

November 26, 2008

Financial Results for the Six Months Ended September 30, 2008

The Dai-ichi Mutual Life Insurance Company (the “Company” or the “Parent Company”; President: Katsutoshi Saito) announces financial results for the six months ended September 30, 2008.

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1. Business Highlights

(1) Policies in Force and New Policies

Policies in Force

	As of September 30, 2007		As of September 30, 2008						As of March 31, 2008	
	Number of policies (thousands)	Amount (100 millions of yen)	Number of policies			Amount			Number of policies (thousands)	Amount (100 millions of yen)
			(thousands)	Changes (%)	Changes (pre-FYE, %)	(100 millions of yen)	Changes (%)	Changes (pre-FYE, %)		
Individual insurance	11,286	1,711,751	11,153	98.8	99.4	1,633,517	95.4	97.6	11,221	1,674,368
Individual annuities	1,198	70,423	1,202	100.3	100.1	70,174	99.6	99.9	1,201	70,257
Individual insurance and annuities	12,484	1,782,174	12,355	99.0	99.5	1,703,692	95.6	97.7	12,423	1,744,625
Group insurance	-	542,949	-	-	-	547,100	100.8	100.5	-	544,616
Group annuities	-	66,092	-	-	-	64,113	97.0	99.6	-	64,368

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.

3. 'Changes' for number and amount of policies in force are presented in comparison with the end of previous interim period (as of September 30, 2007).

4. 'Changes (pre-FYE)' for number and amount of policies in force are presented in comparison with the previous fiscal year end (as of March 31, 2008).

New Policies

	Number of policies (thousands)	Amount (100 millions of yen)	Amount		Changes (%)
			New Business	Net increase by conversion	
Six months ended September 30, 2007					
Individual insurance	492	41,588	35,995	5,592	83.4
Individual annuities	22	1,792	1,861	(68)	70.3
Individual insurance and annuities	515	43,381	37,856	5,524	82.8
Group insurance	-	1,555	1,555		87.5
Group annuities	-	6	6		247.3
Six months ended September 30, 2008					
Individual insurance	520	33,856	34,419	(563)	81.4
Individual annuities	18	1,273	1,324	(51)	71.0
Individual insurance and annuities	538	35,129	35,743	(614)	81.0
Group insurance	-	4,222	4,222		271.4
Group annuities	-	3	3		55.9
Year ended March 31, 2008					
Individual insurance	1,042	84,889	75,566	9,323	84.8
Individual annuities	43	3,259	3,401	(141)	67.9
Individual insurance and annuities	1,085	88,149	78,967	9,182	84.0
Group insurance	-	4,335	4,335		118.3
Group annuities	-	9	9		156.0

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.

4. Changes for amount of new policies are presented in comparison with the previous interim period (six months ended September 30, 2007).

(reference) Surrender and lapses in individual insurance and individual annuities

	Six months ended September 30, 2007	Six months ended September 30, 2008
Amount of surrender and lapses	56,547	50,526
Surrender and lapses rate (%)	3.10	2.90

(100 millions of yen except percentages)

Year ended March 31, 2008
109,312
5.99

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 in in-force contracts.

(2) Annualized Net Premium

Policies in Force

(100 millions of yen)

	As of September 30, 2007	As of September 30, 2008	Changes		As of March 31, 2008
			(%)	(pre-FYE, %)	
Individual insurance	18,445	18,006	97.6	98.7	18,239
Individual annuities	2,720	2,823	103.8	101.8	2,772
Total	21,165	20,829	98.4	99.1	21,011
Medical and survival benefits	4,852	4,907	101.1	100.4	4,888

New Policies

	Six months ended September 30, 2007	Six months ended September 30, 2008	Changes		Year ended March 31, 2008
			(%)	(pre-FYE, %)	
Individual insurance	542	540	99.7	99.7	1,136
Individual annuities	120	69	57.2	57.2	199
Total	663	609	92.0	92.0	1,336
Medical and survival benefits	211	202	95.7	95.7	439

- Note: 1. Annualized net premium is 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 premium for medical and survival benefits includes (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium 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.
4. 'Changes' for annualized net premium from policies in force and new policies are presented in comparison with the previous interim period (as of September 30, 2007 and for the six months ended September 30, 2007, respectively).
5. 'Changes (pre-FYE)' for annualized net premium from policies in force are presented in comparison with the previous fiscal year end (as of March 31, 2008).

(3) Profit and Loss Items

(millions of yen except percentages)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Changes (%)		Year ended March 31, 2008
Premium and other income	1,558,994	1,483,177	95.1		3,098,525
Investment income	478,850	603,029	125.9		1,026,369
Benefits and claims	1,250,637	1,244,726	99.5		2,648,008
Investment expense	153,309	309,980	202.2		563,957
Net surplus from operations	88,706	96,536	108.8		200,581

Note: Changes for profit and loss items are presented in comparison with the previous interim period (six months ended September 30, 2007).

(4) Total Assets

(millions of yen except percentages)

	As of September 30, 2007	As of September 30, 2008	Changes		As of March 31, 2008
			(%)	(pre-FYE, %)	
Total Assets	33,307,692	31,935,751	95.9	100.3	31,833,906

- Note: 1. 'Changes' for total assets are presented in comparison with the end of previous interim period (as of September 30, 2007).
2. 'Changes (pre-FYE)' for total assets are presented in comparison with the previous fiscal year end (as of March 31, 2008).

2.Unaudited Non-Consolidated Balance Sheets

(millions of yen)

	As of September 30, 2007		As of September 30, 2008		As of March 31, 2008 (summarized)	
	Amount	(%)	Amount	(%)	Amount	(%)
(ASSETS)						
Cash and deposits	162,632	0.5	290,411	0.9	177,816	0.6
Call loans	194,400	0.6	142,700	0.4	206,300	0.6
Deposit paid for securities borrowing transactions	81,883	0.2	26,285	0.1	47,273	0.1
Monetary claims bought	426,382	1.3	247,624	0.8	316,767	1.0
Trading account securities	149,285	0.4	76,827	0.2	46,663	0.1
Money held in trust	31,391	0.1	23,337	0.1	25,223	0.1
Securities	25,778,134	77.4	24,021,735	75.2	24,317,141	76.4
[Government bonds]	[8,829,462]		[8,944,036]		[9,260,744]	
[Local government bonds]	[458,904]		[428,611]		[452,300]	
[Corporate bonds]	[2,764,288]		[2,487,012]		[2,831,143]	
[Stocks]	[6,307,322]		[4,741,062]		[4,939,522]	
[Foreign securities]	[6,830,787]		[6,998,529]		[6,327,686]	
Loans	4,836,458	14.5	4,361,147	13.7	4,647,199	14.6
Policy loans	653,108		625,287		629,534	
Ordinary loans	4,183,349		3,735,860		4,017,665	
Tangible fixed assets	1,165,777	3.5	1,237,387	3.9	1,238,793	3.9
Intangible fixed assets	100,904	0.3	105,600	0.3	102,665	0.3
Reinsurance receivables	80	0.0	90	0.0	123	0.0
Other assets	376,967	1.1	913,853	2.9	542,986	1.7
Deferred tax assets	-		483,261	1.5	162,392	0.5
Customers' liabilities for acceptances and guarantees	15,832	0.0	18,630	0.1	18,835	0.1
Reserve for possible loan losses	(12,330)	(0.0)	(13,143)	(0.0)	(12,321)	(0.0)
Reserve for possible investment losses	(107)	(0.0)	-		(3,955)	(0.0)
Total assets	33,307,692	100.0	31,935,751	100.0	31,833,906	100.0

(millions of yen)

	As of September 30, 2007		As of September 30, 2008		As of March 31, 2008 (summarized)	
	Amount	(%)	Amount	(%)	Amount	(%)
(LIABILITIES)						
Policy reserves and others	28,393,833	85.2	28,424,416	89.0	28,254,963	88.8
Reserves for outstanding claims	166,837		157,864		156,692	
Policy reserves	27,825,045		27,878,865		27,744,733	
Reserve for policyholder dividends	401,950		387,686		353,538	
Reinsurance payables	376	0.0	454	0.0	546	0.0
Subordinated bonds	57,698	0.2	51,771	0.2	50,080	0.2
Other liabilities	1,072,154	3.2	1,497,581	4.7	1,093,365	3.4
Corporate income tax payable	-		68,858		-	
Lease liabilities	-		201		-	
Others	-		1,428,522		-	
Reserve for employees' retirement benefits	479,038	1.4	490,773	1.5	480,475	1.5
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,327	0.0	843	0.0	1,138	0.0
Reserve for possible reimbursement of prescribed claims	800	0.0	885	0.0	1,000	0.0
Reserve for price fluctuations	214,453	0.6	228,453	0.7	221,453	0.7
Deferred tax liabilities	431,261	1.3	-		-	
Deferred tax liabilities for land revaluation	126,559	0.4	125,646	0.4	126,001	0.4
Acceptances and guarantees	15,832	0.0	18,630	0.1	18,835	0.1
Total liabilities	30,793,336	92.5	30,839,456	96.6	30,247,859	95.0
(NET ASSETS)						
Foundation funds	120,000	0.4	120,000	0.4	120,000	0.4
Accumulated redeemed foundation funds	300,000	0.9	300,000	0.9	300,000	0.9
Revaluation reserve	248	0.0	248	0.0	248	0.0
Surplus	200,413	0.6	249,558	0.8	269,913	0.8
Reserve for future losses	5,100		5,400		5,100	
Other surplus	195,313		244,158		264,813	
Reserve for redemption of foundation funds	42,600		81,300		42,600	
Fund for risk allowance	43,139		43,139		43,139	
Fund for price fluctuation allowance	20,000		30,000		20,000	
Reserve for tax basis adjustments of real estate	15,635		15,961		15,635	
Other reserves	169		1,684		120	
Unappropriated net surplus for the period	73,769		72,073		143,318	
Total of foundation funds and surplus	620,662	1.9	669,807	2.1	690,162	2.2
Net unrealized gains on securities, net of tax	1,954,211	5.9	488,589	1.5	957,385	3.0
Reserve for land revaluation	(60,517)	(0.2)	(62,101)	(0.2)	(61,500)	(0.2)
Total of valuation and translation adjustments	1,893,694	5.7	426,487	1.3	895,884	2.8
Total net assets	2,514,356	7.5	1,096,295	3.4	1,586,046	5.0
Total liabilities and net assets	33,307,692	100.0	31,935,751	100.0	31,833,906	100.0

3.Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2007		Six months ended September 30, 2008		Year ended March 31, 2008 (summarized)	
	Amount	(%)	Amount	(%)	Amount	(%)
	ORDINARY REVENUES	2,165,299	100.0	2,216,878	100.0	4,452,475
Premium and other income	1,558,994		1,483,177		3,098,525	
[Premium income]	[1,558,625]		[1,482,868]		[3,097,758]	
Investment income	478,850		603,029		1,026,369	
[Interest and dividends]	[404,587]		[394,121]		[832,184]	
[Gains on trading account securities]	[-]		[253]		[-]	
[Gains on sale of securities]	[58,430]		[181,489]		[150,181]	
[Gains on redemption of securities]	[3,881]		[8,694]		[7,498]	
[Gains on investment in separate accounts]	[11,861]		[-]		[-]	
Other ordinary revenues	127,454		130,671		327,580	
ORDINARY EXPENSES	2,076,592	95.9	2,120,341	95.6	4,251,893	95.5
Benefits and claims	1,250,637		1,244,726		2,648,008	
[Claims]	[434,715]		[427,891]		[868,816]	
[Annuities]	[149,986]		[173,297]		[389,588]	
[Benefits]	[259,795]		[250,406]		[522,129]	
[Surrender values]	[331,571]		[311,815]		[699,602]	
[Other refunds]	[73,972]		[80,763]		[166,641]	
Provision for policy reserves and others	244,777		140,828		159,959	
Provision for reserves for outstanding claims	12,723		1,172		2,578	
Provision for policy reserves	226,360		134,132		146,047	
Provision for interest on policyholder dividends	5,693		5,523		11,333	
Investment expenses	153,309		309,980		563,957	
[Interest expenses]	[5,558]		[5,212]		[10,169]	
[Losses on trading account securities]	[212]		[-]		[187]	
[Losses on money held in trust]	[1,112]		[1,917]		[7,534]	
[Losses on sale of securities]	[64,283]		[99,739]		[148,338]	
[Losses on valuation of securities]	[10,351]		[62,437]		[31,904]	
[Losses on redemption of securities]	[58]		[442]		[520]	
[Derivative transaction losses]	[9,991]		[-]		[-]	
[Losses on investment in separate accounts]	[-]		[76,101]		[234,842]	
Operating expenses	216,722		217,156		443,461	
Other ordinary expenses	211,147		207,649		436,507	
NET SURPLUS FROM OPERATIONS	88,706	4.1	96,536	4.4	200,581	4.5
Extraordinary gains	4,037	0.2	4,822	0.2	4,426	0.1
Extraordinary losses	11,381	0.5	9,555	0.4	33,213	0.7
Net surplus before adjustment for taxes, etc.	81,362	3.8	91,804	4.1	171,795	3.9
Corporate income taxes-current	68,652	3.2	77,813	3.5	122,123	2.7
Corporate income tax-deferred	(58,203)	(2.7)	(56,609)	(2.6)	(89,757)	(2.0)
Net surplus for the period	70,913	3.3	70,600	3.2	139,429	3.1

I. Notes to the Unaudited Interim Non-Consolidated Balance Sheet as of September 30, 2008

1. Yen Amounts

Yen amounts of less than ¥1 million have been omitted.

2. Valuation Methods of Securities

The valuation of securities, including cash equivalents, bank deposits, and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, is as explained below:

Trading securities are carried at fair value with cost determined by the moving average method. Held-to-maturity debt securities are stated at amortized cost determined by the moving average method. Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method in accordance with the Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (JICPA).

Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

Available-for-sale securities which have market value are valued at market value at the end of the interim period (for domestic stocks, the average value during September), with cost determined by the moving average method. With respect to available-for-sale securities for which there is no market value, government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment, are valued at the amortized cost, determined by the moving average method, and all others are valued at cost using the moving average method. Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the non-consolidated statements of earnings.

The amortization of premium or discount is calculated by the straight-line method.

3. Trading Account Securities

Trading account securities are reported at fair value using the moving average method.

