

August 11, 2011

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## Financial Results for the Three Months Ended June 30, 2011

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The Dai-ichi Life Insurance Company, Limited (the "Company" or the "Parent Company"; President: Koichiro Watanabe) announces its financial results for the three months ended June 30, 2011.

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

## 1. Business Highlights

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

#### Policies in Force

	As of June 30, 2011				As of March 31, 2011	
	Number of policies		Amount		Number of policies (thousands)	Amount (billions of yen)
	(thousands)	% of March 31, 2011 total	(billions of yen)	% of March 31, 2011 total		
Individual insurance	11,191	100.4	142,652.7	98.8	11,143	144,361.3
Individual annuities	1,264	100.2	7,373.8	100.2	1,261	7,357.6
Individual insurance and annuities	12,455	100.4	150,026.6	98.9	12,405	151,718.9
Group insurance	-	-	51,877.9	99.1	-	52,336.6
Group annuities	-	-	6,064.9	100.4	-	6,041.7

- 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 June 30, 2010 total	(billions of yen)	New Business	Net increase by conversion	% of June 30, 2010 total
Three months ended June 30, 2010						
Individual insurance	263		1,414.1	1,520.6	(106.5)	
Individual annuities	15		103.0	105.5	(2.5)	
Individual insurance and annuities	278		1,517.1	1,626.1	(109.0)	
Group insurance	-		172.9	172.9	-	
Group annuities	-		0.1	0.1	-	
Three months ended June 30, 2011						
Individual insurance	294	111.8	1,253.5	1,265.6	(12.1)	88.6
Individual annuities	10	72.0	77.9	80.1	(2.2)	75.7
Individual insurance and annuities	305	109.6	1,331.4	1,345.8	(14.3)	87.8
Group insurance	-	-	63.9	63.9	-	37.0
Group annuities	-	-	0.2	0.2	-	189.4

- 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.

#### (Reference) Surrenders and lapses in individual insurance and annuities

(billions of yen except percentages)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Amount of surrenders and lapses	1,731.3	1,803.2
Surrender and lapse rate (%)	1.10	1.19

- 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 June 30, 2011		As of March 31, 2011
		% of March 31, 2011 total	
Individual insurance	1,696.7	99.5	1,704.7
Individual annuities	311.1	100.7	309.0
Total	2,007.9	99.7	2,013.8
Medical and survival benefits	509.3	100.5	506.6

### New Policies

(billions of yen except percentages)

	Three months ended	Three months ended	% of June 30, 2010 total
	June 30, 2010	June 30, 2011	
Individual insurance	24.7	23.6	95.4
Individual annuities	3.7	2.9	78.3
Total	28.4	26.5	93.2
Medical and survival benefits	8.2	10.8	130.6

- 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 June 30, 2011		As of March 31, 2011	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	308,661	1.0	441,114	1.5
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	289,552	1.0	291,115	1.0
Trading account securities	-	-	-	-
Money held in trust	19,967	0.1	21,178	0.1
Securities	23,329,803	78.6	23,201,366	78.0
Domestic bonds	13,758,044	46.3	13,434,971	45.2
Domestic stocks	2,412,286	8.1	2,538,013	8.5
Foreign securities	6,969,807	23.5	7,035,698	23.7
Foreign bonds	5,413,767	18.2	5,581,739	18.8
Foreign stocks and other securities	1,556,039	5.2	1,453,959	4.9
Other securities	189,665	0.6	192,683	0.6
Loans	3,521,439	11.9	3,627,422	12.2
Policy loans	533,700	1.8	539,497	1.8
Ordinary loans	2,987,739	10.1	3,087,925	10.4
Real estate	1,283,301	4.3	1,290,787	4.3
Real estate for rent	813,586	2.7	814,333	2.7
Deferred tax assets	452,863	1.5	475,198	1.6
Others	490,677	1.7	398,585	1.3
Reserve for possible loan losses	(12,091)	(0.0)	(12,900)	(0.0)
Total	29,684,177	100.0	29,733,868	100.0
Foreign currency-denominated assets	5,409,244	18.2	5,435,294	18.3

