computer. We will strengthen our consulting capabilities through multidirectional communication, utilizing easy-to-understand and approachable functions, and thereby strive to enhance customer satisfaction.

■ The Total Life Plan Report : Informing Policyholders of the Contents of Their Policies

The Total Life Plan Report informs policyholders each year of the contents of their policies and the performance of the Company.

The reports include not only the contents of life insurance policies of the Company but also the contents of nonlife insurance policies of Sompo Japan and the cancer insurance policies of AFLAC, which the Company has handled as an insurance agency, so that policyholders can confirm all their policies. Moreover, to ensure that policyholders can claim insurance benefits, the report also includes an eligibility list for the payment of claims on each main insurance policy and rider and a 10-year payment history for claims and benefits related to hospitalization and operation by policy, so that policyholders can access more detailed information about their claims.

Starting with the fiscal 2011 edition, policyholders became able to check procedures relating to filing claims and benefits using the periodical insurance information check sheet and the customer service information registration form at the end of the report. We are also working to develop an environment to ensure that customers receive claims and benefits by registering family information and contact information for family members who are the recipients of these claims and benefits.

We are also trying to improve readability and comprehension of our reports such as paying attention to the use of colors, characters, and design by employing universal type fonts and acquiring color universal design (CUD) certification, to accurately communicate information to as many policyholders as possible.

Nationwide Customer Survey

Nationwide Customer Survey in FY2011 (Note)
Overall satisfaction
86.0%

(Note)

[Purpose]	To clarify the reasons for customer satisfaction and dissatisfaction and to identify the steps required to improve customer satisfaction, through feedback from customers.
[Survey period]	September 1 to October 7, 2011
[Research agency]	Research and Development, Inc.

Each year, we calculate customer satisfaction as an indicator to measure the degree to which we are attaining our goal of "Maximize Customer Satisfaction," as set forth in our basic management policy. We use the opinions from customers we receive from the survey to improve customer satisfaction.

Overall customer satisfaction improved year on year for the 10th consecutive year, and reached a record high of 86.0% in the Nationwide Customer Survey conducted in fiscal 2011.

We are taking steps to further improve the "information provision and service areas," in which customer satisfaction is relatively low, particularly in recent years.

Payment of Insurance Claims, Benefits, and Annuities

Payments in FY2011 (Note)
¥1,762.3 billion

The total amount of insurance claims, benefits, and annuities paid in FY2011 stood at 1,762.3 billion yen. As a lifelong partner of our customers, we will continue to support their total life plans through the payment of insurance claims, benefits, and annuities.

(Note) The payments above do not include the payment of cash surrender values, etc.

Medium-term management plan "Success 110" for FY2011 and FY2012

We are working on our medium-term management plan for fiscal 2011 and fiscal 2012, "Success 110 Achieve a Recovery and Growth by Utilizing All Available Resources." We see fiscal 2012, when we will celebrate the 110th anniversary of our founding, as the year to make a leap forward to the next growth stage, while maintaining our recovery efforts.

Aims of the year to make a leap forward to the next growth stage

- Since fiscal 2012 is the final year of the current medium-term management plan and an historic year when we will celebrate the 110th anniversary of our founding, we plan to begin a new stage at a higher level.
- We will strive to accumulate specific achievements for sustainable growth—such as increasing medium- and long-term growth in Japanese and overseas markets, further improving efficiency, and developing corporate value management—by advancing our efforts along with each of our basic strategies, while continuing to work toward earthquake recovery.

Fulfillment of Security Function, Recovery and Renewal

We will continue to process filed claims and make the necessary claim and benefit payments, etc. quickly and accurately to all customers, in consideration of their point of view. We will also share and promote the concept of "Passing On Peace Of Mind," which is our mission and the purpose of life insurance, on an ongoing basis, with all directors, officers and employees of the Dai-ichi Life Group reaffirming it.

Acceleration of Business Development for Growth

In Japan, we will continue to launch products in the Third Sector (medical and survival) and individual saving markets, based on the strategies of the "New Total Life Plan." The Company will seek to enhance its consulting capabilities further by introducing DL Pad, a mobile tablet computer, and improve the sales performance of its sales representatives by adjusting their grade and compensation system to make it more closely linked to the Company's profitability. The Dai-ichi Frontier Life will strive to increase its assets under management by launching competitive individual savings-type products in a timely manner.

For overseas businesses, while utilizing the know-how accumulated over the Group's long history, we will implement growth strategies and enhance the management system in the areas the Group has already entered, including TAL in Australia. We will also make further efforts to expand into new markets, including the early start-up of the Chinese business. In addition, we are looking to enter overseas asset management businesses which are expected to grow in the future. As a first step, this year we had entered into a strategic business and capital alliance with Janus Capital Group Inc., a US based asset manager, in the United States, the largest asset management market in the world.

In order to promote those growth strategies, we will continue to work on our "Five Changes" Project and reduce fixed costs further.

Enforcement of the Financial Base and Implementation of a Disciplined Capital Strategy to Support Growth Strategies

While carefully monitoring developments in accounting principles and capital regulations, to accelerate future growth we will strive to further enhance our capital level by accumulating retained earnings from periodic income and promoting risk control. We will pursue additional initiatives for "Enterprise Risk Management (ERM)" (Note), including taking into account the risk profiles of each business line, and making disciplined capital allocations to growth areas to improve the Group's profitability. Through this, we want to achieve stable growth in corporate value indicators such as Embedded Value.

(Note) See page 18 for details.

Establishment of Internal System for Next Level Group Management

The Company has established a "Group Management Headquarters" (Note) as the best framework at the present time to accelerate the future growth of the Group and strengthen Group management.

(Note) See page 18 for details.

Promotion of Dai-ichi's Social Responsibility (DSR) to Improve Corporate Value

All directors, officers and employees of the Dai-ichi Life Group will fulfill their social responsibilities to each stakeholder and strive to increase corporate value, consistently working to improve management quality by autonomously working through the self-directed PDCA (Plan-Do-Check-Action) cycle at each organization.

Acceleration of Business Development for Growth

With changes in the social environment, the life insurance market is evolving. To respond to the changes and achieve sustainable growth, we position the individual savings product business and overseas life insurance business as growth businesses.

Initiative in Savings-type Product Market

The life insurance market in Japan is being shaped by significant environmental and structural changes, such as demographic shifts associated with the declining birth rate and the aging society. Most baby boomers have retired from supporting their companies and families, and have started their second lives. Consequently, demand in the individual savings market to maintain a robust retirement and to enjoy long lives has been growing.

To bolster our operations in the savings-type product market, including the individual annuity insurance business, which we position as a growth field, our subsidiary The Dai-ichi Frontier Life Insurance Co., Ltd. commenced operations in October 2007. The subsidiary provides products tailored to customer needs for banks, securities firms, and other financial institutions and is enjoying steady sales growth. Its sum insured of policies in force at the end of March 2012 was 1,756.2 billion yen.

Basic Management Policy of Dai-ichi Frontier Life

As a group company of Dai-ichi, whose management philosophy has been “Customer First (Lifelong Partner)” since its foundation, Dai-ichi Frontier Life follows the concepts included in the basic management policies of Dai-ichi, positioning the following policies as the foundation of its management:

- To become a company with the very strong trust and support of its customers, business partners, and many other stakeholders, Dai-ichi Frontier Life will fully develop internal control systems, including a compliance system, and aim for sound and sustainable development.
- Dai-ichi Frontier Life is always striving to be ahead of changes in the business environment and the evolution of customers’ needs and will continue to provide the most appropriate products and services that will satisfy customers.
- Dai-ichi Frontier Life will comprehensively pursue prompt, secure, and low-cost business operations and will seek to improve business efficiency.
- Employees will continue to perform challenging tasks to realize both their own dreams and the aspirations of Dai-ichi Frontier Life.

Initiatives for Overseas Businesses

We are working to accelerate the operation of overseas businesses for growth.

Through our overseas subsidiaries and affiliates, we contribute to the promotion of life insurance and the development of the life insurance market, and seek to expand our businesses from a medium- and long-term perspective according to the economic development of each country. We are also contributing more to Group business by offering the life insurance expertise we have accumulated over the past 100 years and pursuing added value based on greater cooperation among our overseas subsidiaries and affiliates. In November 2011, we announced that we had received approval to establish a joint venture in China. We will strive to strengthen our businesses that have already advanced into overseas markets, and aim to expand new businesses.

India

Star Union Dai-ichi Life Insurance Company Limited, a joint life insurance company established in conjunction with two local state-owned banks, commenced operations in February 2009. This was the first time a Japanese life insurance company had entered the life insurance business in India.

Focusing on selling insurance through its joint partners, the two local state-owned banks, Star Union Dai-ichi Life Insurance has been making solid progress in the three years since its founding, and was ranked 11th out of 23 private life insurance companies in a ranking of premium income from new policies (as of the end of fiscal 2011).

Thailand

In July 2008, Dai-ichi agreed to take an equity stake in Ocean Life Insurance Co., Ltd. and form a strategic business alliance. Ocean Life Insurance subsequently became Dai-ichi's affiliate in the same year.

Since then, we have been cooperating with Ocean Life Insurance on an ongoing basis, such as improving the sales capabilities of individual agents, to increase the corporate value of Ocean Life Insurance. Insurance premium income increased at a faster pace than the industry average in fiscal 2011.

Ocean Life Insurance changed its name to OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED in July 2012.

Vietnam

In January 2007, Dai-ichi acquired Bao Minh CMG, which commenced operations as Dai-ichi Life Insurance Company of Vietnam, Limited. This was the first instance of a Japanese life insurer operating in Vietnam.

With the life insurance market in Vietnam growing rapidly, the premium income of Dai-ichi Life Insurance Company of Vietnam increased faster than the market since the acquisition, reaching 3.2 times its pre-acquisition level in FY2006. The company's market share has also expanded from 4.4% in FY2006 to 7.3% in FY2011. Dai-ichi Life Insurance Company of Vietnam also enjoys a superior reputation in Vietnam. In 2012, for the fourth consecutive year, it received the Golden Dragon Award, which is given to foreign-affiliated companies that have contributed to Vietnam's economic development.

China

We concluded a basic agreement with China Huadian Corporation, a state-owned enterprise and one of the five largest electric power companies in China, on the establishment of a joint life insurance company, and announced in November 2011 that we had acquired a permit to prepare to commence a new company from the China Insurance Regulatory Commission.

We will accelerate our preparations to establish this joint venture and start operating a life insurance business in the huge Chinese market, integrating our expertise in the life insurance business with the strong corporate brand power and diversified management resources of China Huadian Corporation.

Ceremony commemorating the launch of new products (India)

Ceremony to mark the acquisition of a 100% ownership stake in TAL (Australia)

Support activities for flood victims (Thailand)

Ceremony for the Golden Dragon Award (Vietnam)

Australia

In May 2011, TOWER Australia Group Limited, an affiliate of Dai-ichi, became a wholly owned subsidiary of Dai-ichi through a friendly acquisition scheme, and changed its corporate name to TAL Limited in June 2011.

TAL Limited employs strategies specializing in protection-type products, and increased its premium income by 21.5% year on year in FY2011, expanding its share of the protection-type insurance market in Australia, which has high growth potential. The management of TAL Limited is highly regarded in Australia. In February 2012, for the second consecutive year, the company received the award for the “Life Insurance Company of the Year Award,” which is given to insurance companies that exhibit all-around excellence in terms of financial strength, products, and services.

We plan to support the growth of TAL Limited more than ever by strengthening our cooperation through the exchange of human resources.

Business Alliances

We are strengthening the competitiveness of our businesses by forming strong partnerships with our business alliance partners and establishing a framework to offer non-life insurance, cancer insurance, and other financial products and services that contribute to the New Total Life Plan.

Mizuho Financial Group

In our full-scale business alliance with The Industrial Bank of Japan (currently Mizuho Financial Group, Inc. [hereinafter "Mizuho Financial Group"]), which we announced in October 1998, we have steadily achieved results, primarily in the financial sector. These include the establishment of IBJ-DL Financial Technology Co., Ltd. (currently Mizuho-DL Financial Technology Co., Ltd.), a joint venture engaging in the research and development of advanced financial technologies, in April 1999, and the establishment of DLIBJ Asset Management Co., Ltd. (currently DIAM Co., Ltd.), a merger of three investment trust and investment advisory companies, in October 1999. This full-scale business alliance has been preserved under the consolidation and reorganization system of Mizuho Financial Group.

■ Efforts to Sell Insurance Products through Bancassurance

In our bancassurance business, the individual annuity insurance products of The Dai-ichi Frontier Life are sold by companies under Mizuho Financial Group. We also exchange human resources by sending Dai-ichi staff with consulting expertise in life insurance to Mizuho Financial Group.

As described, we have been entering into business alliances in a wide range of areas. We will continue to strengthen our relationship with Mizuho Financial Group to better meet the needs of our individual and corporate customers.

Resona Holdings

In our business alliance with Resona Holdings, Inc. (hereinafter "Resona Holdings") which we announced in July 2007, we plan to strengthen the business competitiveness of both companies by offering better products and services in the insurance field to meet the increasingly sophisticated and diversified needs of our customers.

■ Efforts to Sell Insurance Products through Bancassurance

In our bancassurance business, the individual annuity insurance products of The Dai-ichi Frontier Life are sold by banks under Resona Holdings. We also exchange human resources by sending Dai-ichi staff with consulting expertise in life insurance to Resona Holdings.

We will continue to offer products tailored to customer needs in cooperation with Resona Holdings.

Sompo Japan Insurance

In our full-scale business alliance with Yasuda Fire and Marine Insurance Co., Ltd. (currently Sompo Japan Insurance Inc. [hereinafter "Sompo Japan"]), which we announced in August 2000, we seek to form the "strongest and most comprehensive life and non-life insurance group" with them as an equal partner, while maintaining the uniqueness of both companies.

■ Mutual Product Offering

In the non-life insurance area, our Total Life Plan Designers (sales representatives) sell an auto insurance product called ONE-Step as well as other Sompo Japan products. We aim to improve customer satisfaction, taking advantage of Sompo Japan's strong brand and products and its dependable accident response system.

In the life insurance area, Sompo Japan agents sell Dai-ichi products (in the First Sector, death protection insurance) to complement and strengthen the product lineup of the Sompo Japan Group.

■ Strengthening Alliances

To further strengthen our alliance, we took a stake in Sompo Japan DIY Life Insurance Co., Ltd. in September 2008, and Sompo Japan invested in The Dai-ichi Frontier Life Insurance.

AFLAC

In our business alliance with AFLAC (American Family Life Assurance Company), which we announced in September 2000, we seek to form the "strongest partnership in the First and Third Sectors (death protection insurance and medical insurance)" as an equal partner, leveraging the strengths of both companies while maintaining their unique attributes.

■ Sales of Cancer Insurance

In the area of cancer insurance, we sell AFLAC's "Ikirutameno Gan Hoken [cancer insurance for life] Days" as "Ikirutameno Gan Hoken Days, Dai-ichi Life Full-Support Plan," a life insurance product customized for the New Total Life Plan proposed by Dai-ichi. With this product we plan to offer comprehensive support for a wide range of areas, from economic support to mental health care, in an effort to minimize customers' concerns regarding their cancer treatments.

Dai-ichi's Capital Strategies and Promotion of ERM

The Company is striving to strengthen its financial base and implement a disciplined capital strategy to support its growth strategies.

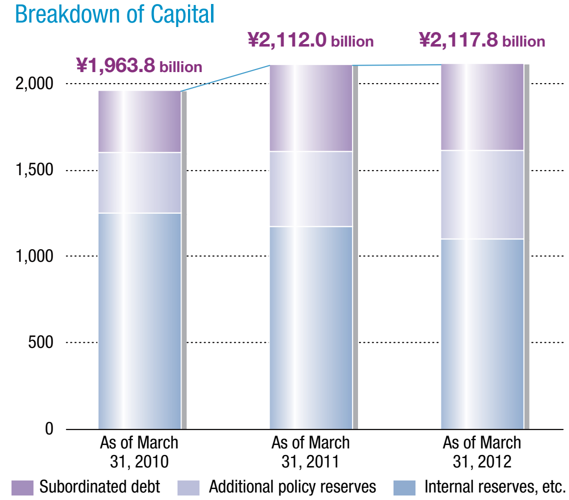
Dai-ichi's Capital Strategies

Dai-ichi understands that building a strong capital base is important if it is to retain the trust of its customers. To this end, Dai-ichi has sought to enhance capital by securing periodic income and building up shareholders' equity and internal reserves, such as a contingency reserve and a reserve for price fluctuations. Dai-ichi has also been accumulating additional policy reserves since fiscal 2007 and improving its future negative spread to enhance its financial stability.

In addition to these efforts, the Company has supplemented its core capital through the subordinated debt that is allowed to be incorporated into an insurance company's capital. In October 2010, the Company revised the terms of its contracts to replace its past dated subordinated borrowings with perpetual subordinated borrowings that have stronger capital attributes. In March 2011, the Company also issued US dollar–denominated perpetual subordinated bonds to further bolster its capital base.

Based on regulatory trends, Dai-ichi will continue to maintain a capital base adequate to deal with risks.

Breakdown of Capital



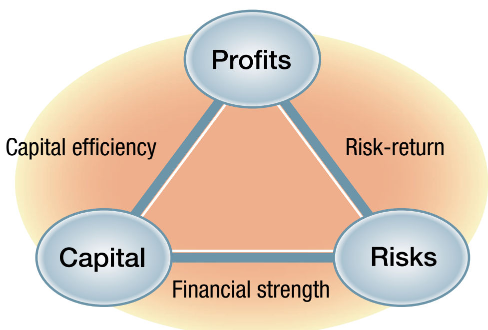
Promotion of ERM

The Company promotes ERM (Enterprise Risk Management) across the Group.

What is ERM?

ERM is a risk management approach to promote business activities by formulating a management plan and a capital strategy in accordance with a company's capital conditions, risks, and profits. In other words, it aims to achieve strategic targets by properly controlling capital, risks, and profits, taking into consideration the source, types, and characteristics of risks.

Relationship Between Capital, Risks, and Profits



Increasing Corporate Value by Promoting ERM

The Company plans to further promote its ERM efforts, including measures such as strengthening its risk management, keeping in mind the risk characteristics of each business and improving profit levels. Through this, we seek to steadily increase our corporate value. More specifically, we are implementing measures such as maintaining and improving the periodic income from the insurance business in Japan and overseas, building up internal reserves, further promoting ALM, reducing risks by controlling the balance of risk assets, and investing in growth areas in a disciplined manner in order to steadily increase corporate value such as Embedded Value (Note), while moderating fluctuations, and build an optimum business portfolio.

(Note) See page 35 for details.

[ALM]
ALM is the abbreviation of Asset Liability Management. For a life insurance company, ALM means grasping the risks arising from fluctuations in interest rates on liabilities (insurance policies) and managing the assets that are appropriate given the characteristics of those risks. Among other imperatives, it is important to maintain assets in accordance with the characteristics of the liabilities and prepare for the future payment of insurance claims.

Establishment of Group Management Headquarters

Primary Purpose of Establishment

In our medium-term management plan "Success 110" for fiscal 2011 and fiscal 2012, we established the acceleration of business development for growth as one of our strategies, and have been steadily moving forward in the overseas life insurance business in countries where we have already opened businesses, such as Vietnam, India, and Thailand, as well as Australia, where we made TAL a wholly owned subsidiary in May 2011.

In Japan, we launched new products in the Third Sector and the individual savings markets based on our strategies in the New Total Life Plan, while The Dai-ichi Frontier Life Insurance, our subsidiary, has been steadily increasing the balance of its assets under management by launching new products.

With the number and size of our subsidiaries and affiliates increasing as we advance our efforts in these growth areas, it is necessary to strengthen our Group management more than ever before. For this purpose, we have established a Group Management Headquarters based on our existing organizations. We feel this is currently the best framework to accelerate the Group's growth and strengthen its management, while maintaining management efficiency and speed.

Structure of the Group Management Headquarters

The Group Management Headquarters oversees eight units as its subsidiary organizations, and has appointed the President as Chief of the Headquarters and Executive Officers as heads of the subsidiary units. The Group Management Headquarters has also appointed employees to an additional position based on existing organizational departments such as corporate planning, international business management, profit management, human resources, and risk management. Under the new Group management structure, we will further accelerate the growth of the Group and increase corporate value as a whole by bolstering the necessary business management skills and functions, developing infrastructure, and promoting ERM across the Group. We are doing this along with establishing multiple business lines through domestic and cross-border M&A.

Structure of the Group Management Headquarters

"Five Business Reform" Project

To support growth strategies and further strengthen the competitiveness of the Group, we are carrying out the "Five Business Reform" Project to transform our business models in existing business fields.

"Cost-Mind Reform" Project

With the aim of becoming "a company that offers the highest quality and productivity," which provides better quality products and services than ever before at lower cost, we are endeavoring to change the thinking and conduct of all Group employees.

"Business Operation Reform" Project

We are working to change the Group's administrative flow in order to make customer convenience and comprehension a top priority and pursue administrative quality and productivity at the same time by using a manufacturing approach in departments where administrative processing is concentrated.

"Business Formation Reform" Project

We are endeavoring to improve the efficiency of organizations and personnel at the head office and branch offices, including shifting human resources to customer contact points.

"Office Infrastructure Reform" Project

We are attempting to build an office structure that more extensively meets customer needs in terms of business hours, locations, and services. We are also improving our business efficiency and productivity by employing a universal layout (Note) for the head office and by consolidating offices.

(Note) The new floor layout, which responds to business needs, will be created only by moving people and documents; the arrangement of furniture and fixtures will not change.

"Work-Style Reform" Project

To promote the reforms above, we are working to change the thinking and conduct of all Group employees so that everyone will improve their productivity and add more value by reviewing their current work methods.

Diversity

By supporting the Diversity Promotion Policy, we strive to create a working environment where people with different backgrounds can work productively.

Diversity Promotion Policy

The Dai-ichi Life Group guarantees a satisfactory working environment where people with different backgrounds can work well.

The Dai-ichi Life Group aims to create a workplace where every individual respects the different views and values of those with different backgrounds with regard to gender, nationality, culture, age, education, career, and lifestyle, and can reach their highest potential by drawing on their personal qualities.

Creating an environment where the diverse values of each employee are respected, and where they can choose their job and work style, will lead to job satisfaction and life motivation of employees. Making an effort to draw on diversity will also help increase the corporate value of the Dai-ichi Life Group.

As described, by promoting diversity the Dai-ichi Life Group will help the Company achieve growth and the self-fulfillment of its employees at the same time.

Based on this concept, we will promote diversity with a particular focus on encouraging the active participation of women and promoting the employment of the physically challenged.

1. Encouraging the Active Participation of Women in the workplace

- We will support female employees by improving our training system to assist in women's career paths and challenges on an ongoing basis, so that they can independently decide on a career vision.
- We will develop a work environment in which female employees can more actively participate by improving the work-life balance.
- We will encourage female employees to become leaders who support the growth strategies of the Dai-ichi Life Group.

2. Promoting the Employment of the Physically Challenged

- We will create a workplace where the physically challenged can enjoy work by respecting their personal qualities and facilitating mutual understanding.
- We will support the personal growth and independence of each physically challenged person in their work.
- We will make more workplaces and job positions accessible for physically challenged employees, and promote their employment.

To realize the aims above, we will raise employee awareness and promote a reform of the work climate.

Dai-ichi Life Group's Corporate Action Principles (DSR Charter)

Dai-ichi will help build a sustainable society by adopting its corporate action principles (DSR Charter) so it can continue to meet the expectations of customers, society, shareholders, investors, and employees.

Dai-ichi Life Group's Corporate Action Principles (DSR Charter)

[Customer satisfaction]	We provide high-quality products and services with the intention of becoming lifelong partners with our customers. Everything we do is designed to exceed our customer's needs and deliver customer satisfaction.
[Communication]	We hold ourselves accountable to our stakeholders and sincerely accept their opinions, reflecting them in our corporate management.
[Compliance]	We set the bar high for ethical standards and maintain full compliance in all our business activities. We respect privacy and fully enforce the protection and management of personal information.
[Respect to human rights]	We respect the culture and customs of every country and region, always operating in a way that contributes to local development. We also respect human rights and proactively operate in a way that reflects this.
[Diversity]	We provide a motivating and rewarding working environment where people of all backgrounds play an active role, encouraging both personal development and good health.
[Environmental protection]	We actively engage in environmental protection on a daily basis, recognizing that preserving the global environment is our social responsibility.
[Social contribution]	We head social action programs, growing together with communities as an active corporate citizen.
[Corporate value]	We effectively use our management resources to create sustainable corporate value, always seeking new and better ways to contribute, improve business productivity, and maintain and strengthen our capital base.

Code of Conduct (Principles of Action)

The Company has established a Code of Conduct (Principles of Action) that every one of our directors, officers and employees can use to put our basic management policies into practice.

Extracts from the Code of Conduct (Principles of Action)

1. Maximize customer satisfaction

Maximize customer satisfaction by adhering to the "Customer First" principle as a lifelong partner of customers and to improve the quality of all our businesses.

2. Secure social trust

(1) Comply with laws, regulations, and internal company rules, and conduct business activities fairly in compliance with social norms and market rules.

(2) Contribute to the welfare and prosperity of society and coexist with others as a good corporate citizen by working to develop the life insurance business.

3. Create sustainable corporate value

(1) Promote the effective use of management resources, improve business productivity, and fully enforce risk management from the standpoint of optimizing the Company as a whole, based on the concept of DSR management, when carrying out duties.

(2) Undergo self-transformation on an ongoing basis to develop the company and individuals by accurately identifying changes in social expectations and the environment both inside and outside the company.

4. Foster employee potential

Create an unrestricted work climate that embraces innovative changes by respecting the character and personal characteristics of individual directors, officers and employees.

Relationships with Shareholders and Investors

We aim to create sustainable corporate value.

IR Policy

The Company, through its IR activities, strives to provide information, including information about its management strategies, financial condition, financial results, to shareholders, investors, and securities analysts (collectively, “Investors”) in a fair and timely manner. By making efforts to accurately deliver information, the Company strives to earn trust and proper evaluation from the financial markets.

The Company is committed to fair disclosure in accordance with (1) laws and ordinances including the Financial Instruments and Exchange Act (the “Act”) and (2) Securities Listing Regulations (the “Regulation”) of the Tokyo Stock Exchange. The Company will also make fair and timely disclosure of information that is not required to be disclosed by such laws, ordinances, and the Regulation, but which it believes helps the Investors achieve a better understanding of the Company.

Requests and opinions obtained from Investors will be reported to the Company’s management to be considered and shared within the Company to improve its corporate value.

Communication and Information Disclosure

We place great value on our communications with shareholders and investors. The Company provides an opportunity for its senior management to communicate directly with these stakeholders at its results briefings held four times a year, at its management meetings held twice a year, and in meetings with institutional investors (more than 300 were held in the most recent year, of which more than 100 were overseas). To offer more insight into the Company, senior management also participates in IR events for individual investors, such as the Nikkei IR Fair 2011, as well as company information sessions.

The Company has set up a page for shareholders and investors on its website and posts useful information for shareholders, investors, and security analysts, such as news releases, briefing documents, videos, and voices. We also provide clear explanations about our market share, management strategies, and embedded value, so that individual investors can develop a better understanding of the Company.

Shareholders’ Meeting

We held our Annual General Meeting of Shareholders for the 2nd Fiscal Year on June 25, 2012 (number of shareholders attending: 2,205. Duration: 2 hours and 17 minutes). At the meeting we reported our business results, explained our medium-term management plan, and passed a resolution on three proposals.

In reporting our business results and explaining our medium-term management plan, we improved shareholder understanding by enhancing visual components and sought to improve communications with shareholders through questions and answers on Company proposals and business operations. We also displayed posters related to the Company’s 110-year history in the venue and distributed a new questionnaire to the shareholders who attended the meeting.

We sent a convocation notice to shareholders well in advance of the meeting to give them enough time to consider the proposals. We also made the notice more meaningful, adding head shots for candidates for directors, etc.

After the meeting, we actively disclosed and provided information on our website by posting a video reporting our business results and explaining the medium-term management plan, as well as a summary of the questions we received at the meeting and a notice of the resolutions.

Individual Life Insurance

Individual Life Insurance Products Offered to Individuals

In August 2010, we launched Junpu Life, a product that can meet diverse customer needs more flexibly. We also launched Medical Yell, a product that provides protection coverage for the latest medical services, in December 2010, and Grand Road, a product that a wide variety of customers can buy through a simple procedure, in August 2011. These products have been highly valued by our customers.

We sell savings-type products of Dai-ichi Frontier Life through financial institutions such as banks and securities companies.

We also strive to meet the needs of a wide range of customers by selling non-life insurance products of Sompo Japan and cancer insurance products of AFLAC.

To maintain and strengthen our comprehensive communication with customers over the long term, Dai-ichi has introduced a number of new customer-service initiatives, including the ability to consult face to face with Total Life Plan Designers (sales representatives) through the portable PC eNavits (eNavits was replaced by DL Pad Mobile PC in August 2012).

■ Policies in Force, New Business, and Decreased Policies of Individual Insurance and Individual Annuities

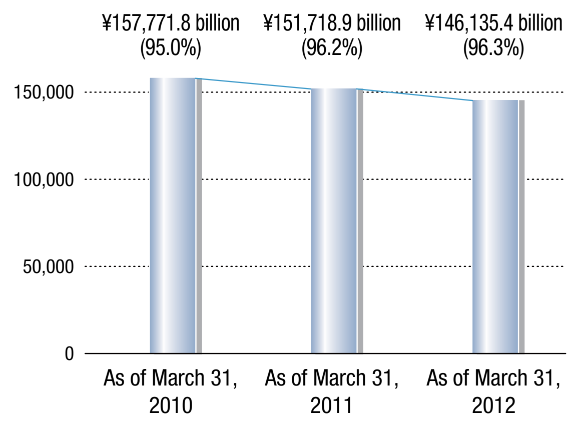
The sum insured of new business of individual insurance and individual annuities in fiscal 2011 declined by 2.9% from the previous fiscal year, to ¥7,051.9 billion. The decreased sum insured fell by 5.1%, to ¥12,635.4 billion.

As a result, the sum insured of policies in force at the end of fiscal 2011 declined by 3.7%, to ¥146,135.4 billion.

The sum insured of new business including that of Dai-ichi Frontier Life declined by 1.0%, to ¥7,396.8 billion.

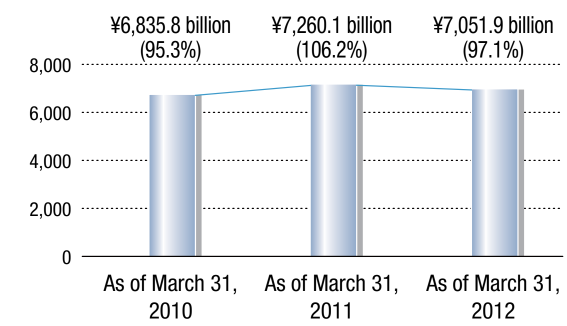
Sum Insured of Policies in Force

(Figures in parentheses show the year-on-year comparison.)



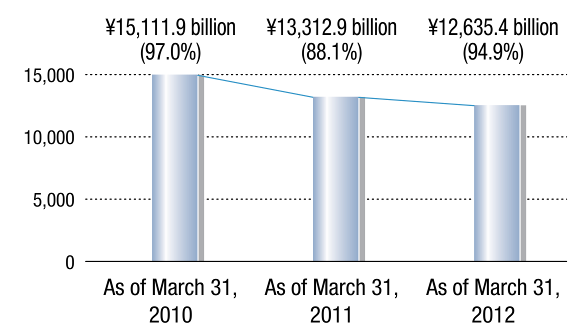
Sum Insured of New Business

(Figures in parentheses show the year-on-year comparison.)



Decreased Sum Insured

(Figures in parentheses show the year-on-year comparison.)



New Total Life Plan: Providing Lifelong Security

As A Lifelong Partner

The Company has been striving to practice its "Customer First" management philosophy since its foundation, pursuing a range of initiatives since 1997 based on the concept of "Total Life Plan," in which it delivers quality products, proposals, and services to customers as their "Lifelong Partner."

We will continue to face challenges in the environment surrounding the life insurance business in Japan, marked by a declining birthrate and aging population, changes in customer needs and life cycles and intensified competition.

To be the life insurance company of choice and to sustain growth in this environment, the Company will execute the "New Total Life Plan" in which it will make every effort as a group to strengthen points of contact with customers. To do this, we will expand and evolve the existing "Total Life Plan" concept and leverage our resources, including our customer base, people, products, and services.

To continue to provide, shape, and build on the concept of "Passing On Peace Of Mind" in the future, Dai-ichi will focus on customer-oriented services and strive to create a New Total Life Plan that is appropriate for each customer.

Consultation Systems That Support the New Total Life Plan

Bolstering Consultation Functions

DL Pad, a mobile PC

In August 2012, Dai-ichi introduced DL Pad, an advanced, proprietary mobile tablet computer, as an important base for promoting its New Total Life Plan. Dai-ichi aims to increase customer satisfaction by promoting its consulting services based on mutual communications with customers via the DL Pad, which features an easy-to-read LCD, high-speed communication capabilities, and outstanding security function.

Using graphics, audio, and video, the DL Pad's simple, easy-to-understand interface offers customers a wide range of information on health and medical services, the social security system, and the insurance mechanism, and provides various systems and plans allowing customers to reliably take advantage of the Company's insurance services. It also makes it easier for customers to check their benefits, etc. in detail and to tailor their insurance policies accordingly.

The DL Pad also significantly enhances the Company's ability to support the knowledge and activities of Total Life Plan Designers. Through its enhanced consulting services, Dai-ichi strives to improve its service as the lifelong partner of customers.

Total Life Plan Proposals to Customers

The Total Life Plan simulates customers' possible future risks and outlines the necessary preparations according to each customer's stage of life, taking into account customers' future income status and expenditures, including the public pension payments they would receive, the size of their retirement benefits, and their savings level. Through its easy-to-understand format, the DL Pad's upgraded software allows customers to create a plan for the future in an enjoyable manner, as if they were playing a game. In accordance with each customer's needs, it provides them with various simulations, such as their likely income and expenditures if healthy, as well as how to prepare for unexpected deaths or accidents, prolonged illnesses, and life after retirement.

Provision of Consultation Services by Total Life Plan Designers

Dai-ichi calls sales representatives who provide total life plans to customers as their lifelong partners Total Life Plan Designers. Over 40,000 Total Life Plan Designers are providing face-to-face consultation and services to policyholders.

Provision of Consultation Services by Financial Planners (FPs)

Specialist knowledge about products and tax is required in proposing life insurance to customers.

To promptly and accurately respond to the diversified requests of customers, Dai-ichi deploys approximately 400 financial planners (FPs) nationwide.

In principle, Dai-ichi FPs possess qualifications such as a Certified Skilled Worker of Financial Planning, a national accreditation, or CFP or AFP certifications provided by the Japan Association for Financial Planners.

Aiming to improve customer satisfaction, FPs are engaged in a wide range of activities nationwide, including proposals such as: structuring a corporate welfare system using life insurance products to local small and medium-size enterprises, and explaining the effective use of life insurance based on their extensive knowledge of tax. Dai-ichi has 5,257 employees holding qualifications as a 2nd Grade Certified Skilled Worker of Financial Planning and/or AFP including 343 1st Grade Certified Skilled Workers of Financial Planning, or CFPs (at the end of March 2012).

Internet Consulting

Dai-ichi has developed a Life Design Cyber Shop on its website so that customers can easily ask questions about insurance estimates and other matters. Through the Life Design Cyber Shop, Dai-ichi FPs provide comprehensive consultation services, including: preparations for diverse types of insurance in accordance with customers' objectives; and provision of consultations and advice via e-mail, telephone, or even face-to-face communications.

In addition, Dai-ichi provides a wide range of sophisticated consultations on post-retirement financing plans, inheritance planning, and other topics through the FP Consultation site, and its specialist financial planners offer private consultations to individual customers via e-mail and telephone.

Group Life Insurance

Sales Results of Products and Services for Corporate Clients

Dai-ichi has been offering a range of products and services to corporate clients, including consultation on welfare, pension, and retirement benefit systems, as well as a broad range of information through seminars.

In group insurance, Dai-ichi is proposing to its corporate clients general welfare group term life insurance products that support systems for condolence money and retirement benefits at the time of death, and group term life insurance and (group) medical care insurance products, which help employees prepare insurance by themselves.

In the arena of group annuities, Dai-ichi is proposing the New DB Master Plan II, which takes advantage of a standardized system design by fixing the amount of contributions in the defined benefit (DB) system, and the Dai-ichi Life DC Smart Plan, which is designed to manage the corporate defined contribution (DC) plans of multiple companies by using a single pension code in the DC system, in addition to customized pension plans to meet the needs of customers.

A look at the status of group life insurance as of March 31, 2012 shows that the number of organizations with policies in force declined, reflecting surrenders in association with changes in employment systems and revisions to benefit programs. As a result, the sum insured of group insurance policies in force fell by 3.5% from the end of the previous fiscal year, to ¥50,491.5 billion.

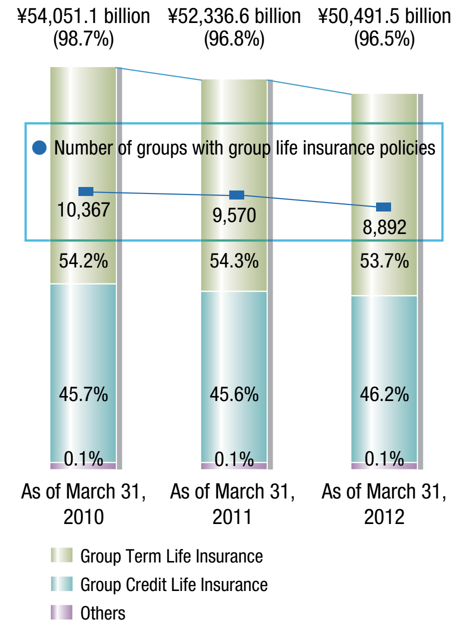
With respect to group annuities, the sum insured of group annuity policies in force as of March 31, 2012, remained nearly flat, increasing 0.4% from the end of the previous fiscal year, to ¥6,065.9 billion, although the number of groups with annuity policies declined due to the abolition of the tax-qualified pension plan.

The balance of the group annuity assets of DIAM Co., Ltd. increased by 5.0% from the end of the previous fiscal year, to ¥3,802.2 billion.

As a result, the balance of group annuity assets for the overall Dai-ichi Life Group as of March 31, 2012 increased by 2.1% from the end of the previous fiscal year, to ¥9,868.2 billion.

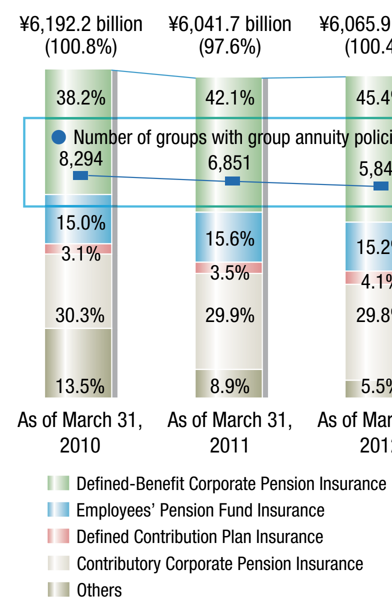
Policies in Force of Group Life Insurance

(Figures in parentheses show the year-on-year comparison.)



Policies in Force of Group Annuities

(Figures in parentheses show the year-on-year comparison.)



*The amount of group annuities is the amount of outstanding policy reserves.

International Insurance Business

Services for International Companies Operating in Japan

Dai-ichi provides comprehensive welfare services to international companies operating in Japan through its International Corporate Relations Department. We have concluded transactions with more than 500 international companies in terms of corporate insurance alone.

Services provided to international companies cover a broad array of products. These include the planning of bereaved families' compensation through group term insurance, management of corporate pension assets, and consultation on the introduction of the defined contribution pension. Moreover, business alliances with Sompo Japan and AFLAC have enabled Dai-ichi to provide an even more extensive product lineup, including long-term disability insurance and accident insurance.

As a representative of Japanese insurance companies, Dai-ichi has become a member of the International Group Program (IGP), the international group insurance network created at the initiative of John Hancock Life Insurance Company, a major U.S. insurer. In principle, one representative life insurance company for each country or region becomes a member of the IGP. Currently, insurance companies in more than 70 countries and regions have become members and have formed an international group insurance network that spans the globe.

Our group term insurance business takes advantage of the IGP system, in which global member companies cooperate in providing support to multinational companies. The number of companies that have joined the IGP has been steadily increasing, reaching over 830 worldwide.

Services for Japanese Companies Operating Overseas

To support the overseas expansion and operations of Japanese companies, Dai-ichi manages a group reinsurance business through which it introduces Japanese companies to Dai-ichi's partner insurance companies in countries and regions that have concluded a reinsurance agreement. Dai-ichi also provides group insurance services to Japanese companies through its partner insurance companies. At present, Dai-ichi has 14 partner insurance companies and underwrote 297 reinsurance policies (as at the end of March 2012).

To improve services provided by our partner insurance companies, we dispatch staff to provide support in the form of sophisticated services that meet the needs of customers.

We are also working to enhance the welfare services for Japanese companies operating overseas through the IGP system described above.

Individual Reinsurance

Dai-ichi also operates an individual reinsurance business. We focus mainly on the Asian region, where we have developed strong relationships with Asian life insurance companies by providing them with the management expertise we have developed. Today, Dai-ichi conducts a reinsurance business with nine life insurance companies in four countries and regions in Asia.

Investments

Investment Environment

During fiscal 2011, the Japanese economy temporarily weakened as a result of decreased production and exports due to supply constraints such as the disruption of supply chains after the Great East Japan Earthquake, and a decline in corporate and consumer confidence, reflecting the uncertain economic outlook due to the historic high levels of the yen and the electric power shortage. However, the economy recovered after the turn of the year, thanks to the recovery in capital investment backed by the demand for restoration and recovery from the earthquake disaster and energy-saving investments, as well as the improvement in personal consumption driven by subsidy to eco-friendly cars and other stimulus measures.

Meanwhile, growth in the U.S. economy was moderate, affected by a drop in corporate and consumer confidence due to the European sovereign debt crisis and rising resource prices, despite an increase in capital investment driven by the effect of tax cuts and the expansion of personal consumption associated with improved employment conditions.

Given the economic conditions described above, the investment environment was as follows:

Domestic Interest Rates

Ten-year government bond yields fell below 1.0% after the summer, affected by the slowdown in overseas economies and the worldwide risk aversion associated with concerns about the slowdown in overseas economies and the sovereign debt problems in Europe and the United States. Thereafter, the yield remained low, influenced by the sustained and strengthened monetary easing measures by the Bank of Japan and strong demand for government bonds.

Yield on ten-year government bonds:

March 31, 2011	1.250%
March 31, 2012	0.985%

Domestic Stocks

The Nikkei 225 Stock Average temporarily fell to the 8,100 level, its lowest since 2009, as the market reacted to the appreciation of the yen to historical levels, concerns about the slowdown of overseas economies, and the flooding in Thailand as factors depressing the business performance of Japanese companies. However, the index began to rise towards the end of the fiscal year, rebounding to the 10,000 level along with more monetary easing measures in Japan and the United States and progress on the European sovereign debt crisis, such as measures to avoid a disorderly default in Greece.

Nikkei 225 Stock Average:

March 31, 2011	9,755
March 31, 2012	10,083

TOPIX:

March 31, 2011	869
March 31, 2012	854

Foreign Currency

The yen became stronger against the U.S. dollar and temporarily set a new postwar high, reflecting fears of a worldwide economic slowdown and expectations of a third round of quantitative easing by the Federal Reserve Board. However, the appreciation of the yen eased at the end of the fiscal year, attributable to the effects of the large-scale yen-selling intervention and the additional monetary easing measures by the Bank of Japan.

The yen also temporarily became stronger against the euro, to almost ¥97/EUR, due to fears that the European sovereign debt crisis might spread across the euro zone and that Greece might not be able to avoid a disorderly default. After that, however, movements to weaken the euro declined, as a disorderly default in Greece was avoided thanks to an agreement on comprehensive measures to solve the European sovereign debt crisis and the decision on a second bailout for Greece.

Yen/U.S. dollar:

March 31, 2011	¥83.15
March 31, 2012	¥82.19

Yen/Euro:

March 31, 2011	¥117.57
March 31, 2012	¥109.80

Fundamental Investment Policy

Our fundamental investment policy is based on the Asset Liability Management (ALM) approach. The objective of this approach is to secure the payment of annuities and claims, etc. into the future, taking the characteristics of the liability of life insurance policies into consideration. Specifically, we set yen-denominated fixed income assets, consisting mainly of domestic bonds, as the core of our asset portfolio. On the other hand, we are striving to increase the profitability of our portfolio by incorporating stocks and foreign securities within an acceptable range of risk to ensure financial soundness. Through a meticulous risk management system, Dai-ichi ensures the effectiveness of its risk monitoring and seeks to improve investment efficiency.

[ALM]
ALM is the abbreviation of Asset Liability Management. For the life insurance company, it is to grasp the risks arising from fluctuations in interest rates on liabilities (insurance policies) and manage the assets that are appropriate given the characteristics of those risks. Among other imperatives, it is important to maintain assets in accordance with the characteristics of the liabilities and prepare for the future payment of insurance claims.

[Portfolio]
A portfolio is a set of assets that a particular company has.

Summary of Investment Results

■ Summary of General Account Assets

● Balance of Cash and Deposits Kept Low

While domestic interest rates remained low, Dai-ichi sought to improve investment efficiency by keeping the balance of cash and deposits low.

● Domestic Bonds: Increase

The Company actively prolonged the duration of bonds, mainly when interest rates were rising, and also increased its investment in policy-reserve-matching bonds (mainly super-long-term bonds) to strengthen its ALM. It also replaced foreign currency-denominated bonds with currency hedges with domestic bonds to improve the investment efficiency of fixed-income assets. The Company also made efforts to improve investment yields by carefully selecting and diversifying among various credit risk products, including corporate bonds and securitized products, in accordance with its internal guidelines on risk-adjusted credit-spread (Note 1).

● Domestic Stocks: Decrease

The Company took steps to improve the profitability of the portfolio by replacing the stocks of certain companies and sectors with those higher competitiveness and more growth potential, based on corporate research by in-house analysts. Also, as a result of controlling risks based on stock market trends, the balance of domestic stocks in the portfolio declined.

● Foreign Bonds: Decrease

The Company decreased its investment in foreign currency-denominated bonds with currency hedges, aiming for an improved investment return in the fixed income asset category, and controlled the risks of foreign currency-denominated bonds without currency hedges in response to market trends, resulting in a decline in the total balance of foreign bonds.

Also, the Company made efforts to improve return on investments and to control risk by diversifying its portfolio by sector and currency.

- **Foreign Stocks: Increase**

The balance of foreign stocks in the Company's portfolio increased as a result of making TAL its wholly owned subsidiary. The Company also accelerated the diversification of geographic allocation and investment styles for foreign stocks, utilizing in-house management (Note 2) as well as multi-manager investment (Note 3), employing outside managers.

- **Loans: Decrease**

The total balance of loans decreased due to contractual maturities and other factors. The Company also provided loans to maintain excess returns by setting adequate risk-adjusted spreads, while paying attention to the credit spread trends in the bond market.

- **Real Estate: Decrease**

The balance of real estate declined, mainly associated with falling land prices, although the Company sought to improve profitability, which included renegotiating the rents and improving the vacancy rates of its existing real estate portfolio. The Company also took steps to increase the value of existing real estate by refurbishment and housing rehabilitation.

