May 15, 2013

Financial Results for the Fiscal Year Ended March 31, 2013

The Dai-ichi Life Insurance Company, Limited (the "Company" or the "Parent Company"; President: Koichiro Watanabe) announces its financial results for the fiscal year ended March 31, 2013.

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Please note that this is an unofficial translation of the original disclosure in Japanese.

1. Business Highlights

(1) Sum Insured of Policies in Force and New Policies

Policies in Force

	As of March 31, 2012			
	Number of policies		Amount	
	(thousands)	% of March 31, 2011 total	(billions of yen)	% of March 31, 2011 total
Individual insurance	11,372	102.1	138,597.9	96.0
Individual annuities	1,289	102.2	7,537.5	102.4
Individual insurance and annuities	12,662	102.1	146,135.4	96.3
Group insurance	-	-	50,491.5	96.5
Group annuities	-	-	6,065.9	100.4

	As of March 31, 2013			
	Number of policies		Amount	
	(thousands)	% of March 31, 2012 total	(billions of yen)	% of March 31, 2012 total
Individual insurance	11,442	100.6	133,344.7	96.2
Individual annuities	1,431	111.1	8,516.8	113.0
Individual insurance and annuities	12,874	101.7	141,861.5	97.1
Group insurance	-	-	48,766.6	96.6
Group annuities	-	-	6,146.1	101.3

Note: 1. Policy amount in force of individual annuities is equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
2. Policy amount in force of group annuities is equal to the amount of outstanding corresponding policy reserve.

New Policies

	Year ended March 31, 2012					
	Number of policies		Amount			
	(thousands)	% of March 31, 2011 total	(billions of yen)	New Business	Net increase by conversion	% of March 31, 2011 total
Individual insurance	1,270	102.2	6,616.9	6,462.2	154.7	96.7
Individual annuities	61	101.4	435.0	444.8	(9.8)	104.6
Individual insurance and annuities	1,332	102.2	7,051.9	6,907.0	144.9	97.1
Group insurance			210.6	210.6		67.4
Group annuities			0.6	0.6		54.0

	Year ended March 31, 2013					
	Number of policies		Amount			
	(thousands)	% of March 31, 2012 total	(billions of yen)	New Business	Net increase by conversion	% of March 31, 2012 total
Individual insurance	1,187	93.5	6,589.0	6,086.3	502.7	99.6
Individual annuities	178	290.6	1,232.5	1,241.8	(9.3)	283.3
Individual insurance and annuities	1,366	102.6	7,821.6	7,328.2	493.3	110.9
Group insurance	-		273.7	273.7		130.0
Group annuities	-		0.0	0.0		10.2

Note: 1. Number of new policies is the sum of new business and policies after conversion.
2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commen
3. Amount of new policies for group annuities is equal to the initial premium payment.

(Reference) Surrenders and lapses in individual insurance and annuities

(billions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Amount of surrenders and lapses	7,122.3	6,625.5
Surrender and lapse rate (%)	4.69	4.53

Note: 1. The amount of lapses is not offset by the amount of lapses which are reinstated.
2. The table above excludes cases where the sum insured is decreased or riders are surrendered for in-force contracts.

(2) Annualized Net Premium

Policies in Force

(billions of yen)

	As of March 31, 2012		As of March 31, 2013	
		% of March 31, 2011 total		% of March 31, 2012 total
Individual insurance	1,682.8	98.7	1,663.1	98.8
Individual annuities	323.9	104.8	362.7	112.0
Total	2,006.8	99.7	2,025.9	101.0
Medical and survival benefits	515.0	101.7	522.5	101.5

New Policies

(billions of yen)

	As of March 31, 2012		As of March 31, 2013	
		% of March 31, 2011 total		% of March 31, 2012 total
Individual insurance	112.8	99.7	108.0	95.8
Individual annuities	15.2	101.3	41.7	274.2
Total	128.0	99.9	149.7	117.0
Medical and survival benefits	41.9	98.8	40.5	96.7

Note: 1. Annualized net premium is calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

2. Annualized net premium for medical and survival benefits includes (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.

3. New policies include net increase by conversion.

(3) Profit and Loss Items

(millions of yen)

	Year Ended March 31, 2012		Year Ended March 31, 2013	
		% of March 31, 2011 total		% of March 31, 2012 total
Premium and other income	3,056,096	100.0	2,921,863	95.6
Investment income	974,046	105.6	1,104,462	113.4
Benefits and claims	2,508,726	95.6	2,467,768	98.4
Investment expenses	363,380	84.6	206,514	56.8
Ordinary profit	243,765	308.9	173,806	71.3

(4) Total Assets

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
		% of March 31, 2011 total		% of March 31, 2012 total
Total Assets	31,461,940	101.9	33,072,490	105.1

2. Policies in Force as of March 31, 2013 by Benefit

		Individual insurance (I)		Individual annuities (II)		Group insurance (III)		Total (I+II+III)	
		Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Death benefits									
	general	10,857	114,086.3		0.0	25,097	48,759.2	35,955	162,845.6
	accidental	[4,215]	[16,532.1]	[596]	[383.3]	[3,074]	[1,768.8]	[7,887]	[18,684.3]
	others	[0]	[0.0]	[-]	[-]	[70]	[60.7]	[71]	[60.8]
Survival benefits		585	19,258.3	1,431	8,516.8	9	7.3	2,027	27,782.5
Hospitalization benefits									
	accidental	[8,811]	[43.3]	[78]	[0.3]	[1,579]	[0.9]	[10,469]	[44.7]
	illness	[8,753]	[43.1]	[79]	[0.3]	[0]	[0.0]	[8,833]	[43.5]
	others	[4,332]	[23.3]	[62]	[0.2]	[60]	[0.0]	[4,455]	[23.7]
Injury benefits		[7,840]	-	[84]	-	[2,796]	-	[10,722]	-
Surgery benefits		[6,479]	-	[79]	-	-	-	[6,559]	-

	Group annuities (IV)		Financial insurance (V)		Financial annuities (VI)		Total (IV+V+VI)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Survival benefits	10,995	6,146.1	89	272.4	48	113.9	11,133	6,532.5

	Medical care insurance	
	Number (thousands)	Amount (billions of yen)
Hospitalization benefits	493	0.8

	Group disability	
	Number (thousands)	Amount (billions of yen)
Disability benefits	28	2.0

Note:

1. Figures in [ ] show numbers and amounts of additional benefits and of benefits to be paid from riders.
2. Numbers of group insurance, group annuities, financial insurance, financial annuities, medical care insurance and group disability show the numbers of insureds.
3. Amounts in 'Survival benefits' show the sum of (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced for individual annuities, group insurance (annuity riders) and financial annuities. The amounts in 'Survival benefits' show the amount of outstanding corresponding policy reserve for group annuities, financial insurance and others.
4. Amounts in 'Hospitalization benefits' show the amount of hospitalization benefit to be paid per day.
5. Amount in 'Hospitalization benefits' for medical care insurance shows the daily amount to be paid for hospitalization from illness.
6. Amount in group disability insurance shows the amount of disability benefits paid per month.
7. The number of insureds and amount of policies for reinsurance written were 1,283 thousand and 7,717.8 billion yen, respectively.

3. Investment of General Account Assets for the Fiscal Year Ended March 31, 2013

(1) Investment Environment

- Due to a) a decrease in exports caused by the slowdown of the overseas economy and b) decreased corporate capital expenditures associated with worsened business sentiments, the Japanese economy temporarily experienced negative growth during the fiscal year ended March 31, 2013. However, led by export growth associated with slight recovery of the global economy, the Japanese economy bottomed out by the end of the fiscal year.
- In the U.S., supported by the monetary easing policy of the Federal Reserve Board (FRB), individual consumption and housing investment increased. However, given the uncertainty over the European sovereign debt crisis and fiscal cliff problems, corporate capital expenditures decreased and the U.S. economy grew only by a modest amount. The European economy experienced negative growth due to government spending cuts for fiscal reconstruction and the worsened unemployment situation.
- Given the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

- The yield on ten-year Japanese government bonds declined from the first half of the fiscal year, given the economic downturn in Japan that was mainly due to a decrease in exports associated with the slowdown of the global economy. Although the Japanese economy bottomed out in the second half of the fiscal year, the yield declined further to the 0.5% level, due to the expectation of aggressive monetary easing measures to be taken by the Bank of Japan (BOJ) under the new administration.

Yield on ten-year government bonds:	April 1, 2012	0.985%
	March 31, 2013	0.560%

[Domestic Stocks]

- The Nikkei 225 temporarily fell below 8,500 due to a) yen appreciation as a result of the worsened European sovereign debt crisis and b) concern over the global recession in the first half of the fiscal year. However, since the dissolution of the House of Representatives in Japan in November 2012, amid growing expectations of overcoming deflation through aggressive monetary easing and economic-stimulus measures planned to be taken under the new Abe cabinet, the Nikkei 225 rose substantially to over 12,000, the highest level since September 2008.

Nikkei 225 Stock Average:	April 1, 2012	10,083
	March 31, 2013	12,397
TOPIX:	April 1, 2012	854
	March 31, 2013	1,034

[Foreign Currency]

- The yen appreciated against the Euro significantly to below ¥95 in July 2012, due to the deepened European sovereign debt crisis, including concerns over Greece exiting the Euro-zone and lack of confidence in Spain's financial system. The yen also appreciated against the U.S. dollar significantly to below ¥80 by the summer, due to concerns over the U.S. economy slowing down and the FRB's third quantitative easing plan.
- However, a) the worsened trade balance in Japan, b) expectations of overcoming deflation through aggressive monetary easing and public spending policies after the inauguration of the new Abe cabinet and c) unwinding of risk-aversion associated with decreased anxiety about the European sovereign debt crisis, the value of the yen has been substantially corrected after the appreciation described above. By the end of the fiscal year, the yen depreciated against the U.S. dollar significantly to above ¥96 for first time since August 2009.

yen /U.S. dollar:	April 1, 2012	¥82.19
	March 31, 2013	¥94.05
yen/Euro:	April 1, 2012	¥109.80
	March 31, 2013	¥120.73

(2) Investment Results

[Asset Composition]

- The Company continued to set fixed income investments, including domestic bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies. The Company actively increased its position in policy-reserve-matching bonds by purchasing mainly super-long-term government bonds, in order to further enhance its Asset Liability Management (ALM) strategy and improve profitability.
- The Company has appropriately controlled risks associated with its risk assets (such as domestic stocks and foreign securities intended to promote diversification of risks and to improve its profitability) by taking market trends into account.
- The table below summarizes the investment results of the Company's general account by asset:

Assets	Investment results
Domestic bonds	<u>Increase</u> The Company actively replaced bonds with longer duration bonds, capturing the momentary rise in interest rates, and also increased investment in policy-reserve-matching bonds (mainly super long-term government bonds), based on its ALM strategy. The Company replaced its currency hedged foreign currency-denominated bonds with domestic bonds, aiming to improve investment efficiency within its fixed income assets. The Company also made efforts to improve investment yields by making careful selection and diversification among various credit risk products, including corporate bonds and securitized products, in accordance with risk-adjusted credit spread guidelines.
Loans	<u>Decrease</u> The total balance of loans decreased due to weak corporate capital needs and other factors. The Company provided loans by setting adequate risk-adjusted spreads, while also paying attention to the credit spread trends in the bond market.
Domestic stocks	<u>Increase</u> While implementing risk control measures to deal with the changing market conditions, the balance of domestic stocks increased due to a rise in stock prices. The Company replaced some companies/sectors based on competitiveness, growth potential, and/or the degree to which they are undervalued, taking into account analyses by in-house analysts.
Foreign bonds	<u>Increase</u> The Company decreased exposure to foreign currency-denominated bonds with currency hedges in order to improve investment efficiency within its fixed income assets. However, taking market trends into account, the Company increased the balance of foreign currency-denominated bonds without currency hedges, which more than offset the decrease in foreign bonds with currency hedges. As a result, the balance of foreign bond increased. Moreover, the Company cautiously controlled related risks by diversifying its portfolio by sector and currency.
Foreign Stocks	<u>Increase</u> To enhance the total return of the entire asset portfolio, the Company increased the balance of foreign stocks. The Company continued to focus on geographic diversification of its foreign stock portfolio, utilizing both independent investment advisors and in-house managers.
Real Estate	<u>Decrease</u> By renegotiating rent and improving vacancy rates of the existing real estate portfolio, the Company pursued enhancement of the profitability of the overall portfolio. Also, the Company strived to increase the value of existing real estate by refurbishment and housing rehabilitation.

Note: Underlined changes in assets above are described on a book value basis.

[Investment income and expenses]

- Investment income decreased by ¥19.5 billion, compared to the prior fiscal year, to ¥937.8 billion, mainly due to a decrease in gains on sale of securities, which more than offset an increase in interest and dividend income as a result of the yen depreciation. Meanwhile, investment expenses decreased by ¥156.8 billion to ¥206.5 billion, mainly due to a decrease in losses on sale and valuation of securities.
- As a result, net investment income increased by ¥137.3 billion to ¥731.3 billion.

(3) Investment Environment Outlook for the Fiscal Year Ending March 31, 2014

- For the fiscal year ending March 31, 2014, the Company expects a strong recovery of the Japanese economy due to a) recovery in exports resulting from the correction of yen appreciation due to the monetary easing policy, b) increase in government expenditure in accordance with the current fiscal policy, and c) growth strategies including deregulation.

[Domestic interest rates]

- Although the Company expects the domestic economy to grow steadily, given a) the increase in exports resulting from the correction of yen appreciation and b) the increase in government expenditure in accordance with the current fiscal policy, the Company estimates domestic interest rates will remain at a low level because of a) the BOJ's large-scale purchase of government bonds under its "quantitative and qualitative monetary easing" measures and b) the government's policy to maintain fiscal discipline.

[Domestic stocks]

- We forecast the domestic stock market will not decline further, given a) improvement in individual and business sentiments affected by the recent turnaround of market conditions, b) recovery in corporate earnings resulting from the correction of yen appreciation, and c) growing expectations about the BOJ's aggressive monetary easing policy and growth strategies by the government.

[Foreign currency]

- We anticipate the yen depreciation trend against the U.S. dollar will continue, given a) yen depreciation pressure resulting from the BOJ's monetary easing policy and b) U.S. dollar appreciation pressure resulting from the growing expectations for the termination of monetary easing measures by the FRB.
- While taking into account the recession in Euro-zone countries due to their spending cuts, we forecast the European Central Bank will strengthen its monetary easing measures and we anticipate the yen depreciation trend against the Euro will continue as well, given the BOJ's monetary easing and other factors.

(4) Investment Policies for the Fiscal Year Ending March 31, 2014

- The Company will continue to set fixed income investments, including government and corporate bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies. In addition, taking into account recent market trends the Company will flexibly change allocation of its risk assets, such as domestic stocks and foreign securities, carried to diversify and improve overall returns of its investment portfolio.
- The table below summarizes the expected investments of the Company's general account by asset class:

Assets	Investment policies
Domestic bonds	<u>Increase when interest rates rise</u> The Company will continue investing in domestic bonds as a core asset under its ALM strategy. When interest rates rise, the Company will accelerate its investment in bonds with longer durations (i.e. long-term bonds and super-long-term bonds) to further enhance its ALM.
Loans	<u>Slight decrease</u> Although the Company will provide new loans by setting appropriate credit spreads, with attention to borrowers' profiles and credit spread levels in the corporate bond market, it expects to slightly decrease its loan balance. However, the Company will actively fulfill capital needs in new growth areas.
Domestic stocks	<u>Slight decrease</u> While intending to slightly decrease the exposure to domestic stocks for risk management purposes, the Company will flexibly change the allocation of domestic stocks. Also, the Company will seek opportunities to improve the profitability of the portfolio by actively selecting companies and sectors based on competitiveness, growth potential, and/or the degree to which they are undervalued.
Foreign Bonds	<u>Flexibly increase or decrease</u> While intending to maintain exposure to foreign currency-denominated bonds without currency hedges, the Company will flexibly change the allocation of this asset class based on exchange rate trends, while carefully monitoring the effect of diversification among risk assets. The Company will flexibly change the allocation of foreign currency-denominated bonds with currency hedges, in order to improve investment efficiency within its fixed income assets while carefully monitoring domestic and foreign interest rate differentials.
Foreign Stocks	<u>Increase</u> Taking market trends into account, the Company will consider increasing its exposure to foreign stocks within certain tolerable risk limits. The Company also continues to seek regional diversification, as well as investment style diversification, by utilizing both in-house fund managers and independent investment advisors.

