

第一生命相互保險株式會社

# THE DAI-ICHI MUTUAL LIFE INSURANCE COMPANY

Annual Report 2009

DAI-ICHI LIFE



Tomijiro Morita, *Chairman of the Board (Left)*,  
and Katsutoshi Saito, *President (Right)*

## Thinking People First

Individual lifestyles will continue to diversify in the future.

To propose, in a way that is easy to understand, quality products and services tailored to these diversified lifestyles, Dai-ichi Life aims to become a company that thinks about people first.

Thinking people: means taking action based on sincere consideration for people and everything that surrounds their lives.

Thinking people: means listening to people, thinking and contemplating together, and creating human capital that can lead to happiness.

Thinking people: means constantly taking on new challenges for the future based on a global perspective.

Thinking most sincerely about people

To maintain the management philosophy of “Customer First” that we have practiced since 1902, Dai-ichi Life and Dai-ichi Life Group will continue to reform in line with the times, aiming to create new value for people and achieve sustainable growth.

## BASIS OF PRESENTATION

Unless otherwise noted, financial figures in this annual report are reported on a non-consolidated basis.

## FORWARD-LOOKING STATEMENTS

This annual report was prepared by the Dai-ichi Mutual Life Insurance Company (hereinafter, “Dai-ichi” or the “Company”) solely for the purpose of disclosure of relevant information, and does not constitute a solicitation or an offer to buy or sell any securities in or outside of Japan. Though Dai-ichi has relied upon and assumed the accuracy and completeness of all information available to it in preparing this presentation, Dai-ichi makes no representations as to its actual accuracy or completeness.

Statements contained herein that relate to future operating performance are forward-looking statements. Forward-looking statements may include – but are not limited to – words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “forecast,” “predict,” “possibility” and similar words that describe future operating activities, business performance, events or conditions. Forward-looking statements are based on judgments made by Dai-ichi’s management based on information that is currently available to it. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, you are cautioned not to place undue reliance on forward-looking statements. Dai-ichi disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.

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## Message from the President

Thank you for continuing to support The Dai-ichi Mutual Life Insurance Company. In this Annual Report, we introduce our operating results and initiatives, with the aim of offering our stakeholders greater insight into our Company.

### Demutualization and Public Listing

The Japanese life insurance market is confronting not only emerging structural changes—which include a declining birthrate, an aging population, and changes to social security systems—but also stronger competition and deregulation that are taking place across industries.

In this environment, to achieve sustainable growth, we have determined that the Company must demutualize and list its shares, so that it can be more flexible in its operating strategies and achieve greater management transparency based on market discipline. Consequently, we prepared for our demutualization and public listing, and a proposal to become a stock company (an organizational change from a mutual company to a stock company) on April 1, 2010 was approved by the 108th General Meeting of Representative Policyholders held on June 30, 2009. Accordingly, the Company aims to become a stock company, subject to the approval of the regulatory authorities, and it will publicly list its shares on, or soon after, the date when it becomes a stock company, subject to the approval of the stock exchange.

### Business Strategy

While seeking to become a stock company and publicly list its shares, the Company has been taking a number of initiatives under its medium-term management plan, Value Up 2010, to enhance quality in accordance with the Dai-ichi Life Declaration of Quality Assurance.

#### ■ Strengthening Competitiveness in Core Businesses

To improve customer satisfaction, we focused on developing the skills of our Total Life Plan Designers (sales representatives) and strengthening their abilities. We have also initiated activities in which Total Life Plan Designers visit customers to coincide with the arrival of the Total Life Plan Report issued each year, to explain the details of policies.

In October 2008, we created a lineup of products that are simple and easy to understand by consolidating existing core products that had different names based on gender, age, and the applicable riders, into just three products in the *Jinsei*

(Life) series, namely: *Dodo Jinsei* (Dignified Life), *Junpu Jinsei* (Favorable Life), and *Shuyaku Jinsei* (Starring Life). We also began offering a *With Partner* service for policyholders to add to our services.

#### ■ Proactive Investments in Growth Markets

We have identified a number of growth businesses, including the individual savings product business and overseas life insurance business. We have begun taking steps to strengthen our operations in these areas.

In the individual savings product business, The Dai-ichi Frontier Life Insurance Co., Ltd. (hereinafter, “Dai-ichi Frontier Life”), the Company’s subsidiary, has been generating strong sales, thanks to a larger network of sales agents, as a result of vigorous sales promotion of variable individual annuities through branches of banks and securities companies. In April 2009, Dai-ichi Frontier Life launched fixed annuity products as part of its initiatives to bolster its product lineup.

In the overseas life insurance business, we took an equity stake in Ocean Life Insurance Co., Ltd. of Thailand in July 2008, followed by an investment in Tower Australia Group Limited in October 2008. Both companies have now become affiliates. In addition, Star Union Dai-ichi Life Insurance Company Limited, a joint life insurance company established together with two local state-run banks, commenced operations in India in February 2009. We aim to contribute to the penetration of life insurance and the development of life insurance markets in countries where we have started operations, and generate earnings in line with local economic growth.

### Financial Results for the Fiscal Year Ended March 31, 2009

Reflecting severe conditions in both domestic and overseas financial markets, net investment income for the fiscal year ended March 31, 2009 fell from the previous fiscal year given rising investment expenses, including devaluation losses on securities. To deal with the capital losses incurred from the recent extreme changes in the financial markets, the Company recorded reversals of reserves. However, to respond to risks, including significant changes in the market environment, the Company has made efforts to strengthen its capital base. In addition, the Company raised capital, including syndicated subordinated debt financing. As a result of these efforts, the Company has secured a robust capital base that we believe is adequate to respond to future risks, with net worth of ¥1,652.4 billion, based on the

Company's own standards, as of March 31, 2009.

Premium and other income generated by both Dai-ichi Life and Dai-ichi Frontier Life rose from the previous fiscal year, the first increase in four years, driven by strong sales of variable annuities offered by Dai-ichi Frontier Life. In addition, with initiatives taken to improve the customer service system, the amount of surrenders and lapses has declined for nine consecutive years. However, the amount of the sum insured (new policies) for individual insurance and individual annuity insurance policies fell from the previous fiscal year, given sluggish demand for death benefits and reflecting the declining birthrate and the aging population as well as the diversification of individual lifestyles. As a result, the amount of policies in force decreased year-on-year. Fundamental profit, which is one indicator that shows profit from the core insurance business, declined during the term under review as a result of lower interest and dividend income because of worsening market conditions in Japan and the appreciation of the yen.

In light of the investment environment, the rates of policyholder dividends attributable to investment spread for individual insurance and individual annuities have been lowered. As a result, dividend payments on individual insurance and individual annuities for fiscal 2009 have been reduced.

In the corporate insurance business, the amount of group insurance policies in force rose from the end of the previous fiscal year, due to an increase in general welfare group term life insurance. However, the amount of group annuity policies in force fell from the end of the previous fiscal year, reflecting lower stock prices.

### Business Improvement Plan

To execute its business improvement plan, the Company has been taking steps to ensure that all of its directors, officers, and employees fully understand that the time when insurance claims and benefits are paid is the moment when insurance fulfills its purpose. The Company has also been fully committed to continuous improvement based on the perspective of customers.

Moreover, the internal audit department and related departments of the Company examine the effectiveness of the improvement plan, and conduct operational reviews as necessary based on results of the examinations to ensure that there is continuous improvement in the Company's operations. In addition, to examine and evaluate the effectiveness of the plan from an external perspective, the



Company has been discussing improvements with its Deliberation Committee for Claims Payment, which consists mainly of external experts. It also conducted a survey of approximately 10,000 policyholders who received insurance benefits, and gathered their opinions about the Company's information services for insurance claims and its payment operations. The results of this survey are being used to further improve the payment system.

The Company will continue to review improvement measures and strengthen the necessary internal systems. We remain committed to providing customers with security for many years to come.

We are very aware of the social role of life insurance. With this awareness, Dai-ichi aims to become the insurance company that enjoys the highest reputation with its customers, through an approach that seeks sustainable development as a good corporate citizen.

A handwritten signature in black ink that reads "Katsutoshi Saito". The signature is written in a cursive, flowing style.

Katsutoshi Saito  
President

### Management Policy for the Fiscal Year Ending March 31, 2010

#### Declaration of Quality Assurance

The Company has made a Declaration of Quality Assurance in its resolution to pursue policies that value customers most.

We believe that quality means providing a high level of satisfaction to customers in our products and services at each stage of insurance, including the point when an insurance policy is concluded, throughout the policy term, and the point when claims are paid. We will continue to take steps to improve and strengthen our systems by first taking into account the opinions of customers. Our aim is to improve our quality to the point at which we have the highest reputation with customers.

#### Value Up 2010, the Medium-term Management Plan for Fiscal Years 2008 through 2010

Dai-ichi has adopted a number of initiatives under Value Up 2010, its medium-term management plan for the fiscal years 2008 through 2010.

#### Simultaneously Pursuing Quality Assurance and Higher Productivity

##### ■ Strengthening Competitiveness in Core Businesses

In our core life insurance business via sales representatives, we seek to bolster customer satisfaction in our products and services by refining systems for developing competent sales representatives. We will also strive to improve our productivity by developing an efficient organizational management system and reviewing the workflow.

##### ■ Proactive Investments in Growth Markets

Targeting markets with growth potential, namely the overseas life insurance market and the market for individual savings products via sales through bank branches, we will continue to focus on initiatives that will contribute to the Company's profit growth in the medium to long term, while practicing comprehensive risk management.

#### Demutualization and Public Listing

To execute the above strategies, Dai-ichi is taking steps to demutualize and list its shares on the stock exchange. We believe this will enable us to adopt more flexible management strategies. We will also be establishing systems suitable for a listed company.

#### Strengthening Competitiveness in Core Businesses

#### We have been endeavoring to strengthen our competitiveness by improving quality.

The life insurance business is the Company's core business, and is managed by the total life plan designers (sales representatives). To introduce the Declaration of Quality Assurance to this business, we have adopted a system that evaluates those activities which focus on customers under a sales promotion plan named "Success 110!!"

Under Success 110!!, we have set out missions for developing sales representatives, maintaining existing policies, and promoting compliance, and we strive to improve operational performance by pursuing quality assurance.

Our sales activities mainly focus on face-to-face consultation with the assistance of eNavit portable personal computers, so that our total life plan designers can obtain opinions directly from customers.

We have initiated a practice of visiting all policyholders in person. Our total life plan designers visit customers to explain policy details, to coincide with the arrival of the annual Total Life Plan Report. We examine surveys and customer opinions obtained through these activities, and use them to improve our activities and the quality of our services.

##### ■ Launch of *Jinsei* (Life) Series

In October 2008, to create a lineup of products that are simple and easy to understand, we consolidated our thirteen existing core products—each of which had different names in accordance with gender, age, and applicable riders—into three products in the *Jinsei* series, namely: *Dodo Jinsei* (Dignified Life, renewable type whole life transferable term life insurance), *Junpu Jinsei* (Favorable Life, whole life insurance) and *Shuyaku Jinsei* (Starring Life, whole life medical insurance).

■ **Services for policyholders**

***With Partner***

In October 2008, we began offering our *With Partner* service, a new point program for all individual insurance and individual annuity insurance policyholders (Note). Policyholders can enjoy the special benefits offered under this program by using points that are accumulated based on the details of transactions.

(Note) This service is not available for corporate or financial insurance policyholders.

■ **Portable Personal Computer**

**eNavit**

Functioning as an explanation navigator, eNavit enables our sales representatives to propose insurance products in a way that helps customers understand the need for insurance, using visual presentations. In addition, through eNavit, our sales representatives can access the headquarters' computer system even when they are out of the office, enabling them to promptly respond to customer inquiries.

**International Life Insurance Business**

**Dai-ichi has also been actively developing its overseas businesses.**

We have also been developing our overseas businesses by using the expertise in life insurance we have developed over the past one hundred years.

We aim to contribute to the growth of life insurance and the development of a life insurance market in countries where we have begun operating, and will seek to generate earnings in line with local economic growth.

■ **Vietnam**

In January 2007, Dai-ichi acquired Bao Minh CMG, which recommenced operations as Dai-ichi Life Insurance Company of Vietnam, Ltd. This was the first instance of a Japanese life insurer doing business in Vietnam.

Since the business commenced, results have been improving in line with the steady expansion of our product lineup. We will continue to contribute to the development of the Vietnamese life insurance market by providing more sophisticated products and services.

■ **India**

Star Union Dai-ichi Life Insurance Company Limited, a joint life insurance company established together with the Bank of India and Union Bank of India, commenced operations in February 2009 after obtaining a registration certificate of business approval and product approval. It was the first instance of a Japanese life insurance company launching a life insurance business in India.

Using the extensive sales network and the customer base of our two partner banks, as well as Dai-ichi's expertise in life insurance management, we aspire to contribute to the development of the Indian life insurance market.

■ **Thailand**

In July 2008, Dai-ichi agreed to take an equity stake in Ocean Life Insurance Co., Ltd. and form a strategic business alliance. Ocean Life Insurance subsequently became Dai-ichi's affiliate in the same year.

Under this alliance, Dai-ichi will strive to enhance the corporate value of Ocean Life Insurance by providing its expertise in a broad array of operations, including individual insurance, group insurance, asset management, and information technologies, and will aim to contribute to the development of the Thai life insurance market in the future.



### ■ Taiwan

In June 2006, Dai-ichi agreed to take an equity stake in Shin Kong Financial Holding Co., Ltd. and form an operating alliance.

At present, Dai-ichi is taking steps to advance this alliance by offering support to develop businesses in the group insurance market for Japanese companies and other support.

### ■ Australia

In August 2008, Dai-ichi agreed to take an equity stake in Tower Australia Group Limited and form a strategic business alliance. Tower Australia Group subsequently became a Dai-ichi affiliate in the same year.

Based on this alliance, Dai-ichi will seek to enhance the corporate value of Tower Australia Group by providing its know-how in a wide range of operations, including individual insurance, reinsurance, and asset management, and will aim to contribute to the development of the Australian life insurance market.

## Services for Japanese Companies Operating Overseas

To support Japanese companies operating overseas, Dai-ichi manages a group reinsurance business, through which it introduces Japanese companies to its partner insurance companies in countries that have concluded a reinsurance agreement. Dai-ichi also provides group insurance services to Japanese companies through the partner insurance company. At present, Dai-ichi has 15 partner insurance companies and underwrote 141 reinsurance policies (as at the end of March 2009).

To improve services provided by our partner insurance companies, we dispatch staff to provide support in the form of sophisticated services that meet the needs of customers.

## Services for International Companies Operating in Japan

Dai-ichi provides comprehensive welfare services to international companies operating in Japan through its International Corporate Relations Department. We have concluded transactions with more than 400 international companies in terms of corporate insurance alone.

Services provided to international companies cover a broad array of products. These include the planning of bereaved families' compensation through group term insurance, management of corporate pension assets, and consultation on the introduction of the defined contribution pension. Moreover, business alliances with Sompo Japan and AFLAC have enabled Dai-ichi to provide an even more extensive product lineup, including long-term disability insurance and accident insurance.

As a representative of Japanese insurance companies, Dai-ichi has become a member of the International Group Program (IGP), the international group insurance network created at the initiative of John Hancock Life Insurance Company, a major U.S. insurer. IGP is now an international group insurance network with members from 54 major insurance companies from around the world.

Our group term insurance business takes advantage of the IGP system, in which global member companies cooperate in providing support to multinational companies. The number of companies adopting IGP has been rising steadily.

## Individual Reinsurance

Dai-ichi also operates an individual reinsurance business. We focus especially on the Asian region, where we have developed strong relationships with Asian life insurance companies by providing them with the management expertise we have developed. We are currently conducting reinsurance transactions with thirteen companies in five countries in Asia.



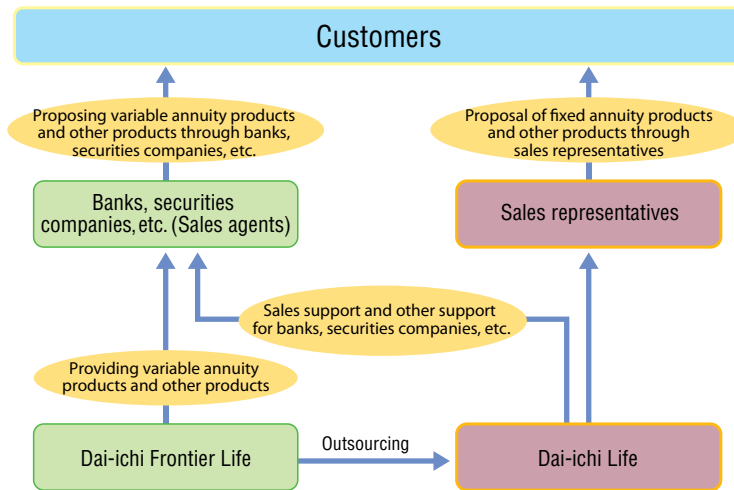
## Saving-Type Product Business

### Aiming to Expand Savings Market Share

The life insurance market in Japan is being shaped by significant environmental and structural changes, such as demographic shifts associated with the declining birth rate and the aging society. Most baby boomers have retired from supporting their companies and families, and have started their second lives. Consequently, demand in the

individual savings market for assets necessary to maintain a robust retirement life and to enjoy long lives has been growing.

To bolster the individual annuity insurance segment, which we position as a growth business, our subsidiary The Dai-ichi Frontier Life Insurance Co., Ltd. commenced operations in October 2007. The new subsidiary provides products tailored to customer needs for sale through banks and other financial institutions, and is enjoying a steady increase in sales.



### Establishment of The Dai-ichi Frontier Life Insurance Co., Ltd.

The bancassurance business model, in which life insurance companies provide products to banks and securities companies and pay commissions based on their sales, is significantly different in character from the consultancy-style sales of insurance products conducted by Dai-ichi's designated total life plan designers (sales representatives), which are based on a total life plan. As part of its initiatives to enter new markets, Dai-ichi established The Dai-ichi Frontier Life Insurance Co., Ltd., which commenced operations in October 2007 as a specialist in providing products to sales agents, with a business model geared to the division between production and sales.

<Basic Management Policy of Dai-ichi Frontier Life>  
As a group company of Dai-ichi, whose management philosophy has been "Policyholder First" from its foundation, Dai-ichi Frontier Life follows the concept of the basic management policies of Dai-ichi and positions the following policies as the base of its management:

- To become a company that has the very strong trust and support of its customers, business partners, and many other stakeholders, Dai-ichi Frontier Life will fully develop internal control systems, including a compliance system, and aim for sound and sustainable development.
- Dai-ichi Frontier Life will go ahead of changes in the business environment and the evolution of customers' needs and will continue to provide the most appropriate products and services that will satisfy customers.
- Dai-ichi Frontier Life will comprehensively pursue prompt, secure, and low-cost business operations and will seek to improve business efficiency.
- Employees will continue to perform challenging tasks to realize both their own dreams and the dreams of the Company.

# Demutualization and Public Listing

The proposal for becoming a stock company on April 1, 2010 was approved by the 108th general meeting of representative policyholders.

We believe that sustainable growth is vital for us to provide the quality pledged in the Declaration of Quality Assurance over the long term and to become the life insurance company that is held in the highest regard by customers. To achieve sustainable growth in this life insurance market, where competition is likely to become more severe, we decided that our corporate structure should be transformed from a mutual company to a stock company and that our stock should be listed, so that the Company can adopt more flexible management strategies.

With the demutualization and public listing, we will be able to raise capital from the stock market, which will enable us to actively make investments in growth markets, and we will gain greater flexibility in developing our business, including a possible shift to a holding company structure. These initiatives will enable us to provide more sophisticated quality products and services to customers.

Pursuant to Article 86 of the Insurance Business Law, the demutualization of the Company (an organizational change from a mutual company to a stock company) on April 1, 2010 was resolved by the 108th general meeting of representative policyholders held on June 30, 2009.

## Details of the General Meeting of Representative Policyholders

### Approval for the Plan for Demutualization

\* The Plan for Demutualization is a plan associated with the demutualization that stipulates matters, including the overview, directors, corporate auditors, and the Articles of Incorporation of Dai-ichi after the demutualization, and the allocation of shares along with the demutualization.

#### <Overview of the Company after the demutualization>

Trade name	Dai-ichi Life Insurance Company, Limited
Head office	Chiyoda-ku, Tokyo (unchanged from the existing address)
Total number of shares to be issued to be allocated to the policyholders	10 million (10,000,000) shares (Ordinary shares) * No shares other than those described above will be issued at the time of demutualization.
Capital and capital reserves	Capital: ¥210.2 billion, Capital reserves: ¥210.2 billion

## Major Differences between Mutual Company and Stock Company

Demutualization means changing the organizational form of a mutual company into a joint stock company under the Insurance Business Law. The following are the major differences between a mutual company and a stock company:

### 1. Determination of Important Matters for Management

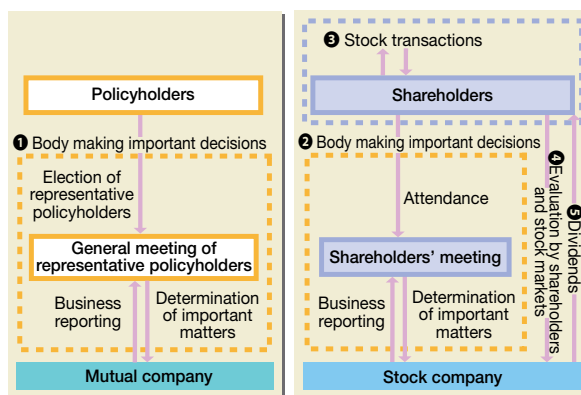
In a mutual company, policyholders (excluding policyholders of non-participating insurance policies) make important management decisions of the company (Figure ❶). In a stock company, shareholders determine important matters (Figure ❷).

### 2. Listing

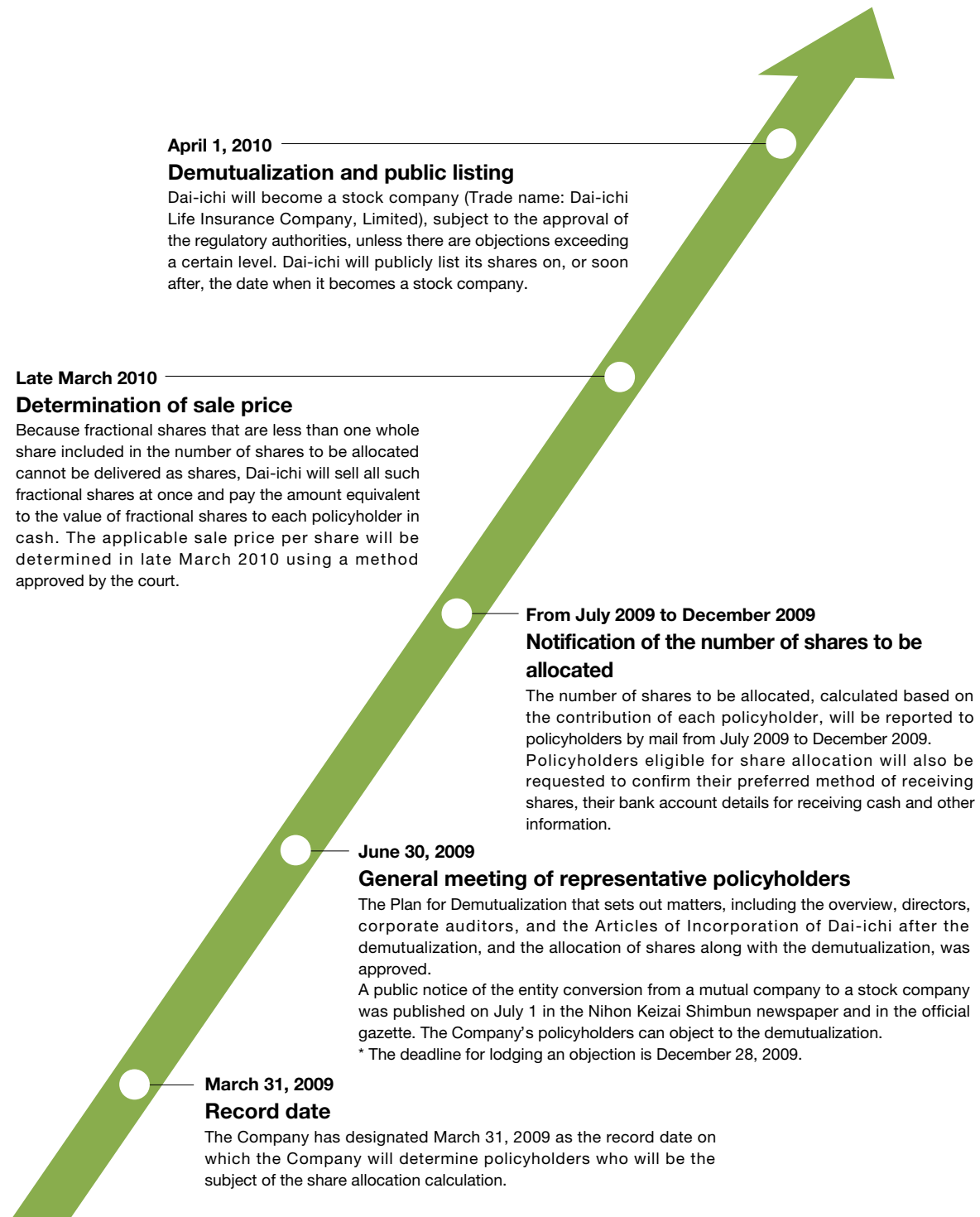
When a company's stock is listed on the stock exchange, shareholders can trade shares freely on the market (Figure ❸). The management of the company is evaluated more clearly by shareholders and the stock market through the yardstick of the share price (Figure ❹).

### 3. Dividends to Shareholders

A part of the profits of a stock company is distributed to shareholders in proportion to the number of shares held by each shareholder (Figure ❺).



## Schedule of Demutualization and Public Listing (Plan)



\* The above schedule was prepared in July 2009 for the Annual Report 2009, and is subject to change in the future.

## We will fulfill our social responsibility through the role of life insurance.

### ■ Dai-ichi's CSR management

Corporate Social Responsibility (CSR) means that the company needs not only to make a profit but also to conduct business activities, considering the different social dimensions. Dai-ichi believes that the starting point of CSR management is to provide the community with a framework for mutual aid and to contribute to the sustained development of society through the role of life insurance.

Since its establishment, Dai-ichi has employed a "Policyholder First" management policy. Based on this policy, the Company considers society, customers, and employees to be key stakeholders and has adopted three basic management policies: Secure Social Trust, Maximize Customer Satisfaction, and Foster Employee Potential. The CSR approach that Dai-ichi takes seeks to enhance corporate value with the Total Life Plan concept and activities to improve business quality as the driving force for executing the three policies. The Company published the Dai-ichi Life Declaration of Quality Assurance in September 2006 to show its determination to achieve customer-oriented business improvement. The Company positions the steady implementation of the Declaration of Quality Assurance as the core of CSR management and promotes specific initiatives.

### ■ CSR Management Promotion System

The CSR Promotion Committee, which is chaired by the president, promotes CSR management. Special committees established under the CSR Promotion Committee address key CSR issues to enhance the effectiveness of CSR activities.

#### CSR management promotion system



### ■ CSR report

Dai-ichi publishes a CSR Report to communicate its business activities from the perspective of CSR and to enhance its accountability to stakeholders.

## Fundamental Profit

### (1) Fundamental Profit

	Years ended March 31,	
	2008	2009
	(millions of yen)	
Fundamental revenues	4,285,461	4,388,574
Premium and other income	3,098,525	2,904,336
Investment income	840,104	753,027
[Interest and dividends]	832,184	741,330
Other ordinary revenues	346,830	731,210
[Transfer from policy reserves]	19,250	368,842
Fundamental expense	3,830,477	4,027,745
Benefits and claims	2,648,008	2,753,596
Provision for policy reserve and others	13,911	27,138
Investment expenses	288,589	368,876
Operating expenses	443,461	444,015
Other ordinary expenses	436,507	434,117
Fundamental profit	A	454,983
Capital gains	186,264	425,327
Gains on money held in trust	-	-
Gains on investments in trading securities	-	-
Gains on sale of securities	150,181	382,670
Derivative transaction gains	36,082	41,172
Foreign exchange gains	-	-
Gains on trading account securities	-	1,484
Others	-	-
Capital losses	268,541	1,045,018
Losses on money held in trust	7,534	6,729
Losses on investments in trading securities	-	-
Losses on sale of securities	148,338	504,840
Losses on valuation of securities	31,904	441,948
Derivative transaction losses	-	-
Foreign exchange losses	80,577	91,499
Losses on trading account securities	187	-
Others	-	-
Net capital gains	B	(82,277)
Fundamental profit plus net capital gains	A+B	372,705
Other one-time gains	-	478,018
Reinsurance income	-	-
Reversal of contingency reserve	-	478,018
Others	-	-
Other one-time losses	172,124	110,011
Ceding reinsurance commissions	-	-
Provision for contingency reserve	29,000	-
Provision for specific reserve for possible loan losses	2,273	-
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	683	905
Others	140,167	109,105
Other one-time profits	C	(172,124)
Net surplus from operations	A+B+C	200,581

**Fundamental Profit**  
(For fiscal year 2008)

**¥360.8 billion**

Fundamental profit is one indicator that shows profit from the core insurance business during the term under review. Specifically, using insurance premiums collected from policyholders and investment returns, an insurance company secures funds to pay insurance claims and benefits in accordance with the content of insurance contracts, while it accumulates and manages policy reserves for future payments.

Fundamental profit is an indicator used to measure ordinary profitability. Net surplus from operations is obtained by adding capital gains and losses, including gains and losses on the sale of securities and extraordinary gains and losses such as the provision for contingency reserve to fundamental profit.

Fundamental profit for fiscal 2008 fell from the previous fiscal year, to ¥360.8 billion, given declines in interest and dividend income and the amount of policies in force.

The Company will continue its commitment to maintaining and bolstering fundamental profit by strengthening the competitiveness of its core business and investing aggressively in growth markets.

## (2) Breakdown of Fundamental Profit (Three Profit Sources)

Fundamental profit is broken down into “negative/positive spread,” “mortality and morbidity gains” and “expense margins,” the so-called three profit sources.

Category	(millions of yen)		
	FY2007	FY2008	Change
Fundamental profit .....	454,983	360,829	(94,154)
(Negative)/Positive spread .....	1,131	(64,862)	(65,994)
Mortality and morbidity gains .....	387,323	382,219	(5,104)
Expense margins .....	66,527	43,472	(23,055)

## (3) Negative Spread

When calculating the amounts of insurance premiums, an insurance company expects a certain level of return from its investments in advance, and discounts insurance premiums by the expected return. This discount rate is called the “assumed rate of return.” For this reason, an insurance company needs to secure the sum equivalent to amounts discounted each year (expected interest) from investment returns and other income.

If actual investment returns and other income are short of total expected interest, the difference is called a negative spread.

The negative spread for fiscal 2008 amounted to ¥64.8 billion, reflecting a lower rate of return of investment on fundamental profit.

### Calculation Formula for Negative/Positive Spread Amount

Negative/positive spread amount = (Rate of return of investment on fundamental profit – Average assumed rate of return) × Policy reserves for general account

Note: Values in the above formula are all in the general account

**Negative Spread Amount**  
(For fiscal year 2008)

**¥64.8 billion**

### Negative/Positive Spread

	Years ended March 31,	
	2008	2009
Average assumed rate of return .....	3.13%	2.96%
Average actual rate of return .....	3.14%	2.70%
(Negative)/Positive spread .....	0.01%	(0.26%)
(Negative)/Positive spread amount (billions) .....	¥1.1	(¥64.8)

## Unrealized Gains (Losses) on General Account Assets

Unrealized gains and losses represent differences between the market value of assets held and their book value, and are considered to be substantial capital because they constitute part of the solvency margin total used as a numerator when the solvency margin ratio is calculated. Unrealized gains also act as a buffer against the different types of risks to which Dai-ichi is exposed, and at the same time leave more room for risk taking in investments, and so make a substantial contribution to stronger profitability.

Unrealized gains for Dai-ichi as of March 31, 2009 on securities fell ¥1,492.7 billion from the end of the previous fiscal year, to ¥156.5 billion, reflecting poor stock market conditions against the backdrop of financial uncertainty and the appreciation of the yen. Unrealized gains on real estate (land, etc.) decreased ¥42.2 billion, to ¥161.2 billion. As a result, total unrealized gains on overall general account assets declined ¥1,534.8 billion, to ¥319.2 billion.

### Total Net Unrealized Gains (Losses) on General Account Assets

	As of March 31,	
	2008	2009
	(millions of yen)	
Securities.....	1,649,343	156,580
Domestic bonds.....	377,464	403,874
Domestic stocks.....	1,287,706	(96,794)
Foreign securities.....	(5,643)	(137,022)
Foreign bonds.....	(6,148)	(51,194)
Foreign stocks and other securities.....	504	(85,828)
Other securities.....	(10,183)	(13,476)
Real estate.....	203,408	161,203
Total (including others not listed above).....	1,854,059	319,242

Note:

1. Foreign exchange valuation gains (losses) only are taken into account for foreign securities without fair value.
2. Difference between the book value before revaluation and fair value is reported as unrealized gains (losses) of real estate.

**Unrealized Gains on  
General Account Assets**  
(At the end of fiscal year 2008)

**¥319.2 billion**

## Adjusted Net Assets

Adjusted net assets are derived by subtracting non-capital real liabilities from real assets at fair market value. In other words, they refer to real net worth after market price-based valuation, and serve as one of the indicators used by the supervising administrative agency to ascertain the financial health of insurance companies.

Real assets represent assets reported in the balance sheet plus unrealized gains/losses and other off-balance-sheet assets. Real liabilities are calculated by deducting various reserves and allowances from on-balance-sheet liabilities.

Adjusted net assets as at the end of fiscal year 2008 declined from the previous fiscal year, to ¥2,703.7 billion, as a result of (1) a fall in unrealized gains on securities in association with declining stock prices and the appreciation of the yen and (2) reversals of the contingency reserve and the reserve for price fluctuations.

**Adjusted Net Assets**  
(At the end of fiscal year 2008)

**¥2,703.7 billion**

## Solvency Margin Ratio

The solvency margin ratio is one of the indicators used by the supervising administrative agency to ascertain the extent to which an insurance company can meet payments in the event risks exceed a level greater than normally anticipated.

Specifically, to the extent diverse risks, such as those involved in the payment for insurance claims and other benefits, as well as investment risks, exceed a level greater than normally anticipated, the ratio expresses by index the extent to which the total amount arising from such risks (risk total) can be covered by the total of capital and other internal reserves as well as by unrealized gains from securities and other assets (solvency margin total). The solvency margin ratio is obtained by dividing the solvency margin total by the risk total, and a ratio exceeding 200% is one indication of an insurance company's meeting the standard for general financial stability.

The solvency margin ratio as at the end of fiscal year 2008 declined from the end of previous fiscal year, to 768.1%, as a result of (1) a fall in unrealized gains on securities in association with declining stock prices and the appreciation of the yen and (2) reversals of the contingency reserve and the reserve for price fluctuations.

Dai-ichi views the solvency margin ratio as one of the most important indicators for giving customers a sense of security in Dai-ichi. The Company continues its efforts to maintain more than enough ability to meet payments of insurance claims.

**Solvency Margin Ratio**  
(At the end of fiscal year 2008)

**768.1%**



## Dai-ichi's Capital Policy

### (1) Dai-ichi's Capital Policy

Dai-ichi thoroughly understands that building a strong capital base is important for it to remain a company trusted by customers. To this end, Dai-ichi has made efforts to secure periodic profits and increase retained earnings, including reserve for price fluctuations and contingency reserve, in addition to its initiatives to complement its core capital through raising additional foundation funds, which is equivalent to paid-in capital for a joint-stock company, and subordinated debt, supplementary capital that is allowed to be incorporated into an insurance company's capital.

As a result, Dai-ichi's capital at the end of fiscal year 2007 had exceeded ¥2 trillion based on its standards. However, given the deterioration in the market environment, it declined to ¥1,652.4 billion at the end of fiscal 2008. To bolster and reinforce our capital base, we have been taking initiatives such as raising syndicated subordinated loans (¥183 billion) in March 2009, along with a number of other risk reduction measures.

In light of the plan for the demutualization and public listing, we will (1) control our exposure to risk assets, (2) review our business structure, (3) invest capital in growth markets, and (4) leverage mezzanine financing such as hybrid securities, while maintaining a capital base adequate to deal with risks and monitoring capital efficiency.

### Capital

Category	As of March 31,		
	2007	2008	2009
	(billions of yen)		
Items reported in net assets (capital) section of the balance sheets .....	569.2	598.6	661.3
Total foundation funds .....	420.0	420.0	420.0
Items reported in liabilities section of the balance sheets .....	1,378.8	1,414.2	991.0
Contingency reserve .....	958.1	987.1	509.0
Reserve for price fluctuations .....	207.4	221.4	101.4
<b>Total .....</b>	<b>1,948.1</b>	<b>2,012.8</b>	<b>1,652.4</b>

Note: Total foundation funds include accumulated redeemed foundation funds.

**Capital**  
(At the end of fiscal year 2008)

**¥1,652.4 billion**

### (2) Foundation Funds

Foundation funds are a fund raising system permitted only for mutual companies under the Insurance Business Law, and correspond to the capital stock of joint-stock companies. Insurance companies pay interest and redeem (repay) principal in accordance with an agreement entered into with a fund contributor. At the time of redemption (repayment), however, insurance companies will be required to provide for an account called "accumulated redeemed foundation funds" as an internal reserve, the amount of which should be the same as the amount of redemption.

Foundation funds (including a reserve for the redemption of foundation funds) amounted to ¥420.0 billion in total as of March 31, 2009.

In light of the demutualization scheduled to be undertaken in April 2010, the Company will redeem all foundation funds by the date of the demutualization in accordance with the Insurance Business Law.

## Embedded Value

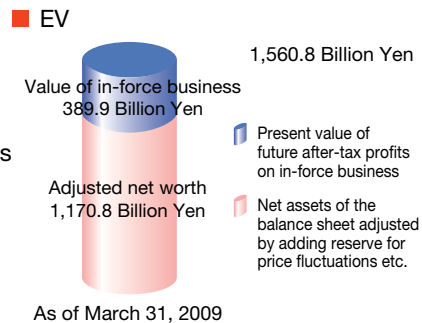
Embedded Value (EV) is the sum of “adjusted net worth” (Note 1), which is calculated based on the balance sheet, and “value of in-force business” (Note 2), which is calculated based on in-force business. EV is an indicator that represents the corporate value of a life insurance company.

Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of profits. The use of EV allows the contribution of future profit from new business to be recognized at the time of sale.

It therefore serves as a valuable supplement to statutory financial information.

EV as of March 31, 2009 fell from the end of the previous fiscal year, to ¥1,560.8 billion as a result of a decline in unrealized gains on securities in association with falling stock prices, among other factors (for details, please refer to page 98).

Dai-ichi requested Towers Perrin, an independent actuarial firm with actuarial expertise, to review assumptions and calculation methods. The opinion obtained is posted on the Company’s website (<http://www.dai-ichi-life.co.jp/>).



**Embedded Value**  
(At the end of fiscal year 2008)

**¥1,560.8 billion**

Note:

- Adjusted net worth = Total net assets (excluding foundation funds, valuation and translation adjustments, and expected disbursements from capital outside the company) + certain reserves in liabilities (reserve for price fluctuations, contingency reserve, and unallotted portion of reserve for policyholder dividends) (after-tax) + general reserve for possible loan losses (after-tax) + net unrealized gains (losses) on securities (after-tax, including derivative transactions) + net unrealized gains (losses) on real estate (after-tax) + net unrealized gains (losses) on loans (after-tax) – unfunded benefit obligations for employees’ retirement benefits (after-tax).
- Value of in-force business = Present value of future after-tax profits on in-force business – present value of cost of capital  
Cost of capital is the spread the investment yield and the discount rate applied to the amounts of capital and surplus that will be required to maintain the assumed solvency margin ratio. Although Dai-ichi Life is currently a mutual company, it recognizes the cost of capital in a manner similar to that of stock companies, based on the determination of the plan on demutualization.

