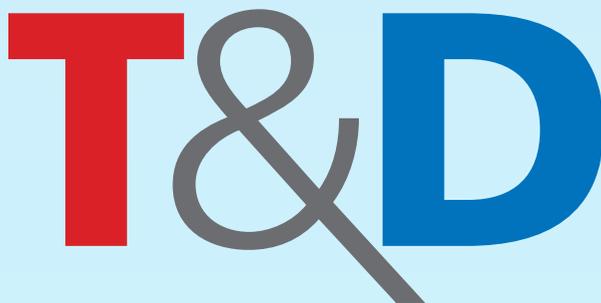


Try & Discover for the Next Stage



T&D Life Group's Corporate Philosophy and Management Vision

The T&D Life Group has established the T&D Life Group's Corporate Philosophy, which articulates the very rationale for its existence, and the T&D Life Group's Management Vision, which sets forth its future aspirations and direction for the medium to long term.



T&D Life Group's Corporate Philosophy

With our "Try & Discover" motto for creating value, we aim to be a group that contributes to all people and societies.

T&D Life Group's Management Vision

From the customers' point of view

We aim to be the top insurance company in terms of customer satisfaction by providing the best products and services.

From the shareholders', investors', and market's point of view

We aim to be a major life insurance group with a strong market presence by increasing our corporate value in a steady and sustainable manner by taking on new challenges toward growth.

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Editorial Note

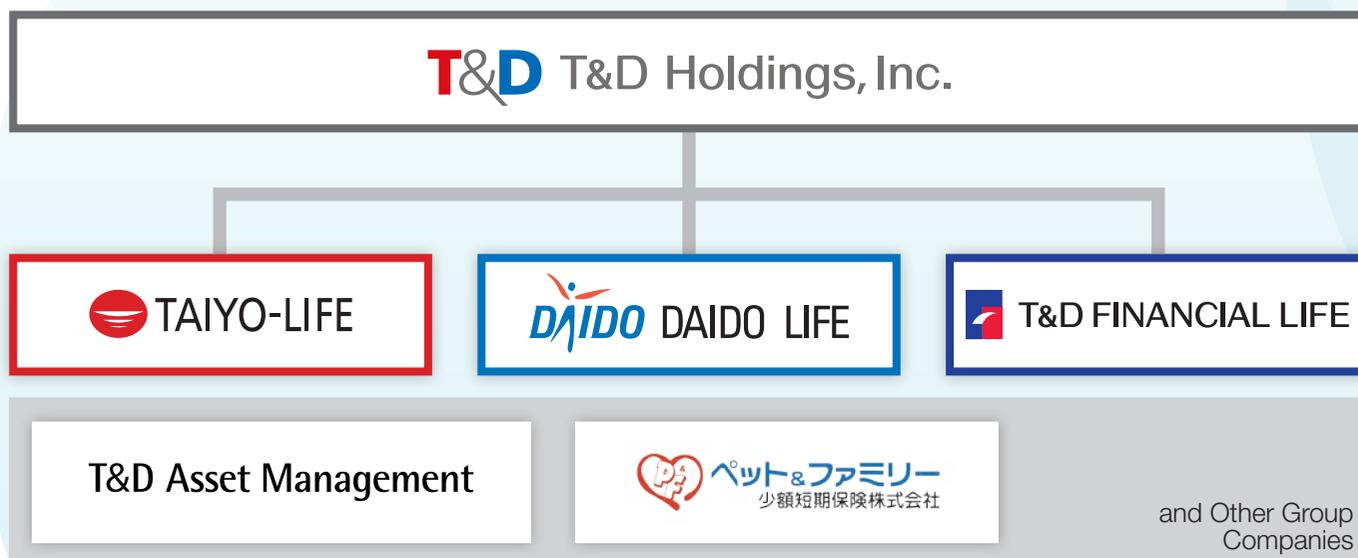
Annual Report 2016 (Integrated Edition) has the theme "Try & Discover for the Next Stage" and features the T&D Life Group's three-year Medium-Term Management Plan, which was launched in April 2016, along with introducing the unique business models of the core life insurance companies of the Group, Taiyo Life, Daido Life, and T&D Financial Life. The report explains the current situation of the Group clearly, with information including the financial results and performance indicators of T&D Holdings and the three core life insurance companies as well as trends in Japan's life insurance industry.

Forward-Looking Statements

This report contains forward-looking statements about T&D Holdings' future plans, strategies, beliefs, and performance that involve risks and uncertainties. Such statements are based on our current expectations and are subject to uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, (I) general economic conditions, in particular, conditions in the insurance markets on which the T&D Life Group centers, (II) performance of financial markets, (III) mortality and morbidity levels and trends, (IV) persistency levels, (V) interest rate levels, (VI) currency exchange rates, (VII) general competitive factors, (VIII) changes in laws and regulations, including the tax treatment of insurance premiums, and (IX) changes in the policies of governments and/or regulatory authorities. T&D Holdings, therefore, wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, the Company undertakes no obligation to update any forward-looking statements as a result of new information, future events, or other developments.

Profile of T&D Holdings, Inc.

T&D Holdings, Inc. is the T&D Life Group's holding company for its three core life insurance companies: Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company.





Corporate Value (EV*¹)

¥1,893.7 billion



Credit Ratings*⁴

AA-



Adjusted Net Income*²

¥83.3 billion



Policy Amount in Force*⁵

¥62.9 trillion



ESR*³

162%



Consolidated Total Assets

¥14.6 trillion



Consolidated Solvency Margin Ratio

1,155.8%



Number of Group Employees

19,000

Notes

*1 Embedded Value (EV): The sum of adjusted net worth and value of in-force business. EV serves as a key measure of corporate value and performance indicator for life insurance companies.

*2 Adjusted net income is calculated by adding net income and additional internal reserves in excess of legal requirements related to reserves for contingency and price fluctuations (after taxes).

*3 Economic Solvency Ratio (ESR): ESR indicates capital adequacy based on economic value. ESR is calculated by dividing the surplus by economic capital. An ESR of 100% means that capital and risk are equal. The higher the ESR, the greater the amount of capital relative to risk.

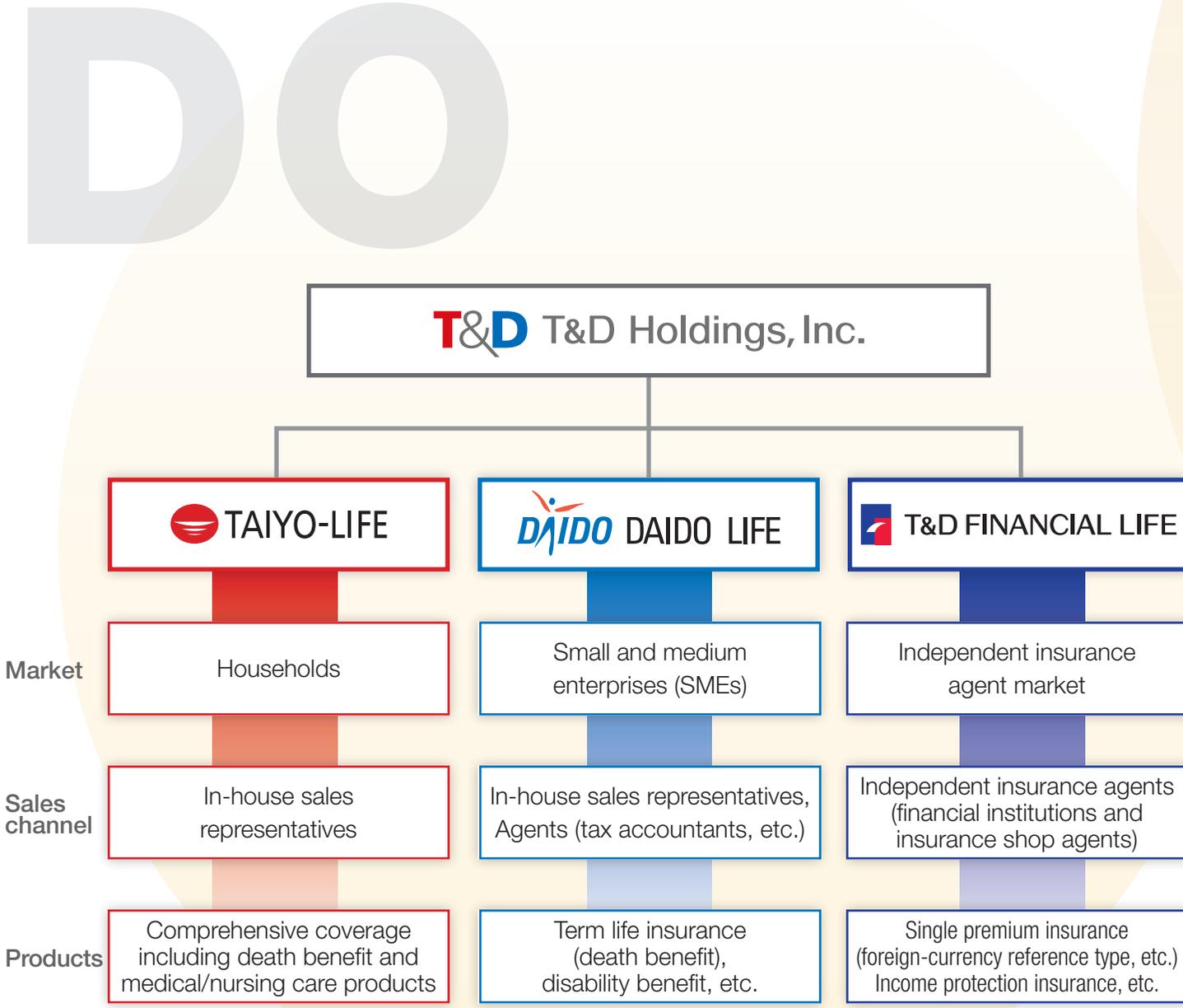
*4 The rating on insurance claims paying ability of Taiyo Life, Daido Life and T&D Financial Life. The rating is issued by Rating and Investment Information, Inc. (R&I).

*5 The policy amount in force is shown on a comprehensive basis including the policy amounts in force for individual insurance, individual annuities and Daido Life's "J-type product," "T-type product" and "Kaigo Relief."

WHAT

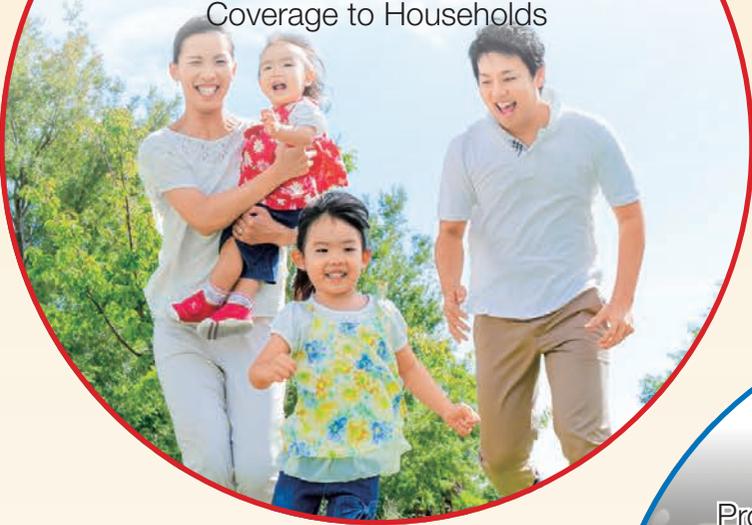
The Business Models of the T&D Life Group's Three Core Life Insurance Companies

Under a holding company structure, Taiyo Life, Daido Life, and T&D Financial Life have established highly unique and specialized business models differentiated from their competitors, through integrated marketing strategies focused on different markets, sales channels and products.





Delivering Optimal Comprehensive Coverage to Households



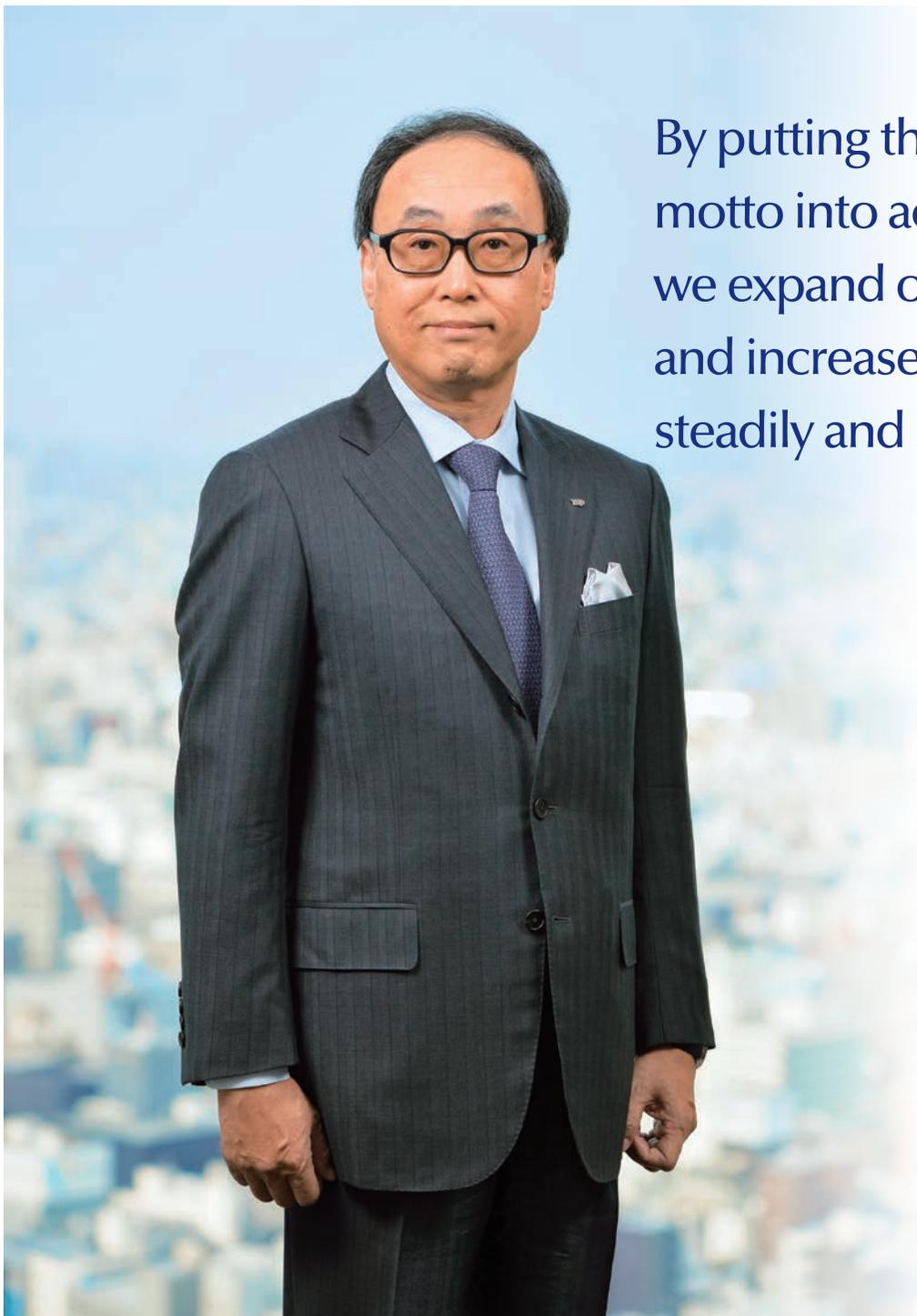
Protecting SMEs and Their Employees from a Wide Range of Risks



Expanding the Group's Presence in the Independent Insurance Agent Market



Top Message



By putting the “Try & Discover” motto into action continuously, we expand our growth areas and increase corporate value steadily and sustainably.

Review of Fiscal 2015

In fiscal 2015, the year ended March 31, 2016, the Japanese economy followed a gradual recovery path against the backdrop of strong corporate earnings, despite some signs of softness including concerns about economic slowdown in China and other newly emerging countries. However, significant changes were seen in conditions in the life insurance industry, including domestic interest rates turning negative for certain maturities following the decision by the Bank of Japan in the second half of the fiscal year to adopt

negative interest rates. Under these circumstances, the Group's three life insurance companies each followed their own separate business model to address a specific market sector and bolstered their core business, while also pursuing new opportunities that could generate additional growth. We promoted Enterprise Risk Management (ERM) to integrally manage profit, risk and capital for the whole T&D Life Group on an economic value basis, with the aim of improving profitability while maintaining financial soundness.

Expand Growth Areas Foreseeing the Next 10 Years

While pushing ahead with these initiatives, the Group embarked on a new three-year management plan entitled "T&D Life Group Medium-Term Management Plan – Try & Discover for the Next Stage – A Three-Year Period for Expanding Our Growth Areas."

The plan views the domestic life insurance business as the continuing core of operations, but will seek to identify new opportunities for growth. Specifically, under the holding company structure, the three life insurance companies will increase corporate value by maximizing their uniqueness and specialization in their specialty markets based on the business platform strengthened through the previous medium-term management plan. In addition, we have developed the following plans that target several businesses likely to become growth sectors over the next decade:

1) Strengthen initiatives for the senior market

The growth in the senior population and the increase and diversification of comprehensive coverage needs present opportunities for promoting development of the senior market as an area for strengthening Group-wide initiatives.

2) Strategically strengthen T&D Financial Life

In order to expand the presence of the T&D Life Group in the independent insurance agent market which is expected to grow, the Group will work as one to strategically strengthen T&D Financial Life.

The Japanese financial markets have come under significant pressure as a result of a large decline in domestic interest rates and other factors.

Nevertheless, the new management plan reflects the T&D Life Group's commitment to the "Try & Discover" motto. By putting this principle into action continuously, we aim to further expand our growth areas and continue to increase our corporate value steadily and sustainably.

In closing, I would appreciate the continued support and cooperation of our shareholders and other investors and analysts.

September 2016

Tetsuhiro Kida

Representative Director
and President

Medium-Term Management Plan (April 2016–March 2019)

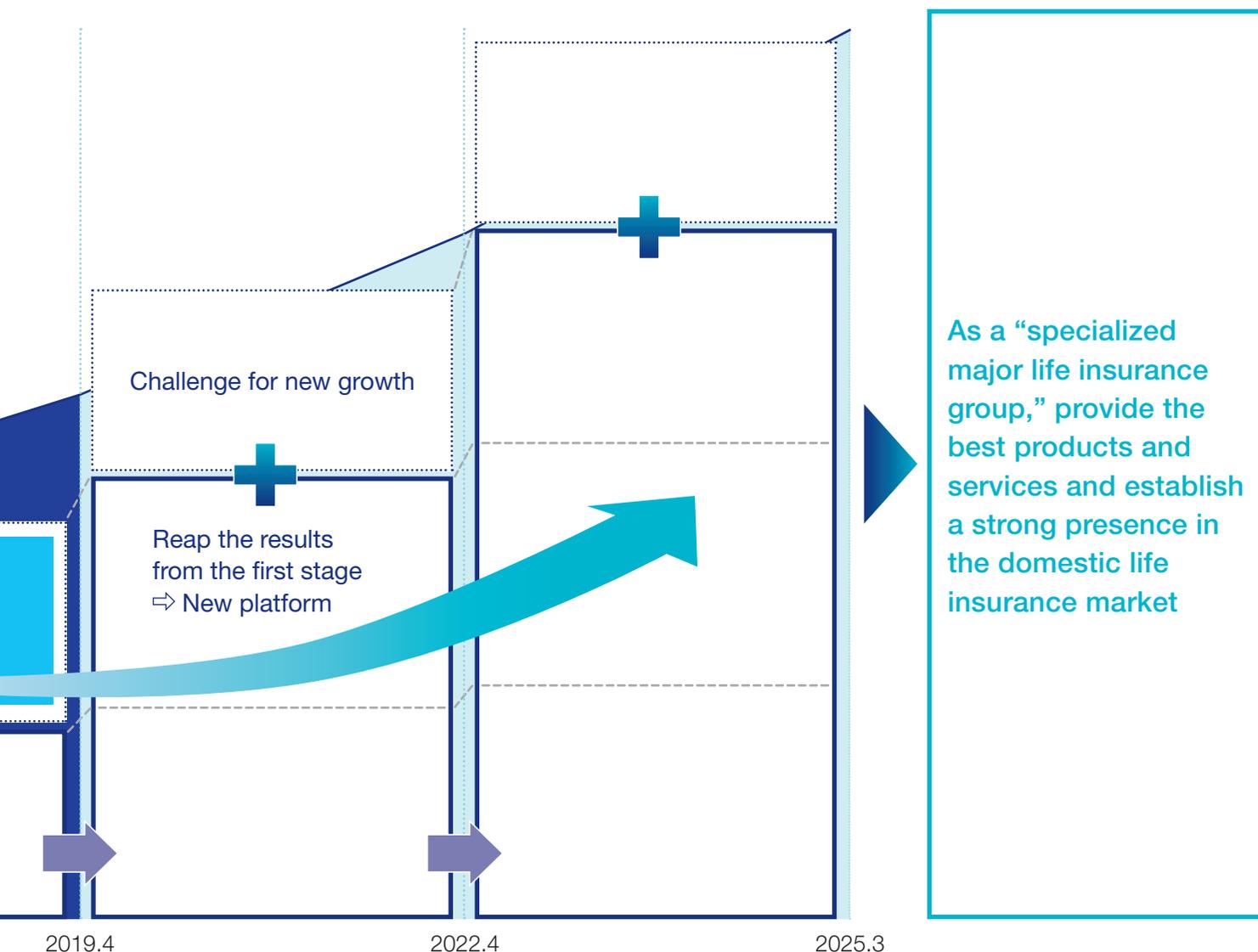
Try & Discover for the Next Stage

—A Three-Year Period for Expanding Our Growth Areas—



The T&D Life Group’s new medium-term management plan, which was launched in April 2016, is positioned as “a three-year period for expanding our growth areas” and the first stage in a vision for the next 10 years.

Under a holding company structure, the T&D Life Group will steadily and sustainably increase its corporate value (EV) by maximizing the uniqueness and the specialization of the three core life insurance companies in their respective specialty markets.



Review of the Previous Medium-Term Management Plan (Fiscal 2014–2015)

The previous medium-term management plan was positioned as a “business platform strengthening period.” Under the plan, we took initiatives to increase corporate value, aiming to drive growth centered on the domestic life insurance business and strike a balance between capital adequacy and capital efficiency by promoting ERM.

Looking at our key performance indicators, specifically corporate value (EV), profit (adjusted net income), and sales performance (policy amount in force), although the Group did not reach its target for EV due to further declines in interest rates since February 2016, adjusted net income exceeded the target and policy amount in force mostly achieved the target.

In addition, assessments by rating agencies improved with improvement in the financial base.

Key Performance Indicators	Medium-Term Management Plan targets	Actual	Assessment
Corporate Value (EV)	¥2,200.0 billion and above	¥1,893.7 billion (as of March 31, 2016)	Did not reach EV target due to declines in interest rates since February 2016
Profit (adjusted net income) ¹	¥77.0 billion and above	¥83.3 billion (fiscal 2015)	Achieved target
Sales Performance (policy amount in force) ²	¥63 trillion and above	¥62,998.1 billion (as of March 31, 2016)	Mostly achieved target

¹ Adjusted net income is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

² The policy amount in force is shown on a comprehensive basis including the policy amounts in force for individual insurance, individual annuities, and Daido Life's "J-type product," "T-type product" and "Kaigo Relief."

Assessment of Rating Agencies

Standard & Poor's (S&P)	<ul style="list-style-type: none"> Upgraded the assessment of ERM Adequate → Adequate with Strong Risk Control (February 2015)
Japan Credit Rating Agency, Ltd. (JCR)	<ul style="list-style-type: none"> Upgraded the ratings of the three core life insurance companies A+ → AA- (November 2015)
Rating and Investment Information, Inc. (R&I)	<ul style="list-style-type: none"> Upgraded the ratings of the three core life insurance companies A+ → AA- (February 2016)

Business Environment for the Next 10 Years

Considering changes in the business environment over the next 10 years, we believe that new business opportunities will arise for the T&D Life Group based on its strengths in specialized markets.

Environmental Changes over the Next 10 Years

Further decline in birthrate, aging population

Increasing risk of continued low interest rates

Advancements in medical technology

Population decline

Future interest rate hike

Increase in sophistication of IT

T&D Life Group's Perspective on the Environment for the Next 10 Years

Opportunities

- Growth in the population of seniors
 - Diversification of comprehensive coverage needs
- New business opportunities will arise in the Group's focusing markets.**

Threats

- Further intensification of competition
- Initiatives must be taken to improve the Group's competitiveness, such as improving profitability by increasing the sophistication of asset management and increasing efficiency.**

New business opportunities in the focusing markets of the three core life insurance companies

Taiyo Life Insurance Company

Households

Increase in the senior population and in single-person senior households, increase in needs for self-provision of pension, medical care, and nursing care, and so forth
⇒ Further expansion of cultivating areas in the household market

Daido Life Insurance Company

Small and medium enterprises (SMEs)

Expansion of market share through promotion of "total protection proposals" for the **corporate policy market**, and **increase in comprehensive coverage needs among the SME owner and individual business owner segment, which overlaps with the senior segment**, and so forth
⇒ Further expansion of cultivating areas in the SME market

T&D Financial Life Insurance Company

Independent insurance agent market

In addition to **diversification of channels** due to changes in needs and lifestyles, **increase in needs for wealth accumulation and inheritance measures** in line with **the increase in the senior population**, and so forth
⇒ Further expansion of cultivating areas in the independent insurance agent market

Overall Policies and Strategy Points of the Current Medium-Term Management Plan

Overall Policies

- Positioning the domestic life insurance business as the core, the T&D Life Group will strengthen its initiatives in the senior market and the independent insurance agent channel with the goal of further expanding growth areas in addition to the established platform.
- Pursue alliance and M&A opportunities to strengthen competitiveness, expand market share, and improve profitability in the domestic life insurance market.
- Strategically utilize the ERM to promote effective use of stockholders' equity and realize high profitability while ensuring financial soundness.

Strategy Points

Increase corporate value based on the business platform strengthened through the previous medium-term management plan



Expand growth areas foreseeing the next 10 years

① Strengthen initiatives for the senior market

Taiyo Life
Insurance Company

- With the increase in the senior population and the growing need for self-provision, Taiyo Life will promote **“enhancement of product development and face-to-face services”** in unison which preempt the changes of the times.

Daido Life
Insurance Company

- In an effort to develop **the SME owner and individual business owner market into a core business**, Daido Life will particularly **strengthen “nursing care” and “inheritance and business succession” products as growth areas**, with a focus on the senior segment.

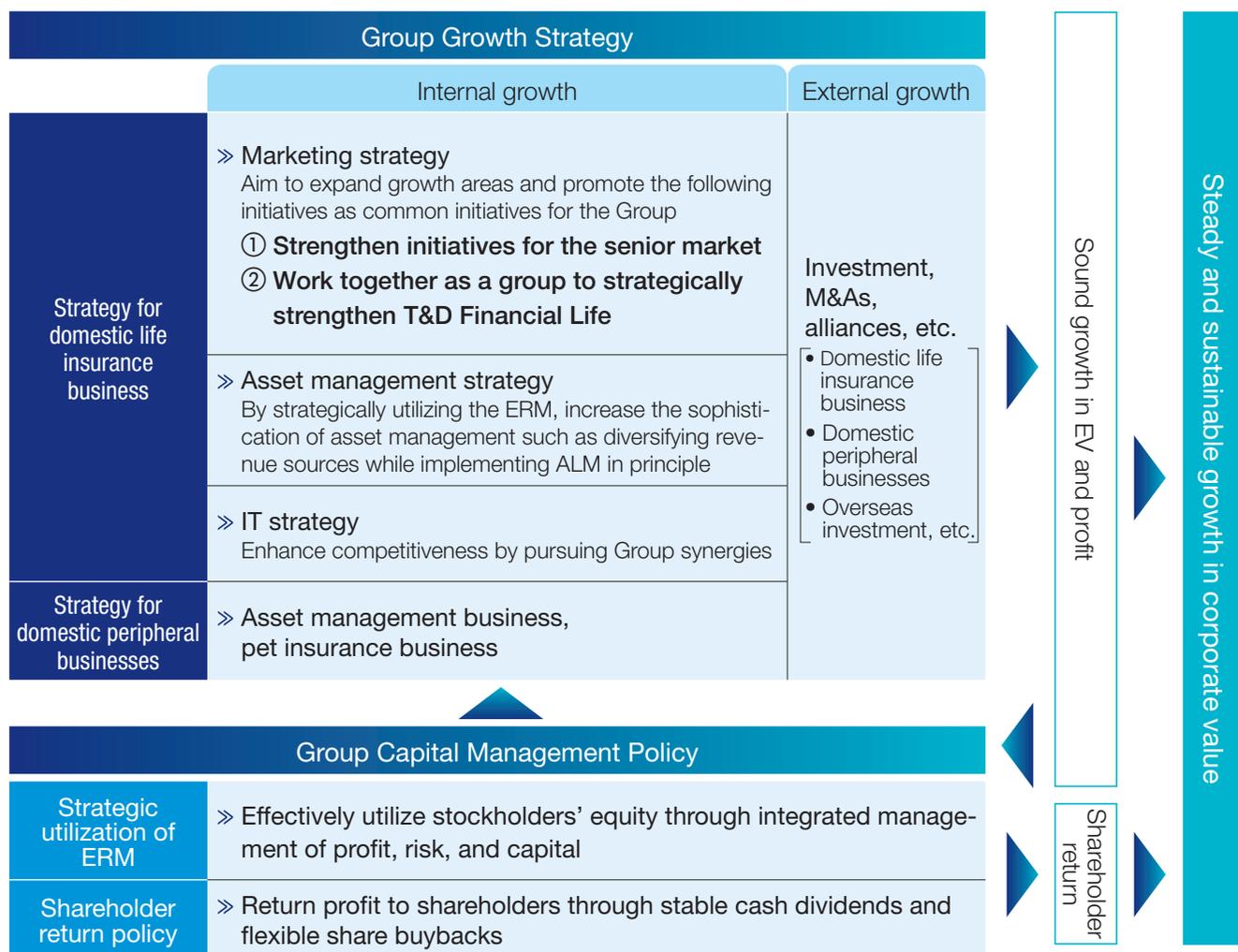
② Strategically strengthen T&D Financial Life

T&D Financial Life
Insurance Company

- **The Group will work together** with T&D Financial Life **to enhance its competitiveness in product development, asset management and other areas.**

Overall Schematic of the Current Medium-Term Management Plan

The T&D Life Group will push ahead with its strategy for the core domestic life insurance business, as well as its strategy for domestic peripheral businesses, in conjunction with strategically utilizing ERM (integrated management of profit, risk and capital), in order to effectively utilize stockholders' equity, thereby ensuring financial soundness and achieving high profitability.



