

## Non-Consolidated Balance Sheets

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

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

## Non-Consolidated Statements of Earnings

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

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

## Non-Consolidated Statements of Changes in Net Assets

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

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

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

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

## I. PRESENTATION OF FINANCIAL STATEMENTS

### 1. Basis for Presentation

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

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

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

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Valuation Methods of Securities

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

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

#### (1) Trading Securities

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

#### (2) Held-to-maturity Securities

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

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

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

#### (4) Stocks of Subsidiaries and Affiliated Companies

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

#### (5) Available-for-sale Securities

##### a) Available-for-sale Securities with Market Value

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

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

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

###### i) Government/Corporate Bonds (including Foreign Bonds), Whose Premium or Discount Represents the Interest Adjustment

Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment, are valued at the amortized cost determined by the moving average method.

###### ii) Others

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

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

### 2. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.



### 3. Depreciation of Depreciable Assets

#### (1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

##### a) Buildings (excluding attached improvements and structures)

###### i) Acquired on or before March 31, 2007

Calculated by the previous straight-line method.

###### ii) Acquired on or after April 1, 2007

Calculated by the straight-line method.

##### b) Assets Other than Buildings

###### i) Acquired on or before March 31, 2007

Calculated by the previous declining balance method.

###### ii) Acquired on or after April 1, 2007

Calculated by the declining balance method.

Estimated useful lives of major assets are as follows:

Buildings 2 to 60 years

Other tangible fixed assets 2 to 20 years

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

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

#### (2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

#### (3) Depreciation of Leased Assets

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

Finance leases, which commenced on or before March 31, 2008, are accounted for in the same manner applicable to ordinary operating leases.

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

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

### 5. Policy Reserves

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

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

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

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

### 6. Reserve for Possible Loan Losses

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

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

For loans and claims on obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, "obligors at risk of bankruptcy"), the reserve is calculated, taking into account (1) the recoverable amount covered by the collateral or guarantees and (2) an overall assessment of the obligor's ability to pay.

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the years ended March 31, 2011 and 2012 were ¥3,832 million and ¥119 million (US\$1 million), respectively.

#### 7. Reserve for Possible Investment Losses

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

#### 8. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Council) is provided, based on the projected benefit obligations and pension assets as of March 31, 2012.

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

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

#### 9. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

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

#### 10. Reserve for Possible Reimbursement of Prescribed Claims

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

#### 11. Reserve for Price Fluctuations

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

#### 12. Methods for Hedge Accounting

##### (1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No.10 issued on March 10, 2008). Primarily, (1) special hedge accounting for interest rate swaps and the deferral hedge method are used for cash flow hedges of certain ordinary loans, government and corporate bonds, loans payable and bonds payable; (2) foreign currency swaps, the currency allotment method by foreign currency forward contracts and deferral hedge method are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated loans, loans payable, bonds payable, term deposits and stocks (forecasted transaction); and (3) the fair value hedge method by currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds.

##### (2) Hedging Instruments and Hedged Items

Years Ended March 31, 2011 and 2012

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

##### (3) Hedging Policies

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

## (4) Assessment of Hedge Effectiveness

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

**13. Calculation of National and Local Consumption Tax**

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

**14. Application of “Accounting Standard for Accounting Changes and Error Corrections”**

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

**15. Revision of “Practical Guidelines on Accounting Standards for Financial Instruments”**

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

**III. NOTES TO NON-CONSOLIDATED BALANCE SHEETS****1. Assets Pledged as Collateral / Secured Liabilities**

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

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

The amounts of secured liabilities were as follows:

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

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

**2. Securities Lending**

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

**3. Policy-reserve-matching Bonds**

(1) Book Value and Market Value

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

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

(2) Risk Management Policy

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

The sub-groups of insurance products are:

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

(3) Addition of Sub-groups

Effective the year ended March 31, 2012, in order to conduct appropriate duration control, taking into account the durations of liabilities to promote more sophisticated ALM, DL added non-participating single premium whole life insurance (without duty of medical disclosure) as a new sub-group. This addition did not have any impact on profits or losses of DL for the year ended March 31, 2012.

