

New Developments in Overseas Insurance Business
~ Agreement to Acquire 100% Ownership of a Listed
U.S. Life Insurance Group, StanCorp Financial Group, Inc. ~

Meiji Yasuda Life Insurance Company (the “Company”) (President: Akio Negishi) announced today (July 23, U.S. local time) that the Company entered into a definitive agreement to acquire 100% of the outstanding shares of StanCorp Financial Group, Inc. (“StanCorp”), a publicly listed U.S. life insurance company (the “Acquisition”). Subject to approval from StanCorp’s shareholders and from relevant regulatory authorities in Japan and the U.S., StanCorp will become a wholly-owned subsidiary of the Company.

The Acquisition is a friendly transaction and has been unanimously approved by the Board of Directors of StanCorp.

1. Background

In accordance with the Company’s Medium-Term Business Plan “Meiji Yasuda NEXT Challenge Program (Fiscal 2014–2016)”, announced in March 2014, the Company has been expanding its product and service lineup in the domestic life insurance business as well as proactively pursuing overseas business expansion to secure a path to growth for the entire group, with the goal of ensuring customers’ peace of mind into the future and helping them enjoy affluent lives.

With this in mind, in our overseas insurance business, we have been striving to enhance profits and the corporate value of our existing 6 affiliates in 5 countries by putting in place a framework that allows us to leverage our expertise in areas such as products and distribution channels, IT and administrative services, and risk management. Moreover, in pursuit of further global growth opportunities, we have also been promoting new investment opportunities in both developing and developed countries, taking into consideration geographical diversification as well as the developmental stage of the life insurance market of each country.

The Company has, since 1976, when the Company became the first Japanese life insurance company to enter the U.S. life insurance market, accumulated almost 40 years of experience in the U.S. life insurance market. The U.S. life insurance market is the world’s largest insurance market, representing ¥66 trillion on the basis of premium income, and we regard it as a key market in which population increase and robust economic growth should promote stable growth in the medium- to long-term. The Company has also been closely watching the group life insurance market, which has a central role in providing protection to the middle-income demographic, and where high potential growth is expected due to the large gap between the need for protection and current participation levels.

Founded more than a century ago, StanCorp is a leading provider of group life and disability insurance in the U.S. life insurance market. StanCorp actively operates in all 50 U.S. states and has a track record of stable growth and profitability as well as financial soundness enabled by its strong group life insurance franchise. Moreover, with the same customer-oriented management philosophy, the Company and StanCorp share a common vision for the life insurance business as a whole.

Through this transaction, the Company will significantly expand the scale and increase the level of profits of its overseas insurance business, and through enhancing profits and diversifying the business portfolio (dispersing business risk) of the entire group, the Company aims to further improve value for policyholders.

2. Strengths of StanCorp

StanCorp (Headquartered in Portland, Oregon, and listed on the NYSE), founded in 1906, is a medium-sized life insurance company with 6.1 million customers throughout the U.S. (ranked 41st based on premium income as of fiscal year ending December 2013), and a leading provider of group life and disability insurance in the U.S. (ranked 8th in group life insurance, 5th in group long term disability insurance, 5th in group short term disability insurance based on in-force premiums).

Based on its relationship of trust with its main broker distribution channel, a customer base that is relatively insulated from volatility in economic conditions through customer segments such as the state and local public sectors, the education sector and small to medium-size enterprises where stable relationships can be easily established, as well as on disciplined underwriting and risk management, StanCorp's robust business model has ensured continuing strong performance.

- Growth: 3.1% CAGR (Compound Annual Growth Rate) in net income over the past 5 years (peers average 0.5%) (*1)
- Profitability: average ROE of 8.9% over the past 5 years (peers average 6.4%) (*1)
- Financial Strength: Ratings A+ (S&P) / A2 (Moody's) / A (AM Best) [As of June, 2015]

(*1) Average of 4 U.S. listed medium-sized life insurers primarily operating in group insurance business

Led by J. Greg Ness, Chairman, President and CEO, StanCorp's experienced and talented management team consists of a core group of individuals developed under the auspices of StanCorp's own internal programs. We place a high degree of trust in StanCorp's management team, with its management philosophy to "lead the insurance industry and help people achieve financial well-being and peace of mind," a philosophy that resonates with the Company's own values.

3. Strategic Rationale

(1) Enhance Profits and Diversify Group Business Portfolio

This transaction significantly expands the scope and quality of the Company's offerings in overseas markets. It is envisaged that the contribution of the Company's overseas insurance businesses will rise to approximately 13% on the basis of premium income and approximately 9% on the basis of adjusted profit, based on results as of fiscal year ending December 2014. (*2)

The increase in overseas contribution will accelerate the diversification of our business portfolio (dispersing business risk), and reinforce the stability and sustainability of total group profits, with the aim of providing increased benefits to the Company's policyholders.

(*2) Figures are calculated based on a simple sum of the Company's FY2014 results and StanCorp's 2014 calendar year results. Premium income is calculated based on a simple sum of the Company's non-consolidated and consolidated subsidiaries' premium income and StanCorp's premium income (based on statutory accounting). Adjusted profit is calculated based on a simple sum of the Company's non-consolidated base profit and pre-tax income excluding net capital (losses) gains of StanCorp and its consolidated subsidiaries and affiliates (equity equivalent)

(2) Gain a Strong Business Foundation in the U.S. Market

StanCorp will become the Company's presence and partner in the U.S. market, the world's largest life insurance market with stable medium- to long-term growth prospects, with the aim of securing further growth.

