

February 10, 2011

Financial Results for the Nine Months Ended December 31, 2010

The Dai-ichi Life Insurance Company, Limited (the "Company", the "Parent Company", "DL" or "Dai-ichi"; President: Koichiro Watanabe) announces its financial results for the nine months ended December 31, 2010.

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1. Business Highlights

(1) Sum Insured of Policies in Force and New Policies

Policies in Force

| | As of December 31, 2010 | | | | As of March 31, 2010 | |
|------------------------------------|-------------------------|---------------------------|-------------------|---------------------------|--------------------------------|--------------------------|
| | Number of policies | | Amount | | Number of policies (thousands) | Amount (billions of yen) |
| | (thousands) | % of March 31, 2010 total | (billions of yen) | % of March 31, 2010 total | | |
| Individual insurance | 11,054 | 100.8 | 146,232.4 | 97.1 | 10,970 | 150,575.1 |
| Individual annuities | 1,256 | 101.8 | 7,332.8 | 101.9 | 1,233 | 7,196.6 |
| Individual insurance and annuities | 12,310 | 100.9 | 153,565.2 | 97.3 | 12,203 | 157,771.8 |
| Group insurance | - | - | 52,964.8 | 98.0 | - | 54,051.1 |
| Group annuities | - | - | 6,076.5 | 98.1 | - | 6,192.2 |

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

New Policies

| | Number of policies | | Amount | | | |
|-------------------------------------|--------------------|------------------------------|-------------------|--------------|----------------------------|------------------------------|
| | (thousands) | % of December 31, 2009 total | (billions of yen) | New Business | Net increase by conversion | % of December 31, 2009 total |
| Nine months ended December 31, 2009 | | | | | | |
| Individual insurance | 799 | | 4,699.4 | 5,007.7 | (308.2) | |
| Individual annuities | 46 | | 316.3 | 324.7 | (8.3) | |
| Individual insurance and annuities | 845 | | 5,015.8 | 5,332.4 | (316.6) | |
| Group insurance | - | | 125.4 | 125.4 | - | |
| Group annuities | - | | 1.5 | 1.5 | - | |
| Nine months ended December 31, 2010 | | | | | | |
| Individual insurance | 891 | 111.6 | 5,388.6 | 5,476.7 | (88.1) | 114.7 |
| Individual annuities | 46 | 100.7 | 324.4 | 332.0 | (7.6) | 102.5 |
| Individual insurance and annuities | 938 | 111.0 | 5,713.0 | 5,808.8 | (95.8) | 113.9 |
| Group insurance | - | - | 263.6 | 263.6 | - | 210.2 |
| Group annuities | - | - | 0.5 | 0.5 | - | 34.6 |

- 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)

| | Nine months ended December 31, 2009 | Nine months ended December 31, 2010 |
|---------------------------------|-------------------------------------|-------------------------------------|
| Amount of surrenders and lapses | 7,315.0 | 5,488.9 |
| Surrender and lapse rate (%) | 4.41 | 3.48 |

- 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 December 31, 2010 | | As of March 31, 2010 |
|-------------------------------|-------------------------|---------------------------|----------------------|
| | | % of March 31, 2010 total | |
| Individual insurance | 1,711.1 | 99.3 | 1,722.8 |
| Individual annuities | 306.8 | 103.1 | 297.5 |
| Total | 2,018.0 | 99.9 | 2,020.4 |
| Medical and survival benefits | 500.0 | 101.1 | 494.8 |

New Policies

(billions of yen except percentages)

| | Nine months ended December 31, 2009 | Nine months ended December 31, 2010 | |
|-------------------------------|--|--|------------------------------|
| | | | % of December 31, 2009 total |
| Individual insurance | 77.2 | 84.6 | 109.5 |
| Individual annuities | 11.4 | 11.6 | 101.8 |
| Total | 88.7 | 96.3 | 108.5 |
| Medical and survival benefits | 27.4 | 27.1 | 99.0 |

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

2. Investment Results of General Account

(1) Asset Composition (General Account)

(millions of yen)

| | As of December 31, 2010 | | As of March 31, 2010 | |
|--|-------------------------|-------|----------------------|-------|
| | Carrying value | % | Carrying value | % |
| Cash, deposits, and call loans | 381,844 | 1.3 | 356,433 | 1.2 |
| Securities repurchased under resale agreements | - | - | - | - |
| Deposit paid for securities borrowing transactions | - | - | - | - |
| Monetary receivables purchased | 295,665 | 1.0 | 289,885 | 1.0 |
| Trading account securities | - | - | - | - |
| Money held in trust | 21,445 | 0.1 | 22,258 | 0.1 |
| Securities | 23,019,619 | 77.2 | 22,793,303 | 77.1 |
| Domestic bonds | 13,164,609 | 44.2 | 12,989,979 | 44.0 |
| Domestic stocks | 2,820,881 | 9.5 | 3,258,143 | 11.0 |
| Foreign securities | 6,846,018 | 23.0 | 6,325,956 | 21.4 |
| Foreign bonds | 5,322,297 | 17.9 | 4,782,266 | 16.2 |
| Foreign stocks and other securities | 1,523,721 | 5.1 | 1,543,689 | 5.2 |
| Other securities | 188,110 | 0.6 | 219,225 | 0.7 |
| Loans | 3,697,857 | 12.4 | 3,834,365 | 13.0 |
| Policy loans | 551,015 | 1.8 | 571,443 | 1.9 |
| General loans | 3,146,841 | 10.6 | 3,262,921 | 11.0 |
| Real estate | 1,285,375 | 4.3 | 1,238,898 | 4.2 |
| Real estate for rent | 815,368 | 2.7 | 782,788 | 2.6 |
| Deferred tax assets | 405,499 | 1.4 | 337,687 | 1.1 |
| Others | 711,523 | 2.4 | 699,925 | 2.4 |
| Allowance for doubtful accounts | (13,497) | (0.0) | (21,095) | (0.1) |
| Total | 29,805,332 | 100.0 | 29,551,663 | 100.0 |
| Foreign currency-denominated assets | 5,493,899 | 18.4 | 5,027,866 | 17.0 |

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

(2) Fair Value Information on Securities (General Account)
(securities with fair value except for trading securities)

(millions of yen)

| | Book value | Fair value | Gains (losses) | Gains (losses) | |
|---------------------------------------|-------------------|-------------------|----------------|------------------|----------------|
| | | | | Gains | Losses |
| As of December 31, 2010 | | | | | |
| Bonds held to maturity | 152,862 | 158,477 | 5,615 | 5,615 | - |
| Domestic bonds | 111,771 | 113,839 | 2,067 | 2,067 | - |
| Foreign bonds | 41,090 | 44,637 | 3,547 | 3,547 | - |
| Policy-reserve-matching bonds | 6,551,117 | 6,954,924 | 403,806 | 403,806 | - |
| Domestic bonds | 6,551,117 | 6,954,924 | 403,806 | 403,806 | - |
| Stocks of subsidiaries and affiliates | 20,331 | 40,332 | 20,001 | 20,001 | - |
| Securities available for sale | 14,620,554 | 15,123,624 | 503,069 | 970,417 | 467,348 |
| Domestic bonds | 6,247,593 | 6,501,720 | 254,127 | 255,652 | 1,525 |
| Domestic stocks | 2,140,413 | 2,503,981 | 363,567 | 577,069 | 213,501 |
| Foreign securities | 5,823,290 | 5,703,925 | (119,365) | 118,115 | 237,480 |
| Foreign bonds | 5,356,428 | 5,281,206 | (75,222) | 101,725 | 176,947 |
| Foreign stocks and other securities | 466,861 | 422,718 | (44,142) | 16,390 | 60,532 |
| Other securities | 106,891 | 98,331 | (8,559) | 5,995 | 14,554 |
| Monetary receivables purchased | 282,366 | 295,665 | 13,299 | 13,584 | 284 |
| Certificates of deposit | 20,000 | 19,999 | (0) | - | 0 |
| Others | - | - | - | - | - |
| Total | 21,344,865 | 22,277,358 | 932,492 | 1,399,841 | 467,348 |
| Domestic bonds | 12,910,482 | 13,570,484 | 660,001 | 661,527 | 1,525 |
| Domestic stocks | 2,140,413 | 2,503,981 | 363,567 | 577,069 | 213,501 |
| Foreign securities | 5,883,474 | 5,787,656 | (95,817) | 141,662 | 237,480 |
| Foreign bonds | 5,397,519 | 5,325,844 | (71,674) | 105,272 | 176,947 |
| Foreign stocks and other securities | 485,955 | 461,812 | (24,142) | 36,390 | 60,532 |
| Other securities | 108,129 | 99,570 | (8,558) | 5,996 | 14,554 |
| Monetary receivables purchased | 282,366 | 295,665 | 13,299 | 13,584 | 284 |
| Certificates of deposit | 20,000 | 19,999 | (0) | - | 0 |
| Others | - | - | - | - | - |
| As of March 31, 2010 | | | | | |
| Bonds held to maturity | 171,263 | 174,819 | 3,556 | 4,904 | 1,348 |
| Domestic bonds | 124,253 | 124,592 | 338 | 1,686 | 1,348 |
| Foreign bonds | 47,009 | 50,227 | 3,218 | 3,218 | - |
| Policy-reserve-matching bonds | 5,766,069 | 5,889,306 | 123,236 | 136,732 | 13,495 |
| Domestic bonds | 5,766,069 | 5,889,306 | 123,236 | 136,732 | 13,495 |
| Stocks of subsidiaries and affiliates | 17,209 | 24,415 | 7,206 | 7,206 | 0 |
| Securities available for sale | 14,921,552 | 15,642,718 | 721,166 | 1,016,728 | 295,562 |
| Domestic bonds | 6,957,460 | 7,099,655 | 142,195 | 148,896 | 6,700 |
| Domestic stocks | 2,417,263 | 2,939,839 | 522,575 | 702,945 | 180,369 |
| Foreign securities | 5,126,575 | 5,179,708 | 53,133 | 152,490 | 99,357 |
| Foreign bonds | 4,659,418 | 4,735,257 | 75,838 | 124,257 | 48,419 |
| Foreign stocks and other securities | 467,156 | 444,451 | (22,705) | 28,233 | 50,938 |
| Other securities | 111,595 | 110,630 | (965) | 7,184 | 8,150 |
| Monetary receivables purchased | 285,657 | 289,885 | 4,227 | 5,211 | 983 |
| Certificates of deposit | 23,000 | 22,999 | (0) | 0 | 0 |
| Others | - | - | - | - | - |
| Total | 20,876,095 | 21,731,260 | 855,165 | 1,165,572 | 310,406 |
| Domestic bonds | 12,847,783 | 13,113,554 | 265,770 | 287,314 | 21,544 |
| Domestic stocks | 2,417,263 | 2,939,839 | 522,575 | 702,945 | 180,369 |
| Foreign securities | 5,189,931 | 5,253,489 | 63,558 | 162,915 | 99,357 |
| Foreign bonds | 4,706,428 | 4,785,484 | 79,056 | 127,475 | 48,419 |
| Foreign stocks and other securities | 483,503 | 468,005 | (15,498) | 35,440 | 50,938 |
| Other securities | 112,458 | 111,492 | (966) | 7,184 | 8,151 |
| Monetary receivables purchased | 285,657 | 289,885 | 4,227 | 5,211 | 983 |
| Certificates of deposit | 23,000 | 22,999 | (0) | 0 | 0 |
| Others | - | - | - | - | - |