4. Stocks of Subsidiaries and Affiliated Companies

The amounts of stocks of subsidiaries and affiliated companies DL held as of March 31, 2011 and 2012 were ¥222,961 million and ¥340,139 million (US\$4,138 million), respectively.

5. Problem Loans

The amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, were as follows:

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

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected.

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

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

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

As a result of the direct write-off of loans, decreases in credits to bankrupt borrowers and delinquent loans were as follows:

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

#### 6. Commitment Line

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

#### 7. Accounting of Beneficial Interests in Securitized Mortgage Loans

As of March 31, 2011 and 2012, the trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by DL in August 2000 are included in trust loans in the non-consolidated balance sheets.

#### 8. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2011 and 2012 was ¥658,245 million and ¥620,715 million (US\$7,552 million), respectively.

#### 9. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies were as follows:

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Receivables .....	¥ 4,567	¥ 65,599	\$ 798
Payables .....	4,589	4,226	51

#### 10. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2011 and 2012 were ¥1,176,136 million and ¥1,115,683 million (US\$13,574 million), respectively. Separate account liabilities were the same amount as separate account assets.

#### 11. Reinsurance

As of March 31, 2011 and 2012, reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter, "reserves for outstanding claims reinsured") were ¥10 million and ¥9 million (US\$0 million), respectively.

As of March 31, 2011 and 2012, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter, "policy reserves reinsured") were ¥0 million and ¥0 million (US\$0 million), respectively.

#### 12. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

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

#### 13. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations of DL to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2011 and 2012 were ¥60,531 million and ¥58,920 million (US\$716 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

#### 14. Revaluation of Land

Based on the “Law for Revaluation of Land” (Publicly Issued Law 34, March 31, 1998), DL revalued land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land  
The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance of the Law for Revaluation of Land.
- The excess of the new book value of the land over the fair value after revaluation in accordance with Article 10 of the Law for Revaluation of Land as of March 31, 2011 and 2012 was ¥55,701 million and ¥58,604 million (US\$713 million), respectively.

#### 15. Subordinated Bonds

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

#### 16. Subordinated Debt

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

#### 17. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2011, the market value of the securities borrowed which were not sold or pledged was ¥1,301 million, among which no securities were pledged as collateral. As of March 31, 2012, DL held no securities borrowed which were not sold or pledged.

#### 18. Organizational Change Surplus

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

### IV. NOTES TO NON-CONSOLIDATED STATEMENTS OF EARNINGS

#### 1. Revenues and Expenses from Transactions with Subsidiaries and Affiliated Companies

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies for the fiscal years ended March 31, 2011 and 2012 were as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Revenues .....	¥ 9,783	¥ 10,884	\$ 132
Expenses .....	25,303	26,054	316

#### 2. Gains on Sale of Securities

The breakdown of gains on sale of securities is as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Domestic bonds.....	¥ 69,746	¥ 92,098	\$ 1,120
Domestic stocks .....	79,808	55,517	675
Foreign securities.....	62,689	93,889	1,142
Other securities.....	—	17,955	218

### 3. Losses on Sale of Securities

The breakdown of losses on sale of securities is as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Domestic bonds.....	¥ 4,461	¥ 8,802	\$ 107
Domestic stocks .....	34,035	55,177	671
Foreign securities.....	82,407	116,725	1,420

### 4. Losses on Valuation of Securities

The breakdown of losses on valuation of securities is as follows:

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Domestic stocks .....	¥ 174,022	¥ 18,077	\$ 219
Foreign securities.....	5,595	26,635	324
Other securities.....	3	—	—

### 5. Gains/losses on Money Held in Trust

Gains (losses) on money held in trust included losses on valuation of securities of ¥1,049 million for the fiscal year ended March 31, 2011, and gains on valuation of securities of ¥357 million (US\$4 million) for the fiscal year ended March 31, 2012.

