

Non-Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2015	2016	2016
(ASSETS)			
Cash and deposits	663,427	528,337	4,688
Cash	217	196	1
Bank deposits	663,209	528,140	4,687
Call loans	355,300	116,900	1,037
Monetary claims bought	259,735	233,206	2,069
Money held in trust	36,122	52,806	468
Securities	30,673,366	30,250,119	268,460
Government bonds	14,531,309	14,545,593	129,087
Local government bonds	135,572	125,047	1,109
Corporate bonds	1,675,152	1,910,798	16,957
Stocks	4,007,030	3,560,485	31,598
Foreign securities	9,799,414	9,451,844	83,882
Other securities	524,887	656,349	5,824
Loans	3,029,295	2,826,052	25,080
Policy loans	428,555	405,056	3,594
Ordinary loans	2,600,740	2,420,995	21,485
Tangible fixed assets	1,203,289	1,164,183	10,331
Land	801,088	792,101	7,029
Buildings	394,089	363,038	3,221
Leased assets	4,658	4,491	39
Construction in progress	850	2,402	21
Other tangible fixed assets	2,602	2,149	19
Intangible fixed assets	83,719	81,603	724
Software	61,602	59,516	528
Other intangible fixed assets	22,116	22,086	196
Reinsurance receivable	7,916	4,434	39
Other assets	427,053	541,917	4,809
Accounts receivable	58,176	75,541	670
Prepaid expenses	13,009	12,019	106
Accrued revenue	156,983	155,664	1,381
Deposits	42,217	40,545	359
Margin money for futures trading	56,390	57,785	512
Differential account for futures trading	–	47	0
Derivatives	82,448	179,189	1,590
Suspense payment	6,172	9,536	84
Other assets	11,655	11,586	102
Customers' liabilities for acceptances and guarantees	91,648	97,056	861
Reserve for possible loan losses	(2,105)	(1,237)	(10)
Reserve for possible investment losses	–	(423)	(3)
Total assets	36,828,768	35,894,956	318,556

Non-Consolidated Balance Sheet (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2015	2016	2016
(LIABILITIES)			
Policy reserves and others	30,449,617	30,635,217	271,878
Reserves for outstanding claims	203,076	260,304	2,310
Policy reserves	29,840,974	29,984,210	266,100
Reserve for policyholder dividends	405,566	390,701	3,467
Reinsurance payable	609	684	6
Subordinated bonds	215,727	215,727	1,914
Other liabilities	1,496,483	1,095,099	9,718
Collateral for securities lending transactions	731,505	473,284	4,200
Long-term debt and other borrowings	325,198	286,277	2,540
Corporate income tax payable	52,296	28,307	251
Accounts payable	83,212	77,232	685
Accrued expenses	51,619	48,456	430
Unearned revenue	785	728	6
Deposits received	53,105	53,528	475
Guarantee deposits received	51,008	51,110	453
Differential account for futures trading	17	-	-
Derivatives	124,556	60,808	539
Lease liabilities	4,552	4,393	38
Asset retirement obligations	2,789	2,675	23
Suspense receipt	15,345	7,695	68
Other liabilities	490	601	5
Reserve for employees' retirement benefits	389,480	377,967	3,354
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,990	1,868	16
Reserve for possible reimbursement of prescribed claims	700	800	7
Reserves under the special laws	132,453	148,453	1,317
Reserve for price fluctuations	132,453	148,453	1,317
Deferred tax liabilities	413,815	138,696	1,230
Deferred tax liabilities for land revaluation	84,908	80,189	711
Acceptances and guarantees	91,648	97,056	861
Total liabilities	33,277,434	32,791,760	291,016
(NET ASSETS)			
Capital stock	343,104	343,146	3,045
Capital surplus	343,255	343,772	3,050
Legal capital surplus	343,104	343,146	3,045
Other capital surplus	151	625	5
Retained earnings	430,738	511,892	4,542
Legal retained earnings	5,600	5,600	49
Other retained earnings	425,138	506,292	4,493
Fund for risk allowance	43,120	43,120	382
Fund for price fluctuation allowance	65,000	65,000	576
Reserve for tax basis adjustments of real estate	24,875	25,517	226
Retained earnings brought forward	292,143	372,655	3,307
Treasury stock	(9,723)	(23,231)	(206)
Total shareholders' equity	1,107,375	1,175,581	10,432
Net unrealized gains (losses) on securities, net of tax	2,488,665	1,946,957	17,278
Deferred hedge gains (losses)	(12,036)	(3,865)	(34)
Reserve for land revaluation	(33,424)	(16,402)	(145)
Total of valuation and translation adjustments	2,443,204	1,926,688	17,098
Subscription rights to shares	753	925	8
Total net assets	3,551,333	3,103,195	27,539
Total liabilities and net assets	36,828,768	35,894,956	318,556