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

* Carrying values of securities whose market prices are deemed extremely difficult to obtain are as follows:

(millions of yen)

| | As of December 31, 2010 | As of March 31, 2010 |
|---|----------------------------|-------------------------|
| Bonds held to maturity | - | - |
| Unlisted foreign bonds | - | - |
| Others | - | - |
| Policy-reserve-matching bonds | - | - |
| Stocks of subsidiaries and affiliates | 202,292 | 202,902 |
| Unlisted domestic stocks (except over-the-counter stocks) | 182,680 | 182,680 |
| Unlisted foreign stocks (except over-the-counter stocks) | 12,192 | 12,192 |
| Others | 7,418 | 8,029 |
| Other securities | 1,285,007 | 1,305,728 |
| Unlisted domestic stocks (except over-the-counter stocks) | 134,219 | 135,623 |
| Unlisted foreign stocks (except over-the-counter stocks) | 1,063,051 | 1,063,784 |
| Unlisted foreign bonds | 0 | 0 |
| Others | 87,736 | 106,320 |
| Total | 1,487,299 | 1,508,631 |

- Note: 1. The table above includes assets 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 whose market prices are deemed extremely difficult to obtain and which are listed in the table above are as follows: loss of 5,636 million yen as of December 31, 2010 and loss of 3,714 million yen as of March 31, 2010.

(3) 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) | |
|-------------------------|-------------------------------------|------------|----------------|----------------|--------|
| | | | | Gains | Losses |
| As of December 31, 2010 | 21,445 | 21,445 | (645) | 4,590 | 5,235 |
| As of March 31, 2010 | 22,258 | 22,258 | 3,303 | 7,288 | 3,984 |

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.
"Gains (losses)" include gains (losses) from derivative transactions within the trusts.

* Information on money held in trust for investment purpose is as follows:

(millions of yen)

| | As of December 31, 2010 | | As of March 31, 2010 | |
|--|-------------------------------------|--|-------------------------------------|--|
| | Carrying value on the balance sheet | Valuation gains (losses) included in the statement of earnings | Carrying value on the balance sheet | Valuation gains (losses) included in the statement of earnings |
| Money held in trust for investment purpose | 21,445 | (645) | 22,258 | 3,303 |

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

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

(millions of yen)

| | As of December 31, 2010 | | | | |
|-----------------------------------|-------------------------|------------|----------------|-------|--------|
| | Book Value | Fair Value | Gains (Losses) | Gains | Losses |
| Trust held to maturity | - | - | - | - | - |
| Trust matched with policy reserve | - | - | - | - | - |
| Others | - | - | - | - | - |
| | As of March 31, 2010 | | | | |
| | Book Value | Fair Value | Gains (Losses) | Gains | Losses |
| Trust held to maturity | - | - | - | - | - |
| Trust matched with policy reserve | - | - | - | - | - |
| Others | - | - | - | - | - |

3. Unaudited Quarterly Non-Consolidated Balance Sheets

(millions of yen)

| | As of December 31, 2010 | As of March 31, 2010 (summarized) |
|---|-------------------------|-----------------------------------|
| (ASSETS) | | |
| Cash and deposits | 232,672 | 168,804 |
| Call loans | 166,400 | 228,800 |
| Monetary receivables purchased | 295,665 | 289,885 |
| Money held in trust | 21,445 | 22,258 |
| Securities | 24,158,853 | 23,987,934 |
| [Government bonds] | [10,865,312] | [10,688,290] |
| [Local government bonds] | [307,490] | [324,082] |
| [Corporate bonds] | [2,338,715] | [2,324,075] |
| [Stocks] | [3,143,226] | [3,598,019] |
| [Foreign securities] | [7,162,705] | [6,678,934] |
| Loans receivable | 3,697,857 | 3,834,365 |
| Policy loans | 551,015 | 571,443 |
| General loans | 3,146,841 | 3,262,921 |
| Tangible assets | 1,289,645 | 1,243,607 |
| Intangible assets | 105,614 | 106,602 |
| Reinsurance accounts receivable | 3,214 | 1,309 |
| Other assets | 605,382 | 605,642 |
| Deferred tax assets | 405,499 | 337,687 |
| Customers' liabilities for acceptances and guarantees | 21,333 | 17,787 |
| Allowance for doubtful accounts | (13,497) | (21,095) |
| Allowance for investment loss | (286) | (1,123) |
| Total assets | 30,989,801 | 30,822,467 |
| (LIABILITIES) | | |
| Reserve for insurance policy liabilities | 28,164,755 | 27,803,736 |
| Reserve for outstanding claims | 137,303 | 149,682 |
| Policy reserve | 27,619,486 | 27,324,838 |
| Reserve for dividends to policyholders | 407,966 | 329,214 |
| Reinsurance accounts payable | 708 | 525 |
| Bonds payable | 40,737 | 46,510 |
| Other liabilities | 1,208,002 | 1,206,894 |
| Income taxes payable | 1,377 | 571 |
| Lease obligations | 888 | 642 |
| Asset retirement obligations | 3,115 | - |
| Rest of the other liabilities | 1,202,621 | 1,205,681 |
| Reserve for employees' retirement benefits | 424,529 | 409,639 |
| Reserve for retirement benefits of directors, executive officers and corporate auditors | 3,157 | 3,307 |
| Reserve for possible reimbursement of prescribed claims | 759 | 1,100 |
| Allowance for policyholder dividends | - | 92,500 |
| Reserve for price fluctuations | 125,953 | 115,453 |
| Deferred tax liabilities for land revaluation | 123,705 | 124,706 |
| Acceptances and guarantees | 21,333 | 17,787 |
| Total liabilities | 30,113,645 | 29,822,160 |
| (NET ASSETS) | | |
| Capital stock | 210,200 | - |
| Capital surplus | 210,200 | - |
| Legal capital surplus | 210,200 | - |
| Retained earnings | 198,255 | - |
| Legal retained earnings | 5,600 | - |
| Other retained earnings | 192,655 | - |
| Fund for risk allowance | 43,120 | - |
| Fund for price fluctuation allowance | 65,000 | - |
| Reserve for reduction entry of real estate | 18,165 | - |
| Retained earnings brought forward | 66,369 | - |
| Total shareholders' equity | 618,655 | - |
| Valuation difference on available-for-sale securities | 321,593 | - |
| Deferred gains or losses on hedges | 977 | - |
| Revaluation reserve for land | (65,070) | - |
| Total valuation and translation adjustments | 257,500 | - |
| Total net assets | 876,156 | - |
| (NET ASSETS) | | |
| Accumulated redeemed foundation funds | - | 420,000 |
| Revaluation reserve | - | 248 |
| Surplus | - | 184,448 |
| Reserve for future losses | - | 5,600 |
| Other surplus | - | 178,848 |
| Fund for risk allowance | - | 43,139 |
| Fund for price fluctuation allowance | - | 55,000 |
| Subsidy for social public enterprise | - | 9 |
| Fund for Public Health Awards | - | 8 |
| Fund for Environmental Green Design Award | - | 14 |
| Reserve for reduction entry of real estate | - | 16,420 |
| Other reserves | - | 100 |
| Unappropriated net surplus for the period | - | 64,157 |
| Total foundation funds and surplus | - | 604,697 |
| Valuation difference on available-for-sale securities | - | 461,158 |
| Deferred gains or losses on hedges | - | (2,008) |
| Revaluation reserve for land | - | (63,540) |
| Total valuation and translation adjustments | - | 395,609 |
| Total net assets | - | 1,000,307 |
| Total liabilities and net assets | 30,989,801 | 30,822,467 |

