

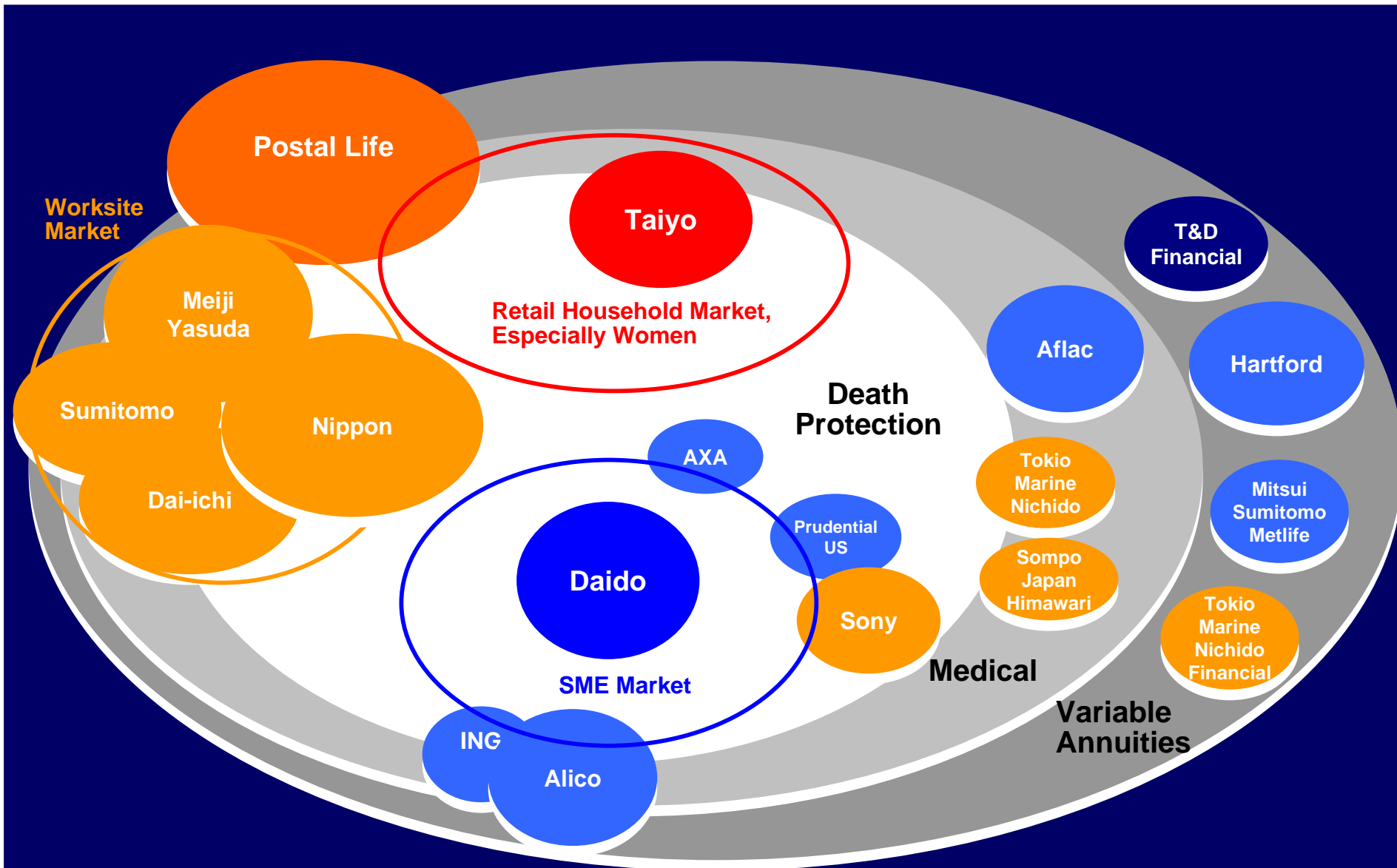
T&D Holdings, Inc.

CLSA Japan Forum 2008

**President
Naoteru Miyato**

February 2008

Industry Trends and Group Positioning



*Prepared by T&D Holdings. These categories may differ for or may not be recognized by each individual company.

Distinctive Business Models

	Taiyo Life	Daido Life	T&D Financial Life
Market	<ul style="list-style-type: none"> Households 	<ul style="list-style-type: none"> SMEs 	<ul style="list-style-type: none"> Upper-middle
Channel	<ul style="list-style-type: none"> In-house Sales Reps. 	<ul style="list-style-type: none"> Agents (Tax accountant, etc.) In-house Sales Reps. 	<ul style="list-style-type: none"> Agents (Banks, Securities Firms, etc.)
Product	<ul style="list-style-type: none"> Mid-Size Death Protection, Medical & Nursing Care Protection 	<ul style="list-style-type: none"> Term Life Insurance 	<ul style="list-style-type: none"> Variable Annuities

Specialization in Growth Markets

- Markets that the three life insurance companies focus on have large growth potential

Taiyo Life

Household market,
especially women

- The number of over 40's women from 2005 to 2020 **+ 12.4%**

Daido Life

SME market

- Potential customers (estimated) **570 thousand**
vs. Daido's SME customers 390 thousand
Total SMEs in Japan 1,730 thousand

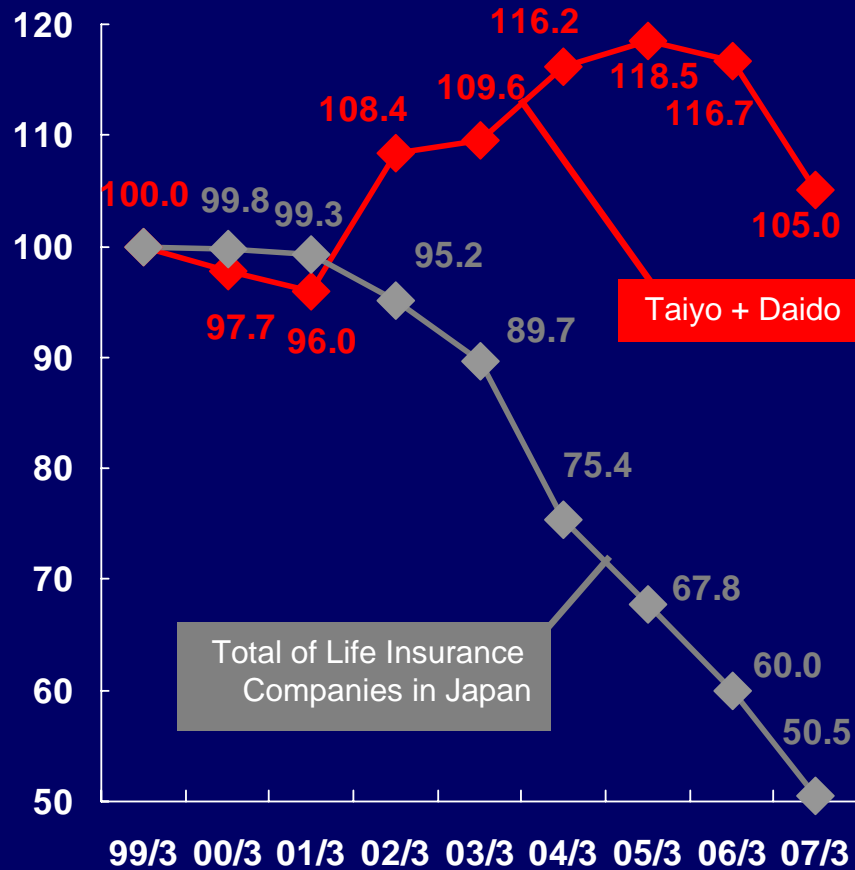
T&D Financial Life

Middle and high
net-worth market

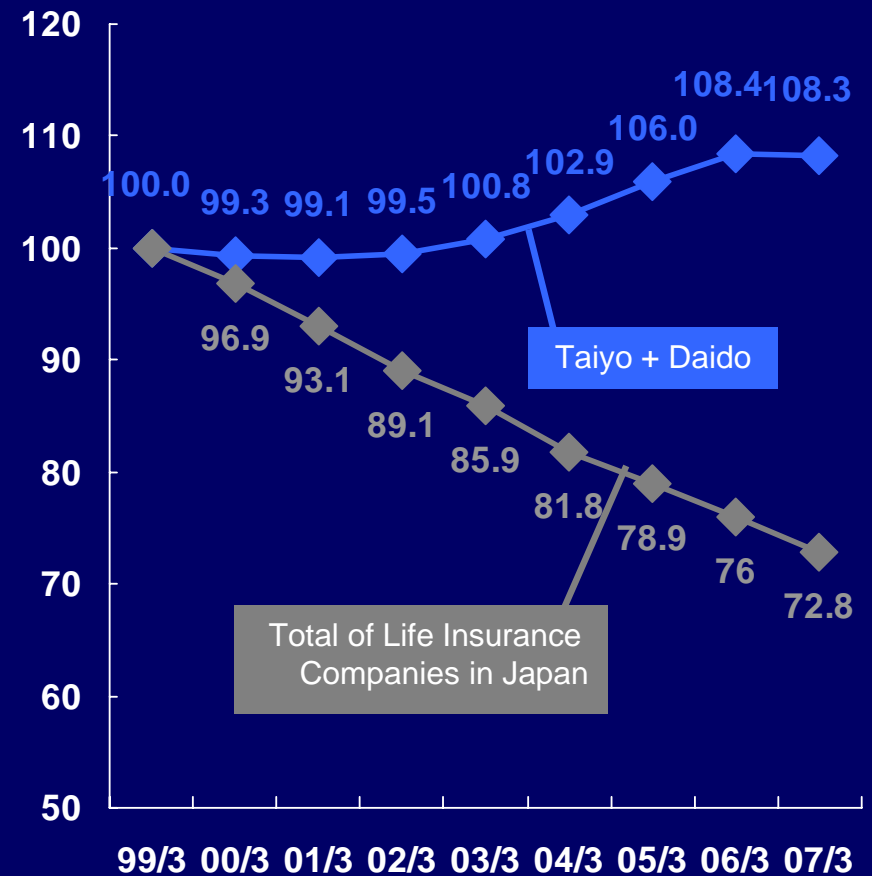
- Individual financial assets in Japan **1,536 tr yen**
- The share of over 60's to that assets **55.6%**