Non-Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2015	2016	2016
Ordinary revenues	4,798,467	4,265,779	37,857
Premium and other income	3,266,361	2,866,602	25,440
Premium income	3,265,798	2,865,384	25,429
Reinsurance income	563	1,218	10
Investment income	1,174,430	1,060,017	9,407
Interest and dividends	802,330	802,203	7,119
Interest from bank deposits	11,973	11,213	99
Interest and dividends from securities	645,467	647,317	5,744
Interest from loans	66,896	62,387	553
Rental income	68,030	69,545	617
Other interest and dividends	9,962	11,738	104
Gains on money held in trust	7,668	-	-
Gains on sale of securities	146,542	211,921	1,880
Gains on redemption of securities	23,906	44,645	396
Derivative transaction gains	9,411	-	-
Reversal of reserve for possible loan losses	468	838	7
Reversal of reserve for possible investment losses	214	-	-
Other investment income	623	409	3
Gains on investments in separate accounts	183,263	-	-
Other ordinary revenues	357,675	339,158	3,009
Fund receipt for annuity rider of group insurance	674	708	6
Fund receipt for claim deposit payment	323,932	301,478	2,675
Reversal of reserve for employees' retirement benefits	3,287	11,931	105
Other ordinary revenues	29,781	25,039	222
Ordinary expenses	4,389,702	3,921,556	34,802
Benefits and claims	2,718,186	2,681,396	23,796
Claims	749,138	709,000	6,292
Annuities	629,874	592,255	5,256
Benefits	412,439	381,741	3,387
Surrender values	532,807	584,186	5,184
Other refunds	392,652	412,606	3,661
Ceding reinsurance commissions	1,272	1,604	14
Provision for policy reserves and others	702,820	209,103	1,855
Provision for reserves for outstanding claims	52,367	57,227	507
Provision for policy reserves	641,704	143,236	1,271
Provision for interest on policyholder dividends	8,748	8,639	76
Investment expenses	131,253	273,985	2,431
Interest expenses	16,024	15,242	135
Losses on money held in trust	-	791	7
Losses on sale of securities	24,412	62,457	554
Losses on valuation of securities	469	873	7
Losses on redemption of securities	305	1,201	10
Derivative transaction losses	-	54,120	480
Foreign exchange losses	38,047	53,872	478
Provision for reserve for possible investment losses	-	423	3
Write-down of loans	43	59	0
Depreciation of real estate for rent and others	14,633	14,165	125
Other investment expenses	37,317	39,209	347
Losses on investments in separate accounts	-	31,568	280
Operating expenses	398,588	404,114	3,586
Other ordinary expenses	438,854	352,956	3,132
Claim deposit payments	365,251	281,561	2,498
National and local taxes	28,611	28,411	252
Depreciation	35,210	32,770	290
Other ordinary expenses	9,781	10,213	90
Ordinary profit	408,764	344,222	3,054

Non-Consolidated Statement of Earnings (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2015	2016	2016
Extraordinary gains.....	3,029	286	2
Gains on disposal of fixed assets	3,029	286	2
Extraordinary losses	27,252	52,274	463
Losses on disposal of fixed assets	5,279	1,307	11
Impairment losses on fixed assets.....	5,472	34,548	306
Provision for reserve for price fluctuations.....	16,000	16,000	141
Other extraordinary losses	501	418	3
Provision for reserve for policyholder dividends	112,200	97,500	865
Income before income taxes	272,341	194,734	1,728
Corporate income taxes-current	119,336	95,850	850
Corporate income taxes-deferred	808	(30,238)	(268)
Total of corporate income taxes.....	120,145	65,611	582
Net income for the year.....	152,196	129,123	1,145

Non-Consolidated Statement of Changes in Net Assets

(Unit: million yen)