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	
As of June 30, 2011					
Bonds held to maturity	144,725	149,828	5,103	5,103	-
Domestic bonds	104,072	105,805	1,732	1,732	-
Foreign bonds	40,652	44,022	3,370	3,370	-
Policy-reserve-matching bonds	7,175,638	7,545,881	370,243	370,645	402
Domestic bonds	7,175,638	7,545,881	370,243	370,645	402
Stocks of subsidiaries and affiliates	1,647	1,647	-	-	-
Securities available for sale	14,376,707	14,776,273	399,566	848,062	448,496
Domestic bonds	6,254,164	6,478,333	224,168	236,905	12,737
Domestic stocks	1,875,748	2,096,621	220,873	457,812	236,939
Foreign securities	5,870,192	5,813,621	(56,571)	129,805	186,376
Foreign bonds	5,389,284	5,373,115	(16,168)	110,547	126,716
Foreign stocks and other securities	480,908	440,506	(40,402)	19,257	59,659
Other securities	104,666	98,144	(6,522)	5,880	12,402
Monetary claims bought	271,934	289,552	17,618	17,658	40
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>21,698,719</b>	<b>22,473,631</b>	<b>774,912</b>	<b>1,223,810</b>	<b>448,898</b>
Domestic bonds	13,533,876	14,130,020	596,144	609,284	13,140
Domestic stocks	1,875,748	2,096,621	220,873	457,812	236,939
Foreign securities	5,910,845	5,857,643	(53,201)	133,175	186,376
Foreign bonds	5,429,936	5,417,137	(12,798)	113,917	126,716
Foreign stocks and other securities	480,908	440,506	(40,402)	19,257	59,659
Other securities	106,314	99,792	(6,522)	5,880	12,402
Monetary claims bought	271,934	289,552	17,618	17,658	40
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2011					
Bonds held to maturity	145,823	150,247	4,424	4,424	-
Domestic bonds	103,924	105,161	1,237	1,237	-
Foreign bonds	41,899	45,085	3,186	3,186	-
Policy-reserve-matching bonds	6,870,639	7,092,066	221,426	234,913	13,486
Domestic bonds	6,870,639	7,092,066	221,426	234,913	13,486
Stocks of subsidiaries and affiliates	20,785	42,999	22,213	22,224	10
Securities available for sale	14,706,987	15,078,568	371,580	794,148	422,567
Domestic bonds	6,299,209	6,460,407	161,198	174,100	12,902
Domestic stocks	1,915,677	2,221,350	305,672	495,777	190,104
Foreign securities	6,088,114	5,987,731	(100,383)	106,876	207,259
Foreign bonds	5,608,527	5,539,839	(68,687)	85,205	153,892
Foreign stocks and other securities	479,587	447,891	(31,695)	21,671	53,367
Other securities	106,978	101,963	(5,015)	6,914	11,929
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	0	0	-
Others	-	-	-	-	-
<b>Total</b>	<b>21,744,236</b>	<b>22,363,881</b>	<b>619,644</b>	<b>1,055,709</b>	<b>436,065</b>
Domestic bonds	13,273,773	13,657,635	383,862	410,250	26,388
Domestic stocks	1,915,677	2,221,350	305,672	495,777	190,104
Foreign securities	6,149,107	6,074,134	(74,972)	132,287	207,259
Foreign bonds	5,650,426	5,584,925	(65,501)	88,391	153,892
Foreign stocks and other securities	498,680	489,209	(9,471)	43,896	53,367
Other securities	108,671	103,645	(5,025)	6,914	11,940
Monetary claims bought	281,006	291,115	10,108	10,479	371
Certificates of deposit	16,000	16,000	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:

	As of June 30, 2011	As of March 31, 2011
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	330,770	202,187
Unlisted domestic stocks (except over-the-counter stocks)	182,680	182,680
Unlisted foreign stocks (except over-the-counter stocks)	140,783	12,192
Others	7,306	7,313
Other securities	1,190,219	1,190,373
Unlisted domestic stocks (except over-the-counter stocks)	132,984	133,982
Unlisted foreign stocks (except over-the-counter stocks)	968,052	968,050
Unlisted foreign bonds	0	0
Others	89,182	88,340
<b>Total</b>	<b>1,520,989</b>	<b>1,392,560</b>

- 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:  
2,180 million yen in loss as of June 30, 2011 and 5,524 million yen in loss as of March 31, 2011.

## (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 June 30, 2011	19,967	19,967	(99)	6,020	6,119
As of March 31, 2011	21,178	21,178	(1,049)	4,705	5,755

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 June 30, 2011		As of March 31, 2011	
	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	19,967	(99)	21,178	(1,049)

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

	Book value	Fair value	Gains (losses)	Gains (losses)	
				Gains	Losses
As of June 30, 2011					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2011					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Others	-	-	-	-	-

