

May 30, 2008

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

Disclosure of Embedded Value as of March 31, 2008

The Dai-ichi Mutual Life Insurance Company (hereinafter “Dai-ichi Life,” President: Katsutoshi Saito) and the Dai-ichi Frontier Life Insurance Co., Ltd. (hereinafter “Dai-ichi Frontier Life,” President: Shigenori Takano, collectively “the Group”) hereby announce the Embedded Value as of March 31, 2008, as described below.

1. Embedded Value

EV (Embedded Value) is the sum of “adjusted net worth” (*Note 1*), which is calculated by making necessary adjustments to total net assets on the balance sheet, and “value of in-force business” (*Note 2*), which is calculated as present value of future after-tax profits on in-force business less present value of cost of capital. EV is one of the indicators which represent a corporate value which belongs to shareholders.

Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of profits. The use of EV allows the contribution of future profit from new business to be recognized at the time of sale. It therefore serves as a valuable supplement to statutory financial information. The Group discloses Traditional EV, while it continues to study European EV, which has been widely adopted among leading insurance companies in Europe.

(*Note 1*) *Adjusted net worth = Total net assets (excluding foundation funds, valuation and translation adjustments, and expected disbursements from capital outside the company)*
+ *certain reserves in liabilities (reserve for price fluctuations, contingency reserve, and unallotted portion of reserve for policyholder dividends)*
+ *general reserve for possible loan losses (after-tax)*
+ *net unrealized gains (losses) on securities (after-tax, including derivative transactions)*
+ *net unrealized gains (losses) on real estate (after-tax)*
+ *net unrealized gains (losses) on loans (after-tax)*
- *unfunded benefit obligations for employees' retirement benefits (after-tax).*

(Note 2) Value of in-force business

= Present value of future after-tax profits on in-force business - present value of cost of capital

“Cost of capital” is the spread between the investment yield and the discount rate applied to the amounts of capital and surplus that will be required to maintain the assumed solvency margin ratio. Although Dai-ichi Life is currently a mutual company, it recognizes cost of capital in a manner similar to that of stock companies, in accordance with the adoption of the plan on demutualization (refer to the press release on March 27, 2008).

2. The EV of Dai-ichi Life and Dai-ichi Frontier Life

(1) Dai-ichi Life

The EV of Dai-ichi Life as of March 31, 2008 decreased to ¥3,187 billion by ¥1,437 billion from the previous fiscal year end.

(Billions of yen)

	As of March 31, 2007	As of March 31, 2008	Increase (Decrease)
EV	4,625	3,187	(1,437)
Adjusted net worth	3,529	2,499	(1,029)
Value of in-force business	1,095	687	(407)
Value of new business	81	57	(24)

(2) Dai-ichi Frontier Life

The EV of Dai-ichi Frontier Life, which started business in October 2007, amounted to ¥41 billion as of March 31, 2008.

(Billions of yen)

	As of March 31, 2008
EV (Note 1)	41
Adjusted net worth	36
Value of in-force business	4
Value of new business (Note 2)	(3)

(Note 1) Total of EV of Dai-ichi Life and Dai-ichi Frontier Life does not represent the EV of the Group, since the capital of Dai-ichi Frontier Life was provided by Dai-ichi Life.

(Note 2) "Value of new business" is negative, since expenses to maintain the business at the beginning of operation was bigger than income from new business.

3. Major Assumptions

(1) Major assumptions used in the calculation of EV

i) Dai-ichi Life

	As of March 31, 2007	As of March 31, 2008
Discount rate	6.7% Set by adding the company's assumed risk premium (5.0%) to the year-end risk free rate (the yield on 10-year Japanese government bonds: 1.65%).	6.3% Set by adding the company's assumed risk premium (5.0%) to the year-end risk free rate (the yield on 10-year Japanese government bonds: 1.28%).
Investment yield	Set based on asset allocation and assumed investment yield by asset category (refer to 3.(2)).	Set based on asset allocation and assumed investment yield by asset category (refer to 3.(2)).
Solvency margin ratio	For the purpose of calculating the cost of capital, maintenance of a solvency margin ratio of 600% was assumed.	For the purpose of calculating the cost of capital, maintenance of a solvency margin ratio of 600% was assumed.
Mortality and morbidity rates	Set based on experience over the three latest fiscal years (FY2004-FY2006)	Set based on experience over the three latest fiscal years (FY2005-FY2007)
Surrender and lapse rate	Set based on experience over the three latest fiscal years (FY2004-FY2006)	Set based on experience over the three latest fiscal years (FY2005-FY2007)
Operating expenses	Set based on experience over the most recent fiscal year (FY2006)	Set based on experience over the most recent fiscal year (FY2007)
Effective tax rate	Set based on the most recent effective tax rate (36.07%).	Set based on the most recent effective tax rate (36.08%).

