

# **Presentation of Financial Results for the Three Months Ended June 2011**

**August 11, 2011**

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

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## Financial Results Highlights

- Despite the change in the business environment, the overall sales performance was good. In the domestic market, strong sales of “Medical Yell” have continued and overseas insurance businesses were in good shape.
- With regards to profit, sum of Dai-ichi Life’s and Dai-ichi Frontier Life’s fundamental profit improved. Although consolidated ordinary profit slightly decreased year-on-year due to the deterioration of capital gains/losses (including losses on valuation of securities), net income increased thanks to effect of consolidating TAL Limited.
- Despite high net income relative to the full-year forecast, taking into account the domestic and international macroeconomic and financial environment not allowing for optimism, and in order to carefully observe the progress in the short term, there is no change to the initial earnings guidance.

## Consolidated Financial Results Highlights

- **Non-consolidated losses on valuation of securities is offset by the better-than-expected improvement in net investment income and cost efficiency.**
- **Recorded 23.1 billion yen of gain on step acquisition as extraordinary gains, associated with the increase in stake in Australia's TAL from 29% to 100%. As a result, consolidated net income amounts to 87% of the annual forecast.**

(billions of yen)

	3 months ended Jun-10	3 months ended Jun-11 (a)	Change	
Ordinary revenues	1,183.4	1,135.6	(47.8)	(4%)
Non-consolidated	1,079.8	1,050.9	(28.8)	(3%)
Ordinary profit	50.8	47.3	(3.4)	(7%)
Non-consolidated	65.5	55.1	(10.4)	(16%)
Net income	10.3	32.2	21.8	+210%
Non-consolidated	23.8	17.3	(6.4)	(27%)

<Reference>

Forecasts for year ending Mar-12 (b)	Progress (a/b)
4,334.0	26%
3,828.0	27%
168.0	28%
178.0	31%
37.0	87%
32.0	54%

## Consolidated Financial Information (summarized)

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

(billions of yen)

	3 months ended Jun-10	3 months ended Jun-11	Change
Ordinary revenues	1,183.4	1,135.6	(47.8)
Premium and other income	865.5	830.8	(34.7)
Investment income	244.1	221.3	(22.8)
Interest and dividends	164.0	173.3	+9.2
Gains on sale of securities	49.0	44.5	(4.4)
Derivative transaction gains	19.7	1.4	(18.3)
Other ordinary revenues	73.7	83.4	+9.7
Ordinary expenses	1,132.6	1,088.3	(44.3)
Benefits and claims	627.1	653.9	+26.8
Provision for policy reserves and others	87.8	155.4	+67.5
Investment expenses	207.0	65.6	(141.4)
Losses on sale of securities	29.4	14.2	(15.1)
Losses on valuation of securities	5.6	20.4	+14.8
Losses on investment in separate accounts	151.5	1.9	(149.5)
Operating expenses	107.5	111.4	+3.9
Ordinary profit	50.8	47.3	(3.4)
Extraordinary gains (losses)	(9.1)	16.5	+25.7
Provision for reserve for policyholder dividends	17.8	18.9	+1.0
Income before income taxes, etc.	23.8	45.0	+21.1
Total of corporate income taxes	14.8	13.5	(1.3)
Minority interests in income (loss)	(1.4)	(0.8)	+0.6
Net income	10.3	32.2	+21.8

### Balance Sheet (Summarized)

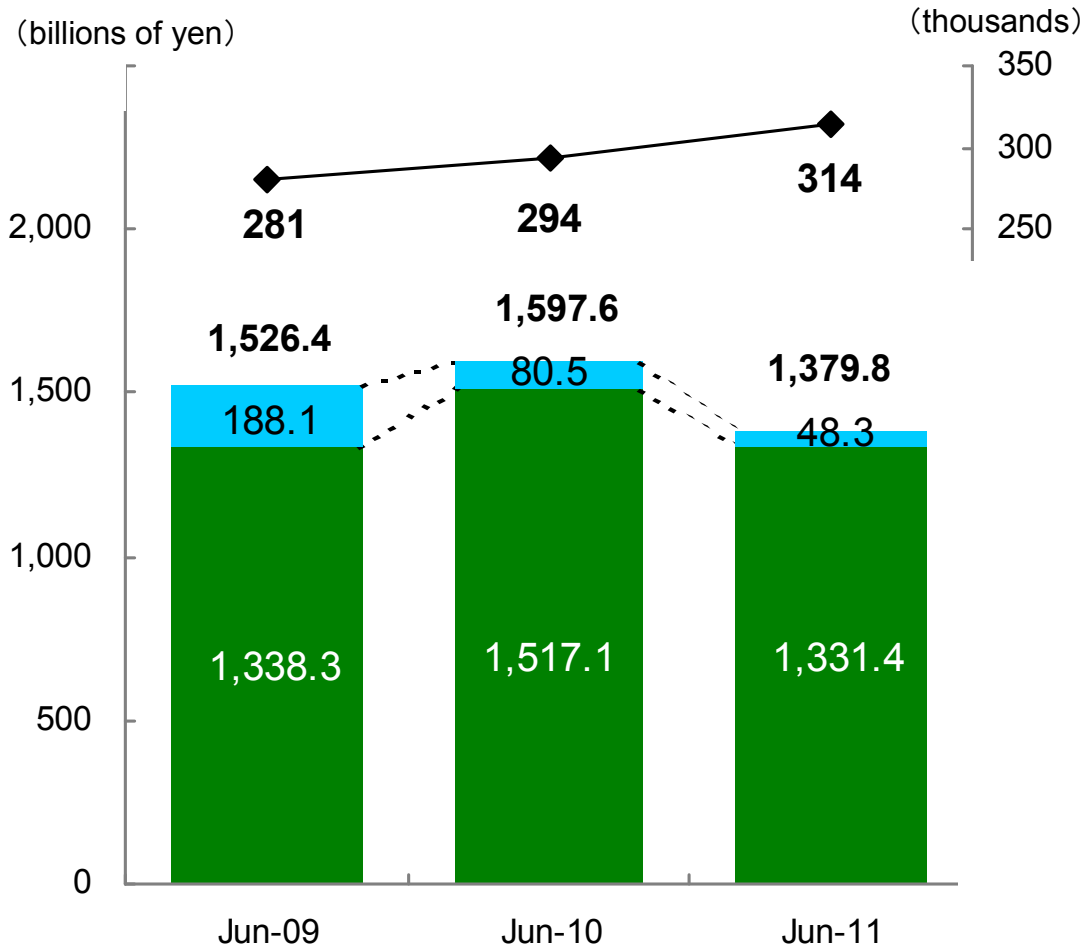
(billions of yen)

	As of Mar-11	As of Jun-11	Change
Total assets	32,297.8	32,553.4	+255.5
Cash, deposits and call loans	501.9	388.0	(113.8)
Monetary claims bought	291.1	289.5	(1.5)
Securities	25,597.7	25,856.8	+259.0
Loans	3,627.9	3,522.3	(105.6)
Tangible fixed assets	1,296.1	1,289.5	(6.5)
Deferred tax assets	477.2	455.0	(22.1)
Total liabilities	31,566.0	31,790.4	+224.4
Policy reserves and others	29,641.9	29,968.5	+326.5
Policy reserves	29,039.4	29,309.0	+269.5
Reserve for employees' retirement benefits	420.0	427.1	+7.0
Reserve for price fluctuations	80.5	84.1	+3.5
Total net assets	731.8	762.9	+31.1
Total shareholders' equity	548.9	566.9	+18.0
Total accumulated other comprehensive income	171.1	185.0	+13.8
Net unrealized gains on securities, net of tax	238.8	256.9	+18.0
Reserve for land revaluation	(65.1)	(66.2)	(1.0)

