

**(Unofficial Translation)**

**FY2011 Financial Results Conference Call for Institutional Investors and Analysts  
Q&A Summary**

Date: May 15, 2012 18:00 – 19:00  
Respondent: Hideo Teramoto, Managing Executive Officer  
General Manager, Corporate Planning Department  
The Dai-ichi Life Insurance Company, Limited (the “Company”)

**< Financial Results for the Fiscal Year Ended March 31, 2012 >**

**Q1. Please explain the reason new business of Dai-ichi Life on a stand alone basis for the three months ended March 31, 2012 increased year-on-year. Would it be accurate to understand that the increase is attributable to a decline in sales of single premium whole life insurance in the same period of FY2010 as a result of reduced assumed rate of return?**

A1. The increase is attributable to good sales of “Junpu Life”, which is our core product of death protection. As a result of promoting for consulting sales of death protection and third sector products under our “New Total Life Plan” strategy, sales of Junpu Life increased in the fourth quarter of FY2011. Therefore, the increase is not attributable to the reduction of assumed rate of return in FY2010.

**Q2. Please explain the breakdown of “Others” in the movement analysis of adjusted fundamental profit of Dai-ichi Life on a non-consolidated basis shown in page 24 of your presentation material.**

A2. The break down of 9.6 billion yen of “Others” is as follows: (1) approximately 40 billion yen of positive impact related to reserve for outstanding claims as we provided for reserve for outstanding claims in relation to the Great East Japan Earthquake in FY2010, while we reversed the unused portion of the reserve in FY2011 based on the actual amount of benefits and claims incurred, (2) approximately 8 billion yen of negative impact of a decrease in investment income and (3) the rest attributable to negative impact of gains and losses associated with insurance activities.

**< Investments >**

**Q3. With regard to your initiative to extend average bond duration, please indicate the duration of your liabilities. Also, please explain about your investment policy under the current harsh investment environment putting downward pressure on your investment returns.**

A3. Duration of liabilities as of March 31, 2012 was between 17.5 and 18 years, almost the same level as what we explained in the past. With regard to our initiatives to extend asset duration, we increased the balance of policy reserve matching bonds by 1.4 trillion yen in FY2011, mainly by purchasing 20 year JGBs. We plan to increase the balance of policy reserve matching bonds by 2 trillion yen in FY2012, while monitoring interest rate levels. Consequently, with these initiatives, we will strive to reduce the duration mismatch, increase our economic based capital and improve investment returns to some extent.

< Dai-ichi Frontier Life (DFL) >

**Q4. Please indicate the level of Nikkei Stock Average and provision for contingency reserve you assumed in preparing DFL's earnings forecast for FY2012**

A4. The Nikkei Average assumed in our projection is around 10,000 yen, almost the same level as March 31, 2012. We plan to provide 20 billion yen for contingency reserve.

**Q5. DFL recognized 25.7 billion yen of net loss in FY2011 and is forecasting a 23.4 billion yen net loss in FY2012 (after taking into account Dai-ichi Life's stake in DFL), showing not so much improvement. Do we have to expect DFL's net loss to stay around this level for several more years even under an assumption that the financial markets stay around the Mar-12 level?**

A5. DFL recognizes provision for policy reserve associated with guaranteed minimum maturity benefit (GMMB) even under market assumptions around the Mar-12 level. DFL receives maintenance fee from the Assets under management (AUM) attributable to DFL's variable annuities with GMMB. However, the GMMB has to cover the AUM plus the subtracted fee. Thus, even if the market environment is stable, DFL still recognizes provision for policy reserve associated with GMMB.

However, the burden of the GMMB provision is in a decreasing trend as DFL has been shifting its product portfolio from variable annuities to fixed annuities. In addition, please note that DFL is expected to turn profitable in the near future by accumulating its AUM. DFL's AUM amounted to 1.7 trillion yen at the end of FY2011 and is expected to increase another 400 billion yen in the current fiscal year, totaling to over 2 trillion yen at the end of FY2012. We expect DFL to turn profitable once its AUM reaches between 2.5 and 3.0 trillion yen and, thus, we forecast DFL to recognize net income, instead of net loss, around 2015.

**Q6. DFL has been increasing sales of fixed annuities. Please indicate the margin of those fixed annuities.**

A6. The profitability of variable annuities that DFL sold in the past has worsened as the actual

market volatility increased beyond the assumed market volatility and to a level unable to be covered by the risk charge included in premium. On the other hand, the profitability of fixed annuities is stable, although we did not assume high risk charge in premium of fixed annuities and, consequently, the margin set for fixed annuities is not high. In addition, the fact that the investment portfolio of fixed annuities is not exposed to interest rate risk resulting from the duration mismatch between assets and liabilities is also supporting the stable profitability of fixed annuities.

**Q7. Certain insurers exited from the variable annuity market. In such an environment, would it be accurate to understand that DFL's strategy is to continue bancassurance business within tolerable risk limits and obtain survivors' benefit when the financial and individual annuity markets recover to normal?**

A7. We believe DFL's loss incurred in relation to variable annuity business is smaller in general than those of its competitors due to the point of time it entered the market and the product features of its variable annuities. However, it is fact that we still recognize earnings volatility in relation to 800 billion yen of variable annuities we sold in FY2009. By making efforts to control the costs related to these volatile items and increasing DFL's AUM through the improvement in line up of fixed annuities and other products, we believe DFL will be able to enjoy survivors' benefit in the bancassurance market.