4. Unaudited Quarterly Non-Consolidated Statements of Earnings

(millions of yen)

| | Nine months ended December 31, 2009 | Nine months ended December 31, 2010 |
|--|--|--|
| ORDINARY REVENUES | 3,165,466 | 3,187,723 |
| Insurance premiums and other | 2,091,235 | 2,300,585 |
| [Insurance premiums] | [2,090,743] | [2,300,093] |
| Investment income | 863,386 | 679,129 |
| [Interest, dividends and other income] | [510,520] | [501,367] |
| [Gain on trading account securities] | [1,218] | [-] |
| [Gain from money held in trust] | [1,995] | [-] |
| [Gain on sales of securities] | [190,431] | [160,872] |
| [Net derivative financial instruments gain] | [-] | [15,010] |
| [Gain on separate accounts] | [154,870] | [-] |
| Other ordinary revenues | 210,844 | 208,007 |
| [Reversal of reserve for outstanding claims] | [21,612] | [12,379] |
| ORDINARY EXPENSES | 3,031,518 | 3,073,831 |
| Insurance claims and other | 1,892,510 | 1,864,683 |
| [Insurance claims] | [580,165] | [572,861] |
| [Annuity payments] | [303,826] | [333,976] |
| [Benefits] | [392,245] | [378,704] |
| [Surrender benefits] | [499,372] | [489,124] |
| [Other refunds] | [116,107] | [89,094] |
| Provision for policy reserve and other | 260,732 | 302,137 |
| Provision for policy reserve | 252,854 | 294,647 |
| Provision for interest portion of reserve for dividends to policyholders | 7,878 | 7,489 |
| Investment expenses | 246,598 | 271,399 |
| [Interest expenses] | [8,652] | [9,314] |
| [Loss on investments in money held in trust] | [-] | [788] |
| [Loss on sales of securities] | [104,550] | [87,934] |
| [Loss on valuation of securities] | [61,055] | [69,155] |
| [Net derivative financial instruments loss] | [9,838] | [-] |
| [Loss on separate accounts] | [-] | [41,674] |
| Operating expenses | 318,064 | 310,964 |
| Other ordinary expenses | 313,612 | 324,646 |
| ORDINARY PROFIT | 133,947 | 113,891 |
| EXTRAORDINARY GAINS | 114 | 4,368 |
| Gain on disposal of noncurrent assets | 23 | 3,301 |
| Reversal of allowance for doubtful accounts | - | 567 |
| Reversal of allowance for investment loss | - | 370 |
| Gain on bad debts recovered | 90 | 128 |
| EXTRAORDINARY LOSSES | 17,319 | 21,641 |
| Loss on disposal of noncurrent assets | 1,482 | 4,065 |
| Impairment loss | 4,475 | 3,001 |
| Provision for reserve for price fluctuation | 10,500 | 10,500 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | - | 4,074 |
| Provision for subsidy for social public enterprise | 826 | - |
| Provision for fund for Public Health Awards | 31 | - |
| Provision for fund for Environmental Green Design Award | 4 | - |
| Provision for reserve for dividends to policyholders | - | 60,000 |
| Net surplus before income taxes | 116,742 | - |
| Income before income taxes | - | 36,618 |
| Income taxes-current | 243 | 5,910 |
| Income taxes-deferred | 10,208 | 8,280 |
| Income taxes | 10,452 | 14,190 |
| Net surplus | 106,290 | - |
| Net income | - | 22,428 |

NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED FINANCIAL STATEMENTS

I. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED BALANCE SHEETS

1. Application of “Accounting Standard for Asset Retirement Obligations”

Effective the three months ended June 30, 2010, the Company applied “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). As a result, ordinary profit and income before income taxes for the nine months ended December 31, 2010 decreased by 78 million yen and 4,152 million yen, respectively, compared to the figures calculated by the previous method. The amount of change in asset retirement obligations incurred due to the initial application of accounting standard for the period was 3,247 million yen.

2. Introduction of Stock Granting Trust (J-ESOP)

Effective the nine months ended December 31, 2010, the Company introduced a Stock Granting Trust (J-ESOP). J-ESOP is an incentive program granting managerial level employees who fulfill requirements under its Stock Granting Regulations shares of common stock of the Company to incentivize them to improve corporate values and, thus, stock prices by (1) linking their retirement benefits to the share price and financial results of the Company and (2) aligning economic interest with stockholders.

The Company vests points to each managerial level employee based on her/his contribution to the Company and grants stock of the Company based on her/his total points at retirement. Such stock, including common shares to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from books of the Company.

3. Introduction of Trust-type Employee Shareholding Incentive Plan (E-Ship®)

Effective the nine months ended December 31, 2010, the Company introduced a Trust-type Employee Shareholding Incentive Plan (E-Ship®). E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership (the “Partnership”). In the E-Ship® plan, the Company sets up the E-Ship trust through a trust bank. The E-ship trust estimates the number of shares of common stock of the Company which the Partnership is to acquire in the coming 5 years after the setup of the E-Ship trust and purchases the shares in advance. The Partnership buys shares of the Company from the E-Ship trust periodically. At the end of the trust period, the Partnership’s retained earnings, accumulation of net gains on sales of shares of the Company, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, the Company will pay off any retained loss, accumulation of net losses on sales of the shares and any amount equivalent to the amount of outstanding debt at the end of period, as it is to guarantee the debt of the E-Ship trust needed to purchase the shares.

Taking into consideration the economic reality of the E-Ship trust, the Company consolidated the E-Ship trust and, therefore, assets, including stocks of the Company, and liabilities of the E-ship trust are recognized in the Company’s balance sheets as of December 31, 2010 and statements of earnings for the nine months ended December 31, 2010.

4. Change in Presentation on Net Assets

Due to the Company’s demutualization on April 1, 2010, net assets in its balance sheet as of December 31, 2010 were reported in a joint stock corporation format, while net assets as of March 31, 2010 were reported in a mutual company format.

5. Allowance for Doubtful Accounts

For loans and claims other than loans to and claims on “bankrupt obligors”, “substantially bankrupt obligors” and obligors that have not yet suffered business failure but are considered highly likely to fail, allowance for doubtful accounts is calculated by using the rate of losses from bad debts as of September 30, 2010, as the Company recognized no material changes in the rate during the three months ended December 31, 2010.

6. Depreciation of Tangible Assets

Depreciation of tangible assets is computed by proportionally allocating the estimated annual depreciation for the fiscal year. Accumulated depreciation of tangible assets as of December 31, 2010 was ¥652,603 million.

7. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent as of December 31, 2010 was ¥484,372 million.

8. Changes in Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholder were as follows:

| | (millions of yen) |
|---|-------------------|
| Balance at the end of previous fiscal year | ¥ 329,214 |
| Transfer from allowance for policyholder dividends | 92,500 |
| Dividends paid during the nine months ended December 31, 2010 | (81,238) |
| Interest accrual during the nine months ended December 31, 2010 | 7,489 |
| Provision for reserve for dividends to policyholders | 60,000 |
| Balance as of December 31, 2010 | <u>¥ 407,966</u> |

9. Assets Pledged as Collateral / Secured Liabilities

The amount of securities and cash/deposits pledged as collateral was as follows:

| | (millions of yen) |
|--|-------------------|
| Securities (Government bonds) | ¥ 434,455 |
| Securities (Foreign securities) | 8,543 |
| Cash/deposits | 86 |
| Total securities and cash/deposits pledged as collateral | <u>¥ 443,085</u> |

The amount of secured liabilities was as follows:

| | (millions of yen) |
|---|-------------------|
| Cash collateral for securities lending transactions | ¥ 438,092 |
| Loan | 12 |
| Total secured liabilities | <u>¥ 438,104</u> |

Among the amounts above, “Securities (Government bonds)” for securities lending transactions as of December 31, 2010 were ¥432,071 million.