Asset investment yield (general account)

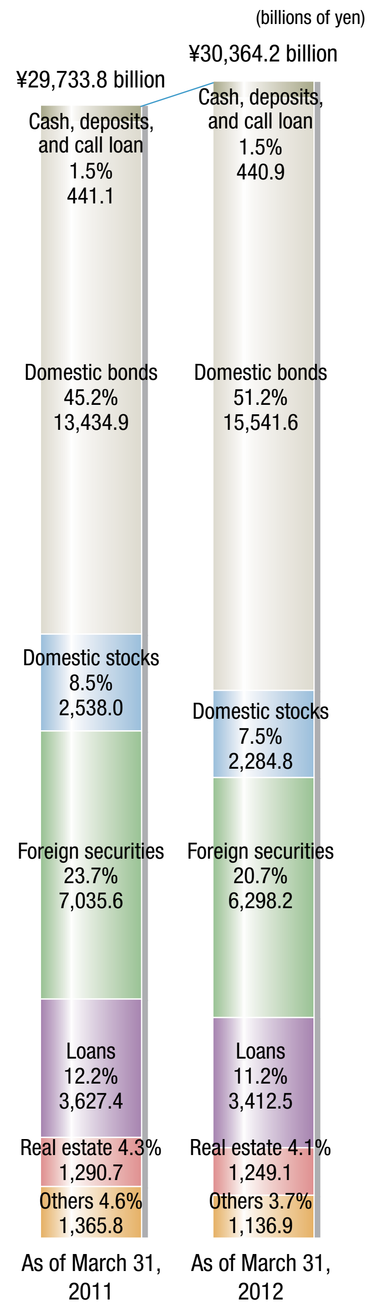
	FY2009	FY2010	**FY2011**
Rate of return of investment on fundamental profit	2.56%	2.46%	**2.38%**
Investment yield	2.17%	1.78%	**1.99%**

Rate of return of investment on fundamental profit = (Return of investment in fundamental profit – Interest on policyholder dividends) / Policy reserves

Investment yield = Net investment income / Average daily balance of general account assets

Notes:
1. Credit spread
   Yield in excess of the yield of government bonds
2. In-house management
   The Company manages assets, acquiring stocks and bonds and setting up deposits by itself, without assigning the management to outside investment managers.
3. Multi-manager investment
   More than one manager manages assets that are allocated from one fund.

Breakdown of Assets in General Account



Assets and Liabilities

Selected Balance Sheet Items

	As of March 31, 2011	As of March 31, 2012
	(billions of yen)	
Assets		
Cash and deposits, call loans	441.1	**440.9**
Monetary claims bought	291.1	**294.3**
Money held in trust	21.1	**20.6**
Securities	23,201.3	**24,314.6**
Domestic bonds	13,434.9	**15,541.6**
Domestic stocks	2,538.0	**2,284.8**
Foreign Securities	7,035.6	**6,298.2**
Loans	3,627.4	**3,412.5**
Policy loans	539.4	**509.8**
Ordinary loans	3,087.9	**2,902.7**
Real estate (Note 1)	1,290.7	**1,249.1**
Deferred tax assets	475.1	**282.6**
Others	398.5	**360.0**
Reserve for possible loan losses	(12.9)	**(10.6)**
Total general account assets	29,733.8	**30,364.2**
Foreign currency-denominated assets	5,435.2	**4,669.6**
Total separate account assets (Note 2)	1,135.7	**1,097.6**
Total assets	30,869.6	**31,461.9**

Notes:
1. The amount of real estate is the sum of the amounts of land, buildings, and construction in progress.
2. Receivables generated from transactions involving general account assets are deducted under the Insurance Business Act.

	As of March 31, 2011	As of March 31, 2012
	(billions of yen)	
Liabilities and Net Assets (Capital)		
Policy reserves and others	28,190.8	**28,529.9**
Policy reserves	27,589.5	**28,011.6**
Reserve for policyholder dividends	403.6	**387.8**
Subordinated bonds	149.1	**148.6**
Reserve for employees' retirement benefits	418.3	**432.0**
Reserve for price fluctuations	80.4	**74.4**
Deferred tax liabilities for land revaluation	123.6	**95.6**
Others	1,140.8	**1,152.9**
Total liabilities	30,103.2	**30,433.5**
Capital stock	210.2	**210.2**
Capital surplus	210.2	**210.2**
Legal capital surplus	210.2	**210.2**
Retained earnings	192.8	**206.7**
Legal retained earnings	5.6	**5.6**
Other retained earnings	187.2	**201.1**
Retained earnings brought forward	61.2	**73.6**
Treasury stock	(20.4)	**(16.7)**
Total shareholders' equity	592.8	**610.3**
Net unrealized gains on securities, net of tax	237.5	**479.4**
Deferred hedge gains (losses)	1.2	**(0.0)**
Reserve for land revaluation	(65.1)	**(61.6)**
Total of valuation and translation adjustments	173.6	**417.8**
Subscription rights to shares	–	**0.1**
Total net assets	766.4	**1,028.3**
Total liabilities and net assets	30,869.6	**31,461.9**

For the details of the balance sheet, please refer to pages 106 and 107.

In accordance with the plan for demutualization under Article 86 of the Insurance Business Act, the balance sheet (major items of net assets) was determined as in the table below at the time the organization was changed on April 1, 2010.

	Commencement of business on April 1, 2010
	(billions of yen)
Capital stock	210.2
Capital surplus	210.2
Legal capital surplus	210.2
Retained earnings	184.2
Legal retained earnings	5.6
Other retained earnings	178.6
Retained earnings brought forward	64.1
Total shareholders' equity	604.6
Net unrealized gains on securities, net of tax	461.1
Deferred hedge gains (losses)	(2.0)
Reserve for land revaluation	(63.5)
Total of valuation and translation adjustments	395.6
Total net assets	1,000.3

Status of Assets

During the fiscal year ended March 31, 2012, Dai-ichi continued to position fixed income investments, including domestic bonds, as a core of its asset portfolio, so that they are consistent with its medium- to long-term investment policies. Meanwhile, Dai-ichi accumulated its policy reserve-matching bonds, centering on long-term and super long-term bonds, in an effort to promote ALM and enhance its profitability.

From fiscal 2010, Dai-ichi continues to appropriately manage the risk associated with its risk assets, such as domestic stocks and foreign securities, which it acquired primarily to diversify its investment portfolio and achieve higher profitability. In doing so, the Company takes market trends into account.

Outstanding general account assets as of March 31, 2012, increased by ¥630.4 billion from the end of the previous fiscal year, to ¥30,364.2 billion, primarily reflecting a rise in unrealized gains on securities. The balance of separate account assets decreased by ¥38.1 billion, to ¥1,097.6 billion. As a result, total assets climbed by ¥592.2 billion, to ¥31,461.9 billion.

Revenues and Expenditures

Selected Items on Statements of Earnings

	Years ended March 31, 2011	2012
	(billions of yen)	
Ordinary revenues:		
Premium and other income	3,056.5	**3,056.0**
Investment income	922.6	**974.0**
Other ordinary revenues	329.2	**368.0**
Total ordinary revenues	4,308.4	**4,398.2**
Ordinary expenses:		
Benefits and claims	2,625.0	**2,508.7**
Provision for policy reserves and others	322.5	**431.6**
Investment expenses	429.5	**363.3**
Operating expenses	424.6	**415.6**
Other ordinary expenses	427.6	**435.0**
Total ordinary expenses	4,229.5	**4,154.4**
Ordinary profit	78.9	**243.7**
Extraordinary gains	40.1	**7.5**
Extraordinary losses	11.8	**35.9**
Provision for reserve for policyholder dividends	78.5	**69.0**
Income before income taxes	28.6	**146.3**
Corporate income taxes:		
Current	25.9	**24.7**
Deferred	(14.2)	**103.9**
Total of corporate income taxes	11.7	**128.7**
Net income for the year	16.9	**17.6**

* For the details of the statements of earnings, please refer to pages 108 and 109.

Insurance-Related Income and Expenses (Premiums and Other Income, and Benefits and Claims)

Premium and other income were nearly flat from the previous fiscal year, at ¥3,056.0 billion, mainly attributable to a fall in the premiums for group annuities, although individual insurance premiums increased, reflecting an increase in premiums for single premium whole life insurance. Benefits and claims declined by ¥116.2 billion year on year, to ¥2,508.7 billion mainly due to declines in the surrender values of group annuities and other refunds.

Investment-Related Income and Expenses

Investment income increased by ¥51.3 billion from the previous fiscal year, to ¥974.0 billion, thanks to an increase in gains on the sale of securities such as domestic bonds and foreign bonds due to falling interest rates in Japan and overseas, as well as the recording of gains on investments in separate accounts.

Meanwhile, investment expenses declined by ¥66.2 billon year on year, to ¥363.3 billion, reflecting a decrease in losses on valuation of securities.

As a result, net investment income improved by ¥117.5 billion from the previous fiscal year, to ¥610.6 billion.

Provision for Reserve for Policyholder Dividends

The Company accumulated a reserve for policyholder dividends and provided ¥69.0 billion for the reserve in fiscal 2011.

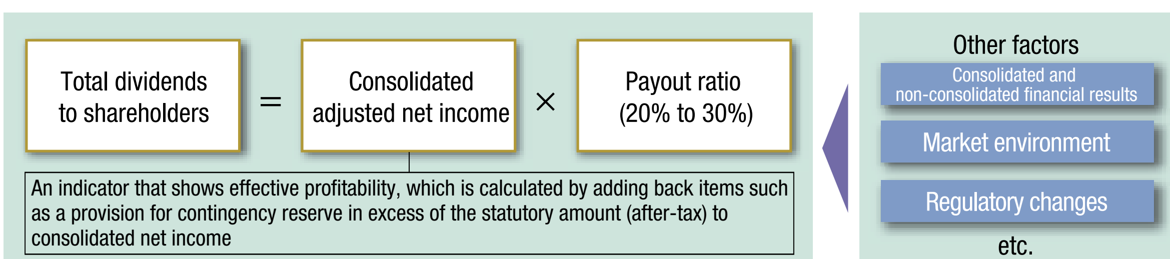
The rate of policyholder dividends for fiscal 2011 was 62.0%. This is the ratio of the amount of the provision for the reserve for policyholder dividends (¥69.0 billion in fiscal 2011) to the surplus attributable to participating policyholders (¥111.2 billion in fiscal 2011), calculated based on earnings related to participating policies defined in the Articles of Incorporation.

Dividends to Shareholders

Public life insurance companies pay policyholder dividends and dividends to shareholders.

The policyholders of the mutual life insurance company are owners with the rights to receive policyholder dividends. Those rights are transferred to the public company after its demutualization. Our policy for policyholder dividends is included in the Articles of Incorporation under the Insurance Business Act, so that we aim to protect the rights of policyholders related to dividends.

We aim to provide stable returns to shareholders in the medium to long term, taking into account the need to enhance the soundness and strike a balance between dividends to shareholders and policyholder dividends. Specifically, we intend to determine a dividend level each year with a targeted dividend payout ratio of 20-30% based on our consolidated adjusted net income, while taking into account factors such as consolidated and non-consolidated financial results, the market environment, and regulatory changes.



Embedded Value

Embedded value of Dai-ichi Life Group	
At the end of fiscal year 2011:	**¥2,661.5 billion**
(At the end of fiscal year 2010: ¥2,440.3 billion)	
(At the end of fiscal year 2009: ¥2,836.3 billion)	
Embedded value of Dai-ichi Life (non-consolidated): ¥2,715.0 billion	
(At the end of fiscal year 2010: ¥2,479.6 billion)	
(At the end of fiscal year 2009: ¥2,868.0 billion)	

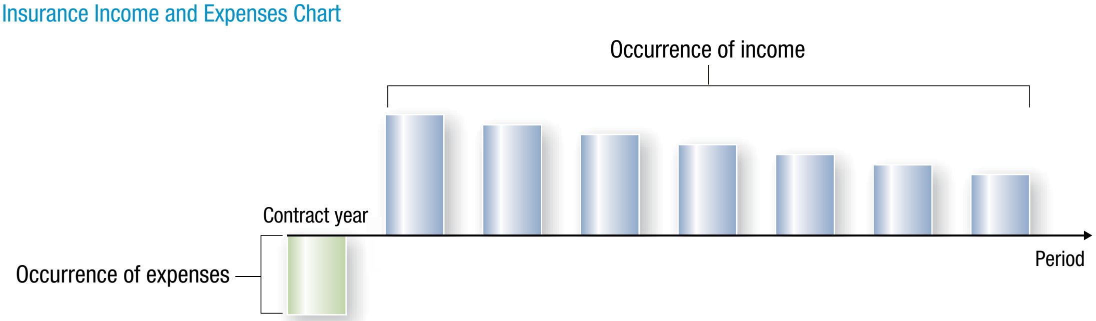
* For the details of embedded value, please refer to page 154.

Embedded Value

The Dai-ichi Life Group discloses its embedded value (EV) as an indicator of its corporate value in the market, aiming to improve its EV.

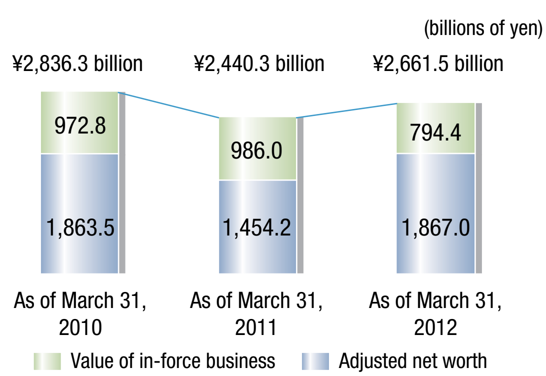
Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of accounting profits. Most expenses, such as sales commissions, are incurred in the initial period of each policy. On the other hand, life insurance policy periods are very long (20 years, 30 years, etc.), and revenues are generated over long periods. Since the EV principles allow life insurers to recognize discounted future profits from already-acquired policies in force at the time of sale, the EV measure is considered to complement financial data based on statutory accounting practices.

Life Insurance Income and Expenses Chart



EV is widely used in overseas markets, especially in Europe, as a criterion for the valuation of the stock prices of life insurance companies. To improve investor understanding of Dai-ichi Life, the Dai-ichi Life Group has been disclosing EV in accordance with the European Embedded Value (EEV) Principles since the end of FY2007. EEV at the end of FY2011 increased from the end of the previous fiscal year, to ¥2,661.5 billion.

EV



EEV of Dai-ichi Life Group

	As of March 31, 2011	As of March 31, 2012
	(billions of yen)	
EEV	2,440.3	**2,661.5**
Adjusted net worth	1,454.2	**1,867.0**
Value of in-force business	986.0	**794.4**
Value of new business	158.1	**187.7**

* 1. The Group EEV is calculated as follows: Dai-ichi Life's EEV plus the EEVs of The Dai-ichi Frontier Life Insurance (DFL) and TAL (only as of March 31, 2012) attributable to Dai-ichi Life's equity stake in DFL and TAL (only as of March 31, 2012) less Dai-ichi Life's carrying amount of the equity of DFL and TAL (only as of March 31, 2012).

2. Dai-ichi Life held 90.0% of the shares of DFL as of March 31, 2011, and as of March 31, 2012. Dai-ichi Life held 100.0% of the shares of TAL as of March 31, 2012.

3. Dai-ichi Life's carrying amount of DFL's equity was ¥163.4 billion as of March 31, 2011, and as of March 31, 2012. Dai-ichi Life's carrying amount of TAL's equity was ¥136.5 billion as of March 31, 2012.

4. The calculation of TAL's EEV began in fiscal 2011. In the calculation of the Group EEV as of March 31, 2011, TAL's EEV is not used, but a ¥0.4 billion unrealized gain of Dai-ichi's equity stake in TAL which is calculated based on the market price is included in the Group's adjusted net worth. As of March 31, 2012, TAL's EEV is included in the Group EEV.

5. The Group's value of new business for fiscal 2010 does not include TAL's value of new business. While Dai-ichi made TAL a wholly owned subsidiary on May 11, 2011, the value of new business for TAL for fiscal 2011 is calculated by including the value of new business for TAL from April 1, 2011 to May 10, 2011.

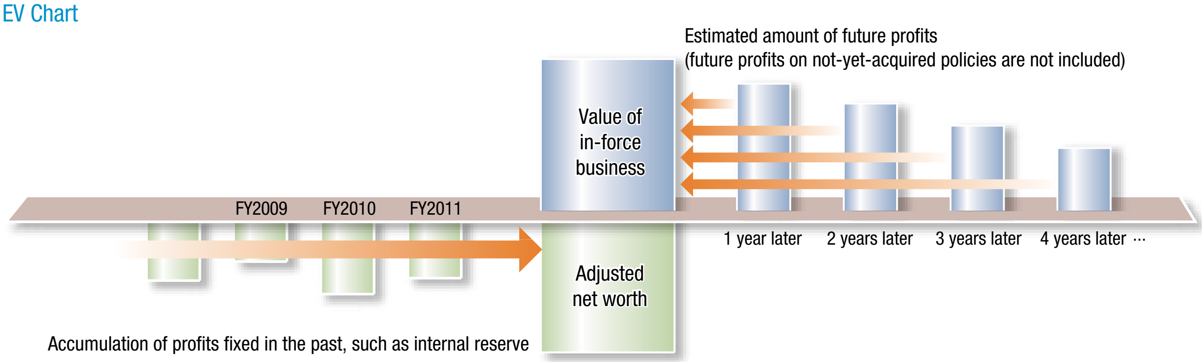
● Adjusted net worth

Adjusted net worth is accumulation of realized profits and is the sum of net assets on the balance sheet, certain quasi-equity reserves in liabilities, and unrealized gains and losses on assets not accounted for under the marked to market methodology.

● Value of in-force business

The value of in-force business is the present value as of the closing date of future after-tax profits occurring from already-acquired policies in force in each fiscal year (Future profits on not-yet acquired policies are not included.)

EV Chart

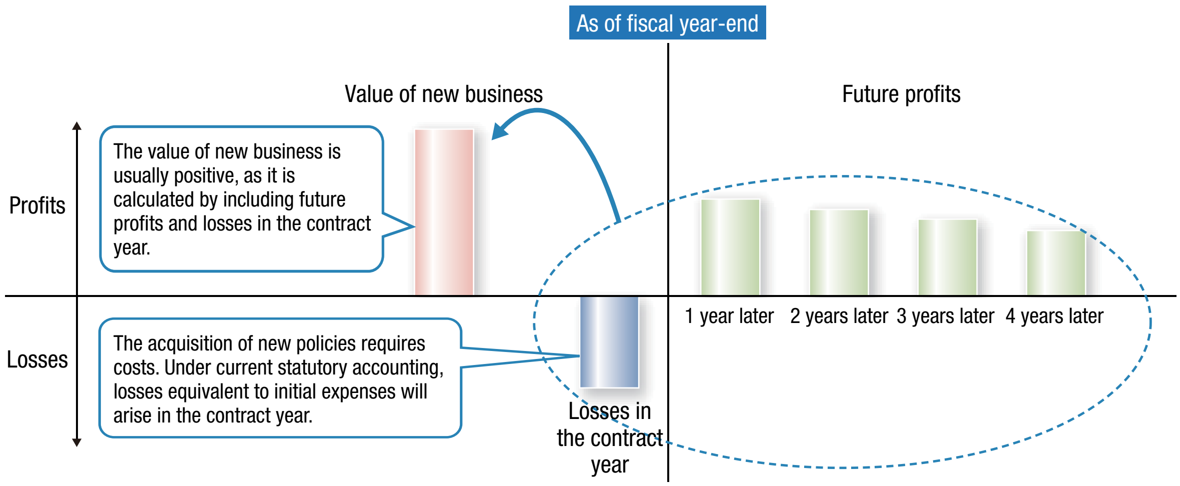


* This graph is for illustrative purposes only and does not pertain to actual results, etc.

● **Value of new business**

The value of new business is the value at the time of sale, after all acquisition-related costs, of new policies (including net increase by conversion) obtained during the reporting period (FY2011).

Value of New Business Chart



The Dai-ichi Life Group requested a third party (actuarial firm) with expertise in actuarial calculation to review the assumptions and calculation method and obtained a written opinion. For information on the written opinion, please refer to the news release posted on the Company's website (http://www.dai-ichi-life.co.jp/english/investor/ir/financial/results/2011/pdf/index_026.pdf).

The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. Actual future results might differ materially from the assumptions used in the EV calculations. Moreover, changes of assumptions might cause significant changes in future results. We therefore ask that full care is exercised when using or analyzing EV figures.

Fundamental Profit

Fundamental Profit

		Years ended March 31, 2011	2012
		(millions of yen)	
Fundamental revenues		4,086,378	**4,138,132**
Premium and other income		3,056,555	**3,056,096**
Investment income		700,598	**713,972**
[Interest and dividends]		698,159	**691,988**
Other ordinary revenues		329,224	**368,063**
Fundamental expenses		3,810,457	**3,835,706**
Benefits and claims		2,625,013	**2,508,726**
Provision for policy reserves and others		233,881	**403,995**
Investment expenses		99,186	**72,285**
Operating expenses		424,686	**415,611**
Other ordinary expenses		427,688	**435,087**
Fundamental profit	A	275,921	**302,425**
Capital gains		222,087	**259,983**
Gains on money held in trust		–	**522**
Gains on sale of securities		212,245	**259,461**
Derivative transaction gains		9,842	**–**
Capital losses		329,996	**291,019**
Losses on money held in trust		1,051	**–**
Losses on sale of securities		120,905	**180,705**
Losses on valuation of securities		179,621	**44,713**
Derivative transaction losses		–	**31,156**
Foreign exchange losses		28,417	**34,444**
Net capital gains (losses)	B	(107,908)	**(31,035)**
Fundamental profit after net capital gains (losses)	A+B	168,012	**271,390**
Other one-time gains		25,000	**79,090**
Reversal of contingency reserve		25,000	**79,000**
Reversal of specific reserve for possible loan losses		–	**90**
Other one-time losses		114,110	**106,716**
Provision for contingency reserve		–	**–**
Provision for specific reserve for possible loan losses		–	**–**
Write-down of loans		410	**58**
Others		113,699	**106,657**
Other one-time profits	C	(89,110)	**(27,625)**
Ordinary profit	A+B+C	78,902	**243,765**

Notes:

1. “Others” in “Other one-time losses” for the fiscal year ended March 31, 2011 represents the amount of the additional policy reserves provided (113,699 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.
2. “Others” in “Other one-time losses” for the fiscal year ended March 31, 2012 represents the sum of the amount of the additional policy reserves provided (106,640 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act, and the amount of provision for reserve for possible investment losses (17 million yen).

For fiscal year 2011: **¥302.4 billion**

(For fiscal year 2010: ¥275.9 billion)

(For fiscal year 2009: ¥330.1 billion)

Fundamental profit is one of the indicators that shows profit from the core insurance business during the term under review. Namely, we collect insurance premiums from policyholders and gain investment income, to pay insurance claims and benefits in accordance with the provisions of insurance policies from those premiums and returns, while accumulating policy reserves for future payments and managing them.

Fundamental profit is an indicator used to measure ordinary profitability. Ordinary profit is obtained by adding capital gains and losses which include gains and losses on the sale of securities and other one-time gains and losses such as the provision for contingency reserve to fundamental profit.

Fundamental profit for fiscal 2011 increased from the previous fiscal year, to ¥302.4 billion, primarily attributable to an increase in profit attributable to life insurance activities, mainly due to the reversal of policy reserves that were accumulated to prepare for the payment of claims and benefits associated with the Great East Japan Earthquake.

The Company continues to make an effort to maintain and bolster fundamental profit by strengthening the competitiveness of its core business and investing aggressively in growth markets.

Breakdown of Fundamental Profit

(billions of yen)

	FY2010	**FY2011**
Fundamental profit (i)	275.9	**302.4**
(Negative) positive spread amount	(90.3)	**(91.4)**
Effect of changes in policy reserve associated with guaranteed minimum maturity benefits	(0.2)	**0.4**
Fundamental profit attributable to life insurance activities	366.5	**393.3**
Mortality and morbidity gains	348.0	**386.1**
Net capital gains (losses) (ii)	(107.9)	**(31.0)**
Other one-time gains (losses) (iii)	(89.1)	**(27.6)**
Ordinary profit (iv) (= i + ii + iii)	78.9	**243.7**
Net extraordinary gains (losses) (v)	28.2	**(28.3)**
Provision for reserve for policyholder dividends (vi)	(78.5)	**(69.0)**
Corporate income taxes (vii)	(11.7)	**(128.7)**
Net income (viii) (= iv + v + vi + vii)	16.9	**17.6**

Notes:

1. Negative spread amount results from the difference between the assumed investment return (assumed interest rate) and the actual investment return.
2. Policy reserve associated with guaranteed minimum maturity benefits represents the policy reserve provided to prepare for risks associated with minimum guarantees of variable annuities, in addition to the customers' premium reserve. In case the actual investment return declines, the policy reserve associated with guaranteed minimum maturity benefits increases as a result of the increase in the burden of the Company's minimum guarantees.

Negative Spread

For fiscal year 2011: ¥91.4 billion

(Negative spread in fiscal 2010: ¥90.3 billion)

(Negative spread in fiscal 2009: ¥82.8 billion)

When calculating the amounts of insurance premiums, an insurance company guarantees policyholders a certain level of return from its investments in advance, and discounts future insurance premiums by the guaranteed rate of return. This discount rate is called the “assumed rate of (investment) return.” For this reason, an insurance company needs to secure the sum equivalent to guaranteed investment return from investment returns and other income.

If actual investment returns and other income are short of total guaranteed investment return, the difference is called a negative spread.

The negative spread for fiscal 2011 amounted to ¥91.4 billion.

Calculation Formula for Negative/Positive Spread Amount

Negative/positive spread amount = (Actual rate of investment return on fundamental profit – Average assumed rate of investment return) × Policy reserves for general account

Note: Values in the above formula are all in the general account

Negative/Positive Spread

	Years ended March 31, 2011	2012
Average assumed rate of return	2.81%	**2.73%**
Average actual rate of return	2.46%	**2.38%**
(Negative)/Positive spread amount (billions)	(¥90.3)	**(¥91.4)**

Accumulation of Policy Reserves

Policy reserves are mandatory reserves the accumulation of which is required by law in preparation for the future payment of claims, annuities, and benefits. The accumulation level of policy reserves is determined by the accumulation method and actuarial assumptions. The Insurance Business Act that came into force in April 1996 introduced the standard policy reserve rules, in which the accumulation method and actuarial assumptions for policy reserves were set forth by the Financial Services Agency.

Dai-ichi accumulates statutory reserves based on the criteria stipulated by the Insurance Business Act, etc. and adopts the most conservative method among those required by law. Effective FY2007, Dai-ichi also accumulates additional policy reserves for whole life insurance policies with a high assumed rate of return after the completion of premium payment to reduce the future negative spread amount and thus its financial soundness.

The details of customers’ policies will not change with the accumulation of additional policy reserves by Dai-ichi.

Solvency Margin Ratio

At the end of fiscal year 2011:	**575.9%**
(At the end of fiscal year 2010: 547.7%)	

* The figures above are for Dai-ichi on a non-consolidated basis.

Solvency Margin Ratio

The solvency margin ratio is one of the indicators used by the supervising administrative agency to ascertain the extent to which an insurance company can meet payments in the event risks exceed the normally anticipated level.

Specifically, the ratio is the index that shows how diverse risks are covered by the total of capital and other internal reserves, as well as by unrealized gains on securities and other assets (solvency margin total), when exposed to risks greater than normally anticipated. The diverse risks may include those involved in the payment for claims and other benefits and investment risks. The solvency margin ratio is obtained by dividing the solvency margin total by the risk total, and a ratio exceeding 200% is one indication of an insurance company's meeting the standard for general financial stability.

The solvency margin ratio at the end of fiscal 2011 rose from the end of the previous fiscal year, to 575.9%, thanks to an increase in unrealized gains on securities associated with lower interest rates and our efforts to reduce risks, among other factors.

Dai-ichi views the solvency margin ratio as one of the most important indicators for giving customers a sense of security in Dai-ichi. The Company continues its efforts to maintain enough ability to meet payments of insurance claims.

Unrealized Gains (Losses) on General Account Assets

At the end of fiscal year 2011:	**¥1,179.9 billion**
(At the end of fiscal year 2010: ¥639.2 billion)	
(At the end of fiscal year 2009: ¥942.0 billion)	

Unrealized Gains and Losses

Unrealized gains and losses represent differences between the market value of assets (securities, real estate, etc.) held and their book value, and are considered to be substantial capital because they constitute part of the solvency margin total used as a numerator when the solvency margin ratio is calculated. Unrealized gains also act as a buffer against the different types of risks to which Dai-ichi is exposed, and at the same time leave more room for risk taking in investments, thus making a substantial contribution to stronger profitability.

With respect to unrealized gains and losses as of March 31, 2012, unrealized gains on securities increased by ¥601.5 billion from the end of the previous fiscal year, to ¥1,215.6 billion, mainly reflecting falling interest rates in Japan and overseas. Unrealized gains on real estate (land etc.) decreased by ¥57.0 billion, to unrealized losses of ¥36.5 billion, mainly reflecting a drop in land prices. As a result, total unrealized gains on all general account assets increased by ¥540.7 billion, to ¥1,179.9 billion.

Total Net Unrealized Gains (Losses) on General Account Assets

	As of March 31, 2011	As of March 31, 2012
	(billions of yen)	
Securities	614.1	**1,215.6**
Domestic bonds	383.8	**790.6**
Domestic stocks	305.6	**297.8**
Foreign securities (Note 1)	(80.4)	**114.4**
Foreign bonds	(65.5)	**138.9**
Foreign stocks and other securities	(14.9)	**(24.5)**
Other securities	(5.0)	**(5.6)**
Others (Note 2)	10.1	**18.4**
Real estate (Note 3)	20.5	**(36.5)**
Total (including others not listed above) (Note 4)	639.2	**1,179.9**

Notes:
1. Foreign exchange valuation gains (losses) only are taken into account for foreign securities whose fair value is deemed extremely difficult to recognize.
2. “Others” includes assets that are considered appropriate to handle as securities, as defined in the Financial Instruments and Exchange Act.
3. Difference between the book value before revaluation and fair value is reported as unrealized gains (losses) of land.
4. Unrealized gains (losses) on loans and buildings are not recorded.

Adjusted Net Assets

At the end of fiscal year 2011: ¥3,670.1 billion

(At the end of fiscal year 2010: ¥3,066.8 billion)

(At the end of fiscal year 2009: ¥3,321.6 billion)

* The figures above are for Dai-ichi on a non-consolidated basis.

* If adjusted net assets fall into negative territory, the Company could receive a suspension of operations from the supervisory authorities.

■ Adjusted Net Assets

Adjusted net assets are derived by subtracting non-capital adjusted liabilities from adjusted assets at fair market value. In other words, they refer to real net worth after market price-based valuation, and serve as one of the indicators used by the supervising administrative agency to ascertain the financial soundness of insurance companies.

Adjusted assets represent assets reported in the balance sheet plus unrealized gains/losses and other off-balance sheet assets. Adjusted liabilities are calculated by deducting various reserves and allowances from on-balance sheet liabilities.

Adjusted net assets as of the end of fiscal 2011 increased from the end of the previous fiscal year, to ¥3,670.1 billion, principally because of an increase in unrealized gains on securities associated with falling interest rates.

Ratings

As of July 1, 2012		
Rating and Investment Information	**A+**	Rating on Insurance Claims Paying Ability
Japan Credit Rating Agency	**A+**	Rating on Ability to Pay Insurance Claims
Standard & Poor's	**A**	Insurer Financial Strength Rating
Fitch Ratings	**A**	Insurer Financial Strength Rating

■ Ratings

Ratings are given and published by independent third-party agencies primarily as their opinions about the financial soundness of businesses. Ratings are usually expressed in symbols for ease of understanding. There are two types of ratings: those published by rating agencies at the request of the subject company and those published by rating agencies as their independent opinions irrespective of whether they are requested or not.

Ratings for life insurance companies usually represent the degree of certainty with which insurance claims, annuities, etc. are paid in accordance with the policies involved.

Dai-ichi views credit ratings as one of the factors for objectively determining a company's business performance such as its financial soundness. It obtains ratings for the capability to pay insurance claims from Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd. and those for the insurer's financial strength from Standard & Poor's and Fitch Ratings.

As of July 1, 2012, Rating and Investment Information rated Dai-ichi at A+, and Japan Credit Rating Agency gave Dai-ichi a high rating of A+, Standard & Poor's gave Dai-ichi rating of A, and Fitch Ratings rated Dai-ichi at A.

Internal Control and Overall Risk Management

Management Control System

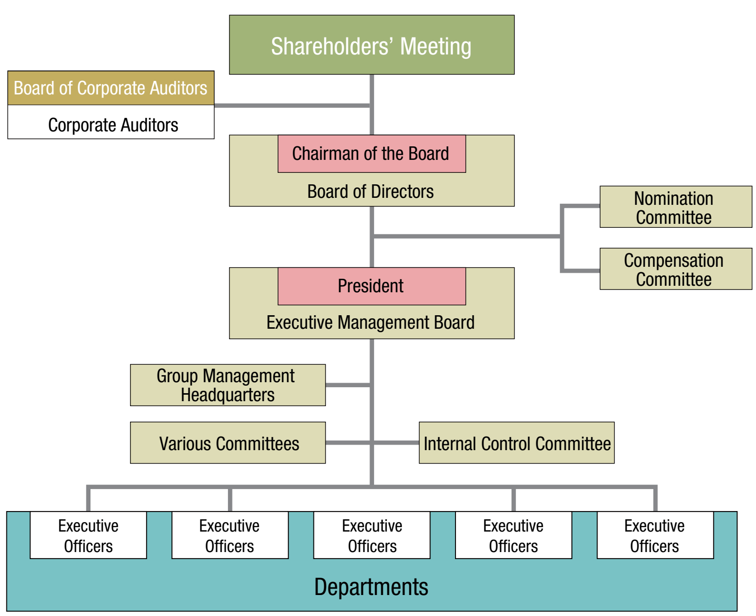
Management Control

The Board of Directors makes important management decisions and supervises the execution of operations. To separate and thereby strengthen its functions of decision making and supervision on the one hand and operational execution on the other, Dai-ichi has introduced an executive officer system. Executive officers are elected by the Board of Directors and carry out duties assigned by the Board of Directors. Dai-ichi also has an Executive Management Board that consists of the president and executive officers appointed by the president and meets twice a month, in principle. The Executive Management Board discusses important management and executive issues. As of July 1, 2012, Dai-ichi had 13 directors (including two outside directors) and 25 executive officers (including nine officers who are concurrently directors).

To further enhance management transparency, Dai-ichi has established a Nomination Committee and a Compensation Committee, each of which consists of the chairman, president, and outside members, as independent advisory committees to the Board of Directors. The Nomination Committee confirms the eligibility of candidate directors. The Compensation Committee deliberates on the compensation systems for directors and executive officers and other related matters.

In addition to attending meetings of the Board of Directors and the Executive Management Board, corporate auditors audit the execution of duties by directors and executive officers through interviews with directors, executive officers, and the relevant departments. Corporate auditors also audit the status of compliance, risk management in overall operations, and the operational and financial status of Dai-ichi and its subsidiaries. In addition, the Board of Corporate Auditors deliberates on important audit issues. As of July 1, 2012, Dai-ichi had five corporate auditors (including three outside auditors).

Management Control System



Status of Internal Control Systems

Dai-ichi has established a Basic Internal Control Policy, which sets out its basic approach and policy concerning internal control.

As part of the establishment of its internal control system, the Company has set up an Internal Control Committee. The Committee is a special organization assisting the Board of Directors and the Executive Management Board and is responsible for the following: promoting the establishment and operation of an internal control system; checking the appropriateness of financial reports and the effectiveness of internal audits; and checking and discussing issues of compliance, the protection of information property, risk management, the handling of antisocial forces as an organization dominating the Compliance Committee, Risk Management Committees, and Antisocial Forces Handling Committee. The Internal Control Committee consists of representative directors and the executive officers in charge of the departments responsible for internal control and holds a meeting every month, in principle.

To enhance the effectiveness of internal controls, Dai-ichi also carries out internal control self-assessment (CSA) in all operations. Through CSA, the Company (1) grasps the condition of the risk to identify major risks in each operation, (2) evaluates the importance of the risks in view of the magnitude of the potential effects for customers and losses they may cause, and (3) assesses risk prevention systems. The Company seeks to mitigate risks and improve operations by developing and introducing measures against risks in order of priority.

Basic Internal Control Policy

1. Conduct business activities in compliance with laws and regulations, the Articles of Incorporation, social standards, and rules in the market
2. Ensure insurance sales compliance with laws and regulations, etc. and conduct appropriate insurance sales management
3. Protect and manage information property appropriately, including customer information, shareholder information, material facts, and other unique information
4. Manage risks effectively in accordance with the characteristics of those risks
5. Block any relationships with antisocial forces to prevent any damage that might occur
6. Ensure appropriate operations at subsidiaries
7. Ensure the reliability of financial reports and disclose them appropriately on a timely basis
8. Check the appropriateness and effectiveness of internal control through operational audits

Internal Control System

Compliance (observance of laws and ordinances, etc.)

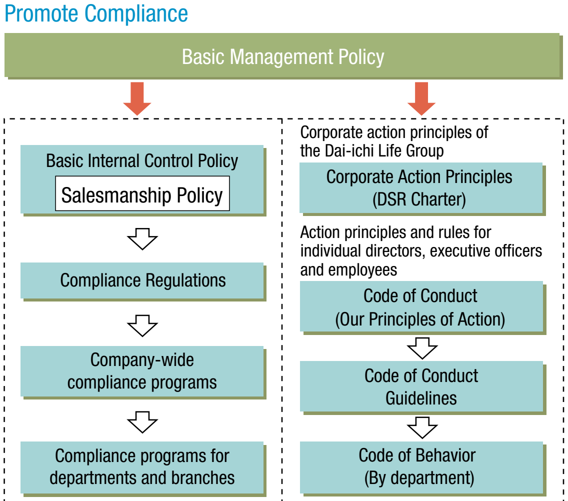
Basic Recognition

Dai-ichi understands that complying with laws and regulations, its Articles of Incorporation, social standards, and rules in the market is the basis for conducting business activities. To fulfill social responsibility and public missions as a life insurance company, Dai-ichi is developing systems to promote compliance in all of its operations, including insurance sales and investment.

Policies and Regulations, etc. Designed to Promote Compliance

Dai-ichi has established Compliance Regulations that outline its basic approach to the compliance system and the details of that system under the Basic Internal Control Policy. Based on its Basic Management Policies, the Company has also established the DSR Charter, the Dai-ichi Life Group's corporate action principles, which outline the specific principles of its actions as a company, and the Code of Conduct, which outlines specific principles for the behavior of directors, executive officers and employees. The Company has created a Compliance Manual that includes explanations of laws and regulations and points to keep in mind when performing operations, in addition to the internal rules for promoting compliance. By distributing the manual to all directors, executive officers, and employees, and providing them with training programs, the Company seeks to keep them informed of the internal rules, laws, and regulations, as well as other important points.

Structure of Policies and Regulations, etc. Designed to Promote Compliance



The Compliance Committee holds preliminary discussions on important regulations and manuals, the Executive Management Board discusses them, and the Board of Directors makes decisions.

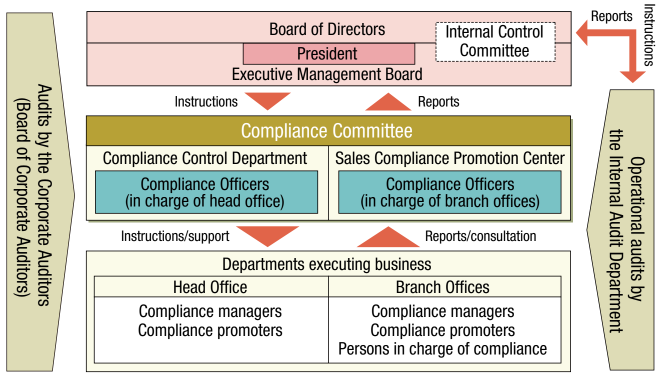
Organizational Systems Associated with Compliance

The Compliance Committee (consisting primarily of relevant directors and executive officers), under the Internal Control Committee, discusses important matters relating to compliance and consults with the Executive Management Board, the President, and the Board of Directors. The Compliance Control Department develops and promotes the company-wide compliance system. To ensure compliance, especially in the area of insurance sales management, Dai-ichi has established a Sales Compliance Promotion Center, which strengthens the system and provides branch offices that engage in insurance sales directly with instructions and support. The Company assigns compliance officers to the Compliance Control Department and Sales Compliance Promotion Center to ensure compliance at head office departments and branches, and manage compliance and insurance sales in cooperation with the compliance managers at the head of each department or branch.

The Company establishes a system to handle and resolve important matters associated with compliance in the most appropriate manner. These matters that arise in departments and branches are reported through the compliance managers to the Compliance Control Department. The Company has established an internal hotline in the Compliance Control Department to act as channel through which employees can directly report and consult on compliance matters. The Company has also developed a system where outside lawyers can directly provide advice to those who need it.

To check whether compliance is being promoted effectively and appropriately, the Internal Audit Department regularly conducts internal audits.

Organizational Systems Associated with Compliance



Compliance Promotion

The Board of Directors of Dai-ichi sets out a Compliance Program each year as a specific plan of action for compliance in accordance with the issues identified for each fiscal year. The Company promotes compliance in a plan-do-check-action (PDCA) cycle, particularly among executives, in which the Compliance Committee checks the status of each issue in the Compliance Program regularly and revises the issues appropriately.

In addition, the Company requires the general managers of the head office and branch offices to submit a confirmation sheet concerning compliance promotion semi-annually so that management can monitor the effectiveness of compliance promotion.

Information Property Protection

Basic Recognition

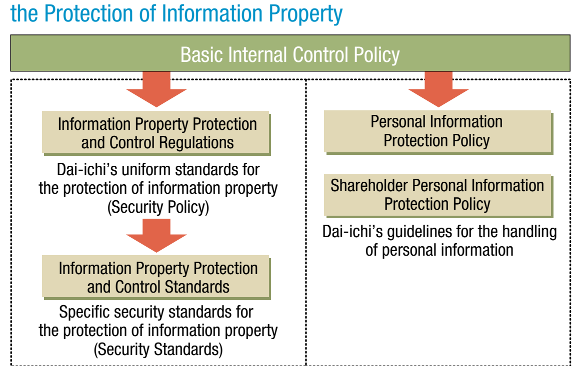
Dai-ichi keeps personal information on customers, including their names, birth dates, addresses, contract details, and medical information, for long times and also retains information about business clients that it has obtained in the course of its operations, such as financial transactions. The Company believes that complying with laws, regulations and its internal regulations and managing the protection of information property appropriately are the major premise for earning the trust of its customers.

Policy, Regulations, etc. Associated with the Protection of Information Property

Dai-ichi has established a Basic Internal Control Policy and, under that policy, Information Property Protection and Control Regulations. These regulations set out basic principles for protecting information property and standards for appropriately protecting information property. Dai-ichi has also created information property protection and control standards, which stipulate the details of standards for specific security measures. Based on the spirit of the Act on the Protection of Personal Information, Dai-ichi has established a Personal Information Protection Policy and a Shareholder Personal Information Protection Policy, which describe the purposes of the use of personal information and shareholder information and the protection and control of personal information and shareholder information, based on decisions by the Board of Directors, and has posted those policies on its website.

The Company has created a Compliance Manual and an Information Property Protection and Control Manual, which specify rules and regulations related to the control and promotion of information property protection, as well as points to keep in mind in the execution of operations. The Company has distributed these manuals to all directors, executive officers and employees and has provided training programs based on the manuals to keep them fully informed about the contents.

Structure of Policies and Regulations, etc. Associated with the Protection of Information Property



Organizational Systems Associated with the Protection of Information Property

The Information Property Protection Working Group, which has been established as a subsidiary body of the Compliance Committee, discusses important matters related to the promotion of information property protection and reports the results of the discussions to the Compliance Committee. We have established an Information Security Management Center, a permanent organ that promotes protection of information property across the board, within the Compliance Control Department. The Information Security Management Center gives the necessary instructions and support to each department of the head office and each branch, and develops a system for the appropriate protection and management of information property in each organ through compliance managers and compliance promoters, who have been appointed across the board.

The Internal Audit Department regularly carries out operational audits to ensure that these systems are working effectively throughout the Company and reports the results of the audits to the Board of Directors and the Executive Management Board.

Information Property Protection and Control

Dai-ichi has developed information property protection and control systems based on the Act on the Protection of Personal Information, guidelines, and other regulations associated with the protection of personal information in the financial industry. To strengthen the protection and control of personal information, Dai-ichi takes the following steps:

- Strengthening compliance with information handling rules through regular staff training and conducting regular inspections of compliance with the rules
- Improving checks of Internet e-mail usage when it is used and reducing the use of external memory devices
- Supervising and checking outsourcing service providers, including their subcontractors

Handling of Requests for the Disclosure of Personal Information and Others

When customers or shareholders request the disclosure of their own personal information, Daiichi promptly and appropriately responds after confirming that the requests have been made by the customers or shareholders themselves or by legal proxies.

Information about disclosure requests based on the Act on the Protection of Personal Information is also available on Dai-ichi's website.

Handling of Comments, etc.

Dai-ichi responds promptly and appropriately to any comments, etc. about the handling of customer information or personal information.

Risk Management

Basic Recognition

To ensure sound and proper business operations and to ensure that we fulfill the obligations arising from our insurance policies, we identify and evaluate potential risks, take appropriate action based on the specific characteristics of each risk and comprehensively manage those risks. We are committed, on a Company-wide basis, to improving soundness through the management and control of the financial base, including risk volume and capital.

We have also established a crisis management system and a risk management system to respond to catastrophes and large-scale disasters in addition to our everyday risk management system.

Risk Management Policies and Regulations

Our Basic Internal Control Policy includes our basic philosophy and policies regarding risk management. The approach used to manage each type of risk is developed in line with our series of Basic Risk Management Policies. In addition, each of the risk management regulations and standards is translated into practical rules, following our series of Basic Risk Management Policies.

Risk Management Structures

For risks arising from operations at the discretion of the departments responsible for executing the related operations, the departments responsible for risk management activities monitor the operations for each risk category, in accordance with our series of Basic Risk Management Policies. To strengthen our risk management structure, we have established a Risk Management Department, which manages risks comprehensively, on a Company-wide basis. Management shares information regarding individual risks at regular meetings of our ALM Committee, Operational Risk Management Committee and System Risk Management Committee, and uses the shared information to guide its decision making. Moreover, our Internal Audit Department examines the effectiveness and appropriateness of our risk management functions.

The Board of Directors and the Executive Management Board receive reports on risk management and make decisions based on those reports. Our Corporate Auditors inspect overall risk management, including those taken by our management.

Integrated Risk Management Initiatives

Integrated risk management is an approach in which the Company controls the risks it is exposed to in its overall operations, including in the flow of business such as underwriting insurance and setting premium rates, by considering risks, including potentially significant ones, as a whole and comparing them against its capital, etc. Dai-ichi ensures its financial stability by integrating various risks on an accounting and economic value basis and comparing them against its capital, etc. The economic value basis is a valuation standard that is consistent with the Embedded Value, one of the indicators that represents the corporate value of a life insurance company.

To ensure sound management and conduct ALM (Asset Liability Management) appropriately, Dai-ichi has established an ALM Committee, and encourages the refinement of its management system and the improvement of financial soundness.

