November 13, 2009

Financial Results for the Six Months Ended September 30, 2009

The Dai-ichi Mutual Life Insurance Company (the "Company" or the "Parent Company"; President: Katsutoshi Saito) announces its financial results for the six months ended September 30, 2009.

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

The Dai-ichi Mutual Life Insurance Company

1. Business Highlights

(1) Policies in Force and New Policies

Policies in Force

	As of September 30, 2009				As of March 31, 2009	
	Number of policies		Amount		Number of policies (thousands)	Amount (billions of yen)
	(thousands)	% of March 31, 2009 total	(billions of yen)	% of March 31, 2009 total		
Individual insurance	10,985	99.4	154,375.0	97.0	11,051	159,072.0
Individual annuities	1,215	101.1	7,079.7	101.5	1,202	6,975.8
Individual insurance and annuities	12,200	99.6	161,454.8	97.2	12,254	166,047.8
Group insurance	-	-	54,796.4	100.0	-	54,769.4
Group annuities	-	-	6,180.6	100.7	-	6,140.6

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

New Policies

	Number of policies		Amount			
	(thousands)	% of September 30, 2008 total	(billions of yen)	New Business	Net increase by conversion	% of September 30, 2008 total
Six months ended September 30, 2008						
Individual insurance	520		3,385.6	3,441.9	(56.3)	
Individual annuities	18		127.3	132.4	(5.1)	
Individual insurance and annuities	538		3,512.9	3,574.3	(61.4)	
Group insurance	-		422.2	422.2		
Group annuities	-		0.3	0.3		
Six months ended September 30, 2009						
Individual insurance	515	99.1	3,039.9	3,211.9	(171.9)	89.8
Individual annuities	29	164.6	201.7	207.3	(5.6)	158.5
Individual insurance and annuities	545	101.3	3,241.7	3,419.3	(177.5)	92.3
Group insurance	-		81.5	81.5		19.3
Group annuities	-		0.7	0.7		204.1

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.

(Reference) Surrenders and lapses in individual insurance and annuities

(billions of yen except percentages)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Amount of surrenders and lapses	5,052.6	5,086.7
Surrender and lapse rate (%)	2.90	3.06

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

(2) Annualized Net Premiums

Policies in Force (billions of yen except percentages)

	As of September 30, 2009	% of March 31, 2009 total	As of March 31, 2009
Individual insurance	1,737.9	98.4	1,766.8
Individual annuities	291.5	102.1	285.5
Total	2,029.4	98.9	2,052.4
Medical and survival benefits	492.1	99.9	492.7

New Policies (billions of yen except percentages)

	Six months ended September 30, 2008	Six months ended September 30, 2009	% of September 30, 2008 total
Individual insurance	54.0	49.6	91.8
Individual annuities	6.9	7.2	105.4
Total	60.9	56.9	93.3
Medical and survival benefits	20.2	17.5	86.7

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

(3) Profit and Loss Items

(millions of yen except percentages)

	Six months ended September 30, 2008	Six months ended September 30, 2009	% of September 30, 2008 total
Premium and other income	1,483,177	1,394,816	94.0
Investment income	603,029	603,063	100.0
Benefits and claims	1,244,726	1,283,096	103.1
Investment expense	309,980	130,011	41.9
Net surplus from operations	96,536	135,869	140.7

(4) Total assets

(millions of yen except percentages)

	As of September 30, 2009	% of March 31, 2009 total	As of March 31, 2009
Total Assets	30,498,821	101.6	30,022,243

2. Unaudited Non-Consolidated Balance Sheets

(millions of yen)

	As of September 30, 2009 Amount	As of March 31, 2009 (summarized) Amount
(ASSETS)		
Cash and deposits	126,147	222,407
Call loans	174,200	171,100
Deposit paid for securities borrowing transactions	21,143	14,954
Monetary claims bought	277,125	281,371
Trading account securities	129,473	52,597
Money held in trust	16,236	13,265
Securities	23,703,551	22,667,846
[Government bonds]	9,961,150	10,147,344
[Local government bonds]	331,489	343,529
[Corporate bonds]	2,432,573	2,462,903
[Stocks]	3,700,474	3,139,601
[Foreign securities]	6,906,220	6,220,487
Loans	3,965,169	4,248,438
Policy loans	589,620	604,706
Ordinary loans	3,375,549	3,643,732
Tangible fixed assets	1,230,424	1,239,487
Intangible fixed assets	107,228	107,423
Reinsurance receivables	84	148
Other assets	411,287	352,988
Deferred tax assets	342,916	640,990
Customers' liabilities for acceptances and guarantees	17,209	20,138
Reserve for possible loan losses	(23,375)	(10,916)
Total assets	30,498,821	30,022,243

(millions of yen)

	As of September 30, 2009 Amount	As of March 31, 2009 (summarized) Amount
(LIABILITIES)		
Policy reserves and others	27,694,205	27,527,576
Reserves for outstanding claims	153,758	172,940
Policy reserves	27,172,336	27,006,977
Reserve for policyholder dividends	368,110	347,658
Reinsurance payables	473	512
Subordinated bonds	45,093	49,102
Other liabilities	971,204	1,169,969
Corporate income tax payable	313	320
Lease liabilities	115	242
Other liabilities	970,776	1,169,407
Reserve for employees' retirement benefits	412,008	403,662
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,361	3,464
Reserve for possible reimbursement of prescribed claims	806	1,000
Reserve for price fluctuations	108,453	101,453
Deferred tax liabilities for land revaluation	124,813	125,535
Acceptances and guarantees	17,209	20,138
Total liabilities	29,377,629	29,402,415
(NET ASSETS)		
Foundation funds	100,000	120,000
Accumulated redeemed foundation funds	320,000	300,000
Revaluation reserve	248	248
Surplus	321,533	309,690
Reserve for future losses	5,600	5,400
Other surplus	315,933	304,290
Reserve for redemption of foundation funds	100,000	81,300
Reserve for interest payment for foundation funds	1,263	-
Fund for risk allowance	43,139	43,139
Fund for price fluctuation allowance	55,000	30,000
Reserve for tax basis adjustments of real estate	16,357	15,961
Other reserves	183	122
Unappropriated net surplus for the period	99,989	133,766
Total of foundation funds and surplus	741,782	729,938
Net unrealized gains on securities, net of tax	444,149	(47,456)
Deferred hedge gains/losses	(1,369)	(357)
Reserve for land revaluation	(63,370)	(62,297)
Total of valuation and translation adjustments	379,410	(110,111)
Total net assets	1,121,192	619,827
Total liabilities and net assets	30,498,821	30,022,243

3. Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
	Amount	Amount
ORDINARY REVENUES	2,216,878	2,142,524
Premium and other income	1,483,177	1,394,816
[Premium income]	[1,482,868]	[1,394,549]
Investment income	603,029	603,063
[Interest and dividends]	[394,121]	[346,365]
[Gains on trading account securities]	[253]	[515]
[Gains on money held in trust]	[-]	[2,161]
[Gains on sale of securities]	[181,489]	[118,185]
[Derivative transaction gains]	[18,321]	[5,676]
[Gains on investment in separate acccounts]	[-]	[126,524]
Other ordinary revenues	130,671	144,644
ORDINARY EXPENSES	2,120,341	2,006,655
Benefits and claims	1,244,726	1,283,096
[Claims]	[427,891]	[385,866]
[Annuities]	[173,297]	[192,542]
[Benefits]	[250,406]	[268,257]
[Surrender values]	[311,815]	[351,186]
[Other refunds]	[80,763]	[84,682]
Provision for policy reserves and others	140,828	170,632
Provision for reserves for outstanding claims	1,172	-
Provision for policy reserves	134,132	165,358
Provision for interest on policyholder dividends	5,523	5,273
Investment expenses	309,980	130,011
[Interest expenses]	[5,212]	[5,767]
[Losses on money held in trust]	[1,917]	[-]
[Losses on sale of securities]	[99,739]	[65,204]
[Losses on valuation of securities]	[62,437]	[9,655]
[Losses on investment in separate acccounts]	[76,101]	[-]
Operating expenses	217,156	214,028
Other ordinary expenses	207,649	208,886
NET SURPLUS FROM OPERATIONS	96,536	135,869
EXTRAORDINARY GAINS	4,822	112
Gains on disposal of fixed assets	713	23
Reversal of reserve for possible investment losses	3,955	-
Gains on collection of loans and claims written off	154	89
EXTRAORDINARY LOSSES	9,555	13,528
Losses on disposal of fixed assets	374	1,325
Impairment losses on fixed assets	1,308	4,347
Provision for reserve for price fluctuations	7,000	7,000
Other extraordinary losses	871	855
Net surplus before adjustment for taxes, etc.	91,804	122,453
Corporate income taxes-current	77,813	112
Corporate income tax-deferred	(56,609)	24,279
Total of corporate income taxes	21,204	24,391
Net surplus for the period	70,600	98,061

I. NOTES TO THE UNAUDITED NON-CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2009

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:

(1) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

(2) Held-to-maturity Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method. The amortization of premium or discount is calculated by the straight-line method.

(3) Policy-reserve-matching Bonds

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) are stated at amortized cost determined by the moving average method. The amortization of premium or discount is calculated by the straight-line method.

(4) Stocks of Subsidiaries and Affiliated Companies

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

(5) Available-for-sale Securities

i. Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at market value as of September 30, 2009 (for domestic stocks, the average value during September), with cost determined by the moving average method.

ii. Available-for-sale Securities without Market Value

a. Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment

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

b. Others

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.

3. Trading Account Securities

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

4. Policy-reserve-matching Bonds

The book value, market value, and risk management policy regarding policy-reserve-matching bonds are as follows:

(1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of September 30, 2009 amounted to ¥5,452,368 million. The market value of these bonds as of September 30, 2009 was ¥5,638,727 million.

(2) Risk Management Policy

The Company categorizes its insurance products into sub-groups by attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on balance of the sub-groups. Moreover, the Company periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:

i. individual life insurance and annuities
ii. financial insurance and annuities, and
iii. employee-funded corporate pension contracts.
(Some insurance products are exempted from such categorization.)

5. Valuation method of 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 a 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

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets is calculated by the following method.

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.

Assets in “other tangible fixed assets” that were other than land, buildings, and lease assets and acquired for ¥100,000 or more but less than ¥200,000 are depreciated by equal amounts over three years.

With respect to tangible fixed assets acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the salvage values were depreciated in the following five years from the fiscal year end when such assets were depreciated to their final depreciable limit.

(2) Depreciation of Leased Assets

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

(3) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of September 30, 2009 was ¥635,010 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 the Company's 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 interim period ended September 30, 2009 was ¥4,150 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 ¥25,431 million as of September 30, 2009 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, 2009 was ¥58,254 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, 2010.

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, (1) an estimated amount for future payment out of the total amount of benefits for past service approved by the 105th general meeting of representative policyholders and (2) an estimated amount for future corporate-pension payments to directors, executive officers, and corporate auditors who retired before the approval of the 105th general meeting of representative policyholders are 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 experience.

14. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities as of September 30, 2009 in accordance with the provisions of Article 115 of the Insurance Business Law.

15. Finance Leases

Finance 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.

16. 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, government and corporate bonds, and debt and bonds payable; 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 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.

