
Financial Results for the Fiscal Year Ended March 31, 2011

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Satoru Tsutsumi) announces its financial results for the fiscal year ended March 31, 2011.

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

Financial Summary for the Fiscal Year Ended March 31, 2011

May 13, 2011

The Dai-ichi Frontier Life Insurance Co., Ltd.

1. Business Highlights

(1) Policies in Force and New Policies

Policies in Force

	As of March 31, 2010				As of March 31, 2011			
	Number of policies		Amount		Number of policies		Amount	
	(thousands)	% of March 31, 2009 total	(millions of yen)	% of March 31, 2009 total	(thousands)	% of March 31, 2010 total	(millions of yen)	% of March 31, 2010 total
Individual insurance	-	-	-	-	0	-	879	-
Individual annuities	222	304.8	1,280,943	283.0	258	116.1	1,435,273	112.0
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

Note: Policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

New Policies

	Number of policies		Amount (millions of yen)	Amount		
	(thousands)	% of March 31, 2010 total		% of March 31, 2010 total	New Business	Net increase from conversions
Year ended March 31, 2010						
Individual insurance	-	/	-	/	-	-
Individual annuities	151	/	807,497	/	807,497	-
Group insurance	-	/	-	/	-	-
Group annuities	-	/	-	/	-	-
Year ended March 31, 2011						
Individual insurance	0	-	879	-	879	-
Individual annuities	40	26.6	208,493	25.8	208,493	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

Note: Amount of new policies (new business) for individual annuities is equal to the amount required to fund annuity payments when they commence.

(2) Annualized Net Premium

Policies in Force

(millions of yen except percentages)

	As of March 31, 2010		As of March 31, 2011	
		% of March 31, 2009 total		% of March 31, 2010 total
Individual insurance	-	-	72	-
Individual annuities	128,433	290.0	147,933	115.2
Total	128,433	290.0	148,006	115.2
Medical and survival benefits	-	-	-	-

New Policies

(millions of yen except percentages)

	Year Ended March 31, 2010		Year Ended March 31, 2011	
		% of March 31, 2009 total		% of March 31, 2010 total
Individual insurance	-	-	72	-
Individual annuities	85,948	238.2	23,208	27.0
Total	85,948	238.2	23,281	27.1
Medical and survival benefits	-	-	-	-

Note: Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

(3) Profit and Loss Items

(millions of yen except percentages)

	Year Ended March 31, 2010		Year Ended March 31, 2011	
		% of March 31, 2009 total		% of March 31, 2010 total
Premium and other income	863,264	223.5	251,722	29.2
Investment income	97,966	12,865.4	2,166	2.2
Benefits and claims	45,593	481.9	85,046	186.5
Investment expense	16,273	32.3	15,998	98.3
Ordinary loss	8,303	18.0	1,147	13.8

(4) Total Assets

(millions of yen except percentages)

	As of March 31, 2010		As of March 31, 2011	
		% of March 31, 2009 total		% of March 31, 2010 total
Total Assets	1,423,173	255.8	1,566,786	110.1

2. Policies in Force as of March 31, 2011 by Benefit Type

	Individual Insurance		Individual annuities		Group Insurance		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Death benefits								
General	0	879	-	-	-	-	0	879
Accidental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Survival benefits	-	-	258	1,435,273	-	-	258	1,435,273
Hospitalization benefits								
Accidental	-	-	-	-	-	-	-	-
Illness	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Injury benefits	-	-	-	-	-	-	-	-
Surgery benefits	-	-	-	-	-	-	-	-

	Group annuities		Financial insurance / Financial annuities		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Survival benefits	-	-	-	-	-	-

	Medical care insurance	
	Policies (thousands)	Amount (millions of yen)
Hospitalization benefits	-	-

	Group disability	
	Policies (thousands)	Amount (millions of yen)
Disability benefits	-	-

Note: Survival benefit amounts for individual annuities are the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

3. Investment of General Account Assets

(1) Overview of Investment of General Account Assets for the Fiscal Year ended March 31, 2011

A. Investment Environment

The global economy experienced a moderate recovery over the fiscal year, especially in emerging countries, though facing depressing factors such as fiscal uncertainty of certain European countries and escalation in food prices. Although the recovery in the global economy together with monetary easing measures implemented by the Bank of Japan helped Japan to enjoy increased export demand particularly from Asian countries and, consequently, avoid entering an economic downward phase, the Japanese economy declined significantly due to the major earthquake and related tsunami that occurred in northeastern Japan on March 11, 2011 (the "Earthquake"). The U.S. economy experienced a modest recovery thanks to the tax reduction program implemented by the U.S. government and the large-scale quantitative easing policy conducted by the FRB. Under the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

Yield on ten year government bonds once declined below 1.0% for the first time in approximately seven years, reflecting concerns over a Japanese economic slow-down due to fiscal uncertainty in European countries and the termination of eco-car subsidy by the Japanese government. The yield bounced back to some extent after the large-scale quantitative easing policy by the FRB. However, the bounce was limited, disturbed by the tense situation in the Middle East and the Earthquake in Japan.

