

[Unofficial Translation]

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Koichiro Watanabe

President and Representative Director

The Dai-ichi Life Insurance Company, Limited

Code: 8750 (TSE First section)

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## Agreement to Acquire 100% Ownership of Protective Life Corporation

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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 definitive agreement to acquire 100% of the outstanding shares of Protective Life Corporation (“Protective Life”), a U.S. life insurance group listed on the New York Stock Exchange (“the Acquisition”). Subject to approval from Protective Life’s shareholders and from relevant regulatory authorities in Japan and the United States, Protective Life will become a wholly-owned subsidiary of the Company. The Acquisition has been approved unanimously by the Board of Directors of Protective Life.

The Company welcomes Protective Life as a new member of the Dai-ichi Life Group (“the Group”). Protective Life will be able to utilize financial resources and global management expertise within the Group. The Group expects Protective Life to act as the Group’s strategic growth platform in the North American region, achieving further growth and making enhanced contributions to Group profits, with the help of its strong management team led by Mr. John D. Johns, Chairman, President and CEO of Protective Life.

### 1. Strategic background of the Acquisition

The Group’s mid- to long-term management plan consists of two pillars. First of all, the Group has begun growth initiatives to increase its market share in the domestic life insurance business. At the same time, the Group has set our aspiration to become a “global insurance group representing Asia”, through the acceleration of international business development and increased profit contribution to the Group.

During the current medium-term management plan “Action D,” announced in May 2013, the Group started its “Lifetime Partner – With You Project” in December 2013 in order to accelerate growth in its domestic business. The Group also targeted development of new markets through the acquisition of Sompo Japan DIY Life Insurance Company, Limited<sup>1</sup>.

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<sup>1</sup> Please refer to our press release “Embarking on Initiatives to Open New Markets through New Subsidiary” dated February 14, 2014.

In the international life business, we have built foundations in five countries (including the latest addition to the Group, PT Panin Dai-ichi Life of Indonesia in October 2013). In each market, the Group has been successful in enhancing the corporate value of the companies of the Group through sharing of expertise (in such fields as risk management, actuarial acumen, channel management and asset management) and provision of human and capital resources. The Group's latest achievement came when TAL group (TAL Dai-ichi Life Australia Pty Limited and its subsidiaries) achieved the highest life insurance market share in Australia as of December 2013<sup>2</sup>. Moreover, in the asset management business, in 2013 we made U.S. based Janus Capital Group Inc. an affiliate of the Group.

As for the international life business segment during "Action D," the Group has been evaluating opportunities in developed economies in order to construct a diversified business portfolio in terms of geography and the level of the life-cycle of the businesses. The Group focused on the U.S. market, where the economy continues to grow on the back of population growth and other factors, despite being one of the most developed markets. The Group also regarded the U.S. market as attractive because of the ample pool of talented executives and management expertise.

Protective Life, founded in 1907, is a medium-sized insurer with a strong presence in the individual life and annuities market. Protective Life, similar to the Company, has a management philosophy of putting customers first, and has historically recorded steady growth both in revenues and profits.

With the Acquisition, the Group will firmly establish itself in the U.S. insurance market adding to Japan and the Asia Pacific region. The Group anticipates the Acquisition to be a transformative event for the Group's aspiration to become a "global insurance group representing Asia", enabling us to accelerate growth and expand our business further.

## 2. Overview of Protective Life

Protective Life (headquartered in Birmingham, Alabama, and listed on the NYSE), founded in 1907, is a medium-sized life insurer operating in the individual life and annuities business nationwide with a market share ranking of 36<sup>th</sup> in the U.S. as measured by group premium income. For the fiscal year ended December 2013, Protective Life reported net income of \$393 million and total assets of \$68.7 billion. As of June 2, its market capitalization was \$4.6 billion.

In addition to the traditional individual life and annuities business, Protective Life specializes in the acquisition of insurance policy blocks (including by cash consideration or by reinsurance). Protective Life has closed as many as 47 such acquisitions and now it is regarded as an industry leader. Through these acquisitions Protective Life has developed a unique business model of combining cash generation capability coupled with efficient cost management in

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<sup>2</sup> Please refer to our press release "TAL Group Becomes Industry Leader of Australian Life Insurance Market" dated April 7, 2014.

the existing retail business with effective cash deployment capability through acquisitions.

Finally, Mr. John D. Johns, chairman, president and CEO, is a recognized figure in the industry and serves as chairman of the American Council of Life Insurers since October 2013. The management team consists of seasoned and talented executives with long-term industry experience, who have responded to changes in the business environment and maintained stable growth.

### 3. Strategic Rationale of the Acquisition and its effect on the Group

#### (1) Enhancement of business and profit base and geographical diversification

The Group will accelerate globalization of its business by acquiring a business foundation in the largest life insurance market in the world.

✓ The Acquisition would enlarge the Group's international business contribution (adjusted net income)<sup>3</sup> to 36% based on simple combination of the results for the latest fiscal year. The Group anticipates the Acquisition, after the effect of an offering pursuant to our shelf registration, will be accretive to earnings per share for the enlarged Group. This combination of life insurance business, both domestic and international, is expected to enable the Group to maintain stable growth in corporate value and accounting profits.

