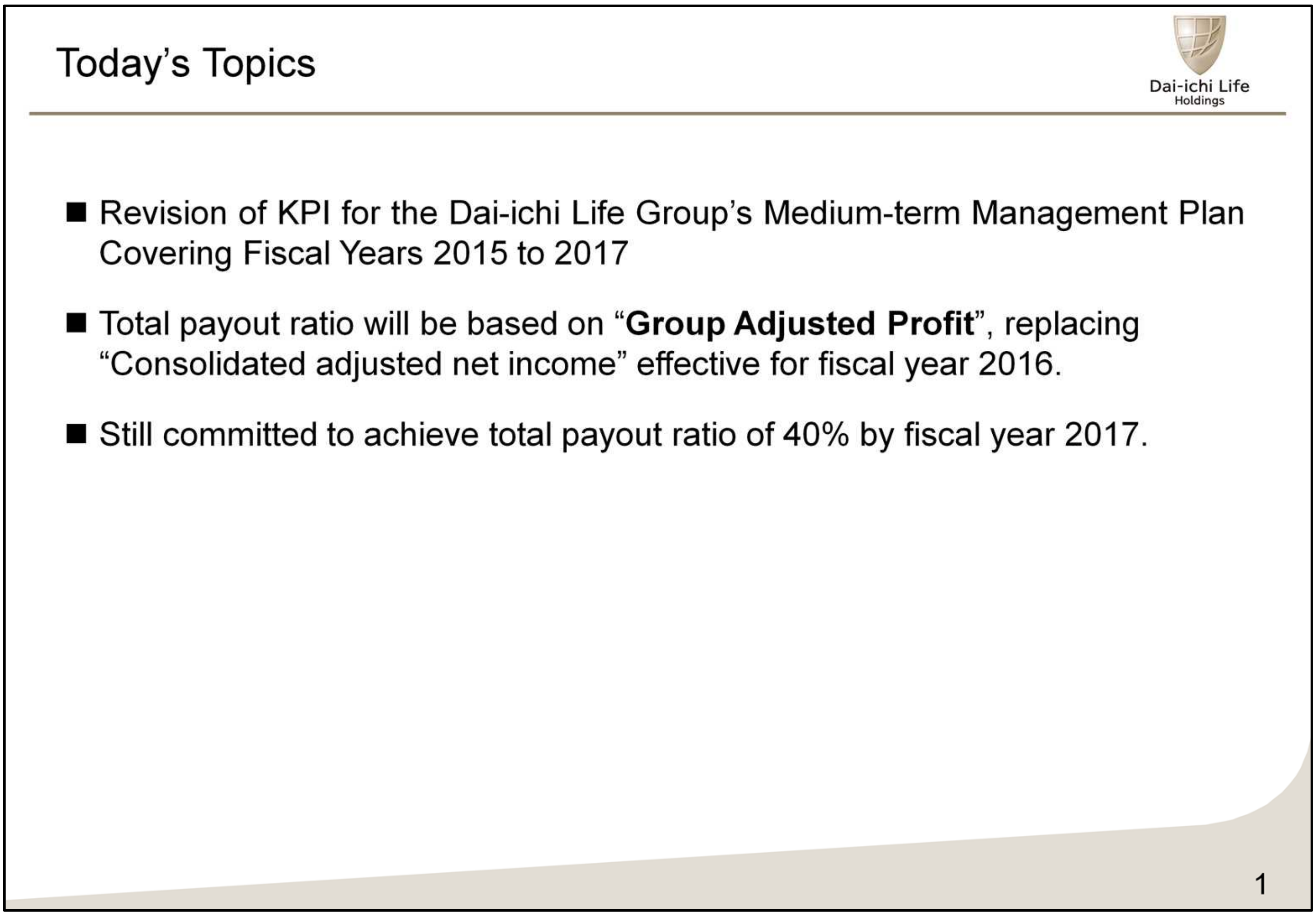
Dai-ichi Life Group
Updates on Management Objectives for the Medium-term Management Plan "D-Ambitious" Covering Fiscal 2015-17

March 31, 2017

Dai-ichi Life Holdings, Inc.

Dai-ichi Life
Holdings

- This is Seiji Inagaki of Dai-ichi Life Holdings.
- Thank you for joining our conference call at this time of the year, on a short notice.
- At four thirty this afternoon we have posted a press release updating our progress on our medium-term management plan. The update includes a change in definition of the basis for the shareholder payout, and I personally wanted to answer any questions you might have.
- I will go over the presentation material, followed by a question and answer session.
- Please turn to page 1.



- Today's conference call covers three topics.
- First, at four thirty this afternoon the Group posted a press release and made a filing with the Tokyo stock exchange regarding updates and changes in quantitative targets during the medium-term management plan "D-Ambitious" covering fiscal 2015 to 2017.
- Since we announced the "D-Ambitious" in May 2015, we have seen big changes in the political, economic and financial environment. 2016 was also packed with a series of events such as the introduction of the negative interest rate policy and the yield curve control policy that deeply affected the domestic interest rate environment. Consistent with the previous communication with the investment community, we are cautiously staying away from the "negative spiral" in which dogmatic risk control could impact our future earnings generation capabilities and in the end, would deteriorate our financial condition. Rather than being penalized by the environment, the Group continues to pursue growth initiatives and achieve financial soundness through earnings growth.
- The change in quantitative targets includes the removal of the three-year time frame for certain targets in order to achieve sustainable growth and financial soundness, which is, in the first place, the principle of the medium-term management plan.
- The second topic covers the basis for shareholder payout. The Group defined a new "Group Adjusted Profit" on which the Group bases shareholder payout from the fiscal year ending March 2017. As the Group evolved into a diversified organization in terms of business and geographic portfolio, the Group's line items could include items not representative of its economic fundamentals. The change will coincide with the transition to a holding company structure in October last year and a new management structure in April this year, and the holding company would like to visualize cash flow within the Group by demonstrating how each Group company generates cash flow, and how the holding company reallocates the cash to shareholders return, growth investment and internal reserves.
- The last topic covers our commitment to achieve total payout ratio of 40% by the fiscal year ending March 2018. The Group's 40 yen per share dividend forecast for the fiscal year ending March 2017 is maintained.
- Please turn to next page.

