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## Financial Results for the Fiscal Year Ended March 31, 2012

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The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Satoru Tsutsumi) announces its financial results for the fiscal year ended March 31, 2012.

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

# 1. Business Highlights

## (1) Policies in Force and New Policies

### Policies in Force

	As of March 31, 2011				As of March 31, 2012			
	Number of policies		Amount		Number of policies		Amount	
	(thousands)	% of March 31, 2010 total	(millions of yen)	% of March 31, 2010 total	(thousands)	% of March 31, 2011 total	(millions of yen)	% of March 31, 2011 total
Individual insurance	0	-	879	-	0	271.4	3,248	369.3
Individual annuities	258	116.1	1,435,273	112.0	316	122.6	1,753,047	122.1
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

Note: Policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

### New Policies

	Number of policies		Amount			
	(thousands)	% of March 31, 2011 total	(millions of yen)	% of March 31, 2011 total	New Business	Net increase from conversions
Year ended March 31, 2012						
Individual insurance	0	179.2	2,439	277.3	2,439	-
Individual annuities	64	160.7	342,385	164.2	342,385	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Year ended March 31, 2011						
Individual insurance	0	/	879	/	879	-
Individual annuities	40	/	208,493	/	208,493	-
Group insurance	-	/	-	/	-	-
Group annuities	-	/	-	/	-	-

Note: Amount of new policies (new business) for individual annuities is equal to the amount required to fund annuity payments when they commence.

## (2) Annualized Net Premium

### Policies in Force

(millions of yen except percentages)

	As of March 31, 2011		As of March 31, 2012	
		% of March 31, 2010 total		% of March 31, 2011 total
Individual insurance	72	-	261	359.8
Individual annuities	147,933	115.2	191,074	129.2
Total	148,006	115.2	191,336	129.3
Medical and survival benefits	-	-	-	-

### New Policies

(millions of yen except percentages)

	Year Ended March 31, 2011		Year Ended March 31, 2012	
		% of March 31, 2010 total		% of March 31, 2011 total
Individual insurance	72	-	195	268.5
Individual annuities	23,208	27.0	46,993	202.5
Total	23,281	27.1	47,189	202.7
Medical and survival benefits	-	-	-	-

Note: Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

## (3) Profit and Loss Items

(millions of yen except percentages)

	Year Ended March 31, 2011		Year Ended March 31, 2012	
		% of March 31, 2010 total		% of March 31, 2011 total
Premium and other income	251,722	29.2	348,572	138.5
Investment income	2,166	2.2	66,291	3,060.1
Benefits and claims	85,046	186.5	94,040	110.6
Investment expenses	15,998	98.3	26,749	167.2
Ordinary losses	1,147	13.8	28,292	2,464.7

## (4) Total Assets

(millions of yen except percentages)

	As of March 31, 2011		As of March 31, 2012	
		% of March 31, 2010 total		% of March 31, 2011 total
Total Assets	1,566,786	110.1	1,860,617	118.8

## 2. Policies in Force as of March 31, 2012 by Benefit Type

	Individual Insurance		Individual annuities		Group Insurance		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Death benefits								
General	0	3,248	-	-	-	-	0	3,248
Accidental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Survival benefits	-	-	316	1,753,047	-	-	316	1,753,047
Hospitalization benefits								
Accidental	-	-	-	-	-	-	-	-
Illness	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Injury benefits	-	-	-	-	-	-	-	-
Surgery benefits	-	-	-	-	-	-	-	-

	Group annuities		Financial insurance / Financial annuities		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Survival benefits	-	-	-	-	-	-

	Medical care insurance	
	Policies (thousands)	Amount (millions of yen)
Hospitalization benefits	-	-

	Group disability	
	Policies (thousands)	Amount (millions of yen)
Disability benefits	-	-

Note: Survival benefit amounts for individual annuities are the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

### **3. Investment of General Account Assets**

#### (1) Overview of Investment of General Account Assets for the Fiscal Year ended March 31, 2012

##### A. Investment Environment

The Japanese economy has temporarily weakened as a result of (i) declined production activities and exports due to the supply constraints such as the supply chain disruption associated with the Great East Japan Earthquake and related Tsunami, and (ii) weakened business and household sentiment affected by the economic uncertainty with the historic yen appreciation and power shortages. However, due to (i) the recovery of capital expenditure attributable to reconstruction demands and energy-saving and (ii) increased personal consumption resulting from economic-stimulus measures such as subsidy to eco-friendly cars, the economy entered a recovery phase in the second half of the fiscal year.

In the United States, while the capital expenditure increased due to tax cuts and personal consumption expanded along with the improved employment, growth of the U.S. economy remained slow, affected by the worsened business and household sentiment resulting from the European sovereign debt crisis and increase in resource prices.

