

FINANCIAL SUMMARY

(For the fiscal year ended March 31, 2009)

May 19, 2009

Name of Company: **T&D Holdings, Inc.**
 Stock Listings: Tokyo, Osaka
 Security Code No.: 8795
 Head Office: Tokyo, Japan
 URL: <http://www.td-holdings.co.jp/e/>
 Date of Ordinary General Meeting of Shareholders: June 26, 2009
 Projected Filing Date of Securities Report: June 26, 2009
 Projected Starting Date of Dividend Distribution: June 29, 2009

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2009 (April 1, 2008 - March 31, 2009)

(1) Results of Operations

Note: Amounts of less than one million yen are omitted, and percentages have been rounded to the nearest percent. % changes are presented in comparison with the same term of the previous year.

	Ordinary Revenues	% change	Ordinary Profit	% change	Net Income	% change
FY2008 ended March 31, 2009	¥2,539,862 million	9.0	¥(183,864) million	-	¥(89,097) million	-
FY2007 ended March 31, 2008	¥2,330,071 million	1.9	¥155,712 million	(1.6)	¥36,749 million	(5.2)

	Net Income per Share	Net Income per Share (Fully Diluted)	Ratio of Net Income to Equity	Ratio of Ordinary Profit to Total Assets	Ration of Ordinary Profit to Ordinary Revenues
FY2008 ended March 31, 2009	¥(359.65)	-	(18.4)%	(1.4)%	(7.2)%
FY2007 ended March 31, 2008	¥149.24	-	4.2%	1.1%	6.7%

Note: Equity in net gain of affiliated companies: ¥46 million for the fiscal year ended March 31, 2009; ¥39 million for the fiscal year ended March 31, 2008

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of March 31, 2009	¥12,498,562 million	¥296,393 million	2.4%	¥1,076.35
As of March 31, 2008	¥13,366,056 million	¥677,273 million	5.1%	¥2,743.16

Note: Equity: as of March 31, 2009: ¥294,656 million; as of March 31, 2008: ¥675,453 million.

(3) Results of Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Term
FY2008 ended March 31, 2009	¥(262,975) million	¥496,002 million	¥107,751 million	¥1,320,251 million
FY2007 ended March 31, 2008	¥(64,130) million	¥(160,287) million	¥(4,609) million	¥982,596 million

2. Dividends

	Annual Dividends per Share					Dividends paid for the Year	Payout Ratio for the year	Dividends on Net Assets (Consolidated)
	First Quarter-End	Second Quarter-End	Third Quarter-End	Year-End	Annual			
Year Ended March 31, 2008	-	-	-	¥65.00	¥65.00	¥16,005 million	43.6%	1.8%
Year Ended March 31, 2009	-	-	-	¥45.00	¥45.00	¥12,318 million	-	2.4%
Year Ending March 31, 2010 (Forecast)	-	-	-	¥45.00	¥45.00		68.4%	

3. Consolidated Forecasts for the Year Ending March 31, 2010 (April 1, 2009 - March 31, 2010)

Note: % changes are presented in comparison with the same term of the previous year.

	Ordinary Revenues	Ordinary Profit	Net Income	Net Income per Share
Half-Year ending Sep. 30, 2009	¥980,000 million (22.8)%	¥36,000 million 4.7%	¥6,000 million 62.3%	¥21.92
Year ending March 31, 2010	¥2,010,000 million (20.9)%	¥78,000 million -	¥18,000 million -	¥65.75

4. Others

- (1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): None
- (2) Changes in Accounting Principles, Procedures and Presentation Methods for Consolidated Financial Statements:
1. Changes due to the revision of accounting standards: Applicable
 2. Changes due to other factors: None

Note: For details, please refer to T&D Holdings' "Summary of Significant Accounting Policies" section in this material "Financial Summary for the Fiscal Year Ended March 31, 2009".

- (3) Number of Outstanding Shares (Common Stock)

1. Number of outstanding shares including treasury stock at the end of the year:
 - as of March 31, 2009: 273,930,000;
 - as of March 31, 2008: 246,330,000
2. Number of treasury stock at the end of the year: as of March 31, 2009: 175,434;
 - as of March 31, 2008: 98,215

Note: Please refer to T&D Holdings' "Per Share Information" section in this material "Financial Summary for the Fiscal Year Ended March 31, 2009 about the number of shares used in the net income per share computations.

(Reference) Non-Consolidated Financial Summary

1. Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2009 (April 1, 2008 - March 31, 2009)

(1) Results of Operations

Note: Amounts of less than one million yen are omitted, and percentages have been rounded to the nearest percent. % changes are presented in comparison with the same term of the previous year.

	Operating Income % change	Operating Profit % change	Ordinary Profit % change	Net Income % change
FY2008 ended March 31, 2009	¥20,034 million 3.8	¥16,851 million 2.7	¥16,006 million (2.1)	¥16,028 million (0.9)
FY2007 ended March 31, 2008	¥19,306 million 17.7	¥16,411 million 18.9	¥16,347 million 18.2	¥16,166 million 19.0

	Net Income per Share	Net Income per Share (Fully Diluted)
FY2008 ended March 31, 2009	¥64.70	-
FY2007 ended March 31, 2008	¥65.65	-

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of March 31, 2009	¥792,334 million	¥649,357 million	82.0%	¥2,372.04
As of March 31, 2008	¥633,217 million	¥591,549 million	93.4%	¥2,402.41

Note: Equity: as of March 31, 2009: ¥649,357 million; as of March 31, 2008: ¥591,549 million.

2. Non-Consolidated Forecasts for the Year Ending March 31, 2010 (April 1, 2009 - March 31, 2010)

Note: % changes are presented in comparison with the same term of the previous year.

	Operating Income	Operating Profit	Ordinary Profit	Net Income	Net Income per Share
Half-Year ending Sep.30, 2009	¥14,000 (23.4) million %	¥12,000 (27.6) million %	¥11,000 (33.5) million %	¥12,000 (27.3) million %	¥43.83
Year ending March 31, 2010	¥16,000 (20.1) million %	¥12,000 (28.8) million %	¥11,000 (31.3) million %	¥11,000 (31.4) million %	¥40.18

The above forecasts for the year ending March 31, 2010 reflect the Company's current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company's businesses. Please refer to T&D Holdings' "I. Results of Operations 4. Forecasts for the Year Ending March 31, 2010 (April 1, 2009 - March 31, 2010)" section in this material "Financial Summary for the Fiscal Year Ended March 31, 2009" about consolidated forecasts and non-consolidated forecasts.

I. Results of Operations

1. Consolidated Results of Operations

For the fiscal year ended March 31, 2009, ordinary revenues increased ¥209.7 billion, or 9.0 percent from the level of the previous fiscal year, to ¥2,539.8 billion, which was a total of income from insurance premiums of ¥1,654.4 billion (up 2.6 percent), investment income of ¥407.2 billion (down 8.6 percent), other ordinary income of ¥478.0 billion (up 76.1 percent) and others.

Ordinary expenses increased ¥549.3 billion, or 25.3 percent from the level of the previous fiscal year, to ¥2,723.7 billion, which was a total of insurance claims and other payments of ¥1,814.2 billion (up 10.2 percent), investment expenses of ¥611.7 billion (up 152.8 percent), operating expenses of ¥212.2 billion (up 3.1 percent), other ordinary expenses of ¥84.5 billion (up 9.9 percent) and others.

As a result, ordinary profit decreased ¥339.5 billion from the level of the previous fiscal year, to a loss of ¥183.8 billion, compared with a profit of ¥155.7 billion recorded in the previous fiscal year. This was mainly due to an increase in investment expenses such as losses on sales of securities, devaluation losses on securities and other investment expenses.

Extraordinary gains increased 1,330.0 percent, to ¥87.2 billion, and extraordinary losses decreased 91.2 percent, to ¥3.3 billion. Extraordinary gains mainly consisted of reversal of reserve for price fluctuations of ¥84.8 billion (provision for reserve for price fluctuations of ¥32.7 billion recorded in the previous fiscal year).

After accounting for extraordinary gains and losses, the provision for reserve for policyholder dividends, and income taxes, net income decreased ¥125.8 billion from the level the previous fiscal year, to a loss of ¥89.0 billion, compared with a profit of ¥36.7 billion recorded in the previous fiscal year.

2. Consolidated Financial Position

(1) Balance Sheets

As of March 31, 2009, total assets amounted to ¥12,498.5 billion (down 6.5 percent from March 31, 2008), mainly consisting of securities centered on public and corporate bonds amounting to ¥8,218.5 billion (down 11.1 percent), loans of ¥2,280.7 billion (down 3.5 percent), monetary claims purchased of ¥443.2 billion (up 2.9 percent), call loans of ¥397.5 billion (up 42.1 percent), cash and deposits of ¥319.6 billion (up 3.6 percent) and tangible fixed assets of ¥308.6 billion (down 0.2 percent).

Total liabilities were ¥12,202.1 billion (down 3.8 percent), and policy reserves accounting for a substantial portion of them amounted to ¥11,699.0 billion (down 3.6 percent).

Total net assets were ¥296.3 billion (down 56.2 percent), of which net unrealized gains on securities was a loss of ¥86.2 billion (a gain of ¥246.8 billion posted at the previous fiscal year-end). Stated capital and other capital increased ¥58.0 billion in total as a result of capital increase on March 10, 2009 and March 24, 2009.

(2) Cash Flows

Cash flows for the fiscal year ended March 31, 2009, were as follows.

Net cash used in operating activities was ¥262.9 billion in expenditure, up ¥198.8 billion from the level of the previous fiscal year. This was mainly due to an increase in insurance claims and other payments.

Net cash provided by investing activities was ¥496.0 billion, up ¥656.2 billion in revenue, compared with the expenditure of ¥160.2 billion recorded in the previous fiscal year. This was mainly due to an increase in gains on sales of securities.

Net cash provided by financing activities was ¥107.7 billion, up ¥112.3 billion in revenue, compared

with the expenditure of ¥4.6 billion recorded in the previous fiscal year. This was mainly due to an increase in proceeds from debt and the issuance of new shares.

As a result, cash and cash equivalents as of March 31, 2009 totaled ¥1,320.2 billion, up ¥337.6 billion from the beginning of the fiscal year.

(3) Equity Ratio and Market Capitalization Ratio

	As of March 31, 2008	As of March 31, 2009
Equity ratio ((Equity / Total assets) × 100)	5.1%	2.4%
Market capitalization ratio ((Market capitalization/ Total assets) × 100)	9.6%	5.2%

3. Operations of Three Life Insurance Companies (Non-consolidated Basis)

(1) Results of Operations

Taiyo Life Insurance Company:

For the fiscal year ended March 31, 2009, Taiyo Life's ordinary revenues increased ¥111.8 billion, or 11.2 percent from the level of the previous fiscal year, to ¥1,112.1 billion, which was a total of income from insurance premiums of ¥596.6 billion (down 6.2 percent), investment income of ¥232.6 billion (up 1.3 percent), and other ordinary income of ¥282.8 billion (up 109.6 percent).

Ordinary expenses increased ¥232.5 billion, or 24.7 percent from the level of the previous fiscal year, to ¥1,175.8 billion, which was a total of insurance claims and other payments of ¥803.7 billion (up 7.6 percent), investment expenses of ¥241.8 billion (up 217.6 percent), operating expenses of ¥79.8 billion (up 3.5 percent) and others.

As a result, ordinary profit decreased ¥120.7 billion from the level of the previous fiscal year, to a loss of ¥63.6 billion, compared with a profit of ¥57.0 billion recorded in the previous fiscal year. This was mainly due to an increase in investment expenses such as losses on sales of securities.

Extraordinary gains increased 7,827.4 percent, to ¥54.2 billion, and extraordinary losses decreased 96.8 percent, to ¥0.6 billion. Extraordinary gains mainly consisted of reversal of reserve for price fluctuations of ¥53.2 billion (provision for reserve for price fluctuations of ¥20.7 billion recorded in the previous fiscal year).

Net income decreased ¥27.6 billion from the level of the previous fiscal year, to a loss of ¥15.5 billion, compared with a profit of ¥12.0 billion recorded in the previous fiscal year.

Core profit (a measure of underlying profitability from core insurance operations on a non-consolidated basis) for the fiscal year ended March 31, 2009, recorded ¥45.0 billion, down 15.2 percent compared with the previous fiscal year, after compensating for a negative spread of ¥20.2 billion (up 15.0 percent).

Daido Life Insurance Company:

For the fiscal year ended March 31, 2009, Daido Life's ordinary revenues increased ¥114.1 billion, or 10.0 percent from the level of the previous fiscal year, to ¥1,250.5 billion, which was a total of income from insurance premiums of ¥811.9 billion (down 3.7 percent), investment income of ¥172.3 billion (down 16.2 percent), and other ordinary income of ¥266.1 billion (up 205.2 percent).

Ordinary expenses increased ¥312.1 billion, or 30.3 percent from the level of the previous fiscal year, to ¥1,343.8 billion, which was a total of insurance claims and other payments of ¥924.2 billion (up 14.9 percent) and investment expenses of ¥288.4 billion (up 204.8 percent), operating expenses of ¥114.4 billion (up 0.2 percent) and others.

As a result, ordinary profit decreased ¥197.9 billion from the level of the previous fiscal year, to a loss of

¥93.3 billion, compared with a profit of ¥104.6 billion recorded in the previous fiscal year. This was mainly due to an increase in investment expenses such as losses on sales of securities, devaluation losses on securities and other investment expenses.

Extraordinary gains increased 535.4 percent, to ¥32.6 billion, and extraordinary losses decreased 93.1 percent, to ¥1.0 billion. Extraordinary gains mainly consisted of reversal of reserve for price fluctuations of ¥31.5 billion (provision for reserve for price fluctuations of ¥11.9 billion recorded in the previous fiscal year).

Net income decreased ¥82.5 billion from the level of the previous fiscal year, to a loss of ¥52.0 billion, compared with a profit of ¥30.4 billion recorded in the previous fiscal year.

Daido Life marked a loss of ¥31.2 billion in its core profit for the fiscal year ended March 31, 2009, compared with a profit of ¥124.8 billion recorded in the previous fiscal year. A negative spread was ¥129.8 billion for the fiscal year ended March 31, 2009, compared with a positive spread of ¥21.7 billion recorded in the previous fiscal year. This was mainly due to an increase in other investment expenses as a result of sales of the investment trusts with unrealized losses.

T&D Financial Life Insurance Company:

For the fiscal year ended March 31, 2009, T&D Financial Life's ordinary revenues increased ¥104.8 billion, or 58.1 percent from the level of the previous fiscal year, to ¥285.3 billion, which was a total of income from insurance premiums of ¥245.7 billion (up 83.3 percent), investment income of ¥28.6 billion (up 44.5 percent), and other ordinary income of ¥10.9 billion (down 58.9 percent).

Ordinary expenses increased ¥122.0 billion, or 64.2 percent from the level of the previous fiscal year, to ¥312.1 billion, which was a total of insurance claims and other payments of ¥86.3 billion (down 9.7 percent), provision for policy reserve of ¥103.5 billion (up - percent), investment expenses of ¥103.1 billion (up 32.4 percent), operating expenses of ¥16.0 billion (up 18.2 percent) and others.

As a result, ordinary losses increased ¥17.1 billion, or 177.6 percent from the level of the previous fiscal year, to ¥26.8 billion.

Net loss increased ¥12.8 billion, or 185.6 percent from the level of the previous fiscal year, to ¥19.8 billion.

T&D Financial Life marked a loss of ¥40.8 billion (up 124.6 percent) in its core profit for the fiscal year ended March 31, 2009. A negative spread was ¥3.6 billion (down 11.0 percent).

(2) Financial Position

Taiyo Life Insurance Company:

As of March 31, 2009, total assets amounted to ¥5,771.1 billion (down 6.7 percent from March 31, 2008), mainly consisting of securities centered on public and corporate bonds amounting to ¥3,675.6 billion (down 11.5 percent), loans of ¥1,493.8 billion (up 0.8 percent), tangible fixed assets of ¥162.4 billion (up 0.1 percent) and monetary claims purchased of ¥145.3 billion (down 9.4 percent).

Total liabilities were ¥5,625.4 billion (down 5.2 percent), and policy reserves accounting for a substantial portion of them amounted to ¥5,477.3 billion (down 4.4 percent).

Total net assets were ¥145.7 billion, down 42.7 percent from the previous fiscal year, of which net unrealized gains on securities was ¥0.9 billion (down 99.3 percent). Stated capital and other capital increased ¥50.0 billion as a result of capital increase on March 27, 2009.