### 3. Unaudited Quarterly Non-Consolidated Balance Sheets

	As of June 30, 2011	(millions of yen) As of March 31, 2011 (summarized)
<b>(ASSETS)</b>		
Cash and deposits	208,621	230,249
Call loans	130,300	236,900
Monetary claims bought	289,552	291,115
Money held in trust	19,967	21,178
Securities	24,408,565	24,294,557
[ Government bonds ]	[ 11,522,448 ]	[ 11,124,813 ]
[ Local government bonds ]	[ 318,221 ]	[ 313,283 ]
[ Corporate bonds ]	[ 2,231,905 ]	[ 2,312,471 ]
[ Stocks ]	[ 2,714,218 ]	[ 2,838,617 ]
[ Foreign securities ]	[ 7,288,403 ]	[ 7,370,161 ]
Loans	3,521,439	3,627,422
Policy loans	533,700	539,497
Ordinary loans	2,987,739	3,087,925
Tangible fixed assets	1,288,905	1,295,811
Intangible fixed assets	105,476	105,770
Reinsurance receivable	4,652	4,189
Other assets	371,162	282,565
Deferred tax assets	452,863	475,198
Customers' liabilities for acceptances and guarantees	20,103	17,826
Reserve for possible loan losses	(12,091)	(12,900)
Reserve for possible investment losses	-	(223)
<b>Total assets</b>	<b>30,809,519</b>	<b>30,869,661</b>
<b>(LIABILITIES)</b>		
Policy reserves and others	28,277,295	28,190,891
Reserves for outstanding claims	172,787	197,695
Policy reserves	27,709,857	27,589,524
Reserve for policyholder dividends	394,649	403,671
Reinsurance payable	481	588
Subordinated bonds	147,920	149,129
Other liabilities	941,970	1,118,137
Corporate income tax payable	152	13,333
Lease liabilities	1,955	1,459
Asset retirement obligations	4,003	4,019
Other liabilities	935,859	1,099,325
Reserve for employees' retirement benefits	425,336	418,312
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,699	3,147
Reserve for possible reimbursement of prescribed claims	1,028	1,100
Reserve for price fluctuations	83,953	80,453
Deferred tax liabilities for land revaluation	123,071	123,635
Acceptances and guarantees	20,103	17,826
<b>Total liabilities</b>	<b>30,023,860</b>	<b>30,103,223</b>
<b>(NET ASSETS)</b>		
Capital stock	210,200	210,200
Capital surplus	210,200	210,200
Legal capital surplus	210,200	210,200
Retained earnings	195,469	192,887
Legal retained earnings	5,600	5,600
Other retained earnings	189,869	187,287
Fund for risk allowance	43,120	43,120
Fund for price fluctuation allowance	65,000	65,000
Reserve for tax basis adjustments of real estate	17,991	17,962
Retained earnings brought forward	63,758	61,205
Treasury stock	(19,866)	(20,479)
Total shareholders' equity	596,003	592,808
Net unrealized gains (losses) on securities, net of tax	255,413	237,580
Deferred hedge gains (losses)	526	1,243
Reserve for land revaluation	(66,285)	(65,194)
Total of valuation and translation adjustments	189,655	173,629
<b>Total net assets</b>	<b>785,658</b>	<b>766,437</b>
<b>Total liabilities and net assets</b>	<b>30,809,519</b>	<b>30,869,661</b>



4. Unaudited Quarterly Non-Consolidated Statements of Earnings

(millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
<b>ORDINARY REVENUES</b>	1,079,811	1,050,966
Premium and other income	772,700	744,881
[ Premium income ]	[ 772,555 ]	[ 744,644 ]
Investment income	234,289	222,479
[ Interest and dividends ]	[ 164,831 ]	[ 174,043 ]
[ Gains on sale of securities ]	[ 49,023 ]	[ 44,565 ]
[ Derivative transaction gains ]	[ 19,760 ]	[ 1,957 ]
Other ordinary revenues	72,821	83,605
[ Reversal of reserves for outstanding claims ]	[ 10,307 ]	[ 24,907 ]
<b>ORDINARY EXPENSES</b>	1,014,218	995,864
Benefits and claims	607,808	609,612
[ Claims ]	[ 191,500 ]	[ 184,834 ]
[ Annuities ]	[ 110,110 ]	[ 118,497 ]
[ Benefits ]	[ 138,207 ]	[ 125,671 ]
[ Surrender values ]	[ 136,301 ]	[ 149,502 ]
[ Other refunds ]	[ 31,411 ]	[ 30,890 ]
Provision for policy reserves and others	43,964	122,731
Provision for policy reserves	41,439	120,333
Provision for interest on policyholder dividends	2,524	2,398
Investment expenses	156,375	65,899
[ Interest expenses ]	[ 2,890 ]	[ 4,676 ]
[ Losses on money held in trust ]	[ 2,106 ]	[ 196 ]
[ Losses on sale of securities ]	[ 29,426 ]	[ 14,270 ]
[ Losses on valuation of securities ]	[ 5,610 ]	[ 20,438 ]
[ Losses on investment in separate accounts ]	[ 98,967 ]	[ 5,434 ]
Operating expenses	104,311	98,842
Other ordinary expenses	101,758	98,778
<b>ORDINARY PROFIT</b>	65,593	55,101
<b>EXTRAORDINARY GAINS</b>	942	396
Gains on disposal of fixed assets	128	396
Reversal of reserve for possible loan losses	803	-
Gains on collection of loans and claims written off	10	-
<b>EXTRAORDINARY LOSSES</b>	10,064	6,783
Losses on disposal of fixed assets	261	306
Impairment losses on fixed assets	2,228	2,977
Provision for reserve for price fluctuations	3,500	3,500
Effect of initial application of accounting standard for asset retirement obligations	4,074	-
Provision for reserve for policyholder dividends	17,873	18,957
Income before income taxes	38,598	29,756
Corporate income taxes-current	44	347
Corporate income tax-deferred	14,708	12,010
Total of corporate income taxes	14,753	12,357
Net income for the period	23,844	17,398

# NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED FINANCIAL STATEMENTS

## I. NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED BALANCE SHEETS AND SHAREHOLDERS' EQUITY, ETC.

### 1. Application of "Accounting Standard for Accounting Changes and Error Corrections"

The Company applied "Accounting Standard for Accounting Changes and Error Corrections" (The Accounting Standards Board of Japan ("ASBJ") Statement No.24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 issued on December 4, 2009) for making accounting changes and correcting past errors on or after April 1, 2011.

