

November 12, 2010

Financial Results for the Six Months Ended September 30, 2010

The Dai-ichi Life Insurance Company, Limited (the "Company", the "Parent Company", "DL" or "Dai-ichi"; President: Koichiro Watanabe) announces its financial results for the six months ended September 30, 2010.

*The Company reorganized from a mutual life insurance company to a joint stock corporation (demutualized) on April 1, 2010.

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Reference: Business Highlights for the Three Months Ended September 30, 2010 P. 53

Attached: Supplementary Materials for the Six Months Ended September 30, 2010

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1. Business Highlights

(1) Policies in Force and New Policies

Policies in Force

	As of September 30, 2010				As of March 31, 2010	
	Number of policies		Amount		Number of policies (thousands)	Amount (billions of yen)
	(thousands)	% of March 31, 2010 total	(billions of yen)	% of March 31, 2010 total		
Individual insurance	10,998	100.3	147,541.4	98.0	10,970	150,575.1
Individual annuities	1,249	101.3	7,288.4	101.3	1,233	7,196.6
Individual insurance and annuities	12,248	100.4	154,829.9	98.1	12,203	157,771.8
Group insurance	-	-	53,246.9	98.5	-	54,051.1
Group annuities	-	-	6,129.8	99.0	-	6,192.2

- 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

	Number of policies		Amount			
	(thousands)	% of September 30, 2009 total	(billions of yen)	New Business	Net increase by conversion	% of September 30, 2009 total
Six months ended September 30, 2009						
Individual insurance	515		3,039.9	3,211.9	(171.9)	
Individual annuities	29		201.7	207.3	(5.6)	
Individual insurance and annuities	545		3,241.7	3,419.3	(177.5)	
Group insurance	-		81.5	81.5		
Group annuities	-		0.7	0.7		
Six months ended September 30, 2010						
Individual insurance	559	108.5	3,360.3	3,507.8	(147.5)	110.5
Individual annuities	31	106.3	220.2	225.3	(5.0)	109.1
Individual insurance and annuities	591	108.4	3,580.5	3,733.1	(152.6)	110.5
Group insurance	-		240.0	240.0		294.2
Group annuities	-		0.2	0.2		32.5

- 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 commence.
 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 except percentages)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Amount of surrenders and lapses	5,086.7	3,609.5
Surrender and lapse rate (%)	3.06	2.29

- 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 Premiums

Policies in Force

(billions of yen except percentages)

	As of September 30, 2010		As of March 31, 2010
		% of March 31, 2010 total	
Individual insurance	1,713.0	99.4	1,722.8
Individual annuities	303.9	102.1	297.5
Total	2,017.0	99.8	2,020.4
Medical and survival benefits	498.6	100.8	494.8

New Policies

(billions of yen except percentages)

	Six months ended	Six months ended	% of September 30, 2009 total
	September 30, 2009	September 30, 2010	
Individual insurance	49.6	54.0	109.0
Individual annuities	7.2	7.8	108.2
Total	56.9	61.9	108.9
Medical and survival benefits	17.5	18.1	103.7

- Note: 1. Annualized net premiums are 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 premiums for medical and survival benefits include (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness and nursing benefits, and (c) premiums 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 except percentages)

	Six months ended	Six months ended	% of September 30, 2009 total
	September 30, 2009	September 30, 2010	
Insurance premium and other	1,394,816	1,501,746	107.7
Investment income	603,063	456,384	75.7
Insurance claims and other	1,283,096	1,223,647	95.4
Investment expenses	130,011	190,814	146.8
Ordinary profit	135,869	106,222	78.2

(4) Total assets

(millions of yen except percentages)

	As of September 30, 2010		As of March 31, 2010
		% of March 31, 2010 total	
Total Assets	30,667,565	99.5	30,822,467

2. Unaudited Non-Consolidated Balance Sheets

(millions of yen)

	As of September 30, 2010	As of March 31, 2010 (summarized)
(ASSETS)		
Cash and deposits	203,458	168,804
Call loans	157,900	228,800
Monetary receivables purchased	309,293	289,885
Money held in trust	19,971	22,258
Securities	24,124,270	23,987,934
[Government bonds]	[10,856,228]	[10,688,290]
[Local government bonds]	[318,476]	[324,082]
[Corporate bonds]	[2,345,885]	[2,324,075]
[Stocks]	[3,141,733]	[3,598,019]
[Foreign securities]	[7,113,543]	[6,678,934]
Loans receivable	3,764,626	3,834,365
Policy loans	556,599	571,443
General loans	3,208,026	3,262,921
Tangible assets	1,285,887	1,243,607
Intangible assets	105,789	106,602
Reinsurance accounts receivable	2,405	1,309
Other assets	348,066	605,642
Deferred tax assets	348,725	337,687
Customers' liabilities for acceptances and guarantees	18,451	17,787
Allowance for doubtful accounts	(20,985)	(21,095)
Allowance for investment loss	(294)	(1,123)
Total assets	30,667,565	30,822,467
(LIABILITIES)		
Reserve for insurance policy liabilities	28,033,842	27,803,736
Reserve for outstanding claims	143,459	149,682
Policy reserve	27,483,371	27,324,838
Reserve for dividends to policyholders	407,011	329,214
Reinsurance accounts payable	562	525
Bonds payable	41,901	46,510
Other liabilities	926,399	1,206,894
Income taxes payable	1,155	571
Lease obligations	949	642
Asset retirement obligations	3,261	-
Rest of the other liabilities	921,033	1,205,681
Reserve for employees' retirement benefits	418,854	409,639
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,208	3,307
Reserve for possible reimbursement of prescribed claims	879	1,100
Allowance for policyholder dividends	-	92,500
Reserve for price fluctuations	122,453	115,453
Deferred tax liabilities for land revaluation	123,893	124,706
Acceptances and guarantees	18,451	17,787
Total liabilities	29,690,448	29,822,160
(NET ASSETS)		
Capital stock	210,200	-
Capital surplus	210,200	-
Legal capital surplus	210,200	-
Retained earnings	209,652	-
Legal retained earnings	5,600	-
Other retained earnings	204,052	-
Fund for risk allowance	43,120	-
Fund for price fluctuation allowance	65,000	-
Reserve for reduction entry of real estate	18,113	-
Retained earnings brought forward	77,818	-
Total shareholders' equity	630,052	-
Valuation difference on available-for-sale securities	414,603	-
Deferred gains or losses on hedges	(2,800)	-
Revaluation reserve for land	(64,738)	-
Total valuation and translation adjustments	347,064	-
Total net assets	977,117	-
(NET ASSETS)		
Accumulated redeemed foundation funds	-	420,000
Revaluation reserve	-	248
Surplus	-	184,448
Reserve for future losses	-	5,600
Other surplus	-	178,848
Fund for risk allowance	-	43,139
Fund for price fluctuation allowance	-	55,000
Reserve for reduction entry of real estate	-	16,420
Other reserves	-	132
Unappropriated net surplus for the period	-	64,157
Total foundation funds and surplus	-	604,697
Valuation difference on available-for-sale securities	-	461,158
Deferred gains or losses on hedges	-	(2,008)
Revaluation reserve for land	-	(63,540)
Total valuation and translation adjustments	-	395,609
Total net assets	-	1,000,307
Total liabilities and net assets	30,667,565	30,822,467

3. Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
	Amount	Amount
ORDINARY REVENUES	2,142,524	2,094,396
Insurance premiums and other	1,394,816	1,501,746
[Insurance premiums]	[1,394,549]	[1,501,420]
Investment income	603,063	456,384
[Interest, dividends and other income]	[346,365]	[338,318]
[Gain on trading account securities]	[515]	[-]
[Gain from money held in trust]	[2,161]	[-]
[Gain on sales of securities]	[118,185]	[101,692]
[Net derivative financial instruments gain]	[5,676]	[15,049]
[Gain on separate accounts]	[126,524]	[-]
Other ordinary revenues	144,644	136,265
[Reversal of reserve for outstanding claims]	[19,181]	[6,223]
ORDINARY EXPENSES	2,006,655	1,988,173
Insurance claims and other	1,283,096	1,223,647
[Insurance claims]	[385,866]	[384,902]
[Annuity payments]	[192,542]	[212,749]
[Benefits]	[268,257]	[261,839]
[Surrender benefits]	[351,186]	[307,031]
[Other refunds]	[84,682]	[56,535]
Provision for policy reserve and other	170,632	163,552
Provision for policy reserve	165,358	158,532
Provision for interest portion of reserve for dividends to policyholders	5,273	5,019
Investment expenses	130,011	190,814
[Interest expenses]	[5,767]	[5,701]
[Loss on investments in money held in trust]	[-]	[2,272]
[Loss on sales of securities]	[65,204]	[61,837]
[Loss on valuation of securities]	[9,655]	[6,867]
[Loss on separate accounts]	[-]	[75,615]
Operating expenses	214,028	210,256
Other ordinary expenses	208,886	199,902
ORDINARY PROFIT	135,869	106,222
EXTRAORDINARY GAINS	112	3,864
Gain on disposal of noncurrent assets	23	3,176
Reversal of allowance for doubtful accounts	-	80
Reversal of allowance for investment loss	-	480
Gain on bad debts recovered	89	127
EXTRAORDINARY LOSSES	13,528	14,432
Loss on disposal of noncurrent assets	1,325	574
Impairment loss	4,347	2,784
Provision for reserve for price fluctuation	7,000	7,000
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	4,074
Other	855	-
Provision for reserve for dividends to policyholders	-	41,249
Net surplus before income taxes	122,453	-
Income before income taxes	-	54,406
Income taxes-current	112	5,374
Income taxes-deferred	24,279	14,874
Income taxes	24,391	20,248
Net surplus	98,061	-
Net income	-	34,157

4. Unaudited Non-Consolidated Statement of Changes in Net Assets

(1) Unaudited Non-Consolidated Statement of Changes in Net Assets for the Six Months Ended September 30, 2009

	Six months ended September 30, 2009	(millions of yen) Six months ended September 30, 2009
Foundation funds and surplus		
Foundation funds		
Balance at the end of previous period	120,000	
Changes of items during the period		
Redemption of foundation funds	(20,000)	
Changes of items during the period	(20,000)	
Balance at the end of period	100,000	
Accumulated redeemed foundation funds		
Balance at the end of previous period	300,000	
Changes of items during the period		
Transfer to accumulated redeemed foundation funds	20,000	
Changes of items during the period	20,000	
Balance at the end of period	320,000	
Revaluation reserve		
Balance at the end of previous period	248	
Changes of items during the period		
Changes of items during the period	-	
Balance at the end of period	248	
Surplus		
Reserve for future losses		
Balance at the end of previous period	5,400	
Changes of items during the period		
Transfer to reserve for future losses	200	
Changes of items during the period	200	
Balance at the end of period	5,600	
Other surplus		
Reserve for redemption of foundation funds		
Balance at the end of previous period	81,300	
Changes of items during the period		
Transfer to accumulated redeemed foundation funds	(20,000)	
Transfer to reserve for redemption of foundation funds	38,700	
Changes of items during the period	18,700	
Balance at the end of period	100,000	
Reserve for interest payment for foundation funds		
Balance at the end of previous period	-	
Changes of items during the period		
Transfer to reserve for interest payment for foundation funds	1,263	
Changes of items during the period	1,263	
Balance at the end of period	1,263	
Fund for risk allowance		
Balance at the end of previous period	43,139	
Changes of items during the period		
Changes of items during the period	-	
Balance at the end of period	43,139	
Fund for price fluctuation allowance		
Balance at the end of previous period	30,000	
Changes of items during the period		
Transfer to fund for price fluctuation allowance	25,000	
Changes of items during the period	25,000	
Balance at the end of period	55,000	
Subsidy for social public enterprise		
Balance at the end of previous period	9	
Changes of items during the period		
Transfer to subsidy for social public enterprise	826	
Transfer from subsidy for social public enterprise	(826)	
Changes of items during the period	-	
Balance at the end of period	9	
Fund for Public Health Awards		
Balance at the end of previous period	4	
Changes of items during the period		
Transfer to fund for Public Health Awards	40	
Transfer from fund for Public Health Awards	(25)	
Changes of items during the period	14	
Balance at the end of period	18	
Fund for Environmental Green Design Award		
Balance at the end of previous period	9	
Changes of items during the period		
Transfer to fund for Environmental Green Design Award	50	
Transfer from fund for Environmental Green Design Award	(3)	
Changes of items during the period	46	
Balance at the end of period	55	
Reserve for reduction entry of real estate		
Balance at the end of previous period	15,961	
Changes of items during the period		
Transfer to reserve for reduction entry of real estate	540	
Transfer from reserve for reduction entry of real estate	(145)	
Changes of items during the period	395	
Balance at the end of period	16,357	
Other reserves		
Balance at the end of previous period	100	
Changes of items during the period		
Changes of items during the period	-	
Balance at the end of period	100	
Unappropriated net surplus for the period		
Balance at the end of previous period		133,766
Changes of items during the period		
Transfer to reserve for dividends to policyholder		(64,963)
Transfer to reserve for future losses		(200)
Interest payment for foundation funds		(2,328)
Net surplus for the period		98,061
Transfer to reserve for redemption of foundation funds		(38,700)
Transfer to reserve for interest payment for foundation funds		(1,263)
Transfer to fund for price fluctuation allowance		(25,000)
Transfer to subsidy for social public enterprise		(826)
Transfer from subsidy for social public enterprise		826
Transfer to fund for Public Health Awards		(40)
Transfer from fund for Public Health Awards		25
Transfer to fund for Environmental Green Design Award		(50)
Transfer from fund for Environmental Green Design Award		3
Transfer to reserve for reduction entry of real estate		(540)
Transfer from reserve for reduction entry of real estate		145
Transfer from revaluation reserve for land		1,072
Changes of items during the period		(33,776)
Balance at the end of period		99,989
Total of surplus		
Balance at the end of previous period		309,690
Changes of items during the period		
Transfer to reserve for dividends to policyholder		(64,963)
Transfer to accumulated redeemed foundation funds		(20,000)
Interest payment for foundation funds		(2,328)
Net surplus for the period		98,061
Transfer from revaluation reserve for land		1,072
Changes of items during the period		11,843
Balance at the end of period		321,533
Total foundation funds and surplus		
Balance at the end of previous period		729,938
Changes of items during the period		
Transfer to reserve for dividends to policyholder		(64,963)
Interest payment for foundation funds		(2,328)
Net surplus for the period		98,061
Redemption of foundation funds		(20,000)
Transfer from revaluation reserve for land		1,072
Changes of items during the period		11,843
Balance at the end of period		741,782
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period		(47,456)
Changes of items during the period		
Net changes of items other than foundation funds and surplus		491,606
Changes of items during the period		491,606
Balance at the end of period		444,149
Deferred gains or losses on hedges		
Balance at the end of previous period		(357)
Changes of items during the period		
Net changes of items other than foundation funds and surplus		(1,011)
Changes of items during the period		(1,011)
Balance at the end of period		(1,369)
Revaluation reserve for land		
Balance at the end of previous period		(62,297)
Changes of items during the period		
Net changes of items other than foundation funds and surplus		(1,072)
Changes of items during the period		(1,072)
Balance at the end of period		(63,370)
Total valuation and translation adjustments		
Balance at the end of previous period		(110,111)
Changes of items during the period		
Net changes of items other than foundation funds and surplus		489,521
Changes of items during the period		489,521
Balance at the end of period		379,410
Total		
Balance at the end of previous period		619,827
Changes of items during the period		
Transfer to reserve for dividends to policyholder		(64,963)
Interest payment for foundation funds		(2,328)
Net surplus for the period		98,061
Redemption of foundation funds		(20,000)
Transfer from revaluation reserve for land		1,072
Net changes of items other than foundation funds and surplus		489,521
Changes of items during the period		501,364
Balance at the end of period		1,121,192

Note: "Green Design Award" was renamed to "Environmental Green Design Award" effective as of April 1, 2009.