As of March 31, 2009, solvency margin ratio (a measure of insurance companies' financial soundness) was 866.4 percent (1,000.6 percent recorded at the end of the previous fiscal year). Furthermore, the value of adjusted net assets (adjusted assets at fair value less liabilities, excluding quasi-equity liabilities) amounted to ¥330.4 billion. (¥659.7 billion posted at the previous fiscal year-end)

Daido Life Insurance Company:

As of March 31, 2009, total assets amounted to ¥5,471.1 billion (down 9.5 percent from March 31, 2008), mainly consisting of securities centered on public and corporate bonds amounting to ¥3,521.2 billion (down 15.3 percent), loans of ¥801.7 billion (down 10.0 percent), monetary claims purchased of ¥297.8 billion (up 10.3 percent), call loans of ¥274.9 billion (up 115.1 percent), cash and deposits of ¥214.1 billion (up 26.4 percent) and tangible fixed assets of ¥140.7 billion (up 0.2 percent).

Total liabilities were ¥5,285.2 billion (down 6.8 percent), and policy reserves accounting for a substantial portion of them amounted to ¥5,106.8 billion (down 5.3 percent).

Total net assets were ¥185.9 billion, down 50.3 percent from the previous fiscal year, of which net unrealized gains on securities was a loss of ¥86.0 billion (¥111.8 billion posted at the previous fiscal year-end). Stated capital and other capital increased ¥70.0 billion as a result of capital increase on March 27, 2009.

As of March 31, 2009, solvency margin ratio was 823.4 percent (1,096.3 percent at the end of the previous fiscal year). Furthermore, the value of adjusted net assets amounted to ¥447.9 billion. (¥777.2 billion posted at the previous fiscal year-end)

T&D Financial Life Insurance Company:

As of March 31, 2009, total assets amounted to ¥1,171.1 billion (up 11.6 percent from March 31, 2008), mainly consisting of securities amounting to ¥1,024.4 billion (up 9.6 percent), monetary trusts of ¥64.6 billion (up 114.2 percent), call loans of ¥24.0 billion (down 18.6 percent) and cash and deposits of ¥19.0 billion (down 7.7 percent).

Total liabilities were ¥1,124.0 billion (up 10.0 percent), and policy reserves accounting for a substantial portion of them amounted to ¥1,113.0 billion (up 10.0 percent).

Total net assets were ¥47.0 billion, up 74.8 percent from the previous fiscal year, of which net unrealized gains on securities was a loss of ¥1.2 billion (up 4.9 percent), while stated capital and other capital increased ¥40.0 billion as a result of capital increase on December 26, 2008.

As of March 31, 2009, solvency margin ratio was 832.0 percent (912.4 percent at the end of the previous fiscal year). Furthermore, the value of adjusted net assets amounted to ¥87.1 billion. (¥63.7 billion posted at the previous fiscal year-end)

(Reference) Sales Results

Taiyo Life Insurance Company:

The new policy amount of individual insurance and annuities (including the net increase from conversions) for the fiscal year ended March 31, 2009, increased 36.6 percent compared with the previous fiscal year, to ¥2,013.1 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 7.6 percent compared with the previous fiscal year, to ¥1,245.5 billion.

As a consequence, the total policy amount in force of individual insurance and annuities as of March 31, 2009, increased ¥173.0 billion, or 1.0 percent from the level of the previous fiscal year (¥17,182.2 billion posted at the previous fiscal year-end), to ¥17,355.2 billion.

Daido Life Insurance Company:

The new policy amount of individual insurance and annuities (including the net increase from conversions) for the fiscal year ended March 31, 2009 decreased 18.8 percent compared with the previous fiscal year, to ¥3,761.6 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities increased 12.5 percent compared with the previous fiscal year, to ¥3,992.4 billion.

As a consequence, the total policy amount in force of individual insurance and annuities as of March 31, 2009, decreased ¥1,275.2 billion, or 3.2 percent from the level of the previous fiscal year (¥39,897.1 billion posted at the previous fiscal year-end), to ¥38,621.8 billion.

T&D Financial Life Insurance Company:

The new policy amount of individual insurance and annuities (not including the net increase from conversions) for the fiscal year ended March 31, 2009 increased 131.6 percent compared with the previous fiscal year, to ¥216.2 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 18.3 percent compared with the previous fiscal year, to ¥135.3 billion.

As a consequence, the total policy amount in force of individual insurance and annuities as of March 31, 2009, decreased ¥141.0 billion, or 6.2 percent from the level of the previous fiscal year (¥2,261.0 billion posted at the previous fiscal year-end), to ¥2,120.0 billion.

4. Forecasts for the Year Ending March 31, 2010 (April 1, 2009 - March 31, 2010)

(1) Consolidated

(Billions of yen)

	Ordinary revenues	Ordinary profit	Net income
Half-Year-end	980	36	6
Change	(22.8%)	4.7%	62.3%
Year-end	2,010	78	18
Change	(20.9%)	-	-

Note: "Change" represents the amount change from the same term of the previous year.

Ordinary revenues are expected to be ¥2,010 billion, a decrease of approximately ¥530 billion or 20.9 percent from the fiscal year ended March 31, 2009. Ordinary profit is expected to be ¥78 billion (a loss of ¥183.8 billion recorded in the fiscal year ended March 31, 2009). This is mainly due to a decrease in investment expenses which is not expected to be the same level recorded at the fiscal year ended March 31, 2009.

Net income is expected to be ¥18 billion (a net loss of ¥89.0 billion recorded in the fiscal year ended March 31, 2009). This is due to an expected increase of provision for reserve for price fluctuations (reversal of reserve for price fluctuations was recorded in the fiscal year ended March 31, 2009), provision for reserve for policyholder dividends and income taxes, while ordinary profit is expected to be ¥78 billion.

Reference: Forecasts for the Year Ending March 31, 2010 of Three Life Insurance Companies (Non-consolidated Basis)

(Billions of yen)

	Taiyo Life	Daido Life	T&D Financial Life
Ordinary revenues	910	970	270
Change	(18.2%)	(22.4%)	(5.4%)
Ordinary profit (loss)	41	50	(14)
Change	-	-	(47.8%)
Core profit (loss)	50	55	(4)
Change	11.1%	-	(90.2%)
Net income (loss)	11	17	(10)
Change	-	-	(49.5%)

Note: "Change" represents the amount change from the year ended March 31, 2009. An increase of figures in the item "loss" shows a bigger loss amount and vice versa.

Taiyo Life Insurance Company:

Ordinary profit is expected to be ¥41 billion (a loss of ¥63.6 billion recorded in the fiscal year ended March 31, 2009). This is mainly due to a decrease in investment expenses which is not expected to be the same level recorded at the fiscal year ended March 31, 2009. Core profit is expected to be ¥50 billion, an increase in approximately ¥5 billion or 11.1 percent.

Net income is expected to be ¥11 billion (a net loss of ¥15.5 billion recorded in the fiscal year ended March 31, 2009). This is due to an expected increase of provision for reserve for price fluctuations (reversal of reserve for price fluctuations was recorded in the fiscal year ended March 31, 2009) and provision for reserve for policyholder dividends, while ordinary profit is expected to be ¥41 billion.

Daido Life Insurance Company:

Ordinary profit is expected to be ¥50 billion (a loss of ¥93.3 billion recorded in the fiscal year ended

March 31, 2009). This is mainly due to a decrease in investment expenses which is not expected to be the same level recorded at the fiscal year ended March 31, 2009. Core profit is expected to be ¥55 billion (a loss of ¥31.2 billion recorded in the fiscal year ended March 31, 2009).

Net income is expected to be ¥17 billion (a net loss of ¥52.0 billion recorded in the fiscal year ended March 31, 2009). This is due to an expected increase of provision for reserve for price fluctuations as a part of extraordinary losses (reversal of reserve for price fluctuations as a part of extraordinary gains was recorded in the fiscal year ended March 31, 2009) and provision for reserve for policyholder dividends, while ordinary profit is expected to be ¥50 billion.

T&D Financial Life Insurance Company:

Ordinary loss is expected to be ¥14 billion, a decrease in approximately ¥13 billion or 47.8 percent from the fiscal year ended March 31, 2009, and core profit is expected to be a loss of ¥4 billion, a decrease in approximately ¥37 billion (down 90.2 percent) from the fiscal year ended March 31, 2009. This is mainly due to an expected decrease of provision for reserve for policy reserves relating to minimum guarantee risks of variable annuities.

Net loss is expected to be ¥10 billion, a decrease of approximately ¥10 billion or 49.5 percent from the fiscal year ended March 31 2009. This is mainly due to an increase of ordinary revenues.

(2) Non-consolidated Forecasts for T&D Holdings

The non-consolidated forecasts for the year ending March 31, 2010, are as follows:

(Billions of yen)

	Operating income	Operating profit	Ordinary profit	Net income
Half-Year-end Change	14 (23.4%)	12 (27.6%)	11 (33.5%)	12 (27.3%)
Year-end Change	16 (20.1%)	12 (28.8%)	11 (31.3%)	11 (31.4%)

Note: "Change" represents the amount change from the same term of the previous year.

5. Basic Dividend Distribution Policy

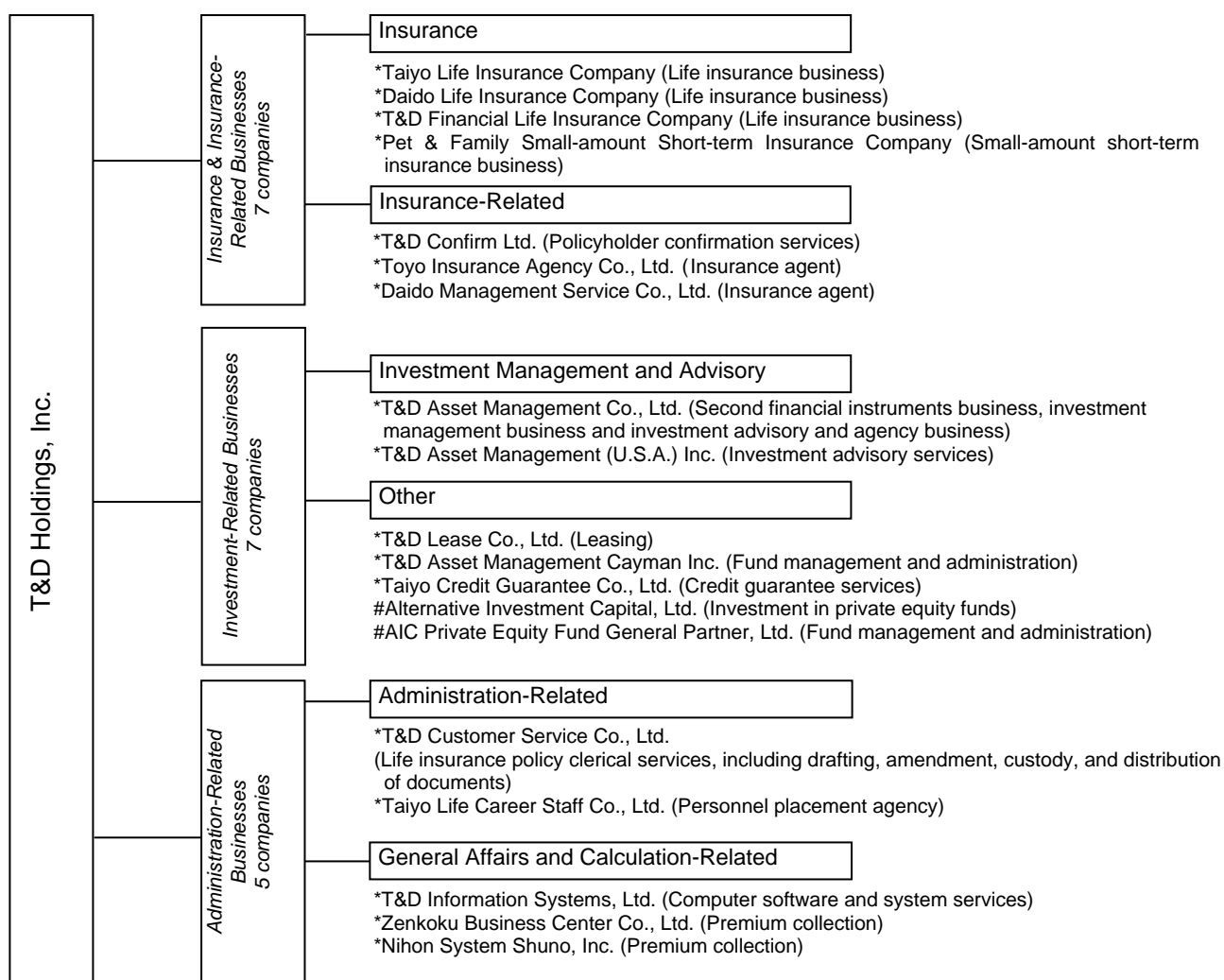
T&D Holdings' basic dividend distribution policy is to retain necessary internal reserves for the group in order to maintain a sound business base for T&D Holdings and group businesses. T&D Holdings also pursues policies aimed at increasing shareholder value and paying stable dividends.

In consideration of these policies, we plan to pay a dividend of ¥45 per share for the fiscal year ended March 31, 2009. And we plan to pay a dividend of ¥45 per share for the fiscal year ending March 31, 2010. As in the past, we continue an annual dividend payment approved by the Shareholders' Meeting based on the fiscal year end. According to the Articles of Incorporation, semiannual interim dividend payment as provided in Article 454-5 of the Japanese Company Law may be made by the resolution of the Board of Directors.

II. Subsidiaries and Affiliates

T&D Holdings, Inc. (“T&D Holdings” and the “Company”), was established on April 1, 2004, as a holding company through the joint transfer of the stock of Taiyo Life Insurance Company (“Taiyo Life”), Daido Life Insurance Company (“Daido Life”), and T&D Financial Life Insurance Company (“T&D Financial Life”) (collectively, referred to below as the “Three Life Insurance Companies”).

T&D Holdings and its subsidiaries (referred to below as the “T&D Life Group” or the “Group”) comprise the holding company, 17 subsidiaries and 2 affiliated companies as of March 31, 2009. Centered on the life insurance business, the Group’s operations are outlined below:



Note: Companies marked by * are consolidated subsidiaries, and companies marked by # are affiliated companies accounted for by the equity method.

III. Management Principles and Goals

1. Basic Management Principles

With our “Try & Discover” motto for creating value, the T&D Life Group aims to be a group that contributes to all people and societies. The Group’s four management visions are as follows:

- (1) Aim to provide the best products and services to increase customer satisfaction.
- (2) Aim to increase the value of the Group by expanding and creating value in areas where the Group can take full advantage of its strengths.
- (3) Broadly fulfill our social responsibilities with high ethical standards and strict compliance practices.
- (4) Aim to be an energetic group whose employees are encouraged to be creative and to take action.

2. Management Goals

The T&D Life Group aims at sustainable growth in its Embedded Value (EV)*, which is a yardstick to evaluate the corporate value of a life insurance company. Crucial for EV enhancement are “solid growth in new policy amount and the expansion of policy amount in force” as well as “attainment of higher managerial efficiency.” Based on a time-driven management style, the Group will meet the said crucial challenges and strive to enhance its corporate value.

*Embedded value (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.

3. Medium-Term Management Strategy

The T&D Life Group is pursuing the following five group strategies, along with the philosophies of “growing and expanding the insurance business” by further leveraging the unique strengths inherent in the business models of each of the Three Life Insurance Companies and “increasing operational efficiency and strategic concentration of investment ” through consolidation of the Group’s management resources.

- (1) Growing and expanding the life insurance business
To grow and expand the Group’s core business, life insurance business, through the further reinforcement of the individual strengths of Taiyo Life, Daido Life, and T&D Financial Life, each of which have independent product strategies and sales strategies, within the Group.
- (2) Strategically reallocating the Group resources
To enhance the Group’s corporate value through strategic reallocation of group management resources to the internal management department and fields with high growth capability and profitability.

(3) Providing high-quality services and increasing operational efficiency

To provide high-quality and appropriate services through the review of all operations regarding payments of insurance claims and benefits from the customer's viewpoint and to achieve greater efficiency through the integration of such common group infrastructure as back-office services and systems.

(4) Strengthening profit management and risk management

To win trust from customers by establishing a stronger financial basis through appropriate profit and risk management.

(5) Expanding the Group presence

To achieve mid- and long-term growth of the Group by expanding the life insurance business and entering into new business areas through alliances and M&A.

4. Future Tasks

The Japanese economy is expected to continue severe situation due to a concern of prolongation and intensification of global recession and a continued uncertainty of financial markets.

In the Japanese life insurance industry, we are required to maintain and improve a sound business base through establishing a stronger financial basis as well as to manage an enforcement of more precise risk management system and flexible business operations in order to respond the sudden change in the market conditions precisely. Also it is important to win trust from customers by continued effort to improve the quality of operations from the customer's viewpoint as well as continuing the review of all operations regarding appropriate payments of insurance claims and benefits.