(2) Asset Composition (General Account)

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	440,974	1.5	710,026	2.2
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	294,324	1.0	283,103	0.9
Trading account securities	-	-	-	-
Money held in trust	20,672	0.1	24,071	0.1
Securities	24,314,699	80.1	26,079,870	81.7
Domestic bonds	15,541,651	51.2	16,427,398	51.5
Domestic stocks	2,284,861	7.5	2,557,413	8.0
Foreign securities	6,298,234	20.7	6,816,213	21.4
Foreign bonds	4,786,438	15.8	5,187,604	16.3
Foreign stocks and other securities	1,511,795	5.0	1,628,609	5.1
Other securities	189,951	0.6	278,845	0.9
Loans	3,412,529	11.2	3,139,671	9.8
Policy loans	509,826	1.7	480,229	1.5
Ordinary loans	2,902,702	9.6	2,659,441	8.3
Real estate	1,249,101	4.1	1,224,473	3.8
Real estate for rent	810,238	2.7	784,844	2.5
Deferred tax assets	282,638	0.9	65,570	0.2
Others	360,010	1.2	389,205	1.2
Reserve for possible loan losses	(10,670)	(0.0)	(4,109)	(0.0)
Total	30,364,280	100.0	31,911,883	100.0
Foreign currency-denominated assets	4,669,650	15.4	5,262,693	16.5

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(3) Changes (Increase/Decrease) in Assets (General Account)

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Cash, deposits, and call loans	(140)	269,052
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	3,209	(11,220)
Trading account securities	-	-
Money held in trust	(505)	3,398
Securities	1,113,332	1,765,171
Domestic bonds	2,106,680	885,746
Domestic stocks	(253,151)	272,551
Foreign securities	(737,464)	517,979
Foreign bonds	(795,300)	401,165
Foreign stocks and other securities	57,836	116,813
Other securities	(2,731)	88,894
Loans	(214,893)	(272,857)
Policy loans	(29,670)	(29,597)
Ordinary loans	(185,222)	(243,260)
Real estate	(41,685)	(24,627)
Real estate for rent	(4,095)	(25,393)
Deferred tax assets	(192,559)	(217,068)
Others	(38,574)	29,195
Reserve for possible loan losses	2,229	6,560
Total	630,411	1,547,603
Foreign currency-denominated assets	(765,643)	593,042

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(4) Investment Income (General Account)

(millions of yen)

	Year ended March 31, 2012		Year ended March 31, 2013	
	Amount	%	Amount	%
Interest and dividends	691,988	72.3	695,667	74.2
Interest from bank deposits	5,949	0.6	6,170	0.7
Interest and dividends from securities	531,101	55.5	541,982	57.8
Interest from loans	80,885	8.4	76,336	8.1
Rental income	65,872	6.9	63,359	6.8
Other interest and dividends	8,178	0.9	7,819	0.8
Gains on trading account securities	-	-	-	-
Gains on money held in trust	522	0.1	4,904	0.5
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	259,461	27.1	211,859	22.6
Gains on sale of domestic bonds	92,098	9.6	103,546	11.0
Gains on sale of domestic stocks	55,517	5.8	28,404	3.0
Gains on sale of foreign securities	93,889	9.8	79,908	8.5
Others	17,955	1.9	-	-
Gains on redemption of securities	686	0.1	3,887	0.4
Derivative transaction gains	-	-	-	-
Foreign exchange gains	-	-	-	-
Reversal of reserve for possible loan losses	2,159	0.2	898	0.1
Reversal of reserve for possible investment losses	-	-	-	-
Other investment income	2,582	0.3	20,649	2.2
Total	957,400	100.0	937,867	100.0

(5) Investment Expense (General Account)

(millions of yen)

	Year ended March 31, 2012		Year ended March 31, 2013	
	Amount	%	Amount	%
Interest expenses	18,666	5.1	18,849	9.1
Losses on trading account securities	-	-	-	-
Losses on money held in trust	-	-	-	-
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	180,705	49.7	66,196	32.1
Losses on sale of domestic bonds	8,802	2.4	3,158	1.5
Losses on sale of domestic stocks	55,177	15.2	22,832	11.1
Losses on sale of foreign securities	116,725	32.1	40,204	19.5
Others	-	-	-	-
Losses on valuation of securities	44,713	12.3	3,210	1.6
Losses on valuation of domestic bonds	-	-	-	-
Losses on valuation of domestic stocks	18,077	5.0	2,669	1.3
Losses on valuation of foreign securities	26,635	7.3	541	0.3
Others	-	-	-	-
Losses on redemption of securities	3,355	0.9	1,637	0.8
Derivative transaction losses	31,156	8.6	48,996	23.7
Foreign exchange losses	34,444	9.5	15,462	7.5
Provision for reserve for possible loan losses	-	-	-	-
Provision for reserve for possible investment losses	17	0.0	-	-
Write-down of loans	58	0.0	429	0.2
Depreciation of real estate for rent and others	15,078	4.1	14,606	7.1
Other investment expenses	35,185	9.7	37,124	18.0
Total	363,380	100.0	206,514	100.0

(6) Net Investment Income (General Account)

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Net investment income	594,020	731,352

(7) Other Information on Investments (General Account)

A. Rates of return (general account)

(%)

	Year ended March 31, 2012	Year ended March 31, 2013
Cash, deposits, and call loans	0.13	0.15
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	2.48	2.31
Trading account securities	-	-
Money held in trust	2.58	24.07
Securities	2.10	2.57
Domestic bonds	2.47	2.51
Domestic stocks	1.35	2.19
Foreign securities	1.27	2.78
Foreign bonds	1.57	3.01
Foreign stocks and other securities	0.28	2.07
Loans	2.42	2.95
Ordinary loans	2.00	2.63
Real estate	3.26	3.13
Total	1.99	2.42
Foreign investments	1.26	2.68

Note: 1. Rates of return above are calculated by dividing the net investment income included in ordinary profit by the average daily balance on a book value basis.
2. "Foreign investments" include yen-denominated assets.

B. Average daily balance (general account)

(billions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Cash, deposits, and call loans	346.1	437.8
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	275.3	273.3
Trading account securities	-	-
Money held in trust	20.2	20.3
Securities	23,470.9	24,078.6
Domestic bonds	14,390.8	15,710.2
Domestic stocks	2,162.5	1,960.7
Foreign securities	6,722.6	6,195.1
Foreign bonds	5,169.2	4,668.7
Foreign stocks and other securities	1,553.3	1,526.3
Loans	3,492.6	3,273.8
Ordinary loans	2,966.2	2,779.0
Real estate	819.7	797.8
Total	29,913.8	30,205.4
Foreign investments	7,000.0	6,525.6

Note: "Foreign investments" include yen-denominated assets.

C. Valuation gains and losses on trading securities (general account)

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	20,672	358	24,071	6,783
Trading account securities	-	-	-	-
Money held in trust	20,672	358	24,071	6,783

D. Fair value information on securities (general account) (securities with fair value except for trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)	Gains	Losses
As of March 31, 2012					
Bonds held to maturity	135,828	141,079	5,250	5,250	-
Domestic bonds	94,524	96,999	2,474	2,474	-
Foreign bonds	41,303	44,079	2,775	2,775	-
Policy-reserve-matching bonds	8,271,349	8,793,208	521,858	522,899	1,041
Domestic bonds	8,271,349	8,793,208	521,858	522,899	1,041
Stocks of subsidiaries and affiliates	1,763	1,932	168	168	-
Securities available for sale	14,051,792	14,743,299	691,506	978,055	286,548
Domestic bonds	6,909,503	7,175,777	266,273	279,031	12,757
Domestic stocks	1,674,737	1,972,561	297,824	465,533	167,709
Foreign securities	5,071,333	5,186,119	114,785	209,470	94,684
Foreign bonds	4,608,914	4,745,134	136,220	189,147	52,926
Foreign stocks and other securities	462,419	440,984	(21,434)	20,323	41,758
Other securities	105,325	99,516	(5,808)	5,541	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-
Total	22,460,734	23,679,519	1,218,784	1,506,374	287,590
Domestic bonds	15,275,377	16,065,984	790,607	804,406	13,799
Domestic stocks	1,674,737	1,972,561	297,824	465,533	167,709
Foreign securities	5,112,637	5,230,198	117,561	212,246	94,684
Foreign bonds	4,650,217	4,789,214	138,996	191,922	52,926
Foreign stocks and other securities	462,419	440,984	(21,434)	20,323	41,758
Other securities	107,088	101,448	(5,639)	5,710	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-
As of March 31, 2013					
Bonds held to maturity	142,267	147,965	5,698	5,698	-
Domestic bonds	95,131	99,341	4,210	4,210	-
Foreign bonds	47,135	48,623	1,487	1,487	-
Policy-reserve-matching bonds	10,499,119	11,705,797	1,206,678	1,206,821	143
Domestic bonds	10,499,119	11,705,797	1,206,678	1,206,821	143
Stocks of subsidiaries and affiliates	27,669	34,541	6,872	6,918	46
Securities available for sale	12,759,745	14,335,428	1,575,683	1,715,242	139,559
Domestic bonds	5,416,478	5,833,147	416,669	420,548	3,878
Domestic stocks	1,606,888	2,250,276	643,387	733,948	90,560
Foreign securities	5,266,542	5,743,653	477,111	519,232	42,121
Foreign bonds	4,725,795	5,140,468	414,672	440,625	25,952
Foreign stocks and other securities	540,746	603,185	62,438	78,607	16,168
Other securities	168,842	190,247	21,404	24,394	2,989
Monetary claims bought	265,993	283,103	17,110	17,118	7
Certificates of deposit	35,000	34,999	(0)	0	0
Others	-	-	-	-	-
Total	23,428,801	26,223,733	2,794,931	2,934,681	139,749
Domestic bonds	16,010,728	17,638,286	1,627,557	1,631,580	4,022
Domestic stocks	1,606,888	2,250,276	643,387	733,948	90,560
Foreign securities	5,339,695	5,825,213	485,517	527,639	42,121
Foreign bonds	4,772,931	5,189,092	416,160	442,113	25,952
Foreign stocks and other securities	566,763	636,121	69,357	85,526	16,168
Other securities	170,495	191,853	21,358	24,394	3,036
Monetary claims bought	265,993	283,103	17,110	17,118	7
Certificates of deposit	35,000	34,999	(0)	0	0
Others	-	-	-	-	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

* Carrying values of securities whose fair value is deemed extremely difficult to recognize are as follows:

(millions of yen)

	As of March 31, 2012	As of March 31, 2013
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	338,206	340,397
Unlisted domestic stocks (except over-the-counter stocks)	182,680	182,680
Unlisted foreign stocks (except over-the-counter stocks)	148,716	148,716
Others	6,809	9,000
Other securities	1,133,357	1,052,494
Unlisted domestic stocks (except over-the-counter stocks)	129,619	124,456
Unlisted foreign stocks (except over-the-counter stocks)	905,550	833,550
Unlisted foreign bonds	0	0
Others	98,188	94,487
Total	1,471,564	1,392,891

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
2. The amounts of foreign exchange valuation gains/losses on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows: loss of 3,153 million yen as of March 31, 2012 and gain of 19,556 million yen as of March 31, 2013.

(Reference) Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities whose fair value is deemed extremely difficult to recognize and which are listed on the table above, in addition to the figures in the table D, is as follows:

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2012					
Bonds held to maturity	135,828	141,079	5,250	5,250	-
Domestic bonds	94,524	96,999	2,474	2,474	-
Foreign bonds	41,303	44,079	2,775	2,775	-
Policy-reserve-matching bonds	8,271,349	8,793,208	521,858	522,899	1,041
Domestic bonds	8,271,349	8,793,208	521,858	522,899	1,041
Stocks of subsidiaries and affiliates	339,970	336,936	(3,033)	3,219	6,252
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	155,332	152,129	(3,202)	3,050	6,252
Other securities	1,957	2,126	168	168	-
Securities available for sale	15,185,150	15,876,706	691,555	978,105	286,549
Domestic bonds	6,909,503	7,175,777	266,273	279,031	12,757
Domestic stocks	1,804,357	2,102,181	297,824	465,533	167,709
Foreign securities	5,986,763	6,101,598	114,834	209,520	94,685
Foreign bonds	4,608,914	4,745,134	136,220	189,147	52,926
Foreign stocks and other securities	1,377,849	1,356,463	(21,385)	20,373	41,758
Other securities	193,633	187,825	(5,808)	5,541	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-
Total	23,932,299	25,147,930	1,215,631	1,509,474	293,843
Domestic bonds	15,275,377	16,065,984	790,607	804,406	13,799
Domestic stocks	1,987,037	2,284,861	297,824	465,533	167,709
Foreign securities	6,183,399	6,297,807	114,408	215,346	100,938
Foreign bonds	4,650,217	4,789,214	138,996	191,922	52,926
Foreign stocks and other securities	1,533,181	1,508,593	(24,588)	23,423	48,011
Other securities	195,590	189,951	(5,639)	5,710	11,349
Monetary claims bought	275,893	294,324	18,431	18,478	47
Certificates of deposit	15,000	15,000	0	0	-
Others	-	-	-	-	-
As of March 31, 2013					
Bonds held to maturity	142,267	147,965	5,698	5,698	-
Domestic bonds	95,131	99,341	4,210	4,210	-
Foreign bonds	47,135	48,623	1,487	1,487	-
Policy-reserve-matching bonds	10,499,119	11,705,797	1,206,678	1,206,821	143
Domestic bonds	10,499,119	11,705,797	1,206,678	1,206,821	143
Stocks of subsidiaries and affiliates	368,066	393,851	25,784	30,653	4,868
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	181,349	207,180	25,830	30,653	4,822
Other securities	4,036	3,990	(46)	-	46
Securities available for sale	13,812,239	15,388,567	1,576,327	1,715,887	139,559
Domestic bonds	5,416,478	5,833,147	416,669	420,548	3,878
Domestic stocks	1,731,345	2,374,733	643,387	733,948	90,560
Foreign securities	6,109,972	6,587,728	477,755	519,877	42,121
Foreign bonds	4,725,795	5,140,468	414,672	440,625	25,952
Foreign stocks and other securities	1,384,176	1,447,260	63,083	79,252	16,168
Other securities	253,450	274,854	21,404	24,394	2,989
Monetary claims bought	265,993	283,103	17,110	17,118	7
Certificates of deposit	35,000	34,999	(0)	0	0
Others	-	-	-	-	-
Total	24,821,693	27,636,181	2,814,488	2,959,060	144,572
Domestic bonds	16,010,728	17,638,286	1,627,557	1,631,580	4,022
Domestic stocks	1,914,025	2,557,413	643,387	733,948	90,560
Foreign securities	6,338,457	6,843,532	505,074	552,018	46,944
Foreign bonds	4,772,931	5,189,092	416,160	442,113	25,952
Foreign stocks and other securities	1,565,526	1,654,440	88,914	109,905	20,991
Other securities	257,487	278,845	21,358	24,394	3,036
Monetary claims bought	265,993	283,103	17,110	17,118	7
Certificates of deposit	35,000	34,999	(0)	0	0
Others	-	-	-	-	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

E. Fair value information on money held in trust (general account)

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2012	20,672	20,672	358	6,288	5,929
As of March 31, 2013	24,071	24,071	6,783	9,666	2,883

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.
"Gains (losses)" include gains (losses) from derivative transactions within the trusts.