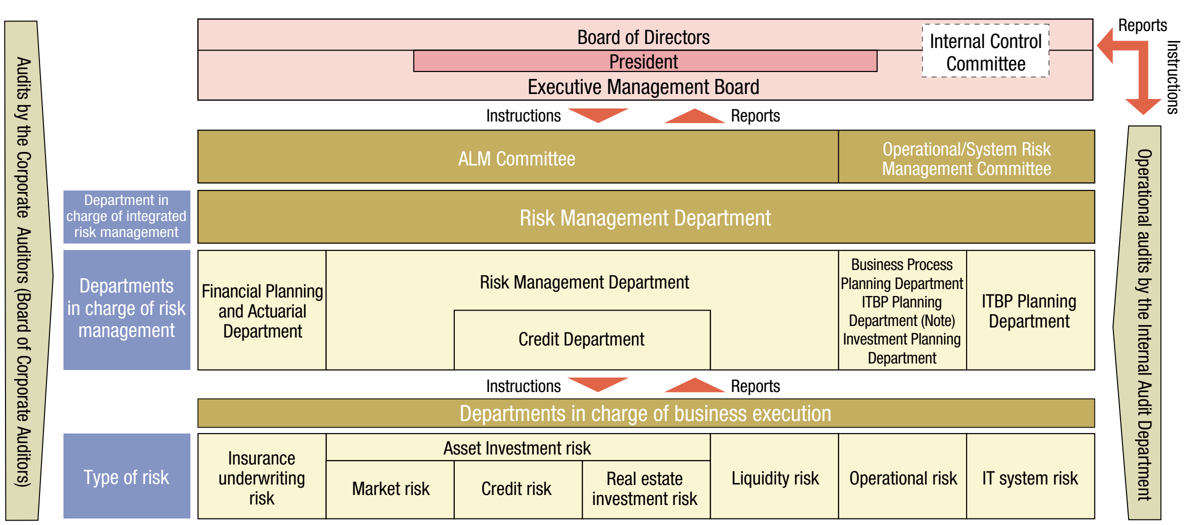
The Company has also established an Operational Risk Management Committee and System Risk Management Committee to curb its operational and system risks and strengthen its management system.

In addition, when formulating the Company's investment policy taking liability characteristics into consideration, developing new products and setting appropriate assumed rates of return, the departments in charge of risk management check the various risks involved in insurance underwriting and investments and examine the adequacy of those operations.

Promotion of ERM

The Company promotes ERM (Enterprise Risk Management), a risk management approach to promote business activities, by formulating a management plan and capital strategies in accordance with its capital, risk, and profit situation.

Dai-ichi's Risk Management Structure



(Note) ITBP Planning Department: IT Business Process Planning Department

When formulating a management plan and capital strategies as a risk management measure related to ERM, the department in charge of integrated risk management examines the adequacy of the plan and the strategies and properly controls capital, risks, and profits by setting and managing risk tolerance, etc., taking into consideration the source, types, and characteristics of risks.

Implementation of Stress Tests

To recognize and determine events that cannot be captured by quantifying risks, Dai-ichi implements a stress test, assuming a worst-case scenario based on past events, such as disruptions in the financial market and large-scale disasters, as well as the Company's future outlook to analyze the effect on the Company's financial soundness. Stress test results are regularly reported to the Board of Directors and the Executive Management Board so that management can check market conditions, strengthen its monitoring, and consider and implement managerial and financial measures as necessary.

Definition of Risks

<table>
<tr><th colspan="2">Type of risk</th><th>Details</th></tr>
<tr><td colspan="2">Insurance underwriting risk</td><td>The risk that an insurance company may suffer a loss due to changes in economic conditions, or a frequency ratio of insured events that is contrary to the projections made at the time premiums were set.</td></tr>
<tr><td rowspan="3">Asset investment risk</td><td>Market risk</td><td>The risk of suffering a loss due to changes in the value of the assets and liabilities owned because of changes in market conditions such as interest rates, exchange rates, and share prices, and the risk of suffering a loss due to changes in the income generated from assets and liabilities.</td></tr>
<tr><td>Credit risk</td><td>The risk of suffering a loss due to a decrease in or eradication of the value of assets because of a deterioration in the financial condition of credit recipients.</td></tr>
<tr><td>Real estate investment risk</td><td>The risk of suffering a loss due to a drop in income from real estate due to changes in rent, etc. or a decrease in the value of the real estate itself because of factors such as changes in market conditions.</td></tr>
<tr><td colspan="2">Liquidity risk</td><td>The risk of suffering a loss due to being forced to sell assets at a markedly lower price than normal as a result of a deterioration in cash management from a drop in premium income, etc. (cash management risk), or the risk of not being able to participate in market transactions because of a market disruption (market liquidity risk).</td></tr>
<tr><td colspan="2">Operational risk</td><td>The risk that customers and the Company may suffer a loss due to an officer or employee, etc. neglecting to conduct a proper operation, experiencing an accident, or engaging in wrongdoing.</td></tr>
<tr><td colspan="2">IT system risk</td><td>The risk that customers and the Company may suffer a loss due to a system flaw such as the failure or malfunction of a Company computer system or the unauthorized use of a Company computer.</td></tr>
</table>

* In addition to the risks above, the Company also manages legal risk, human risk, tangible asset risk, and reputational risk.

Ensuring the Appropriate Operations at Subsidiaries, etc.

Basic Recognition

The subsidiaries, etc. of Dai-ichi means subsidiary companies, subsidiary corporations, and related corporations, as established in the Insurance Business Act, the Order for Enforcement of the Insurance Business Act, and the Ordinance for Enforcement of the Insurance Business Act.

To manage its subsidiaries, etc., Dai-ichi, as a major shareholder, monitors the decisions and the supervision of the operation of its subsidiaries, etc. by their Boards of Directors as a basic practice, and takes measures according to the characteristics of subsidiaries, etc. by verifying how their operations are executed.

Policies and Regulations, etc. Associated with the Management of Subsidiaries, etc.

The Company has established basic regulations and policies in its Basic Internal Control Policy to ensure appropriate operations at its subsidiaries, etc. Also, based on this Basic Internal Control Policy, Dai-ichi has developed the internal regulations and rules necessary to ensure appropriate operations at its subsidiaries, etc., such as the Internal Control Regulations for Subsidiaries, etc.

Management System for Subsidiaries, etc.

Departments that are in charge of the management of subsidiaries, etc. and that are responsible for the internal control of subsidiaries, etc. take steps according to the characteristics of subsidiaries, etc., such as building an internal control system and planning and implementing measures to increase the effectiveness of internal control at subsidiaries, etc., and instructing and supporting subsidiaries, etc. in cooperation with other related departments in charge of internal control and the delegation of business to subsidiaries, etc.

Also, in cooperation with the departments in charge of internal control, important matters are reported to the Dai-ichi's Board of Directors, Executive Management Board, and Internal Control Committee.

Actions Regarding Internal Control over Financial Reporting

Basic Recognition

In accordance with the Financial Instruments and Exchange Act, we have prepared an Internal Control Report that evaluates the effectiveness of our internal control over financial reporting.

Policies and Regulations, etc. Associated with Internal Control over Financial Reporting

In the Basic Internal Control Policy, Dai-ichi has established basic policies and regulations to ensure the reliability of financial reporting and its appropriate disclosure on a timely basis. Based on the Basic Internal Control Policy, the Company has developed Evaluation Regulations for Internal Control over Financial Reporting, which outline procedures to appropriately evaluate internal control over financial reporting.

Actions Regarding Internal Control over Financial Reporting

To ensure the reliability of its financial reporting, Dai-ichi has evaluated the effectiveness of its internal control, such as the important processes related to financial reporting and the system to prepare financial reports.

Based on the results of this evaluation, the Company prepared an Internal Control Report, which stated that Dai-ichi's internal control over financial reporting was effective, and submitted this Report together with the annual securities report. The Company also received an Internal Control Audit Report from the independent auditor, the results of which indicated that the Company is properly implementing internal control over financial reporting in compliance with the generally accepted assessment standards for internal control in Japan.

Operational Audit System

Basic Recognition

To ensure sound and proper business operations, Dai-ichi examines the appropriateness and effectiveness of its internal control through operational audits. To implement effective operational audits, the Company develops and carries out the necessary arrangements such as ensuring the independence of the internal control and audit department.

Policies and Regulations, etc. Associated with Operational Audits

Dai-ichi has established basic regulations and policies for operational audits in its Basic Internal Control Policy. Based on the Basic Internal Control Policy, the Company has established Operational Audit Regulations so that all officers and employees will understand the importance of operational audits and will smoothly and effectively promote all activities related to operational audits by clarifying basic matters related to operational audits. The Company has also established Operational Audit Work Regulations as implementation guidelines for operational audits.

Operational Audit System

From the standpoint of compliance and risk management, Dai-ichi has established the Internal Audit Department to conduct operational audits of the departments responsible for executing operations and sales agents. To ensure verification and the viability of operational audits, the Internal Audit Department is independent from the departments responsible for carrying out operations and sales agents.

Implementation of Operational Audits

At its Board of Directors meeting each fiscal year, the Company decides on a fiscal operational audit plan that includes specific operational audit items. Based on this fiscal operational audit plan, at the Executive Management Board meeting the Company discusses and decides on a fiscal operational audit execution plan that establishes the specific content of the operational audits. Operational audits are conducted based on these fiscal plans, and their results are regularly reported to management at the Board of Directors meeting, etc. Regarding issues identified in operational audits, the audited organizations are asked to promptly formulate an improvement plan, and the implementation status of the plan is monitored through operational audits to promote improvements.

Handling of Antisocial Forces

Basic Recognition

Under the basic management policy of Securing Social Trust, all Dai-ichi organizations are united in their resolve to reject any coercion from antisocial forces that threatens the order and security of civil society or that disrupts sound economic and social development or corporate activities. Dai-ichi is fully committed to halting the development of any relationships with these forces in all of its transactions, including insurance policies, to prevent any damage from occurring.

Policies, Regulations, etc. Associated with the Handling of Antisocial Forces

In accordance with the Basic Internal Control Policy, which establishes basic approaches and policies to halt the development of any relationships with antisocial forces in order to prevent any damage, Dai-ichi has established regulations regarding the antisocial forces. Moreover, based on its Code of Conduct, which establishes specific principles for the behavior of officers and employees, Dai-ichi endeavors to fully enforce these approaches, policies, and regulations. By establishing detailed standards, the Company clearly articulates rules for directors, executive officers, and employees, as well as specific steps to halt the development of any relationships with antisocial forces and prevent any damage.

Systems for Handling Antisocial Forces

In an effort to hold Companywide deliberations with a wide range of participants about the handling of antisocial forces, Dai-ichi has established an Antisocial Forces Handling Committee. It has also designated the General Affairs Department as the department in charge of streamlining and strengthening systems to block the development of any relationships with antisocial groups or to prevent damage that may occur.

Dai-ichi also has developed a system in which each department and branch office appoints a manager in charge of the handling of antisocial forces and a person who promotes the appropriate handling of antisocial forces. Under this system, if a department or a branch office is contacted by antisocial forces, receiving undue claims and other demands, the manager and the designated person of that department or office play the leading role to take an appropriate response against such forces by cooperating with the General Affairs Department.

In addition, to appropriately handle antisocial forces, Dai-ichi is permanently committed to developing close cooperative systems with external specialist organizations, such as local police offices, the National Center for the Elimination of Boryokudan (Organized Crime Groups), and lawyers.

Corporate Citizenship and Efforts Regarding Environmental Issues

Corporate Citizenship Policy and Major Activities in Fiscal 2011

Under its Basic Policy for Corporate Citizenship, Dai-ichi participates in corporate citizenship activities, focusing on promoting health, creating an affluent next-generation society, and preserving the environment. The Company aims to increase the benefits of its activities by periodically reviewing and revising them.

Promoting Health

● Public Health Award

Dai-ichi established the Public Health Award in 1950 to show our gratitude to and respect for those working to improve public health and hygiene. We have presented the award every year since then through the sponsorship of the Ministry of Health, Labour and Welfare and other organizations. The award commends health-related activities for a wide range of current issues, such as overseas medical activities and efforts to combat lifestyle-related diseases, and 931 organizations and individuals have been honored to date. The award ceremony is held in the fall of each year, and award winners receive an audience with the Emperor and Empress of Japan.

Winner of the 63rd Public Health Award

● The Cardiovascular Institute

The Cardiovascular Institute conducts medical studies on various cardiovascular diseases, publishes the results of its research, and offers advanced special treatments in its hospital to diagnose, treat, and help prevent cardiovascular disease. In February 2011, it relocated to a new building in Nishiazabu, Minato-ku, Tokyo, to improve the quality of its medical procedures and services, using highly advanced cardiovascular equipment. The institute aims to continue to help improve clinical treatments for cardiovascular diseases.

The Cardiovascular Institute

Creating an Affluent Next-Generation Society

● Supporting consumer education through the *Life Cycle Game II—Recommending a Total Life Plan*

The *Life Cycle Game II—Recommending a Total Life Plan*, developed by Dai-ichi, is a consumer education program that allows users to learn about various life risks and how to prepare for them, and review insurance policies by playing a *Sugoroku*-style game (*Sugoroku* is the Japanese version of Parcheesi). Dai-ichi uses this game to provide education at schools and other institutions, and offers the game to schools and consumer centers as consumer education materials.

- **The Foundation for the Advancement of Life & Insurance Around the world (FALIA)**

To help develop the life insurance business, this foundation holds training sessions and seminars for people in the insurance industry in Japan and overseas. As of the end of March 2012, the number of participants had reached a cumulative total of over 8,000. In fiscal 2012, the foundation celebrates the 50th anniversary of its establishment. On April 1, 2012, it changed from an incorporated foundation to a public interest incorporated foundation.

- **General Incorporated Foundation *Toshi No Shikumi To Kurashi Kenkyusho* (The Research Institute of City and Life Structures)**

This foundation conducts research on housing and cities, and provides subsidies to help improve living conditions.

After the Great East Japan Earthquake, the foundation decided to use its assets to help affected areas, and donated ¥100 million to each of the three prefectures that suffered serious damage (a total of ¥300 million) as funds for the restoration and recovery of public facilities.

	Content of Donation
Iwate Prefecture	Reconstruction of Iwate Prefectural Takata High School
Fukushima Prefecture	Reconstruction of the disaster-stricken Fukushima Prefectural Culture Center
Miyagi Prefecture	Reconstruction of the disaster-stricken Miyagi Prefectural Ishinomaki Kobunkan High School, Miyagi Fisheries High School, and Ishinomaki Technical High School

Preserving the Environment

- **Green Environmental Design Award**

In 1990, out of a desire to help create verdant city environments, facilitate people's interactions with nature in these environments, and develop communities, Dai-ichi established the "Green Design Award." This award solicits greenery plans from around the country, picks the best one, and provides grants to realize the plan. In 2009, the Award was renamed the Green Environmental Design Award to enhance environmental responsiveness by adding evaluation criteria such as actively incorporating a green space to allow cities to coexist with the environment. To date, new green spaces have been created in 134 locations around the country.

The Agricultural Department of the Tokyo University of Agriculture
(Land, Infrastructure and Transportation Minister's Award)

Initiatives to Protect the Environment

Promoting Environmental Management

To help "build a sustainable society" where social and economic development is in harmony with the global environment, Dai-ichi is currently promoting its Medium-Term Environmental Effort Plan for FY2011 and FY2012 (Note) by establishing Basic Environmental Policies to preserve the environment.

As part of the specific measures to achieve the Plan's goal, all officers and employees of Dai-ichi are working to reduce their power consumption and use of paper.

(Note) To reduce the environmental burden of all our business activities, we have set goals for energy saving and resource saving, such as reducing CO_2 and the amount of paper used, and strengthening biodiversity conservation efforts and the system to encourage environmental management.

● Promoting the Ecocap Movement

As part of its environmental education activities, Dai-ichi is participating in the ecocap movement with local customers at its offices around the nation. This initiative, which began at certain offices and branches in fiscal 2005 to help shift to a recycling-based society, has evolved into a special activity that allows Company employees and local customers to learn about the environment and practice environmental activities.

We had retrieved a cumulative total of approximately 40 million caps as of the end of March 2012, and donated vaccines for approximately 50,000 children through the NPO Ecocap Movement.

* The Ecocap Movement is a program to help prevent global warming by recycling discarded PET bottle caps and using the income to donate vaccines to children in developing nations.

Medium-term Environmental Effort Plan

Targets for FY2012

(1) Efforts to Prevent the Global Warming (Energy Saving)

Reduction of energy in offices
- CO_2 emissions (CO_2-ton)
  Reducing CO_2 emissions by 10% compared to FY2007

Reduction of energy for distribution
- Energy for distribution (ton-km)
  Reducing energy for distribution by 10% compared to FY2009

(2) Efforts to Build a Recyclable Society (Resource Saving)

Reduction of paper usage
- Total use of paper (ton)
  Reducing the total use of paper by 20% compared to FY2009
- Use of office automation paper (ton)
  Reducing the use of office automation paper by 15% compared to FY2009
- Number of kinds of business forms in mail box
  Reducing the number of kinds of business forms in mail box by 20% compared to FY2009

Paper recycle

Promotion of the use of recycled paper
- Recovery of roll box resources
  Maintaining a 100% recycling rate
- General waste in major offices
  Maintaining a 100% recycling rate

Promotion of green purchase
- 80% green purchase rate

(3) Corporate Efforts for Environmental Protection

Pro-environmental behavior through core businesses
- Promoting pro-environmental behavior in investment

Response to biodiversity conservation
- Promoting subsidies and support for environmental conservation activities

(4) Establishment of a System to Facilitate Environmental Management

Establishment of a system to facilitate environmental management
- Embedding the PDCA cycle in environmental efforts
- Raising awareness of directors, executive officers and employees about environmental efforts
- Stepping up disclosure of information relating to the environment

Financial Section

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FINANCIAL SECTIONS

Consolidated Balance Sheets

	(millions of yen)		(millions of US$)
	As of March 31,		
	2011	2012	2012
(ASSETS)			
Cash and deposits	¥ 257,204	¥ 315,187	$ 3,834
Call loans	244,700	249,200	3,031
Monetary claims bought	291,115	294,324	3,581
Money held in trust	62,838	48,266	587
Securities	25,597,752	27,038,793	328,979
Loans	3,627,991	3,413,620	41,533
Tangible fixed assets	1,296,105	1,254,685	15,265
Land	843,018	809,048	9,843
Buildings	445,572	430,318	5,235
Leased assets	1,474	1,681	20
Construction in progress	2,219	9,747	118
Other tangible fixed assets	3,821	3,889	47
Intangible fixed assets	104,173	211,055	2,567
Software	70,646	71,036	864
Goodwill	–	63,654	774
Other intangible fixed assets	33,527	76,364	929
Reinsurance receivable	45,764	41,751	507
Other assets	288,336	307,973	3,747
Deferred tax assets	477,206	284,562	3,462
Customers' liabilities for acceptances and guarantees	17,826	20,074	244
Reserve for possible loan losses	(12,928)	(10,684)	(129)
Reserve for possible investment losses	(223)	(142)	(1)
Total assets	32,297,862	33,468,670	407,210
(LIABILITIES)			
Policy reserves and others	29,641,967	30,489,920	370,968
Reserves for outstanding claims	198,841	239,320	2,911
Policy reserves	29,039,453	29,862,729	363,337
Reserve for policyholder dividends	403,671	387,871	4,719
Reinsurance payable	1,278	12,681	154
Subordinated bonds	149,129	148,652	1,808
Other liabilities	1,126,459	1,188,105	14,455
Reserve for employees' retirement benefits	420,067	433,791	5,277
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,168	2,538	30
Reserve for possible reimbursement of prescribed claims	1,100	1,000	12
Reserves under the special laws	80,596	74,831	910
Reserve for price fluctuations	80,596	74,831	910
Deferred tax liabilities	798	9,719	118
Deferred tax liabilities for land revaluation	123,635	95,608	1,163
Acceptances and guarantees	17,826	20,074	244
Total liabilities	31,566,027	32,476,924	395,144
(NET ASSETS)			
Capital stock	210,200	210,200	2,557
Capital surplus	210,200	210,200	2,557
Retained earnings	149,007	165,557	2,014
Treasury stock	(20,479)	(16,703)	(203)
Total shareholders' equity	548,928	569,253	6,926
Net unrealized gains (losses) on securities, net of tax	238,886	483,446	5,882
Deferred hedge gains (losses)	1,243	(44)	(0)
Reserve for land revaluation	(65,194)	(61,616)	(749)
Foreign currency translation adjustments	(3,765)	(8,535)	(103)
Total accumulated other comprehensive income	171,169	413,249	5,027
Subscription rights to shares	–	150	1
Minority interests	11,737	9,091	110
Total net assets	731,835	991,745	12,066
Total liabilities and net assets	¥ 32,297,862	¥ 33,468,670	$ 407,210

Consolidated Statements of Earnings

	(millions of yen)		(millions of US$)
	Year ended March 31,		
	2011	2012	2012
ORDINARY REVENUES	¥ 4,571,556	¥ 4,931,781	$ 60,004
Premium and other income	3,312,456	3,539,579	43,065
Investment income	922,787	1,035,662	12,600
Interest and dividends	698,753	698,627	8,500
Gains on investments in trading securities	–	822	10
Gains on sale of securities	212,360	259,619	3,158
Gains on redemption of securities	1,533	686	8
Derivative transaction gains	9,233	–	–
Reversal of reserve for possible loan losses	–	2,174	26
Other investment income	906	2,582	31
Gains on investments in separate accounts	–	71,149	865
Other ordinary revenues	336,313	356,539	4,337
ORDINARY EXPENSES	4,490,356	4,705,860	57,255
Benefits and claims	2,711,314	2,688,419	32,709
Claims	765,792	784,632	9,546
Annuities	517,331	541,770	6,591
Benefits	514,565	498,299	6,062
Surrender values	659,025	630,846	7,675
Other refunds	254,599	232,871	2,833
Provision for policy reserves and others	466,486	718,673	8,744
Provision for reserves for outstanding claims	48,531	–	–
Provision for policy reserves	408,071	709,161	8,628
Provision for interest on policyholder dividends	9,882	9,512	115
Investment expenses	444,681	380,315	4,627
Interest expenses	13,074	20,034	243
Losses on money held in trust	5,718	14,342	174
Losses on investments in trading securities	1,955	–	–
Losses on sale of securities	120,960	180,717	2,198
Losses on valuation of securities	179,622	44,713	544
Losses on redemption of securities	4,168	3,355	40
Derivative transaction losses	–	36,543	444
Foreign exchange losses	28,122	29,084	353
Provision for reserve for possible investment losses	–	17	0
Write-down of loans	410	58	0
Depreciation of rented real estate and others	15,207	15,078	183
Other investment expenses	35,320	36,370	442
Losses on investments in separate accounts	40,119	–	–
Operating expenses	434,859	471,061	5,731
Other ordinary expenses	433,015	447,390	5,443
Ordinary profit	81,199	225,920	2,748
EXTRAORDINARY GAINS	40,023	30,477	370
Gains on disposal of fixed assets	3,350	1,595	19
Reversal of reserve for possible loan losses	1,052	–	–
Reversal of reserve for possible investment losses	498	–	–
Gains on collection of loans and claims written off	189	–	–
Reversal of reserve for price fluctuations	34,932	5,765	70
Gain on step acquisition	–	23,116	281
Other extraordinary gains	1	0	0
EXTRAORDINARY LOSSES	11,526	36,348	442
Losses on disposal of fixed assets	4,113	2,631	32
Impairment losses on fixed assets	3,338	33,602	408
Effect of initial application of accounting standard for asset retirement obligations	4,074	–	–
Other extraordinary losses	0	114	1
Provision for reserve for policyholder dividends	78,500	69,000	839
Income before income taxes and minority interests	31,196	151,048	1,837
Corporate income taxes-current	26,514	29,597	360
Corporate income taxes-deferred	(14,380)	104,024	1,265
Total of corporate income taxes	12,133	133,621	1,625
Income before minority interests	19,063	17,427	212
Minority interests in gain (loss) of subsidiaries	(75)	(2,930)	(35)
Net income for the year	¥ 19,139	¥ 20,357	$ 247

Consolidated Statements of Comprehensive Income

	(millions of yen)		(millions of US$)
	Year ended March 31,		
	2011	2012	2012
Income before minority interests	¥ 19,063	¥ 17,427	$ 212
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax	(223,366)	244,910	2,979
Deferred hedge gains (losses)	3,251	(1,287)	(15)
Reserve for land revaluation	–	16,861	205
Foreign currency translation adjustments	(815)	(4,207)	(51)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	102	(604)	(7)
Total other comprehensive income	(220,826)	255,673	3,110
Comprehensive income	(201,763)	273,100	3,322
(Details)			
Attributable to shareholders of the parent company	(201,708)	275,722	3,354
Attributable to minority interests	(54)	(2,622)	(31)

FINANCIAL SECTIONS

Consolidated Statements of Changes in Net Assets

	(millions of yen)		(millions of US$)
	Year ended March 31,		
	2011	2012	2012
Shareholders' equity			
Capital stock			
Balance at the beginning of the year	¥ 210,200	¥ 210,200	$ 2,557
Changes for the year			
Total changes for the year	–	–	–
Balance at the end of the year	210,200	210,200	2,557
Capital surplus			
Balance at the beginning of the year	210,200	210,200	2,557
Changes for the year			
Disposal of treasury stock	–	(1,315)	(15)
Transfer from retained earnings to capital surplus	–	1,315	15
Total changes for the year	–	–	–
Balance at the end of the year	210,200	210,200	2,557
Retained earnings			
Balance at the beginning of the year	138,318	149,007	1,812
Changes for the year			
Dividends	(10,000)	(15,776)	(191)
Net income for the year	19,139	20,357	247
Transfer from retained earnings to capital surplus	–	(1,315)	(15)
Transfer from reserve for land revaluation	1,653	13,284	161
Others	(103)	0	0
Total changes for the year	10,689	16,549	201
Balance at the end of the year	149,007	165,557	2,014
Treasury stock			
Balance at the beginning of the year	–	(20,479)	(249)
Changes for the year			
Purchase of treasury stock	(20,479)	–	–
Disposal of treasury stock	–	3,775	45
Total changes for the year	(20,479)	3,775	45
Balance at the end of the year	(20,479)	(16,703)	(203)
Total shareholders' equity			
Balance at the beginning of the year	558,718	548,928	6,678
Changes for the year			
Dividends	(10,000)	(15,776)	(191)
Net income for the year	19,139	20,357	247
Purchase of treasury stock	(20,479)	–	–
Disposal of treasury stock	–	2,459	29
Transfer from retained earnings to capital surplus	–	–	–
Transfer from reserve for land revaluation	1,653	13,284	161
Others	(103)	0	0
Total changes for the year	(9,790)	20,325	247
Balance at the end of the year	548,928	569,253	6,926
Accumulated other comprehensive income			
Net unrealized gains (losses) on securities, net of tax			
Balance at the beginning of the year	462,289	238,886	2,906
Changes for the year			
Net changes of items other than shareholders' equity	(223,403)	244,560	2,975
Total changes for the year	(223,403)	244,560	2,975
Balance at the end of the year	¥ 238,886	¥ 483,446	$ 5,882

	(millions of yen)		(millions of US$)
	Year ended March 31,		
	2011	2012	2012
Deferred hedge gains (losses)			
Balance at the beginning of the year	¥ (2,008)	¥ 1,243	$ 15
Changes for the year			
Net changes of items other than shareholders' equity	3,251	(1,287)	(15)
Total changes for the year	3,251	(1,287)	(15)
Balance at the end of the year	1,243	(44)	(0)
Reserve for land revaluation			
Balance at the beginning of the year	(63,540)	(65,194)	(793)
Changes for the year			
Net changes of items other than shareholders' equity	(1,653)	3,577	43
Total changes for the year	(1,653)	3,577	43
Balance at the end of the year	(65,194)	(61,616)	(749)
Foreign currency translation adjustments			
Balance at the beginning of the year	(3,069)	(3,765)	(45)
Changes for the year			
Net changes of items other than shareholders' equity	(696)	(4,769)	(58)
Total changes for the year	(696)	(4,769)	(58)
Balance at the end of the year	(3,765)	(8,535)	(103)
Total accumulated other comprehensive income			
Balance at the beginning of the year	393,671	171,169	2,082
Changes for the year			
Net changes of items other than shareholders' equity	(222,501)	242,080	2,945
Total changes for the year	(222,501)	242,080	2,945
Balance at the end of the year	171,169	413,249	5,027
Subscription rights to shares			
Balance at the beginning of the year	–	–	–
Changes for the year			
Net changes of items other than shareholders' equity	–	150	1
Total changes for the year	–	150	1
Balance at the end of the year	–	150	1
Minority interests			
Balance at the beginning of the year	11,804	11,737	142
Changes for the year			
Net changes of items other than shareholders' equity	(66)	(2,646)	(32)
Total changes for the year	(66)	(2,646)	(32)
Balance at the end of the year	11,737	9,091	110
Total net assets			
Balance at the beginning of the year	964,193	731,835	8,904
Changes for the year			
Dividends	(10,000)	(15,776)	(191)
Net income for the year	19,139	20,357	247
Purchase of treasury stock	(20,479)	–	–
Disposal of treasury stock	–	2,459	29
Transfer from retained earnings to capital surplus	–	–	–
Transfer from reserve for land revaluation	1,653	13,284	161
Others	(103)	0	0
Net changes of items other than shareholders' equity	(222,568)	239,584	2,915
Total changes for the year	(232,358)	259,909	3,162
Balance at the end of the year	¥ 731,835	¥ 991,745	$ 12,066

Consolidated Statements of Cash Flows

	(millions of yen)		(millions of US$)
	Year ended March 31,		
	2011	2012	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes and minority interests	¥ 31,196	¥ 151,048	$ 1,837
Depreciation of rented real estate and others	15,207	15,078	183
Depreciation	33,774	38,555	469
Impairment losses on fixed assets	3,338	33,602	408
Amortization of goodwill	–	3,352	40
Increase (decrease) in reserves for outstanding claims	48,531	(45,804)	(557)
Increase (decrease) in policy reserves	408,071	706,755	8,599
Provision for interest on policyholder dividends	9,882	9,512	115
Provision for (reversal of) reserve for policyholder dividends	78,500	69,000	839
Increase (decrease) in reserve for possible loan losses	(8,182)	(2,244)	(27)
Increase (decrease) in reserve for possible investment losses	(900)	(80)	(0)
Gains on collection of loans and claims written off	(189)	–	–
Write-down of loans	410	58	0
Increase (decrease) in reserve for employees' retirement benefits	8,629	13,725	166
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(167)	(628)	(7)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	–	(100)	(1)
Increase (decrease) in allowance for policyholder dividends	(92,500)	–	–
Transfer from allowance for policyholder dividends to reserve for policyholder dividends	92,500	–	–
Increase (decrease) in reserve for price fluctuations	(34,932)	(5,765)	(70)
Interest and dividends	(698,753)	(698,627)	(8,500)
Securities related losses (gains)	132,933	(103,492)	(1,259)
Interest expenses	13,074	20,034	243
Foreign exchange losses (gains)	28,122	29,084	353
Losses (gains) on disposal of fixed assets	763	1,036	12
Equity in losses (income) of affiliates	(4,355)	(2,065)	(25)
Loss (gain) on step acquisitions	–	(23,116)	(281)
Decrease (increase) in reinsurance receivable	64	5,858	71
Decrease (increase) in other assets unrelated to investing and financing activities	(5,688)	5,773	70
Increase (decrease) in reinsurance payable	406	602	7
Increase (decrease) in other liabilities unrelated to investing and financing activities	(2,150)	3,046	37
Others, net	41,408	84,712	1,030
Subtotal	98,996	308,914	3,758
Interest and dividends received	723,309	744,172	9,054
Interest paid	(9,091)	(18,599)	(226)
Policyholder dividends paid	(106,426)	(94,311)	(1,147)
Others, net	78,482	(174,455)	(2,122)
Corporate income taxes paid	(3,732)	(35,650)	(433)
Net cash flows provided by (used in) operating activities	781,539	730,069	8,882
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of monetary claims bought	(11,851)	(30,900)	(375)
Proceeds from sale and redemption of monetary claims bought	16,502	36,014	438
Purchases of money held in trust	(12,900)	(9,100)	(110)
Proceeds from decrease in money held in trust	–	9,300	113
Purchases of securities	(10,021,629)	(9,839,307)	(119,714)
Proceeds from sale and redemption of securities	9,035,758	9,131,880	111,106
Origination of loans	(389,518)	(419,187)	(5,100)
Proceeds from collection of loans	587,373	633,334	7,705
Others, net	48,715	(33,626)	(409)
Total of net cash provided by (used in) investment transactions	(747,550)	(521,592)	(6,346)
Total of net cash provided by (used in) operating activities and investment transactions	33,988	208,476	2,536
Acquisition of tangible fixed assets	(80,181)	(25,817)	(314)
Proceeds from sale of tangible fixed assets	6,829	4,792	58
Acquisition of intangible fixed assets	(21,165)	(21,652)	(263)
Proceeds from sale of intangible fixed assets	0	0	0
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(86,217)	(1,048)
Payments for execution of assets retirement obligations	(151)	(343)	(4)
Net cash flows provided by (used in) investing activities	(842,218)	(650,831)	(7,918)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing	55,597	–	–
Repayment of borrowings	(5,004)	(2,377)	(28)
Proceeds from issuing bonds	106,314	–	–
Repayment of financial lease obligations	(252)	(474)	(5)
Purchase of treasury stock	(20,479)	–	–
Proceeds from disposal of treasury stock	–	2,456	29
Cash dividends paid	(9,881)	(15,693)	(190)
Others, net	(12)	(24)	(0)
Net cash flows provided by (used in) financing activities	126,282	(16,113)	(196)
Effect of exchange rate changes on cash and cash equivalents	(1,006)	(642)	(7)
Net increase (decrease) in cash and cash equivalents	64,596	62,482	760
Cash and cash equivalents at the beginning of the year	437,308	501,904	6,106
Cash and cash equivalents at the end of the year	¥ 501,904	¥ 564,387	$ 6,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2012

1. Basis for Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Life Insurance Company, Limited ("DL") 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 **¥82.19=US$1.00**, the foreign exchange rate on March 31, 2012, has been used for translation of the truncated figures in Japanese yen. 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 and TAL Dai-ichi Life Australia Pty Ltd ("TDLA"). The number of consolidated subsidiaries as of March 31, 2012 was sixteen. Effective the fiscal year ended March 31, 2012, Tower Australia Group Limited ("Tower"), formerly an affiliated company under the equity method, and its twelve group companies were newly included in the scope of consolidation of DL as DL completed the acquisition of 100% ownership of Tower on May 11, 2011. Tower changed its name to TAL Limited on June 1, 2011. Two subsidiaries of TDLA are excluded from the scope of consolidation as TDLA disposed of its interest in the companies in March, 2012.

The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. The twelve non-consolidated subsidiaries had, individually and in the aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income, retained earnings, cash flows, and others.

There was no non-consolidated subsidiary accounted for under the equity method as of March 31, 2012.

The number of affiliated companies under the equity method as of March 31, 2012 was 14. The affiliated companies included DIAM Co., Ltd., Mizuho-DL Financial Technology Co., Ltd., Japan Real Estate Asset Management Co., Ltd., Trust & Custody Services Bank Ltd., Corporate-pension Business Service Co., Ltd., Japan Excellent Asset Management Co., Ltd., NEOSTELLA CAPITAL CO., LTD., Ocean Life Insurance Co., Ltd., and Star Union Dai-ichi Life Insurance Company Limited. Effective the fiscal year ended March 31, 2012, Tower (currently TAL Limited) and its twelve group companies were excluded from the scope of the equity method accounting of DL and became consolidated subsidiaries of DL as DL completed its acquisition of 100% ownership of Tower on May 11, 2011.

The non-consolidated subsidiaries (Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. and others), as well as affiliated companies (DSC No.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) were 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 (loss), retained earnings and others.

The summary of special purpose entities is described in **37. Specified Purpose Companies**.

(2) Year-end Dates of Consolidated Subsidiaries

The closing date of domestic consolidated subsidiaries is March 31, whereas that of consolidated overseas subsidiaries is December 31 or March 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. Summary of Significant Accounting Policies

(1) Valuation Methods of 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 and accretion of 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.

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 fair value during March), with cost determined by the moving average method.

However, for the fiscal year ended March 31, 2011, a certain domestic stock with market value was valued at fair value as of March 31, 2011, due to some factors including the significant differences between its average fair value during March 2011 and its fair value as of March 31, 2011.

ii) Available-for-sale Securities Whose Market Values Are Extremely Difficult to Recognize

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 determined by 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.

(2) Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

(3) Depreciation of Depreciable Assets

a) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

i) Buildings (excluding attached improvements and structures)

a. Acquired on or before March 31, 2007

Calculated by the previous straight-line method.

b. Acquired on or after April 1, 2007

Calculated by the straight-line method.

ii) Assets Other than Buildings

a. Acquired on or before March 31, 2007

Calculated by the previous declining balance method.

b. Acquired on or after April 1, 2007

Calculated by the declining balance method.

Estimated useful lives of major assets are as follows:

Buildings	2 to 60 years
Other tangible fixed assets	2 to 20 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 remaining values are depreciated at equal amounts over 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.

b) Amortization of Intangible Fixed Assets Excluding Leased Assets

DL and its consolidated subsidiaries use the straight-line method for amortization of intangible fixed assets excluding leased assets. Amortization of software for internal use is based on the estimated useful lives of 4 to 8 years.

c) Depreciation of Leased Assets

Depreciation of 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 on 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, 2011 and 2012 were ¥3,832 million and ¥119 million (US$1 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 recognize. 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, based on the projected benefit obligations and pension assets as of March 31, 2012.

Gains (losses) on plan amendments are amortized under the straight-line method through a certain period (3 years for the fiscal year ended March 31, 2012 and 3 or 7 years for the fiscal year ended March 31, 2011) within the employees’ average remaining service period.

Actuarial differences are amortized under the straight-line method through a certain period (3 or 7 years) within the employees’ average remaining service period, starting from the following year.

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

(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 105th general meeting of representative policyholders of DL are provided.

For the reserve for retirement benefits of directors, executive officers, and corporate auditors of certain 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 expired, DL provided for reserve for possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

(9) 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.

(10) 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 DL’s 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.

For certain consolidated subsidiaries of DL, changes in fair value of bonds included in foreign currency-denominated available-for-sale securities related to foreign currency-denominated insurance contracts are divided into two: changes in fair value due to changes in market prices in their original currencies are accounted for as "net unrealized gains (losses) on securities", and the remaining changes are reported in "foreign exchange gains (losses)".

(11) Methods for Hedge Accounting

a) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No.10 issued on March 10, 2008). 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 payable and bonds payable; (2) foreign currency swaps, the currency allotment method by foreign currency forward contracts and deferral hedge method, are used for cash flow hedges 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.

b) Hedging Instruments and Hedged Items

Years Ended March 31, 2011 and 2012

Hedging instruments	Hedged items
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 transaction)
Currency options	Foreign currency-denominated bonds

c) 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.

d) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of hedging instruments.

(12) Amortization of Goodwill

Goodwill is amortized over a period up to 20 years under the straight-line method. The entire amount is expensed as incurred if the amount is immaterial.

(13) Scope of Cash and Cash Equivalents

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

(14) Calculation of National and Local Consumption Tax

DL and its domestic consolidated subsidiaries account for national and local consumption tax by the tax-exclusion method. Deferred consumption tax included in non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

(15) Policy Reserves

Policy reserves of DL and its consolidated subsidiaries that operate a life insurance business in Japan are established in accordance with Article 116 of the Insurance Business 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 by DL on or before March 31, 1996 for which premium payments 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 over nine years. As a result, the amount of the provisions for policy reserves for the year ended March 31, 2011 and 2012 were ¥112,631 million and ¥105,958 million (US$1,289 million), respectively.

(16) Application of “Accounting Standard for Accounting Changes and Error Corrections”

The Group applied “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24 issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24 issued on December 4, 2009) for making accounting changes and correcting past errors on or after April 1, 2011.

(17) Revision of “Practical Guidelines on Accounting Standards for Financial Instruments”

The Group formerly presented (1) reversal of reserve for possible loan losses and (2) gains on collection of loans and claims written off as items under extraordinary gains. However, effective the fiscal year ended March 31, 2012, DL started to present the reversal of reserve for possible loan losses under investment income and gains on collection of loans and claims written off as a component of other investment income, due to the revision made to “Practical Guidelines on Accounting Standards for Financial Instruments” (Accounting Practice Committee Statement No. 14 issued by JICPA).

(18) Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the years ended March 31, 2011 and 2012 were as follows:

a) 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.

b) Background for Recognition of Impairment Losses

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

c) Breakdown of Impairment Losses

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

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
				(millions of yen)	
Real estate for rent	Iwaki City, Fukushima Prefecture and others	4	¥ 132	¥ 169	¥ 302
Real estate not in use	Himeji City, Hyogo Prefecture and others	64	2,082	953	3,036
Total		68	¥ 2,215	¥ 1,123	¥ 3,338

Impairment losses by asset group for the year ended March 31, 2012 were as follows:

Asset Group	Place	Number	Impairment Losses					
			Land	Buildings	Total	Land	Buildings	Total
				(millions of yen)			(millions of US$)	
Real estate for rent	Tomakomai City, Hokkaido and others	5	¥ 378	¥ 467	¥ 845	$ 4	$ 5	$ 10
Real estate not in use	Ashigara-kami County, Kanagawa Prefecture and others	92	28,929	3,605	32,534	351	43	395
Total		97	¥ 29,307	¥ 4,072	¥ 33,379	$ 356	$ 49	$ 406

d) 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 2.89% and 2.81% for the years ended March 31, 2011 and 2012, 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 for tax purposes is used as the net sale value.

(19) 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 as collateral was ¥1,301 million. As of March 31, 2012, the Group held no securities borrowed which were not sold or pledged as collateral.

(20) 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.

4. Assets Pledged as Collateral / Secured Liabilities

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

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Securities (Government bonds)	¥ 445,706	¥ 432,624	$ 5,263
Securities (Foreign securities)	7,347	3,294	40
Securities (Corporate bonds)	–	526	6
Cash/deposits	86	86	1
Securities and cash/deposits pledged as collateral	¥ 453,140	¥ 436,532	$ 5,311

The amounts of secured liabilities were as follows:

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Cash collateral for securities lending transactions	¥ 439,443	¥ 405,816	$ 4,937
Loans payable	10	8	0
Secured liabilities	¥ 439,454	¥ 405,824	$ 4,937

"Securities (Government bonds)" pledged as collateral for securities lending transactions with cash collateral as of March 31, 2011 and 2012 were ¥436,425 million and ¥394,756 million (US$4,802 million), respectively.

5. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheets. The total balance of securities lent as of March 31, 2011 and 2012 was ¥482,741 million and ¥490,077 million (US$5,962 million), respectively.

6. Policy-reserve-matching Bonds

a) Book Value and Market Value

The book value and the market value of policy-reserve-matching bonds as of March 31, 2011 and 2012 were as follows:

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Book value	¥ 6,870,639	¥ 8,375,688	$ 101,906
Market value	7,092,066	8,898,007	108,261

b) Risk Management Policy

DL and its certain subsidiary categorize their insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulate their policies on investments and resource allocation based on the balance of the sub-groups. Moreover, they periodically check that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance products of DL are:

Year ended March 31, 2011	Year ended March 31, 2012
i) individual life insurance and annuities,	i) individual life insurance and annuities,
ii) financial insurance and annuities, and	ii) non-participating single premium whole life insurance (without duty of medical disclosure),
iii) group annuities,	iii) financial insurance and annuities, and
with the exception of certain types.	iv) group annuities,
	with the exception of certain types.

The sub-groups of insurance products of the subsidiary of DL are:

Year ended March 31, 2011	Year ended March 31, 2012
―――	i) individual life insurance and individual annuity (yen-denominated),
	ii) individual life insurance and individual annuity (U.S. dollar-denominated), and
	iii) individual life insurance and individual annuity (Australian dollar-denominated),
	with the exception of certain types and contracts.

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c) Addition of Sub-groups

Effective the fiscal year ended March 31, 2012, in order to conduct appropriate duration control, taking into account the duration of liabilities to promote more sophisticated ALM, DL added non-participating single premium whole life insurance (without duty of medical disclosure) as a new sub-group and a certain subsidiary of DL added individual life insurance and individual annuity (yen-denominated), individual life insurance and individual annuity (U.S. dollar-denominated) and individual life insurance and individual annuity (Australian dollar-denominated) as new sub-groups. These additions did not have any impact on profits and losses of DL and the subsidiary for the year ended March 31, 2012.

7. Stocks of Subsidiaries

The amounts of stocks of and stakes in non-consolidated subsidiaries and affiliated companies DL held were as follows:

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Stocks	¥ 62,274	**¥ 42,766**	**$ 520**
Capital	2,378	**2,126**	**25**
Total	¥ 64,653	**¥ 44,892**	**$ 546**

8. Problem Loans

The 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 as follows:

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Credits to bankrupt borrowers	¥ 5,034	**¥ 4,743**	**$ 57**
Delinquent loans	17,349	**15,574**	**189**
Loans past due for three months or more	–	**–**	**–**
Restructured loans	3,255	**1,452**	**17**
Total	¥ 25,639	**¥ 21,770**	**$ 264**

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, decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	Years ended March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Credits to bankrupt borrowers	¥ 739	**¥ 50**	**$ 0**
Delinquent loans	3,093	**69**	**0**

9. Commitment Line

As of March 31, 2011 and 2012, there were unused commitment line agreements under which DL is the lender of ¥5,300 million and ¥2,300 million (US$27 million), respectively.

10. Accounting of Beneficial Interests in Securitized Mortgage Loans

As of March 31, 2011 and 2012, the trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by DL in August 2000, amounted to ¥25,105 million and ¥24,321 million (US$295 million) respectively, and are included in loans in the consolidated balance sheets.

11. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2011 and 2012 was ¥658,950 million and ¥621,752 million (US$7,564 million), respectively.

12. 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, 2011 and 2012 were ¥2,461,453 million and ¥2,450,415 million (US$29,814 million), respectively. Separate account liabilities were the same amount as the separate account assets.

13. Reinsurance

As of March 31, 2011 and 2012, 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 were ¥21 million and ¥19 million (US$0 million), respectively.

As of March 31, 2011 and 2012, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥7,473 million and ¥5,923 million (US$72 million), respectively.

14. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Balance at the beginning of the year	¥ 329,214	¥ 403,671	$ 4,911
Transfer from allowance for policyholder dividends	92,500	–	–
Dividends paid during the year	(106,426)	(94,311)	(1,147)
Interest accrual during the year	9,882	9,512	115
Provision for reserve for policyholder dividends	78,500	69,000	839
Balance at the end of the year	¥ 403,671	¥ 387,871	$ 4,719

15. 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, 2011 and 2012 were ¥61,381 million and ¥60,468 million (US$735 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

16. 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 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 of the Law for Revaluation of Land.
- The excess of the new book value of the land over the fair value after revaluation in accordance with Article 10 of the Law for Revaluation of Land was ¥55,701 million as of March 31, 2011, which included ¥2,419 million negative excess (deficiency) attributable to real estate for rent, and ¥58,604 million (US$713 million) as of March 31, 2012, which included ¥18,199 million (US$221 million) attributable to real estate for rent.

17. Subordinated Bonds

Subordinated bonds of ¥149,129 million and ¥148,652 million (US$1,808 million) shown in liabilities as of March 31, 2011 and 2012 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

Issuer	Description	Issuance Date	Balance as of April 1, 2011	Balance as of March 31, 2012	Interest rate (%)	Collateral	Maturity Date
			(millions of yen)				
DL	Foreign currency (US dollar) denominated subordinated bonds	March 17, 2004	41,567 [499 mil USD]	41,090 [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]	107,562 [1,300 mil USD]	7.25	None	Perpetual
Total	–	–	149,129	148,652	–	–	–

Note: 1. The figures in parentheses represent the principle amount in US dollars.
2. The following table shows the maturities of long-term subordinated bonds for the 5 years subsequent to March 31, 2012:

	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)		
Subordinated bonds....	–	41,095	–	–	–

	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 US$)		
Subordinated bonds....	–	500	–	–	–

18. Subordinated Debt

As of March 31, 2011 and 2012, other liabilities included subordinated debt of ¥350,000 million and ¥350,000 million (US$4,258 million), respectively, the repayment of which is subordinated to other obligations.