Current Management Objectives※1

Dai-ichi Life Holdings

Items		Management Objectives
Corporate Value	Average EV Growth (RoEV)	Average RoEV of **over 8%**
	Consolidated Adjusted Net Income※2	**220 billion yen** in FY Mar-2018
Top Line (Growth)	Group In-force Annual Net Premium	**9% over Mar 2015** as of Mar-2018
Financial Soundness	Economic Capital Adequacy※3	**170% - 200%** by Mar-2018
Shareholder Return	Total Payout Ratio	**40% during D-Ambitious**

※1 Above objectives are based on the assumption that the economic environment remains similar to when they were set.

※2 Dai-ichi Life Group considers adjusted net income as an indicator which represents the Group's real profitability. It is calculated by adding (subtracting) provision for (reversal of) reserves that are classified as liabilities such as reserve for price fluctuation and contingency reserve, over the statutory minimum, to consolidated net income (after tax) and so on.

※3 Economic capital adequacy is an indicator of the company's financial soundness. It is calculated by dividing the amount of capital based on economic capital, by the amount of risk based on internal model (after tax, confidence interval of 99.5%).

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- This slide outlines the original qualitative targets for the medium-term management plan "D-Ambitious" which we announced back in May 2015.
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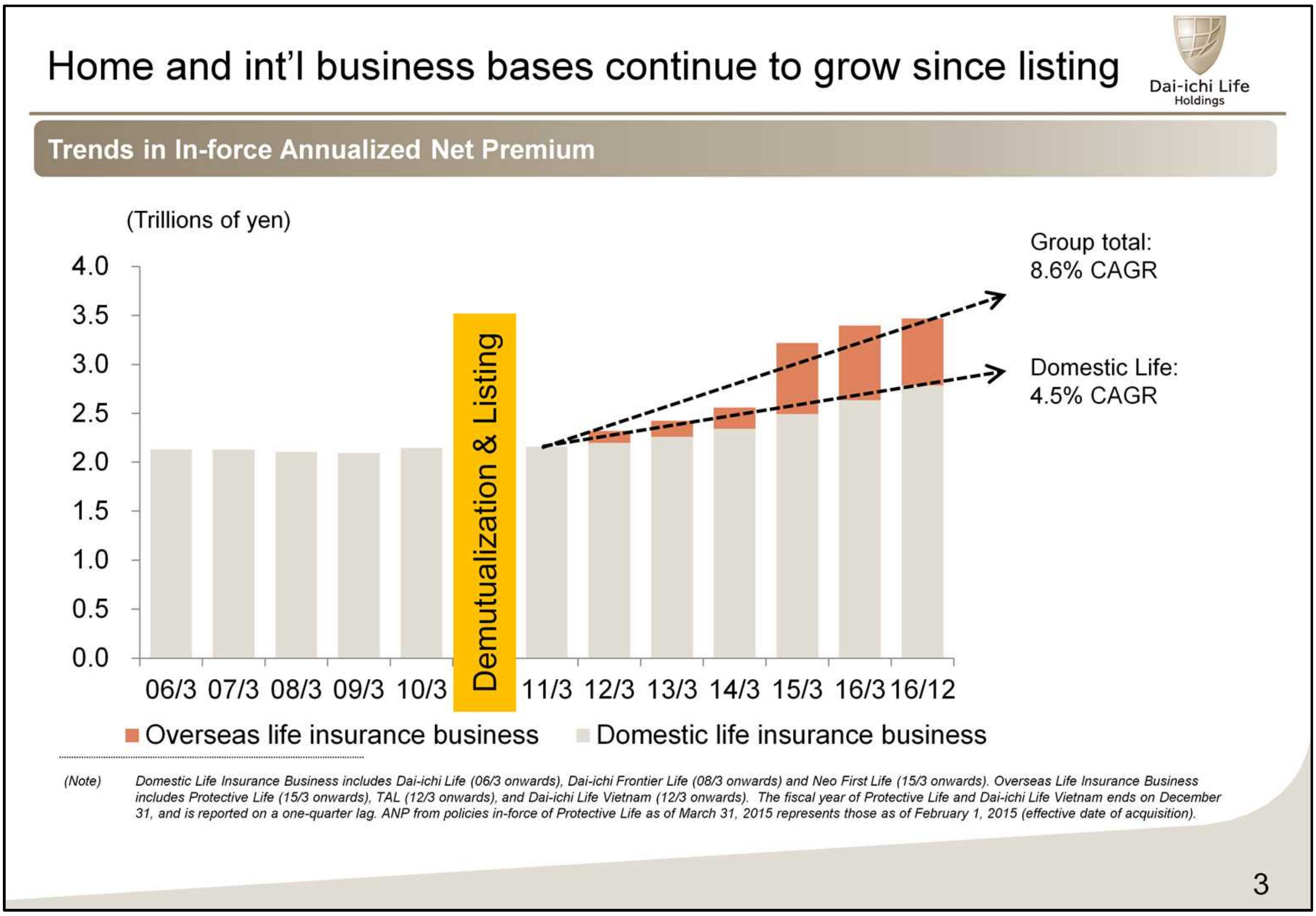