Year ended March 31, 2015	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total 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.....				-	
Purchase of treasury stock				-	
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					
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	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward	
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.....				152,196	152,196
Purchase of treasury stock					-
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					
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

(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.....		152,196		
Purchase of treasury stock		-		
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)

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.....	(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.....				152,196
Purchase of treasury stock.....				-
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 yen)					
Year ended March 31, 2016	Shareholders' equity				Retained earnings
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	
Balance at the beginning of the year.....	343,104	343,104	151	343,255	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.....	343,104	343,104	151	343,255	5,600
Changes for the year					
Issuance of new shares.....				-	
Issuance of new shares - exercise of subscription rights to shares.....	42	42		42	
Dividends.....				-	
Net income.....				-	
Purchase of treasury stock.....				-	
Disposal of treasury stock.....			474	474	
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.....				517	-
Total changes for the year.....	42	42	474	517	-
Balance at the end of the year.....	343,146	343,146	625	343,772	5,600

(Unit: million yen)					
	Shareholders' equity				
	Retained earnings				Total 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.....	43,120	65,000	24,875	292,143	430,738
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	24,875	292,143	430,738
Changes for the year					
Issuance of new shares.....				-	-
Issuance of new shares - exercise of subscription rights to shares.....				-	-
Dividends.....				(33,359)	(33,359)
Net income.....				129,123	129,123
Purchase of treasury stock.....				-	-
Disposal of treasury stock.....				-	-
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....			297	(297)	-
Transfer to reserve for tax basis adjustments of real estate....			470	(470)	-
Transfer from reserve for tax basis adjustments of real estate..			(126)	126	-
Transfer from reserve for land revaluation.....				(14,609)	(14,609)
Net changes of items other than shareholders' equity.....				80,512	81,153
Total changes for the year.....	-	-	641	80,512	81,153
Balance at the end of the year.....	43,120	65,000	25,517	372,655	511,892

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.....	(9,723)	1,107,375	2,488,665	(12,036)
Cumulative effect of changes in accounting policies		-		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(9,723)	1,107,375	2,488,665	(12,036)
Changes for the year				
Issuance of new shares		-		
Issuance of new shares - exercise of subscription rights to shares.....		84		
Dividends		(33,359)		
Net income.....		129,123		
Purchase of treasury stock	(15,000)	(15,000)		
Disposal of treasury stock	1,492	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.....		(14,609)		
Net changes of items other than shareholders' equity			(541,708)	8,170
Total changes for the year	(13,507)	68,206	(541,708)	8,170
Balance at the end of the year	(23,231)	1,175,581	1,946,957	(3,865)

	(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.....	(33,424)	2,443,204	753	3,551,333
Cumulative effect of changes in accounting policies				-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(33,424)	2,443,204	753	3,551,333
Changes for the year				
Issuance of new shares				-
Issuance of new shares - exercise of subscription rights to shares.....				84
Dividends				(33,359)
Net income.....				129,123
Purchase of treasury stock				(15,000)
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.....				(14,609)
Net changes of items other than shareholders' equity	17,021	(516,516)	171	(516,344)
Total changes for the year	17,021	(516,516)	171	(448,138)
Balance at the end of the year	(16,402)	1,926,688	925	3,103,195

	(Unit: million US dollars)				
	Capital stock	Shareholders' equity			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	
Balance at the beginning of the year.....	3,044	3,044	1	3,046	49
Cumulative effect of changes in accounting policies				-	
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	3,044	3,044	1	3,046	49
Changes for the year					
Issuance of new shares					-
Issuance of new shares - exercise of subscription rights to shares.....	0	0		0	
Dividends					-
Net income.....					-
Purchase of treasury stock					-
Disposal of treasury stock			4	4	
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	0	0	4	4	-
Balance at the end of the year	3,045	3,045	5	3,050	49

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

(Unit: million US dollars)

	Shareholders' equity				
	Retained earnings				Total 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.....	382	576	220	2,592	3,822
Cumulative effect of changes in accounting policies					-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	382	576	220	2,592	3,822
Changes for the year					
Issuance of new shares					-
Issuance of new shares - exercise of subscription rights to shares.....					-
Dividends				(296)	(296)
Net income.....				1,145	1,145
Purchase of treasury stock					-
Disposal of treasury stock					-
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate.....			2	(2)	-
Transfer to reserve for tax basis adjustments of real estate			4	(4)	-
Transfer from reserve for tax basis adjustments of real estate ..			(1)	1	-
Transfer from reserve for land revaluation.....				(129)	(129)
Net changes of items other than shareholders' equity					
Total changes for the year	-	-	5	714	720
Balance at the end of the year	382	576	226	3,307	4,542

