

February 13, 2015

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## Financial Results for the Nine Months Ended December 31, 2014

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The Dai-ichi Life Insurance Company, Limited (the "Company" or the "Parent Company"; President: Koichiro Watanabe) announces its financial results for the nine months ended December 31, 2014.

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

## 1. Business Highlights

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

#### Policies in Force

	As of March 31, 2014		As of December 31, 2014			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies		Amount	
			(thousands)	% of March 31, 2014 total	(billions of yen)	% of March 31, 2014 total
Individual insurance	11,466	128,094.8	11,510	100.4	123,077.5	96.1
Individual annuities	1,477	8,798.3	1,526	103.3	9,159.5	104.1
Individual insurance and annuities	12,944	136,893.2	13,037	100.7	132,237.0	96.6
Group insurance	-	48,357.1	-	-	48,327.8	99.9
Group annuities	-	6,353.4	-	-	6,478.0	102.0

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

#### New Policies

	Number of policies		Amount			
	(thousands)	% of December 31, 2013 total	(billions of yen)	New Business	Net increase by conversion	% of December 31, 2013 total
Nine months ended December 31, 2013						
Individual insurance	809		4,869.9	4,587.7	282.1	
Individual annuities	67		456.9	462.4	(5.5)	
Individual insurance and annuities	876		5,326.8	5,050.2	276.5	
Group insurance	-		228.7	228.7	-	
Group annuities	-		0.2	0.2	-	
Nine months ended December 31, 2014						
Individual insurance	743	92.0	2,681.5	3,404.1	(722.6)	55.1
Individual annuities	86	127.7	651.9	660.0	(8.1)	142.7
Individual insurance and annuities	830	94.7	3,333.4	4,064.2	(730.7)	62.6
Group insurance	-	-	329.6	329.6	-	144.1
Group annuities	-	-	0.1	0.1	-	40.4

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

#### (Reference) Surrenders and lapses in individual insurance and annuities

(billions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Amount of surrenders and lapses	4,635.7	4,290.6
Surrender and lapse rate (%)	3.27	3.13

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

## (2) Annualized Net Premiums

### Policies in Force

(billions of yen)

	As of March 31, 2014	As of December 31, 2014	% of March 31, 2014 total
Individual insurance	1,640.1	1,629.2	99.3
Individual annuities	375.9	392.5	104.4
Total	2,016.0	2,021.7	100.3
Medical and survival benefits	540.2	553.0	102.4

### New Policies

(billions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	% of December 31, 2013 total
Individual insurance	74.5	78.0	104.6
Individual annuities	15.2	22.0	144.7
Total	89.8	100.1	111.4
Medical and survival benefits	36.9	36.4	98.6

- Note: 1. Annualized net premiums are calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized net premiums for medical and survival benefits include (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness and nursing benefits, and (c) premiums related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.
3. New policies include net increase by conversion.

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

### (1) Asset Composition (General Account)

(millions of yen)

	As of March 31, 2014		As of December 31, 2014	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	827,414	2.5	1,347,713	3.8
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	275,818	0.8	268,984	0.8
Trading account securities	-	-	-	-
Money held in trust	34,699	0.1	33,164	0.1
Securities	26,905,478	82.0	28,790,843	81.5
Domestic bonds	16,120,309	49.1	15,918,023	45.0
Domestic stocks	2,862,186	8.7	3,438,678	9.7
Foreign securities	7,535,743	23.0	9,009,402	25.5
Foreign bonds	5,817,347	17.7	7,153,560	20.2
Foreign stocks and other securities	1,718,395	5.2	1,855,841	5.3
Other securities	387,238	1.2	424,739	1.2
Loans	3,023,173	9.2	3,046,487	8.6
Policy loans	452,938	1.4	437,001	1.2
Ordinary loans	2,570,235	7.8	2,609,486	7.4
Real estate	1,206,176	3.7	1,186,548	3.4
Real estate for rent	781,595	2.4	773,596	2.2
Deferred tax assets	11,163	0.0	-	-
Others	538,861	1.6	663,696	1.9
Reserve for possible loan losses	(2,753)	(0.0)	(2,417)	(0.0)
Total	32,820,032	100.0	35,335,022	100.0
Foreign currency-denominated assets	6,039,804	18.4	7,452,793	21.1