- The press release details how the Group achieved growth through the "Three Growth Engines" initiatives within the Group. Please refer to it, and this slide and the next demonstrate how those initiatives drive the financial figures.
- This slide explains that the Group in-force annualized net premium has been growing at a 8.6% CAGR since the demutualization and listing. In the domestic life insurance market the Group develops three brands that offer best-in-class services and products through optimal channels, answering the changing needs of customers, and the annualized net premium for the domestic business outgrew the market. In the overseas life insurance markets, the Group captured robust growth in the Asia Pacific region and non-organic growth in the North American market.
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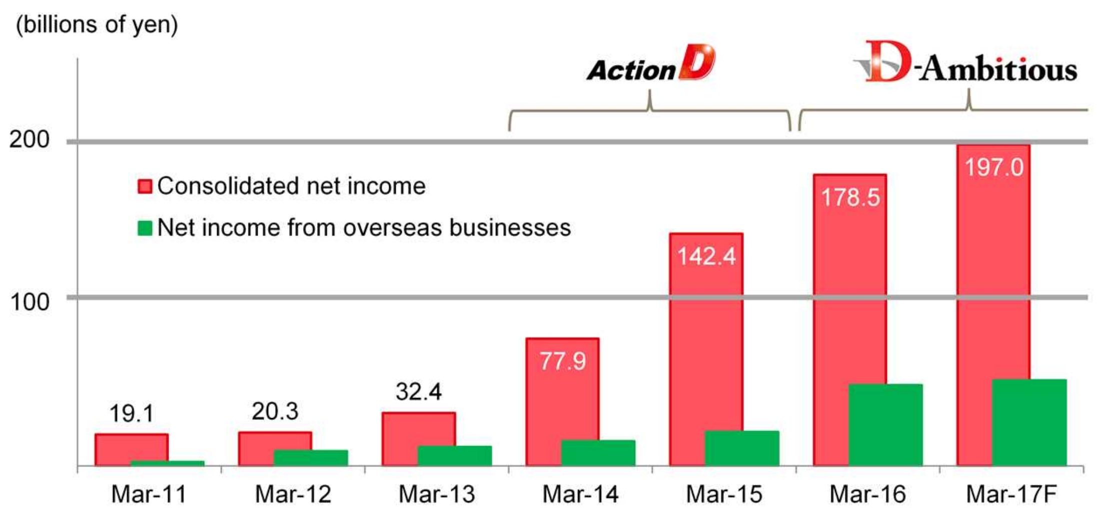
Consolidated bottom line running at 200B yen level

Dai-ichi Life Holdings

■ Doubling the level since the previous medium-term management plan



	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17F
Nikkei	9,852	9,962	12,244	14,694	19,197	16,897	19,375
10-y JGB	1.25	0.98	0.56	0.64	0.40	-0.05	0.05
Yen / USD	83.15	82.19	94.05	102.92	120.17	112.68	111.05

(Note) Nikkei represents daily average of the month of March. Figures for the fiscal year ending March 2017 are as of March 29, 2017.

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- Net income attributable to shareholders of parent company has continued to break records for the past five fiscal years.
- When the Group started the previous medium-term management plan “Action D,” the Group aimed to achieve net income of 100 billion yen in three years. That was achieved in the second year, and on top of that, the Group made a significant step by transforming the Group business with the acquisition of Protective Life. So the Group decided to renew the plan and started “D-Ambitious” in the fiscal year ended March 2016.
- Even during the current plan, the financial market had to react to a series of unexpected events, including the monetary policy changes in Japan, the referendum on EU membership in the United Kingdom and the presidential election in the United States. The Group reacted to the change in environment in a timely manner and net income is forecasted to grow close to 200 billion yen.
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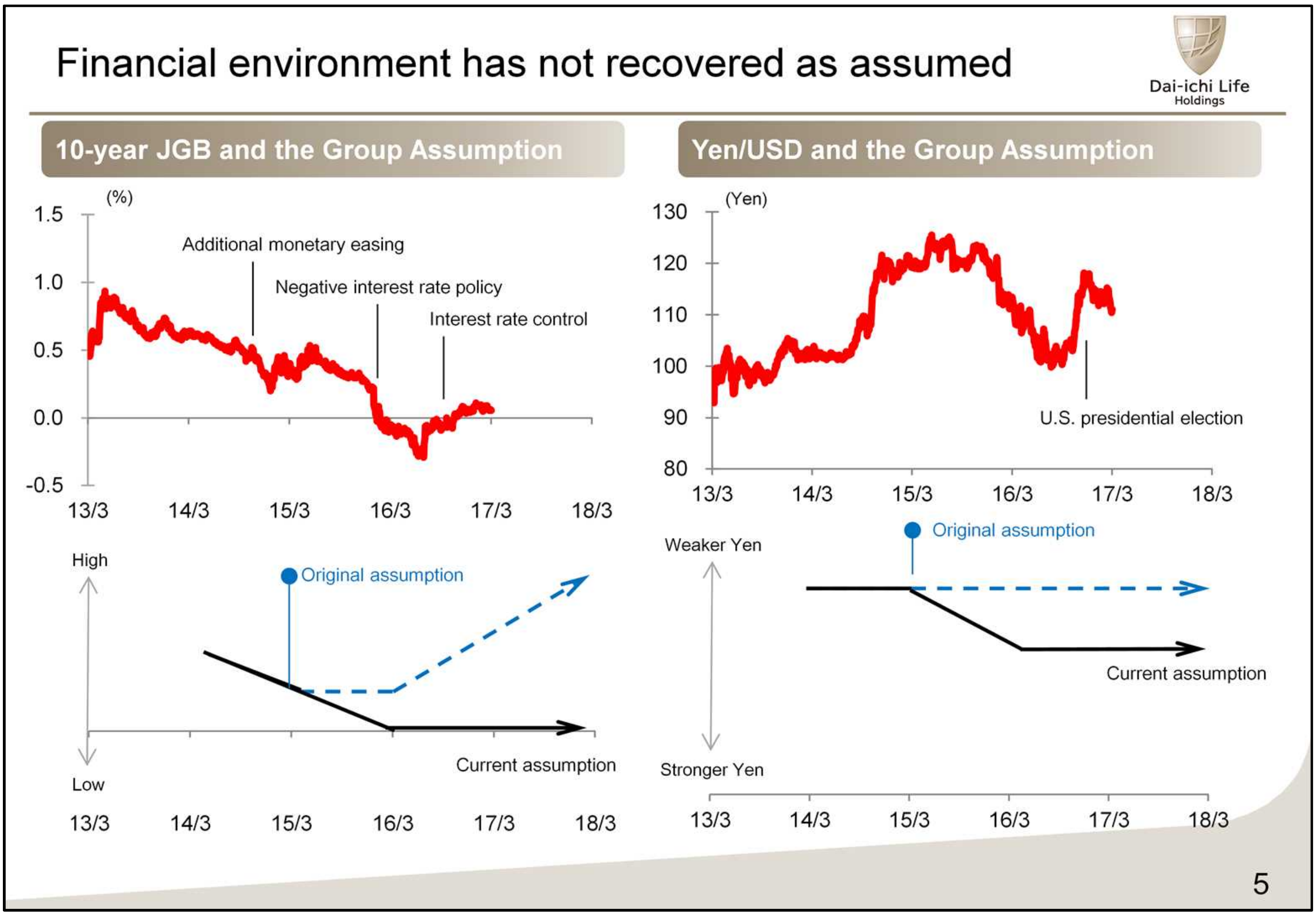

