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# Financial Results for the Six Months Ended September 30, 2011

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The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Satoru Tsutsumi) announces its financial results for the six months ended September 30, 2011.

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

## 1. Business Highlights

### (1) Policies in Force and New Policies

#### Policies in Force

|                      | As of March 31, 2011              |                             | As of September 30, 2011 |                           |                   |                           |
|----------------------|-----------------------------------|-----------------------------|--------------------------|---------------------------|-------------------|---------------------------|
|                      | Number of Policies<br>(thousands) | Amount<br>(millions of yen) | Number of Policies       |                           | Amount            |                           |
|                      |                                   |                             | (thousands)              | % of March 31, 2011 total | (millions of yen) | % of March 31, 2011 total |
| Individual insurance | 0                                 | 879                         | 0                        | 226.8                     | 2,602             | 295.8                     |
| Individual annuities | 258                               | 1,435,273                   | 282                      | 109.2                     | 1,545,245         | 107.7                     |
| 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 |                               | (millions of yen) | Amount                        |              |                               |
|--|--------------------|-------------------------------|-------------------|-------------------------------|--------------|-------------------------------|
|  | (thousands)        | % of September 30, 2010 total |                   | % of September 30, 2010 total | New Business | Net increase from conversions |
| <b>Six months ended September 30, 2011</b> |                    |                               |                   |                               |              |                               |
| Individual insurance                       | 0                  | -                             | 1,739             | -                             | 1,739        | -                             |
| Individual annuities                       | 26                 | 101.2                         | 143,526           | 103.5                         | 143,526      | -                             |
| Group insurance                            | -                  | -                             | -                 | -                             | -            | -                             |
| Group annuities                            | -                  | -                             | -                 | -                             | -            | -                             |
| <b>Six months ended September 30, 2010</b> |                    |                               |                   |                               |              |                               |
| Individual insurance                       | -                  |                               | -                 |                               | -            | -                             |
| Individual annuities                       | 26                 |                               | 138,630           |                               | 138,630      | -                             |
| 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 Premiums

### Policies in Force

(millions of yen except percentages)

|                               | As of March 31, 2011 | As of September 30, 2011 |                           |
|-------------------------------|----------------------|--------------------------|---------------------------|
|                               |                      |                          | % of March 31, 2011 total |
| Individual insurance          | 72                   | 214                      | 295.5                     |
| Individual annuities          | 147,933              | 162,807                  | 110.1                     |
| Total                         | 148,006              | 163,022                  | 110.1                     |
| Medical and survival benefits | -                    | -                        | -                         |

### New Policies

(millions of yen except percentages)

|                               | Six months ended September 30, 2010 | Six months ended September 30, 2011 | % of September 30, 2010 total |
|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
|                               |                                     |                                     |                               |
| Individual insurance          | -                                   | 143                                 | -                             |
| Individual annuities          | 14,995                              | 18,024                              | 120.2                         |
| Total                         | 14,995                              | 18,168                              | 121.2                         |
| 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)

|                          | Six months ended September 30, 2010 | Six months ended September 30, 2011 | % of September 30, 2010 total |
|--------------------------|-------------------------------------|-------------------------------------|-------------------------------|
|                          |                                     |                                     |                               |
| Premium and other income | 161,628                             | 148,542                             | 91.9                          |
| Investment income        | 5,048                               | 19,252                              | 381.3                         |
| Benefits and claims      | 39,698                              | 45,728                              | 115.2                         |
| Investment expenses      | 18,712                              | 52,924                              | 282.8                         |

## (4) Total Assets

(millions of yen except percentages)

|              | As of March 31, 2011 | As of September 30, 2011 |                           |
|--------------|----------------------|--------------------------|---------------------------|
|              |                      |                          | % of March 31, 2011 total |
| Total Assets | 1,566,786            | 1,638,475                | 104.6                     |

## **2. Investment of General Account Assets**

### **(1) Investment Environment**

The Japanese economy has substantially but temporarily weakened due to (i) declined production activities and export due to the supply constraints such as the supply chain disruption associated with the Great East Japan Earthquake and related Tsunami which occurred in March, (ii) weakened business and household sentiment affected by the economic uncertainty accompanying yen appreciation and power shortages. However, thanks to corporate efforts to ease supply constraints, business confidence improved and the economy entered a recovering phase in summer.

While the economies of developing countries slowed down due to the monetary tightening policies, the uncertainty of the European and U.S. economies deepened, mainly due to (i) the concern of economic downturn associated with cuts in government expenditures and (ii) the confusion caused by the sovereign debt crisis.