In such an environment, the T&D Life Group fulfills its Corporate Social Responsibility (CSR) and expands the Group's corporate value through a strengthening of profitability of the Group's core business, life insurance business and a further improvement of financial position by advancement and improvement of risk management system.

Additionally we push forward the maintenance of the preparations that can accomplish basic operations as a group such as an effort to prevent cases of inadequate payment of insurance claims and benefits from occurring again, ensuring strict compliance, appropriate internal auditing and training of personnel, and will strive to establish a business operation with a customer standard and a system to improve customer satisfaction by quick incorporation of feedbacks, which we treat sincerely, from customers into operations.

IV. Unaudited Consolidated Financial Statements

T&D Holdings, Inc.

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Unaudited Consolidated Balance Sheets

As of March 31,	2009		2008		2009	
	<i>(Millions of yen)</i>		<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	
Assets:						
Cash and deposits	¥	319,643	¥	308,428	\$	3,254,028
Call loans		397,500		279,800		4,046,625
Monetary claims purchased		443,212		430,592		4,511,989
Monetary trusts		78,112		134,769		795,203
Securities		8,218,502		9,244,528		83,665,911
Loans		2,280,772		2,363,476		23,218,691
Tangible fixed assets:						
Land		177,242				1,804,364
Buildings		123,117				1,253,361
Lease assets		141				1,439
Construction in progress		1,695				17,261
Other tangible fixed assets		6,407				65,227
Total tangible fixed assets		308,604		309,279		3,141,653
Intangible fixed assets:						
Software		21,523				219,109
Lease assets		129				1,315
Other intangible fixed assets		1,792				18,246
Total intangible fixed assets		23,444		23,755		238,671
Due from agencies		1,233		1,382		12,555
Due from reinsurers		10,422		8,472		106,106
Other assets		191,792		199,089		1,952,480
Deferred tax assets		227,992		66,419		2,321,010
Reserve for possible loan losses		(2,671)		(3,940)		(27,192)
Total assets	¥	12,498,562	¥	13,366,056	\$	127,237,735

Unaudited Consolidated Balance Sheets (Continued)

As of March 31,	2009	2008	2009
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Liabilities:			
Policy reserves:			
Reserve for outstanding claims	¥ 71,474	¥ 75,264	\$ 727,628
Policy reserve	11,480,401	11,875,618	116,872,661
Reserve for policyholder dividends	147,129	186,873	1,497,808
Total policy reserves	11,699,006	12,137,756	119,098,098
Due to agencies	604	280	6,152
Due to reinsurers	450	491	4,590
Short-term debenture	9,994	27,971	101,747
Subordinated bonds	-	20,000	-
Other liabilities	306,659	232,992	3,121,852
Reserve for bonus to directors and corporate auditors	160	210	1,639
Reserve for employees' retirement benefits	118,040	116,849	1,201,677
Reserve for directors' and corporate auditors' retirement benefits	4,123	4,242	41,978
Reserve for price fluctuations	52,453	137,269	533,991
Deferred tax liabilities	-	10	-
Deferred tax liabilities on land revaluation	10,674	10,708	108,668
Total liabilities	12,202,169	12,688,782	124,220,396
Net assets:			
Common stock:			
Authorized – 966,000,000 shares			
Issued – 273,930,000 shares	147,637	118,595	1,502,978
Capital surplus	135,145	106,106	1,375,801
Retained earnings	146,616	251,934	1,492,580
Treasury stock	(927)	(638)	(9,442)
Total stockholders' equity	428,471	475,998	4,361,918
Net unrealized gains (losses) on securities	(86,246)	246,874	(878,008)
Deferred gains on hedging instruments	348	571	3,545
Land revaluation	(47,805)	(48,014)	(486,664)
Foreign currency translation adjustments	(110)	24	(1,127)
Total valuation and translation adjustments	(133,814)	199,455	(1,362,254)
Minority interests	1,736	1,820	17,674
Total net assets	296,393	677,273	3,017,338
Total liabilities and net assets	¥ 12,498,562	¥ 13,366,056	\$ 127,237,735

See notes to unaudited consolidated financial statements.

Unaudited Consolidated Statements of Operations

Years ended March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Ordinary revenues:			
Income from insurance premiums	¥ 1,654,476	¥ 1,613,190	\$ 16,842,888
Investment income:			
Interest, dividends and income from real estate for rent	255,592	288,345	2,601,976
Gains from monetary trusts, net	19,539	29,343	198,913
Gains on sales of securities	118,171	102,475	1,203,005
Gains on redemptions of securities	-	14	-
Gains from derivatives, net	11,272	22,312	114,757
Other investment income	2,720	2,921	27,691
Total investment income	407,295	445,413	4,146,344
Other ordinary income:			
Reversal of policy reserve	395,216	198,154	4,023,380
Other ordinary income	82,827	73,272	843,196
Total other ordinary income	478,043	271,427	4,866,577
Equity in net income of affiliated companies	46	39	473
Total ordinary revenues	2,539,862	2,330,071	25,856,283
Ordinary expenses:			
Insurance claims and other payments:			
Insurance claims	627,753	611,405	6,390,654
Annuity payments	189,018	175,789	1,924,243
Insurance benefits	308,497	304,388	3,140,564
Surrender payments	439,863	391,885	4,477,890
Other payments	249,162	163,563	2,536,524
Total insurance claims and other payments	1,814,296	1,647,033	18,469,877
Provision for policy and other reserves:			
Provision for reserve for outstanding claims	-	1,613	-
Interest portion of reserve for policyholder dividends	881	916	8,977
Total provision for policy and other reserves	881	2,529	8,977
Investment expenses:			
Interest expenses	2,227	2,138	22,674
Losses on investments in trading securities, net	30,046	25,192	305,874
Losses on sales of securities	264,191	62,224	2,689,516
Devaluation losses on securities	60,808	27,178	619,039
Foreign exchange losses, net	3,240	6,193	32,992
Provision for reserve for possible loan losses	-	304	-
Write-off of loans	109	189	1,116
Depreciation of real estate for rent	5,633	5,778	57,347
Other investment expenses	128,354	18,067	1,306,676
Losses on separate accounts, net	117,095	94,702	1,192,052
Total investment expenses	611,706	241,970	6,227,291
Operating expenses	212,260	205,853	2,160,847
Other ordinary expenses	84,582	76,971	861,065
Total ordinary expenses	2,723,727	2,174,358	27,728,059
Ordinary profit (loss)	¥ (183,864)	¥ 155,712	\$ (1,871,775)

Unaudited Consolidated Statements of Operations (continued)

Years ended March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Extraordinary gains:			
Gains on disposal of fixed assets	¥ 702	¥ 5,740	\$ 7,150
Reversal of reserve for price fluctuation	84,815	-	863,436
Reversal of reserve for possible loan losses	1,142	-	11,631
Recoveries of bad debts previously written-off	131	113	1,343
Gains on sales of investment in subsidiaries and affiliates	145	-	1,479
Other extraordinary gains	303	246	3,089
Total extraordinary gains	87,241	6,100	888,131
Extraordinary losses:			
Losses on disposal of fixed assets	3,005	4,194	30,595
Impairment loss	-	349	-
Provision for reserve for price fluctuations	-	32,727	-
Other extraordinary losses	303	245	3,089
Total extraordinary losses	3,308	37,516	33,685
Provision for reserve for policyholder dividends	8,971	45,384	91,333
Income (loss) before income taxes	(108,903)	78,912	(1,108,662)
Income taxes:			
Current	1,187	64,753	12,092
Prior years	1,101	-	11,216
Deferred	(22,192)	(22,581)	(225,928)
Total income taxes	(19,903)	42,172	(202,619)
Minority interests (losses)	96	(9)	982
Net income (loss)	¥ (89,097)	¥ 36,749	\$ (907,025)

See notes to unaudited consolidated financial statements.

Unaudited Consolidated Statements of Changes in Net Assets

Years ended March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Stockholders' equity:			
Common stock:			
Balance as of previous fiscal year-end	¥ 118,595	¥ 118,595	\$ 1,207,324
Changes in the period:			
Issuance of new shares	29,042	-	295,654
Total changes in the period	29,042	-	295,654
Balance as of the end of the fiscal year	147,637	118,595	1,502,978
Capital surplus:			
Balance as of previous fiscal year-end	106,106	106,106	1,080,187
Changes in the period:			
Issuance of new shares	29,042	-	295,654
Disposal of treasury stock	(3)	0	(39)
Total changes in the period	29,038	0	295,614
Balance as of the end of the fiscal year	135,145	106,106	1,375,801
Retained earnings:			
Balance as of previous fiscal year-end	251,934	231,678	2,564,744
Changes in the period:			
Dividends	(16,005)	(16,006)	(162,934)
Net income (loss)	(89,097)	36,749	(907,025)
Disposal of treasury stock	(6)	-	(67)
Reversal of land revaluation	(209)	(487)	(2,136)
Total changes in the period	(105,318)	20,256	(1,072,164)
Balance as of the end of the fiscal year	146,616	251,934	1,492,580
Treasury stock:			
Balance as of previous fiscal year-end	(638)	(496)	(6,499)
Changes in the period:			
Acquisition of treasury stock	(320)	(156)	(3,261)
Disposal of treasury stock	31	14	318
Total changes in the period	(289)	(141)	(2,942)
Balance as of the end of the fiscal year	(927)	(638)	(9,442)
Total			
Balance as of previous fiscal year-end	475,998	455,883	4,845,757
Changes in the period:			
Issuance of new shares	58,084	-	591,308
Dividends	(16,005)	(16,006)	(162,934)
Net income (loss)	(89,097)	36,749	(907,025)
Acquisition of treasury stock	(320)	(156)	(3,261)
Disposal of treasury stock	20	14	211
Reversal of land revaluation	(209)	(487)	(2,136)
Total changes in the period	(47,527)	20,115	(483,838)
Balance as of the end of the fiscal year	¥ 428,471	¥ 475,998	\$ 4,361,918

Unaudited Consolidated Statements of Changes in Net Assets (Continued)

Years ended March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Valuation and translation adjustments:			
Net unrealized gains on securities:			
Balance as of previous fiscal year-end	¥ 246,874	¥ 680,401	\$ 2,513,225
Changes in the period:			
Net changes of items other than stockholders' equity	(333,120)	(433,527)	(3,391,233)
Total changes in the period	(333,120)	(433,527)	(3,391,233)
Balance as of the end of the fiscal year	(86,246)	246,874	(878,008)
Deferred gains on hedging instruments:			
Balance as of previous fiscal year-end	571	488	5,814
Changes in the period:			
Net changes of items other than stockholders' equity	(222)	83	(2,268)
Total changes in the period	(222)	83	(2,268)
Balance as of the end of the fiscal year	348	571	3,545
Land revaluation:			
Balance as of previous fiscal year-end	(48,014)	(48,501)	(488,800)
Changes in the period:			
Net changes of items other than stockholders' equity	209	487	2,136
Total changes in the period	209	487	2,136
Balance as of the end of the fiscal year	(47,805)	(48,014)	(486,664)
Foreign currency translation adjustments:			
Balance as of previous fiscal year-end	24	48	250
Changes in the period:			
Net changes of items other than stockholders' equity	(135)	(23)	(1,378)
Total changes in the period	(135)	(23)	(1,378)
Balance as of the end of the fiscal year	(110)	24	(1,127)
Total			
Balance as of previous fiscal year-end	199,455	632,435	2,030,489
Changes in the period			
Net changes of items other than stockholders' equity	(333,269)	(432,980)	(3,392,744)
Total changes in the period	(333,269)	(432,980)	(3,392,744)
Balance as of the end of the fiscal year	(133,814)	199,455	(1,362,254)
Minority interests:			
Balance as of previous fiscal year-end	1,820	1,909	18,528
Changes in the period:			
Net changes of items other than stockholders' equity	(83)	(89)	(854)
Total changes in the period	(83)	(89)	(854)
Balance as of the end of the fiscal year	1,736	1,820	17,674
Total net assets:			
Balance as of previous fiscal year-end	677,273	1,090,229	6,894,776
Changes in the period:			
Issuance of new shares	58,084	-	591,308
Dividends	(16,005)	(16,006)	(162,934)
Net income (loss)	(89,097)	36,749	(907,025)
Acquisition of treasury stock	(320)	(156)	(3,261)
Disposal of treasury stock	20	14	211
Reversal of land revaluation	(209)	(487)	(2,136)
Net changes of items other than stockholders' equity	(333,353)	(433,070)	(3,393,599)
Total changes in the period	(380,880)	(412,955)	(3,877,437)
Balance as of the end of the fiscal year	¥ 296,393	¥ 677,273	\$ 3,017,338

Unaudited Consolidated Statements of Cash Flows

Years ended March 31,	2009		2008		2009	
	<i>(Millions of yen)</i>		<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	
Cash flows from operating activities:						
Income (loss) before income taxes	¥	(108,903)	¥	78,912	\$	(1,108,662)
Depreciation of real estate for rent		5,633		5,778		57,347
Other depreciation and amortization		12,895		13,671		131,281
Impairment loss		-		349		-
Amortization of goodwill due to consolidation		357		17		3,636
Increase (decrease) in reserve for outstanding claims		(3,789)		1,613		(38,578)
Decrease in policy reserve		(395,216)		(198,154)		(4,023,380)
Increase in interest portion of reserve for policyholder dividends		881		916		8,977
Increase in provision for reserve for policyholder dividends		8,971		45,384		91,333
Increase (decrease) in reserve for possible loan losses		(1,237)		291		(12,593)
Increase (decrease) in reserve for bonus to directors and corporate auditors		(49)		38		(503)
Increase in reserve for employees' retirement benefits		1,191		1,863		12,131
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits		(118)		534		(1,209)
Increase (decrease) in reserve for price fluctuations		(84,815)		32,727		(863,436)
Interest, dividends and income from real estate for rent		(255,592)		(288,345)		(2,601,976)
Losses on investment securities		353,824		106,806		3,601,997
Interest expense		2,227		2,138		22,674
Exchange losses		3,305		6,122		33,648
(Gains) losses on disposal of tangible fixed assets		94		(2,290)		962
Equity in net income of affiliated companies		(46)		(39)		(473)
Decrease in amount due from agencies		149		83		1,520
(Increase) decrease in amount due from reinsurers		(1,949)		482		(19,850)
Increase in other assets (excluding investment activities-related and financing activities-related)		(28,434)		(14,241)		(289,464)
Increase (decrease) in amount due to agencies		323		(1,032)		3,295
Decrease in amount due to reinsurers		(40)		(38)		(407)
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)		(4,219)		3,614		(42,956)
Other, net		95,090		(36,269)		968,036
Subtotal		(399,467)		(239,066)		(4,066,650)
Interest, dividends and income from real estate for rent received		261,748		286,857		2,664,651
Interest paid		(2,273)		(2,102)		(23,143)
Policyholder dividends		(49,535)		(56,808)		(504,282)
Other, net		(5,669)		8,031		(57,715)
Income taxes paid		(67,779)		(61,042)		(690,004)
Net cash provided by (used in) operating activities	¥	(262,975)	¥	(64,130)	\$	(2,677,145)

Unaudited Consolidated Statements of Cash Flows (continued)

Years ended March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Cash flows from investing activities:			
Net increase in short-term investments	¥ (1,620)	¥ (1,450)	\$ (16,491)
Investments in monetary claims purchased	(51,513)	(110,473)	(524,420)
Proceeds from sale and redemption of monetary claims purchased	60,564	60,206	616,559
Investments in monetary trusts	(19,100)	(63,000)	(194,441)
Proceeds from monetary trusts	99,876	35,693	1,016,761
Purchase of securities	(4,291,769)	(3,180,320)	(43,691,028)
Sale and redemption of securities	4,488,669	3,010,949	45,695,501
Investments in loans	(599,182)	(665,281)	(6,099,791)
Collection of loans	685,168	735,352	6,975,149
Other, net	135,227	21,643	1,376,641
Subtotal	506,320	(156,678)	5,154,440
Total of net cash provided by (used in) operating activities and investment transactions as above	243,344	(220,809)	2,477,295
Purchase of tangible fixed assets	(11,919)	(11,577)	(121,342)
Proceeds from disposal of tangible fixed assets	1,601	7,969	16,301
Net cash provided by (used in) investing activities	496,002	(160,287)	5,049,399
Cash flows from financing activities:			
Income from short-term debenture	-	7,952	-
Redemption of short-term debenture	(17,977)	-	(183,017)
Proceeds from debt	181,500	10,450	1,847,704
Repayments of debt	(77,727)	(7,099)	(791,279)
Redemption of debenture	(20,000)	-	(203,603)
Payment of lease obligations	(38)	-	(390)
Proceeds from issuance of stocks	58,084	-	591,308
Purchase of treasury stock	(320)	(156)	(3,261)
Sale of treasury stock	20	14	211
Dividends paid	(15,757)	(15,738)	(160,411)
Dividends paid to minority interests	(31)	(32)	(324)
Net cash provided by (used in) financing activities	107,751	(4,609)	1,096,935
Effect of exchange rate changes on cash and cash equivalents	(3,123)	(5,421)	(31,794)
Net Increase (decrease) in cash and cash equivalents	337,655	(234,449)	3,437,395
Cash and cash equivalents at beginning of year	982,596	1,217,045	10,003,018
Cash and cash equivalents at end of year	¥ 1,320,251	¥ 982,596	\$ 13,440,414

See notes to unaudited consolidated financial statements.