(2) Unaudited Non-Consolidated Statement of Changes in Net Assets for the Six Months Ended September 30, 2010

	Six months ended September 30, 2010	(millions of yen)	Six months ended September 30, 2010
Shareholders' equity			
Capital stock			
Balance at the beginning of period	210,200		604,697
Changes of items during the period			
Changes of items during the period	-		(10,000)
Balance at the end of period	210,200		34,157
Capital surplus			
Legal capital surplus			
Balance at the beginning of period	210,200		1,197
Changes of items during the period			25,355
Changes of items during the period	-		
Balance at the end of period	210,200		630,052
Total capital surplus			
Balance at the beginning of period	210,200		461,158
Changes of items during the period			
Changes of items during the period	-		(46,555)
Balance at the end of period	210,200		(46,555)
Retained earnings			
Legal retained earnings			
Balance at the beginning of period	5,600		414,603
Changes of items during the period			
Changes of items during the period	-		
Balance at the end of period	5,600		(2,008)
Other retained earnings			
Fund for risk allowance			
Balance at the beginning of period	43,120		(791)
Changes of items during the period			(791)
Changes of items during the period	-		(2,800)
Balance at the end of period	43,120		
Fund for price fluctuation allowance			
Balance at the beginning of period	55,000		Revaluation reserve for land
Changes of items during the period			
Transfer to fund for price fluctuation allowance	10,000		Balance at the beginning of period
Changes of items during the period	10,000		(63,540)
Balance at the end of period	65,000		Changes of items during the period
Reserve for reduction entry of real estate			Net changes of items other than shareholders' equity
Balance at the beginning of period	16,420		(1,197)
Changes of items during the period			(1,197)
Transfer to reserve for reduction entry of real estate	1,759		Balance at the end of period
Transfer from reserve for reduction entry of real estate	(66)		(64,738)
Changes of items during the period	1,693		Total valuation and translation adjustments
Balance at the end of period	18,113		
Retained earnings brought forward			Balance at the beginning of period
Balance at the beginning of period	64,157		395,609
Changes of items during the period			Changes of items during the period
Dividends from surplus	(10,000)		Net changes of items other than shareholders' equity
Net income for the period	34,157		(48,544)
Transfer to fund for price fluctuation allowance	(10,000)		(48,544)
Transfer to reserve for reduction entry of real estate	(1,759)		Balance at the end of period
Transfer from reserve for reduction entry of real estate	66		347,064
Transfer from revaluation reserve for land	1,197		Total
Changes of items during the period	13,661		
Balance at the end of period	77,818		Balance at the beginning of period
Total retained earnings			1,000,307
Balance at the beginning of period	184,297		Changes of items during the period
Changes of items during the period			Dividends from surplus
Dividends from surplus	(10,000)		(10,000)
Net income for the period	34,157		Net income for the period
Transfer from revaluation reserve for land	1,197		34,157
Changes of items during the period	25,355		Transfer from revaluation reserve for land
Balance at the end of period	209,652		1,197
			Net changes of items other than shareholders' equity
			(48,544)
			Changes of items during the period
			(23,189)
			Balance at the end of period
			977,117

I. NOTES TO THE UNAUDITED NON-CONSOLIDATED BALANCE SHEET FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010

1. Valuation Methods of Securities

Securities held by the Company including cash equivalents, bank deposits, and monetary receivables purchased which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

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

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

(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 market value as of September 30, 2010 (for domestic stocks, the average value during September), with cost determined by the moving average method.

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

a. Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment

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

b. Others

All others are valued at cost 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.

The amortization of premium or discount of securities is calculated by the straight-line method.

2. Policy-reserve-matching Bonds

The book value, market value, and risk management policy regarding policy-reserve-matching bonds are as follows:

(1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of September 30, 2010 amounted to ¥6,209,003 million. The market value of these bonds as of September 30, 2010 was ¥6,785,986 million.

(2) Risk Management Policy

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

- i. individual life insurance and annuities,
 - ii. financial insurance and annuities, and
 - iii. 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 land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a revaluation reserve for land as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land
The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.
- 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 September 30, 2010 was ¥18,862 million.

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Assets Excluding Leased Assets

Depreciation of tangible assets excluding leased assets is calculated by the following method.

- i. Buildings (excluding leasehold improvements and structures)
 - a. Acquired on or before March 31, 2007
Calculated by the previous straight-line method.
 - b. Acquired on or after April 1, 2007
Calculated by the straight-line method.
- ii. Assets other than buildings
 - a. Acquired on or before March 31, 2007
Calculated by the previous declining balance method.
 - b. Acquired on or after April 1, 2007
Calculated by the declining balance method.
- iii. Estimated useful lives of major assets are as follows:

Buildings	two to sixty years
Other tangible assets	two to twenty years

Tangible assets other than land and buildings that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated by equal amounts over three years.

With respect to tangible assets that were acquired on or before March 31, 2007 and that were depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the salvage values are depreciated in the following five years from the fiscal year end when such assets were depreciated to their final depreciable limit.

(2) Amortization of Intangible Assets Excluding Leased Assets

The Company uses the straight-line method of amortization for intangible 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 salvage value over their lease terms.

Finance leases, which commenced before April 1, 2008, are accounted for in the same manner applicable to ordinary operating leases.

(4) Accumulated Depreciation of Tangible Assets

Accumulated depreciation of tangible assets as of September 30, 2010 was ¥652,565 million.

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

The Company translated foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates as of September 30, 2010. Stocks of subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

7. Allowance for Doubtful Accounts

Allowance for doubtful accounts is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, “bankrupt obligors”) and loans to and claims on obligors that have suffered substantial business failure (hereafter, “substantially bankrupt obligors”), the allowance 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 and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, “obligors at risk of bankruptcy”), the allowance is calculated by deducting the estimated recoverable amount, determined based on an overall assessment of the obligor’s ability to pay and collateral or guarantees, from book value of the loans and claims.

For other loans and claims, the allowance 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 allowances are established based on the result of this assessment.

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 amount written off during the interim period ended September 30, 2010 was ¥4,036 million.

8. Accounting for Beneficial Interests in Securitized Mortgage Loans

The trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Company in August 2000, amounted to ¥25,133 million as of September 30, 2010 and are included as loans receivables in the non-consolidated balance sheet. The allowance for doubtful accounts for these particular beneficial interests is calculated based on the balance of the underlying loans. The balance of the underlying loans in the trust as of September 30, 2010 was ¥48,468 million.

9. 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, 2010.

Gains/losses on plan amendments are amortized by the straight-line method through a certain period of seven years, which is within the employees’ average remaining service period.

Actuarial differences are amortized by the straight-line method through a certain period of 7 years starting from the following year, which is within the employees’ average remaining service period.

10. Allowance for Investment Loss

In order to provide for future investment losses, an allowance for investment loss of the Company is established for securities whose market values are extremely difficult to be recognized. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

11. 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 service 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 approval of the 105th general meeting of representative policyholders of the Company are provided.

12. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had run out in the previous years, the Company provided for reserve for possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

13. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities as of September 30, 2010 in accordance with the provisions of Article 115 of the Insurance Business Act.

14. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

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

(2) Methods for Hedge Accounting

<u>Hedging instruments</u>	<u>Hedged instruments</u>
Interest rate swaps	loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps	Foreign currency-denominated loans
Foreign currency forward contracts	Foreign currency-denominated securities, foreign currency-denominated term deposits
Currency options	Foreign currency-denominated securities

(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 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 and hedging instruments.

15. Calculation of National and Local Consumption Tax

The Parent Company accounts for national and local consumption tax by the tax-exclusion method. 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 Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

16. Policy Reserve

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

- i. 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).
- ii. 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 which were acquired on or before March 31, 1996 and premium payments for which 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, additional provision for policy reserves for the six months ended September 30, 2010 was ¥54,413 million.

17. Application of “Accounting Standard for Asset Retirement Obligations”

Effective the six months ended September 30, 2010, the Company applied “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). As a result, ordinary profit and income before income taxes for the six months ended September 30, 2010 decreased by ¥52 million and ¥4,126 million, respectively, compared to the figures calculated by the previous method. The amount of change in asset retirement obligations incurred due to the initial application of accounting standard for the period was ¥3,247 million.

The following table shows the increase and decrease in asset retirement obligations:

	(millions of yen)
Beginning balance	¥ 3,247
Time progress adjustments	23
Others	(8)
Ending balance	<u>¥ 3,261</u>

The “Beginning balance” in the table above represents the amount of asset retirement obligations as of April 1, 2010 instead of that of March 31, 2010, as the Company applied the standard effective the six month ended September 30, 2010.

18. Presentation of Net Assets

Due to the Company’s demutualization on April 1, 2010, net assets in its balance sheet as of September 30, 2010 were reported in a joint stock corporation format, while that of March 31, 2010 were reported in a mutual company format.

19. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheets. The total balance of securities lent as of September 30, 2010 was ¥398,630 million.

20. Problem Loans

The total balance of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, amounted to ¥33,910 million. The amounts of (1) credits to bankrupt borrowers, (2) delinquent loans, and (3) restructured loans were (1) ¥5,172 million, (2) ¥25,680 million, and (3) ¥3,057 million, respectively. The Company held no loans past due for three month or more as of September 30, 2010.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written-off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. 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 ¥794 million and ¥3,242 million, respectively.

21. 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 ¥1,185,218 million. Separate account liabilities were the same amount as separate account assets.

22. Leased Computers

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

23. Changes in Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders were as follows:

	(millions of yen)
Balance at the end of previous fiscal year	¥ 329,214
Transfer from allowance for policyholder dividends	92,500
Dividends paid during the six months ended September 30, 2010	(60,971)
Interest accrual during the six months ended September 30, 2010	5,019
Provision for reserve for dividends to policyholders	41,249
Balance as of September 30, 2010	<u>¥ 407,011</u>

24. Stocks of Subsidiaries

The amount of stocks of subsidiaries the Company held as of September 30, 2010 was ¥222,348 million.

25. Surplus in Entity Conversion

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

26. Assets Pledged as Collateral / Secured Liabilities

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

	(millions of yen)
Securities (Government bonds)	¥ 374,063
Securities (Foreign securities)	10,110
Cash/deposits	86
Securities and cash deposits pledged as collateral	<u>¥ 384,261</u>

The amounts of secured liabilities were as follows:

	(millions of yen)
Cash collateral fore securities lending transactions	¥ 382,305
Loan	13
Secured liabilities	<u>¥ 382,319</u>

Among the amounts, "Securities (Government bonds)" for securities lending transactions as of September 30, 2010 was ¥369,570 million.

27. 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 “reserve for outstanding claims reinsured”) was ¥4 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserve reinsured”) was ¥0 million.

28. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥2,400 million.

29. Subordinated Debt

Other liabilities included subordinated debt of ¥313,000 million, repayment of which is subordinated to other obligations.

30. Subordinated Bonds

Bonds payable of ¥41,901 million shown in liabilities were foreign currency-denominated subordinated bonds of US\$499 million, the repayment of which is subordinated to other obligations.

31. 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 ¥60,531 million. These obligations will be recognized as operating expenses in the periods in which they are paid.

32. Recapitalization of Dated Subordinated Borrowings to Perpetual Subordinated Borrowings

On September 27, 2010, the Company signed agreements with respective lenders on the conversion of its dated syndicated subordinated borrowing entered into in March 2009 (¥183,000 million) and its dated subordinated borrowing entered into in January 1999 (¥100,000 million) into 2 perpetual subordinated borrowings (¥320,000 million in total after the conversion, hereinafter “Recapitalization”). With Recapitalization, such borrowings can meet the criteria for “specified subordinated debt” in calculating the new solvency margin ratio, which is to be introduced in Japan. On October 8, 2010, the agreement became effective and the additional amount was paid in.

II. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010

1. Gain and Loss on Sales of Securities/ Loss on Valuation of Securities

Gain on sales of securities included gains on sales of domestic bonds, domestic stocks and foreign securities of ¥36,987 million, ¥32,054 million and ¥32,651 million, respectively.

Loss on sales of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥147 million, ¥9,218 million and ¥52,470 million, respectively.

