

# Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2014	2015	2015
<b>(ASSETS)</b>			
Cash and deposits .....	698,594	873,444	7,268
Call loans.....	362,800	380,400	3,165
Monetary claims bought.....	281,859	265,813	2,211
Money held in trust.....	66,400	65,283	543
Securities.....	31,203,581	41,105,413	342,060
Loans.....	3,024,702	3,898,148	32,438
Tangible fixed assets .....	1,215,895	1,217,070	10,127
Land .....	796,436	804,035	6,690
Buildings.....	408,402	402,693	3,351
Leased assets .....	6,141	4,687	39
Construction in progress.....	1,349	850	7
Other tangible fixed assets.....	3,566	4,804	39
Intangible fixed assets.....	210,053	437,677	3,642
Software .....	65,040	63,364	527
Goodwill .....	77,108	79,293	659
Other intangible fixed assets.....	67,904	295,019	2,455
Reinsurance receivable .....	33,867	101,290	842
Other assets .....	516,436	1,401,047	11,658
Net defined benefit assets.....	–	705	5
Deferred tax assets .....	5,734	1,379	11
Customers' liabilities for acceptances and guarantees .....	88,225	91,648	762
Reserve for possible loan losses.....	(2,759)	(2,120)	(17)
Reserve for possible investment losses .....	(215)	–	–
Total assets .....	37,705,176	49,837,202	414,722
<b>(LIABILITIES)</b>			
Policy reserves and others .....	33,327,552	42,547,013	354,056
Reserves for outstanding claims.....	358,606	506,735	4,216
Policy reserves .....	32,574,923	41,634,712	346,465
Reserve for policyholder dividends.....	394,022	405,566	3,374
Reinsurance payable.....	27,677	56,248	468
Bonds payable .....	107,562	489,045	4,069
Other liabilities.....	1,593,272	1,864,717	15,517
Net defined benefit liabilities .....	385,436	331,322	2,757
Reserve for retirement benefits of directors, executive officers and corporate auditors.....	2,163	2,017	16
Reserve for possible reimbursement of prescribed claims.....	800	700	5
Reserves under the special laws.....	118,167	136,254	1,133
Reserve for price fluctuations .....	118,167	136,254	1,133
Deferred tax liabilities .....	15,108	643,398	5,354
Deferred tax liabilities for land revaluation .....	91,595	84,908	706
Acceptances and guarantees.....	88,225	91,648	762
Total liabilities .....	35,757,563	46,247,274	384,848
<b>(NET ASSETS)</b>			
Capital stock .....	210,224	343,104	2,855
Capital surplus .....	210,262	343,255	2,856
Retained earnings .....	219,552	352,985	2,937
Treasury stock .....	(11,500)	(9,723)	(80)
Total shareholders' equity .....	628,538	1,029,622	8,568
Net unrealized gains (losses) on securities, net of tax .....	1,322,731	2,528,262	21,039
Deferred hedge gains (losses).....	(2,586)	(12,036)	(100)
Reserve for land revaluation.....	(38,320)	(33,424)	(278)
Foreign currency translation adjustments .....	19,756	22,654	188
Accumulated remeasurements of defined benefit plans.....	16,854	54,027	449
Total accumulated other comprehensive income.....	1,318,435	2,559,484	21,298
Subscription rights to shares .....	583	753	6
Minority interests .....	55	67	0
Total net assets .....	1,947,613	3,589,927	29,873
Total liabilities and net assets.....	37,705,176	49,837,202	414,722

# Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2014	2015	2015
Ordinary revenues .....	6,044,955	7,252,242	60,349
Premium and other income .....	4,353,229	5,432,717	45,208
Investment income .....	1,320,066	1,444,012	12,016
Interest and dividends .....	797,309	856,550	7,127
Gains on money held in trust .....	–	3,228	26
Gains on investments in trading securities .....	20,659	26,405	219
Gains on sale of securities .....	210,417	162,163	1,349
Gains on redemption of securities .....	25,418	24,652	205
Reversal of reserve for possible loan losses .....	1,329	460	3
Reversal of reserve for possible investment losses .....	–	214	1
Other investment income .....	2,568	623	5
Gains on investments in separate accounts .....	262,363	369,713	3,076
Other ordinary revenues .....	371,659	375,513	3,124
Ordinary expenses .....	5,740,205	6,845,400	56,964
Benefits and claims .....	2,903,587	3,380,827	28,133
Claims .....	772,715	829,650	6,903
Annuities .....	576,951	672,898	5,599
Benefits .....	497,867	472,705	3,933
Surrender values .....	693,785	790,234	6,575
Other refunds .....	362,267	615,339	5,120
Provision for policy reserves and others .....	1,634,864	2,271,268	18,900
Provision for reserves for outstanding claims .....	61,004	87,946	731
Provision for policy reserves .....	1,564,912	2,174,573	18,095
Provision for interest on policyholder dividends .....	8,946	8,748	72
Investment expenses .....	234,950	168,935	1,405
Interest expenses .....	20,005	16,934	140
Losses on money held in trust .....	13,356	–	–
Losses on sale of securities .....	67,494	24,221	201
Losses on valuation of securities .....	1,407	469	3
Losses on redemption of securities .....	3,050	305	2
Derivative transaction losses .....	61,093	5,551	46
Foreign exchange losses .....	13,233	68,177	567
Provision for reserve for possible investment losses .....	215	–	–
Write-down of loans .....	31	43	0
Depreciation of real estate for rent and others .....	14,198	14,633	121
Other investment expenses .....	40,862	38,599	321
Operating expenses .....	517,566	559,344	4,654
Other ordinary expenses .....	449,236	465,022	3,869
Ordinary profit .....	304,750	406,842	3,385
Extraordinary gains .....	3,634	3,310	27
Gains on disposal of fixed assets .....	3,624	3,030	25
Gains on step acquisition .....	–	273	2
Other extraordinary gains .....	10	7	0
Extraordinary losses .....	67,374	29,451	245
Losses on disposal of fixed assets .....	13,890	5,396	44
Impairment losses on fixed assets .....	23,890	5,472	45
Provision for reserve for price fluctuations .....	28,939	18,067	150
Other extraordinary losses .....	654	514	4
Provision for reserve for policyholder dividends .....	94,000	112,200	933
Income before income taxes and minority interests .....	147,010	268,502	2,234
Corporate income taxes-current .....	117,221	125,503	1,044
Corporate income taxes-deferred .....	(46,467)	509	4
Total of corporate income taxes .....	70,753	126,013	1,048
Income before minority interests .....	76,256	142,489	1,185
Minority interests in gain (loss) of subsidiaries .....	(1,674)	12	0
Net income for the year .....	77,931	142,476	1,185

# Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2014	2015	2015
Income before minority interests.....	76,256	142,489	1,185
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax .....	224,078	1,203,801	10,017
Deferred hedge gains (losses) .....	(784)	(9,450)	(78)
Reserve for land revaluation.....	(269)	5,668	47
Foreign currency translation adjustments .....	(4,131)	(5,940)	(49)
Remeasurements of defined benefit plans, net of tax.....	–	37,171	309
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method.....	5,031	10,575	88
Total other comprehensive income .....	223,924	1,241,826	10,333
Comprehensive income.....	300,180	1,384,315	11,519
(Details)			
Attributable to shareholders of the parent company.....	301,783	1,384,296	11,519
Attributable to minority interests .....	(1,603)	19	0

# 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
Cumulative effect of changes in accounting policies .....					-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	210,207	210,207	156,357	(13,431)	563,340
Changes for the year					
Issuance of new shares .....					-
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 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
Cumulative effect of changes in accounting policies .....				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	1,099,351	(1,801)	(36,995)	18,229
Changes for the year				
Issuance of new shares .....				
Issuance of new shares—exercise of subscription rights to shares.....				
Dividends .....				
Net income for the year .....				
Disposal of treasury stock .....				
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
Cumulative effect of changes in accounting policies .....					-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	-	1,078,784	379	6,514	1,649,020
Changes for the year					
Issuance of new shares .....					-
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 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, 2015	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year.....	210,224	210,262	219,552	(11,500)	628,538
Cumulative effect of changes in accounting policies .....			11,272		11,272
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	210,224	210,262	230,824	(11,500)	639,810
Changes for the year					
Issuance of new shares .....	132,842	132,842			265,684
Issuance of new shares—exercise of subscription rights to shares.....	37	37			74
Dividends .....			(19,846)		(19,846)
Net income for the year .....			142,476		142,476
Disposal of treasury stock .....		113		1,776	1,890
Transfer from reserve for land revaluation.....			771		771
Others .....			(1,239)		(1,239)
Net changes of items other than shareholders' equity .....					
Total changes for the year .....	132,879	132,993	122,161	1,776	389,811
Balance at the end of the year .....	343,104	343,255	352,985	(9,723)	1,029,622

	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.....	1,322,731	(2,586)	(38,320)	19,756
Cumulative effect of changes in accounting policies .....				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	1,322,731	(2,586)	(38,320)	19,756
Changes for the year				
Issuance of new shares .....				
Issuance of new shares—exercise of subscription rights to shares.....				
Dividends .....				
Net income for the year .....				
Disposal of treasury stock .....				
Transfer from reserve for land revaluation.....				
Others .....				
Net changes of items other than shareholders' equity .....	1,205,531	(9,450)	4,896	2,898
Total changes for the year .....	1,205,531	(9,450)	4,896	2,898
Balance at the end of the year .....	2,528,262	(12,036)	(33,424)	22,654

	Accumulated other comprehensive income				Total net assets
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	
Balance at the beginning of the year.....	16,854	1,318,435	583	55	1,947,613
Cumulative effect of changes in accounting policies .....					11,272
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	16,854	1,318,435	583	55	1,958,885
Changes for the year					
Issuance of new shares .....					265,684
Issuance of new shares—exercise of subscription rights to shares.....					74
Dividends .....					(19,846)
Net income for the year .....					142,476
Disposal of treasury stock .....					1,890
Transfer from reserve for land revaluation.....					771
Others .....					(1,239)
Net changes of items other than shareholders' equity .....	37,172	1,241,048	170	11	1,241,230
Total changes for the year .....	37,172	1,241,048	170	11	1,631,042
Balance at the end of the year .....	54,027	2,559,484	753	67	3,589,927

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

Year ended March 31, 2015	(Unit: million US dollars)				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the year.....	1,749	1,749	1,827	(95)	5,230
Cumulative effect of changes in accounting policies .....			93		93
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	1,749	1,749	1,920	(95)	5,324
Changes for the year					
Issuance of new shares .....	1,105	1,105			2,210
Issuance of new shares—exercise of subscription rights to shares.....	0	0			0
Dividends .....			(165)		(165)
Net income for the year .....			1,185		1,185
Disposal of treasury stock .....		0		14	15
Transfer from reserve for land revaluation.....			6		6
Others .....			(10)		(10)
Net changes of items other than shareholders' equity .....					
Total changes for the year .....	1,105	1,106	1,016	14	3,243
Balance at the end of the year .....	2,855	2,856	2,937	(80)	8,568

	(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.....	11,007	(21)	(318)	164
Cumulative effect of changes in accounting policies .....				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	11,007	(21)	(318)	164
Changes for the year				
Issuance of new shares .....				
Issuance of new shares—exercise of subscription rights to shares.....				
Dividends .....				
Net income for the year .....				
Disposal of treasury stock .....				
Transfer from reserve for land revaluation.....				
Others .....				
Net changes of items other than shareholders' equity .....	10,031	(78)	40	24
Total changes for the year .....	10,031	(78)	40	24
Balance at the end of the year .....	21,039	(100)	(278)	188

	(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.....	140	10,971	4	0	16,207
Cumulative effect of changes in accounting policies .....					93
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	140	10,971	4	0	16,300
Changes for the year					
Issuance of new shares .....					2,210
Issuance of new shares—exercise of subscription rights to shares.....					0
Dividends .....					(165)
Net income for the year .....					1,185
Disposal of treasury stock .....					15
Transfer from reserve for land revaluation.....					6
Others .....					(10)
Net changes of items other than shareholders' equity .....	309	10,327	1	0	10,328
Total changes for the year .....	309	10,327	1	0	13,572
Balance at the end of the year .....	449	21,298	6	0	29,873

# Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2014	2015	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income taxes and minority interests .....	147,010	268,502	2,234
Depreciation of rented real estate and others .....	14,198	14,633	121
Depreciation .....	38,278	37,650	313
Impairment losses on fixed assets .....	23,890	5,472	45
Amortization of goodwill .....	4,490	5,858	48
Increase (decrease) in reserves for outstanding claims .....	64,445	91,675	762
Increase (decrease) in policy reserves .....	1,563,285	2,164,622	18,012
Provision for interest on policyholder dividends .....	8,946	8,748	72
Provision for (reversal of) reserve for policyholder dividends .....	94,000	112,200	933
Increase (decrease) in reserve for possible loan losses .....	(1,351)	(640)	(5)
Increase (decrease) in reserve for possible investment losses .....	215	(215)	(1)
Write-down of loans .....	31	43	0
Decrease (Increase) in net defined benefit assets .....	-	108	0
Increase (decrease) in net defined benefit liabilities .....	(29,962)	(2,502)	(20)
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors .....	(186)	(146)	(1)
Increase (decrease) in reserve for possible reimbursement of prescribed claims .....	100	(100)	(0)
Increase (decrease) in reserve for price fluctuations .....	28,939	18,067	150
Interest and dividends .....	(797,309)	(856,550)	(7,127)
Securities related losses (gains) .....	(446,907)	(557,939)	(4,642)
Interest expenses .....	20,005	16,934	140
Foreign exchange losses (gains) .....	13,233	68,177	567
Losses (gains) on disposal of fixed assets .....	9,764	1,585	13
Equity in losses (income) of affiliates .....	(5,359)	(6,460)	(53)
Loss (gain) on step acquisitions .....	-	(273)	(2)
Decrease (increase) in reinsurance receivable .....	(993)	(44,978)	(374)
Decrease (increase) in other assets unrelated to investing and financing activities .....	(73,269)	(23,605)	(196)
Increase (decrease) in reinsurance payable .....	11,554	(458)	(3)
Increase (decrease) in other liabilities unrelated to investing and financing activities ..	(31,334)	36,326	302
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan .....	22,133	(7,782)	(64)
Others, net .....	115,120	43,551	362
Subtotal .....	792,970	1,392,504	11,587
Interest and dividends received .....	837,102	901,607	7,502
Interest paid .....	(19,722)	(14,968)	(124)
Policyholder dividends paid .....	(101,686)	(109,404)	(910)
Others, net .....	(297,517)	(153,024)	(1,273)
Corporate income taxes paid .....	(117,175)	(141,072)	(1,173)
Net cash flows provided by (used in) operating activities .....	1,093,970	1,875,642	15,608
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of monetary claims bought .....	(33,040)	(15,500)	(128)
Proceeds from sale and redemption of monetary claims bought .....	32,924	31,407	261
Purchases of money held in trust .....	(23,287)	(1,900)	(15)
Proceeds from decrease in money held in trust .....	-	6,000	49
Purchases of securities .....	(8,698,928)	(7,052,529)	(58,687)
Proceeds from sale and redemption of securities .....	7,680,239	5,617,127	46,743
Origination of loans .....	(612,363)	(422,203)	(3,513)
Proceeds from collection of loans .....	728,934	413,966	3,444
Others, net .....	205,504	(42,431)	(353)
Total of net cash provided by (used in) investment transactions .....	(720,015)	(1,466,063)	(12,199)
Total of net cash provided by (used in) operating activities and investment transactions .....	373,955	409,579	3,408
Acquisition of tangible fixed assets .....	(38,333)	(27,858)	(231)
Proceeds from sale of tangible fixed assets .....	15,058	6,792	56
Acquisition of intangible fixed assets .....	(19,249)	(18,091)	(150)
Proceeds from sale of intangible fixed assets .....	18	303	2
Acquisition of stock of subsidiaries resulting in change in scope of consolidation .....	(2,236)	(526,206)	(4,378)
Acquisition of stock of subsidiaries and affiliates .....	(18,501)	(1,020)	(8)
Payments for execution of assets retirement obligations .....	(3)	-	-
Net cash flows provided by (used in) investing activities .....	(783,262)	(2,032,143)	(16,910)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings .....	(31,959)	(1,862)	(15)
Proceeds from issuing bonds .....	-	106,808	888
Redemption of bonds .....	(51,624)	-	-
Repayment of financial lease obligations .....	(1,735)	(1,669)	(13)
Proceeds from issuing common stock .....	-	264,175	2,198
Proceeds from disposal of treasury stock .....	1,932	1,830	15
Cash dividends paid .....	(15,787)	(19,783)	(164)
Others, net .....	(14)	(7)	(0)
Net cash flows provided by (used in) financing activities .....	(99,189)	349,490	2,908
Effect of exchange rate changes on cash and cash equivalents .....	1,157	377	3
Net increase (decrease) in cash and cash equivalents .....	212,676	193,366	1,609
Cash and cash equivalents at the beginning of the year .....	848,717	1,061,394	8,832
Cash and cash equivalents at the end of the year .....	1,061,394	1,254,760	10,441

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2015

## 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 ¥120.17=US\$1.00, the foreign exchange rate on March 31, 2015, 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 the Parent Company 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"), The Neo First Life Insurance Company, Limited ("Neo First Life"), Dai-ichi Life Insurance Company of Vietnam, Limited ("DLVN"), TAL Dai-ichi Life Australia Pty Ltd ("TDLA") and Protective Life Corporation. The number of consolidated subsidiaries as of March 31, 2015 was sixty-one.

Effective the fiscal year ended March 31, 2015, Neo First Life, Protective Life Corporation and its forty subsidiaries are included in the scope of consolidation. Sompo Japan DIY Life Insurance Co., Ltd. ("DIY Life") changed its name to Neo First Life on November 25, 2014. Effective the fiscal year ended March 31, 2015, 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 Business Service K.K. and First U Anonymous Association. The eighteen non-consolidated subsidiaries as of March 31, 2015 had, individually and in the aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income (loss), retained earnings, cash flows, and others.

There was no non-consolidated subsidiary accounted for under the equity method as of March 31, 2015.

The number of affiliated companies under the equity method as of March 31, 2015 was forty-six. The affiliated companies included DIAM Co., Ltd., Mizuho-DL Financial Technology 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, 2015, six affiliated companies of Protective Life Corporation, five subsidiaries of Janus Capital Group Inc. and four subsidiaries of PT Panin Internasional were newly included in the scope of the equity method.

Effective the fiscal year ended March 31, 2015, Japan Real Estate Asset Management Co., Ltd. is excluded from the scope of the equity method as DL disposed of its interest in Japan Real Estate Asset Management Co., Ltd.. The non-consolidated subsidiaries (Dai-ichi Seimei Business Service K.K., First U Anonymous Association and others), as well as affiliated companies (CVC No.1 Investment Limited Partnership, NEOSTELLA No.1 Investment Limited Partnership, O.M. Building Management Co., Ltd. and others) of the Parent Company 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 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 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.

Regarding certain consolidated overseas subsidiaries, financial information as of February 1, the date of business combination, is used for preparation of the consolidated financial statements of the Group.



### 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.

Securities held by certain consolidated overseas subsidiaries are stated at cost determined by the first-in first-out method.

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

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 to and claims on bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or 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, 2014 and 2015 were ¥67 million and ¥59 million (US\$0 million), respectively.

**(5) 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.

**(6) 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.

**(7) Net Defined Benefit Liabilities and Net Defined Benefit Assets**

For the net defined benefit liabilities and the net defined benefit assets, the amount is provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2015.

a) Allocation of Estimated Retirement Benefits

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefits for the fiscal year ended March 31, 2015.

b) Amortization of Actuarial Differences

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.

**(8) Reserve for Price Fluctuations**

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

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

DL translates foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rates at the end of the year. Stocks of non-consolidated subsidiaries and affiliated companies which are 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 into yen at the exchange rates at the end of their fiscal year. Translation adjustments associated with the consolidated overseas subsidiaries are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

For certain consolidated subsidiaries of DL, changes in fair value of bonds included in foreign currency-denominated available-for-sale securities related to foreign currency-denominated insurance contracts are divided into two: changes in fair value due to changes in market prices in their original currencies are accounted for as “net unrealized gains (losses) on securities,” and the remaining changes are reported in “foreign exchange gains (losses).”

## (10) Methods for Hedge Accounting

### 1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” (ASBJ Statement No.10). Primarily, a) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; b) the currency allotment method and 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); c) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; and 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).

### 2) Hedging Instruments and Hedged Items

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

### 3) Hedging Policies

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

### 4) Assessment of Hedge Effectiveness

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

## (11) Amortization of Goodwill

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

## (12) Scope of Cash and Cash Equivalents

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

## (13) Calculation of National and Local Consumption Tax

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

#### (14) Policy Reserve

Policy reserve 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), or
- b) Reserves for other policies are established based on the net level premium method.  
Policy reserves of consolidated foreign subsidiaries are calculated based on the each country's accounting standard, such as US GAAP.

(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 payment), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided over nine years. As a result, the amount of the provisions for policy reserves for the years ended March 31, 2014 and 2015 were ¥126,720 million and ¥122,957 million (US\$1,023 million), respectively.

#### (15) Changes in Accounting Policies

Effective the fiscal year ended March 31, 2015, 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 March 26, 2015, hereinafter the "Guidance"), subject to provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance. DL and its domestic consolidated subsidiaries revised the calculation method of projected benefit obligations and service cost by changing the allocation of estimated retirement benefits from the straight-line method to the benefit formula basis and by changing the determination of the discount rate from using the discount rate based on a certain period close to employees' average remaining service period to using the single weighted-average discount rate taking into account the assumed payment period of retirement benefits and the amount per each assumed payment period.

Upon the adoption of these new standards, DL and its domestic consolidated subsidiary followed the transitional treatment stipulated in Paragraph 37 of the Standard and the impact of adoption at the beginning of the fiscal year ended March 31, 2015 related to changes in calculation method of projected benefit obligations and service cost was included in DL and its domestic consolidated subsidiary's retained earnings.

As a result, net defined benefit assets increased by ¥450 million (US\$3 million), net defined benefit liabilities decreased by ¥15,900 million (US\$132 million) and retained earnings increased by ¥11,272 million (US\$93 million) at the beginning of the fiscal year ended March 31, 2015 as compared to what they would have been if calculated using the previous method. Also, for the fiscal year ended March 31, 2015, both ordinary profit and income before income taxes and minority interests decreased by ¥289 million (US\$2 million).

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

#### (16) Accounting Standard and Guidance Scheduled to be Applied

"Accounting Standard for Business Combinations" (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 Statement 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) are not yet applied but scheduled to be applied.

##### a) Overview

Under these revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income was amended, the reference to "minority interests" was changed to "non-controlling interests" and transitional provisions for these accounting standards were also defined.

##### b) Scheduled date for application

DL will apply these revised accounting standards from the beginning of the fiscal year starting April 1, 2015. Tentative treatment of the new standards will be applied to business combinations that are implemented on and after the beginning of the fiscal year starting April 1, 2015.

##### c) Impact of applying the standard and guidance

The impact of applying these standards is currently under assessment.

## (17) 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.

(Additional information)

The Parent Company conducts transactions by granting its stocks to its employees using trust schemes (“the Stock Granting Trust (J-ESOP)” and “the Company’s Trust-type Employee Shareholding Incentive Plan (E-Ship®)”) to incentivize its employees to improve the corporate value and, thus, stock prices, and to provide the employees with incentives to improve the corporate value of the Parent Company in the medium- to long-term.

### a) Overview of the transactions

#### i) J-ESOP

J-ESOP is a program to grant shares of common stock to the Parent Company’s managerial level employees who fulfill requirements under the Stock Granting Regulations of the Parent Company. The Parent Company vests points to each managerial level employee based on her/his total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from book of the Company.

#### ii) E-Ship®

E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership (the “Partnership”). Under the E-Ship® plan, the Parent Company sets up a trust through a trust bank. The trust estimates the number of shares of common stock of the Parent Company which the Partnership is to acquire in 5 years and purchases the shares in advance. The Partnership buys shares of the Parent Company from the trust periodically. At the end of the trust period, the Partnership’s retained earnings, accumulation of net gains on sale of shares of the Parent Company, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, the Parent Company will pay off retained loss, accumulation of net losses on sale of the shares and any amount equivalent to the amount of outstanding debt at the end of period, as it is to guarantee the debt of the trust needed to purchase the shares.