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

#### **[Domestic interest rates]**

The yield on ten year government bonds has shown a downward trend affected by the monetary easing measures by the Bank of Japan ("BOJ") resulting from the slowdown of the overseas economy and the yen appreciation, and temporarily drifted below 1.0%. However, the concern over the Japanese government to over-issue bonds in relation to the earthquake limited the downward trend of the yield on government bonds.

(Yield on ten-year government bonds: April 1, 2011:1.250%; September 30, 2011:1.025%)

#### **[Domestic Stocks]**

After the sharp drop caused by the Great East Japan Earthquake and related Tsunami which occurred in March, the Nikkei 225 Stock Average temporarily recovered to the 10,000-yen level as corporate efforts to resolve the supply chain constraint and concern over power shortage gradually materialized. However, affected by yen appreciation and concern over the slowdown of overseas economies, the Nikkei 225 Stock Average subsequently fell below the 9,000-yen level and has remained weak.

(Nikkei 225 Stock Average: April 1, 2011:9,755; September 30, 2011:8,700)

(TOPIX: April 1, 2011:869; September 30, 2011:761)

#### **[Foreign Currency]**

In the beginning of the year, both the U.S. dollar and Euro appreciated against the yen, reflecting (i) global economic recovery and (ii) increased expectations for the widening of future international interest-spread after the European Central Bank ("ECB") raised interest rates for the first time since July 2008 in order to control price increases. However, with the debt crisis in Greece spreading to neighboring countries, the increased concern about the credit risks in the Euro area led to substantial depreciation of Euro, which temporarily depreciated against the yen to the level of 101yen for the first time in a decade. Also, due to the concern about potential recession and debt ceiling problem in the United States and the expectation that the Federal Reserve Bank ("FRB") would conduct additional monetary easing measures. The U.S. dollar temporarily depreciated against the yen to ¥75.95, hitting a postwar record.

(yen/U.S. dollar: April 1, 2011: ¥83.15; September 30, 2011: ¥76.65)

(yen/euro: April 1, 2011: ¥117.57; September 30, 2011: ¥104.11)

### **(2) 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.

### **(3) 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 insurance is invested in foreign-currency denominated bonds. Certain instruments are also used to mitigate the guaranteed minimum benefit risk on individual variable annuities. 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 result was 19,252 million yen mainly due to gain on money held in trust (10,591 million yen), incurred through transactions to hedge the guaranteed minimum benefit risk, gain on derivative transaction (3,887 million yen), gain on trading securities (3,138 million yen), and gain on interest and dividends (1,608 million yen). Investment expenses were 6,711 million yen mainly due to foreign exchange losses (6,405 million yen).

### 3. Investment Results of General Account

#### (1) Asset Composition

(millions of yen except percentage)

|  | As of March 31, 2011 |       | As of September 30, 2011 |       |
|--|----------------------|-------|--------------------------|-------|
|  | Carrying value       | %     | Carrying value           | %     |
| Cash, deposits, and call loans                     | 17,228               | 6.1   | 17,198                   | 4.4   |
| Securities repurchased under resale agreements     | -                    | -     | -                        | -     |
| Deposit paid for securities borrowing transactions | -                    | -     | -                        | -     |
| Monetary claims bought                             | -                    | -     | -                        | -     |
| Trading account securities                         | -                    | -     | -                        | -     |
| Money held in trust                                | 41,659               | 14.8  | 49,051                   | 12.5  |
| Securities   | 178,119              | 63.2  | 279,606                  | 71.0  |
| Domestic bonds                                     | 131,041              | 46.5  | 165,097                  | 41.9  |
| Domestic stocks                                    | -                    | -     | -                        | -     |
| Foreign securities                                 | 47,078               | 16.7  | 114,508                  | 29.1  |
| Foreign bonds                                      | 41,366               | 14.7  | 103,563                  | 26.3  |
| Foreign stocks and other securities                | 5,712                | 2.0   | 10,945                   | 2.8   |
| Other securities                                   | -                    | -     | -                        | -     |
| Loans  | -                    | -     | -                        | -     |
| Real estate  | -                    | -     | -                        | -     |
| Deferred tax assets                                | -                    | -     | -                        | -     |
| Other  | 44,953               | 15.9  | 47,766                   | 12.1  |
| Reserve for possible loan losses                   | (28)                 | (0.0) | (27)                     | (0.0) |
| Total  | 281,931              | 100.0 | 393,595                  | 100.0 |
| Foreign currency-denominated assets                | 17,164               | 6.1   | 87,422                   | 22.2  |

