

Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2013	2014	2014
(ASSETS)			
Cash and deposits	457,517	698,594	6,787
Call loans	391,200	362,800	3,525
Monetary claims bought	285,082	281,859	2,738
Money held in trust	56,251	66,400	645
Securities	29,390,963	31,203,581	303,182
Loans	3,140,990	3,024,702	29,388
Tangible fixed assets	1,236,270	1,215,895	11,813
Land	794,387	796,436	7,738
Buildings	429,573	408,402	3,968
Leased assets	7,600	6,141	59
Construction in progress	524	1,349	13
Other tangible fixed assets	4,183	3,566	34
Intangible fixed assets	215,457	210,053	2,040
Software	67,479	65,040	631
Goodwill	69,103	77,108	749
Other intangible fixed assets	78,874	67,904	659
Reinsurance receivable	32,861	33,867	329
Other assets	390,844	516,436	5,017
Deferred tax assets	67,636	5,734	55
Customers' liabilities for acceptances and guarantees	33,446	88,225	857
Reserve for possible loan losses	(4,110)	(2,759)	(26)
Reserve for possible investment losses	—	(215)	(2)
Total assets	35,694,411	37,705,176	366,354
(LIABILITIES)			
Policy reserves and others	31,703,858	33,327,552	323,819
Reserves for outstanding claims	298,557	358,606	3,484
Policy reserves	31,012,539	32,574,923	316,507
Reserve for policyholder dividends	392,761	394,022	3,828
Reinsurance payable	16,541	27,677	268
Subordinated bonds	154,584	107,562	1,045
Other liabilities	1,496,592	1,593,272	15,480
Reserve for employees' retirement benefits	439,734	—	—
Net defined benefit liabilities	—	385,436	3,745
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,350	2,163	21
Reserve for possible reimbursement of prescribed claims	700	800	7
Reserves under the special laws	89,228	118,167	1,148
Reserve for price fluctuations	89,228	118,167	1,148
Deferred tax liabilities	13,511	15,108	146
Deferred tax liabilities for land revaluation	94,842	91,595	889
Acceptances and guarantees	33,446	88,225	857
Total liabilities	34,045,391	35,757,563	347,430
(NET ASSETS)			
Capital stock	210,207	210,224	2,042
Capital surplus	210,207	210,262	2,042
Retained earnings	156,357	219,552	2,133
Treasury stock	(13,431)	(11,500)	(111)
Total shareholders' equity	563,340	628,538	6,107
Net unrealized gains (losses) on securities, net of tax	1,099,351	1,322,731	12,852
Deferred hedge gains (losses)	(1,801)	(2,586)	(25)
Reserve for land revaluation	(36,995)	(38,320)	(372)
Foreign currency translation adjustments	18,229	19,756	191
Accumulated remeasurements of defined benefit plans	—	16,854	163
Total accumulated other comprehensive income	1,078,784	1,318,435	12,810
Subscription rights to shares	379	583	5
Minority interests	6,514	55	0
Total net assets	1,649,020	1,947,613	18,923
Total liabilities and net assets	35,694,411	37,705,176	366,354

Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2013	2014	2014
Ordinary revenues	5,283,989	6,044,955	58,734
Premium and other income	3,646,831	4,353,229	42,297
Investment income	1,335,120	1,320,066	12,826
Interest and dividends	709,592	797,309	7,746
Gains on investments in trading securities	19,492	20,659	200
Gains on sale of securities	226,587	210,417	2,044
Gains on redemption of securities	3,887	25,418	246
Foreign exchange gains	18,704	—	—
Reversal of reserve for possible loan losses	912	1,329	12
Other investment income	20,649	2,568	24
Gains on investments in separate accounts	335,295	262,363	2,549
Other ordinary revenues	302,037	371,659	3,611
Ordinary expenses	5,126,695	5,740,205	55,773
Benefits and claims	2,795,355	2,903,587	28,212
Claims	798,773	772,715	7,507
Annuities	556,474	576,951	5,605
Benefits	540,349	497,867	4,837
Surrender values	652,870	693,785	6,741
Other refunds	246,886	362,267	3,519
Provision for policy reserves and others	1,191,953	1,634,864	15,884
Provision for reserves for outstanding claims	53,489	61,004	592
Provision for policy reserves	1,129,293	1,564,912	15,205
Provision for interest on policyholder dividends	9,170	8,946	86
Investment expenses	221,738	234,950	2,282
Interest expenses	20,046	20,005	194
Losses on money held in trust	14,009	13,356	129
Losses on sale of securities	66,203	67,494	655
Losses on valuation of securities	3,210	1,407	13
Losses on redemption of securities	1,637	3,050	29
Derivative transaction losses	63,369	61,093	593
Foreign exchange losses	—	13,233	128
Provision for reserve for possible investment losses	—	215	2
Write-down of loans	429	31	0
Depreciation of real estate for rent and others	14,606	14,198	137
Other investment expenses	38,224	40,862	397
Operating expenses	486,419	517,566	5,028
Other ordinary expenses	431,227	449,236	4,364
Ordinary profit	157,294	304,750	2,961
Extraordinary gains	8,882	3,634	35
Gains on disposal of fixed assets	8,880	3,624	35
Other extraordinary gains	2	10	0
Extraordinary losses	24,054	67,374	654
Losses on disposal of fixed assets	6,350	13,890	134
Impairment losses on fixed assets	3,128	23,890	232
Provision for reserve for price fluctuations	14,397	28,939	281
Other extraordinary losses	179	654	6
Provision for reserve for policyholder dividends	86,000	94,000	913
Income before income taxes and minority interests	56,122	147,010	1,428
Corporate income taxes-current	80,625	117,221	1,138
Corporate income taxes-deferred	(54,086)	(46,467)	(451)
Total of corporate income taxes	26,538	70,753	687
Income before minority interests	29,583	76,256	740
Minority interests in gain (loss) of subsidiaries	(2,843)	(1,674)	(16)
Net income for the year	32,427	77,931	757

Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2013	2014	2014
Income before minority interests.....	29,583	76,256	740
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax	615,900	224,078	2,177
Deferred hedge gains (losses)	(1,757)	(784)	(7)
Reserve for land revaluation	(97)	(269)	(2)
Foreign currency translation adjustments	23,904	(4,131)	(40)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	3,141	5,031	48
Total other comprehensive income	641,091	223,924	2,175
Comprehensive income.....	670,675	300,180	2,916
(Details)			
Attributable to shareholders of the parent company.....	673,243	301,783	2,932
Attributable to minority interests	(2,568)	(1,603)	(15)

Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2013	2014	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income taxes and minority interests	56,122	147,010	1,428
Depreciation of rented real estate and others	14,606	14,198	137
Depreciation	39,992	38,278	371
Impairment losses on fixed assets	3,128	23,890	232
Amortization of goodwill	3,839	4,490	43
Increase (decrease) in reserves for outstanding claims	43,517	64,445	626
Increase (decrease) in policy reserves	1,134,919	1,563,285	15,189
Provision for interest on policyholder dividends	9,170	8,946	86
Provision for (reversal of) reserve for policyholder dividends	86,000	94,000	913
Increase (decrease) in reserve for possible loan losses	(1,469)	(1,351)	(13)
Increase (decrease) in reserve for possible investment losses	(142)	215	2
Write-down of loans	429	31	0
Increase (decrease) in reserve for employees' retirement benefits	5,941	—	—
Increase (decrease) in net defined benefit liabilities	—	(29,962)	(291)
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(188)	(186)	(1)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(300)	100	0
Increase (decrease) in reserve for price fluctuations	14,397	28,939	281
Interest and dividends	(709,592)	(797,309)	(7,746)
Securities related losses (gains)	(514,210)	(446,907)	(4,342)
Interest expenses	20,046	20,005	194
Foreign exchange losses (gains)	(18,704)	13,233	128
Losses (gains) on disposal of fixed assets	(2,530)	9,764	94
Equity in losses (income) of affiliates	(2,652)	(5,359)	(52)
Decrease (increase) in reinsurance receivable	10,016	(993)	(9)
Decrease (increase) in other assets unrelated to investing and financing activities	(16,705)	(73,269)	(711)
Increase (decrease) in reinsurance payable	2,184	11,554	112
Increase (decrease) in other liabilities unrelated to investing and financing activities ..	27,947	(31,334)	(304)
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan	—	22,133	215
Others, net	96,361	115,120	1,118
Subtotal	302,125	792,970	7,704
Interest and dividends received	738,053	837,102	8,133
Interest paid	(19,846)	(19,722)	(191)
Policyholder dividends paid	(90,280)	(101,686)	(988)
Others, net	(408,429)	(297,517)	(2,890)
Corporate income taxes paid	(33,918)	(117,175)	(1,138)
Net cash flows provided by (used in) operating activities	487,703	1,093,970	10,629
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of monetary claims bought	(20,800)	(33,040)	(321)
Proceeds from sale and redemption of monetary claims bought	28,701	32,924	319
Purchases of money held in trust	(23,500)	(23,287)	(226)
Proceeds from decrease in money held in trust	1,477	—	—
Purchases of securities	(8,441,421)	(8,698,928)	(84,521)
Proceeds from sale and redemption of securities	7,837,464	7,680,239	74,623
Origination of loans	(402,048)	(612,363)	(5,949)
Proceeds from collection of loans	687,176	728,934	7,082
Others, net	162,616	205,504	1,996
Total of net cash provided by (used in) investment transactions	(170,335)	(720,015)	(6,995)
Total of net cash provided by (used in) operating activities and investment transactions	317,368	373,955	3,633
Acquisition of tangible fixed assets	(34,178)	(38,333)	(372)
Proceeds from sale of tangible fixed assets	32,592	15,058	146
Acquisition of intangible fixed assets	(20,322)	(19,249)	(187)
Proceeds from sale of intangible fixed assets	89	18	0
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	—	(2,236)	(21)
Acquisition of stock of subsidiaries	—	(18,501)	(179)
Payments for execution of assets retirement obligations	—	(3)	(0)
Net cash flows provided by (used in) investing activities	(192,153)	(783,262)	(7,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	(2,210)	(31,959)	(310)
Redemption of bonds	—	(51,624)	(501)
Repayment of financial lease obligations	(1,338)	(1,735)	(16)
Proceeds from disposal of treasury stock	2,165	1,932	18
Cash dividends paid	(15,746)	(15,787)	(153)
Others, net	(8)	(14)	(0)
Net cash flows provided by (used in) financing activities	(17,138)	(99,189)	(963)
Effect of exchange rate changes on cash and cash equivalents	5,919	1,157	11
Net increase (decrease) in cash and cash equivalents	284,330	212,676	2,066
Cash and cash equivalents at the beginning of the year	564,387	848,717	8,246
Cash and cash equivalents at the end of the year	848,717	1,061,394	10,312

