

## Non-Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2014	2015	2015
<b>(ASSETS)</b>			
Cash and deposits .....	573,973	663,427	5,520
Cash .....	220	217	1
Bank deposits .....	573,752	663,209	5,518
Call loans .....	334,500	355,300	2,956
Monetary claims bought .....	275,818	259,735	2,161
Money held in trust .....	34,699	36,122	300
Securities .....	28,005,170	30,673,366	255,249
Government bonds .....	14,169,860	14,531,309	120,922
Local government bonds .....	235,000	135,572	1,128
Corporate bonds .....	2,044,589	1,675,152	13,939
Stocks .....	3,136,437	4,007,030	33,344
Foreign securities .....	7,938,499	9,799,414	81,546
Other securities .....	480,783	524,887	4,367
Loans .....	3,023,173	3,029,295	25,208
Policy loans .....	452,938	428,555	3,566
Ordinary loans .....	2,570,235	2,600,740	21,642
Tangible fixed assets .....	1,215,576	1,203,289	10,013
Land .....	796,436	801,088	6,666
Buildings .....	408,390	394,089	3,279
Leased assets .....	6,133	4,658	38
Construction in progress .....	1,349	850	7
Other tangible fixed assets .....	3,266	2,602	21
Intangible fixed assets .....	88,549	83,719	696
Software .....	65,824	61,602	512
Other intangible fixed assets .....	22,725	22,116	184
Reinsurance receivable .....	11,046	7,916	65
Other assets .....	369,894	427,053	3,553
Accounts receivable .....	88,330	58,176	484
Prepaid expenses .....	13,425	13,009	108
Accrued revenue .....	140,570	156,983	1,306
Deposits .....	52,276	42,217	351
Margin money for futures trading .....	33,596	56,390	469
Differential account for futures trading .....	2	-	-
Derivatives .....	19,128	82,448	686
Suspense payment .....	13,713	6,172	51
Other assets .....	8,850	11,655	96
Deferred tax assets .....	11,163	-	-
Customers' liabilities for acceptances and guarantees .....	88,225	91,648	762
Reserve for possible loan losses .....	(2,753)	(2,105)	(17)
Reserve for possible investment losses .....	(215)	-	-
Total assets .....	34,028,823	36,828,768	306,472

## Non-Consolidated Balance Sheet (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2014	2015	2015
<b>(LIABILITIES)</b>			
Policy reserves and others .....	29,744,001	30,449,617	253,387
Reserves for outstanding claims .....	150,709	203,076	1,689
Policy reserves .....	29,199,269	29,840,974	248,322
Reserve for policyholder dividends .....	394,022	405,566	3,374
Reinsurance payable .....	657	609	5
Subordinated bonds .....	107,562	215,727	1,795
Other liabilities .....	1,498,375	1,496,483	12,453
Collateral for securities lending transactions .....	773,937	731,505	6,087
Long-term debt and other borrowings .....	327,060	325,198	2,706
Corporate income tax payable .....	63,523	52,296	435
Accounts payable .....	117,445	83,212	692
Accrued expenses .....	45,760	51,619	429
Unearned revenue .....	743	785	6
Deposits received .....	53,445	53,105	441
Guarantee deposits received .....	33,396	51,008	424
Differential account for futures trading .....	-	17	0
Derivatives .....	68,662	124,556	1,036
Lease liabilities .....	6,018	4,552	37
Asset retirement obligations .....	2,831	2,789	23
Suspense receipt .....	5,473	15,345	127
Other liabilities .....	76	490	4
Reserve for employees' retirement benefits .....	407,170	389,480	3,241
Reserve for retirement benefits of directors, executive officers and corporate auditors .....	2,141	1,990	16
Reserve for possible reimbursement of prescribed claims .....	800	700	5
Reserves under the special laws .....	116,453	132,453	1,102
Reserve for price fluctuations .....	116,453	132,453	1,102
Deferred tax liabilities .....	-	413,815	3,443
Deferred tax liabilities for land revaluation .....	91,595	84,908	706
Acceptances and guarantees .....	88,225	91,648	762
Total liabilities .....	<b>32,056,983</b>	<b>33,277,434</b>	<b>276,919</b>
<b>(NET ASSETS)</b>			
Capital stock .....	210,224	343,104	2,855
Capital surplus .....	210,262	343,255	2,856
Legal capital surplus .....	210,224	343,104	2,855
Other capital surplus .....	37	151	1
Retained earnings .....	287,286	430,738	3,584
Legal retained earnings .....	5,600	5,600	46
Other retained earnings .....	281,686	425,138	3,537
Fund for risk allowance .....	43,120	43,120	358
Fund for price fluctuation allowance .....	65,000	65,000	540
Reserve for tax basis adjustments of real estate .....	23,534	24,875	206
Retained earnings brought forward .....	150,031	292,143	2,431
Treasury stock .....	(11,500)	(9,723)	(80)
Total shareholders' equity .....	696,272	1,107,375	9,215
Net unrealized gains (losses) on securities, net of tax .....	1,315,890	2,488,665	20,709
Deferred hedge gains (losses) .....	(2,586)	(12,036)	(100)
Reserve for land revaluation .....	(38,320)	(33,424)	(278)
Total of valuation and translation adjustments .....	1,274,983	2,443,204	20,331
Subscription rights to shares .....	583	753	6
Total net assets .....	<b>1,971,839</b>	<b>3,551,333</b>	<b>29,552</b>
Total liabilities and net assets .....	<b>34,028,823</b>	<b>36,828,768</b>	<b>306,472</b>