- When the Group sets its guidance for the immediate fiscal year, the Group assumes that the financial environment at the end of the previous fiscal year will continue for a year. When the Group sets its targets for the medium-term management plan, the Group constructs a 10-year earnings model based on a medium-to-long-term economic and financial projection, and the Group revises the model every year to make sure that the Group stays with in the path to maintain sustainable growth and financial soundness.
- Financial markets had changed significantly since the U.S. presidential election. The Group shares the same opinion that financial markets are exiting from the worst of 2016. But whether the markets continue to recover, the Group holds rather conservative view.
- When the Bank of Japan introduced its initial quantitative and qualitative monetary easing policy, the Group believed the interest rates in Japan would normalize over a short period. The negative interest rate policy followed and last September, however, the Bank of Japan released a comprehensive review of its policy and introduced the yield curve control policy and the inflation overshooting commitment policy until the CPI stabilizes above 2%. That changed the Group’s assumptions and the Group now takes into account the scenario where super-low interest rates will persist for some time beyond the plan.
- Furthermore, the Yen trades at around 110 yen per U.S. dollar, compared to 120 yen when the Group started the medium-term management plan. Hedging cost for U.S. dollar-denominated bonds now well exceeds 100-basis rather than 30-basis when the Group started the plan. All in all, the financial environment hasn’t improved much yet.
- Please turn to next page.

New Mid-to-long Term Vision & Management Objectives

Dai-ichi Life Holdings

- In light of the super-low interest rates maintained for longer than we have anticipated, the Group now believes some KPIs are difficult to achieve, but is aiming at sustainable growth
- The Group replaces Adjusted net income that includes valuation gains or losses, with cash flow basis Group adjusted profit

Group Mid-to-long Term Vision

Index	Mid-to-long Term Vision
Average EV Growth (RoEV)	Aim for average RoEV of over 8% during the mid-to-long term time frame
Economic Solvency Ratio (ESR)	Aim for 170% - 200% during the mid-to-long-term time frame

Group Management Objectives (Quantitative Targets)

Index	Objective
Group In-force Annual Net Premium	Increment of 9% from Mar 2015 (as of Mar 2018)
Group Adjusted Profit	180 billion yen in FY 2017 (modified definition)
Total Return Ratio Based on Group Adjusted Profit	40% during D-Ambitious

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- In light of the current environment, the Group now believes achieving over 8% average growth in embedded value in three years and achieving between 170 and 200% in terms of economic solvency by March 2018 would be difficult. The Group now sets these targets as a mid-to-long-term vision rather than as targets.
- If the Group sticks with the three-year schedule, the Group would have to pursue a dogmatic risk reduction program that could lead to the negative spiral I touched on earlier, forfeiting our growth potential in the future. Instead, the Group elected to stay with in growth initiatives, without focusing only on improving economic solvency ratio, which would contribute to stakeholders' value in the long run.
- I will explain the background of our decision to replace "Consolidated adjusted net income" with "Group Adjusted Profit" as the new basis for shareholder payout.
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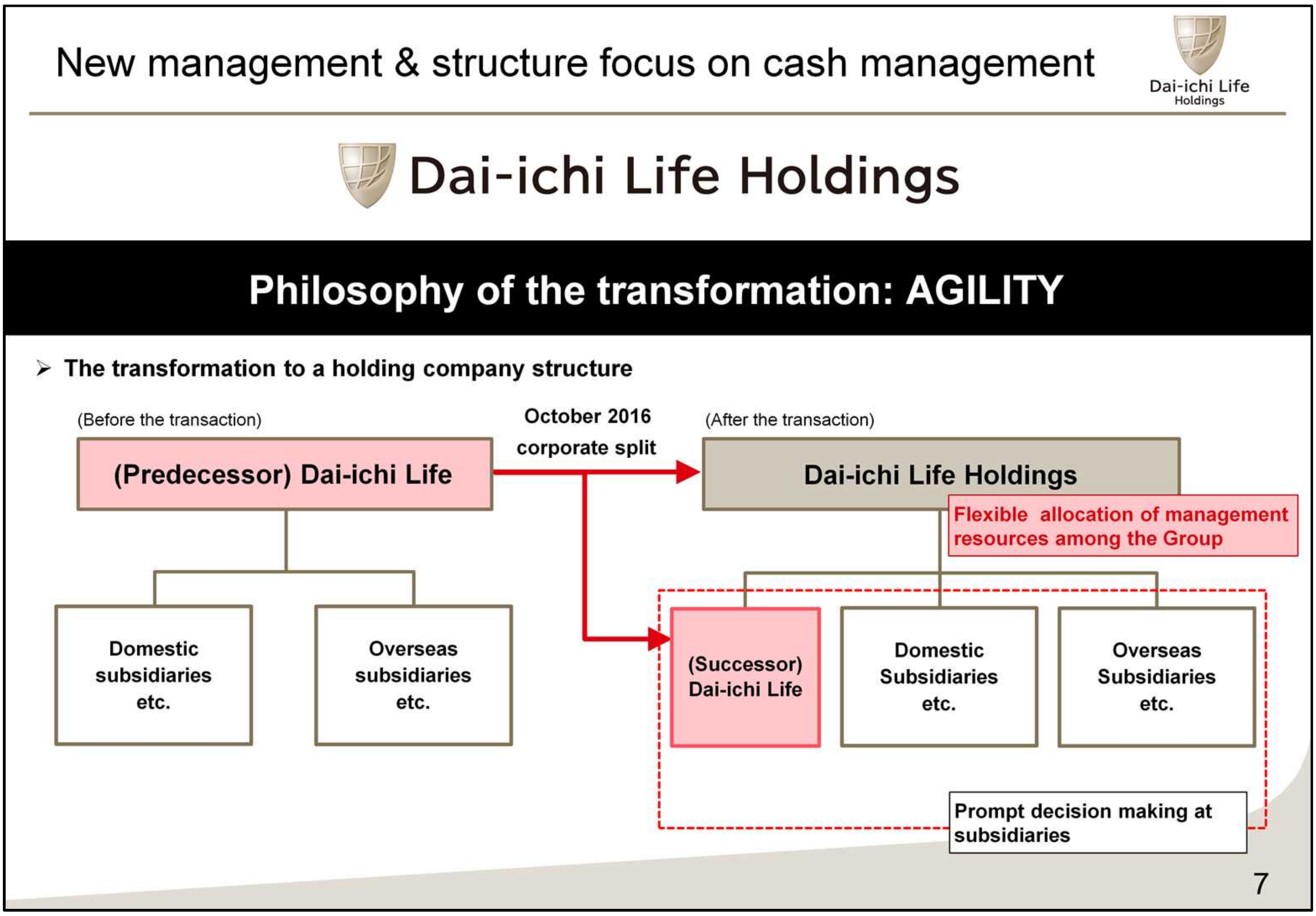

