

# Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2012	2013	2013
<b>(ASSETS)</b>			
Cash and deposits .....	315,187	457,517	4,864
Call loans .....	249,200	391,200	4,159
Monetary claims bought .....	294,324	285,082	3,031
Money held in trust .....	48,266	56,251	598
Securities .....	27,038,793	29,390,963	312,503
Loans .....	3,413,620	3,140,990	33,397
Tangible fixed assets .....	1,254,685	1,236,270	13,144
Land .....	809,048	794,387	8,446
Buildings .....	430,318	429,573	4,567
Leased assets .....	1,681	7,600	80
Construction in progress .....	9,747	524	5
Other tangible fixed assets .....	3,889	4,183	44
Intangible fixed assets .....	211,055	215,457	2,290
Software .....	71,036	67,479	717
Goodwill .....	63,654	69,103	734
Other intangible fixed assets .....	76,364	78,874	838
Reinsurance receivable .....	41,751	32,861	349
Other assets .....	307,973	390,844	4,155
Deferred tax assets .....	284,562	67,636	719
Customers' liabilities for acceptances and guarantees .....	20,074	33,446	355
Reserve for possible loan losses .....	(10,684)	(4,110)	(43)
Reserve for possible investment losses .....	(142)	-	-
<b>Total assets .....</b>	<b>33,468,670</b>	<b>35,694,411</b>	<b>379,525</b>
<b>(LIABILITIES)</b>			
Policy reserves and others .....	30,489,920	31,703,858	337,095
Reserves for outstanding claims .....	239,320	298,557	3,174
Policy reserves .....	29,862,729	31,012,539	329,745
Reserve for policyholder dividends .....	387,871	392,761	4,176
Reinsurance payable .....	12,681	16,541	175
Subordinated bonds .....	148,652	154,584	1,643
Other liabilities .....	1,188,105	1,496,592	15,912
Reserve for employees' retirement benefits .....	433,791	439,734	4,675
Reserve for retirement benefits of directors, executive officers and corporate auditors .....	2,538	2,350	24
Reserve for possible reimbursement of prescribed claims .....	1,000	700	7
Reserves under the special laws .....	74,831	89,228	948
Reserve for price fluctuations .....	74,831	89,228	948
Deferred tax liabilities .....	9,719	13,511	143
Deferred tax liabilities for land revaluation .....	95,608	94,842	1,008
Acceptances and guarantees .....	20,074	33,446	355
<b>Total liabilities .....</b>	<b>32,476,924</b>	<b>34,045,391</b>	<b>361,992</b>
<b>(NET ASSETS)</b>			
Capital stock .....	210,200	210,207	2,235
Capital surplus .....	210,200	210,207	2,235
Retained earnings .....	165,557	156,357	1,662
Treasury stock .....	(16,703)	(13,431)	(142)
Total shareholders' equity .....	569,253	563,340	5,989
Net unrealized gains (losses) on securities, net of tax .....	483,446	1,099,351	11,689
Deferred hedge gains (losses) .....	(44)	(1,801)	(19)
Reserve for land revaluation .....	(61,616)	(36,995)	(393)
Foreign currency translation adjustments .....	(8,535)	18,229	193
Total accumulated other comprehensive income .....	413,249	1,078,784	11,470
Subscription rights to shares .....	150	379	4
Minority interests .....	9,091	6,514	69
<b>Total net assets .....</b>	<b>991,745</b>	<b>1,649,020</b>	<b>17,533</b>
<b>Total liabilities and net assets .....</b>	<b>33,468,670</b>	<b>35,694,411</b>	<b>379,525</b>

# Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Ordinary revenues .....	4,931,781	5,283,989	56,182
Premium and other income .....	3,539,579	3,646,831	38,775
Investment income .....	1,035,662	1,335,120	14,195
Interest and dividends .....	698,627	709,592	7,544
Gains on investments in trading securities .....	822	19,492	207
Gains on sale of securities .....	259,619	226,587	2,409
Gains on redemption of securities .....	686	3,887	41
Foreign exchange gains .....	—	18,704	198
Reversal of reserve for possible loan losses .....	2,174	912	9
Other investment income .....	2,582	20,649	219
Gains on investments in separate accounts .....	71,149	335,295	3,565
Other ordinary revenues .....	356,539	302,037	3,211
Ordinary expenses .....	4,705,860	5,126,695	54,510
Benefits and claims .....	2,688,419	2,795,355	29,722
Claims .....	784,632	798,773	8,493
Annuities .....	541,770	556,474	5,916
Benefits .....	498,299	540,349	5,745
Surrender values .....	630,846	652,870	6,941
Other refunds .....	232,871	246,886	2,625
Provision for policy reserves and others .....	718,673	1,191,953	12,673
Provision for reserves for outstanding claims .....	—	53,489	568
Provision for policy reserves .....	709,161	1,129,293	12,007
Provision for interest on policyholder dividends .....	9,512	9,170	97
Investment expenses .....	380,315	221,738	2,357
Interest expenses .....	20,034	20,046	213
Losses on money held in trust .....	14,342	14,009	148
Losses on sale of securities .....	180,717	66,203	703
Losses on valuation of securities .....	44,713	3,210	34
Losses on redemption of securities .....	3,355	1,637	17
Derivative transaction losses .....	36,543	63,369	673
Foreign exchange losses .....	29,084	—	—
Provision for reserve for possible investment losses .....	17	—	—
Write-down of loans .....	58	429	4
Depreciation of real estate for rent and others .....	15,078	14,606	155
Other investment expenses .....	36,370	38,224	406
Operating expenses .....	471,061	486,419	5,171
Other ordinary expenses .....	447,390	431,227	4,585
Ordinary profit .....	225,920	157,294	1,672
Extraordinary gains .....	30,477	8,882	94
Gains on disposal of fixed assets .....	1,595	8,880	94
Reversal of reserve for price fluctuations .....	5,765	—	—
Gain on step acquisition .....	23,116	—	—
Other extraordinary gains .....	0	2	0
Extraordinary losses .....	36,348	24,054	255
Losses on disposal of fixed assets .....	2,631	6,350	67
Impairment losses on fixed assets .....	33,602	3,128	33
Provision for reserve for price fluctuations .....	—	14,397	153
Other extraordinary losses .....	114	179	1
Provision for reserve for policyholder dividends .....	69,000	86,000	914
Income before income taxes and minority interests .....	151,048	56,122	596
Corporate income taxes-current .....	29,597	80,625	857
Corporate income taxes-deferred .....	104,024	(54,086)	(575)
Total of corporate income taxes .....	133,621	26,538	282
Income before minority interests .....	17,427	29,583	314
Minority interests in gain (loss) of subsidiaries .....	(2,930)	(2,843)	(30)
Net income for the year .....	20,357	32,427	344

# Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Income before minority interests.....	17,427	29,583	314
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax .....	244,910	615,900	6,548
Deferred hedge gains (losses) .....	(1,287)	(1,757)	(18)
Reserve for land revaluation .....	16,861	(97)	(1)
Foreign currency translation adjustments .....	(4,207)	23,904	254
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method .....	(604)	3,141	33
Total other comprehensive income .....	255,673	641,091	6,816
Comprehensive income.....	273,100	670,675	7,131
(Details)			
Attributable to shareholders of the parent company.....	275,722	673,243	7,158
Attributable to minority interests .....	(2,622)	(2,568)	(27)

# Consolidated Statement of Changes in Net Assets

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Shareholders' equity			
Capital stock			
Balance at the beginning of the year .....	210,200	210,200	2,234
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares.....	—	7	0
Total changes for the year .....	—	7	0
Balance at the end of the year .....	210,200	210,207	2,235
Capital surplus			
Balance at the beginning of the year .....	210,200	210,200	2,234
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares.....	—	7	0
Disposal of treasury stock .....	(1,315)	(1,090)	(11)
Transfer from retained earnings to capital surplus .....	1,315	1,090	11
Total changes for the year .....	—	7	0
Balance at the end of the year .....	210,200	210,207	2,235
Retained earnings			
Balance at the beginning of the year .....	149,007	165,557	1,760
Changes for the year			
Dividends .....	(15,776)	(15,818)	(168)
Net income for the year .....	20,357	32,427	344
Transfer from retained earnings to capital surplus .....	(1,315)	(1,090)	(11)
Transfer from reserve for land revaluation .....	13,284	(24,718)	(262)
Others .....	0	0	0
Total changes for the year .....	16,549	(9,199)	(97)
Balance at the end of the year .....	165,557	156,357	1,662
Treasury stock			
Balance at the beginning of the year .....	(20,479)	(16,703)	(177)
Changes for the year			
Disposal of treasury stock .....	3,775	3,272	34
Total changes for the year .....	3,775	3,272	34
Balance at the end of the year .....	(16,703)	(13,431)	(142)
Total shareholders' equity			
Balance at the beginning of the year .....	548,928	569,253	6,052
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares.....	—	14	0
Dividends .....	(15,776)	(15,818)	(168)
Net income for the year .....	20,357	32,427	344
Disposal of treasury stock .....	2,459	2,182	23
Transfer from retained earnings to capital surplus .....	—	—	—
Transfer from reserve for land revaluation .....	13,284	(24,718)	(262)
Others .....	0	0	0
Total changes for the year .....	20,325	(5,912)	(62)
Balance at the end of the year .....	569,253	563,340	5,989
Accumulated other comprehensive income			
Net unrealized gains (losses) on securities, net of tax			
Balance at the beginning of the year .....	238,886	483,446	5,140
Changes for the year			
Net changes of items other than shareholders' equity .....	244,560	615,905	6,548
Total changes for the year .....	244,560	615,905	6,548
Balance at the end of the year .....	483,446	1,099,351	11,689