17. 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 five 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.

18. 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:

i. 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).

ii. Reserves for other policies are established based on the net level premium method.

For whole life insurance contracts which were acquired on or before March 31, 1996 and premium payments for which were already completed as of September 30, 2009 (including single premium contracts), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement

Regulation of the Insurance Business Law and will be provided evenly in the following nine years. As a result, the amount of provision for policy reserves for the six months ended September 30, 2009 was ¥45,238 million.

19. 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.

20. Corporate Income Taxes and Resident Taxes

Corporate income taxes and resident taxes, including taxes deferred, for the six months ended September 30, 2009 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.

21. Problem Loans

The total balance 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 ¥41,102 million. The amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans were ¥5,453 million, ¥33,629 million, ¥60 million, and ¥1,959 million, respectively.

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 Section 9 above, credits to bankrupt borrowers and delinquent loans decreased by ¥975 million and ¥3,175 million, respectively.

22. 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 ¥1,247,031 million. Separate account liabilities were the same amount as separate account assets.

23. Leased Computers

In addition to fixed assets included in the non-consolidated balance sheet, the Company has computers as significant leased tangible fixed assets. The Company has no material leased intangible assets.

24. 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	¥	347,658
Transfer from surplus in previous fiscal year		64,963
Dividends paid in the interim period		(49,784)
Interest accrual in the interim period		5,273
Balance at the end of the interim period	¥	368,110

25. Redemption of Foundation Funds

¥20,000 million of reserve for redemption of foundation funds, equivalent to the amount of foundation funds redeemed during the six months ended September 30, 2009, was transferred to accumulated redeemed foundation funds in accordance with Article 56 of the Insurance Business Law.

26. Resolution of Redemption of Foundation Funds

Prior to its demutualization based on the Plan for Demutualization approved at the 108th general meeting of representative policyholders, the Company will redeem the whole unredeemed balance of its foundation funds amounting to ¥100,000 million (the unredeemed ¥40,000 million portion of ¥60,000 million foundation fund issued in FY2004 and the whole ¥60,000 million foundation fund issued in FY2006) on March 26, 2010, before their maturity dates, in accordance with Article 89 of the Insurance Business Law.

Following legal requirements, Dai-ichi Life Kikin Ryudoka Tokutei Mokuteki Kaisha Series 2 and 3, the creditors of the funds, respectively obtained approvals for the pre-maturity redemption at their specified corporate bondholders' meetings held on August 19, 2009. Also, the resolutions made at those meetings were approved by the Tokyo District Court on September 4 and September 1, 2009, respectively.

27. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥6,507 million.

28. Subordinated Debt

Long-term debt and other borrowings included subordinated debt of ¥313,000 million, repayment of which is subordinated to other obligations.

29. Subordinated Bonds

Subordinated bonds of ¥45,093 million shown in liabilities were foreign currency-denominated subordinated bonds of US$499 million, the repayment of which 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, 2009 to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law were ¥61,746 million. These obligations will be recognized as operating expenses in the periods in which they are paid.

31. Stocks of Subsidiaries

The amount of stocks of subsidiaries the Company held as of September 30, 2009 was ¥220,271 million.

32. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were ¥443,720 million and ¥86 million, respectively. Secured liabilities totaled ¥427,585 million. Among the amounts above, securities and cash collateral for securities lending transactions were ¥424,579 million and ¥427,567 million, respectively.

33. Securities Lending

The total balance of securities lent as of September 30, 2009 was ¥430,720 million.

34. Reinsurance

The amount of reserves 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 ¥1 million. The amount of policy reserves 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 NON-CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2009

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 ¥9,188 million, ¥66,169 million and ¥42,827 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥6,272 million, ¥6,868 million and ¥52,063 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥6,662 million and ¥2,993 million, respectively.

3. Reinsurance

In calculating reversal of reserves for outstanding claims, the amount of adjustment of provision of reserve for outstanding claims reinsured was ¥1 million. In calculating provision for policy reserves, provision for policy reserve reinsured of ¥0 million was deducted.

4. Interest and Dividends

Major components of interest and dividends for the six months ended September 30, 2009 were as follows:

		(millions of yen)
Interest from bank deposits	¥	986
Interest and dividends from securities		257,982
Interest from loans		46,655
Rental income		35,443
Other interest and dividends		5,297
Total	¥	346,365

5. Gains on Trading Account Securities

Gains on trading account securities included (1) interest and dividends, (2) gains on sale of securities and (3) gains on valuation of securities of ¥218 million, ¥85 million and ¥234 million, respectively.

6. Gains on Money Held in Trust

Gains on money held in trust included gains on valuation of securities of ¥2,191 million.

7. Derivative Transaction Gains

Derivative transaction gains included valuation gains of ¥23,477 million.

8. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the interim period ended September 30, 2009 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 property for rent and property not in use, which is not used for insurance business purposes, is deemed to be 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

Impairment losses by asset group were as follows:

(millions of yen)

Asset Group	Number	Impairment Losses			
		Land	Land Leasing Rights	Buildings	Total
Real estate for rent	5	¥ 227	¥ 200	¥ 485	¥ 913
Real estate not in use	45	2,448	-	986	3,434
Total	50	¥ 2,675	¥ 200	¥ 1,471	¥ 4,347

(4) Calculation of Recoverable Value

Value in use or net sales value is used as recoverable value of real estate for rent, and net sales value is used as recoverable value of real estate not in use. A discount rate of 2.96% was applied for discounting future cash flows in calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value is used as net sales value.

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

(millions of yen)

		Six months ended September 30, 2008	Six months ended September 30, 2009
Fundamental revenues		2,016,813	2,015,984
Premium and other income		1,483,177	1,394,816
Investment income		402,964	476,523
[Interest and dividends]		394,121	346,365
Other ordinary revenues		130,671	144,644
[Transfer from policy reserves]		-	-
Fundamental expense		1,800,773	1,853,390
Benefits and claims		1,244,726	1,283,096
Provision for policy reserves and others		29,566	116,393
Investment expenses		101,673	30,985
Operating expenses		217,156	214,028
Other ordinary expenses		207,649	208,886
Fundamental profit	***A***	216,040	162,594
Capital gains		200,064	126,539
Gains on money held in trust		-	2,161
Gains on investments in trading securities		-	-
Gains on sale of securities		181,489	118,185
Derivative transaction gains		18,321	5,676
Foreign exchange gains		-	-
Gains on trading account securities		253	515
Others		-	-
Capital losses		207,055	84,144
Losses on money held in trust		1,917	-
Losses on investments in trading securities		-	-
Losses on sale of securities		99,739	65,204
Losses on valuation of securities		62,437	9,655
Derivative transaction losses		-	-
Foreign exchange losses		42,960	9,283
Losses on trading account securities		-	-
Others		-	-
Net capital gains	***B***	(6,990)	42,395
Fundamental profit plus net capital gains	***A + B***	209,049	204,989
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Others		-	-
Other one-time losses		112,512	69,120
Ceding reinsurance commissions		-	-
Provision for contingency reserve		41,000	9,000
Provision for specific reserve for possible loan losses		594	14,696
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		657	186
Others		70,261	45,238
Other one-time profits	***C***	(112,512)	(69,120)
Net surplus from operations	***A + B + C***	96,536	135,869

Note: "Others" in "Other one-time losses" represents the amount of the additional policy reserves provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Law (45,238 million yen for the six months ended September 30, 2009 and 70,261 million yen for the six months ended September 30, 2008).

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

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

(Millions of yen)

	Six months ended September 30, 2008
Foundation funds and surplus	
Foundation funds	
Beginning balance as of March 31, 2008	120,000
Changes for the interim period	
Changes for the interim period	-
Ending balance as of September 30, 2008	120,000
Accumulated redeemed foundation funds	
Beginning balance as of March 31, 2008	300,000
Changes for the interim period	
Changes for the interim period	-
Ending balance as of September 30, 2008	300,000
Revaluation reserve	
Beginning balance as of March 31, 2008	248
Changes for the interim period	
Changes for the interim period	-
Ending balance as of September 30, 2008	248
Surplus	
Reserve for future losses	
Beginning balance as of March 31, 2008	5,100
Changes for the interim period	
Transfer to reserve for future losses	300
Changes for the interim period	300
Ending balance as of September 30, 2008	5,400
Other surplus	
Reserve for redemption of foundation funds	
Beginning balance as of March 31, 2008	42,600
Changes for the interim period	
Transfer to reserve for redemption of foundation funds	38,700
Changes for the interim period	38,700
Ending balance as of September 30, 2008	81,300
Fund for risk allowance	
Beginning balance as of March 31, 2008	43,139
Changes for the interim period	
Changes for the interim period	-
Ending balance as of September 30, 2008	43,139
Fund for price fluctuation allowance	
Beginning balance as of March 31, 2008	20,000
Changes for the interim period	
Transfer to fund for price fluctuation allowance	10,000
Changes for the interim period	10,000
Ending balance as of September 30, 2008	30,000
Subsidy for social public enterprise	
Beginning balance as of March 31, 2008	9
Changes for the interim period	
Transfer to subsidy for social public enterprise	2,326
Transfer from subsidy for social public enterprise	(826)
Changes for the interim period	1,500
Ending balance as of September 30, 2008	1,509
Fund for Public Health Awards	
Beginning balance as of March 31, 2008	4
Changes for the interim period	
Transfer to fund for Public Health Awards	60
Transfer from fund for Public Health Awards	(40)
Changes for the interim period	19
Ending balance as of September 30, 2008	24
Fund for Green Design Award	
Beginning balance as of March 31, 2008	6
Changes for the interim period	
Transfer to fund for Green Design Award	50
Transfer from fund for Green Design Award	(5)
Changes for the interim period	44
Ending balance as of September 30, 2008	50
Reserve for tax basis adjustments of real estate	
Beginning balance as of March 31, 2008	15,635
Changes for the interim period	
Transfer to reserve for tax basis adjustments of real estate	482
Transfer from reserve for tax basis adjustments of real estate	(156)
Changes for the interim period	326
Ending balance as of September 30, 2008	15,961
Other reserves	
Beginning balance as of March 31, 2008	100
Changes for the interim period	
Changes for the interim period	-
Ending balance as of September 30, 2008	100