- On October 1 last year the Group shifted to a holding company structure. The philosophy behind the transition is to gain agility.
- Prior to that, Dai-ichi Life on the one hand operated its domestic insurance business and on the other hand pursued diversification in its business and geographic portfolio, including the development of various sales channels, its overseas insurance business and its asset management business.
- The Group continues to pursue diversification after the transaction. Dai-ichi Life Holdings will stand as a control tower allocating management resources flexibly, while Group companies will be in charge of making executive decisions based on the characteristics of each business. That will give the Group agility in reacting to the changes and the ability to grow.
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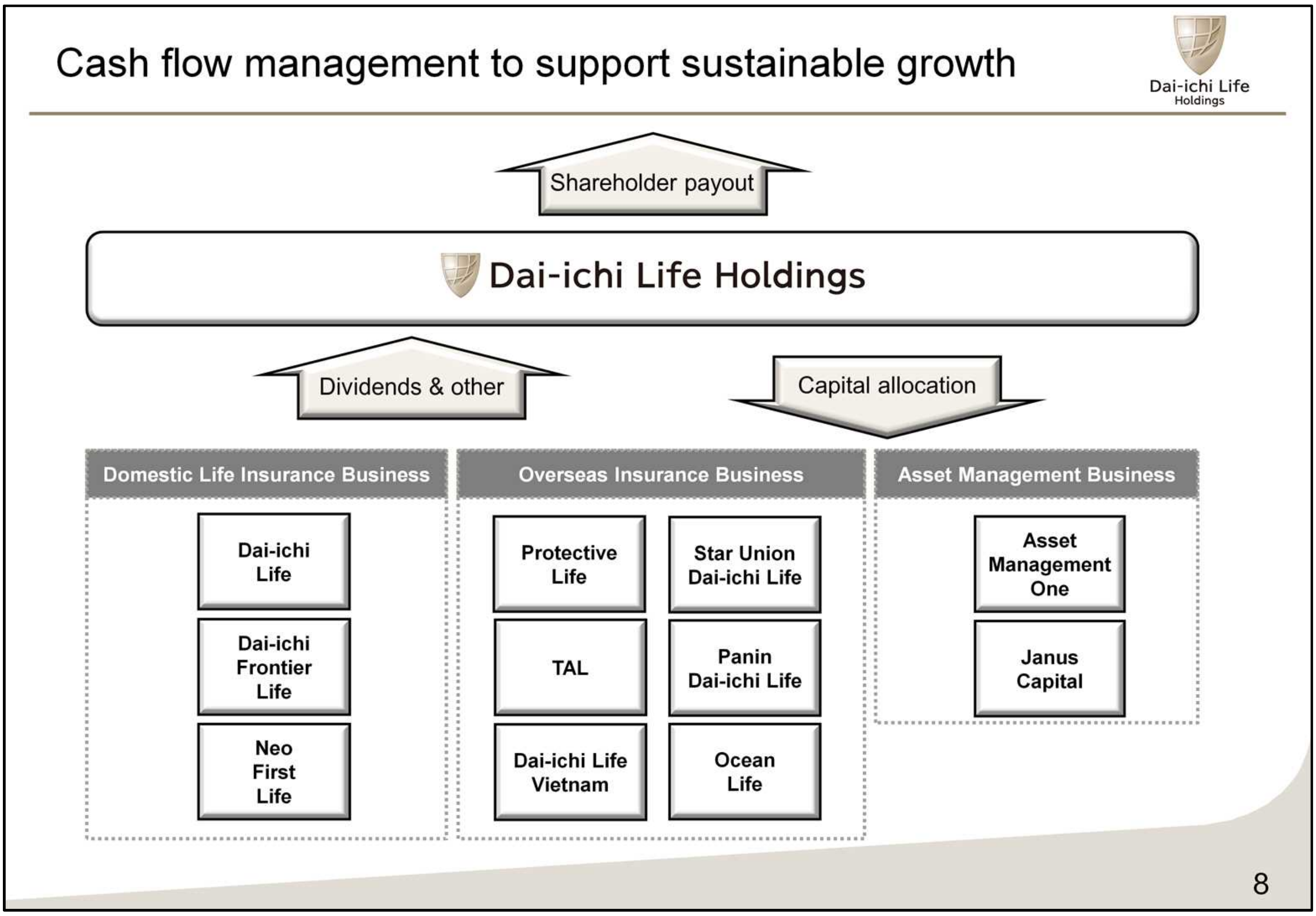

- In order for the holding company to manage the flexible allocation of management resources, the Group needs to establish an organization where cash flows to the holding company in the form of dividends from subsidiaries and affiliates.
- The Group starts its cash flow management among the subsidiaries and affiliates listed on this slide. With that, the Group would like to visualize the flow of dividends from its subsidiaries and affiliates to the holding company to the investors and shareholders.
- Please turn to next page.