* Information on money held in trust for investment purpose is as follows:

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for investment purpose	20,672	358	24,071	6,783

* Information on money held in trust classified as held-to-maturity, policy-reserve-matching, and available-for-sale:

The Company held no balance as of March 31, 2012 or March 31, 2013.

F. Total net unrealized gains (losses) of general account assets

(millions of yen)

	As of March 31, 2012	As of March 31, 2013
Securities	1,215,631	2,814,488
Domestic bonds	790,607	1,627,557
Domestic stocks	297,824	643,387
Foreign securities	114,408	505,074
Foreign bonds	138,996	416,160
Foreign stocks and other securities	(24,588)	88,914
Other securities	(5,639)	21,358
Others	18,431	17,110
Real estate	(36,536)	21,464
Total (including others not listed above)	1,179,954	2,833,955

Note: 1. Only foreign exchange valuation gains (losses) are taken into account for foreign securities whose fair value is deemed extremely difficult to recognize.
2. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
3. Difference between the book value before revaluation and fair value is reported as unrealized gains (losses) of real estate.

4. Unaudited Non-Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2012	As of March 31, 2013		As of March 31, 2012	As of March 31, 2013
(ASSETS)			(LIABILITIES)		
Cash and deposits	259,498	363,601	Policy reserves and others	28,529,906	29,168,377
Cash	330	309	Reserves for outstanding claims	130,386	138,570
Bank deposits	259,168	363,292	Policy reserves	28,011,648	28,637,045
Call loans	239,800	365,800	Reserve for policyholder dividends	387,871	392,761
Monetary claims bought	294,324	283,103	Reinsurance payable	458	727
Money held in trust	20,672	24,071	Subordinated bonds	148,652	154,584
Securities	25,333,423	27,161,984	Other liabilities	1,128,862	1,413,825
Government bonds	13,354,741	14,323,032	Collateral for securities lending transactions	405,816	568,433
Local government bonds	311,133	290,628	Long-term debt and other borrowings	361,229	359,019
Corporate bonds	2,187,285	2,137,606	Corporate income tax payable	6,222	56,612
Stocks	2,549,923	2,842,790	Accounts payable	53,232	89,424
Foreign securities	6,614,982	7,165,487	Accrued expenses	47,573	46,281
Other securities	315,355	402,437	Unearned revenue	1,229	1,046
Loans	3,412,529	3,139,671	Deposits received	53,588	53,883
Policy loans	509,826	480,229	Guarantee deposits received	31,869	31,935
Ordinary loans	2,902,702	2,659,441	Differential account for futures trading	43	-
Ordinary loans	2,878,380	2,659,441	Derivatives	155,358	188,880
Trust loans	24,321	-	Lease liabilities	1,664	7,545
Tangible fixed assets	1,254,198	1,236,034	Asset retirement obligations	3,551	2,855
Land	809,048	794,387	Suspense receipt	7,406	7,857
Buildings	430,305	429,561	Other liabilities	75	48
Leased assets	1,664	7,588	Reserve for employees' retirement benefits	432,022	437,514
Construction in progress	9,747	524	Reserve for retirement benefits of directors, executive officers and corporate auditors	2,521	2,327
Other tangible fixed assets	3,432	3,972	Reserve for possible reimbursement of prescribed claims	1,000	700
Intangible fixed assets	105,338	100,909	Reserve for price fluctuations	74,453	88,453
Software	71,923	68,665	Deferred tax liabilities for land revaluation	95,608	94,842
Other intangible fixed assets	33,415	32,243	Acceptances and guarantees	20,074	33,446
Reinsurance receivable	7,076	14,096	**Total liabilities**	**30,433,560**	**31,394,799**
Other assets	243,177	288,309	(NET ASSETS)		
Accounts receivable	26,839	69,311	Capital stock	210,200	210,207
Prepaid expenses	14,439	13,811	Capital surplus	210,200	210,207
Accrued revenue	117,802	125,805	Legal capital surplus	210,200	210,207
Deposits	40,508	40,102	Retained earnings	206,703	216,541
Margin money for futures trading	7,682	7,119	Legal retained earnings	5,600	5,600
Differential account for futures trading	1	80	Other retained earnings	201,103	210,941
Derivatives	5,892	12,928	Fund for risk allowance	43,120	43,120
Suspense payment	12,656	8,895	Fund for price fluctuation allowance	65,000	65,000
Other assets	17,353	10,255	Reserve for tax basis adjustments of real estate	19,352	20,838
Deferred tax assets	282,638	65,570	Retained earnings brought forward	73,630	81,982
Customers' liabilities for acceptances and guarantees	20,074	33,446	Treasury stock	(16,703)	(13,431)
Reserve for possible loan losses	(10,670)	(4,109)	Total shareholders' equity	610,399	623,524
Reserve for possible investment losses	(142)	-	Net unrealized gains (losses) on securities, net of tax	479,490	1,092,583
			Deferred hedge gains (losses)	(44)	(1,801)
			Reserve for land revaluation	(61,616)	(36,995)
			Total of valuation and translation adjustments	417,829	1,053,786
			Subscription rights to shares	150	379
			Total net assets	**1,028,379**	**1,677,691**
Total assets	**31,461,940**	**33,072,490**	**Total liabilities and net assets**	**31,461,940**	**33,072,490**

5. Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
ORDINARY REVENUES	**4,398,207**	**4,315,957**
Premium and other income	3,056,096	2,921,863
Premium income	3,055,324	2,921,183
Reinsurance income	771	680
Investment income	974,046	1,104,462
Interest and dividends	691,988	695,667
Interest from bank deposits	5,949	6,170
Interest and dividends from securities	531,101	541,982
Interest from loans	80,885	76,336
Rental income	65,872	63,359
Other interest and dividends	8,178	7,819
Gains on money held in trust	522	4,904
Gains on sale of securities	259,461	211,859
Gains on redemption of securities	686	3,887
Reversal of reserve for possible loan losses	2,159	898
Other investment income	2,582	20,649
Gains on investments in separate accounts	16,646	166,594
Other ordinary revenues	368,063	289,631
Fund receipt for annuity rider of group insurance	814	692
Fund receipt for claim deposit payment	282,590	273,136
Reversal of reserves for outstanding claims	67,308	-
Other ordinary revenues	17,349	15,802
ORDINARY EXPENSES	**4,154,442**	**4,142,150**
Benefits and claims	2,508,726	2,467,768
Claims	748,564	762,305
Annuities	540,354	554,669
Benefits	473,412	505,888
Surrender values	605,198	519,955
Other refunds	140,168	123,603
Ceding reinsurance commissions	1,028	1,346
Provision for policy reserves and others	431,636	642,751
Provision for reserves for outstanding claims	-	8,184
Provision for policy reserves	422,124	625,396
Provision for interest on policyholder dividends	9,512	9,170
Investment expenses	363,380	206,514
Interest expenses	18,666	18,849
Losses on sale of securities	180,705	66,196
Losses on valuation of securities	44,713	3,210
Losses on redemption of securities	3,355	1,637
Derivative transaction losses	31,156	48,996
Foreign exchange losses	34,444	15,462
Provision for reserve for possible investment losses	17	-
Write-down of loans	58	429
Depreciation of real estate for rent and others	15,078	14,606
Other investment expenses	35,185	37,124
Operating expenses	415,611	408,876
Other ordinary expenses	435,087	416,239
Claim deposit payments	351,666	341,855
National and local taxes	24,454	23,228
Depreciation	36,034	37,372
Provision for reserve for employees' retirement benefits	13,710	5,314
Other ordinary expenses	9,221	8,467
ORDINARY PROFIT	**243,765**	**173,806**
EXTRAORDINARY GAINS	**7,589**	**8,877**
Gains on disposal of fixed assets	1,589	8,877
Reversal of reserve for price fluctuations	6,000	-
EXTRAORDINARY LOSSES	**35,962**	**23,502**
Losses on disposal of fixed assets	2,582	6,197
Impairment losses on fixed assets	33,379	3,128
Provision for reserve for price fluctuations	-	14,000
Other extraordinary losses	-	176
Provision for reserve for policyholder dividends	**69,000**	**86,000**
Income before income taxes	**146,391**	**73,182**
Corporate income taxes-current	**24,798**	**76,190**
Corporate income taxes-deferred	**103,968**	**(54,473)**
Total of corporate income taxes	**128,766**	**21,716**
Net income for the year	**17,624**	**51,465**

6. Unaudited Non-Consolidated Statements of Changes in Net Assets

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of the year	210,200	210,200
Changes for the year		
Issuance of new shares - exercise of subscription rights to shares	-	7
Total changes for the year	-	7
Balance at the end of the year	210,200	210,207
Capital surplus		
Legal capital surplus		
Balance at the beginning of the year	210,200	210,200
Changes for the year		
Issuance of new shares - exercise of subscription rights to shares	-	7
Total changes for the year	-	7
Balance at the end of the year	210,200	210,207
Other capital surplus		
Balance at the beginning of the year	-	-
Changes for the year		
Disposal of treasury stock	(1,315)	(1,090)
Transfer from retained earnings to capital surplus	1,315	1,090
Total changes for the year	-	-
Balance at the end of the year	-	-
Total capital surplus		
Balance at the beginning of the year	210,200	210,200
Changes for the year		
Issuance of new shares - exercise of subscription rights to shares	-	7
Disposal of treasury stock	(1,315)	(1,090)
Transfer from retained earnings to capital surplus	1,315	1,090
Total changes for the year	-	7
Balance at the end of the year	210,200	210,207
Retained earnings		
Legal retained earnings		
Balance at the beginning of the year	5,600	5,600
Changes for the year		
Total changes for the year	-	-
Balance at the end of the year	5,600	5,600
Other retained earnings		
Fund for risk allowance		
Balance at the beginning of the year	43,120	43,120
Changes for the year		
Total changes for the year	-	-
Balance at the end of the year	43,120	43,120
Fund for price fluctuation allowance		
Balance at the beginning of the year	65,000	65,000
Changes for the year		
Total changes for the year	-	-
Balance at the end of the year	65,000	65,000
Reserve for tax basis adjustments of real estate		
Balance at the beginning of the year	17,962	19,352
Changes for the year		
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	1,520	-
Transfer to reserve for tax basis adjustments of real estate	8	1,621
Transfer from reserve for tax basis adjustments of real estate	(138)	(135)
Total changes for the year	1,390	1,486
Balance at the end of the year	19,352	20,838
Retained earnings brought forward		
Balance at the beginning of the year	61,205	73,630
Changes for the year		
Dividends	(15,776)	(15,818)
Net income for the year	17,624	51,465
Transfer from retained earnings to capital surplus	(1,315)	(1,090)
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	(1,520)	-
Transfer to reserve for tax basis adjustments of real estate	(8)	(1,621)
Transfer from reserve for tax basis adjustments of real estate	138	135
Transfer from reserve for land revaluation	13,284	(24,718)
Total changes for the year	12,425	8,351
Balance at the end of the year	73,630	81,982
Total retained earnings		
Balance at the beginning of the year	192,887	206,703
Changes for the year		
Dividends	(15,776)	(15,818)
Net income for the year	17,624	51,465
Transfer from retained earnings to capital surplus	(1,315)	(1,090)
Transfer from reserve for land revaluation	13,284	(24,718)
Total changes for the year	13,815	9,837
Balance at the end of the year	206,703	216,541

	Year ended March 31, 2012	Year ended March 31, 2013
Treasury stock		
Balance at the beginning of the year	(20,479)	(16,703)
Changes for the year		
Disposal of treasury stock	3,775	3,272
Total changes for the year	3,775	3,272
Balance at the end of the year	(16,703)	(13,431)
Total shareholders' equity		
Balance at the beginning of the year	592,808	610,399
Changes for the year		
Issuance of new shares - exercise of subscription rights to shares	-	14
Dividends	(15,776)	(15,818)
Net income for the year	17,624	51,465
Disposal of treasury stock	2,459	2,182
Transfer from reserve for land revaluation	13,284	(24,718)
Total changes for the year	17,591	13,124
Balance at the end of the year	610,399	623,524
Valuation and translation adjustments		
Net unrealized gains (losses) on securities, net of tax		
Balance at the beginning of the year	237,580	479,490
Changes for the year		
Net changes of items other than shareholders' equity	241,909	613,092
Total changes for the year	241,909	613,092
Balance at the end of the year	479,490	1,092,583
Deferred hedge gains (losses)		
Balance at the beginning of the year	1,243	(44)
Changes for the year		
Net changes of items other than shareholders' equity	(1,287)	(1,757)
Total changes for the year	(1,287)	(1,757)
Balance at the end of the year	(44)	(1,801)
Reserve for land revaluation		
Balance at the beginning of the year	(65,194)	(61,616)
Changes for the year		
Net changes of items other than shareholders' equity	3,577	24,621
Total changes for the year	3,577	24,621
Balance at the end of the year	(61,616)	(36,995)
Total of valuation and translation adjustments		
Balance at the beginning of the year	173,629	417,829
Changes for the year		
Net changes of items other than shareholders' equity	244,199	635,957
Total changes for the year	244,199	635,957
Balance at the end of the year	417,829	1,053,786
Subscription rights to shares		
Balance at the beginning of the year	-	150
Changes for the year		
Net changes of items other than shareholders' equity	150	229
Total changes for the year	150	229
Balance at the end of the year	150	379
Total net assets		
Balance at the beginning of the year	766,437	1,028,379
Changes for the year		
Issuance of new shares - exercise of subscription rights to shares	-	14
Dividends	(15,776)	(15,818)
Net income for the year	17,624	51,465
Disposal of treasury stock	2,459	2,182
Transfer from reserve for land revaluation	13,284	(24,718)
Net changes of items other than shareholders' equity	244,350	636,186
Total changes for the year	261,941	649,311
Balance at the end of the year	1,028,379	1,677,691

I. NOTES TO THE UNAUDITED NON-CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2013

1. Valuation Methods of Securities

Securities held by the Company 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 are calculated by the straight-line method.

(1) Trading Securities

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

(2) Held-to-maturity Securities

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

(3) Policy-reserve-matching Bonds

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

i. Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at fair value as of March 31, 2013 (for domestic stocks, the average value during March), with cost determined by the moving average method.

ii. Available-for-sale Securities Whose Market Values Are Extremely Difficult to Recognize

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

b. All others are valued at cost using 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 statements of earnings.

2. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of March 31, 2013 was ¥10,499,119 million. The market value of these bonds as of March 31, 2013 was ¥11,705,797 million.

(2) Risk Management Policy

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

The sub-groups of insurance products are:

i. individual life insurance and individual annuities,

ii. non-participating single premium whole life insurance (without the duty of medical disclosure),

iii. financial insurance and annuities, and

iv. group annuities,

with the exception of certain types.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land

  The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Articles 2-1 and 2-4 of the Enforcement Ordinance of the Law for Revaluation of Land (Publicly Issued Cabinet Order 119, March 31, 1998).

- The excess of the new book value of the land over the fair value after revaluation, in accordance with Article 10 of the Law for Revaluation of Land as of March 31, 2013, was ¥31,044 million.

5. 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 and leased assets 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 fiscal year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years following the fiscal year end when such assets were depreciated to their final depreciable limit.

Effective the fiscal year ended March 31, 2013, the Company changed its depreciation method for its tangible fixed assets acquired on or after April 1, 2012 in accordance with the revision of the Corporation Tax Act. As a result, its ordinary profit and income before income taxes for the fiscal year ended March 31, 2013 were each ¥355 million higher than they would have been if calculated using the previous depreciation method.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Company 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 for leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero remaining value.