Strategies for the Domestic Life Insurance Business

① Strengthen Initiatives for the Senior Market

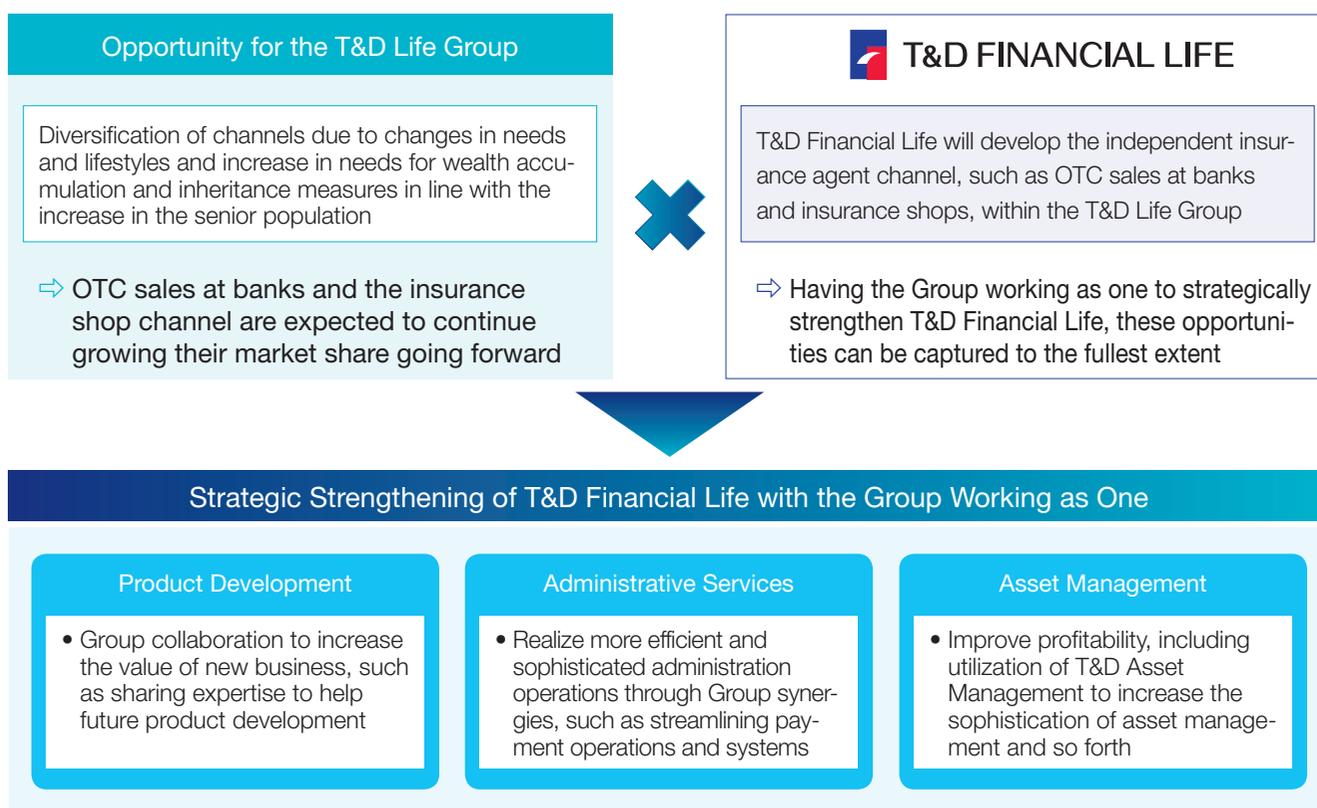
The growth in the senior population and the increase and diversification of comprehensive coverage needs present opportunities for promoting development of the senior market as an area for strengthening Group-wide initiatives.

	Product Development	Services
Taiyo Life Insurance Company	<ul style="list-style-type: none"> Develop products that further meet the needs of senior customers in response to the aging of society 	<ul style="list-style-type: none"> “Kaketsuke-Tai” Service ⇒ Staffs with specialist knowledge visit customers directly when they claim their benefits, in order to support the claim procedures Senior Visit Service ⇒ A service for visiting customers aged 70 and over once a year to prevent omitted insurance claims
Daido Life Insurance Company	<ul style="list-style-type: none"> Strengthen incorporation of nursing care needs and bolster response to inheritance and business (asset) succession needs 	<ul style="list-style-type: none"> Promote initiatives such as M&A support services in light of the increase in business succession needs associated with the aging of business owners
T&D Financial Life Insurance Company	<ul style="list-style-type: none"> Target the retired generation by developing single premium wealth accumulation products differentiated by type of benefit 	<ul style="list-style-type: none"> Promote revision of administrative processes and various standards for handling procedures and forms from the perspective of elderly customers

② Strategically Strengthen T&D Financial Life

The Group will work as one to strategically strengthen T&D Financial Life, thereby expanding the presence of the T&D Life Group in the independent insurance agent market, which is expected to grow.

To this end, the Group will work to strategically strengthen T&D Financial Life in various ways, including strengthening product development, realizing more efficient administrative operations and systems and increasing the sophistication of asset management.



Strategies for the Domestic Life Insurance Business

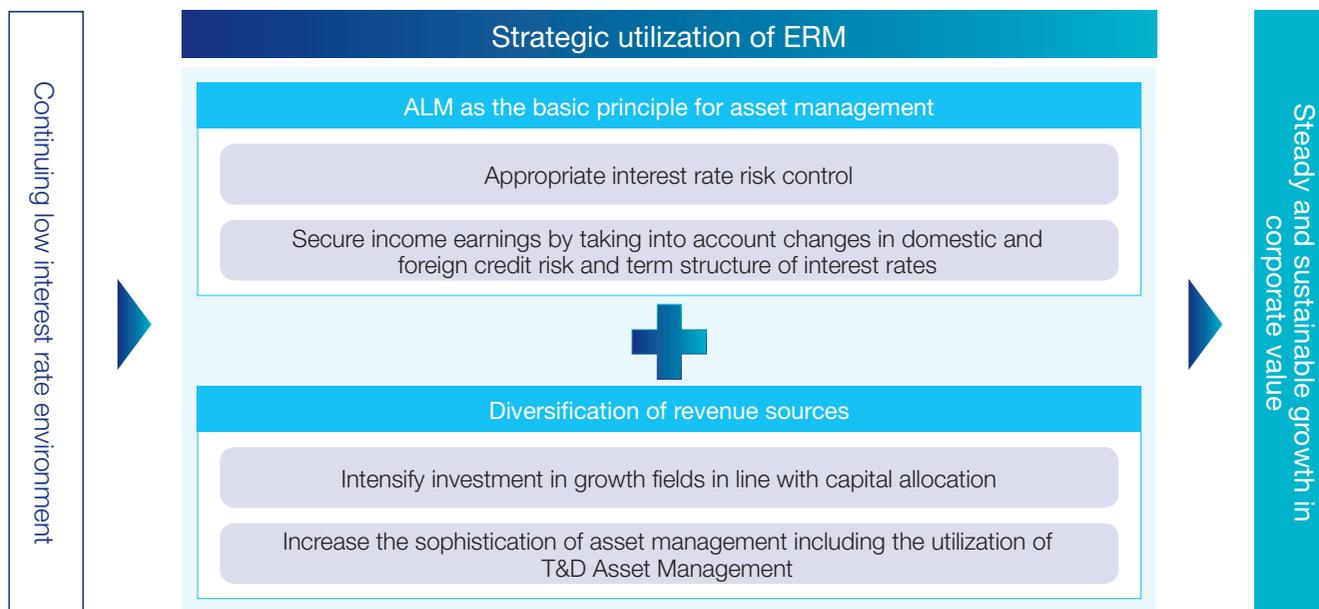
③ Marketing Strategies of the Group's Three Core Life Insurance Companies

The three core life insurance companies will further strengthen their core businesses in each of their specialized markets.

<p>Taiyo Life Insurance Company</p> <p>Households</p>	<p>Develop the top brand in the senior market</p> <p>Build the top brand in the senior market and expand business results by promoting sales where “strengthening of face-to-face services through visits,” “product development which preempts the changes of the times,” and “further enhancement of the in-house sales representative channel” are triune. (Please refer to Business Overview on page 32.)</p>
<p>Daido Life Insurance Company</p> <p>Small and medium enterprises (SMEs)</p>	<p>Further increase presence in the SME market</p> <p>To consolidate its position as the “leading company” in the SME market for life insurance business, Daido Life will further evolve its core business and develop the growth area of both the corporate and individual fields together, in order to expand business results. (Please refer to Business Overview on page 36.)</p>
<p>T&D Financial Life Insurance Company</p> <p>Independent insurance agent market</p>	<p>Expand presence in the independent agent market</p> <p>Promote “diversification of product lineup,” “expansion of sales network of agents,” and “improvement of customer service” in order to become the company of choice for customers and agents in the independent agent market, thereby expanding business results. (Please refer to Business Overview on page 40.)</p>

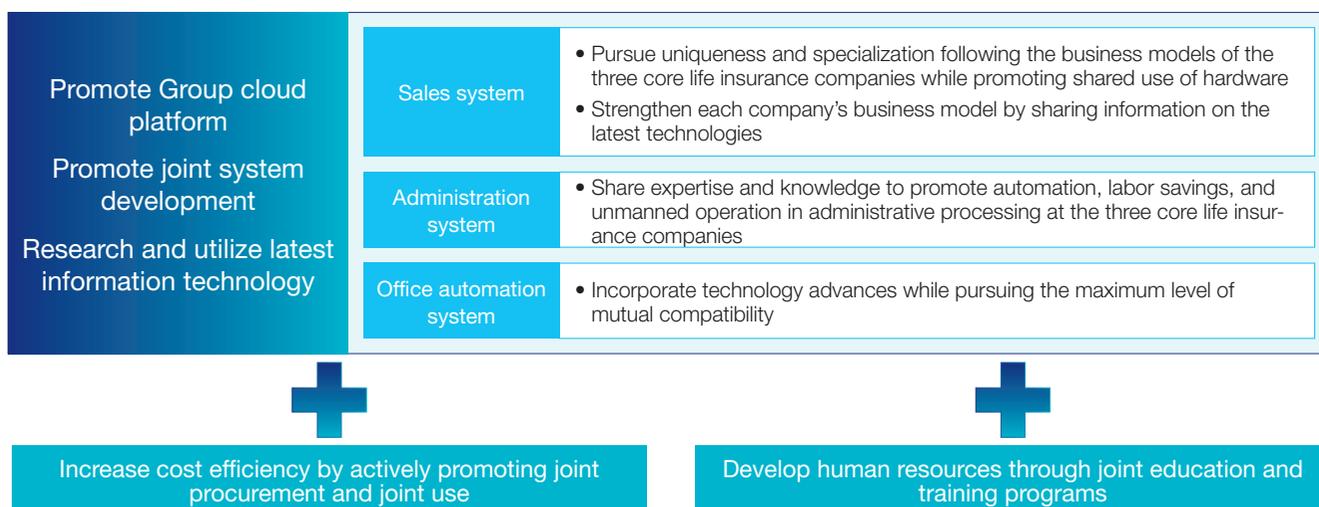
Asset Management Strategy

By strategically utilizing ERM, the Group will secure long-term and stable investment income from an ALM perspective while increasing the sophistication of asset management such as diversification of revenue sources, which will contribute to the improvement of corporate value.



IT Strategy

The Group will increase its competitiveness by leveraging the uniqueness and specialization of the three core life insurance companies while pursuing Group synergies in the field of information technology.



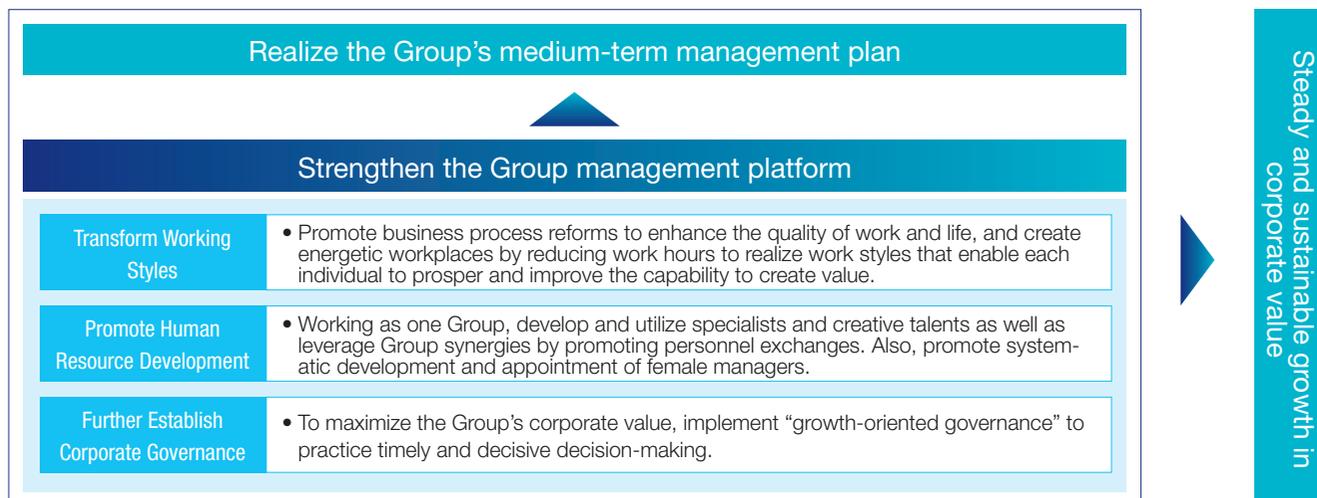
Strategies for Other Businesses

The key elements for expanding growth areas are to actively pursue external growth opportunities, in addition to driving growth in the existing asset management and pet insurance businesses.

Internal growth	
Asset management business (T&D Asset Management)	<ul style="list-style-type: none"> Expand non-group assets under management mainly in the investment trust business while collaborating with Group life insurance companies, in order to contribute to the improvement of the Group's corporate value.
Pet insurance business (Pet & Family Small-amount Short-term Insurance)	<ul style="list-style-type: none"> Aim to undergo a transition from the expansion stage to the steady and sustainable growth stage.
External growth	
Domestic life insurance business	<ul style="list-style-type: none"> Pursue alliance and M&A opportunities to strengthen competitiveness, expand market share, and improve profitability in the domestic life insurance business.
Domestic peripheral businesses	<ul style="list-style-type: none"> Pursue business synergies with Group companies targeting peripheral businesses which have an affinity with domestic life insurance business with the primary aim of gaining profits.
Overseas investment, etc.	<ul style="list-style-type: none"> In addition to building a close-knit network with overseas life insurers and others, aim to incorporate consolidated profit over the medium term through gradually increasing shareholdings and so forth.

Group Management Platform Strategy

To realize the medium-term management plan, the Group will further strengthen its management platform by “transforming work styles,” “promoting human resource development,” and “further establishing corporate governance,” with a view to steadily and sustainably increase its corporate value.

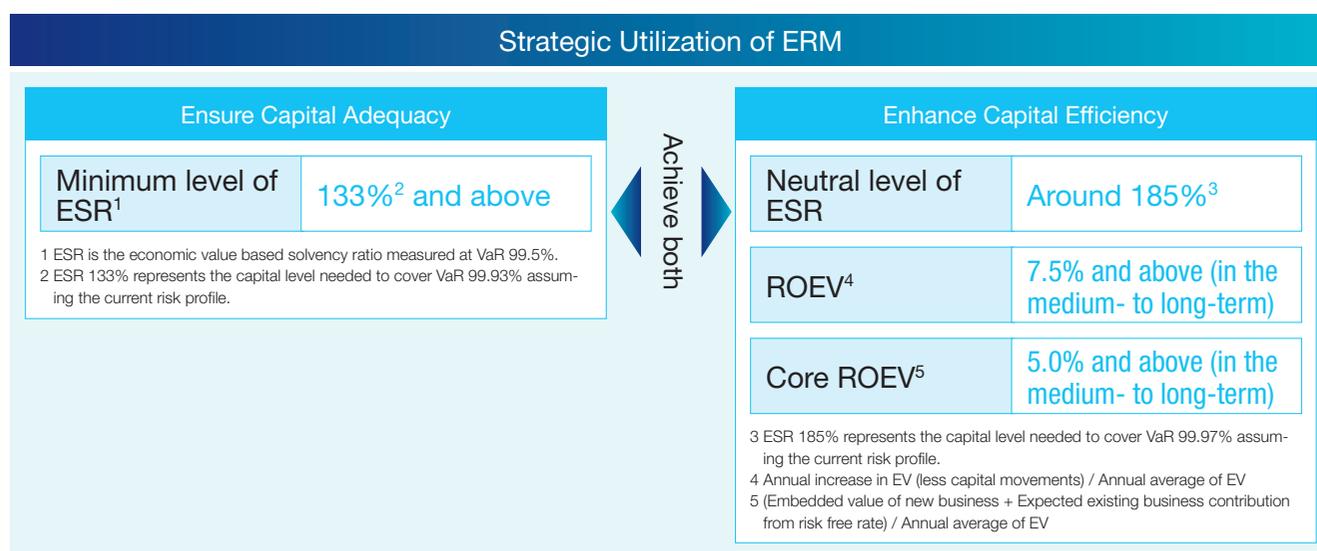


Group Capital Management Policy (Strategic Utilization of ERM)

Giving top priority to ensuring capital adequacy, the Group undertakes capital and risk management with the minimum level of the economic solvency ratio (ESR) set at 133% and above.

Moreover, the Group has set an ROEV of 7.5% and above and a core ROEV, which has the embedded value of new business as a critical factor, of 5.0% and above as its capital efficiency level targets for the medium- to long-term.

Under the current medium-term management plan, the Group will demonstrate a strategic awareness of risk and return by setting a neutral level of ESR as one of the Group's management indicators, in conjunction with steadily maintaining the required level while enhancing capital efficiency through proper risk-taking.



Key Performance Indicators

The Group has adopted corporate value (EV) and adjusted net income, which represents profit available for shareholder returns, as its key performance indicators, with the aim of achieving steady and sustainable growth in excess of the EV growth rate (ROEV) of 7.5%.

T&D Life Group's Consolidated Key Performance Indicators

Corporate Value (EV)

- EV as of March 31, 2019: **¥2.4 trillion** (increase of ¥500 bn and above from March 31, 2016)
 - Value of new business in FY2018: **¥100 billion** (increase of ¥40 bn and above from FY2015)
- [Achieve steady and sustainable growth in excess of the EV growth rate (ROEV) of 7.5%]

Profit (financial accounting)

Adjusted net income¹ from FY2016 to FY2018: **around ¥85 billion**

¹ Adjusted net income is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

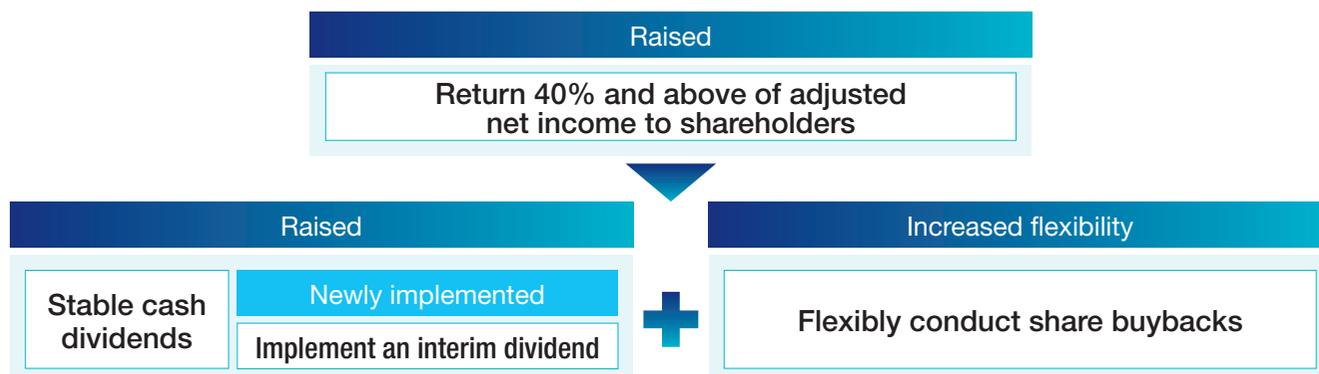
Shareholder Return Policy

Under the current medium-term management plan, the Group has enhanced shareholder returns by revising its shareholder return policy.

During the current medium-term management plan, provided that capital adequacy is secured, the Group will increase the level of shareholder returns to 40% and above of adjusted net income, combining stable cash dividends and flexible share buybacks.

Highlights of Enhanced Shareholder Returns

- The level of shareholder returns was increased from “around 30% of adjusted net income over the medium and long terms” to “40% and above of adjusted net income” (applied ahead of schedule from fiscal 2015).
- Cash dividends were raised from ¥25 per share to ¥30 per share from fiscal 2015. Also, the Group will implement interim dividends from fiscal 2016.
- Increased the flexibility of share buybacks.



Operating Results and Market Trends

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Key Business Performance

Years ended March 31

					¥ billions	%	US\$ billions ¹
	2012	2013	2014	2015	2016	YoY Change	2016
Policy Results²							
Policy basis							
New policy amount	¥ 6,630.9	¥ 7,158.9	¥ 6,639.8	¥ 7,227.2	¥ 6,685.9	(7.5)	\$ 59.3
Policy amount in force	58,780.1	59,996.5	60,699.8	62,117.7	62,998.1	1.4	559.0
Surrender and lapse amount	4,269.0	4,071.3	3,967.4	3,752.4	3,789.5	1.0	33.6
Annualized premium basis							
Annualized premiums of new policies	¥ 130.6	¥ 164.2	¥ 127.9	¥ 161.3	¥ 132.6	(17.8)	\$ 1.1
Third Sector products	13.3	15.6	16.5	20.8	24.6	18.3	0.2
Annualized premiums of total policies	1,402.0	1,447.7	1,420.5	1,446.4	1,468.9	1.6	13.0
Third Sector products	160.5	160.9	163.4	169.8	179.1	5.5	1.5
Statement of Operation Data							
Ordinary revenues	¥ 2,104.1	¥ 2,418.9	¥ 2,085.7	¥ 2,412.1	¥ 2,025.9	(16.0)	\$ 17.9
Income from insurance premiums	1,691.2	1,940.9	1,609.7	1,958.0	1,574.5	(19.6)	13.9
Core profit	144.9	182.4	210.2	182.7	153.0	(16.2)	1.3
Ordinary profit	120.8	151.6	186.2	188.9	171.4	(9.3)	1.5
Profit attributable to owners of parent	26.7	63.7	78.9	94.2	72.5	(23.0)	0.6
Adjusted net income	35.0	78.0	92.4	94.2	83.3	(11.6)	0.7
Soundness							
Consolidated solvency margin ratio	810.6%	943.8%	1,115.0%	1,220.7%	1,155.8%	(64.9)pt	—
Shareholder Returns							
Dividends per share (¥, US\$)	¥ 22.5	¥ 22.5	¥ 25.0	¥ 25.0	¥ 30.0	20.0	\$ 0.26
Share buybacks	approx. [5.0]	approx. 3.0	approx. 10.0	approx. 30.0	approx. 14.0	approx. (16.0)	approx. 0.12
Total return to shareholders	approx. 20.1	approx. 18.1	approx. 26.8	approx. 46.6	approx. 33.4	approx. (13.2)	approx. 0.29
Embedded Value (EV)³							
Embedded value	¥ 1,543.0	¥ 1,664.4	¥ 1,970.1	¥ 2,298.0	¥ 1,893.7	(404.3)	\$ 16.8
Value of new business	68.3	61.6	89.1	93.0	56.3	(36.7)	0.5
Stock Price Information (Fiscal year-end)							
Stock price (¥, US\$)	¥ 959	¥ 1,136	¥ 1,227	¥ 1,654.5	¥ 1,049.5	(36.6)	\$ 9.31
Market capitalization	653.5	774.2	836.2	1,127.5	715.2	(36.6)	6.35
Social/Environmental Data							
Number of employees ⁴	19,863	19,455	18,806	18,319	18,409		
Male	4,197	3,991	3,852	3,702	3,622		
Female	15,666	15,464	14,954	14,617	14,787		
Electricity consumption (MWh=1,000 kWh)	109,570	106,440	99,302	95,866	96,348		
Office paper consumption (t)	184	162	163	160	151		
Green purchasing ratio (%)	95.9	95.7	95.4	96.0	95.9		

Notes

- For convenience only, U.S. dollar figures have been calculated at the rate of U.S.\$1 = ¥112.68.
- The total of individual insurance and individual annuities, as well as Daido Life's *J-type product*, *T-type product* and *Kaigo Relief*. The new policy amount includes net increase from conversions.
- Figures are MCEV (Group MCEV) data.
- Figures are the simple sum of the non-consolidated financial data for Taiyo Life, Daido Life, and T&D Financial Life.

Fiscal 2015 Management Review

Sales Results

In fiscal 2015, the new policy amount* of the three life insurance companies was ¥6,685.9 billion, down 7.5% from the previous fiscal year. The surrender and lapse amount of the three insurance companies was ¥3,789.5 billion, up 1.0%. As a result, the total policy amount in force of the three insurance companies was ¥62,998.1 billion, up 1.4% from the previous fiscal year-end.

At Taiyo Life, the total new policy amount decreased by 24.9% from the previous fiscal year to ¥2,134.1 billion, because Taiyo Life conducted management with an emphasis on EV, including a focus on Third Sector products such as nursing care and medical products, along with curtailing sales of single premium individual annuities via OTC sales at banks, given the low interest rate environment. The surrender and lapse rate improved by 0.21 percentage points from the previous fiscal year to 5.67%. As a result, the policy amount in force was down 0.8% from the previous fiscal year-end to ¥21,983.5 billion.

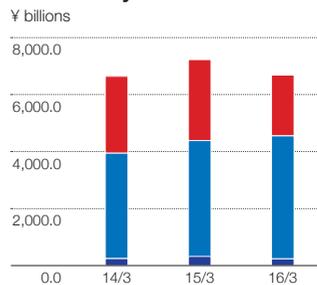
Daido Life's new policy amount was up 6.2% year on year to ¥4,315.5 billion, mainly due to growth in sales of individual term life insurance and disability benefit products (*J-type product* (non-participating critical illness insurance) and *T-type product* (non-participating disability income insurance)), which are Daido Life's core products, as well as favorable sales of

new nursing care products (*Shunyu Relief* (non-participating nursing care income protection insurance) and *Kaigo Relief* (non-participating whole life nursing care insurance)). The surrender and lapse rate deteriorated by 0.10 percentage points from the previous fiscal year to 6.48%. As a result, the policy amount in force was ¥39,205.9 billion, up 2.7% from the previous fiscal year-end.

T&D Financial Life's new policy amount was down 26.8% from the previous fiscal year to ¥236.2 billion, due to the suspension of sales of yen-denominated single premium whole life insurance products in the low interest rate environment. The surrender and lapse rate improved by 2.21 percentage points from the previous fiscal year to 3.41%. As a result, the policy amount in force was ¥1,808.7 billion, up 0.1% from the previous fiscal year-end.

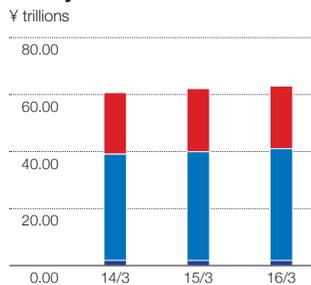
* The total of individual insurance, individual annuities, and Daido Life's *J-type product*, *T-type product* and *Kaigo Relief*.

► New Policy Amount



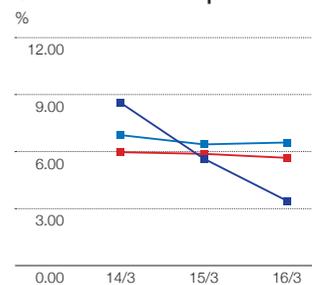
	0.0	14/3	15/3	16/3
■ Taiyo Life		¥2,696.6	¥2,840.7	¥2,134.1
■ Daido Life		3,698.1	4,063.8	4,315.5
■ T&D Financial Life		244.9	322.6	236.2
Total		¥6,639.8	¥7,227.2	¥6,685.9

► Policy Amount in Force



	0.00	14/3	15/3	16/3
Total		¥60.69	¥62.11	¥62.99

► Surrender and Lapse Rate



	0.00	14/3	15/3	16/3
Total		5.97	5.88	5.67
		6.87	6.38	6.48
		8.56	5.62	3.41

► Fiscal 2016 Policy Results Forecasts (For Reference)

	FY2016 forecasts	FY2015 results	FY2014 results
New Policy Amount	¥ 6,620.0	¥ 6,685.9	¥ 7,227.2
Taiyo Life	1,980.0	2,134.1	2,840.7
Daido Life ¹	4,420.0	4,315.5	4,063.8
T&D Financial Life	220.0	236.2	322.6
Policy Amount in Force	63,660.0	62,998.1	62,117.7
Taiyo Life	21,610.0	21,983.5	22,154.5
Daido Life ¹	40,200.0	39,205.9	38,156.7
T&D Financial Life	1,850.0	1,808.7	1,806.4
Protection-type Annualized Premiums of New Policies			
Taiyo Life ²	16.0	15.5	14.8
Surrender and Lapse Rate			
Taiyo Life	5.60%	5.67%	5.88%
Daido Life	6.70%	6.48%	6.38%
T&D Financial Life	3.30%	3.41%	5.62%

¹ Includes individual insurance, individual annuities, and *J-type product*, *T-type product* and *Kaigo Relief*.