### 6. Derivative Transaction Gains/Losses

Derivative transaction gains (losses) included valuation gains of ¥4,872 million for the fiscal year ended March 31, 2011 and valuation losses of ¥14,239 million (US\$173 million) for the fiscal year ended March 31, 2012.

### 7. Reinsurance

For the fiscal year ended March 31, 2011, in calculating a provision for reserve for outstanding claims, a reversal of reserve for outstanding claims reinsured of ¥2 million was added, while, in calculating a provision for policy reserves, a provision for reserve for policy reserves reinsured of ¥0 million was deducted.

For the fiscal year ended March 31, 2012, in calculating the reversal of reserves for outstanding claims, a reversal of reserve for outstanding claims reinsured of ¥1 million (US\$0 million) was deducted, while, in calculating provision for policy reserves, a reversal of reserve for policy reserves reinsured of ¥0 million (US\$0 million) was added.

### 8. Gains on Disposal of Fixed Assets

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

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Land.....	¥ 3,122	¥ 1,293	\$ 15
Buildings .....	187	294	3
Other tangible fixed assets.....	27	1	0
Other assets.....	10	—	—
Total .....	¥ 3,348	¥ 1,589	\$ 19

### 9. Losses on Disposal of Fixed Assets

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

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Land.....	¥ 530	¥ 790	\$ 9
Buildings .....	2,515	819	9
Leased assets.....	—	3	0
Other tangible fixed assets.....	173	283	3
Software.....	79	86	1
Other intangible fixed assets .....	—	100	1
Other assets.....	1,114	499	6
Total .....	¥ 4,415	¥ 2,582	\$ 31

## 10. Impairment Losses on Fixed Assets

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

### (1) Method of Grouping Assets

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

### (2) Background for Recognition of Impairment Losses

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

### (3) Breakdown of Impairment Losses

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

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

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

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

### (4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. Discount rates of 2.89% and 2.81% for the years ended March 31, 2011 and 2012, respectively, were applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

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

### Year Ended March 31, 2011

#### 1. Treasury Stock

	(thousands of shares)
Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2011 .....	—
Increase in treasury stock .....	139 <sup>(*)</sup>
Decrease in treasury stock .....	—
Number of treasury stock outstanding at the end of the fiscal year ended March 31, 2011 .....	139

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



## 2. Amount of Net Assets

DL reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, in accordance with Article 85 of the Insurance Business Act. Based on its plan for demutualization, in accordance with Article 86 of the Insurance Business Act, DL realigned presentation of net assets in the non-consolidated balance sheet as follows:

As of March 31, 2010		As of April 1, 2010	
		(millions of yen)	
Accumulated redeemed foundation funds .....	¥ 420,000	Capital stock .....	¥ 210,200
Revaluation reserve .....	248	Capital surplus .....	210,200
Surplus .....	184,448	Legal capital surplus .....	210,200
Reserve for future losses .....	5,600	Retained earnings .....	184,297
Other surplus .....	178,848	Legal retained earnings .....	5,600
Fund for risk allowance .....	43,139	Other retained earnings .....	178,697
Fund for price fluctuation allowance .....	55,000	Fund for risk allowance .....	43,120
Subsidy fund for social public enterprise .....	9	Fund for price fluctuation allowance .....	55,000
Fund for Public Health Awards .....	8	Reserve for tax basis adjustments of real estate ..	16,420
Fund for Environmental Green Design Award .....	14	Retained earnings brought forward .....	64,157
Reserve for tax basis adjustments of real estate ..	16,420	Shareholders' equity .....	604,697
Other reserves .....	100	Net unrealized gains (losses) on securities, net of tax ..	461,158
Unappropriated net surplus for the period .....	64,157	Deferred hedge gains (losses) .....	(2,008)
Total of foundation funds and surplus .....	604,697	Reserve for land revaluation .....	(63,540)
Net unrealized gains (losses) on securities, net of tax ..	461,158	Valuation and translation adjustments .....	395,609
Deferred hedge gains (losses) .....	(2,008)		
Reserve for land revaluation .....	(63,540)		
Valuation and translation adjustments .....	395,609		
Total net assets .....	¥ 1,000,307	Total net assets .....	¥ 1,000,307

