

Using Equity to Fund Strategic Investments in Overseas

Strategic investments that contribute to long-term growth in earnings are one way in which Nippon Life effectively uses equity.

Specifically we make overseas investments based on alliances and other relationships that can make our core life insurance operations even stronger. Overseas insurance operations and overseas asset management operations are also areas where we make strategic investments. By making these investments, we are aiming to increase our opportunities for earning profits.

Recent activities include investments in the Allianz Group of Germany (Allianz Financial II B.V.), Reliance Capital Asset Management Limited of India, and AIA Group Limited of Hong Kong.

Increasing profitability from these strategic investments will allow us to further increase our distributions to policyholders and create a virtuous cycle in which the returns on these investments lead to more growth in equity.



Major Strategic Investments

● Allianz Group (Germany)

In July 2011, Nippon Life purchased 30-year convertible subordinated notes issued by Allianz Financial II B.V., a finance subsidiary wholly owned by Allianz SE (hereinafter, "Allianz"), one of the world's leading integrated financial services providers. The investment totaled 500 million euros (approximately ¥59.0 billion). Nippon Life and Allianz have a broad relationship spanning top management to the working level, reflecting the two companies' shared values and beliefs in the life insurance business.

The objective of this investment is to further strengthen the two companies' relationship, in order to establish a long-term partnership that is mutually beneficial for both parties.

Looking ahead, Nippon Life will continue to seek opportunities to work together in various areas with Allianz through continuous interaction, including the exchange of personnel.

*Established in 1890, Allianz is one of the world's leading integrated financial services providers. The company is a leading global financial services group providing life insurance, property and casualty insurance, and asset management services to over 76 million customers in about 70 countries around the world.

*In regard to the convertible subordinated notes, Nippon Life has the option to exercise its exchange right to receive common stock issued by Allianz any time within 10 years after issuance of the notes. In addition, under certain conditions, the notes will be automatically converted into common stock of Allianz within 10 years after issuance.

● Reliance Group (India)

In September 2011, Nippon Life signed a Memorandum of Understanding (hereinafter, "MOU") on a business alliance with Reliance Capital Limited, a financial services company in the Reliance Group, one of the largest business houses in India. Nippon Life has had a close working relationship with Reliance Capital, including interaction at the top management level.

In October 2011, Nippon Life invested in Reliance Life Insurance Company Limited (hereinafter, "Reliance Life"), a life insurance subsidiary of Reliance Capital. Nippon Life purchased 26% of the common shares of Reliance Life for INR30.6 billion (approx. ¥48.0 billion). In addition, in January 2012, Nippon Life reached an agreement to purchase shares of Reliance Capital Asset Management Limited (hereinafter, "Reliance Asset"), an asset management subsidiary of Reliance Capital. Nippon Life acquired 26% of the common shares of Reliance Asset for about INR14.5 billion (approx. ¥22.0 billion*)

Looking ahead, Nippon Life will continue to explore measures to build an even stronger business alliance with the Reliance Group.

● AIA Group (Hong Kong)

In March 2012, Nippon Life signed a Memorandum of Understanding ("MOU") on a business alliance with AIA Group Limited (hereinafter, "AIA"), one of the largest life insurers in the Asia-Pacific region.

Nippon Life had established a close working relationship with AIA, including interaction at the top management level. This relationship reflects the two companies' shared principles and values in the life insurance business. For example, AIA mainly provides protection products through its core sales agent channel.

The MOU was signed by both companies for the purpose of further strengthening our relationship by establishing a long-term partnership that is mutually beneficial to both parties.

● Prudential Financial Group (United States)

In September 2009, Nippon Life purchased 10-year exchangeable surplus notes issued by The Prudential Insurance Company of America, a U.S. insurance subsidiary of Prudential Financial, Inc. (hereinafter "Prudential"), one of the world's largest financial service companies. The investment totaled \$500 million (approx. ¥46 billion).

The two companies are expanding their collaboration in many fields. In one development, Nippon Life started selling foreign currency-denominated insurance products of The Gibraltar Life Insurance Co., Ltd.,



At the signing of the MOU between Nippon Life and Reliance Capital
(Left: Mr. Tsutsui, President of Nippon Life; Right: Mr. Ambani, Chairman of Reliance Capital)

*Exchange rate: INR1 = ¥1.5

*Reliance Asset has grown steadily since its establishment in 1995. It currently ranks second in the Indian mutual fund industry in terms of assets under management. Also, Reliance Asset is one of the few asset management firms to be entrusted with asset management services for India's public pension fund, in addition to managing mutual funds. Reliance Asset is a leading company in India's asset management industry.

Nippon Life has also purchased ordinary shares of AIA with the objective of building a stronger relationship between the two companies, while capturing growth opportunities across Asia-Pacific life insurance markets.

Looking ahead, Nippon Life and AIA will explore ways of building a concrete cooperative relationship. The two companies will also share business expertise and opinions on the life insurance industry primarily in the Asia-Pacific region through the exchange of personnel and other measures.

*Established in 1931, AIA is one of Asia's largest life insurance companies. It operates its life insurance business in 15 countries and regions in the Asia and Oceania region excluding Japan. AIA holds a leading position in many of these markets.

a Japanese company that belongs to the Prudential Financial Group, in October 2010.

*Prudential is one of the world's largest financial service companies and has a history that dates back to 1875. The company is engaged in life insurance, mutual fund, annuity, asset management and other businesses in more than 30 countries.

Sales of Foreign Currency-denominated Insurance Products of Gibraltar Life (from October 2010)

In October 2010, Nippon Life started selling two insurance products of Gibraltar Life Insurance: an individual annuity policy (no dividend payments) in which the customer can designate the currency and a U.S. dollar-denominated whole life insurance policy (no dividend payments).

Demand for foreign currency-denominated insurance products is particularly high in urban areas of Japan. Adding policies from Gibraltar Life Insurance, which has much experience in this field, to the Nippon Life's lineup makes it possible to offer customers even better services.

*This section presents a summary of the products of Gibraltar Life Insurance and is not intended to contain all information about these products. Always read sales pamphlets and other materials before reaching a purchase decision.