	Six months ended September 30, 2008
Unappropriated net surplus for the period	
Beginning balance as of March 31, 2008	143,318
Changes for the interim period	
Transfer to reserve for policyholder dividends	(89,227)
Transfer to reserve for future losses	(300)
Interest payment for foundation funds	(2,328)
Net surplus for the period	70,600
Transfer to reserve for redemption of foundation funds	(38,700)
Transfer to fund for price fluctuation allowance	(10,000)
Transfer to subsidy for social public enterprise	(2,326)
Transfer from subsidy for social public enterprise	826
Transfer to fund for Public Health Awards	(60)
Transfer from fund for Public Health Awards	40
Transfer to fund for Green Design Award	(50)
Transfer from fund for Green Design Award	5
Transfer to reserve for tax basis adjustments of real estate	(482)
Transfer from reserve for tax basis adjustments of real estate	156
Transfer from reserve for land revaluation	601
Changes for the interim period	(71,244)
Ending balance as of September 30, 2008	72,073
Total of surplus	
Beginning balance as of March 31, 2008	269,913
Changes for the interim period	
Transfer to reserve for policyholder dividends	(89,227)
Interest payment for foundation funds	(2,328)
Net surplus for the period	70,600
Transfer from reserve for land revaluation	601
Changes for the interim period	(20,354)
Ending balance as of September 30, 2008	249,558
Total of foundation funds and surplus	
Beginning balance as of March 31, 2008	690,162
Changes for the interim period	
Transfer to reserve for policyholder dividends	(89,227)
Interest payment for foundation funds	(2,328)
Net surplus for the period	70,600
Transfer from reserve for land revaluation	601
Changes for the interim period	(20,354)
Ending balance as of September 30, 2008	669,807
Valuation and translation adjustments	
Net unrealized gains on securities, net of tax	
Beginning balance as of March 31, 2008	957,385
Changes for the interim period	
Net changes of items other than foundation funds and surplus	(468,795)
Changes for the interim period	(468,795)
Ending balance as of September 30, 2008	488,589
Deferred hedge gains / losses	
Beginning balance as of March 31, 2008	-
Changes for the interim period	
Net changes of items other than foundation funds and surplus	-
Changes for the interim period	-
Ending balance as of September 30, 2008	-
Reserve for land revaluation	
Beginning balance as of March 31, 2008	(61,500)
Changes for the interim period	
Net changes of items other than foundation funds and surplus	(601)
Changes for the interim period	(601)
Ending balance as of September 30, 2008	(62,101)
Total of valuation and translation adjustments	
Beginning balance as of March 31, 2008	895,884
Changes for the interim period	
Net changes of items other than foundation funds and surplus	(469,396)
Changes for the interim period	(469,396)
Ending balance as of September 30, 2008	426,487
Total	
Beginning balance as of March 31, 2008	1,586,046
Changes for the interim period	
Transfer to reserve for policyholder dividends	(89,227)
Interest payment for foundation funds	(2,328)
Net surplus for the period	70,600
Transfer from reserve for land revaluation	601
Net changes of items other than foundation funds and surplus	(469,396)
Changes for the interim period	(489,751)
Ending balance as of September 30, 2008	1,096,295

Note: "Green Design Award" was renamed to "Environmental Green Design Award" effective as of April 1, 2009.

(2) Unaudited Non-Consolidated Statement of Changes in Net Assets for the Six Months Ended September 30, 2009

(millions of yen)

	Six months ended September 30, 2009
Foundation funds and surplus	
Foundation funds	
Beginning balance as of March 31, 2009	120,000
Changes for the interim period	
Redemption of foundation funds	(20,000)
Changes for the interim period	(20,000)
Ending balance as of September 30, 2009	100,000
Accumulated redeemed foundation funds	
Beginning balance as of March 31, 2009	300,000
Changes for the interim period	
Transfer to accumulated redeemed foundation funds	20,000
Changes for the interim period	20,000
Ending balance as of September 30, 2009	320,000
Revaluation reserve	
Beginning balance as of March 31, 2009	248
Changes for the interim period	
Changes for the interim period	-
Ending balance as of September 30, 2009	248
Surplus	
Reserve for future losses	
Beginning balance as of March 31, 2009	5,400
Changes for the interim period	
Transfer to reserve for future losses	200
Changes for the interim period	200
Ending balance as of September 30, 2009	5,600
Other surplus	
Reserve for redemption of foundation funds	
Beginning balance as of March 31, 2009	81,300
Changes for the interim period	
Transfer to accumulated redeemed foundation funds	(20,000)
Transfer to reserve for redemption of foundation funds	38,700
Changes for the interim period	18,700
Ending balance as of September 30, 2009	100,000
Reserve for interest payment for foundation funds	
Beginning balance as of March 31, 2009	-
Changes for the interim period	
Transfer to reserve for interest payment for foundation funds	1,263
Changes for the interim period	1,263
Ending balance as of September 30, 2009	1,263
Fund for risk allowance	
Beginning balance as of March 31, 2009	43,139
Changes for the interim period	
Changes for the interim period	-
Ending balance as of September 30, 2009	43,139
Fund for price fluctuation allowance	
Beginning balance as of March 31, 2009	30,000
Changes for the interim period	
Transfer to fund for price fluctuation allowance	25,000
Changes for the interim period	25,000
Ending balance as of September 30, 2009	55,000
Subsidy for social public enterprise	
Beginning balance as of March 31, 2009	9
Changes for the interim period	
Transfer to subsidy for social public enterprise	826
Transfer from subsidy for social public enterprise	(826)
Changes for the interim period	-
Ending balance as of September 30, 2009	9
Fund for Public Health Awards	
Beginning balance as of March 31, 2009	4
Changes for the interim period	
Transfer to fund for Public Health Awards	40
Transfer from fund for Public Health Awards	(25)
Changes for the interim period	14
Ending balance as of September 30, 2009	18
Fund for Environmental Green Design Award	
Beginning balance as of March 31, 2009	9
Changes for the interim period	
Transfer to fund for Environmental Green Design Award	50
Transfer from fund for Environmental Green Design Award	(3)
Changes for the interim period	46
Ending balance as of September 30, 2009	55
Reserve for tax basis adjustments of real estate	
Beginning balance as of March 31, 2009	15,961
Changes for the interim period	
Transfer to reserve for tax basis adjustments of real estate	540
Transfer from reserve for tax basis adjustments of real estate	(145)
Changes for the interim period	395
Ending balance as of September 30, 2009	16,357
Other reserves	
Beginning balance as of March 31, 2009	100
Changes for the interim period	
Changes for the interim period	-
Ending balance as of September 30, 2009	100

	Six months ended September 30, 2009
Unappropriated net surplus for the period	
Beginning balance as of March 31, 2009	133,766
Changes for the interim period	
Transfer to reserve for policyholder dividends	(64,963)
Transfer to reserve for future losses	(200)
Interest payment for foundation funds	(2,328)
Net surplus for the period	98,061
Transfer to reserve for redemption of foundation funds	(38,700)
Transfer to reserve for interest payment for foundation funds	(1,263)
Transfer to fund for price fluctuation allowance	(25,000)
Transfer to subsidy for social public enterprise	(826)
Transfer from subsidy for social public enterprise	826
Transfer to fund for Public Health Awards	(40)
Transfer from fund for Public Health Awards	25
Transfer to fund for Environmental Green Design Award	(50)
Transfer from fund for Environmental Green Design Award	3
Transfer to reserve for tax basis adjustments of real estate	(540)
Transfer from reserve for tax basis adjustments of real estate	145
Transfer from reserve for land revaluation	1,072
Changes for the interim period	(33,776)
Ending balance as of September 30, 2009	99,989
Total of surplus	
Beginning balance as of March 31, 2009	309,690
Changes for the interim period	
Transfer to reserve for policyholder dividends	(64,963)
Transfer to accumulated redeemed foundation funds	(20,000)
Interest payment for foundation funds	(2,328)
Net surplus for the period	98,061
Transfer from reserve for land revaluation	1,072
Changes for the interim period	11,843
Ending balance as of September 30, 2009	321,533
Total of foundation funds and surplus	
Beginning balance as of March 31, 2009	729,938
Changes for the interim period	
Transfer to reserve for policyholder dividends	(64,963)
Interest payment for foundation funds	(2,328)
Net surplus for the period	98,061
Redemption of foundation funds	(20,000)
Transfer from reserve for land revaluation	1,072
Changes for the interim period	11,843
Ending balance as of September 30, 2009	741,782
Valuation and translation adjustments	
Net unrealized gains on securities, net of tax	
Beginning balance as of March 31, 2009	(47,456)
Changes for the interim period	
Net changes of items other than foundation funds and surplus	491,606
Changes for the interim period	491,606
Ending balance as of September 30, 2009	444,149
Deferred hedge gains / losses	
Beginning balance as of March 31, 2009	(357)
Changes for the interim period	
Net changes of items other than foundation funds and surplus	(1,011)
Changes for the interim period	(1,011)
Ending balance as of September 30, 2009	(1,369)
Reserve for land revaluation	
Beginning balance as of March 31, 2009	(62,297)
Changes for the interim period	
Net changes of items other than foundation funds and surplus	(1,072)
Changes for the interim period	(1,072)
Ending balance as of September 30, 2009	(63,370)
Total of valuation and translation adjustments	
Beginning balance as of March 31, 2009	(110,111)
Changes for the interim period	
Net changes of items other than foundation funds and surplus	489,521
Changes for the interim period	489,521
Ending balance as of September 30, 2009	379,410
Total	
Beginning balance as of March 31, 2009	619,827
Changes for the interim period	
Transfer to reserve for policyholder dividends	(64,963)
Interest payment for foundation funds	(2,328)
Net surplus for the period	98,061
Redemption of foundation funds	(20,000)
Transfer from reserve for land revaluation	1,072
Net changes of items other than foundation funds and surplus	489,521
Changes for the interim period	501,364
Ending balance as of September 30, 2009	1,121,192

Note: "Green Design Award" was renamed to "Environmental Green Design Award" effective as of April 1, 2009.

6. Investment of General Account Assets for the Six Months Ended September 30, 2009

(1) Investment Environment

The Japanese economy has improved, compared to that at the beginning of the fiscal year, owing to (i) a turnaround in international demand, which led to expansion of Japan's exports mainly to Asian countries, (ii) progress in production activities of the Japanese corporate sector as a result of a series of inventory adjustments, and (iii) gains in personal consumption as a consequence of stimulus packages adopted by the Japanese government. On the other hand, Japan's unemployment rate has shifted up to as high as 5% for the first time in six years. The employment environment remains poor, leaving downward pressure on the Japanese economy.

The U.S. economy still shows signs of slowing down but ameliorated drastically in its range of drop, given (i) economic measures taken by the U.S. government to support personal consumption and (ii) improvement in business sentiment and halt of shrinkage of corporate capital expenditures as a result of financial measures also taken by the government.

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

[Domestic interest rates]

Yield on ten year government bonds once rose to as high as 1.5%, reflecting (i) a series of signs which indicated the economy had hit bottom and (ii) growing concern over worsened balance between supply and demand for Japanese government bonds. However, the yield has declined to as low as 1.2% by the end of September, given (i) the continued policy of monetary relaxation in Japan and (ii) decline in stock prices as a result of yen appreciation against other currencies.

Yield on ten-year government bonds:	April 1, 2009	1.345%
	September 30, 2009	1.290%

[Domestic Stocks]

Nikkei 225 Stock Average slowly climbed up to over 10,000 by late August, given steady recoveries in international stock markets against a backdrop of expectation for economic recoveries in newly developing countries. However, the yen appreciation against other currencies in late September discouraged people's expectation on recoveries for domestic corporate performance, setting implicit ceilings over many stock prices

Nikkei 225 Stock Average:	April 1, 2009	8,109
	September 30, 2009	10,133
TOPIX:	April 1, 2009	773
	September 30, 2009	909

[Foreign Currency]

The U.S. dollar depreciated against the yen and once reached lower than ¥90 with (1) growing concern over the U.S. dollar as the central currency of the world, as the U.S. budget deficits had grown and (2) forecast that the U.S. low-interest rate policy would remain.

