

# **Financial Results Meeting for Institutional Investors and Analysts, for the Six Months Ended September 2011**

**November 22, 2011**

**The Dai-ichi Life Insurance Company, Limited**

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## **Financial Results Highlights**

- **Good sales performance at Dai-ichi Life group companies:**  
Dai-ichi Life non-consolidated and Dai-ichi Frontier Life both achieved year-on-year growth in terms of new business ANP. In addition, insurance sales growth at our Australian and Vietnamese subsidiaries was at a high level.
- **Impact from deterioration of financial environment actualized:**  
As a result of significant adjustment of financial and capital markets, 85.1 billion yen loss on valuation of securities was recorded at Dai-ichi Life non-consolidated. At Dai-ichi Frontier Life, relatively large provision for policy reserves related to GMMB was recorded.
- **Steady progress toward strengthening of financial soundness:**  
As a result of reduction of domestic stocks and accumulation of super long-term bonds, Dai-ichi's solvency margin ratio based on the stricter new standard improved, and unrealized gains on securities increased.

# Overview of Financial Results and Earnings Forecasts

## Consolidated Financial Results Highlights

- Ordinary revenues increased by 9% year-on-year, thanks to the steady increase in insurance sales of Group companies, as well as the effect of consolidation of Australia's TAL.
- Due to the deterioration of the financial environment, loss on valuation of securities at Dai-ichi Life and provision for policy reserve related to GMMB at Dai-ichi Frontier increased. Ordinary profit decreased by 40% year-on-year. In part due to the extraordinary losses related to the sale of our Ooi office, net income decreased by 58%.

(billions of yen)

	6 months ended Sep-10	6 months ended Sep-11 (a)	Change	
Ordinary revenues	2,262.6	2,469.7	207.0	+9%
Non-consolidated	2,094.3	2,248.3	153.9	+7%
Ordinary profit	101.0	60.4	(40.6)	(40%)
Non-consolidated	106.2	76.1	(30.0)	(28%)
Net income	29.4	12.3	(17.0)	(58%)
Non-consolidated	34.1	6.1	(27.9)	(82%)

&lt;Reference&gt;

Forecasts for year ending Mar-12 (b)	Progress (a/b)
4,334.0	57%
3,828.0	59%
168.0	36%
178.0	43%
37.0	33%
32.0	19%

## Financial Results of each Group Company

	【Dai-ichi Life】				【Dai-ichi Frontier Life】				【TAL】				【Consolidated】			
	billions of yen				billions of yen				millions of A\$				billions of yen			
	6 months ended Sep-10	6 months ended Sep-11	Change		6 months ended Sep-10	6 months ended Sep-11	Change		6 months ended Sep-10	6 months ended Sep-11	Change		6 months ended Sep-10	6 months ended Sep-11	Change	
Ordinary revenues	2,094.3	2,248.3	153.9	+7%	166.6	167.8	1.1	+1%	829	1,095	266	+32%	2,262.6	2,469.7	207.0	+9%
Premium and other income	1,501.7	1,600.0	98.2	+7%	161.6	148.5	(13.0)	(8%)	653	818	165	+25%	1,665.1	1,807.6	142.4	+9%
Investment income	456.3	492.3	35.9	+8%	5.0	19.2	14.2	+281%	23	13	(10)	(44%)	458.0	506.2	48.2	+11%
Ordinary expenses	1,988.1	2,172.2	184.0	+9%	173.1	189.8	16.6	+10%	725	994	268	+37%	2,161.5	2,409.3	247.7	+11%
Benefits and claims	1,223.6	1,221.2	(2.4)	(0%)	39.6	45.7	6.0	+15%	423	550	127	+30%	1,263.8	1,304.5	40.7	+3%
Provision for policy reserves and others	163.5	238.5	75.0	+46%	108.1	83.6	(24.4)	(23%)	69	72	2	+4%	272.2	305.5	33.3	+12%
Investment expenses	190.8	287.9	97.0	+51%	18.7	52.9	34.2	+183%	10	106	95	+919%	207.0	343.7	136.7	+66%
Operating expenses	210.2	203.5	(6.7)	(3%)	6.1	7.0	0.9	+15%	192	227	35	+18%	215.8	228.9	13.0	+6%
Ordinary profit (loss)	106.2	76.1	(30.0)	(28%)	(6.4)	(22.0)	(15.5)	--	103	101	(2)	(2%)	101.0	60.4	(40.6)	(40%)
Extraordinary gains	3.8	0.4	(3.4)	(88%)	0.3	--	(0.3)	--	--	--	--	--	3.8	23.5	19.7	+511%
Extraordinary losses	14.4	29.6	15.2	+105%	0.0	0.0	0.0	+177%	--	2	2	--	14.4	30.0	15.5	+108%
Minority interests in gain (loss) of subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	(0.6)	(2.1)	(1.5)	+243%
Net income (loss)	34.1	6.1	(27.9)	(82%)	(6.1)	(22.0)	(15.9)	--	59	63	4	+7%	29.4	12.3	(17.0)	(58%)

(1) For the fiscal year ended March, 2011, Tower Australia Group Limited ("TOWER") was Dai-ichi Life's affiliated company under the equity method in which Dai-ichi Life had a 28.9% stake. Dai-ichi completed acquisition of the rest of TOWER's stake on May 11, 2011. As of June 1, 2011, TOWER changed its name to TAL Limited. Earnings for the six months ended Sep-11 of "TAL" in the above table are those of the consolidated holding company in Australia. The figures for the six months ended Sept-10 are pro-forma.

## Guidance for the Year Ending March 2012

(billions of yen unless otherwise noted)

	Year ended Mar-11	Year ending Mar-12 (F)	Change
<b>Ordinary revenues</b>	<b>4,571.5</b>	<b>4,334.0</b>	<b>(237.5)</b>
Dai-ichi Life non-consolidated	4,308.4	3,828.0	(480.4)
Dai-ichi Frontier	253.8	421.0	+167.1
<b>Ordinary profit</b>	<b>81.1</b>	<b>168.0</b>	<b>+86.8</b>
Dai-ichi Life non-consolidated	78.9	178.0	+99.0
Dai-ichi Frontier	(1.1)	(19.0)	(17.8)
<b>Net income</b>	<b>19.1</b>	<b>37.0</b>	<b>+17.8</b>
Dai-ichi Life non-consolidated	16.9	32.0	+15.0
Dai-ichi Frontier <sup>(1)</sup>	(0.8)	(17.1)	(16.2)
<b>Dividends per share (yen)</b>	<b>1,600</b>	<b>1,600</b>	<b>±0</b>

(Reference)

Fundamental profit (Dai-ichi Life non-consolidated)	275.9	around 270.0
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(1) After taking into account the equity stake in Dai-ichi Frontier

**EEV**



## European Embedded Value of the Dai-ichi Life Group

### EEV of the Group

(billions of yen)

	Mar-11	Sep-11	Change
EEV	2,440.3	2,235.5	(204.7)
Adjusted net worth	1,454.2	1,595.9	141.6
Value of in-force business	986.0	639.5	(346.4)

	1H FY 2010	1H FY 2011	Change	FY 2010
Value of new business	47.2	69.4	22.2	158.1

### EEV of Dai-ichi (stand alone)

(billions of yen)

	Mar-11	Sep-11	Change
EEV	2,479.6	2,307.2	(172.4)
Adjusted net worth	1,518.7	1,752.7	233.9
Value of in-force business	960.9	554.5	(406.3)

	1H FY 2010	1H FY 2011	Change	FY 2010
Value of new business	47.5	60.9	13.3	158.5

### EEV of Dai-ichi Frontier Life

(billions of yen)

	Mar-11	Sep-11	Change
EEV	137.8	123.5	(14.3)
Adjusted net worth	109.9	95.1	(14.8)
Value of in-force business	27.9	28.3	0.4

	1H FY 2010	1H FY 2011	Change	FY 2010
Value of new business	(0.3)	1.3	1.7	(0.4)

## European Embedded Value of the Dai-ichi Life Group

**EEV of TAL**

(billions of yen)

	Mar-11 <sup>(1)</sup>	Sep-11 <sup>(1)</sup>	Change
EEV	112.0	109.1	(2.9)
Adjusted net worth	49.6	49.6	0.0
Value of in-force business	62.4	59.5	(2.8)

	1H FY 2011 <sup>(2)</sup>	FY 2010 <sup>(2)</sup>
Value of new business	7.2	13.9

**<reference> EEV of TAL in AUD**

(millions of AUD)

	Mar-11	Sep-11	Change
EEV	1,302	1,452	150
Adjusted net worth	577	660	83
Value of in-force business	724	792	67

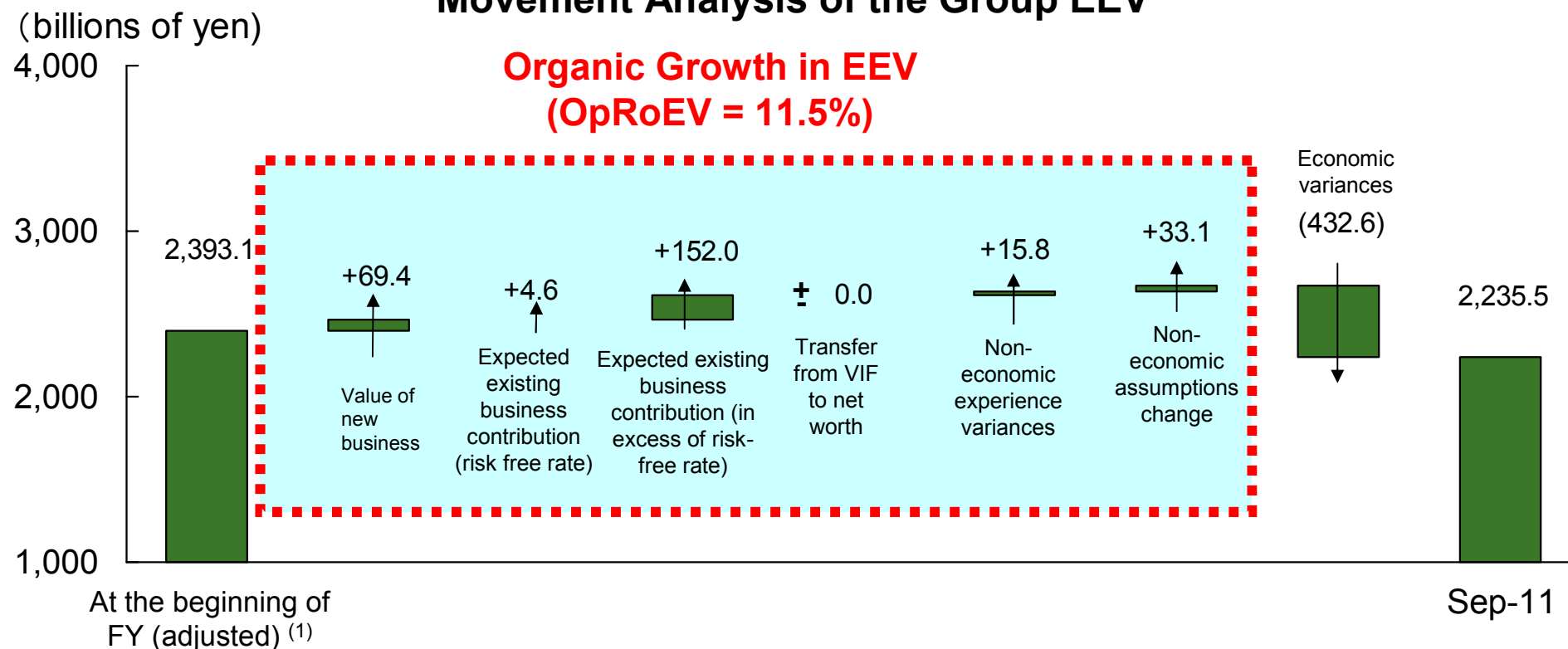
	1H FY 2011	FY 2010
Value of new business	96	161

- For EEV as of Mar-11 and value of new business for FY2010, exchange rate of JPY 86.08 to AUD 1.00 is used.
- For EEV as of Sep-11 and value of new business for 1H FY2011, exchange rate of JPY 75.17 to AUD 1.00 is used.

(1) As TAL's EEV has been calculated since Sep-11, for the calculation of Group EEV as of Mar-11 the fair value of TAL stocks owned by Dai-ichi Life was calculated without using EEV figures, and the unrealized gains/losses were included in the Group's adjusted net worth. Group EEV as of Sep-11 includes TAL's EEV.

(2) Group's value of new business for FY2010 does not include TAL's value of new business. Group's value of new business for 1H FY2011 includes TAL's value of new business. Although TAL became a wholly owned subsidiary of Dai-ichi Life on May 11, 2011, Group's value of new business includes value of new business of TAL for the period starting on April 1, 2011.

# Movement Analysis of the Group EEV



**(Reference 1) Analysis of factors that contributed to changes in net worth and value in force (VIF)** (billions of yen)

Adjusted net worth	1,352.6	±0.0	(0.7)	+ 2.5	+ 6.5	+ 17.1	(0.1)	+ 217.9	1,595.9
VIF	1,040.5	+ 69.4	+ 5.3	+ 149.4	(6.5)	(1.3)	+ 33.3	(650.5)	639.5
Total	2,393.1	+ 69.4	+ 4.6	+ 152.0	±0.0	+ 15.8	+ 33.1	(432.6)	2,235.5

**(Reference 2) Analysis of factors that contributed to changes in EV of each company** (billions of yen)

Dai-ichi Life	2,463.1	+ 60.9	+ 1.7	+ 151.0	±0.0	+ 17.0	+ 36.7	(423.3)	2,307.2
Dai-ichi Frontier	137.8	+ 1.3	+ 0.5	+ 1.0	±0.0	(0.7)	+ 1.0	(17.7)	123.5
TAL	97.8	+ 7.2	+ 2.4	+ 0.0	±0.0	(0.5)	(4.5)	+ 6.6	109.1
The Group	2,393.1	+ 69.4	+ 4.6	+ 152.0	±0.0	+ 15.8	+ 33.1	(432.6)	2,235.5

(1) Although TAL became a wholly owned subsidiary of Dai-ichi Life on May 11, 2011, the adjustment was made based on the assumption that the acquisition was completed just after the fiscal year ended March 31, 2011. For details of the movement analysis, please refer to our release, titled "Disclosure of European Embedded Value as of September 30, 2011".

## EEV based Value of New Business

### Dai-ichi Life Group

	1H FY2010	1H FY2011	Change
Value of new business (A)	47.2	<b>69.4</b>	+22.2
Present value of premium income (B)	1,381.4	<b>1,573.9</b>	+192.4
New business margin (A/B)	3.42%	<b>4.41%</b>	+0.99 pts

(billions of yen)

### Stand alone basis

### Dai-ichi-Life

### Dai-ichi Frontier Life

### TAL

	1H FY2010	1H FY2011	Change	1H FY 2010	1H FY2011	Change	1H FY2010	1H FY2011	Change
Value of new business (A)	47.5	<b>60.9</b>	<b>+13.3</b>	(0.3)	<b>+1.3</b>	<b>+1.7</b>		<b>7.2</b>	
Present value of premium income (B)	1,256.9	<b>1,408.2</b>	+151.3	138.3	<b>122.4</b>	(15.9)		<b>55.4</b>	
New business margin (A/B)	3.79%	<b>4.33%</b>	+0.54 pts	(0.29%)	<b>1.09%</b>	+1.38pts		<b>13.11%</b>	

(billions of yen)

#### Major factors

Positive: improvement in surrender & lapse rate  
Positive: rise of interest rate (compared to 1H FY2010)

#### Major factors

Positive: favorable sales of foreign currency-denominated fixed annuities  
Positive: rise of interest rate (compared to 1H FY2010)

# **Progress on Medium-Term Management Plan**

## **Essence of New Medium-term Management Plan (Apr. 2011 – Mar. 2013)**

Increase in corporate value		8% Average ROEV*
		Consolidated net income for FY2011 (ending Mar-12): 37.0 billion yen Consolidated net income for FY2012 (ending Mar-13): Increase compared to the year ending Mar-12
Growth	Top Line	Approx. 3% growth in annualized net premium of policies in force for individual insurance for year ending Mar-13 (compared to the year ended Mar-11)
	Profit contribution	The growth businesses (Dai-ichi Frontier / overseas insurance / asset management) are expected to account for over 20% of consolidated profit in the year ending Mar-16
Efficiency		15% fixed cost reduction from FY2008 to FY2012*
Financial soundness		Reduction of domestic stock exposure/ Lengthening of asset duration
Payout		20 - 30% payout ratio

\*Estimated based on the assumption that the economic environment stays similar to the current levels

## Impact of the Great East Japan Earthquake

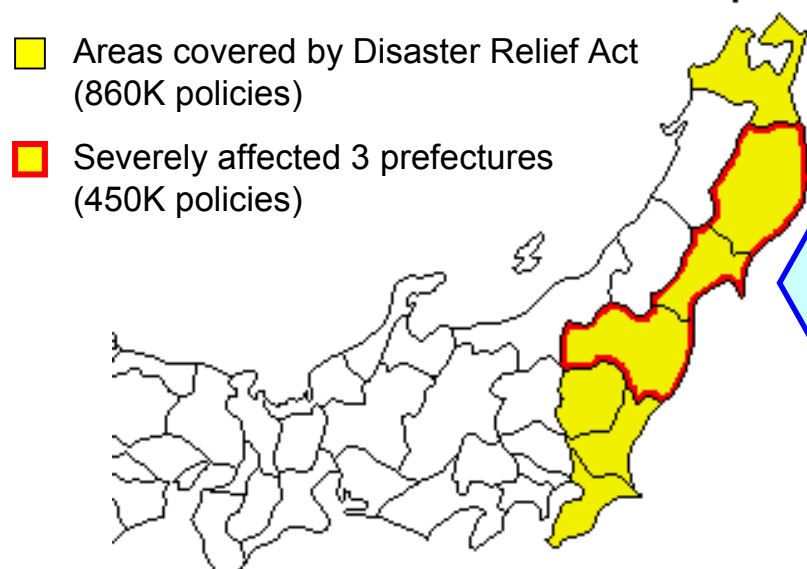
### ■ Total amount of benefits and claims to be incurred in relation to the earthquake: 16.3 billion yen