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

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2013 was ¥626,796 million.

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

The Company translated foreign currency-denominated assets and liabilities (excluding stock of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates as of March 31, 2013. Stock of non-consolidated subsidiaries and affiliated companies is translated into yen at the exchange rates on the respective dates of acquisition.

7. 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 pay.

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

For all loans and claims, the relevant department in the Company 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 amount written off during the fiscal year ended March 31, 2013 was ¥472 million.

8. Reserve for Employees’ Retirement Benefits

For the reserve for employees’ retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits (“Statement on Establishing Accounting Standards for Retirement Benefits” issued on June 16, 1998 by the Business Accounting Council) is provided, based on the projected benefit obligations and pension assets as of March 31, 2013.

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

(1) Funding status of the Company’s employees’ retirement benefits:

		(millions of yen)
a.	Projected benefit obligations	\ (659,649)
b.	Pension assets	233,173
	Retirement benefit trust included in the above pension assets	120,596
c.	Unfunded benefit obligations (a + b)	(426,475)
d.	Unrecognized actuarial differences	(11,038)
e.	Reserve for employees’ retirement benefits (c + d)	\ (437,514)

(2) Assumptions used by the Company:

i. Method of periodic allocation of benefit obligations: straight-line method

ii. Discount rate: 1.7% per annum

iii. Estimated return on investment:

a. Defined benefit corporate pension: 1.7% per annum

b. Retirement benefit trust: 0.0% per annum

iv. Amortization period for actuarial differences: 7 years starting from the following fiscal year.

To replace a part of its lump-sum severance benefit plan with a defined contribution pension plan, on April 1, 2013, the Company adopted “Guidance on Accounting for Transfers between Retirement benefit Plans” (Accounting Standards Board of Japan (ASBJ) Application Guidance No.1 issued on January 31, 2002) and “Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (Practical Issues Task Force No.2 issued on February 7, 2007). As a result, the Company recognized other extraordinary losses of ¥176 million for the fiscal year ended March 31, 2013.

9. 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 the Company, (1) an estimated amount for future payment out of the total amount of benefits for past services approved by the 105th general meeting of representative policyholders of the Company 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 the Company are provided.

10. Reserve for Possible Reimbursement of Prescribed Claims

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

11. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities as of March 31, 2013 in accordance with the provisions of Article 115 of the Insurance Business Act.

12. Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008). Primarily, a) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; b) the currency allotment method and deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); c) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; and d) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction).

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policies

The Company conducts hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with 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 values of hedged items to those of the hedging instruments.

13. Calculation of National and Local Consumption Tax

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

14. Policy Reserve

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

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

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

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

15. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheets. The total balance of securities lent as of March 31, 2013 was ¥730,672 million.

16. Problem Loans

As of March 31, 2013, the total amount of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which was included in loans, was ¥9,738 million. The amount of credits to bankrupt borrowers was ¥4,132 million, the amount of delinquent loans was ¥4,679 million, the Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥926 million.

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 Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965). Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

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

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

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

As a result of the direct write-off of loans described in Note 7 above, credits to bankrupt borrowers and delinquent loans decreased by ¥407 million and ¥65 million, respectively.

17. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act was ¥1,230,778 million. Separate account liabilities were the same amount as separate account assets.

18. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies were ¥14,617 million and ¥4,119 million, respectively.

19. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2013

	(millions of yen)
Deferred tax assets:	
Insurance policy reserve	¥ 375,457
Reserve for employees' retirement benefits	162,675
Reserve for price fluctuations	27,382
Losses on valuation of securities	18,824
Impairment losses	6,062
Others	21,389
Subtotal	611,792
Valuation allowances	(29,271)
Total	¥ 582,520
Deferred tax liabilities:	
Net unrealized gains on securities, net of tax	(484,017)
Reserve for tax basis adjustments of real estate	(9,222)
Losses on valuation of securities	(7,142)
Others	(16,568)
Total	(516,950)
Net deferred tax assets	¥ 65,570

(2) The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2013

Statutory tax rate	33.23 %
(Adjustments)	
Reversal of reserve for land revaluation	(14.23%)
Difference in tax rate associated with special corporate tax for reconstruction	9.65 %
Others	1.02 %
Actual effective tax rate after considering deferred taxes	29.67 %

20. Leased Computers

In addition to leased assets included in the non-consolidated balance sheets, the Company has computers classified as significant leased tangible fixed assets. The Company has no material leased intangible fixed assets.

21. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(millions of yen)
Balance at the beginning of fiscal year ending March 31, 2013	¥ 387,871
Dividends paid during the fiscal year	(90,280)
Interest accrual during the fiscal year	9,170
Provision for reserve for policyholder dividends	86,000
Balance as of March 31, 2013	¥ 392,761

22. Stock of Subsidiaries and Affiliated Companies

The amount of stock of subsidiaries and affiliated companies the Company held as of March 31, 2013 was ¥368,020 million.

23. Organization Change Surplus

The amount of the Company's organization change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

24. Assets Pledged as Collateral / Secured Liabilities

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

		(millions of yen)
Securities (Government bonds) …………………………	¥	617,658
Securities (Foreign securities) …………………………..		3,753
Cash and deposits ……………………………………….		86
Securities, cash and deposits pledged as collateral ……...	¥	621,499

The amounts of secured liabilities were as follows:

		(millions of yen)
Cash collateral for securities lending transactions ……..	¥	568,433
Loans payable …………………………………………..		5
Secured liabilities ……………………………………….	¥	568,438

"Securities (Government bonds)" pledged for collateral for securities lending transactions with cash collateral as of March 31, 2013 was ¥537,715 million.

25. Reinsurance

The amount of 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") was ¥10 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter "policy reserves reinsured") was ¥0 million.

26. Net Assets per Share

The amount of net assets per share of the Company was ¥169,264.55.

27. Asset Retirement Obligations

(1) Overview of Asset Retirement Obligation

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

(2) Calculation of Asset Retirement Obligation

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

(3) Increase and Decrease in Asset Retirement Obligation

The following table shows the increase and decrease in asset retirement obligations for the fiscal year ended March 31, 2013:

		(millions of yen)
Beginning balance ……………………………………...	¥	3,551
Time progress adjustments……………………………....		38
Others …………………………………………………...		(734)
Ending balance ………………………………………….	¥	2,855

28. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2013, the market value of the securities borrowed which were not sold or pledged was ¥5,204 million, among which no securities were pledged as collateral.

29. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥25,041 million.

30. Subordinated Debt

Other liabilities included subordinated debt of ¥350,000 million, the repayment of which is subordinated to other obligations.

31. Subordinated Bonds

Subordinated bonds shown in liabilities included foreign currency-denominated subordinated bonds of ¥154,584 million, the repayment of which is subordinated to other obligations.

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

The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥56,749 million as of March 31, 2013. These obligations will be recognized as operating expenses in the fiscal year in which they are paid.

II. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2013

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 were ¥14,737 million and ¥27,710 million, respectively.

2. Gains/Losses on Sale of Securities, Losses on Valuation of Securities

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks and foreign securities of ¥103,546 million, ¥28,404 million and ¥79,908 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥3,158 million, ¥22,832 million and ¥40,204 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥2,669 million and ¥541 million, respectively.

3. Reinsurance

In calculating the provision for reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥1 million was deducted. In calculating the provision for policy reserves, a provision for policy reserves reinsured of ¥0 million was deducted.

4. Gains/Losses on Money Held in Trust

Gains on money held in trust included gains on valuation of securities of ¥6,783 million.

5. Derivative Transaction Gains/Losses

Derivative transaction losses included valuation gains of ¥2,315 million.

6. Net Income and Diluted Net Income per Share

Net income and diluted net income per share for the fiscal year ended March 31, 2013 was ¥5,198.47. Diluted net income per share for the same period was ¥5,196.55.

7. Retirement Benefit Expenses

Retirement benefit expenses of the Company were ¥40,785 million and consisted of the following:

	(millions of yen)
Service cost	¥ 25,332
Interest cost	11,241
Estimated investment income	(1,783)
Amortization of unrecognized actuarial differences	5,818
Others	176
Retirement benefit expenses	¥ 40,785

8. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the fiscal year ended March 31, 2013 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group were as follows:

Asset Group	Place	Number	Land	Land lease rights	Buildings	Total
				(millions of yen)		
Real estate for rent	Fujisawa City, Kanagawa Prefecture and others	2	¥ 125	¥ 501	¥ 687	¥ 1,315
Real estate not in use	Nagoya City, Aichi Prefecture and others	42	1,437	-	375	1,813
Total		44	¥ 1,563	¥ 501	¥ 1,063	¥ 3,128

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.73% was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

III. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2013

1. Treasury Stock

(in thousands)

	Number of shares of treasury stock outstanding at the beginning of the fiscal year	Increase in shares of treasury stock	Decrease in shares of treasury stock	Number of shares of treasury stock outstanding as of March 31, 2013
Treasury stock Shares of Common Stock (*)	113	-	22	90

(*) The decrease of 22 thousand shares of treasury stock represents the sum of (1) shares granted to eligible employees at retirement by the Stock Granting Trust (J-ESOP) and (2) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the Trust-type Employee Shareholding Incentive Plan (E-ship®).

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Year ended March 31, 2012	Year ended March 31, 2013
Fundamental revenues		4,138,132	4,098,954
Premium and other income		3,056,096	2,921,863
Investment income		713,972	887,459
[Interest and dividends]		691,988	695,667
Other ordinary revenues		368,063	289,631
Fundamental expense		3,835,706	3,784,399
Benefits and claims		2,508,726	2,467,768
Provision for policy reserves and others		403,995	419,296
Investment expenses		72,285	72,218
Operating expenses		415,611	408,876
Other ordinary expenses		435,087	416,239
Fundamental profit	***A***	302,425	314,555
Capital gains		259,983	216,764
Gains on money held in trust		522	4,904
Gains on investments in trading securities		-	-
Gains on sale of securities		259,461	211,859
Derivative transaction gains		-	-
Foreign exchange gains		-	-
Others		-	-
Capital losses		291,019	133,866
Losses on money held in trust		-	-
Losses on investments in trading securities		-	-
Losses on sale of securities		180,705	66,196
Losses on valuation of securities		44,713	3,210
Derivative transaction losses		31,156	48,996
Foreign exchange losses		34,444	15,462
Others		-	-
Net capital gains	***B***	(31,035)	82,898
Fundamental profit plus net capital gains	***A + B***	271,390	397,453
Other one-time gains		79,090	238
Reinsurance income		-	-
Reversal of contingency reserve		79,000	-
Reversal of specific reserve for possible loan losses		90	238
Others		-	-
Other one-time losses		106,716	223,885
Ceding reinsurance commissions		-	-
Provision for contingency reserve		-	72,000
Provision for specific reserve for possible loan losses		-	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		58	429
Others		106,657	151,455
Other one-time profits	***C***	(27,625)	(223,646)
Ordinary profit	***A + B + C***	243,765	173,806

Note 1: "Others" in "Other one-time losses" for the fiscal year ended March 31, 2012 represents the sum of the amount of the additional policy reserves provided (106,640 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act, and the amount of provision for reserve for possible investment losses (17 million yen).

2: "Others" in "Other one-time losses" for the fiscal year ended March 31, 2013 represents the amount of the additional policy reserves provided (151,455 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of March 31, 2012	As of March 31, 2013
Claims against bankrupt and quasi-bankrupt obligors	4,792	4,161
Claims with collection risk	15,549	4,651
Claims for special attention	1,487	957
Subtotal (I)	21,829	9,770
[Percentage (I)/(II)]	[0.55%]	[0.25%]
Claims against normal obligors	3,920,815	3,912,721
Total (II)	3,942,644	3,922,491

Note:
1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
4. Claims against normal obligors are all other loans.

9. Risk-Monitored Loans

(millions of yen)

		As of March 31, 2012	As of March 31, 2013
Credits to bankrupt borrowers	(I)	4,743	4,132
Delinquent loans	(II)	15,574	4,679
Loans past due for three months or more	(III)	-	-
Restructured loans	(IV)	1,452	926
Total ((I)+(II)+(III)+(IV))		21,770	9,738
[Percentage of total loans]		[0.64%]	[0.31%]

Not
1. For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers in the fiscal years ended March 31, 2012 and March 31, 2013 were 50 million yen and 407 million yen, respectively. The write-offs relating to delinquent loans in the fiscal years ended March 31, 2012 and March 31, 2013 were 69 million yen and 65 million yen, respectively.
2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
3. 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.
4. 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 loans classified as credits to bankrupt borrowers or delinquent loans.
5. 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.

10. Solvency Margin Ratio

(millions of yen)

		As of March 31, 2012	As of March 31, 2013
Total solvency margin	***(A)***	3,128,027	4,178,263
Common stock, etc. [*1]		594,550	607,904
Reserve for price fluctuations		74,453	88,453
Contingency reserve		423,093	495,093
General reserve for possible loan losses		2,411	1,751
Net unrealized gains on securities (before tax) × 90% [*2]		622,400	1,418,695
Net unrealized gains (losses) on real estate × 85% [*2]		(36,536)	18,245
Policy reserves in excess of surrender values		1,469,387	1,609,462
Qualifying subordinated debt		441,780	427,562
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(383,699)	(411,842)
Excluded items		(169,507)	(169,507)
Others		89,694	92,446
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	***(B)***	1,086,199	1,168,327
Insurance risk	R_1	94,146	90,521
3rd sector insurance risk	R_8	158,098	160,847
Assumed investment yield risk	R_2	284,367	269,273
Investment risk	R_3	739,876	838,472
Guaranteed minimum benefit risk	R_7 [*3]	5,874	5,261
Business risk	R_4	25,647	27,287
Solvency margin ratio $\dfrac{(A)}{(1/2)\times(B)}\times 100$		575.9%	715.2%

*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The figures are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

11. Status of Separate Account for the Fiscal Year Ended March 31, 2013

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2012	As of March 31, 2013
Individual variable insurance	43,785	50,718
Individual variable annuities	142,821	143,755
Group annuities	929,076	1,036,304
Separate account total	1,115,683	1,230,778

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

(millions of yen except number of policies)

	As of March 31, 2012		As of March 31, 2013	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	191	940	183	904
Variable insurance (whole life)	46,835	290,505	46,136	286,137
Total	47,026	291,446	46,319	287,041

Note: Policies in force include term life riders.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Amount	%	Amount	%
Cash, deposits, and call loans	1	0.0	8	0.0
Securities	39,885	91.1	46,187	91.1
Domestic bonds	12,520	28.6	14,034	27.7
Domestic stocks	13,750	31.4	15,966	31.5
Foreign securities	13,615	31.1	16,186	31.9
Foreign bonds	4,889	11.2	5,839	11.5
Foreign stocks and other securities	8,725	19.9	10,346	20.4
Other securities	-	-	-	-
Loans	-	-	-	-
Others	3,898	8.9	4,522	8.9
Reserve for possible loan losses	-	-	-	-
Total	43,785	100.0	50,718	100.0

C. Investment gains and losses of separate account for individual variable insurance

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Interest and dividends	848	877
Gains on sale of securities	1,861	3,288
Gains on redemption of securities	-	-
Gains on valuation of securities	5,163	7,975
Foreign exchange gains	123	162
Derivative transaction gains	18	6
Other investment income	7	-
Losses on sale of securities	4,703	1,874
Losses on redemption of securities	-	3
Losses on valuation of securities	2,672	2,891
Foreign exchange losses	102	158
Derivative transaction losses	19	9
Other investment expenses	1	1
Net investment income	524	7,371

D. Fair value information on securities in separate account for individual variable insurance

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	39,885	2,491	46,187	5,083

* Fair value information on money held in trust

The Company had no balance as of March 31, 2012 or March 31, 2013.