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2014

(Unit: million yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the year.....	210,207	210,207	156,357	(13,431)	563,340
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....	17	17			35
Dividends			(15,855)		(15,855)
Net income for the year			77,931		77,931
Disposal of treasury stock		37		1,930	1,967
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....			1,055		1,055
Others			62		62
Net changes of items other than shareholders' equity					
Total changes for the year	17	54	63,194	1,930	65,197
Balance at the end of the year	210,224	210,262	219,552	(11,500)	628,538

(Unit: million yen)

	Accumulated other comprehensive income			
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year.....	1,099,351	(1,801)	(36,995)	18,229
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....				
Dividends				
Net income for the year				
Disposal of treasury stock				
Transfer from retained earnings to capital surplus.....				
Transfer from reserve for land revaluation.....				
Others				
Net changes of items other than shareholders' equity	223,379	(784)	(1,325)	1,527
Total changes for the year	223,379	(784)	(1,325)	1,527
Balance at the end of the year	1,322,731	(2,586)	(38,320)	19,756

(Unit: million yen)

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year.....	—	1,078,784	379	6,514	1,649,020
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....					35
Dividends					(15,855)
Net income for the year					77,931
Disposal of treasury stock					1,967
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....					1,055
Others					62
Net changes of items other than shareholders' equity	16,854	239,651	203	(6,458)	233,396
Total changes for the year	16,854	239,651	203	(6,458)	298,593
Balance at the end of the year	16,854	1,318,435	583	55	1,947,613

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2014

(Unit: million US dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year.....	2,042	2,042	1,519	(130)	5,473
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....	0	0			0
Dividends			(154)		(154)
Net income for the year			757		757
Disposal of treasury stock		0		18	19
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....			10		10
Others			0		0
Net changes of items other than shareholders' equity					
Total changes for the year	0	0	614	18	633
Balance at the end of the year	2,042	2,042	2,133	(111)	6,107

(Unit: million US dollars)

	Accumulated other comprehensive income			
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year.....	10,681	(17)	(359)	177
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....				
Dividends				
Net income for the year				
Disposal of treasury stock				
Transfer from retained earnings to capital surplus.....				
Transfer from reserve for land revaluation.....				
Others				
Net changes of items other than shareholders' equity	2,170	(7)	(12)	14
Total changes for the year	2,170	(7)	(12)	14
Balance at the end of the year	12,852	(25)	(372)	191

(Unit: million US dollars)

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year.....	—	10,481	3	63	16,022
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....					0
Dividends					(154)
Net income for the year					757
Disposal of treasury stock					19
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....					10
Others					0
Net changes of items other than shareholders' equity	163	2,328	1	(62)	2,267
Total changes for the year	163	2,328	1	(62)	2,901
Balance at the end of the year	163	12,810	5	0	18,923

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2013

(Unit: million yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the year.....	210,200	210,200	165,557	(16,703)	569,253
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....	7	7			14
Dividends			(15,818)		(15,818)
Net income for the year			32,427		32,427
Disposal of treasury stock		(1,090)		3,272	2,182
Transfer from retained earnings to capital surplus.....		1,090	(1,090)		—
Transfer from reserve for land revaluation.....			(24,718)		(24,718)
Others			0		0
Net changes of items other than shareholders' equity					
Total changes for the year	7	7	(9,199)	3,272	(5,912)
Balance at the end of the year	210,207	210,207	156,357	(13,431)	563,340

(Unit: million yen)

	Accumulated other comprehensive income			
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year.....	483,446	(44)	(61,616)	(8,535)
Changes for the year				
Issuance of new shares—exercise of subscription rights to shares.....				
Dividends				
Net income for the year				
Disposal of treasury stock				
Transfer from retained earnings to capital surplus.....				
Transfer from reserve for land revaluation.....				
Others				
Net changes of items other than shareholders' equity	615,905	(1,757)	24,621	26,765
Total changes for the year	615,905	(1,757)	24,621	26,765
Balance at the end of the year	1,099,351	(1,801)	(36,995)	18,229

(Unit: million yen)

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year.....	—	413,249	150	9,091	991,745
Changes for the year					
Issuance of new shares—exercise of subscription rights to shares.....					14
Dividends					(15,818)
Net income for the year					32,427
Disposal of treasury stock					2,182
Transfer from retained earnings to capital surplus.....					—
Transfer from reserve for land revaluation.....					(24,718)
Others					0
Net changes of items other than shareholders' equity	—	665,534	229	(2,577)	663,187
Total changes for the year	—	665,534	229	(2,577)	657,274
Balance at the end of the year	—	1,078,784	379	6,514	1,649,020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED MARCH 31, 2014

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", the "Company" or the "Parent Company") 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 ¥102.92=US\$1.00, the foreign exchange rate on March 31, 2014, 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 ("DLVN") and TAL Dai-ichi Life Australia Pty Ltd ("TDLA"). The number of consolidated subsidiaries as of March 31, 2014 was twenty-one. Effective the fiscal year ended March 31, 2014, seven new subsidiaries of TDLA and one new subsidiary of DLVN are included in the scope of consolidation. Two subsidiaries of TDLA are excluded from the scope of the consolidation as TDLA disposed of its interest in the subsidiaries.

The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Business Service K.K. and First U Anonymous Association. The fifteen non-consolidated subsidiaries as of March 31, 2014 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, 2014.

The number of affiliated companies under the equity method as of March 31, 2014 was thirty-two. 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, Janus Capital Group Inc. and PT Panin Internasional. Effective the fiscal year ended March 31, 2014, one subsidiary of Janus Capital Group Inc., PT Panin Internasional and its subsidiary were newly included in the scope of the equity method. The non-consolidated subsidiaries (Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Business Service K.K. and First U Anonymous Association 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.

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	two to sixty years
Other tangible fixed assets	two to twenty years

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

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

Depreciation of tangible fixed assets owned by consolidated subsidiaries in Japan is principally calculated by the declining balance method, while the straight-line method is principally used to compute depreciation for such assets of consolidated overseas subsidiaries.

b) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(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, 2013 and 2014 were ¥472 million and ¥67 million (US\$0 million), respectively.

(5) Reserve for Possible Investment Losses

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

(6) Reserve for 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) Net Defined Benefit Liabilities

For the net defined benefit liabilities, the amount is provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2014.

a) Allocation of Estimated Retirement Benefits

In calculating the projected benefit obligations, the straight-line method is adopted to allocate estimated retirement benefits to the period until March 31, 2014.

b) Amortization of Actuarial Differences and Past Service Cost

Past service cost is amortized under the straight-line method through a certain period (three years) within the employees’ average remaining service period.

Actuarial differences are amortized under the straight-line method through a certain period (three or seven 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.

(9) Reserve for Price Fluctuations

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

(10) Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

DL translated foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies 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)”.

(11) 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.

(12) Amortization of Goodwill

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

(13) Scope of Cash and Cash Equivalents

Cash and cash equivalents in the consolidated 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.

(14) Calculation of National and Local Consumption Tax

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

(15) Policy Reserves

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

- 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, 2013 and 2014 were ¥150,798 million and ¥126,720 million (US\$1,231 million), respectively.

(16) Changes in Accounting Policies

Effective the fiscal year ended March 31, 2014, DL and its domestic consolidated subsidiaries applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012, hereinafter “the Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012, hereinafter “the Guidance”), except for provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance.

As DL changed the calculation method of net defined benefit liabilities to record them as the projected benefit obligations minus pension assets, the unrecognized actuarial differences and unrecognized past service cost were recorded as net defined benefit liabilities.

Upon the adoption of these new standards, DL followed the transitional treatment stipulated in Paragraph 37 of the Standard and the impact of adoption as of March 31, 2014 is included in the accumulated remeasurements of defined benefit plans as a component of the accumulated other comprehensive income.

As a result, DL recorded ¥385,436 million (US\$3,745 million) of net defined benefit liabilities. Also accumulated other comprehensive income of DL as of March 31, 2014 increased by ¥16,854 million (US\$163 million) as compared to what it would have been if calculated using the previous method.