## Non-Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2014	2015	2015
Ordinary revenues .....	4,384,670	4,798,467	39,930
Premium and other income .....	2,868,061	3,266,361	27,181
Premium income .....	2,867,246	3,265,798	27,176
Reinsurance income .....	815	563	4
Investment income .....	1,161,432	1,174,430	9,773
Interest and dividends .....	775,206	802,330	6,676
Interest from bank deposits .....	7,422	11,973	99
Interest and dividends from securities .....	620,515	645,467	5,371
Interest from loans .....	72,669	66,896	556
Rental income .....	66,327	68,030	566
Other interest and dividends .....	8,271	9,962	82
Gains on money held in trust .....	5,821	7,668	63
Gains on sale of securities .....	202,364	146,542	1,219
Gains on redemption of securities .....	25,127	23,906	198
Derivative transaction gains .....	-	9,411	78
Reversal of reserve for possible loan losses .....	1,334	468	3
Reversal of reserve for possible investment losses .....	-	214	1
Other investment income .....	2,568	623	5
Gains on investments in separate accounts .....	149,010	183,263	1,525
Other ordinary revenues .....	355,176	357,675	2,976
Fund receipt for annuity rider of group insurance .....	768	674	5
Fund receipt for claim deposit payment .....	298,358	323,932	2,695
Reversal of reserve for employees' retirement benefits .....	30,998	3,287	27
Other ordinary revenues .....	25,051	29,781	247
Ordinary expenses .....	4,077,058	4,389,702	36,529
Benefits and claims .....	2,439,165	2,718,186	22,619
Claims .....	715,702	749,138	6,233
Annuities .....	574,517	629,874	5,241
Benefits .....	453,389	412,439	3,432
Surrender values .....	525,941	532,807	4,433
Other refunds .....	168,288	392,652	3,267
Ceding reinsurance commissions .....	1,325	1,272	10
Provision for policy reserves and others .....	583,309	702,820	5,848
Provision for reserves for outstanding claims .....	12,138	52,367	435
Provision for policy reserves .....	562,223	641,704	5,339
Provision for interest on policyholder dividends .....	8,946	8,748	72
Investment expenses .....	213,928	131,253	1,092
Interest expenses .....	19,041	16,024	133
Losses on sale of securities .....	67,303	24,412	203
Losses on valuation of securities .....	1,401	469	3
Losses on redemption of securities .....	3,050	305	2
Derivative transaction losses .....	49,146	-	-
Foreign exchange losses .....	19,915	38,047	316
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 .....	39,623	37,317	310
Operating expenses .....	410,515	398,588	3,316
Other ordinary expenses .....	430,140	438,854	3,651
Claim deposit payments .....	331,778	365,251	3,039
National and local taxes .....	22,260	28,611	238
Depreciation .....	36,028	35,210	293
Other ordinary expenses .....	40,071	9,781	81
Ordinary profit .....	307,612	408,764	3,401

## Non-Consolidated Statement of Earnings (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2014	2015	2015
Extraordinary gains.....	3,618	3,029	25
Gains on disposal of fixed assets .....	3,618	3,029	25
Extraordinary losses .....	66,415	27,252	226
Losses on disposal of fixed assets .....	13,870	5,279	43
Impairment losses on fixed assets.....	23,890	5,472	45
Provision for reserve for price fluctuations.....	28,000	16,000	133
Other extraordinary losses .....	654	501	4
Provision for reserve for policyholder dividends .....	94,000	112,200	933
Income before income taxes .....	150,815	272,341	2,266
Corporate income taxes-current .....	112,720	119,336	993
Corporate income taxes-deferred .....	(47,449)	808	6
Total of corporate income taxes.....	65,270	120,145	999
Net income for the year.....	85,544	152,196	1,266