Trends in Sales Performance

New Policy Amount



Policy Amount in Force



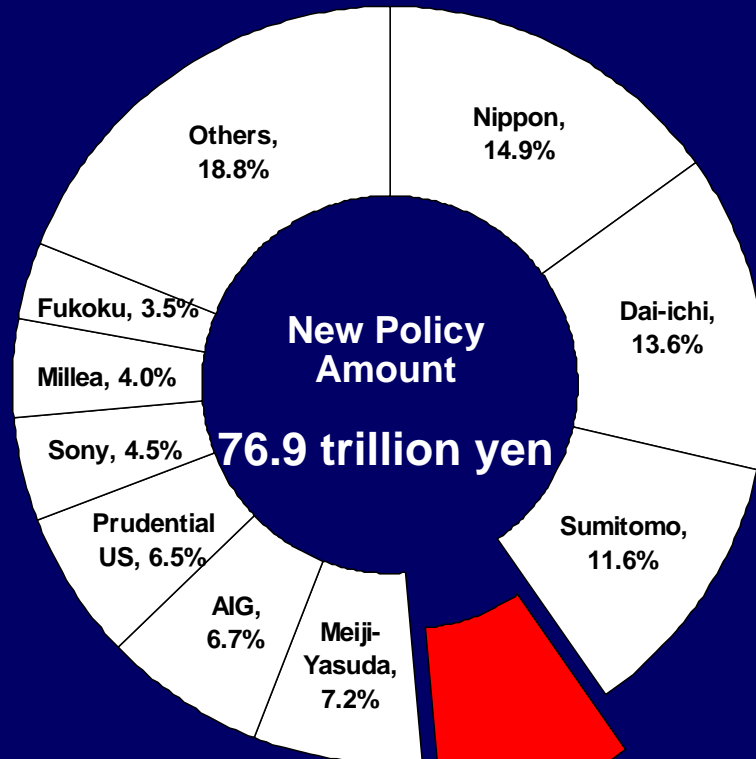
Source: Summary of Life Insurance Business in Japan

* Indices are based on new policy amount and policy amount in force for individual insurance as of FY1998 as 100.

** New policy amount Includes net increase from conversion.

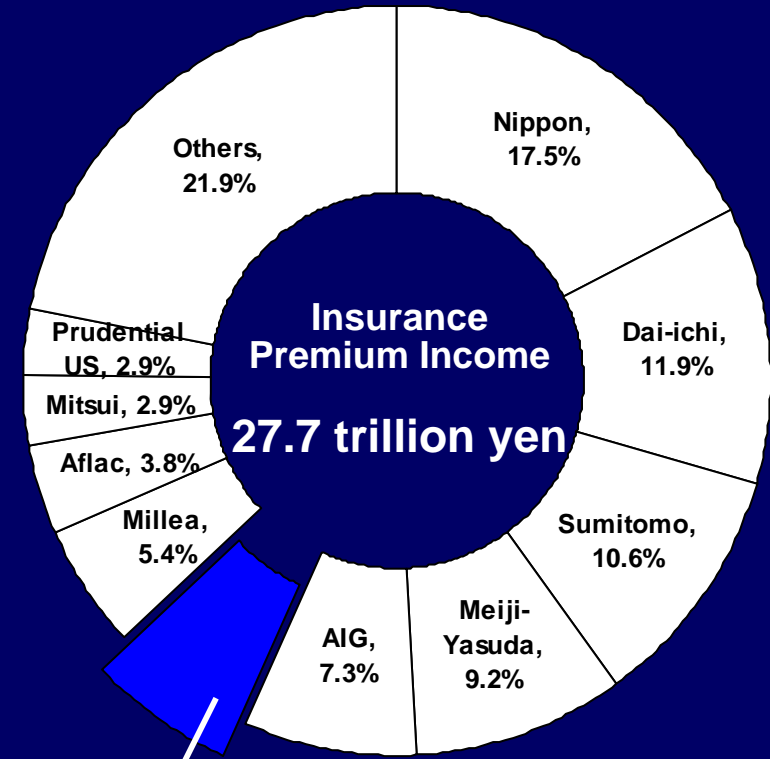
Market Share

New Policy Amount (FY2006)



T&D 8.6%
(4th Largest)

Insurance Premium Income (FY2006)



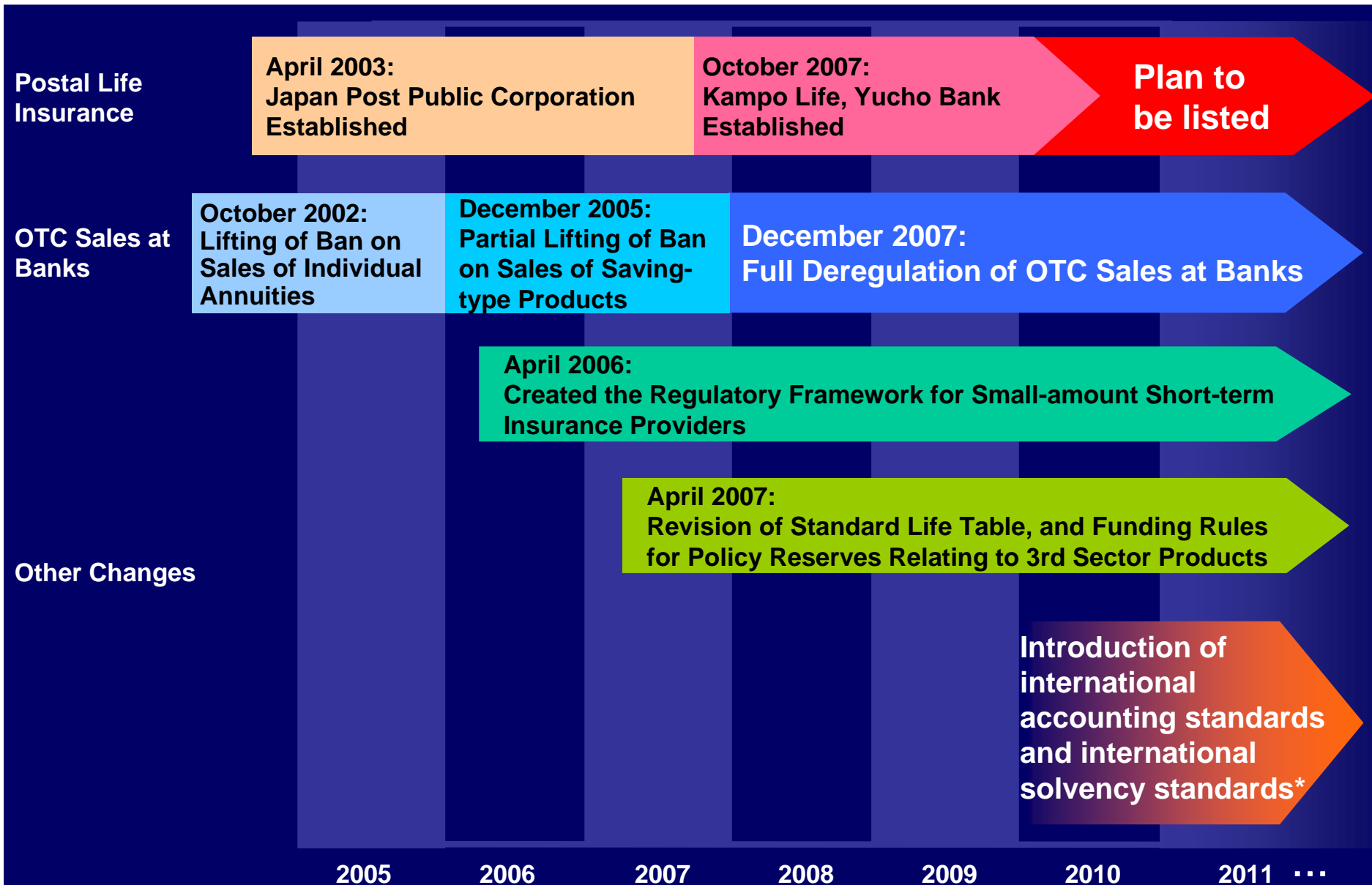
T&D 6.5%
(6th Largest)

Sources: Company financial reports

* The chart for New Policy Amount (left-hand) represents sum of individual insurance and individual annuities, including net increase from conversion.

**T&D: Taiyo Life + Daido Life + T&D Financial Life, AIG: ALICO Japan + AIG Star Life + AIG Edison Life, Prudential (U.S.): Prudential Life + Gibraltar Life, Millea: Tokio Marine & Nichido Life + Tokio Marine & Nichido Financial Life