### 2. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent as of June 30, 2011 was ¥495,322 million.

### 3. Changes in Reserve for Policyholder Dividends

Changes in Reserve for Policyholder Dividends were as follows:

	(millions of yen)
Balance at the beginning of the year .....	¥403,671
Dividends paid during the three months ended June 30, 2011 .....	30,376
Interest accrual during the three months ended June 30, 2011 .....	2,398
Provision for reserve for policyholder dividends .....	18,957
Balance as of June 30, 2011 .....	<u>¥394,649</u>

## II. NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED STATEMENTS OF EARNINGS

### 1. Revision of "Practical Guidelines on Accounting Standards for Financial Instruments"

The Company formerly presented (1) reversal of reserve for possible loan losses, (2) reversal of reserve for possible investment losses and (3) gains on collection of loans and claims written off as items under extraordinary gains. However, effective the three months ended June 30, 2011, the Parent Company started to present these three items under investment income due to the revision made to "Practical Guidelines on Accounting Standards for Financial Instruments" (Accounting Practice Committee Statement No.14 issued by the Japanese Institute of Certified Public Accountants).

### 2. Net Income per Share

Net income per share for the three months ended June 30, 2011 was ¥1,763.99. Information on diluted net income per share is omitted as no potential diluting shares of the Company were outstanding.

## 5. Breakdown of Net Surplus from Operations (Fundamental Profit)

(millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Fundamental revenues	1,011,026	1,004,247
Premium and other income	772,700	744,881
Investment income	165,504	175,760
[Interest and dividends]	164,831	174,043
Other ordinary revenues	72,821	83,605
Fundamental expense	944,098	924,621
Benefits and claims	607,808	609,612
Provision for policy reserves and others	17,402	94,798
Investment expenses	112,817	22,589
Operating expenses	104,311	98,842
Other ordinary expenses	101,758	98,778
Fundamental profit	<i>A</i> 66,928	79,625
Capital gains	68,784	46,522
Gains on money held in trust	-	-
Gains on investments in trading securities	-	-
Gains on sale of securities	49,023	44,565
Derivative transaction gains	19,760	1,957
Foreign exchange gains	-	-
Gains on trading account securities	-	-
Others	-	-
Capital losses	43,424	43,306
Losses on money held in trust	2,106	196
Losses on investments in trading securities	-	-
Losses on sale of securities	29,426	14,270
Losses on valuation of securities	5,610	20,438
Derivative transaction losses	-	-
Foreign exchange losses	6,280	8,400
Losses on trading account securities	-	-
Others	-	-
Net capital gains	<i>B</i> 25,359	3,215
Fundamental profit plus net capital gains	<i>A + B</i> 92,287	82,841
Other one-time gains	-	196
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	-	24
Others	-	171
Other one-time losses	26,694	27,936
Ceding reinsurance commissions	-	-
Provision for contingency reserve	4,500	6,000
Provision for specific reserve for possible loan losses	-	-
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	133	2
Others	22,061	21,933
Other one-time profits	<i>C</i> (26,694)	(27,740)
Net surplus from operations	<i>A + B + C</i> 65,593	55,101

Note: "Others" in "Other one-time gains" for the three months ended June 30, 2011 represents the amount of reversal of possible investment losses (171 million yen).

"Others" in "Other one-time losses" for the three months ended June 30, 2010 and 2011 represents the amount of the additional policy reserves provided (22,061 million yen and 21,933 million yen, respectively) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

## 6. Solvency Margin Ratio

(millions of yen)

	As of June 30, 2011	As of March 31, 2011
Total solvency margin <b>(A)</b>	3,395,809	3,314,721
Common stock, etc <sup>*1</sup>	595,335	576,808
Reserve for price fluctuations	83,953	80,453
Contingency reserve	508,093	502,093
General reserve for possible loan losses	3,697	4,480
Net unrealized gains on securities (before tax) × 90% <sup>*2</sup>	359,683	334,526
Net unrealized gains (losses) on real estate × 85% <sup>*2</sup>	16,994	17,447
Policy reserves in excess of surrender values	1,387,320	1,367,418
Qualifying subordinated debt	455,705	456,189
Excluded items	(169,881)	(169,881)
Others	154,907	145,185
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ <b>(B)</b>	690,290	673,739
Insurance risk $R_1$	96,908	98,094
3rd sector insurance risk $R_8$	154,847	154,741
Assumed investment yield risk $R_2$	122,972	123,947
Investment risk $R_3$	494,813	475,887
Business risk $R_4$	17,513	17,175
Guaranteed minimum benefit risk $R_7$ <sup>*3</sup>	6,112	6,094
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	983.8%	983.9%