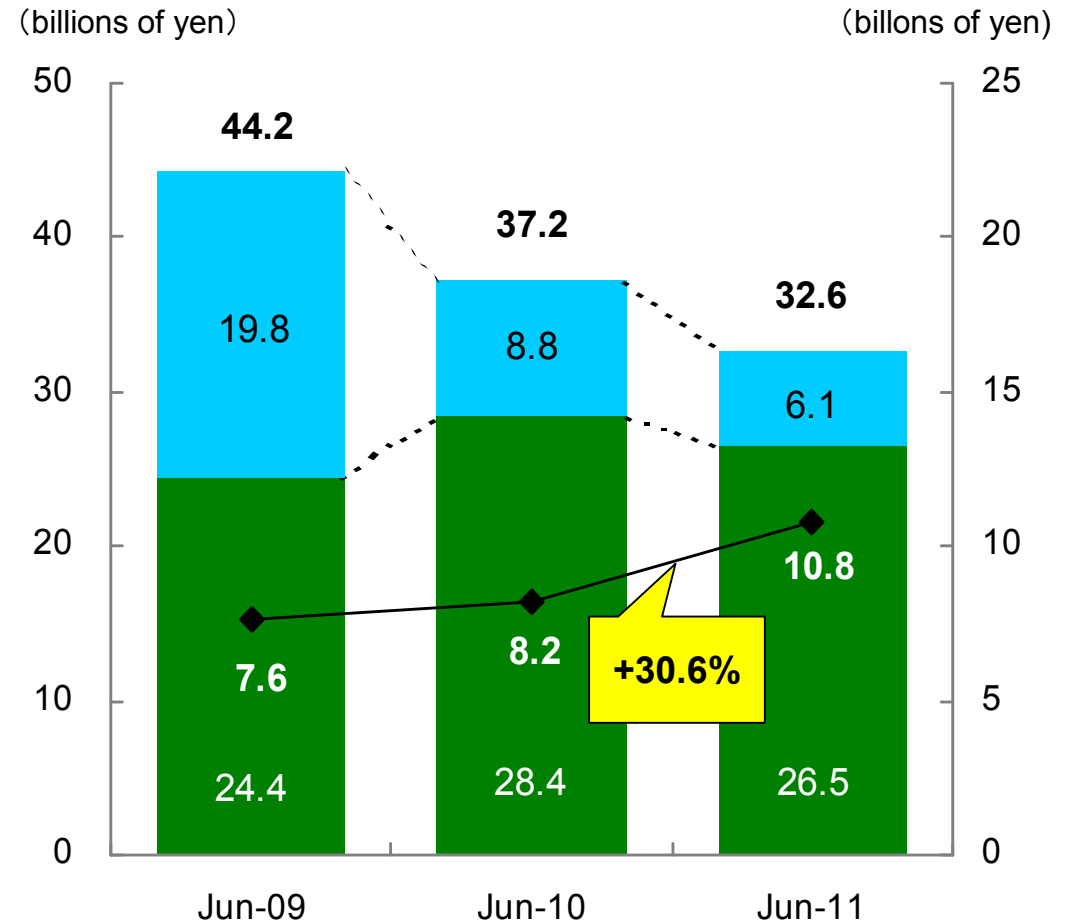
(1) Losses on investment in separate accounts are offset by reversal of policy reserves, so that they have no impact on ordinary profit.

New Business (Individual Insurance, Individual Annuities)

New Business<sup>(1)</sup>



ANP from New Business<sup>(1)</sup>



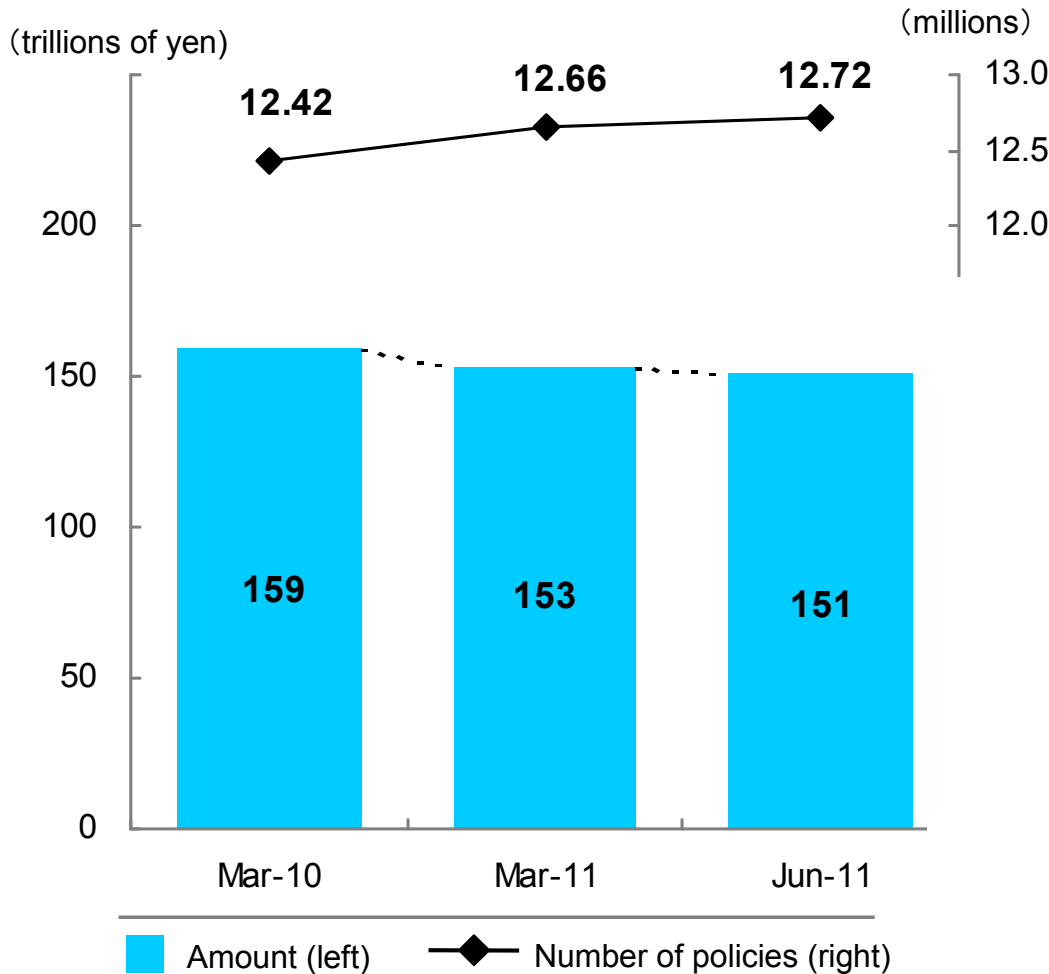
■ Dai-ichi Life   ■ Dai-ichi Frontier Life   ◆ Number of policies (right)

■ Dai-ichi Life   ■ Dai-ichi Frontier Life   ◆ 3<sup>rd</sup> Sector (right)

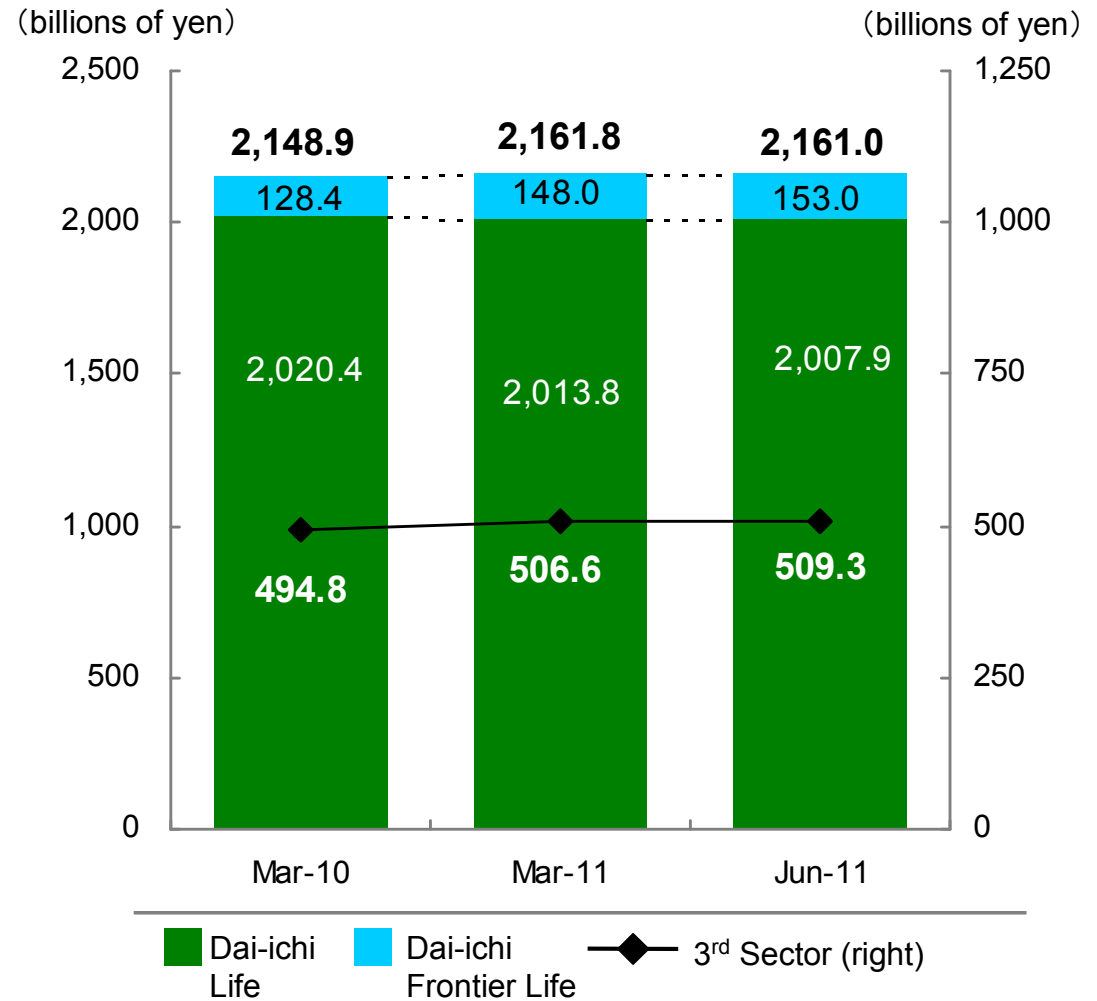
(1) Sum of Dai-ichi Life and Dai-ichi Frontier Life