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

(2) Fair Value Information on Securities (General Account)  
(securities with fair value except for trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 2014					
Held-to-maturity bonds	45,109	48,862	3,753	3,753	-
Domestic bonds	45,109	48,862	3,753	3,753	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	11,726,939	12,799,665	1,072,726	1,072,869	142
Domestic bonds	11,721,834	12,794,528	1,072,693	1,072,836	142
Foreign bonds	5,104	5,137	33	33	-
Stocks of subsidiaries and affiliates	28,434	44,116	15,682	15,682	-
Available-for-sale securities	12,115,568	14,013,790	1,898,222	1,980,087	81,864
Domestic bonds	4,048,489	4,353,365	304,875	306,098	1,222
Domestic stocks	1,605,896	2,537,699	931,802	985,695	53,892
Foreign securities	5,928,966	6,540,243	611,277	636,785	25,508
Foreign bonds	5,327,360	5,812,243	484,882	504,474	19,592
Foreign stocks and other securities	601,605	728,000	126,394	132,310	5,916
Other securities	252,517	288,828	36,311	37,377	1,066
Monetary claims bought	262,110	275,818	13,708	13,882	173
Certificates of deposit	15,000	15,000	0	0	-
Money held in trust	2,587	2,835	247	247	-
<b>Total</b>	<b>23,916,050</b>	<b>26,906,435</b>	<b>2,990,384</b>	<b>3,072,392</b>	<b>82,007</b>
Domestic bonds	15,815,433	17,196,756	1,381,322	1,382,687	1,365
Domestic stocks	1,605,896	2,537,699	931,802	985,695	53,892
Foreign securities	5,960,087	6,587,059	626,971	652,479	25,508
Foreign bonds	5,332,465	5,817,380	484,915	504,507	19,592
Foreign stocks and other securities	627,622	769,678	142,055	147,972	5,916
Other securities	254,934	291,266	36,332	37,398	1,066
Monetary claims bought	262,110	275,818	13,708	13,882	173
Certificates of deposit	15,000	15,000	0	0	-
Money held in trust	2,587	2,835	247	247	-
As of December 31, 2014					
Held-to-maturity bonds	45,335	50,271	4,935	4,935	-
Domestic bonds	45,335	50,271	4,935	4,935	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	11,740,567	13,763,606	2,023,039	2,023,046	6
Domestic bonds	11,712,862	13,735,421	2,022,559	2,022,565	6
Foreign bonds	27,704	28,184	480	480	-
Stocks of subsidiaries and affiliates	26,872	73,090	46,217	46,217	-
Available-for-sale securities	12,579,833	15,830,231	3,250,398	3,290,223	39,824
Domestic bonds	3,725,307	4,158,975	433,667	433,815	147
Domestic stocks	1,594,769	3,113,248	1,518,479	1,551,112	32,633
Foreign securities	6,750,400	7,975,168	1,224,767	1,231,737	6,969
Foreign bonds	6,126,658	7,125,856	999,197	1,002,432	3,234
Foreign stocks and other securities	623,741	849,312	225,570	229,305	3,734
Other securities	252,380	310,910	58,530	58,604	74
Monetary claims bought	254,387	268,984	14,597	14,597	0
Certificates of deposit	-	-	-	-	-
Money held in trust	2,587	2,943	355	355	-
<b>Total</b>	<b>24,392,608</b>	<b>29,717,200</b>	<b>5,324,591</b>	<b>5,364,422</b>	<b>39,831</b>
Domestic bonds	15,483,506	17,944,668	2,461,162	2,461,316	154
Domestic stocks	1,594,769	3,113,248	1,518,479	1,551,112	32,633
Foreign securities	6,804,140	8,075,601	1,271,460	1,278,430	6,969
Foreign bonds	6,154,363	7,154,041	999,678	1,002,912	3,234
Foreign stocks and other securities	649,777	921,560	271,782	275,517	3,734
Other securities	253,216	311,752	58,535	58,610	74
Monetary claims bought	254,387	268,984	14,597	14,597	0
Certificates of deposit	-	-	-	-	-
Money held in trust	2,587	2,943	355	355	-

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

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

(millions of yen)

	As of March 31, 2014	As of December 31, 2014
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	418,119	468,264
Unlisted domestic stocks (except over-the-counter stocks)	201,171	206,964
Unlisted foreign stocks (except over-the-counter stocks)	172,743	198,923
Others	44,204	62,377
Available-for-sale securities	966,677	951,495
Unlisted domestic stocks (except over-the-counter stocks)	123,314	118,466
Unlisted foreign stocks (except over-the-counter stocks)	775,099	765,074
Unlisted foreign bonds	0	0
Others	68,263	67,954
<b>Total</b>	<b>1,384,797</b>	<b>1,419,759</b>

- Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
2. The amounts of foreign exchange valuation gains (losses) on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows:  
gain of 15,280 million yen as of March 31, 2014 and gain of 24,558 million yen as of December 31, 2014.

(3) Fair Value Information on Money Held in Trust (General Account)

(millions of yen)

	Carrying amount on the balance sheet	Fair value	Gains (losses)	
			Gains	Losses
As of March 31, 2014	34,699	34,699	1,036	5,645
As of December 31, 2014	33,164	33,164	2,594	5,040

- Note: 1. Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.
2. "Gains (losses)" include gains (losses) from derivative transactions within the trusts.

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

(millions of yen)

	As of March 31, 2014		As of December 31, 2014	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for investment purpose	31,863	788	30,220	2,238

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

(millions of yen)

	As of March 31, 2014					As of December 31, 2014				
	Book Value	Fair value	Gains (losses)			Book Value	Fair value	Gains (losses)		
			Gains	Losses				Gains	Losses	
Money held in trust classified as held-to-maturity	-	-	-	-	-	-	-	-	-	-
Money held in trust classified as policy-reserve-matching	-	-	-	-	-	-	-	-	-	-
Money held in trust classified as available-for-sale	2,587	2,835	247	247	-	2,587	2,943	355	355	-