New formula for shareholder payout

Dai-ichi Life Holdings

<Principle>

Cash-based core earnings from Group companies
Sustainable resources for shareholder payout

- ✓ Sum of core earnings from major subsidiaries & affiliates
- ✓ Accounting items related to valuation gains and losses will be adjusted
- ✓ Consideration for sustainable resources for shareholders
- ✓ Applicable from the fiscal year ending March 2017

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- The dividends from subsidiaries and affiliates shall be based on adjusted profits, as accounting net income could fluctuate beyond its economic fundamentals, or it could make room for overly conservative internal reserves. So the Group decided to make adjustments for non-cash accounting items. The Group makes allowance for voluntary reserves in light of economic fundamentals, local regulation and their growth potentials related to the subsidiaries and affiliates.
- The Group also considers sustainability in maintaining resources for shareholder payout in order to achieve gradual improvement in shareholder payout. That means the Group may make further adjustments to maintain funds available for stable shareholder payout. The principle behind the new definition is thus the sustainable resources for shareholder payout based on cash-based core earnings from Group companies.
- The Group will base shareholder payout for the fiscal year ending March 2017 on the new formula.
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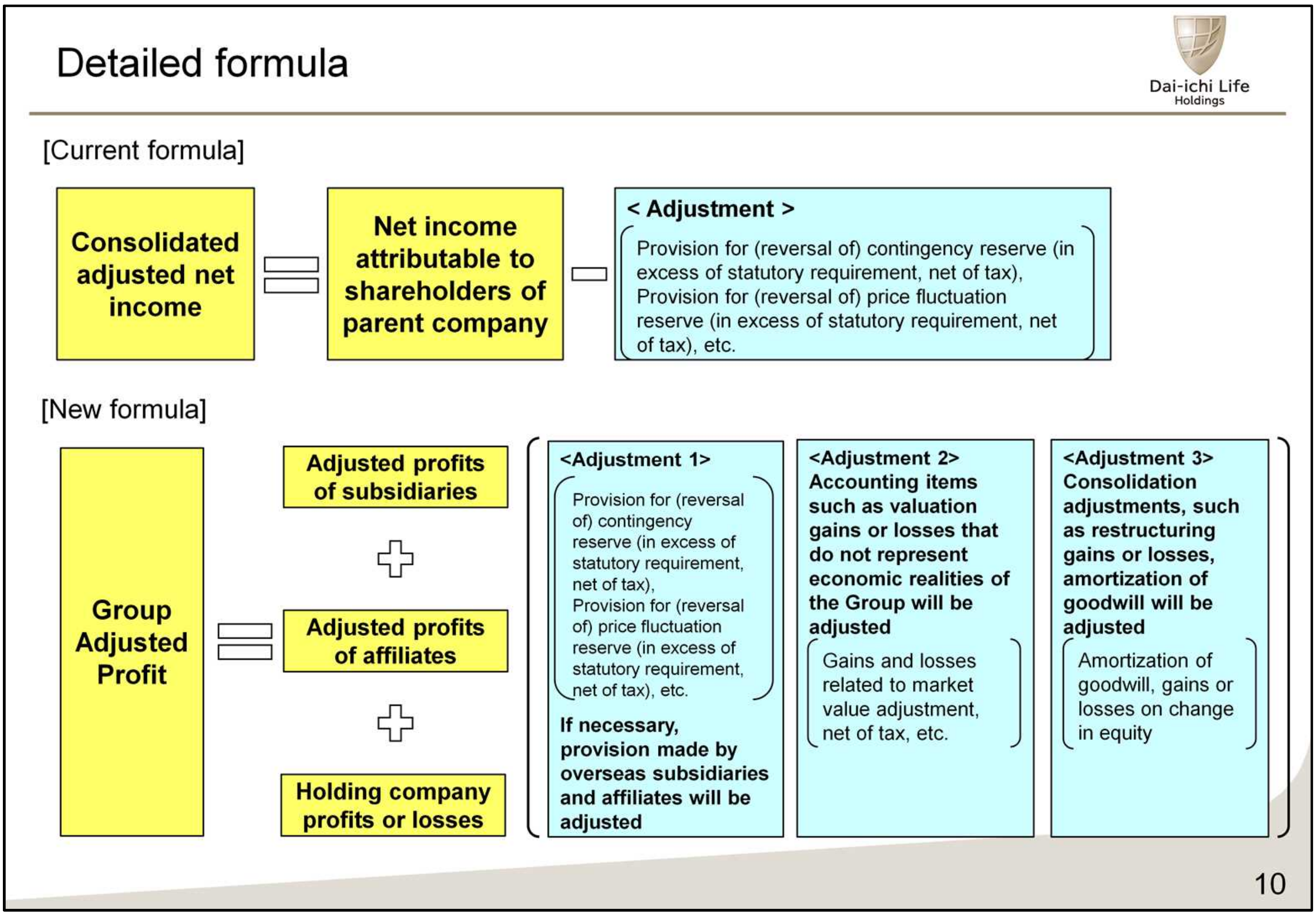

- This slide details the adjustment process.
- Consolidated adjusted net income makes allowance for provision for or reversal of contingency reserves or price fluctuation reserves made on top of the statutory minimum based on the management’s decision.
- Group adjusted profit, on top of these adjustments, makes allowance for the provision for or reversal of policy reserves related to market value adjustment on certain policies, gains or losses on change in equities or step acquisitions, namely, accounting items without cash flow backings. The Group also adds back amortization for goodwill of consolidated subsidiaries and affiliates. Accounting for valuation gains and losses includes items in derivative transaction gains and losses, but the Group elected not to adjust if the line items effectively act as stabilizer for profits. The Group makes no adjustment now with the profits from overseas subsidiaries and affiliates.
- Please turn to next page.

Impact of formula change

(billions of yen)