(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.....	(86)	9,827	22,086	(106)
Cumulative effect of changes in accounting policies		-		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(86)	9,827	22,086	(106)
Changes for the year				
Issuance of new shares		-		
Issuance of new shares - exercise of subscription rights to shares.....		0		
Dividends		(296)		
Net income.....		1,145		
Purchase of treasury stock	(133)	(133)		
Disposal of treasury stock	13	17		
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.....		(129)		
Net changes of items other than shareholders' equity			(4,807)	72
Total changes for the year	(119)	605	(4,807)	72
Balance at the end of the year	(206)	10,432	17,278	(34)

(Unit: million US dollars)

	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.....	(296)	21,682	6	31,516
Cumulative effect of changes in accounting policies				-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(296)	21,682	6	31,516
Changes for the year				
Issuance of new shares				-
Issuance of new shares - exercise of subscription rights to shares.....				0
Dividends				(296)
Net income.....				1,145
Purchase of treasury stock				(133)
Disposal of treasury stock				17
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.....				(129)
Net changes of items other than shareholders' equity	151	(4,583)	1	(4,582)
Total changes for the year	151	(4,583)	1	(3,977)
Balance at the end of the year	(145)	17,098	8	27,539

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2016

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 ¥112.68=US\$1.00, the foreign exchange rate on March 31, 2016, 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 and 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 (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

Government/Corporate Bonds (including foreign bonds), whose premium or discount represents 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, 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 were acquired on or before March 31, 2007 and that were fully depreciated to their original depreciable limit, effective the year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years from the following fiscal year of the year in which they reached the original 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. Software for internal use is amortized by the straight-line method based on the estimated useful lives 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 translated foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates at the end of the year. Stocks of 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 (hereinafter, "bankrupt obligors") and loans to and claims on obligors that have suffered substantial business failure (hereinafter, "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, 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 and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the fiscal year ended March 31, 2015 and 2016 were ¥59 million and ¥58 million (US\$0 million), respectively.

6. Reserve for Possible Investment Losses

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

7. 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, 2016.

Accounting treatment of retirement benefit obligations and retirement benefit expenses are as follows.

(1) Allocation of Estimated Retirement Benefits

Estimated retirement benefits are allocated under the benefit formula basis over the period ended March 31, 2016.

(2) Amortization of Actuarial Differences

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

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

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

9. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had expired, DL provided for reserve for possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

10. Reserve for Price Fluctuations

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

11. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, issued on March 10, 2008). Primarily, (a) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; (b) the currency allotment method and 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; (d) the deferral hedge method for bond over-the-counter options is used for hedges against interest-rate fluctuations in certain foreign currency-denominated bonds; and (e) 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
Bond over-the-counter options	Foreign currency-denominated bonds
Equity options	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts	Domestic stocks

(3) Hedging Policies

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

(4) Assessment of Hedge Effectiveness

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

12. 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 other assets and amortized equally over five years in accordance with the Order for Enforcement 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 the Financial Services Agency (Notification of the Minister of Finance No.48, 1996).
- (b) Reserves for other policies are established based on the net level premium method.

(Additional information)

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996 for which premium payments were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation, of the Insurance Business Act and will be provided over the following nine years. As a result, the amounts of the additional provision for policy reserves for the fiscal years ended March 31, 2015 and 2016 were ¥122,957 million and ¥142,163 million (US\$1,261 million), respectively.

(Additional Information)

Disclosure of transactions by granting DL's 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®)") was omitted as it was described in 3. Summary of Significant Accounting Policies on a consolidated basis.