# Non-Consolidated Statement of Changes in Net Assets

(Unit: million yen)

	Shareholders' equity				Retained earnings Legal retained earnings
	Capital stock	Capital surplus		Total capital surplus	
		Legal capital surplus	Other capital surplus		
Balance at the beginning of the year.....	210,207	210,207	-	210,207	5,600
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	-	210,207	5,600
Changes for the year					
Issuance of new shares .....					-
Issuance of new shares - exercise of subscription rights to shares.....	17	17		17	
Dividends .....					-
Net income for the year .....					-
Disposal of treasury stock .....			37	37	
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....					-
Transfer to reserve for tax basis adjustments of real estate .....					-
Transfer from reserve for tax basis adjustments of real estate ..					-
Transfer from reserve for land revaluation.....					-
Net changes of items other than shareholders' equity .....					-
Total changes for the year.....	17	17	37	54	-
Balance at the end of the year .....	210,224	210,224	37	210,262	5,600

(Unit: million yen)

	Shareholders' equity				Total retained earnings
	Retained earnings			Retained earnings brought forward	
	Other retained earnings				
	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate		
Balance at the beginning of the year.....	43,120	65,000	20,838	81,982	216,541
Cumulative effect of changes in accounting policies .....					-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	43,120	65,000	20,838	81,982	216,541
Changes for the year					
Issuance of new shares .....					-
Issuance of new shares - exercise of subscription rights to shares.....					-
Dividends .....				(15,855)	(15,855)
Net income for the year .....				85,544	85,544
Disposal of treasury stock .....					-
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....					-
Transfer to reserve for tax basis adjustments of real estate .....			2,824	(2,824)	-
Transfer from reserve for tax basis adjustments of real estate ..			(129)	129	-
Transfer from reserve for land revaluation.....				1,055	1,055
Net changes of items other than shareholders' equity .....					-
Total changes for the year .....	-	-	2,695	68,049	70,745
Balance at the end of the year .....	43,120	65,000	23,534	150,031	287,286

(Unit: million yen)

	Shareholders' equity		Valuation and translation adjustments	
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year.....	(13,431)	623,524	1,092,583	(1,801)
Cumulative effect of changes in accounting policies .....				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	(13,431)	623,524	1,092,583	(1,801)
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 .....		85,544		
Disposal of treasury stock .....	1,930	1,967		
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....				
Transfer to reserve for tax basis adjustments of real estate .....				
Transfer from reserve for tax basis adjustments of real estate ..				
Transfer from reserve for land revaluation.....		1,055		
Net changes of items other than shareholders' equity .....			223,306	(784)
Total changes for the year .....	1,930	72,747	223,306	(784)
Balance at the end of the year .....	(11,500)	696,272	1,315,890	(2,586)

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

(Unit: million yen)

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Reserve for land revaluation	Total of valuation and translation adjustments		
Balance at the beginning of the year.....	(36,995)	1,053,786	379	1,677,691
Cumulative effect of changes in accounting policies .....				-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	(36,995)	1,053,786	379	1,677,691
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 .....				85,544
Disposal of treasury stock .....				1,967
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....				-
Transfer to reserve for tax basis adjustments of real estate .....				-
Transfer from reserve for tax basis adjustments of real estate ..				-
Transfer from reserve for land revaluation.....				1,055
Net changes of items other than shareholders' equity .....	(1,325)	221,196	203	221,400
Total changes for the year .....	(1,325)	221,196	203	294,148
Balance at the end of the year .....	(38,320)	1,274,983	583	1,971,839

(Unit: million yen)

Year ended March 31, 2015

	Shareholders' equity				Retained earnings
	Capital stock	Capital surplus		Total capital surplus	
Legal capital surplus		Other capital surplus	Legal retained earnings		
Balance at the beginning of the year.....	210,224	210,224	37	210,262	5,600
Cumulative effect of changes in accounting policies .....				-	
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	210,224	210,224	37	210,262	5,600
Changes for the year					
Issuance of new shares .....	132,842	132,842		132,842	
Issuance of new shares - exercise of subscription rights to shares.....	37	37		37	
Dividends .....				-	
Net income for the year .....				-	
Disposal of treasury stock .....			113	113	
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....				-	
Transfer to reserve for tax basis adjustments of real estate .....				-	
Transfer from reserve for tax basis adjustments of real estate ..				-	
Transfer from reserve for land revaluation.....				-	
Net changes of items other than shareholders' equity .....	132,879	132,879	113	132,993	-
Total changes for the year .....	132,879	132,879	113	132,993	-
Balance at the end of the year .....	343,104	343,104	151	343,255	5,600