\*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 Act, and Announcement No. 50, Ministry of Finance, 1996. The figures as of June 30, 2011 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

**(Reference). Solvency Margin Ratio under the New Standards to Be Officially Applied  
at the end of Fiscal Year ending March 31, 2012.**

(millions of yen)

	As of June 30, 2011	As of March 31, 2011
Total solvency margin <b>(A)</b>	3,137,293	3,048,033
Common stock, etc <sup>*1</sup>	595,335	576,808
Reserve for price fluctuations	83,953	80,453
Contingency reserve	508,093	502,093
General reserve for possible loan losses	3,697	4,480
Net unrealized gains on securities (before tax) × 90% <sup>*2</sup>	359,683	334,526
Net unrealized gains (losses) on real estate × 85% <sup>*2</sup>	16,994	17,447
Policy reserves in excess of surrender values <sup>*3</sup>	1,387,320	1,367,418
Qualifying subordinated debt <sup>*3</sup>	455,705	456,189
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt <sup>*3</sup>	(219,265)	(227,437)
Excluded items	(169,881)	(169,881)
Others	115,657	105,935
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ <b>(B)</b>	1,140,666	1,112,941
Insurance risk $R_1$	96,908	98,094
3rd sector insurance risk $R_8$	154,847	154,741
Assumed investment yield risk $R_2$	294,720	296,597
Investment risk $R_3$	784,196	754,112
Business risk $R_4$	26,737	26,195
Guaranteed minimum benefit risk $R_7$ <sup>*4</sup>	6,190	6,215
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	550.0%	547.7%

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

\*2: Multiplied by 100% if losses.

\*3: "Policy reserves in excess of surrender values" represent the amount stipulated under Notification of the Financial Services Agency No. 25, Article 1, paragraph 1-1. "Qualifying subordinated debt" represent the amount stipulated under Notification of the Financial Services Agency No. 25, Article 1, paragraph 1-2. "Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt" represent the amount stipulated under Notification of the Financial Services Agency No. 25, Article 1, paragraph 1-3.

\*4: Calculated by standard method.

Note: Under Cabinet Office Ordinance No.23, 2010 and Notification of the Financial Services Agency No. 48, the standards for the calculation of solvency margin ratio is planned to be revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The revised standards will be officially applied at the end of the fiscal year ending March 31, 2012.

The above figures are calculated by applying the revised standards to the financial results as of March 31, 2011 and June 30, 2011.

## **7. Status of Separate Account**

### (1) Separate Account Assets by Product

(millions of yen)

	As of June 30, 2011	As of March 31, 2011
Individual variable insurance	44,513	45,273
Individual variable annuities	149,850	153,869
Group annuities	952,113	976,992
Separate account total	1,146,478	1,176,136

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

#### A. Variable insurance

(millions of yen except number of policies)

	As of June 30, 2011		As of March 31, 2011	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	199	1,005	201	1,015
Variable insurance (whole life)	47,335	293,478	47,495	294,700
Total	47,534	294,483	47,696	295,716

Note: Policies in force include term life riders.

#### B. Variable annuities

(millions of yen except number of policies)

	As of June 30, 2011		As of March 31, 2011	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	43,294	138,436	44,063	142,440

Note: Sum insured of policies in force includes that of annuities for which payments have commenced.

## **8. Consolidated Financial Summary**

### (1) Selected Financial Data and Other Information

	(millions of yen)	
	Three months ended June 30, 2010	Three months ended June 30, 2011
Ordinary revenues	1,183,496	1,135,672
Ordinary profit	50,823	47,372
Net income for the period	10,398	32,275
Comprehensive income for the period	(58,293)	46,415
	As of June 30, 2011	As of March 31, 2011
Total assets	32,553,443	32,297,862

### (2) Scope of Consolidation and Application of Equity Method

	Three months ended June 30, 2011
Number of consolidated subsidiaries	18
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	14

For information regarding changes in subsidiaries and affiliates, please refer to "GUIDELINES FOR PREPARATION OF UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS" (P.18).