#### (2) Changes (Increase/Decrease) in Assets

(millions of yen)

|  | Six months ended<br>September 30, 2010 | Six months ended<br>September 30, 2011 |
|--|--|--|
| Cash, deposits, and call loans                     | (13,693)                               | (29)                                   |
| Securities repurchased under resale agreements     | -                                      | -                                      |
| Deposit paid for securities borrowing transactions | -                                      | -                                      |
| Monetary claims bought                             | -                                      | -                                      |
| Trading account securities                         | -                                      | -                                      |
| Money held in trust                                | 16,770                                 | 7,391                                  |
| Securities   | 20,904                                 | 101,486                                |
| Domestic bonds                                     | 10,970                                 | 34,056                                 |
| Domestic stocks                                    | -                                      | -                                      |
| Foreign securities                                 | 9,934                                  | 67,430                                 |
| Foreign bonds                                      | 8,703                                  | 62,197                                 |
| Foreign stocks and other securities                | 1,231                                  | 5,232                                  |
| Other securities                                   | -                                      | -                                      |
| Loans  | -                                      | -                                      |
| Real estate  | -                                      | -                                      |
| Deferred tax assets                                | -                                      | -                                      |
| Other  | 1,743                                  | 2,813                                  |
| Reserve for possible loan losses                   | (5)                                    | 1                                      |
| Total  | 25,720                                 | 111,663                                |
| Foreign currency-denominated assets                | 2,304                                  | 70,258                                 |

## (3) Investment Income

(millions of yen)

|  | Six months ended<br>September 30, 2010 | Six months ended<br>September 30, 2011 |
|--|--|--|
| Interest, dividends and other income         | 824                                    | 1,608                                  |
| Interest from bank deposits                  | 0                                      | 2                                      |
| Interest and dividends from securities       | 818                                    | 1,588                                  |
| Interest from loans                          | -                                      | -                                      |
| Rental income                                | -                                      | -                                      |
| Other interest and dividends                 | 5                                      | 17                                     |
| Gains on trading account securities          | -                                      | -                                      |
| Gains on money held in trust                 | 3,870                                  | 10,591                                 |
| Gains on trading securities                  | 301                                    | 3,138                                  |
| Gains on sales of securities                 | 52                                     | 24                                     |
| Gains on sales of domestic bonds             | 52                                     | 24                                     |
| Gains on sales of domestic stocks            | -                                      | -                                      |
| Gains on sales of foreign securities         | -                                      | -                                      |
| Other  | -                                      | -                                      |
| Gains on redemption of securities            | -                                      | -                                      |
| Derivative transaction gains                 | -                                      | 3,887                                  |
| Foreign exchange gains                       | -                                      | -                                      |
| Reversal of reserve for possible loan losses | -                                      | 1                                      |
| Other investment income                      | -                                      | -                                      |
| <b>Total</b>                                 | <b>5,048</b>                           | <b>19,252</b>                          |

## (4) Investment Expenses

(millions of yen)

|  | Six months ended<br>September 30, 2010 | Six months ended<br>September 30, 2011 |
|--|--|--|
| Interest expenses                              | 0                                      | -                                      |
| Losses on trading account securities           | -                                      | -                                      |
| Losses on money held in trust                  | -                                      | -                                      |
| Losses on trading securities                   | -                                      | -                                      |
| Losses on sales of securities                  | -                                      | -                                      |
| Losses on sales of domestic bonds              | -                                      | -                                      |
| Losses on sales of domestic stocks             | -                                      | -                                      |
| Losses on sales 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                  | 207                                    | -                                      |
| Foreign exchange losses                        | 47                                     | 6,405                                  |
| Provision for reserve for possible loan losses | 5                                      | -                                      |
| Write-down of loans                            | -                                      | -                                      |
| Depreciation of rented real estate and others  | -                                      | -                                      |
| Other investment expenses                      | 332                                    | 305                                    |
| <b>Total</b>                                   | <b>592</b>                             | <b>6,711</b>                           |

(5) Valuation Gains and Losses on Trading Securities

(millions of yen)

|                    | As of March 31, 2011                |  | As of September 30, 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 | 47,372                              | (6,622)  | 59,996                              | 13,730   |

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

## (6) Fair Value Information on Securities (securities with fair value except trading securities)

(millions of yen)

