

February 12, 2016

Financial Results for the Nine Months Ended December 31, 2015

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, 2015.

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For further information please contact:

Corporate Planning Dept., The Dai-ichi Life Insurance Company, Limited TEL: +81-(0)-50-3780-6930/3119

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, 2015		As of December 31, 2015			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies		Amount	
			(thousands)	% of March 31, 2015 total	(billions of yen)	% of March 31, 2015 total
Individual insurance	11,593	121,655.7	11,648	100.5	116,349.6	95.6
Individual annuities	1,544	9,291.5	1,606	104.0	9,661.6	104.0
Individual insurance and annuities	13,138	130,947.2	13,254	100.9	126,011.3	96.2
Group insurance	-	48,092.2	-	-	48,176.6	100.2
Group annuities	-	6,397.4	-	-	6,189.7	96.8

- 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, 2014 total	(billions of yen)	New Business	Net increase by conversion	% of December 31, 2014 total
Nine months ended December 31, 2014						
Individual insurance	743		2,681.5	3,404.1	(722.6)	
Individual annuities	86		651.9	660.0	(8.1)	
Individual insurance and annuities	830		3,333.4	4,064.2	(730.7)	
Group insurance	-		329.6	329.6	-	
Group annuities	-		0.1	0.1	-	
Nine months ended December 31, 2015						
Individual insurance	739	99.4	1,537.5	3,037.0	(1,499.4)	57.3
Individual annuities	100	116.3	685.9	696.4	(10.5)	105.2
Individual insurance and annuities	840	101.2	2,223.5	3,733.4	(1,509.9)	66.7
Group insurance	-	-	91.7	91.7	-	27.8
Group annuities	-	-	0.2	0.2	-	203.0

- 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, 2014	Nine months ended December 31, 2015
Amount of surrenders and lapses	4,290.6	3,848.2
Surrender and lapse rate (%)	3.13	2.94

- 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, 2015	As of December 31, 2015	% of March 31, 2015 total
Individual insurance	1,638.3	1,631.6	99.6
Individual annuities	399.3	420.4	105.3
Total	2,037.7	2,052.0	100.7
Medical and survival benefits	556.1	571.4	102.7

New Policies

(billions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015	% of December 31, 2014 total
Individual insurance	78.0	73.2	93.9
Individual annuities	22.0	25.9	117.5
Total	100.1	99.1	99.1
Medical and survival benefits	36.4	38.3	105.2

- 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, 2015		As of December 31, 2015	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	901,853	2.5	738,526	2.1
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	259,735	0.7	240,563	0.7
Trading account securities	-	-	-	-
Money held in trust	36,122	0.1	55,595	0.2
Securities	29,670,244	83.2	29,751,113	84.1
Domestic bonds	16,088,970	45.1	16,188,115	45.7
Domestic stocks	3,754,780	10.5	3,778,248	10.7
Foreign securities	9,392,567	26.3	9,260,972	26.2
Foreign bonds	6,959,454	19.5	7,019,317	19.8
Foreign stocks and other securities	2,433,112	6.8	2,241,654	6.3
Other securities	433,926	1.2	523,777	1.5
Loans	3,029,295	8.5	2,859,851	8.1
Policy loans	428,555	1.2	413,335	1.2
Ordinary loans	2,600,740	7.3	2,446,515	6.9
Real estate	1,196,028	3.4	1,188,446	3.4
Real estate for rent	783,264	2.2	785,139	2.2
Deferred tax assets	-	-	-	-
Others	564,554	1.6	557,270	1.6
Reserve for possible loan losses	(2,105)	(0.0)	(1,590)	(0.0)
Total	35,655,728	100.0	35,389,775	100.0
Foreign currency-denominated assets	7,780,820	21.8	7,663,305	21.7

