

# Economic Aspects

The T&D Life Group endeavors to achieve transparency and soundness in management and to conduct proactive information disclosure.

## Business Overview

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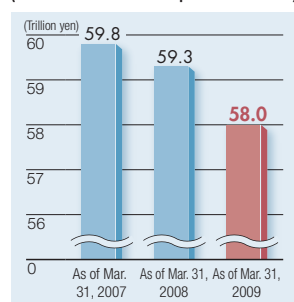
### ● Fiscal Year 2008 (Ended March 2009)

New insurance policies for the Group's three life insurance companies combined (individual insurance and individual annuities) were 5,991 billion yen, down 3.4 percent year on year, and surrendered and lapsed policies were 5,373.2 billion yen, up 6.1 percent year on year, and the amount of policies in force was 58,097.1 billion yen at the fiscal year end, down 2.1 percent year on year.

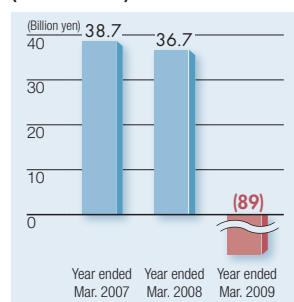
On a consolidated basis, income from insurance premiums was 1,654.4 billion yen, up 2.6 percent year on year, and insurance claims and other payments was 1,814.2 billion yen, up 10.2 percent year on year, resulting in the ordinary loss of 183.8 billion yen, down 339.5 billion yen year on year, and the net loss of 89 billion yen, down 125.8 billion yen year on year. Core profit, a performance indicator for the mainstay life insurance business, turned to a loss of 27 billion yen for the Group's three life insurance companies combined, down 186.8 billion from the preceding year.

For more information about performance results for the latest fiscal year, please visit the T&D Holdings website (<http://td-holdings.co.jp/e/>).

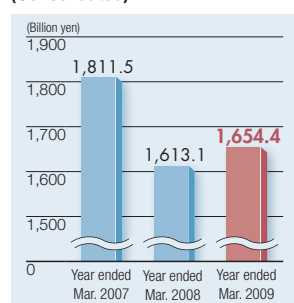
### ■ Policy Amount in Force (Three life insurance companies combined)



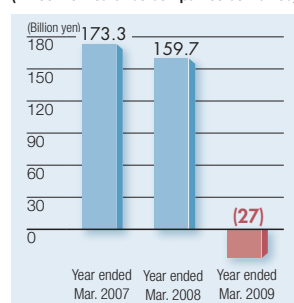
### ■ Net Income (Loss) (Consolidated)



### ■ Income from Insurance Premiums (Consolidated)



### ■ Core Profit (Loss) (Three life insurance companies combined)



### ● Corporate Value (EEV)

The T&D Life Group had disclosed its embedded value (EV), one of the indicators for assessing the corporate value of a life insurance company, and since fiscal 2006, the Group

switched to EEV (European Embedded Value) based on the EEV Principles, which get popular among European insurance companies.

In the calculation of EEV, we use a market risk-free rate for discount rates and investment yields, which solves some of the problems inherent in the traditional EV approach, and thereby improved the quality of disclosed information.

### ■ Corporate Value of the T&D Life Group (Unit: billion yen)

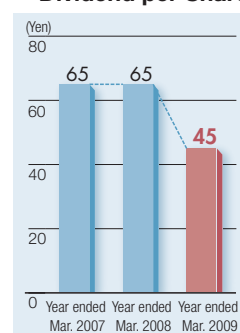
	As of March 31, 2008	As of March 31, 2009	Increase or (decrease)
EEV	1,621.6	866.5	(755.1)
Adjusted net worth	1,057.1	535.3	(521.8)
Value of in-force business	564.4	331.1	(233.3)
Value of new business	62	28.5	(33.4)

Please visit the T&D Holdings website (<http://td-holdings.co.jp/e/>) for more details.

### ● Basic Profit Distribution Policy

T&D Holdings has a policy of maintaining the soundness of its own operations and those of the Group companies, securing retained earnings required by the Group, enhancing shareholder value, and continuing a stable profit distribution. Annual cash dividend for fiscal 2008 was set at 45 yen per share, lower than the previous year.

### ■ Annual Cash Dividend per Share



### ● Solvency Margin Ratio

The Group's solvency margin ratio,\* which is one of the indicators regulatory authorities use to gauge the soundness of an insurance company, remains at an adequate level.

