

December 28, 2010

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

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## **Entry into Scheme Implementation Deed to Acquire 100% Ownership of TOWER Australia**

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The Dai-ichi Life Insurance Company, Limited (the “Company”; President: Koichiro Watanabe) hereby announces that the Company today entered into a scheme implementation deed with TOWER Australia Group Limited (“TOWER”), an affiliate in which the Company currently has a 28.96% stake, to acquire the rest of the shares of common stock of TOWER (the “Transaction”).

TOWER’s independent directors unanimously recommend the Transaction and have recommended that TOWER’s shareholders vote in favour of the Transaction in the absence of no superior proposal and subject to an Independent Expert opining that the Transaction is in shareholders’ best interests. The Company will proceed with the Transaction, subject to obtaining approvals of the Japanese and Australian authorities and TOWER’s shareholders.

### **1. Background of the Transaction**

- The Company has strived to expand its overseas businesses mainly in Asia by taking advantage of the life insurance know-how obtained during its over 100-year history in Japan. Specifically, the Company acquired a local life insurer in Vietnam in 2007 and, thereafter, entered the life insurance markets in India, Thailand, and Australia in order to further develop its overseas businesses.
- In Australia, after the Company acquired a 29.7% stake in TOWER in 2008, the Company built a close working relationship with TOWER, appointing two board members and facilitating cooperative initiatives with TOWER. Through this relationship, the Company formed a high opinion of the competitive advantages and potential for continued growth of TOWER.
- The Company believes it can expand its overseas businesses and benefit from consolidating 100% of TOWER’s earnings by making TOWER a wholly owned subsidiary. Through the Transaction, the Company believes it will be able to support TOWER in the next stage of its development, and also strengthen the Company’s commitment to and efforts in the Australian insurance market.

### **2. Overview of the Transaction.**

- The Company plans to acquire TOWER by utilizing a friendly acquisition scheme called a “scheme of arrangement”, in which the Transaction becomes effective when (1) 75% or more of votes cast and the majority of TOWER’s shareholders attending a meeting of shareholders (including proxies) approve the Transaction and (2) Australian court approval of the scheme is received. In addition, the Transaction is subject to regulatory approvals of the Japanese and Australian authorities.

[Unofficial Translation]

- The Company is to acquire the rest of the shares of TOWER (71.04% of TOWER's shares outstanding) for AUD 1,193 million (JPY 99.6 billion <sup>(\*)</sup>) in total – AUD 4.00 (JPY 334 <sup>(\*)</sup>) per share – representing a premium of 46.5% to pre announcement share price and 46.2% to TOWER's one month average share price.
- The Company plans to acquire TOWER's stock options held by TOWER's management for approximately AUD 70m (JPY 5.8 billion)

(\*)1) Australian dollars are converted into yen at the rate of JPY83.55 to AUD 1.00 in this announcement.

### 3. Strategic Aim

- The life insurance market in Australia has shown steady growth, reflecting favorable economic conditions in the country. The Company especially sees growth opportunities in the risk insurance market. The Company believes it will be able to strengthen its operating base significantly in Australia by (1) acquiring 100% ownership of TOWER and (2) combining TOWER's competitive advantages in the Australian life insurance market and the Company's capital strength.
- After the Transaction, the Company believes its overseas earnings base will expand significantly and, therefore, the Company can make progress in diversifying its earnings geographically. Moreover, the Company aims to achieve earnings growth by increasing the weight of overseas businesses with high growth potential within its overall operations.
- The Company will strive to upgrade all of its overseas businesses and improve overseas profitability by applying TOWER's high-value experience in marketing channels, underwriting and other areas, to its other overseas businesses.

### 4. Company Profile of TOWER

Company name	TOWER Australia Group Limited		
Foundation	October 28, 1987		
Location of headquarters	Milsons Point, New South Wales, Australia		
Representatives	Robert Thomas, Chairman Jim Minto, Managing Director		
Listed exchange	Australian Securities Exchange		
Key figures (consolidated)	(millions of AUD, [billions of JPY]) Years ended / as of September 30		
	2008	2009	2010
Premium revenue	AUD 709 [ JPY 59.2]	AUD 738 [ JPY 61.7]	AUD 942 [ JPY 78.7]
Net income	AUD 68 [ JPY 5.7]	AUD 46 [ JPY 3.8]	AUD 87 [ JPY 7.3]
Total assets	AUD 3,416 [ JPY 285.4]	AUD 3,417 [ JPY 285.5]	AUD 3,672 [ JPY 306.8]
Net assets	AUD 599 [ JPY 50.0]	AUD 680 [ JPY 56.8]	AUD 850 [ JPY 71.0]
Note: Australian dollars are converted into yen at the rate of JPY 83.55 to AUD 1.00			