² A distinctive performance indicator of Taiyo Life which is the sum of protection portion of the annualized premiums of new policies, mainly excluding savings-type products.

Earnings

In fiscal 2015, ordinary profit and profit attributable to owners of parent both decreased year on year.

Ordinary Profit / Profit Attributable to Owners of Parent (Consolidated)

Ordinary profit decreased ¥17.5 billion year on year to ¥171.4 billion. Profit attributable to owners of parent decreased ¥21.6 billion year on year to ¥72.5 billion. The increase in profit attributable to owners of parent mainly reflected the provision of ¥15.0 billion in additional reserves in excess of the legal standard requirements for the reserve for price fluctuations, as well as a lump-sum provision for reserve for employees' retirement benefits in connection with the decline in domestic interest rates.

Core Profit

Core profit for the three life insurance companies decreased ¥29.6 billion year on year to ¥153.0 billion.

The core profit of Taiyo Life decreased by ¥14.3 billion to ¥53.8 billion. This was mainly due to an increase in provision for reserve for employees' retirement benefits and a decrease in insurance premium income from single premium products.

The core profit of Daido Life decreased by ¥2.8 billion to ¥104.8 billion. This was mainly due to an increase in provision for reserve for employees'

retirement benefits in connection with the decline in domestic interest rates.

The core profit of T&D Financial Life decreased by ¥12.4 billion to a loss of ¥5.5 billion. This was mainly due to a decrease in the reversal of policy reserves related to the minimum guarantee risks of individual variable annuities.

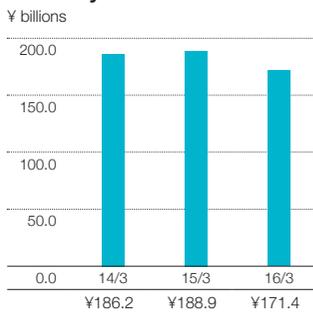
The positive spread for the three life insurance companies increased by ¥5.6 billion year on year to ¥40.2 billion.

Fiscal 2016 Forecasts

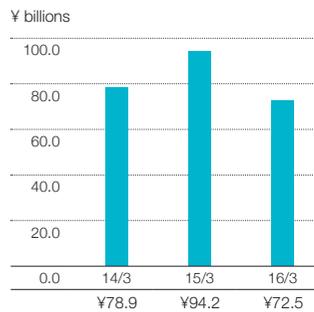
Ordinary profit is projected to decrease by 4.3% to ¥164.0 billion, mainly based on an anticipated decline in interest, dividends, and income from real estate for rent, and a decrease in net gains on sales of securities. Profit attributable to owners of parent is projected to remain mostly unchanged at ¥73.0 billion.

Further, considering that Daido Life and Taiyo Life are planning to make additional provisions in excess of the legal standard requirements for the reserve for price fluctuations of ¥8.0 billion and ¥15.0 billion, respectively, adjusted net income, which represents profit available for shareholder returns, is forecast to increase 6.8% to ¥89.0 billion.

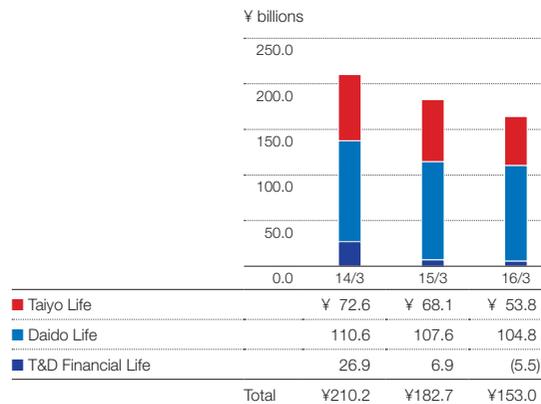
▶ Ordinary Profit



▶ Profit Attributable to Owners of Parent



▶ Core Profit



▶ Fiscal 2016 Forecasts

	FY2016 forecasts	YoY change	FY2015 results	FY2014 results
Ordinary revenues	¥1,750.0	(13.6)%	¥2,025.9	¥2,412.1
Ordinary profit	164.0	(4.3)%	171.4	188.9
Profit attributable to owners of parent	73.0	0.6%	72.5	94.2
Adjusted net income ^{1,2}	89.0	6.8%	83.3	94.2

¹ Adjusted net income is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

² Figures disclosed for reference.

▶ Fiscal 2016 Policy Results Forecasts (For Reference)

	FY2016 forecasts	FY2015 results	FY2014 results
Income from insurance premiums	¥1,370.0	¥1,571.5	¥1,955.7
Core profit	153.0	153.0	182.7
Positive spread	26.0	40.2	34.5

Investment

Under the T&D Life Group investment policy, the Group ensured stable income by investing mainly in yen-denominated income assets, while also working to increase investment income by investing flexibly according to market movements within each life insurance company's risk tolerance.

Group Investment Policy

Under the principle of securing assumed interest yield and giving careful consideration to attribution of liability and risk tolerance, the Group investment policy is to increase investment returns stably in compliance with the risk-taking policy set as the Group's common policy. To ensure stable income, we invest mainly in yen-denominated income assets, while also investing in risk assets such as domestic and foreign bonds, taking into consideration the risk and returns within each life insurance company's risk tolerance.

Net Exposure to Domestic Stocks and Foreign Currency

As of March 31, 2016, net exposure of general account assets to domestic stocks after taking into account equity hedging was 6.5% for Taiyo Life and 6.1% for Daido Life. Foreign currency exposure after taking into account general account exchange hedging was 8.3% for Taiyo Life and 4.9% for Daido Life.

Gains (Losses) on Sales of Securities

The Group recorded net gains on sales of securities of ¥61.0 billion, an increase of ¥33.5 billion year on year.

Devaluation Losses on Securities

The Group recorded devaluation losses on securities of ¥4.1 billion, an increase of ¥3.0 billion year on year.

Net Unrealized Gains (Losses) on Securities

Net unrealized gains on securities were ¥1,565.4 billion, an increase of ¥222.4 billion from the previous fiscal year.

▶ Net Exposure¹ (Fiscal 2014 → Fiscal 2015)

	Taiyo Life	Daido Life
Net exposure to domestic stocks ²	6.6% → 6.5%	5.7% → 6.1%
Foreign currency exposure ³	8.4% → 8.3%	4.6% → 4.9%

1 Each company calculates its exposure percentages using its own method.

2 The net exposure to domestic stocks includes stock investment trusts, etc.

3 Foreign currency exposure reflects foreign currency hedges, etc.

▶ Gains (Losses) on Sales of Securities (Fiscal 2015)

	Three companies total			Taiyo Life			Daido Life		
	16/3	15/3	Change	16/3	15/3	Change	16/3	15/3	Change
JGBs, other bonds	¥ 9.4	¥ 1.5	¥ 7.9	¥ 7.8	¥ 1.2	¥ 6.5	¥ 0.0	¥(0.0)	¥ 0.0
Stocks, etc.	27.9	6.5	21.4	26.4	4.8	21.5	1.5	1.6	(0.1)
Foreign securities	23.5	19.3	4.1	10.3	12.7	(2.4)	13.1	6.5	6.6
Others	0.0	—	0.0	—	—	—	0.0	—	0.0
Total	¥61.0	¥27.4	¥33.5	¥44.6	¥18.9	¥25.7	¥14.7	¥ 8.1	¥ 6.5

¥ billions

▶ Devaluation Losses on Securities (Fiscal 2015)

	Three companies total			Taiyo Life			Daido Life		
	16/3	15/3	Change	16/3	15/3	Change	16/3	15/3	Change
JGBs, other bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Stocks, etc.	0.0	0.0	0.0	—	0.0	(0.0)	0.0	0.0	0.0
Foreign securities	3.5	0.8	2.7	—	0.4	(0.4)	3.5	0.3	3.2
Others	0.5	0.2	0.2	—	—	—	0.5	0.2	0.2
Total	¥4.1	¥1.0	¥3.0	¥ —	¥0.4	¥(0.4)	¥4.1	¥0.5	¥3.5

¥ billions

▶ Net Unrealized Gains (Losses) on Securities (Fiscal 2015)

	Three companies total			Taiyo Life			Daido Life		
	16/3	15/3	Change	16/3	15/3	Change	16/3	15/3	Change
Domestic bonds	¥ 993.2	¥ 588.9	¥404.2	¥505.0	¥307.9	¥197.0	¥400.4	¥235.7	¥164.6
Domestic stocks	294.9	397.9	(102.9)	150.2	231.1	(80.9)	144.7	166.8	(22.0)
Foreign securities	202.8	294.1	(91.3)	144.9	206.3	(61.4)	56.9	87.7	(30.8)
Other securities	9.1	33.8	(24.6)	0.9	13.3	(12.4)	8.1	20.4	(12.2)
Others	65.2	28.0	37.2	8.1	7.1	1.0	8.9	8.4	0.4
Total	¥1,565.4	¥1,342.9	¥222.4	¥809.2	¥765.9	¥ 43.2	¥619.2	¥519.3	¥ 99.9

¥ billions

Items of market value are targeted.

Capital

Financial Soundness

The solvency margin ratios in fiscal 2015 were 890.6% at Taiyo Life, 1,341.9% at Daido Life, and 1,260.7% at T&D Financial Life. Thus, the three life insurance companies have sufficient financial soundness.

In order to further reinforce financial soundness in preparation for further strengthening of regulations that are expected going forward, we will continue to accumulate internal reserves. Forecasts for fiscal 2016 include an additional provision in excess of the legal standard requirements for the reserve for price fluctuations of ¥8.0 billion planned by Daido Life and ¥15.0 billion planned by Taiyo Life.

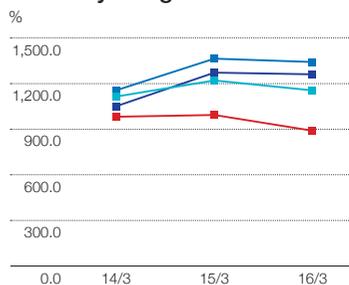
Returns to Shareholders

In deciding the payout ratio, T&D Holdings, Inc. first takes into consideration maintaining sufficient equity capital to ensure the financial soundness of its three life insurance companies. The Company aims to return profits to shareholders based on a total return to shareholders ratio of 40% or more of adjusted net income, which is net income plus additional internal reserves in excess of legal requirements related to reserves for contingency and price fluctuations, after taxes.

In fiscal 2015, the Company provided a total return to shareholders of ¥33.4 billion, comprising a cash dividend of ¥30 per share, an increase of ¥5 from the previous fiscal year, and a share buyback of around 13.5 million shares at a total cost of approximately ¥14.0 billion. From fiscal 2016, the Company has decided to implement interim dividends, in order to increase opportunities to return profits to shareholders.

The Company also plans to pay a dividend of ¥30 per share for fiscal 2016, including an interim dividend of ¥15.

► Solvency Margin Ratio



	0.0	14/3	15/3	16/3
T&D Holdings' Consolidated		1,115.0%	1,220.7%	1,155.8%
Taiyo Life		981.3%	993.9%	890.6%
Daido Life		1,156.4%	1,363.7%	1,341.9%
T&D Financial Life		1,051.2%	1,271.9%	1,260.7%

► Return to Shareholders and Adjusted Net Income

	14/3	15/3	16/3
Total return to shareholders (¥ billions)	approx. 26.8	approx. 46.6	approx. 33.4
Total dividends (¥ billions)	16.8	16.6	19.4
Dividends per share (¥)	<¥25.00>	<¥25.00>	<¥30.00>
Share buybacks (¥ billions)	approx. 10 ¹	approx. 30 ²	approx. 14 ³
Adjusted net income (¥ billions)	92.4	94.2	83.3
Profit attributable to owners of parent (¥ billions)	78.9	94.2	72.5
Excess amount of reserve for contingency and price fluctuations, after taxes (¥ billions)	13.5	—	10.8

1 The Company conducted a share buyback from May to June 2014 as a shareholders' return for the FY2013 earnings.

2 The Company conducted a share buyback from May to July 2015 as a shareholders' return for the FY2014 earnings.

3 The Company conducted a share buyback from May to June 2016 as a shareholders' return for the FY2015 earnings.

EV

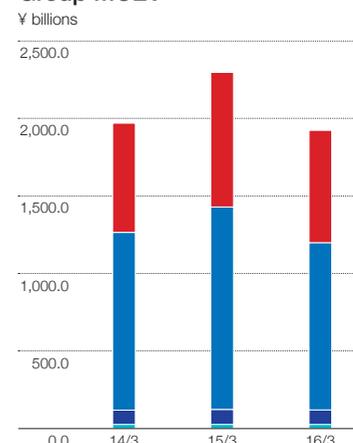
The MCEV as of March 31, 2016 was ¥1,867.2 billion, a decrease of ¥403.9 billion from the previous fiscal year-end.

The Group MCEV, which is MCEV plus the net asset value of non-covered business, as of March 31, 2016 was ¥1,893.7 billion, a decrease of ¥404.3 billion from the previous fiscal year-end.

Value of New Business

The value of new business decreased ¥36.6 billion from the previous fiscal year-end to ¥56.3 billion. The main reason for the decrease was a decline in the new business margin in connection with the decrease in domestic interest rates.

► Group MCEV



	14/3	15/3	16/3
Adjusted net worth	¥1,505.9	¥1,995.6	¥2,220.2
Taiyo Life	684.5	922.1	1,010.3
Daido Life	721.7	943.7	1,058.1
T&D Financial Life	99.7	129.6	181.7
Value of in-force business	437.4	275.6	(353.0)
Taiyo Life	20.6	(53.5)	(284.6)
Daido Life	424.2	362.9	19.9
T&D Financial Life	(7.4)	(33.8)	(88.2)
Net asset value of non-covered business	26.7	26.7	26.4
Group MCEV	¥1,970.1	¥2,298.0	¥1,893.7

Movement Analysis

MCEV was down ¥403.9 billion from the end of the previous fiscal year, mainly due to a large negative impact from economic variances in connection with the decline in domestic interest rates.

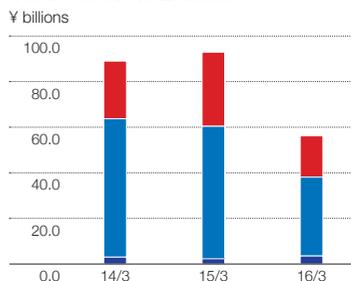
Sensitivities

The impact of changes in assumptions (sensitivities) on MCEV results is summarized below. For each sensitivity, only one specific assumption is changed and other assumptions remain unchanged from the base. It should be noted that the effect of the change of more than one assumption

at a time is likely to be different from the sum of two sensitivities with only one assumption change. Under different sensitivity scenarios, the basis for policy reserves (excluding reserves for separate accounts) is unchanged, in line with the Japanese statutory reserving rules.

Considering the additional decline in domestic interest rates following the introduction of a negative interest rate policy by the Bank of Japan, the Company has begun disclosing a new interest rate sensitivity that does not assume a zero interest rate floor, in addition to the existing sensitivity based on MCEV principles that do assume a zero interest rate floor.

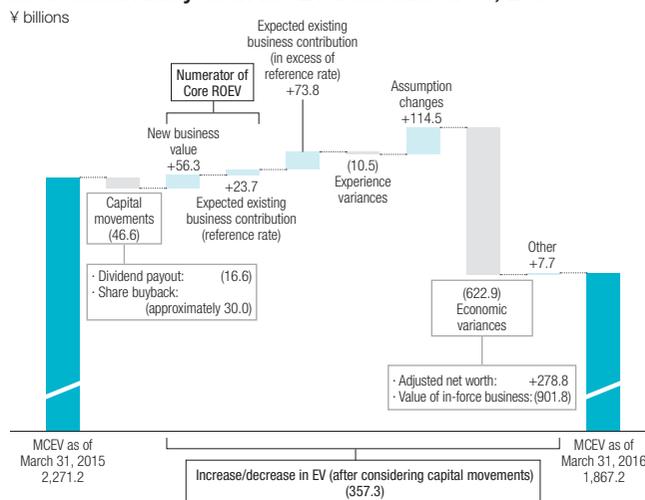
Value of New Business



Company	14/3	15/3	16/3
Taiyo Life	¥25.3	¥32.5	¥18.1
Daido Life	60.7	58.1	34.6
T&D Financial Life	3.0	2.3	3.5
Three companies total	89.1	93.0	56.3
New business margin	6.4%	5.1%	3.5%

New business margin = Value of new business / Present value of new business premiums

Movement Analysis in MCEV from March 31, 2015



Sensitivities

		MCEV	Adjusted net worth	Value of in-force business	Value of new business
MCEV as of March 31, 2016 (base scenario)		¥1,867.2	¥2,220.2	¥(353.0)	¥ 56.3
Economic factors	Interest rate (+50bp)	248.3	(397.0)	645.4	33.9
	(forward rate; for all future years) ¹	(164.2)	233.3	(397.6)	(29.9)
	-50bp (with flooring) ²	(155.4)	204.3	(359.7)	(19.4)
	-25bp (without flooring) ³	(114.7)	(113.4)	(1.3)	—
Other factors	Equity and real estate value	(114.7)	(113.4)	(1.3)	—
	Lapse rate	56.8	—	56.8	11.2
	Operating maintenance expenses	51.3	—	51.3	3.8
	Claim incidence rates for the life business	102.3	—	102.3	7.8
	Mortality for the annuity business	(6.3)	—	(6.3)	(0.0)
Change the required capital to the statutory minimum		18.6	—	18.6	0.7
25% increase in equity implied volatility		(0.0)	0.7 ⁴	(0.7)	(0.0)
25% increase in swaption implied volatility		(38.1)	—	(38.1)	(0.5)

¹ 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.

² If the reference rate is negative before the deduction of 50 basis points, the rate is not decreased, and if the reference rate becomes negative after the deduction of 50 basis points, 0% is applied instead.

³ All reference rates are decreased by 25 basis points even if they are negative.

⁴ The increase of adjusted net worth for equity implied volatility is due to the increase of the market value of put options held by T&D Financial Life for the purpose of hedging minimum guarantee risk of variable annuities.

Life Insurance Industry Trends in Japan

Years ended March 31

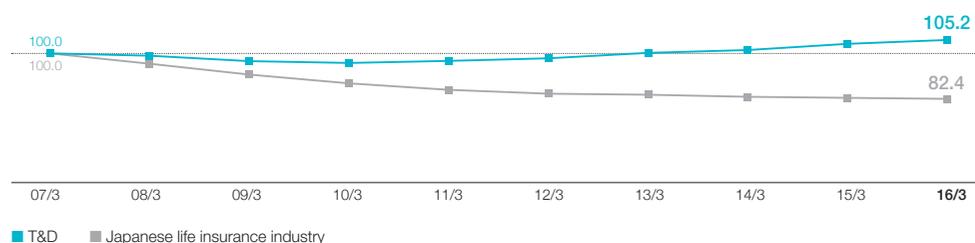
▶ Total for Private-Sector Life Insurance Companies¹

	2007	2008	2009	2010
Policy Amount in Force	¥1,112,199.6	¥1,067,365.0	¥1,021,458.2	¥983,269.5
Individual insurance	1,026,336.0	979,437.4	932,971.8	890,603.9
Individual annuities	85,863.6	87,927.6	88,486.4	92,665.6
New Policy Amount	76,907.8	66,673.0	61,306.8	60,877.8
Individual insurance	67,991.9	58,649.5	53,992.7	53,390.8
Individual annuities	8,915.9	8,023.4	7,314.0	7,486.9

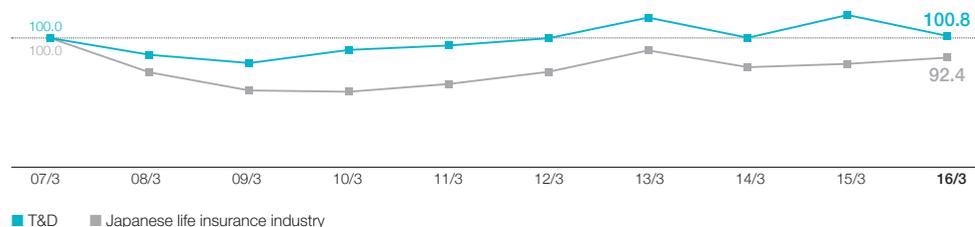
▶ Trends in the Policy Amount in Force and New Policy Amount²

Base Year (Year ended March 31, 2007) = 100.0

Policy Amount in Force



New Policy Amount



¹ Source: Compiled by T&D Holdings based on Summary of Life Insurance Business in Japan, Life Insurance Association of Japan, and the financial reports of each company. The policy amount in force and the new policy amount are the simple sum of individual insurance and annuities. The new policy amount includes net increase from conversions. Figures do not include Japan Post Insurance. For convenience, U.S. dollar figures have been calculated at the rate of U.S.\$1=¥112.68.

² Source: Compiled by T&D Holdings based on Summary of Life Insurance Business in Japan, Life Insurance Association of Japan, and the financial reports of each company. Policy amount in force and new policy amount for the year ended March 31, 2007 are assumed to be 100.0 (base year). The new policy amount and the policy amount in force are the sum of individual insurance and annuities and the insured amount of *J-type product*, *T-type product* and *Kaigo Relief* of Daido Life. The new policy amount includes net increase from conversions. Figures do not include Japan Post Insurance.

						¥ billions	US\$ billions
	2011	2012	2013	2014	2015	2016	2016
	¥955,441.1	¥938,437.2	¥933,494.1	¥924,149.8	¥918,788.7	¥914,316.5	\$8,114.2
	861,954.2	842,303.3	833,170.6	823,805.0	818,273.5	814,197.8	7,225.7
	93,486.8	96,133.9	100,323.5	100,344.8	100,515.2	100,118.7	888.5
	63,158.0	66,563.3	72,759.3	67,756.1	68,567.7	70,271.7	623.6
	57,087.2	59,386.1	64,829.8	60,276.9	60,428.8	62,165.2	551.6
	6,070.8	7,177.1	7,929.5	7,479.2	8,138.8	8,106.5	71.9

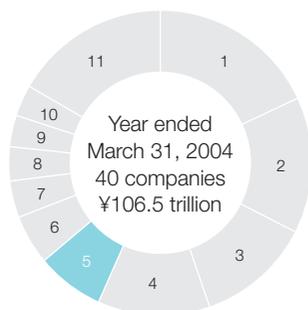
► Trends in Market Share³



1 Nippon	22.8%
2 Dai-ichi	16.6%
3 Sumitomo	14.4%
4 Meiji Yasuda	13.8%
5 Asahi	5.1%
6 T&D	4.8%
7 Mitsui	4.5%
8 AIG ⁴	3.3%
9 Fokoku	3.1%
10 Sony	2.1%
11 Others	9.6%



1 Nippon ⁵	20.6%
2 Dai-ichi ⁶	14.3%
3 Sumitomo ⁷	10.7%
4 Meiji Yasuda	9.3%
5 Prudential US ⁸	8.0%
6 T&D	6.9%
7 Sony ⁹	4.8%
8 MetLife	3.3%
9 Fokoku ¹⁰	3.1%
10 Tokio Marine & Nichido Life	3.0%
11 Others	15.9%



1 Nippon	18.3%
2 Dai-ichi	14.4%
3 Meiji Yasuda	12.2%
4 Sumitomo	11.9%
5 T&D	7.1%
6 AIG ⁴	5.4%
7 Mitsui	3.9%
8 Fokoku	3.5%
9 Sony	3.5%
10 Asahi	3.3%
11 Others	16.5%



1 Nippon ⁵	16.9%
2 Prudential US ⁸	12.3%
3 T&D	9.4%
4 Sony ⁹	7.4%
5 Dai-ichi ⁶	7.1%
6 Sumitomo ⁷	5.2%
7 MS&AD ¹¹	5.2%
8 MetLife	4.7%
9 Tokio Marine & Nichido Life	4.7%
10 Meiji Yasuda	4.4%
11 Others	22.7%

3 Source: Compiled by T&D Holdings based on Summary of Life Insurance Business in Japan, Life Insurance Association of Japan, and the financial reports of each company. The policy amount in force and the new policy amount are the sum of individual insurance and annuities and the insured amount of *J-type product*, *T-type product* and *Kaigo Relief* of Daido Life. Figures do not include Japan Post Insurance.

4 AIG refers to Alico Japan, AIG Star and AIG Edison.

5 Nippon refers to Nippon and Mitsui.

6 Dai-ichi refers to Dai-ichi, Dai-ichi Frontier, and Neo First.

7 Sumitomo refers to Sumitomo and Medicare.

8 Prudential US refers to Prudential, Gibraltar and Prudential Gibraltar Financial.

9 Sony refers to Sony and AEGON Sony Life.

10 Fokoku refers to Fokoku and Fokokushinrai.

11 MS&AD refers to Mitsui Sumitomo Aioi and Mitsui Sumitomo Primary.

Business Overview

Businesses at a Glance

Taiyo Life Insurance Company

Delivering Optimal Comprehensive Coverage to Households

Taiyo Life focuses on serving the household market, mainly targeting women, the middle-aged and elderly people. The company sells comprehensive life coverage, centered on death protection and medical and nursing care products. Unlike other insurers that typically target the workplace, Taiyo Life uses an in-house sales force of women to visit customers at home and provide advice on tailoring the optimal policies.

Anticipating future environmental changes such as the increase in the population of seniors, we will build the top brand in the senior market by promoting sales combining the different approaches of “strengthening of face-to-face services through visits,” “product development which preempts the changes of the times,” and “further enhancement of the in-house sales representative channel.” At the same time, we aim to become the life insurance company that delivers optimal comprehensive coverage to households.



Daido Life Insurance Company

Protecting SMEs and Their Employees From a Wide Range of Risks

Daido Life focuses on the small and medium enterprises (SMEs) market and provides products and services suiting the specialized needs of various groups, based on collaboration with tie-up groups such as SME-related groups and CPTA groups.

Looking ahead, to consolidate its position as the “leading company” in the SME market for life insurance, Daido Life will continue to further evolve its original business model.

In specific terms, in addition to its core term insurance, Daido Life is engaged in further strengthening its offering of a full range of protection by enhancing its disability income insurance. Moreover, Daido Life is engaged in further penetrating core markets and creating and expanding new markets, including by the full-fledged development of proposals for providing protection for SME owners and individual business owners.



T&D Financial Life Insurance Company

Expanding the Group's Presence in the Independent Insurance Agent Market

T&D Financial Life is a strategic company specializing in selling insurance products through the T&D Life Group's independent insurance agents. The company provides single premium wealth accumulation products differentiated by type of benefit and level premium and protection-type products with competitive pricing, etc.

Looking ahead, we will "diversify product lineup," "expand sales network of agents," and "enhance customer service" to become the company of choice for customers and agents in the independent agent market, thereby expanding business results.



T&D FINANCIAL LIFE	
Market	Independent insurance agent market
Sales channel	Independent insurance agents (financial institutions and insurance shop agents)
Products	Single premium insurance (foreign currency reference type, etc.), loss of income protection insurance, etc.

T&D Asset Management Co., Ltd.

Serving a Wide Range of Asset Management Needs for Individual Investors, Institutional Investors and Other Clients

As a core company of the T&D Life Group, T&D Asset Management conducts an asset management business resting on two core businesses: the investment trust business and investment advisory business.

T&D Asset Management

Investment trust business	Provide a wide array of prime investment products mainly to a broad range of investors through sales companies (securities firms, etc.)
Investment advisory business	Provide adequate investment solutions to domestic and overseas pension funds and institutional investors

Pet & Family Small-amount Short-term Insurance Company

Serving the Needs of Pet Owners in Meeting the Veterinary Care Expenses of Pets

Pet & Family Small-amount Short-term Insurance provides insurance protection for meeting the veterinary care expenses of pets mainly through the pet shop sales channel in the pet insurance market, which is expected to continue expanding in the future.



Market	Pets market
Sales channel	Agents (pet shops, etc.)
Products	Compensation insurance for pet veterinary care expenses

Business Overview

Taiyo Life Insurance Company



Katsuhide Tanaka
Representative Director and President

As a life insurance company that delivers to households the best products and services which preempt the changes of the times, Taiyo Life is building the leading brand in the senior market.

Management Targets

Fiscal 2016

► Protection-type Annualized Premiums of New Policies* **¥16 billion**

* A distinctive performance indicator of Taiyo Life which is the sum of protection portion of the annualized premiums of new policies mainly excluding savings-type products.

Fundamental Strategy

► Build the top brand in the senior market by promoting sales combining the different approaches of “strengthening of face-to-face services through visits,” “product development which preempts the changes of the times,” and “further enhancement of the in-house sales representative channel.”