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, 2015					
Held-to-maturity bonds	45,411	49,940	4,529	4,529	-
Domestic bonds	45,411	49,940	4,529	4,529	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	11,996,350	13,835,074	1,838,724	1,839,401	677
Domestic bonds	11,965,521	13,803,860	1,838,339	1,838,998	658
Foreign bonds	30,828	31,213	384	403	19
Stocks of subsidiaries and affiliates	26,605	76,937	50,332	50,332	-
Available-for-sale securities	12,413,822	15,907,148	3,493,326	3,524,928	31,601
Domestic bonds	3,683,212	4,077,188	393,975	394,394	418
Domestic stocks	1,643,679	3,429,350	1,785,671	1,807,394	21,723
Foreign securities	6,531,753	7,777,156	1,245,403	1,254,663	9,260
Foreign bonds	5,917,345	6,928,625	1,011,280	1,015,396	4,115
Foreign stocks and other securities	614,408	848,531	234,123	239,267	5,144
Other securities	266,385	320,841	54,455	54,644	189
Monetary claims bought	246,203	259,735	13,531	13,541	10
Certificates of deposit	40,000	40,000	0	0	-
Money held in trust	2,587	2,876	288	288	-
Total	24,482,189	29,869,101	5,386,912	5,419,191	32,279
Domestic bonds	15,694,144	17,930,989	2,236,845	2,237,922	1,077
Domestic stocks	1,643,679	3,429,350	1,785,671	1,807,394	21,723
Foreign securities	6,588,411	7,884,503	1,296,091	1,305,371	9,279
Foreign bonds	5,948,174	6,959,838	1,011,664	1,015,799	4,134
Foreign stocks and other securities	640,237	924,664	284,427	289,572	5,144
Other securities	267,161	321,645	54,483	54,672	189
Monetary claims bought	246,203	259,735	13,531	13,541	10
Certificates of deposit	40,000	40,000	0	0	-
Money held in trust	2,587	2,876	288	288	-
As of December 31, 2015					
Held-to-maturity bonds	45,637	50,419	4,782	4,782	-
Domestic bonds	45,637	50,419	4,782	4,782	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	12,033,036	14,157,766	2,124,729	2,125,345	616
Domestic bonds	11,967,210	14,091,573	2,124,362	2,124,443	80
Foreign bonds	65,826	66,192	366	902	536
Stocks of subsidiaries and affiliates	26,505	63,364	36,858	36,859	0
Available-for-sale securities	13,004,886	15,989,080	2,984,194	3,071,329	87,135
Domestic bonds	3,757,914	4,175,267	417,353	417,898	544
Domestic stocks	1,672,305	3,415,104	1,742,799	1,770,651	27,851
Foreign securities	6,928,794	7,710,478	781,683	836,305	54,622
Foreign bonds	6,311,630	6,953,491	641,860	678,242	36,382
Foreign stocks and other securities	617,164	756,987	139,823	158,062	18,239
Other securities	403,771	435,018	31,247	35,337	4,089
Monetary claims bought	229,513	240,563	11,050	11,076	26
Certificates of deposit	10,000	9,999	(0)	-	0
Money held in trust	2,587	2,647	59	59	-
Total	25,110,066	30,260,630	5,150,564	5,238,316	87,751
Domestic bonds	15,770,761	18,317,260	2,546,498	2,547,123	624
Domestic stocks	1,672,305	3,415,104	1,742,799	1,770,651	27,851
Foreign securities	7,020,446	7,839,323	818,876	874,035	55,158
Foreign bonds	6,377,457	7,019,684	642,226	679,145	36,918
Foreign stocks and other securities	642,989	819,639	176,649	194,890	18,240
Other securities	404,451	435,730	31,279	35,369	4,089
Monetary claims bought	229,513	240,563	11,050	11,076	26
Certificates of deposit	10,000	9,999	(0)	-	0
Money held in trust	2,587	2,647	59	59	-

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, 2015	As of December 31, 2015
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	1,041,622	1,100,755
Unlisted domestic stocks (except over-the-counter stocks)	206,964	236,964
Unlisted foreign stocks (except over-the-counter stocks)	777,254	785,315
Others	57,403	78,475
Available-for-sale securities	955,690	809,272
Unlisted domestic stocks (except over-the-counter stocks)	118,466	126,179
Unlisted foreign stocks (except over-the-counter stocks)	765,001	665,001
Unlisted foreign bonds	-	-
Others	72,223	18,091
Total	1,997,313	1,910,027

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 104,797 million yen as of March 31, 2015 and gain of 97,486 million yen as of December 31, 2015.

