[Unofficial translation]

May 20, 2013

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Code: 8750 (TSE First section)

Disclosure of European Embedded Value as of March 31, 2013

The Dai-ichi Life Insurance Company, Limited (hereinafter "Dai-ichi Life") hereby discloses the European Embedded Value ("EEV") of Dai-ichi Life, Dai-ichi Frontier Life Insurance Co., Ltd (hereinafter "Dai-ichi Frontier Life" or "DFL") and TAL Dai-ichi Life Australia Pty Limited (hereinafter "TAL") (collectively, the "Group") as of March 31, 2013.

In past disclosures, the EEV for the Group's Australian life insurance business was calculated for TAL Limited, a subsidiary of TAL Dai-ichi Life Australia Pty Limited. However, for the fiscal year ended March 31, 2013, the EEV is calculated for TAL Dai-ichi Life Australia Pty Limited. The EEV as of March 31, 2012 and value of new business for the fiscal year ended March 31, 2012 are the results of the calculation for TAL Limited.

[Unofficial translation]

Contents

1. Outline

1-1 EEV Principles

The EEV Principles and related guidance were published in May 2004 by the CFO Forum, an organization comprising the chief financial officers of Europe's leading life insurers, in order to improve consistency and transparency in EV reporting. In October 2005, further guidance on minimum required disclosures of sensitivities and other items was provided by the CFO Forum.

1-2 EEV Methodology

In the calculation of EEV, the Group has adopted a market-consistent approach – an approach which values cash flows from both assets and liabilities of a company consistently with comparable financial instruments traded in the market. A number of insurers, mainly in Europe, have implemented similar market-consistent approaches.

The Group has fully adopted the EEV Principles, while also taking into account a market-consistent approach, in calculating its EV.

2. EEV as of March 31, 2013

2-1 EEV Results of the Group

The EEV of the Group as of March 31, 2013 increased compared to the end of the previous fiscal year due to an increase in unrealized gains on securities attributable to a rise in bond prices caused by lower interest rates, depreciation of yen and stock market gains, and despite of a decrease in value of in-force business attributed to lower Japanese interest rates. The EEV of the Group as of March 31, 2013 is as follows:

(billions of yen)

	March 31, 2012	March 31, 2013	Increase (Decrease)
EEV	2,661.5	3,341.9	680.4
Adjusted net worth	1,867.0	3,128.8	1,261.7
Value of in-force business	794.4	213.1	(581.2)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business	187.7	211.2	23.4

(Note 1) The Group EEV is calculated as follows: Dai-ichi Life's EEV plus DFL's and TAL's EEV attributable to Dai-ichi Life's equity stake in DFL and TAL less Dai-ichi Life's carrying amount of equity of DFL and TAL.

(Note 2) Dai-ichi Life held 90.0% of the shares of DFL as of March 31, 2012 and as of March 31, 2013. Dai-ichi Life held 100.0% of the shares of TAL as of March 31, 2012 and as of March 31, 2013.

(Note 3) Dai-ichi Life's carrying amount of DFL's equity was ¥163.4 billion as of March 31, 2012 and as of March 31, 2013. Dai-ichi Life's carrying amount of TAL's equity was ¥136.5 billion as of March 31, 2012 and as of March 31, 2013.

(Note 4) Although TAL became a wholly owned subsidiary of Dai-ichi Life on May 11, 2011, Group's value of new business for the year ended March 31, 2012 includes value of new business of TAL for the period starting on April 1, 2011.

2-1-1 Adjusted Net Worth

Adjusted net worth represents the net assets attributed to shareholders and represents the market value of assets in excess of statutory policy reserves (excluding contingency reserve), and other liabilities (excluding reserve for price fluctuations).

In other words, adjusted net worth is calculated by adjusting the total net assets on the balance sheet for the retained earnings in liabilities, general reserve for possible loan losses, unrealized gains/losses in assets/liabilities not accounted for under the mark-to-market methodology, unfunded retirement benefit obligations, and tax effect equivalent of the items above. The methodology for deriving adjusted net worth is described in Appendix A.

Adjusted net worth as of March 31, 2013 increased from the end of previous fiscal year mainly due to an increase in unrealized gains for Dai-ichi Life, attributable to a rise in bond prices caused by lower interest rates, depreciation of yen and stock market gains.

The breakdown of the Group's adjusted net worth is as follows:

(billions of yen)

	March 31, 2012	March 31, 2013	Increase (Decrease)
Adjusted net worth	1,867.0	3,128.8	1,261.7
Total net assets on the balance sheet (Note1)	750.4	829.8	79.3
Retained earnings in liabilities (Note2)	562.8	682.8	120.0
General reserve for possible loan losses	2.4	1.7	(0.6)
Unrealized gains (losses) on securities and miscellaneous items(Note3)	1,346.6	2,961.9	1,615.3
Unrealized gains (losses) on loans	202.7	237.6	34.9
Unrealized gains (losses) on real estate(Note4)	(60.7)	(51.5)	9.2
Unrealized gains (losses) on liabilities(Note5)	6.1	(11.7)	(17.9)
Unfunded retirement benefit obligation(Note6)	(21.6)	11.0	32.6
Tax effect equivalent of above items	(603.8)	(1,141.3)	(537.4)
Adjustment for the Trust Fund for Employee Stock Holding Partnership and Stock Granting Trust (Note7)	12.9	11.4	(1.4)
Consolidation adjustment regarding DFL(Note8)	(163.4)	(163.4)	0.0
Minority interest in DFL's adjusted net worth(Note9)	(11.3)	(13.1)	(1.8)
Adjustment for intangible assets in TAL and miscellaneous items (Note10)	(19.5)	(90.1)	(70.6)
Consolidation adjustment regarding TAL(Note11)	(136.5)	(136.5)	0.0

(Note 1) The total of valuation and translation adjustments is excluded. An adjustment regarding the surplus relief reinsurance has been made for DFL's EEV calculation.

(Note 2) The sum of reserve for price fluctuations, contingency reserve, and the unallocated portion of reserve for policyholder dividends is reported.

(Note 3) For purposes of EEV calculations, domestic listed stocks are recorded at their market value as of the end of the reporting period, whereas for accounting purposes under Japanese GAAP, they are recorded on the balance sheet at their average value during the last month of the reporting period. The difference (the value for purposes of EEV calculations less the value recorded on our balance sheet) (after tax) was ¥13.4 billion as of March 31, 2012, and ¥16.5 billion as of March 31, 2013.

(Note 4) With respect to land, the difference between fair value and carrying value before revaluation is posted.

(Note 5) The figure represents the unrealized gains (losses) in subordinated debt that Dai-ichi Life issued.

(Note 6) The sum of unrecognized gains/losses on plan amendments and unrecognized actuarial differences is reported.

(Note 7) The fair value of the Trust Fund for the Employee Stock Holding Partnership and Stock Granting Trust (collectively, the "Trust") is reported (the fair value of the Trust Fund for the Employee Stock Holding Partnership does not exceed the loan amount of the trust fund).

(Note 8) Dai-ichi Life's carrying amount of equity of DFL, which is reported in "Total net assets on the balance sheet", is deducted to offset.

(Note 9) Minority interest in DFL's adjusted net worth is deducted.

(Note 10) An adjustment is made for TAL's intangible assets, including goodwill and value of in-force business.

(Note 11) Dai-ichi Life's carrying amount of equity of TAL, which is reported in "Total net assets on the balance

sheet", is deducted to offset.

(Note 12) All the items from "Total net assets on the balance sheet" to "Tax effect equivalent of above items" display the sum of the figures for Dai-ichi Life, DFL and TAL.

Reconciliations between the Group's adjusted net worth and total net assets are as follows:

(billions of yen)

	March 31, 2012	March 31, 2013	Increase (Decrease)
Total Net Assets *(Note1)*	569.4	563.7	(5.6)
PLUS Retained earnings in liabilities *(Note2)*	562.8	682.8	120.0
PLUS General reserve for possible loan losses	2.4	1.7	(0.6)
PLUS Unrealized gains/losses *(Note3)*	1,490.8	3,149.1	1,658.2
PLUS Adjustment regarding the surplus relief reinsurance for DFL *(Note4)*	(35.2)	(28.6)	6.5
PLUS Unfunded retirement benefit obligation *(Note5)*	(21.6)	11.0	32.6
PLUS Tax effect equivalent of above items	(603.8)	(1,141.3)	(537.4)
LESS Intangible assets of TAL	97.7	109.7	12.0
LESS Book value of businesses not covered	0.0	0.0	0.0
Adjusted net worth	1,867.0	3,128.8	1,261.7

(Note 1) The total accumulated other comprehensive income and minority interests are excluded.