(Yield on ten-year government bonds: March31,2010: 1.390% ; March31,2011: 1.250%)

[Domestic Stocks]

The Nikkei 225 Stock Average once rose over 11,000, reflecting expectations of improved earnings performance by Japanese companies due to the expanding external demand. However, the index then kept declining by early fall 2011, as investors took risk-adverse actions with deepened concerns over (1) fiscal uncertainty of certain European countries, (2) potential Japanese economic slow-down and (3) negative earnings impact on Japanese companies as a result of Yen appreciation. After the monetary easing actions taken by the U.S. and Japanese governments and moderation of the yen appreciation, investor expectations on a recovery of the Japanese economy grew. But after the Earthquake in March 2011, the index once fell as low as 8,000.

(Nikkei225Stock Average: March31,2010: 11,089 ; March31,2011: 9,755)

(TOPIX: March31,2010: 978 ; March31,2011: 869)

[Foreign Currency]

Given investors' concerns over widening fiscal uncertainty in European countries and the monetary easing actions taken by the FRB, the Japanese Yen appreciated against the U.S. dollar. Thereafter, the Yen towards the end of the fiscal year hit a postwar record, as (1) the situation in the Middle East intensified and (2) certain investors speculated Japanese companies impacted by the earthquake might sell their foreign currency-denominated assets to secure Yen. However, the Yen finally returned to the pre-quake level by the end of fiscal year thanks to a series of joint foreign exchange interventions conducted by the G7.

The Yen appreciated against the Euro as it did against the U.S. dollar. However, the pressure for Yen appreciation eased toward the end of the fiscal year as the interest-spread between Japan and Europe widened due to speculation that the ECB might raise interest rates earlier than people had expected.

(Yen/U.S.dollar: March31,2010: 93.04 ; March31,2011: 83.15)

(Yen/Euro: March31,2010: 124.92 ; March31,2011: 117.57)

B. Investment Policies

General account assets are invested primarily in call loans, other money market instruments, and yen-denominated bonds. Foreign-currency denominated individual annuities are invested in foreign-currency denominated bonds. Certain instruments are also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

C. Investment Results

We invested primarily in fixed-income assets, such as call loans, other money market instruments, and yen-denominated bonds. Foreign-currency denominated individual annuities are invested in foreign-currency denominated bonds.

Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) were also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

As a result, investment income was 2,166 million yen mainly due to gains on interest and dividends (1,766 million yen) and gains on foreign exchange (285 million yen). Investment expenses were 7,950 million yen mainly due to losses on money held in trust (4,666 million yen), incurred through transactions to hedge the guaranteed minimum benefit risk on individual variable annuities and losses on trading securities (1,955 million yen).

(2) Asset Composition

(millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	24,698	10.1	17,228	6.1
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	-	-	-	-
Trading account securities	-	-	-	-
Money held in trust	33,426	13.6	41,659	14.8
Securities	142,064	57.8	178,119	63.2
Domestic bonds	114,508	46.6	131,041	46.5
Domestic stocks	-	-	-	-
Foreign securities	27,556	11.2	47,078	16.7
Foreign bonds	21,987	9.0	41,366	14.7
Foreign stocks and other securities	5,569	2.3	5,712	2.0
Other securities	-	-	-	-
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Other	45,426	18.5	44,953	15.9
Reserve for possible loan losses	(16)	(0.0)	(28)	(0.0)
Total	245,599	100.0	281,931	100.0
Foreign currency-denominated assets	-	-	17,164	6.1

(3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash, deposits, and call loans	(20,967)	(7,469)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	-	-
Trading account securities	-	-
Money held in trust	15,088	8,233
Securities	45,093	36,054
Domestic bonds	19,137	16,532
Domestic stocks	-	-
Foreign securities	26,456	19,521
Foreign bonds	20,886	19,378
Foreign stocks and other securities	5,569	142
Other securities	(500)	-
Loans	-	-
Real estate	-	-
Deferred tax assets	-	-
Other	30,898	(473)
Reserve for possible loan losses	(10)	(12)
Total	70,102	36,332
Foreign currency-denominated assets	-	17,164

(4) Investment Income

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Interest, dividends and other income	1,313	1,766
Interest from bank deposits	1	0
Interest and dividends from securities	1,285	1,756
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	26	9
Gains on trading account securities	-	-
Gains on money held in trust	-	-
Gains on trading securities	-	-
Gains on sale of securities	188	114
Gains on sale of domestic bonds	188	114
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	-	-
Other	-	-
Gains on redemption of securities	-	-
Derivative transaction gains	-	-
Foreign exchange gains	-	285
Other investment income	-	-
Total	1,502	2,166