### b) While adopting “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts.” (ASBJ PITF No.30), the Parent Company applies the same accounting treatment as before.

### c) Information related to the stocks of the Parent Company which the trusts hold

#### i) J-ESOP

a. Book value of the stocks of the Parent Company within the trust for the years ended March 31, 2014 and 2015 were ¥6,839 million and ¥6,771 million (US\$56 million). These stocks were recorded as the treasury stock in the total shareholders’ equity.

b. The number of stocks within the trust at the year-end for the years ended March 31, 2014 and 2015 were 4,524 thousand shares and 4,479 thousand shares, and the average number of stocks within the trust for the years ended March 31, 2014 and 2015 were 4,534 thousand shares and 4,496 thousand shares. The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

#### ii) E-Ship®

a. Book value of the stocks of the Parent Company within the trust for the years ended March 31, 2014 and 2015 were ¥4,661 million and ¥2,952 million (US\$24 million). These stocks were recorded as the treasury stock in the total shareholders’ equity.

b. The number of stocks within the trust at the year-end for the years ended March 31, 2014 and 2015 were 3,219 thousand shares and 2,039 thousand shares, and the average number of stocks within the trust for the years ended March 31, 2014 and 2015 were 3,789 thousand shares and 2,545 thousand shares. The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

Note: The Parent Company conducted a 1:100 share split on October 1, 2013. The average number of stocks is calculated, assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2014.

### 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	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Securities (Government bonds).....	752,581	712,005	5,924
Securities (Foreign securities) .....	4,149	181,804	1,512
Securities (Corporate bonds) .....	527	523	4
Cash/deposits .....	86	879	7
Securities and cash/deposits pledged as collateral.....	757,345	895,212	7,449

The amounts of secured liabilities were as follows:

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Cash collateral for securities lending transactions.....	773,937	731,505	6,087
Loans payable .....	3	0	0
Secured liabilities .....	773,941	731,506	6,087

“Securities (Government bonds)” pledged as collateral for securities lending transactions with cash collateral as of March 31, 2014 and 2015 were ¥726,832 million and ¥650,112 million (US\$5,409 million), respectively.

#### 2. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balances of securities lent as of March 31, 2014 and 2015 were ¥1,148,500 million and ¥1,888,894 million (US\$15,718 million), respectively.

#### 3. Risk Management Policy of Policy-reserve-matching Bonds

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, formulates its policy on investments and resource allocation based on the balance of the subgroups. Moreover, they periodically check that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance products of DL are:

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

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

- i) individual life insurance and individual annuity (yen-denominated, short-term),
- ii) individual life insurance and individual annuity (yen-denominated, long-term),
- 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.

#### 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,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Stocks .....	98,916	126,803	1,055
Capital .....	40,026	51,591	429
Total .....	138,942	178,395	1,484

## 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,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers .....	4,329	502	4
Delinquent loans.....	4,463	3,525	29
Loans past due for three months or more.....	—	—	—
Restructured loans .....	35	2,040	16
Total .....	8,828	6,068	50

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,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers .....	6	4	0
Delinquent loans.....	60	54	0

## 6. Commitment Line

As of March 31, 2014 and 2015, unused amounts of commitment line agreements under which DL is the lender were ¥27,767 million and ¥95,370 million (US\$793 million), respectively.

## 7. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2014 and 2015 were ¥638,112 million and ¥648,947 million (US\$5,400 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, 2014 and 2015 were ¥3,052,249 million and ¥3,328,149 million (US\$27,695 million), respectively. Separate account liabilities were the same amount as the separate account assets.

## 9. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year.....	392,761	394,022	3,278
Dividend payment .....	(101,686)	(109,404)	(910)
Interest accrual.....	8,946	8,748	72
Provision for reserve for policyholder dividends .....	94,000	112,200	933
Balance at the end of the year .....	394,022	405,566	3,374



## 10. 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, 2014 and 2015 were ¥55,825 million and ¥54,887 million (US\$456 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

## 11. 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 ¥20,257 million as of March 31, 2014, which included ¥2,032 million attributable to real estate for rent, and ¥2,525 million (US\$21 million) as of March 31, 2015, which included ¥(7,935) million (US\$(66) million) attributable to real estate for rent.

## 12. Bonds Payable

As of March 31, 2014 and 2015, bonds payable included foreign currency-denominated subordinated bonds of ¥107,562 million and ¥281,988 million (US\$ 2,346 million), respectively, the repayment of which is subordinated to other obligations.

Issuer	Description	Issuance date	Balance as of April 1, 2014	Balance as of March 31, 2015	Interest rate (%)	Collateral	Maturity date
(Unit: million yen)							
DL	Foreign currency (US dollar) denominated perpetual subordinated bonds	From March 15, 2011 To October 28, 2014	107,562 [1,300 mil US\$]	215,727 [2,300 mil US\$]	From 5.10 to 7.25	None	Perpetual
(*)	Foreign currency (US dollar) denominated bonds	From August 15, 1994 To October 10, 2012	–	207,056 [1,751 mil US\$]	From 1.96 to 11.25	None	From January 15, 2018 To July 15, 2052
Protective Life Corporation	Foreign currency (US dollar) denominated subordinated bonds	From January 27, 2004 To August 15, 2012	–	66,261 [560 mil US\$]	From 6.00 to 6.25	None	From January 27, 2034 To September 1, 2042
<b>Total</b>	<b>–</b>	<b>–</b>	<b>107,562</b>	<b>489,045</b>	<b>–</b>	<b>–</b>	<b>–</b>

Note: 1. The above (\*) represents the total of bonds issued by the following consolidated overseas subsidiaries: Protective Life Corporation, Golden Gate II Captive Insurance Company, Golden Gate V Vermont Captive Insurance Company and MONY Life Insurance Company.

2. Figures in [ ] are the principal amount in US dollars.

3. The following table shows the maturities of bonds payable for the 5 years subsequent to March 31, 2015:

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Unit: million yen)					
Bonds payable .....	–	–	17,737	–	47,300
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Unit: million US dollars)					
Bonds payable .....	–	–	147	–	393



### 13. Subordinated Debt

As of March 31, 2014 and 2015, other liabilities included subordinated debt of ¥320,000 million and ¥320,000 million (US\$2,662 million), respectively. Those repayment is subordinated to other obligations.

Category	Balance as of April 1, 2014	Balance as of March 31, 2015	Average interest rate (%)	Maturity	Balance as of April 1, 2014	Balance as of March 31, 2015
	(Unit: million yen)				(Unit: million US dollars)	
Current portions of long-term borrowings .....	1	20,575	3.8	–	0	171
Current portions of lease obligations...	1,642	1,518	–	–	13	12
Long-term borrowings (excluding current portion) .....	348,334	371,315	2.4	July 2016~ perpetual	2,898	3,089
Lease obligations (excluding current portion) .....	4,385	3,064	–	April 2016~ February 2020	36	25
Total .....	354,362	396,474	–	–	2,948	3,299

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, 2015. 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, 2015:

	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.....	0	–	–	–
Lease obligations .....	1,298	1,269	458	34

  

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
	(Unit: million US dollars)			
Long-term borrowings.....	0	–	–	–
Lease obligations .....	10	10	3	0

### 14. 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, 2014 and 2015, the market value of the securities borrowed which were not sold or pledged as collateral was ¥43,418 million and ¥94,474 million (US\$786 million), respectively.

### 15. Organizational Change Surplus

As of March 31, 2014 and 2015, 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\$ 980 million), respectively.

## IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

### 1. Operating Expenses

Details of operating expenses for the years ended March 31, 2014 and 2015 were as follows:

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses .....	229,549	267,612	2,226
Sales management expenses .....	72,984	71,876	598
General management expenses .....	215,032	219,856	1,829

### 2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2014 and 2015 were as follows:

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Land .....	3,373	2,477	20
Buildings .....	237	551	4
Other tangible fixed assets .....	5	1	0
Other intangible fixed assets .....	8	—	—
Total .....	3,624	3,030	25

### 3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2014 and 2015 were as follows:

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Land .....	8,008	1,249	10
Buildings .....	5,333	2,911	24
Leased assets .....	1	41	0
Other tangible fixed assets .....	40	163	1
Software .....	65	198	1
Other intangible fixed assets .....	299	248	2
Other assets .....	141	582	4
Total .....	13,890	5,396	44

#### 4. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the years ended March 31, 2014 and 2015 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, 2014 were as follows:

Asset Group	Place	Number	Impairment Losses			
			Land	Land Leasehold Rights	Buildings	Total
(Unit: million yen)						
Real estate for rent	Shinjuku-Ku, Tokyo and others	2	2,682	6,495	6,154	15,332
Real estate not in use	Okayama City, Okayama Prefecture and others	28	3,461	2,718	2,378	8,557
Total		30	6,144	9,213	8,532	23,890

Impairment losses by asset group for the year ended March 31, 2015 were as follows:

Asset Group	Place	Number	Impairment Losses							
			(Unit: million yen)				(Unit: million US dollars)			
			Land	Land Leasehold Rights	Buildings	Total	Land	Land Leasehold Rights	Buildings	Total
Real estate not in use	Maebashi City, Gunma Prefecture and others	27	2,370	304	2,798	5,472	19	2	23	45

##### 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 2.66% and 2.57% for the years ended March 31, 2014 and 2015, 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,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year .....	468,991	1,783,498	14,841
Amount reclassified .....	(145,882)	(145,030)	(1,206)
Before tax adjustment .....	323,109	1,638,467	13,634
Tax effect .....	(99,031)	(434,666)	(3,617)
Net unrealized gains (losses) on securities, net of tax .....	224,078	1,203,801	10,017
Deferred hedge gains (losses)			
Amount incurred during the year .....	(2,435)	64,255	534
Amount reclassified .....	(143)	(111)	(0)
Amount adjusted for asset acquisition cost .....	1,437	(77,309)	(643)
Before tax adjustment .....	(1,141)	(13,165)	(109)
Tax effect .....	356	3,714	30
Deferred hedge gains (losses) .....	(784)	(9,450)	(78)
Reserve for land revaluation			
Amount incurred during the year .....	—	—	—
Amount reclassified .....	—	—	—
Before tax adjustment .....	—	—	—
Tax effect .....	(269)	5,668	47
Reserve for land revaluation .....	(269)	5,668	47
Foreign currency translation adjustments			
Amount incurred during the year .....	(4,131)	(5,940)	(49)
Amount reclassified .....	—	—	—
Before tax adjustment .....	(4,131)	(5,940)	(49)
Tax effect .....	—	—	—
Foreign currency translation adjustments .....	(4,131)	(5,940)	(49)
Remeasurements of defined benefit plans, net of tax			
Amount incurred during the year .....	—	52,829	439
Amount reclassified .....	—	(1,281)	(10)
Before tax adjustment .....	—	51,547	428
Tax effect .....	—	(14,375)	(119)
Remeasurements of defined benefit plans, net of tax .....	—	37,171	309
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year .....	5,136	10,737	89
Amount reclassified .....	(104)	(161)	(1)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method .....	5,031	10,575	88
Total other comprehensive income .....	223,924	1,241,826	10,333

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

### 1. 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 <sup>(*)</sup>	10,000	990,059	—	1,000,060
Treasury stock <sup>(*)</sup> <sup>(4)</sup>	90	8,255	602	7,743

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

(\*) 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.

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

(\*) 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

#### (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 <sup>(*)</sup>	¥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.

##### 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 <sup>(*)</sup>	¥19,846 million
Dividends per share <sup>(*)</sup>	¥20
Record date	March 31, 2014
Effective date	June 25, 2014
Dividend resource	Retained earnings

(\*) Total dividends did not include ¥154 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.

### 2. For the Year Ended March 31, 2015

#### (1) Type and Number of Shares Outstanding

	At the beginning of the year	Year ended March 31, 2015		
		Increase during the year	Decrease during the year	At the end of the year
		(Unit: thousands of shares)		
Common stock <sup>(*)</sup>	1,000,060	197,878	—	1,197,938
Treasury stock <sup>(*)</sup>	7,743	—	1,225	6,518

(\*) The increase of 197,878 thousand shares of common stock represents the sum of a) the exercise of stock acquisition rights of 78 thousand shares and b) issuance of 197,800 thousand new shares.