## Year Ended March 31, 2012

### 1. Treasury Stock

	(thousands of shares)
Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2012 .....	139
Increase in treasury stock .....	—
Decrease in treasury stock .....	26 <sup>(*)</sup>
Number of treasury stock outstanding at the end of the fiscal year ended March 31, 2012 .....	113

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

## (Lease Transactions)

### Finance Leases (As lessee)

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

	Tangible fixed assets	Total
	(millions of yen)	
Acquisition cost .....	¥ 2,102	¥ 2,102
Accumulated depreciation .....	1,628	1,628
Net carrying amount .....	¥ 473	¥ 473

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

Acquisition cost, accumulated depreciation and net carrying amount of finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2012 were as follows:

	Tangible fixed assets	Total	Tangible fixed assets	Total
	(millions of yen)		(millions of US\$)	
Acquisition cost .....	¥ 1,142	¥ 1,142	\$ 13	\$ 13
Accumulated depreciation .....	1,013	1,013	12	12
Net carrying amount .....	¥ 129	¥ 129	\$ 1	\$ 1

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

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

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Due within one year .....	¥ 340	¥ 129	\$ 1
Due after one year .....	133	—	—
Total .....	¥ 473	¥ 129	\$ 1

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

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

	Years Ended March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Total payments for the finance leases .....	¥ 425	¥ 231	\$ 2
Depreciation .....	425	231	2

(4) Calculation method of depreciation

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

#### Operating Leases (As lessee)

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

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Due within one year .....	¥ 625	¥ 603	\$ 7
Due after one year .....	6,315	7,303	88
Total .....	¥ 6,940	¥ 7,907	\$ 96

#### (Securities)

1. Stocks of DL's subsidiaries and affiliated companies with market value as of March 31, 2011 and 2012

As of March 31, 2011			
	Carrying Amount	Market Value	Unrealized Gains (Losses)
	(millions of yen)		
Stocks of affiliated companies with market value .....	¥ 20,774	¥ 42,999	¥ 22,224

  

As of March 31, 2012						
	Carrying Amount	Market Value	Unrealized Gains (Losses)	Carrying Amount	Market Value	Unrealized Gains (Losses)
	(millions of yen)			(millions of US\$)		
Stocks of affiliated companies .....	¥ 1,932	¥ 1,932	¥ —	\$ 23	\$ 23	\$ —

Note: The tables above do not include stocks of DL's subsidiaries and affiliated companies whose market values are extremely difficult to recognize. Carrying amounts of such stocks were as follows:

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Subsidiaries .....	¥ 178,359	¥ 314,882	\$ 3,831
Affiliated companies .....	23,827	23,324	283

#### (Deferred Tax Accounting)

##### 1. Major components of deferred tax assets and liabilities as of March 31, 2011 and 2012

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Deferred tax assets:			
Policy reserves and others .....	¥ 377,833	¥ 317,947	\$ 3,868
Reserve for employees' retirement benefits .....	182,001	161,580	1,965
Losses on valuation of securities .....	62,787	27,091	329
Reserve for price fluctuations .....	29,027	23,142	281
Impairment losses .....	7,561	7,481	91
Others .....	32,814	24,152	293
Subtotal .....	¥ 692,026	¥ 561,396	\$ 6,830
Valuation allowances .....	(34,994)	(29,373)	(357)
Total .....	¥ 657,032	¥ 532,023	\$ 6,473
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax .....	¥ (147,455)	¥ (220,984)	\$ (2,688)
Reserve for tax basis adjustments of real estate .....	(10,138)	(8,561)	(104)
Dividend receivables from stocks .....	(7,675)	(6,594)	(80)
Others .....	(16,563)	(13,244)	(161)
Total .....	¥ (181,833)	¥ (249,384)	\$ (3,034)
Net deferred tax assets .....	¥ 475,198	¥ 282,638	\$ 3,438

