

(Unofficial Translation)
FY2013-2Q Financial Results Conference Call for Institutional Investors and Analysts
Q&A Summary

Date: November 14, 2013 19:00 – 20:00
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< Earnings Forecast for the Fiscal Year Ending March 2014 >

Q1. The increase in the revised net income forecast of Dai-ichi Life on a non-consolidated basis seems to be small. Please explain whether this is because of factors such as an increase in provision for reserve for policyholder dividends or reserve for price fluctuations.

A1. Taking into account the possible abolishment of the increased tax rate for reconstruction related to the Great East Japan Earthquake, we expect to reduce deferred tax assets by approximately ¥4.0 – 5.0 billion. Additionally, as net capital gains have steadily increased for the first half of the year, we expect an increase in the provision for policyholder dividends for the second half of the year compared to the first half of the year. However, we do not expect to provide further reserve for price fluctuations during the second half of the year in addition to the ¥14.0 billion we have already provided as planned.

Q2. Please discuss the background of your decision to leave the dividend forecast unchanged despite your upward revision of forecasted net income.

A2. First, we set a total payout ratio of 30% of adjusted net income as our mid- to long-term goal in our medium-term management plan for the next three years in May 2013. Second, our original earnings forecast in May stated that we would increase our dividend per share from ¥16 to ¥20, which is greater than 30% of adjusted net income, calculated using our original earnings forecast. However, the payout ratio based on adjusted net income calculated from our revised forecast is approximately 30%, which is within the range of our total payout ratio goal. Accordingly, we did not change our dividend forecast.

Q3. Please explain whether we should expect that net capital gains of Dai-ichi Life on a stand-alone basis for the second half of the year will be close to zero based on the revised earnings forecast.

A3. For the first half of the year, we have shifted from available-for-sale securities to policy-reserve-matching bonds. However, given the current relatively low interest rates, we

think it will be difficult to make re-allocations on a scale similar to those we did in the first half of the year. Therefore, we conservatively estimated net capital gains/losses when formulating our revised forecast. However, we do not believe net capital gains will be close to zero.

Q4. Your forecasted ordinary profit for the fiscal year ending March 2014 is substantial. Please explain whether we can expect that ordinary profit and net income will grow sustainably.

A4. In principle, we formulate our earnings forecast with a focus on adjusted net income and do not focus on the ordinary profit forecast. However, as we work to achieve our goal of ¥100 billion adjusted net income for the fiscal year ending March 2016, we expect that our ordinary profit will increase along with adjusted net income.

< Sales Trends >

Q5. According to page 19 of the presentation material, the number of new policies per sales representative is trending down. In contrast, the value of new business per sales representative has increased, as shown on page 8. Please explain the background of these results.

A5. Due to spurred demand from consumers before the scheduled increase in premiums, the number of new policies drastically increased for the three months ended March 2013. As a result of this spike in sales, we saw a decrease in the number of new policies for the first half of the year ending March 2014. However, due to an improvement in the surrender and lapse rate and improved new business margins resulting from the premium increase, productivity based on the value of new business has increased.

Q6. Please discuss whether the improvement in productivity based on the value of new business is due to drastic changes in the Company's product mix. Also, please clarify whether the improvement in the persistence rate and decrease in the surrender and lapse rate are two sides of the same coin.

A6. While sales for younger customers have slightly increased compared to prior years, we believe the improvement in productivity is more a result of the improved surrender and lapse rate and increase in premiums as opposed to changes in our product mix. Your understanding related to the improvement in the persistence rate is correct.

< Fundamental Profit / Negative Spread >

Q7. Please discuss reasons for the year-on-year decrease in negative spread with respect to changes in interest and dividend income. In addition, as dividends from mutual funds

positively affected the decrease in negative spread for the three months ended June 2013, please explain how this effect contributed to the decrease in negative spread for the three months ended September 2013.

A7. The decrease in negative spread is mainly attributable to the increase in interest from foreign bonds due to yen depreciation and dividends from domestic stocks. As indicated, during the first quarter year-on-year increase in dividends from mutual funds positively affected the improvement in negative spread. However, during the second quarter this impact was limited when compared to the first quarter.

Q8. Please provide the annual negative spread forecast.

A8. In our initial forecast, negative spread was expected to “increase compared to ¥61.1 billion yen for the fiscal year ended March 2013.” We revised our forecast to contemplate a decrease in the negative spread. The amount of the decrease in negative spread compared to our initial forecast is close to the amount of increase in our fundamental profit (we revised our fundamental profit forecast upward, from ¥280 billion to ¥330 billion). Given the actual negative spread for the first half of the year, some may feel that our annual negative spread forecast is overly conservative. However, our revised earnings forecast is based on the economic environment as of the end of September, and, assuming that such economic trends will continue, we do not believe our forecast is overly conservative. In addition, please understand that future negative spread will be affected by changes in interest rates and exchange rates as well.