(\*) The decrease of 1,225 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, 2015 (Unit: million yen)
DL	Stock acquisition rights in the form of stock options	753 (US\$6 million)

## (3) Dividends on Common Stocks

### a) Dividends paid during the fiscal year ended March 31, 2015

Date of resolution	June 24, 2014 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends <sup>(*)</sup>	¥19,846 million (US\$165 million)
Dividends per share <sup>(*)</sup>	¥20 (US\$0.16)
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.

### b) Dividends, the record date of which was March 31, 2015, to be paid out in the year ending March 31, 2016

Date of resolution	June 23, 2015 (at the Annual General Meeting of Shareholders to be held)
Type of shares	Common stock
Total dividends <sup>(*)</sup>	¥33,359 million (US\$277 million)
Dividends per share	¥28 (US\$0.23)
Record date	March 31, 2015
Effective date	June 24, 2015
Dividend resource	Retained earnings

(\*) Total dividends did not include ¥182 million (US\$1 million) of dividends to the J-ESOP trust and the E-ship trust, as DL recognized the shares held by those trusts as treasury shares.

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

### 1. Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2014 and 2015 were as follows:

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Cash and cash deposits.....	698,594	873,444	7,268
Call loans.....	362,800	380,400	3,165
Money market funds included in securities.....	—	915	7
Cash and cash equivalents .....	1,061,394	1,254,760	10,441

### 2. Breakdown of Assets and Liabilities of Newly Consolidated Subsidiaries as a Result of the Acquisition of Shares

Associated with the consolidation of Neo First Life and Protective Life Corporation as a result of the acquisition of shares, the breakdown of the assets and liabilities of Neo First Life and Protective Life Corporation at the beginning of the consolidation, and the reconciliation of the acquisition price with net cash flow for the acquisition were as follows:

#### (1) Neo First Life

	(Unit: million yen)	(Unit: million US dollars)
Assets.....	5,111	42
Cash and cash deposits included in the above assets .....	1,820	15
Goodwill .....	2,038	16
Liabilities.....	(1,114)	(9)
Policy reserves and others included in the above liabilities .....	(928)	(7)
Acquisition price of shares of Neo First Life.....	6,035	50
Gain on step acquisition.....	(273)	(2)
Acquisition cost before acquisition .....	(326)	(2)
Cash and cash equivalents of Neo First Life.....	(2,735)	(22)
Net cash flow for the acquisition of shares of Neo First Life.....	2,699	22

(2) Protective Life Corporation

	(Unit: million yen)	(Unit: million US dollars)
Assets.....	8,304,813	69,108
Cash and cash deposits included in the above assets .....	54,823	456
Goodwill .....	8,561	71
Liabilities.....	(7,735,044)	(64,367)
Policy reserves and others included in the above liabilities .....	(6,958,358)	(57,904)
Acquisition price of shares of Protective Life Corporation.....	578,331	4,812
Cash and cash equivalents of Protective Life Corporation.....	(54,823)	(456)
Net cash flow for the acquisition of shares of Protective Life Corporation .....	523,507	4,356

## VIII. LEASE TRANSACTIONS

### 1. Finance Leases (As lessee)

For the fiscal years ended March 31, 2014 and 2015, information regarding finance leases (as lessee) is omitted due to the importance on the consolidated financial statements.

### 2. Operating Leases

Future minimum lease payments under non-cancellable operating leases as of March 31, 2014 and 2015 were as follows:

(As Lessee)

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Due within one year .....	2,239	3,039	25
Due after one year .....	17,992	27,694	230
Total .....	20,232	30,733	255

(As Lessor)

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Due within one year .....	—	8	0
Due after one year .....	—	256	2
Total .....	—	265	2

## IX. FINANCIAL INSTRUMENTS AND OTHERS

### 1. Financial Instruments

#### (1) Policies in Utilizing Financial Instrument

In an effort to manage investment assets in a manner appropriate to liabilities which arise from the insurance policies DL underwrites, DL engages 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 investment objectives, taking into account the exposure of underlying assets. Moreover, DL and certain of its consolidated subsidiaries 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 investment objective 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 “2. 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, 2014 and 2015 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, 2014			
	Carrying amount	Fair value	Gains (losses)
(Unit: million yen)			
(1) Cash and deposits.....	698,594	698,606	12
(2) Call loans .....	362,800	362,800	–
(3) Monetary claims bought.....	281,859	281,859	–
(4) Money held in trust .....	66,400	66,400	–
(5) Securities			
a. Trading securities .....	3,170,435	3,170,435	–
b. Held-to-maturity bonds .....	45,109	48,862	3,753
c. Policy-reserve-matching bonds.....	12,461,047	13,539,746	1,078,698
d. Stocks of subsidiaries and affiliated companies.....	37,348	44,116	6,768
e. Available-for-sale securities.....	14,408,024	14,408,024	–
(6) Loans.....	3,024,702		
Reserves for possible loan losses <sup>(*)</sup> .....	(1,846)		
	3,022,855	3,136,544	113,688
<b>Total assets .....</b>	<b>34,554,474</b>	<b>35,757,395</b>	<b>1,202,920</b>
(1) Bonds payable.....	107,562	127,995	20,433
(2) Long-term borrowings.....	348,335	353,867	5,531
<b>Total liabilities .....</b>	<b>455,897</b>	<b>481,862</b>	<b>25,965</b>
Derivative transactions <sup>(*)</sup>			
a. Hedge accounting not applied.....	2,904	2,904	–
b. Hedge accounting applied .....	[51,825]	[51,315]	509
<b>Total derivative transactions .....</b>	<b>[48,921]</b>	<b>[48,411]</b>	<b>509</b>

(\*) 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, 2015						
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
(Unit: million yen)				(Unit: million US dollars)		
(1) Cash and deposits.....	873,444	873,453	9	7,268	7,268	0
(2) Call loans .....	380,400	380,400	–	3,165	3,165	–
(3) Monetary claims bought.....	265,813	265,813	–	2,211	2,211	–
(4) Money held in trust .....	65,283	65,283	–	543	543	–
(5) Securities						
a. Trading securities .....	5,332,413	5,332,413	–	44,373	44,373	–
b. Held-to-maturity bonds .....	108,312	112,842	4,529	901	939	37
c. Policy-reserve-matching bonds.....	13,730,760	15,693,503	1,962,743	114,261	130,594	16,333
d. Stocks of subsidiaries and affiliated companies .....	42,055	78,650	36,595	349	654	304
e. Available-for-sale securities .....	20,779,417	20,779,417	–	172,916	172,916	–
(6) Loans.....	3,898,148			32,438		
Reserves for possible loan losses <sup>(*)</sup> ....	(1,327)			(11)		
	3,896,821	4,040,839	144,018	32,427	33,626	1,198
<b>Total assets .....</b>	<b>45,474,722</b>	<b>47,622,618</b>	<b>2,147,895</b>	<b>378,419</b>	<b>396,293</b>	<b>17,873</b>
(1) Bonds payable.....	489,045	519,605	30,560	4,069	4,323	254
(2) Long-term borrowings.....	391,891	393,705	1,813	3,261	3,276	15
<b>Total liabilities .....</b>	<b>880,936</b>	<b>913,310</b>	<b>32,374</b>	<b>7,330</b>	<b>7,600</b>	<b>269</b>
Derivative transactions <sup>(*)</sup>						
a. Hedge accounting not applied.....	[12,165]	[12,165]	–	[101]	[101]	–
b. Hedge accounting applied .....	[69,304]	[68,910]	394	[576]	[573]	3
<b>Total derivative transactions .....</b>	<b>[81,470]</b>	<b>[81,076]</b>	<b>394</b>	<b>[677]</b>	<b>[674]</b>	<b>3</b>

(\*) 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

The 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 loan, using interest rates corresponding to the internal credit rating and remaining period which are assumed to be applied to new loans to the 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

The fair value of bonds 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,		
	2014	2015	2015
	Carrying amount		
	(Unit: million yen)		(Unit: million US dollars)
1. Unlisted domestic stocks <sup>(*)</sup> ( <sup>(*)</sup> 2) .....	156,509	153,031	1,273
2. Unlisted foreign stocks <sup>(*)</sup> ( <sup>(*)</sup> 2) .....	31,046	51,064	424
3. Other foreign securities <sup>(*)</sup> ( <sup>(*)</sup> 2) .....	798,089	795,227	6,617
4. Other securities <sup>(*)</sup> ( <sup>(*)</sup> 2) .....	95,972	113,131	941
Total .....	1,081,617	1,112,454	9,257

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

(\*)2 DL recorded impairment charges of ¥5 million for the year ended March 31, 2014 and ¥13 million (US\$0 million) for the year ended March 31, 2015.

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

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 <sup>(*)1</sup> .....	–	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 <sup>(*)2</sup> .....	255,599	1,028,760	754,427	514,774

(\*)1 Money held in trust without maturities amounted to ¥63,565 million was not included.

(\*)2 Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥6,266 million were not included. Also, ¥464,467 million of loans without maturities were not included.

As of March 31, 2015				
	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 .....	870,994	200	–	–
Call loans.....	380,400	–	–	–
Monetary claims bought .....	–	23,000	–	229,233
Money held in trust <sup>(*)1</sup> .....	–	2,760	–	–
Securities:				
Held-to-maturity bonds (bonds) .....	–	–	47,900	–
Held-to-maturity bonds (foreign securities) .....	–	–	–	51,438
Policy-reserve-matching bonds (bonds) .....	94,020	293,897	524,213	11,561,862
Policy-reserve-matching bonds (foreign securities) .....	500	61,299	895,173	224,015
Available-for-sale securities with maturities (bonds) .....	194,818	1,319,214	577,040	1,877,613
Available-for-sale securities with maturities (foreign securities) ..	429,053	3,051,078	2,366,088	4,102,798
Available-for-sale securities with maturities (other securities) ...	36,652	71,644	285,483	7,677
Loans <sup>(*)2</sup> .....	330,033	1,170,533	934,916	774,008

As of March 31, 2015				
	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 .....	7,248	1	–	–
Call loans.....	3,165	–	–	–
Monetary claims bought .....	–	191	–	1,907
Money held in trust <sup>(*)1</sup> .....	–	22	–	–
Securities:				
Held-to-maturity bonds (bonds) .....	–	–	398	–
Held-to-maturity bonds (foreign securities) .....	–	–	–	428
Policy-reserve-matching bonds (bonds) .....	782	2,445	4,362	96,212
Policy-reserve-matching bonds (foreign securities) .....	4	510	7,449	1,864
Available-for-sale securities with maturities (bonds) .....	1,621	10,977	4,801	15,624
Available-for-sale securities with maturities (foreign securities) ..	3,570	25,389	19,689	34,141
Available-for-sale securities with maturities (other securities) ...	305	596	2,375	63
Loans <sup>(*)2</sup> .....	2,746	9,740	7,779	6,440

(\*)1 Money held in trust without maturities amounted to ¥62,406 million (US\$ 519 million) was not included.

(\*)2 Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥1,200 million (US\$9 million) were not included. Also, ¥642,404 million (US\$ 5,345 million) of loans without maturities were not included.

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

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 <sup>(*)</sup> .....	1	21,275	0	0	0	0

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

As of March 31, 2015						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(Unit: million yen)						
Bonds payable <sup>(*)1</sup> .....	12,190	–	17,737	–	47,300	156,005
Long term borrowings <sup>(*)2</sup> .....	20,575	0	–	–	–	46,117

As of March 31, 2015						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(Unit: million US dollars)						
Bonds payable <sup>(*)1</sup> .....	101	–	147	–	393	1,298
Long term borrowings <sup>(*)2</sup> .....	171	0	–	–	–	383

(\*)1 ¥215,727 million (US\$ 1,795 million) of bonds payable without maturities were not included.

(\*)2 ¥325,197 million (US\$ 2,706 million) of long term borrowings without maturities were not included.

