

May 20, 2009

The Dai-ichi Mutual Life Insurance Company
The Dai-ichi Frontier Life Insurance Co., Ltd.

Disclosure of Embedded Value as of March 31, 2009

The Dai-ichi Mutual Life Insurance Company (hereinafter “Dai-ichi Life,” President: Katsutoshi Saito) and the Dai-ichi Frontier Life Insurance Co., Ltd. (hereinafter “Dai-ichi Frontier Life,” President: Shigenori Takano, collectively “the Group”) hereby announce their Embedded Value as of March 31, 2009, as described below.

1. Embedded Value

EV (Embedded Value) is the sum of “adjusted net worth” (*Note 1*), which is calculated by making necessary adjustments to total net assets on the balance sheet, and “value of in-force business” (*Note 2*), 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. The Group currently discloses Traditional EV, while it continues to study EV based on the market-consistent approach, which has been widely adopted among leading insurance companies in Europe.

(Note 1) 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)
+ 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).

(Note 2) 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 between 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 cost of capital in a manner similar to that of stock companies, in accordance with the adoption of the plan on demutualization (refer to the press releases on March 27, 2008 and December 25, 2008).

2. The EV of Dai-ichi Life and Dai-ichi Frontier Life

(1) Dai-ichi Life

The EV of Dai-ichi Life as of March 31, 2009 decreased to ¥1,560.8 billion by ¥1,626.9 billion from the previous fiscal year end.

(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)

Dai-ichi Life’s adjusted net worth decreased by ¥1,329.0 billion mainly because of a ¥954.1 billion decrease in unrealized gains on securities, reflecting the downturn in the stock market.

Its 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 (Note 1), 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 its EV as of March 31, 2008 (Note 2)	667.5	(20.2)

(Note 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.

(Note 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)

(Note 3) For details, please refer to Section 5 “Analysis of Change in EV from March 31, 2008 to March 31, 2009”.

(2) Dai-ichi Frontier Life

The EV of Dai-ichi Frontier Life as of March 31, 2009 increased by ¥87.2 billion to ¥128.9 billion compared to the previous fiscal year end. (Note 1)

(billions of yen)

	As of March 31, 2008	As of March 31, 2009	Increase (Decrease)
EV (Note 2)	41.6	128.9	87.2
Adjusted net worth	36.7	109.3	72.5
Value of in-force business	4.9	19.6	14.6
Value of new business (Note 3)	(3.4)	(20.9)	(17.5)

(Note 1) The increase includes a capital increase during FY2008. For more details, please refer to Section 5 "Analysis of Change in EV from March 31, 2008 to March 31, 2009".

(Note 2) Total of EV of Dai-ichi Life and Dai-ichi Frontier Life does not represent the EV of the Group, since the capital of Dai-ichi Frontier Life was provided by Dai-ichi Life. Dai-ichi Life's ratio of capital contribution in Dai-ichi Frontier Life as of March 31, 2008 and 2009 were 100% and 93.9%, respectively.

(Note 3) The main reasons Dai-ichi Frontier Life's "Value of new business" was negative as of March 31, 2008 and 2009 are: (1) Dai-ichi Frontier Life is still in a start-up phase and, therefore, its expenses to maintain the business were larger than income from new business (2) reserves necessary for guaranteed minimum maturity benefit increased, reflecting the financial turmoil triggered by the subprime loan crisis in the U.S.

3. Major Assumptions

(1) Major assumptions used in the calculation of EV

i) Dai-ichi Life

	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%).
Investment yield	Set based on asset allocation and assumed investment yield by asset category (refer to 3.(2)).	Set based on asset allocation and assumed investment yield by asset category (refer to 3.(2)).
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.

ii) Dai-ichi Frontier Life

	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%).
Investment yield	Set based on portfolio of insurance products and assumed investment yield on each asset of Dai-ichi Life.	Set based on portfolio of insurance products and assumed investment yield on each asset of Dai-ichi Life.
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 the experience of Dai-ichi Frontier Life and Dai-ichi Life.	Set based on the experience of Dai-ichi Frontier Life and Dai-ichi Life.
Surrender and lapse rate	Set based on the experience of Dai-ichi Frontier Life and Dai-ichi Life.	Set based on the experience of Dai-ichi Frontier Life and Dai-ichi Life.
Operating expenses	Set based on the experience and business plan.	Set based on the experience and business plan.
Effective tax rate	Set based on the most recent effective tax rate (36.21%).	Set based on the most recent effective tax rate (36.21%).