Business Model

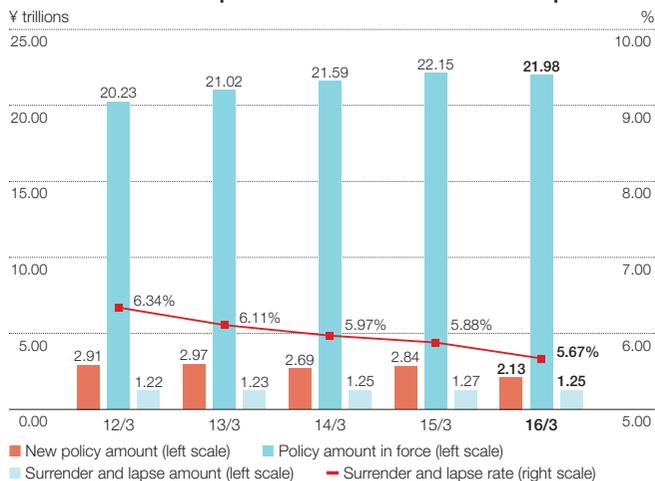
Market	Households
Sales channel	In-house sales representatives
Products	Comprehensive coverage including death benefit and medical/nursing care products

Performance and Operational Review

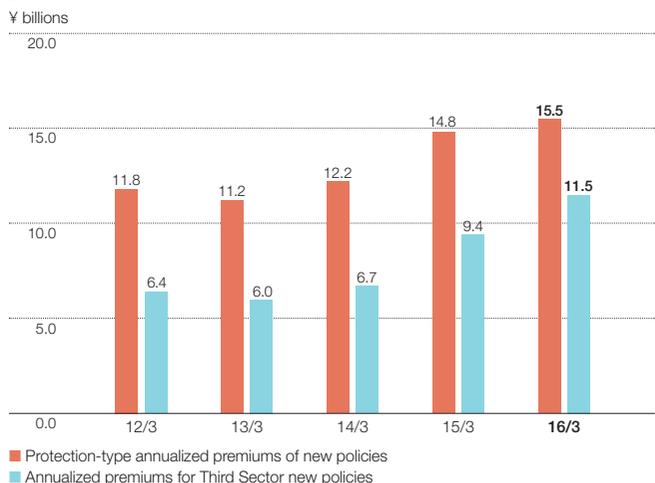
Focusing on life insurance sales in the household market as our core business, Taiyo Life delivers comprehensive coverage that meets customer needs for death protection as well as medical and nursing care insurance to households through in-house sales representatives.

At Taiyo Life in fiscal 2015, ended March 31, 2016, the new policy amount (total of individual insurance and individual annuities) fell by 24.9% year on year to ¥2,134.1 billion, while annualized premiums of new policies for Third Sector products increased 21.7% year on year to ¥11.5 billion. This was due to a greater focus on medical and nursing care and other Third Sector coverage with a greater management emphasis on EV, as well as the limitation of sales of single premium products through banks in an environment with low interest rates.

New Policy Amount/Policy Amount in Force/ Surrender and Lapse Amount/Surrender and Lapse Rate



Protection-type Annualized Premiums of New Policies/ Annualized Premiums for Third Sector New Policies



Another major indicator contributing to EV growth was an area that Taiyo Life emphasizes in its policy results: 4.6% year-on-year increase, to ¥15.5 billion, in protection-type annualized premiums of new policies.

The surrender and lapse rate improved by 0.21 percentage points from the previous fiscal year to 5.67%. As a result, the policy amount in force was ¥21,983.5 billion, down 0.8% from the previous fiscal year-end.

MCEV amounted to ¥725.7 billion at March 31, 2016, a decrease of ¥142.8 billion, mainly due to a decline in domestic interest rates.

Fundamental Strategy

Established in 1893, Taiyo Life is a life insurance company with a history of more than 120 years. From the 1950s, the company built up a business model focused on high-volume sales of short-term endowment insurance, a highly savings-oriented

product, in the household market to housewives through door-to-door sales activities. As a result, in the household market, Taiyo Life has established a unique customer base centered on middle-aged and elderly people as well as women. A combination of prolonged low interest rates, deregulation, shifting in customer needs and other factors produced changes in the operating environment from the mid-1990s. Taiyo Life quickly adapted to these changes by shifting its sales emphasis from savings-oriented products to protection-oriented products, such as death benefit as well as medical and nursing care insurance. Under its Medium-term Management Plan running for three years from April 2016, Taiyo Life has adopted the strategic policy of anticipating future environmental changes such as the increase in the population of seniors, and developing the top brand in the senior market.

Overview of Taiyo Life's Mainstay Product *Hoken Kumikyoku Best*

- Flexible custom-made design to match customer needs
- Flexible revision according to changing needs
- Provide products which preempts the changes of the times
- More reasonably priced than existing products

All of the protection is treated as basic policy.
Customers can flexibly choose
the *Hoken Kumitate Tokuyaku* rider to meet their needs

Death benefit

Term life insurance, etc.

Coverage for three major diseases

Specified disease treatment insurance, etc.

Disability, dementia, nursing care

Insurance for when one is no longer able to work

Medical benefit

Hospitalization insurance, etc.

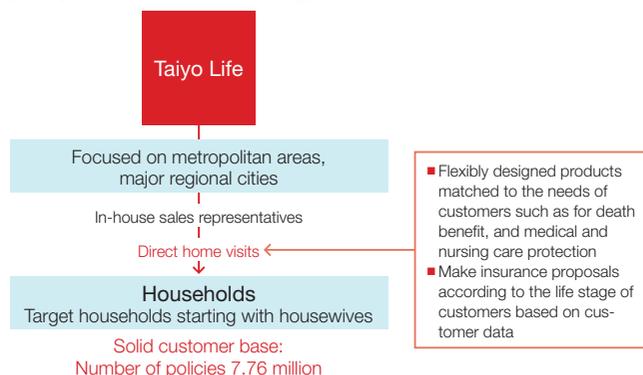
Waiver of premium payment rider

Waiver of comprehensive premium payment rider, etc.

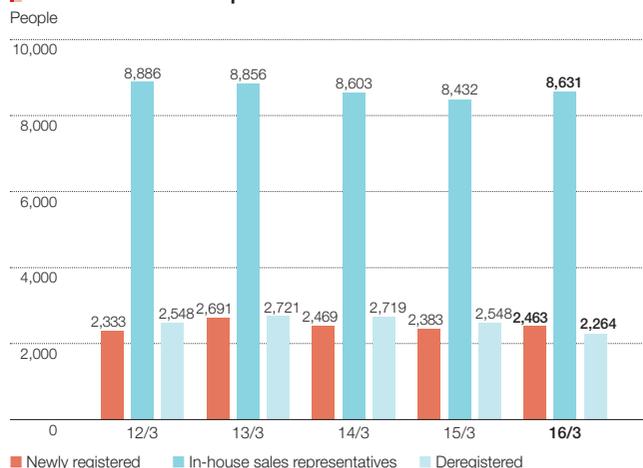
Future life events

Individual annuities, etc.

Taiyo Life's Sales Strategy



In-house Sales Representatives



Marketing Strategy

Taiyo Life has adopted a basic marketing strategy that is quite different from that of other large domestic life insurers. Whereas other life insurers have extended their marketing networks nationwide, Taiyo Life is conducting sales activities closely tied to metropolitan areas and major regional cities with high population densities. This enables the company to carry out home-visit marketing activities with efficiency, and to cultivate the household market in greater depth.

In contrast to most large domestic life insurers whose core sales target is the workplace market, Taiyo Life employs a sales consulting approach in which sales representatives visit customers at home, where they can take more time to discuss the insurance needs of the customer. This enables them to review the household's coverage, identify any shortfalls, and provide coverage for the entire household by offering the optimal insurance plan for each customer.

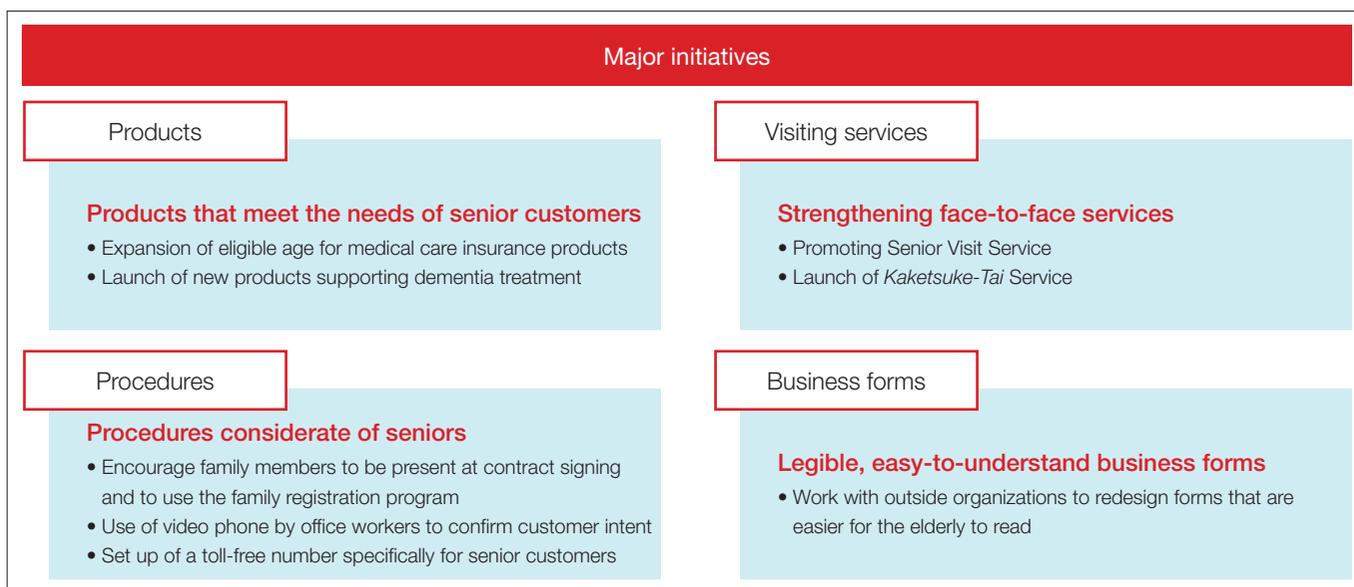
Strategy for Products and Services

Hoken Kumikyoku Best, Taiyo Life's mainstay product, was launched in October 2008 as a product that allows customers to freely combine the coverage they need. The product continued to evolve from year to year, and as of October 2015 had in excess of two million cumulative subscribers.

In fiscal 2015, Taiyo Life launched a new specified disease treatment insurance with expanded coverage for the three major diseases, with a focus on new protection for early-stage cancer, including carcinoma in situ and skin cancer. The company also launched *Himawari Dementia Treatment Insurance*, which provides coverage for prescribed conditions due to dementia, and which is designed for those with health concerns, as well as insurance to protect against loss of income due to an inability to work.

Declaration of Best Senior Service

Aiming to become the life insurance company that is most considerate to its senior customers, we will strengthen our services for seniors.



On the service side, in fiscal 2014, Taiyo Life initiated its Best Senior Service program with the goal of becoming the life insurance company that is most considerate of senior customers. Specifically, the program promotes a variety of service activities to provide senior customers with peace of mind, including visiting customers 70 years of age and older at least once a year to verify their policies and encourage them to file claims. In April 2016, Taiyo Life also began offering a *Kaketsuke-Tai* Service through office workers with specialized knowledge who visit customers and their families at home to provide assistance with payment procedures.

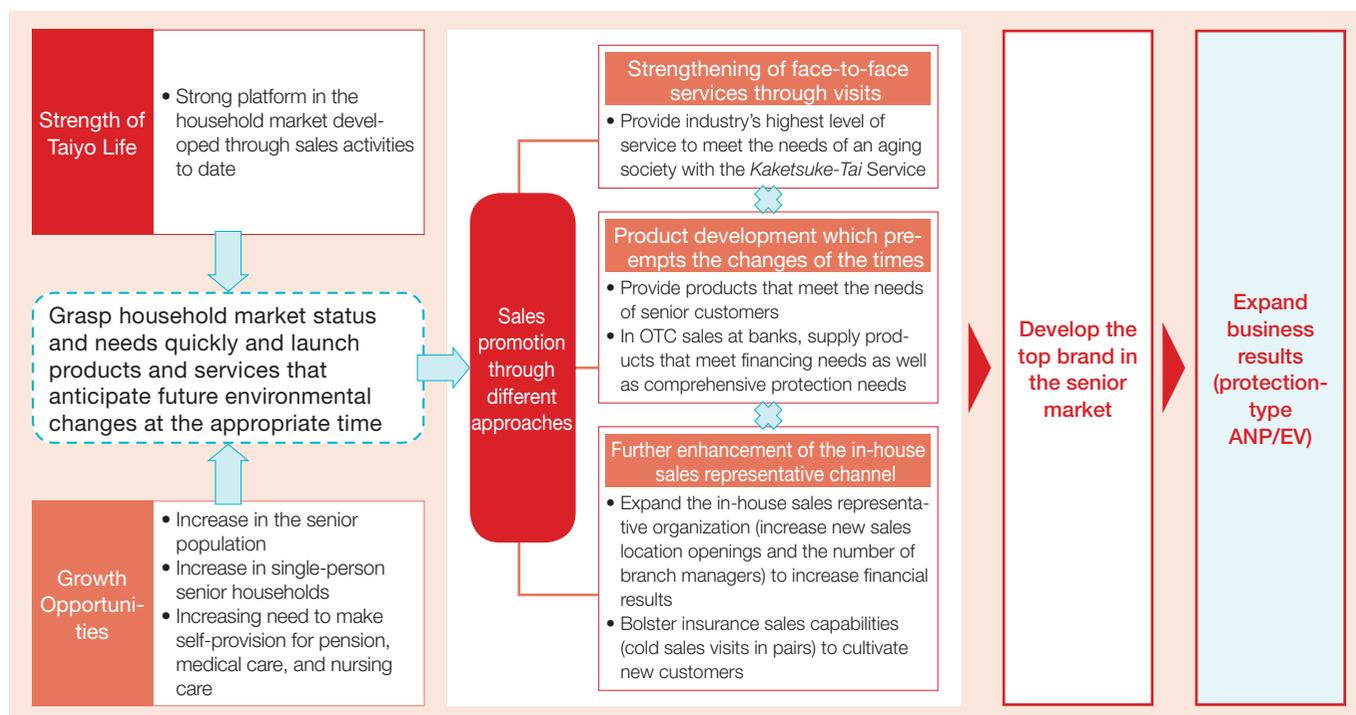
Taiyo Life will continue to develop its *Hoken Kumikyoku Best* product, while also ensuring it can fully respond to customer needs by offering families the finest products and services that stay ahead of changing times.

Future Growth

Taiyo Life has established a new medium-term management plan for the three year period from fiscal 2016 to fiscal 2018. With a vision of becoming a life insurance company that stays ahead of changing times by providing households with the finest products and services, this plan calls for promoting sales through a three-part unified strategy of strengthening of face-to-face services through visits, developing products that anticipate changes in the times, and enhancing the in-house sales representative channel. Through these efforts, the company will build the top brand in the senior market and increase earnings.

Medium-term Management Plan Marketing Strategy

Build the top brand in the senior market and expand business results by promoting sales where “strengthening of face-to-face services through visits,” “product development which preempts the changes of the times,” and “further enhancement of the in-house sales representative channel” are triune.



Daido Life Insurance Company



Minoru Kudo
Representative Director and
President

Daido Life aims to bring the greatest peace of mind and the utmost satisfaction to small and medium enterprise (SME) customers.

Management Targets

Fiscal 2016

- ▶ Policy amount in force* **¥40,200** billion
- ▶ New policy amount* **¥4,420** billion

* The sum of the death benefit amount of individual insurance and individual annuities, together with the insured amount for critical illnesses for the *J-type product* (non-participating critical illness insurance), disability income protection for the *T-type product* (non-participating disability income insurance), and *Kaigo Relief* (non-participating whole life nursing care insurance).

Fundamental Strategy

- ▶ Further evolve the core business of selling partner-specific products through tie-up groups by further penetrating core markets and creating and expanding new markets.

Business Model

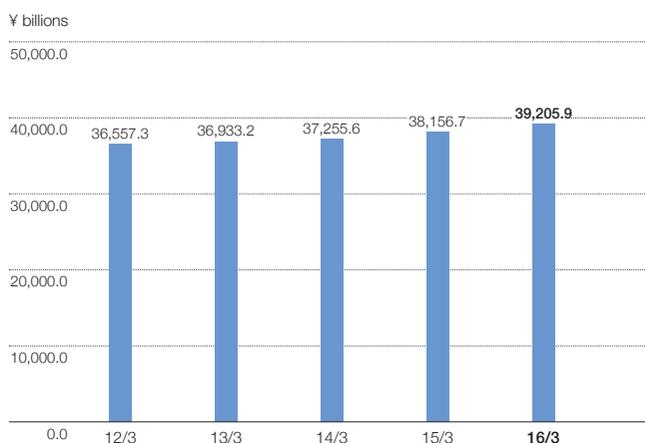
Market	Small and medium enterprises (SMEs)
Sales channel	In-house sales representatives and agents (tax accountants, etc.)
Products	Term life insurance, disability income insurance, etc.

Performance and Operational Review

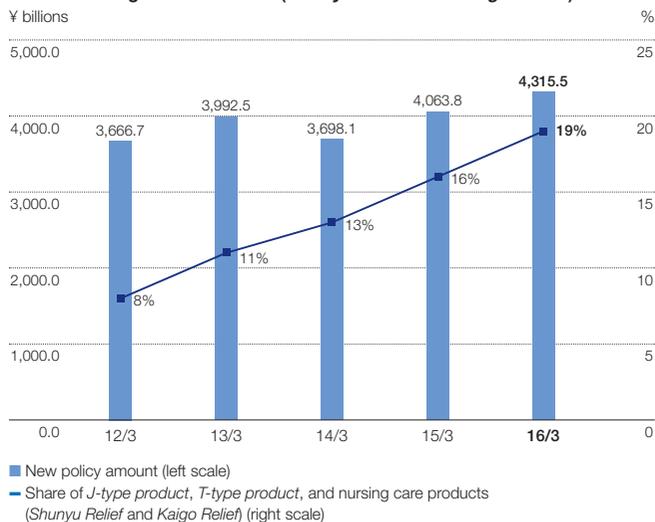
Daido Life's sales activities target the SME market. Policies from the corporate market*¹ accounted for approximately 95% of the company's new policy amount in fiscal 2015.

For fiscal 2015, Daido Life's new policy amount was up 6.2% year on year to ¥4,315.5 billion*². This increase was mainly due to strong sales of mainstay term life insurance and disability income insurance (*J-type product*, a non-participating critical illness insurance, and *T-type product*, a non-participating disability income insurance), and the new nursing care products *Shunyu Relief* (non-participating nursing care income protection insurance) and *Kaigo Relief* (non-participating whole life nursing care insurance). The surrender and lapse amount

Policy Amount in Force



New Policy Amount and Share of J-type Product, T-type Product, and Nursing Care Products (*Shunyu Relief* and *Kaigo Relief*)



was up 3.9% year on year, to ¥2,472.0 billion*², but the policy amount in force also rose 2.7% year on year to ¥39,205.9 billion*², marking a net increase for the fourth consecutive year.

MCEV amounted to ¥1,078.0 billion at March 31, 2016, a decrease of ¥228.7 billion. This was mainly due to a decline in domestic interest rates.

*1 The total of collective policies for individual insurance and individual annuities sold through tie-up groups and group insurance policies.

*2 The sum of the policy amount of individual insurance and individual annuities (death benefit and living protection amounts), together with the insured amount for critical illnesses for the *J-type product* (non-participating critical illness insurance), disability income protection for the *T-type product* (non-participating disability income insurance) and *Kaigo Relief* (non-participating whole life nursing care insurance).

Fundamental Strategy

Daido Life was established in 1902. In the ensuing years, it has continued to work to always earn a high level of customer trust under the corporate mottos of “Customer-oriented Service” and “Stable Management.” Since the 1970s, the company has positioned as its core business the sale of partner-specific products in collaboration with tie-up groups in the SME market. Daido Life has driven the evolution of this business model,

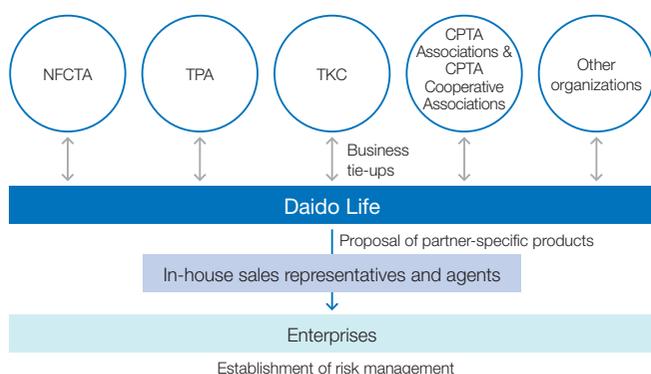
which is not easily imitated by competitors, according to changes in the times. Under a medium-term management plan running from April 2016, Daido Life will further evolve its core business and develop growth fields of both corporate and individual customers (SME owners and individual business owners), thereby increasing its business results. As a result, Daido Life will build a more solid position as the leading company in the life insurance business in the SME market.

Marketing Strategy

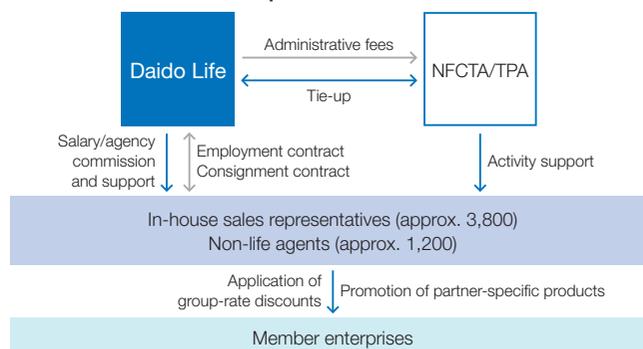
Daido Life employs a distinctive marketing strategy targeting the SME market.

Specifically, Daido Life forms business tie-ups with SME-related organizations and CPTA organizations to offer partner-specific products and services designed according to each organization’s characteristics. These partner-specific products are utilized by member enterprises of SME-related organizations, or function as a security system to protect the corporate clients of tax accountants (TAs) and CPAs or a welfare plan for SME owners and employees.

Relationship with Tie-up Organizations



NFCTA and TPA Tie-up Scheme



Relationship with Tie-up Organizations

Since 1971, Daido Life has been the official underwriter of the comprehensive insurance plan, “*Keieisha Ogata Sogo Hosho Seido*,” provided by the National Federation of Corporate Taxpayers Associations (NFCTA, known as *Hojinkai*) and the Tax Payment Associations (TPA, known as *Nozei-kyokai*). Under this arrangement, Daido Life’s in-house sales representatives and agents offer partner-specific products to member companies and individual business owners.

In 1976, Daido Life started underwriting “*TKC Kigyo Boei Seido*” provided by the TKC National Federation*³, and in the 1970s, the *Comprehensive Business Security Plan* provided by CPTA Associations and CPTA Cooperative Associations in each region. As members of this federation or associations, TAs provide their corporate and individual business owner clients with partner-specific products as part of risk consulting services for these clients.

As shown in the diagram at the bottom left of this page, Daido Life’s business model based on sales of partner-specific products through tie-up organizations has created a win-win situation for SME customers, tie-up organizations, TAs and CPAs, and Daido Life.

*³ An organization of working accountants (accounting firms), including TAs, who utilize a proprietary computerized accounting system.

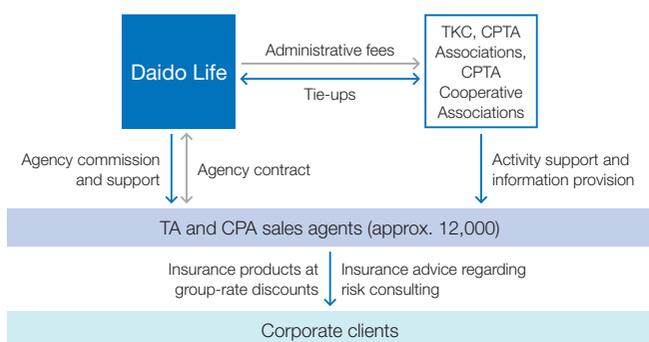
Strategy for Products and Services

For many years, Daido Life has been providing protection through its main product of term life insurance to cover the mortality risk of SME owners in order to help mitigate the related business risk.

Meanwhile, in recent years, against the backdrop of the ongoing aging of society and advances in healthcare technology, together with the retirement age of SME owners being generally extended, disability risk has been increasing where in the event that an SME owner suffers a critical illness such as cancer, acute myocardial infarction or a stroke, or in the event that an SME owner is forced to retire during their tenure due to disease or injury. In addition to its mainstay term life insurance, Daido Life is also engaged in offering a full range of protection by enhancing its disability income insurance and further penetrating core markets. Specifically, alongside term life insurance, the company is strengthening efforts to promote its *J-type product*, which covers a long-term absence from work due to critical illness, its *T-type product*, which covers retirement risk in case of physical disability, and its *M-type product* (non-participating comprehensive medical insurance), which covers temporary absence from work due to hospitalization.

In the creation and expansion of new markets, Daido Life is also pursuing the full-fledged development of proposals for individual protection to SME owners or sole proprietors as part of its effort to create new markets and make them part of its core business. In October 2015, Daido Life launched *Shunyu Relief*, an insurance policy to protect against loss of income when long-term care is required, and *Kaigo Relief*, an insurance plan to cover nursing care costs, as strategic products for this market. Daido Life has also introduced *Kaigo Concierge*, a new service offering comprehensive support for

Tie-up Scheme with TKC, CPTA Associations and CPTA Cooperative Associations



Win-win Relationship Created by Partner-specific Sales



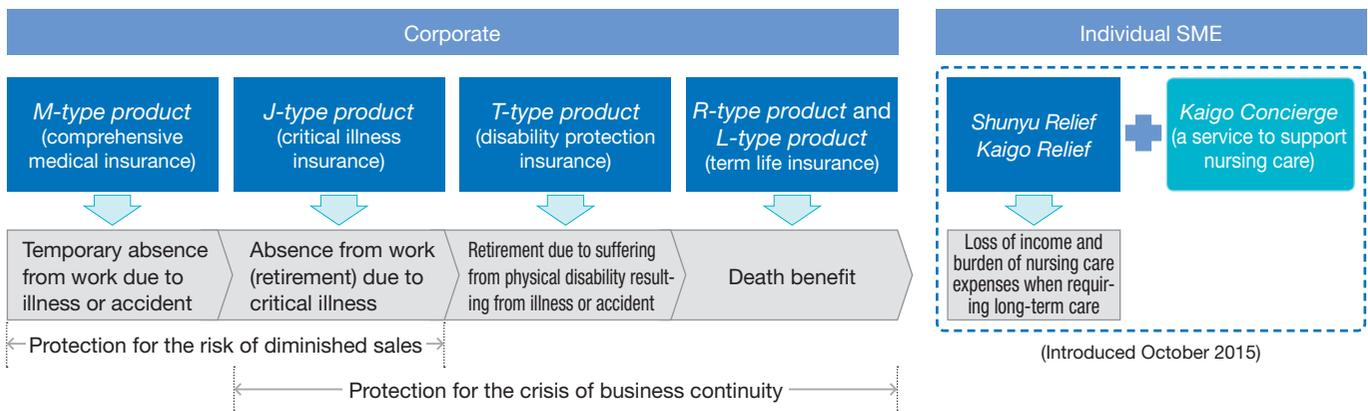
nursing care, including offering consultation regarding nursing care issues, in cooperation with nursing care service providers. This is part of the company's effort to promote integrated products and services.

For fiscal 2015, the company's new policy amount for *J-type product*, *T-type product*, and nursing care products (*Shunyu Relief* and *Kaigo Relief*) combined amounted to ¥827.0 billion, comprising 19.2% of the entire new policy amount, signifying that these products are now Daido Life's mainstay products alongside term life insurance.

Future Growth

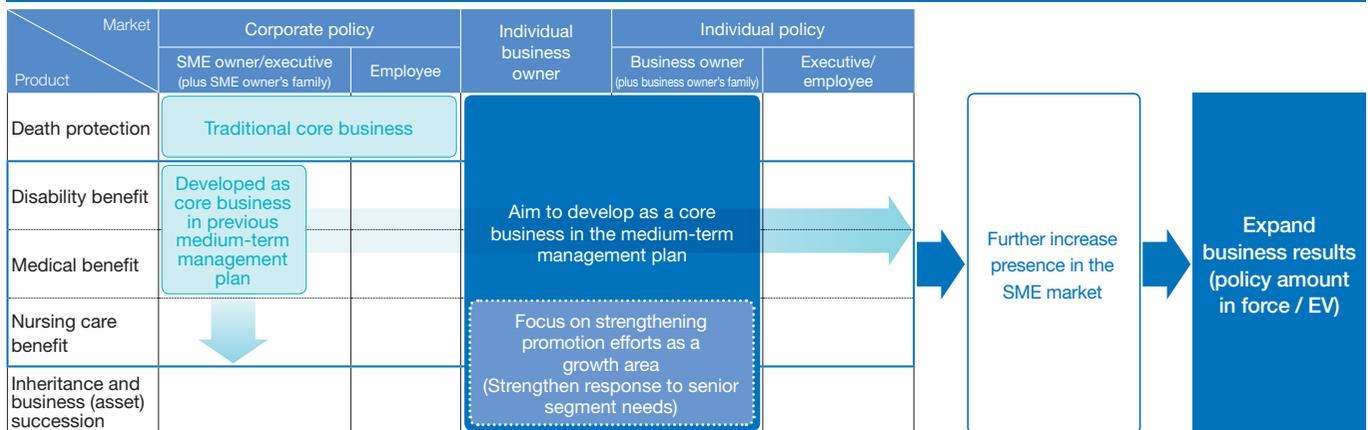
Looking ahead, Daido Life will evolve its core business by further penetrating core markets and creating and expanding new markets. At the same time, Daido Life will work to enhance and expand sales channels that can provide high-quality consulting services. The company will also strive to enhance and expand customer service through business process reforms targeting sales activities and administrative operations. The goal is to increase corporate value stably and sustainably.