## Consolidated Statement of Changes in Net Assets (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Deferred hedge gains (losses)			
Balance at the beginning of the year .....	1,243	(44)	(0)
Changes for the year			
Net changes of items other than shareholders' equity .....	(1,287)	(1,757)	(18)
Total changes for the year .....	(1,287)	(1,757)	(18)
Balance at the end of the year .....	(44)	(1,801)	(19)
Reserve for land revaluation			
Balance at the beginning of the year .....	(65,194)	(61,616)	(655)
Changes for the year			
Net changes of items other than shareholders' equity .....	3,577	24,621	261
Total changes for the year .....	3,577	24,621	261
Balance at the end of the year .....	(61,616)	(36,995)	(393)
Foreign currency translation adjustments			
Balance at the beginning of the year .....	(3,765)	(8,535)	(90)
Changes for the year			
Net changes of items other than shareholders' equity .....	(4,769)	26,765	284
Total changes for the year .....	(4,769)	26,765	284
Balance at the end of the year .....	(8,535)	18,229	193
Total accumulated other comprehensive income			
Balance at the beginning of the year .....	171,169	413,249	4,393
Changes for the year			
Net changes of items other than shareholders' equity .....	242,080	665,534	7,076
Total changes for the year .....	242,080	665,534	7,076
Balance at the end of the year .....	413,249	1,078,784	11,470
Subscription rights to shares			
Balance at the beginning of the year .....	–	150	1
Changes for the year			
Net changes of items other than shareholders' equity .....	150	229	2
Total changes for the year .....	150	229	2
Balance at the end of the year .....	150	379	4
Minority interests			
Balance at the beginning of the year .....	11,737	9,091	96
Changes for the year			
Net changes of items other than shareholders' equity .....	(2,646)	(2,577)	(27)
Total changes for the year .....	(2,646)	(2,577)	(27)
Balance at the end of the year .....	9,091	6,514	69
Total net assets			
Balance at the beginning of the year .....	731,835	991,745	10,544
Changes for the year			
Issuance of new shares - exercise of subscription rights to shares .....	–	14	0
Dividends .....	(15,776)	(15,818)	(168)
Net income for the year .....	20,357	32,427	344
Disposal of treasury stock .....	2,459	2,182	23
Transfer from retained earnings to capital surplus .....	–	–	–
Transfer from reserve for land revaluation .....	13,284	(24,718)	(262)
Others .....	0	0	0
Net changes of items other than shareholders' equity .....	239,584	663,187	7,051
Total changes for the year .....	259,909	657,274	6,988
Balance at the end of the year .....	991,745	1,649,020	17,533

# Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income taxes and minority interests .....	151,048	56,122	596
Depreciation of rented real estate and others .....	15,078	14,606	155
Depreciation .....	38,555	39,992	425
Impairment losses on fixed assets .....	33,602	3,128	33
Amortization of goodwill .....	3,352	3,839	40
Increase (decrease) in reserves for outstanding claims .....	(45,804)	43,517	462
Increase (decrease) in policy reserves .....	706,755	1,134,919	12,067
Provision for interest on policyholder dividends .....	9,512	9,170	97
Provision for (reversal of) reserve for policyholder dividends .....	69,000	86,000	914
Increase (decrease) in reserve for possible loan losses .....	(2,244)	(1,469)	(15)
Increase (decrease) in reserve for possible investment losses .....	(80)	(142)	(1)
Write-down of loans .....	58	429	4
Increase (decrease) in reserve for employees' retirement benefits .....	13,725	5,941	63
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors .....	(628)	(188)	(1)
Increase (decrease) in reserve for possible reimbursement of prescribed claims .....	(100)	(300)	(3)
Increase (decrease) in reserve for price fluctuations .....	(5,765)	14,397	153
Interest and dividends .....	(698,627)	(709,592)	(7,544)
Securities related losses (gains) .....	(103,492)	(514,210)	(5,467)
Interest expenses .....	20,034	20,046	213
Foreign exchange losses (gains) .....	29,084	(18,704)	(198)
Losses (gains) on disposal of fixed assets .....	1,036	(2,530)	(26)
Equity in losses (income) of affiliates .....	(2,065)	(2,652)	(28)
Loss (gain) on step acquisitions .....	(23,116)	-	-
Decrease (increase) in reinsurance receivable .....	5,858	10,016	106
Decrease (increase) in other assets unrelated to investing and financing activities .....	5,773	(16,705)	(177)
Increase (decrease) in reinsurance payable .....	602	2,184	23
Increase (decrease) in other liabilities unrelated to investing and financing activities ..	3,046	27,947	297
Others, net .....	84,712	96,361	1,024
Subtotal .....	308,914	302,125	3,212
Interest and dividends received .....	744,172	738,053	7,847
Interest paid .....	(18,599)	(19,846)	(211)
Policyholder dividends paid .....	(94,311)	(90,280)	(959)
Others, net .....	(174,455)	(408,429)	(4,342)
Corporate income taxes paid .....	(35,650)	(33,918)	(360)
Net cash flows provided by (used in) operating activities .....	730,069	487,703	5,185
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of monetary claims bought .....	(30,900)	(20,800)	(221)
Proceeds from sale and redemption of monetary claims bought .....	36,014	28,701	305
Purchases of money held in trust .....	(9,100)	(23,500)	(249)
Proceeds from decrease in money held in trust .....	9,300	1,477	15
Purchases of securities .....	(9,839,307)	(8,441,421)	(89,754)
Proceeds from sale and redemption of securities .....	9,131,880	7,837,464	83,332
Origination of loans .....	(419,187)	(402,048)	(4,274)
Proceeds from collection of loans .....	633,334	687,176	7,306
Others, net .....	(33,626)	162,616	1,729
Total of net cash provided by (used in) investment transactions .....	(521,592)	(170,335)	(1,811)
Total of net cash provided by (used in) operating activities and investment transactions .....	208,476	317,368	3,374
Acquisition of tangible fixed assets .....	(25,817)	(34,178)	(363)
Proceeds from sale of tangible fixed assets .....	4,792	32,592	346
Acquisition of intangible fixed assets .....	(21,652)	(20,322)	(216)
Proceeds from sale of intangible fixed assets .....	0	89	0
Acquisition of stock of subsidiaries resulting in change in scope of consolidation .....	(86,217)	-	-
Payments for execution of assets retirement obligations .....	(343)	-	-
Net cash flows provided by (used in) investing activities .....	(650,831)	(192,153)	(2,043)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings .....	(2,377)	(2,210)	(23)
Repayment of financial lease obligations .....	(474)	(1,338)	(14)
Proceeds from disposal of treasury stock .....	2,456	2,165	23
Cash dividends paid .....	(15,693)	(15,746)	(167)
Others, net .....	(24)	(8)	(0)
Net cash flows provided by (used in) financing activities .....	(16,113)	(17,138)	(182)
Effect of exchange rate changes on cash and cash equivalents .....	(642)	5,919	62
Net increase (decrease) in cash and cash equivalents .....	62,482	284,330	3,023
Cash and cash equivalents at the beginning of the year .....	501,904	564,387	6,000
Cash and cash equivalents at the end of the year .....	564,387	848,717	9,024

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2013

## I. 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 ¥94.05=US\$1.00, the foreign exchange rate on March 31, 2013, 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. 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., The 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, 2013 was fifteen. One subsidiary of TDLA is excluded from the scope of consolidation as TDLA disposed of its interest in the company in September 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 thirteen 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, 2013.

The number of affiliated companies under the equity method as of March 31, 2013 was 29. 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 PUBLIC COMPANY LIMITED, Star Union Dai-ichi Life Insurance Company Limited and Janus Capital Group Inc.

OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED changed its name from Ocean Life Insurance Co., Ltd. on July 10, 2012.

As Janus Capital Group Inc. became an affiliated company of DL on January 22, 2013, effective the fiscal year ended March 31, 2013, Janus Capital Group Inc. and its fourteen group companies were newly included in the scope of the equity method of DL. 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 (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 XIX. 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 Bonds

Held-to-maturity bonds 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 fiscal year (for domestic stocks, the average fair value during March), with cost determined by the moving average method.

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 statement 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 declining balance method (the depreciation of buildings other than attached improvements and structures is calculated by the straight-line 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.

(Changes in accounting policies, which are difficult to distinguish from changes in accounting estimates)

Effective the fiscal year ended March 31, 2013, DL and its domestic consolidated subsidiaries changed their depreciation method for tangible fixed assets acquired on or after April 1, 2012 in accordance with the revision of the Corporation Tax Act.

As a result, consolidated ordinary profit and income before income taxes and minority interests for the fiscal year ended March 31, 2013 were each ¥357 million (US\$3 million) higher than they would have been if calculated using the previous depreciation method.

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 a) the recoverable amount covered by the collateral or guarantees and b) 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, 2012 and 2013 were ¥119 million and ¥472 million (US\$5 million), respectively.

**(5) 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, 2013.

Gains/losses on plan amendments are amortized under the straight-line method through a certain period (3 years) 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.

(Additional information)

DL replaced a part of its lump-sum retirement benefit plan with a defined contribution pension plan on April 1, 2013, and adopted “Guidance on Accounting for Transfers between Retirement Benefit Plans” (Accounting Standards Board of Japan (ASBJ) Application Guidance No. 1 issued on January 31, 2002) and “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (Practical Issues Task Force No. 2 issued on February 7, 2007) to account for the replacement. As a result, DL recognized other extraordinary losses of ¥176 million (US\$1 million) for the fiscal year ended March 31, 2013.

**(6) 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, a) 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 b) 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.

**(7) 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.

**(8) 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.

**(9) 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 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 sheet.

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)".

**(10) Methods for Hedge Accounting****a) Methods for Hedge Accounting**

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

**b) Hedging Instruments and Hedged Items**

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

**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.

**(11) 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.

**(12) Scope of Cash and Cash Equivalents**

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

**(13) 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 Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

**(14) Policy Reserves**

Policy reserves of DL and its consolidated subsidiaries that operate a life insurance business in Japan are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as follows:

- a) 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).
- b) Reserves for other policies are established based on the net level premium method.

(Additional information)

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 in the following nine years. As a result, the amount of the provisions for policy reserves for the year ended March 31, 2012 and 2013 were ¥105,958 million and ¥150,798 million (US\$1,603 million), respectively.

**(15) Accounting Standard and Guidance Scheduled to be Applied**

The accounting standard and relevant guidance that are not yet applied but scheduled to be applied are as follows:

- “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012), and
- “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012)

## a) Overview

From the viewpoint of improvements to financial reporting and promoting international convergence, ASBJ revised the standard and guidance to improve accounting of unrecognized actuarial differences and unrecognized gains (losses) on plan amendments and calculation of projected benefit obligations and service costs and to enhance related disclosures.

## b) Scheduled date for application

DL will apply the revised method for calculating projected benefit obligations and service cost effective the fiscal year beginning April 1, 2014, although it will apply the other components of the standard and guidance at the end of the fiscal year ending March 31, 2014.

## c) Impact of applying the standard and guidance

The impact of applying the standard and guidance is currently under assessment.