(5) Investment Expenses

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Interest expenses	-	0
Losses on trading account securities	-	-
Losses on money held in trust	12,911	4,666
Losses on investments in trading securities	2,930	1,955
Losses on sale of securities	0	51
Losses on sale of domestic bonds	0	51
Losses on sale of domestic stocks	-	-
Losses on sale of domestic securities	-	-
Other	-	-
Losses on valuation of securities	-	-
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	-	-
Losses on valuation of foreign securities	-	-
Other	-	-
Losses on redemption of securities	-	-
Derivative transaction losses	-	608
Foreign exchange losses	-	-
Provision for reserve for possible loan losses	10	12
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	420	655
Total	16,273	7,950

(6) Other Information on Investments

A. Rates of return

(%)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash, deposits, and call loans	0.09	0.88
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	-	-
Trading account securities	-	-
Money held in trust	(31.70)	(11.31)
Securities	(1.27)	(0.02)
Domestic bonds	1.27	1.17
Domestic stocks	-	-
Foreign securities	(26.71)	(3.74)
Loans	-	-
Real Estate	-	-
Total	(6.83)	(2.18)
Foreign investments	(26.71)	(4.24)

Note: Rates of return above were calculated by dividing the net investment income included in net surplus from operations by the average daily balance on a book value basis.

B. Valuation gains and losses on trading securities

(millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	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	38,995	(15,842)	47,372	(6,622)

Note: Figures in this table include money held in trust and other instruments classified as trading securities.

C. Fair value Information on Securities (securities with fair values, except trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 2010					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	-	-	-	-	-
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	134,627	136,495	1,868	1,928	59
Domestic bonds	112,790	114,508	1,717	1,767	49
Domestic stocks	-	-	-	-	-
Foreign securities	21,836	21,987	150	160	10
Foreign bonds	21,836	21,987	150	160	10
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary receivables purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Other	-	-	-	-	-
Total	134,627	136,495	1,868	1,928	59
Domestic bonds	112,790	114,508	1,717	1,767	49
Domestic stocks	-	-	-	-	-
Foreign securities	21,836	21,987	150	160	10
Foreign bonds	21,836	21,987	150	160	10
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary receivables purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Other	-	-	-	-	-
As of March 31, 2011					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	-	-	-	-	-
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	170,207	172,407	2,199	2,756	557
Domestic bonds	129,092	131,041	1,948	2,351	403
Domestic stocks	-	-	-	-	-
Foreign securities	41,114	41,366	251	405	154
Foreign bonds	41,114	41,366	251	405	154
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary receivables purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Other	-	-	-	-	-
Total	170,207	172,407	2,199	2,756	557
Domestic bonds	129,092	131,041	1,948	2,351	403
Domestic stocks	-	-	-	-	-
Foreign securities	41,114	41,366	251	405	154
Foreign bonds	41,114	41,366	251	405	154
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary receivables purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Other	-	-	-	-	-

Book values of securities for which it is not practicable to determine fair value are as follows:

Not applicable.

D. Fair value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2010	33,426	33,426	(12,911)	-	12,911
As of March 31, 2011	41,659	41,659	(4,666)	-	4,666

Note: Market price equivalents appearing in this table are based on prices calculated using a reasonable method by trustees of money held in trust.

Gains(losses) are valuation gains(losses) that were included in the statement of earnings.

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

(millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	33,426	(12,911)	41,659	(4,666)

*Information on money held in trust classified as held-to-maturity, policy-reserve-matching, or other money held in trust

Not applicable.