(Note 2) The sum of reserve for price fluctuations, contingency reserve, and the unallocated portion of reserve for policyholder dividends is reported.

(Note 3) The sum of the unrealized gains/losses in securities and miscellaneous items, loans, real estate and liabilities is reported. Due to the consolidation adjustment with regard to consolidated subsidiaries and affiliated companies accounted for under the equity method, unrealized gains/losses on equity within this item are different from the sum of the unrealized gains/losses on equity in Dai-ichi Life and DFL. The fair value of the Trust is also reported in this item for adjustment (the fair value of the Trust Fund for the Employee Stock Holding Partnership does not exceed the loan amount of the trust fund).

(Note 4) An adjustment regarding the surplus relief reinsurance has been made for DFL's EEV calculation.

(Note 5) The sum of unrecognized gains/losses on plan amendments and unrecognized actuarial differences is reported.

2-1-2 Value of In-force Business

The value of in-force business is the amount of (i) certainty equivalent present value of future profits, less (ii) time value of financial options and guarantees, less (iii) cost of holding required capital, less (iv) allowance for non-financial risks. Investment cash flows to determine certainty equivalent present value of future profits are calculated assuming that investment yields of all assets are equivalent to the risk-free rate. The investment yields were lower due to decline of JGB rates, which in turn caused a decrease in the value of in-force business.

The methodology for deriving value of in-force business is described in Appendix A, and the assumption for the risk-free rate is shown in Appendix B.

The breakdown of the Group's value of in-force business is as follows:

(billions of yen)

	March 31, 2012	March 31, 2013	Increase (Decrease)
Value of in-force business	794.4	213.1	(581.2)
Certainty equivalent present value of future profits*(Note)*	1,030.9	493.0	(537.9)
Time value of financial options and guarantees	(125.7)	(169.6)	(43.8)
Cost of holding required capital	(54.6)	(49.1)	5.5
Allowance for non-financial risks	(56.0)	(61.0)	(4.9)

(Note) An adjustment regarding the surplus relief reinsurance has been made for DFL's EEV calculation.

2-1-3 Value of New Business

The value of new business is the value at the time of sale, after all acquisition-related costs, of new policies (including net increase by conversion) obtained during the reporting period. The value of new business for the fiscal year ended March 31, 2013 is as follows:

(billions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business	187.7	211.2	23.4
Certainty equivalent present value of future profit	195.9	222.3	26.4
Time value of financial options and guarantees	(0.9)	(3.3)	(2.3)
Cost of holding required capital	(3.8)	(3.9)	(0.1)
Allowance for non-financial risks	(3.3)	(3.8)	(0.5)

(Note) Although TAL became a wholly owned subsidiary of Dai-ichi Life on May 11, 2011, the Group's value of new business for the year ended March 31, 2012 includes value of new business of TAL for the period starting on April 1, 2011.

The new business margins (the ratio of the value of new business to the present value of premium income) are as follows:

(billions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business	187.7	211.2	23.4
Present Value of Premium Income*(Note)*	3,188.8	3,606.4	417.5
New Business Margin	5.89%	5.86%	(0.03) points

(Note) Future premium income is discounted by the risk-free rate used for the value of new business calculation.

2-2 EEV by Company

(1) Dai-ichi Life

(billions of yen)

	March 31, 2012	March 31, 2013	Increase (Decrease)
EEV *(Note1)*	2,715.0	3,352.9	637.8
Adjusted net worth	1,996.2	3,223.0	1,226.8
Total net assets *(Note2)*	610.5	623.9	13.3
Retained earnings in liabilities *(Note3)*	505.3	589.7	84.3
General reserve for possible loan losses	2.4	1.7	(0.6)
Unrealized gains (losses) on securities and miscellaneous items *(Note4)*	1,340.5	2,947.7	1,607.1
Unrealized gains (losses) on loans	202.7	237.6	34.9
Unrealized gains (losses) on real estate *(Note5)*	(60.7)	(51.5)	9.2
Unrealized gains (losses) on liabilities *(Note6)*	6.1	(11.7)	(17.9)
Unfunded retirement benefit obligation *(Note7)*	(21.6)	11.0	32.6
Tax effect equivalent of above items	(602.0)	(1,136.9)	(534.9)
Adjustment for the Trust Fund for Employee Stock Holding Partnership and Stock Granting Trust *(Note8)*	12.9	11.4	(1.4)
Value of in-force business	718.7	129.8	(588.9)
Certainty equivalent present value of future profits	896.5	335.9	(560.5)
Time value of financial options and guarantees	(82.5)	(112.7)	(30.1)
Cost of holding required capital	(43.5)	(37.8)	5.7
Allowance for non-financial risks	(51.5)	(55.5)	(3.9)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business	168.1	191.1	23.0
Certainty equivalent present value of future profit	173.3	199.0	25.6
Time value of financial options and guarantees	(0.9)	(3.3)	(2.3)
Cost of holding required capital	(1.6)	(1.7)	0.0
Allowance for non-financial risks	(2.6)	(2.8)	(0.2)

(Note 1) Dai-ichi Life's share of DFL and TAL is valued on a book value basis. The EEV of the Group is adjusted for consolidation.

(Note 2) The total of valuation and translation adjustments is excluded.

(Note 3) The sum of reserve for price fluctuations, contingency reserves, and the unallocated portion of reserve for policyholder dividends is reported.

(Note 4) For purposes of EEV calculations, domestic listed stocks are recorded at their market value as of the end of the reporting period, whereas for accounting purposes under Japanese GAAP, they are recorded on the balance sheet at their average value during the last month of the reporting period. The difference (the

value for purposes of EEV calculations less the value recorded on our balance sheet) (after tax) is ¥13.4 billion as of March 31, 2012, and ¥16.5billion as of March 31, 2013.

(Note 5) With respect to land, the difference between fair value and carrying value before revaluation is posted.

(Note 6) The figure represents the unrealized gains (losses) in subordinated debt that Dai-ichi Life issued.

(Note 7) The sum of unrecognized gains/losses on plan amendments and unrecognized actuarial differences is reported.

(Note 8) The fair value of the Trust is reported (the fair value of the Trust Fund for the Employee Stock Holding Partnership does not exceed the loan amount of the trust fund).

The new business margins (the ratio of the value of new business to the present value of premium income) are as follows:

(billions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business	168.1	191.1	23.0
Present Value of Premium Income*(Note)*	2,732.7	2,967.1	234.3
New Business Margin	6.15%	6.44%	0.29 points

(Note) Future premium income is discounted by the risk-free rate used for the value of new business calculation.

(2) Dai-ichi Frontier Life

(billions of yen)

	March 31, 2012	March 31, 2013	Increase (Decrease)
EEV *(Note1)*	122.2	129.3	7.0
Adjusted net worth	113.2	131.6	18.4
Total net asset *(Note2) (Note3)*	51.5	28.6	(22.9)
Retained earnings in liabilities *(Note4)*	57.5	93.1	35.6
General reserve for possible loan losses	0.0	0.0	0.0
Unrealized gains (losses) on securities and miscellaneous items	6.0	14.2	8.2
Tax effect equivalent of above items	(1.8)	(4.3)	(2.5)
Value of in-force business	8.9	(2.3)	(11.3)
Certainty equivalent present value of future profits *(Note3)*	57.8	61.2	3.3
Time value of financial options and guarantees	(46.8)	(61.8)	(15.0)
Cost of holding required capital	(0.8)	(0.3)	0.5
Allowance for non-financial risks	(1.1)	(1.3)	(0.1)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business	2.4	1.9	(0.4)
Certainty equivalent present value of future profit	2.7	2.5	(0.2)
Time value of financial options and guarantees	0.0	0.0	0.0
Cost of holding required capital	(0.1)	(0.1)	0.0
Allowance for non-financial risks	(0.2)	(0.3)	(0.1)

(Note 1) This table shows the full value of DFL as an independent entity. When used in the calculation of Group EEV, the value is in proportion to Dai-ichi Life's shareholding in DFL (90.0%).