|                                       | Book value | Fair value | Gains (losses) |        |       |
|---------------------------------------|------------|------------|----------------|--------|-------|
|                                       |            |            | Gains          | Losses |       |
| As of September 30, 2011              |            |            |                |        |       |
| Bonds held to maturity                | -          | -          | -              | -      | -     |
| Policy-reserve-matching bonds         | -          | -          | -              | -      | -     |
| Stocks of subsidiaries and affiliates | -          | -          | -              | -      | -     |
| Securities available for sale         | 263,713    | 268,661    | 4,947          | 5,947  | 1,000 |
| Domestic bonds                        | 161,849    | 165,097    | 3,248          | 3,861  | 612   |
| Domestic stocks                       | -          | -          | -              | -      | -     |
| Foreign securities                    | 101,864    | 103,563    | 1,699          | 2,086  | 387   |
| Foreign bonds                         | 101,864    | 103,563    | 1,699          | 2,086  | 387   |
| Foreign stocks and other securities   | -          | -          | -              | -      | -     |
| Other securities                      | -          | -          | -              | -      | -     |
| Monetary claims bought                | -          | -          | -              | -      | -     |
| Certificates of deposit               | -          | -          | -              | -      | -     |
| Other                                 | -          | -          | -              | -      | -     |
| Total                                 | 263,713    | 268,661    | 4,947          | 5,947  | 1,000 |
| Domestic bonds                        | 161,849    | 165,097    | 3,248          | 3,861  | 612   |
| Domestic stocks                       | -          | -          | -              | -      | -     |
| Foreign securities                    | 101,864    | 103,563    | 1,699          | 2,086  | 387   |
| Foreign bonds                         | 101,864    | 103,563    | 1,699          | 2,086  | 387   |
| Foreign stocks and other securities   | -          | -          | -              | -      | -     |
| Other securities                      | -          | -          | -              | -      | -     |
| Monetary claims bought                | -          | -          | -              | -      | -     |
| 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 claims bought                | -          | -          | -              | -      | -     |
| 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 claims bought                | -          | -          | -              | -      | -     |
| Certificates of deposit               | -          | -          | -              | -      | -     |
| Other                                 | -          | -          | -              | -      | -     |

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

Not applicable.

(7) 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 September 30, 2011 | 49,051                              | 49,051     | 10,591         | -      |
| As of March 31, 2011     | 41,659                              | 41,659     | (4,666)        | 4,666  |

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

(millions of yen)

|   | As of March 31, 2011                |   | As of September 30, 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 | 41,659                              | (4,666)   | 49,051                              | 10,591  |

\*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)

|                                  | As of March 31, 2011<br>(Summarized) |                  | As of September 30, 2011 |                  |
|----------------------------------|--------------------------------------|------------------|--------------------------|------------------|
|                                  | Amount                               |                  | Amount                   |                  |
| <b>(ASSETS)</b>                  |                                      |                  |                          |                  |
| Cash and deposits                |                                      | 16,167           |                          | 12,666           |
| Call loans                       |                                      | 7,800            |                          | 8,600            |
| Money held in trust              |                                      | 41,659           |                          | 49,051           |
| Securities                       |                                      | 1,455,476        |                          | 1,519,494        |
| [Government bonds]               | [                                    | 57,605]          | [                        | 71,661]          |
| [Local government bonds]         | [                                    | 2,055]           | [                        | 2,402]           |
| [Corporate bonds]                | [                                    | 71,380]          | [                        | 91,033]          |
| [Foreign securities]             | [                                    | 47,078]          | [                        | 114,508]         |
| Tangible fixed assets            |                                      | 95               |                          | 75               |
| Intangible fixed assets          |                                      | 2                |                          | 2                |
| Reinsurance receivables          |                                      | 41,575           |                          | 37,940           |
| Other assets                     |                                      | 4,039            |                          | 10,673           |
| Reserve for possible loan losses |                                      | (28)             |                          | (27)             |
| <b>Total assets</b>              |                                      | <b>1,566,786</b> |                          | <b>1,638,475</b> |

(millions of yen)

|  | As of March 31, 2011<br>(Summarized) |                  | As of September 30, 2011 |                  |
|--|--------------------------------------|------------------|--------------------------|------------------|
|  | Amount                               |                  | Amount                   |                  |
| <b>(LIABILITIES)</b>   |                                      |                  |                          |                  |
| Policy reserves and others   |                                      | 1,443,051        |                          | 1,526,698        |
| Reserves for outstanding claims  |                                      | 1,080            |                          | 1,178            |
| Policy reserves  |                                      | 1,441,971        |                          | 1,525,519        |
| Reinsurance payable  |                                      | 678              |                          | 726              |
| Other liabilities  |                                      | 5,326            |                          | 12,575           |
| Corporate income tax payable   |                                      | 8                |                          | 4                |
| Other liabilities  |                                      | 5,318            |                          | 12,571           |
| Reserve for employees' retirement benefits   |                                      | 56               |                          | 74               |
| Reserve for retirement benefits of directors,<br>executive officers and corporate auditors |                                      | 1                |                          | 2                |
| Reserve for price fluctuations   |                                      | 143              |                          | 215              |
| Deferred tax liabilities   |                                      | 796              |                          | 1,791            |
| <b>Total liabilities</b>   |                                      | <b>1,450,054</b> |                          | <b>1,542,084</b> |
| <b>(NET ASSETS)</b>  |                                      |                  |                          |                  |
| Capital stock  |                                      | 117,500          |                          | 117,500          |
| Capital surplus  |                                      | 67,500           |                          | 67,500           |
| Legal capital surplus  |                                      | 67,500           |                          | 67,500           |
| Retained earnings  |                                      | (69,670)         |                          | (91,765)         |
| Other retained earnings  |                                      | (69,670)         |                          | (91,765)         |
| Retained earnings brought forward  |                                      | (69,670)         |                          | (91,765)         |
| Total shareholders' equity   |                                      | 115,329          |                          | 93,234           |
| Net unrealized gains on securities, net of tax   |                                      | 1,403            |                          | 3,156            |
| Total of valuation and translation adjustments   |                                      | 1,403            |                          | 3,156            |
| <b>Total net assets</b>  |                                      | <b>116,732</b>   |                          | <b>96,390</b>    |
| <b>Total liabilities and net assets</b>  |                                      | <b>1,566,786</b> |                          | <b>1,638,475</b> |