(Unit: million yen)

	Shareholders' equity				
	Retained earnings				Total retained earnings
	Fund for risk allowance	Other retained earnings		Retained earnings brought forward	
Fund for price fluctuation allowance		Reserve for tax basis adjustments of real estate	Legal retained earnings		
Balance at the beginning of the year.....	43,120	65,000	23,534	150,031	287,286
Cumulative effect of changes in accounting policies .....				10,330	10,330
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	43,120	65,000	23,534	160,362	297,617
Changes for the year					
Issuance of new shares .....					-
Issuance of new shares - exercise of subscription rights to shares.....					-
Dividends .....				(19,846)	(19,846)
Net income for the year .....				152,196	152,196
Disposal of treasury stock .....					-
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....			670	(670)	-
Transfer to reserve for tax basis adjustments of real estate .....			796	(796)	-
Transfer from reserve for tax basis adjustments of real estate ..			(125)	125	-
Transfer from reserve for land revaluation.....				771	771
Net changes of items other than shareholders' equity .....	-	-	1,340	131,780	133,121
Total changes for the year .....	-	-	1,340	131,780	133,121
Balance at the end of the year .....	43,120	65,000	24,875	292,143	430,738

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

(Unit: million yen)

	Shareholders' equity		Valuation and translation adjustments	
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year.....	(11,500)	696,272	1,315,890	(2,586)
Cumulative effect of changes in accounting policies .....		10,330		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	(11,500)	706,603	1,315,890	(2,586)
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 .....		152,196		
Disposal of treasury stock .....	1,776	1,890		
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....		-		
Transfer to reserve for tax basis adjustments of real estate .....		-		
Transfer from reserve for tax basis adjustments of real estate ..		-		
Transfer from reserve for land revaluation.....		771		
Net changes of items other than shareholders' equity .....			1,172,775	(9,450)
Total changes for the year .....	1,776	400,771	1,172,775	(9,450)
Balance at the end of the year .....	(9,723)	1,107,375	2,488,665	(12,036)

(Unit: million yen)

	Valuation and translation adjustments			
	Reserve for land revaluation	Total of valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at the beginning of the year.....	(38,320)	1,274,983	583	1,971,839
Cumulative effect of changes in accounting policies .....				10,330
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	(38,320)	1,274,983	583	1,982,170
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 .....				152,196
Disposal of treasury stock .....				1,890
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....				-
Transfer to reserve for tax basis adjustments of real estate .....				-
Transfer from reserve for tax basis adjustments of real estate ..				-
Transfer from reserve for land revaluation.....				771
Net changes of items other than shareholders' equity .....	4,896	1,168,221	170	1,168,391
Total changes for the year .....	4,896	1,168,221	170	1,569,163
Balance at the end of the year .....	(33,424)	2,443,204	753	3,551,333

(Unit: million US dollars)

**Year ended March 31, 2015**

	Shareholders' equity				Retained earnings
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	
Balance at the beginning of the year.....	1,749	1,749	0	1,749	46
Cumulative effect of changes in accounting policies .....					-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies .....	1,749	1,749	0	1,749	46
Changes for the year					
Issuance of new shares .....	1,105	1,105		1,105	
Issuance of new shares - exercise of subscription rights to shares.....	0	0		0	
Dividends .....					-
Net income for the year .....					-
Disposal of treasury stock .....			0	0	
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....					-
Transfer to reserve for tax basis adjustments of real estate .....					-
Transfer from reserve for tax basis adjustments of real estate ..					-
Transfer from reserve for land revaluation.....					-
Net changes of items other than shareholders' equity .....	1,105	1,105	0	1,106	-
Total changes for the year .....	1,105	1,105	0	1,106	-
Balance at the end of the year .....	2,855	2,855	1	2,856	46

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

(Unit: million US dollars)