## 5. Schedule <sup>(\*1)</sup>

February 2011	<ul style="list-style-type: none"><li>▪ TOWER to submit a “scheme booklet <sup>(*2)</sup>” to the Australian Securities and Investments Commission</li></ul> <p>(*2) The scheme booklet is prepared to provide information, based on which TOWER's shareholders decide whether to vote in favour of the Transaction at the general meeting of shareholders.</p>
March 2011	<ul style="list-style-type: none"><li>▪ TOWER to send the scheme booklet to TOWER's shareholders</li></ul>
April 2011	<ul style="list-style-type: none"><li>▪ TOWER's general meeting of shareholders</li><li>▪ Australian court approval</li></ul>
May 2011	<ul style="list-style-type: none"><li>▪ Acquisition of shares of common stock of TOWER by the Company</li></ul>

(\*1) subject to change and dependent on the timing of the Japanese and Australian regulatory approvals

## 6. Other Information

The Company expects to complete the Transaction in May 2011. Therefore, the Transaction will not affect the consolidated earnings forecast of the Company for the year ending March 31, 2011.

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### Investor Contact:

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This press release may contain statements that are “forward-looking statements” regarding our intent, belief or current expectations of management with respect to our future results of operations and financial condition. Any such forward-looking statements are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Important factors that could cause actual results to differ from those in specific forward-looking statements include, without limitation, economic and market conditions, consumer sentiment, political events, level and volatility of interest rates, currency exchange rates, security valuations and competitive conditions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ.

# **Making TOWER Australia Group Limited a Wholly Owned Subsidiary**

**December 28, 2010**

**The Dai-ichi Life Insurance Company, Limited**

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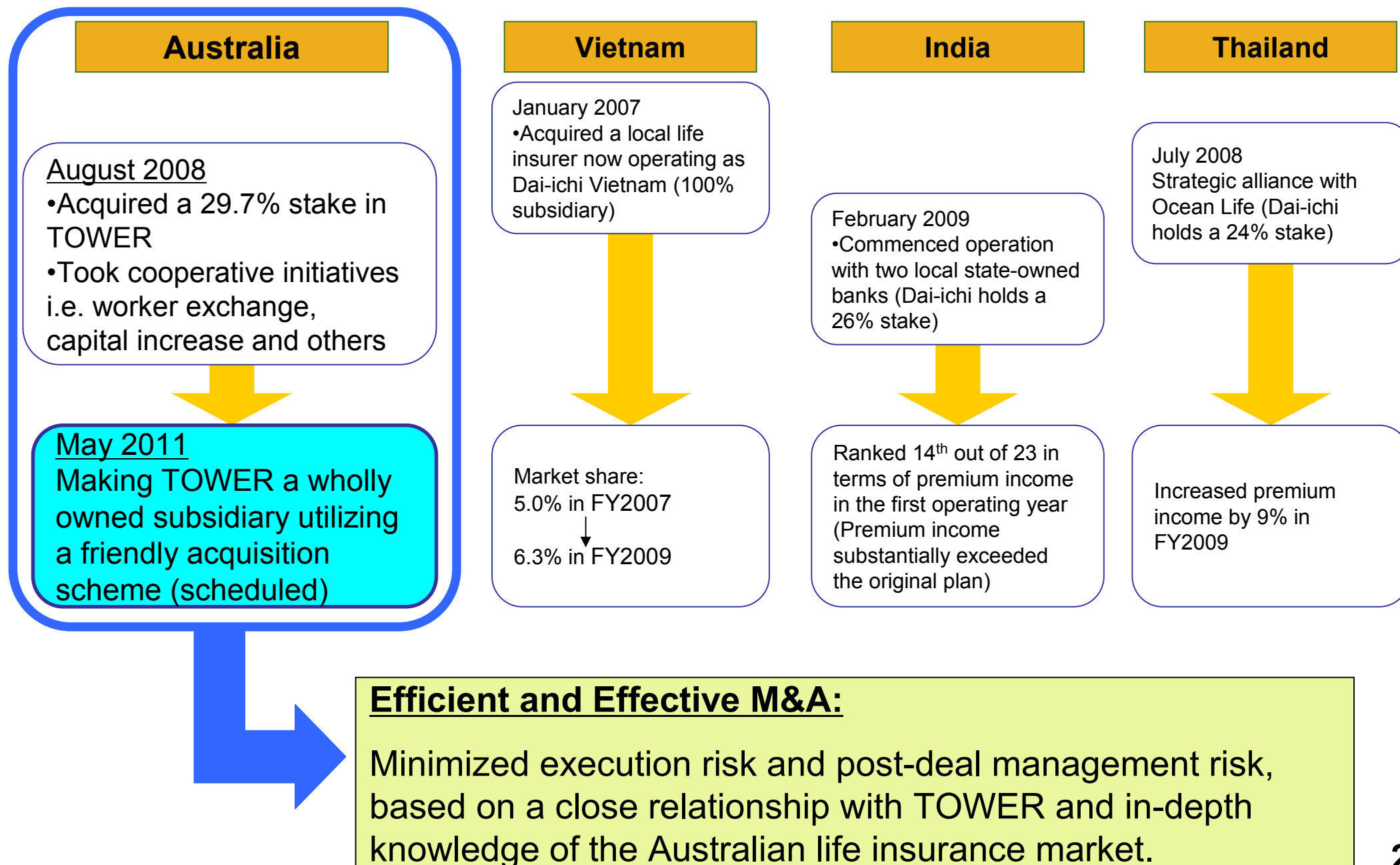
*Dai-ichi Life today entered into a scheme implementation deed with TOWER Australia Group Limited (“TOWER”), an affiliate in which Dai-ichi currently has a 28.96% stake, to acquire the rest of the shares of common stock of TOWER*