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

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

	As of March 31,	
	2011	2012
Statutory tax rate .....	36.08%	36.09%
(Adjustments)		
Decrease in deferred tax assets in relation to changes in tax rates .....	—	51.65%
Others .....	4.86%	0.22%
Actual effective tax rate after considering deferred taxes .....	40.94%	87.96%

##### 3. Adjustment of deferred tax assets and liabilities due to changes in effective statutory tax rate

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

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

**(Asset Retirement Obligations)**

## 1. Overview of Asset Retirement Obligation

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

## 2. Calculation of Asset Retirement Obligation

DL calculated the asset retirement obligation by (1) estimating the period of service of each building between 0 and 37 years based on its contract term and useful life and (2) applying discount rates ranging from 0.144% to 2.293% for the fiscal year ended March 31, 2011 and from 0.144% to 2.294% for the fiscal year ended March 31, 2012.

## 3. Increase and Decrease in Asset Retirement Obligation

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

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

Note: (\*) The "Beginning balance" of the year ended March 31, 2011 in the above table represents the amount of asset retirement obligations as of April 1, 2010 (instead of March 31, 2010) in accordance with "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008).

**(PER SHARE INFORMATION)**

	As of / Years ended March 31,		
	2011	2012	2012
	(yen)		(US\$)
Net assets per share .....	¥ 77,727.54	¥ 104,001.86	\$ 1,265.38
Net income per share .....	1,696.72	1,784.96	21.71
Diluted net income per share .....	—	1,784.76	21.71

## Note:

- 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 .....	¥ 16,936	¥ 17,624	\$ 214
Net income attributable to other than shareholders of common stock .....	—	—	—
Net income attributable to shareholders of common stock .....	¥ 16,936	¥ 17,624	\$ 214
Average number of common stock outstanding <sup>(*)</sup> .....	9,981 thousand shares	9,873 thousand shares	9,873 thousand shares
Diluted net income per share			
Adjustments in net income .....	—	—	—
Increase in the number of common stock .....	—	1 thousand shares	1 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares] .....	—	[1 thousand shares]	[1 thousand shares]

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

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

	As of March 31,		
	2011	2012	2012
	(millions of yen)		(millions of US\$)
Net assets.....	¥ 766,437	¥ 1,028,379	\$ 12,512
Adjustments.....	–	150	1
Subscription rights to shares.....	–	150	1
Net assets attributable to common stock .....	¥ 766,437	¥ 1,028,229	\$ 12,510
Number of common stock outstanding <sup>(*)</sup> .....	9,860 thousand shares	9,886 thousand shares	9,886 thousand shares

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

## (SUBSEQUENT EVENTS)

None

## (SUPPLEMENTAL TABLES)

### 1. Details of Operating Expenses for the Fiscal Year Ended March 31, 2012

	Year Ended March 31, 2012	
	(millions of yen)	(millions of US\$)
Sales activity expenses .....	¥ 169,546	\$ 2,062
Related to sales representatives.....	166,191	2,022
Related to sales agencies.....	2,194	26
Related to selection of policyholders .....	1,161	14
Sales management expenses.....	68,128	828
Related to management of sales representatives .....	65,001	790
Related to advertisement .....	3,127	38
General management expenses .....	177,935	2,164
Personal expenses.....	81,979	997
Property expenses.....	90,836	1,105
Donation, co-sponsoring and membership fees .....	1,309	15
Obligation expenses .....	5,118	62
Total .....	¥ 415,611	\$ 5,056

Note: 1. Property expenses listed in the above table include expenses associated with (1) receiving premium payments from policyholders, (2) information systems and (3) maintaining office.  
2. Obligation expenses represent obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act.