Providing a Full Range of Protection

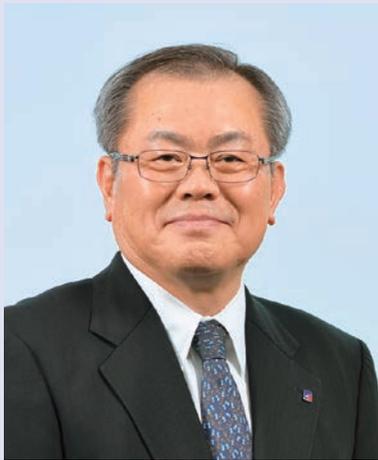


Overall Image of the Sales Strategy

To consolidate its position as the “leading company” in the SME market for life insurance, Daido Life will further evolve its core business and develop growth fields of both corporate and individual customers, thereby increasing its business results.



T&D Financial Life Insurance Company



Kazuyoshi Shimada
Representative Director and President

As a strategic company of the T&D Life Group which specializes in selling insurance products through independent insurance agents, T&D Financial Life is working to expand the presence of the T&D Life Group.

Management Targets

Fiscal 2016

- ▶ Policy amount in force **¥1,850** billion
- ▶ New policy amount **¥220** billion

Fundamental Strategy

- ▶ Aiming to establish a strong brand in life insurance sales through the independent insurance agent channel*, the company is working to “diversify its product lineup,” “expand its sales network of insurance agents,” and “enhance customer service.”

* The independent insurance agent channel collectively refers to the OTC sales channel at financial institutions, including banks, securities firms, and the insurance shop agent channel.

Business Model

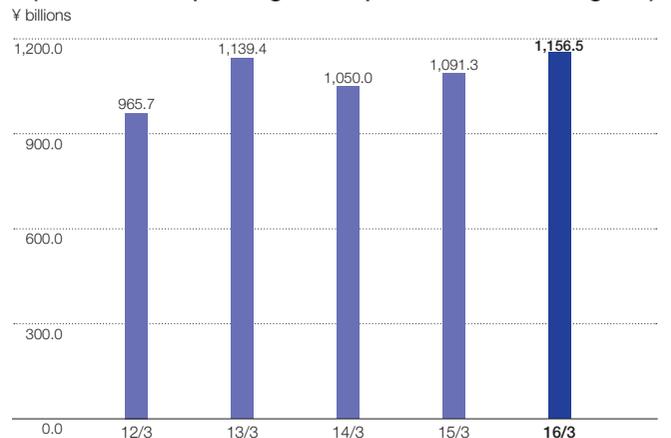
Market	Independent insurance agent market
Sales channel	Independent insurance agents (financial institutions and insurance shop agents)
Products	Single premium insurance (foreign currency reference type, etc.), loss of income protection insurance, etc.

Performance and Operational Review

T&D Financial Life specializes in providing insurance products through independent insurance agents including banks, securities firms and insurance shop agents which handle products from multiple insurers. The new policy amount for T&D Financial Life in fiscal 2015 was ¥236.2 billion, down 26.8% year on year. The new policy amount for single premium products was ¥152.4 billion, while the new policy amount for level premium products was ¥83.8 billion. The policy amount in force for products sold through independent insurance agents was up 6.0% from the previous fiscal year-end to ¥1,156.5 billion, mainly due to an increase in the new policy amount, which outweighed decreases due to the lump-sum payment of annuities upon the maturity of variable individual annuities.

MCEV was ¥93.4 billion as of March 31, 2016, a decrease of ¥2.3 billion from the previous fiscal year-end. However, the value of new business was ¥3.5 billion, an increase of ¥1.1 billion from the previous fiscal year-end mainly due to the higher new policy amount of *Shogai Premium World 3*, a foreign currency-linked single premium whole life insurance product.

T&D Financial Life's Policy Amount in Force (Portion corresponding to independent insurance agents)



Fundamental Strategy

T&D Financial Life is a strategic company in the T&D Life Group focusing on sales through independent insurance agents.

Insurance sales through this independent insurance agent channel are expected to grow, and by expanding its presence in the independent insurance agent market, the company aims to grow as well.

Under the medium-term management plan running from April 2016, the company will “diversify its product lineup,” “expand its sales network of insurance agents,” and “enhance customer service” to become the company of choice for customers and agents in the independent agent market, thereby encouraging the growth of EV and the increase of the new policy amount.

Strategy for Products

Leveraging its product development capabilities, T&D Financial Life has been supplying products offering differentiated benefits, etc., to the market.

In April 2010, T&D Financial Life developed and introduced *Shogai Premium*, a cash flow-type single premium whole life insurance product based on the concept of “secure additional fund without the withdrawal from the premium reserve.” Beginning with this product, the company has developed and

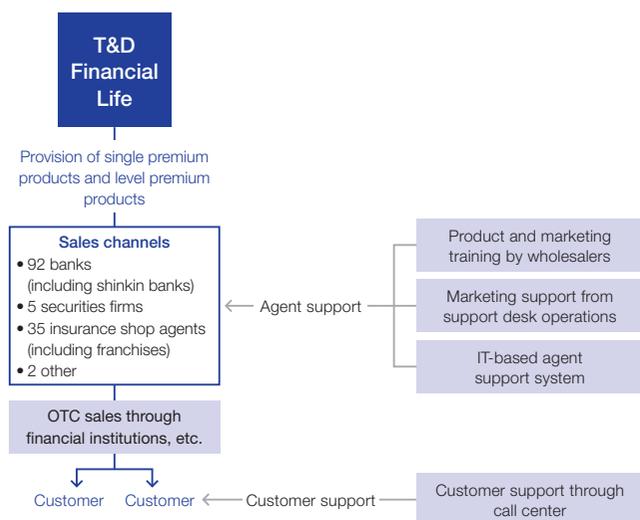
introduced a lineup of single premium whole life insurance products as the *Shogai Premium Series* by regularly revising the range of benefits in line with market needs.

Transition of *Shogai Premium Series*

April 2010	Sales release of <i>Shogai Premium</i>
June 2011	Sales release of <i>Shogai Premium World</i>
August 2011	Sales release of <i>Shogai Premium Japan</i>
July 2013	Sales release of <i>Shogai Premium World 2</i>
August 2013	Sales release of <i>Shogai Premium Japan 2</i>
September 2014	Sales release of <i>Shogai Premium Japan 3</i> and <i>Shogai Premium World 3</i>
April 2015	Start of handling the regular payment rider

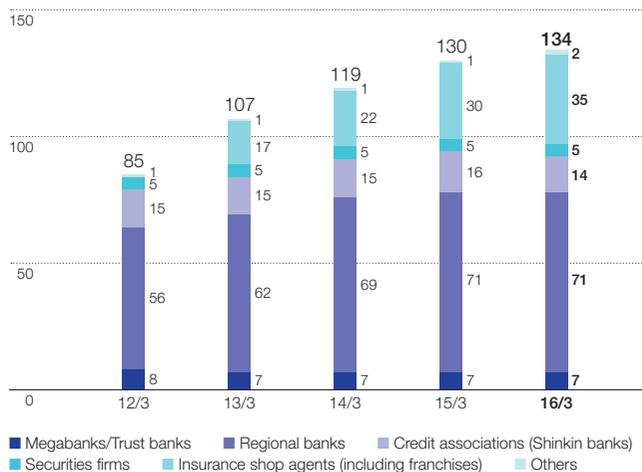
At the time of launch, the market for OTC sales at financial institutions was dominated by single premium assumed interest rate-type products without market value adjustments (MVA), which were offered by the major domestic life insurers. However, the competitive environment showed some signs of shifting when other life insurers lowered their assumed interest rates and limited sales of their assumed interest rate-type products. In this environment, T&D Financial Life gradually made progress on expanding its agency network and driving product penetration in the market, achieving steady growth in sales.

T&D Financial Life's Business Model



T&D Financial Life's Sales Network

Number of sales agents



At present, cash flow-type single premium whole life insurance products have been capturing a greater share of the overall market. The company is proud to have spearheaded the creation of this entirely new market category.

Also, in April 2015, the company developed the “regular payment rider,” enabling customers to regularly receive additions of a prescribed bonus policy amount in the *Shogai Premium Series*, as part of the product's improved convenience for customers.

As regards level premium products, in June 2014, a fixed annuities payment was added as one option to the income protection rider for the three major diseases, a characteristic feature of *Kakei Ni Yasashii Shunyuhosho*. The policy scope was broadened, including by reducing the minimum monthly annuity amount from ¥150,000 to ¥100,000 when the good health discount rider is applied. Furthermore, in August 2015,

the company developed and introduced *Kazoku Wo Tsunagu Shushinhoken*, which is a whole life insurance product that specializes in death protection and addresses a wide range of asset formation and other needs of customers in the medium and long terms, including funding for post-retirement living expenses and children's education.

In addition, in December 2015, the company developed and introduced *Hataraku Anata Ni Yasashii Hoken*, which provides coverage in the event of prescribed conditions due to specific diseases, including cancer, acute myocardial infarction and stroke.

Going forward, T&D Financial Life will continue to develop and launch products that have something different to offer than other insurers' products, with the aim of increasing its presence in the market for independent insurance agents.

Lineup of Main Products

Single Premium Products	<p><i>Shogai Premium Series</i></p> <p><i>Shogai Premium Japan 3</i> [non-participating whole life insurance (accumulation rate renewing type I)]</p> <p><i>Shogai Premium World 3</i> [non-participating foreign exchange rate linked whole life insurance (accumulation rate renewing, multi-currency type III)]</p>	<p>Main Features:</p> <ul style="list-style-type: none"> • Under the concept of “secure additional fund without the withdrawal from the premium reserve,” <i>Shogai Premium Series</i> is a cash flow-type single premium whole life insurance series that features annual additions of a prescribed bonus policy amount to the “accumulated bonus amount” throughout the insured's lifetime. • <i>Shogai Premium Japan 3</i> is a product for customers interested in investing in yen-denominated assets, as the annual bonus policy amount is steadily added to the accumulated bonus policy amount every year using JGB yields as the reference rate. • <i>Shogai Premium World 3</i> is a product for customers interested in overseas interest rates, which are higher than domestic interest rates, and in foreign currencies, as the product is based on the reference rate of its linked foreign currency (Australian dollar or U.S. dollar).
	<p><i>Kakei Ni Yasashii Shunyuhosho</i> [non-participating income protection insurance (no surrender value type I)]</p> <p><i>Kazoku Wo Tsunagu Shushinhoken</i> [non-participating special whole life insurance (type 1)]</p> <p><i>Hataraku Anata Ni Yasashii Hoken</i> [non-participating specified illness income protection insurance (no surrender value type I)]</p>	<p>Main Features:</p> <ul style="list-style-type: none"> • This is an income protection insurance product which provides either a monthly survivor annuity or a disability annuity over a fixed period in the event of the death or the total disability of the insured. One of the main features of this product is that the insurance premiums are more affordable than conventional term life insurance products. • Also, by applying the waiver of premium payment rider for the three major diseases and the income protection rider for the three major diseases, the insured is covered against loss of income in the event that he or she suffers from one of the three major diseases (designated cancer, acute myocardial infarction and cerebral stroke) that reach a particular condition. <p>Main Features:</p> <ul style="list-style-type: none"> • The customer selects whole life insurance from two plans: the “basic plan” that secures death benefits from the beginning of the contract, or the “simple plan” in which death benefits are held to the initial insured amount at the time the contract was made and to which users can subscribe with a simple declaration. • A product that secures death benefits and at the same time addresses a wide range of asset formation and other needs of customers in the medium and long terms, including funding for post-retirement living expenses and children's education. <p>Main Features:</p> <ul style="list-style-type: none"> • Pays an annuity (with a choice of either fixed term annuity or annuity certain) for prescribed conditions resulting from specific diseases (cancer, acute myocardial infarction, and stroke). • Because this eliminates a death benefit and specializes in living benefit coverage, it is possible to provide required living expenses tailored to each customer's needs.

Future Growth

Under the previous medium-term management plan, T&D Financial Life worked to promote the multi-tracked development of products, sales channels, and sources of profit, thereby enhancing corporate value by ensuring stable profits.

Under its current medium-term management plan, the company aims to achieve further growth by expanding sales of single premium investment formation-type products and level premium protection type-products through diversification of its product lineup, by expanding its network of sales agents, including financial institutions and insurance shop agents, and by strengthening its product development, systems, sales and operational infrastructure through investment of corporate resources in the necessary areas.

In terms of product strategies, T&D Financial Life will launch a single premium investment formation-type product that differentiates in benefits and a level premium protection-type product that is competitive in terms of price. In terms of sales strategy, the company will move forward to develop and expand its sales channels, working to further penetrate those channels by expanding agency managers and installing dedicated teams in insurance shop agents.

T&D Financial Life's Marketing Strategy

		Financial institutions and other agents	Insurance shop agents
Product	Main target	<ul style="list-style-type: none"> Retirement generation (upper mass market segment aged 60s and over) 	<ul style="list-style-type: none"> Working and parenting generation (20s–40s)
	Product concept	<ul style="list-style-type: none"> Single premium wealth accumulation products differentiated by type of benefit 	<ul style="list-style-type: none"> Level premium and protection-type products with competitive pricing, etc.
Sales	Sales structure	<ul style="list-style-type: none"> Develop and expand agents 	
		<ul style="list-style-type: none"> Expand structure for agent support staff and staff responsible for agent headquarters 	<ul style="list-style-type: none"> Establish a team dedicated to insurance shop agents
Services	Administration system	<ul style="list-style-type: none"> Enhance customer service (especially services for seniors) Strengthen comprehensive capabilities through use of administration and systems as well as IT to contribute to sales support Realize efficient administrative processes (deploy new systems by rebuilding the administration system) 	

T&D Asset Management Co., Ltd.



Hiroshi Fujise
Representative Director and
President

As the T&D Life Group's core asset management company, T&D Asset Management aims to become a trusted asset management company in the eyes of customers.

Management Targets

Fiscal 2016

▶ Adjusted operating income **¥2.4 billion**

Note: Adjusted operating income is the actual income of T&D Asset Management after deducting commissions to sales companies and fees to external investment institutions to which asset management is entrusted.

Fundamental Strategy

- ▶ Execute differentiated strategies under the "Make a Difference" slogan, and work to further strengthen competitiveness with a strategic policy of implementing customer-oriented management based on fiduciary duty
- ▶ Strengthen growth areas by strategically allocating management resources
- ▶ Continue to transform the earnings structure to further improve management efficiency

Business Segments

Investment trust business	Provide a wide array of prime investment products mainly to a broad range of investors through sales companies (securities firms, etc.)
Investment advisory business	Provide adequate investment solutions to domestic and overseas pension funds and institutional investors

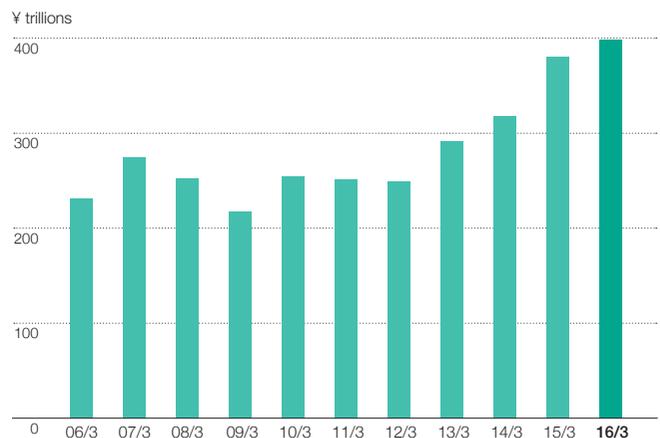
Performance and Operational Review

T&D Asset Management conducts investment trust business under which it sells investment trusts to investors through banks and securities companies, and investment advisory business under which it concludes investment advisory agreements and advisory services, and manages the funds of pension funds and institutional investors.

In fiscal 2015, the assets under management of T&D Asset Management's investment trust business decreased to ¥613.4 billion from ¥731.3 billion as of March 31, 2015. This mainly reflected the surrender of existing funds and falls in market value. The assets under management of the investment advisory business also decreased to ¥803.4 billion from ¥992.2 billion as of March 31, 2015, due to surrenders.

On the earnings front, adjusted operating income was down 15.4% year-on-year to ¥2.4 billion, due to a decline in the balance of assets under management. While efforts were made to streamline business operations, head office relocation costs and other factors resulted in a net loss for the fiscal year.

Asset Management Market in Japan



Future Growth

T&D Asset Management has been conducting its business resting on two core businesses: investment of life insurance assets as the T&D Life Group's asset management company and investment of assets for non-Group customers.

Looking ahead, T&D Asset Management will continue to engage in these businesses, and aim to become a trusted asset management company in the eyes of customers by implementing thorough measures to enhance the quality of investment products and services.

Investment Trust Business

T&D Asset Management sees further growth potential in the investment trust business.

Taking full advantage of its status as an asset manager independent of any securities or banking group, T&D Asset Management will provide investment trusts through a broad range of sales companies.

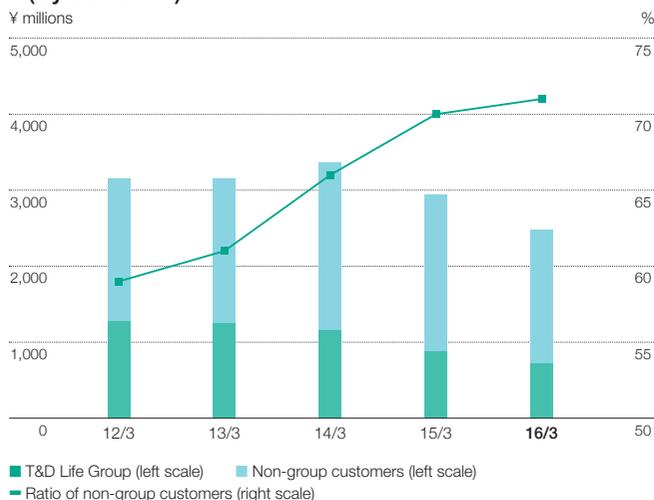
Through the strategic allocation of business resources, T&D Asset Management will further strengthen its organization to develop and offer outstanding investment products tailored to customer needs in a timely manner. At the same time, the company will upgrade its information provision capabilities for customers to inform the features and risks involved in the products in an easy-to-understand manner.

Investment Advisory Business (Domestic and Overseas Pension Funds and Institutional Investors)

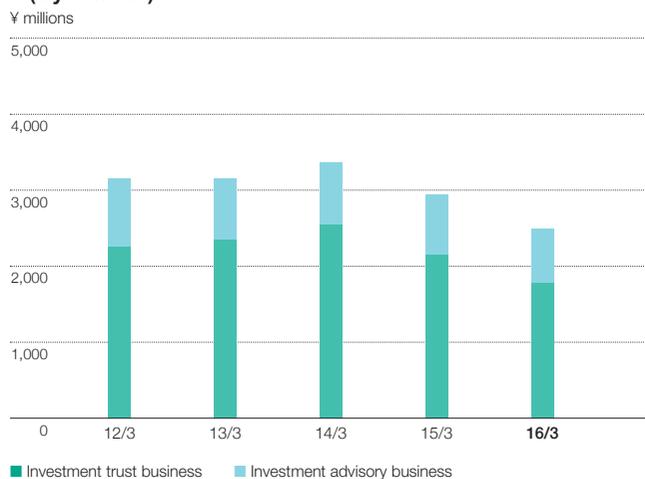
The domestic pension market faces maturity with the ongoing aging of society, and business conditions continue to hinder any expectations for growth. T&D Asset Management is aiming to win long-term trust by remaining strongly committed to providing suitable solutions to customers with a variety of challenges.

The company is also actively offering its distinctive asset management capabilities to domestic and foreign institutional investors.

Adjusted Operating Income (By customer)



Adjusted Operating Income (By market)





Pet & Family Small-amount Short-term Insurance Company



Masao Mikame
Representative Director and President

Pet & Family Small-amount Short-term Insurance aims to serve the needs of pet owners regarding veterinary care expenses of pets by making pet insurance more widely available. This will be achieved by expanding and strengthening the sales base centered on the pet shop sales channel.

Management Targets

Fiscal 2016

- ▶ Number of policies in force **112,200**
- ▶ Number of new policies **29,500**

Fundamental Strategy

- ▶ Establish and strengthen a revenue base built on the trust as a member and small-amount short-term insurance company of the T&D Life Group
- ▶ Grow sales by expanding and strengthening the sales base centered on the core pet shop sales channel

Business Model

Market	Pets market
Sales channel	Agents (pet shops, etc.)
Products	Compensation insurance for pet veterinary care expenses

Performance and Operational Review

In fiscal 2015, Pet & Family Small-amount Short-term Insurance (P&F) strived to expand business and improve profitability by focusing on the development and expansion of pet shops, the core sales channel, and worked on diversifying its sales channel through a multi-line approach. As a result, the number of new policies in fiscal 2015 increased to 30,985, compared with 25,558 in fiscal 2014 and the number of policies in force as of March 31, 2016 increased to 96,434 from 76,430 as of March 31, 2015. The net premium income of fiscal 2015 increased steadily to ¥2,943 million from ¥2,312 million in the previous fiscal year.

Fundamental Strategy

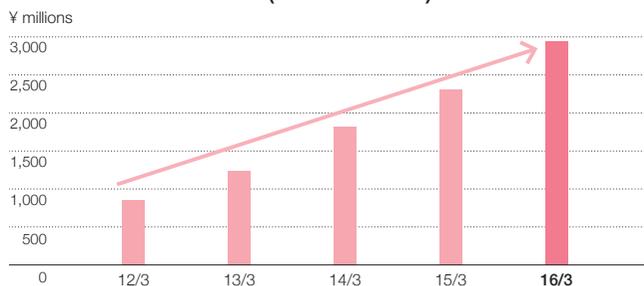
P&F aims to establish and strengthen its revenue base focusing on future growth by positioning and strengthening pet shops as a core sales channel, and by expanding the sales base through the multi-line approach of sales channels.

In an age where pets are regarded as lifelong family members, pet owners interest in veterinary care which is not covered by health insurance and its costs are increasing. The penetration rate of pet insurance in Japan is considerably lower than in Western countries, where pet culture is more advanced. P&F considers its mission as serving the needs of pet owners to meet the veterinary expenses of pets by making pet insurance more widely available.

Future Growth

The pet insurance market is expected to see increasing demand going forward. In this growing market, P&F aims to establish and strengthen a stable revenue base through expanding the sales base centered on the pet shop sales channel. At the same time, P&F will provide outstanding services through its competitive products and by strengthening the administrative base. In this way, P&F will serve the needs of pet owners to meet the veterinary expenses of pets.

Net Premium Income (Pet insurance)



Management Foundation of the T&D Life Group

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Corporate Governance

T&D Holdings, Inc. (the “Company”) has been enhancing its corporate governance on the basic approach of creating efficient and transparent management systems to facilitate flexible and cohesive group operations.

In fiscal 2015, the Company valued the purport of the Japan’s Corporate Governance Code (the “Code”), which was applied to listed companies, and accepted all the principles of the Code while establishing the Basic Policy on Corporate Governance as initiatives in response to the major principles.

Basic Approach

The Company aims to achieve sustained growth and improvement of corporate value over the medium- to long-term by continuing to strengthen corporate governance, as described below.

- (1) The Company shall respect the rights of shareholders and strive to develop a conducive environment for shareholders to appropriately exercise those rights. Efforts shall also be made to ensure the effective equality of all shareholders.
- (2) The Company shall strive to foster a sound corporate culture and work environment by appropriately collaborating with a variety of stakeholders, including customers, shareholders, employees, insurance agents, business partners and local communities.
- (3) The Company shall strive to increase the transparency of management through appropriate and timely disclosure of corporate information, including financial information and non-financial information regarding management strategies, management priorities and other matters.
- (4) The Company shall strive to ensure the effectiveness of the Board of Directors’ oversight function over the execution of business as the holding company responsible for the business execution management function of each T&D Life Group (the “Group”) company.
- (5) The Company shall engage in constructive dialogue with stakeholders in order to contribute to the sustainable growth and the enhancement of corporate value over the medium and long term.

Promoting Group Management

The Company, as a holding company, fulfills the roles of deciding on the Group’s strategy, appropriately allocating the Group’s business resources and formulating capital strategies. Along with this, the Company shall strive to establish a Group business management system through such means as rigorously enforcing Group-wide risk-return management by accurately grasping the business risks borne by its five directly owned subsidiaries: the Group’s three life insurance companies, as well as T&D Asset Management and Pet & Family Small-amount Short-term Insurance.

The directly owned subsidiaries, with their own unique business strategies, aim to expand the Group’s corporate value by maximizing their uniqueness and specialization

through determining marketing strategies and operating businesses in line with their strengths.

In this way, the Group is promoting group management by clarifying the respective roles and responsibilities of the Company and its directly owned subsidiaries.

Corporate Governance System

The Company shall make decisions on important business matters and oversee the execution of business through its Board of Directors. The Company is a “Company with Board of Auditors.” Accordingly, the Company shall audit the performance of directors’ duties through its Audit & Supervisory Board and audit & supervisory board members, which are independent of the Board of Directors.

In addition, the Company has introduced an executive officer system for the purpose of bolstering its business execution capabilities. By sharply delineating responsibilities for oversight and execution, the Company shall strengthen the governance function of the Board of Directors.

Furthermore, the Company shall establish a Nomination and Compensation Committee as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment and compensation of directors and audit & supervisory board members, among other related issues, as well as for ensuring the transparency of management and enhancing accountability.

Roles and Responsibilities of the Board of Directors

The Board of Directors shall make decisions on important business matters and oversee the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company’s relevant rules.

The Company’s Board of Directors has entrusted all authority related to the execution of business, other than matters stipulated in the preceding paragraph, to the representative director and president. Furthermore, the representative director and president delegates authority related to the execution of business to executive officers in charge of business operations for the purpose of separating oversight functions and business execution functions. This framework is designed to facilitate decision-making for business execution matters.

Composition of the Board of Directors

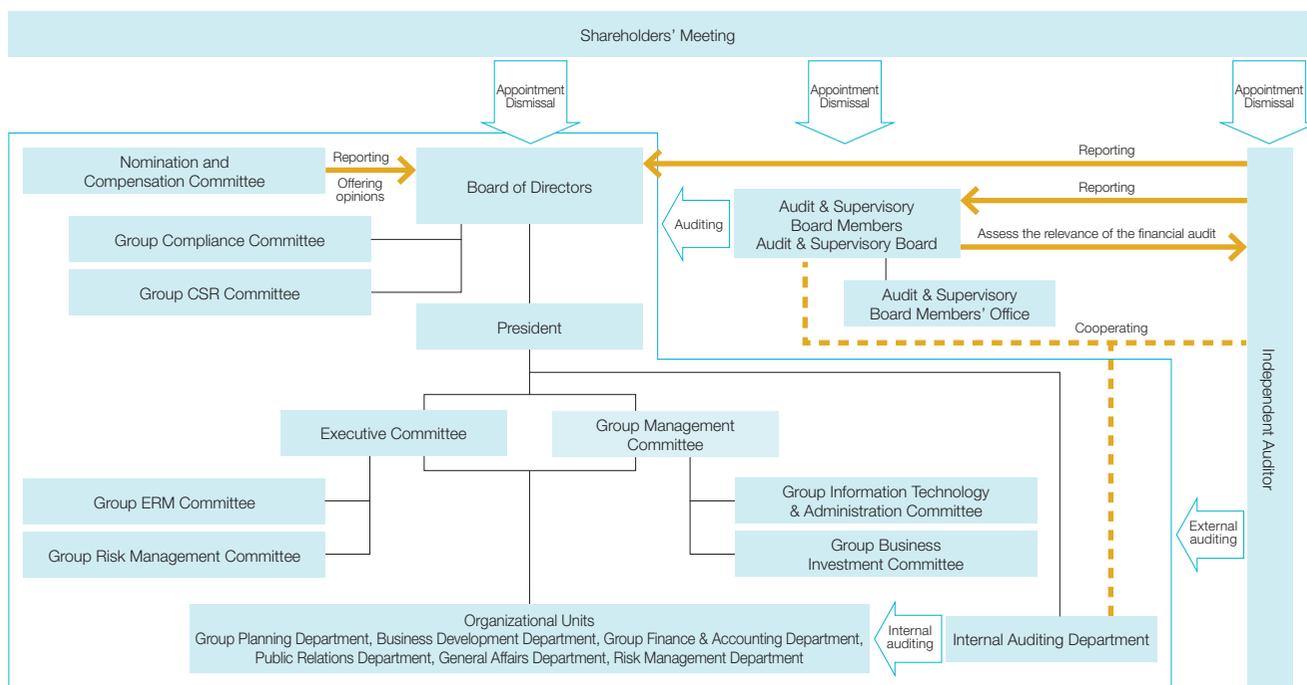
The number of directors shall be no more than 12 as stipulated by the Articles of Incorporation. The Board of Directors shall be made up of individuals representing a balance of knowledge, experience and skills, and having diverse backgrounds as befitting the expansive range of business domains in the life insurance business.

Moreover, the Company shall appoint two or more directors who concurrently serve at the Company and its directly owned subsidiaries, including the presidents of the three life insurance

companies. This shall be done from the standpoint of facilitating adequate communication and rapid decision-making within the Group, along with bolstering Group-wide governance.

Furthermore, the Company shall appoint two or more outside directors to appropriately reflect the opinions of individuals with extensive experience and knowledge in their capacity as outside corporate managers, legal experts and so forth in the Group's management policies and development of internal controls and other systems as well as in the oversight of the execution of business.

