

# **Presentation of Financial Results for the Six Months Ended September 2012**

**November 14, 2012  
The Dai-ichi Life Insurance Company, Limited**

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- Now, I would like to start the financial results presentation of our group for the six months ended September 2012.
- As usual, I will go over the presentation material, followed by Q&A.
- Please turn to page 1.

## Financial Results Highlights

- We recognized steady sales on a stand-alone basis of Dai-ichi Life's main products with high margins and products in growth areas despite some decline attributable to initial high sales of new products following launch recorded in the same period last year.
- The economies of Western and developing countries remained uncertain and domestic financial and capital markets have slowed down. However, we limited the negative impact of market fluctuations to our net income through our continued risk reduction program, recording reduced capital losses year-on-year.
- While we made significant progress on our earnings forecast, we made no change to our original earnings forecast, as we anticipate certain expense items to materialize in the second half of the fiscal year.

- 3 highlights of our financial results are shown here.
- First, while premium and other income decreased year-on-year, mainly as a result of the sales spike in the prior year resulting from the launch of last year's new products, our sales performance remained favorable. We also reached a milestone: the 110<sup>th</sup> year since our foundation. Through our domestic sales representative channel, we brought the sales of one of our main products with high margins back into positive growth. Also, we continued to see a significant growth in sales through our bancassurance channel, as we have created a product line-up that can adapt to changes in customers' saving needs. In Australia, TAL continued its strong growth by maintaining good sales momentum for individual risk products. Also, new group policies acquired in this period made a positive contribution to TAL's growth.
- Looking back at the financial environment during the period, the economy of Western and developing countries remained uncertain and domestic financial and capital markets have slowed down. However, we recognized reduced capital losses year-on-year and accordingly a reduced negative impact to our consolidated results, as a result of our continued risk reduction program.
- We will update you about the current situation of our earnings forecast later in this presentation.
- Please turn to page 2.

## Consolidated Financial Results Highlights

- Ordinary revenues for the first half of the fiscal year ended up in line with our expectations.
- Through our continued risk management measures, we limited the negative impact of market fluctuations, realizing significant progress towards our earnings forecast.

(billions of yen)

&lt;Reference&gt;

|                   | 6 months<br>ended Sep-11 | 6 months<br>ended Sep-12<br>(a) | Change  |       |
|-------------------|--------------------------|---------------------------------|---------|-------|
| Ordinary revenues | 2,469.7                  | 2,337.7                         | (132.0) | (5%)  |
| Non-consolidated  | 2,248.3                  | 2,037.3                         | (211.0) | (9%)  |
| Ordinary profit   | 60.4                     | 88.8                            | +28.4   | +47%  |
| Non-consolidated  | 76.1                     | 88.6                            | +12.5   | +16%  |
| Net income        | 12.3                     | 28.0                            | +15.6   | +127% |
| Non-consolidated  | 6.1                      | 30.0                            | +23.8   | +388% |

| Forecasts for<br>year ending<br>Mar-13 (b) | Progress<br>(a/b) |
|--|-------------------|
| 4,596.0                                    | 51%               |
| 3,988.0                                    | 51%               |
| 138.0                                      | 64%               |
| 156.0                                      | 57%               |
| 25.0                                       | 112%              |
| 44.0                                       | 68%               |

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- Consolidated financial results are as shown here.
- For the six months ended September 2012, our consolidated ordinary revenues decreased by 5% to 2 trillion 337.7 billion yen. However, we increased our ordinary profit by 47% to 88.8 billion yen and net income by 127% to 28.0 billion yen.
- Although the year-on-year decrease in the topline was partly attributable to the sales spike recorded in the same period last year following the launch of new products, our consolidated topline was consistent with our expectations. Due to our continued risk management measures, we limited the negative impact of market fluctuations to our ordinary profit and net income to a certain degree and accordingly realized significant progress towards our earnings forecast.
- Please turn to page 3.

DAI-ICHI LIFE

## Consolidated Financial Information

- We recognized reduced capital losses attributable to market fluctuations year-on-year as we have continued our risk management initiatives.

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

|  | (billions of yen)     |                       |         |
|--|-----------------------|-----------------------|---------|
|  | 6 months ended Sep-11 | 6 months ended Sep-12 | Change  |
| Ordinary revenues                                | 2,469.7               | 2,337.7               | (132.0) |
| Premium and other income                         | 1,807.6               | 1,707.7               | (99.8)  |
| Investment income                                | 506.2                 | 504.2                 | (1.9)   |
| Interest and dividends                           | 343.9                 | 339.7                 | (4.1)   |
| Gains on sale of securities                      | 146.4                 | 125.9                 | (20.4)  |
| Derivative transaction gains                     | 4.1                   | 2.8                   | (1.2)   |
| Other ordinary revenues                          | 155.8                 | 125.6                 | (30.2)  |
| Ordinary expenses                                | 2,409.3               | 2,248.8               | (160.5) |
| Benefits and claims                              | 1,304.5               | 1,273.7               | (30.7)  |
| Provision for policy reserves and others         | 305.5                 | 339.5                 | +33.9   |
| Investment expenses                              | 343.7                 | 205.6                 | (138.0) |
| Losses on sale of securities                     | 56.9                  | 31.5                  | (25.4)  |
| Losses on valuation of securities                | 85.1                  | 64.2                  | (20.8)  |
| Losses on investments in separate accounts       | 135.8                 | 57.5                  | (78.3)  |
| Operating expenses                               | 228.9                 | 228.3                 | (0.5)   |
| Ordinary profit                                  | 60.4                  | 88.8                  | +28.4   |
| Extraordinary gains                              | 23.5                  | 4.5                   | (19.0)  |
| Extraordinary losses                             | 30.0                  | 20.7                  | (9.3)   |
| Provision for reserve for policyholder dividends | 34.7                  | 38.9                  | +4.1    |
| Income before income taxes, etc.                 | 19.1                  | 33.7                  | +14.6   |
| Total of corporate income taxes                  | 8.9                   | +6.3                  | (2.6)   |
| Minority interests in income (loss)              | (2.1)                 | (0.6)                 | +1.5    |
| Net income                                       | 12.3                  | 28.0                  | +15.6   |

## Balance Sheets (summarized)

|  | (billions of yen) |              |         |
|--|-------------------|--------------|---------|
|  | As of Mar-12      | As of Sep-12 | Change  |
| Total assets                                   | 33,468.6          | 33,705.8     | +237.1  |
| Cash, deposits and call loans                  | 564.3             | 651.2        | +86.8   |
| Monetary claims bought                         | 294.3             | 292.4        | (1.8)   |
| Securities                                     | 27,038.7          | 27,203.8     | +165.0  |
| Loans  | 3,413.6           | 3,252.0      | (161.5) |
| Tangible fixed assets                          | 1,254.6           | 1,236.3      | (18.3)  |
| Deferred tax assets                            | 284.5             | 343.8        | +59.3   |
| Total liabilities                              | 32,476.9          | 32,805.8     | +328.9  |
| Policy reserves and others                     | 30,489.9          | 30,808.3     | +318.4  |
| Policy reserves                                | 29,862.7          | 30,182.3     | +319.5  |
| Reserve for employees' retirement benefits     | 433.7             | 441.9        | +8.2    |
| Reserve for price fluctuations                 | 74.8              | 88.9         | +14.1   |
| Total net assets                               | 991.7             | 899.9        | (91.7)  |
| Total shareholders' equity                     | 569.2             | 559.0        | (10.2)  |
| Total accumulated other comprehensive income   | 413.2             | 331.7        | (81.5)  |
| Net unrealized gains on securities, net of tax | 483.4             | 387.3        | (96.1)  |
| Reserve for land revaluation                   | (61.6)            | (38.0)       | +23.5   |

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

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- I will explain the trends in major income items.
- Our consolidated ordinary revenues decreased slightly by approximately 130 billion yen. Dai-ichi Life on a stand-alone basis experienced a year-on-year decline following strong sales of newly introduced savings-type products such as single premium whole life insurance in the same period last year. But the sales of core products with higher margins, such as “Junpu Life”, increased. Dai-ichi Frontier Life (DFL) maintained favorable sales of yen-denominated fixed annuities and its new products also contributed to the sales. In Australia, large group policies, which TAL acquired, positively affected its year-on-year comparison. All those positive effects mitigated the negative impacts of the decline on a stand-alone basis.
- We improved our consolidated ordinary expenses slightly by approximately 160 billion yen. The level of capital losses greatly improved compared to the same period last year, in which we recognized losses on both sale and valuation of securities in significant amount due to domestic and foreign market fluctuations amid the European sovereign debt crisis. Moreover, DFL's provision for policy reserves associated with guaranteed minimum maturity benefits (GMMB) of variable annuities decreased year-on-year for the same reason.
- In the same period last year, we recognized “gain on step acquisition”, an item under extraordinary gains, as part of the process of making TAL a wholly owned subsidiary and “losses on disposal of fixed assets”, an item under extraordinary losses, associated with the sale of Ooi office. In the first half of the current year, we recognized no significant extraordinary gains or losses. A decrease in corporate income taxes is attributable to the sale of fixed assets, which I explained in the previous conference call.
- Please turn to page 4.



