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Disclosure of Embedded Value as of March 31, 2005

T&D Holdings, Inc., Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company hereby announce the Embedded Value (hereinafter, EV) calculations of the T&D Life Group (Total and by each company) as of March 31, 2005, as described below.

1. The T&D Life Group's EV Results

The followings are the EV of the T&D Life Group (sum of the three life insurance companies' EV) and its breakdown as of March 31, 2005. T&D Life Group has standardized the methodology and the approach to set major assumptions for the calculation of EV.

(Billions of Yen)

	As of March 31, 2005	As of March 31, 2004	Amount of increase (decrease)
EV	1,198.3	1,117.8	80.5
Adjusted book value (Note 1)	650.7	640.3	10.3
Existing business value (Note 2)	547.6	477.4	70.2
EV of new business (Note 3)	61.2	53.0	8.1

Note 1: Adjusted book value = Total equity (excluding net unrealized gains on securities)
+ quasi-equity liabilities (reserve for price fluctuations, contingency reserve, and unallotted portion of reserve for policyholder dividends)
+ general reserve for possible loan losses (after-tax)
+ net unrealized gains (losses) on securities (after-tax, excluding yen denominated bonds, including derivative transactions)
+ net unrealized gains (losses) on real estate (after-tax)
- deferred tax assets for quasi-equity liabilities.

Note 2: Existing business value = Present value of future after-tax profit on existing business in force
- present value of cost of capital.

Cost of capital is the spread between the investment yield and the discount rate applied to the amounts of capital and surplus that will be required to maintain the assumed solvency margin ratio.

Note 3: The EV of new business included in the total EV represents the value of new business (including new business from conversion) for the year ended March 31, 2005.

What is “Embedded Value (EV)”?

EV is the sum of adjusted book value, calculated from the balance sheet, and existing business value, calculated from existing policies in force. In Europe and Canada, along with other information, EV is used to evaluate the corporate value of a stock life insurance company. Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of profits. The use of EV allows the contribution of future profit from new business to be recognized at the time of sale. It therefore serves as a valuable supplement to statutory financial information.

2. The EV Results of the Three Companies

The followings are the EV of Taiyo Life, Daido Life, and T&D Financial Life.

(1) Taiyo Life

(Billions of Yen)

	As of March 31, 2005	As of March 31, 2004	Amount of increase (decrease)
EV	337.6	340.7	(3.0)
Adjusted book value	271.0	276.7	(5.6)
Existing business value	66.6	63.9	2.6
EV of new business	33.2	32.2	1.0

(2) Daido Life

(Billions of Yen)

	As of March 31, 2005	As of March 31, 2004	Amount of increase (decrease)
EV	825.5	734.2	91.2
Adjusted book value	357.7	334.8	22.9
Existing business value	467.7	399.4	68.3
EV of new business	29.8	23.0	6.8

(3) T&D Financial Life

(Billions of Yen)

	As of March 31, 2005	As of March 31, 2004	Amount of increase (decrease)
EV	35.1	42.9	(7.7)
Adjusted book value	21.8	28.8	(6.9)
Existing business value	13.2	14.1	(0.8)
EV of new business	(1.8)	(2.2)	0.3

Note: T&D Financial Life’s adjusted book values as of March 31, 2004 and March 31, 2005, are calculated respectively as follows:

As for March 31, 2005, the adjusted book value = (a) – (b) + (c), where (a) the adjusted book value calculated in accordance with the formula specified in **Note 1** of the section 1. **The T&D Life Group’s EV Results** on page 1, (b) goodwill, and (c) the value of tax benefit of amortization of goodwill.

As for March 31, 2004, the adjusted book value = (a) – (b) + (c) + (d), where (a) the adjusted book value calculated in accordance with the formula specified in **Note 1** of the section 1 **The T&D Life Group’s EV Results** on page 1, (b) goodwill, (c) the value of tax benefit of amortization of goodwill, and (d) deferred tax assets. Although the deferred tax assets, which amounted to 15.6 billion yen, were not recorded on the balance sheet of T&D Financial Life as of March 31, 2004, they are included in adjusted book value according to the calculation above. T&D Financial Life expects the deferred tax assets to be refunded for this amount in the future periods with the adoption of a consolidated tax payment system after the establishment of T&D Holdings.