**(16) 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.

### III. NOTES TO THE CONSOLIDATED BALANCE SHEET

#### 1. Assets Pledged as Collateral / Secured Liabilities

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

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Securities (Government bonds).....	432,624	620,782	6,600
Securities (Foreign securities) .....	3,294	3,753	39
Securities (Corporate bonds) .....	526	534	5
Cash/deposits .....	86	86	0
Securities and cash/deposits pledged as collateral.....	436,532	625,157	6,647

The amounts of secured liabilities were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Cash collateral for securities lending transactions.....	405,816	568,433	6,043
Loans payable .....	8	5	0
Secured liabilities .....	405,824	568,438	6,043

"Securities (Government bonds)" pledged as collateral for securities lending transactions with cash collateral as of March 31, 2012 and 2013 were ¥394,756 million and ¥537,715 million (US\$5,717 million), respectively.

#### 2. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2012 and 2013 was ¥490,077 million and ¥741,123 million (US\$7,880 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, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Book value.....	8,375,688	10,794,851	114,777
Market value .....	8,898,007	12,005,334	127,648

##### (2) 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:

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

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

- 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.

#### 4. Stocks of Subsidiaries and Affiliated Companies

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

	As of March 31,		2013 (Unit: million US dollars)
	2012	2013 (Unit: million yen)	
Stocks .....	42,766	72,989	776
Capital .....	2,126	3,990	42
Total .....	44,892	76,980	818

#### 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,		2013 (Unit: million US dollars)
	2012	2013 (Unit: million yen)	
Credits to bankrupt borrowers .....	4,743	4,132	43
Delinquent loans .....	15,574	4,679	49
Loans past due for three months or more .....	—	—	—
Restructured loans .....	1,452	926	9
Total .....	21,770	9,738	103

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 Act. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

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

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

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

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

	As of March 31,		2013 (Unit: million US dollars)
	2012	2013 (Unit: million yen)	
Credits to bankrupt borrowers .....	50	407	4
Delinquent loans .....	69	65	0

#### 6. Commitment Line

As of March 31, 2012 and 2013, there were unused commitment line agreements under which DL is the lender of ¥2,300 million and ¥25,041 million (US\$266 million), respectively.

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

Accumulated depreciation of tangible fixed assets as of March 31, 2012 and 2013 was ¥621,752 million and ¥627,365 million (US\$6,670 million), respectively.

#### 8. 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, 2012 and 2013 were ¥2,450,415 million and ¥2,788,994 million (US\$29,654 million), respectively. Separate account liabilities were the same amount as the separate account assets.

## 9. Reinsurance

As of March 31, 2012 and 2013, 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 ¥19 million and ¥12 million (US\$0 million), respectively.

As of March 31, 2012 and 2013, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥5,923 million and ¥8,236 million (US\$87 million), respectively.

## 10. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year.....	403,671	387,871	4,124
Dividends paid during the year.....	(94,311)	(90,280)	(959)
Interest accrual during the year.....	9,512	9,170	97
Provision for reserve for policyholder dividends .....	69,000	86,000	914
Balance at the end of the year .....	387,871	392,761	4,176

## 11. 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, 2012 and 2013 were ¥60,468 million and ¥58,654 million (US\$623 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

## 12. 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 the 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 (Publicly Issued Cabinet Order 119, March 31, 1998).
- 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 ¥58,604 million as of March 31, 2012, which included ¥18,199 million attributable to real estate for rent, and ¥31,044 million (US\$330 million) as of March 31, 2013, which included ¥8,883 million (US\$94 million) attributable to real estate for rent.

### 13. Subordinated Bonds

Subordinated bonds of ¥148,652 million and ¥154,584 million (US\$1,643 million) shown in liabilities as of March 31, 2012 and 2013 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

Issuer	Description	Issuance date	Balance as of April 1, 2012	Balance as of March 31, 2013	Interest rate (%)	Collateral	Maturity date
(Unit: million yen)							
DL	Foreign currency (US dollar) denominated subordinated bonds	March 17, 2004	41,090 [499 mil US\$]	47,022 [499 mil US\$]	5.73	None	March 17, 2014
DL	Foreign currency (US dollar) denominated perpetual subordinated bonds	March 15, 2011	107,562 [1,300 mil US\$]	107,562 [1,300 mil US\$]	7.25	None	Perpetual
Total	-	-	148,652	154,584	-	-	-

Note: 1. The figures in parentheses represent the principle amount in US dollars.  
2. Foreign currency (US dollar) denominated subordinated bonds of ¥47,022 million (US\$499 million) are due in one year or less.  
3. The following table shows the maturities of long-term subordinated bonds for the 5 years subsequent to March 31, 2013:

	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
(Unit: million yen)					
Subordinated bonds.....	47,025	-	-	-	-
	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
(Unit: million US dollars)					
Subordinated bonds.....	500	-	-	-	-

### 14. Subordinated Debt

As of March 31, 2012 and 2013, other liabilities included subordinated debt of ¥350,000 million and ¥350,000 million (US\$3,721 million), respectively, the repayment of which is subordinated to other obligations.

Category	Balance as of April 1, 2012	Balance as of March 31, 2013	Average interest rate (%)	Maturity	Balance as of April 1, 2012	Balance as of March 31, 2013
(Unit: million yen)					(Unit: million US dollars)	
Current portions of long-term borrowings.....	2	30,001	2.1	-	0	318
Current portions of lease obligations...	491	1,679	-	-	5	17
Long-term borrowings (excluding current portion) .....	380,325	350,905	2.8	September 2014 - perpetual	4,043	3,731
Lease obligations (excluding current portion) .....	1,190	5,878	-	April 2014 - August 2018	12	62
Total .....	382,010	388,465	-	-	4,061	4,130

Note: 1. Those borrowings and lease obligations above are included in the "other liabilities" on the consolidated balance sheet.  
2. The average interest rate represents the weighted-average rate applicable to the balance as of March 31, 2013. 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, 2013:

	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
(Unit: million yen)				
Long-term borrowings.....	1	21,888	0	0
Lease obligations .....	1,610	1,455	1,221	1,193
	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
(Unit: million US dollars)				
Long-term borrowings.....	0	232	0	0
Lease obligations .....	17	15	12	12



## 15. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2012, the Group held no securities borrowed which were not sold or pledged as collateral. As of March 31, 2013, the market value of the securities borrowed which were not sold or pledged as collateral was ¥9,644 million (US\$102 million).

## 16. Organizational Change Surplus

As of March 31, 2012 and March 31, 2013, 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\$1,252 million), respectively.

# IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

## 1. Operating Expenses

Details of operating expenses for the years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses .....	192,206	202,657	2,154
Sales management expenses .....	71,604	70,947	754
General management expenses.....	207,250	212,814	2,262

## 2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Land .....	1,293	3,265	34
Buildings.....	294	5,609	59
Other tangible fixed assets.....	1	4	0
Other assets .....	5	-	-
Total .....	1,595	8,880	94

## 3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Land .....	790	3,976	42
Buildings.....	829	837	8
Leased assets .....	3	1	0
Other tangible fixed assets.....	308	295	3
Software .....	86	110	1
Other intangible fixed assets.....	100	581	6
Other assets .....	512	546	5
Total .....	2,631	6,350	67

#### 4. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the years ended March 31, 2012 and 2013 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, 2012 were as follows:

Asset Group		Place	Number	Impairment Losses		
				Land	Buildings	Total
(Unit: million yen)						
Real estate for rent	Tomakomai City, Hokkaido and others		5	378	467	845
Real estate not in use	Ashigara-kami County, Kanagawa Prefecture and others		92	28,929	3,605	32,534
Total			97	29,307	4,072	33,379

Impairment losses by asset group for the year ended March 31, 2013 were as follows:

Asset Group	Place	Number	Impairment Losses							
			(Unit: million yen)				(Unit: million US dollars)			
			Land	Land Leasehold Rights	Buildings	Total	Land	Land Leasehold Rights	Buildings	Total
Real estate for rent	Fujisawa City, Kanagawa Prefecture and others	2	125	501	687	1,315	1	5	7	13
Real estate not in use	Nagoya City, Aichi Prefecture and others	42	1,437	–	375	1,813	15	–	3	19
Total		44	1,563	501	1,063	3,128	16	5	11	33

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 2.81% and 2.73% for the years ended March 31, 2012 and 2013, 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 THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The amount reclassified and tax effect amounts related to other comprehensive income were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year .....	289,877	1,006,123	10,697
Amount reclassified .....	34,331	(117,516)	(1,249)
Before tax adjustment .....	324,209	888,607	9,448
Tax effect .....	(79,299)	(272,706)	(2,899)
Net unrealized gains (losses) on securities, net of tax.....	244,910	615,900	6,548
Deferred hedge gains (losses)			
Amount incurred during the year .....	(2,817)	(2,352)	(25)
Amount reclassified .....	(75)	(190)	(2)
Amount adjusted for asset acquisition cost .....	901	-	-
Before tax adjustment .....	(1,991)	(2,542)	(27)
Tax effect .....	704	784	8
Deferred hedge gains (losses) .....	(1,287)	(1,757)	(18)
Reserve for land revaluation			
Amount incurred during the year .....	-	-	-
Amount reclassified .....	-	-	-
Before tax adjustment .....	-	-	-
Tax effect .....	16,861	(97)	(1)
Reserve for land revaluation .....	16,861	(97)	(1)
Foreign currency translation adjustments			
Amount incurred during the year .....	(4,207)	23,904	254
Amount reclassified .....	-	-	-
Before tax adjustment .....	(4,207)	23,904	254
Tax effect .....	-	-	-
Foreign currency translation adjustments .....	(4,207)	23,904	254
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year .....	300	3,254	34
Amount reclassified .....	(905)	(113)	(1)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method.....	(604)	3,141	33
Total other comprehensive income .....	255,673	641,091	6,816

## VI. NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

### 1. For the Year Ended March 31, 2012

#### (1) 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
	(Unit: thousands of shares)			
Common stock.....	10,000	-	-	10,000
Treasury stock <sup>(*)</sup> .....	139	-	26	113

(\*) 26 thousand shares of decrease in treasury stock represents the sum of a) shares granted to eligible employees at retirement by the Stock Granting Trust (J-ESOP) under DL's incentive program granting middle management the purchased shares and b) 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 DL's Trust-type Employee Shareholding Incentive Plan (E-Ship®).