4. Policy-reserve-matching Bonds

The Dai-ichi Mutual Life Insurance Company (the “Company”) classifies yen-denominated bonds that are held to match the duration of sub-groups of (i) individual life insurance and annuities with a maturity of 10 years or less, (ii) individual life insurance and annuities with the maturity of more than 10 years and within 40 years, (iii) financial insurance and annuities, and (iv) employee-funded corporate pension contracts, with the exception of some insurance types, as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (JICPA).

The total of policy-reserve-matching bonds as of September 30, 2008 amounted to ¥5,159,413 million. The market value of these bonds as of September 30, 2008 was ¥5,286,955 million.

5. Derivative Transactions

Derivative transactions are reported at fair value.

6. Revaluation of Land

Based on the “Law for Revaluation of Land” (Publicly Issued Law 34, March 31, 1998), the Company revalued land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001

- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land

The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.

7. Depreciation of Tangible Fixed Assets

Depreciation of tangible fixed assets excluding lease assets is calculated by the following method. Tangible fixed assets, excluding lands, buildings, and lease assets acquired for ¥100,000 or more but less than ¥200,000 are depreciated by equal amounts over three years.

i) Buildings (excluding leasehold improvements and structures)

a. Acquired on or before March 31, 2007

Calculated by the previous straight-line method.

ii) Assets other than buildings

a. Acquired on or before March 31, 2007

Calculated by the previous declining balance method.

b. Acquired on or after April 1, 2007

Calculated by the declining balance method.

As for the tangible fixed assets acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, the salvage values are depreciated in the following five years from the fiscal year end when such assets were depreciated to their final depreciable limit.

Accumulated depreciation of tangible fixed assets as of September 30, 2008 was ¥614,943 million.

8. Translation of Assets and Liabilities Denominated in Foreign Currencies to Yen

Foreign currency-denominated assets and liabilities are translated to yen at the prevailing exchange rate at the end of the interim period. Stocks of subsidiaries and affiliated companies are translated to yen at the exchange rate on the date of acquisition.

9. Reserve for Possible Loan Losses

Reserve for possible loan losses is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, “bankrupt obligors”) and loans to and claims on obligors that have suffered substantial business failure (hereafter, “substantially bankrupt obligors”), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, “obligors at risk of bankruptcy”), the reserve is calculated by deducting the estimated recoverable amount, determined based on an overall assessment of the obligor’s ability to pay and collateral or guarantees, from book value of the loans and claims.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in the Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 2008 was ¥4,535 million.

10. Accounting for Beneficial Interests in Securitized Mortgage Loans

The trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Company in August 2000, amounted to ¥25,674 million as of September 30, 2008 and are included as trust loans in the non-consolidated balance sheet. The reserve for possible loan losses for these particular beneficial interests is calculated based on the balance of the underlying loans. The balance of the underlying loans in the trust as of September 30, 2008 was ¥67,886 million.

11. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Council) is provided, based on the estimation of projected benefit obligations and pension assets as of March 31, 2009.

Gains on plan amendments are amortized by the straight-line method over seven years based on employees' average remaining length of service.

Actuarial differences are amortized by the straight-line method from the following fiscal year over seven years based on employees' average remaining length of service.

12. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

For the reserve for retirement benefits of directors, executive officers and corporate auditors, an estimated amount for future payment out of total amount of benefits for past service approved by the 105th general meeting of representative policyholders is provided.

13. Reserve for possible reimbursement of prescribed claims

In order to provide for future possible losses resulting from reimbursement of claims for which prescription periods ran out and the amounts were recognized as profit, a reserve for possible reimbursement of prescribed claims is established, which is estimated based on past reimbursement.

14. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated substantially in accordance with Article 115 of the Insurance Business Law.

15. Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" issued on March 10, 2008 by the Accounting Standards Board of Japan. Primarily, special hedge accounting for interest swaps and the deferral hedge method are used for cash flow hedges of certain loans and government and corporate bonds; the currency allotment method is used for cash flow hedges by foreign currency swaps

and foreign currency forward contracts against exchange rate fluctuations in certain foreign currency-denominated loans and deposits; and the fair value hedge method is used for hedges by currency options and foreign currency forward contracts and other instruments against exchange rate fluctuations in the value of certain foreign currency-denominated securities. Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

16. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over 5 years in accordance with the Enforcement Ordinance of the Corporation Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

17. Policy Reserves

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Law. Insurance premium reserves are calculated as follows:

- Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
- Reserves for other policies are established based on the net level premium method.

For whole life insurance contracts acquired on or before March 31, 1996 and premium payments for which were already completed during the fiscal year ended March 31, 2007 and the interim period ended September 30, 2008 (including lump-sum payment), additional policy reserves have been provided since the fiscal year ended March 31, 2008 in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Law and will be provided evenly over the five years from the fiscal year ended March 31, 2008. As a result, the amount of additional policy reserves provided for the interim period ended September 30, 2008 was ¥70,261million.

18. Amortization of Intangible Fixed Assets

The Company uses the straight-line method of amortization for intangible fixed assets excluding lease assets. Amortization of software developed for internal use is based on the estimated useful life of five years.

19. Corporate Income Taxes and Resident Taxes

Corporate income taxes and resident taxes, including taxes deferred, for the six months ended September 30, 2008 are calculated based on the estimated provision for or reversal of reserves for tax basis adjustments of real estate and reserve for policyholder dividends, and estimated interest payment for foundation funds, in the appropriation of net surplus at the fiscal year end.

20. Lease Transactions

Financial leases, other than those whose ownership transfers to the lessees, have previously been accounted for in the same manner applicable to ordinary operating leases, except small transactions. However, effective the six months ended September 30, 2008, they are accounted for in the same manner applicable to purchases and reported as leased assets by adopting the "Accounting Standard for Lease Transactions" issued on March 30, 2007 by the Accounting Standards Board of Japan (ASBJ) and the "Implementation Guidance on the Accounting Standard for Lease Transactions" issued on March 30, 2007 by the ASBJ.

Depreciation for leased assets is computed under the straight-line method assuming zero salvage value.

Financial leases, other than those whose ownership transfers to the lessees and which commenced before April 1, 2008, are accounted for in the same manner applicable to ordinary operating leases.

As a result, leased assets increased by ¥201 million in tangible fixed assets and lease liabilities increased by ¥201 million in other liabilities. This change did not have any impact on net surplus from operations and net surplus before corporate income taxes for the six months ended September 30, 2008.

21. Fixed Asset Taxes and City Planning Taxes

Until the fiscal year ended March 31, 2008, the total amount of fixed asset taxes and city planning taxes relating to real estate for business use and movable assets was recognized as expenses on the date the charges were confirmed. In order to represent profits and losses more appropriately, taking into account quarterly disclosure starting from the fiscal year ending March 31, 2009, effective the three months ended June 30, 2008, the Company recognizes the amount correspondent with the interim period. As a result, other ordinary expenses decreased by ¥1,676 million and net surplus from operations and net surplus before adjustment for taxes, etc. each increased by ¥1,676 million.

22. Other Liabilities

Effective the interim period ended September 30, 2008, in accordance with the revised format attached to the Enforcement Regulation of the Insurance Business Law (Article 55 of the Cabinet Office Ordinance, September 19, 2008), the Company made changes in presentation as follows:

- (1) “Corporate income tax payable”, which was included in “Other liabilities” during the interim period ended September 30, 2007, is presented as a comprising item of “Other liabilities.”
- (2) “Others”, the amount of which is “Other liabilities” less “Corporate income tax payable” less “lease liabilities”, is presented as a comprising item of “Other liabilities.”

23. Problem Loans

The total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, amounted to ¥32,598 million. The amount of credits to bankrupt borrowers was ¥5,639 million, the amount of delinquent loans was ¥23,714 million, the amount of loans past due for three months or more was ¥1,689 million, and the amount of restructured loans was ¥1,555 million.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written-off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. Accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those loans classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in 9 above, credits to bankrupt borrowers and delinquent loans decreased by ¥1,122 million and ¥3,412 million, respectively.

24. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118 Paragraph 1 of the Insurance Business Law was ¥1,417,823 million. Separate account liabilities were the same amount as separate account assets.

25. Leased Computers

In addition to fixed assets included in the non-consolidated balance sheet, the Company has computers as significant leased fixed assets.

26. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(millions of yen)
Balance at the end of previous fiscal year	¥ 353,538
Transfer from surplus in previous fiscal year	89,227
Dividends paid in the interim period	(60,603)
Interest accrual in the interim period	5,523
	<hr/>
Balance at the end of the interim period	¥ 387,686

27. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥13,967 million.

28. Subordinated Debt

Other liabilities included subordinated debt of ¥130,000 million whose repayment is subordinated to other obligations.

29. Subordinated Bonds

Subordinated bonds of ¥51,771 million shown in liabilities were foreign currency-denominated subordinated bonds of US\$499 million whose repayment is subordinated to other obligations.

30. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The future obligations of the Company estimated as of September 30, 2008 to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law were ¥61,824 million. These obligations will be recognized as operating expenses in the years in which they are paid.

31. Stocks of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies the Company held was ¥124,303 million.

32. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were ¥627,487 million and ¥86 million, respectively. Secured liabilities totaled ¥615,496 million. Among the amounts above, securities and cash collateral for securities lending transactions were ¥600,496 million and ¥615,467 million, respectively.

33. Securities Lending

The total balance of securities lent as of September 30, 2008 was ¥669,137 million.

34. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The market value of the securities borrowed which are not sold or pledged was ¥5,453 million as of September 30, 2008. The Company held no securities borrowed which are pledged as collateral as of September 30, 2008.

35. Reinsurance

Reserve for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Law, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter "reserve for outstanding claims reinsured"), was not provided. The amount of policy reserve provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter "policy reserve reinsured") was ¥0 million.

II. Notes to the Unaudited Interim Non-Consolidated Statement of Earnings for the six months ended September 30, 2008

1. Yen Amounts

Yen amounts of less than ¥1 million have been omitted.

2. Gains and Losses on Sale of Securities/ Losses on Valuation of Securities

Gains on sale of securities included gains on sales of domestic bonds, domestic stocks and foreign securities of ¥43,609 million, ¥44,751 million and ¥93,127 million, respectively. Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥19,697 million, ¥329 million and ¥79,712 million, respectively. Losses on valuation of securities included losses on valuation of domestic stocks, foreign securities and other securities of ¥9,770 million, ¥47,730 million and ¥4,936 million, respectively.

3. Reinsurance

In calculating reversal of reserves for outstanding claims, there was no adjustment of provision for reserve for outstanding claims reinsured. In calculating provision for policy reserves, reversal of policy reserve reinsured of ¥0 million was added back.

4. Interest and Dividends

Major components of interest and dividends for the six months ended September 30, 2008 were as follows:

	(millions of yen)	
Interest from bank deposits	¥	4,110
Interest and dividends from securities		301,598
Interest from loans		49,346
Rental income		33,426
Other interest and dividends		5,639
		<hr/>
Total	¥	394,121
		<hr/>

5. Gains on Trading Account Securities

Gains on trading account securities included interest and dividends, gains on sale of securities, and losses on valuation of securities of ¥438 million, ¥144 million and ¥294 million, respectively.

6. Losses on Money Held in Trust

Losses on money held in trust included losses on valuation of securities of ¥1,658 million.

7. Derivative Transaction Gains

Derivative transaction losses included valuation gains of ¥26,934 million.

8. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the six months ended September 30, 2008 were as follows:

(1) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group. Each real estate for rent and real estate not in use, which is not used for insurance business purposes, is deemed as an independent asset group.

(2) Background for Recognition of Impairment Losses

As a result of significant decline in profitability or market value in some asset groups, the Company wrote down the book value of these assets to the recoverable value, and reported such reduced amount as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

Amount of impairment losses by asset group was as follows:

Asset Group	Number	Impairment Losses			(millions of yen)
		Land	Buildings	Total	
Real estate for rent	2	¥ 349	¥ 224	¥ 574	
Real estate not in use	23	¥ 556	¥ 177	¥ 734	
Total	25	¥ 906	¥ 402	¥ 1,308	

(4) Calculation of Recoverable Value

Value in use or net sale value is used as recoverable value of real estate for rent, and net sale value is used as recoverable value of real estate not in use. Discount rate of 3.13% is applied for discounting future cash flows in calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or fair value based on assessed value for fixed asset tax or inheritance tax is used as net sales value.