(3) Individual Variable Annuities (Separate Account)

A. Sum insured of policies in force

(millions of yen except number of policies)

	As of March 31, 2012		As of March 31, 2013	
	Number	Amount	Number	Amount
Individual variable annuities	41,056	131,129	36,424	132,371

Note: Sum insured of policies in force includes that of annuities for which payments have commenced.

B. Breakdown of separate account assets for individual variable annuities

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Amount	%	Amount	%
Cash, deposits, and call loans	1,563	1.1	1,797	1.3
Securities	139,446	97.6	139,125	96.8
Domestic bonds	4,856	3.4	5,386	3.7
Domestic stocks	3,622	2.5	4,202	2.9
Foreign securities	5,562	3.9	5,944	4.1
Foreign bonds	2,012	1.4	1,911	1.3
Foreign stocks and other securities	3,550	2.5	4,032	2.8
Other securities	125,404	87.8	123,592	86.0
Loans	-	-	-	-
Others	1,811	1.3	2,832	2.0
Reserve for possible loan losses	-	-	-	-
Total	142,821	100.0	143,755	100.0

C. Investment gains and losses of separate account for individual variable annuities

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Interest and dividends	577	2,350
Gains on sales of securities	399	781
Gains on redemption of securities	-	-
Gains on valuation of securities	19,670	32,548
Foreign exchange gains	6	7
Derivative transaction gains	-	-
Other investment income	1	0
Losses on sales of securities	973	430
Losses on redemption of securities	-	-
Losses on valuation of securities	15,122	7,832
Foreign exchange losses	9	7
Derivative transaction losses	-	-
Other investment expenses	2,005	2,118
Net investment income	2,544	25,298

D. Fair value information on securities in separate account for individual variable annuities

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	139,446	4,548	139,125	24,716

* Fair value information on money held in trust

The Company had no balance as of March 31, 2012 or March 31, 2013.

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Ordinary revenues	4,931,781	5,283,989
Ordinary profit	225,920	157,294
Net income for the year	20,357	32,427
Comprehensive income	273,100	670,675

	As of March 31, 2012	As of March 31, 2013
Total assets	33,468,670	35,694,411
Solvency margin ratio	563.2%	702.4%

(2) Scope of Consolidation and Application of Equity Method

	Year ended March 31, 2012	Year ended March 31, 2013
Number of consolidated subsidiaries	16	15
Number of non-consolidated subsidiaries accounted for under the equity method	0	0
Number of affiliates accounted for under the equity method	14	29

(3) Unaudited Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2012	As of March 31, 2013
ASSETS		
Cash and deposits	315,187	457,517
Call loans	249,200	391,200
Monetary claims bought	294,324	285,082
Money held in trust	48,266	56,251
Securities	27,038,793	29,390,963
Loans	3,413,620	3,140,990
Tangible fixed assets	1,254,685	1,236,270
Land	809,048	794,387
Buildings	430,318	429,573
Leased assets	1,681	7,600
Construction in progress	9,747	524
Other tangible fixed assets	3,889	4,183
Intangible fixed assets	211,055	215,457
Software	71,036	67,479
Goodwill	63,654	69,103
Other intangible fixed assets	76,364	78,874
Reinsurance receivable	41,751	32,861
Other assets	307,973	390,844
Deferred tax assets	284,562	67,636
Customers' liabilities for acceptances and guarantees	20,074	33,446
Reserve for possible loan losses	(10,684)	(4,110)
Reserve for possible investment losses	(142)	-
Total assets	**33,468,670**	**35,694,411**

LIABILITIES		
Policy reserves and others	30,489,920	31,703,858
Reserves for outstanding claims	239,320	298,557
Policy reserves	29,862,729	31,012,539
Reserve for policyholder dividends	387,871	392,761
Reinsurance payable	12,681	16,541
Subordinated bonds	148,652	154,584
Other liabilities	1,188,105	1,496,592
Reserve for employees' retirement benefits	433,791	439,734
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,538	2,350
Reserve for possible reimbursement of prescribed claims	1,000	700
Reserve for price fluctuations	74,831	89,228
Deferred tax liabilities	9,719	13,511
Deferred tax liabilities for land revaluation	95,608	94,842
Acceptances and guarantees	20,074	33,446
Total liabilities	**32,476,924**	**34,045,391**
NET ASSETS		
Capital stock	210,200	210,207
Capital surplus	210,200	210,207
Retained earnings	165,557	156,357
Treasury stock	(16,703)	(13,431)
Total shareholders' equity	569,253	563,340
Net unrealized gains (losses) on securities, net of tax	483,446	1,099,351
Deferred hedge gains (losses)	(44)	(1,801)
Reserve for land revaluation	(61,616)	(36,995)
Foreign currency translation adjustments	(8,535)	18,229
Total accumulated other comprehensive income	413,249	1,078,784
Subscription rights to shares	150	379
Minority interests	9,091	6,514
Total net assets	**991,745**	**1,649,020**
Total liabilities and net assets	**33,468,670**	**35,694,411**

(4) Unaudited Consolidated Statements of Earnings and Comprehensive Income

[Unaudited Consolidated Statements of Earnings]

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
ORDINARY REVENUES	4,931,781	5,283,989
Premium and other income	3,539,579	3,646,831
Investment income	1,035,662	1,335,120
Interest and dividends	698,627	709,592
Gains on investments in trading securities	822	19,492
Gains on sale of securities	259,619	226,587
Gains on redemption of securities	686	3,887
Foreign exchange gains	-	18,704
Reversal of reserve for possible loan losses	2,174	912
Other investment income	2,582	20,649
Gains on investments in separate accounts	71,149	335,295
Other ordinary revenues	356,539	302,037
ORDINARY EXPENSES	4,705,860	5,126,695
Benefits and claims	2,688,419	2,795,355
Claims	784,632	798,773
Annuities	541,770	556,474
Benefits	498,299	540,349
Surrender values	630,846	652,870
Other refunds	232,871	246,886
Provision for policy reserves and others	718,673	1,191,953
Provision for reserves for outstanding claims	-	53,489
Provision for policy reserves	709,161	1,129,293
Provision for interest on policyholder dividends	9,512	9,170
Investment expenses	380,315	221,738
Interest expenses	20,034	20,046
Losses on money held in trust	14,342	14,009
Losses on sale of securities	180,717	66,203
Losses on valuation of securities	44,713	3,210
Losses on redemption of securities	3,355	1,637
Derivative transaction losses	36,543	63,369
Foreign exchange losses	29,084	-
Provision for reserve for possible investment losses	17	-
Write-down of loans	58	429
Depreciation of real estate for rent and others	15,078	14,606
Other investment expenses	36,370	38,224
Operating expenses	471,061	486,419
Other ordinary expenses	447,390	431,227
Ordinary profit	225,920	157,294
EXTRAORDINARY GAINS	30,477	8,882
Gains on disposal of fixed assets	1,595	8,880
Reversal of reserve for price fluctuations	5,765	-
Gain on step acquisition	23,116	-
Other extraordinary gains	0	2
EXTRAORDINARY LOSSES	36,348	24,054
Losses on disposal of fixed assets	2,631	6,350
Impairment losses on fixed assets	33,602	3,128
Provision for reserve for price fluctuations	-	14,397
Other extraordinary losses	114	179
Provision for reserve for policyholder dividends	69,000	86,000
Income before income taxes and minority interests	151,048	56,122
Corporate income taxes-current	29,597	80,625
Corporate income taxes-deferred	104,024	(54,086)
Total of corporate income taxes	133,621	26,538
Income before minority interests	17,427	29,583
Minority interests in loss of subsidiaries	2,930	2,843
Net income for the year	20,357	32,427

[Unaudited Consolidated Statements of Comprehensive Income]

(millions of yen)

	Year ended March 31,2012	Year ended March 31,2013
Income before minority interests	17,427	29,583
Other comprehensive income	255,673	641,091
Net unrealized gains (losses) on securities, net of tax	244,910	615,900
Deferred hedge gains (losses)	(1,287)	(1,757)
Reserve for land revaluation	16,861	(97)
Foreign currency translation adjustments	(4,207)	23,904
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(604)	3,141
Comprehensive income	273,100	670,675
Attributable to shareholders of the parent company	275,722	673,243
Attributable to minority interests	(2,622)	(2,568)

(5) Unaudited Consolidated Statements of Cash Flows

(millions of yen)

	Year ended March 31,2012	Year ended March 31,2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes and minority interests	151,048	56,122
Depreciation of real estate for rent and others	15,078	14,606
Depreciation	38,555	39,992
Impairment losses on fixed assets	33,602	3,128
Amortization of goodwill	3,352	3,839
Increase (decrease) in reserves for outstanding claims	(45,804)	43,517
Increase (decrease) in policy reserves	706,755	1,134,919
Provision for interest on policyholder dividends	9,512	9,170
Provision for (reversal of) reserve for policyholder dividends	69,000	86,000
Increase (decrease) in reserve for possible loan losses	(2,244)	(1,469)
Increase (decrease) in reserve for possible investment losses	(80)	(142)
Write-down of loans	58	429
Increase (decrease) in reserve for employees' retirement benefits	13,725	5,941
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(628)	(188)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(100)	(300)
Increase (decrease) in reserve for price fluctuations	(5,765)	14,397
Interest and dividends	(698,627)	(709,592)
Securities related losses (gains)	(103,492)	(514,210)
Interest expenses	20,034	20,046
Foreign exchange losses (gains)	29,084	(18,704)
Losses (gains) on disposal of fixed assets	1,036	(2,530)
Equity in losses (income) of affiliates	(2,065)	(2,652)
Loss (gain) on step acquisitions	(23,116)	-
Decrease (increase) in reinsurance receivable	5,858	10,016
Decrease (increase) in other assets unrelated to investing and financing activities	5,773	(16,705)
Increase (decrease) in reinsurance payable	602	2,184
Increase (decrease) in other liabilities unrelated to investing and financing activities	3,046	27,947
Others, net	84,712	96,361
Subtotal	308,914	302,125
Interest and dividends received	744,172	738,053
Interest paid	(18,599)	(19,846)
Policyholder dividends paid	(94,311)	(90,280)
Others, net	(174,455)	(408,429)
Corporate income taxes paid	(35,650)	(33,918)
Net cash flows provided by (used in) operating activities	730,069	487,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(30,900)	(20,800)
Proceeds from sale and redemption of monetary claims bought	36,014	28,701
Purchases of money held in trust	(9,100)	(23,500)
Proceeds from decrease in money held in trust	9,300	1,477
Purchases of securities	(9,839,307)	(8,441,421)
Proceeds from sale and redemption of securities	9,131,880	7,837,464
Origination of loans	(419,187)	(402,048)
Proceeds from collection of loans	633,334	687,176
Others, net	(33,626)	162,616
Total of net cash provided by (used in) investment transactions	(521,592)	(170,335)
Total of net cash provided by (used in) operating activities and investment transactions	208,476	317,368
Acquisition of tangible fixed assets	(25,817)	(34,178)
Proceeds from sale of tangible fixed assets	4,792	32,592
Acquisition of intangible fixed assets	(21,652)	(20,322)
Proceeds from sale of intangible fixed assets	0	89
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	(86,217)	-
Payments for execution of assets retirement obligations	(343)	-
Net cash flows provided by (used in) investing activities	(650,831)	(192,153)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(2,377)	(2,210)
Repayment of financial lease obligations	(474)	(1,338)
Proceeds from disposal of treasury stock	2,456	2,165
Cash dividends paid	(15,693)	(15,746)
Others, net	(24)	(8)
Net cash flows provided by (used in) financing activities	(16,113)	(17,138)
Effect of exchange rate changes on cash and cash equivalents	(642)	5,919
Net increase (decrease) in cash and cash equivalents	62,482	284,330
Cash and cash equivalents at the beginning of the year	501,904	564,387
Cash and cash equivalents at the end of the year	564,387	848,717

(6) Unaudited Consolidated Statements of Changes in Net Assets

(millions of yen)

	Year ended March 31,2012	Year ended March 31,2013
Shareholders' equity		
Capital stock		
Balance at the beginning of the year	210,200	210,200
Changes for the year		
Issuance of new shares - exercise of subscription rights to shares	-	7
Total changes for the year	-	7
Balance at the end of the year	210,200	210,207
Capital surplus		
Balance at the beginning of the year	210,200	210,200
Changes for the year		
Issuance of new shares - exercise of subscription rights to shares	-	7
Disposal of treasury stock	(1,315)	(1,090)
Transfer from retained earnings to capital surplus	1,315	1,090
Total changes for the year	-	7
Balance at the end of the year	210,200	210,207
Retained earnings		
Balance at the beginning of the year	149,007	165,557
Changes for the year		
Dividends	(15,776)	(15,818)
Net income for the year	20,357	32,427
Transfer from retained earnings to capital surplus	(1,315)	(1,090)
Transfer from reserve for land revaluation	13,284	(24,718)
Others	0	0
Total changes for the year	16,549	(9,199)
Balance at the end of the year	165,557	156,357
Treasury stock		
Balance at the beginning of the year	(20,479)	(16,703)
Changes for the year		
Disposal of treasury stock	3,775	3,272
Total changes for the year	3,775	3,272
Balance at the end of the year	(16,703)	(13,431)
Total shareholders' equity		
Balance at the beginning of the year	548,928	569,253
Changes for the year		
Issuance of new shares - exercise of subscription rights to shares	-	14
Dividends	(15,776)	(15,818)
Net income for the year	20,357	32,427
Disposal of treasury stock	2,459	2,182
Transfer from retained earnings to capital surplus	-	-
Transfer from reserve for land revaluation	13,284	(24,718)
Others	0	0
Total changes for the year	20,325	(5,912)
Balance at the end of the year	569,253	563,340
Accumulated other comprehensive income		
Net unrealized gains (losses) on securities, net of tax		
Balance at the beginning of the year	238,886	483,446
Changes for the year		
Net changes of items other than shareholders' equity	244,560	615,905
Total changes for the year	244,560	615,905
Balance at the end of the year	483,446	1,099,351
Deferred hedge gains (losses)		
Balance at the beginning of the year	1,243	(44)
Changes for the year		
Net changes of items other than shareholders' equity	(1,287)	(1,757)
Total changes for the year	(1,287)	(1,757)
Balance at the end of the year	(44)	(1,801)
Reserve for land revaluation		
Balance at the beginning of the year	(65,194)	(61,616)
Changes for the year		
Net changes of items other than shareholders' equity	3,577	24,621
Total changes for the year	3,577	24,621
Balance at the end of the year	(61,616)	(36,995)
Foreign currency translation adjustments		
Balance at the beginning of the year	(3,765)	(8,535)
Changes for the year		
Net changes of items other than shareholders' equity	(4,769)	26,765
Total changes for the year	(4,769)	26,765
Balance at the end of the year	(8,535)	18,229
Total accumulated other comprehensive income		
Balance at the beginning of the year	171,169	413,249
Changes for the year		
Net changes of items other than shareholders' equity	242,080	665,534
Total changes for the year	242,080	665,534
Balance at the end of the year	413,249	1,078,784
Subscription rights to shares		
Balance at the beginning of the year	-	150
Changes for the year		
Net changes of items other than shareholders' equity	150	229
Total changes for the year	150	229
Balance at the end of the year	150	379
Minority interests		
Balance at the beginning of the year	11,737	9,091
Changes for the year		
Net changes of items other than shareholders' equity	(2,646)	(2,577)
Total changes for the year	(2,646)	(2,577)
Balance at the end of the year	9,091	6,514
Total net assets		
Balance at the beginning of the year	731,835	991,745
Changes for the year		
Issuance of new shares - exercise of subscription rights to shares	-	14
Dividends	(15,776)	(15,818)
Net income for the year	20,357	32,427
Disposal of treasury stock	2,459	2,182
Transfer from retained earnings to capital surplus	-	-
Transfer from reserve for land revaluation	13,284	(24,718)
Others	0	0
Net changes of items other than shareholders' equity	239,584	663,187
Total changes for the year	259,909	657,274
Balance at the end of the year	991,745	1,649,020

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

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

(1) Number of consolidated subsidiaries for the fiscal year ended March 31, 2013: 15

The fifteen subsidiaries include:

- The Dai-ichi Life Information Systems Co., Ltd.,
- The Dai-ichi Frontier Life Insurance Co., Ltd.,
- Dai-ichi Life Insurance Company of Vietnam, Limited, and
- TAL Dai-ichi Life Australia Pty Ltd ("TDLA")

Effective the fiscal year ended March 31, 2013, one subsidiary of TDLA is excluded from the scope of consolidation as TDLA disposed of its interest in the company in September 2012.