III. NOTES TO NON-CONSOLIDATED BALANCE SHEET

1. Assets Pledged as Collateral / Secured Liabilities

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

	As of March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Securities (Government bonds).....	704,686	393,315	3,490
Securities (Foreign securities)	4,885	4,606	40
Deposits	86	86	0
Total.....	709,658	398,008	3,532

The amounts of secured liabilities were as follows:

	As of March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Cash collateral for securities lending transactions.....	731,505	473,284	4,200
Loans payable	0	-	-
Total.....	731,506	473,284	4,200

“Securities (Government bonds)” includes securities pledged as collateral for securities lending transactions with cash collateral whose amount as of March 31, 2015 and 2016 is ¥650,112 million and ¥381,453 million (US\$3,385 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, 2015 and 2016 were ¥1,888,894 million and ¥2,230,552 million (US\$19,795 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, 2015 and 2016 were as follows:

	As of March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Book value.....	11,996,350	12,027,685	106,741
Market value.....	13,835,074	15,449,932	137,113

(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 the 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:

- a) individual life insurance and annuities,
- b) non-participating single premium whole life insurance (without duty of medical disclosure),
- c) financial insurance and annuities, and
- d) 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, 2015 and 2016 were ¥1,068,255 million and ¥1,127,381 million (US\$10,005 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,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	109	93	0
Delinquent loans.....	3,525	3,005	26
Loans past due for three months or more.....	-	-	-
Restructured loans	434	415	3
Total	4,068	3,513	31

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 or 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:

	As of March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	4	2	0
Delinquent loans.....	54	56	0

6. Commitment Line

As of March 31, 2015 and 2016, there were unused commitment line agreements under which DL is the lender of ¥31,390 million and ¥32,391 million (US\$287 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,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Receivables	110,566	27,653	245
Payables.....	4,807	4,599	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, 2015 and 2016 were ¥1,259,458 million and ¥1,042,803 million (US\$9,254 million), respectively. Separate account liabilities were the same amount as the separate account assets.

9. Reinsurance

As of March 31, 2015 and 2016, 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 ¥18 million and ¥4 million (US\$0 million), respectively.

As of March 31, 2015 and 2016, 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,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year.....	394,022	405,566	3,599
Dividend payment during the year	(109,404)	(121,003)	(1,073)
Interest accrual.....	8,748	8,639	76
Provision for reserve for policyholder dividends	112,200	97,500	865
Balance at the end of the year	405,566	390,701	3,467

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, 2015 and 2016 were ¥52,414 million and ¥52,002 million (US\$461 million), respectively. These obligations will be recognized as operating expenses in the period in which they are paid.

12. Subordinated Bonds

As of March 31, 2015 and 2016, subordinated bonds recorded in liabilities included foreign currency-denominated subordinated bonds for the amount of ¥215,727 million and ¥215,727 million (US\$1,914 million), respectively, the repayment of which is subordinated to other obligations.

13. Subordinated Debt

As of March 31, 2015 and 2016, other liabilities included subordinated debt of ¥320,000 million and ¥283,000 million (US\$2,511 million), respectively, the repayment of which is subordinated to other obligations.

14. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2015 and 2016, the market value of the securities which were not sold or pledged as collateral was ¥74,082 million and ¥226,969 million (US\$2,014 million), respectively. None of the securities were pledged as collateral as of March 31, 2015 and 2016, respectively.

15. Organizational Change Surplus

As of March 31, 2015 and 2016, the amounts of DL's organization change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US\$1,045 million), respectively.

IV. NOTES TO THE 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, 2015 and 2016 were as follows:

	Year ended March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Revenues.....	11,880	23,361	207
Expenses.....	23,780	21,856	193

2. Gains on Sale of Securities

The breakdowns of gains on sale of securities for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Year ended March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds	17,198	6,598	58
Domestic stocks.....	43,460	38,011	337
Foreign securities	84,268	166,611	1,478
Other securities	1,615	698	6

3. Losses on Sale of Securities

The breakdowns of losses on sale of securities for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Year ended March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Domestic bonds	2,294	464	4
Domestic stocks	4,744	5,017	44
Foreign securities	16,978	54,989	488
Other securities	393	1,987	17

4. Losses on Valuation of Securities

The breakdowns of losses on valuation of securities for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Year ended March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Domestic stocks	153	178	1
Foreign securities	315	695	6

5. Gains/Losses on Money Held in Trust

Gains (losses) on money held in trust included gains on valuation of securities of ¥3,962 million for the fiscal year ended March 31, 2015 and losses on valuation of securities of ¥4,459 million (US\$39 million) for the fiscal year ended March 31, 2016.