T&D Holdings, Inc.

Notes to Unaudited Consolidated Financial Statements

March 31, 2009

1. Notes on Going-Concern Assumption

Not applicable

2. Summary of Significant Accounting Policies

(a) Basis of presentation

On April 1, 2004, T&D Holdings, Inc. (the “Company”), was established as a life insurance holding company, through which Taiyo Life Insurance Company (“Taiyo Life”), Daido Life Insurance Company (“Daido Life”) and T&D Financial Life Insurance Company (“T&D Financial Life”) (hereafter, the “Three Life Insurance Companies”), have become wholly owned subsidiaries through share transfers. The business combination was accounted for as a pooling of interests.

The Company, including its domestic consolidated subsidiaries, maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the provisions of the Insurance Business Law of Japan (the “Insurance Business Law”) and in conformity with generally accepted accounting principles and practices in Japan.

The accompanying consolidated financial statements are compiled from the financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. In preparing the consolidated financial statements, certain items presented in the original financial statements have been reclassified and summarized for readers outside Japan. These consolidated financial statements have been prepared on the basis of generally accepted accounting principles and practices in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In addition, the accompanying footnotes include information that is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information to the consolidated financial statements.

Amounts of less than one million yen and one thousand U.S. dollars have been eliminated. As a result, yen and U.S. dollar totals shown herein do not necessarily agree with the sum of the individual amounts.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All material intercompany balances and transactions are eliminated. The number of consolidated subsidiaries for the years ended March 31, 2009 and 2008 were 17, respectively.

Investments in affiliates are accounted for under the equity method. The number of affiliated companies for the years ended March 31, 2009 and 2008 were two, respectively.

There are no affiliated companies which are accounted for under the cost method.

Further information for consolidated subsidiaries and affiliated companies is shown in “II. Subsidiaries and affiliates.”

The financial statements of subsidiaries located outside Japan for the year ended December 31 are consolidated. Appropriate adjustments have been made for material transactions between December 31 and March 31, the date of the Company's consolidated financial statements.

(c) Foreign currency translation

(i) Foreign currency accounts

Foreign currency assets and liabilities are translated into yen at the prevailing foreign exchange rates at respective balance sheet date except for certain hedging instruments and related hedged items, which are translated at the contracted rates of such hedging instruments.

All income and expenses denominated in foreign currencies are translated at the prevailing exchange rates when such transactions are made. Exchange gains and losses are credited or charged to income.

(ii) Foreign currency financial statements of consolidated subsidiaries

Assets, liabilities, income and expenses of the Company's affiliates located outside Japan are translated into yen at the exchange rates in effect at the consolidated balance sheet date in accordance with generally accepted accounting principles and practices in Japan. Gains and losses resulting from translation of foreign currency financial statements are excluded from the consolidated statements of operations and are accumulated in "Foreign currency translation adjustments" or "Minority interests" as a separate component of net assets.

(d) Investments in securities other than those of subsidiaries and affiliates

Investments in securities other than those of subsidiaries and affiliates are classified as trading, held-to-maturity, available-for-sale securities or policy reserve-matching bonds. Available-for-sale securities with readily obtainable fair values ("marketable available-for-sale securities") and trading securities are stated at fair value. Unrealized gains and losses on trading securities are reported in the consolidated statements of operations. Unrealized gains and losses on marketable available-for-sale securities are reported in a separate component of net assets, net of income taxes, unless the decline of the fair value of any particular available-for-sale securities is considered to be a permanent impairment, in which case such declines are recorded as devaluation (impairment) losses and recorded on the statements of operations. Held-to-maturity and available-for-sale securities without readily obtainable fair values are stated at amortized cost. For the purpose of computing realized gains and losses, the cost is determined on the moving-average method.

Taiyo Life has set up policy reserve-matching bonds. The purpose of the policy reserve-matching bonds is to reflect Taiyo Life's Asset Liability Management (ALM) activity in its financial statements. Taiyo Life holds these bonds to hedge the interest rate risk arising from contracted insurance policies. Policy reserve-matching bonds are not stated at fair market value but are stated at amortized cost, matching with the accounting treatment of the policy reserve of insurance policies. For the purpose of computing realized gains and losses, cost is determined by the moving-average method.

Taiyo Life's management and investment policies for policy reserve-matching bonds include risk management guidelines for monitoring such bonds. Based on the guidelines, Taiyo Life categorizes insurance policies into (1) all policies except for "group insurance policies" and "other insurance policies" with respect to general assets, (2) all policies for "defined contribution corporate pension insurance" and "group pure endowment insurance" policies with respect to group annuity insurance assets, and (3) all policies with respect to single premium whole life insurance assets.

(e) Reserve for possible loan losses

The reserve for possible loan losses is established in accordance with the Three Life Insurance Companies' Self-Assessment Guidelines. With respect to loans to borrowers subject to bankruptcy and similar proceedings, the Three Life Insurance Companies provide specific reserves in the amount of the loan balance less amounts collectible from collateral, guarantees and by other means. For loans to borrowers who are not yet bankrupt but highly likely to fall into bankruptcy, management determines and provides for the necessary specific reserve amount based on an overall assessment of the borrowers' ability to pay after subtracting the amount collectible from collateral, guarantees and by other means. With respect to other loans, the Three Life Insurance Companies provide for a general reserve by applying the historical loan-loss ratio determined over a fixed period. Each loan is subject to asset assessment by the business-related division in accordance with the Three Life Insurance Companies' Self-Assessment Guidelines, and the results of the assessment are reviewed by the internal auditing division, which is independent from the business-related division, before the reserve amount is finally determined.

Other consolidated subsidiaries also establish reserves for possible loan losses using the procedures in the same manner as the Three Life Insurance Companies. The provision of the reserve is based on the results of self-assessment procedures and also provides for an amount, if considered necessary by management, by applying the historical loan-loss ratio determined over a fixed period.

(f) Reserve for price fluctuations

Pursuant to requirements under Article 115 of the Insurance Business Law, the Three Life Insurance Companies maintain a reserve for price fluctuations primarily related to stocks, bonds and foreign currency-denominated assets which are exposed to losses due to market price fluctuations. This reserve may only be used to reduce deficits arising from price fluctuations on those assets.

(g) Policy reserve

Pursuant to requirements under Article 116 of the Insurance Business Law, the Three Life Insurance Companies maintain a policy reserve for the fulfilment of future obligations under life insurance contracts. The reserve of the accompanying consolidated financial statements is established pursuant to the net level premium method. This method assumes a constant or level amount of net insurance premiums over the term of the relevant policy in calculating the amount of the reserve required to fund all future policy benefits. The net insurance premium is the portion of the premium covering insurance underwriting risk, based on factors such as mortality rates, investment yield and policy cancellation rates, and excluding the portion covering administrative expenses. The net level premium reserve is calculated using interest and mortality rates set by the Financial Services Agency. For policies issued after April 2007, the net level premium reserve is calculated using an annual 1.5% interest rate and the mortality rate specified in the Life Insurance Companies Standard Mortality Table 2007.

In addition to the above, to provide for any extraordinary risks which might arise in the future, the Three Life Insurance Companies are required to maintain a contingency reserve at an amount determined based on requirements under the Insurance Business Law.

(h) Reserve for bonus to directors and corporate auditors

To provide for payment of the bonus to directors and corporate auditors, the Company and its consolidated subsidiaries set up a reserve for directors' and corporate auditors' bonus based on the expected amount to be paid in the year ended March 31, 2009.

(i) Reserve for employees' retirement benefits

The Company and its consolidated subsidiaries maintain noncontributory defined benefit plans covering substantially all employees. Under the plans, qualified employees are entitled to lump-sum or annuity payments based on their current rate of salaries and length of service at retirement or termination of employment for reasons other than dismissal.

The Company and its consolidated subsidiaries set up a reserve for employees' retirement benefits under the defined benefit plans based on the actuarial calculation value of the retirement benefit obligations and the pension assets. The attribution of retirement benefits to periods of employees' service is made based on the benefit/years of service approach.

Net obligation at translation on the employees' retirement benefits plan due to the change of rules for some employees' retirement benefits by Taiyo Life is recorded on statements of operations for the year ended March 31, 2009.

Net actuarial gains and losses on the employees' retirement benefits plan are recorded on statements of operations when incurred.

(j) Reserve for directors' and corporate auditors' retirement benefits

The Company and certain domestic consolidated subsidiaries have maintained retirement benefit plans covering all directors and corporate auditors. Under the plans, all directors and corporate auditors are entitled to lump-sum or annuity payments based on their current rate of salaries and length of service at retirement.

The Company and these certain domestic consolidated subsidiaries set up a reserve for directors' and corporate auditors' retirement benefits under the defined benefit plans based on an actuarial calculation of the value of the retirement benefit obligations. The attribution of retirement benefits to periods of consignees' service is made based on the benefit/years of service approach.

(k) Income taxes

The Company has adopted the consolidated corporate tax system. The consolidated corporate tax system allows companies to pay taxes based on the combined profits or losses of a parent company and its wholly owned domestic subsidiaries. Due to the adoption of the consolidated corporate tax system, a portion of valuation allowance for deferred tax assets was reduced in respect of certain consolidated subsidiaries' tax loss carryforwards for which there had been uncertainty regarding realization.

The provision for income taxes is based on income recognized for financial statement purposes, which includes deferred income taxes representing the effects of temporary differences between income recognized for financial reporting purposes and income tax purposes. Deferred tax assets and liabilities are determined based on the difference between assets and liabilities for financial reporting purposes and tax purposes using the statutory tax rate.

(l) Tangible fixed assets

Tangible fixed assets except for lease assets are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method for buildings acquired on and after April 1, 1998 and by the declining-balance method for other property and equipment, based on estimated useful lives ranging from 3 to 50 years for buildings and improvements and from 2 to 20 years for equipment.

Lease assets with respect to ownership-transfer finance leases are amortized under the same method as is applied to tangible fixed assets owned by the Company, and lease assets with respect to nonownership-transfer finance leases are amortized under the straight-line method over the lease term.

(m) Intangible fixed assets

Development costs for internal-use software are capitalized and amortized under the straight-line method over their estimated useful lives of 5 years.

Lease assets are amortized under the straight-line method over the lease term.

(n) Stock issuance costs

The stock issuance costs are charged to ordinary expenses as incurred.

(o) Leases

Prior to April 1, 2008, the accounting treatment for finance lease transactions not involving the transfer of ownership (nonownership-transfer finance leases) had been permitted to be accounted for as ordinary rental transactions. However, the adoption of the "Accounting Standard for Lease Transactions (Statement No.13)" and the "Guidance on Accounting Standard for Lease Transactions (Guidance No.16)", the Company has adopted these standards and guidance effective from this fiscal year, and the accounting treatments for such transactions follow the method for ordinary purchase and sales transactions.

With respect to nonownership-transfer finance lease transactions whose commencement day falls prior to March 31, 2008, the accounting treatment where the Company and its subsidiaries is the lessee continuously follows the method for ordinary rental transactions.

(p) Land revaluation

Taiyo Life revalued its land for operating purposes as of March 31, 2002, as permitted by the Land Revaluation Law, which became effective in 1998. In accordance with provisions under this law and related ordinances, the revaluation is a one-time event and subsequent valuation gains or losses after the initial revaluation are not reflected in the consolidated financial statements but are disclosed if additional valuation losses are subsequently recognized after the initial revaluation. Net revaluation gains or losses are not recorded on statements of operations but are reported as a separate component of net assets, net of income taxes. In case the Company sells a part of such revalued land, related revaluation gains or losses are transferred to retained earnings. Book values of land for operating use before and after revaluation as of March 31, 2002 were ¥143,340 million and ¥110,220 million, respectively.

(q) Derivative financial instruments

Changes in the fair value of derivative instruments designated as fair value hedges are realized in the income statement, whereas those designated as deferral hedges are reported in net assets section of the consolidated balance sheets. However, if derivative instruments are considered special treatment, changes in the fair value of derivative instruments are not recognized. Derivative financial instruments designated in special treatment are not revalued but the contractual rates of the derivative financial instruments are reflected in income or expense measurement of the hedged items. Changes in fair value of derivatives designated as fair value hedges are recognized in income as an offset to the fair value adjustments of the related hedged items. The fair value of instruments hedging anticipated transactions and referred to as deferral hedges are recognized in the consolidated balance sheets and are reclassified into the income statement when the related hedged item impacts income.

The effectiveness of the hedging is measured by reference to the market fluctuations or the cash flow fluctuations as they affect the particular hedged item and hedging instrument.

Taiyo Life uses deferral hedge and fair value hedge. The special treatment for interest rate swaps is applied only where the interest rate swaps satisfy the requirements for hedge accounting. The hedging instruments and hedged items for Taiyo Life are follows:

- a. Hedging instrument: Interest rate swaps
Hedged item: Loans and bonds
- b. Hedging instrument: Foreign exchange contracts
Hedged item: Foreign currency-denominated assets
- c. Hedging instrument: Individual stock options
Hedged item: Domestic equities
- d. Hedging instrument: Margin transactions
Hedged item: Domestic equities
- e. Hedging instrument: Forward trading
Hedged item: Domestic equities

Taiyo Life measures hedge effectiveness semi-annually using the method comparing the variability of the cash flow of the hedging instrument to the variability of the cash flow of the hedged item. However, Taiyo Life omits the test of hedge effectiveness of special treatment for interest rate swaps, same currency interest rate swaps, and individual stock options, margin transactions and forward trading with domestic equities as hedged items.

Daido Life uses fair value hedge. The assignment accounting for foreign exchange contracts with certificates of deposit in foreign currency as the hedged item is applied only where the hedging instrument satisfies the requirements. The hedging instrument and hedged item for Daido Life are follows:

Hedging instrument:	Foreign exchange contracts
Hedged item:	Foreign currency-denominated available-for-sale securities and certificates of deposit

Daido Life measured the hedge effectiveness using the method comparing the variability of the fair value of the hedging instrument to the variability of fair value of the hedged item.

(r) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income and expenses. The net of consumption taxes received and paid are separately recorded on the consolidated balance sheets. Where consumption taxes paid are not fully credited against consumption taxes received, the noncredited portion is charged as an expense in the period in which the consumption taxes are paid. However, certain noncredited portions of consumption taxes paid, such as the purchase of property and equipment, are not charged to expense but are deferred as prepaid expenses and amortized against income over a five-year period on a straight-line basis.

(s) Amortization of goodwill

Goodwill is fully amortized when incurred.

(t) Cash and cash equivalents

Cash equivalents consist of highly liquid investments without significant market risk, such as demand deposits and short-term investments with an original maturity of three months or less.

(u) Adoption of Accounting Standard for Lease Transactions

(i) As lessee

Prior to April 1, 2008, the accounting treatment for finance lease transactions not involving the transfer of ownership (nonownership-transfer finance leases) had been permitted to be accounted for as ordinary rental transactions. However, the adoption of the “Accounting Standard for Lease Transactions (Statement No.13)” and the “Guidance on Accounting Standard for Lease Transactions (Guidance No.16)”, the Company has adopted these standards and guidance effective from this fiscal year, and the accounting treatments for such transactions follow the method for ordinary purchase and sales transactions.

In addition, lease assets with respect to nonownership-transfer finance leases are amortized under the straight-line method over the lease term, with no residual value.

The accounting treatment for nonownership-transfer finance leases which commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied continuously follows the method for ordinary rental transactions.

The impact of this change on ordinary profit and net income is immaterial.

(ii) As lessor

Prior to April 1, 2008, the accounting treatment for nonownership-transfer finance leases had been permitted to be accounted for as ordinary rental transactions. However, the adoption of the “Accounting Standard for Lease Transactions (Statement No.13)” and the “Guidance on Accounting Standard for Lease Transactions (Guidance No.16)”, the Company has adopted these standards and guidance effective from this fiscal year, and the accounting treatments for such transactions follow the method for ordinary purchase and sales transactions.