### 3. Unaudited Quarterly Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2014 (summarized)	As of December 31, 2014
<b>(ASSETS)</b>		
Cash and deposits	573,973	1,001,528
Call loans	334,500	419,500
Monetary claims bought	275,818	268,984
Money held in trust	34,699	33,164
Securities	28,005,170	29,915,931
[ Government bonds ]	[ 14,169,860 ]	[ 14,392,316 ]
[ Local government bonds ]	[ 235,000 ]	[ 136,145 ]
[ Corporate bonds ]	[ 2,044,589 ]	[ 1,697,665 ]
[ Stocks ]	[ 3,136,437 ]	[ 3,730,770 ]
[ Foreign securities ]	[ 7,938,499 ]	[ 9,448,342 ]
Loans	3,023,173	3,046,487
Policy loans	452,938	437,001
Ordinary loans	2,570,235	2,609,486
Tangible fixed assets	1,215,576	1,194,119
Intangible fixed assets	88,549	84,658
Reinsurance receivable	11,046	9,259
Other assets	369,894	495,934
Deferred tax assets	11,163	-
Customers' liabilities for acceptances and guarantees	88,225	94,337
Reserve for possible loan losses	(2,753)	(2,417)
Reserve for possible investment losses	(215)	(194)
<b>Total assets</b>	<b>34,028,823</b>	<b>36,561,294</b>
<b>(LIABILITIES)</b>		
Policy reserves and others	29,744,001	30,208,894
Reserves for outstanding claims	150,709	140,463
Policy reserves	29,199,269	29,672,664
Reserve for policyholder dividends	394,022	395,766
Reinsurance payable	657	630
Subordinated bonds	107,562	215,727
Other liabilities	1,498,375	1,665,306
Corporate income tax payable	63,523	21,712
Lease liabilities	6,018	4,790
Asset retirement obligations	2,831	2,780
Other liabilities	1,426,001	1,636,024
Reserve for employees' retirement benefits	407,170	396,441
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,141	2,007
Reserve for possible reimbursement of prescribed claims	800	658
Reserve for price fluctuations	116,453	126,953
Deferred tax liabilities	-	404,534
Deferred tax liabilities for land revaluation	91,595	90,890
Acceptances and guarantees	88,225	94,337
<b>Total liabilities</b>	<b>32,056,983</b>	<b>33,206,382</b>
<b>(NET ASSETS)</b>		
Capital stock	210,224	343,104
Capital surplus	210,262	343,186
Legal capital surplus	210,224	343,104
Other capital surplus	37	81
Retained earnings	287,286	409,366
Legal retained earnings	5,600	5,600
Other retained earnings	281,686	403,766
Fund for risk allowance	43,120	43,120
Fund for price fluctuation allowance	65,000	65,000
Reserve for tax basis adjustments of real estate	23,534	24,065
Retained earnings brought forward	150,031	271,580
Treasury stock	(11,500)	(10,162)
Total shareholders' equity	696,272	1,085,494
Net unrealized gains (losses) on securities, net of tax	1,315,890	2,253,180
Deferred hedge gains (losses)	(2,586)	54,062
Reserve for land revaluation	(38,320)	(38,579)
Total of valuation and translation adjustments	1,274,983	2,268,663
Subscription rights to shares	583	753
<b>Total net assets</b>	<b>1,971,839</b>	<b>3,354,912</b>
<b>Total liabilities and net assets</b>	<b>34,028,823</b>	<b>36,561,294</b>

#### 4. Unaudited Quarterly Non-Consolidated Statement of Earnings

(millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
<b>ORDINARY REVENUES</b>	3,268,457	3,458,892
Premium and other income	2,100,954	2,316,686
[ Premium income ]	[ 2,100,293 ]	[ 2,316,338 ]
Investment income	929,552	885,248
[ Interest and dividends ]	[ 556,063 ]	[ 589,807 ]
[ Gains on money held in trust ]	[ 7,470 ]	[ 4,640 ]
[ Gains on sale of securities ]	[ 173,884 ]	[ 131,467 ]
[ Gains on investments in separate accounts ]	[ 175,904 ]	[ 146,519 ]
Other ordinary revenues	237,950	256,957
[ Reversal of reserves for outstanding claims ]	[ 2,151 ]	[ 10,246 ]
<b>ORDINARY EXPENSES</b>	3,034,612	3,178,535
Benefits and claims	1,779,200	1,979,719
[ Claims ]	[ 531,391 ]	[ 558,347 ]
[ Annuities ]	[ 399,501 ]	[ 448,665 ]
[ Benefits ]	[ 341,523 ]	[ 304,778 ]
[ Surrender values ]	[ 385,142 ]	[ 392,825 ]
[ Other refunds ]	[ 120,688 ]	[ 274,165 ]
Provision for policy reserves and others	482,239	480,004
Provision for policy reserves	475,478	473,395
Provision for interest on policyholder dividends	6,761	6,608
Investment expenses	154,624	120,125
[ Interest expenses ]	[ 14,532 ]	[ 11,711 ]
[ Losses on sale of securities ]	[ 49,018 ]	[ 20,002 ]
[ Losses on valuation of securities ]	[ 806 ]	[ 560 ]
[ Derivative transaction losses ]	[ 40,081 ]	[ 26,174 ]
Operating expenses	302,505	292,609
Other ordinary expenses	316,041	306,075
<b>ORDINARY PROFIT</b>	233,844	280,356
<b>EXTRAORDINARY GAINS</b>	2,346	2,913
Gains on disposal of fixed assets	2,346	2,913
<b>EXTRAORDINARY LOSSES</b>	28,905	18,313
Losses on disposal of fixed assets	1,154	4,425
Impairment losses on fixed assets	13,751	3,388
Provision for reserve for price fluctuations	14,000	10,500
Provision for reserve for policyholder dividends	70,278	78,432
Income before income taxes	137,007	186,523
Corporate income taxes-current	85,680	84,668
Corporate income taxes-deferred	(31,556)	(29,481)
Total of corporate income taxes	54,124	55,186
Net income for the period	82,882	131,337



# NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2014

## I. NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED BALANCE SHEET AND SHAREHOLDERS' EQUITY, ETC. AS OF DECEMBER 31, 2014

### 1. Changes in Accounting Principles

Effective the three months ended June 30, 2014, the Company applied "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 issued on May 17, 2012, hereinafter "the Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012, hereinafter "the Guidance"), subject to provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance. The Company revised the calculation method of projected benefit obligation and service cost by changing the allocation of estimated retirement benefits from the straight-line method to the benefit formula basis and by changing the determination of the discount rate from using the discount rate based on a certain period close to employees' average remaining service period to using the single weighted-average discount rate taking into account the assumed payment period of retirement benefits and the amount per each assumed payment period.

Upon the adoption of these new standards, the Company followed the transitional treatment stipulated in Paragraph 37 of the Standard and the impact of adoption at the beginning of the nine months ended December 31, 2014 related to changes in calculation method of projected benefit obligation and service cost is reflected in the Company's retained earnings.

As a result, the Company's reserve for employees' retirement benefits decreased by ¥14,903 million and retained earnings brought forward increased by ¥10,330 million at the beginning of the nine months ended December 31, 2014 as compared to what it would have been if calculated using the previous method. Also, for the nine months ended December 31, 2014, both ordinary profit and income before income taxes of the Company decreased by ¥193 million.

### 2. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent as of December 31, 2014 was ¥2,072,387 million.

### 3. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year ending March 31, 2015.....	394,022
Dividends paid.....	(83,297)
Interest accrual.....	6,608
Provision for reserve for policyholder dividends .....	78,432
<u>Balance as of December 31, 2014.....</u>	<u>395,766</u>

### 4. Issuance of New Shares

The Company issued new shares by way of public offering, the payment date of which was July 23, 2014, and issued new shares by way of third-party allotment related to the secondary offering by way of over-allotment, the payment date of which was August 19, 2014.

As a result, for the nine months ended December 31, 2014, the Company's capital stock increased by ¥132,842 million and its legal capital surplus increased by ¥132,842 million. Also, as of December 31, 2014, its capital stock was ¥343,104 million and its legal capital surplus was ¥343,104 million.

## 5. Subsequent Events

The Board of Directors of the Company resolved to acquire 100% of the outstanding shares of Protective Life Corporation (“Protective Life”) at the board meeting held on June 4, 2014 and entered into a definitive agreement with Protective Life on the same day that a 100% owned subsidiary of the Company established in the U.S. solely for the purpose of the acquisition process will be merged with Protective Life.

As the Company has fulfilled the conditions precedent, including but not limited to, obtaining approval from shareholders of Protective Life and approvals from relevant regulatory authorities in Japan and United States, etc., for the acquisition of Protective Life, Protective Life has become a wholly owned subsidiary of the Company.

### (1) Purpose of share acquisition

The Group aims to accelerate globalization of its business by acquiring a business foundation in the U.S., the largest life insurance market in the world, to enhance its corporate value and profit base, and achieve geographical diversification.

### (2) Acquired company’s name and business, etc.

#### a) Name of the acquired company

Protective Life Corporation

#### b) Business

Insurance and insurance related business (\*)

(\*) Protective Life Corporation is a holding company and its subsidiaries operate insurance business, etc.

#### c) Location

South Birmingham, Alabama, USA

#### d) Results of operations (consolidated basis, for the fiscal year ended December 31, 2013)

Premiums and policy fees	US\$2,981 million	(¥359.4 billion)
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Net income	US\$393 million	(¥47.4 billion)
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#### e) Financial condition (consolidated basis, as of December 31, 2013)

Total assets	US\$68,784 million	(¥8,291.9 billion)
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Net assets	US\$3,714 million	(¥447.8 billion)
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Capital stock	US\$44 million	(¥5.3 billion)
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Note: 1. The exchange rate used to calculate the yen-denominated amount is 1USD = 120.55JPY.

### (3) Date of share acquisition

February 2015

### (4) Investment amount and the Company’s holding share percentage after completion of the transaction

#### a) Investment amount

The acquiring price is US\$5,554 million (¥575.0 billion). Upon acquisition, it is forecasted that specific compensation and fees to be paid to outside advisors, etc. will occur.

Note: 2. Most of the currency risk for the purchase price was hedged and the yen amount in ( ) reflects the currency hedge rates.

#### b) The Company’s holding share percentage after completion of the transaction

100%

### (5) Source of consideration

Cash on hand and the fundraising through new issuance of the Company’s common stock.

(6) Others

The acquisition has been executed by merging Protective Life and DL Investment (Delaware), Inc., a 100% owned subsidiary of the Company established in the U.S. solely for the purpose of the acquisition process. This is a common method used for acquisitions in the U.S., and is called a reverse triangular merger.

**II. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF EARNINGS FOR THE NINE MONTHS ENDED DECEMBER 31, 2014**

**1. Net Income per Share**

Net income per share for the nine months ended December 31, 2014 was ¥116.91. Diluted net income per share for the same period was ¥116.85.