(Note 2) The total of valuation and translation adjustments is excluded.

(Note 3) An adjustment regarding the surplus relief reinsurance has been made for DFL's EEV calculation.

(Note 4) The sum of the reserve for price fluctuations and contingency reserve is reported.

The new business margins (the ratio of the value of new business to the present value of premium income) are as follows:

(billions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business	2.4	1.9	(0.4)
Present Value of Premium Income*(Note)*	305.1	487.1	182.0
New Business Margin	0.79%	0.40%	(0.39) points

(Note) Future premium income is discounted by the risk-free rate used for the value of new business calculation.

(3) TAL

(billions of yen)

	March 31, 2012	March 31, 2013	Increase (Decrease)
EEV	136.4	172.6	36.1
Adjusted net worth	68.7	87.1	18.3
Total net asset	88.3	177.3	88.9
Adjustment for intangible assets and miscellaneous items(Note1)	(19.5)	(90.1)	(70.6)
Value of in-force business	67.6	85.4	17.8
Certainty equivalent present value of future profits	82.3	101.9	19.5
Time value of financial options and guarantees	(1.0)	(1.1)	(0.1)
Cost of holding required capital	(10.3)	(11.0)	(0.6)
Allowance for non-financial risks	(3.4)	(4.2)	(0.8)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business(Note2)	17.4	18.3	0.8
Certainty equivalent present value of future profit	20.0	21.0	1.0
Time value of financial options and guarantees	0.0	0.0	0.0
Cost of holding required capital	(2.0)	(2.0)	0.0
Allowance for non-financial risks	(0.5)	(0.6)	0.0

(Note 1) An adjustment is made for TAL's intangible assets, including goodwill and value of in-force business.

(Note 2) Although TAL became a wholly owned subsidiary of Dai-ichi Life on May 11, 2011, Group's value of new business for the year ended March 31, 2012 includes value of new business of TAL for the period starting on April 1, 2011.

(Note 3) EEV as of March 31, 2012 is for TAL Limited, a subsidiary of TAL Dai-ichi Life Australia Pty Limited. In past disclosures, the EEV for the Australian life insurance business was calculated for TAL Limited. However, for the fiscal year ended March 31, 2013, the EEV is calculated for TAL Dai-ichi Life Australia Pty Limited. EEV as of March 31, 2012 for TAL Dai-ichi Life Australia Pty Limited was ¥134.2 billion (comprising adjusted net worth of ¥66.6 billion, and value of in-force business of ¥67.6 billion).

The new business margins (the ratio of the value of new business to the present value of premium income) are as follows:

(billions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business	17.4	18.3	0.8
Present Value of Premium Income*(Note)*	181.4	200.8	19.3
New Business Margin	9.63%	9.15%	(0.48) points

(Note) Future premium income is discounted by the risk-free rate used for the value of new business calculation.

(Reference) TAL's EEV in Australian Dollar

(millions of AUD)

	March 31, 2012	March 31, 2013	Increase (Decrease)
EEV	1,596	1,762	166
Adjusted net worth	805	889	84
Total net asset	1,034	1,810	776
Adjustment for intangible assets	(229)	(920)	(691)
Value of in-force business	791	872	81
Certainty equivalent present value of future profits	964	1,040	76
Time value of financial options and guarantees	(11)	(12)	0
Cost of holding required capital	(120)	(112)	8
Allowance for non-financial risks	(40)	(43)	(3)

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Value of new business	204	187	(16)
Certainty equivalent present value of future profit	234	215	(19)
Time value of financial options and guarantees	0	0	0
Cost of holding required capital	(23)	(21)	2
Allowance for non-financial risks	(6)	(6)	0

(Reference) Dai-ichi Life Insurance Company of Vietnam

Dai-ichi Life Insurance Company of Vietnam, Limited (hereinafter "DLVN"), a consolidated life insurance subsidiary in Vietnam, is assumed to have a limited impact on the Group EEV. Accordingly in the EEV calculation process, the Group considers the EV of DLVN calculated using traditional embedded value ("TEV") methodology to be the fair value of Dai-ichi Life's ownership interest, which has been included in the Group's adjusted net worth.

The closing date of DLVN is 31 December. In calculating the Group EEV, the TEV of DLVN as of the most recent closing date is used. The TEV of DLVN as of December 31, 2012 is as follows:

(billions of yen)

	December 31, 2011	December 31, 2012	Increase (Decrease)
TEV	5.4	8.5	3.1
Adjusted net worth	4.2	5.3	1.1
Value of in-force business	1.1	3.1	2.0

3. Movement Analysis

3-1 Movement Analysis of Group EEV

(billions of yen)

	Adjusted net worth	Value of in-force business	EEV
Values as of March 31, 2012	1,867.0	794.4	2,661.5
(1) Adjustments to the values as of March 31, 2012	(8.5)	9.8	1.2
Shareholder dividend	(16.0)	0.0	(16.0)
Change of reporting scope of TAL	(2.1)	0.0	(2.1)
Foreign exchange variance	9.5	9.8	19.4
Adjusted values as of March 31, 2012	1,858.5	804.3	2,662.8
(2) Value of new business	0.0	211.2	211.2
(3) Expected existing business contribution (risk-free rate)	(0.7)	16.4	15.7
(4) Expected existing business contribution (in excess of risk-free rate)	17.6	316.4	334.0
(5) Expected transfer from VIF to adjusted net worth	(46.7)	46.7	0.0
on in-force at beginning of year	113.3	(113.3)	0.0
on new business	(160.1)	160.1	0.0
(6) Non-economic experience variances	2.2	3.8	6.1
(7) Non-economic assumptions changes	(1.1)	70.0	68.8
(8) Economic variances	1,299.0	(1,348.9)	(49.8)
(9) Other variances	0.0	93.0	93.0
Values as of March 31, 2013	3,128.8	213.1	3,341.9

(1) Adjustments to the values as of March 31, 2012

Adjusted net worth of Dai-ichi Life decreased by ¥16.0 billion, as it paid out shareholder dividends during the fiscal year ended March 31, 2013.

Moreover, an adjustment is made for a change of reporting scope of TAL's EEV effective from the fiscal year ended March 31, 2013. During the fiscal year ended March 31, 2013, TAL's principal holding company function was transferred from TAL Limited to TAL Dai-ichi Life Australia Pty Limited. Consequently, we changed our approach for calculating the Group EEV: for the fiscal year ended March 31, 2013, TAL's EEV is calculated for TAL Dai-ichi Life Australia Pty Limited, instead of TAL Limited. Impact of the change is included in this item.

This item also includes the foreign exchange variance, because TAL's EEV is converted into yen.

(2) Value of new business

The value of new business represents the value at the time of sale, after all acquisition-related costs, attributable to new business obtained during the fiscal year

ended March 31, 2013.

(3) Expected existing business contribution (risk-free rate)
In calculating the value of in-force business, future expected profits are discounted back using risk-free rates. Thus, the discounted value is assumed to earn the risk-free rate over time. Moreover, this item includes the expected return on the assets backing adjusted net worth using risk-free rates, and the release for the fiscal year ended March 31, 2013 of time value of financial options and guarantees, cost of holding required capital and allowance for non-financial risks.
This item includes the expected profit/loss over time derived from derivative transactions, which Dai-ichi Frontier Life utilizes to reduce minimum guarantee risks of variable annuities.

(4) Expected existing business contribution (in excess of risk-free rate)
Rates of future expected returns are assumed to be risk-free rates in calculating EEV. However, the Group expects higher rates of returns on these assets than the risk-free rates. In calculating this item, the Group uses the expected rates of returns described in Appendix B.
This item includes the expected profit/loss from the higher rate of returns than the risk-free rates derived from derivative transactions for reducing minimum guarantee risks of variable annuities by Dai-ichi Frontier Life.

(5) Expected transfer from VIF (value of in-force business) to adjusted net worth
The total expected profit during the fiscal year on a statutory accounting basis is transferred to the adjusted net worth. This item includes both the profit expected to emerge from business in force at the start of the reporting period, as well as the expected emergence in adjusted net worth during the fiscal year of statutory losses, including the impact of acquisition costs, and a corresponding increase in the value of in-force business, arising from the new business issued in the fiscal year.
Note that the transferred amounts do not affect the total amount of Group EEV.

