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Koichiro Watanabe
President and Representative Director
The Dai-ichi Life Insurance Company, Limited
Code: 8750 (TSE First section)

Recapitalization of Dated Subordinated Borrowings to Perpetual Subordinated Borrowings

The Dai-ichi Life Insurance Company, Limited (hereinafter “Dai-ichi Life”) hereby announces that it signed today agreements with respective lenders on the conversion of its dated syndicated subordinated borrowing entered into in March 2009 (¥183 billion, hereinafter “Syndicated Borrowing”) and its dated subordinated borrowing entered into in January 1999 (¥100 billion, hereinafter “Bilateral Borrowing”) into 2 perpetual subordinated borrowings (¥320 billion in total after the conversion, hereinafter “Recapitalization”). With Recapitalization, such borrowings can meet the criteria for “specified subordinated debt” in calculating the new solvency margin ratio (SMR), which is to be introduced in Japan.

The agreement will be effective and the additional amount will be paid in on October 8, 2010, subject to completion of partial prepayment of Syndicated Borrowing.

There is no dilution to shares of Dai-ichi Life as a result of by Recapitalization.

1. Background and Objective

Dai-ichi Life aims to strengthen its capital base by enhancing the quality of the capital and to secure the capital which is necessary for growth investment, taking into account the new SMR regulation in Japan, which will be effective from the end of March 2012, and the global regulatory movement, such as “Solvency II” in Europe.

The new SMR regulation contains stricter conditions on quality of capital, in addition to the introduction of higher risk charges. While pursuing appropriate cost of capital and capital structure, Dai-ichi Life executed Recapitalization in order that the borrowings can meet the criteria for “specified subordinated debt”, which is regarded as stronger capital in the new SMR regulation.

Also, as features listed below (Note 1) are added to the borrowings, they are expected to be given a certain level of “equity credit” by rating agencies (Note 2).

Through Recapitalization, Dai-ichi Life has shown its capability to strengthen the economic value basis of its capitalization without any dilution to its common shares. Dai-ichi Life aims to further enhance corporate value, utilizing a more stable financial base.

Characteristics and Effects of Recapitalization

- Forward-thinking capital management policy taking into account the future regulatory movement such as the new SMR regulation
- Pursuit of optimum cost of capital and capital structure by adding product features such as “perpetuity” and “coupon deferral”, which are both non-dilutive and contribute to the capital enhancement on an economic value basis
- Realization of large-scale recapitalization, utilizing existing investor base including domestic financial institutions

(Note 1) Features which relate to “equity credit”

- (i) equity-like perpetuity (no maturity)
- (ii) loss absorption such as optional coupon deferral upon certain conditions
- (iii) subordination to other ordinary debts in a bankruptcy proceeding etc.

(Note 2) “Equity credit” eligibility

After Recapitalization, the “equity credit” “Medium” (50% equity credit) will be given to Syndicated Borrowing and Bilateral Borrowing by Japan Credit Rating Agency, Ltd.. Also, the “equity credit” “Class C” (50% equity credit) will be given to Bilateral Borrowing and “Class B” (25% equity credit) will be given to Syndicated Borrowing by Fitch Ratings.

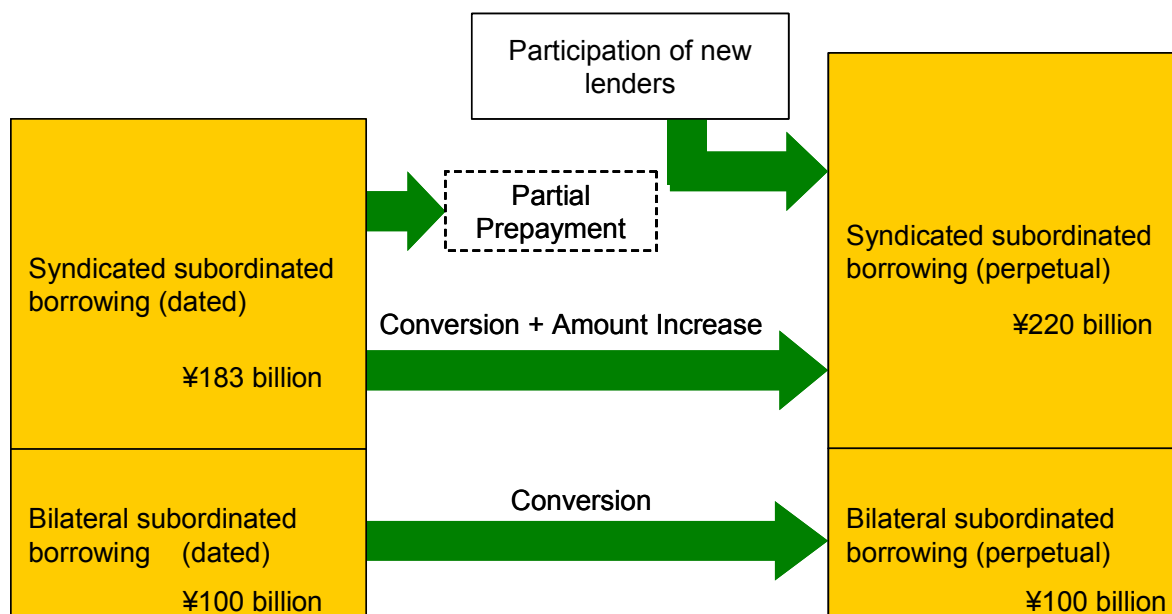
2. Outline of the Borrowings after the Conversion

	Syndicated Borrowing	Bilateral Borrowing
Amount	¥220 billion (¥37 billion increase from the original amount of ¥183 billion)	¥ 100 billion
Effective date	October 8 th , 2010	
Maturity	<p>None (Perpetual)</p> <p>The principal can be prepaid in whole, on and after the coupon payment date in October 2015, if the government authorities considers Dai-ichi Life to maintain a sufficient level of solvency even after the prepayment, or if Dai-ichi Life refinances the same or a greater amount.</p> <p>Dai-ichi Life can propose to all lenders to prepay the principal if, after the discussion with the government authorities, it becomes clear that the borrowings will no longer be able to be regarded as subordinated debt under SMR regulations.</p>	
Step up	Step up coupon of 1.0% will be added on and after the coupon payment date in October 2015	
Coupon deferral	Dai-ichi Life can, on its own discretion, defer the coupon in the event that its SMR is below 600% (300% under the new SMR), or that the coupon payment would make the ratio below 600% (300% under the new SMR).	
	Deferred coupon	Non-cumulative
Subordination	Subordinated to other ordinary debts in a bankruptcy proceeding etc.	

* In case of prepayment, Dai-ichi Life intends to make replacement with the same or more equity-like capital in the same or more amount, taking into account the market environment etc..

* The lenders of Syndicated Borrowing consist of 25 Japanese companies, most of which are financial institutions.

(Reference) Structure of Recapitalization



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