## 5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Fundamental revenues	3,085,675	3,322,580
Premium and other income	2,100,954	2,316,686
Investment income [Interest and dividends]	746,770 556,063	748,937 589,807
Other ordinary revenues	237,950	256,957
Fundamental expense	2,819,104	3,000,482
Benefits and claims	1,779,200	1,979,719
Provision for policy reserves and others	367,585	372,675
Investment expenses	53,771	49,401
Operating expenses	302,505	292,609
Other ordinary expenses	316,041	306,075
Fundamental profit <i>A</i>	266,570	322,098
Capital gains	181,354	136,108
Gains on money held in trust	7,470	4,640
Gains on investments in trading securities	-	-
Gains on sale of securities	173,884	131,467
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Others	-	-
Capital losses	100,627	70,715
Losses on money held in trust	-	-
Losses on investments in trading securities	-	-
Losses on sale of securities	49,018	20,002
Losses on valuation of securities	806	560
Derivative transaction losses	40,081	26,174
Foreign exchange losses	10,721	23,978
Others	-	-
Net capital gains (losses) <i>B</i>	80,726	65,392
Fundamental profit plus net capital gains (losses) <i>A + B</i>	347,297	387,491
Other one-time gains	1,427	203
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	1,427	182
Others	-	20
Other one-time losses	114,879	107,338
Ceding reinsurance commissions	-	-
Provision for contingency reserve	18,000	13,500
Provision for specific reserve for possible loan losses	-	-
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	5	8
Others	96,874	93,829
Other one-time profits <i>C</i>	(113,452)	(107,135)
Ordinary profit <i>A + B + C</i>	233,844	280,356

Note:

- For the nine months ended December 31, 2013, "Others" in "Other one-time losses" represents the sum of the amount of provision for reserve for possible investment losses (219 million yen) and the amount of the additional policy reserves provided (96,654 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.
- For the nine months ended December 31, 2014, "Others" in "Other one-time gains" represents the reversal of reserve for possible investment losses (20 million yen).  
"Others" in "Other one-time losses" represents the amount of the additional policy reserves provided (93,829 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

## 6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2014	As of December 31, 2014
Total solvency margin <b>(A)</b>	4,770,380	7,056,386
Common stock, etc. *1	676,855	1,091,558
Reserve for price fluctuations	116,453	126,953
Contingency reserve	531,093	544,593
General reserve for possible loan losses	1,394	1,403
Net unrealized gains on securities (before tax) × 90% *2	1,708,436	2,925,358
Net unrealized gains (losses) on real estate × 85% *2	19,155	34,012
Policy reserves in excess of surrender values	1,731,450	1,820,961
Qualifying subordinated debt	427,562	535,727
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(397,689)	(47,371)
Excluded items	(169,507)	(169,507)
Others	125,176	192,695
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ <b>(B)</b>	1,235,660	1,538,434
Insurance risk $R_1$	82,252	79,705
3rd sector insurance risk $R_8$	166,728	168,343
Assumed investment yield risk $R_2$	256,233	247,884
Guaranteed minimum benefit risk $R_7$ *3	4,347	3,754
Investment risk $R_3$	920,520	1,231,571
Business risk $R_4$	28,601	34,625
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	772.1%	917.3%

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

\*2: Multiplied by 100% if losses.

\*3: Calculated by standard method.

Note: The figures as of March 31, 2014 are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

The figures as of December 31, 2014 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

## **7. Status of Separate Account**

### (1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2014	As of December 31, 2014
Individual variable insurance	53,284	59,198
Individual variable annuities	112,848	99,153
Group annuities	1,077,304	1,136,041
Separate account total	1,243,437	1,294,394

### (2) Sum Insured of Policies in Force of Individual Variable Insurance and Annuities (Separate Account)

#### A. Individual variable insurance

(millions of yen except number of policies)

	As of March 31, 2014		As of December 31, 2014	
	Number of policies	Amount	Number of policies	Amount
Individual variable insurance (term life)	175	871	166	832
Individual variable insurance (whole life)	45,376	280,932	44,714	276,951
Total	45,551	281,804	44,880	277,784

Note: Policies in force include term life riders.

#### B. Individual variable annuities

(millions of yen except number of policies)

	As of March 31, 2014		As of December 31, 2014	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	29,822	107,174	23,530	107,892

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

## **8. Consolidated Financial Summary**

### (1) Selected Financial Data and Other Information

(millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Ordinary revenues	4,477,081	5,349,902
Ordinary profit	227,766	286,556
Net income for the period	73,889	131,710
Comprehensive income for the period	335,722	1,159,934

	As of March 31, 2014	As of December 31, 2014
Total assets	37,705,176	41,593,038
Solvency margin ratio	756.9%	907.7%

### (2) Scope of Consolidation and Application of Equity Method

	As of December 31, 2014
Number of consolidated subsidiaries	21
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	40

For information regarding changes in subsidiaries and affiliates, please refer to "I. Guidelines for Preparation of Unaudited Quarterly Consolidated Financial Statements" (P.18).