10. Policy Reserve

For whole life insurance contracts which were acquired on or before March 31, 1996, premium payments for which were already completed (including lump-sum payment), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided over a period of nine years from the fiscal year ended March 31, 2008. As a result, additional provision for policy reserve for the nine month ended December 31, 2010 was ¥86,056 million.

11. Amount of Net Assets

DL reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, in accordance with Article 85, Paragraph 1 of the Insurance Business Act. Based on its plan for demutualization, in accordance with Article 86 of the Insurance Business Act, DL realigned its net assets in the non-consolidated balance sheet as follows:

| As of March 31, 2010 | | As of April 1, 2010 | |
|---|-----------|---|-----------|
| Accumulated redeemed foundation funds | 420,000 | Capital stock | 210,200 |
| Revaluation reserve | 248 | Capital surplus | 210,200 |
| Surplus | 184,448 | Legal capital surplus | 210,200 |
| Reserve for future losses | 5,600 | Retained earnings | 184,297 |
| Other surplus | 178,848 | Legal retained earnings | 5,600 |
| Fund for risk allowance | 43,139 | Other retained earnings | 178,697 |
| Fund for price fluctuation allowance | 55,000 | Fund for risk allowance | 43,120 |
| Reserve for reduction entry of real estate | 16,420 | Fund for price fluctuation allowance | 55,000 |
| Other reserves | 132 | Reserve for reduction entry of real estate | 16,420 |
| Unappropriated net surplus for the period | 64,157 | Retained earnings bought forward | 64,157 |
| Total foundation funds and surplus | 604,697 | Total Shareholders' equity | 604,697 |
| Valuation difference on available-for-sale securities | 461,158 | Valuation difference on available-for-sale securities | 461,158 |
| Deferred gains or losses on hedges | (2,008) | Deferred gains or losses on hedges | (2,008) |
| Revaluation reserve for land | (63,540) | Revaluation reserve for land | (63,540) |
| Total valuation and translation adjustments | 395,609 | Total valuation and translation adjustments | 395,609 |
| Total net assets | 1,000,307 | Total net assets | 1,000,307 |

II. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED STATEMENTS OF EARNINGS

1. Earnings per Share

The earnings per share for the nine months ended December 31, 2010 amounted to 2,242.85 yen. The amount of diluted earnings per share is not provided in this report since there were no diluting shares at the end of the period.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

| | Nine months ended December 31, 2009 | Nine months ended December 31, 2010 |
|---|--|--|
| Fundamental revenues | 2,971,821 | 3,011,841 |
| Insurance premiums and other | 2,091,235 | 2,300,585 |
| Investment income | 669,741 | 503,247 |
| [Interest, dividends and other income] | 510,520 | 501,367 |
| Other ordinary revenues | 210,844 | 208,007 |
| Fundamental expense | 2,743,645 | 2,807,641 |
| Insurance claims and other | 1,892,510 | 1,864,683 |
| Provision for policy reserve and other | 174,562 | 215,031 |
| Investment expenses | 44,896 | 92,314 |
| Operating expenses | 318,064 | 310,964 |
| Other ordinary expenses | 313,612 | 324,646 |
| Fundamental profit | <i>A</i> 228,175 | 204,199 |
| Capital gains | 193,644 | 175,882 |
| Gain from money held in trust | 1,995 | - |
| Gain on trading securities | - | - |
| Gain on sales of securities | 190,431 | 160,872 |
| Net derivative financial instruments gain | - | 15,010 |
| Foreign exchange gains | - | - |
| Gain on trading account securities | 1,218 | - |
| Others | - | - |
| Capital losses | 188,101 | 178,747 |
| Loss on investments in money held in trust | - | 788 |
| Loss on trading securities | - | - |
| Loss on sales of securities | 104,550 | 87,934 |
| Loss on valuation of securities | 61,055 | 69,155 |
| Net derivative financial instruments loss | 9,838 | - |
| Foreign exchange losses | 12,656 | 20,868 |
| Loss on trading account securities | - | - |
| Others | - | - |
| Net capital gains | <i>B</i> 5,543 | (2,864) |
| Fundamental profit plus net capital gains | <i>A + B</i> 233,719 | 201,334 |
| Other one-time gains | - | - |
| Reinsurance income | - | - |
| Reversal of contingency reserve | - | - |
| Others | - | - |
| Other one-time losses | 99,771 | 87,443 |
| Ceding reinsurance commissions | - | - |
| Provision for contingency reserve | 13,500 | 1,049 |
| Provision for specific allowance for doubtful accounts | 13,206 | - |
| Provision for specific reserve for loans to refinancing countries | - | - |
| Loss on disposal of bad loans | 393 | 337 |
| Others | 72,670 | 86,056 |
| Other one-time profits | <i>C</i> (99,771) | (87,443) |
| Ordinary profit | <i>A + B + C</i> 133,947 | 113,891 |

Note: "Others" in "Other one-time losses" represents the amount of the additional policy reserve provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act (86,056 million yen for the nine months ended December 31, 2010 and 72,670 million yen for the nine months ended December 31, 2009).

6. Solvency Margin Ratio

(millions of yen)

| | As of December 31, 2010 | As of March 31, 2010 |
|--|----------------------------|-------------------------|
| Total solvency margin (A) | 3,474,544 | 3,525,861 |
| Common stock, etc. (Foundation funds and surplus) ^{*1} | 609,280 | 594,697 |
| Reserve for price fluctuations | 125,953 | 115,453 |
| Contingency reserve | 528,143 | 527,093 |
| General allowance for doubtful accounts | 5,379 | 4,853 |
| Net unrealized gains on securities (before tax) × 90% ^{*2} | 452,806 | 649,316 |
| Net unrealized gains (losses) on real estate × 85% ^{*2} | 60,344 | 77,247 |
| Policy reserves in excess of surrender values | 1,344,688 | 1,245,466 |
| Qualifying subordinated debt | 356,442 | 328,906 |
| Excluded items | (169,881) | (169,881) |
| Others | 161,386 | 152,707 |
| Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B) | 698,504 | 739,535 |
| Insurance risk R_1 | 99,277 | 102,331 |
| 3rd sector insurance risk R_8 | 154,122 | 150,182 |
| Assumed investment yield risk R_2 | 126,254 | 130,566 |
| Investment risk R_3 | 499,413 | 538,537 |
| Business risk R_4 | 17,705 | 18,556 |
| Guaranteed minimum benefit risk R_7 ^{*3} | 6,214 | 6,209 |
| Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ | 994.8% | 953.5% |

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The figures as of March 31, 2010 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996. The figures as of December 31, 2010 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

7. Status of Separate Account

(1) Separate Account Assets by Product

(millions of yen)

| | As of December 31, 2010 | As of March 31, 2010 |
|-------------------------------|-------------------------|----------------------|
| Individual variable insurance | 45,793 | 48,107 |
| Individual variable annuities | 157,575 | 174,050 |
| Group annuities | 1,000,071 | 1,070,091 |
| Separate account total | 1,203,440 | 1,292,250 |

(2) Sum Insured of Individual Variable Insurance and Annuities (Separate Account)

A. Variable insurance

(millions of yen except number of policies)

| | As of December 31, 2010 | | As of March 31, 2010 | |
|---------------------------------|-------------------------|---------|----------------------|---------|
| | Number of policies | Amount | Number of policies | Amount |
| Variable insurance (term life) | 203 | 1,023 | 220 | 1,107 |
| Variable insurance (whole life) | 47,691 | 296,442 | 48,160 | 300,010 |
| Total | 47,894 | 297,465 | 48,380 | 301,118 |

Note: Policies in force include term life riders.

B. Variable annuities

(millions of yen except number of policies)

| | As of December 31, 2010 | | As of March 31, 2010 | |
|--------------------|-------------------------|---------|----------------------|---------|
| | Number of policies | Amount | Number of policies | Amount |
| Variable annuities | 44,789 | 145,946 | 46,803 | 162,411 |

8. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

| | Nine months ended December 31, 2009 | Nine months ended December 31, 2010 |
|-------------------|--|--|
| Ordinary revenues | 4,013,774 | 3,401,652 |
| Ordinary profit | 132,579 | 106,253 |
| Net surplus | 104,891 | - |
| Net income | - | 15,699 |

| | As of December 31, 2010 | As of March 31, 2010 |
|--------------|-------------------------|----------------------|
| Total assets | 32,387,502 | 32,104,248 |

(2) Scope of Consolidation and Application of Equity Method

| | As of December 31, 2010 |
|---|----------------------------|
| 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 | 27 |

For information regarding changes in subsidiaries and affiliates, please refer to "GUIDELINES FOR PREPARATION OF UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS" (P.19).