(2) Assumed investment yield on each asset (Dai-ichi Life)

	As of March 31, 2008	As of March 31, 2009
Cash and deposits, call loans	0.50%	0.10%
Fixed income assets	1.54%	1.73%
Domestic stocks	4.78%	3.35%
Foreign bonds	3.78%	3.35%
Other assets	2.26%	1.24%
Total	2.26%	1.97%

4. Effects of Changes in Assumptions (Sensitivities)

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

(1) Dai-ichi Life

(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

(2) Dai-ichi Frontier Life

(billions of yen)

		Increase (Decrease)	EV amount
Discount rate	from 6.3% to 7.3%	(3.3)	125.5
	from 6.3% to 5.3%	3.6	132.5
Investment yield on separate account	+0.25%	2.4	131.3
	- 0.25%	(2.5)	126.3
Solvency margin ratio	from 600% to 700%	(2.5)	126.3
	from 600% to 500%	2.5	131.4
Operating expenses	Assumption x 110%	(0.4)	128.4
	Assumption x 90%	0.4	129.3
Surrender and lapse rate	Assumption x 110%	0.2	129.2
	Assumption x 90%	(0.3)	128.6
Mortality and morbidity rates	Assumption x 110%	(0.1)	128.7
	Assumption x 90%	0.1	129.0
Fair value of separate account decreases by 10%		(23.5)	105.3

5. Analysis of Change in EV from March 31, 2008 to March 31, 2009

The following is an analysis of the change in EV of Dai-ichi Life and Dai-ichi Frontier Life from March 31, 2008 to March 31, 2009.

(1) Dai-ichi Life

(billions of yen)

	Amount
EV as of March 31, 2008	3,187.7
Expected return on EV as of March 31, 2008 (Note 1)	200.8
Differences between assumptions and actual experience for FY 2008 (Note 2)	(1,539.1)
Effects of changes in the assumptions (Note 3)	(334.7)
EV of new business for FY 2008	46.1
EV as of March 31, 2009	1,560.8

(Note 1) 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.

(Note 2) Decrease of ¥954.1 billion in net unrealized gains on securities (after-tax) is included.

(Note 3) The decrease is mainly because Dai-ichi Life reduced its assumed investment yield.

(2) Dai-ichi Frontier Life

(billions of yen)

	Amount
EV as of March 31, 2008	41.6
Capital increase during FY2008	115.0
Expected return on EV as of March 31, 2008	2.6
Differences between assumptions and actual experience for FY 2008	(9.2)
Effects of changes in the assumptions	(0.2)
EV of new business for FY 2008	(20.9)
EV as of March 31, 2009	128.9

6. Note in Using EV

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.

7. Third Party Opinion

The Group requested Towers Perrin, an independent actuarial firm, to review the calculation of EV and obtained the following opinion.

TOWERS PERRIN OPINION ON EMBEDDED VALUE OF DAI-ICHI LIFE AS AT 31 MARCH 2009

Tillinghast, the insurance consulting business of Towers Perrin (“Towers Perrin”), has reviewed the methodology and assumptions adopted, and the resulting embedded value of Dai-ichi Life as at 31 March 2009, as calculated by Dai-ichi Life.

Currently, Dai-ichi Life is a mutual company, and the embedded value has been calculated as if Dai-ichi Life is a proprietary company, assuming that the current approach to policyholder dividends is maintained in the future.