Loss on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥4,446 million and ¥2,421 million, respectively.

2. Reinsurance

In calculating reversal of reserves for outstanding claims, the amount of adjustment of reversal of reserve for outstanding claims reinsured was ¥7 million. In calculating provision for policy reserves, reversal for policy reserve reinsured of ¥0 million was deducted.

3. Interest and Dividends

Major components of interest and dividends for the six months ended September 30, 2010 were as follows:

	(millions of yen)
Interest from bank deposits	¥ 2,421
Interest and dividends from securities ...	254,431
Interest from loans	43,477
Rental income	33,937
Other interest and dividends	4,051
Total	<u>¥ 338,318</u>

4. Gain from/Loss on Investments in Money Held in Trust

Loss on investments in money held in trust included valuation loss of ¥2,173 million.

5. Net Derivative Financial Instruments Gain/Loss

Net derivative financial instruments gain included valuation loss of ¥2,667 million.

6. Net Income per Share

Net income per share for the six months ended September 30, 2010 was ¥3,415.74. Information on diluted net income per share is omitted as there was no potential diluting shares of the Company.

7. Impairment Loss on Fixed Assets

Details on impairment loss on fixed assets for the interim period ended September 30, 2010 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 decline 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 reduced amount as impairment loss in extraordinary losses.

(3) Breakdown of Impairment Loss

Impairment loss by asset group were as follows:

<u>Asset Group</u>	<u>Place</u>	<u>Number</u>	<u>Impairment Loss</u>		
			<u>Land</u>	<u>Buildings</u>	<u>Total</u>
			(millions of yen)		
Real estate for rent	Assets including Iwaki City, Fukushima Prefecture	4	¥ 132	¥ 169	¥ 302
Real estate not in use	Assets including Himeji City, Hyogo Prefecture	<u>50</u>	<u>1,704</u>	<u>777</u>	<u>2,481</u>
Total		<u>54</u>	<u>¥ 1,837</u>	<u>¥ 947</u>	<u>¥ 2,784</u>

(4) Calculation of Recoverable Value

Value in use or net sales value is used as recoverable value of real estate for rent, and net sale value is used as recoverable value of real estate not in use. A discount rate of 2.89% was applied for discounting future cash flows in 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 is used as net sale value.

III. NOTES TO UNAUDITED NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010

1. Basis of Presentation

As the Company was a mutual company at the end of last fiscal year (March 31, 2010), its statements of changes in net assets for the six months ended September 30, 2010 reported “balance at the beginning of period” instead of “balance at the end of previous period.”

2. Amount of Net Assets

The Company reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, in accordance with Article 85, Paragraph 1 of the Insurance Business Act. Based on its plan for demutualization and others in accordance with Article 86 of the Insurance Business Act, the Company realigned its net assets in the non-consolidated balance sheet as follows:

As of March 31, 2010		As of April 1, 2010	
		(millions of yen)	
Accumulated redeemed foundation funds	420,000	Capital stock	210,200
Revaluation reserve	248	Capital surplus	210,200
Surplus	184,448	Legal capital surplus	210,200
Reserve for future losses	5,600	Retained earnings	184,297
Other surplus	178,848	Legal retained earnings	5,600
Fund for risk allowance	43,139	Other retained earnings	178,697
Fund for price fluctuation allowance	55,000	Fund for risk allowance	43,120
Reserve for reduction entry of real estate	16,420	Fund for price fluctuation allowance	55,000
Other reserves	132	Reserve for reduction entry of real estate	16,420
Unappropriated net surplus for the period	64,157	Retained earnings bought forward	64,157
Total foundation funds and surplus	604,697	Total Shareholders' equity	604,697
Valuation difference on available-for-sale securities	461,158	Valuation difference on available-for-sale securities	461,158
Deferred gains or losses on hedges	(2,008)	Deferred gains or losses on hedges	(2,008)
Revaluation reserve for land	(63,540)	Revaluation reserve for land	(63,540)
Total valuation and translation adjustments	395,609	Total valuation and translation adjustments	395,609
Total net assets	1,000,307	Total net assets	1,000,307

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Fundamental revenues	2,015,984	1,977,653
Insurance premiums and other	1,394,816	1,501,746
Investment income	476,523	339,641
[Interest, dividends and other income]	346,365	338,318
Other ordinary revenues	144,644	136,265
Fundamental expense	1,853,390	1,840,275
Insurance claims and other	1,283,096	1,223,647
Provision for policy reserve and other	116,393	100,138
Investment expenses	30,985	106,329
Operating expenses	214,028	210,256
Other ordinary expenses	208,886	199,902
Fundamental profit	<i>A</i> 162,594	137,378
Capital gains	126,539	116,742
Gain from money held in trust	2,161	-
Gain on trading securities	-	-
Gain on sales of securities	118,185	101,692
Net derivative financial instruments gain	5,676	15,049
Foreign exchange gains	-	-
Gain on trading account securities	515	-
Others	-	-
Capital losses	84,144	84,036
Loss on investments in money held in trust	-	2,272
Loss on trading securities	-	-
Loss on sales of securities	65,204	61,837
Loss on valuation of securities	9,655	6,867
Net derivative financial instruments loss	-	-
Foreign exchange losses	9,283	13,059
Loss on trading account securities	-	-
Others	-	-
Net capital gains	<i>B</i> 42,395	32,705
Fundamental profit plus net capital gains	<i>A + B</i> 204,989	170,084
Other one-time gains	-	-
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Others	-	-
Other one-time losses	69,120	63,861
Ceding reinsurance commissions	-	-
Provision for contingency reserve	9,000	9,000
Provision for specific allowance for doubtful accounts	14,696	-
Provision for specific reserve for loans to refinancing countries	-	-
Loss on disposal of bad loans	186	447
Others	45,238	54,413
Other one-time profits	<i>C</i> (69,120)	(63,861)
Ordinary profit	<i>A + B + C</i> 135,869	106,222

Note: "Others" in "Other one-time losses" represents the amount of the additional policy reserve provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act (54,413 million yen for the six months ended September 30, 2010 and 45,238 million yen for the six months ended September 30, 2009).

6. Investment of General Account Assets for the Six Months Ended September 30, 2010

(1) Investment Environment

The Japanese economy has weakened, owing to (i) the diminishing effect of the government's economic stimulus measures, including a decline in the pace of recovering personal consumption led by narrowing down the list of commodities eligible for the Eco-point subsidy program, and (ii) slowing growth rate of external demand due to revision of monetary policy in newly developing economies.

The U.S. economy has recovered moderately, given (i) economic measures taken by the U.S. government supporting the steady development of personal consumption and (ii) improvement in business sentiment increasing capital expenditure. However, slow recovery in housing investment and the employment environment caused downward pressure on the economy.

Under the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

The yield on ten-year Japanese government bonds has declined and dropped below 1% for the first time since August 2003, with the weakening of Japanese economy reflecting (i) diminishing effect of government's economic stimulus measures and (ii) slowing growth of external demand. Although the yield once rose reflecting concerns over the fiscal deficit related to Democratic Party's leadership election in September, it continued to decline as the Bank of Japan additionally eased monetary policy including measures taken against yen appreciation.

Yield on ten-year government bonds:	March 31, 2010	1.390%
	September 30, 2010	0.930%

[Domestic Stocks]

The Nikkei 225 Stock Average has dropped below 10,000 with (i) the weakening of Japanese economy, reflecting slowing growth of external demand, which has driven economic growth in the previous periods, and slowing corporate production activity and (ii) concerns over the outlook for corporate profits owing to the progressive appreciation of the yen against other currencies, to levels not seen in 15 years.

Nikkei 225 Stock Average:	March 31, 2010	¥11,089
	September 30, 2010	¥9,369
TOPIX:	March 31, 2010	978
	September 30, 2010	829

[Foreign Currency]

The U.S. dollar depreciated against the yen to a level unseen since 1995, reflecting (i) concerns over the slipping back of the U.S. economy and (ii) monetary easing that the FRB is supposed to continue. Under the circumstances, the Japanese government conducted foreign exchange intervention for the first time since 2004. However, the yen appreciated again in late September with projections that the U.S. was to continue monetary easing.

The Euro also depreciated against the yen reflecting investor unease despite (i) emergency rescue packages as lending programs for governments and (ii) bank stress tests to relieve financial instability in Europe.

yen/U.S. dollar:	March 31, 2010	¥8,109
	September 30, 2010	¥11,089
yen/euro:	March 31, 2010	¥124.92
	September 30, 2010	¥114.24

(2) Investment Results

[Asset Composition]

The Company continued to set fixed income investments, including bonds and loans, 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 long-term and super-long-term domestic bonds, in order to further enhance its Asset Liability Management (ALM) strategy and to improve profitability.

The Company has managed risk 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 the market trends into account.

The table below summarizes the investment results of the general account by asset class:

Assets	Investment results
Domestic bonds	<u>Increase</u> The Company actively replaced bonds with longer duration bonds, capturing the moment of interest rate rise, and also increased investment in policy-reserve-matching bonds (mainly long-term and super-long-term bonds), based on its ALM strategy. The Company replaced its domestic bonds with foreign currency denominated bonds with currency hedges, aiming to improve its investment efficiency. The Company also made efforts to improve investment yields by carefully selecting and diversifying among various credit risk products, including corporate bonds and asset backed securities, in accordance with the risk adjusted credit spread guidelines.
Loans	<u>Decrease</u> Although the total balance of loans decreased due to contractual maturities and other factors, the Company provided loans by setting adequate risk-adjusted spreads, while also paying attention to the credit spread changes in the bond market.
Domestic stocks	<u>Decrease</u> The Company replaced some companies/sectors with those with higher competitiveness and more growth potential, taking into account analyses by in-house analysts. The Company cautiously controlled stock-related risks by paying attention to the stock market, resulting in a decrease in the total balance of domestic stocks.
Foreign bonds	<u>Increase</u> In order to enhance investment efficiency, the Company increased its investment in foreign currency-denominated bonds by increasing exposure to such bonds with currency hedges, while maintaining the balance of foreign currency-denominated bonds without currency hedges. The Company cautiously controlled related risks by diversifying its portfolio by sector and currency.
Foreign Stocks	<u>Flat</u> The Company accelerated diversification of geographic allocation and styles of foreign stock investment, utilizing both independent investment advisors and in-house managers.
Real Estate	<u>Flat</u> By renegotiating rent and improving vacancy rates of the existing real estate portfolio, the Company pursued high profitability. While the total balance remained unchanged, 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 ¥20.1 billion to ¥456.3 billion largely due to (i) a decrease in foreign interest income resulting from yen appreciation against other currencies and (ii) a decrease in gain on sales of securities. Meanwhile, investment losses decreased by ¥14.8 billion to ¥115.1 billion, due to reduction in loss on sales of securities and loss on valuation of securities.

As a result, net investment income for the six months ended September 30, 2010 amounted to ¥341.1 billion (a ¥5.3 billion decrease compared to that for the six months ended September 30, 2009).

(3) Investment Environment Outlook for the Six Months Ending March 31, 2011

The Japanese economy is expected to level off, with diminishing effect of government's economic stimulus measures. However, with low inventory and expectations for recovery in demand for exports owing to economic recovery in foreign countries, the economy is not expected to fall into recession.

[Domestic interest rates]

Interest rates are expected to remain low, with the Japanese government and Bank of Japan easing monetary policy in light of the economic environment, prices and yen strength. However, assuming an upturn, reactions to the rapid decline of interest rates are expected towards the end of the fiscal year.

[Domestic stocks]

The domestic stock market is anticipated to be sluggish, with concerns over the outlook for corporate profits, while lacking effective economic measures in the global trend to restore fiscal balance. The Japanese economy is expected to weaken later this year and, thus, cause downward pressure on the market. However, stock prices are expected to rise back mildly by the end of the fiscal year, reflecting expectations for export-led recovery in corporate profits.

[Foreign currency]

The U.S. dollar is anticipated to remain weak against the yen, reflecting monetary easing in the U.S. However, expecting the U.S. economy to recover, the Company projects the pressure for the further yen appreciation to gradually ease in the end of the fiscal year.

As with the US dollar, the pressure for the yen appreciation against the Euro is also projected to ease gradually, while affected by the progress on restoring fiscal balance in Europe.

(4) Investment Policies for the Six Months Ending March 31, 2011

The Company will continue to set fixed income investments, including bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies.

The table below summarizes the expected investments of general account by asset class:

Assets	Investment policies
Domestic bonds	<u>Increase</u> The Company will keep investing in domestic bonds, as a core asset under its ALM strategy, throughout the second half of the fiscal year. When interest rates rise, the Company will accelerate its investment in bonds with longer duration to further promote the concept of ALM.
Loans	<u>Slight decrease</u> The Company will provide new loans with attention to lending conditions and credit spread levels in the corporate bond market. Because corporate capital needs are estimated to shrink, however, the total balance of loans is expected to decrease slightly.
Domestic stocks	<u>Decrease or slight decrease</u> The Company will seek opportunities to improve the profitability of portfolio by actively selecting companies and sectors with mid- to long-term growth potential, while it intends to decrease its exposure to domestic stocks in the long run for risk management reasons
Foreign bonds	<u>Flat</u> The Company will maintain its foreign currency-denominated bond portfolio at the present level, which contributes to diversification and a better risk-return profile of the overall asset portfolio. The Company will carefully monitor domestic and foreign interest rate differentials as well as foreign currency exchange rates.
Foreign Stocks	<u>Flat</u> Taking market trends into account, the Company will control its exposure to foreign stocks with average exposure targeted at the present level. 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.