## 2. Details of Tangible Fixed Assets for the Fiscal Year Ended March 31, 2012

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(millions of yen)							
Tangible fixed assets							
Land .....	¥ 843,018	¥ 313	¥ 34,282	¥ 809,048	¥ -	¥ -	¥ 809,048
			[29,307]				
Buildings .....	1,082,105	15,483	60,206	1,037,382	607,076	25,390	430,305
			[4,072]				
Leased assets .....	1,799	676	45	2,430	766	467	1,664
Construction in progress .....	2,219	23,335	15,807	9,747	-	-	9,747
Others .....	24,914	1,783	10,393	16,304	12,872	1,630	3,432
Total .....	¥ 1,954,057	¥ 41,591	¥ 120,735	¥ 1,874,913	¥ 620,715	¥ 27,488	¥ 1,254,198
			[33,379]				
Intangible fixed assets							
Software .....	-	-	-	123,023	51,100	22,811	71,923
Others .....	-	-	-	33,452	36	4	33,415
Total .....	¥ -	¥ -	¥ -	¥ 156,476	¥ 51,137	¥ 22,816	¥ 105,338
Long-term prepaid expenses .....	-	-	-	-	-	-	-
Deferred assets .....	-	-	-	-	-	-	-
Total of deferred assets ..	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(millions of US\$)							
Tangible fixed assets							
Land .....	\$ 10,256	\$ 3	\$ 417	\$ 9,843	\$ -	\$ -	\$ 9,843
			[356]				
Buildings .....	13,165	188	732	12,621	7,386	308	5,235
			[49]				
Leased assets .....	21	8	0	29	9	5	20
Construction in progress .....	26	283	192	118	-	-	118
Others .....	303	21	126	198	156	19	41
Total .....	\$ 23,774	\$ 506	\$ 1,468	\$ 22,811	\$ 7,552	\$ 334	\$ 15,259
			[406]				
Intangible fixed assets							
Software .....	-	-	-	1,496	621	277	875
Others .....	-	-	-	407	0	0	406
Total .....	\$ -	\$ -	\$ -	\$ 1,903	\$ 622	\$ 277	\$ 1,281
Long-term prepaid expenses .....	-	-	-	-	-	-	-
Deferred assets .....	-	-	-	-	-	-	-
Total of deferred assets ..	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: 1. Figures in [ ] represent impairment losses.

2. Some figures associated with intangible fixed assets are omitted as intangible fixed assets account for less than 1% of DL's total assets.

## 3. Details of Reserves for the Fiscal Year Ended March 31, 2012

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
	(millions of yen)				
Reserve for possible loan losses.....	¥ 12,900	¥ 10,670	¥ 70	¥ 12,829	¥ 10,670
General reserves.....	4,480	2,411	–	4,480	2,411
Specific reserves .....	8,419	8,258	70	8,349	8,258
Reserve for possible investment losses.....	223	142	98	125	142
Reserve for retirement benefits of directors, executive officers and corporate auditors.....	3,147	–	594	32	2,521
Reserve for possible reimbursement of prescribed claims.....	1,100	125	225	–	1,000
Reserve for price fluctuation .....	80,453	13,000	19,000	–	74,453

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
	(millions of US\$)				
Reserve for possible loan losses.....	\$ 156	\$ 129	\$ 0	\$ 156	\$ 129
General reserves.....	54	29	–	54	29
Specific reserves .....	102	100	0	101	100
Reserve for possible investment losses.....	2	1	1	1	1
Reserve for retirement benefits of directors, executive officers and corporate auditors.....	38	–	7	0	30
Reserve for possible reimbursement of prescribed claims.....	13	1	2	–	12
Reserve for price fluctuation .....	978	158	231	–	905

Note: 1. Decrease of reserve for possible loan losses (general reserve) for other reasons represents reversing the credited reserve amount in full to renew the reserve.  
2. Decrease of reserve for possible loan losses (specific reserve) for other reasons represents reversing the credited reserve amount in full to renew the reserve.  
3. Decrease of reserve for possible investment losses for other reasons represents reversing the credited reserve amount in full to renew the reserve.  
4. Decrease of reserve for retirement benefits of directors, executive officers and corporate auditors for other reasons represents adding back the credited reserve amount in full to renew the reserve.



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## Independent Auditor's Report

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

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

### *Management's Responsibility for the non-Consolidated Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

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

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

### *Opinion*

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

### *Convenience Translation*

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

*Ernst & Young ShinNihon LLC*

June 25, 2012

A member firm of Ernst & Young Global Limited