The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. Actual future results might materially differ from the assumptions used in the EV calculations. Moreover, changes of assumptions might cause significant changes in future results. We therefore ask that full care is exercised when using or analyzing EV figures.

## Ratings

Ratings are given and published by independent third-party agencies primarily as their opinions about the financial soundness of businesses. Ratings are usually expressed in symbols for ease of understanding. There are two types of ratings: those published by rating agencies at the request of the subject company and those published by rating agencies as their independent opinions irrespective of whether they are requested or not.

Ratings for life insurance companies usually represent the degree of certainty with which insurance claims, annuities, etc. are paid in accordance with the contracts involved.

Dai-ichi views credit ratings as one of the factors for objectively determining the soundness of a company's finances and other results of management.

It obtains ratings for the capability to pay insurance claims from Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd. and those for the insurer's financial strength from Standard & Poor's and Fitch Ratings.

At the end of June 2009, Rating and Investment Information rated Dai-ichi at A+ (single A plus), and Japan Credit Rating Agency gave Dai-ichi a high rating of AA- (double A minus), Standard & Poor's gave Dai-ichi rating of A (single A), and Fitch Ratings rated Dai-ichi at A- (single A minus).

We will strive to maintain and improve ratings by securing and improving the capital base adequate to deal with existing risks.

### Ratings

As of July 2009

Rating and Investment Information	<b>A+</b>	Rating on Insurance Claims Paying Ability
Japan Credit Rating Agency	<b>AA-</b>	Rating on Ability to Pay Insurance Claims
Standard & Poor's	<b>A</b>	Insurer Financial Strength Rating
Fitch Ratings	<b>A-</b>	Insurer Financial Strength Rating

# Summary of Financial Results

## 1. Assets and Liabilities

### (1) Selected Balance Sheet Items

	As of March 31,		As of March 31,	
	2008	2009	2008	2009
	(billions of yen)		(billions of yen)	
<b>Assets</b>			<b>Liabilities and Net Assets (Capital)</b>	
Cash and deposits, call loans .....	338.5	359.0	Policy reserve and others: .....	28,254.9 27,527.5
Deposit paid for securities borrowing transactions .....	47.2	14.9	Policy reserves .....	27,744.7 27,006.9
Monetary claims bought .....	316.7	281.3	Reserve for policyholder dividends .....	353.5 347.6
Trading account securities .....	46.6	52.5	Subordinated bonds .....	50.0 49.1
Money held in trust .....	25.2	13.2	Reserve for employees' retirement benefits .....	480.4 403.6
Securities .....	22,919.8	21,588.9	Reserve for price fluctuations .....	221.4 101.4
Domestic bonds .....	12,186.7	12,620.2	Deferred tax liabilities .....	- -
Domestic stocks .....	4,508.7	2,846.0	Deferred tax liabilities for revaluation .....	126.0 125.5
Foreign Securities .....	5,925.7	5,908.7	Others .....	1,114.8 1,195.0
Loans: .....	4,647.1	4,248.4	<b>Total liabilities</b> .....	<b>30,247.8 29,402.4</b>
Policy loans .....	629.5	604.7	Foundation funds .....	120.0 120.0
Ordinary loans .....	4,017.6	3,643.7	Accumulated redeemed foundation funds .....	300.0 300.0
Real estate .....	1,233.9	1,235.1	Revaluation reserve .....	0.2 0.2
Deferred tax assets .....	162.3	640.9	Surplus .....	269.9 309.6
Others .....	636.2	459.8	Reserve for future losses .....	5.1 5.4
Reserve for possible loan losses ·	(12.3)	(10.9)	Other surplus .....	264.8 304.2
Total general account assets .....	30,361.8	28,883.7	Unappropriated net surplus for the year .....	143.3 133.7
Foreign currency-denominated assets .....	4,940.8	4,404.1	<b>Total foundation funds and surplus</b> .....	<b>690.1 729.9</b>
Total separate account assets .....	1,472.1	1,138.5	Net unrealized gains on securities, net of tax .....	957.3 (47.4)
<b>Total assets</b> .....	<b>31,833.9</b>	<b>30,022.2</b>	Deferred hedge gains (losses) .....	- (0.3)
			Reserve for land reevaluation .....	(61.5) (62.2)
			<b>Total of valuation and translation adjustments</b> .....	<b>895.8 (110.1)</b>
			<b>Total net assets</b> .....	<b>1,586.0 619.8</b>
			<b>Total liabilities and net assets</b> .....	<b>31,833.9 30,022.2</b>

### (2) Status of Assets

In asset investment during the fiscal year ended March 31, 2009, Dai-ichi continued to set fixed income investments, including bonds and loans, as a core of its asset portfolio, consistent with its mid- to long-term investment policies.

In addition, Dai-ichi increased its position in policy-reserve-matching bonds, principally by purchasing long-term and super-long-term domestic bonds, in an effort to promote ALM and enhance its profitability.

Although the global financial market deteriorated in the second half of the fiscal year under review, Dai-ichi has appropriately managed the risk associated with its risk assets, such as domestic stocks and foreign securities that have been acquired primarily to diversify its investment portfolio and achieve higher profitability, by taking market trends into account.

Outstanding general account assets as of March 31, 2009 declined by ¥1,478.0 billion from the end of the previous fiscal year, to ¥28,883.7 billion, reflecting a fall in unrealized gains on securities, among other factors. The balance of separate account assets slipped by ¥333.5 billion, to ¥1,138.5 billion. As a result, total assets fell by ¥1,811.6 billion, to ¥30,022.2 billion.

## 2. Revenues and Expenditures

### (1) Selected Items on Results of Operations

	Years ended March 31,	
	2008	2009
	(billions of yen)	
Ordinary revenues:		
Premium and other income .....	3,098.5	2,904.3
Investment income .....	1,026.3	1,178.3
Other ordinary revenues .....	327.5	1,100.1
Total ordinary revenues .....	4,452.4	5,182.8
Ordinary expenses:		
Benefits and claims .....	2,648.0	2,753.5
Provision for policy reserves and others.....	159.9	27.1
Investment expenses .....	563.9	1,414.8
Operating expenses .....	443.4	444.0
Other ordinary expenses.....	436.5	434.1
Total ordinary expenses .....	4,251.8	5,073.6
Net surplus from operations .....	200.5	109.1
Extraordinary gains .....	4.4	122.4
Extraordinary losses .....	33.2	11.8
Net surplus before adjustment for taxes, etc. ....	171.7	219.7
Corporate income taxes:		
Current .....	122.1	0.8
Deferred .....	(89.7)	88.3
Total of corporate income taxes .....	32.3	89.1
Net surplus for the year .....	139.4	130.5

### (2) Insurance-Related Income and Expenses (Premiums and Other Income, and Benefits and Claims)

Premium and other income declined by 6.3% from the previous fiscal year, to ¥2,904.3 billion, reflecting the impact of the transfer of sales of bancassurance products to Dai-ichi Frontier Life and a fall in premium income from group annuities.

Benefits and claims payments rose by 4.0%, to ¥2,753.5 billion, on an increase in payments of maturity claims.

### (3) Investment-Related Income and Expenses

Interest and dividend income decreased by ¥90.8 billion, to ¥741.3 billion, largely because of a decrease in foreign interest income triggered by the appreciation of the yen against other currencies, together with a decrease in dividends from domestic stocks caused by poor market conditions. Meanwhile, because of an increase in gains on sale of securities, investment income rose by ¥151.9 billion from the previous fiscal year, to ¥1,178.3 billion.

On the other hand, investment expenses increased by ¥850.8 billion, to ¥1,414.8 billion, mainly because of an increase in losses on sale of securities and devaluation losses on securities caused by declines in the equity market.

As a result, net investment income and expenses fell by ¥698.8 billion from the previous fiscal year, resulting in net investment losses of ¥236.4 billion.

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#### **(4) Net Surplus from Operations**

Total ordinary revenues rose by ¥730.3 billion from the previous fiscal year, due to an increase in investment income and other ordinary revenues. Ordinary expenses climbed by ¥821.7 billion, reflecting higher investment expenses and payments of benefits and claims. The net surplus from operations obtained by deducting ordinary expenses from total ordinary revenues decreased by ¥91.4 billion from the previous fiscal year, to ¥109.1 billion.

#### **(5) Appropriation of Surplus**

The unappropriated surplus for the fiscal year ended March 31, 2009, including net surplus from operations plus extraordinary gains, and excluding corporate income taxes, residential taxes and other tax-related adjustments, totaled ¥133.7 billion. Of the ¥133.9 billion, which consisted of the unappropriated surplus for the term and the reversal of general reserve, ¥64.9 billion has been transferred to the reserve for policyholder dividends. Of the net surplus, ¥0.2 billion was transferred to a reserve for future losses, ¥2.3 billion was paid as interest on foundation funds, and ¥66.4 billion was transferred to general reserves.

## Individual Life Insurance Products Offered to Individuals

In October 2008, we created a lineup of products that are simple and easy to understand by consolidating thirteen existing core products that had been named differently based on gender, age, and the applicable riders into three products: *Jinsei* (Life) series, namely, *Dodo Jinsei* (Dignified Life), *Junpu Jinsei* (Favorable Life) and *Shuyaku Jinsei* (Starring Life). These products have become very popular with customers.

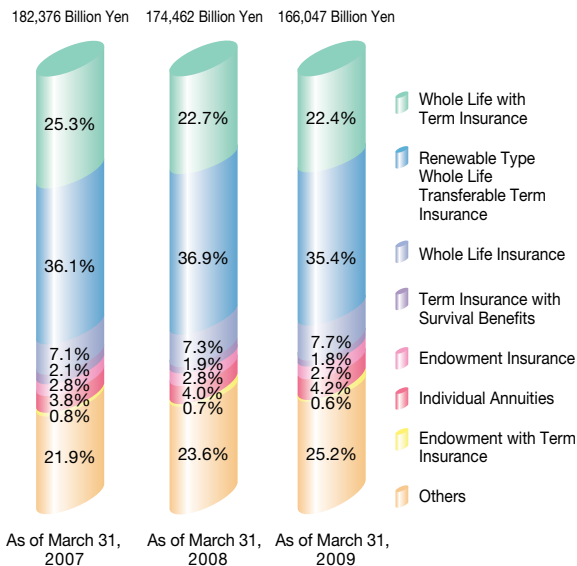
We sell savings products of Dai-ichi Frontier Life through financial institutions such as banks and securities companies.

We also provide products that are highly tailored to the needs of a wide range of customers by selling non-life insurance products of Sampo Japan and cancer insurance products of AFLAC.

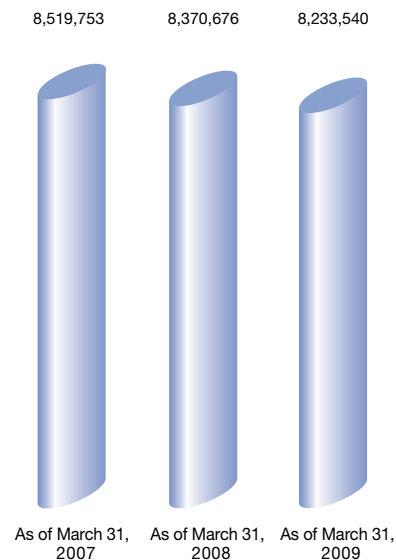
To maintain and strengthen comprehensive communications with customers over the long term, Dai-ichi has introduced a number of new customer-service initiatives. These initiatives included the introduction of the *With Partner* service for policyholders, the initiation of a practice in which our total life plan designers continuously visit all policyholders, the establishment of the industry's largest call center, and the introduction of a Total Life Plan e-Report, an Internet-based insurance contract inquiry system.

The amount of sum insured (policies in force) for individual insurance and individual annuity insurance policies that were surrendered or lapsed decreased for the ninth consecutive year. However, the amount of sum insured (policies in force) at the end of the fiscal year ended March 31, 2009 decreased by 4.8% from the previous fiscal year, to ¥166,047.8 billion. This decline is attributable to the effect of a decline in death benefit demand caused by the declining birthrate and the aging population.

■ Policies in Force of Individual Insurance and Individual Annuities



■ Number of Policyholders



## Total Life Plan: Providing Lifelong Security

### ■ Total Life Plan

Total Life Plan is a Dai-ichi initiative to help individual customers put together lifelong plans, to ensure that they are prepared to face any future event. Total Life Plan also consistently provides sound proposals, products, and services throughout the lives of customers.

### ■ As A Lifelong Partner

By further refining its management philosophy that puts customers first since its foundation, Dai-ichi set out the concept of a “Total Life Plan” in 1997 to continually remain a “Lifelong Partner” for customers.

Under this concept of the Total Life Plan, to accurately respond to the needs of the time, society, and customers, Dai-ichi has been striving to develop its own products and services and improve proposals by moving beyond the status quo.

To remain a “Lifelong Partner” for customers, Dai-ichi will continue to focus on customers’ requirements, and will strive to create a Total Life Plan that is suitable for individual customers.

## Consultation Systems That Support the Total Life Plan

### Bolstering Consultation Functions

#### ■ eNavit, a portable personal computer

Dai-ichi provides eNavit, a portable personal computer, to total life plan designers (sales representatives) to bolster the quality of their proposals.

eNavit enables our sales representatives to propose insurance products through simple presentations with the functions of the explanation navigator, helping customers to understand the need for insurance.

In addition, because eNavit is equipped with a data communications card, our sales representatives can access the headquarters’ computer system even when they are out of the office, enabling them to respond promptly to customer inquiries.

Meanwhile, Dai-ichi has strengthened its information security by consolidating customer information in the head office computer. We do not allow employees to keep the information in their own personal computers, and we have also strengthened ID authentication by introducing PC keys for individual users.

### ■ Total Life Plan Proposals to Customers

The Total Life Plan is a blueprint tailored to individual customers using specific data and amounts to match their life stage. The Total Life Plan takes into account the status of their income and expenditures over customers’ whole lives, as well as the size of the public pension payments they receive, the size of their retirement benefits, and their savings level.

The Total Life Plan provides customers with simulations for preparation for unexpected deaths and accidents, medical needs, nursing care, and old age, in accordance with the status of each individual customer.

### Provision of Consultation Services by Total Life Plan Designers

Dai-ichi uses the name Total Life Plan Designers to describe sales representatives who provide total life plans to individual customers as their lifelong partners. Over 40,000 Total Life Plan Designers are engaged in face-to-face consultation activities and providing services to policyholders.

### Provision of Consultation Services by Financial Planners (FPs)

Specialist knowledge about products and tax is required in proposing life insurance to customers.

To promptly and accurately respond to the diversified requirements of customers, Dai-ichi employs approximately 400 financial planners (FPs) nationwide.

Dai-ichi FPs possess qualifications of CFP or AFP certified by the Japan Association for Financial Planners, or FP qualifications, such as a Certified Skilled Worker of Financial Planning, a national accreditation.

Aiming to improve customer satisfaction, FPs are engaged in a wide range of activities nationwide, including proposals on (1) structuring a corporate welfare system using life insurance products to local small and medium-size enterprises, and (2) the effective use of life insurance based on their extensive knowledge of tax. Dai-ichi has a staff of 4,330 FPs holding qualifications of AFP or the 2nd Grade Certified Skilled Worker of Financial Planning, including 315 CFPs or 1st Grade Certified Skilled Worker of Financial Planning (as at the end of fiscal year 2008).



### Provision of Internet Consultation Services

Dai-ichi has developed a Life Design Cyber Shop on its Web page so that customers can easily ask questions about insurance estimates and other matters. Through the Life Design Cyber Shop, Dai-ichi FPs provide comprehensive consultation services, including preparations for diverse types of insurance in accordance with customers' objectives and the provision of consultations and advice via e-mail, telephone, or in person with a sales representative.

In addition, Dai-ichi provides a wide range of sophisticated consultations on post-retirement financing plans, inheritance planning, and other topics through the FP Consultation site, and its specialist financial planners provide private consultations to individual customers via e-mail and telephone.

### Expansion of Agency Networks

To better meet the increasingly diversified needs of customers and offer them greater convenience, Dai-ichi started developing agency channels on a full scale in the fiscal year ended March 31, 2001. Since then, in its initiative to develop this channel, the Company has been putting resources into organizations and assigning personnel to deal with agency channels.

Specifically, Dai-ichi has been providing comprehensive life and non-life insurance services since fiscal 2001 through the sales of products via sales agents of Sampo Japan, a business partner. Moreover, to provide individual annuities and other savings products to financial institution, Dai-ichi established a subsidiary that specializes in supplying products to financial institutions. The subsidiary began operations as Dai-ichi Frontier Life in October 2007. The new life insurance company provides products and services that meet the needs of customers, benefiting from the comprehensive strength of the Dai-ichi Life Group.

### Improving the Call Center

#### ■ Dai-ichi Call Center

The Dai-ichi Call Center handles inquiries about services and their procedures from customers. To promptly deal with customer inquiries, it uses the latest call center technology through which customers' calls are quickly and reliably transferred to specialist operators.

In fiscal 2008, the Call Center handled 1.16 million inquiries. The Call Center internally shares comments and requests received from customers to help Dai-ichi in its endeavor to improve the quality of customer services and to refine its operational processes.

#### ■ Communication Desk

To further improve customer services, the Communication Desk directly calls customers to confirm details of their policies and to provide the latest information about product and service campaigns. For customers who cannot be easily contacted during weekdays, the Desk calls them on Saturdays to ensure that they are also fully informed.

## Sales Results of Products and Services for Corporate Clients

In offering products and services to corporate clients, Dai-ichi is active in providing comprehensive services and information, including detailed consulting services for management and welfare systems, and the holding of pension seminars and Total Life Plan seminars.

In the arena of corporate pension plans, sweeping systemic government reforms were carried out. Seven years have passed since the introduction of the defined contribution (DC) pension system and the defined benefit (DB) pension. Meanwhile, the tax-qualified pension plan will be abolished at the end of March 2012. In response, Dai-ichi is proposing the New DB Master Plan II, the design of which is standardized by fixing the amount of contributions in the DB system, and the Dai-ichi Life DC Smart Plan, which is designed to operate the corporate DC plans of multiple companies based on a single pension code in the DC system in addition to customized pension plans to meet the needs of customers.

A look at the status of group life insurance as of March 31, 2009 shows that the number of organizations with policies in force had declined, reflecting surrenders in association with changes in employment systems and revisions to benefit programs. However, the total amount of group

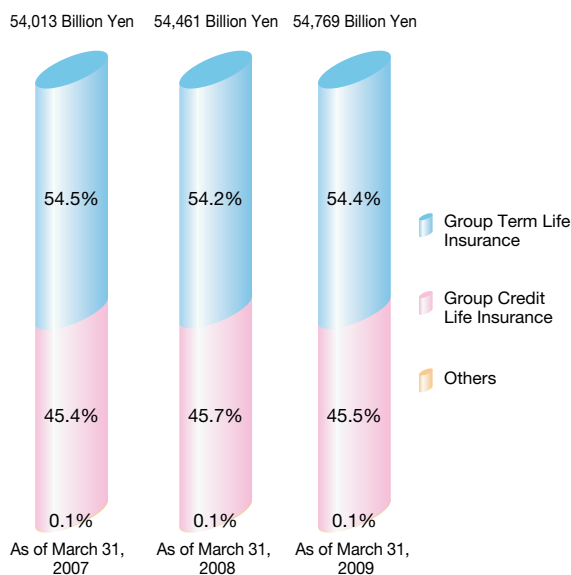
insurance policies in force rose 0.6% from the end of the previous fiscal year, to ¥54,769.4 billion, reflecting a rise in the amount of general welfare group term life insurance.

The amount of group annuity insurance policies in force as of March 31, 2009 declined 4.6% from the end of the previous fiscal year, to ¥6,140.6 billion, because of a 20.5% drop in the separate account from the previous fiscal year, primarily reflecting the impact of stock market fluctuations in Japan.

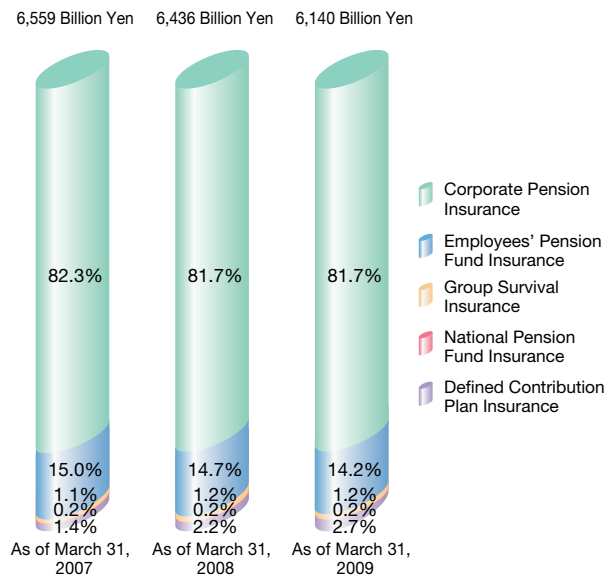
The balance of group pension assets of DIAM Co., Ltd. declined 22.3% from the end of the previous fiscal year, to ¥3,155.8 billion.

As a result, the balance of group pension assets for the Dai-ichi Life Group overall on March 31, 2009 was 11.5% lower than at the end of the previous fiscal year, at ¥9,296.4 billion.

■ Policies in Force of Group Life Insurance



■ Policies in Force of Group Annuities



## Investment Environment

The financial turmoil originating from the sub-prime loan problem in the United States evolved into global economic and financial crises in the second half of fiscal 2008. Over the fiscal year, the Japanese economy contracted sharply, with a decline in external demand resulting from the economic and financial crises, a corporate reluctance to make capital investment, declining production, and sluggish personal consumption reflecting a worsening employment and income environment.

The U.S. economy also experienced negative growth, with weak housing investment and a drop in personal consumption as the financial crisis gradually influenced the real economy.

In these economic conditions, the investment environment was as follows:

### ■ Domestic Interest Rates

The yield on ten-year government bonds rose close to 1.9% in the first half of the fiscal year, given concerns over global inflation, reflecting high crude oil prices. The yield started to fall when the Bank of Japan began to take steps such as lowering interest rates and purchasing more government bonds in response to the global economic and financial crises, and declined to the mid 1.1% range—its lowest point in approximately five years—in December.

Yield on ten-year government bonds:

March 31, 2008 1.275%  
March 31, 2009 1.345%

### ■ Domestic Stocks

After temporarily rising to the 14,000 level in the first half of the fiscal year, the Nikkei 225 index dropped sharply. Risk aversion spiked with the financial crisis, and the market suffered from a negative outlook for domestic corporate earnings resulting from the strengthening of the yen against the U.S. dollar and the deteriorating real economy. In the second half of the fiscal year, the index dropped to the lowest point seen since the collapse of the bubble economy, closing near 7,000.

Nikkei 225 Stock Average:

March 31, 2008 12,525  
March 31, 2009 8,109

TOPIX:

March 31, 2008 1,212  
March 31, 2009 773

### ■ Foreign Currency

The U.S. dollar at one point plunged to ¥87, a level not seen in approximately 13 years, as so-called yen carry positions were unwound on the back of the narrowed interest rate differentials between Japan and the United States, as a result of aggressive interest rate cuts by the Federal Reserve Board in response to the financial crisis. Towards the end of the fiscal year, however, the U.S. dollar bounced back to the trading level seen at the start of the fiscal year.

The yen also sharply appreciated against the euro, reflecting the growing anticipation that the European Central Bank would slash interest rates to respond to the broadening financial crisis, as well as growing risk aversion.

yen/U.S. dollar:

March 31, 2008 ¥100.19  
March 31, 2009 ¥98.23

yen/euro:

March 31, 2008 ¥158.19  
March 31, 2009 ¥129.84

## Fundamental Investment Policy

Giving due consideration to stability and profitability that are required in the investment of insurance reserve funds and to the long-term prospects of life insurance contracts, Dai-ichi has established its fundamental investment policy based on the ALM (Asset Liability Management) approach, which considers the long-term perspective of the balance between assets and liabilities. Specifically, our investment portfolio is built around a core of yen-denominated fixed income assets, consisting mainly of domestic bonds and loans. At the same time, we are striving to increase the profitability of our portfolio by incorporating stocks and foreign securities within an acceptable range of risk. Additionally, risk monitoring is now more reliable as a result of our carefully planned risk management system, and we have increased investment efficiency.

## Summary of Investment Results

### ■ Summary of General Account Assets

#### ● Balance of Cash and Deposits Kept Low

While domestic interest rates remained low, Dai-ichi improved investment efficiency by keeping the balance of short-term funds low.

#### ● Increase in Domestic Bonds

In the face of rising interest rates, based on its Asset Liability Management (ALM) strategy, Dai-ichi replaced low-yield bonds with high-yield bonds, and stepped up investments in policy reserve matching bonds, mainly with a long and super-long duration.

It also sought to carefully select and diversify among credit risk products, including corporate bonds and asset backed securities, in step with the risk adjusted credit spread guidelines.

#### ● Domestic Stocks: Balance Falls

The balance fell with sales of domestic stocks made in light of risk control measures and falling stock prices. Dai-ichi replaced stocks of some companies and sectors with stocks of companies with more competitiveness and growth potential, taking into account analyses by in-house analysts.

#### ● Foreign Bonds: Balance Falls Slightly

To enhance the investment efficiency of fixed income assets, Dai-ichi increased its investment in bonds with hedged currency risk. Meanwhile, it sold bonds with un-hedged currency risk from the perspective of risk control. As a result, the balance of foreign bonds fell slightly. In addition, Dai-ichi sought to control risk by diversifying sectors and currencies.

#### ● Foreign Stock: Balance Increases Slightly

Investment in foreign stocks increased slightly, attributable to a rise in yen-denominated preferred securities that were categorized as foreign stocks, offsetting the impact of sales of foreign stocks from the perspective of risk control. Dai-ichi also sought to diversify both geographically and in terms of investment styles by adopting multi-manager investments that used independent investment advisors as well as in-house managers.

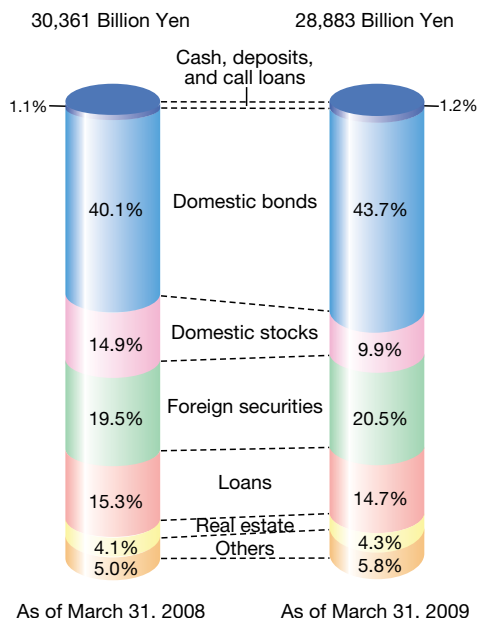
#### ● Decrease in Loans

Dai-ichi has endeavored to improve profitability by offering loans based on surplus profit commensurate with credit risks, while taking into account the trend of credit spreads in the bond market. However, the balance decreased because of the effects of redemption, among other factors.

#### ● Real Estate: Balance Unchanged

Dai-ichi has taken steps to strengthen the profitability of its portfolio by revising the rents of its real estate holdings and improving the operating rate. It has also improved the value of its assets, for example through repairs and re-construction.

### ■ Breakdown of Assets in General Account



## Promotion of ALM

Dai-ichi recognizes that, particularly at life insurance companies, it has become increasingly important to ensure the proper management of profit, risk, and capital through ALM, a system to control operating assets and liabilities (insurance policies) appropriately by being fully aware of the characteristics of liabilities.

Dai-ichi has adopted a number of management initiatives to ensure sound management. It has established the ALM Committee and built a system in which it examines the integrated management of assets and liabilities and the sophistication of its management system.

The Company has also introduced internal management accounting for each product group, the liabilities of which have different characteristics, while developing an administrative structure for each product group based on differences in market characteristics and profitability among the groups.

Specifically, Dai-ichi will identify and manage each risk associated with insurance underwriting, asset investment and liquidity for each major accounting unit, based on the product characteristics, set an appropriate assumed interest rate in consideration of asset investment environment and other factors, draw up an asset investment policy in consideration of the characteristics of liabilities, verify the appropriateness of the policy through the department in charge of risk management, and check the investment results. In addition, Dai-ichi will check the risks involved in insurance underwriting and asset investment at the time of the development and sale of new products.

## Investment Risk Management

### ■ Objective of Investment Risk Management

The objective of risk management at Dai-ichi is to maintain the soundness of its assets while paying close attention to the balance between risks and returns from a mid- to long-term perspective.

### ■ Investment Risk Management Structures

At Dai-ichi, the Risk Management Department carries out integrated risk management in which it oversees risks for the entire portfolio, including market, credit, and real estate investment risks, and strengthens its check function from the perspective of financial soundness.

### ■ Investment Risk Management Initiatives

#### ● Market Risk Management

The balance of assets, including securities and derivatives, which involve market risks, and their transactions, as well as their unrealized gains/losses are managed on a daily basis and reported to management. The Company has a framework in place to control risks by setting risk limits in relation to holdings, etc. In addition, various methods, including value-at-risk (VaR) analysis, a principal market risk measurement method, are used to grasp market risk volumes in numerical terms, thus ensuring more effective market risk management.

#### ● Credit Risk Management

Measures for credit risk management include rigorous preliminary reviews and post-transaction follow-ups on individual transactions. From the perspective of portfolio management, the Company analyzes and manages the makeup of transactions classified according to internal credit ratings, degree of concentration of credit granting, and other factors. The Company has also developed a framework to prevent a concentration of credit extension, for example by setting credit limits for large-lot borrowers. Besides these measures, portfolio credit risks are determined in numerical terms for management through the periodic measurement of credit risk volumes using methods including VaR analysis.

## Exposure to Securitized Products Including Subprime-Related Investments

Dai-ichi discloses its exposure to securitized products, including subprime-related investments, based on the “Leading-Practice Disclosures for Selected Exposures” included in the Financial Stability Forum (FSF) report announced in April 2008.

The Company’s exposure to securitized and subprime-related products is as follows:

- The Company held no direct investments in subprime-related products as of March 31, 2009.
- The Company holds investments in hedge funds in the form of fund-of-funds and single fund investments, and some of their underlying investments include subprime-related products. As there are both long and short positions in its asset portfolio, the Company believes that they will have a limited impact on its financial condition even under market fluctuations.
- RMBS accounts for approximately 80% of the Company’s total balance of securitized products in terms of fair value as of March 31, 2009. The breakdown of the RMBS is: (1) securities backed by US government agencies or US government-sponsored enterprises, (2) securities backed by Japanese mortgage loans, and (3) securities issued by Japan Housing Finance Agency.

### Breakdown of Securitized Products as a Whole

The Company held no direct investments in securitized products related to subprime loans as of March 31, 2009.

	Fair value	Unrealized gains (losses)	Realized gains (losses)	Percentage (Fair Value)
	(billions of yen)			
Securitized products, total	1,506.2	(28.7)	(76.3)	100.0%
CDO	11.2	0.0	(33.5)	0.7%
CMBS	0.3	(0.0)	-	0.0%
Hedge fund	222.4	(58.2)	(3.4)	14.7%
CDS	(*1) -	-	(0.0)	-
RMBS	1,172.4	29.8	(39.3)	77.8%
ABS	96.7	(0.3)	-	6.4%
Credit-linked note	2.9	(0.0)	-	0.1%

\*1. The Company held no balance of CDS as of March 31, 2009.

# Internal Control and Overall Risk Management

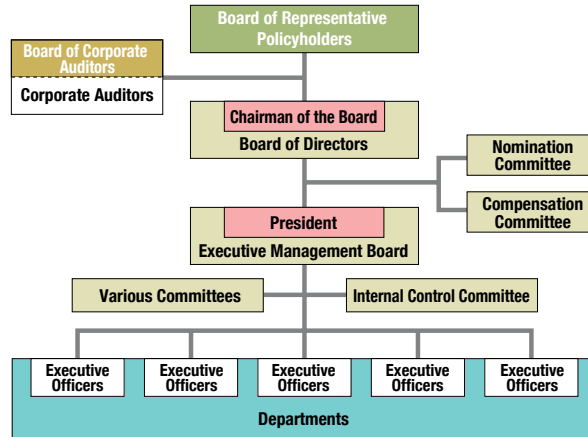
The Dai-ichi Mutual Life Insurance Company

## Management Control

The Board of Directors makes important management decisions and supervises the execution of operations. In an initiative to separate and thereby strengthen its functions of decision making and supervision on the one hand and operational execution on the other, Dai-ichi adopted an executive officer system in July 2004. Executive officers are elected by the Board of Directors and carry out duties assigned by the Board of Directors. Dai-ichi also has an Executive Management Board that meets twice a month, in principle, and consists of the president and executive officers appointed by the president. The Board considers important management and executive issues. As of June 30, 2009, Dai-ichi had 13 directors (including two outside directors) and 23 executive officers (including nine officers who are concurrently directors).

Moreover, to improve management transparency, in March 2006, Dai-ichi established a Nomination Committee and a Compensation Committee, each of which consists of two outside directors, the chairman, and the president, as independent advisory committees to the Board of Directors. The Nomination Committee confirms the eligibility of candidate directors. The Compensation Committee deliberates on the compensation systems for directors and executive officers and other related matters.

In addition to attending meetings of the Board of Directors and the Executive Management Board, corporate auditors audit the execution of duties by directors and executive officers through interviews with directors, executive officers, and the relevant departments. Corporate auditors also audit the status of compliance, risk management in overall operations, and the operational and financial status of Dai-ichi and its subsidiaries. In addition, the Board of Corporate Auditors deliberates on important audit issues. As of June 30, 2009, Dai-ichi had five corporate auditors (including three outside auditors).



## Status of Internal Control Systems

In response to the enforcement of the Companies Act, Dai-ichi established on April 1, 2006 the Basic Internal Control Policy that sets out its basic approach to and policy for internal control.

As part of the establishment of its internal control system, the Company set up an Internal Control Committee in April 2006. The Committee is a special organization assisting the Board of Directors and the Executive Management Board and is responsible for driving the establishment and operation of an internal control system, checking the appropriateness of financial reports and the effectiveness of internal audits, and checking and discussing issues of compliance, the protection of information property, risk management, and the handling of antisocial forces as an organization dominating the Compliance Committee, Risk Management Committees, and Antisocial Forces Handling Committee. The Internal Control Committee consists of representative directors and the executive officers in charge of the divisions responsible for internal control and holds a meeting every month, in principle.

To enhance the effectiveness of internal controls, Dai-ichi also carries out internal control self-assessment (CSA) in all operations. Through CSA, the Company identifies major risks in each business, evaluates the importance of the risks in view of the magnitude of the potential effects and losses they may represent for customers should they arise, and assesses risk prevention systems. The Company seeks to mitigate risks and improve operations by developing and introducing measures against risks in order of priority.

## Compliance (observance of laws and ordinances, etc.)

Dai-ichi understands that conducting fair business activities in compliance with all laws and regulations, social standards, its Articles of Incorporation, internal regulations, etc. is the basis for fulfilling social responsibility and the public mission of the life insurance company. We believe that compliance is the most important issue for management, and so we have established and strengthened compliance systems, and operate our businesses in accordance with the law.

### ■ Policies and regulations Designed to Promote Compliance

Dai-ichi sets out a basic approach to compliance in its Basic Internal Control Policy, which was developed by the Board of Directors. It has also established Compliance Regulations that provide, for instance, for the development and promotion of compliance and insurance sales management systems. In April 2009, Dai-ichi publicly announced the latest revised version of the Salespersonship Policy, in light of the amendments to the Enforcement Regulation of the Insurance Business Law, etc.

The Board of Directors developed the Code of Conduct, which sets out the specific principles of the behavior of officers and employees.

The Company has created a Compliance Manual that includes these policies and regulations, accompanied by explanations of laws and regulations, and has distributed to all officers and employees to keep them informed of the policies and regulations. In addition, the Company has prepared a card showing the Basic Internal Control Policy, Salespersonship Policy, and Code of Conduct and has distributed copies of the card to all officers and employees.

Moreover, in light of the revisions to the Insurance Business Law, etc. in June 2009, Dai-ichi has established a policy to deal with conflicts of interest between customers and Dai-ichi Group companies. The policy is accessible from the Company's website.

### ■ Organizational Systems, etc. Associated with Compliance

Dai-ichi has established a Compliance Committee as a cross-sectional organization that monitors the promotion of compliance and its progress. Dai-ichi has also established a Compliance Control Department that focuses exclusively on strengthening the compliance structure and improving compliance.

To ensure compliance at branch offices that are directly engaged in insurance sales, Dai-ichi has established a Sales Compliance Promotion Center. Compliance officers at the Center initiate compliance initiatives and insurance sales management at branch offices through visits and by cooperating with compliance managers and compliance promoters assigned to each office.

To ensure the effectiveness and appropriateness of compliance promotion, the Internal Control and Auditing Department conducts operational audits.

### ■ Compliance Promotion

The Board of Directors of Dai-ichi sets out a Compliance Program each fiscal year as a specific plan of action. Based on this program, Dai-ichi promotes compliance across the Company. Progress is regularly reported to the Board of Directors and other organizations to ensure that it is monitored by management officers. Dai-ichi has also adopted a management system based on the plan-do-check-action (PDCA) cycle, in which the latest issues are always reflected in the program for the following fiscal year.

In addition, Dai-ichi has taken the initiative by requiring general managers of the head office and branch offices to submit a confirmation sheet concerning compliance promotion semi-annually so that management officers can monitor the effectiveness of compliance promotion.

Dai-ichi has established a structure in which any important matters associated with compliance that arise in departments of the head office and branch offices are promptly reported to the Compliance Control Department through compliance managers and handled appropriately. Moreover, it has established an inquiry desk (a hot line) as a channel, through which each employee can directly report and consult on matters concerning corporate ethics to ensure that issues are solved promptly and accurately.



## Information Property Protection

### ■ Basic Recognition

Information property generally refers to information and information systems possessed by Dai-ichi. Dai-ichi takes steps to protect information property and retain the trust of customers and society.

Information includes customer information and personal information. Customer information means information that has come into the possession of Dai-ichi in the course of its operations, such as insurance and financial transactions, and identifies specific individuals or corporations. Personal information means information that identifies specific individuals based on descriptions such as names and dates of birth.

### ■ Policy, Regulations, etc. Associated with the Protection of Information Property

To protect its information property, which includes customer information, Dai-ichi has established a Basic Internal Control Policy and information property protection and control regulations.

Based on the above Policy and Regulations, Dai-ichi has established information property protection and control standards, which are standards for specific security measures.

In addition, Dai-ichi has set up a Personal Information Protection Policy, covering the purpose, protection, and control of personal information, among other issues. This policy is disclosed on Dai-ichi's website.

### ■ Organizational Systems, etc. Associated with the Protection of Information Property

Dai-ichi has been pursuing comprehensive initiatives to protect information property. The Company has established an Information Property Protection Committee, while each department and branch office has nominated a person who is responsible for the protection and control of information property and a person who is responsible for promoting protection and control.