(3) Unaudited Quarterly Consolidated Balance Sheets

(millions of yen)

| | As of December 31, 2010 | As of March 31, 2010 (summarized) |
|---|----------------------------|--------------------------------------|
| (ASSETS) | | |
| Cash and deposits | 252,497 | 188,208 |
| Call loans | 174,200 | 249,100 |
| Monetary receivables purchased | 295,665 | 289,885 |
| Money held in trust | 69,468 | 55,685 |
| Securities | 25,431,295 | 25,147,356 |
| Loans receivable | 3,698,441 | 3,834,955 |
| Tangible assets | 1,289,936 | 1,244,006 |
| Intangible assets | 104,100 | 105,381 |
| Reinsurance accounts receivable | 46,473 | 45,828 |
| Other assets | 610,627 | 608,753 |
| Deferred tax assets | 407,269 | 339,534 |
| Customers' liabilities for acceptances and guarantees | 21,333 | 17,787 |
| Allowance for doubtful accounts | (13,519) | (21,111) |
| Allowance for investment loss | (286) | (1,123) |
| Total assets | 32,387,502 | 32,104,248 |
| (LIABILITIES) | | |
| Reserve for insurance policy liabilities | 29,598,880 | 29,112,220 |
| Reserve for outstanding claims | 138,084 | 150,313 |
| Policy reserve | 29,052,830 | 28,632,692 |
| Reserve for dividends to policyholders | 407,966 | 329,214 |
| Reinsurance accounts payable | 1,662 | 871 |
| Bonds payable | 40,737 | 46,510 |
| Other liabilities | 1,212,221 | 1,213,370 |
| Reserve for employees' retirement benefits | 426,344 | 411,440 |
| Reserve for retirement benefits of directors, executive officers and corporate auditors | 3,178 | 3,336 |
| Reserve for possible reimbursement of prescribed claims | 759 | 1,100 |
| Allowance for policyholder dividends | - | 92,500 |
| Reserve for price fluctuation | 126,065 | 115,528 |
| Deferred tax liabilities | 1,156 | 682 |
| Deferred tax liabilities for land revaluation | 123,705 | 124,706 |
| Acceptances and guarantees | 21,333 | 17,787 |
| Total liabilities | 31,556,046 | 31,140,054 |
| (NET ASSETS) | | |
| Capital stock | 210,200 | - |
| Capital surplus | 210,200 | - |
| Retained earnings | 145,444 | - |
| Total shareholders' equity | 565,844 | - |
| Valuation difference on available-for-sale securities | 323,514 | - |
| Deferred gains or losses on hedges | 977 | - |
| Revaluation reserve for land | (65,070) | - |
| Foreign currency translation adjustment | (4,750) | - |
| Total valuation and translation adjustments | 254,671 | - |
| Minority interests | 10,941 | - |
| Total net assets | 831,456 | - |
| Accumulated redeemed foundation funds | - | 420,000 |
| Revaluation reserve | - | 248 |
| Consolidated surplus | - | 138,469 |
| Total foundation funds and surplus | - | 558,718 |
| Valuation difference on available-for-sale securities | - | 462,289 |
| Deferred gains or losses on hedges | - | (2,008) |
| Revaluation reserve for land | - | (63,540) |
| Foreign currency translation adjustment | - | (3,069) |
| Total valuation and translation adjustments | - | 393,671 |
| Minority interests | - | 11,804 |
| Total net assets | - | 964,193 |
| Total liabilities and net assets | 32,387,502 | 32,104,248 |

(4) Unaudited Quarterly Consolidated Statements of Earnings

(millions of yen)

| | Nine months ended December 31, 2009 | Nine months ended December 31, 2010 |
|--|--|--|
| ORDINARY REVENUES | 4,013,774 | 3,401,652 |
| Insurance premiums and other | 2,870,118 | 2,508,544 |
| Investment income | 932,291 | 680,134 |
| [Interest, dividends and other income] | [510,762] | [501,249] |
| [Gain on trading account securities] | [1,218] | [-] |
| [Gain from money held in trust] | [-] | [908] |
| [Gain on trading securities] | [-] | [133] |
| [Gain on sales of securities] | [190,620] | [160,976] |
| [Net derivative financial instruments gain] | [-] | [14,985] |
| [Gain on separate accounts] | [225,344] | [-] |
| Other ordinary revenues | 211,364 | 212,974 |
| ORDINARY EXPENSES | 3,881,195 | 3,295,399 |
| Insurance claims and other | 1,919,785 | 1,926,266 |
| [Insurance claims] | [580,406] | [573,387] |
| [Annuity payments] | [303,917] | [334,327] |
| [Benefits] | [395,638] | [384,779] |
| [Surrender benefits] | [504,331] | [505,062] |
| Provision for policy reserve and other | 1,040,590 | 428,774 |
| Provision for policy reserve | 1,032,712 | 421,284 |
| Provision for interest portion of reserve for dividends to policyholders | 7,878 | 7,489 |
| Investment expenses | 249,270 | 293,514 |
| [Interest expenses] | [8,652] | [9,314] |
| [Loss on investments in money held in trust] | [5,186] | [-] |
| [Loss on sales of securities] | [104,550] | [87,935] |
| [Loss on valuation of securities] | [58,261] | [69,156] |
| [Net derivative financial instruments loss] | [9,838] | [-] |
| [Loss on separate accounts] | [-] | [63,964] |
| Operating expenses | 351,461 | 318,297 |
| Other ordinary expenses | 320,087 | 328,547 |
| ORDINARY PROFIT | 132,579 | 106,253 |
| EXTRAORDINARY GAINS | 121 | 4,365 |
| Gain on disposal of noncurrent assets | 29 | 3,303 |
| Reversal of allowance for doubtful accounts | - | 562 |
| Reversal of allowance for investment loss | - | 370 |
| Gain on bad debts recovered | 90 | 128 |
| Other | 0 | 0 |
| EXTRAORDINARY LOSSES | 17,357 | 21,375 |
| Loss on disposal of noncurrent assets | 1,502 | 3,763 |
| Impairment loss | 4,475 | 3,001 |
| Provision for reserve for price fluctuation | 10,518 | 10,537 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | - | 4,074 |
| Other | 861 | 0 |
| Provision for reserve for dividends to policyholders | - | 60,000 |
| Net surplus before adjustment for taxes, etc. | 115,343 | - |
| Income before income taxes and minority interests | - | 29,243 |
| Income taxes-current | 515 | 6,119 |
| Income taxes-deferred | 10,203 | 8,358 |
| Total income taxes | 10,718 | 14,478 |
| Income before minority interests | - | 14,764 |
| Minority interests in loss | 266 | 934 |
| Net surplus | 104,891 | - |
| Net income | - | 15,699 |

(5) Unaudited Quarterly Consolidated Statements of Cash Flows

| | (millions of yen) | |
|--|--|--|
| | Nine months ended December 31, 2009 | Nine months ended December 31, 2010 |
| Net cash provided by (used in) operating activities | | |
| Net surplus before adjustment for taxes, etc. | 115,343 | - |
| Income before income taxes and minority interests | - | 29,243 |
| Depreciation and amortization | 23,094 | 23,532 |
| Impairment loss | 4,475 | 3,001 |
| Increase (decrease) in reserve for outstanding claims | (21,775) | (12,226) |
| Increase (decrease) in policy reserve | 1,032,712 | 421,284 |
| Interest on reserve for dividends to policyholders | 7,878 | 7,489 |
| Provision for (reversal of) reserve for dividends to policyholders | - | 60,000 |
| Increase (decrease) in allowance for doubtful accounts | 9,759 | (7,591) |
| Increase (decrease) in allowance for investment loss | - | (837) |
| Gains on collection of loans and claims written off | (90) | (128) |
| Amortization of loans | 393 | 337 |
| Increase (decrease) in reserve for employees' retirement benefits | 13,488 | 14,906 |
| Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors | (145) | (157) |
| Increase (decrease) in reserve for possible reimbursement of prescribed claims | (238) | (340) |
| Increase (decrease) in allowance for policyholder dividends | - | (92,500) |
| Transfer from allowance for dividends to policyholders to reserve for dividends to policyholders | - | 92,500 |
| Increase (decrease) in reserve for price fluctuation | 10,518 | 10,537 |
| Interest, dividends and other income | (510,762) | (501,249) |
| Loss (gain) related to securities | (256,103) | 61,564 |
| Interest expenses | 8,652 | 9,314 |
| Loss (gain) related to tangible assets | 1,472 | 460 |
| Decrease (increase) in trading account securities | (25,178) | - |
| Other, net | 62,753 | 32,906 |
| Subtotal | 476,246 | 152,045 |
| Interest and dividends income received | 517,450 | 524,582 |
| Interest expenses paid | (5,978) | (7,057) |
| Dividends to policyholders paid | (68,682) | (81,238) |
| Other, net | (171,680) | 106,114 |
| Income taxes paid | 58,281 | (928) |
| Net cash provided by (used in) operating activities | 805,637 | 693,518 |
| Net cash provided by (used in) investing activities | | |
| Investment in monetary receivables purchased | (33,221) | (9,351) |
| Proceeds from sales and redemption of monetary receivables purchased | 15,075 | 12,643 |
| Increase in money held in trust | (55,500) | (12,900) |
| Decrease in money held in trust | 9,111 | - |
| Purchase of investment securities | (8,085,987) | (7,640,009) |
| Proceeds from sales and redemption of securities | 7,018,772 | 6,808,586 |
| Payments of loans receivable | (275,359) | (295,528) |
| Collection of loans receivable | 644,892 | 424,745 |
| Other, net | (65,952) | 47,363 |
| Total of net cash provided by (used in) investment transactions | (828,168) | (664,450) |
| Total of net cash provided by (used in) operating activities and investment transactions | (22,530) | 29,067 |
| Purchase of tangible assets | (15,330) | (69,827) |
| Proceeds from sales of tangible assets | 336 | 6,498 |
| Other, net | (16,022) | (15,850) |
| Net cash provided by (used in) investing activities | (859,184) | (743,630) |
| Net cash provided by (used in) financing activities | | |
| Proceeds from loans payable | - | 55,597 |
| Repayments of loans payable | (8) | (5,002) |
| Repayments of lease obligations | (68) | (169) |
| Redemption of foundation funds | (20,000) | - |
| Interest paid on foundation funds | (2,328) | - |
| Cash dividends paid | - | (9,870) |
| Proceeds from stock issuance to minority shareholders | 8,500 | - |
| Other, net | (4) | (12) |
| Net cash provided by (used in) financing activities | (13,909) | 40,541 |
| Effect of exchange rate change on cash and cash equivalents | 110 | (1,040) |
| Net increase (decrease) in cash and cash equivalents | (67,345) | (10,610) |
| Cash and cash equivalents at the beginning of period | 472,975 | 437,308 |
| Cash and cash equivalents at the end of period | 405,630 | 426,697 |