(6) Non-economic experience variances
This item represents the difference between (i) the non-economic assumptions, which were used for calculating EEV as of March 31, 2012 and (ii) the actual experience during the fiscal year ended March 31, 2013 corresponding to such assumptions.

(7) Non-economic assumptions changes
This item quantifies the amount of change attributable to increase/decrease in future profits/losses after March 31, 2013 due to changes made to the assumptions.

(8) Economic variances

This item represents the impact of differences between actual investment returns in the period and the expected investment returns and the impact on the value of in-force business from the change to the end of period economic assumptions.

The decrease in value of in-force business is mainly attributed to the decline of interest rates on Japanese Government Bond (JGB) and the increase of adjusted net worth is mainly attributed to the increase in unrealized gains attributable to a rise in bond prices caused by lower interest rates, depreciation of yen and stock market gains.

(9) Other variances

This item includes the impact of factors other than stated above. Model changes are included in this item.

Dai-ichi Life has revised the premium rate applied to contracts to be renewed on or after April 1, 2013. This item includes the positive impact of the revision (¥118.3billion). Please note that Dai-ichi Life has also revised the premium rate for new business to be acquired on or after April 1, 2013, but new business acquisition in the future is not included in the EEV calculation.

This item also includes the negative impact of revised operating expenses assumption for Dai-ichi Life and DFL, due to scheduled changes in consumption tax (¥23.3billion).

3-2 Movement Analysis by Company

(1) Dai-ichi Life

(billions of yen)

	Adjusted net worth	Value of in-force business	EEV
Values as of March 31, 2012	1,996.2	718.7	2,715.0
Adjustments to the values as of March 31, 2012*(Note1)*	(16.0)	0.0	(16.0)
Adjusted values as of March 31, 2012	1,980.2	718.7	2,699.0
Value of new business	0.0	191.1	191.1
Expected existing business contribution (risk-free rate)	1.3	2.5	3.8
Expected existing business contribution (in excess of risk-free rate)	23.6	304.1	327.7
Expected transfer from VIF to adjusted net worth	(51.2)	51.2	0.0
on in-force at beginning of year	100.6	(100.6)	0.0
on new business	(151.8)	151.8	0.0
Non-economic experience variances	2.4	5.9	8.3
Non-economic assumptions changes	0.0	77.8	77.8
Economic variances	1,266.5	(1,314.0)	(47.4)
Other variances*(Note2)*	0.0	92.3	92.3
Values as of March 31, 2013	3,223.0	129.8	3,352.9

(Note 1) Adjusted net worth of Dai-ichi Life decreased by ¥16.0 billion, as it paid out shareholder dividends during the fiscal year ending March 31, 2013.

(Note 2) Dai-ichi Life has revised the premium rate applied to the contracts to be renewed on or after April 1, 2013. This item includes the positive impact of this revision (¥118.3billion). It also includes the negative impact of revised operating expenses assumption due to scheduled changes in consumption tax (¥23.1 billion).

(2) Dai-ichi Frontier Life

(billions of yen)

	Adjusted net worth	Value of in-force business	EEV
Values as of March 31, 2012	113.2	8.9	122.2
Adjustments to the values as of March 31, 2012	0.0	0.0	0.0
Adjusted values as of March 31, 2012	113.2	8.9	122.2
Value of new business	0.0	1.9	1.9
Expected existing business contribution (risk-free rate)	(5.3)	11.5	6.1
Expected existing business contribution (in excess of risk-free rate)	(6.6)	13.6	6.9
Expected transfer from VIF to adjusted net worth	(4.3)	4.3	0.0
on in-force at beginning of year	4.5	(4.5)	0.0
on new business	(8.9)	8.9	0.0
Non-economic experience variances	(0.5)	0.5	0.0
Non-economic assumptions changes	0.0	(0.9)	(0.9)
Economic variances	35.3	(42.1)	(6.8)
Other variances*(Note)*	0.0	(0.2)	(0.2)
Values as of March 31, 2013	131.6	(2.3)	129.3

(Note) It includes the negative impact of revised operating expenses assumption due to scheduled changes in consumption tax (¥0.2 billion).

(3) TAL

(billions of yen)

	Adjusted net worth	Value of in-force business	EEV
Values as of March 31, 2012	68.7	67.6	136.4
Adjustments to the values as of March 31, 2012	6.0	9.8	15.9
Change of reporting scope of TAL *(Note1)*	(2.1)	0.0	(2.1)
Shareholder dividend *(Note2)*	(1.3)	0.0	(1.3)
Foreign exchange variance	9.5	9.8	19.4
Adjusted values as of March 31, 2012	74.8	77.4	152.3
Value of new business	0.0	18.3	18.3
Expected existing business contribution (risk-free rate)	2.7	3.5	6.2
Expected existing business contribution (in excess of risk-free rate)	0.0	0.0	0.0
Expected transfer from VIF to adjusted net worth	8.3	(8.3)	0.0
on in-force at beginning of year	8.5	(8.5)	0.0
on new business	(0.2)	0.2	0.0
Non-economic experience variances	0.2	(2.5)	(2.2)
Non-economic assumptions changes	(1.1)	(6.8)	(8.0)
Economic variances	2.0	3.0	5.0
Other variances	0.0	0.8	0.8
Values as of March 31, 2013	87.1	85.4	172.6

(Note 1) This represents an adjustment due to a change of reporting scope of TAL's EEV effective from the fiscal year ended March 31, 2013.

(Note 2) Adjusted net worth decreased by ¥1.3 billion, as TAL booked shareholder dividends to Dai-ichi Life during the fiscal year ending March 31, 2013.

4. Sensitivity Analysis

4-1 Sensitivity Analysis of Group EEV

The following table shows a sensitivity analysis of Group EEV to changes in assumptions. Although each figure in the table indicates the sensitivity in response to a change in one parameter, it should be noted that the sum of two or more figures in the table does not indicate the sensitivity to a change in two or more parameters corresponding to such figures.

The sensitivities are calculated based on the assumption that the Group's management actions would remain unaffected by changes in parameters.

(billions of yen)

Assumptions	EEV	Increase (decrease)
Values as of March 31, 2013	3,341.9	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	3,611.2	269.3
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	2,972.8	(369.1)
Sensitivity 3: 10% decline in equity and real estate values	3,045.3	(296.6)
Sensitivity 4: 10% decline in maintenance expenses	3,517.5	175.5
Sensitivity 5: 10% decline in surrender and lapse rate	3,523.3	181.3
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	3,489.3	147.3
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	3,330.8	(11.1)
Sensitivity 8: Setting required capital at statutory minimum level	3,370.3	28.4
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	3,314.7	(27.1)
Sensitivity 10: 25% increase in implied volatilities of swaptions	3,325.5	(16.3)

The following table shows the effect on the Group's adjusted net worth for sensitivities 1 through 7. For sensitivities 8 through 10, only the value of in-force business is affected.

(billions of yen)

	Increase (decrease)
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	(996.7)
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	828.4
Sensitivity 3: 10% decline in equity and real estate values	(302.1)
Sensitivity 4: 10% decline in maintenance expenses	0.0
Sensitivity 5: 10% decline in surrender and lapse rate	0.0
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	0.8
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	(0.1)

Sensitivity analysis of the Group's value of new business

(billions of yen)

Assumptions	Value of new business	Increase (decrease)
Values as of March 31, 2013	211.2	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	252.5	41.3
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	164.1	(47.1)
Sensitivity 3: 10% decline in equity and real estate values	210.9	(0.2)
Sensitivity 4: 10% decline in maintenance expenses	225.8	14.6
Sensitivity 5: 10% decline in surrender and lapse rate	242.2	31.0
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	220.3	9.0
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	211.2	0.0
Sensitivity 8: Setting required capital at statutory minimum level	212.5	1.3
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	210.7	(0.4)
Sensitivity 10: 25% increase in implied volatilities of swaptions	210.9	(0.3)

- Sensitivity 1

The item represents the effect on EEV of an upward parallel shift of 50bp in the yield curve of risk-free forward rates. As prices of bonds and loans change, the adjusted net worth changes. Also, as future expected investment yields change, the value of in-force business changes.