## X. SECURITIES

### 1. Trading Securities

As of March 31,			
	2014	2015	2015
(Unit: million yen)			(Unit: million US dollars)
Gains (losses) on valuation of trading securities .....	118,922	197,216	1,641

### 2. Held-to-maturity Bonds

As of March 31, 2014			
	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)			
Held-to-maturity securities with unrealized gains:			
(1) Bonds .....	45,109	48,862	3,753
a. Government bonds .....	45,109	48,862	3,753
b. Local government bonds .....	–	–	–
c. Corporate bonds .....	–	–	–
(2) Foreign securities .....	–	–	–
a. Foreign bonds .....	–	–	–
Total .....	45,109	48,862	3,753

As of March 31, 2015						
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Held-to-maturity securities with unrealized gains:						
(1) Bonds .....	45,411	49,940	4,529	377	415	37
a. Government bonds .....	45,411	49,940	4,529	377	415	37
b. Local government bonds.....	—	—	—	—	—	—
c. Corporate bonds.....	—	—	—	—	—	—
(2) Foreign securities .....	—	—	—	—	—	—
a. Foreign bonds.....	—	—	—	—	—	—
Subtotal.....	45,411	49,940	4,529	377	415	37
Held-to-maturity securities with unrealized losses:						
(1) Bonds .....	—	—	—	—	—	—
a. Government bonds .....	—	—	—	—	—	—
b. Local government bonds.....	—	—	—	—	—	—
c. Corporate bonds.....	—	—	—	—	—	—
(2) Foreign securities .....	62,901	62,901	—	523	523	—
a. Foreign bonds.....	62,901	62,901	—	523	523	—
Subtotal.....	62,901	62,901	—	523	523	—
Total.....	108,312	112,842	4,529	901	939	37

### 3. Policy-reserve-matching Bonds

As of March 31, 2014			
	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)			
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds .....	11,926,910	13,003,053	1,076,142
a. Government bonds .....	11,233,673	12,287,943	1,054,269
b. Local government bonds.....	138,689	144,601	5,912
c. Corporate bonds.....	554,547	570,508	15,960
(2) Foreign Securities.....	343,307	347,758	4,450
a. Foreign bonds .....	343,307	347,758	4,450
Subtotal .....	12,270,218	13,350,811	1,080,593
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds .....	95,679	95,447	(232)
a. Government bonds .....	70,510	70,479	(31)
b. Local government bonds.....	-	-	-
c. Corporate bonds.....	25,169	24,967	(201)
(2) Foreign Securities.....	95,149	93,487	(1,661)
a. Foreign bonds .....	95,149	93,487	(1,661)
Subtotal .....	190,829	188,934	(1,894)
Total.....	12,461,047	13,539,746	1,078,698

As of March 31, 2015						
	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 .....	12,348,894	14,207,276	1,858,381	102,761	118,226	15,464
a. Government bonds .....	11,783,358	13,604,027	1,820,668	98,055	113,206	15,150
b. Local government bonds.....	83,784	92,704	8,920	697	771	74
c. Corporate bonds.....	481,751	510,544	28,793	4,008	4,248	239
(2) Foreign securities .....	1,187,920	1,293,593	105,673	9,885	10,764	879
a. Foreign bonds .....	1,187,920	1,293,593	105,673	9,885	10,764	879
Subtotal .....	13,536,814	15,500,869	1,964,054	112,647	128,991	16,343
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds .....	167,803	166,626	(1,176)	1,396	1,386	(9)
a. Government bonds .....	111,260	110,946	(313)	925	923	(2)
b. Local government bonds.....	1,029	1,011	(18)	8	8	(0)
c. Corporate bonds.....	55,513	54,667	(845)	461	454	(7)
(2) Foreign securities .....	26,142	26,007	(134)	217	216	(1)
a. Foreign bonds .....	26,142	26,007	(134)	217	216	(1)
Subtotal .....	193,945	192,633	(1,311)	1,613	1,603	(10)
Total.....	13,730,760	15,693,503	1,962,743	114,261	130,594	16,333

#### 4. Available-for-sale Securities

As of March 31, 2014			
	Carrying amount	Acquisition cost	Unrealized gains (losses)
(Unit: million yen)			
Available-for-sale securities with unrealized gains:			
(1) Bonds .....	4,520,051	4,202,729	317,321
a. Government bonds .....	2,861,998	2,608,822	253,176
b. Local government bonds.....	104,111	100,523	3,588
c. Corporate bonds.....	1,553,941	1,493,383	60,557
(2) Domestic stocks.....	2,331,534	1,345,838	985,695
(3) Foreign securities .....	6,248,424	5,586,906	661,518
a. Foreign bonds.....	5,649,038	5,119,855	529,183
b. Other foreign securities .....	599,385	467,050	132,334
(4) Other securities .....	586,839	535,163	51,676
Subtotal.....	13,686,849	11,670,637	2,016,212
Available-for-sale securities with unrealized losses:			
(1) Bonds .....	150,575	151,927	(1,352)
a. Government bonds.....	51,947	52,299	(352)
b. Local government bonds.....	105	105	(0)
c. Corporate bonds.....	98,523	99,522	(999)
(2) Domestic stocks.....	206,165	260,058	(53,892)
(3) Foreign securities .....	604,037	630,623	(26,586)
a. Foreign bonds.....	475,347	496,017	(20,669)
b. Other foreign securities .....	128,690	134,606	(5,916)
(4) Other securities .....	57,255	58,514	(1,259)
Subtotal.....	1,018,033	1,101,124	(83,090)
Total.....	14,704,883	12,771,761	1,933,121

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 and ¥15,000 million, respectively, as of March 31, 2014. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥268,110 million and ¥281,859 million, respectively, as of March 31, 2014.

As of March 31, 2015						
	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 .....	4,253,125	3,836,985	416,139	35,392	31,929	3,462
a. Government bonds .....	2,829,790	2,481,840	347,949	23,548	20,652	2,895
b. Local government bonds.....	60,059	57,150	2,909	499	475	24
c. Corporate bonds.....	1,363,275	1,297,995	65,280	11,344	10,801	543
(2) Domestic stocks.....	3,334,981	1,527,586	1,807,394	27,752	12,711	15,040
(3) Foreign securities .....	7,733,702	6,442,740	1,290,961	64,356	53,613	10,742
a. Foreign bonds.....	6,943,224	5,891,550	1,051,674	57,778	49,026	8,751
b. Other foreign securities .....	790,477	551,190	239,287	6,577	4,586	1,991
(4) Other securities .....	876,549	788,661	87,888	7,294	6,562	731
Subtotal.....	16,198,359	12,595,974	3,602,384	134,795	104,817	29,977
Available-for-sale securities with unrealized losses:						
(1) Bonds .....	153,306	153,760	(453)	1,275	1,279	(3)
a. Government bonds.....	106,003	106,345	(342)	882	884	(2)
b. Local government bonds.....	—	—	—	—	—	—
c. Corporate bonds.....	47,303	47,414	(111)	393	394	(0)
(2) Domestic stocks.....	94,369	116,092	(21,723)	785	966	(180)
(3) Foreign securities .....	4,604,695	4,614,811	(10,115)	38,318	38,402	(84)
a. Foreign bonds.....	4,421,935	4,426,892	(4,957)	36,797	36,838	(41)
b. Other foreign securities .....	182,760	187,919	(5,158)	1,520	1,563	(42)
(4) Other securities .....	34,500	34,978	(478)	287	291	(3)
Subtotal.....	4,886,872	4,919,643	(32,771)	40,666	40,939	(272)
Total.....	21,085,231	17,515,618	3,569,613	175,461	145,756	29,704

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 ¥40,000 million (US\$332 million) and ¥40,000 million (US\$332 million), respectively, as of March 31, 2015. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥252,203 million (US\$2,098 million) and ¥265,813 million (US\$2,211 million), respectively, as of March 31, 2015.

## 5. Held-to-maturity Bonds Sold

DL and its consolidated subsidiaries sold no held-to-maturity bonds during the years ended March 31, 2014 and 2015.

## 6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the years ended March 31, 2014 and 2015 were as follows:

Year ended March 31, 2014						
	Amounts sold	Realized gains	Realized losses			
	(Unit: million yen)					
(1) Bonds .....	—	—	—			
a. Government bonds .....	—	—	—			
b. Local government bonds .....	—	—	—			
c. Corporate bonds .....	—	—	—			
(2) Foreign securities .....	14,093	2,119	—			
a. Foreign bonds .....	14,093	2,119	—			
b. Other foreign securities .....	—	—	—			
Total .....	14,093	2,119	—			

  

Year ended March 31, 2015						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds .....	244,677	9,061	1,922	2,036	75	15
a. Government bonds .....	242,099	8,718	1,922	2,014	72	15
b. Local government bonds .....	—	—	—	—	—	—
c. Corporate bonds .....	2,577	343	—	21	2	—
(2) Foreign securities .....	4,406	989	—	36	8	—
a. Foreign bonds .....	4,406	989	—	36	8	—
b. Other foreign securities .....	—	—	—	—	—	—
Total .....	249,083	10,051	1,922	2,072	83	15



## 7. Available-for-sale Securities Sold

Available-for-sale securities sold during the years ended March 31, 2014 and 2015 were as follows.

Year ended March 31, 2014						
	Amounts sold	Realized gains	Realized losses			
(Unit: million yen)						
(1) Bonds .....	1,692,240	48,416	6,656			
a. Government bonds .....	1,424,135	41,570	5,247			
b. Local government bonds .....	890	197	–			
c. Corporate bonds .....	267,215	6,648	1,408			
(2) Domestic stocks .....	154,113	40,648	9,027			
(3) Foreign securities .....	3,566,085	119,230	51,633			
a. Foreign bonds .....	3,493,369	103,435	47,827			
b. Other foreign securities .....	72,715	15,795	3,806			
(4) Other securities .....	1,436	2	176			
Total .....	5,413,876	208,298	67,494			
Year ended March 31, 2015						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
(Unit: million yen)				(Unit: million US dollars)		
(1) Bonds .....	455,855	9,295	378	3,793	77	3
a. Government bonds .....	294,114	5,382	71	2,447	44	0
b. Local government bonds .....	470	16	1	3	0	0
c. Corporate bonds .....	161,270	3,896	306	1,342	32	2
(2) Domestic stocks .....	89,262	29,826	4,687	742	248	39
(3) Foreign securities .....	1,923,468	97,367	16,781	16,006	810	139
a. Foreign bonds .....	1,848,474	74,213	13,594	15,382	617	113
b. Other foreign securities .....	74,993	23,154	3,187	624	192	26
(4) Other securities .....	44,326	13,667	450	368	113	3
Total .....	2,512,913	150,156	22,299	20,911	1,249	185

## 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 probability 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 years ended March 31, 2014 and 2015 were ¥1,401 million and ¥455 million (US\$ 3 million), respectively.

## XI. MONEY HELD IN TRUST

### Money Held in Trust for Trading

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount on the consolidated balance sheet .....	63,565	62,406	519
Gains (losses) on valuation of money held in trust.....	(18,389)	(477)	(3)

### Money Held in Trust Classified as Available-For-Sale

	As of March 31, 2014		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
(Unit: million yen)			
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
Total.....	2,835	2,587	247

	As of March 31, 2015					
	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.....	2,876	2,587	288	23	21	2
Total.....	2,876	2,587	288	23	21	2

## XII. DERIVATIVE TRANSACTIONS

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

#### (1) Currency-related transactions

As of March 31, 2014				
	(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 .....	1,630,028	–	(8,705)	(8,705)
U.S. dollar .....	805,133	–	(1,904)	(1,904)
Euro .....	286,081	–	(1,233)	(1,233)
Australian dollar .....	148,558	–	(3,680)	(3,680)
British pound .....	92,889	–	(446)	(446)
Canadian dollar .....	80,417	–	(31)	(31)
Others .....	216,948	–	(1,409)	(1,409)
Bought .....	1,290,787	–	1,794	1,794
U.S. dollar .....	626,321	–	406	406
Euro .....	160,550	–	355	355
Australian dollar .....	115,970	–	290	290
British pound .....	85,696	–	24	24
Canadian dollar .....	79,092	–	0	0
Others .....	223,155	–	716	716
Currency swaps:				
Receipts yen, payments foreign currency .....	1,560	1,560	(449)	(449)
Australian dollar .....	1,560	1,560	(449)	(449)
Currency options:				
Bought:				
Put .....	207,940			
	[1,317]	–	55	(1,261)
U.S. dollar .....	207,940			
	[1,317]	–	55	(1,261)
Total return swaps:				
Foreign currency index linked .....	57,760	57,760	1,890	1,890
Total .....				(6,731)

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)."