7. Investment Results of General Account

(1) Asset Composition (General Account)

(millions of yen)

	As of September 30, 2010		As of March 31, 2010	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	335,155	1.1	356,433	1.2
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary receivables purchased	309,293	1.0	289,885	1.0
Trading account securities	-	-	-	-
Money held in trust	19,971	0.1	22,258	0.1
Securities	23,017,542	78.0	22,793,303	77.1
Domestic bonds	13,176,842	44.6	12,989,979	44.0
Domestic stocks	2,844,795	9.6	3,258,143	11.0
Foreign securities	6,796,712	23.0	6,325,956	21.4
Foreign bonds	5,290,673	17.9	4,782,266	16.2
Foreign stocks and other securities	1,506,039	5.1	1,543,689	5.2
Other securities	199,191	0.7	219,225	0.7
Loans	3,764,626	12.8	3,834,365	13.0
Policy loans	556,599	1.9	571,443	1.9
General loans	3,208,026	10.9	3,262,921	11.0
Real estate	1,281,272	4.3	1,238,898	4.2
Real estate for rent	816,861	2.8	782,788	2.6
Deferred tax assets	348,725	1.2	337,687	1.1
Others	460,868	1.6	699,925	2.4
Allowance for doubtful accounts	(20,985)	(0.1)	(21,095)	(0.1)
Total	29,516,470	100.0	29,551,663	100.0
Foreign currency-denominated assets	5,219,543	17.7	5,027,866	17.0

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

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

(millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Cash, deposits, and call loans	(81,197)	(21,277)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	6,188	-
Monetary receivables purchased	(4,246)	19,408
Trading account securities	76,875	-
Money held in trust	2,971	(2,287)
Securities	925,674	224,238
Domestic bonds	(269,254)	186,863
Domestic stocks	534,083	(413,347)
Foreign securities	657,112	470,756
Foreign bonds	567,054	508,406
Foreign stocks and other securities	90,057	(37,650)
Other securities	3,733	(20,034)
Loans	(283,269)	(69,738)
Policy loans	(15,085)	(14,843)
General loans	(268,183)	(54,894)
Real estate	(9,236)	42,374
Real estate for rent	1,574	34,073
Deferred tax assets	(298,074)	11,038
Others	66,464	(239,056)
Allowance for doubtful accounts	(12,459)	109
Total	389,691	(35,192)
Foreign currency-denominated assets	702,974	191,676

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

(3) Investment Income (General Account)

(millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Interest, dividends and other income	346,365	338,318
Interest on deposits	986	2,421
Interest and dividends on securities	257,982	254,431
Interest on loans	46,655	43,477
Rent revenue from real estate	35,443	33,937
Other interest and dividends	5,297	4,051
Gains on trading account securities	515	-
Gain from money held in trust	2,161	-
Gains on trading securities	-	-
Gains on sales of securities	118,185	101,692
Gains on sales of domestic bonds	9,188	36,987
Gains on sales of domestic stocks	66,169	32,054
Gains on sales of foreign securities	42,827	32,651
Others	-	-
Gain on redemption of securities	3,398	985
Net derivative financial instruments gain	5,676	15,049
Foreign exchange gains	-	-
Other investment income	234	336
Total	476,538	456,384

(4) Investments Expense (General Account)

(millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Interest expenses	5,767	5,701
Loss on trading account securities	-	-
Losses on investments in money held in trust	-	2,272
Losses on trading securities	-	-
Losses on sales of securities	65,204	61,837
Losses on sales of domestic bonds	6,272	147
Losses on sales of domestic stocks	6,868	9,218
Losses on sales of foreign securities	52,063	52,470
Others	-	-
Losses on valuation of securities	9,655	6,867
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	6,662	4,446
Losses on valuation of foreign securities	2,993	2,421
Others	-	-
Losses on redemption of securities	1,645	1,033
Net derivative financial instruments loss	-	-
Foreign exchange losses	9,283	13,059
Provision for allowance for doubtful accounts	12,470	-
Provision for allowance for investment losses	-	-
Loss on disposal of bad loans	186	447
Depreciation of real estate for rent and other	7,457	7,397
Other investment expenses	18,339	16,583
Total	130,011	115,199

(5) Net Investment Income (General Account)

(millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Net investment income	346,527	341,184

(6) Valuation gains and losses on trading securities (general account)

(millions of yen)

	As of September 30, 2010		As of March 31, 2010	
	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	19,971	(2,172)	22,258	3,359
Trading account securities	-	-	-	56
Money held in trust	19,971	(2,172)	22,258	3,303

Note: 'Valuation gains (losses) included in statement of earnings' include reversal gains (losses) at the beginning of the fiscal year.

(7) 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 September 30, 2010					
Bonds held to maturity	166,826	174,047	7,221	7,221	-
Domestic bonds	124,532	127,449	2,917	2,917	-
Foreign bonds	42,294	46,598	4,304	4,304	-
Policy-reserve-matching bonds	6,209,003	6,785,986	576,983	576,983	-
Domestic bonds	6,209,003	6,785,986	576,983	576,983	-
Stocks of subsidiaries and affiliates	19,805	23,988	4,182	4,182	-
Securities available for sale	14,817,900	15,466,643	648,743	1,090,499	441,756
Domestic bonds	6,474,009	6,843,307	369,297	369,753	455
Domestic stocks	2,324,113	2,527,481	203,367	483,796	280,429
Foreign securities	5,586,871	5,654,146	67,275	215,909	148,634
Foreign bonds	5,119,041	5,248,379	129,337	203,660	74,322
Foreign stocks and other securities	467,829	405,767	(62,062)	12,249	74,311
Other securities	109,910	102,414	(7,496)	4,495	11,991
Monetary receivables purchased	292,994	309,293	16,299	16,544	245
Certificates of deposit	30,000	30,000	0	0	0
Others	-	-	-	-	-
Total	21,213,535	22,450,666	1,237,131	1,678,887	441,756
Domestic bonds	12,807,545	13,756,743	949,197	949,653	455
Domestic stocks	2,324,113	2,527,481	203,367	483,796	280,429
Foreign securities	5,647,686	5,723,447	75,761	224,395	148,634
Foreign bonds	5,161,335	5,294,977	133,642	207,964	74,322
Foreign stocks and other securities	486,350	428,469	(57,880)	16,430	74,311
Other securities	111,196	103,701	(7,494)	4,496	11,991
Monetary receivables purchased	292,994	309,293	16,299	16,544	245
Certificates of deposit	30,000	30,000	0	0	0
Others	-	-	-	-	-
As of March 31, 2010					
Bonds held to maturity	171,263	174,819	3,556	4,904	1,348
Domestic bonds	124,253	124,592	338	1,686	1,348
Foreign bonds	47,009	50,227	3,218	3,218	-
Policy-reserve-matching bonds	5,766,069	5,889,306	123,236	136,732	13,495
Domestic bonds	5,766,069	5,889,306	123,236	136,732	13,495
Stocks of subsidiaries and affiliates	17,209	24,415	7,206	7,206	0
Securities available for sale	14,921,552	15,642,718	721,166	1,016,728	295,562
Domestic bonds	6,957,460	7,099,655	142,195	148,896	6,700
Domestic stocks	2,417,263	2,939,839	522,575	702,945	180,369
Foreign securities	5,126,575	5,179,708	53,133	152,490	99,357
Foreign bonds	4,659,418	4,735,257	75,838	124,257	48,419
Foreign stocks and other securities	467,156	444,451	(22,705)	28,233	50,938
Other securities	111,595	110,630	(965)	7,184	8,150
Monetary receivables purchased	285,657	289,885	4,227	5,211	983
Certificates of deposit	23,000	22,999	(0)	0	0
Others	-	-	-	-	-
Total	20,876,095	21,731,260	855,165	1,165,572	310,406
Domestic bonds	12,847,783	13,113,554	265,770	287,314	21,544
Domestic stocks	2,417,263	2,939,839	522,575	702,945	180,369
Foreign securities	5,189,931	5,253,489	63,558	162,915	99,357
Foreign bonds	4,706,428	4,785,484	79,056	127,475	48,419
Foreign stocks and other securities	483,503	468,005	(15,498)	35,440	50,938
Other securities	112,458	111,492	(966)	7,184	8,151
Monetary receivables purchased	285,657	289,885	4,227	5,211	983
Certificates of deposit	23,000	22,999	(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 Law.

* Carrying values of securities whose market prices are deemed extremely difficult to obtain are as follows:

(millions of yen)

	As of September 30, 2010	As of March 31, 2010
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	202,541	202,902
Unlisted domestic stocks (except over-the-counter stocks)	182,680	182,680
Unlisted foreign stocks (except over-the-counter stocks)	12,192	12,192
Others	7,668	8,029
Other securities	1,292,130	1,305,728
Unlisted domestic stocks (except over-the-counter stocks)	134,633	135,623
Unlisted foreign stocks (except over-the-counter stocks)	1,063,058	1,063,784
Unlisted foreign bonds	0	0
Others	94,438	106,320
Total	1,494,671	1,508,631

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Law.

2. The amounts of foreign exchange valuation losses on foreign securities whose market prices are deemed extremely difficult to obtain and which are listed in the table above are as follows: 5,430 million yen as of September 30, 2010 and 3,714 million yen as of March 31, 2010.

(Reference) Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities whose market prices are deemed extremely difficult to obtain and which are listed on the table above, in addition to the figures in the table (7), is as follows:

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of September 30, 2010					
Bonds held to maturity	166,826	174,047	7,221	7,221	-
Domestic bonds	124,532	127,449	2,917	2,917	-
Foreign bonds	42,294	46,598	4,304	4,304	-
Policy-reserve-matching bonds	6,209,003	6,785,986	576,983	576,983	-
Domestic bonds	6,209,003	6,785,986	576,983	576,983	-
Stocks of subsidiaries and affiliates	222,347	221,215	(1,131)	4,182	5,314
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	37,329	36,197	(1,132)	4,181	5,314
Other securities	2,336	2,338	1	1	-
Securities available for sale	16,110,030	16,758,657	648,627	1,090,499	441,872
Domestic bonds	6,474,009	6,843,307	369,297	369,753	455
Domestic stocks	2,458,747	2,662,114	203,367	483,796	280,429
Foreign securities	6,649,929	6,717,088	67,159	215,909	148,750
Foreign bonds	5,119,041	5,248,379	129,337	203,660	74,322
Foreign stocks and other securities	1,530,888	1,468,709	(62,178)	12,249	74,427
Other securities	204,349	196,852	(7,496)	4,495	11,991
Monetary receivables purchased	292,994	309,293	16,299	16,544	245
Certificates of deposit	30,000	30,000	0	0	0
Others	-	-	-	-	-
Total	22,708,207	23,939,907	1,231,700	1,678,887	447,187
Domestic bonds	12,807,545	13,756,743	949,197	949,653	455
Domestic stocks	2,641,428	2,844,795	203,367	483,796	280,429
Foreign securities	6,729,553	6,799,884	70,330	224,395	154,065
Foreign bonds	5,161,335	5,294,977	133,642	207,964	74,322
Foreign stocks and other securities	1,568,218	1,504,906	(63,311)	16,430	79,742
Other securities	206,686	199,191	(7,494)	4,496	11,991
Monetary receivables purchased	292,994	309,293	16,299	16,544	245
Certificates of deposit	30,000	30,000	0	0	0
Others	-	-	-	-	-
As of March 31, 2010					
Bonds held to maturity	171,263	174,819	3,556	4,904	1,348
Domestic bonds	124,253	124,592	338	1,686	1,348
Foreign bonds	47,099	50,227	3,218	3,218	-
Policy-reserve-matching bonds	5,766,069	5,889,306	123,236	136,732	13,495
Domestic bonds	5,766,069	5,889,306	123,236	136,732	13,495
Stocks of subsidiaries and affiliates	220,112	223,306	3,194	7,335	4,141
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	35,156	38,351	3,194	7,335	4,140
Other securities	2,275	2,274	(0)	-	0
Securities available for sale	16,227,281	16,948,744	721,463	1,017,025	295,562
Domestic bonds	6,957,460	7,099,655	142,195	148,896	6,700
Domestic stocks	2,552,887	3,075,462	522,575	702,945	180,369
Foreign securities	6,190,359	6,243,790	53,430	152,788	99,358
Foreign bonds	4,659,418	4,735,257	75,838	124,257	48,419
Foreign stocks and other securities	1,530,941	1,508,533	(22,408)	28,530	50,938
Other securities	217,916	216,950	(965)	7,184	8,150
Monetary receivables purchased	285,657	289,885	4,227	5,211	983
Certificates of deposit	23,000	22,999	(0)	0	0
Others	-	-	-	-	-
Total	22,384,726	23,236,177	851,450	1,165,998	314,547
Domestic bonds	12,847,783	13,113,554	265,770	287,314	21,544
Domestic stocks	2,735,567	3,258,143	522,575	702,945	180,369
Foreign securities	6,272,525	6,332,369	59,843	163,342	103,498
Foreign bonds	4,706,428	4,785,484	79,056	127,475	48,419
Foreign stocks and other securities	1,566,097	1,546,884	(19,213)	35,866	55,079
Other securities	220,191	219,225	(966)	7,184	8,151
Monetary receivables purchased	285,657	289,885	4,227	5,211	983
Certificates of deposit	23,000	22,999	(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 Law.

(8) 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)	
				Gains	Losses
As of September 30, 2010	19,971	19,971	(2,172)	4,152	6,325
As of March 31, 2010	22,258	22,258	3,303	7,288	3,984

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 trading purpose is as follows:

(millions of yen)

	As of September 30, 2010		As of March 31, 2010	
	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	19,971	(2,172)	22,258	3,303

Note: "Valuation gains (losses) included in the statement of earnings" include reversal gains (losses) at the beginning of the fiscal year.