In accordance with the EEV principles, life insurers are required to disclose their EEV sensitivities to a 100bp shift in the yield curve. However, taking into consideration the low level of interest rates in Japan, we disclosed our sensitivities to a 50bp shift in the yield curve.

- Sensitivity 2

The item represents the effect on EEV of a downward parallel shift of 50bp in the yield curve of risk-free forward rates. The lower limit of the risk-free forward rates is assumed to be zero.

- Sensitivity 3

This item shows the effect on EEV of a decline of 10% in equity and real estate values.

- Sensitivity 4

The item represents the effect on EEV of a decrease of 10% in estimated maintenance expenses associated with maintaining in-force business.

- Sensitivity 5

The item represents the effect on EEV of a decrease of 10% in surrender and lapse rates.

- Sensitivity 6

The item represents the effect on EEV of a decrease of 5% in mortality and morbidity rates for life and medical insurance products.

- Sensitivity 7

The item represents the effect on EEV of a decrease of 5% in mortality and morbidity rates for annuities.

- Sensitivity 8

The item represents the effect on EEV in the event that required capital was changed to the statutory minimum level in Japan (Dai-ichi Life and DFL) and Australia (TAL). As items such as subordinated debt and policy reserves in excess of surrender values are regarded as solvency margin within a certain limit under the Japanese solvency margin framework, the cost of holding required capital is not proportional to the level of capital, and the cost to satisfy the statutory minimum level can be nil.

- Sensitivity 9

The item represents the effect on EEV of an increase of 25% in the implied volatilities of equity and real estate values. This is because the value of in-force business should

change as the time value of financial options and guarantees changes.

- Sensitivity 10

The item represents the effect on EEV of an increase of 25% in the implied volatilities of swaptions. This is because the value of in-force business should change as the time value of financial options and guarantees changes.

4-2 Sensitivity Analysis by Company

(1) Dai-ichi Life

(billions of yen)

Assumptions	EEV	Increase (decrease)
Values as of March 31, 2013	3,352.9	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	3,625.5	272.6
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	2,984.2	(368.6)
Sensitivity 3: 10% decline in equity and real estate values	3,060.3	(292.5)
Sensitivity 4: 10% decline in maintenance expenses	3,521.6	168.7
Sensitivity 5: 10% decline in surrender and lapse rate	3,518.0	165.1
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	3,491.8	138.8
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	3,342.0	(10.8)
Sensitivity 8: Setting required capital at statutory minimum level	3,380.5	27.6
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	3,343.9	(9.0)
Sensitivity 10: 25% increase in implied volatilities of swaptions	3,335.5	(17.3)

The following table shows the effect on the adjusted net worth for sensitivities 1 through 3. For sensitivities 4 through 10, only the value of in-force business is affected.

(billions of yen)

	Increase (decrease)
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	(976.4)
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	819.6
Sensitivity 3: 10% decline in equity and real estate values	(294.5)

Sensitivity analysis of Dai-ichi Life's value of new business

(billions of yen)

Assumptions	Value of new business	Increase (decrease)
Values as of March 31, 2013	191.1	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	233.3	42.1
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	142.9	(48.1)
Sensitivity 3: 10% decline in equity and real estate values	191.3	0.2
Sensitivity 4: 10% decline in maintenance expenses	204.6	13.4
Sensitivity 5: 10% decline in surrender and lapse rate	217.3	26.2
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	198.6	7.5
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	191.1	0.0
Sensitivity 8: Setting required capital at statutory minimum level	192.3	1.2
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	190.7	(0.3)
Sensitivity 10: 25% increase in implied volatilities of swaptions	190.8	(0.3)

(2) Dai-ichi Frontier Life

(billions of yen)

Assumptions	EEV	Increase (decrease)
Values as of March 31, 2013	129.3	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	131.1	1.8
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	122.7	(6.5)
Sensitivity 3: 10% decline in equity and real estate values	125.3	(3.9)
Sensitivity 4: 10% decline in maintenance expenses	130.5	1.2
Sensitivity 5: 10% decline in surrender and lapse rate	126.8	(2.4)
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	129.3	0.0
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	129.3	0.0
Sensitivity 8: Setting required capital at statutory minimum level	129.5	0.1
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	109.1	(20.2)
Sensitivity 10: 25% increase in implied volatilities of swaptions	130.4	1.1

The following table shows the effect on the adjusted net worth for sensitivities 1 through 3. For sensitivities 4 through 10, only the value of in-force business is affected.

(billions of yen)

	Increase (decrease)
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	(21.5)
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	8.6
Sensitivity 3: 10% decline in equity and real estate values	(8.1)

Sensitivity analysis of Dai-ichi Frontier Life's value of new business

(billions of yen)

Assumptions	Value of new business	Increase (decrease)
Values as of March 31, 2013	1.9	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	2.3	0.4
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	1.5	(0.3)
Sensitivity 3: 10% decline in equity and real estate values	1.3	(0.5)
Sensitivity 4: 10% decline in maintenance expenses	2.3	0.3
Sensitivity 5: 10% decline in surrender and lapse rate	1.6	(0.2)
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	1.9	0.0
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	1.9	0.0
Sensitivity 8: Setting required capital at statutory minimum level	2.0	0.1
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	1.8	(0.1)
Sensitivity 10: 25% increase in implied volatilities of swaptions	1.9	0.0

(3) TAL

(billions of yen)

Assumptions	EEV	Increase (decrease)
Values as of March 31, 2013	172.6	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	167.6	(4.9)
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	178.0	5.4
Sensitivity 3: 10% decline in equity and real estate values	172.1	(0.5)
Sensitivity 4: 10% decline in maintenance expenses	178.3	5.7
Sensitivity 5: 10% decline in surrender and lapse rate	191.0	18.4
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	180.9	8.3
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	172.3	(0.2)
Sensitivity 8: Setting required capital at statutory minimum level	173.2	0.6
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	172.6	0.0
Sensitivity 10: 25% increase in implied volatilities of swaptions	172.6	0.0

The following table shows the effect on the adjusted net worth for sensitivities 1 through 7. For sensitivity 8 through 10, only the value of in-force business is affected.

(billions of yen)

	Increase (decrease)
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	(0.9)
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	1.0
Sensitivity 3: 10% decline in equity and real estate values	(0.2)
Sensitivity 4: 10% decline in maintenance expenses	0.0
Sensitivity 5: 10% decline in surrender and lapse rate	0.0
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	0.8
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	(0.1)

Sensitivity analysis of TAL's value of new business

(billions of yen)

Assumptions	Value of new business	Increase (decrease)
Values as of March 31, 2013	18.3	-
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	17.1	(1.2)
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	19.7	1.3
Sensitivity 3: 10% decline in equity and real estate values	18.3	0.0
Sensitivity 4: 10% decline in maintenance expenses	19.2	0.8
Sensitivity 5: 10% decline in surrender and lapse rate	23.4	5.0
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	19.8	1.5
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	18.3	0.0
Sensitivity 8: Setting required capital at statutory minimum level	18.3	0.0
Sensitivity 9: 25% increase in implied volatilities of equity and real estate values	18.3	0.0
Sensitivity 10: 25% increase in implied volatilities of swaptions	18.3	0.0

5. Note on Using EV

In calculating the embedded value of the Group, numerous assumptions (some of which are shown in Appendix B) are required concerning the Group's lines of business with respect to industry performance, business and economic conditions and other factors, many of which are outside the Group's control. Although the assumptions used represent estimates that the Group believe are appropriate for the purpose of embedded value reporting, future operating conditions may differ, perhaps significantly, from those assumed in the calculation of the embedded value. Consequently, the inclusion of embedded value herein should not be regarded as a statement by the Group, Towers Watson or any other entity, that the stream of future after-tax profits discounted to produce the embedded value will be achieved.

Appendix A: EEV Methodology

The methodology and assumptions adopted by the Group to calculate EEV are market-consistent and in accordance with the EEV Principles and related Guidance issued by the CFO Forum in May 2004 and further EEV Guidance on minimum required disclosures of sensitivities and other items issued by the CFO Forum in October 2005.

