FY2010-1Q Financial Results Conference Call for Institutional Investors and Analysts
Q&A Summary

Date: August 11, 2010 18:30 – 19:30

Respondent: Hideo Teramoto, Executive Officer
General Manager, Corporate Planning Department
The Dai-ichi Life Insurance Company, Limited (the “Company”)

<Review of Operations>

Q1. On a non-consolidated basis, the Company’s new business increased on a year-on-year basis. Would it be reasonable to forecast that this trend continues after the first quarter?

A1. Sales in July show steady performance and the Company forecasts that this trend will continue in the second quarter as well. We hope to continue this trend to the extent possible in the second half of this fiscal year.

Q2. Is it possible that the sum insured of policies in force turns upward during this fiscal year?

A2. Compared to recent years, the decrease in the sum insured of policies in force is forecasted to improve considerably, it is hard to forecast that the sum insured of policies in force turns upward during this fiscal year, since decrease in sum insured includes various effects, such as maturity and death.

Q3. Please explain why the strengthened contacts with our customers associated with the demutualization and after-demutualization resulted in the decrease in the amount of surrenders and lapses.

A3. Since last August, our sales reps have visited our customers to inform them of various procedures associated with the demutualization, and the contact ratio with 8 million of our customers exceeds 90%. We believe the strengthened contacts are effective, since the Company continuously contacted our customers until the completion of remittance associated with the demutualization. Additionally, thanks to the improvement in the sales rep channel, beginning from August to September of last year, we have seen the trend that surrender and lapse rates have substantially decreased compared to recent years. This trend continues in this fiscal year, as well as in July.

<EEV as of June 30, 2010>

Q4. Please explain about EEV as of June 30.

A4. Based on policies in force and economic assumptions as of June 30, we run the numbers on the Company's group EEV (although non-economic assumptions are as of March 31). The results of simple calculation of group EEV are roughly 2.1 trillion yen (adjusted net worth and value of in-force business are 1.9 trillion yen and 230 billion yen, respectively), decreased by 700 billion yen compared to EEV as of March 31.

As part of the value of in-force business, the value of new business of the group is estimated to be roughly 20 billion yen. If you quadruple the value of new business, 80 billion yen seems decreased compared to the figure in the last fiscal year, 110 billion yen. However, in this quarter the value of new business was affected by the seasonal effects concerning sales forecasts, in addition to the effect of low interest rate.

<Investments>

Q5. Please explain the Company's investment policies under the conditions where interest rates are low (for example, if the yield on 20 year Japanese government bonds is around 1.6%).

A5. Based on the understanding that the sensitivity of interest rates to EEV is high, and from a broader perspective, we will not change our policy of reducing duration mismatch between asset and liability. However, given that interest rates are very low, we will seek to shift to long-term bonds, while closely monitoring movement of interest rates. In fact, we have shifted to hundreds of billions yen of policy-reserve matching bonds in the first quarter. For certain amounts of domestic bonds, we plan to conduct further operations such as selling existing bonds and lengthening the duration of bond portfolios within this fiscal year.

Q6. Given the flagging interest rate, currency and stock market, would it be possible that the Company reconsiders investment policies determined in the beginning of this fiscal year, such as stock reduction and purchase of long-term bonds?

A6. Regarding stock reduction, although it would be possible the Company considers various operations if stock prices decrease further, we expect to steadily execute our initial plan if the current level of stock prices continues. Although it may seem that the pace of stock exposure reduction was slow in the first quarter, the actual operations started in June and are planned to gain momentum in the latter half of this fiscal year. For the purchase of long-term bonds, our basic direction is to purchase certain amounts of long-term bonds by monitoring interest rate levels. Additionally, we have a certain target of interest rate to actively purchase long-term bonds.

Q7. In the graph on the left in page 8 of the Presentation Material (Asset Portfolio), please explain the exposures of domestic stocks and foreign currency denominated assets, taking into account hedge effects.

A7. For domestic stocks, there were 170 billion yen of short positions as of June 30. Based on this, the exposure after hedging would be 2.86 trillion yen and proportion of general account would be roughly 9.7%.For foreign currency denominated assets, nearly 70% of foreign bonds are classified as currency-hedged foreign bonds and there are roughly 100 billion yen of currency-related hedge positions. Additionally, while the proportion of general account of foreign stocks is 5.1%, a majority of foreign stocks represents yen-denominated preferred securities. Therefore, foreign currency exposure is proportionally reduced.