## 5. Non-Consolidated Statement of Earnings

(millions of yen)

|   | Six months ended<br>September 30, 2010 | Six months ended<br>September 30, 2011 |
|---|--|--|
|   | Amount                                 | Amount                                 |
| <b>ORDINARY REVENUES</b>                      | 166,678                                | 167,803                                |
| Premium and other income                      | 161,628                                | 148,542                                |
| [Premium income]                              | [ 138,399 ]                            | [ 127,245 ]                            |
| Investment income                             | 5,048                                  | 19,252                                 |
| [Interest and dividends]                      | [ 824 ]                                | [ 1,608 ]                              |
| [Gains on money held in trust]                | [ 3,870 ]                              | [ 10,591 ]                             |
| [Gains on trading securities]                 | [ 301 ]                                | [ 3,138 ]                              |
| [Gains on sales of securities]                | [ 52 ]                                 | [ 24 ]                                 |
| [Derivative transaction gains]                | [ - ]                                  | [ 3,887 ]                              |
| Other ordinary revenues                       | 1                                      | 8                                      |
| <b>ORDINARY EXPENSES</b>                      | 173,136                                | 189,821                                |
| Benefits and claims                           | 39,698                                 | 45,728                                 |
| [Claims]                                      | [ - ]                                  | [ 5 ]                                  |
| [Annuities]                                   | [ 257 ]                                | [ 164 ]                                |
| [Benefits]                                    | [ 4,011 ]                              | [ 5,064 ]                              |
| [Surrender values]                            | [ 10,227 ]                             | [ 11,912 ]                             |
| [Other refunds]                               | [ 457 ]                                | [ 634 ]                                |
| Provision for policy reserves and others      | 108,146                                | 83,647                                 |
| Provision for reserves for outstanding claims | 143                                    | 98                                     |
| Provision for policy reserve                  | 108,003                                | 83,548                                 |
| Investment expenses                           | 18,712                                 | 52,924                                 |
| [Interest expenses]                           | [ 0 ]                                  | [ - ]                                  |
| [Derivative transaction losses]               | [ 207 ]                                | [ - ]                                  |
| [Losses on investment in separate accounts]   | [ 18,119 ]                             | [ 46,213 ]                             |
| Operating expenses                            | 6,133                                  | 7,036                                  |
| Other ordinary expenses                       | 446                                    | 485                                    |
| <b>ORDINARY LOSSES</b>                        | 6,458                                  | 22,018                                 |
| <b>EXTRAORDINARY GAINS</b>                    | 314                                    | -                                      |
| <b>EXTRAORDINARY LOSSES</b>                   | 26                                     | 72                                     |
| Losses before income taxes                    | 6,170                                  | 22,090                                 |
| Corporate income taxes - current              | 4                                      | 4                                      |
| Total of corporate income taxes               | 4                                      | 4                                      |
| Net loss for the period                       | 6,174                                  | 22,094                                 |

## 6. Non-Consolidated Statement of Changes in Net Assets

Statement of changes in net assets for the six months ended September 30, 2011(April 1, 2011 - September 30, 2011)

(millions of yen)