	Shareholders' equity					Total retained earnings
	Retained earnings					
	Other retained earnings					
	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward		
Balance at the beginning of the year.....	358	540	195	1,248	2,390	
Cumulative effect of changes in accounting policies.....				85	85	
Balance at the beginning of the year after reflecting the effect of changes in accounting policies.....	358	540	195	1,334	2,476	
Changes for the year						
Issuance of new shares.....					-	
Issuance of new shares - exercise of subscription rights to shares.....					-	
Dividends.....				(165)	(165)	
Net income for the year.....				1,266	1,266	
Disposal of treasury stock.....					-	
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....			5	(5)	-	
Transfer to reserve for tax basis adjustments of real estate.....			6	(6)	-	
Transfer from reserve for tax basis adjustments of real estate..			(1)	1	-	
Transfer from reserve for land revaluation.....				6	6	
Net changes of items other than shareholders' equity.....						
Total changes for the year.....	-	-	11	1,096	1,107	
Balance at the end of the year.....	358	540	206	2,431	3,584	

(Unit: million US dollars)

	Shareholders' equity		Valuation and translation adjustments	
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year.....	(95)	5,794	10,950	(21)
Cumulative effect of changes in accounting policies.....		85		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies.....	(95)	5,880	10,950	(21)
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.....		1,266		
Disposal of treasury stock.....	14	15		
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....		-		
Transfer to reserve for tax basis adjustments of real estate.....		-		
Transfer from reserve for tax basis adjustments of real estate..		-		
Transfer from reserve for land revaluation.....		6		
Net changes of items other than shareholders' equity.....			9,759	(78)
Total changes for the year.....	14	3,335	9,759	(78)
Balance at the end of the year.....	(80)	9,215	20,709	(100)

(Unit: million US dollars)

	Valuation and translation adjustments			
	Reserve for land revaluation	Total of valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at the beginning of the year.....	(318)	10,609	4	16,408
Cumulative effect of changes in accounting policies.....				85
Balance at the beginning of the year after reflecting the effect of changes in accounting policies.....	(318)	10,609	4	16,494
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.....				1,266
Disposal of treasury stock.....				15
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....				-
Transfer to reserve for tax basis adjustments of real estate.....				-
Transfer from reserve for tax basis adjustments of real estate..				-
Transfer from reserve for land revaluation.....				6
Net changes of items other than shareholders' equity.....	40	9,721	1	9,722
Total changes for the year.....	40	9,721	1	13,057
Balance at the end of the year.....	(278)	20,331	6	29,552



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

## I. BASIS FOR PRESENTATION

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

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

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

### 1. Valuation Methods of Securities

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

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

#### (1) Trading Securities

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

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

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

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

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

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

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

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

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

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

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

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

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

###### ii) Others

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

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

### 2. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

### 3. Depreciation of Depreciable Assets

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

Depreciation of tangible fixed assets excluding leased assets is calculated by the declining balance method (the depreciation of buildings other than attached improvements and structures is calculated by the straight-line method).

Estimated useful lives of major assets are as follows:

Buildings	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.

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

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

#### (3) Depreciation of Leased Assets

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

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

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

### 5. 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.

### 6. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of March 31, 2015.

#### (1) Allocation of estimated retirement benefits

Estimated retirement benefits are allocated under the benefit formula basis over the period ended March 31, 2015.

#### (2) Amortization of actuarial differences

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

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

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

## 8. 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.

## 9. Reserve for Price Fluctuations

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

## 10. 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 d) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction).

### (2) Hedging Instruments and Hedged Items

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

### (3) Hedging Policies

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

### (4) Assessment of Hedge Effectiveness

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

## 11. Other Basic Accounting Policies for Preparing Financial Statements

### (1) Accounting Treatment of Retirement Benefits

The accounting treatment of unrecognized actuarial differences related to the retirement benefits for the non-consolidated financial statements is different from that for the consolidated financial statements.

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

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

### (3) Policy Reserves

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

- a) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
- b) Reserves for other policies are established based on the net level premium method.

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996 for which premium payments were already completed (including lump-sum payment), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided over nine years. As a result, additional provisions for policy reserves for the years ended March 31, 2014 and 2015 were ¥126,720 million and ¥122,957 million (US\$1,023 million), respectively.

### (4) Changes in Accounting Policies

Effective the fiscal year ended March 31, 2015, the Company 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.

The Company revised the calculation method of projected benefit obligation 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, the Company 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 obligation and service cost was included in the Company's retained earnings.