(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, 2015	36,122	36,122	4,251	5,051
As of December 31, 2015	55,595	55,595	(947)	9,719

- 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, 2015		As of December 31, 2015	
	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	33,245	3,962	52,947	(1,007)

* 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, 2015					As of December 31, 2015				
	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	2,876	288	288	-	2,587	2,647	59	59	-

3. Unaudited Quarterly Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2015 (summarized)	As of December 31, 2015
(ASSETS)		
Cash and deposits	663,427	621,625
Call loans	355,300	189,600
Monetary claims bought	259,735	240,563
Money held in trust	36,122	55,595
Securities	30,673,366	30,665,998
[Government bonds]	[14,531,309]	[14,430,601]
[Local government bonds]	[135,572]	[131,356]
[Corporate bonds]	[1,675,152]	[1,846,358]
[Stocks]	[4,007,030]	[4,021,143]
[Foreign securities]	[9,799,414]	[9,639,761]
Loans	3,029,295	2,859,851
Policy loans	428,555	413,335
Ordinary loans	2,600,740	2,446,515
Tangible fixed assets	1,203,289	1,194,993
Intangible fixed assets	83,719	82,076
Reinsurance receivable	7,916	5,228
Other assets	427,053	396,808
Customers' liabilities for acceptances and guarantees	91,648	99,385
Reserve for possible loan losses	(2,105)	(1,590)
Reserve for possible investment losses	-	(420)
Total assets	36,828,768	36,409,715
(LIABILITIES)		
Policy reserves and others	30,449,617	30,561,083
Reserves for outstanding claims	203,076	210,064
Policy reserves	29,840,974	29,959,389
Reserve for policyholder dividends	405,566	391,628
Reinsurance payable	609	686
Subordinated bonds	215,727	215,727
Other liabilities	1,496,483	1,420,067
Corporate income tax payable	52,296	4,403
Lease liabilities	4,552	4,177
Asset retirement obligations	2,789	2,666
Other liabilities	1,436,844	1,408,820
Reserve for employees' retirement benefits	389,480	387,450
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,990	1,862
Reserve for possible reimbursement of prescribed claims	700	519
Reserve for price fluctuations	132,453	144,453
Deferred tax liabilities	413,815	243,596
Deferred tax liabilities for land revaluation	84,908	84,149
Acceptances and guarantees	91,648	99,385
Total liabilities	33,277,434	33,158,982
(NET ASSETS)		
Capital stock	343,104	343,146
Capital surplus	343,255	343,746
Legal capital surplus	343,104	343,146
Other capital surplus	151	600
Retained earnings	430,738	504,577
Legal retained earnings	5,600	5,600
Other retained earnings	425,138	498,977
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	24,875	25,213
Retained earnings brought forward	292,143	365,643
Treasury stock	(9,723)	(23,724)
Total shareholders' equity	1,107,375	1,167,746
Net unrealized gains (losses) on securities, net of tax	2,488,665	2,125,965
Deferred hedge gains (losses)	(12,036)	(8,836)
Reserve for land revaluation	(33,424)	(35,068)
Total of valuation and translation adjustments	2,443,204	2,082,060
Subscription rights to shares	753	925
Total net assets	3,551,333	3,250,733
Total liabilities and net assets	36,828,768	36,409,715