The impact of this change on ordinary profit and net income is immaterial.

(v) Changes in method of presentation

Pursuant to the revision of the exhibit forms on the “Enforcement Regulation of the Insurance Business Law (Cabinet Office Order No. 55)”, the breakdown of “tangible fixed assets” and “intangible fixed assets” is presented on the consolidated balance sheets from this fiscal year. The breakdown of “tangible fixed assets” and “intangible fixed assets” for the previous fiscal year is as follows:

	As of March, 31 2008
	<i>(Millions of yen)</i>
Tangible fixed assets:	
Land	¥ 176,484
Building	124,997
Construction in progress	17
Other tangible fixed assets	7,781
Total tangible fixed assets	<u>309,279</u>
Intangible fixed assets:	
Software	21,872
Other intangible fixed assets	1,883
Total intangible fixed assets	<u>¥ 23,755</u>

(w) Net assets per share

Net assets per share is computed based on the number of shares of common stock outstanding at the end of each fiscal year.

(x) Net income per share

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each fiscal year.

(y) Appropriation of retained earnings

As in the past, the Company continues an annual dividend payment approved by the Ordinary Shareholders’ Meeting. According to the Articles of Incorporation, semiannual interim dividend payment may be made by the resolution of the Board of Directors.

3. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥98.23 = U.S.\$1, which is the approximate rate prevailing at March 31, 2009. The translations should not be construed as representations that such yen amounts have been, could have been or could in the future be converted into U.S. dollars at that or any other rate.

4. Loans

Delinquent loans of the Company and its consolidated subsidiaries as of March 31, 2009 and 2008 are summarized as follows:

	As of March 31		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Loans to bankrupt companies	¥ 452	¥ 472	\$ 4,607
Past due loans	3,114	2,333	31,702
Loans overdue for three months or more	3,909	3,854	39,801
Restructured loans	678	342	6,908
Total	¥ 8,155	¥ 7,002	\$ 83,020

“Loans to bankrupt companies” are loans to borrowers that are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings on which the Company and its consolidated subsidiaries have stopped accruing interest after determining that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.

“Past due loans” are loans, other than those categorized as “Loans to bankrupt companies” and loans for which due dates for interest payments have been rescheduled for purposes of restructuring or supporting of the borrower, on which the Company and its consolidated subsidiaries have stopped accruing interest based on self-assessment.

“Loans overdue for three months or more” are loans other than those categorized as “Loans to bankrupt companies” or “Past due loans” for which principal and/or interest are overdue for three months or more.

“Restructured loans” are loans other than those categorized as “Loans to bankrupt companies,” “Past due loans” or “Loans overdue for three months or more” for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims and/or other terms in favor of the borrower for purposes of restructuring or supporting of the borrower.

With respect to “Loans to bankrupt companies” and “Past due loans” that are covered by collateral and guarantees, the Company and its consolidated subsidiaries write-off the portion of such loans that is not collectable from collateral and guarantees, and charges such amounts to the reserve for possible loan losses. Write-offs relating to bankrupt companies for the years ended March 31, 2009 and 2008 amounted to ¥209 million (\$2,131 thousand) and ¥255 million, respectively. Write-offs relating to past due loans for the years ended March 31, 2009 and 2008 amounted to ¥312 million (\$3,184 thousand) and ¥275 million, respectively.

The Company and its consolidated subsidiaries' outstanding loan commitments with borrowers as of March 31, 2009 and 2008 are summarized as follows:

	As of March 31		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Total loan commitments	¥ 1,863	¥ 7,000	\$ 18,966
Less amount drawn down	457	4,754	4,658
Unused loan commitments	¥ 1,405	¥ 2,245	\$ 14,307

Based on the loan commitment agreements, the extension of credit is subject to the Company and its consolidated subsidiaries' review procedures. The review procedures consist ensuring the use of funds and assessing the creditworthiness of the borrower. Since not all of the outstanding commitments will be drawn down, the outstanding commitment amounts do not necessarily represent future cash requirements.

5. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2009 and 2008 were ¥206,772 million (\$2,104,986 thousand) and ¥204,777 million, respectively.

6. Separate Accounts

The consolidated balance sheets include ¥706,915 million (\$7,196,534 thousand) and ¥730,066 million of assets and liabilities in equal amounts related to separate accounts as of March 31, 2009 and 2008, respectively.

Separate account assets and liabilities reported in the accompanying consolidated balance sheets represent funds that are administered and invested by the Three Life Insurance Companies to meet specific investment objectives of the policyholders. All gains and losses relating to separate account assets and liabilities are offset by a corresponding provision for or reversal of policy reserve and do not affect the Three Life Insurance Companies' net income. Separate accounts are established in conformity with the Insurance Business Law. The assets of each account are separately managed to identify investment results of each such account, although they are not legally segregated in terms of their treatment in case of bankruptcy of the insurance company.

Securities invested under the separate accounts are deemed as trading securities and stated at fair value. Cost is determined by the moving-average method.

7. Reserve for Policyholder Dividends

An analysis of the reserve for policyholder dividends included in policy reserves for the years ended March 31, 2009 and 2008 is as follows:

	Years ended March 31		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Balance at beginning of period	¥ 186,873	¥ 197,357	\$ 1,902,411
Policyholder dividends	(49,535)	(56,808)	(504,282)
Increase in interest	881	916	8,977
Increase due to other reasons	-	24	-
Decrease due to other reasons	(62)	-	(631)
Provision for reserve for policyholder dividends	8,971	45,384	91,333
Balance at end of period	¥ 147,129	¥ 186,873	\$ 1,497,808

8. Other Liabilities

Other liabilities included ¥35,000 million (\$356,306 thousand) and ¥35,000 million of subordinated borrowings as of March 31, 2009 and 2008, respectively.

9. Commitments

The amounts of future contributions to the Policyholder Protection Corporation, which are estimated in accordance with Article 259 of the Insurance Business Law, were ¥28,451 million (\$289,641 thousand) and ¥30,576 million as of March 31, 2009 and 2008, respectively. The contributions are recorded on statements of operation as an operating expense when paid, as the amount of future contributions is not yet fixed.

A total of ¥180,200 million (\$1,834,471 thousand) and ¥134,845 million of the Three Life Insurance Companies' investments in securities was mainly pledged as collateral for the overdraft limit of exclusive account of real-time gross settlement of government bonds with the Bank of Japan, the benefit of the Policyholder Protection Corporation to secure such future contributions and as a substitution of collateral for margin trading and margin for futures contracts as of March 31, 2009 and 2008, respectively.

10. Organizational Change Surplus

The organizational change surplus, which is the portion of net assets attributable to contributions by past policyholders as of the date of the demutualization of Taiyo Life and Daido Life and whose distribution is restricted by Article 91 of the Insurance Business Law, amounted to ¥63,158 million (\$642,964 thousand) and ¥10,836 million (\$110,316 thousand) as of March 31, 2009, respectively.

11. Investments in Affiliates

Securities included ¥184 million (\$1,877 thousand) and ¥240 million of investments in affiliates as of March 31, 2009 and 2008, respectively.

12. Consolidated Statements of Changes in Net Assets

(1) Type and number of shares issued and treasury shares

	Number of shares as of the previous fiscal year-end	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares as of the fiscal year-end
Shares issued:				
Common stock	246,330,000	27,600,000	-	273,930,000
Treasury stock:				
Common stock	98,215	82,314	5,095	175,434

Note 1: Total number of issued shares increased by 27,600,000 shares due to an issuance of new shares through public offering and third party allotment.

Note 2: Treasury stock increased 82,314 shares by purchasing odd-lot shares and others.

Note 3: Treasury stock decreased 5,095 shares by accepting requests of adding to holding odd-lot shares.

(2) Information of shareholder dividends

The amount of policyholder dividends is as follows:

Date of resolution	Type of shares	Total amount of shareholder dividends		Shareholder dividends per share		Record Date	Effective date
		<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	<i>(Yen)</i>	<i>(U.S. dollars)</i>		
Ordinary shareholders' meeting held on June 26, 2008	Common stocks	¥16,005	\$162,934	¥65	\$0.66	March 31, 2008	June 27, 2008

The amount of policyholder dividends that is affected in the year ending March 31, 2010 while its record date is in the year ended March 31, 2009 is as follows:

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective Date
		<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>		<i>(Yen)</i>	<i>(U.S. dollars)</i>		
Ordinary shareholders' meeting held on June 26, 2009	Common stocks	¥12,318	\$125,409	Retained earnings	¥45	\$0.45	March 31, 2009	June 29, 2009

Note: This agenda will be presented in ordinary shareholders' meeting held on June 26, 2009.

13. Consolidated Statements of Cash Flows

The following table provides a reconciliation of cash and cash equivalents in the consolidated statements of cash flows to cash and cash deposits as stated in the consolidated balance sheets as of March 31, 2009 and 2008:

	As of March 31		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Cash and deposits	¥ 319,643	¥ 308,428	\$ 3,254,028
Less: deposits with an original maturity of more than three months	(3,160)	(1,540)	(32,169)
Call loans	397,500	279,800	4,046,625
Monetary claims purchased	443,212	430,592	4,511,989
Less: monetary claims purchased other than cash and cash equivalents	(310,242)	(325,474)	(3,158,330)
Securities purchased	8,218,502	9,244,528	83,665,911
Less: securities purchased other than cash and cash equivalents	(7,745,203)	(8,953,739)	(78,847,641)
Cash and cash equivalents	<u>¥ 1,320,251</u>	<u>¥ 982,596</u>	<u>\$ 13,440,414</u>

14. Segment Information

Segment information is not required to be disclosed, as ordinary revenues and total assets related to the Company and its consolidated subsidiaries' insurance business in Japan exceed 90% of the total amounts of both ordinary revenues and total assets.

15. Lease Transactions

(1) As lessee

(i) Year ended March 31, 2009

There are no ownership-transfer finance leases as of March 31, 2009.

Regarding nonownership-transfer finance leases which commenced after April 1, 2008, lease assets include office appliances such as computer servers as tangible fixed assets and software as intangible fixed assets. These assets are amortized under the straight-line method over the lease term.

Future minimum lease payments under noncancellable operating leases as of March 31, 2009 were as follows:

	As of March 31, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Due within one year	¥ 8	\$ 88
Due after one year	16	170
Total	<u>¥ 25</u>	<u>\$ 259</u>

Information regarding nonownership-transfer finance leases which commenced before March 31, 2008 is as follows:

	As of March 31, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Tangible fixed assets:		
Acquisition cost	¥ 2,472	\$ 25,168
Accumulated depreciation	(675)	(6,873)
Net carrying value	<u>¥ 1,797</u>	<u>\$ 18,294</u>
Other:		
Acquisition cost	¥ 131	\$ 1,343
Accumulated depreciation	(78)	(797)
Net carrying value	<u>¥ 53</u>	<u>\$ 545</u>
Total:		
Acquisition cost	¥ 2,604	\$ 26,512
Accumulated depreciation	(753)	(7,671)
Net carrying value	<u>¥ 1,850</u>	<u>\$ 18,840</u>

Obligations under finance leases as of March 31, 2009 were as follows:

	As of March 31, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Due within one year	¥ 644	\$ 6,561
Due after one year	1,210	12,327
Total	<u>¥ 1,855</u>	<u>\$ 18,888</u>

Total payments for nonownership-transfer finance leases for the years ended March 31, 2009 were ¥674 million (\$6,862 thousand).

Depreciation and interest expense, which are not reflected in the accompanying consolidated statements of operations, for the years ended March 31, 2009 were as follows:

	Years ended March 31, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Depreciation	¥ 644	\$ 6,565
Interest expense	6	71

Depreciation is computed by the straight-line method over the respective lease period. The residual value at the end of the lease period is not considered for the calculation of depreciation. Interest expense is computed by the interest method.

(ii) Year ended March 31, 2008

Information regarding nonownership-transfer finance leases is as follows:

	As of March 31, 2008	
	<i>(Millions of yen)</i>	
Tangible fixed assets:		
Acquisition cost	¥	160
Accumulated depreciation		(56)
Net carrying value	¥	104
Other:		
Acquisition cost	¥	131
Accumulated depreciation		(51)
Net carrying value	¥	80
Total:		
Acquisition cost	¥	292
Accumulated depreciation		(108)
Net carrying value	¥	184

Obligations under finance leases as of March 31, 2008 were as follows:

	As of March 31, 2008	
	<i>(Millions of yen)</i>	
Due within one year	¥	66
Due after one year		120
Total	¥	187

Total payments for nonownership-transfer finance leases for the years ended March 31, 2008 were ¥65 million.

Depreciation and interest expense, which are not reflected in the accompanying consolidated statements of operations, for the years ended March 31, 2008 were as follows:

	Years ended March 31, 2008	
	<i>(Millions of yen)</i>	
Depreciation	¥	61
Interest expense		4

Depreciation is computed by the straight-line method over the respective lease period. The residual value at the end of the lease period is not considered for the calculation of depreciation. Interest expense is computed by the interest method.

Future minimum lease payments on operating leases as of March 31, 2008 were as follows:

	As of March 31, 2008	
	<i>(Millions of yen)</i>	
Due within one year	¥	1
Due after one year		1
Total	¥	3

(2) As lessor

(i) Year ended March 31, 2009

Lease investment assets as of March 31, 2009 are summarized as follows:

	As of March 31, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Other		
Lease income receivables	¥ 35,018	\$ 356,493
Estimated residual value	1,504	15,319
Interest income	(6,867)	(69,914)
Total lease investment assets	<u>¥ 29,655</u>	<u>\$ 301,897</u>

Projected collection periods and amounts of lease income receivables related to lease receivables and lease investment assets after the fiscal year ended March 31, 2009 is as follows:

	As of March 31, 2009			
	Lease receivables		Lease investment assets	
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	
Due within one year	¥ 231	¥ 8,772	\$ 2,359	\$ 89,305
Dues after one year through two years	231	7,473	2,353	76,078
Dues after two years through three years	230	6,275	2,342	63,884
Dues after three years through four years	229	5,147	2,335	52,404
Dues after four years through five years	152	3,517	1,550	35,806
Dues after five years	67	3,832	684	39,014

(ii) Year ended March 31, 2008

Information of nonownership-transfer finance leases contracted as a lessor, as of March 31, 2008 is summarized as follows:

Leased assets included in the accompanying consolidated balance sheets accounted for under operating lease accounting are summarized as follows:

	As of March 31, 2008	
	<i>(Millions of yen)</i>	
Other:		
Acquisition cost	¥ 55,963	
Accumulated depreciation		(30,607)
Net carrying value	<u>¥ 25,356</u>	

The amounts equivalent to the minimum lease payments to be received as of March 31, 2008 were as follows:

	As of March 31, 2008	
	<i>(Millions of yen)</i>	
Due within one year	¥ 8,497	
Due after one year		24,037
Total	<u>¥ 32,534</u>	

Lease income, depreciation and interest income if the Company applied finance lease accounting to nonownership-transfer finance leases for the years ended March 31, 2008 would have been as follows:

	Years ended March 31, 2008	
	<i>(Millions of yen)</i>	
Lease income	¥	8,677
Depreciation		7,348
Interest income		1,487

Interest income is computed by the interest method.

16. Related Party Transactions

The Company has adopted a new accounting standard entitled “Accounting Standard for Related Party Disclosures (Accounting Standards Board of Japan, Statement No.11)” and “Guidance on Accounting Standard for Related Party Disclosures (Accounting Standards Board of Japan, Statement No.13)” effective from this fiscal year.

There are no applicable transactions with related parties and notes on parent company and affiliated companies for the fiscal year ended March 31, 2009.

17. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to corporate (national) and inhabitants (local) taxes based on income. The footnote disclosure of reconciliation between the enacted tax rate and the corporate tax rate is as follows:

	Years ended March 31	
	2009	2008
	<i>(%)</i>	
Statutory tax rate	36.1%	36.1%
Valuation allowance	(14.2)	14.9
Permanent difference items including entertainment expense, etc.	(1.2)	1.0
Prior years income taxes	(1.0)	-
Other, net	(1.4)	1.4
Effective tax rate	18.3%	53.4%

Significant components of deferred tax assets and liabilities of the Company and consolidated subsidiaries as of March 31, 2009 and 2008 are summarized below:

	As of March 31		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Deferred tax assets:			
Tax loss carryforward	¥ 79,934	¥ 4,515	\$ 813,745
Policy reserves	77,139	102,394	785,297
Reserve for employees' retirement benefits	42,670	42,219	434,391
Devaluation losses on securities	34,288	18,687	349,066
Unrealized losses on available-for-sale securities	31,532	42,443	321,004
Reserve for price fluctuations	18,940	49,561	192,815
Deferred losses on disposal of fixed assets	4,261	4,536	43,381
Reserve for bonus payments	3,044	3,352	30,995
Reserve for possible loan losses	915	1,427	9,319
Other	11,772	10,051	119,849
Subtotal	<u>304,500</u>	279,191	<u>3,099,867</u>
Valuation allowance	<u>(74,230)</u>	(27,715)	<u>(755,682)</u>
Total deferred tax assets	<u>230,269</u>	251,475	<u>2,344,184</u>
Deferred tax liabilities:			
Accrued dividend income	(1,032)	(2,003)	(10,507)
Deferred gain on reduction of book value of real estate	(892)	(900)	(9,082)
Unrealized gains on available-for-sale securities	(96)	(181,633)	(983)
Other	(255)	(530)	(2,600)
Total deferred tax liabilities	<u>(2,276)</u>	(185,066)	<u>(23,174)</u>
Net deferred tax assets (liabilities)	<u>¥ 227,992</u>	<u>¥ 66,408</u>	<u>\$ 2,321,010</u>
Amounts recognized in consolidated balance sheet:			
Assets	¥ 227,992	¥ 66,419	\$ 2,321,010
Liabilities	-	10	-
	<u>¥ 227,992</u>	<u>¥ 66,408</u>	<u>\$ 2,321,010</u>

18. Investments in Securities

(1) As of March 31, 2009

Securities classified as trading securities by the Company and its consolidated subsidiaries as of March 31, 2009 are summarized as follows:

Carrying amount	Valuation difference charged to earnings-losses	Carrying amount	Valuation difference charged to earnings-losses
<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	
¥ 780,436	¥ (118,604)	\$ 7,944,994	\$ (1,207,420)

Investments in held-to-maturity securities with readily obtainable fair value as of March 31, 2009 are summarized as follows:

	<u>Carrying amount</u>	<u>Fair value</u> <i>(Millions of yen)</i>	<u>Gross unrealized gains (losses)</u>
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥ 326,784	¥ 332,683	¥ 5,898
Municipal bonds	22,248	22,632	384
Corporate bonds	72,497	73,940	1,443
Total domestic bonds	<u>421,531</u>	<u>429,256</u>	<u>7,725</u>
Foreign bonds	-	-	-
Other securities	57,535	58,564	1,028
Total	<u>479,067</u>	<u>487,821</u>	<u>8,754</u>
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	43,741	43,660	(81)
Municipal bonds	1,098	1,093	(4)
Corporate bonds	78,753	77,400	(1,352)
Total domestic bonds	<u>123,592</u>	<u>122,154</u>	<u>(1,438)</u>
Foreign bonds	-	-	-
Other securities	62,763	62,202	(561)
Total	<u>186,356</u>	<u>184,357</u>	<u>(1,999)</u>
Grand total	<u>¥ 665,423</u>	<u>¥ 672,178</u>	<u>¥ 6,755</u>

	<u>Carrying amount</u>	<u>Fair value</u> <i>(Thousands of U.S. dollars)</i>	<u>Gross unrealized gains (losses)</u>
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	\$ 3,326,731	\$ 3,386,781	\$ 60,050
Municipal bonds	226,497	230,406	3,909
Corporate bonds	738,039	752,729	14,690
Total domestic bonds	<u>4,291,267</u>	<u>4,369,917</u>	<u>78,649</u>
Foreign bonds	-	-	-
Other securities	585,726	596,198	10,471
Total	<u>4,876,994</u>	<u>4,966,115</u>	<u>89,120</u>
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	445,296	444,470	(825)
Municipal bonds	11,179	11,132	(47)
Corporate bonds	801,720	787,953	(13,767)
Total domestic bonds	<u>1,258,196</u>	<u>1,243,555</u>	<u>(14,640)</u>
Foreign bonds	-	-	-
Other securities	638,945	633,234	(5,711)
Total	<u>1,897,141</u>	<u>1,876,789</u>	<u>(20,352)</u>
Grand total	<u>\$ 6,774,136</u>	<u>\$ 6,842,905</u>	<u>\$ 68,768</u>

Note: Other securities include commercial paper amounting to ¥996 million (\$10,149 thousand) and beneficiary trust certificates amounting to ¥119,302 million (\$1,214,522 thousand) that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2009.

Policy reserve-matching bonds with readily obtainable fair value as of March 31, 2009 are summarized as follows:

	<u>Carrying amount</u>	<u>Fair value</u> <i>(Millions of yen)</i>	<u>Gross unrealized gains (losses)</u>
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥ 202,215	¥ 204,692	¥ 2,477
Municipal bonds	218,675	225,292	6,617
Corporate bonds	456,205	468,267	12,062
Total	<u>877,096</u>	<u>898,252</u>	<u>21,156</u>
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	492,655	489,635	(3,019)
Municipal bonds	31,336	30,862	(474)
Corporate bonds	83,530	82,775	(755)
Total	<u>607,522</u>	<u>603,272</u>	<u>(4,249)</u>
Grand total	<u>¥ 1,484,618</u>	<u>¥ 1,501,525</u>	<u>¥ 16,906</u>

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Gross unrealized gains (losses)</u>
	<i>(Thousands of U.S. dollars)</i>		
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	\$ 2,058,589	\$ 2,083,806	\$ 25,217
Municipal bonds	2,226,156	2,293,519	67,363
Corporate bonds	4,644,260	4,767,056	122,795
Total	<u>8,929,006</u>	<u>9,144,382</u>	<u>215,376</u>
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	5,015,321	4,984,579	(30,742)
Municipal bonds	319,012	314,186	(4,825)
Corporate bonds	850,359	842,667	(7,692)
Total	<u>6,184,693</u>	<u>6,141,432</u>	<u>(43,260)</u>
Grand total	<u>\$ 15,113,699</u>	<u>\$ 15,285,815</u>	<u>\$ 172,115</u>

Available-for-sale securities with readily obtainable fair value as of March 31, 2009 are summarized as follows:

	<u>Acquisition cost</u>	<u>Carrying amount</u>	<u>Difference</u>
		<i>(Millions of yen)</i>	
Items with carrying amount exceeding acquisition cost:			
Domestic bonds:			
Government bonds	¥ 835,144	¥ 858,428	¥ 23,283
Municipal bonds	647,521	654,999	7,478
Corporate bonds	822,289	835,551	13,262
Total domestic bonds	<u>2,304,955</u>	<u>2,348,979</u>	<u>44,024</u>
Domestic equities	165,922	239,357	73,434
Foreign securities:			
Foreign bonds	375,156	391,956	16,799
Foreign equities	1,127	1,178	50
Foreign other securities	151,165	154,317	3,151
Total foreign securities	<u>527,450</u>	<u>547,452</u>	<u>20,001</u>
Other securities	99,324	102,895	3,571
Total	<u>3,097,652</u>	<u>3,238,684</u>	<u>141,032</u>
Items with carrying amount not exceeding acquisition cost:			
Domestic bonds:			
Government bonds	354,986	353,451	(1,534)
Municipal bonds	95,378	94,858	(519)
Corporate bonds	528,118	511,604	(16,514)
Total domestic bonds	<u>978,483</u>	<u>959,914</u>	<u>(18,568)</u>
Domestic equities	210,349	181,565	(28,784)
Foreign securities:			
Foreign bonds	373,050	342,798	(30,251)
Foreign equities	8,940	7,971	(968)
Foreign other securities	212,127	181,559	(30,568)
Total foreign securities	<u>594,118</u>	<u>532,329</u>	<u>(61,788)</u>
Other securities	703,261	622,286	(80,974)
Total	<u>2,486,213</u>	<u>2,296,095</u>	<u>(190,117)</u>
Grand total	<u>¥ 5,583,865</u>	<u>¥ 5,534,780</u>	<u>¥ 49,085</u>

	Acquisition cost	Carrying amount	Difference
<i>(Thousands of U.S. dollars)</i>			
Items with carrying amount exceeding acquisition cost:			
Domestic bonds:			
Government bonds	\$ 8,501,933	\$ 8,738,963	\$ 237,030
Municipal bonds	6,591,887	6,668,019	76,132
Corporate bonds	8,371,062	8,506,074	135,011
Total domestic bonds	23,464,883	23,913,057	448,174
Domestic equities	1,689,123	2,436,705	747,581
Foreign securities:			
Foreign bonds	3,819,165	3,990,192	171,026
Foreign equities	11,480	11,997	516
Foreign other securities	1,538,896	1,570,976	32,079
Total foreign securities	5,369,543	5,573,166	203,622
Other securities	1,011,140	1,047,495	36,354
Total	31,534,690	32,970,424	1,435,733
Items with carrying amount not exceeding acquisition cost:			
Domestic bonds:			
Government bonds	3,613,831	3,598,205	(15,626)
Municipal bonds	970,967	965,680	(5,287)
Corporate bonds	5,376,350	5,208,228	(168,122)
Total domestic bonds	9,961,150	9,772,114	(189,035)
Domestic equities	2,141,402	1,848,368	(293,034)
Foreign securities:			
Foreign bonds	3,797,726	3,489,755	(307,970)
Foreign equities	91,015	81,151	(9,863)
Foreign other securities	2,159,496	1,848,307	(311,188)
Total foreign securities	6,048,238	5,419,214	(629,023)
Other securities	7,159,331	6,334,993	(824,338)
Total	25,310,122	23,374,690	(1,935,431)
Grand total	\$ 56,844,813	\$ 56,345,114	\$ 499,698

Note 1: Other securities include certificates of deposits amounting to ¥96,500 million (\$982,388 thousand) that are shown as cash and deposits, commercial paper amounting to ¥132,969 million (\$1,353,659 thousand) and beneficiary trust certificates amounting to ¥186,434 million (\$1,897,933 thousand) that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2009.

Note 2: Impairment losses with respect to the available-for-sale securities with readily obtainable fair value as of March 31, 2009 totaled ¥50,307 million (\$512,142 thousand) and were charged to income. Impairment loss was recognized when the fair market value of securities as of March 31, 2009 decreased from the acquisition cost by 30% or more.

Gross gains of ¥86,006 million (\$875,563 thousand) and gross losses of ¥262,509 million (\$2,672,398 thousand) were recorded on the sales of securities classified as available-for-sale for the year ended March 31, 2009. Total proceeds on such sales amounted to ¥1,605,097 million (\$16,340,191 thousand) for the year ended March 31, 2009.

Gross gains of ¥32,164 million (\$327,442 thousand) and gross losses of ¥1,681 million (\$17,117 thousand) were recorded on the sales of securities classified as policy reserve-matching bonds for the year ended March 31, 2009. Total proceeds on such sales amounted to ¥1,183,737 (\$12,050,670 thousand) for the year ended March 31, 2009.

There are no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2009.

Securities without readily obtainable fair value held by the Company as of March 31, 2009 are summarized as follows:

	Carrying amount	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Available-for-sale securities:		
Unlisted stocks	¥ 118,808	\$ 1,209,492
Foreign securities/unlisted stocks	7,508	76,439
Foreign securities/other securities	136,029	1,384,805
Other securities	27,099	275,882
Total	<u>¥ 289,446</u>	<u>\$ 2,946,619</u>

The Company has not reclassified certain securities for the year ended March 31, 2009.

The carrying value of bonds classified as available-for-sale, held-to-maturity securities and policy reserve-matching bonds at March 31, 2009, by contractual maturity date, is as follows:

	<u>Due in one year or less</u>	<u>Dues after one year through five years</u>	<u>Due after five years through 10 years</u>	<u>Due after 10 years</u>
	<i>(Millions of yen)</i>			
Government bonds	¥ 772,599	¥ 270,355	¥ 386,201	¥ 848,365
Municipal bonds	172,505	392,375	307,873	150,458
Corporate bonds	172,645	648,953	514,524	687,626
Domestic equities	-	2,000	-	-
Foreign bonds	59,295	282,932	259,069	124,688
Foreign equities	-	2,462	4,002	-
Other foreign securities	11,347	16,044	103,526	76,946
Other securities	231,420	21,694	26,268	285,239
Total	<u>¥ 1,419,812</u>	<u>¥ 1,636,817</u>	<u>¥ 1,601,465</u>	<u>¥ 2,173,325</u>

	<u>Due in one year or less</u>	<u>Dues after one year through five years</u>	<u>Due after five years through 10 years</u>	<u>Due after 10 years</u>
	<i>(Thousands of U.S. dollars)</i>			
Government bonds	\$ 7,865,206	\$ 2,752,268	\$ 3,931,604	\$ 8,636,520
Municipal bonds	1,756,135	3,994,459	3,134,210	1,531,699
Corporate bonds	1,757,560	6,606,465	5,237,960	7,000,164
Domestic equities	-	20,360	-	-
Foreign bonds	603,634	2,880,303	2,637,373	1,269,354
Foreign equities	-	25,065	40,741	-
Other foreign securities	115,515	163,334	1,053,917	783,333
Other securities	2,355,906	220,850	267,414	2,903,795
Total	<u>\$ 14,453,958</u>	<u>\$ 16,663,108</u>	<u>\$ 16,303,224</u>	<u>\$ 22,124,868</u>

(2) As of March 31, 2008

Securities classified as trading securities by the Company and its consolidated subsidiaries as of March 31, 2008 are summarized as follows:

<u>Carrying amount</u>	<u>Valuation difference charged to earnings-losses</u>
<i>(Millions of yen)</i>	
¥ 865,517	¥ (152,351)

Investments in held-to-maturity securities with readily obtainable fair value as of March 31, 2008 are summarized as follows:

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Gross unrealized gains (losses)</u>
	<i>(Millions of yen)</i>		
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥ 259,211	¥ 263,286	¥ 4,075
Municipal bonds	23,068	23,877	809
Corporate bonds	77,317	78,939	1,621
Total domestic bonds	<u>359,597</u>	<u>366,103</u>	<u>6,505</u>
Foreign bonds	-	-	-
Other securities	116,181	119,246	3,065
Total	<u>475,779</u>	<u>485,350</u>	<u>9,571</u>
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	95,463	93,933	(1,530)
Municipal bonds	1,183	1,136	(47)
Corporate bonds	55,648	55,227	(420)
Total domestic bonds	<u>152,295</u>	<u>150,297</u>	<u>(1,998)</u>
Foreign bonds	-	-	-
Other securities	25,233	25,187	(45)
Total	<u>177,529</u>	<u>175,485</u>	<u>(2,044)</u>
Grand total	<u>¥ 653,309</u>	<u>¥ 660,835</u>	<u>¥ 7,526</u>

Note: Other securities include certificates of deposits amounting to ¥2,000 million that are shown as cash and deposits, commercial paper amounting to ¥25,969 million and beneficiary trust certificates amounting to ¥113,445 million that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2008.

Policy reserve-matching bonds with readily obtainable fair value as of March 31, 2008 are summarized as follows:

	<u>Carrying amount</u>	<u>Fair value</u> <i>(Millions of yen)</i>	<u>Gross unrealized gains (losses)</u>
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥ 775,279	¥ 800,112	¥ 24,832
Municipal bonds	267,403	275,599	8,195
Corporate bonds	532,070	548,480	16,410
Total	<u>1,574,753</u>	<u>1,624,192</u>	<u>49,438</u>
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	-	-	-
Municipal bonds	2,397	2,340	(56)
Corporate bonds	27,602	27,492	(110)
Total	<u>29,999</u>	<u>29,833</u>	<u>(166)</u>
Grand total	<u>¥ 1,604,753</u>	<u>¥ 1,654,025</u>	<u>¥ 49,272</u>

Available-for-sale securities with readily obtainable fair value as of March 31, 2008 are summarized as follows:

	<u>Acquisition cost</u>	<u>Carrying amount</u>	<u>Difference</u>
		<i>(Millions of yen)</i>	
Items with carrying amount exceeding acquisition cost:			
Domestic bonds:			
Government bonds	¥ 541,999	¥ 554,477	¥ 12,477
Municipal bonds	894,965	908,591	13,625
Corporate bonds	1,068,116	1,088,830	20,714
Total domestic bonds	<u>2,505,081</u>	<u>2,551,899</u>	<u>46,817</u>
Domestic equities	406,037	753,118	347,080
Foreign securities:			
Foreign bonds	390,914	407,339	16,425
Foreign equities	34,328	50,580	16,252
Foreign other securities	113,180	117,786	4,605
Total foreign securities	<u>538,423</u>	<u>575,706</u>	<u>37,283</u>
Other securities	511,327	563,134	51,806
Total	<u>3,960,870</u>	<u>4,443,858</u>	<u>482,988</u>
Items with carrying amount not exceeding acquisition cost:			
Domestic bonds:			
Government bonds	323,484	321,819	(1,664)
Municipal bonds	10,986	10,885	(101)
Corporate bonds	277,151	273,847	(3,303)
Total domestic bonds	<u>611,621</u>	<u>606,552</u>	<u>(5,068)</u>
Domestic equities	206,223	184,487	(21,736)
Foreign securities:			
Foreign bonds	368,646	358,368	(10,278)
Foreign equities	41,001	36,049	(4,952)
Foreign other securities	230,926	205,763	(25,162)
Total foreign securities	<u>640,574</u>	<u>600,181</u>	<u>(40,392)</u>
Other securities	597,984	557,192	(40,792)
Total	<u>2,056,404</u>	<u>1,948,414</u>	<u>(107,990)</u>
Grand total	<u>¥ 6,017,274</u>	<u>¥ 6,392,273</u>	<u>¥ 374,998</u>

Note 1: Other securities include certificates of deposits amounting to ¥62,000 million that are shown as cash and deposits, commercial paper amounting to ¥100,127 million and beneficiary trust certificates amounting to ¥187,600 million that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2008.