4. Non-Consolidated Balance Sheets

	(millions of yen)			(millions of yen)	
	As of March 31, 2010 Amount	As of March 31, 2011 Amount		As of March 31, 2010 Amount	As of March 31, 2011 Amount
(ASSETS)			(LIABILITIES)		
Cash and deposits	9,700	16,167	Policy reserves and others	1,300,274	1,443,051
Bank deposits	9,700	16,167	Reserves for outstanding claims	610	1,080
Call loans	20,300	7,800	Policy reserves	1,299,664	1,441,971
Money held in trust	33,426	41,659	Reinsurance payable	346	678
Securities	1,313,552	1,455,476	Other liabilities	4,333	5,326
Government bonds	45,134	57,605	Corporate income tax payable	4	8
Local government bonds	2,135	2,055	Accounts payable	212	2,560
Corporate bonds	67,237	71,380	Accrued expenses	2,438	1,458
Foreign securities	27,556	47,078	Deposits received	13	6
Other securities	1,171,487	1,277,356	Differential account for futures trading	-	72
Tangible fixed assets	126	95	Derivatives	-	384
Other tangible fixed assets	126	95	Suspense receipts	1,664	835
Intangible fixed assets	2	2	Reserve for employees' retirement benefits	32	56
Other Intangible fixed assets	2	2	Reserve for retirement benefits of directors, executive officers and corporate auditors	2	1
Reinsurance receivables	44,519	41,575	Reserve for price fluctuations	75	143
Other assets	1,561	4,039	Defered tax liabilities	676	796
Accounts receivable	863	1,305	Total liabilities	1,305,742	1,450,054
Prepaid expenses	2	29	(NET ASSETS)		
Accrued revenue	323	432	Capital stock	117,500	117,500
Deposits	190	200	Capital surplus	67,500	67,500
Margin money for futures trading	-	1,554	Legal capital surplus	67,500	67,500
Derivatives	-	224	Retained earnings	(68,760)	(69,670)
Suspense payments	22	83	Other retained earnings	(68,760)	(69,670)
Other assets	158	207	Retained earnings brought forward	(68,760)	(69,670)
Reserve for possible loan losses	(16)	(28)	Total shareholders' equity	116,239	115,329
			Net unrealized gains on securities, net of tax	1,191	1,403
			Total of valuation and translation adjustments	1,191	1,403
			Total net assets	117,431	116,732
Total assets	1,423,173	1,566,786	Total liabilities and net assets	1,423,173	1,566,786

Notes to the Non-Consolidated Balance Sheet as of March 31,2011

- 1 Securities are valued as follows:
 - (a) Trading securities are valued at fair value based on market prices (cost of securities sold is calculated using the moving-average method).
 - (b) For other securities, those with a market price are valued based on the closing market price on the account settlement date (cost is calculated using the moving-average method), and those for which it is not practicable to determine fair value are recorded on the balance sheet at acquisition cost.Valuation differences on other securities are reported as a component of net assets.
 - 2 Derivative transactions (including those attributable to money held in trust and foreign securities (investment trusts)) are valued at fair value.
 - 3 Tangible fixed assets are depreciated as follows:
 - (a) Assets acquired on or before March 31, 2007
Declining-balance method as per the previous standard.
 - (b) Assets acquired on or after April 1, 2007
Declining-balance method as per the current standard.Other tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in equal increments over three years.
 - 4 Intangible fixed assets are depreciated using the straight-line method.
 - 5 Foreign currency-denominated assets and liabilities are translated into yen-denominated amounts at market exchange rates as of the book closing date.

Changes in market values of bonds included in foreign currency-denominated securities are treated as follows: the portion attributable to changes in the securities' nominal market prices in their local currencies is treated as a valuation adjustment, and the portion attributable solely to currency fluctuations is treated as a translation adjustment.
- Additional information
- Since the start of sales of foreign currency-denominated individual annuities, gains and losses on foreign currency-denominated securities and liabilities have been recognized in the fiscal period in which they accrued. The portion of those gains and losses attributable to changes in local currency prices of bonds included in foreign currency-denominated securities is treated as a valuation difference, and the portion attributable solely to currency fluctuations is treated as a translation adjustment.
- 6 Reserve for possible loan losses is calculated by multiplying the value of loan claims by the historical loan loss rates calculated from actual loan losses, pursuant rules on the self-assessment of assets as well as rules on the write-offs on and provisioning of reserves for assets. Relevant departments assess all loan claims based on the self-assessment rules, and an independent department responsible for auditing assets audits the assessment results. Provisions to the reserve for possible loan losses are determined based on the assessment results.
 - 7 Reserves for employees' retirement benefits are provisioned for in an amount that recognizes accruals as of fiscal year-end. The amount is calculated using the simplified method (which assumes the Company's benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end) as specified in the Practical Guidelines on Accounting Standards for Retirement Benefits (Interim Report) (JICPA, Auditing System Committee Report No.13).
 - 8 To provide for the retirement benefits of directors, executives and auditors seconded from the Dai-ichi Life Insurance Company (the parent company), which are payable to the parent company, the Company calculates its share of the relevant accrued benefits as of fiscal year-end pursuant to the parent company's regulations on retirement benefits. The amount is recorded in the reserve for retirement benefits of directors, executive officers and corporate auditors.
 - 9 The reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.
 - 10 Finance leases that do not transfer title to the leased assets to the lessee are treated as follows, pursuant to the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007) and its associated Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, March 30, 2007).
 - (a) Lease agreements concluded on or after April 1, 2008, except those of minor value, are accounted for as ordinary sales/purchase transactions.
 - (b) Transactions other than those corresponding to (a) above are accounted for as ordinary lease transactions.