Policies in Force (Individual Insurance, Individual Annuities)

Sum Insured of Policies in Force<sup>(1)</sup>



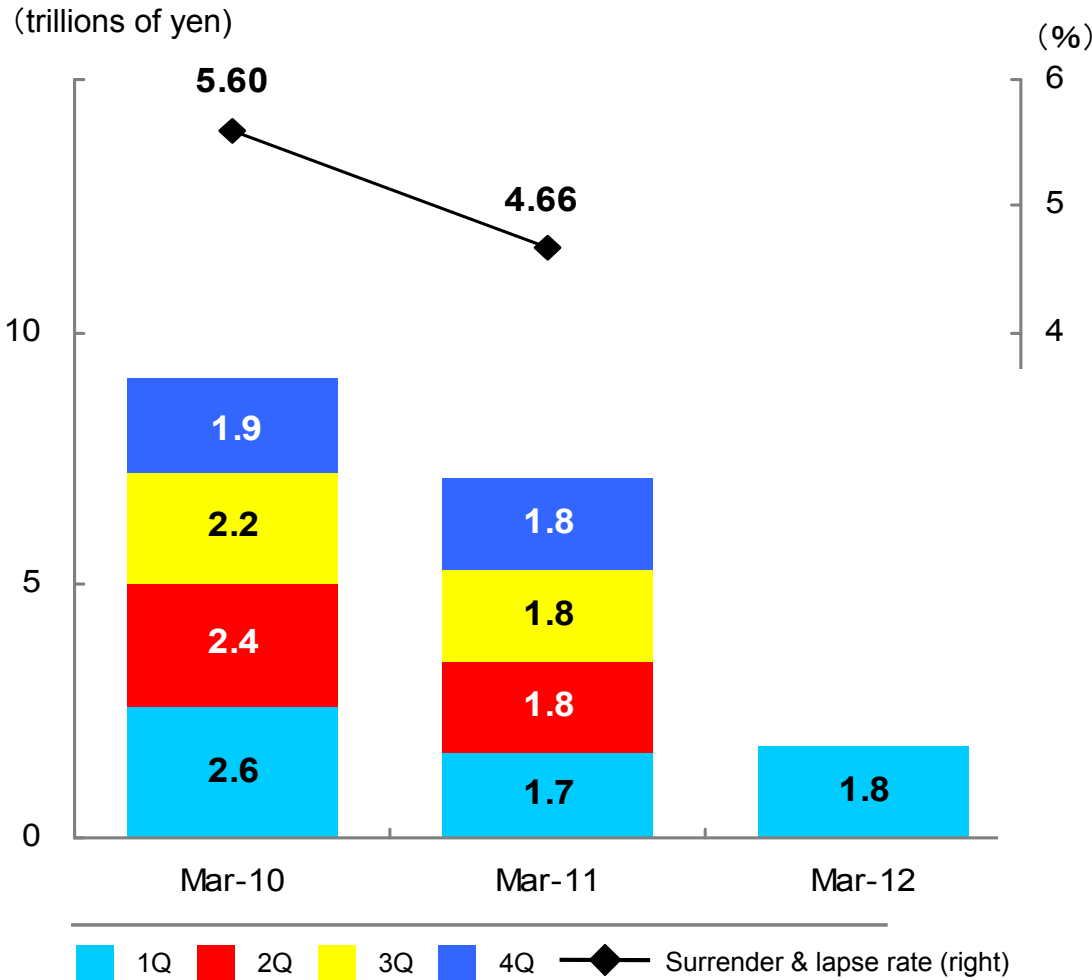
ANP from Policies in Force<sup>(1)</sup>



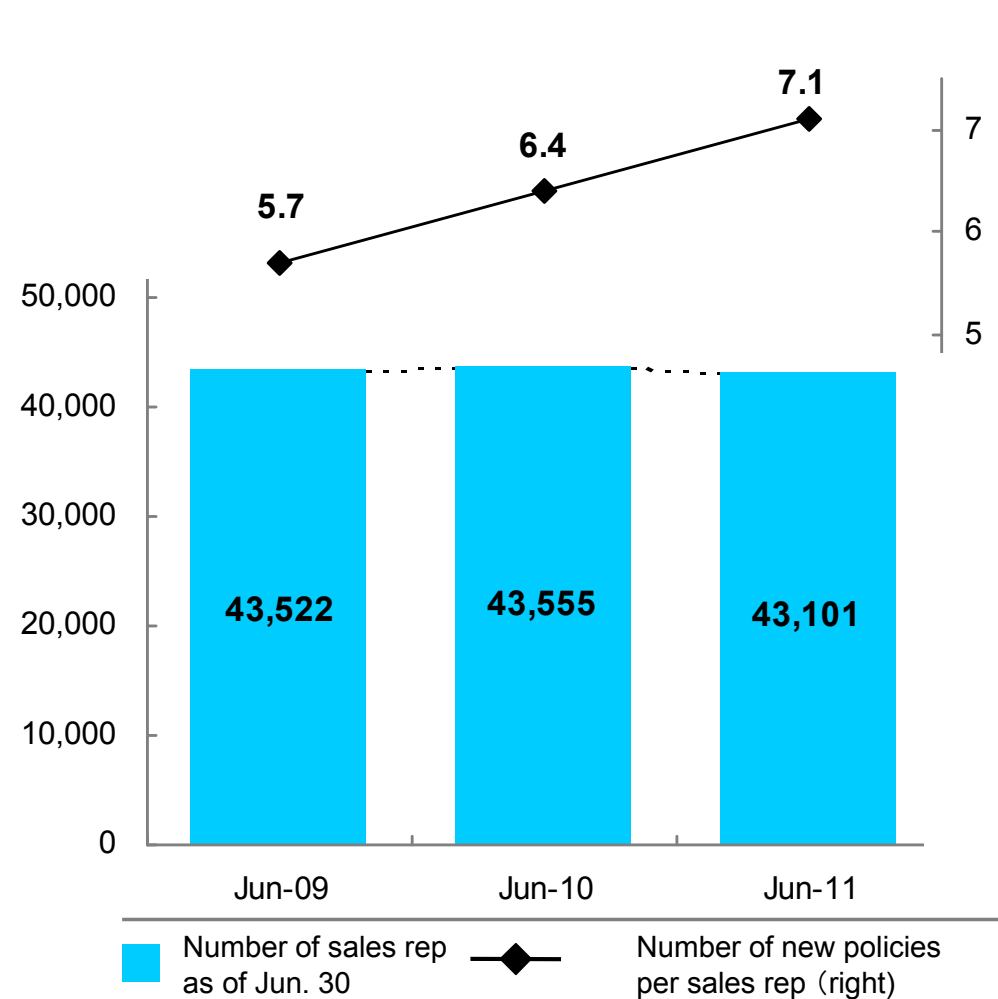
(1) Sum of Dai-ichi Life and Dai-ichi Frontier Life