#### (2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2012 (Unit: million yen)
DL	Stock acquisition rights in the form of stock options	150

**(3) Dividends on Common Stocks****a) 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 <sup>(*)</sup>	¥15,776 million
Dividends per share	¥1,600
Record date	March 31, 2011
Effective date	June 28, 2011
Dividend resource	Retained earnings

(\*) Total dividends did not include ¥223 million of dividends to the J-ESOP trust and the E-ship trust, as DL recognized the shares held by those trusts as treasury shares.

**b) Dividends paid during the fiscal year ended March 31, 2013**

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

(\*) Total dividends did not include ¥181 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.

**2. For the Year Ended March 31, 2013****(1) Type and Number of Shares Outstanding**

	At the beginning of the year	Year ended March 31, 2013		At the end of the year
		Increase during the year	Decrease during the year	
		(Unit: thousands of shares)		
Common stock <sup>(*)</sup>	10,000	0	—	10,000
Treasury stock <sup>(**)</sup>	113	—	22	90

(\*) 0 thousand shares of increase in common stock represents the exercise of stock acquisition rights.

(\*\*) 22 thousand shares of decrease in treasury stock represents the sum of a) shares granted to eligible employees at retirement by the J-ESOP under DL's incentive program granting middle management the purchased shares and b) 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®.

**(2) Stock Acquisition Rights**

Issuer	Details	Balance as of March 31, 2013 (Unit: million yen)
DL	Stock acquisition rights in the form of stock options	379 (US\$4 million)

**(3) Dividends on Common Stocks****a) Dividends paid during the fiscal year ended March 31, 2013**

Date of resolution	June 25, 2012 (at the Annual General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends <sup>(*)</sup>	¥15,818 million (US\$168 million)
Dividends per share	¥1,600 (US\$17.01)
Record date	March 31, 2012
Effective date	June 26, 2012
Dividend resource	Retained earnings

(\*) Total dividends did not include ¥181 million (US\$1 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.

**b) Dividends, the record date of which was March 31, 2013, to be paid out in the year ending March 31, 2014**

Date of resolution	June 24, 2013 (at the Annual General Meeting of Shareholders to be held)
Type of shares	Common stocks
Total dividends <sup>(*)</sup>	¥15,855 million (US\$168 million)
Dividends per share	¥1,600 (US\$17.01)
Record date	March 31, 2013
Effective date	June 25, 2013
Dividend resource	Retained earnings

(\*) Total dividends did not include ¥145 million (US\$1 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.

## VII. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Cash and cash deposits.....	315,187	457,517	4,864
Call loans.....	249,200	391,200	4,159
Cash and cash equivalents .....	564,387	848,717	9,024

## VIII. LEASE TRANSACTIONS

### 1. 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, 2012 were as follows:

	Tangible fixed assets	Total
	(Unit: million yen)	
Acquisition cost.....	1,146	1,146
Accumulated depreciation .....	1,016	1,016
Net carrying amount.....	129	129

Note: 1. 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. There was no such finance lease as of March 31, 2013.

(2) Obligations under finance leases accounted for in the same manner applicable to ordinary operating leases as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Due within one year.....	129	—	—
Due after one year .....	—	—	—
Total .....	129	—	—

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, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Total payments for the finance leases.....	232	—	—
Depreciation .....	232	—	—

#### (4) Calculation method of depreciation

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

### 2. Operating Leases (As lessee)

Future minimum lease payments under noncancellable operating leases as of March 31, 2012 and 2013 were as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Due within one year.....	1,623	3,117	33
Due after one year .....	8,181	21,157	224
Total .....	9,804	24,274	258

## IX. FINANCIAL INSTRUMENTS AND OTHERS

### 1. Financial Instruments

#### (1) 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 this 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, taking into account the exposure of underlying assets. Moreover, they utilize derivatives to mitigate the risks associated with guaranteed minimum maturity 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.

#### (2) 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. Those securities are exposed to market fluctuation risk, credit risk, and interest-rate risk and some of the securities denominated in foreign currency are exposed to foreign currency risk. Also, loans are exposed to credit risk arising from the defaults of obligors. 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 certain of their loans receivable and payable and adopt hedge accounting.

In addition, they utilize a) equity forward contracts to hedge market fluctuation risks associated with domestic stocks, and b) foreign currency forward contracts, currency options and foreign currency swaps to hedge foreign currency risks associated with certain foreign currency-denominated bonds, foreign currency-denominated short-term deposits and foreign currency-denominated debts, etc. and adopt hedge accounting.

In applying the hedge accounting, in order to fulfill requirements stipulated in the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10 issued on March 10, 2008), 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.

#### (3) Risk Management

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

##### a) 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, based on their investment purpose, and manage them taking into account each of their risk characteristics.

##### i) 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 their findings to their board of directors, etc.

##### ii) Currency risk

They keep track of currency composition of their financial assets and liabilities, conduct sensitivity analyses, and periodically report their findings to their board of directors, etc.

##### iii) 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 sections to their board of directors, etc.

iv) Derivative transactions

For derivative transactions, they have established internal check system by segregating (a) executing department, (b) the department which engages in assessment of hedge effectiveness, and (c) the 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 individual variable annuities. In accordance with their internal regulations to manage the risks associated with their guaranteed minimum maturity benefits, they (a) assess hedge effectiveness of derivative transactions, (b) manage gains and losses from derivative transactions on a daily basis, and (c) 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 sections are 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.

b) 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, etc. Additionally, the internal audit section has also checked credit management status.

Credit risk of security issuers and counterparty risk with respect to derivative transactions are managed by the credit section, which sets upper limits for each 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.

(4) 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, 2012 and 2013 were as follows.

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

	As of March 31, 2012		
	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)		
(1) Cash and deposits.....	315,187	315,204	17
(2) Call loans .....	249,200	249,200	—
(3) Monetary claims bought.....	294,324	294,324	—
(4) Money held in trust .....	48,266	48,266	—
(5) Securities			
a. Trading securities .....	2,581,400	2,581,400	—
b. Held-to-maturity bonds .....	135,828	141,079	5,250
c. Policy-reserve-matching bonds.....	8,375,688	8,898,007	522,318
d. Stocks of subsidiaries and affiliated companies.....	1,932	1,932	—
e. Available-for-sale securities.....	14,761,239	14,761,239	—
(6) Loans.....	3,413,620		
Reserves for possible loan losses <sup>(*)</sup> .....	(8,812)		
	3,404,808	3,498,821	94,013
Total assets .....	30,167,876	30,789,476	621,599
(1) Bonds payable.....	148,652	155,194	6,542
(2) Long-term borrowings.....	380,327	367,611	(12,716)
Total liabilities .....	528,980	522,805	(6,174)



As of March 31, 2012			
	Carrying amount	Fair value	Gains (losses)
(Unit: million yen)			
Derivative transactions <sup>(*)2</sup>			
a. Hedge accounting not applied.....	[14,235]	[14,235]	–
b. Hedge accounting applied .....	[138,756]	[137,321]	1,434
Total derivative transactions .....	[152,992]	[151,557]	1,434

(\*)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, 2013						
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
(Unit: million yen)				(Unit: million US dollars)		
(1) Cash and deposits.....	457,517	457,534	17	4,864	4,864	0
(2) Call loans .....	391,200	391,200	–	4,159	4,159	–
(3) Monetary claims bought.....	285,082	285,082	–	3,031	3,031	–
(4) Money held in trust .....	56,251	56,251	–	598	598	–
(5) Securities						
a. Trading securities .....	2,906,496	2,906,496	–	30,903	30,903	–
b. Held-to-maturity bonds .....	142,267	147,965	5,698	1,512	1,573	60
c. Policy-reserve-matching bonds.....	10,794,851	12,005,334	1,210,483	114,777	127,648	12,870
d. Stocks of subsidiaries and affiliated companies .....	29,768	34,541	4,773	316	367	50
e. Available-for-sale securities .....	14,409,040	14,409,040	–	153,206	153,206	–
(6) Loans.....	3,140,990			33,397		
Reserves for possible loan losses <sup>(*)1</sup> .....	(3,172)			(33)		
	3,137,817	3,262,315	124,497	33,363	34,687	1,323
Total assets .....	32,610,293	33,955,763	1,345,470	346,733	361,039	14,305
(1) Bonds payable.....	154,584	170,107	15,522	1,643	1,808	165
(2) Long-term borrowings.....	380,907	377,110	(3,796)	4,050	4,009	(40)
Total liabilities .....	535,491	547,218	11,726	5,693	5,818	124

Derivative transactions <sup>(*)2</sup>						
a. Hedge accounting not applied.....	[16,818]	[16,818]	–	[178]	[178]	–
b. Hedge accounting applied .....	[161,207]	[160,279]	928	[1,714]	[1,704]	9
Total derivative transactions .....	[178,025]	[177,097]	928	[1,892]	[1,883]	9

(\*)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 XII. 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 for the securities for each investment purpose are described in X. 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 the 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 (the carrying amount on the balance sheet minus reserve for possible loan losses) is recorded as the fair value of risk-monitored loans.

Also, loans without a due date because of their characteristics that their 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 (subordinated bonds)

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 of 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 XII. DERIVATIVE TRANSACTIONS.

**Note 2: Financial instruments whose fair value is extremely difficult to recognize are as follows and are not included in the fair value of (5) Securities in Note 1**

	As of March 31,		
	2012	2013	2013
	Carrying amount		
	(Unit: million yen)		(Unit: million US dollars)
1. Unlisted domestic stocks <sup>(*)</sup> ( <sup>(*)</sup> 2)	160,745	156,513	1,664
2. Unlisted foreign stocks <sup>(*)</sup> ( <sup>(*)</sup> 2)	16,459	18,208	193
3. Other foreign securities <sup>(*)</sup> ( <sup>(*)</sup> 2)	916,996	846,824	9,003
4. Other securities <sup>(*)</sup> ( <sup>(*)</sup> 2)	88,502	86,992	924
Total	1,182,703	1,108,539	11,786

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

(\*)2 DL recorded impairment charges of ¥830 million for the year ended March 31, 2012 and ¥79 million (US\$0 million) for the year ended March 31, 2013.

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

	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
	(Unit: million 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 <sup>(*)</sup>	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 <sup>(*)</sup> 2	387,432	1,177,273	793,054	472,117

(\*)1 Money held in trust without maturities amounted to ¥47,783 million was not included.

(\*)2 Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥17,993 million were not included. Also, ¥565,239 million of loans without maturities were not included.