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

##### [Domestic interest rates]

After the summer, the yield on ten year government bonds drifted below 1.0%, affected by the slowdown of the overseas economy and global risk-off trend in conjunction with the European sovereign debt crisis. Thereafter, the yield on government bonds remained at a low level due to the monetary easing measures strengthened by the Bank of Japan ("BOJ") and strong demand for Japanese government bonds.

(Yield on ten-year government bonds: April 1, 2011:1.250% ; March 31, 2012:0.985%)

##### [Domestic Stocks]

The Nikkei 225 Stock Average temporarily fell to the 8,100-yen level for the first time since 2009, due to the concern over a decline in corporate earnings in Japan. However, along with the strengthened monetary easing measures in Japan and the U.S. and the progress toward the improvement of the European sovereign debt crisis, the Nikkei 225 Stock Average began to show an upward trend and exceeded the 10,000 mark toward the end of fiscal year.

(Nikkei 225 Stock Average: April 1, 2011:9,755 ; March 31, 2012:10,083)

(TOPIX: April 1, 2011:869 ; March 31, 2012:854)

##### [Foreign Currency]

As the Greek debt crisis spread over the surrounding countries and the credit uncertainty in Euro-zone countries increased, the Euro significantly depreciated against the yen and reached around ¥97. In the United States, due to (i) the concern over potential recession and debt ceiling problem and (ii) the expectation that the Federal Reserve Bank ("FRB") would conduct additional monetary easing measures, the U.S. dollar temporarily depreciated against the yen to a postwar record. However, investors' risk-off trends have been stemmed in the second half of fiscal year, as the European Union ("EU") and the International Monetary Fund ("IMF") decided to provide additional support to Greece, and the European Central Bank ("ECB") performed a refinance operation. In addition, the yen started to appreciate due to the large yen-selling intervention and BOJ's additional monetary easing measures.

(yen/U.S. dollar: April 1, 2011:¥83.15 ; March 31, 2012:¥82.19)

(yen/euro: April 1, 2011:¥117.57 ; March 31, 2012:¥109.80)

##### B. Investment Policies

General account assets are invested primarily in yen-denominated bonds, and call loans, other money market instruments.

Foreign-currency denominated individual annuities are invested in foreign-currency denominated bonds.

Certain instruments are also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

##### C. Investment Results

The Company invested primarily in fixed-income assets, such as Yen-denominated bonds, and call loans, other money market instruments. Foreign-currency denominated individual annuities are invested in foreign-currency denominated bonds. Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) were also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

As a result, investment income was 11,788 million yen mainly due to gains on foreign exchange (6,236 million yen) and gains on interest and dividends (5,384 million yen). Investment expenses were 26,749 million yen mainly due to losses on money held in trust (14,865 million yen), incurred through transactions to hedge the guaranteed minimum benefit risk on individual variable annuities and losses on investment in trading securities (5,882 million yen) and derivative transaction losses(5,386 million yen).

## (2) Asset Composition

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	17,228	6.1	18,907	3.6
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	-	-	-	-
Trading account securities	-	-	-	-
Money held in trust	41,659	14.8	27,594	5.2
Securities	178,119	63.2	437,495	83.2
Domestic bonds	131,041	46.5	219,716	41.8
Domestic stocks	-	-	-	-
Foreign securities	47,078	16.7	217,778	41.4
Foreign bonds	41,366	14.7	211,576	40.2
Foreign stocks and other securities	5,712	2.0	6,202	1.2
Other securities	-	-	-	-
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	44,953	15.9	42,145	8.0
Reserve for possible loan losses	(28)	(0.0)	(17)	(0.0)
Total	281,931	100.0	526,124	100.0
Foreign currency-denominated assets	17,164	6.1	174,718	33.2

## (3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Cash, deposits, and call loans	(7,469)	1,678
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	-	-
Trading account securities	-	-
Money held in trust	8,233	(14,065)
Securities	36,054	259,375
Domestic bonds	16,532	88,675
Domestic stocks	-	-
Foreign securities	19,521	170,700
Foreign bonds	19,378	170,210
Foreign stocks and other securities	142	490
Other securities	-	-
Loans	-	-
Real estate	-	-
Deferred tax assets	-	-
Others	(473)	(2,808)
Reserve for possible loan losses	(12)	11
Total	36,332	244,192
Foreign currency-denominated assets	17,164	157,554