Corporate Governance Framework



(1) Shareholders' Meeting

The Shareholders' Meeting is the highest decision-making entity of the Company. At the meeting, reports are made on the Group's business and consolidated/non-consolidated financial statements, and resolutions are made on important issues, which are stipulated in laws and ordinances and the Articles of Incorporation, such as the appropriation of retained earnings and election of officers. The Ordinary General Meeting of Shareholders is held once a year.

(2) Board of Directors

The Board of Directors makes resolutions on important issues related to the business execution of the Company, and oversees the performance of directors and executive officers.

(3) Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board members audit the performance of duties by directors, and give proposals, advice, and suggestions to directors and the Board of Directors to ensure the sound management of the Company.

The Audit & Supervisory Board reports on important issues regarding audits performed by each Audit & Supervisory Board member, which are then deliberated and resolved.

(4) Executive Committee

The Executive Committee consists of the chairman, president, vice president and executive officers. The Executive Committee discusses important issues such as strategies related to the business management of the Group.

(5) Group Management Committee

The Group Management Committee consists of members including the president of the Company and the presidents of the three life insurance companies. The Group Management Committee discusses important issues such as the Group's cross-sectional strategies.

(6) Committees

Committees discuss the strategies and matters of the Company or those common to the Group.

Effectiveness Evaluation of the Board of Directors

The Company conducts an annual performance review of the Board of Directors as a whole, based on the self-evaluations of individual directors. The performance review examines whether the Board of Directors is functioning appropriately and producing results, and how the Board of Directors is contributing to increasing the Company's corporate value over the medium- to long-term.

Looking at the effectiveness of the Board of Directors as a whole in fiscal 2015, the Company conducted an analysis and evaluation of its Board of Directors based primarily on self-evaluations of individual directors and Audit & Supervisory Board members, as well as interviews with these individuals.

We have determined the entire Board of Directors is functioning properly overall and that the Board of Directors' effectiveness is ensured.

Furthermore, improvements have been made on most of the matters identified as issues in the evaluation undertaken in fiscal 2014 (including making the content of proposals easier to understand and distributing materials at an earlier stage).

However, the Company recognizes that improvements are still needed on developing a structure that supports the revitalization of the Board of Directors. For example, the Company will need to look at developing an environment in which more substantive discussions are conducted by improving how proposals are put forward, how the proposals are explained, and how materials are prepared, among other priorities.

Based on this effectiveness evaluation and other activities, we will continue aiming to further improve the supervisory functions and decision-making process of the Board of Directors.

Risk Management

In light of the important social role played by its life insurance business, the Group considers the accurate assessment and control of risk to be one of the top management priorities for ensuring sound and appropriate management. Under the supervision of the Company, each Group company carries out appropriate risk management based on the principle of self-responsibility.

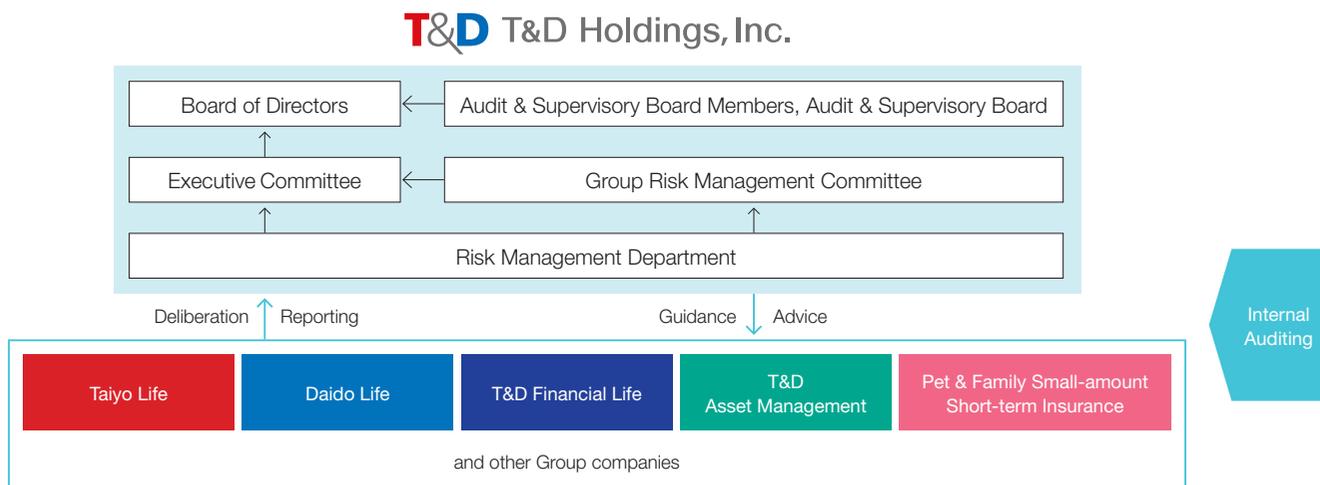
Furthermore, the Group conducts integrated risk management through such means as utilizing risk management indicators based on economic value, which values assets and liabilities on a mark-to-market basis.

Basic Policy on Risk Management and the Risk Management System

The Group has established a Group Risk Management Policy that sets forth the basic concepts for managing risk within the Group. Based on this policy, the Group companies, including the three life insurance companies, have developed their risk management systems which include their affiliates.

The Company has established the Group Risk Management Committee as a subordinate body of the Executive Committee to supervise the risks within the Group. The Group Risk Management Committee grasps and manages the condition of each Group company's various risks by receiving reports based on unified risk management indicators regularly or on an as-needed basis from the Group companies including the three life insurance companies. Meetings of the Group Risk Management Committee are held once a month in principle. In addition, the Company reports the risk condition of

Risk Management Framework



each Group company to the Board of Directors and on an as-needed basis, provides guidance and advice to the Group companies including the three life insurance companies. This not only ensures that each of the companies conducts thorough risk management but also strengthens Group-wide risk management.

Compliance

› Basic Compliance Policies

The Group has formulated the T&D Life Group CSR Charter, the T&D Life Group Compliance Code of Conduct, and the T&D Life Group Basic Policy for Strengthening the Compliance Structure. The Group ensures that corporate officers and employees are conversant with these basic compliance policies and standards to promote rigorous Group-wide compliance efforts.

› Compliance Promotion System

The Company is responsible for comprehensively promoting compliance throughout the Group, taking into account the business scale and special characteristics of the three insurance companies and other Group companies.

The compliance promotion system centers on the Group Compliance Committee, a subordinate body of the Board of Directors. The committee is responsible for monitoring and improving compliance activities throughout the Group. Chaired by the president and comprising all executive officers with responsibility for business execution, the committee deliberates on various compliance-related issues, and ensures that measures in line with those decisions are thoroughly implemented. Meetings of the Group Compliance Committee are held once a quarter in principle.

The unit responsible for comprehensively implementing compliance promotion activities is the Risk Management Department, which works with the compliance departments of each of the life insurance companies, while conducting periodic monitoring and providing guidance and assistance. Compliance promotion systems at the three life insurance companies are centered on the compliance committees and departments of each company.

› Compliance Implementation

By implementing measures based on the basic policies and paying due consideration to the business scale and special characteristics of each Group company, the Group strives to ensure employee consciousness of compliance issues. For example, each Group company has established a Compliance Program to serve as a plan for ensuring strict compliance performance among all directors and employees. Moreover, the Group has created Compliance Guidelines to provide concrete explanations of how to thoroughly implement compliance regulations in the course of business operations.

• Internal Reporting System

Within the T&D Life Group, each of the Group's three life insurance companies and other Group companies previously operated their own internal reporting systems. In April 2005, however, the T&D Life Group Helpline was established for use by all corporate officers and employees in the Group. Ahead of the Whistleblower Protection Act of April 2006, this system means that rules applied to the T&D Life Group Helpline include the stipulation that whistleblowers will not suffer any disadvantageous treatment as a result of using the system to submit information relating to suspected compliance violations, and that rules have been made about paying attention to handling information. As a result, compliance-related reports can also be submitted anonymously by phone or online through an external independent company to help preserve anonymity, thereby enhancing the effectiveness of the system. Going forward, the T&D Life Group is committed to promoting greater compliance through the use of this internal reporting system.

• Initiatives to Protect Personal Information

In complying with the Act on the Protection of Personal Information, the Company manages critical information security for personal data in particular, and monitors mechanisms for securely handling information across the T&D Life Group. As specific Group measures to protect personal information, the Company has put organizations and managers in charge of advancing the protection of personal information at the three life insurance companies, updated rules and manuals for protecting personal information, created and published the Privacy Policy for Personal Information Protection, and implemented training for employees about the protection of personal information.

Accountability

The Company works to disclose information in line with the basic concept of striving to increase the transparency of management by appropriately disclosing corporate information, including appropriate financial information and non-financial information regarding management strategies, management priorities and other matters.

In specific terms, the Company strives to provide easy-to-understand disclosure based on its core disclosure principles of timeliness, fairness and accuracy in order to maintain and reinforce trust among all of its stakeholders, including customers, shareholders, employees, insurance agents, business partners, and local communities, and to increase the level of transparency in its corporate governance.

In releasing information, the Company strives to disclose information to as many people as possible using various media.

Furthermore, the Company is actively engaged in IR activities based on its IR policy (see page 168), while ensuring that briefings are provided by members of senior management, in principle.

Basic Policy for Responding to Antisocial Powers

In its Group Compliance Code of Conduct, the T&D Life Group defines its policy toward antisocial powers as to “reject and stringently respond to any antisocial powers that threaten the order and safety of civil society.” In accordance with this policy, the T&D Life Group responds to antisocial powers in the following manner, and has announced this on the T&D Holdings’ website.

1. Respond as an Organization

When antisocial powers make threats or demands, the Company responds as a unified organization, rather than delegating this responsibility to the related personnel or divisions. Further, the Company takes steps to ensure the safety of the corporate officers and employees responsible for dealing with such threats or demands.

2. Cooperate with External Experts

The Company maintains close contact with external organizations, such as the police, the National Center for the Removal of Criminal Organizations, and lawyers, to protect itself against the threats or demands of antisocial powers.

3. Avoid Contact

The Company avoids making any contact with antisocial powers and does not conduct any transactions with these powers. Also, the Company does not cooperate with threats or demands from antisocial powers. The same avoidance of contact, transactions, or cooperation with antisocial powers applies to loans and other transactions conducted in alliance with other companies, such as credit sales firms.

4. Take Legal Action

When necessary, the Company will take legal action in response to threats or demands from antisocial powers, including bringing civil and criminal charges against these powers.

5. Forbid Illegal Transactions and Provision of Funds

Even in the event that the threats or demands of antisocial powers are in response to misdeeds in the Company’s business operations or by its corporate officers or employees, the Company will not engage in illegal transactions with these powers to conceal this fact. Further, the Company will not provide funds to antisocial powers.

Corporate Governance Data

> Total Compensation Paid to Directors and Audit & Supervisory Board Members (Fiscal 2015)

Category	Monthly compensation		Reserve for bonuses		Stock compensation-type stock options		Compensation total	
	Number receiving compensation	Amount (¥ millions)	Number receiving compensation	Amount (¥ millions)	Number receiving compensation	Amount (¥ millions)	Number receiving compensation	Amount (¥ millions)
Directors	12	¥198	6	¥65	6	¥57	12	¥321
(Outside appointees)	(2)	(18)	(0)	(-)	(0)	(-)	(2)	(18)
Audit & Supervisory Board members	4	74	0	-	0	-	4	74
(Outside appointees)	(2)	(18)	(0)	(-)	(0)	(-)	(2)	(18)
Total	16	¥272	6	¥65	6	¥57	16	¥395

1. The annual compensation limit established at a shareholders' meeting is ¥500 million for directors and ¥130 million for Audit & Supervisory Board members. Bonuses are included in the amount for directors. In addition, the annual compensation limit for stock compensation-type stock options (stock acquisition rights) for directors is ¥100 million, established separately from the above annual compensation limit for directors (excluding outside directors).

2. The abovementioned payments include one director who stepped down from their posts as of the close of the eleventh Ordinary General Meeting of Shareholders held on June 25, 2015. As of March 31, 2016, the Group had eleven directors and four Audit & Supervisory Board members.

> Information Related to the Independent Financial Auditor (Fiscal 2015)

Name	Ernst & Young ShinNihon LLC
Amount paid for statutory services ¹	¥207 million
Total remuneration to be paid by the Group to the independent financial auditor ²	¥429 million

1. Total amount of remuneration for audit attestation services pursuant to Article 2, Paragraph 1 of the Certified Public Accountants Act.

2. Total amount of remuneration and other financial profits to be paid by T&D Holdings and its subsidiaries.

> Holdings of the Directors and Audit & Supervisory Board Members

	June 28, 2016	June 25, 2015	June 26, 2014
President	21,909 shares	19,764 shares	15,753 shares
Other directors (average)	16,481 shares	13,061 shares	11,063 shares
Audit & Supervisory Board members (average)	5,570 shares	4,712 shares	3,888 shares

> Information Related to the Board of Directors, Audit & Supervisory Board, Executive Committee, and Group Management Committee (Fiscal 2015)

Name	Number of meetings	Attendance rate	Main members and attendees
Board of Directors	23	99.4%	Directors and Audit & Supervisory Board members
Audit & Supervisory Board	16	98.4%	Audit & Supervisory Board members
Executive Committee	56	98.3%	Chairman, president, vice president and executive officers
Group Management Committee	16	98.5%	President, presidents of the three life insurance companies, etc.

> Existence of Policy or System

Item	Yes/No	Comments
Executive officer system	Yes	
Framework for setting directors' compensation	Yes	Disclosed in business report, "YUHO Report," and other financial documents
Director/Audit & Supervisory Board member share ownership	Yes	
Stock option system	Yes	
Liability limitation contract for outside directors and outside Audit & Supervisory Board members	Yes	
Liability limitation contract for the independent auditor	No	
Hostile takeover protection plan	No	
Basic code of ethics	Yes	T&D Life Group CSR Charter
Basic corporate ethics policy	Yes	T&D Life Group Compliance Code of Conduct

Management Organization

Board of Directors (As of June 28, 2016)



Representative Director and Chairman

KENJI NAKAGOME Born 1954

- Apr. 1976 Joined Taiyo Life
- Mar. 2001 General Manager of General Affairs Department
- Jul. 2001 Director of Taiyo Life
- Jun. 2003 Managing Director of Taiyo Life
- Apr. 2004 Managing Director of T&D Holdings
- Jun. 2006 Director and Managing Executive Officer of Taiyo Life, Director and Managing Executive Officer of T&D Holdings
- Apr. 2007 Director and Senior Executive Officer of Taiyo Life, Director and Senior Executive Officer of T&D Holdings
- Jun. 2008 Representative Director and Senior Managing Executive Officer of Taiyo Life
- Jun. 2009 Director of T&D Holdings, Representative Director and President of Taiyo Life
- Apr. 2011 Representative Director and President of T&D Holdings
- Apr. 2015 Representative Director and Chairman of T&D Holdings (current)



Representative Director and President

TETSUHIRO KIDA Born 1953

- Apr. 1976 Joined Daido Life
- Mar. 1999 General Manager of Planning Department
- Jul. 2000 Director of Daido Life
- Apr. 2003 Managing Director of Daido Life
- Jun. 2006 Managing Executive Officer of Daido Life
- Apr. 2007 Director of T&D Financial Life, Director of T&D Asset Management, Managing Executive Officer of T&D Holdings
- Jun. 2007 Director and Managing Executive Officer of T&D Holdings
- Apr. 2008 Director and Senior Managing Executive Officer of T&D Holdings
- Apr. 2010 Representative Director and President of Daido Life, Director of T&D Holdings
- Apr. 2015 Representative Director and Chairman of Daido Life (current), Representative Director and President of T&D Holdings (current)



Director and Executive Vice President (Group Planning Department, Business Development Department)

SONOSUKE USUI Born 1953

- Apr. 1976 Joined Daido Life
- Sep. 1996 General Manager of Separate Account Investment Department
- Jul. 2000 Director of Daido Life
- Jul. 2001 Representative Director and President of T&D Taiyo Daido Asset Management
- Jul. 2002 Representative Director and President of T&D Asset Management
- Apr. 2008 Senior Managing Executive Officer of T&D Financial Life
- Jun. 2008 Representative Director and Senior Managing Executive Officer of T&D Financial Life
- Jun. 2009 Director of T&D Asset Management (current)
- Apr. 2010 Director of T&D Financial Life (current), Senior Managing Executive Officer of T&D Holdings
- Jun. 2010 Director of Daido Life (current), Director and Senior Managing Executive Officer of T&D Holdings
- Apr. 2011 Director and Executive Vice President of T&D Holdings
- Jun. 2013 Representative Director and Executive Vice President of T&D Holdings
- Apr. 2015 Director and Executive Vice President of T&D Holdings (current)



Director and Senior Managing Executive Officer (General Affairs Department, Internal Auditing Department)

TERUNORI YOKOYAMA Born 1954

- Apr. 1977 Joined Taiyo Life
- Jul. 2003 General Manager of General Planning Department
- Apr. 2004 General Manager of Group Planning Department of T&D Holdings
- Jun. 2006 Executive Officer and General Manager of Group Planning Department of T&D Holdings
- Apr. 2007 Managing Executive Officer and Marketing Executive General Manager of Taiyo Life
- Jun. 2007 Director and Managing Executive Officer and Marketing Executive General Manager of Taiyo Life
- Feb. 2008 Director and Managing Executive Officer of Taiyo Life
- Jun. 2009 Managing Executive Officer of T&D Holdings, Director and Managing Executive Officer of T&D Holdings
- Apr. 2014 Director and Senior Managing Executive Officer of Taiyo Life (current), Director and Senior Managing Executive Officer of T&D Holdings (current)



Director and Senior Managing Executive Officer (Risk Management Department)

KOUCIHI SEIKE Born 1956

- Apr. 1980 Joined Daido Life
- Apr. 2003 General Manager of Profit Management and Actuarial Department of Daido Life
- Jun. 2006 Executive Officer of Daido Life
- Apr. 2010 Managing Executive Officer of Daido Life
- Jun. 2011 Director and Managing Executive Officer of Daido Life
- Apr. 2014 Managing Executive Officer of T&D Holdings
- Jun. 2014 Director and Managing Executive Officer of T&D Holdings
- Apr. 2016 Director and Senior Managing Executive Officer of Daido Life (current), Director and Senior Managing Executive Officer of T&D Holdings (current)



Director and Managing Executive Officer (Group Finance & Accounting Department, Public Relations Department)

CHIKAHIRO TSUBOI Born 1957

- Apr. 1980 Joined Taiyo Life
- Mar. 2009 General Manager of Securities Investment Department of Taiyo Life
- Apr. 2010 Executive Officer of Taiyo Life
- Jun. 2010 Director and Executive Officer of Taiyo Life
- Oct. 2011 Audit & Supervisory Board Member of T&D Asset Management
- Apr. 2014 Director and Managing Executive Officer of Taiyo Life
- Apr. 2015 Managing Executive Officer of T&D Holdings
- Jun. 2016 Director of T&D Financial Life (current), Director of T&D Asset Management (current), Director and Managing Executive Officer of T&D Holdings (current)



Director

RYUJI HORI* Born 1943

Apr. 1966 Joined Iwai Sangyo Company
 Jun. 1996 Director of Nissho Iwai Corporation
 Jun. 2000 Managing Director of Nissho Iwai Corporation
 Jun. 2002 Senior Managing Executive Officer of Nissho Iwai Corporation
 Apr. 2003 Professor of Waseda University School of Law
 Apr. 2004 Professor of Waseda Law School

Jun. 2006 Corporate Auditor of Daido Life
 Jun. 2010 Director of Daido Life
 Jun. 2012 Director of T&D Holdings (current)

* Mr. Hori is an outside director as provided for in the Japanese Companies Act.



Director

HARUKA MATSUYAMA* Born 1967

Apr. 1995 Assistant Judge to the Tokyo District Court
 Jul. 2000 Registered as an Attorney
 Jun. 2013 Director of T&D Holdings (current)

* Ms. Matsuyama is an outside director as provided for in the Japanese Companies Act.



Director

KATSUhide TANAKA Born 1954

Apr. 1977 Joined Taiyo Life
 Sep. 2000 General Manager of Policy Service, Conservation and Premium Receipts Department
 Jul. 2001 Director of Taiyo Life
 Mar. 2004 Managing Director of Taiyo Life
 Jun. 2006 Director and Managing Executive Officer of Taiyo Life
 Apr. 2007 Director and Senior Managing Executive Officer of Taiyo Life
 May 2007 Director and Senior Managing Executive Officer and Customer Service Executive General Manager of Taiyo Life

Feb. 2008 Director and Senior Managing Executive Officer and Marketing Executive General Manager of Taiyo Life
 Jun. 2008 Representative Director and Senior Managing Executive Officer and Marketing Executive General Manager of Taiyo Life
 Jun. 2009 Representative Director and Executive Vice President and Marketing Executive General Manager of Taiyo Life
 Apr. 2011 Representative Director and President of Taiyo Life (current)
 Jun. 2011 Director of T&D Holdings (current)



Director

MINORU KUDO Born 1955

Apr. 1978 Joined Daido Life
 Apr. 2005 General Manager of General Marketing Department
 Jun. 2005 Director of Daido Life
 Jun. 2006 Executive Officer of Daido Life
 Apr. 2008 Managing Executive Officer of Daido Life
 Jun. 2009 Director and Managing Executive Officer of Daido Life

Apr. 2011 Director and Senior Managing Executive Officer of Daido Life
 Apr. 2014 Representative Director and Executive Vice President of Daido Life
 Apr. 2015 Representative Director and President of Daido Life (current)
 Jun. 2015 Director of T&D Holdings (current)



Director

KAZUYOSHI SHIMADA Born 1953

Apr. 1976 Joined Daido Life
 Jan. 2001 General Manager of Reorganization Planning Department
 Jul. 2002 Director of T&D Financial Life
 Aug. 2002 Director and General Manager of New Business Development Department of T&D Financial Life
 Feb. 2003 Director and General Manager of Business Development Department of T&D Financial Life
 Apr. 2005 Director of T&D Financial Life
 Jun. 2006 Executive Officer of T&D Financial Life

Apr. 2007 Managing Executive Officer of T&D Financial Life
 Jun. 2007 Director and Managing Executive Officer of T&D Financial Life
 Apr. 2010 Director of T&D Asset Management
 Apr. 2011 Representative Director and Managing Executive Officer of T&D Financial Life
 Jun. 2011 Representative Director and President of T&D Financial Life (current), Director of T&D Holdings (current)

Audit & Supervisory Board Members (As of June 28, 2016)



Audit & Supervisory Board Member

AKIMASA YOKOKAWA Born 1955

- Apr. 1978 Joined Taiyo Life
- Mar. 2001 General Manager of Securities Investment Department
- Jun. 2003 Director of Taiyo Life
- Jun. 2006 Executive Officer of Taiyo Life
- Jun. 2008 Director and Executive Officer of Taiyo Life
- Jun. 2009 Executive Officer of Taiyo Life
- Oct. 2011 Audit & Supervisory Board Member of Taiyo Life (current)
- Jun. 2013 Audit & Supervisory Board Member of T&D Financial Life, Audit & Supervisory Board Member of T&D Holdings (current)



Audit & Supervisory Board Member

TAKASHI SHIMODA Born 1957

- Apr. 1979 Joined Daido Life
- Apr. 2005 General Manager, Public Relations Department of T&D Holdings
- Apr. 2009 General Manager, Auditing Department of Daido Life
- Mar. 2014 Audit & Supervisory Board Member of Daido Life (current)
- Jun. 2014 Audit & Supervisory Board Member of T&D Holdings (current)



Audit & Supervisory Board Member

SHIGEKAZU IWAI* Born 1945

- Apr. 1972 Registered as an Attorney
- Apr. 1991 Vice President of the Tokyo Bar Association
- Apr. 2004 President of the Tokyo Bar Association, Vice President of the Japan Federation of Bar Associations
- Jun. 2012 Audit & Supervisory Board Member of Daido Life (current), Audit & Supervisory Board Member of T&D Holdings (current)
- * Mr. Iwai is an outside Audit & Supervisory Board member as provided for in the Japanese Companies Act.



Audit & Supervisory Board Member

YUICHI OZAWA* Born 1943

- Apr. 1969 Registered as an Attorney
- May 1985 Organizer, Commercial Law Subcommittee of the Legislative Council of the Ministry of Justice
- Apr. 1991 Professor of Legal Training and Research Institute, Supreme Court of Japan (Defense of Civil Cases)
- Jan. 1998 Member of National Bar Examination Committee (Commercial Law)
- Jun. 2007 Audit & Supervisory Board Member of Taiyo Life
- Jun. 2013 Audit & Supervisory Board Member of T&D Holdings (current)
- * Mr. Ozawa is an outside Audit & Supervisory Board member as provided for in the Japanese Companies Act.

Strengthening the Platform for Driving Sustainable Growth of the T&D Life Group's CSR

T&D Life Group CSR Philosophy	58
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Together with Society Fiscal 2015 Activity Report	67
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T&D Life Group CSR Philosophy

We will contribute to people and societies by creating value through our activities to address social issues.

T&D Life Group's Corporate Philosophy

With our "Try & Discover" motto for creating value, we aim to be a group that contributes to all people and societies.

Group CSR Charter

(Preamble)

The T&D Life Group is firmly committed to fulfilling the public mission of life insurance and other businesses and to undertaking its corporate social responsibilities based on its management philosophy and by achieving sustainable growth along with society.

Our Priority Areas (2016)



**Providing Better
Products and Services**



**Respect for
Human Rights**



**Global Environmental
Protection**

We have selected three priority areas from among those areas material to an expansive range of stakeholders and those areas material to our corporate philosophy and growth.

We are implementing activities targeting each priority area.

CSR Promotion Framework

CSR Promotion Framework

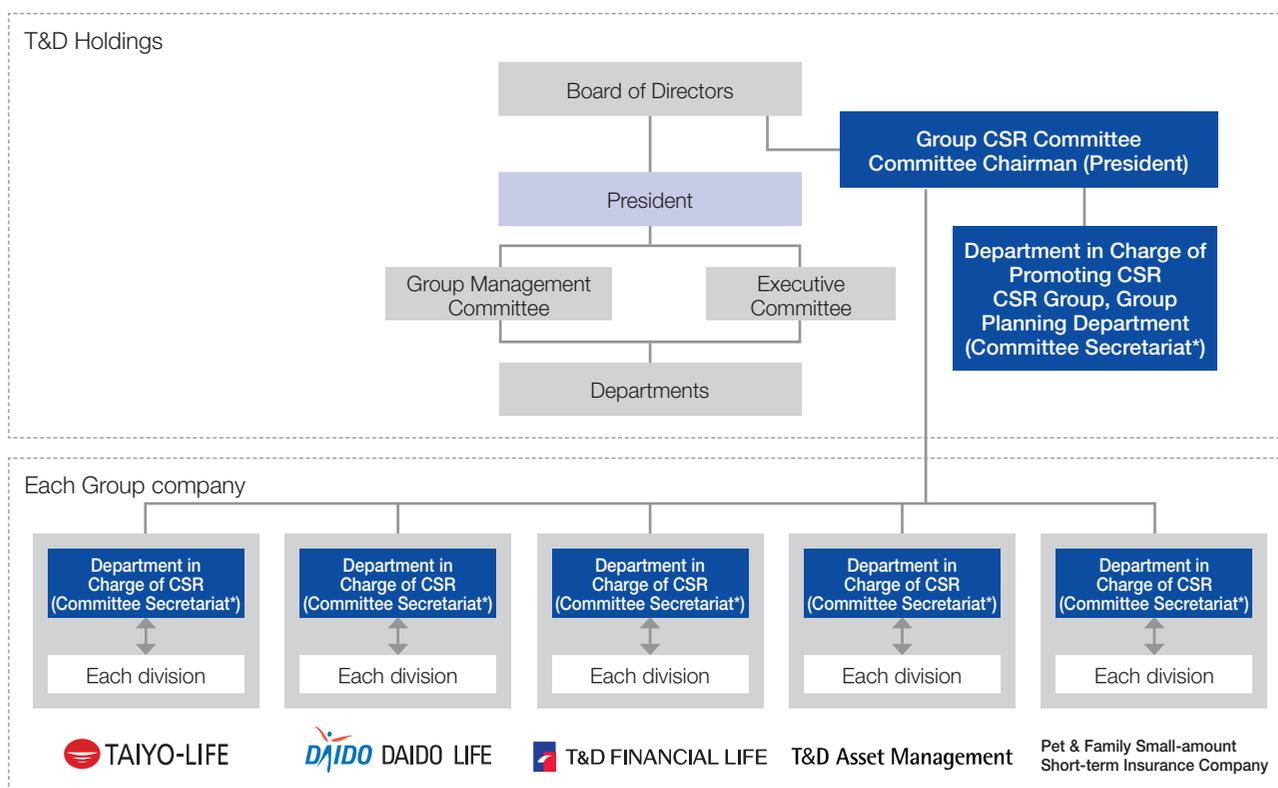
The T&D Life Group has established the Group CSR Committee, whose main members are the directors in charge of CSR at each Group company. Under this committee, we are pushing ahead with CSR activities.

● Group CSR Committee

The Group CSR Committee has been established under the Board of Directors to serve as the cornerstone for promoting the Group's CSR activities. The committee formulates basic policies for the Group's CSR activities and selects important priority areas, along with drawing up annual plans and regularly confirming the implementation status of those plans. The committee is chaired by the President of T&D Holdings (Representative Director and Chairman of the Board of Directors), and vice-chaired by the executive officer in charge of the Group Planning Department. In fiscal 2015, meetings of the committee were held five times. Issues discussed/considered and information shared have been reported to the Board of Directors.