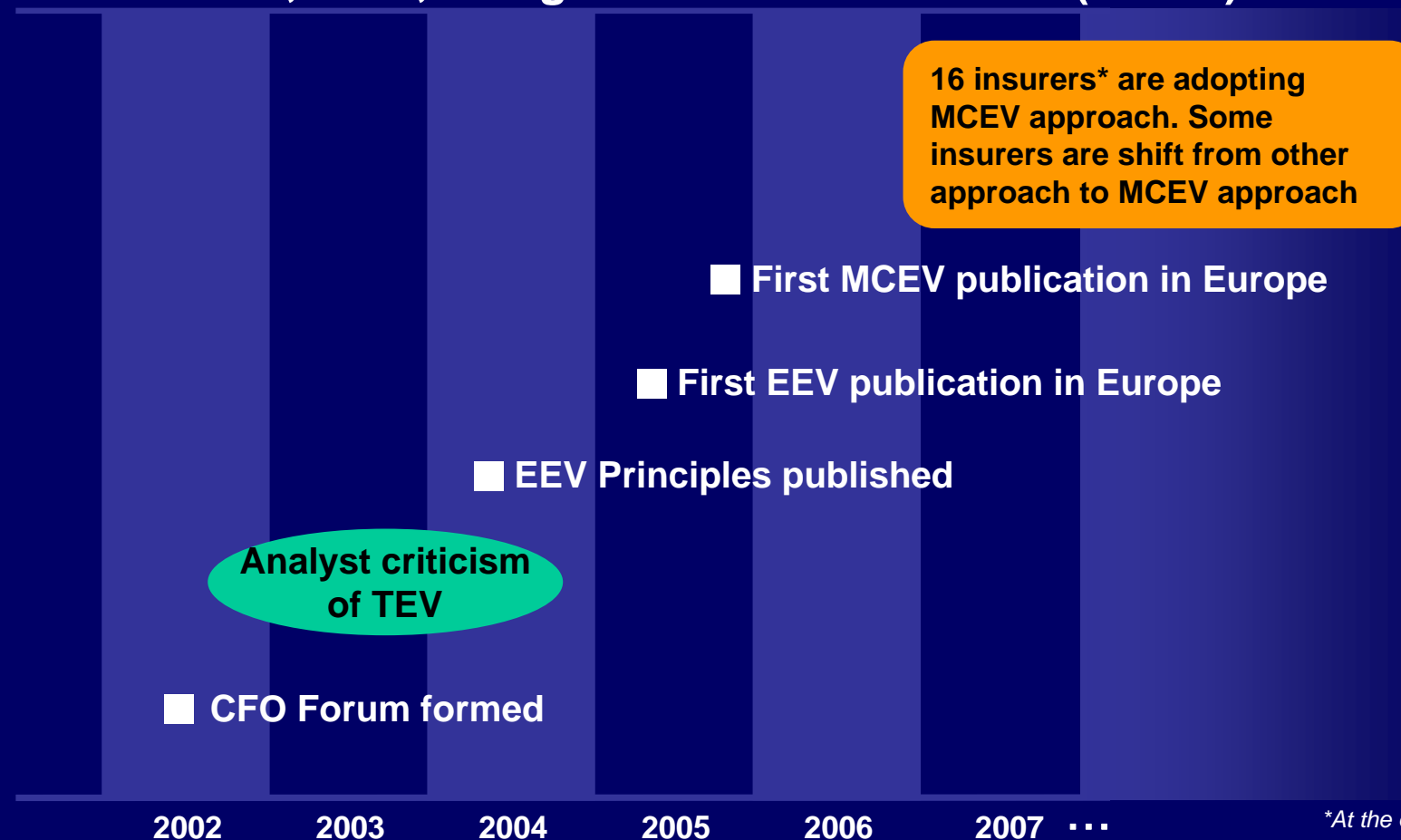
Changing Regulatory Environment



*Timeline for introduction of international accounting standards and international solvency standards is not fixed at this time.

Refining the Yardstick of Corporate Value: From TEV to EEV

- The number of insurers adopting MCEV approach or shifting from other approach to MCEV has increased
- T&D Life Group disclosed European Embedded Value (EEV) Restatement as of March 31, 2007, using market-consistent EV (MCEV) method



**At the end 2006 reporting*

February 2008 CLSA Japan Forum T&D Holdings, Inc.

Difference between EEV and TEV

■ The definition of each component is different between EEV and TEV

	TEV	EEV*1
Investment Return	TEV increases if more <u>high-risk assets are assumed to be held</u>	Investment return assumptions are <u>set consistently with financial markets</u>
Discount Rate	<u>Applies a single discount rate to the cash flows of the entire company. The rate is subjective, although it was set considering the various risks</u>	Both investment return assumptions and discount rates are <u>set consistently with financial markets, thus improve objectivity</u>
Financial Options and Guarantees	<u>Typically uses a single deterministic cash flow projection, and thus does not explicitly capture the cost of options and guarantees</u>	<u>Require stochastic calculations be performed to value explicitly the cost of such financial options and guarantees*2</u>
Cost of Capital	<u>Subjectivities may come from the risk discount rate and investment yield assumptions</u>	<u>Objectivity is improved, though the definition of required capital still remains issues</u>

*1 Each explanation includes the features of MCEV approach, because T&D Life Group adopts that approach in calculating EEV as of March 31, 2007.

*2 On TEV basis, valued implicitly by setting higher discount rate

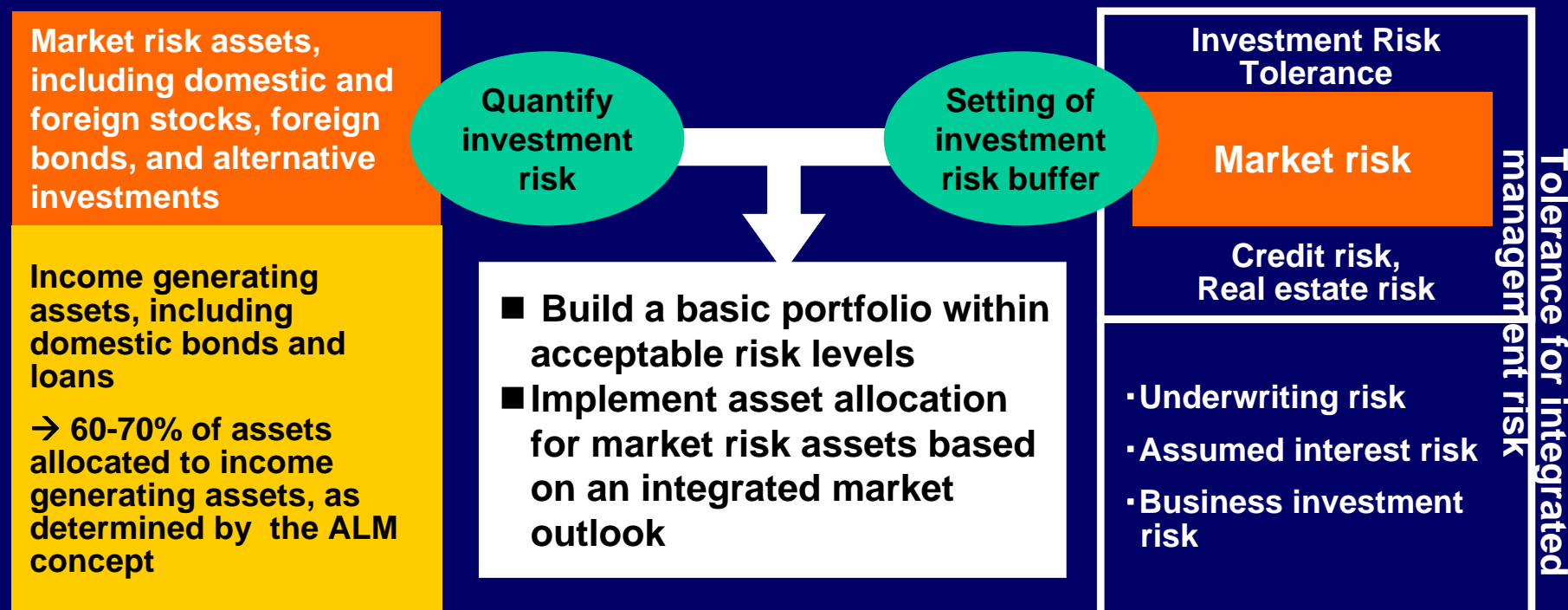
■ EEV results was almost same level compared to TEV results

(Billions of yen)

	EEV	TEV	EEV-TEV	EEV/TEV
EV as of March 31, 2007	2,072.1	2,133.3	(61.2)	(2.9%)
Adjusted net worth	1,344.8	1,298.8	46.0	3.5%
Value of in-force business	727.2	834.4	(107.2)	(12.8%)
Value of new business	84.8	70.5	14.3	20.3%

Group Investment Strategy

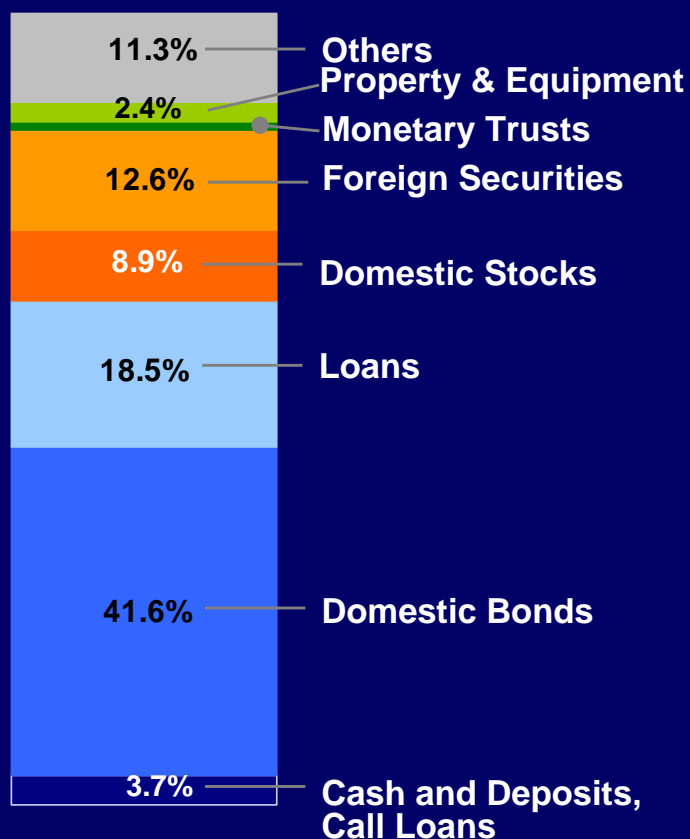
- **Basic investment policy**
 - Disciplined investment strategy based on liability-driven ALM and asset allocation within tolerable risk levels
 - Appropriate risk management to secure the financial soundness
- **Set integrated tolerance risk levels within equity capital. The company quantifies each management risk and ensures appropriate management of investment risk as part of its integrated risk management**



General Account Assets Composition

- No direct investment in sub-prime loans, sub-prime CDO, and monoline-guaranteed bonds. In addition, indirect impact through hedge-fund investments is so limited

General Account Assets Composition*
(Three companies total)