The impact on per-share information is described XIX. **PER SHARE INFORMATION.**

(17) Accounting Standard and Guidance Scheduled to be Applied

For the fiscal year ended March 31, 2014, accounting standards and the relevant guidance that are not yet applied but scheduled to be applied are as follows:

a) Retirement Benefits

- “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)

i) Overview

From the viewpoint of improvements to financial reporting and promoting international convergence, ASBJ revised the standard and guidance to improve accounting for unrecognized actuarial differences and unrecognized prior service cost and calculation of projected benefit obligations and service costs and to enhance related disclosures.

ii) 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 applied the other components of the standard and guidance at the end of the fiscal year ended March 31, 2014.

iii) Impact of applying the standard and guidance

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

b) Business Combination and Others

- “Accounting Standard for Business Combination” (ASBJ Statement No.21 issued on September 13, 2013),
- “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 issued on September 13, 2013),
- “Accounting Standard for Business Divestitures” (ASBJ Statement No.7 issued on September 13, 2013),
- “Accounting Standard for Earnings Per Share” (ASBJ Statement No.2 issued on September 13, 2013),
- “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10 issued on September 13, 2013) and
- “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4 issued on September 13, 2013)

i) Overview

ASBJ revised the standards and guidance focusing on

- ✓ treatment of changes in a parent company’s stake in its subsidiary in case the parent company continues to control the subsidiary at the time of acquiring additional stake in the subsidiary
- ✓ treatment of expenses related to the acquisition
- ✓ presentation of net income and transition from minority interests to non-controlling interests, and
- ✓ tentative accounting treatment.

ii) Scheduled date for application

DL will apply the revised standards and guidance effective the fiscal year beginning April 1, 2015, although it will apply the tentative accounting treatment for the business combination conducted on or after April 1, 2015.

iii) Impact of applying the standard and guidance

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

(18) 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,		2014 (Unit: million US dollars)
	2013	2014	
	(Unit: million yen)		
Securities (Government bonds).....	620,782	752,581	7,312
Securities (Foreign securities)	3,753	4,149	40
Securities (Corporate bonds)	534	527	5
Cash/deposits	86	86	0
Securities and cash/deposits pledged as collateral.....	625,157	757,345	7,358

The amounts of secured liabilities were as follows:

	As of March 31,		2014 (Unit: million US dollars)
	2013	2014	
	(Unit: million yen)		
Cash collateral for securities lending transactions.....	568,433	773,937	7,519
Loans payable	5	3	0
Secured liabilities	568,438	773,941	7,519

“Securities (Government bonds)” pledged as collateral for securities lending transactions with cash collateral as of March 31, 2013 and 2014 were ¥537,715 million and ¥726,832 million (US\$7,062 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, 2013 and 2014 were ¥741,123 million and ¥1,148,500 million (US\$11,159 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, 2013 and 2014 were as follows:

	As of March 31,		2014 (Unit: million US dollars)
	2013	2014	
	(Unit: million yen)		
Book value.....	10,794,851	12,461,047	121,075
Market value	12,005,334	13,539,746	131,556

(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:

Year ended March 31, 2013	Year ended March 31, 2014
i) individual life insurance and individual annuity (yen-denominated, short-term),	i) individual life insurance and individual annuity (yen-denominated, short-term),
ii) individual life insurance and individual annuity (U.S. dollar-denominated), and	ii) individual life insurance and individual annuity (yen-denominated, long-term),
iii) individual life insurance and individual annuity (Australian dollar-denominated), with the exception of certain types and contracts.	iii) individual life insurance and individual annuity (U.S. dollar-denominated), and
	iv) individual life insurance and individual annuity (Australian dollar-denominated), with the exception of certain types and contracts.

(3) Addition of Sub-groups

Effective the fiscal year ended March 31, 2014, in order to conduct appropriate duration control, taking into account the duration of liabilities to promote more sophisticated ALM, a certain subsidiary of DL added individual life insurance and individual annuity (yen-denominated, long-term) as a new sub-group. This addition did not have any impact on profits and losses of DL and the subsidiary.

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	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Stocks	72,989	98,916	961
Capital	3,990	40,026	388
Total	76,980	138,942	1,350

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	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	4,132	4,329	42
Delinquent loans.....	4,679	4,463	43
Loans past due for three months or more.....	—	—	—
Restructured loans	926	35	0
Total	9,738	8,828	85

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	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	407	6	0
Delinquent loans.....	65	60	0

6. Commitment Line

As of March 31, 2013 and 2014, there were unused commitment line agreements under which DL is the lender of ¥25,041 million and ¥27,767 million (US\$269 million), respectively.

7. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2013 and 2014 were ¥627,365 million and ¥638,112 million (US\$6,200 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, 2013 and 2014 were ¥2,788,994 million and ¥3,052,249 million (US\$29,656 million), respectively. Separate account liabilities were the same amount as the separate account assets.

9. Reinsurance

As of March 31, 2013 and 2014, 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 ¥12 million and ¥5 million (US\$0 million), respectively.

As of March 31, 2013 and 2014, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥8,236 million and ¥12,262 million (US\$119 million), respectively.

10. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year.....	387,871	392,761	3,816
Dividends paid during the year.....	(90,280)	(101,686)	(988)
Interest accrual during the year.....	9,170	8,946	86
Provision for reserve for policyholder dividends	86,000	94,000	913
Balance at the end of the year	392,761	394,022	3,828

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, 2013 and 2014 were ¥58,654 million and ¥55,825 million (US\$542 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 Issue 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 ¥31,044 million as of March 31, 2013, which included ¥8,883 million attributable to real estate for rent, and ¥20,257 million (US\$196 million) as of March 31, 2014, which included ¥2,032 million (US\$19 million) attributable to real estate for rent.

13. Subordinated Bonds

Subordinated bonds of ¥154,584 million and ¥107,562 million (US\$1,045 million) shown in liabilities as of March 31, 2013 and 2014 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

Issuer	Description	Issuance date	Balance as of April 1, 2013	Balance as of March 31, 2014	Interest rate (%)	Collateral	Maturity date
(Unit: million yen)							
DL	Foreign currency (US dollar) denominated subordinated bonds	March 17, 2004	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	–	–	154,584	107,562	–	–	–

Note: The figures in parentheses represent the principle amount in US dollars.

14. Subordinated Debt

As of March 31, 2013 and 2014, other liabilities included subordinated debt of ¥350,000 million and ¥320,000 million (US\$3,109 million), respectively, the repayment of which is subordinated to other obligations.

Category	Balance as of April 1, 2013	Balance as of March 31, 2014	Average interest rate (%)	Maturity	Balance as of April 1, 2013	Balance as of March 31, 2014
(Unit: million yen)					(Unit: million US dollars)	
Current portions of long-term borrowings	30,001	1	5.2	–	291	0
Current portions of lease obligations...	1,679	1,642	–	–	16	15
Long-term borrowings (excluding current portion)	350,905	348,334	2.7	September 2015 - perpetual	3,409	3,384
Lease obligations (excluding current portion)	5,878	4,385	–	April 2015 - January 2019	57	42
Total	388,465	354,362	–	–	3,774	3,443

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, 2014. 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, 2014:

	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.....	21,275	0	0	0
Lease obligations	1,487	1,253	1,225	418
(Unit: million US dollars)				
Long-term borrowings.....	206	0	0	0
Lease obligations	14	12	11	4

15. Securities Borrowing

Securities borrowed under borrowing agreements and securities received as collateral of reinsurance transactions can be sold or pledged as collateral. As of March 31, 2013 and 2014, the market value of the securities borrowed which were not sold or pledged as collateral was ¥9,644 million and ¥43,418 million (US\$421 million), respectively.

16. Organizational Change Surplus

As of March 31, 2013 and 2014, 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\$1,144 million), respectively.

IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

1. Operating Expenses

Details of operating expenses for the years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses	202,657	229,549	2,230
Sales management expenses	70,947	72,984	709
General management expenses.....	212,814	215,032	2,089

2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Land	3,265	3,373	32
Buildings.....	5,609	237	2
Other tangible fixed assets.....	4	5	0
Other intangible fixed assets.....	–	8	0
Total	8,880	3,624	35

3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2013 and 2014 were as follows:

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Land	3,976	8,008	77
Buildings.....	837	5,333	51
Leased assets	1	1	0
Other tangible fixed assets.....	295	40	0
Software	110	65	0
Other intangible fixed assets.....	581	299	2
Other assets	546	141	1
Total	6,350	13,890	134

4. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the years ended March 31, 2013 and 2014 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, 2013 were as follows:

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

Impairment losses by asset group for the year ended March 31, 2014 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	Shinjuku-Ku, Tokyo and others	2	2,682	6,495	6,154	15,332	26	63	59	148
Real estate not in use	Okayama City, Okayama Prefecture and others	28	3,461	2,718	2,378	8,557	33	26	23	83
Total		30	6,144	9,213	8,532	23,890	59	89	82	232

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 2.73% and 2.66% for the years ended March 31, 2013 and 2014, 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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year	1,006,123	468,991	4,556
Amount reclassified	(117,516)	(145,882)	(1,417)
Before tax adjustment	888,607	323,109	3,139
Tax effect	(272,706)	(99,031)	(962)
Net unrealized gains (losses) on securities, net of tax	615,900	224,078	2,177
Deferred hedge gains (losses)			
Amount incurred during the year	(2,352)	(2,435)	(23)
Amount reclassified	(190)	(143)	(1)
Amount adjusted for asset acquisition cost	–	1,437	13
Before tax adjustment	(2,542)	(1,141)	(11)
Tax effect	784	356	3
Deferred hedge gains (losses)	(1,757)	(784)	(7)
Reserve for land revaluation			
Amount incurred during the year	–	–	–
Amount reclassified	–	–	–
Before tax adjustment	–	–	–
Tax effect	(97)	(269)	(2)
Reserve for land revaluation	(97)	(269)	(2)
Foreign currency translation adjustments			
Amount incurred during the year	23,904	(4,131)	(40)
Amount reclassified	–	–	–
Before tax adjustment	23,904	(4,131)	(40)
Tax effect	–	–	–
Foreign currency translation adjustments	23,904	(4,131)	(40)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year	3,254	5,136	49
Amount reclassified	(113)	(104)	(1)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	3,141	5,031	48
Total other comprehensive income	641,091	223,924	2,175

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

1. For the Year Ended March 31, 2013

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2013			
	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	0	–	10,000
Treasury stock ^(*)	113	–	22	90

(*) The increase of common stock that rounded to 0 thousand shares represents the exercise of stock acquisition rights.

(*) The decrease of 22 thousand shares of 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

(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 stock
Total dividends ^(*)	¥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.