4. Unaudited Quarterly Non-Consolidated Statement of Earnings

(millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
ORDINARY REVENUES	3,458,892	3,103,844
Premium and other income	2,316,686	2,100,946
[Premium income]	[2,316,338]	[2,099,908]
Investment income	885,248	778,687
[Interest and dividends]	[589,807]	[589,138]
[Gains on money held in trust]	[4,640]	[1,986]
[Gains on sale of securities]	[131,467]	[151,783]
[Gains on investments in separate accounts]	[146,519]	[5,459]
Other ordinary revenues	256,957	224,210
[Reversal of reserves for outstanding claims]	[10,246]	[-]
ORDINARY EXPENSES	3,178,535	2,867,104
Benefits and claims	1,979,719	2,006,073
[Claims]	[558,347]	[516,274]
[Annuities]	[448,665]	[424,325]
[Benefits]	[304,778]	[285,762]
[Surrender values]	[392,825]	[435,205]
[Other refunds]	[274,165]	[343,176]
Provision for policy reserves and others	480,004	131,895
Provision for reserves for outstanding claims	-	6,987
Provision for policy reserves	473,395	118,415
Provision for interest on policyholder dividends	6,608	6,491
Investment expenses	120,125	179,696
[Interest expenses]	[11,711]	[12,136]
[Losses on sale of securities]	[20,002]	[43,292]
[Losses on valuation of securities]	[560]	[1,345]
[Derivative transaction losses]	[26,174]	[44,547]
Operating expenses	292,609	295,960
Other ordinary expenses	306,075	253,478
ORDINARY PROFIT	280,356	236,739
EXTRAORDINARY GAINS	2,913	209
Gains on disposal of fixed assets	2,913	209
EXTRAORDINARY LOSSES	18,313	15,447
Losses on disposal of fixed assets	4,425	1,194
Impairment losses on fixed assets	3,388	2,253
Provision for reserve for price fluctuations	10,500	12,000
Provision for reserve for policyholder dividends	78,432	72,298
Income before income taxes	186,523	149,204
Corporate income taxes-current	84,668	69,496
Corporate income taxes-deferred	(29,481)	(25,846)
Total of corporate income taxes	55,186	43,650
Net income	131,337	105,553

NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2015

I. NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED BALANCE SHEET AND SHAREHOLDERS' EQUITY, ETC. AS OF DECEMBER 31, 2015

1. 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, 2015 was ¥2,547,521 million.

2. 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, 2016.....	405,566
Dividend payment.....	(92,726)
Interest accrual.....	6,491
Provision for reserve for policyholder dividends	72,298
<u>Balance as of December 31, 2015.....</u>	<u>391,628</u>

3. Purchase of treasury stock

The Company purchased its shares in accordance with the resolution made at the meeting of its board of directors held on May 15, 2015, under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

As a result, treasury stock increased by ¥14,999 million for the nine months ended December 31, 2015 and the amount of treasury stock was ¥23,724 million as of December 31, 2015.

II. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF EARNINGS FOR THE NINE MONTHS ENDED DECEMBER 31, 2015

1. Net Income per Share

Net income per share for the nine months ended December 31, 2015 was ¥88.99. Diluted net income per share for the same period was ¥88.94.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Fundamental revenues	3,322,580	2,951,711
Premium and other income	2,316,686	2,100,946
Investment income [Interest and dividends]	748,937 589,807	624,874 589,138
Other ordinary revenues	256,957	225,890
Fundamental expense	3,000,482	2,619,855
Benefits and claims	1,979,719	2,006,073
Provision for policy reserves and others	372,675	13,479
Investment expenses	49,401	50,863
Operating expenses	292,609	295,960
Other ordinary expenses	306,075	253,478
Fundamental profit	<i>A</i> 322,098	331,855
Capital gains	136,108	153,770
Gains on money held in trust	4,640	1,986
Gains on investments in trading securities	-	-
Gains on sale of securities	131,467	151,783
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Others	-	-
Capital losses	70,715	128,389
Losses on money held in trust	-	-
Losses on investments in trading securities	-	-
Losses on sale of securities	20,002	43,292
Losses on valuation of securities	560	1,345
Derivative transaction losses	26,174	44,547
Foreign exchange losses	23,978	39,204
Others	-	-
Net capital gains (losses)	<i>B</i> 65,392	25,381
Fundamental profit plus net capital gains (losses)	<i>A + B</i> 387,491	357,237
Other one-time gains	203	42
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	182	42
Others	20	-
Other one-time losses	107,338	120,539
Ceding reinsurance commissions	-	-
Provision for contingency reserve	13,500	13,500
Provision for specific reserve for possible loan losses	-	-
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	8	23
Others	93,829	107,016
Other one-time profits	<i>C</i> (107,135)	(120,497)
Ordinary profit	<i>A + B + C</i> 280,356	236,739