However, the Euro has appreciated against the yen due to currency shift from the yen, which is often considered a shelter currency, to the Euro in a trend with preference for currencies with high interest rates.

yen/U.S. dollar:	April 1, 2009	¥98.23
	September 30, 2009	¥90.21
yen/euro:	April 1, 2009	¥129.84
	September 30, 2009	¥131.72

(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	Decrease 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. Total balance of domestic bonds decreased as the Company replaced its domestic bonds with foreign currency denominated bonds with currency hedges, aiming to improve its investment efficiency. 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	Decrease Although the 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	Increase The Company replaced some companies/sectors with those with higher competitiveness and more growth potential, taking into account analyses by in-house analysts. The balance on a market value basis increased in comparison with that at the beginning of the fiscal year, due to the domestic stock market's boom.
Foreign bonds	Increase 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	Increase The Company accelerated diversification of geographic allocation and styles of foreign stock investment, utilizing both independent investment advisors and in-house managers. The balance on a market value basis increased in comparison with that at the beginning of the fiscal year, due to the global stock market's rise.
Real Estate	Flat 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: Underlined changes in assets above are described on a book value basis.

[Investment income and expenses]

Investment income decreased by ¥126.4 billion to ¥476.5 billion largely due to (i) a decrease in foreign interest income resulting from yen appreciation against other currencies and (ii) a decrease in gains on sale of securities. Meanwhile, investment losses decreased by ¥103.8 billion to ¥130.0 billion, 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 for the six months ended September 30, 2009 amounted to ¥346.5 billion (a ¥22.6 billion decrease compared to that for the six months ended September 30, 2008) .

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

With high demand for exports, especially to Asia, and a course of financial and economic policies taken by the government, it is estimated that the Japanese economy will continue to show upward momentum. But the extent of recovery would be rather limited, mainly due to factors such as (i) pressure on the corporate sector to clean up excess employment and capital investments as well as (ii) slumping income environment.

[Domestic interest rates]

Growing expectations for Japan's economic recovery and concerns about additional issuance of Japanese government bonds due to the fiscal expansion policy of the Japanese government will together put upward pressure on interest rates. In the mean time, economic conditions and commodity prices remain difficult to anticipate, and also the Bank of Japan's monetary easing is expected to remain for the long term. Given these conditions, the Company believes interest rates in Japan may increase but only mildly.

[Domestic stocks]

The domestic stock market is anticipated to be more sluggish than during the earlier half of the fiscal year, during which stock prices experienced a rise in advance to actual rebound in earnings of the corporate sector. During the coming period, domestic economic recovery is expected to slow down and deflationary concerns cast uncertainty on the corporate sector earnings.

[Foreign currency]

U.S. dollar depreciation pressure is expected to be stronger due to (i) lowered confidence in the U.S. dollar as the central currency with growing budget deficits of the U.S. government and (ii) excessive liquidity of the U.S. dollar resulting from U.S.'s prolonged monetary easing policy. Nevertheless, slow recovery of the Japanese economy is expected to off-set the downward pressure and lead yen/dollar exchange rates to a flat level.

The euro is under pressure to appreciate against the yen, reflecting Europe's beneficial interest spread against Japan. However, there are also concerns to depreciate the euro such as sluggish recovery of the European economy. Therefore, the Company anticipates euro/yen exchange rates to move without an explicit direction.

(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 second half of the fiscal year. When interest rates rise, the Company will accelerate its investment in bonds with longer duration.
Loans	<u>Slight 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 slightly 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 market trends into account, 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 Results of General Account

(1) Asset Composition (General Account)

(millions of yen)

	As of September 30, 2009		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	277,849	0.9	359,046	1.2
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	21,143	0.1	14,954	0.1
Monetary claims bought	277,125	0.9	281,371	1.0
Trading account securities	129,473	0.4	52,597	0.2
Money held in trust	16,236	0.1	13,265	0.0
Securities	22,514,648	76.9	21,588,974	74.7
Domestic bonds	12,350,976	42.2	12,620,231	43.7
Domestic stocks	3,380,137	11.5	2,846,053	9.9
Foreign securities	6,565,880	22.4	5,908,767	20.5
Foreign bonds	5,026,883	17.2	4,459,828	15.4
Foreign stocks and other securities	1,538,996	5.3	1,448,938	5.0
Other securities	217,654	0.7	213,921	0.7
Loans	3,965,169	13.5	4,248,438	14.7
Policy loans	589,620	2.0	604,706	2.1
Ordinary loans	3,375,549	11.5	3,643,732	12.6
Real estate	1,225,886	4.2	1,235,122	4.3
Real estate for rent	780,414	2.7	778,840	2.7
Deferred tax assets	342,916	1.2	640,990	2.2
Others	526,353	1.8	459,888	1.6
Reserve for possible loan losses	(23,375)	(0.1)	(10,916)	(0.0)
Total	29,273,426	100.0	28,883,735	100.0
Foreign currency-denominated assets	5,107,103	17.4	4,404,129	15.2

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 September 30, 2008	Six months ended September 30, 2009
Cash, deposits, and call loans	37,142	(81,197)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	(20,987)	6,188
Monetary claims bought	(69,142)	(4,246)
Trading account securities	30,164	76,875
Money held in trust	(1,885)	2,971
Securities	(215,073)	925,674
Domestic bonds	(715,622)	(269,254)
Domestic stocks	(153,573)	534,083
Foreign securities	708,833	657,112
Foreign bonds	633,256	567,054
Foreign stocks and other securities	75,576	90,057
Other securities	(54,711)	3,733
Loans	(286,051)	(283,269)
Policy loans	(4,246)	(15,085)
Ordinary loans	(281,805)	(268,183)
Real estate	(2,035)	(9,236)
Real estate for rent	3,161	1,574
Deferred tax assets	320,868	(298,074)
Others	392,997	66,464
Reserve for possible loan losses	(822)	(12,459)
Total	185,174	389,691
Foreign currency-denominated assets	734,012	702,974

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, 2008	Six months ended September 30, 2009
Interest and dividends	394,121	346,365
Interest from deposits	4,110	986
Interest and dividends from securities	301,598	257,982
Interest from loans	49,346	46,655
Rental income	33,426	35,443
Other interest and dividends	5,639	5,297
Gains on trading account securities	253	515
Gains on money held in trust	-	2,161
Gains on investments in trading securities	-	-
Gains on sale of securities	181,489	118,185
Gains on sale of domestic bonds	43,609	9,188
Gains on sale of domestic stocks	44,751	66,169
Gains on sale of foreign securities	93,127	42,827
Others	-	-
Gains on redemption of securities	8,694	3,398
Derivative transaction gains	18,321	5,676
Foreign exchange gains	-	-
Other investment income	148	234
Total	603,029	476,538

(4) Investment Expense (General Account)

(millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Interest expenses	5,212	5,767
Losses on trading account securities	-	-
Losses on money held in trust	1,917	-
Losses on investments in trading securities	-	-
Losses on sale of securities	99,739	65,204
Losses on sale of domestic bonds	19,697	6,272
Losses on sale of domestic stocks	329	6,868
Losses on sale of foreign securities	79,712	52,063
Others	-	-
Losses on valuation of securities	62,437	9,655
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	9,770	6,662
Losses on valuation of foreign securities	47,730	2,993
Others	4,936	-
Losses on redemption of securities	442	1,645
Derivative transaction losses	-	-
Foreign exchange losses	42,960	9,283
Provision for reserve for possible loan losses	812	12,470
Provision for reserve for possible investment losses	-	-
Write-down of loans	657	186
Depreciation of rental real estate and others	7,443	7,457
Other investment expenses	12,255	18,339
Total	233,879	130,011

(5) Net Investment Income (General Account)

(millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Net investment income	369,149	346,527

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

(millions of yen)

	As of September 30, 2009		As of March 31, 2009	
	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	145,709	2,843	64,687	(1,139)
Trading account securities	129,473	652	52,597	(178)
Money held in trust	16,236	2,191	12,089	(961)

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

(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, 2009					
Bonds held to maturity	169,616	173,545	3,929	5,121	1,192
Domestic bonds	123,975	124,596	621	1,814	1,192
Foreign bonds	45,641	48,948	3,307	3,307	-
Policy-reserve-matching bonds	5,452,368	5,638,727	186,358	194,733	8,375
Domestic bonds	5,452,368	5,638,727	186,358	194,733	8,375
Stocks of subsidiaries and affiliates	15,906	22,863	6,957	6,957	-
Securities available for sale	14,929,964	15,620,905	690,941	1,052,529	361,587
Domestic bonds	6,590,323	6,774,632	184,308	190,117	5,808
Domestic stocks	2,549,696	3,034,265	484,568	677,587	193,019
Foreign securities	5,401,460	5,421,275	19,814	172,907	153,093
Foreign bonds	4,934,663	4,981,242	46,579	135,740	89,161
Foreign stocks and other securities	466,797	440,032	(26,765)	37,166	63,932
Other securities	104,883	103,608	(1,275)	7,259	8,535
Monetary claims bought	273,600	277,125	3,524	4,655	1,131
Certificates of deposit	10,000	10,000	0	0	-
Others	-	-	-	-	-
Total	20,567,856	21,456,042	888,186	1,259,341	371,155
Domestic bonds	12,166,668	12,537,956	371,288	386,665	15,377
Domestic stocks	2,549,696	3,034,265	484,568	677,587	193,019
Foreign securities	5,463,008	5,493,087	30,079	183,172	153,093
Foreign bonds	4,980,304	5,030,191	49,887	139,048	89,161
Foreign stocks and other securities	482,704	462,896	(19,808)	44,123	63,932
Other securities	104,883	103,608	(1,275)	7,259	8,535
Monetary claims bought	273,600	277,125	3,524	4,655	1,131
Certificates of deposit	10,000	10,000	0	0	-
Others	-	-	-	-	-
As of March 31, 2009					
Bonds held to maturity	173,462	177,941	4,479	5,842	1,362
Domestic bonds	123,697	123,767	70	1,433	1,362
Foreign bonds	49,765	54,174	4,408	4,408	-
Policy-reserve-matching bonds	5,161,684	5,391,451	229,767	233,682	3,915
Domestic bonds	5,161,684	5,391,451	229,767	233,682	3,915
Stocks of subsidiaries and affiliates	16,345	16,345	(0)	-	0
Securities available for sale	14,936,493	14,862,019	(74,473)	571,671	646,145
Domestic bonds	7,160,812	7,334,849	174,037	195,947	21,910
Domestic stocks	2,606,474	2,509,680	(96,794)	277,480	374,274
Foreign securities	4,943,671	4,805,430	(138,240)	96,950	235,190
Foreign bonds	4,465,666	4,410,063	(55,603)	86,170	141,774
Foreign stocks and other securities	478,004	395,367	(82,637)	10,779	93,416
Other securities	115,534	102,058	(13,476)	1,293	14,770
Monetary claims bought	19,999	19,999	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
Others	-	-	-	-	-
Total	20,287,986	20,447,758	159,772	811,196	651,424
Domestic bonds	12,446,194	12,850,068	403,874	431,063	27,188
Domestic stocks	2,606,474	2,509,680	(96,794)	277,480	374,274
Foreign securities	5,009,343	4,875,512	(133,831)	101,358	235,190
Foreign bonds	4,515,431	4,464,237	(51,194)	90,579	141,774
Foreign stocks and other securities	493,911	411,274	(82,637)	10,779	93,416
Other securities	115,973	102,496	(13,476)	1,293	14,770
Monetary claims bought	19,999	19,999	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
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 March 31, 2009 amounted to 1,176 million yen. As of September 30, 2009, the Company had no money held in trust.