< TAL >

**Q8. TAL's earnings forecast seems to be too conservative. Please indicate TAL's business plan going forward.**

A8. We forecast TAL's top line continues to grow year-on-year. On the other hand, we anticipate its net income to decline as the net income for FY2011 included the positive effect of lowered interest rates under IFRS, which we cannot expect to have in the current fiscal year. Excluding the effect of lowered interests, we anticipate TAL's net income to increase slightly. We believe TAL's top line growth will be achieved by its risk products, although we do not have an optimistic view on the competition in the Australian insurance market.

<Earnings forecast for the fiscal year ending March 31, 2013>

**Q9. Please explain the reason you expect the ordinary revenues of Dai-ichi Life on a non-consolidated basis to decrease year-on-year.**

A9. One of the reasons for the expected decrease in ordinary revenues of approximately 410 billion yen is an expected decrease in premium and other income of approximately 190 billion yen, the majority of which comes from a decrease in sales of single premium whole-life insurance

products. Unlike the bancassurance channel, Dai-ichi Life's sales representatives are trained to offer customers saving-type products only when such products match their needs, while mainly focusing on selling third-sector and death protection products with high profitability. Under such sales strategy and the assumption that interest rates are unlikely to rise, we expect a decrease in sales of single premium whole-life insurance for this fiscal year.

Next, we expect a decrease in investment income of 140 to 150 billion yen as we forecast both capital gains and losses to decrease, which is neutral to our profitability. The rest of the decrease of 60 to 70 billion yen is attributable to a decrease in reversal of reserve for outstanding claims relating to (1) the Great East Japan Earthquake and (2) group insurance and annuity contracts, which is neutral to the Company's earnings.

As the majority of 190 billion yen decrease in premium and other income is attributable to savings-type products with relatively low profitability, the negative impact on the Company's profit is several billion yen and we believe such decrease can be offset by an increase in profit from other business areas.

**Q10. Please explain the reason you expect fundamental profit of Dai-ichi Life on a non-consolidated basis to decrease by approximately 30 billion yen year-on-year.**

A10. First, we do not expect approximately 14 billion yen of temporary reversal of reserve for outstanding claims relating to the earthquake that the Company recorded for FY2011. Categorizing the rest by the three sources of fundamental profit, fundamental profit attributable to insurance activities is expected to decrease by 14 to 15 billion yen, while the negative spread is expected to slightly improve.

**Q11. The annualized net premium (ANP) of new policies of Dai-ichi Life on a non-consolidated basis for the fiscal year ended March 2012 stayed flat compared to last fiscal year. Please provide the forecast for the current fiscal year.**

A11. The ANP of new policies of Dai-ichi Life on a non-consolidated basis is expected to decrease slightly year-on-year. The main reason is a decrease in sales of single premium whole-life insurance. However, we expect sales of third-sector products, one of our growth areas, to increase. On the other hand, due to an increase in DFL's ANP from new policies, the total ANP from new policies of the two companies is expected to increase.

**Q12. Regarding the expected ordinary profit of 138 billion yen and net income of 25 billion yen, please provide the forecasts on other items, such as provision for reserve for policyholder dividends, provision for reserve for price fluctuations and extraordinary losses.**

A12. We expect the provision for reserve for policyholder dividends to slightly increase year-on-year.

This is because we assume returns of investment assets of group annuities to improve, while the policyholder-dividend ratio for individual insurance and annuities remains flat compared to FY2011. Next, we expect 14 billion yen of provision for reserve for price fluctuations. Regarding other extraordinary losses, while we recorded large losses relating to the sale of a large real estate property used for business purposes in FY2011, we do not expect such special factors for this fiscal year. Also, there will be no special factors like those attributable to the decrease in corporate income taxes in the last fiscal year.

**Q13. Please provide the Company's forecast on negative spread and capital gains and losses for the year ending March 31, 2013.**

A13. We expect negative spread to improve slightly from approximately 90 billion yen for FY2011 to around the high 80 billion yen level for FY2012. We forecast capital gains and losses to improve compared to FY2011 and expect to recognize net capital gains. In the last fiscal year, we improved the quality of our balance sheet through various measures, including loss-cut operations on Euro-denominated bonds. So, we do not expect to recognize large capital losses in the current fiscal year unless the investment environment worsens significantly.

**Q14. Dai-ichi Life made a reversal of contingency reserve worth 79 billion yen in FY2011. Please indicate the amount you plan to provide for the contingency reserve in the current fiscal year. I am wondering whether you plan to provide a rather large amount for contingency reserve, as the Company made reversal also in FY2010.**

A14. We plan to provide less than 20 billion yen for contingency reserve as usual. Meanwhile, we plan to provide a larger amount for additional policy reserve in FY2012 than that for FY2011. More specifically, we expect the provision for the additional policy reserve to increase by approximately 40 billion yen to over 145 billion yen. As a result, you may think the increase in net income is smaller than you might expect.

**Q15. Please provide the Company's forecast on provision for additional policy reserve for the year ending March 31, 2014.**

A15. We expect the provision to be around 110 billion yen for the year ending March 31, 2014.

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

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