3. Major Assumptions

The followings are the major assumptions employed in the calculation of EV.

Item	Setting of assumptions
Discount rate	6% Set by adding the company’s assumed risk premium (4.5%) to the year-end risk free rate (the yield on 10-year Japanese government bonds is: 1.34 %).
Investment yield on new investments	Set each company’s planned asset allocation and assumed investment yield by assets categories on new investments (see details in table (1)-(3), on page 4). Taiyo Life: 2.09% Daido Life: 2.18% T&D Financial Life: 1.58%
Required solvency margin ratio	600% For the purpose of calculating the cost of capital, the solvency margin ratio required to be maintained was assumed.
Mortality and morbidity	Set based on each company’s experience over the three most recent fiscal years (fiscal 2002 – fiscal 2004). (Note 1)
Surrender and lapse	Set based on each company’s experience over the three most recent fiscal years (fiscal 2002 – fiscal 2004). (Note 2)
Operating expenses	Set based on each company’s experience of the most recent fiscal year (fiscal 2004).
Effective tax rate	Set based on the most recent effective tax rate (based on the rate for fiscal 2004).

Note 1: “fiscal year 2004” as used above means the period April 1, 2004 – March 31, 2005.

Note 2: To eliminate the influence of T&D Financial Life’s special circumstances (the surrender and lapse rate temporarily increased when its business resumed after the bankruptcy of Tokyo Life), the surrender and lapse rate of T&D Financial Life is set based on the experience of the most recent fiscal year (fiscal year 2004).

(1) Taiyo Life's Assumed Investment Yield and Planned Asset Allocation on New Investments

Asset categories	As of March 31, 2005		As of March 31, 2004	
	Assumed investment yield	Asset allocation on new investment	Assumed investment yield	Asset allocation on new investment
Cash and deposits, call loans	0.04%	2.3%	0.04%	2.6%
Domestic bonds, commercial loans	1.24%	68.5%	1.31%	67.5%
Domestic stocks	6.34%	10.7%	6.44%	7.8%
Foreign bonds	2.07%	12.2%	2.02%	14.2%
Other assets	4.96%	6.3%	5.94%	7.9%
Total	2.09%	100.0%	2.14%	100.0%

(2) Daido Life's Assumed Investment Yield and Planned Asset Allocation on New Investments

Asset categories	As of March 31, 2005		As of March 31, 2004	
	Assumed investment yield	Asset allocation on new investment	Assumed investment yield	Asset allocation on new investment
Cash and deposits, call loans	0.04%	12.3%	0.04%	13.2%
Domestic bonds, commercial loans	0.91%	59.1%	1.23%	64.2%
Domestic stocks	6.34%	12.4%	6.44%	8.7%
Foreign bonds	2.66%	3.8%	2.75%	4.0%
Other assets	6.04%	12.3%	6.63%	9.8%
Total	2.18%	100.0%	2.12%	100.0%

(3) T&D Financial Life's Assumed Investment Yield and Planned Asset Allocation on New Investments

Asset categories	As of March 31, 2005		As of March 31, 2004	
	Assumed investment yield	Asset allocation on new investment	Assumed investment yield	Asset allocation on new investment
Cash and deposits, call loans	0.04%	3.5%	0.04%	3.0%
Domestic bonds, commercial loans	1.15%	76.5%	1.28%	69.0%
Domestic stocks	6.34%	2.0%	6.44%	2.8%
Foreign bonds	1.80%	11.5%	2.32%	22.0%
Other assets	5.54%	6.5%	4.13%	3.2%
Total	1.58%	100.0%	1.71%	100.0%

Note 1: For the assumed investment yield used in each asset category, domestic bonds, commercial loans, and foreign bonds are calculated based on each company's investment plan (composition of maturity date, ratings, etc., are considered in domestic bonds and commercial loans, and currency position and hedge ratio are considered in foreign bonds). Other categories are calculated based on the figures standardized by the T&D Life Group.

Note 2: Other assets include real estate, foreign stocks, policy loans, private equities and hedge funds, etc.

4. Effects of Changes in Assumptions (Sensitivities)

The followings are the effects on the EV of changes in assumptions.