Category	Balance as of April 1, 2011	Balance as of March 31, 2012	Average interest rate (%)	Maturity	Balance as of April 1, 2011	Balance as of March 31, 2012
	(millions of yen)				(millions of US$)	
Current portions of long-term borrowings	¥ 2	¥ 2	5.1	–	$ 0	$ 0
Current portions of lease obligations	363	491	–	–	4	5
Long-term borrowings (excluding current portion)	363,605	380,325	2.8	August 2013 - perpetual	4,423	4,627
Lease obligations (excluding current portion)	1,111	1,190	–	April 2013 - February 2017	13	14
Total	¥ 365,082	¥ 382,010	–	–	$ 4,441	$ 4,647

Note: 1. Those borrowings and lease obligations above are included in the “other liabilities” on the consolidated balance sheets.
2. The average interest rate represents the weighted-average rate applicable to the balance as of March 31, 2012. As for lease obligations, description is omitted since interest method is applied.
3. The following table shows the maturities of long-term borrowings (excluding the current portion or those without maturities) and lease obligations (excluding the current portion) for the 5 years subsequent to March 31, 2012:

	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	¥ 30,002	¥ 1	¥ 19,098	¥ 0
Lease obligations	485	416	261	27

	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 US$)		
Long-term borrowings	$ 365	$ 0	$ 232	$ 0
Lease obligations	5	5	3	0

19. Organizational Change Surplus

As of March 31, 2011 and March 31, 2012, the amounts of DL’s organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US$1,432 million), respectively.

20. Operating Expenses

Details of operating expenses for the years ended March 31, 2011 and 2012 were as follows:

	Years Ended March 31, 2011	2012	2012
	(millions of yen)		(millions of US$)
Sales activity expenses	¥ 172,140	**¥ 192,206**	**$ 2,338**
Sales management expenses	70,536	**71,604**	**871**
General management expenses	192,183	**207,250**	**2,521**

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21. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2011 and 2012 were as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Land	¥ 3,122	¥ 1,293	$ 15
Buildings	187	294	3
Other tangible fixed assets	27	1	0
Other assets	11	5	0
Total	¥ 3,350	¥ 1,595	$ 19

22. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2011 and 2012 were as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Land	¥ 530	¥ 790	$ 9
Buildings	2,515	829	10
Leased assets	–	3	0
Other tangible fixed assets	180	308	3
Software	79	86	1
Other intangible fixed assets	–	100	1
Other assets	806	512	6
Total	¥ 4,113	¥ 2,631	$ 32

23. Reconciliations of Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2011 and 2012 were as follows:

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Cash and cash deposits	¥ 257,204	¥ 315,187	$ 3,834
Call loans	244,700	249,200	3,031
Cash and cash equivalents	¥ 501,904	¥ 564,387	$ 6,866

24. Breakdown of Assets and Liabilities of Newly Consolidated Subsidiaries as a Result of the Acquisition of Shares

Associated with the consolidation of TAL Limited (“TAL”) as a result of the acquisition of share of TAL, the breakdown of the assets and liabilities of TAL at the beginning of the consolidation, and the relationship between the acquisition price and net cash flow for the acquisition were as follows:

	(millions of yen)	(millions of US$)
Assets	¥ 369,467	$ 4,495
Cash and cash deposits included in the above assets	23,279	283
Goodwill	69,176	841
Liabilities	(286,407)	(3,484)
Policy reserves and others included in the above liabilities	(209,671)	(2,551)
Acquisition price of shares of TAL (a)	152,236	1,852
Gain on step acquisition (b)	(23,116)	(281)
Acquisition cost before taking control of TAL (c)	(19,623)	(238)
Cash and cash equivalents of TAL (d)	(23,279)	(283)
Net cash flow for the acquisition of shares of TAL (a + b + c + d)	¥ 86,217	$ 1,048

FINANCIAL SECTIONS

25. Lease Transactions

Finance Leases (As lessee)

(1) Acquisition cost, accumulated depreciation and net carrying amount of finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2011 were as follows:

	Acquisition cost	Accumulated depreciation	Net carrying amount
		(millions of yen)	
Tangible fixed assets	¥ 2,138	¥ 1,653	¥ 484
Total	¥ 2,138	¥ 1,653	¥ 484

Acquisition cost, accumulated depreciation and net carrying amount of finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2012 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	¥ 1,146	¥ 1,016	¥ 129	$ 13	$ 12	$ 1
Total	¥ 1,146	¥ 1,016	¥ 129	$ 13	$ 12	$ 1

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

(2) Obligations under finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2011 and 2012 were as follows:

	As of March 31, 2011	2012	2012
	(millions of yen)		(millions of US$)
Due within one year	¥ 347	**¥ 129**	**$ 1**
Due after one year	137	**–**	**–**
Total	¥ 484	**¥ 129**	**$ 1**

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

(3) Total payments for finance leases accounted for in the same manner applicable to ordinary operating leases and depreciation for years ended March 31, 2011 and 2012 were as follows:

	Years Ended March 31, 2011	2012	2012
	(millions of yen)		(millions of US$)
Total payments for the finance leases	¥ 432	**¥ 232**	**$ 2**
Depreciation	432	**232**	**2**

(4) Calculation method of depreciation
Depreciation for leased assets is calculated over the lease term by the straight-line method assuming zero salvage value.

Operating Leases (As lessee)

Future minimum lease payments under noncancellable operating leases as of March 31, 2011 and 2012 were as follows:

	As of March 31, 2011	2012	2012
	(millions of yen)		(millions of US$)
Due within one year	¥ 627	**¥ 1,623**	**$ 19**
Due after one year	6,318	**8,181**	**99**
Total	¥ 6,945	**¥ 9,804**	**$ 119**

FINANCIAL SECTIONS

26. Financial Instruments

(1) 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 to ensure stable returns. With such strategy, DL and certain of its consolidated subsidiaries hold fixed income investments, including bonds and loans, as the core of their asset portfolio. While placing its financial soundness first, DL also holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

DL and certain of its consolidated subsidiaries use derivatives primarily to hedge market risks associated with their existing asset portfolio and supplement our investment objectives. Moreover, they utilize derivatives to mitigate the risks associated with guaranteed minimum benefits of individual variable annuity insurance.

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 growing areas. To avoid impacts from interest-rate fluctuations, DL utilizes derivative transactions in hedging some of such financial liabilities and adopts hedge accounting.

Financial Instruments Used and Their Risks

Securities included in financial assets of DL and certain of its consolidated subsidiaries, 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 market fluctuation risk, credit risk, and interest-rate risk.

DL and certain of its consolidated subsidiaries might be exposed to liquidity risk in certain circumstance in which they cannot access the financial market and make timely payments of principal, interest or other amounts. Also, some of their loans payable and bonds payable which are floating interest rate based and denominated in foreign currency are exposed to interest-rate risk and foreign currency risk.

They utilize interest rate swaps to hedge interest rate risk associated with their loans receivable and payable and adopt hedge accounting.

In addition, they utilize foreign currency forward contracts and currency options to hedge foreign currency risks associated with foreign currency-denominated bonds and foreign currency-denominated short-term deposits. DL also utilizes currency swaps to hedge foreign currency risks associated with foreign currency-denominated debts 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 and certain of its consolidated subsidiaries have established investment policy and procedure guidelines and clarified the risk of underlying assets to be hedged and derivative instruments to be used, and conducted pre- and post-effectiveness tests of the transactions.

Risk Management

The risk management system of DL and certain of its domestic consolidated subsidiaries is as follows:

(i) Market Risk Management

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

a. Interest rate risk

They keep track of interest rates and durations of their assets and liabilities, monitor their internal analyses on duration gap and interest rate sensitivity, and periodically report them to their board of directors. They utilize interest rate swaps to hedge some of interest rate risk associated with certain of their financial assets.

b. Currency risk

They keep track of currency composition of their financial assets and liabilities, conduct sensitivity analyses, and periodically report them to their board of directors. They utilize derivatives such as foreign currency forward contracts and currency options to hedge some of the currency risk associated with certain of their financial assets.

c. Fluctuation in market values

They define risk management policies for each component of their overall portfolio, including securities, and specific risk management procedures. In such policies and procedures, they set and manage upper limits of each asset balance and risk exposure.

Such management conditions are periodically reported by their risk management section to their board of directors, etc.

d. Derivative transactions

For derivative transactions, they have 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, they have put restrictions on utilization purpose such as hedging and establish position limits for each asset class.

They also utilize derivatives in order to reduce the risk associated with guaranteed minimum maturity benefits of variable annuities. In accordance with their internal regulations to manage the risks associated with their guaranteed minimum maturity benefits, they (i) assess hedge effectiveness of derivative transactions, (ii) manage gains and losses from derivative transactions on a daily basis, and (iii) periodically check their progress on reducing the risk associated with their guaranteed minimum maturity benefits and measure estimated losses based on VaR (value-at-risk).

The risk management section is in charge of managing overall risks including risks associated with their guaranteed minimum maturity benefits, and periodically report the status of such management to their board of directors, etc.

(ii) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, they have 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 section sets investment caps on individual issuers taking into account internal credit ratings and other factors. Excessive risk taking is restricted since front offices make investment within those caps. That credit management has been conducted by the credit and risk management sections, and has been periodically reported to their board of directors and other management. Additionally, internal audit section has checked credit management status.

Credit risk of security issuers and counterparties with respect to derivative transactions is managed by the credit section which sets upper limits for each issuer or counterparty and financial instrument and periodically monitors credit information, and by the risk management section which periodically monitors current exposures.

In each of certain overseas consolidated subsidiaries, an investment committee established by their board of directors develops its investment policy, and periodically checks the compliance and the status of each risk, thus enabling the subsidiaries to manage their risks in conformity with the risk characteristics.

Supplementary Explanation for Fair Value of Financial Instruments

As well as the values based on market prices, fair value of financial instruments includes 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 Value of Financial Instruments”, the contract value itself does not indicate market risk related to derivative transactions.

(2) Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2011 and 2012 were as follows.

The following tables do not include financial instruments whose fair value was extremely difficult to recognize (please refer to Note 2).

	As of March 31, 2011		
	Carrying amount	Fair value	Gains (Losses)
		(millions of yen)	
(1) Cash and deposits	¥ 257,204	¥ 257,218	¥ 13
(2) Call loans	244,700	244,700	–
(3) Monetary claims bought	291,115	291,115	–
(4) Money held in trust	62,838	62,838	–
(5) Securities			
1. Trading securities	2,376,259	2,376,259	–
2. Held-to-maturity bonds	145,823	150,247	4,424
3. Policy-reserve-matching bonds	6,870,639	7,092,066	221,426
4. Stocks of subsidiaries and affiliated companies	21,256	42,999	21,743
5. Available-for-sale securities	14,943,895	14,943,895	–
(6) Loans	3,627,991		
Reserves for possible loan losses (*1)	(11,033)		
	3,616,957	3,706,833	89,875
Total assets	¥ 28,830,691	¥ 29,168,174	¥ 337,483

	As of March 31, 2011		
	Carrying amount	Fair value	Gains (Losses)
		(millions of yen)	
(1) Bonds payable	¥ 149,129	¥ 149,557	¥ 427
(2) Long-term borrowings	363,607	391,832	28,224
Total liabilities	¥ 512,737	¥ 541,389	¥ 28,652
Derivative transactions (*2)			
1. Hedge accounting not applied	¥ 1,519	¥ 1,519	¥ –
2. Hedge accounting applied	[116,863]	[114,253]	2,609
Total derivative transactions	¥ [115,343]	¥ [112,734]	¥ 2,609

(*1) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.
(*2) Credits/debts from derivative transactions are presented on a net basis. Figures in [ ] are net debts.

	As of March 31, 2012					
	Carrying amount	Fair value	Gains (Losses)	Carrying amount	Fair value	Gains (Losses)
		(millions of yen)			(millions of US$)	
(1) Cash and deposits	¥ 315,187	¥ 315,204	¥ 17	$ 3,834	$ 3,835	$ 0
(2) Call loans	249,200	249,200	–	3,031	3,031	–
(3) Monetary claims bought	294,324	294,324	–	3,581	3,581	–
(4) Money held in trust	48,266	48,266	–	587	587	–
(5) Securities						
1. Trading securities	2,581,400	2,581,400	–	31,407	31,407	–
2. Held-to-maturity bonds	135,828	141,079	5,250	1,652	1,716	63
3. Policy-reserve-matching bonds	8,375,688	8,898,007	522,318	101,906	108,261	6,355
4. Stocks of subsidiaries and affiliated companies	1,932	1,932	–	23	23	–
5. Available-for–sale securities	14,761,239	14,761,239	–	179,598	179,598	–
(6) Loans	3,413,620			41,533		
Reserves for possible loan losses (*1)	(8,812)			(107)		
	3,404,808	3,498,821	94,013	41,426	42,569	1,143
Total assets	¥ 30,167,876	¥ 30,789,476	¥ 621,599	$ 367,050	$ 374,613	$ 7,562
(1) Bonds payable	¥ 148,652	¥ 155,194	¥ 6,542	$ 1,808	$ 1,888	$ 79
(2) Long-term borrowings	380,327	367,611	(12,716)	4,627	4,472	(154)
Total liabilities	¥ 528,980	¥ 522,805	¥ (6,174)	$ 6,436	$ 6,360	$ (75)
Derivative transactions (*2)						
1. Hedge accounting not applied	¥ [14,235]	¥ [14,235]	¥ –	$ [173]	$ [173]	$ –
2. Hedge accounting applied	[138,756]	[137,321]	1,434	[1,688]	[1,670]	17
Total derivative transactions	¥ [152,992]	¥ [151,557]	¥ 1,434	$ [1,861]	$ [1,843]	$ 17

(*1) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.
(*2) Credits/debts from derivative transactions are presented on a net basis. Figures in [ ] are net debts.

Note 1: Notes to Methods for Calculating Fair Value 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 a 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 the carrying amount since fair value is close to the 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 reasonably calculated price.

(4) Money held in trust
The 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. The fair value of mutual funds is based on unit price.
For details on derivative transactions of money held in trust, please refer to **29. Derivative Transactions**.

(5) Securities
The 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. The 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 of the securities for each investment purpose are described in **27. Securities**.

(6) Loans
The 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 of risk-monitored loans.
Also, loans without a due date because of their characteristics that the exposure is limited to the amount of their collaterals, are deemed to have fair value close to book value, taking into account estimated repayment period and interest rates. Therefore, their book value is recorded as the fair value.

Liabilities

(1) Bonds payable
The fair value of bonds issued by DL is based on the price on the bond market.

(2) Long-term borrowings
The fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining periods which are assumed to be applied to new borrowing. Also, certain long-term borrowings are deemed to have fair value close to book value, taking into account interest rates. Therefore, their book value is recorded as the fair value.

Derivative Instruments

For details on derivative transactions, please refer to **29. Derivative Transactions**.

Note 2: Available-for-sale securities whose fair value is extremely difficult to recognize are as follows and are not included in the fair value of (5) Securities

	As of March 31,		
	2011	2012	2012
	Carrying amount		
	(millions of yen)		(millions of US$)
1. Unlisted domestic stocks (*1)(*2)	¥ 164,345	**¥ 160,745**	**$ 1,955**
2. Unlisted foreign stocks (*1)(*2)	17,069	**16,459**	**200**
3. Other foreign securities (*1)(*2)	969,424	**916,996**	**11,157**
4. Other securities (*1)(*2)	89,037	**88,502**	**1,076**
Total	¥ 1,239,877	**¥ 1,182,703**	**$ 14,389**

(*1) These securities cannot be assigned a market value because of unavailability of tradable markets, and they are excluded from disclosure of market value information.
(*2) DL recorded impairment charges of ¥259 million for the year ended March 31, 2011 and ¥830 million (US$ 10 million) for the year ended March 31, 2012.

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Note 3: Scheduled redemptions of monetary claims and securities with maturities

	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 (bonds)	10,000	50,400	–	47,900
Held-to-maturity bonds (foreign securities)	–	41,575	–	–
Policy-reserve-matching bonds (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

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

	As of March 31, 2012			
	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	¥ 314,687	¥ 300	¥ 200	¥ –
Call loans	249,200	–	–	–
Monetary claims bought	919	11,425	900	262,691
Money held in trust (*1)	483	–	–	–
Securities:				
Held-to-maturity bonds (bonds)	–	50,400	–	47,900
Held-to-maturity bonds (foreign securities)	–	41,095	–	–
Policy-reserve-matching bonds (bonds)	16,136	620,386	236,695	7,453,470
Policy-reserve-matching bonds (foreign securities)	–	23,000	31,767	3,674
Available-for-sale securities with maturities (bonds)	202,497	1,684,551	2,379,342	2,775,935
Available-for-sale securities with maturities (foreign securities)	127,631	1,619,116	1,047,553	1,805,067
Available-for-sale securities with maturities (other securities)	39,733	24,426	17,321	23,099
Loans (*2)	387,432	1,177,273	793,054	472,117

	As of March 31, 2012			
	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	$ 3,828	$ 3	$ 2	$ –
Call loans	3,031	–	–	–
Monetary claims bought	11	139	10	3,196
Money held in trust (*1)	5	–	–	–
Securities:				
Held-to-maturity bonds (bonds)	–	613	–	582
Held-to-maturity bonds (foreign securities)	–	500	–	–
Policy-reserve-matching bonds (bonds)	196	7,548	2,879	90,685
Policy-reserve-matching bonds (foreign securities)	–	279	386	44
Available-for-sale securities with maturities (bonds)	2,463	20,495	28,949	33,774
Available-for-sale securities with maturities (foreign securities)	1,552	19,699	12,745	21,962
Available-for-sale securities with maturities (other securities)	483	297	210	281
Loans (*2)	4,713	14,323	9,649	5,744

(*1) Money held in trust without maturities amounted to ¥47,783 million (US$ 581 million) 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 ¥17,993 million (US$ 218 million) were not included. Also, ¥565,239 million (US$ 6,877 million) of loans without maturities were not included.

Note 4: Scheduled maturities of bonds and long term borrowings

	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 payable (*1)	¥ –	¥ –	¥ 41,575	¥ –	¥ –	¥ –
Long term borrowings (*2)	2	2	30,002	1	0	1

(*1) ¥107,562 million of bonds payable without maturities were not included.
(*2) ¥333,597 million of long term borrowings without maturities were not included.

	As of March 31, 2012					
	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 payable (*1)	¥ –	¥ 41,095	¥ –	¥ –	¥ –	¥ –
Long term borrowings (*2)	2	30,002	1	19,098	0	0

	As of March 31, 2012					
	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 payable (*1)	$ –	$ 500	$ –	$ –	$ –	$ –
Long term borrowings (*2)	0	365	0	232	0	0

(*1) ¥107,562 million (US$ 1,308 million) of bonds payable without maturities were not included.
(*2) ¥331,221 million (US$ 4,029 million) of long term borrowings without maturities were not included.

27. Securities

(1) Trading Securities:

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Gains (losses) on valuation of trading securities	¥ (31,414)	**¥ 89,603**	**$ 1,090**

(2) Held-to-maturity Securities:

	As of March 31, 2011		
	Carrying amount	Market value	Unrealized gains (losses)
	(millions of yen)		
Held-to-maturity securities with unrealized gains:			
(1) Bonds	¥ 103,924	¥ 105,161	¥ 1,237
1. Government bonds	103,924	105,161	1,237
(2) Foreign securities	41,899	45,085	3,186
1. Foreign bonds	41,899	45,085	3,186
Total	¥ 145,823	¥ 150,247	¥ 4,424

	As of March 31, 2012					
	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	¥ 94,524	¥ 96,999	¥ 2,474	$ 1,150	$ 1,180	$ 30
1. Government bonds	94,524	96,999	2,474	1,150	1,180	30
(2) Foreign securities	41,303	44,079	2,775	502	536	33
1. Foreign bonds	41,303	44,079	2,775	502	536	33
Total	¥ 135,828	¥ 141,079	¥ 5,250	$ 1,652	$ 1,716	$ 63

(3) Policy-reserve-matching Bonds:

	As of March 31, 2011		
	Carrying amount	Market value	Unrealized gains (losses)
		(millions of yen)	
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	¥ 5,957,244	¥ 6,192,157	¥ 234,913
1. Government bonds	5,541,511	5,759,162	217,650
2. Local government bonds	168,243	174,697	6,453
3. Corporate bonds	247,489	258,298	10,809
Subtotal	¥ 5,957,244	¥ 6,192,157	¥ 234,913
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	¥ 913,395	¥ 899,908	¥ (13,486)
1. Government bonds	893,943	880,681	(13,261)
2. Local government bonds	13,752	13,706	(45)
3. Corporate bonds	5,699	5,519	(179)
Subtotal	¥ 913,395	¥ 899,908	¥ (13,486)
Total	¥ 6,870,639	¥ 7,092,066	¥ 221,426

	As of March 31, 2012					
	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	¥ 8,015,770	¥ 8,538,824	¥ 523,053	$ 97,527	$ 103,891	$ 6,363
1. Government bonds	7,528,520	8,032,442	503,921	91,598	97,730	6,131
2. Local government bonds	192,491	199,446	6,955	2,342	2,426	84
3. Corporate bonds	294,758	306,935	12,177	3,586	3,734	148
(2) Foreign securities	37,160	37,668	507	452	458	6
1. Foreign bonds	37,160	37,668	507	452	458	6
Subtotal	¥ 8,052,931	¥ 8,576,493	¥ 523,561	$ 97,979	$ 104,349	$ 6,370
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds	¥ 299,937	¥ 298,892	¥ (1,044)	$ 3,649	$ 3,636	$ (12)
1. Government bonds	295,694	295,054	(639)	3,597	3,589	(7)
2. Local government bonds	–	–	–	–	–	–
3. Corporate bonds	4,243	3,838	(404)	51	46	(4)
(2) Foreign securities	22,819	22,621	(198)	277	275	(2)
1. Foreign bonds	22,819	22,621	(198)	277	275	(2)
Subtotal	¥ 322,757	¥ 321,514	¥ (1,242)	$ 3,926	$ 3,911	$ (15)
Total	¥ 8,375,688	¥ 8,898,007	¥ 522,318	$ 101,906	$ 108,261	$ 6,355

(4) Available-for-sale Securities:

	As of March 31, 2011		
	Carrying amount	Purchase cost	Unrealized gains (losses)
		(millions of yen)	
Available-for-sale securities with unrealized gains:			
(1) Bonds	¥ 5,217,984	¥ 5,041,520	¥ 176,463
1. Government bonds	3,308,218	3,201,987	106,230
2. Local government bonds	127,724	122,926	4,798
3. Corporate bonds	1,782,041	1,716,606	65,434
(2) Domestic stocks	1,583,226	1,087,448	495,777
(3) Foreign securities	2,174,641	2,067,155	107,486
1. Foreign bonds	2,054,192	1,968,380	85,811
2. Other foreign securities	120,449	98,774	21,674
(4) Other securities	327,200	309,805	17,394
Subtotal	¥ 9,303,052	¥ 8,505,930	¥ 797,121
Available-for-sale securities with unrealized losses:			
(1) Bonds	¥ 1,373,463	¥ 1,386,762	¥ (13,298)
1. Government bonds	1,089,238	1,095,942	(6,704)
2. Local government bonds	1,589	1,608	(18)
3. Corporate bonds	282,636	289,212	(6,576)
(2) Domestic stocks	638,124	828,228	(190,104)
(3) Foreign securities	3,854,491	4,061,916	(207,424)
1. Foreign bonds	3,527,013	3,681,068	(154,054)
2. Other foreign securities	327,477	380,848	(53,370)
(4) Other securities	81,879	94,180	(12,300)
Subtotal	¥ 5,947,959	¥ 6,371,088	¥ (423,129)
Total	¥ 15,251,011	¥ 14,877,018	¥ 373,992

Note: 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 and ¥16,000 million, respectively, as of March 31, 2011. The aggregate purchase cost and carrying amount of trust beneficiary rights were ¥281,006 million and ¥291,115 million, respectively, as of March 31, 2011.

	As of March 31, 2012					
	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 unrealized gains:						
(1) Bonds	¥ 7,078,074	¥ 6,794,699	¥ 283,375	$ 86,118	$ 82,670	$ 3,447
1. Government bonds	5,184,182	4,972,746	211,435	63,075	60,503	2,572
2. Local government bonds	121,595	116,314	5,281	1,479	1,415	64
3. Corporate bonds	1,772,296	1,705,638	66,658	21,563	20,752	811
(2) Domestic stocks	1,355,047	889,514	465,533	16,486	10,822	5,664
(3) Foreign securities	4,334,987	4,117,939	217,048	52,743	50,102	2,640
1. Foreign bonds	4,187,956	3,991,235	196,720	50,954	48,561	2,393
2. Other foreign securities	147,031	126,703	20,327	1,788	1,541	247
(4) Other securities	330,546	306,526	24,019	4,021	3,729	292
Subtotal	¥ 13,098,657	¥ 12,108,680	¥ 989,976	$ 159,370	$ 147,325	$ 12,044
Available for sale securities with unrealized losses:						
(1) Bonds	¥ 273,060	¥ 286,468	¥ (13,407)	$ 3,322	$ 3,485	$ (163)
1. Government bonds	96,634	96,715	(80)	1,175	1,176	(0)
2. Local government bonds	4	4	(0)	0	0	(0)
3. Corporate bonds	176,422	189,749	(13,326)	2,146	2,308	(162)
(2) Domestic stocks	617,513	785,222	(167,709)	7,513	9,553	(2,040)
(3) Foreign securities	1,003,037	1,098,264	(95,226)	12,203	13,362	(1,158)
1. Foreign bonds	708,774	762,126	(53,351)	8,623	9,272	(649)
2. Other foreign securities	294,263	336,138	(41,875)	3,580	4,089	(509)
(4) Other securities	78,294	89,691	(11,396)	952	1,091	(138)
Subtotal	¥ 1,971,907	¥ 2,259,647	¥ (287,740)	$ 23,992	$ 27,492	$ (3,500)
Total	¥ 15,070,564	¥ 14,368,327	¥ 702,236	$ 183,362	$ 174,818	$ 8,544

Note: 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 ¥15,000 million (US$182 million) and ¥15,000 million (US$182 million), respectively, as of March 31, 2012. The aggregate purchase cost and carrying amount of trust beneficiary rights were ¥275,893 million (US$3,356 million) and ¥294,324 million (US$3,581 million), respectively, as of March 31, 2012.

(5) Held-to-maturity Securities Sold:

DL and its consolidated subsidiaries sold no held-to-maturity securities during the years ended March 31, 2011 and 2012.

(6) Policy-reserve-matching Bonds Sold:

Policy-reserve-matching bonds sold during the years ended March 31, 2011 and 2012 were as follows:

	Year Ended March 31, 2011		
	Amounts sold	Realized gains	Realized losses
		(millions of yen)	
(1) Bonds	¥ 371,399	¥ 14,842	¥ –
1. Government bonds	358,388	13,967	–
2. Local government bonds	3,874	276	–
3. Corporate bonds	9,136	598	–
(2) Foreign securities	–	–	–
1. Foreign bonds	–	–	–
2. Other foreign securities	–	–	–
Total	¥ 371,399	¥ 14,842	¥ –

	Year Ended March 31, 2012					
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
		(millions of yen)			(millions of US$)	
(1) Bonds	¥ 812,327	¥ 47,817	¥ –	$ 9,883	$ 581	$ –
1. Government bonds	812,327	47,817	–	9,883	581	–
2. Local government bonds	–	–	–	–	–	–
3. Corporate bonds	–	–	–	–	–	–
(2) Foreign securities	–	–	–	–	–	–
1. Foreign bonds	–	–	–	–	–	–
2. Other foreign securities	–	–	–	–	–	–
Total	¥ 812,327	¥ 47,817	¥ –	$ 9,883	$ 581	$ –

(7) Available-for-sale Securities Sold:

Available-for-sale securities sold during the years ended March 31, 2011 and 2012 were as follows.

	Year Ended March 31, 2011		
	Amounts sold	Realized gains	Realized losses
		(millions of yen)	
(1) Bonds	¥ 2,617,814	¥ 55,019	¥ 4,513
1. Government bonds	2,380,246	47,352	4,297
2. Local government bonds	4,042	63	60
3. Corporate bonds	233,526	7,602	155
(2) Domestic stocks	400,694	79,808	34,001
(3) Foreign securities	2,811,560	62,690	82,411
1. Foreign bonds	2,743,815	53,931	78,556
2. Other foreign securities	67,745	8,758	3,855
(4) Other securities	2,669	–	34
Total	¥ 5,832,740	¥ 197,518	¥ 120,960

	Year Ended March 31, 2012					
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
		(millions of yen)			(millions of US$)	
(1) Bonds	¥ 1,645,408	¥ 44,429	¥ 8,802	$ 20,019	$ 540	$ 107
1. Government bonds	1,415,930	37,775	4,119	17,227	459	50
2. Local government bonds	–	–	–	–	–	–
3. Corporate bonds	229,477	6,654	4,682	2,792	80	56
(2) Domestic stocks	298,115	55,516	55,177	3,627	675	671
(3) Foreign securities	4,071,073	93,900	116,737	49,532	1,142	1,420
1. Foreign bonds	4,034,770	90,075	108,993	49,090	1,095	1,326
2. Other foreign securities	36,302	3,824	7,743	441	46	94
(4) Other securities	17,332	17,956	–	210	218	–
Total	¥ 6,031,928	¥ 211,801	¥ 180,717	$ 73,390	$ 2,576	$ 2,198

(8) 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, 2011 and 2012 were ¥179,362 million and ¥43,882 million (US$533 million), respectively.

28. Money Held in Trust

Money Held in Trust for Trading:

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Carrying amount on the consolidated balance sheets	¥ 62,838	**¥ 48,266**	**$ 587**
Gains (losses) on valuation of money held in trust	(5,715)	**(14,507)**	**(176)**

29. Derivative Transactions

Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions

	As of March 31, 2011		
	Notional amount/ contract value	Fair value	Gains (Losses)
	(millions of yen)		
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold	¥ 241,516	¥ (4,703)	¥ (4,703)
U.S. dollar	147,127	(855)	(855)
Euro	54,352	(2,885)	(2,885)
British pound	15,375	(309)	(309)
Canadian dollar	4,011	(117)	(117)
Australian dollar	18,708	(422)	(422)
Swedish krona	533	(34)	(34)
Danish krone	641	(52)	(52)
Norwegian krone	253	(16)	(16)
Swiss franc	168	(3)	(3)
Singapore dollar	88	(1)	(1)
Polish zloty	13	0	0
Mexican peso	243	(6)	(6)
Bought	159,357	3,978	3,978
U.S. dollar	82,440	726	726
Euro	44,678	2,159	2,159
British pound	9,148	116	116
Polish zloty	1,109	29	29
Swiss franc	638	15	15
Singapore dollar	486	9	9
Norwegian krone	357	9	9
Australian dollar	16,950	804	804
Canadian dollar	2,947	88	88
Swedish krona	253	7	7
Hong Kong dollar	228	6	6
Danish krone	114	5	5
Indian rupee	3	0	0
Mexican peso	0	0	0
Total			¥ (725)

Note: 1. Forward exchange rates at the end of the year are used for fair value calculation.
2. Fair value is shown in “Gains (losses)”.
3. There were no transactions with maturity of more than one year in the table above.

	As of March 31, 2012							
	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value	Gains (Losses)	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value	Gains (Losses)
		(millions of yen)				(millions of US$)		
Over-the-counter transactions:								
Foreign currency forward contracts:								
Sold	¥ 436,729	¥ –	¥ (15,755)	¥ (15,755)	$ 5,313	$ –	$ (191)	$ (191)
U.S. dollar	260,489	–	(9,743)	(9,743)	3,169	–	(118)	(118)
Euro	97,106	–	(4,894)	(4,894)	1,181	–	(59)	(59)
British pound	14,579	–	(814)	(814)	177	–	(9)	(9)
Canadian dollar	19,478	–	(20)	(20)	236	–	(0)	(0)
Australian dollar	36,769	–	(102)	(102)	447	–	(1)	(1)
Swedish krona	3,600	–	(78)	(78)	43	–	(0)	(0)
Danish krone	2,086	–	(47)	(47)	25	–	(0)	(0)
Norwegian krone	870	–	(43)	(43)	10	–	(0)	(0)
Swiss franc	401	–	(4)	(4)	4	–	(0)	(0)
Hong Kong dollar	916	–	(3)	(3)	11	–	(0)	(0)
Singapore dollar	274	–	(0)	(0)	3	–	(0)	(0)
Mexican peso	155	–	(2)	(2)	1	–	(0)	(0)
Bought	242,580	–	1,581	1,581	2,951	–	19	19
U.S. dollar	116,470	–	628	628	1,417	–	7	7
Euro	62,163	–	1,154	1,154	756	–	14	14
British pound	6,124	–	85	85	74	–	1	1
Polish zloty	918	–	11	11	11	–	0	0
Swiss franc	502	–	11	11	6	–	0	0
Singapore dollar	509	–	5	5	6	–	0	0
Norwegian krone	945	–	0	0	11	–	0	0
Australian dollar	32,628	–	(334)	(334)	396	–	(4)	(4)
Canadian dollar	16,974	–	(2)	(2)	206	–	(0)	(0)
Swedish krona	3,189	–	10	10	38	–	0	0
Hong Kong dollar	310	–	0	0	3	–	0	0
Danish krone	1,799	–	10	10	21	–	0	0
Indian rupee	14	–	0	0	0	–	0	0
Mexican peso	28	–	0	0	0	–	0	0
Currency swaps:								
Receipts yen, payments foreign currency	1,560	1,560	(171)	(171)	18	18	(2)	(2)
Australian dollar	1,560	1,560	(171)	(171)	18	18	(2)	(2)
Currency options:								
Bought:								
Put	110,876				1,349			
	[1,674]	–	14	(1,659)	[20]	–	0	(20)
Euro	110,876				1,349			
	[1,674]	–	14	(1,659)	[20]	–	0	(20)
Total				¥ (16,005)				$ (194)

Note: 1. (1) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
(2) Fair value of currency swaps is calculated by discounting expected cash flows.
(3) An option pricing model is used for fair value calculation of currency options.
2. Figures in [ ] are option premiums which are included in the consolidated balance sheets.
3. Fair value for forward contracts and swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in “Gains (losses)”.

(2) Interest-related transactions

	As of March 31, 2011			
	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value	Gains (Losses)
	(millions of yen)			
Exchange-traded transactions:				
Interest rate futures:				
Sold	¥ 24,901	¥ –	¥ (8)	¥ (8)
Bought	24,901	–	4	4
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating	1,000	1,000	40	40
Total				¥ 37

Note: 1. (1) Fair value of interest rate futures listed above is based on the closing exchange-traded prices.
(2) Fair value of yen interest rate swaps listed above is present value of expected cash flows, discounted by the interest rates at the end of the year.
2. Fair value is shown in "Gains (losses)".

	As of March 31, 2012							
	(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:								
Bought	¥ 74,748	¥ –	¥ 3	¥ 3	$ 909	$ –	$ 0	$ 0
Over-the-counter transactions:								
Yen interest rate swaps:								
Receipts fixed, payments floating	21,800	17,500	566	566	265	212	6	6
Receipts floating, payments fixed	7,500	7,500	(129)	(129)	91	91	(1)	(1)
Total				¥ 439				$ 5

Note: 1. (1) Fair value of interest rate futures listed above is based on the closing exchange-traded prices.
(2) Fair value of yen interest rate swaps listed above is present value of expected cash flows, discounted by the interest rates at the end of the year.
2. Fair value is shown in "Gains (losses)".

(3) Stock-related transactions

	As of March 31, 2011		
	Notional amount/ contract value	Fair value	Gains (Losses)
	(millions of yen)		
Exchange-traded transactions:			
Yen stock index futures:			
Sold	¥ 18,078	¥ (2,328)	¥ (2,328)
Bought	13,798	(184)	(184)
Foreign currency-denominated stock index futures:			
Sold	2,882	(57)	(57)
Bought	1,960	45	45
Stock index options:			
Bought:			
Put	79,961		
	[5,162]	4,700	(461)
Total			¥ (2,986)

Note: 1. Fair value listed above is 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 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.

	As of March 31, 2012					
	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	¥ 10,146	¥ (411)	¥ (411)	$ 123	$ (5)	$ (5)
Bought	4,100	56	56	49	0	0
Foreign currency-denominated stock index futures:						
Sold	14,052	(97)	(97)	170	(1)	(1)
Stock index options:						
Bought:						
Put	109,913			1,337		
	[4,202]	71	(4,130)	[51]	0	(50)
Total			¥ (4,583)			$ (55)

Note: 1. Fair value listed above is 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 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, 2011		
	Notional amount/ contract value	Fair value	Gains (Losses)
		(millions of yen)	
Exchange-traded transactions:			
Yen bond futures:			
Sold	¥ 8,899	¥ (31)	¥ (31)
Bought	11,932	68	68
Foreign currency-denominated bond futures:			
Sold	11,745	4	4
Over-the-counter transactions:			
Foreign currency-denominated bond forward contracts:			
Sold	16,713	(25)	(25)
Bought	16,701	17	17
Bond OTC options:			
Sold:			
Call	7,391		
	[25]	30	(4)
Put	27,173		
	[34]	3	31
Bought:			
Call	27,173		
	[28]	24	(4)
Put	87,064		
	[1,026]	7	(1,019)
Total			¥ (963)

Note: 1. (1) Fair value of yen bond futures, foreign bond futures and foreign currency-denominated bond forward contracts are based on the closing exchange-traded prices.
(2) Fair value of bond OTC options is 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 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.

	As of March 31, 2012					
	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	¥ 11,099	¥ 23	¥ 23	$ 135	$ 0	$ 0
Foreign currency-denominated bond futures:						
Sold	21,911	66	66	266	0	0
Over-the-counter transactions:						
Bond OTC options:						
Sold:						
Call	3,010			36		
	[3]	4	(0)	[0]	0	(0)
Put	20,007			243		
	[41]	62	(20)	[0]	0	(0)
Bought:						
Call	20,007			243		
	[21]	8	(12)	[0]	0	(0)
Put	102,993			1,253		
	[1,192]	5	(1,187)	[14]	0	(14)
Total			¥ (1,131)			$ (13)

Note: 1. (1) Fair value of yen bond futures and foreign bond futures is based on the closing exchange-traded prices.
(2) Fair value of bond OTC options is 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 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

DFLI utilizes derivative transactions within its money held in trust for trading purposes and foreign securities (investment trust). Details of the derivative transactions are as follows:

a) Currency-related transactions

	As of March 31, 2011		
	Notional amount/ contract value	Fair value	Gains (Losses)
		(millions of yen)	
Exchange traded transactions:			
Currency futures:			
Sold	¥ 18,356	¥ (187)	¥ (187)
(Euro / U.S. dollar)	11,902	(232)	(232)
(British pound / U.S. dollar)	6,453	44	44
Bought	32,603	(268)	(268)
(Yen / U.S. dollar)	32,603	(268)	(268)
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold	133,680	(1,846)	(1,846)
U.S. dollar	64,030	64	64
Euro	32,684	(1,369)	(1,369)
British pound	9,365	68	68
Canadian dollar	9,863	(137)	(137)
Australian dollar	9,260	(347)	(347)
Swedish krona	614	(9)	(9)
Danish krone	421	(16)	(16)
Norwegian krone	339	(14)	(14)
Swiss franc	1,490	(58)	(58)
Hong Kong dollar	3,613	(4)	(4)
Singapore dollar	1,197	(12)	(12)
Polish zloty	289	(3)	(3)
Mexican peso	314	(4)	(4)
New Zealand dollar	194	(1)	(1)
Bought	15,658	32	32
U.S. dollar	7,622	2	2
Euro	3,856	25	25
British pound	930	(0)	(0)
Swiss franc	271	0	0
Singapore dollar	131	(0)	(0)
Australian dollar	1,195	4	4
Canadian dollar	1,192	0	0
Hong Kong dollar	458	(0)	(0)
Total			¥ (2,270)

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

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	As of March 31, 2012					
	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	¥ 15,344	¥ (238)	¥ (238)	$ 186	$ (2)	$ (2)
(Euro / U.S. dollar)	10,679	(139)	(139)	129	(1)	(1)
(British pound / U.S. dollar)	4,664	(99)	(99)	56	(1)	(1)
Bought	31,744	(230)	(230)	386	(2)	(2)
(Yen / U.S. dollar)	31,744	(230)	(230)	386	(2)	(2)
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold	89,219	(5,109)	(5,109)	1,085	(62)	(62)
U.S. dollar	44,413	(2,395)	(2,395)	540	(29)	(29)
Euro	20,955	(1,385)	(1,385)	254	(16)	(16)
British pound	6,065	(423)	(423)	73	(5)	(5)
Canadian dollar	6,032	(345)	(345)	73	(4)	(4)
Australian dollar	5,905	(189)	(189)	71	(2)	(2)
Swedish krona	471	(30)	(30)	5	(0)	(0)
Danish krone	395	(25)	(25)	4	(0)	(0)
Norwegian krone	346	(25)	(25)	4	(0)	(0)
Swiss franc	901	(63)	(63)	10	(0)	(0)
Hong Kong dollar	2,201	(131)	(131)	26	(1)	(1)
Singapore dollar	803	(47)	(47)	9	(0)	(0)
Polish zloty	235	(19)	(19)	2	(0)	(0)
Mexican peso	285	(16)	(16)	3	(0)	(0)
New Zealand dollar	204	(10)	(10)	2	(0)	(0)
Total			¥ (5,578)			$ (67)

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

b) Stock-related transactions

	As of March 31, 2011		
	Notional amount/ contract value	Fair value	Gains (Losses)
		(millions of yen)	
Exchange-traded transactions:			
Yen stock index futures:			
Sold	¥ 60,783	¥ 1,418	¥ 1,418
Foreign currency-denominated stock index futures:			
Sold	53,221	(1,860)	(1,860)
Total			¥ (441)

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in “Gains (losses)”.
3. There were no transactions with maturity of more than one year in the table above.

	As of March 31, 2012					
	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	¥ 49,486	¥ (1,882)	¥ (1,882)	$ 602	$ (22)	$ (22)
Foreign currency-denominated stock index futures:						
Sold	43,483	(307)	(307)	529	(3)	(3)
Total			¥ (2,189)			$ (26)

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

c) Bond-related transactions

	As of March 31, 2011		
	Notional amount/ contract value	Fair value	Gains (Losses)
		(millions of yen)	
Exchange-traded transactions:			
Yen bond futures:			
Bought	¥ 13,963	¥ (8)	¥ (8)
Foreign currency-denominated bond futures:			
Sold	149,557	193	193
Total			¥ 185

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

	As of March 31, 2012					
	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	¥ 5,666	¥ 14	¥ 14	$ 68	$ 0	$ 0
Foreign currency-denominated bond futures:						
Sold	113,718	444	444	1,383	5	5
Total			¥ 458			$ 5

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

Derivative Transactions (Hedge Accounting Applied)

(1) Currency-related transactions

	As of March 31, 2011		
	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value
		(millions of yen)	
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold	¥ 3,526,926	¥ –	¥ (118,907)
U.S. dollar	1,796,391	–	188
Euro	1,394,184	–	(110,345)
British pound	177,162	–	(2,916)
Canadian dollar	42,809	–	(788)
Australian dollar	93,764	–	(3,535)
Swedish krona	11,745	–	(802)
Danish krone	5,968	–	(386)
Norwegian krone	4,899	–	(322)
Bought	3,999	–	99
U.S. dollar	2,519	–	21
Euro	1,432	–	77
British pound	48	–	1
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	–	(*)
Australian dollar	140,354	–	(*)
U.S. dollar	40,001	–	(*)
Currency swaps to hedge foreign currency-denominated bonds payable:			
Receipts foreign curreny, payments yen	107,562	107,562	(*)
U.S. dollar	107,562	107,562	(*)

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

(*) Foreign currency forward contracts and currency swaps allocated to and/or combined with corresponding hedged items are recorded as the combined amount of such foreign currency forward contracts and currency swaps, and their corresponding hedged items (foreign currency-denominated term deposits and bonds payable). Therefore, their fair value is included in the fair value of such foreign currency-denominated term deposits and bonds payable.

	As of March 31, 2012					
	(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$)	
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold	¥ 2,539,107	¥ –	¥ (138,246)	$ 30,893	$ –	$ (1,682)
U.S. dollar	1,604,010	–	(88,623)	19,515	–	(1,078)
Euro	671,205	–	(37,535)	8,166	–	(456)
British pound	131,637	–	(7,461)	1,601	–	(90)
Canadian dollar	11,649	–	(763)	141	–	(9)
Australian dollar	96,993	–	(1,243)	1,180	–	(15)
Swedish krona	11,191	–	(1,207)	136	–	(14)
Danish krone	7,784	–	(864)	94	–	(10)
Norwegian krone	4,634	–	(546)	56	–	(6)

	As of March 31, 2012					
	(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$)	
Bought	7,761	–	64	94	–	0
U.S. dollar	3,134	–	16	38	–	0
Euro	3,058	–	58	37	–	0
British pound	1,568	–	(10)	19	–	(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	205,203	–	(*)	2,496	–	(*)
Australian dollar	135,212	–	(*)	1,645	–	(*)
U.S. dollar	69,990	–	(*)	851	–	(*)
Currency swaps to hedge foreign currency-denominated bonds payable:						
Receipts foreign currency, payments yen	107,562	107,562	(*)	1,308	1,308	(*)
U.S. dollar	107,562	107,562	(*)	1,308	1,308	(*)

Note: Forward exchange rates at the end of the fiscal year are used for fair value calculation.
(*) Foreign currency forward contracts and currency swaps allocated to and/or combined with corresponding hedged items are recorded as the combined amount of such foreign currency forward contracts and currency swaps, and their corresponding hedged items (foreign currency-denominated term deposits and bonds payable). Therefore, their fair value is included in the fair value of such foreign currency-denominated term deposits and bonds payable.

(2) Interest-related transactions

	As of March 31, 2011		
	(A) Notional amount/ contract value	Over 1 Year included in (A)	Fair value
		(millions of yen)	
Deferral hedge			
Yen interest rate swaps to hedge loans and loans payable:			
Receipts fixed, payments floating	¥ 5,000	¥ –	¥ 18
Receipts floating, payments fixed	320,000	320,000	1,926
Special hedge accounting			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating	104,340	91,340	2,609

Note: Fair value listed above is present value of expected cash flows, discounted by the interest rates at the end of the fiscal year.

	As of March 31, 2012					
	(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$)	
Deferral hedge						
Yen interest rate swaps to hedge loans and loans payable:						
Receipts floating, payments fixed	¥ 320,000	¥ 320,000	¥ (573)	$ 3,893	$ 3,893	$ (6)
Special hedge accounting						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating	70,200	52,100	1,434	854	633	17

Note: Fair value listed above is present values of expected cash flows, discounted by the interest rates at the end of the fiscal year.

30. Reserve for Employees' Retirement Benefits

(1) Overview of Employees' Retirement Benefit Plan of the Group:

As a defined benefit plan for its sales representatives, DL has established and maintained a benefit plan consisting of retirement lump sum grants and company administered pension.

As a defined benefit plan for its administrative personnel, DL has established and maintained a benefit plan consisting of defined benefit corporate pension, retirement lump sum grants and defined contribution pension.

Certain consolidated subsidiaries maintain their benefit plan consisting of retirement lump sum grants and defined benefit corporate pension.

(2) Funding Status of Employees' Retirement Benefits of the Group

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
a. Projected benefit obligations	¥ (662,024)	**¥ (665,149)**	**$ (8,092)**
b. Pension assets	204,152	**209,541**	**2,549**
Retirement benefit trust included in the above pension assets	98,230	**102,682**	**1,249**
c. Unfunded benefit obligations (a + b)	(457,872)	**(455,607)**	**(5,543)**
d. Unrecognized actuarial differences	37,782	**21,803**	**265**
e. Unrecognized gains (losses) on plan amendments	22	**12**	**0**
f. Reserve for employees' retirement benefits (c + d + e)	¥ (420,067)	**¥ (433,791)**	**$ (5,277)**

Note: Certain of its consolidated subsidiaries applied simplified methods in calculating their projected benefit obligations.

(3) Retirement Benefit Expenses

	Years ended March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
a. Service cost (Note)	¥ 26,272	**¥ 26,053**	**$ 316**
b. Interest cost	11,185	**11,257**	**136**
c. Estimated investment income	(1,798)	**(1,789)**	**(21)**
d. Amortization of unrecognized actuarial differences	13,119	**13,356**	**162**
e. Amortization of unrecognized gains (losses) on plan amendments	(5,368)	**9**	**0**
f. Retirement benefit expenses (a + b + c + d + e)	¥ 43,410	**¥ 48,888**	**$ 594**

Note: Retirement benefit expenses of DL's consolidated subsidiaries which apply simplified methods are included in the item "Service cost".