Note:

- "Others" in "Other one-time gains" represents the reversal of reserve for possible investment losses (For the nine months ended December 31, 2014: 20 million yen).
- "Others" in "Other one-time losses" represents the sum of the amount of provision for reserve for possible investment losses (For the nine months ended December 31, 2015: 420 million yen) and the amount of the additional policy reserves provided (For the nine months ended December 31, 2014: 93,829 million yen, For the nine months ended December 31, 2015: 106,595 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, 2015	As of December 31, 2015
Total solvency margin (A)	7,261,032	7,010,107
Common stock, etc. ^{*1}	1,072,124	1,154,836
Reserve for price fluctuations	132,453	144,453
Contingency reserve	558,093	571,593
General reserve for possible loan losses	1,146	674
Net unrealized gains on securities (before tax) × 90% ^{*2}	3,143,993	2,685,774
Net unrealized gains (losses) on real estate × 85% ^{*2}	40,735	54,589
Policy reserves in excess of surrender values	1,846,734	1,906,153
Qualifying subordinated debt	535,727	498,727
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(71,310)	(19,556)
Excluded items	(169,507)	(199,507)
Others	170,842	212,368
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,590,217	1,602,382
Insurance risk R_1	78,608	75,562
3rd sector insurance risk R_8	168,853	171,020
Assumed investment yield risk R_2	244,812	236,219
Guaranteed minimum benefit risk R_7 ^{*3}	3,427	3,424
Investment risk R_3	1,286,509	1,307,337
Business risk R_4	35,644	35,871
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	913.2%	874.9%

*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, 2015 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, 2015 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, 2015	As of December 31, 2015
Individual variable insurance	60,475	58,571
Individual variable annuities	94,089	70,312
Group annuities	1,104,893	990,169
Separate account total	1,259,458	1,119,053

(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, 2015		As of December 31, 2015	
	Number of policies	Amount	Number of policies	Amount
Individual variable insurance (term life)	163	816	149	741
Individual variable insurance (whole life)	44,438	274,919	43,770	270,655
Total	44,601	275,736	43,919	271,396

Note: Policies in force include term life riders.

B. Individual variable annuities

(millions of yen except number of policies)

	As of March 31, 2015		As of December 31, 2015	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	21,519	107,654	16,623	95,249

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, 2014	Nine months ended December 31, 2015
Ordinary revenues	5,349,902	5,418,939
Ordinary profit	286,556	324,726
Net income attributable to shareholders of parent company	131,710	173,526
Comprehensive income	1,159,934	(322,854)

Effective the nine months ended December 31, 2015, a change from net income to net income attributable to shareholders of parent company has been made.

(millions of yen)

	As of March 31, 2015	As of December 31, 2015
Total assets	49,837,202	50,129,786
Solvency margin ratio	818.2%	768.2%

(2) Scope of Consolidation and Application of Equity Method

	As of December 31, 2015
Number of consolidated subsidiaries	62
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	47