Form of Transaction:	“Scheme of Arrangement”, a friendly acquisition scheme commonly used in Australia. TOWER’s Independent Directors have recommended that TOWER’s shareholders vote in favour of the Scheme in the absence of no superior proposal and subject to an Independent Expert opining that the Scheme is in shareholders’ best interests.
Scheme conditions include <sup>(1)</sup> :	(1) 75% or more of votes cast and the majority of TOWER’s shareholders attending a meeting of shareholders (including proxies) approve the acquisition and (2) Australian court approval of the scheme is received.
Price <sup>(2)</sup> :	AUD 1,193 million (JPY 99.6 billion <sup>(3)(4)</sup> ) in total – AUD 4.00 per share
Financing:	Fund in hand (planned)
Time frame:	Scheduled to complete in May 2011

*Realized growth opportunity through M&A within only 9 months after the demutualization*

- (1) Subject to obtaining regulatory approvals of the Japanese and Australian authorities
- (2) Other than the price in this slide, Dai-ichi plans to acquire TOWER’s stock options, vested to TOWER’s management, in cash, for AUD 70 million (JPY 5.8 billion).
- (3) In these materials, Australian dollars are converted into yen at the rate of JPY 83.55 to AUD 1.00 unless otherwise quoted.
- (4) Actual price in JPY will be settled based on the exchange rate of AUD to JPY at the date of transaction.

## Dai-ichi's Overseas Initiatives at a Glance



## Strategic Aim

### < Strategic aim of the deal >



### < Strategic aim for Dai-ichi's overall overseas businesses >

#### Acceleration of development of Full-scale Global Operations

- Position TOWER as a platform for expanding businesses in Asia-Pacific
- Apply TOWER's high-value management know-how to Dai-ichi's overseas businesses and pursue trans-border synergy
- Accelerate worker exchanges and post workers to corporate positions globally