(1) Taiyo Life

(Billions of Yen)

		Amount of increase(decrease)	EV amount
Discount rate	Up from 6% to 7%	(11.7)	325.9
	Down from 6% to 5%	13.4	351.1
Solvency margin ratio	Up from 600% to 700%	(26.1)	311.5
	Down from 600% to 500%	25.7	363.3
Investment yield on Total Assets	+0.25%	61.6	399.3
	-0.25%	(61.6)	276.0
Investment yield on New Assets	+0.25%	25.3	363.0
	-0.25%	(25.3)	312.2
Surrender and lapse rate in individual insurance and individual annuities	Assumption x 110%	(3.0)	334.6
	Assumption x 90%	3.3	341.0
Operating expense rate related to maintaining existing policies in-force	Assumption x 110%	(14.8)	322.7
	Assumption x 90%	14.8	352.5

(2) Daido Life

(Billions of Yen)

		Amount of increase(decrease)	EV amount
Discount rate	Up from 6% to 7%	(29.0)	796.5
	Down from 6% to 5%	32.7	858.2
Solvency margin ratio	Up from 600% to 700%	(14.9)	810.5
	Down from 600% to 500%	13.8	839.3
Investment yield on Total Assets	+0.25%	49.7	875.2
	-0.25%	(49.7)	775.7
Investment yield on New Assets	+0.25%	34.8	860.3
	-0.25%	(34.8)	790.7
Surrender and lapse rate in individual insurance and individual annuities	Assumption x 110%	(22.7)	802.7
	Assumption x 90%	25.4	850.9
Operating expense rate related to maintaining existing policies in-force	Assumption x 110%	(15.2)	810.2
	Assumption x 90%	15.2	840.8

(3) T&D Financial Life

(Billions of Yen)

		Amount of increase(decrease)	EV amount
Discount rate	Up from 6% to 7%	(0.7)	34.3
	Down from 6% to 5%	0.7	35.8
Solvency margin ratio	Up from 600% to 700%	(1.2)	33.8
	Down from 600% to 500%	1.2	36.4
Investment yield on Total Assets	+0.25%	3.9	39.1
	-0.25%	(4.3)	30.7
Investment yield on New Assets	+0.25%	2.1	37.2
	-0.25%	(2.2)	32.9
Surrender and lapse rate in individual insurance and individual annuities	Assumption x 110%	(0.0)	35.1
	Assumption x 90%	0.0	35.2
Operating expense rate related to maintaining existing policies in-force	Assumption x 110%	(1.8)	33.3
	Assumption x 90%	1.7	36.9
Reduction by hedging minimum guaranty risk of variable annuity (Note)	When risk reduction by hedging is permitted	1.7	36.9

Note: The solvency margin used in calculating the EV for T&D Financial Life Insurance Company is calculated assuming the company is fully exposed to the minimum guarantee risk for variable annuities. However, Notification No. 50 (1996) by the Ministry of Finance permits under certain conditions to reflect the effectiveness of a company's hedging program in determining the solvency margin. T&D Financial Life Insurance Company has implemented a hedging program since February 2005. This sensitivity shows the effect on the EV if the company reflected its hedging program in determination of the solvency margin.

5. Analysis of Change in EV from March 31, 2004 to March 31, 2005

The followings are the analysis of change in EV of Taiyo Life, Daido Life, and T&D Financial Life from March 31, 2004 to March 31, 2005.

(Billions of Yen)

Item	Amount			
	Taiyo Life	Daido Life	T&D Financial Life	Total
(1) EV as of March 31, 2004	340.7	734.2	42.9	1,117.8
(2) Shareholder dividends and other	(4.8)	(18.2)	-	(23.1)
(3) Expected interests from EV as of March 31, 2004 (Note 1,2)	20.1	42.9	2.5	65.6
(4) Differences between assumptions and actual experience for the year ended March 31, 2005 (Note2)	(27.1)	(11.1)	(2.4)	(40.7)
(5) Differences from changes in the assumptions	(24.3)	47.9	(5.9)	17.5
(6) EV of new business for the year ended March 31, 2005	33.2	29.8	(1.8)	61.2
(7) EV as of March 31, 2005	337.6	825.5	35.1	1,198.3

Note 1: The amount of expected interest is calculated as follows: The EV at the beginning of the fiscal year ((1)+(2) in the above table) x the discount rate applied to the EV calculation at the end of the previous fiscal year (6%).