Items				Mar-13	Mar-14	Mar-15	Mar-16
	Domestic Life Insurance Business						
1		Dai-ichi Life	Net income	51.4	85.5	152.1	129.1
2			Adjustment (1) Provision for contingency reserve (in excess of statutory amount, net of tax)	49.9	24.9	19.2	12.9
3			Adjustment (2) Provision for price fluctuation reserve (in excess of statutory amount, net of tax)	—	9.7	—	—
4			Adjustment (3) Gains or losses on accounting for market value adjustment, net of tax	0.0	(0.6)	(0.2)	(0.4)
5			Sub-total	49.9	34.0	18.9	12.5
6			Adjusted net profit	101.3	119.5	171.1	141.6
7		Dai-ichi Frontier Life	Net income	(26.5)	(15.2)	(21.9)	24.3
8			Adjustment (1) Provision for contingency reserve (in excess of statutory amount, net of tax)	15.3	—	—	—
9			Adjustment (2) Provision for price fluctuation reserve (in excess of statutory amount, net of tax)	—	—	—	—
10			Adjustment (3) Gains or losses on accounting for market value adjustment, net of tax	0.1	(0.9)	46.9	7.5
11			Sub-total	15.4	(0.9)	46.9	7.5
12			Adjusted net profit	(11.1)	(16.1)	24.9	31.8
13		Neo First Life	Net income	—	—	0.4	(7.1)
14			Adjusted net profit	—	—	0.4	(7.1)
15		Adjusted profits of domesctic life insurance business		90.2	103.4	196.6	166.4
	Overseas Insurance Business						
16		Protective Life	Net income	—	—	—	32.3
17		TAL	Net income	8.9	8.6	12.1	10.3
18		Adjusted profits of overseas insurance business		9.8	10.8	15.7	45.7
19	Asset Management Business		Adjusted net profit	1.8	4.4	6.1	5.9
20	Holding company		Adjusted net profit	—	—	—	—
21	Consolidation adjustment		Adjustment (1) Dividends from subsidiaries and affiliates	1.7	2.7	3.6	13.5
22			Adjustment (2) Amortization of goodwill	3.8	5.1	8.6	6.3
23			Adjustment (3) Gains on change in equity	—	—	—	—
24			Adjustment (4) Others	(1.4)	(0.1)	(2.2)	(0.3)
25	**(New formula) Group Adjusted Profits (Item 25=15+18+19+20-21)**			**100.0**	**116.0**	**214.7**	**204.6**
26	(Old formula) Consolidated adjusted net income (Item 26=1+2+3+7+8+9+14+18+19+20-21-22-23-24)			97.6	112.5	161.7	191.4
27	[Net impact (Item 25-26)]			2.4	3.4	53.0	13.1
28	**Consolidated net income (Items 25-5-11-22-23-24)**			**32.4**	**77.9**	**142.4**	**178.5**

(Note) Please refer to page 15 for supplemental information

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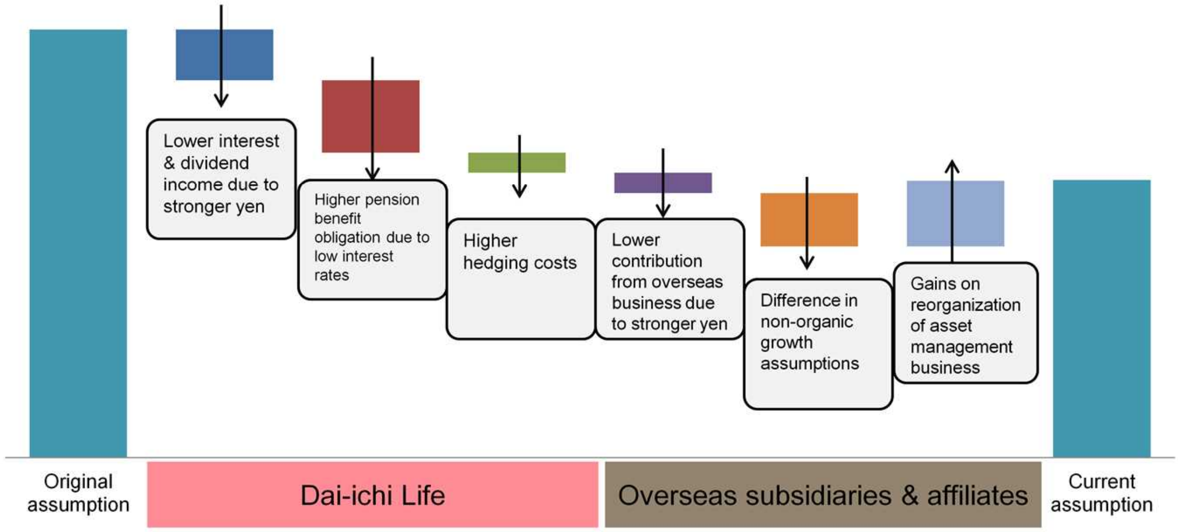
- This page details the adjustment process from accounting net income attributable to shareholders of parent company and Group adjusted profit, with consolidated adjusted net income for the past four fiscal years for reference purposes.
- Please turn to next page.

The Group is now offering guidance for a lower net income

Dai-ichi Life Holdings

- The stronger yen and higher hedging costs against the original assumption have reduced consolidated adjusted net income for the fiscal year ending March 2018 by roughly 25 billion to 195 billion from 220 billion.



(Net of tax)

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- Before I explain the guidance for the adjustments for the fiscal years ending March 2017 and March 2018, let me elaborate on items that affected consolidated adjusted net income before the new definition due to the changes in financial condition since the start of the medium-term management plan.
- The impact the Group assumes is around 25 billion yen. First of all, stronger yen around 110 yen against the U.S. dollar compared to 120 yen when the Group formulated the plan, exerts downward pressure on Dai-ichi Life's interest and dividend income as well as the contribution from overseas subsidiaries and affiliates. The second item is the increased provision for pension benefit obligation due to the lower discount rate, and this was disclosed last May. The rising hedging cost in the United States is lowering our expectation for net capital gains. Lastly, the impact of non-organic growth always gives variances in our forecast. I will explain the impact of the reorganization of Asset Management One on the next page.
- Please turn to next page.

Guidance on adjustments for Group Adjusted Profit

Dai-ichi Life Holdings

- **Major adjustments for the fiscal year ending March 17**

  Dai-ichi Life: Provision of contingency reserve in excess of statutory requirement

  Dai-ichi Frontier Life: Gain related to market value adjustment (MVA) accounting

  Consolidation adjustment: Amortization of goodwill

  Consolidation adjustment: Gain on changes in equity (Asset Management One)

  Consolidation adjustment: Subsidiary & affiliates dividends paid to Dai-ichi Life during 1H

  Group Adjusted Profit would be lower than net income

- **Major adjustments for the fiscal year ending March 18**

  Dai-ichi Life: Provision of contingency reserve in excess of statutory requirement

  Dai-ichi Frontier Life: Gain related to market value adjustment (MVA) accounting

  Consolidation adjustment: Amortization of goodwill

  Consolidation adjustment: items related to asset management business

  Group Adjusted Profit would be lower than net income by a small margin

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- I will explain the guidance of the adjustments for the fiscal years ending March 2017 and 2018. For the adjustments for the fiscal year ending March 2017, the results for the nine months ended December 2016 that the Group announced earlier could be a good reference. For example, Dai-ichi Frontier Life realized a gain related to market value adjustment totaling 18.9 billion yen. At the consolidation level, the Group recognized a gain on change of equity of 12.5 billion yen in relation to the reorganization of Asset Management One. The amortization of goodwill should be lower than the amount recorded in the previous fiscal year. With these, the Group Adjusted Profit would be lower than net income.
- The adjustments for the fiscal year ending March 2018 are tentative. The pending merger of Janus Capital Group and Henderson Group, if closed on schedule, could lead to a gain on change of equity and to a small increase in goodwill amortization. With these, the Group Adjusted Profit could be lower than net income by a small margin.
- Please turn to next page.