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

(millions of yen)

	Book value	Fair value	Gains (losses)	Gains (losses)	
				Gains	Losses
As of September 30, 2010					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2010					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Others	-	-	-	-	-

(9) Total net unrealized gains (losses) of general account assets

(millions of yen)

	As of September 30, 2010	As of March 31, 2010
Securities	1,231,700	851,450
Domestic bonds	949,197	265,770
Domestic stocks	203,367	522,575
Foreign securities	70,330	59,843
Foreign bonds	133,642	79,056
Foreign stocks and other securities	(63,311)	(19,213)
Other securities	(7,494)	(966)
Others	16,299	4,227
Real estate	71,111	90,879
Total (including others not listed above)	1,301,660	942,030

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

8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of September 30, 2010	As of March 31, 2010
Claims against bankrupt and quasi-bankrupt obligors	5,721	5,829
Claims with collection risk	25,131	27,769
Claims for special attention	3,094	2,383
Subtotal <i>(I)</i>	33,946	35,981
[Percentage <i>(I)/(II)</i>]	[0.81%]	[0.83%]
Claims against normal obligors	4,169,392	4,274,266
Total <i>(II)</i>	4,203,339	4,310,248

- 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 September 30, 2010	As of March 31, 2010
Credits to bankrupt borrowers <i>(I)</i>	5,172	5,259
Delinquent loans <i>(II)</i>	25,680	28,338
Loans past due for three months or more <i>(III)</i>	-	-
Restructured loans <i>(IV)</i>	3,057	2,383
Total <i>((I) + (II) + (III) + (IV))</i>	33,910	35,981
[Percentage of total loans]	[0.90%]	[0.94%]

- 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 six months ended September 30, 2010 and the year ended March 31, 2010 were 794 million yen and 736 million yen, respectively. The write-offs relating to delinquent loans in the six months ended September 30, 2010 and the year ended March 31, 2010 were 3,242 million yen and 3,469 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 September 30, 2010	As of March 31, 2010
Total solvency margin (A)	3,558,058	3,525,861
Common stock, etc. (foundation funds and surplus) *1	625,051	594,697
Reserve for price fluctuations	122,453	115,453
Contingency reserve	536,093	527,093
General allowance for doubtful accounts	5,787	4,853
Net unrealized gains on securities (before tax) × 90% *2	583,764	649,316
Net unrealized gains (losses) on real estate × 85% *2	60,444	77,247
Policy reserves in excess of surrender values	1,304,092	1,245,466
Qualifying subordinated debt	320,140	328,906
Excluded items	(169,881)	(169,881)
Others	170,110	152,707
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	695,915	739,535
Insurance risk R_1	100,345	102,331
3rd sector insurance risk R_8	152,824	150,182
Assumed investment yield risk R_2	128,029	130,566
Investment risk R_3	494,880	538,537
Business risk R_4	17,648	18,556
Guaranteed minimum benefit risk R_7 *3	6,336	6,209
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1022.5%	953.5%

*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 above 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.

11. Status of Separate Account

(1) Separate Account Assets by Product

(millions of yen)

	As of September 30, 2010	As of March 31, 2010
Individual variable insurance	44,350	48,107
Individual variable annuities	154,620	174,050
Group annuities	986,248	1,070,091
Separate account total	1,185,218	1,292,250

(2) Sum Insured of Individual Variable Insurance and Annuities (Separate Account)

A. Variable insurance

(millions of yen except number of policies)

	As of September 30, 2010		As of March 31, 2010	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	206	1,034	220	1,107
Variable insurance (whole life)	47,840	297,443	48,160	300,010
Total	48,046	298,477	48,380	301,118

Note: Policies in force include term life riders.

B. Variable annuities

(millions of yen except number of policies)

	As of September 30, 2010		As of March 31, 2010	
	Number of policies	Amount	Number of policies	Amount
Variable annuities	45,514	143,486	46,803	162,411

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Ordinary revenues	2,748,328	2,262,676
Ordinary profit	134,602	101,092
Net surplus	96,799	-
Net income	-	29,443

	As of September 30, 2010	As of March 31, 2010
Total assets	32,054,192	32,104,248

(2) Scope of Consolidation and Application of Equity Method

	As of September 30, 2010
Number of consolidated subsidiaries	3
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	29

For information regarding changes in subsidiaries and affiliates, please refer to "BASIS FOR PREPARATION" of Notes to Unaudited Consolidated Financial Statements (P.35).

(3) Unaudited Consolidated Balance Sheets

(millions of yen)

	As of	As of March 31, 2010
	September 30, 2010	(summarized)
	Amount	Amount
(ASSETS)		
Cash and deposits	220,764	188,208
Call loans	166,700	249,100
Monetary receivables purchased	309,293	289,885
Money held in trust	70,168	55,685
Securities	25,383,566	25,147,356
Loans receivable	3,765,232	3,834,955
Tangible assets	1,286,217	1,244,006
Intangible assets	104,457	105,381
Reinsurance accounts receivable	46,939	45,828
Other assets	353,039	608,753
Deferred tax assets	350,663	339,534
Customers' liabilities for acceptances and guarantees	18,451	17,787
Allowance for doubtful accounts	(21,006)	(21,111)
Allowance for investment loss	(294)	(1,123)
Total assets	32,054,192	32,104,248
(LIABILITIES)		
Reserve for insurance policy liabilities	29,450,532	29,112,220
Reserve for outstanding claims	144,263	150,313
Policy reserve	28,899,257	28,632,692
Reserve for dividends to policyholders	407,011	329,214
Reinsurance accounts payable	1,172	871
Bonds payable	41,901	46,510
Other liabilities	931,713	1,213,370
Reserve for employees' retirement benefits	420,666	411,440
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,227	3,336
Reserve for possible reimbursement of prescribed claims	879	1,100
Allowance for policyholder dividends	-	92,500
Reserve for price fluctuation	122,554	115,528
Deferred tax liabilities	1,550	682
Deferred tax liabilities for land revaluation	123,893	124,706
Acceptances and guarantees	18,451	17,787
Total liabilities	31,116,544	31,140,054
(NET ASSETS)		
Capital stock	210,200	-
Capital surplus	210,200	-
Retained earnings	158,963	-
Total shareholders' equity	579,363	-
Valuation difference on available-for-sale securities	417,034	-
Deferred gains or losses on hedges	(2,800)	-
Revaluation reserve for land	(64,738)	-
Foreign currency translation adjustment	(2,515)	-
Total valuation and translation adjustments	346,980	-
Minority interests	11,304	-
Total net assets	937,648	-
Accumulated redeemed foundation funds	-	420,000
Revaluation reserve	-	248
Consolidated surplus	-	138,469
Total foundation funds and surplus	-	558,718
Valuation difference on available-for-sale securities	-	462,289
Deferred gains or losses on hedges	-	(2,008)
Revaluation reserve for land	-	(63,540)
Foreign currency translation adjustment	-	(3,069)
Total valuation and translation adjustments	-	393,671
Minority interests	-	11,804
Total net assets	-	964,193
Total liabilities and net assets	32,054,192	32,104,248

(4) Unaudited Consolidated Statements of Earnings

(millions of yen)

	Six months ended	Six months ended
	September 30,2009	September 30,2010
	Amount	Amount
ORDINARY REVENUES	2,748,328	2,262,676
Insurance premiums and other	1,949,934	1,665,198
Investment income	653,413	458,014
[Interest, dividends and other income]	[346,097]	[338,204]
[Gain on trading account securities]	[515]	[-]
[Gain from money held in trust]	[-]	[1,598]
[Gain on trading securities]	[-]	[301]
[Gain on sales of securities]	[118,291]	[101,745]
[Net derivative financial instruments gain]	[5,676]	[14,842]
[Gain on separate accounts]	[179,198]	[-]
Other ordinary revenues	144,980	139,463
ORDINARY EXPENSES	2,613,726	2,161,584
Insurance claims and other	1,297,672	1,263,834
[Insurance claims]	[386,012]	[385,195]
[Annuity payments]	[192,594]	[213,007]
[Benefits]	[270,187]	[265,851]
[Surrender benefits]	[353,832]	[317,450]
Provision for policy reserve and other	734,088	272,240
Provision for policy reserve	728,815	267,221
Provision for interest portion of reserve for dividends to policyholders	5,273	5,019
Investment expenses	128,612	207,034
[Interest expenses]	[5,767]	[5,701]
[Loss on investments in money held in trust]	[1,274]	[-]
[Loss on sales of securities]	[65,204]	[61,837]
[Loss on valuation of securities]	[6,812]	[6,867]
[Loss on separate accounts]	[-]	[93,734]
Operating expenses	239,383	215,819
Other ordinary expenses	213,968	202,655
ORDINARY PROFIT	134,602	101,092
EXTRAORDINARY GAINS	119	3,860
Gain on disposal of noncurrent assets	29	3,176
Reversal of allowance for doubtful accounts	-	75
Reversal of allowance for investment loss	-	480
Gain on bad debts recovered	89	127
Other	0	0
EXTRAORDINARY LOSSES	13,547	14,468
Loss on disposal of noncurrent assets	1,332	583
Impairment loss	4,347	2,784
Provision for reserve for price fluctuation	7,012	7,026
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	4,074
Other	855	0
Provision for reserve for dividends to policyholders	-	41,249
Net surplus before adjustment for taxes, etc.	121,175	-
Income before income taxes and minority interests	-	49,235
Income taxes-current	450	5,648
Income taxes-deferred	24,101	14,784
Total income taxes	24,552	20,432
Income before minority interests	-	28,802
Minority interests in loss	176	640
Net surplus	96,799	-
Net income	-	29,443

(5) Unaudited Consolidated Statements of Cash Flows

(millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
	Amount	Amount
Net cash provided by (used in) operating activities		
Net surplus before adjustment for taxes, etc.	121,175	-
Income before income taxes and minority interests	-	49,235
Depreciation and amortization	15,292	15,632
Impairment loss	4,347	2,784
Increase (decrease) in reserve for outstanding claims	(19,412)	(6,048)
Increase (decrease) in policy reserve	728,815	267,221
Interest on reserve for dividends to policyholders	5,273	5,019
Provision for (reversal of) reserve for dividends to policyholders	-	41,249
Increase (decrease) in allowance for doubtful accounts	12,464	(104)
Increase (decrease) in allowance for investment loss	-	(829)
Gains on collection of loans and claims written off	(89)	(127)
Amortization of loans	186	447
Increase (decrease) in reserve for employees' retirement benefits	8,323	9,226
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(99)	(108)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(193)	(220)
Increase (decrease) in allowance for policyholder dividends	-	(92,500)
Transfer from allowance for dividends to policyholders to reserve for dividends to policyholders	-	92,500
Increase (decrease) in reserve for price fluctuation	7,012	7,026
Interest, dividends and other income	(346,097)	(338,204)
Loss (gain) related to securities	(227,741)	60,440
Interest expenses	5,767	5,701
Loss (gain) related to tangible assets	1,302	(2,593)
Decrease (increase) in trading account securities	(76,875)	-
Other, net	109,529	9,113
Subtotal	348,981	124,860
Interest and dividends income received	351,401	362,447
Interest expenses paid	(5,791)	(5,764)
Dividends to policyholders paid	(49,784)	(60,971)
Other, net	(245,536)	169,368
Income taxes paid	59,337	2,392
Net cash provided by (used in) operating activities	458,606	592,333
Net cash provided by (used in) investing activities		
Investment in monetary receivables purchased	(24,520)	(6,701)
Proceeds from sales and redemption of monetary receivables purchased	12,293	9,365
Increase in money held in trust	(38,500)	(12,900)
Decrease in money held in trust	1,111	-
Purchase of investment securities	(5,381,187)	(5,300,984)
Proceeds from sales and redemption of securities	4,752,773	4,691,351
Payments of loans receivable	(191,447)	(181,662)
Collection of loans receivable	474,412	251,011
Other, net	(127,585)	(8,422)
Total of net cash provided by (used in) investment transactions	(522,649)	(558,942)
Total of net cash provided by (used in) operating activities and investment transactions	(64,042)	33,391
Purchase of tangible assets	(6,975)	(57,589)
Proceeds from sales of tangible assets	(296)	5,582
Other, net	(10,671)	(10,540)
Net cash provided by (used in) investing activities	(540,592)	(621,489)
Net cash provided by (used in) financing activities		
Repayments of loans payable	(8)	(1)
Repayments of lease obligations	(33)	(108)
Redemption of foundation funds	(20,000)	-
Interest paid on foundation funds	(2,328)	-
Cash dividends paid	-	(9,854)
Proceeds from stock issuance to minority shareholders	8,500	-
Other, net	(4)	(12)
Net cash provided by (used in) financing activities	(13,874)	(9,976)
Effect of exchange rate change on cash and cash equivalents	48	(711)
Net increase (decrease) in cash and cash equivalents	(95,811)	(39,843)
Cash and cash equivalents at the beginning of period	472,975	437,308
Cash and cash equivalents at the end of period	377,164	397,464

(6) Unaudited Consolidated Statements of Changes in Net Assets

(millions of yen)