The department in charge of CSR of T&D Holdings and each Group company comprises the Group CSR Committee Secretariat. The Secretariat promotes CSR activities by sharing information on the CSR activities of each Group company, in conjunction with assisting with the management and activities of the Group CSR Committee.

<< The T&D Life Group's CSR Promotion Framework (as of March 31, 2016) >>



* Committee Secretariat = Group CSR Committee Secretariat

Management Approach

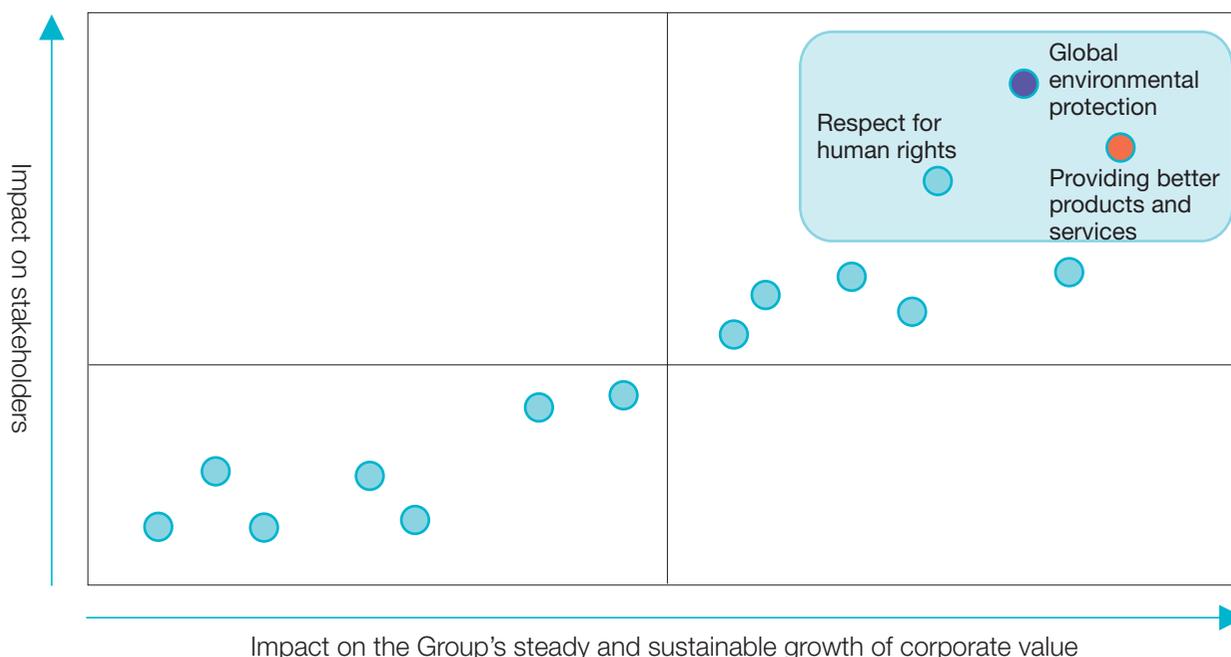
T&D Holdings is promoting activities for each of the core subjects and themes of ISO 26000, through the meeting structure shown in the table below.

Core Subjects and Themes of ISO 26000		Meeting Structure (Chairperson)
Organizational governance	Organizational governance	Executive Committee (President of T&D Holdings) Group Management Committee (President of T&D Holdings)
Human rights	Due diligence, human rights risk situations, avoidance of complicity, discrimination and vulnerable groups	Group Compliance Committee (President of T&D Holdings)
Labor practices	Employment and employment relationships, conditions of work and social protection, social dialog, health and safety at work, human development and training in the workplace	Human Resources Strategy Council (Executive officer in charge of personnel at T&D Holdings)
The environment	Prevention of pollution, sustainable resource use, climate change mitigation and adaptation, protection of the environment, biodiversity and restoration of natural habitats	Group CSR Committee (President of T&D Holdings)
Fair operating practices	Anti-corruption, responsible political involvement, fair competition, respect for property rights	Group Compliance Committee (President of T&D Holdings)
	Social responsibility in the value chain	Group Risk Management Committee (Executive officer in charge of risk at T&D Holdings)
Consumer issues	Consumer service, support, and complaint and dispute resolution, education and awareness	Customer service department and product development department of each major group company
	Consumer data protection and privacy	Group Risk Management Committee (Executive officer in charge of risk at T&D Holdings)
Community involvement and development	Community involvement	Group CSR Committee (President of T&D Holdings)

CSR Priority Areas

CSR Priority Areas

The T&D Life Group has identified CSR priority areas from the various fields of CSR activity related to its business activities that should be prioritized from both the magnitude of the impact on stakeholders and the steady and sustainable improvement of the Group's corporate value, as outlined below. In FY2016, the Group has selected "Providing Better Products and Services," "Respect for Human Rights" and "Global Environmental Protection" as its priority areas to promote the Group's CSR activities.



● Process for Selecting Priority Areas



Priority Area (1) Providing Better Products and Services

Basic Concept

The T&D Life Group has positioned “1. Providing Better Products and Services” as the first principle of the T&D Life Group CSR Charter. The Group clearly states its commitment to fulfilling its responsibilities to society through the life insurance business by offering well-suited and high-quality products and services that meet customer needs. We believe that the most fundamental social responsibility the Group must fulfill is to offer products and services that address the constantly changing needs of society and customers due to the ongoing aging of society and low birth rate.

Offering products and services that address social needs

● Examples of Taiyo Life’s Products and Services

<< New Products That Preempt the Changes of the Times >>

As the aging of society continues, problems such as an increase in patients suffering from dementia and people leaving their jobs to care for family members with this disorder are becoming an ever more familiar part of everyday life. In addition, it is becoming increasingly apparent that conditions such as bone fractures due to osteoporosis, which is common among elderly women, and the onset of lifestyle diseases, which has been increasing in line with aging, have a high risk of requiring nursing care in the future. In light of these circumstances, Taiyo Life has developed *Himawari Dementia Treatment Insurance*, which enables all customers, even elderly customers with health concerns, to enroll by submitting only a simple notification—a first for the Japanese life insurance industry. In this manner, Taiyo Life provides insurance protection to intensively cover the risk factors of particular concern to elderly customers.



● Examples of Daido Life’s Products and Services

<< A Full Range of Support for the Burden of Nursing Care >>

In October 2015, Daido Life launched *Shunyu Relief* to protect against loss of income when a business owner or sole proprietor requires long-term care, and *Kaigo Relief* to cover nursing care costs. Both of these products are offered together with *Kaigo Concierge*, a free-of-charge service where care managers and other nursing care professionals provide guidance on how to use Japan’s public long-term insurance system, referrals to nursing care facilities according to customers’ preferences, arrangement of tours of nursing care facilities and nursing care-related consulting. In these ways, Daido Life is providing a full range of support for nursing care, encompassing solutions to relieve not only the financial burden, but also the physical and psychological burden.



● **Examples of T&D Financial Life's Products and Services**

<< **Unique Products from the Customer's Viewpoint** >>

T&D Financial Life develops unique products that are differentiated from those of other companies and supplies these products in a timely manner through insurance agents. In fiscal 2015, T&D Financial Life developed the “regular payment rider,” enabling customers to regularly receive payments of a portion of the policy amount of the *Shogai Premium* series, which provides for death protection and funding for post-retirement living expenses. The company also developed *Kazoku Wo Tsunagu Shushinhoken*, which is a whole life insurance product that specializes in death protection and addresses the wide range of asset formation needs of customers, and *Hataraku Anata Ni Yasashii Hoken*, which provides living benefits covering living expenses for a certain period of time for prescribed conditions with respect to three major diseases (cancer, acute myocardial infarction, or cerebral stroke). In fiscal 2016, T&D Financial Life will further enhance the insurance protection of its products.



● **Examples of T&D Asset Management's Products and Services**

<< **Products that Contribute to the Formation of a Sustainable Society** >>

T&D Asset Management has established and manages the Japanese Equity ESG Research Fund. The fund selectively invests in companies with an outstanding ESG (Environmental, Social and Governance) performance based on ESG research which seeks to generate investment returns that outperform the medium- to long-term market average while contributing to the formation of a sustainable society by investing in companies which contribute to the reduction of environmental impact and the achievement of a sound society.



● **Examples of the Products and Services of Pet & Family**
Small-amount Short-term Insurance

<< **Insurance Protection for Precious “Family Members”** >>

In response to growing interest in veterinary care and needs related to its costs, Pet & Family Small-amount Short-term Insurance provides *Genki Number One* and *Genki Number One Slim*, products that compensate for a portion of the costs of treatments for pets at veterinary clinics due to illness or injury. These products help to ensure that pet owners can obtain veterinary treatment for their pets with peace of mind.



Priority Area (2) Respect for Human Rights

Basic Concept

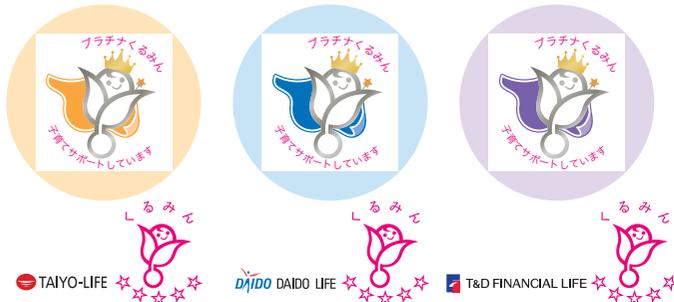
The T&D Life Group has positioned “3. Respect for Human Rights” as a key principle of the Group CSR Charter. The Charter clearly states that the T&D Life Group will respect human rights, and make efforts to enlighten all its employees on human rights; the T&D Life Group will respect the individuality of all its employees, ensure a safe and rewarding work environment, and develop its human resources; and the T&D Life Group will respect privacy and strictly control and protect personal information.

Moreover, the T&D Life Group has advanced efforts to nurture a corporate culture where diverse human resources can feel job satisfaction and reach their potential. Each Group company has revised its personnel and compensation systems, introduced work-life balance support programs and formulated action plans for promoting the active participation of women.

The implementation of the two pillars of the initiatives for promoting work-life balance and for promoting the active participation of women, are beginning to bear fruit in many different forms.

2015

All three of the Group’s life insurance companies obtained the “Platinum Kurumin” mark as being companies that support the raising of children
The Group’s three life insurance companies received certification as specially certified companies meeting the criteria of the Act on Advancement of Measures to Support Raising Next-Generation Children.

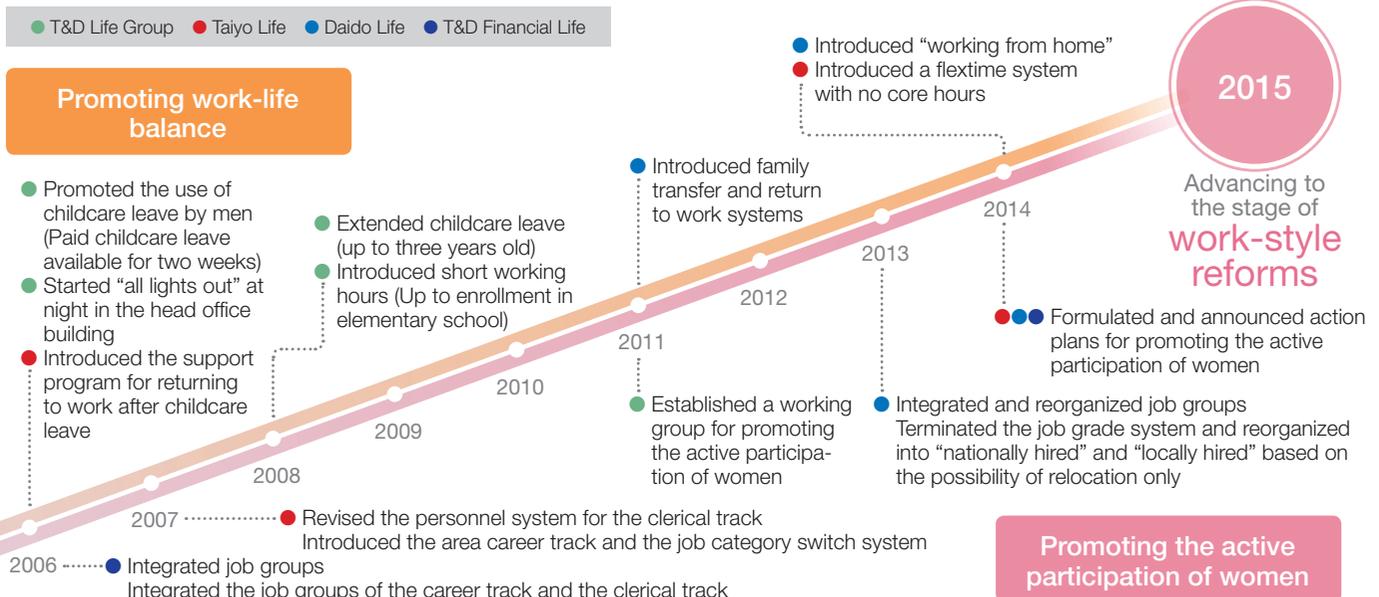


Received the Ikumen Company Award 2015 from the Ministry of Health, Labour and Welfare (Daido Life)

Daido Life received the Ikumen Company Award 2015 in recognition of its efforts as a company to improve operations by proactively encouraging men to balance child-raising and work.



Key measures of the Group and three life insurance companies



The T&D Life Group has disclosed action plans for promoting the active participation of women and targets for promoting female employees to management positions. The ratio of female managers has been steadily increasing.

Action Plan

[Initiatives]

- Implement systematic cultivation and promotion of female employees to management positions
- Enhance career development and work-life-balance support measures
- Transform the mindset of managers

Targets set for promoting female employees to management positions (Achievement deadline)

Ratio of female managers →

TAIYO-LIFE

Systematically cultivate and promote motivated and talented female employees

(April 2018)

More than **20%**

DAIDO DAIDO LIFE

Promote diverse work styles and support new challenges

(April 2020)

More than **15%**

T&D FINANCIAL LIFE

Become a company where female workers can work free from anxiety and reach their full potential

(April 2019)

More than **15%**

Double the 7% level in 2013

Ratio of female managers (Total of the three companies)



For the Job Satisfaction and Growth of Every Individual

T&D T&D Life Group

Expanding fields of activity through group personnel exchanges

People grow by tackling new work. Experiencing work at other Group companies brings new awareness and fosters growth.

● Number of exchanges

	2013	2014	2015
Number of participants	17	28	39
Men	3	8	18
Women	14	20	21

TAIYO-LIFE

Introducing the industry's highest levels of short- and long-term nursing care leave

Systems were revised to provide even greater support to employees supporting families.

● Key Revisions

Expansion of leave periods:

Long-term nursing care leave:

From one year to three years

Short-term nursing care leave:

From five days a year

(10 days when caring for two or more family members) to 30 days (April 2016)

* Administrative staff (excluding temporary staff)

DAIDO DAIDO LIFE

Use of telework to offer a more flexible workstyle

Today, over 200 employees use the working from home system introduced in 2014. Employees make use of it to reduce the burden of child and nursing care, and to improve work efficiency.

● In recognition of this effort, Daido Life was designated one of the "Top 100 Telework Pioneers" by the Ministry of Internal Affairs and Communications. (April 2016)



Priority Area (3) Global Environmental Protection

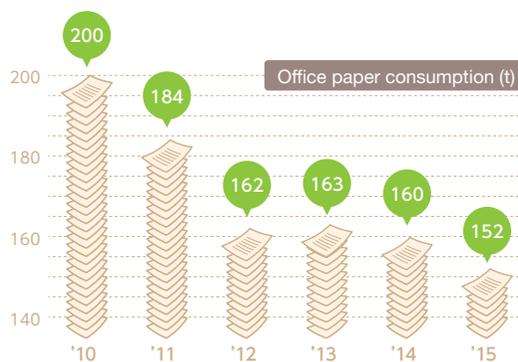
Basic Concept

The T&D Life Group has formulated the T&D Life Group Environmental Policy to clarify the Group’s stance on the environment. The Group has announced its basic policy to carry out business activities with full awareness of the importance of environmental concerns and giving sufficient consideration to global environmental protection. The Group has ensured to disseminate the policy to corporate officers and employees while promoting various activities to reduce its environmental impact. In addition, based on this policy, the Group has established Green Purchasing Standards and Rules which give priority to purchasing environment-friendly products and services such as purchasing office furniture, equipment and consumable supplies essential for business activities, printing of product pamphlets, policy terms and conditions and procurement of real estate facilities and system equipment.

Initiatives for Reducing Environmental Impact Based on Group-wide Targets

We have set Group-wide targets related to environmental protection, and are working to achieve these targets in the course of our daily business activities. The Group’s three targets are to reduce electric power use, reduce office paper use and improve the green purchasing ratio. In regard to our target for reducing office paper use, we achieved our five-year target from fiscal 2009, and are working to achieve a new five-year target from fiscal 2014.

Scope: Total for the head office divisions of T&D Holdings, Taiyo Life, Daido Life, T&D Financial Life, and T&D Asset Management



Together with Society Fiscal 2015 Activity Report

Nationwide Clean Campaign

Since 1982, Taiyo Life has carried out clean-up activities in the vicinity of its head office as part of its social contribution to local communities. Since 2004, these activities have been expanded as the Nationwide Clean Campaign, with branches across the country undertaking clean-up activities in their own local communities. Executives and employees from various T&D Life Group companies, as well as their family members, cooperated with clean-up activities in the Shiodome district*, where the Group's head office is located. In fiscal 2015, a total of around 8,600 people took part in community clean-up activities across Japan.

* Relocated to Tokyo's Nihonbashi area in December 2015.



Endowed open courses at universities

Daido Life has been endowing open courses at universities every year, beginning with the company's centenary celebrations in 2002. These courses provide managers of small- to medium-sized businesses and their successors, as well as local residents, with opportunities for acquiring knowledge and skills concerning management, business and other subjects. The courses have been attended by over 12,000 people in total over the past 14 years.

In fiscal 2015, courses were held at seven universities across Japan, including Japan Women's University. Asako Hirooka (a female industrialist in Japan's Meiji Period (1868–1912) who was one of the founders of Daido Life) was involved in the founding of Japan Women's University.



Supporting Sports for People with Disabilities

Daido Life has been a special sponsor of the National Sports Festival for People with Disabilities for over 20 years since the first National Sports Games for the Mentally Handicapped (Yuaipic) was held in 1992. In fiscal 2015, the Ki no Kuni Wakayama Festival, as this year's event was called, was attended by around 600 people who served as volunteers, including executives and employees of Daido Life together with members of their alliance partners, and executives and employees of Taiyo Life. Since January 2015, we have been undertaking initiatives to further spread and develop sports for people with disabilities in our capacity as an official partner of the Japanese Para-Sports Association.



Support for recovery from the Great East Japan Earthquake: Ishinomaki Marché (Ishinomaki Specialty Products Fair) in Shiodome

Taiyo Life invited the people of the Ishinomaki Genki Fukko Center and together with the neighborhood association of the Shiodome district, held the "Ishinomaki Marché in Shiodome" to support a full-scale recovery from the Great East Japan Earthquake through specialty products from Ishinomaki. The event attracted a large number of visitors, including not only members of T&D Life Group companies, but also people from other companies in the area and members of the local community.



Responsible Investment / Participation in Initiatives

The T&D Life Group operates the life insurance business as its core business, which is highly social and public in nature. Accordingly, we believe that it is one of our most fundamental obligations to fulfill our social responsibilities as an institutional investor and contribute to the realization of a sustainable society through our investment and lending activities.

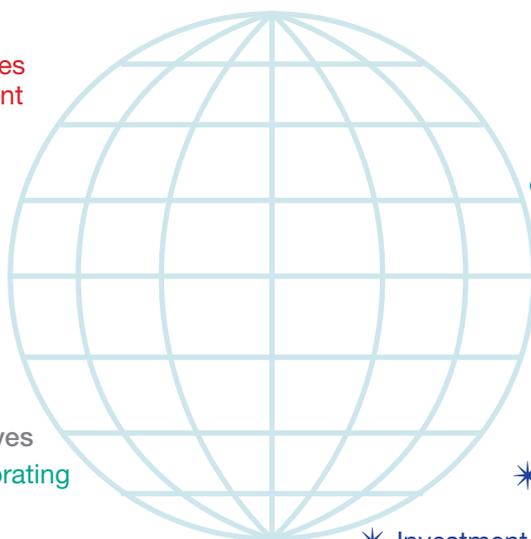
Initiatives as an Institutional Investor

Taiyo Life's Initiatives

- * Investment in a wind and solar power generation investment fund
- * Investment in green bonds
- * Real estate investment that gives consideration to the environment and the aging society
- * Investment that contributes to realizing a sustainable society

Daido Life's Initiatives

- * Investment and lending for infrastructure business, including the renewable energy field
- * Investment in funds providing business support to small- and medium-sized enterprises (SMEs)
- * Contribution to the global environment and local communities through company-owned buildings



T&D Asset Management's Initiatives

- * Evaluation of investees incorporating ESG research information
- * Collaborative engagement with global credit rating agencies

Joint Group-wide Initiatives

- * Investment in T&D Japan Equities ESG Research Fund
- * Investment in the Japan Growth Strategy Fund (Initiative by Taiyo Life and Daido Life)

Participation in Initiatives

Signatory of:



Principles for Responsible Investment (PRI)



WE SUPPORT
Participation in the UN Global Compact



Principles for Financial Action for the 21st Century

Data Edition

Environmental Initiatives

<< 1. Environmental Performance Data >>

The T&D Life Group discloses its measurements of CO₂ emissions, electricity consumption, water consumption, and waste generated and recycling rate.

(The scope of the data and the method of calculating are described on page 71.)

★ indicates limited verification has been carried out by a third party.

CO₂ Emissions

	FY2013	FY2014	FY2015★
Scope 1 (Direct emissions)	2,388 t	2,358 t	2,315 t
Scope 2 (Indirect emissions)	57,520 t	55,677 t	55,344 t
Scope 3 (Others)	6,654 t	6,357 t	6,412 t
Category 3 (Fuel- and energy-related activities)	3,974 t	3,751 t	3,772 t
Category 5 (Waste generated by business activities)	98 t	82 t	82 t
Category 6 (Business trips)	2,583 t	2,524 t	2,558 t
Total	66,562 t	64,392 t	64,071 t

★ indicates limited verification has been carried out by a third party.

Electricity Consumption

	FY2013	FY2014	FY2015★
Electricity consumption	99,302 MWh	95,866 MWh	96,348 MWh

★ indicates limited verification has been carried out by a third party.

Water Consumption

	FY2013	FY2014	FY2015★
Water consumption (Utility + reclaimed water)	73,900 m ³	71,100 m ³	64,300 m ³
Reclaimed water usage rate	25.0%	23.7%	18.2%

★ indicates limited verification has been carried out by a third party.

Waste Generated & Recycling Rate

	FY2013	FY2014	FY2015★
① Paper waste			
Total amount	658 t	549 t	554 t
Recycling rate	78.5%	78.2%	85.4%
② Non-paper waste			
Total amount	205 t	193 t	183 t
Recycling rate	66.2%	66.7%	68.2%

* From fiscal 2013, waste from the Taiyo Life Urawa Building was added to the calculation.

<< 2. Group-wide Targets and Results >>

The T&D Life Group has set Group-wide targets for electricity consumption, office paper consumption, and the green purchasing ratio, and is working to mitigate its environmental impact.

(The scope of the data and the method of calculating are described on page 71.)

● Electricity Consumption

Baseline: FY2009 value (Electricity consumption per unit of floor space) (119 kWh/m²)

Target: Five-year average of FY2013 to FY2017 at least 10% below baseline value.

★ indicates limited verification has been carried out by a third party.

	Baseline	FY2013	FY2014	FY2015*	Progress made (Average value of FY2013–FY2015)
Electricity consumption	72,163,000 kWh	57,873,000 kWh	56,340,000 kWh	56,573,000 kWh★	56,929,000 kWh
Total floor space	606,000 m ²	583,000 m ²	578,000 m ²	605,000 m ²	589,000 m ²
Per unit of floor space	119 kWh/m ²	99 kWh/m ²	97 kWh/m ²	93 kWh/m ²	96 kWh/m ²
					81.2%
Compared to baseline	—	83.3%	81.9%	78.5%	(18.8% reduction from the baseline value)

* The average floor space of the fiscal year shall be used in cases where the total floor space changes during the year.

* Figures for prior fiscal years have been adjusted to reflect certain additional items in the scope of calculation.

● Office Paper Consumption

Baseline: Five-year average from FY2009 to FY2013 (183.6 t)

Target: Cut five-year average from FY2014 to FY2018 by 9% compared to the baseline value.

★ indicates limited verification has been carried out by a third party.

FY2013	FY2014	FY2015*	Progress made (Average value of FY2014–FY2015)
163.2 t	160.2 t	151.8 t	85.0% (15.0% reduction from the baseline value)

* Total amount of office paper purchased.

● Green Purchasing Ratio

Target: Keep the green purchasing ratio for office stationery and supplies at a minimum of 80%.

FY2013	FY2014	FY2015
95.4%	96.0%	95.9% (Target exceeded by 15.9%)

* Figures cover purchases made through the online purchasing system.

● CO₂ Emissions Savings

The CO₂ emissions savings due to reductions in electricity and office paper use were as follows:

	FY2015
Emissions savings from reduced electricity use	-1,401 t-CO ₂
Emissions savings due to reduced office paper use	-58 t-CO ₂

<< 3. Scope and Calculation Methods of Environmental Performance Data and Group-wide Targets and Results >>

● Scope of Environmental Performance Data and Group-wide Targets and Results

Category	Environmental performance data		Group-wide targets and results
	CO ₂ emissions Electricity consumption	Electricity consumption Green purchasing ratio	Office paper consumption
T&D Holdings	Each business site	Each business site	Each business site
Taiyo Life	Each business site + own building (tenant lease)	Each business site	Each business site (excluding sales offices and branch offices)
Daido Life	Each business site + own building (tenant lease)	Each business site*	Each business site (excluding sales offices and branch offices)
T&D Financial Life	Each business site	Each business site	Each business site
T&D Asset Management	Each business site	Each business site	Each business site
T&D Information Systems	Each business site	—	—

Each business site: Refers to the head office, administration centers, branches and sales offices (including sites occupied as tenants)

* From fiscal 2015, the scope of calculation for electricity use has been expanded from business sites in company-owned buildings to business sites comprising both company-owned buildings and sites occupied as tenants.

Category	Environmental performance data	
	Water consumption Waste generated & recycling rate	
Tokyo Nihombashi Tower	Water consumption and waste generation by the T&D Group	
Shiodome Shiba-Rikyu Building	Water consumption and waste generation of the entire building (including tenants other than the T&D Life Group)	
Daido Life Osaka Head Office Building	Water consumption and waste generation by the T&D Group	
Taiyo Life Urawa Building	Water consumption and waste generation by the T&D Group	
Hamamatsucho Building	Water consumption and waste generation by the T&D Group	
Mita Bellju Building	Water consumption and waste generation by the T&D Group	

● Calculation Methods of Environmental Performance Data and Group-wide Targets and Results

Disclosure item	Calculation method		
Environmental performance data			
CO ₂ emissions	Scope 1 (Direct emissions)	The figures were calculated by multiplying the measured energy input by the predetermined coefficient in accordance with the Greenhouse Gas Emission Volume Calculation, Reporting, and Disclosing System. (The measured energy input comprises the measured gas, heavy oil, and kerosene.)	
	Scope 2 (Indirect emissions)	As above. (The measured energy input comprises the measured electric power, steam, and hot and cold water.)	
	Group-wide	Basic Guidelines Ver. 2.2 regarding the measurement of greenhouse gas emissions generated by the supply chain. They are measured on the basis of directives from the Ministry of the Environment and the Ministry of Economy, Trade and Industry.	
	Scope 3 (Others)	Category 3 (Fuel- and energy-related activities)	The figures were calculated by multiplying the measured input of electric power, steam, and hot and cold water by the predetermined coefficient.
	Category 5 (Waste generated by business activities)	Calculated by multiplying the waste generated by the predetermined coefficient.	
	Category 6 (Business trips)	Calculated by multiplying the number of Group personnel at the end of the fiscal year by the predetermined coefficient.	
Total	The total emissions from the sum of Scope 1 (Direct emissions), Scope 2 (Indirect emissions), and Scope 3 (Others).		
Electricity consumption	The annual amount of office-use electricity purchased from each energy-supplying company is calculated in accordance with the law on the rationalization of energy consumption.		
Water consumption	The reportable item according to the environmental reporting guidelines of the Ministry of the Environment comprises the amount used on the invoices received from the water supply authorities.		
Waste generated & recycling rate	Group-wide	Measured based on the Waste Disposal & Public Cleansing Law and other laws concerned with waste disposal and cleaning.	
	Waste generated	Calculated according to the invoices received from waste disposal companies.	
	Recycling rate	The recycled amount is calculated according to the invoices received from waste disposal companies, and the recycling rate is calculated by dividing the recycled amount by the waste generated.	
Group-wide targets and results			
Electricity consumption	The calculation excludes the amount used by tenants of the Group's buildings, and is calculated using the annual amount of office-use electricity purchased in accordance with the relevant energy-saving laws.		
Office paper use	A reportable item according to the environmental reporting guidelines of the Ministry of the Environment, and is calculated from the purchasing system data.		

Diversity Promotion Initiatives

<< Employment of People with Disabilities and Seniors >>

As of the end of March 2016, a total of 336 employees with disabilities, including 40 new recruits for fiscal 2015, worked at the Group's three life insurance companies, which account for 2.27 percent of the total number of employees. We will continue working to create a workplace environment that encourages and supports people with disabilities to work comfortably and promote employment of the disabled. The Group's three life insurance companies have introduced a re-employment program for employees reaching the mandatory retirement age. Under this program, individuals can be re-hired up to the age of 65.