6. Derivative Transaction Gains/Losses

Derivative transaction gains (losses) included valuation gains of ¥20,781 million for the fiscal year ended March 31, 2015 and valuation losses of ¥22,643 million (US\$200 million) for the fiscal year ended March 31, 2016.

7. Reinsurance

For the fiscal year ended March 31, 2015, in calculating the provision for reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥14 million was deducted. In calculating the provision for policy reserves, a reversal of reserves for policy reserves reinsured of ¥0 million was added.

For the fiscal year ended March 31, 2016, in calculating the provision for reserves for outstanding claims, a reversal of reserves for outstanding claims reinsured of ¥13 million (US\$0 million) was added. In calculating the provision for policy reserves, a provision for reserves for policy reserves reinsured of ¥0 million (US\$0 million) was deducted.

8. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Year ended March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Land	2,477	168	1
Buildings	551	103	0
Other tangible fixed assets	0	-	-
Other intangible fixed assets	-	14	0
Total	3,029	286	2

9. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Year ended March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Land	1,249	784	6
Buildings.....	2,909	205	1
Leased assets	41	2	0
Other tangible fixed assets.....	158	138	1
Software	142	60	0
Other intangible fixed assets.....	248	-	-
Deposits	130	-	-
Other assets	398	115	1
Total	5,279	1,307	11

V. SECURITIES

1. Stocks of DL's subsidiaries and affiliated companies with market value

As of March 31, 2015			
	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)			
Stocks of subsidiaries	137	137	-
Stocks of affiliated companies	26,495	76,800	50,304
Total	26,633	76,937	50,304

As of March 31, 2016						
	Carrying amount	Market value	Unrealized gains (losses)	Carrying amount	Market value	Unrealized gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Stocks of subsidiaries	131	119	(11)	1	1	(0)
Stocks of affiliated companies	26,578	61,533	34,955	235	546	310
Total	26,709	61,653	34,943	237	547	310

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,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Stocks of subsidiaries	987,162	1,046,291	9,285
Stocks of affiliated companies	54,459	54,380	482

VI. DEFERRED TAX ACCOUNTING

1. Major components of deferred tax assets and liabilities

	As of March 31,		
	2015	2016	2016
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others	414,363	434,946	3,860
Reserve for employees' retirement benefits	136,784	129,729	1,151
Reserve for price fluctuations	38,093	41,484	368
Impairment losses	9,413	17,178	152
Losses on valuation of securities	12,757	13,219	117
Others	29,729	29,997	266
Subtotal	641,142	666,556	5,915
Valuation allowances	(27,169)	(27,575)	(244)
Total	613,972	638,981	5,670
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax	(992,759)	(744,651)	(6,608)
Reserve for tax basis adjustments of real estate	(10,042)	(9,884)	(87)
Accrued dividend receivables	(7,641)	(7,470)	(66)
Others	(17,345)	(15,671)	(139)
Total	(1,027,788)	(777,677)	(6,901)
Net deferred tax assets (liabilities)	(413,815)	(138,696)	(1,230)

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

	As of March 31,	
	2015	2016
Statutory effective tax rate	30.68%	28.76%
(Adjustments)		
Decrease in deferred tax assets in relation to changes in tax rates	14.37%	9.02%
Transfer from reserve for land revaluation	(0.10%)	(3.48%)
Others	(0.83%)	(0.61%)
Actual effective tax rate after considering deferred taxes	44.12%	33.69%

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

Pursuant to the enactment of the "Act on the Partial Revision of the Income Tax Act, etc." and "Act for Partial Amendment of the Local Tax Act, etc." in the Diet on March 29, 2016, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 28.76% to 28.16% for the fiscal year beginning on April 1, 2016 or later, and to 27.92% for the fiscal year beginning on April 1, 2018 or later.

As a result, its deferred tax liabilities decreased by ¥5,083 million (US\$ 45 million) and corporate income taxes-deferred increased by ¥17,568 million (US\$ 155 million).

VII. SUBSEQUENT EVENTS

- The Company intends to shift to a holding company structure (the "Transition"). In connection with the Transition, the Company resolved at its Board of Directors meeting held on April 8, 2016 that its domestic life insurance business will be succeeded by The Dai-ichi Life Split Preparation Company, Limited, a wholly-owned subsidiary of the Company that was incorporated on April 1, 2016 (the "Successor"). Accordingly, the Company concluded a definitive agreement with the Successor with respect to an absorption-type corporate split (the "Agreement") which is expected to become effective on October 1, 2016.