## Financial Results of each Group Company

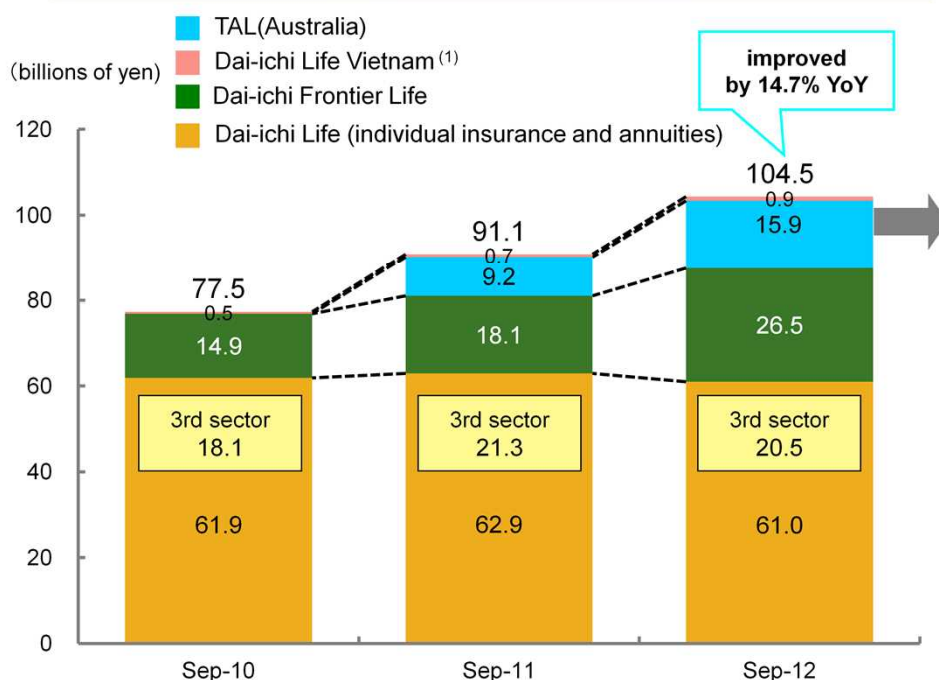
|   | 【Dai-ichi Life】             |                             |               | 【Dai-ichi Frontier Life】    |                             |               | 【TAL(Australia)】            |                             |               | 【Consolidated】              |                             |               |
|---|-----------------------------|-----------------------------|---------------|-----------------------------|-----------------------------|---------------|-----------------------------|-----------------------------|---------------|-----------------------------|-----------------------------|---------------|
|   | billions of yen             |                             |               | billions of yen             |                             |               | millions of AUD             |                             |               | billions of yen             |                             |               |
|   | 6 months<br>ended<br>Sep-11 | 6 months<br>ended<br>Sep-12 | Change<br>YoY | 6 months<br>ended<br>Sep-11 | 6 months<br>ended<br>Sep-12 | Change<br>YoY | 6 months<br>ended<br>Sep-11 | 6 months<br>ended<br>Sep-12 | Change<br>YoY | 6 months<br>ended<br>Sep-11 | 6 months<br>ended<br>Sep-12 | Change<br>YoY |
| Ordinary revenues                                 | 2,248.3                     | 2,037.3                     | (9%)          | 167.8                       | 219.8                       | +31%          | 1,095                       | 1,195                       | +9%           | 2,469.7                     | 2,337.7                     | (5%)          |
| Premium and other income                          | 1,600.0                     | 1,429.9                     | (11%)         | 148.5                       | 203.7                       | +37%          | 818                         | 962                         | +18%          | 1,807.6                     | 1,707.7                     | (6%)          |
| Investment income                                 | 492.3                       | 485.0                       | (1%)          | 19.2                        | 15.9                        | (17%)         | 13                          | 105                         | +690%         | 506.2                       | 504.2                       | (0%)          |
| Ordinary expenses                                 | 2,172.2                     | 1,948.6                     | (10%)         | 189.8                       | 227.8                       | +20%          | 994                         | 1,098                       | +10%          | 2,409.3                     | 2,248.8                     | (7%)          |
| Benefits and claims                               | 1,221.2                     | 1,171.0                     | (4%)          | 45.7                        | 56.3                        | +23%          | 550                         | 639                         | +16%          | 1,304.5                     | 1,273.7                     | (2%)          |
| Provision for policy reserves and others          | 238.5                       | 196.0                       | (18%)         | 83.6                        | 140.5                       | +68%          | 72                          | 157                         | +119%         | 305.5                       | 339.5                       | +11%          |
| Investment expenses                               | 287.9                       | 188.2                       | (35%)         | 52.9                        | 21.8                        | (59%)         | 106                         | 17                          | (84%)         | 343.7                       | 205.6                       | (40%)         |
| Operating expenses                                | 203.5                       | 198.7                       | (2%)          | 7.0                         | 8.5                         | +21%          | 227                         | 241                         | +6%           | 228.9                       | 228.3                       | (0%)          |
| Ordinary profit (loss)                            | 76.1                        | 88.6                        | +16%          | (22.0)                      | (7.9)                       | --            | 101                         | 97                          | (4%)          | 60.4                        | 88.8                        | +47%          |
| Extraordinary gains                               | 0.4                         | 4.5                         | +891%         | --                          | --                          | --            | --                          | --                          | --            | 23.5                        | 4.5                         | (81%)         |
| Extraordinary losses                              | 29.6                        | 20.5                        | (31%)         | 0.0                         | 0.1                         | +146%         | 2                           | --                          | --            | 30.0                        | 20.7                        | (31%)         |
| Minority interests in gain (loss) of subsidiaries | --                          | --                          | --            | --                          | --                          | --            | --                          | --                          | --            | (2.1)                       | (0.6)                       | (71%)         |
| Net income (loss)                                 | 6.1                         | 30.0                        | +388%         | (22.0)                      | (8.1)                       | --            | 63                          | 68                          | +8%           | 12.3                        | 28.0                        | +127%         |

(1) Figures of TAL is disclosed after re-classifying items of TAL's financial statements under the Australian accounting standards to fit Dai-ichi Life's disclosure standards.

- I will explain each Group company's business results.
- Dai-ichi Life on a stand-alone basis saw a double digit percentage increase in its ordinary profit. Although ordinary revenues declined year-on-year as a result of the sales spike of new products in the same period in the last fiscal year and fluctuations in the domestic financial markets, Dai-ichi Life improved its net capital gains due to its continued risk reduction program.
- DFL recorded favorable sales of yen-denominated fixed annuities. In addition, DFL introduced new products, including foreign currency-denominated whole life insurance, which contributed to sales. Moreover, as the foreign financial markets saw a partial recovery, the provision for policy reserves associated with GMMB of variable annuities decreased and, consequently, DFL improved its ordinary loss significantly.
- In Australia, TAL showed steady growth in ordinary revenues. Its ordinary profit decreased year-on-year, due to the increase in operating expenses associated with the enhancement of its operation system. But TAL increased its underlying profit, which is net income after certain adjustments to exclude one-time items. I will explain to you the underlying profit in detail later in this presentation. Additionally, as you can see, TAL recognized significant fluctuations in investment income/expenses. The change is attributable to investment income associated with its unit-linked business. Like Dai-ichi Life's gains and losses on investments in separate accounts, TAL's investment income/expenses in relation to unit-linked business are offset by the provision for and reversal of policy reserves and so these items do not affect TAL's ordinary profit.
- Please turn to page 5.

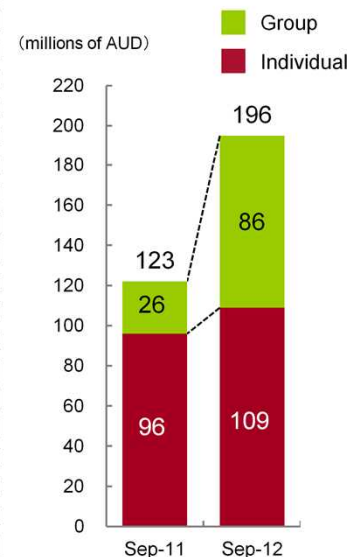
## Trend in New Business (ANP basis)

## Dai-ichi Group's New Business ANP



(1) The fiscal year of Dai-ichi Life Vietnam ends on December 31. New business ANPs of Dai-ichi Life Vietnam represent those of six months ended June 30, 2010, 2011 and 2012.