	Six months ended September 30, 2009
Foundation funds and surplus	
Foundation funds	
Balance at the end of previous period	120,000
Changes of items during the period	
Redemption of foundation funds	(20,000)
Changes of items during the period	(20,000)
Balance at the end of period	100,000
Accumulated redeemed foundation funds	
Balance at the end of previous period	300,000
Changes of items during the period	
Transfer to accumulated redeemed foundation funds	20,000
Changes of items during the period	20,000
Balance at the end of period	320,000
Revaluation reserve	
Balance at the end of previous period	248
Changes of items during the period	
Changes of items during the period	-
Balance at the end of period	248
Consolidated surplus	
Balance at the end of previous period	265,787
Changes of items during the period	
Transfer to reserve for dividends to policyholders	(64,963)
Transfer to accumulated redeemed foundation funds	(20,000)
Interest payment for foundation funds	(2,328)
Net surplus for the period	96,799
Transfer from reserve for land revaluation	1,072
Changes by capital increase of consolidated subsidiaries	2,457
Others	(226)
Changes of items during the period	12,812
Balance at the end of period	278,599
Total foundation funds and surplus	
Balance at the end of previous period	686,035
Changes of items during the period	
Transfer to reserve for dividends to policyholders	(64,963)
Transfer to accumulated redeemed foundation funds	-
Interest payment for foundation funds	(2,328)
Net surplus for the period	96,799
Redemption of foundation funds	(20,000)
Transfer from reserve for land revaluation	1,072
Changes by capital increase of consolidated subsidiaries	2,457
Others	(226)
Changes of items during the period	12,812
Balance at the end of period	698,848
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	
Balance at the end of previous period	(47,349)
Changes of items during the period	
Net changes of items other than foundation funds and surplus	492,433
Changes of items during the period	492,433
Balance at the end of period	445,084
Deferred gains or losses on hedges	
Balance at the end of previous period	(357)
Changes of items during the period	
Net changes of items other than foundation funds and surplus	(1,011)
Changes of items during the period	(1,011)
Balance at the end of period	(1,369)
Revaluation reserve for land	
Balance at the end of previous period	(62,297)
Changes of items during the period	
Net changes of items other than foundation funds and surplus	(1,072)
Changes of items during the period	(1,072)
Balance at the end of period	(63,370)
Foreign currency translation adjustment	
Balance at the end of previous period	(2,514)
Changes of items during the period	
Net changes of items other than foundation funds and surplus	(2,131)
Changes of items during the period	(2,131)
Balance at the end of period	(4,645)
Total valuation and translation adjustments	
Balance at the end of previous period	(112,519)
Changes of items during the period	
Net changes of items other than foundation funds and surplus	488,218
Changes of items during the period	488,218
Balance at the end of period	375,698
Minority interests	
Balance at the end of previous period	6,412
Changes of items during the period	
Net changes of items other than foundation funds and surplus	5,900
Changes of items during the period	5,900
Balance at the end of period	12,313
Total net assets	
Balance at the end of previous period	579,928
Changes of items during the period	
Transfer to reserve for dividends to policyholders	(64,963)
Transfer to accumulated redeemed foundation funds	-
Interest payment for foundation funds	(2,328)
Net surplus for the period	96,799
Redemption of foundation funds	(20,000)
Reversal of revaluation reserve for land	1,072
Changes by capital increase of consolidated subsidiaries	2,457
Others	(226)
Net changes of items other than foundation funds and surplus	494,119
Changes of items during the period	506,931
Balance at the end of period	1,086,860

(millions of yen)

	Six months ended September 30, 2010
Shareholders' equity	
Capital stock	
Balance at the beginning of period	210,200
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of period	210,200
Capital surplus	
Balance at the beginning of period	210,200
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of period	210,200
Retained earnings	
Balance at the beginning of period	138,318
Changes of items during the period	
Dividends from surplus	(10,000)
Net income	29,443
Reversal of revaluation reserve for land	1,197
Other	3
Total changes of items during the period	20,644
Balance at the end of period	158,963
Total shareholders' equity	
Balance at the beginning of period	558,718
Changes of items during the period	
Dividends from surplus	(10,000)
Net income	29,443
Reversal of revaluation reserve for land	1,197
Other	3
Total changes of items during the period	20,644
Balance at the end of period	579,363
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	
Balance at the beginning of period	462,289
Changes of items during the period	
Net changes of items other than shareholders' equity	(45,255)
Total changes of items during the period	(45,255)
Balance at the end of period	417,034
Deferred gains or losses on hedges	
Balance at the beginning of period	(2,008)
Changes of items during the period	
Net changes of items other than shareholders' equity	(791)
Total changes of items during the period	(791)
Balance at the end of period	(2,800)
Revaluation reserve for land	
Balance at the beginning of period	(63,540)
Changes of items during the period	
Net changes of items other than shareholders' equity	(1,197)
Total changes of items during the period	(1,197)
Balance at the end of period	(64,738)
Foreign currency translation adjustment	
Balance at the beginning of period	(3,069)
Changes of items during the period	
Net changes of items other than shareholders' equity	553
Total changes of items during the period	553
Balance at the end of period	(2,515)
Total valuation and translation adjustments	
Balance at the beginning of period	393,671
Changes of items during the period	
Net changes of items other than shareholders' equity	(46,690)
Total changes of items during the period	(46,690)
Balance at the end of period	346,980
Minority interests	
Balance at the beginning of period	11,804
Changes of items during the period	
Net changes of items other than shareholders' equity	(499)
Total changes of items during the period	(499)
Balance at the end of period	11,304
Total net assets	
Balance at the beginning of period	964,193
Changes of items during the period	
Dividends from surplus	(10,000)
Net income	29,443
Reversal of revaluation reserve for land	1,197
Other	3
Net changes of items other than shareholders' equity	(47,190)
Total changes of items during the period	(26,545)
Balance at the end of period	937,648

Notes to the Unaudited Consolidated Financial Statements for the Six Months Ended September 30, 2010

I. BASIS FOR PRESENTATION

1. Scope of Consolidation

(1) Number of consolidated subsidiaries in the six months ended September 30, 2010: 3

The Dai-ichi Life Information Systems Co., Ltd.
The Dai-ichi Frontier Life Insurance Co., Ltd.
Dai-ichi Life Insurance Company of Vietnam, Limited

(2) Number of non-consolidated subsidiaries in the six months ended September 30, 2010: 12

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. These twelve non-consolidated subsidiaries had, individually and in aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income, retained earnings, cash flows, and others.

(3) Specified Purpose Companies subject to disclose

(i) Securitization of Foundation Funds and Subordinated Obligations

The Parent Company securitized foundation funds and subordinated obligations to broaden a range of investors and to secure a stable base for raising capital. For the securitization, the Parent Company utilizes Tokutei Mokuteki Kaishas (the “TMKs”, specified purpose company) regulated by the Asset Liquidation Act. The TMKs raise capital by issuing specified company bonds backed by assets transferred to the TMKs by contributors of foundation funds and subordinated loans. The Parent Company holds non-voting shares of Cayman-based special purpose companies (the “SPC”), which in turn hold specified shares in the TMKs. The Parent Company monitors the TMKs’ financial situation and appropriately recognizes those non-voting shares and writes down future possible losses associated with the shares, if necessary, in its financial statements in accordance with the “Accounting Standard for Financial Instruments” issued on March 10, 2008 regarding those non-voting preference shares in its financial statements.

As per the resolution made at the 108th general meeting of its representative policyholders, the Parent Company implemented one-time pre-maturity redemption of its foundation funds prior to the organizational conversion (demutualization), and in September 2010, two TMKs which had been engaged in such foundation funds completed their liquidation.

By September 30, 2010, the Parent Company had implemented four capital raisings through securitization, three of which were still engaged in transactions with the Parent Company during the interim period. The total of assets and liabilities of the remaining SPC at the end of the latest interim period (March 31, 2010) were ¥30,360 million and ¥30,088 million, respectively.

The Parent Company held no ordinary shares in those three companies and none of the three companies had directors, officers, or employees transferred from the Parent Company.

The amounts involved in the principle transactions between the Parent Company and the TMKs for the six months ended September 30, 2010 were as follows:

	Amounts as of September 30, 2010 (millions of yen)		Six months ended September 30, 2010 (millions of yen)
Subordinated obligation	¥30,000	Interest Expenses	¥310

(ii) Investment in Securitized Real Estate

To diversify investments in real estate and stabilize its investment returns, the Parent Company had an exposure to an investment project to securitize real estate as of September 30, 2010. The Parent Company had three SPCs as of September 30, 2010 and the Parent Company invested in the SPCs under an anonymous association contract 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” 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. Total assets and liabilities of the SPCs at the ends of their latest interim periods (June 30 and July 31, 2010) amounted to ¥140,053 million and ¥93,683 million, respectively.

As of September 30, 2010, the Parent Company had no management authority in the SPCs and the SPCs had no directors, officers, and employees transferred from the Parent Company.

The amounts involved in transactions between the Parent Company and the SPCs for the six months ended September 30, 2010 were as follows:

	Amounts as of September 30, 2010 (millions of yen)		Six months ended September 30, 2010 (millions of yen)
Investment in anonymous association	¥29,685	Dividends	¥1,094
Preferred investments	¥2,900	Dividends	¥87

2. Application of the Equity Method

- (1) Number of non-consolidated subsidiaries accounted for under the equity method for the six months ended September 30, 2010: 0
- (2) Number of affiliated companies accounted for under the equity method for the six months ended September 30, 2010: 29

Names of the affiliated companies include:

DIAM Co., Ltd.
 DIAM U.S.A., Inc.
 DIAM International Ltd
 DIAM SINGAPORE PTE. LTD.
 DIAM Asset Management (HK) Limited
 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 Co., Ltd.
 Tower Australia Group Limited
 Star Union Dai-ichi Life Insurance Company Limited

In the six months ended September 30, 2010, one affiliated company of Tower Australia Group was excluded from the scope of the equity method of the Parent Company as Tower Australia Group disposed of its interest in the affiliated 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., and Dai-ichi Seimei Business Service K.K. and others), as well as affiliated companies (DSC No.3 Investment Partnership, 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. Interim Ends of Consolidated Subsidiaries

The interim closing date of domestic consolidated subsidiaries is September 30, whereas that of foreign consolidated subsidiaries is June 30. 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.

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010

1. Valuation Methods of Securities

Securities held by the Parent Company and its consolidated subsidiaries, including cash equivalents, bank deposits, and monetary receivables purchased which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

(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))

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

(4) Stocks of Non-consolidated 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 market value as of September 30, 2010 (for domestic stocks, the average value during September), with cost determined by the moving average method.

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

a. Government/corporate bonds (including foreign bonds) whose premium or discount represents the interest adjustment

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

b. Others

All others are valued at cost 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.

The amortization of premium or discount of securities is calculated by the straight-line method.

2. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of September 30, 2010 amounted to ¥6,209,003 million. The market value of these bonds as of September 30, 2010 was ¥6,785,986 million.

(2) Risk management policy

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

- i. individual life insurance and annuities
 - ii. financial insurance and annuities, and
 - iii. 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 Parent Company revalued land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a revaluation reserve for land as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land
 - The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.
- 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 September 30, 2010 was ¥18,862 million.

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Assets Excluding Lease Assets

Depreciation of tangible assets excluding lease assets is calculated by the following method.

- i. Buildings (excluding leasehold improvements and structures)
 - a. Acquired on or before March 31, 2007: by the previous straight-line method
 - b. Acquired on or after April 1, 2007: by the straight-line method
- ii. Assets other than buildings
 - a. Acquired on or before March 31, 2007: by the previous declining balance method
 - b. Acquired on or after April 1, 2007: by the declining balance method

Estimated useful lives of major assets are as follows:

Buildings:	two to sixty years
Other tangible assets:	two to twenty years

Tangible assets other than land and building 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 assets acquired on or before March 31, 2007 and that were depreciated to their final depreciable limit, the salvage values were depreciated in the following five years from the fiscal year end when such assets were depreciated to their final depreciable limit.

Depreciation of tangible 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.

(2) Amortization of Intangible Assets Excluding Leased Assets

The Parent Company uses the straight-line method of amortization for intangible 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 is calculated over the lease term by the straight-line method assuming zero salvage value.

Finance leases which commenced before April 1, 2008 are accounted for in the same manner as ordinary operating leases.

(4) Accumulated Depreciation of Tangible Assets

Accumulated depreciation of tangible assets as of September 30, 2010 was ¥653,249 million.

6. Translation of Assets and Liabilities Denominated in Foreign Currencies to 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 September 30, 2010. 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 date of acquisition. Assets, liabilities, revenues, and expenses of its consolidated overseas subsidiaries are translated into yen at the exchange rate at the end of their interim periods. Translation adjustments associated with the consolidated overseas subsidiaries are included in “Foreign currency translation adjustments” in the “Net assets” section of the balance sheet.

At certain consolidated subsidiaries and affiliated companies of the Parent Company, changes in market values of bonds included in foreign currency-denominated available-for-sale securities for foreign currency-denominated insurance are divided into two, and the portion attributable to changes in the securities’ nominal market prices in their local currencies is included in “valuation differences on available-for-sale securities”, and the rest in “foreign exchange gains/losses”.

Also, effective the six months ended September 30, 2010, at certain consolidated subsidiaries and affiliated companies of the Parent Company, since the start of sales of foreign currency-denominated annuities, in order to appropriately recognize foreign exchange-related gains/losses from both foreign currency-denominated available-for-sale securities and foreign currency-denominated liabilities accrued during a period, changes in market values of bonds included in foreign currency-denominated available-for-sale securities for foreign currency-denominated individual annuities are divided into two, and the portion attributable to changes in the securities’ nominal market prices in their local currencies is included in “valuation differences on available-for-sale securities”, and the rest in “foreign exchange gains/losses”.

7. Allowance for Doubtful Accounts

The allowance for doubtful accounts is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, “bankrupt obligors”) and loans to and claims on obligors that have suffered substantial business failure (hereafter, “substantially bankrupt obligors”), the allowance 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 and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, “obligors at risk of bankruptcy”), the allowance is calculated by deducting the estimated recoverable amount, determined based on an overall assessment of the obligor’s ability to pay and collateral or guarantees, from book value of the loans and claims.

For other loans and claims, the allowance 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 allowances are established based on the result of this assessment.

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 amount written off during the six months ended September 30, 2010 was ¥4,036 million.

8. Accounting of Beneficial Interests in Securitized Mortgage Loans

The trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Parent Company in August 2000, amounted to ¥25,133 million as of September 30, 2010 and are included as loans receivables in the consolidated balance sheet. The allowance for doubtful accounts for these particular

beneficial interests is calculated based on the balance of the underlying loans. The balance of the underlying loans in the trust as of September 30, 2010 was ¥48,468 million.

9. 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 September 30, 2010.

Gains/losses on plan amendments are amortized by the straight-line method through a certain period (between 3 and 7 years), which is within the employees' average remaining service period.

Actuarial differences are amortized by the straight-line method through a certain period (between 3 and 7 years), which is within the employees' average remaining service period, from the following fiscal year.

Certain consolidated subsidiaries and affiliated companies applied the simplified method in calculating their projected benefit obligations.

Also, certain consolidated subsidiaries and affiliated companies of the Parent Company's introduced defined benefit pension plans instead of tax-qualified pension plans as of July 1, 2010. This change in pension plans had a minimal impact on the consolidated financial results for the period.

10. Allowance for Investment Losses

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

11. 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 105th 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 approval of the 105th 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 some of the consolidated subsidiaries and affiliated companies, an amount considered to have been rationally incurred during the interim period is provided.

12. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had ran out in the previous years, the Parent Company provided an estimated amount based on past experience for reserve for possible reimbursement of prescribed claims.

13. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities as of September 30, 2010 in accordance with the provisions of Article 115 of the Insurance Business Act.

14. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

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

securities. Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

(2) Methods for Hedge Accounting

Hedging instruments	Hedged instruments
Interest rate swaps	loans, government and corporate bonds, loans payable, bonds payable
Foreign currency swaps	Foreign currency-denominated loans
Foreign currency forward contracts	Foreign currency-denominated securities, foreign currency-denominated term deposits
Currency options	Foreign currency-denominated securities

(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 and hedging instruments.

15. Calculation of National and Local Consumption Tax

National and local consumption tax was accounted for under the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over 5 years in accordance with the Enforcement Ordinance of the Corporation Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

16. Policy Reserve

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

- i. 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).
- ii. 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 which were acquired by the Parent Company on or before March 31, 1996 and premium payments for which were already completed (including lump-sum payments), additional policy reserves have been provided by the Parent Company in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Law and will be provided in the following nine years. As a result, the amount of provision for policy reserves for the six months ended September 30, 2010 was ¥54,413 million.

17. Financial Instruments

Financial Instruments

i. Fair Values of Financial Instruments

Carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of September 30, 2010 were as follows. The following table does not include financial instruments whose fair values are extremely difficult to be recognized.

As of September 30, 2010	Carrying amount	Fair value (millions of yen)	Gains (Losses)
(1) Cash and deposits	¥220,764	¥220,782	¥17
(2) Call loans	166,700	166,700	-
(3) Monetary receivables purchased	309,293	309,293	-
(4) Money held in trust	70,168	70,168	-
(5) Securities			
1. Trading securities	2,362,071	2,362,071	-
2. Held-to-maturity bonds	166,826	174,047	7,221
3. Policy-reserve-matching bonds	6,209,003	6,785,986	576,983
4. Stocks of subsidiaries and affiliates	20,268	23,988	3,720
5. Securities available for sale	15,283,563	15,283,563	-
(6) Loans	3,765,232		
Allowance for doubtful accounts (*1)	(19,250)		
	<u>3,745,981</u>	<u>3,904,882</u>	<u>158,900</u>
Total assets	<u>¥28,554,641</u>	<u>¥29,301,484</u>	<u>¥746,842</u>
(1) Bonds payable	¥41,901	¥45,032	¥3,131
(2) Long-term borrowings	313,013	330,869	17,856
Total liabilities	<u>¥354,914</u>	<u>¥375,902</u>	<u>¥20,987</u>
Derivative transactions (* 2)			
1. Hedge accounting not applied	¥536	¥536	-
2. Hedge accounting applied	21,763	24,992	3,229
Total derivative transactions	<u>¥22,299</u>	<u>¥25,528</u>	<u>¥3,229</u>

(*1) Excluding general allowance for doubtful accounts and specific allowance for doubtful accounts related to loans.

(*2) Credits/debts from derivative transactions are net base. Figures in [] are net debts.

(Note1) Notes to Methods for Calculating Fair Values of Financial Instruments

▪ 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 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 carrying amount since fair value is close to carrying amount.

(2) Call loans

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

(3) Monetary receivables purchased

Fair value of monetary receivables purchased is based on the price presented by counterparty financial institutions.

(4) Money held in trust

Fair value of stocks is based on the price on stock exchanges and that of bonds is based on price on bond markets or price presented by counterparty financial institutions. Fair value of mutual funds is based on unit price.

(5) Securities

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. Fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, the amount equivalent to partnership interest in fair value, if available, 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 Securities.

(6) Loans

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, allowance for doubtful accounts is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and fair value is close to the carrying amount on the balance sheet minus allowance for doubtful accounts at the end of the fiscal year. Therefore, that amount (carrying amount on the balance sheet minus allowance for doubtful accounts) is recorded as fair value for risk-monitored loans.

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

▪ **Liabilities**

(1) Bonds payable

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

(2) Long-term borrowings

Fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining period which are assumed to be applied to new borrowing.

▪ **Derivative Instruments**

Breakdown of derivative instruments are (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 (stock index futures, foreign stock index futures, etc.); (4) bond-related transactions (bond futures, foreign currency-denominated bond futures, etc.). Fair values of the instruments are based on the exchange-traded prices and the prices quoted from financial institution.

(Note2) Financial instruments whose market values are extremely difficult to be recognized are as follows and are not included in the market value of (5) Securities

<u>As of September 30, 2010</u>	<u>Carrying amount</u> (millions of yen)
1. Unlisted domestic stocks (*1)	¥164,000
2. Unlisted foreign stocks (*1)	17,152
3. Other foreign securities (*1)	1,065,191
4. Other securities (*1)	95,490
Total	<u>¥1,341,833</u>

(*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.

Securities

i. Held-to-maturity Securities:

As of September 30, 2010	Carrying amount	Market value (millions of yen)	Unrealized gains (losses)
Held-to-maturity securities with unrealized gains:			
(1) Bonds	¥124,532	¥127,449	¥2,917
1. Government bonds	124,532	127,449	2,917
2. Local government bonds	-	-	-
3. Corporate bonds	-	-	-
(2) Foreign securities	42,294	46,598	4,304
1. Foreign bonds	42,294	46,598	4,304
Subtotal	¥166,826	¥174,047	¥7,221
Held-to-maturity securities with unrealized losses:			
(1) Bonds	¥ -	¥ -	¥ -
1. Government bonds	-	-	-
2. Local government bonds	-	-	-
3. Corporate bonds	-	-	-
(2) Foreign securities	-	-	-
1. Foreign bonds	-	-	-
Subtotal	¥ -	¥ -	¥ -
Total	¥166,826	¥174,047	¥7,221

ii. Policy-reserve-matching Bonds:

As of September 30, 2010	Carrying amount	Market value (millions of yen)	Unrealized gains (losses)
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	¥6,209,003	¥6,785,986	¥576,983
1. Government bonds	5,791,634	6,342,174	550,540
2. Local government bonds	166,729	176,252	9,523
3. Corporate bonds	250,639	267,559	16,919
(2) Foreign securities	-	-	-
1. Foreign bonds	-	-	-
Subtotal	¥6,209,003	¥6,785,986	¥576,983
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	¥ -	¥ -	¥ -
1. Government bonds	-	-	-
2. Local government bonds	-	-	-
3. Corporate bonds	-	-	-
(2) Foreign securities	-	-	-
1. Foreign bonds	-	-	-
Subtotal	¥ -	¥ -	¥ -
Total	¥6,209,003	¥6,785,986	¥576,983

iii. Available-for-sale Securities:

As of September 30, 2010	Carrying amount	Purchase cost (millions of yen)	Gains (losses)
Available-for-sale securities with gains:			
(1) Bonds	¥6,822,368	¥6,448,751	¥373,617
1. Government bonds	4,584,325	4,325,878	258,446
2. Local government bonds	146,804	139,715	7,089
3. Corporate bonds	2,091,238	1,983,158	108,080
(2) Domestic stocks	1,659,195	1,175,398	483,796
(3) Foreign securities	3,774,485	3,558,092	216,392
1. Foreign bonds	3,707,274	3,503,136	204,138
2. Other foreign securities.....	67,210	54,956	12,254
(4) Other securities	322,242	301,201	21,040
Subtotal	<u>¥12,578,291</u>	<u>¥11,483,444</u>	<u>¥1,094,846</u>
Available-for-sale securities with losses:			
(1) Bonds	¥146,416	¥146,879	¥(462)
1. Government bonds	132,128	132,544	(416)
2. Local government bonds	1,536	1,544	(7)
3. Corporate bonds	12,752	12,790	(37)
(2) Domestic stocks	868,286	1,148,715	(280,429)
(3) Foreign securities	1,910,396	2,059,117	(148,720)
1. Foreign bonds	1,571,795	1,646,198	(74,403)
2. Other foreign securities.....	338,601	412,919	(74,317)
(4) Other securities	119,466	131,703	(12,236)
Subtotal	<u>3,044,565</u>	<u>3,486,415</u>	<u>(441,849)</u>
Total	<u>¥15,622,857</u>	<u>¥14,969,860</u>	<u>¥ 652,997</u>

Figures in the chart above include (1) certificates of deposit (purchase cost: ¥30,000 million; carrying amount: ¥30,000 million), (2) trust beneficiary rights (purchase cost: ¥282,994 million; carrying amount: ¥299,293 million), and (3) commercial papers (purchase cost: ¥9,999 million; carrying amount: ¥9,999 million), which were recorded as cash and deposits and monetary receivables purchased on the consolidated balance sheets, respectively.

Money Held in Trust

i. Money-Held-in-Trust for Trading

<u>As of September 30, 2010</u>	(millions of yen)
Carrying amount on the consolidated balance sheets	¥ 70,168
Gains (losses) on valuation of money held in trust	1,697

18. Application of “Accounting Standard for Asset Retirement Obligations”

Effective the six months ended September 30, 2010, the Company applied “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). As a result, ordinary profit and income before income taxes for the six months ended September 30, 2010 decreased by ¥52 million and ¥4,126 million, respectively, compared to the figures

calculated by the previous method. The amount of change in asset retirement obligations incurred due to the initial application of accounting standard for the period was ¥3,247 million.

The following table shows the increase and decrease in asset retirement obligations:

	(millions of yen)
Beginning balance	¥ 3,247
Time progress adjustments	23
Others	(8)
Ending balance	<u>¥ 3,261</u>

The “Beginning balance” in the table above represents the amount of asset retirement obligations as of April 1, 2010 instead of that of March 31, 2010, as the Parent Company applied the standard effective the six month ended September 30, 2010.

19. Real Estate for Rent

Information on carrying amount and fair value of real estate for rent the Parent Company possesses is omitted from the report as changes in those figures during the interim period were immaterial.

20. Presentation of Net Assets

Due to the Parent Company’s demutualization on April 1, 2010, net assets in its balance sheet as of September 30, 2010 were reported in a joint corporation format, while those of March 31, 2010 were reported in a mutual company format.

21. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheets. The total balance of securities lent as of September 30, 2010 was ¥398,630 million.

22. Problem Loans

The total balance of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, amounted to ¥33,910 million. The amounts of (1) credits to bankrupt borrowers, (2) delinquent loans, and (3) restructured loans were (1) ¥5,172 million, (2) ¥25,680 million, (3) ¥3,057 million, respectively. The Parent Company held no loans past due for three month or more as of September 30, 2010.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written-off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. 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 ¥794 million and ¥3,242 million, respectively.

23. 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 ¥2,440,570 million. Separate account liabilities were the same amount as the separate account assets.

24. Leased Computers

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

25. Changes in Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders were as follows:

	(millions of yen)
Balance at the end of previous fiscal year	¥ 329,214
Transfer from allowance for policyholder dividends	92,500
Dividends paid during the six months ended September 30, 2010	(60,971)
Interest accrual during the six months ended September 30, 2010	5,019
Provision for reserve for dividends to policyholders	41,249
	<hr/>
Balance as of September 30, 2010	¥ 407,011

26. Stocks of Subsidiaries

The amount of stocks of and stakes in affiliated companies the Parent Company held as of September 30, 2010 was as follows:

	(millions of yen)
Stocks	¥ 60,990
Capital	2,338
	<hr/>
Total	¥ 63,329

27. Surplus in Entity Conversion

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

28. Assets Pledged as Collateral / Secured Liabilities

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

	(millions of yen)
Securities (Government bonds)	¥ 374,268
Securities (Foreign securities)	10,110
Cash/deposits	86
	<hr/>
Securities and cash/deposits pledged as collateral	¥ 384,466

The amounts of secured liabilities were as follows:

	(millions of yen)
Cash collateral fore securities lending transactions	¥ 382,305
Loan	13
	<hr/>
Secured liabilities	¥ 382,319

Among the amounts, "Securities (Government bonds)" for securities lending transactions as of September 30, 2010 was ¥369,570 million.

29. Net Asset per Share

The amount of net asset per share of the Parent Company as of September 30, 2010 was ¥92,634.38.

30. 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 “reserve for outstanding claims reinsured”) was ¥26 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserve reinsured”) was ¥4,331 million.

31. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral associated with reinsurance agreements. The market value of the securities borrowed which are not sold or pledged was ¥751 million as of September 30, 2010, among which no securities are pledged as collateral.

32. Commitment Line

There were unused commitment line agreements under which the Parent Company is the lender of ¥2,400 million.

33. Subordinated Debt

Other liabilities included subordinated debt of ¥313,000 million, repayment of which is subordinated to other obligations.

34. Subordinated Bonds

Bonds payable of ¥41,901 million shown in liabilities were foreign currency-denominated subordinated bonds of US\$499 million, 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 life insurance subsidiary that runs life insurance businesses in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law were ¥61,381 million as of September 30, 2010. These obligations will be recognized as operating expenses in the period in which they are paid.

36. Recapitalization of Dated Subordinated Borrowings to Perpetual Subordinated Borrowings

On September 27, 2010, the Company signed agreements with respective lenders on the conversion of its dated syndicated subordinated borrowing entered into in March 2009 (¥183,000 million) and its dated subordinated borrowing entered into in January 1999 (¥100,000 million) into 2 perpetual subordinated borrowings (¥320,000 million in total after the conversion, hereinafter “Recapitalization”). With Recapitalization, such borrowings can meet the criteria for “specified subordinated debt” in calculating the new solvency margin ratio, which is to be introduced in Japan. On October 8, 2010, the agreement became effective and the additional amount was paid in.

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010

1. Income Before Minority Interests

Following application of the forms stipulated in “Enforcement Regulation of the Insurance Business Act” (Ministry of Finance Ordinance No.5, 1996) and revised under “Cabinet Office Ordinance Partially Revising Enforcement Regulation of the Banking Act and Others” (Cabinet Office Ordinance No.41, September 21, 2010), “income before minority interests” was newly added to the consolidated statements of earnings effective the six months ended September 30, 2010.

2. Net Income per Share

Net income per share for the six months ended September 30, 2010 was ¥2,944.35. Information on diluted net income per share is omitted as there was no potential diluting shares of the Parent Company.