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

(millions of yen)

	As of September 30, 2009	As of March 31, 2009
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	204,364	190,887
Unlisted domestic stocks (except over-the-counter stocks)	182,680	171,210
Unlisted foreign stocks (except over-the-counter stocks)	12,029	10,842
Others	9,654	8,834
Other securities	1,338,544	1,555,715
Unlisted domestic stocks (except over-the-counter stocks)	163,191	165,162
Unlisted foreign stocks (except over-the-counter stocks)	1,064,345	1,019,345
Unlisted foreign bonds	0	0
Others	111,007	371,207
Total	1,542,909	1,746,602

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. The amounts of foreign exchange valuation gains/losses on foreign securities without fair value listed in the table above are as follows:
loss of 4,032 million yen as of September 30, 2009 and loss of 3,191 million yen as of March 31, 2009.

(Reference) Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities without fair value which are listed in 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, 2009					
Bonds held to maturity	169,616	173,545	3,929	5,121	1,192
Domestic bonds	123,975	124,596	621	1,814	1,192
Foreign bonds	45,641	48,948	3,307	3,307	-
Policy-reserve-matching bonds	5,452,368	5,638,727	186,358	194,733	8,375
Domestic bonds	5,452,368	5,638,727	186,358	194,733	8,375
Stocks of subsidiaries and affiliates	220,271	223,131	2,859	6,957	4,097
Domestic stocks	182,680	182,680	-	-	-
Foreign stocks	34,552	37,412	2,859	6,957	4,097
Other securities	3,038	3,038	-	-	-
Securities available for sale	16,268,509	16,959,516	691,007	1,052,595	361,588
Domestic bonds	6,590,323	6,774,632	184,308	190,117	5,808
Domestic stocks	2,712,887	3,197,456	484,568	677,587	193,019
Foreign securities	6,465,805	6,485,686	19,880	172,973	153,093
Foreign bonds	4,934,663	4,981,242	46,579	135,740	89,161
Foreign stocks and other securities	1,531,142	1,504,443	(26,699)	37,233	63,932
Other securities	215,891	214,616	(1,275)	7,259	8,535
Monetary claims bought	273,600	277,125	3,524	4,655	1,131
Certificates of deposit	10,000	10,000	0	0	-
Others	-	-	-	-	-
Total	22,110,766	22,994,920	884,154	1,259,408	375,253
Domestic bonds	12,166,668	12,537,956	371,288	386,665	15,377
Domestic stocks	2,895,568	3,380,137	484,568	677,587	193,019
Foreign securities	6,545,999	6,572,047	26,047	183,238	157,191
Foreign bonds	4,980,304	5,030,191	49,887	139,048	89,161
Foreign stocks and other securities	1,565,695	1,541,855	(23,840)	44,190	68,030
Other securities	218,929	217,654	(1,275)	7,259	8,535
Monetary claims bought	273,600	277,125	3,524	4,655	1,131
Certificates of deposit	10,000	10,000	0	0	-
Others	-	-	-	-	-
As of March 31, 2009					
Bonds held to maturity	173,462	177,941	4,479	5,842	1,362
Domestic bonds	123,697	123,767	70	1,433	1,362
Foreign bonds	49,765	54,174	4,408	4,408	-
Policy-reserve-matching bonds	5,161,684	5,391,451	229,767	233,682	3,915
Domestic bonds	5,161,684	5,391,451	229,767	233,682	3,915
Stocks of subsidiaries and affiliates	207,232	203,809	(3,423)	-	3,423
Domestic stocks	171,210	171,210	-	-	-
Foreign stocks	33,365	29,942	(3,422)	-	3,422
Other securities	2,656	2,656	(0)	-	0
Securities available for sale	16,492,208	16,417,966	(74,242)	571,903	646,145
Domestic bonds	7,160,812	7,334,849	174,037	195,947	21,910
Domestic stocks	2,771,637	2,674,843	(96,794)	277,480	374,274
Foreign securities	5,963,646	5,825,636	(138,009)	97,181	235,190
Foreign bonds	4,465,666	4,410,063	(55,603)	86,170	141,774
Foreign stocks and other securities	1,497,979	1,415,573	(82,406)	11,010	93,416
Other securities	224,741	211,264	(13,476)	1,293	14,770
Monetary claims bought	281,371	281,371	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
Others	-	-	-	-	-
Total	22,034,588	22,191,169	156,580	811,428	654,847
Domestic bonds	12,446,194	12,850,068	403,874	431,063	27,188
Domestic stocks	2,942,848	2,846,053	(96,794)	277,480	374,274
Foreign securities	6,046,776	5,909,753	(137,022)	101,590	238,613
Foreign bonds	4,515,431	4,464,237	(51,194)	90,579	141,774
Foreign stocks and other securities	1,531,344	1,445,516	(85,828)	11,010	96,839
Other securities	227,398	213,921	(13,476)	1,293	14,770
Monetary claims bought	281,371	281,371	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
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 March 31, 2009 amounted to 1,176 million yen. As of September 30, 2009, the Company had no money held in trust.

(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, 2009	16,236	16,236	2,191	7,133	4,941
As of March 31, 2009	13,265	13,265	(961)	6,162	7,123

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 trading purpose is as follows:

(millions of yen)

	As of September 30, 2009		As of March 31, 2009	
	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 trading purpose	16,236	2,191	12,089	(961)

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

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

(millions of yen)

	As of September 30, 2009				
	Book value	Fair value	Gains (losses)		
				Gains	Losses
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	-	-	-	-	-

	As of March 31, 2009				
	Book value	Fair value	Gains (losses)		
				Gains	Losses
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	1,176	1,176	-	-	-

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, 2009	As of March 31, 2009
Securities	884,154	156,580
Domestic bonds	371,288	403,874
Domestic stocks	484,568	(96,794)
Foreign securities	26,047	(137,022)
Foreign bonds	49,887	(51,194)
Foreign stocks and other securities	(23,840)	(85,828)
Other securities	(1,275)	(13,476)
Others	3,524	-
Real estate	170,317	161,203
Total (including others not listed above)	1,054,892	319,242

Note: 1. Only foreign exchange valuation gains (losses) are taken into account for foreign securities without fair value.
2. "Others" in 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.
3. 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, 2009	As of March 31, 2009
Claims against bankrupt and quasi-bankrupt obligors		6,560	6,028
Claims with collection risk		32,632	11,114
Claims for special attention		2,019	2,528
Subtotal	*(I)*	41,212	19,670
[Percentage	*(I) / (II)*]	[0.93%]	[0.41%]
Claims against normal obligors		4,394,933	4,748,469
Total	*(II)*	4,436,145	4,768,140

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, 2009	As of March 31, 2009
Credits to bankrupt borrowers	*(I)*	5,453	5,493
Delinquent loans	*(II)*	33,629	11,648
Loans past due for three months or more	*(III)*	60	-
Restructured loans	*(IV)*	1,959	2,528
Total	*((I) + (II) + (III) + (IV))*	41,102	19,670
[Percentage of total loans]		[1.04%]	[0.46%]

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 in the six months ended September 30, 2009 and the year eneded March 31, 2009 were 975 million yen and 976 million yen, respectively. The write-offs relating to delinquent loans in the six months ended September 30, 2009 and the year ended March 31, 2009 were 3,175 million yen and 3,169 million yen, 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, 2009	As of March 31, 2009
Total solvency margin	***(A)***	3,597,311	2,786,154
Foundation funds and surplus *1		707,579	660,468
Reserve for price fluctuations		108,453	101,453
Contingency reserve		518,093	509,093
General reserve for possible loan losses		5,255	7,481
Net unrealized gains on securities (before tax) × 90% *2		621,906	(74,242)
Net unrealized gains (losses) on real estate × 85% *2		144,769	137,022
Policy reserves in excess of surrender values		1,182,866	1,148,880
Qualifying subordinated debt		337,075	346,282
Excluded items		(169,881)	(158,381)
Others		141,192	108,095
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	***(B)***	753,990	725,395
Insurance risk	R_1	103,041	105,703
3rd sector insurance risk	R_8	148,097	147,184
Assumed investment yield risk	R_2	134,312	136,819
Investment risk	R_3	550,098	516,918
Business risk	R_4	18,841	18,265
Guaranteed minimum benefit risk	R_7 *3	6,511	6,626
Solvency margin ratio $\dfrac{(A)}{(1/2)\times(B)}\times 100$		954.2%	768.1%

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

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

11. Status of Separate Account

(1) Separate Account Assets by Product

(millions of yen)

	As of September 30, 2009	As of March 31, 2009
Individual variable insurance	46,844	43,670
Individual variable annuities	172,316	157,410
Group annuities	1,027,870	958,041
Separate account total	1,247,031	1,159,122

(2) Individual Variable Insurance and Annuities (Separate Account)

A. Variable insurance

(millions of yen except number of policies)

	As of September 30, 2009		As of March 31, 2009	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	231	1,149	242	1,187
Variable insurance (whole life)	48,500	302,489	48,817	305,169
Total	48,731	303,639	49,059	306,357

Note: Policies in force include term life riders.

B. Variable annuities

(millions of yen except number of policies)

	As of September 30, 2009		As of March 31, 2009	
	Number of policies	Amount	Number of policies	Amount
Variable annuities	48,301	160,898	49,673	146,677

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Ordinary revenues	2,446,405	2,748,328
Net surplus from operations	73,471	134,602
Net surplus	47,418	96,799

	As of September 30, 2009	As of March 31, 2009
Total Assets	31,492,142	30,444,624

(2) Scope of Consolidation and Application of Equity Method

	Six months ended September 30, 2009
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	30

For information regarding changes in subsidiaries and affiliates, please refer to "GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS."