(4) Assumptions

	Years ended March 31,	
	2011	2012
Method of periodic allocation of benefit obligations	straight-line method	straight-line method
Discount rate	1.7 or 1.8%	1.7 or 1.8%
Estimated return on investment		
a. Defined benefit corporate pension	1.0 or 1.7%	1.0 or 1.7%
b. Retirement benefit trust	0.0%	0.0%
Amortization period for actuarial differences	3 or 7 years (Starting from the following fiscal year under the straight-line method)	3 or 7 years (Starting from the following fiscal year under the straight-line method)
Amortization period for gains (losses) on plan amendments	3 or 7 years (Amortized under the straight-line method)	3 years (Amortized under the straight-line method)

31. Stock Options

(1) The account used to record expenses associated with issuing stock options and the amount expensed
Operating expenses for the fiscal year ended March 31, 2012: ¥150 million (US$1 million)

(2) Details of the stock options granted for the fiscal year ended March 31, 2012
a) Details of the stock options

	1st Series of Stock Acquisition Rights
Granted persons	10 directors (except outside directors) and 16 executive officers of DL
Class and total number (*)	1,698 shares of common stock
Granted date	August 16, 2011
Vesting conditions	The acquisition rights are vested on the above granted date.
Service period covered	N/A
Exercise period	From August 17, 2011 to August 16, 2041 A granted person may exercise stock options only within 10 days of the day following the date on which she/he loses the status as both a director and an executive officer of DL.

(*) The total number of stock options is translated to the number of common stocks for better understanding.

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b) Figures relating to the stock options

The following table covers stock options which existed for the fiscal year ended March 31, 2012 and the total number of stock options is translated to the number of common stocks.

i) Number of the stock options (shares)

	1st Series of Stock Acquisition Rights
Before vesting	
Outstanding at the end of prior fiscal year	–
Granted	1,698
Forfeited	–
Vested	1,698
Outstanding at the end of the fiscal year	–
After vesting	
Outstanding at the end of prior fiscal year	–
Vested	1,698
Exercised	–
Forfeited	–
Outstanding at the end of the fiscal year	1,698

ii) Price information

	1st Series of Stock Acquisition Rights
Exercise price	¥1 per stock option
Average stock price at the time of exercise	–
Fair value at the granted date	¥88,521 ($1,077.02)

(3) Valuation method used for estimating fair value of stock options

Stock options granted for the fiscal year ended March 31, 2012 were valued as follows:

a) Valuation method

Black-Scholes Model

b) Assumptions

	1st Series of Stock Acquisition Rights
Expected volatility (*1)	38.966%
Expected durations (*2)	3 years
Expected dividends (*3)	¥1,600 ($19.46)
Risk-free interest rate (*4)	0.208%

(*1) Computed based on the closing prices of common stock in each trading day from April 1, 2010 to August 15, 2011.
(*2) Computed based on the average service period from the granted date to expected exercise date.
(*3) Computed based on the expected dividend for the fiscal year ended March 31, 2012.
(*4) Based on yields of Japanese government bonds for a term corresponding to the expected durations.

(4) Method to estimate the number of stock options vested

Only the actual number of forfeited stock options is considered, because it is difficult to rationally estimate the number of stock options to be forfeited in the future.

32. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2011 and 2012

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Deferred tax assets:			
Policy reserves and others	¥ 391,041	¥ 337,527	$ 4,106
Reserve for employees' retirement benefits	182,712	162,237	1,973
Losses on valuation of securities	62,786	27,091	329
Reserve for price fluctuations	29,079	23,258	282
Tax losses carried forward	10,369	14,536	176
Others	43,262	37,197	452
Subtotal	¥ 719,251	¥ 601,849	$ 7,322
Valuation allowances	(60,213)	(60,007)	(730)
Total	¥ 659,037	¥ 541,842	$ 6,592
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax	(148,251)	(222,978)	(2,712)
Other intangible fixed assets	–	(12,882)	(156)
Reserve for tax basis adjustments of real estate	(10,138)	(8,561)	(104)
Dividend receivables from stocks	(7,675)	(6,594)	(80)
Others	(16,563)	(15,981)	(194)
Total	¥ (182,629)	¥ (266,998)	$ (3,248)
Net deferred tax assets	¥ 476,407	¥ 274,843	$ 3,343

(2) The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes are as follows:

	As of March 31,	
	2011	2012
Statutory tax rate	36.08%	36.09%
(Adjustments)		
Decrease in deferred tax assets in relation to tax rate change	–	50.12%
Others	2.81%	2.25%
Actual effective tax rate after considering deferred taxes	38.89%	88.46%

(3) Adjustment of deferred tax assets and liabilities due to changes in effective statutory tax rate

Following the promulgation of the "Act on Partial Revision of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake" (Act No. 117 of 2011), DL changed its effective statutory tax rate for calculating its deferred tax assets and liabilities from 36.09% to 33.22% during the three fiscal years starting from April 1, 2012 and 30.67% effective the fiscal year starting from April 1, 2015 and thereafter.

As a result, its deferred tax assets as of March 31, 2012 decreased by ¥38,124 million (US$463 million) and corporate income taxes-deferred for the fiscal year ended March 31, 2012 increased by ¥75,616 million (US$920 million), both compared to those calculated with the previous effective statutory tax rate (36.09%).

33.Consolidation as a Result of Acquisition of Tower

(1) Overview of business combination

a) Name and business of the acquired company

- Company name: Tower Australia Group Limited (currently TAL Limited ("TAL"))
- Business: Insurance and insurance-related business (*1)

(*1) TAL was established as a holding company, subsidiaries of which operate insurance and insurance-related businesses.

b) Purpose of the acquisition

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

c) Date of business combination

May 11, 2011

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d) Legal form of business combination

Purchase of shares of Tower in cash (*2)

(*2) DL acquired TAL (Tower at the point of the acquisition) 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 TAL'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.

e) Name of acquired company after combination

Tower Australia Group Limited (currently TAL Limited)

f) 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%

g) Controlling company

Consolidated subsidiaries of DL hold more than 50% stake in TAL and, therefore, DL controls the decision-making body of TAL.

(2) Accounting period for which earnings of the acquired company were included in the consolidated statements of earnings

From April 1, 2011 to March 31, 2012

(3) Acquisition cost and breakdown

	(millions of yen)	(millions of US$)
Acquisition price (costs associated with purchase of share of Tower in cash)	¥ 104,860	$ 1,275
Other direct costs (fees to outside advisors, etc.)	818	9
Total acquisition cost	¥ 105,678	$ 1,285

(4) Difference between revalued acquisition price and the sum of actual costs associated with step acquisitions

The difference between (i) the revalued acquisition price of Tower (100%) at the date of transaction and (ii) the sum of the actual costs associated with step acquisitions (28.96% before the transaction and 71.04% at the date of transaction) was ¥23,116 million (US$281 million).

(5) Goodwill

a) Amount of goodwill

AUD 786 million

b) Reason to recognize goodwill

The acquisition price exceeded the net amount of Tower's assets and liabilities identified by DL at the completion date of the transaction.

c) Amortization method and amortization period

Goodwill associated with the acquisition is amortized over a period of 20 years under the straight-line method.

(6) The amounts of assets acquired and liabilities assumed at the date of business combination

	(millions of yen)	(millions of US$)
Total assets	¥ 438,644	$ 5,336
Securities included in the above "Total assets"	237,125	2,885
Total liabilities	¥ 286,407	$ 3,484
Policy reserves and others included in the above "Total liabilities"	209,671	2,551

34. Asset Retirement Obligations

(1) Overview of Asset Retirement Obligations

DL 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.

(2) Calculation Method of Asset Retirement Obligations

DL 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

2.294% for the year ended March 31, 2012 (0.144% to 2.293% for the year ended March 31, 2011).

(3) Increase and Decrease in Asset Retirement Obligations

The following table shows the increase and decrease in asset retirement obligations:

	Years ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Beginning balance (*)	¥ 3,247	¥ 4,019	$ 48
Time progress adjustments	43	46	0
Others	728	(514)	(6)
Ending balance	¥ 4,019	¥ 3,551	$ 43

Note: (*) The "Beginning balance" of the year ended March 31, 2011 in the above table represents the amount of asset retirement obligations as of April 1, 2010 (instead of March 31, 2010) in accordance with "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).

35. 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, 2011 and 2012 was ¥31,006 million and ¥26,757 million (US$325 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded extraordinary loss of ¥3,296 million for impairment loss on rental real estate for the fiscal year ended March 31, 2011 and that of ¥7,945 million (US$96 million) for the fiscal year ended March 31, 2012.

The carrying amount, net change during the year and the market value of such rental real estate were as follows:

	Years ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Carrying amount			
Beginning balance	¥ 812,246	¥ 844,127	$ 10,270
Net change during year	31,881	(3,416)	(41)
Ending balance	844,127	840,711	10,228
Market value	¥ 862,520	¥ 819,920	$ 9,975

Note: 1. The carrying amount of rental real estate on the consolidated balance sheets was acquisition costs net of accumulated depreciation and impairments.
2. Net change in carrying amount includes cost of acquisition of the real estate for ¥45,401 million and the depreciation expense of ¥15,197 million during the year ended March 31, 2011 and cost of acquisition of the real estate for ¥14,644 million (US$178 million) and the depreciation expense of ¥15,069 million (US$183 million) during the year ended March 31, 2012.
3. DL calculates the market value of the majority of the rental real estate based on real estate appraisal standards by an independent appraiser, and others based on the internal but reasonable estimates.

36. Segment Information and Others

(1) Segment Information

For the years ended March 31, 2011 and March 31, 2012

Overview of the reported segments

The overview of the reported segment has been omitted as DL on a consolidated basis did not operate any businesses categorized in segments other than its own core life insurance business.

(2) Other Related Information

For the years ended March 31, 2011 and March 31, 2012

(i) Product (Service) Segment Information

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

(ii) Geographic Segment Information

The geographic segment information has been omitted as more than 90% of the Group's ordinary revenues and tangible fixed assets derive from its business unit in Japan.

(iii) Major Customer Information

The major customer information has been omitted as no single customer accounts for 10% or more of the Group's ordinary revenues.

(3) Impairment Losses on Fixed Assets by Reported Segment

For the years ended March 31, 2011 and March 31, 2012

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

(4) Amortization of Goodwill and Unamortized Amount of Goodwill by Reported Segment

For the year ended March 31, 2011

Not applicable

For the year ended March 31, 2012

The information on the amortization of goodwill and unamortized amount of goodwill by reported segment has been omitted as the Group's operations consist of only one segment.

(5) Gain on Negative Goodwill by Reported Segment

For the years ended March 31, 2011 and March 31, 2012

Not applicable

(6) Related Party Transactions

For the years ended March 31, 2011 and March 31, 2012

There are no significant transactions to be disclosed.

37.Specified Purpose Companies

(1) Securitization of Subordinated Obligations

DL securitized subordinated obligations to broaden the range of investors and to secure a stable base for raising capital. For the securitization, DL utilized Tokutei Mokuteki Kaisha (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 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 in accordance with the "Accounting Standard for Financial Instruments" issued on March 10, 2008.

The information of the TMK with which DL has transactions is as follows. DL held no ordinary shares in such TMK and the TMK had neither directors, officers, nor employees transferred from DL.

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Number of TMKs	one entity	**one entity**	**one entity**
Total assets at the end of latest fiscal year	¥ 30,358	**¥ 30,359**	**$ 369**
Total liabilities at the end of latest fiscal year	30,087	**30,087**	**366**

Note: For the fiscal year ended March 31, 2011, two TMKs which had been engaged in DL's foundation funds were not included in the above table, as those TMKs completed their liquidation in September 2010. As per the resolution made at the 108th general meeting of representative policyholders with regard to its plan for demutualization, DL implemented one-time pre-maturity redemption of its foundation funds prior to the organizational conversion (demutualization).

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

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Subordinated obligation	¥ 30,000	**¥ 30,000**	**$ 365**

	Years ended March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Interest expenses	¥ 618	**¥ 619**	**$ 7**

(2) 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 by investing 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 SPCs' financial conditions and 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.

The information of the SPCs with which DL has transactions is as follows. As of March 31, 2011 and 2012, DL had no management authority in the SPCs and the SPCs had no directors, officers, and employees transferred from DL.

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Number of SPCs	three entities	**three entities**	**three entities**
Total assets at the end of latest fiscal year	¥ 139,312	**¥ 139,037**	**$ 1,691**
Total liabilities at the end of latest fiscal year	93,308	**94,520**	**1,150**

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

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Investment in anonymous association	¥ 29,381	**¥ 28,237**	**$ 343**
Preferred investments	2,900	**2,900**	**35**

	Years ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Dividends from investment in anonymous association	¥ 2,162	**¥ 2,044**	**$ 24**
Dividends from preferred investments	179	**147**	**1**

38. Per Share Information

	Years ended March 31,		
	2011	2012	2012
	(yen)		(US$)
Net assets per share	¥ 73,027.99	**¥ 99,376.82**	**$ 1,209.11**
Net income per share	1,917.40	**2,061.78**	**25.08**
Diluted net income per share	–	**2,061.55**	**25.08**

Note:
1. Information on diluted net income per share for the year ended March 31, 2011 was omitted as there were no potential diluting shares of DL.
2. Underlying basis for the calculation of the net income per share and the diluted net income per share was as follows:

	Years ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Net income per share			
Net income	¥ 19,139	**¥ 20,357**	**$ 247**
Net income attributable to other than shareholders of common stock	–	**–**	**–**
Net income attributable to shareholders of common stock	¥ 19,139	**¥ 20,357**	**$ 247**
Average number of common stock outstanding (*)	9,981 thousand shares	**9,873 thousand shares**	**9,873 thousand shares**
Diluted net income per share			
Adjustments to net income	–	**–**	**–**
Increase in the number of common stock	–	**1 thousand shares**	**1 thousand shares**
[Increase in the number of common stock attributable to subscription rights to shares]	–	**[1 thousand shares]**	**[1 thousand shares]**

Note: (*) "Average number of common stock outstanding" in the above table excludes shares held by Stock Granting Trust (J-ESOP) or Trust-type Employee Shareholding Incentive Plan (E-Ship®).

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3. Underlying basis for the calculation of the net assets per share was as follows:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
	(millions of yen)	(millions of yen)	(millions of US$)
Net assets	¥ 731,835	**¥ 991,745**	**$ 12,066**
Adjustments	11,737	**9,242**	**112**
Subscription rights to shares	–	**150**	**1**
Minority interests	11,737	**9,091**	**110**
Net assets attributable to common stock	¥ 720,097	**¥ 982,503**	**$ 11,954**
Number of common stock outstanding (*)	9,860 thousand shares	**9,886 thousand shares**	**9,886 thousand shares**

Note: (*) "Number of common stock outstanding" in the above table excludes shares held by the J-ESOP or the E-Ship®.

39. Other Comprehensive Income

The amount reclassified and tax effect amounts related to other comprehensive income for the year ended March 31, 2012 were as follows:

	(millions of yen)	(millions of US$)
Net unrealized gains (losses) on securities, net of tax		
Amount incurred during the fiscal year ended March 31, 2012	¥ 289,877	$ 3,526
Amount reclassified	34,331	417
Before tax adjustment	324,209	3,944
Tax effect	(79,299)	(964)
Net unrealized gains (losses) on securities, net of tax	244,910	2,979
Deferred hedge gains (losses)		
Amount incurred during the fiscal year ended March 31, 2012	(2,817)	(34)
Amount reclassified	(75)	(0)
Amount adjusted for asset acquisition cost	901	10
Before tax adjustment	(1,991)	(24)
Tax effect	704	8
Deferred hedge gains (losses)	(1,287)	(15)
Reserve for land revaluation		
Amount incurred during the fiscal year ended March 31, 2012	–	–
Amount reclassified	–	–
Before tax adjustment	–	–
Tax effect	16,861	205
Reserve for land revaluation	16,861	205
Foreign currency translation adjustments		
Amount incurred during the fiscal year ended March 31, 2012	(4,207)	(51)
Amount reclassified	–	–
Before tax adjustment	(4,207)	(51)
Tax effect	–	–
Foreign currency translation adjustments	(4,207)	(51)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method		
Amount incurred during the fiscal year ended March 31, 2012	300	3
Amount reclassified	(905)	(11)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(604)	(7)
Total other comprehensive income	¥ 255,673	$ 3,110

40. Consolidated Statements of Changes in Net Assets

(1) For the Year Ended March 31, 2011

a) Type and Number of Shares Outstanding

	Year Ended March 31, 2011			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(thousands of shares)			
Common stock	10,000	–	–	10,000
Treasury stock (*)	–	139	–	139

Note: (*) 139 thousand shares of increase in treasury stock represents the sum of (1) shares purchased by the J-ESOP under DL's incentive program granting middle management the purchased shares and (2) shares purchased by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

b) Dividends on Common Stocks

i) 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 (*)	April 16, 2010
Effective date	June 29, 2010
Dividend resource	Retained earnings

Note: (*) The record date was set on April 16, 2010 in accordance with Article 2, Supplementary Provisions of DL's Articles of Incorporation.

ii) 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 Annual General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends (*)	¥15,776 million (US$191 million)
Dividends per share	¥1,600 (US$19.46)
Record date	March 31, 2011
Effective date	June 28, 2011
Dividend resource	Retained earnings

Note: (*) Total dividends did not include ¥223 million (US$2 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.

c) Amount of Net Assets

DL reorganized from a mutual life insurance company to a joint stock life insurance corporation as of April 1, 2010, in accordance with Article 85 of the Insurance Business Act.

Based on its plan for demutualization in accordance with Article 86 of the Insurance Business Act, DL realigned its net assets in the non-consolidated balance sheet. On a consolidated basis, net assets of DL can be summarized as follows:

(millions of yen)

As of March 31, 2010		As of April 1, 2010	
Accumulated redeemed foundation funds	¥ 420,000	Capital stock	¥ 210,200
Revaluation reserve	248	Capital surplus	210,200
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

(2) For the Year Ended March 31, 2012

a) Type and Number of Shares Outstanding

	Year Ended March 31, 2012			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(thousands of shares)			
Common stock	10,000	–	–	10,000
Treasury stock (*)	139	–	26	113

Note: (*) 26 thousand shares of decrease in treasury stock represents the sum of (1) shares granted to eligible employees at retirement by the J-ESOP under DL's incentive program granting middle management the purchased shares and (2) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

b) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2012 (millions of yen)
DL	Stock acquisition rights in the form of stock options	¥150 (US$1 million)

c) Dividends on Common Stocks

i) Dividends paid during the fiscal year ended March 31, 2012

Date of resolution	June 27, 2011 (at the Annual General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends (*)	¥15,776 million (US$191 million)
Dividends per share	¥1,600 (US$19.46)
Record date	March 31, 2011
Effective date	June 28, 2011
Dividend resource	Retained earnings

Note: (*) Total dividends did not include ¥223 million (US$2 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.

ii) Dividends, the record date of which was March 31, 2012, to be paid out in the year ending March 31, 2013

Date of resolution	June 25, 2012 (at the Annual General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends (*)	¥15,818 million (US$192 million)
Dividends per share	¥1,600 (US$19.46)
Record date	March 31, 2012
Effective date	June 26, 2012
Dividend resource	Retained earnings

Note: (*) Total dividends did not include ¥181 million (US$2 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.

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41. Quarterly Information

	Three months ended June 30, 2011	Six months ended September 30, 2011	Nine months ended December 31, 2011	Year ended March 31, 2012
Ordinary revenues (millions of yen)	¥1,135,672	¥2,469,759	¥3,596,875	¥4,931,781
Income (loss) before income taxes and minority interests (millions of yen)	45,002	19,149	130,571	151,048
Net income (loss) (millions of yen)	32,275	12,361	12,709	20,357
Net income (loss) per share (yen)	¥3,272.22	¥1,252.85	¥1,287.70	¥2,061.78

	Three months ended June 30, 2011	Three months ended September 30, 2011	Three months ended December 31, 2011	Three months ended March 31, 2012
Net income (loss) per share (yen)	¥3,272.22	¥(2,017.43)	¥35.24	¥773.69

	Three months ended June 30, 2011	Six months ended September 30, 2011	Nine months ended December 31, 2011	Year ended March 31, 2012
Ordinary revenues (millions of US$)	$13,817	$30,049	$43,762	$60,004
Income (loss) before income taxes and minority interests (millions of US$)	547	232	1,588	1,837
Net income (loss) (millions of US$)	392	150	154	247
Net income (loss) per share (US$)	$39.81	$15.24	$15.66	$25.08

	Three months ended June 30, 2011	Three months ended September 30, 2011	Three months ended December 31, 2011	Three months ended March 31, 2012
Net income (loss) per share (US$)	$39.81	$(24.54)	$0.42	$9.41

42. Subsequent Events

None

Report of Independent Auditors

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Dai-ichi Life Insurance Company, Limited and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of earnings, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Dai-ichi Life Insurance Company, Limited and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 25, 2012

Non-Consolidated Balance Sheets

	(millions of yen)		(millions of US$)
	As of March 31,		
	2011	2012	2012
(ASSETS)			
Cash and deposits	¥ 230,249	¥ 259,498	$ 3,157
Cash	880	330	4
Bank deposits	229,369	259,168	3,153
Call loans	236,900	239,800	2,917
Monetary claims bought	291,115	294,324	3,581
Money held in trust	21,178	20,672	251
Securities	24,294,557	25,333,423	308,229
Government bonds	11,124,813	13,354,741	162,486
Local government bonds	313,283	311,133	3,785
Corporate bonds	2,312,471	2,187,285	26,612
Stocks	2,838,617	2,549,923	31,024
Foreign securities	7,370,161	6,614,982	80,484
Other securities	335,210	315,355	3,836
Loans	3,627,422	3,412,529	41,520
Policy loans	539,497	509,826	6,203
Ordinary loans	3,087,925	2,902,702	35,316
Ordinary loans	3,062,819	2,878,380	35,021
Trust loans	25,105	24,321	295
Tangible fixed assets	1,295,811	1,254,198	15,259
Land	843,018	809,048	9,843
Buildings	445,549	430,305	5,235
Leased assets	1,459	1,664	20
Construction in progress	2,219	9,747	118
Other tangible fixed assets	3,565	3,432	41
Intangible fixed assets	105,770	105,338	1,281
Software	72,249	71,923	875
Other intangible fixed assets	33,520	33,415	406
Reinsurance receivable	4,189	7,076	86
Other assets	282,565	243,177	2,958
Accounts receivable	19,216	26,839	326
Prepaid expenses	15,298	14,439	175
Accrued revenue	136,238	117,802	1,433
Deposits	42,697	40,508	492
Margin money for futures trading	21,786	7,682	93
Differential account for futures trading	2	1	0
Derivatives	17,472	5,892	71
Suspense payment	10,811	12,656	153
Other assets	19,042	17,353	211
Deferred tax assets	475,198	282,638	3,438
Customers' liabilities for acceptances and guarantees	17,826	20,074	244
Reserve for possible loan losses	(12,900)	(10,670)	(129)
Reserve for possible investment losses	(223)	(142)	(1)
Total assets	¥ 30,869,661	¥ 31,461,940	$ 382,795

	(millions of yen)		(millions of US$)
	As of March 31,		
	2011	2012	2012
(LIABILITIES)			
Policy reserves and others	¥ 28,190,891	¥ 28,529,906	$ 347,121
Reserves for outstanding claims	197,695	130,386	1,586
Policy reserves	27,589,524	28,011,648	340,815
Reserve for policyholder dividends	403,671	387,871	4,719
Reinsurance payable	588	458	5
Subordinated bonds	149,129	148,652	1,808
Other liabilities	1,118,137	1,128,862	13,734
Collateral for securities lending transactions	439,443	405,816	4,937
Long-term debt and other borrowings	363,607	361,229	4,395
Corporate income tax payable	13,333	6,222	75
Accounts payable	29,100	53,232	647
Accrued expenses	42,089	47,573	578
Unearned revenue	1,163	1,229	14
Deposits received	54,659	53,588	652
Guarantee deposits received	32,489	31,869	387
Differential account for futures trading	53	43	0
Derivatives	132,656	155,358	1,890
Lease liabilities	1,459	1,664	20
Asset retirement obligations	4,019	3,551	43
Suspense receipt	3,975	7,406	90
Other liabilities	86	75	0
Reserve for employees' retirement benefits	418,312	432,022	5,256
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,147	2,521	30
Reserve for possible reimbursement of prescribed claims	1,100	1,000	12
Reserves under the special laws	80,453	74,453	905
Reserve for price fluctuations	80,453	74,453	905
Deferred tax liabilities for land revaluation	123,635	95,608	1,163
Acceptances and guarantees	17,826	20,074	244
Total liabilities	30,103,223	30,433,560	370,283
(NET ASSETS)			
Capital stock	210,200	210,200	2,557
Capital surplus	210,200	210,200	2,557
Legal capital surplus	210,200	210,200	2,557
Retained earnings	192,887	206,703	2,514
Legal retained earnings	5,600	5,600	68
Other retained earnings	187,287	201,103	2,446
Fund for risk allowance	43,120	43,120	524
Fund for price fluctuation allowance	65,000	65,000	790
Reserve for tax basis adjustments of real estate	17,962	19,352	235
Retained earnings brought forward	61,205	73,630	895
Treasury stock	(20,479)	(16,703)	(203)
Total shareholders' equity	592,808	610,399	7,426
Net unrealized gains (losses) on securities, net of tax	237,580	479,490	5,833
Deferred hedge gains (losses)	1,243	(44)	(0)
Reserve for land revaluation	(65,194)	(61,616)	(749)
Total of valuation and translation adjustments	173,629	417,829	5,083
Subscription rights to shares	–	150	1
Total net assets	766,437	1,028,379	12,512
Total liabilities and net assets	¥ 30,869,661	¥ 31,461,940	$ 382,795

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Non-Consolidated Statements of Earnings

	(millions of yen)		(millions of US$)
	Year ended March 31,		
	2011	2012	2012
ORDINARY REVENUES	¥ 4,308,466	¥ 4,398,207	$ 53,512
Premium and other income	3,056,555	3,056,096	37,183
Premium income	3,055,768	3,055,324	37,173
Reinsurance income	786	771	9
Investment income	922,686	974,046	11,851
Interest and dividends	698,159	691,988	8,419
Interest from bank deposits	5,229	5,949	72
Interest and dividends from securities	529,413	531,101	6,461
Interest from loans	86,019	80,885	984
Rental income	66,814	65,872	801
Other interest and dividends	10,682	8,178	99
Gains on money held in trust	–	522	6
Gains on sale of securities	212,245	259,461	3,156
Gains on redemption of securities	1,533	686	8
Derivative transaction gains	9,842	–	–
Reversal of reserve for possible loan losses	–	2,159	26
Other investment income	906	2,582	31
Gains on investments in separate accounts	–	16,646	202
Other ordinary revenues	329,224	368,063	4,478
Fund receipt for annuity rider of group insurance	974	814	9
Fund receipt for claim deposit payment	310,833	282,590	3,438
Reversal of reserves for outstanding claims	–	67,308	818
Other ordinary revenues	17,416	17,349	211
ORDINARY EXPENSES	4,229,564	4,154,442	50,546
Benefits and claims	2,625,013	2,508,726	30,523
Claims	765,003	748,564	9,107
Annuities	515,481	540,354	6,574
Benefits	505,918	473,412	5,759
Surrender values	636,936	605,198	7,363
Other refunds	200,540	140,168	1,705
Ceding reinsurance commissions	1,133	1,028	12
Provision for policy reserves and others	322,580	431,636	5,251
Provision for reserves for outstanding claims	48,012	–	–
Provision for policy reserves	264,685	422,124	5,135
Provision for interest on policyholder dividends	9,882	9,512	115
Investment expenses	429,594	363,380	4,421
Interest expenses	13,073	18,666	227
Losses on money held in trust	1,051	–	–
Losses on sale of securities	120,905	180,705	2,198
Losses on valuation of securities	179,621	44,713	544
Losses on redemption of securities	4,168	3,355	40
Derivative transaction losses	–	31,156	379
Foreign exchange losses	28,417	34,444	419
Provision for reserve for possible investment losses	–	17	0
Write-down of loans	410	58	0
Depreciation of rented real estate and others	15,207	15,078	183
Other investment expenses	34,665	35,185	428
Losses on investments in separate accounts	32,071	–	–
Operating expenses	424,686	415,611	5,056
Other ordinary expenses	427,688	435,087	5,293
Claim deposit payments	348,955	351,666	4,278
National and local taxes	25,226	24,454	297
Depreciation	34,219	36,034	438
Provision for reserve for employees' retirement benefits	8,673	13,710	166
Other ordinary expenses	10,614	9,221	112
ORDINARY PROFIT	¥ 78,902	¥ 243,765	$ 2,965

	(millions of yen)		(millions of US$)
	Year ended March 31,		
	2011	2012	2012
EXTRAORDINARY GAINS	¥ 40,101	¥ 7,589	$ 92
Gains on disposal of fixed assets	3,348	1,589	19
Reversal of reserve for possible loan losses	1,065	–	–
Reversal of reserve for possible investment losses	498	–	–
Gains on collection of loans and claims written off	189	–	–
Reversal of reserve for price fluctuations	35,000	6,000	73
EXTRAORDINARY LOSSES	11,828	35,962	437
Losses on disposal of fixed assets	4,415	2,582	31
Impairment losses on fixed assets	3,338	33,379	406
Effect of initial application of accounting standard for asset retirement obligations	4,074	–	–
Provision for reserve for policyholder dividends	78,500	69,000	839
Income before income taxes	28,675	146,391	1,781
Corporate income taxes-current	25,956	24,798	301
Corporate income taxes-deferred	(14,217)	103,968	1,264
Total of corporate income taxes	11,739	128,766	1,566
Net income for the year	¥ 16,936	¥ 17,624	$ 214

Non-Consolidated Statements of Changes in Net Assets

	(millions of yen)		(millions of US$)
	Year ended March 31,		
	2011	2012	2012
Shareholders' equity			
Capital stock			
Balance at the beginning of the year	¥ 210,200	¥ 210,200	$ 2,557
Changes for the year			
Total changes for the year	–	–	–
Balance at the end of the year	210,200	210,200	2,557
Capital surplus			
Legal capital surplus			
Balance at the beginning of the year	210,200	210,200	2,557
Changes for the year			
Total changes for the year	–	–	–
Balance at the end of the year	210,200	210,200	2,557
Other capital surplus			
Balance at the beginning of the year	–	–	–
Changes for the year			
Disposal of treasury stock	–	(1,315)	(15)
Transfer from retained earnings to capital surplus	–	1,315	15
Total changes for the year	–	–	–
Balance at the end of the year	–	–	–
Total capital surplus			
Balance at the beginning of the year	210,200	210,200	2,557
Changes for the year			
Disposal of treasury stock	–	(1,315)	(15)
Transfer from retained earnings to capital surplus	–	1,315	15
Total changes for the year	–	–	–
Balance at the end of the year	210,200	210,200	2,557
Retained earnings			
Legal retained earnings			
Balance at the beginning of the year	5,600	5,600	68
Changes for the year			
Total changes for the year	–	–	–
Balance at the end of the year	5,600	5,600	68
Other retained earnings			
Fund for risk allowance			
Balance at the beginning of the year	43,120	43,120	524
Changes for the year			
Total changes for the year	–	–	–
Balance at the end of the year	43,120	43,120	524
Fund for price fluctuation allowance			
Balance at the beginning of the year	55,000	65,000	790
Changes for the year			
Transfer to fund for price fluctuation allowance	10,000	–	–
Total changes for the year	10,000	–	–
Balance at the end of the year	65,000	65,000	790
Reserve for tax basis adjustments of real estate			
Balance at the beginning of the year	16,420	17,962	218
Changes for the year			
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	–	1,520	18
Transfer to reserve for tax basis adjustments of real estate	1,673	8	0
Transfer from reserve for tax basis adjustments of real estate	(132)	(138)	(1)
Total changes for the year	1,541	1,390	16
Balance at the end of the year	¥ 17,962	¥ 19,352	$ 235

	(millions of yen)		(millions of US$)
	Year ended March 31,		
	2011	2012	2012
Retained earnings brought forward			
Balance at the beginning of the year	¥ 64,157	¥ 61,205	$ 744
Changes for the year			
Dividends	(10,000)	(15,776)	(191)
Net income for the year	16,936	17,624	214
Transfer to fund for price fluctuation allowance	(10,000)	–	–
Transfer from retained earnings to capital surplus	–	(1,315)	(15)
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	–	(1,520)	(18)
Transfer to reserve for tax basis adjustments of real estate	(1,673)	(8)	(0)
Transfer from reserve for tax basis adjustments of real estate	132	138	1
Transfer from reserve for land revaluation	1,653	13,284	161
Total changes for the year	(2,951)	12,425	151
Balance at the end of the year	61,205	73,630	895
Total retained earnings			
Balance at the beginning of the year	184,297	192,887	2,346
Changes for the year			
Dividends	(10,000)	(15,776)	(191)
Net income for the year	16,936	17,624	214
Transfer from retained earnings to capital surplus	–	(1,315)	(15)
Transfer from reserve for land revaluation	1,653	13,284	161
Total changes for the year	8,590	13,815	168
Balance at the end of the year	192,887	206,703	2,514
Treasury stock			
Balance at the beginning of the year	–	(20,479)	(249)
Changes for the year			
Purchase of treasury stock	(20,479)	–	–
Disposal of treasury stock	–	3,775	45
Total changes for the year	(20,479)	3,775	45
Balance at the end of the year	(20,479)	(16,703)	(203)
Total shareholders' equity			
Balance at the beginning of the year	604,697	592,808	7,212
Changes for the year			
Dividends	(10,000)	(15,776)	(191)
Net income for the year	16,936	17,624	214
Purchase of treasury stock	(20,479)	–	–
Disposal of treasury stock	–	2,459	29
Transfer from reserve for land revaluation	1,653	13,284	161
Total changes for the year	(11,889)	17,591	214
Balance at the end of the year	592,808	610,399	7,426
Valuation and translation adjustments			
Net unrealized gains (losses) on securities, net of tax			
Balance at the beginning of the year	461,158	237,580	2,890
Changes for the year			
Net changes of items other than shareholders' equity	(223,577)	241,909	2,943
Total changes for the year	(223,577)	241,909	2,943
Balance at the end of the year	237,580	479,490	5,833
Deferred hedge gains (losses)			
Balance at the beginning of the year	(2,008)	1,243	15
Changes for the year			
Net changes of items other than shareholders' equity	3,251	(1,287)	(15)
Total changes for the year	3,251	(1,287)	(15)
Balance at the end of the year	¥ 1,243	¥ (44)	$ (0)

	2011 (millions of yen)	2012 (millions of yen)	2012 (millions of US$)
	Year ended March 31,		
Reserve for land revaluation			
Balance at the beginning of the year	¥ (63,540)	¥ (65,194)	$ (793)
Changes for the year			
Net changes of items other than shareholders' equity	(1,653)	3,577	43
Total changes for the year	(1,653)	3,577	43
Balance at the end of the year	(65,194)	(61,616)	(749)
Total of valuation and translation adjustments			
Balance at the beginning of the year	395,609	173,629	2,112
Changes for the year			
Net changes of items other than shareholders' equity	(221,979)	244,199	2,971
Total changes for the year	(221,979)	244,199	2,971
Balance at the end of the year	173,629	417,829	5,083
Subscription rights to shares			
Balance at the beginning of the year	–	–	–
Changes for the year			
Net changes of items other than shareholders' equity	–	150	1
Total changes for the year	–	150	1
Balance at the end of the year	–	150	1
Total net assets			
Balance at the beginning of the year	1,000,307	766,437	9,325
Changes for the year			
Dividends	(10,000)	(15,776)	(191)
Net income for the year	16,936	17,624	214
Purchase of treasury stock	(20,479)	–	–
Disposal of treasury stock	–	2,459	29
Transfer from reserve for land revaluation	1,653	13,284	161
Net changes of items other than shareholders' equity	(221,979)	244,350	2,972
Total changes for the year	(233,869)	261,941	3,187
Balance at the end of the year	¥ 766,437	¥ 1,028,379	$ 12,512

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2012

I. PRESENTATION OF FINANCIAL STATEMENTS

1. Basis for Presentation

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

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

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥82.19=US$1.00, the foreign exchange rate on March 31, 2012, has been used for translation of the truncated figures in Japanese yen. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Valuation Methods of Securities

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

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

(1) Trading Securities

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

(2) Held-to-maturity Securities

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

(3) Policy-reserve-matching Bonds (in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (JICPA))

Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.

(4) Stocks of Subsidiaries and Affiliated Companies

Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

a) Available-for-sale Securities with Market Value

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

However, for the fiscal year ended March 31, 2011, a certain domestic stock with market value was valued at fair value as of March 31, 2011, due to some factors including the significant differences between its average fair value during March 2011 and its fair value as of March 31, 2011.

b) Available-for-sale Securities Whose Market Values Are Extremely Difficult to Be Recognized

i) 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.

ii) Others

All others are valued at cost determined by the moving average method.

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

2. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

FINANCIAL SECTIONS

3. Depreciation of Depreciable Assets

(1) 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 attached 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	2 to 60 years
Other tangible fixed assets	2 to 20 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 remaining values are depreciated at equal amounts over five years following the year end when such assets were depreciated to their final depreciable limit.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(3) Depreciation of Leased Assets

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

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

5. Policy Reserves

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

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

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

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996 for which premium payments were already completed (including lump-sum payment), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided over nine years. As a result, additional provisions for policy reserves for the year ended March 31, 2011 and 2012 were ¥112,631 million and ¥105,958 million (US$1,289 million), respectively.

6. 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 on 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, 2011 and 2012 were ¥3,832 million and ¥119 million (US$1 million), respectively.

7. 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.

8. 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, based on the projected benefit obligations and pension assets as of March 31, 2012.

Gains (losses) on plan amendments are amortized under the straight-line method for the fiscal year ended March 31, 2011 through a certain period (7 years) within the employees' average remaining service period. DL recognized no gains (losses) on plan amendments for the fiscal year ended March 31, 2012.

Actuarial differences are amortized under the straight-line method through a certain period (7 years) within the employees' average remaining service period, starting from the following year.

9. 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 105th general meeting of representative policyholders of DL are provided.

10. 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.

11. Reserve for Price Fluctuations

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

12. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No.10 issued on March 10, 2008). Primarily, (1) special hedge accounting for interest rate swaps and the deferral hedge method are used for cash flow hedges of certain ordinary loans, government and corporate bonds, loans payable and bonds payable; (2) foreign currency swaps, the currency allotment method by foreign currency forward contracts and deferral hedge method are used for cash flow hedges 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.

(2) Hedging Instruments and Hedged Items

Years Ended March 31, 2011 and 2012

Hedging instruments	Hedged items
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

(3) Hedging Policies

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

(4) Assessment of Hedge Effectiveness
Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of hedging instruments.

13. Calculation of National and Local Consumption Tax

DL accounts for national and local consumption tax by the tax-exclusion method. Deferred consumption tax included in 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. Application of "Accounting Standard for Accounting Changes and Error Corrections"

DL applied "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 issued on December 4, 2009) for making accounting changes and correcting past errors on or after April 1, 2011.

15. Revision of "Practical Guidelines on Accounting Standards for Financial Instruments"

DL formerly presented (1) reversal of reserve for possible loan losses and (2) gains on collection of loans and claims written off as items under extraordinary gains. However, effective the fiscal year ended March 31, 2012, DL started to present the reversal of reserve for possible loan losses under investment income and gains on collection of loans and claims written off as a component of other investment income, due to the revision made to "Practical Guidelines on Accounting Standards for Financial Instruments" (Accounting Practice Committee Statement No. 14 issued by JICPA).

III. NOTES TO NON-CONSOLIDATED BALANCE SHEETS

1. Assets Pledged as Collateral / Secured Liabilities

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

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Securities (Government bonds)	¥ 442,335	¥ 424,090	$ 5,159
Securities (Foreign securities)	7,347	3,294	40
Cash/deposits	86	86	1
Securities and cash/deposits pledged as collateral	¥ 449,770	¥ 427,471	$ 5,201

The amounts of secured liabilities were as follows:

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Cash collateral for securities lending transactions	¥ 439,443	¥ 405,816	$ 4,937
Loans payable	10	8	0
Secured liabilities	¥ 439,454	¥ 405,824	$ 4,937

"Securities (Government bonds)" pledged as collateral for securities lending transactions with cash collateral as of March 31, 2011 and 2012 were ¥436,425 million and ¥394,756 million (US$4,802 million), respectively.

2. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheets. The total balance of securities lent as of March 31, 2011 and 2012 was ¥482,741 million and ¥490,077 million (US$5,962 million), respectively.

3. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value and the market value of policy-reserve-matching bonds as of March 31, 2011 and 2012 were as follows:

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Book value	¥ 6,870,639	**¥ 8,271,349**	**$ 100,636**
Market value	7,092,066	**8,793,208**	**106,986**

(2) Risk Management Policy

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

The sub-groups of insurance products are:

Year ended March 31, 2011	Year ended March 31, 2012
i) individual life insurance and annuities,	i) individual life insurance and annuities,
ii) financial insurance and annuities, and	ii) non-participating single premium whole life insurance (without duty of medical disclosure),
iii) group annuities,	iii) financial insurance and annuities, and
with the exception of certain types.	iv) group annuities,
	with the exception of certain types.

(3) Addition of Sub-groups

Effective the year ended March 31, 2012, in order to conduct appropriate duration control, taking into account the durations of liabilities to promote more sophisticated ALM, DL added non-participating single premium whole life insurance (without duty of medical disclosure) as a new sub-group. This addition did not have any impact on profits or losses of DL for the year ended March 31, 2012.

4. Stocks of Subsidiaries and Affiliated Companies

The amounts of stocks of subsidiaries and affiliated companies DL held as of March 31, 2011 and 2012 were ¥222,961 million and ¥340,139 million (US$4,138 million), respectively.

5. Problem Loans

The 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 as follows:

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Credits to bankrupt borrowers	¥ 5,034	**¥ 4,743**	**$ 57**
Delinquent loans	17,349	**15,574**	**189**
Loans past due for three months or more	–	**–**	**–**
Restructured loans	3,255	**1,452**	**17**
Total	¥ 25,639	**¥ 21,770**	**$ 264**

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

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

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

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

As a result of the direct write-off of loans, decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	Years ended March 31, 2011	2012	2012
	(millions of yen)		(millions of US$)
Credits to bankrupt borrowers	¥ 739	¥ 50	$ 0
Delinquent loans	3,093	69	0

6. Commitment Line

As of March 31, 2011 and 2012, there were unused commitment line agreements under which DL is the lender of ¥5,300 million and ¥2,300 million (US$27 million), respectively.

7. Accounting of Beneficial Interests in Securitized Mortgage Loans

As of March 31, 2011 and 2012, the trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by DL in August 2000 are included in trust loans in the non-consolidated balance sheets.

8. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2011 and 2012 was ¥658,245 million and ¥620,715 million (US$7,552 million), respectively.

9. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies were as follows:

	As of March 31, 2011	2012	2012
	(millions of yen)		(millions of US$)
Receivables	¥ 4,567	¥ 65,599	$ 798
Payables	4,589	4,226	51

10. 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, 2011 and 2012 were ¥1,176,136 million and ¥1,115,683 million (US$13,574 million), respectively. Separate account liabilities were the same amount as separate account assets.

11. Reinsurance

As of March 31, 2011 and 2012, 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 ¥10 million and ¥9 million (US$0 million), respectively.

As of March 31, 2011 and 2012, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter, “policy reserves reinsured”) were ¥0 million and ¥0 million (US$0 million), respectively.

12. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Years Ended March 31, 2011	2012	2012
	(millions of yen)		(millions of US$)
Balance at the beginning of the year	¥ 329,214	¥ 403,671	$ 4,911
Transfer from allowance for policyholder dividends	92,500	–	–
Dividends paid during the year	(106,426)	(94,311)	(1,147)
Interest accrual during the year	9,882	9,512	115
Provision for reserve for policyholder dividends	78,500	69,000	839
Balance at the end of the year	¥ 403,671	¥ 387,871	$ 4,719

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

The estimated future obligations of DL to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2011 and 2012 were ¥60,531 million and ¥58,920 million (US$716 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

14. 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 of the Law for Revaluation of Land.
- The excess of the new book value of the land over the fair value after revaluation in accordance with Article 10 of the Law for Revaluation of Land as of March 31, 2011 and 2012 was ¥55,701 million and ¥58,604 million (US$713 million), respectively.

15. Subordinated Bonds

Subordinated bonds of ¥149,129 million and ¥148,652 million (US$1,808 million) shown in liabilities as of March 31, 2011 and 2012 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

16. Subordinated Debt

As of March 31, 2011 and 2012, long-term debt and other borrowings included subordinated debt of ¥350,000 million and ¥350,000 million (US$4,258 million), respectively, the repayment of which is subordinated to other obligations.

17. 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. As of March 31, 2012, DL held no securities borrowed which were not sold or pledged.

18. Organizational Change Surplus

As of March 31, 2011 and 2012, the amounts of DL's organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US$1,432 million), respectively.

IV. NOTES TO NON-CONSOLIDATED STATEMENTS OF EARNINGS

1. Revenues and Expenses from Transactions with Subsidiaries and Affiliated Companies

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies for the fiscal years ended March 31, 2011 and 2012 were as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Revenues	¥ 9,783	¥ 10,884	$ 132
Expenses	25,303	26,054	316

2. Gains on Sale of Securities

The breakdown of gains on sale of securities is as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Domestic bonds	¥ 69,746	¥ 92,098	$ 1,120
Domestic stocks	79,808	55,517	675
Foreign securities	62,689	93,889	1,142
Other securities	–	17,955	218

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3. Losses on Sale of Securities

The breakdown of losses on sale of securities is as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Domestic bonds	¥ 4,461	¥ 8,802	$ 107
Domestic stocks	34,035	55,177	671
Foreign securities	82,407	116,725	1,420

4. Losses on Valuation of Securities

The breakdown of losses on valuation of securities is as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Domestic stocks	¥ 174,022	¥ 18,077	$ 219
Foreign securities	5,595	26,635	324
Other securities	3	–	–

5. Gains/losses on Money Held in Trust

Gains (losses) on money held in trust included losses on valuation of securities of ¥1,049 million for the fiscal year ended March 31, 2011, and gains on valuation of securities of ¥357 million (US$4 million) for the fiscal year ended March 31, 2012.

6. Derivative Transaction Gains/Losses

Derivative transaction gains (losses) included valuation gains of ¥4,872 million for the fiscal year ended March 31, 2011 and valuation losses of ¥14,239 million (US$173 million) for the fiscal year ended March 31, 2012.

7. Reinsurance

For the fiscal year ended March 31, 2011, in calculating a provision for reserve for outstanding claims, a reversal of reserve for outstanding claims reinsured of ¥2 million was added, while, in calculating a provision for policy reserves, a provision for reserve for policy reserves reinsured of ¥0 million was deducted.

For the fiscal year ended March 31, 2012, in calculating the reversal of reserves for outstanding claims, a reversal of reserve for outstanding claims reinsured of ¥1 million (US$0 million) was deducted, while, in calculating provision for policy reserves, a reversal of reserve for policy reserves reinsured of ¥0 million (US$0 million) was added.

8. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2011 and 2012 were as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Land	¥ 3,122	¥ 1,293	$ 15
Buildings	187	294	3
Other tangible fixed assets	27	1	0
Other assets	10	–	–
Total	¥ 3,348	¥ 1,589	$ 19

9. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2011 and 2012 were as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Land	¥ 530	¥ 790	$ 9
Buildings	2,515	819	9
Leased assets	–	3	0
Other tangible fixed assets	173	283	3
Software	79	86	1
Other intangible fixed assets	–	100	1
Other assets	1,114	499	6
Total	¥ 4,415	¥ 2,582	$ 31

10. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the years ended March 31, 2011 and 2012 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

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

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
			(millions of yen)		
Real estate for rent	Iwaki City, Fukushima Prefecture and others	4	¥ 132	¥ 169	¥ 302
Real estate not in use	Himeji City, Hyogo Prefecture and others	64	2,082	953	3,036
Total		68	¥ 2,215	¥ 1,123	¥ 3,338

Impairment losses by asset group for the year ended March 31, 2012 were as follows:

Asset Group	Place	Number	Impairment Losses					
			Land	Buildings	Total	Land	Buildings	Total
			(millions of yen)			(millions of US$)		
Real estate for rent	Tomakomai City, Hokkaido and others	5	¥ 378	¥ 467	¥ 845	$ 4	$ 5	$ 10
Real estate not in use	Ashigara-kami County, Kanagawa Prefecture and others	92	28,929	3,605	32,534	351	43	395
Total		97	¥ 29,307	¥ 4,072	¥ 33,379	$ 356	$ 49	$ 406

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. Discount rates of 2.89% and 2.81% for the years ended March 31, 2011 and 2012, 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 for tax purposes is used as the net sale value.