Surrender and Lapse, Sales Representatives

Surrender & Lapse (Individ. Insurance & Annuities)<sup>(1)</sup>



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

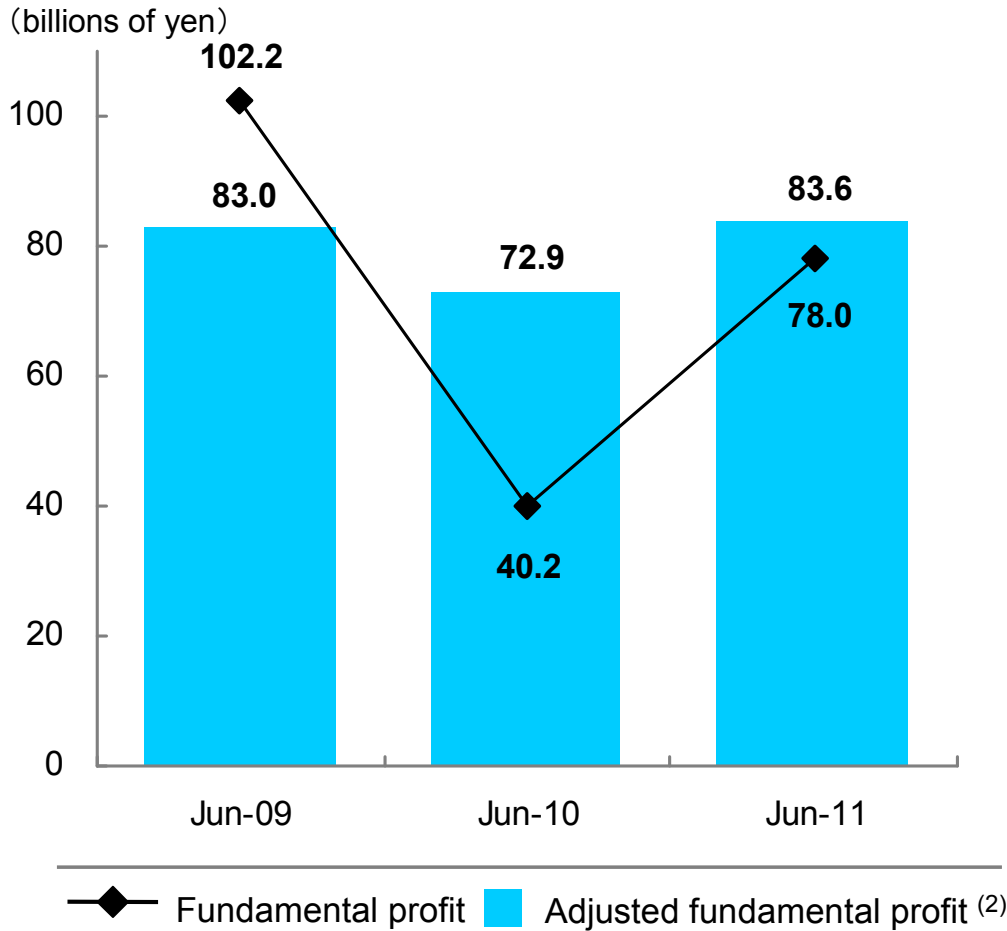


(1) Non-consolidated basis

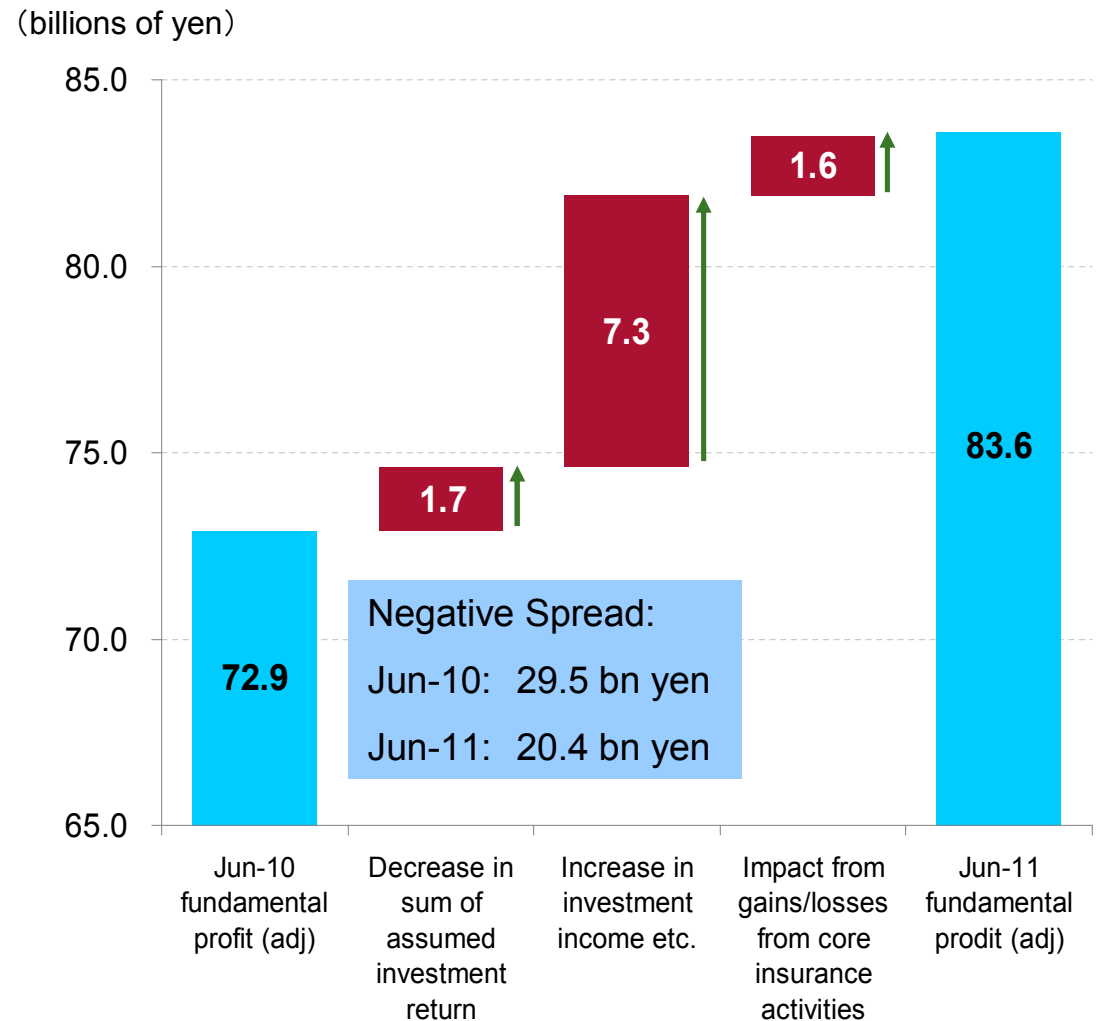
(2) The number of sales representatives does not include those who are not full-time employees of Dai-ichi Life and are engaged mainly in ancillary work.

Fundamental Profit

Fundamental Profit <sup>(1)</sup>



Movement Analysis of Adjusted Fundamental Profit <sup>(1)(2)</sup>



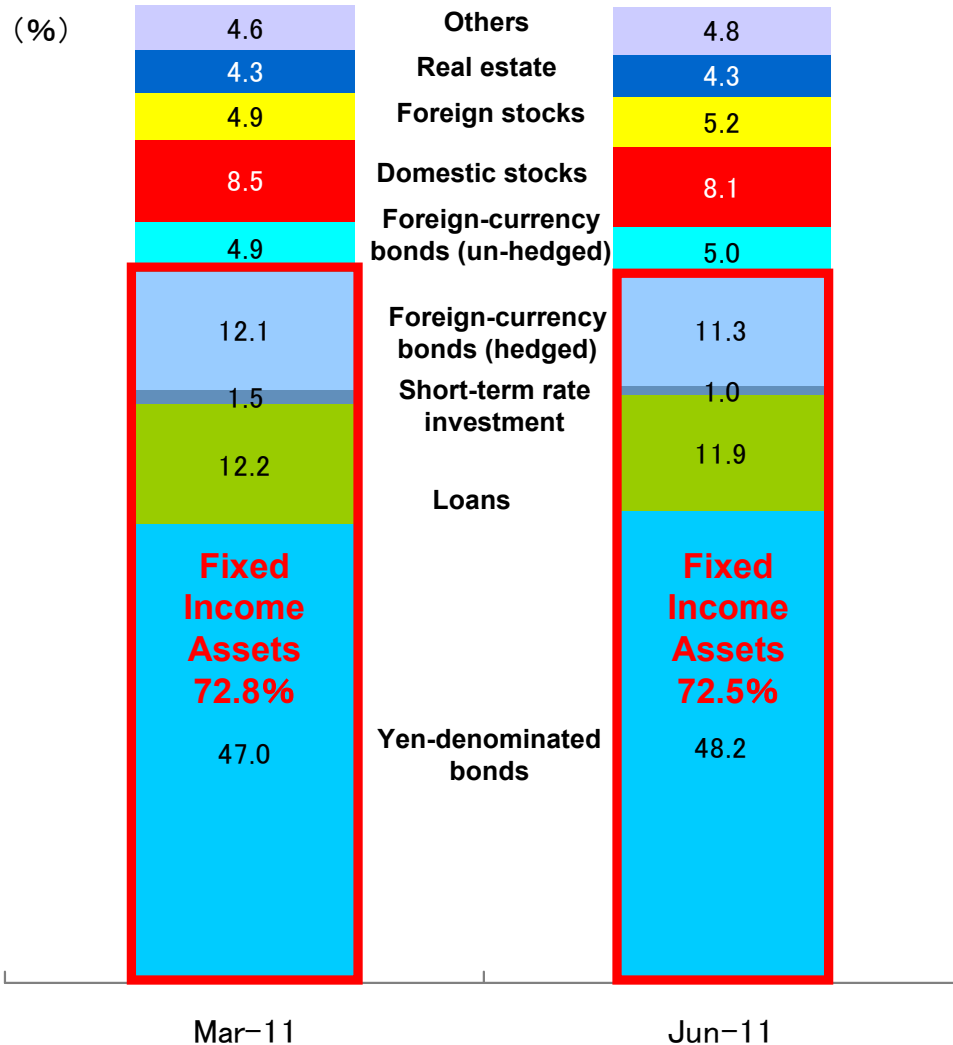
(1) Sum of Dai-ichi Life and Dai-ichi Frontier Life