Net Exposure to Domestic Stocks & Foreign currency*

	Daido	Taiyo
Domestic Stocks	16.4%	12.4%
Foreign Currency	4.1%	6.6%

The Amount of Alternative Investment*

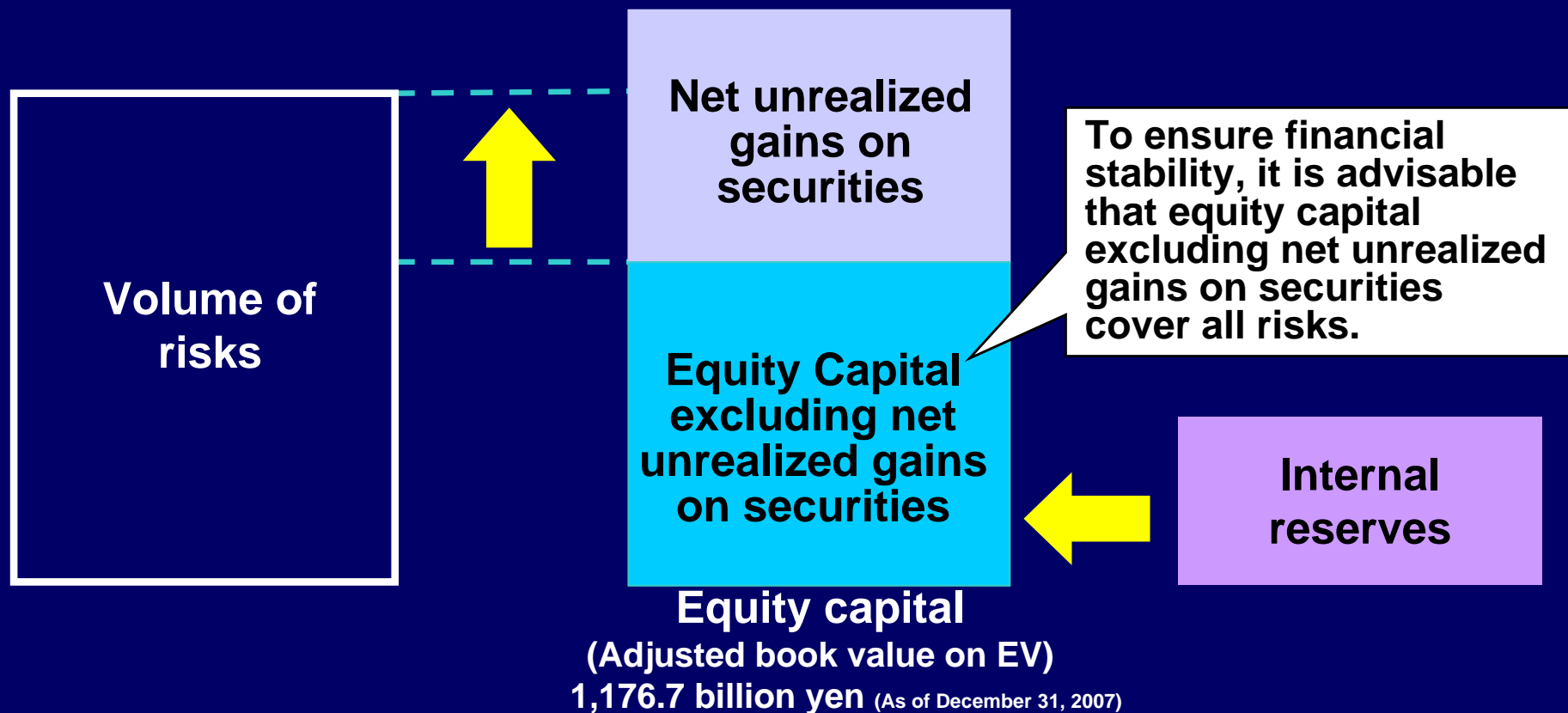
(Billions of yen)

	Daido	Taiyo
Total	377.4	79.0
Private Equities	162.7	15.2
Hedge Funds	193.3	63.7

* As of December 31, 2007

Capital Management Policy

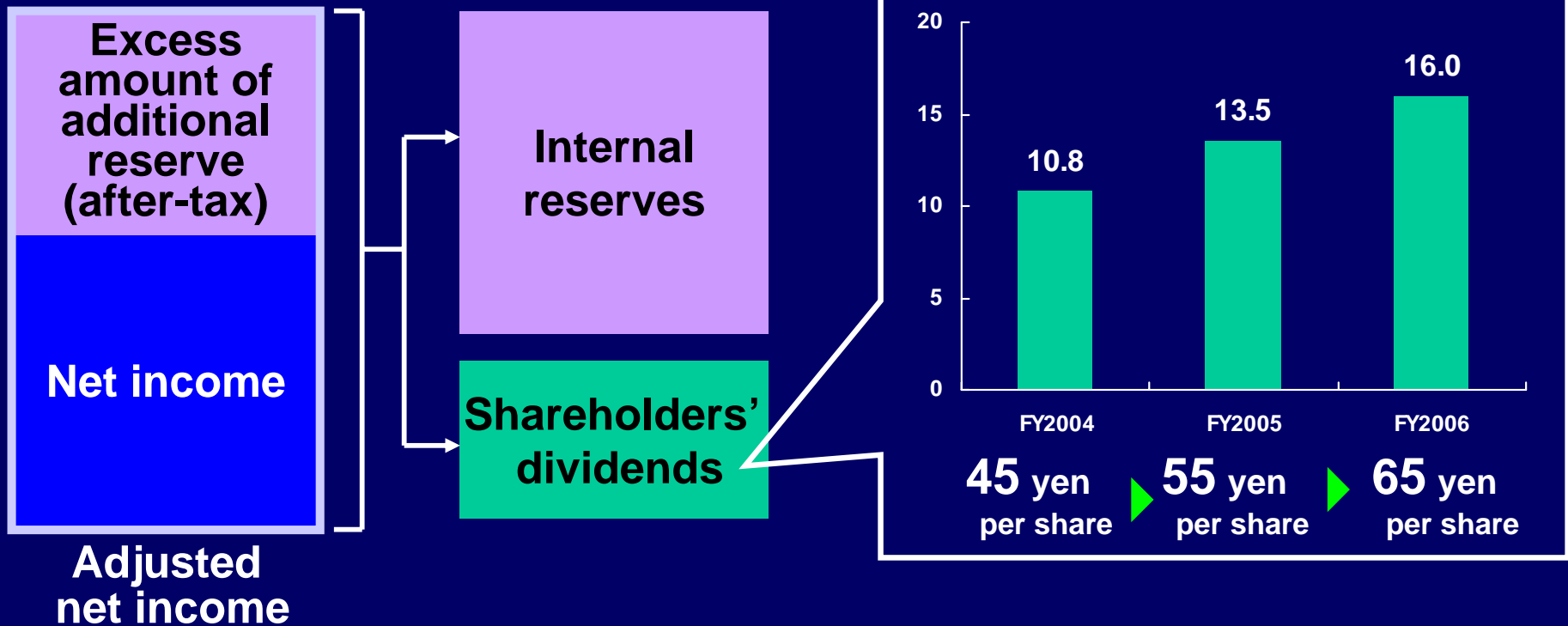
- Quantify management risks to comprehend the volume of risks
- Retain adjusted book value on EV by the entire group, which exceeds the volume of risks



Shareholders' Dividends

- Intend to return about 30 percent of adjusted net income* to shareholders in the medium and long term with the dividend policy linked to business performance, while maintaining financial soundness and capital efficiency

* Consolidated net income + excess amount of reserve for price fluctuations + excess amount of contingency reserve



Summary

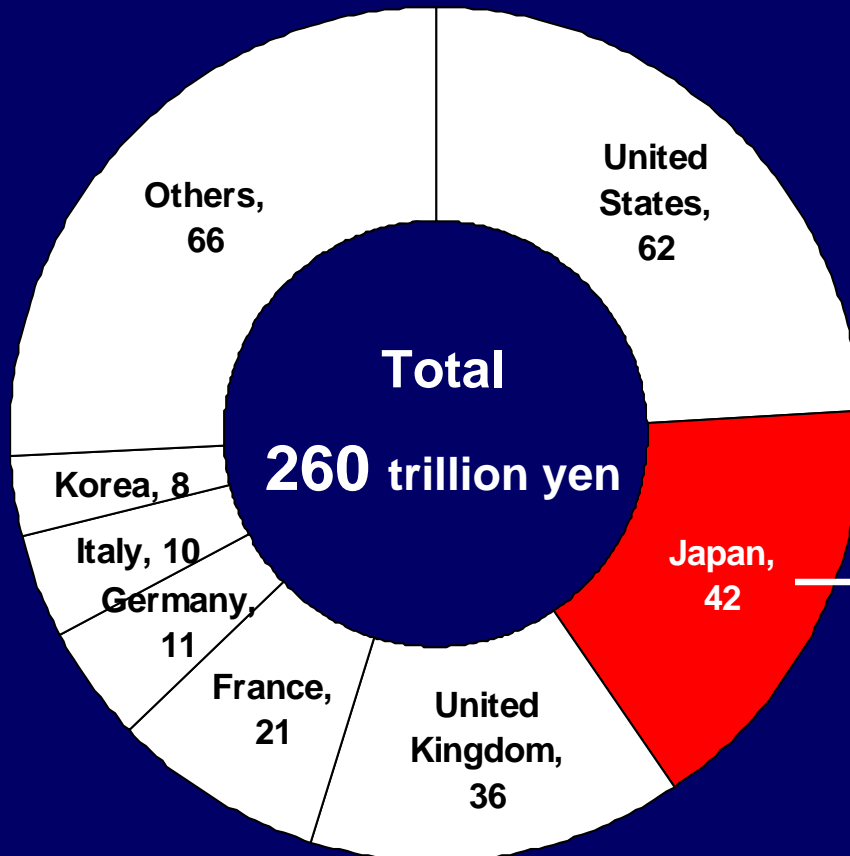
- Pursue unique business models with regard to markets, distribution channels, and products. Markets T&D focuses on have large potential for growth
- Define EV as the yardstick to measure corporate value, refining it through the response to EEV Principles, and strive to achieve sustainable growth in EV with organic and external growth
- Apply capital management policy to maintain both financial soundness and capital efficiency

Appendix

2nd Largest Life Insurance Market in the World

Premium Income by Country

(Trillions of yen)