ii) Dai-ichi Frontier Life

	As of March 31, 2008
Discount rate	6.3% Set by adding the company's assumed risk premium (5.0%) to the year-end risk free rate (the yield on 10-year Japanese government bonds: 1.28%).
Investment yield on separate account	Set based on portfolio of insurance products and assumed investment yield on each asset of Dai-ichi Life.
Solvency margin ratio	For the purpose of calculating the cost of capital, maintenance of a solvency margin ratio of 600% was assumed.
Mortality and morbidity rates	Set based on the experience of Dai-ichi Frontier Life and Dai-ichi Life.
Surrender and lapse rate	Set based on the experience of Dai-ichi Frontier Life and Dai-ichi Life.
Operating expenses	Set based on the experience and business plan.
Effective tax rate	Set based on the most recent effective tax rate (36.21%).

(2) Assumed investment yield on each asset (Dai-ichi Life)

	As of March 31, 2007	As of March 31, 2008
Cash and deposits, call loans	0.50%	0.50%
Fixed income assets	1.80%	1.54%
Domestic stocks	5.15%	4.78%
Foreign bonds	4.15%	3.78%
Other assets	3.00%	2.26%
Total	2.72%	2.26%

4. Effects of Changes in Assumptions (Sensitivities)

The followings are the effects on the EV of changes in assumptions.

(1) Dai-ichi Life

(Billions of yen)

		Increase (Decrease)	EV amount
Discount rate	from 6.3% to 7.3%	(114)	3,072
	from 6.3% to 5.3%	137	3,324
Investment yield	+ 0.25%	385	3,573
	- 0.25%	(386)	2,801
Solvency margin ratio	from 600% to 700%	(169)	3,018
	from 600% to 500%	154	3,342
Operating expenses	Assumption x 110%	(106)	3,080
	Assumption x 90%	105	3,293
Surrender and lapse rate	Assumption x 110%	(39)	3,147
	Assumption x 90%	44	3,232
Mortality and morbidity rates	Assumption x 110%	(248)	2,939
	Assumption x 90%	253	3,440

<Supplementary Information>

Taking into account the different features between Traditional EV and Market Consistent EV (MCEV), value of new business amounts to ¥153 billion (*Note 1*) if risk free rate is provisionally applied to discount rate and investment yield (*Note 2*).

(*Note 1*) Actual MCEV is expected to be smaller, because costs for option and non-financial risk are not considered in the calculation above.

(*Note 2*) In calculating MCEV, risk free rate is applied to discount rate and investment yield.

Risk free rate, i.e., swap rate (mid price), at the valuation date is applied to the discount rate and investment yield. The table below shows a summary of swap rates used for the calculation by contractual maturity.

Swap rates as of March 31, 2008

1 year	2 year	3 year	4 year	5 year
0.915%	0.898%	0.939%	0.988%	1.043%
10 year	15 year	20 year	25 year	30 year
1.462%	1.804%	2.041%	2.184%	2.264%

(2) Dai-ichi Frontier Life

(Billions of yen)

		Increase (Decrease)	EV amount
Discount rate	from 6.3% to 7.3%	(0.7)	40
	from 6.3% to 5.3%	0.8	42
Investment yield on separate account	+ 0.25%	0.1	41
	- 0.25%	(0.3)	41
Solvency margin ratio	from 600% to 700%	(0.5)	41
	from 600% to 500%	0.5	42
Operating expenses	Assumption x 110%	(0.0)	41
	Assumption x 90%	0.0	41
Surrender and lapse rate	Assumption x 110%	(0.0)	41
	Assumption x 90%	0.0	41
Mortality and morbidity rates	Assumption x 110%	(0.0)	41
	Assumption x 90%	0.0	41
Fair value of separate account decreases by 10%		(2.8)	38

5. Analysis of Change in EV from March 31, 2007 to March 31, 2008

The following is an analysis of the change in Dai-ichi Life's EV from March 31, 2007 to March 31, 2008. (As for Dai-ichi Frontier Life, no analysis is provided, since it started business in October 2007.)

(Billions of yen)

	Amount
EV as of March 31, 2007	4,625
Expected return on EV as of March 31, 2007 <i>(Note 1)</i>	309
Differences between assumptions and actual experience for FY 2007 <i>(Note 2)</i>	(1,324)
Effects of changes in the assumptions	(479)
EV of new business for FY 2007	57
EV as of March 31, 2008	3,187

(Note 1) As the amount of expected return is discounted by the discount rate in calculating EV, "Expected return on EV as of March 31, 2007" is brought by release of discounted value as time passes.