## TAL's New Business ANP

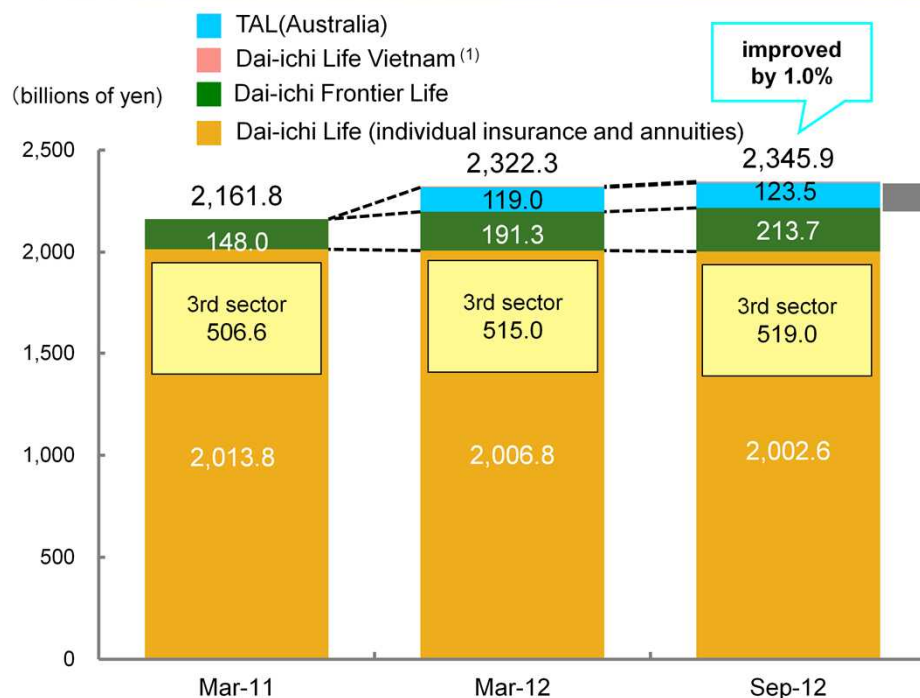


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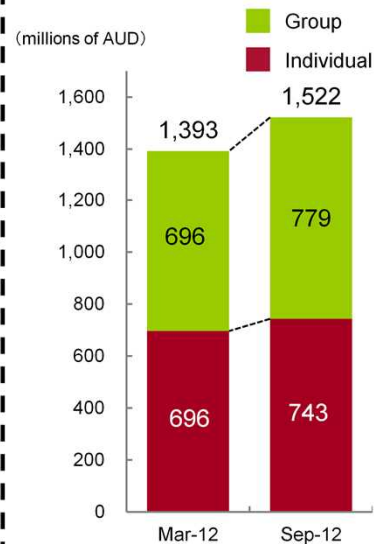
- I will explain the recent trends in new business. This slide shows the combined totals of Dai-ichi group companies.
- Dai-ichi Life, on a stand-alone basis, recorded favorable sales of “Junpu Life”. However, sales of “Grand Road,” a single premium whole life product which we introduced in August last year, experienced a year-on-year decline following strong sales in the same period last year, mainly because we reduced the assumed rate of return for the product to adjust to the situation in the financial markets. Annualized net premium (ANP) from third sector new business decreased by 4.1%, which is attributable to the effect of the extraordinary sales of newly-launched “Medical Yell” in the previous fiscal year. But the negative effect was concentrated in the first quarter. On the other hand, looking at the second quarter alone, ANP from third sector new business recovered to the level in the same period in the last fiscal year.
- DFL maintained its high ANP growth trend due to the favorable sales of its yen-denominated fixed annuities and new products, including foreign currency-denominated whole life insurance, which was introduced in May. Also, TAL showed steady growth in new business ANP due to its favorable sales of individual risk products. Moreover, large group policies that TAL acquired in January and July this year contributed to the growth. As a result, the Dai-ichi Life Group grew its new business ANP by 14.7% year-on-year.
- Please turn to page 6.

## Trend in Policies in Force (ANP basis)

## Dai-ichi Group's ANP from Policies in Force



## TAL's ANP from Policies in Force

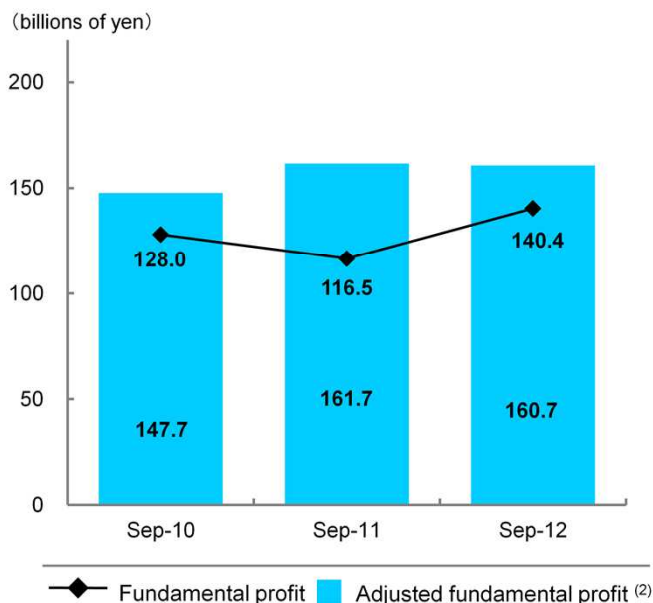
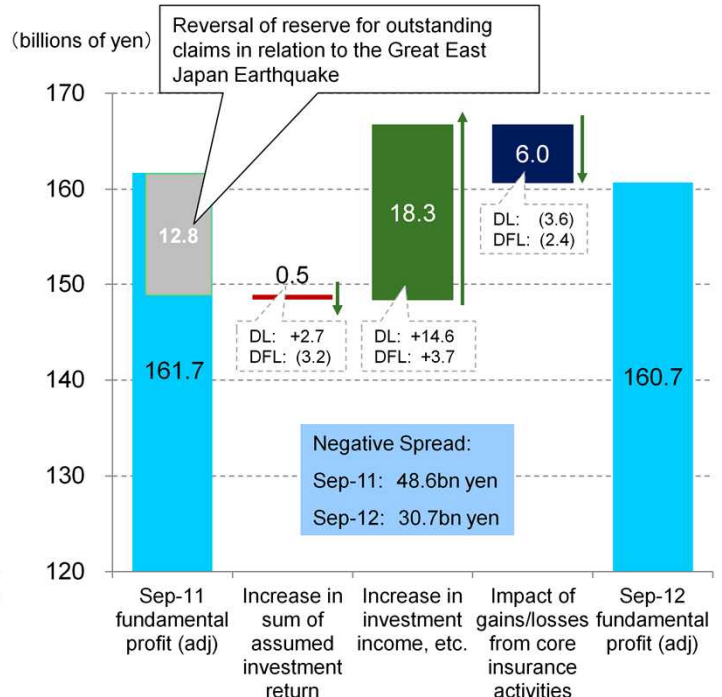


(1) The fiscal year of Dai-ichi Life Vietnam ends on December 31. ANP from policies in force as of Dai-ichi Life Vietnam as of Mar-12 and Sep-12 were 5.0 billion yen and 5.9 billion yen, respectively. The figure as of Mar-11 is not calculated.

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- I will explain the trends of policies in force.
- The Group's ANP in force maintained its growth trend and increased by 1.0% compared to March 2012. Dai-ichi Life, on a stand alone basis, slightly decreased its ANP by 0.2%. But we increased our ANP in our growth areas: on a stand-alone basis Dai-ichi Life increased ANP from its third sector policies in force by 0.8%. DFL and TAL in JPY terms increased their ANP by 11.7% and 3.8%, respectively.
- Please turn to page 7.