## (4) Investment Income

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Interest and dividends	1,766	5,384
Interest from bank deposits	0	9
Interest and dividends from securities	1,756	5,349
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	9	25
Gains on trading account securities	-	-
Gains on money held in trust	-	-
Gains on investment in trading securities	-	-
Gains on sale of securities	114	155
Gains on sale of domestic bonds	114	147
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	-	7
Others	-	-
Gains on redemption of securities	-	-
Derivative transaction gains	-	-
Foreign exchange gains	285	6,236
Reversal of reserve for possible loan losses	-	11
Other investment income	-	-
Total	2,166	11,788

## (5) Investment Expenses

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Interest expenses	0	0
Losses on trading account securities	-	-
Losses on money held in trust	4,666	14,865
Losses on investment in trading securities	1,955	5,882
Losses on sale of securities	51	8
Losses on sale of domestic bonds	51	-
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	-	8
Others	-	-
Losses on valuation of securities	-	-
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	-	-
Losses on valuation of foreign securities	-	-
Others	-	-
Losses on redemption of securities	-	-
Derivative transaction losses	608	5,386
Foreign exchange losses	-	-
Provision for reserve for possible loan losses	12	-
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	655	605
Total	7,950	26,749

## (6) Other Information on Investments

### A. Rates of return

(%)

	Year ended March 31, 2011	Year ended March 31, 2012
Cash, deposits, and call loans	0.88	(3.77)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	-	-
Trading account securities	-	-
Money held in trust	(11.31)	(37.51)
Securities	(0.02)	2.20
Domestic bonds	1.17	1.41
Domestic stocks	-	-
Foreign securities	(3.74)	3.27
Loans	-	-
Real Estate	-	-
Total	(2.18)	(3.87)
Foreign investments	(4.24)	0.53

Note: 1. Rates of return above were calculated by dividing the net investment income included in net surplus from operations by the average daily balance on a book value basis.

2. "Foreign investments" include yen-denominated assets.

### B. Valuation gains and losses on trading securities

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	47,372	(6,622)	33,796	(20,747)

Note: Figures in this table include money held in trust and other instruments classified as trading securities.



C. Fair value Information on Securities (securities with fair values, except trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 2012					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	104,338	104,799	460	661	201
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	321,371	326,953	5,581	6,645	1,064
Domestic bonds	172,051	175,358	3,306	3,931	624
Domestic stocks	-	-	-	-	-
Foreign securities	149,320	151,595	2,275	2,714	439
Foreign bonds	149,320	151,595	2,275	2,714	439
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	425,710	431,752	6,042	7,307	1,265
Domestic bonds	216,410	219,867	3,457	4,085	628
Domestic stocks	-	-	-	-	-
Foreign securities	209,300	211,885	2,584	3,222	637
Foreign bonds	209,300	211,885	2,584	3,222	637
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2011					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	-	-	-	-	-
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	170,207	172,407	2,199	2,756	557
Domestic bonds	129,092	131,041	1,948	2,351	403
Domestic stocks	-	-	-	-	-
Foreign securities	41,114	41,366	251	405	154
Foreign bonds	41,114	41,366	251	405	154
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	170,207	172,407	2,199	2,756	557
Domestic bonds	129,092	131,041	1,948	2,351	403
Domestic stocks	-	-	-	-	-
Foreign securities	41,114	41,366	251	405	154
Foreign bonds	41,114	41,366	251	405	154
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

Book values of securities for which it is not practicable to determine fair value are as follows:

Not applicable.

D. Fair value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2012	27,594	27,594	(14,865)	-	14,865
As of March 31, 2011	41,659	41,659	(4,666)	-	4,666

Note: Market price equivalents appearing in this table are based on prices calculated using a reasonable method by trustees of money held in trust.

Gains(losses) are valuation gains(losses) that were included in the statement of earnings.

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

(millions of yen)

	As of March 31, 2011		As of March 31, 2012	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	41,659	(4,666)	27,594	(14,865)

\*Information on money held in trust classified as held-to-maturity, policy-reserve-matching, or other money held in trust

Not applicable.

