

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)

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			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.

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	-	-	-
(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
(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)			
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
(millions of US\$)			

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

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

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 ^(*)	(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 ^(*) (^(*))	¥ 164,345	¥ 160,745	\$ 1,955
2. Unlisted foreign stocks ^(*) (^(*))	17,069	16,459	200
3. Other foreign securities ^(*) (^(*))	969,424	916,996	11,157
4. Other securities ^(*) (^(*))	89,037	88,502	1,076
Total	¥ 1,239,877	¥ 1,182,703	\$ 14,389

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

(*) DL recorded impairment charges of ¥259 million for the year ended March 31, 2011 and ¥830 million (US\$ 10 million) for the year ended March 31, 2012.

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 ^(*)	1,000	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 ^(*)	333,410	1,280,893	968,507	430,493

(*) Money held in trust without maturities amounted to ¥61,358 million was not included.

(*) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥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 ^(*)	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 ^(*)	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 ^(*)	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 ^(*)	4,713	14,323	9,649	5,744

(*) Money held in trust without maturities amounted to ¥47,783 million (US\$ 581 million) was not included.

(*) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥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 ^(*)	¥ -	¥ -	¥ 41,575	¥ -	¥ -	¥ -
Long term borrowings ^(*) ..	2	2	30,002	1	0	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 ^(*)	¥ -	¥ 41,095	¥ -	¥ -	¥ -	¥ -
Long term borrowings ^(*) ..	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 ^(*)	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -
Long term borrowings ^(*) ..	0	365	0	232	0	0

(*) ¥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.

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 currency, 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	3 or 7 years
	(Starting from the following fiscal year under the straight-line method)	(Starting from the following fiscal year under the straight-line method)
Amortization period for gains (losses) on plan amendments.....	3 or 7 years	3 years
	(Amortized under the straight-line method)	(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.

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 ^(*)

(*) 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

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)	(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:

- 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.
- 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®).

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

	As of March 31,		
	2011	2012	2012
	(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:

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.

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



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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