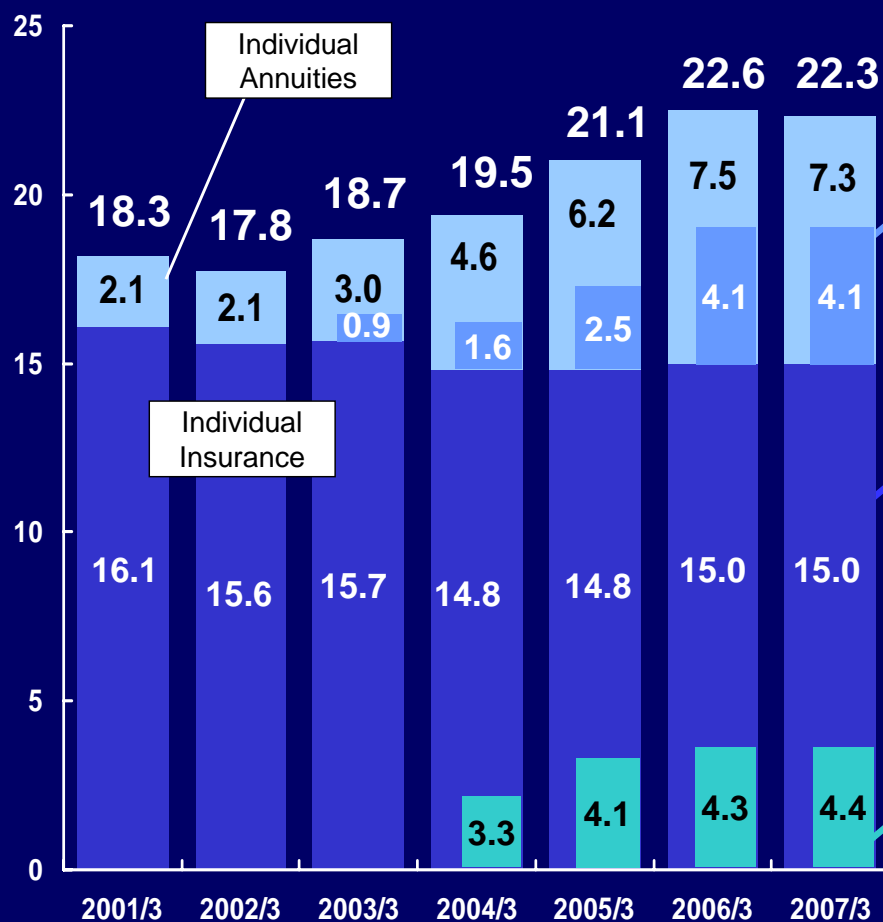
Private-sector life insurers : 28 trillion yen
Including;
Individual insurance & annuities : 22.3 trillion yen
Group insurance & annuities : 5.1 trillion yen
Postal Life : 9 trillion yen, etc.

Source: Swiss Re Sigma No.4/2007 "World Insurance in 2006"
All figures converted at 118.05 yen to the U.S. dollar

Trends in Insurance Premiums

Trends in Insurance Premiums for Individual Insurance and Annuities for Private-Sector Life Insurer

(Trillions of yen)



Variable Annuities* : Increase

- ✓ After lifting on the ban on OTC sales at banks on October 2002

Death Protection : Decrease

- ✓ Aging population with lower birthrate
- ✓ Shifting household composition

3rd Sector** : Increase

- ✓ Increasing medical care expenditure
- ✓ Growing concern about public medical insurance system

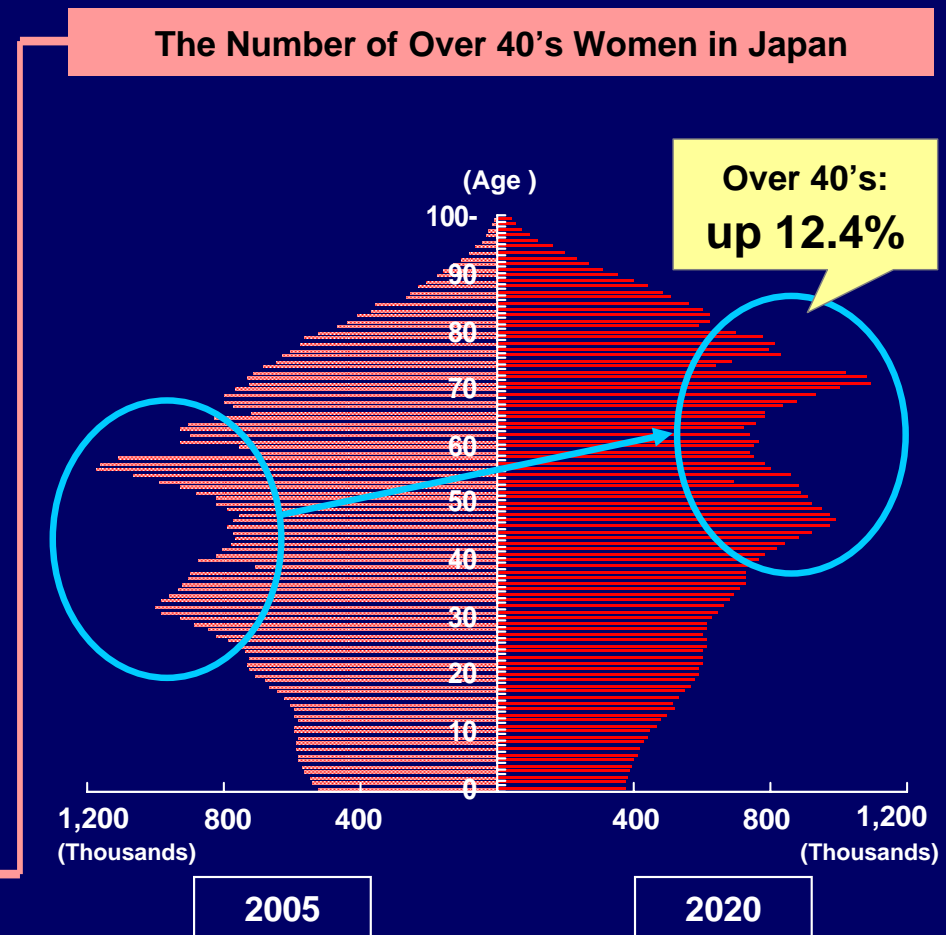
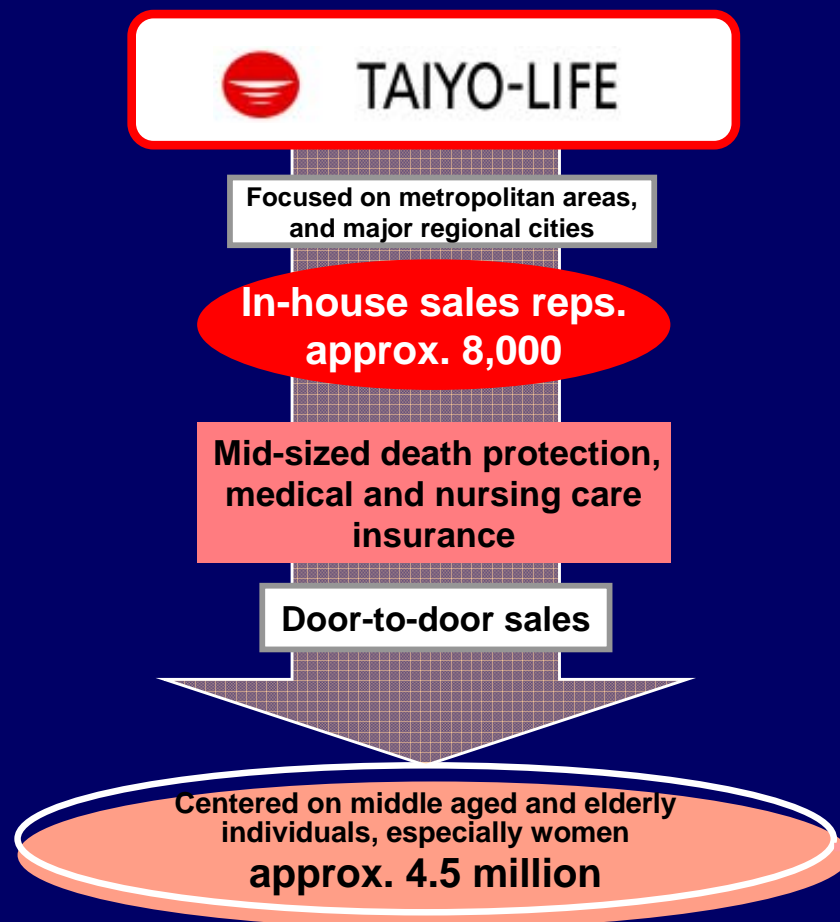
Source: Compiled by T&D Holdings based on 'Summary of Life Insurance Business in Japan'

* The figures show the new policy amount for individual variable annuities

**Estimate of Annualized premiums for third-sector policy amounts

Taiyo's Marketing Strategies

- Taiyo has a solid customer base to which the company sold saving-oriented products



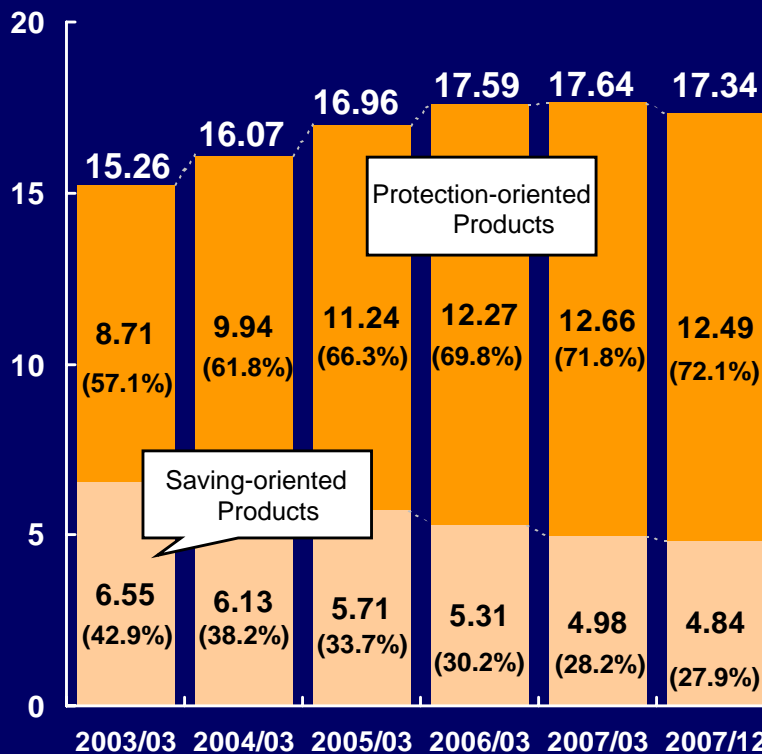
Source: Prepared by T&D Holdings based on Population Predictions by the National Institute of Population and Social Security Research