Notes:

1. Thanks to our efforts to verify our customers' whereabouts, confirmation of the status of the Company's policies in force in the area was nearly complete: consequently, that information was used to calculate the amount shown above.
2. Total amount paid as of September 30, 2011 was 12.6 billion yen (including 12.5 billion yen for the six months ended September 2011)

### ■ Our efforts toward the payment of benefits and claims

**Verified whereabouts for 99.96% of the policies in force in areas covered by the Disaster Relief Act (approximately 860 thousand policies)**



**Verify  
whereabouts**

1,500 sales reps in the severely affected 3 prefectures

+

Office workers located in our 54 sales offices

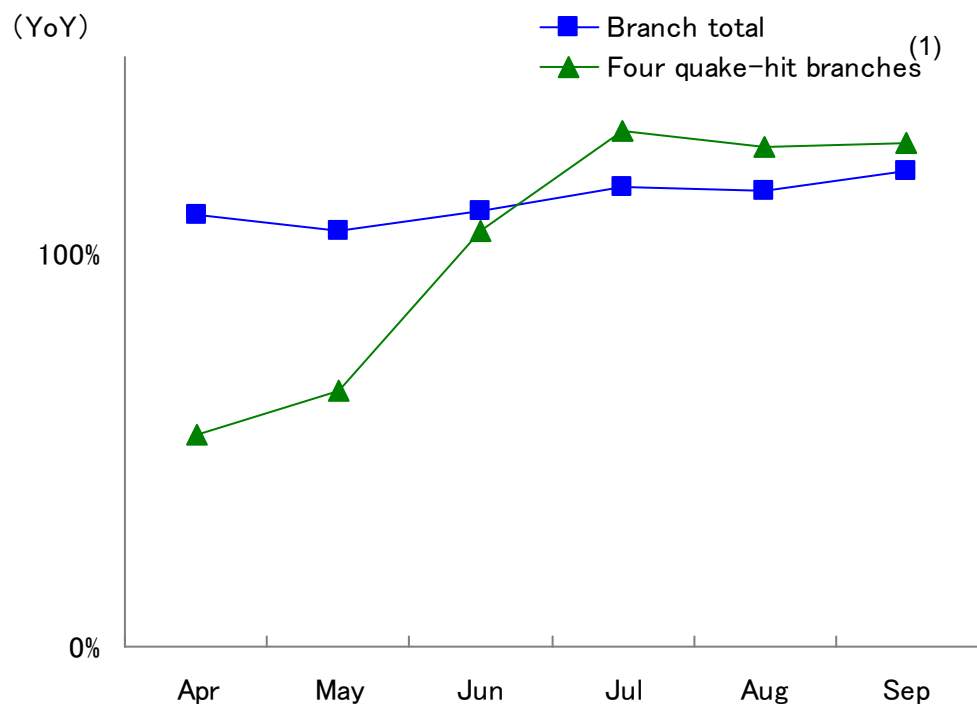
Employees dispatched from HQ (total 177)

Call centers (more than 76K calls)

Direct mails (600 thousand mails)

# Recovery and Renewal

## FY 2011 Number of New Business (Monthly basis)



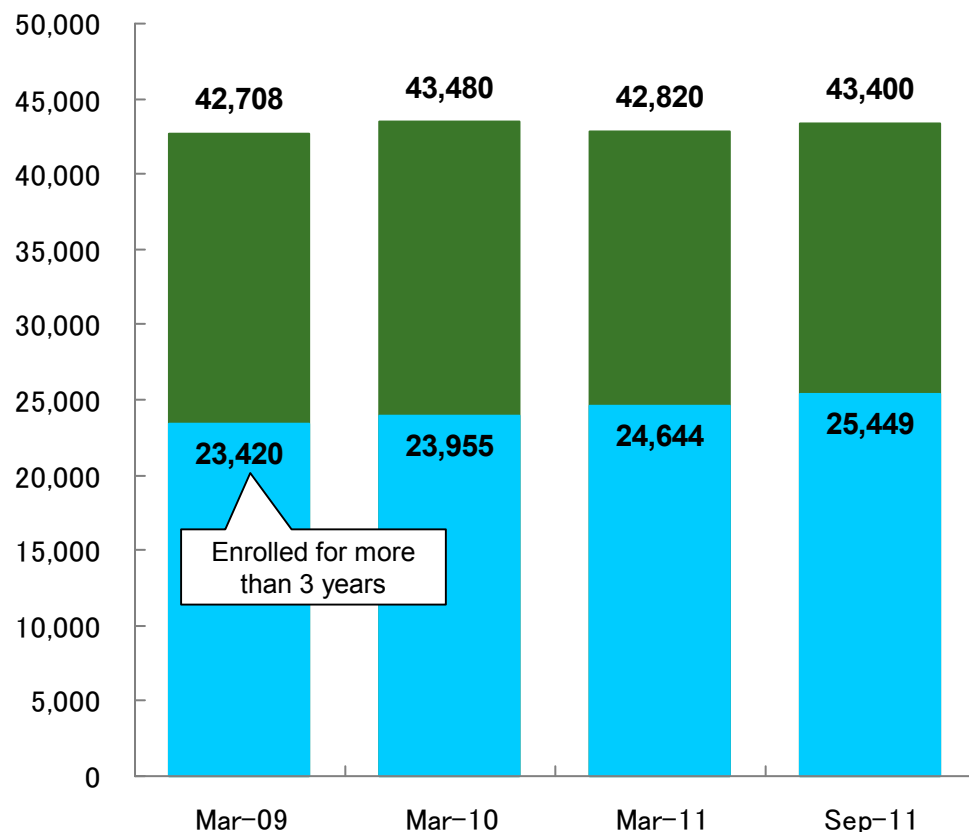
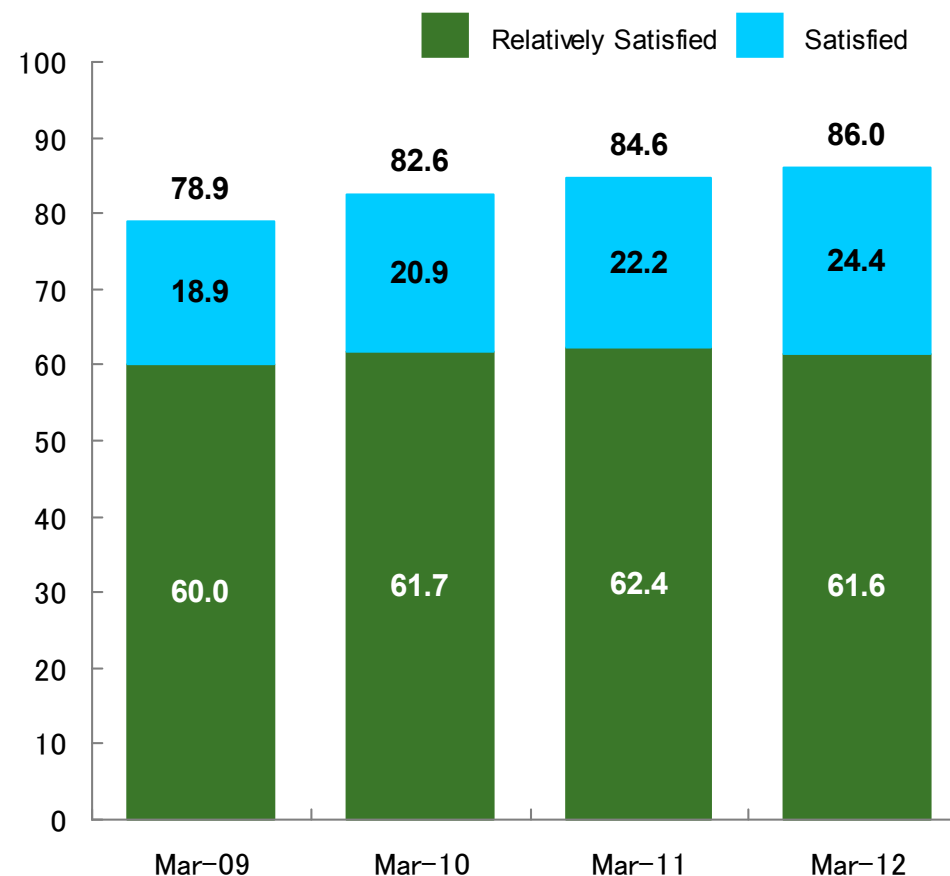
(1) Four quake-hit branches represent Morioka, Sendai sougou, Fukushima, and Mito braches





## Sales strategies (1)

### - Competitive Sales Representative Channel

**Sales Representatives of Dai-ichi Life<sup>(1)(2)(3)</sup>**

**Customer Satisfaction<sup>(4)</sup>**


(1) Non-consolidated basis

(2) The above figures are non-consolidated basis and the number of sales representatives does not include those who are not full-time employees of Dai-ichi Life and are engaged mainly in ancillary work.

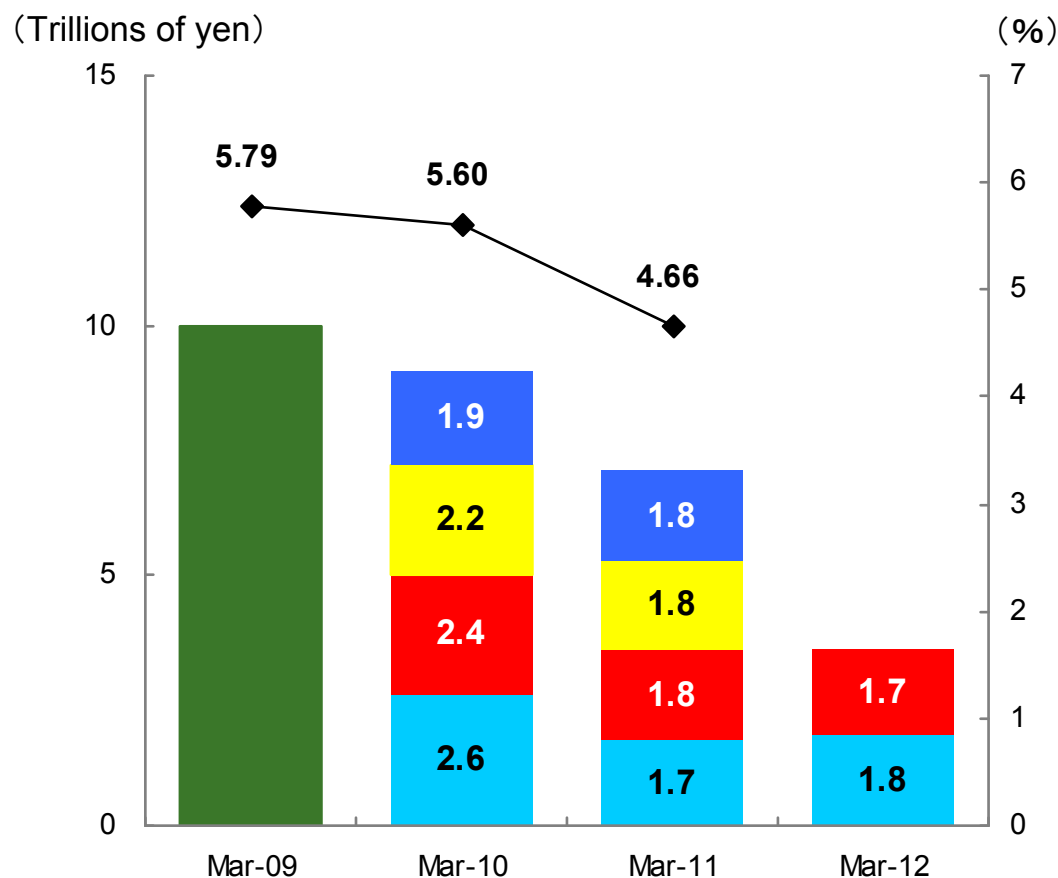
(3) Number of sales representative who enrolled for more than three years is the figure as of first day of next fiscal year (i.e., April 1) at each point.

(4) The Company has conducted a customer survey since 1998 to quantify customer satisfaction. The survey consists of various questionnaires, is directed at the Company's policyholders (both individual and corporate) and is conducted by a third party. The above graph shows customer satisfaction of individual policyholders as a result of the survey.

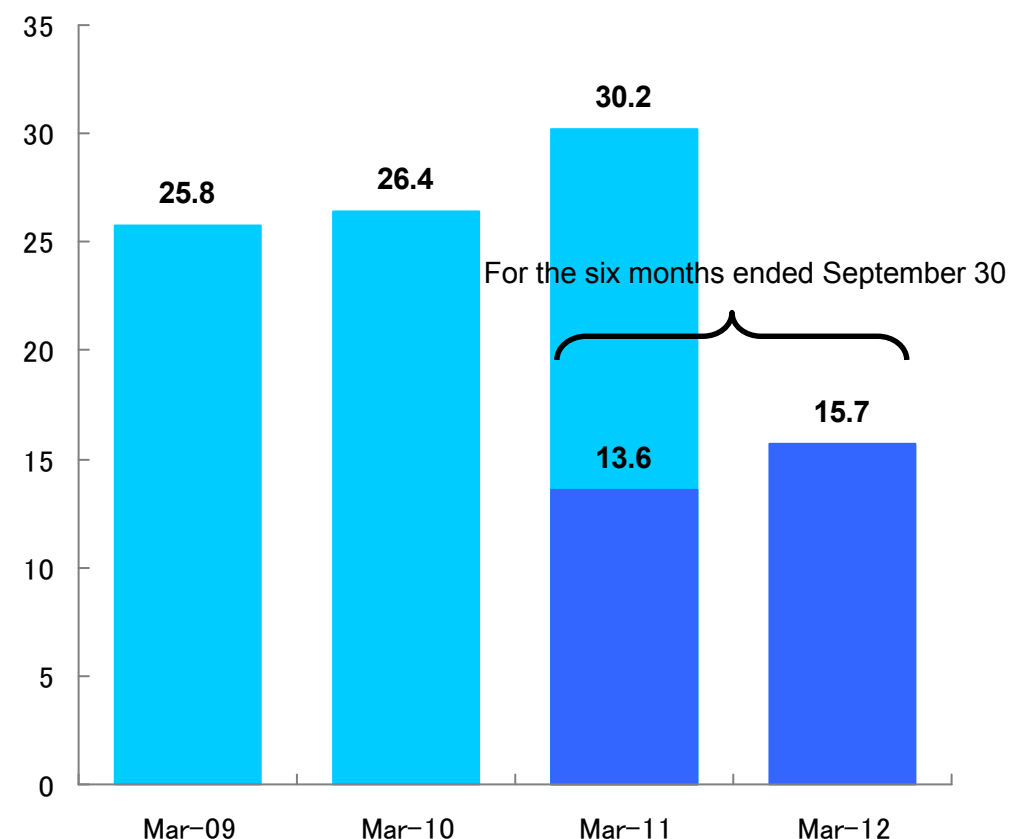
## Sales strategies (2)

### - Improvement in Efficiency

#### Surrender & Lapses (Individ. Insurance & Annuities)



#### Number of New Policies per Sales Rep<sup>(1)(2)</sup>



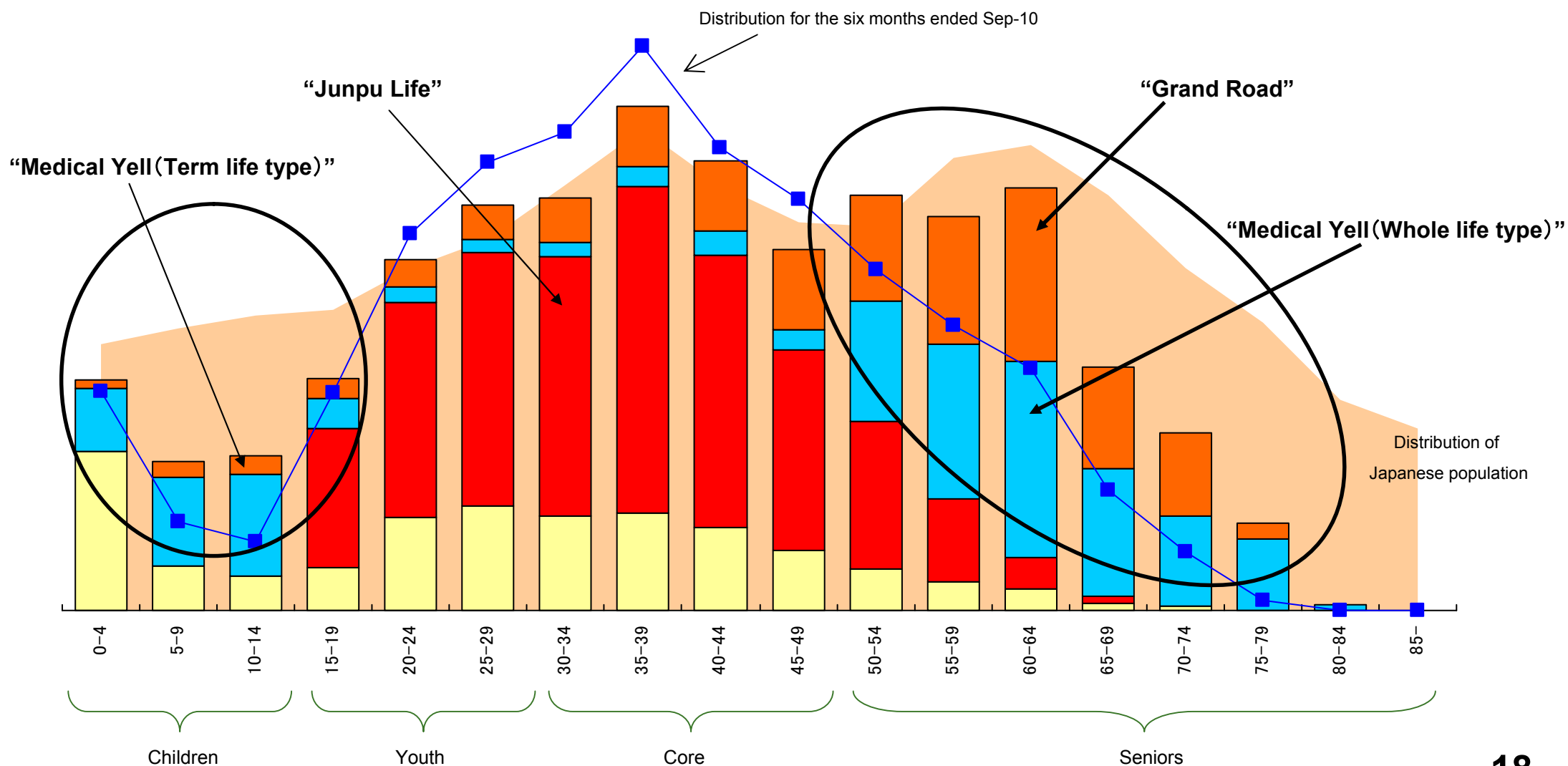
■ Amount of surrenders and lapses (fiscal year)
 ■ Amount of surrenders and lapses (1Q)
 ■ Amount of surrenders and lapses (2Q)
 ■ Amount of surrenders and lapses (3Q)
 ■ Amount of surrenders and lapses (4Q)
 ◆ Surrender and lapse rate (right)

(1) Non-consolidated basis  
 (2) Number of new policies (incl. conversions) as the numerator and the average number of sales reps in each period (calculated from numbers at the beginning and end of each period) as the denominator.