Towers Perrin has concluded that

- the methodology used is consistent with recent industry practice in Japan as regards traditional actuarial embedded value calculations (based on discounted values of projected deterministic after-tax profit flows);
- the economic assumptions are internally consistent and have been set with regard to current economic conditions;
- the operating assumptions have been set with appropriate regard to past, current and future expected experience of Dai-ichi Life, taking into account the nature of Dai-ichi Life’s business; and
- Towers Perrin is satisfied that the disclosed embedded value results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in this disclosure document. To come to this conclusion, Towers Perrin has performed checks on the results of the calculations, without, however, undertaking detailed checks of all the models, processes and calculations involved.
- Allowance for risk has been made through the use of a single discount rate and an explicit assumption for the level and cost of holding solvency capital. While this is in line with recent industry practice as regards traditional actuarial embedded value calculations, this may not correspond to a capital markets valuation of such risk (so called “market consistent valuation”).

This review was carried out for the benefit of Dai-ichi Life, solely in the context of embedded value reporting. In performing its review, Towers Perrin relied extensively on a substantial body of information supplied by Dai-ichi Life and did not carry out an independent review of this information.

Financial projections used as a basis for the embedded value were developed based on a number of assumptions as to the current and future operating environment of Dai-ichi Life. It should be recognised that actual results can vary from those projected, even though the assumptions are considered by Dai-ichi Life to be appropriate.

The values shown are not intended to represent an opinion of market value and should not be interpreted in that manner.

This opinion is made solely to Dai-ichi Life in accordance with the terms of Towers Perrin's engagement letter. To the fullest extent permitted by applicable law, Towers Perrin does not accept or assume any responsibility, duty of care or liability to anyone other than Dai-ichi Life for or in connection with its review work, the opinions it has formed, or for any statement set forth in this opinion.

TOWERS PERRIN OPINION ON EMBEDDED VALUE OF DAI-ICHI FRONTIER LIFE AS AT 31 MARCH 2009

Tillinghast, the insurance consulting business of Towers Perrin (“Towers Perrin”), has reviewed the methodology and assumptions adopted, and the resulting embedded value of Dai-ichi Frontier Life as at 31 March 2009, as calculated by Dai-ichi Frontier Life.

Towers Perrin has concluded that

- the methodology used is consistent with recent industry practice in Japan as regards traditional actuarial embedded value calculations (based on discounted values of projected deterministic after-tax profit flows);
- the economic assumptions are internally consistent and have been set with regard to current economic conditions;
- the operating assumptions have been set with appropriate regard to past, current and future expected experience of Dai-ichi Frontier Life, taking into account the nature of Dai-ichi Frontier Life’s business; and
- Towers Perrin is satisfied that the disclosed embedded value results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in this disclosure document. To come to this conclusion, Towers Perrin has performed checks on the results of the calculations, without, however, undertaking detailed checks of all the models, processes and calculations involved.
- Allowance for risk has been made through the use of a single discount rate and an explicit assumption for the level and cost of holding solvency capital. While this is in line with recent industry practice as regards traditional actuarial embedded value calculations, this may not correspond to a capital markets valuation of such risk (so called “market consistent valuation”).

This review was carried out for the benefit of Dai-ichi Frontier Life, solely in the context of embedded value reporting. In performing its review, Towers Perrin relied extensively on a substantial body of information supplied by Dai-ichi Frontier Life and did not carry out an independent review of this information.

Financial projections used as a basis for the embedded value were developed based on a number of assumptions as to the current and future operating environment of Dai-ichi Frontier Life. It should be recognised that actual results can vary from those projected, even though the assumptions are considered by Dai-ichi Frontier Life to be appropriate.

The values shown are not intended to represent an opinion of market value and should not be interpreted in that manner.

This opinion is made solely to Dai-ichi Life and Dai-ichi Frontier Life in accordance with the terms of Towers Perrin’s engagement letter. To the fullest extent permitted by applicable law, Towers Perrin does not accept or assume any responsibility, duty of care or liability to anyone other than Dai-ichi Life or Dai-ichi Frontier Life for or in connection with its review work, the opinions it has formed, or for any statement set forth in this opinion.

The securities of Dai-ichi Life and Dai-ichi Frontier Life have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.