Moreover, the Internal Control and Auditing Department regularly carries out operational audits to ensure that these systems are working effectively throughout the Company, and it reports the results of the audit to the Board of Directors and the Executive Management Board.

### ■ Information Property Protection and Control

Dai-ichi has developed information property protection and control systems based on the Personal Information Law, guidelines, and other regulations associated with the protection of personal information in the financial industry. To strengthen the protection and control, Dai-ichi takes the following steps:

- Strengthening compliance with information handling rules through regular staff training
- Conducting regular inspections of information property protection
- Strengthening technical security control measures for times when the Internet, e-mail, external memory media, or other related items are used
- Strengthening the management systems for outsourcing service providers

### ■ Handling of Requests for the Disclosure of Personal Information and Others

When customers request the disclosure of information about themselves, Dai-ichi promptly and appropriately responds after confirming that the requests have been made by the customers themselves or by legal proxies.

Information about disclosure requests based on the Personal Information Law is also available on Dai-ichi's web page.

### ■ Handling of Comments, etc.

Dai-ichi responds promptly and appropriately to any comments, etc. about the handling of customer information or personal information.

## Handling of Antisocial Forces

### ■ Basic Recognition

Under the basic management policy of Securing Social Trust, all organizations of Dai-ichi are united in their resolution to reject any coercion from antisocial forces that threaten the order and security of civil society and disrupt sound economic and social development and corporate activities. Dai-ichi is fully committed to blocking the development of any relationships with such forces to prevent any damage that may occur.

### ■ Policies, Regulations, etc. Associated with the Handling of Antisocial Forces

In accordance with the Basic Internal Control Policy, which sets out basic approaches and policies for preventing damage from antisocial forces, Dai-ichi has established regulations to handle such antisocial forces, which cover basic principles, including the roles of managers and employees, the roles of departments in charge, and measures taken by individual departments of the head office and branch offices. Moreover, based on the policy and regulations, Dai-ichi has established detailed standards, which set out rules for managers and employees, and specific initiatives for stopping any relationships with antisocial forces from developing and preventing damage.

### ■ Systems for Handling Antisocial Forces

In an effort to hold Company-wide deliberations with a wide range of participants about the handling of antisocial forces, Dai-ichi has established an Antisocial Forces Handling Committee. It has also designated the General Affairs Department as the department in charge of developing and strengthening systems to block the development of any relationships with antisocial groups or to prevent damage that may arise.

Dai-ichi also has developed a system in which each department and branch office appoints a manager in charge of the handling of antisocial forces and a person who promotes the appropriate handling of antisocial forces. Under this system, if a department or a branch office is contacted by antisocial forces, receiving undue claims and other demands, the manager and the designated person of that department or office play the leading role in organizing an appropriate response against such forces by cooperating with the General Affairs Department.

In addition, to appropriately handle antisocial forces, Dai-ichi is permanently committed to developing close cooperative systems with external specialist organizations, such as local police offices, the National Center for the Elimination of Boryokudan, and lawyers.

## Risk Management

### Basic Recognition

To ensure sound and proper business operations and to fulfill obligations arising from its insurance policies, Dai-ichi identifies and evaluates risks in the Company, takes appropriate action based on the characteristics of each risk, and comprehensively manages these activities.

Specifically, the Company classifies risks into underwriting risks, investment risks, liquidity risks, operational risks, and system risks. Based on the classification, the Company develops an organization and rules, and manages risks in accordance with the risk characteristics. The entire Company is committed to improving soundness through the management and control of financial fundamentals, including the risk volume and capital.

In addition, Dai-ichi has established a crisis management system and a risk management system to deal with catastrophes, preparing for any crisis that cannot be dealt with through its regular risk management system.

### Risk Management Policies, Regulations, etc.

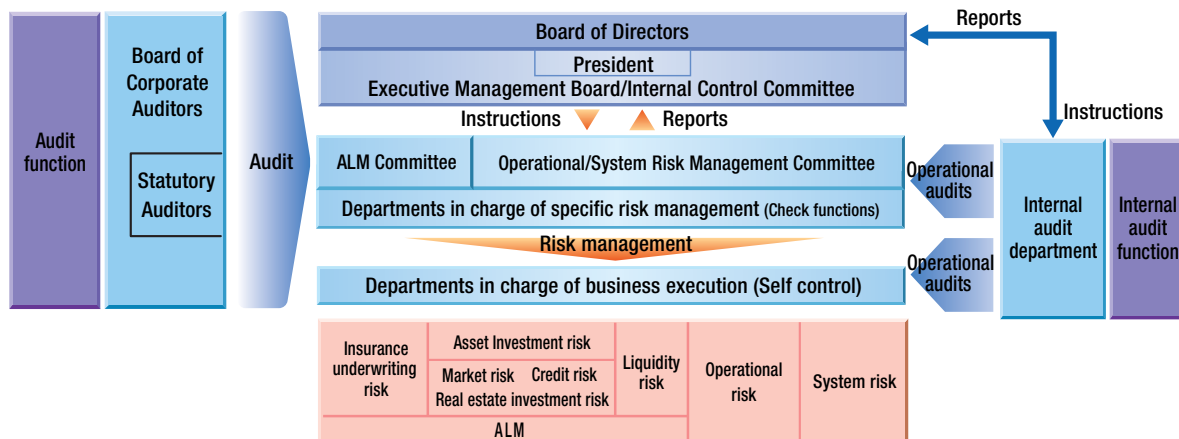
Dai-ichi includes in its Basic Internal Control Policy a basic philosophy and policy regarding risk management. The approach to managing each risk is provided in each basic risk management policy in line with the Basic Internal Control Policy. In addition, each of the risk management regulations and standards is translated into practical rules, following the Basic Risk Management Policy.

### Risk Management Structures

The risks arising from operations are managed at the discretion of the divisions responsible for executing the operations, in accordance with the Basic Risk Management Policy for each type of risk. The management of risks is checked by divisions responsible for checking risk management. To strengthen the risk management structure, the Company has set up the Risk Management Department, which comprehensively manages risks across the board. Management shares information on individual risks at regular meetings of the ALM Committee, the Operational Risk Management Committee, and the System Risk Management Committee, and uses the shared information in its decision making. Moreover, the Internal Control and Auditing Department examines the effectiveness and appropriateness of the risk management functions.

The Board of Directors and the Executive Management Board receive reports on risk management, based on which they make decisions. Corporate Auditors inspect overall risk management, including risk management by the management.

### Dai-ichi's Risk Management Structure



### Corporate Citizenship

#### Basic Policy

Since by its very nature the life insurance business is devoted to enriching people's lives by offering them stability and well-being, one of Dai-ichi's most important aims is to grow as a good corporate citizen along with the communities in which it operates.

To retain the public's trust, we undertake corporate citizenship activities that enrich the lifecycle of our customers and make a contribution to their daily lives and their communities. These activities also include volunteer efforts by Dai-ichi employees.

Dai-ichi's corporate citizenship activities cover six areas: health and welfare, the living environment, education and research, local community support, fine art and culture, and sports. Our corporate citizenship activities are based on a concept of "nurturing" and "continuity." We try to increase the benefit of our activities by periodically reviewing and revising them in light of changing needs.

#### Health and Welfare

##### ■ Public Health Award

In 1950, not long after the end of World War II, a Public Health Award was established to honor outstanding achievements by organizations or individuals in public health and sanitation. The Award has been presented every year since then with the sponsorship of the Ministry of Health, Labour and Welfare and other organizations.

In fiscal year ended March 31, 2009, with the 60th presentation of these awards, 10 organizations and 6 individuals were honored. To date, 585 organizations and 301 individuals in the field of public health have been honored.

Award winners every year receive an audience with the Emperor and Empress.

This award is highly regarded as the most prestigious in this field.

Achievements of award winners range from medical treatment, local medical care, improvement of the living environment, mother and children's health care, health and welfare for senior citizens, and health and welfare for the physically challenged, to measures to address the declining birth rate. The award clearly shows the history of the development of public health care in Japan after World War II.

### The Living Environment

#### ■ Green Environmental Design Award

A Green Design Award was established in 1990 to contribute to the development of a green urban environment, and to the creation of a community that offers extensive opportunities for people to get in touch with nature. Awards are given to the best of the green plans that are submitted from all over the country. The selected plans are then eligible for subsidies. In the fiscal year ended March 31, 2009, with the 19th presentation of these awards, five organizations that contributed to afforestation were honored. Starting the fiscal year ending March 31, 2010, this award will be named the Green Environmental Design Award, and will support plans that contribute to improving local landscapes and living environments, as well as to bettering local environments.

#### Local Community Support

Since the fiscal year ended March 31, 2003 Dai-ichi has participated in the "Yellow Badge Traffic Safety Campaign" which provides first-graders throughout Japan with yellow badges they can wear to signify that they are covered by traffic accident insurance if they are involved in an accident on their way to or from school. This campaign, which began in 1965 and has continued without interruption for over 40 years, is developed to teach children traffic safety concepts. It also gains the attention of parents and drivers, helping to protect children from traffic accidents. From the beginning of the campaign, the number of recipients of yellow badges has reached about 55 million. Dai-ichi has also established a "Matching Gift" program to give monetary support to Dai-ichi employee groups which engage in a number of volunteer activities in various communities including community cleanup efforts, charity bazaars, facility tours, and collecting donations.

### Fine Art and Culture

We support the “Vision of Contemporary Art” (VOCA) exhibition as a part of our philanthropic efforts in the fine arts. The exhibition is intended to support the education of promising young modern artists and serve as a stimulus to the art world. In the 16th VOCA exhibition held in 2009, works of 35 young artists nationwide were exhibited, one of which was honored with the VOCA award, while others received other awards. Works honored with the VOCA award or the VOCA encouragement award are possessed by Dai-ichi, and are displayed periodically in the Dai-ichi Life Gallery located in the lobby on the ground floor of our Hibiya Head Office.



In November of 2001, we opened “Dai-ichi Seimei Hall” at Harumi Island Triton Square, located in Tokyo’s Chuo Ward.

The Hall hosts concerts, featuring a diverse range of performers. It is the first private hall in Tokyo managed by a non-profit cultural organization (NPO).



### Sports

In recognition of the ambitious aims of the Japan Tennis Association to train young players representing Japan, Dai-ichi has supported the “All Japan Primary School Students Tennis Championships” since its inception. The 26th competition was held in fiscal 2008.

### Activities of FALIA

#### ■ Purpose and Brief History

Dai-ichi started a training program for people working in the life insurance industry in Asian countries, with hopes that we could be of assistance in developing the life insurance industry in the region. In 1970, in order to promote the project further, Dai-ichi established the Foundation for the Advancement of Life Insurance in Asia (FALIA). In April 1994, the Foundation was given a fresh start under a new name, “The Foundation for the Advancement of Life & Insurance Around the world,” with the acronym FALIA unchanged.

Dai-ichi holds four or five training courses a year on the life insurance industry. As at the end of fiscal 2008, 3,068 trainees had attended the seminars. Dai-ichi also holds seminars in other countries two or three times a year, totaling 147 seminars overall with more than 5,000 participants. Dai-ichi is committed to encouraging international exchanges through these programs.

#### ■ Principal Activities

- Insurance Seminars held in Japan
- Insurance Seminars held at Overseas Locations
- English Information Service
- General Secretariat of East Asian Insurance Congress (EAIC)



## Initiatives to Protect the Environment

Recognizing the growing worldwide interest in protecting the environment and combating global warming, Dai-ichi managers and employees understand that in fulfilling its social responsibility towards the environment a company can contribute to creating a sustainable society and preserving the planet for future generations. To do this, Dai-ichi understands that it must encourage sustainability initiatives, such as energy saving, natural resources saving, and recycling.

To practice management based on its corporate social responsibility (CSR), Dai-ichi has established a policy regarding its environmental initiatives, under which Dai-ichi commits as a corporate citizen to ongoing initiatives to protect the environment.

## Compliance with Regulations

### ■ Introduction of a Company-Wide Energy Management System

To comply with regulations associated with the environment (the Law Concerning the Promotion of Measures to Cope with Global Warming, the Energy Saving Act, and other laws and bylaws), Dai-ichi understands the volume of the energy consumption and greenhouse gas emissions permissible for major business companies, and has been striving to reduce the effects on the environment by adopting specific targets.

Since April 2009, Dai-ichi has been monitoring the energy consumption of sales offices nationwide. The Company has been taking comprehensive steps to prevent global warming through energy saving initiatives.

## Environmental Initiatives

### ■ Energy Saving Activities

#### ● Adoption of “Cool Biz”

Starting fiscal 2008, sales offices of Dai-ichi nationwide have adopted Cool Biz, a program that promotes a relaxed office dress code during hot summer months to save on cooling expenses. By adjusting the temperature of office air conditioners, a number of sales offices have been saving energy to help combat global warming.

#### ● Introduction of energy saving facilities to existing buildings

As part of its energy saving initiatives and in an effort to reduce carbon dioxide emissions, Dai-ichi has introduced to existing buildings regenerative air conditioning systems that use nighttime power. In recognition of these initiatives, Dai-ichi received

a certificate of appreciation this year at the 12th Thermal Storage Conference, sponsored by the Heat Pump and Thermal Storage Technology Center of Japan, an organization associated with the Ministry of Economy, Trade and Industry.

#### ● Initiatives to Expand the Use of Clean Energy

To help preserve the global environment, Dai-ichi has purchased green electricity equivalent to the electricity used in the 19th presentation of the Green Design Award (held on May 25, 2009), which was sponsored by Dai-ichi, and the 108th general meeting of representative policyholders (held on June 30, 2009).

### ■ Initiatives for Natural Resources Saving

#### ● Consolidating and computerizing brochures and other printed materials

By consolidating and computerizing brochures and other printed materials in light of their use and the frequency of publishing, Dai-ichi has approximately halved the number of brochures and other printed materials since the beginning of fiscal 2008.

#### ● Review of insurance terms and conditions provided during a policy period

By adopting tailored insurance terms and conditions from May 2008 for insurance policies provided during a policy period, Dai-ichi has managed to cut approximately 240 pages per policy on average, saving approximately 37 tons of paper resources in fiscal 2008. In addition, by eliminating excess inventory, which has been an issue for some time, Dai-ichi further reduced paper resources.

#### ● Management of environmentally friendly conferences and training seminars

Dai-ichi has started to take a number of steps to achieve paperless operations and improve its operational processes and productivity, resulting in a reduction in the use of copy paper.



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# Consolidated Balance Sheets

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)		(millions of US\$)
	As of March 31,		
	2008	2009	2009
<b>(ASSETS)</b>			
Cash and deposits (Note III.27 and V.2).....	¥ 208,107	¥ 245,895	\$ 2,503
Call loans (Note V.2) .....	226,860	206,580	2,103
Deposit paid for securities borrowing transactions .....	47,273	14,954	152
Monetary claims bought (Note V.2) .....	316,767	281,371	2,864
Trading account securities (Note III.1 and 2) .....	46,663	52,597	535
Money held in trust .....	25,223	31,603	321
Securities (Note III.1, 3, 20, 26, 27 and V.2) .....	24,368,043	22,995,047	234,093
Loans (Note III.9, 21 and 31) .....	4,647,912	4,248,799	43,253
Tangible fixed assets (Note III.5, 6, 13 and 24).....	1,239,249	1,239,843	12,621
Land .....	-	814,730	8,294
Buildings .....	-	417,490	4,250
Leased assets .....	-	247	2
Construction in progress .....	-	2,937	29
Other tangible fixed assets .....	-	4,437	45
Intangible fixed assets (Note III.17) .....	102,029	106,771	1,086
Software .....	-	72,765	740
Other intangible fixed assets .....	-	34,005	346
Reinsurance receivables .....	123	13,874	141
Other assets .....	546,964	355,473	3,618
Deferred tax assets (Note III.23) .....	163,962	642,595	6,541
Customers' liabilities for acceptances and guarantees .....	18,835	20,138	205
Reserve for possible loan losses (Note III.8).....	(12,351)	(10,921)	(111)
Reserve for possible investment losses (Note III.11) .....	(3,955)	-	-
Total assets .....	¥ 31,941,710	¥ 30,444,624	\$ 309,932
<b>(LIABILITIES)</b>			
Policy reserves and others .....	28,350,278	27,970,307	284,743
Reserves for outstanding claims (Note III.28).....	156,722	173,590	1,767
Policy reserves (Note III.16 and 28).....	27,840,017	27,449,059	279,436
Reserve for policyholder dividends (Note III.25).....	353,538	347,658	3,539
Reinsurance payables .....	546	587	5
Subordinated bonds (Note III.33) .....	50,080	49,102	499
Other liabilities (Note III.27 and 32) .....	1,103,766	1,187,288	12,086
Reserve for employees' retirement benefits (Note III.10).....	482,321	405,571	4,128
Reserve for retirement benefits of directors, executive officers and corporate auditors (Note III.18) .....	1,200	3,486	35
Reserve for possible reimbursement of prescribed claims (Note III.19) .....	1,000	1,000	10
Reserve for price fluctuations (Note III.12) .....	221,458	101,478	1,033
Deferred tax liabilities (Note III.23).....	204	197	2
Deferred tax liabilities for land revaluation (Note III.5).....	126,001	125,535	1,277
Acceptances and guarantees .....	18,835	20,138	205
Total liabilities .....	30,355,694	29,864,695	304,028
<b>(NET ASSETS)</b>			
Foundation funds (Note III.29) .....	120,000	120,000	1,221
Accumulated redeemed foundation funds (Note III.29) .....	300,000	300,000	3,054
Revaluation reserve .....	248	248	2
Consolidated surplus .....	269,339	265,787	2,705
Total of foundation funds and surplus .....	689,587	686,035	6,983
Net unrealized gains on securities, net of tax (Note III.23) .....	957,565	(47,349)	(482)
Deferred hedge gains (losses) (Note III.14) .....	-	(357)	(3)
Reserve for land revaluation (Note III.5) .....	(61,500)	(62,297)	(634)
Foreign currency translation adjustments .....	(553)	(2,514)	(25)
Total of valuation and translation adjustments .....	895,510	(112,519)	(1,145)
Minority interests .....	917	6,412	65
Total net assets .....	1,586,016	579,928	5,903
Total liabilities and net assets .....	¥ 31,941,710	¥ 30,444,624	\$ 309,932

See Notes to the Consolidated Financial Statements.

# Consolidated Statements of Earnings

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2008	2009	2009
ORDINARY REVENUES .....	¥ 4,552,457	¥ 5,225,262	\$ 53,194
Premium and other income .....	3,191,012	3,293,646	33,529
Investment income .....	1,025,747	1,178,070	11,992
Interest and dividends .....	831,362	740,859	7,542
Gains on trading account securities .....	-	1,484	15
Gains on sale of securities .....	150,226	382,856	3,897
Gains on redemption of securities .....	7,501	11,223	114
Derivative transaction gains .....	36,082	41,172	419
Other investment income .....	573	473	4
Other ordinary revenues .....	335,697	753,544	7,671
ORDINARY EXPENSES .....	4,359,577	5,161,911	52,549
Benefits and claims .....	2,648,792	2,763,750	28,135
Claims .....	869,063	934,443	9,512
Annuities .....	389,591	441,921	4,498
Benefits .....	522,169	505,717	5,148
Surrender values .....	699,992	670,297	6,823
Other refunds .....	167,976	211,369	2,151
Provision for policy reserves and others .....	250,749	27,761	282
Provision for reserves for outstanding claims .....	2,608	16,871	171
Provision for policy reserves .....	236,808	-	-
Provision for interest on policyholder dividends .....	11,333	10,890	110
Investment expenses .....	565,908	1,435,620	14,614
Interest expenses .....	10,176	9,402	95
Losses on trading account securities .....	187	-	-
Losses on money held in trust .....	7,534	6,891	70
Losses on sale of securities .....	148,349	504,847	5,139
Losses on valuation of securities .....	31,904	412,416	4,198
Losses on redemption of securities .....	520	2,240	22
Foreign exchange losses .....	80,603	91,473	931
Provision for reserve for possible loan losses .....	1,334	-	-
Provision for reserve for possible investment losses .....	3,868	-	-
Write-down of loans .....	689	905	9
Depreciation of rented real estate and others .....	15,273	15,110	153
Other investment expenses .....	28,732	41,793	425
Losses on investment in separate accounts .....	236,734	350,539	3,568
Operating expenses .....	450,412	465,112	4,734
Other ordinary expenses (Note IV.2) .....	443,714	469,665	4,781
NET SURPLUS FROM OPERATIONS .....	192,879	63,351	644
EXTRAORDINARY GAINS .....	4,431	122,424	1,246
Gains on disposal of fixed assets .....	651	897	9
Reversal of reserve for possible loan losses .....	-	1,102	11
Gains on collection of loans and claims written off .....	3,775	236	2
Reversal of reserve for price fluctuations .....	-	119,980	1,221
Gains on contribution of securities to retirement benefit trust .....	-	207	2
Other extraordinary gains .....	3	1	0
EXTRAORDINARY LOSSES .....	33,274	11,891	121
Losses on disposal of fixed assets .....	974	3,742	38
Impairment losses on fixed assets (Note IV.3) .....	3,476	3,002	30
One-time depreciation .....	11,350	-	-
Provision for reserve for retirement benefits of directors, executive officers and corporate auditors .....	-	2,712	27
Provision for reserve for possible reimbursement of prescribed claims .....	1,000	-	-
Provision for reserve for price fluctuations .....	14,005	-	-
Other extraordinary losses .....	2,468	2,433	24
Net surplus before adjustment for taxes, etc. ....	164,036	173,884	1,770
Corporate income taxes-current .....	122,658	1,204	12
Corporate income tax-deferred .....	(89,888)	88,235	898
Total of corporate income taxes (Note IV.1) .....	32,770	89,439	910
Minority interests in gain (loss) of subsidiaries .....	23	(2,368)	(24)
Net surplus for the year .....	¥ 131,242	¥ 86,813	\$ 883

See Notes to the Consolidated Financial Statements.

# Consolidated Statements of Changes in Net Assets

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)	(millions of US\$)
	Year ended March 31, 2009	Year ended March 31, 2009
Foundation funds and surplus		
Foundation funds		
Beginning balance as of March 31, 2008	¥ 120,000	\$ 1,221
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	120,000	1,221
Accumulated redeemed foundation funds		
Beginning balance as of March 31, 2008	300,000	3,054
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	300,000	3,054
Revaluation reserve		
Beginning balance as of March 31, 2008	248	2
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	248	2
Consolidated surplus		
Beginning balance as of March 31, 2008	269,339	2,741
Changes for the year		
Transfer to reserve for policyholder dividends	(89,227)	(908)
Interest payment for foundation funds	(2,328)	(23)
Net surplus for the year	86,813	883
Transfer from reserve for land revaluation	797	8
Decrease due to changes in the scope of consolidation (Note VI.1)	(904)	(9)
Changes by capital increase of consolidated subsidiaries	1,297	13
Changes for the year	(3,551)	(36)
Ending balance as of March 31, 2009	265,787	2,705
Total of foundation funds and surplus		
Beginning balance as of March 31, 2008	689,587	7,020
Changes for the year		
Transfer to reserve for policyholder dividends	(89,227)	(908)
Interest payment for foundation funds	(2,328)	(23)
Net surplus for the year	86,813	883
Transfer from reserve for land revaluation	797	8
Decrease due to changes in the scope of consolidation (Note VI.1)	(904)	(9)
Changes by capital increase of consolidated subsidiaries	1,297	13
Changes for the year	(3,551)	(36)
Ending balance as of March 31, 2009	686,035	6,983
Valuation and translation adjustments		
Net unrealized gains on securities, net of tax		
Beginning balance as of March 31, 2008	957,565	9,748
Changes for the year		
Net changes of items other than foundation funds and surplus	(1,004,914)	(10,230)
Changes for the year	(1,004,914)	(10,230)
Ending balance as of March 31, 2009	(47,349)	(482)
Deferred hedge gains / losses		
Beginning balance as of March 31, 2008	-	-
Changes for the year		
Net changes of items other than foundation funds and surplus	(357)	(3)
Changes for the year	(357)	(3)
Ending balance as of March 31, 2009	(357)	(3)
Reserve for land revaluation		
Beginning balance as of March 31, 2008	(61,500)	(626)
Changes for the year		
Net changes of items other than foundation funds and surplus	(797)	(8)
Changes for the year	(797)	(8)
Ending balance as of March 31, 2009	(62,297)	(634)
Foreign currency translation adjustments		
Beginning balance as of March 31, 2008	(553)	(5)
Changes for the year		
Net changes of items other than foundation funds and surplus	(1,961)	(19)
Changes for the year	(1,961)	(19)
Ending balance as of March 31, 2009	(2,514)	(25)
Total of valuation and translation adjustments		
Beginning balance as of March 31, 2008	895,510	9,116
Changes for the year		
Net changes of items other than foundation funds and surplus	(1,008,030)	(10,261)
Changes for the year	(1,008,030)	(10,261)
Ending balance as of March 31, 2009	(112,519)	(1,145)
Minority interests (Note VI.2)		
Beginning balance as of March 31, 2008	917	9
Changes for the year		
Net changes of items other than foundation funds and surplus	5,495	55
Changes for the year	5,495	55
Ending balance as of March 31, 2009	6,412	65
Total net assets		
Beginning balance as of March 31, 2008	1,586,016	16,145
Changes for the year		
Transfer to reserve for policyholder dividends	(89,227)	(908)
Interest payment for foundation funds	(2,328)	(23)
Net surplus for the year	86,813	883
Transfer from reserve for land revaluation	797	8
Decrease due to changes in the scope of consolidation (Note VI.1)	(904)	(9)
Changes by capital increase of consolidated subsidiaries	1,297	13
Net changes of items other than foundation funds and surplus	(1,002,535)	(10,205)
Changes for the year	(1,006,087)	(10,242)
Ending balance as of March 31, 2009	¥ 579,928	\$ 5,903

See Notes to the Consolidated Financial Statements.

	(millions of yen)
	Year ended March 31, 2008
Foundation funds and surplus	
Foundation funds	
Beginning balance as of March 31, 2007	¥140,000
Changes for the year	
Redemption of foundation funds	(20,000)
Changes for the year	(20,000)
Ending balance as of March 31, 2008	120,000
Accumulated redeemed foundation funds	
Beginning balance as of March 31, 2007	280,000
Changes for the year	
Transfer to accumulated redeemed foundation funds	20,000
Changes for the year	20,000
Ending balance as of March 31, 2008	300,000
Revaluation reserve	
Beginning balance as of March 31, 2007	248
Changes for the year	-
Ending balance as of March 31, 2008	248
Consolidated surplus	
Beginning balance as of March 31, 2007	273,483
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Transfer to accumulated redeemed foundation funds	(20,000)
Interest payment for foundation funds	(2,678)
Net surplus for the year	131,242
Transfer from reserve for land revaluation	1,460
Changes for the year	(4,144)
Ending balance as of March 31, 2008	269,339
Total of foundation funds and surplus	
Beginning balance as of March 31, 2007	693,732
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Interest payment for foundation funds	(2,678)
Net surplus for the year	131,242
Redemption of foundation funds	(20,000)
Transfer from reserve for land revaluation	1,460
Changes for the year	(4,144)
Ending balance as of March 31, 2008	689,587
Valuation and translation adjustments	
Net unrealized gains on securities, net of tax	
Beginning balance as of March 31, 2007	2,253,984
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,296,419)
Changes for the year	(1,296,419)
Ending balance as of March 31, 2008	957,565
Deferred hedge gains / losses	
Beginning balance as of March 31, 2007	(2)
Changes for the year	
Net changes of items other than foundation funds and surplus	2
Changes for the year	2
Ending balance as of March 31, 2008	-
Reserve for land revaluation	
Beginning balance as of March 31, 2007	(60,005)
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,495)
Changes for the year	(1,495)
Ending balance as of March 31, 2008	(61,500)
Foreign currency translation adjustments	
Beginning balance as of March 31, 2007	(141)
Changes for the year	
Net changes of items other than foundation funds and surplus	(412)
Changes for the year	(412)
Ending balance as of March 31, 2008	(553)
Total of valuation and translation adjustments	
Beginning balance as of March 31, 2007	2,193,835
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,298,324)
Changes for the year	(1,298,324)
Ending balance as of March 31, 2008	895,510
Minority interests	
Beginning balance as of March 31, 2007	1,001
Changes for the year	
Net changes of items other than foundation funds and surplus	(84)
Changes for the year	(84)
Ending balance as of March 31, 2008	917
Total net assets	
Beginning balance as of March 31, 2007	2,888,569
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Interest payment for foundation funds	(2,678)
Net surplus for the year	131,242
Redemption of foundation funds	(20,000)
Transfer from reserve for land revaluation	1,460
Net changes of items other than foundation funds and surplus	(1,298,408)
Changes for the year	(1,302,553)
Ending balance as of March 31, 2008	¥1,586,016

See Notes to the Consolidated Financial Statements.

# Consolidated Statements of Cash Flows

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2008	2009	2009
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net surplus before adjustment for taxes, etc. ....	¥164,036	¥173,884	\$1,770
Depreciation of rented real estate and others .....	15,273	15,110	153
Depreciation .....	30,187	30,437	309
One-time depreciation .....	11,350	-	-
Impairment losses on fixed assets .....	3,476	3,002	30
Gains on contribution of securities to retirement benefit trust .....	-	(207)	(2)
Increase (decrease) in reserves for outstanding claims .....	2,602	16,871	171
Increase (decrease) in policy reserves .....	236,808	(389,201)	(3,962)
Provision for interest on policyholder dividends .....	11,333	10,890	110
Increase (decrease) in reserve for possible loan losses .....	782	(1,399)	(14)
Increase (decrease) in reserve for possible investment losses .....	3,868	(3,955)	(40)
Gains on collection of loans and claims written off .....	(3,775)	(236)	(2)
Write-down of loans .....	689	905	9
Increase (decrease) in reserve for possible claims payment .....	(5,500)	-	-
Increase (decrease) in reserve for employees' retirement benefits .....	14,010	(76,719)	(781)
Contribution to retirement benefit trust .....	-	86,126	876
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors .....	(451)	2,308	23
Increase (decrease) in reserve for possible reimbursement of prescribed claims .....	1,000	-	-
Increase (decrease) in reserve for price fluctuations .....	14,005	(119,980)	(1,221)
Interest and dividends .....	(831,362)	(740,859)	(7,542)
Securities related losses (gains) .....	259,967	874,478	8,902
Interest expenses .....	10,176	9,402	95
Foreign exchange losses (gains) .....	80,603	91,473	931
Losses (gains) on disposal of fixed assets .....	322	2,845	28
Equity in income of affiliates .....	(4,189)	28,235	287
Decrease (increase) in trading account securities .....	(46,663)	(5,934)	(60)
Decrease (increase) in reinsurance receivables .....	0	(13,750)	(139)
Decrease (increase) in other assets .....	(76,866)	33,885	344
Increase (decrease) in reinsurance payables .....	(306)	40	0
Increase (decrease) in other liabilities .....	47,461	(37,974)	(386)
Others, net .....	77,754	5,646	57
Subtotal .....	16,595	(4,672)	(47)
Interest and dividends received .....	814,625	780,024	7,940
Interest paid .....	(10,228)	(9,426)	(95)
Policyholder dividends paid .....	(130,134)	(105,997)	(1,079)
Others, net .....	90,856	250,855	2,553
Corporate income taxes paid .....	(121,796)	(125,993)	(1,282)
Net cash flows provided by operating activities .....	659,917	784,789	7,989
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of monetary claims bought .....	(43,510)	(42,326)	(430)
Proceeds from sale and redemption of monetary claims bought .....	114,092	52,738	536
Purchases of money held in trust .....	(500)	(18,500)	(188)
Proceeds from decrease in money held in trust .....	-	5,160	52
Purchases of securities .....	(12,062,188)	(17,224,921)	(175,352)
Proceeds from sale and redemption of securities .....	11,005,229	15,948,309	162,356
Origination of loans .....	(798,658)	(585,667)	(5,962)
Proceeds from collection of loans .....	1,204,779	979,872	9,975
Others, net .....	(120,880)	(34,793)	(354)
II. ① Subtotal .....	(701,635)	(920,128)	(9,367)
[I. + II. ①] .....	[(41,718)]	[(135,338)]	[(1,377)]
Acquisition of tangible fixed assets .....	(105,914)	(29,128)	(296)
Proceeds from sale of tangible fixed assets .....	1,500	2,062	20
Acquisition of intangible fixed assets .....	(24,646)	(26,764)	(272)
Proceeds from sale of intangible fixed assets .....	-	11	0
Net cash flows used in investing activities .....	(830,696)	(973,947)	(9,914)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowing .....	7,000	183,000	1,862
Repayment of borrowings .....	(6,414)	(6)	(0)
Repayment of finance lease obligations .....	-	(48)	(0)
Redemption of foundation funds .....	(20,000)	-	-
Interest paid on foundation funds .....	(2,678)	(2,328)	(23)
Proceeds from stock issuance to minority shareholders .....	-	10,000	101
Others, net .....	84	(3)	(0)
Net cash flows provided by (used in) financing activities .....	(22,008)	190,614	1,940
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS .....	(515)	(1,632)	(16)
V. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....	(193,302)	(176)	(1)
VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR .....	673,372	479,951	4,885
VII. INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DUE TO CHANGES IN THE SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION .....	(118)	(6,799)	(69)
VIII. CASH AND CASH EQUIVALENTS AT END OF YEAR (Note V.1 and 2) .....	¥479,951	¥472,975	\$4,814

See Notes to the Consolidated Financial Statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## I. PRESENTATION OF FINANCIAL STATEMENTS

### 1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Mutual Life Insurance Company (the “Company” or the “Parent Company”) in accordance with the provisions set forth in the Japanese Insurance Business Law and in conformity with accounting principles and practices generally accepted in Japan, which differ in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

### 2. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥98.23 = US\$1.00. The translations should not be construed as representations that such yen amounts have been, or could in the future be, converted into U.S. dollars at that or any other rate.

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

### 4. U.S. dollar amounts of less than \$1 million have been omitted.

## II. GUIDELINES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. Scope of Consolidation

#### (1) Consolidated Subsidiaries

##### i) Number of consolidated subsidiaries in the fiscal year ended March 31, 2009: 3

The Dai-ichi Life Information Systems Co., Ltd.

Dai-ichi Frontier Life Insurance Co., Ltd.

Dai-ichi Life Insurance Company of Vietnam, Limited

- Dai-ichi Life International (Europe) Limited, Dai-ichi Seimei Card Service Ltd., Dai-ichi Life International (AsiaPacific) Limited, Dai-ichi Life International (U.S.A.), Inc., Dai-ichi Life Research Institute Inc., and The Dai-ichi Well Life Support Co., Ltd. become a non-consolidated subsidiaries for the fiscal year ended March 31, 2009 due to their immateriality in terms of quality and quantity.

- Dai-ichi Life International (H.K.) Limited changed its name to Dai-ichi Life International (AsiaPacific) Limited in September 2008.

- Dai-ichi Life International (U.K.) Limited changed its name to Dai-ichi Life International (Europe) Limited in September 2008.

##### ii) Number of consolidated subsidiaries in the fiscal year ended March 31, 2008: 9

Dai-ichi Life International (U.K.) Ltd.

Dai-ichi Seimei Card Service Ltd.

Dai-ichi Life International (H.K.) Ltd.

The Dai-ichi Life Information Systems Co., Ltd.

Dai-ichi Life International (U.S.A.), Inc.

Dai-ichi Life Research Institute Inc.

The Dai-ichi Well Life Support Co., Ltd.

Dai-ichi Frontier Life Insurance Co., Ltd.

Dai-ichi Life Insurance Company of Vietnam, Limited

- Dai-ichi Frontier Co., Ltd. changed its name to Dai-ichi Frontier Life Insurance Co., Ltd. in July 2007.
- CUBIC VENTURE CAPITAL Co., Ltd. was excluded from the scope of consolidation in February 2008 following a change in the composition of its shareholders.

#### (2) Number of non-consolidated subsidiaries in the fiscal year ended March 31, 2009: 14

Number of non-consolidated subsidiaries in the fiscal year ended March 31, 2008: 8

The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. Each of the non-consolidated subsidiaries is immaterial in terms of overall assets, revenues, net surplus, and surplus for the year.

#### (3) Special Purpose Entities subject to disclosure

##### i) Securitization of Foundation Funds and Subordinated Obligations

The Parent Company securitized foundation funds and subordinated obligations to broaden the range of investors and to secure a stable base for raising capital. For the securitization, the Parent Company utilized a Tokutei Mokuteki Kaisha (the “TMK”, specified purpose company) regulated by the Asset Liquidation Act. TMKs raise capital by issuing specified company bonds backed by assets transferred to the TMKs by contributors of foundation funds and subordinated loans. The Parent Company holds non-voting shares in Cayman-based special

purpose companies (the “SPC”), which in turn hold specified shares in TMKs. The Parent Company recognized future possible losses for those non-voting shares in its financial statements by writing them down appropriately, taking the TMKs’ financial situation into account, in accordance with the “Accounting Standard for Financial Instruments” issued on March 10, 2008. The Parent Company has implemented four capital raisings through securitization by March 31, 2009. The number of TMKs which are still engaged in transactions with the Parent Company at the end of the fiscal year ended March 31, 2009 became three, as one of the companies completed its liquidation on October 15, 2008.

The total of assets of these companies at the end of their latest two consecutive fiscal years (September 30, 2008 and September 30, 2007) were ¥151,400 million (US\$1,541 million) and ¥151,706 million, respectively. The total of liabilities at the end of their latest two consecutive fiscal years (September 30, 2008 and September 30, 2007) were ¥150,397 million (US\$1,531 million) and ¥150,397 million, respectively. The Parent Company held no ordinary shares in those three companies and none of the three companies had directors, officers, or employees transferred from the Parent Company.

The amounts involved in the principal transactions between the Parent Company and the TMKs were as follows:

	Amounts as of March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
Foundation funds obligation .....	¥ 120,000	¥ 120,000	\$ 1,221
Subordinated obligation .....	30,000	30,000	305
Undrawn commitment line balance related to loans .....	2,107	2,107	21

	Year ended March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
Interests for foundation funds.....	¥ 2,678	¥ 2,328	\$ 23
Interest Expenses .....	619	616	6

#### ii) Investment in Securitized Real Estate

To diversify investments in real estates and stabilize its investment returns, the Parent Company had an exposure to investment projects to securitize real estate. The Parent Company had three special purpose companies (the “SPCs”) to be disclosed as of March 31, 2009 and one SPC as of March 31, 2008, and the Parent Company invested in the SPC under an anonymous association contract based on the Commercial Code. The investment in the anonymous association contract was fairly accounted for based on the fair value of real estate owned by the SPCs in accordance with the “Accounting Standards for Financial Instruments” issued on March 10, 2008. The Parent Company anticipates no obligation in the future to cover possible losses of the SPC. Even if the fair value of the real estates declines, the loss of the Parent Company is limited to the amount of investment in the anonymous association contract. The total of assets and liabilities of the SPC(s) at the end of their fiscal year 2008 (December 31, 2008 and January 31, 2009) amounted to ¥143,015 million (US\$1,455 million) and ¥95,685 million (US\$974 million), respectively. The total assets and liabilities of the Company’s SPC at the end of its fiscal year 2007 (January 31, 2008) amounted to ¥119,682 million and ¥75,864 million, respectively. As of March 31, 2009 and 2008, the Parent Company had no management authority in the SPC and the SPC had no directors, officers, and employees transferred from the Parent Company.