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

(3) Unaudited Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2015 (summarized)	As of December 31, 2015
ASSETS		
Cash and deposits	873,444	922,671
Call loans	380,400	224,400
Monetary claims bought	265,813	246,618
Money held in trust	65,283	82,414
Securities	41,105,413	41,678,432
Loans	3,898,148	3,753,820
Tangible fixed assets	1,217,070	1,209,193
Intangible fixed assets	437,677	409,592
Reinsurance receivable	101,290	104,809
Other assets	1,401,047	1,399,251
Net defined benefit assets	705	745
Deferred tax assets	1,379	1,159
Customers' liabilities for acceptances and guarantees	91,648	99,385
Reserve for possible loan losses	(2,120)	(2,287)
Reserve for possible investment losses	-	(420)
Total assets	49,837,202	50,129,786
LIABILITIES		
Policy reserves and others	42,547,013	43,461,815
Reserves for outstanding claims	506,735	522,413
Policy reserves	41,634,712	42,547,772
Reserve for policyholder dividends	405,566	391,628
Reinsurance payable	56,248	57,515
Bonds payable	489,045	483,524
Other liabilities	1,864,717	1,833,617
Net defined benefit liabilities	331,322	337,108
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,017	1,882
Reserve for possible reimbursement of prescribed claims	700	519
Reserve for price fluctuations	136,254	150,342
Deferred tax liabilities	643,398	417,027
Deferred tax liabilities for land revaluation	84,908	84,149
Acceptances and guarantees	91,648	99,385
Total liabilities	46,247,274	46,926,889
NET ASSETS		
Capital stock	343,104	343,146
Capital surplus	343,255	330,079
Retained earnings	352,985	490,949
Treasury stock	(9,723)	(23,724)
Total shareholders' equity	1,029,622	1,140,451
Net unrealized gains (losses) on securities, net of tax	2,528,262	2,041,960
Deferred hedge gains (losses)	(12,036)	(8,836)
Reserve for land revaluation	(33,424)	(35,068)
Foreign currency translation adjustments	22,654	14,765
Accumulated remeasurements of defined benefit plans	54,027	48,625
Total accumulated other comprehensive income	2,559,484	2,061,445
Subscription rights to shares	753	925
Non-controlling interests	67	74
Total net assets	3,589,927	3,202,897
Total liabilities and net assets	49,837,202	50,129,786

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

(millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
ORDINARY REVENUES	5,349,902	5,418,939
Premium and other income	3,946,032	4,166,355
Investment income	1,142,478	981,452
[Interest and dividends]	[627,306]	[789,215]
[Gains on money held in trust]	[2,136]	[-]
[Gains on investments in trading securities]	[15,929]	[-]
[Gains on sale of securities]	[142,999]	[161,467]
[Gains on investments in separate accounts]	[319,161]	[-]
Other ordinary revenues	261,391	271,131
ORDINARY EXPENSES	5,063,345	5,094,212
Benefits and claims	2,480,013	2,876,356
[Claims]	[618,423]	[788,073]
[Annuities]	[483,881]	[452,359]
[Benefits]	[349,675]	[344,159]
[Surrender values]	[582,373]	[623,531]
Provision for policy reserves and others	1,742,121	1,056,952
Provision for reserves for outstanding claims	21,711	29,879
Provision for policy reserves	1,713,800	1,020,582
Provision for interest on policyholder dividends	6,608	6,491
Investment expenses	100,956	383,789
[Interest expenses]	[12,452]	[22,420]
[Losses on money held in trust]	[-]	[1,855]
[Losses on investments in trading securities]	[-]	[63,041]
[Losses on sale of securities]	[20,017]	[44,533]
[Losses on valuation of securities]	[560]	[3,240]
[Derivative transaction losses]	[29,238]	[45,227]
[Losses on investments in separate accounts]	[-]	[50,943]
Operating expenses	414,288	485,527
Other ordinary expenses	325,965	291,585
Ordinary profit	286,556	324,726
EXTRAORDINARY GAINS	3,190	224
Gains on disposal of fixed assets	2,913	214
Gain on step acquisition	273	-
Other extraordinary gains	3	10
EXTRAORDINARY LOSSES	19,795	17,539
Losses on disposal of fixed assets	4,502	1,195
Impairment losses on fixed assets	3,388	2,253
Provision for reserve for price fluctuations	11,893	14,088
Other extraordinary losses	11	2
Provision for reserve for policyholder dividends	78,432	72,298
Income before income taxes	191,519	235,113
Corporate income taxes-current	89,386	78,376
Corporate income taxes-deferred	(29,589)	(16,800)
Total of corporate income taxes	59,796	61,576
Net income	131,723	173,537
Net income attributable to non-controlling interests	12	11
Net income attributable to shareholders of parent company	131,710	173,526