# Earning Power of TOWER and Dai-ichi Group

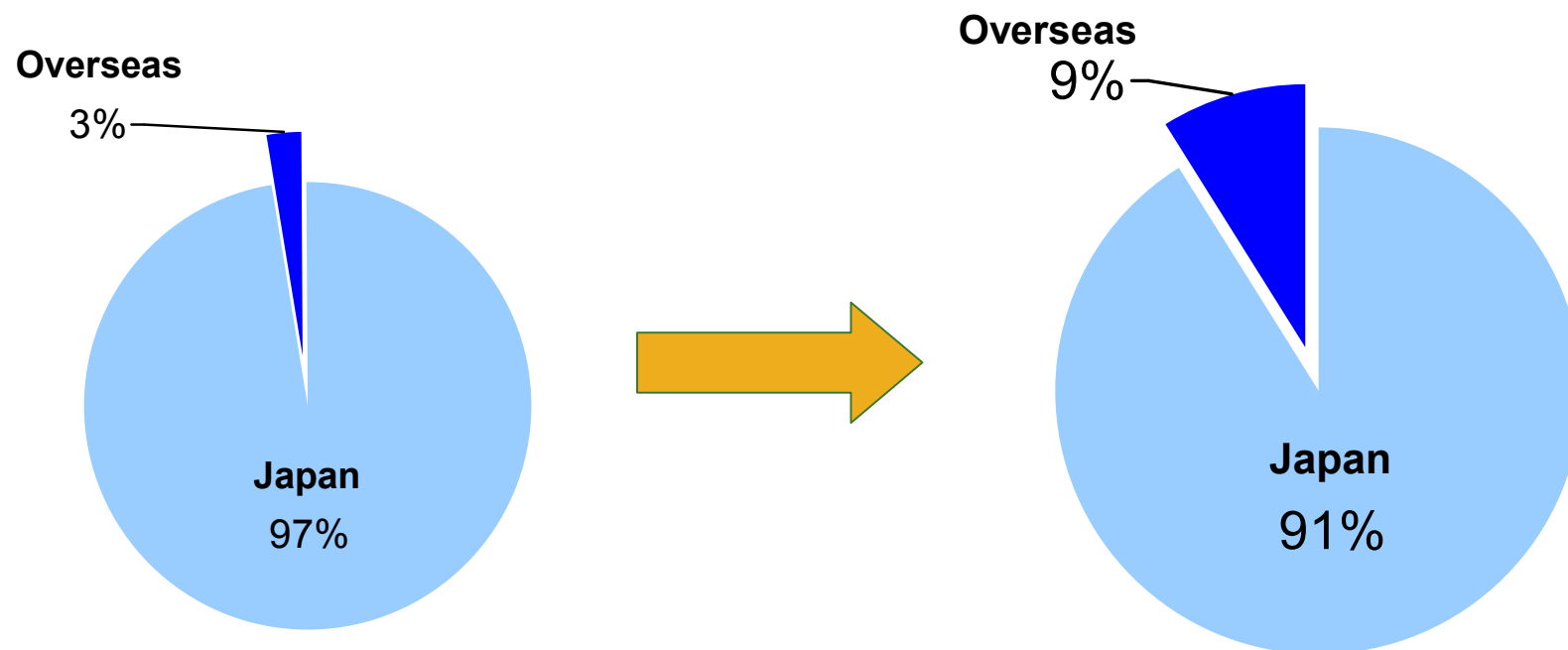
	Dai-ichi Group (consolidated basis, year ended March 31, 2010)	TOWER (Year ended September 30, 2010)
Net income	JPY 55.6 bn (JPY 54.6 bn, excluding net income attributable to TOWER <sup>(1)</sup> )	AUD 87 mn (JPY 7.3 bn)
ROE	7.8% <sup>(2)</sup>	11.4% <sup>(3)</sup>
Value of new business (EV base)	JPY 118.9 bn	AUD 168 mn (JPY 14.0 bn)

- (1) Represents Dai-ichi's net income less Dai-ichi's net income attributable to TOWER in which Dai-ichi had 28.6% stake
- (2) Represents adjusted net income (= net income + provision for contingency reserve in excess of statutory required level [after tax]) divided by two year average of adjusted net assets (=total net assets + contingency reserve (after tax) + reserve for price fluctuation [after tax]). However, as Dai-ichi demutualized on April 1, 2010, necessary adjustments are made to Dai-ichi's total net assets as of March 31, 2009 and 2010 as if Dai-ichi had been a joint stock company.
- (3) Net profit after tax divided by two year average of net assets



*After the deal, Dai-ichi projects to improve its EPS by JPY 330 <sup>(2)</sup>  
and increase the weight of overseas businesses in terms of net income*

< Net Income Attributable to Overseas Businesses <sup>(3)</sup>>



(1) Figures on this page were results of preliminary calculation and subject to change depending on various factors.