(Note 2) Decrease of ¥1,253 billion in net unrealized gains on securities (after-tax) is included.

6. Note in Using EV

The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. Actual future results might materially differ from the assumptions used in the EV calculations.

Moreover, changes of assumptions might cause significant changes in future results.

In particular, for Dai-ichi Frontier Life, which started business in October 2007, since the term of insurance products it provides is longer than 10 years, the assumptions need to be examined on the basis of further experience to improve the accuracy of the assumptions used.

7. Third Party Opinion

The Group requested Tillinghast, an independent actuarial firm, to review the calculation of EV and obtained the following opinion.

TILLINGHAST OPINION ON EMBEDDED VALUE OF DAI-ICHI LIFE AS AT 31 MARCH 2007 AND 31 MARCH 2008

Tillinghast insurance consulting business of Towers Perrin (“Tillinghast”) has reviewed the methodology and assumptions adopted, and the resulting embedded value of Dai-ichi Life as at 31 March 2007 and 31 March 2008, as calculated by Dai-ichi Life.

Currently, Dai-ichi Life is a mutual company, and the embedded value has been calculated as if Dai-ichi Life is a proprietary company.

Tillinghast has concluded that

- the methodology used is consistent with recent industry practice as regards traditional actuarial embedded value calculations (based on discounted values of projected deterministic after-tax profit flows)
- the economic assumptions are internally consistent and have been set with regard to current economic conditions;
- the operating assumptions have been set with appropriate regard to past, current and future expected experience of Dai-ichi Life, taking into account the nature of Dai-ichi Life’s business; and
- Tillinghast is satisfied that the disclosed results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in this disclosure document. To come to this conclusion, Tillinghast has performed checks on the results of the calculations, without, however, undertaking detailed checks of all the models, processes and calculations involved.
- Allowance for risk has been made through the use of a single discount rate and an explicit assumption for the level and cost of holding solvency capital. While this is in line with recent industry practice as regards traditional actuarial embedded value calculations, this may not correspond to a capital markets valuation of such risk (so called “market consistent valuation”).

This review was carried out for the benefit of Dai-ichi Life. In performing its review, Tillinghast relied extensively on a substantial body of information supplied by Dai-ichi Life and did not carry out an independent review of this information.

Financial projections used as a basis for the embedded value were developed based on a number of assumptions as to the current and future operating environment of Dai-ichi Life. It should be recognised that actual results can vary from those projected, even though the assumptions are considered by Dai-ichi Life to be appropriate.

The values shown are not intended to represent an opinion of market value and should not be interpreted in that manner.

This opinion is made solely to Dai-ichi Life in accordance with the terms of Tillinghast’s engagement letter. To the fullest extent permitted by applicable law, Tillinghast does not accept or assume any responsibility, duty of care or liability to anyone other than Dai-ichi Life for or in connection with its review work, the opinions it has formed, or for any statement set forth in this opinion.

TILLINGHAST OPINION ON EMBEDDED VALUE OF DAI-ICHI FRONTIER LIFE AS AT 31 MARCH 2008

Tillinghast insurance consulting business of Towers Perrin (“Tillinghast”) has reviewed the methodology and assumptions adopted, and the resulting embedded value of Dai-ichi Frontier Life as at 31 March 2008, as calculated by Dai-ichi Frontier Life.

Tillinghast has concluded that

- the methodology used is consistent with recent industry practice as regards traditional actuarial embedded value calculations (based on discounted values of projected deterministic after-tax profit flows)
- the economic assumptions are internally consistent and have been set with regard to current economic conditions;
- the operating assumptions have been set with appropriate regard to past, current and future expected experience of Dai-ichi Frontier Life, taking into account the nature of Dai-ichi Frontier Life’s business; and
- Tillinghast is satisfied that the disclosed results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in this disclosure document. To come to this conclusion, Tillinghast has performed checks on the results of the calculations, without, however, undertaking detailed checks of all the models, processes and calculations involved.
- Allowance for risk has been made through the use of a single discount rate and an explicit assumption for the level and cost of holding solvency capital. While this is in line with recent industry practice as regards traditional actuarial embedded value calculations, this may not correspond to a capital markets valuation of such risk (so called “market consistent valuation”).

This review was carried out for the benefit of Dai-ichi Frontier Life. In performing its review, Tillinghast relied extensively on a substantial body of information supplied by Dai-ichi Frontier Life and did not carry out an independent review of this information.

Financial projections used as a basis for the embedded value were developed based on a number of assumptions as to the current and future operating environment of Dai-ichi Frontier Life. It should be recognised that actual results can vary from those projected, even though the assumptions are considered by Dai-ichi Frontier Life to be appropriate.

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The securities of Dai-ichi Life and Dai-ichi Frontier Life have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.