(2) Adjusted fundamental profit = (fundamental profit) + (provision for policy reserve associated with minimum guarantee benefit risk of variable annuities)

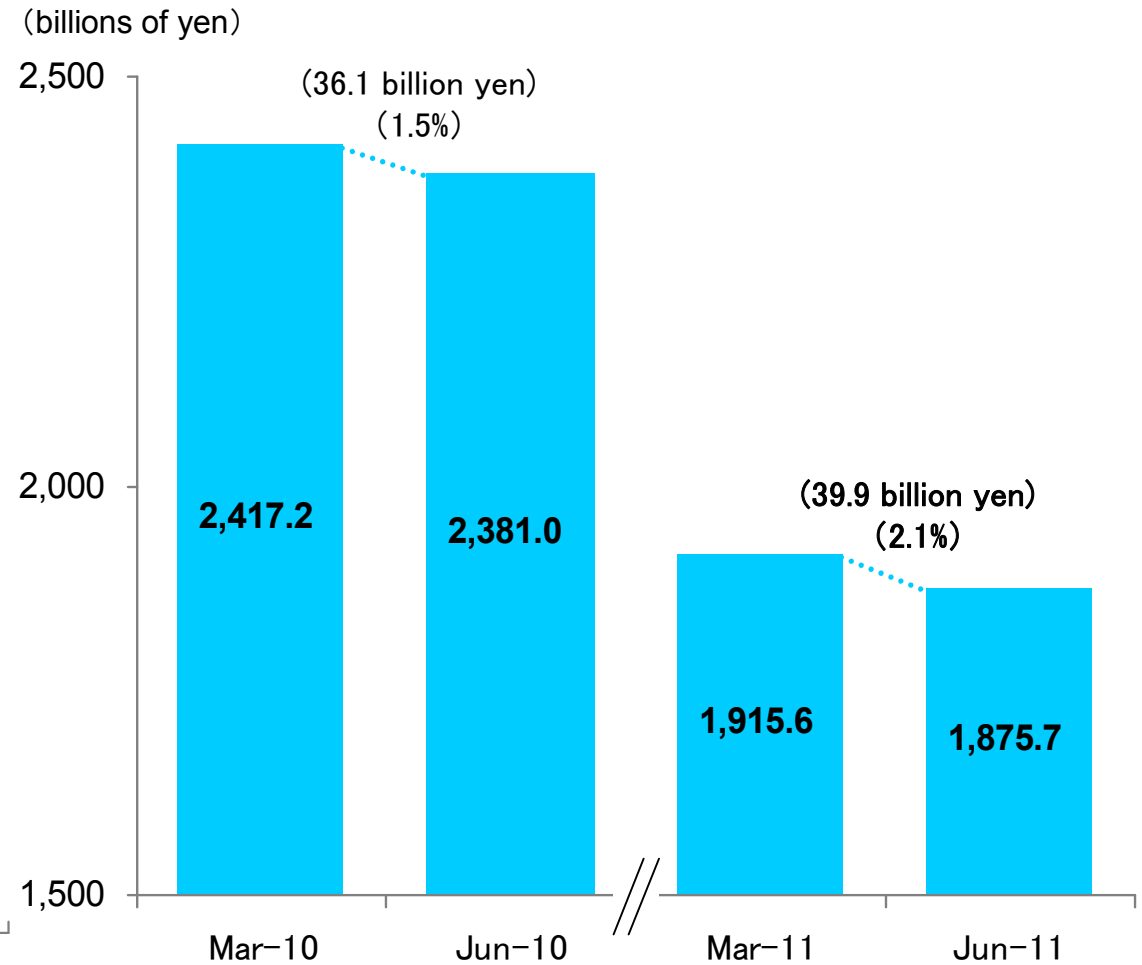


General Account Assets

Asset Portfolio (General Account) <sup>(1)</sup>



Book Value of Domestic Stocks <sup>(1) (2)</sup>



(1) Non-consolidated basis

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

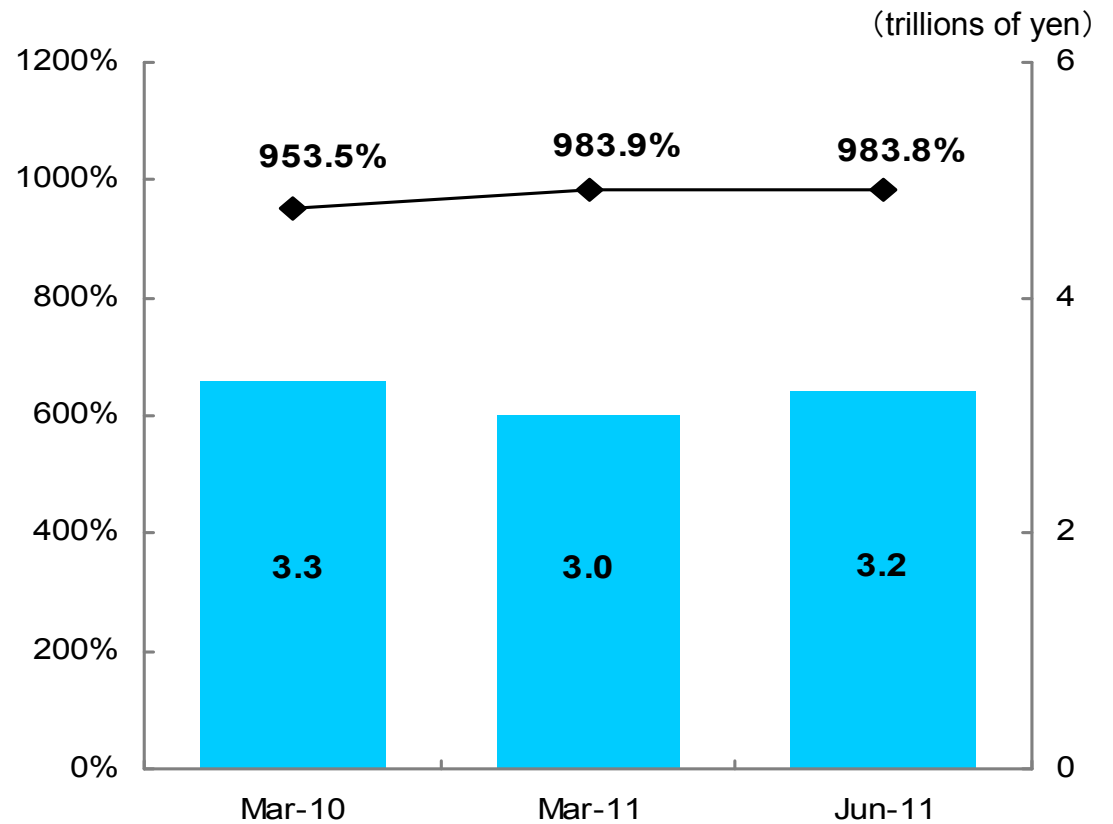
Status of Financial Soundness

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

(billions of yen)

	As of Mar-11	As of Jun-11	Change
Securities	614.1	772.7	+158.6
Domestic bonds	383.8	596.1	+212.2
Domestic stocks	305.6	220.8	(84.7)
Foreign securities	(80.4)	(55.3)	+25.1
Real estate	20.5	19.9	(0.5)
General Account total	639.2	796.0	+156.8