Although the 6th annual general meeting of shareholders held on June 24, 2016 resolved the proposal related to the Agreement and necessary amendments to the Articles of Incorporation of the Company, the Agreement shall become effective subject to the approvals of regulatory authorities.

With effect from October 1, 2016, the Company will become a holding company with a new trade name, "Dai-ichi Life Holdings, Inc.", and a new corporate purpose of managing the group's operating companies.

<Overview of the Parties to the Agreement>

	The Company (As of March 31, 2016)	The Successor (As of April 1, 2016)
(1) Trade name	The Dai-ichi Life Insurance Company, Limited ¹	The Dai-ichi Life Split Preparation Company, Limited ²
(2) Address	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan
(3) Representative	Koichiro Watanabe, President and Representative Director	Yuji Kawazoe, Representative Director
(4) Business	Life insurance business	Preparation for undertaking life insurance business, etc.
(5) Capital stock	343,146 million yen (US\$3,045 million)	100 million yen (US\$0 million)
(6) Date of incorporation	September 15, 1902	April 1, 2016
(7) Number of shares issued	1,198,023,000	10
(8) Fiscal year-end	March 31	March 31
(9) Major shareholders ³	Japan Trustee Services Bank, Ltd. (Trust Account): 5.14% BNY GCM Client Account JPRD AC ISG (FE-AC): 4.02% Mizuho Bank, Ltd: 3.77% The Master Trust Bank of Japan, Ltd. (Trust Account): 3.60% GOLDMAN SACHS INTERNATIONAL: 2.64%	The Dai-ichi Life Insurance Company, Limited:100%
(10) Consolidated results of operations and financial position		
Fiscal Year ended March 31, 2016		
Net assets	2,932,959 million yen (US\$26,029 million)	
Total assets	49,924,922 million yen (US\$443,068 million)	
Net assets per share	2,472.86 yen (US\$21.94)	
Ordinary revenues	7,333,947 million yen (US\$65,086 million)	
Ordinary profit	418,166 million yen (US\$3,711 million)	
Net income attributable to shareholders of Dai-ichi Life	178,515 million yen (US\$1,584 million)	
Net income per share	150.53 yen (US\$1.33)	

*1. The trade name will be changed to "Dai-ichi Life Holdings, Inc." as of October 1, 2016.

*2. The trade name will be changed to "The Dai-ichi Life Insurance Company, Limited" as of October 1, 2016.

*3. The percentage of shares outstanding are calculated by excluding the treasury stock (6,878 thousand shares).

2. The board of directors of the Company resolved at its meeting held on May 13, 2016 to repurchase the Company's own 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 own 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 16,000,000 shares
- c) Aggregate price of shares to be repurchased
Up to 16,000 million yen (US\$141 million)
- d) Period of repurchase of shares
From May 16, 2016 to June 21, 2016
- e) Method of repurchase of shares
Open-market repurchase by the trust method

(3) Conclusion of the Repurchase

- a) Aggregate number of shares repurchased
11,695,500 shares
- b) Aggregate repurchase price of the shares
15,999 million yen (US\$141 million)
- c) Period in which repurchases were made
From May 16, 2016 to June 9, 2016

VIII. SUPPLEMENTAL TABLES

1. Details of Operating Expenses for the Fiscal Year ended March 31, 2016

	Year Ended March 31, 2016	
	(Unit: million yen)	(Unit: million US dollars)
Sales activity expenses	162,475	1,441
Related to sales representatives	158,920	1,410
Related to sales agencies	2,763	24
Related to selection of policyholders	791	7
Sales management expenses	68,046	603
Related to management of sales representatives	63,634	564
Related to advertisement	4,412	39
General management expenses	173,593	1,540
Personal expenses	83,908	744
Property expenses	85,964	762
Donation, co-sponsoring and membership fees	1,128	10
Obligation expenses	3,720	33
Total	404,114	3,586