Note 2: Impairment losses with respect to the available-for-sale securities with readily obtainable fair value as of March 31, 2008 totaled ¥25,453 million and were charged to income. Impairment loss was recognized when the fair market value of securities as of March 31, 2008 decreased from the acquisition cost by 30% or more.

Gross gains of ¥100,439 million and gross losses of ¥56,587 million were recorded on the sales of securities classified as available-for-sale for the year ended March 31, 2008. Total proceeds on such sales amounted to ¥1,471,773 million for the year ended March 31, 2008.

Gross gains of ¥2,035 million and gross losses of ¥5,636 million were recorded on the sales of securities classified as policy reserve-matching bonds for the year ended March 31, 2008. Total proceeds on such sales amounted to ¥471,443 million for the year ended March 31, 2008.

There are no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2008.

Securities without readily obtainable fair value held by the Company as of March 31, 2008 are summarized as follows:

	<u>Carrying amount</u> <i>(Millions of yen)</i>
Available-for-sale securities:	
Unlisted stocks	¥ 34,157
Foreign securities/unlisted stocks	3,876
Foreign securities/other securities	147,128
Other securities	34,656
Total	<u>¥ 219,818</u>

The Company has not reclassified certain securities for the year ended March 31, 2008.

The carrying value of bonds classified as available-for-sale, held-to-maturity securities and policy reserve-matching bonds at March 31, 2008, by contractual maturity date, is as follows:

	Due in one year or less	Dues after one year through five years	Due after five years through 10 years	Due after 10 years
	<i>(Millions of yen)</i>			
Government bonds	¥ 660,697	¥ 373,236	¥ 300,122	¥ 672,640
Municipal bonds	198,476	535,667	387,139	92,246
Corporate bonds	191,496	773,970	499,885	573,169
Domestic equities	-	-	2,000	-
Foreign bonds	72,710	320,324	233,081	133,162
Foreign equities	-	3,009	2,908	-
Other foreign securities	2,536	57,756	125,738	61,206
Other securities	190,345	28,677	27,757	286,414
Total	<u>¥ 1,316,263</u>	<u>¥ 2,092,641</u>	<u>¥ 1,578,633</u>	<u>¥ 1,818,839</u>

19. Investment in Monetary Trusts

(1) As of March 31, 2009

Monetary trusts classified as trading purpose trusts by the Company and its consolidated subsidiaries as of March 31, 2009 are summarized as follows:

Carrying amount	Valuation difference charged to earnings-gains	Carrying amount	Valuation difference charged to earnings-gains
<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	
<u>¥ 64,612</u>	<u>¥ 22,966</u>	<u>\$ 657,770</u>	<u>\$ 233,806</u>

There are no monetary trusts for held-to-maturity or policy reserve-matching purposes as of March 31, 2009.

There are no single monetary trusts which are measured at the fair market value other than investment, held-to-maturity and policy reserve-matching purpose as of March 31, 2009.

Note: Joint monetary trusts amounting to ¥13,500 million (\$137,432 thousand) are stated at the acquisition cost on the consolidated balance sheet as of March 31, 2009.

(2) As of March 31, 2008

Monetary trusts classified as trading purpose trusts by the Company and its consolidated subsidiaries as of March 31, 2008 are summarized as follows:

Carrying amount	Valuation difference charged to earnings-losses
<i>(Millions of yen)</i>	
<u>¥ 30,165</u>	<u>¥ 16,162</u>

There are no monetary trusts for held-to-maturity or policy reserve-matching purposes as of March 31, 2008.

Monetary trusts other than investment, held-to-maturity and policy reserve-matching purpose as of March 31, 2008 are summarized as follows:

	<u>Acquisition cost</u>	<u>Carrying amount</u>	<u>Gross unrealized gains</u>
		<i>(Millions of yen)</i>	
Monetary trusts	¥ 23,976	¥ 24,303	¥ 327

Note 1: In addition to the monetary trusts above, joint monetary trusts amounting to ¥80,300 million are stated at the acquisition cost on the consolidated balance sheet as of March 31, 2008.

Note 2: Impairment losses with respect to monetary trusts other than investment, held-to-maturity and policy reserve-matching as of March 31, 2009 amounted to ¥1,182 million and were charged to income. Impairment loss was recognized when the fair market value of securities as of March 31, 2008 decreased from the acquisition cost by 30% or more.

20. Derivative Financial Instruments

The Three Life Insurance Companies use swaps, forwards, futures and option contracts to hedge exposure to changes in interest rates, foreign exchange rates and stock and bond prices for assets in the consolidated balance sheets or for future investments, and to manage the differences in the duration of its assets and liabilities. In addition, the companies trade credit derivatives within certain internal guidelines, such as total notional amount and credit rating of entities to be referred under the credit derivatives.

The Three Life Insurance Companies have established internal rules regarding derivative financial instruments including policies and procedures for risk assessment, approval, reporting and monitoring. Based on such rules, the use of new types of derivative financial instruments must be approved by the Board of Directors. Such rules enable the companies to maintain an adequate control environment for derivative financial instruments. All dealing functions, such as the front, back and middle offices, are completely separated into different departments. The middle office, the Total Risk Monitoring Department, periodically monitors, measures and analyzes risks related to derivative financial instruments, and periodically reports total risk, position and gains and losses to the Board of Directors.

Because the Three Life Insurance Companies use derivative financial instruments mainly to hedge or manage market risk exposures resulting from assets on the consolidated balance sheets, the risk of derivative financial instruments is limited through offsetting the risk arising from those assets. Instruments are traded either over an exchange or with counterparties of high credit quality and the risk of nonperformance by the counterparties is therefore considered to be remote.

The Three Life Insurance Companies use derivative financial instruments for the purpose of complementing risk hedges, which are linked with cash product assets. Accordingly, the Three Life Insurance Companies do not make a deal for speculative trades.

Taiyo Life focuses on the stable investment management of assets and leverages risks linking hedge purposes with holding cash product assets. Daido Life focuses on efficient investment management of assets and complementing trades of cash product assets. Daido Life uses derivative financial instruments where trades are limited for the above policy.

To minimize the risks of minimum death guaranty and guaranteed minimum living benefit for individual variable annuities, T&D Financial Life uses derivative trades in monetary trusts for hedge purposes against increasing risks, owing to falling prices related to the subjected cash product assets in separate accounts.

The following tables show a summary of the notional amounts and current market or fair values of derivative financial instruments held as of March 31, 2009 and 2008. Notional amounts do not represent exposure to credit loss.

	As of March 31, 2009			
	Notional amounts		Current market or fair value	Valuation gains (losses)
	Over one year	One year or less		
	<i>(Millions of yen)</i>			
Interest rate swap (fixed interest receipt)	¥ 116,672	¥ 11,536	¥ 1,773	¥ 1,773
Interest rate swap (fixed interest pay)	49,557	-	(112)	(112)
Foreign exchange contracts sold	-	645,218	677,913	(32,695)
Foreign exchange contracts bought	-	15,902	16,071	169
Stock index futures contracts sold	-	104,736	113,899	(9,162)
Stock index futures contracts bought	-	21,044	22,346	1,301
Stock index options bought (put)	-	58,500	101	(1,551)
Stock forward contracts sold	-	-	-	-
Total valuation losses, net				<u>¥ (40,278)</u>

	As of March 31, 2008			
	Notional amounts		Current market or fair value	Valuation gains (losses)
	Over one year	One year or less		
	<i>(Millions of yen)</i>			
Interest rate swap (fixed interest receipt)	¥ 121,783	¥ 23,043	¥ 1,298	¥ 1,298
Interest rate swap (fixed interest pay)	138,382	-	120	120
Foreign exchange contracts sold	-	756,737	732,263	24,474
Foreign exchange contracts bought	-	201	202	0
Stock index futures contracts sold	-	-	-	-
Stock index futures contracts bought	-	-	-	-
Stock index options bought (put)	-	-	-	-
Stock forward contracts sold	-	22,135	21,020	1,115
Total valuation gains, net				<u>¥ 27,009</u>

	As of March 31, 2009			
	Notional amounts		Current market or fair value	Valuation gains (losses)
	Over one year	One year or less		
	<i>(Thousands of U.S. dollars)</i>			
Interest rate swap (fixed interest receipt)	\$ 1,187,746	\$ 117,438	\$ 18,052	\$ 18,052
Interest rate swap (fixed interest pay)	504,499	-	(1,141)	(1,141)
Foreign exchange contracts sold	-	6,568,441	6,901,290	(332,848)
Foreign exchange contracts bought	-	161,889	163,610	1,720
Stock index futures contracts sold	-	1,066,237	1,159,517	(93,280)
Stock index futures contracts bought	-	214,239	227,491	13,252
Stock index options bought (put)	-	595,541	1,035	(15,795)
Stock forward contracts sold	-	-	-	-
Total valuation losses, net				<u>\$ (410,041)</u>

Note 1: The transactions that apply deferral hedge and fair value hedge accounting, including special treatment for interest rate swaps, are included above.

Note 2: Foreign currency monetary assets or liabilities that are fixed at the yen amount at settlement time by employing foreign exchange forward contracts and are stated in yen in the accompanying consolidated balance sheets are excluded above.

T&D Financial Life uses monetary trusts to execute derivatives trades. The following tables show a summary of the notional amounts and current market or fair values of derivative financial instruments held as of March 31, 2009 and 2008.

	As of March 31, 2009			
	Notional amounts		Current market or fair value	Valuation gains (losses)
	Over one year	One year or less		
	<i>(Millions of yen)</i>			
Currency options bought (put)	¥ 26,873	¥ 3,938		
Option premium	4,024	314	¥ 4,323	¥ (16)
Currency options bought (put) in USD	16,035	2,437		
Option premium	2,621	216	2,354	(483)
Currency options bought (put) in EUR	10,838	1,501		
Option premium	1,403	97	1,968	467
Stock index options bought (put)	134,688	7,401		
Option premium	25,213	716	57,739	31,809
Total valuation gains, net				<u>¥ 31,793</u>

	As of March 31, 2008			
	Notional amounts		Current market or fair value	Valuation gains (losses)
	Over one year	One year or less		
	<i>(Millions of yen)</i>			
Currency options bought (put)	¥ 30,495	¥ 3,726		
Option premium	4,287	221	¥ 3,534	¥ (974)
Currency options bought (put) in USD	18,369	2,316		
Option premium	2,818	153	2,643	(328)
Currency options bought (put) in EUR	12,126	1,409		
Option premium	1,469	67	891	(645)
Stock index options bought (put)	102,932	7,112		
Option premium	15,103	473	25,377	9,800
Total valuation gains, net				<u>¥ 8,826</u>

	As of March 31, 2009			
	Notional amounts		Current market or fair value	Valuation gains (losses)
	Over one year	One year or less		
	<i>(Thousands of U.S. dollars)</i>			
Currency options bought (put)	\$ 273,581	\$ 40,098		
Option premium	40,973	3,200	\$ 44,011	\$ (162)
Currency options bought (put) in USD	163,248	24,813		
Option premium	26,690	2,205	23,970	(4,925)
Currency options bought (put) in EUR	110,333	15,284		
Option premium	14,283	995	20,040	4,762
Stock index options bought (put)	1,371,152	75,350		
Option premium	256,682	7,290	587,799	323,825
Total valuation gains, net				<u>\$ 323,662</u>

Note 1: The transactions that apply deferral hedge and fair value hedge accounting, including special treatment for interest rate swaps, are included above.

Note 2: Foreign currency monetary assets or liabilities that are fixed at the yen amount at settlement time by employing foreign exchange forward contracts and are stated in yen in the accompanying consolidated balance sheets are excluded above.

21. Reserve for Employees' Retirement Benefits

The components of net periodic pension cost are summarized below:

	Years ended March 31		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Service cost	¥ 6,158	¥ 6,003	\$ 62,697
Interest cost	2,686	2,645	27,352
Expected return on assets	(430)	(428)	(4,384)
Amortization of unrecognized net actuarial loss	1,319	2,192	13,435
Amortization of unrecognized net obligation at translation	21	60	222
Net periodic pension cost	9,756	10,473	99,323
Other	468	127	4,769
Total pension cost	¥ 10,225	¥ 10,600	\$ 104,093

Assumptions used in accounting for the plans were as follows:

	Years ended March 31	
	2009	2008
Discount rate	1.6% – 2.1%	1.9% – 2.3%
Expected long-term rate of return on assets	1.25% – 2.49%	1.25% – 2.49%

The plans' funded status as of March 31, 2009 and 2008 is summarized below:

	As of March 31		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Projected benefit obligation	¥ 137,734	¥ 137,680	\$ 1,402,161
Plan assets	(19,693)	(20,831)	(200,483)
Reserve for employees' retirement benefits	¥ 118,040	¥ 116,849	\$ 1,201,677

22. Per Share Information

Net assets per share computed based on the number of shares of common stock outstanding as of March 31, 2009 and 2008 were ¥1,076.35 (\$10.95) and ¥2,743.16, respectively. Net income per share computed based on the weighted-average number of shares of common stock outstanding during the years ended March 31, 2009 and 2008 were ¥(359.65) (\$(3.66)) and ¥149.24, respectively.

A summary of the net assets per share computations is as follows:

	As of March 31		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net assets	¥ 296,393	¥ 677,273	\$ 3,017,338
Minority interests	(1,736)	(1,820)	(17,674)
Net assets available to common stockholders	<u>¥ 294,656</u>	<u>¥ 675,453</u>	<u>\$ 2,999,663</u>
	<i>(Shares)</i>		
The number of shares of common stock outstanding	<u>273,754,566</u>	<u>246,231,785</u>	

A summary of the net income per share computations is as follows:

	Years ended March 31		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net income (loss)	¥ (89,097)	¥ 36,749	\$ (907,025)
Bonuses to directors and corporate auditors	(-)	(-)	(-)
Net income available to common stockholders	<u>¥ (89,097)</u>	<u>¥ 36,749</u>	<u>\$ (907,025)</u>
	<i>(Shares)</i>		
Weighted-average common shares outstanding	<u>247,730,567</u>	<u>246,239,986</u>	

23. Subsequent Events

There were no applicable subsequent events for the years ended March 31, 2009 and 2008.

V. Unaudited Non-Consolidated Financial Statements

T&D Holdings, Inc.