|  | Six months ended   | Six months ended   |
|--|--------------------|--------------------|
|  | September 30, 2010 | September 30, 2011 |
|  | Amount             | Amount             |
| Shareholders' equity                                 |                    |                    |
| Capital stock  |                    |                    |
| Balance at the beginning of the year                 | 117,500            | 117,500            |
| Changes for the period:                              |                    |                    |
| Total changes for the period                         | -                  | -                  |
| Balance at the end of the period                     | 117,500            | 117,500            |
| Capital surplus                                      |                    |                    |
| Legal capital surplus                                |                    |                    |
| Balance at the beginning of the year                 | 67,500             | 67,500             |
| Changes for the period:                              |                    |                    |
| Total changes for the period                         | -                  | -                  |
| Balance at the end of the period                     | 67,500             | 67,500             |
| Retained earnings                                    |                    |                    |
| Other retained earnings                              |                    |                    |
| Retained earnings brought forward                    |                    |                    |
| Balance at the beginning of the year                 | (68,760)           | (69,670)           |
| Changes for the period:                              |                    |                    |
| Net loss for the period                              | 6,174              | 22,094             |
| Total changes for the period                         | (6,174)            | (22,094)           |
| Balance at the end of the period                     | (74,935)           | (91,765)           |
| Total shareholders' equity                           |                    |                    |
| Balance at the beginning of the year                 | 116,239            | 115,329            |
| Changes for the period:                              |                    |                    |
| Net loss for the period                              | 6,174              | 22,094             |
| Total changes for the period                         | (6,174)            | (22,094)           |
| Balance at the end of the period                     | 110,064            | 93,234             |
| Valuation and translation adjustments                |                    |                    |
| Net unrealized gains on securities, net of tax:      |                    |                    |
| Balance at the beginning of the year                 | 1,191              | 1,403              |
| Changes for the period:                              |                    |                    |
| Net changes of items other than shareholders' equity | 1,528              | 1,753              |
| Total changes for the period                         | 1,528              | 1,753              |
| Balance at the end of the period                     | 2,719              | 3,156              |
| Total net assets                                     |                    |                    |
| Balance at the beginning of the year                 | 117,431            | 116,732            |
| Changes for the period:                              |                    |                    |
| Net loss for the period                              | 6,174              | 22,094             |
| Net changes of items other than shareholders' equity | 1,528              | 1,753              |
| Total changes for the period                         | (4,646)            | (20,341)           |
| Balance at the end of the period                     | 112,784            | 96,390             |

As of September 30, 2011

- 1 Securities are valued as follows:
  - (a) Trading securities are valued at fair value (sales cost is calculated with the moving-average method).
  - (b) Other securities with fair values are valued at fair value using market prices as of the end of September (sales cost is calculated with the moving-average method). Securities 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 derivatives transactions on money held in trust and foreign securities (investment trusts)) are reported at fair value.
- 3 Depreciation on tangible fixed assets is calculated 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 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 with 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 available-for-sale securities are divided into two, and the portion attributable to changes in the securities' nominal market prices in their local currencies is included in "valuation difference on available-for-sale securities", and the rest in "foreign exchange gains/losses".
- 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 the end of September, 2011. 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 the end of September, 2011 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.

As of September 30, 2011

- 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 (The Accounting Standards Board of Japan ("ASBJ") Statement No. 13, March 30, 2007) and its accompanying 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 with the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accord with corporate taxation law, and such taxes other than deferred consumption tax are recognized as an expense in the first half of the year in which they are incurred.
- 12 Policy reserves are those reserves set aside in accord 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 The Company applied "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 December 4, 2009) for making accounting changes and correcting past errors on or after April 1, 2011.
- 14 The Company made following changes in presentation from this accounting period ended September 30, 2011 due to the revision made to "The Ordinance for Enforcement of the Insurance Business Act".
  - (a)The Company started to present "Reversal of reserve for possible loan losses", in "Investment Income" in Statement of Earnings, that had been previously presented in "Extraordinary Gains".
  - (b)The Company changed the phrase "Balance at the end of the previous year" to "Balance at the beginning of the year" in Statement of Changes in Net Assets.

As of September 30, 2011

- 15 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<br>balance sheet | Fair value | Difference |
| (1) Cash and deposits   | 12,666                              | 12,666     | -          |
| (2) Call Loans  | 8,600                               | 8,600      | -          |
| (3) Money held in trust   | 49,051                              | 49,051     | -          |
| (4) Securities  | 1,519,494                           | 1,519,494  | -          |
| (a) Trading securities  | 1,250,833                           | 1,250,833  | -          |
| (b) Other securities  | 268,661                             | 268,661    | -          |
| Assets total  | 1,589,811                           | 1,589,811  | -          |
| Derivative transactions   |                                     |            |            |
| (a) Derivative transactions to which hedge accounting<br>is not applied | 2,944                               | 2,944      | -          |
| Derivative transactions total   | 2,944                               | 2,944      | -          |

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 their 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.

- 16 Accumulated depreciation on tangible fixed assets is 282 million yen.
- 17 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 1,244,913 million yen. Liabilities total the same amount.
- 18 Assets pledged as collateral by securities are 3,756 million yen.
- 19 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 14 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 10,162 million yen.
- 20 As of the end of September, 2011, the Company estimated that it would be required to contribute 1,548 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 first half of the year in which they are incurred.