(3) Unaudited Consolidated Balance Sheets

(millions of yen)

	As of September 30, 2009	As of March 31, 2009 (summarized)
	Amount	Amount
(ASSETS)		
Cash and deposits	159,464	245,895
Call loans	217,700	206,580
Deposit paid for securities borrowing transactions	21,143	14,954
Monetary claims bought	277,125	281,371
Trading account securities	129,473	52,597
Money held in trust	67,638	31,603
Securities	24,530,716	22,995,047
Loans	3,965,684	4,248,799
Tangible fixed assets	1,230,754	1,239,843
Intangible fixed assets	106,430	106,771
Reinsurance receivables	34,215	13,874
Other assets	413,259	355,473
Deferred tax assets	344,713	642,595
Customers' liabilities for acceptances and guarantees	17,209	20,138
Reserve for possible loan losses	(23,386)	(10,921)
Total assets	31,492,142	30,444,624
(LIABILITIES)		
Policy reserves and others	28,700,413	27,970,307
Reserves for outstanding claims	154,178	173,590
Policy reserves	28,178,124	27,449,059
Reserve for policyholder dividends	368,110	347,658
Reinsurance payables	641	587
Subordinated bonds	45,093	49,102
Other liabilities	989,955	1,187,288
Reserve for employees' retirement benefits	413,895	405,571
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,387	3,486
Reserve for possible reimbursement of prescribed claims	806	1,000
Reserve for price fluctuations	108,490	101,478
Deferred tax liabilities	574	197
Deferred tax liabilities for land revaluation	124,813	125,535
Acceptances and guarantees	17,209	20,138
Total liabilities	30,405,281	29,864,695
(NET ASSETS)		
Foundation funds	100,000	120,000
Accumulated redeemed foundation funds	320,000	300,000
Revaluation reserve	248	248
Consolidated surplus	278,599	265,787
Total of foundation funds and surplus	698,848	686,035
Net unrealized gains on securities, net of tax	445,084	(47,349)
Deferred hedge gains (losses)	(1,369)	(357)
Reserve for land revaluation	(63,370)	(62,297)
Foreign currency translation adjustments	(4,645)	(2,514)
Total of valuation and translation adjustments	375,698	(112,519)
Minority interests	12,313	6,412
Total net assets	1,086,860	579,928
Total liabilities and net assets	31,492,142	30,444,624

(4) Unaudited Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
	Amount	Amount
ORDINARY REVENUES	2,446,405	2,748,328
Premium and other income	1,711,235	1,949,934
Investment income	601,769	653,413
[Interest and dividends]	[392,842]	[346,097]
[Gains on trading account securities]	[253]	[515]
[Gains on sale of securities]	[181,508]	[118,291]
[Derivative transaction gains]	[18,321]	[5,676]
[Gains on investment in separate accounts]	[-]	[179,198]
Other ordinary revenues	133,400	144,980
ORDINARY EXPENSES	2,372,934	2,613,726
Benefits and claims	1,246,814	1,297,672
[Claims]	[428,023]	[386,012]
[Annuities]	[173,314]	[192,594]
[Benefits]	[250,752]	[270,187]
[Surrender values]	[312,550]	[353,832]
Provision for policy reserves and others	360,307	734,088
Provision for reserves for outstanding claims	1,343	-
Provision for policy reserves	353,440	728,815
Provision for interest on policyholder dividends	5,523	5,273
Investment expenses	324,351	128,612
[Interest expenses]	[5,212]	[5,767]
[Losses on money held in trust]	[1,431]	[1,274]
[Losses on sale of securities]	[99,741]	[65,204]
[Losses on valuation of securities]	[62,437]	[6,812]
[Losses on investment in separate accounts]	[90,970]	[-]
Operating expenses	229,900	239,383
Other ordinary expenses	211,560	213,968
NET SURPLUS FROM OPERATIONS	73,471	134,602
EXTRAORDINARY GAINS	4,824	119
Gains on disposal of fixed assets	713	29
Reversal of reserve for possible investment losses	3,955	-
Gains on collection of loans and claims written off	154	89
Other extraordinary gains	1	0
EXTRAORDINARY LOSSES	9,565	13,547
Losses on disposal of fixed assets	380	1,332
Impairment losses on fixed assets	1,308	4,347
Provision for reserve for price fluctuations	7,004	7,012
Other extraordinary losses	872	855
Net surplus before adjustment for taxes, etc.	68,730	121,175
Corporate income taxes-current	78,039	450
Corporate income tax-deferred	(56,730)	24,101
Total of corporate income taxes	21,308	24,552
Minority interests in gain (loss) of subsidiaries	3	(176)
Net surplus for the period	47,418	96,799

(5) Unaudited Consolidated Statements of Cash Flows

(millions of yen)

	Six months ended September 30,2008	Six months ended September 30,2009
	Amount	Amount
Ⅰ CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus before adjustment for taxes, etc.	68,730	121,175
Depreciation	14,848	15,292
Impairment losses on fixed assets	1,308	4,347
Increase (decrease) in reserves for outstanding claims	1,329	(19,412)
Increase (decrease) in policy reserves	353,440	728,815
Provision for interest on policyholder dividends	5,523	5,273
Increase (decrease) in reserve for possible loan losses	822	12,464
Increase (decrease) in reserve for possible investment losses	(3,955)	-
Gains on collection of loans and claims written off	(154)	(89)
Write-down of loans	657	186
Increase (decrease) in reserve for employees' retirement benefits	10,380	8,323
Increase (decrease) in reserve for retirement benefits of directors,executive officers and corporate auditors	(317)	(99)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(114)	(193)
Increase (decrease) in reserve for price fluctuations	7,004	7,012
Interest and dividends	(392,842)	(346,097)
Securities related losses (gains)	63,134	(227,741)
Interest expenses	5,212	5,767
Losses(gains) on disposal of fixed assets	(332)	1,302
Decrease (increase) in trading account securities	(30,164)	(76,875)
Others, net	17,793	109,529
Subtotal	122,304	348,981
Interest and dividends received	409,557	351,401
Interest paid	(5,161)	(5,791)
Policyholder dividends paid	(60,603)	(49,784)
Others, net	(96,251)	(245,536)
Corporate income taxes paid	(66,861)	59,337
Net cash flows provided by operating activities	302,984	458,606
Ⅱ CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(23,104)	(24,520)
Proceeds from sale and redemption of monetary claims bought	47,262	12,293
Purchases of money held in trust	(3,000)	(38,500)
Proceeds from decrease in money held in trust	-	1,111
Purchases of securities	(7,849,853)	(5,381,187)
Proceeds from sale and redemption of securities	7,209,662	4,752,773
Origination of loans	(234,544)	(191,447)
Proceeds from collection of loans	519,780	474,412
Others, net	90,879	(127,585)
Ⅱ.(1) Subtotal	(242,918)	(522,649)
[Ⅰ.+Ⅱ.(1)]	[60,065]	[(64,042)]
Acquisition of tangible fixed assets	(12,370)	(6,975)
Proceeds from sale of tangible fixed assets	1,584	(296)
Others, net	(13,594)	(10,671)
Net cash flows used in investing activities	(267,298)	(540,592)
Ⅲ CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(3)	(8)
Repayment of lease obligations	(22)	(33)
Redemption of foundation funds	-	(20,000)
Interest paid on foundation funds	(2,328)	(2,328)
Proceeds from Investment of Minority Interest	10,000	8,500
Others, net	(3)	(4)
Net cash flows provided by (used in) financing activities	7,643	(13,874)
Ⅳ EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(417)	48
Ⅴ NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,911	(95,811)
Ⅵ CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	479,951	472,975
Ⅶ DECREASE IN CASH AND CASH EQUIVALENTS DUE TO CHANGES IN THE SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION	(6,799)	-
Ⅷ CASH AND CASH EQUIVALENTS AT END OF PERIOD	516,063	377,164

(6) Unaudited Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Foundation funds and surplus		
Foundation funds		
Beginning balance as of March 31, 2009	120,000	120,000
Changes for the interim period		
Redemption of foundation funds	-	(20,000)
Changes for the interim period	-	(20,000)
Ending balance as of September 30, 2009	120,000	100,000
Accumulated redeemed foundation funds		
Beginning balance as of March 31, 2009	300,000	300,000
Changes for the interim period		
Transfer to accumulated redeemed foundation funds	-	20,000
Changes for the interim period	-	20,000
Ending balance as of September 30, 2009	300,000	320,000
Revaluation reserve		
Beginning balance as of March 31, 2009	248	248
Changes for the interim period		
Changes for the interim period	-	-
Ending balance as of September 30, 2009	248	248
Consolidated surplus		
Beginning balance as of March 31, 2009	269,339	265,787
Changes for the interim period		
Transfer to reserve for policyholder dividends	(89,227)	(64,963)
Transfer to accumulated redeemed foundation funds	-	(20,000)
Interest payment for foundation funds	(2,328)	(2,328)
Net surplus for the period	47,418	96,799
Transfer from reserve for land revaluation	601	1,072
Decrease due to changes in the subsidiaries included in the scope of consolidation	(904)	-
Changes by capital increase of consolidated subsidiaries	3,758	2,457
Others	-	(226)
Changes for the interim period	(40,681)	12,812
Ending balance as of September 30, 2009	228,657	278,599
Total of foundation funds and surplus		
Beginning balance as of March 31, 2009	689,587	686,035
Changes for the interim period		
Transfer to reserve for policyholder dividends	(89,227)	(64,963)
Interest payment for foundation funds	(2,328)	(2,328)
Net surplus for the period	47,418	96,799
Redemption of foundation funds	-	(20,000)
Transfer from reserve for land revaluation	601	1,072
Decrease due to changes in the subsidiaries included in the scope of consolidation	(904)	-
Changes by capital increase of consolidated subsidiaries	3,758	2,457
Others	-	(226)
Changes for the interim period	(40,681)	12,812
Ending balance as of September 30, 2009	648,905	698,848
Valuation and translation adjustments		
Net unrealized gains on securities, net of tax		
Beginning balance as of March 31, 2009	957,565	(47,349)
Changes for the interim period		
Net changes of items other than foundation funds and surplus	(468,947)	492,433
Changes for the interim period	(468,947)	492,433
Ending balance as of September 30, 2009	488,617	445,084
Deferred hedge gains /losses		
Beginning balance as of March 31, 2009	-	(357)
Changes for the interim period		
Net changes of items other than foundation funds and surplus	-	(1,011)
Changes for the interim period	-	(1,011)
Ending balance as of September 30, 2009	-	(1,369)
Reserve for land revaluation		
Beginning balance as of March 31, 2009	(61,500)	(62,297)
Changes for the interim period		
Net changes of items other than foundation funds and surplus	(601)	(1,072)
Changes for the interim period	(601)	(1,072)
Ending balance as of September 30, 2009	(62,101)	(63,370)
Foreign currency translation adjustments		
Beginning balance as of March 31, 2009	(553)	(2,514)
Changes for the interim period		
Net changes of items other than foundation funds and surplus	106	(2,131)
Changes for the interim period	106	(2,131)
Ending balance as of September 30, 2009	(446)	(4,645)
Total of valuation and translation adjustments		
Beginning balance as of March 31, 2009	895,510	(112,519)
Changes for the interim period		
Net changes of items other than foundation funds and surplus	(469,441)	488,218
Changes for the interim period	(469,441)	488,218
Ending balance as of September 30, 2009	426,068	375,698
Minority interests		
Beginning balance as of March 31, 2009	917	6,412
Changes for the interim period		
Net changes of items other than foundation funds and surplus	5,372	5,900
Changes for the interim period	5,372	5,900
Ending balance as of September 30, 2009	6,289	12,313
Total net assets		
Beginning balance as of March 31, 2009	1,586,016	579,928
Changes for the interim period		
Transfer to reserve for policyholder dividends	(89,227)	(64,963)
Interest payment for foundation funds	(2,328)	(2,328)
Net surplus for the period	47,418	96,799
Redemption of foundation funds	-	(20,000)
Transfer from reserve for land revaluation	601	1,072
Decrease due to changes in the subsidiaries included in the scope of consolidation	(904)	-
Changes by capital increase of consolidated subsidiaries	3,758	2,457
Others	-	(226)
Net changes of items other than foundation funds and surplus	(464,069)	494,119
Changes for the interim period	(504,751)	506,931
Ending balance as of September 30, 2009	1,081,264	1,086,860

Notes to the Unaudited Interim Consolidated Financial Statements

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2009

1. Scope of Consolidation

(1) Number of consolidated subsidiaries in the six months ended September 30, 2009: 3

The Dai-ichi Life Information Systems Co., Ltd.
Dai-ichi Frontier Life Insurance Co., Ltd.
Dai-ichi Life Insurance Company of Vietnam, Limited

(2) Number of non-consolidated subsidiaries in the six months ended September 30, 2009: 12

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. All of the twelve non-consolidated subsidiaries are immaterial in terms of overall assets, revenues, net surplus, surplus for the period, cash flows, and others.