1. Covered Business

The covered business represents all of the life insurance business of the Group (all the businesses and subsidiaries are covered in the EEV calculations).

Consolidated subsidiaries/affiliated companies operating life insurance businesses are treated as follows:

- Dai-ichi Frontier Life and TAL
  EEV of the company attributable to Dai-ichi Life's equity stake in each company is calculated and included in the Group's EEV.
- Dai-ichi Life Insurance Company of Vietnam, Limited
  As the company has a limited impact on Group EEV, adjusted net worth of Group EEV includes the unrealized gains/losses of the stocks of the company, regarding its TEV as the fair value of Dai-ichi Life's ownership interest.
- Affiliated companies accounted for under the equity method
  EEV is not calculated, and differences in market value and book value of assets have been reflected as unrealized gains (losses) in adjusted net worth.

2. Adjusted Net Worth

Adjusted net worth is calculated by adjusting the total net assets on the company's balance sheet for the following:

- In order to mark to market, differences in market value and book value of assets have been reflected, specifically differences of bonds held to maturity, policy-reserve-matching bonds, loans, land, building, debt and borrowings etc., after adjusting for tax. For retirement benefits, the sum of unrecognized gains/losses on plan amendments and unrecognized actuarial differences has been used after adjustment for tax.
- Liabilities that are appropriate to be added to the adjusted net worth (contingency reserve, reserve for price fluctuations, unallocated portion of reserve for policyholder dividends, and general reserve for possible loan losses) have been added on an after-tax basis.
- The fair value of the Trust is reported (the fair value of the Trust Fund for Employee Stock Holding Partnership does not exceed the loan amount of the trust

fund). The adjustment is made because, although Dai-ichi Life stock which the Trust owns is expected to be sold and excluded from the amount of treasury stock in the future, the book value (¥16.7 billion as of March 31, 2012, and ¥13.4 billion as of March 31, 2013) of such stock is deducted from "Total net assets on the balance sheet" as treasury stock.

- Adjusted net worth of DFL is shown after the adjustment regarding the surplus relief reinsurance. The effects on "Total net asset" and "Certainty equivalent present value of future profits" as of March 31, 2012 are ¥(35.2) billion and ¥35.2 billion, respectively. The effects on "Total net asset" and "Certainty equivalent present value of future profits" as of March 31, 2013 are ¥(28.6) billion and ¥28.6 billion, respectively.

  (Note) Under current statutory accounting practices applicable to life insurance companies in Japan, the initial cost is recognized at the time of sale, and the profit is collected gradually over the contract period. Because the ability of an insurance company to recover the initial cost is subject to the future economic environment, DFL reduces the risk of failing to recover the cost by a surplus relief reinsurance. DFL receives commission to cover the initial cost at the time of sale, and the commission is amortized over the contract period. As a result, DFL can reduce the capital cost of new business.
  For EEV purposes, we reclassify the future cost for reinsurance from VIF to ANW because we consider the reclassification more appropriately expresses VIF and ANW.

- An adjustment is made for TAL's intangible assets, including goodwill and value of in-force business.

3. Value of in-force business

The value of in-force business is calculated as (i) certainty equivalent present value of projected after-tax profits, less (ii) time value of financial options and guarantees, less (iii) cost of holding required capital, less (iv) allowance for non-financial risks.

Future profits for each year are estimated based on the assumption that policy reserves are held on a statutory basis in each country.

With regard to reinsurance, both reinsured and reinsuring parts are reflected.

3-1 Certainty equivalent present value of future profits

The certainty equivalent present value of future profits is the after-tax profits based on the projected cash flows calculated on a deterministic basis, and discounted by the risk-free rate. Investment cash flows are calculated assuming that investment yields of all assets are equivalent to the risk-free rate.

The certainty equivalent present value of future profits reflects the intrinsic value of options and guarantees.

As described in "2. Adjusted Net Worth", the certainty equivalent present value of future profits of DFL is shown after the adjustment regarding the surplus relief reinsurance

3-2 Time value of financial options and guarantees

The time value of financial options and guarantees is calculated as the difference between (i) the certainty equivalent present value of future profits and (ii) the average of the present value of future after-tax profits calculated by stochastic methods where economic assumptions are consistent with current market prices for traded assets. For TAL, it is calculated assuming a simple normal distribution, taking into account the limited impact on the results.

Asset allocation is assumed to be the same as the one at the valuation date over the projection periods and any discretion of management in terms of investment strategy is not incorporated.

There are various options in the insurance contracts. The following principal options and guarantees are considered in calculating the time value of financial options and guarantees of the Group using stochastic methods.

- Participating policies options

  When profits arise, policyholder dividends are paid out. On the other hand, when losses arise, the cost of guarantees is not attributed to policyholders. Such asymmetric nature emerges in the net surplus after distribution of policyholder dividends. The value of this option is calculated in the time value of financial options and guarantees by assuming future policyholder dividends along with future profits by stochastic scenarios.

- Minimum guarantees for variable life insurance

  When investment performance is good, policyholders will be entitled to the full amount of the account. On the other hand, when investment performance is poor, an insurance company will bear the cost of guarantees attached to variable life insurance policies. The value of this option is calculated in the time value of financial options and guarantees of the Group.

- Minimum interest-rate guarantee for interest rate-sensitive products

  When interest rates rise, high interest rates are credited to interest rate-sensitive products. On the other hand, even when interest rates decline, the minimum interest rate is guaranteed in some cases. Such asymmetric nature emerges in future cash flows. The value of this option is calculated in the time value of financial options and guarantees of the Group.

- Policyholder behavior

  Policyholders have options depending on the movement of financial markets. The cost of selective lapses, such as the lapses based on the “moneyness” in variable annuities or the relation between assumed interest rate and interest rate in saving products, is reflected in the time value of financial options and guarantees of the Group.

3-3 Cost of holding required capital

This is referred to as “frictional cost” in market-consistent methodology.

In order to maintain financial soundness, life insurance companies are required to hold additional assets in excess of the statutory liability. The cost of holding required capital is the cost incurred through the payment of taxes on the investment income of the assets backing the required capital and the related investment expenses incurred for the management of the assets.

The EEV Principles define the minimum required capital to be equal to the statutory minimum capital requirement, and if the required capital calculated by an internal model exceeds the statutory requirement, an internal model may be used. Dai-ichi Life and DFL define required capital as the level required to maintain 400% level of solvency margin ratio.

TAL defines required capital as the level required by the regulations in Australia. As Australia’s capital regulation was revised effective from January 1, 2013, TAL’s EEV as of March 31, 2013 reflects required capital calculated on the basis of the new regulation.

The values of required capital as of March 31, 2012 and March 31, 2013 are ¥691.0 billion and ¥750.5 billion, respectively (free surplus as of March 31, 2012 and March 31, 2013 are ¥1,176.0 billion and ¥2,378.2 billion, respectively; the adjusted net worth is represented by the sum of required capital and free surplus).

The European Insurance CFO Forum Market Consistent Embedded Value Principles©[1](the “MCEV Principles”) define required capital as the amount calculated by an internal model, which should exceed statutory minimum capital level. The Group will continue investigation in reviewing the definition of required capital, taking into account worldwide trends and discussions on economic value based solvency assessment.

3-4 Allowance for non-financial risks

EEV Principles define the EV to be the present value of distributable profits attributable to shareholders arising from assets allocated to the covered business, calculated taking into account all the risks of the covered business including non-financial risks.

The uncertainty around the return on most non-financial risks can be diversified away. Thus, for some non-financial risks such as mortality, no further allowance is required,

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provided the best estimate assumptions are set to provide the mean expected financial outcome to shareholders.
There are some non-financial risks where the existing best estimate experience assumptions do not reflect the mean expected financial outcome to shareholders. A typical example is operational risk.
When profits arise, the company pays tax. On the other hand, when losses arise, tax cannot be negative. In such cases, carrying losses on a tax accounting basis are collectable in most cases. However, there is a risk of uncollectibility within the deferrable period, which has also been included in this allowance for non-financial risks.
The Group quantified non-financial risks by a simplified model.