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

(millions of yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Year ended March 31, 2008
Fundamental revenues	2,106,869	2,016,813	4,285,461
Premium and other income	1,558,994	1,483,177	3,098,525
Investment income	420,420	402,964	840,104
[Interest and dividends]	404,587	394,121	832,184
Other ordinary revenues	127,454	130,671	346,830
[Transfer from policy reserves]	-	-	19,250
Fundamental expense	1,867,808	1,800,773	3,830,477
Benefits and claims	1,250,637	1,244,726	2,648,008
Provision for policy reserves and others	163,656	29,566	13,911
Investment iexpenses	25,645	101,673	288,589
Operating expenses	216,722	217,156	443,461
Other ordinary expenses	211,147	207,649	436,507
Fundamental profit	A	239,061	216,040
Capital gains	58,430	200,064	186,264
Gains on money held in trust	-	-	-
Gains on investments in trading securities	-	-	-
Gains on sale of securities	58,430	181,489	150,181
Derivative transaction gains	-	18,321	36,082
Foreign exchange gains	-	-	-
Gains on trading account securities	-	253	-
Others	-	-	-
Capital losses	124,479	207,055	268,541
Losses on money held in trust	1,112	1,917	7,534
Losses on investments in trading securities	-	-	-
Losses on sale of securities	64,283	99,739	148,338
Losses on valuation of securities	10,351	62,437	31,904
Derivative transaction losses	9,991	-	-
Foreign exchange losses	38,528	42,960	80,577
Losses on trading account securities	212	-	187
Others	-	-	-
Net capital gains	B	(66,049)	(82,277)
Fundamental profit plus net capital gains	A+B	173,011	209,049
Other one-time gains	-	-	-
Reinsurance income	-	-	-
Reversal of contingency reserve	-	-	-
Others	-	-	-
Other one-time losses	84,304	112,512	172,124
Ceding reinsurance commissions	-	-	-
Provision for contingency reserve	41,000	41,000	29,000
Provision for specific reserve for possible loan losses	2,641	594	2,273
Provision for specific reserve for loans to refinancing countries	-	-	-
Write-down of loans	520	657	683
Others	40,142	70,261	140,167
Other one-time profits	C	(84,304)	(172,124)
Net surplus from operations	A+B+C	88,706	200,581

- Note 1. 'Others' in other one-time losses during the six months ended September 30, 2007 represents the total of (i) provision for reserve for possible investment losses (21million yen), (ii) additional policy reserves provided in accordance with Articles 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Law (89,693 million yen) and (iii) negative effect of introduction of monthly policy reserve valuation (49,571 million yen)
2. 'Others' in other one-time losses during the six months ended September 30, 2008 represents additional policy reserves provided in accordance with Articles 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Law (70,261 million yen).
3. 'Others' in other one-time losses during the fiscal year ended March 31, 2008 represents the total of (i) provision for reserve for possible investment losses (3,869million yen), (ii) additional policy reserves provided in accordance with Articles 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Law (203,503 million yen) and (iii) negative effect of introduction of monthly policy reserve valuation (67,205 million yen)

5. Unaudited Non-Consolidated Statements of Changes in Net Assets

(1) Unaudited Non-Consolidated Statement of Changes in Net Assets for the Six Months Ended September 30, 2007

(Millions of yen)

	Foundation funds and surplus											
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserve	Reserve for future losses	Surplus						Total of surplus	Total of foundation funds and surplus
					Reserve for redemption of foundation funds	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Other reserves	Unappropriated net surplus for the period		
Beginning balance as of March 31, 2007	140,000	280,000	248	4,700	36,400	43,139	10,000	13,891	122	157,618	265,871	686,119
Changes for the interim period												
Issuance of foundation funds											-	-
Transfer to reserve for policyholder dividends										(114,169)	(114,169)	(114,169)
Transfer to reserve for future losses				400						(400)	-	-
Transfer to accumulated redeemed foundation funds		20,000			(20,000)						(20,000)	-
Interest on foundation funds										(2,678)	(2,678)	(2,678)
Net surplus for the period										70,913	70,913	70,913
Redemption of foundation funds	(20,000)										-	(20,000)
Transfer to reserve for redemption of foundation funds					26,200					(26,200)	-	-
Transfer to fund for price fluctuation allowance							10,000			(10,000)	-	-
Transfer to reserve for tax basis adjustments of real estate								1,908		(1,908)	-	-
Transfer from reserve for tax basis adjustments of real estate								(163)		163	-	-
Transfer to other reserves									2,426	(2,426)	-	-
Transfer from other reserves									(2,379)	2,379	-	-
Transfer from reserve for land revaluation										476	476	476
Net changes of items other than foundation funds and surplus												
Total changes for the interim period	(20,000)	20,000	-	400	6,200	-	10,000	1,744	46	(83,849)	(65,457)	(65,457)
Ending balance as of September 30, 2007	120,000	300,000	248	5,100	42,600	43,139	20,000	15,635	169	73,769	200,413	620,662

	Valuation and translation adjustments				Total net assets
	Net unrealized gains on securities, net of tax	Deferred hedge gains(losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
Beginning balance as of March 31, 2007	2,253,999	(2)	(60,005)	2,193,991	2,880,111
Changes for the interim period					
Issuance of foundation funds					-
Transfer to reserve for policyholder dividends					(114,169)
Transfer to reserve for future losses					-
Transfer to accumulated redeemed foundation funds					-
Interest on foundation funds					(2,678)
Net surplus for the period					70,913
Redemption of foundation funds					(20,000)
Transfer to reserve for redemption of foundation funds					-
Transfer to fund for price fluctuation allowance					-
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for tax basis adjustments of real estate					-
Transfer to other reserves					-
Transfer from other reserves					-
Transfer from reserve for land revaluation					476
Net changes of items other than foundation funds and surplus	(299,788)	2	(512)	(300,297)	(300,297)
Total changes for the interim period	(299,788)	2	(512)	(300,297)	(365,755)
Ending balance as of September 30, 2007	1,954,211	-	(60,517)	1,893,694	2,514,356

(2) Unaudited Non-Consolidated Statement of Changes in Net Assets for the Six Months Ended September 30, 2008

(millions of yen)

	Foundation funds and surplus											Total of foundation funds and surplus
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserve	Surplus							Total of surplus	
				Reserve for future losses	Other surplus					Unappropriated net surplus for the period		
					Reserve for redemption of foundation funds	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Other reserves			
Beginning balance as of March 31, 2008	120,000	300,000	248	5,100	42,600	43,139	20,000	15,635	120	143,318	269,913	690,162
Changes for the interim period												
Transfer to reserve for policyholder dividends										(89,227)	(89,227)	(89,227)
Transfer to reserve for future losses				300						(300)	-	-
Interest on foundation funds										(2,328)	(2,328)	(2,328)
Net surplus for the period										70,600	70,600	70,600
Transfer to reserve for redemption of foundation funds					38,700					(38,700)	-	-
Transfer to fund for price fluctuation allowance							10,000			(10,000)	-	-
Transfer to reserve for tax basis adjustments of real estate								482		(482)	-	-
Transfer from reserve for tax basis adjustments of real estate								(156)		156	-	-
Transfer to other reserves									2,436	(2,436)	-	-
Transfer from other reserves									(871)	871	-	-
Transfer from reserve for land revaluation										601	601	601
Net changes of items other than foundation funds and surplus												
Total changes for the interim period	-	-	-	300	38,700	-	10,000	326	1,564	(71,244)	(20,354)	(20,354)
Ending balance as of September 30, 2008	120,000	300,000	248	5,400	81,300	43,139	30,000	15,961	1,684	72,073	249,558	669,807

	Valuation and translation adjustments				Total net assets
	Net unrealized gains on securities, net of tax	Deferred hedge gains(losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
Beginning balance as of March 31, 2008	957,385	-	(61,500)	895,884	1,586,046
Changes for the interim period					
Transfer to reserve for policyholder dividends					(89,227)
Transfer to reserve for future losses					-
Interest on foundation funds					(2,328)
Net surplus for the period					70,600
Transfer to reserve for redemption of foundation funds					-
Transfer to fund for price fluctuation allowance					-
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for tax basis adjustments of real estate					-
Transfer to other reserves					-
Transfer from other reserves					-
Transfer from reserve for land revaluation					601
Net changes of items other than foundation funds and surplus	(468,795)	-	(601)	(469,396)	(469,396)
Total changes for the interim period	(468,795)	-	(601)	(469,396)	(489,751)
Ending balance as of September 30, 2008	488,589	-	(62,101)	426,487	1,096,295

(3) Unaudited Non-Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31, 2008

(millions of yen)

	Foundation funds and surplus															
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserve	Reserve for future losses	Surplus										Total of surplus	Total of foundation funds and surplus
					Reserve for redemption of foundation funds	Fund for risk allowance	Fund for price fluctuation allowance	Subsidy for social public enterprise	Fund for Public Health Awards	Fund for Green Design Award	Reserve for tax basis adjustments of real estate	Other reserves	Unappropriated net surplus for the year			
Beginning balance as of March 31, 2007	140,000	280,000	248	4,700	36,400	43,139	10,000	9	6	6	13,891	100	157,618	265,871	686,119	
Changes for the year																
Transfer to reserve for policyholder dividends													(114,169)	(114,169)	(114,169)	
Transfer to reserve for future losses				400									(400)	-	-	
Transfer to accumulated redeemed foundation funds		20,000			(20,000)									(20,000)	-	
Interest payment for foundation funds													(2,678)	(2,678)	(2,678)	
Net surplus for the year													139,429	139,429	139,429	
Redemption of foundation funds	(20,000)													-	(20,000)	
Transfer to reserve for redemption of foundation funds					26,200								(26,200)	-	-	
Transfer to fund for price fluctuation allowance							10,000						(10,000)	-	-	
Transfer to subsidy for social public enterprise								2,326					(2,326)	-	-	
Transfer from subsidy for social public enterprise								(2,326)					2,326	-	-	
Transfer to fund for Public Health Awards									50				(50)	-	-	
Transfer from fund for Public Health Awards									(51)				51	-	-	
Transfer to fund for Green Design Award										50			(50)	-	-	
Transfer from fund for Green Design Award										(50)			50	-	-	
Transfer to reserve for tax basis adjustments of real estate											1,908		(1,908)	-	-	
Transfer from reserve for tax basis adjustments of real estate											(163)		163	-	-	
Transfer from reserve for land revaluation													1,460	1,460	1,460	
Net changes of items other than foundation funds and surplus																
Changes for the year	(20,000)	20,000	-	400	6,200	-	10,000	-	(1)	0	1,744	-	(14,300)	4,042	4,042	
Ending balance as of March 31, 2008	120,000	300,000	248	5,100	42,600	43,139	20,000	9	4	6	15,635	100	143,318	269,913	690,162	

	Valuation and translation adjustments				Total
	Net unrealized gains on securities, net of tax	Deferred hedge gains/losses	Reserve for land revaluation	Total of valuation and translation adjustments	
Beginning balance as of March 31, 2007	2,253,999	(2)	(60,005)	2,193,991	2,880,111
Changes for the year					
Transfer to reserve for policyholder dividends					(114,169)
Transfer to reserve for future losses					-
Transfer to accumulated redeemed foundation funds					-
Interest payment for foundation funds					(2,678)
Net surplus for the year					139,429
Redemption of foundation funds					(20,000)
Transfer to reserve for redemption of foundation funds					-
Transfer to fund for price fluctuation allowance					-
Transfer to subsidy for social public enterprise					-
Transfer from subsidy for social public enterprise					-
Transfer to fund for Public Health Awards					-
Transfer from fund for Public Health Awards					-
Transfer to fund for Green Design Award					-
Transfer from fund for Green Design Award					-
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for tax basis adjustments of real estate					-
Transfer from reserve for land revaluation					1,460
Net changes of items other than foundation funds and surplus	(1,296,614)	2	(1,495)	(1,298,107)	(1,298,107)
Changes for the year	(1,296,614)	2	(1,495)	(1,298,107)	(1,294,065)
Ending balance as of March 31, 2008	957,385	-	(61,500)	895,884	1,586,046

6. Investment of General Account Assets for the Six Months Ended September 30, 2008

(1) Investment Environment

The Japanese economy experienced weak domestic and international demand in the first half of the fiscal year. As the prices of daily commodities increased, households became defensive in their spending and, consequently, personal consumption weakened. Capital expenditure of the corporate sector decreased due to the decline in corporate profits triggered by the rising price of natural resources such as oil. In addition to the sluggish exports to the U.S., those to Europe and Asia declined, showing signs of leveling off.

The U.S. economy slowed down in the first half of the fiscal year. The real personal consumption in the U.S. from July to September 2008 showed negative growth, given the concern that the financial turmoil as well as increase in energy and food prices would affect the actual economy negatively.

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

[Domestic interest rates]

Yield on ten year government bonds once rose to more than 1.85%, reflecting the improvement in the U.S. financial environment and the concerns on inflation triggered by the increase in oil price. Thereafter, as losses of the U.S. financial institutions showed no sign of stopping and, thus, the financial turmoil resurged, the yield declined to 1.4% along with the fall in stock prices.

Yield on ten-year government bonds:	March 31, 2008	1.275%
	September 30, 2008	1.460%

[Domestic Stocks]

Given a yen depreciation climate and steady overseas stock markets with the improvement in the U.S. financial environment, Nikkei 225 Stock Average at one point recovered to over 14,000. Thereafter, it declined approximately to 11,000 because of (1) concerns of economic downturn triggered by the price increase in raw materials, and (2) resurgence of the financial turmoil originated in the U.S..

Nikkei 225 Stock Average:	March 31, 2008	¥ 12,525
	September 30, 2008	¥ 11,259
TOPIX:	March 31, 2008	1,212
	September 30, 2008	1,087

[Foreign Currency]

The U.S dollar appreciated moderately against the yen and once reached over ¥110 to the dollar, given improvement in the financial environment and Federal Reserve Bank's policy changeover to lower interest rate. However, the resurgence of financial turmoil in the U.S. pressured unwinding of short yen positions, resulting in yen appreciation against the U.S. dollar.

The Euro appreciated against the yen and once reached close to ¥170 to the Euro in response to European Central Bank's interest rate increase. After the increase, given growing concern on economic downturn, the euro rapidly depreciated against the yen and declined to less than ¥150.

yen/U.S. dollar:	March 31, 2008	¥100.19
	September 30, 2008	¥103.57
yen/euro:	March 31, 2008	¥158.19
	September 30, 2008	¥149.05

(2) Investment Results

[Asset Composition]

The Company continued to set fixed income investments, including bonds and loans, as the core of its asset portfolio, consistent with its mid- to long-term investment policies. The Company actively increased its position in policy-reserve-matching bonds by purchasing long-term and super-long-term domestic bonds, in order to further enhance its Asset Liability Management (ALM) strategy and to improve profitability.

The table below summarizes the investment results of general account by asset:

Assets	Investment results
Domestic bonds	Although total balance of domestic bonds decreased, the Company actively replaced low-yield bonds with longer duration high-yield bonds and also increased investment in policy-reserve-matching bonds (mainly long-term and super-long-term bonds), based on its ALM strategy. The Company also made efforts to improve investment yields by carefully selecting and diversifying among various credit risk products including corporate bonds and asset backed securities, in accordance with the risk adjusted credit spread guidelines.
Loans	Although total balance of loans decreased due to contractual maturities and other factors, the Company provided loans by setting adequate risk-adjusted spreads, while also paying attention to the credit spread changes in the bond market.
Domestic stocks	Although the Company slightly increased its total exposure to domestic stocks, the balance decreased due to declines in the domestic stock market. The Company replaced some companies and sectors with those with high competitiveness and growth potential, taking into account the analyses by in-house analysts.
Foreign bonds	In order to enhance investment efficiency, the Company increased its investment in foreign currency-denominated bonds by increasing exposure in such bonds with currency hedges, while maintaining the balance of foreign currency-denominated bonds without currency hedges. The Company cautiously controlled related risks by diversifying its portfolio by sector and currency.
Foreign Stocks	The Company maintained its investment in foreign stocks, utilizing independent investment advisors as well as in-house managers to enhance diversified geographic allocation and investment styles.
Real Estate	By renegotiating rent and improving vacancy rates of the existing real estate portfolio, the Company pursued high profitability. While the total balance remained unchanged, the Company increased the value of existing real estate by refurbishment and housing rehabilitation.

Note: Changes in assets are described on a book value basis.