As of March 31, 2015

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)				(Unit: million US dollars)			
Exchange-traded transactions:								
Currency futures:								
Sold .....	27,930	—	1,201	1,201	232	—	9	9
British pound / U.S. dollar	13,734	—	473	473	114	—	3	3
Euro / U.S. dollar .....	9,788	—	788	788	81	—	6	6
Yen / U.S. dollar .....	4,407	—	(60)	(60)	36	—	(0)	(0)
Over-the-counter transactions:								
Foreign currency forward contracts:								
Sold .....	1,650,262	—	23,354	23,354	13,732	—	194	194
U.S. dollar .....	632,401	—	(6,012)	(6,012)	5,262	—	(50)	(50)
Euro .....	522,799	—	26,811	26,811	4,350	—	223	223
Australian dollar .....	121,232	—	2,819	2,819	1,008	—	23	23
Canadian dollar .....	79,056	—	16	16	657	—	0	0
British pound .....	70,157	—	605	605	583	—	5	5
Others .....	224,614	—	(884)	(884)	1,869	—	(7)	(7)
Bought .....	1,146,992	—	(831)	(831)	9,544	—	(6)	(6)
U.S. dollar .....	637,934	—	415	415	5,308	—	3	3
Euro .....	132,000	—	(375)	(375)	1,098	—	(3)	(3)
Canadian dollar .....	70,852	—	(5)	(5)	589	—	(0)	(0)
Australian dollar .....	62,076	—	(314)	(314)	516	—	(2)	(2)
British pound .....	37,235	—	(611)	(611)	309	—	(5)	(5)
Others .....	206,892	—	59	59	1,721	—	0	0
Currency swaps:								
Receipts yen, payments								
foreign currency .....	1,560	1,560	(386)	(386)	12	12	(3)	(3)
Australian dollar .....	1,560	1,560	(386)	(386)	12	12	(3)	(3)
Currency options:								
Bought:								
Put .....	115,953				964			
	[948]	—	43	(904)	[7]	—	0	(7)
U.S. dollar .....	115,953				964			
	[948]	—	43	(904)	[7]	—	0	(7)
Total return swaps:								
Foreign currency								
index linked .....	248,572	248,572	238	238	2,068	2,068	1	1
Total .....				22,672				188

Note: 1. (1) Fair value of currency futures listed above is based on the prices quoted from counterparty financial institutions.  
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.  
(3) Fair value of currency swaps is calculated by discounting expected cash flows.  
(4) An option pricing model is used for fair value calculation of currency options.  
(5) Fair value of total return swaps is based on fair value calculated by referred index of 31 March 2015.  
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, 2014				
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating..	20,820	17,770	384	384
Receipts floating, payments fixed..	4,900	4,900	(94)	(94)
Yen interest rate swaptions:				
Bought:				
Receipts floating, payments fixed..	480,000	480,000		
	[11,594]	[11,594]	5,220	(6,374)
Total .....				(6,085)

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)."

As of March 31, 2015								
	(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.....	239,398	230,028	19,776	19,776	1,992	1,914	164	164
Receipts floating, payments fixed.....	30,250	27,750	(437)	(437)	251	230	(3)	(3)
Yen interest rate swaptions:								
Sold:								
Receipts floating, payments fixed ..	200,000	200,000			1,664	1,664		
	[2,734]	[2,734]	1,425	1,308	[22]	[22]	11	10
Bought:								
Receipts fixed, payments floating ..	47,300				393			
	[1,611]	–	1,499	(112)	[13]	–	12	(0)
Receipts floating, payments fixed ..	786,606	506,606			6,545	4,215		
	[17,750]	[12,307]	5,241	(12,508)	[147]	[102]	43	(104)
Total .....				8,026				66

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 or the prices quoted from financial institutions.  
 (2) An option pricing model is used for fair value calculation of yen interest rate swaptions or the prices quoted from financial institutions.  
 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, 2014			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold .....	40,645	37	37
Bought.....	10,153	288	288
Foreign currency-denominated stock index futures:			
Sold .....	18,749	(319)	(319)
Bought.....	11,016	148	148
Total .....			154

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, 2015

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)					(Unit: million US dollars)			
Exchange-traded transactions:								
Yen stock index futures:								
Sold .....	57,306	—	1,204	1,204	476	—	10	10
Bought .....	9,245	—	15	15	76	—	0	0
Foreign currency-denominated stock index futures:								
Sold .....	75,848	—	(312)	(312)	631	—	(2)	(2)
Bought .....	7,662	—	58	58	63	—	0	0
Yen stock index swaptions:								
Sold:								
Put .....	39,979				332			
	[843]	—	375	467	[7]	—	3	3
Bought:								
Put .....	44,948				374			
	[1,227]	—	745	(482)	[10]	—	6	(4)
Foreign currency-denominated stock index swaptions:								
Sold:								
Call .....	83,203				692			
	[3,272]	—	3,028	243	[27]	—	25	2
Put .....	40,344				335			
	[536]	—	318	217	[4]	—	2	1
Bought:								
Call .....	79,159				658			
	[5,346]	—	5,496	149	[44]	—	45	1
Put .....	118,313	11,300			984	94		
	[10,847]	[2,396]	3,877	(6,970)	[90]	[19]	32	(58)
Others:								
Bought:								
Call .....	28	28			0	0		
	[35]	[35]	38	3	[0]	[0]	0	0
Over-the-counter transactions:								
Equity forward contracts to hedge domestic stocks:								
Bought .....	47,524	—	(784)	(784)	395	—	(6)	(6)
Foreign currency-denominated stock options:								
Bought:								
Put .....	770				6			
	[68]	—	24	(44)	[0]	—	0	(0)
Yen stock index options:								
Bought:								
Put .....	6,931	6,786			57	56		
	[1,329]	[1,307]	516	(812)	[11]	[10]	4	(6)
Foreign currency-denominated stock index options:								
Sold:								
Call .....	9,524				79			
	[396]	—	301	95	[3]	—	2	0
Bought:								
Call .....	9,487				78			
	[448]	—	343	(105)	[3]	—	2	(0)
Put .....	64,874	58,376			539	485		
	[11,748]	[10,871]	7,594	(4,153)	[97]	[90]	63	(34)
Total .....				(11,210)				(93)

Note: 1. (1) Yen stock index futures, Foreign currency-denominated stock index futures, Yen stock index options and Foreign currency-denominated stock index options  
Fair value is based on the closing exchange-traded prices and the prices quoted from financial institutions.  
(2) Yen stock forwards  
Fair value is based on the market price of underlying assets, interest rates and expected dividends, etc .  
(3) Foreign currency-denominated equity option  
An option pricing model is used for fair value calculation of currency options.  
(4) Others  
Fair value is based on the prices quoted from financial institutions.  
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)."

(4) Bond-related transactions

As of March 31, 2014			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Bought .....	112,052	(116)	(116)
Foreign currency-denominated bond futures:			
Sold .....	18,217	11	11
Over-the-counter transactions:			
Bond OTC options:			
Sold:			
Call .....	431,678		
	[4,174]	2,100	2,074
Put .....	17,731		
	[38]	40	(1)
Bought:			
Call .....	17,731		
	[33]	9	(23)
Put .....	431,678		
	[8,456]	4,891	(3,565)
Total .....			(1,622)

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.

As of March 31, 2015						
	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 .....	106,496	237	237	886	1	1
Foreign currency-denominated bond futures:						
Sold .....	11,850	(71)	(71)	98	(0)	(0)
Bought .....	192,896	55	55	1,605	0	0
Over-the-counter transactions:						
Bond OTC options:						
Sold:						
Call .....	357,459			2,974		
	[2,764]	2,137	626	[23]	17	5
Put .....	29,411			244		
	[136]	130	5	[1]	1	0
Bought:						
Call .....	29,411			244		
	[106]	90	(16)	[0]	0	(0)
Put .....	357,459			2,974		
	[5,850]	3,226	(2,623)	[48]	26	(21)
Total .....			(1,785)			(14)

Note: 1. (1) Fair value of Yen bond futures is based on the closing exchange-traded prices.  
(2) Fair value of Foreign currency-denominated bond futures is based on the closing exchange-traded prices or the price presented by counterparty financial institutions.  
(3) 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

### a) Credit Default Swaps and Embedded Derivatives

As of March 31, 2014:

There was no transaction.

As of March 31, 2015

	(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:								
Credit default swaps:								
Sold protection.....	13,000	12,000	273	273	108	99	2	2
Bought protection .....	2,000	2,000	(52)	(52)	16	16	(0)	(0)
Others:								
Embedded derivatives .....	1,564,181	1,564,181	(76,727)	(76,727)	13,016	13,016	(638)	(638)
Total .....				(76,506)				(636)

Note: 1. Embedded derivatives are guaranteed minimum portion and others of variable annuity products of certain of overseas subsidiaries that are classified as embedded derivatives, under local accounting standards.  
2. Fair value listed above is based on the present value of estimated future cash flows.  
3. Fair value is shown in "Gains (losses)."

### b) 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:

#### i) Currency-related transactions

As of March 31, 2014

AS of March 31, 2014

	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange traded transactions:			
Currency futures:			
Sold .....	2,135	(1)	(1)
(Euro / U.S. dollar) .....	1,495	3	3
(British pound / U.S. dollar) .....	640	(4)	(4)
Bought .....	4,461	(47)	(47)
(Yen / U.S. dollar) .....	4,461	(47)	(47)
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold .....	57,694	(293)	(293)
U.S. dollar .....	27,903	(93)	(93)
Euro .....	15,246	(2)	(2)
British pound .....	4,306	(24)	(24)
Canadian dollar .....	3,496	(10)	(10)
Australian dollar .....	3,232	(125)	(125)
Others .....	3,507	(37)	(37)
Bought .....	19,024	81	81
U.S. dollar .....	9,735	41	41
Euro .....	4,932	24	24
British pound .....	1,194	5	5
Australian dollar .....	948	3	3
Canadian dollar .....	929	2	2
Others .....	1,283	4	4
Total .....			(261)

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, 2015						
	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 .....	1,685	2	2	14	0	0
(Euro / U.S. dollar) .....	1,164	3	3	9	0	0
(British pound / U.S. dollar) .....	521	(1)	(1)	4	(0)	(0)
Bought .....	3,403	0	0	28	0	0
(Yen / U.S. dollar) .....	3,403	0	0	28	0	0
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold .....	20,298	(49)	(49)	168	(0)	(0)
U.S. dollar .....	11,172	(158)	(158)	92	(1)	(1)
Euro .....	4,306	86	86	35	0	0
British pound .....	2,038	(5)	(5)	16	(0)	(0)
Canadian dollar .....	1,375	22	22	11	0	0
Australian dollar .....	1,015	13	13	8	0	0
Others .....	390	(8)	(8)	3	(0)	(0)
Bought .....	9,686	12	12	80	0	0
U.S. dollar .....	5,408	(1)	(1)	45	(0)	(0)
Euro .....	2,075	9	9	17	0	0
Canadian dollar .....	757	0	0	6	0	0
Australian dollar .....	734	2	2	6	0	0
British pound .....	710	1	1	5	0	0
Total .....			(34)			(0)

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.

#### ii) Stock-related transactions

As of March 31, 2014			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold .....	13,942	(553)	(553)
Foreign currency-denominated stock index futures:			
Sold .....	9,978	(190)	(190)
Total .....			(744)

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, 2015						
	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 .....	2,102	3	3	17	0	0
Foreign currency-denominated stock index futures:						
Sold .....	1,497	5	5	12	0	0
Total .....			9			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.

## iii) Bond-related transactions

As of March 31, 2014			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Bought.....	33,571	(20)	(20)
Foreign currency-denominated bond futures:			
Sold .....	42,888	40	40
Total .....			20

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, 2015						
	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.....	46,117	(37)	(37)	383	(0)	(0)
Foreign currency-denominated bond futures:						
Sold .....	2,024	(1)	(1)	16	(0)	(0)
Total .....			(39)			(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, 2014			
	(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 .....	42,977	42,977	(2,602)
U.S. dollar .....	42,977	42,977	(2,602)
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold .....	2,734,183	—	(47,814)
U.S. dollar .....	1,116,047	—	(22,338)
Euro .....	1,063,706	—	(12,887)
Australian dollar .....	207,160	—	(8,166)
British pound .....	141,008	—	(318)
Canadian dollar .....	14,462	—	(248)
Others .....	191,798	—	(3,854)
Bought .....	4,323	—	28
U.S. dollar .....	3,247	—	19
British pound .....	641	—	8
Euro .....	434	—	(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	—	( <sup>(*)1</sup> )
Australian dollar .....	329,055	—	( <sup>(*)1</sup> )
U.S. dollar .....	187,932	—	( <sup>(*)1</sup> )
Currency swaps to hedge foreign currency-denominated bonds payable and loans:			
Receipts yen, payments foreign			
currency .....	117,482	117,482	( <sup>(*)2</sup> )
Foreign currency-denominated bonds payable:			
U.S. dollar .....	107,562	107,562	( <sup>(*)2</sup> )
Foreign currency-denominated loans:			
U.S. dollar .....	9,920	9,920	( <sup>(*)2</sup> )

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.