The amounts involved in transactions between the Parent Company and the SPC were as follows:

	Amounts as of March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
Investment in anonymous association .....	¥ 25,195	¥ 30,430	\$ 309
Preferred investments .....	-	¥ 3,000	\$ 30

	Years ended March 31		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
Dividends .....	¥ 2,002	¥ 2,183	\$ 22
Dividends .....	-	¥ 91	\$ 0

## 2. Application of the Equity Method

- (1) Number of non-consolidated subsidiaries accounted for under the equity method in the fiscal years ended March 31, 2009 and 2008: 0

- (2) Affiliated companies accounted for under the equity method
- i) Number of affiliated companies accounted for under the equity method for the fiscal year ended March 31, 2009: 32
- DIAM Co., Ltd.  
 DIAM U.S.A., Inc.  
 DIAM International Ltd  
 DIAM SINGAPORE PTE. LTD.  
 DIAM Asset Management (HK) Limited  
 Mizuho-DL Financial Technology Co., Ltd.  
 Japan Real Estate Asset Management Co., Ltd.  
 Trust & Custody Services Bank Ltd.  
 Corporate-pension Business Service Co., Ltd.  
 Japan Excellent Asset Management Co., Ltd.  
 NEOSTELLA CAPITAL CO., LTD.  
 Ocean Life Insurance Co., Ltd.  
 Tower Australia Group Limited  
 Star Union Dai-ichi Life Insurance Company Limited
- DIAM SINGAPORE PTE. LTD. became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, due to its establishment in April 2008 by DIAM Co., Ltd., an affiliated company of the Parent Company.
  - Ocean Life Insurance Co., Ltd. became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, due to the Parent Company's acquisition of its shares in July 2008 and subscription of its capital increase in October 2008.
  - Tower Australia Group Limited became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, due to the Parent Company's acquisition of its shares in October 2008. Also, 18 subsidiaries and affiliates of Tower Australia Group Limited became accounted for under the equity method effective the fiscal year ended March 31, 2009.
  - DIAM International Fund Management (Jersey) Ltd. completed its liquidation process in December 2008 and ceased to be an affiliated company of the Parent Company.
  - Star Union Dai-ichi Life Insurance Company Limited became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, as it started operations as a life insurance company in February 2009.
  - DIAM Asset Management (HK) Limited became an affiliated company accounted for under the equity method, effective the fiscal year ended March 31, 2009, due to its establishment in March 2009 by DIAM Co., Ltd., an affiliated company of the Parent Company.
- ii) Number of affiliated companies accounted for under the equity method in the fiscal year ended March 31, 2008: 10
- DIAM Co., Ltd.  
 DIAM U.S.A., Inc.  
 DIAM International Ltd.  
 DIAM International Fund Management (Jersey) Ltd.  
 Mizuho-DL Financial Technology Co., Ltd.  
 Japan Real Estate Asset Management Co., Ltd.  
 Trust & Custody Services Bank Ltd.  
 Corporate-pension Business Service Co., Ltd.  
 Japan Excellent Asset Management Co., Ltd.  
 NEOSTELLA CAPITAL CO., LTD.
- DIAM International Fund Management (Jersey) Ltd. became an affiliated company in April 2007.
  - Polaris Principal Finance Co., Ltd. became a non-affiliated company in June 2007 following a share transfer by the Parent Company.
  - DLIBJ Asset Management Co., Ltd., DLIBJ Asset Management (U.S.A.), Inc. and DLIBJ Asset Management International Ltd. changed their names to DIAM Co., Ltd., DIAM U.S.A., Inc. and DIAM International Ltd., respectively, in January 2008.
  - CUBIC VENTURE CAPITAL Co., Ltd. changed its name to NEOSTELLA CAPITAL CO., LTD. and became an affiliated company in February 2008.
- (3) The non-consolidated subsidiaries (Dai-ichi Seimei Sogo Service K.K., Dai-ichi Seimei Human Net K.K., and Dai-ichi Seimei Business Service K.K. and others), as well as affiliated companies (DSC No. 2 Investment Partnership, DSC No. 3 Investment Partnership, CVC No. 1 Investment Limited Partnership, CVC No. 2 Investment Limited Partnership, O.M. Building Management Co., Ltd., and others) were not accounted for under the equity method. In addition, NEOSTELLA No.1 Investment Limited Partnership, an affiliated company of the Parent Company, was not accounted for under the equity method in the fiscal year ended March 31, 2009. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of the net surplus for the year and the surplus at year end.



3. **Fiscal Year Ends of Consolidated Subsidiaries**  
The closing date of domestic consolidated subsidiaries is March 31, whereas that of foreign consolidated subsidiaries is December 31. Financial information as of those closing dates is used to prepare the consolidated financial statements, although the necessary adjustments are made when significant transactions take place between the account closing date of an individual subsidiary and that of the consolidated financial statements.
4. **Assets and Liabilities of Consolidated Subsidiaries**  
Assets and liabilities of consolidated subsidiaries were recorded at fair value at the acquisition date.
5. **Amortization of Goodwill on Consolidation**  
Goodwill on consolidation which is immaterial is charged to operations as incurred.

### III. NOTES TO CONSOLIDATED BALANCE SHEETS

1. **Valuation Methods of Securities**  
The valuation of securities of the Parent Company and its consolidated subsidiaries, including cash and deposits, and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, is carried out as explained below:
  - (1) **Trading Securities**  
Trading securities are carried at fair value with cost determined by the moving average method.
  - (2) **Held-to-maturity Securities**  
Held-to-maturity debt securities are stated at amortized cost determined by the moving average method.
  - (3) **Policy-reserve-matching Bonds in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry"** issued by the Japanese Institute of Certified Public Accountants (JICPA)  
Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.
  - (4) **Stocks of Non-consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method**  
Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are stated at cost determined by the moving average method.
  - (5) **Available-for-sale Securities**
    - i. **Available-for-sale Securities with Market Value**  
Available-for-sale securities which have market value are valued at market value at the end of the fiscal year (for domestic stocks, the average value during March), with cost determined by the moving average method.
    - ii. **Available-for-sale Securities without Market Value**
      - a. **Government/Corporate bonds (including Foreign Bonds), Whose Premium or Discount Represents the Interest Adjustment,**  
Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment, are valued at the amortized cost, determined by the moving average method.
      - b. **Others**  
All others are valued at cost using the moving average method.  
Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the consolidated statements of earnings.  
The amortization of premiums or discounts is calculated by the straight-line method.
2. **Trading Account Securities**  
Trading account securities are reported at fair value using the moving average method.
3. **Policy-reserve-matching Bonds**  
The book value, market value, and risk management policy regarding policy-reserve-matching bonds are as follows:
  - (1) **Book Value and Market Value**  
The book value of policy-reserve-matching bonds as of March 31, 2009 and 2008 were ¥5,161,684 million (US\$52,546 million) and ¥4,927,142 million, respectively. The market values of these bonds as of March 31, 2009 and 2008 were ¥5,391,451 million (US\$54,885 million) and ¥5,078,369 million, respectively.
  - (2) **Risk Management Policy**  
The Parent 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 sub-groups. Moreover, it periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:
    - i. individual life insurance and annuities
    - ii. financial insurance and annuities, and
    - iii. employee-funded corporate pension contracts.

## (3) Integration of Sub-groups

The Parent Company previously classified individual life insurance and annuities into sub-groups by durations of individual life insurance and annuities. However, effective the fiscal year ended March 31, 2009, the Company integrated the sub-groups into a single group to control the duration of individual life insurance and annuities in the aggregate and to facilitate more sophisticated ALM. This change did not have any impact on profits and losses of the Company.

## 4. Valuation Methods of Derivative Transactions

Derivative transactions are reported at fair value.

## 5. Revaluation of Land

Based on the “Law for Revaluation of Land” (Publicly Issued Law 34, March 31, 1998), the Parent Company revalued land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land

The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.

## 6. Depreciation of Tangible Fixed Assets

## (1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

## i. Buildings (excluding leasehold improvements and structures)

- a. Acquired on or before March 31, 2007  
Calculated by the previous straight-line method.
- b. Acquired on or after April 1, 2007  
Calculated by the straight-line method.

## ii. Assets other than buildings

- a. Acquired on or before March 31, 2007  
Calculated by the previous declining balance method.
- b. Acquired on or after April 1, 2007  
Calculated by the declining balance method.

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

With the revision of the corporate income tax law, the depreciation of tangible fixed assets acquired on or after April 1, 2007 is computed using the straight-line method and the declining balance method stipulated in the revised law. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥323 million for the fiscal year ended March 31, 2008.

With respect to tangible fixed assets that were acquired on or before March 31, 2007 and that were depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the salvage values were depreciated in the five years following the fiscal year end when such assets were depreciated to their final depreciable limit. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥714 million for the fiscal year ended March 31, 2008.

Taking into account the decision made in December 2007 on the restructuring and transfer of the Oi head office, and the expected decline in the future value of related buildings and other assets arising from that decision, one-time depreciation was recognized for those assets in the fiscal year ended March 31, 2008. This one-time depreciation was calculated on the assumption that the estimated useful lives of the assets concluded at the end of the fiscal year ended March 31, 2008, after depreciation by the method stated above was recognized until the fiscal year end. This cost was recorded as a one-time depreciation in extraordinary losses. As a result, extraordinary losses for the fiscal year ended March 31, 2008 increased by ¥11,350 million and net surplus before adjustment for taxes, etc. for the fiscal year ended March 31, 2008 decreased by ¥11,350 million.

Depreciation of tangible fixed assets owned by consolidated subsidiaries in Japan is principally calculated by the declining balance method, while the straight-line method is principally used to compute depreciation for such assets of consolidated overseas subsidiaries.

## (2) Depreciation of Leased Assets

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

## (3) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2009 and 2008 was ¥625,063 million (US\$6,363 million) and ¥605,510 million, respectively.

## 7. Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

The Parent Company translated foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rate at the end of the fiscal year. Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are translated into yen at the exchange rate on the date of acquisition.

Assets, liabilities, revenues, and expenses of its consolidated overseas subsidiaries are translated to yen at the exchange rate at the end of their fiscal year. Translation adjustments associated with the consolidated overseas subsidiaries are included in "Foreign currency translation adjustments" in the "Net assets" section of the balance sheet.

## 8. Reserve for Possible Loan Losses

The reserve for possible loan losses is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, "bankrupt obligors") and loans to and claims on obligors that have suffered substantial business failure (hereafter, "substantially bankrupt obligors"), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, "obligors at risk of bankruptcy"), the reserve is calculated by deducting the estimated recoverable amount, determined based on an overall assessment of the obligor's ability to pay and collateral or guarantees, from the book value of the loans and claims.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in the Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the fiscal years ended March 31, 2009 and 2008 were ¥4,145 million (US\$42 million) and ¥4,125 million, respectively.

## 9. Accounting of Beneficial Interests in Securitized Mortgage Loans

As of March 31, 2009 and 2008, the trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Parent Company in August 2000, amounted to ¥25,562 million (US\$260 million) and ¥25,805 million, respectively, and are included as loans in the consolidated balance sheets. The reserve for possible loan losses for these particular beneficial interests is calculated based on the balance of the underlying loans. The balances of the underlying loans in the trust as of March 31, 2009 and 2008 were ¥62,703 million (US\$638 million) and ¥73,671 million, respectively.

## 10. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Council) is provided.

The funding status of employees' retirement benefits of the Parent Company and its consolidated subsidiaries were as follows:

(1) Funding status of employees' retirement benefits of the Parent Company and its consolidated subsidiaries:

	As of March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
a. Projected benefit obligations.....	¥ (633,087)	¥ (634,578)	\$ (6,460)
b. Pension assets .....	105,179	186,362	1,897
Retirement benefit trust .....		88,607	902
(included in the above pension assets)			
c. Unfunded benefit obligations (a + b) .....	(527,908)	(448,215)	(4,562)
d. Unrecognized actuarial differences.....	61,715	53,396	543
e. Unrecognized gains on plan amendments.....	(16,128)	(10,752)	(109)
f. Net amount recognized on the consolidated balance sheets (c + d + e) .....	(482,321)	(405,571)	(4,128)
g. Prepaid pension expenses.....	-	-	-
h. Reserve for employees' retirement benefits (f - g) .....	¥ (482,321)	¥ (405,571)	\$ (4,128)

Certain consolidated subsidiaries applied the simplified method in calculating their projected benefit obligations.

## (2) Assumptions

## i) Assumptions used as of March 31, 2009:

- Method of periodic allocation of benefit obligations: straight-line method
- Discount rate: 1.7% to 1.8% per annum
- Estimated return on investment:
  - a. Defined benefit corporate pension 1.7% per annum
  - b. Tax qualified pension plan 1.0% per annum
  - c. Retirement benefit trust 0.0% per annum
- Amortization period for actuarial differences: 3 to 7 years starting from the following fiscal year
- Amortization period for gains on plan amendments: 3 to 7 years

## ii) Assumptions used as of March 31, 2008:

- Method of periodic allocation of benefit obligations: straight-line method
- Discount rate: 1.7% to 1.8% per annum
- Estimated return on investment: 1.0% to 1.7% per annum
- Amortization period for actuarial differences: 3 to 7 years starting from the following fiscal year
- Amortization period for gains on plan amendments: 3 to 7 years

## 11. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of the Company is established for securities with no market value. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

## 12. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities at the end of the fiscal year in accordance with the provisions of Article 115 of the Insurance Business Law.

## 13. Lease Transactions

Finance leases, other than those whose ownership transfers to the lessees, have previously been accounted for in the same manner applicable to ordinary operating leases. However, effective the fiscal year ended March 31, 2009, they are accounted for in the same manner applicable to purchases and reported as leased assets except small transactions by adopting the “Accounting Standard for Lease Transactions” issued on March 30, 2007 by the Accounting Standards Board of Japan (ASBJ) and the “Implementation Guidance on the Accounting Standard for Lease Transactions” issued on March 30, 2007 by the ASBJ.

Finance leases, other than those whose ownership transfers to the lessees and which commenced before April 1, 2008, are accounted for in the same manner applicable to ordinary operating leases.

As a result, leased assets increased by ¥247 million (US\$2 million) and lease liabilities increased by ¥247 million (US\$2 million) for the fiscal year ended March 31, 2009. This change did not have any impact on net surplus from operations and net surplus before adjustment for taxes, etc. for the fiscal year.

## 14. Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” issued on March 10, 2008 by the Accounting Standards Board of Japan. Primarily, special hedge accounting for interest swaps and the deferral hedge method are used for cash flow hedges of certain ordinary loans, government and corporate bonds, and debt and bonds payable; the currency allotment method is used for cash flow hedges by foreign currency swaps and foreign currency forward contracts against exchange rate fluctuations in certain foreign currency-denominated loans and term deposits, and the fair value hedge method is used for hedges by currency options and foreign currency forward contracts against exchange rate fluctuations in the value of certain foreign currency-denominated securities. Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

## 15. Calculation of National and Local Consumption Tax

National and local consumption tax was accounted for under the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

## 16. Policy Reserves

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

- (1) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
- (2) Reserves for other policies are established based on the net level premium method.

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996, premium payments for which were already completed (including lump-sum payments), additional policy

reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Law and will be provided evenly in the following years. As a result, provision for policy reserves for the fiscal year ended March 31, 2009 was ¥104,241 million (US\$1,061 million).

The Parent Company formerly intended to provide the additional policy reserve evenly over five years (until the fiscal year ending March 31, 2012). As a result, the provision for policy reserve increased by ¥186,139 million and the net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥186,139 million in the fiscal year ended March 31, 2008.

However, effective the fiscal year ended March 31, 2009, the Parent Company changed the provision period to nine years (until the fiscal year ending March 31, 2016). As a result, in the fiscal year ended March 31, 2009, reversal of provision for policy reserves increased by ¥41,633 million (US\$423 million) and net surplus from operations and net surplus before adjustment for taxes, etc. increased by ¥41,633 million (US\$423 million).

#### 17. Amortization of Intangible Fixed Assets

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

#### 18. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

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

Actual corporate-pension payments to directors, executive officers, and corporate auditors who retired before the approval of the 105th general meeting of representative policyholders were recognized until the fiscal year ended March 31, 2008 as expenses when they were paid. However, effective the fiscal year ended March 31, 2009, reserve for retirement benefit of directors, executive officers, and corporate auditors is calculated by adding items (1) and (2) above and the amount of payments for the fiscal year ended March 31, 2009 was reported as an extraordinary loss. As a result of this change, extraordinary losses increased by ¥2,712 million (US\$27 million) and net surplus before adjustment for taxes, etc. decreased by ¥2,712 million (US\$27 million) for the fiscal year ended March 31, 2009.

For the reserve for retirement benefits of directors, executive officers, and corporate auditors of some of the consolidated subsidiaries, an amount considered to have been rationally incurred is provided for the fiscal year ended March 31, 2009.

#### 19. Reserve for Possible Reimbursement of Prescribed Claims

Until the fiscal year ended March 31, 2007, losses resulting from the reimbursement of claims for which prescription periods had run out in the previous years were recognized as expenses when the reimbursement was made. Effective the fiscal year ended March 31, 2008, in accordance with Auditing and Assurance Practice Committee report No.42 "Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits" issued by the Japanese Institute of Certified Public Accountants (JICPA), a reserve for possible reimbursement of prescribed claims is established, which is estimated based on past reimbursement experiences. As a result, net surplus from operations increased by ¥1,000 million and net surplus before adjustment for taxes, etc. decreased by ¥1,000 million for the fiscal year ended March 31, 2008.

#### 20. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheets. The total balance of securities lent as of March 31, 2009 and 2008 was ¥475,988 million (US\$4,845 million) and ¥674,569 million, respectively.

#### 21. Problem Loans

As of March 31, 2009 and 2008, the total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, were ¥19,670 million (US\$200 million) and ¥28,947 million, respectively. The amount of credits to bankrupt borrowers was ¥5,493 million (US\$55 million), the amount of delinquent loans was ¥11,648 million (US\$118 million), the Parent Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥2,528 million (US\$25 million) as of March 31, 2009. The amounts of loans in each category as of March 31, 2008 were ¥5,813 million, ¥20,288 million, ¥1,682 million and ¥1,162 million, respectively.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. Accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three

months or more under the terms of loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in 8. above, credits to bankrupt borrowers and delinquent loans decreased by ¥976 million (US\$9 million) and ¥3,169 million (US\$32 million), respectively, in the fiscal year ended March 31, 2009, and ¥1,246 million and ¥2,879 million, respectively, in the fiscal year ended March 31, 2008.

## 22. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Law as of March 31, 2009 and 2008 were ¥1,542,048 million (US\$15,698 million) and ¥1,577,303 million, respectively. Separate account liabilities were the same amount as separate account assets.

## 23. Application of Deferred Tax Accounting

Total deferred tax assets as of March 31, 2009 and 2008 were ¥738,263 million (US\$7,515 million) and ¥760,960 million, respectively. Total deferred tax liabilities as of March 31, 2009 and 2008 were ¥27,308 million (US\$278 million) and ¥574,968 million, respectively. As of March 31, 2009 and 2008, the valuation allowance for deferred tax assets amounted to ¥68,557 million (US\$697 million) and ¥22,234 million, respectively.

Major components of deferred tax assets as of March 31, 2009 were as follows:

	As of March 31,	
	2009	2009
	(millions of yen)	(millions of US\$)
Insurance policy reserve .....	¥ 317,563	\$ 3,232
Reserve for employees' retirement benefits .....	177,561	1,807
Tax losses carried forward .....	84,445	859
Losses on valuation of securities .....	68,895	701

Major components of deferred tax assets as of March 31, 2008 were as follows:

	As of March 31,	
	2008	
	(millions of yen)	
Insurance policy reserve .....	¥ 456,393	
Reserve for employees' retirement benefits .....	174,178	
Reserve for price fluctuations .....	79,902	
Losses on valuation of securities .....	14,561	

Major components of deferred tax liabilities as of March 31, 2009 were as follows:

	As of March 31,	
	2009	2009
	(millions of yen)	(millions of US\$)
Dividend receivables from stocks .....	¥ 10,248	\$ 104
Reserve for tax basis adjustments of real estate .....	9,233	93
Gains on contribution of securities to retirement benefit trust .....	5,348	54

A major component of deferred tax liabilities as of March 31, 2008 was as follows:

	As of March 31, 2008	
	(millions of yen)	
Net unrealized gains on securities .....	¥ 549,290	

Deferred tax liabilities and deferred tax assets are offset and presented as deferred tax assets.

The statutory tax rate during the fiscal years ended March 31, 2009 and 2008 was 36.08% and 36.08%, respectively. The principal reason for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes was (1) the impact of the reserve for policyholder dividends, the effect of which for the fiscal year ended March 31, 2009 and 2008 was to reduce the tax rate by 13.48% and 19.62%, respectively, and (2) the impact of the valuation allowance, the effect of which for the fiscal year ended March 31, 2009 was to increase the tax rate by 26.63%.

#### 24. Leased Computers

In addition to fixed assets included in the consolidated balance sheets, the Parent Company and its consolidated subsidiaries have computers as significant leased fixed assets. They have no material leased intangible assets.

#### 25. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
Balance at end of previous fiscal year .....	¥ 358,170	¥ 353,538	\$ 3,599
Transfer from surplus in previous fiscal year .....	114,169	89,227	908
Dividends paid in fiscal year .....	(130,134)	(105,997)	(1,079)
Interest accrual in fiscal year .....	11,333	10,890	110
Balance at the end of fiscal year .....	¥ 353,538	¥ 347,658	\$ 3,539

#### 26. Stocks of Subsidiaries

The amounts of stocks of non-consolidated subsidiaries and affiliated companies the Parent Company held as of March 31, 2009 and 2008 were ¥55,248 million (US\$562 million) and ¥30,332 million, respectively.

#### 27. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were ¥502,419 million (US\$5,114 million) and ¥86 million (US\$0 million), respectively, as of March 31, 2009, and ¥566,113 million and ¥86 million, respectively, as of March 31, 2008.

Secured liabilities as of March 31, 2009 and 2008 totaled ¥484,576 million (US\$4,933 million) and ¥537,111 million, respectively. Among the amounts, securities and cash collateral for securities lending transactions as of March 31, 2009 were ¥475,736 million (US\$4,843 million) and ¥484,550 million (US\$4,932 million), respectively, and those as of March 31, 2008 were ¥532,191 million and ¥537,079 million, respectively.

#### 28. Reinsurance

As of March 31, 2009, reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Law, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter "reserves for outstanding claims reinsured") was ¥49 million (US\$0 million). That of March 31, 2008 was not provided.

As of March 31, 2009 and 2008, the amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter "policy reserves reinsured") was ¥ 6,169 million (US\$62 million) and ¥0 million, respectively.

#### 29. Redemption of Foundation Funds and Provision for Accumulated Redeemed Foundation Funds

In the fiscal years ended March 31, 2008, due to the redemption of foundation funds of ¥20,000 million, the Parent Company provided the same amount as accumulated redeemed foundation funds, in accordance with Article 56 of the Insurance Business Law.

#### 30. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2009 and 2008, the market value of the securities borrowed which are not sold or pledged was ¥13,830 million (US\$140 million) and ¥44,217 million, respectively, among both of which no securities are pledged as collateral.

#### 31. Commitment Line

As of March 31, 2009 and 2008, there were unused commitment line agreements under which the Company is the lender of ¥12,507 million (US\$127 million) and ¥27,432 million, respectively.

#### 32. Subordinated Debt

As of March 31, 2009 and 2008, other liabilities included subordinated debt of ¥313,000 million (US\$3,186 million) and ¥130,000 million, respectively, the repayment of which is subordinated to other obligations.

#### 33. Subordinated Bonds

Subordinated bonds of ¥49,102 million and ¥50,080 million shown in liabilities as of March 31, 2009 and 2008 were foreign currency-denominated subordinated bonds of US\$499 million, the repayment of which is subordinated to other obligations.

#### 34. Assets Denominated in Foreign Currencies

Assets of the Parent Company denominated in foreign currencies as of March 31, 2009 and 2008 totaled ¥4,725,208 million (US\$48,103 million) and ¥5,348,506 million, respectively. The principal foreign currency asset amounts as of March 31, 2009 and 2008 were US\$25,981 million and €12,970 million, and US\$26,815 million and €11,871 million, respectively.

35. **Obligations to the Life Insurance Policyholders Protection Corporation of Japan**  
The estimated future obligations of the Parent Company and its subsidiaries that run a life insurance business in Japan as of March 31, 2009 and 2008 to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law were ¥61,957 million (US\$630 million) and ¥63,675 million, respectively. These obligations will be recognized as operating expenses in the years in which they are paid.
36. **Changes in Presentation of Tangible Fixed Assets and Intangible Fixed Assets**  
Effective the fiscal year ended March 31, 2009, in accordance with the revised format attached to the Enforcement Regulation of the Insurance Business Law (Article 55 of the Cabinet Office Ordinance, September 19, 2008), the Company made changes in presentation as follows:
- (1) The former aggregated “tangible fixed assets” was divided into four sub-categories under the “tangible fixed assets” account, titled as “land”, “buildings”, “construction in progress” and “other tangible fixed assets” respectively, for the fiscal year ended March 31, 2009.
  - (2) The former aggregated “intangible fixed assets” was broken down into two sub-categories, “software” and “other intangible fixed assets”, under the “intangible fixed assets” account for the fiscal year ended March 31, 2009.

#### IV. NOTES TO CONSOLIDATED STATEMENTS OF EARNINGS

1. **Total of Corporate Income Taxes**  
Effective the fiscal year ended March 31, 2009, in accordance with the revised format attached to the Enforcement Regulation of the Insurance Business Law (Article 25 of the Cabinet Office Ordinance, April 17, 2009), the Company presented corporate income taxes, resident taxes, and taxes deferred, collectively as “total of corporate income taxes.”
2. **Retirement Benefit Expenses**  
Retirement benefit expenses of the Parent Company and its consolidated subsidiaries for the fiscal years ended March 31, 2009 and 2008 were ¥46,489 million (US\$473 million) and ¥49,649 million, respectively, and consisted of the following:

	Year ended March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
Service cost .....	¥ 24,489	¥ 24,437	\$ 248
Interest cost .....	10,698	10,764	109
Estimated investment income .....	(1,831)	(1,781)	(18)
Amortization of unrecognized actuarial differences .....	21,669	18,444	187
Amortization of unrecognized gains on plan amendments .....	(5,376)	(5,376)	(54)
Retirement benefit expenses .....	¥ 49,649	¥ 46,489	\$ 473

3. **Impairment Losses on Fixed Assets**  
Details of impairment losses on fixed assets for the fiscal year ended March 31, 2009 and 2008 were as follows:
- (1) **Method of Grouping Assets**  
Real estate and other assets used for insurance business purposes are recognized as one asset group. Each property for rent and property not in use, which is not used for insurance business purposes, is deemed to be an independent asset group.
  - (2) **Background for Recognition of Impairment Losses**  
As a result of significant declines in profitability or market value in some asset groups, the Company wrote down the book value of these assets to the recoverable value, and reported the reduced amount as impairment losses in extraordinary losses.
  - (3) **Breakdown of Impairment Losses**  
Impairment losses by asset group for the fiscal year ended March 31, 2009 were as follows:

Asset Group	Number	Impairment Losses			Impairment Losses		
		(millions of yen)			(millions of US\$)		
		Land	Buildings	Total	Land	Buildings	Total
Real estate for rent	2	¥ 354	¥ 227	¥ 582	\$ 3	\$ 2	\$ 5
Real estate not in use	26	616	1,803	2,420	6	18	24
Total	28	¥ 971	¥ 2,031	¥ 3,002	\$ 9	\$ 20	\$ 30



Impairment losses by asset group for the fiscal year ended March 31, 2008 were as follows:

Asset Group	Number	Impairment Losses			Total
		Land	Land Leasing Rights	Buildings	
		(millions of yen)			
Real estate for rent	4	¥ 174	¥ 437	¥ 835	¥ 1,447
Real estate not in use	29	1,739	-	290	2,029
<b>Total</b>	<b>33</b>	<b>¥ 1,913</b>	<b>¥ 437</b>	<b>¥ 1,125</b>	<b>¥ 3,476</b>

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. Discount rates of 3.13% and 3.18% for the fiscal years ended March 31, 2009 and 2008, respectively, were applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value is used as the net sale value.

## V. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows consist of the following items contained in the consolidated balance sheets: cash and deposits, call loans, commercial paper included in monetary claims bought, money market fund included in securities, and overdrafts included in other liabilities.

2. Reconciliations of Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to balance sheet accounts as of March 31, 2009 and 2008 were as follows:

	As of March 31		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
a. Cash and cash deposits .....	¥ 208,107	¥ 245,895	\$ 2,503
b. Call loans .....	226,860	206,580	2,103
c. Commercial paper included in monetary claims bought .....	44,983	19,999	203
d. Monetary market fund included in securities .....	-	500	5
<b>Cash and cash equivalents (a. + b. + c. + d.) .....</b>	<b>¥ 479,951</b>	<b>¥ 472,975</b>	<b>\$ 4,814</b>

## VI. NOTES TO CONSOLIDATED STATEMENTS OF CHANGE IN NET ASSETS

1. Change in the Scope of Consolidation

The Parent Company changed its scope of consolidation for its consolidated statement of change in net assets during the fiscal year ended March 31, 2009. As a result, consolidation surplus decreased by ¥904 million (US\$9 million).

2. Minority Interests

The increase in minority interests in consolidated subsidiaries of the Parent Company during the fiscal year ended March 31, 2009 is due to the increase in their capital stock by ¥8,702 million (US\$88 million).



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## Report of Independent Auditors

Mr. Katsutoshi Saito  
President  
The Dai-ichi Mutual Life Insurance Company

We have audited the accompanying consolidated balance sheets of The Dai-ichi Mutual Life Insurance Company and consolidated subsidiaries as of March 31, 2008 and 2009, and the related consolidated statements of earnings, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Dai-ichi Mutual Life Insurance Company and consolidated subsidiaries at March 31, 2008 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.2.

*Ernst & Young ShinNihon LLC*

June 23, 2009

## Non-Consolidated Balance Sheets

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)		(millions of US\$)
	As of March 31,		
	2008	2009	2009
<b>(ASSETS)</b>			
Cash and deposits .....	¥ 177,816	¥ 222,407	\$ 2,264
Cash .....	1,196	1,019	10
Bank deposits (Note II.28) .....	176,619	221,388	2,253
Call loans .....	206,300	171,100	1,741
Deposit paid for securities borrowing transactions .....	47,273	14,954	152
Monetary claims bought .....	316,767	281,371	2,864
Trading account securities (Note II.1 and 2) .....	46,663	52,597	535
Money held in trust .....	25,223	13,265	135
Securities (Note II.1, 3, 20, 27 and 28) .....	24,317,141	22,667,846	230,762
Government bonds .....	9,260,744	10,147,344	103,301
Local government bonds .....	452,300	343,529	3,497
Corporate bonds .....	2,831,143	2,462,903	25,072
Stocks .....	4,939,522	3,139,601	31,961
Foreign securities .....	6,327,686	6,220,487	63,325
Other securities .....	505,745	353,980	3,603
Loans (Note II.21 and 33) .....	4,647,199	4,248,438	43,249
Policy loans .....	629,534	604,706	6,156
Ordinary loans .....	4,017,665	3,643,732	37,093
Ordinary loans .....	3,991,859	3,618,169	36,833
Trust loans (Note II.9) .....	25,805	25,562	260
Tangible fixed assets (Note II.6) .....	1,238,793	1,239,487	12,618
Land (Note II.5) .....	807,248	814,730	8,294
Buildings .....	424,341	417,454	4,249
Leased assets (Note II.13 and 25) .....	-	242	2
Construction in progress .....	2,392	2,937	29
Other tangible fixed assets .....	4,810	4,122	41
Intangible fixed assets (Note II.17) .....	102,665	107,423	1,093
Software .....	68,656	73,427	747
Other intangible fixed assets .....	34,009	33,996	346
Reinsurance receivables .....	123	148	1
Other assets .....	542,986	352,988	3,593
Accounts receivable .....	236,124	109,437	1,114
Prepaid expenses .....	14,970	14,136	143
Accrued revenue .....	168,851	129,934	1,322
Deposits .....	43,625	44,340	451
Margin money for futures trading .....	9,301	12,753	129
Differential account for futures trading .....	33	6	0
Derivatives .....	40,429	8,475	86
Suspense payment .....	14,085	18,804	191
Other assets .....	15,563	15,099	153
Deferred tax assets (Note II.24) .....	162,392	640,990	6,525
Customers' liabilities for acceptances and guarantees .....	18,835	20,138	205
Reserve for possible loan losses (Note II.8) .....	(12,321)	(10,916)	(111)
Reserve for possible investment losses (Note II.11) .....	(3,955)	-	-
Total assets	¥ 31,833,906	¥ 30,022,243	\$ 305,632

	(millions of yen)		(millions of US\$)
	As of March 31,		
	2008	2009	2009
<b>(LIABILITIES)</b>			
Policy reserves and others .....	¥ 28,254,963	¥ 27,527,576	\$ 280,235
Reserves for outstanding claims (Note II.29) .....	156,692	172,940	1,760
Policy reserves (Note II.16 and 29) .....	27,744,733	27,006,977	274,936
Reserve for policyholder dividends (Note II.26) .....	353,538	347,658	3,539
Reinsurance payables .....	546	512	5
Subordinated bonds (Note II.35) .....	50,080	49,102	499
Other liabilities .....	1,093,365	1,169,969	11,910
Collateral for securities lending transactions (Note II.28) .....	537,079	484,550	4,932
Long-term debt and other borrowings (Note II.34) .....	130,032	313,025	3,186
Corporate income tax payable .....	57,678	320	3
Accounts payable .....	215,827	33,832	344
Accrued expenses .....	36,978	39,438	401
Unearned revenue .....	1,889	1,623	16
Deposits received .....	56,131	55,398	563
Guarantee deposits received .....	36,665	36,396	370
Differential account for futures trading .....	47	143	1
Trading account securities borrowed .....	3,042	1,022	10
Derivatives .....	15,611	202,802	2,064
Lease liabilities .....	-	242	2
Suspense receipt .....	1,995	986	10
Other liabilities .....	384	185	1
Reserve for employees' retirement benefits (Note II.10) .....	480,475	403,662	4,109
Reserve for retirement benefits of directors, executive officers and corporate auditors (Note II.18) .....	1,138	3,464	35
Reserve for possible reimbursement of prescribed claims (Note II.19) .....	1,000	1,000	10
Reserve for price fluctuations (Note II.12) .....	221,453	101,453	1,032
Deferred tax liabilities for land revaluation (Note II.5) .....	126,001	125,535	1,277
Acceptances and guarantees .....	18,835	20,138	205
Total liabilities .....	30,247,859	29,402,415	299,322
<b>(NET ASSETS)</b>			
Foundation funds (Note II.31) .....	120,000	120,000	1,221
Accumulated redeemed foundation funds (Note II.31) .....	300,000	300,000	3,054
Revaluation reserve .....	248	248	2
Surplus .....	269,913	309,690	3,152
Reserve for future losses .....	5,100	5,400	54
Other surplus .....	264,813	304,290	3,097
Reserve for redemption of foundation funds .....	42,600	81,300	827
Fund for risk allowance .....	43,139	43,139	439
Fund for price fluctuation allowance .....	20,000	30,000	305
Reserve for tax basis adjustments of real estate .....	15,635	15,961	162
Other reserves .....	120	122	1
Unappropriated net surplus for the period .....	143,318	133,766	1,361
Total of Foundation Funds and surplus .....	690,162	729,938	7,430
Net unrealized gains on securities, net of tax .....	957,385	(47,456)	(483)
Deferred hedge gains / losses (Note II.14) .....	-	(357)	(3)
Reserve for land revaluation (Note II.5) .....	(61,500)	(62,297)	(634)
Valuation and translation adjustments .....	895,884	(110,111)	(1,120)
Total net assets .....	1,586,046	619,827	6,309
Total liabilities and net assets .....	¥ 31,833,906	¥ 30,022,243	\$ 305,632

See Notes to the Non-Consolidated Financial Statements.

# Non-Consolidated Statements of Earnings

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2008	2009	2009
<b>ORDINARY REVENUES</b> .....	¥ 4,452,475	¥ 5,182,814	\$ 52,762
Premium and other income.....	3,098,525	2,904,336	29,566
Premium income.....	3,097,758	2,903,640	29,559
Reinsurance income.....	767	696	7
Investment income.....	1,026,369	1,178,355	11,995
Interest and dividends.....	832,184	741,330	7,546
Interest from bank deposits.....	4,687	6,316	64
Interest and dividends from securities.....	651,127	557,911	5,679
Interest from loans.....	102,821	97,400	991
Rental income.....	62,579	69,534	707
Other interest and dividends.....	10,969	10,165	103
Gains on trading account securities.....	-	1,484	15
Gains on sale of securities (Note III.3).....	150,181	382,670	3,895
Gains on redemption of securities.....	7,498	11,223	114
Derivative transaction gains (Note III.7).....	36,082	41,172	419
Other investment income.....	421	473	4
Other ordinary revenues.....	327,580	1,100,122	11,199
Fund receipt for annuity rider of group insurance.....	1,127	1,004	10
Fund receipt for claim deposit payment.....	300,266	341,631	3,477
Reversal of policy reserves (Note III.4).....	-	737,755	7,510
Reversal of reserve for possible claims payment.....	5,500	-	-
Other ordinary revenues.....	20,686	19,730	200
<b>ORDINARY EXPENSES</b> .....	4,251,893	5,073,668	51,650
Benefits and claims.....	2,648,008	2,753,596	28,032
Claims.....	868,816	934,190	9,510
Annuities.....	389,588	441,857	4,498
Benefits.....	522,129	504,349	5,134
Surrender values.....	699,602	668,096	6,801
Other refunds.....	166,641	204,034	2,077
Ceding reinsurance commissions.....	1,230	1,067	10
Provision for policy reserves and others.....	159,959	27,138	276
Provision for reserves for outstanding claims.....	2,578	16,248	165
Provision for policy reserves (Note III.4).....	146,047	-	-
Provision for interest on policyholder dividends.....	11,333	10,890	110
Investment expenses.....	563,957	1,414,800	14,402
Interest expenses.....	10,169	9,402	95
Losses on trading account securities.....	187	-	-
Losses on money held in trust (Note III.6).....	7,534	6,729	68
Losses on sale of securities (Note III.3).....	148,338	504,840	5,139
Losses on valuation of securities (Note III.3).....	31,904	441,948	4,499
Losses on redemption of securities.....	520	2,240	22
Foreign exchange losses.....	80,577	91,499	931
Provision for reserve for possible loan losses.....	1,339	-	-
Provision for reserve for possible investment losses.....	3,869	-	-
Write-down of loans.....	683	905	9
Depreciation of rented real estate and others.....	15,273	15,110	153
Other investment expenses.....	28,718	41,687	424
Losses on investment in separate accounts.....	234,842	300,436	3,058
Operating expenses.....	443,461	444,015	4,520
Other ordinary expenses.....	436,507	434,117	4,419
Claim deposit payments.....	354,310	359,544	3,660
National and local taxes.....	24,048	23,952	243
Depreciation.....	30,350	30,661	312
Provision for reserve for employees' retirement benefits (Note III.8).....	13,842	9,314	94
Other ordinary expenses.....	13,955	10,646	108
<b>NET SURPLUS FROM OPERATIONS</b> .....	¥ 200,581	¥109,146	\$ 1,111
<b>EXTRAORDINARY GAINS</b> .....	4,426	122,449	1,246
Gains on disposal of fixed assets.....	651	897	9
Reversal of reserve for possible loan losses.....	-	1,108	11
Gains on collection of loans and claims written off.....	3,775	236	2
Reversal of reserve for price fluctuations.....	-	120,000	1,221
Gains on contribution of securities to retirement benefit trust.....	-	207	2
<b>EXTRAORDINARY LOSSES</b> .....	33,213	11,864	120
Losses on disposal of fixed assets.....	957	3,715	37
Impairment losses on fixed assets (Note III.9).....	3,476	3,002	30
One-time depreciation.....	11,350	-	-
Provision for reserve for retirement benefits of directors, executive officers and corporate auditors.....	-	2,712	27
Provision for reserve for possible reimbursement of prescribed claims.....	1,000	-	-
Provision for reserve for price fluctuations.....	14,000	-	-
Other extraordinary losses.....	2,428	2,433	24
Net surplus before adjustment for taxes, etc. ....	171,795	219,731	2,236
Corporate income taxes-current.....	122,123	859	8
Corporate income tax-deferred.....	(89,757)	88,335	899
Total of corporate income taxes (Note III.1).....	32,366	89,195	908
Net surplus for the year.....	¥ 139,429	¥ 130,535	\$ 1,328

See Notes to the Non-Consolidated Financial Statements.