#### 4. Non-Consolidated Balance Sheets

	(millions of yen)			(millions of yen)	
	As of	As of		As of	As of
	March 31, 2011	March 31, 2012		March 31, 2011	March 31, 2012
	Amount	Amount		Amount	Amount
<b>(ASSETS)</b>			<b>(LIABILITIES)</b>		
Cash and deposits	16,167	13,833	Policy reserves and others	1,443,051	1,749,853
Bank deposits	16,167	13,833	Reserves for outstanding claims	1,080	1,293
Call loans	7,800	9,400	Policy reserves	1,441,971	1,748,559
Money held in trust	41,659	27,594	Reinsurance payable	678	753
Securities	1,455,476	1,766,859	Other liabilities	5,326	17,191
Government bonds	57,605	79,017	Corporate income tax payable	8	8
Local government bonds	2,055	6,632	Accounts payable	2,560	8,673
Corporate bonds	71,380	134,066	Accrued expenses	1,458	2,090
Foreign securities	47,078	219,086	Deposits received	6	23
Other securities	1,277,356	1,328,055	Differential account for futures trading	72	-
Tangible fixed assets	95	40	Derivatives	384	3,999
Other tangible fixed assets	95	40	Suspense receipts	835	2,396
Intangible fixed assets	2	1	Reserve for employees' retirement benefits	56	84
Other Intangible fixed assets	2	1	Reserve for retirement benefits of directors, executive officers and corporate auditors	1	3
Reinsurance receivables	41,575	33,931	Reserve for price fluctuations	143	378
Other assets	4,039	8,974	Deferred tax liabilities	796	1,717
Accounts receivable	1,305	1,123	<b>Total liabilities</b>	<b>1,450,054</b>	<b>1,769,983</b>
Prepaid expenses	29	34	<b>(NET ASSETS)</b>		
Accrued revenue	432	2,400	Capital stock	117,500	117,500
Deposits	200	192	Capital surplus	67,500	67,500
Margin money for futures trading	1,554	3,758	Legal capital surplus	67,500	67,500
Differential account for futures trading	-	428	Retained earnings	(69,670)	(98,229)
Derivatives	224	473	Other retained earnings	(69,670)	(98,229)
Suspense payments	83	341	Retained earnings brought forward	(69,670)	(98,229)
Other assets	207	221	Total shareholders' equity	115,329	86,770
Reserve for possible loan losses	(28)	(17)	Net unrealized gains on securities, net of tax	1,403	3,864
<b>Total assets</b>	<b>1,566,786</b>	<b>1,860,617</b>	Total of valuation and translation adjustments	1,403	3,864
			<b>Total net assets</b>	<b>116,732</b>	<b>90,634</b>
			<b>Total liabilities and net assets</b>	<b>1,566,786</b>	<b>1,860,617</b>

Notes to the Non-Consolidated Balance Sheet as of March 31, 2012

- 1 Securities are valued as follows:
  - (a) Trading securities are valued at fair value (sales cost is calculated with the moving-average method).
  - (b) Policy-reserve-matching bonds (bonds defined by the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 21 entitled Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry) are valued using the moving-average amortized cost (straight line) method.
  - (c) Other securities with fair values are valued at fair value using market prices as of the end of the year (sales cost is calculated with the moving-average method). Securities for which it is not practicable to determine fair value are recorded on the balance sheet at acquisition cost.

Additional information

Effective the fiscal year ended March 31, 2012, bonds which fall into sub-groups based on certain features of insurance instruments and are held for the purpose of matching the duration of assets and liabilities to appropriately manage interest rate risk on assets and liabilities are classified as policy-reserve-matching bonds. This is in accordance with JICPA Industry Audit Committee Report No. 21 entitled Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry.
- 2 Risk management policies regarding policy-reserve matching bonds are as follows.

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

  - (a) Individual insurance and individual annuities (JP yen-denominated)
  - (b) Individual insurance and individual annuities (US dollar-denominated)
  - (c) Individual insurance and individual annuities (AUS dollar-denominated).

with the exception of certain types and policies.
- 3 Derivative transactions (including those attributable to money held in trust and foreign securities (investment trusts)) are reported at fair value.
- 4 Depreciation on tangible fixed assets is calculated as follows:
  - (a) Assets acquired on or before March 31, 2007  
Declining-balance method as per the previous standard.
  - (b) Assets acquired on or after April 1, 2007  
Declining-balance method as per the current standard.

Other tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in equal increments over three years.
- 5 Intangible fixed assets are depreciated with the straight-line method.
- 6 Foreign currency-denominated assets and liabilities are translated into yen-denominated amounts at market exchange rates as of the book closing date.

Changes in market values of bonds included in foreign currency-denominated other securities are divided into two, and the portion attributable to changes in the securities' nominal market prices in their local currencies is included in "valuation difference" on other securities, and the rest in "foreign exchange gains/losses".
- 7 Reserve for possible loan losses is calculated by multiplying the value of loan claims by the historical loan loss rates calculated from actual loan losses, pursuant rules on the self-assessment of assets as well as rules on the write-offs on and provisioning of reserves for assets. Relevant departments assess all loan claims based on the self-assessment rules, and an independent department responsible for auditing assets audits the assessment results. Provisions to the reserve for possible loan losses are determined based on the assessment results.
- 8 Reserves for employees' retirement benefits are provisioned for in an amount that recognizes accruals as of fiscal year-ended March 31, 2012. The amount is calculated using the simplified method (which assumes the Company's benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end) as specified in the Practical Guidelines on Accounting Standards for Retirement Benefits (Interim Report) (JICPA, Auditing System Committee Report No.13).