NOTES TO THE UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

I. GUIDELINES FOR PREPARATION OF UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Equity Method

Number of non-consolidated companies that the Parent Company excluded from the scope of the equity method during the nine months ended December 31, 2010: 3

One affiliated company and two subsidiaries of Tower Australia Group Limited (“Tower”) were excluded from the scope of the equity method of the Parent Company in the three months ended June 30, 2010 and December 31, 2010, respectively, as Tower disposed of its interest in the companies.

II. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED BALANCE SHEETS AND OTHER INFORMATION REGARDING SHAREHOLDERS’ EQUITY

1. Application of “Accounting Standard for Asset Retirement Obligations”

Effective the three months ended June 30, 2010, the Parent Company applied “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). As a result, ordinary profit and income before income taxes and minority interests for the nine months ended December 31, 2010 decreased by 78 million yen and 4,152 million yen, respectively, compared to the figures calculated by the previous method. The amount of change in asset retirement obligations incurred due to the initial application of the accounting standard for the period was 3,247 million yen.

2. Changes in Retirement Benefit System of Consolidated Subsidiaries and Affiliated Companies

Certain consolidated subsidiaries and affiliated companies of the Parent Company’s introduced defined benefit pension plans instead of tax-qualified pension plans as of July 1, 2010. This change in pension plans had a minimal impact on the consolidated financial results for the period.

3. Gains and Losses on Valuation of Available-For-Sale Bonds for Foreign Currency-Denominated Insurance

At certain consolidated subsidiaries and affiliated companies of the Parent Company, changes in market values of bonds included in foreign currency-denominated available-for-sale securities for foreign currency-denominated insurance are divided into two, and the portion attributable to changes in the securities’ nominal market prices in their local currencies is included in “valuation differences on available-for-sale securities”, and the rest in “foreign exchange gains/losses”.

4. Introduction of Stock Granting Trust (J-ESOP)

Effective the nine months ended December 31, 2010, the Parent Company introduced a Stock Granting Trust (J-ESOP). J-ESOP is an incentive program granting managerial level employees who fulfill requirements under its Stock Granting Regulations shares of common stock to incentivise them to improve corporate values and, thus, stock prices by (1) linking their retirement benefits to the share price and financial results of the Company and (2) aligning economic interests with stockholders.

The Parent Company vests points to each managerial level employee based on her/his contribution to the Parent Company and grants stock of the Parent Company based on her/his total points at retirement. Such stock, including common shares to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from books of the Parent Company.

5. Introduction of Trust-type Employee Shareholding Incentive Plan (E-Ship®)

Effective the nine months ended December 31, 2010, the Parent Company introduced a Trust-type Employee Shareholding Incentive Plan (E-Ship®). E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership (the “Partnership”). In the E-Ship® plan, the Parent Company sets up the E-Ship trust through a trust bank. The E-ship trust estimates the number of shares of common stock of the Parent Company which the Partnership is to acquire in the coming 5

years after the setup of the E-Ship trust and purchases the shares in advance. The Partnership buys shares of the Parent Company from the E-Ship trust periodically. At the end of the trust period, the Partnership's retained earnings, accumulation of net gains on sales of shares of the Parent Company, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, the Parent Company will pay off any retained loss, accumulation of net losses on sales of the shares and any amount equivalent to the amount of outstanding debt at the end of period, as it is to guarantee the debt of the E-Ship trust needed to purchase the shares.

Taking into consideration the economic reality of the E-Ship trust, the Parent Company consolidated the E-Ship trust and, therefore, assets, including stocks of the Parent Company, and liabilities of the E-ship trust are recognized in the Parent Company's balance sheets as of December 31, 2010 and statements of earnings and statements of cash flows for the nine months ended December 31, 2010.

6. Acquisition of 100% Ownership of Tower

The board of directors of the Parent Company, on December 28, 2010, decided to acquire 100% ownership of Tower and, on the same date, entered into a scheme implementation deed with Tower. Details of the transaction are as follows:

(1) Strategic aim of the transaction

Making Tower a wholly owned subsidiary, the Parent Company aims to (a) strengthen its operating base significantly in Australia, (b) promote geographical diversification of its earnings, and (c) upgrade all of its overseas businesses by applying Tower's management knowhow to its other overseas businesses.

(2) Company profile of Tower

| | |
|--|--|
| Company name | Tower Australia Group Limited |
| Engaged business | Insurance and insurance-related business |
| Location of headquarters | Milsons Point, New South Wales, Australia |
| Tower's consolidated results of operations for the year ended September 30, 2010 | Premium income: AUD 942 million (78,705 million yen) Net income: AUD 87 million (7,305 million yen) |
| Tower's consolidated financial condition as of September 30, 2010 | Total assets: AUD 3,672 million (306,805 million yen) Net assets: AUD 850 million (71,047 million yen) Capital stock: AUD 536 million (44,797 million yen) |
| Other information | Stock of Tower is listed on Australian Securities Exchange |

(3) Completion date of the transaction

The transaction is planned to be completed in May 2011.

(4) Acquiring price and equity stake after completion of the transaction

(a) Acquiring price: The Parent Company plans to acquire the rest of the shares of Tower (71.04% of Tower's shares outstanding) for AUD 1,193 million (99,636 million yen) in total – AUD 4.00 (334 yen) per share. Moreover, the Parent Company expects to pay expenses other than the price above, such as fees to outside advisors.

(b) The Parent Company's equity stake after completion of the transaction: 100%

(5) Financing

The Parent Company plans to finance the transaction by funds on hand.

(6) Other Information

The Parent Company is to acquire Tower by utilizing a friendly acquisition scheme called a "scheme of arrangement", in which (a) the transaction becomes effective when 75% or more of votes cast and the majority of Tower's shareholders attending a meeting of shareholders (including proxies) approve the transaction and (b) the Parent Company completes the transaction by paying AUD 4.00 per share for Tower's shareholders. In addition, the transaction is subject to regulatory approvals of the Japanese and Australian authorities.

The Company plans to acquire Tower's stock options held by Tower's management for approximately AUD 70 million (5,848 million yen)

(Note) Australian dollars are converted into yen at the rate of JPY83.55 to AUD.

7. Change in Presentation on Net Assets

Due to the Parent Company's demutualization on April 1, 2010, net assets in its balance sheet as of December 31, 2010 were reported in a joint corporation format, while those of March 31, 2010 were reported in a mutual company format.

8. Allowance for Doubtful Accounts

For loans and claims other than loans to and claims on "bankrupt obligors", "substantially bankrupt obligors" and obligors that have not yet suffered business failure but are considered highly likely to fail, allowance for doubtful accounts is calculated by using the rate of losses from bad debts as of September 30, 2010, as the Company recognizes no material changes in the rate during the three months ended December 31, 2010.

9. Depreciation of Tangible Assets

Depreciation of tangible assets is computed by proportionally allocating the estimated depreciation for the fiscal year. Accumulated depreciation of tangible assets was ¥653,300 million.

10. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of December 31, 2010 was ¥484,372 million.

