

Non-Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2012	2013	2013
(ASSETS)			
Cash and deposits	259,498	363,601	3,866
Cash	330	309	3
Bank deposits	259,168	363,292	3,862
Call loans	239,800	365,800	3,889
Monetary claims bought	294,324	283,103	3,010
Money held in trust	20,672	24,071	255
Securities	25,333,423	27,161,984	288,803
Government bonds	13,354,741	14,323,032	152,291
Local government bonds	311,133	290,628	3,090
Corporate bonds	2,187,285	2,137,606	22,728
Stocks	2,549,923	2,842,790	30,226
Foreign securities	6,614,982	7,165,487	76,188
Other securities	315,355	402,437	4,278
Loans	3,412,529	3,139,671	33,382
Policy loans	509,826	480,229	5,106
Ordinary loans	2,902,702	2,659,441	28,276
Ordinary loans	2,878,380	2,659,441	28,276
Trust loans	24,321	-	-
Tangible fixed assets	1,254,198	1,236,034	13,142
Land	809,048	794,387	8,446
Buildings	430,305	429,561	4,567
Leased assets	1,664	7,588	80
Construction in progress	9,747	524	5
Other tangible fixed assets	3,432	3,972	42
Intangible fixed assets	105,338	100,909	1,072
Software	71,923	68,665	730
Other intangible fixed assets	33,415	32,243	342
Reinsurance receivable	7,076	14,096	149
Other assets	243,177	288,309	3,065
Accounts receivable	26,839	69,311	736
Prepaid expenses	14,439	13,811	146
Accrued revenue	117,802	125,805	1,337
Deposits	40,508	40,102	426
Margin money for futures trading	7,682	7,119	75
Differential account for futures trading	1	80	0
Derivatives	5,892	12,928	137
Suspense payment	12,656	8,895	94
Other assets	17,353	10,255	109
Deferred tax assets	282,638	65,570	697
Customers' liabilities for acceptances and guarantees	20,074	33,446	355
Reserve for possible loan losses	(10,670)	(4,109)	(43)
Reserve for possible investment losses	(142)	-	-
Total assets	31,461,940	33,072,490	351,647

Non-Consolidated Balance Sheet (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2012	2013	2013
(LIABILITIES)			
Policy reserves and others	28,529,906	29,168,377	310,136
Reserves for outstanding claims	130,386	138,570	1,473
Policy reserves	28,011,648	28,637,045	304,487
Reserve for policyholder dividends	387,871	392,761	4,176
Reinsurance payable	458	727	7
Subordinated bonds	148,652	154,584	1,643
Other liabilities	1,128,862	1,413,825	15,032
Collateral for securities lending transactions	405,816	568,433	6,043
Long-term debt and other borrowings	361,229	359,019	3,817
Corporate income tax payable	6,222	56,612	601
Accounts payable	53,232	89,424	950
Accrued expenses	47,573	46,281	492
Unearned revenue	1,229	1,046	11
Deposits received	53,588	53,883	572
Guarantee deposits received	31,869	31,935	339
Differential account for futures trading	43	-	-
Derivatives	155,358	188,880	2,008
Lease liabilities	1,664	7,545	80
Asset retirement obligations	3,551	2,855	30
Suspense receipt	7,406	7,857	83
Other liabilities	75	48	0
Reserve for employees' retirement benefits	432,022	437,514	4,651
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,521	2,327	24
Reserve for possible reimbursement of prescribed claims	1,000	700	7
Reserves under the special laws	74,453	88,453	940
Reserve for price fluctuations	74,453	88,453	940
Deferred tax liabilities for land revaluation	95,608	94,842	1,008
Acceptances and guarantees	20,074	33,446	355
Total liabilities	30,433,560	31,394,799	333,809
(NET ASSETS)			
Capital stock	210,200	210,207	2,235
Capital surplus	210,200	210,207	2,235
Legal capital surplus	210,200	210,207	2,235
Retained earnings	206,703	216,541	2,302
Legal retained earnings	5,600	5,600	59
Other retained earnings	201,103	210,941	2,242
Fund for risk allowance	43,120	43,120	458
Fund for price fluctuation allowance	65,000	65,000	691
Reserve for tax basis adjustments of real estate	19,352	20,838	221
Retained earnings brought forward	73,630	81,982	871
Treasury stock	(16,703)	(13,431)	(142)
Total shareholders' equity	610,399	623,524	6,629
Net unrealized gains (losses) on securities, net of tax	479,490	1,092,583	11,617
Deferred hedge gains (losses)	(44)	(1,801)	(19)
Reserve for land revaluation	(61,616)	(36,995)	(393)
Total of valuation and translation adjustments	417,829	1,053,786	11,204
Subscription rights to shares	150	379	4
Total net assets	1,028,379	1,677,691	17,838
Total liabilities and net assets	31,461,940	33,072,490	351,647