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, 2016

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(Unit: million yen)							
Tangible fixed assets							
Land	801,088	6,394	15,381	792,101	–	–	792,101
	(51,484)	(12,302)	[13,780]	(63,786)			
Buildings	1,025,903	11,416	26,415	1,010,905	647,866	20,902	363,038
			[20,757]				
Leased assets	9,217	1,523	958	9,782	5,290	1,688	4,491
Construction in progress	850	19,363	17,811	2,402	–	–	2,402
Other tangible fixed assets	14,427	974	3,998	11,402	9,253	1,039	2,149
Total	1,851,487	39,672	64,565	1,826,594	662,411	23,629	1,164,183
			[34,538]				
Intangible fixed assets							
Software	–	–	–	110,734	51,217	21,575	59,516
Other intangible fixed assets	–	–	–	22,103	17	3	22,086
Total	–	–	–	132,837	51,234	21,578	81,603
Long-term prepaid expenses	–	–	–	–	–	–	–
Deferred assets							
Stock delivery expenses	1,509	–	–	1,509	838	503	670
Bond issuance expenses	1,356	–	–	1,356	203	135	1,152
Total	2,865	–	–	2,865	1,042	638	1,823

	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	7,109	56	136	7,029	-	-	7,029
	(456)	(109)		(566)			
Buildings.....	9,104	101	234	8,971	5,749	185	3,221
			[122]				
Leased assets	81	13	8	86	46	14	39
Construction in progress	7	171	158	21	-	-	21
Other tangible fixed assets.....	128	8	35	101	82	9	19
Total.....	16,431	352	572	16,210	5,878	209	10,331
			[306]				
Intangible fixed assets							
Software	-	-	-	982	454	191	528
Other intangible fixed assets...	-	-	-	196	0	0	196
Total.....	-	-	-	1,178	454	191	724
Long-term prepaid expenses	-	-	-	-	-	-	-
Deferred assets							
Stock delivery expenses	13	-	-	13	7	4	5
Bond issuance expenses	12	-	-	12	1	1	10
Total.....	25	-	-	25	9	5	16

Note: 1. 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).

2. Figures in [] represent amounts of impairment losses.

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, 2016

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million yen)					
Reserve for possible loan losses	2,105	1,237	28	2,076	1,237
General reserves.....	1,146	487	-	1,146	487
Specific reserves	959	749	28	930	749
Reserve for possible investment losses	-	423	-	-	423
Reserve for retirement benefits of directors, executive officers and corporate auditors.....	1,990	64	186	-	1,868
Reserve for possible reimbursement of prescribed claims	700	365	265	-	800
Reserve for price fluctuations.....	132,453	16,000	-	-	148,453

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(Unit: million US dollars)					
Reserve for possible loan losses	18	10	0	18	10
General reserves.....	10	4	-	10	4
Specific reserves	8	6	0	8	6
Reserve for possible investment losses	-	3	-	-	3
Reserve for retirement benefits of directors, executive officers and corporate auditors.....	17	0	1	-	16
Reserve for possible reimbursement of prescribed claims	6	3	2	-	7
Reserve for price fluctuations.....	1,175	141	-	-	1,317

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.



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo, Japan 100-0011
Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

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, 2016, 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, 2016, and its non-consolidated financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 24, 2016

Editorial Policy

The Dai-ichi Life Group publishes the “Dai-ichi Life Annual Report (integrated with Dai-ichi Life DSR Report),” which compiles information on “the status of the business and property” as stipulated in Article 111 of the Insurance Business Act and information on efforts of Dai-ichi Life to fulfill its social responsibilities in a simple booklet, by reference to the International Integrated Reporting Council (IIRC) framework. We would be delighted if this report helped our stakeholders better understand the Dai-

ichi Life Group, including its management challenges and strategies for future growth, as well as its efforts to that end.

Information that supplements the contents covered is published on Dai-ichi Life’s website (<http://www.dai-ichi-life.co.jp/>). We invite our stakeholders to read the site in conjunction with this report. This Annual Report (English version) is a translation of the Japanese version.

Coverage of this report

Period covered

April 1, 2015 to March 31, 2016 (including some activities on and after April 1, 2016)

Organizations covered

The Dai-ichi Life Insurance Company, Limited and its subsidiaries and affiliates

Date of Issue

Published in September every year.

Dai-ichi Life Website

<http://www.dai-ichi-life.co.jp/>



Top screen of our website

2016 Dai-ichi Life Annual Report

The Dai-ichi Life Insurance Company, Limited

(Prepared in September 2016)

13-1 Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8411, Japan

Phone: +81-3-3216-1211 <http://www.dai-ichi-life.co.jp/>