As a member of the Meiji Yasuda Group, StanCorp will continue to develop its customer-oriented business under the current management team, meeting its corporate social responsibilities as a life insurer by catering to the needs of the high growth potential middle-income demographic, and aiming to achieve further growth and profit enhancement. In addition, the Company will also share and leverage StanCorp's expertise in business management and group life insurance among the Meiji Yasuda Group, as well as promote employee exchange programs to develop global leadership.

The current trusted and talented StanCorp management team will continue to operate the business post transaction, supported at the board and operational levels by representatives of the Company whose focus will be on facilitating StanCorp's growth and the realization of our collective post-transaction strategy. Specifics of these arrangements will be evaluated and prepared as a part of PMI (Post Merger Integration).

As a mutual company, our ultimate goal is to enhance policyholder benefits. This acquisition will reinforce our business and management platform and by strengthening our capabilities related to payment of insurance and benefits claims, securing a further funding source for stable policyholder dividends, and improving after-sales service levels, etc., will enable us to deliver greater peace of mind to our policyholders.

4. Overview of the Acquisition

(1) Acquisition terms

The purchase price is expected to be \$4,997 million (approximately ¥624 billion, (\$115 per share (¥14,375 per share)(*3)). The purchase price represents a 49.9% premium to StanCorp's 30-day weighted average share price and a 50.0% premium to the latest share price (based on StanCorp's closing price as of July 23, 2015). After prudent and detailed analysis and review of StanCorp's assets and business operations, the Company considers that this price is fair and reasonable.

(*3) Assuming \$1 = ¥125

(2) Funding

The Acquisition will be funded through cash and cash equivalents in hand.

Although the purchase price exceeds the planned investment amount (¥250 billion) stated in the Medium-Term Business Plan, the Company sees no issues from a risk management and financial perspective and the Company will maintain financial soundness after the Acquisition.

(3) Acquisition Scheme and Timeline

Under and in accordance with applicable laws and regulations in the U.S., the Acquisition will be implemented by first establishing a special purpose company of the Company in Delaware, and then merging it with and into StanCorp (*4). Through this process, the Company will acquire the entire outstanding shares of StanCorp in return for payment to StanCorp's shareholders. The Acquisition is subject to approval of StanCorp's shareholders and approval of relevant regulatory authorities, as well as other customary closing conditions.

As for the timeline, we intend to proceed expeditiously and expect to complete the Acquisition in the first quarter of calendar 2016.

(*4) This is a common method used for friendly acquisitions in the U.S., called a reverse triangular merger

Reference

< Overview of StanCorp >

Company name	StanCorp Financial Group, Inc.
Location	1100 SW Sixth Avenue, Portland, Oregon
Representative	Chairman, President and CEO: J. Greg Ness
Nature of Business	Holding company (listed on the New York Stock Exchange) of an insurance group, owning subsidiaries such as Standard Insurance Company
Ratings	A+(S&P) / A2 (Moody's) / A (AM Best) (As of June, 2015)
Year of Establishment	1906
Number of employees	2,739 (As of June 30, 2015)

Major shareholders and ownership ratio (As of March 31, 2015)	Vanguard Group Inc. 6.88% BlackRock Fund Advisors 5.89% Dimensional Fund Advisors LP 5.74% Franklin Advisory Services LLC 5.23% Invesco Advisers Inc. 5.11%			
The Company's relationship with StanCorp	No notable capital or management relationships between the Company and StanCorp Mortgage loan transactions exist between affiliates of the Company and StanCorp			
Consolidated financial results (*5)				
Fiscal Year	December, 2012	December, 2013	December, 2014	June, 2015 (1 st Half)
Total equity (\$ million)	2,165	2,146	2,156	2,238
Total assets (\$ million)	19,788	21,383	22,711	23,367
Book value per share (\$)	48.73	48.62	51.23	52.93
Total premiums (\$ million)	2,164	2,124	2,052	1,075
Pre-tax income (\$ million)	197	330	305	167
Net income (\$ million)	137	226	210	121
Net income per share (basic) (\$)	3.10	5.10	4.89	2.86
Cash dividends declared, per share (\$)	0.93	1.10	1.30	-
RBC (%)	365	398	445	435

(*5) Figures based on the 2nd quarter 2015 earnings release of StanCorp

< Shares to be acquired, acquisition price and shares owned before and after the transaction >

Number of shares held before the Acquisition	0 shares (Number of voting right: 0) (Ownership percentage: 0%)
Number of shares to be acquired	43,456,267 shares (*6)

Acquisition price	Common stock of StanCorp: \$4,997 million Advisory fees etc.: approximately \$30 million Total: approximately \$5,027 million
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(*6) Figures based on estimated fully diluted shares of StanCorp (reflecting dilution from settlement of stock based compensation related to the Acquisition)

This document does not constitute an offer of any securities for sale. This document is prepared for the sole purpose of publicly announcing that the Company has resolved matters relating to the Acquisition, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. This document is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements, under the United States Securities Act of 1933, as amended.