## Sales strategies (3)

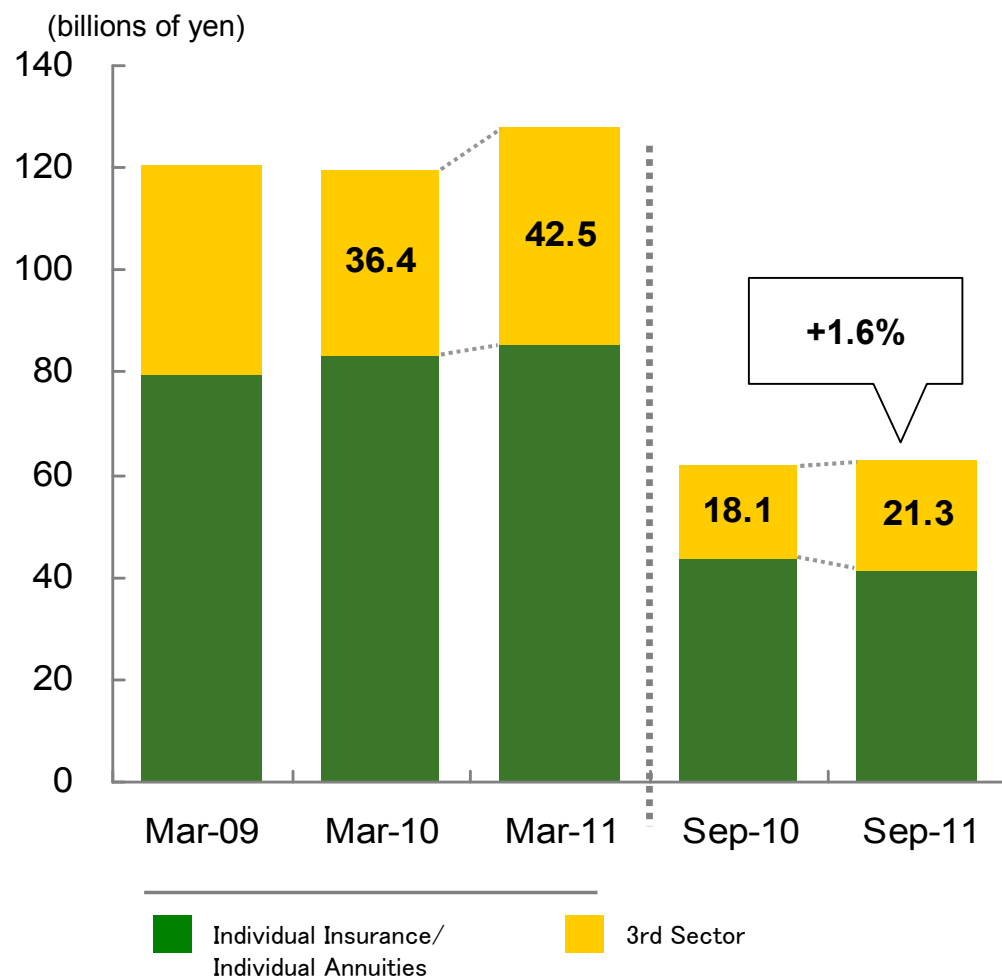
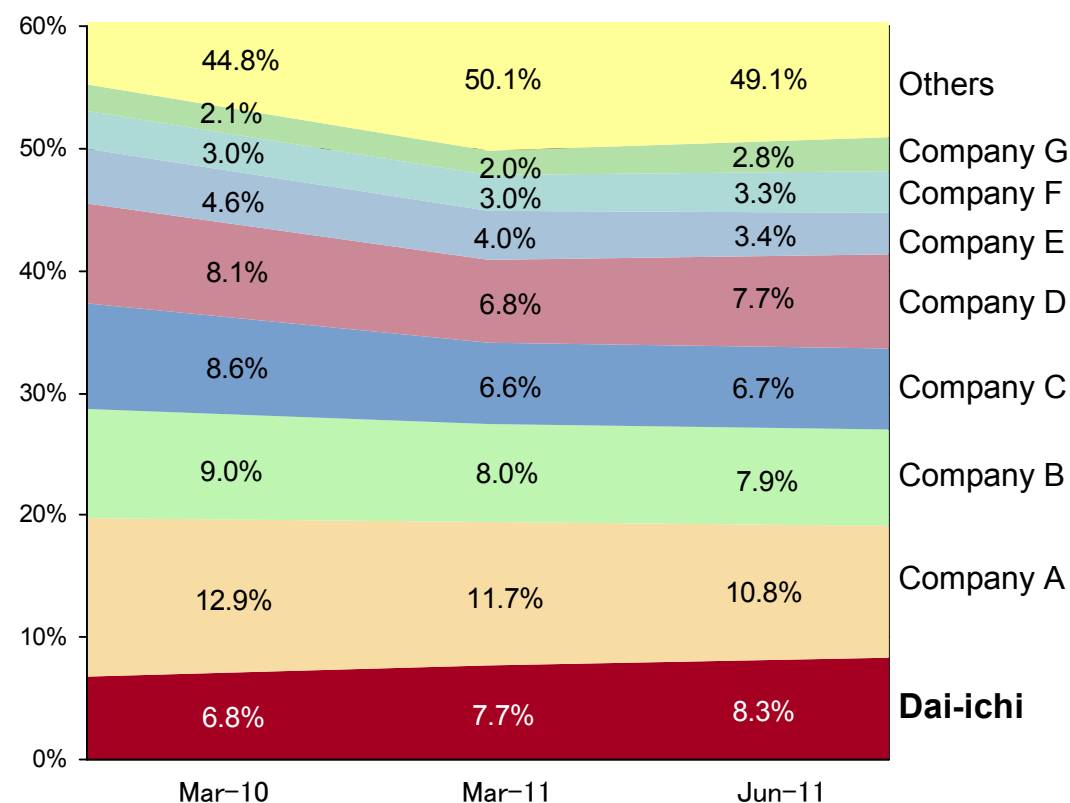
### - Launching Competitive Products

#### Distribution of New Business by Age of Insured Person (for the year ending Mar-12)



## Growth Strategies (1)

### - Medical/Living Benefits (3<sup>rd</sup> Sector)

**ANP from New Business of Dai-ichi Life**

**Market Share in the 3<sup>rd</sup> Sector (1)(2)(3)(4)**


Source: Dai-ichi Life information, disclosure by individual companies

(1) Non-consolidated basis

(2) Total of 47 life insurance companies

(3) ANP from new business

(4) Sumitomo represents the sum of Sumitomo Life and Medicare Life; and T&D represents the sum of Daido Life, Taiyo Life and T&D Financial Life.

DAI-ICHI LIFE

## Growth Strategies (2) - Dai-ichi Frontier Life

### Bancassurance

### Dai-ichi Frontier Life

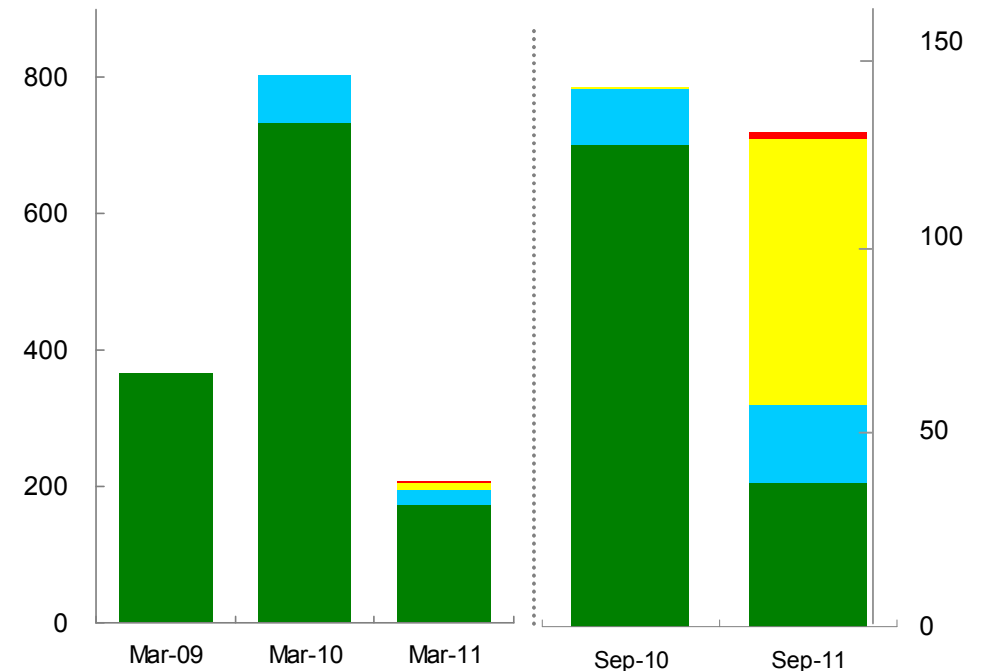
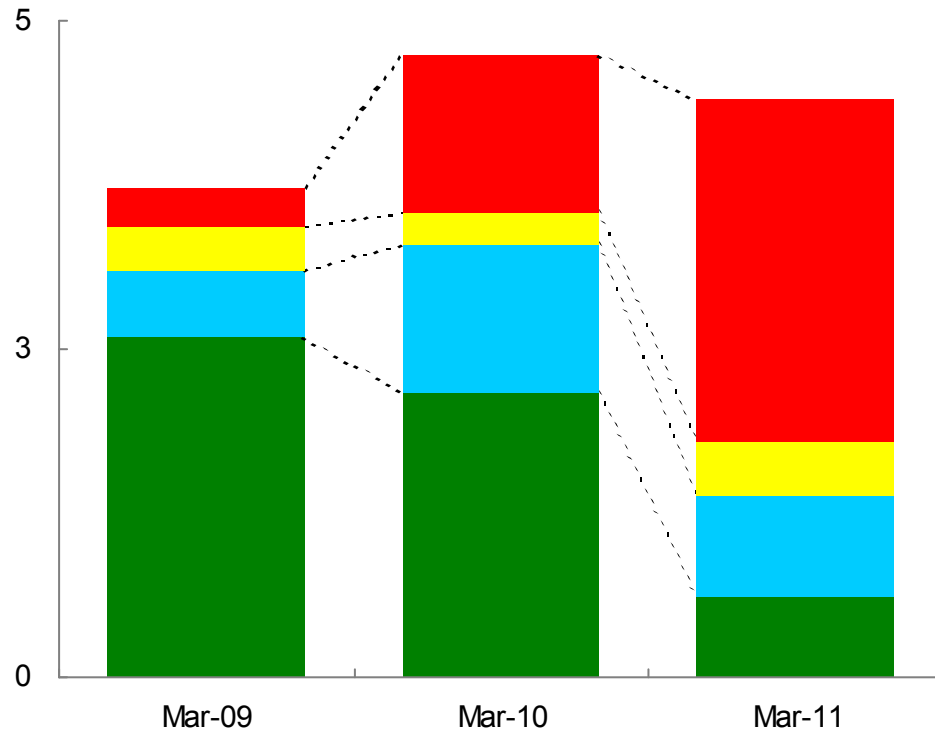
#### Single premium products in Japan<sup>(1)</sup>

#### New business for each product<sup>(1)</sup>

(trillions of yen)

(billions of yen)

(billions of yen)



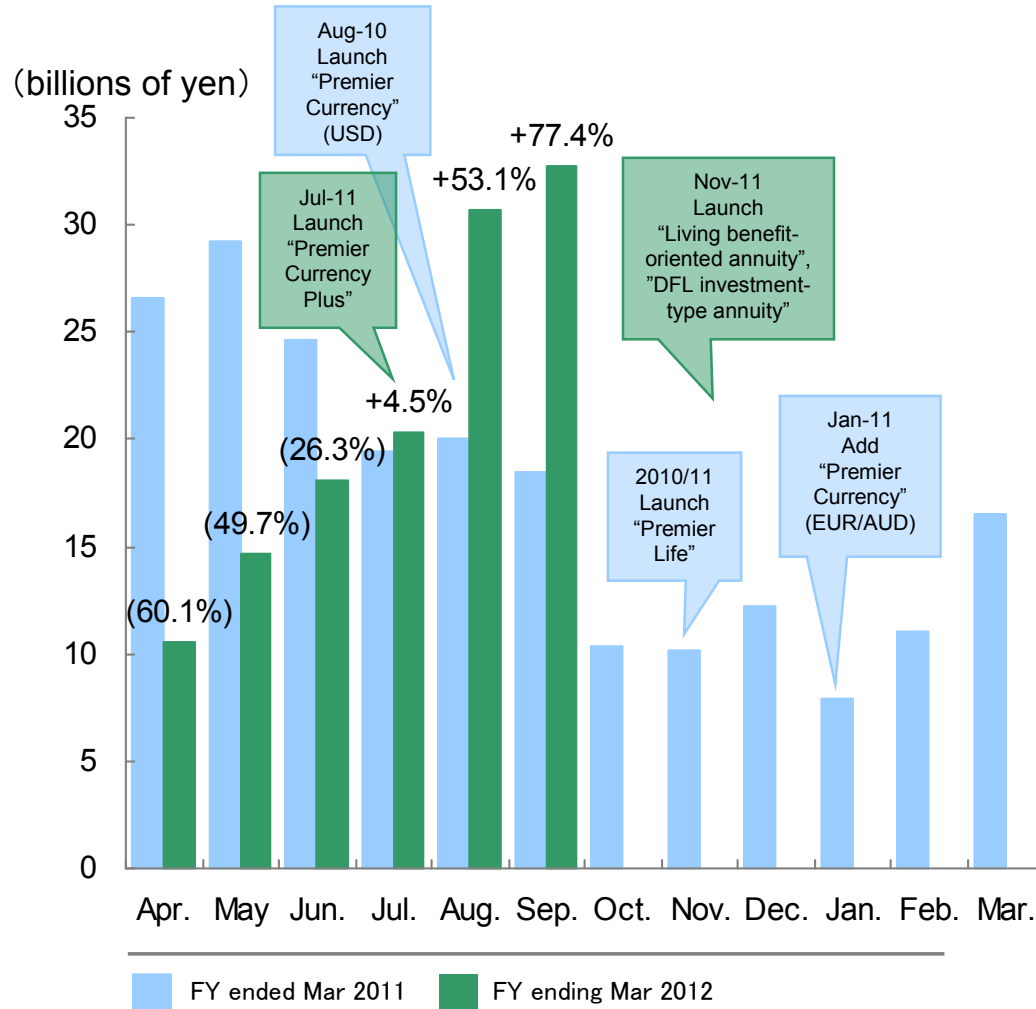
Variable annuity Fixed annuity (yen)  
Fixed annuity (foreign currency) Whole life

Variable annuity Fixed annuity (yen)  
Fixed annuity (foreign currency) Whole life