✓ The steady growth in the U.S. life insurance business will represent the latest enhancement to the Group business portfolio after Japan and the Asia Pacific regions, and thus enable the Group to continue operation of a truly diversified business in revenues and profits.

✓ Protective Life's risk profile, other than insurance risks, is dedicated to credit risk which is controlled under strict asset liability management, and that effectively complements the Group's risk appetite.

#### (2) Taking the opportunity to accelerate globalization of the Group's management structure

The Group intends to transform its management structure, leveraging further on the business development in the U.S. after the Acquisition.

✓ Namely, the Group is considering establishment of North American and Asia Pacific regional headquarters, and shifting towards a holding company structure. The Group anticipates utilizing global human resources throughout the organization.

#### (3) The Group-wide interaction of resources to accelerate growth and create synergies

The Group will promote a number of management initiatives to enhance the mid- to long-term growth of Protective

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<sup>3</sup> The Group defines "adjusted net income" as an indicator which represents the Group's real profitability. As it ties to shareholders' profit, we set adjusted net income targets under our medium-term management plan. Adjusted net income is calculated by adding (subtracting) provision for (reversal of) reserves that are classified as liabilities such as reserve for price fluctuations and contingency reserve, over the statutory minimum, to consolidated net income.

Life. For example, the Group will support Protective Life's ongoing efforts including growth and diversification of sales channels, managing of sales representatives, and the TAL Group could share experiences from its direct business. The Group may also boost the scale of Protective Life's acquisition business by the provision of capital resources.

At the same time, the Group could also utilize the extensive expertise of Protective Life. As discussed above, Protective Life has advanced understanding in the "closed block" acquisition business (including analysis and valuation of insurance contracts and effective post-merger administrative integration) and could play an important part in other parts of the Group business.

Finally, the Company and Protective Life agreed to set up a Steering Committee, where, among other things, topics such as effective interaction of global human resources, effective utilization of financial resources within the Group and development of business with Japanese companies in the U.S. will be discussed. This committee will formulate concrete initiatives to achieve synergies by combining the strengths of both companies.

#### 4. Acquisition scheme and timeline

The Acquisition will be executed by merging Protective Life and DL Investment (Delaware), Inc., a 100% owned subsidiary of Dai-ichi Life established in the U.S. solely for the purpose of the Acquisition process<sup>4</sup>. Today, the Company, DL Investment (Delaware), Inc. and Protective Life signed an agreement to merge DL Investment (Delaware), Inc. with Protective Life. The merger will come into effect subject to approval of Protective Life's shareholders, and Protective Life is the surviving corporation. Through this process and by paying a cash consideration to Protective Life's existing shareholders, the Company will acquire 100% ownership of Protective Life. The Acquisition is subject to the approval of various regulatory authorities in Japan and the U.S. as well as by the U.S. antitrust authorities.

The purchase price is expected to be \$5,708 million (approximately ¥582 billion<sup>5</sup>, (\$70 per share (¥7,140 per share))). The purchase price represents a 35% premium to Protective Life's daily average share price for the one-month period until June 2, 2014. After prudent and detailed analysis and review of Protective Life's business operations and assets, the Company considers that this price is fair and reasonable.

As to closing, we intend to proceed expeditiously and target completion of the process by December 2014 to January 2015.

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<sup>4</sup> This is a common method used for acquisitions in the U.S., and is called a reverse triangular merger.

<sup>5</sup> Excluding advisory fees etc.. Exchange rate is \$1 = ¥102.

#### Timeline (preliminary)

June to July, 2014	Applications for approval to various regulatory authorities in the U.S. and Japan
August to September, 2014	General meeting of Protective Life's shareholders
November to December, 2014	Approval of various regulatory authorities to be granted
December, 2014 to January, 2015	Completion of Acquisition: The Company to acquire 100% of Protective Life

(The Acquisition is subject to approval of both the U.S. and Japanese regulatory authorities etc. and, therefore, the actual timeline may differ from the above.)

#### 5. Capital measures

In order to maintain a level of capital that is adequate as a global insurance group and enables the Company to implement future growth strategies, we plan to deploy the budget set aside in our mid-term management plan (¥300 billion: approximately ¥240 billion remaining as of March 31, 2014) and, as disclosed separately<sup>6</sup>, the Company filed a shelf registration statement in Japan for issuance of common stock, up to ¥250 billion.

The Company strives to take risk strategically and to achieve an optimal balance in terms of capital structure. In the future we will continue to consider initiatives such as strengthened capital management in overseas life insurance operations, additional reduction of market risk and other non-dilutive measures such as subordinated debt. These initiatives are designed to reduce the dilution effect to existing shareholders.

With respect to funding, the Company believes it has adequate resources as it now holds a sufficient amount of cash and deposits etc., along with any funds resulting from the issuance of common stock.

Further, the Company forecasts that it can achieve its original goal for capital adequacy under the mid-term management plan "Action D", which is to attain economic based capital on par with leading global insurers (to satisfy a 99.95% confidence level by March 2015 on an economic value basis) even after the Acquisition.