As of March 31, 2013				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
(Unit: million yen)				
Cash and deposits .....	457,317	–	200	–
Call loans .....	391,200	–	–	–
Monetary claims bought .....	–	15,205	–	252,825
Securities:				
Held-to-maturity bonds (bonds) .....	50,400	–	–	47,900
Held-to-maturity bonds (foreign securities) .....	47,025	–	–	–
Policy-reserve-matching bonds (bonds) .....	136,948	565,330	253,637	9,647,065
Policy-reserve-matching bonds (foreign securities) .....	–	32,162	132,770	3,231
Available-for-sale securities with maturities (bonds) .....	438,773	1,581,922	1,276,565	2,279,645
Available-for-sale securities with maturities (foreign securities) ..	67,446	1,900,757	1,248,028	1,725,624
Available-for-sale securities with maturities (other securities) ...	4,653	54,200	26,378	21,993
Loans <sup>(*)</sup> .....	329,587	1,088,960	735,600	478,220

As of March 31, 2013				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
(Unit: million US dollars)				
Cash and deposits .....	4,862	–	2	–
Call loans .....	4,159	–	–	–
Monetary claims bought .....	–	161	–	2,688
Securities:				
Held-to-maturity bonds (bonds) .....	535	–	–	509
Held-to-maturity bonds (foreign securities) .....	500	–	–	–
Policy-reserve-matching bonds (bonds) .....	1,456	6,010	2,696	102,573
Policy-reserve-matching bonds (foreign securities) .....	–	341	1,411	34
Available-for-sale securities with maturities (bonds) .....	4,665	16,820	13,573	24,238
Available-for-sale securities with maturities (foreign securities) ..	717	20,210	13,269	18,347
Available-for-sale securities with maturities (other securities) ...	49	576	280	233
Loans <sup>(*)</sup> .....	3,504	11,578	7,821	5,084

(\*) 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 ¥6,615 million (US\$70 million) were not included. Also, ¥501,548 million (US\$5,332 million) of loans without maturities were not included.

#### Note 4: Scheduled maturities of bonds and long term borrowings

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
(Unit: million yen)						
Bonds payable <sup>(*)</sup> .....	–	41,095	–	–	–	–
Long term borrowings <sup>(*)</sup> ....	2	30,002	1	19,098	0	0

(\*) ¥107,562 million of bonds payable without maturities were not included.

(\*) ¥331,221 million of long term borrowings without maturities were not included.

As of March 31, 2013						
	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
(Unit: million yen)						
Bonds payable <sup>(*)</sup> .....	47,025	–	–	–	–	–
Long term borrowings <sup>(*)</sup> ....	30,001	1	21,888	0	0	0

As of March 31, 2013						
	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
(Unit: million US dollars)						
Bonds payable <sup>(*)</sup> .....	500	–	–	–	–	–
Long term borrowings <sup>(*)</sup> ....	318	0	232	0	0	0

(\*) ¥107,562 million (US\$1,143 million) of bonds payable without maturities were not included.

(\*) ¥329,014 million (US\$3,498 million) of long term borrowings without maturities were not included.

## X. SECURITIES

### 1. Trading Securities

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Gains (losses) on valuation of trading securities .....	89,603	315,317	3,352

### 2. Held-to-maturity Bonds

	As of March 31, 2012		
	Carrying amount	Market value	Unrealized gains (losses)
	(Unit: million yen)		
Held-to-maturity securities with unrealized gains:			
(1) Bonds .....	94,524	96,999	2,474
a. Government bonds .....	94,524	96,999	2,474
(2) Foreign securities .....	41,303	44,079	2,775
a. Foreign bonds .....	41,303	44,079	2,775
Total .....	135,828	141,079	5,250

	As of March 31, 2013					
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Held-to-maturity securities with unrealized gains:						
(1) Bonds .....	95,131	99,341	4,210	1,011	1,056	44
a. Government bonds .....	95,131	99,341	4,210	1,011	1,056	44
(2) Foreign securities .....	47,135	48,623	1,487	501	516	15
a. Foreign bonds .....	47,135	48,623	1,487	501	516	15
Total .....	142,267	147,965	5,698	1,512	1,573	60

### 3. Policy-reserve-matching Bonds

	As of March 31, 2012		
	Carrying amount	Market value	Unrealized gains (losses)
	(Unit: million yen)		
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds .....	8,015,770	8,538,824	523,053
a. Government bonds .....	7,528,520	8,032,442	503,921
b. Local government bonds .....	192,491	199,446	6,955
c. Corporate bonds .....	294,758	306,935	12,177
(2) Foreign Securities .....	37,160	37,668	507
a. Foreign bonds .....	37,160	37,668	507
Subtotal .....	8,052,931	8,576,493	523,561
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds .....	299,937	298,892	(1,044)
a. Government bonds .....	295,694	295,054	(639)
b. Local government bonds .....	—	—	—
c. Corporate bonds .....	4,243	3,838	(404)
(2) Foreign Securities .....	22,819	22,621	(198)
a. Foreign bonds .....	22,819	22,621	(198)
Subtotal .....	322,757	321,514	(1,242)
Total .....	8,375,688	8,898,007	522,318

As of March 31, 2013

	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Policy-reserve-matching bonds with unrealized gains:						
(1) Bonds .....	10,609,565	11,817,208	1,207,642	112,807	125,648	12,840
a. Government bonds .....	10,040,231	11,223,444	1,183,212	106,754	119,334	12,580
b. Local government bonds.....	186,673	194,066	7,392	1,984	2,063	78
c. Corporate bonds.....	382,660	399,697	17,036	4,068	4,249	181
(2) Foreign securities .....	112,533	116,216	3,682	1,196	1,235	39
a. Foreign bonds.....	112,533	116,216	3,682	1,196	1,235	39
Subtotal.....	10,722,099	11,933,424	1,211,325	114,004	126,883	12,879
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds .....	12,218	12,046	(171)	129	128	(1)
a. Government bonds .....	—	—	—	—	—	—
b. Local government bonds.....	201	201	(0)	2	2	(0)
c. Corporate bonds.....	12,017	11,845	(171)	127	125	(1)
(2) Foreign securities .....	60,533	59,863	(669)	643	636	(7)
a. Foreign bonds.....	60,533	59,863	(669)	643	636	(7)
Subtotal.....	72,752	71,910	(841)	773	764	(8)
Total.....	10,794,851	12,005,334	1,210,483	114,777	127,648	12,870

## 4. Available-for-sale Securities

As of March 31, 2012

	Carrying amount	Purchase cost	Unrealized gains (losses)
(Unit: million yen)			
Available-for-sale securities with unrealized gains:			
(1) Bonds .....	7,078,074	6,794,699	283,375
a. Government bonds .....	5,184,182	4,972,746	211,435
b. Local government bonds.....	121,595	116,314	5,281
c. Corporate bonds.....	1,772,296	1,705,638	66,658
(2) Domestic stocks.....	1,355,047	889,514	465,533
(3) Foreign securities .....	4,334,987	4,117,939	217,048
a. Foreign bonds .....	4,187,956	3,991,235	196,720
b. Other foreign securities .....	147,031	126,703	20,327
(4) Other securities .....	330,546	306,526	24,019
Subtotal .....	13,098,657	12,108,680	989,976
Available-for-sale securities with unrealized losses:			
(1) Bonds .....	273,060	286,468	(13,407)
a. Government bonds .....	96,634	96,715	(80)
b. Local government bonds.....	4	4	(0)
c. Corporate bonds.....	176,422	189,749	(13,326)
(2) Domestic stocks.....	617,513	785,222	(167,709)
(3) Foreign securities .....	1,003,037	1,098,264	(95,226)
a. Foreign bonds .....	708,774	762,126	(53,351)
b. Other foreign securities .....	294,263	336,138	(41,875)
(4) Other securities .....	78,294	89,691	(11,396)
Subtotal .....	1,971,907	2,259,647	(287,740)
Total.....	15,070,564	14,368,327	702,236

Note: Figures in the above table 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 sheet, respectively. The aggregate purchase cost and carrying amount of such certificates of deposits were ¥15,000 million and ¥15,000 million, respectively, as of March 31, 2012. The aggregate purchase cost and carrying amount of trust beneficiary rights were ¥275,893 million and ¥294,324 million, respectively, as of March 31, 2012.

As of March 31, 2013

	Carrying amount	Purchase cost	Unrealized gains (losses)	Carrying amount	Purchase cost	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Available-for-sale securities with unrealized gains:						
(1) Bonds .....	5,805,653	5,377,103	428,550	61,729	57,172	4,556
a. Government bonds .....	3,910,382	3,565,845	344,536	41,577	37,914	3,663
b. Local government bonds.....	112,261	106,992	5,269	1,193	1,137	56
c. Corporate bonds.....	1,783,009	1,704,265	78,743	18,958	18,120	837
(2) Domestic stocks.....	1,930,168	1,196,220	733,948	20,522	12,718	7,803
(3) Foreign securities .....	5,389,343	4,847,380	541,963	57,302	51,540	5,762
a. Foreign bonds.....	4,932,803	4,469,456	463,346	52,448	47,522	4,926
b. Other foreign securities .....	456,540	377,923	78,616	4,854	4,018	835
(4) Other securities .....	421,434	379,921	41,513	4,480	4,039	441
Subtotal.....	13,546,600	11,800,625	1,745,975	144,036	125,471	18,564
Available-for-sale securities with unrealized losses:						
(1) Bonds .....	227,149	231,317	(4,167)	2,415	2,459	(44)
a. Government bonds .....	111,560	112,084	(524)	1,186	1,191	(5)
b. Local government bonds.....	102	103	(0)	1	1	(0)
c. Corporate bonds.....	115,486	119,128	(3,642)	1,227	1,266	(38)
(2) Domestic stocks.....	320,107	410,668	(90,560)	3,403	4,366	(962)
(3) Foreign securities .....	546,369	588,794	(42,424)	5,809	6,260	(451)
a. Foreign bonds.....	399,680	425,932	(26,252)	4,249	4,528	(279)
b. Other foreign securities .....	146,689	162,861	(16,172)	1,559	1,731	(171)
(4) Other securities .....	88,894	91,914	(3,019)	945	977	(32)
Subtotal.....	1,182,521	1,322,694	(140,172)	12,573	14,063	(1,490)
Total.....	14,729,122	13,123,319	1,605,803	156,609	139,535	17,073

Note: Figures in the above table 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 sheet, respectively. The aggregate purchase cost and carrying amount of such certificates of deposits were ¥35,000 million (US\$372 million) and ¥34,999 million (US\$372 million), respectively, as of March 31, 2013. The aggregate purchase cost and carrying amount of trust beneficiary rights were ¥267,993 million (US\$2,849 million) and ¥285,082 million (US\$3,031 million), respectively, as of March 31, 2013.