As a result, the Company's reserve for employees' retirement benefits decreased by ¥14,903 million (US\$124 million) and retained earnings brought forward increased by ¥10,330 million (US\$85 million) at the beginning of the fiscal year ended March 31, 2015 as compared to what it 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 of the Company decreased by ¥257 million (US\$2 million). As of March 31, 2015, the amount of net assets per share increased by ¥8.51 (US\$0.07) and it had a minimal impact on net income per share and diluted net income per share.

### III. NOTES TO NON-CONSOLIDATED BALANCE SHEET

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

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

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Securities (Government bonds).....	748,497	704,686	5,864
Securities (Foreign securities) .....	4,149	4,885	40
Cash/deposits .....	86	86	0
Securities and cash/deposits pledged as collateral.....	752,733	709,658	5,905

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 non-consolidated balance sheet. The total balances of securities lent as of March 31, 2014 and 2015 were ¥1,138,159 million and ¥1,888,894 million (US\$15,718 million), respectively.

#### 3. Policy-reserve-matching Bonds

##### (1) Book Value and Market Value

The book value and the market value of policy-reserve-matching bonds as of March 31, 2014 and 2015 were as follows:

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Book value.....	11,726,939	11,996,350	99,828
Market value.....	12,799,665	13,835,074	115,129

##### (2) Risk Management Policy

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

The sub-groups of insurance products are:

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

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

The amounts of stocks of subsidiaries and affiliated companies DL held as of March 31, 2014 and 2015 were ¥446,574 million and ¥1,068,255 million (US\$8,889 million), respectively.

## 5. Problem Loans

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

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers .....	4,329	109	0
Delinquent loans.....	4,463	3,525	29
Loans past due for three months or more.....	-	-	-
Restructured loans .....	35	434	3
<b>Total .....</b>	<b>8,828</b>	<b>4,068</b>	<b>33</b>

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 or interest on such loans is unlikely to be collected.

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

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

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

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

	Year ended March 31,		
	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 ¥31,390 million (US\$261 million), respectively.

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

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

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Receivables .....	70,667	110,566	920
Payables.....	4,585	4,807	40

## 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 ¥1,243,437 million and ¥1,259,458 million (US\$10,480 million), respectively. Separate account liabilities were the same amount as the separate account assets.

## 9. Reinsurance

As of March 31, 2014 and 2015, reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter, "reserves for outstanding claims reinsured") were ¥4 million and ¥18 million (US\$0 million), respectively.

As of March 31, 2014 and 2015, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter, "policy reserves reinsured") were ¥0 million and ¥0 million (US\$0 million), respectively.

## 10. 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

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

The estimated future obligations of DL to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2014 and 2015 were ¥53,689 million and ¥52,414 million (US\$436 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

## 12. Subordinated Bonds

Subordinated bonds of ¥107,562 million and ¥215,727 million (US\$1,795 million) shown in liabilities as of March 31, 2014 and 2015 included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

## 13. Subordinated Debt

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

## 14. Securities Borrowing

Securities borrowed under borrowing agreements 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 was ¥35,402 million and ¥74,082 million (US\$616 million), respectively, among which no securities were pledged as collateral.

## 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 NON-CONSOLIDATED STATEMENT OF EARNINGS

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

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Revenues.....	13,852	11,880	98
Expenses.....	27,951	23,780	197

### 2. Gains on Sale of Securities

The breakdown of gains on sale of securities for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds .....	47,647	17,198	143
Domestic stocks.....	40,648	43,460	361
Foreign securities .....	114,065	84,268	701
Other securities .....	2	1,615	13

### 3. Losses on Sale of Securities

The breakdown of losses on sale of securities for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds .....	6,576	2,294	19
Domestic stocks .....	9,027	4,744	39
Foreign securities .....	51,522	16,978	141
Other securities .....	176	393	3

### 4. Losses on Valuation of Securities

The breakdown of losses on valuation of securities for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Year ended March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Domestic stocks .....	39	153	1
Foreign securities .....	1,361	315	2

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

Gains (losses) on money held in trust included gains on valuation of securities of ¥789 million for the fiscal year ended March 31, 2014, and gains on valuation of securities of ¥3,962 million (US\$32 million) for the fiscal year ended March 31, 2015.

### 6. Derivative Transaction Gains/Losses

Derivative transaction gains (losses) included valuation gains of 361 million for the fiscal year ended March 31, 2014 and valuation gains of ¥20,781 million (US\$172 million) for the fiscal year ended March 31, 2015.