- 9 To provide for the retirement benefits of directors, executives and auditors seconded from the Dai-ichi Life Insurance Company (the parent company), which are payable to the parent company, the Company calculates its share of the relevant accrued benefits as of fiscal year-end pursuant to the parent company's regulations on retirement benefits. The amount is recorded in the reserve for retirement benefits of directors, executive officers and corporate auditors.
- 10 The reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.
- 11 Finance leases that do not transfer title to the leased assets to the lessee are treated as follows, pursuant to the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan (ASBJ) Statement No. 13, March 30, 2007) and its associated Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, March 30, 2007).  
 (a) Lease agreements concluded on or after April 1, 2008, except those of minor value, are accounted for as ordinary sales/purchase transactions.  
 (b) Transactions other than those corresponding to (a) above are accounted for as ordinary lease transactions.
- 12 National and local consumption taxes are recorded with the tax-exclusion method. Non-recoverable consumption tax on certain assets is recorded as a prepaid expense and amortized equally over five years in accordance with corporate taxation law, and taxes other than deferred consumption tax are recognized as an expense in the year in which they are incurred.
- 13 Policy reserves are those reserves set aside in accordance with Article 116 of the Insurance Business Act. Insurance premium reserve is calculated as follows:  
 (a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)  
 (b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method
- 14 The Company applied "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 December 4, 2009) for making accounting changes and correcting past errors on or after April 1, 2011.
- 15 The Company made following changes in presentation from this fiscal year ended March 31, 2012 due to the revision made to "The Ordinance for Enforcement of the Insurance Business Act".  
 (a)The Company started to present "Reversal of reserve for possible loan losses", in "Investment Income" in Statement of Earnings, that had been previously presented in "Extraordinary Gains".  
 (b)The Company changed the phrase "Balance at the end of the previous year" to "Balance at the beginning of the year" in Statement of Changes in Net Assets.
- 16 In view of the liability characteristics of life insurance policies, assets in the general account (i.e., not in separate accounts as defined by Article 118, paragraph 1, of the Insurance Business Act) are invested primarily in fixed-income assets (government and corporate bonds) in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term.  
 To mitigate the guaranteed minimum benefit risk on individual variable annuities, the Company engages in derivative transactions (foreign exchange forward contracts, currency futures contracts, stock-index futures contracts, securities futures contracts).  
 The Company's holdings of financial instruments, mainly securities and derivatives, are subject to market risk and credit risk.

Market risk management. Under its internal investment policy and market risk management rules, the Company manages market risk by making medium- to long-term investments in a manner appropriate to its liabilities, constantly confirming the consistency of its portfolio positions and investment policies and measuring value-at-risk (VaR).

Credit risk management. Under its internal investment policy and credit risk management rules, the Company manages credit risk by establishing credit limits designed to avoid excessive concentration of risk toward a specific company or group. Each individual transaction is screened before credit is extended and follow-up checks are conducted regularly. In addition, the company measures value at risk (VaR) as part of its effort to better grasp and analyze credit risk exposure.

Derivative transactions used by the Company to mitigate the guaranteed minimum benefit risk on individual variable annuities are conducted in accordance with the Company's policy and internal rules on managing guaranteed minimum benefit risk. In addition to verifying the effectiveness of hedge positions and managing gains and losses generated by derivative transactions on a daily basis, the Company regularly monitors reductions in guaranteed minimum benefit risk and gauges its value at risk (VaR).

The Compliance Control and Risk Management Department reports regularly to the Board of Directors on the status of the Company's entire risk position, including guaranteed minimum benefit risk.

Amounts of financial assets recorded on the balance sheet, their fair values, and differences between the two are as follows:

	(millions of yen)		
	Carrying amount on balance sheet	Fair value	Difference
(1) Cash and deposits	13,833	13,834	1
(2) Call loans	9,400	9,400	-
(3) Money held in trust	27,594	27,594	-
(4) Securities	1,766,859	1,767,319	460
(a) Trading securities	1,335,566	1,335,566	-
(b) Policy-reserve-matching bonds	104,338	104,799	460
(c) Other securities	326,953	326,953	-
Assets total	1,817,686	1,818,147	461
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(10,835)	(10,835)	-
Derivative transactions total	(10,835)	(10,835)	-

Note: Derivative transactions include those attributable to money held in trust and foreign securities (investment trusts). Net derivative assets and liabilities arising from derivative transactions are reported as a net value. A negative total indicates a net liability.

Fair values of financial instruments are calculated as follows:

(a) Cash and deposits

As for deposits with maturities, except for those which are close to maturity, present value is calculated by discounting the carrying amount for each segment based on the term, using deposit interest rate which is assumed to be applied to new deposit. As for deposits close to maturity and deposits without maturity, fair value is based on carrying amount since fair value is close to carrying amount.