## Non-Consolidated Statements of Surplus

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)		(millions of US\$)
	As of March 31,		As of March 31,
	2008	2009	2009
Unappropriated net surplus for the year.....	¥ 143,318	¥ 133,766	\$ 1,361
Transfer from general reserve.....	156	145	1
Transfer from reserve for tax basis adjustments of real estate....	156	145	1
Total.....	¥ 143,474	¥ 133,911	\$ 1,363
Appropriation of unappropriated net surplus .....	¥ 143,474	¥ 133,911	\$ 1,363
Reserve for policyholder dividends.....	89,227	64,963	661
Net surplus .....	54,246	68,947	701
Reserve for future losses .....	300	200	2
Interest payment for foundation funds.....	2,328	2,328	23
General reserve .....	51,618	66,419	676
Reserve for redemption of foundation funds.....	38,700	38,700	393
Reserve for interest payment for foundation funds.....	-	1,263	12
Fund for price fluctuation allowance.....	10,000	25,000	254
Subsidy for social public enterprise.....	2,326	826	8
Fund for Public Health Awards.....	60	40	0
Fund for Environmental Green Design Award .....	50	50	0
Transfer to reserve for tax basis adjustments of real estate....	482	540	5
Total.....	¥ 143,474	¥ 133,911	\$ 1,363

See Notes to the Non-Consolidated Financial Statements.

# Non-Consolidated Statements of Changes in Net Assets

The Dai-ichi Mutual Life Insurance Company

	(millions of yen)	(millions of US\$)
	Year ended March 31, 2009	Year ended March 31, 2009
Foundation Funds and surplus		
Foundation funds		
Beginning balance as of March 31, 2008	¥ 120,000	\$ 1,221
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	120,000	1,221
Accumulated redeemed foundation funds		
Beginning balance as of March 31, 2008	300,000	3,054
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	300,000	3,054
Revaluation reserve		
Beginning balance as of March 31, 2008	248	2
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	248	2
Surplus		
Reserve for future losses		
Beginning balance as of March 31, 2008	5,100	51
Changes for the year		
Transfer to reserve for future losses	300	3
Changes for the year	300	3
Ending balance as of March 31, 2009	5,400	54
Other surplus		
Reserve for redemption of foundation funds		
Beginning balance as of March 31, 2008	42,600	433
Changes for the year		
Transfer to reserve for redemption of foundation funds	38,700	393
Changes for the year	38,700	393
Ending balance as of March 31, 2009	81,300	827
Fund for risk allowance		
Beginning balance as of March 31, 2008	43,139	439
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	43,139	439
Fund for price fluctuation allowance		
Beginning balance as of March 31, 2008	20,000	203
Changes for the year		
Transfer to fund for price fluctuation allowance	10,000	101
Changes for the year	10,000	101
Ending balance as of March 31, 2009	30,000	305
Subsidy for social public enterprise		
Beginning balance as of March 31, 2008	9	0
Changes for the year		
Transfer to subsidy for social public enterprise	2,326	23
Transfer from subsidy for social public enterprise	(2,326)	(23)
Changes for the year	-	-
Ending balance as of March 31, 2009	9	0
Fund for Public Health Awards		
Beginning balance as of March 31, 2008	4	0
Changes for the year		
Transfer to fund for Public Health Awards	60	0
Transfer from fund for Public Health Awards	(60)	(0)
Changes for the year	0	0
Ending balance as of March 31, 2009	4	0
Fund for Green Design Award		
Beginning balance as of March 31, 2008	6	0
Changes for the year		
Transfer to fund for Green Design Award	50	0
Transfer from fund for Green Design Award	(46)	(0)
Changes for the year	3	0
Ending balance as of March 31, 2009	9	0
Reserve for tax basis adjustments of real estate		
Beginning balance as of March 31, 2008	15,635	159
Changes for the year		
Transfer to reserve for tax basis adjustments of real estate	482	4
Transfer from reserve for tax basis adjustments of real estate	(156)	(1)
Changes for the year	326	3
Ending balance as of March 31, 2009	15,961	162
Other reserves		
Beginning balance as of March 31, 2008	100	1
Changes for the year		
Changes for the year	-	-
Ending balance as of March 31, 2009	100	1

	(millions of yen)	(millions of US\$)
	Year ended March 31, 2009	Year ended March 31, 2009
Unappropriated net surplus for the year		
Beginning balance as of March 31, 2008	¥ 143,318	\$ 1,459
Changes for the year		
Transfer to reserve for policyholder dividends	(89,227)	(908)
Transfer to reserve for future losses	(300)	(3)
Interest payment for foundation funds	(2,328)	(23)
Net surplus for the year	130,535	1,328
Transfer to reserve for redemption of foundation funds	(38,700)	(393)
Transfer to fund for price fluctuation allowance	(10,000)	(101)
Transfer to subsidy for social public enterprise	(2,326)	(23)
Transfer from subsidy for social public enterprise	2,326	23
Transfer to fund for Public Health Awards	(60)	(0)
Transfer from fund for Public Health Awards	60	0
Transfer to fund for Green Design Award	(50)	(0)
Transfer from fund for Green Design Award	46	0
Transfer to reserve for tax basis adjustments of real estate	(482)	(4)
Transfer from reserve for tax basis adjustments of real estate	156	1
Transfer from reserve for land revaluation	797	8
Changes for the year	(9,551)	(97)
Ending balance as of March 31, 2009	133,766	1,361
Total of surplus		
Beginning balance as of March 31, 2008	269,913	2,747
Changes for the year		
Transfer to reserve for policyholder dividends	(89,227)	(908)
Interest payment for foundation funds	(2,328)	(23)
Net surplus for the year	130,535	1,328
Transfer from reserve for land revaluation	797	8
Changes for the year	39,776	404
Ending balance as of March 31, 2009	309,690	3,152
Total of foundation funds and surplus		
Beginning balance as of March 31, 2008	690,162	7,025
Changes for the year		
Transfer to reserve for policyholder dividends	(89,227)	(908)
Interest payment for foundation funds	(2,328)	(23)
Net surplus for the year	130,535	1,328
Transfer from reserve for land revaluation	797	8
Changes for the year	39,776	404
Ending balance as of March 31, 2009	729,938	7,430
Valuation and translation adjustments		
Net unrealized gains on securities, net of tax		
Beginning balance as of March 31, 2008	957,385	9,746
Changes for the year		
Net changes of items other than foundation funds and surplus	(1,004,841)	(10,229)
Changes for the year	(1,004,841)	(10,229)
Ending balance as of March 31, 2009	(47,456)	(483)
Deferred hedge gains / losses		
Beginning balance as of March 31, 2008	-	-
Changes for the year		
Net changes of items other than foundation funds and surplus	(357)	(3)
Changes for the year	(357)	(3)
Ending balance as of March 31, 2009	(357)	(3)
Reserve for land revaluation		
Beginning balance as of March 31, 2008	(61,500)	(626)
Changes for the year		
Net changes of items other than foundation funds and surplus	(797)	(8)
Changes for the year	(797)	(8)
Ending balance as of March 31, 2009	(62,297)	(634)
Total of valuation and translation adjustments		
Beginning balance as of March 31, 2008	895,884	9,120
Changes for the year		
Net changes of items other than foundation funds and surplus	(1,005,996)	(10,241)
Changes for the year	(1,005,996)	(10,241)
Ending balance as of March 31, 2009	(110,111)	(1,120)
Total		
Beginning balance as of March 31, 2008	1,586,046	16,146
Changes for the year		
Transfer to reserve for policyholder dividends	(89,227)	(908)
Interest payment for foundation funds	(2,328)	(23)
Net surplus for the year	130,535	1,328
Transfer from reserve for land revaluation	797	8
Net changes of items other than foundation funds and surplus	(1,005,996)	(10,241)
Changes for the year	(966,219)	(9,836)
Ending balance as of March 31, 2009	¥ 619,827	\$ 6,309



	(millions of yen)
	Year ended March 31, 2008
Foundation Funds and surplus	
Foundation funds	
Beginning balance as of March 31, 2007	¥ 140,000
Changes for the year	
Redemption of foundation funds	(20,000)
Changes for the year	(20,000)
Ending balance as of March 31, 2008	120,000
Accumulated redeemed foundation funds	
Beginning balance as of March 31, 2007	280,000
Changes for the year	
Transfer to accumulated redeemed foundation funds	20,000
Changes for the year	20,000
Ending balance as of March 31, 2008	300,000
Revaluation reserve	
Beginning balance as of March 31, 2007	248
Changes for the year	
Changes for the year	-
Ending balance as of March 31, 2008	248
Surplus	
Reserve for future losses	
Beginning balance as of March 31, 2007	4,700
Changes for the year	
Transfer to reserve for future losses	400
Changes for the year	400
Ending balance as of March 31, 2008	5,100
Other surplus	
Reserve for redemption of foundation funds	
Beginning balance as of March 31, 2007	36,400
Changes for the year	
Transfer to accumulated redeemed foundation funds	(20,000)
Transfer to reserve for redemption of foundation funds	26,200
Changes for the year	6,200
Ending balance as of March 31, 2008	42,600
Fund for risk allowance	
Beginning balance as of March 31, 2007	43,139
Changes for the year	
Changes for the year	-
Ending balance as of March 31, 2008	43,139
Fund for price fluctuation allowance	
Beginning balance as of March 31, 2007	10,000
Changes for the year	
Transfer to fund for price fluctuation allowance	10,000
Changes for the year	10,000
Ending balance as of March 31, 2008	20,000
Subsidy for social public enterprise	
Beginning balance as of March 31, 2007	9
Changes for the year	
Transfer to subsidy for social public enterprise	2,326
Transfer from subsidy for social public enterprise	(2,326)
Changes for the year	-
Ending balance as of March 31, 2008	9
Fund for Public Health Awards	
Beginning balance as of March 31, 2007	6
Changes for the year	
Transfer to fund for Public Health Awards	50
Transfer from fund for Public Health Awards	(51)
Changes for the year	(1)
Ending balance as of March 31, 2008	4
Fund for Green Design Award	
Beginning balance as of March 31, 2007	6
Changes for the year	
Transfer to fund for Green Design Award	50
Transfer from fund for Green Design Award	(50)
Changes for the year	0
Ending balance as of March 31, 2008	6
Reserve for tax basis adjustments of real estate	
Beginning balance as of March 31, 2007	13,891
Changes for the year	
Transfer to reserve for tax basis adjustments of real estate	1,908
Transfer from reserve for tax basis adjustments of real estate	(163)
Changes for the year	1,744
Ending balance as of March 31, 2008	15,635
Other reserves	
Beginning balance as of March 31, 2007	100
Changes for the year	
Changes for the year	-
Ending balance as of March 31, 2008	100

	(millions of yen)
	Year ended March 31, 2008
Unappropriated net surplus for the year	
Beginning balance as of March 31, 2007	¥ 157,618
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Transfer to reserve for future losses	(400)
Interest payment for foundation funds	(2,678)
Net surplus for the year	139,429
Transfer to reserve for redemption of foundation funds	(26,200)
Transfer to fund for price fluctuation allowance	(10,000)
Transfer to subsidy for social public enterprise	(2,326)
Transfer from subsidy for social public enterprise	2,326
Transfer to fund for Public Health Awards	(50)
Transfer from fund for Public Health Awards	51
Transfer to fund for Green Design Award	(50)
Transfer from fund for Green Design Award	50
Transfer to reserve for tax basis adjustments of real estate	(1,908)
Transfer from reserve for tax basis adjustments of real estate	163
Transfer from reserve for land revaluation	1,460
Changes for the year	(14,300)
Ending balance as of March 31, 2008	143,318
Total of surplus	
Beginning balance as of March 31, 2007	265,871
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Transfer to accumulated redeemed foundation funds	(20,000)
Interest payment for foundation funds	(2,678)
Net surplus for the year	139,429
Transfer from reserve for land revaluation	1,460
Changes for the year	4,042
Ending balance as of March 31, 2008	269,913
Total of foundation funds and surplus	
Beginning balance as of March 31, 2007	686,119
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Interest payment for foundation funds	(2,678)
Net surplus for the year	139,429
Redemption of foundation funds	(20,000)
Transfer from reserve for land revaluation	1,460
Changes for the year	4,042
Ending balance as of March 31, 2008	690,162
Valuation and translation adjustments	
Net unrealized gains on securities, net of tax	
Beginning balance as of March 31, 2007	2,253,999
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,296,614)
Changes for the year	(1,296,614)
Ending balance as of March 31, 2008	957,385
Deferred hedge gains / losses	
Beginning balance as of March 31, 2007	(2)
Changes for the year	
Net changes of items other than foundation funds and surplus	2
Changes for the year	2
Ending balance as of March 31, 2008	-
Reserve for land revaluation	
Beginning balance as of March 31, 2007	(60,005)
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,495)
Changes for the year	(1,495)
Ending balance as of March 31, 2008	(61,500)
Total of valuation and translation adjustments	
Beginning balance as of March 31, 2007	2,193,991
Changes for the year	
Net changes of items other than foundation funds and surplus	(1,298,107)
Changes for the year	(1,298,107)
Ending balance as of March 31, 2008	895,884
Total	
Beginning balance as of March 31, 2007	2,880,111
Changes for the year	
Transfer to reserve for policyholder dividends	(114,169)
Interest payment for foundation funds	(2,678)
Net surplus for the year	139,429
Redemption of foundation funds	(20,000)
Transfer from reserve for land revaluation	1,460
Net changes of items other than foundation funds and surplus	(1,298,107)
Changes for the year	(1,294,065)
Ending balance as of March 31, 2008	¥ 1,586,046

# NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

The Dai-ichi Mutual Life Insurance Company

## I. PRESENTATION OF FINANCIAL STATEMENTS

### 1. Basis of Presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Mutual Life Insurance Company (the "Company") in accordance with the provisions set forth in Japanese Insurance Business Law and in conformity with accounting principles and practices generally accepted in Japan, which differ in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

### 2. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥98.23 = US\$1.00. The translations should not be construed as representations that such yen amounts have been, or could in the future be, converted into U.S. dollars at that or any other rate.

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

### 4. U.S. dollar amounts of less than \$1 million have been omitted.

## II. NOTES TO NON-CONSOLIDATED BALANCE SHEETS

### 1. Valuation Methods of Securities

The valuation of securities, including cash and deposits, and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, is as explained below:

#### (1) Trading Securities

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

#### (2) Held-to-maturity Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method.

#### (3) Policy-reserve-matching Bonds

Policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (JICPA) are stated at amortized cost determined by the moving average method.

#### (4) Stocks of Subsidiaries and Affiliated Companies

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

#### (5) Available-for-sale Securities

##### i. Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at market value at the end of the fiscal year (for domestic stocks, the average value during March), with cost determined by the moving average method.

##### ii. Available-for-sale Securities without Market Value

##### a. Government/Corporate bonds (including Foreign Bonds), Whose Premium or Discount Represents the Interest Adjustment

Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment, are valued at the amortized cost, determined by the moving average method.

##### b. Others

All others are valued at cost using the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the non-consolidated statements of earnings.

The amortization of premiums or discounts is calculated by the straight-line method.

### 2. Trading Account Securities

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

### 3. Policy-reserve-matching Bonds

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

#### (1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of March 31, 2009 and 2008 amounted to ¥5,161,684 million (US\$52,546 million) and ¥4,927,142 million, respectively. The market value of these bonds as of March 31, 2009 and 2008 was ¥5,391,451 million (US\$54,885 million) and ¥5,078,369 million, respectively.

**(2) Risk Management Policy**

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 sub-groups. Moreover, the Company periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:

- i. individual life insurance and annuities
- ii. financial insurance and annuities, and
- iii. employee-funded corporate pension contracts.

**(3) Integration of Sub-groups**

The Company previously classified individual life insurance and annuities into plural sub-groups by durations of individual life insurance and annuities. However, effective the fiscal year ended March 31, 2009, the Company integrated the sub-groups into a single group to control the duration of individual life insurance and annuities in the aggregate and to promote more sophisticated ALM. This change did not have any impact on profits and losses of the Company.

**4. Valuation Methods of Derivative Transactions**

Derivative transactions are reported at fair value.

**5. Revaluation of Land**

Based on the "Law for Revaluation of Land" (Publicly Issued Law 34, March 31, 1998), the Company revalued land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land

The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.

**6. Depreciation of Tangible Fixed Assets****(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets**

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

- i. Buildings (excluding leasehold improvements and structures)
  - a. Acquired on or before March 31, 2007  
Calculated by the previous straight-line method.
  - b. Acquired on or after April 1, 2007  
Calculated by the straight-line method.
- ii. Assets other than buildings
  - a. Acquired on or before March 31, 2007  
Calculated by the previous declining balance method.
  - b. Acquired on or after April 1, 2007  
Calculated by the declining balance method.

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

With the revision of the corporate income tax law, the depreciation of tangible fixed assets acquired on or after April 1, 2007 is computed using the straight-line method and the declining balance method stipulated in the revised law. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. for the fiscal year ended March 31, 2008 each decreased by ¥323 million.

With respect to tangible fixed assets that were acquired on or before March 31, 2007 and that were depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the salvage values were depreciated in the five years following the fiscal year end when such assets were depreciated to their final depreciable limit. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥714 million for the fiscal year ended March 31, 2008.

Taking into account the decision made in December 2007 on the restructuring and transfer of the Oi head office, and the expected decline in the future value of related buildings and other assets arising from that decision, a one-time depreciation was recognized for those assets. This one-time depreciation was calculated on the assumption that the estimated useful lives of the assets concluded at the end of the fiscal year ended March 31, 2008, after depreciation by the method stated above was recognized until the fiscal year end. This cost was recorded as a one-time depreciation in extraordinary losses. As a result, extraordinary losses for the fiscal year ended March 31, 2008 increased by ¥11,350 million and net surplus before adjustment for taxes, etc. for the fiscal year ended March 31, 2008 decreased by ¥11,350 million.

- (2) Depreciation of Leased Assets  
Depreciation for leased assets is calculated over the lease term by the straight-line method assuming zero salvage value.
- (3) Accumulated Depreciation of Tangible Fixed Assets  
Accumulated depreciation of tangible fixed assets as of March 31, 2009 and 2008 was ¥624,460 million (US\$6,357 million) and ¥604,881 million
7. Translation of Assets and Liabilities Denominated in Foreign Currencies to Yen  
Foreign currency-denominated assets and liabilities are translated to yen at the prevailing exchange rate at the end of the fiscal year. Stocks of subsidiaries and affiliated companies are translated to yen at the exchange rate on the date of acquisition.
8. Reserve for Possible Loan Losses  
The reserve for possible loan losses is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.  
For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, “bankrupt obligors”) and loans to and claims on obligors that have suffered substantial business failure (hereafter, “substantially bankrupt obligors”), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.  
For loans and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, “obligors at risk of bankruptcy”), the reserve is calculated by deducting the estimated recoverable amount, determined based on an overall assessment of the obligor’s ability to pay and collateral or guarantees, from the book value of the loans and claims.  
For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.  
For all loans and claims, the relevant department in the Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.  
For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the fiscal years ended March 31, 2009 and 2008 were ¥4,145 million (US\$42 million) and ¥4,118 million, respectively.
9. Accounting for Beneficial Interests in Securitized Mortgage Loans  
As of March 31, 2009 and 2008, the trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Company in August 2000, amounted to ¥25,562 million (US\$260 million) and ¥25,805 million, respectively, and are included as trust loans in the non-consolidated balance sheets. The reserve for possible loan losses for these particular beneficial interests is calculated based on the balance of the underlying loans. The balances of the underlying loans in the trust as of March 31, 2009 and 2008 were ¥62,703 million (US\$638 million) and ¥73,671 million, respectively.
10. Reserve for Employees’ Retirement Benefits  
For the reserve for employees’ retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits (“Statement on Establishing Accounting Standards for Retirement Benefits” issued on June 16, 1998 by the Business Accounting Council) is provided.  
The funding status of employees’ retirement benefits of the Company as of March 31, 2009 and 2008 was as follows:  
(1) Funding status of the Company’s employees’ retirement benefits:

	As of March 31,		
	2008	2009	2009
		(millions of yen)	(millions of US\$)
a. Projected benefit obligations.....	¥ (630,293)	¥ (631,785)	\$ (6,431)
b. Pension assets .....	104,215	185,233	1,885
Retirement benefit trust .....	-	88,607	902
(included in the above pension assets)			
c. Unfunded benefit obligations (a + b) .....	(526,078)	(446,552)	(4,545)
d. Unrecognized actuarial differences.....	61,731	53,642	546
e. Unrecognized gains on plan amendments.....	(16,128)	(10,752)	(109)
f. Net amount recognized on the non-consolidated balance sheets (c + d + e).....	(480,475)	(403,662)	(4,109)
g. Prepaid pension expenses.....	-	-	-
h. Reserve for employees’ retirement benefits (f - g) .....	¥ (480,475)	¥ (403,662)	\$ (4,109)

## (2) Assumptions used by the Company

## i. Assumptions used during the fiscal year ended March 31, 2009

- Method of periodic allocation of benefit obligations: straight-line method
- Discount rate: 1.7% per annum
- Estimated return on investment:
  - a. Defined benefit corporate pension: 1.7% per annum
  - b. Retirement benefit trust: 0.0% per annum
- Amortization period for actuarial differences: 7 years starting from the following fiscal year
- Amortization period for gains on plan amendments: 7 years

## ii. Assumptions used during the fiscal year ended March 31, 2008

- Method of periodic allocation of benefit obligations: straight-line method
- Discount rate — 1.7% per annum
- Estimated return on investment — 1.7% per annum
- Amortization period for actuarial differences—7 years starting from the following fiscal year
- Amortization period for gains on plan amendments—7 years

## 11. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses is established for securities with no market value. It is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.

## 12. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities at the end of the fiscal year in accordance with the provisions of Article 115 of the Insurance Business Law.

## 13. Lease Transactions

Finance leases, other than those whose ownership transfers to the lessees, were accounted for in the same manner applicable to ordinary operating leases during the fiscal year ended March 31, 2008. However, effective the fiscal year ended March 31, 2009, they are accounted for in the same manner applicable to purchases and reported as leased assets except small transactions by adopting the “Accounting Standard for Lease Transactions” issued on March 30, 2007 by the Accounting Standards Board of Japan (ASBJ) and the “Implementation Guidance on the Accounting Standard for Lease Transactions” issued on March 30, 2007 by the ASBJ.

Finance leases, other than those whose ownership transfers to the lessees and which commenced before April 1, 2008, are accounted for in the same manner applicable to ordinary operating leases.

As a result, leased assets increased by ¥242 million (US\$2 million) and lease liabilities increased by ¥242 million (US\$2 million) for the fiscal year ended March 31, 2009. This change did not have any impact on net surplus from operations and net surplus before adjustment for taxes, etc. for fiscal year ended March 31, 2009.

## 14. Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” issued on March 10, 2008 by the Accounting Standards Board of Japan. Primarily, special hedge accounting for interest swaps and the deferral hedge method are used for cash flow hedges of certain loans, government and corporate bonds, and debt and bonds payable; the currency allotment method is used for cash flow hedges by foreign currency swaps and foreign currency forward contracts against exchange rate fluctuations in certain foreign currency-denominated loans and deposits; and the fair value hedge method is used for hedges by currency options and foreign currency forward contracts against exchange rate fluctuations in the value of certain foreign currency-denominated securities. Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

## 15. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

## 16. Policy Reserves

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Law. Insurance premium reserves are calculated as follows:

- Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
- Reserves for other policies are established based on the net level premium method.

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996, premium payments for which were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Law and will be provided evenly in the following years. As a result, provision for policy reserves for the fiscal year ended March 31, 2009 was ¥104,241 million (US\$1,061 million).

The Company formerly intended to provide the additional policy reserve evenly over five years (until the fiscal year ending March 31, 2012). As a result, the net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥186,139 million in the fiscal year ended March 31, 2008.

However, effective the fiscal year ended March 31, 2009, the Company changed the period to nine years (until the fiscal year ending March 31, 2016). As a result, in the fiscal year ended March 31, 2009, reversal of provision for policy reserves increased by ¥41,633 million (US\$423 million) and net surplus from operation and net surplus before adjustment for taxes, etc. increased by ¥41,633 million (US\$423 million).

#### 17. Amortization of Intangible Fixed Assets

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

#### 18. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

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

Actual corporate-pension payments to directors, executive officers, and corporate auditors who retired before the approval of the 105th general meeting of representative policyholders were recognized until the fiscal year ended March 31, 2008 as expenses when they were paid. However, effective the fiscal year ended March 31, 2009, reserve for retirement benefit of directors, executive officers, and corporate auditors is calculated by adding items (1) and (2) above and the amount of payments for the fiscal year ended March 31, 2009 was reported as an extraordinary loss. As a result of this change, extraordinary losses increased by ¥2,712 million (US\$27 million) and net surplus before adjustment for taxes, etc. decreased by ¥2,712 million (US\$27 million) for the fiscal year ended March 31, 2009.

#### 19. Reserve for Possible Reimbursement of Prescribed Claims

Until the fiscal year ended March 31, 2007, losses resulting from the reimbursement of claims for which prescription periods had run out in the previous years were recognized as expenses when the reimbursement was made. Effective the fiscal year ended March 31, 2008, in accordance with Auditing and Assurance Practice Committee report No.42 "Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits" issued by the Japanese Institute of Certified Public Accountants (JICPA), a reserve for possible reimbursement of prescribed claims is established, which is estimated based on past reimbursement experiences. As a result, net surplus from operations increased by ¥1,000 million and net surplus before adjustment for taxes, etc. decreased by ¥1,000 million for the fiscal year ended March 31, 2008.

#### 20. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheets. The total balances of securities lent as of March 31, 2009 and 2008 were ¥475,988 million (US\$4,845 million) and ¥674,569 million, respectively.

#### 21. Problem Loans

As of March 31, 2009 and 2008, the total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, were ¥19,670 million (US\$200 million) and ¥28,942 million, respectively. The amount of credits to bankrupt borrowers was ¥5,493 million (US\$55 million), the amount of delinquent loans was ¥11,648 million (US\$118 million), the Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥2,528 million (US\$25 million) as of March 31, 2009. The amounts of loans in each category as of March 31, 2008 were ¥5,813 million, ¥20,286 million, ¥1,682 million and ¥1,159 million, respectively.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. Accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in 8. above, credits to bankrupt borrowers and delinquent loans decreased by ¥976 million (US\$9 million) and ¥3,169 million (US\$32 million), respectively, in the fiscal year ended March 31, 2009, and ¥1,246 million and ¥2,872 million, respectively, in the fiscal year ended March 31, 2008.

## 22. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Law as of March 31, 2009 and 2008 were ¥1,159,122 million (US\$11,800 million) and ¥1,501,010 million, respectively. Separate account liabilities were the same amount as separate account assets.

## 23. Receivables and Payables to Subsidiaries

The total amounts of receivables and payables to subsidiaries and affiliated companies were ¥19,893 million (US\$202 million) and ¥5,078 million (US\$51 million) as of March 31, 2009, and ¥870 million and ¥4,997 million as of March 31, 2008, respectively.

## 24. Application of Deferred Tax Accounting

Total deferred tax assets as of March 31, 2009 and 2008 were ¥714,684 million (US\$7,275 million) and ¥753,975 million, respectively. Total deferred tax liabilities as of March 31, 2009 and 2008 were ¥27,110 million (US\$275 million) and ¥574,755 million, respectively. As of March 31, 2009 and 2008, the valuation allowance for deferred tax assets amounted to ¥46,582 million (US\$474 million) and ¥16,826 million, respectively.

Major components of deferred tax assets as of March 31, 2009 were as follows:

	As of March 31,	
	2009	2009
	(millions of yen)	(millions of US\$)
Insurance policy reserve.....	¥ 315,896	\$ 3,215
Reserve for employees' retirement benefits.....	176,716	1,799
Losses on valuation of securities.....	68,895	701
Tax losses carried forward.....	65,964	671

Major components of deferred tax assets as of March 31, 2008 were as follows:

	As of March 31, 2008	
	(millions of yen)	
Insurance policy reserve.....	¥ 456,075	
Reserve for employees' retirement benefits.....	173,355	
Reserve for price fluctuations.....	79,900	
Losses on valuation of securities.....	14,561	

Major components of deferred tax liabilities as of March 31, 2009 were as follows:

	As of March 31,	
	2009	2009
	(millions of yen)	(millions of US\$)
Dividend receivables from stocks.....	¥ 10,248	\$ 104
Reserve for tax basis adjustments of real estate.....	9,233	93
Gains on contribution of securities to retirement benefit trust.....	5,348	54

A major component of deferred tax liabilities as of March 31, 2008 was as follows:

	As of March 31, 2008	
	(millions of yen)	
Net unrealized gains on securities.....	¥ 549,177	

Deferred tax liabilities and deferred tax assets are offset and presented as deferred tax assets for the fiscal years ended March 31, 2008 and deferred tax liabilities for the fiscal years ended March 31, 2007.

The statutory tax rate for the Company during the fiscal years ended March 31, 2009 and 2008 was 36.08%. The principal reason for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes was (1) the impact of the reserve for policyholder dividends, the effect of which for the fiscal year ended March 31, 2009 and March 31, 2008 was to reduce the tax rate by 10.67% and 18.73%, respectively, and (2) the impact of the valuation allowance, the effect of which for the fiscal year ended March 31, 2009 was to increase 13.54%.

## 25. Leased Computers

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



## 26. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	As of March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
Balance at the end of previous fiscal year .....	¥ 358,170	¥ 353,538	\$ 3,599
Transfer from surplus in previous fiscal year .....	114,169	89,227	908
Dividends paid in fiscal year .....	(130,134)	(105,997)	(1,079)
Interest accrual in fiscal year .....	11,333	10,890	110
Balance at the end of fiscal year .....	¥ 353,538	¥ 347,658	\$ 3,539

## 27. Stocks of Subsidiaries

The amount of stocks of subsidiaries the Company held as of March 31, 2009 and 2008 was ¥207,232 million (US\$2,109 million) and ¥82,634 million, respectively.

## 28. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were ¥ 502,398 million (US\$ 5,114 million) and ¥86 million (US\$0 million), respectively, as of March 31, 2009, and ¥566,113 million and ¥86 million, respectively, as of March 31, 2008.

Secured liabilities as of March 31, 2009 and 2008 totaled ¥484,576 million (US\$4,933 million) and ¥537,111 million, respectively. Among the amounts, securities and cash collateral for securities lending transactions as of March 31, 2009 were ¥475,736 million (US\$4,843 million) and ¥484,550 million (US\$4,932 million), respectively, and those as of March 31, 2008 were ¥532,191 million and ¥537,079 million, respectively.

## 29. Reinsurance

As of March 31, 2009 and 2008, reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Law, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter “reserves for outstanding claims reinsured”) was not provided. As of March 31, 2009 and 2008, the amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserves reinsured”) was ¥0 million (US\$0 million) and ¥0 million, respectively.

## 30. Adjustment Items for Redemption of Foundation Funds and Appropriation of Net Surplus

The total amount of adjustment items for redemption of foundation funds and appropriation of net surplus as of March 31, 2009 and 2008, defined in Article 30, Paragraph 2 of the Enforcement Regulations of the Insurance Business Law, were minus ¥108 million (minus US\$1 million) and ¥957,633 million, respectively.

## 31. Redemption of Foundation Funds and Provision for Accumulated Redeemed Foundation Funds

In the fiscal years ended March 31, 2008, due to the redemption of foundation funds of ¥20,000 million, the Company provided the same amount as accumulated redeemed foundation funds, in accordance with Article 56 of the Insurance Business Law.

## 32. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2009 and 2008, the market value of securities borrowed that have not been sold or pledged was ¥13,830 million (US\$140 million) and ¥44,217 million, respectively, among both of which no securities are pledged as collateral.

## 33. Commitment Line

As of March 31, 2009 and 2008, there were unused commitment line agreements under which the Company is the lender of ¥12,507 million (US\$127 million) and ¥18,179 million, respectively.

## 34. Subordinated Debt

As of March 31, 2009 and 2008, long-term debt and other borrowings included subordinated debt of ¥313,000 million (US\$3,186 million) and ¥130,000 million, respectively, the repayment of which is subordinated to other obligations.

## 35. Subordinated Bonds

Subordinated bonds of ¥49,102 million and ¥50,080 million shown in liabilities as of March 31, 2009 and 2008, respectively, were foreign currency-denominated subordinated bonds of US\$499 million, the repayment of which is subordinated to other obligations.

## 36. Assets Denominated in Foreign Currencies

Assets of the Company denominated in foreign currencies as of March 31, 2009 and 2008 totaled ¥4,725,208 million (US\$48,103 million) and ¥5,348,506 million, respectively. The principal foreign currency asset amounts as of March 31, 2009 and 2008 were US\$25,981 million and €12,970 million, and US\$26,815 million and €11,871 million, respectively.

### 37. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations of the Company as of March 31, 2009 and 2008 to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law were ¥ 61,824 million (US\$629 million) and ¥63,675 million, respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

## III. NOTES TO NON-CONSOLIDATED STATEMENTS OF EARNINGS

### 1. Total of Corporate Income Taxes

Effective the fiscal year ended March 31, 2009, in accordance with the revised format attached to the Enforcement Regulation of the Insurance Business Law (Article 25 of the Cabinet Office Ordinance, April 17, 2009), the Company presented corporate income taxes, resident taxes, and taxes deferred, collectively as “total of corporate income taxes”.

### 2. Revenues and Expenses from Transactions with Subsidiaries

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥5,591 million (US\$56 million) and ¥28,305 million (US\$288 million), respectively in the fiscal year ended March 31, 2009, and ¥3,941 million and ¥27,754 million, respectively, in the fiscal year ended March 31, 2008.

### 3. Gains/Losses on Sale of Securities, Losses on Valuation of Securities

Gains on sale of securities included gains on sales of domestic bonds, domestic stocks and foreign securities of ¥130,575 million (US\$1,329 million), ¥52,221 million (US\$531 million) and ¥199,873 million (US\$2,034 million), respectively, in the fiscal year ended March 31, 2009, and ¥25,926 million, ¥42,567 million and ¥81,678 million, respectively, in the fiscal year ended March 31, 2008.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥23,091 million (US\$235 million), ¥54,194 million (US\$551 million) and ¥427,555 million (US\$4,352 million), respectively, in the fiscal year ended March 31, 2009, and ¥33,121 million, ¥2,618 million and ¥112,597 million, respectively, in the fiscal year ended March 31, 2008.

Losses on valuation of securities included losses on valuation of domestic bonds, domestic stocks, foreign securities and other securities of ¥179 million (US\$1 million), ¥217,817 million (US\$2,217 million), ¥222,970 million (US\$2,269 million), and ¥980 million (US\$9 million), respectively, in the fiscal year ended March 31, 2009, and those on domestic stocks and foreign securities of ¥18,797 million and ¥13,107 million, respectively, in the fiscal year ended March 31, 2008.

### 4. Reinsurance

In calculating the transfer from reserves for outstanding claims in the fiscal year ended March 31, 2008, there was no adjustment for a transfer from reserves for outstanding claims reinsured. In calculating a provision for reserves for outstanding claims in the fiscal year ended March 31, 2009, there was no adjustment for a provision for reserves for outstanding claims reinsured.

In calculating the reversal of policy reserves, a reversal of policy reserves reinsured of ¥0 million (US\$0 million) was added back in the fiscal year ended March 31, 2009, and the transfer from policy reserves reinsured of ¥0 million was deducted in the fiscal year ended March 31, 2008, respectively.

### 5. Gains/Losses on Trading Account Securities

Gains on trading account securities included interest and dividends, gains on the sale of securities and losses on the valuation of securities of ¥1,026 million (US\$10 million), ¥586 million (US\$5 million) and ¥88 million (US\$0 million), respectively, in the fiscal year ended March 31, 2009. Losses on trading account securities included interest and dividends, losses on the sale of securities and gains on the valuation of securities of ¥500 million, ¥876 million, and ¥182 million, respectively, in the fiscal year ended March 31, 2008.

### 6. Gains/Losses on Money Held in Trust

Gains/losses on money held in trust included losses on valuation of securities of ¥962 million (US\$9 million) in the fiscal year ended March 31, 2009, and losses on valuation of securities of ¥6,117 million in the fiscal year ended March 31, 2008.

### 7. Derivative Transaction Gains/Losses

Derivative transaction gains included valuation losses of ¥20,993 million (US\$213 million) in the fiscal year ended March 31, 2009, and valuation gains of ¥3,669 million in the fiscal year ended March 31, 2008.

## 8. Retirement Benefit Expenses

Retirement benefit expenses for the fiscal years ended March 31, 2009 and 2008 were ¥46,114 million (US\$469 million) and ¥49,265 million, respectively, and consisted of the following:

	Year ended March 31,		
	2008	2009	2009
	(millions of yen)		(millions of US\$)
Service cost .....	¥ 24,186	¥ 24,123	\$ 245
Interest cost .....	10,652	10,714	109
Estimated investment income .....	(1,823)	(1,771)	(18)
Amortization of unrecognized actuarial differences .....	21,626	18,423	187
Amortization of unrecognized gains on plan amendments .....	(5,376)	(5,376)	(54)
Retirement benefit expenses .....	¥ 49,265	¥ 46,114	\$ 469

## 9. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2009 and 2008 were as follows:

### (1) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group. Each property for rent and property not in use, which is not used for insurance business purposes, is deemed to be an independent asset group.

### (2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value in some asset groups, the Company wrote down the book value of these assets to the recoverable value, and reported the reduced amount as impairment losses in extraordinary losses.

### (3) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2009 were as follows:

Asset Group	Number	Impairment Losses			Impairment Losses		
		(millions of yen)			(millions of US\$)		
		Land	Buildings	Total	Land	Buildings	Total
Real estate for rent	2	¥ 354	¥ 227	¥ 582	\$ 3	\$ 2	\$ 5
Real estate not in use	26	616	1,803	2,420	6	18	24
Total	28	¥ 971	¥ 2,031	¥ 3,002	\$ 9	\$ 20	\$ 30

Impairment losses by asset group for the fiscal year ended March 31, 2008 were as follows:

Asset Group	Number	Impairment Losses			
		(millions of yen)			
		Land	Land Leasing Rights	Buildings	Total
Real estate for rent	4	¥ 174	¥ 437	¥ 835	¥ 1,447
Real estate not in use	29	1,739	-	290	2,029
Total	33	¥ 1,913	¥ 437	¥ 1,125	¥ 3,476

### (4) Calculation of Recoverable Value

Value in use or net sale value is used as recoverable value of real estate for rent, and net sale value is used as recoverable value of real estate not in use. Discount rates of 3.13% and 3.18% for the fiscal years ended March 31, 2009 and 2008, respectively, were applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value is used as the net sale value.



