

October 28, 2015

**Agreement to partner with National Australia Bank and acquire MLC's life insurance business**

Nippon Life Insurance Company ("Nippon Life"; President: Yoshinobu Tsutsui) hereby announces that it has entered into a definitive agreement to acquire 80% of the outstanding shares of MLC Limited ("MLC"), a subsidiary of National Australia Bank ("NAB") ("the Acquisition"). Prior to completion, NAB's investments business will be carved-out of MLC, transforming it into a specialized life insurance company ("MLC Life"). NAB will retain the remaining 20% of MLC Life. NAB will also enter into a 20-year distribution agreement with MLC Life, under which it intends to grow the business in partnership with Nippon Life. The transaction is subject to approval by the relevant regulatory authorities in Japan and Australia. Closing of the transaction is anticipated to occur between September and December, 2016. Upon closing, MLC Life will become a subsidiary of Nippon Life. The Acquisition has been approved by the Board of Directors of NAB

NAB and Nippon Life have each developed brands with a long history and hold a management philosophy that looks to the long-term and focuses on the customer. Wide-ranging interaction between the companies at both the management and working level has engendered a solid mutual relationship of trust. Working together with NAB, Nippon Life intends to promote cooperation across various areas to further develop the operations of MLC Life.

## **1. Background of the Partnership**

In accordance with the “Three-Year Mid-Term Plan (FY2015 - FY2017)”, which started in April 2015, Nippon Life is pursuing a growth strategy centered on (1) strengthening its domestic life insurance business through the provision of attractive products and services that cater to the diverse needs of its customers; (2) reinforcing and diversifying sales and services via branch and bancassurance channels; and (3) strengthening its group businesses which are centered on overseas insurance and asset management.

As part of this strategy, Nippon Life is promoting human resource exchange initiatives and endeavoring to enhance the corporate value of existing affiliates in United States, China, Thailand, India, and Indonesia through the sharing of know-how (sales performance management, actuarial acumen, channel management and risk management). In pursuit of further growth opportunities, Nippon Life has conducted research and studies on advancing into both developing and developed countries.

The Australian life insurance market is forecast to realize high rates of growth over the long term, underpinned by Australia’s high rate of population increase relative to other developed countries and an expansion of insurance premiums through the superannuation system (please refer to the explanation below).

### *Superannuation*

*The superannuation system is a mandatory retirement saving plan for all employees in Australia through which a variety of financial products, including life insurance, can be purchased. Recently, subscription to life insurance through the superannuation system has expanded, and has come to account for approximately half of risk assurance products.*

## **2. Overview of NAB and MLC**

NAB was established in 1858. With over 12.7 million customers, it is one of the largest banks in Australia and boasts the highest level of total assets among its peers. MLC, a subsidiary of NAB, was established in 1886 and is one of the leading life insurance companies in the Australian market, ranking second in retail insurance by premium in force. MLC has a strong and diversified sales network, utilizing NAB’s advisor and bancassurance channels, to distribute an extensive range of products ranging from traditional life insurance such as term insurance, to income protection insurance and group insurance.

Upon closing of the transaction, David Hackett, Executive General Manager of Insurance at NAB Wealth and Executive Director of MLC, will be appointed as the CEO of MLC Life. Moreover, a certain number of personnel from Nippon Life will be designated as either directors or assigned secondees to MLC Life.

### **3. Strategic Rationale for the Partnership and Future Growth Strategy**

This transaction represents Nippon Life's first overseas majority acquisition and will significantly contribute to meeting the aim of increasing "Group Profit" as outlined in the "Three-Year Mid-Term Plan (FY2015 - FY2017)". Increasing Group Profit will create a steady and sustainable profit base and will help to significantly enhance policyholder benefits.

Nippon Life's aim is to enhance MLC Life's corporate value through the provision of technical assistance and group know-how by leveraging experience gained through previous overseas investments. It will also seek to enhance MLC Life's market competitiveness through measures such as strengthening product capability, developing underwriting capability and promoting operational efficiency. Nippon Life believes that MLC Life's continued growth can be achieved by expanding bancassurance and cross-selling opportunities to existing bank customers, particularly with NAB's continuing support as a shareholder and distribution partner.