Q9. Please discuss to what extent positive effects such as dividends from mutual funds (the characteristics of which are similar to capital gains) are included in the annual negative spread forecast.

A9. We do not expect a large amount of dividends from mutual funds during the second half of the year.

Q10. Since the increase in interest and dividend income is largely attributable to an increase in interest from foreign bonds on a yen basis due to yen depreciation, please explain whether we can expect the improvement in negative spread to continue if current exchange rate levels continue.

A10. It is not likely interest and dividend income will decrease substantially if the current trend of yen depreciation continues. In addition, taking into account the decrease in assumed investment return due to the provision for additional policy reserves, we expect that the decreasing trend of negative spread will be sustainable.

< Investment >

Q11. Please discuss whether you will continue to limit investments in super long-term bonds during the second half of the year if the low interest rate environment continues going forward.

A11. Although we have limited our investments in super long-term bonds given recent low interest rate levels, we do not intend to prospectively restrict our future investment policies. We will flexibly adjust our policies in response to the changes in market environment.

< ERM >

Q12. Please discuss your economic-value-based capital level within the 99.5% confidence interval as of the end of September 2013.

A12. We expect that our capital level will increase slightly compared to 107% as of the end of March 2013. The increase is mainly attributable to the accumulation of the value of new business and decrease in interest-rate risk due to duration-matching. We will explain this in detail at the financial analyst meeting to be held on November 22, 2013.

< Dai-ichi Frontier Life (DFL)>

Q13. DFL revised its annual sales forecast upwards. Please discuss DFL's current sales trend.

A13. DFL's insurance sales remain steady and on track to reach ¥1 trillion in sales this fiscal year.

< Overseas Businesses >

Q14. Please indicate your current attitude towards further investments in overseas M&A activities.

A14. As already announced, we made a ¥30 billion investment in Panin Life in Indonesia using a portion of our ¥300 billion budget for growth investments. Given the remaining budget for growth investments, our basic plan, which is to enter a) developing countries that are currently untapped by us in the Asia-Pacific region for mid- to long-term profit realization, and b) developed countries for earlier profit realization, remains unchanged.

Q15. You explained TAL's claim payments have increased. To what types of insurance products is this increase in claim payments attributable.

A15. TAL mainly sells protection-oriented products such as death protection, income protection and disability protection. The recent increase in claim payments is mainly attributable to income protection products. For these products, TAL pays insurance claims in cases when an insured person becomes unable to work due to illness or accident, and these products have different characteristics than third sector products (medical and nursing care insurance) which we sell in Japan.

Q16. TAL expects 41 million AUD of net income for the second half of the year, greater than its 29 million AUD of actual net income for the first half of the year. Does TAL expect to be able to maintain its level of profitability during the second half of the year going forward during the fiscal year ending March 2015 and thereafter.

A16. While the unemployment rate in Australia is hovering at a high level, the Australian economy is showing signs of bottoming out. As TAL provided for necessary policy reserves while taking into account the current state of claim payments, we believe it will be possible to achieve TAL's second half target, unless the Australian economic environment deteriorates further. However, it is still unclear whether Australian economy is on course for a recovery and we will carefully monitor the future trends.

< European Embedded Value >

Q17. Despite the decline in interest rates for the three months ended September 2013, the value of in-force business has not substantially decreased year-on-year. Please discuss whether you changed your models in such a way as to significantly impact the value of in-force business.

A17. We did not change our models in such a way as to substantially affect our value of in-force business. As indicated, interest rates declined for the three months ended September 2013. However, compared to the decline in short- and mid-term interest rates, the decline in long-term interest rates was smaller, resulting in a steepening of the yield curve. On the other hand, the sensitivity to interest rates which we disclosed assumes a parallel shift of the yield curve. Therefore, it is possible that the actual value of in-force business was greater than the amount calculated using the sensitivity.

Q18. My understanding is that the increase in TAL's value of in-force business compared to that as of March 2013 was due to premium increases, and the decrease in value of new business was due to TAL's revision of its non-economic assumptions to take into account current increases in claim payments. How often does TAL change its premium rates?

A18. TAL revises its various non-economic assumptions annually or semi-annually. The year-on-year decrease in its value of new business for the first half of the year resulted from the increase in claim payments in certain of TAL's business units. In calculating its value of in-force business, the negative effect of the increase in claim payments was offset by premium changes in group policies. The timing of changes in premiums varies depending on the insured group and the changes are also subject to negotiation with the affected group.

Q19. Do you anticipate that the increase in new business margin, resulting from the improved surrender and lapse rate and cost reductions, will continue during the second half of the year?

A19. Although interest rates as of the end of March have the greatest impact on the value of new business, the improvement in non-economic assumptions, such as the improved surrender and lapse rate and operating cost reductions, can have some positive impact. However, as we have already realized substantial improvements in the surrender and lapse rate and cost reductions, we anticipate that the positive effect of recent improvements in non-economic assumptions will be limited compared to the past several years.

Note: We made partial additions and alterations in preparing the above summary for clarity.

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