Notes to the Non-Consolidated Statement of Earnings

| Six months ended September 30, 2011 |   |
|-------------------------------------|---|
| 1                                   | Total expenses from transactions with affiliated companies amounted to 35 million yen.  |
| 2                                   | Gain on sale of securities is 24 million yen, attributable to sales of Japanese Government Bonds and other bonds.   |
| 3                                   | Insurance premiums and other includes 10,373 million yen of operating expenses received in association with ceding reinsurance business.  |
| 4                                   | Insurance claims and other includes ceding reinsurance policy reserves transferred of 18,639 million yen and the ceding reinsurance policy reserve adjustment of 5,896 million yen.   |
| 5                                   | The calculation of reversal of reserve for outstanding claims involved deducting a 3 million yen provision to reserves for outstanding ceding insurance claims. The calculation of provision for policy reserves involved deducting a 2,689 million yen reversal of ceding reinsurance policy reserves. |
| 6                                   | The details of Interest, dividends and other income are as follows:   |
|                                     | Interest on deposits 2 million yen  |
|                                     | Interest and dividends from securities 1,588 million yen  |
|                                     | Other interest and dividends 17 million yen   |
|                                     | Total 1,608 million yen   |
| 7                                   | The main component of gains on investments in trading securities is a valuation gain of 3,138 million yen.  |
| 8                                   | Gains on money held in trust include a valuation gain of 10,591 million yen.  |
| 9                                   | Derivative transaction gains include a valuation gain of 645 million yen.   |
| 10                                  | Net loss per share for the first half of the year was 11,943,026.01 yen.  |

Notes to the Non-Consolidated Statement of Changes in Net Assets

| Six months ended September 30, 2011 |                                       |   |   |                                   |
|-------------------------------------|---------------------------------------|---|---|-----------------------------------|
| 1                                   | Number of outstanding shares by class |   |   |                                   |
|                                     | No.shares as of April 1, 2011         | Increase in number of shares in six months ended September 30, 2011 | Decrease in number of shares in six months ended September 30, 2011 | No.shares as of September 30,2011 |
| Outstanding shares                  |                                       |   |   |                                   |
| Common stock                        | 1,850                                 | -   | -   | 1,850                             |

## 7. Breakdown of Net Surplus from Operations (Fundamental Profit)

(millions of yen)

|   | Six months ended<br>September 30, 2010 | Six months ended<br>September 30, 2011 |
|---|--|--|
| Fundamental profit A  | (9,356)                                | (37,453)                               |
| Capital gains   | 4,226                                  | 23,460                                 |
| Gains on money held in trust                                      | 3,870                                  | 10,591                                 |
| Gains on trading securities                                       | 301                                    | 3,138                                  |
| Gains on sales of securities                                      | 52                                     | 24                                     |
| Derivative transaction gains                                      | -                                      | 3,887                                  |
| Foreign exchange gains  | -                                      | -                                      |
| Other   | 1                                      | 5,818                                  |
| Capital losses  | 254                                    | 6,405                                  |
| Losses on money held in trust                                     | -                                      | -                                      |
| Losses on trading securities                                      | -                                      | -                                      |
| Losses on sales of securities                                     | -                                      | -                                      |
| Losses on valuation of securities                                 | -                                      | -                                      |
| Derivative transaction losses                                     | 207                                    | -                                      |
| Foreign exchange losses   | 47                                     | 6,405                                  |
| Other   | -                                      | -                                      |
| Net capital gains (losses) B                                      | 3,971                                  | 17,055                                 |
| Fundamental profit plus net capital gains (losses) A + B          | (5,384)                                | (20,397)                               |
| Other one-time gains  | -                                      | -                                      |
| Reinsurance income  | -                                      | -                                      |
| Reversal of contingency reserve                                   | -                                      | -                                      |
| Reversal of specific reserve for possible loan losses             | -                                      | -                                      |
| Other   | -                                      | -                                      |
| Other one-time losses   | 1,073                                  | 1,620                                  |
| Ceding reinsurance commissions                                    | -                                      | -                                      |
| Provision for contingency reserve                                 | 1,073                                  | 1,620                                  |
| 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                                 | (1,073)                                | (1,620)                                |
| Ordinary profit (loss) A + B + C                                  | (6,458)                                | (22,018)                               |

Note: 1. Fundamental profit includes the amount below.

|   | Six months ended<br>September 30, 2010 | Six months ended<br>September 30, 2011 |
|---|--|--|
| Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated annuities' liability | (1)                                    | (5,818)                                |

2. Other capital gains include the amount below.

|   | Six months ended<br>September 30, 2010 | Six months ended<br>September 30, 2011 |
|---|--|--|
| Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated annuities' liability | 1                                      | 5,818                                  |