(2) Number of non-consolidated subsidiaries for the fiscal year ended March 31, 2013: 13

The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. The thirteen non-consolidated subsidiaries had, individually, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income, retained earnings, cash flows, and others.

(3) Special Purpose Companies subject to disclosure

i) Securitization of Subordinated Obligations

The Dai-ichi Life Insurance Company, Limited (the "Parent Company") securitized subordinated obligations to broaden the range of investors and to secure a stable base for raising capital. For the securitization, the Parent Company utilized Tokutei Mokuteki Kaishas (TMKs, specified purpose companies) regulated by the Asset Liquidation Act. TMKs raise capital by issuing specified company bonds backed by assets transferred to the TMKs by contributors of subordinated loans. The Parent Company holds non-voting shares in the Cayman-based special purpose companies ("SPCs"), which in turn holds specified shares in the TMKs. The Parent Company monitors the TMK's financial situation and appropriately recognizes such non-voting shares in accordance with the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008) regarding the non-voting preference shares in its financial statements.

The total of assets and liabilities of the remaining one company at the end of its latest fiscal year (September 30, 2012) were ¥30,359 million and ¥30,087 million, respectively. The Parent Company held no ordinary shares in this company and it had no directors, officers, or employees transferred from the Parent Company.

The amounts involved in the principal transactions between the Parent Company and the TMK were as follows:

	As of March 31, 2013 (millions of yen)		Fiscal year ended March 31, 2013 (millions of yen)
Subordinated obligation	¥ 30,000	Interest expenses	¥ 616

ii) Investment in Securitized Real Estate

To diversify investments in real estate and stabilize its investment returns, the Parent Company had exposure to an investment project to securitize real estate. The Parent Company invested in the SPCs under an anonymous association contract, etc. based on the Commercial Code. The investment in the anonymous association contract was accounted for based on the fair value of real estate owned by the SPCs in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008). The Parent Company anticipates no obligation in the future to cover possible losses of the SPCs. Even if the fair value of the real estate declines, the loss of the Parent Company is limited to the amount of investment in the anonymous association contract.

Of the three SPCs which had transactions with the Parent Company during this fiscal year, total assets and liabilities of the two SPCs (excluding one SPC under the liquidation procedures) at the end of their latest fiscal years (ended December 31, 2012 and January 31, 2013) amounted to ¥124,403 million and ¥85,265 million, respectively. As of

March 31, 2013, the Parent Company had no management authority in the SPCs and the SPCs had no directors, officers, or employees transferred from the Parent Company. The amounts involved in transactions between the Parent Company and the SPCs were as follows:

	As of March 31, 2013 (millions of yen)		Fiscal year ended March 31, 2013 (millions of yen)
Investment in anonymous association	¥ 27,111	Dividends	¥ 2,118
Preferred investments	-	Dividends	¥ 98

2. Application of the Equity Method

(1) Number of non-consolidated subsidiaries under the equity method for the fiscal year ended March 31, 2013: 0

(2) Number of affiliated companies under the equity method for the fiscal year ended March 31, 2013: 29
The twenty-nine affiliated companies include:

- DIAM Co., Ltd.
- Mizuho-DL Financial Technology Co., Ltd.
- Japan Real Estate Asset Management Co., Ltd.
- Trust & Custody Services Bank Ltd.
- Corporate-pension Business Service Co., Ltd.
- Japan Excellent Asset Management Co., Ltd.
- NEOSTELLA CAPITAL CO., LTD.
- OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED
- Star Union Dai-ichi Life Insurance Company Limited, and
- Janus Capital Group Inc.

OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED changed its name from Ocean Life Insurance Co., Ltd. on July 10, 2012.

As Janus Capital Group became an affiliated company of the Parent Company on January 22, 2013, effective the fiscal year ended March 31, 2013, Janus Capital Group Inc. and its fourteen group companies were newly included in the scope of the equity method accounting of the Parent Company.

(3) Non-consolidated subsidiaries and affiliated companies

The non-consolidated subsidiaries (Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., Dai-ichi Seimei Business Service K.K. and others), as well as affiliated companies (CVC No.1 Investment Limited Partnership, CVC No.2 Investment Limited Partnership, NEOSTELLA No.1 Investment Limited Partnership, O.M. Building Management Co., Ltd., and others) were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of net income (loss), retained earnings and others.

3. Year-end Dates of Consolidated Subsidiaries

The closing date of domestic consolidated subsidiaries is March 31, whereas that of consolidated overseas subsidiaries is either December 31 or March 31. Financial information as of those closing dates is used to prepare the consolidated financial statements, although necessary adjustments are made when significant transactions take place between the account closing date of an individual subsidiary and that of the consolidated financial statements.

4. Amortization of Goodwill

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

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2013

1. Valuation Methods of Securities

Securities held by the Parent Company and its consolidated subsidiaries, including cash equivalents, bank deposits, and monetary claims bought that 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 discount of securities are calculated by the straight-line method.

(1) Trading Securities

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

(2) Held-to-maturity Securities

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

(3) Policy-reserve-matching Bonds

Policy-reserve-matching bonds (in accordance with the Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (JICPA)) are stated at amortized cost determined by the moving average method.

(4) Stocks of Non-consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method

Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

i) Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at fair value as of March 31, 2013 (for domestic stocks, the average value during March), with cost determined by the moving average method.

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

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

b. All others are valued at cost using the moving average method.

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

2. Policy-Reserve-Matching Bonds

(1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of March 31, 2013 was ¥10,794,851 million. The market value of these bonds as of March 31, 2013 was ¥12,005,334 million.

(2) Risk Management Policy

The Parent Company and its certain subsidiary categorize their insurance products into sub-groups according to the attributes of each product and, in order to properly manage risk, formulate their policies on investments and resource allocation based on the balance of the sub-groups. Moreover, they periodically check that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance groups of the Parent Company are:

- individual life insurance and individual annuities,
- non-participating single premium whole life insurance (without the duty of medical disclosure),
- financial insurance and annuities, and

- group annuities,

with the exception of certain types.

The sub-groups of insurance groups of a certain subsidiary of the Parent Company are:

- individual life insurance and individual annuities (yen-denominated),
- individual life insurance and individual annuities (U.S. dollar-denominated), and
- individual life insurance and individual annuities (Australian dollar-denominated),

with the exception of certain types and contracts.

3. <u>Valuation Method of Derivative Transactions</u>

Derivative transactions are reported at fair value.

4. <u>Revaluation of Land</u>

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

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land

  The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Articles 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land (Publicly Issued Cabinet Order 119, March 31, 1998).
- The excess of the new book value of the land over the fair value after revaluation in accordance with Article 10 of the Law for Revaluation of Land as of March 31, 2013 was ¥31,044 million, which included ¥8,883 million attributable to real estate for rent.

5. <u>Depreciation of Depreciable Assets</u>

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

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

Effective the fiscal year ended March 31, 2013, the Parent Company and its domestic consolidated subsidiaries changed their depreciation method for the tangible fixed assets acquired on or after April 1, 2012 in accordance with the revision of the Corporation Tax Act. As a result, consolidated ordinary profit and income before income taxes and minority interests for the fiscal year ended March 31, 2013 were each ¥357 million higher than they would have been if calculated using the previous depreciation method.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(3) Depreciation of Leased Assets

Depreciation for leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero remaining value. Finance leases, which commenced on or before March 31, 2008, are accounted for in the same manner as ordinary operating leases.

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2013 was ¥627,365 million.

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

The Parent Company translated foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies, which are not accounted for under the equity method) into yen at the prevailing exchange rate as of March 31, 2013. Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are translated into yen at the exchange rate on the dates of acquisition. Assets, liabilities, revenues and expenses of the Parent Company's consolidated overseas subsidiaries are translated into yen at the exchange rates at the end of their fiscal years. Translation adjustments associated with the consolidated overseas subsidiaries are included in "Foreign currency translation adjustments" in the "Net assets" section of the consolidated balance sheets.

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

7. Reserve for Possible Loan Losses

The reserve for possible loan losses is calculated based on 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 pay.

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

For all loans and claims, the relevant department in the Parent Company 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 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 amount written off during the fiscal year ended March 31, 2013 was ¥472 million.

8. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Council) is provided, based on the projected benefit obligations and pension assets as of March 31, 2013.

Gains (losses) on plan amendments are amortized under the straight-line method through a certain period (3 years) within the employees' average remaining service period.

Actuarial differences are amortized under the straight-line method through a certain period (3 or 7 years) within the employees' average remaining service period, starting from the following year.

(1) Funding status of the employees' retirement benefits:

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

Certain of its consolidated subsidiaries applied the simplified method in calculating their projected benefit obligations.

(2) Assumptions:

i Method of periodic allocation of benefit obligations: straight-line method

ii Discount rate: 1.1 or 1.7% per annum

iii Estimated return on investment:

a. Defined benefit corporate pension: 1.0 or 1.7% per annum

b. Retirement benefit trust: 0.0% per annum

iv Amortization period for actuarial differences: 3 or 7 years starting from the following fiscal year

v Amortization period for gains on plan amendments: 3 years

To replace a part of its lump-sum severance benefit plan with a defined contribution pension plan, on April 1, 2013, the Parent Company adopted "Guidance on Accounting for Transfers between Retirement benefit Plans" (Accounting Standards Board of Japan (ASBJ) Application Guidance No.1 issued on January 31, 2002) and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (Practical Issues Task Force No.2 issued on February 7, 2007). As a result, the Parent Company recognized other extraordinary losses of ¥176 million for the fiscal year ended March 31, 2013.

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

For the reserve for retirement benefits of directors, executive officers, and corporate auditors of certain consolidated subsidiaries, an amount considered to have been rationally incurred is provided.

10. Reserve for Possible Reimbursement of Prescribed Claims

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

11. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities as of March 31, 2013 in accordance with the provisions of Article 115 of the Insurance Business Act.

12. Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10 issued on March 10, 2008). Primarily, a) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; b) the currency allotment method and deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); c) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; and d) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction).

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policies

The Parent Company 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 values of hedged items to those of hedging instruments.

13. Calculation of National and Local Consumption Tax

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

14. Policy Reserve

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

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

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

Effective the fiscal year ended March 31, 2008, for the whole life insurance contracts acquired by the Parent Company on or before March 31, 1996 for which premium payments were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided in the following nine years. As a result, the amount of the additional provisions for policy reserves for the fiscal year ended March 31, 2013 was ¥150,798 million.

15. Accounting Standard and Guidance Scheduled to be Applied

The accounting standard and relevant guidance that are not yet applied but scheduled to be applied are as follows:

- "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 issued on May 17, 2012), and
- "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012)

(1) Overview

From the viewpoint of strengthening financial reporting and promoting international convergence, ASBJ revised the standard and guidance to improve accounting of unrecognized actuarial differences and unrecognized gains (losses) on plan amendments and calculation of projected benefit obligations and service cost and, consequently, enhance related disclosures.

(2) Scheduled date for application

The Parent Company will apply the revised method for calculating projected benefit obligations and service cost effective the fiscal year beginning April 1, 2014, although it will apply the other components of the standard and guidance through the end of the fiscal year ending March 31, 2014.

(3) Impact of applying the standard and guidance

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

16. Financial Instruments and Others

1. Financial Instruments

(1) Policies in Utilizing Financial Instrument

In an effort to manage our investment assets in a manner appropriate to our liabilities, which arise from the insurance policies we underwrite, we engage in asset liability management, or ALM, which considers the long-term balance between assets and liabilities in an effort to ensure stable returns. With this strategy, the Parent Company and certain of its consolidated subsidiaries hold fixed income investments, including bonds and loans, as the core of their asset portfolio. While placing its financial soundness first, the Parent Company holds stocks and foreign securities within a tolerable risk level to enhance its profitability and facilitate diversification of investment risks.

The Parent Company and certain of its consolidated subsidiaries use derivatives primarily to hedge market risks associated with their existing asset portfolio and supplement our investment objectives, taking into account the exposure of underlying assets. Moreover, they utilize derivatives to mitigate the risks associated with guaranteed minimum benefits of individual variable annuity insurance.

With respect to financing, the Parent Company has raised capital directly from the capital markets by issuing subordinated bonds and securitizing subordinated loans as well as indirectly from banks in order to strengthen its capital base and to invest such capital in growth areas. To avoid impacts from interest-rate fluctuations, the Parent Company utilizes derivative transactions in hedging some of such financial liabilities and adopts hedge accounting.

(2) Financial Instruments Used and Their Risks

Securities included in financial assets of the Parent Company and certain of its consolidated subsidiaries, mainly stocks and bonds, are categorized by their investment objectives such as held-to-maturity, policy-reserve-matching and available-for-sale. Those securities are exposed to market fluctuation risk, credit risk and interest-rate risk and some of the securities denominated in foreign currency are exposed to foreign currency risk. Also, loans are exposed to credit risk arising from the defaults of obligors.

The Parent Company and its certain consolidated subsidiaries might be exposed to liquidity risk in certain circumstances in which they cannot access the financial market and make timely payments of principal, interest or other amounts. Also, some of their loans payable and bonds payable which are floating interest rate based and denominated in foreign currency are exposed to interest-rate risk and foreign currency risk.

They utilize interest rate swaps to hedge interest rate risk associated with certain of their loans receivable and payable and adopt hedge accounting.

In addition, they utilize a) equity forward contracts to hedge market fluctuation risk associated with domestic stocks, and b) foreign currency forward contracts, currency options and foreign currency swaps to hedge foreign currency risks associated with certain foreign currency-denominated bonds, foreign currency-denominated short-term deposits and foreign currency-denominated debts, etc. and adopt hedge accounting.

In applying the hedge accounting, in order to fulfill requirements stipulated in the “Accounting standards for financial instruments” (ASBJ Statement No. 10 issued on March 10, 2008), the Parent Company and certain of its consolidated subsidiaries have established investment policy and procedure guidelines and clarified the risk of underlying assets to be hedged and derivative instruments to be used, and conducted pre- and post-effectiveness tests of the transactions.

(3) Risk Management

The risk management system of the Parent Company and certain of its domestic consolidated subsidiaries is as follows:

i) Market Risk Management

Under the internal investment policy and risk management policy, they manage market risk by conducting mid- to long-term asset allocation in a manner appropriate to their liabilities. Therefore, they categorize their portfolio into sub-groups, based on their investment purpose, and manage them taking into account each of their risk characteristics.

a) Interest rate risk

They keep track of interest rates and durations of their assets and liabilities, monitor their internal analyses on duration gap and interest rate sensitivity, and periodically report their findings to their board of directors, etc.

b) Currency risk

They keep track of currency composition of their financial assets and liabilities, conduct sensitivity analyses, and periodically report their findings to their board of directors, etc.

c) Fluctuation in market values

They define risk management policies for each component of their overall portfolio, including securities, and specific risk management procedures. In such policies and procedures, they set and manage upper limits of each asset balance and risk exposure.