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

Year Ended March 31, 2011

1. Treasury Stock

	(thousands of shares)
Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2011	–
Increase in treasury stock	139 (*)
Decrease in treasury stock	–
Number of treasury stock outstanding at the end of the fiscal year ended March 31, 2011	139

Note: (*) The 139 thousand shares of increase in treasury stock represents the sum of (1) shares purchased by the J-ESOP under DL's incentive program granting middle management the purchased shares and (2) shares purchased by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

2. Amount of Net Assets

DL reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, in accordance with Article 85 of the Insurance Business Act. Based on its plan for demutualization, in accordance with Article 86 of the Insurance Business Act, DL realigned presentation of net assets in the non-consolidated balance sheet as follows:

(millions of yen)

As of March 31, 2010		As of April 1, 2010	
Accumulated redeemed foundation funds	¥ 420,000	Capital stock	¥ 210,200
Revaluation reserve	248	Capital surplus	210,200
Surplus	184,448	Legal capital surplus	210,200
Reserve for future losses	5,600	Retained earnings	184,297
Other surplus	178,848	Legal retained earnings	5,600
Fund for risk allowance	43,139	Other retained earnings	178,697
Fund for price fluctuation allowance	55,000	Fund for risk allowance	43,120
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

Year Ended March 31, 2012

1. Treasury Stock

	(thousands of shares)
Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2012	139
Increase in treasury stock	–
Decrease in treasury stock	26 (*)
Number of treasury stock outstanding at the end of the fiscal year ended March 31, 2012	113

Note: (*) The 26 thousand shares of decrease in treasury stock represents the sum of (1) shares granted to eligible employees at retirement by the J-ESOP and (2) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

(Lease Transactions)

Finance Leases (As lessee)

(1) Acquisition cost, accumulated depreciation and net carrying amount of finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2011 were as follows:

	Tangible fixed assets	Total
	(millions of yen)	
Acquisition cost	¥ 2,102	¥ 2,102
Accumulated depreciation	1,628	1,628
Net carrying amount	¥ 473	¥ 473

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

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Acquisition cost, accumulated depreciation and net carrying amount of finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2012 were as follows:

	Tangible fixed assets	Total	Tangible fixed assets	Total
	(millions of yen)		(millions of US$)	
Acquisition cost	¥ 1,142	¥ 1,142	$ 13	$ 13
Accumulated depreciation	1,013	1,013	12	12
Net carrying amount	¥ 129	¥ 129	$ 1	$ 1

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

(2) Obligations under finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2011 and 2012 were as follows:

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Due within one year	¥ 340	**¥ 129**	**$ 1**
Due after one year	133	**–**	**–**
Total	¥ 473	**¥ 129**	**$ 1**

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

(3) Total payments for finance leases accounted for in the same manner applicable to ordinary operating leases and depreciation for years ended March 31, 2011 and 2012 were as follows:

	Years Ended March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Total payments for the finance leases	¥ 425	**¥ 231**	**$ 2**
Depreciation	425	**231**	**2**

(4) Calculation method of depreciation
Depreciation for leased assets is calculated over the lease term by the straight-line method assuming zero salvage value.

Operating Leases (As lessee)

Future minimum lease payments under noncancellable operating leases as of March 31, 2011 and 2012 were as follows:

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Due within one year	¥ 625	**¥ 603**	**$ 7**
Due after one year	6,315	**7,303**	**88**
Total	¥ 6,940	**¥ 7,907**	**$ 96**

(Securities)

1. Stocks of DL's subsidiaries and affiliated companies with market value as of March 31, 2011 and 2012

	As of March 31, 2011		
	Carrying Amount	Market Value	Unrealized Gains (Losses)
	(millions of yen)		
Stocks of affiliated companies with market value	¥ 20,774	¥ 42,999	¥ 22,224

	As of March 31, 2012					
	Carrying Amount	Market Value	Unrealized Gains (Losses)	Carrying Amount	Market Value	Unrealized Gains (Losses)
	(millions of yen)			(millions of US$)		
Stocks of affiliated companies	¥ 1,932	¥ 1,932	¥ –	$ 23	$ 23	$ –

Note: The tables above do not include stocks of DL's subsidiaries and affiliated companies whose market values are extremely difficult to recognize. Carrying amounts of such stocks were as follows:

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Subsidiaries	¥ 178,359	**¥ 314,882**	**$ 3,831**
Affiliated companies	23,827	**23,324**	**283**

(Deferred Tax Accounting)

1. Major components of deferred tax assets and liabilities as of March 31, 2011 and 2012

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US$)
Deferred tax assets:			
Policy reserves and others	¥ 377,833	¥ 317,947	$ 3,868
Reserve for employees' retirement benefits	182,001	161,580	1,965
Losses on valuation of securities	62,787	27,091	329
Reserve for price fluctuations	29,027	23,142	281
Impairment losses	7,561	7,481	91
Others	32,814	24,152	293
Subtotal	¥ 692,026	¥ 561,396	$ 6,830
Valuation allowances	(34,994)	(29,373)	(357)
Total	¥ 657,032	¥ 532,023	$ 6,473
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax	¥ (147,455)	¥ (220,984)	$ (2,688)
Reserve for tax basis adjustments of real estate	(10,138)	(8,561)	(104)
Dividend receivables from stocks	(7,675)	(6,594)	(80)
Others	(16,563)	(13,244)	(161)
Total	¥ (181,833)	¥ (249,384)	$ (3,034)
Net deferred tax assets	¥ 475,198	¥ 282,638	$ 3,438

2. Difference Between the Statutory Tax rate and Actual Effective Tax Rate after Considering Deferred Taxes
   The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes are as follows:

	As of March 31,	
	2011	2012
Statutory tax rate	36.08%	36.09%
(Adjustments)		
Decrease in deferred tax assets in relation to changes in tax rates	–	51.65%
Others	4.86%	0.22%
Actual effective tax rate after considering deferred taxes	40.94%	87.96%

3. Adjustment of deferred tax assets and liabilities due to changes in effective statutory tax rate
   Following the promulgation of the "Act on Partial Revision of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake" (Act No. 117 of 2011), DL changed its effective statutory tax rate for calculating its deferred tax assets and liabilities from 36.09% to 33.22% during the three fiscal years starting from April 1, 2012 and 30.67% effective the fiscal year starting from April 1, 2015 and thereafter.
   As a result, its deferred tax assets as of March 31, 2012 decreased by ¥38,124 million (US$463 million) and corporate income taxes-deferred for the fiscal year ended March 31, 2012 increased by ¥75,616 million (US$920 million), both compared to those calculated with the previous effective statutory tax rate (36.09%).

(Asset Retirement Obligations)

1. Overview of Asset Retirement Obligation
   DL 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.
2. Calculation of Asset Retirement Obligation
   DL 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% for the fiscal year ended March 31, 2011 and from 0.144% to 2.294% for the fiscal year ended March 31, 2012.
3. Increase and Decrease in Asset Retirement Obligation
   The following table shows the increase and decrease in asset retirement obligations:

	Years ended March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Beginning balance (*)	¥ 3,247	**¥ 4,019**	**$ 48**
Time progress adjustments	43	**46**	**0**
Others	728	**(514)**	**(6)**
Ending balance	¥ 4,019	**¥ 3,551**	**$ 43**

Note: (*) The "Beginning balance" of the year ended March 31, 2011 in the above table represents the amount of asset retirement obligations as of April 1, 2010 (instead of March 31, 2010) in accordance with"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).

(PER SHARE INFORMATION)

	As of / Years ended March 31,		
	2011	**2012**	**2012**
	(yen)		(US$)
Net assets per share	¥ 77,727.54	**¥ 104,001.86**	**$ 1,265.38**
Net income per share	1,696.72	**1,784.96**	**21.71**
Diluted net income per share	–	**1,784.76**	**21.71**

Note:
1. Information on diluted net income per share for the year ended March 31, 2011 was omitted as there were no potential diluting shares of DL.
2. Underlying basis for the calculation of the net income per share and the diluted net income per share was as follows:

	Years ended March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Net income per share			
Net income	¥ 16,936	**¥ 17,624**	**$ 214**
Net income attributable to other than shareholders of common stock	–	**–**	**–**
Net income attributable to shareholders of common stock	¥ 16,936	**¥ 17,624**	**$ 214**
Average number of common stock outstanding (*)	9,981 thousand shares	**9,873 thousand shares**	**9,873 thousand shares**
Diluted net income per share			
Adjustments in net income	–	**–**	**–**
Increase in the number of common stock	–	**1 thousand shares**	**1 thousand shares**
[Increase in the number of common stock attributable to subscription rights to shares]	–	**[1 thousand shares]**	**[1 thousand shares]**

Note: (*) "Average number of common stock outstanding" in the above table excludes shares held by the J-ESOP or the E-Ship®.

3. Underlying basis for the calculation of net assets per share was as follows:

	As of March 31,		
	2011	**2012**	**2012**
	(millions of yen)		(millions of US$)
Net assets	¥ 766,437	**¥ 1,028,379**	**$ 12,512**
Adjustments	–	**150**	**1**
Subscription rights to shares	–	**150**	**1**
Net assets attributable to common stock	¥ 766,437	**¥ 1,028,229**	**$ 12,510**
Number of common stock outstanding (*)	9,860 thousand shares	**9,886 thousand shares**	**9,886 thousand shares**

Note: (*) "Number of common stock outstanding" in the above table excludes shares held by the J-ESOP or the E-Ship®.

(SUBSEQUENT EVENTS)

None

(SUPPLEMENTAL TABLES)

1. Details of Operating Expenses for the Fiscal Year Ended March 31, 2012

	Year Ended March 31, 2012	
	(millions of yen)	(millions of US$)
Sales activity expenses	¥ 169,546	$ 2,062
Related to sales representatives	166,191	2,022
Related to sales agencies	2,194	26
Related to selection of policyholders	1,161	14
Sales management expenses	68,128	828
Related to management of sales representatives	65,001	790
Related to advertisement	3,127	38
General management expenses	177,935	2,164
Personal expenses	81,979	997
Property expenses	90,836	1,105
Donation, co-sponsoring and membership fees	1,309	15
Obligation expenses	5,118	62
Total	¥ 415,611	$ 5,056

Note: 1. Property expenses listed in the above table include expenses associated with (1) receiving premium payments from policyholders, (2) information systems and (3) maintaining office.
2. Obligation expenses represent obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act.

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2. Details of Tangible Fixed Assets for the Fiscal Year Ended March 31, 2012

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
				(millions of yen)			
Tangible fixed assets							
Land	¥ 843,018	¥ 313	¥ 34,282 [29,307]	¥ 809,048	¥ –	¥ –	¥ 809,048
Buildings	1,082,105	15,483	60,206 [4,072]	1,037,382	607,076	25,390	430,305
Leased assets	1,799	676	45	2,430	766	467	1,664
Construction in progress	2,219	23,335	15,807	9,747	–	–	9,747
Others	24,914	1,783	10,393	16,304	12,872	1,630	3,432
Total	¥ 1,954,057	¥ 41,591	¥ 120,735 [33,379]	¥ 1,874,913	¥ 620,715	¥ 27,488	¥ 1,254,198
Intangible fixed assets							
Software	–	–	–	123,023	51,100	22,811	71,923
Others	–	–	–	33,452	36	4	33,415
Total	¥ –	¥ –	¥ –	¥ 156,476	¥ 51,137	¥ 22,816	¥ 105,338
Long-term prepaid expenses	–	–	–	–	–	–	–
Deferred assets	–	–	–	–	–	–	–
Total of deferred assets	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
				(millions of US$)			
Tangible fixed assets							
Land	$ 10,256	$ 3	$ 417 [356]	$ 9,843	$ –	$ –	$ 9,843
Buildings	13,165	188	732 [49]	12,621	7,386	308	5,235
Leased assets	21	8	0	29	9	5	20
Construction in progress	26	283	192	118	–	–	118
Others	303	21	126	198	156	19	41
Total	$ 23,774	$ 506	$ 1,468 [406]	$ 22,811	$ 7,552	$ 334	$ 15,259
Intangible fixed assets							
Software	–	–	–	1,496	621	277	875
Others	–	–	–	407	0	0	406
Total	$ –	$ –	$ –	$ 1,903	$ 622	$ 277	$ 1,281
Long-term prepaid expenses	–	–	–	–	–	–	–
Deferred assets	–	–	–	–	–	–	–
Total of deferred assets	$ –	$ –	$ –	$ –	$ –	$ –	$ –

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

3. Details of Reserves for the Fiscal Year Ended March 31, 2012

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
	(millions of yen)				
Reserve for possible loan losses	¥ 12,900	¥ 10,670	¥ 70	¥ 12,829	¥ 10,670
General reserves	4,480	2,411	–	4,480	2,411
Specific reserves	8,419	8,258	70	8,349	8,258
Reserve for possible investment losses	223	142	98	125	142
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,147	–	594	32	2,521
Reserve for possible reimbursement of prescribed claims	1,100	125	225	–	1,000
Reserve for price fluctuation	80,453	13,000	19,000	–	74,453

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
	(millions of US$)				
Reserve for possible loan losses	$ 156	$ 129	$ 0	$ 156	$ 129
General reserves	54	29	–	54	29
Specific reserves	102	100	0	101	100
Reserve for possible investment losses	2	1	1	1	1
Reserve for retirement benefits of directors, executive officers and corporate auditors	38	–	7	0	30
Reserve for possible reimbursement of prescribed claims	13	1	2	–	12
Reserve for price fluctuation	978	158	231	–	905

Note: 1. Decrease of reserve for possible loan losses (general reserve) for other reasons represents reversing the credited reserve amount in full to renew the reserve.
2. Decrease of reserve for possible loan losses (specific reserve) for other reasons represents reversing the credited reserve amount in full to renew the reserve.
3. Decrease of reserve for possible investment losses for other reasons represents reversing the credited reserve amount in full to renew the reserve.
4. Decrease of reserve for retirement benefits of directors, executive officers and corporate auditors for other reasons represents adding back the credited reserve amount in full to renew the reserve.

Ernst & Young

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Independent Auditor's Report

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

We have audited the accompanying non-consolidated financial statements of The Dai-ichi Life Insurance Company, Limited, which comprise the non-consolidated balance sheet as at March 31, 2012, and the non-consolidated statements of earnings, changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit 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 non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. The purpose of an audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Dai-ichi Life Insurance Company, Limited as at March 31, 2012, and its non-consolidated financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of its non-consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying non-consolidated financial statements have been properly translated on the basis described in Note I.1.

Ernst & Young ShinNihon LLC

June 25, 2012

A member firm of Ernst & Young Global Limited

SUPPLEMENTARY FINANCIAL DATA

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Supplementary Financial Data

1. Insurance Policies

(1) Policies in Force by Product Line

As of March 31,

	2011				2012			
	Number (Thousands)	Increase (Decrease)%	Amount (Billions of yen)	Increase (Decrease)%	Number (Thousands)	Increase (Decrease)%	Amount (Billions of yen)	Increase (Decrease)%
Individual insurance	11,143	1.6	144,361.3	(4.1)	**11,372**	**2.1**	**138,597.9**	**(4.0)**
Insurance against death	7,045	11.3	79,889.6	5.7	**7,782**	**10.5**	**82,794.7**	**3.6**
Mixed insurance	3,549	(13.8)	63,121.8	(14.3)	**3,023**	**(14.8)**	**54,473.0**	**(13.7)**
Endowment insurance	548	5.3	1,349.7	1.2	**567**	**3.5**	**1,330.1**	**(1.5)**
Individual annuities	1,261	2.3	7,357.6	2.2	**1,289**	**2.2**	**7,537.5**	**2.4**
Group insurance	25,900	(1.9)	52,336.6	(3.2)	**25,466**	**(1.7)**	**50,491.5**	**(3.5)**
Group annuities	12,266	(12.1)	6,041.7	(2.4)	**10,949**	**(10.7)**	**6,065.9**	**0.4**
Financial insurance	99	(4.8)	276.1	(0.6)	**94**	**(4.8)**	**274.9**	**(0.4)**
Financial annuities	51	(3.1)	124.6	(3.9)	**49**	**(3.3)**	**119.3**	**(4.2)**
Medical care insurance	558	(5.0)	0.9	(3.3)	**522**	**(6.4)**	**0.8**	**(8.4)**
Group disability	45	(6.8)	3.1	(2.1)	**38**	**(15.2)**	**2.6**	**(15.1)**

Note:
1. Number of group insurance, group annuities, financial insurance, financial annuities, medical care and group disability show the number of insured.
2. The amounts in individual annuities, group insurance (annuity riders) and financial annuities show the sum of (a) the funds to be held at the time payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
3. The amount in group annuities, financial insurance and others show the amount of outstanding corresponding policy reserve.
4. The amount in medical care insurance shows the daily amount to be paid for hospitalization from sickness.
5. The amount in group disability insurance shows the amount of disability benefits paid per month.

(2) New Policies by Product Line

Years ended March 31,

	2011				2012			
	Number (Thousands)	Increase (Decrease)%	Amount (Billions of yen)	Increase (Decrease)%	Number (Thousands)	Increase (Decrease)%	Amount (Billions of yen)	Increase (Decrease)%
Individual insurance	758	20.6	6,906.2	1.9	**803**	**5.9**	**6,462.2**	**(6.4)**
Insurance against death	597	42.1	4,128.1	15.0	**671**	**12.4**	**3,808.3**	**(7.7)**
Mixed insurance	107	(30.0)	2,650.4	(13.3)	**87**	**(18.6)**	**2,548.6**	**(3.8)**
Endowment insurance	52	(2.0)	127.6	(3.8)	**43**	**(17.0)**	**105.2**	**(17.5)**
Individual annuities	60	(6.1)	425.4	(5.3)	**61**	**1.4**	**444.8**	**4.6**
Group insurance	90	(15.8)	312.5	41.1	**77**	**(14.7)**	**210.6**	**(32.6)**
Group annuities	29	43.1	1.1	(41.1)	**51**	**75.1**	**0.6**	**(46.0)**
Financial insurance	1	(7.2)	0.1	(43.1)	**1**	**(19.9)**	**0.0**	**(23.5)**
Financial annuities	0	1.9	0.0	(18.8)	**0**	**(8.6)**	**0.0**	**(19.7)**
Medical care insurance	3	(52.6)	0.0	(36.7)	**0**	**(85.0)**	**0.0**	**(70.1)**
Group disability	-	-	-	-	**-**	**-**	**-**	**-**

Note:
1. Number of group insurance, group annuities, financial insurance, financial annuities, medical care and group disability show the number of insured.
2. The amounts in individual annuities and financial annuities show the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced.
3. The amounts in group annuities, financial insurance and financial annuities show the initial premium payment.
4. The amount in medical care insurance shows the daily amount to be paid for hospitalization from sickness.
5. The amount in group disability insurance shows the amount of disability benefits paid per month.
6. New policies do not include new policies by conversion.

(3) Annualized Net Premium of Individual Insurance and Individual Annuities

(billions of yen except percentages)

	As of March 31, 2011		As of March 31, 2012	
Policies in Force		% of March 31, 2010 total		**% of March 31, 2011 total**
Individual insurance	1,704.7	98.9	**1,682.8**	**98.7**
Individual annuities	309.0	103.9	**323.9**	**104.8**
Total	2,013.8	99.7	**2,006.8**	**99.7**
Medical and survival benefits	506.6	102.4	**515.0**	**101.7**

(billions of yen except percentages)

	Year Ended March 31, 2011		Year Ended March 31, 2012	
New Policies		% of March 31, 2010 total		**% of March 31, 2011 total**
Individual insurance	113.1	109.0	**112.8**	**99.7**
Individual annuities	15.0	94.5	**15.2**	**101.3**
Total	128.1	107.1	**128.0**	**99.9**
Medical and survival benefits	42.5	116.7	**41.9**	**98.8**

Note:
1. Annualized net premium is calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized net premium for medical and survival benefits includes (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.
3. New policies include net increase by conversion.

(4) Policies in Force by Benefit

(billions of yen)

As of March 31, 2011	Individual Insurance	Individual Annuities	Group Insurance	Group Annuities	Total including other products
Death benefit					
General	127,061	0	52,328	-	184,132
Accidental	(19,136)	(392)	(2,167)	(-)	(21,764)
Others	(0)	(-)	(98)	(-)	(98)
Survival benefits					
Benefits and claims	17,299	6,643	0	-	24,020
Annuities	(-)	(841)	(1)	(-)	(850)
Others	-	714	7	6,041	7,086
Hospitalization benefits					
Accidental	(41)	(0)	(1)	(-)	(43)
Sickness	(41)	(0)	(0)	(-)	(42)
Others	(23)	(0)	(0)	(-)	(23)
Disability benefits	-	-	-	-	3
As of March 31, 2012					
Death benefit					
General	**120,188**	**0**	**50,483**	**-**	**176,871**
Accidental	**(17,626)**	**(389)**	**(1,944)**	**(-)**	**(20,042)**
Others	**(0)**	**(-)**	**(92)**	**(-)**	**(92)**
Survival benefits					
Benefits and claims	**18,409**	**6,771**	**0**	**-**	**25,253**
Annuities	**(-)**	**(867)**	**(1)**	**(-)**	**(877)**
Others	**-**	**766**	**7**	**6,065**	**7,161**
Hospitalization benefits					
Accidental	**(42)**	**(0)**	**(1)**	**(-)**	**(44)**
Sickness	**(42)**	**(0)**	**(0)**	**(-)**	**(43)**
Others	**(23)**	**(0)**	**(0)**	**(-)**	**(23)**
Disability benefits	**-**	**-**	**-**	**-**	**2**

Note:
1. Figures in ( ) show supplementary benefits portion of base insurance policy and policy riders. However, the general death benefits portion of term insurance riders are accounted for as basic insurance policy.
2. The amount of "Individual Annuities" and "Group Insurance" (annuities rider) in the "Benefits and claims" column of the Survival benefits shows the funds to be held at the time payments are to commence for an annuity for which payments has not yet commenced.
3. The amount in the "Annuities" column of the Survival benefits shows the annual annuity payments.
4. The amount in the "Others" column of "Survival benefits" shows outstanding corresponding policy reserve for individual annuities for which payments have commenced, group insurance whose annuity rider payments have commenced, and group annuities.
5. The amounts of "Hospitalization benefits" show the daily amount to be paid for hospitalization.

(5) Changes in Policies in Major Product Line

A. Individual Insurance

(billions of yen and thousands of policies)

	Years ended March 31,					
	2010		2011		**2012**	
	Number of policies	Policy amount	Number of policies	Policy amount	**Number of policies**	**Policy amount**
At the beginning of the year	11,051	159,072.0	10,970	150,575.1	**11,143**	**144,361.3**
Increase due to:						
New policies	628	6,778.4	758	6,906.2	**803**	**6,462.2**
Renewal	41	1,670.4	66	1,819.2	**50**	**1,406.5**
Reinstatements	26	550.1	22	443.8	**20**	**376.0**
Conversions	445	12,323.6	484	11,265.5	**467**	**9,804.8**
Decrease due to:						
Death	52	418.3	54	414.0	**58**	**416.1**
Maturity	182	4,267.0	230	4,847.8	**214**	**3,777.9**
Decrease in coverage amount	-	1,443.3	-	1,076.3	**-**	**1,079.5**
Conversions	437	12,704.2	411	11,327.5	**366**	**9,650.0**
Surrender	423	7,751.7	357	6,262.5	**379**	**6,428.4**
Lapse	121	2,271.7	99	1,760.3	**89**	**1,483.9**
Others	4	963.1	4	959.9	**5**	**976.8**
At year-end	10,970	150,575.1	11,143	144,361.3	**11,372**	**138,597.9**
Net increase (decrease)	(81)	(8,496.8)	173	(6,213.8)	**229**	**(5,763.4)**

B. Individual Annuities

(billions of yen and thousands of policies)

	Years ended March 31,					
	2010		2011		**2012**	
	Number of policies	Policy amount	Number of policies	Policy amount	**Number of policies**	**Policy amount**
At the beginning of the year	1,202	6,975.8	1,233	7,196.6	**1,261**	**7,357.6**
Increase due to:						
New policies	64	449.0	60	425.4	**61**	**444.8**
Reinstatements	1	10.9	1	13.1	**2**	**15.2**
Conversions	-	-	-	-	**-**	**-**
Decrease due to:						
Death	4	28.4	4	30.2	**4**	**32.4**
Full payment	4	4.2	5	5.4	**7**	**6.9**
Decrease in coverage amount	-	12.0	-	11.6	**-**	**12.9**
Conversions	1	11.1	1	9.5	**1**	**9.8**
Surrender	22	144.1	20	136.4	**21**	**137.3**
Lapse	4	31.7	5	38.0	**5**	**38.5**
Others	(2)	7.4	(3)	46.1	**(4)**	**42.0**
At year-end	1,233	7,196.6	1,261	7,357.6	**1,289**	**7,537.5**
Net increase (decrease)	31	220.8	28	161.0	**27**	**179.9**

Note: Policy amounts for individual annuities are equal to the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and the amount of policy reserve for an annuity for which payments have commenced. Because the amount of policy reserves changes over time, in contrast to the static nature of policy amounts of insurance policies, the amount of net increase in the policy amount column does not match the total of the individual items.

C. Group Insurance

(billions of yen and thousands of policies)

	Years ended March 31,					
	2010		2011		**2012**	
	Number of policies	Policy amount	Number of policies	Policy amount	**Number of policies**	**Policy amount**
At the beginning of the year	26,915	54,769.4	26,389	54,051.1	**25,900**	**52,336.6**
Increase due to:						
New policies	107	221.5	90	312.5	**77**	**210.6**
Renewal	13,858	29,276.9	13,626	28,818.4	**13,416**	**27,670.7**
New members of groups with policies in force	2,174	5,182.6	2,137	4,638.4	**2,065**	**4,586.7**
Increase in coverage amount	-	854.5	-	788.2	**-**	**652.2**
Decrease due to:						
Death	56	89.9	55	85.3	**55**	**81.5**
Maturity	14,066	29,710.7	13,905	29,297.3	**13,594**	**28,057.6**
Withdrawal	2,470	2,161.2	2,298	1,961.3	**2,218**	**1,850.4**
Decrease in coverage amount	-	4,203.1	-	4,671.1	**-**	**4,693.6**
Surrender	68	94.9	81	191.5	**70**	**129.1**
Lapse	0	2.2	1	3.2	**0**	**0.7**
Others	1	(8.3)	1	62.1	**54**	**152.2**
At year-end	26,389	54,051.1	25,900	52,336.6	**25,466**	**50,491.5**
Net increase (decrease)	(525)	(718.3)	(489)	(1,714.4)	**(434)**	**(1,845.1)**

D. Group Annuities

(billions of yen and thousands of policies)

	Years ended March 31,					
	2010		2011		**2012**	
	Number of policies	Policy amount	Number of policies	Policy amount	**Number of policies**	**Policy amount**
At the beginning of the year	14,794	6,140.6	13,959	6,192.2	**12,266**	**6,041.7**
Increase due to:						
New policies	20	1.9	29	1.1	**51**	**0.6**
Decrease due to:						
Annuity payments	4,252	272.2	4,163	303.7	**4,317**	**329.4**
Lump-sum payments	853	338.1	828	294.7	**666**	**284.0**
Surrender	333	124.7	1,722	214.2	**232**	**113.1**
At year-end	13,959	6,192.2	12,266	6,041.7	**10,949**	**6,065.9**
Net increase (decrease)	(834)	51.6	(1,692)	(150.5)	**(1,317)**	**24.2**

Note:
1. The tables above do not include new insured persons entered, and insured persons existing without benefit payments, with respect to an existing group annuity contract during each respective period. As a result, the amount of net increase in the number of insured column does not match the total of the individual items.
2. The new policy amount is equal to the initial premium payment and the total policy amount in force is equal to the amount of outstanding corresponding policy reserves. Because the amount of policy reserves changes over time, in contrast to the static nature of policy amounts of insurance policies, the amount of net increase in the policy amount column does not match the total of the individual items.

(6) Policies in Force of Individual Insurance by Product

(thousands of policies, billions of yen, %)

As of March 31, 2011	New policies Number	%	Amount	%	Policies in force Number	%	Amount	%
Renewable type whole life	13	1.1	192	1.1	1,712	15.4	37,312	25.8
transferable term insurance	(34)	(2.7)	(649)	(3.6)				
Whole life with term insurance	176	14.2	2,105	11.6	3,639	32.7	45,477	31.5
	(522)	(42.1)	(9,446)	(52.0)				
Whole Life	272	21.9	904	5.0	2,054	18.4	12,904	8.9
	(287)	(23.1)	(1,038)	(5.7)				
Income protection rider	168	13.5	1,891	10.4	1,609	14.4	15,949	11.0
for specific conditions	(375)	(30.2)	(3,840)	(21.1)				
Total including others	758	61.0	6,906	38.0	11,143	100.0	144,361	100.0
	(1,242)	(100.0)	(18,171)	(100.0)				
As of March 31, 2012								
Renewable type whole life	**-**	**-**	**-**	**-**	**1,349**	**11.9**	**28,645**	**20.7**
transferable term insurance	**(-)**	**(-)**	**(-)**	**(-)**				
Whole life with term insurance	**195**	**15.4**	**2,096**	**12.9**	**3,969**	**34.9**	**49,342**	**35.6**
	(530)	**(41.8)**	**(8,797)**	**(54.1)**				
Whole Life	**104**	**8.2**	**364**	**2.2**	**2,090**	**18.4**	**12,815**	**9.2**
	(118)	**(9.4)**	**(491)**	**(3.0)**				
Income protection rider	**172**	**13.6**	**2,050**	**12.6**	**1,734**	**15.3**	**17,079**	**12.3**
for specific conditions	**(372)**	**(29.3)**	**(3,994)**	**(24.6)**				
Total including others	**803**	**63.2**	**6,462**	**39.7**	**11,372**	**100.0**	**138,597**	**100.0**
	(1,270)	**(100.0)**	**(16,267)**	**(100.0)**				

Note: Figures in ( ) show the total number and amount of new businesses and new policies by conversion.

(7) Amount of Claims and Benefit Paid to Earned Premiums in the Third Sector

%

	Year ended March 31, 2011	**Year ended March 31, 2012**
Third sector total	37.0	**36.6**
Medical (disease)	32.3	**32.8**
Cancer	41.4	**40.9**
Nursing care	15.9	**15.4**
Others	44.3	**42.1**

Note: Each insurance type is classified based on the principal benefit types.

SUPPLEMENTARY FINANCIAL DATA

2. Assets

(1) Asset Composition (General Account)

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	441,114	1.5	440,974	1.5
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	291,115	1.0	294,324	1.0
Trading account securities	-	-	-	-
Money held in trust	21,178	0.1	20,672	0.1
Securities	23,201,366	78.0	24,314,699	80.1
Domestic bonds	13,434,971	45.2	15,541,651	51.2
Domestic stocks	2,538,013	8.5	2,284,861	7.5
Foreign securities	7,035,698	23.7	6,298,234	20.7
Foreign bonds	5,581,739	18.8	4,786,438	15.8
Foreign stocks and other securities	1,453,959	4.9	1,511,795	5.0
Other securities	192,683	0.6	189,951	0.6
Loans	3,627,422	12.2	3,412,529	11.2
Policy loans	539,497	1.8	509,826	1.7
Ordinary loans	3,087,925	10.4	2,902,702	9.6
Real estate	1,290,787	4.3	1,249,101	4.1
Real estate for rent	814,333	2.7	810,238	2.7
Deferred tax assets	475,198	1.6	282,638	0.9
Others	398,585	1.3	360,010	1.2
Reserve for possible loan losses	(12,900)	(0.0)	(10,670)	(0.0)
Total	29,733,868	100.0	30,364,280	100.0
Foreign currency-denominated assets	5,435,294	18.3	4,669,650	15.4

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(2) Changes (Increase/Decrease) in Assets (General Account)

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Cash, deposits, and call loans	84,681	(140)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	1,230	3,209
Trading account securities	-	-
Money held in trust	(1,080)	(505)
Securities	408,062	1,113,332
Domestic bonds	444,992	2,106,680
Domestic stocks	(720,129)	(253,151)
Foreign securities	709,742	(737,464)
Foreign bonds	799,472	(795,300)
Foreign stocks and other securities	(89,730)	57,836
Other securities	(26,542)	(2,731)
Loans	(206,942)	(214,893)
Policy loans	(31,946)	(29,670)
Ordinary loans	(174,996)	(185,222)
Real estate	51,888	(41,685)
Real estate for rent	31,545	(4,095)
Deferred tax assets	137,511	(192,559)
Others	(301,340)	(38,574)
Reserve for possible loan losses	8,195	2,229
Total	182,205	630,411
Foreign currency-denominated assets	407,427	(765,643)

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(3) Rates of Return (General Account)

	(%)	
	Year ended March 31, 2011	Year ended March 31, 2012
Cash, deposits, and call loans	0.04	0.13
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	0.13	-
Monetary claims bought	2.39	2.48
Trading account securities	-	-
Money held in trust	(4.73)	2.58
Securities	1.81	2.10
Domestic bonds	2.41	2.47
Domestic stocks	(3.15)	1.35
Foreign securities	2.49	1.27
Foreign bonds	2.28	1.57
Foreign stocks and other securities	3.24	0.28
Loans	2.29	2.42
Ordinary loans	1.85	2.00
Real estate	3.84	3.26
Total	1.78	1.99
Foreign investments	2.45	1.26

Note:
1. Rates of return above are calculated by dividing the net investment income included in ordinary profit by the average daily balance on a book value basis.
2. “Foreign investments” include yen-denominated assets.

(4) Average Daily Balance (General Account)

	(billions of yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Cash, deposits, and call loans	349.3	346.1
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	0.1	-
Monetary claims bought	286.5	275.3
Trading account securities	-	-
Money held in trust	22.2	20.2
Securities	22,821.9	23,470.9
Domestic bonds	12,896.6	14,390.8
Domestic stocks	2,613.6	2,162.5
Foreign securities	7,102.1	6,722.6
Foreign bonds	5,546.1	5,169.2
Foreign stocks and other securities	1,555.9	1,553.3
Loans	3,743.6	3,492.6
Ordinary loans	3,189.5	2,966.2
Real estate	807.1	819.7
Total	29,492.0	29,913.8
Foreign investments	7,387.0	7,000.0

Note: “Foreign investments” include yen-denominated assets.

(5) Breakdown of Securities (General Account)

	(millions of yen)			
	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
National government bonds	10,879,230	46.9	13,120,539	54.0
Local government bonds	309,255	1.3	307,458	1.3
Corporate bonds	2,246,485	9.7	2,113,653	8.7
Public entity bonds	795,308	3.4	784,279	3.2
Domestic stocks	2,538,013	10.9	2,284,861	9.4
Foreign securities	7,035,698	30.3	6,298,234	25.9
Foreign bonds	5,581,739	24.1	4,786,438	19.7
Foreign stocks and other securities	1,453,959	6.3	1,511,795	6.2
Other securities	192,683	0.8	189,951	0.8
Total	23,201,366	100.0	24,314,699	100.0

(6) Securities by Contractual Maturity Dates (General Account)

(millions of yen)

As of March 31, 2011	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
Securities	525,927	1,994,070	2,206,607	1,372,797	2,582,345	14,519,618	23,201,366
National government bonds	222,228	516,918	347,507	193,633	1,490,966	8,107,975	10,879,230
Local government bonds	10,980	95,550	128,943	20,516	25,473	27,791	309,255
Corporate bonds	115,348	308,295	695,785	536,389	272,534	318,131	2,246,485
Domestic stocks	-	-	-	-	-	2,538,013	2,538,013
Foreign securities	173,518	1,028,686	1,024,426	617,232	778,224	3,413,610	7,035,698
Foreign bonds	173,518	1,028,124	1,019,762	615,757	778,224	1,966,352	5,581,739
Foreign stocks and other securities	-	561	4,664	1,474	-	1,447,258	1,453,959
Other securities	3,852	44,619	9,944	5,025	15,146	114,094	192,683
Monetary claims bought	-	5,336	4,066	-	-	281,712	291,115
Certificates of deposit	16,000	-	-	-	-	-	16,000
Others	1,000	479	-	-	-	19,698	21,178
As of March 31, 2012							
Securities	**383,414**	**2,110,184**	**1,840,823**	**1,077,992**	**2,600,659**	**16,301,624**	**24,314,699**
National government bonds	**95,772**	**544,624**	**310,294**	**297,294**	**1,785,733**	**10,086,819**	**13,120,539**
Local government bonds	**20,053**	**186,375**	**36,161**	**8,443**	**28,131**	**28,293**	**307,458**
Corporate bonds	**99,590**	**670,909**	**522,791**	**329,986**	**162,239**	**328,135**	**2,113,653**
Domestic stocks	**-**	**-**	**-**	**-**	**-**	**2,284,861**	**2,284,861**
Foreign securities	**128,246**	**695,954**	**958,901**	**434,079**	**613,882**	**3,467,170**	**6,298,234**
Foreign bonds	**128,246**	**695,652**	**952,911**	**434,079**	**613,882**	**1,961,666**	**4,786,438**
Foreign stocks and other securities	**-**	**302**	**5,989**	**-**	**-**	**1,505,504**	**1,511,795**
Other securities	**39,751**	**12,320**	**12,675**	**8,188**	**10,671**	**106,343**	**189,951**
Monetary claims bought	**922**	**621**	**10,926**	**904**	**-**	**280,949**	**294,324**
Certificates of deposit	**15,000**	**-**	**-**	**-**	**-**	**-**	**15,000**
Others	**483**	**-**	**-**	**-**	**-**	**20,189**	**20,672**

Note: The table above includes assets which are treated as securities in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No.10).

(7) Domestic Stocks by Industry (General Account)

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
Forestry and fisheries	353	0.0	371	0.0
Mining	438	0.0	402	0.0
Construction	52,179	2.1	45,387	2.0
Manufacturing industries				
Food products	91,758	3.6	112,664	4.9
Textiles and clothing	24,715	1.0	20,040	0.9
Pulp and paper	2,804	0.1	2,326	0.1
Chemicals	114,109	4.5	95,011	4.2
Medical supplies	39,115	1.5	31,712	1.4
Oil and coal products	7,059	0.3	6,348	0.3
Rubber products	11,305	0.4	13,547	0.6
Glass and stone products	59,107	2.3	53,339	2.3
Steel	75,509	3.0	55,555	2.4
Non-steel metals	13,210	0.5	11,540	0.5
Metal products	28,437	1.1	27,302	1.2
Machinery	105,425	4.2	102,560	4.5
Electric appliances	520,476	20.5	441,873	19.3
Transportation vehicles	183,781	7.2	123,453	5.4
Precision instruments	70,905	2.8	53,513	2.3
Others	56,963	2.2	50,545	2.2
Electric and gas utilities	114,653	4.5	92,921	4.1
Transportation and communications industries				
Ground transportation	169,624	6.7	171,695	7.5
Water transportation	1,134	0.0	628	0.0
Air transportation	1,403	0.1	1,345	0.1
Warehouses	4,443	0.2	3,951	0.2
Telecommunications	33,539	1.3	33,502	1.5
Commerce				
Wholesale	92,580	3.6	95,617	4.2
Retail	69,578	2.7	71,941	3.1
Financial industries				
Banks	321,418	12.7	305,889	13.4
Security and trading companies	17,734	0.7	6,730	0.3
Insurance	179,098	7.1	175,868	7.7
Other	13,131	0.5	11,570	0.5
Real estate	18,114	0.7	15,493	0.7
Service	43,901	1.7	50,205	2.2
Total	2,538,013	100.0	2,284,861	100.0

Note: Industry categories above are based on classification by Securities Identification Code Committee.

(8) Local Government Bonds by Region (General Account)

(millions of yen)

	As of March 31, 2011	As of March 31, 2012
	Carrying value	Carrying value
Hokkaido	5,126	4,165
Tohoku	-	-
Kanto	114,868	114,663
Chubu	35,463	35,891
Kinki	40,284	42,145
Chugoku	3,017	2,822
Shikoku	547	-
Kyushu	21,158	18,703
Others	88,788	89,067
Total	309,255	307,458

Note: "Others" in the above table shows publicly offered co-issue local government bonds.

(9) Breakdown of Loans (General Account)

(millions of yen)

	As of March 31, 2011	As of March 31, 2012
Policy loans	539,497	**509,826**
Premium loans	66,650	**60,193**
Policyholder loans	472,847	**449,633**
Ordinary loans	3,087,925	**2,902,702**
[Loans to non-residents]	[116,056]	**[93,924]**
Loans to corporations	2,648,620	**2,525,603**
[Loans to domestic corporations]	[2,595,745]	**[2,472,879]**
Loans to national government, government-related organizations and international organizations	58,213	**32,612**
Loans to local governments and public entities	351,694	**316,890**
Mortgage loans	29,245	**27,471**
[Trust loans]	[25,105]	**[24,321]**
Consumer loans	61	**51**
Others	89	**73**
Total loans	3,627,422	**3,412,529**

(10) Loans by Contractual Maturity Dates (General Account)

(millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2011							
Floating-rate loans	33,851	71,207	34,263	31,812	10,048	25,377	206,559
Fixed-rate loans	225,283	588,242	568,425	523,482	452,251	523,680	2,881,365
Total	259,134	659,450	602,689	555,294	462,299	549,057	3,087,925
As of March 31, 2012							
Floating-rate loans	**24,613**	**60,250**	**23,422**	**13,272**	**6,389**	**24,519**	**152,468**
Fixed-rate loans	**296,339**	**497,203**	**582,416**	**449,924**	**348,293**	**576,057**	**2,750,234**
Total	**320,952**	**557,454**	**605,838**	**463,196**	**354,682**	**600,577**	**2,902,702**

(11) Loans to Domestic Companies by Company Size (General Account)

(millions of yen except number of borrowers)

		As of March 31, 2011		As of March 31, 2012	
			%		%
Large corporations	Number of borrowers	392	51.5	**327**	**53.2**
	Amount of loans	2,197,946	84.7	**2,102,320**	**85.0**
Medium-sized corporations	Number of borrowers	48	6.3	**31**	**5.0**
	Amount of loans	11,157	0.4	**6,226**	**0.3**
Small-sized corporations	Number of borrowers	321	42.2	**257**	**41.8**
	Amount of loans	386,641	14.9	**364,333**	**14.7**
Total	Number of borrowers	761	100.0	**615**	**100.0**
	Amount of loans	2,595,745	100.0	**2,472,879**	**100.0**

Note:
1. Categorization by company size is based on the following criteria:
   (1) Large corporations include corporations with paid-in capital of at least ¥1 billion and more than 300 employees (more than 50 employees in the case of retailers and restaurants; more than 100 employees in the case of service companies and wholesalers).
   (2) Medium-sized corporations include corporations with paid-in capital of more than ¥300 million and less than ¥1 billion (more than ¥50 million and less than ¥1 billion in the case of retailers, restaurants and service companies; more than ¥100 million and less than ¥1 billion in the case of wholesalers) and more than 300 employees (more than 50 employees in the case of retailers and restaurants; more than 100 employees in the case of service companies and wholesalers).
   (3) Small corporations include all other corporations.
2. Number of borrowers does not equal the number of loan transactions.

(12) Loans by Industry (General Account)

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	**Carrying value**	**%**
Domestic				
Manufacturing industries	505,762	16.4	**440,139**	**15.2**
Foodstuffs and beverages	35,859	1.2	**30,287**	**1.0**
Textile products	5,360	0.2	**5,253**	**0.2**
Lumber and wood products	1,259	0.0	**562**	**0.0**
Pulp, paper and paper products	35,513	1.2	**33,918**	**1.2**
Printing	21,361	0.7	**20,092**	**0.7**
Chemical and allied products	56,092	1.8	**34,780**	**1.2**
Petroleum refining	24,307	0.8	**23,007**	**0.8**
Ceramic, stone and clay products	16,866	0.5	**23,248**	**0.8**
Iron and steel	68,992	2.2	**69,968**	**2.4**
Non-ferrous metals and products	13,591	0.4	**14,146**	**0.5**
Fabricated metal products	2,105	0.1	**1,874**	**0.1**
General-purpose and production- and business-oriented machinery	72,143	2.3	**62,894**	**2.2**
Electrical machinery equipment and supplies	84,877	2.7	**65,234**	**2.2**
Transportation equipment	54,171	1.8	**42,593**	**1.5**
Miscellaneous manufacturing industries	13,259	0.4	**12,278**	**0.4**
Agriculture and forestry	-	-	**-**	**-**
Fishery	-	-	**-**	**-**
Mining and quarrying of stone and gravel	-	-	**-**	**-**
Construction	18,220	0.6	**14,984**	**0.5**
Electricity, gas, heat supply and water	366,050	11.9	**338,663**	**11.7**
Information and communications	38,762	1.3	**37,166**	**1.3**
Transport and postal activities	249,093	8.1	**252,096**	**8.7**
Wholesale trade	543,995	17.6	**545,674**	**18.8**
Retail trade	26,922	0.9	**20,129**	**0.7**
Finance and insurance	782,920	25.4	**735,124**	**25.3**
Real estate	198,629	6.4	**197,673**	**6.8**
Goods rental and leasing	162,046	5.2	**154,177**	**5.3**
Scientific research, professional and technical services	287	0.0	**215**	**0.0**
Accomodations	1,343	0.0	**952**	**0.0**
Eating and drinking services	1,581	0.1	**188**	**0.0**
Living-related and personal services and amusement services	3,548	0.1	**3,913**	**0.1**
Education and learning support	194	0.0	**159**	**0.0**
Medical, health care and welfare	65	0.0	**56**	**0.0**
Other services	2,196	0.1	**1,317**	**0.0**
Local governments	40,273	1.3	**38,022**	**1.3**
Individuals	29,306	0.9	**27,522**	**0.9**
Others	666	0.0	**600**	**0.0**
Total domestic	2,971,868	96.2	**2,808,778**	**96.8**
Foreign				
Governments	63,180	2.0	**41,200**	**1.4**
Financial institutions	18,000	0.6	**18,000**	**0.6**
Commercial and industrial	34,875	1.1	**34,724**	**1.2**
Total foreign	116,056	3.8	**93,924**	**3.2**
Total	3,087,925	100.0	**2,902,702**	**100.0**

Note:
1. Policy loans are excluded.
2. Domestic industry categories above are based on classification used by Bank of Japan in survey of loans.

(13) Loans by Region (General Account)

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	**Carrying value**	**%**
Hokkaido	41,235	1.4	**40,736**	**1.5**
Tohoku	27,614	0.9	**30,350**	**1.1**
Kanto	2,259,714	76.8	**2,148,256**	**77.2**
Chubu	195,120	6.6	**189,981**	**6.8**
Kinki	287,507	9.8	**226,011**	**8.1**
Chugoku	38,679	1.3	**48,732**	**1.8**
Shikoku	21,062	0.7	**19,639**	**0.7**
Kyushu	71,769	2.4	**77,663**	**2.8**
Total	2,942,704	100.0	**2,781,370**	**100.0**

Note:
1. Loans to individuals and non-residents and policy loans are excluded.
2. Categorization of region is based on borrowers' registered head offices.