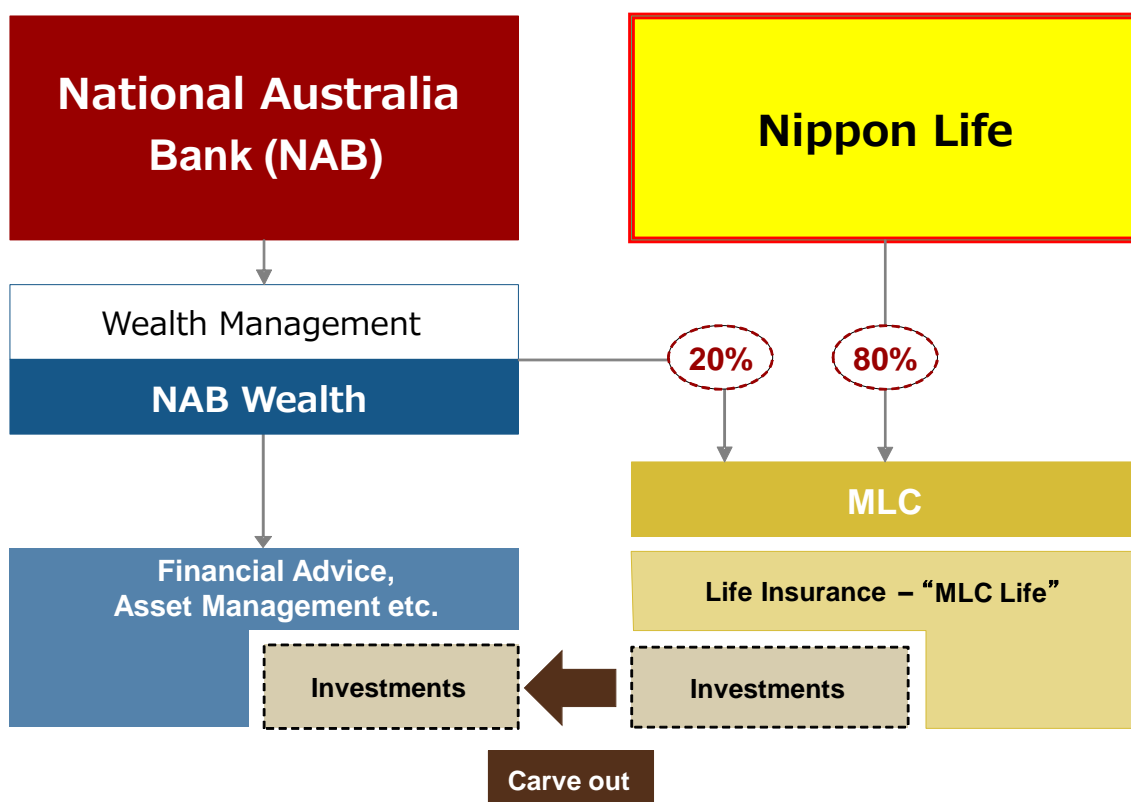
Australia is a leading financial market at the core of the Asia-Pacific region with a well-developed regulatory environment and Nippon Life expects, together with its investee companies, to benefit and learn from this environment. Through the promotion of employee exchange, Nippon Life and its overseas investees will be able to leverage the breadth of actuarial and life insurance business experience at MLC Life.

### **4. Acquisition Scheme and Process**

MLC currently houses both NAB's life insurance and investments businesses. Under the proposed Acquisition, NAB's investments business will be carved-out, transforming MLC into a specialized life insurance company – MLC Life. Nippon Life will subsequently acquire 80% of the outstanding shares of MLC Life from NAB. NAB will retain 100% of the carved-out investments business and the remaining 20% of MLC Life, including the MLC brand. NAB will license the MLC brand over a period of time for use by MLC Life. .

The transaction is anticipated to close between September and December, 2016, following receipt of approval from the relevant regulatory authorities in Japan and Australia, and completion of all asset transfers.

<Acquisition Scheme>



## 5. Overview of the Acquisition

### (1) Acquisition terms

The Acquisition price is expected to be up to approximately AUD 2.4 billion (approximately ¥204 billion<sup>1</sup>) for 80% of the outstanding shares of MLC Life. After prudent and detailed analysis and review of MLC's assets and business operations, Nippon Life considers this price to be fair and reasonable.

### (2) Funding

The Acquisition will be funded through cash and cash equivalents on hand. Nippon Life will maintain financial soundness after the Acquisition, and plans to maintain the mid- to long-term “Target Capital Level” and “Customer Dividend Payout Ratio” as stated in its “Three-Year Mid-term Plan (FY2015 – FY2017).”

<sup>1</sup> Exchange rate 1 AUD = 85 JPY

## Appendix

### < Overview of MLC > (After the Acquisition)

1. Company name	MLC Limited
2. Establishment	1886
3. Nature of business	Life Insurance
4. Representative	CEO : David Hackett (to be appointed)
5. Policies in force	Approximately 1.4 million
6. Employees*	Approximately 1,000
7. Key financial data for 2015*	Premiums in force: AUD 1.8 billion (approximately ¥150 billion)

\*Data as of September 30, 2015. Exchange rate: 1AUD=¥85

### < Overview of NAB >

1. Company name	National Australia Bank
2. Establishment	1858
3. Head office	Melbourne, Australia
4. Representative	CEO : Andrew Thorburn
5. Branches	1,700
6. Employees	Over 42,000
7. Customers	Over 12.7 million
8. Credit Rating	AA- (S&P long term corporate credit rating, March,2014)

Data as of September 30, 2015

### (Reference) Overview of life insurance market in Australia

Market size	Total Premium (Protection Product) : approximately AUD 14.5 billion (approximately JPY 1.2 trillion) 2005-2014 CAGR: +12%
Number of life insurers	18

Data as of March 31, 2015, Exchange rate 1AUD=¥85

Source : Plan for Life