- 11 National and local consumption taxes are recorded using the tax-exclusion method. Non-recoverable consumption tax on certain assets is recorded as a prepaid expense and amortized equally over five years in accordance with corporate taxation law, and taxes other than deferred consumption tax are recognized as an expense in the year in which they are incurred.
- 12 Policy reserves are those reserves set aside in accordance with Article 116 of the Insurance Business Act. Insurance premium reserve is calculated as follows:
 (a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)
 (b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method
- 13 In view of the liability characteristics of life insurance policies, assets in the general account (i.e., not in separate accounts as defined by Article 118, paragraph 1, of the Insurance Business Act) are invested primarily in fixed-income assets (government and corporate bonds) in accord with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term. These fixed income securities holdings are categorized as other securities. To mitigate the guaranteed minimum benefit risk on individual variable annuities, the Company engages in derivative transactions (foreign exchange forward contracts, currency futures contracts, stock-index futures contracts, securities futures contracts).
 The Company's holdings of financial instruments, mainly securities and derivatives, are subject to market risk and credit risk.

Market risk management. Under its internal investment policy and market risk management rules, the Company manages market risk by making medium- to long-term investments in a manner appropriate to its liabilities, constantly confirming the consistency of its portfolio positions and investment policies and measuring value-at-risk (VaR).

Credit risk management. Under its internal investment policy and credit risk management rules, the Company manages credit risk by establishing credit limits designed to avoid excessive concentration of risk toward a specific company or group. Each individual transaction is screened before credit is extended and follow-up checks are conducted regularly. In addition, the company measures value at risk (VaR) as part of its effort to better grasp and analyze credit risk exposure.

Derivative transactions used by the Company to mitigate the guaranteed minimum benefit risk on individual variable annuities are conducted in accordance with the Company's policy and internal rules on managing guaranteed minimum benefit risk. In addition to verifying the effectiveness of hedge positions and managing gains and losses generated by derivative transactions on a daily basis, the Company regularly monitors reductions in guaranteed minimum benefit risk and gauges its value at risk (VaR).

The Compliance Control and Risk Management Department reports regularly to the Board of Directors on the status of the Company's entire risk position, including guaranteed minimum benefit risk.

Amounts of financial assets recorded on the balance sheet, their fair values, and differences between the two are as follows:

	(millions of yen)		
	Amount recorded on balance sheet	Fair value	Difference
(1) Cash and deposits	16,167	16,167	-
(2) Call loans	7,800	7,800	-
(3) Money held in trust	41,659	41,659	-
(4) Securities	1,455,476	1,455,476	-
(a) Trading securities	1,283,069	1,283,069	-
(b) Other securities	172,407	172,407	-
Assets total	1,521,103	1,521,103	-
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not	(2,686)	(2,686)	-
Derivative transactions total	(2,686)	(2,686)	-

Note: Derivative transactions include those attributable to money held in trust and foreign securities (investment trusts). Net derivative assets and liabilities arising from derivative transactions are reported as a net value. A negative total indicates a net liability.

Fair values of financial instruments are calculated as follows:

(a) Cash and deposits

Deposits are recorded at book value as all deposits have no maturities and their book values approximate their fair values.

(b) Call loans

Call loans are recorded at book value as all call loans have short maturities and their books values approximate their fair values.

(c) Money held in trust

Information on the fair value of derivative transactions attributable to money held in trust appears below in "(e) Derivative transactions".

(d) Securities

Bonds are recorded at the price quoted on securities exchanges. Investments in investment trusts are recorded at net asset value.

(e) Derivatives transactions

For foreign exchange forward contracts, futures market prices on the book closing date are used as fair value. For futures transactions and other market traded instruments, securities exchange market closing prices are used as fair value.

- 14 Accumulated depreciation on tangible fixed assets is 260 million yen.
- 15 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 1,285,317 million yen. Liabilities in separate accounts total the same amount.
- 16 Financial liabilities to affiliated companies amount to 4 million yen.
- 17 Deferred tax asset accruals are primarily attributable to policy and other reserves of 13,208 million yen and retained losses brought forward of 10,366 million yen. Deferred tax liability accruals are mainly attributable to net unrealized gains on securities of 796 million yen. Valuation reserves of 25,211 million yen were deducted from deferred tax assets.
- 18 The effective statutory tax rate for the fiscal year ended March 31, 2011, was 36.21%, and the Company's corporate income tax burden (corporate income tax as a percentage of pretax income) was -0.93%. The difference was due mainly to the impact of valuation reserves (-36.09%).
- 19 The value of assets (marketable securities) pledged as collateral is 3,370 million yen.
- 20 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3, of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 10 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1, of said Ordinance ("ceding reinsurance policy reserves") amount to 7,473 million yen.
- 21 As of fiscal year-end, the Company estimated that it will be required to contribute 850 million yen to the Life Insurance Policyholders Protection Corporation of Japan pursuant to Article 259 of the Insurance Business Act. Contributions are expensed as an operating expense in the fiscal year in which they are incurred.
- 22 Net assets per share is 63,098,458.53 yen.