#### 6. Group governance structure following the acquisition

Due to Dai-ichi Life's high regard for the industry experience and expertise of the current management team led by Mr. John D. Johns, we expect they will continue to manage Protective Life after the Acquisition, with collaborative interaction with the Group's governance structure.

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<sup>6</sup> Please refer to our press release "Announcement Regarding Filing of Shelf Registration Statement for Future Equity Issuances" dated June 4, 2014.

In order to enhance Protective Life's corporate value in line with the Group's mid- to long-term management strategy and increase Protective Life's contribution to the Group's profit, post-merger integration efforts will be made through, among others, a steering committee consisting of key management of the Company and Protective Life. Moreover, a certain number of personnel from the Company will be designated as either directors or assigned secondees to Protective Life, fusing together Protective Life's management with the collective strength of the Group.

As a result of the Acquisition, the Company's business composition in terms of premium income, profits and risk exposure will be more diversified globally, encompassing Japan, North America, and the Asia-Pacific region. The Company has initiated preparation for establishing regional headquarters in order to build an appropriate management structure in light of the regional attributes of North America and the Asia-Pacific region.

In North America, a regional headquarters will be established by utilizing the platform or strengthening the functions of Dai-ichi Life International (USA), or by other means. In addition, an Executive Officer of the Group will be stationed in the U.S. and will concurrently assume a director role on Protective Life's board. We will develop a straight-forward and appropriate governance structure, that will bridge geographical constraints and time-zone differences and will facilitate a timely and smooth post-merger integration process.

A regional headquarters for the Asia-Pacific region will be established in Singapore. Through actively hiring and utilizing a regional pool of global-minded life insurance professionals, the Company aims to establish an appropriate management structure suitable to regional attributes and the high growth potential of the Asia-Pacific region. This will enhance synergy between, and support growth of the Dai-ichi Life Group companies in the region.

In May 2012, the Company established the Group Management Headquarters with the aim of strengthening Group management. Establishment of these additional regional headquarters is a key initiative for enhancing the Group's governance structure further, with an eye to possible transition to a holding company structure in the future. Going forward, the Group Management Headquarters in Japan will continue to lead the global expansion efforts of the Dai-ichi Life Group, alongside the North American regional headquarters and the Asia-Pacific regional headquarters.

## 7. Outlook

We expect profit and loss of Protective Life will be reflected on the Group's consolidated financial results from the fiscal year ending March 2016.

## Overview of Protective Life

(1)Company name	Protective Life Corporation		
(2)Location	2801 Highway 280 South Birmingham, Alabama, USA		
(3)Name of CEO	Chairman, President and CEO: John D Johns		
(4)Nature of business	Holding company (listed on the New York Stock Exchange) of an insurance group, owing subsidiaries such as Protective Life Insurance Company		
(5)Common Stock (\$ thousand)	\$44,388 (as of December 31, 2013)		
(6)Ratings	S&P: AA- AM Best: A+ Fitch: A Moody's: A2 (financial strength ratings of the Protective Life Insurance Company, as of March 31, 2014)		
(7)Date of Establishment	July 24, 1907		
(8)Number of employees	2,415 (as of December 31, 2013)		
(9)Major shareholders and ownership ratio as of March 31, 2014	Vanguard Group Inc. 6.43% BlackRock Fund Advisors 5.48% Wellington Management Co. LLP 4.58% Fidelity Management & Research Co. 3.59% EARNEST Partners LLC 3.36%		
(10)Dai-ichi's relationship with the company	No notable capital, management and business relationship between Dai-ichi and Protective Life		
(11)Consolidated financial results of the past three years(notes)			
Fiscal year	Dec 2011	Dec 2012	Dec 2013
Net assets (\$ million)	3,710	4,614	3,714
Total assets (\$ million)	52,143	57,384	68,784
Net assets per share (\$)	45.45	59.06	47.28
Premiums and policy fees (\$ million)	2,800	2,814	2,981
Income before income tax (\$ million)	470	452	590
Net income (\$ million)	315	302	393
Net income per diluted share (\$)	3.65	3.66	4.86
Dividend per share (\$)	0.62	0.70	0.78

Notes: figures based on Protective Life's Form 10-K

Shares to be acquired, acquiring price and shares owned before and after the transaction

(1)Number of shares held before the Acquisition	0 share (Ownership percentage: 0%)
(2)Number of shares to be acquired	81,543,601 shares (notes)
(3)Acquiring price	Common stock of Protective Life: \$5,708 million Advisory fees etc.: approximately \$30 million Total: approximately \$5,738 million

Notes: figures based on fully diluted shares of Protective Life as of today (reflecting dilution resulting from settlement of stock based compensation related to the Acquisition)

(Reference) Consolidated financial results of Dai-ichi Life Group

(JPY millions)

	Ordinary revenue	Ordinary profits	Net income
Fiscal year ending March 2015	5,349,000	246,000	80,000
Fiscal year ended March 2014	6,044,955	304,750	77,931

Notes: figures based on Consolidated Summary Report under Japanese GAAP for the Fiscal Year Ended March 31, 2014, announced on May 15, 2014

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