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## Report of Independent Auditors

The Board of Directors  
The Dai-ichi Mutual Life Insurance Company

We have audited the accompanying non-consolidated balance sheets of The Dai-ichi Mutual Life Insurance Company as of March 31, 2008 and 2009, and the related non-consolidated statements of earnings, surplus, and changes in net assets for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Dai-ichi Mutual Life Insurance Company at March 31, 2008 and 2009, and the non-consolidated results of their operations for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I.2.

*Ernst & Young ShinNihon LLC*

May 14, 2009



# SUPPLEMENTARY FINANCIAL DATA

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# Supplementary Financial Data

The Dai-ichi Mutual Life Insurance Company

## 1. Insurance Policies

### (1) Policies in Force by Product Line

	As of March 31,							
	2008				2009			
	Number (Thousands)	Increase (Decrease)%	Amount (Billions of yen)	Increase (Decrease)%	Number (Thousands)	Increase (Decrease)%	Amount (Billions of yen)	Increase (Decrease)%
Individual insurance	11,221	(1.5)	167,436.8	(4.5)	11,051	(1.5)	159,072.0	(5.0)
Insurance against death	5,757	(1.1)	76,777.5	(8.6)	5,903	2.5	73,458.6	(4.3)
Mixed insurance	4,983	(2.4)	89,367.3	(0.8)	4,644	(6.8)	84,294.6	(5.7)
Endowment insurance	481	2.9	1,291.8	1.3	503	4.7	1,318.7	2.1
Individual annuities	1,201	0.6	7,025.7	0.6	1,202	0.1	6,975.8	(0.7)
Group insurance	27,167	(1.0)	54,461.6	0.8	26,915	(0.9)	54,769.4	0.6
Group annuities	15,020	(1.8)	6,436.8	(1.9)	14,794	(1.5)	6,140.6	(4.6)
Financial insurance	117	(5.4)	286.5	(1.1)	110	(5.4)	282.7	(1.3)
Financial annuities	55	(3.4)	139.1	(2.8)	54	(1.4)	134.7	(3.1)
Medical care insurance	607	(1.5)	1.0	(1.9)	596	(1.9)	1.0	(3.0)
Group disability	56	(14.3)	3.7	(6.7)	50	(10.9)	3.1	(16.3)

Note:

- Number of group insurance, group annuities, financial insurance, financial annuities, medical care and group disability show the number of insured.
- The amounts in individual annuities, group insurance (annuity riders) and financial annuities show the sum of (a) the funds to be held at the time 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.
- The amount in group annuities, financial insurance and others show the amount of outstanding corresponding policy reserve.
- The amount in medical care insurance shows the daily amount to be paid for hospitalization from sickness.
- The amount in group disability insurance shows the amount of disability benefits paid per month.

### (2) New Policies by Product Line

	Years ended March 31,							
	2008				2009			
	Number (Thousands)	Increase (Decrease)%	Amount (Billions of yen)	Increase (Decrease)%	Number (Thousands)	Increase (Decrease)%	Amount (Billions of yen)	Increase (Decrease)%
Individual insurance	612	(17.5)	7,556.6	(15.3)	608	(0.6)	7,127.2	(5.7)
Insurance against death	232	(13.8)	2,288.7	(15.9)	312	34.7	2,781.7	21.5
Mixed insurance	328	(23.7)	5,138.6	(15.4)	236	(28.0)	4,203.7	(18.2)
Endowment insurance	51	21.9	129.2	7.8	59	15.3	141.7	9.6
Individual annuities	43	(27.1)	340.1	(31.8)	35	(17.0)	257.4	(24.3)
Group insurance	248	51.8	433.5	18.3	234	(5.5)	749.2	72.8
Group annuities	46	(31.9)	0.9	56.0	88	91.7	1.3	39.5
Financial insurance	2	(8.4)	0.2	26.7	2	7.7	0.2	24.8
Financial annuities	0.6	(17.8)	0.0	(32.6)	0.6	0.9	0.0	1.8
Medical care insurance	3	38.5	0.0	(20.5)	3	(14.2)	0.0	(21.5)
Group disability	-	-	-	-	1	-	0.0	-

Note:

- Number of group insurance, group annuities, financial insurance, financial annuities, medical care and group disability show the number of insured.
- The amounts in individual annuities and financial annuities show the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced.
- The amounts in group annuities, financial insurance and financial annuities show the initial premium payment.
- The amount in medical care insurance shows the daily amount to be paid for hospitalization from sickness.
- The amount in group disability insurance shows the amount of disability benefits paid per month.
- New policies do not include new policies by conversion.

### (3) Annualized Net Premium of Individual Insurance and Individual Annuities

Policies in Force	Billions of yen except percentages			
	As of March 31, 2008		As of March 31, 2009	
	Amount	Changes (% YoY)	Amount	Changes (% YoY)
Individual insurance	1,823.9	97.6	1,766.8	96.9
Individual annuities	277.2	106.0	285.5	103.0
Total	2,101.1	98.6	2,052.4	97.7
Medical and survival benefits	488.8	101.3	492.7	100.8

New Policies	Billions of yen except percentages			
	As of March 31, 2008		As of March 31, 2009	
	Amount	Changes (% YoY)	Amount	Changes (% YoY)
Individual insurance	113.6	85.4	108.1	95.2
Individual annuities	19.9	60.5	12.3	61.8
Total	133.6	80.4	120.4	90.2
Medical and survival benefits	43.9	85.6	40.6	92.4

Note:

- Annualized net premium is 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.
- Annualized net premium for medical and survival benefits includes (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.
- New policies include net increase by conversion.

#### (4) Policies in Force by Benefit

As of March 31, 2008	Billions of yen					
	Individual Insurance	Individual Annuities	Group Insurance	Group Annuities	Others	Total
<b>Death benefits</b>						
General	154,871	0	54,453	-	44	209,369
Accidental	(25,754)	(389)	(2,444)	(-)	(53)	(28,642)
Others	(0)	(-)	(111)	(-)	(0)	(111)
<b>Survival benefits</b>						
Benefits and claims	12,565	6,491	0	-	96	19,153
Annuities	(-)	(777)	(0)	(-)	(6)	(785)
Others	-	534	7	6,436	329	7,307
<b>Hospitalization benefits</b>						
Accidental	(41)	(0)	(1)	(-)	(1)	(44)
Sickness	(41)	(0)	(0)	(-)	(1)	(42)
Others	(25)	(0)	(0)	(-)	(0)	(26)
Disability benefits	-	-	-	-	3	3
<b>As of March 31, 2009</b>						
<b>Death benefits</b>						
General	144,570	0	54,761	-	47	199,380
Accidental	(23,201)	(388)	(2,344)	(-)	(55)	(25,990)
Others	(0)	(-)	(110)	(-)	(0)	(110)
<b>Survival benefits</b>						
Benefits and claims	14,501	6,365	0	-	89	20,957
Annuities	(-)	(784)	(0)	(-)	(7)	(792)
Others	-	609	7	6,140	328	7,085
<b>Hospitalization benefits</b>						
Accidental	(40)	(0)	(1)	(-)	(1)	(43)
Sickness	(40)	(0)	(0)	(-)	(1)	(41)
Others	(24)	(0)	(0)	(-)	(0)	(25)
Disability benefits	-	-	-	-	3	3

Note:

- Figures in ( ) show supplementary benefits portion of base insurance policy and policy riders. However, the general death benefits portion of term insurance riders are accounted for as basic insurance policy.
- The amount of "Individual Annuities" and "Group Insurance" (annuities rider) in the "Benefits and claims" column of the Survival benefits shows the funds to be held at the time payments are to commence for an annuity for which payments has not yet commenced.
- The amount in the "Annuities" column of the Survival benefits shows the annual annuity payments.
- The amount in the "Others" column of "Survival benefits" shows outstanding corresponding policy reserve for individual annuities for which payments have commenced, group insurance whose annuity rider payments have commenced, and group annuities.
- The amounts of "Hospitalization benefits" show the daily amount to be paid for hospitalization.

#### (5) Changes in Policies in Major Product Line

##### A. Individual Insurance

	Billions of yen and thousands of policies					
	Years ended March 31,					
	2007		2008		2009	
	Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount
At the beginning of the year	11,498	¥183,210.5	11,391	¥175,392.2	11,221	¥167,436.8
<b>Increase due to:</b>						
New policies	742	8,916.6	612	7,556.6	608	7,127.2
Renewal	17	1,055.7	12	1,684.5	15	1,583.7
Reinstatements	42	883.9	35	736.4	28	592.4
Conversions	314	9,627.0	429	13,713.8	452	13,568.5
<b>Decrease due to:</b>						
Death	47	436.0	51	454.5	51	423.8
Maturity	155	2,926.1	154	4,135.4	186	3,874.6
Decrease in coverage amount	-	2,045.3	-	1,711.3	-	1,479.6
Conversions	294	8,527.9	418	12,781.5	444	13,773.2
Surrender	464	8,898.8	451	8,338.4	450	8,135.3
Lapse	257	4,527.3	180	3,257.0	136	2,563.9
Others	4	939.8	3	968.4	4	986.2
At year-end	11,391	175,392.2	11,221	167,436.8	11,051	159,072.0
Net increase (decrease)	(107)	(7,818.2)	(169)	(7,955.4)	(169)	(8,364.7)



## B. Individual Annuities

	Billions of yen and thousands of policies					
	Years ended March 31,					
	2007		2008		2009	
	Number of policies	Policy amount <sup>(1)</sup>	Number of policies	Policy amount <sup>(1)</sup>	Number of policies	Policy amount <sup>(1)</sup>
At the beginning of the year	1,173	¥6,724.7	1,193	¥6,984.3	1,201	¥7,025.7
Increase due to:						
New policies	59	498.3	43	340.1	35	257.4
Reinstatements	1	8.5	1	10.9	1	9.5
Conversions	-	-	-	-	-	-
Decrease due to:						
Death	3	21.5	3	27.2	4	28.9
Full payment	1	1.8	2	2.4	3	3.2
Decrease in coverage amount	-	10.1	-	10.6	-	10.6
Conversions	3	18.0	2	14.1	1	10.0
Surrender	25	152.9	23	146.4	24	155.6
Lapse	5	35.4	4	33.7	4	28.8
Others	1	7.2	(0)	74.8	(1)	79.4
At year-end	1,193	6,984.3	1,201	7,025.7	1,202	6,975.8
Net increase (decrease)	19	259.6	7	41.4	0	(49.9)

Note:

1. Policy amounts for individual annuities are equal to the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and the amount of policy reserve for an annuity for which payments have commenced. Because the amount of policy reserves changes over time, in contrast to the static nature of policy amounts of insurance policies, the amount of net increase in the policy amount column does not match the total of the individual items.

## C. Group Insurance

	Billions of yen and thousands of insured					
	Years ended March 31,					
	2007		2008		2009	
	Number of insured <sup>(1)</sup>	Policy amount <sup>(2)</sup>	Number of insured <sup>(1)</sup>	Policy amount <sup>(2)</sup>	Number of insured <sup>(1)</sup>	Policy amount <sup>(2)</sup>
At the beginning of the year	44,792	¥55,031.3	27,443	¥54,013.0	27,167	¥54,461.6
Increase due to:						
New policies	163	366.5	248	433.5	234	749.2
Renewal	23,518	29,655.1	13,847	29,111.9	13,913	29,399.8
Reinstatements	6,246	5,719.6	2,299	4,864.6	2,244	4,767.4
Increase in coverage amount	-	1,019.5	-	956.5	-	780.4
Decrease due to:						
Death	82	93.1	59	92.9	57	91.0
Maturity	23,819	30,135.7	14,118	29,571.4	14,152	29,925.6
Withdrawal	6,541	2,257.8	2,437	2,045.1	2,388	1,991.1
Decrease in coverage amount	-	4,552.9	-	3,150.7	-	3,223.0
Surrender	16,830	753.6	61	163.0	42	101.1
Lapse	1	4.6	0	4.0	0	1.9
Others	1	(18.5)	(6)	(109.2)	3	55.3
At year-end	27,443	54,013.0	27,167	54,461.6	26,915	54,769.4
Net increase (decrease)	(17,348)	(1,018.3)	(276)	448.6	(251)	307.7

## D. Group Annuities

	Billions of yen and thousands of insured					
	Years ended March 31,					
	2007		2008		2009	
	Number of insured <sup>(1)</sup>	Policy amount <sup>(2)</sup>	Number of insured <sup>(1)</sup>	Policy amount <sup>(2)</sup>	Number of insured <sup>(1)</sup>	Policy amount <sup>(2)</sup>
At the beginning of the year	15,826	¥6,263.4	15,294	¥6,559.2	15,020	¥6,436.8
Increase due to:						
New policies	68	0.6	46	0.9	88	1.3
Decrease due to:						
Annuity payments	3,967	191.6	4,096	212.1	4,172	247.5
Lump sum payments	928	282.2	930	316.6	924	319.4
Surrender	370	149.7	202	166.6	210	127.9
At year-end	15,294	6,559.2	15,020	6,436.8	14,794	6,140.6
Net increase (decrease)	(532)	295.8	(273)	(122.3)	(226)	(296.2)

Note:

1. The tables above do not include new insured persons entered, and insured persons existing without benefit payments, with respect to an existing group annuity contract during each respective period. As a result, the amount of net increase in the number of insured column does not match the total of the individual items.  
2. The new policy amount is equal to the initial premium payment and the total policy amount in force is equal to the amount of outstanding corresponding policy reserves. Because the amount of policy reserves changes over time, in contrast to the static nature of policy amounts of insurance policies, the amount of net increase in the policy amount column does not match the total of the individual items.

## (6) Policies in Force of Individual Insurance by Product

As of March 31, 2008	Thousands of policies, Billions of yen, %							
	New Policies				Policies in Force			
	Number	%	Amount	%	Number	%	Amount	%
Renewable type whole life transferable term insurance	181 (494)	17.4 (47.4)	2,716.3 (10,658.1)	12.8 (50.1)	2,643	23.6	64,407.1	38.5
Whole life with term Insurance	8 (35)	0.9 (3.4)	193.4 (1,014.0)	0.9 (4.8)	3,014	26.9	39,524.5	23.6
Whole Life	106 (116)	10.3 (11.2)	399.5 (491.4)	1.9 (2.3)	1,632	14.5	12,285.4	7.3
Others	314 (395)	30.2 (37.9)	4,247.2 (9,106.8)	20.0 (42.8)	3,931	35.0	51,219.6	30.6
<b>Total</b>	<b>612</b> <b>(1,042)</b>	<b>58.8</b> <b>(100.0)</b>	<b>7,556.6</b> <b>(21,270.5)</b>	<b>35.5</b> <b>(100.0)</b>	<b>11,221</b>	<b>100.0</b>	<b>167,436.8</b>	<b>100.0</b>
<b>As of March 31, 2009</b>								
Renewable type whole life transferable term insurance	116 (338)	11.0 (31.9)	1,723.0 (7,203.0)	8.3 (34.8)	2,495	22.6	58,786.0	37.0
Whole life with term Insurance	61 (206)	5.8 (19.5)	790.0 (4,184.0)	3.8 (20.2)	3,016	27.3	37,138.0	23.3
Whole Life	148 (160)	14.0 (15.1)	529.0 (626.0)	2.6 (3.0)	1,710	15.5	12,247.0	7.7
Others	281 (354)	26.5 (33.5)	4,083.0 (8,681.0)	19.7 (41.9)	3,829	34.6	50,899.0	32.0
<b>Total</b>	<b>608</b> <b>(1,060)</b>	<b>57.3</b> <b>(100.0)</b>	<b>7,127.0</b> <b>(20,695.0)</b>	<b>34.4</b> <b>(100.0)</b>	<b>11,051</b>	<b>100.0</b>	<b>159,072.0</b>	<b>100.0</b>

Note:

1. Figures in ( ) show the total number and amount of new businesses and new policies by conversion.

## (7) Amount of Claims and Benefit Paid to Earned Premiums in the Third Sector

	%	
	Years ended March 31, 2008	Years ended March 31, 2009
Third sector total	40.6	37.1
Medical (disease)	33.8	32.8
Cancer	52.3	42.7
Nursing care	11.8	13.4
Others	49.1	43.6

Note: Each insurance type is classified based on the principal benefit types.

## 2. Assets

### (1) Asset Composition (General Account)

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	338,541	1.1	359,046	1.2
Security repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	47,273	0.2	14,954	0.1
Monetary claims bought	316,767	1.0	281,371	1.0
Trading account securities	46,663	0.2	52,597	0.2
Money held in trust	25,223	0.1	13,265	0.0
Securities	22,919,828	75.5	21,588,974	74.7
Domestic bonds	12,186,760	40.1	12,620,231	43.7
Domestic stocks	4,508,764	14.9	2,846,053	9.9
Foreign securities	5,925,778	19.5	5,908,767	20.5
Foreign bonds	4,540,667	15.0	4,459,828	15.4
Foreign stocks and other securities	1,385,111	4.6	1,448,938	5.0
Other securities	298,525	1.0	213,921	0.7
Loans	4,647,199	15.3	4,248,438	14.7
Policy loans	629,534	2.1	604,706	2.1
Ordinary loans	4,017,665	13.2	3,643,732	12.6
Real estate	1,233,982	4.1	1,235,122	4.3
Real estate for rent	780,267	2.6	778,840	2.7
Deferred tax assets	162,392	0.5	640,990	2.2
Others	636,254	2.1	459,888	1.6
Reserve for possible loan losses	(12,321)	(0.0)	(10,916)	(0.0)
Total	30,361,805	100.0	28,883,735	100.0
Foreign currency-denominated assets	4,940,802	16.3	4,404,129	15.2

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

### (2) Changes (Increase/Decrease) in Assets (General Account)

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Cash, deposits, and call loans	(168,242)	20,505
Security repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	47,273	(32,318)
Monetary claims bought	(145,561)	(35,395)
Trading account securities	46,663	5,934
Money held in trust	(7,340)	(11,958)
Securities	(1,291,324)	(1,330,853)
Domestic bonds	266,083	433,471
Domestic stocks	(1,613,454)	(1,662,710)
Foreign securities	126,459	(17,010)
Foreign bonds	57,532	(80,838)
Foreign stocks and other securities	68,927	63,827
Other securities	(70,413)	(84,604)
Loans	(415,371)	(398,760)
Policy loans	(29,735)	(24,828)
Ordinary loans	(385,636)	(373,932)
Real estate	66,733	1,140
Real estate for rent	40,068	(1,427)
Deferred tax assets	162,392	478,598
Others	230,735	(176,366)
Reserve for possible loan losses	(786)	1,405
Total	(1,474,829)	(1,478,070)
Foreign currency-denominated assets	208,051	(536,673)

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

### (3) Rates of Return (General Account)

	%	
	Year ended March 31, 2008	Year ended March 31, 2009
Cash, deposits, and call loans	0.51	0.63
Security repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	0.55	0.52
Monetary claims bought	1.08	1.76
Trading account securities	(0.80)	1.74
Money held in trust	(23.83)	(29.26)
Securities	2.70	(0.29)
Domestic bonds	1.84	2.85
Domestic stocks	3.54	(3.33)
Foreign securities	3.70	(3.48)
Foreign bonds	2.64	(2.25)
Foreign stocks and other securities	7.81	(7.77)
Loans	2.02	2.17
Ordinary loans	1.59	1.75
Real estate	4.44	4.73
Total	2.40	0.22
Foreign investments	3.61	(3.24)

Note:

- Rates of return above are calculated by dividing the net investment income included in net surplus from operations by the average daily balance on a book value basis.
- "Foreign investments" include yen-denominated assets.

### (4) Average Daily Balance (General Account)

	Billions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Cash, deposits, and call loans	373.8	399.7
Security repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	73.4	21.9
Monetary claims bought	395.1	269.6
Trading account securities	66.2	78.8
Money held in trust	32.7	23.0
Securities	20,990.1	21,922.2
Domestic bonds	11,435.4	11,384.7
Domestic stocks	3,160.0	3,304.7
Foreign securities	6,069.1	6,942.4
Foreign bonds	4,823.6	5,387.5
Foreign stocks and other securities	1,245.5	1,554.8
Loans	4,835.9	4,448.0
Ordinary loans	4,186.4	3,825.5
Real estate	766.8	785.2
Total	29,029.7	29,644.0
Foreign investments	6,389.6	7,282.1

### (5) Breakdown of Securities (General Account)

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
National government bonds	8,963,481	39.1	9,859,150	45.7
Local government bonds	444,663	1.9	338,276	1.6
Corporate bonds	2,778,615	12.1	2,422,804	11.2
Public entity bonds	1,117,043	4.9	936,328	4.3
Domestic stocks	4,508,764	19.7	2,846,053	13.2
Foreign securities	5,925,778	25.9	5,908,767	27.4
Foreign bonds	4,540,667	19.8	4,459,828	20.7
Foreign stocks and other securities	1,385,111	6.0	1,448,938	6.7
Other securities	298,525	1.3	213,921	1.0
Total	22,919,828	100.0	21,588,974	100.0

## (6) Securities by Contractual Maturity Dates (General Account)

	Millions of yen						Total
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	
<b>As of March 31, 2008</b>							
National government bonds	247,324	457,185	430,969	654,363	1,701,676	5,471,961	8,963,481
Local government bonds	25,093	70,512	51,255	202,686	65,793	29,322	444,663
Corporate bonds	177,675	277,383	497,364	681,718	846,243	298,229	2,778,615
Domestic stocks	-	-	-	-	-	4,508,764	4,508,764
Foreign securities	295,670	919,751	640,203	526,976	825,653	2,717,522	5,925,778
Foreign bonds	295,670	919,751	640,203	526,976	825,653	1,332,411	4,540,667
Foreign stocks and other securities	-	-	-	-	-	1,385,111	1,385,111
Other securities	2,265	11,014	108,042	1,064	6,652	169,486	298,525
<b>Total</b>	<b>748,029</b>	<b>1,735,848</b>	<b>1,727,835</b>	<b>2,066,809</b>	<b>3,446,018</b>	<b>13,195,285</b>	<b>22,919,828</b>
<b>As of March 31, 2009</b>							
National government bonds	285,976	150,594	1,142,753	325,772	1,405,461	6,548,592	9,859,150
Local government bonds	23,592	38,794	94,392	124,892	25,537	31,065	338,276
Corporate bonds	144,336	298,234	509,247	546,928	642,537	281,519	2,422,804
Domestic stocks	-	-	-	-	-	2,846,053	2,846,053
Foreign securities	135,985	645,562	952,419	261,937	765,368	3,147,494	5,908,767
Foreign bonds	135,985	645,562	952,419	261,937	765,368	1,698,555	4,459,828
Foreign stocks and other securities	-	-	-	-	-	1,448,938	1,448,938
Other securities	4,497	6,246	50,114	5,142	4,615	143,303	213,921
<b>Total</b>	<b>594,388</b>	<b>1,139,432</b>	<b>2,748,928</b>	<b>1,264,674</b>	<b>2,843,521</b>	<b>12,998,029</b>	<b>21,588,974</b>

## (7) Domestic Stocks by Industry (General Account)

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Forestry and fisheries	514	0.0	413	0.0
Mining	444	0.0	373	0.0
Construction	63,579	1.4	50,608	1.8
Manufacturing industries				
Food products	141,518	3.1	88,647	3.1
Textiles and clothing	37,711	0.8	25,574	0.9
Pulp and paper	7,489	0.2	7,291	0.3
Chemicals	191,549	4.2	107,489	3.8
Medical supplies	182,490	4.0	84,672	3.0
Oil and coal products	11,436	0.3	10,084	0.4
Rubber products	16,892	0.4	15,344	0.5
Glass and stone products	109,519	2.4	71,182	2.5
Steel	139,755	3.1	71,006	2.5
Non-steel metals	25,882	0.6	14,102	0.5
Metal products	30,761	0.7	23,228	0.8
Machinery	173,984	3.9	95,890	3.4
Electric appliances	915,128	20.3	440,374	15.5
Transportation vehicles	435,241	9.7	181,402	6.4
Precision instruments	125,551	2.8	61,912	2.2
Others	103,519	2.3	54,151	1.9
Electric and gas utilities	328,622	7.3	287,913	10.1
Transportation and communications industries				
Ground transportation	260,490	5.8	194,579	6.8
Water transportation	2,420	0.1	1,274	0.0
Air transportation	4,492	0.1	2,838	0.1
Warehouses	6,464	0.1	5,227	0.2
Telecommunications	66,964	1.5	47,955	1.7
Commerce				
Wholesale	139,222	3.1	68,361	2.4
Retail	122,678	2.7	99,712	3.5
Financial industries				
Banks	611,551	13.6	464,124	16.3
Security and trading companies	38,598	0.9	20,588	0.7
Insurance	93,745	2.1	169,886	6.0
Other	26,539	0.6	14,435	0.5
Real estate	36,470	0.8	20,612	0.7
Service	57,527	1.3	44,790	1.6
<b>Total</b>	<b>4,508,764</b>	<b>100.0</b>	<b>2,846,053</b>	<b>100.0</b>

Note: Industry categories above are based on the classification by Securities Identification Code Committee.

## (8) Local Government Bonds by Region (General Account)

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
	Carrying value	Carrying value
Hokkaido	12,498	8,293
Tohoku	385	203
Kanto	202,509	141,445
Chubu	43,898	35,565
Kinki	53,459	36,048
Chugoku	4,693	5,142
Shikoku	3,501	2,332
Kyushu	32,833	22,610
Others	90,883	86,633
<b>Total</b>	<b>444,663</b>	<b>338,276</b>

Note: Others in the above table shows publicly offered co-issue local government bonds.

## (9) Breakdown of Loans (General Account)

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Policy loans	629,534	604,706
Premium loans	94,376	86,356
Policyholder loans	535,157	518,349
Ordinary loans	4,017,665	3,643,732
[Loans to non-residents]	[225,421]	[181,772]
Loans to corporations	3,444,447	3,139,885
[Loans to domestic corporations]	[3,365,039]	[3,075,087]
Loans to national government, government-related organizations and international organizations	155,243	111,134
Loans to local governments and public entities	383,188	360,031
Mortgage loans	34,133	32,400
[Trust loans]	[25,805]	[25,562]
Consumer loans	124	82
Others	527	199
<b>Total loans</b>	<b>4,647,199</b>	<b>4,248,438</b>

## (10) Loans by Contractual Maturity Dates (General Account)

	Millions of yen						Total
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	
<b>As of March 31, 2008</b>							
Floating-rate loans	46,155	86,581	72,817	68,114	59,159	32,037	364,867
Fixed-rate loans	374,521	641,682	616,945	666,993	723,757	628,897	3,652,797
<b>Total</b>	<b>420,677</b>	<b>728,264</b>	<b>689,763</b>	<b>735,108</b>	<b>782,917</b>	<b>660,934</b>	<b>4,017,665</b>
<b>As of March 31, 2009</b>							
Floating-rate loans	55,981	65,311	77,351	40,262	38,191	29,502	306,600
Fixed-rate loans	263,300	558,985	619,462	561,593	722,878	610,911	3,337,132
<b>Total</b>	<b>319,282</b>	<b>624,296</b>	<b>696,813</b>	<b>601,855</b>	<b>761,069</b>	<b>640,414</b>	<b>3,643,732</b>

## (11) Loans to Domestic Companies by Company Size (General Account)

	Millions of yen except number of borrowers				
	As of March 31, 2008		As of March 31, 2009		
		%		%	
Large corporations	Number of borrowers	676	45.2	562	47.3
	Amount of loans	2,707,661	80.5	2,561,594	83.3
Medium-sized corporations	Number of borrowers	119	7.9	86	7.2
	Amount of loans	78,185	2.3	19,051	0.6
Small-sized corporations	Number of borrowers	702	46.9	539	45.4
	Amount of loans	579,192	17.2	494,441	16.1
<b>Total</b>	Number of borrowers	1,497	100.0	1,187	100.0
	Amount of loans	3,365,039	100.0	3,075,087	100.0

Note:

1. Categorization by company size is based on the following criteria:

- (1) Large corporations include corporations with paid-in capital of at least ¥1 billion and more than 300 employees (more than 50 employees in the case of retailers and restaurants; more than 100 employees in the case of service companies and wholesalers).
- (2) Medium-sized corporations include corporations with paid-in capital of more than ¥300 million and less than ¥1 billion (more than ¥50 million and less than ¥1 billion in the case of retailers, restaurants and service companies; more than ¥100 million and less than ¥1 billion in the case of wholesalers) and more than 300 employees (more than 50 employees in the case of retailers and restaurants; more than 100 employees in the case of service companies and wholesalers).
- (3) Small corporations include all other corporations.

2. Number of borrowers does not equal the number of loan transactions.

## (12) Loans by Industry (General Account)

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
<b>Domestic</b>				
Manufacturing industries	670,370	16.7	595,586	16.3
Food products	61,747	1.5	50,045	1.4
Textiles and clothing	14,397	0.4	13,829	0.4
Wood and wood products	2,936	0.1	2,475	0.1
Pulp and paper	65,693	1.6	54,995	1.5
Printing	13,047	0.3	11,507	0.3
Chemicals	83,301	2.1	73,260	2.0
Oil and coal products	35,542	0.9	26,324	0.7
Glass and stone products	21,937	0.5	16,079	0.4
Steel	55,034	1.4	61,748	1.7
Non-steel metals	22,741	0.6	17,423	0.5
Metal products	4,895	0.1	2,951	0.1
Machinery	96,903	2.4	88,635	2.4
Electric appliances	103,243	2.6	94,452	2.6
Transportation vehicles	57,151	1.4	55,319	1.5
Precision instruments	12,667	0.3	11,034	0.3
Other manufactured goods	19,130	0.5	15,504	0.4
Farming	185	0.0	67	0.0
Forestry	-	-	-	-
Fisheries	-	-	-	-
Mining	700	0.0	500	0.0
Construction	20,595	0.5	18,022	0.5
Electric, gas, steam, water utilities	453,209	11.3	400,235	11.0
Telecommunications	98,477	2.5	73,650	2.0
Transportation	283,607	7.1	268,769	7.4
Wholesale	521,717	13.0	529,864	14.5
Retail	50,586	1.3	42,972	1.2
Financial and insurance	1,123,710	28.0	1,011,177	27.8
Real estate	259,857	6.5	238,821	6.6
Service	247,888	6.2	225,005	6.2
Local public entities	26,212	0.7	24,002	0.7
Individuals	34,258	0.9	32,482	0.9
Others	866	0.0	800	0.0
<b>Total domestic</b>	<b>3,792,243</b>	<b>94.4</b>	<b>3,461,960</b>	<b>95.0</b>
<b>Foreign</b>				
Governments	146,013	3.6	116,974	3.2
Financial institutions	17,000	0.4	13,000	0.4
Commercial and industrial	62,408	1.6	51,798	1.4
<b>Total foreign</b>	<b>225,421</b>	<b>5.6</b>	<b>181,772</b>	<b>5.0</b>
<b>Total</b>	<b>4,017,665</b>	<b>100.0</b>	<b>3,643,732</b>	<b>100.0</b>

Note:

1. Policy loans are excluded.
2. Domestic industry categories above are based on classification used by Bank of Japan in survey of loans.

## (13) Loans by Region (General Account)

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Hokkaido	34,168	0.9	45,187	1.3
Tohoku	41,357	1.1	34,591	1.0
Kanto	2,829,941	75.3	2,622,852	76.5
Chubu	238,032	6.3	209,269	6.1
Kinki	434,005	11.5	365,305	10.7
Chugoku	59,107	1.6	48,363	1.4
Shikoku	30,233	0.8	24,623	0.7
Kyushu	91,454	2.4	79,525	2.3
<b>Total</b>	<b>3,758,300</b>	<b>100.0</b>	<b>3,429,719</b>	<b>100.0</b>

Note:

1. Loans to individuals and non-residents and policy loans are excluded.
2. Categorization of region is based on borrowers' registered head offices.

#### (14) Loans by Collateral Type (General Account)

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Secured loans	45,886	1.1	38,468	1.1
Stocks and other securities	9,552	0.2	5,364	0.1
Real and personal estate	33,145	0.8	31,135	0.9
Others	3,188	0.1	1,969	0.1
Guarantees	192,475	4.8	186,633	5.1
Unsecured loans	3,745,360	93.2	3,386,389	92.9
Others	33,942	0.8	32,240	0.9
Total loans	4,017,665	100.0	3,643,732	100.0
Subordinated loans	497,563	12.4	481,563	13.2

Note: Policy loans are excluded.

#### (15) Risk-Monitored Loans

		Millions of yen	
		As of March 31, 2008	As of March 31, 2009
Credits to bankrupt borrowers	(I)	5,813	5,493
Delinquent loans	(II)	20,286	11,648
Loans past due for three months or more	(III)	1,682	-
Restructured loans	(IV)	1,159	2,528
Total	(I)+(II)+(III)+(IV)	28,942	19,670
[Percentage of total loans]		[0.62]	[0.46]

Note:

- For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers in the fiscal years ended March 31, 2008 and 2009 were 1,246 million yen and 976 million yen, respectively. The write-offs relating to delinquent loans in the fiscal years ended March 31, 2008 and 2009 were 2,872 million yen and 3,169 million yen, respectively.
- Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
- Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.
- Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans, excluding those loans classified as credits to bankrupt borrowers or delinquent loans.
- Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

#### (16) Disclosed Claims Based on Categories of Obligors

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Claims against bankrupt and quasi-bankrupt obligors	6,281	6,028
Claims with collection risk	19,820	11,114
Claims for special attention	2,842	2,528
Subtotal (I)	28,944	19,670
[Percentage (I)/(II)]	[0.54]	[0.41]
Claims against normal obligors	5,337,155	4,748,469
Total (II)	5,366,100	4,768,140

Note:

- Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
- Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
- Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
- Claims against normal obligors are all other loans.

#### (17) Foreign Investments (General Account)

##### A. Breakdown of Investment by Asset Category (General Account)

##### (a) Assets denominated in foreign currency

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Foreign bonds	4,195,334	64.0	4,075,617	65.0
Foreign stocks	440,073	6.7	254,844	4.1
Cash, cash equivalents and other assets	305,395	4.7	73,666	1.2
Sub-total	4,940,802	75.4	4,404,129	70.3

##### (b) Assets swapped into yen

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Foreign bonds	-	-	-	-
Cash, cash equivalents and other assets	95,566	1.5	101,013	1.6
Sub-total	95,566	1.5	101,013	1.6



## (c) Assets denominated in yen

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Loans to borrowers outside Japan	225,421	3.4	181,772	2.9
Foreign bonds and others	1,294,704	19.7	1,581,483	25.2
Sub-total	1,520,126	23.2	1,763,256	28.1

## (d) Total

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Foreign investments	6,556,494	100.0	6,268,399	100.0

Note: Assets swapped into yen are assets whose settlement amounts are fixed into yen by foreign currency forward contracts and other agreements and which are reported in the yen amounts on the balance sheets.

## B. Foreign Currency-Denominated Assets by Currency (General Account)

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
U.S. dollar	2,527,283	51.2	2,408,564	54.7
Euro	1,738,236	35.2	1,575,946	35.8
British pound	399,122	8.1	210,129	4.8
Australian dollar	39,062	0.8	57,090	1.3
Canadian dollar	76,262	1.5	39,790	0.9
Chinese yuan	35,073	0.7	36,351	0.8
Taiwan dollar	24,289	0.5	31,085	0.7
Total (including others not listed above)	4,940,802	100.0	4,404,129	100.0

## C. Investments by Region (General Account)

	Millions of yen							
	Foreign securities		Bonds		Stocks and other securities		Loans to borrowers located outside Japan	
	Carrying value	%	Carrying value	%	Carrying value	%	Carrying value	%
<b>As of March 31, 2008</b>								
North America	2,446,232	41.3	2,362,093	52.0	84,138	6.1	47,550	21.1
Europe	1,810,519	30.6	1,720,175	37.9	90,343	6.5	95,917	42.6
Oceania	14,184	0.2	10,802	0.2	3,382	0.2	10,000	4.4
Asia	113,184	1.9	10,643	0.2	102,541	7.4	6,446	2.9
Latin America	1,319,001	22.3	214,297	4.7	1,104,704	79.8	5,757	2.6
Middle East	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-
International organizations	222,654	3.8	222,654	4.9	-	-	59,750	26.5
Total	5,925,778	100.0	4,540,667	100.0	1,385,111	100.0	225,421	100.0
<b>As of March 31, 2009</b>								
North America	2,500,556	42.3	2,471,281	55.4	29,275	2.0	40,887	22.5
Europe	1,701,799	28.8	1,665,328	37.3	36,471	2.5	70,811	39.0
Oceania	34,052	0.6	17,754	0.4	16,297	1.1	10,000	5.5
Asia	86,453	1.5	6,838	0.2	79,615	5.5	3,813	2.1
Latin America	1,450,596	24.5	163,319	3.7	1,287,277	88.8	4,810	2.6
Middle East	-	-	-	-	-	-	-	-
Africa	2	0.0	-	-	2	0.0	-	-
International organizations	135,305	2.3	135,305	3.0	-	-	51,450	28.3
Total	5,908,767	100.0	4,459,828	100.0	1,448,938	100.0	181,772	100.0

Note: Categorization of region is generally based on nationalities of issuers or borrowers.

## (18) Tangible Fixed Assets (General Account)

Year ended March 31, 2008	Millions of yen						
	At previous year-end	Increase	Decrease	Depreciation	At year-end	Accumulated depreciation	Accumulated depreciation ratio %
Land	721,616	92,227	6,595 (1,913)	-	807,248	-	-
Buildings	440,596	18,623	1,331 (1,125)	33,547	424,341	582,387	57.8
Construction in progress	5,036	108,302	110,946	-	2,392	-	-
Other tangible fixed assets	5,978	1,609	369	2,408	4,810	22,493	82.4
<b>Total</b>	<b>1,173,227</b>	<b>220,763</b>	<b>119,242 (3,038)</b>	<b>35,955</b>	<b>1,238,793</b>	<b>604,881</b>	<b>-</b>
<b>Year ended March 31, 2009</b>							
Land	807,248	9,605	2,124 (971)	-	814,730	-	-
Buildings	424,341	16,903	2,417 (2,031)	21,372	417,454	602,285	59.1
Leased assets	-	289	-	47	242	47	16.3
Construction in progress	2,392	27,091	26,545	-	2,937	-	-
Other tangible fixed assets	4,810	1,962	310	2,340	4,122	22,127	84.3
<b>Total</b>	<b>1,238,793</b>	<b>55,852</b>	<b>31,398 (3,002)</b>	<b>23,760</b>	<b>1,239,487</b>	<b>624,460</b>	<b>-</b>

Note:

1. Accumulated depreciation ratio is the amount of accumulated depreciation divided by the acquisition cost.
2. Amount resulting in exchange transactions is excluded from the increased/decreased amount in the land and construction in progress account.
3. The amount of impairment loss on fixed assets is shown in parentheses in the "Decrease" column.
4. "Depreciation" for the year ended March 31, 2008 includes one-time depreciation.