### 7. Reinsurance

For the fiscal year ended March 31, 2014, in calculating a provision for reserves for outstanding claims, a reversal of reserve for outstanding claims reinsured of ¥6 million was added, while, in calculating a provision for policy reserves, a provision for reserve for policy reserves reinsured of ¥0 million was deducted.

For the fiscal year ended March 31, 2015, in calculating provision for reserve for outstanding claims, a provision for reserve for outstanding claims reinsured of ¥14 million (US\$0 million) was deducted, while, in calculating a provision for policy reserves, a reversal of reserve for policy reserves reinsured of ¥0 million (US\$0 million) was added.

### 8. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the fiscal 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 .....	0	0	0
Other intangible fixed assets .....	8	-	-
Total .....	3,618	3,029	25



## 9. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the fiscal 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	2,909	24
Leased assets .....	1	41	0
Other tangible fixed assets.....	25	158	1
Software .....	64	142	1
Other intangible fixed assets.....	299	248	2
Deposits .....	-	130	1
Other assets .....	137	398	3
<b>Total .....</b>	<b>13,870</b>	<b>5,279</b>	<b>43</b>

## V. SECURITIES

### 1. Stocks of DL's subsidiaries and affiliated companies with market value as of March 31, 2014 and 2015

As of March 31, 2014						
	Carrying amount	Market value	Unrealized gains (losses)			
	(Unit: million yen)					
Stocks of subsidiaries .....	1,418	1,418	-			
Stocks of affiliated companies .....	27,037	42,698	15,661			
<b>Total .....</b>	<b>28,455</b>	<b>44,116</b>	<b>15,661</b>			

  

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)		
Stocks of subsidiaries .....	137	137	-	1	1	-
Stocks of affiliated companies .....	26,495	76,800	50,304	220	639	418
<b>Total .....</b>	<b>26,633</b>	<b>76,937</b>	<b>50,304</b>	<b>221</b>	<b>640</b>	<b>418</b>

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

	As of March 31,		
	2014	2015	2015
	(Unit: million yen)		(Unit: million US dollars)
Stocks of subsidiaries .....	376,341	987,162	8,214
Stocks of affiliated companies .....	41,777	54,459	453

## VI. 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 .....	408,593	414,363	3,448
Reserve for employees' retirement benefits .....	151,343	136,784	1,138
Reserve for price fluctuations .....	35,727	38,093	316
Losses on valuation of securities .....	17,414	12,757	106
Impairment losses .....	11,590	9,413	78
Others .....	28,957	29,729	247
Subtotal .....	653,626	641,142	5,335
Valuation allowances .....	(31,374)	(27,169)	(226)
Total .....	622,252	613,972	5,109
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax .....	(576,387)	(992,759)	(8,261)
Reserve for tax basis adjustments of real estate .....	(10,416)	(10,042)	(83)
Accrued dividend receivables .....	(7,093)	(7,641)	(63)
Others .....	(17,191)	(17,345)	(144)
Total .....	(611,088)	(1,027,788)	(8,552)
Net deferred tax assets (liabilities) .....	11,163	(413,815)	(3,443)

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

	As of March 31,	
	2014	2015
Statutory tax rate .....	33.23%	30.68%
(Adjustments)		
Decrease in deferred tax assets in relation to changes in tax rates .....	3.29%	14.37%
Others .....	6.76%	(0.93%)
Actual effective tax rate after considering deferred taxes .....	43.28%	44.12%

### 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, the Company changed its effective statutory tax rate for calculating its deferred tax assets and liabilities from 30.68% to 28.76%.

As a result, deferred tax liabilities decreased by ¥27,626 million (US\$229 million) and corporate income taxes-deferred increased by ¥39,121 million (US\$325 million).

## VII. 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
- c) Period in which repurchases were made: From May 18, 2015 to June 1, 2015

## VIII. SUPPLEMENTAL TABLES

### 1. Details of Operating Expenses for the Fiscal Year Ended March 31, 2015

	Year Ended March 31, 2015	
	(Unit: million yen)	(Unit: million US dollars)
Sales activity expenses .....	159,322	1,325
Related to sales representatives .....	155,817	1,296
Related to sales agencies.....	2,634	21
Related to selection of policyholders .....	869	7
Sales management expenses .....	66,395	552
Related to management of sales representatives .....	62,993	524
Related to advertisement .....	3,401	28
General management expenses.....	172,870	1,438
Personal expenses .....	86,034	715
Property expenses.....	83,080	691
Donation, co-sponsoring and membership fees .....	1,103	9
Obligation expenses.....	3,756	31
<b>Total .....</b>	<b>398,588</b>	<b>3,316</b>