Non-Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Ordinary revenues	4,398,207	4,315,957	45,890
Premium and other income	3,056,096	2,921,863	31,067
Premium income	3,055,324	2,921,183	31,059
Reinsurance income	771	680	7
Investment income	974,046	1,104,462	11,743
Interest and dividends	691,988	695,667	7,396
Interest from bank deposits	5,949	6,170	65
Interest and dividends from securities	531,101	541,982	5,762
Interest from loans	80,885	76,336	811
Rental income	65,872	63,359	673
Other interest and dividends	8,178	7,819	83
Gains on money held in trust	522	4,904	52
Gains on sale of securities	259,461	211,859	2,252
Gains on redemption of securities	686	3,887	41
Reversal of reserve for possible loan losses	2,159	898	9
Other investment income	2,582	20,649	219
Gains on investments in separate accounts	16,646	166,594	1,771
Other ordinary revenues	368,063	289,631	3,079
Fund receipt for annuity rider of group insurance	814	692	7
Fund receipt for claim deposit payment	282,590	273,136	2,904
Reversal of reserves for outstanding claims	67,308	-	-
Other ordinary revenues	17,349	15,802	168
Ordinary expenses	4,154,442	4,142,150	44,041
Benefits and claims	2,508,726	2,467,768	26,238
Claims	748,564	762,305	8,105
Annuities	540,354	554,669	5,897
Benefits	473,412	505,888	5,378
Surrender values	605,198	519,955	5,528
Other refunds	140,168	123,603	1,314
Ceding reinsurance commissions	1,028	1,346	14
Provision for policy reserves and others	431,636	642,751	6,834
Provision for reserves for outstanding claims	-	8,184	87
Provision for policy reserves	422,124	625,396	6,649
Provision for interest on policyholder dividends	9,512	9,170	97
Investment expenses	363,380	206,514	2,195
Interest expenses	18,666	18,849	200
Losses on sale of securities	180,705	66,196	703
Losses on valuation of securities	44,713	3,210	34
Losses on redemption of securities	3,355	1,637	17
Derivative transaction losses	31,156	48,996	520
Foreign exchange losses	34,444	15,462	164
Provision for reserve for possible investment losses	17	-	-
Write-down of loans	58	429	4
Depreciation of rented real estate and others	15,078	14,606	155
Other investment expenses	35,185	37,124	394
Operating expenses	415,611	408,876	4,347
Other ordinary expenses	435,087	416,239	4,425
Claim deposit payments	351,666	341,855	3,634
National and local taxes	24,454	23,228	246
Depreciation	36,034	37,372	397
Provision for reserve for employees' retirement benefits	13,710	5,314	56
Other ordinary expenses	9,221	8,467	90
Ordinary profit	243,765	173,806	1,848

Non-Consolidated Statement of Earnings (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Extraordinary gains.....	7,589	8,877	94
Gains on disposal of fixed assets	1,589	8,877	94
Reversal of reserve for price fluctuations.....	6,000	—	—
Extraordinary losses	35,962	23,502	249
Losses on disposal of fixed assets	2,582	6,197	65
Impairment losses on fixed assets	33,379	3,128	33
Provision for reserve for price fluctuations.....	—	14,000	148
Other extraordinary losses	—	176	1
Provision for reserve for policyholder dividends	69,000	86,000	914
Income before income taxes	146,391	73,182	778
Corporate income taxes-current	24,798	76,190	810
Corporate income taxes-deferred	103,968	(54,473)	(579)
Total of corporate income taxes	128,766	21,716	230
Net income for the year	17,624	51,465	547