[Investment income and expenses]

Interest and dividend income decreased largely due to a decrease in foreign interest income triggered by yen appreciation against other currencies. Meanwhile, due to increase in gains on sale of marketable securities, investment income increased by ¥136,039 million to ¥603,029 million. Investment losses increased by ¥80,570 million to ¥233,879 million, mainly due to an increase in losses on sales of marketable securities and devaluation losses on stocks caused by declines in the equity market.

As a result, net investment income increased by ¥55,469 million to ¥369,149 million for the six months ended September 30, 2008.

(3) Investment Environment Outlook for the Six Months Ending March 31, 2009

It is estimated that the Japanese economy will remain, or become even more, sluggish in the second half of the fiscal year with inert personal consumption, capital expenditure, and exports. Severe recession is unlikely to occur, as the excess in employment, capacity, and inventory in the corporate sector is limited. However, it could take months to bring the economy back on a recovery track, given the worldwide downturn in economy.

[Domestic interest rates]

Long-term interest rates are estimated to remain at a low level, given the economic downturn and the reduction in interest rate by the Bank of Japan. However, possible government expenditure packages to stimulate the economy may worsen balance between supply and demand of government bonds, and, therefore, may increase the pressure to raise interest rates temporarily.

[Domestic stocks]

Domestic stock market will face seesawing share prices affected both by the domestic economic slowdown and by trends in oversea stock markets. As the global financial turmoil weakens, the market may recover to some extent. However, the pace of any recovery is estimated to be slow.

[Foreign currency]

Yen depreciation pressure will increase due both to interest-spread between other countries and Japan and to risk tolerance recovery. On the other hand, depreciation pressure of U.S. dollar and Euro may increase, reflecting concerns of further economic downturn in the U.S. and Europe. Therefore, the foreign currency market will face a back-and-forth situation.

(4) Investment Policies for the Six Months Ending March 31, 2009

The Company will continue to set fixed income investments, including bonds and loans, as the core of its asset portfolio, consistent with its mid- to long-term investment policies.

The table below summarizes the expected investments of general account by asset:

Assets	Investment policies
Domestic bonds	<u>Slight increase</u> The Company will keep its investment in domestic bonds at the present level, as a core asset under its ALM strategy, throughout the year. When interest rates rise, the Company will accelerate its investment in bonds with longer duration.
Loans	<u>Decrease</u> The Company will provide new loans with attention to lending conditions and credit spread levels in the corporate bond market. Because corporate capital needs are estimated to shrink, however, the total balance of loans will decrease.
Domestic stocks	<u>Flat</u> Taking into account market trends, the Company will control its exposure to domestic stocks with average exposure targeted at the present level. The Company will also make efforts to improve its profitability by actively selecting companies and sectors with growth potential.
Foreign bonds	<u>Flat</u> The Company will maintain its foreign currency-denominated bond portfolio at the present level, which contributes to diversification and a better risk-return profile of the overall asset portfolio. The Company will carefully monitor domestic and foreign interest rate differentials as well as foreign currency exchange rates.
Foreign Stocks	<u>Flat</u> Taking into account market trends, the Company will control its exposure to foreign stocks with average exposure targeted at the present level. The Company also continues to seek regional diversification, as well as investment style diversification, by utilizing both in-house fund managers and independent investment advisors.

7. Investment of General Account Assets

(1) Asset Composition (General Account)

(millions of yen)

	As of September 30, 2007		As of September 30, 2008		As of March 31, 2008	
	Carrying value	%	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	304,241	1.0	375,684	1.2	338,541	1.1
Securities repurchased under resale agreements	-	-	-	-	-	-
Deposit paid for securities borrowing transactions	81,883	0.3	26,285	0.1	47,273	0.2
Monetary claims bought	426,382	1.3	247,624	0.8	316,767	1.0
Trading account securities	149,285	0.5	76,827	0.3	46,663	0.2
Money held in trust	31,391	0.1	23,337	0.1	25,223	0.1
Securities	24,143,338	76.4	22,704,754	74.3	22,919,828	75.5
Domestic bonds	11,695,343	37.0	11,471,137	37.6	12,186,760	40.1
Domestic stocks	5,776,601	18.3	4,355,190	14.3	4,508,764	14.9
Foreign securities	6,341,614	20.1	6,634,611	21.7	5,925,778	19.5
Foreign bonds	4,889,260	15.5	5,173,923	16.9	4,540,667	15.0
Foreign stocks and other securities	1,452,353	4.6	1,460,687	4.8	1,385,111	4.6
Other securities	329,778	1.0	243,814	0.8	298,525	1.0
Loans	4,836,458	15.3	4,361,147	14.3	4,647,199	15.3
Policy loans	653,108	2.1	625,287	2.0	629,534	2.1
Ordinary loans	4,183,349	13.2	3,735,860	12.2	4,017,665	13.2
Real estate	1,160,173	3.7	1,231,947	4.0	1,233,982	4.1
Real estate for rent	739,299	2.3	783,429	2.6	780,267	2.6
Deferred tax assets	-	-	483,261	1.6	162,392	0.5
Others	479,709	1.5	1,029,252	3.4	636,254	2.1
Reserve for possible loan losses	(12,330)	(0.0)	(13,143)	(0.0)	(12,321)	(0.0)
Total	31,600,534	100.0	30,546,980	100.0	30,361,805	100.0
Foreign currency-denominated assets	5,263,722	16.7	5,674,815	18.6	4,940,802	16.3

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

(2) Changes (Increase/Decrease) in Assets (General Account)

(millions of yen)

	Six months ended	Three	Six months ended	Year ended
	September 30, 2007	months ended	September 30, 2008	March 31, 2008
Cash, deposits, and call loans		(202,542)	37,142	(168,242)
Security repurchased under resale agreements		-	-	-
Deposit paid for securities borrowing transactions		81,883	(20,987)	47,273
Monetary claims bought		(35,946)	(69,142)	(145,561)
Trading account securities		149,285	30,164	46,663
Money held in trust		(1,172)	(1,885)	(7,340)
Securities		(67,814)	(215,073)	(1,291,324)
Domestic bonds		(225,332)	(715,622)	266,083
Domestic stocks		(345,616)	(153,573)	(1,613,454)
Foreign securities		542,295	708,833	126,459
Foreign bonds		406,125	633,256	57,532
Foreign stocks and other securities		136,170	75,576	68,927
Other securities		(39,160)	(54,711)	(70,413)
Loans		(226,112)	(286,051)	(415,371)
Policy loans		(6,160)	(4,246)	(29,735)
Ordinary loans		(219,952)	(281,805)	(385,636)
Real estate		(7,075)	(2,035)	66,733
Real estate for rent		(899)	3,161	40,068
Deferred tax assets		-	320,868	162,392
Others		74,190	392,997	230,735
Reserve for possible loan losses		(795)	(822)	(786)
Total		(236,101)	185,174	(1,474,829)
Foreign currency-denominated assets		530,972	734,012	208,051

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

(3) Investment Income (General Account)

(millions of yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Year ended March 31, 2008
Interest and dividends	404,587	394,121	832,184
Interest from deposits	2,352	4,110	4,687
Interest and dividends from securities	314,980	301,598	651,127
Interest from loans	51,819	49,346	102,821
Rental income	29,651	33,426	62,579
Other interest and dividends	5,783	5,639	10,969
Gains on trading account securities	-	253	-
Gains on money held in trust	-	-	-
Gains on investments in trading securities	-	-	-
Gains on sale of securities	58,430	181,489	150,181
Gains on sale of domestic bonds	7,311	43,609	25,926
Gains on sale of domestic stocks	15,835	44,751	42,567
Gains on sale of foreign securities	35,283	93,127	81,678
Others	-	-	9
Gains on redemption of securities	3,881	8,694	7,498
Derivative transaction gains	-	18,321	36,082
Foreign exchange gains	-	-	-
Other investment income	89	148	421
Total	466,989	603,029	1,026,369

(4) Investment Expense (General Account)

(millions of yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Year ended March 31, 2008
Interest expenses	5,558	5,212	10,169
Losses on trading account securities	212	-	187
Losses on money held in trust	1,112	1,917	7,534
Losses on investments in trading securities	-	-	-
Losses on sale of securities	64,283	99,739	148,338
Losses on sale of domestic bonds	29,812	19,697	33,121
Losses on sale of domestic stocks	1,932	329	2,618
Losses on sale of foreign securities	32,539	79,712	112,597
Others	-	-	-
Losses on valuation of securities	10,351	62,437	31,904
Losses on valuation of domestic bonds	-	-	-
Losses on valuation of domestic stocks	6,101	9,770	18,797
Losses on valuation of foreign securities	696	47,730	13,107
Others	3,553	4,936	-
Losses on redemption of securities	58	442	520
Derivative transaction losses	9,991	-	-
Foreign exchange losses	38,528	42,960	80,577
Provision for reserve for possible loan losses	849	812	1,339
Provision for reserve for possible investment losses	21	-	3,869
Write-down of loans	520	657	683
Depreciation of rental real estate and others	7,473	7,443	15,273
Other investment expenses	14,347	12,255	28,718
Total	153,309	233,879	329,114

(5) Net Investment Income (General Account)

(millions of yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Year ended March 31, 2008
Net investment income	313,680	369,149	697,254

(6) Valuation Gains and Losses on Trading Securities (General Account)

(millions of yen)

	As of September 30, 2007		As of September 30, 2008		As of March 31, 2008	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	178,926	(1,511)	98,572	(1,927)	70,343	(5,995)
Trading account securities	149,285	(149)	76,827	(269)	46,663	122
Money held in trust	29,640	(1,362)	21,744	(1,657)	23,680	(6,117)

Note: 'Valuation gains (losses) included in statement of earnings' include reversal gains (losses) at the beginning of the period.

(7) 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 September 30, 2007					
Bonds held to maturity	181,576	176,411	(5,165)	320	5,485
Domestic bonds	122,861	119,643	(3,218)	320	3,538
Foreign bonds	58,714	56,767	(1,947)	-	1,947
Policy-reserve-matching bonds	4,909,618	4,966,390	56,772	70,931	14,159
Domestic bonds	4,909,618	4,966,390	56,772	70,931	14,159
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	15,239,107	18,296,382	3,057,275	3,183,825	126,549
Domestic bonds	6,573,473	6,662,863	89,390	98,767	9,377
Domestic stocks	2,992,494	5,549,798	2,557,303	2,619,333	62,030
Foreign securities	5,283,633	5,670,797	387,163	441,179	54,015
Foreign bonds	4,675,217	4,830,545	155,328	206,211	50,883
Foreign stocks and other securities	608,416	840,251	231,835	234,967	3,132
Other securities	203,571	226,989	23,417	24,543	1,126
Monetary claims bought	155,933	155,933	-	-	-
Certificates of deposit	30,000	30,000	-	-	-
Others	-	-	-	-	-
Total	20,330,301	23,439,183	3,108,882	3,255,077	146,195
Domestic bonds	11,605,953	11,748,897	142,944	170,019	27,075
Domestic stocks	2,992,494	5,549,798	2,557,303	2,619,333	62,030
Foreign securities	5,342,348	5,727,565	385,216	441,179	55,962
Foreign bonds	4,733,932	4,887,313	153,381	206,211	52,830
Foreign stocks and other securities	608,416	840,251	231,835	234,967	3,132
Other securities	203,571	226,989	23,417	24,543	1,126
Monetary claims bought	155,933	155,933	-	-	-
Certificates of deposit	30,000	30,000	-	-	-
Others	-	-	-	-	-
As of September 30, 2008					
Bonds held to maturity	175,959	175,287	(672)	1,699	2,371
Domestic bonds	123,418	121,658	(1,759)	611	2,371
Foreign bonds	52,541	53,628	1,087	1,087	-
Policy-reserve-matching bonds	5,159,413	5,286,955	127,542	128,497	954
Domestic bonds	5,159,413	5,286,955	127,542	128,497	954
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	15,348,599	16,112,969	764,370	1,362,153	597,782
Domestic bonds	6,083,543	6,188,305	104,762	122,504	17,742
Domestic stocks	3,065,074	4,082,476	1,017,401	1,160,768	143,366
Foreign securities	6,020,398	5,691,487	(328,911)	76,863	405,774
Foreign bonds	5,357,931	5,121,382	(236,548)	48,813	285,362
Foreign stocks and other securities	662,467	570,104	(92,362)	28,049	120,412
Other securities	159,582	130,700	(28,881)	2,016	30,898
Monetary claims bought	-	-	-	-	-
Certificates of deposit	20,000	20,000	-	-	-
Others	-	-	-	-	-
Total	20,683,972	21,575,213	891,240	1,492,349	601,108
Domestic bonds	11,366,375	11,596,920	230,545	251,613	21,068
Domestic stocks	3,065,074	4,082,476	1,017,401	1,160,768	143,366
Foreign securities	6,072,940	5,745,116	(327,824)	77,950	405,774
Foreign bonds	5,410,472	5,175,011	(235,461)	49,901	285,362
Foreign stocks and other securities	662,467	570,104	(92,362)	28,049	120,412
Other securities	159,582	130,700	(28,881)	2,016	30,898
Monetary claims bought	-	-	-	-	-
Certificates of deposit	20,000	20,000	-	-	-
Others	-	-	-	-	-

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2008					
Bonds held to maturity	174,034	176,400	2,365	4,011	1,645
Domestic bonds	123,140	123,084	(56)	1,589	1,645
Foreign bonds	50,894	53,316	2,421	2,421	-
Policy-reserve-matching bonds	4,927,142	5,078,369	151,227	155,763	4,535
Domestic bonds	4,927,142	5,078,369	151,227	155,763	4,535
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	15,323,877	16,821,851	1,497,973	1,854,028	356,054
Domestic bonds	6,910,185	7,136,478	226,292	235,085	8,792
Domestic stocks	2,988,492	4,276,199	1,287,706	1,408,762	121,056
Foreign securities	5,135,282	5,129,440	(5,842)	204,446	210,288
Foreign bonds	4,498,342	4,489,772	(8,570)	133,324	141,894
Foreign stocks and other securities	636,939	639,668	2,728	71,122	68,394
Other securities	204,933	194,749	(10,183)	5,733	15,916
Monetary claims bought	44,983	44,983	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-
Total	20,425,054	22,076,621	1,651,566	2,013,802	362,236
Domestic bonds	11,960,467	12,337,931	377,464	392,438	14,973
Domestic stocks	2,988,492	4,276,199	1,287,706	1,408,762	121,056
Foreign securities	5,186,177	5,182,757	(3,420)	206,868	210,288
Foreign bonds	4,549,237	4,543,089	(6,148)	135,745	141,894
Foreign stocks and other securities	636,939	639,668	2,728	71,122	68,394
Other securities	204,933	194,749	(10,183)	5,733	15,916
Monetary claims bought	44,983	44,983	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-

- Note: 1. The table above includes assets, such as certificates of deposit, which are considered appropriate to handle as securities, as defined in the Financial Instruments and Exchange Law.
2. Money held in trust classified as other than trading securities, in which bank deposits are held, is excluded from the table above. Book value, equivalent of fair value, of the trust as of September 30, 2007, September 30, 2008 and as of March 31, 2008 amounted to 1,750 million yen, 1,593 million yen and 1,543 million yen, respectively.