(b) Call loans

Since all call loans are close to due date and their fair value is close to carrying amounts, fair value of call loans is based on their carrying amount.

(c) Money held in trust

Information on the fair value of derivative transactions attributable to money held in trust appears below in "(e) Derivative transactions".

(d) Securities

Fair value of bonds is based on the price on stock exchanges. Fair value of mutual funds is based on unit price.

(e) Derivative transactions

For foreign exchange forward contracts, futures market prices on the book closing date are used as fair value. For currency swap contracts, amounts discounted to present value are used as fair value. For futures transactions and other market traded instruments, securities exchange market closing prices are used as fair value.

- 17 Accumulated depreciation on tangible fixed assets is 112 million yen.
- 18 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 1,334,731 million yen. Liabilities in separate accounts total the same amount.
- 19 Financial credits to affiliated companies total 0 million yen and financial liabilities total 4 million yen.
- 20 Deferred tax asset accruals are primarily attributable to policy and other reserves of 17,593 million yen and retained losses brought forward of 11,105 million yen. Deferred tax liability accruals are mainly attributable to net unrealized gains on securities of 1,717 million yen. Valuation allowance of 30,356 million yen were deducted from deferred tax assets.
- 21 The effective statutory tax rate for the fiscal year ended March 31, 2012, was 36.21%, and the Company's corporate income tax burden (corporate income tax as a percentage of pretax income) was -0.03%. The difference was due mainly to the impact of allowance (-36.17%).
- 22 The value of assets (marketable securities) pledged as collateral is 9,060 million yen.
- 23 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3, of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 10 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1, of said Ordinance ("ceding reinsurance policy reserves") amount to 5,923 million yen.
- 24 As of fiscal year-end, the Company estimated that it will be required to contribute 1,548 million yen to the Life Insurance Policyholders Protection Corporation of Japan pursuant to Article 259 of the Insurance Business Act. Contributions are expensed as an operating expense in the fiscal year in which they are incurred.
- 25 Net assets per share is 48,991,710.43 yen.

## 5.Non-Consolidated Statements of Earnings

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
	Amount	Amount
<b>ORDINARY REVENUES</b>	253,890	414,872
Premium and other income	251,722	348,572
Premium income	206,628	306,696
Reinsurance income	45,094	41,876
Investment income	2,166	66,291
Interest and dividends	1,766	5,384
Interest from bank deposits	0	9
Interest and dividends from securities	1,756	5,349
Other interest and dividends	9	25
Gains on sale of securities	114	155
Foreign exchange gains	285	6,236
Reversal of reserve for possible loan losses	-	11
Gains on investment in separate accounts	-	54,503
Other ordinary revenues	2	8
Other ordinary revenues	2	8
<b>ORDINARY EXPENSES</b>	255,038	443,165
Benefits and claims	85,046	94,040
Claims	-	25
Annuities	1,849	401
Benefits	8,646	11,172
Surrender values	21,638	25,107
Other refunds	743	1,504
Ceding reinsurance commissions	52,167	55,830
Provision for policy reserves and other	142,776	306,802
Provision for reserves for outstanding claims	469	213
Provision for policy reserves	142,306	306,588
Investment expenses	15,998	26,749
Interest expenses	0	0
Losses on money held in trust	4,666	14,865
Losses on investment in trading securities	1,955	5,882
Losses on sale of securities	51	8
Derivative transaction losses	608	5,386
Provision for reserves for possible loan losses	12	-
Other investment expenses	655	605
Losses on investment in separate accounts	8,048	-
Operating expenses	10,489	14,547
Other ordinary expenses	726	1,025
National and local taxes	637	937
Depreciation	66	57
Provision for reserves for employees' retirement benefits	23	28
Other ordinary expenses	0	2
<b>ORDINARY LOSSES</b>	1,147	28,292
<b>EXTRAORDINARY GAINS</b>	314	-
Other extraordinary gains	314	-
<b>EXTRAORDINARY LOSSES</b>	68	257
Losses on disposal of fixed assets	-	22
Provision for reserves for price fluctuations	68	235
Loss before income taxes	901	28,550
Corporate income taxes - current	8	8
Total of corporate income taxes	8	8
Net loss	910	28,558



Notes to the Non-Consolidated Statement of Earnings for the fiscal year ended March 31, 2012