## (3) Unaudited Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2014 (summarized)	As of December 31, 2014
<b>ASSETS</b>		
Cash and deposits	698,594	1,201,083
Call loans	362,800	454,600
Monetary claims bought	281,859	275,061
Money held in trust	66,400	64,261
Securities	31,203,581	34,313,942
Loans	3,024,702	3,048,118
Tangible fixed assets	1,215,895	1,194,607
Intangible fixed assets	210,053	204,319
Reinsurance receivable	33,867	69,546
Other assets	516,436	673,998
Net defined benefit assets	-	477
Deferred tax assets	5,734	1,316
Customers' liabilities for acceptances and guarantees	88,225	94,337
Reserve for possible loan losses	(2,759)	(2,437)
Reserve for possible investment losses	(215)	(194)
<b>Total assets</b>	<b>37,705,176</b>	<b>41,593,038</b>
<b>LIABILITIES</b>		
Policy reserves and others	33,327,552	35,071,944
Reserves for outstanding claims	358,606	389,325
Policy reserves	32,574,923	34,286,853
Reserve for policyholder dividends	394,022	395,766
Reinsurance payable	27,677	30,052
Subordinated bonds	107,562	215,727
Other liabilities	1,593,272	1,779,041
Net defined benefit liabilities	385,436	375,089
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,163	2,034
Reserve for possible reimbursement of prescribed claims	800	658
Reserve for price fluctuations	118,167	130,080
Deferred tax liabilities	15,108	437,639
Deferred tax liabilities for land revaluation	91,595	90,890
Acceptances and guarantees	88,225	94,337
<b>Total liabilities</b>	<b>35,757,563</b>	<b>38,227,494</b>
<b>NET ASSETS</b>		
Capital stock	210,224	343,104
Capital surplus	210,262	343,186
Retained earnings	219,552	342,212
Treasury stock	(11,500)	(10,162)
Total shareholders' equity	628,538	1,018,340
Net unrealized gains (losses) on securities, net of tax	1,322,731	2,286,273
Deferred hedge gains (losses)	(2,586)	54,062
Reserve for land revaluation	(38,320)	(38,579)
Foreign currency translation adjustments	19,756	28,459
Accumulated remeasurements of defined benefit plans	16,854	16,169
Total accumulated other comprehensive income	1,318,435	2,346,385
Subscription rights to shares	583	753
Minority interests	55	64
<b>Total net assets</b>	<b>1,947,613</b>	<b>3,365,543</b>
<b>Total liabilities and net assets</b>	<b>37,705,176</b>	<b>41,593,038</b>



(4) Unaudited Consolidated Statement of Earnings and Comprehensive Income  
[Unaudited Consolidated Statement of Earnings]

(millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
<b>ORDINARY REVENUES</b>	<b>4,477,081</b>	<b>5,349,902</b>
Premium and other income	3,153,491	3,946,032
Investment income	1,075,938	1,142,478
[ Interest and dividends ]	[ 569,032 ]	[ 627,306 ]
[ Gains on money held in trust ]	[ - ]	[ 2,136 ]
[ Gains on investments in trading securities ]	[ 18,570 ]	[ 15,929 ]
[ Gains on sale of securities ]	[ 181,935 ]	[ 142,999 ]
[ Gains on investments in separate accounts ]	[ 290,171 ]	[ 319,161 ]
Other ordinary revenues	247,650	261,391
<b>ORDINARY EXPENSES</b>	<b>4,249,315</b>	<b>5,063,345</b>
Benefits and claims	2,128,592	2,480,013
[ Claims ]	[ 572,425 ]	[ 618,423 ]
[ Annuities ]	[ 400,728 ]	[ 483,881 ]
[ Benefits ]	[ 373,062 ]	[ 349,675 ]
[ Surrender values ]	[ 520,735 ]	[ 582,373 ]
Provision for policy reserves and others	1,231,174	1,742,121
Provision for reserves for outstanding claims	29,496	21,711
Provision for policy reserves	1,194,916	1,713,800
Provision for interest on policyholder dividends	6,761	6,608
Investment expenses	181,765	100,956
[ Interest expenses ]	[ 15,253 ]	[ 12,452 ]
[ Losses on money held in trust ]	[ 8,964 ]	[ - ]
[ Losses on sale of securities ]	[ 49,133 ]	[ 20,017 ]
[ Losses on valuation of securities ]	[ 811 ]	[ 560 ]
[ Derivative transaction losses ]	[ 54,518 ]	[ 29,238 ]
Operating expenses	378,221	414,288
Other ordinary expenses	329,561	325,965
Ordinary profit	227,766	286,556
<b>EXTRAORDINARY GAINS</b>	<b>2,353</b>	<b>3,190</b>
Gains on disposal of fixed assets	2,350	2,913
Gain on step acquisition	-	273
Other extraordinary gains	2	3
<b>EXTRAORDINARY LOSSES</b>	<b>29,461</b>	<b>19,795</b>
Losses on disposal of fixed assets	1,168	4,502
Impairment losses on fixed assets	13,751	3,388
Provision for reserve for price fluctuations	14,542	11,893
Other extraordinary losses	0	11
Provision for reserve for policyholder dividends	70,278	78,432
Income before income taxes and minority interests	130,379	191,519
Corporate income taxes-current	88,372	89,386
Corporate income taxes-deferred	(30,588)	(29,589)
Total of corporate income taxes	57,783	59,796
Income before minority interests	72,596	131,723
Minority interests in gain (loss) of subsidiaries	(1,292)	12
Net income for the period	73,889	131,710

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	72,596	131,723
Other comprehensive income	263,125	1,028,210
Net unrealized gains (losses) on securities, net of tax	271,384	962,582
Deferred hedge gains (losses)	(1,843)	56,648
Reserve for land revaluation	(32)	-
Foreign currency translation adjustments	(8,527)	6,508
Remeasurements of defined benefit plans, net of tax	-	(691)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	2,145	3,163
Comprehensive income for the period	335,722	1,159,934
Attributable to shareholders of the parent company	337,362	1,159,918
Attributable to minority interests	(1,640)	15

## **NOTES TO THE UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2014**

### **I. GUIDELINES FOR PREPARATION OF UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**

#### **1. Significant Change in Scope of Consolidation**

Effective the six months ended September 30, 2014, The Neo First Life Insurance Company, Limited ("Neo First Life") is included in the scope of consolidation.