### ■ Solvency Margin Ratio (Unit: %)

	As of Mar. 31, 2007	As of Mar. 31, 2008	As of Mar. 31, 2009
Taiyo Life	1,100.4	1,000.6	866.4
Daido Life	1,320.6	1,096.3	823.4
T&D Financial Life	1,189.7	912.4	832.0
Pet and Family Small-amount Short-term Insurance	19,841.6	17,561.0	4,212.7

\*Solvency margin ratio is an indicator used by regulatory authorities to judge whether an insurance company has a sufficient financial capability to pay the insurance claims in case of unforeseeable risks. A solvency margin ratio of 200 percent and above represents that the insurance company meets a criteria for financial soundness.

## New Business Strategies

### ● Asset Management Business

T&D Holdings made T&D Asset Management, which had been formerly an affiliate company owned by Taiyo Life and Daido Life, a direct subsidiary of T&D Holdings. This is based on the company's long-term management strategy of positioning the asset management business as a core business domain along with the life insurance business.

T&D Asset Management is aiming at building the most trusted asset management firm contributing to the society in the long-run, in the two market segments, institutional investors including pension funds and investment trusts for individual investors. The company intends to offer creative and flexible investment ideas while maintaining a consistent investment philosophy and approaches. Taking a few examples, T&D Asset Management offers such innovative financial products as the investment trust focusing on the companies conducting the environmental business in the rapidly growing Chinese market and the investment trust run by a fully computerized investment program (robot).

### ● Pet Insurance Business

Insurance market for pet animals is likely to grow further on the back of the changing social environments, such as more apartments allowing the residents live with pets, more pet owners giving medical cares to pets as a family member, etc.

T&D Holdings made the Pet and Family Small-amount Short-term Insurance a subsidiary in January 2007 and is aiming at expanding its business in the pet insurance market.

To meet the pet owners' wish to cherish bonding between them and companion animals, the Pet and Family Small-amount Short-term Insurance aims at contributing to the society by providing the best pet insurance product and service in support of healthy and happy living with pets.

In October 2008, a new simpler pet insurance product, called "Genki Number One," was launched.

In November 2008, Pet and Family Small-amount Short-term Insurance became the first insurer in this market segment offering the products through the Internet. In August 2009, some steps were taken to improve customer satisfaction by relaxing the age requirement for pre-enrollment physical examination and for online contracts.



Pet insurance pamphlet

## Credit Ratings

The three life insurance companies in the T&D Life Group have obtained credit ratings regarding solvency for paying benefits.

(As of October 15, 2009)

Rating Agency	Taiyo Life	Daido Life	T&D Financial Life
Standard & Poor's (S&P)	A-	A-	
Japan Credit Rating Agency (JCR)	A+	AA-	A
Rating and Investment Information (R&I)	A+	A+	A+
Fitch Ratings		A	
Moody's Investors Service	A2		

Disclaimer: The above ratings represent the opinions of credit rating agencies and do not guarantee any actual payment of insurance claims.

These ratings are based on numerical figures and other data as of a certain date and may change in the future.

The rating agencies listed above are designated as such by Japan's Cabinet Office regulations, and the definition of ratings is made public by each rating agency. The plus (+) and minus (-) signs or figures (2), etc. following the ratings show relative standing within the major rating categories.

All ratings were obtained through formal requests to the rating agencies by the Group's three life insurance companies.

### ■ Definition of Ratings

#### ● Standard & Poor's (S&P)

<Insurer Financial Strength Ratings>

Rating A: Has strong ability to honor commitments on obligations but is somewhat more likely to be affected by adverse business conditions than insurers with higher ratings.

#### ● Japan Credit Rating Agency (JCR)

<Insurance Claims Payment Ability Ratings>

Rating AA: Very strong ability to honor financial commitments on obligations.

Rating A: Strong ability to honor financial commitments on obligations.

#### ● Rating and Investment Information (R&I)

<Insurance Claims Payment Ability Ratings>

Rating A: Strong ability to pay insurance claims and excellence in some evaluation factors.

#### ● Fitch Ratings

<Insurer Financial Strength Ratings>

Rating A: High level of payment ability. Unlikely to suspend or stop payments and has strong ability to fulfill its obligations to insurance policy holders and other contract obligations without delay. However, faces a stronger possibility of being affected by changes in business or economic conditions than insurers with higher ratings.

#### ● Moody's Investors Service

<Insurer Financial Ratings>

Rating A: Rating for insurance companies with favorable claim payment ability. However, some factors may affect the company's ability to pay claims at some point in the future.