(14) Loans by Collateral Type (General Account)

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
Secured loans	21,452	0.7	17,835	0.6
Stocks and other securities	3,359	0.1	2,867	0.1
Real and personal estate	17,428	0.6	14,685	0.5
Others	664	0.0	282	0.0
Guarantees	136,593	4.4	112,831	3.9
Unsecured loans	2,900,714	93.9	2,744,627	94.6
Others	29,164	0.9	27,407	0.9
Total loans	3,087,925	100.0	2,902,702	100.0
Subordinated loans	383,063	12.4	401,063	13.8

Note: Policy loans are excluded.

(15) Risk-Monitored Loans

(millions of yen)

		As of March 31, 2011	As of March 31, 2012
Credits to bankrupt borrowers	(I)	5,034	4,743
Delinquent loans	(II)	17,349	15,574
Loans past due for three months or more	(III)	-	-
Restructured loans	(IV)	3,255	1,452
Total	((I)+(II)+(III)+(IV))	25,639	21,770
[Percentage of total loans]		[0.71%]	[0.64%]

Note:
1. 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 write-offs relating to bankrupt borrowers for the fiscal years ended March 31, 2011 and March 31, 2012 were 739 million yen and 50 million yen, respectively. The write-offs relating to delinquent loans for the fiscal years ended March 31, 2011 and March 31, 2012 were 3,093 million yen and 69 million yen, respectively.
2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
3. 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.
4. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans, excluding those loans classified as credits to bankrupt borrowers or delinquent loans.
5. 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.

(16) Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of March 31, 2011	As of March 31, 2012
Claims against bankrupt and quasi-bankrupt obligors	5,387	4,792
Claims with collection risk	16,996	15,549
Claims for special attention	3,292	1,487
Subtotal (I)	25,676	21,829
[Percentage (I)/(II)]	[0.62%]	[0.55%]
Claims against normal obligors	4,122,851	3,920,815
Total (II)	4,148,527	3,942,644

Note:
1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
4. Claims against normal obligors are all other loans.

(17) Foreign Investments (General Account)

A. Breakdown of Investment by Asset Category (General Account)

(a) Assets denominated in foreign currency

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
Foreign bonds	5,050,119	68.0	4,196,128	63.0
Foreign stocks	298,584	4.0	417,259	6.3
Cash, cash equivalents and other assets	86,590	1.2	56,263	0.8
Sub-total	5,435,294	73.2	4,669,650	70.1

(b) Assets swapped into yen

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
Foreign bonds	-	-	-	-
Cash, cash equivalents and other assets	180,749	2.4	205,672	3.1
Sub-total	180,749	2.4	205,672	3.1

(c) Assets denominated in yen

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
Loans to non-residents	116,056	1.6	93,924	1.4
Foreign bonds (yen-denominated) and others	1,690,067	22.8	1,687,601	25.4
Sub-total	1,806,123	24.3	1,781,525	26.8

(d) Total

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
Foreign investments	7,422,167	100.0	6,656,848	100.0

Note: Assets swapped into yen are assets whose settlement amounts are fixed into yen by foreign currency forward contracts and other agreements and which are reported in the yen amounts on the balance sheets.

B. Foreign Currency-Denominated Assets by Currency (General Account)

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
U.S. dollar	2,799,123	51.5	2,796,166	59.9
Euro	2,022,757	37.2	1,194,966	25.6
Australian dollar	156,212	2.9	280,113	6.0
British pound	247,498	4.6	207,755	4.4
New Taiwan dollar	41,755	0.8	33,088	0.7
Canadian dollar	64,061	1.2	31,916	0.7
Chinese yuan	36,516	0.7	30,480	0.7
Total (including others not listed above)	5,435,294	100.0	4,669,650	100.0

C. Investments by Region (General Account)

(millions of yen)

	Foreign securities		Bonds		Stocks and other securities		Loans to borrowers located outside Japan	
As of March 31, 2011	Carrying value	%	Carrying value	%	Carrying value	%	Carrying value	%
North America	2,804,124	39.9	2,736,626	49.0	67,497	4.6	26,800	23.1
Europe	2,451,678	34.8	2,396,215	42.9	55,463	3.8	35,500	30.6
Oceania	148,610	2.1	125,954	2.3	22,656	1.6	15,000	12.9
Asia	110,304	1.6	6,137	0.1	104,167	7.2	230	0.2
Latin America	1,408,495	20.0	204,466	3.7	1,204,029	82.8	2,575	2.2
Middle East	-	-	-	-	-	-	-	-
Africa	146	0.0	-	-	146	0.0	-	-
International organizations	112,338	1.6	112,338	2.0	-	-	35,950	31.0
Total	7,035,698	100.0	5,581,739	100.0	1,453,959	100.0	116,056	100.0
As of March 31, 2012								
North America	2,810,675	44.6	2,728,996	57.0	81,678	5.4	26,800	28.5
Europe	1,549,170	24.6	1,498,085	31.3	51,085	3.4	30,500	32.5
Oceania	310,317	4.9	170,701	3.6	139,616	9.2	15,000	16.0
Asia	114,991	1.8	23,833	0.5	91,158	6.0	-	-
Latin America	1,408,044	22.4	259,928	5.4	1,148,115	75.9	2,424	2.6
Middle East	-	-	-	-	-	-	-	-
Africa	141	0.0	-	-	141	0.0	-	-
International organizations	104,893	1.7	104,893	2.2	-	-	19,200	20.4
Total	6,298,234	100.0	4,786,438	100.0	1,511,795	100.0	93,924	100.0

Note: Categorization of region is generally based on nationalities of issuers or borrowers.

(18) Tangible Fixed Assets (General Account)

(millions of yen)

Year ended March 31, 2011	At previous year-end	Increase	Decrease	Depreciation	At year-end	Accumulated depreciation	Accumulated depreciation ratio %
Land	814,807	32,966	4,755 (2,215)	-	843,018	-	-
Buildings	408,325	63,945	4,244 (1,123)	22,476	445,549	636,555	58.8
Leased assets	642	1,067	-	250	1,459	340	18.9
Construction in progress	15,766	83,365	96,912	-	2,219	-	-
Other tangible fixed assets	4,065	1,262	187	1,575	3,565	21,349	85.7
Total	1,243,607	182,606	106,100 (3,338)	24,302	1,295,811	658,245	-
Real estate for rent	784,222	55,655	8,677	15,197	816,003	388,528	58.4
Year ended March 31, 2012							
Land	**843,018**	**313**	**34,282 (29,307)**	**-**	**809,048**	**-**	**-**
Buildings	**445,549**	**15,483**	**5,336 (4,072)**	**25,390**	**430,305**	**607,076**	**58.5**
Leased assets	**1,459**	**676**	**3**	**467**	**1,664**	**766**	**31.5**
Construction in progress	**2,219**	**23,335**	**15,807**	**-**	**9,747**	**-**	**-**
Other tangible fixed assets	**3,565**	**1,783**	**286**	**1,630**	**3,432**	**12,872**	**78.9**
Total	**1,295,811**	**41,591**	**55,716 (33,379)**	**27,488**	**1,254,198**	**620,715**	**-**
Real estate for rent	**816,003**	**25,246**	**13,525**	**15,069**	**812,654**	**399,582**	**59.9**

Note:
1. Accumulated depreciation ratio is the amount of accumulated depreciation divided by the acquisition cost.
2. Amount resulting in exchange transactions is excluded from the increased/decreased amount in the land and construction in progress account.
3. The amount of impairment loss on fixed assets is shown in parentheses in the "Decrease" column.

(19) Real Estate by Its Use (General Account)

(millions of yen)

	As of March 31, 2011	**As of March 31, 2012**
Real estate for business use	476,453	**438,862**
Real estate for rent	814,333	**810,238**
Total	1,290,787	**1,249,101**
Number of buildings for rent	287	**281**

(20) Fair Value Information on Securities and Others (General Account)

A. Valuation Gains (Losses) on Trading Securities (General Account)

(millions of yen)

	As of March 31, 2011		**As of March 31, 2012**	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	**Carrying value on the balance sheet**	**Valuation gains (losses) included in the statement of earnings**
Trading securities	21,178	(1,049)	**20,672**	**358**
Trading account securities	-	-	**-**	**-**
Money held in trust	21,178	(1,049)	**20,672**	**358**

Note: "Valuation gains (losses) included in statement of earnings" include reversal gains (losses) at the beginning of the year.

B. Fair Value Information on Securities (General Account) (securities with fair value except for trading securities)

(millions of yen)

As of March 31, 2011	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	145,823	150,247	4,424	4,424	-
Domestic bonds	103,924	105,161	1,237	1,237	-
Foreign bonds	41,899	45,085	3,186	3,186	-
Policy-reserve-matching bonds	6,870,639	7,092,066	221,426	234,913	13,486
Domestic bonds	6,870,639	7,092,066	221,426	234,913	13,486
Stocks of subsidiaries and affiliates	20,785	42,999	22,213	22,224	10
Securities available for sale	14,706,987	15,078,568	371,580	794,148	422,567
Domestic bonds	6,299,209	6,460,407	161,198	174,100	12,902
Domestic stocks	1,915,677	2,221,350	305,672	495,777	190,104
Foreign securities	6,088,114	5,987,731	(100,383)	106,876	207,259
Foreign bonds	5,608,527	5,539,839	(68,687)	85,205	153,892
Foreign stocks and other securities	479,587	447,891	(31,695)	21,671	53,367
Other securities	106,978	101,963	(5,015)	6,914	11,929
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-
Total	21,744,236	22,363,881	619,644	1,055,709	436,065
Domestic bonds	13,273,773	13,657,635	383,862	410,250	26,388
Domestic stocks	1,915,677	2,221,350	305,672	495,777	190,104
Foreign securities	6,149,107	6,074,134	(74,972)	132,287	207,259
Foreign bonds	5,650,426	5,584,925	(65,501)	88,391	153,892
Foreign stocks and other securities	498,680	489,209	(9,471)	43,896	53,367
Other securities	108,671	103,645	(5,025)	6,914	11,940
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-
As of March 31, 2012					
Bonds held to maturity	**135,828**	**141,079**	**5,250**	**5,250**	**-**
Domestic bonds	**94,524**	**96,999**	**2,474**	**2,474**	**-**
Foreign bonds	**41,303**	**44,079**	**2,775**	**2,775**	**-**
Policy-reserve-matching bonds	**8,271,349**	**8,793,208**	**521,858**	**522,899**	**1,041**
Domestic bonds	**8,271,349**	**8,793,208**	**521,858**	**522,899**	**1,041**
Stocks of subsidiaries and affiliates	**1,763**	**1,932**	**168**	**168**	**-**
Securities available for sale	**14,051,792**	**14,743,299**	**691,506**	**978,055**	**286,548**
Domestic bonds	**6,909,503**	**7,175,777**	**266,273**	**279,031**	**12,757**
Domestic stocks	**1,674,737**	**1,972,561**	**297,824**	**465,533**	**167,709**
Foreign securities	**5,071,333**	**5,186,119**	**114,785**	**209,470**	**94,684**
Foreign bonds	**4,608,914**	**4,745,134**	**136,220**	**189,147**	**52,926**
Foreign stocks and other securities	**462,419**	**440,984**	**(21,434)**	**20,323**	**41,758**
Other securities	**105,325**	**99,516**	**(5,808)**	**5,541**	**11,349**
Monetary claims bought	**275,893**	**294,324**	**18,431**	**18,478**	**47**
Certificates of deposit	**15,000**	**15,000**	**0**	**0**	**-**
Others	**-**	**-**	**-**	**-**	**-**
Total	**22,460,734**	**23,679,519**	**1,218,784**	**1,506,374**	**287,590**
Domestic bonds	**15,275,377**	**16,065,984**	**790,607**	**804,406**	**13,799**
Domestic stocks	**1,674,737**	**1,972,561**	**297,824**	**465,533**	**167,709**
Foreign securities	**5,112,637**	**5,230,198**	**117,561**	**212,246**	**94,684**
Foreign bonds	**4,650,217**	**4,789,214**	**138,996**	**191,922**	**52,926**
Foreign stocks and other securities	**462,419**	**440,984**	**(21,434)**	**20,323**	**41,758**
Other securities	**107,088**	**101,448**	**(5,639)**	**5,710**	**11,349**
Monetary claims bought	**275,893**	**294,324**	**18,431**	**18,478**	**47**
Certificates of deposit	**15,000**	**15,000**	**0**	**0**	**-**
Others	**-**	**-**	**-**	**-**	**-**

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

* Carrying values of securities whose fair value is deemed extremely difficult to recognize are as follows:

	(millions of yen)	
	As of March 31, 2011	**As of March 31, 2012**
Bonds held to maturity	-	**-**
Unlisted foreign bonds	-	**-**
Others	-	**-**
Policy-reserve-matching bonds	-	**-**
Stocks of subsidiaries and affiliates	202,187	**338,206**
Unlisted domestic stocks (except over-the-counter stocks)	182,680	**182,680**
Unlisted foreign stocks (except over-the-counter stocks)	12,192	**148,716**
Others	7,313	**6,809**
Other securities	1,190,373	**1,133,357**
Unlisted domestic stocks (except over-the-counter stocks)	133,982	**129,619**
Unlisted foreign stocks (except over-the-counter stocks)	968,050	**905,550**
Unlisted foreign bonds	0	**0**
Others	88,340	**98,188**
Total	1,392,560	**1,471,564**

Note:
1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
2. The amounts of foreign exchange valuation losses on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows: 5,524 million yen as of March 31, 2011 and 3,153 million yen as of March 31, 2012.

(Reference)

Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities whose fair value is deemed extremely difficult to recognize and which are listed on the table above, in addition to the figures in the table B, is as follows:

			(millions of yen)		
As of March 31, 2011	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	145,823	150,247	4,424	4,424	-
Domestic bonds	103,924	105,161	1,237	1,237	-
Foreign bonds	41,899	45,085	3,186	3,186	-
Policy-reserve-matching bonds	6,870,639	7,092,066	221,426	234,913	13,486
Domestic bonds	6,870,639	7,092,066	221,426	234,913	13,486
Stocks of subsidiaries and affiliates	222,972	239,546	16,574	22,224	5,650
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	37,902	54,487	16,585	22,224	5,639
Other securities	2,389	2,378	(10)	-	10
Securities available for sale	15,897,360	16,269,056	371,695	794,263	422,568
Domestic bonds	6,299,209	6,460,407	161,198	174,100	12,902
Domestic stocks	2,049,660	2,355,333	305,672	495,777	190,104
Foreign securities	7,056,164	6,955,896	(100,268)	106,992	207,260
Foreign bonds	5,608,527	5,539,839	(68,687)	85,205	153,892
Foreign stocks and other securities	1,447,637	1,416,057	(31,580)	21,787	53,367
Other securities	195,319	190,304	(5,015)	6,914	11,929
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-
Total	23,136,797	23,750,917	614,120	1,055,825	441,705
Domestic bonds	13,273,773	13,657,635	383,862	410,250	26,388
Domestic stocks	2,232,341	2,538,013	305,672	495,777	190,104
Foreign securities	7,135,966	7,055,470	(80,496)	132,403	212,900
Foreign bonds	5,650,426	5,584,925	(65,501)	88,391	153,892
Foreign stocks and other securities	1,485,540	1,470,544	(14,995)	44,011	59,007
Other securities	197,709	192,683	(5,025)	6,914	11,940
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-

As of March 31, 2012	Book value	Fair value	Gains (losses)	Gains	Losses
			(millions of yen)		
Bonds held to maturity	135,828	141,079	5,250	5,250	-
Domestic bonds	94,524	96,999	2,474	2,474	-
Foreign bonds	41,303	44,079	2,775	2,775	-
Policy-reserve-matching bonds	8,271,349	8,793,208	521,858	522,899	1,041
Domestic bonds	8,271,349	8,793,208	521,858	522,899	1,041
Stocks of subsidiaries and affiliates	339,970	336,936	(3,033)	3,219	6,252
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	155,332	152,129	(3,202)	3,050	6,252
Other securities	1,957	2,126	168	168	-
Securities available for sale	15,185,150	15,876,706	691,555	978,105	286,549
Domestic bonds	6,909,503	7,175,777	266,273	279,031	12,757
Domestic stocks	1,804,357	2,102,181	297,824	465,533	167,709
Foreign securities	5,986,763	6,101,598	114,834	209,520	94,685
Foreign bonds	4,608,914	4,745,134	136,220	189,147	52,926
Foreign stocks and other securities	1,377,849	1,356,463	(21,385)	20,373	41,758
Other securities	193,633	187,825	(5,808)	5,541	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-
Total	23,932,299	25,147,930	1,215,631	1,509,474	293,843
Domestic bonds	15,275,377	16,065,984	790,607	804,406	13,799
Domestic stocks	1,987,037	2,284,861	297,824	465,533	167,709
Foreign securities	6,183,399	6,297,807	114,408	215,346	100,938
Foreign bonds	4,650,217	4,789,214	138,996	191,922	52,926
Foreign stocks and other securities	1,533,181	1,508,593	(24,588)	23,423	48,011
Other securities	195,590	189,951	(5,639)	5,710	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

C. Fair Value Information on Money Held in Trust (General Account)

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)	Gains	Losses
As of March 31, 2011	21,178	21,178	(1,049)	4,705	5,755
As of March 31, 2012	**20,672**	**20,672**	**358**	**6,288**	**5,929**

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.
"Gains (losses)" include gains (losses) from derivative transactions within the trusts.

* Information on money held in trust for investment purpose is as follows:

(millions of yen)

	As of March 31, 2011		**As of March 31, 2012**	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	**Carrying value on the balance sheet**	**Valuation gains (losses) included in the statement of earnings**
Money held in trust for investment purpose	21,178	(1,049)	**20,672**	**358**

Note: "Valuation gains (losses) included in the statement of earnings" include reversal gains (losses) at the beginning of the year.

*Information on money held in trust classified as held-to-maturity, policy-reserve-matching, and available-for-sale

The Company held no balance as of March 31, 2011 or March 31, 2012.

(21) Fair Value Information on Derivative Transactions (General Account)

A. Gains (Losses) on Derivatives

(millions of yen)

	As of March 31, 2011					As of March 31, 2012				
	Interest-related	Currency-related	Stock-related	Bond-related	Total	Interest-related	Currency-related	Stock-related	Bond-related	Total
Hedge accounting applied	4,554	(118,807)	-	-	(114,253)	860	(138,182)	-	-	(137,321)
Hedge accounting not applied	37	(316)	(2,882)	(952)	(4,113)	439	(12,830)	(4,130)	(1,210)	(17,733)
Total	4,591	(119,124)	(2,882)	(952)	(118,367)	1,299	(151,013)	(4,130)	(1,210)	(155,055)

Note: Regarding the table above, following figures are reported in the statements of earnings:
Year ended March 31, 2011: gains (losses) from derivatives with hedge accounting (fair value hedge method) applied (currency-related, loss of 118,807 million yen), and gains (losses) from derivatives with hedge accounting not applied (loss of 4,113 million yen), totaling loss of 122,921 million yen.
Year ended March 31, 2012: gains (losses) from derivatives with hedge accounting (fair value hedge method) applied (currency-related, loss of 138,182 million yen), and gains (losses) from derivatives with hedge accounting not applied (loss of 17,733 million yen), totaling loss of 155,915 million yen.

B. Fair Value Information on Derivatives

(a) Interest-related transactions

(millions of yen)

	As of March 31, 2011					As of March 31, 2012				
	Notional amount/ Contract value	Over 1 year	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ Contract value	Over 1 year	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions										
Interest rate futures										
Sold	24,901	-	(8)	(8)	-	-	-	-	-	-
Bought	24,911	-	4	4	-	74,748	-	3	3	-
Over-the-counter transactions										
Yen interest rate swaps										
Receipts fixed, payments floating	110,340	92,340	2,668	2,668	2,627	92,000	69,600	2,000	2,000	1,434
Receipts floating, payments fixed	320,000	320,000	1,926	1,926	1,926	327,500	327,500	(703)	(703)	(573)
Total				4,591	4,554				1,299	860

Note: Fair value is shown in "Gains (losses)".

(Reference) Interest rate swaps by contractual maturity dates

(millions of yen, %)

As of March 31, 2011	1 year or shorter	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount (receipts fixed, payments floating)	18,000	58,300	25,850	8,190	-	-	110,340
Average fixed rate (receipt)	1.26	1.22	1.55	1.67	-	-	1.34
Average floating rate (payment)	0.32	0.27	0.28	0.35	-	-	0.29
Notional amount (receipts floating, payments fixed)	-	-	320,000	-	-	-	320,000
Average fixed rate (payment)	-	-	0.52	-	-	-	0.52
Average floating rate (receipt)	-	-	0.46	-	-	-	0.46
Total	18,000	58,300	345,850	8,190	-	-	430,340
As of March 31, 2012							
Notional amount (receipts fixed, payments floating)	22,400	49,850	15,730	4,020	-	-	92,000
Average fixed rate (receipt)	1.24	1.34	1.50	1.52	-	-	1.35
Average floating rate (payment)	0.23	0.29	0.26	0.34	-	-	0.27
Notional amount (receipts floating, payments fixed)	-	-	322,500	-	5,000	-	327,500
Average fixed rate (payment)	-	-	0.52	-	1.18	-	0.53
Average floating rate (receipt)	-	-	0.44	-	0.34	-	0.44
Total	22,400	49,850	338,230	4,020	5,000	-	419,500

(b) Currency-related transactions

(millions of yen)

	As of March 31, 2011				As of March 31, 2012			
	Notional amount/ Contract value	Fair value	Gains (losses)	Hedge accounting applied	**Notional amount/ Contract value**	**Fair value**	**Gains (losses)**	**Hedge accounting applied**
Over-the-counter transactions								
Currency forward contracts								
Sold	3,721,930	(122,740)	(122,740)	(118,907)	**2,891,155**	**(150,658)**	**(150,658)**	**(138,246)**
U.S. dollar	1,921,673	(440)	(440)	188	**1,818,024**	**(96,735)**	**(96,735)**	**(88,623)**
Euro	1,431,460	(112,654)	(112,654)	(110,345)	**743,207**	**(40,770)**	**(40,770)**	**(37,535)**
British pound	187,957	(3,236)	(3,236)	(2,916)	**140,751**	**(8,184)**	**(8,184)**	**(7,461)**
Australian dollar	110,911	(3,896)	(3,896)	(3,535)	**130,365**	**(1,398)**	**(1,398)**	**(1,243)**
Canadian dollar	45,996	(899)	(899)	(788)	**28,728**	**(781)**	**(781)**	**(763)**
Swedish krona	12,178	(835)	(835)	(802)	**14,705**	**(1,284)**	**(1,284)**	**(1,207)**
Danish krone	6,601	(438)	(438)	(386)	**9,869**	**(912)**	**(912)**	**(864)**
Norwegian krone	5,150	(339)	(339)	(322)	**5,502**	**(590)**	**(590)**	**(546)**
Bought	143,163	3,616	3,616	99	**218,698**	**1,304**	**1,304**	**64**
U.S. dollar	72,352	453	453	21	**101,650**	**549**	**549**	**16**
Euro	42,672	2,138	2,138	77	**55,705**	**1,004**	**1,004**	**58**
Australian dollar	16,921	803	803	-	**32,424**	**(330)**	**(330)**	**-**
Canadian dollar	2,869	86	86	-	**16,770**	**0**	**0**	**-**
British pound	7,717	113	113	1	**6,373**	**56**	**56**	**(10)**
Swedish krona	253	7	7	-	**3,177**	**10**	**10**	**-**
Danish krone	114	5	5	-	**1,799**	**10**	**10**	**-**
Norwegian krone	30	1	1	-	**530**	**2**	**2**	**-**
Hong Kong dollar	228	6	6	-	**250**	**0**	**0**	**-**
Indian rupee	3	0	0	-	**14**	**0**	**0**	**-**
Currency options								
Bought								
Put	-				**110,876**			
	[-]	-	-	-	**[1,674]**	**14**	**(1,659)**	**-**
Euro	-				**110,876**			
	[-]	-	-	-	**[1,674]**	**14**	**(1,659)**	**-**
Total			(119,124)	(118,807)			**(151,013)**	**(138,182)**

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

(c) Stock-related transactions

(millions of yen)

	As of March 31, 2011				As of March 31, 2012			
	Notional amount/ Contract value	Fair value	Gains (losses)	Hedge accounting applied	**Notional amount/ Contract value**	**Fair value**	**Gains (losses)**	**Hedge accounting applied**
Exchange-traded transactions								
Yen stock index futures								
Sold	14,902	(2,421)	(2,421)	-	**-**	**-**	**-**	**-**
Stock index options								
Bought								
Put	79,961				**109,913**			
	[5,162]	4,700	(461)	-	**[4,202]**	**71**	**(4,130)**	**-**
Total			(2,882)	-			**(4,130)**	**-**

Note:
1. Figures in [ ] are option premiums which are included in the balance sheets.
2. Fair value for futures, and differences between the option premiums paid/received and fair value of the option for option transactions are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

(d) Bond-related transactions

(millions of yen)

	As of March 31, 2011				As of March 31, 2012			
	Notional amount/ Contract value	Fair value	Gains (losses)	Hedge accounting applied	**Notional amount/ Contract value**	**Fair value**	**Gains (losses)**	**Hedge accounting applied**
Exchange-traded transactions								
Yen bond futures								
Sold	3,193	(15)	(15)	-	**3,560**	**10**	**10**	**-**
Bought	11,932	68	68	-	**-**	**-**	**-**	**-**
Over-the-counter transactions								
Foreign currency-denominated bond forward contracts								
Sold	16,713	(25)	(25)	-	**-**	**-**	**-**	**-**
Bought	16,701	17	17	-	**-**	**-**	**-**	**-**
Bond OTC options								
Sold								
Call	7,391				**3,010**			
	[25]	30	(4)	-	**[3]**	**4**	**(0)**	**-**
Put	27,173				**20,007**			
	[34]	3	31	-	**[41]**	**62**	**(20)**	**-**
Bought								
Call	27,173				**20,007**			
	[28]	24	(4)	-	**[21]**	**8**	**(12)**	**-**
Put	87,064				**102,993**			
	[1,026]	7	(1,019)	-	**[1,192]**	**5**	**(1,187)**	**-**
Total			(952)	-			**(1,210)**	**-**

Note:
1. Figures in [ ] are option premiums which are included in the balance sheets.
2. Fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option for option transaction are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

3. Liabilities

(1) Policy Reserves by Product Line

(millions of yen)

	As of March 31, 2011	As of March 31, 2012
Policy reserves:		
Individual Insurance	17,016,120	**17,395,342**
(General Account)	(16,971,613)	**(17,352,380)**
(Separate Account)	(44,507)	**(42,961)**
Individual Annuities	3,604,181	**3,708,251**
(General Account)	(3,461,776)	**(3,577,188)**
(Separate Account)	(142,404)	**(131,063)**
Group Insurance	23,750	**23,893**
(General Account)	(23,750)	**(23,893)**
Group Annuities	6,041,711	**6,065,980**
(General Account)	(5,071,553)	**(5,150,164)**
(Separate Account)	(970,158)	**(915,816)**
Others	401,665	**395,086**
(General Account)	(401,665)	**(395,086)**
Subtotal	27,087,430	**27,588,555**
(General Account)	(25,930,360)	**(26,498,713)**
(Separate Account)	(1,157,070)	**(1,089,841)**
Contingency reserves	502,093	**423,093**
(General Account)	(502,093)	**(423,093)**
Total	27,589,524	**28,011,648**
(General Account)	(26,432,454)	**(26,921,807)**
(Separate Account)	(1,157,070)	**(1,089,841)**

(2) Reserve for Policyholder Dividends

(millions of yen)

Year ended March 31, 2011	Individual Insurance	Individual Annuities	Group Insurance	Group Annuities	Financial Insurance/ Annuities	Others	Total
Balance at the end of previous fiscal year	313,594	7,394	4,077	1,593	2,148	405	329,214
Transfer from surplus in previous year	22,256	817	51,292	16,000	-	2,133	92,500
Interest accrual in fiscal year	9,709	160	3	2	5	0	9,882
Policyholder dividends paid in fiscal year	36,121	662	51,492	15,802	275	2,072	106,426
Other increase (decrease)	-	-	-	-	-	-	-
Provision for fiscal year	17,929	310	52,161	6,000	-	2,097	78,500
Balance at the end of fiscal year	327,368	8,020	56,043	7,794	1,878	2,564	403,671
Year ended March 31, 2012							
Balance at the end of previous fiscal year	**327,368**	**8,020**	**56,043**	**7,794**	**1,878**	**2,564**	**403,671**
Interest accrual in fiscal year	**9,349**	**149**	**4**	**2**	**5**	**0**	**9,512**
Policyholder dividends paid in fiscal year	**33,286**	**683**	**52,039**	**5,960**	**228**	**2,114**	**94,311**
Other increase (decrease)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provision for fiscal year	**9,715**	**277**	**53,072**	**4,000**	**-**	**1,934**	**69,000**
Balance at the end of fiscal year	**313,148**	**7,764**	**57,080**	**5,837**	**1,655**	**2,385**	**387,871**

(3) Reserve for Possible Loan Losses

(millions of yen)

	As of March 31, 2011	As of March 31, 2012	Change
(1) Total of reserves for possible loan losses			
(a) general reserve	4,480	**2,411**	(2,068)
(b) specific reserve	8,419	**8,258**	(160)
(c) specific reserve for loans to refinancing countries	-	**-**	-
(2) Specific reserve			
(a) provision for the year	8,435	**8,269**	(165)
(b) reversal for the year [excludes reversal due to write-offs]	9,127	**8,360**	(767)
(c) net amount of provision	(691)	**(90)**	601
(3) Specific reserve for loans to refinancing countries			
(a) number of countries	-	**-**	-
(b) amount of loans	-	**-**	-
(c) provision for the year	-	**-**	-
(d) reversal for the year [excludes reversal due to write-offs]	-	**-**	-
(4) Write-down of loans	410	**58**	(352)

Note:
1. Specific reserve is calculated after direct write-offs of the amount unrecoverable from collateral and guarantees for loans and claims to bankrupt and substantially bankrupt obligors.
The amounts written off were as follows:
- Fiscal year ended March 31, 2011: 3,832 million yen
- Fiscal year ended March 31, 2012: 119 million yen

4. Insurance Income & Expenses

(1) Insurance Premiums by Product Line

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Individual insurance	1,885,262	**1,910,804**
Individual annuities	160,049	**161,286**
Group insurance	158,264	**154,128**
Group annuities	806,317	**784,400**
Total including other products	3,055,768	**3,055,324**

Note: "Total including other products" include premiums from financial insurance, financial annuities, and reinsurance written.

(2) Benefits and Claims by Product Line

(millions of yen)

Year ended March 31, 2011	Individual Insurance	Individual Annuities	Group Insurance	Group Annuities	Financial Insurance/ Annuities	Others	Total
Claims	668,931	231	86,076	6,257	1,017	2,489	765,003
Death	310,824	219	79,609	-	-	2,484	393,137
Accidental	4,680	8	139	-	116	-	4,943
Disability	19,690	4	5,883	-	-	-	25,578
Maturity	304,595	-	214	6,257	900	-	311,968
Others	29,140	-	229	-	-	4	29,374
Annuities	72,807	129,723	1,015	303,734	8,200	-	515,481
Benefits	171,021	35,940	203	294,751	3,193	808	505,918
Death	1,328	17,347	-	286	415	-	19,378
Hospitalization	53,268	439	63	-	-	587	54,359
Operation	33,057	321	-	-	-	168	33,546
Disability	2,991	8	60	51	4	-	3,115
Survival	72,862	757	-	-	2,773	-	76,393
Lump-sum payment	-	17,055	74	294,412	-	-	311,542
Others	7,513	10	6	-	-	52	7,583
Surrender values	355,755	57,243	137	190,960	32,839	-	636,936
Year ended March 31, 2012							
Claims	**660,761**	**221**	**82,377**	**-**	**934**	**4,270**	**748,564**
Death	**323,213**	**189**	**75,607**	**-**	**-**	**4,263**	**403,273**
Accidental	**7,299**	**32**	**408**	**-**	**219**	**-**	**7,960**
Disability	**18,458**	**-**	**5,570**	**-**	**-**	**-**	**24,028**
Maturity	**282,914**	**-**	**393**	**-**	**714**	**-**	**284,022**
Others	**28,874**	**-**	**397**	**-**	**-**	**6**	**29,279**
Annuities	**58,943**	**142,569**	**1,026**	**329,467**	**8,346**	**-**	**540,354**
Benefits	**147,985**	**37,884**	**176**	**284,041**	**2,535**	**789**	**473,412**
Death	**1,877**	**18,275**	**-**	**274**	**328**	**-**	**20,756**
Hospitalization	**54,438**	**424**	**58**	**-**	**-**	**561**	**55,482**
Operation	**35,160**	**327**	**-**	**-**	**-**	**178**	**35,666**
Disability	**2,840**	**7**	**45**	**81**	**-**	**-**	**2,975**
Survival	**45,645**	**1,352**	**-**	**-**	**2,207**	**-**	**49,205**
Lump-sum payment	**-**	**17,485**	**66**	**283,685**	**-**	**-**	**301,237**
Others	**8,023**	**9**	**5**	**-**	**-**	**48**	**8,087**
Surrender values	**371,843**	**54,039**	**138**	**147,279**	**31,897**	**-**	**605,198**

5. Investment Income & Expenses

(1) Investment Income (General Account)

(millions of yen)

	Year ended March 31, 2011		Year ended March 31, 2012	
	Amount	%	Amount	%
Interest and dividends	698,159	75.7	691,988	72.3
Interest from bank deposits	5,229	0.6	5,949	0.6
Interest and dividends from securities	529,413	57.4	531,101	55.5
Interest from loans	86,019	9.3	80,885	8.4
Rental income	66,814	7.2	65,872	6.9
Other interest and dividends	10,682	1.2	8,178	0.9
Gains on trading account securities	-	-	-	-
Gains on money held in trust	-	-	522	0.1
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	212,245	23.0	259,461	27.1
Gains on sale of domestic bonds	69,746	7.6	92,098	9.6
Gains on sale of domestic stocks	79,808	8.6	55,517	5.8
Gains on sale of foreign securities	62,689	6.8	93,889	9.8
Others	-	-	17,955	1.9
Gains on redemption of securities	1,533	0.2	686	0.1
Derivative transaction gains	9,842	1.1	-	-
Foreign exchange gains	-	-	-	-
Reversal of reserve for possible loan losses	-	-	2,159	0.2
Reversal of reserve for possible investment losses	-	-	-	-
Other investment income	906	0.1	2,582	0.3
Total	922,686	100.0	957,400	100.0

(2) Investment Expense (General Account)

(millions of yen)

	Year ended March 31, 2011		Year ended March 31, 2012	
	Amount	%	Amount	%
Interest expenses	13,073	3.3	18,666	5.1
Losses on trading account securities	-	-	-	-
Losses on money held in trust	1,051	0.3	-	-
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	120,905	30.4	180,705	49.7
Losses on sale of domestic bonds	4,461	1.1	8,802	2.4
Losses on sale of domestic stocks	34,035	8.6	55,177	15.2
Losses on sale of foreign securities	82,407	20.7	116,725	32.1
Others	-	-	-	-
Losses on valuation of securities	179,621	45.2	44,713	12.3
Losses on valuation of domestic bonds	-	-	-	-
Losses on valuation of domestic stocks	174,022	43.8	18,077	5.0
Losses on valuation of foreign securities	5,595	1.4	26,635	7.3
Others	3	0.0	-	-
Losses on redemption of securities	4,168	1.0	3,355	0.9
Derivative transaction losses	-	-	31,156	8.6
Foreign exchange losses	28,417	7.1	34,444	9.5
Provision for reserve for possible loan losses	-	-	-	-
Provision for reserve for possible investment losses	-	-	17	0.0
Write-down of loans	410	0.1	58	0.0
Depreciation of rented real estate and others	15,207	3.8	15,078	4.1
Other investment expenses	34,665	8.7	35,185	9.7
Total	397,522	100.0	363,380	100.0

(3) Net Investment Income (General Account)

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net investment income	525,163	594,020

6. Solvency Margin Ratio

(millions of yen)

		As of March 31, 2011	As of March 31, 2012
Total solvency margin (A)		3,048,033	**3,128,027**
Common stock, etc. *1		576,808	**594,550**
Reserve for price fluctuations		80,453	**74,453**
Contingency reserve		502,093	**423,093**
General reserve for possible loan losses		4,480	**2,411**
Net unrealized gains on securities (before tax) × 90% *2		334,526	**622,400**
Net unrealized gains (losses) on real estate × 85% *2		17,447	**(36,536)**
Policy reserves in excess of surrender values		1,367,418	**1,469,387**
Qualifying subordinated debt		456,189	**441,780**
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(227,437)	**(383,699)**
Excluded items		(169,881)	**(169,507)**
Others		105,935	**89,694**
Total risk	$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ (B)	1,112,941	**1,086,199**
Insurance risk	R_1	98,094	**94,146**
3rd sector insurance risk	R_8	154,741	**158,098**
Assumed investment yield risk	R_2	296,597	**284,367**
Guaranteed minimum benefit risk	R_7 *3	6,215	**5,874**
Investment risk	R_3	754,112	**739,876**
Business risk	R_4	26,195	**25,647**
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}$ x 100		547.7%	**575.9%**

*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.
*2: Multiplied by 100% if losses.
*3: Calculated by standard method.
Note: The figures as of March 31, 2012 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996. Under Cabinet Office Ordinance No.23, 2010 and Notification of the Financial Services Agency No. 48, 2010, the standards for the calculation of solvency margin ratio are revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The figures as of March 31, 2011 are calculated by applying the standards as of March 31, 2012 to the financial results as of March 31, 2011.

7. Embedded Value

(1) Embedded Value

EV (Embedded Value) is the sum of "adjusted net worth," which is calculated by making necessary adjustments to total net assets on the balance sheet, and "value of in-force business," which is calculated as present value of future after-tax profits on in-force business. EV is one of the indicators that represent corporate value for shareholders.

Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of profits. The use of EV allows the contribution of future profit from new business to be recognized at the time of sale. It therefore serves as a valuable supplement to statutory financial information.

The Dai-ichi Life Group has been disclosing European Embedded Value ("EEV") pursuant to the European Embedded Value Principles starting from the EEV as of March 31, 2008, with the aim of facilitating understanding of the Group.

* The European Embedded Value Principles were published in May 2004 by the CFO Forum, an organization comprising the chief financial officers of Europe's leading life insurers, to improve consistency and transparency in EV reporting.

(2) EEV Results of the Group

The EEVs valuated at the ends of the last two fiscal years are shown in the table below.

(billions of yen)

	Dai-ichi Life Group			Dai-ichi Life (Non-consolidated)		
	As of March 31, 2011	**As of March 31, 2012**	Increase (Decrease)	As of March 31, 2011	**As of March 31, 2012**	Increase (Decrease)
EEV	2,440.3	**2,661.5**	221.2	2,479.6	**2,715.0**	235.4
Adjusted net worth	1,454.2	**1,867.0**	412.7	1,518.7	**1,996.2**	477.5
Total net assets on the balance sheet (1)	664.7	**750.4**	85.6	592.8	**610.5**	17.7
Retained earnings in liabilities (2)	628.3	**562.8**	(65.4)	591.7	**505.3**	(86.4)
General reserve for possible loan losses	4.5	**2.4**	(2.0)	4.4	**2.4**	(2.0)
Unrealized gains (losses) on securities and miscellaneous items (3)	693.4	**1,346.6**	653.1	691.2	**1,340.5**	649.3
Unrealized gains (losses) on loans	196.0	**202.7**	6.6	196.0	**202.7**	6.6
Unrealized gains (losses) on real estate (4)	(2.7)	**(60.7)**	(58.0)	(2.7)	**(60.7)**	(58.0)
Unrealized gains (losses) on liabilities (5)	(28.6)	**6.1**	34.8	(28.6)	**6.1**	34.8
Unfunded retirement benefit obligation (6)	(37.6)	**(21.6)**	16.0	(37.6)	**(21.6)**	16.0
Tax effect equivalent of above items	(506.8)	**(603.8)**	(97.0)	(506.0)	**(602.0)**	(95.9)
Adjustment for the Trust Fund for Employee Stock Holding Partnership and Stock Granting Trust (7)	17.4	**12.9**	(4.5)	17.4	**12.9**	(4.5)
Consolidation adjustment regarding DFL (8)	(163.4)	**(163.4)**	0.0	-	**-**	-
Minority interest in DFL's adjusted net worth (9)	(10.9)	**(11.3)**	(0.3)	-	**-**	-
Adjustment for intangible assets in TAL	-	**(19.5)**	(19.5)	-	**-**	-
Consolidation adjustment regarding TAL (10)	-	**(136.5)**	(136.5)	-	**-**	-
Value of in-force business	986.0	**794.4**	(191.5)	960.9	**718.7**	(242.1)
Certainty equivalent present value of future profits (11)	1,162.9	**1,030.9**	(132.0)	1,098.7	**896.5**	(202.2)
Time value of financial options and guarantees	(108.4)	**(125.7)**	(17.3)	(71.3)	**(82.5)**	(11.2)
Cost of holding required capital	(19.3)	**(54.6)**	(35.3)	(18.4)	**(43.5)**	(25.1)
Allowance for non-financial risks	(49.1)	**(56.0)**	(6.9)	(48.1)	**(51.5)**	(3.4)
Value of new business	158.1	**187.7**	29.6	158.5	**168.1**	9.5

Note:
1. The total amount of valuation and translation adjustments are excluded. An adjustment regarding the surplus relief reinsurance has been made for the EEV calculation of The Dai-ichi Frontier Life Insurance Co., Ltd. ("DFL"). The effects of the adjustment as of March 31, 2011 and March 31, 2012 were ¥(43.3) billion and ¥(35.2) billion, respectively.
2. The sum of reserve for price fluctuations, contingency reserve, and the unallocated portion of reserve for policyholder dividends is reported.
3. For purposes of EEV calculations, domestic listed stocks are recorded at their market value as of the end of the reporting period, whereas for accounting purposes under Japanese GAAP, they are recorded on the balance sheet at their average value during the last month of the reporting period. The difference (the value for purposes of EEV calculations less the value recorded on our balance sheet) (after tax) was ¥(8.7) billion as of March 31, 2011, and ¥13.4 billion as of March 31, 2012. The increase in unrealized gains (losses) on securities and miscellaneous items is mainly attributed to the increase in unrealized gains on bonds.
4. With respect to land, the difference between fair value and carrying value before revaluation is posted.
5. The figure represents the unrealized gains (losses) in subordinated debt that Dai-ichi Life issued. Effective the fiscal year ended March 31, 2012, the valuation method of subordinated borrowings has been improved.
6. The sum of unrecognized gains on plan amendments and unrecognized actuarial differences is reported.
7. The fair value of the Trust Fund for the Employee Stock Holding Partnership and Stock Granting Trust (collectively, the "Trust") is reported (the fair value of the Trust Fund for the Employee Stock Holding Partnership does not exceed the loan amount of the trust fund). The adjustment is made because, although Dai-ichi Life stock which the Trust owns is expected to be sold and excluded from the amount of treasury stock in the future, the book value (¥20.4 billion as of March 31, 2011, and ¥16.7 billion as of March 31, 2012) of such stocks is deducted from "Total net assets on the balance sheet" as treasury stock.
8. Dai-ichi Life's carrying amount of equity of DFL, which is reported in "Total net assets on the balance sheet", is deducted to offset.
9. Minority interest in DFL's adjusted net worth is deducted. An adjustment regarding the surplus relief reinsurance of DFL has been included. The effects of the adjustment as of March 31, 2011 and March 31, 2012 are ¥4.3 billion and ¥3.5 billion, respectively.
10. Dai-ichi Life's carrying amount of equity of TAL Limited ("TAL"), which is reported in "Total net assets on the balance sheet", is deducted to offset.
11. An adjustment regarding the surplus relief reinsurance has been made for DFL's EEV calculation. The adjustment increases the certainty equivalent present value of future profits as of March 31, 2011 and as of March 31, 2012 by ¥39.0 billion and ¥31.6 billion, respectively.

* For the Dai-ichi Life Group, all the items from "Total net assets on the balance sheet" to "Tax effect equivalent of above items" display the sum of the figures for Dai-ichi Life, DFL and TAL.

(3) Analysis of Change in EEV from March 31, 2011 to March 31, 2012

(billions of yen)

	Dai-ichi Life Group			Dai-ichi Life (Non-consolidated)		
	Adjusted net worth	Value of in-force business	EEV	Adjusted net worth	Value of in-force business	EEV
Values as of March 31, 2011	1,454.2	986.0	2,440.3	1,518.7	960.9	2,479.6
(1) Adjustments to the values as of March 31, 2011	(95.1)	61.9	(33.1)	(16.4)	0.0	(16.4)
Shareholder dividend	(16.0)	0.0	(16.0)	(16.0)	0.0	(16.0)
TAL acquisition	(79.3)	62.4	(16.9)	(0.4)	0.0	(0.4)
Foreign exchange variance	0.2	(0.4)	(0.2)	-	-	-
Adjusted values as of March 31, 2011	1,359.1	1,047.9	2,407.1	1,502.2	960.9	2,463.1
(2) Value of new business	0.0	187.7	187.7	0.0	168.1	168.1
(3) Expected existing business contribution (risk-free rate)	(0.1)	12.4	12.3	1.4	2.1	3.5
(4) Expected existing business contribution (in excess of risk-free rate)	3.3	298.0	301.4	16.8	283.6	300.5
(5) Expected transfer from VIF to adjusted net worth	4.2	(4.2)	0.0	(2.3)	2.3	0.0
on in-force at beginning of year	147.9	(147.9)	0.0	139.8	(139.8)	0.0
on new business	(143.6)	143.6	0.0	(142.1)	142.1	0.0
(6) Non-economic experience variances	9.0	(5.4)	3.5	8.5	(1.8)	6.7
(7) Non-economic assumptions changes	(1.3)	32.6	31.3	0.0	38.2	38.2
(8) Economic variances	461.6	(804.7)	(343.0)	438.6	(772.5)	(333.8)
(9) Other variances	31.0	29.8	60.9	30.7	37.7	68.5
Values as of March 31, 2012	**1,867.0**	**794.4**	**2,661.5**	**1,996.2**	**718.7**	**2,715.0**

(4) Effects of Changes in Assumptions (Sensitivities)

The followings are the effects on the EEV of changes in assumptions.

(billions of yen)

	Dai-ichi Life Group		Dai-ichi Life (Non-consolidated)	
Assumptions	EEV	Increase (Decrease)	EEV	Increase (Decrease)
Values as of March 31, 2012	2,661.5	-	2,715.0	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	2,938.8	277.3	2,992.8	277.8
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	2,302.1	(359.4)	2,356.4	(358.6)
Sensitivity 3: 10% decline in equity and real estate values	2,400.3	(261.1)	2,455.0	(260.0)
Sensitivity 4: 10% decline in maintenance expenses	2,823.0	161.5	2,870.5	155.4
Sensitivity 5: 10% decline in surrender and lapse rate	2,825.7	164.1	2,870.9	155.8
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	2,816.5	155.0	2,863.3	148.2
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	2,651.8	(9.7)	2,705.6	(9.4)
Sensitivity 8: Setting required capital at statutory minimum level	2,694.5	33.0	2,747.0	32.0
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	2,635.0	(26.4)	2,706.6	(8.3)
Sensitivity 10: 25% increase in implied volatilities of swaptions	2,647.0	(14.4)	2,699.4	(15.5)

(5) Major Assumptions Used in the Calculation of EEV

A. Economic Assumptions

In the certainty equivalent calculation, for Dai-ichi Life and DFL the Japanese Government Bond (JGB) is used, and for TAL Australian swap rate is used, as a proxy for risk-free rates, taking assets in each company's portfolio and the liquidity in the market into account. For JGB risk-free rates (forward rates) in the 31st year and beyond, we take into account the shape of the Japanese swap rate yield curve due to the low liquidity of ultralong-term bonds in the market beyond a 30 year maturity, for which no standard model exists. For Australian swap, we assumed that forward rates in the 31st year and beyond were equal to those in the 30th year. The table below shows, for selected terms, the risk-free rates (spot rates) which are used in the calculations.