## 5. Held-to-maturity Bonds Sold

DL and its consolidated subsidiaries sold no held-to-maturity bonds during the years ended March 31, 2012 and 2013.

## 6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the years ended March 31, 2012 and 2013 were as follows:

Year ended March 31, 2012						
	Amounts sold	Realized gains	Realized losses			
	(Unit: million yen)					
(1) Bonds .....	812,327	47,817	–			
a. Government bonds .....	812,327	47,817	–			
Total .....	812,327	47,817	–			
Year ended March 31, 2013						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds .....	694,578	39,613	2,830	7,385	421	30
a. Government bonds .....	694,578	39,613	2,830	7,385	421	30
(2) Foreign securities .....	9,887	1,384	–	105	14	–
a. Foreign bonds .....	9,887	1,384	–	105	14	–
Total .....	704,466	40,997	2,830	7,490	435	30

## 7. Available-for-sale Securities Sold

Available-for-sale securities sold during the years ended March 31, 2012 and 2013 were as follows.

Year ended March 31, 2012			
	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			
(1) Bonds .....	1,645,408	44,429	8,802
a. Government bonds.....	1,415,930	37,775	4,119
b. Local government bonds.....	–	–	–
c. Corporate bonds.....	229,477	6,654	4,682
(2) Domestic stocks.....	298,115	55,516	55,177
(3) Foreign securities .....	4,071,073	93,900	116,737
a. Foreign bonds.....	4,034,770	90,075	108,993
b. Other foreign securities .....	36,302	3,824	7,743
(4) Other securities .....	17,332	17,956	–
Total.....	6,031,928	211,801	180,717

Year ended March 31, 2013						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			(Unit: million US dollars)			
(1) Bonds .....	2,323,245	65,869	329	24,702	700	3
a. Government bonds.....	2,139,462	61,634	271	22,748	655	2
b. Local government bonds.....	6,556	70	0	69	0	0
c. Corporate bonds.....	177,226	4,164	57	1,884	44	0
(2) Domestic stocks.....	146,388	28,272	22,832	1,556	300	242
(3) Foreign securities .....	2,869,685	91,315	40,210	30,512	970	427
a. Foreign bonds.....	2,823,505	87,980	29,588	30,021	935	314
b. Other foreign securities .....	46,180	3,335	10,622	491	35	112
(4) Other securities .....	1,737	132	–	18	1	–
Total.....	5,341,057	185,589	63,373	56,789	1,973	673

## 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, 2012 and 2013 were ¥43,882 million and ¥3,131 million (US\$33 million), respectively.

## XI. MONEY HELD IN TRUST

### Money Held in Trust for Trading

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount on the consolidated balance sheet .....	48,266	56,251	598
Gains (losses) on valuation of money held in trust.....	(14,507)	(12,130)	(128)



## XII. DERIVATIVE TRANSACTIONS

### 1. Derivative Transactions (Hedge Accounting Not Applied)

#### (1) Currency-related transactions

As of March 31, 2012				
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Over-the-counter transactions:				
Foreign currency forward contracts:				
Sold .....	436,729	—	(15,755)	(15,755)
U.S. dollar .....	260,489	—	(9,743)	(9,743)
Euro .....	97,106	—	(4,894)	(4,894)
Australian dollar .....	36,769	—	(102)	(102)
Canadian dollar .....	19,478	—	(20)	(20)
British pound .....	14,579	—	(814)	(814)
Others .....	8,305	—	(180)	(180)
Bought .....	242,580	—	1,581	1,581
U.S. dollar .....	116,470	—	628	628
Euro .....	62,163	—	1,154	1,154
Australian dollar .....	32,628	—	(334)	(334)
Canadian dollar .....	16,974	—	(2)	(2)
British pound .....	6,124	—	85	85
Others .....	8,219	—	50	50
Currency swaps				
Receipts yen, payments foreign currency .....	1,560	1,560	(171)	(171)
Australian dollar .....	1,560	1,560	(171)	(171)
Currency options				
Bought:				
Put .....	110,876			
[ 1,674]		—	14	(1,659)
Euro .....	110,876			
[ 1,674]		—	14	(1,659)
Total .....				(16,005)

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 sheet.

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)".

## As of March 31, 2013

	(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)
	(Unit: million yen)				(Unit: million US dollars)			
Over-the-counter transactions:								
Foreign currency forward contracts:								
Sold .....	1,414,300	–	(16,530)	(16,530)	15,037	–	(175)	(175)
U.S. dollar .....	741,240	–	(13,625)	(13,625)	7,881	–	(144)	(144)
Euro .....	265,344	–	(2,345)	(2,345)	2,821	–	(24)	(24)
Australian dollar .....	71,327	–	(376)	(376)	758	–	(3)	(3)
British pound .....	48,783	–	(442)	(442)	518	–	(4)	(4)
Canadian dollar .....	22,717	–	0	0	241	–	0	0
Others .....	264,885	–	258	258	2,816	–	2	2
Bought .....	1,168,220	–	(653)	(653)	12,421	–	(6)	(6)
U.S. dollar .....	576,066	–	1,109	1,109	6,125	–	11	11
Euro .....	205,113	–	(1,915)	(1,915)	2,180	–	(20)	(20)
Australian dollar .....	59,030	–	5	5	627	–	0	0
British pound .....	33,812	–	269	269	359	–	2	2
Canadian dollar .....	24,927	–	67	67	265	–	0	0
Others .....	269,268	–	(189)	(189)	2,863	–	(2)	(2)
Currency swaps:								
Receipts yen, payments								
foreign currency .....	1,560	1,560	(506)	(506)	16	16	(5)	(5)
Australian dollar .....	1,560	1,560	(506)	(506)	16	16	(5)	(5)
Total .....				(17,690)				(188)

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.

2. Fair value is shown in "Gains (losses)".

## (2) Interest-related transactions

## As of March 31, 2012

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Exchange-traded transactions:				
Interest rate futures:				
Bought .....	74,748	—	3	3
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating..	21,800	17,500	566	566
Receipts floating, payments fixed..	7,500	7,500	(129)	(129)
Total .....				439

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, 2013

	(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)
	(Unit: million yen)				(Unit: million US dollars)			
Exchange-traded transactions:								
Interest rate futures:								
Sold .....	23,451	–	(3)	(3)	249	–	(0)	(0)
Over-the-counter transactions:								
Yen interest rate swaps:								
Receipts fixed, payments floating..	18,010	14,510	498	498	191	154	5	5
Receipts floating, payments fixed..	3,700	3,700	(74)	(74)	39	39	(0)	(0)
Total .....				420				4

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, 2012

	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)		
Exchange-traded transactions:			
Yen stock index futures:			
Sold .....	10,146	(411)	(411)
Bought.....	4,100	56	56
Foreign currency-denominated stock index futures:			
Sold .....	14,052	(97)	(97)
Stock index options:			
Bought:			
Put .....	109,913		
	[4,202]	71	(4,130)
Total.....			(4,583)

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 sheet.

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, 2013

	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Exchange-traded transactions:						
Yen stock index futures:						
Sold .....	4,285	(14)	(14)	45	(0)	(0)
Bought.....	8,779	255	255	93	2	2
Foreign currency-denominated stock index futures:						
Sold .....	4,398	(27)	(27)	46	(0)	(0)
Bought.....	5,740	(1)	(1)	61	(0)	(0)
Total.....			212			2

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.

#### (4) Bond-related transactions

As of March 31, 2012

	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold.....	11,099	23	23
Foreign currency-denominated bond futures:			
Sold.....	21,911	66	66
Over-the-counter transactions:			
Bond OTC options:			
Sold:			
Call.....	3,010		
	[3]	4	(0)
Put .....	20,007		
	[41]	62	(20)
Bought:			
Call.....	20,007		
	[21]	8	(12)
Put .....	102,993		
	[1,192]	5	(1,187)
<b>Total.....</b>			<b>(1,131)</b>

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 sheet.

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, 2013

	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Exchange-traded transactions:						
Yen bond futures:						
Sold.....	12,759	(40)	(40)	135	(0)	(0)
Bought .....	41,654	92	92	442	0	0
Foreign currency-denominated bond futures:						
Sold.....	2,985	(10)	(10)	31	(0)	(0)
Yen bond futures options						
Sold						
Put .....	42,850			455		
	[17]	24	(6)	[0]	0	(0)
Over-the-counter transactions:						
Bond OTC options:						
Sold:						
Call.....	6,175			65		
	[22]	81	(59)	[0]	0	(0)
Put .....	65,258			693		
	[80]	46	34	[0]	0	0
Bought:						
Call.....	65,258			693		
	[58]	319	260	[0]	3	2
Put .....	6,175			65		
	[27]	29	1	[0]	0	0
Total.....			271			2

Note: 1. (1) Fair value of yen bond futures, foreign bond futures and yen bond futures options 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 sheet.

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, 2012			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange traded transactions:			
Currency futures:			
Sold .....	15,344	(238)	(238)
(Euro / U.S. dollar) .....	10,679	(139)	(139)
(British pound / U.S. dollar) .....	4,664	(99)	(99)
Bought .....	31,744	(230)	(230)
(Yen / U.S. dollar) .....	31,744	(230)	(230)
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold .....	89,219	(5,109)	(5,109)
U.S. dollar .....	44,413	(2,395)	(2,395)
Euro .....	20,955	(1,385)	(1,385)
British pound .....	6,065	(423)	(423)
Canadian dollar .....	6,032	(345)	(345)
Australian dollar .....	5,905	(189)	(189)
Others .....	5,846	(370)	(370)
Total .....			(5,578)

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, 2013						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Exchange traded transactions:						
Currency futures:						
Sold .....	31,272	(332)	(332)	332	(3)	(3)
(Yen / U.S. dollar) .....	31,272	(332)	(332)	332	(3)	(3)
Bought .....	15,317	(95)	(95)	162	(1)	(1)
(Euro / U.S. dollar) .....	10,649	(102)	(102)	113	(1)	(1)
(British pound / U.S. dollar) .....	4,667	7	7	49	0	0
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold .....	28,018	(146)	(146)	297	(1)	(1)
U.S. dollar .....	15,872	(99)	(99)	168	(1)	(1)
Euro .....	5,822	(32)	(32)	61	(0)	(0)
Canadian dollar .....	2,127	(7)	(7)	22	(0)	(0)
Australian dollar .....	1,529	(10)	(10)	16	(0)	(0)
British pound .....	1,230	0	0	13	0	0
Others .....	1,435	2	2	15	0	0
Total .....			(574)			(6)

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, 2012			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold .....	49,486	(1,882)	(1,882)
Foreign currency-denominated stock index futures:			
Sold .....	43,483	(307)	(307)
Total .....			(2,189)

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.

5. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2013						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Exchange-traded transactions:						
Yen stock index futures:						
Sold .....	11,846	(96)	(96)	125	(1)	(1)
Bought.....	13,407	35	35	142	0	0
Foreign currency-denominated stock index futures:						
Sold .....	9,045	(59)	(59)	96	(0)	(0)
Bought.....	13,595	3	3	144	0	0
Total .....			(116)			(1)

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, 2012			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Bought .....	5,666	14	14
Foreign currency-denominated bond futures:			
Sold .....	113,718	444	444
Total .....			458

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.

3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2013						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Exchange-traded transactions:						
Yen bond futures:						
Bought.....	29,031	60	60	308	0	0
Foreign currency-denominated bond futures:						
Sold .....	32,188	(123)	(123)	342	(1)	(1)
Bought.....	19,033	204	204	202	2	2
Total .....			141			1

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.

## 2. Derivative Transactions (Hedge Accounting Applied)

### (1) Currency-related transactions

As of March 31, 2012

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold.....	2,539,107	—	(138,246)
U.S. dollar .....	1,604,010	—	(88,623)
Euro .....	671,205	—	(37,535)
British pound .....	131,637	—	(7,461)
Australian dollar .....	96,993	—	(1,243)
Canadian dollar .....	11,649	—	(763)
Others .....	23,610	—	(2,618)
Bought .....	7,761	—	64
U.S. dollar .....	3,134	—	16
Euro .....	3,058	—	58
British pound .....	1,568	—	(10)
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	—	(*)
Australian dollar .....	135,212	—	(*)
U.S. dollar .....	69,990	—	(*)
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.

(\*) As foreign currency forward contracts and foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated term deposits and bonds payable as hedged items, their fair value is included in the fair value of such foreign currency-denominated term deposits and bonds payable.



As of March 31, 2013

	(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
	(Unit: million yen)			(Unit: million US dollars)		
Deferral hedge:						
Currency swaps to hedge foreign currency-denominated bonds:						
Receipts yen, payments						
foreign currency .....	9,877	9,877	(1,139)	105	105	(12)
U.S. dollar .....	9,877	9,877	(1,139)	105	105	(12)
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold.....	2,427,927	—	(145,161)	25,815	—	(1,543)
U.S. dollar .....	1,481,780	—	(138,325)	15,755	—	(1,470)
Euro.....	660,985	—	(4,347)	7,028	—	(46)
British pound.....	167,377	—	(188)	1,779	—	(1)
Australian dollar .....	62,762	—	(1,348)	667	—	(14)
Canadian dollar .....	14,290	—	17	151	—	0
Others .....	40,731	—	(968)	433	—	(10)
Bought .....	8,601	—	421	91	—	4
U.S. dollar .....	7,012	—	462	74	—	4
Euro.....	710	—	(25)	7	—	(0)
British pound.....	440	—	(7)	4	—	(0)
Australian dollar .....	131	—	(1)	1	—	(0)
Others .....	306	—	(6)	3	—	(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.....	265,260	—	(*1)	2,820	—	(*1)
Australian dollar .....	180,277	—	(*1)	1,916	—	(*1)
U.S. dollar .....	84,982	—	(*1)	903	—	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable:						
Receipts foreign currency,						
payments yen.....	107,562	107,562	(*2)	1,143	1,143	(*2)
U.S. dollar .....	107,562	107,562	(*2)	1,143	1,143	(*2)

Note: 1. Currency swaps: Fair value of currency swaps is calculated by discounting expected cash flows.

2. Foreign currency forward contracts: Forward exchange rates at the end of the fiscal year are used for fair value calculation.

(\*1) As foreign currency forward contracts which apply the currency allotment method are accounted for as combined with foreign currency-denominated term deposits as hedged items, their fair value is included in the fair value of such foreign currency-denominated term deposits.

(\*2) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable.

## (2) Interest-related transactions

As of March 31, 2012			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Deferral hedge			
Yen interest rate swaps to hedge loans payable:			
Receipts floating, payments fixed ...	320,000	320,000	(573)
Special hedge accounting			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating ...	70,200	52,100	1,434

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

As of March 31, 2013						
	(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
(Unit: million yen)				(Unit: million US dollars)		
Deferral hedge						
Yen interest rate swaps to hedge loans payable:						
Receipts floating, payments fixed ...	320,000	320,000	(1,786)	3,402	3,402	(18)
Special hedge accounting						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating...	52,100	19,700	928	553	209	9

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

## (3) Stock-related transactions

As of March 31, 2013				
	Notional amount/ contract value	Fair value	Notional amount/ contract value	Fair value
(Unit: million yen)			(Unit: million US dollars)	
Fair value hedge				
Equity forward contracts to hedge domestic stocks:				
Sold.....	34,949	(13,541)	371	(143)

Note: 1. Fair value listed above is based on the market price of underlying assets, interest rates and expected dividends, etc.  
2. There were no transactions with maturity of more than one year in the table above.  
3. There was no such stock-related transaction as of March 31, 2012.

## XIII. 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.

As of April 1, 2013, DL transferred certain of its retirement lump sum grants to defined contribution pension.

### 2. Funding Status of Employees' Retirement Benefits of the Group

As of March 31,			
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
a. Projected benefit obligations .....	(665,149)	(664,761)	(7,068)
b. Pension assets .....	209,541	235,369	2,502
Retirement benefit trust included in the above pension assets .....	102,682	120,596	1,282
c. Unfunded benefit obligations (a + b).....	(455,607)	(429,392)	(4,565)
d. Unrecognized actuarial differences.....	21,803	(10,344)	(109)
e. Unrecognized gains/losses on plan amendments .....	12	2	0
f. Reserve for employees' retirement benefits (c + d + e) .....	(433,791)	(439,734)	(4,675)

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

### 3. Retirement Benefit Expenses

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
a. Service cost (Note).....	26,053	25,968	276
b. Interest cost.....	11,257	11,311	120
c. Estimated investment income.....	(1,789)	(1,803)	(19)
d. Amortization of unrecognized actuarial differences.....	13,356	5,907	62
e. Amortization of unrecognized gains/losses on plan amendments...	9	9	0
f. Others.....	–	176	1
g. Retirement benefit expenses (a + b + c + d + e + f).....	48,888	41,570	441

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

### 4. Assumptions

	Year ended March 31,	
	2012	2013
Method of periodic allocation of benefit obligations.....	straight-line method	straight-line method
Discount rate.....	1.7 or 1.8%	1.1 or 1.7%
Estimated return on investment		
a. Defined benefit corporate pension.....	1.0 or 1.7%	1.0 or 1.7%
b. Retirement benefit trust.....	0.0%	0.0%
Amortization period for actuarial differences.....	3 or 7 years (Starting from the following fiscal year under the straight-line method)	3 or 7 years (Starting from the following fiscal year under the straight-line method)
Amortization period for gains/losses on plan amendments.....	3 years (Amortized under the straight-line method)	3 years (Amortized under the straight-line method)

## XIV. 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

Operating expenses for the fiscal year ended March 31, 2013: ¥244 million (US\$2 million)

### 2. Details of the stock options granted for the fiscal year ended March 31, 2013

#### (1) Details of the stock options

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Granted persons	10 directors (except outside directors) and 16 executive officers of DL	11 directors (except outside directors) and 16 executive officers of DL
Class and total number <sup>(*)</sup>	1,698 shares of common stock	3,187 shares of common stock
Granted date	August 16, 2011	August 16, 2012
Vesting conditions	The acquisition rights are vested on the above granted date.	The acquisition rights are vested on the above granted date.
Service period covered	N/A	N/A
Exercise period	From August 17, 2011 to August 16, 2041 A granted person may exercise stock options only within 10 days from the day following the date on which she/he loses the status as both a director and an executive officer of DL.	From August 17, 2012 to August 16, 2042 A granted person may exercise stock options only within 10 days from 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.

## (2) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2013 and the total number of stock options is translated to the number of common stock.

### a) Number of the stock options

(shares)

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Before vesting		
Outstanding at the end of prior fiscal year	–	–
Granted	–	3,187
Forfeited	–	–
Vested	–	3,187
Outstanding at the end of the fiscal year	–	–
After vesting		
Outstanding at the end of prior fiscal year	1,698	–
Vested	–	3,187
Exercised	166	–
Forfeited	–	–
Outstanding at the end of the fiscal year	1,532	3,187

### b) Price information

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥117,900	–
Fair value at the granted date	¥88,521	¥76,638

## 3. Valuation method used for estimating fair value of stock options

Stock options granted for the fiscal year ended March 31, 2013 were valued as follows:

### (1) Valuation method

Black-Scholes Model

### (2) Assumptions

	2nd Series of Stock Acquisition Rights
Expected volatility <sup>(1)</sup>	39.504%
Expected durations <sup>(2)</sup>	3 years
Expected dividends <sup>(3)</sup>	¥1,600
Risk-free interest rate <sup>(4)</sup>	0.096%

<sup>(1)</sup> Computed based on the closing prices of common stock in each trading day from April 1, 2010 to August 15, 2012.

<sup>(2)</sup> Computed based on the average service period from the granted date to expected exercise date.

<sup>(3)</sup> Computed based on the expected dividend for the fiscal year ended March 31, 2013.

<sup>(4)</sup> 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.