* Carrying values of securities without fair value are as follows:

(millions of yen)

	As of September 30, 2007	As of September 30, 2008	As of March 31, 2008
Bonds held to maturity	-	-	-
Unlisted foreign bonds	-	-	-
Others	-	-	-
Policy-reserve-matching bonds	-	-	-
Stocks of subsidiaries and affiliates	78,735	124,303	82,634
Unlisted domestic stocks (except over-the-counter stocks)	66,315	106,325	66,325
Unlisted foreign stocks (except over-the-counter stocks)	6,820	8,070	6,879
Others	5,600	9,907	9,429
Other securities	1,133,401	1,399,717	1,271,109
Unlisted domestic stocks (except over-the-counter stocks)	160,487	166,388	166,239
Unlisted foreign stocks (except over-the-counter stocks)	603,678	875,093	731,095
Unlisted foreign bonds	0	0	0
Others	369,235	358,234	373,775
Total	1,212,137	1,524,020	1,353,744

- Note: The table above includes assets, such as certificates of deposit, which are considered appropriate to handle as securities, as defined in the Financial Instruments and Exchange Law.

(reference) Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities without fair value which are listed on the table above, in addition to the figures in the table (7), is as follows:

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of September 30, 2007					
Bonds held to maturity	181,576	176,411	(5,165)	320	5,485
Domestic bonds	122,861	119,643	(3,218)	320	3,538
Foreign bonds	58,714	56,767	(1,947)	-	1,947
Policy-reserve-matching bonds	4,909,618	4,966,390	56,772	70,931	14,159
Domestic bonds	4,909,618	4,966,390	56,772	70,931	14,159
Stocks of subsidiaries and affiliates	78,735	78,128	(607)	-	607
Domestic stocks	66,315	66,315	-	-	-
Foreign stocks	8,417	7,809	(607)	-	607
Other securities	4,003	4,003	-	-	-
Securities available for sale	16,372,508	19,429,790	3,057,281	3,183,830	126,549
Domestic bonds	6,573,473	6,662,863	89,390	98,767	9,377
Domestic stocks	3,152,982	5,710,286	2,557,303	2,619,333	62,030
Foreign securities	5,887,312	6,274,481	387,169	441,184	54,015
Foreign bonds	4,675,217	4,830,545	155,328	206,211	50,883
Foreign stocks and other securities	1,212,095	1,443,936	231,840	234,973	3,132
Other securities	302,357	325,775	23,417	24,543	1,126
Monetary claims bought	426,382	426,382	-	-	-
Certificates of deposit	30,000	30,000	-	-	-
Others	-	-	-	-	-
Total	21,542,439	24,650,719	3,108,280	3,255,082	146,802
Domestic bonds	11,605,953	11,748,897	142,944	170,019	27,075
Domestic stocks	3,219,297	5,776,601	2,557,303	2,619,333	62,030
Foreign securities	5,954,445	6,339,059	384,614	441,184	56,570
Foreign bonds	4,733,932	4,887,313	153,381	206,211	52,830
Foreign stocks and other securities	1,220,512	1,451,745	231,233	234,973	3,739
Other securities	306,360	329,778	23,417	24,543	1,126
Monetary claims bought	426,382	426,382	-	-	-
Certificates of deposit	30,000	30,000	-	-	-
Others	-	-	-	-	-
As of September 30, 2008					
Bonds held to maturity	175,959	175,287	(672)	1,699	2,371
Domestic bonds	123,418	121,658	(1,759)	611	2,371
Foreign bonds	52,541	53,628	1,087	1,087	-
Policy-reserve-matching bonds	5,159,413	5,286,955	127,542	128,497	954
Domestic bonds	5,159,413	5,286,955	127,542	128,497	954
Stocks of subsidiaries and affiliates	124,303	122,224	(2,078)	-	2,078
Domestic stocks	106,325	106,325	-	-	-
Foreign stocks	14,686	12,607	(2,078)	-	2,078
Other securities	3,291	3,291	-	-	-
Securities available for sale	16,748,316	17,512,702	764,386	1,362,169	597,783
Domestic bonds	6,083,543	6,188,305	104,762	122,504	17,742
Domestic stocks	3,231,463	4,248,865	1,017,401	1,160,768	143,366
Foreign securities	6,896,280	6,567,384	(328,896)	76,879	405,775
Foreign bonds	5,357,931	5,121,382	(236,548)	48,813	285,362
Foreign stocks and other securities	1,538,349	1,446,001	(92,347)	28,065	120,412
Other securities	269,404	240,522	(28,881)	2,016	30,898
Monetary claims bought	247,624	247,624	-	-	-
Certificates of deposit	20,000	20,000	-	-	-
Others	-	-	-	-	-
Total	22,207,993	23,097,170	889,177	1,492,365	603,187
Domestic bonds	11,366,375	11,596,920	230,545	251,613	21,068
Domestic stocks	3,337,788	4,355,190	1,017,401	1,160,768	143,366
Foreign securities	6,963,508	6,633,620	(329,887)	77,966	407,853
Foreign bonds	5,410,472	5,175,011	(235,461)	49,901	285,362
Foreign stocks and other securities	1,553,035	1,458,609	(94,425)	28,065	122,491
Other securities	272,696	243,814	(28,881)	2,016	30,898
Monetary claims bought	247,624	247,624	-	-	-
Certificates of deposit	20,000	20,000	-	-	-
Others	-	-	-	-	-

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 2008					
Bonds held to maturity	174,034	176,400	2,365	4,011	1,645
Domestic bonds	123,140	123,084	(56)	1,589	1,645
Foreign bonds	50,894	53,316	2,421	2,421	-
Policy-reserve-matching bonds	4,927,142	5,078,369	151,227	155,763	4,535
Domestic bonds	4,927,142	5,078,369	151,227	155,763	4,535
Stocks of subsidiaries and affiliates	82,634	80,588	(2,046)	-	2,046
Domestic stocks	66,325	66,325	-	-	-
Foreign stocks	13,495	11,449	(2,046)	-	2,046
Other securities	2,813	2,813	-	-	-
Securities available for sale	16,594,987	18,092,783	1,497,796	1,854,028	356,231
Domestic bonds	6,910,185	7,136,478	226,292	235,085	8,792
Domestic stocks	3,154,732	4,442,438	1,287,706	1,408,762	121,056
Foreign securities	5,867,407	5,861,387	(6,019)	204,446	210,466
Foreign bonds	4,498,342	4,489,772	(8,570)	133,324	141,894
Foreign stocks and other securities	1,369,064	1,371,615	2,550	71,122	68,571
Other securities	305,895	295,712	(10,183)	5,733	15,916
Monetary claims bought	316,767	316,767	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-
Total	21,778,798	23,428,142	1,649,343	2,013,802	364,459
Domestic bonds	11,960,467	12,337,931	377,464	392,438	14,973
Domestic stocks	3,221,057	4,508,764	1,287,706	1,408,762	121,056
Foreign securities	5,931,797	5,926,154	(5,643)	206,868	212,512
Foreign bonds	4,549,237	4,543,089	(6,148)	135,745	141,894
Foreign stocks and other securities	1,382,560	1,383,064	504	71,122	70,617
Other securities	308,708	298,525	(10,183)	5,733	15,916
Monetary claims bought	316,767	316,767	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-

- Note: 1. The table above includes assets, such as certificates of deposit, which are considered appropriate to handle as securities, as defined in the Financial Instruments and Exchange Law.
2. Money held in trust classified as other than trading securities, in which bank deposits are held, is excluded from the table above. Book value, equivalent of fair value, of the trust as of September 30, 2007, September 30, 2008 and as of March 31, 2008 amounted to 1,750 million yen, 1,593 million yen and 1,543 million yen, respectively.

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

(millions of yen)

	Carrying value on the balance sheet	Fair value		Gains (losses)	
				Gains	Losses
As of September 30, 2007	31,391	31,391	(1,362)	2,973	4,336
As of September 30, 2008	23,337	23,337	(1,657)	6,223	7,881
As of March 31, 2008	25,223	25,223	(6,117)	2,045	8,162

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.

'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 September 30, 2007		As of September 30, 2008		As of March 31, 2008	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for investment purpose	29,640	(1,362)	21,744	(1,657)	23,680	(6,117)

Note: 'Valuation gains (losses) included in the statement of earnings' include reversal gains (losses) at the beginning of the period.

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

(millions of yen)

	Book value	Fair value		Gains (losses)	
				Gains	Losses
As of September 30, 2007					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	1,750	1,750	-	-	-
As of September 30, 2008					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	1,593	1,593	-	-	-
As of March 31, 2008					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	1,543	1,543	-	-	-

Note: Trust in which bank deposits are held is reported as 'Trust available for sale'.

(9) Total Net Unrealized Gains (Losses) of General Account Assets

(millions of yen)

	As of September 30, 2007	As of September 30, 2008	As of March 31, 2008
Securities	3,108,280	889,177	1,649,343
Domestic bonds	142,944	230,545	377,464
Domestic stocks	2,557,303	1,017,401	1,287,706
Foreign securities	384,614	(329,887)	(5,643)
Foreign bonds	153,381	(235,461)	(6,148)
Foreign stocks and other securities	231,233	(94,425)	504
Other securities	23,417	(28,881)	(10,183)
Real estate	90,354	206,688	203,408
Total (including others not listed above)	3,197,407	1,095,681	1,854,059

Note: 1. Foreign exchange valuation gains (losses) only are taken into account for foreign securities without fair value.

2. Difference between the book value before revaluation and fair value is reported as unrealized gains (losses) of real estate.

8. Disclosed Claims Based on Categories of Obligors

		(millions of yen)		
		As of September 30, 2007	As of September 30, 2008	As of March 31, 2008
	Claims against bankrupt and quasi-bankrupt obligors	6,856	6,149	6,281
	Claims with collection risk	20,330	23,204	19,820
	Claims for special attention	3,343	3,244	2,842
	Subtotal (I)	30,530	32,598	28,944
	[Percentage (I)/(II)]	[0.55%]	[0.64%]	[0.54%]
	Claims against normal obligors	5,505,785	5,041,286	5,337,155
	Total (II)	5,536,316	5,073,885	5,366,100

- Note: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
4. Claims against normal obligors are all other loans.

9. Risk-Monitored Loans

		(millions of yen)		
		As of September 30, 2007	As of September 30, 2008	As of March 31, 2008
	Credits to bankrupt borrowers (I)	6,155	5,639	5,813
	Delinquent loans (II)	21,001	23,714	20,286
	Loans past due for three months or more (III)	1,661	1,689	1,682
	Restructured loans (IV)	1,681	1,555	1,159
	Total ((I)+(II)+(III)+(IV))	30,501	32,598	28,942
	[Percentage of total loans]	[0.63%]	[0.75%]	[0.62%]

- Note: 1. For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers and delinquent loans for the six month ended September 30, 2007 were ¥1,236 million and ¥3,030 million, respectively. The write-offs of those loans for the six months ended September 30, 2008 were ¥1,122 million and ¥3,412 million, respectively. The write-offs of those loans for the fiscal year ended March 31, 2008 were ¥1,246 million and ¥2,872 million, respectively.
2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
3. Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.
4. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those loans classified as credits to bankrupt borrowers or delinquent loans.
5. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

10. Solvency Margin Ratio

(millions of yen)

	As of September 30, 2007	As of September 30, 2008	As of March 31, 2008
Total solvency margin (A)	5,715,563	4,039,237	4,588,750
Foundation funds and surplus ^{*1}	563,285	622,811	596,170
Reserve for price fluctuations	214,453	228,453	221,453
Contingency reserve	999,112	1,028,112	987,112
General reserve for possible loan losses	4,685	5,762	5,543
Net unrealized gains on securities (before tax) x 90% ^{*2}	2,751,552	687,947	1,348,016
Net unrealized gains (losses) on real estate x 85% ^{*2}	76,801	175,685	172,897
Policy reserves in excess of surrender values	-	1,089,114	1,015,148
Qualifying subordinated debt	187,698	175,771	180,080
Excluded items	(52,681)	(93,381)	(52,681)
Others	970,654	118,960	115,009
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	1,020,936	871,788	908,044
Insurance risk R ₁	113,137	108,282	110,780
3rd sector insurance risk R ₈	137,645	144,128	141,589
Assumed investment yield risk R ₂	155,117	140,743	144,732
Investment risk R ₃	805,094	664,930	698,666
Business risk R ₄	24,306	21,291	22,033
Guaranteed minimum benefit risk R ₇ ^{*3}	4,349	6,505	5,909
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,119.6%	926.6%	1,010.6%

*1: Expected disbursements from net assets outside the Company, valuation and translation adjustments and deferred assets are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The above figures are calculated based on Articles 86, 87 of the Enforcement Regulations of the Insurance Business Law, and Announcement No. 50, Ministry of Finance, 1996. ("Policy reserves in excess of surrender values" is calculated based on Article 1 Paragraph 3-1 of the Announcement No. 50. The amount as of September 30, 2007 is included in "Others".)

11. Status of Separate Accounts

(1) Separate Account Assets by Product

	As of September 30, 2007	As of September 30, 2008	(millions of yen) As of March 31, 2008
Individual variable insurance	69,922	52,594	58,424
Individual variable annuities	284,160	198,873	229,768
Group annuities	1,387,541	1,166,354	1,212,817
Separate account total	1,741,623	1,417,823	1,501,010

(2) Policies in Force for Individual Variable Insurance and Individual Variable Annuities

A. Individual Variable Insurance

(Millions of yen except number of policies)

	As of September 30, 2007		As of September 30, 2008		As of March 31, 2008	
	Number of policies	Amount	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	292	1,430	257	1,239	267	1,291
Variable insurance (whole life)	50,077	315,480	49,185	307,784	49,609	311,037
Total	50,369	316,911	49,442	309,023	49,876	312,329

Note: Policies in force include term life riders.