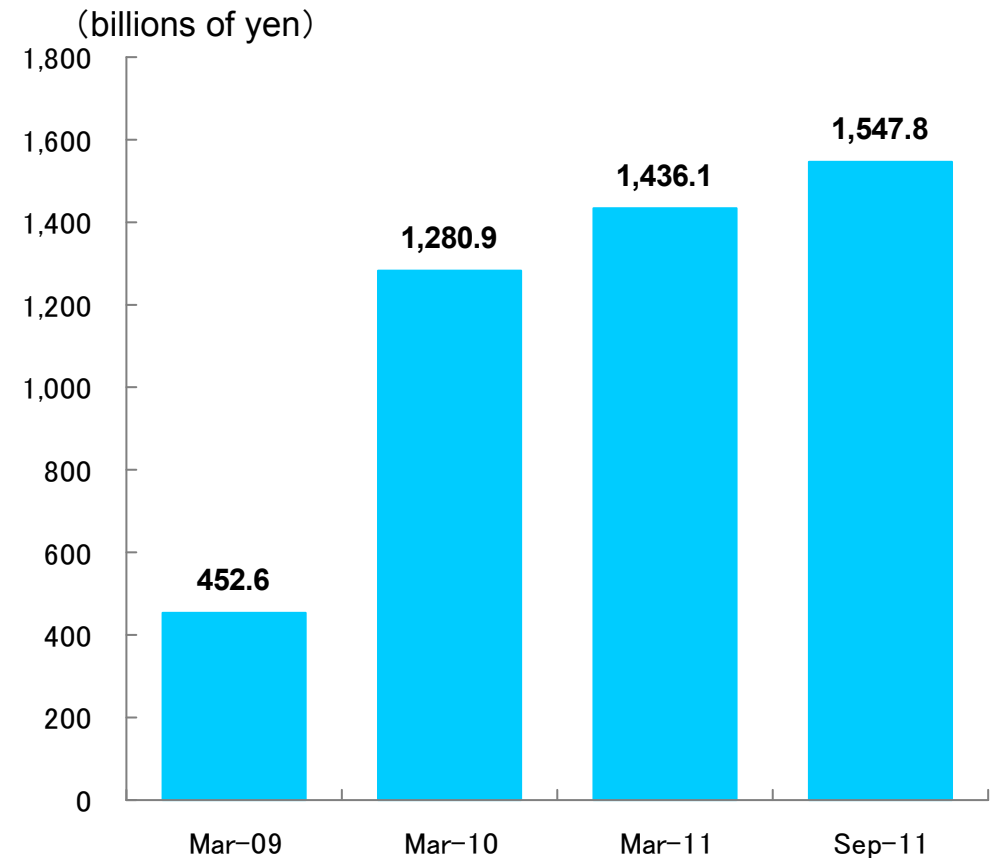
Source: materials made by Dai-ichi-Life based on the information from Insurance-Mainichi, Nikkin and Nikkei  
(1) premium basis

## Growth Strategies (2) - Dai-ichi Frontier Life

Monthly sales of Dai-ichi Frontier Life<sup>(1)</sup>



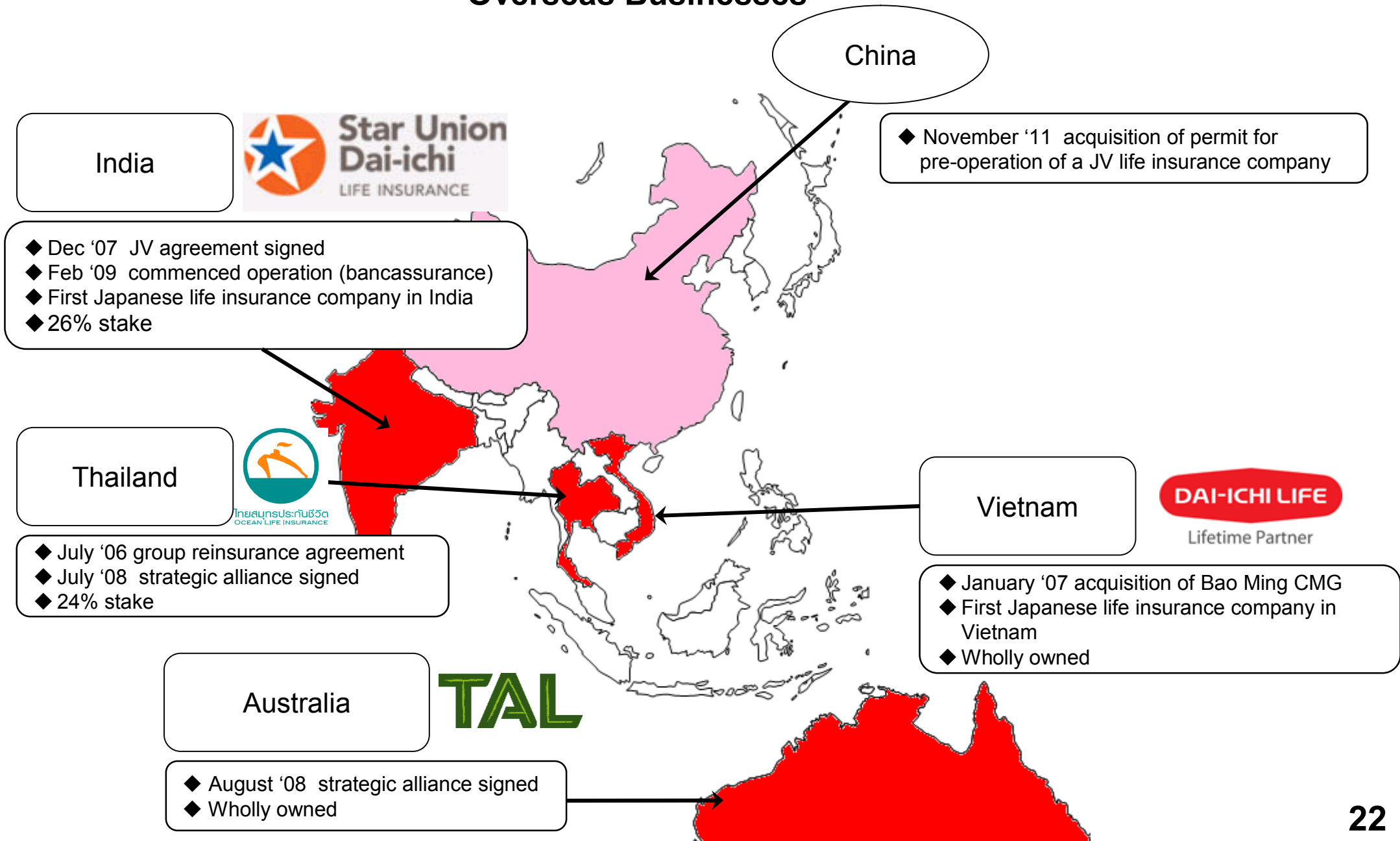
Sum Insured of Policies in Force of DFL



(1) figures (%) in FY ending Mar 2012 are increase/(decrease) year-on-year

DAI-ICHI LIFE

## Growth Strategies (3) - Overseas Businesses



## Growth Strategies (3)

### - Establishing a Joint Venture in China

#### ■ Joint Venture Life Insurance Company (planned)

Capital fund	1 billion RMB (approx. 12 bn JPY)
Capital contribution ratio	Dai-ichi Life Insurance Co, Ltd. 50% China Huadian Corporation 50%

#### ■ Company Profile of China Huadian Corporation (“Huadian”)

Company Name	China Huadian Corporation
Foundation	2002 (the former National Power Company was divided and restructured)
Location of Head Office	Beijing, The People’s Republic of China
Capital	12.0 bn RMB (approx. 144.4 bn. JPY) (as of Dec. 2010)
Main Business Income	128.7 bn RMB (approx. 1,549.5 bn JPY) (FY ended Dec. 2010)
Total Profit	2.53 bn RMB (approx. 30.4 bn JPY) (FY ended Dec. 2010)
Number of Employees	98,233 (as of Dec. 2010)

#### ■ Best Business Model for the Chinese Market

- From the viewpoint of demographic trends, income distribution and propensity to investment , the Chinese insurance market is similar to that in Japan and has room for growth of protection products
- While selling protection products takes time to establish a business model which requires demand creation by sales representatives, its capital efficiency and profitability are relatively high.
- As represented by its “New Total Life Plan” strategies, Dai-ichi Group leverages its know-how in a) developing protection products and b) managing sales representatives

#### ■ Best Partnership

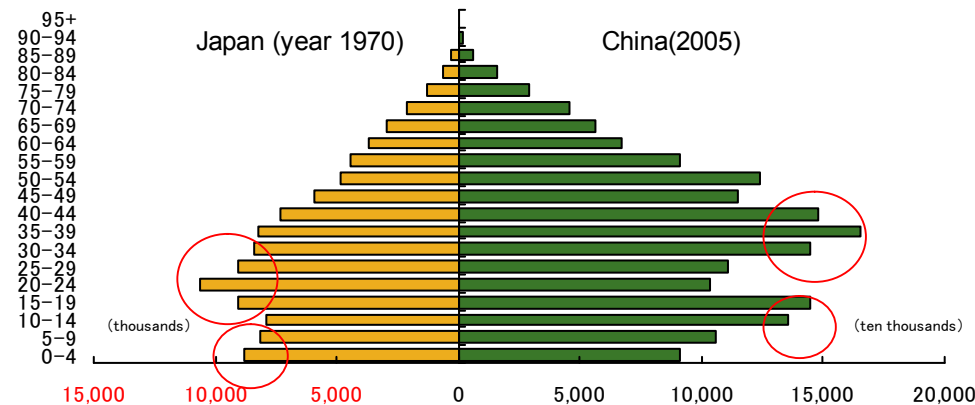
- For the insurance market’s stable growth, the Chinese government supports development of protection products, in addition to savings-type products sensitive to the financial environment
- As a central-government-owned company, under the direct control of the State Council, Huadian is an excellent company with high creditworthiness, brand and organizational power
- Regarding financial business as one of its diversification strategies, Huadian already operates an insurance brokerage, security and non-life businesses. The life insurance business will supplement those business lines.



## Growth Strategies (3)

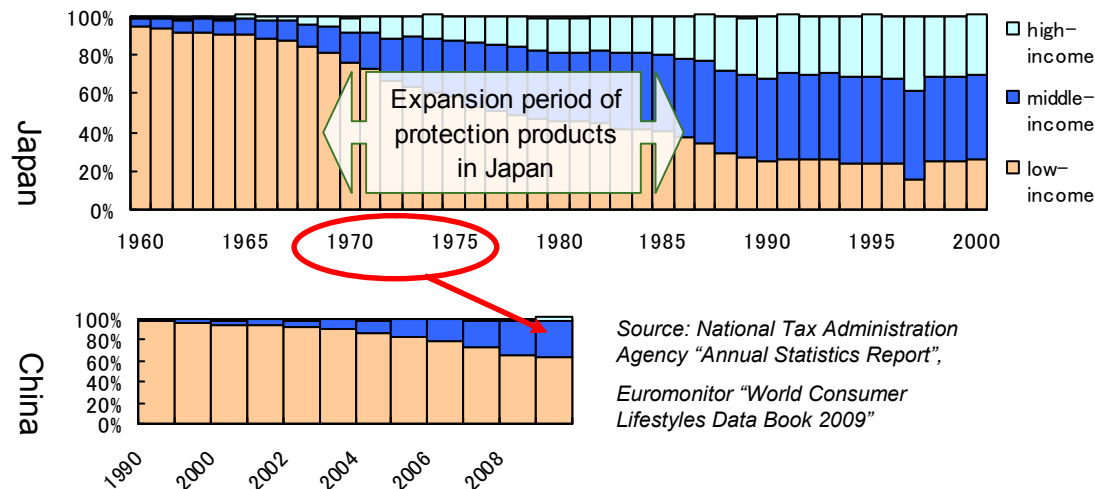
### - Chinese Market's Similarity to Japanese Market

#### Demographic Trend



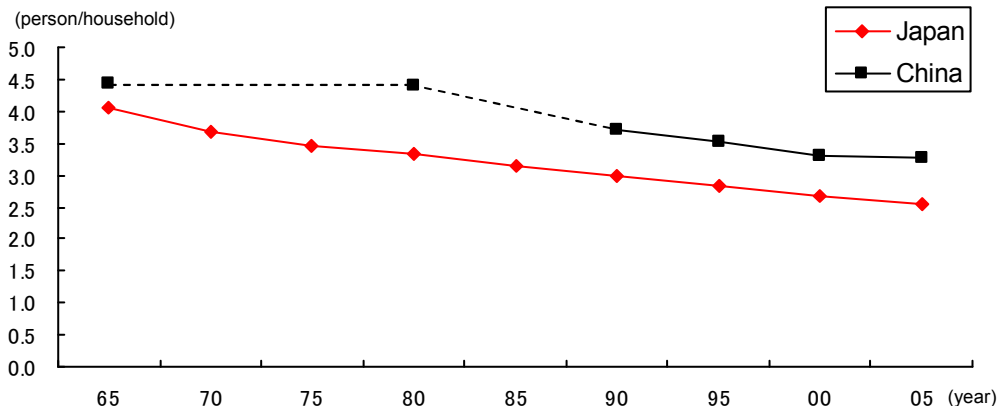
Source: Bureau of Census, Ministry of Internal Affairs and Communication,  
National Bureau of Statistics of China

#### Population (household) Distribution per Income Earner



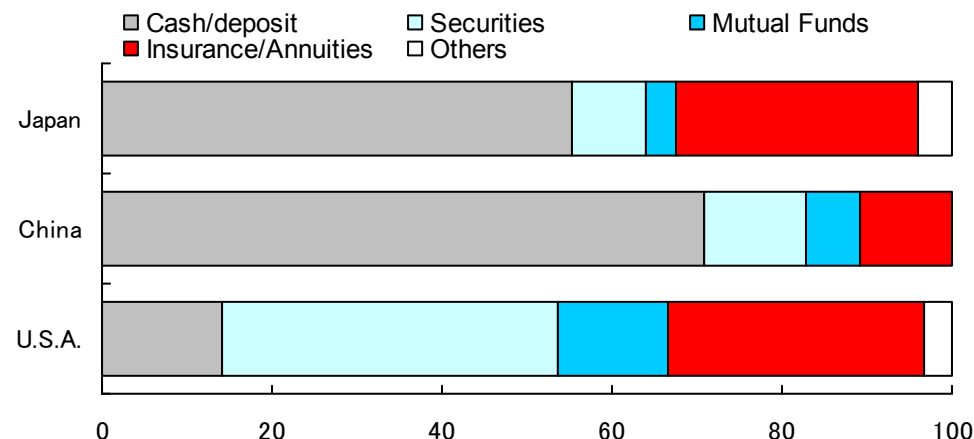
Source: National Tax Administration Agency "Annual Statistics Report",  
Euromonitor "World Consumer Lifestyles Data Book 2009"

#### Trend toward nuclear family



Source: Bureau of Census, Ministry of Internal Affairs and Communication,  
Euromonitor "World Consumer Lifestyles Data Book 2009"

#### Composition of Individual Financial Assets



Source: Bank of Japan "Japan's Flow of Funds Accounts", National Bureau of Statistics of China,  
Chinese Academy of Social Sciences "Annual Report of Income/Distribution of Residents in China"

## Growth Strategies (3)

### - Overseas Businesses Growing Steadily

Company Name	Number. of employee ( <sup>(1)</sup> ) (as of Mar-11)	Main Sales Channel	Main Products	Premium Revenue for the 1st half of fiscal year ending Mar-12 ( <sup>(2)</sup> )( <sup>(3)</sup> )	
					YoY
Dai-ichi Life Vietnam (Wholly owned since Jan. 2007)	468	Individual insurance agent	Universal insurance, Endowment insurance	497.9 billion VND (1.94 billion JPY)	+25.6%
Ocean Life Insurance (Thailand) (24% stake, since Jul. 2008)	2,569	Individual insurance agent	Endowment insurance	6,202 million THB (16.25 billion JPY)	+11.9%
Star Union Dai-ichi Life (India) (26% stake, in operation since Feb 2009)	1,462	Bancassurance	Unit-link insurance, Endowment insurance	6,153 million INR (11.26 billion JPY)	+81.6%
TAL Ltd. (Australia)  (29.7% stake in 2008; acquisition of 100% ownership in May 2011)	1,001	External channel (financial independent advisors/brokers, etc.) Direct sales (call center)	Protection products (death protection, Income protection, etc.)	651 million AUD (48.98 billion JPY)	+24.5%

(1) The above figures do not include persons belonging to sales channel. However, persons who engage in TAL's direct sales are included.