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 stock
Total dividends ^(*)	¥15,855 million
Dividends per share	¥1,600
Record date	March 31, 2013
Effective date	June 25, 2013
Dividend resource	Retained earnings

(*) Total dividends did not include ¥145 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, 2014

(1) Type and Number of Shares Outstanding

	At the beginning of the year	Year ended March 31, 2014		
		Increase during the year	Decrease during the year	At the end of the year
		(Unit: thousands of shares)		
Common stock ^{(*)2}	10,000	990,059	—	1,000,060
Treasury stock ^{(*)3)(*)4}	90	8,255	602	7,743

(*)1 The Company conducted a 1:100 share split on October 1, 2013.

(*)2 The increase of 990,059 thousand shares of common stock represents the sum of a) the exercise of stock acquisition rights of 0 thousand shares and b) the stock split 990,059 thousand shares.

(*)3 The increase of 8,255 thousand shares of treasury stock represents the stock split.

(*)4 The decrease of 602 thousand shares of 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, 2014 (Unit: million yen)
DL	Stock acquisition rights in the form of stock options	583 (US\$5 million)

(3) Dividends on Common Stocks

a) Dividends paid during the fiscal year ended March 31, 2014

Date of resolution	June 24, 2013 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends ^(*)	¥15,855 million (US\$15.4 million)
Dividends per share	¥1,600 (US\$15.54)
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.

b) Dividends, the record date of which was March 31, 2014, to be paid out in the year ending March 31, 2015

Date of resolution	June 24, 2014 (at the Annual General Meeting of Shareholders to be held)
Type of shares	Common stock
Total dividends ^(*)	¥19,846 million (US\$192 million)
Dividends per share ^(*)	¥20 (US\$0.19)
Record date	March 31, 2014
Effective date	June 25, 2014
Dividend resource	Retained earnings

(*) Total dividends did not include ¥154 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.

(*) The Company conducted a 1:100 share split on October 1, 2013. The dividend per share reflects the share split.

VII. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2013 and 2014 were as follows:

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Cash and cash deposits.....	457,517	698,594	6,787
Call loans.....	391,200	362,800	3,525
Cash and cash equivalents	848,717	1,061,394	10,312

VIII. LEASE TRANSACTIONS

1. Finance Leases (As lessee)

For the fiscal year ended March 31, 2013 and 2014, information regarding finance leases (as lessee) is omitted due to the importance on the consolidated financial statements.

2. Operating Leases (As lessee)

Future minimum lease payments under noncancellable operating leases as of March 31, 2013 and 2014 were as follows:

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Due within one year.....	3,117	2,239	21
Due after one year	21,157	17,992	174
Total	24,274	20,232	196

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 impact 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, 2013 and 2014 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, 2013			
	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)		
(1) Cash and deposits.....	457,517	457,534	17
(2) Call loans	391,200	391,200	-
(3) Monetary claims bought.....	285,082	285,082	-
(4) Money held in trust	56,251	56,251	-
(5) Securities			
a. Trading securities	2,906,496	2,906,496	-
b. Held-to-maturity bonds	142,267	147,965	5,698
c. Policy-reserve-matching bonds.....	10,794,851	12,005,334	1,210,483
d. Stocks of subsidiaries and affiliated companies.....	29,768	34,541	4,773
e. Available-for-sale securities.....	14,409,040	14,409,040	-
(6) Loans.....	3,140,990		
Reserves for possible loan losses ^(*)	(3,172)		
	3,137,817	3,262,315	124,497
Total assets	32,610,293	33,955,763	1,345,470
(1) Bonds payable.....	154,584	170,107	15,522
(2) Long-term borrowings.....	380,907	377,110	(3,796)
Total liabilities	535,491	547,218	11,726
Derivative transactions ^(*)			
a. Hedge accounting not applied.....	[16,818]	[16,818]	-
b. Hedge accounting applied	[161,207]	[160,279]	928
Total derivative transactions	[178,025]	[177,097]	928

(*) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(*) Credits/debts from derivative transactions are presented on a net basis. Figures in [] are net debts.

As of March 31, 2014						
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Cash and deposits.....	698,594	698,606	12	6,787	6,787	0
(2) Call loans	362,800	362,800	-	3,525	3,525	-
(3) Monetary claims bought.....	281,859	281,859	-	2,738	2,738	-
(4) Money held in trust	66,400	66,400	-	645	645	-
(5) Securities						
a. Trading securities	3,170,435	3,170,435	-	30,804	30,804	-
b. Held-to-maturity bonds	45,109	48,862	3,753	438	474	36
c. Policy-reserve-matching bonds.....	12,461,047	13,539,746	1,078,698	121,075	131,556	10,480
d. Stocks of subsidiaries and affiliated companies	37,348	44,116	6,768	362	428	65
e. Available-for-sale securities	14,408,024	14,408,024	-	139,992	139,992	-
(6) Loans.....	3,024,702			29,388		
Reserves for possible loan losses ^(*)	(1,846)			(17)		
	3,022,855	3,136,544	113,688	29,370	30,475	1,104
Total assets	34,554,474	35,757,395	1,202,920	335,741	347,429	11,687
(1) Bonds payable.....	107,562	127,995	20,433	1,045	1,243	198
(2) Long-term borrowings.....	348,335	353,867	5,531	3,384	3,438	53
Total liabilities	455,897	481,862	25,965	4,429	4,681	252
Derivative transactions ^(*)						
a. Hedge accounting not applied.....	2,904	2,904	-	28	28	-
b. Hedge accounting applied	[51,825]	[51,315]	509	[503]	[498]	4
Total derivative transactions	[48,921]	[48,411]	509	[475]	[470]	4

(*) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(*) 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,		
	2013	2014	2014
	Carrying amount		
	(Unit: million yen)		(Unit: million US dollars)
1. Unlisted domestic stocks ^(*) ^(*)	156,513	156,509	1,520
2. Unlisted foreign stocks ^(*) ^(*)	18,208	31,046	301
3. Other foreign securities ^(*) ^(*)	846,824	798,089	7,754
4. Other securities ^(*) ^(*)	86,992	95,972	932
Total	1,108,539	1,081,617	10,509

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

(*) DL recorded impairment charges of ¥79 million for the year ended March 31, 2013 and ¥5 million (US\$ 0 million) for the year ended March 31, 2014.

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

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 ^(*)	329,587	1,088,960	735,600	478,220

(*) 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 were not included. Also, ¥501,548 million of loans without maturities were not included.

As of March 31, 2014				
	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	698,394	200	–	–
Call loans	362,800	–	–	–
Monetary claims bought	–	23,585	–	244,561
Money held in trust ^(*)	–	2,730	–	–
Securities:				
Held-to-maturity bonds (bonds)	–	–	47,900	–
Policy-reserve-matching bonds (bonds)	317,982	342,117	450,759	10,884,519
Policy-reserve-matching bonds (foreign securities)	300	55,175	274,173	107,557
Available-for-sale securities with maturities (bonds)	390,398	1,260,570	701,335	1,992,102
Available-for-sale securities with maturities (foreign securities) ..	183,597	2,031,333	1,511,424	2,010,915
Available-for-sale securities with maturities (other securities) ...	236	70,353	89,810	210
Loans ^(*)	255,599	1,028,760	754,427	514,774

As of March 31, 2014				
	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	6,785	1	–	–
Call loans	3,525	–	–	–
Monetary claims bought	–	229	–	2,376
Money held in trust ^(*)	–	26	–	–
Securities:				
Held-to-maturity bonds (bonds)	–	–	465	–
Policy-reserve-matching bonds (bonds)	3,089	3,324	4,379	105,757
Policy-reserve-matching bonds (foreign securities)	2	536	2,663	1,045
Available-for-sale securities with maturities (bonds)	3,793	12,248	6,814	19,355
Available-for-sale securities with maturities (foreign securities) ..	1,783	19,737	14,685	19,538
Available-for-sale securities with maturities (other securities) ...	2	683	872	2
Loans ^(*)	2,483	9,995	7,330	5,001

(*) Money held in trust without maturities amounted to ¥63,565 million was not included.

(*) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥6,266 million (US\$ 60 million) were not included. Also, ¥464,467 million (US\$ 4,512 million) of loans without maturities were not included.

Note 4: Scheduled maturities of bonds and long term borrowings

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 ^(*)	47,025	–	–	–	–	–
Long term borrowings ^(*)	30,001	1	21,888	0	0	0

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

(*) ¥329,014 million of long term borrowings without maturities were not included.

As of March 31, 2014						
	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)						
Long term borrowings ^(*)	1	21,275	0	0	0	0

As of March 31, 2014						
	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)						
Long term borrowings ^(*)	0	206	0	0	0	0

(*) ¥327,057 million (US\$ 3,177 million) of long term borrowings without maturities were not included.