5. Non-Consolidated Statements of Earnings

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
	Amount	Amount
ORDINARY REVENUES	961,321	253,890
Premium and other income	863,264	251,722
Premium income	804,547	206,628
Reinsurance income	58,716	45,094
Investment income	97,966	2,166
Interest and dividends	1,313	1,766
Interest from bank deposits	1	0
Interest and dividends from securities	1,285	1,756
Other interest and dividends	26	9
Gains on sales of securities	188	114
Foreign exchange gains	-	285
Gains on investment in separate accounts	96,463	-
Other ordinary revenues	91	2
Reversal of reserves for outstanding claims	29	-
Other ordinary revenues	61	2
ORDINARY EXPENSES	969,624	255,038
Benefits and claims	45,593	85,046
Annuities	150	1,849
Benefits	5,111	8,646
Surrender values	9,815	21,638
Other refunds	1,665	743
Ceding reinsurance commissions	28,851	52,167
Provision for policy reserves and other	864,090	142,776
Provision for reserves for outstanding claims	-	469
Provision for policy reserves	864,090	142,306
Investment expenses	16,273	15,998
Interest expenses	-	0
Losses on money held in trust	12,911	4,666
Losses on trading securities	2,930	1,955
Losses on sale of securities	0	51
Derivative transaction losses	-	608
Provision for reserves for possible loan losses	10	12
Other investment expenses	420	655
Losses on investment in separate accounts	-	8,048
Operating expenses	38,641	10,489
Other ordinary expenses	5,025	726
National and local taxes	2,970	637
Depreciation	72	66
Provision for reserves for employees' retirement benefits	10	23
Other ordinary expenses	1,972	0
ORDINARY LOSS	8,303	1,147
EXTRAORDINARY GAINS	-	314
Other extraordinary gains	-	314
EXTRAORDINARY LOSSES	50	68
Provision for reserves for price fluctuations	50	68
Loss before income taxes	8,353	901
Corporate income taxes - current	4	8
Total of corporate income taxes	4	8
Net loss	8,357	910

Notes to the Non-Consolidated Statement of Earnings for the Fiscal Year ended March 31, 2011

- 1 Total revenues from transactions with affiliated companies amounted to 314 million yen. Total expenses from transactions with affiliated companies amounted to 61 million yen.
- 2 Gains on sale of securities were 114 million yen, attributable to sales of Japanese Government Bonds and other bonds.
- 3 Losses on sale of securities were 51 million yen, attributable to sales of Japanese Government Bonds and other bonds.
- 4 Reinsurance income includes 24,021 million yen in operating expenses received in association with ceding reinsurance business.
- 5 Ceding reinsurance commissions includes ceding reinsurance policy reserves transferred of 124,654 million yen and the ceding reinsurance policy reserve adjustment of -77,128 million yen.
- 6 The calculation of reversal of reserve for outstanding claims involved adding a 3 million yen provision to reserves for outstanding ceding insurance claims. The calculation of provision for policy reserves involved deducting a 5,974 million yen reversal of ceding reinsurance policy reserves.
- 7 The main component of losses on investments in trading securities is a valuation loss of 1,955 million yen.
- 8 Losses on money held in trust include a valuation loss of 4,666 million yen.
- 9 Derivative transaction losses included a valuation loss of 159 million yen.
- 10 Net loss per share for the fiscal year was 492,025.67 yen.
- 11 Related-party transactions are as follows.

(1) Parent company and major corporate shareholders

(millions of yen)

Type	Company name	Ownership of voting rights (% of ownership)	Relationships with related parties	Details of transaction	Transaction amount	Account	Ending balance
Parent company	The Dai-ichi Life Insurance Company, Limited	90% (direct ownership)	The Company is a 90%-owned subsidiary of the parent company.	Sale of software	314	Other extraordinary gains	-

Transaction terms and method of setting transaction terms

Note 1: Price and other transaction terms were set through price negotiations after the Company submitted its desired price, which was based on prevailing market prices.

Note 2: The transaction amount shown does not include consumption taxes.