11. Changes in Reserve for Dividends to Policyholders

Changes in reserve for policyholder dividends were as follows:

| | (millions of yen) |
|---|-------------------|
| Balance at the end of previous fiscal year | ¥ 329,214 |
| Transfer from allowance for policyholder dividends | 92,500 |
| Dividends paid during the nine months ended December 31, 2010 | (81,238) |
| Interest accrual during the nine months ended December 31, 2010 | 7,489 |
| Provision for reserve for dividends to policyholders | 60,000 |
| Balance as of December 31, 2010 | ¥ <u>407,966</u> |

12. Assets Pledged as Collateral / Secured Liabilities

The amount of securities and cash/deposits pledged as collateral was as follows:

| | (millions of yen) |
|--|-------------------|
| Securities (Government bonds) | ¥ 434,659 |
| Securities (Foreign securities) | 8,543 |
| Cash/deposits | 86 |
| Total securities and cash/deposits pledged as collateral | ¥ <u>443,289</u> |

The amount of secured liabilities was as follows:

| | (millions of yen) |
|---|-------------------|
| Cash collateral for securities lending transactions | ¥ 438,092 |
| Loan | 12 |
| Total secured liabilities | ¥ <u>438,104</u> |

Among the amounts above, "Securities (Government bonds)" for securities lending transactions as of December 31, 2010 were ¥432,071 million.

13. Policy Reserve

For whole life insurance contracts acquired on or before March 31, 1996, premium payments for which were already completed (including lump-sum payments), 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 over a period of nine years from the fiscal year ended March 31, 2008. As a result, additional provision for policy reserve for the nine months ended December 31, 2010 was ¥86,056 million.

14. Net Assets per Share

The amount of net assets per share as of December 31, 2010 was ¥82,051.53.

15. Type and Number of Shares Outstanding

Ordinary shares outstanding: 10 million shares

16. Dividend on Ordinary Shares

| | |
|----------------------------|---|
| Date of resolution | June 28, 2010 (at the First Ordinary General Meeting of Shareholders) |
| Type of shares | Ordinary shares |
| Total dividends | ¥10,000 million |
| Dividends per share | ¥1,000 |
| Record date * ¹ | April 16, 2010 |
| Effective date | June 29, 2010 |
| Dividend resource | Retained earnings |

*1: The record date was set on April 16, 2010 in accordance with Article 2, Supplementary Provisions of the Company's Articles of Incorporation.

17. Amount of Net Assets

The Parent Company reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, in accordance with Article 85, Paragraph 1 of the Insurance Business Act. Based on its plan for demutualization, in accordance with Article 86 of the Insurance Business Act, the Parent Company realigned its net assets in the consolidated balance sheet as follows:

| As of March 31, 2010 | | As of April 1, 2010 | |
|---|----------|---|----------|
| Accumulated redeemed foundation funds | 420,000 | Capital stock | 210,200 |
| Revaluation reserve | 248 | Capital surplus | 210,200 |
| Consolidated surplus | 138,469 | Retained earnings | 138,318 |
| Total foundation funds and surplus | 558,718 | Total shareholders' equity | 558,718 |
| Valuation difference on available-for-sale securities | 462,289 | Valuation difference on available-for-sale securities | 462,289 |
| Deferred gains or losses on hedges | (2,008) | Deferred gains or losses on hedges | (2,008) |
| Revaluation reserve for land | (63,540) | Revaluation reserve for land | (63,540) |
| Foreign currency translation adjustment | (3,069) | Foreign currency translation adjustment | (3,069) |
| Total valuation and translation adjustments | 393,671 | Total valuation and translation adjustments | 393,671 |
| Minority interests | 11,804 | Minority interests | 11,804 |
| Total net assets | 964,193 | Total net assets | 964,193 |

III. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED STATEMENTS OF EARNINGS

1. Income Before Minority Interests

Following application of “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009) based on “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, issued on December 26, 2008), income before minority interests account was newly added to the consolidated statements of earnings effective the nine months ended December 31, 2010.

2. Taxes

At some consolidated subsidiaries, income taxes are calculated by applying a reasonably estimated effective tax rate to income before income taxes for the nine months ended December 31, 2010. 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 nine months ended December 31, 2010.

3. Earnings per share

The earnings per share (EPS) for the nine months ended December 31, 2010 amounted to 1,569.96 yen. The amount of diluted EPS is not provided in this report since there were no diluting shares at the end of the period.

IV. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS

1. 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 receivables purchased, money market fund included in securities, and overdrafts (negative cash equivalents) included in other liabilities.

2. Reconciliation of Cash and Cash Equivalents

Reconciliation of cash and cash equivalents to balance sheet accounts as of December 31, 2010 was as follows:

| | | (millions of yen) |
|-----------------------------------|---|-------------------|
| Cash and cash deposits (a) | ¥ | 252,497 |
| Call loans (b) | | 174,200 |
| Cash and cash equivalents (a + b) | ¥ | <u>426,697</u> |

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

The Dai-ichi Frontier Life Insurance Company

(millions of yen)

| | | As of December 31, 2010 | As of March 31, 2010 |
|--|---|----------------------------|-------------------------|
| Total solvency margin | (A) | 218,267 | 224,341 |
| Common stock, etc. | | 106,772 | 116,239 |
| Reserve for price fluctuations | | 112 | 75 |
| Contingency reserve | | 46,018 | 44,759 |
| General reserve for possible loan losses | | 21 | 16 |
| Net unrealized gains on securities (before tax) × 90% *1 | | 2,857 | 1,681 |
| Net unrealized gains (losses) on real estate × 85% *1 | | - | - |
| Policy reserves in excess of surrender values | | 62,484 | 61,570 |
| Qualifying subordinated debt | | - | - |
| Excluded items | | - | - |
| Others | | - | - |
| Total risk | $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B) | 28,998 | 37,789 |
| Insurance risk | R ₁ | 0 | - |
| 3rd sector insurance risk | R ₈ | - | - |
| Assumed investment yield risk | R ₂ | 10 | 7 |
| Investment risk | R ₃ | (14,412) | (6,175) |
| Business risk | R ₄ | 844 | 1,100 |
| Guaranteed minimum benefit risk | R ₇ | 42,555 | 42,855 |
| Solvency margin ratio | $\frac{(A)}{(1/2) \times (B)} \times 100$ | 1,505.3% | 1,187.3% |

*1: Multiplied by 100% if losses.

- Note:
1. The above figures are calculated pursuant to Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Ministry of Finance Official Notification No. 50 of 1996.
 2. Guaranteed minimum benefit risk is calculated by the standard method.
 3. Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) are used to mitigate guaranteed minimum benefit risk on individual variable annuities. Derivative transactions reduced guaranteed minimum benefit risk by 9,105 million yen in the fiscal year ended March 31, 2010 and by 17,842 million yen in the nine months ended December 31, 2010, and these amounts are included in "Investment risk" above.

(7) Segment Information

The Company didn't operate any businesses categorized in other segments than its own core life insurance business during the nine months ended December 31, 2010, and therefore segment information was omitted.

Reference: Business Highlights for the Three Months Ended December 31, 2010

(1) New Policies

| | Number of policies | | Amount | | | |
|--------------------------------------|--------------------|------------------------------|-------------------|--------------|----------------------------|------------------------------|
| | (thousands) | % of December 31, 2009 total | (billions of yen) | New business | Net increase by conversion | % of December 31, 2009 total |
| Three months ended December 31, 2009 | | | | | | |
| Individual insurance | 283 | | 1,659.5 | 1,795.8 | (136.2) | |
| Individual annuities | 16 | | 114.5 | 117.3 | (2.7) | |
| Individual insurance and annuities | 300 | | 1,774.0 | 1,913.1 | (139.0) | |
| Group insurance | - | | 43.8 | 43.8 | | |
| Group annuities | - | | 0.8 | 0.8 | | |
| Three months ended December 31, 2010 | | | | | | |
| Individual insurance | 332 | 117.2 | 2,028.3 | 1,968.9 | 59.3 | 122.2 |
| Individual annuities | 15 | 90.7 | 104.1 | 106.7 | (2.5) | 90.9 |
| Individual insurance and annuities | 347 | 115.7 | 2,132.4 | 2,075.6 | 56.8 | 120.2 |
| Group insurance | - | - | 23.5 | 23.5 | - | 53.8 |
| Group annuities | - | - | 0.3 | 0.3 | - | 36.5 |

- 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 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 December 31, 2009 | Three months ended December 31, 2010 | % of December 31, 2009 total |
|-------------------------------|---|---|------------------------------|
| | | | |
| Individual insurance | 27.6 | 30.5 | 110.4 |
| Individual annuities | 4.1 | 3.7 | 90.7 |
| Total | 31.8 | 34.3 | 107.8 |
| Medical and survivor benefits | 9.8 | 8.9 | 90.7 |

- 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 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 Quarterly Non-Consolidated Statements of Earnings