- 1 Total expenses from transactions with affiliated companies amounted to 53 million yen.
- 2 Gains on sale of securities included sales of Japanese Government Bonds and other bonds (147 million yen) , and foreign securities (7 million yen).
- 3 Losses on sale of securities included sales of foreign securities (8 million yen).
- 4 Reinsurance income includes 20,320 million yen in operating expenses received in association with ceding reinsurance business.
- 5 Ceding reinsurance commissions includes ceding reinsurance policy reserves transferred of 29,977 million yen and the ceding reinsurance policy reserve adjustment of 18,666 million yen.
- 6 In calculating the provision for reserves for outstanding claims, the amount of adjustment of provision for reserve for outstanding claims reinsured was 0 million yen. In calculating provision for policy reserves, reversal for policy reserve reinsured was 1,550 million yen.
- 7 The main component of losses on investments in trading securities is a valuation loss of 5,882 million yen.
- 8 Losses on money held in trust include a valuation loss of 14,865 million yen.
- 9 Derivative transaction losses included a valuation loss of 3,366 million yen.
- 10 Net loss per share for the fiscal year was 15,437,119.96 yen.

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

(millions of yen)

		Year ended March 31, 2011	Year ended March 31, 2012
Fundamental profit	A	(2,373)	17,540
Capital gains		399	6,392
Gains on money held in trust		-	-
Gains on investment in trading securities		-	-
Gains on sale of securities		114	155
Net derivative transaction gains		-	-
Foreign exchange gains		285	6,236
Others		-	-
Capital losses		7,529	31,471
Losses on money held in trust		4,666	14,865
Losses on investment in trading securities		1,955	5,882
Losses on sale of securities		51	8
Losses on valuation of securities		-	-
Net derivative transaction losses		608	5,386
Foreign exchange losses		-	-
Others		247	5,328
Net capital gains (losses)	B	(7,130)	(25,079)
Fundamental profit plus net capital gains (losses)	A + B	(9,503)	(7,538)
Other one-time gains		8,355	-
Reinsurance income		-	-
Reversal of contingency reserve		8,355	-
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		-	20,754
Ceding reinsurance commissions		-	-
Provision for contingency reserve		-	20,754
Provision for specific reserve for possible loan losses		-	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		-	-
Other one-time profits (losses)	C	8,355	(20,754)
Ordinary profit (loss)	A + B + C	(1,147)	(28,292)

Note: 1. Fundamental profit includes the amount below.

	Year ended March 31, 2011	Year ended March 31, 2012
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated annuities' liability	247	5,328

2. Other capital gains include the amount below.

	Year ended March 31, 2011	Year ended March 31, 2012
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated annuities' liability	(247)	(5,328)

3. Gains (losses) on money held in trust and gains (losses) on investments in trading securities are attributable to investments in derivative financial instruments (including investments in monetary trusts, foreign securities (investment trusts) ) for the purpose of mitigating the guaranteed minimum benefit risk on individual variable annuities.

## 7. Non-Consolidated Statement of Changes in Net Assets

(millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
	Amount	Amount
Shareholders' equity		
Capital stock		
Balance at the beginning of the year	117,500	117,500
Changes for the year:		
Total changes for the year	-	-
Balance at the end of year	117,500	117,500
Capital surplus		
Legal capital surplus		
Balance at the beginning of the year	67,500	67,500
Changes for the year:		
Total changes for the year	-	-
Balance at the end of the year	67,500	67,500
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of the year	(68,760)	(69,670)
Changes for the year		
Net loss	910	28,558
Total changes for the year	(910)	(28,558)
Balance at the end of the year	(69,670)	(98,229)
Total shareholders' equity		
Balance at the beginning of the year	116,239	115,329
Changes for the year:		
Net loss	910	28,558
Total changes for the year	(910)	(28,558)
Balance at the end of the year	115,329	86,770
Valuation and translation adjustments		
Net unrealized gains on securities, net of tax		
Balance at the beginning of the year	1,191	1,403
Changes for the year:		
Net changes of items other than shareholders' equity	211	2,461
Total changes for the year	211	2,461
Balance at the end of the year	1,403	3,864
Total net assets		
Balance at the beginning of the year	117,431	116,732
Changes for the year:		
Net loss	910	28,558
Net changes of items other than shareholders' equity	211	2,461
Total changes for the year	(698)	(26,097)
Balance at the end of the year	116,732	90,634

Notes to Non-Consolidated Statement of Changes in Net assets for the fiscal year ended March 31, 2012

### 1. Number of outstanding shares by class

	No. shares as of April 1, 2011	Increase in number of shares	Decrease in number of shares	No. shares as of March 31, 2012
Outstanding shares				
Common stock	1,850	-	-	1,850

## 8. Disclosed Claims by Obligor Category

Not applicable.

## 9. Risk-Monitored Loans

Not applicable.