(<sup>(\*)1</sup>) 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.

(<sup>(\*)2</sup>) 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.

## As of March 31, 2015

	(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.....	105,126	105,126	(16,550)	874	874	(137)
U.S. dollar .....	92,336	92,336	(16,903)	768	768	(140)
Euro .....	12,790	12,790	352	106	106	2
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold.....	3,325,730	—	(47,731)	27,675	—	(397)
U.S. dollar .....	1,458,337	—	(68,333)	12,135	—	(568)
Euro .....	1,040,408	—	20,549	8,657	—	170
Australian dollar .....	354,309	—	7,140	2,948	—	59
British pound.....	134,114	—	(1,136)	1,116	—	(9)
Canadian dollar .....	23,889	—	(366)	198	—	(3)
Others .....	314,670	—	(5,584)	2,618	—	(46)
Bought .....	4,013	—	(85)	33	—	(0)
U.S. dollar .....	2,603	—	50	21	—	0
Euro .....	1,271	—	(137)	10	—	(1)
British pound.....	19	—	0	0	—	0
Others .....	118	—	0	0	—	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.....	577,349	—	(*)	4,804	—	(*)
Australian dollar .....	273,603	—	(*)	2,276	—	(*)
U.S. dollar .....	164,861	—	(*)	1,371	—	(*)
Others .....	138,883	—	(*)	1,155	—	(*)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:						
Receipts foreign currency,						
payments yen .....	215,727	215,727	(*)	1,795	1,795	(*)
Foreign currency-denominated bonds payable:						
U.S. dollar.....	215,727	215,727	(*)	1,795	1,795	(*)
Receipts yen, payments foreign						
currency.....	26,767	26,767	(*)	222	222	(*)
Foreign currency-denominated loans:						
U.S. dollar.....	26,767	26,767	(*)	222	222	(*)

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.

(\*) 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.

(\*\*) 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, 2014			
	(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	(1,143)
Special hedge accounting			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating ...	25,500	14,800	509

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, 2015						
	(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	–	(426)	2,662	–	(3)
Inflation linked yen interest rate swaps to funding agreements:						
Receipts floating, payments fixed ...	3,081	–	(11)	25	–	(0)
Special hedge accounting						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating...	14,800	12,800	394	123	106	3

Note: 1. Yen interest rate swaps:

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

2. Inflation linked yen interest rate swaps:

Fair value listed above is present values of expected cash flows.

## (3) Stock-related transactions

As of March 31, 2014		
	Notional amount/ contract value	Fair value
(Unit: million yen)		
Fair value hedge:		
Equity forward contracts to hedge domestic stocks:		
Sold.....	53,072	(293)

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, 2015				
	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.....	112,344	(4,499)	934	(37)

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

#### 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. Certain consolidated overseas subsidiaries maintain their defined benefit plan and defined contribution plan.

#### 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	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of the projected benefit obligations.....	664,459	634,657	5,281
Cumulative effect of changes in accounting policies.....	–	(16,351)	(136)
Beginning balance of the year reflecting the effect of changes in accounting policies.....	664,459	618,306	5,145
Service cost.....	24,559	25,013	208
Interest cost.....	10,740	10,469	87
Accruals of actuarial (gains) losses.....	419	(7,748)	(64)
Payment of retirement benefits.....	(34,726)	(34,400)	(286)
Increases due to new consolidation.....	–	39,299	327
Others.....	(30,794)	(1,161)	(9)
Ending balance of the projected benefit obligation.....	634,657	649,776	5,407

Note: The amount of changes associated with the transition to a defined contribution pension plan was reported separately at the prior fiscal year. Those of current fiscal year were financially minimal impact, so the amount was included in "Others."

##### (2) Reconciliations of beginning and ending balances of pension assets

(Except for the plans which apply the simplified method)

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of pension assets.....	235,369	249,559	2,076
Expected return on assets.....	1,935	2,049	17
Accruals of actuarial gains and losses.....	12,949	45,024	374
Contributions from the employer.....	7,569	7,448	61
Payment of retirement benefits.....	(8,265)	(8,367)	(69)
Increases due to new consolidation.....	–	23,865	198
Ending balance of pension assets.....	249,559	319,579	2,659

##### (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	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of the net defined benefit liabilities.....	302	338	2
Retirement benefit expenses.....	104	114	0
Payment of retirement benefits.....	(68)	(73)	(0)
Increases due to new consolidation.....	–	39	0
Others.....	0	0	0
Ending balance of the net defined benefit liabilities.....	338	419	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	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Projected benefit obligation of funded plans .....	349,797	387,074	3,221
Pension assets .....	(249,559)	(319,579)	(2,659)
	100,237	67,494	561
Projected benefit obligation of unfunded plans .....	285,198	263,122	2,189
Net of assets and liabilities recorded in the consolidated balance sheet .....	385,436	330,616	2,751
Net defined benefit liabilities .....	385,436	331,322	2,757
Net defined benefit assets .....	–	(705)	(5)
Net of assets and liabilities recorded in the consolidated balance sheet .....	385,436	330,616	2,751

**(5) Amount of the components of retirement benefit expenses**

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Service cost .....	24,559	25,013	208
Interest cost .....	10,740	10,469	87
Expected return on assets .....	(1,935)	(2,049)	(17)
Expense of actuarial (gains) losses .....	1,404	(1,315)	(10)
Expense of prior service cost .....	2	–	–
Retirement benefit expenses calculated in simplified method .....	104	114	0
Others .....	654	501	4
Retirement benefit expenses of defined benefit plans .....	35,530	32,733	272

**(6) Remeasurements of defined benefit plans**

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

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Actuarial gains (losses) .....	–	51,547	428
Total .....	–	51,547	428

**(7) 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	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Unrecognized actuarial gains (losses) .....	(24,336)	(75,883)	(631)
Total .....	(24,336)	(75,883)	(631)

**(8) Pension assets**

**a) The main components of the pension assets**

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

	Year ended March 31,	
	2014	2015
Stock .....	58%	61%
Bond .....	16%	16%
Life insurance general account .....	17%	11%
Others .....	9%	12%
Total .....	100%	100%

Note: The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2014 and 2015 were 51% and 52%, respectively.

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

To determine the expected long-term rate of return on pension assets, the Company 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.

**(9) Basis of actuarial calculation**

Major assumptions of basis of actuarial calculation as of the fiscal year-end are as follows:

	Year ended March 31,	
	2014	2015
Discount rate .....	1.1 or 1.7%	1.10 to 3.55%
Expected long-term rate of return		
Defined benefit corporate pension .....	1.0 or 1.7%	1.00 or 1.70%
Employee pension trust .....	0.0%	0.00%

**3. Defined contribution plans**

Required amount of contribution to defined contribution plans for the years ended March 31, 2014 and 2015 is ¥1,536 million and ¥1,644 million (US\$ 13 million), respectively.



## 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, 2014: ¥238 million

Operating expenses for the fiscal year ended March 31, 2015: ¥244 million (US\$ 2 million)

### 2. Details of the stock options granted for the fiscal year ended March 31, 2015

#### (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 <sup>(*)</sup>	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.
	4th Series of Stock Acquisition Rights		
Granted persons	11 directors (except outside directors) and 17 executive officers of DL		
Class and total number <sup>(*)</sup>	179,000 shares of common stock		
Granted date	August 18, 2014		
Vesting conditions	The acquisition rights are vested on the above granted date.		
Service period covered	N/A		
Exercise period	From August 19, 2014 to August 18, 2044 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, 2015 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	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Outstanding at the end of the fiscal year	–	–	–
After vesting			
Outstanding at the end of prior fiscal year	137,800	290,700	183,700
Vested	–	–	–
Exercised	20,200	36,800	21,700
Forfeited	–	–	–
Outstanding at the end of the fiscal year	117,600	253,900	162,000

	4th Series of Stock Acquisition Rights
Before vesting	
Outstanding at the end of prior fiscal year	–
Granted	179,000
Forfeited	–
Vested	179,000
Outstanding at the end of the fiscal year	–
After vesting	
Outstanding at the end of prior fiscal year	–
Vested	179,000
Exercised	–
Forfeited	–
Outstanding at the end of the fiscal year	179,000

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	¥1,499	¥1,499	¥1,499
Fair value at the granted date	¥885	¥766	¥1,300
	4th Series of Stock Acquisition Rights		
Exercise price	¥1 per stock option		
Average stock price at the time of exercise	—		
Fair value at the granted date	¥1,366		

Note: 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, 2015 were valued as follows:

(1) Valuation method

Black-Scholes Model

(2) Assumptions

	4th Series of Stock Acquisition Rights
Expected volatility <sup>(1)</sup>	37.409%
Expected durations <sup>(2)</sup>	3 years
Expected dividends <sup>(3)</sup>	¥25
Risk-free interest rate <sup>(4)</sup>	0.091%

<sup>(1)</sup> Computed based on the closing prices of common stock in each trading day from August 16, 2011 to August 15, 2014.

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

<sup>(3)</sup> Computed based on the expected dividend for the fiscal year ended March 31, 2015.

<sup>(4)</sup> Based on yields of Japanese government bonds for a term corresponding to the expected durations.

4. Method to estimate the number of stock options vested

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

## XV. DEFERRED TAX ACCOUNTING

### 1. Major components of deferred tax assets and liabilities

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others.....	443,531	466,068	3,878
Net defined benefits liabilities.....	144,801	140,018	1,165
Other assets.....	–	40,375	335
Reserve for price fluctuations.....	36,255	39,189	326
Tax losses carried forward.....	13,389	17,307	144
Others.....	63,631	80,919	673
Subtotal.....	701,608	783,879	6,523
Valuation allowances.....	(76,227)	(77,032)	(641)
Total.....	625,381	706,847	5,882
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax.....	(579,931)	(1,008,675)	(8,393)
Evaluation difference related to business combination.....	–	(202,684)	(1,686)
Other intangible fixed assets.....	(13,623)	(94,862)	(789)
Reserve for tax basis adjustments of real estate.....	(10,416)	(10,042)	(83)
Others.....	(30,784)	(32,600)	(271)
Total.....	(634,755)	(1,348,865)	(11,224)
Net deferred tax assets (liabilities).....	(9,374)	(642,018)	(5,342)

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

	As of March 31,	
	2014	2015
Statutory tax rate.....	33.23%	30.68%
(Adjustments)		
Decrease in deferred tax assets in relation to change in tax rates.....	3.40%	14.60%
Increase in valuation allowances.....	5.39%	2.45%
Others.....	6.10%	(0.80%)
Actual effective tax rate after considering deferred taxes.....	48.13%	46.93%

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

Following the promulgation of the “Act on the Partial Revision of the Income Tax Act, etc.” (Act No.9 of 2015) effective the fiscal year starting from April 1, 2015, effective statutory tax rate used for calculation of deferred tax assets and liabilities as of March 31, 2015 was changed from 30.68% to 28.76%.

As a result, deferred tax assets and liabilities decreased by ¥69 million (US\$ 0 million) and ¥32,366 million (US\$ 269 million), respectively, and corporate income taxes-deferred increased by ¥39,189 million (US\$ 326 million) as of and for the fiscal year ended March 31, 2105.