(millions of yen)

| | Three months ended December 31, 2009 | Three months ended December 31, 2010 |
|--|---|---|
| ORDINARY REVENUES | 1,028,785 | 1,128,792 |
| Insurance premiums and other | 696,419 | 798,839 |
| [Insurance premiums] | [696,193] | [798,673] |
| Investment income | 266,165 | 258,210 |
| [Interest, dividends and other income] | [164,154] | [163,049] |
| [Gain on trading account securities] | [702] | [-] |
| [Gain from money held in trust] | [-] | [1,484] |
| [Gain on sales of securities] | [72,245] | [59,179] |
| [Gain on separate accounts] | [28,345] | [33,940] |
| Other ordinary revenues | 66,200 | 71,742 |
| [Reversal of reserve for outstanding claims] | [2,430] | [6,156] |
| ORDINARY EXPENSES | 1,033,410 | 1,121,233 |
| Insurance claims and other | 609,413 | 641,036 |
| [Insurance claims] | [194,298] | [187,958] |
| [Annuity payments] | [111,284] | [121,227] |
| [Benefits] | [123,988] | [116,864] |
| [Surrender benefits] | [148,186] | [182,092] |
| [Other refunds] | [31,424] | [32,559] |
| Provision for policy reserve and other | 90,100 | 138,585 |
| Provision for policy reserve | 87,496 | 136,114 |
| Provision for interest portion of reserve for dividends to policyholders | 2,604 | 2,470 |
| Investment expenses | 125,133 | 116,159 |
| [Interest expenses] | [2,884] | [3,613] |
| [Loss on investments in money held in trust] | [166] | [-] |
| [Loss on sales of securities] | [39,346] | [26,097] |
| [Loss on valuation of securities] | [51,400] | [62,288] |
| [Net derivative financial instruments loss] | [15,515] | [39] |
| Operating expenses | 104,036 | 100,708 |
| Other ordinary expenses | 104,725 | 124,744 |
| ORDINARY PROFIT(ORDINARY LOSSES) | (4,625) | 7,558 |
| EXTRAORDINARY GAINS | 2,705 | 613 |
| Gain on disposal of noncurrent assets | 0 | 125 |
| Reversal of allowance for doubtful accounts | 2,703 | 487 |
| Gain on bad debts recovered | 1 | 0 |
| EXTRAORDINARY LOSSES | 3,791 | 7,208 |
| Loss on disposal of noncurrent assets | 157 | 3,491 |
| Impairment loss | 127 | 216 |
| Provision for reserve for price fluctuation | 3,500 | 3,500 |
| Provision for fund for Public Health Awards | 6 | - |
| Provision for fund for Environmental Green Design Award | 0 | - |
| Provision for reserve for dividends to policyholders | - | 18,751 |
| Loss before income taxes | 5,710 | 17,787 |
| Income taxes-current | 131 | 535 |
| Income taxes-deferred | (14,070) | (6,594) |
| Income taxes | (13,939) | (6,058) |
| Net surplus | 8,228 | - |
| Net loss | - | 11,728 |

(4) Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

| | Three months ended December 31, 2009 | Three months ended December 31, 2010 |
|---|---|---|
| Fundamental revenues | 955,837 | 1,068,128 |
| Insurance premiums and other | 696,419 | 798,839 |
| Investment income | 193,217 | 197,546 |
| [Interest, dividends and other income] | 164,154 | 163,049 |
| Other ordinary revenues | 66,200 | 71,742 |
| Fundamental expense | 891,470 | 1,001,306 |
| Insurance claims and other | 609,413 | 641,036 |
| Provision for policy reserve and other | 58,168 | 114,892 |
| Investment expenses | 15,125 | 19,925 |
| Operating expenses | 104,036 | 100,708 |
| Other ordinary expenses | 104,725 | 124,744 |
| Fundamental profit | <i>A</i> 64,367 | 66,821 |
| Capital gains | 72,948 | 60,663 |
| Gain from money held in trust | - | 1,484 |
| Gain on trading securities | - | - |
| Gain on sales of securities | 72,245 | 59,179 |
| Net derivative financial instruments gain | - | - |
| Foreign exchange gains | - | - |
| Gain on trading account securities | 702 | - |
| Others | - | - |
| Capital losses | 109,800 | 96,234 |
| Loss on investments in money held in trust | 166 | - |
| Loss on trading securities | - | - |
| Loss on sales of securities | 39,346 | 26,097 |
| Loss on valuation of securities | 51,400 | 62,288 |
| Net derivative financial instruments loss | 15,515 | 39 |
| Foreign exchange losses | 3,372 | 7,808 |
| Loss on trading account securities | - | - |
| Others | - | - |
| Net capital gains | <i>B</i> (36,852) | (35,570) |
| Fundamental profit plus net capital gains | <i>A + B</i> 27,515 | 31,250 |
| Other one-time gains | - | 7,950 |
| Reinsurance income | - | - |
| Reversal of contingency reserve | - | 7,950 |
| Others | - | - |
| Other one-time losses | 32,140 | 31,642 |
| Ceding reinsurance commissions | - | - |
| Provision for contingency reserve | 4,500 | - |
| Provision for specific allowance for doubtful accounts | - | - |
| Provision for specific reserve for loans to refinancing countries | - | - |
| Loss on disposal of bad loans | 207 | (110) |
| Others | 27,432 | 31,752 |
| Other one-time profits | <i>C</i> (32,140) | (23,691) |
| Ordinary profit | <i>A + B + C</i> (4,625) | 7,558 |

- Note: 1. For the three months ended December 31, 2009, "Others" in "Other one-time losses" represents the amount of the additional policy reserve provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act (27,432 million yen).
2. For the three months ended December 31, 2010, "Others" in "Other one-time losses" represents the total of (i) provision for reserve for possible possible investment losses (109 million yen) and (ii) additional policy reserve provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act (31,642 million yen).

(5) Consolidated Financial Summary

a) Unaudited Quarterly Consolidated Statements of Earnings

(millions of yen)

| | Three months ended December 31, 2009 | Three months ended December 31, 2010 |
|--|---|---|
| ORDINARY REVENUES | 1,271,458 | 1,169,604 |
| Insurance premiums and other | 920,183 | 843,345 |
| Investment income | 284,554 | 252,747 |
| [Interest, dividends and other income] | [164,664] | [163,044] |
| [Gain on trading account securities] | [702] | [-] |
| [Gain on sales of securities] | [72,328] | [59,231] |
| [Net derivative financial instruments gain] | [-] | [143] |
| [Gain on separate accounts] | [46,145] | [29,770] |
| Other ordinary revenues | 66,720 | 73,511 |
| ORDINARY EXPENSES | 1,276,183 | 1,164,552 |
| Insurance claims and other | 622,112 | 662,431 |
| [Insurance claims] | [194,393] | [188,192] |
| [Annuity payments] | [111,323] | [121,319] |
| [Benefits] | [125,450] | [118,928] |
| [Surrender benefits] | [150,499] | [187,611] |
| Provision for policy reserve and other | 306,501 | 156,533 |
| Provision for policy reserve | 303,896 | 154,063 |
| Provision for interest portion of reserve for dividends to policyholders | 2,604 | 2,470 |
| Investment expenses | 129,036 | 117,217 |
| [Interest expenses] | [2,884] | [3,613] |
| [Loss on investments in money held in trust] | [3,912] | [689] |
| [Loss on trading securities] | [-] | [168] |
| [Loss on sales of securities] | [39,346] | [26,098] |
| [Loss on valuation of securities] | [51,449] | [62,288] |
| [Net derivative financial instruments loss] | [15,515] | [-] |
| Operating expenses | 112,078 | 102,477 |
| Other ordinary expenses | 106,454 | 125,891 |
| ORDINARY PROFIT(ORDINARY LOSSES) | (4,725) | 5,051 |
| EXTRAORDINARY GAINS | 2,703 | 613 |
| Gain on disposal of noncurrent assets | - | 126 |
| Reversal of allowance for doubtful accounts | 2,701 | 486 |
| Gain on bad debts recovered | 1 | 0 |
| Other | 0 | 0 |
| EXTRAORDINARY LOSSES | 3,809 | 6,907 |
| Loss on disposal of noncurrent assets | 169 | 3,179 |
| Impairment loss | 127 | 216 |
| Provision for reserve for price fluctuation | 3,506 | 3,511 |
| Other | 6 | - |
| Provision for reserve for dividends to policyholders | - | 18,751 |
| Loss before income taxes and minority interests | 5,831 | 19,992 |
| Income taxes-current | 64 | 471 |
| Income taxes-deferred | (13,898) | (6,426) |
| Total income taxes | (13,833) | (5,954) |
| Loss before minority interests | - | 14,037 |
| Minority interests in loss | 89 | 294 |
| Net surplus | 8,091 | - |
| Net loss | - | 13,743 |

b) Segment Information

The Company didn't operate any businesses categorized in other segments than its own core life insurance business during the three months ended December 31, 2010, and therefore segment information was omitted.