## (3) Unaudited Consolidated Balance Sheets

	As of June 30, 2011	(millions of yen) As of March 31, 2011 (summarized)
<b>ASSETS</b>		
Cash and deposits	247,999	257,204
Call loans	140,100	244,700
Monetary claims bought	289,552	291,115
Money held in trust	57,515	62,838
Securities	25,856,849	25,597,752
Loans	3,522,391	3,627,991
Tangible fixed assets	1,289,523	1,296,105
Intangible fixed assets	213,790	104,173
Reinsurance receivable	47,205	45,764
Other assets	425,444	288,336
Deferred tax assets	455,082	477,206
Customers' liabilities for acceptances and guarantees	20,103	17,826
Reserve for possible loan losses	(12,117)	(12,928)
Reserve for possible investment losses	-	(223)
<b>Total assets</b>	<b>32,553,443</b>	<b>32,297,862</b>
<b>LIABILITIES</b>		
Policy reserves and others	29,968,522	29,641,967
Reserves for outstanding claims	264,825	198,841
Policy reserves	29,309,047	29,039,453
Reserve for policyholder dividends	394,649	403,671
Reinsurance payable	13,134	1,278
Subordinated bonds	147,920	149,129
Other liabilities	993,897	1,126,459
Reserve for employees' retirement benefits	427,100	420,067
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,716	3,168
Reserve for possible reimbursement of prescribed claims	1,028	1,100
Reserve for price fluctuations	84,119	80,596
Deferred tax liabilities	8,861	798
Deferred tax liabilities for land revaluation	123,071	123,635
Acceptances and guarantees	20,103	17,826
<b>Total liabilities</b>	<b>31,790,476</b>	<b>31,566,027</b>
<b>NET ASSETS</b>		
Capital stock	210,200	210,200
Capital surplus	210,200	210,200
Retained earnings	166,466	149,007
Treasury stock	(19,866)	(20,479)
Total shareholders' equity	566,999	548,928
Net unrealized gains (losses) on securities, net of tax	256,965	238,886
Deferred hedge gains (losses)	526	1,243
Reserve for land revaluation	(66,285)	(65,194)
Foreign currency translation adjustments	(6,174)	(3,765)
Total accumulated other comprehensive income	185,033	171,169
Minority interests	10,934	11,737
<b>Total net assets</b>	<b>762,967</b>	<b>731,835</b>
<b>Total liabilities and net assets</b>	<b>32,553,443</b>	<b>32,297,862</b>



(4) Unaudited Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income  
[Unaudited Consolidated Statements of Earnings]

(millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
<b>ORDINARY REVENUES</b>	<b>1,183,496</b>	<b>1,135,672</b>
Premium and other income	865,576	830,853
Investment income	244,179	221,328
[ Interest and dividends ]	[ 164,085 ]	[ 173,348 ]
[ Gains on money held in trust ]	[ 7,547 ]	[ - ]
[ Gains on investments in trading securities ]	[ 3,066 ]	[ - ]
[ Gains on sale of securities ]	[ 49,046 ]	[ 44,565 ]
[ Derivative transaction gains ]	[ 19,760 ]	[ 1,446 ]
Other ordinary revenues	73,740	83,490
<b>ORDINARY EXPENSES</b>	<b>1,132,673</b>	<b>1,088,300</b>
Benefits and claims	627,178	653,993
[ Claims ]	[ 191,633 ]	[ 194,841 ]
[ Annuities ]	[ 110,214 ]	[ 118,860 ]
[ Benefits ]	[ 140,023 ]	[ 131,565 ]
[ Surrender values ]	[ 141,585 ]	[ 155,423 ]
Provision for policy reserves and others	87,876	155,422
Provision for policy reserves	85,352	153,023
Provision for interest on policyholder dividends	2,524	2,398
Investment expenses	207,036	65,613
[ Interest expenses ]	[ 2,890 ]	[ 5,019 ]
[ Losses on money held in trust ]	[ - ]	[ 1,108 ]
[ Losses on investments in trading securities ]	[ - ]	[ 1,378 ]
[ Losses on sale of securities ]	[ 29,426 ]	[ 14,271 ]
[ Losses on valuation of securities ]	[ 5,610 ]	[ 20,439 ]
[ Losses on investment in separate accounts ]	[ 151,576 ]	[ 1,981 ]
Operating expenses	107,532	111,496
Other ordinary expenses	103,049	101,774
Ordinary profit	50,823	47,372
<b>EXTRAORDINARY GAINS</b>	<b>941</b>	<b>23,513</b>
Gains on disposal of fixed assets	128	397
Reversal of reserve for possible loan losses	801	-
Gains on collection of loans and claims written off	10	-
Gain on step acquisition	-	23,116
Other extraordinary gains	0	0
<b>EXTRAORDINARY LOSSES</b>	<b>10,075</b>	<b>6,925</b>
Losses on disposal of fixed assets	261	311
Impairment losses on fixed assets	2,228	2,977
Provision for reserve for price fluctuations	3,511	3,523
Effect of initial application of accounting standard for asset retirement obligations	4,074	-
Other extraordinary losses	0	114
Provision for reserve for policyholder dividends	17,873	18,957
Income before income taxes and minority interests	23,815	45,002
Corporate income taxes-current	343	1,487
Corporate income tax-deferred	14,504	12,054
Total of corporate income taxes	14,848	13,542
Income before minority interests	8,967	31,460
Minority interests in loss of subsidiaries	1,431	814
Net income for the period	10,398	32,275

[Unaudited Consolidated Statements of Comprehensive Income]

(millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Income before minority interests	8,967	31,460
Total other comprehensive income	(67,260)	14,955
Net unrealized gains (losses) on securities, net of tax	(67,309)	18,182
Deferred hedge gains (losses)	(617)	(716)
Reserve for land revaluation	-	(34)
Foreign currency translation adjustments	(101)	(2,574)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	767	98
Comprehensive income for the period	(58,293)	46,415
Attributable to shareholders of the parent company	(56,960)	47,195
Attributable to minority interests	(1,332)	(779)

# NOTES TO THE UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

## I. GUIDELINES FOR PREPARATION OF UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

### 1. Significant Change in Scope of Consolidation

Effective the three months ended June 30, 2011, Tower Australia Group Limited (“Tower”), formerly an equity method affiliate, and its twelve group companies were newly included in the scope of consolidation of the Parent Company as the Parent Company completed the acquisition of 100% ownership of Tower on May 11, 2011 through its subsidiaries TAL Dai-ichi Life Australia Pty Ltd and TAL Dai-ichi Life Group Pty Ltd.