6. Breakdown of Net Surplus from Operations (Fundamental Profit)

(millions of yen)

		Year ended March 31, 2010	Year ended March 31, 2011
Fundamental profit	A	47,780	(2,373)
Capital gains		188	399
Gain on money held in trust		-	-
Gain on investments in trading securities		-	-
Gain on sales of securities		188	114
Net derivative financial instruments gain		-	-
Foreign exchange gains		-	285
Other		-	-
Capital losses		15,842	7,529
Loss on money held in trust		12,911	4,666
Loss on investments in trading securities		2,930	1,955
Loss on sales of securities		0	51
Loss on valuation of securities		-	-
Net derivative financial instruments loss		-	608
Foreign exchange losses		-	-
Other		-	247
Net capital gains (losses)	B	(15,653)	(7,130)
Fundamental profit plus net capital gains (losses)	A + B	32,127	(9,503)
Other one-time gains		-	8,355
Reinsurance income		-	-
Reversal of contingency reserve		-	8,355
Other		-	-
Other one-time losses		40,430	-
Ceding reinsurance commissions		-	-
Provision for contingency reserve		40,430	-
Provision for specific reserve for possible loan losses		-	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Other		-	-
Other one-time profits (losses)	C	(40,430)	8,355
Ordinary profit (loss)	A + B + C	(8,303)	(1,147)

Note: 1. Fundamental profit includes the amount below.

	Year ended March 31, 2010	Year ended March 31, 2011
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated annuities' liability	-	247

2. Other capital gains include the amount below.

	Year ended March 31, 2010	Year ended March 31, 2011
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated annuities' liability	-	(247)

3. Gains (losses) on money held in trust and gains (losses) on investments in trading securities are attributable to investments in derivative financial instruments (including investments in monetary trusts, foreign securities (investment trusts)) for the purpose of mitigating the guaranteed minimum benefit risk on individual variable annuities.

7. Non-Consolidated Statement of Changes in Net Assets

Statement of changes in net assets for the fiscal year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

(millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
	Amount	Amount
Shareholders' equity		
Capital stock		
Balance at the end of the previous year	107,500	117,500
Changes for the year:		
Issuance of new shares	10,000	-
Total changes for the year	10,000	-
Balance at the end of year	117,500	117,500
Capital surplus		
Legal capital surplus		
Balance at the end of the previous year	57,500	67,500
Changes for the year:		
Issuance of new shares	10,000	-
Total changes for the year	10,000	-
Balance at the end of the year	67,500	67,500
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the end of the previous year	(60,403)	(68,760)
Changes for the year:		
Net loss	8,357	910
Total changes for the year	(8,357)	(910)
Balance at the end of the year	(68,760)	(69,670)
Total shareholders' equity		
Balance at the end of the previous year	104,596	116,239
Changes for the year:		
Issuance of new shares	20,000	-
Net loss	8,357	910
Total changes for the year	11,642	(910)
Balance at the end of the year	116,239	115,329
Valuation and translation adjustments		
Net unrealized gains on securities, net of tax		
Balance at the end of the previous year	348	1,191
Changes for the year:		
Net changes of items other than shareholders' equity	843	211
Total changes for the year	843	211
Balance at the end of the year	1,191	1,403
Total net assets		
Balance at the end of the previous year	104,945	117,431
Changes for the year:		
Issuance of new shares	20,000	-
Net loss	8,357	910
Net changes of items other than shareholders' equity	843	211
Total changes for the year	12,486	(698)
Balance at the end of the year	117,431	116,732

Notes to Non-Consolidated Statement of Changes in Net assets

1. Number of outstanding shares by class

	No. shares as of March 31, 2010	Increase in number of shares	Decrease in number of shares	No. shares as of March 31, 2011
Outstanding shares				
Common stock	1,850	0	0	1,850

8. Disclosed Claims by Obligor Category

Not applicable.

9. Risk-Monitored Loans

Not applicable.

10. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2010	As of March 31, 2011
Total solvency margin (A)	224,341	215,850
Common stock, etc.	116,239	115,329
Reserve for price fluctuations	75	143
Contingency reserve	44,759	36,403
General reserve for possible loan losses	16	28
Net unrealized gains on securities (before tax) × 90% *1	1,681	1,979
Net unrealized gains (losses) on real estate × 85% *1	-	-
Policy reserves in excess of surrender values	61,570	61,965
Qualifying subordinated debt	-	-
Excluded items	-	-
Other	-	-
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	37,789	27,150
Insurance risk R1	-	0
3rd sector insurance risk R8	-	-
Assumed investment yield risk R2	7	111
Investment risk R3	(6,175)	(15,964)
Business risk R4	1,100	790
Guaranteed minimum benefit risk R7	42,855	42,212
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,187.3%	1,590.0%

*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 financial instruments 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 financial instruments reduced guaranteed minimum benefit risk by 9,105 million yen in the fiscal year ended March 31, 2010, and by 19,823 million yen in the fiscal year ended March 31, 2011, and these amounts are included in "Investment risk" above.