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



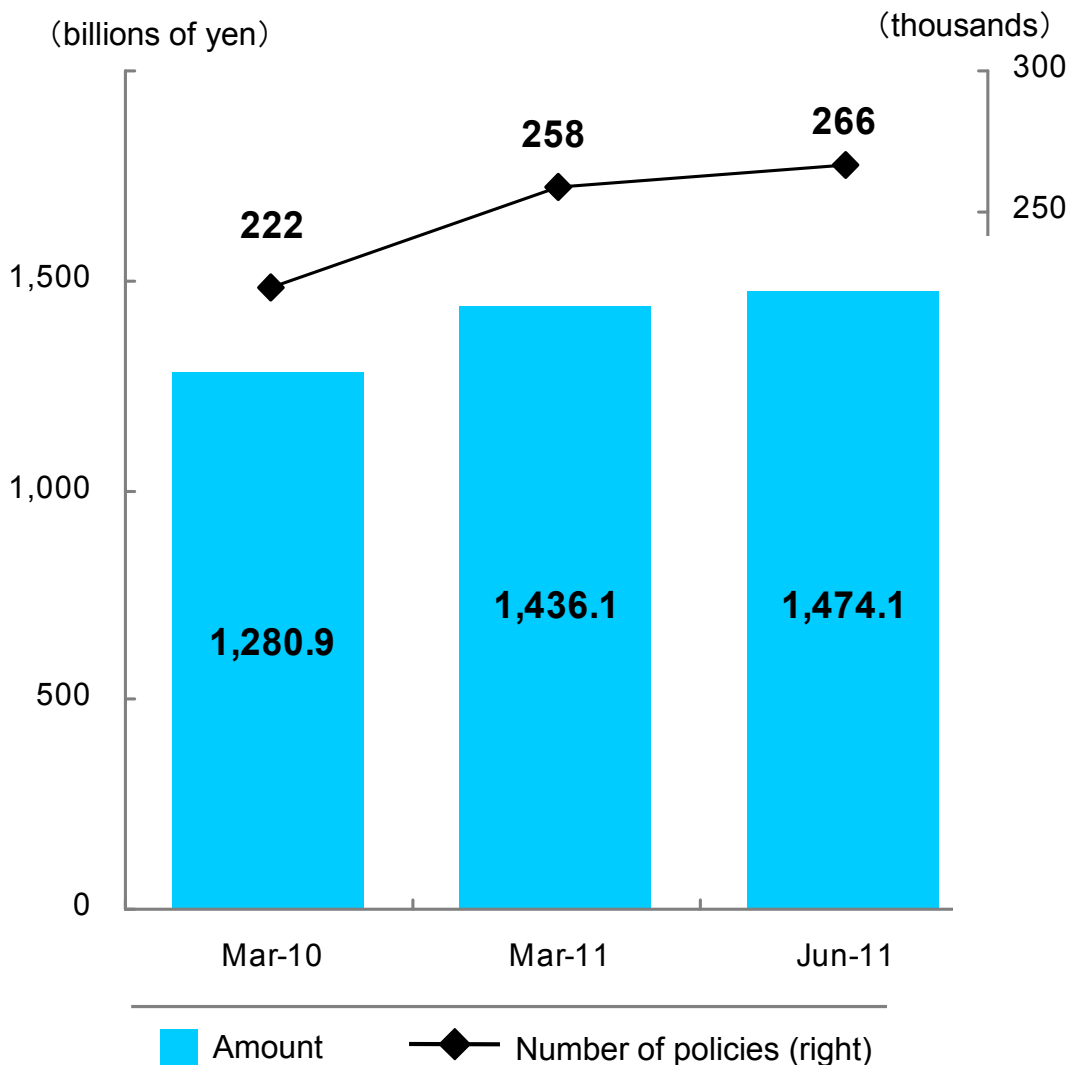
◆ Solvency Margin Ratio    ■ Adjusted Net Assets (right)

<Reference> Solvency Margin Ratio based on new standard, to be formally introduced from the fiscal year end March 2012:  
 Mar-11:547.7%, Jun-11:**550.0%**

(1) Non-consolidated basis

Dai-ichi Frontier Life

Policies in Force



Earnings

	(billions of yen)	
	3 months ended Jun-10	3 months ended Jun-11
Ordinary revenues	105.2	58.5
Insurance premiums and other	92.0	54.3
Variable products	70.8	19.5
Fixed products	9.5	23.8
Investment income	13.1	4.1
Hedge gain related to GMMB risk (A)	12.7	-
Ordinary expenses	119.5	66.7
Provisions for policy reserve and other	43.8	38.3
Related to GMMB risk (negative indicates a reversal) (B)	31.0	5.5
Provision for contingency reserve (C)	0.4	4.6
Investment expenses	52.7	2.3
Hedge loss related to GMMB risk (D)	-	1.9
Ordinary profit (loss)	(14.3)	(8.1)
Net income (loss)	(14.0)	(8.2)
Net income-(A)+(B)+(C)+(D)	4.7	4.0

## Overseas Business: Australia

### (1) Company Name Change

TOWER Australia Group Limited changed its name to TAL Limited (effective June 1, 2011).

### (2) Gain on Step Acquisition

Gain on step acquisition (23.1 billion yen) was recognized in consolidated statement of earnings, due to revaluation of Dai-ichi's minority holdings in TOWER prior to making it a wholly owned subsidiary (29%).

### (3) Amortization of Goodwill

Goodwill will be amortized over 20 years. The amount is around 3.3 billion yen per year.

### (4) Sales

(millions of Australian dollars)

	As of Jun-10	As of Jun-11	% Change
ANP from Policies in Force	1,042	1,242	+19%

### (5) Profit

(millions of Australian dollars)

	3 months ended Jun-10 <sup>(2)</sup>	3 months ended Jun-11	% Change
Ordinary revenues	435	480	+10%
Premium and other income	275	385	+40%
Ordinary profit	38 <sup>(3)</sup>	27 <sup>(3)</sup>	(29%)
Net income	28 <sup>(3)</sup>	15 <sup>(3)</sup>	(45%)
Underlying profit <sup>(1)</sup>	22	21	(8%)

(1) Underlying profit = net income adjusted for discount rate changes; investment timing mismatches; normalized investment income; amortization charges

(2) Pro-forma

(3) After deduction of amortization of intangible assets (made up of the value of policies in force etc. at time of acquisition): AUD 4 million (Jun-10) and AUD 6 million (Jun-11)

## Guidance for the Year Ending March 2012 (No Change to May 13 Forecasts)

- Despite high level of progress rate toward net income forecast for the full year, taking into account the domestic and international macroeconomic and financial environment not allowing for optimism, and in order to carefully observe the progress in the short term, there is no change to the initial earnings guidance.

(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 income</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) Calculated based on Dai-ichi Life's interest in Dai-ichi Frontier Life.

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

- Embedded value (preliminary calculation) as of June 2011 was almost unchanged from March 2011.
- Value of in-force business decreased due to lower interest rates, while adjusted net worth increased.

### The EEV of the Group (preliminary calculation)

(billions of yen)

		Mar-11	Jun-11	Change
EEV		2,440.3	Approx. 2,400.0	Approx. (0.0)
	Adjusted net worth	1,454.2	Approx. 1,600.0	Approx. +200.0
	Value of in-force business	986.0	Approx. 800.0	Approx. (200.0)

### Dai-ichi Life (standalone, preliminary calculation)

### Dai-ichi Frontier Life (preliminary calculation)

		Mar-11	Jun-11	Change
EEV		2,479.6	Approx. 2,500.0	Approx. (0.0)
	Adjusted net worth	1518.7	Approx. 1,700.0	Approx. +200.0
	Value of in-force business	960.9	Approx. 800.0	Approx. (200.0)

		Mar-11	Jun-11	Change
EEV		137.8	Approx. 140.0	Approx. +0.0
	Adjusted net worth	109.9	Approx. 110.0	Approx. (0.0)
	Value of in-force business	27.9	Approx. 30.0	Approx. +0.0

(1) The EEV calculation above is based on policies in force at the end of June 2011.

(2) In the EEV calculation, economic assumptions are set to reflect the economic environment at the end of June 2011, while non-economic assumptions remain the same as those used in calculating EEV as of March 31, 2011. In addition, certain simplified methods are used in calculating value of in-force business.

(3) Dai-ichi Life did not obtain actuarial opinion regarding the calculation above from an actuarial firm.

## Appendix

## Impact of the Great East Japan Earthquake<sup>(1)</sup>

### ■ Total amount of benefits and claims to be incurred in relation to the earthquake: 23.8 billion yen

Notes:

1. Above revision in keeping with a decrease in number of fatalities and missing persons as disclosed by the National Policy Agency
2. Total amount paid as of June 30, 2011 was 8.76 billion yen (including 8.72 billion yen for the three months ended June 2011)

### ■ Total amount of benefits and claims relating to individual insurance area and paid or in the process of payment, for three prefectures in the Tohoku region (namely Iwate, Miyagi and Fukushima):

**15.5 billion yen for the period from the earthquake to June 30, 2011**

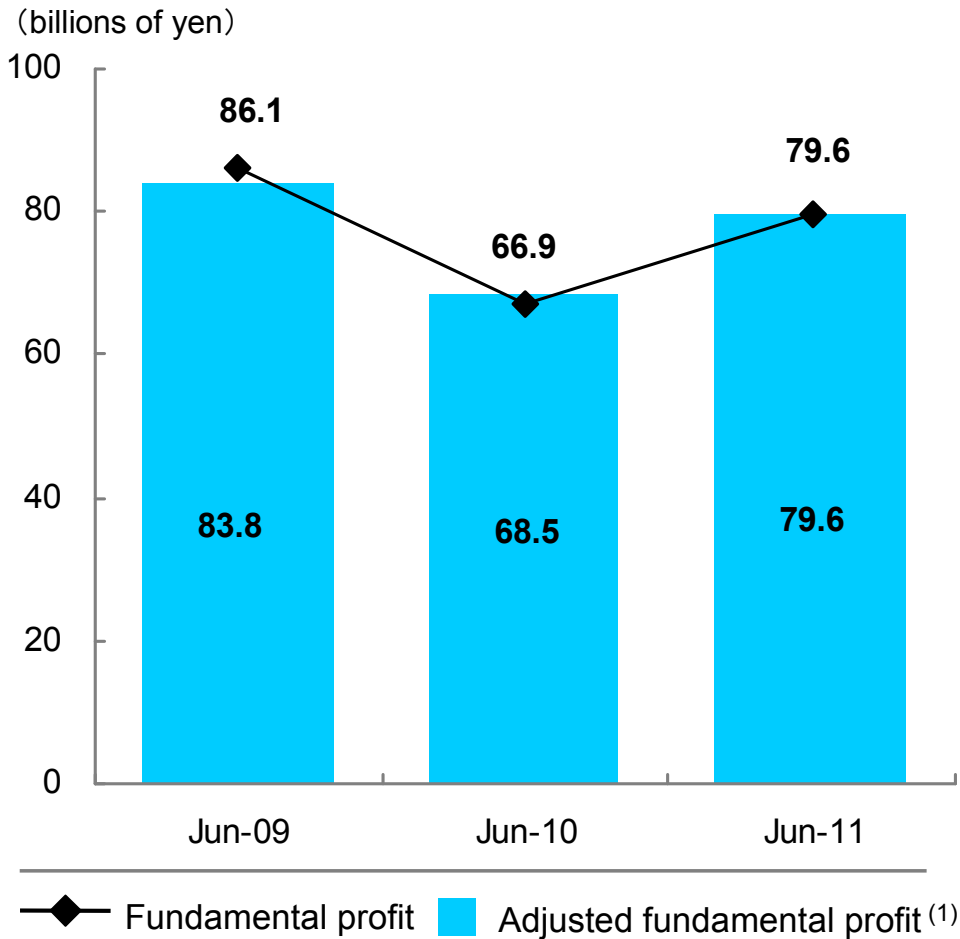
(an increase of 10.8 billion yen compared to 4.7 billion yen for the same period last year)