Taiyo's growth in Death Protection and 3rd Sector Products

- Taiyo has been shifting its emphasis from saving products to protection products
- In T&D Group, Taiyo seeks to increase 3rd sector products

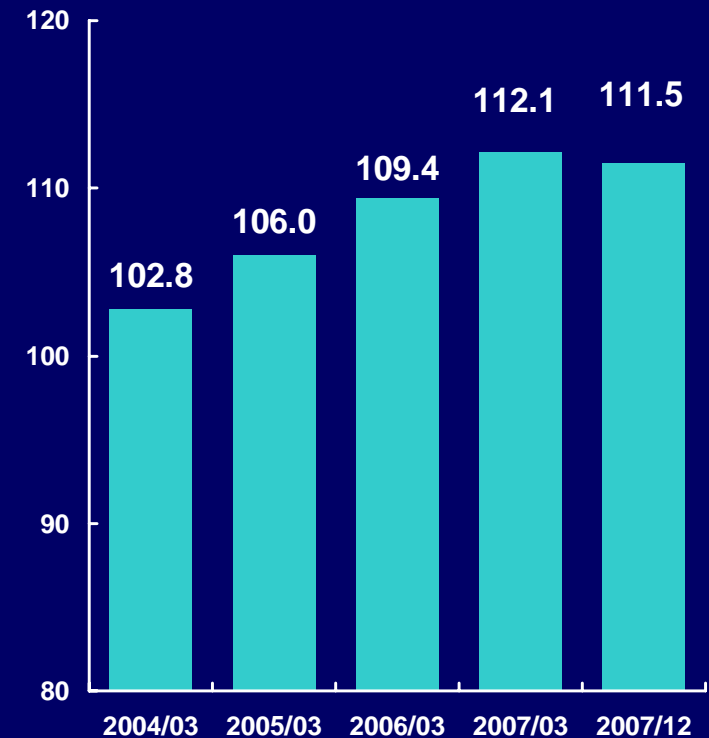
Composition of Policy Amount in Force

(Trillions of yen)



Annualized Premiums of Total Policies in 3rd Sector Products

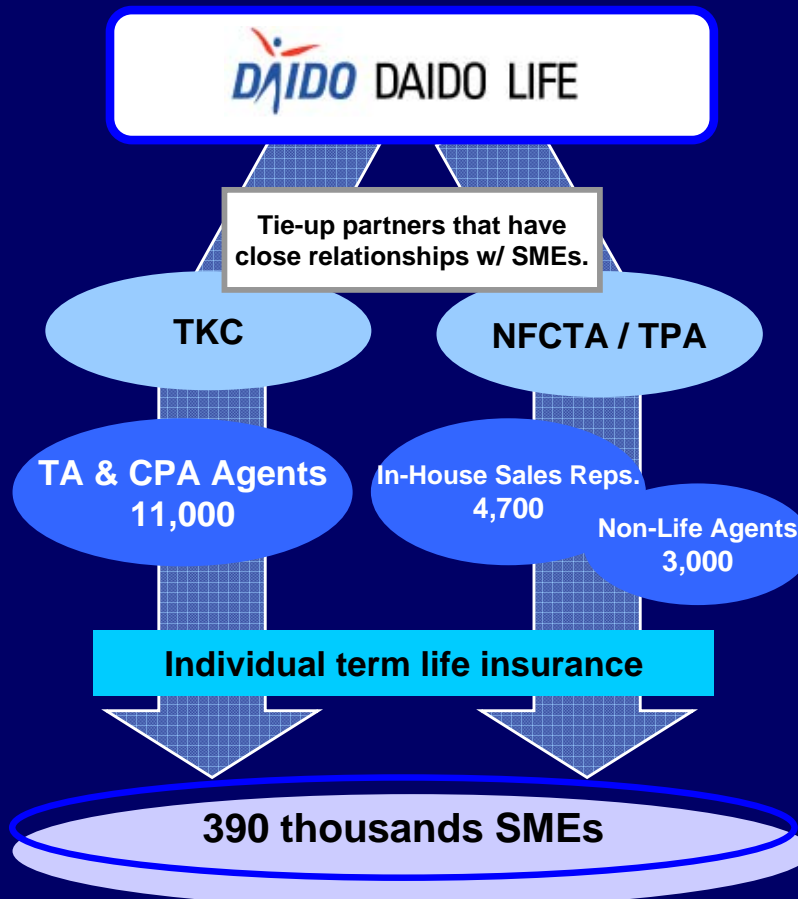
(Billions of yen)



* New policy amount Includes individual insurance and individual annuities, including net increase from conversion.

Daido's Marketing Strategies

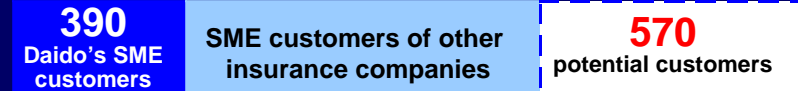
- Daido is focusing on SME market that has stability and great potential for growth



Numbers of SME and Daido's SME Customers

1,730 * SMEs

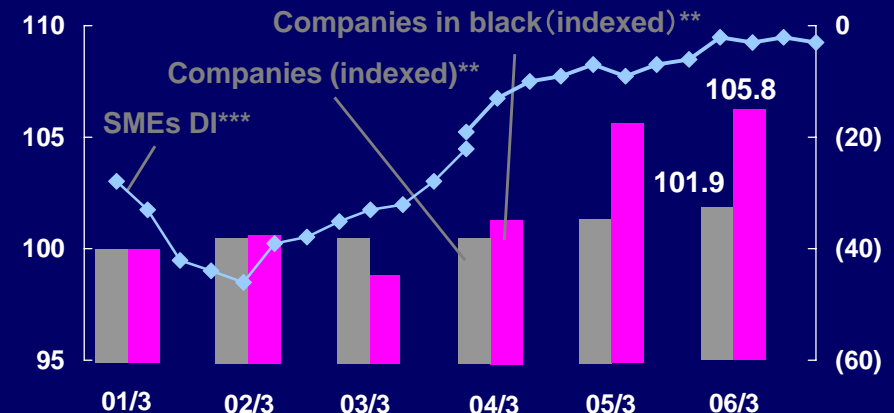
(Thousands)



Potential customers

1,730 thousand SMEs x percentage of companies not covering owners insurance 32.7%*

Number of Companies and SMEs Diffusion Index



* Number of SMEs is from Establishment and Enterprise Census of Japan (2004) by the Ministry of Internal Affairs and Communications; the percentage of companies not insure against company owners is from the Survey on Companies' Welfare Systems(2002) by JILL.

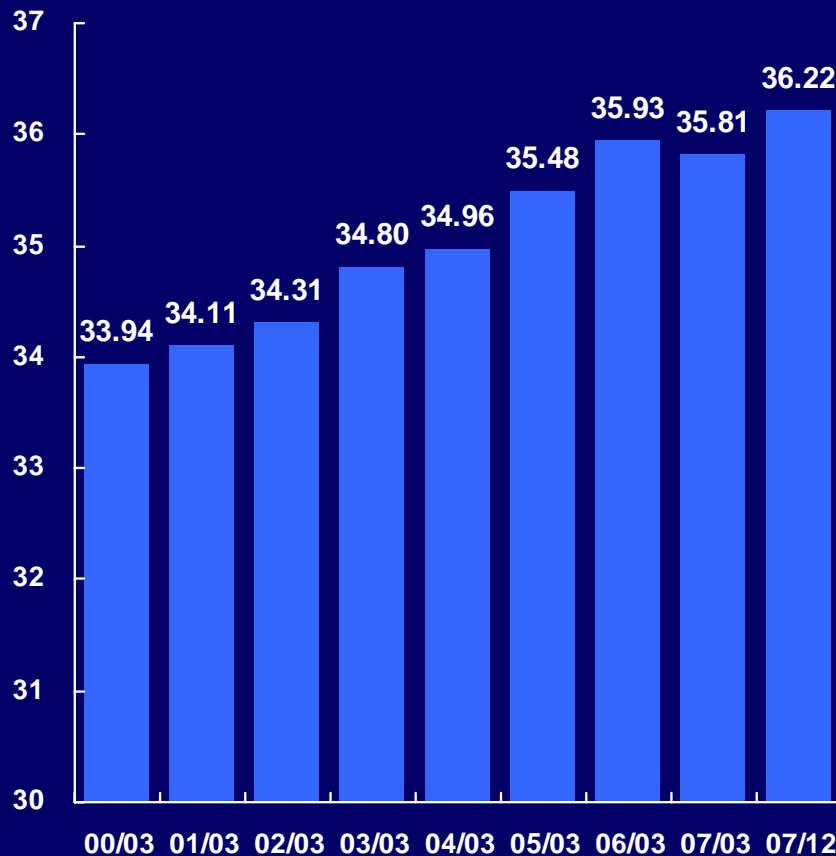
** Source: Results of the Corporation Sample Survey (FY2004) by the National Tax Agency. Indexing the number of companies and companies in the black in March 2001 as 100.