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Unaudited Non-Consolidated Balance Sheets

As of March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Assets:			
Current assets:			
Cash and deposits	¥ 796	¥ 523	\$ 8,104
Securities	16,000	17,000	162,883
Prepaid expenses	18	20	186
Deferred tax assets	48	105	490
Accounts receivable	390	30,449	3,977
Income tax refundable receivable	29,396	-	299,258
Other current assets	0	0	1
Total current assets	46,649	48,099	474,901
Fixed assets:			
Tangible fixed assets:			
Buildings	102	114	1,043
Machinery and equipment	6	6	70
Total tangible fixed assets	109	120	1,113
Intangible fixed assets:			
Trademark	2	2	20
Software	6	8	66
Other intangible fixed assets	0	0	0
Total intangible fixed assets	8	11	87
Investments and other assets:			
Investments in subsidiaries	743,709	583,215	7,571,106
Deferred tax assets	203	116	2,075
Deposit for rent	1,653	1,653	16,830
Total investments and other assets	745,566	584,985	7,590,012
Total fixed assets	745,684	585,118	7,591,213
Total assets	¥ 792,334	¥ 633,217	\$ 8,066,115

Unaudited Non-Consolidated Balance Sheets (continued)

As of March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Liabilities:			
Current liabilities:			
Accounts payable	¥ 28,032	¥ 4,038	\$ 285,373
Accrued expenses	159	166	1,625
Income tax payable	10	24,770	107
Consumption tax payable	4	31	45
Deposits received	5	4	60
Reserve for bonus to directors and corporate auditors	42	43	434
Total current liabilities	28,255	29,055	287,646
Fixed liabilities:			
Long-term debt	112,700	10,700	1,147,307
Reserve for directors' and corporate auditors' retirement benefits	476	367	4,847
Deposits received	1,545	1,545	15,729
Total fixed liabilities	114,721	12,612	1,167,885
Total liabilities	142,976	41,667	1,455,531
Net assets:			
Stockholders' equity:			
Common stock:			
Authorized – 966,000,000 shares			
Issued – 273,930,000 shares	147,637	118,595	1,502,978
Capital surplus:			
Additional paid-in capital	479,945	450,903	4,885,941
Other capital surplus	-	3	-
Total capital surplus	479,945	450,907	4,885,941
Retained earnings:			
Unappropriated retained earnings	22,701	22,684	231,106
Total retained earnings	22,701	22,684	231,106
Treasury stock	(927)	(638)	(9,442)
Total stockholders' equity	649,357	591,549	6,610,583
Total net assets	649,357	591,549	6,610,583
Total liabilities and net assets	¥ 792,334	¥ 633,217	\$ 8,066,115

Unaudited Non-Consolidated Statements of Operations

Years ended March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Operating income:			
Dividends on Investments in subsidiaries	¥ 16,494	¥ 16,129	\$ 167,916
Fees and commissions received from subsidiaries	3,540	3,176	36,041
Total operating income	20,034	19,306	203,958
Operating expenses:			
General and administrative expenses	3,182	2,894	32,401
Operating profit	16,851	16,411	171,556
Non-operating income:			
Interest on securities	95	88	975
Interest on tax refund	0	0	0
Fee income	9	8	93
Other income	1	1	18
Total non-operating income	106	98	1,087
Non-operating expenses:			
Interest expenses	482	162	4,909
Stock issuance expenses	308	-	3,143
Fees and commissions paid	160	-	1,628
Other expenses	1	0	15
Total non-operating expenses	952	163	9,696
Ordinary profit	16,006	16,347	162,947
Income before income taxes	16,006	16,347	162,947
Income taxes:			
Current	2	243	28
Prior years	4	-	50
Deferred	(29)	(63)	(304)
Total income taxes	(22)	180	(225)
Net income	¥ 16,028	¥ 16,166	\$ 163,173

Unaudited Non-Consolidated Statements of Changes in Net Assets

Years ended March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Stockholders' equity:			
Common stock:			
Balance as of previous fiscal year-end	¥ 118,595	¥ 118,595	\$ 1,207,324
Changes in the period:			
Issuance of new shares	29,042	-	295,654
Total changes in the period	29,042	-	295,654
Balance as of the end of the fiscal year	147,637	118,595	1,502,978
Capital surplus:			
Additional paid-in capital:			
Balance as of previous fiscal year-end	450,903	450,903	4,590,287
Changes in the period:			
Issuance of new shares	29,042	-	295,654
Total changes in the period	29,042	-	295,654
Balance as of the end of the fiscal year	479,945	450,903	4,885,941
Other capital surplus:			
Balance as of previous fiscal year-end	3	3	39
Changes in the period:			
Disposal of treasury stock	(3)	0	(39)
Total changes in the period	(3)	0	(39)
Balance as of the end of the fiscal year	-	3	-
Total capital surplus:			
Balance as of previous fiscal year-end	450,907	450,907	4,590,326
Changes in the period:			
Issuance of new shares	29,042	-	295,654
Disposal of treasury stock	(3)	0	(39)
Total changes in the period	29,038	0	295,614
Balance as of the end of the fiscal year	479,945	450,907	4,885,941
Retained earnings:			
Other retained earnings:			
Unappropriated retained earnings:			
Balance as of previous fiscal year-end	22,684	22,524	230,935
Changes in the period:			
Dividends	(16,005)	(16,006)	(162,934)
Net income	16,028	16,166	163,173
Disposal of treasury stock	(6)	-	(67)
Total changes in the period	16	160	170
Balance as of the end of the fiscal year	22,701	22,684	231,106
Total retained earnings:			
Balance as of previous fiscal year-end	22,684	22,524	230,935
Changes in the period:			
Dividends	(16,005)	(16,006)	(162,934)
Net income	16,028	16,166	163,173
Disposal of treasury stock	(6)	-	(67)
Total changes in the period	16	160	170
Balance as of the end of the fiscal year	22,701	22,684	231,106
Treasury Stock:			
Balance as of previous fiscal year-end	(638)	(496)	(6,499)
Changes in the period:			
Acquisition of treasury stock	(320)	(156)	(3,261)
Disposal of treasury stock	31	14	318
Total changes in the period	(289)	(141)	(2,942)
Balance as of the end of the fiscal year	¥ (927)	¥ (638)	\$ (9,442)

Unaudited Non-Consolidated Statements of Changes in Net Assets (continued)

Years ended March 31,	2009	2008	2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Total stockholders' equity:			
Balance as of previous fiscal year-end	¥ 591,549	¥ 591,530	\$ 6,022,086
Changes in the period:			
Issuance of new shares	58,084	-	591,308
Dividends	(16,005)	(16,006)	(162,934)
Net income	16,028	16,166	163,173
Acquisition of treasury stock	(320)	(156)	(3,261)
Disposal of treasury stock	20	14	211
Total changes in the period	<u>57,808</u>	<u>19</u>	<u>588,496</u>
Balance as of the end of the fiscal year	<u>649,357</u>	<u>591,549</u>	<u>6,610,583</u>
Total net assets:			
Balance as of previous fiscal year-end	591,549	591,530	6,022,086
Changes in the period:			
Issuance of new shares	58,084	-	591,308
Dividends	(16,005)	(16,006)	(162,934)
Net income	16,028	16,166	163,173
Acquisition of treasury stock	(320)	(156)	(3,261)
Disposal of treasury stock	20	14	211
Total changes in the period	<u>57,808</u>	<u>19</u>	<u>588,496</u>
Balance as of the end of the fiscal year	<u>¥ 649,357</u>	<u>¥ 591,549</u>	<u>\$ 6,610,583</u>

T&D Holdings, Inc.

Notes to Unaudited Non-Consolidated Financial Statements

March 31, 2009

1. Notes on Going-Concern Assumption

Not applicable

2. Summary of Significant Accounting Policies

(a) Basis of presentation

On April 1, 2004, T&D Holdings, Inc. (the “Company”), was established as a life insurance holding company, through which Taiyo Life Insurance Company (“Taiyo Life”), Daido Life Insurance Company (“Daido Life”) and T&D Financial Life Insurance Company (“T&D Financial Life”) (hereafter, the “Three Life Insurance Companies”), have become wholly owned subsidiaries through share transfers. The business combination was accounted for as a pooling of interests.

The Company maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the provisions of the Insurance Business Law of Japan (the “Insurance Business Law”) and in conformity with generally accepted accounting principles and practices in Japan.

The accompanying non-consolidated financial statements are compiled from the financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. In preparing the non-consolidated financial statements, certain items presented in the original financial statements have been reclassified and summarized for readers outside Japan. These non-consolidated financial statements have been prepared on the basis of generally accepted accounting principles and practices in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In addition, the accompanying footnotes include information that is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information to the non-consolidated financial statements.

Amounts of less than one million yen and one thousand U.S. dollars have been eliminated. As a result, yen and U.S. dollar totals shown herein do not necessarily agree with the sum of the individual amounts.

(b) Valuation of securities

Investments in subsidiaries that do not have readily determinable fair values are valued at cost determined by the moving-average method and available-for-sale securities without readily obtainable fair values are valued at cost determined by the moving-average method.

(c) Reserve for bonus to directors and corporate auditors

To provide for payment of the bonus to directors and corporate auditors, the Company set up a reserve for directors’ and corporate auditors’ bonus based on the expected amount to be paid in the year ended March 31, 2009.

(d) Reserve for directors' and corporate auditors' retirement benefits

The Company has maintained retirement benefit plans covering all directors and corporate auditors. Under the plans, all directors and corporate auditors are entitled to lump-sum or annuity payments based on their current rate of salaries and length of service at retirement.

The Company set up a reserve for directors' and corporate auditors' retirement benefits under the defined benefit plans based on an actuarial calculation of the value of the retirement benefit obligations. The attribution of retirement benefits to periods of consignees' service is made based on the benefit/years of service approach.

(e) Income taxes

The Company has adopted the consolidated corporate tax system. The consolidated corporate tax system allows companies to pay taxes based on the combined profits or losses of a parent company and its wholly owned domestic subsidiaries. Due to the adoption of the consolidated corporate tax system, a portion of valuation allowance for deferred tax assets was reduced in respect of certain consolidated subsidiaries' tax loss carryforwards for which there had been uncertainty regarding realization.

The provision for income taxes is based on income recognized for financial statement purposes, which includes deferred income taxes representing the effects of temporary differences between income recognized for financial reporting purposes and income recognized for income tax purposes. Deferred tax assets and liabilities are determined based on the difference between assets and liabilities for financial reporting purposes and income tax purposes using the statutory tax rate.

(f) Fixed assets

Tangible fixed assets except for lease assets are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method for buildings and by the declining-balance method for other property and equipment, based on estimated useful lives ranging from 8 to 39 years for buildings and improvements and from 5 to 15 years for equipment.

Depreciation of intangible assets except for lease assets is computed by the straight-line method. Development costs for internal-use software are capitalized and amortized under the straight-line method over their estimated useful lives of 5 years.

Lease assets with respect to nonownership-transfer finance leases are amortized under the straight-line method over the lease term, with no residual value. The accounting treatment for nonownership-transfer finance leases which commenced before March 31, 2008, follows the method for ordinary rental transactions.

(g) Stock issuance costs

The stock issuance costs are charged to non-operating expenses as incurred.

(h) Accounting for consumption taxes

Consumption taxes received or paid by the Company are not included in income and expenses. The net of consumption taxes received and paid are separately recorded on the balance sheets. Where consumption taxes paid are not fully credited against consumption taxes received, the noncredited portion is charged as an expense in the period in which the consumption taxes are paid. However, certain noncredited portions of consumption taxes paid, such as the purchase of property and equipment, are not charged to expense but are deferred as prepaid expenses and amortized against income over a five-year period on a straight-line basis.

(i) Adoption of Accounting Standard for Lease Transactions

Prior to April 1, 2008, the accounting treatment for finance lease transactions not involving the transfer of ownership (nonownership-transfer finance leases) had been permitted to be accounted for as ordinary rental transactions. However, the adoption of the “Accounting Standard for Lease Transactions (Statement No.13)” and the “Guidance on Accounting Standard for Lease Transactions (Guidance No.16)”, the Company has adopted these standards and guidance effective from this fiscal year, and the accounting treatments for such transactions follow the method for ordinary purchase and sales transactions.

In addition, lease assets with respect to nonownership-transfer finance leases are amortized under the straight-line method over the lease term, with no residual value.

The accounting treatment for nonownership-transfer finance leases which commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied continuously follows the method for ordinary rental transactions.

The impact of this change on ordinary profit and net income is none.

3. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥98.23 = U.S.\$1, which is the approximate rate prevailing at March 31, 2009. The translations should not be construed as representations that such yen amounts have been, could have been or could in the future be converted into U.S. dollars at that or any other rate.

4. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2009 was ¥42 million (\$427 thousand).

5. Liabilities in Subsidiaries

Liabilities in subsidiaries as of March 31, 2009 amounted to ¥26,468 million (\$269,457 thousand) included in accounts payable.

6. Transaction with Subsidiaries

	Year ended March 31, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Dividends from subsidiaries	¥ 16,494	\$ 167,916

7. General and Administrative Expenses

The main components of general and administrative expenses for the year ended March 31, 2009 were as follows:

	Year ended March 31, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Remuneration for directors and corporate auditors	¥ 170	\$ 1,740
Salaries	601	6,119
Bonuses	300	3,055
Reserve for bonus to directors and corporate auditors	43	437
Reserve for directors' and corporate auditors' retirement benefits	109	1,112
Taxes and dues	162	1,657
Depreciation expense	16	166
Commissions	512	5,215
Service cost	259	2,641
Compensations	474	4,833

8. Statements of Changes in Net Assets

Type and number of treasury shares are as follows:

	Number of shares as of the previous fiscal year-end	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares as of the fiscal year-end
Treasury stock:				
Common stock	98,215	82,314	5,095	175,434
Total	98,215	82,314	5,095	175,434

Note 1: Treasury stock increased 82,314 shares by purchasing odd-lot shares and others.

Note 2: Treasury stock decreased 5,095 shares by accepting requests of adding to holding odd-lot shares.

9. Leases Transactions

Prior to April 1, 2008, the accounting treatment for finance lease transactions not involving the transfer of ownership (nonownership-transfer finance leases) had been permitted to be accounted for as ordinary rental transactions. However, the adoption of the "Accounting Standard for Lease Transactions (Statement No.13)" and the "Guidance on Accounting Standard for Lease Transactions (Guidance No.16)", the Company has adopted these standards and guidance effective from the fiscal year ended March 31, 2009 and the accounting treatments for such transactions follow the method for ordinary purchase and sales transactions.

The accounting treatment for nonownership-transfer finance leases which commenced before March 31, 2008 in which the Accounting Standard for Lease Transactions is applied continuously follows the method for ordinary rental transactions.

There were no nonownership-transfer finance leases which follow the method for ordinary purchase and sales transactions as of March 31, 2009.

Information of non-ownership-transfer finance leases whose commencement day falls prior to March 31, 2008, the accounting treatment where the Company is the lessee continuously follows the method for ordinary rental transactions, for the years ended March 31, 2009 and 2008 are summarized as follows:

	As of March 31,		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Tangible fixed assets:			
Acquisition cost	¥ 5	¥ 5	\$ 58
Accumulated depreciation	(5)	(4)	(58)
Net carrying value	¥ -	¥ 1	\$ -

Obligations under finance leases as of March 31, 2009 and 2008 were as follows:

	As of March 31,		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Due within one year	¥ -	¥ 1	\$ -
Due after one year	-	-	-
Total	¥ -	¥ 1	\$ -

Total payments for non-ownership-transfer finance leases for the year ended March 31, 2009 and 2008 were ¥1 million (\$12 thousand) and ¥1 million, respectively.

Depreciation and interest expense, which are not reflected in the accompanying statement of operations, for the years ended March 31, 2009 and 2008 were as follows:

	Years ended March 31,		
	2009	2008	2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Depreciation	¥ 1	¥ 1	\$ 11
Interest expense	0	-	0

Depreciation is computed by the straight-line method over the respective lease period. The residual value at the end of the lease period is not considered for the calculation of depreciation. Interest expense is computed by the interest method.

10. Investments in Subsidiaries and Affiliates

There are no investments in subsidiaries and affiliates that have readily determinable fair values for the years ended March 31, 2009 and 2008.

11. Income Taxes

The Company and its domestic subsidiaries are subject to corporate (national) and inhabitants (local) taxes based on income. The footnote disclosure of reconciliation between the enacted tax rate and the corporate tax rate is as follows:

	Year ended March 31, 2009
	(%)
Statutory tax rate	40.7%
Dividend excluded from gross revenue	(41.9)
Other	1.1
Effective tax rate	<u>(0.1)%</u>

Significant components of deferred tax assets of the Company as of March 31, 2009 are summarized as follows:

	As of March 31, 2009	
	(Millions of yen)	(Thousands of U.S. dollars)
Deferred tax assets:		
Reserve for directors' and corporate auditors' retirement benefits	¥ 193	\$ 1,973
Tax loss carryforward	179	1,823
Reserve for bonus payments	48	489
Enterprise tax payable	10	107
Other	17	177
Subtotal	<u>449</u>	<u>4,570</u>
Valuation allowance	(196)	(2,004)
Total deferred tax assets	<u>¥ 252</u>	<u>\$ 2,566</u>

12. Per Share Information

Net income per share computed based on the weighted-average number of shares of common stock outstanding during the years ended March 31, 2009 and 2008 were ¥64.70 (\$0.65) and ¥65.65, respectively. Net assets per share computed based on the number of shares of common stock outstanding as of March 31, 2009 and 2008 were ¥2,372.04 (\$24.14) and ¥2,402.41, respectively.

A summary of the net income per share computations is as follows:

	Years ended March 31		
	2009	2008	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Net income	¥ 16,028	¥ 16,166	\$ 163,173
Bonuses to directors and corporate auditors	(-)	(-)	(-)
Net income available to common stockholders	<u>¥ 16,028</u>	<u>¥ 16,166</u>	<u>\$ 163,173</u>
	(Shares)		
Weighted-average common shares outstanding	<u>247,730,567</u>	<u>246,239,986</u>	

13. Subsequent Events

There were no applicable subsequent events for the years ended March 31, 2009 and 2008.