## Fundamental Profit

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

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

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

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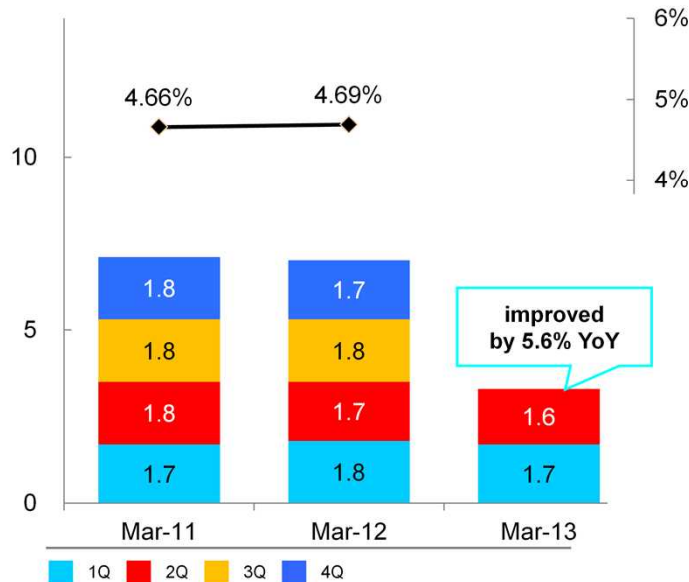
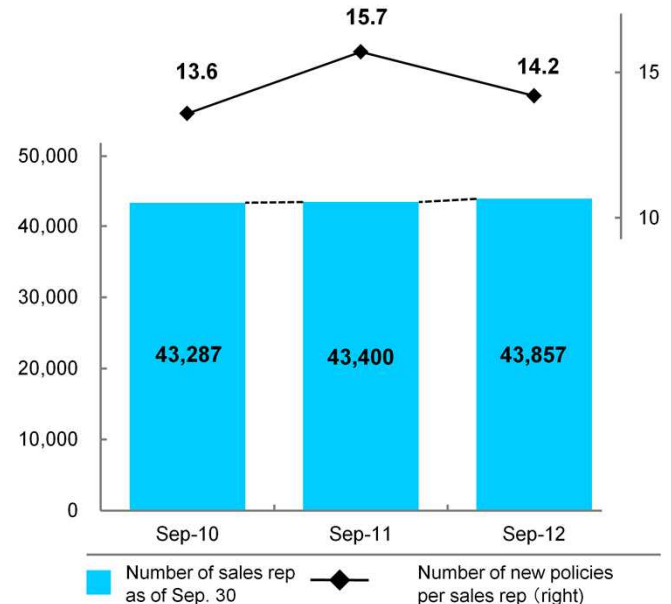
- I will now explain the fundamental profit of our domestic life insurance activities.
- Our fundamental profit is impacted by one-time items such as the provision for (reversal of) policy reserves related to the GMMB of variable annuities. We are presenting adjusted fundamental profit eliminating such impacts in the bar graph on the left. As you can see, adjusted fundamental profit for the period was 160.7 billion yen, almost flat from the 161.7 billion yen we recorded in same period last year.
- In addition, the adjusted fundamental profit for the same period last year included a reversal of the reserve for outstanding claims recorded after the re-calculation of benefits and claims to be incurred in relation to the Great East Japan Earthquake. Excluding the reversal impact, the adjusted fundamental profit increased by approximately 12 billion yen, which is reconciled in the graph on the right.
- Dai-ichi Life, on a stand-alone basis, recognized positive items, such as a 2.7 billion yen decrease in assumed investment return as a result of the provision of additional policy reserves and a 14.6 billion yen increase in investment income. While its interest and dividend income decreased due to the yen's appreciation against the Euro and a shift in asset allocation from foreign currency-denominated to yen-denominated bonds, gains on the sale of trust beneficiary interests, which we had held since the securitization of Dai-ichi's mortgage loans in 2000 contributed to the increase. We recorded such gains under "other investment income".
- DFL's assumed investment return increased by 3.2 billion yen due to its favorable sales in fixed annuities, which is more than offset by a 3.7 billion yen increase in investment income.
- Please turn to page 8.



## Surrender and Lapse, Sales Representatives

## Surrender &amp; Lapse (Individ. Insurance &amp; Annuities)

(trillions of yen)

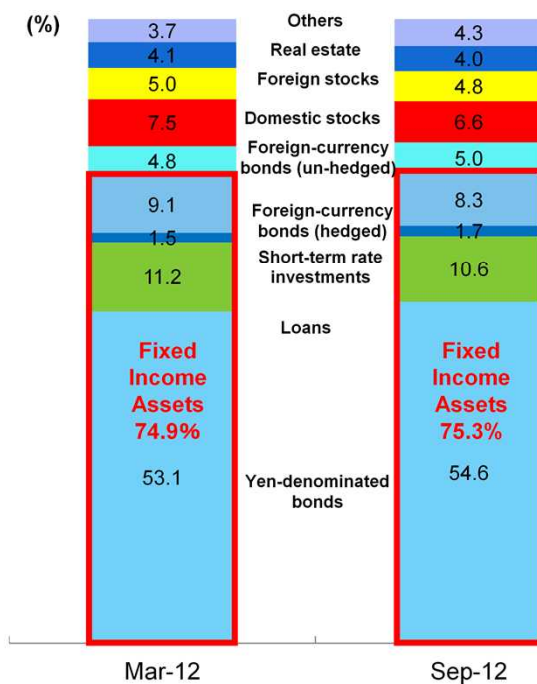
Sales Representatives of Dai-ichi Life<sup>(1)</sup>

(1) 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.

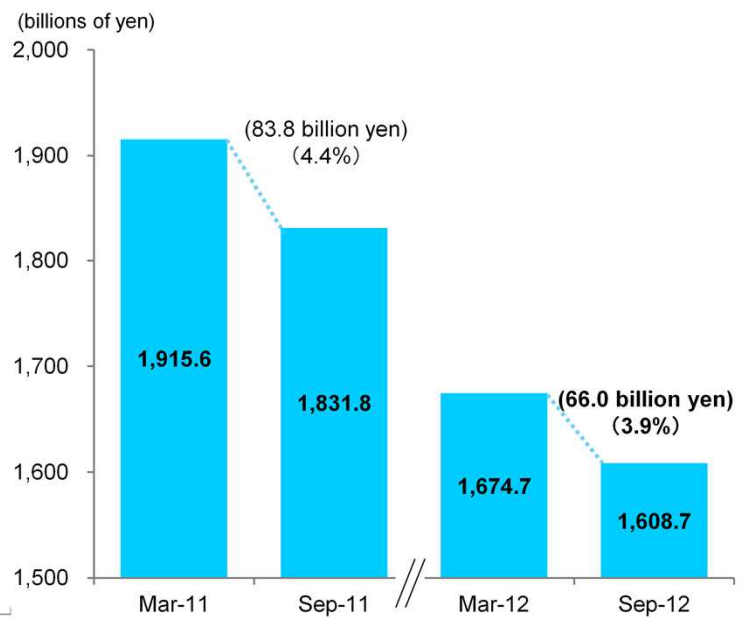
- The graph on the left shows the amount and rate of surrenders & lapses for Dai-ichi Life on a stand-alone basis. We consistently work to reduce the surrender and lapse rate. In addition, we have carried out extra measures to further reduce surrenders & lapses since mid-1Q. As a result, we decreased the amount of surrenders & lapses by 5.6% and decreased the surrender & lapse rate from 2.34% to 2.29% year-on-year, although we already had one of the lowest rates in the industry.
- The graph on the right shows the trends in the number of our sales representatives and their productivity. The number of sales representatives has seen a modest increasing trend. The number of policies per sales representative decreased year-on-year as a result of the effect of strong sales of new products such as “Medical Yell” and “Grand Road” that we recognized in the same period last year. However, sales of higher margin products, such as “Junpu Life” and the whole-life “Medical Yell” product, have been increasing.
- Please turn to page 9.

## General Account Assets (1)

## Asset Portfolio (General Account)



## Book Value of Domestic Stocks (1)



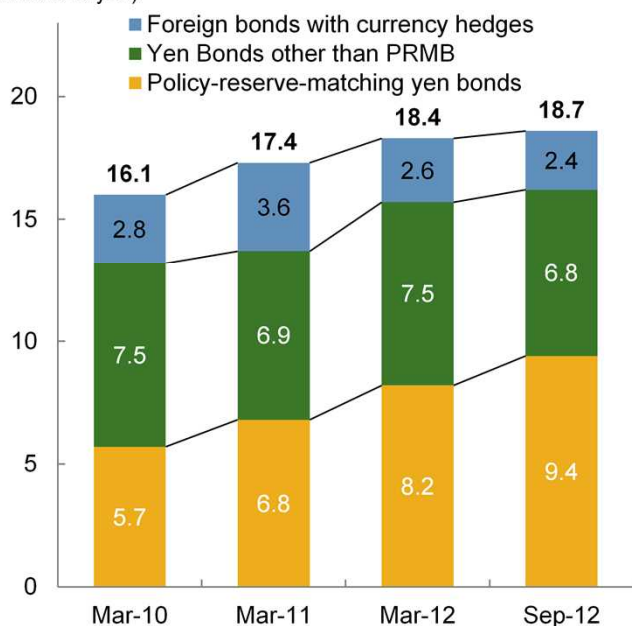
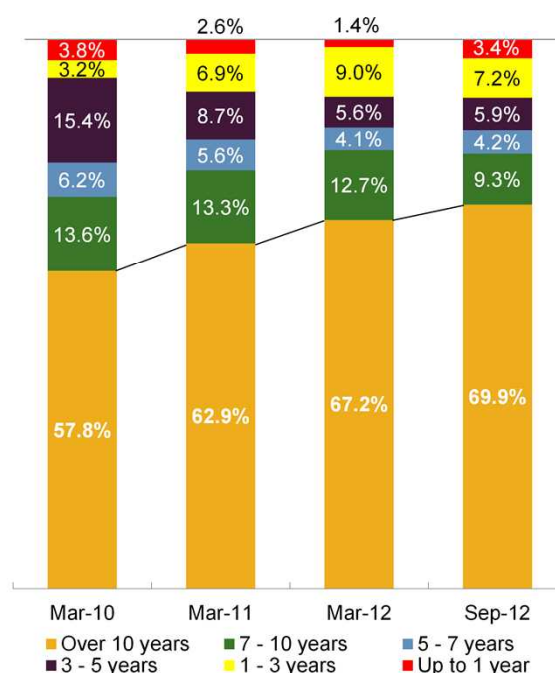
(1) Book value of domestic stocks with fair value (exclude stocks of subsidiaries / affiliated companies and unlisted companies)

- Now I will discuss our investments.
- The graph on the left shows the composition of our general account portfolio. Our investment portfolio continued to be built around a core of fixed income assets, such as yen-denominated bonds, in accordance with the concept of ALM and strict risk management.
- The share of domestic stocks within our total general account assets was down to 6.6% based on fair value. The graph on the right shows the book value of domestic listed stocks. We have reduced the balance by 66.0 billion yen during the first half of FY2012 through sales and write-downs.
- In the second quarter, we reduced the proportion of foreign currency-denominated bonds with currency hedges and increased the proportion of those without currency hedges within certain tolerable risk limits.
- We had quite limited exposure to certain Euro-zone countries at the end of June and saw no significant change in balance during the three months since June.
- Please turn to page 10.