(3) Special Purpose Entities subject to disclose

(i) 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 Kaishas (the “TMKs”, specified purpose company) regulated by the Asset Liquidation Act. The TMKs raise capital by issuing specified company bonds backed by assets transferred to the TMKs by contributors of foundation funds and subordinated loans. The Parent Company holds non-voting shares of Cayman-based special purpose companies (the “SPC”), which in turn hold specified shares in TMKs. The Parent Company monitors the TMKs’ financial situation and appropriately recognizes those non-voting shares in its financial statements in accordance with the “Accounting Standard for Financial Instruments” issued on March 10, 2008 regarding those non-voting preference shares in its financial statements as of September 30, 2009.

As per the resolution made at the 108th general meeting of representative policyholders, the Parent Company will implement one-time pre-maturity redemption of its foundation funds prior to the organizational conversion (demutualization), and then the two TMKs engaged in such foundation funds are scheduled to go into liquidation.

By September 30, 2009, the Parent Company had implemented four capital rasings through securitization, three of which were still engaged in transactions with the Parent Company. The total of assets and liabilities of those three companies at the end of their latest interim periods (March 31, 2009) were ¥152,537 million and ¥151,515 million, respectively.

The Parent Company held no ordinary shares in those three companies and none of the three companies had directors, officers, or employees transferred from the Parent Company.

The amounts involved in the principle transactions between the Parent Company and the TMKs for the interim period ended September 30, 2009 were as follows:

	Amounts as of September 30, 2009 (Millions of yen)		Interim Period Ended September 30, 2009 (Millions of yen)
Foundation funds obligation	¥100,000	Interests for foundation funds	¥2,328
Subordinated obligation	30,000	Interest Expenses	310
Undrawn commitment line balance related to loans	2,107	-	-

(ii) Investment in Securitized Real Estate

To diversify investments in real estate and stabilize its investment returns, the Parent Company had an exposure to an investment project to securitize real estate as of September 30, 2009. The Parent Company had three special purpose companies (the “SPCs”) to be disclosed as of September 30, 2009 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 ends of their latest interim periods (June 30 and July 31, 2009) amounted to ¥141,952 million and ¥94,932 million, respectively.

As of September 30, 2009, 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 amounts involved in transactions between the Parent Company and the SPCs for the interim period ended September 30, 2009 were as follows:

	Amounts as of September 30, 2009 (millions of yen)		**Interim Period Ended September 30, 2009 (millions of yen)**
Investment in anonymous association	¥30,126	Dividends	¥1,143
Preferred investments	3,000	Dividends	89

2. Application of the Equity Method

(1) Number of non-consolidated subsidiaries accounted for under the equity method for the six months ended September 30, 2009: 0

(2) Number of affiliated companies accounted for under the equity method for the six months ended September 30, 2009: 30

Names of the affiliated companies include:

DIAM Co., Ltd.
DIAM U.S.A., Inc.
DIAM International Ltd
DIAM SINGAPORE PTE. LTD.
DIAM Asset Management (HK) Limited
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.
Ocean Life Insurance Co., Ltd.
Tower Australia Group Limited
Star Union Dai-ichi Life Insurance Company Limited

Two subsidiaries of Tower Australia Group were sold off to third parties and ceased to be affiliated companies of the Parent Company accounted for under the equity method effective the six months ended September 30, 2009.

(3) Non-consolidated subsidiaries and affiliated companies

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.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) were 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, surplus for the period, and others.

3. Interim Ends of Consolidated Subsidiaries

The interim 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 CONSOLIDATED BALANCE SHEETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2009

1. Yen Amounts

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

2. Valuation Methods of Securities

The valuation of securities the Parent Company and its subsidiaries possess, 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:

(1) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

(2) Held-to-maturity Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method. The amortization of premium or discount is calculated by the straight-line method.

(3) Policy-reserve-matching Bonds

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) are stated at amortized cost determined by the moving average method. The amortization of premium or discount is calculated by the straight-line method.

(4) Stocks of Non-consolidated Subsidiaries and Affiliated Companies

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

(5) Available-for-sale Securities

i. Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at market value as of September 30, 2009 (for domestic stocks, the average value during September), with cost determined by the moving average method.

ii. Available-for-sale Securities without Market Value

a. Government/corporate bonds (including foreign bonds)

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

b. Others

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.

3. Trading Account Securities

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

4. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of September 30, 2009 amounted to ¥5,452,368 million. The market value of these bonds as of September 30, 2009 was ¥5,638,727million.

(2) Risk management policy

The Parent Company categorizes its insurance products into sub-groups by attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of the sub-groups. Moreover, it periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:

i. individual life insurance and annuities
ii. financial insurance and annuities, and
iii. employee-funded corporate pension contracts.
(Some insurance products are exempted from such categorization.)

5. Valuation method of 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 Parent 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 a 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

(1) Depreciation of Tangible Fixed Assets Excluding Lease Assets

Depreciation of tangible fixed assets excluding lease assets is calculated by the following method.

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

ii. Assets other than buildings
   a. Acquired on or before March 31, 2007: by the previous declining balance method
   b. Acquired on or after April 1, 2007: by the declining balance method

Assets in "other tangible fixed assets" that were other than land, buildings, and lease assets and acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

With respect to tangible fixed assets acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the salvage values were 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.

(2) Depreciation of Leased Assets

Depreciation for leased assets is calculated over the lease term by the straight-line method assuming zero salvage value.

(3) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of September 30, 2009 was ¥635,653 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, 2009. 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 of the balance sheet.

9. Reserve for Possible Loan Losses

The 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, 2009 was ¥4,150 million.

10. Accounting of Beneficial Interests in Securitized Mortgage Loans

The trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Parent Company in August 2000, amounted to ¥25,431 million as of September 30, 2009 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, 2009 was ¥58,254 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 September 30, 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 Retirement Benefits of Directors, Executive Officers and Corporate Auditors

For the reserve for retirement benefits of directors, executive officers and corporate auditors of the Parent Company, (1) an estimated amount for future payment out of the total amount of benefits for past service approved by the 105th general meeting of representative policyholders of the Parent Company and (2) an estimated amount for future corporate-pension payments to directors, executive officers, and corporate auditors who retired before the approval of the 105th general meeting of representative policyholders of the Parent Company are 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 during the interim period 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 experience.

14. Reserve for Price Fluctuations

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

15. Finance Leases

Finance 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.

16. 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, and debt and bonds payable; 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 term deposits; and the fair value hedge method is used for hedges by currency options and foreign currency forward contracts 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.

17. Calculation of National and Local Consumption Tax

National and local consumption tax was accounted for under the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense 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.

18. Policy Reserves

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

i. 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).

ii. Reserves for other policies are established based on the net level premium method.

For the whole life insurance contracts which were acquired by the Parent Company on or before March 31, 1996 and premium payments for which were already completed as of September 30, 2009 (including lump-sum payments), additional policy reserves have been provided by the Parent Company in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Law and will be provided evenly in the following nine years. As a result, the amount of provision for policy reserves for the six months ended September 30, 2009 was ¥45,238million.

19. Amortization of Intangible Fixed Assets

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

20. Corporate Income Taxes and Resident Taxes

Corporate income taxes and resident taxes, including taxes deferred, for the six months ended September 30, 2009 are calculated based on the estimated provision for or reversal of reserves for tax basis adjustments of real estate, reserve for policyholder dividends, and estimated interest payment for foundation funds, in the appropriation of net surplus at the fiscal year end.

21. Securities Lending

The total balance of securities lent as of September 30, 2009 was ¥430,720 million.

22. Problem Loans

The total balance 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 ¥41,102 million. The amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and the amount of restructured loans were ¥5,453 million, ¥33,629 million, ¥60 million, and ¥1,959 million, respectively.

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 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 Note 9 above, credits to bankrupt borrowers and delinquent loans decreased by ¥975 million and ¥3,175 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 ¥2,125,348 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 Parent Company and its consolidated subsidiaries have computers as significant leased tangible fixed assets. They have no material leased intangible 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	¥ 347,658
Transfer from surplus in previous fiscal year	64,963
Dividends paid in the interim period	(49,784)
Interest accrual in the interim period	5,273
Balance at the end of the interim period	¥ 368,110

26. Redemption of Foundation Funds

¥20,000 million of reserve for redemption of foundation funds, equivalent to the amount of foundation funds redeemed during the six months ended September 30, 2009, was transferred to accumulated redeemed foundation funds in accordance with Article 56 of the Insurance Business Law.

27. Resolution of Redemption of Foundation Funds

Prior to its demutualization based on the Plan for Demutualization approved at the 108th general meeting of representative policyholders, the Parent Company will redeem the whole unredeemed balance of its foundation funds amounting to ¥100,000 million (the unredeemed ¥40,000 million portion of ¥60,000 million foundation fund issued in FY2004 and the whole ¥60,000 million foundation fund issued in FY2006) on March 26, 2010, before their maturity dates, in accordance with Article 89 of the Insurance Business Law.

Following legal requirements, Dai-ichi Life Kikin Ryudoka Tokutei Mokuteki Kaisha Series 2 and 3, the creditors of the funds, respectively obtained approvals for the pre-maturity redemption at their specified corporate bondholders' meetings held on August 19, 2009. Also, the resolutions made at those meetings were approved by the Tokyo District Court on September 4, 2009 and September 1, 2009, respectively.

28. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were ¥443,720 million and ¥86 million, respectively. Secured liabilities totaled ¥427,585 million. Among the amounts above, securities and cash collateral for securities lending transactions were ¥424,579 million and ¥427,567 million, respectively.

29. Reinsurance

The amount of reserve for outstanding claims reinsured was ¥14 million. The amount of policy reserve reinsured was ¥2,289 million.

30. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥6,507 million.

31. Subordinated Debt

Other liabilities included subordinated debt of ¥313,000 million, repayment of which is subordinated to other obligations.

32. Subordinated Bonds

Subordinated bonds of ¥45,093 million shown in liabilities were foreign currency-denominated subordinated bonds of US$499 million, the repayment of which is subordinated to other obligations.

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

The estimated future obligations of the Parent Company and its life insurance subsidiary that run life insurance businesses in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article

259 of the Insurance Business Law were ¥62,261 million as of September 30, 2009. These obligations are recognized as operating expenses in the period in which they are paid.

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2009

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, 2009. 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, 2009.

3. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the six months ended September 30, 2009 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 property for rent and property not in use, which is not used for insurance business purposes, is deemed to be an independent asset group.