(2) Preliminary calculation based on the assumption that the amount of goodwill is to be (a) calculated as the acquisition price (including TOWER's stock options, vested to TOWER's management, to be acquired by Dai-ichi in cash) less total net asset on TOWER's balance sheet as of March 31, 2011 (forecasted by Dai-ichi) and (b) amortized over 20 years. However, the actual amount of goodwill may differ significantly depending on various factors.

(3) The pie chart on the left-hand side of the slide is based on Dai-ichi's consolidated financial results for the fiscal year ended March 31, 2010. The other pie chart is based on (a) Dai-ichi's consolidated earnings forecast for the year ending March 31, 2011, (b) earnings forecast of TOWER for the year ending September 30, 2011 (forecasted by Dai-ichi) and (c) amortization expense preliminarily calculated on the assumption written in the note (2) above. However, it will be the fiscal year ending March 31, 2012 that Dai-ichi actually recognizes 100% of earnings and losses of TOWER.

## Acquisition Price

- Reasonable acquisition price (AUD 4.00 per share), taking into account comparable M&A deals in Australia, and quality of Tower earnings*

Valuation <sup>(1)</sup>:

P/EV 1.1x <sup>(2)</sup>, PER 19.0x

**(Reference) Multiples of Comparable Life Insurance M&A Deals in Australia (2009 - <sup>(3)</sup>)**

P/EV	PER
1.1x - 1.4x	11.8x - 24.1x

*Making TOWER a wholly owned subsidiary for the same per-share price range in JPY as the price Dai-ichi acquired a 29.7% stake in 2008*

(1) The acquisition price for the valuation does not include TOWER's stock options, vested to TOWER's management, to be acquired by Dai-ichi in cash for AUD 70 million (JPY 5.8 billion).

(2) The denominator for the P/EV calculation represents EV of TOWER's life insurance business.

(3) Based on the following deals (including attempted deals): (1) Aviva Australia, acquired by National Australia Bank (announced in June 2009); (2) 51% of ING Australia, acquired by ANZ Banking Group (announced in September 2009); (3) AXA Asia Pacific's operations in Australia and New Zealand, which National Australia Bank attempted to acquire (announced in December 2009); and (4) proposal by AMP to acquire AXA Asia Pacific's operations in Australia and New Zealand (announced in November 2010)

## Overview of TOWER (1)

Company name:	TOWER Australia Group Limited
Foundation:	October 28, 1987
Location of headquarters:	Milsons Point, New South Wales, Australia
Listed exchange:	Australian Securities Exchange
Dai-ichi's stake:	28.96% (as of December 28, 2010)
Premium income <sup>(1)</sup> :	AUD 942 mn (JPY 78.7 bn)
Net income after tax <sup>(1)</sup> :	AUD 87 mn (JPY 7.3 bn)
EV <sup>(2)</sup> :	AUD 1,461 mn (JPY 122.1 bn)
Total net assets <sup>(2)</sup> :	AUD 850 mn (JPY 71.0 bn)