## General Account Assets (2)

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.

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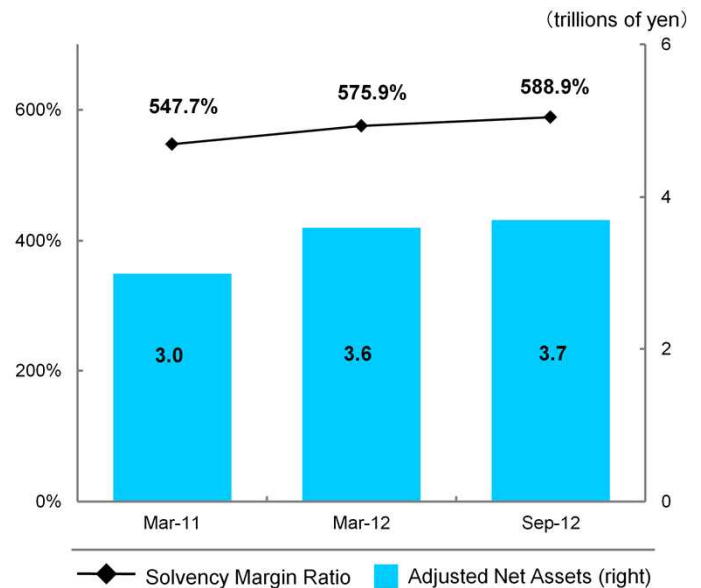
- I will discuss our initiatives to extend the average asset duration.
- The graph on the left shows the book value balance of yen-bonds and currency-hedged foreign bonds. We purchased more than 1 trillion yen of super long-term bonds as “policy reserve matching bonds” with the pace slightly exceeding the initial plan.
- The graph on the right shows remaining years to maturity of our domestic bonds. As you can see, we have successfully extended the duration of our assets.
- Please turn to page 11.

## Status of Financial Soundness

## Unrealized Gain/Loss (General Account)

(billions of yen)

|                       | As of<br>Mar-12 | As of<br>Sep-12 | Change  |
|-----------------------|-----------------|-----------------|---------|
| Securities            | 1,215.6         | 1,166.8         | (48.7)  |
| Domestic bonds        | 790.6           | 941.1           | +150.5  |
| Domestic stocks       | 297.8           | 105.4           | (192.3) |
| Foreign securities    | 114.4           | 108.5           | (5.8)   |
| Real estate           | (36.5)          | (16.6)          | +19.8   |
| General Account total | 1,179.9         | 1,149.6         | (30.2)  |

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

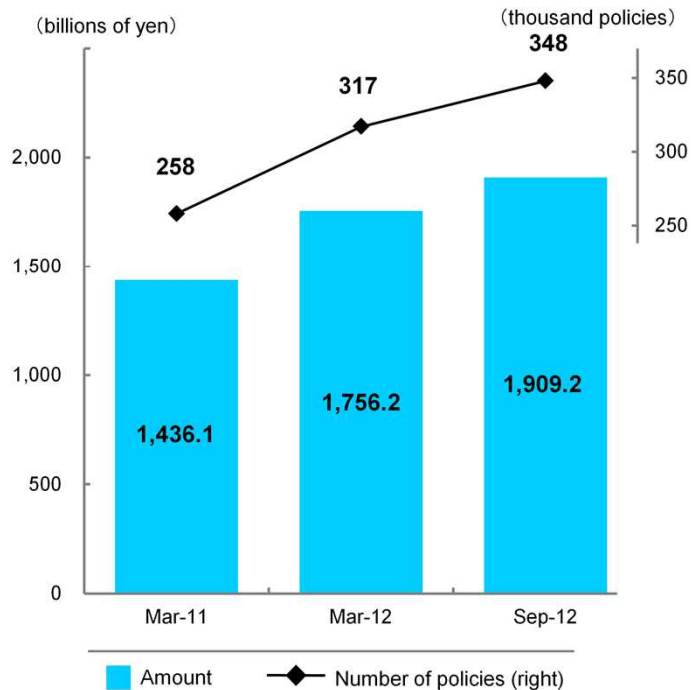
<Reference> Consolidated Solvency Margin  
Ratio as of Sep-12: 575.0 %

- I will now discuss the financial soundness of Dai-ichi Life.
- Unrealized gains, shown in the table on the left, slightly decreased compared to March 2012 due to a decrease in unrealized gain of domestic stocks resulting from market fluctuations, offset by an increase in unrealized gains of domestic bonds.
- The line chart on the right shows the trend of our solvency margin ratio. As a result of (1) the reduced balance of risk assets, including domestic stocks, and (2) the accumulation of retained earnings, our solvency margin ratio improved by 13.0 points to 588.9%, compared to March 2012.
- Please turn to page 12.



## Dai-ichi Frontier Life

## Policies in Force



## Earnings

|   | (billions of yen)     |                       |
|---|-----------------------|-----------------------|
|   | 6 months ended Sep-11 | 6 months ended Sep-12 |
| Ordinary revenues   | 167.8                 | 219.8                 |
| Premium and other income  | 148.5                 | 203.7                 |
| Variable products   | 38.8                  | 24.3                  |
| Fixed products  | 88.4                  | 157.1                 |
| Investment income   | 19.2                  | 15.9                  |
| Hedge gain related to GMMB risk (A)                                   | 17.0                  | 8.3                   |
| Ordinary expenses   | 189.8                 | 227.8                 |
| Provision for policy reserves and other                               | 83.6                  | 140.5                 |
| Related to GMMB risk (negative indicates a reversal) (B)              | 44.1                  | 19.9                  |
| Provision for contingency reserve (C)                                 | 1.6                   | 1.3                   |
| Investment expenses   | 52.9                  | 21.8                  |
| Hedge losses related to GMMB risk (D)                                 | -                     | -                     |
| Ordinary profit (loss)  | (22.0)                | (7.9)                 |
| Net income (loss)   | (22.0)                | (8.1)                 |
| Net income - A + B + C + D  | 6.5                   | 4.8                   |
| [Additional reconciliation items for normalized income]               |                       |                       |
| Reinsurance balance   |                       |                       |
| Reinsurance income  | 21.2                  | 22.2                  |
| Ceding reinsurance commissions  | 27.9                  | 30.3                  |
| Net reinsurance income (expense)                                      | (6.6)                 | (8.0)                 |
| Reserve position related to market value adjustment of term annuities |                       |                       |
| (Provision) /reversal for policy reserve                              | (1.3)                 | (3.0)                 |

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- I will now discuss the results of DFL.
- DFL introduced new foreign currency-denominated whole life products in May and new variable annuities in June and August. It not only maintained favorable sales of yen-denominated annuities but also recognized steady sales of those new products in the 2nd quarter. As a result, DFL's sum insured exceeded 1.9 trillion yen.
- Looking at accounting items, DFL increased its premium and other income by 37.2% year-on-year. In addition, due to favorable sales of fixed annuities, its interest and dividend income increased significantly. In the second quarter, although domestic market fluctuations remained, some of the overseas financial markets began to recover. As a result, DFL almost halved the provision for policy reserve associated with GMMB of variable annuities year-on-year, improving its net loss significantly.
- The provision for (or reversal of) GMMB policy reserve increases or decreases depending on the state of the financial markets. Although the provision is offset partly by hedge gains, DFL is still exposed to the risk that the provision may increase significantly. Therefore, we decided not to provide for a category III contingency reserve (the statutory reserve to prepare for the risk associated with GMMB risks) in the first half of the year. However, that does not mean that we have changed our policy or the amount we expect to provide for a category III contingency reserve in this fiscal year to improve DFL's medium- to long-term profitability.
- Please turn to page 13.