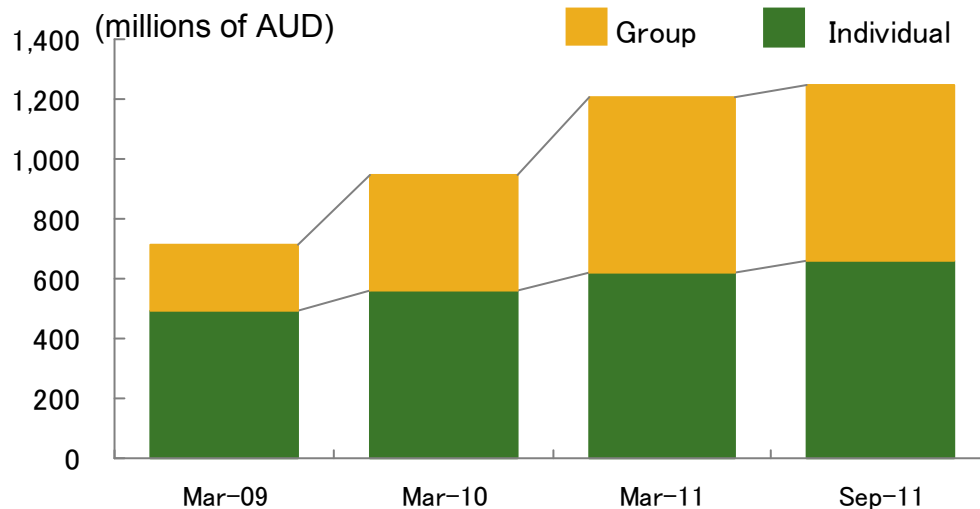
(2) The corresponding period of TAL Ltd. is from April to September, whereas other three companies' period is from January to June

(3) Exchange rates used are as follows: 1 VND = 0.0039 JPY, 1 THB = 2.62 JPY, 1 INR = 1.83 JPY, 1 AUD = 75.17 JPY

## Growth Strategies (3)

### - TAL's business model

#### ANP (Policies in force)



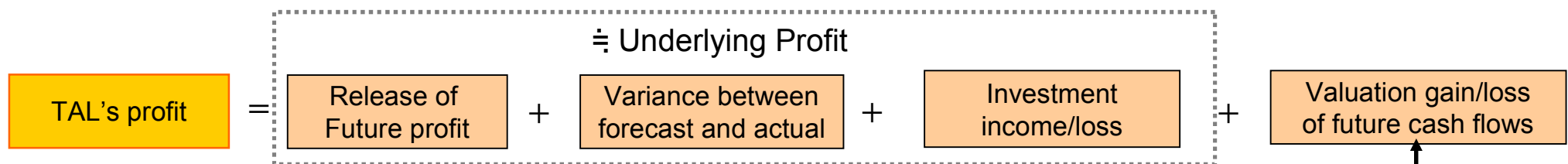
#### ■ Sales Channel

- (1) Individual: independent financial advisers & call centers
- (2) Group schemes: brokers

#### ■ Main Products

- (1) Death benefit (individual/group)
- (2) Income protection (individual/group)
- (3) Total permanent disablement and critical illness (individual/group)

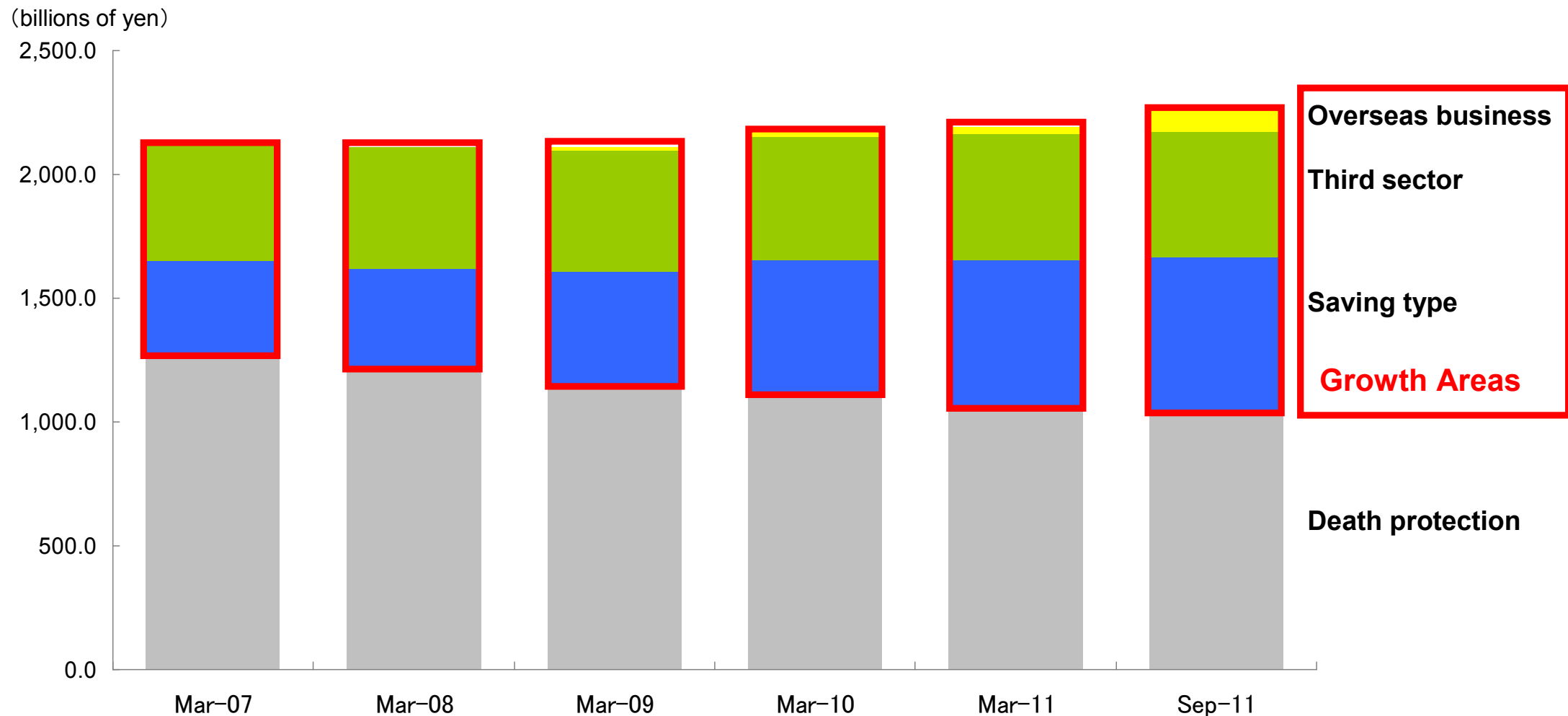
#### Breakdown of TAL's profit



- Changes in interest rates impact the present value of future cash flows – the impact is then reflected in TAL's net profit  
 => Necessary to assess the essence of profit by observing "Underlying profit" that excludes the impact from changes to discount rates

ANP from Policies in Force of the Dai-ichi Life Group<sup>(1)</sup>

- We have achieved a steady growth of ANP from policies in force attributable to growth areas



(1) Sum of Dai-ichi Life (individual insurance & individual annuities), Dai-ichi Frontier Life and TAL Limited (calculated based on Dai-ichi Life's interest in TAL Limited).

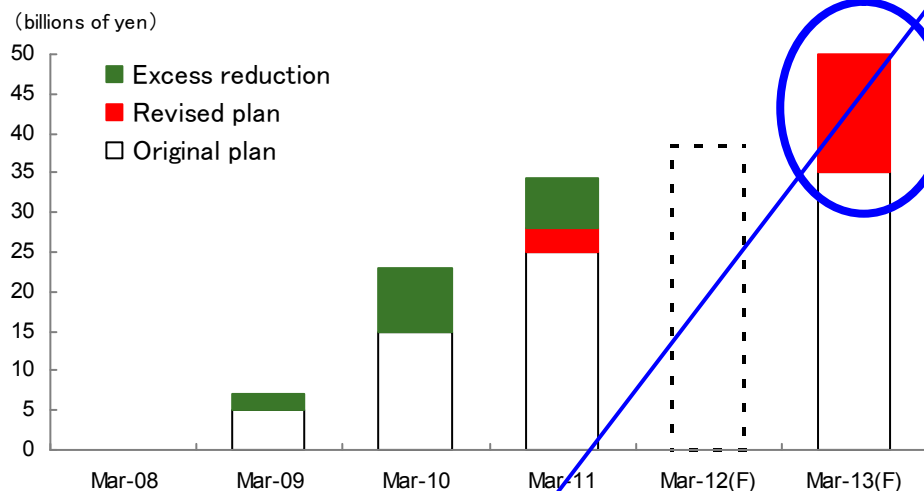
## Efficiency

### - Further Cost Reduction and Strengthening Customer Contact

#### Plan to Reduce Fixed Expenses<sup>(1)</sup>

■ Original plan was to reduce 10%, or ¥35bn, of fixed expenses over 5 years ending Mar-13

■ Almost achieved the target in the first 3 years



**Reduce total fixed expenses by 15%, compare to FY2007**

(1) Fixed expenses based on mid-term management plan are equivalent to the sum of various expenses such as the payroll costs of managers and other staffs and cost of equipment included in operating expenses, and depreciation cost included in other ordinary expenses.

- Office reorganization
- Efficient IT investment
- Reform of personnel system
- "Five Changes" Project
- Restructuring Branch and Unit offices
- Making three-layered structure (unit office/ branch office /head office) related to insurance underwriting work two-layered
- Strengthen customer contact work while streamlining operating expenses

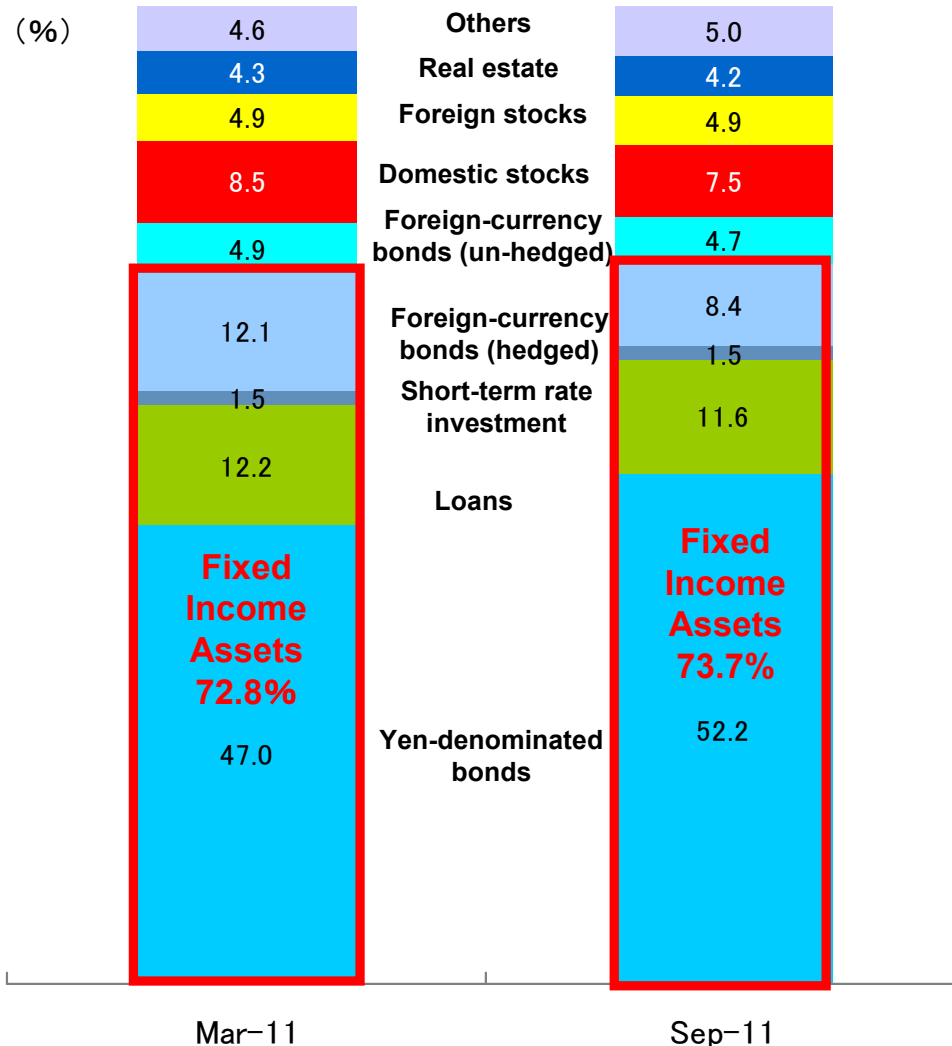
	Apr. 07	Apr. 11	change
No. of Branch office	102	84	(18)
No. of Unit office	1,603	1,278	(325)

	Overview of the approach	Effects
"Business Operation Reform" project	<ul style="list-style-type: none"> <li>● Optimizing and streamlining administrative work</li> <li>• Achieving both quality and productivity, utilizing manufacturers' know-how</li> <li>• Reform of business flows for improving productivity</li> <li>● Centralization of administrative work</li> <li>• Centralization of branch office work to the headquarters</li> </ul>	Fixed personnel cost  Non-personnel cost
"Business Formation Reform" project	<ul style="list-style-type: none"> <li>● Streamlining organization and personnel of the headquarters/branch offices</li> <li>● Allocating more administrative personnel to customer contact work</li> </ul>	Fixed personnel cost (*enhancement of sales force)
"Office Infrastructure Reform" project	<ul style="list-style-type: none"> <li>● Redesigning front-office system emphasizing sales efficiency</li> <li>• Trial relocation of unit office to the large shopping mall</li> <li>● Planning and executing relocation of office, rent reduction or selling properties while focusing on cost efficiency</li> </ul>	Reduction in infrastructure cost
"Work-style Reform" project	<ul style="list-style-type: none"> <li>● Reform of work-style toward value-added and outward-looking work</li> <li>• Reform of hourly productivity</li> <li>• Reform of intellectual productivity</li> </ul>	Non-personnel cost  New initiatives
"Cost-mind Reform" project	<ul style="list-style-type: none"> <li>● Changing behaviors and awareness of each employee</li> <li>• Setting incentive plan</li> <li>• Promoting visualization of various business indicators</li> <li>• New initiatives to reduce non-personnel cost</li> </ul>	*Improvement in ES (Employee Satisfaction)

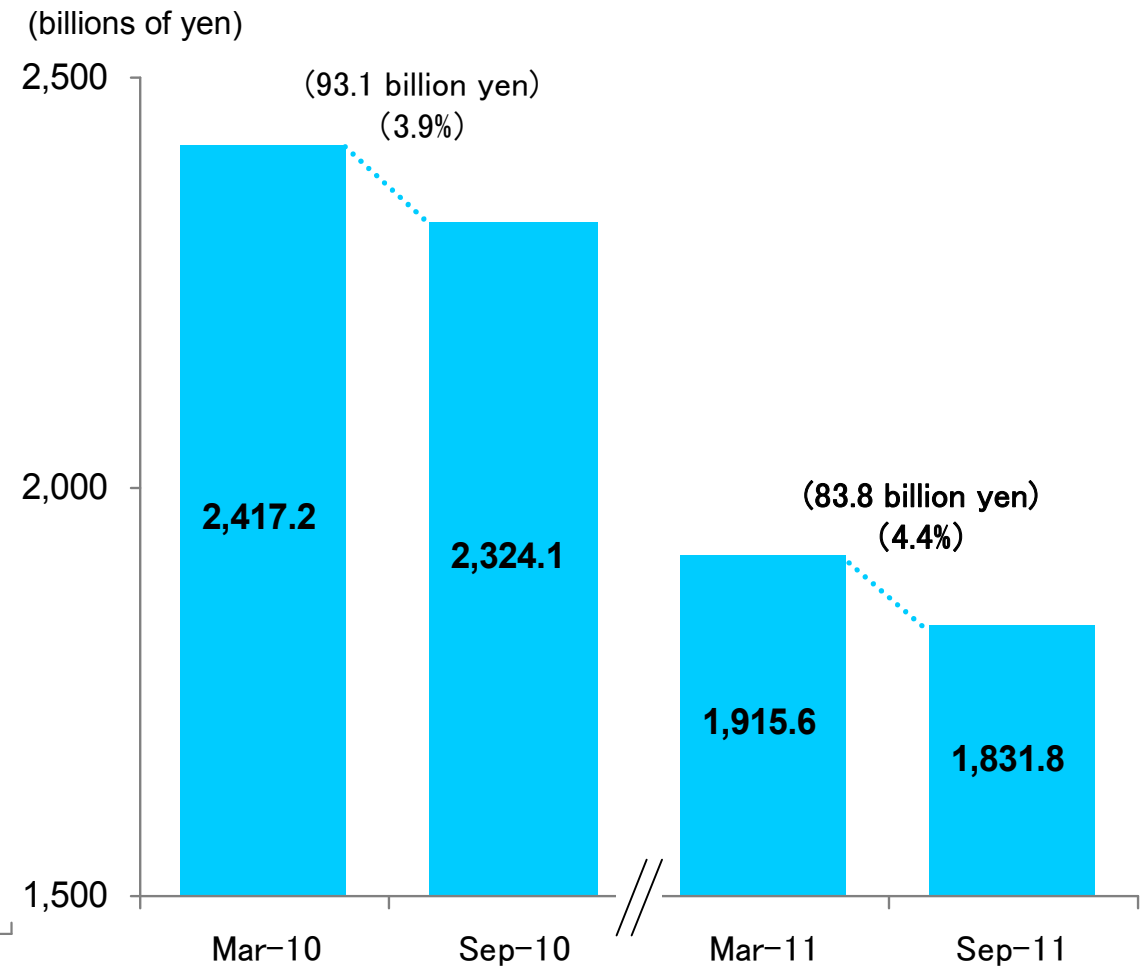
## Financial Soundness (1)