B. Individual Variable Annuities

(millions of yen except number of policies)

	As of September 30, 2007		As of September 30, 2008		As of March 31, 2008	
	Number of policies	Amount	Number of policies	Amount	Number of policies	Amount
Total	54,761	271,401	51,293	186,841	53,367	217,052

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

	(millions of yen)	
	Six months ended September 30, 2008	Fiscal year ended March 31,2008
Ordinary revenues	2,446,405	4,552,457
Net surplus from operations	73,471	192,879
Net surplus	47,418	131,242
	As of September 30, 2008	As of March 31, 2008
Total Assets	32,250,712	31,941,710

(2) Scope of Consolidation and Application of Equity Method

	Six months ended September 30, 2008
Number of consolidated subsidiaries	3
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	11

For information regarding changes in subsidiaries and affiliates, please refer to
 "Notes to the Unaudited Interim Consolidated Balance Sheet as of September 30, 2008."

(3) Unaudited Consolidated Balance Sheets

(millions of yen)

	As of September 30, 2008		As of March 31, 2008 (summarized)	
	Amount	(%)	Amount	(%)
(ASSETS)				
Cash and deposits	317,423	1.0	208,107	0.7
Call loans	198,640	0.6	226,860	0.7
Deposit paid for securities borrowing transactions	26,285	0.1	47,273	0.1
Monetary claims bought	247,624	0.8	316,767	1.0
Trading account securities	76,827	0.2	46,663	0.1
Money held in trust	26,824	0.1	25,223	0.1
Securities	24,246,040	75.2	24,368,043	76.3
Loans	4,361,482	13.5	4,647,912	14.6
Tangible fixed assets	1,237,768	3.8	1,239,249	3.9
Intangible fixed assets	105,005	0.3	102,029	0.3
Reinsurance receivables	410	0.0	123	0.0
Other assets	916,003	2.8	546,964	1.7
Deferred tax assets	484,887	1.5	163,962	0.5
Customers' liabilities for acceptances and guarantees	18,630	0.1	18,835	0.1
Reserve for possible loan losses	(13,143)	(0.0)	(12,351)	(0.0)
Reserve for possible investment losses	-	-	(3,955)	(0.0)
Total assets	32,250,712	100.0	31,941,710	100.0
(LIABILITIES)				
Policy reserves and others	28,738,455	89.1	28,350,278	88.8
Reserves for outstanding claims	158,050		156,722	
Policy reserves	28,192,718		27,840,017	
Reserve for policyholder dividends	387,686		353,538	
Reinsurance payables	454	0.0	546	0.0
Subordinated bonds	51,771	0.2	50,080	0.2
Other liabilities	1,511,551	4.7	1,103,766	3.5
Reserve for employees' retirement benefits	492,675	1.5	482,321	1.5
Reserve for retirement benefits of directors, executive officers and corporate auditors	862	0.0	1,200	0.0
Reserve for possible reimbursement of prescribed claims	885	0.0	1,000	0.0
Reserve for price fluctuations	228,462	0.7	221,458	0.7
Deferred tax liabilities	53	0.0	204	0.0
Deferred tax liabilities for land revaluation	125,646	0.4	126,001	0.4
Acceptances and guarantees	18,630	0.1	18,835	0.1
Total liabilities	31,169,447	96.6	30,355,694	95.0
(NET ASSETS)				
Foundation funds	120,000	0.4	120,000	0.4
Accumulated redeemed foundation funds	300,000	0.9	300,000	0.9
Revaluation reserve	248	0.0	248	0.0
Consolidated surplus	228,657	0.7	269,339	0.8
Total of foundation funds and surplus	648,905	2.0	689,587	2.2
Net unrealized gains on securities, net of tax	488,617	1.5	957,565	3.0
Reserve for land revaluation	(62,101)	(0.2)	(61,500)	(0.2)
Foreign currency translation adjustments	(446)	(0.0)	(553)	(0.0)
Total of valuation and translation adjustments	426,068	1.3	895,510	2.8
Minority interests	6,289	0.0	917	0.0
Total net assets	1,081,264	3.4	1,586,016	5.0
Total liabilities and net assets	32,250,712	100.0	31,941,710	100.0

(4) Unaudited Consolidated Statements of Earnings

(millions of yen)

	Six months ended		Year ended March 31, 2008	
	September 30, 2008		(summarized)	
	Amount	(%)	Amount	(%)
ORDINARY REVENUES	2,446,405	100.0	4,552,457	100.0
Premium and other income	1,711,235		3,191,012	
Investment income	601,769		1,025,747	
[Interest and dividends]	[392,842]		[831,362]	
[Gains on trading account securities]	[253]		[-]	
[Gains on sale of securities]	[181,508]		[150,226]	
[Derivative transaction gains]	[18,321]		[36,082]	
Other ordinary revenues	133,400		335,697	
ORDINARY EXPENSES	2,372,934	97.0	4,359,577	95.8
Benefits and claims	1,246,814		2,648,792	
[Claims]	[428,023]		[869,063]	
[Annuities]	[173,314]		[389,591]	
[Benefits]	[250,752]		[522,169]	
[Surrender values]	[312,550]		[699,992]	
Provision for policy reserves and others	360,307		250,749	
Provision for reserves for outstanding claims	1,343		2,608	
Provision for policy reserves	353,440		236,808	
Provision for interest on policyholder dividends	5,523		11,333	
Investment expenses	324,351		565,908	
[Interest expenses]	[5,212]		[10,176]	
[Losses on trading account securities]	[-]		[187]	
[Losses on money held in trust]	[1,431]		[7,534]	
[Losses on sale of securities]	[99,741]		[148,349]	
[Losses on valuation of securities]	[62,437]		[31,904]	
[Losses on investment in separate accounts]	[90,970]		[236,734]	
Operating expenses	229,900		450,412	
Other ordinary expenses	211,560		443,714	
NET SURPLUS FROM OPERATIONS	73,471	3.0	192,879	4.2
Extraordinary gains	4,824	0.2	4,431	0.1
Extraordinary losses	9,565	0.4	33,274	0.7
Net surplus before adjustment for taxes, etc.	68,730	2.8	164,036	3.6
Corporate income taxes-current	78,039	3.2	122,658	2.7
Corporate income tax-deferred	(56,730)	(2.3)	(89,888)	(2.0)
Minority interests in profit of subsidiaries	3	0.0	23	0.0
Net surplus for the period	47,418	1.9	131,242	2.9

(5) Unaudited Consolidated Statements of Cash Flows

(millions of yen)

	Six months ended September 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES	
Net surplus before adjustment for taxes, etc.	68,730
Depreciation	14,848
Impairment losses on fixed assets	1,308
Increase (decrease) in reserves for outstanding claims	1,329
Increase (decrease) in policy reserves	353,440
Provision for interest on policyholder dividends	5,523
Increase (decrease) in reserve for possible loan losses	822
Increase (decrease) in reserve for possible investment losses	(3,955)
Gains on collection of loans and claims written off	(154)
Write-down of loans	657
Increase (decrease) in reserve for employees' retirement benefits	10,380
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(317)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(114)
Increase (decrease) in reserve for price fluctuations	7,004
Interest and dividends	(392,842)
Securities related losses (gains)	63,134
Interest expenses	5,212
Losses (gains) on disposal of fixed assets	(332)
Decrease (increase) in trading account securities	(30,164)
Others, net	17,793
Subtotal	122,304
Interest and dividends received	409,557
Interest paid	(5,161)
Policyholder dividends paid	(60,603)
Others, net	(96,251)
Corporate income taxes paid (received)	(66,861)
Net cash flows provided by operating activities	302,984
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of monetary claims bought	(23,104)
Proceeds from sale and redemption of monetary claims bought	47,262
Purchases of money held in trust	(3,000)
Purchases of securities	(7,849,853)
Proceeds from sale and redemption of securities	7,209,662
Origination of loans	(234,544)
Proceeds from collection of loans	519,780
Others, net	90,879
(1). Subtotal	(242,918)
[+ (1)]	[60,065]
Acquisition of tangible fixed assets	(12,370)
Proceeds from sale of tangible fixed assets	1,584
Others, net	(13,594)
Net cash flows used in investing activities	(267,298)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of borrowings	(3)
Repayment of financial lease obligations	(22)
Interest paid on foundation funds	(2,328)
Proceeds from Investment of Minority Interest	10,000
Others, net	(3)
Net cash flows provided by (used in) financing activities	7,643
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(417)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,911
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	479,951
DECREASE IN CASH AND CASH EQUIVALENTS DUE TO CHANGES IN THE SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION	(6,799)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	516,063

(6) Unaudited Consolidated Statements of Changes in Net Assets

(Six Months Ended September 30, 2008)

(millions of yen)

	Foundation funds and surplus					Valuation and translation adjustments					Minority interests	Total net assets
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserve	Consolidated surplus	Total of foundation funds and surplus	Net unrealized gains on securities, net of tax	Deferred hedge gains / losses	Reserve for land revaluation	Foreign currency translation adjustments	Total of valuation and translation adjustments		
Beginning balance as of March 31, 2008	120,000	300,000	248	269,339	689,587	957,565	-	(61,500)	(553)	895,510	917	1,586,016
Changes for the interim period												
Transfer to reserve for policyholder dividends				(89,227)	(89,227)							(89,227)
Interest payment for foundation funds				(2,328)	(2,328)							(2,328)
Net surplus for the period				47,418	47,418							47,418
Transfer from reserve for land revaluation				601	601							601
Decrease due to changes in the subsidiaries included in the scope of consolidation				(904)	(904)							(904)
Changes by capital increase of consolidated subsidiaries				3,758	3,758							3,758
Net changes of items other than foundation funds and surplus						(468,947)	-	(601)	106	(469,441)	5,372	(464,069)
Total changes for the interim period	-	-	-	(40,681)	(40,681)	(468,947)	-	(601)	106	(469,441)	5,372	(504,751)
Ending balance as of September 30, 2008	120,000	300,000	248	228,657	648,905	488,617	-	(62,101)	(446)	426,068	6,289	1,081,264

(Fiscal Year Ended March 31, 2008)

(millions of yen)

	Foundation funds and surplus					Valuation and translation adjustments					Minority interests	Total net assets
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserve	Consolidated surplus	Total of foundation funds and surplus	Net unrealized gains on securities, net of tax	Deferred hedge gains/losses	Reserve for land revaluation	Foreign currency translation adjustments	Total of valuation and translation adjustments		
Beginning balance as of March 31, 2007	140,000	280,000	248	273,483	693,732	2,253,984	(2)	(60,005)	(141)	2,193,835	1,001	2,888,569
Changes for the year												
Financing of additional foundation funds					-							-
Transfer to reserve for policyholder dividends				(114,169)	(114,169)							(114,169)
Transfer to accumulated redeemed foundation funds		20,000		(20,000)	-							-
Interest payment for foundation funds				(2,678)	(2,678)							(2,678)
Net surplus for the year				131,242	131,242							131,242
Redemption of foundation funds	(20,000)				(20,000)							(20,000)
Transfer from reserve for land revaluation				1,460	1,460							1,460
Net changes of items other than foundation funds and surplus						(1,296,419)	2	(1,495)	(412)	(1,298,324)	(84)	(1,298,408)
Changes for the year	(20,000)	20,000	-	(4,144)	(4,144)	(1,296,419)	2	(1,495)	(412)	(1,298,324)	(84)	(1,302,553)
Ending balance as of March 31, 2008	120,000	300,000	248	269,339	689,587	957,565	-	(61,500)	(553)	895,510	917	1,586,016

Notes to the Unaudited Interim Consolidated Financial Statements

I. GUIDELINES FOR PREPARATION OF UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

(1) Number of consolidated subsidiaries in the six months ended September 30, 2008: 3

The Dai-ichi Life Information Systems Co., Ltd.

Dai-ichi Frontier Life Insurance Co., Ltd.

Dai-ichi Life Insurance Company of Vietnam, Limited

Dai-ichi Life International (Europe.) Ltd, Dai-ichi Seimei Card Service Ltd., Dai-ichi Life International (AsiaPacific) Ltd., Dai-ichi Life International (U.S.A.), Inc., Dai-ichi Life Research Institute Inc., and The Dai-ichi Well Life Support Co., Ltd. are excluded from the financial reporting for the six months ended September 30, 2008 due to its immateriality in terms of quality and quantity.

Dai-ichi Life International (H.K.) Ltd. changed its name to Dai-ichi Life International (AsiaPacific) Ltd. in September 2008.

Dai-ichi Life International (U.K.) Ltd. changed its name to Dai-ichi Life International (Europe) Ltd. in September 2008.

(2) Number of non-consolidated subsidiaries: 15

The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. Each of the non-consolidated subsidiaries is immaterial in terms of overall assets, revenues, net surplus, and surplus for the period.

(3) Tokutei Mokuteki Kaishas (TMKs, specified purpose company) to disclose

(A). Securitization of Foundation Funds and Subordinated Obligations

The Parent Company securitized foundation funds and subordinated obligations to broaden a range of investors and to secure a stable base for raising capital. For the securitization, the Parent Company utilizes Tokutei Mokuteki Kaisha (TMK, specified purpose company) regulated by the Asset Liquidation Act. TMKs raise capital by issuing specified company bonds backed by assets transferred to TMKs by contributors of foundation funds and subordinated loans. The Parent Company has non-voting preference shares of Cayman-based special purpose companies (the "SPC"), which has specified stocks of TMKs. The Parent Company recognized future possible losses for those non-voting preference shares in its financial statements by writing down appropriately, taking the TMKs' financial situation into account, in accordance with the "Accounting Standard for Financial Instruments" issued on March 10, 2008. As a result of four capital raisings by the securitization, four companies had transactions with the Parent Company in the interim period ended September 30, 2008. The total of assets and liabilities of these four companies at the end of their latest fiscal year (September 30, 2007 or March 31, 2008) are ¥152,850 million and ¥151,521 million, respectively. The Parent Company held no ordinary shares in those four companies and none of the four companies had directors, officers, or employees transferred from the Parent Company.