Sompo Japan DIY Life Insurance Co., Ltd. changed its name to Neo First Life on November 25, 2014.

#### **2. Significant Change in Scope of Equity Method**

Effective the six months ended September 30, 2014, Japan Real Estate Asset Management Co., Ltd. is excluded from the scope of the equity method as the Parent Company disposed of its interest in Japan Real Estate Asset Management Co., Ltd..

### **II. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED BALANCE SHEET AND SHAREHOLDERS' EQUITY, ETC. AS OF DECEMBER 31, 2014**

#### **1. Changes in Accounting Policies**

Effective the three months ended June 30, 2014, the Parent Company and its domestic consolidated subsidiaries applied "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 issued on May 17, 2012, hereinafter "the Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012, hereinafter "the Guidance"), subject to provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance. The Parent Company and its domestic consolidated subsidiary revised the calculation method of projected benefit obligation and service cost by changing the allocation of estimated retirement benefits from the straight-line method to the benefit formula basis and by changing the determination of the discount rate from using the discount rate based on a certain period close to employees' average remaining service period to using the single weighted-average discount rate taking into account the assumed payment period of retirement benefits and the amount per each assumed payment period.

Upon the adoption of these new standards, the Parent Company and its domestic consolidated subsidiary followed the transitional treatment stipulated in Paragraph 37 of the Standard and the impact of adoption at the beginning of the nine months ended December 31, 2014 related to changes in calculation method of projected benefit obligation and service cost is reflected in the Parent Company and its domestic consolidated subsidiary's retained earnings.

As a result, net defined benefit assets increased by ¥450 million, net defined benefit liabilities decreased by ¥15,900 million and retained earnings increased by ¥11,272 million at the beginning of the nine months ended December 31, 2014 as compared to what they would have been if calculated using the previous method. Also, for the nine months ended December 31, 2014, both ordinary profit and income before income taxes and minority interests decreased by ¥216 million.

## 2. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of December 31, 2014 was ¥2,072,387 million.

## 3. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year ending March 31, 2015.....	394,022
Dividends paid.....	(83,297)
Interest accrual.....	6,608
Provision for reserve for policyholder dividends .....	78,432
<u>Balance as of December 31, 2014.....</u>	<u>395,766</u>

## 4. Dividends on Common Stocks

Date of resolution	June 24, 2014 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥19,846 million
Dividend per share	¥20
Record date	March 31, 2014
Effective date	June 25, 2014
Dividend resource	Retained earnings

Notes:

- 1 Total dividends did not include ¥154 million of dividends to the Stock Granting Trust and the Trust-type Employee Stockholding Incentive Plan, as the Parent Company recognized the shares held by those trusts as treasury shares.
- 2 The Parent Company conducted a 1:100 share split on October 1, 2013. The amount of dividend per share reflects the share split.

## 5. Issuance of New Shares

The Parent Company issued new shares by way of public offering, the payment date of which was July 23, 2014, and issued new shares by way of third-party allotment related to the secondary offering by way of over-allotment, the payment date of which was August 19, 2014.

As a result, for the nine months ended December 31, 2014, the Parent Company's capital stock increased by ¥132,842 million and its legal capital surplus increased by ¥132,842 million. Also, as of December 31, 2014, its capital stock was ¥343,104 million and its capital surplus was ¥343,186 million.

## 6. Subsequent Events

The Board of Directors of the Parent Company resolved to acquire 100% of the outstanding shares of Protective Life Corporation ("Protective Life") at the board meeting held on June 4, 2014 and entered into a definitive agreement with

Protective Life on the same day that a 100% owned subsidiary of the Company established in the U.S. solely for the purpose of the acquisition process will be merged with Protective Life.

As the Parent Company has fulfilled the conditions precedent, including but not limited to, obtaining approval from shareholders of Protective Life and approvals from relevant regulatory authorities in Japan and United States, etc., for the acquisition of Protective Life, Protective Life has become a wholly owned subsidiary of the Parent Company.

(1) Purpose of share acquisition

The Group aims to accelerate globalization of its business by acquiring a business foundation in the U.S., the largest life insurance market in the world, to enhance its corporate value and profit base, and achieve geographical diversification.

(2) Acquired company's name and business, etc.

a) Name of the acquired company

Protective Life Corporation

b) Business

Insurance and insurance related business (\*)

(\*) Protective Life Corporation is a holding company and its subsidiaries operate insurance business, etc.

c) Location

South Birmingham, Alabama, USA

d) Results of operations (consolidated basis, for the fiscal year ended December 31, 2013)

Premiums and policy fees	US\$2,981 million	(¥359.4 billion)
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Net income	US\$393 million	(¥47.4 billion)
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e) Financial condition (consolidated basis, as of December 31, 2013)

Total assets	US\$68,784 million	(¥8,291.9 billion)
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Net assets	US\$3,714 million	(¥447.8 billion)
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Capital stock	US\$44 million	(¥5.3 billion)
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Note: 1. The exchange rate used to calculate the yen-denominated amount is 1USD = 120.55JPY.