Such management conditions are periodically reported by their risk management sections to their board of directors, etc.

d) Derivative transactions

For derivative transactions, they have established an internal check system by segregating (i) executing department, (ii) the department which engages in assessment of hedge effectiveness, and (iii) the back-office. Additionally, in order to limit speculative use of derivatives, they have put restrictions on utilization purpose, such as hedging, and established position limits for each asset class.

They also utilize derivatives in order to reduce the risk associated with guaranteed minimum maturity benefits of variable annuities. In accordance with their internal regulations to manage the risks associated with their guaranteed minimum maturity benefits, they (i) assess hedge effectiveness of derivative transactions, (ii) manage gains and losses from derivative transactions on a daily basis, and (iii) periodically check their progress on reducing the risk associated with their guaranteed minimum maturity benefits and measure estimated losses based on VaR (value-at-risk).

The risk management sections are in charge of managing overall risks including risks associated with their guaranteed minimum maturity benefits, and periodically report the status of such management to their board of directors, etc.

ii) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, they have established a credit management system related to loans, such as preliminary reviews on individual transactions, credit limit setting, credit information management, internal credit rating, attachment of guarantees and collateral, and follow-ups on problem loans. For corporate bond investment, the credit section sets investment caps on individual issuers taking into account internal credit ratings and other factors. Excessive risk taking is restricted since front offices make investments within those caps. The above credit management has been conducted by the credit and risk management sections, and has been periodically reported to their board of directors, etc. Additionally, the internal audit section has also checked credit management status.

Credit risk of security issuers and counterparty risk with respect to derivative transactions are managed by the credit section, which sets upper limits for each counterparty and financial instrument and periodically monitors credit information, and by the risk management section, which periodically calculates current exposures.

In each of certain overseas consolidated subsidiaries, an investment committee established by their board of directors develops its investment policy, and periodically checks the compliance and the status of each risk, thus enabling the subsidiaries to manage their risks in conformity with their risk characteristics.

(4) Supplementary Explanation for Fair Values of Financial Instruments

As well as the values based on market prices, fair value of financial instruments includes values which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied.

2. Fair Values of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2013 were as follows. The following table does not include financial instruments whose fair values were extremely difficult to recognize. (Please refer to (Note 2))

As of March 31, 2013		Carrying amount		Fair value		Gains (Losses)
				(millions of yen)		
(1) Cash and deposits	¥	457,517	¥	457,534	¥	17
(2) Call loans		391,200		391,200		-
(3) Monetary claims bought		285,082		285,082		-
(4) Money held in trust		56,251		56,251		-
(5) Securities						
a. Trading securities		2,906,496		2,906,496		-
b. Held-to-maturity bonds		142,267		147,965		5,698
c. Policy-reserve-matching bonds		10,794,851		12,005,334		1,210,483
d. Stock of subsidiaries and affiliates		29,768		34,541		4,773
e. Available-for-sale securities		14,409,040		14,409,040		-
(6) Loans		3,140,990				
Reserve for possible loan losses (*1)		(3,172)				
		3,137,817		3,262,315		124,497
Total assets	¥	32,610,293	¥	33,955,763	¥	1,345,470
(1) Bonds payable	¥	154,584	¥	170,107	¥	15,522
(2) Long-term borrowings		380,907		377,110		(3,796)
Total liabilities	¥	535,491	¥	547,218	¥	11,726
Derivative transactions (* 2)						
a. Hedge accounting not applied	¥	[16,818]	¥	[16,818]	¥	-
b. Hedge accounting applied		[161,207]		[160,279]		928
Total derivative transactions	¥	[178,025]	¥	[177,097]	¥	928

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

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

(Note 1) Notes to Methods for Calculating Fair Value of Financial Instruments, Securities and Derivative Transactions

- **Assets**

(1) Cash and deposits

As for deposits with maturities, except for those which are close to maturity, present value is calculated by discounting the carrying amount for each segment based on the term, using a deposit interest rate which is assumed to be applied to new deposit. As for deposits close to maturity and deposits without maturity, fair value is based on the carrying amount since fair value is close to the carrying amount.

(2) Call loans

Since all call loans are close to the due date and their fair value is close to their carrying amounts, fair value of call loans is based on their carrying amount.

(3) Monetary claims bought

The fair value of monetary claims bought is based on the reasonably calculated price.

(4) Money held in trust

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or the price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price. The fair value of derivative transactions of money held in trust is based on the price on derivatives markets.

(5) Securities

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, the amount equivalent to the partnership interest in fair value of the partnership assets is recorded as fair value of the stake in the partnership. Additionally, notes for the securities for each investment purpose are described in "3. Securities" on page 52.

(6) Loans

The fair value of loans is calculated by discounting future cash flows of the subject loan, using interest rates corresponding to the internal credit rating and remaining period which are assumed to be applied to new loans to the subject borrower.

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the balance sheet minus reserve for possible loan losses as of March 31, 2013. Therefore, that amount (the carrying amount on the balance sheet minus reserve for possible loan losses) is recorded as the fair value for risk-monitored loans.

Also, loans without a due date because of the characteristics that their exposure is limited to the amount of their collaterals, are deemed to have fair value close to book value, taking into account estimated repayment period and interest rates. Therefore, their book value is recorded as the fair value.

- **Liabilities**

(1) Bonds payable (subordinated bonds)

The fair value of bonds issued by the Parent Company is based on the price on the bond market.

(2) Long-term borrowings

The fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining periods which are assumed to be applied to new borrowing. Also, certain of long-term borrowings are deemed to have fair value close to book value, taking into account interest rates. Therefore, their book value is recorded as the fair value.

- **Derivative Transactions**

The breakdown of derivative transactions is (1) currency-related transactions (currency forward contracts, currency options, etc.); (2) interest-related transactions (interest rate futures, interest rate swaps, etc.); (3) stock-related transactions (yen stock index futures, foreign currency-denominated stock index futures, etc.); (4) bond-related transactions (yen bond futures, foreign currency-denominated bond futures, etc.). The fair value of the instruments is based on the exchange-traded prices and the prices quoted from financial institution, etc.

(Note 2) Financial instruments whose fair value is extremely difficult to recognize are as follows and are not included in the market value of (5) Securities in (Note 1)

As of March 31, 2013	Carrying amount (millions of yen)
1. Unlisted domestic stocks (*1)(*2)	¥ 156,513
2. Unlisted foreign stocks (*1)(*2)	18,208
3. Other foreign securities (*1)(*2)	846,824
4. Other securities (*1)(*2)	86,992
Total	¥ 1,108,539

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

(*2) The Parent Company recorded impairment charges of ¥79 million for the fiscal year ended March 31, 2013.

(Note3) Scheduled redemptions of monetary claims and securities with maturities

As of March 31, 2013	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 year through 10 years	Due after 10 years
		(millions of yen)		
Cash and deposits…………………	¥ 457,317	¥ -	¥ 200	¥ -
Call loans……………………………	391,200	-	-	-
Monetary claims bought………….	-	15,205	-	252,825
Securities				
Held-to-maturity securities (bonds)……………………………	50,400	-	-	47,900
Held-to-maturity securities (foreign securities)………………	47,025	-	-	-
Policy-reserve-matching bonds (bonds)…………………………	136,948	565,330	253,637	9,647,065
Policy-reserve-matching bonds (foreign securities)……………..	-	32,162	132,770	3,231
Available-for-sale securities with maturities (bonds)……………..	438,773	1,581,922	1,276,565	2,279,645
Available-for-sale securities with maturities (foreign securities)….	67,446	1,900,757	1,248,028	1,725,624
Available-for-sale securities with maturities (other securities)…….	4,653	54,200	26,378	21,993
Loans (*)……………………………	329,587	1,088,960	735,600	478,220

(*) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥6,615 million were not included. Also, ¥501,548 million of loans without maturities were not included.

(Note4) Scheduled maturities of bonds payable and long term borrowings

As of March 31, 2013	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
			(millions of yen)			
Bonds payable(*1)	¥ 47,025	¥ -	¥ -	¥ -	¥ -	¥ -
Long term borrowings(*2)	30,001	1	21,888	0	0	0

(*1) ¥107,562 million of bonds payable without maturities were not included.

(*2) ¥329,014 million of long term borrowings without maturities were not included.

3. Securities

(1) Trading Securities

	As of March 31, 2013
	(millions of yen)
Gains (losses) on valuation of trading securities ……………………	¥ 315,317

(2) Held-to-maturity Securities:

As of March 31, 2013	Carrying amount	Fair value	Unrealized gains (losses)
		(millions of yen)	
Held-to-maturity securities with unrealized gains:			
i) Bonds	¥ 95,131	¥ 99,341	¥ 4,210
a. Government bonds	95,131	99,341	4,210
b. Local government bonds	-	-	-
c. Corporate bonds	-	-	-
ii) Foreign securities	47,135	48,623	1,487
a. Foreign bonds	47,135	48,623	1,487
Subtotal	¥ 142,267	¥ 147,965	¥ 5,698
Held-to-maturity securities with unrealized losses:			
i) Bonds	¥ -	¥ -	¥ -
a. Government bonds	-	-	-
b. Local government bonds	-	-	-
c. Corporate bonds	-	-	-
ii) Foreign securities	-	-	-
a. Foreign bonds	-	-	-
Subtotal	¥ -	¥ -	¥ -
Total	¥ 142,267	¥ 147,965	¥ 5,698

(3) Policy-reserve-matching Bonds:

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

(4) Available-for-sale Securities:

As of March 31, 2013	Carrying amount	Purchase cost	Unrealized gains (losses)
		(millions of yen)	
Available-for-sale securities with unrealized gains:			
i) Bonds	¥ 5,805,653	¥ 5,377,103	¥ 428,550
a. Government bonds	3,910,382	3,565,845	344,536
b. Local government bonds	112,261	106,992	5,269
c. Corporate bonds	1,783,009	1,704,265	78,743
ii) Domestic stocks	1,930,168	1,196,220	733,948
iii) Foreign securities	5,389,343	4,847,380	541,963
a. Foreign bonds	4,932,803	4,469,456	463,346
b. Other foreign securities	456,540	377,923	78,616
iv) Other securities	421,434	379,921	41,513
Subtotal	¥13,546,600	¥11,800,625	¥ 1,745,975
Available-for-sale securities with unrealized losses:			
i) Bonds	¥ 227,149	¥ 231,317	¥ (4,167)
a. Government bonds	111,560	112,084	(524)
b. Local government bonds	102	103	(0)
c. Corporate bonds	115,486	119,128	(3,642)
ii) Domestic stocks	320,107	410,668	(90,560)
iii) Foreign securities	546,369	588,794	(42,424)
a. Foreign bonds	399,680	425,932	(26,252)
b. Other foreign securities	146,689	162,861	(16,172)
iv) Other securities	88,894	91,914	(3,019)
Subtotal	¥ 1,182,521	¥ 1,322,694	¥ (140,172)
Total	¥14,729,122	¥13,123,319	¥ 1,605,803

Note:

Figures in the table above include a) certificates of deposit (purchase cost: ¥35,000 million; carrying amount: ¥34,999 million) and b) trust beneficiary rights (purchase cost: ¥267,993 million; carrying amount: ¥285,082 million), which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheets, respectively.

(5) Held-to-maturity Securities Sold:

The Parent Company and its consolidated subsidiaries sold no held-to-maturity securities during the fiscal year ended March 31, 2013.

(6) Policy-reserve-matching Bonds Sold:

Policy-reserve-matching bonds sold during the fiscal year ended March 31, 2013 were as follows:

Year ended March 31, 2013	Amounts sold	Realized gains	Realized losses
		(millions of yen)	
i) Bonds	¥ 694,578	¥ 39,613	¥ 2,830
a. Government bonds	649,578	39,613	2,830
b. Local government bonds	-	-	-
c. Corporate bonds	-	-	-
ii) Foreign securities	9,887	1,384	-
a. Foreign bonds	9,887	1,384	-
b. Other foreign securities	-	-	-
Total	¥ 704,466	¥ 40,997	¥ 2,830

(7) Available-for-sale Securities Sold:

Available-for-sale securities sold during the year ended March 31, 2013 were as follows:

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

(8) Securities Written Down:

The Parent Company and its consolidated subsidiaries write down the balance of certain available-for-sale securities with market values a) when the market value of such securities declines by 50% or more of its purchase cost or b) when the market value of such securities without a certain level of creditworthiness declines by 30% or more, but less than 50%, of its purchase cost unless it is deemed that there is a possibility that the fair value of the security could recover to equal or exceed the purchase cost. The aggregate amount written down from the balance of available-for-sale securities with market value for the fiscal year ended March 31, 2013 was ¥3,131 million.

4. Money Held in Trust

Money Held in Trust for Trading Purpose:

As of March 31, 2013	(millions of yen)
Carrying amount on the consolidated balance sheets	¥ 56,251
Gains (losses) on valuation of money held in trust	(12,130)

17. Real Estate for Rent

The Parent Company owns a number of commercial buildings, including land, for rent in various locations including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2013 was ¥24,807 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Parent Company recorded extraordinary losses of ¥2,949 million for impairment losses on real estate for rent for the fiscal year ended March 31, 2013.

The carrying amount, net change during the fiscal year ended March 31, 2013, and the fair value of real estate for rent were as follows:

Fiscal year ended March 31, 2013	(millions of yen)
Carrying amount	
Beginning balance	¥ 840,711
Net change during the year	(26,703)
Ending balance	814,007
Fair value	¥ 768,069

Notes:

(1) The carrying amount of real estate for rent on the consolidated balance sheets was acquisition costs net of accumulated depreciation and impairments.

(2) Net change in the carrying amount includes cost of acquisition of real estate for rent of ¥26,014 million, sale of real estate for rent of ¥28,411 million and the depreciation expense of ¥14,597 million.

(3) The Parent Company calculates the fair value of the majority of real estate for rent based on real estate appraisal standards using an independent appraiser, and others based on the internal but reasonable estimates.

18. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheets. The total balance of securities lent as of March 31, 2013 was ¥741,123 million.

19. Problem Loans

As of March 31, 2013, the total amount of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which was included in loans, was ¥9,738 million. The amount of credits to bankrupt borrowers was ¥4,132 million, the amount of delinquent loans was ¥4,679 million, the Parent Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥926 million.

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 Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965). Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

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

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

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

As a result of the direct write off of loans described in Note 7 in page 44, credits to bankrupt borrowers and delinquent loans decreased by ¥407 million and ¥65 million, respectively.

20. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118 Paragraph 1 of the Insurance Business Act was ¥2,788,994 million. Separate account liabilities were the same amount as the separate account assets.

21. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2013

	(millions of yen)
Deferred tax assets:	
Insurance policy reserve	¥ 405,907
Reserve for employees' retirement benefits	163,467
Reserve for price fluctuations	27,620
Losses on valuation of securities	18,824
Tax losses carried forward	13,775
Others	32,828
Subtotal	662,424
Valuation allowances	(68,985)
Total	¥ 593,438

		(millions of yen)
Deferred tax liabilities:		
Net unrealized gains on securities, net of tax	¥	(487,237)
Other intangible fixed assets		(13,987)
Reserve for tax basis adjustments of real estate		(9,222)
Losses on valuation of securities		(7,142)
Others		(21,722)
Total	¥	(539,313)
Net deferred tax assets	¥	54,125

(2) The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2013

Statutory tax rate	33.23%
(Adjustments)	
Reversal of reserve for land revaluation	(18.56%)
Increase in valuation allowances	17.30%
Difference in tax rate associated with special corporate tax for reconstruction	12.59%
Others	2.73%
Actual effective tax rate after considering deferred taxes	47.29%

22. Leased Computers

In addition to leased assets included in the consolidated balance sheets, the Parent Company and its consolidated subsidiaries have computers classified as significant leased tangible fixed assets. They have no material leased intangible fixed assets.

23. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends during the fiscal year ended March 31, 2013 were as follows:

		(millions of yen)
Balance at the beginning of the fiscal year	¥	387,871
Dividends paid during the fiscal year		(90,280)
Interest accrual during the fiscal year		9,170
Provision for reserve for policyholder dividends		86,000
Balance as of March 31, 2013	¥	392,761

24. Stock of Subsidiaries

The amount of stocks of and stakes in non-consolidated subsidiaries and affiliated companies the Parent Company held as of March 31, 2013 was as follows:

		(millions of yen)
Stocks	¥	72,989
Capital		3,990
Total	¥	76,980

25. Organizational Change Surplus

The amount of the Parent Company's organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

26. Assets Pledged as Collateral / Secured Liabilities

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

	(millions of yen)
Securities (Government bonds)	¥ 620,782
Securities (Foreign securities)	3,753
Securities (Corporate bonds)	534
Cash and deposits	86
Securities, cash and deposits pledged as collateral	¥ 625,157

The amounts of secured liabilities were as follows:

	(millions of yen)
Cash collateral for securities lending transactions	¥ 568,433
Loans payable	5
Secured liabilities	¥ 568,438

"Securities (Government bonds)" pledged as collateral for securities lending transactions with cash collateral as of March 31, 2013 was ¥537,715 million.

27. Reinsurance

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, was ¥12 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations was ¥8,236 million.

28. Net Assets per Share

The amount of net assets per share of the Parent Company as of March 31, 2013 was ¥165,713.79.

29. Stock Options

(1) The account used to record expenses associated with issuing stock options and the amount expensed during the fiscal year ended March 31, 2013
Operating expenses: ¥244 million

(2) Details of stock options granted

a) Details of stock options

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Granted persons	10 directors (except outside directors) and 16 executive officers of the Parent Company	11 directors (except outside directors) and 16 executive officers of the Parent Company
Class and total number (*)	1,698 shares of common stock	3,187 shares of common stock
Grant date	August 16, 2011	August 16, 2012
Vesting conditions	The acquisition rights are vested on the above granted date.	The acquisition rights are vested on the above granted date.
Service period covered	N/A	N/A
Exercise period	From August 17, 2011 to August 16, 2041 A granted person may exercise stock options only within 10 days from the day following the date on which she/he loses the status as both a director and an executive officer of the Parent Company.	From August 17, 2012 to August 16, 2042 A granted person may exercise stock options only within 10 days from the day following the date on which she/he loses the status as both a director and an executive officer of the Parent Company.

(*) The total number of stock options is translated to the number of common stocks for better understanding.

b) Figures relating to stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2013 and the total number of stock options is translated to the number of shares of common stock.

i) Number of stock options

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Before vesting		
Outstanding at the end of prior fiscal year	-	-
Granted	-	3,187
Forfeited	-	-
Vested	-	3,187
Outstanding at the end of the fiscal year	-	-
After vesting		
Outstanding at the end of prior fiscal year	1,698	-
Vested	-	3,187
Exercised	166	-
Forfeited	-	-
Outstanding at the end of the fiscal year	1,532	3,187

ii) Price information

	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥117,900	-
Fair value at the granted date	¥88,521	¥76,638

(3) Valuation method used for estimating fair value of stock options

a) Valuation method

Black-Scholes Model

b) Assumptions

	2nd Series of Stock Acquisition Rights
Expected volatility (*1)	39.504%
Expected durations (*2)	3 years
Expected dividends (*3)	¥1,600
Risk-free interest rate (*4)	0.096%

(*1) Computed based on the closing prices of common stock in each trading day from April 1, 2010 to August 15, 2012.

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

(*3) Computed based on the expected dividend for the fiscal year ended March 31, 2013.

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

(4) Method to estimate the number of stock options vested

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

30. Asset Retirement Obligations

(1) Overview of Asset Retirement Obligation

The Parent Company recognized statutory or similar obligations associated with some of its real estate for rent and business use with regard to the removal of a) tangible fixed assets and b) certain harmful substances in the tangible fixed assets and so recorded the asset retirement obligation.

(2) Calculation of Asset Retirement Obligation

The Parent Company calculated the asset retirement obligation by a) estimating the period of service of each building between 0 and 37 years based on its contract term and useful life and b) applying discount rates ranging from 0.144% to 2.294%.

(3) Increase and Decrease in Asset Retirement Obligation

The following table shows the increase and decrease in asset retirement obligations for the fiscal year ended March 31, 2013:

	(millions of yen)
Beginning balance	¥ 3,551
Time progress adjustments	38
Others	(734)
Ending balance	¥ 2,855

31. Securities Borrowing

Securities borrowed under borrowing agreements or received as collateral under reinsurance contracts can be sold or pledged as collateral. As of March 31, 2013, the market value of the securities borrowed which are not sold or pledged was ¥9,644 million. The Parent Company held no securities borrowed which were not sold or pledged as collateral.

32. Commitment Line

There were unused commitment line agreements under which the Parent Company is the lender of ¥25,041 million.

33. Subordinated Debt

Other liabilities included subordinated debt of ¥350,000 million, the repayment of which is subordinated to other obligations.

34. Subordinated Bonds

Subordinated bonds of ¥154,584 million shown in liabilities included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

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

The estimated future obligations of the Parent Company and its subsidiaries that operate a life insurance business in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥58,654 million as of March 31, 2013. These obligations will be recognized as operating expenses in the year in which they are paid.

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENTS OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2013

1. Net Income per Share

Net income per share for the fiscal year ended March 31, 2013 was ¥3,275.48. Diluted net income per share for the same period was ¥3,274.27.

2. Retirement Benefit Expenses

Retirement benefit expenses of the Parent Company and its consolidated subsidiaries for the fiscal year ended March 31, 2013 were ¥41,570 million and consisted of the following:

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

Retirement benefit expenses of the consolidated subsidiaries of the Parent Company which apply the simplified methods are included in the item a.

3. Impairment Losses on Fixed Assets

Details on the Parent Company’s impairment losses on fixed assets for the fiscal year ended March 31, 2013 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group were as follows:

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

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.73% was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sales value.

IV. NOTES TO UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FISCAL YEAR ENDED MARCH 31, 2013

1. Other Comprehensive Income

The amounts reclassified and tax effect amounts related to other comprehensive income were as follows:

	(millions of yen)
Net unrealized gains (losses) on securities, net of tax	
Amount incurred during the fiscal year ended March 31, 2013	\ 1,006,123
Amount reclassified	(117,516)
Before tax adjustment	888,607
Tax effect	(272,706)
Net unrealized gains (losses) on securities, net of tax	615,900
Deferred hedge gains (losses)	
Amount incurred during the fiscal year ended March 31, 2013	(2,352)
Amount reclassified	(190)
Amount adjusted for asset acquisition cost	-
Before tax adjustment	(2,542)
Tax effect	784
Deferred hedge gains (losses)	(1,757)
Reserve for land revaluation	
Amount incurred during the fiscal year ended March 31, 2013	-
Amount reclassified	-
Before tax adjustment	-
Tax effect	(97)
Reserve for land revaluation	(97)
Foreign currency translation adjustments	
Amount incurred during the fiscal year ended March 31, 2013	23,904
Amount reclassified	-
Before tax adjustment	23,904
Tax effect	-
Foreign currency translation adjustments	23,904
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	
Amount incurred during the fiscal year ended March 31, 2013	3,254
Amount reclassified	(113)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	3,141
Total other comprehensive income	\ 641,091

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2013

1. Type and Number of Shares Outstanding

	At the beginning of the fiscal year	Increase during the year	Decrease during the year	At the end of the fiscal year
		(thousand of shares)		
Common stock (*1)……….	10,000	0	-	10,000
Treasury stock (*2)……….	113	-	22	90

(*1) 0 thousand shares of increases in common stock represents the exercise of stock acquisition rights (stock options).

(*2) 22 thousand shares of decrease in treasury stock represents the sum of a) shares purchased by the Stock Granting Trust (J-ESOP) under the Company's incentive program granting middle management the purchased shares and b) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the Company's Trust-type Employee Shareholding Incentive Plan (E-Ship®).

2. Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2013 (millions of yen)
The Parent Company	Stock acquisition rights in the form of stock options	¥379

3. Dividend on Ordinary Shares

(1) Dividends paid during the fiscal year ended March 31, 2013

Date of resolution	June 25, 2012 (at the Annual General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends	¥15,818 million
Dividends per share	¥1,600
Record date	March 31, 2012
Effective date	June 26, 2012
Dividend resource	Retained earnings

Note: Total dividends do not include ¥181 million of dividends to the J-ESOP trust and the E-ship trust, as the Parent Company recognized the shares held by those trusts as treasury shares.

(2) Dividends, the record date of which is March 31, 2013, to be paid out in the fiscal year ending March 31, 2014

Date of resolution	June 24, 2013 (at the Annual General Meeting of Shareholders to be held)
Type of shares	Common stocks
Total dividends	¥15,855 million
Dividends per share	¥1,600
Record date	March 31, 2013
Effective date	June 25, 2013
Dividend resource	Retained earnings

Note: Total dividends do not include ¥145 million of dividends to the J-ESOP trust and the E-ship trust, as the Parent Company recognized the shares held by those trusts as treasury shares.

VI. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED MARCH 31, 2013

1. Scope of Cash and Cash Equivalents

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

2. Reconciliation of Cash and Cash Equivalents

The reconciliation of cash and cash equivalents to balance sheet accounts as of March 31, 2013 was as follows:

	(millions of yen)
Cash and deposits (a)	¥ 457,517
Call loans (b)	391,200
Cash and cash equivalents (a + b)	¥ 848,717

(7) Risk-Monitored Loans

(millions of yen)

		As of March 31, 2012	As of March 31, 2013
Credits to bankrupt borrowers	(I)	4,743	4,132
Delinquent loans	(II)	15,574	4,679
Loans past due for three months or more	(III)	-	-
Restructured loans	(IV)	1,452	926
Total	((I)+(II)+(III)+(IV))	21,770	9,738
[Percentage of total loans]		[0.64%]	[0.31%]

Note: 1. For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers in the fiscal years ended March 31, 2012 and March 31, 2013 were 50 million yen and 407 million yen, respectively. The write-offs relating to delinquent loans in the fiscal years ended March 31, 2012 and March 31, 2013 were 69 million yen and 65 million yen, respectively.

2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to, foreign proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.

3. 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.

4. 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 loans classified as credits to bankrupt borrowers or delinquent loans.

5. 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.

(Reference) Disclosed claims based on categories of obligors

(millions of yen)

	As of March 31, 2012	As of March 31, 2013
Claims against bankrupt and quasi-bankrupt obligors	4,792	4,161
Claims with collection risk	15,549	4,651
Claims for special attention	1,487	957
Subtotal	21,829	9,770
Claims against normal obligors	3,921,906	3,924,496
Total	3,943,735	3,934,266

Note: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.

4. Claims against normal obligors are all other loans.

(8) Consolidated Solvency Margin Ratio

(millions of yen)

		As of March 31, 2012	As of March 31, 2013
Total solvency margin	***(A)***	3,096,077	4,131,402
Common stock, etc. [*1]		453,417	436,330
Reserve for price fluctuations		74,831	89,228
Contingency reserve		480,251	587,497
Catastrophe loss reserve		-	-
General reserve for possible loan losses		2,425	1,752
Net unrealized gains on securities (before tax) × 90% [*2]		628,174	1,428,115
Net unrealized gains (losses) on real estate × 85% [*2]		(36,536)	18,245
Policy reserves in excess of surrender values		1,527,129	1,669,231
Qualifying subordinated debt		441,780	427,562
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(525,037)	(550,006)
Excluded items		(40,052)	(68,999)
Others		89,694	92,446
Total risk $\sqrt{\left(\sqrt{R_1^2+R_5^2}+R_8+R_9\right)^2+\left(R_2+R_3+R_7\right)^2}+R_4+R_6$	***(B)***	1,099,355	1,176,246
Insurance risk	R_1	101,911	103,425
General insurance risk	R_5	-	-
Catastrophe risk	R_6	-	-
3rd sector insurance risk	R_8	164,238	168,895
Small amount and short-term insurance risk	R_9	-	-
Assumed investment yield risk	R_2	287,440	273,604
Guaranteed minimum benefit risk	R_7 [*3]	28,829	28,747
Investment risk	R_3	723,443	813,382
Business risk	R_4	26,117	27,761
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		563.2%	702.4%

*1: Expected disbursements from capital outside the Company and accumulated other comprehensive income, etc. are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The above figures are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

(9) Status of Insurance Claims Paying Ability of Insurance Subsidiaries
(Solvency Margin Ratio)

The Dai-ichi Frontier Life Insurance Company (millions of yen)

		As of March 31, 2012	As of March 31, 2013
Total solvency margin	*(A)*	207,088	219,637
Common stock, etc.		86,770	57,269
Reserve for price fluctuations		378	775
Contingency reserve		57,157	92,403
General reserve for possible loan losses		17	1
Net unrealized gains on securities (before tax) × 90% *		5,023	9,420
Net unrealized gains (losses) on real estate × 85% *		-	-
Policy reserves in excess of surrender values		57,741	59,768
Qualifying subordinated debt		-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		-	-
Excluded items		-	-
Others		-	-
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	*(B)*	47,284	46,798
Insurance risk	R_1	0	5
3rd sector insurance risk	R_8	-	-
Assumed investment yield risk	R_2	3,073	4,330
Investment risk	R_3	20,910	18,611
Guaranteed minimum benefit risk	R_7	21,923	22,493
Business risk	R_4	1,377	1,363
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		875.9%	938.6%

*: Multiplied by 100% if losses.

Note 1. The figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.
2. Guaranteed minimum benefit risk is calculated by standard method.

(10) Segment Information

The Company on a consolidated basis did not operate any businesses categorized in segments other than its own core life insurance business, and therefore segment information was omitted.

13. Selected Financial Information by Insurance Product

(millions of yen)

	Individual insurance and annuities	Group insurance	Group annuities	Others	Total
Policies in force at the beginning of the fiscal year	146,135,492	50,491,532	6,065,980	-	-
Policies in force at the end of the fiscal year	141,861,584	48,766,631	6,146,172	-	-
Net increase in policies in force	(4,273,907)	(1,724,900)	80,191	-	-
Ordinary revenues	-	-	-	-	4,315,957
a. Premium and other income	1,982,641	149,972	743,693	45,557	2,921,863
Premium	1,982,622	149,310	743,693	45,557	2,921,183
b. Ordinary revenues other than a. above	-	-	-	-	1,394,093
Ordinary expenses	-	-	-	-	4,142,150
c. Benefits and claims	1,501,338	78,012	837,879	50,538	2,467,768
Claims	636,419	75,406	43,136	7,342	762,305
Annuities	209,117	1,002	336,107	8,442	554,669
Benefits	181,476	219	320,984	3,207	505,888
Surrender values	432,587	153	55,754	31,459	519,955
d. Ordinary expenses other than c. above	-	-	-	-	1,674,382
Provision for policy reserves	481,116	93	80,191	(8,005)	625,396
Ordinary profit	-	-	-	-	173,806

Note: 1. Categorization of insurance products:
'Others' are the sum of financial insurance, financial annuities, medical care insurance, group disability insurance and reinsurance written.
2. Policies in force:
a. Policy amount in force of individual annuities is equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
b. Policies in force of group insurance include those of annuity riders attached to group insurance, which are the sum of (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
c. Policies in force of group annuities are equal to the amount of outstanding corresponding policy reserve.
3. Profit and loss items:
a. 'Premium and other income' shows the sum of premium and reinsurance income.
b. 'Benefits and claims' shows the sum of claims, annuities, benefits, surrender values, other payments and reinsurance premium.