X. SECURITIES

1. Trading Securities

As of March 31,			
	2013	2014	2014
(Unit: million yen)			(Unit: million US dollars)
Gains (losses) on valuation of trading securities	315,317	118,922	1,155

2. Held-to-maturity Bonds

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

As of March 31, 2014						
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)				(Unit: million US dollars)		
Held-to-maturity bonds with unrealized gains:						
(1) Bonds	45,109	48,862	3,753	438	474	36
a. Government bonds	45,109	48,862	3,753	438	474	36
(2) Foreign securities	—	—	—	—	—	—
a. Foreign bonds	—	—	—	—	—	—
Total	45,109	48,862	3,753	438	474	36

3. Policy-reserve-matching Bonds

As of March 31, 2013			
	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)			
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	10,609,565	11,817,208	1,207,642
a. Government bonds	10,040,231	11,223,444	1,183,212
b. Local government bonds	186,673	194,066	7,392
c. Corporate bonds	382,660	399,697	17,036
(2) Foreign Securities	112,533	116,216	3,682
a. Foreign bonds	112,533	116,216	3,682
Subtotal	10,722,099	11,933,424	1,211,325
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	12,218	12,046	(171)
a. Government bonds	—	—	—
b. Local government bonds	201	201	(0)
c. Corporate bonds	12,017	11,845	(171)
(2) Foreign Securities	60,533	59,863	(669)
a. Foreign bonds	60,533	59,863	(669)
Subtotal	72,752	71,910	(841)
Total	10,794,851	12,005,334	1,210,483

As of March 31, 2014						
	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	11,926,910	13,003,053	1,076,142	115,885	126,341	10,456
a. Government bonds	11,233,673	12,287,943	1,054,269	109,149	119,393	10,243
b. Local government bonds.....	138,689	144,601	5,912	1,347	1,404	57
c. Corporate bonds.....	554,547	570,508	15,960	5,388	5,543	155
(2) Foreign securities	343,307	347,758	4,450	3,335	3,378	43
a. Foreign bonds.....	343,307	347,758	4,450	3,335	3,378	43
Subtotal.....	12,270,218	13,350,811	1,080,593	119,220	129,720	10,499
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds	95,679	95,447	(232)	929	927	(2)
a. Government bonds	70,510	70,479	(31)	685	684	(0)
b. Local government bonds.....	—	—	—	—	—	—
c. Corporate bonds.....	25,169	24,967	(201)	244	242	(1)
(2) Foreign securities	95,149	93,487	(1,661)	924	908	(16)
a. Foreign bonds.....	95,149	93,487	(1,661)	924	908	(16)
Subtotal.....	190,829	188,934	(1,894)	1,854	1,835	(18)
Total.....	12,461,047	13,539,746	1,078,698	121,075	131,556	10,480

4. Available-for-sale Securities

As of March 31, 2013

	Carrying amount	Acquisition cost	Unrealized gains (losses)
(Unit: million yen)			
Available-for-sale securities with unrealized gains:			
(1) Bonds	5,805,653	5,377,103	428,550
a. Government bonds	3,910,382	3,565,845	344,536
b. Local government bonds	112,261	106,992	5,269
c. Corporate bonds	1,783,009	1,704,265	78,743
(2) Domestic stocks	1,930,168	1,196,220	733,948
(3) Foreign securities	5,389,343	4,847,380	541,963
a. Foreign bonds	4,932,803	4,469,456	463,346
b. Other foreign securities	456,540	377,923	78,616
(4) Other securities	421,434	379,921	41,513
Subtotal	13,546,600	11,800,625	1,745,975
Available-for-sale securities with unrealized losses:			
(1) Bonds	227,149	231,317	(4,167)
a. Government bonds	111,560	112,084	(524)
b. Local government bonds	102	103	(0)
c. Corporate bonds	115,486	119,128	(3,642)
(2) Domestic stocks	320,107	410,668	(90,560)
(3) Foreign securities	546,369	588,794	(42,424)
a. Foreign bonds	399,680	425,932	(26,252)
b. Other foreign securities	146,689	162,861	(16,172)
(4) Other securities	88,894	91,914	(3,019)
Subtotal	1,182,521	1,322,694	(140,172)
Total	14,729,122	13,123,319	1,605,803

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 acquisition cost and carrying amount of such certificates of deposits were ¥35,000 million and ¥34,999 million, respectively, as of March 31, 2013. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥267,993 million and ¥285,082 million, respectively, as of March 31, 2013.

As of March 31, 2014						
	Carrying amount	Acquisition cost	Unrealized gains (losses)	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Available-for-sale securities with unrealized gains:						
(1) Bonds	4,520,051	4,202,729	317,321	43,918	40,834	3,083
a. Government bonds	2,861,998	2,608,822	253,176	27,807	25,348	2,459
b. Local government bonds.....	104,111	100,523	3,588	1,011	976	34
c. Corporate bonds.....	1,553,941	1,493,383	60,557	15,098	14,510	588
(2) Domestic stocks.....	2,331,534	1,345,838	985,695	22,653	13,076	9,577
(3) Foreign securities	6,248,424	5,586,906	661,518	60,711	54,283	6,427
a. Foreign bonds.....	5,649,038	5,119,855	529,183	54,887	49,745	5,141
b. Other foreign securities	599,385	467,050	132,334	5,823	4,537	1,285
(4) Other securities	586,839	535,163	51,676	5,701	5,199	502
Subtotal.....	13,686,849	11,670,637	2,016,212	132,985	113,395	19,590
Available-for-sale securities with unrealized losses:						
(1) Bonds	150,575	151,927	(1,352)	1,463	1,476	(13)
a. Government bonds	51,947	52,299	(352)	504	508	(3)
b. Local government bonds.....	105	105	(0)	1	1	(0)
c. Corporate bonds.....	98,523	99,522	(999)	957	966	(9)
(2) Domestic stocks.....	206,165	260,058	(53,892)	2,003	2,526	(523)
(3) Foreign securities	604,037	630,623	(26,586)	5,868	6,127	(258)
a. Foreign bonds.....	475,347	496,017	(20,669)	4,618	4,819	(200)
b. Other foreign securities	128,690	134,606	(5,916)	1,250	1,307	(57)
(4) Other securities	57,255	58,514	(1,259)	556	568	(12)
Subtotal.....	1,018,033	1,101,124	(83,090)	9,891	10,698	(807)
Total.....	14,704,883	12,771,761	1,933,121	142,876	124,094	18,782

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 acquisition cost and carrying amount of such certificates of deposits were ¥15,000 million (US\$145 million) and ¥15,000 million (US\$145 million), respectively, as of March 31, 2014. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥268,110 million (US\$2,605 million) and ¥281,859 million (US\$2,738 million), respectively, as of March 31, 2014.

5. Held-to-maturity Bonds Sold

DL and its consolidated subsidiaries sold no held-to-maturity bonds during the years ended March 31, 2013 and 2014.

6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the years ended March 31, 2013 and 2014 were as follows:

Year ended March 31, 2013						
	Amounts sold	Realized gains	Realized losses			
	(Unit: million yen)					
(1) Bonds	694,578	39,613	2,830			
a. Government bonds	694,578	39,613	2,830			
(2) Foreign securities	9,887	1,384	–			
a. Foreign bonds	9,887	1,384	–			
Total	704,466	40,997	2,830			

Year ended March 31, 2014						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	–	–	–	–	–	–
a. Government bonds	–	–	–	–	–	–
(2) Foreign securities	14,093	2,119	–	136	20	–
a. Foreign bonds	14,093	2,119	–	136	20	–
Total	14,093	2,119	–	136	20	–

7. Available-for-sale Securities Sold

Available-for-sale securities sold during the years ended March 31, 2013 and 2014 were as follows.

Year ended March 31, 2013						
	Amounts sold	Realized gains	Realized losses			
(Unit: million yen)						
(1) Bonds	2,323,245	65,869	329			
a. Government bonds.....	2,139,462	61,634	271			
b. Local government bonds.....	6,556	70	0			
c. Corporate bonds.....	177,226	4,164	57			
(2) Domestic stocks.....	146,388	28,272	22,832			
(3) Foreign securities	2,869,685	91,315	40,210			
a. Foreign bonds.....	2,823,505	87,980	29,588			
b. Other foreign securities	46,180	3,335	10,622			
(4) Other securities	1,737	132	–			
Total.....	5,341,057	185,589	63,373			

Year ended March 31, 2014						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
(Unit: million yen)				(Unit: million US dollars)		
(1) Bonds	1,692,240	48,416	6,656	16,442	470	64
a. Government bonds.....	1,424,135	41,570	5,247	13,837	403	50
b. Local government bonds.....	890	197	–	8	1	–
c. Corporate bonds.....	267,215	6,648	1,408	2,596	64	13
(2) Domestic stocks.....	154,113	40,648	9,027	1,497	394	87
(3) Foreign securities	3,566,085	119,230	51,633	34,649	1,158	501
a. Foreign bonds.....	3,493,369	103,435	47,827	33,942	1,005	464
b. Other foreign securities	72,715	15,795	3,806	706	153	36
(4) Other securities	1,436	2	176	13	0	1
Total.....	5,413,876	208,298	67,494	52,602	2,023	655

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, 2013 and 2014 were ¥3,131 million and ¥1,401million (US\$13 million), respectively.

XI. MONEY HELD IN TRUST

Money Held in Trust for Trading

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount on the consolidated balance sheet	56,251	63,565	617
Gains (losses) on valuation of money held in trust.....	(12,130)	(18,389)	(178)

Money Held in Trust Classified as Available-For-Sale

	As of March 31, 2014					
	Carrying amount	Acquisition cost	Unrealized gains (losses)	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Money held in trust classified as available-for-sale with unrealized gains:						
Money held in trust classified as available-for-sale.....	2,835	2,587	247	27	25	2
Total.....	2,835	2,587	247	27	25	2

XII. DERIVATIVE TRANSACTIONS

1. Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions

As of March 31, 2013				
	(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	1,414,300	–	(16,530)	(16,530)
U.S. dollar	741,240	–	(13,625)	(13,625)
Euro	265,344	–	(2,345)	(2,345)
Australian dollar	71,327	–	(376)	(376)
British pound	48,783	–	(442)	(442)
Canadian dollar	22,717	–	0	0
Others	264,885	–	258	258
Bought	1,168,220	–	(653)	(653)
U.S. dollar	576,066	–	1,109	1,109
Euro	205,113	–	(1,915)	(1,915)
Australian dollar	59,030	–	5	5
British pound	33,812	–	269	269
Canadian dollar	24,927	–	67	67
Others	269,268	–	(189)	(189)
Currency swaps				
Receipts yen, payments foreign				
currency	1,560	1,560	(506)	(506)
Australian dollar	1,560	1,560	(506)	(506)
Total				(17,690)

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)".