***Source: Short-Term Economic Survey of Enterprises (Bank of Japan)

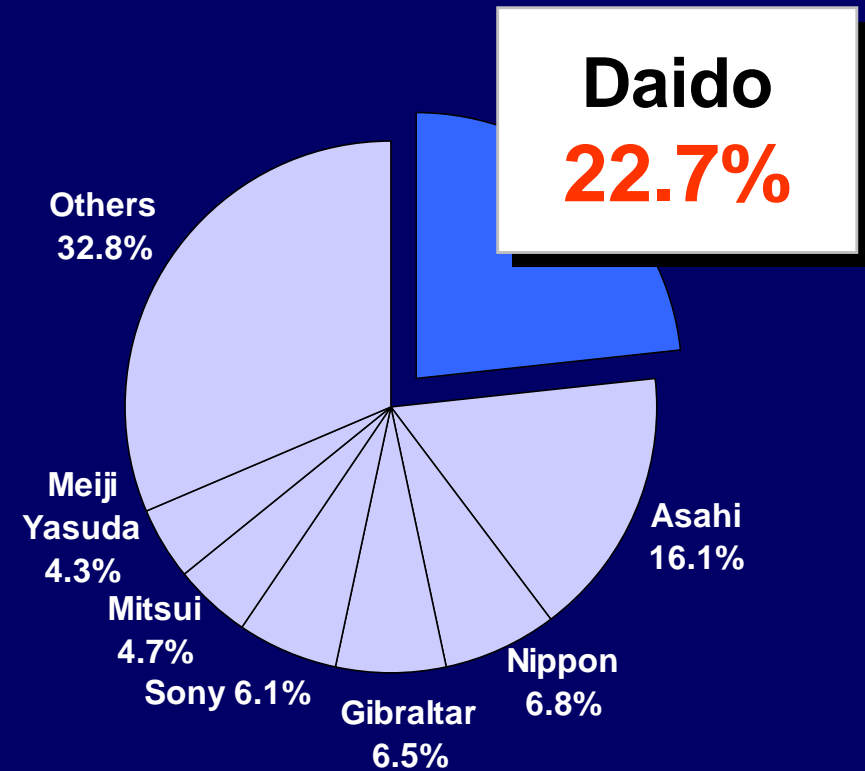
Daido is #1 Term Life Provider

Trends in Policy Amount in Force of Term Life Insurance

(Trillions of yen)



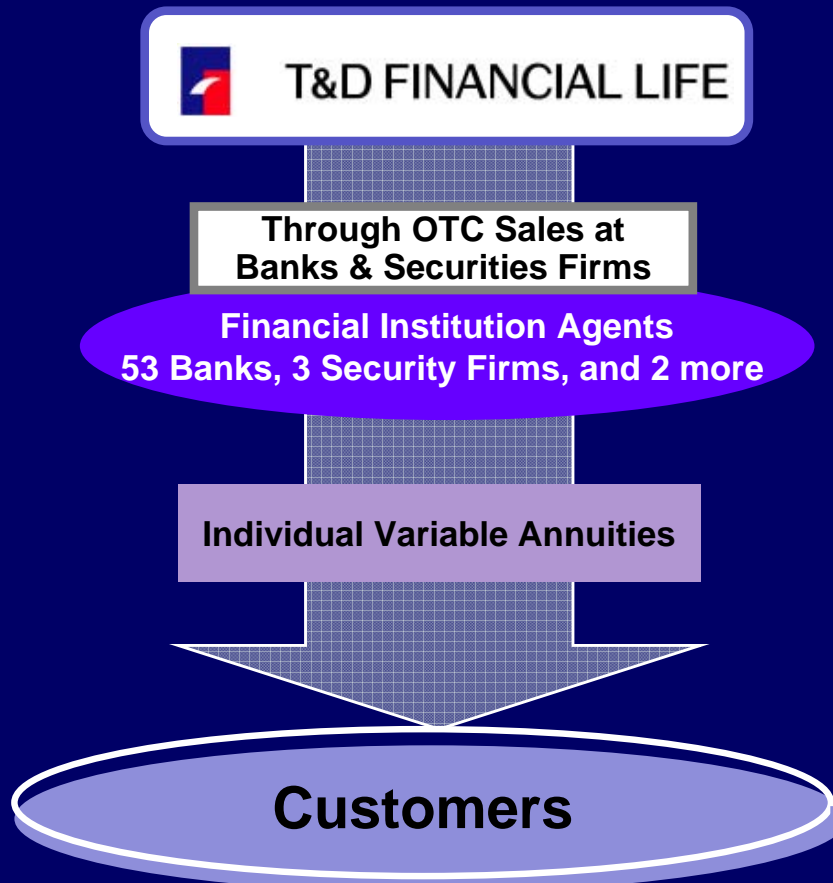
Top Market Share in Term Life Insurance



Sources: Company financial reports

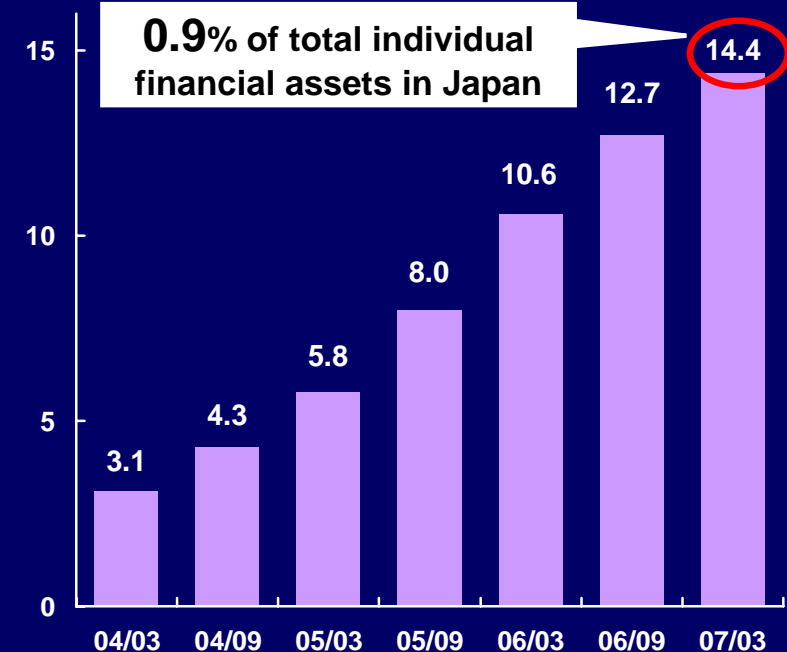
T&D Financial's Marketing Strategies

- T&D Financial was reorganized as a company specializing on OTC sales at banks, and now selling VA which market is fastest-growing in Japan



Total policies for variable annuities in Japan

(Trillions of yen)



If the share of variable annuities in Japan was the same level as that in the U.S, its market would be;

Approx. 50 trillion yen

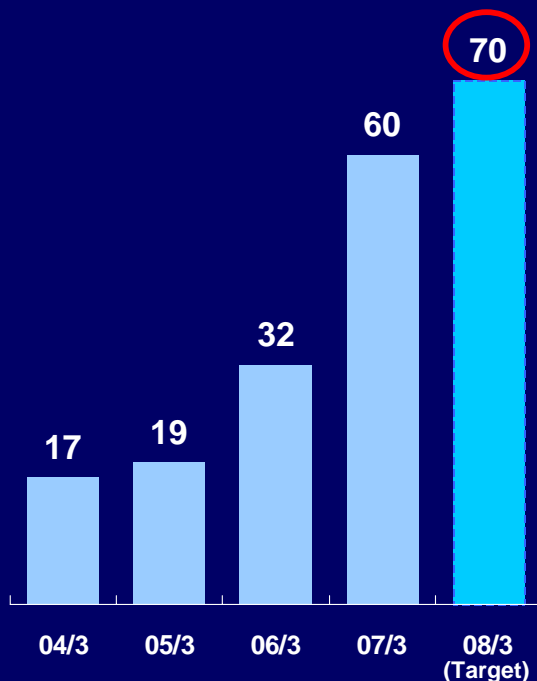
Source: Hoken Mainichi Shimibun, Flow of Funds (2nd Quarter of 2006) -Japan and US Overview by BOJ and NAVA Press Release

Three-Step Growth Plan by Capitalizing on OTC Sales at Banks

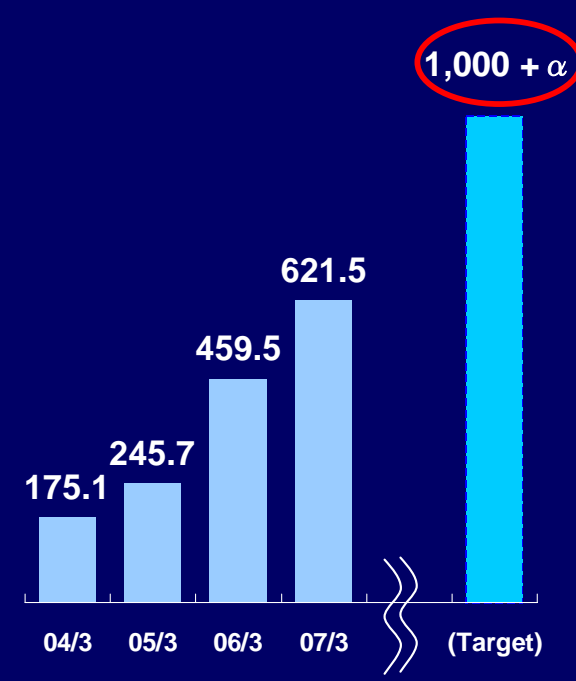
- Attainment of the favorable cycle of these three steps will enhance profitability and contribute to the growth of EV



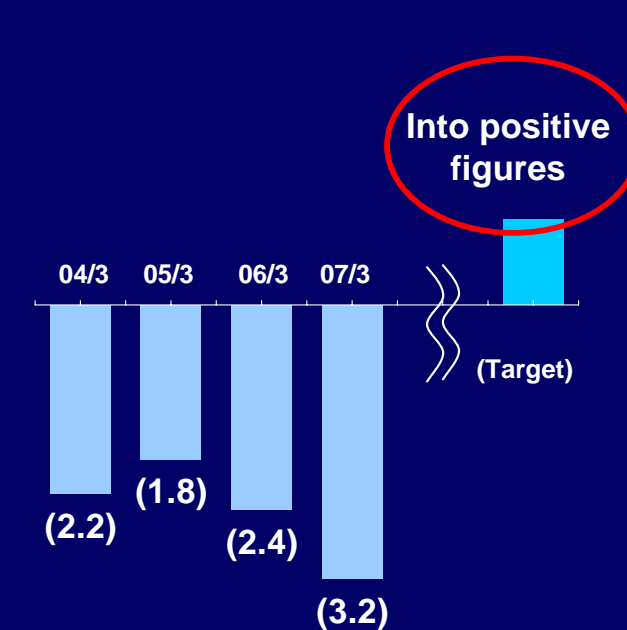
(No. of Agents)



(Billions of yen)



(Billions of yen)



Product Marketing Strategies

- Seek to increase EV by strengthening our business models and increasing profitability
 - ✓ Daido Life: Increase total policies for term life insurance for stable profitability
 - ✓ Taiyo Life: Well-balanced sales of death protection and 3rd sector products, considering future risk of medical benefits
 - ✓ T&D Financial Life: Expand policies for saving products such as variable annuities