The amounts of main transactions between the Parent Company and the TMKs were as follows:

	Amounts as of September 30, 2008 (Millions of yen)		Interim Period Ended September 30, 2008 (Millions of yen)
Foundation funds obligation	¥120,000	Interests for foundation funds	¥2,328
Subordinated obligation	30,000	Interest Expenses	309
Undrawn commitment line balance related to loans	2,107		

(B). Investment in Securitized Real Estate

To diversify investments in real estate and secure stability of its investment returns, the Parent Company had an exposure to an investment project to securitize real estate as of March 31, 2008. The Parent Company had three special purpose companies (the “SPCs”) to disclose and the Parent Company invested in the SPCs under an anonymous association contract based on the Commercial Code. The investment in the anonymous association contract was fairly accounted for based on the fair value of real estate owned by the SPCs in accordance with the “Accounting Standards for Financial Instruments” issued on March 10, 2008. The Parent Company anticipates no obligation in the future to cover possible losses of the SPCs. Even if the fair value of the real estate declines, the loss of the Parent Company is limited to the amount of investment in the anonymous association contract. Total assets and liabilities of the SPCs at the end of their interim periods (July 31, 2008) amounted to ¥119,028 million and ¥75,350 million, respectively. As of September 30, 2008, the Parent Company had no management authority in the SPCs and the SPCs had no directors, officers, and employees transferred from the Parent Company. The SPCs did not include special purpose companies who had started operation in 2008 and whose first interim period had not yet ended.

Amounts of transactions between the Parent Company and the SPC were as follows:

	Amounts as of September 30, 2008 (millions of yen)		Interim Period Ended September 30, 2008 (millions of yen)
Investment in anonymous association	¥30,511	Dividends	¥1,011
Preferred investments	3,000		

2. Application of the Equity Method

- (1) Number of subsidiaries accounted for under the equity method for the six months ended September 30, 2008: 0
- (2) Number of affiliated companies accounted for under the equity method for the six months ended September 30, 2008: 11

Names of the affiliated companies are as follows:

DIAM Co., Ltd.

DIAM U.S.A., Inc.

DIAM International Ltd.

DIAM International Fund Management (Jersey) Ltd

DIAM SINGAPORE PTE. LTD.

Mizuho-DL Financial Technology Co., Ltd.

Japan Real Estate Asset Management Co., Ltd.

Trust & Custody Services Bank Ltd.

Corporate-pension Business Service Co., Ltd.

Japan Excellent Asset Management Co., Ltd.

NEOSTELLA CAPITAL CO., LTD.

DIAM SINGAPORE PTE. LTD became an affiliated company and accounted for under the equity method, effective the six months ended September 30, 2008, due to its establishment in April 2008 by DIAM Co., Ltd., an affiliated company of the Parent Company.

DIAM International Fund Management (Jersey) Ltd. has been on a liquidation process since September 2008.

(3) The non-consolidated subsidiaries (Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. and others), as well as affiliated companies (DSC No.2 Investment Partnership, DSC No.3 Investment Partnership, CVC No.1 Investment Limited Partnership, CVC No.2 Investment Limited Partnership, NEOSTELLA No.1 Investment Limited Partnership, O.M. Building Management Co., Ltd., and others) are not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of net surplus for the year and surplus for the period.

3. Interim Ends of Consolidated Subsidiaries

The closing date of domestic consolidated subsidiaries is September 30, whereas that of foreign consolidated subsidiaries is June 30. Financial information as of those closing dates is used to prepare the consolidated financial statements, although necessary adjustments are made when significant transactions take place between the account closing date of an individual subsidiary and that of the consolidated financial statements.

II. NOTES TO UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

1. Yen Amounts

Yen amounts of less than ¥1 million have been omitted.

2. Valuation Methods of Securities

The valuation of securities of the Parent Company and its subsidiaries, including cash equivalents, bank deposits, and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, is as explained below:

Trading securities are carried at fair value with cost determined by the moving average method. Held-to-maturity debt securities are stated at amortized cost determined by the moving average method. Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (JICPA).

Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

Available-for-sale securities which have market value are valued at market value at the end of the interim period (for domestic stocks, the average value during September), with cost determined by the moving

average method. With respect to available-for-sale securities for which there is no market value, government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment, are valued at the amortized cost, determined by the moving average method, and all others are valued at cost using the moving average method. Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the non-consolidated statements of earnings.

The amortization of premium or discount is calculated by the straight-line method.

3. Trading Account Securities

Trading account securities are reported at fair value using the moving average method.

4. Policy-reserve-matching Bonds

The Company classifies yen-denominated bonds that are held to match the duration of sub-groups of (i) individual life insurance and annuities with a maturity of 10 years or less, (ii) individual life insurance and annuities with the maturity of more than 10 years and within 40 years, (iii) financial insurance and annuities, and (iv) employee-funded corporate pension contracts, with the exception of some insurance types, as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (JICPA).

The total of policy-reserve-matching bonds as of September 30, 2008 amounted to ¥5,159,413 million. The market value of these bonds as of September 30, 2008 was ¥5,286,955 million.

5. Derivative Transactions

Derivative transactions are reported at fair value.

6. Revaluation of Land

Based on the “Law for Revaluation of Land” (Publicly Issued Law 34, March 31, 1998), the Company revalued land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land

The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.

7. Depreciation of Tangible Fixed Assets

Depreciation of tangible fixed assets excluding lease assets is calculated by the following method. Tangible fixed assets, excluding lands, buildings, and lease assets, acquired for ¥100,000 or more but less than ¥200,000 are depreciated by equal amounts over three years.

- i) Buildings (excluding leasehold improvements and structures)
 - a. Acquired on or before March 31, 2007
Calculated by the previous straight-line method.
 - b. Acquired on or after April 1, 2007
Calculated by the straight-line method.

ii) Assets other than buildings

a. Acquired on or before March 31, 2007

Calculated by the previous declining balance method.

b. Acquired on or after April 1, 2007

Calculated by the declining balance method.

As for the tangible fixed assets acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, the salvage values are depreciated in the following five years from the fiscal year end when such assets were depreciated to their final depreciable limit.

Depreciation of tangible fixed assets owned by consolidated subsidiaries in Japan is principally calculated by the declining balance method, while the straight-line method is principally used to compute depreciation for such assets of consolidated overseas subsidiaries.

Accumulated depreciation of tangible fixed assets as of September 30, 2008 was ¥615,547 million.

8. Translation of Assets and Liabilities Denominated in Foreign Currencies to Yen

The Parent Company translated foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) to yen at the prevailing exchange rate as of September 30, 2008. Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are translated to yen at the exchange rate on the date of acquisition. Assets, liabilities, revenues, and expenses of its consolidated overseas subsidiaries are translated to yen at the exchange rate at the end of their interim period. Translation adjustments associated with the consolidated overseas subsidiaries are included in “Foreign currency translation adjustments” in the NET ASSETS section.

9. Reserve for Possible Loan Losses

Reserve for possible loan losses is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, “bankrupt obligors”) and loans to and claims on obligors that have suffered substantial business failure (hereafter, “substantially bankrupt obligors”), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, “obligors at risk of bankruptcy”), the reserve is calculated by deducting the estimated recoverable amount, determined based on an overall assessment of the obligor’s ability to pay and collateral or guarantees, from book value of the loans and claims.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in the Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 2008 was ¥4,535 million.

10. Accounting for Beneficial Interests in Securitized Mortgage Loans

The trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Company in August 2000, amounted to ¥25,674 million as of September 30, 2008 and are included as trust loans in the consolidated balance sheet. The reserve for possible loan losses for these particular beneficial interests is calculated based on the balance of the underlying loans. The balance of the underlying loans in the trust as of September 30, 2008 was ¥67,886million.

11. Reserve for Retirement Benefits of Directors, Executives Officers and Corporate Auditors

For the reserve for employees' retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Council) is provided, based on the estimation of projected benefit obligations and pension assets as of March 31, 2009.

Gains on plan amendments are amortized by the straight-line method over certain years (between 3 and 7 years) based on employees' average remaining length of service.

Actuarial differences are amortized by the straight-line method from the following fiscal year over certain years (between 3 and 7 years) based on employees' average remaining length of service.

Certain consolidated subsidiaries applied the simplified method in calculating their projected benefit obligations.

12. Reserve for Employees' Retirement Benefits

For the reserve for retirement benefits of the Parent Company's directors, executive officers and corporate auditors, an estimated amount for future payment out of total amount of benefits for past service approved by the 105th general meeting of representative policyholders is provided.

For the reserve for retirement benefits of directors, executive officers, and corporate auditors of some of the consolidated subsidiaries, an amount considered to have been rationally incurred is provided.

13. Reserve for possible reimbursement of prescribed claims

In order to provide for future possible losses resulting from reimbursement of claims for which prescription periods ran out and the amounts were recognized as profit, a reserve for possible reimbursement of prescribed claims is established, which is estimated based on past reimbursement.

14. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated substantially in accordance with Article 115 of the Insurance Business Law.

15. Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" issued on March 10, 2008 by the Accounting Standards Board of Japan. Primarily, special hedge accounting for interest swaps and the deferral hedge method are used for cash flow hedges of certain loans and government and corporate bonds; the currency allotment method is used for cash flow hedges by foreign currency swaps and foreign currency forward contracts against exchange rate fluctuations in certain foreign currency-denominated loans and deposits; and the fair value hedge method is used for hedges by currency options and foreign currency forward contracts and other instruments against exchange rate fluctuations in the value of certain foreign currency-denominated securities. Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

16. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over 5 years in accordance with the Enforcement Ordinance of the Corporation Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

17. Policy Reserves

Policy reserves of the Parent Company and its life insurance subsidiary in Japan are established in accordance with Article 116 of the Insurance Business Law. Insurance premium reserves are calculated as follows:

- Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
- Reserves for other policies are established based on the net level premium method.

For the whole life insurance contracts acquired by the Parent Company on or before March 31, 1996 and premium payments for which were already completed during the fiscal year ended March 31, 2007 and the interim period ended September 30, 2008 (including lump-sum payment), additional policy reserves have been provided by the Parent Company since the fiscal year ended March 31, 2008 in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Law and will be provided evenly over the five years from the fiscal year ended March 31, 2008. As a result, the amount of additional policy reserves provided for the interim period ended September 30, 2008 was ¥70,261million.

18. Amortization of Intangible Fixed Assets

The Company uses the straight-line method of amortization for intangible fixed assets excluding lease assets. Amortization of software developed for internal use is based on the estimated useful life of five years.

19. Corporate Income Taxes and Resident Taxes

Corporate income taxes and resident taxes, including taxes deferred, for the six months ended September 30, 2008 are calculated based on the estimated provision for or reversal of reserves for tax basis adjustments of real estate and reserve for policyholder dividends, and estimated interest payment for foundation funds, in the appropriation of net surplus at the fiscal year end.

20. Lease Transactions

Financial leases, other than those whose ownership transfers to the lessees, have previously been accounted for in the same manner applicable to ordinary operating leases, except small transactions. However, effective the six months ended September 30, 2008, they are accounted for in the same manner applicable to purchases and reported as leased assets by adopting the "Accounting Standard for Lease Transactions" issued on March 30, 2007 by the Accounting Standards Board of Japan (ASBJ) and the "Implementation Guidance on the Accounting Standard for Lease Transactions" issued on March 30, 2007 by the ASBJ.

Depreciation for leased assets is computed under the straight-line method assuming zero salvage value.

Financial leases, other than those whose ownership transfers to the lessees and which commenced before April 1, 2008, are accounted for in the same manner applicable to ordinary operating leases.

As a result, leased assets increased by ¥207 million in tangible fixed assets and lease liabilities increased by ¥207 million in other liabilities. This change did not have any impact on net surplus from operations and net surplus before corporate income taxes for the six months ended September 30, 2008.

21. Fixed Asset Taxes and City Planning Taxes

Until the fiscal year ended March 31, 2008, the total amount of fixed asset taxes and city planning taxes relating to real estate for business use and movable assets was recognized as expenses on the date the charges were confirmed. In order to represent profits and losses more appropriately, taking into account quarterly disclosure starting from the fiscal year ending March 31, 2009, effective the three months ended June 30, 2008, the Company recognizes the amount correspondent with the interim period. As a result, other ordinary

expenses decreased by ¥1,676 million and net surplus from operations and net surplus before adjustment for taxes, etc. each increased by ¥1,676 million.

22. Problem Loans

The total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, amounted to ¥32,598 million. The amount of credits to bankrupt borrowers was ¥5,639 million, the amount of delinquent loans was ¥23,714 million, the amount of loans past due for three months or more was ¥1,689 million, and the amount of restructured loans was ¥1,555 million.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written-off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. Accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those loans classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in 9 above, credits to bankrupt borrowers and delinquent loans decreased by ¥1,122 million and ¥3,412 million, respectively.

23. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118 Paragraph 1 of the Insurance Business Law was ¥1,697,256 million. Separate account liabilities were the same amount as separate account assets.

24. Leased Computers

In addition to fixed assets included in the consolidated balance sheet, the Company has computers as significant leased fixed assets.

25. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(millions of yen)
Balance at the end of previous fiscal year	¥ 353,538
Transfer from surplus in previous fiscal year	89,227
Dividends paid in the interim period	(60,603)
Interest accrual in the interim period	5,523
	<hr/>
Balance at the end of the interim period	¥ 387,686

26. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥13,967 million.

27. Subordinated Debt

Other liabilities included subordinated debt of ¥130,000 million whose repayment is subordinated to other obligations.

28. Subordinated Bonds

Subordinated bonds of ¥51,771 million shown in liabilities were foreign currency-denominated subordinated bonds of US\$499 million whose repayment is subordinated to other obligations.

29. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The future obligations of the Parent Company and its life insurance subsidiary in Japan estimated as of September 30, 2008 to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law were ¥61,957 million. These obligations will be recognized as operating expenses in the years in which they are paid.

30. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were ¥627,508 million and ¥86 million, respectively. Secured liabilities totaled ¥615,496 million. Among the amounts above, securities and cash collateral for securities lending transactions were ¥600,496 million and ¥615,467 million, respectively.

31. Securities Lending

The total balance of securities lent as of September 30, 2008 was ¥669,137 million.

32. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The market value of the securities borrowed which are not sold or pledged was ¥5,453 million as of September 30, 2008. The Company holds no securities borrowed which are pledged as collateral as of September 30, 2008.