(1) *Non-consolidated basis*

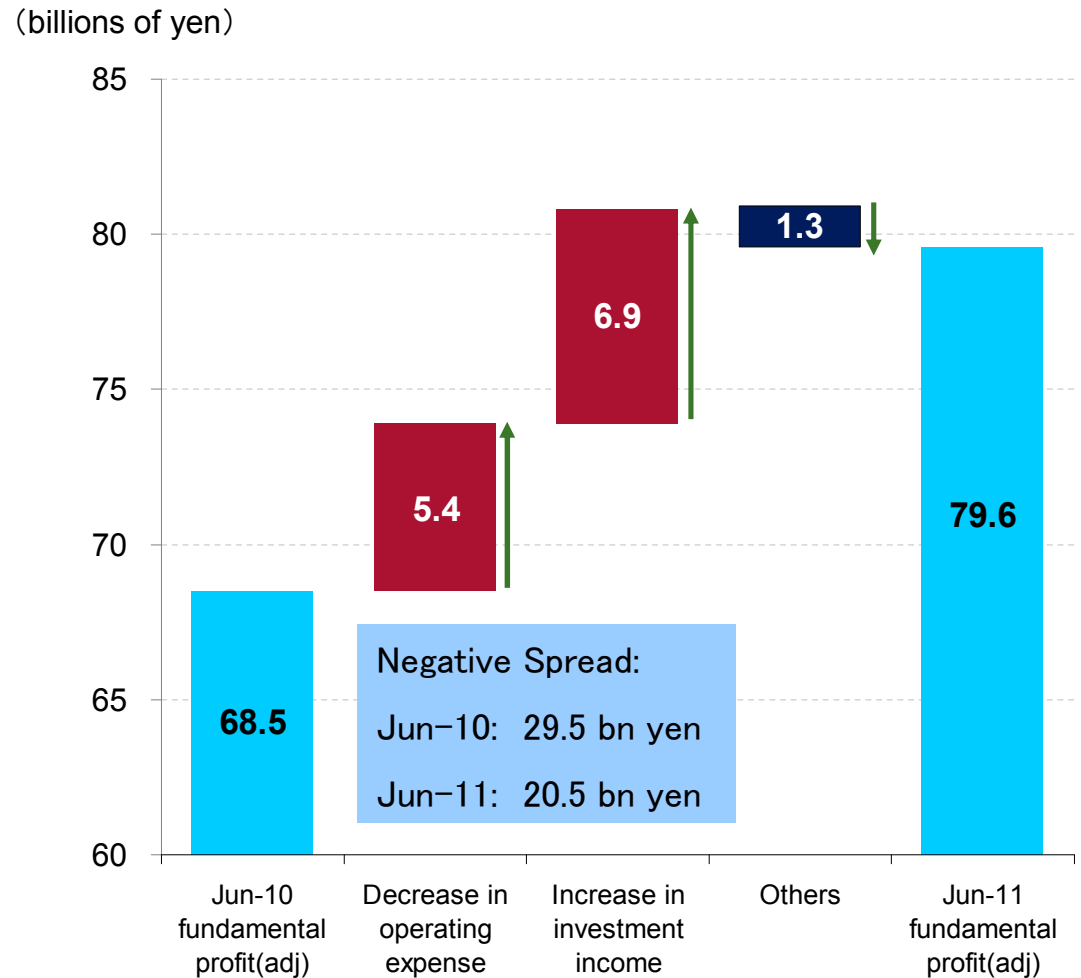


Fundamental Profit – Dai-ichi Life non-consolidated

Fundamental Profit



Movement Analysis of Adjusted Fundamental Profit (1)



(1) Adjusted fundamental profit = (fundamental profit) + (provision for policy reserve associated with minimum guarantee benefit risk of variable annuities)

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

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

(billions of yen)

	3 months ended Jun-10	3 months ended Jun-11	Change
Ordinary revenues	1,079.8	1,050.9	(28.8)
Premium and other income	772.7	744.8	(27.8)
Investment income	234.2	222.4	(11.8)
Interest and dividends	164.8	174.0	+9.2
Gains on sale of securities	49.0	44.5	(4.4)
Derivative transaction gains	19.7	1.9	(17.8)
Other ordinary revenues	72.8	83.6	+10.7
Ordinary expenses	1,014.2	995.8	(18.3)
Benefits and claims	607.8	609.6	+1.8
Provision for policy reserves and others	43.9	122.7	+78.7
Investment expenses	156.3	65.8	(90.4)
Losses on sale of securities	29.4	14.2	(15.1)
Losses on valuation of securities	5.6	20.4	+14.8
Losses on investments in separate accounts	98.9	5.4	(93.5)
Operating expenses	104.3	98.8	(5.4)
Ordinary profit	65.5	55.1	(10.4)
Extraordinary gains (losses)	(9.1)	(6.3)	+2.7
Provision for reserve for policyholder dividends	17.8	18.9	+1.0
Income before income taxes	38.5	29.7	(8.8)
Total of corporate income taxes	14.7	12.3	(2.3)
Net income	23.8	17.3	(6.4)

### Balance Sheet

(billions of yen)

	As of Mar-11	As of Jun-11	Change
Total assets	30,869.6	30,809.5	(60.1)
Cash, deposits and call loans	467.1	338.9	(128.2)
Monetary claims bought	291.1	289.5	(1.5)
Securities	24,294.5	24,408.5	+114.0
Loans	3,627.4	3,521.4	(105.9)
Tangible fixed assets	1,295.8	1,288.9	(6.9)
Deferred tax assets	475.1	452.8	(22.3)
Total liabilities	30,103.2	30,023.8	(79.3)
Policy reserves and others	28,190.8	28,277.2	+86.4
Policy reserves	27,589.5	27,709.8	+120.3
Contingency reserve	502.0	508.0	+6.0
Reserve for employees' retirement benefits	418.3	425.3	+7.0
Reserve for price fluctuations	80.4	83.9	+3.5
Total net assets	766.4	785.6	+19.2
Total shareholders' equity	592.8	596.0	+3.1
Total of valuation and translation adjustments	173.6	189.6	+16.0
Net unrealized gains (losses) on securities, net of tax	237.5	255.4	+17.8
Reserve for land revaluation	(65.1)	(66.2)	(1.0)

(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)

	3 months ended Jun-10	3 months ended Jun-11	Change
Ordinary revenues	105.2	58.5	(46.7)
Premium and other income	92.0	54.3	(37.7)
Investment income	13.1	4.1	(9.0)
Ordinary expenses	119.5	66.7	(52.8)
Benefits and claims	19.1	22.9	+3.8
Provision for policy reserves and other	43.8	38.3	(5.4)
Investment expenses	52.7	2.3	(50.4)
Operating expenses	3.5	2.8	(0.7)
Ordinary loss	(14.3)	(8.1)	+6.1
Extraordinary gains (losses)	0.3	(0.0)	(0.3)
Loss before income taxes	(14.0)	(8.2)	+5.8
Total of corporate income taxes	0.0	0.0	+0.0
Net loss	(14.0)	(8.2)	+5.8