Profitability and Growth Potential by Product Market

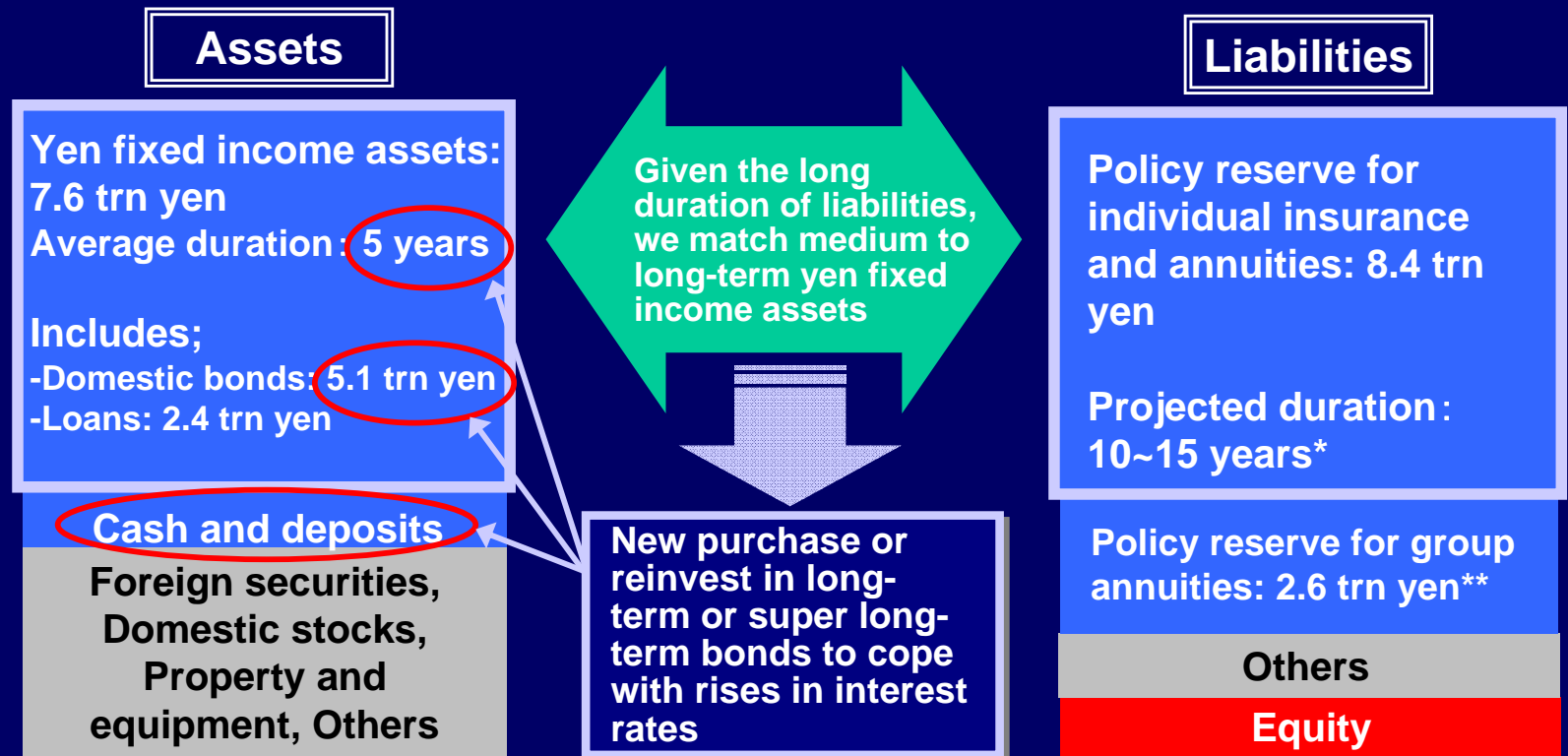
		Growth Potential		
		Small	Average	Large
Profitability *	High			3rd sector
	Average	Death protection (Work-site market)	Death protection (SME and households market)	
	Low	Traditional saving products (Endowment, etc.)		Variable annuities

* Current classification without considering future risks

*Prepared by T&D Holdings. These categories may differ for or may not be recognized by each individual company.

ALM Concept in Interest Rate Rises

- ALM: Mismatch management between asset and liability
- T&D receives positive impact by rising in interest rates in a medium to long-term range since liability durations are longer than those of asset
- Extend asset durations gradually to cope with rises in interest rates based on liability-driven ALM and asset allocation within tolerable risk levels

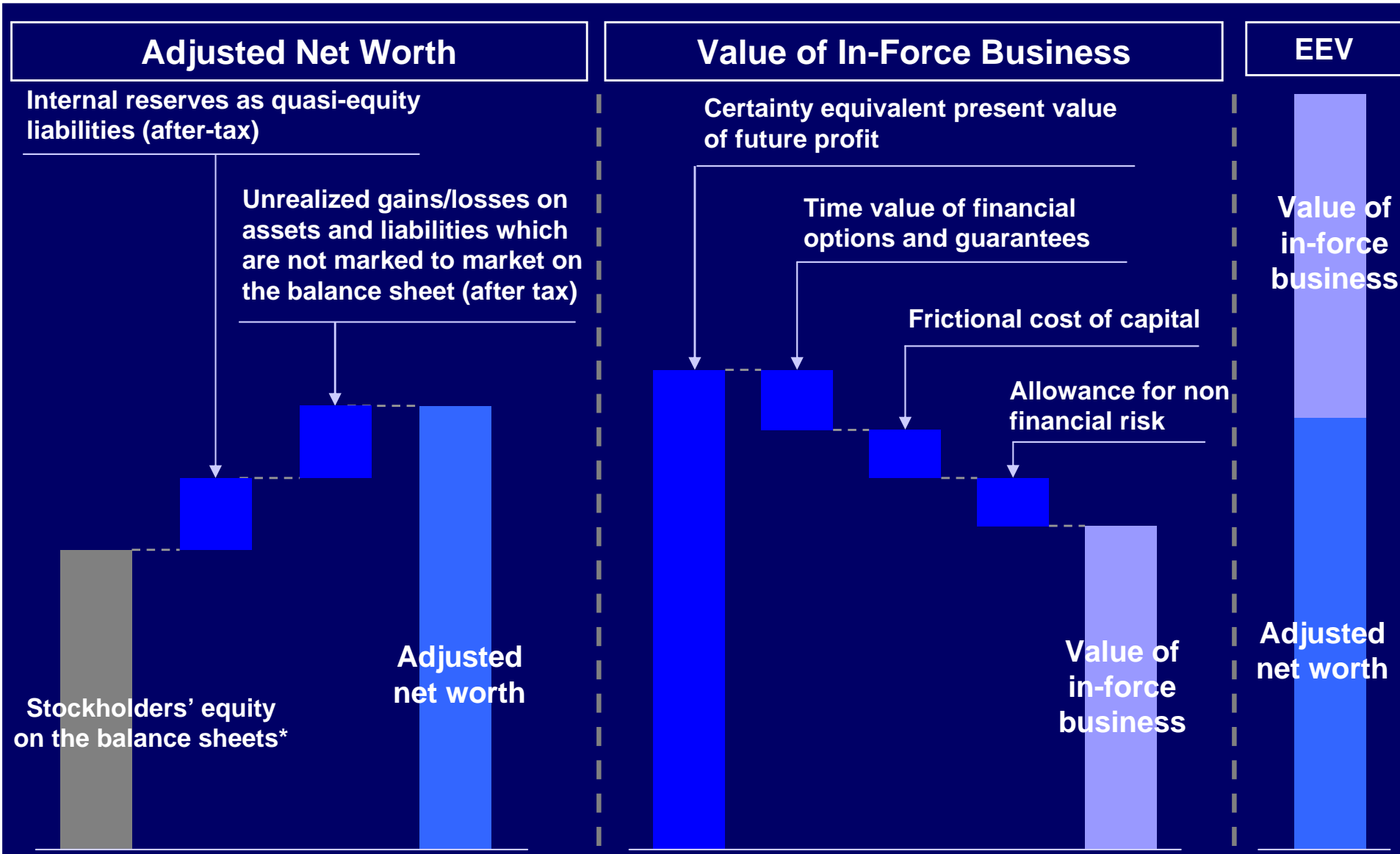


As of March 31, 2007

* The Company-projected duration varies significantly due to the change in assumed policy cancellation rates.

** The projected duration for group annuities is assumed shorter than that for individual insurance and annuities, although influenced by interest-rate fluctuations.

EEV Components



* Stockholders' equity on the balance sheet: Total net assets – total valuation and translation adjustment

EEV Sensitivities

(Billions of yen)

			EEV	Value of new business
Base Scenario			2,072.1	84.8
Economical factor	Risk-free rate <small>*Fixed interest assets (bonds, loans, etc.) are revalued according to the change in the interest rate. The value of in-force business is re-calculated according to the change of investment yield and risk discount rate. Policyholder behavior also changes corresponding to these changes.</small>	+1%	299.4	* 22.9
		-1%	(408.0)	* (31.9)
	Equity and real estate value	-10%	(186.0)	-
Non-economical factor	Surrender rate	x 0.9	64.0	11.6
	Operating expenses rate	x 0.9	39.3	3.6
	Claim incidence rate for the life business	x 0.95	78.9	5.5
	Mortality rate for the annuity business	x 0.95	(2.1)	0.3
Change the required capital to the regulatory minimum			29.6	0.3

* The sensitivity results on the value of new business exclude the impact on the adjusted net worth, because adjusted net worth in value of new business is less than zero

Sensitivities Comparison

TEV				EEV			
Each amount if either discount rate or investment yield is changed				Sum of increase/decrease in : adjusted net worth along with fluctuations of gains/losses on securities ; future profit along with fluctuations of investment return and rise/fall in discount rate ; time value of financial options and guarantees			
(Billions of yen)				(Billions of yen)			
Discount Rate	6%→7%		(83.9)	Risk-free rate	+1%	299.4	
	6%→5%		98.0		-1%	(408.0)	
Assumed Investment Yield	+0.25%	On total assets	133.7				
		On new assets	79.9				
	-0.25%	On total assets	(133.7)				
		On new assets	(79.8)				

For inquires, please contact;

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