Non-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			
Legal 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
Total changes for the year	-	7	0
Balance at the end of the year	210,200	210,207	2,235
Other capital surplus			
Balance at the beginning of the year	-	-	-
Changes for the year			
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	-	-	-
Balance at the end of the year	-	-	-
Total 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			
Legal retained earnings			
Balance at the beginning of the year	5,600	5,600	59
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	5,600	5,600	59
Other retained earnings			
Fund for risk allowance			
Balance at the beginning of the year	43,120	43,120	458
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	43,120	43,120	458
Fund for price fluctuation allowance			
Balance at the beginning of the year	65,000	65,000	691
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	65,000	65,000	691
Reserve for tax basis adjustments of real estate			
Balance at the beginning of the year	17,962	19,352	205
Changes for the year			
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	1,520	-	-
Transfer to reserve for tax basis adjustments of real estate	8	1,621	17
Transfer from reserve for tax basis adjustments of real estate	(138)	(135)	(1)
Total changes for the year	1,390	1,486	15
Balance at the end of the year	19,352	20,838	221

Non-Consolidated Statement of Changes in Net Assets (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
Retained earnings brought forward			
Balance at the beginning of the year	61,205	73,630	782
Changes for the year			
Dividends	(15,776)	(15,818)	(168)
Net income for the year	17,624	51,465	547
Transfer from retained earnings to capital surplus	(1,315)	(1,090)	(11)
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	(1,520)	—	—
Transfer to reserve for tax basis adjustments of real estate	(8)	(1,621)	(17)
Transfer from reserve for tax basis adjustments of real estate	138	135	1
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Total changes for the year	12,425	8,351	88
Balance at the end of the year	73,630	81,982	871
Total retained earnings			
Balance at the beginning of the year	192,887	206,703	2,197
Changes for the year			
Dividends	(15,776)	(15,818)	(168)
Net income for the year	17,624	51,465	547
Transfer from retained earnings to capital surplus	(1,315)	(1,090)	(11)
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Total changes for the year	13,815	9,837	104
Balance at the end of the year	206,703	216,541	2,302
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	592,808	610,399	6,490
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	17,624	51,465	547
Disposal of treasury stock	2,459	2,182	23
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Total changes for the year	17,591	13,124	139
Balance at the end of the year	610,399	623,524	6,629
Valuation and translation adjustments			
Net unrealized gains (losses) on securities, net of tax			
Balance at the beginning of the year	237,580	479,490	5,098
Changes for the year			
Net changes of items other than shareholders' equity	241,909	613,092	6,518
Total changes for the year	241,909	613,092	6,518
Balance at the end of the year	479,490	1,092,583	11,617
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)

Non-Consolidated Statement of Changes in Net Assets (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2012	2013	2013
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)
Total of valuation and translation adjustments			
Balance at the beginning of the year	173,629	417,829	4,442
Changes for the year			
Net changes of items other than shareholders' equity	244,199	635,957	6,761
Total changes for the year	244,199	635,957	6,761
Balance at the end of the year	417,829	1,053,786	11,204
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
Total net assets			
Balance at the beginning of the year	766,437	1,028,379	10,934
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	17,624	51,465	547
Disposal of treasury stock	2,459	2,182	23
Transfer from reserve for land revaluation	13,284	(24,718)	(262)
Net changes of items other than shareholders' equity	244,350	636,186	6,764
Total changes for the year	261,941	649,311	6,903
Balance at the end of the year	1,028,379	1,677,691	17,838

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

I. BASIS FOR PRESENTATION

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

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

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Valuation Methods of Securities

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

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

(1) Trading Securities

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

(2) Held-to-maturity Securities

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

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

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

(4) Stocks of Subsidiaries and Affiliated Companies

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

(5) Available-for-sale Securities

a) Available-for-sale Securities with Market Value

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

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

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

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

ii) Others

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

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

2. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

3. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets is calculated by the 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.

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

Effective the fiscal year ended March 31, 2013, DL changed its 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, its ordinary profit and income before income taxes for the fiscal year ended March 31, 2013 were each ¥355 million (US\$3 million) higher than they would have been if calculated using the previous depreciation method.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

DL uses the straight-line method for amortization of intangible fixed assets excluding leased assets. Amortization of software for internal use is based on the estimated useful life of 5 years.

(3) Depreciation of Leased Assets

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

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

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

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

5. Policy Reserves

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

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

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

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996 for which premium payments were already completed (including lump-sum payment), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided over nine years. As a result, additional provisions for policy reserves for the year ended March 31, 2012 and 2013 were ¥105,958 million and ¥150,798 million (US\$1,603 million), respectively.

6. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the years ended March 31, 2012 and 2013 were ¥119 million and ¥472 million (US\$5 million), respectively.

7. 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.

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

(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.

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

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

9. 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.