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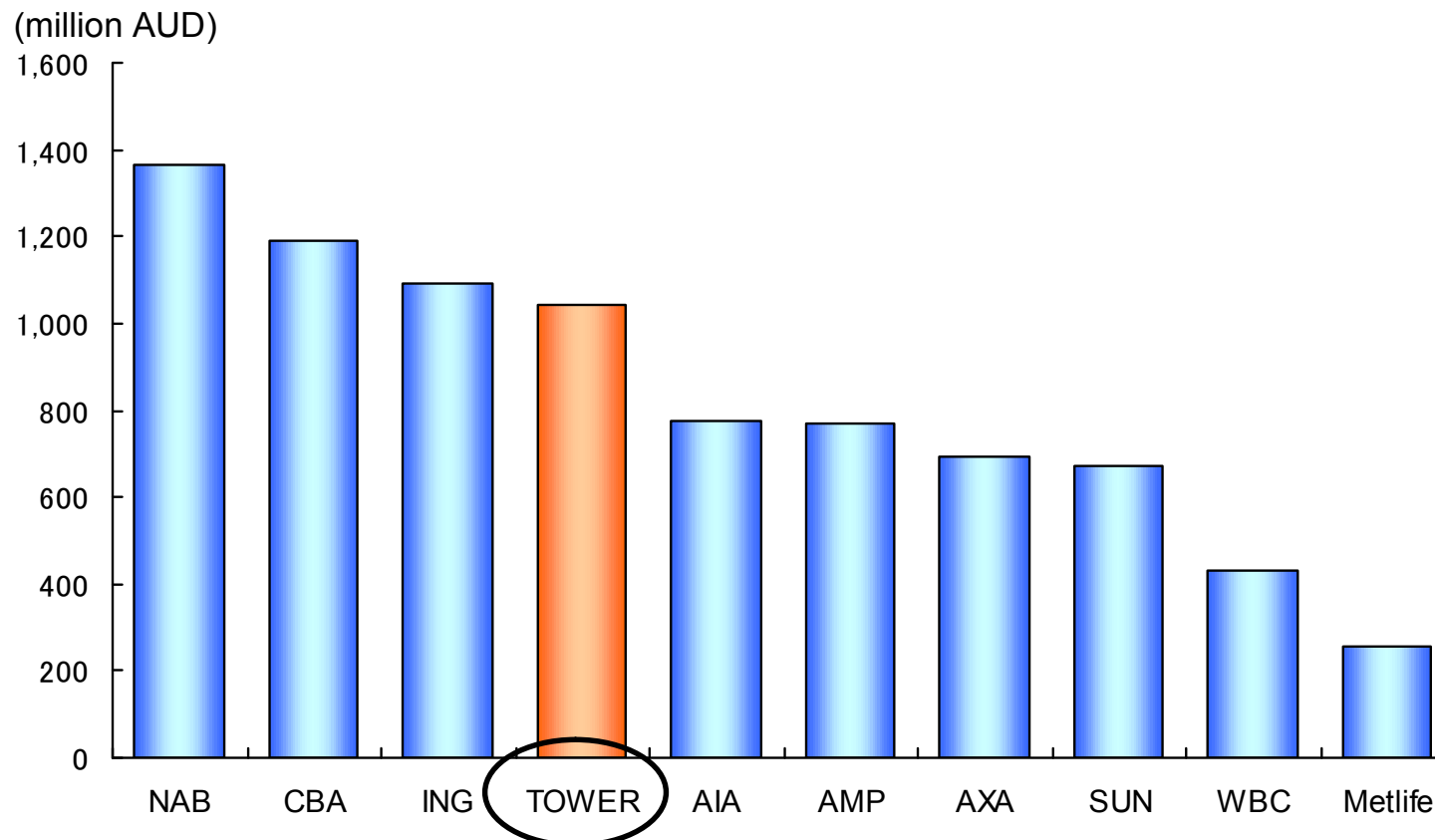
(1) For the year ended September 30, 2010

(2) As of September 30, 2010

## Overview of TOWER (2)

*Solid presence in the Australian risk insurance market*

- Inforce Premium (Risk Insurance Policies)



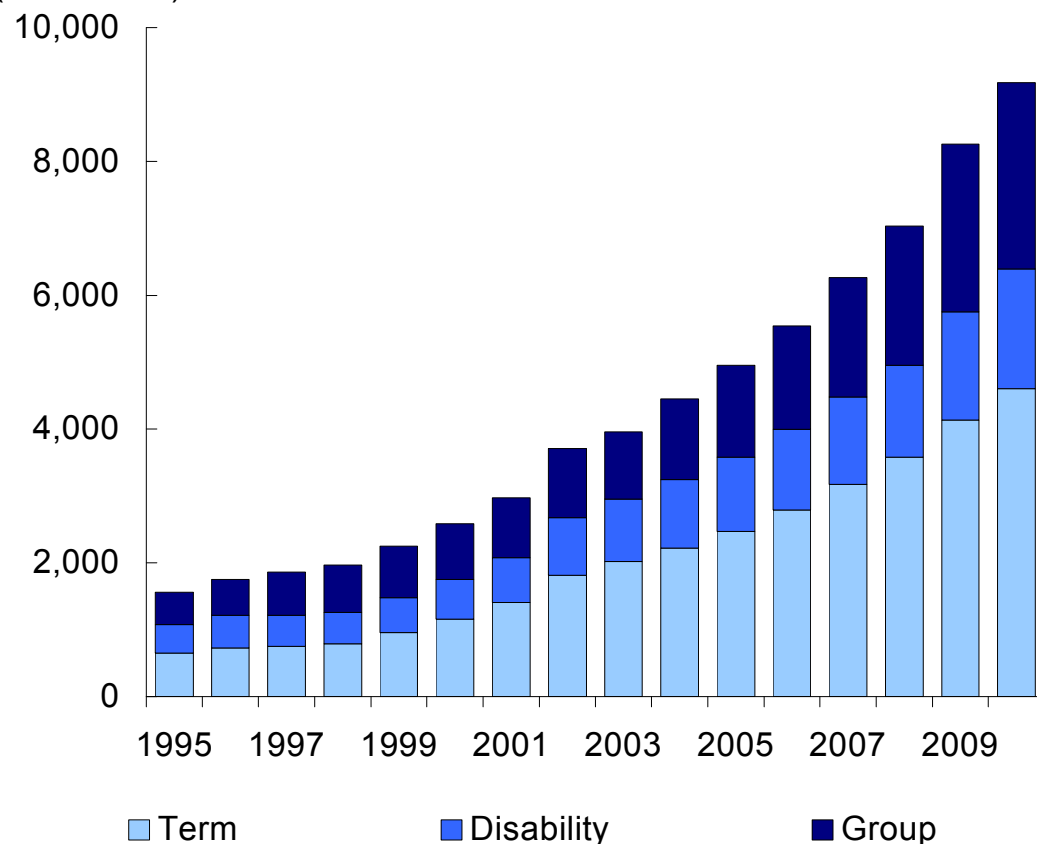
# Overview of TOWER (3)