### - Controlling Domestic Stock Exposure

#### Asset Portfolio (General Account)



#### Book Value of Domestic Stocks (1)



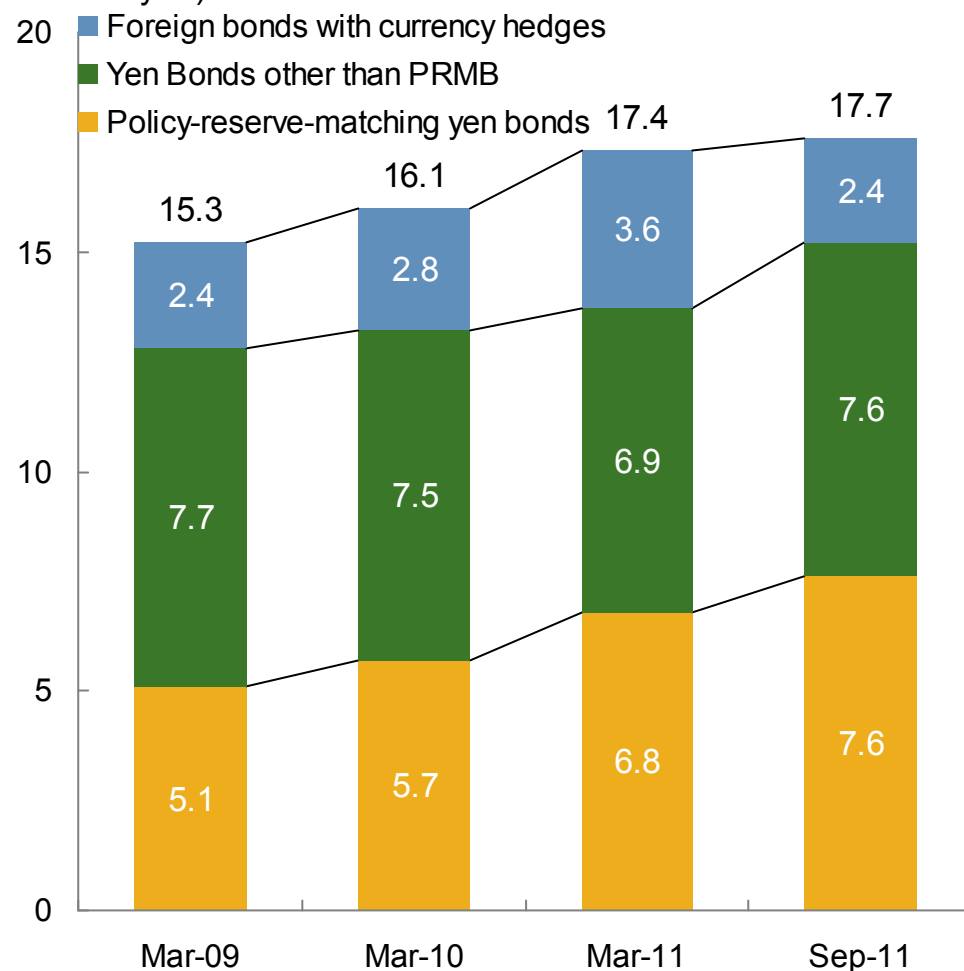
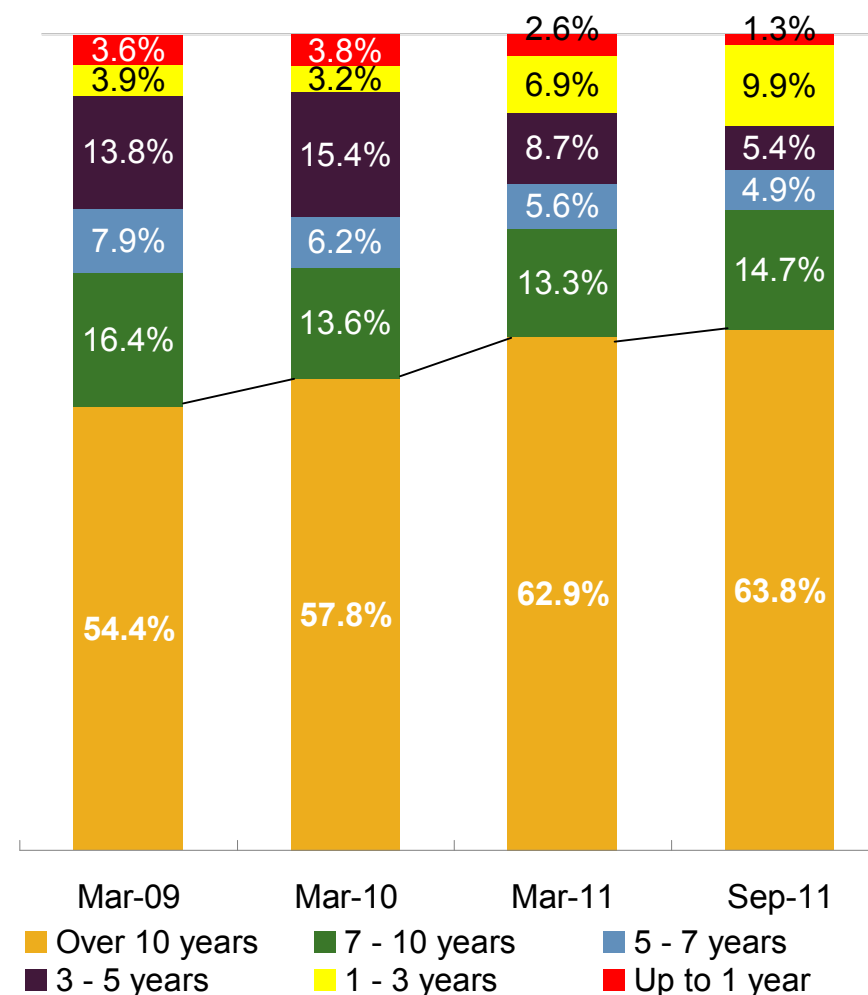
(1) Book value of domestic stocks with fair value (exclude stocks of subsidiaries / affiliated companies and unlisted companies)

## Financial Soundness (2)

### - Lengthening Asset Duration

**Yen Bonds and Currency-hedged Foreign Bonds <sup>(1)</sup>**

(trillions of yen)

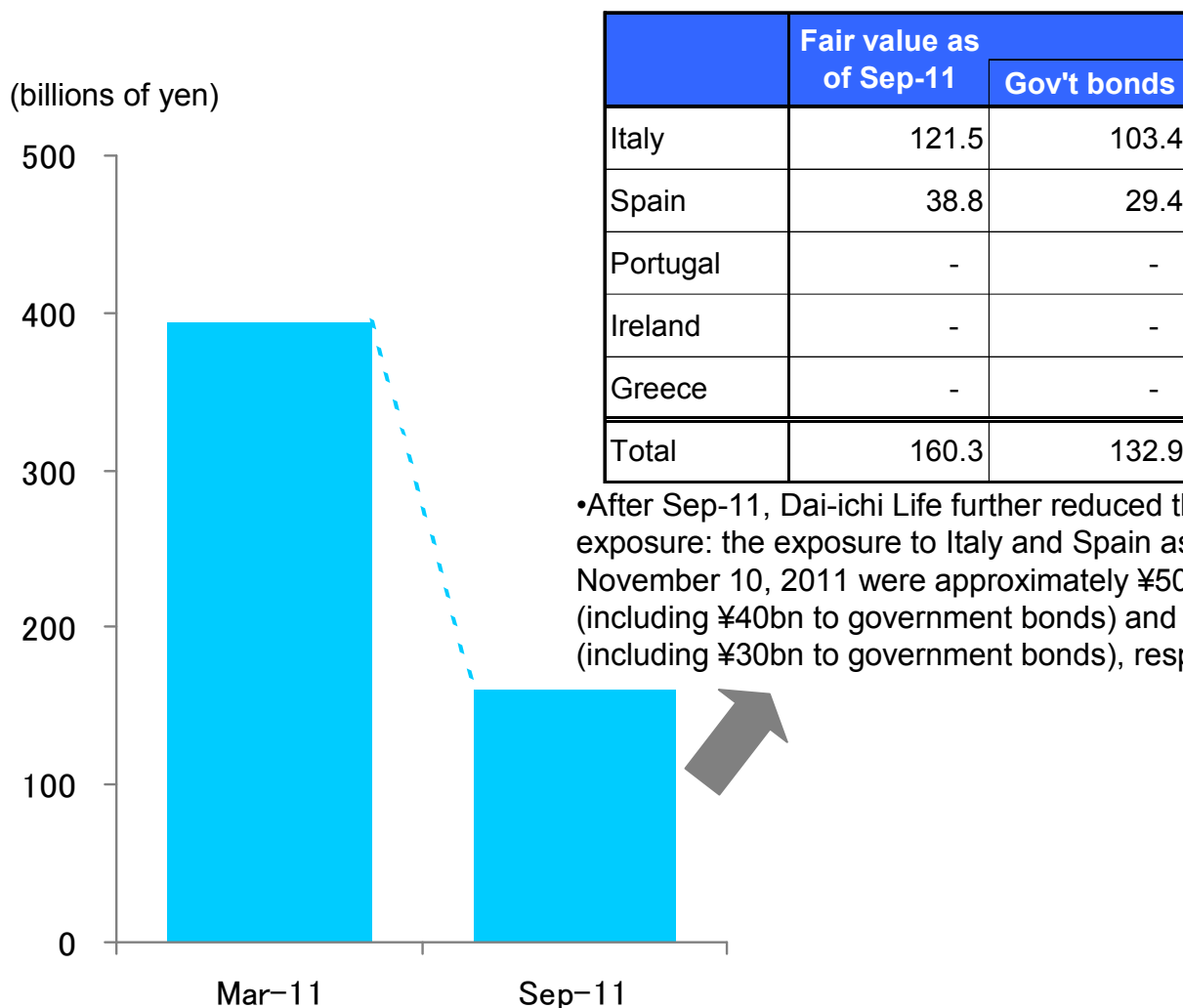

**Remaining Years to Maturity of Domestic Bonds <sup>(2)</sup>**


(1) Represents yen bonds and foreign bonds with currency hedges in the Company's general account. The balance is shown on a book value basis.

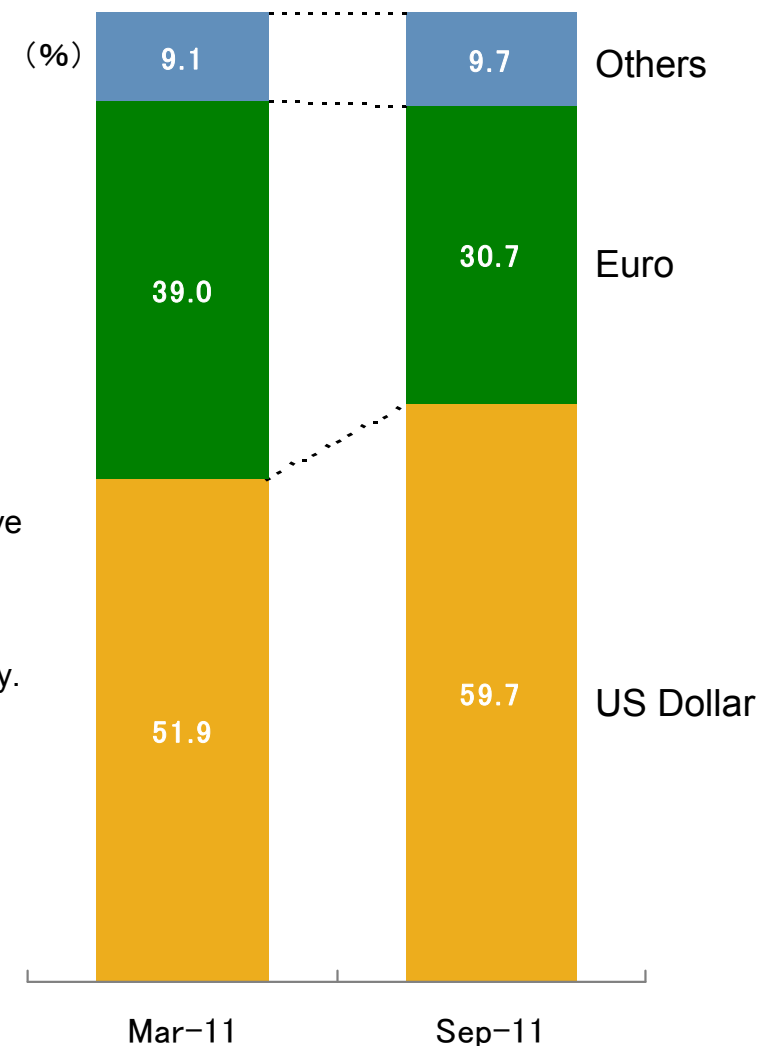
(2) Represents domestic bonds in the Company's general account. The balance is shown on a fair value basis.

## Financial Soundness (3): Measures Taken to Deal with the European Sovereign Debt Crisis

### Investment Toward Some Countries in the Euro-zone (fair value basis)<sup>(1)</sup>



### Currency Breakdown of Foreign Bonds<sup>(1)</sup>

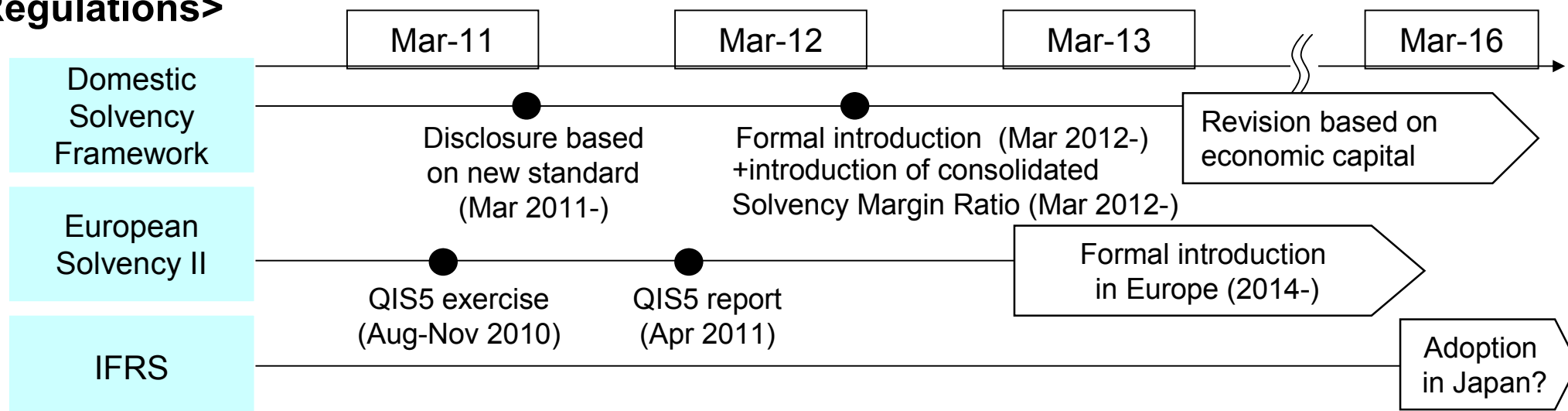


(1) Non-consolidated basis and excluding funds managed by outside investment managers

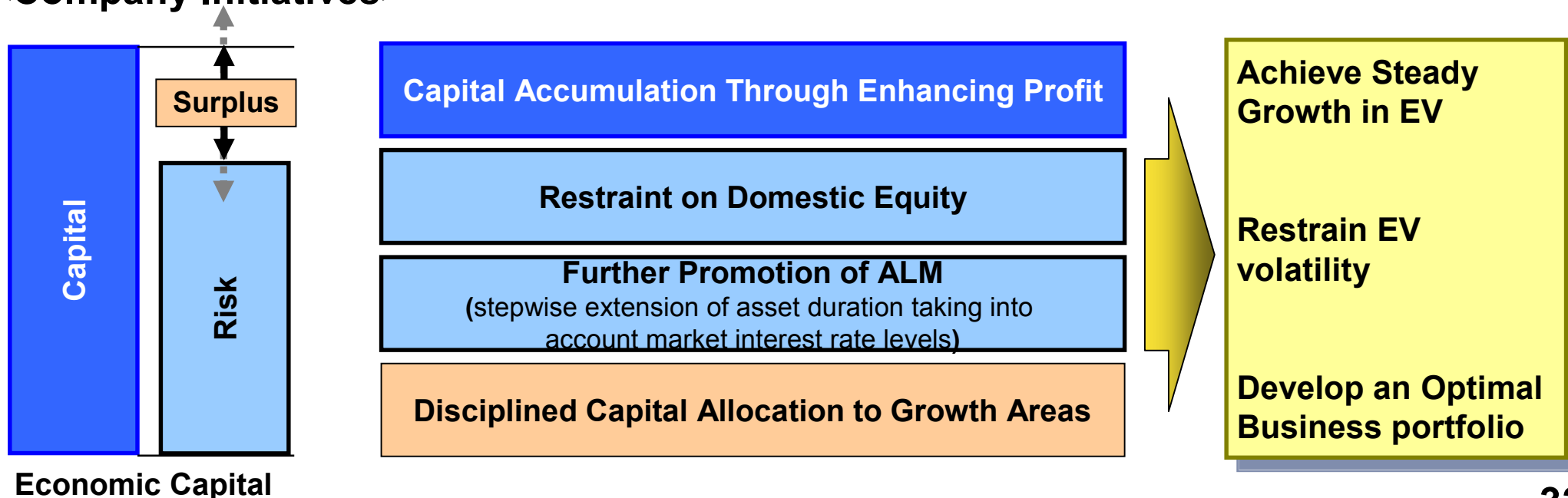


## Medium- to Long-term Capital Strategies

### <Regulations>

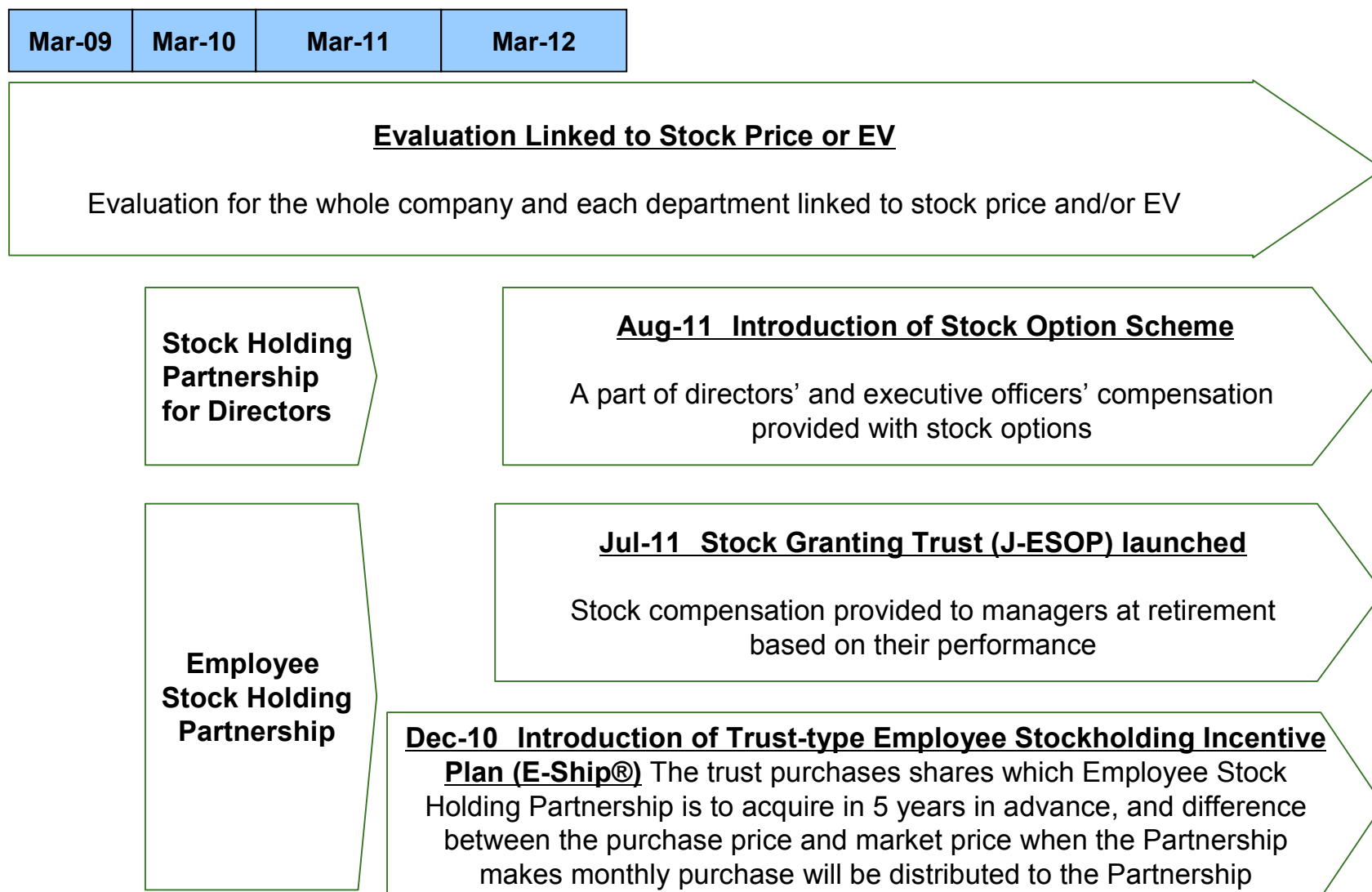


### <Company Initiatives>



## Improvement of Management Control and Incentive Programs Linked to Market's Evaluation of Corporate Value

- *Strengthened governance structure aiming for mid- to long-term growth of corporate value, through (1) management control linked to stock price and EV and (2) providing incentive programs for all directors and employees*