## (19) Real Estate by Its Use (General Account)

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Real estate for business use	453,714	456,282
Real estate for rent	780,267	778,840
<b>Total</b>	<b>1,233,982</b>	<b>1,235,122</b>
Number of buildings for rent	290	288

## (20) Fair Value Information on Securities and Others (General Account)

### A. Valuation Gains and Losses on Trading Securities (General Account)

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	70,343	(5,995)	64,687	(1,139)
Trading account securities	46,663	122	52,597	(178)
Money held in trust	23,680	(6,117)	12,089	(961)

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

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

As of March 31, 2008	Millions of yen				
	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	174,034	176,400	2,365	4,011	1,645
Domestic bonds	123,140	123,084	-56	1,589	1,645
Foreign bonds	50,894	53,316	2,421	2,421	-
Policy-reserve-matching bonds	4,927,142	5,078,369	151,227	155,763	4,535
Domestic bonds	4,927,142	5,078,369	151,227	155,763	4,535
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	15,323,877	16,821,851	1,497,973	1,854,028	356,054
Domestic bonds	6,910,185	7,136,478	226,292	235,085	8,792
Domestic stocks	2,988,492	4,276,199	1,287,706	1,408,762	121,056
Foreign securities	5,135,282	5,129,440	(5,842)	204,446	210,288
Foreign bonds	4,498,342	4,489,772	(8,570)	133,324	141,894
Foreign stocks and other securities	636,939	639,668	2,728	71,122	68,394
Other securities	204,933	194,749	(10,183)	5,733	15,916
Monetary claims bought	44,983	44,983	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-
Total	20,425,054	22,076,621	1,651,566	2,013,802	362,236
Domestic bonds	11,960,467	12,337,931	377,464	392,438	14,973
Domestic stocks	2,988,492	4,276,199	1,287,706	1,408,762	121,056
Foreign securities	5,186,177	5,182,757	(3,420)	206,868	210,288
Foreign bonds	4,549,237	4,543,089	(6,148)	135,745	141,894
Foreign stocks and other securities	636,939	639,668	2,728	71,122	68,394
Other securities	204,933	194,749	(10,183)	5,733	15,916
Monetary claims bought	44,983	44,983	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-
As of March 31, 2009					
Bonds held to maturity	173,462	177,941	4,479	5,842	1,362
Domestic bonds	123,697	123,767	70	1,433	1,362
Foreign bonds	49,765	54,174	4,408	4,408	-
Policy-reserve-matching bonds	5,161,684	5,391,451	229,767	233,682	3,915
Domestic bonds	5,161,684	5,391,451	229,767	233,682	3,915
Stocks of subsidiaries and affiliates	16,345	16,345	(0)	-	0
Securities available for sale	14,936,493	14,862,019	(74,473)	571,671	646,145
Domestic bonds	7,160,812	7,334,849	174,037	195,947	21,910
Domestic stocks	2,606,474	2,509,680	(96,794)	277,480	374,274
Foreign securities	4,943,671	4,805,430	(138,240)	96,950	235,190
Foreign bonds	4,465,666	4,410,063	(55,603)	86,170	141,774
Foreign stocks and other securities	478,004	395,367	(82,637)	10,779	93,416
Other securities	115,534	102,058	(13,476)	1,293	14,770
Monetary claims bought	19,999	19,999	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
Others	-	-	-	-	-
Total	20,287,986	20,447,758	159,772	811,196	651,424
Domestic bonds	12,446,194	12,850,068	403,874	431,063	27,188
Domestic stocks	2,606,474	2,509,680	(96,794)	277,480	374,274
Foreign securities	5,009,343	4,875,512	(133,831)	101,358	235,190
Foreign bonds	4,515,431	4,464,237	(51,194)	90,579	141,774
Foreign stocks and other securities	493,911	411,274	(82,637)	10,779	93,416
Other securities	115,973	102,496	(13,476)	1,293	14,770
Monetary claims bought	19,999	19,999	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
Others	-	-	-	-	-

Note:

1. The table above includes assets, such as certificates of deposit, which are considered appropriate to handle as securities, as defined in the Financial Instruments and Exchange Law.
2. Money held in trust classified as other than trading securities, in which bank deposits are held, is excluded from the table above. Book value, equivalent of fair value, of the trust as of March 31, 2008 and 2009 amounted to 1,543 million yen and 1,176 million yen, respectively.

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

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	82,634	190,887
Unlisted domestic stocks (except over-the-counter stocks)	66,325	171,210
Unlisted foreign stocks (except over-the-counter stocks)	6,879	10,842
Others	9,429	8,834
Other securities	1,271,109	1,555,715
Unlisted domestic stocks (except over-the-counter stocks)	166,239	165,162
Unlisted foreign stocks (except over-the-counter stocks)	731,095	1,019,345
Unlisted foreign bonds	0	0
Others	373,775	371,207
Total	1,353,744	1,746,602

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

(Reference)

Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities without fair value which are listed on the table above, in addition to the figures in the table D., is as follows:

As of March 31, 2008	Millions of yen				
	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	174,034	176,400	2,365	4,011	1,645
Domestic bonds	123,140	123,084	(56)	1,589	1,645
Foreign bonds	50,894	53,316	2,421	2,421	-
Policy-reserve-matching bonds	4,927,142	5,078,369	151,227	155,763	4,535
Domestic bonds	4,927,142	5,078,369	151,227	155,763	4,535
Stocks of subsidiaries and affiliates	82,634	80,588	(2,046)	-	2,046
Domestic stocks	66,325	66,325	-	-	-
Foreign stocks	13,495	11,449	(2,046)	-	2,046
Other securities	2,813	2,813	-	-	-
Securities available for sale	16,594,987	18,092,783	1,497,796	1,854,028	356,231
Domestic bonds	6,910,185	7,136,478	226,292	235,085	8,792
Domestic stocks	3,154,732	4,442,438	1,287,706	1,408,762	121,056
Foreign securities	5,867,407	5,861,387	(6,019)	204,446	210,466
Foreign bonds	4,498,342	4,489,772	(8,570)	133,324	141,894
Foreign stocks and other securities	1,369,064	1,371,615	2,550	71,122	68,571
Other securities	305,895	295,712	(10,183)	5,733	15,916
Monetary claims bought	316,767	316,767	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-
Total	21,778,798	23,428,142	1,649,343	2,013,802	364,459
Domestic bonds	11,960,467	12,337,931	377,464	392,438	14,973
Domestic stocks	3,221,057	4,508,764	1,287,706	1,408,762	121,056
Foreign securities	5,931,797	5,926,154	(5,643)	206,868	212,512
Foreign bonds	4,549,237	4,543,089	(6,148)	135,745	141,894
Foreign stocks and other securities	1,382,560	1,383,064	504	71,122	70,617
Other securities	308,708	298,525	(10,183)	5,733	15,916
Monetary claims bought	316,767	316,767	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-

As of March 31, 2009	Millions of yen				
	Book value	Fair value	Gains (losses)	Gains	Losses
<b>Bonds held to maturity</b>	173,462	177,941	4,479	5,842	1,362
Domestic bonds	123,697	123,767	70	1,433	1,362
Foreign bonds	49,765	54,174	4,408	4,408	-
<b>Policy-reserve-matching bonds</b>	5,161,684	5,391,451	229,767	233,682	3,915
Domestic bonds	5,161,684	5,391,451	229,767	233,682	3,915
<b>Stocks of subsidiaries and affiliates</b>	207,232	203,809	(3,423)	-	3,423
Domestic stocks	171,210	171,210	-	-	-
Foreign stocks	33,365	29,942	(3,422)	-	3,422
Other securities	2,656	2,656	(0)	-	0
<b>Securities available for sale</b>	16,492,208	16,417,966	(74,242)	571,903	646,145
Domestic bonds	7,160,812	7,334,849	174,037	195,947	21,910
Domestic stocks	2,771,637	2,674,843	(96,794)	277,480	374,274
Foreign securities	5,963,646	5,825,636	(138,009)	97,181	235,190
Foreign bonds	4,465,666	4,410,063	(55,603)	86,170	141,774
Foreign stocks and other securities	1,497,979	1,415,573	(82,406)	11,010	93,416
Other securities	224,741	211,264	(13,476)	1,293	14,770
Monetary claims bought	281,371	281,371	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>22,034,588</b>	<b>22,191,169</b>	<b>156,580</b>	<b>811,428</b>	<b>654,847</b>
Domestic bonds	12,446,194	12,850,068	403,874	431,063	27,188
Domestic stocks	2,942,848	2,846,053	(96,794)	277,480	374,274
Foreign securities	6,046,776	5,909,753	(137,022)	101,590	238,613
Foreign bonds	4,515,431	4,464,237	(51,194)	90,579	141,774
Foreign stocks and other securities	1,531,344	1,445,516	(85,828)	11,010	96,839
Other securities	227,398	213,921	(13,476)	1,293	14,770
Monetary claims bought	281,371	281,371	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
Others	-	-	-	-	-

Note:

- The table above includes assets, such as certificates of deposit, which are considered appropriate to handle as securities, as defined in the Financial Instruments and Exchange Law.
- Money held in trust classified as other than trading securities, in which bank deposits are held, is excluded from the table above. Book value, equivalent of fair value, of the trust as of March 31, 2008 and 2009 amounted to 1,543 million yen and 1,176 million yen, respectively.

### C. Fair Value Information on Money Held in Trust (General Account)

	Millions of yen				
	Carrying value on the balance sheet	Fair value	Gains (losses)	Gains	Losses
As of March 31, 2008	25,223	25,223	(6,117)	2,045	8,162
As of March 31, 2009	13,265	13,265	(961)	6,162	7,123

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

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

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for trading purpose	23,680	(6,117)	12,089	(961)

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

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

	Millions of yen									
	As of March 31, 2008					As of March 31, 2009				
	Book value	Fair value	Gains (losses)	Gains	Losses	Book value	Fair value	Gains (losses)	Gains	Losses
Trust held to maturity	-	-	-	-	-	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-	-	-	-	-	-
Trust available for sale	1,543	1,543	-	-	-	1,176	1,176	-	-	-

Note: Trust in which bank deposits are held is reported as "Trust available for sale."

## (21) Fair Value Information on Derivative Transactions (General Account)

### A. Gains and Losses on Derivatives

	Millions of yen											
	As of March 31, 2008						As of March 31, 2009					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	1,307	20,348	-	-	-	21,655	1,459	(190,886)	-	-	-	(189,427)
Hedge accounting not applied	39	2,594	-	259	(2)	2,890	18	(10,214)	(4,362)	192	-	(14,365)
Total	1,347	22,942	-	259	(2)	24,546	1,477	(201,100)	(4,362)	192	-	(203,792)

Note: Regarding the table above, following figures are reported in the statements of earnings:

Year ended March 31, 2008: gains/losses from derivatives with hedge accounting (fair value hedge method) applied (currency-related, gain of 20,348 million yen), and gains/losses from derivatives with hedge accounting not applied (gain of 2,890 million yen), totalling gain of 23,238 million yen.

Year ended March 31, 2009: gains/losses from derivatives with hedge accounting (fair value hedge method) applied (currency-related, loss of 190,886 million yen), and gains/losses from derivatives with hedge accounting not applied (loss of 14,365 million yen), totalling loss of 205,251 million yen.

### B. Fair Value Information on Derivatives

#### (a) Interest-related transactions

	Millions of yen									
	As of March 31, 2008					As of March 31, 2009				
	Notional amount/contract value	Over 1 Year	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/contract value	Over 1 Year	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions										
Foreign interest rate futures										
Sold	-	-	-	-	-	22,367	-	22,368	-	-
Over-the-counter transactions										
Yen interest rate swaps										
Receipts fixed, payments floating	236,870	200,910	1,401	1,401	1,307	178,764	131,924	2,091	2,091	2,055
Receipts floating, payments fixed	25,000	25,000	(53)	(53)	-	198,000	183,000	(615)	(615)	(596)
Total				1,347	1,307				1,477	1,459

Note: Differences between contract value and fair value for futures, and fair value for swap transactions, are shown in "Gains (losses)."

#### (Reference) Interest rate swaps by contractual maturity dates

	Millions of yen							
	1 year or shorter	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total	
As of March 31, 2008								
Notional amount (receipts fixed, payments floating)	35,960	91,180	41,000	49,900	18,830	-	236,870	
Average fixed rate (receipt)	0.71	0.90	1.23	1.34	1.54	-	1.07	
Average floating rate (payment)	0.97	1.01	0.97	0.95	0.96	-	0.98	
Notional amount (receipts floating, payments fixed)	-	25,000	-	-	-	-	25,000	
Average fixed rate (payment)	-	1.07	-	-	-	-	1.07	
Average floating rate (receipt)	-	0.98	-	-	-	-	0.98	
Total	35,960	116,180	41,000	49,900	18,830	-	261,870	
As of March 31, 2009								
Notional amount (receipts fixed, payments floating)	46,840	37,692	58,300	26,090	9,842	-	178,764	
Average fixed rate (receipt)	0.86	1.06	1.22	1.56	1.65	-	1.16	
Average floating rate (payment)	0.78	0.90	0.78	0.79	0.93	-	0.81	
Notional amount (receipts floating, payments fixed)	15,000	-	183,000	-	-	-	198,000	
Average fixed rate (payment)	1.08	-	1.12	-	-	-	1.12	
Average floating rate (receipt)	0.82	-	0.75	-	-	-	0.75	
Total	61,840	37,692	241,300	26,090	9,842	-	376,764	

## (b) Currency-related transactions

	Millions of yen							
	As of March 31, 2008				As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied
Over-the-counter transactions								
Currency forward contracts								
Sold	2,349,061	2,330,640	18,421	20,337	2,433,432	2,633,422	(199,989)	(191,340)
U.S. dollar	1,172,217	1,158,003	14,213	12,099	1,440,280	1,536,558	(96,277)	(90,137)
Euro	887,378	892,435	(5,057)	(1,177)	801,859	888,498	(86,639)	(84,845)
British pound	221,400	214,152	7,247	7,555	132,412	142,310	(9,898)	(9,549)
Canadian dollar	34,421	32,369	2,051	1,930	20,751	22,109	(1,357)	(1,260)
Australian dollar	11,986	11,719	267	210	19,005	22,517	(3,511)	(3,326)
Swedish krona	18,284	18,567	(283)	(279)	9,279	10,342	(1,062)	(1,037)
Danish krone	24	24	(0)	-	6,994	7,756	(762)	(735)
Norwegian krone	45	45	(0)	-	2,845	3,324	(479)	(448)
Swiss franc	287	288	(0)	-	3	3	0	-
Hong Kong dollar	3,015	3,032	(17)	-	-	-	-	-
Bought	316,060	320,582	4,521	10	80,872	86,122	5,249	453
U.S. dollar	136,260	136,726	465	7	41,280	42,678	1,397	106
Euro	135,870	139,953	4,083	2	32,127	35,391	3,264	175
British pound	31,384	31,808	424	-	6,538	7,066	527	172
Australian dollar	6,083	6,137	53	-	306	335	28	-
Swedish krona	66	67	1	-	260	282	21	-
Hong Kong dollar	167	171	4	-	192	193	1	-
Danish krone	-	-	-	-	70	78	8	-
Canadian dollar	-	-	-	-	59	59	(0)	-
Norwegian krone	-	-	-	-	25	26	0	-
Indian rupee	-	-	-	-	11	11	0	-
Chinese yuan	6,227	5,716	(511)	-	-	-	-	-
Currency options								
Bought								
Put	-	-	-	-	162,909	-	-	-
U.S. dollar	[ - ]	-	-	-	[6,510]	150	(6,360)	-
Euro	[ - ]	-	-	-	80,960	19	(2,765)	-
Taiwan dollar	[ - ]	-	-	-	[2,784]	123	(2,910)	-
Total	[ - ]	-	-	-	[691]	7	(684)	-
Total			22,942	20,348			(201,100)	(190,886)

Note:

- Figures in [ ] are option premiums which are included in the balance sheets.
- Forward exchange rates are used for exchange rates as of year ends.
- Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheets, those currency forward contracts are excluded from the table above.
- Differences between contract value and fair value for forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)."
- There were no transactions with maturity of more than one year in the table above.

## (c) Stock-related transactions

	Millions of yen							
	As of March 31, 2008				As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions								
Stock index options								
Bought								
Put	-	-	-	-	55,992	-	-	-
Total	[ - ]	-	-	-	[5,161]	1,254	(4,362)	-
Total			-	-			(4,362)	-

Note:

- Figures in [ ] are option premiums which are included in the balance sheets.
- Differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)."
- There were no transactions with maturity of more than one year in the table above.

## (d) Bond-related transactions

	Millions of yen							
	As of March 31, 2008				As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions								
Yen bond futures								
Sold	54,079	54,100	(20)	-	28,506	28,320	185	-
Bought	7,900	8,009	109	-	8,173	8,150	(23)	-
Foreign currency-denominated bond futures								
Sold	73,226	73,779	(553)	-	-	-	-	-
Bought	119,831	120,745	914	-	-	-	-	-
Yen bond future options								
Bought								
Call	-				4,175			
	[ - ]	-	-	-	[ 7 ]	7	0	-
Over-the-counter transactions								
Foreign currency-denominated bond forward contracts								
Sold	19,579	19,903	(324)	-	-	-	-	-
Bought	41,547	41,721	174	-	-	-	-	-
Bond OTC options								
Sold								
Call	26,776				7,317			
	[ 52 ]	65	(13)	-	[ 24 ]	10	13	-
Put	32,499				16,086			
	[ 112 ]	106	5	-	[ 38 ]	27	10	-
Bought								
Call	32,499				16,086			
	[ 99 ]	78	(21)	-	[ 22 ]	11	(11)	-
Put	26,776				7,317			
	[ 58 ]	47	(11)	-	[ 30 ]	47	16	-
Total			259	-			192	-

Note:

- Figures in [ ] are option premiums which are included in the balance sheets.
- Differences between contract value and fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)."
- There were no transactions with maturity of more than one year in the table above.

## (e) Others

	Millions of yen									
	As of March 31, 2008					As of March 31, 2009				
	Notional amount/ contract value	Due after 1 year	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ contract value	Due after 1 year	Fair value	Gains (losses)	Hedge accounting applied
Over-the-counter transactions										
Credit default swap										
Protection sold	4,000	4,000	(51)	(51)	-	-	-	-	-	-
Protection bought	2,000	2,000	48	48	-	-	-	-	-	-
Total				(2)	-				-	-

Note: Fair value of the transaction is shown in "Gains (losses)."



### 3. Liabilities

#### (1) Policy Reserves by Product Line

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Policy reserves:		
Individual Insurance	16,566,115	16,532,707
(General Account)	(16,508,611)	(16,490,321)
(Separate Account)	(57,503)	(42,385)
Individual Annuities	3,305,085	3,383,207
(General Account)	(3,088,219)	(3,236,547)
(Separate Account)	(216,866)	(146,660)
Group Insurance	22,963	22,903
(General Account)	(22,963)	(22,903)
Group Annuities	6,436,874	6,140,650
(General Account)	(5,243,863)	(5,192,274)
(Separate Account)	(1,193,010)	(948,376)
Others	426,582	418,414
(General Account)	(426,582)	(418,414)
Subtotal	26,757,620	26,497,883
(General Account)	(25,290,239)	(25,360,461)
(Separate Account)	(1,467,380)	(1,137,422)
Contingency reserves:	987,112	509,093
(General Account)	(987,112)	(509,093)
Total	27,744,733	27,006,977
(General Account)	(26,277,352)	(25,869,555)
(Separate Account)	(1,467,380)	(1,137,422)

#### (2) Reserve for Policyholder Dividends

	Millions of yen						
	Individual Insurance	Individual Annuities	Group Insurance	Group Annuities	Financial Insurance/Annuities	Others	Total
Year ended March 31, 2008							
Balance at the end of previous fiscal year	337,602	5,926	3,736	7,401	3,174	328	358,170
Transfer from surplus in previous year	17,658	789	63,441	30,015	-	2,264	114,169
Interest accrual in fiscal year	11,125	187	5	3	11	0	11,333
Dividends paid in fiscal year	36,276	534	60,810	29,905	377	2,230	130,134
Other increase (decrease)	-	-	-	-	-	-	-
Balance at the end of fiscal year	330,109	6,368	6,372	7,514	2,808	363	353,538
Year ended March 31, 2009							
Balance at the end of previous fiscal year	330,109	6,368	6,372	7,514	2,808	363	353,538
Transfer from surplus in previous year	23,545	988	52,063	10,398	-	2,232	89,227
Interest accrual in fiscal year	10,685	180	6	4	12	0	10,890
Dividends paid in fiscal year	39,058	598	53,186	10,586	355	2,210	105,997
Other increase (decrease)	-	-	5,500	(5,500)	-	-	-
Balance at the end of fiscal year	325,281	6,938	10,756	1,829	2,466	385	347,658

#### (3) Reserve for Possible Loan Losses

	Millions of yen		
	Year ended March 31, 2008	Year ended March 31, 2009	Change
(1) Total of reserves for possible loan losses			
(a) general reserve	5,543	7,481	1,937
(b) specific reserve	6,777	3,435	(3,342)
(c) specific reserve for loans to refinancing countries	-	-	-
(2) Specific reserve			
(a) provision for the year	6,786	3,433	(3,353)
(b) reversal for the year	4,513	6,479	1,966
[excludes reversal due to write-offs]			
(c) net amount of provision	2,273	(3,045)	(5,319)
(3) Specific reserve for loans to refinancing countries			
(a) number of countries	1	1	-
(b) amount of loans	-	-	-
(c) provision for the year	-	-	-
(d) reversal for the year	-	-	-
[excludes reversal due to write-offs]			
(4) Write-down of loans	683	905	221

Note:

1. Specific reserve is calculated after direct write-offs of the amount unrecoverable from collateral and guarantees for loans and claims to bankrupt and substantially bankrupt obligors.

The amounts written off were as follows:

- Fiscal year ended March 31, 2008: 4,118 million yen  
 - Fiscal year ended March 31, 2009: 4,145 million yen

2. Amounts of loans shown in (3)(b) are net amounts after deducting estimated recoverable amount of collateral or guarantees from the book value of loans and claims.

## 4. Insurance Income & Expenses

### (1) Insurance Premiums by Product Line

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Individual Insurance	1,749,377	1,736,571
Individual Annuities	246,262	180,733
Group Insurance	171,717	163,162
Group Annuities	882,379	777,469
Others	48,021	45,703
<b>Total</b>	<b>3,097,758</b>	<b>2,903,640</b>

Note: "Others" include premiums from financial insurance, financial annuities, and reinsurance written.

### (2) Benefits and Claims by Product Line

Year ended March 31, 2008	Millions of yen					
	Individual Insurance	Individual Annuities	Group Insurance	Group Annuities	Others	Total
<b>Claims</b>	729,876	348	93,054	43,945	1,591	868,816
Death	344,945	311	86,873	-	450	432,580
Accidental	4,768	3	199	-	146	5,118
Disability	24,249	34	5,614	-	-	29,898
Maturity	318,657	-	333	43,945	986	363,922
Others	37,255	-	33	-	8	37,297
Annuities	79,457	89,756	963	212,159	7,251	389,588
<b>Benefits</b>	164,630	35,285	286	316,666	5,259	522,129
Death	814	14,945	-	130	452	16,343
Hospitalization	55,587	483	100	-	675	56,848
Operation	28,183	318	-	-	115	28,616
Disability	4,086	9	70	23	-	4,190
Survival	65,581	701	-	-	3,939	70,222
Lump-sum payment	-	18,807	111	316,511	-	335,430
Others	10,376	19	4	-	75	10,476
<b>Surrender values</b>	<b>422,287</b>	<b>66,674</b>	<b>156</b>	<b>170,555</b>	<b>39,928</b>	<b>699,602</b>
<b>Year ended March 31, 2009</b>						
<b>Claims</b>	823,508	151	92,360	16,514	1,654	934,190
Death	329,248	126	85,234	-	515	415,125
Accidental	4,891	13	164	-	169	5,238
Disability	21,722	12	6,024	-	-	27,758
Maturity	437,169	-	778	16,514	952	455,415
Others	30,476	-	158	-	17	30,652
Annuities	80,412	105,271	999	247,536	7,638	441,857
<b>Benefits</b>	140,526	40,082	251	319,050	4,438	504,349
Death	998	16,330	-	272	332	17,934
Hospitalization	54,474	460	86	-	660	55,681
Operation	30,099	317	-	-	147	30,564
Disability	2,970	4	65	61	-	3,102
Survival	43,439	2,775	-	-	3,243	49,458
Lump-sum payment	-	20,183	94	318,715	-	338,993
Others	8,544	12	5	-	53	8,615
<b>Surrender values</b>	<b>450,245</b>	<b>67,586</b>	<b>390</b>	<b>110,827</b>	<b>39,046</b>	<b>668,096</b>

## 5. Investment Income & Expenses

### (1) Investment Income (General Account)

	Millions of yen			
	Year ended March 31, 2008		Year ended March 31, 2009	
	Amount	%	Amount	%
Interest and dividends	832,184	81.1	741,330	62.9
Interest from deposits	4,687	0.5	6,316	0.5
Interest and dividends from securities	651,127	63.4	557,911	47.3
(Interest from bonds)	220,923	21.5	220,065	18.7
(Dividends from stocks)	91,298	8.9	77,956	6.6
(Interest & dividends from foreign securities)	311,840	30.4	250,926	21.3
Interest from loans	102,821	10.0	97,400	8.3
Rental income	62,579	6.1	69,534	5.9
Other interest and dividends	10,969	1.1	10,165	0.9
Gains on trading account securities	-	-	1,484	0.1
Gains on money held in trust	-	-	-	-
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	150,181	14.6	382,670	32.5
Gains on sale of domestic bonds	25,926	2.5	130,575	11.1
Gains on sale of domestic stocks	42,567	4.1	52,221	4.4
Gains on sale of foreign securities	81,678	8.0	199,873	17.0
Others	9	0.0	-	-
Gains on redemption of securities	7,498	0.7	11,223	1.0
Derivative transaction gains	36,082	3.5	41,172	3.5
Foreign exchange gains	-	-	-	-
Other investment income	421	0.0	473	0.0
Total	1,026,369	100.0	1,178,355	100.0

### (2) Investment Expense (General Account)

	Millions of yen			
	Year ended March 31, 2008		Year ended March 31, 2009	
	Amount	%	Amount	%
Interest expenses	10,169	3.1	9,402	0.8
Losses on trading account securities	187	0.1	-	-
Losses on money held in trust	7,534	2.3	6,729	0.6
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	148,338	45.1	504,840	45.3
Losses on sale of domestic bonds	33,121	10.1	23,091	2.1
Losses on sale of domestic stocks	2,618	0.8	54,194	4.9
Losses on sale of foreign securities	112,597	34.2	427,555	38.4
Others	-	-	-	-
Losses on valuation of securities	31,904	9.7	441,948	39.7
Losses on valuation of domestic bonds	-	-	179	0.0
Losses on valuation of domestic stocks	18,797	5.7	217,817	19.5
Losses on valuation of foreign securities	13,107	4.0	222,970	20.0
Others	-	-	980	0.1
Losses on redemption of securities	520	0.2	2,240	0.2
Derivative transaction losses	-	-	-	-
Foreign exchange losses	80,577	24.5	91,499	8.2
Provision for reserve for possible loan losses	1,339	0.4	-	-
Provision for reserve for possible investment losses	3,869	1.2	-	-
Write-down of loans	683	0.2	905	0.1
Depreciation of rental real estate and others	15,273	4.6	15,110	1.4
Other investment expenses	28,718	8.7	41,687	3.7
Total	329,114	100.0	1,114,363	100.0

### (3) Net Investment Income (General Account)

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Net investment income	697,254	63,992

## 6. Solvency Margin Ratio

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Total solvency margin (A)	4,588,750	2,786,154
Foundation funds and surplus <sup>*1</sup>	596,170	660,468
Reserve for price fluctuations	221,453	101,453
Contingency reserve	987,112	509,093
General reserve for possible loan losses	5,543	7,481
Net unrealized gains on securities (before tax) x 90% <sup>*2</sup>	1,348,016	(74,242)
Net unrealized gains (losses) on real estate x 85% <sup>*2</sup>	172,897	137,022
Policy reserves in excess of surrender values	1,015,148	1,148,880
Qualifying subordinated debt	180,080	346,282
Excluded items	(52,681)	(158,381)
Others	115,009	108,095
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ (B)	908,044	725,395
Insurance risk R <sub>1</sub>	110,780	105,703
3rd sector insurance risk R <sub>8</sub>	141,589	147,184
Assumed investment yield risk R <sub>2</sub>	144,732	136,819
Investment risk R <sub>3</sub>	698,666	516,918
Business risk R <sub>4</sub>	22,033	18,265
Guaranteed minimum benefit risk R <sub>7</sub> <sup>*3</sup>	5,909	6,626
Solvency margin ratio		
	$\frac{(A)}{(1/2) \times (B)} \times 100$	
	1,010.6%	768.1%

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

\*2: Multiplied by 100% if losses.

\*3: Calculated by standard method.

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

## 7. Embedded Value

### (1) Embedded Value

EV (Embedded Value) is the sum of “adjusted net worth,” which is calculated by making necessary adjustments to total net assets on the balance sheet, and “value of in-force business,” which is calculated as present value of future after-tax profits on in-force business less present value of cost of capital. EV is one of the indicators that represents corporate value for shareholders.

Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of profits. The use of EV allows the contribution of future profit from new business to be recognized at the time of sale. It therefore serves as a valuable supplement to statutory financial information.

### (2) The EV of Dai-ichi Life

The EVs valuated at the ends of the last two fiscal years are shown in the table below.

	Billions of yen		
	As of March 31, 2008	As of March 31, 2009	Increase (Decrease)
EV	3,187.7	1,560.8	(1,626.9)
Adjusted net worth	2,499.9	1,170.8	(1,329.0)
Value of in-force business	687.8	389.9	(297.8)
Value of new business	57.0	46.1	(10.8)

Note:

1. Adjusted net worth is calculated using the following formula:

Adjusted net worth = Total net assets (excluding foundation funds, valuation and translation adjustments, and expected disbursements from capital outside the company) + certain reserves in liabilities (reserve for price fluctuations, contingency reserve, and unallotted portion of reserve for policyholder dividends) (after-tax) + general reserve for possible loan losses (after-tax) + net unrealized gains (losses) on securities (after-tax, including derivative transactions) + net unrealized gains (losses) on real estate (after-tax) + net unrealized gains (losses) on loans (after-tax) – unfunded benefit obligations for employees’ retirement benefits (after-tax).

2. Value of in-force business = Present value of future after-tax profits on in-force business – present value of cost of capital

3. Value of new business represents the value of new contracts (including an increase from conversions) for each fiscal year.

4. The figures above do not reflect results that may have occurred or changes in the financial market after the time of valuation.

The value of in-force business decreased by ¥297.8 billion because it considerably reduced its assumed investment yield used for the calculation of value of in-force business, mainly reflecting the downturn in the stock market.

Applying the same assumptions used in calculating its EV as of March 31, 2008 and assuming no effect of provision for additional policy reserves<sup>\*1</sup>, its value of in-force business as of March 31, 2009 would have decreased by ¥20.2 billion to ¥667.5 billion.

	Billions of yen	
	As of March 31, 2009	Increase (Decrease)
Applying the same assumptions used in calculating EV as of March 31, 2008	667.5 <sup>*2</sup>	(20.2)

\*1. In the fiscal year ended March 31, 2008, Dai-ichi Life started providing additional policy reserves periodically in order to provide for future claim obligations. The additional policy reserves had the effect of increasing the value of in-force business by ¥57.1 billion.

\*2. (a) Value of in-force business as of March 31, 2009 (¥389.9 billion) less (b) negative effects of changes in assumptions (¥334.7 billion) less (c) effect of provision for additional policy reserves (¥57.1 billion)

### (3) Major Assumptions Used in the Calculation of EV

	As of March 31, 2008	As of March 31, 2009																												
Discount rate	6.3% Set by adding the company's assumed risk premium (5.0%) to the year-end risk free rate (the yield on 10-year Japanese government bonds: 1.28%).	6.3% Set by adding the company's assumed risk premium (5.0%) to the year-end risk free rate (the yield on 10-year Japanese government bonds: 1.34%).																												
	Set based on asset allocation and assumed investment yield by asset category.	Set based on asset allocation and assumed investment yield by asset category.																												
Investment yield	<table border="1"> <thead> <tr> <th>Classification of assets</th> <th>Assumed investment yield</th> </tr> </thead> <tbody> <tr> <td>Cash and deposits, call loans</td> <td>0.50%</td> </tr> <tr> <td>Fixed income assets</td> <td>1.54%</td> </tr> <tr> <td>Domestic stocks</td> <td>4.78%</td> </tr> <tr> <td>Foreign bonds</td> <td>3.78%</td> </tr> <tr> <td>Other assets</td> <td>2.26%</td> </tr> <tr> <td>Total</td> <td>2.26%</td> </tr> </tbody> </table>	Classification of assets	Assumed investment yield	Cash and deposits, call loans	0.50%	Fixed income assets	1.54%	Domestic stocks	4.78%	Foreign bonds	3.78%	Other assets	2.26%	Total	2.26%	<table border="1"> <thead> <tr> <th>Classification of assets</th> <th>Assumed investment yield</th> </tr> </thead> <tbody> <tr> <td>Cash and deposits, call loans</td> <td>0.10%</td> </tr> <tr> <td>Fixed income assets</td> <td>1.73%</td> </tr> <tr> <td>Domestic stocks</td> <td>3.35%</td> </tr> <tr> <td>Foreign bonds</td> <td>3.35%</td> </tr> <tr> <td>Other assets</td> <td>1.24%</td> </tr> <tr> <td>Total</td> <td>1.97%</td> </tr> </tbody> </table>	Classification of assets	Assumed investment yield	Cash and deposits, call loans	0.10%	Fixed income assets	1.73%	Domestic stocks	3.35%	Foreign bonds	3.35%	Other assets	1.24%	Total	1.97%
Classification of assets	Assumed investment yield																													
Cash and deposits, call loans	0.50%																													
Fixed income assets	1.54%																													
Domestic stocks	4.78%																													
Foreign bonds	3.78%																													
Other assets	2.26%																													
Total	2.26%																													
Classification of assets	Assumed investment yield																													
Cash and deposits, call loans	0.10%																													
Fixed income assets	1.73%																													
Domestic stocks	3.35%																													
Foreign bonds	3.35%																													
Other assets	1.24%																													
Total	1.97%																													
Solvency margin ratio	For the purpose of calculating the cost of capital, maintenance of a solvency margin ratio of 600% was assumed.	For the purpose of calculating the cost of capital, maintenance of a solvency margin ratio of 600% was assumed.																												
Mortality and morbidity rates	Set based on experience over the three latest fiscal years (FY2005-FY2007).	Set based on experience over the three latest fiscal years (FY2006-FY2008).																												
Surrender and lapse rate	Set based on experience over the three latest fiscal years (FY2005-FY2007).	Set based on experience over the three latest fiscal years (FY2006-FY2008).																												
Operating expenses	Set based on experience over the most recent fiscal year (FY2007).	Set based on experience over the most recent fiscal year (FY2008).																												
Effective tax rate	Set based on the most recent effective tax rate (36.08%).	Set based on the most recent effective tax rate (36.08%).																												
Dividend rate	Set based on the dividend rate applied in the fiscal year 2008.	Set based on the dividend rate applied in the fiscal year 2009.																												

### (4) Effects of Changes in Assumptions (Sensitivities)

The followings are the effects on the EV of changes in assumptions.

		Billions of yen	
		Increase (Decrease)	EV amount
Discount rate	from 6.3% to 7.3%	(51.0)	1,509.8
	from 6.3% to 5.3%	59.1	1,620.0
Investment yield	+0.25%	371.4	1,932.3
	-0.25%	(374.7)	1,186.1
Solvency margin ratio	from 600% to 700%	(132.0)	1,428.8
	from 600% to 500%	87.7	1,648.5
Operating expenses	Assumption x 110%	(99.3)	1,461.5
	Assumption x 90%	98.7	1,659.6
Surrender and lapse rate	Assumption x 110%	(33.5)	1,527.3
	Assumption x 90%	36.8	1,597.7
Mortality and morbidity rates	Assumption x 110%	(230.3)	1,330.5
	Assumption x 90%	234.4	1,795.3

### (5) Analysis of Change in EV from March 31, 2008 to March 31, 2009

The following is an analysis of the change in EV from March 31, 2008 to March 31, 2009.

	Billions of yen		Remarks
	Amount		
EV as of March 31, 2008	3,187.7		
Expected return on EV as of March 31, 2008	200.8	EV as of March 31, 2008 × Discount rate	
Differences between assumptions and actual experience for FY 2008	(1,539.1)	Difference between assumptions set for EV as of March 31, 2008 and results for FY 2008	
Effects of changes in the assumptions	(334.7)	Effects of change in assumptions for FY 2009 and subsequent periods	
EV of new business for FY 2008	46.1		
EV as of March 31, 2009	1,560.8		

Note:

- As the amount of expected return is discounted by the discount rate in calculating EV, "Expected return on EV as of March 31, 2008" is brought by release of discounted value as time passes.
- "Differences between assumptions and actual experience for FY 2008" include a decrease (¥954.1 billion) in net unrealized gains (losses) on securities (after-tax).
- "Effects of changes in the assumptions" are mainly because Dai-ichi Life reduced its assumed investment yield.

## (6) Note in Using EV

1. The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. Actual future results might materially differ from the assumptions used in the EV calculations. We therefore ask that full care is exercised when using or analyzing EV.
2. In calculating EV, the Group requested Towers Perrin, an independent actuarial firm, to review the assumptions and calculation method and obtained a written opinion. The opinion can be found on the Company's website (<http://www.dai-ichi-life.co.jp/>).

## 8. Separate Account

### (1) Separate Account Assets by Product

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Individual variable insurance	58,424	43,670
Individual variable annuities	229,768	157,410
Group annuities	1,212,817	958,041
Separate account total	1,501,010	1,159,122

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

#### A. Policies in Force

	Millions of yen except number of policies			
	As of March 31, 2008		As of March 31, 2009	
	Number	Amount	Number	Amount
Variable insurance (term life)	267	1,291	242	1,187
Variable insurance (whole life)	49,609	311,037	48,817	305,169
Total	49,876	312,329	49,059	306,357

Note: Policies in force include term life riders.

#### B. Breakdown of Separate Account Assets for Individual Variable Insurance

	Millions of yen except percentages			
	As of March 31, 2008		As of March 31, 2009	
	Amount	%	Amount	%
Cash, deposits, and call loans	4	0.0	11	0.0
Securities	54,103	92.6	39,243	89.9
Domestic bonds	14,217	24.3	12,249	28.1
Domestic stocks	22,065	37.8	14,008	32.1
Foreign securities	17,820	30.5	12,985	29.7
Foreign bonds	6,278	10.7	5,607	12.8
Foreign stocks and other securities	11,542	19.8	7,378	16.9
Other securities	-	-	-	-
Loans	-	-	-	-
Others	4,316	7.4	4,414	10.1
Reserve for possible loan losses	-	-	-	-
Total	58,424	100.0	43,670	100.0

#### C. Investment Gains and Losses of Separate Account for Individual Variable Insurance

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Interest and dividends	1,309	1,117
Gains on sales of securities	4,898	1,575
Gains on redemption of securities	-	-
Gains on valuation of securities	2,994	6,130
Foreign exchange gains	325	356
Derivative transaction gains	111	59
Other investment income	0	1
Losses on sales of securities	3,359	9,905
Losses on redemption of securities	-	-
Losses on valuation of securities	14,457	11,353
Foreign exchange losses	192	276
Derivative transaction losses	53	152
Other investment expenses	3	2
Net investment income	(8,426)	(12,449)

## D. Fair Value Information on Securities in Separate Account for Individual Variable Insurance

\* Valuation gains (losses) of trading securities

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	54,103	(11,462)	39,243	(5,223)

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

\* Fair value information on money held in trust

The Company had no balance as of March 31, 2008 or 2009.

## E. Fair Value Information on Derivative Transactions (Individual Variable Insurance)

(a) Gains and losses on derivatives

	Millions of yen											
	As of March 31, 2008						As of March 31, 2009					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	-	-	-	-	-	-	-	-	-	-	-	-
Hedge accounting not applied	-	65	-	-	-	65	-	(27)	-	-	-	(27)
Total	-	65	-	-	-	65	-	(27)	-	-	-	(27)

Note: All gains and losses above are reported in the statements of earnings.