Note 2: Items (3) and (4) in the above table include the amount of change in unrealized gains and losses on asset (after-tax). (Taiyo Life: (9.2) billion yen, Daido Life: 6.3 billion yen, T&D Financial Life: (1.1) billion yen.)

6. Note in Using EV

The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. It should be noted that actual future results might materially differ from the assumptions used in the EV calculations. Moreover, although EV is one indicator of the corporate value of a stock life insurance company, the actual market value may significantly diverge from the EV, and investors are advised to be cautious.

7. Opinion of Actuarial Firm

To assure fairness, Taiyo Life, Daido Life, and T&D Financial Life requested Milliman Inc., an outside specialist (actuarial firm) equipped with expert knowledge relating to actuarial calculations, including Embedded Values, to review the calculation methodology, the assumptions, the consistency of methodology among the three companies of the T&D Life Group, and the validity of results of EV calculation. The three companies have obtained opinions regarding EV calculations by Milliman Inc.

(To see the opinions, please refer to our Web site: URL <http://www.td-holdings.co.jp/e/>)

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Submitted to:
The Board of Directors
T&D Holdings, Inc.

May 17, 2005

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Opinion Regarding the Embedded Value Calculations of T&D Life Group (Three Life Insurance Subsidiaries of T&D Holdings, Inc.)

This opinion is offered in connection with embedded value calculations of the three life insurance subsidiaries (hereafter referred to as “the 3 life companies”) of T&D Holdings, Inc. (hereafter referred to as “T&D Holdings”) as of March 31, 2005. Any distribution of this document must be in its entirety.

Qualifications

Toshiyuki Ikuma, Managing Director of Milliman, Inc. in Japan (hereafter referred to as “Milliman”), is a Fellow of the Institute of Actuaries of Japan (hereafter referred to as “IAJ”). Stephen H. Conwill is a Fellow of the US Society of Actuaries, a Member of the American Academy of Actuaries, and a Member of the IAJ. Both are qualified as actuaries and are obligated to follow the Code of Conduct of the IAJ.

Professional Background

No standards have been drafted in Japan with respect to the development of embedded values, and professional practice standards worldwide with respect to the development of embedded values are still evolving. Nonetheless, a broad consensus regarding methods and choice of assumptions can be said to exist. Although we have not specifically adhered to the guidelines established in any particular jurisdiction, in coming to our opinion, we have reviewed guidelines in Canada and the UK that may be viewed as indicative

of evolving standards for embedded values and related work, in particular the Canadian Institute of Actuaries' *Interim Draft Paper on the Considerations in the Determination of Embedded Value for Public Disclosure in Canada*, and the Association of British Insurers' paper on the Achieved Profits Method of Accounting. In developing our opinion, we have taken into consideration these guidelines and generally accepted actuarial principles.

This letter represents our professional viewpoint, but should not be construed as a formal audit opinion, as that term would be used in the context of regulatory financial reporting.

In opining on embedded values, we are not offering an opinion on the market value of T&D Holdings or the 3 life companies.

For many reasons, market value may deviate materially from a calculated embedded value. Any valuation is a matter of informed judgment, and each investor should develop their own view of market value based on a detailed analysis of financial and qualitative information available about T&D Holdings and about the 3 life companies, combined with a consideration of alternative investments, overall expectations regarding performance of the financial markets, attitude towards risk and return, and a variety of other factors.

Background

Milliman professionals worked closely with T&D Holdings and each of the 3 life companies in the development of embedded value methods and assumptions, and have assisted in various numerical calculations. When the life insurance subsidiary of T&D Holdings was primarily responsible for developing methods, assumptions, or results, such work was reviewed by us to assure the appropriateness of those methods, assumptions or results. When Milliman professionals were responsible for developing methods, assumptions, or results, our work-product was reviewed by the life insurance company concerned in addition to undergoing Milliman's internal peer review process.

Consistency of Methodology Among T&D Life Group Companies

Each of the 3 life companies has been developing embedded values, and total and breakdown of the embedded values of the 3 life companies have been published in prior years by T&D Life Group. Milliman has worked with each of the 3 life companies to review methods and assumptions, in order to assure an appropriate level of comparability exists among the companies. Because of the companies' different markets and operations, actual experience assumptions will differ among the companies. However, the approach of

the three Holding Company entities to the development of key experience assumptions, and overall approach to embedded value methods (e.g. – definition of distributable cash, discount rate) does not differ among the companies in a manner that should hinder a third-party analyst, competent in the field of discounted cash flows, from developing a comparative view of results.