	JGB		Australian swap rate	
Term	March 31, 2011	**March 31, 2012**	March 31, 2011	**March 31, 2012**
1 Year	0.151%	**0.104%**	5.142%	**4.170%**
2 Year	0.198%	**0.123%**	5.349%	**4.146%**
3 Year	0.281%	**0.173%**	5.504%	**4.214%**
4 Year	0.408%	**0.250%**	5.644%	**4.330%**
5 Year	0.492%	**0.332%**	5.774%	**4.442%**
10 Year	1.268%	**1.050%**	6.175%	**4.874%**
15 Year	1.884%	**1.600%**	6.250%	**5.122%**
20 Year	2.198%	**1.914%**	6.009%	**5.078%**
25 Year	2.278%	**1.998%**	5.739%	**4.867%**
30 Year	2.335%	**2.106%**	5.449%	**4.700%**
35 Year	2.384%	**2.201%**	5.223%	**4.582%**
40 Year	2.427%	**2.272%**	5.054%	**4.494%**
45 Year	2.468%	**2.329%**	4.922%	**4.425%**
50 Year	2.536%	**2.387%**	4.817%	**4.370%**

B. Non-Economic Assumptions

All cash flows (premium, operating expense, benefits and claims, cash surrender value, tax, etc.) are projected applying the best estimate assumptions up to the termination of the policies, by product, referring to past, current and expected future experience.

(6) Note in Using EV

1. The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. Actual future results might materially differ from the assumptions used in the EV calculations. We therefore ask that full care is exercised when using or analyzing EV.
2. In calculating EV, the Group requested a third party (an actuarial firm) with expertise in actuarial calculation to review the assumptions and method of calculation, and obtained a written opinion. For information on the written opinion, please refer to the news release posted on the Company's website (http://www.dai-ichi-life.co.jp/english/investor/ir/financial/results/2011/pdf/index_026.pdf).

8. Separate Account

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2011	As of March 31, 2012
Individual variable insurance	45,273	43,785
Individual variable annuities	153,869	142,821
Group annuities	976,992	929,076
Separate account total	1,176,136	1,115,683

(2) Individual Variable Insurance (Separate Account)

A. Sum Insured of Policies in Force

(millions of yen except number of policies)

	As of March 31, 2011		As of March 31, 2012	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	201	1,015	191	940
Variable insurance (whole life)	47,495	294,700	46,835	290,505
Total	47,696	295,716	47,026	291,446

Note: Policies in force include term life riders.

B. Breakdown of Separate Account Assets

(millions of yen except percentages)

	As of March 31, 2011		As of March 31, 2012	
	Amount	%	Amount	%
Cash, deposits, and call loans	3	0.0	1	0.0
Securities	41,985	92.7	39,885	91.1
Domestic bonds	13,626	30.1	12,520	28.6
Domestic stocks	14,296	31.6	13,750	31.4
Foreign securities	14,062	31.1	13,615	31.1
Foreign bonds	5,048	11.2	4,889	11.2
Foreign stocks and other securities	9,014	19.9	8,725	19.9
Other securities	-	-	-	-
Loans	-	-	-	-
Others	3,284	7.3	3,898	8.9
Reserve for possible loan losses	-	-	-	-
Total	45,273	100.0	43,785	100.0

C. Investment Gains (Losses) of Separate Account

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Interest and dividends	894	848
Gains on sale of securities	1,949	1,861
Gains on redemption of securities	-	-
Gains on valuation of securities	4,088	5,163
Foreign exchange gains	173	123
Derivative transaction gains	55	18
Other investment income	1	7
Losses on sale of securities	3,290	4,703
Losses on redemption of securities	-	-
Losses on valuation of securities	4,682	2,672
Foreign exchange losses	168	102
Derivative transaction losses	49	19
Other investment expenses	1	1
Net investment income	(1,029)	524

D. Fair Value Information on Securities in Separate Account

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	**Carrying value on the balance sheet**	**Valuation gains (losses) included in the statement of earnings**
Trading securities	41,985	(593)	**39,885**	**2,491**

Note: "Valuation gains (losses) included in the statement of earnings" include reversal gains (losses) at the beginning of the year.

* Fair value information on money held in trust

The Company held no balance as of March 31, 2011 or March 31, 2012.

E. Fair Value Information on Derivative Transactions (Individual Variable Insurance)

(a) Gains (losses) on derivatives

(millions of yen)

As of March 31, 2011	Interest-related	Currency-related	Stock-related	Bond-related	Total
Hedge accounting applied	-	-	-	-	-
Hedge accounting not applied	-	1	-	-	1
Total	-	1	-	-	1
As of March 31, 2012					
Hedge accounting applied	**-**	**-**	**-**	**-**	**-**
Hedge accounting not applied	**-**	**0**	**-**	**-**	**0**
Total	**-**	**0**	**-**	**-**	**0**

Note: All gains (losses) above are reported in the statements of earnings.

(b) Fair value information on derivatives

* Currency-related transactions

(millions of yen)

	As of March 31, 2011				As of March 31, 2012			
	Contract value	Fair value	Gains (losses)	Hedge accounting applied	**Contract value**	**Fair value**	**Gains (losses)**	**Hedge accounting applied**
Over-the-counter transactions								
Currency forward contracts								
Sold	711	(15)	(15)	-	**301**	**(1)**	**(1)**	**-**
U.S. dollar	383	(5)	(5)	-	**220**	**(0)**	**(0)**	**-**
British pound	91	(0)	(0)	-	**56**	**(1)**	**(1)**	**-**
Euro	236	(9)	(9)	-	**19**	**(0)**	**(0)**	**-**
Swedish krona	-	-	-	-	**3**	**(0)**	**(0)**	**-**
Mexican peso	-	-	-	-	**2**	**(0)**	**(0)**	**-**
Bought	611	16	16	-	**301**	**2**	**2**	**-**
U.S. dollar	405	11	11	-	**111**	**(0)**	**(0)**	**-**
Euro	50	1	1	-	**90**	**1**	**1**	**-**
Polish zloty	45	1	1	-	**36**	**0**	**0**	**-**
Singapore dollar	19	0	0	-	**18**	**0**	**0**	**-**
Swiss franc	25	0	0	-	**18**	**0**	**0**	**-**
Norwegian krone	13	0	0	-	**16**	**(0)**	**(0)**	**-**
British pound	47	0	0	-	**9**	**0**	**0**	**-**
Canadian dollar	2	0	0	-	**-**	**-**	**-**	**-**
Total			1	-			**0**	**-**

Note:
1. Forward exchange rates are used for exchange rates as of fiscal year ends.
2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts are reported in yen amounts in the balance sheets, those currency forward contracts are excluded from the table above.
3. Fair value is shown in "Gains (losses)".
4. There were no transactions with maturity of more than one year in the table above.

The Company held no interest-related, stock-related or bond-related derivative instruments as of March 31, 2011 or March 31, 2012.
Therefore no information for interest-related, stock-related or bond-related derivative instruments is provided in the report.

(3) Individual Variable Annuities (Separate Account)
A. Sum Insured of Policies in Force

(millions of yen except number of policies)

	As of March 31, 2011		As of March 31, 2012	
	Number	Amount	Number	Amount
Individual variable annuities	44,063	142,440	41,056	131,129

Note: Sum insured of policies in force includes that of annuities for which payments have commenced.

B. Breakdown of Separate Account Assets

(millions of yen except percentages)

	As of March 31, 2011		As of March 31, 2012	
	Amount	%	Amount	%
Cash, deposits, and call loans	1,670	1.1	1,563	1.1
Securities	150,347	97.7	139,446	97.6
Domestic bonds	5,004	3.3	4,856	3.4
Domestic stocks	3,409	2.2	3,622	2.5
Foreign securities	5,777	3.8	5,562	3.9
Foreign bonds	2,001	1.3	2,012	1.4
Foreign stocks and other securities	3,776	2.5	3,550	2.5
Other securities	136,155	88.5	125,404	87.8
Loans	-	-	-	-
Others	1,851	1.2	1,811	1.3
Reserve for possible loan losses	-	-	-	-
Total	153,869	100.0	142,821	100.0

C. Investment Gains (Losses) of Separate Account

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Interest and dividends	679	577
Gains on sale of securities	414	399
Gains on redemption of securities	-	-
Gains on valuation of securities	16,433	19,670
Foreign exchange gains	5	6
Derivative transaction gains	0	-
Other investment income	0	1
Losses on sale of securities	604	973
Losses on redemption of securities	1	-
Losses on valuation of securities	21,679	15,122
Foreign exchange losses	8	9
Derivative transaction losses	0	-
Other investment expenses	1,679	2,005
Net investment income	(6,438)	2,544

D. Fair Value Information on Securities in Separate Account

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	150,347	(5,245)	139,446	4,548

Note: "Valuation gains (losses) included in the statement of earnings" include reversal gains (losses) at the beginning of the year.

* Fair value information on money held in trust

The Company held no balance as of March 31, 2011 or March 31, 2012.

SUPPLEMENTARY FINANCIAL DATA

E. Fair Value Information on Derivative Transactions (Individual Variable Annuities)

(a) Gains (losses) on derivatives

(millions of yen)

As of March 31, 2011	Interest-related	Currency-related	Stock-related	Bond-related	Total
Hedge accounting applied	-	-	-	-	-
Hedge accounting not applied	-	-	-	-	-
Total	-	-	-	-	-
As of March 31, 2012					
Hedge accounting applied	**-**	**-**	**-**	**-**	**-**
Hedge accounting not applied	**-**	**(0)**	**-**	**-**	**(0)**
Total	**-**	**(0)**	**-**	**-**	**(0)**

Note: All gains (losses) above are reported in the statements of earnings.

(b) Fair value information on derivatives

* Currency-related transactions

(millions of yen)

	As of March 31, 2011				**As of March 31, 2012**			
	Contract value	Fair value	Gains (losses)	Hedge accounting applied	**Contract value**	**Fair value**	**Gains (losses)**	**Hedge accounting applied**
Over-the-counter transactions								
Currency forward contracts								
Sold	-	-	-	-	**14**	**0**	**0**	**-**
U.S. dollar	-	-	-	-	**14**	**0**	**0**	**-**
Bought	-	-	-	-	**15**	**(0)**	**(0)**	**-**
U.S. dollar	-	-	-	-	**15**	**(0)**	**(0)**	**-**
Total			-	-			**(0)**	**-**

Note:
1. Forward exchange rates are used for exchange rates as of fiscal year ends.
2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts are reported in yen amounts in the balance sheets, those currency forward contracts are excluded from the table above.
3. Fair value is shown in “Gains (losses)”.
4. There were no transactions with maturity of more than one year in the table above.

The Company held no interest-related, stock-related or bond-related derivative instruments as of March 31, 2011 or March 31, 2012.
Therefore no information for interest-related, stock-related, or bond-related derivative instruments is provided in the report.

9. Company Total of General Account and Separate Account

(1) Asset Composition

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	467,149	1.5	499,298	1.6
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	291,115	0.9	294,324	0.9
Trading account securities	-	-	-	-
Money held in trust	21,178	0.1	20,672	0.1
Securities	24,294,557	78.7	25,333,423	80.5
Domestic bonds	13,750,568	44.5	15,853,161	50.4
Domestic stocks	2,838,617	9.2	2,549,923	8.1
Foreign securities	7,370,161	23.9	6,614,982	21.0
Foreign bonds	5,723,585	18.5	4,922,982	15.6
Foreign stocks and other securities	1,646,575	5.3	1,692,000	5.4
Other securities	335,210	1.1	315,355	1.0
Loans	3,627,422	11.8	3,412,529	10.8
Policy loans	539,497	1.7	509,826	1.6
Ordinary loans	3,087,925	10.0	2,902,702	9.2
Real estate	1,290,787	4.2	1,249,101	4.0
Deferred tax assets	475,198	1.5	282,638	0.9
Others	415,152	1.3	380,621	1.2
Reserve for possible loan losses	(12,900)	(0.0)	(10,670)	(0.0)
Total	30,869,661	100.0	31,461,940	100.0
Foreign currency-denominated assets	5,765,641	18.7	4,984,071	15.8

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Cash, deposits, and call loans	69,545	32,148
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	1,230	3,209
Trading account securities	-	-
Money held in trust	(1,080)	(505)
Securities	306,622	1,038,866
Domestic bonds	414,119	2,102,593
Domestic stocks	(759,401)	(288,693)
Foreign securities	691,227	(755,178)
Foreign bonds	778,608	(800,603)
Foreign stocks and other securities	(87,381)	45,424
Other securities	(39,322)	(19,854)
Loans	(206,942)	(214,893)
Policy loans	(31,946)	(29,670)
Ordinary loans	(174,996)	(185,222)
Real estate	51,888	(41,685)
Deferred tax assets	137,511	(192,559)
Others	(319,774)	(34,530)
Reserve for possible loan losses	8,195	2,229
Total	47,194	592,278
Foreign currency-denominated assets	383,349	(781,569)

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(3) Fair Value Information on Securities and Others

A. Valuation Gains (Losses) on Trading Securities

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	1,114,369	(21,228)	1,039,397	41,247
General account	21,178	(1,049)	20,672	358
Separate account	1,093,190	(20,179)	1,018,724	40,889

Note:
1. The table above includes money held in trust classified as trading securities.
2. "Valuation gains (losses) included in the statement of earnings" includes reversal gains (losses) at the beginning of the year.

B. Fair Value Information on Securities (Securities with Fair Value Except for Trading Securities)

(millions of yen)

As of March 31, 2011	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	145,823	150,247	4,424	4,424	-
Domestic bonds	103,924	105,161	1,237	1,237	-
Foreign bonds	41,899	45,085	3,186	3,186	-
Policy-reserve-matching bonds	6,870,639	7,092,066	221,426	234,913	13,486
Domestic bonds	6,870,639	7,092,066	221,426	234,913	13,486
Stocks of subsidiaries and affiliates	20,785	42,999	22,213	22,224	10
Securities available for sale	14,706,987	15,078,568	371,580	794,148	422,567
Domestic bonds	6,299,209	6,460,407	161,198	174,100	12,902
Domestic stocks	1,915,677	2,221,350	305,672	495,777	190,104
Foreign securities	6,088,114	5,987,731	(100,383)	106,876	207,259
Foreign bonds	5,608,527	5,539,839	(68,687)	85,205	153,892
Foreign stocks and other securities	479,587	447,891	(31,695)	21,671	53,367
Other securities	106,978	101,963	(5,015)	6,914	11,929
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-
Total	21,744,236	22,363,881	619,644	1,055,709	436,065
Domestic bonds	13,273,773	13,657,635	383,862	410,250	26,388
Domestic stocks	1,915,677	2,221,350	305,672	495,777	190,104
Foreign securities	6,149,107	6,074,134	(74,972)	132,287	207,259
Foreign bonds	5,650,426	5,584,925	(65,501)	88,391	153,892
Foreign stocks and other securities	498,680	489,209	(9,471)	43,896	53,367
Other securities	108,671	103,645	(5,025)	6,914	11,940
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-

As of March 31, 2012	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	135,828	141,079	5,250	5,250	-
Domestic bonds	94,524	96,999	2,474	2,474	-
Foreign bonds	41,303	44,079	2,775	2,775	-
Policy-reserve-matching bonds	8,271,349	8,793,208	521,858	522,899	1,041
Domestic bonds	8,271,349	8,793,208	521,858	522,899	1,041
Stocks of subsidiaries and affiliates	1,763	1,932	168	168	-
Securities available for sale	14,051,792	14,743,299	691,506	978,055	286,548
Domestic bonds	6,909,503	7,175,777	266,273	279,031	12,757
Domestic stocks	1,674,737	1,972,561	297,824	465,533	167,709
Foreign securities	5,071,333	5,186,119	114,785	209,470	94,684
Foreign bonds	4,608,914	4,745,134	136,220	189,147	52,926
Foreign stocks and other securities	462,419	440,984	(21,434)	20,323	41,758
Other securities	105,325	99,516	(5,808)	5,541	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-
Total	22,460,734	23,679,519	1,218,784	1,506,374	287,590
Domestic bonds	15,275,377	16,065,984	790,607	804,406	13,799
Domestic stocks	1,674,737	1,972,561	297,824	465,533	167,709
Foreign securities	5,112,637	5,230,198	117,561	212,246	94,684
Foreign bonds	4,650,217	4,789,214	138,996	191,922	52,926
Foreign stocks and other securities	462,419	440,984	(21,434)	20,323	41,758
Other securities	107,088	101,448	(5,639)	5,710	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

* Carrying values of securities whose fair value is deemed extremely difficult to recognize are as follows:

	(millions of yen)	
	As of March 31, 2011	**As of March 31, 2012**
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	202,187	**338,206**
Unlisted domestic stocks (except over-the-counter stocks)	182,680	**182,680**
Unlisted foreign stocks (except over-the-counter stocks)	12,192	**148,716**
Others	7,313	**6,809**
Other securities	1,190,373	**1,133,357**
Unlisted domestic stocks (except over-the-counter stocks)	133,982	**129,619**
Unlisted foreign stocks (except over-the-counter stocks)	968,050	**905,550**
Unlisted foreign bonds	0	**0**
Others	88,340	**98,188**
Total	1,392,560	**1,471,564**

Note:
1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
2. The amounts of foreign exchange valuation losses on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows: 5,524 million yen as of March 31, 2011 and 3,153 million yen as of March 31, 2012.

C. Fair Value Information on Money Held in Trust

	(millions of yen)				
	Carrying value on the balance sheet	Fair value	Gains (losses)	Gains	Losses
As of March 31, 2011	21,178	21,178	(1,049)	4,705	5,755
As of March 31, 2012	**20,672**	**20,672**	**358**	**6,288**	**5,929**

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis. “Gains (losses)” include gains (losses) from derivative transactions within the trusts.

* Information on money held in trust for investment purpose is as follows:

	(millions of yen)			
	As of March 31, 2011		**As of March 31, 2012**	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	**Carrying value on the balance sheet**	**Valuation gains (losses) included in the statement of earnings**
Money held in trust for investment purpose	21,178	(1,049)	**20,672**	**358**

Note: “Valuation gains (losses) included in the statement of earnings” include reversal gains (losses) at the beginning of the year.

*Information on money held in trust classified as held-to-maturity, policy-reserve-matching, and available-for-sale

The Company held no balance as of March 31, 2011 or March 31, 2012.

(4) Fair Value Information on Derivative Transactions

A. Credit Risk Information on OTC Derivative Transactions

(billions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Notional amount/ Contract value	Credit risk amount	**Notional amount/ Contract value**	**Credit risk amount**
Interest rate swaps	430.3	6.7	**419.5**	**4.0**
Foreign currency forward contracts	4,098.3	48.8	**3,359.5**	**36.5**
Currency options	-	-	**110.8**	**1.0**
Currency swaps	107.5	15.3	**107.5**	**16.4**
Bond forward contracts	33.4	0.0	**-**	**-**
Bond options	148.8	0.0	**146.0**	**0.0**
Total	4,818.4	71.0	**4,143.4**	**58.1**

Note: Figures in "Credit risk amount" show the replacement cost based on the current exposure method for OTC derivative transactions.

B. Gains (Losses) on Derivatives

(millions of yen)

As of March 31, 2011	Interest-related	Currency-related	Stock-related	Bond-related	Total
Hedge accounting applied	4,554	(118,807)	-	-	(114,253)
Hedge accounting not applied	37	(541)	(3,021)	(952)	(4,477)
Total	4,591	(119,349)	(3,021)	(952)	(118,731)
As of March 31, 2012					
Hedge accounting applied	**860**	**(138,182)**	**-**	**-**	**(137,321)**
Hedge accounting not applied	**439**	**(12,917)**	**(4,065)**	**(1,210)**	**(17,754)**
Total	**1,299**	**(151,100)**	**(4,065)**	**(1,210)**	**(155,076)**

Note: Regarding the table above, following figures are reported in the statements of earnings:
Year ended March 31, 2011: gains (losses) from derivatives with hedge accounting (fair value hedge method) applied (currency-related, loss of 118,807 million yen), and gains (losses) from derivatives with hedge accounting not applied (loss of 4,477 million yen), totaling loss of 123,285 million yen.
Year ended March 31, 2012: gains (losses) from derivatives with hedge accounting (fair value hedge method) applied (currency-related, loss of 138,182 million yen), and gains (losses) from derivatives with hedge accounting not applied (loss of 17,754 million yen), totaling loss of 155,937 million yen.

C. Fair Value Information on Derivatives

(a) Hedge accounting not applied

(i) Interest-related transactions

(millions of yen)

	As of March 31, 2011				As of March 31, 2012			
	Notional amount/ Contract value	Over 1 year	Fair value	Gains (losses)	**Notional amount/ Contract value**	**Over 1 year**	**Fair value**	**Gains (losses)**
Exchange-traded transactions								
Interest rate futures								
Sold	24,901	-	(8)	(8)	**-**	**-**	**-**	**-**
Bought	24,911	-	4	4	**74,748**	**-**	**3**	**3**
Over-the-counter transactions								
Yen interest rate swaps								
Receipts fixed, payments floating	1,000	1,000	40	40	**21,800**	**17,500**	**566**	**566**
Receipts floating, payments fixed	-	-	-	-	**7,500**	**7,500**	**(129)**	**(129)**
Total				37				**439**

Note: Fair value is shown in "Gains (losses)".

SUPPLEMENTARY FINANCIAL DATA

(Reference) Interest rate swaps by contractual maturity dates

(millions of yen, %)

As of March 31, 2011	1 year or shorter	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount (receipts fixed, payments floating)	-	-	1,000	-	-	-	1,000
Average fixed rate (receipt)	-	-	1.47	-	-	-	1.47
Average floating rate (payment)	-	-	0.19	-	-	-	0.19
Notional amount (receipts floating, payments fixed)	-	-	-	-	-	-	-
Average fixed rate (payment)	-	-	-	-	-	-	-
Average floating rate (receipt)	-	-	-	-	-	-	-
Total	-	-	1,000	-	-	-	1,000
As of March 31, 2012							
Notional amount (receipts fixed, payments floating)	**4,300**	**6,750**	**9,730**	**1,020**	**-**	**-**	**21,800**
Average fixed rate (receipt)	**1.29**	**1.36**	**1.38**	**1.23**	**-**	**-**	**1.35**
Average floating rate (payment)	**0.25**	**0.29**	**0.25**	**0.34**	**-**	**-**	**0.27**
Notional amount (receipts floating, payments fixed)	**-**	**-**	**2,500**	**-**	**5,000**	**-**	**7,500**
Average fixed rate (payment)	**-**	**-**	**0.51**	**-**	**1.18**	**-**	**0.96**
Average floating rate (receipt)	**-**	**-**	**0.33**	**-**	**0.34**	**-**	**0.34**
Total	**4,300**	**6,750**	**12,230**	**1,020**	**5,000**	**-**	**29,300**

(ii) Currency-related transactions

(millions of yen)

	As of March 31, 2011			**As of March 31, 2012**		
	Notional amount/ Contract value	Fair value	Gains (losses)	**Notional amount/ Contract value**	**Fair value**	**Gains (losses)**
Over-the-counter transactions						
Currency forward contracts						
Sold	228,693	(4,500)	(4,500)	**378,581**	**(12,625)**	**(12,625)**
U.S. dollar	141,347	(815)	(815)	**229,090**	**(8,177)**	**(8,177)**
Euro	50,418	(2,789)	(2,789)	**79,507**	**(3,325)**	**(3,325)**
Australian dollar	17,343	(366)	(366)	**33,555**	**(151)**	**(151)**
Canadian dollar	3,561	(113)	(113)	**17,452**	**(20)**	**(20)**
British pound	14,334	(306)	(306)	**12,241**	**(778)**	**(778)**
Swedish krona	533	(34)	(34)	**3,600**	**(78)**	**(78)**
Danish krone	641	(52)	(52)	**2,086**	**(47)**	**(47)**
Norwegian krone	253	(16)	(16)	**870**	**(43)**	**(43)**
Mexican Peso	243	(6)	(6)	**155**	**(2)**	**(2)**
Swiss franc	-	-	-	**14**	**0**	**0**
Singapore dollar	3	0	0	**6**	**0**	**0**
Polish zloty	13	0	0	**-**	**-**	**-**
Bought	158,375	3,959	3,959	**228,857**	**1,367**	**1,367**
U.S. dollar	82,040	718	718	**107,814**	**545**	**545**
Euro	44,275	2,151	2,151	**57,744**	**1,017**	**1,017**
Australian dollar	16,925	803	803	**32,481**	**(331)**	**(331)**
Canadian dollar	2,922	87	87	**16,823**	**(0)**	**(0)**
British pound	9,043	115	115	**5,902**	**84**	**84**
Swedish krona	253	7	7	**3,189**	**10**	**10**
Danish krone	114	5	5	**1,799**	**10**	**10**
Norwegian krone	357	9	9	**945**	**0**	**0**
Polish zloty	1,109	29	29	**918**	**11**	**11**
Singapore dollar	480	9	9	**476**	**5**	**5**
Swiss franc	620	15	15	**466**	**11**	**11**
Hong Kong dollar	228	6	6	**250**	**0**	**0**
Mexican Peso	0	0	0	**28**	**0**	**0**
Indian rupee	3	0	0	**14**	**0**	**0**
Currency options						
Bought						
Put	- [-]	-	-	**110,876** **[1,674]**	**14**	**(1,659)**
Euro	- [-]	-	-	**110,876** **[1,674]**	**14**	**(1,659)**
Total			(541)			**(12,917)**

Note:
1. Figures in [ ] are option premiums which are included in the balance sheets.
2. Forward exchange rates are used for exchange rates as of fiscal year ends.
3. Fair value for forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".
4. There were no transactions with maturity of more than one year in the table above.

(iii) Stock-related transactions

(millions of yen)

	As of March 31, 2011			As of March 31, 2012		
	Notional amount/ Contract value	Fair value	Gains (losses)	Notional amount/ Contract value	Fair value	Gains (losses)
Exchange-traded transactions						
Yen stock index futures						
Sold	14,902	(2,421)	(2,421)	-	-	-
Bought	13,798	(184)	(184)	4,100	56	56
Foreign currency-denominated stock index futures						
Bought	1,960	45	45	3,896	9	9
Stock index options						
Bought						
Put	79,961			109,913		
	[5,162]	4,700	(461)	[4,202]	71	(4,130)
Total			(3,021)			(4,065)

Note:
1. Figures in [ ] are option premiums which are included in the balance sheets.
2. Fair value for futures, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

(iv) Bond-related transactions

(millions of yen)

	As of March 31, 2011			As of March 31, 2012		
	Notional amount/ Contract value	Fair value	Gains (losses)	Notional amount/ Contract value	Fair value	Gains (losses)
Exchange-traded transactions						
Yen bond futures						
Sold	3,193	(15)	(15)	3,560	10	10
Bought	11,932	68	68	-	-	-
Over-the-counter transactions						
Foreign currency-denominated bond forward contracts						
Sold	16,713	(25)	(25)	-	-	-
Bought	16,701	17	17	-	-	-
Bond OTC options						
Sold						
Call	7,391			3,010		
	[25]	30	(4)	[3]	4	(0)
Put	27,173			20,007		
	[34]	3	31	[41]	62	(20)
Bought						
Call	27,173			20,007		
	[28]	24	(4)	[21]	8	(12)
Put	87,064			102,993		
	[1,026]	7	(1,019)	[1,192]	5	(1,187)
Total			(952)			(1,210)

Note:
1. Figures in [ ] are option premiums which are included in the balance sheets.
2. Fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in “Gains (losses)”.
3. There were no transactions with maturity of more than one year in the table above.

(b) Hedge accounting applied

(i) Interest-related transactions

As of March 31, 2011 (millions of yen)

Type of hedge acounting	Type of hedge	Hedged items	Notional amount		Fair value	Gains (losses)
				Over 1 year		
Deferral hedge	Yen interest rate swaps					
	Receipts fixed, payments floating	Loans	5,000	-	18	18
	Receipts floating, payments fixed	Loans payable	320,000	320,000	1,926	1,926
Special hedge accounting for interest rate swaps	Yen interest rate swaps					
	Receipts fixed, payments floating	Loans	104,340	91,340	2,609	2,609
Total						4,554

Note: Fair values are shown in "Gains (losses)".

As of March 31, 2012 **(millions of yen)**

Type of hedge acounting	Type of hedge	Hedged items	Notional amount		Fair value	Gains (losses)
				Over 1 year		
Deferral hedge	**Yen interest rate swaps**					
	Receipts fixed, payments floating	**Loans**	**-**	**-**	**-**	**-**
	Receipts floating, payments fixed	**Loans payable**	**320,000**	**320,000**	**(573)**	**(573)**
Special hedge accounting for interest rate swaps	**Yen interest rate swaps**					
	Receipts fixed, payments floating	**Loans**	**70,200**	**52,100**	**1,434**	**1,434**
Total						**860**

Note: Fair values are shown in "Gains (losses)".

(Reference) Interest rate swaps by contractual maturity dates

(millions of yen, %)

As of March 31, 2011	1 year or shorter	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount (receipts fixed, payments floating)	18,000	58,300	24,850	8,190	-	-	109,340
Average fixed rate (receipt)	1.26	1.22	1.56	1.67	-	-	1.34
Average floating rate (payment)	0.32	0.27	0.28	0.35	-	-	0.29
Notional amount (receipts floating, payments fixed)	-	-	320,000	-	-	-	320,000
Average fixed rate (payment)	-	-	0.52	-	-	-	0.52
Average floating rate (receipt)	-	-	0.46	-	-	-	0.46
Total	18,000	58,300	344,850	8,190	-	-	429,340
As of March 31, 2012							
Notional amount (receipts fixed, payments floating)	**18,100**	**43,100**	**6,000**	**3,000**	**-**	**-**	**70,200**
Average fixed rate (receipt)	**1.23**	**1.34**	**1.70**	**1.62**	**-**	**-**	**1.35**
Average floating rate (payment)	**0.22**	**0.28**	**0.29**	**0.34**	**-**	**-**	**0.27**
Notional amount (receipts floating, payments fixed)	**-**	**-**	**320,000**	**-**	**-**	**-**	**320,000**
Average fixed rate (payment)	**-**	**-**	**0.52**	**-**	**-**	**-**	**0.52**
Average floating rate (receipt)	**-**	**-**	**0.44**	**-**	**-**	**-**	**0.44**
Total	**18,100**	**43,100**	**326,000**	**3,000**	**-**	**-**	**390,200**

(ii) Currency-related transactions

As of March 31, 2011 (millions of yen)

Type of hedge acounting	Type	Hedged item	Contract value	Over 1 year	Fair value	Gains (losses)
	Currency forward contracts					
Fair value hedge	Sold	Foreign currency-denominated bonds	3,526,926	-	(118,907)	(118,907)
	U.S. dollar		1,796,391	-	188	188
	Euro		1,394,184	-	(110,345)	(110,345)
	British pound		177,162	-	(2,916)	(2,916)
	Australian dollar		93,764	-	(3,535)	(3,535)
	Canadian dollar		42,809	-	(788)	(788)
	Swedish krona		11,745	-	(802)	(802)
	Danish krone		5,968	-	(386)	(386)
	Norwegian krone		4,899	-	(322)	(322)
	Bought		3,999	-	99	99
	U.S. dollar		2,519	-	21	21
	Euro		1,432	-	77	77
	British pound		48	-	1	1
	Currency forward contracts					
Currency allotment method	Sold	Foreign currency-denominated term deposits	180,356	-	-	-
	Australian dollar		140,354	-	-	-
	U.S. dollar		40,001	-	-	-
	Currency swaps	Foreign currency-denominated bonds payable	107,562	107,562	-	-
	U.S. dollar		107,562	107,562	-	-
Total						(118,807)

Note:
1. Forward exchange rates are used for exchange rates as of fiscal year ends.
2. Each of currency forward contracts and currency swaps other than those which fair value hedge method is applied to is recorded as the combined amount of such currency forward contract or currency swap and its corresponding hedged item (foreign currency-denominated term deposit and foreign currency-denominated bond payable). Therefore, the fair value of such hedging instruments is included in the fair value of such foreign currency-denominated term deposits and foreign currency-denominated bonds payable.
3. Fair value for forward contracts is shown in "Gains (losses)", except for those to which Note 2 is applied.

As of March 31, 2012 (millions of yen)

Type of hedge acounting	Type	Hedged item	Contract value	Over 1 year	Fair value	Gains (losses)
	Currency forward contracts					
Fair value hedge	Sold	Foreign currency-denominated bonds	2,539,107	-	(138,246)	(138,246)
	U.S. dollar		1,604,010	-	(88,623)	(88,623)
	Euro		671,205	-	(37,535)	(37,535)
	British pound		131,637	-	(7,461)	(7,461)
	Australian dollar		96,993	-	(1,243)	(1,243)
	Canadian dollar		11,649	-	(763)	(763)
	Swedish krona		11,191	-	(1,207)	(1,207)
	Danish krone		7,784	-	(864)	(864)
	Norwegian krone		4,634	-	(546)	(546)
	Bought		7,761	-	64	64
	U.S. dollar		3,134	-	16	16
	Euro		3,058	-	58	58
	British pound		1,568	-	(10)	(10)
	Currency forward contracts					
Currency allotment method	Sold	Foreign currency-denominated term deposits	205,203	-	-	-
	Australian dollar		135,212	-	-	-
	U.S. dollar		69,990	-	-	-
	Currency swaps	Foreign currency-denominated bonds payable	107,562	107,562	-	-
	U.S. dollar		107,562	107,562	-	-
Total						(138,182)

Note:
1. Forward exchange rates are used for exchange rates as of fiscal year ends.
2. Each of currency forward contracts and currency swaps other than those which fair value hedge method is applied to is recorded as the combined amount of such currency forward contract or currency swap and its corresponding hedged item (foreign currency-denominated term deposit and foreign currency-denominated bond payable). Therefore, the fair value of such hedging instruments is included in the fair value of such foreign currency-denominated term deposits and foreign currency-denominated bonds payable.
3. Fair value for forward contracts is shown in "Gains (losses)", except for those to which Note 2 is applied.

The Company held no stock-related or bond-related derivative instruments as of March 31, 2011 or March 31, 2012.

Therefore no information for stock-related or bond-related is provided in the report.

10. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Ordinary revenues	4,571,556	**4,931,781**
Ordinary profit	81,199	**225,920**
Net income for the year	19,139	**20,357**
Comprehensive income	(201,763)	**273,100**

(millions of yen)

	As of March 31, 2011	As of March 31, 2012
Total assets	32,297,862	**33,468,670**
Solvency margin ratio	-	**563.2%**

(2) Scope of Consolidation and Application of Equity Method

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Number of consolidated subsidiaries	5	**16**
Number of non-consolidated subsidiaries accounted for under the equity method	0	**0**
Number of affiliates accounted for under the equity method	27	**14**

(3) Risk-Monitored Loans

(millions of yen)

		As of March 31, 2011	As of March 31, 2012
Credits to bankrupt borrowers	(I)	5,034	**4,743**
Delinquent loans	(II)	17,349	**15,574**
Loans past due for three months or more	(III)	-	**-**
Restructured loans	(IV)	3,255	**1,452**
Total	((I)+(II)+(III)+(IV))	25,639	**21,770**
[Percentage of total loans]		[0.71%]	**[0.64%]**

Note:
1. 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 write-offs relating to bankrupt borrowers for the fiscal years ended March 31, 2011 and March 31, 2012 were 739 million yen and 50 million yen, respectively. The write-offs relating to delinquent loans for the fiscal years ended March 31, 2011 and March 31, 2012 were 3,093 million yen and 69 million yen, respectively.
2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to, foreign proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
3. 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.
4. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans, excluding those loans classified as credits to bankrupt borrowers or delinquent loans.
5. 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.

(Reference) Disclosed claims based on categories of obligors

(millions of yen)

	As of March 31, 2011	As of March 31, 2012
Claims against bankrupt and quasi-bankrupt obligors	5,387	**4,792**
Claims with collection risk	16,996	**15,549**
Claims for special attention	3,292	**1,487**
Subtotal	25,676	**21,829**
Claims against normal obligors	4,123,420	**3,921,906**
Total	4,149,096	**3,943,735**

Note:
1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
4. Claims against normal obligors are all other loans.

(4) Consolidated Solvency Margin Ratio

(millions of yen)

		As of March 31, 2012
Total solvency margin (A)		3,096,077
Common stock, etc. *1		453,417
Reserve for price fluctuations		74,831
Contingency reserve		480,251
Catastrophe loss reserve		-
General reserve for possible loan losses		2,425
Net unrealized gains on securities (before tax) × 90% *2		628,174
Net unrealized gains (losses) on real estate × 85% *2		(36,536)
Policy reserves in excess of surrender values		1,527,129
Qualifying subordinated debt		441,780
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(525,037)
Excluded items		(40,052)
Others		89,694
Total risk	$[\{(R_1^2+R_5^2)^{1/2}+R_8+R_9\}^2+(R_2+R_3+R_7)^2]^{1/2}+R_4+R_6$ (B)	1,099,355
Insurance risk	R_1	101,911
General insurance risk	R_5	-
Catastrophe risk	R_6	-
3rd sector insurance risk	R_8	164,238
Small amount and short-term insurance risk	R_9	-
Assumed investment yield risk	R_2	287,440
Guaranteed minimum benefit risk	R_7 *3	28,829
Investment risk	R_3	723,443
Business risk	R_4	26,117
Solvency margin ratio $\dfrac{(A)}{(1/2) \times (B)} \times 100$		563.2%

*1: Expected disbursements from capital outside the Company and accumulated other comprehensive income, etc. are excluded.
*2: Multiplied by 100% if losses.
*3: Calculated by standard method.
Note: The above figures are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

(5) Segment Information

Segment information has been omitted as the Company on a consolidated basis did not operate any businesses categorized in segments other than its own core life insurance business.

Organization Chart

(As of May 15, 2012)

Operations Bureaus	2
Dept./Sales Bureaus	76
Centers	6
Branch Offices	84
Sales Branch Offices	9
District Offices	7

- Shareholders' Meeting
  - Board of Corporate Auditors
    - Senior Corporate Auditors/Corporate Auditors
    - Corporate Auditor Center
  - Board of Directors
    - Nomination Committee
    - Compensation Committee
    - Appointed Actuary
    - President
      - Executive Management Board
        - Group Management Headquarters
        - Advisory Committee for Business Quality
        - DSR Promotion Committee
        - Internal Control Committee
        - Various Committees

- Internal Audit Dept.
- Compliance Control Dept.
  - Sales Compliance Promotion Center
  - Claims Payment Examination Center
- Risk Management Dept.
  - International Business Control Center
- Quality Management Promotion Dept.
  - DSR Promotion Center
  - Secretarial Dept.
  - General Affairs Dept.
  - Corporate Planning Dept.
  - Affiliated Business Management Dept.
  - International Business Management Dept.
  - Research Dept.
  - Public Relations Dept.
  - Human Resources Dept.
  - Profit Management Dept.
  - Financial Planning and Actuarial Dept.
  - IT Business Process Planning Dept.
- Legal Dept.
- Marketing Strategy Dept.
- Product Development and Management Unit
  - Investment Trust Service Center
  - Business Process Planning Dept.
  - Underwriting and Medical Dept.
  - Policy Service Dept.
  - Claims Dept.
  - Call Center Control Dept.
- Group Life Insurance Business Unit
  - Group Pension Business Unit
  - Group Pension Service Dept.
  - Separate Account Management Dept.
  - Alliance Business Promotion Dept.
- Retail Management Dept.

- Policy In-force Management Dept.
  - Sales Force Planning Dept.
  - Sales Personnel Dept.
  - Sales Training Dept.
  - Sales Office Manager Training Dept.
  - Total Life Planning Development Dept.
- Customer Service Dept.
  - Financial Planning and Consulting Dept.
  - Tokyo Market Sales Dept.
- Investment Planning Dept.
- Loan Dept.
  - Fixed Income Investment Dept.
  - Global Fixed Income Investment Dept.
  - Equity Investment Dept.
  - Investment Administration Dept.
  - Real Estate Dept.
- Credit Dept.
- Agency Sales Promotion Dept.
- Wholesale Management Dept.
  - Wholesale Promotion Dept.
  - Corporate Relations Dept. No.1~8
  - International Corporate Relations Dept.
  - Financial Institution Relations Dept.
  - Special Sector Relations Dept.
  - Dispersed Sector Relations Dept.
  - Public Sector Relations Dept.

- Metropolitan Sales Promotion Dept.
  - Metropolitan Corporate Relations Dept. No.1, 2
  - Kanagawa Sales Bureau
- Sales Promotion Dept.
  - Hokkaido Sales Bureau
  - West Japan Sales Bureau
  - East Japan Corporate Relations Dept.
- Nagoya Operations Bureau
  - Nagoya Sales Promotion Dept.
  - Nagoya Corporate Relations Dept.
- Osaka Operations Bureau
  - Osaka Sales Promotion Dept.
  - Osaka Corporate Relations Dept. No.1, 2
  - Kyoto/Kobe Corporate Relations Dept.
- Branch Office — Sales Branch Office / District Office — Unit Office

Board of Directors and Executive Officers

(As of July 1, 2012)

- Representative Director, Chairman of the Board
  Katsutoshi Saito
- Representative Director, President
  Koichiro Watanabe
- Representative Directors, Deputy Presidents
  Hideto Masaki
  Shinsuke Kume
- Directors, Senior Managing Executive Officers
  Ryoji Yajima
  Kazuma Ishii
  Shigeo Tsuyuki
- Directors, Managing Executive Officers
  Tomoyasu Asano
  Yoshio Takeyama
  Hiroshi Kanai
  Hideo Teramoto
- Directors
  Haruo Funabashi
  Michiko Miyamoto
- Senior Corporate Auditors
  Teruo Imano
  Fusakazu Kondo
- Corporate Auditors
  Masasuke Omori
  Takashi Wachi
  Tsuneaki Taniguchi
- Senior Managing Executive Officers
  Satoru Ueno
  Takahiro Inaba
- Managing Executive Officers
  Takehide Itonaga
  Norimitsu Horio
  Kenji Sakurai
  Akio Tanaka
  Takashi Kawashima
- Executive Officers
  Morinobu Nagahama
  Nobuyuki Akimoto
  Atsushi Takahashi
  Shinichi Aizawa
  Atsushi Nagayama
  Satoru Sato
  Masamitsu Nanbu
  Seiji Inagaki
  Masao Taketomi

Overseas Network

NORTH AMERICA

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Tel: 1-212-350-7600
Fax: 1-212-354-1866

EUROPE

Dai-ichi Life International (Europe) Limited
Managing Director: Shinichiro Masunaga
Address: 6th Floor, 6 Gracechurch Street, London EC3V 0AT, U.K.
Tel: 44-20-7220-1770
Fax: 44-20-7220-1779

ASIA-PACIFIC

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Chairman cum General Director: Takashi Fujii
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Tel: 84-8-3829-1919
Fax: 84-8-3829-3131

TAL Limited
Chairman: Robert Thomas
CEO & MD: Jim Minto
Address: 80 Alfred Street, Milsons Point, NSW 2061, Australia
Tel: 61-2-9448-9000
Fax: 61-2-9448-9100

Star Union Dai-ichi Life Insurance Company Limited
CEO & MD: Girish Kulkarni
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ASIA-PACIFIC

OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED
Chairman: Kirati Assakul
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Managing Director: Tatsusaburo Yamamoto
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HISTORY

1902
Tsuneta Yano issues Characteristics of My Company, a pamphlet explaining the merits of a mutual company, and subsequently establishes Japan's first mutual life insurance company, the Dai-ichi Mutual Life Insurance Company.

1938
The Head Office is moved to its current Tokyo location, which served as the General Headquarters of the Allied Powers (GHQ) following World War II.

1967
Dai-ichi's 20-story Oi Head Office, housing the Company's Policy Service departments and Computer Systems Department, is completed.

1970
FALIA, Foundation for the Advancement of Life Insurance Around the World, a consolidation of several related organizations active since 1962, is established to expand Dai-ichi's support for the life insurance business in Asia.

1975
Dai-ichi's first overseas representative office is established in New York (currently Dai-ichi Life International (U.S.A.), Inc.) to study U.S. insurance, economic, and financial systems as well as to promote international group insurance policies among local subsidiaries of Japanese corporations.

1982
Dai-ichi's first European representative office is established in London (currently Dai-ichi Life International (Europe) Limited).

1988
Dai-ichi establishes Dai-ichi Life International (H.K.) Limited (currently Dai-ichi Life International [AsiaPacific] Limited).

1990
Dai-ichi's investment in Lincoln National Life Insurance Company marks the first time a Japanese company has participated in capitalizing a leading U.S. insurer (already ceased).

1993
Dai-ichi completes the DN Tower 21, a new Head Office building in the heart of Tokyo.

1995
Following the Great Hanshin Earthquake in January, Dai-ichi simplifies claims settlement procedures.

1996
Dai-ichi establishes the Dai-ichi Property and Casualty Insurance Co., Ltd. (already ceased).

1997
Dai-ichi establishes Dai-ichi Life Research Institute Inc.

1998
• Dai-ichi enters into the investment trust business as Daiichi Life Asset Management Co., Ltd.
• Dai-ichi reaches an agreement on total business cooperation with the Industrial Bank of Japan, Ltd. (currently Mizuho Financial Group, Inc.).

1999
• Dai-ichi and the Industrial Bank of Japan Co., Ltd. establish IBJ-DL Financial Technology Co., Ltd. (currently Mizuho-DL Financial Technology Co., Ltd.).
• Dai-ichi Life Asset Management Co., Ltd., IBJ NW Asset Management Co., Ltd. and IBJ Investment Trust Management Co., Ltd. merge to form DLIBJ Asset Management Co., Ltd. (currently DIAM Co., Ltd.).

2000
Dai-ichi enters into an agreement to form a comprehensive business alliance with the Yasuda Fire and Marine Insurance Co., Ltd. (currently SOMPO JAPAN INSURANCE INC.) and a strategic marketing alliance with American Family Life Assurance Company of Columbus (AFLAC).

2001
Dai-ichi wins the "Japan Quality Award", the first company in the financial and insurance industry to receive this honor.

2002
Marking a century of insurance and investment achievements, Dai-ichi celebrates its 100th Anniversary.

2003
Dai-ichi issues subordinated bonds of ¥30 billion for public subscription using a securitization scheme.

2004
• Dai-ichi issues U.S. dollar-denominated subordinated bonds in the global capital market.
• Dai-ichi raises additional foundation funds of ¥60 billion through public offering using a securitization scheme.

2006
Dai-ichi raises additional foundation funds of ¥60 billion through public offering using a securitization scheme.

2007
• Dai-ichi acquires Bao Minh CMG, which recommences operations as Dai-ichi Life Insurance Company of Vietnam, Ltd.
• Dai-ichi's wholly-owned subsidiary, Dai-ichi Frontier Life Insurance Co., Ltd., obtains a license for life insurance business.
• Dai-ichi concludes a joint-venture contract to establish a joint life insurance company (Star Union Dai-ichi Life Insurance Company Limited) with the Bank of India and Union Bank of India.

2008
• Dai-ichi adopts a plan to demutualize and become a stock company.
• Dai-ichi concludes an agreement on a strategic business alliance, including the acquisition of shares, with Ocean Life Insurance Co, Ltd. (currently OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED) of Thailand
• Dai-ichi enters into an agreement to form a strategic business alliance with TOWER Australia Group Limited (TOWER Australia).

2009
• Star Union Dai-ichi Life Insurance Company Limited commences sales of its products.
• Dai-ichi enters into ¥183 billion syndicated subordinated loan.
• The 108th general meeting of representative policyholders approves Dai-ichi's demutualization.

2010
Dai-ichi demutualizes and is listed on the Tokyo Stock Exchange.

2011
• Dai-ichi issues U.S. dollar-denominated perpetual subordinated notes in the global capital market.
• Following the Great East Japan Earthquake in March, Dai-ichi offers aid to the victims and special treatment for the policyholders affected by the earthquake.
• Dai-ichi successfully acquires 100% ownership of TOWER Australia, and TOWER Australia changes its name to TAL Limited.
• Dai-ichi and China Huadian Corporation acquire a permit for pre-operation of a joint venture life insurance company in China from the China Insurance Regulatory Commission.

2012
Dai-ichi enters into a strategic business and capital alliance with Janus Capital Group Inc., a U.S. asset management company.

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