

For retail investors in Japan ~a guide to the group's first quarter results~

August 11, 2010

The Dai-ichi Life Insurance Company announced financial results for the three months ended June 30, 2010 as follows:

(billions of yen)					(Reference)	
	Jun-09	Jun-10	Change		Sep-10 (forecasts)	Progress
Ordinary revenues	1,351.4	1,183.4	(167.9)	(12%)	2,103.0	56%
Non-consolidated	1,123.0	1,079.8	(43.2)	(4%)	1,931.0	56%
Ordinary profit	71.6	50.8	(20.8)	(29%)	74.0	69%
Non-consolidated	71.6	65.5	(6.0)	(8%)	81.0	81%
Net income ^{(1) (2)}	29.6	10.3	(19.2)	(65%)	11.0	95%
Non-consolidated	29.7	23.8	(5.8)	(20%)	17.0	140%

- (1) For the purpose of making proper year-on-year comparison, a “provision for reserve for dividends to policyholders” is recorded for the quarter ended Jun-09, in the same way as for the quarter ended Jun-10. Specifically, an amount equivalent to one-fourth of the “provision for allowance for policyholder dividends” recorded for the year ended Mar-10 (i.e., 1/4 multiplied by 92.5 billion yen) is deducted from the net surplus for Jun-09.
- (2) Although the Company was a mutual company for the quarter ended Jun-09, we show “net income” rather than “net surplus”, in light of our subsequent demutualization.

A significant improvement in the sales of insurance operations

Dai-ichi Life Insurance's value of new contracts increased by 13.4% during the first quarter of fiscal year ending March 2011 against a year earlier, thanks to improved sales of the company's flagship insurance products. The company also recorded a decline in lapse & cancellation by 35.0% against last year.

Improved investment return despite adverse financial environment

Conditions in financial markets were more challenging than our assumption, but the Company has realized an improvement in net investment income of General Account assets thanks to factors such as hedging through financial derivatives.

1Q Net income ahead of our 1H forecast, albeit lower than a year earlier

Consolidated net income during the first quarter was lower than a year earlier. The

comparison was difficult due in part to a timing difference in recording capital gains, and in part to the lower results of the group's subsidiary Dai-ichi Frontier Life which was more adversely affected by the difficult financial environment. However, the consolidated net income accounts for 95% of our forecast for the first half of fiscal year ending March 2011, and unconsolidated net income accounts for 140%.

Supplemental information for further understanding of our results

The balance in earnings between 1H and 2H, this year and last

- The group posted a 29% decline in consolidated ordinary profit against the same period last year. Investors should be aware of the major differences between the results during the first half and second half of last fiscal year and those reflected in our forecast for the first half and second half of the current fiscal year.

Consolidated ordinary profit	(billions of yen)		
	1H	2H	FY
Mar-10	134.6	53.6	188.2
Mar-11 forecast (announced in May)	74.0	121.0	195.0

- The group recorded larger capital gains during the first half of last fiscal year on the back of an improvement in stock markets, which was offset by an appreciation of yen and costs associated with demutualization during the second half. This year, by contrast, because one-time demutualization expenses were concentrated in the first quarter and, depending on the timing of the sales of marketable securities, larger capital gains are anticipated during the second half, thus ordinary profit is expected to be higher in the second half. Consequently, although 1st quarter results were fine, profit decreased compared to the same period last year.
- Having said that, in light of continued uncertainty in the financial environment, these results during the first quarter do not guarantee that the group's consolidated and unconsolidated results for the first half and for the year ending March 2011 will exceed our forecast announced in May 2010.

The results of Dai-ichi Frontier Life

- Dai-ichi Frontier Life posted net loss of 14 billion yen for the first quarter of fiscal year ending March 2011. This figure is close to the 16.0 billion yen loss forecast for the fiscal year ending March 2011 the group announced earlier in May. The loss for the first quarter of this year mainly came as the company made provision for policy reserve related to the guaranteed minimum maturity benefits of variable annuities (see note 1 overleaf) in light of a fluctuation in the financial markets at the end of June. Depending on subsequent market changes, that provision, however, does not necessarily indicate the company will realize losses for the variable annuity products for the full year.
- In addition, excluding non-current income (loss), realized gains (loss) and the reserves noted above, the fundamental income of Dai-ichi Frontier Life, a core earnings of the company, increased by 5.3 billion yen.

(¥million)			
	Mar-10 1Q	Mar-11 1Q	Change
Ordinary profit (loss)	113	(14,349)	(14,463)
(Deduct) extraordinary income (loss)	(12,693)	(441)	12,251
(Deduct) realized gains (loss)	(3,340)	12,742	16,082
Fundamental profit (loss)	16,146	(26,650)	(42,797)
(Deduct) Increase (Decrease) in policy reserves related to GMMB ⁽¹⁾ risk	(17,009)	31,091	48,100
Fundamental profit (loss), adjusted	(862)	4,440	5,302

(1) GMMB stands for guaranteed minimum maturity benefit.

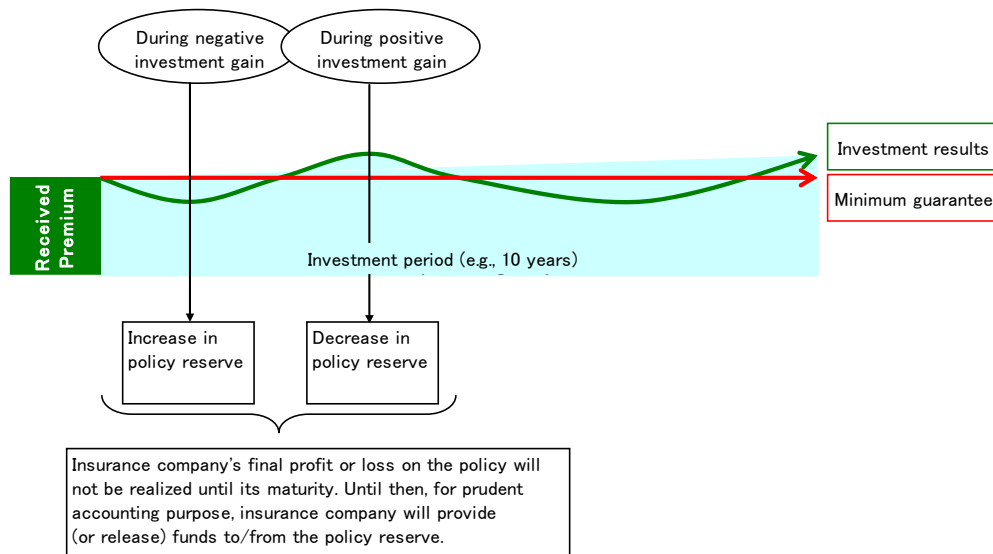
- Dai-ichi Frontier Life is stepping up its efforts to reduce underwriting risks through improvements in its product portfolio and increased hedging transactions.

<Notes>

(note 1) What are the risks related to guaranteed minimum maturity benefits?

- After an insurance company underwrites variable annuity products with a minimum guarantee, the company has to set aside funds to policyholder reserves in order to satisfy the guarantee when the investment gain is below assumptions, on the other hand, it is able to reverse funds from reserves when invest gain is positive (see diagram below). The change in reserve position impacts the company's profit and loss statement during the investment period. However, the company realizes the final profit or loss from the product at the maturity of the said annuity.

Mechanism of variable annuity product and how it impact profit and loss of life insurance company



(note 2) What is a hedge?

- Hedging means avoiding or reducing risks associated with financial assets when financial markets change in adverse ways to the company's forecast. The group uses in the usual course of business, derivative transactions to hedge against these risks.

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