

August 15, 2017

Name of Listed Company: MS&AD Insurance Group Holdings, Inc.
Name of Representative: Yasuyoshi Karasawa, President & CEO
(Securities Code: 8725, Tokyo Stock Exchange and Nagoya Stock Exchange)
Contact: Corporate Communications and Investor Relations Dept.

Capital Participation in Challenger Limited, an Australian Financial Services Company

MS&AD Insurance Group Holdings, Inc. (the “Company”, President: Yasuyoshi Karasawa) has decided to acquire approx. 6.3% of the outstanding shares of Challenger Limited (“Challenger”, listed on the Australian Securities Exchange), an Australian financial services company which has a life insurance business and funds management business, through the subscription of new shares in Challenger to be issued through an allotment by Challenger.

Challenger is the largest provider of individual annuity insurance¹ and has the number seven share of funds management business in Australia². In the market for individual annuity products in Australia, which is expected to enjoy a significant growth in the years to come, given the advance of the aging population, the increase in the number of retirees and mandated nature of Australia's superannuation system, Challenger has significant strengths in brand, sales network, services, technology and other areas, and is expected to enjoy stable growth into the future.

1. Outline of the Capital Participation

Investment method	Subscription of the newly issued ordinary shares through Challenger placement
Acquisition ratio	Approx. 6.3% of the outstanding shares
Investment amount	AUD 500 million (Approximately JPY 44 billion, 1AUD=88JPY)
Issue date	August 23, 2017
Source of funds	Cash on hand
Next steps	The Company intends to grow its holding to 10% over the next 12 months via market, subject to market conditions, any necessary or desirable regulatory approvals and Challenger's circumstances. The company reserves the right to change its intentions and acquire, dispose and vote Challenger shares as it sees fit.

2. Strategic Objectives of the Investment

(1) Reinforcement of alliance between Challenger and Mitsui Sumitomo Primary Life Insurance Company, Limited (“MSP Life”), a subsidiary of the Company

We will seek to strengthen the business alliance by utilizing the know-how of Challenger at MSP Life,

¹ Total sales of annuity by Strategic Insight

² Investment managers by consolidated FUM in “Rainmaker Roundup” vol. 21/No.1/March 2017.

whose business model has a high degree of affinity with that of Challenger, and through initiatives to promote and accelerate the joint development of new products, to acquire know-how in such areas as the management of longevity risk.

(2) Further diversification of business portfolio

By incorporating the annuity insurance business in Australia, which shows growth potential, we will seek to achieve further diversification of risk in the business portfolio of the MS&AD Insurance Group.

(3) Pursuit of group-wide growth opportunities

Through the investment in, and business alliance with, Challenger and personnel exchange associated with the foregoing, we will seek to build a long-term strategic relationship with Challenger and work to bring growth opportunities on a group-wide basis by harnessing its know-how, network and other strengths.

3. Overview of Challenger Limited

(1) Company name	Challenger Limited		
(2) Established	1985		
(3) Headquarters	Sydney, New South Wales, Australia		
(4) Representatives	Chairman: Peter Polson Managing Director and CEO: Brian Benari		
(5) Number of employees (at the end of June 2017)	655		
(6) Main lines of business	Life insurance business and funds management business		
(7) Contributed equity (at the end of June 2016)	AUD 1,547 million		
(8) Rating	S&P: Group Rating (Challenger Life Company) - A (Stable) Challenger Limited - BBB+ (Stable)		
(9) Listed on	ASX		
(10) Fiscal year	Ending on June 30 of each year		
(11) Ties with the MS&AD Insurance Group	There are reinsurance transactions between MSP Life and Challenger Life Company Limited, a subsidiary of Challenger.		
(12) Challenger Group's consolidated results and financial condition over the last three years (Unit: millions of AUD)			
Fiscal year	FY2014	FY2015	FY2016
Net assets (excluding non-controlling interests)	2,153	2,543	2,681
Total assets	17,323	18,532	21,257
Net assets per basic share (AUD)	4.22	4.60	4.80
Life sales	3,380	3,697	4,350
Profit attributable to equity holders	341	299	328
Dividends per share (AUD cents)	26.0	30.0	32.5

* For further information on Challenger's FY2017 financial results, major shareholders and shareholding ratio, etc., please refer to Challenger's Annual Report which is going to be released today on its website; <http://www.challenger.com.au/share/2017.asp>.

Note Regarding Forward-looking Statements

This document includes “forward-looking statements” that reflect the plans and expectations of MS&AD Insurance Group Holdings, Inc. (the “Company”) with respect to its business and results of operations. To the extent that statements in this document do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Company in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the actual results, performance, achievements or financial position of the Company to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by the Company in its subsequent domestic filings in Japan.

The risks, uncertainties and other factors referred to above include, but are not limited to: (1) economic conditions in Japan, the United States, Europe and China; (2) the extent of competition faced by the Company from Japan’s other major non-life insurance companies and new entrants in the Japanese non-life insurance market; (3) the extent of further deregulation of the Japanese insurance industry; (4) occurrence of natural disasters in Japan and elsewhere; (5) occurrence of losses the type or magnitude of which could not be foreseen at the time of writing the insurance policies covering such losses; (6) the price and availability of reinsurance; and (7) the performance of the Company’s investments. Further details of potential risks and uncertainties affecting the Company are described in its domestic filings in Japan including the Company’s annual report. More information about Challenger can be found on its website or through its periodic and continuous disclosure announcements available at www.asx.com.au .