Still committed to improve total payout ratio

Dai-ichi Life Holdings

Dividend forecast maintained at 40 yen per share for the FY ending March 17

40% payout ratio by the FY ending March 18

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- While the Group changes the definition for the basis of shareholder payout, the Group is committed to achieve a 40% payout target by the fiscal year ending March 2018 and maintain the dividend forecast at 40 yen per share for the fiscal year ending March 2017. Of course the Group takes seriously the fact that shareholder payout could be smaller than that based on consolidated adjusted net income. However, under a holding company structure, the Group believes that this change will enable flexible allocation of management resources backed by cash in order to swiftly react to the changes in the business environment in pursuing sustainable growth.
- April marks the start of a new management, of which I take the helm, and the Group will spend the next twelve months cultivating seeds to accelerate growth in the next medium-term business plan. Please support us and the Group would like to come back with a good progress report in the near future.
- This concludes my remarks.
- Thank you very much.

Supplemental information to the table on page 11

Dai-ichi Life
Holdings

1. Tax rates applied to the adjustment of accounting items are as follows:

	Mar-13	Mar-14	Mar-15	Mar-16
Dai-ichi Life	33.23%	33.23%	30.68%	28.76%
Dai-ichi Frontier Life	—	—	—	10.09%

2. Tax rates applied to the adjustment of provision for / reversal of contingency reserve and price fluctuation reserve are as follows:

	Mar-13	Mar-14	Mar-15	Mar-16
Dai-ichi Life	30.68%	30.68%	28.76%	27.92%
Dai-ichi Frontier Life	—	—	—	—

3. The Dai-ichi Life Group shifted to a holding company structure on October 1, 2016. Prior to the transaction, the Dai-ichi Life Company, Limited received dividends from subsidiaries and affiliates. Thus, adjustment are made to calculate adjusted profits of Dai-ichi Life.
4. The Dai-ichi Life Group purchased all the outstanding shares of the 90%-owned subsidiary Dai-ichi Frontier Life in March 2014. Accordingly, 90% of the results of Dai-ichi Frontier Life for the fiscal year ended March 2013 and 2014 are consolidated.
5. The Dai-ichi Life Group purchased all the outstanding shares of the 10%-owned affiliate Sompo Japan DIY Insurance Co., Ltd. on August 1, 2014, and changed the corporate name to Neo First Life on November 25. The Group adjusted profit for the fiscal year ended March 2015 reflected the nine months adjusted earnings of Neo First Life from July 1, 2014 to March 31, 2015.
6. The Dai-ichi Life Group acquired all the outstanding shares of Protective Life in the United States on February 1, 2015. The fiscal year of Protective Life ends in December, and the Group converts the dollar amount of Protective earnings using the December-end exchange rate to the fiscal year ending March 31 in the following year. For the fiscal year ended March 31, 2016, the Group consolidated eleven months of earnings from Protective from February 1, 2015 to December 31, 2015.
7. The fiscal year of TAL of Australia ends in March. The Group consolidates Australian dollar amount of TAL earnings using the exchange rate at March end for the fiscal year ends in the same year.
8. Exchange rates applied to convert local currencies for consolidation are as follows:

(Yen)

	Mar-13	Mar-14	Mar-15	Mar-16
Yen/USD	—	—	—	120.61
Yen/AUD	97.93	95.19	92.06	86.25

9. Amortization of goodwill includes amortization of goodwill related to consolidated subsidiaries and consolidated affiliates.

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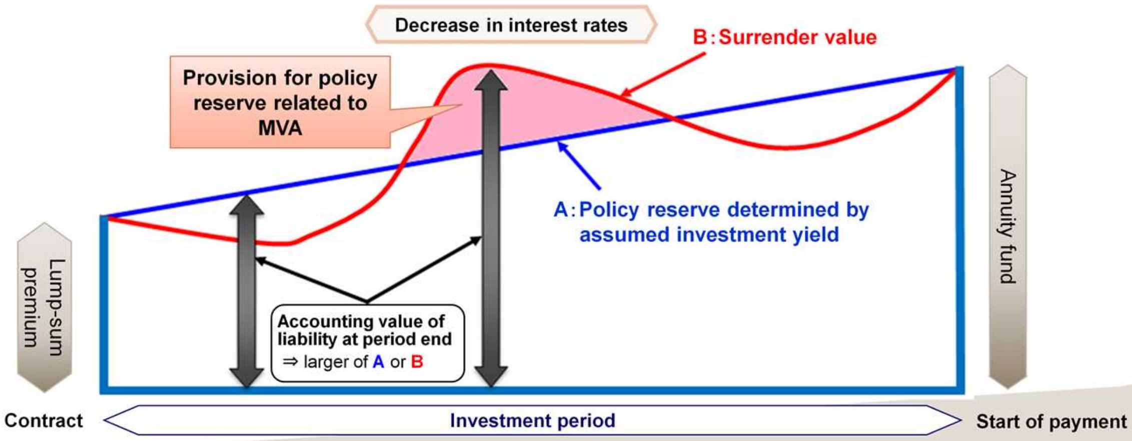
(Reference) Market Value Adjustment Function of Insurance Products

Dai-ichi Life Holdings

- Certain insurance products provided by Dai-ichi Life Group have a "Market Value Adjustment (MVA)" function which reflects a change in the value of invested assets due to changes in interest rates to the surrender value upon cancellation.
- The larger of "surrender value" or "policy reserve determined by the assumed investment yield" is recorded as an accounting liability of insurance products with MVA function.
  - → <u>When "surrender value" exceeds "policy reserve" as a result of the decrease in interest rates, an additional provision for policy reserve occurs.</u>
- As the increase in the value of bonds (increase in unrealized gains) is not reflected to the income statement, accounting earnings worsen.
  - → As unrealized gains actualize after selling bonds upon cancellation, it is not considered to be a loss on an economic-value basis. Additionally, when interest rates move upward, a reversal of policy reserve occurs.

【Image of individual annuity with MVA function】



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