Tower changed its name to TAL Limited on June 1, 2011.

### 2. Significant Change in Scope of Equity Method Accounting

Effective the three months ended June 30, 2011, Tower (currently TAL Limited) and its twelve group companies were excluded from the scope of the equity method accounting of the Parent Company as the Parent Company completed its acquisition of 100% ownership of Tower on May 11, 2011.

### 3. Amortization of Goodwill Associated with Acquisition of Tower

Effective the three months ended June 30, 2011, goodwill associated with acquisition of Tower (currently TAL Limited) is amortized over a period of 20 years under the straight-line method.

## II. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED BALANCE SHEETS AND SHAREHOLDERS' EQUITY, ETC.

### 1. Application of “Accounting Standard for Accounting Changes and Error Corrections”

The Parent Company applied “Accounting Standard for Accounting Changes and Error Corrections” (The Accounting Standards Board of Japan (“ASBJ”) Statement No.24 issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24 issued on December 4, 2009) for making accounting changes and correcting past errors on or after April 1, 2011.

### 2. Consolidation as a Result of Acquisition of Tower

(1) Overview of business combination

(i) Name and engaged business of the acquired company

- Company name: Tower Australia Group Limited <sup>\*1</sup>
- Engaged business: Insurance and insurance-related business <sup>\*2</sup>

\*1. Tower changed its name to TAL Limited (“TAL”) on June 1, 2011.

\*2. TAL was established as a holding company, subsidiaries of which operate insurance and insurance-related businesses.

(ii) Purpose of the acquisition

By making TAL a wholly owned subsidiary, the Parent Company aims to strengthen its operating base significantly in Australia, promote geographical diversification of its earnings, etc.

(iii) Completion date of the transaction

The transaction was completed on May 11, 2011.

(iv) Acquisition scheme

Purchase of shares of Tower for cash <sup>\*3</sup>

\*3. The Parent Company acquired TAL (Tower at the point of the acquisition) by utilizing a friendly acquisition scheme called a “Scheme of Arrangement”, in which the transaction became effective when (a) 75% or more voting rights and the majority of TAL’s shareholders who attended the meeting of shareholders (including proxies) approved the transaction and (b) the Parent Company completed the transaction by paying AUD 4.00 per share to Tower’s shareholders with Australian court approval.

(v) Name of acquired company after combination

Tower Australia Group Limited (currently TAL Limited)

(vi) The Parent Company’s percentage of share holdings after completion of the transaction

Share of existing voting rights before the date of business combination: 28.96%

Share of additional voting rights acquired on the date of business combination: 71.04%

Share of voting rights after completion of the transaction: 100%

(vii) Controlling company

Consolidated subsidiaries of the Parent Company hold a stake greater than 50% in TAL and, therefore, the Parent Company controls the decision-making body of TAL.

(2) Financial performance of acquired company recognized in consolidated statement of income of the Parent Company

The Parent Company recognized TAL’s financial performance between April 1, 2011 and June 30, 2011.

(3) Breakdown of acquisition cost

	(millions of yen)
Acquisition price (costs associated with purchase of shares of Tower for cash) .....	¥104,860
Other direct costs (fees to outside advisors, etc.) .....	818
Total acquisition cost .....	<u>¥105,678</u>

(4) Difference between revalued acquisition price and the sum of actual costs associated with step acquisitions

The difference between (i) the revalued acquisition price of Tower (100%) at the date of transaction and (ii) the sum of the actual costs associated with step acquisitions (28.96% before the transaction and 71.04% at the date of transaction) was ¥23,116 million.

(5) Goodwill

(i) Amount of goodwill

The amount of goodwill was preliminarily calculated to be AUD 744 million.

(ii) Reason to recognize goodwill

The acquisition price exceeded the net amount of Tower's assets and liabilities identified by the Parent Company at the completion date of the transaction.

(ii) Amortization of goodwill

Goodwill associated with the acquisition is amortized over a period of 20 years under the straight-line method.

**3. Securities Lending**

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of June 30, 2011 was ¥495,322 million.