10. Reserve for Price Fluctuations

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

11. Methods for Hedge Accounting

(1) 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, a) 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; b) the currency allotment method and 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); c) 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 d) 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).

(2) 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

(3) Hedging Policies

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

(4) Assessment of Hedge Effectiveness

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

12. Calculation of National and Local Consumption Tax

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

III. NOTES TO NON-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)	424,090	617,658	6,567
Securities (Foreign securities)	3,294	3,753	39
Cash/deposits	86	86	0
Securities and cash/deposits pledged as collateral	427,471	621,499	6,608

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 non-consolidated balance sheet. The total balance of securities lent as of March 31, 2012 and 2013 was ¥490,077 million and ¥730,672 million (US\$7,768 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.....	8,271,349	10,499,119	111,633
Market value.....	8,793,208	11,705,797	124,463

(2) Risk Management Policy

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

The sub-groups of insurance products are:

- 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.

4. Stocks of Subsidiaries and Affiliated Companies

The amounts of stocks of subsidiaries and affiliated companies DL held as of March 31, 2012 and 2013 were ¥340,139 million and ¥368,020 million (US\$3,913 million), respectively.

5. Problem Loans

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

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
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:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
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 ¥620,715 million and ¥626,796 million (US\$6,664 million), respectively.

8. Receivables from and Payables to Subsidiaries and Affiliated Companies

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

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Receivables	65,599	14,617	155
Payables.....	4,226	4,119	43

9. 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 ¥1,115,683 million and ¥1,230,778 million (US\$13,086 million), respectively. Separate account liabilities were the same amount as the separate account assets.

10. 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 (hereinafter, "reserves for outstanding claims reinsured") were ¥9 million and ¥10 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 (hereinafter, "policy reserves reinsured") were ¥0 million and ¥0 million (US\$0 million), respectively.

11. 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

12. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations of DL to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2012 and 2013 were ¥58,920 million and ¥56,749 million (US\$603 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

13. Revaluation of Land

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

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land
The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance of the Law for Revaluation of Land (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 as of March 31, 2012 and 2013 was ¥58,604 million and ¥31,044 million (US\$330 million), respectively.

14. 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.

15. Subordinated Debt

As of March 31, 2012 and 2013, long-term debt and other borrowings 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.

16. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2012, DL held no securities borrowed which were not sold or pledged. As of March 31, 2013, the market value of the securities borrowed which were not sold or pledged was ¥5,204 million (US\$55 million), among which no securities were pledged as collateral.

17. Organizational Change Surplus

As of March 31, 2012 and 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 NON-CONSOLIDATED STATEMENT OF EARNINGS

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

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies for the fiscal years ended March 31, 2012 and 2013 were as follows:

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Revenues.....	10,884	14,737	156
Expenses.....	26,054	27,710	294

2. Gains on Sale of Securities

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

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds	92,098	103,546	1,100
Domestic stocks.....	55,517	28,404	302
Foreign securities	93,889	79,908	849
Other securities	17,955	—	—

3. Losses on Sale of Securities

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

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds	8,802	3,158	33
Domestic stocks.....	55,177	22,832	242
Foreign securities	116,725	40,204	427

4. Losses on Valuation of Securities

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

	Year ended March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Domestic stocks.....	18,077	2,669	28
Foreign securities	26,635	541	5

5. Gains/Losses on Money Held in Trust

Gains (losses) on money held in trust included gains on valuation of securities of ¥357 million for the fiscal year ended March 31, 2012, and gains on valuation of securities of ¥6,783 million (US\$72 million) for the fiscal year ended March 31, 2013.

6. Derivative Transaction Gains/Losses

Derivative transaction gains (losses) included valuation losses of ¥14,239 million for the fiscal year ended March 31, 2012 and valuation gains of ¥2,315 million (US\$24 million) for the fiscal year ended March 31, 2013.

7. Reinsurance

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

For the fiscal year ended March 31, 2013, in calculating a provision for reserves for outstanding claims, a provision for reserve for outstanding claims reinsured of ¥1 million (US\$0 million) was deducted, while, in calculating a provision for policy reserves, a provision for reserve for policy reserves reinsured of ¥0 million (US\$0 million) was deducted.

