

**(Unofficial Translation)**  
**FY2014 Financial Results Conference Call for Institutional Investors and Analysts**  
**Q&A Summary**

Date: May 15, 2015 19:00 - 20:00  
Respondent: Seiji Inagaki, Managing Executive Officer  
General Manager, Corporate Planning Department  
The Dai-ichi Life Insurance Company, Limited (the “Company”)

**< Investment >**

**Q1: Dai-ichi Life’s derivative transaction gains were 35.5 billion yen in the fourth quarter previous year. Please explain what kind of transactions you have done. Please also indicate whether you expect the same level of gains in the current year.**

A1: We are flexibly making derivative transactions by taking into account the economic environment. In the fourth quarter previous year, we recorded derivative transaction gains from (a) US dollar-buying and Euro-selling position, and (b) foreign interest-rate futures. We understand such gains are not recurring, and accordingly, we forecast a decrease in derivative transaction gains for the current year.

**Q2: Please explain the background for taking the US dollar-buying and Euro-selling position.**

A2: We basically construct and maintain our foreign currency-denominated bond portfolio in reference to benchmark indices. However, we occasionally take currency overlays, and it yielded a favorable result.

**<Protective Life>**

**Q3: I understand that Protective Life’s earnings for the two months (February and March) will contribute to the consolidated net income for the first quarter this year. Considering the amount of goodwill was as low as 8.5 billion yen, is it fair to say that the amount of amortization of goodwill is not significant?**

A3: Yes, it is. We had entered into a foreign currency forward contract before the depreciation of the yen accelerated, and as a result we recognized a consolidation adjustment and, at the consolidated level, goodwill related to the acquisition of Protective Life was reduced significantly.

**Q4: On page 18 of the presentation material, EV of Protective Life was approximately 500 billion yen, which is lower than the consideration you paid for the acquisition. Does the gap between its EV and the consideration negatively affected the Group EV ?**

A4: Yes, your understanding is correct.

**Q5: Please provide more color on the value of new business of Protective Life.**

A5: Value of new business of Protective Life will not take into account policies acquired by its acquisition business. Therefore we expect it to be several billion yen per year.

**Q6: Supposing Protective Life will not acquire any insurance blocks in the future, would its value of in-force business (VIF) be decreasing because of the transfers to adjusted net worth (ANW), setting aside market-related factors?**

A6: Yes, you are right in thinking that VIF is transferred to ANW as time passes.

**Q7: Your forecast for Protective Life's net income for the current year is 230 million USD as shown on page 16. I suppose that the amount of amortization of goodwill is not that significant, however, I would like to know what kind of other factors would affect Protective Life's net income such as amortization of VoBA (Value of Business Acquired) and bond holdings.**

A7: When we completed the acquisition of Protective Life and applied Purchase GAAP to Protective Life on February 1, 2015, the successor company recorded the securities holdings of the predecessor company based on fair value. This increased the book value of its bond holdings and others, and accordingly amortization cost also increased, resulting in a decrease in net investment income, which would be the most significant impact on Protective Life's net income. Secondly, we revalued all of the Protective Life's in-force policies, and during the process its deferred acquisition cost was valued as zero, and value of business acquired (VoBA) was revalued. The amortization cost of VoBA at the successor company is roughly more than 100 million USD, which is less than the sum of DAC and VoBA amortization at the predecessor company. Thirdly, other intangible assets will be depreciated by approximately around 40 million USD annually. For more details, please refer to the Form 10-Q of Protective Life for its first quarter ended March 2015, available on the SEC's Website.

**<Dai-ichi Frontier Life>**

**Q8: In forecasting the results for the current year, what was the sales projection on foreign currency-denominated products of Dai-ichi Frontier Life (DFL), which sold well previous year?**

A8: Regarding new business of DFL, we basically haven't changed the product portfolio from the previous year. We expect that foreign currency-denominated products will continue to be its main products.

**Q9: DFL's ordinary profit forecast for the current year is 14 billion yen. Have you taken into account a certain level of provision for policy reserves associated with (a) minimum guarantee benefit risk and (b) market value adjustment?**

A9: We assumed that financial markets would stay around the level experienced in the previous year, and we also took into account hedge gains/losses and other factors that you mentioned. Based on such assumptions, we forecast its underlying earning capacity to be 50 billion yen and its net income to be roughly more than 10 billion yen.