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net income	131,723	173,537
Other comprehensive income	1,028,210	(496,392)
Net unrealized gains (losses) on securities, net of tax	962,582	(486,006)
Deferred hedge gains (losses)	56,648	3,200
Foreign currency translation adjustments	6,508	(1,597)
Remeasurements of defined benefit plans, net of tax	(691)	(5,409)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	3,163	(6,578)
Comprehensive income	1,159,934	(322,854)
Attributable to shareholders of the parent company	1,159,918	(322,868)
Attributable to non-controlling interests	15	13

NOTES TO THE UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2015

I. GUIDELINES FOR PREPARATION OF UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company made no significant changes to the preparation of the quarterly consolidated financial statements.

II. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED BALANCE SHEET AND SHAREHOLDERS' EQUITY, ETC. AS OF DECEMBER 31, 2015

1. Changes in Accounting Policies

Effective the three months ended June 30, 2015, the Parent Company applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on September 13, 2013), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 issued on September 13, 2013), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 issued on September 13, 2013) and other standards. Accordingly, the accounting method was changed (i) to record the difference arising from changes in equity interest in those subsidiaries over which the Parent Company continues to exercise control, as capital surplus of the Parent Company, and (ii) to record business acquisition costs as expenses for the relevant fiscal year. Regarding business combinations which become effective on or after April 1, 2015, the accounting method was changed to retroactively reflect adjustments to the provisional allocation of acquisition cost recorded in the relevant consolidated financial statements. In addition, the changes in the presentation of net income and the changes in the presentation from minority interests to non-controlling interests have been implemented.

The Business Combinations Accounting Standard and other standards were applied in accordance with the transitional treatment set forth in Paragraph 58-2 (3) of the "Revised Accounting Standard for Business Combinations", Paragraph 44-5 (3) of the "Revised Accounting Standard for Consolidated Financial Statements" and Paragraph 57-4 (3) of the "Revised Accounting Standard for Business Divestitures". The cumulative effects arising from the retroactive application of these new accounting policies to all the previous fiscal years were added to or deducted from capital surplus and retained earnings as of April 1, 2015.

As a result, goodwill decreased by ¥16,962 million, capital surplus decreased by ¥13,667 million, and retained earnings decreased by ¥3,295 million as of April 1, 2015. In addition, both ordinary profits and income before income taxes for the nine months ended December 31, 2015 increased by ¥655 million, respectively.

2. Policy-Reserve-Matching Bonds

In order to conduct appropriate duration control that accounts for the debt situation, and thus promote more sophisticated ALM, a certain subsidiary of the Parent Company added individual life insurance and individual annuity (New Zealand dollar-denominated) as a new sub-group of life insurance products subject to the application of policy-reserve-matching bonds, effective the three months ended December 31, 2015. As a result, the sub-groups of the subsidiary are:

- (a) individual life insurance and individual annuity (yen-denominated, short-term),
 - (b) individual life insurance and individual annuity (yen-denominated, long-term),
 - (c) individual life insurance and individual annuity (U.S. dollar-denominated),
 - (d) individual life insurance and individual annuity (Australian dollar-denominated), and
 - (e) individual life insurance and individual annuity (New Zealand dollar-denominated),
- with the exception of certain types and contracts.

This addition did not have any impacts on profits and losses for the nine months ended December 31, 2015.

3. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of December 31, 2015 was ¥2,577,472 million.