## XVI. Consolidation as a Result of Acquisition

### 1. Neo First Life

#### (1) Overview of business combination

- i) Name and business of the acquired company
  - Company name: The Neo First Life Insurance Company, Limited (\*)
  - Business: Life insurance business
- ii) Purpose of the acquisition  
Through the acquisition of Neo First Life, the Parent Company aims to offer a new brand of insurance products through a network of agents in consideration of the diversification of the customers' needs in order to develop a new market.
- iii) Date of business combination  
August 1, 2014
- iv) Legal form of business combination  
Purchase of shares of DIY Life for cash
- v) Name of the acquired company after business combination  
The Neo First Life Insurance Company, Limited\*
- vi) The Parent Company's percentage of shareholdings after completion of the transaction
  - Share of existing voting rights before the date of business combination: 10%
  - Share of additional voting rights acquired on the date of business combination: 90%
  - Share of voting rights after completion of the transaction: 100%
- vii) Controlling company  
The Parent Company holds more than a 50% stake in DIY Life and, therefore, the Parent Company controls the decision-making body of DIY Life.  
\* Sampo Japan DIY Life Insurance Co., Ltd. changed its name to Neo First Life on November 25, 2014.

#### (2) Accounting period for which earnings of the acquired company were included in the consolidated statement of earnings

From July 1, 2014 to March 31, 2015.

#### (3) Acquisition cost and breakdown

	(Unit: million yen)	(Unit: million US dollars)
Acquisition price:		
Fair value of existing shares before the date of business combination .....	600	4
Fair value of additional shares acquired on the date of business combination .....	5,400	44
Other direct costs:		
Fee to outside advisors, etc. ....	35	0
<b>Total acquisition cost.....</b>	<b>6,035</b>	<b>50</b>

#### (4) Difference between revalued acquisition price and the sum of actual costs associated with step acquisitions ¥273 million (US\$2 million)

#### (5) Goodwill

- i) Amount of goodwill  
¥2,038 million (US\$16 million)
- ii) Reason to recognize goodwill  
The acquisition cost, which was calculated by taking into account projections of the acquiree's future profit as of the valuation date, exceeded the net amounts of assets acquired and liabilities assumed.
- iii) Amortization methods and amortization period  
Amortized at one time

#### (6) Details of assets acquired and liabilities assumed at the date of business combination

	(Unit: million yen)	(Unit: million US dollars)
Total assets.....	5,111	42
Securities included in the above "Total assets" .....	2,881	23
Total liabilities .....	1,114	9
Policy reserves and others included in the above "Total liabilities" ...	928	7

## 2 Protective Life Corporation

### (1) Overview of business combination

#### i) Name and business of the acquired company

- Company name: Protective Life Corporation

- Business: Insurance and insurance related business (\*)

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

#### ii) Purpose of the acquisition

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

#### iii) Date of business combination

February 1, 2015

#### iv) Legal form of business combination

The acquisition has been executed by merging Protective Life Corporation and DL Investment (Delaware), Inc., a 100% owned subsidiary of the Parent Company established in the United States solely for the purpose of the acquisition process.

This is a common method used for acquisitions in the United States and is called reverse triangular merger.

#### v) Name of the acquired company after business combination

Protective Life Corporation

#### vi) The Parent Company's percentage of shareholdings after completion of the transaction

100%

#### vii) Controlling company

The Parent Company holds more than a 50% stake in Protective Life Corporation and, therefore, the Parent Company controls the decision-making body of Protective Life Corporation.

### (2) Accounting period for which earnings of the acquired company were included in the consolidated statement of earnings

As the Parent Company used the financial statements as of the date of business combination, the earnings of the acquired company were not included in the consolidated statement of earnings.

### (3) Acquisition cost and breakdown

	(Unit: million yen)	(Unit: million US dollars)
Acquisition price:		
Consideration paid in cash.....	575,008	4,784
Other direct costs:		
Fee to outside advisors, etc. ....	3,322	27
Total acquisition cost.....	578,331	4,812

### (4) Goodwill

#### i) Amount of goodwill

¥8,561 million (US\$71 million)

#### ii) Reason to recognize goodwill

The acquisition cost, which was calculated by taking into account projections of the acquiree's future profit as of the valuation date, exceeded the net amounts of assets acquired and liabilities assumed.

#### iii) Amortization methods and amortization period

Amortized over a period of 20 years under the straight-line method.

### (5) Details of assets acquired and liabilities assumed at the date of business combination

	(Unit: million yen)	(Unit: million US dollars)
Total assets.....	8,304,813	69,108
Securities included in the above "Total assets" .....	6,301,208	52,435
Total liabilities .....	7,735,044	64,367
Policy reserves and others included in the above "Total liabilities" ...	6,958,358	57,904

### (6) Allocation of the acquisition cost

Since the Parent Company has not yet completed the allocation of acquisition cost, a tentative accounting procedure is made, based on the information reasonably available at that time.

(7) Estimated impact on consolidated financial results if the business combination had been completed at the beginning of the fiscal year ended March 31, 2015.

Ordinary Revenues	¥530,850 million (US\$4,417 million)
Ordinary Profit	¥69,887 million (US\$581 million)
Net income for the period	¥45,968 million (US\$382 million)

(Calculation method of the estimated amount)

The ordinary revenues, ordinary profit and net income information above are calculated based on the figures from Form 10-K, which Protective Life Corporation submitted to the SEC for the fiscal year ended December 31, 2014. The amortization of goodwill is calculated as if the amount of goodwill as of the date of business combination was recognized at the beginning of the fiscal year ended March 31, 2015. These amount do not represent the actual figures, which were calculated assuming that the business combination was completed at the beginning of the fiscal year ended March 31, 2015. Please note that this note is unaudited.

## XVII. 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,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance.....	2,855	2,831	23
Time progress adjustments.....	41	40	0
Others.....	(65)	(82)	(0)
Ending balance.....	2,831	2,789	23

## XVIII. 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, 2014 and 2015 were ¥26,116 million and ¥27,342 million (US\$227 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded impairment loss on rental real estate as extraordinary losses for the fiscal years ended March 31, 2014 and 2015 were ¥19,196 million and ¥4,585 million (US\$38 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,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount:			
Beginning balance.....	814,007	803,093	6,682
Net change during year.....	(10,914)	615	5
Ending balance.....	803,093	803,708	6,688
Market value.....	792,311	823,457	6,852

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 ¥40,155 million, sale of the real estate for ¥21,790 million, impairment loss for ¥19,196 million, depreciation expense of ¥14,184 million, during the year ended March 31, 2014, and cost of acquisition of the real estate for ¥22,408 million (US\$186 million), depreciation expense of ¥14,620 million (US\$121 million), impairment loss for ¥4,585 million (US\$38 million) and sale of the real estate for ¥3,484 million (US\$28 million) during the year ended March 31, 2015.

3. DL calculates the market value of the majority of the real estate based on real estate appraisal standards by an independent appraiser, and others based on the internal but reasonable estimates.

## **XIX. SEGMENT INFORMATION AND OTHERS**

### **1. Segment Information**

For the years ended March 31, 2014 and 2015

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, 2014 and 2015

#### **(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, 2014 and 2015

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, 2014 and 2015

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, 2014 and 2015

Not applicable

### **6. Related Party Transactions**

For the years ended March 31, 2014 and 2015

There are no significant transactions to be disclosed.



## XX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2014	2015	2015
	(Unit: yen)		(Unit: US dollars)
Net assets per share .....	1,962.05	3,012.46	25.06
Net income per share .....	78.58	124.94	1.03
Diluted net income per share .....	78.54	124.87	1.03

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.  
2. The Company applied the accounting standard for retirement benefits, etc., and followed the handling transitional provisions of paragraph 37 of the accounting standard for retirement benefits as described in the "Changes in Accounting Policies." As a result, net assets per share for the fiscal year ended March 31, 2015 increased by ¥9.29 (US\$0.07).  
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,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income .....	77,931	142,476	1,185
Net income attributable to other than shareholders of common stock.....	—	—	—
Net income attributable to shareholders of common stock .....	77,931	142,476	1,185
Average number of outstanding common stock <sup>(*)</sup> .....	991,732 thousand shares	1,140,358 thousand shares	1,140,358 thousand shares
Diluted net income per share			
Adjustments to net income.....	—	—	—
Increase in the number of common stock.....	554 thousand shares	665 thousand shares	665 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares] .....	[554 thousand shares]	[665 thousand shares]	[665 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 outstanding common stock" 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,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Net assets .....	1,947,613	3,589,927	29,873
Adjustments .....	639	821	6
Subscription rights to shares.....	(583)	(753)	(6)
Minority interests .....	(55)	(67)	(0)
Net assets attributable to common stock.....	1,946,974	3,589,106	29,866
Number of outstanding common stock <sup>(*)</sup> .....	992,316 thousand shares	1,191,420 thousand shares	1,191,420 thousand shares

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

## XXI. SUBSEQUENT EVENTS

1. The board of directors of DL adopted a plan to shift to a holding company structure in the form of a corporate split (the “Transition”) in October 2016 at the board meeting held on May 15, 2015. The Transition is subject to the approvals of: (i) the annual general meeting of shareholders to be held in late June 2016; and (ii) regulatory authorities.

### (1) Background and objectives

The Company has been implementing its growth strategies to enhance its share in the domestic life insurance market as well as taking actions to develop its business in the overseas insurance markets for increase in profit contribution. To pursue these objectives, the Company established “Group Management Headquarters” to further enhance its group management on May 15, 2012. With the Transition occurring during the period of the medium-term management plan ‘D-Ambitious’ covering fiscal years 2015 to 2017, the Company intends to take further initiatives for sustainable growth at an accelerated pace through: (i) realizing flexible resource allocation within the Group; (ii) establishing a governance structure that contributes to swift decision-making for each group company; and (iii) implementing fundamental reforms of the group management.

### (2) Plan of the Transition

Through the proposed corporate split, the Company will be the splitting company which will transfer its domestic life insurance business to a wholly-owned subsidiary. The Company, as a holding company, will remain a publicly listed company.

### (3) Provisional schedule

Late June 2016	Approval of the annual general meeting of shareholders
October 2016	Shift to a holding company structure

2. The board of directors of DL resolved at its meeting held on May 15, 2015 to repurchase the Company’s shares under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the Act, as follows.

### (1) Reason for the Repurchase of the Company’s shares

To enhance shareholder return through the implementation of a flexible capital policy and the improvement of capital efficiency.

### (2) Details of the Repurchase

- a) Class of shares to be repurchased: Shares of common stock
- b) Aggregate number of shares to be repurchased: Up to 10,000,000 shares
- c) Aggregate price of shares to be repurchased: Up to 15.0 billion yen
- d) Period of repurchase of shares: From May 18, 2015 to July 27, 2015
- e) Method of repurchase of shares: Open-market repurchase by the trust method

### (3) Conclusion of the repurchase

- a) Aggregate number of shares repurchased: 6,878,300 shares
- b) Aggregate purchase price of the shares: 14,999 million yen

Period in which repurchases were made: From May 18, 2015 to June 1, 2015

## (Unaudited) QUARTERLY INFORMATION

	Three months ended June 30, 2014	Six months ended September 30, 2014	Nine months ended December 31, 2014	Year ended March 31, 2015
Ordinary revenues (million yen)	1,654,031	3,462,742	5,349,902	7,252,242
Income (loss) before income taxes and minority interests (million yen)	99,608	175,822	191,519	268,502
Net income (loss) (million yen)	68,471	123,362	131,710	142,476
Net income (loss) per share (yen)	68.99	113.23	117.25	124.94

	Three months ended June 30, 2014	Three months ended September 30, 2014	Three months ended December 31, 2014	Three months ended March 31, 2015
Net income (loss) per share (yen)	68.99	46.26	7.01	9.04

	Three months ended June 30, 2014	Six months ended September 30, 2014	Nine months ended December 31, 2014	Year ended March 31, 2015
Ordinary revenues (million US dollars)	13,764	28,815	44,519	60,349
Income (loss) before income taxes and minority interests (million US dollars)	828	1,463	1,593	2,234
Net income (loss) (million US dollars)	569	1,026	1,096	1,185
Net income (loss) per share (US dollars)	0.57	0.94	0.97	1.03

	Three months ended June 30, 2014	Three months ended September 30, 2014	Three months ended December 31, 2014	Three months ended March 31, 2015
Net income (loss) per share (US dollars)	0.57	0.38	0.05	0.07

# Independent Auditor's Report



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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, 2015, and the consolidated statements of earnings, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Dai-ichi Life Insurance Company, Limited and its consolidated subsidiaries as of March 31, 2015, 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 23, 2015