FY2010-2Q Financial Results Conference Call for Institutional Investors and Analysts
Q&A Summary

Date: November 12, 2010 17:30 – 18:30

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<Review of Operations>

Q1. Please explain how Dai-ichi has improved its surrender and lapse rate and what Dai-ichi is planning to do to achieve improvement going forward.

A1. Since summer 2009, we have upgraded our sales efforts by strengthening contacts with our customers associated with explaining our demutualization. We recognize that to maintain this improving trend is one of our business challenges. Therefore, we have initiated various actions to develop and consolidate a business model utilizing a broad range of customer contacts including our sales representatives, call centers, teller windows, agencies and financial planners.

Q2. Dai-ichi's sum insured of new business increased by 10.5%. How much of the increase is attributable to your main insurance product "Junpu Life (Favorable Life)"?

A2. The majority of the increase is attributable to Junpu Life.

<Fundamental Profit>

Q3. What exactly is included in "Others" in "Movement Analysis of Adjusted Fundamental Profit" for Dai-ichi on a non-consolidated basis on page 16 of the presentation material?

A3. "Others" mainly consisted of (1) a 6.5 billion yen decrease in loading of premium and (2) a 7.0 billion yen decrease in gains and losses associated with policy reserve, including a decrease in gains on surrenders and lapses due to a lower rate of surrenders and lapses.

Q4. Please explain what expense items you reduced during the first two quarters of FY2010?

A4. We mainly cut two items: fixed personnel cost and non-personnel cost. We have cut fixed personal cost in a phased manner over three years starting FY2009. We have reduced non-personnel costs, such as costs associated with (1) running branch and unit offices and (2) developing computer systems. We are planning to reduce costs by 35 billion yen over five years between FY2008 and FY2012 and 28 billion over the first three years. Currently, we consider it possible to achieve reductions in excess of the plan.

<Investments>

Q5. How long is your asset duration as of September 30, 2010? Please explain your plans to purchase (super-)long-term bonds from the perspective of ALM.

A5. Compared to March 31, 2010, we have extended the duration of fixed income assets in our portfolio underlying our individual insurance and annuities somewhat to slightly less than 12 years. We originally had a plan to purchase one trillion yen of (super-)long-term bonds each year. However, as we faced declines in interest rates this year, we purchased less than half the targeted amount in 1H FY2010.

Q6. Please explain the hedge ratio of foreign-currency bonds as of September 2010.

A6. The hedge ratio is more than 70% and is almost same level as that as of June 2010 (slightly higher compared to the hedge ratio as of March 2010).

Q7. In the graph on the left in page 8 of the presentation material (Asset Portfolio), why did the domestic stock exposure as of September 2010 decrease by 1.4% to 9.6% compared to that as of March 2010?

A7. The main reasons are the reduction of stock exposure and the decrease in the fair value of our stock portfolio resulted from the decline in stock market prices. Additionally, the decrease in the unrealized gains on domestic stocks in the graph on the left in page 9 of the presentation material (Unrealized Gain/Loss) shows the effect of the decrease in the fair value.

Q8. Let me ask two questions regarding sensitivities to financial markets in page 18 of the presentation material (Sensitivities to Financial Markets). First, please explain why the sensitivity of domestic bonds to a 10bp change in 10-year JGB yield increased. Second, the sensitivity of domestic stocks to a 1,000 yen change in the Nikkei 225 is 270 billion yen and seems to be the same as that as of March 2010. Please explain why the sensitivity did not change since it seems natural for the sensitivity to decrease as exposure to domestic stocks decreases.

A8. To answer the first question, the increase in the sensitivity of domestic bonds to a change in JGB yield was mainly influenced by the lengthening of the asset duration (as targeted from an ALM perspective). Second, compared to a Nikkei 225 of 11,089 as of March 2010, the percentage change of a 1,000 yen change is approximately 9%. On the other hand, compared to a Nikkei 225 of 9,369 as of September 2010, the percentage change of a 1,000 yen change is approximately 11%, greater than that as of March 2010. Therefore, considering both factors the actual amount of the sensitivity to a 1,000 yen change came to be the same.