As of March 31, 2014

As of March 31, 2014								
	(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	1,630,028	–	(8,705)	(8,705)	15,837	–	(84)	(84)
U.S. dollar	805,133	–	(1,904)	(1,904)	7,822	–	(18)	(18)
Euro	286,081	–	(1,233)	(1,233)	2,779	–	(11)	(11)
Australian dollar	148,558	–	(3,680)	(3,680)	1,443	–	(35)	(35)
British pound	92,889	–	(446)	(446)	902	–	(4)	(4)
Canadian dollar	80,417	–	(31)	(31)	781	–	(0)	(0)
Others	216,948	–	(1,409)	(1,409)	2,107	–	(13)	(13)
Bought	1,290,787	–	1,794	1,794	12,541	–	17	17
U.S. dollar	626,321	–	406	406	6,085	–	3	3
Euro	160,550	–	355	355	1,559	–	3	3
Australian dollar	115,970	–	290	290	1,126	–	2	2
British pound	85,696	–	24	24	832	–	0	0
Canadian dollar	79,092	–	0	0	768	–	0	0
Others	223,155	–	716	716	2,168	–	6	6
Currency swaps:								
Receipts yen, payments								
foreign currency	1,560	1,560	(449)	(449)	15	15	(4)	(4)
Australian dollar	1,560	1,560	(449)	(449)	15	15	(4)	(4)
Currency options:								
Bought:								
Put	207,940				2,020			
	[1,317]	–	55	(1,261)	[12]	–	0	(12)
U.S. dollar	207,940				2,020			
	[1,317]	–	55	(1,261)	[12]	–	0	(12)
Total return swaps:								
Foreign currency								
index linked	57,760	57,760	1,890	1,890	561	561	18	18
Total				(6,731)				(65)

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.

(4) Fair value of total return swaps is based on fair value calculated by referred index of 31 March 2014.

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)".

(2) Interest-related transactions

As of March 31, 2013

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Exchange-traded transactions:				
Interest rate futures:				
Sold	23,451	—	(3)	(3)
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating..	18,010	14,510	498	498
Receipts floating, payments fixed..	3,700	3,700	(74)	(74)
Total				420

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, 2014								
	(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:								
Yen interest rate swaps:								
Receipts fixed, payments floating.....	20,820	17,770	384	384	202	172	3	3
Receipts floating, payments fixed.....	4,900	4,900	(94)	(94)	47	47	(0)	(0)
Yen interest rate swaptions:								
Bought:								
Receipts floating, payments fixed ..	480,000	480,000			4,663	4,663		
	[11,594]	[11,594]	5,220	(6,374)	[112]	[112]	50	(61)
Total				(6,085)				(59)

Note: 1. (1) 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) An option pricing model is used for fair value calculation of yen interest rate swaptions.
2. Figures in [] are option premiums which are included in the consolidated balance sheet.
3. Fair value for swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

(3) Stock-related transactions

As of March 31, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold	4,285	(14)	(14)
Bought.....	8,779	255	255
Foreign currency-denominated stock index futures:			
Sold	4,398	(27)	(27)
Bought.....	5,740	(1)	(1)
Total.....			212

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

As of March 31, 2014						
	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	40,645	37	37	394	0	0
Bought.....	10,153	288	288	98	2	2
Foreign currency-denominated stock index futures:						
Sold	18,749	(319)	(319)	182	(3)	(3)
Bought.....	11,016	148	148	107	1	1
Total.....			154			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.

(4) Bond-related transactions

As of March 31, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold.....	12,759	(40)	(40)
Bought	41,654	92	92
Foreign currency-denominated bond futures:			
Sold.....	2,985	(10)	(10)
Yen bond futures options:			
Sold			
Put	42,850		
	[17]	24	(6)
Over-the-counter transactions:			
Bond OTC options:			
Sold:			
Call	6,175		
	[22]	81	(59)
Put	65,258		
	[80]	46	34
Bought:			
Call	65,258		
	[58]	319	260
Put	6,175		
	[27]	29	1
Total.....			271

Note: 1. (1) Fair value of yen bond futures, foreign currency-denominated 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 for option transaction, 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, 2014						
	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	112,052	(116)	(116)	1,088	(1)	(1)
Foreign currency-denominated bond futures:						
Sold.....	18,217	11	11	177	0	0
Over-the-counter transactions:						
Bond OTC options:						
Sold:						
Call	431,678			4,194		
	[4,174]	2,100	2,074	[40]	20	20
Put	17,731			172		
	[38]	40	(1)	[0]	0	(0)
Bought:						
Call	17,731			172		
	[33]	9	(23)	[0]	0	(0)
Put	431,678			4,194		
	[8,456]	4,891	(3,565)	[82]	47	(34)
Total.....			(1,622)			(15)

Note: 1. (1) Fair value of yen bond futures and foreign currency-denominated bond futures is based on the closing exchange-traded prices.
(2) An option pricing model is used for fair value calculation of bond OTC options.
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 for option transaction, 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, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange traded transactions:			
Currency futures:			
Sold	31,272	(332)	(332)
(Yen / U.S. dollar)	31,272	(332)	(332)
Bought	15,317	(95)	(95)
(Euro / U.S. dollar)	10,649	(102)	(102)
(British pound / U.S. dollar)	4,667	7	7
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold	28,018	(146)	(146)
U.S. dollar	15,872	(99)	(99)
Euro	5,822	(32)	(32)
Canadian dollar	2,127	(7)	(7)
Australian dollar	1,529	(10)	(10)
British pound	1,230	0	0
Others	1,435	2	2
Total			(574)

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, 2014						
	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	2,135	(1)	(1)	20	(0)	(0)
(Euro / U.S. dollar)	1,495	3	3	14	0	0
(British pound / U.S. dollar)	640	(4)	(4)	6	(0)	(0)
Bought	4,461	(47)	(47)	43	(0)	(0)
(Yen / U.S. dollar)	4,461	(47)	(47)	43	(0)	(0)
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold	57,694	(293)	(293)	560	(2)	(2)
U.S. dollar	27,903	(93)	(93)	271	(0)	(0)
Euro	15,246	(2)	(2)	148	(0)	(0)
British pound	4,306	(24)	(24)	41	(0)	(0)
Canadian dollar	3,496	(10)	(10)	33	(0)	(0)
Australian dollar	3,232	(125)	(125)	31	(1)	(1)
Others	3,507	(37)	(37)	34	(0)	(0)
Bought	19,024	81	81	184	0	0
U.S. dollar	9,735	41	41	94	0	0
Euro	4,932	24	24	47	0	0
British pound	1,194	5	5	11	0	0
Australian dollar	948	3	3	9	0	0
Canadian dollar	929	2	2	9	0	0
Others	1,283	4	4	12	0	0
Total			(261)			(2)

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, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold	11,846	(96)	(96)
Bought.....	13,407	35	35
Foreign currency-denominated stock index futures:			
Sold	9,045	(59)	(59)
Bought.....	13,595	3	3
Total			(116)

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, 2014		
	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	13,942	(553)	(553)	135	(5)	(5)
Foreign currency-denominated stock index futures:						
Sold	9,978	(190)	(190)	96	(1)	(1)
Total			(744)			(7)

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, 2013			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Bought.....	29,031	60	60
Foreign currency-denominated bond futures:			
Sold	32,188	(123)	(123)
Bought.....	19,033	204	204
Total			141

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

			As of March 31, 2014			
	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.....	33,571	(20)	(20)	326	(0)	(0)
Foreign currency-denominated bond futures:						
Sold	42,888	40	40	416	0	0
Total			20			0

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, 2013			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Deferral hedge:			
Currency swaps to hedge foreign currency-denominated bonds:			
Receipts yen, payments			
foreign currency.....	9,877	9,877	(1,139)
U.S. dollar	9,877	9,877	(1,139)
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold.....	2,427,927	—	(145,161)
U.S. dollar	1,481,780	—	(138,325)
Euro	660,985	—	(4,347)
British pound.....	167,377	—	(188)
Australian dollar	62,762	—	(1,348)
Canadian dollar	14,290	—	17
Others	40,731	—	(968)
Bought	8,601	—	421
U.S. dollar	7,012	—	462
Euro	710	—	(25)
British pound.....	440	—	(7)
Australian dollar	131	—	(1)
Others	306	—	(6)
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⁾)
Australian dollar	180,277	—	(⁽¹⁾)
U.S. dollar	84,982	—	(⁽¹⁾)
Currency swaps to hedge foreign currency-denominated bonds payable:			
Receipts foreign currency,			
payments yen	107,562	107,562	(⁽²⁾)
U.S. dollar	107,562	107,562	(⁽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.

As of March 31, 2014

	(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.....	42,977	42,977	(2,602)	417	417	(25)
U.S. dollar	42,977	42,977	(2,602)	417	417	(25)
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold.....	2,734,183	—	(47,814)	26,566	—	(464)
U.S. dollar	1,116,047	—	(22,338)	10,843	—	(217)
Euro.....	1,063,706	—	(12,887)	10,335	—	(125)
Australian dollar	207,160	—	(8,166)	2,012	—	(79)
British pound.....	141,008	—	(318)	1,370	—	(3)
Canadian dollar	14,462	—	(248)	140	—	(2)
Others	191,798	—	(3,854)	1,863	—	(37)
Bought	4,323	—	28	42	—	0
U.S. dollar	3,247	—	19	31	—	0
British pound.....	641	—	8	6	—	0
Euro.....	434	—	(0)	4	—	(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.....	516,987	—	(⁽¹⁾)	5,023	—	(⁽¹⁾)
Australian dollar	329,055	—	(⁽¹⁾)	3,197	—	(⁽¹⁾)
U.S. dollar	187,932	—	(⁽¹⁾)	1,826	—	(⁽¹⁾)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:						
Receipts yen, payments						
foreign currency.....	117,482	117,482	(⁽²⁾)	1,141	1,141	(⁽²⁾)
Foreign currency-denominated bonds payable:						
U.S. dollar.....	107,562	107,562	(⁽²⁾)	1,045	1,045	(⁽²⁾)
Foreign currency-denominated loans:						
U.S. dollar.....	9,920	9,920	(⁽²⁾)	96	96	(⁽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 and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.