(b) Fair value information on derivatives

\* Currency-related transactions

	Millions of yen							
	As of March 31, 2008				As of March 31, 2009			
	Contract Value	Fair Value	Gains (losses)	Hedge Accounting Applied	Contract Value	Fair Value	Gains (losses)	Hedge Accounting Applied
Over-the-counter transactions								
Currency forward contracts								
Sold								
Euro	2,369	2,307	61	-	2,219	2,260	(40)	-
U.S. dollar	189	192	(2)	-	1,105	1,140	(34)	-
British pound	1,293	1,248	45	-	965	970	(5)	-
Canadian dollar	577	556	21	-	97	97	0	-
Swiss franc	17	17	(0)	-	18	18	(0)	-
Swedish krona	189	191	(1)	-	9	9	0	-
Polish zloty	25	26	(0)	-	7	8	(0)	-
Australian dollar	-	-	-	-	5	6	(0)	-
Hong Kong dollar	0	0	0	-	5	5	0	-
Danish krone	-	-	-	-	2	2	(0)	-
Norwegian krone	-	-	-	-	1	1	0	-
Singapore dollar	-	-	-	-	0	0	0	-
Bought								
Euro	74	74	(0)	-	0	0	(0)	-
U.S. dollar	2,180	2,183	3	-	1,688	1,701	12	-
British pound	475	483	8	-	1,008	1,012	3	-
Polish zloty	658	656	(2)	-	478	481	2	-
Swiss franc	191	192	1	-	65	66	0	-
Singapore dollar	74	77	3	-	44	47	2	-
Norwegian krone	357	367	10	-	42	43	1	-
Canadian dollar	217	210	(7)	-	25	25	0	-
Australian dollar	28	28	0	-	16	17	0	-
Total	177	166	(11)	-	4	4	0	-
	-	-	-	-	3	3	0	-
Total			65	-			(27)	-

Note:

- Forward exchange rates are used for exchange rates as of year ends.
- Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheets, those currency forward contracts are excluded from the table above.
- Differences between contract value and fair value are shown in "Gains (losses)."
- There were no transactions with maturity of more than one year in the table above.

The Company held no interest-related, stock-related or bond-related derivative instruments as of March 31, 2009 or 2008.

(3) Individual Variable Annuities (Separate Account)

A. Policies in Force

	Millions of yen except number of policies			
	As of March 31, 2008		As of March 31, 2009	
	Number	Amount	Number	Amount
Individual variable annuities	53,367	217,052	49,673	146,677

## B. Breakdown of Separate Account Assets for Individual Variable Annuities

	Millions of yen except percentages			
	As of March 31, 2008		As of March 31, 2009	
	Amount	%	Amount	%
Cash, deposits, and call loans	2,492	1.1	2,121	1.3
Securities	224,617	97.8	153,064	97.2
Domestic bonds	5,239	2.3	4,870	3.1
Domestic stocks	3,813	1.7	2,775	1.8
Foreign securities	8,344	3.6	5,358	3.4
Foreign bonds	3,177	1.4	2,789	1.8
Foreign stocks and other securities	5,166	2.2	2,569	1.6
Other securities	207,219	90.2	140,059	89.0
Loans	-	-	-	-
Others	2,659	1.2	2,223	1.4
Reserve for possible loan losses	-	-	-	-
<b>Total</b>	<b>229,768</b>	<b>100.0</b>	<b>157,410</b>	<b>100.0</b>

## C. Investment Gains and Losses of Separate Account for Individual Variable Annuities

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Interest and dividends	7,514	2,229
Gains on sales of securities	739	271
Gains on redemption of securities	-	-
Gains on valuation of securities	19,024	7,200
Foreign exchange gains	6	7
Derivative transaction gains	0	0
Other investment income	0	0
Losses on sales of securities	501	1,522
Losses on redemption of securities	-	-
Losses on valuation of securities	77,011	57,607
Foreign exchange losses	9	13
Derivative transaction losses	0	0
Other investment expenses	144	2,419
<b>Net investment income</b>	<b>(50,381)</b>	<b>(51,853)</b>

## D. Fair Value Information on Securities in Separate Account for Individual Variable Annuities

\* Valuation gains (losses) of trading securities

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	224,617	(57,987)	153,064	(50,407)

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

\* Fair value information on money held in trust

The Company had no balance as of March 31, 2008 or 2009.

## E. Fair Value Information on Derivative Transactions (Individual Variable Annuities)

(a) Gains and losses on derivatives

	Millions of yen											
	As of March 31, 2008					As of March 31, 2009						
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	-	-	-	-	-	-	-	-	-	-	-	-
Hedge accounting not applied	-	(0)	-	-	-	(0)	-	(0)	-	-	-	(0)
<b>Total</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>

Note: All gains and losses above are reported in the statements of earnings.



## (b) Fair value information on derivatives

\* Currency-related transactions

	Millions of yen							
	As of March 31, 2008				As of March 31, 2009			
	Contract Value	Fair Value	Gains (losses)	Hedge Accounting Applied	Contract Value	Fair Value	Gains (losses)	Hedge Accounting Applied
Over-the-counter transactions								
Currency forward contracts								
Sold	11	11	(0)	-	27	28	(0)	-
Euro	0	0	(0)	-	15	16	(0)	-
British pound	3	3	(0)	-	8	8	(0)	-
Canadian dollar	1	1	(0)	-	2	2	(0)	-
U.S. dollar	4	4	(0)	-	0	0	(0)	-
Swiss franc	-	-	-	-	0	0	0	-
Australian dollar	0	0	0	-	0	0	0	-
Danish krone	-	-	-	-	0	0	0	-
Hong Kong dollar	-	-	-	-	0	0	(0)	-
Singapore dollar	1	1	(0)	-	-	-	-	-
Bought	12	12	0	-	26	27	0	-
British pound	1	1	0	-	11	11	0	-
Euro	2	2	0	-	5	5	0	-
U.S. dollar	6	6	0	-	5	5	0	-
Canadian dollar	2	2	0	-	4	4	0	-
Total			(0)	-			(0)	-

Note:

- Forward exchange rates are used for exchange rates as of year ends.
- Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheets, those currency forward contracts are excluded from the table above.
- Differences between contract value and fair value are shown in "Gains (losses)."
- There were no transactions with maturity of more than one year in the table above.

The Company held no interest-related, stock-related or bond-related derivative instruments as of March 31, 2008 or 2009.

## 9. Company Total of General Account and Separate Account

## (1) Asset Composition

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	384,116	1.2	393,507	1.3
Securities repurchased under resale agreements	-	-	-	-
Deposits paid for securities borrowing transactions	47,273	0.1	14,954	0.0
Monetary claims bought	316,767	1.0	281,371	0.9
Trading account securities	46,663	0.1	52,597	0.2
Money held in trust	25,223	0.1	13,265	0.0
Securities	24,317,141	76.4	22,667,846	75.5
Domestic bonds	12,544,188	39.4	12,953,777	43.1
Domestic stocks	4,939,522	15.5	3,139,601	10.5
Foreign securities	6,327,686	19.9	6,220,487	20.7
Foreign bonds	4,713,242	14.8	4,617,915	15.4
Foreign stocks and other securities	1,614,443	5.1	1,602,571	5.3
Other securities	505,745	1.6	353,980	1.2
Loans	4,647,199	14.6	4,248,438	14.2
Policy loans	629,534	2.0	604,706	2.0
Ordinary loans	4,017,665	12.6	3,643,732	12.1
Real estate	1,233,982	3.9	1,235,122	4.1
Deferred tax assets	162,392	0.5	640,990	2.1
Others	665,467	2.1	485,063	1.6
Reserve for possible loan losses	(12,321)	(0.0)	(10,916)	(0.0)
Total	31,833,906	100.0	30,022,243	100.0
Foreign currency-denominated assets	5,348,506	16.8	4,725,208	15.7

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

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

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Cash, deposits, and call loans	(155,233)	9,391
Securities repurchased under resale agreements	-	-
Deposits paid for securities borrowing transactions	47,273	(32,318)
Monetary claims bought	(145,561)	(35,395)
Trading account securities	46,663	5,934
Money held in trust	(7,340)	(11,958)
Securities	(1,585,523)	(1,649,294)
Domestic bonds	228,141	409,589
Domestic stocks	(1,735,109)	(1,799,921)
Foreign securities	49,689	(107,199)
Foreign bonds	25,706	(95,327)
Foreign stocks and other securities	23,983	(11,871)
Other securities	(128,244)	(151,764)
Loans	(415,371)	(398,760)
Policy loans	(29,735)	(24,828)
Ordinary loans	(385,636)	(373,932)
Real estate	66,733	1,140
Deferred tax assets	162,392	478,598
Others	242,460	(180,403)
Reserve for possible loan losses	(786)	1,405
<b>Total</b>	<b>(1,744,294)</b>	<b>(1,811,662)</b>
Foreign currency-denominated assets	136,601	(623,298)

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

## (3) Fair Value Information on Securities and Others

### A. Valuation Gains and Losses on Trading Securities

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	1,467,657	(315,779)	1,143,559	(219,536)
General account	70,343	(5,995)	64,687	(1,139)
Separate account	1,397,313	(309,784)	1,078,872	(218,397)

Note:

1. The table above includes money held in trust classified as trading securities.

2. "Valuation gains (losses) included in statement of earnings" includes reversal gains (losses) at the beginning of the year.

### B. Fair Value Information on Securities (securities with fair value except for trading securities)

As of March 31, 2008	Millions of yen				
	Book value	Fair value	Gains (losses)	Gains	Losses
Bonds held to maturity	174,034	176,400	2,365	4,011	1,645
Domestic bonds	123,140	123,084	(56)	1,589	1,645
Foreign bonds	50,894	53,316	2,421	2,421	-
Policy-reserve-matching bonds	4,927,142	5,078,369	151,227	155,763	4,535
Domestic bonds	4,927,142	5,078,369	151,227	155,763	4,535
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	15,323,877	16,821,851	1,497,973	1,854,028	356,054
Domestic bonds	6,910,185	7,136,478	226,292	235,085	8,792
Domestic stocks	2,988,492	4,276,199	1,287,706	1,408,762	121,056
Foreign securities	5,135,282	5,129,440	(5,842)	204,446	210,288
Foreign bonds	4,498,342	4,489,772	(8,570)	133,324	141,894
Foreign stocks and other securities	636,939	639,668	2,728	71,122	68,394
Other securities	204,933	194,749	(10,183)	5,733	15,916
Monetary claims bought	44,983	44,983	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>20,425,054</b>	<b>22,076,621</b>	<b>1,651,566</b>	<b>2,013,802</b>	<b>362,236</b>
Domestic bonds	11,960,467	12,337,931	377,464	392,438	14,973
Domestic stocks	2,988,492	4,276,199	1,287,706	1,408,762	121,056
Foreign securities	5,186,177	5,182,757	(3,420)	206,868	210,288
Foreign bonds	4,549,237	4,543,089	(6,148)	135,745	141,894
Foreign stocks and other securities	636,939	639,668	2,728	71,122	68,394
Other securities	204,933	194,749	(10,183)	5,733	15,916
Monetary claims bought	44,983	44,983	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-

As of March 31, 2009

Bonds held to maturity	173,462	177,941	4,479	5,842	1,362
Domestic bonds	123,697	123,767	70	1,433	1,362
Foreign bonds	49,765	54,174	4,408	4,408	-
Policy-reserve-matching bonds	5,161,684	5,391,451	229,767	233,682	3,915
Domestic bonds	5,161,684	5,391,451	229,767	233,682	3,915
Stocks of subsidiaries and affiliates	16,345	16,345	(0)	-	-
Securities available for sale	14,936,493	14,862,019	(74,473)	571,671	646,145
Domestic bonds	7,160,812	7,334,849	174,037	195,947	21,910
Domestic stocks	2,606,474	2,509,680	(96,794)	277,480	374,274
Foreign securities	4,943,671	4,805,430	(138,240)	96,950	235,190
Foreign bonds	4,465,666	4,410,063	(55,603)	86,170	141,774
Foreign stocks and other securities	478,004	395,367	(82,637)	10,779	93,416
Other securities	115,534	102,058	(13,476)	1,293	14,770
Monetary claims bought	19,999	19,999	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
Others	-	-	-	-	-
Total	<u>20,287,986</u>	<u>20,447,758</u>	<u>159,772</u>	<u>811,196</u>	<u>651,424</u>
Domestic bonds	12,446,194	12,850,068	403,874	431,063	27,188
Domestic stocks	2,606,474	2,509,680	(96,794)	277,480	374,274
Foreign securities	5,009,343	4,875,512	(133,831)	101,358	235,190
Foreign bonds	4,515,431	4,464,237	(51,194)	90,579	141,774
Foreign stocks and other securities	493,911	411,274	(82,637)	10,779	93,416
Other securities	115,973	102,496	(13,476)	1,293	14,770
Monetary claims bought	19,999	19,999	-	-	-
Certificates of deposit	90,000	90,000	-	-	-
Others	-	-	-	-	-

Note:

- The table above includes assets, such as certificates of deposit, which are considered appropriate to deem as securities, as defined in the Securities and Exchange Law.
- Money held in trust classified as other than trading securities, in which bank deposits are held, is excluded from the table above. Book value, equivalent of fair value, of the trust as of March 31, 2008 and 2009 amounted to 1,543 million yen and 1,176 million yen, respectively.

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

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	82,634	190,887
Unlisted domestic stocks (except over-the-counter stocks)	66,325	171,210
Unlisted foreign stocks (except over-the-counter stocks)	6,879	10,842
Others	9,429	8,834
Other securities	1,271,109	1,555,715
Unlisted domestic stocks (except over-the-counter stocks)	166,239	165,162
Unlisted foreign stocks (except over-the-counter stocks)	731,095	1,019,345
Unlisted foreign bonds	0	0
Others	373,775	371,207
Total	<u>1,353,744</u>	<u>1,746,602</u>

Note: The table above includes assets, such as certificates of deposit, which are considered appropriate to deem as securities, as defined in the Securities and Exchange Law.

### C. 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, 2008	25,223	25,223	(6,117)	2,045	8,162
As of March 31, 2009	13,265	13,265	(961)	6,162	7,123

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

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

	Millions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for trading purpose	23,680	(6,117)	12,089	(961)

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

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

	Millions of yen									
	As of March 31, 2008					As of March 31, 2009				
	Book value	Fair value	Gains (losses)	Gains	Losses	Book value	Fair value	Gains (losses)	Gains	Losses
Trust held to maturity	-	-	-	-	-	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-	-	-	-	-	-
Trust available for sale	1,543	1,543	-	-	-	1,176	1,176	-	-	-

Note: Trust in which bank deposits are held is reported as "Trust available for sale."

#### (4) Fair Value Information on Derivative Transactions

##### A. Credit Risk Information on OTC Derivative Transactions

	Billions of yen			
	As of March 31, 2008		As of March 31, 2009	
	Notional amount/Contract value	Credit risk amount	Notional amount/Contract value	Credit risk amount
Interest rate swaps	261.8	3.6	376.7	4.1
Foreign currency forward contracts	2,807.3	66.1	2,606.1	34.0
Currency options	-	-	162.9	1.6
Bond forward contracts	61.1	0.1	-	-
Bond options	118.5	0.1	46.8	0.0
Credit derivatives	6.0	0.0	-	-
Total	3,254.9	70.0	3,192.6	39.9

Note: Figures in "Credit risk amount" show the replacement cost based on the current exposure method for OTC derivative transactions.

##### B. Gains and Losses on Derivatives

	Millions of yen											
	As of March 31, 2008						As of March 31, 2009					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	1,307	20,348	-	-	-	21,655	1,459	(190,886)	-	-	-	(189,427)
Hedge accounting not applied	39	4,196	(17)	259	(2)	4,475	18	(11,211)	(4,014)	192	-	(15,014)
Total	1,347	24,544	(17)	259	(2)	26,130	1,477	(202,097)	(4,014)	192	-	(204,441)

Note: Regarding the table above, the following figures are reported in the statements of earnings:

Year ended March 31, 2008: gains/losses from derivatives with hedge accounting (fair value hedge method) applied (currency-related, gain of 20,348 million yen), and gains/losses from derivatives with hedge accounting not applied, but excluding remaining balance of deferred hedge gains/losses due to termination of hedge accounting (gain of 4,475 million yen), totalling gain of 24,823 million yen.

Year ended March 31, 2009: gains/losses from derivatives with hedge accounting (fair value hedge method) applied (currency-related, loss of 190,886 million yen), and gains/losses from derivatives with hedge accounting not applied (loss of 15,014 million yen), totalling loss of 205,900 million yen.

##### C. Fair Value Information on Derivatives

###### (a) Interest-related transactions

	Millions of yen									
	As of March 31, 2008					As of March 31, 2009				
	Notional amount/contract value	Over 1 Year	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/contract value	Over 1 Year	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions										
Foreign interest rate futures										
Sold	-	-	-	-	-	22,367	-	22,368	0	-
Over-the-counter transactions										
Yen interest rate swaps										
Receipts fixed, payments floating	236,870	200,910	1,401	1,401	1,307	178,764	131,924	2,091	2,091	2,055
Receipts floating, payments fixed	25,000	25,000	(53)	(53)	-	198,000	183,000	(615)	(615)	(596)
Total				1,347	1,307				1,477	1,459

Note: Differences between contract value and fair value for futures, and fair value for swap transactions, are shown in "Gains (losses)."

###### (Reference) Interest rate swaps by contractual maturity dates

	Millions of yen							
	1 year or shorter	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total	
As of March 31, 2008								
Notional amount (receipts fixed, payments floating)	35,960	91,180	41,000	49,900	18,830	-	236,870	
Average fixed rate (receipt)	0.71	0.90	1.23	1.34	1.54	-	1.07	
Average floating rate (payment)	0.97	1.01	0.97	0.95	0.96	-	0.98	
Notional amount (receipts floating, payments fixed)	-	25,000	-	-	-	-	25,000	
Average fixed rate (payment)	-	1.07	-	-	-	-	1.07	
Average floating rate (receipt)	-	0.98	-	-	-	-	0.98	
Total	35,960	116,180	41,000	49,900	18,830	-	261,870	

As of March 31, 2009

Notional amount (receipts fixed, payments floating)	46,840	37,692	58,300	26,090	9,842	-	178,764
Average fixed rate (receipt)	0.86	1.06	1.22	1.56	1.65	-	1.16
Average floating rate (payment)	0.78	0.90	0.78	0.79	0.93	-	0.81
Notional amount (receipts floating, payments fixed)	15,000	-	183,000	-	-	-	198,000
Average fixed rate (payment)	1.08	-	1.12	-	-	-	1.12
Average floating rate (receipt)	0.82	-	0.75	-	-	-	0.75
<b>Total</b>	<b>61,840</b>	<b>37,692</b>	<b>241,300</b>	<b>26,090</b>	<b>9,842</b>	<b>-</b>	<b>376,764</b>

(b) Currency-related transactions

	Millions of yen							
	As of March 31, 2008				As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied
Over-the-counter transactions								
Currency forward contracts								
Sold								
U.S. dollar	2,428,213	2,407,454	20,758	20,337	2,486,960	2,688,334	(201,373)	(191,340)
Euro	1,209,966	1,194,171	15,795	12,099	1,466,054	1,562,594	(96,540)	(90,137)
British pound	900,867	905,987	(5,119)	(1,177)	826,031	913,748	(87,716)	(84,845)
Canadian dollar	239,286	231,154	8,131	7,555	135,071	144,982	(9,911)	(9,549)
Australian dollar	34,848	32,788	2,059	1,930	21,101	22,464	(1,363)	(1,260)
Swedish krona	12,046	11,776	270	210	19,108	22,624	(3,515)	(3,326)
Danish krone	18,915	19,193	(278)	(279)	9,467	10,548	(1,081)	(1,037)
Norwegian krone	24	24	(0)	-	7,019	7,782	(762)	(735)
Swiss franc	45	45	(0)	-	2,863	3,342	(479)	(448)
Hong Kong dollar	7,187	7,270	(83)	-	185	188	(2)	-
Singapore dollar	3,015	3,032	(17)	-	44	44	(0)	-
Polish zloty	2,009	2,008	0	-	7	7	(0)	-
Bought	-	-	-	-	5	6	(0)	-
U.S. dollar	379,179	382,965	3,785	10	119,235	124,871	5,636	453
Euro	156,372	156,533	161	7	54,960	56,496	1,535	106
British pound	148,748	152,878	4,129	2	51,563	54,848	3,284	175
Polish zloty	36,968	37,326	358	-	8,191	8,747	556	172
Swiss franc	1,953	1,966	13	-	1,137	1,225	88	-
Singapore dollar	11,273	11,493	219	-	1,082	1,130	48	-
Norwegian krone	5,871	5,635	(236)	-	640	662	21	-
Australian dollar	747	726	(20)	-	448	477	28	-
Canadian dollar	6,101	6,154	52	-	382	418	36	-
Swedish krona	4,680	4,294	(385)	-	292	298	6	-
Hong Kong dollar	66	67	1	-	260	282	21	-
Danish krone	167	171	4	-	192	193	1	-
Indian rupee	-	-	-	-	70	78	8	-
Chinese yuan	-	-	-	-	11	11	0	-
Currency options	6,227	5,716	(511)	-	-	-	-	-
Bought								
Put								
U.S. dollar	-	-	-	-	162,909	[6,510]	150	(6,360)
Euro	[-]	-	-	-	80,960	[2,784]	19	(2,765)
Taiwan dollar	-	-	-	-	67,411	[3,033]	123	(2,910)
Total	[-]	-	-	-	14,537	[691]	7	(684)
<b>Total</b>			<b>24,544</b>	<b>20,348</b>			<b>(202,097)</b>	<b>(190,886)</b>

Note:

- Figures in [ ] are option premiums which are included in the balance sheets.
- Forward exchange rates are used for exchange rates as of year ends.
- Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheets, those currency forward contracts are excluded from the table above.
- Differences between contract value and fair value for forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)."
- There were no transactions with maturity of more than one year in the table above.

## (c) Stock-related transactions

	Millions of yen							
	As of March 31, 2008				As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions								
Yen stock index futures								
Bought	17,001	16,944	(57)	-	12,646	12,983	337	-
Foreign currency-denominated stock index futures								
Bought	2,462	2,502	40	-	3,247	3,258	11	-
Stock index options								
Bought								
Put	-	-	-	-	55,992	-	-	-
	[ - ]	-	-	-	[5,616]	1,254	(4,362)	-
Total			(17)	-			(4,014)	-

Note:

- Figures in [ ] are option premiums which are included in the balance sheets.
- Differences between contract value and fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)."
- There were no transactions with maturity of more than one year in the table above.

## (d) Bond-related transactions

	Millions of yen							
	As of March 31, 2008				As of March 31, 2009			
	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ contract value	Fair value	Gains (losses)	Hedge accounting applied
Exchange-traded transactions								
Yen bond futures								
Sold	54,079	54,100	(20)	-	28,506	28,320	185	-
Bought	7,900	8,009	109	-	8,173	8,150	(23)	-
Foreign currency-denominated bond futures								
Sold	73,226	73,779	(553)	-	-	-	-	-
Bought	119,831	120,745	914	-	-	-	-	-
Yen bond future options								
Bought								
Call	-	-	-	-	4,175	-	-	-
	[ - ]	-	-	-	[7]	7	0	-
Over-the-counter transactions								
Foreign currency-denominated bond forward contracts								
Sold	19,579	19,903	(324)	-	-	-	-	-
Bought	41,547	41,721	174	-	-	-	-	-
Bond OTC options								
Sold								
Call	26,776	-	-	-	7,317	-	-	-
	[52]	65	(13)	-	[24]	10	13	-
Put	32,499	-	-	-	16,086	-	-	-
	[112]	106	5	-	[38]	27	10	-
Bought								
Call	32,499	-	-	-	16,086	-	-	-
	[99]	78	(21)	-	[22]	11	(11)	-
Put	26,776	-	-	-	7,317	-	-	-
	[58]	47	(11)	-	[30]	47	16	-
Total			259	-			192	-

Note:

- Figures in [ ] are option premiums which are included in the balance sheets.
- Differences between contract value and fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)."
- There were no transactions with maturity of more than one year in the table above.

## (e) Others

	Millions of yen									
	As of March 31, 2008					As of March 31, 2009				
	Notional amount/ contract value	Due after 1 Year	Fair value	Gains (losses)	Hedge accounting applied	Notional amount/ contract value	Due after 1 Year	Fair value	Gains (losses)	Hedge accounting applied
Over-the-counter transactions										
Credit default swap										
Protection sold	4,000	4,000	(51)	(51)	-	-	-	-	-	-
Protection bought	2,000	2,000	48	48	-	-	-	-	-	-
Total				(2)	-				-	-

Note: Fair value of the transaction is shown in "Gains (losses)."

## 10. Consolidated Financial Summary

## (1) Selected Financial Data and Other Information

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Ordinary revenues	4,552,457	5,225,262
Net surplus from operations	192,879	63,351
Net surplus for the year	131,242	86,813

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Total assets	31,941,710	30,444,624

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

	Number of companies	
	Year ended March 31, 2008	Year ended March 31, 2009
Number of consolidated subsidiaries	9	3
Number of non-consolidated subsidiaries accounted for under the equity method	0	0
Number of affiliates accounted for under the equity method	10	32

## (3) Risk-Monitored Loans

		Millions of yen	
		As of March 31, 2008	As of March 31, 2009
Credits to bankrupt borrowers	(I)	5,813	5,493
Delinquent loans	(II)	20,288	11,648
Loans past due for three months or more	(III)	1,682	-
Restructured loans	(IV)	1,162	2,528
Total ( (I)+(II)+(III)+(IV) )		28,947	19,670
[Percentage of total loans]		[0.62]	[0.46]

Note:

- For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers in the fiscal years ended March 31, 2008 and 2009 were ¥1,246 million and ¥976 million, respectively. The write-offs relating to delinquent loans in the fiscal years ended March 31, 2008 and 2009 were ¥2,879 million and ¥3,169 million, respectively.
- Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
- Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.
- Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans, excluding those loans classified as credits to bankrupt borrowers or delinquent loans.
- Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

(Reference) Disclosed claims based on categories of obligors

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Claims against bankrupt and quasi-bankrupt obligors	6,281	6,028
Claims with collection risk	19,822	11,114
Claims for special attention	2,844	2,528
Subtotal	28,948	19,670
Claims against normal obligors	5,337,864	4,748,830
Total	5,366,813	4,768,501

Note:

1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
4. Claims against normal obligors are all other loans.

#### (4) Segment Information

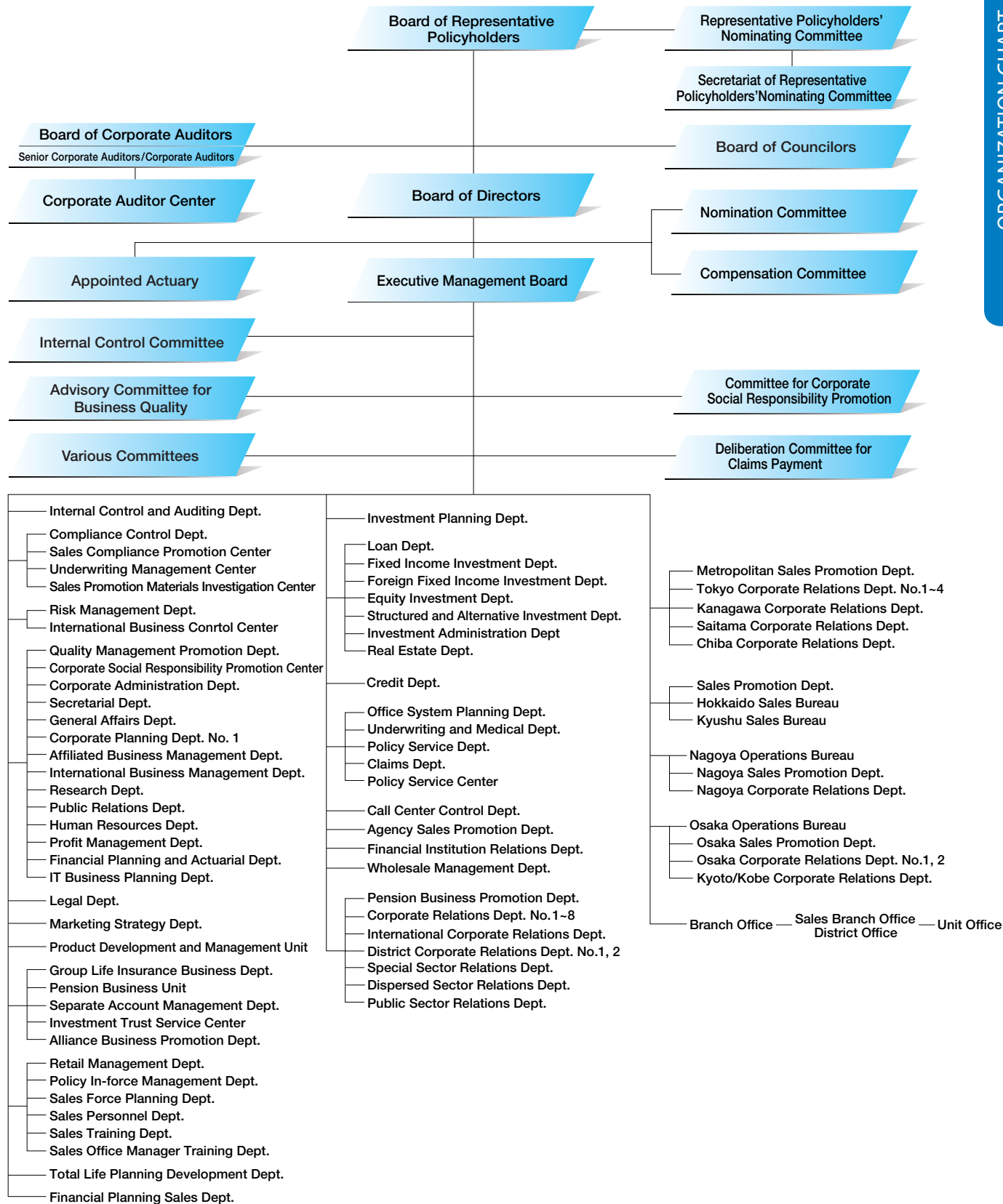
The Company and its consolidated subsidiaries are engaged in businesses other than life insurance business, such as computer system and software development. Those businesses have a minimal impact on overall consolidated financial condition, and the segment information on those businesses is omitted.



# Organization Chart

(As of April 1, 2009)

Operations Bureaus	2
Dept./Sales Bureaus	80
Centers	8
Branch Offices	88
Sales Branch Offices	6
District Offices	10



## Board of Directors and Executive Officers

- Chairman of the Board  
**Tomijiro Morita**
- President  
**Katsutoshi Saito**
- Representative Directors,  
 Senior Managing Executive Officers  
**Kimio Oiso**  
**Hideto Masaki**  
**Shinsuke Kume**
- Director, Senior Managing Executive Officer  
**Koichiro Watanabe**
- Directors, Managing Executive Officers  
**Ryoji Yajima**  
**Kazuma Ishii**  
**Shigeo Tsuyuki**  
**Tomoyasu Asano**  
**Yoshio Takeyama**
- Directors  
**Nobuya Minami**  
**Haruo Funabashi**
- Senior Corporate Auditors  
**Teruo Imano**  
**Masanori Minagawa**
- Corporate Auditors  
**Masasuke Omori**  
**Yoshitoshi Kitajima**  
**Takashi Wachi**
- Managing Executive Officers  
**Satoru Ueno**  
**Takahiro Inaba**  
**Takehide Itonaga**  
**Norimitsu Horio**  
**Yoshifumi Miyata**
- Executive Officers  
**Koji Ono**  
**Hiroshi Kanai**  
**Koji Shimogama**  
**Akio Tanaka**  
**Koichi Maruno**  
**Kenji Sakurai**  
**Morinobu Nagahama**  
**Hideo Teramoto**  
**Takashi Kawashima**

## Overseas Network

### NORTH AMERICA

#### Dai-ichi Life International (U.S.A.), Inc.

President: Toshiya Kaname  
 Address: 1133 Avenue of the Americas, 28th Floor,  
 New York, NY 10036 USA  
 Tel: 1-212-350-7600  
 Fax: 1-212-354-1866

### EUROPE

#### Dai-ichi Life International (Europe) Limited

Senior Managing Director: Koichi Kashimoto  
 Address: Level 4, 155 Bishopsgate, London EC2M 3XN, U.K.  
 Tel: 44-20-7454-9871  
 Fax: 44-20-7628-0074

### ASIA

#### Dai-ichi Life Insurance Company of Vietnam, Limited

General Director: Takashi Fujii  
 Address: 3rd Floor, Saigon Riverside Office Center,  
 2A-4A Ton Duc Thang Street, Dist. 1,  
 Ho Chi Minh City, Vietnam  
 Tel: 84-8-3829-1919  
 Fax: 84-8-3829-3131

#### Tower Australia Group Limited

Chairman: Robert Thomas  
 CEO & MD: Jim Minto  
 Address: Ground Level, 80 Alfred Street, Milsons Point,  
 NSW 2061, Australia  
 Tel: 61-2-9448-9000  
 Fax: 61-2-9448-9100

#### Star Union Dai-ichi Life Insurance Company Limited

Chairman: Muthusamy Balachandran  
 Address: 11th Floor, Raghuleela Arcade, IT park,  
 Sector 30 A, Opp. Vashi Railway Station, Vashi,  
 Navi Mumbai – 400703  
 Tel: 91-22-3954-6300

### ASIA

#### Ocean Life Insurance Co., Ltd.

Chairman: Kirati Assakul  
 Address: 170 / 74 - 83 Ocean Tower 1 Bldg.,  
 Rachadapisek Rd., Klongtoey, Bangkok, Thailand  
 Tel: 66(0)-2261-2300  
 Fax: 66(0)-2261-3344

#### Dai-ichi Life International (AsiaPacific) Limited

Managing Director: Tetsuya Kikuta  
 Address: Suite 6702, Central Plaza 18, Harbour Road,  
 Wanchai, Hong Kong  
 Tel: 852-2588-1331  
 Fax: 852-2588-1218

#### Beijing Representative Office

Chief Representative: Zhao Ke Fei  
 Address: 3rd Floor, Changfugong Office Building,  
 Jianguomenwai St. Chaoyang District, Beijing,  
 People's Republic of China  
 Tel: 86-10-6513-9031  
 Fax: 86-10-6513-9225

#### Shanghai Representative Office

Chief Representative: Akihiko Asakura  
 Address: 15F, Shanghai World Financial Center,  
 100 Century Avenue, Pudong New Area,  
 Shanghai, China  
 Tel: 86-21-6877-5788  
 Fax: 86-21-6877-5988

#### Taipei Representative Office

Chief Representative: Hajime Namba  
 Address: Shin Kong Life Tower 33F, 66, Chung-Hsiao  
 W. RD., Sec.1, Taipei, Taiwan, R.O.C.  
 Tel: 886-2-2388-5399  
 Fax: 886-2-2331-9344

#### Hanoi Representative Office

Chief Representative: Kazuhiro Ohira  
 Address: Suite 501-502, 5th Floor, 63 LTT Building,  
 63 Ly Thai To St., Hanoi, Vietnam  
 Tel: 84-4-39351409  
 Fax: 84-4-39351411

## HISTORY

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### 1902

Tsuneta Yano issues Characteristics of My Company, a pamphlet explaining the merits of a mutual company, and subsequently establishes Japan's first mutual life insurance company, the Dai-ichi Mutual Life Insurance Company.

### 1938

The Head Office is moved to its current Tokyo location, which served as the General Headquarters of the Allied Powers (GHQ) following World War II.

### 1967

Dai-ichi's 20-story Oi Head Office, housing the Company's Policy Service departments and Computer Systems Department, is completed.

### 1970

FALIA, Foundation for the Advancement of Life Insurance Around the World, a consolidation of several related organizations active since 1962, is established to expand Dai-ichi's support for the life insurance business in Asia.

### 1975

Dai-ichi's first overseas representative office is established in New York (currently Dai-ichi Life International (U.S.A.), Inc.) to study U.S. insurance, economic, and financial systems as well as to promote international group insurance policies among local subsidiaries of Japanese corporations.

### 1982

Dai-ichi's first European representative office is established in London (currently Dai-ichi Life International (Europe) Limited).

### 1988

Dai-ichi establishes Dai-ichi Life International (H.K.) Limited (currently Dai-ichi Life International [AsiaPacific] Limited).

### 1990

Dai-ichi's investment in Lincoln National Life Insurance Company marks the first time a Japanese company has participated in capitalizing a leading U.S. insurer (already ceased).

### 1993

Dai-ichi completes the DN Tower 21, a new Head Office building in the heart of Tokyo.

### 1995

Following the Great Hanshin Earthquake in January, Dai-ichi simplifies claims settlement procedures.

### 1996

Dai-ichi establishes the Dai-ichi Property and Casualty Insurance Co., Ltd. (already ceased).

### 1997

Dai-ichi establishes Dai-ichi Life Research Institute Inc.

### 1998

- Dai-ichi enters into the investment trust business as Daiichi Life Asset Management Co., Ltd.
- Dai-ichi reaches an agreement on total business cooperation with the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.).

### 1999

- Dai-ichi and the Industrial Bank of Japan Co., Ltd. establish IBJ-DL Financial Technology Co., Ltd. (currently Mizuho-DL Financial Technology Co., Ltd.).
- Dai-ichi Life Asset Management Co., Ltd., IBJ NW Asset Management Co., Ltd. and IBJ Investment Trust Management Co., Ltd. merge to form DLIBJ Asset Management Co., Ltd. (currently DIAM Co., Ltd.).

### 2000

Dai-ichi enters into an agreement to form a comprehensive business alliance with the Yasuda Fire and Marine Insurance Co., Ltd. (currently SOMPO JAPAN INSURANCE INC.) and a strategic marketing alliance with American Family Life Assurance Company of Columbus (AFLAC).

### 2001

Dai-ichi wins the "Japan Quality Award," the first company in the financial and insurance industry to receive this honor.

### 2002

Marking a century of insurance and investment achievements, Dai-ichi celebrates its 100th Anniversary.

### 2003

Dai-ichi issues subordinated bonds of ¥30 billion for public subscription using a securitization scheme.

### 2004

- Dai-ichi issues U.S. dollar-denominated subordinated bonds in the global capital market.
- Dai-ichi raises additional foundation funds of ¥60 billion through public offering using a securitization scheme.

### 2006

- Dai-ichi raises additional foundation funds of ¥60 billion through public offering using a securitization scheme.

### 2007

- Dai-ichi acquires Bao Minh CMG, which recommences operations as Dai-ichi Life Insurance Company of Vietnam, Ltd.
- Dai-ichi's wholly-owned subsidiary, Dai-ichi Frontier Life Insurance Co., Ltd., obtains a license for life insurance business.
- Dai-ichi concludes a joint-venture contract to establish a joint life insurance company (Star Union Dai-ichi Life Insurance Company Limited) with the Bank of India and Union Bank of India.

### 2008

- Dai-ichi adopts a plan to demutualize and become a stock company.
- Dai-ichi concludes an agreement on a strategic business alliance, including the acquisition of shares, with Ocean Life Insurance Co., Ltd. of Thailand.
- Dai-ichi enters into an agreement to form a strategic business alliance with Tower Australia Group Limited.

### 2009

- Star Union Dai-ichi Life Insurance Company Limited commences sales of its products.
- Dai-ichi enters into ¥183 billion syndicated subordinated loan.
- The 108th general meeting of representative policyholders approves Dai-ichi's demutualization.

## THE DAI-ICHI MUTUAL LIFE INSURANCE COMPANY

13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8411, Japan

Tel: 81- 3-3216-1211

<http://www.dai-ichi-life.co.jp>

**DAI-ICHI LIFE**

**The Dai-ichi Mutual Life Insurance Company**