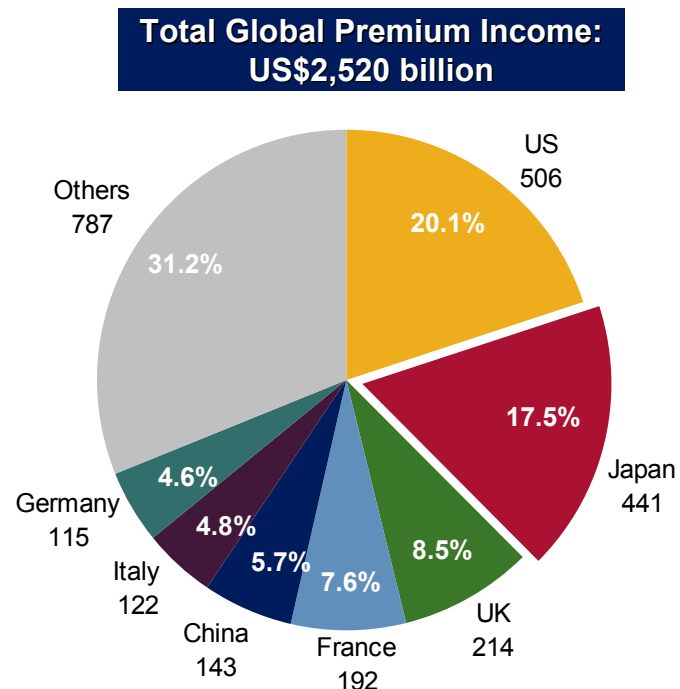


## Appendix

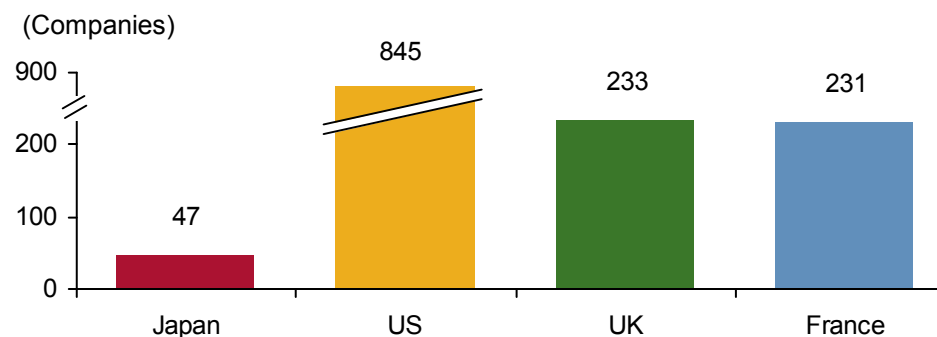
## Characteristics of the Japanese Life Insurance Industry

- *The Japanese market is the 2nd largest life insurance market in the world*
- *We maintain one of the highest business margins amongst major international life insurers*

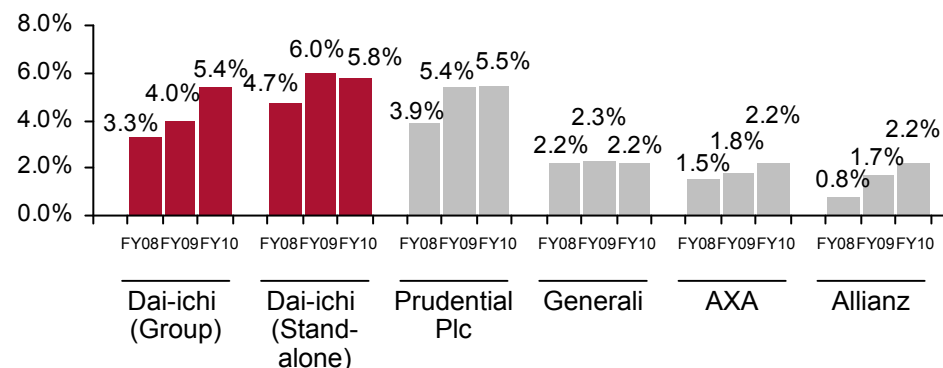
### Premium Income by Country (FY2010) <sup>(1)</sup>



### Number of Life Insurance Companies <sup>(2)</sup>



### New Business Margin <sup>(3)(4)</sup>



Source: Swiss Re Sigma No.2/2011 "World insurance in 2010" (Issued in July 2011), The Life Insurance Association of Japan, American Council of Life Insurers, Association of British Insurances, Federation Francaise des Societes d'Assurances, Company disclosure by individual companies

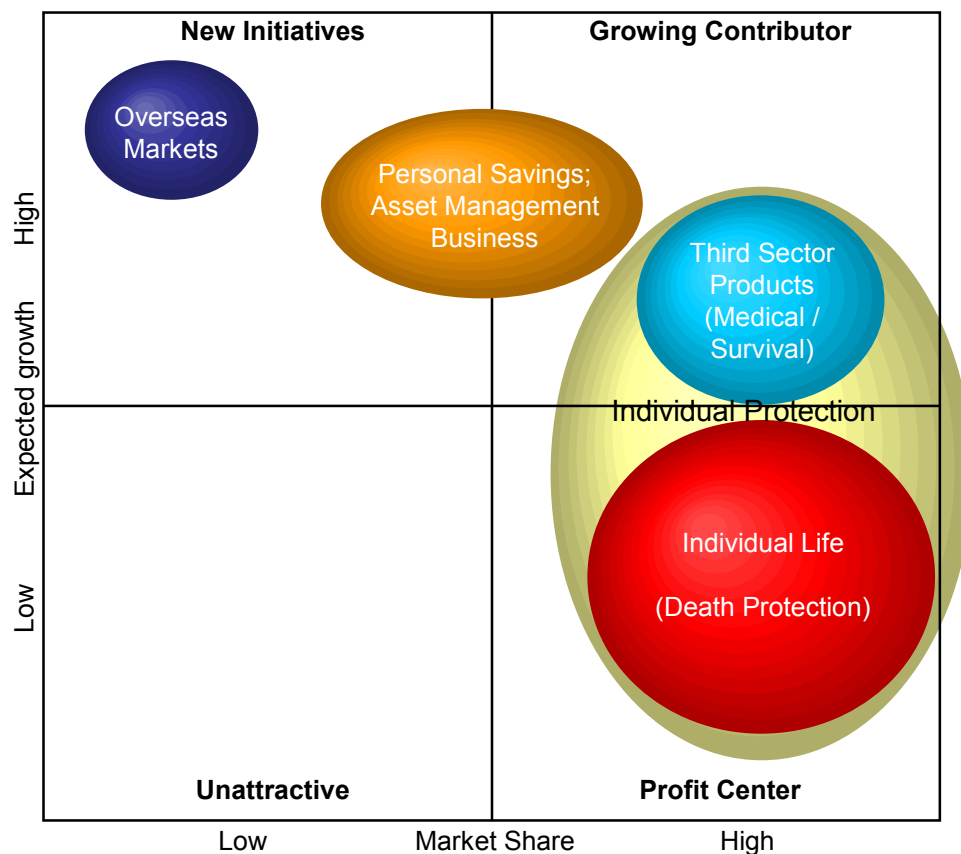
(1) April 2010 to March 2011 for Japanese companies. Period aligned to respective fiscal year end for other regions

(2) Japan figure is based on data as of March 2011, US figure, UK figure and France figure are based on data as of December 2009

(3) Dai-ichi (Group) EEV is calculated as follows: [Dai-ichi Life's EEV] plus [Dai-ichi Frontier Life's EEV corresponding to Dai-ichi Life's equity stake in Dai-ichi Frontier Life] less [the carrying amount of Dai-ichi Life's equity stake of Dai-ichi Frontier Life]. Dai-ichi (Stand-alone) figures reflect Dai-ichi Life EEV on a non-consolidated basis

(4) New Business Margin = Value of New Business / Present Value of Premium Income

## Business Portfolio of Dai-ichi Life and Mid- to Long-Term Management Strategies



### Domestic insurance business

#### Traditional Death Benefit Market

- Aim to increase market share
- Take initiatives for improvement of cost efficiency

#### Growth Market

- Third sector products (medical and survival benefits)
- Saving-type products for individuals

### International life insurance business

- Expanding operations in the Asia-Pacific markets

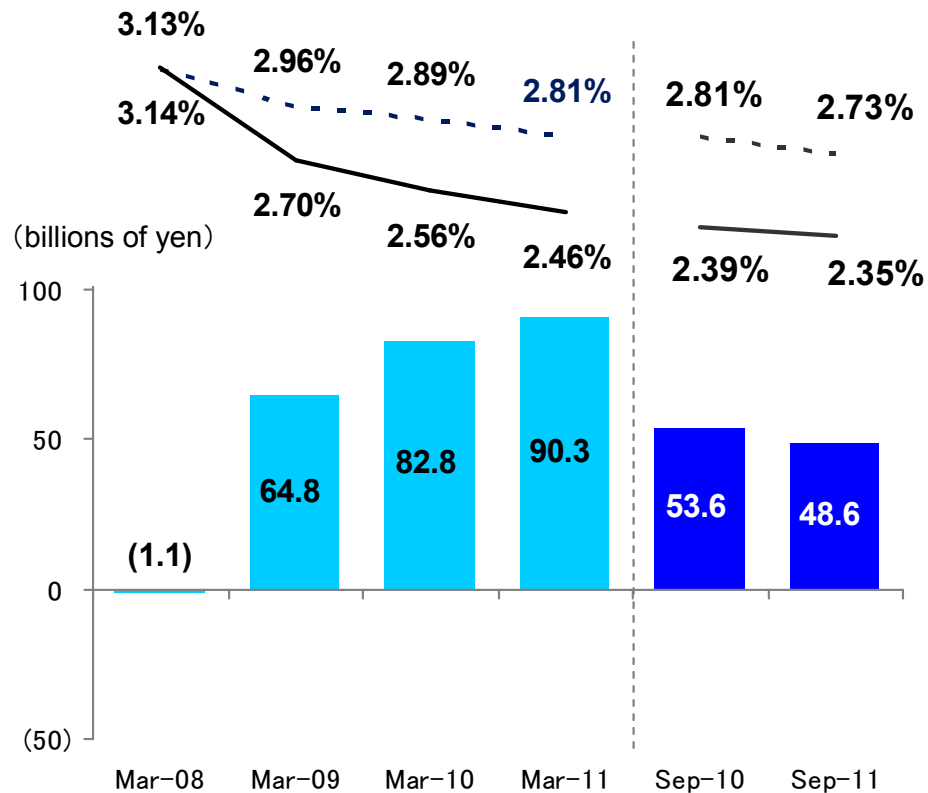
### Asset management business

- Operate through DIAM, a leading asset management company in Japan
- Seek domestic and international growth

- Pursuing external growth including through M&A to supplement organic growth

# Negative spread

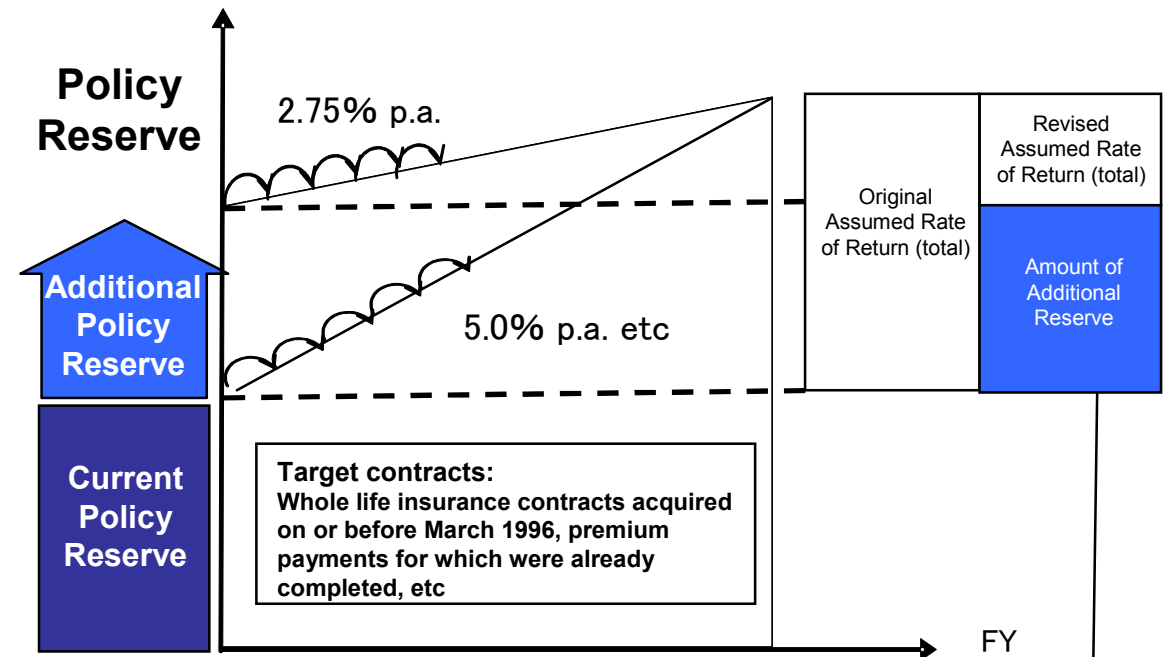
## Negative Spread / Assumed Rate of Return<sup>(1)</sup>



■ Negative spread    
 ..... Average assumed rate of return    
 — Average actual rate of return

(1) Dai-ichi-Life information, non-consolidated basis

## Accumulation of Additional Policy Reserve<sup>(1)</sup>



### Provided over 9 years

Mar-08	¥186.1 bn
Mar-09	¥104.2 bn
Mar-10	¥96.1 bn
Mar-11	¥112.6 bn
Mar-12 (1H)	¥53.1 bn
Mar-13	
Mar-14	
Mar-15	
Mar-16	

# Summary Financial Statements – Dai-ichi Life non-consolidated

## Statements of Earnings<sup>(1)</sup>

(billions of yen)

	6 months ended Sep-10	6 months ended Sep-11	Change
Ordinary revenues	2,094.3	2,248.3	+153.9
Premium and other income	1,501.7	1,600.0	+98.2
Investment income	456.3	492.3	+35.9
Interest and dividends	338.3	342.8	+4.5
Gains on sale of securities	101.6	146.3	+44.6
Derivative transaction gains	15.0	0.2	(14.8)
Other ordinary revenues	136.2	155.9	+19.6
Ordinary expenses	1,988.1	2,172.2	+184.0
Benefits and claims	1,223.6	1,221.2	(2.4)
Provision for policy reserves and others	163.5	238.5	+75.0
Investment expenses	190.8	287.9	+97.0
Losses on sale of securities	61.8	56.9	(4.8)
Losses on valuation of securities	6.8	85.1	+78.2
Losses on investments in separate accounts	75.6	89.6	+14.0
Operating expenses	210.2	203.5	(6.7)
Ordinary profit	106.2	76.1	(30.0)
Extraordinary gains	3.8	0.4	(3.4)
Extraordinary losses	14.4	29.6	+15.2
Provision for reserve for policyholder dividends	41.2	34.7	(6.4)
Income before income taxes	54.4	12.1	(42.2)
Total of corporate income taxes	20.2	5.9	(14.2)
Net income	34.1	6.1	(27.9)

## Balance Sheet

(billions of yen)

	As of Mar-11	As of Sep-11	Change
Total assets	30,869.6	30,901.0	+31.3
Cash, deposits and call loans	467.1	496.7	+29.5
Monetary claims bought	291.1	291.4	+0.3
Securities	24,294.5	24,362.4	+67.9
Loans	3,627.4	3,454.6	(172.8)
Tangible fixed assets	1,295.8	1,261.9	(33.8)
Deferred tax assets	475.1	485.1	+9.9
Total liabilities	30,103.2	30,186.8	+83.6
Policy reserves and others	28,190.8	28,376.5	+185.6
Policy reserves	27,589.5	27,823.2	+233.7
Contingency reserve	502.0	511.0	+9.0
Reserve for employees' retirement benefits	418.3	430.9	+12.6
Reserve for price fluctuations	80.4	80.4	-
Total net assets	766.4	714.1	(52.2)
Total shareholders' equity	592.8	600.9	+8.1
Total of valuation and translation adjustments	173.6	113.0	(60.5)
Net unrealized gains (losses) on securities, net of tax	237.5	195.0	(42.5)
Reserve for land revaluation	(65.1)	(81.6)	(16.4)

(1) Losses on investment in separate accounts are offset by reversal of policy reserves, so that they have no impact on ordinary profit.