(2) Interest-related transactions

As of March 31, 2013			
	(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	(1,786)
Special hedge accounting			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating ...	52,100	19,700	928

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, 2014						
	(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	(1,143)	3,109	3,109	(11)
Special hedge accounting						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating...	25,500	14,800	509	247	143	4

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
(Unit: million yen)		
Fair value hedge		
Equity forward contracts to hedge domestic stocks:		
Sold.....	34,949	(13,541)

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.

As of March 31, 2014				
	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.....	53,072	(293)	515	(2)

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.

XIII. EMPLOYEES' RETIREMENT BENEFITS

For the year ended March 31, 2013

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, 2013
	(Unit: million yen)
a. Projected benefit obligations	(664,761)
b. Pension assets	235,369
Retirement benefit trust included in the above pension assets	120,596
c. Unfunded benefit obligations (a + b)	(429,392)
d. Unrecognized actuarial differences	(10,344)
e. Unrecognized gains/losses on plan amendments	2
f. Reserve for employees' retirement benefits (c + d + e)	(439,734)

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

3. Retirement Benefit Expenses

	Year ended March 31, 2013
	(Unit: million yen)
a. Service cost (Note)	25,968
b. Interest cost	11,311
c. Estimated investment income	(1,803)
d. Amortization of unrecognized actuarial differences	5,907
e. Amortization of unrecognized gains/losses on plan amendments	9
f. Others	176
g. Retirement benefit expenses (a + b + c + d + e + f)	41,570

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, 2013
Method of periodic allocation of estimated retirement benefits	straight-line method
Discount rate	1.1 or 1.7%
Estimated return on investment	
a. Defined benefit corporate pension	1.0 or 1.7%
b. Retirement benefit trust	0.0%
Amortization period for actuarial differences	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)

For the year ended March 31, 2014

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. Defined benefit plans

(1) Reconciliations of beginning and ending balances of projected benefit obligations (Except for the plans which apply the simplified method)

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Beginning balance of the projected benefit obligation.....	664,459	6,456
Service cost.....	24,559	238
Interest cost.....	10,740	104
Accruals of actuarial gains and losses	419	4
Payment of retirement benefits	(34,726)	(337)
Changes associated with the transition to a defined contribution pension plan.....	(30,794)	(299)
Ending balance of the projected benefit obligation.....	634,657	6,166

Note: Amount that the Company transferred to the defined contribution pension plan for the fiscal year ended March 31, 2014 is ¥31,393 million (US\$305 million), and is scheduled to be transferred in four years. The ¥22,133 million (US\$215 million) not transferred as of the current fiscal year-end are recorded in other liabilities.

(2) Reconciliations of beginning and ending balances of pension assets (Except for the plans which apply the simplified method)

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Beginning balance of pension assets.....	235,369	2,286
Expected return on assets.....	1,935	18
Accruals of actuarial gains and losses	12,949	125
Contributions from the employer.....	7,569	73
Payment of retirement benefits	(8,265)	(80)
Ending balance of pension assets	249,559	2,424

(3) Reconciliations of beginning and ending balances of net defined benefit liabilities for the plans which apply the simplified method

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Beginning balance of the net defined benefit liabilities.....	302	2
Retirement benefit expenses.....	104	1
Payment of retirement benefits	(68)	(0)
Others	0	0
Ending balance of the net defined benefit liabilities.....	338	3

(4) Reconciliations of year-end balance of projected benefit obligations and pension assets, and net defined benefit liabilities and assets that have been recorded in the consolidated balance sheet

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Projected benefit obligation of funded plans	349,797	3,398
Pension assets	(249,559)	(2,424)
	100,237	973
Projected benefit obligation of unfunded plans	285,198	2,771
Net of assets and liabilities recorded in the consolidated balance sheet	385,436	3,745
Net defined benefit liabilities	385,436	3,745
Net defined benefit assets.....	—	—
Net of assets and liabilities recorded in the consolidated balance sheet	385,436	3,745

(5) Amount of the components of retirement benefit expenses

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Service cost.....	24,559	238
Interest cost.....	10,740	104
Expected return on assets	(1,935)	(18)
Expense of actuarial gains and losses	1,404	13
Expense of prior service cost.....	2	0
Retirement benefit expenses calculated in simplified method.....	104	1
Others.....	654	6
Retirement benefit expenses of defined benefit plans.....	35,530	345

(6) Accumulated remeasurements of defined benefit plans

Breakdown of items recorded in accumulated remeasurements of defined benefit plans (before applicable tax effect) is as follows:

	Year ended March 31,	
	2014	2014
	(Unit: million yen)	(Unit: million US dollars)
Unrecognized actuarial gains (losses).....	(24,336)	(236)
Total	(24,336)	(236)

(7) Pension assets

a) Main components of the pension assets

Ratios of the major assets to the total pension assets are as follows:

Stock	58%
Life insurance general account	17%
Bond.....	16%
Others.....	9%
Total	100%

Note: 51% of the total pension assets is retirement benefit trust that has been set for the unfunded retirement benefit plans.

b) The method of setting the long-term expected rate of return on pension assets

To determine the long-term expected rate of return on pension assets, DL has taken into account the allocation of pension assets at present and in future, and long-term rate of return on a variety of assets that make up the pension assets at present and in future.

(8) Calculation basis of actuarial gains and losses

Major assumptions of actuarial gains and losses as of the current fiscal year-end are as follows:

Discount rate	1.1 or 1.7%
Long-term expected rate of return	
Defined benefit corporate pension	1.0 or 1.7%
Employee pension trust.....	0.0%

3. Defined contribution Plans

Required amount of contribution to defined contribution plans is ¥1,536 million (US\$14 million).

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, 2013: ¥244 million

Operating expenses for the fiscal year ended March 31, 2014: ¥238 million (US\$2 million)

2. Details of the stock options granted for the fiscal year ended March 31, 2014

(1) Details of the stock options

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd 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	11 directors (except outside directors) and 17 executive officers of DL
Class and total number ^(*)	169,800 shares of common stock	318,700 shares of common stock	183,700 shares of common stock
Granted date	August 16, 2011	August 16, 2012	August 16, 2013
Vesting conditions	The acquisition rights are vested on the above granted date.	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	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.	From August 17, 2013 to August 16, 2043 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.

(*) It has been described in terms of the number of shares. The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split

(2) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2014 and the total number of stock options is translated to the number of common stock.

a) Number of the stock options (shares)

(shares)

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights
Before vesting			
Outstanding at the end of prior fiscal year	–	–	–
Granted	–	–	183,700
Forfeited	–	–	–
Vested	–	–	183,700
Outstanding at the end of the fiscal year	–	–	–

After vesting			
Outstanding at the end of prior fiscal year	153,200	318,700	–
Vested	–	–	183,700
Exercised	15,400	28,000	–
Forfeited	–	–	–
Outstanding at the end of the fiscal year	137,800	290,700	183,700

Note: It has been described in terms of the number of shares. The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

b) Price information

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥1,277	¥1,277	–
Fair value at the granted date	¥885	¥766	¥1,300

Note: It has been described in terms of the number of shares. The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

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

Stock options granted for the fiscal year ended March 31, 2014 were valued as follows:

(1) Valuation method

Black-Scholes Model

(2) Assumptions

	3rd Series of Stock Acquisition Rights
Expected volatility ^{(*)1}	40.280%
Expected durations ^{(*)2}	3 years
Expected dividends ^{(*)3}	¥20
Risk-free interest rate ^{(*)4}	0.142%

^{(*)1} Computed based on the closing prices of common stock in each trading day from August 16, 2010 to August 15, 2013.

^{(*)2} Computed based on the average service period from the granted date to expected exercise date.

^{(*)3} Computed based on the expected dividend for the fiscal year ended March 31, 2014. In addition, the Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the stock split.

^{(*)4} Based on yields of Japanese government bonds for a term corresponding to the expected durations.

4. Method to estimate the number of stock options vested

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

XV. DEFERRED TAX ACCOUNTING

1. Major components of deferred tax assets and liabilities

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others.....	405,907	443,531	4,309
Reserve for employees' retirement benefits	163,467	–	–
Net defined benefits liabilities.....	–	144,801	1,406
Reserve for price fluctuations.....	27,620	36,255	352
Losses on valuation of securities.....	18,824	17,414	169
Tax losses carried forward	13,775	13,389	130
Others	32,828	46,216	449
Subtotal	662,424	701,608	6,817
Valuation allowances	(68,985)	(76,227)	(740)
Total.....	593,438	625,381	6,076
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax.....	(487,237)	(579,931)	(5,634)
Other intangible fixed assets	(13,987)	(13,623)	(132)
Reserve for tax basis adjustments of real estate.....	(9,222)	(10,416)	(101)
Accrued dividend receivables.....	(6,637)	(7,093)	(68)
Others	(22,227)	(23,690)	(230)
Total.....	(539,313)	(634,755)	(6,167)
Net deferred tax assets (liabilities).....	54,125	(9,374)	(91)

2. The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes

	Year ended March 31,	
	2013	2014
Statutory tax rate.....	33.23%	33.23%
(Adjustments)		
Increase in valuation allowances.....	17.30%	5.39%
Difference in tax rate associated with special corporate tax for reconstruction	12.59%	4.78%
Decrease in deferred tax assets in relation to change in tax rates	–	3.40%
Others.....	(15.83%)	1.32%
Actual effective tax rate after considering deferred taxes.....	47.29%	48.13%

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

With the promulgation of the “Law for partial revision of income tax (No. 10, 2014 Law)” and “Government ordinance for partial revision of the government ordinance related to corporate special reconstruction tax (No. 151, 2014 Government ordinance)”, the effective tax rate to be used in the calculation of deferred tax liabilities and deferred tax assets for the fiscal year beginning April 1, 2014 has been changed to 30.68% from 33.23%.