3. Gains (losses) on money held in trust, 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.

## 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, 2011 | As of September 30, 2011 |
|---|----------------------|--------------------------|
| Total solvency margin (A)   | 215,850              | 193,014                  |
| Common stock, etc.  | 115,329              | 93,234                   |
| Reserve for price fluctuations  | 143                  | 215                      |
| Contingency reserve   | 36,403               | 38,024                   |
| General reserve for possible loan losses                                  | 28                   | 27                       |
| Net unrealized gains on securities (before tax) × 90%*                    | 1,979                | 4,452                    |
| Net unrealized gains (losses) on real estate × 85%*                       | -                    | -                        |
| Policy reserves in excess of surrender values                             | 61,965               | 57,059                   |
| Qualifying subordinated debt  | -                    | -                        |
| Excluded items  | -                    | -                        |
| Other   | -                    | -                        |
| Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)         | 27,150               | 23,642                   |
| Insurance risk $R_1$  | 0                    | 0                        |
| 3rd sector insurance risk $R_8$   | -                    | -                        |
| Assumed investment yield risk $R_2$                                       | 111                  | 612                      |
| Investment risk $R_3$   | (15,964)             | (19,770)                 |
| Business risk $R_4$   | 790                  | 688                      |
| Guaranteed minimum benefit risk $R_7$                                     | 42,212               | 42,112                   |
| Solvency margin ratio<br>(A)<br>$\frac{(A)}{(1/2) \times (B)} \times 100$ | 1,590.0%             | 1,632.7%                 |

\* Multiplied by 100% if losses.

Note: 1. The above figures are calculated based on 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 19,823 million yen in the fiscal year ended March 31, 2011, and by 24,804 million yen in the first half of the year, and these amounts are included in "Investment risk" above.

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

(millions of yen)

|  | As of March 31, 2011 | As of September 30, 2011 |
|--|----------------------|--------------------------|
| Total solvency margin (A)  | 215,850              | 193,014                  |
| Common stock, etc  | 115,329              | 93,234                   |
| Reserve for price fluctuations   | 143                  | 215                      |
| Contingency reserve  | 36,403               | 38,024                   |
| General reserve for possible loan losses   | 28                   | 27                       |
| Net unrealized gains on securities (before tax) × 90%*   | 1,979                | 4,452                    |
| Net unrealized gains (losses) on real estate × 85%*  | -                    | -                        |
| Policy reserves in excess of surrender values  | 61,965               | 57,059                   |
| Qualifying subordinated debt   | -                    | -                        |
| Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt | -                    | -                        |
| Excluded items   | -                    | -                        |
| Others   | -                    | -                        |
| Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)                                  | 43,847               | 54,579                   |
| Insurance risk $R_1$   | 0                    | 0                        |
| 3rd sector insurance risk $R_8$  | -                    | -                        |
| Assumed investment yield risk $R_2$  | 250                  | 1,571                    |
| Investment risk $R_3$  | 20,490               | 31,044                   |
| Business risk $R_4$  | 1,277                | 1,589                    |
| Guaranteed minimum benefit risk $R_7$  | 21,829               | 20,373                   |
| Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$                                    | 984.5%               | 707.2%                   |

\* Multiplied by 100% if losses.

Note: 1. 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 and September 30, 2011.

2. Guaranteed minimum benefit risk is calculated by the standard method.

## **11. Separate Account Status**

### (1) Separate Account Assets by Product

(millions of yen)

|                               | As of March 31, 2011 | As of September 30, 2011 |
|-------------------------------|----------------------|--------------------------|
| Individual variable insurance | 723                  | 2,287                    |
| Individual variable annuities | 1,284,594            | 1,242,626                |
| Group annuities               | -                    | -                        |
| Separate account total        | 1,285,317            | 1,244,913                |

### (2) Individual Variable Insurance and Annuities

#### A. Individual Variable Insurance

(millions of yen except number of policies)

|  | As of March 31, 2011           |        | As of September 30, 2011       |        |
|--|--------------------------------|--------|--------------------------------|--------|
|  | Number of policies (thousands) | Amount | Number of policies (thousands) | Amount |
| Variable insurance (defined term type) | -                              | -      | -                              | -      |
| Variable insurance (whole life type)   | 0                              | 879    | 0                              | 2,602  |
| Total                                  | 0                              | 879    | 0                              | 2,602  |

#### B. Individual Variable Annuities

(millions of yen except number of policies)

|                               | As of March 31, 2011           |           | As of September 30, 2011       |           |
|-------------------------------|--------------------------------|-----------|--------------------------------|-----------|
|                               | Number of policies (thousands) | Amount    | Number of policies (thousands) | Amount    |
| Individual variable annuities | 237                            | 1,331,341 | 241                            | 1,345,273 |

Notes: 1. Total 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.

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

## **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 September 30, 2011.