Earnings of Australia's TAL<sup>(1)</sup>

(millions of AUD)

|   | 6 Months<br>ended<br>Sep-11 | 6 Months<br>ended<br>Sep-12 | % Change |
|---|-----------------------------|-----------------------------|----------|
| Ordinary revenues <sup>(2)</sup>        | 1,095                       | 1,195                       | + 9%     |
| Premium and other income <sup>(2)</sup> | 818                         | 962                         | + 18%    |
| Ordinary profit <sup>(2)</sup>          | 101                         | 97                          | (4%)     |
| Net income (A) <sup>(2)</sup>           | 63                          | 68                          | + 8%     |

|                           |      |      |
|---------------------------|------|------|
| Adjustments after tax (B) | (7)  | 2    |
| Discount rate changes     | (20) | (21) |
| Amortization charges      | 11   | 11   |
| Others                    | 1    | 12   |

|                           |    |    |       |
|---------------------------|----|----|-------|
| Underlying profit (A + B) | 56 | 70 | + 26% |
|---------------------------|----|----|-------|

&lt;Reference&gt;

|                       | As of Sep-11 | As of Sep-12 |
|-----------------------|--------------|--------------|
| JPY/AUD exchange rate | 75.17        | 81.12        |

<sup>(1)</sup> Figures for consolidated holding company (i.e., TAL Dai-ichi Life Australia Pty Ltd).<sup>(2)</sup> Disclosed after re-classifying items of TAL's financial statements under the Australian accounting standards to fit Dai-ichi Life's disclosure standards (excluding adjustments after tax and underlying profit).

- In Australia, TAL maintained favorable sales of individual risk products. In addition, TAL acquired large group policies in January and July of this year. As a result, TAL grew its premium and other income for the period by 18% year-on-year in AUD terms. On the other hand, its ordinary profit decreased year-on-year, due to the increase in operating expenses associated with the enhancement of its operation system.
- On October 8, 2012, TAL announced that it had signed an alliance agreement with NRMA insurance, an operating unit of Insurance Australia Group Limited (IAG), to offer NRMA's customers life insurance policies managed by TAL's direct channel under IAG's well known distribution brand.
- To achieve better-than-market growth in this competitive environment, TAL has worked on various projects, one of which is to concentrate its multiple business lines acquired in the past and relocate its Sydney premises to a new office. Consequently, TAL recorded one-time expenses to provide for lease liability in relation to the current office in the first half.
- TAL increased its underlying profit by 26% year-on-year, which is net income before the impacts of such one-time expenses and other adjustments, including those due to changes in accounting policy associated with Dai-ichi Life's acquisition of TAL that we recognized in the previous fiscal year, amortization of intangible fixed assets, and impacts of changes in discount rates.
- Please turn to page 14.

## Guidance for the Year Ending March 2013 (No Change to May 15 Forecasts)

- While we made significant progress towards our earnings forecast, we made no change to our original earnings forecast, as we expect certain expense items to materialize in the second half of the fiscal year.

(billions of yen unless otherwise noted)

|                                  | Year ended<br>Mar-12 | Year ending<br>Mar-13 | Change         |
|----------------------------------|----------------------|-----------------------|----------------|
| <b>Ordinary revenues</b>         | <b>4,931.7</b>       | <b>4,596.0</b>        | <b>(335.7)</b> |
| Dai-ichi Life non-consolidated   | 4,398.2              | 3,988.0               | (410.2)        |
| Dai-ichi Frontier                | 414.8                | 443.0                 | 28.1           |
| TAL (millions of AUD)            | 2,041                | 2,090                 | 48             |
| <b>Ordinary profit</b>           | <b>225.9</b>         | <b>138.0</b>          | <b>(87.9)</b>  |
| Dai-ichi Life non-consolidated   | 243.7                | 156.0                 | (87.7)         |
| Dai-ichi Frontier                | (28.2)               | (25.0)                | 3.2            |
| TAL (millions of AUD)            | 142                  | 100                   | (42)           |
| <b>Net income</b>                | <b>20.3</b>          | <b>25.0</b>           | <b>4.6</b>     |
| Dai-ichi Life non-consolidated   | 17.6                 | 44.0                  | 26.3           |
| Dai-ichi Frontier <sup>(1)</sup> | (25.7)               | (23.4)                | 2.3            |
| TAL (millions of AUD)            | 93                   | 70                    | (23)           |
| <b>Dividends per share (yen)</b> | <b>1,600</b>         | <b>1,600</b>          | <b>-</b>       |

(Reference)

|   |       |              |        |
|---|-------|--------------|--------|
| Fundamental profit (Dai-ichi Life non-consolidated) | 302.4 | around 270.0 | (32.4) |
|---|-------|--------------|--------|

(1) Calculated based on Dai-ichi Life's interest in Dai-ichi Frontier Life.

- I will explain our earnings guidance for the fiscal year ending March 2013.
- Although our financial results for the first half of the fiscal year exceeded our original earnings forecast, we have not changed the forecast. As originally planned, in the second half of the fiscal year, Dai-ichi Life, on a stand-alone basis, will provide for more additional policy reserves to reduce the burden of a future negative spread compared to the first half of the fiscal year. Also, DFL plans to provide for a category III contingency reserve in the second half of the fiscal year. Moreover, we see growing concern over a potential slow down in the global economy, which is likely to cause fluctuations in the financial markets. Therefore, we decided not to change our original earnings forecast.
- Please turn to page 15.

## European Embedded Value of the Dai-ichi Life Group (i)

- Group EEV as of September 30, 2012 was 2,484.8 billion yen. It decreased by 176.6 billion yen compared to previous year-end mainly due to a decline in unrealized gains on domestic stocks and lower domestic interest rates.

## EEV of the Group

(billions of yen)

|                            | Mar-12  | Sep-12  | Change  |
|----------------------------|---------|---------|---------|
| EEV                        | 2,661.5 | 2,484.8 | (176.6) |
| Adjusted net worth         | 1,867.0 | 1,824.5 | (42.5)  |
| Value of in-force business | 794.4   | 660.3   | (134.1) |

|                       | 1H<br>FY 2011 | 1H<br>FY 2012 | Change | FY 2011 |
|-----------------------|---------------|---------------|--------|---------|
| Value of new business | 69.4          | 79.8          | +10.4  | 187.7   |

## EEV of Dai-ichi (stand alone)

(billions of yen)

|                            | Mar-12  | Sep-12  | Change  |
|----------------------------|---------|---------|---------|
| EEV                        | 2,715.0 | 2,528.5 | (186.5) |
| Adjusted net worth         | 1,996.2 | 1,946.7 | (49.5)  |
| Value of in-force business | 718.7   | 581.8   | (136.9) |

|                       | 1H<br>FY 2011 | 1H<br>FY 2012 | Change | FY 2011 |
|-----------------------|---------------|---------------|--------|---------|
| Value of new business | 60.9          | 69.9          | +8.9   | 168.1   |

## EEV of Dai-ichi Frontier Life

(billions of yen)

|                            | Mar-12 | Sep-12 | Change |
|----------------------------|--------|--------|--------|
| EEV                        | 122.2  | 123.1  | +0.9   |
| Adjusted net worth         | 113.2  | 120.3  | +7.0   |
| Value of in-force business | 8.9    | 2.8    | (6.1)  |

|                       | 1H<br>FY 2011 | 1H<br>FY 2012 | Change | FY 2011 |
|-----------------------|---------------|---------------|--------|---------|
| Value of new business | 1.3           | 0.1           | (1.1)  | 2.4     |

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- I will explain about our European Embedded Value as of September 2012. We released our preliminary Group EEV because we are still in the process of receiving a third party opinion.
- Group EEV as of September 2012 decreased by 176.6 billion yen, compared to March 2012, to 2 trillion 484.8 billion yen, consisting of (1) Adjusted Net Worth (ANW) of 1 trillion 824.5 billion yen, and (2) Value of In-force Business (VIF) of 660.3 billion yen.
- ANW decreased by 42.5 billion yen compared to March 2012, mainly due to a decrease in unrealized gains on domestic stocks as a result of a decline in the domestic stock market.
- Next, VIF decreased by 134.1 billion yen because the positive impact of the acquisition of new business, greater than that in the same period in the last fiscal year, was offset by the negative impact of lower domestic long-term interest rates.
- EEVs of Dai-ichi Life stand-alone and Dai-ichi Frontier Life are also shown in this slide.
- Please turn to page 16.