Reliance

In the course of this work, Milliman professionals depended on data and information provided by the 3 life companies. The data and information Milliman has relied on can be broadly categorized as follows:

1. Information in the financial statements, in particular, the values of balance sheet assets and the size of reported liabilities.
2. Data and information on in-force business at March 31, 2005, and other related data.
3. Policy data and information, including sum insured, gross premiums, reserves, and other values.
4. Data and information on historical and expected future gross premiums, investment income, benefit payments, cash values, operating expenses, other expenditures and dividend scales.
5. Business plans and other data and information provided by the 3 life companies.
6. Various experience data, for example, lapse, mortality, and morbidity, developed by the professionals of the 3 life companies.

We performed no formal audit of this data and information, and the validity of our opinion is dependent on the accuracy of the data and information provided.

Embedded Value Results on which we are Opining

The embedded value results, as of March 31, 2005, that are the subject of this opinion, are summarized in the table below:

T&D Life Group (Total of the 3 life companies)

(Y 100 millions)

Item	Amount
Adjusted Book Value	6,507
Existing Business Value, after tax and cost of capital	5,476
Total Embedded Value	11,983
Value One Year Sales	612

The breakdown for each of the 3 life companies is shown below:

Taiyo Life

(Y 100 millions)

Item	Amount
Adjusted Book Value	2,710
Existing Business Value, after tax and cost of capital	666
Total Embedded Value	3,376
Value One Year Sales	332

Daido Life

(Y 100 millions)

Item	Amount
Adjusted Book Value	3,577
Existing Business Value, after tax and cost of capital	4,677
Total Embedded Value	8,255
Value One Year Sales	298

T&D Financial Life

(Y 100 millions)

Item	Amount
Adjusted Book Value	218
Existing Business Value, after tax and cost of capital	132
Total Embedded Value	351
Value One Year Sales	(18)

This embedded value does not reflect changes that may have occurred in experience or financial market conditions subsequent to the embedded value calculation date (March 31, 2005), and we have not considered such changes in rendering our opinion.

Analysts making use of these figures should have a thorough understanding of methods and assumptions. Assumptions, including projected yields, mortality, morbidity, lapse, and expense, as well as discount rates used in developing the values, are updated periodically. In order to understand EV trends, analysts should understand these assumptions, and the impact of changing assumptions from year to year.

Caveats with Respect to Embedded Values

While an embedded value can provide insight into the financial progress of a life insurance company, and, in conjunction with detailed supplemental analyses, may provide a benchmark as a starting point for the valuation of the company, no particular measure can be used as a sole means of valuation, and actual market value may differ materially from an embedded value.

Embedded values are dependent on a large number of assumptions with respect to future experience, such as investment earnings rates, policy lapse rates, policyholder mortality and morbidity, and corporate expenses. Assumptions were chosen in an effort to reflect recent experience and reasonable future expectations. However, due to the nature of long-term actuarial projections, future experience results will deviate, possibly materially, from those underlying the values shown above. Also, calculated embedded values will vary, possibly materially, as key experience assumptions are varied. Further, in the current environment in the Japanese and worldwide financial markets, material uncertainty exists with respect to asset valuations, a key component of embedded value.

It is important to appreciate that embedded values are developed using a single, deterministic set of assumptions. We have not undertaken dynamic risk analysis or applied other techniques currently being developed in the professional community that can enhance insight into risk-adjusted valuation, with the exception of analysis undertaken in relation to the minimum guarantee risk associated with T&D Financial Life's variable annuity block. As such, embedded values should be used with caution, and only when supported by experts familiar with the appropriate use of such measures.

Opinion

Subject to the caveats outlined in the preceding sections, we confirm that T&D Holdings' embedded value, as of March 31, 2005, was developed using methods and assumptions consistent with evolving international

standards. Furthermore, the choice of assumptions is consistent with recent experience and a range of assumptions that would likely be chosen by professionals proficient in embedded value analysis. In addition, we believe that results are accurate, in the context of the normal variability that would be anticipated by analysts and other professionals expert in the use of embedded values for the evaluation of life insurance operations.