

(Unofficial Translation)
Financial Analysts Meeting for the Year Ended March 2011,
Q&A Summary

Date: May 24, 2011 10:00 – 11:00
Respondent: Koichiro Watanabe, President and Representative Director
The Dai-ichi Life Insurance Company, Limited (the “Company”)

<Investments >

Q1. Isn't there an increased concentration risk in terms of industries or specific companies, as a consequence of domestic stock reduction? Moreover, please discuss about your plan for re-investment of redemption amounts from preferred securities issued by domestic banks.

A1. Regarding domestic stock reduction, we appropriately manage investment risk of our portfolio, taking into account industry diversification etc. Moreover, we recognize that, not only in relation to redemption of preferred securities, improvement of investment yield in general is one of our major challenges. We will continue to work on that issue, in order to strike the right balance between risk management and investment income.

<Embedded Value>

Q2. “Economic variances” of value of in-force business (489.6 billion yen for Dai-ichi Life non-consolidated) include negative impact from the fact that interest rates did not rise as implied by the forward curve used for calculation of embedded value as of March 2010. Excluding this negative impact, how much is the impact from changes in interest rates?

A2. Excluding the impact you mentioned, negative impact from changes in interest rates was a little more than 200 billion yen.

Q3. I feel that “expected existing business contribution (in excess of risk-free rate)” shown on page 5 of the presentation material is too high, because assumed investment yield of 2.05% is high. Can't you consider an alternative method of analysis, such as offsetting a part of “expected existing business contribution (in excess of risk-free rate)” against “economic variances”?

A3. In the presentation material, we show “expected existing business contribution (in excess of risk-free rate)” based on a standard methodology: however, as you suggested, there can be various method of analysis. We will continue our study on an appropriate method of movement analysis, with adequate attention paid to sensitivity analysis.

<Shareholder Return >

Q4. Capital regulations and corporate management are in transition to an economic value basis: as a consequence, do you plan to change your approach to shareholder return (i.e., reference measure) or policyholder dividend?

A4. Although our method of measuring the Company's value is in transition to economic value basis, it is difficult for us change everything to economic value basis in light of factors such as (1) statutory accounting requirements, and (2) dividend restrictions of the Companies Act. We will continue to evaluate our practices as the changes progress.

<Fundamental Profit >

Q5. Your sum insured of policies in force is in a decreasing trend, though the pace of the decrease is improving. Therefore, I suppose your loading of premium is also in a decreasing trend. Won't this decreasing trend negatively impact your future fundamental profit?

A5. The loading of premium from first sector (death protection) products is in a decreasing trend. However, loading of premium from third sector (medical etc.) products, including Medical Yell, contributes at the same level as that of first sector and the decrease in loading premium from first sector products is offset by an increase in loading premium from third sector products. Therefore, under the new medium-term management plan, we expect our fundamental profit to stay flat at the current level.

<Overseas Life Insurance Businesses>

Q6. You are currently working on entering to the Chinese life insurance market. Also, you have not yet entered other large prospective markets in Asia, such as Indonesia and Malaysia. Given that situation, please explain your timeframe, investment amount and plan for raising capital with regard to future entries into markets in Asian countries.

A6. With regard to our overseas life insurance businesses, we created a medium- to long-term plan putting a high priority on China and also taking into account the possibilities to enter other Asian countries. Regarding the expected amount to be invested in the overseas life insurance business, for example for China, we expect it will be less than 10 billion yen and, therefore, we believe we can cover the investment within our capital level anticipated under the current capital strategy.

Q7. Please explain your criteria and hurdle rate for investments in overseas life insurance business.

A7. With regard to our criteria for investments in overseas life insurance business, primarily, we screen out overseas investment opportunities that fail to generate economic value based return over the 8% cost of capital contemplated in our new medium-term management plan. Moreover, in terms of accounting profits, we apply a country-specific hurdle rate (currency-specific short-term interest rate (risk free rate) + country-specific equity risk premium + risk premium associated with operations) for each project and periodically check profit projections in order to consider alternatives including whether we should exit or not.

<Net Income Attributable to Growth Businesses>

Q8. In your medium-term management plan, you expect to generate over 20% of your consolidated profit for FY2015 from your growth businesses. Please explain any milestones in achieving the 20%.

A8. We set the “over 20%” as a medium-term goal to be achieved by FY2015. You may think the time frame to be too long. But we have some difficulty in scheduling milestones for our growth businesses as some of them are still under negotiation for market entry.

<Sales of Insurance Products >

Q9. Although your Medical Yell sales were strong, sales of Junpu life decreased towards the end of the prior fiscal year. How do you expect to balance the sales of Medical Yell and Junpu Life in this fiscal year?

A9. As you pointed out, our sales of Medical Yell were strong. In the 4th quarter of last fiscal year after having introduced Medical Yell in January 2011, we sold approximately 150 thousand Medical Yell policies mainly to seniors. On the other hand, though we sold Junpu Life to its target customers (20s - 40s) to some extent, compared to robust sales of Medical Yell, it may seem that sales of Junpu Life relatively declined. However, our “New Total Life Plan” strategy includes a concept of “reaching out to families of policyholders”, whereby we regard our customers as a “liver” and we try to generate sales from the family of the customer. In other words, we acquire with a Medical Yell policyholder (often senior) not only a customer but also a person with a family and try to sell Junpu Life to her/his family members with her/his referral. We will continue to sell Medical Yell and, so that it will have a favorable impact on sales of Junpu Life.

<Dai-ichi Frontier Life (DFL)>

Q10. In your earnings forecast for the current fiscal year, you expect to have 17.1 billion yen net loss from DFL. Please explain why you expect DFL’s net loss to increase and when you expect to turn it positive.

A10. DFL made a reversal of some part of its accumulated contingency reserve in the prior fiscal year. In the current fiscal year, on the other hand, DFL expects to make a provision to contingency reserve, which will negatively affect DFL's ordinary profit and, finally, net income. We initially had a plan to turn DFL's profit positive in 10 years: in our new medium-term management plan, we expect DFL to record positive net income around FY2015, in line with the original plan. DFL currently has approximately 1.4 trillion yen assets under management. With approximately 2 trillion yen AUM, DFL will have the scale need to cover its fixed costs. With more than 2.5 trillion yen AUM, DFL is expected to have positive net income and DFL is expected to reach more than 2.5 trillion yen AUM around FY2015.

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

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