# Summary Financial Statements of Dai-ichi Frontier Life

## Statements of Earnings

(billions of yen)

	6 months ended Sep-10	6 months ended Sep-11	Change
Ordinary revenues	166.6	167.8	+1.1
Premium and other income	161.6	148.5	(13.0)
Investment income	5.0	19.2	+14.2
Ordinary expenses	173.1	189.8	+16.6
Benefits and claims	39.6	45.7	+6.0
Provision for policy reserves and other	108.1	83.6	(24.4)
Investment expenses	18.7	52.9	+34.2
Operating expenses	6.1	7.0	+0.9
Ordinary profit (loss)	(6.4)	(22.0)	(15.5)
Extraordinary gains (losses)	0.2	(0.0)	(0.3)
Income (loss) before income taxes	(6.1)	(22.0)	(15.9)
Total of corporate income taxes	0.0	0.0	+0.0
Net income (loss)	(6.1)	(22.0)	(15.9)

## Balance Sheet

(billions of yen)

	As of Mar-11	As of Sep-11	Change
Total assets	1,566.7	1,638.4	+71.6
Cash, deposits and call loans	23.9	21.2	(2.7)
Securities	1,455.4	1,519.4	+64.0
Total liabilities	1,450.0	1,542.0	+92.0
Policy reserves and other	1,443.0	1,526.6	+83.6
Policy reserves	1,441.9	1,525.5	+83.5
Contingency reserve	36.4	38.0	+1.6
Total net assets	116.7	96.3	(20.3)
Total shareholders' equity	115.3	93.2	(22.0)
Capital stock	117.5	117.5	-
Capital surplus	67.5	67.5	-
Retained earnings	(69.6)	(91.7)	(22.0)



## Summary of Financial Statements of TAL (Australia)

### Statements of Earnings<sup>(1)</sup>

(millions of Australian dollars)

	6 months ended Sep-10 <sup>(2)</sup>	6 months ended Sep-11	Change
Ordinary revenues	829	1,095	+266
Premium and other income	653	818	+165
Investment income	23	13	(10)
Other ordinary revenues	152	263	+111
Ordinary expenses	725	994	+268
Benefits and claims	423	550	+127
Provision for policy reserves and others	69	72	+2
Investment expenses	10	106	+95
Operating expenses	192	227	+35
Other ordinary expenses	30	37	+7
Ordinary profit	103	101	(2)
Extraordinary losses	-	2	+2
Total of corporate income taxes	44	35	(9)
Net income	59	63	+4
Underlying profit	52	52	+0

(1) Figures for consolidated holding company (i.e., TAL Dai-ichi Life Australia Pty Ltd).

(2) Pro-forma

### Balance Sheet<sup>(1)</sup>

(millions of Australian dollars)

	As of Mar-11	As of Sep-11	Change
Total assets	4,989	4,862	(126)
Cash and deposits	264	267	+2
Securities	2,696	2,551	(145)
Intangible fixed assets	1,331	1,311	(19)
Consolidation goodwill	785	783	(2)
Other intangible fixed assets	529	515	(13)
Other assets	525	547	+22
Total liabilities	3,358	3,168	(190)
Policy reserves and others	2,384	2,221	(162)
Reinsurance payables	173	184	+11
Other liabilities	612	578	(34)
Deferred tax liabilities	188	184	(3)
Total net assets	1,630	1,694	+63
Total shareholder's equity	1,630	1,694	+63
Capital stock	1,630	1,630	-
Retained earnings	-	63	+63

## EEV Sensitivity Analysis of Dai-ichi Life Group

(billions of yen)

Assumptions	change in EEV			change in EEV March 31, 2011
		Adjusted net worth	Value of in-force business	
50bp upward parallel shift in risk-free yield curve	282.7 13%	(763.0) (34%)	1,045.7 47%	287.5 12%
50bp downward parallel shift in risk-free yield curve	(355.2) (16%)	712.0 32%	(1,067.3) (48%)	(365.3) (15%)
10% decline in equity and real estate values	(239.9) (11%)	(250.5) (11%)	10.5 0%	(260.4) (11%)
10% decline in maintenance expenses	150.5 7%	- -	150.5 7%	144.7 6%
10% decline in surrender and lapse rate	145.1 6%	(0) (0%)	145.1 6%	140.3 6%
5% decline in mortality and morbidity rate for life insurance products	126.7 6%	- -	126.7 6%	122.2 5%
5% decline in mortality and morbidity rate for annuities	(8.7) (0%)	(0) (0%)	(8.5) (0%)	(7.7) (0%)
Setting required capital at statutory minimum level	19.0 1%	- -	19.0 1%	19.1 1%
25% increase in implied volatilities of equity and real estate values	(24.8) (1%)	- -	(24.8) (1%)	(23.1) (1%)
25% increase in implied volatilities of swaptions	(13.5) (1%)	- -	(13.5) (1%)	(14.4) (1%)

# **EEV Sensitivity Analysis of Dai-ichi Life (stand alone)**

(billions of yen)

Assumptions	change in EEV			change in EEV March 31, 2011
		Adjusted net worth	Value of in-force business	
50bp upward parallel shift in risk-free yield curve	280.8 12%	(748.2) (32%)	1,029.1 45%	280.8 11%
50bp downward parallel shift in risk-free yield curve	(353.0) (15%)	698.3 30%	(1,051.4) (46%)	(357.8) (14%)
10% decline in equity and real estate values	(239.9) (10%)	(241.5) (10%)	1.5 0%	(259.9) (10%)
10% decline in maintenance expenses	145.2 6%	- -	145.2 6%	143.6 6%
10% decline in surrender and lapse rate	135.5 6%	- -	135.5 6%	142.5 6%
5% decline in mortality and morbidity rate for life insurance products	122.2 5%	- -	122.2 5%	122.2 5%
5% decline in mortality and morbidity rate for annuities	(8.5) (0%)	- -	(8.5) (0%)	(7.8) (0%)
Setting required capital at statutory minimum level	18.0 1%	- -	18.0 1%	18.4 1%
25% increase in implied volatilities of equity and real estate values	(9.3) (0%)	- -	(9.3) (0%)	(7.9) (0%)
25% increase in implied volatilities of swaptions	(14.4) (1%)	- -	(14.4) (1%)	(15.1) (1%)

# EEV Sensitivity Analysis of Dai-ichi Frontier Life

(billions of yen)

Assumptions	change in EEV			change in EEV
		Adjusted net worth	Value of in-force business	March 31, 2011
50bp upward parallel shift in risk-free yield curve	5.9 5%	(15.7) (13%)	21.6 18%	7.4 5%
50bp downward parallel shift in risk-free yield curve	(6.6) (5%)	14.4 12%	(21.1) (17%)	(8.3) (6%)
10% decline in equity and real estate values	0.7 1%	(9.7) (8%)	10.4 8%	(0.4) (0%)
10% decline in maintenance expenses	1.0 1%	- -	1.0 1%	1.1 1%
10% decline in surrender and lapse rate	(2.9) (2%)	- -	(2.9) (2%)	(2.4) (2%)
5% decline in mortality and morbidity rate for life insurance products	0.0 0%	- -	0.0 0%	0.0 0%
5% decline in mortality and morbidity rate for annuities	0.0 0%	- -	0.0 0%	0.1 0%
Setting required capital at statutory minimum level	0.4 0%	- -	0.4 0%	0.8 1%
25% increase in implied volatilities of equity and real estate values	(17.2) (14%)	- -	(17.2) (14%)	(16.8) (12%)
25% increase in implied volatilities of swaptions	1.0 1%	- -	1.0 1%	0.7 1%

## EEV Sensitivity Analysis of TAL

(billions of yen)

Assumptions	change in EEV		
		Adjusted net worth	Value of in-force business
50bp upward parallel shift in risk-free yield curve	(3.5) (3%)	(0.6) (1%)	(2.8) (3%)
50bp downward parallel shift in risk-free yield curve	3.8 3%	0.6 1%	3.1 3%
10% decline in equity and real estate values	(0.6) (1%)	(0.2) (0%)	(0.4) (0%)
10% decline in maintenance expenses	4.3 4%	- -	4.3 4%
10% decline in surrender and lapse rate	12.2 11%	- -	12.2 11%
5% decline in mortality and morbidity rate for life insurance products	4.5 4%	- -	4.5 4%
5% decline in mortality and morbidity rate for annuities	(0.2) (0%)	(0.1) (0%)	(0.1) (0%)
Setting required capital at statutory minimum level	0.6 1%	- -	0.6 1%
25% increase in implied volatilities of equity and real estate values	0 0%	- -	0 0%
25% increase in implied volatilities of swaptions	0 0%	- -	0 0%

## Dai-ichi Life's (stand alone) Sensitivities to Financial Markets (September 2011)

	Sensitivities <sup>(1)(2)</sup>	Breakeven Points <sup>(2)(3)</sup>
Domestic stocks	Nikkei 225 1,000 yen change: ±220 billion yen (±220 billion yen)	Nikkei 225 8,200 yen (8,400 yen)
Domestic bonds	10-year JGB Yield 10bp change: ±190 billion yen (±160 billion yen)	10-year JGB Yield 1.4% (1.5%)
Foreign securities	JPY / USD 1 yen change: ±22 billion yen (±20 billion yen)	JPY / USD \$1 = 86 yen (87 yen)

(1) Sensitivities indicate the impact of fluctuation in market value of the related assets.

(2) Figures in parentheses are as of March 2011.

(3) Breakeven points indicate assumptions when unrealized gains or losses of the related assets would be zero. Figures for foreign securities are calculated for foreign exchange factors only, based on JPY/USD rate (assuming all are in USD).

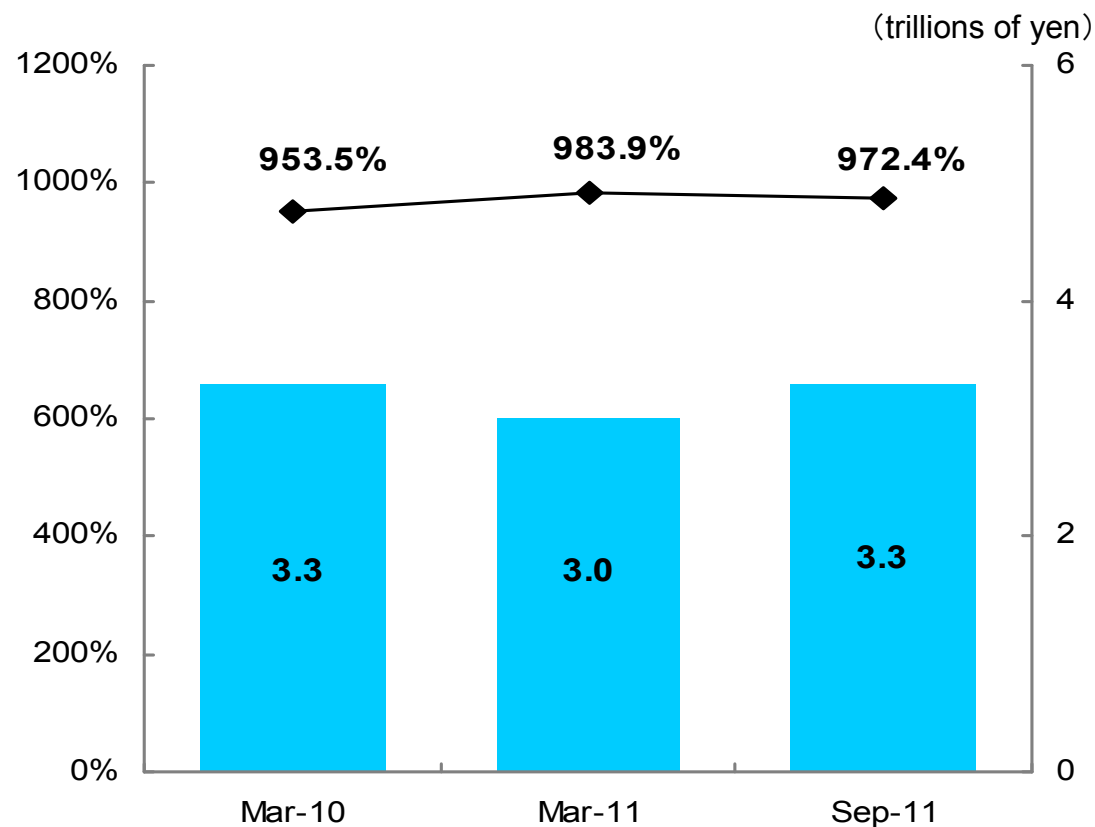
## Status of Financial Soundness of Dai-ichi Life (stand alone)

### Unrealized Gain/Loss (General Account) <sup>(1)</sup>

(billions of yen)

	As of Mar-11	As of Sep-11	Change
Securities	614.1	836.7	+222.6
Domestic bonds	383.8	814.3	+430.4
Domestic stocks	305.6	107.2	(198.4)
Foreign securities	(80.4)	(88.5)	(8.0)
Real estate	20.5	10.7	(9.7)
General Account total	639.2	849.5	+210.3

### Solvency Margin Ratio & Adjusted Net Assets <sup>(1)</sup>



◆ Solvency Margin Ratio    ■ Adjusted Net Assets (right)

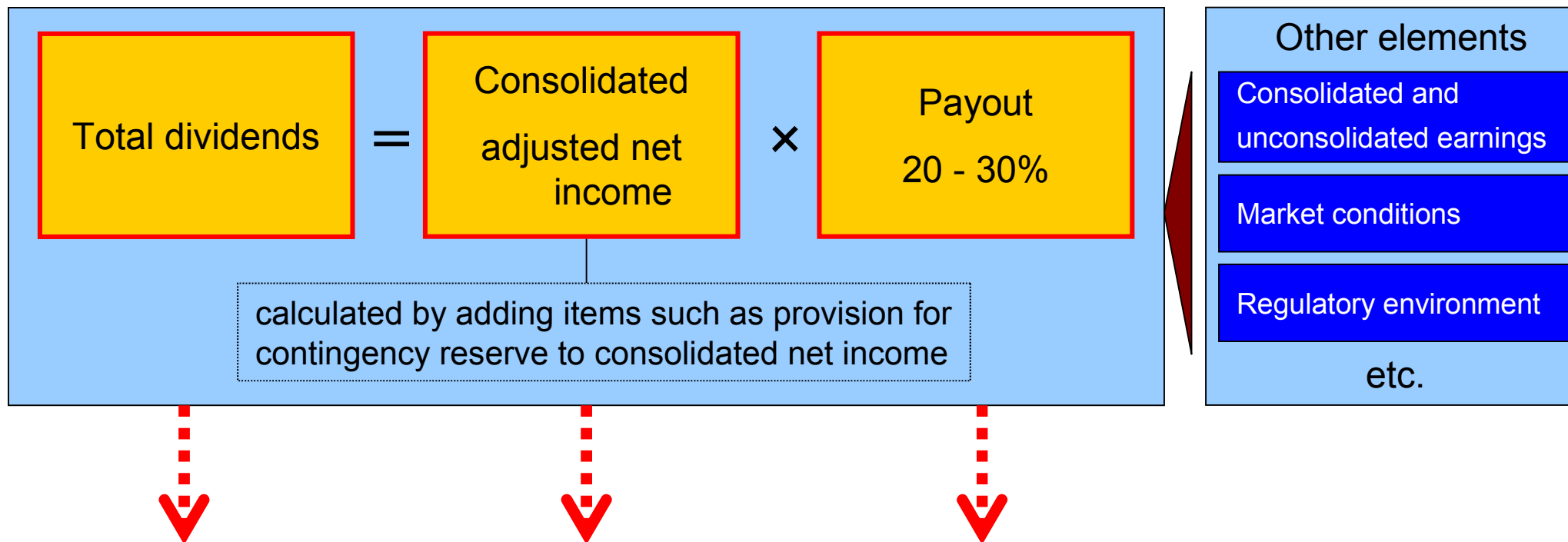
<Reference> Solvency Margin Ratio based on the new standard, to be formally introduced from the fiscal year end March 2012:

Mar-11: 547.7%, Sep-11: **559.9%**

(1) Non-consolidated basis

## Shareholder Return

[Basic Shareholder Return Formula]



[Fiscal Year-end Dividend Forecast for the Year Ending March 2012]

$$\begin{array}{c} 16\text{bn yen} \\ \text{1,600 yen per share} \end{array} = 48\text{bn yen} \times \text{Approx. } 33\%$$



## **Investor Contact**

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