3. Taxes

At some consolidated subsidiaries, income taxes are calculated by applying a reasonably estimated effective tax rate to net surplus before adjustment for taxes, etc. for the six months ended September 30, 2010. The estimated effective tax rate is determined by estimating the effective tax rate after taking into account the effect of deferred tax accounting for the full fiscal year which includes the six months ended September 30, 2010.

4. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the six months ended September 30, 2010 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 Parent Company wrote down the book value of these assets to the recoverable value, and reported such reduced amount as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

The amount of impairment losses by asset group was as follows:

Asset Group	Place	Number	Impairment Loss		
			Land	Buildings	Total
			(millions of yen)		
Real estate for rent	Assets including Iwaki City, Fukushima Prefecture	4	¥ 132	¥ 169	¥ 302
Real estate not in use	Assets including Himeji City, Hyogo Prefecture	50	1,704	777	2,481
Total		54	¥ 1,837	¥ 947	¥ 2,784

(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 2.89% is 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 is used as net sales value.

IV. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010

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 receivables purchased, money market fund included in securities, and overdrafts included in other liabilities.

2. Reconciliation of Cash and Cash Equivalents

Reconciliation of cash and cash equivalents to balance sheet accounts as of September 30, 2010 was as follows:

	(millions of yen)
Cash and cash deposits (a)	¥ 220,764
Call loans (b)	166,700
Commercial papers included in monetary receivables purchased	9,999
Cash and cash equivalents (a + b)	<u>¥ 397,464</u>

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENTS OF CHANGE IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010

1. Type and Number of Shares Outstanding

	<u>Ordinary shares</u>
Number of shares outstanding at the beginning of the period * ¹	10,000 thousand
Increase during the period	—
Decrease during the period	—
Number of shares outstanding at the end of the period	<u>10,000 thousand</u>

*1: As the Parent Company was a mutual company at the end of last fiscal year (March 31, 2010), “Number of shares outstanding at the beginning of the period” was used instead of “Number of shares outstanding at the end of the prior fiscal year” in the above table.

2. Dividend on Ordinary Shares

Date of resolution	June 28, 2010 (at the First Ordinary General Meeting of Shareholders)
Type of shares	Ordinary shares
Total dividends	¥10,000 million
Dividends per share	¥1,000
Record date * ¹	April 16, 2010
Effective date	June 29, 2010
Dividend resource	Retained earnings

*1: The record date was set on April 16, 2010 in accordance with Article 2, Supplementary Provisions of the Parent Company’s Articles of Incorporation.

3. Basis of Presentation

As the Parent Company was a mutual company at the end of last fiscal year (March 31, 2010), its statements of changes in net assets for the six months ended September 30, 2010 reported “Balance at the beginning of period” instead of “Balance at the end of previous period.”

4. Amount of Net Assets

The Parent Company reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, in accordance with Article 85, Paragraph 1 of the Insurance Business Act. Based on its plan for demutualization and others in accordance with Article 86 of the Insurance Business Act, the Parent Company realigned its net assets in the non-consolidated balance sheet as follows:

As of March 31, 2010		As of April 1, 2010	
Accumulated redeemed foundation funds	420,000	Capital stock	210,200
Revaluation reserve	248	Capital surplus	210,200
Consolidated surplus	138,469	Retained earnings	138,318
Total foundation funds and surplus	558,718	Total shareholders’ equity	558,718
Valuation difference on available-for-sale securities	462,289	Valuation difference on available-for-sale securities	462,289
Deferred gains or losses on hedges	(2,008)	Deferred gains or losses on hedges	(2,008)
Revaluation reserve for land	(63,540)	Revaluation reserve for land	(63,540)
Foreign currency translation adjustment	(3,069)	Foreign currency translation adjustment	(3,069)
Total valuation and translation adjustments	393,671	Total valuation and translation adjustments	393,671
Minority interests	11,804	Minority interests	11,804
Total net assets	964,193	Total net assets	964,193

(millions of yen)

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

The Dai-ichi Frontier Life Insurance Company

(millions of yen)

	As of September 30, 2010	As of March 31, 2010
Total solvency margin (A)	222,902	224,341
Common stock, etc.	110,064	116,239
Reserve for price fluctuations	101	75
Contingency reserve	45,832	44,759
General reserve for possible loan losses	21	16
Net unrealized gains on securities (before tax) × 90%	3,837	1,681
Net unrealized gains (losses) on real estate × 85%	-	-
Policy reserves in excess of surrender values	63,044	61,570
Qualifying subordinated debt	-	-
Excluded items	-	-
Others	-	-
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	29,352	37,789
Insurance risk R_1	-	-
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	9	7
Investment risk R_3	(14,343)	(6,175)
Business risk R_4	854	1,100
Guaranteed minimum benefit risk R_7	42,831	42,855
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,518.8%	1,187.3%

*1: Multiplied by 100% if losses.

- Note:
1. The above figures are calculated pursuant to Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Ministry of Finance Official Notification No. 50 of 1996.
 2. Guaranteed minimum benefit risk is calculated by the standard method.
 3. Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) are used to mitigate guaranteed minimum benefit risk on individual variable annuities. Derivative transactions reduced guaranteed minimum benefit risk by 9,105 million yen in the fiscal year ended March 31, 2010, and, by 17,900 million yen in the six months ended September 30, 2010, and these amounts are included in "Investment risk" above.

(8) Segment Information

The Company didn't operate any businesses categorized in other segments than its own core life insurance business during the six months ended September 30, 2010, and therefore segment information was omitted.

Reference: Business Highlights for the Three Months Ended September 30, 2010

(1) New Policies

	Number of policies		Amount			
	(thousands)	% of September 30, 2009 total	(billions of yen)	New business	Net increase by conversion	% of September 30, 2009 total
Three months ended September 30, 2009						
Individual insurance	281		1,786.1	1,896.5	(110.3)	
Individual annuities	17		117.2	120.2	(3.0)	
Individual insurance and annuities	298		1,903.3	2,016.8	(113.4)	
Group insurance	-		57.7	57.7		
Group annuities	-		0.2	0.2		
Three months ended September 30, 2010						
Individual insurance	295	105.2	1,946.1	1,987.1	(41.0)	109.0
Individual annuities	16	96.4	117.2	119.7	(2.5)	100.0
Individual insurance and annuities	312	104.7	2,063.3	2,106.9	(43.5)	108.4
Group insurance	-	-	67.1	67.1	-	116.3
Group annuities	-	-	0.0	0.0	-	39.4

- 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 commence.
 3. Amount of new policies for group annuities is equal to the initial premium payment.

(2) Annualized Net Premiums

New Policies

(billions of yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010	% of September 30, 2009 total
Individual insurance	28.2	29.3	103.8
Individual annuities	4.2	4.1	98.8
Total	32.4	33.5	103.2
Medical and survivor benefits	9.9	9.8	99.8

- Note:
1. Annualized net premiums are 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 premiums for medical and survival benefits includes (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness and nursing benefits, and (c) premiums 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) Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010
	Amount	Amount
ORDINARY REVENUES	1,020,067	1,046,731
Insurance premiums and other	684,268	729,046
[Insurance premiums]	[684,124]	[728,865]
Investment income	272,432	250,157
[Interest, dividends and other income]	[175,205]	[173,487]
[Gain on trading account securities]	[228]	[-]
[Gain from money held in trust]	[122]	[-]
[Gain on sales of securities]	[71,844]	[52,668]
[Net derivative financial instruments gain]	[5,994]	[-]
[Gain on separate accounts]	[18,676]	[23,352]
Other ordinary revenues	63,367	67,527
ORDINARY EXPENSES	956,984	1,006,824
Insurance claims and other	632,327	615,839
[Insurance claims]	[192,727]	[193,402]
[Annuity payments]	[94,275]	[102,639]
[Benefits]	[127,333]	[123,632]
[Surrender benefits]	[160,921]	[170,730]
[Other refunds]	[56,787]	[25,124]
Provision for policy reserve and other	39,549	123,672
Provision of outstanding claims	253	4,084
Provision for policy reserve	36,659	117,093
Provision for interest portion of reserve for dividends to policyholders	2,636	2,494
Investment expenses	75,666	63,223
[Interest expenses]	[2,853]	[2,810]
[Loss on investments in money held in trust]	[-]	[165]
[Loss on sales of securities]	[30,678]	[32,410]
[Loss on valuation of securities]	[6,561]	[1,256]
[Net derivative financial instruments loss]	[-]	[4,710]
Operating expenses	111,255	105,944
Other ordinary expenses	98,186	98,143
ORDINARY PROFIT	63,082	39,907
EXTRAORDINARY GAINS	68	3,644
Gain on disposal of noncurrent assets	-	3,047
Reversal of allowance for investment loss	-	480
Gain on bad debts recovered	68	116
EXTRAORDINARY LOSSES	5,380	4,368
Loss on disposal of noncurrent assets	681	313
Impairment loss	1,173	555
Provision for reserve for price fluctuation	3,500	3,500
Other	25	-
Provision for reserve for dividends to policyholders	-	23,376
Net surplus before income taxes	57,771	-
Income before income taxes	-	15,807
Income taxes-current	45	5,329
Income taxes-deferred	12,499	165
Income taxes	12,544	5,495
Net surplus	45,226	-
Net income	-	10,312

(4) Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010
Fundamental revenues	941,877	994,063
Insurance premiums and other	684,268	729,046
Investment income	194,241	197,488
[Interest, dividends and other income]	175,205	173,487
Other ordinary revenues	63,367	67,527
Fundamental expense	866,338	925,152
Insurance claims and other	632,327	615,839
Provision for policy reserve and other	7,857	86,820
Investment expenses	16,711	18,403
Operating expenses	111,255	105,944
Other ordinary expenses	98,186	98,143
Fundamental profit	<i>A</i> 75,539	68,910
Capital gains	78,190	52,668
Gain from money held in trust	122	-
Gain on trading securities	-	-
Gain on sales of securities	71,844	52,668
Net derivative financial instruments gain	5,994	-
Foreign exchange gains	-	-
Gain on trading account securities	228	-
Others	-	-
Capital losses	43,893	45,322
Loss on investments in money held in trust	-	165
Loss on trading securities	-	-
Loss on sales of securities	30,678	32,410
Loss on valuation of securities	6,561	1,256
Net derivative financial instruments loss	-	4,710
Foreign exchange losses	6,653	6,778
Loss on trading account securities	-	-
Others	-	-
Net capital gains	<i>B</i> 34,297	7,345
Fundamental profit plus net capital gains	<i>A + B</i> 109,836	76,256
Other one-time gains	-	-
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Others	-	-
Other one-time losses	46,753	36,349
Ceding reinsurance commissions	-	-
Provision for contingency reserve	4,500	4,500
Provision for specific allowance for doubtful accounts	14,878	(817)
Provision for specific reserve for loans to refinancing countries	-	-
Loss on disposal of bad loans	182	314
Others	27,192	32,352
Other one-time profits	<i>C</i> (46,753)	(36,349)
Ordinary profit	<i>A + B + C</i> 63,082	39,907

Note: "Others" in "Other one-time losses" represents the amount of the additional policy reserve provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act (32,352 million yen for the three months ended September 30, 2010 and 27,192 million yen for the three months ended September 30, 2009.)

(5) Consolidated Financial Summary

a) Unaudited Consolidated Statements of Earnings

(millions of yen)

	Three months ended	Three months ended
	September 30, 2009	September 30, 2010
	Amount	Amount
ORDINARY REVENUES	1,398,798	1,154,713
Insurance premiums and other	1,041,199	799,621
Investment income	292,735	285,309
[Interest, dividends and other income]	[175,730]	[174,119]
[Gain on trading account securities]	[228]	[-]
[Gain from money held in trust]	[44]	[-]
[Gain on sales of securities]	[71,933]	[52,698]
[Net derivative financial instruments gain]	[5,994]	[-]
[Gain on separate accounts]	[38,445]	[57,842]
Other ordinary revenues	64,862	69,781
ORDINARY EXPENSES	1,337,002	1,105,169
Insurance claims and other	641,224	636,656
[Insurance claims]	[192,801]	[193,562]
[Annuity payments]	[94,303]	[102,793]
[Benefits]	[128,256]	[125,828]
[Surrender benefits]	[162,690]	[175,865]
Provision of policy reserve and other	391,809	188,391
Provision of outstanding claims	189	4,028
Provision for policy reserve	388,984	181,868
Provision for interest portion of reserve for dividends to policyholders	2,636	2,494
Investment expenses	75,701	72,197
[Interest expenses]	[2,853]	[2,810]
[Loss on investments in money held in trust]	[-]	[5,949]
[Loss on trading securities]	[-]	[2,764]
[Loss on sales of securities]	[30,678]	[32,410]
[Loss on valuation of securities]	[6,431]	[1,256]
[Net derivative financial instruments loss]	[-]	[4,918]
Operating expenses	127,365	108,287
Other ordinary expenses	100,903	99,636
ORDINARY PROFIT	61,795	49,543
EXTRAORDINARY GAINS	71	3,645
Gain on disposal of noncurrent assets	2	3,048
Reversal of allowance for investment loss	-	480
Gain on bad debts recovered	68	116
Other	0	0
EXTRAORDINARY LOSSES	5,378	4,392
Loss on disposal of noncurrent assets	674	321
Impairment loss	1,173	555
Provision for reserve for price fluctuation	3,506	3,515
Other	25	-
Provision for reserve for dividends to policyholders	-	23,376
Net surplus before adjustment for taxes, etc.	56,488	-
Income before income taxes and minority interests	-	25,420
Income taxes-current	129	5,304
Income taxes-deferred	12,507	280
Total income taxes	12,636	5,584
Income before minority interests	-	19,835
Minority interests in income (loss)	(185)	790
Net surplus	44,037	-
Net income	-	19,045

b) Segment Information

The Company and its consolidated subsidiaries are engaged in businesses other than life insurance business, such as computer system and software development. Those businesses have a minimal impact on overall consolidated financial condition, and the segment information on those businesses is omitted.