4. Value of new business

The value of new business for the fiscal year ended March 31, 2013 is the value of new policies issued during the twelve month period, and is calculated by the same method as the value of in-force business. The value of new business is the value at the time of sale of new policies. The profit during the fiscal year ended March 31, 2013 from new business is calculated based on the same assumptions used for the value of in-force business.
For Dai-ichi Life, the value of new business is generally calculated based on economic and non-economic assumptions as of the end of the fiscal year. For DFL, the value of new business is calculated separately for the new business acquired during the 1st and the 2nd half of the fiscal year, based on economic and non-economic assumptions as of the end of each period. However, the value of new business for the products of Dai-ichi Life and DFL for which the pricing interest rates for new contracts are reviewed monthly is calculated based on the economic assumptions as of the end of the month.

In addition to the new policies, net increases in conversions and addition of riders have been included in the value of new business, while renewal of policies is not included.

With regard to the corporate insurance written by Dai-ichi Life, such as group insurance, corporate pension and workers compensation insurance, the increase of the proportion underwritten by an insurance company in a group scheme, the increase of members in a group scheme and the increase of the sum insured by members in a group scheme are included.

Appendix B: Principal EEV Assumptions

1. Economic assumptions

(1) Risk-free rate

In the certainty equivalent calculation, for Dai-ichi Life and DFL the Japanese Government Bond (JGB) is used, and for TAL Australian swap rate is used, as a proxy for risk-free rates, taking assets in each company's portfolio and the liquidity in the market into account.

Issues such as the proxy for risk-free rates, liquidity premium and extrapolation beyond the last liquid data point, are discussed broadly, for example, in the 5th Quantitative Impact Study (QIS5) and long-term guarantees assessment of European Solvency II, CRO Forum and so on. For extrapolation under QIS5 technical specification purposes, term structures of interest rates for various currencies are set based on a method using the ultimate forward rate.

For risk-free rates (forward rates) in the 31st year and beyond, we extrapolate the yield curve taking into account the yield curve of Japanese swap rate due to the low liquidity of ultralong-term bonds in the market beyond a 30 year maturity, for which no standard model exists. For Australian swap, we assumed that forward rates in the 31st year and beyond were equal to those in the 30th year. The table below shows, for selected terms, the risk-free rates (spot rates) which are used in the calculations.

Term	JGB		Australian swap rate	
	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013
1 Year	0.104%	0.069%	4.170%	3.093%
2 Year	0.123%	0.049%	4.146%	3.189%
3 Year	0.173%	0.076%	4.214%	3.343%
4 Year	0.250%	0.102%	4.330%	3.471%
5 Year	0.332%	0.148%	4.442%	3.609%
10 Year	1.050%	0.557%	4.874%	4.162%
15 Year	1.600%	1.112%	5.122%	4.511%
20 Year	1.914%	1.566%	5.078%	4.663%
25Year	1.998%	1.631%	4.867%	4.692%
30Year	2.106%	1.678%	4.700%	4.676%
35Year	2.201%	1.786%	4.582%	4.661%
40Year	2.272%	1.883%	4.494%	4.649%
45Year	2.329%	1.959%	4.425%	4.640%
50Year	2.387%	2.020%	4.370%	4.633%

(Source: Bloomberg, after interpolation/extrapolation)

(2) Principal dynamic assumption

In the EEV calculation for Dai-ichi Life and DFL, dynamic assumptions are used. For TAL, dynamic assumptions are not used.

i. Interest rate model

As an interest rate model, the Group has adopted a single-factor Hull-White model, in which interest rates associated with Japanese yen, U.S. dollars, Euro and Australian dollars are calculated. The model has been adjusted to be in line with a risk-neutral approach in which Japanese yen is set as a base currency, and correlations between the interest rates have been also taken into account. The interest rate model has been calibrated consistently with the market environment as of each reporting date, and parameters used are estimated from the yield curve and implied volatilities of interest rate swaptions with various maturities. 5,000 scenarios are used in calculating time value of financial options and guarantees through stochastic method. These scenarios have been generated by Towers Watson. Summary of implied volatilities of interest rate swaptions used to calibrate the scenarios are as follows:

Interest rate swaptions

		March 31, 2012				March 31, 2013			
Option Term	Swap Term	JPY	USD	EUR	AUD	JPY	USD	EUR	AUD
5Year	5Year	34.8%	30.3%	27.5%	16.8%	45.0%	30.0%	28.7%	16.7%
5Year	7Year	31.7%	29.0%	26.5%	15.9%	38.0%	27.8%	27.1%	15.8%
5Year	10Year	29.4%	28.0%	25.8%	15.5%	30.9%	25.9%	25.7%	14.9%
7Year	5Year	30.1%	27.3%	24.4%	15.2%	35.9%	26.2%	24.9%	15.2%
7Year	7Year	29.5%	26.6%	24.1%	14.5%	31.2%	25.1%	24.3%	14.6%
7Year	10Year	27.1%	26.5%	24.4%	14.2%	27.3%	24.2%	24.1%	13.9%
10Year	5Year	26.8%	24.9%	22.5%	14.1%	27.0%	22.8%	22.1%	14.0%
10Year	7Year	26.3%	24.9%	23.1%	13.9%	25.3%	23.3%	22.2%	13.6%
10Year	10Year	26.2%	24.2%	24.2%	13.9%	23.6%	22.3%	22.8%	13.1%

(Source: Bloomberg)

ii. Implied volatilities of equities and currencies

Volatilities of traditional equity indices and currencies are calibrated based on implied volatilities of relevant options traded in the market. Implied volatilities used to calibrate the scenarios are as follows:

Stock Options

Currency	Underlying Asset	Option Term	Volatility	
			March 31, 2012	March 31, 2013
JPY	Nikkei 225	3Year	21.4%	19.3%
		4Year	21.9%	19.7%
		5Year	22.5%	20.3%
USD	S&P 500	3Year	22.5%	19.7%
		4Year	23.4%	20.8%
		5Year	24.2%	21.6%
EUR	EuroStoxx 50	3Year	24.7%	21.7%
		4Year	25.1%	22.0%
		5Year	25.3%	22.2%

(Source: Investment Bank)

Currency Options

Currency	Option Term	Volatility	
		March 31, 2012	March 31, 2013
USD	10Year	18.5%	15.9%
EUR	10Year	21.6%	18.8%
AUD	5Year	20.4%	13.7%

(Source: Bloomberg)

iii. Volatilities of real estate and other asset classes

Market-consistent implied volatilities have not been observed with regard to real estate. Therefore, the volatility of real estate has been derived by multiplying the historical volatility ratio (103.0%) of Tokyo Stock Exchange REIT index to Nikkei225 (Nikkei stock average) by the implied volatility of Japanese equity.
In addition, foreign real estate and emerging equity/bond markets are modeled as an asset class in stochastic calculation for variable type products. Volatilities of those asset classes have been derived in the same manner.

iv. Correlations

In addition to implied volatilities described above, Dai-ichi Life has calculated implied

volatilities reflecting its asset portfolio and correlation factors. The share of each asset is assumed to be unchanged over the projection periods.

With regard to correlation factors, market-consistent data from exotic options with sufficient liquidity have not been observed in the market. Therefore, we estimated correlation factors based on historical market data. Specifically, the monthly data for 10 years to most recent have been used. The following table shows correlation factors between major variables.

	Short Rate /JPY	Short Rate /USD	Short Rate /EUR	Exchange Rate /USD	Exchange Rate /EUR	Stock Index /JPY	Stock Index /USD	Stock Index /EUR	REIT Index /TSE REIT Index
Short Rate /JPY	1.00	0.40	0.39	0.20	0.08	0.39	0.18	0.21	0.16
Short Rate /USD	0.40	1.00	0.70	0.51	0.24	0.37	0.28	0.38	0.22
Short Rate /EUR	0.39	0.70	1.00	0.38	0.46	0.39	0.44	0.50	0.29
Exchange Rate /USD	0.20	0.51	0.38	1.00	0.58	0.49	0.19	0.27	0.29
Exchange Rate /EUR	0.08	0.24	0.46	0.58	1.00	0.59	0.56	0.50	0.42
Stock Index /JPY	0.39	0.37	0.39	0.49	0.59	1.00	0.70	0.68	0.67
Stock Index /USD	0.18	0.28	0.44	0.19	0.56	0.70	1.00	0.86	0.59
Stock Index /EUR	0.21	0.38	0.50	0.27	0.50	0.68	0.86	1.00	0.50
REIT Index /TSE REIT Index	0.16	0.22	0.29	0.29	0.42	0.67	0.59	0.50	1.00

(Source: Bloomberg)

(3) Assumed investment yield on each asset used for the expected return calculation
Assumed investment yield on each asset used for the calculation of "Expected existing business contribution (in excess of risk-free rate)" in "3. Movement Analysis" for Dai-ichi Life and DFL is as follows:

	Assumed investment yield
Cash and deposits, call loans	0.10%
Fixed income assets	1.60%
Domestic stocks	3.60%
Foreign bonds	3.10%
Other assets	3.30%

The assumed investment yield used for the calculation of "Expected existing business contribution (in excess of risk-free rate)" is calculated by multiplying the share of each asset as of March 31, 2012 by the assumed investment yield of each asset above. For Dai-ichi Life, the weighted-average assumed investment yield is 1.89%.
For TAL, no expected return in excess of risk-free rate is assumed.