## XV. DEFERRED TAX ACCOUNTING

### 1. Major components of deferred tax assets and liabilities as of March 31, 2012 and 2013

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others.....	337,527	405,907	4,315
Reserve for employees' retirement benefits .....	162,237	163,467	1,738
Reserve for price fluctuations .....	23,258	27,620	293
Losses on valuation of securities.....	27,091	18,824	200
Tax losses carried forward .....	14,536	13,775	146
Others .....	37,197	32,828	349
Subtotal .....	601,849	662,424	7,043
Valuation allowances .....	(60,007)	(68,985)	(733)
Total .....	541,842	593,438	6,309
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax.....	(222,978)	(487,237)	(5,180)
Other intangible fixed assets .....	(12,882)	(13,987)	(148)
Reserve for tax basis adjustments of real estate.....	(8,561)	(9,222)	(98)
Losses on valuation of securities.....	(3,213)	(7,142)	(75)
Others .....	(19,362)	(21,722)	(230)
Total .....	(266,998)	(539,313)	(5,734)
Net deferred tax assets .....	274,843	54,125	575

### 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,	
	2012	2013
Statutory tax rate.....	36.09%	33.23%
(Adjustments)		
Reversal of reserve for land revaluation .....	(0.52%)	(18.56%)
Increase in valuation allowances.....	6.75%	17.30%
Difference in tax rate associated with special corporate tax for reconstruction .....	—	12.59%
Decrease in deferred tax assets in relation to change in tax rates .....	50.12%	—
Others.....	(3.98%)	2.73%
Actual effective tax rate after considering deferred taxes.....	88.46%	47.29%

## XVI. 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%.

### 3. Increase and Decrease in Asset Retirement Obligations

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

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance <sup>(1)</sup> .....	4,019	3,551	37
Time progress adjustments .....	46	38	0
Others .....	(514)	(734)	(7)
Ending balance .....	3,551	2,855	30

## XVII. 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, 2012 and 2013 was ¥26,757 million and ¥24,807 million (US\$263 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded extraordinary loss of ¥7,945 million for impairment loss on rental real estate for the fiscal year ended March 31, 2012 and that of ¥2,949 million (US\$31 million) for the fiscal year ended March 31, 2013.

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

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount			
Beginning balance .....	844,127	840,711	8,938
Net change during year .....	(3,416)	(26,703)	(283)
Ending balance .....	840,711	814,007	8,655
Market value .....	819,920	768,069	8,166

Note: 1. The carrying amount of rental real estate on the consolidated balance sheet was acquisition costs net of accumulated depreciation and impairments.  
2. Net change in carrying amount includes cost of acquisition of the real estate for ¥14,644 million and the depreciation expense of ¥15,069 million during the year ended March 31, 2012 and cost of acquisition of the real estate for ¥26,014 million (US\$276 million), sale of the real estate for ¥28,411 million (US\$302 million) and the depreciation expense of ¥14,597 million (US\$155 million) during the year ended March 31, 2013.  
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.

## XVIII. SEGMENT INFORMATION AND OTHERS

### 1. Segment Information

For the years ended March 31, 2012 and March 31, 2013

Overview of the reporting segments

The overview of the reporting 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, 2012 and March 31, 2013

#### (1) Product (Service) Segment Information

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

#### (2) 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.

#### (3) 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 Reporting Segment

For the years ended March 31, 2012 and March 31, 2013

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

#### 4. Amortization of Goodwill and Unamortized Amount of Goodwill by Reporting Segment

For the year ended March 31, 2012 and March 31, 2013

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

#### 5. Gain on Negative Goodwill by Reporting Segment

For the years ended March 31, 2012 and March 31, 2013

Not applicable

#### 6. Related Party Transactions

For the years ended March 31, 2012 and March 31, 2013

There are no significant transactions to be disclosed.

## XIX. 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 the Cayman-based special purpose companies ("SPCs"), which in turn hold specified shares in the TMKs. DL monitors the TMKs' financial situation and appropriately recognizes such non-voting shares in accordance with the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008) regarding the non-voting preferred shares in its financial statements.

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 no directors, officers, or employees transferred from DL.

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Number of TMKs .....	One entity	One entity	One entity
Total assets at the end of latest fiscal year .....	30,359	30,359	322
Total liabilities at the end of latest fiscal year .....	30,087	30,087	319

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

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Subordinated obligation .....	30,000	30,000	318

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Interest expenses .....	619	616	6

### 2. Investment in Securitized Real Estate

To diversify investments in real estate and stabilize its investment returns, DL had exposure to an investment project to securitize real estate. DL invested in the SPCs under an anonymous association contract, etc. 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" (ASBJ Statement No. 10 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 estate 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, 2012 and 2013, DL had no management authority in the SPCs and the SPCs had no directors, officers, or employees transferred from DL.

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Number of SPCs .....	Three entities	Two entities	Two entities
Total assets at the end of latest fiscal year .....	139,037	124,403	1,322
Total liabilities at the end of latest fiscal year .....	94,520	85,265	906

Note: For the fiscal year ended March 31, 2013, an SPC under the liquidation procedures is excluded from the above table.

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

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Investment in anonymous association .....	28,237	27,111	288
Preferred investments .....	2,900	-	-

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Dividends from investment in anonymous association .....	2,044	2,118	22
Dividends from preferred investments .....	147	98	1

## XX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2012	2013	2013
	(Unit: yen)		(Unit: US dollars)
Net assets per share .....	99,376.82	165,713.79	1,761.97
Net income per share .....	2,061.78	3,275.48	34.82
Diluted net income per share .....	2,061.55	3,274.27	34.81

Note 1: Underlying basis for the calculation of the net income per share and the diluted net income per share was as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income .....	20,357	32,427	344
Net income attributable to other than shareholders of common stock .....	-	-	-
Net income attributable to shareholders of common stock .....	20,357	32,427	344
Average number of common stock outstanding <sup>(*)</sup> .....	9,873 thousand shares	9,900 thousand shares	9,900 thousand shares
Diluted net income per share			
Adjustments to net income .....	-	-	-
Increase in the number of common stock .....	1 thousand shares	3 thousand shares	3 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares] .....	[1 thousand shares]	[3 thousand shares]	[3 thousand shares]
Outline of the dilutive shares which are not counted in the basis of calculation of diluted net income per share because they do not have dilutive effect .....	-	-	-

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



Note 2: Underlying basis for the calculation of the net assets per share was as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Net assets .....	991,745	1,649,020	17,533
Adjustments .....	9,242	6,894	73
Subscription rights to shares.....	150	379	4
Minority interests .....	9,091	6,514	69
Net assets attributable to common stock.....	982,503	1,642,125	17,460
Number of common stock outstanding <sup>(*)</sup> .....	9,886 thousand shares	9,909 thousand shares	9,909 thousand shares

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

## XXI. SUBSEQUENT EVENTS

1. To help improve convenience and liquidity in securities markets in accordance with the "Action Plan for the Consolidation of Trading Units" announced by all stock exchanges in Japan in November 2007, the board of directors of DL held on May 15, 2013 passed a resolution to split 1 share of its ordinary shares into 100 shares and, accordingly, amend the number of shares constituting one unit of DL's ordinary shares from 1 share to 100 shares effective on October 1, 2013.

If DL had split shares at the beginning of the fiscal year ended March 31, 2012, its per share information for the fiscal year ended March 31, 2012 and 2013 is as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: yen)		(Unit: US dollars)
Net assets per share .....	993.77	1,657.14	17.61
Net income per share .....	20.62	32.75	0.34
Diluted net income per share .....	20.62	32.74	0.34

2. On June 3, 2013, DL has concluded a contract on subscription of new shares of PT Panin Life ("Panin Life"), an Indonesian life insurance company, and PT Panin Internasional ("Panin Internasional"), its intermediate holding company, with PT Panin Financial Tbk ("Panin Financial"), the parent company of these companies, Panin Internasional and Panin Life.

### (1) Purpose of share acquisition

The investment in Panin Life is based on DL's core growth strategy to enhance overseas life insurance businesses and to enter into Indonesia, a promising life insurance market with the 4th largest population in the world.

Additionally, Panin Life is a life insurance subsidiary of Panin Financial, a leading financial corporation, which also owns Panin Bank, one of the major banks in Indonesia. Panin Life has a number of distribution channels such as agency, bancassurance, direct marketing and telemarketing, and by diversifying into other various sales channels; Panin Life has successfully grown its underlying business performance in recent years. The investment in Panin Life will bring added value for business growth of both DL and Panin Life, providing excellence to customers and business partners.

### (2) Name, business and size of acquired company

#### a) Name of the acquired company

PT Panin Life (\*)

(\*) By acquiring 5% of shares of Panin Life and 36.842% of shares of Panin Internasional, DL will effectively own 40% shares of Panin Life.

#### b) Business

Life insurance business

#### c) Size (as of December 31, 2012)

Total asset: 3,876.1 billion IDR (¥40.3 billion / US\$0.4 billion) (\*)

**(3) Number of shares acquired, amount to be invested and DL's percentage of share holdings after completion of the transaction**

a) Number of shares acquired

Panin Internasional: 75,344,500 shares

Panin Life: 533,669,000 shares

b) Amount to be invested

3,300.0 billion IDR (¥34.3 billion / US\$0.3 billion)

c) DL's percentage of share holdings after completion of the transaction

Panin Internasional: 36.842%

Panin Life: 5%

**(4) Others**

Simultaneously, subject to obtaining relevant approvals from local authorities, Panin Life is expected to enter into a long-term exclusive bancassurance agreement with Panin Bank.

(\*) The exchange rate used to calculate the yen-denominated amount is 1 IDR = 0.0104 JPY.

## XXII. QUARTERLY INFORMATION

	Three months ended June 30, 2012	Six months ended September 30, 2012	Nine months ended December 31, 2012	Year ended March 31, 2013
Ordinary revenues (million yen)	1,201,630	2,337,735	3,583,723	5,283,989
Income (loss) before income taxes and minority interests (million yen)	8,770	33,754	36,185	56,122
Net income (loss) (million yen)	11,131	28,052	24,676	32,427
Net income (loss) per share (yen)	1,125.53	2,835.23	2,493.21	3,275.48

	Three months ended June 30, 2012	Three months ended September 30, 2012	Three months ended December 31, 2012	Three months ended March 31, 2013
Net income (loss) per share (yen)	1,125.53	1,709.45	(340.94)	782.31

	Three months ended June 30, 2012	Six months ended September 30, 2012	Nine months ended December 31, 2012	Year ended March 31, 2013
Ordinary revenues (million US dollars)	12,776	24,856	38,104	56,182
Income (loss) before income taxes and minority interests (million US dollars)	93	358	384	596
Net income (loss) (million US dollars)	118	298	262	344
Net income (loss) per share (US dollars)	11.96	30.14	26.50	34.82

	Three months ended June 30, 2012	Three months ended September 30, 2012	Three months ended December 31, 2012	Three months ended March 31, 2013
Net income (loss) per share (US dollars)	11.96	18.17	(3.62)	8.31



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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, 2013, 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, 2013, 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 I.

*Ernst & Young ShinNihon LLC*

June 24, 2013

A member firm of Ernst & Young Global Limited