(2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value in some asset groups, the Parent 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

The amount of impairment losses by asset group was as follows:

(millions of yen)

Asset Group	Number	Impairment Losses			
		Land	Land Leasing Rights	Buildings	Total
Real estate for rent	5	¥ 227	¥ 200	¥ 485	¥ 913
Real estate not in use	45	2,448	-	986	3,434
Total	50	¥ 2,675	¥ 200	¥ 1,471	¥ 4,347

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.96% is applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value is used as net sales value.

IV. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2009

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, 2009 was as follows:

	As of September 30, 2009 (millions of yen)
Cash and cash deposits (a)	¥ 159,464
Call loans (b)	217,700
Cash and cash equivalents (a + b)	377,164

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENTS OF CHANGE IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2009

1. Minority Interest

Increase in minority interest in consolidated subsidiaries of the Parent Company during the six months ended September 30, 2009 is due to the increase in their capital stock by ¥6,042 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, 2009	As of March 31, 2009
Total solvency margin	*(A)*	198,169	129,974
Common stock, etc.		121,577	104,596
Reserve for price fluctuations		37	25
Contingency reserve		28,124	4,328
General reserve for possible loan losses		10	5
Net unrealized gains on securities (before tax) × 90%		1,427	491
Net unrealized gains (losses) on real estate × 85%		-	-
Policy reserves in excess of surrender values		46,992	20,527
Qualifying subordinated debt		-	-
Excluded items		-	-
Others		-	-
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	*(B)*	37,657	17,491
Insurance risk	R_1	-	-
3rd sector insurance risk	R_8	-	-
Assumed investment yield risk	R_2	4	0
Investment risk	R_3	1,935	1,289
Business risk	R_4	1,096	509
Guaranteed minimum benefit risk	R_7	34,620	15,692
Solvency margin ratio $\dfrac{(A)}{(1/2)\times(B)}\times 100$		1,052.4%	1,486.1%

Note: 1. The above figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Law, 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 the 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, 2008	Six months ended September 30, 2009	Change
Fundamental profit	*(i)*	216,040	162,594	(53,446)
Negative spread / Investment spread		568	(49,041)	(49,609)
Mortality and morbidity gains		192,081	189,802	(2,278)
Expense margins		23,390	21,833	(1,557)
Net Capital gains	*(ii)*	(6,990)	42,395	49,386
Other one-time profits	*(iii)*	(112,512)	(69,120)	43,392
Provision for contingency reserves		(41,000)	(9,000)	(32,000)
Net surplus from operations	*(iv) (= (i) + (ii) + (iii))*	96,536	135,869	39,332
Extraordinary gains and losses	*(v)*	(4,732)	(13,415)	(8,683)
Provision for reserve for price fluctuations		(7,000)	(7,000)	-
Corporate income taxes and others	*(vi)*	(19,731)	(22,463)	(2,732)
Unappropriated net surplus for the year	*(vii) (= (iv) + (v) + (vi))*	72,073	99,989	27,916

Note: Description of major sources of profit and loss:

- Negative spread (Investment 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, 2009

(1) New Policies

	Number of policies (thousands)	% of September 30, 2009 total	Amount (billions of yen)	New business	Net increase by conversion	% of September 30, 2009 total
Three months ended September 30, 2008						
Individual insurance	282		2,005.7	2,048.1	(42.4)	
Individual annuities	9		67.6	70.3	(2.7)	
Individual insurance and annuities	291		2,073.3	2,118.4	(45.1)	
Group insurance	-		285.9	285.9		
Group annuities	-		0.1	0.1		
Three months ended September 30, 2009						
Individual insurance	281	99.5	1,786.1	1,896.5	(110.3)	89.1
Individual annuities	17	183.9	117.2	120.2	(3.0)	173.3
Individual insurance and annuities	298	102.2	1,903.3	2,016.8	(113.4)	91.8
Group insurance	-		57.7	57.7		20.2
Group annuities	-		0.2	0.2		204.4

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

(2) Annualized Net Premiums

New Policies (billions of yen)

	Three months ended September 30, 2008	Three months ended September 30, 2009	% of September 30, 2009 total
Individual insurance	30.5	28.2	92.4
Individual annuities	3.7	4.2	111.7
Total	34.3	32.4	94.5
Medical and survivor benefits	11.2	9.9	88.2

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

(3) Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Three months ended September 30, 2008	Three months ended September 30, 2009
	Amount	Amount
ORDINARY REVENUES	1,183,709	1,020,067
Premium and other income	738,061	684,268
[Premium income]	[737,908]	[684,124]
Investment income	346,571	272,432
[Interest and dividends]	[205,845]	[175,205]
[Gains on trading account securities]	[281]	[228]
[Gains on money held in trust]	[-]	[122]
[Gains on sale of securities]	[111,369]	[71,844]
[Derivative transaction gains]	[27,910]	[5,994]
[Gains on investment in separate acccounts]	[-]	[18,676]
Other ordinary revenues	99,076	63,367
[Transfer from policy reserves]	[34,251]	[-]
ORDINARY EXPENSES	1,134,694	956,984
Benefits and claims	622,717	632,327
[Claims]	[202,346]	[192,727]
[Annuities]	[86,567]	[94,275]
[Benefits]	[122,235]	[127,333]
[Surrender values]	[155,192]	[160,921]
[Other refunds]	[56,099]	[56,787]
Provision for policy reserves and others	4,000	39,549
Provision for reserves for outstanding claims	1,238	253
Provision for policy reserves	-	36,659
Provision for interest on policyholder dividends	2,762	2,636
Investment expenses	293,436	75,666
[Interest expenses]	[2,635]	[2,853]
[Losses on money held in trust]	[4,005]	[-]
[Losses on sale of securities]	[46,637]	[30,678]
[Losses on valuation of securities]	[55,970]	[6,561]
[Losses on investment in separate acccounts]	[144,940]	[-]
Operating expenses	112,305	111,255
Other ordinary expenses	102,233	98,186
NET SURPLUS FROM OPERATIONS	49,014	63,082
EXTRAORDINARY GAINS	4,154	68
Gains on disposal of fixed assets	53	-
Reversal of reserve for possible investment losses	3,955	-
Gains on collection of loans and claims written off	145	68
EXTRAORDINARY LOSSES	5,117	5,380
Losses on disposal of fixed assets	157	681
Impairment losses on fixed assets	593	1,173
Provision for reserve for price fluctuations	3,500	3,500
Other extraordinary losses	866	25
Net surplus before adjustment for taxes, etc.	48,052	57,771
Corporate income taxes-current	39,012	45
Corporate income tax-deferred	(25,621)	12,499
Total of corporate income taxes	13,390	12,544
Net surplus for the period	34,661	45,226

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

(millions of yen)

		Three months ended September 30, 2008	Three months ended September 30, 2009
Fundamental revenues		1,110,620	941,877
Premium and other income		738,061	684,268
Investment income		207,009	194,241
[Interest and dividends]		205,845	175,205
Other ordinary revenues		165,549	63,367
Fundamental expense		999,875	866,338
Benefits and claims		622,717	632,327
Provision for policy reserves and others		4,000	7,857
Investment expenses		158,617	16,711
Operating expenses		112,305	111,255
Other ordinary expenses		102,233	98,186
Fundamental profit	***A***	110,745	75,539
Capital gains		139,561	78,190
Gains on money held in trust		-	122
Gains on investments in trading securities		-	-
Gains on sale of securities		111,369	71,844
Derivative transaction gains		27,910	5,994
Foreign exchange gains		-	-
Gains on trading account securities		281	228
Others		-	-
Capital losses		132,741	43,893
Losses on money held in trust		4,005	-
Losses on investments in trading securities		-	-
Losses on sale of securities		46,637	30,678
Losses on valuation of securities		55,970	6,561
Derivative transaction losses		-	-
Foreign exchange losses		26,127	6,653
Losses on trading account securities		-	-
Others		-	-
Net capital gains	***B***	6,820	34,297
Fundamental profit plus net capital gains	***A + B***	117,566	109,836
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Others		-	-
Other one-time losses		68,551	46,753
Ceding reinsurance commissions		-	-
Provision for contingency reserve		25,000	4,500
Provision for specific reserve for possible loan losses		1,427	14,878
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		651	182
Others		41,473	27,192
Other one-time profits	***C***	(68,551)	(46,753)
Net surplus from operations	***A + B + C***	49,014	63,082

Note: "Others" in "Other one-time losses" represents the amount of the additional policy reserves provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Law (27,192 million yen for the three months ended September 30, 2009 and 41,473 million yen for the three months ended September 30, 2008.)

(5) Consolidated Financial Summary

a) Selected Financial Data and Other Information

(millions of yen)

	Three months ended September 30, 2008	Three months ended September 30, 2009
Ordinary revenues	1,293,021	1,398,798
Net surplus from operations	32,518	61,795
Net surplus for the period	18,100	44,037

b) Unaudited Consolidated Statements of Earnings

(millions of yen)

	Three months ended September 30, 2008	Three months ended September 30, 2009
	Amount	Amount
ORDINARY REVENUES	1,293,021	1,398,798
Premium and other income	880,004	1,041,199
Investment income	346,763	292,735
[Interest and dividends]	[206,022]	[175,730]
[Gains on trading account securities]	[281]	[228]
[Gains on money held in trust]	[-]	[44]
[Gains on sale of securities]	[111,385]	[71,933]
[Derivative transaction gains]	[27,910]	[5,994]
[Gains on investment in separate accounts]	[-]	[38,445]
Other ordinary revenues	66,253	64,862
ORDINARY EXPENSES	1,260,503	1,337,002
Benefits and claims	624,092	641,224
[Claims]	[202,429]	[192,801]
[Annuities]	[86,567]	[94,303]
[Benefits]	[122,408]	[128,256]
[Surrender values]	[155,691]	[162,690]
Provision for policy reserves and others	104,766	391,809
Provision for reserves for outstanding claims	1,372	189
Provision for policy reserves	100,631	388,984
Provision for interest on policyholder dividends	2,762	2,636
Investment expenses	306,761	75,701
[Interest expenses]	[2,635]	[2,853]
[Losses on money held in trust]	[3,518]	—
[Losses on sale of securities]	[46,638]	[30,678]
[Losses on valuation of securities]	[55,970]	[6,431]
[Losses on investment in separate accounts]	[158,775]	—
Operating expenses	120,479	127,365
Other ordinary expenses	104,402	100,903
NET SURPLUS FROM OPERATIONS	32,518	61,795
EXTRAORDINARY GAINS	4,156	71
Gains on disposal of fixed assets	53	2
Reversal of reserve for possible investment losses	3,955	—
Gains on collection of loans and claims written off	145	68
Other extraordinary gains	1	0
EXTRAORDINARY LOSSES	5,124	5,378
Losses on disposal of fixed assets	162	674
Impairment losses on fixed assets	593	1,173
Provision for reserve for price fluctuations	3,502	3,506
Other extraordinary losses	866	25
Net surplus before adjustment for taxes, etc.	31,549	56,488
Corporate income taxes-current	39,052	129
Corporate income tax-deferred	(25,605)	12,507
Total of corporate income taxes	13,447	12,636
Minority interests in gain (loss) of subsidiaries	1	(185)
Net surplus for the period	18,100	44,037

c) 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 the segment information on those businesses is omitted.