4. 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, 2016.....	405,566
Dividend payment.....	(92,726)
Interest accrual.....	6,491
Provision for reserve for policyholder dividends	72,298
Balance as of December 31, 2015.....	391,628

5. Dividends on Common Stock

Date of resolution	June 23, 2015 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥33,359 million
Dividend per share	¥28
Record date	March 31, 2015
Effective date	June 24, 2015
Dividend resource	Retained earnings

Note: Total dividends do not include ¥182 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.

6. Purchase of treasury stock

The Parent Company purchased its shares in accordance with the resolution made at the meeting of its board of directors held on May 15, 2015, under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

As a result, treasury stock increased by ¥14,999 million for the nine months ended December 31, 2015 and the amount of treasury stock was ¥23,724million as of December 31, 2015.

III. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED STATEMENT OF EARNINGS FOR THE NINE MONTHS ENDED DECEMBER 31, 2015

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, 2015. 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, 2015, 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, 2015 was ¥146.30. Diluted net income per share for the same period was ¥146.22.

3. Depreciation and Amortization

For the nine months ended December 31, 2015, (1) depreciation of real estate for rent and others totaled ¥10,579 million, (2) depreciation (including the depreciation of intangible fixed assets other than goodwill) totaled ¥39,352 million, and (3) amortization of goodwill was ¥2,731 million.

(5) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2015	As of December 31, 2015
Total solvency margin (A)	6,787,809	6,436,101
Common stock, etc. ^{*1}	639,680	800,628
Reserve for price fluctuations	136,254	150,342
Contingency reserve	678,863	686,984
Catastrophe loss reserve	-	-
General reserve for possible loan losses	1,160	688
Net unrealized gains on securities (before tax) × 90% ^{*2}	3,193,431	2,481,652
Net unrealized gains (losses) on real estate × 85% ^{*2}	40,735	54,589
Sum of unrecognized actuarial differences and unrecognized past service cost	75,883	68,295
Policy reserves in excess of surrender values	1,970,765	2,086,115
Qualifying subordinated debt	535,727	498,727
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(503,214)	(432,446)
Excluded items	(152,319)	(171,842)
Others	170,842	212,368
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)	1,659,135	1,675,571
Insurance risk R_1	125,680	124,187
General insurance risk R_5	4,536	4,601
Catastrophe risk R_6	1,736	2,001
3rd sector insurance risk R_8	181,287	184,299
Small amount and short-term insurance risk R_9	-	-
Assumed investment yield risk R_2	270,443	264,982
Guaranteed minimum benefit risk R_7 ^{*3}	87,763	85,627
Investment risk R_3	1,231,750	1,255,164
Business risk R_4	38,063	38,417
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	818.2%	768.2%

*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, 2015 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, 2015 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, 2015	As of December 31, 2015
Total solvency margin (A)	315,968	398,150
Common stock, etc.	18,457	61,869
Reserve for price fluctuations	3,781	5,869
Contingency reserve	120,314	114,959
General reserve for possible loan losses	15	14
Net unrealized gains on securities (before tax) × 90% *	49,369	35,477
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	124,030	179,961
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)	99,834	127,206
Insurance risk R_1	37	53
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	25,630	28,762
Guaranteed minimum benefit risk R_7	26,562	22,789
Investment risk R_3	44,732	71,948
Business risk R_4	2,908	3,706
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	632.9%	625.9%

*: Multiplied by 100% if losses.

- Note: 1. The figures as of March 31, 2015 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, 2015 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, 2015	As of December 31, 2015
Total solvency margin (A)	4,936	29,563
Common stock, etc.	4,459	29,109
Reserve for price fluctuations	19	20
Contingency reserve	455	430
General reserve for possible loan losses	-	-
Net unrealized gains on securities (before tax) × 90% *	2	2
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)	478	567
Insurance risk R_1	369	344
3rd sector insurance risk R_8	84	84
Assumed investment yield risk R_2	0	0
Guaranteed minimum benefit risk R_7	-	-
Investment risk R_3	89	336
Business risk R_4	16	22
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,064.1%	10,412.6%

*: Multiplied by 100% if losses.

Note: The figures as of March 31, 2015 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, 2015 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.