**Reference: Solvency Margin Ratio under the New Standards
to be Officially Applied at the end of Fiscal Year ending March 31, 2012.**

(millions of yen)

		As of March 31, 2011
Total solvency margin	(A)	215,850
Common stock, etc ^{*1}		115,329
Reserve for price fluctuations		143
Contingency reserve		36,403
General reserve for possible loan losses		28
Net unrealized gains on securities (before tax) × 90% ^{*2}		1,979
Net unrealized gains (losses) on real estate × 85% ^{*2}		-
Policy reserves in excess of surrender values ^{*3}		61,965
Qualifying subordinated debt ^{*3}		-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt ^{*3}		-
Excluded items		-
Others		-
Total risk	$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	43,847
Insurance risk	R ₁	0
3rd sector insurance risk	R ₈	-
Assumed investment yield risk	R ₂	250
Investment risk	R ₃	20,490
Business risk	R ₄	1,277
Guaranteed minimum benefit risk	R ₇ ^{*4}	21,829
Solvency margin ratio	$\frac{(A)}{(1/2) \times (B)} \times 100$	984.5%

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

*2: Multiplied by 100% if losses.

*3: "Policy reserves in excess of surrender values" represent the amount stipulated under Notification of the Financial Services Agency No. 25, Article 1, paragraph 1-1. "Qualifying subordinated debt" represent the amount stipulated under Notification of the Financial Services Agency No. 25, Article 1, paragraph 1-2. "Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt" represent the amount stipulated under Notification of the Financial Services Agency No. 25, Article 1, paragraph 1-3.

*4: Calculated by standard method.

Note: Under Cabinet Office Ordinance No.23, 2010 and Notification of the Financial Services Agency No. 48, the standards for the calculation of solvency margin ratio is planned to be revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The revised standards will be officially applied at the end of the fiscal year ending March 31, 2012.

The above figures are calculated by applying the revised standards to the financial results as of March 31, 2011.

11. Separate Account Status for the Fiscal Year Ended March 31, 2011

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2010	As of March 31, 2011
Individual variable insurance	-	723
Individual variable annuities	1,178,615	1,284,594
Group annuities	-	-
Separate account total	1,178,615	1,285,317

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

	As of March 31, 2010		As of March 31, 2011	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	-	-	0	879
Total	-	-	0	879

1. Policy amounts not placed into separate accounts as of the end of the fiscal period are included in policies in force.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen except percentages)

	As of March 31, 2010		As of March 31, 2011	
	Amount	%	Amount	%
Cash, deposits, and call loans	-	-	77	10.7
Securities	-	-	614	85.0
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	-	-
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	-	-
Other securities	-	-	614	85.0
Loans	-	-	-	-
Other	-	-	31	4.3
Allowance for doubtful accounts	-	-	-	-
Total	-	-	723	100.0

C. Investment gains and losses on separate accounts for individual variable insurance

(millions of yen)

	Year Ended March 31, 2010	Year Ended March 31, 2011
Interest and dividends	-	-
Gain on sales of securities	-	-
Gain on redemption of securities	-	-
Gain on valuation of securities	-	2
Foreign exchange gains	-	-
Net derivative financial instruments gain	-	-
Other investment income	-	-
Loss on sales of securities	-	-
Loss on redemption of securities	-	-
Loss on valuation of securities	-	-
Foreign exchange losses	-	-
Net derivative financial instruments loss	-	-
Other investment losses	-	-
Net investment income	-	2

(3) Individual Variable Annuities (Separate Account)

A. Policies in force

	As of March 31, 2010		As of March 31, 2011	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Individual variable annuities	208	1,208,546	237	1,331,341

Notes: 1. Total policy amount in force for individual variable annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

2. Policy amounts not placed into separate accounts as of the end of the fiscal period are included in policies in force.

B. Breakdown of separate account assets for individual variable annuities (millions of yen except percentages)

	As of March 31, 2010		As of March 31, 2011	
	Amount	%	Amount	%
Cash, deposits, and call loans	5,302	0.4	6,661	0.5
Securities	1,171,487	99.4	1,276,742	99.4
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	-	-
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	-	-
Other securities	1,171,487	99.4	1,276,742	99.4
Loans	-	-	-	-
Other	1,825	0.2	1,190	0.1
Reserve for possible loan losses	-	-	-	-
Total	1,178,615	100.0	1,284,594	100.0

C. Investment gains and losses on separate accounts for individual variable annuities

(millions of yen)

	Year Ended March 31, 2010	Year Ended March 31, 2011
Interest and dividends	429	1,579
Gains on sales of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	96,231	-
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sales of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	-	9,281
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	197	348
Net investment income	96,463	(8,050)

12. Consolidated Financial Summary

Not applicable.

Reference: Exposure to Securitized Products and Subprime-related Investments

The Company has no securitized products and subprime-related investments as of March 31, 2011.