8. 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	1	0
Total	1,589	8,877	94

9. 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.....	819	837	8
Leased assets	3	1	0
Other tangible fixed assets.....	283	144	1
Software	86	110	1
Other intangible fixed assets.....	100	581	6
Other assets	499	546	5
Total	2,582	6,197	65

10. Impairment Losses on Fixed Assets

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

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the year ended March 31, 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							
			Land	Land Leasehold Rights	Buildings	Total	Land	Land Leasehold Rights	Buildings	Total
			(Unit: million yen)				(Unit: million US dollars)			
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

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. Discount rates of 2.81% 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 NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended March 31, 2012

1. Treasury Stock

(Unit: thousands of shares)

Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2012 ...	139
Increase in treasury stock	—
Decrease in treasury stock	26
Number of treasury stock outstanding at the end of the fiscal year ended March 31, 2012	113

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

For the Year Ended March 31, 2013

1. Treasury Stock

(Unit: thousands of shares)

Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2013 ...	113
Increase in treasury stock	—
Decrease in treasury stock	22
Number of treasury stock outstanding at the end of the fiscal year ended March 31, 2013	90

Note: The 22 thousand shares of decrease in treasury stock represents the sum of (1) shares granted to eligible employees at retirement by the J-ESOP and (2) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

VI. 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	1,142	1,142
Accumulated depreciation	1,013	1,013
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	231	—	—
Depreciation	231	—	—

(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 Lease (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	603	853	9
Due after one year	7,303	7,328	77
Total	7,907	8,182	86

VII. SECURITIES

1. Stocks of DL's subsidiaries and affiliated companies with market value as of March 31, 2012 and 2013

As of March 31, 2012						
	Carrying amount	Market value	Unrealized gains (losses)			
	(Unit: million yen)					
Stocks of affiliated companies	1,932	1,932	—			

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)		
Stocks of affiliated companies	27,622	34,541	6,918	293	367	73

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

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Subsidiaries	314,882	317,138	3,372
Affiliated companies	23,324	23,259	247

VIII. 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	317,947	375,457	3,992
Reserve for employees' retirement benefits	161,580	162,675	1,729
Reserve for price fluctuations.....	23,142	27,382	291
Losses on valuation of securities	27,091	18,824	200
Impairment losses	7,481	6,062	64
Others	24,152	21,389	227
Subtotal	561,396	611,792	6,504
Valuation allowances	(29,373)	(29,271)	(311)
Total	532,023	582,520	6,193
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax.....	(220,984)	(484,017)	(5,146)
Reserve for tax basis adjustments of real estate	(8,561)	(9,222)	(98)
Losses on valuation of securities	(3,213)	(7,142)	(75)
Others	(16,625)	(16,568)	(176)
Total	(249,384)	(516,950)	(5,496)
Net deferred tax assets	282,638	65,570	697

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	(0.54%)	(14.23%)
Difference in tax rate associated with special corporate tax for reconstruction	-	9.65%
Decrease in deferred tax assets in relation to changes in tax rates	51.65%	-
Others	0.76%	1.02%
Actual effective tax rate after considering deferred taxes	87.96%	29.67%

IX. ASSET RETIREMENT OBLIGATIONS

1. Overview of Asset Retirement Obligation

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

2. Calculation Method of Asset Retirement Obligation

DL calculated the asset retirement obligation by (1) estimating the period of service of each building between 0 and 37 years based on its contract term and useful life and (2) applying discount rates ranging from 0.144% to 2.294%.

3. Increase and Decrease in Asset Retirement Obligation

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

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

X. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2012	2013	2013
	(Unit: yen)		(Unit: US dollars)
Net assets per share	104,001.86	169,264.55	1,799.72
Net income per share	1,784.96	5,198.47	55.27
Diluted net income per share	1,784.76	5,196.55	55.25

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	17,624	51,465	547
Net income attributable to other than shareholders of common stock.....	—	—	—
Net income attributable to shareholders of common stock	17,624	51,465	547
Average number of common stock outstanding ^(*)	9,873 thousand shares	9,900 thousand shares	9,900 thousand shares
Diluted net income per share			
Adjustments in 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 net assets per share was as follows:

	As of March 31,		
	2012	2013	2013
	(Unit: million yen)		(Unit: million US dollars)
Net assets	1,028,379	1,677,691	17,838
Adjustments.....	150	379	4
Subscription rights to shares.....	150	379	4
Net assets attributable to common stock	1,028,229	1,677,311	17,834
Number of common stock outstanding ^(*)	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®.

XI. 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	1,040.02	1,692.65	17.99
Net income per share	17.85	51.98	0.55
Diluted net income per share	17.85	51.97	0.55

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.