33. Reinsurance

Reserve for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Law, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter "reserve for outstanding claims reinsured"), amounted to ¥6 million. The amount of policy reserve provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter "policy reserve reinsured") was ¥1,497 million.

III. NOTES TO UNAUDITED INTERIM CONSOLIDATED STATEMENT OF EARNINGS

1. Yen Amounts

Yen amounts of less than ¥1 million have been omitted.

2. Taxes

At some consolidated subsidiaries, income taxes are calculated by applying a reasonably estimated effective tax rate to net surplus before adjustment for taxes, etc. for the six months ended September 30, 2008.

The estimated effective tax rate is determined by estimating the effective tax rate after taking into account the effect of deferred tax accounting for the full fiscal year, including the six months ended September 30, 2008.

3. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the six months ended September 30, 2008 were as follows:

(1) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group. Each real estate for rent and real estate not in use, which is not used for insurance business purposes, is deemed as an independent asset group.

(2) Background for Recognition of Impairment Losses

As a result of significant decline in profitability or market value in some asset groups, the Company wrote down the book value of these assets to the recoverable value, and reported such reduced amount as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

Amount of impairment losses by asset group was as follows:

Asset Group	Number	Impairment Losses			(millions of yen)
		Land	Buildings	Total	
Real estate for rent	2	¥ 349	¥ 224	¥ 574	
Real estate not in use	23	¥ 556	¥ 177	¥ 734	
Total	25	¥ 906	¥ 402	¥ 1,308	

(4) Calculation of Recoverable Value

Value in use or net sale value is used as recoverable value of real estate for rent, and net sale value is used as recoverable value of real estate not in use. Discount rate of 3.13% is applied for discounting future cash flows in calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or fair value based on assessed value for fixed asset tax or inheritance tax is used as net sales value.

IV. NOTES TO UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

1. Yen Amounts

Yen amounts of less than ¥1 million have been omitted.

2. Scope of Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of the following items contained in the consolidated balance sheets: cash and deposits, call loans, commercial paper included in monetary claims bought, money market fund included in securities, and overdrafts included in other liabilities.

3. Reconciliation of Cash and Cash Equivalents

Reconciliation of cash and cash equivalents to balance sheet accounts as of September 30, 2008 was as follows:

	<u>As of September 30, 2008</u> <u>(millions of yen)</u>
Cash and cash deposits (a)	¥317,423
Call loans (b)	198,640
Monetary claims bought Other than commercial paper	247,624 247,624
Commercial paper (c)	-
Securities Other than money market fund	24,246,040 24,246,040
Money market fund (d)	-
Other liabilities Non-overdraft "other liabilities"	1,511,551 1,511,551
Overdraft (e)	-
Cash and cash equivalents (a+b+c+d+e)	516,063

IV. NOTES TO UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN NET ASSETS

1. Change in Scope of Consolidation

The Company changed its scope of consolidation for its consolidated statement of change in net assets during the six months ended September 30, 2008. As a result, consolidation surplus decreased by ¥904 million.

2. Minority Interest

Increase in minority interest in consolidated subsidiaries of the Parent Company during the 6 months ended September 30, 2008 is due to the increase in their capital stock by ¥6,241 million.

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

The Dai-ichi Frontier Life Insurance Company

(millions of yen)

	As of September 30, 2007	As of September 30, 2008	As of March 31, 2008
Total solvency margin (A)	-	80,874	41,036
Common stock, etc.	-	62,319	35,701
Reserve for price fluctuations	-	9	5
Contingency reserve	-	3,044	879
General reserve for possible loan losses	-	0	0
Net unrealized gains on securities (before tax) x 90%	-	132	226
Net unrealized gains (losses) on real estate x 85%	-	-	-
Policy reserves in excess of surrender values	-	15,369	4,223
Qualifying subordinated debt	-	-	-
Excluded items	-	-	-
Others	-	-	-
Total risk $(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2 + R_4$ (B)	-	11,554	3,978
Insurance risk R_1	-	-	-
3rd sector insurance risk R_8	-	-	-
Assumed investment yield risk R_2	-	0	0
Investment risk R_3	-	538	302
Business risk R_4	-	336	115
Guaranteed minimum benefit risk R_7	-	10,680	3,559
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	-	1399.8%	2,063.0%

Note: 1. The above figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance BusinessLaw, and Announcement No. 50, Ministry of Finance, 1996.

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

(8) Segment Information

The Company and its consolidated subsidiaries are engaged in businesses other than life insurance business, such as computer system and software development. Those businesses have a minimal impact on overall consolidated financial condition, and segment information on those businesses is omitted.

Reference 1: Breakdown of Fundamental Profit (Major Sources of Profit and Loss)

(millions of yen)

		Six months ended September 30, 2007	Six months ended September 30, 2008	Changes
Fundamental profit	(i)	239,061	216,040	(23,021)
Investment spread / (Negative spread)		(10,022)	568	10,590
Mortality and morbidity gains		217,956	192,081	(25,875)
Expense margins		31,127	23,390	(7,736)
Net Capital gains	(ii)	(66,049)	(6,990)	59,059
Other one-time profits	(iii)	(84,304)	(112,512)	(28,208)
Provision for contingency reserves		(41,000)	(41,000)	-
Net surplus from operations	(iv) (=i)+(ii)+(iii)	88,706	96,536	7,829
Extraordinary gains and losses	(v)	(7,344)	(4,732)	2,612
Provision for reserve for price fluctuations		(7,000)	(7,000)	-
Corporate income taxes and others	(vi)	(7,593)	(19,731)	(12,137)
Unappropriated net surplus for the period	(vii) (=iv)+(v)+(vi)	73,769	72,073	(1,695)

Note: Description of major sources of profit and loss:

- Investment spread / (Negative spread) difference between expected investment yield (guaranteed investment yield) and actual investment yield
- Mortality and morbidity gains: difference between expected and actual payment of claims and benefits
- Expense margins: difference between expected and actual operating expenses

Reference 2: Business Highlights for the Three Months Ended September 30, 2008

(1) New Policies

	Number of policies (thousands)	(100 millions of yen)	Amount	
			New Business	Net increase by conversion
Three months ended September 30, 2008				
Individual insurance	282	20,057	20,481	(424)
Individual annuities	9	676	703	(27)
Individual insurance and annuities	291	20,733	21,184	(451)
Group insurance	-	2,859	2,859	
Group annuities	-	1	1	

- 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.

(2) Annualized Net Premium

New Policies	(100 millions of yen)
	Three months ended September 30, 2008
Individual insurance	305
Individual annuities	37
Total	343
Medical and survival benefits	112

- Note: 1. Annualized net premium is 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 premium for medical and survival benefits includes (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium 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.

(3) Profit and Loss Items

	(millions of yen)
	Three months ended September 30, 2008
Premium and other income	738,061
Investment income	346,571
Benefits and claims	622,717
Investment expense	293,436
Net surplus from operations	49,014

(4) Changes (Increase/Decrease) in Assets (General Account)
(millions of yen)

	Three months ended September 30, 2008
Cash, deposits, and call loans	(1,815)
Security repurchased under resale agreements	-
Deposit paid for securities borrowing transactions	(15,498)
Monetary claims bought	13,305
Trading account securities	47,104
Money held in trust	(4,053)
Securities	(1,001,929)
Domestic bonds	178,576
Domestic stocks	(711,292)
Foreign securities	(403,619)
Foreign bonds	(458,420)
Foreign stocks and other securities	54,800
Other securities	(65,593)
Loans	(162,242)
Policy loans	(1,318)
Ordinary loans	(160,924)
Real estate	4,454
Real estate for rent	5,902
Deferred tax assets	405,306
Others	576,169
Reserve for possible loan losses	(2,118)
Total	(141,319)
Foreign currency-denominated assets	(155,518)

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

(5) Investment Income (General Account)

(millions of yen)

	Three months ended September 30, 2008
Interest and dividends	205,845
Interest from deposits	2,698
Interest and dividends from securities	158,602
Interest from loans	24,490
Rental income	16,836
Other interest and dividends	3,218
Gains on trading account securities	281
Gains on money held in trust	-
Gains on investments in trading securities	-
Gains on sale of securities	111,369
Gains on sale of domestic bonds	15,106
Gains on sale of domestic stocks	23,838
Gains on sale of foreign securities	72,424
Others	-
Gains on redemption of securities	1,062
Derivative transaction gains	27,910
Foreign exchange gains	-
Other investment income	101
Total	346,571

(6) Investment Expense (General Account)

(millions of yen)

	Three months ended September 30, 2008
Interest expenses	2,635
Losses on trading account securities	-
Losses on money held in trust	4,005
Losses on investments in trading securities	-
Losses on sale of securities	46,637
Losses on sale of domestic bonds	719
Losses on sale of domestic stocks	218
Losses on sale of foreign securities	45,699
Others	-
Losses on valuation of securities	55,970
Losses on valuation of domestic bonds	-
Losses on valuation of domestic stocks	7,651
Losses on valuation of foreign securities	43,382
Others	4,936
Losses on redemption of securities	98
Derivative transaction losses	-
Foreign exchange losses	26,127
Provision for reserve for possible loan losses	2,108
Provision for reserve for possible investment losses	-
Write-down of loans	651
Depreciation of rental real estate and others	3,725
Other investment expenses	6,535
Total	148,495

(7) Net Investment Income (General Account)

(millions of yen)

	Three months ended September 30, 2008
Net investment income	198,076

(8) Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Three months ended September 30, 2008	
	Amount	(%)
ORDINARY REVENUES	1,183,709	100.0
Premium and other income	738,061	
[Premium income]	[737,908]	
Investment income	346,571	
[Interest and dividends]	[205,845]	
[Gains on trading account securities]	[281]	
[Gains on sale of securities]	[111,369]	
[Gains on redemption of securities]	[1,062]	
[Derivative transaction gains]	[27,910]	
Other ordinary revenues	99,076	
[Transfer from policy reserves]	[34,251]	
ORDINARY EXPENSES	1,134,694	95.9
Benefits and claims	622,717	
[Claims]	[202,346]	
[Annuities]	[86,567]	
[Benefits]	[122,235]	
[Surrender values]	[155,192]	
[Other refunds]	[56,099]	
Provision for policy reserves and others	4,000	
Provision for reserves for outstanding claims	1,238	
Provision for interest on policyholder dividends	2,762	
Investment expenses	293,436	
[Interest expenses]	[2,635]	
[Losses on money held in trust]	[4,005]	
[Losses on sale of securities]	[46,637]	
[Losses on valuation of securities]	[55,970]	
[Losses on redemption of securities]	[98]	
[Losses on investment in separate accounts]	[144,940]	
Operating expenses	112,305	
Other ordinary expenses	102,233	
NET SURPLUS FROM OPERATIONS	49,014	4.1
EXTRAORDINARY GAINS	4,154	0.4
EXTRAORDINARY LOSSES	5,117	0.4
Net surplus before adjustment for taxes, etc.	48,052	4.1
Corporate income taxes-current	39,012	3.3
Corporate income tax-deferred	(25,621)	(2.2)
Net surplus for the period	34,661	2.9

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

(millions of yen)

	Three months ended September 30, 2008
Fundamental revenues	1,110,620
Premium and other income	738,061
Investment income	207,009
[Interest and dividends]	205,845
Other ordinary revenues	165,549
Fundamental expense	999,875
Benefits and claims	622,717
Provision for policy reserves and others	4,000
Investment iexpenses	158,617
Operating expenses	112,305
Other ordinary expenses	102,233
Fundamental profit	A 110,745
Capital gains	139,561
Gains on money held in trust	-
Gains on investments in trading securities	-
Gains on sale of securities	111,369
Derivative transaction gains	27,910
Foreign exchange gains	-
Gains on trading account securities	281
Others	-
Capital losses	132,741
Losses on money held in trust	4,005
Losses on investments in trading securities	-
Losses on sale of securities	46,637
Losses on valuation of securities	55,970
Derivative transaction losses	-
Foreign exchange losses	26,127
Losses on trading account securities	-
Others	-
Net capital gains	B 6,820
Fundamental profit plus net capital gains	A+B 117,566
Other one-time gains	-
Reinsurance income	-
Reversal of contingency reserve	-
Others	-
Other one-time losses	68,551
Ceding reinsurance commissions	-
Provision for contingency reserve	25,000
Provision for specific reserve for possible loan losses	1,427
Provision for specific reserve for loans to refinancing countries	-
Write-down of loans	651
Others	41,473
Other one-time profits	C (68,551)
Net surplus from operations	A+B+C 49,014

Note: 'Others' in other one-time losses represents additional policy reserves provided in accordance with Articles 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Law (41,473 million yen).

(10) Consolidated Financial Summary

1. Selected Financial Data and Other Information

(millions of yen)

	Three months ended September 30, 2008
Ordinary revenues	1,293,021
Net surplus from operations	32,518
Net surplus for the period	18,100

2. Unaudited Consolidated Statements of Earnings

(millions of yen)

	Three months ended September 30, 2008	
	Amount	(%)
ORDINARY REVENUES	1,293,021	100.0
Premium and other income	880,004	
Investment income	346,763	
[Interest and dividends]	[206,022]	
[Gains on trading account securities]	[281]	
[Gains on sale of securities]	[111,385]	
[Derivative transaction gains]	[27,910]	
Other ordinary revenues	66,253	
ORDINARY EXPENSES	1,260,503	97.5
Benefits and claims	624,092	
[Claims]	[202,429]	
[Annuities]	[86,567]	
[Benefits]	[122,408]	
[Surrender values]	[155,691]	
Provision for policy reserves and others	104,766	
Provision for reserves for outstanding claims	1,372	
Provision for policy reserves	100,631	
Provision for interest on policyholder dividends	2,762	
Investment expenses	306,761	
[Interest expenses]	[2,635]	
[Losses on money held in trust]	[3,518]	
[Losses on sale of securities]	[46,638]	
[Losses on valuation of securities]	[55,970]	
[Losses on investment in separate accounts]	[158,775]	
Operating expenses	120,479	
Other ordinary expenses	104,402	
NET SURPLUS FROM OPERATIONS	32,518	2.5
Extraordinary gains	4,156	0.3
Extraordinary losses	5,124	0.4
Net surplus before adjustment for taxes, etc.	31,549	2.4
Corporate income taxes-current	39,052	3.0
Corporate income tax-deferred	(25,605)	(2.0)
Minority interests in profit of subsidiaries	1	0.0
Net surplus for the period	18,100	1.4