(3) Date of share acquisition

February 2015

(4) Investment amount and the Parent Company's holding share percentage after completion of the transaction

a) Investment amount

The acquiring price is US\$5,554 million (¥575.0 billion). Upon acquisition, it is forecasted that specific compensation and fees to be paid to outside advisors, etc. will occur.

Note: 2. Most of the currency risk for the purchase price was hedged and the yen amount in ( ) reflects the currency hedge rates.

- b) The Parent Company's holding share percentage after completion of the transaction  
100%

(5) Source of consideration

Cash on hand and the fundraising through new issuance of the Parent Company's common stock.

(6) Others

The acquisition has been executed by merging Protective Life and DL Investment (Delaware), Inc., a 100% owned subsidiary of the Company established in the U.S. solely for the purpose of the acquisition process. This is a common method used for acquisitions in the U.S., and is called a reverse triangular merger.

### **III. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED STATEMENT OF EARNINGS FOR THE NINE MONTHS ENDED DECEMBER 31, 2014**

#### **1. Calculation of Tax**

Income taxes of certain consolidated subsidiaries of the Parent Company are calculated by applying a reasonably estimated effective tax rate for the full fiscal year to income before income taxes for the nine months ended December 31, 2014. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the nine months ended December 31, 2014, after taking into account the effect of deferred tax accounting.

#### **2. Net Income per Share**

Net income per share for the nine months ended December 31, 2014 was ¥117.25. Diluted net income per share for the same period was ¥117.18.

#### **3. Depreciation and Amortization**

For the nine months ended December 31, 2014, (1) depreciation of real estate for rent and others totaled ¥ 10,916 million, (2) depreciation (including the depreciation of intangible fixed assets other than goodwill) totaled ¥ 28,353 million, and (3) amortization of goodwill was ¥ 4,961 million.

## (5) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2014	As of December 31, 2014
Total solvency margin <b>(A)</b>	4,681,499	7,005,091
Common stock, etc. <sup>*1</sup>	484,305	901,758
Reserve for price fluctuations	118,167	130,080
Contingency reserve	638,368	665,692
Catastrophe loss reserve	-	-
General reserve for possible loan losses	1,400	1,422
Net unrealized gains on securities (before tax) × 90% <sup>*2</sup>	1,718,809	2,968,711
Net unrealized gains (losses) on real estate × 85% <sup>*2</sup>	19,155	34,012
Sum of unrecognized actuarial differences and unrecognized past service cost	24,336	23,349
Policy reserves in excess of surrender values	1,801,440	1,935,918
Qualifying subordinated debt	427,562	535,727
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(551,240)	(227,902)
Excluded items	(125,982)	(156,375)
Others	125,176	192,695
Total risk $\sqrt{(\sqrt{R_1^2 + R_2^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ <b>(B)</b>	1,236,978	1,543,330
Insurance risk $R_1$	94,016	91,388
General insurance risk $R_5$	-	-
Catastrophe risk $R_6$	-	-
3rd sector insurance risk $R_8$	176,074	180,057
Small amount and short-term insurance risk $R_9$	-	-
Assumed investment yield risk $R_2$	269,173	273,021
Guaranteed minimum benefit risk $R_7$ <sup>*3</sup>	28,091	26,782
Investment risk $R_3$	880,182	1,183,798
Business risk $R_4$	28,950	35,100
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	756.9%	907.7%

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

\*2: Multiplied by 100% if losses.

\*3: Calculated by standard method.

Note: The figures as of March 31, 2014 are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act and Notification of the Financial Services Agency No. 23, 2011.

The figures as of December 31, 2014 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

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

The Dai-ichi Frontier Life Insurance Company

(millions of yen)

	As of March 31, 2014	As of December 31, 2014
Total solvency margin <b>(A)</b>	229,705	313,341
Common stock, etc.	40,367	31,331
Reserve for price fluctuations	1,714	3,107
Contingency reserve	107,274	120,634
General reserve for possible loan losses	8	21
Net unrealized gains on securities (before tax) × 90% *	10,350	43,290
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	69,990	114,957
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>(B)</b>	68,429	91,879
Insurance risk $R_1$	34	41
3rd sector insurance risk $R_8$	-	-
Assumed investment yield risk $R_2$	12,939	25,137
Guaranteed minimum benefit risk $R_7$	22,812	22,172
Investment risk $R_3$	30,683	41,892
Business risk $R_4$	1,994	2,677
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	671.3%	682.0%

\*: Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2014 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

The figures as of December 31, 2014 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

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



	As of March 31, 2014	As of December 31, 2014
Total solvency margin <b>(A)</b>	4,345	4,699
Common stock, etc.	3,835	4,210
Reserve for price fluctuations	19	19
Contingency reserve	488	465
General reserve for possible loan losses	-	-
Net unrealized gains on securities (before tax) × 90% *	2	4
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	-	-
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>(B)</b>	510	487
Insurance risk $R_1$	395	376
3rd sector insurance risk $R_8$	90	86
Assumed investment yield risk $R_2$	0	0
Guaranteed minimum benefit risk $R_7$	-	-
Investment risk $R_3$	85	86
Business risk $R_4$	17	16
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,700.9%	1,927.9%

\*: Multiplied by 100% if losses.

Note: The figures as of March 31, 2014 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

The figures as of December 31, 2014 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

## (7) Segment Information

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