XII. SUPPLEMENTAL TABLES

1. Details of Operating Expenses for the Fiscal Year Ended March 31, 2013

	Year Ended March 31, 2013	
	(Unit: million yen)	(Unit: million US dollars)
Sales activity expenses	168,018	1,786
Related to sales representatives	164,445	1,748
Related to sales agencies	2,386	25
Related to selection of policyholders	1,186	12
Sales management expenses	66,029	702
Related to management of sales representatives	63,086	670
Related to advertisement	2,943	31
General management expenses	174,828	1,858
Personal expenses	82,654	878
Property expenses	87,243	927
Donation, co-sponsoring and membership fees	1,001	10
Obligation expenses	4,930	52
Total	408,876	4,347

Note: 1. Property expenses listed in the above table include expenses associated with (1) receiving premium payments from policyholders, (2) information systems and (3) maintaining office.

2. Obligation expenses represent obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act.

2. Details of Tangible Fixed Assets for the Fiscal Year Ended March 31, 2013

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
	(Unit: million yen)						
Tangible fixed assets							
Land	809,048	8,316	22,977 [1,563]	794,387	—	—	794,387
Buildings	1,037,382	32,589	28,636 [1,063]	1,041,336	611,774	24,642	429,561
Leased assets	2,430	7,214	5	9,639	2,051	1,288	7,588
Construction in progress	9,747	31,709	40,932	524	—	—	524
Other tangible fixed assets	16,304	2,576	1,938	16,943	12,970	1,892	3,972
Total	1,874,913	82,407	94,489 [2,626]	1,862,831	626,796	27,823	1,236,034
Intangible fixed assets							
Software	—	—	—	122,835	54,169	23,320	68,665
Other intangible fixed assets	—	—	—	32,272	29	4	32,243
Total	—	—	—	155,107	54,198	23,324	100,909
Long-term prepaid expenses	—	—	—	—	—	—	—
Deferred assets	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(Unit: million US dollars)							
Tangible fixed assets							
Land	8,602	88	244	8,446	–	–	8,446
			[16]				
Buildings.....	11,030	346	304	11,072	6,504	262	4,567
			[11]				
Leased assets	25	76	0	102	21	13	80
Construction in progress.....	103	337	435	5	–	–	5
Other tangible fixed assets.....	173	27	20	180	137	20	42
Total	19,935	876	1,004	19,806	6,664	295	13,142
			[27]				
Intangible fixed assets							
Software	–	–	–	1,306	575	247	730
Other intangible fixed assets...	–	–	–	343	0	0	342
Total	–	–	–	1,649	576	247	1,072
Long-term prepaid expenses	–	–	–	–	–	–	–
Deferred assets	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–

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

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

3. Details of Reserves for the Fiscal Year Ended March 31, 2013

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million yen)					
Reserve for possible loan losses.....	10,670	4,109	5,660	5,009	4,109
General reserves.....	2,411	1,751	–	2,411	1,751
Specific reserves	8,258	2,358	5,660	2,598	2,358
Reserve for possible investment losses.....	142	–	142	–	–
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,521	25	219	–	2,327
Reserve for possible reimbursement of prescribed claims...	1,000	–	264	35	700
Reserve for price fluctuations.....	74,453	14,000	–	–	88,453

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million US dollars)					
Reserve for possible loan losses.....	113	43	60	53	43
General reserves.....	25	18	–	25	18
Specific reserves	87	25	60	27	25
Reserve for possible investment losses.....	1	–	1	–	–
Reserve for retirement benefits of directors, executive officers and corporate auditors	26	0	2	–	24
Reserve for possible reimbursement of prescribed claims...	10	–	2	0	7
Reserve for price fluctuations.....	791	148	–	–	940

Note: 1. Decrease of reserve for possible loan losses (general reserve) for other reasons represents reversing the credited reserve amount in full to renew the reserve.

2. Decrease of reserve for possible loan losses (specific reserve) for other reasons represents reversing the credited reserve amount in full to renew the reserve.

3. Decrease of reserve for possible reimbursement of prescribed claims for other reasons represents reversing the credited reserve amount in full to renew the reserve.



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Independent Auditor's Report

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

We have audited the accompanying non-consolidated financial statements of The Dai-ichi Life Insurance Company, Limited, which comprise the non-consolidated balance sheet as at March 31, 2013, and the non-consolidated statements of earnings, changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the non-Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Dai-ichi Life Insurance Company, Limited as at March 31, 2013, and its non-consolidated financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 24, 2013

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