**<Earning Forecast >**

**Q10: Please provide more color on your objectives for the consolidated adjusted net income (consol. ANI) of 220 billion yen for the year ending March 2018. I assume that the positive effect brought from the absence of intensive provisioning for additional policy reserve in the year ending March 2017, which I believe is 65 billion yen on a pre-tax basis, or 45 billion yen on a post-tax basis, is enough to increase your consol. ANI to more than 200 billion yen. Please clarify whether the amount for such provision has not changed from the level that has previously been indicated, for the year ending March 2017 and thereafter.**

A10: We are provisioning the additional policy reserve in a planned manner, and there has been no change to the plan previously indicated by us. We are going to explain how we are going to increase our consol. ANI to 220 billion yen from 100 billion yen we used to aim in the previous medium-term plan. We believe we will be able to answer your inquiry by subtracting the non-recurring impacts of (a) interest and dividend income and (b) derivative transaction gains due to favorable financial market, from the consol. ANI for the previous year. For your information, the increase in net income going forward is expected to be slower.

**Q11: The company forecast for Dai-ichi Life's fundamental profit on a non-consolidated basis increased to 420 billion yen for the current year, from 340 billion yen as initially forecasted for the previous year. Please provide more color on the factors that are taken into account. Also I would appreciate it if positive spread forecast is provided.**

A11: Dai-ichi Life's fundamental profit for the previous year exceeded our initial forecast mainly due to the yen depreciation and because of its shifting to foreign currency bonds. As a result, it recorded positive spread of approximately 70 billion yen. For the current year, we forecast a

decrease of the positive spread compared to the previous year's result, on the assumptions that the economic environment remains similar to the levels of March 2015.

**Q12: Dai-ichi Life's fundamental profit for the previous year was approximately 460 billion yen, and when positive spread of approximately 70 billion yen is deducted, the remainder is 390 billion yen. Please clarify whether you forecast a decrease on a 'fundamental profit less positive spread' basis.**

A12: Your understanding is correct.

**<Shareholder Return>**

**Q13: You mentioned that your management objective for shareholder return is to improve total payout ratio to around 40% sometime during the three-year management plan ending March 2018. Am I right in understanding that the ratio will not necessarily be increased to 40% for the current year? Also, please clarify whether the ratio will not go down to below 30%.**

A13: Yes, you are right.

**Q14: Your consol. ANI was 161.7 billion yen for the previous year, and accordingly, dividends per share of 28 yen totaling to approximately 33.3 billion yen is just slightly over 20%. I would like to make sure that the share repurchases you announced is the shareholder return that corresponds to the net income for the previous year, in order to meet your previous target for total payout ratio of 30%.**

A14: Yes, you are right.

**Q15: I think you had another option of shareholder return, namely further increase in dividends per share. Did you opt for share repurchase in light of stability of the cash dividends?**

A15: We decided to repurchase our shares because (a) we aim to stably increase our dividends per share, and (b) there was a one-time capital gain for the previous year.

**Q16: Please explain your thoughts on share repurchases. Would you do it on an ongoing basis in the years to come?**

A16: There were one-time gains such as derivative transaction gains for the previous year. Therefore, we decided to undertake the share repurchase in addition to the dividend to achieve total payout ratio of 30%. In the event of a similar situation, we would again consider a repurchase of our shares.

**Q17: You set a new target for the total payout ratio of 40% in the new medium-term management plan. Please indicate your thoughts on the balance between shareholder dividend and share repurchases.**

A17: We repurchased our shares because we recognized one-time gains previous year, therefore, we do not expect to keep repurchasing our shares every year. We aim to stably increase dividends per share as our fundamental profitability improves. There would be cases where the payout ratio is achieved through a combination of dividend and share repurchase, and we would like to think about the balance between the two.

**<European Embedded Value>**

**Q18: Decrease in value of new business looks to be somewhat limited. Please indicate whether there were some assumptions changes?**

A18: There was a decrease in Dai-ichi Life's value of new business, however, significant increase in sales of Dai-ichi Frontier Life more than offset the decrease on a group basis.

**Q19: Please indicate whether movement of EV includes a positive effect of non-economic assumptions changes.**

A19: Improvement of maintenance expenses and surrender and lapse rate is taken into account. The details will be shown in the upcoming EV report to be released next week.

Note: We made partial additions and alterations in preparing the above summary for clarity.

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