Q8. In the left table in page 9 of the Presentation Material (Unrealized Gain/Losses), unrealized gains on foreign securities decrease by 94.7 billion yen. On the other hand, net derivative financial instruments gain is 19.7 billion yen. Please explain how the hedged positions appear on statement of earnings.

A8. The breakdown of the net derivative financial instruments gain is approximately a) gain of 16 billion yen on comprehensive currency hedging and currency option, b) gain of 6 billion yen on domestic stock hedging, and c) loss of 2 billion yen on domestic and foreign bond options (the position was to prepare for a rise in interest rates). Additionally, due to the application of hedge accounting to currency-hedged foreign bonds, gain/loss on currency-hedging is recorded as foreign exchange gain/loss in the statement of earnings. In the first quarter, the Company posted 6.2 billion yen of foreign exchange losses and this amount could be regarded as hedge cost related to foreign bonds.

Q9. The tables in page 4 of "Financial Results for the Three Months Ended June 30, 2010" indicate that fair value of domestic stocks as of June 30 decreased from 2.93 trillion yen to 2.71 trillion yen, compared to March 31, and rate of decrease is approximately 7.6%. However, the rate of decrease in TOPIX over the same period is 14%. Please explain the background of why the fair value of the Company's stock decreased less than that of the market.

A9. Beta of the Company's domestic stock portfolio is less than 1 and its fair value decreased less than that of TOPIX. However, these differences come from the difference in valuation methods. The Company's domestic stocks are not valued at market value at the end of the month, but valued at the average value during the last month (the rate of decrease in TOPIX from March 31 to June 30 is 14%, whereas the rate of decrease in the average value of TOPIX during March and during June is less than 7%).

<Change Factor in Fundamental Profit>

Q10. Regarding change factors indicated in the right graph in page 7 of the Presentation Material (Movement Analysis of Adjusted Fundamental Profit), would it be reasonable to simply quadruple these factors in order to estimate annual fundamental profit?

A10. In order to consider annual fundamental profits, you should not simply quadruple the whole number or each factor. For example, most of demutualization costs were already posted by the end of this quarter. Also, "Others" include temporary factors (specifically, the provision for policy reserve of market value adjusted individual annuity product other than variable annuity).

<Overseas Strategies>

Q11. Please explain whether the Company is considering overseas M&A in a more active manner due to the opportunity provided by the current yen-appreciation trend?

A11. We do not expect to drastically change our overseas strategies by leveraging recent trends in the currency market. Only three years have passed since the Company started promoting businesses in Asia-Pacific areas. Currently the Company focuses on the realization of organic growth in the existing businesses and continues to conduct study in order to enter into mainland China.

<Capital Strategies>

Q12. Please explain updates on the study of the issuance of hybrid capital without dilution.

A12. Regarding 360 billion yen of existing subordinated debts, we hope to recapitalize some portion of this by the end of this calendar year to the extent possible. Basically, we have examined the possibility of shifting to subordinated debts in the domestic market that contribute more to maintain capital. We would like to disclose when the project makes certain progress.

Q13. Moody's and S&P started to mention the possibility of tightening capital credit requirement of subordinated debts. Would their revisions of capital credit requirement affect the Company's recapitalization strategies?

A13. We recognize Moody's and S&P examine the revision of capital credit requirement. However, our recapitalization strategies would not be materially changed. First, we plan to approach in order to fulfill domestic requirements, then we will seek further fund-raising in both domestic and international markets while monitoring credit rating agencies' requirements.

Q14. Since June 30, interest rate and stock price have further declined and it is estimated that the Company's EV and economic capital are decreased. Under this circumstance, does the Company take into account measures such as accelerating further risk reduction?

A14. Taking measures such as accelerating stock selling or drastically increasing purchase of long-term bonds, in accordance with current financial conditions, seems to be too short-term oriented as the management action. On the other hand, it is possible that these circumstances will last and we would like to examine future measures in a medium-to long-term timeframe.

Note: For the purpose of clarity, partial additions and alterations have been made in preparing the above summary.

【Disclaimer】

Statements contained herein that relate to the future operating performance of the Company 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 the Company's management based on information that is currently available to it and are subject to significant assumptions. 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. The Company disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.