<Solvency Margin Ratio>

Q9. Let me confirm about the reasons why the solvency margin ratio improved. Would it be appropriate to think the improvement of the ratio is mainly due to the decrease in “Total Risk”, the denominator of the formula, resulting from the decrease in domestic stocks and foreign-currency denominated exposure.

A9. The main reasons that you pointed out are correct. Additionally, “Total Solvency Margin”, the numerator, improved as well, by accumulating internal reserve from periodic income (including provision for additional policy reserve) and contributed to the improvement of the solvency margin ratio.

<Overseas Strategies>

Q10. Please explain whether the Company is considering accelerating overseas expansion due to the current yen-appreciation trend?

A10. The criteria for considering M&A associated with overseas operations is whether the investment contributes to the improvement of the shareholder value, based on the cash-flow. I guess you are right that the yen-appreciation trend creates a favorable environment. However, the first step is to evaluate whether the deal contributes to future cash-flow, and if the yen currency situation is also favorable, action is more likely.

<Capital Strategies>

Q11. Please explain about the Company’s plan for reducing domestic stocks. Page 20 of Financial Results for the Six Months Ended September 30, 2010 mentions “Decrease or slight decrease” for domestic stocks: can we expect that you will proceed with the reduction even if the market environment changes?

A11. We have reduced domestic stocks by approximately 200 billion yen annually for the last two years, and our plan for this fiscal year is to reduce by more than that amount. However, I would like to decline to disclose a specific figure. Moreover, we intend to proceed with the plan with firm resolve.

Q12. Please explain about your policies regarding use of derivatives. Is there any change from your previous policies?

A12. There is no major change in policies or thinking regarding use of derivatives. Our basic policy is to control value considering shareholder value. Thanks to the uncertainty of financial markets, we are somewhat more active in using derivatives: however, our basic policy is unchanged, so we have no intention to change the volume of our positions drastically.

Q13. How much is the cost associated with perpetual subordinated borrowings?

A13. The cost is not much different from that of our prior 283 billion yen dated subordinated borrowings (i.e., before recapitalization); more specifically, the level of interest rate is below 3%.

Q14. Please explain about capital sufficiency as of September 30, 2010.

A14. Our solvency margin ratio under current domestic capital rules is 1,022.5%, and also under the new solvency margin regime (although the figure is not disclosed), we believe there is no problem in terms of capital sufficiency. On the other hand, we intend to control the volatility of economic capital over time, in light of the expected introduction schedule of new capital rules and IFRS introduction schedule.

<European Embedded Value (EEV)>

Q15. Please explain about the expected impact of improving trend on surrenders and lapses on year-end Embedded Value (EV). Assuming this trend continues and surrenders and lapses decrease by more than 20%, is it correct to expect that the year-end EV will improve by approximately 280 billion yen? Moreover, is assumption on surrenders and lapses for calculating EV as of September 30, 2010 the same as that for March 31, 2010?

A15. In light of the improving trend on surrenders and lapses, I believe it will have a certain favorable impact on year-end EV. However, I would like to decline to disclose a specific figure considering the fact that cashflow impact is dependent on type of policies preserved from surrenders and lapses. Moreover, assumption on surrenders and lapses for calculating EV as of September 30, 2010 is unchanged from that for March 31, 2010.

<E-Ship® and J-ESOP >

Q16. Regarding Trust-type Employee Stockholding Incentive Plan (E-Ship®) and Stock Granting Trust (J-ESOP), how long a period is necessary for the purchase of shares? Moreover, please explain about the costs related to introduction of J-ESOP. Will the grants based on J-ESOP be added onto current compensation, or will they replace a part of current labor cost?

A16. Timing of purchases will be determined by the trust banks: based on daily trading volume and measured purchase in order to avoid market impact, it would take between one and one-and-a-half months in terms of a total number of days. Moreover, the Company's labor cost is mostly unchanged after introduction of J-ESOP. Grants based on J-ESOP replace existing override within retirement payment (maximum of several million yen per person): the scheme will be made transparent, and the grants will be made by stock with a fund pool of similar size.

Note: we made partial additions and alternations for preparing the above summary, for better understanding.

【Disclaimer】

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(Reference)

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