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

### 2. Details of Tangible Fixed Assets for the Fiscal Year Ended March 31, 2015

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(Unit: million yen)							
<b>Tangible fixed assets</b>							
Land .....	-	-	-	801,088 (51,484)	-	-	801,088
Buildings.....	-	-	-	1,025,903	631,814	23,338	394,089
Leased assets .....	-	-	-	9,217	4,559	1,626	4,658
Construction in progress.....	-	-	-	850	-	-	850
Other tangible fixed assets.....	-	-	-	14,427	11,824	1,273	2,602
<b>Total .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,851,487</b>	<b>648,197</b>	<b>26,238</b>	<b>1,203,289</b>
<b>Intangible fixed assets</b>							
Software .....	-	-	-	115,655	54,052	22,169	61,602
Other intangible fixed assets...	-	-	-	22,137	20	3	22,116
<b>Total .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,792</b>	<b>54,073</b>	<b>22,173</b>	<b>83,719</b>
Long-term prepaid expenses .....	-	-	-	-	-	-	-
<b>Deferred assets</b>							
Stock delivery expenses .....	-	1,509	-	1,509	335	335	1,174
Bond issuance expenses .....	-	1,356	-	1,356	67	67	1,288
<b>Total .....</b>	<b>-</b>	<b>2,865</b>	<b>-</b>	<b>2,865</b>	<b>403</b>	<b>403</b>	<b>2,462</b>

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(Unit: million US dollars)							
Tangible fixed assets							
Land .....	-	-	-	6,666 (428)	-	-	6,666
Buildings.....	-	-	-	8,537	5,257	194	3,279
Leased assets .....	-	-	-	76	37	13	38
Construction in progress .....	-	-	-	7	-	-	7
Other tangible fixed assets.....	-	-	-	120	98	10	21
Total .....	-	-	-	15,407	5,394	218	10,013
Intangible fixed assets							
Software .....	-	-	-	962	449	184	512
Other intangible fixed assets...	-	-	-	184	0	0	184
Total .....	-	-	-	1,146	449	184	696
Long-term prepaid expenses .....	-	-	-	-	-	-	-
Deferred assets							
Stock delivery expenses .....	-	12	-	12	2	2	9
Bond issuance expenses .....	-	11	-	11	0	0	10
Total .....	-	23	-	23	3	3	20

Note: 1. The difference between the beginning balance and the ending balance of tangible fixed assets were less than 5%. Accordingly, disclosure of "Beginning balance," "Increase" and "Decrease" of tangible fixed assets were omitted.  
2. Figures in ( ) in the columns of "Beginning balance," "Decrease," and "Ending balance" represent differences with book value before revaluation based on the "Law for Revaluation of Land" (Publicly Issued Law 34, March 31, 1998).  
3. Some figures associated with intangible fixed assets are omitted as intangible fixed assets account for less than 1% of DL's total assets.

### 3. Details of Reserves for the Fiscal Year Ended March 31, 2015

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million yen)					
Reserve for possible loan losses .....	2,753	2,105	179	2,574	2,105
General reserves.....	1,394	1,146	-	1,394	1,146
Specific reserves .....	1,358	959	179	1,179	959
Reserve for possible investment losses .....	215	-	215	-	-
Reserve for retirement benefits of directors, executive officers and corporate auditors.....	2,141	62	212	-	1,990
Reserve for possible reimbursement of prescribed claims .....	800	119	219	-	700
Reserve for price fluctuations.....	116,453	16,000	-	-	132,453

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million US dollars)					
Reserve for possible loan losses .....	22	17	1	21	17
General reserves.....	11	9	-	11	9
Specific reserves .....	11	7	1	9	7
Reserve for possible investment losses .....	1	-	1	-	-
Reserve for retirement benefits of directors, executive officers and corporate auditors.....	17	0	1	-	16
Reserve for possible reimbursement of prescribed claims .....	6	0	1	-	5
Reserve for price fluctuations.....	969	133	-	-	1,102

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



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## Independent Auditor's Report

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

We have audited the accompanying non-consolidated financial statements of The Dai-ichi Life Insurance Company, Limited, which comprise the non-consolidated balance sheet as of March 31, 2015, and the non-consolidated statements of earnings, changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Non-consolidated Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Dai-ichi Life Insurance Company, Limited as of March 31, 2015, and its non-consolidated financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

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

*Ernst & Young ShinNihon LLC*

June 23, 2015