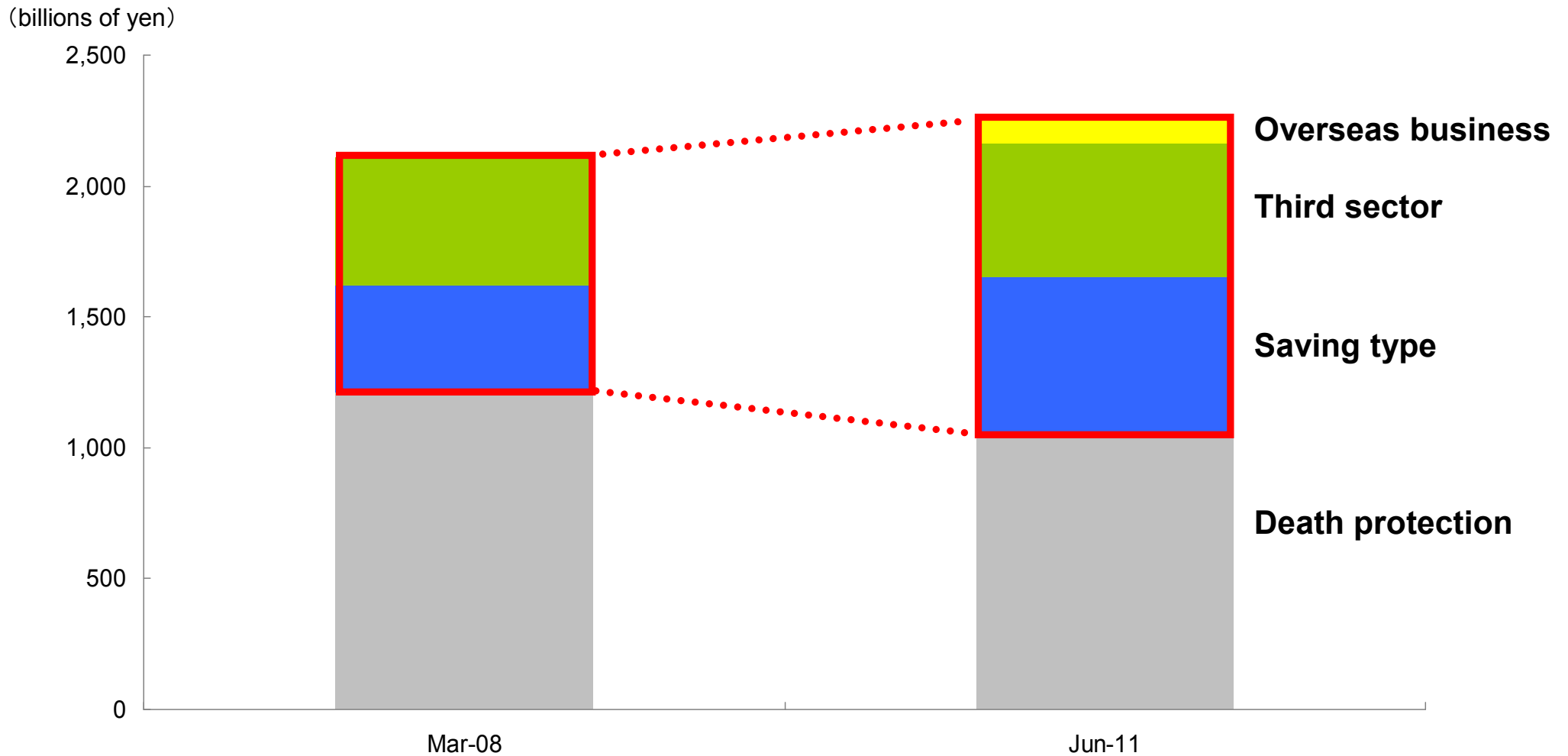
### Balance Sheet

(billions of yen)

	As of Mar-11	As of Jun-11	Change
Total assets	1,566.7	1,603.2	+36.4
Cash, deposits and call loans	23.9	18.1	(5.7)
Securities	1,455.4	1,500.6	+45.1
Total liabilities	1,450.0	1,494.3	+44.3
Policy reserves and other	1,443.0	1,481.3	+38.2
Policy reserves	1,441.9	1,480.3	+38.3
Contingency reserve	36.4	41.0	+4.6
Total net assets	116.7	108.8	(7.8)
Total shareholders' equity	115.3	107.1	(8.2)
Capital stock	117.5	117.5	-
Capital surplus	67.5	67.5	-
Retained earnings	(69.6)	(77.8)	(8.2)

## 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

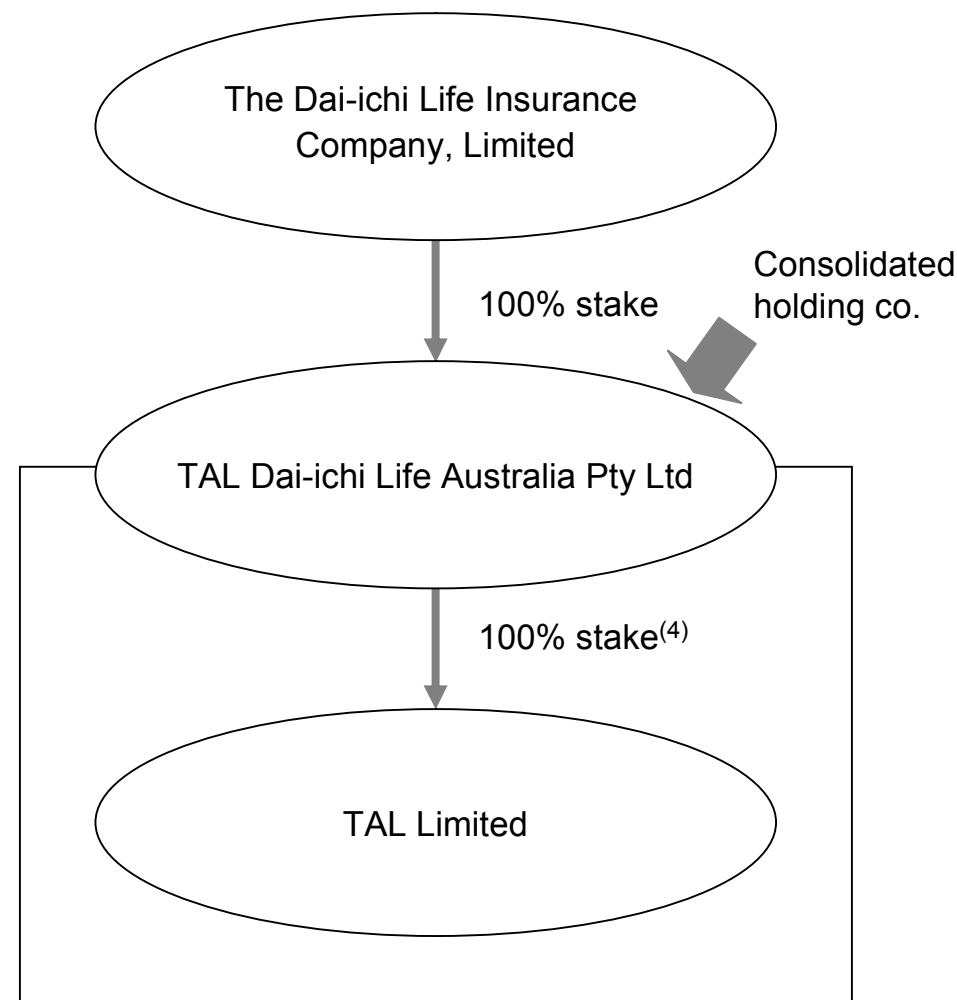
## Overseas Business: Australia

### Profit

(millions of Australian dollars)

	6 months ended Sep-10 <sup>(2)</sup>	6 months ended Mar-11 <sup>(2)</sup>	3 months ended Jun-11
Ordinary revenues	829	860	480
Premium and other income	653	684	385
Investment income	23	118	5
Other ordinary revenues	152	57	89
Ordinary expenses	725	834	452
Benefits and claims	423	460	274
Provision for policy reserves and others	69	138	35
Investment expenses	10	11	16
Operating expenses	192	193	106
Other ordinary expenses	30 <sup>(3)</sup>	30 <sup>(3)</sup>	20 <sup>(3)</sup>
Ordinary profit	103	26	27
Total of corporate income taxes	44	10	11
Net income	59	15	15
Underlying profit <sup>(1)</sup>	52	40	21

### Structure for Consolidation



(1) Underlying profit = net income adjusted for discount rate changes; investment timing mismatches; normalized investment income; amortization and impairment charges

(2) Pro-forma

(3) Includes amortization of intangible assets (made up of the value of policies in force etc. at time of acquisition): AUD 9 million (Sep-10), AUD 9 million (Mar-11) and AUD 6 million (Jun-11)

(4) 100% stake through TAL Dai-ichi Life Group Pty Ltd

## Sensitivities to Financial Markets (June 2011)

	Sensitivities <sup>(1)(2)</sup>	Breakeven Points <sup>(2)(3)</sup>
Domestic stocks	Nikkei 225 1,000 yen change: ±210 billion yen (±220 billion yen)	Nikkei 225 8,500 yen (8,400 yen)
Domestic bonds	10-year JGB Yield 10bp change: ±170 billion yen (±160 billion yen)	10-year JGB Yield 1.5% (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).

## Investor Contact

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