## European Embedded Value of the Dai-ichi Life Group (ii)

## EEV of TAL

(billions of yen)

|                            | Mar-12 | Sep-12 | Change |
|----------------------------|--------|--------|--------|
| EEV                        | 136.4  | 145.4  | +9.0   |
| Adjusted net worth         | 68.7   | 69.4   | +0.6   |
| Value of in-force business | 67.6   | 75.9   | +8.3   |

|                       | 1H<br>FY2011 | 1H<br>FY2012 | Change | FY2011 |
|-----------------------|--------------|--------------|--------|--------|
| Value of new business | 7.2          | 9.7          | +2.4   | 17.4   |

## &lt;reference&gt; EEV of TAL in AUD

(millions of AUD)

|                            | Mar-12 | Sep-12 | Change |
|----------------------------|--------|--------|--------|
| EEV                        | 1,596  | 1,792  | +196   |
| Adjusted net worth         | 805    | 856    | +51    |
| Value of in-force business | 791    | 936    | +144   |

|                       | 1H<br>FY2011 | 1H<br>FY2012 | Change | FY2011 |
|-----------------------|--------------|--------------|--------|--------|
| Value of new business | 96           | 120          | +23    | 204    |

- For value of new business for 1H FY2011, an exchange rate of JPY 75.17 to AUD 1.00 is used.
- For EEV as of Mar-12 and value of new business for FY2011, an exchange rate of JPY 85.45 to AUD 1.00 is used.
- For EEV as of Sep-12 and value of new business for 1H FY2012, an exchange rate of JPY 81.12 to AUD 1.00 is used.

- (1) During the six months ended September 30, 2012, TAL's principal holding company function was transferred from TAL Limited to TAL Dai-ichi Life Australia Pty Ltd. Consequently, we changed our approach for calculating the Group EEV: starting on September 30, 2012, TAL's EEV is calculated for TAL Dai-ichi Life Australia Pty Ltd, instead of TAL Limited. Please refer to our separate news release to be issued on November 19, 2012, titled "Disclosure of European Embedded Value as of September 30, 2012" for details.
- (2) Although TAL Limited became a wholly owned subsidiary of Dai-ichi Life on May 11, 2011, the Group's value of new business for 1H FY2011 includes the value of new business of TAL Limited for the period starting on April 1, 2011.

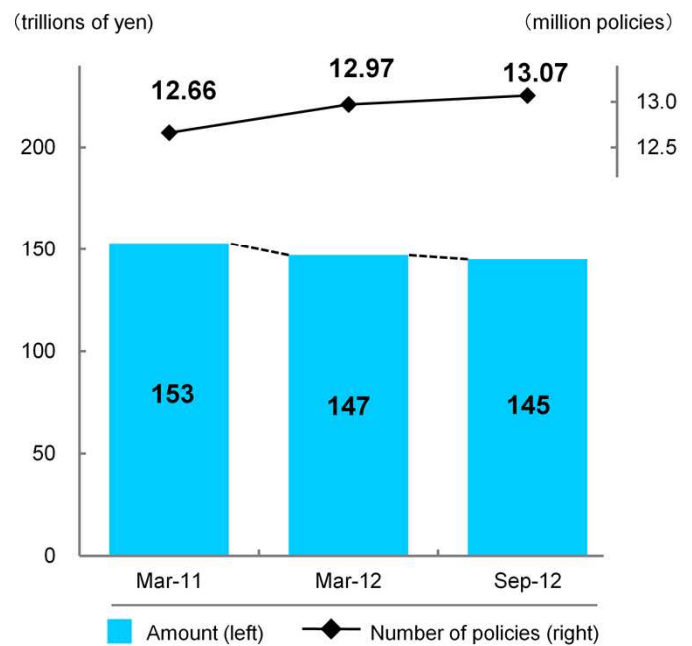
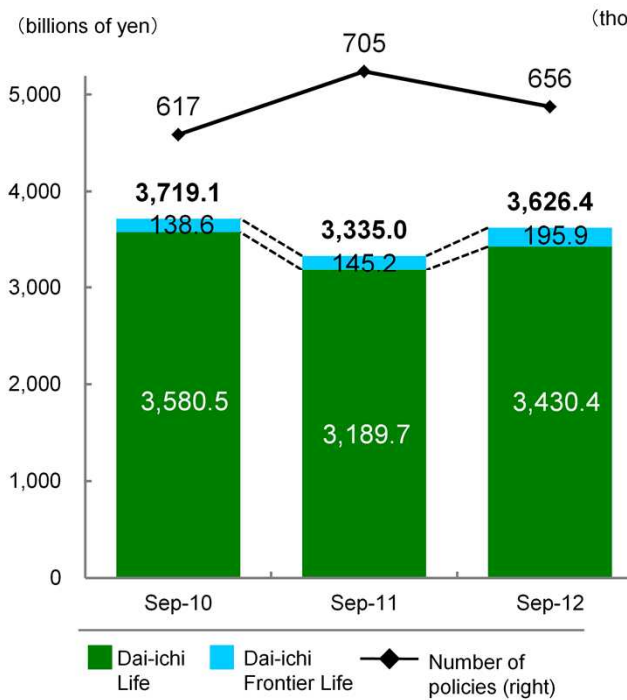
16

- TAL's EEV as of September 2012 amounted to 145.4 billion yen.
- TAL increased its value of new business year-on-year due to favorable sales of risk products – in particular, sales of individual products contributed to the increase – which in total boosted the value of in-force business. Moreover, lower interest rates positively affected TAL's EEV, while negatively affecting Dai-ichi's stand-alone EEV.
- Today, my presentation focused on our financial results for the first half of the fiscal year. In the financial analyst meeting to be held on November 20, our president, Koichiro Watanabe, will make a presentation regarding the details of EEV and the progress of our medium-term management plan.
- This is the end of my presentation.

## Appendix

DAI-ICHI LIFE

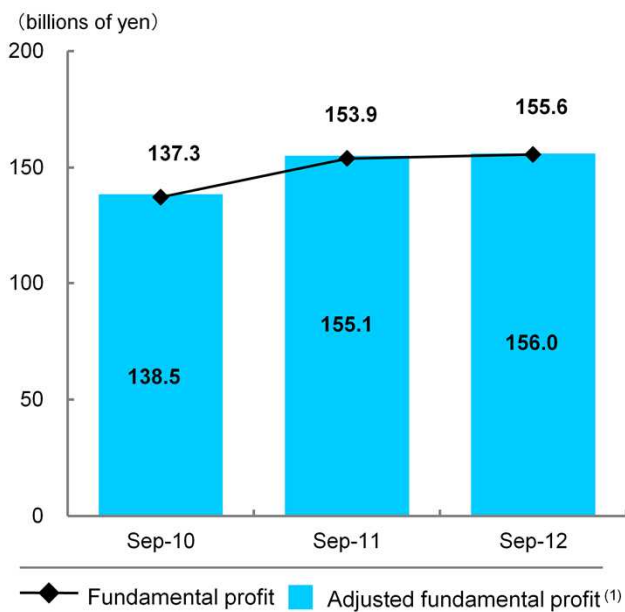
## Policy Trend (Individual Insurance, Individual Annuities)

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

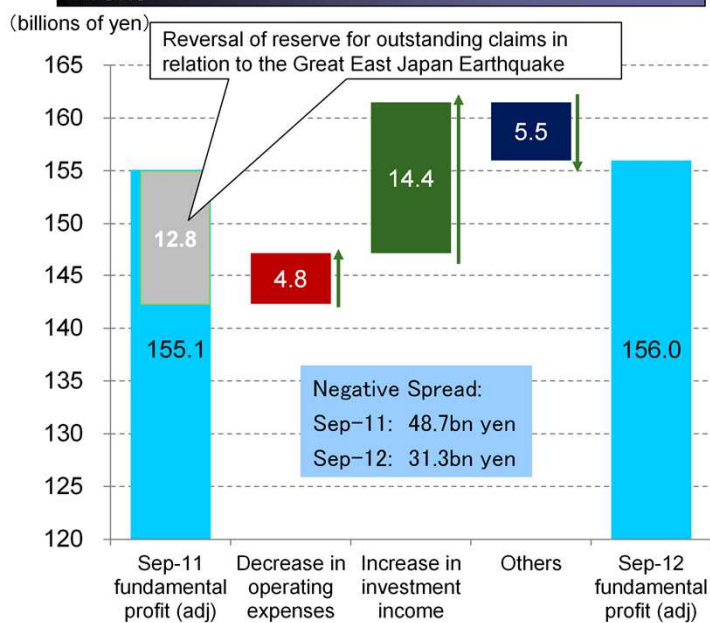
(1) Sum of Dai-ichi Life and Dai-ichi Frontier Life