(4) Exchange rate
TAL's EEV and DLVN's TEV are calculated in local currency and converted into JPY by following rates;

	Year ended March 31, 2012	Year ended March 31, 2013
AUD 1.00	JPY 85.45	JPY 97.93
VND 1.00	JPY 0.0037	JPY 0.0042

2. Non-economic assumptions
All cash flows (premium, operating expense, benefits and claims, cash surrender value, tax, etc.) are projected applying the best estimate assumptions up to the termination of the policies, by product, referring to past, current and expected future experience.

- Operating expenses (maintenance expenses)
  Operating expenses are set based on the experience of each company. The look-through basis is applied in terms of operating expenses of insurance business in the Group.
  - For Dai-ichi Life and DFL, adjustments are made for one-time expenses which are considered to be non-recurrent in the future. For Dai-ichi Life, the amount excluded from the expense assumption analysis is ¥0.5 billion (for the fiscal year ended March 31, 2013) which corresponds to the one-time cost for

retirement plan reform. For DFL, the amount excluded from the expense assumption analysis is ¥0.6 billion (for the fiscal year ended March 31, 2013) which corresponds to the one-time cost for IT system renewal.

- For Dai-ichi Frontier Life, operating expenses are assumed to decrease for a certain period of time, because it has operated for only a short period of time and the improvement of operating efficiency is expected in the future. Therefore, a decrease of unit-cost (by 9% per annum on average) for 6 years is assumed, based on future new business and future operating expenses along with the mid-term business plan, while taking into account recent developments.
- For Dai-ichi Life and DFL, increases in consumption tax in future years (5% until March 2014, 8% during the period from April 2014 to September 2015, and 10% thereafter) are assumed due to revision of the consumption tax system.
- Future inflation rate is assumed to be zero for Dai-ichi Life and Dai-ichi Frontier Life. It is assumed to be 2.75% p.a. for TAL.

- Policyholder dividends

For Dai-ichi Life and TAL, policyholder dividend rate is set based on the current dividend policy. The rate of Dai-ichi Life is consistent with the post-demutualization policyholder dividend policy, stated in the plan for demutualization.

For Dai-ichi Frontier Life, no assumption of policyholder dividend rate is set, as it sells only non-participating policies.

- Effective tax rates

Effective tax rates are set based on the most recent effective tax rate (including local tax) for each company.

Dai-ichi Life: 33.23% for the three years ending March 31, 2015, and 30.68% thereafter.

Dai-ichi Frontier Life: 33.32% for the three years ending March 31, 2015, and 30.77% thereafter.

TAL: 30.00%

Appendix C: Actuarial Opinion

Dai-ichi Life requested Towers Watson, an independent actuarial firm, to review the calculation of the Group's EEV and obtained the following opinion.

Towers Watson has reviewed the methodology and assumptions used to determine the embedded value results as at March 31, 2013 for Dai-ichi Life Group. The review covered the embedded value as at March 31, 2013, the value of new business issued in fiscal year 2012, the analysis of movement in the embedded value during the fiscal year 2012 and the sensitivities of the embedded value and new business value to changes in assumptions.

Towers Watson has concluded that the methodology and assumptions used comply with the EEV Principles. In particular:

- The methodology makes allowance for the aggregate risks in the covered business through Dai-ichi Life's bottom-up methodology as described in Appendix A of this document, which includes a stochastic allowance for financial options and guarantees, and deductions to allow for the frictional cost of required capital and the impact of non-financial risks;

- The operating assumptions have been set with appropriate regard to past, current and expected future experience;

- The economic assumptions used are internally consistent and consistent with observable market data; and

- For participating business, the assumed policyholders' dividend rates, and the allocation of profit between policyholders and shareholders, are consistent with the projection assumptions, established company practice and local market practice.

The methodology and assumptions also comply with the EEV Guidance, with the disclosed exception of showing the sensitivity of a 0.5% change in interest rates (rather than 1%).

Towers Watson has also reviewed the results of the calculations, without however undertaking detailed checks of all the models, processes and calculations involved. On the basis of our review, Towers Watson is satisfied that the disclosed results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in this disclosure document.

In arriving at these conclusions, Towers Watson has relied on data and information provided by Dai-ichi Life, including estimates for the market value of assets for which no market prices exist. This opinion is made solely to Dai-ichi Life in accordance with the terms of Towers Watson's engagement letter. To the fullest extent permitted by applicable law, Towers Watson does not accept or assume any responsibility, duty of care or liability to anyone other than Dai-ichi Life for or in connection with its review work, the opinions it has formed, or for any statement set forth in this opinion.

Appendix D: Glossary

Allowance for Non-financial Risks	Explicit cost for asymmetric non-financial risks such as operational risks.
Best Estimate Assumption	An assumption that represents the mean expected financial outcome to shareholders from the range of possible outcomes for future experience of that assumption.
Certainty Equivalent Present Value of Future Profits	The present value of future statutory after-tax profits, projected over the life time of the policies in a scenario where all investments are assumed to earn the risk-free rate.
CFO Forum	The CFO Forum is a high-level discussion group formed and attended by the Chief Financial Officers of major European insurance companies. Its aim is to discuss issues relating to financial reporting developments for their businesses and how they can create greater transparency for investors. The CFO Forum was created in 2002.
Cost of Holding Required Capital	The additional investment and taxation costs incurred by shareholders through investing required capital in the company rather than directly.
EEV Principles	European Embedded Value (EEV) Principles were published by the CFO Forum in May 2004, together with additional guidance on disclosures in October 2005, addressed the treatment of options and guarantees and provided the insurance industry with improved sensitivities and disclosures.
Implied Volatility	The implied volatility of an option contract is the volatility implied by the market price of the option.
Look-through Basis	A basis via which the impact of an action on the whole group, rather than on a particular part of the group, is measured.
Market-consistent Approach	A measurement approach where economic assumptions are such that projected asset cash flows are valued consistently with current market prices for traded assets.

MCEV Principles	The European Insurance CFO Forum Market Consistent Embedded Value Principles (Copyright© Stichting CFO Forum Foundation 2008) were published by CFO Forum in June 2008 to ensure the valuation to be on a market consistent basis and to improve comparability between companies. However, in October 2009, in light of severe market conditions, the principles were revised and it was decided to defer mandatory MCEV reporting for all members until year-end 2011, and in April 2011, the mandatory MCEV reporting from year-end 2011 was withdrawn by the CFO Forum.
Required Capital	The amount of assets, over and above the value placed on liabilities in respect of covered business, whose distribution to shareholders is restricted.
Risk-free Rate	Prospective yields on securities to be considered to be free of default or credit risk.
Solvency II QIS5	Solvency II is an economic capital based new regulatory framework for insurance companies in Europe. It is expected to be introduced in 2014 or 2015. The 5th quantitative impact study (QIS5) started in August 2010, and the result was disclosed in March 2011.
Stochastic Method	Techniques that incorporate the potential future variability in assumptions affecting their outcome.
Swaption	A swaption is an option giving the holder the right to enter into a certain swap at a certain time in the future.
Time Value of Financial Options and Guarantees	An option feature has two elements of value, the time value and intrinsic value. Intrinsic value is that of the most valuable benefit under the option under conditions at the valuation date. Time value is the additional value ascribable to the potential for benefits under the option to increase in value prior to expiry.