DAI-ICHI LIFE

- Australia's market for risk insurance products grew by annualized rate of more than 10% over 15 years, and expected to grow by around 10% going forward <sup>(1)</sup>.
- TOWER, which effectively focuses on risk insurance products, has accelerated its growth.

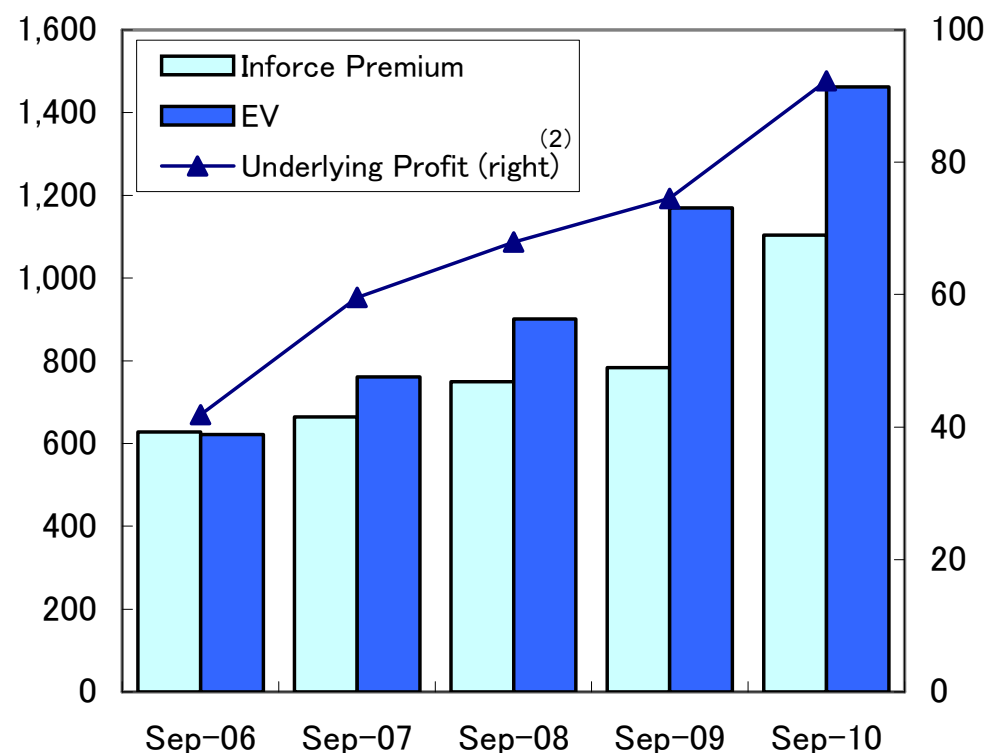
< Australian Risk Insurance Market – Annual Premium Income >

(million AUD)



< TOWER's Results >

(million AUD)