## 10. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2011	As of March 31, 2012
Total solvency margin (A)	215,850	207,088
Common stock, etc.	115,329	86,770
Reserve for price fluctuations	143	378
Contingency reserve	36,403	57,157
General reserve for possible loan losses	28	17
Net unrealized gains on securities (before tax) × 90% *	1,979	5,023
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	61,965	57,741
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	-	-
Other	-	-
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	43,847	47,284
Insurance risk $R_1$	0	0
3rd sector insurance risk $R_8$	-	-
Assumed investment yield risk $R_2$	250	3,073
Guaranteed minimum benefit risk $R_7$	21,829	21,923
Investment risk $R_3$	20,490	20,910
Business risk $R_4$	1,277	1,377
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	984.5%	875.9%

\*: Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2012 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996. Under Cabinet Office Ordinance No.23, 2010 and Notification of the Financial Services Agency No. 48, 2010, the standards for the calculation of solvency margin ratio is revised to tighten and refine calculation of total solvency margin and estimation of total risk and others.

The figures as of March 31, 2011 are calculated by applying the standards as of March 31, 2012 to the financial results as of March 31, 2011.

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

## Solvency Margin Ratio under the Old Standards

(millions of yen)

		As of March 31, 2011
Total solvency margin	(A)	215,850
Common stock, etc.		115,329
Reserve for price fluctuations		143
Contingency reserve		36,403
General reserve for possible loan losses		28
Net unrealized gains on securities (before tax) × 90% *		1,979
Net unrealized gains (losses) on real estate × 85% *		-
Policy reserves in excess of surrender values		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)	27,150
Insurance risk	$R_1$	0
3rd sector insurance risk	$R_8$	-
Assumed investment yield risk	$R_2$	111
Guaranteed minimum benefit risk	$R_7$	42,212
Investment risk	$R_3$	(15,964)
Business risk	$R_4$	790
Solvency margin ratio	$\frac{(A)}{(1/2) \times (B)} \times 100$	1,590.0%

\*: 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, as of March 31, 2011.

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 19,823 million yen in the fiscal year ended March 31, 2011, and this amount is included in "Investment risk" above.

## **11. Separate Account Status for the Fiscal Year Ended March 31,2012**

### (1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2011	As of March 31, 2012
Individual variable insurance	723	2,992
Individual variable annuities	1,284,594	1,331,738
Group annuities	-	-
Separate account total	1,285,317	1,334,731

### (2) Individual Variable Insurance (Separate Account)

#### A. Policies in force

	As of March 31, 2011		As of March 31, 2012	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	0	879	0	3,248
Total	0	879	0	3,248

Notes: Policy amounts not placed into separate accounts as of the end of the fiscal year are included in policies in force.

#### B. Breakdown of separate account assets for individual variable insurance

(millions of yen except percentages)

	As of March 31,2011		As of March 31,2012	
	Amount	%	Amount	%
Cash, deposits, and call loans	77	10.7	19	0.7
Securities	614	85.0	2,963	99.0
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	-	-
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	-	-
Other securities	614	85.0	2,963	99.0
Loans	-	-	-	-
Others	31	4.3	9	0.3
Reserve for possible loan losses	-	-	-	-
Total	723	100.0	2,992	100.0

#### C. Investment gains and losses on separate accounts for individual variable insurance

(millions of yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012
Interest and dividends	-	0
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	2	-
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	-	2
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	-	0
Net investment income	2	(3)

### (3) Individual Variable Annuities (Separate Account)

#### A. Policies in force

	As of March 31, 2011		As of March 31, 2012	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Individual variable annuities	237	1,331,341	243	1,366,251

Notes: 1. Total policy amount in force for individual variable annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

2. Policy amounts not placed into separate accounts as of the end of the fiscal year are included in policies in force.

#### B. Breakdown of separate account assets for individual variable annuities (millions of yen except percentages)

	As of March 31, 2011		As of March 31, 2012	
	Amount	%	Amount	%
Cash, deposits, and call loans	6,661	0.5	4,306	0.3
Securities	1,276,742	99.4	1,326,400	99.6
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	1,308	0.1
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	1,308	0.1
Other securities	1,276,742	99.4	1,325,092	99.5
Loans	-	-	-	-
Others	1,190	0.1	1,032	0.1
Reserve for possible loan losses	-	-	-	-
Total	1,284,594	100.0	1,331,738	100.0

#### C. Investment gains and losses on separate accounts for individual variable annuities

(millions of yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012
Interest and dividends	1,579	1,598
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	-	53,298
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	9,281	-
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	348	390
Net investment income	(8,050)	54,506

## **12. Consolidated Financial Summary**

Not applicable.

### **Reference: Exposure to Securitized Products and Subprime-related Investments**

The Company has no securitized products and subprime-related investments as of March 31, 2012.