## 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)

|  | 6 months ended Sep-11 | 6 months ended Sep-12 | Change  |
|--|-----------------------|-----------------------|---------|
| Ordinary revenues                                | 2,248.3               | 2,037.3               | (211.0) |
| Premium and other income                         | 1,600.0               | 1,429.9               | (170.1) |
| Investment income                                | 492.3                 | 485.0                 | (7.3)   |
| Interest and dividends                           | 342.8                 | 336.0                 | (6.8)   |
| Gains on sale of securities                      | 146.3                 | 125.5                 | (20.8)  |
| Other ordinary revenues                          | 155.9                 | 122.3                 | (33.5)  |
| Ordinary expenses                                | 2,172.2               | 1,948.6               | (223.5) |
| Benefits and claims                              | 1,221.2               | 1,171.0               | (50.1)  |
| Provision for policy reserves and others         | 238.5                 | 196.0                 | (42.5)  |
| Investment expenses                              | 287.9                 | 188.2                 | (99.7)  |
| Losses on sale of securities                     | 56.9                  | 31.4                  | (25.4)  |
| Losses on valuation of securities                | 85.1                  | 65.1                  | (19.9)  |
| Losses on investments in separate accounts       | 89.6                  | 45.8                  | (43.8)  |
| Operating expenses                               | 203.5                 | 198.7                 | (4.8)   |
| Ordinary profit                                  | 76.1                  | 88.6                  | +12.5   |
| Extraordinary gains                              | 0.4                   | 4.5                   | +4.0    |
| Extraordinary losses                             | 29.6                  | 20.5                  | (9.1)   |
| Provision for reserve for policyholder dividends | 34.7                  | 38.9                  | +4.1    |
| Income before income taxes                       | 12.1                  | 33.7                  | +21.5   |
| Total of corporate income taxes                  | 5.9                   | 3.6                   | (2.2)   |
| Net income                                       | 6.1                   | 30.0                  | +23.8   |

## Balance Sheets

(billions of yen)

|   | As of Mar-12 | As of Sep-12 | Change  |
|---|--------------|--------------|---------|
| Total assets  | 31,461.9     | 31,568.5     | +106.5  |
| Cash, deposits and call loans                           | 499.2        | 571.3        | +72.0   |
| Monetary claims bought                                  | 294.3        | 292.4        | (1.8)   |
| Securities  | 25,333.4     | 25,390.6     | +57.1   |
| Loans   | 3,412.5      | 3,250.8      | (161.6) |
| Tangible fixed assets                                   | 1,254.1      | 1,235.9      | (18.2)  |
| Deferred tax assets                                     | 282.6        | 341.8        | +59.2   |
| Total liabilities                                       | 30,433.5     | 30,625.4     | +191.8  |
| Policy reserves and others                              | 28,529.9     | 28,712.7     | +182.8  |
| Policy reserves   | 28,011.6     | 28,203.0     | +191.3  |
| Contingency reserve                                     | 423.0        | 441.0        | +18.0   |
| Reserve for employees' retirement benefits              | 432.0        | 439.8        | +7.8    |
| Reserve for price fluctuations                          | 74.4         | 88.4         | +14.0   |
| Total net assets  | 1,028.3      | 943.1        | (85.2)  |
| Total shareholders' equity                              | 610.3        | 602.1        | (8.2)   |
| Total of valuation and translation adjustments          | 417.8        | 340.5        | (77.2)  |
| Net unrealized gains (losses) on securities, net of tax | 479.4        | 379.5        | (99.9)  |
| Reserve for land revaluation                            | (61.6)       | (38.0)       | +23.5   |

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

## Financial Statements of Dai-ichi Frontier Life (summarized)

## Statements of Earnings

(billions of yen)

|  | 6 months<br>ended<br>Sep-11 | 6 months<br>ended<br>Sep-12 | Change |
|--|-----------------------------|-----------------------------|--------|
| Ordinary revenues                        | 167.8                       | 219.8                       | +52.0  |
| Premium and other income                 | 148.5                       | 203.7                       | +55.2  |
| Investment income                        | 19.2                        | 15.9                        | (3.2)  |
| Ordinary expenses                        | 189.8                       | 227.8                       | +37.9  |
| Benefits and claims                      | 45.7                        | 56.3                        | +10.5  |
| Provision for policy reserves and others | 83.6                        | 140.5                       | +56.8  |
| Investment expenses                      | 52.9                        | 21.8                        | (31.0) |
| Operating expenses                       | 7.0                         | 8.5                         | +1.4   |
| Ordinary profit (loss)                   | (22.0)                      | (7.9)                       | +14.0  |
| Extraordinary gains (losses)             | (0.0)                       | (0.1)                       | (0.1)  |
| Income (loss) before income taxes        | (22.0)                      | (8.1)                       | +13.9  |
| Total of corporate income taxes          | 0.0                         | 0.0                         | (0.0)  |
| Net income (loss)                        | (22.0)                      | (8.1)                       | +13.9  |

## Balance Sheets

(billions of yen)

|                               | As of<br>Mar-12 | As of<br>Sep-12 | Change |
|-------------------------------|-----------------|-----------------|--------|
| Total assets                  | 1,860.6         | 2,000.7         | +140.1 |
| Cash, deposits and call loans | 23.2            | 34.5            | +11.3  |
| Securities                    | 1,766.8         | 1,884.6         | +117.8 |
| Total liabilities             | 1,769.9         | 1,913.0         | +143.0 |
| Policy reserves and others    | 1,749.8         | 1,890.2         | +140.4 |
| Policy reserves               | 1,748.5         | 1,889.0         | +140.5 |
| Contingency reserve           | 57.1            | 58.5            | +1.3   |
| Total net assets              | 90.6            | 87.7            | (2.8)  |
| Total shareholders' equity    | 86.7            | 78.6            | (8.1)  |
| Capital stock                 | 117.5           | 117.5           | -      |
| Capital surplus               | 67.5            | 67.5            | -      |
| Retained earnings             | (98.2)          | (106.3)         | (8.1)  |

## Summary of Financial Statements of TAL (Australia)

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

(millions of AUD)

|  | 6 months<br>ended<br>Sep-11 | 6 months<br>ended<br>Sep-12 | Change |
|--|-----------------------------|-----------------------------|--------|
| Ordinary revenues                        | 1,095                       | 1,195                       | 99     |
| Premium and other income                 | 818                         | 962                         | 143    |
| Investment income                        | 13                          | 105                         | 92     |
| Other ordinary revenues                  | 263                         | 127                         | (136)  |
| Ordinary expenses                        | 994                         | 1,098                       | 103    |
| Benefits and claims                      | 550                         | 639                         | 88     |
| Provision for policy reserves and others | 72                          | 157                         | 85     |
| Investment expenses                      | 106                         | 17                          | (89)   |
| Operating expenses                       | 227                         | 241                         | 14     |
| Other ordinary expenses                  | 37                          | 42                          | 4      |
| Ordinary profit                          | 101                         | 97                          | (4)    |
| Extraordinary losses                     | 2                           | -                           | (2)    |
| Total of corporate income taxes          | 35                          | 28                          | (6)    |
| Net income                               | 63                          | 68                          | 5      |
| Underlying profit                        | 56                          | 70                          | 14     |

Balance Sheets<sup>(1)</sup>

(millions of AUD)

|                               | As of<br>Mar-12 | As of<br>Sep-12 | Change |
|-------------------------------|-----------------|-----------------|--------|
| Total assets                  | 5,067           | 5,235           | 167    |
| Cash and deposits             | 378             | 444             | 65     |
| Securities                    | 2,659           | 2,657           | (2)    |
| Tangible fixed assets         | 2               | 2               | (0)    |
| Intangible fixed assets       | 1,294           | 1,277           | (16)   |
| Consolidation goodwill        | 783             | 783             | -      |
| Other intangible fixed assets | 511             | 494             | (16)   |
| Reinsurance receivable        | 90              | 118             | 28     |
| Other assets                  | 641             | 735             | 94     |
| Total liabilities             | 3,343           | 3,447           | 103    |
| Policy reserves and others    | 2,369           | 2,431           | 61     |
| Reinsurance payables          | 215             | 258             | 42     |
| Other liabilities             | 670             | 651             | (19)   |
| Deferred tax liabilities      | 87              | 106             | 19     |
| Total net assets              | 1,724           | 1,787           | 63     |
| Total shareholder's equity    | 1,724           | 1,787           | 63     |
| Capital stock                 | 1,630           | 1,630           | -      |
| Retained earnings             | 93              | 157             | 63     |

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

(2) Figures for TAL (excluding underlying profit) are disclosed after re-classifying items of TAL's financial statements under the Australian accounting standards to fit Dai-ichi Life's disclosure standards.

## Sensitivities to Financial Markets (September 2012: non-consolidated basis)

|                    | Sensitivities <sup>(1)</sup>  | Breakeven Points <sup>(2)</sup>                    |
|--------------------|---|--|
| Domestic stocks    | Nikkei 225<br>1,000 yen change:<br>± 190 billion yen<br>(March 2012: ± 190 billion yen)   | Nikkei 225<br>8,300 yen<br>(March 2012: 8,400 yen) |
| Domestic bonds     | 10-year JGB Yield<br>10bp change:<br>± 220 billion yen<br>(March 2012: ± 200 billion yen) | 10-year JGB Yield<br>1.2%<br>(March 2012: 1.4%)    |
| Foreign securities | JPY / USD<br>1 yen change:<br>± 24 billion yen<br>(March 2012: ± 22 billion yen)          | JPY / USD<br>\$1 = 83 yen<br>(March 2012: 84 yen)  |

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

(2) 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).

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