As a result of this change, deferred tax assets decreased by ¥4,925 million (US\$47 million) and corporate income taxes-deferred increased by ¥4,964 million (US\$48 million).

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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance.....	3,551	2,855	27
Time progress adjustments.....	38	41	0
Others.....	(734)	(65)	(0)
Ending balance.....	2,855	2,831	27

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 years ended March 31, 2013 and 2014 were ¥24,807 million and ¥26,116 million (US\$253 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded impairment loss on real estate for rent as extraordinary losses for the fiscal years ended March 31, 2013 and 2014 that were ¥2,949 million and ¥19,196 million (US\$186 million), respectively.

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

	Year ended March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount			
Beginning balance.....	840,711	814,007	7,909
Net change during year.....	(26,703)	(10,914)	(106)
Ending balance.....	814,007	803,093	7,803
Market value.....	768,069	792,311	7,698

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 ¥26,014 million, sale of the real estate for ¥28,411 million and the depreciation expense of ¥14,597 million during the year ended March 31, 2013, and cost of acquisition of the real estate for ¥40,155 million (US\$390 million), sale of the real estate for ¥21,790 million (US\$211 million), impairment loss for ¥19,196 million (US\$186 million) and depreciation expense of ¥14,184 million (US\$137 million), during the year ended March 31, 2014.
3. DL calculates the market value of the majority of the real estate for rent 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, 2013 and 2014

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, 2013 and 2014

(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, 2013 and 2014

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 years ended March 31, 2013 and 2014

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, 2013 and 2014

Not applicable

6. Related Party Transactions

For the years ended March 31, 2013 and 2014

There are no significant transactions to be disclosed.

XIX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2013	2014	2014
	(Unit: yen)		(Unit: US dollars)
Net assets per share	1,657.14	1,962.05	19.06
Net income per share	32.75	78.58	0.76
Diluted net income per share	32.74	78.54	0.76

Note 1: The Company conducted a 1:100 share split on October 1, 2013. Net income per share and diluted net income per share are calculated, assuming that the share split was conducted at the beginning of the previous fiscal year.

Note 2: The Company applied the accounting standard for retirement benefits, etc., and followed the handling transitional provisions of paragraph 37 accounting standard for retirement benefits as described in the "Changes in Accounting Policies". As a result, net assets per share for this fiscal year increased by ¥16.98 (US\$0.16).

Note 3: 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,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income	32,427	77,931	757
Net income attributable to other than shareholders of common stock.....	—	—	—
Net income attributable to shareholders of common stock	32,427	77,931	757
Average number of common stock outstanding ^(*)	990,010	991,732	991,732
	thousand shares	thousand shares	thousand shares
Diluted net income per share			
Adjustments to net income.....	—	—	—
Increase in the number of common stock.....	365 thousand shares	554 thousand shares	554 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares]	[365 thousand shares]	[554 thousand shares]	[554 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	—	—	—

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

Note 4: Underlying basis for the calculation of the net assets per share was as follows:

	As of March 31,		
	2013	2014	2014
	(Unit: million yen)		(Unit: million US dollars)
Net assets	1,649,020	1,947,613	18,923
Adjustments	6,894	639	6
Subscription rights to shares.....	379	583	5
Minority interests	6,514	55	(0)
Net assets attributable to common stock.....	1,642,125	1,946,974	18,917
Number of common stock outstanding ^(*)	990,940	992,316	992,316
	thousand	thousand	thousand
	shares	shares	shares

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

XX. SUBSEQUENT EVENTS

- The board of directors of DL resolved to acquire 100% of the outstanding shares of Protective Life Corporation ("Protective") at the board meeting held on June 4, 2014 and entered into a definitive agreement with Protective on the same day that a 100% owned subsidiary of DL established in the U.S. solely for the purpose of the acquisition process will be merged with Protective.

(1) Purpose of share acquisition

The Group aims to accelerate globalization of its business as a group by acquiring a business foundation in the U.S., the largest life insurance market in the world, to enhance corporate value and profit base, and achieve a geographical diversification.

(2) Acquired company's name and business, etc.

a) Name of the acquired company

Protective Life Corporation

b) Business

Insurance and insurance related business ^(*)

(*) Protective is a holding company and its subsidiaries operate insurance business, etc.

c) Location

South Birmingham, Alabama, USA

d) Results of operations (consolidated basis, for the fiscal year ended December 2013)

Premium and policy fees.....	US\$2,981 million	(¥304.1 billion)
Net income	US\$393 million	(¥40.1 billion)

e) Financial conditions (consolidated basis, as of the end of December 2013)

Total assets.....	US\$68,784 million	(¥7,015.9 billion)
Net assets	US\$3,714 million	(¥378.9 billion)
Capital stock	US\$44 million	(¥4.5 billion)

f) Others

Common stock of Protective is listed in the New York Stock Exchange.

(3) Schedule of share acquisition

Although we intend to acquire the shares by December 2014 to January 2015, the acquisition is subject to approval of both the U.S. and Japanese regulatory authorities, etc. and, therefore, the actual schedule may differ from original plan.

(4) Amount to be invested and DL's percentage of share holdings after completion of the transaction

a) Amount to be invested

The acquiring price is expected to be approximately US\$5,708 million (approximately ¥582.2 billion) and US\$70 per share (¥7,140). Upon acquisition, it is forecasted that specific compensation and fee to be paid to outside advisors, etc. will occur.

- b) DL's percentage of share holdings after completion of the transaction
100%

(5) Source of consideration

In addition to cash in hand, DL plans a fundraising through newly issuance of common stocks based on the Shelf Registration Statement.

(6) Others

The acquisition will be executed by merging Protective and DL Investment (Delaware), Inc., a 100% owned subsidiary of DL established in the U.S. solely for the purposed of the acquisition process. The merger will come into effect subject to approval of Protective's shareholders, and Protective is the surviving corporation. Through this process and by paying a cash consideration to Protective's existing shareholders, DL will acquire 100% ownership of Protective. The acquisition is subject to the approval of various regulatory authorities in Japan and the U.S.

Note. The exchange rate used to calculate the yen-denominated amount is 1USD = 102JPY.

2. The board of directors of DL resolved to file a Shelf Registration Statement for the issuance of new shares at the board meeting held on June 4, 2014.

(1) Class of offered securities

Common stock of DL

(2) Scheduled issue period

The period until the day when passed one year from the scheduled effective date of the shelf registration (from June 12, 2014 until June 11, 2015)

(3) Scheduled issue amount

A maximum amount of ¥250 billion

(4) Offering method

To be determined

(5) Use of proceeds

To be appropriated in full to the funds for the acquisition of Protective

3. On June 16, 2014, DL entered into an agreement with Sompo Japan Insurance Inc. for the acquisition of whole stake in Sompo Japan DIY Life Insurance Co., Ltd. ("DIY Life").

(1) Purpose of share acquisition

The Group aims to offer insurance products of new brand through a network of agents in consideration of diversity of customers' needs to develop a new market by acquiring DIY Life.

(2) Counterparty to share acquisition

Sompo Japan Insurance Inc.

(3) Acquired company's name and business, etc.

a) Name of acquired company

Sompo Japan DIY Life Insurance Co., Ltd.

b) Business

Life insurance business

c) Results of operations (for the fiscal year ended March 2014)

Premium and other income	¥3,901 million	(\$37 million)
Net income	¥139 million	(\$1 million)

d) Financial conditions (as of the end of March 2014)

Total assets.....	¥5,033 million	(\$48 million)
Net assets	¥3,837 million	(\$37 million)
Capital stock	¥10,100 million	(\$98 million)

(4) Schedule of share acquisition

In July, 2014 (scheduled)

(5) 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
360,000 shares

b) Amount to be invested
DL will acquire the 90% stake in DIY Life for ¥5.4 billion (\$52 million) (¥15,000 per share (\$145 per share)). Upon acquisition, it is forecasted that specific compensation and fee to be paid to outside advisors, etc. will occur.

c) DL's percentage of share holdings after completion of the transaction
100%

(6) Others

The acquisition is subject to the approval of regulatory authorities in Japan.

XXI. QUARTERLY INFORMATION

	Three months ended June 30, 2013	Six months ended September 30, 2013	Nine months ended December 31, 2013	Year ended March 31, 2014
Ordinary revenues (million yen)	1,436,042	2,975,233	4,477,081	6,044,955
Income (loss) before income taxes and minority interests (million yen)	49,805	90,363	130,379	147,010
Net income (loss) (million yen)	26,307	47,937	73,889	77,931
Net income (loss) per share (yen)	26.54	48.35	74.52	78.58

	Three months ended June 30, 2013	Three months ended September 30, 2013	Three months ended December 31, 2013	Three months ended March 31, 2014
Net income (loss) per share (yen)	26.54	21.81	26.16	4.07

	Three months ended June 30, 2013	Six months ended September 30, 2013	Nine months ended December 31, 2013	Year ended March 31, 2014
Ordinary revenues (million US dollars)	13,952	28,908	43,500	58,734
Income (loss) before income taxes and minority interests (million US dollars)	483	877	1,266	1,428
Net income (loss) (million US dollars)	255	465	717	757
Net income (loss) per share (US dollars)	0.25	0.46	0.72	0.76

	Three months ended June 30, 2013	Three months ended September 30, 2013	Three months ended December 31, 2013	Three months ended March 31, 2014
Net income (loss) per share (US dollars)	0.25	0.21	0.25	0.03

Note: The Company conducted a 1:100 share split on October 1, 2013. Net income per share are calculated, assuming that the share split was conducted at the beginning of the previous fiscal year.



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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 of March 31, 2014, and the consolidated statements of earnings, comprehensive income, cash flows, and 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 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 of March 31, 2014, 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, 2014

A member firm of Ernst & Young Global Limited