**4. Changes in Reserve for Policyholder Dividends**

Changes in Reserve for Policyholder Dividends were as follows:

	(millions of yen)
Balance at the beginning of the period .....	¥403,671
Dividends paid during the three months ended June 30, 2011 .....	30,376
Interest accrual during the three months ended June 30, 2011 .....	2,398
Provision for reserve for policyholder dividends .....	18,957
Balance as of June 30, 2011 .....	<u>¥394,649</u>

**5. Dividends on Ordinary Shares**

Date of resolution	June 27, 2011 (at the Ordinary General Meeting of Shareholders)
Type of shares	Common stocks
Total dividends	¥15,776 million
Dividends per share	¥1,600
Record date	March 31, 2011
Effective date	June 28, 2011
Dividend resource	Retained earnings

Note: Total dividends do not include ¥223 million of dividends to the Stock Granting Trust (J-ESOP) and the Trust-type Employee Stockholding Incentive Plan (E-Ship), as the Parent Company recognizes the shares held by those trusts as treasury shares.

### III. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED STATEMENTS OF EARNINGS

#### **1. Revision of “Practical Guidelines on Accounting Standards for Financial Instruments”**

The Parent Company formerly presented (1) reversal of reserve for possible loan losses, (2) reversal of reserve for possible investment losses and (3) gains on collection of loans and claims written off as items under extraordinary gains. However, effective the three months ended June 30, 2011, the Parent Company started to present the three items under investment income due to revision made to “Practical Guidelines on Accounting Standards for Financial Instruments” (Accounting Practice Committee Statement No.14 issued by the Japanese Institute of Certified Public Accountants).

#### **2. Calculation of Tax**

Income taxes for certain consolidated subsidiaries are calculated by applying a reasonably estimated effective tax rate for the full fiscal year to net income before tax for the three months ended June 30, 2011. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the three months ended June 30, 2011, after taking into account the effect of deferred tax accounting.

#### **3. Net Income per Share**

Net income per share for the three months ended June 30, 2011 was ¥3,272.22. Information on diluted net income per share is omitted as no potential diluting shares of the Company were outstanding.

#### **4. Depreciation and Amortization**

For the three months ended June 30, 2011, (1) depreciation of rented real estate and others, (2) depreciation on items other than goodwill or intangible fixed assets, and (3) amortization of goodwill were (1) ¥3,718 million, (2) ¥9,776 million, and (3) ¥804 million, respectively.

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

The Dai-ichi Frontier Life Insurance Company

(millions of yen)

	As of June 30, 2011	As of March 31, 2011
Total solvency margin <b>(A)</b>	211,384	215,850
Common stock, etc.	107,102	115,329
Reserve for price fluctuations	166	143
Contingency reserve	41,054	36,403
General reserve for possible loan losses	28	28
Net unrealized gains on securities (before tax) × 90% *1	2,473	1,979
Net unrealized gains (losses) on real estate × 85% *1	-	-
Policy reserves in excess of surrender values	60,559	61,965
Qualifying subordinated debt	-	-
Excluded items	-	-
Others	-	-
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ <b>(B)</b>	25,529	27,150
Insurance risk $R_1$	0	0
3rd sector insurance risk $R_8$	-	-
Assumed investment yield risk $R_2$	287	111
Investment risk $R_3$	(17,530)	(15,964)
Business risk $R_4$	743	790
Guaranteed minimum benefit risk $R_7$	42,029	42,212
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,655.9%	1,590.0%

\*1: Multiplied by 100% if losses.

Note 1. The above figures 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 June 30, 2011 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

2. Guaranteed minimum benefit risk is calculated by 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 19,823 million yen in the fiscal year ended March 31, 2011 and 21,445 million yen in the three months ended June 30, 2011 and these amounts are included in "Investment risk" above.

**(Reference). Solvency Margin Ratio under the New Standards to Be Officially Applied at the end of Fiscal Year ending March 31, 2012.**

The Dai-ichi Frontier Life Insurance Company

(millions of yen)

	As of June 30, 2011	As of March 31, 2011
Total solvency margin <b>(A)</b>	211,384	215,850
Common stock, etc	107,102	115,329
Reserve for price fluctuations	166	143
Contingency reserve	41,054	36,403
General reserve for possible loan losses	28	28
Net unrealized gains on securities (before tax) × 90% *1	2,473	1,979
Net unrealized gains (losses) on real estate × 85% *1	-	-
Policy reserves in excess of surrender values	60,559	61,965
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	-	-
Others	-	-
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ <b>(B)</b>	47,693	43,847
Insurance risk $R_1$	0	0
3rd sector insurance risk $R_8$	-	-
Assumed investment yield risk $R_2$	686	250
Investment risk $R_3$	22,197	20,490
Business risk $R_4$	1,389	1,277
Guaranteed minimum benefit risk $R_7$ *2	23,420	21,829
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	886.4%	984.5%

\*1: Multiplied by 100% if losses.

\*2: Calculated by standard method.

Note: Under Cabinet Office Ordinance No.23, 2010 and Notification of the Financial Services Agency No. 48, the standards for the calculation of solvency margin ratio is planned to be revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The revised standards will be officially applied at the end of the fiscal year ending March 31, 2012.

The above figures are calculated by applying the revised standards to the financial results as of March 31, 2011 and June 30, 2011.

**(6) Segment Information**

The Company on a consolidated basis did not operate any businesses categorized in other segments than its own core life insurance business during the three months ended June 30, 2011, and therefore segment information was omitted.