Source: Rice Warner, TOWER's Annual Reports

(1) Estimates of DEXX&R and Rice Warner

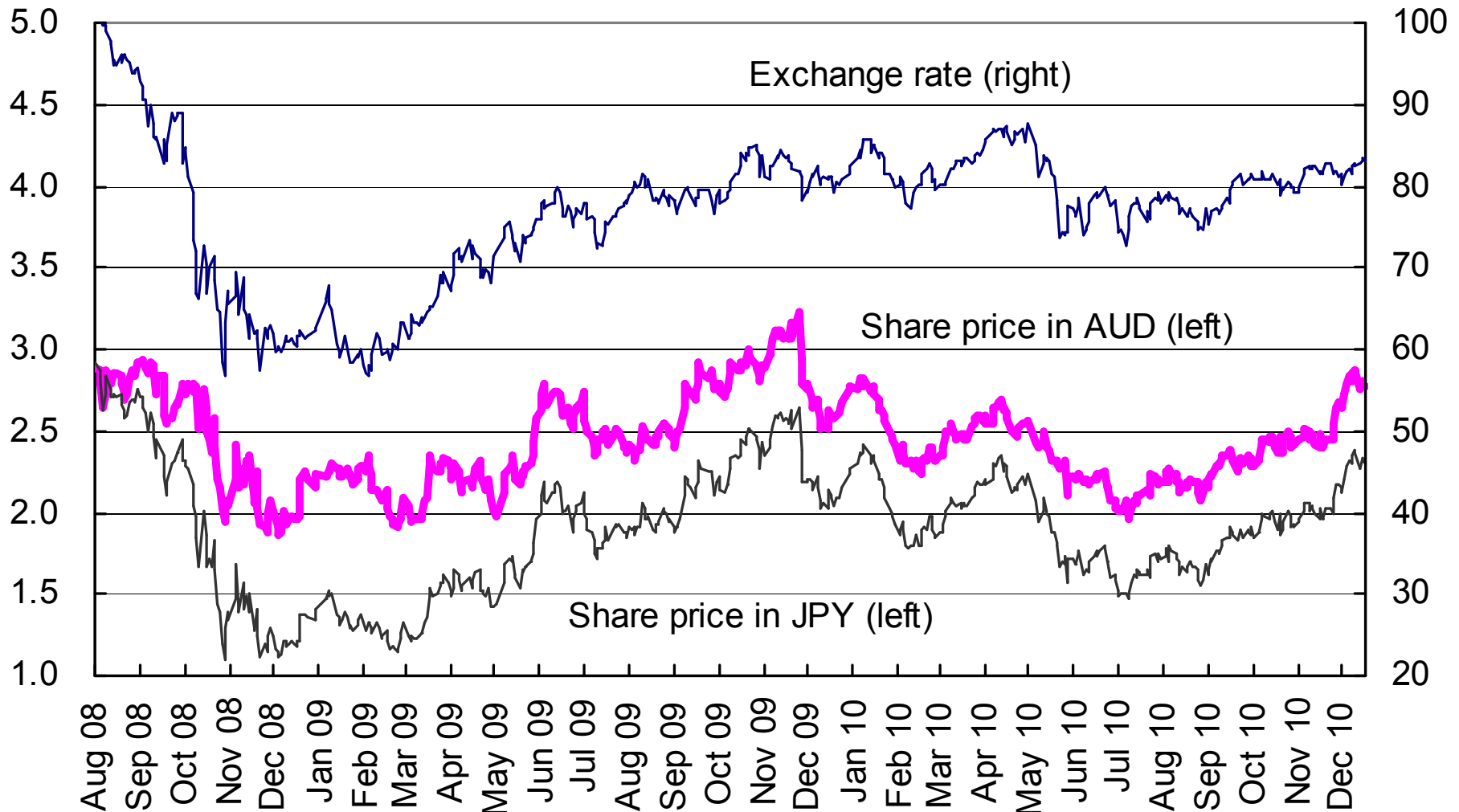
(2) Excludes non-cash, accounting-based items and adjusts investment income to reflect normal long-term market returns

# Appendix

# Share Price of TOWER (since August 2008)

Share price  
(AUD 1.00, JPY 100)

Exchange rate  
(JPY to AUD 1.00)



# P/EV of TOWER (since August 2008)

Share price (AUD 1.00)



(1) Calculated based on the assumption that increase (decrease) in EV was linear between each base date for semiannual EV calculation and that no increase (decrease) took place after the latest base date for semiannual EV calculation (September 30, 2010)



## **Investor Contact**

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