Worker-friendly Work Environment

<< Work-life Balance Initiatives >>

Individual companies belonging to the T&D Life Group have been enhancing various efforts aimed at enabling employees to demonstrate their capabilities and improve their performance at work while at the same time fulfilling their responsibilities at home.

● Acquisition of Maternity and Childcare Leave

	FY2013	FY2014	FY2015
No. of employees taking maternity leave	236	234	290
Number of employees eligible to take childcare leave	388	410	432
Male	152	176	142
Female	236	234	290
No. of employees taking childcare leave	273	366	406
Male	71	153	140
Female	202	213	266
No. of employees taking nursing care leave	11	6	8
Male	0	0	0
Female	11	6	8

* The acquisition of maternity and childcare leave at the three life insurance companies.

* The number of administrative personnel at the three life insurance companies who have returned to work after taking childcare leave is as follows.

Fiscal 2013 155 (97.5%) (Men 71 (100%), Women 84 (95.5%))
 Fiscal 2014 220 (97.8%) (Men 143 (100%), Women 77 (93.9%))
 Fiscal 2015 247 (97.2%) (Men 140 (98.6%), Women 107 (95.5%))

● Number of Administrative Personnel Taking Paid Leave

	FY2013	FY2014	FY2015
Average number of paid leave days taken	10.3	11.0	11.8

* The number of administrative personnel of the three life insurance companies taking paid leave.

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Selected Financial Data

T&D HOLDINGS

Years ended March 31	2012	2013	2014	2015	2016
¥ millions					
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥1,691,207	¥1,940,900	¥1,609,732	¥1,958,055	¥1,574,506
Investment income	325,066	402,985	397,818	384,223	379,707
Other ordinary income	87,814	75,043	78,146	69,847	71,665
Equity in net income of affiliated companies	19	29	37	38	46
Total ordinary revenues	2,104,107	2,418,959	2,085,734	2,412,165	2,025,925
Ordinary expenses:					
Insurance claims and other payments	1,524,837	1,343,556	1,520,988	1,401,534	1,302,899
Provision for policy and other reserves	63,423	516,959	22,597	485,139	194,387
Investment expenses	110,547	118,387	86,680	66,427	77,477
Operating expenses	201,047	203,781	197,655	199,435	198,999
Other ordinary expenses	83,363	84,584	71,588	70,686	80,727
Total ordinary expenses	1,983,218	2,267,269	1,899,510	2,223,222	1,854,490
Ordinary profit	120,889	151,689	186,224	188,943	171,434
Net extraordinary gains (losses)	(18,415)	(27,483)	(30,736)	(8,105)	(29,274)
Provision for reserve for policyholder dividends	30,444	31,197	31,638	32,555	31,920
Income before income taxes	72,029	93,008	123,849	148,281	110,239
Income taxes:					
Current	1,852	27,436	48,113	44,147	46,075
Deferred	43,215	1,644	(3,402)	9,755	(8,561)
Total income taxes	45,067	29,081	44,711	53,903	37,513
Profit attributable to non-controlling interests	198	193	155	163	179
Profit attributable to owners of parent	¥ 26,763	¥ 63,733	¥ 78,982	¥ 94,215	¥ 72,547

As of March 31	2012	2013	2014	2015	2016
¥ millions					
Balance Sheet Data:					
Assets:					
Total assets	¥12,861,065	¥13,668,719	¥13,804,219	¥14,664,705	¥14,674,207
Liabilities:					
Policy reserves	11,698,127	12,209,259	12,226,787	12,707,957	12,892,482
Total liabilities	12,175,476	12,748,972	12,783,895	13,319,755	13,460,145
Net assets:					
Total stockholders' equity	568,526	617,210	683,519	749,436	775,208
Total accumulated other comprehensive income	114,931	299,970	333,929	592,301	435,331
Total net assets	¥ 685,588	¥ 919,746	¥ 1,020,324	¥ 1,344,950	¥ 1,214,061

* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

Years ended March 31	2012	2013	2014	2015	2016
¥ millions					
Policy Results: *					
Policy amount in force	¥58,780,149	¥59,996,511	¥60,699,818	¥62,117,777	¥62,998,174
New policy amount	6,630,911	7,158,927	6,639,823	7,227,221	6,685,973
Surrender and lapse amount	4,269,084	4,071,327	3,967,421	3,752,457	3,789,522
* The total of individual insurance, individual annuities and Daido Life's "J-type product," "T-type product" and "Kaigo Relief." The new policy amount includes increase from conversions.					
Other Data:					
Core profit	¥ 144,909	¥ 182,498	¥ 210,256	¥ 182,766	¥ 153,097
Embedded value *	1,543,000	1,664,400	1,970,100	2,298,000	1,893,700
Consolidated solvency margin ratio	810.6%	943.8%	1,115.0%	1,220.7%	1,155.8%

* MCEV is shown in terms of hundreds of millions of yen.

TAIYO LIFE

	¥ millions				
Years ended March 31	2012	2013	2014	2015	2016
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥ 903,434	¥1,018,383	¥655,233	¥ 865,232	¥657,185
Investment income	193,178	187,629	175,794	176,370	202,909
Other ordinary income	25,101	23,585	26,244	19,544	13,792
Total ordinary revenues	1,121,714	1,229,598	857,272	1,061,146	873,887
Ordinary expenses:					
Insurance claims and other payments	714,467	654,858	585,429	566,446	604,261
Provision for policy and other reserves	152,459	319,781	52,437	281,973	39,860
Investment expenses	60,134	47,926	29,303	31,893	36,540
Operating expenses	83,538	85,578	77,693	77,606	76,424
Other ordinary expenses	50,416	52,652	40,151	35,619	37,676
Total ordinary expenses	1,061,015	1,160,797	785,015	993,539	794,763
Ordinary profit	60,698	68,801	72,257	67,606	79,124
Net extraordinary gains (losses)	(14,832)	(14,789)	(12,931)	(5,249)	(20,251)
Provision for reserve for policyholder dividends	16,261	16,995	17,688	18,093	18,135
Income before income taxes *	29,605	37,017	41,637	44,264	40,736
Income taxes:					
Current	4,508	10,342	17,045	12,827	17,624
Deferred	13,989	1,073	(1,763)	3,482	(3,722)
Total income taxes	18,498	11,416	15,282	16,309	13,902
Net income	¥ 11,106	¥ 25,601	¥ 26,355	¥ 27,954	¥ 26,834

* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

	¥ millions				
As of March 31	2012	2013	2014	2015	2016
Balance Sheet Data:					
Assets:					
Total assets	¥6,173,118	¥6,645,339	¥6,760,825	¥7,217,901	¥7,084,800
Liabilities:					
Policy reserves	5,632,210	5,951,016	5,998,989	6,279,589	6,318,824
Total liabilities	5,918,894	6,260,697	6,360,611	6,658,543	6,603,082
Net assets:					
Total stockholders' equity	204,275	222,597	245,046	259,537	279,336
Total valuation and translation adjustment	49,948	162,043	155,166	299,819	202,382
Total net assets	¥ 254,223	¥ 384,641	¥ 400,213	¥ 559,357	¥ 481,718

* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

	¥ millions				
Years ended March 31	2012	2013	2014	2015	2016
Policy Results: *					
Policy amount in force	¥20,234,156	¥21,023,223	¥21,595,680	¥22,154,564	¥21,983,504
New policy amount	2,911,924	2,974,307	2,696,671	2,840,754	2,134,199
Surrender and lapse amount	1,222,196	1,236,211	1,255,419	1,270,225	1,255,956
Surrender and lapse rate	6.34%	6.11%	5.97%	5.88%	5.67%

* The total of individual insurance and individual annuities. The new policy amount includes net increase from conversions.

Other Data:

Core profit	¥ 57,578	¥ 67,218	¥ 72,611	¥ 68,188	¥ 53,812
Embedded value (EV) *	555,400	637,000	705,100	868,600	725,700
Solvency margin ratio	747.3%	823.4%	981.3%	993.9%	890.6%
Number of in-house sales representatives	8,886	8,856	8,603	8,432	8,631

* MCEV is shown in terms of hundreds of millions of yen.

DAIDO LIFE

Years ended March 31	2012	2013	2014	2015	¥ millions 2016
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥720,210	¥724,517	¥712,866	¥792,715	¥748,914
Investment income	117,803	142,588	160,483	169,016	165,153
Other ordinary income	96,560	16,901	19,968	19,320	21,671
Total ordinary revenues	934,574	884,006	893,318	981,052	935,739
Ordinary expenses:					
Insurance claims and other payments	703,461	569,293	522,489	494,272	502,896
Provision for policy and other reserves	206	76,097	119,712	231,264	181,357
Investment expenses	49,824	54,799	46,369	39,128	34,443
Operating expenses	102,754	99,036	99,377	99,152	102,531
Other ordinary expenses	17,460	17,158	14,058	19,770	24,203
Total ordinary expenses	873,706	816,385	802,008	883,588	845,431
Ordinary profit	60,867	67,621	91,309	97,464	90,307
Net extraordinary gains (losses)	(2,486)	(11,163)	(17,410)	(2,653)	4,413
Provision for reserve for policyholder dividends	14,184	14,202	13,951	14,462	13,788
Income before income taxes	44,196	42,255	59,948	80,348	80,932
Income taxes:					
Current	(2,267)	12,798	26,644	28,104	29,351
Deferred	27,494	570	(2,656)	1,064	(2,896)
Total income taxes	25,226	13,369	23,987	29,168	26,455
Net income	¥ 18,970	¥ 28,886	¥ 35,960	¥ 51,180	¥ 54,476

As of March 31	2012	2013	2014	2015	¥ millions 2016
Balance Sheet Data:					
Assets:					
Total assets	¥5,194,743	¥5,399,189	¥5,572,800	¥5,977,975	¥6,152,026
Liabilities:					
Policy reserves	4,712,459	4,783,783	4,896,850	5,125,125	5,301,162
Total liabilities	4,825,329	4,936,237	5,041,936	5,297,596	5,488,203
Net assets:					
Total stockholders' equity	304,218	325,329	352,559	388,865	433,499
Total valuation and translation adjustment	65,195	137,622	178,304	291,513	230,323
Total net assets	¥ 369,414	¥ 462,951	¥ 530,863	¥ 680,379	¥ 663,823

* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

Years ended March 31	2012	2013	2014	2015	¥ millions 2016
Policy Results:					
Policy amount in force *	¥36,557,377	¥36,933,235	¥37,255,621	¥38,156,747	¥39,205,952
Individual term life insurance	32,900,542	32,900,930	32,882,207	33,209,130	33,673,604
<i>J-type product, T-type product and Kaigo Relief</i>	365,449	775,298	1,192,991	1,764,379	2,415,881
New policy amount *	3,666,780	3,992,546	3,698,182	4,063,816	4,315,542
Individual term life insurance	3,212,663	3,374,850	3,108,689	3,228,184	3,426,632
<i>J-type product, T-type product and Kaigo Relief</i>	281,300	436,498	472,806	657,003	786,609
Surrender and lapse amount *	2,954,514	2,738,436	2,537,348	2,378,329	2,472,006
Surrender and lapse rate	8.04%	7.49%	6.87%	6.38%	6.48%

* The total of individual insurance, individual annuities, "J-type product," "T-type product" and "Kaigo Relief." The new policy amount includes net increase from conversions.

Other Data:					
Core profit	¥ 82,465	¥ 84,635	¥ 110,673	¥ 107,654	¥ 104,829
Embedded value (EV) *	896,400	923,500	1,145,900	1,306,700	1,078,000
Solvency margin ratio	851.9%	1,043.2%	1,156.4%	1,363.7%	1,341.9%
Number of in-house sales representatives	3,904	3,943	3,833	3,790	3,867
Number of agents	13,382	13,459	13,432	13,675	13,793

* MCEV is shown in terms of hundreds of millions of yen.

T&D FINANCIAL LIFE

	¥ millions				
Years ended March 31	2012	2013	2014	2015	2016
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥ 66,693	¥196,740	¥239,777	¥297,755	¥165,436
Investment income	20,142	78,986	64,948	46,366	14,232
Other ordinary income	32,807	12,928	163,943	37,989	38,365
Total ordinary revenues	119,642	288,656	468,669	382,110	218,035
Ordinary expenses:					
Insurance claims and other payments	106,522	118,854	412,275	339,700	194,324
Provision for policy and other reserves	272	120,876	7,697	1,440	2
Investment expenses	5,176	20,522	13,138	1,814	7,950
Operating expenses	9,284	13,140	13,101	14,422	12,705
Other ordinary expenses	777	1,479	1,545	2,275	1,840
Total ordinary expenses	122,033	274,873	447,758	359,653	216,822
Ordinary profit (loss)	(2,390)	13,783	20,910	22,457	1,212
Net extraordinary gains (losses)	(718)	(1,441)	(398)	(174)	(621)
Reversal of reserve for policyholder dividends	(1)	(0)	(2)	(0)	(3)
Income (loss) before income taxes	(3,108)	12,342	20,514	22,282	593
Income taxes:					
Current	(1,033)	3,643	3,647	2,411	(1,735)
Deferred	1,587	(154)	957	5,225	1,837
Total income taxes	554	3,489	4,604	7,636	101
Net income (loss)	¥ (3,662)	¥ 8,852	¥ 15,909	¥ 14,645	¥ 492

	¥ millions				
As of March 31	2012	2013	2014	2015	2016
Balance Sheet Data:					
Assets:					
Total assets	¥1,399,123	¥1,541,553	¥1,393,592	¥1,387,624	¥1,359,879
Liabilities:					
Policy reserves	1,353,062	1,473,800	1,329,961	1,301,958	1,270,904
Total liabilities	1,371,313	1,504,475	1,340,493	1,319,425	1,289,619
Net assets:					
Total stockholders' equity	27,946	36,798	52,748	67,394	67,886
Total valuation and translation adjustment	(136)	279	349	804	2,373
Total net assets	¥ 27,809	¥ 37,077	¥ 53,098	¥ 68,198	¥ 70,260

* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

	¥ millions				
Years ended March 31	2012	2013	2014	2015	2016
Policy Results: *					
Policy amount in force	¥1,988,614	¥2,040,052	¥1,848,515	¥1,806,465	¥1,808,717
Products through independent insurance agents	965,723	1,139,480	1,050,025	1,091,312	1,156,568
New policy amount	52,206	192,072	244,969	322,651	236,231
Surrender and lapse amount	92,372	96,679	174,654	103,902	61,559
Surrender and lapse rate	4.39%	4.86%	8.56%	5.62%	3.41%

* The total of individual insurance and individual annuities.

	¥ millions				
Other Data:					
Core profit (loss)	¥ 4,865	¥30,644	¥26,971	¥ 6,923	¥ (5,545)
Embedded value (EV) *	64,800	77,500	92,300	95,800	93,400
Solvency margin ratio	553.7%	648.4%	1,051.2%	1,271.9%	1,260.7%

* MCEV is shown in terms of hundreds of millions of yen.

Management's Discussion and Analysis

Operating Results

1. RESULTS OF OPERATIONS

In fiscal 2015, the Japanese economy followed a gradual recovery path, mainly reflecting signs of improvement in the employment and income environment against the backdrop of strong corporate earnings, despite some signs of softness including concerns about economic slowdown in China and other emerging countries.

In the life insurance industry, new policy amount, policy amount in force, and premium income each remained mostly unchanged from the previous year. In the asset management environment, domestic stock prices gradually rose through the summer, but started to decline from midway through the fiscal year, due mainly to uncertainty in the Chinese economy and concerns about crude oil prices. At the same time, the yen appreciated in value. Moreover, both short-term and long-term domestic interest rates decreased following the decision by the Bank of Japan in January 2016 to adopt negative interest rates, with domestic interest rates turning negative for certain maturities.

Under these business conditions, the performance for T&D Holdings, Inc. (the "Company") for the year ended March 31, 2016 was as follows:

Ordinary revenues decreased ¥386.2 billion from the previous fiscal year to ¥2,025.9 billion (down 16.0%), which was the total of income from insurance premiums of ¥1,574.5 billion (down 19.6%), investment income of ¥379.7 billion (down 1.2%), other ordinary income of ¥71.6 billion (up 2.6%) and others.

Ordinary expenses decreased ¥368.7 billion, or 16.6%, from the previous fiscal year to ¥1,854.4 billion, which was the total of insurance claims and other payments of ¥1,302.8 billion (down 7.0%), provision for policy and other reserves of ¥194.3 billion (down 59.9%), investment expenses of ¥77.4 billion (up 16.6%), operating expenses of ¥198.9 billion (down 0.2%) and other ordinary expenses of ¥80.7 billion (up 14.2%).

As a result, ordinary profit decreased 9.3% from the previous fiscal year to ¥171.4 billion. Extraordinary gains decreased 27.5% to ¥0.1 billion, and extraordinary losses increased 253.3% to ¥29.4 billion. After accounting for extraordinary gains and losses, the provision for reserve for policyholder dividends, and income taxes, profit attributable to owners of parent decreased ¥21.6 billion, or 23.0%, from the previous fiscal year to ¥72.5 billion.

Comprehensive income was negative ¥84.4 billion compared to positive ¥351.2 billion in the previous fiscal year, which was a total of profit of ¥72.7 billion (down 22.9%) and total other comprehensive income of negative ¥157.2 billion (positive ¥256.8 billion in the previous fiscal year).

The following is an analysis of the main factors affecting the consolidated statement of operation.

(1) Ordinary Revenues

a) Income from Insurance Premiums

Income from insurance premiums totaled ¥1,574.5 billion (down 19.6%), consisting of ¥1,349.5 billion in premiums for individual insurance and individual annuities (down 21.8%), ¥59.1 billion for group insurance (down 1.7%), and ¥158.9 billion for group annuities (down 4.7%), and others.

At Taiyo Life, income from insurance premiums amounted to ¥657.1 billion, a decrease of ¥208.0 billion (down 24.0%) from fiscal 2014, mainly due to a decrease in single premiums from individual annuities.

At Daido Life, income from insurance premiums decreased ¥43.8 billion (down 5.5%) to ¥748.9 billion, mainly due to a decrease in single premiums from individual insurance.

At T&D Financial Life, income from insurance premiums decreased ¥132.3 billion (down 44.4%) to ¥165.4 billion, mainly due to a decrease in single premiums from individual insurance.

b) Investment Income

Total investment income was ¥379.7 billion, a decrease of 1.2% year on year. This was mainly due to declines of ¥35.4 billion in gains on separate accounts, net, and ¥20.0 billion in gains on investments in trading securities, net. These declines were partly offset by gains on interest, dividends and income from real estate for rent of ¥290.7 billion (up 1.0%), gains on sales of securities of ¥77.4 billion (up 124.8%) and gains from monetary trusts, net of ¥5.1 billion (losses of ¥1.7 billion in the previous fiscal year).

At Taiyo Life, investment income totaled ¥202.9 billion, an increase of ¥26.5 billion (up 15.0%) from the previous fiscal year. This was mainly due to a ¥30.5 billion increase in gains on sales of securities.

At Daido Life, investment income amounted to ¥165.1 billion, a decrease of ¥3.8 billion (down 2.3%) from the previous fiscal year. This was mainly due to a decrease of ¥20.0 billion in gains on investments in trading securities, net, despite increases of ¥11.1 billion in gains on sales of securities and ¥3.1 billion in gains on redemption of securities.

At T&D Financial Life, investment income totaled ¥14.2 billion, a decrease of ¥32.1 billion (down 69.3%) from the previous fiscal year. This was mainly due to a ¥32.6 billion decrease in gains on separate accounts, net.

Investment Income

Year ended March 31	Consolidated		Taiyo Life		Daido Life		T&D Financial Life	
	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY
Interest, dividends and income from real estate for rent	¥290.7	¥ 2.7	¥148.1	¥ (3.6)	¥136.6	¥ 6.3	¥ 7.4	¥ 0.2
Gains from monetary trusts, net	5.1	5.1	—	—	—	(0.0)	5.1	5.1
Gains on investments in trading securities, net	—	(20.0)	—	—	—	(20.0)	—	—
Gains on sales of securities	77.4	42.9	54.4	30.5	21.2	11.1	1.6	1.2
Gains on redemption of securities	3.1	3.1	—	—	3.1	3.1	—	—
Gains from derivatives, net	—	—	—	—	—	—	—	(6.1)
Foreign exchange gains, net	0.8	(0.8)	0.2	(0.2)	1.7	0.6	—	(0.0)
Reversal of reserve for possible loan losses	0.1	(0.0)	0.0	(0.0)	0.0	(0.1)	0.0	0.0
Other investment income	2.2	(2.2)	0.1	(0.0)	2.2	(2.1)	0.0	0.0
Gains on separate accounts, net	—	(35.4)	—	(0.0)	—	(2.8)	—	(32.6)
Total investment income	¥379.7	¥ (4.5)	¥202.9	¥26.5	¥165.1	¥ (3.8)	¥14.2	¥(32.1)

(2) Ordinary Expenses

a) Insurance Claims and Other Payments

Insurance claims and other payments totaled ¥1,302.8 billion (down 7.0%), comprising ¥376.4 billion in insurance claims (up 5.8%), ¥349.3 billion in annuity payments (down 23.6%), ¥163.8 billion in insurance benefits (down 7.7%), ¥341.5 billion in surrender payments (down 2.7%), and ¥71.6 billion in other payments (up 20.1%).

At Taiyo Life, insurance claims and other payments amounted to ¥604.2 billion, an increase of ¥37.8 billion (up 6.7%) from the previous fiscal year. This was mainly due to an increase of ¥22.7 billion in surrender payments for group annuities.

At Daido Life, insurance claims and other payments totaled ¥502.8 billion, an increase of ¥8.6 billion (up 1.7%) from the previous fiscal year. This was mainly due to an increase in payments for individual insurance.

At T&D Financial Life, insurance claims and other payments amounted to ¥194.3 billion, a decrease of ¥145.3 billion (down 42.8%) from the previous fiscal year. This was mainly due to a decrease of ¥112.3 billion in annuity payments.

b) Investment Expenses

Investment expenses totaled ¥77.4 billion (up 16.6% year on year), including ¥22.1 billion in losses from derivatives, net (down 34.7%), ¥16.3 billion in losses on sales of securities (up 134.6%), ¥15.5 billion in other investment expenses (down 0.9%), and ¥7.8 billion in losses on investments in trading securities, net (¥20.0 billion in gains on investments in trading securities, net in the previous fiscal year).

At Taiyo Life, investment expenses were ¥36.5 billion, an increase of ¥4.6 billion (up 14.6%) from the previous fiscal year. This was mainly due to a ¥4.8 billion increase in losses on sales of securities.

At Daido Life, investment expenses amounted to ¥34.4 billion, a decrease of ¥4.6 billion (down 12.0%) from the previous fiscal year.

This was mainly due to a decrease of ¥19.8 billion in losses from derivatives, net, which was partly offset by an increase of ¥7.8 billion in losses on investments in trading securities, net, ¥4.5 billion in losses on sales of securities, and ¥3.5 billion in devaluation losses on securities.

At T&D Financial Life, investment expenses totaled ¥7.9 billion, an increase of ¥6.1 billion (up 338.1%) from the previous fiscal year. This was mainly due to an increase of ¥5.0 billion in losses on separate accounts, net.

(3) Ordinary Profit

Ordinary profit was ¥171.4 billion (down 9.3%).

Taiyo Life recorded ordinary profit of ¥79.1 billion, an increase of ¥11.5 billion (up 17.0%). This was mainly due to an increase in gains on sales of securities, despite an increase in the provision for reserve for employees' retirement benefits.

Daido Life recorded ordinary profit of ¥90.3 billion, a decrease of ¥7.1 billion (down 7.3%). This was mainly due to an increase in provision for reserve for employees' retirement benefits.

T&D Financial Life recorded ordinary profit of ¥1.2 billion, a decrease of ¥21.2 billion (down 94.6%).

Daido Life has recorded a provision for additional policy reserve for certain insurance policies.

(4) Extraordinary Gains/Losses

Total extraordinary gains totaled ¥0.1 billion (down 27.5%), mainly due to ¥0.0 billion in gains on disposal of fixed assets (down 92.8%) and ¥0.1 billion (up 185.9%) in state subsidy.

Total extraordinary losses amounted to ¥29.4 billion (up 253.3%), due to a provision for reserve for price fluctuations of ¥20.5 billion (up 299.3%), impairment losses of ¥4.2 billion (up 110.6%), and head office transfer cost of ¥2.5 billion (—%).

Investment Expenses

Year ended March 31	Consolidated		Taiyo Life		Daido Life		T&D Financial Life	
	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY
Interest expenses	¥ 0.9	¥ (0.9)	¥ 0.8	¥(0.9)	¥ 0.0	¥ 0.0	¥0.0	¥ 0.0
Losses from monetary trusts, net	—	(1.7)	—	—	—	—	—	(1.7)
Losses on investments in trading securities, net	7.8	7.8	—	—	7.8	7.8	—	—
Losses on sales of securities	16.3	9.3	9.8	4.8	6.5	4.5	—	(0.0)
Devaluation losses on securities	4.1	3.0	—	(0.4)	4.1	3.5	—	(0.0)
Losses from derivatives, net	22.1	(11.7)	19.8	0.3	0.7	(19.8)	1.5	1.5
Foreign exchange losses, net	—	—	—	—	—	—	1.1	1.1
Provision for reserve for possible loan losses	—	—	—	—	—	—	—	(0.0)
Write-off of loans	0.0	(0.0)	—	—	—	—	—	—
Depreciation of real estate for rent	4.9	(0.1)	2.3	0.0	2.6	(0.2)	—	—
Other investment expenses	15.5	(0.1)	3.6	0.8	12.0	(1.0)	0.1	0.0
Losses on separate accounts, net	5.5	5.5	0.0	0.0	0.4	0.4	5.0	5.0
Total investment expenses	¥77.4	¥11.0	¥36.5	¥ 4.6	¥34.4	¥ (4.6)	¥7.9	¥ 6.1

Taiyo Life posted extraordinary gains of ¥0.0 billion (down 97.8%) and extraordinary losses of ¥20.2 billion (up 273.8%).

Daido Life posted extraordinary gains of ¥13.2 billion (—%) and extraordinary losses of ¥8.7 billion (up 231.3%). The extraordinary gains mainly reflected the recording of ¥13.1 billion in gains on disposal of fixed assets with respect to Taiyo Life, which were eliminated upon consolidation with T&D Holdings, Inc.

T&D Financial Life posted extraordinary gains of ¥0.0 billion (—%) and extraordinary losses of ¥0.6 billion (up 256.5%).

(5) Profit Attributable to Owners of Parent

As a result of the foregoing, the Company recorded profit attributable to owners of parent of ¥72.5 billion, a decrease of ¥21.6 billion (down 23.0%).

Taiyo Life recorded net income of ¥26.8 billion, a decrease of ¥1.1 billion (down 4.0%).

Daido Life recorded net income of ¥54.4 billion, an increase of ¥3.2 billion (up 6.4%).

T&D Financial Life recorded net income of ¥0.4 billion, a decrease of ¥14.1 billion (down 96.6%).

(Reference)

Premiums Breakdown

Years ended March 31	Three Companies		Taiyo Life		Daido Life		T&D Financial Life	
	2015	2016	2016	Increase (decrease) YoY (%)	2016	Increase (decrease) YoY (%)	2016	Increase (decrease) YoY (%)
Individual insurance	¥1,321,522	¥1,138,247	¥328,733	(2.4)	¥645,026	(6.2)	¥164,486	(44.6)
Individual annuities	403,684	211,318	179,874	(51.6)	30,800	(1.0)	643	(8.9)
Group insurance	60,132	59,113	32,589	(0.5)	26,523	(3.1)	—	—
Group annuities	166,724	158,910	114,370	(6.3)	44,392	(0.1)	147	(4.8)
Others	2,334	2,361	1,341	0.0	996	2.8	23	(4.8)
Total	¥1,954,398	¥1,569,950	¥656,909	(24.1)	¥747,740	(5.6)	¥165,300	(44.5)

Note: "Others" is the total of workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed.

Insurance Claims and Other Payments Breakdown

Insurance Claims

Years ended March 31	Three Companies			Taiyo Life		Daido Life	T&D Financial Life	
	2015	2016	2016	Increase (decrease) YoY (%)		Increase (decrease) YoY (%)	2016	Increase (decrease) YoY (%)
					2016			
Individual insurance	¥292,944	¥301,331	¥131,798	(2.4)	¥138,881	3.2	¥30,651	31.5
Individual annuities	1,269	951	946	(24.4)	4	(73.5)	—	—
Group insurance	32,127	28,919	15,669	(8.1)	13,243	(12.2)	7	(3.8)
Group annuities	27,992	43,662	43,662	56.0	—	—	—	—
Others	225	165	0	(41.2)	154	(5.5)	11	(81.7)
Total	¥354,560	¥375,031	¥192,077	5.9	¥152,283	1.6	¥30,670	31.2

Annuity Payments

Years ended March 31	Three Companies			Taiyo Life		Daido Life	T&D Financial Life	
	2015	2016	2016	Increase (decrease) YoY (%)		Increase (decrease) YoY (%)	2016	Increase (decrease) YoY (%)
					2016			
Individual insurance	¥ 51	¥ 51	¥ —	—	¥ 51	0.7	¥ —	—
Individual annuities	425,991	316,191	168,505	(0.1)	38,418	7.3	109,267	(50.7)
Group insurance	512	507	402	0.9	93	(5.8)	11	(15.9)
Group annuities	30,740	32,376	22,735	10.0	9,463	(4.0)	177	(13.1)
Others	254	259	86	5.3	144	0.8	28	(2.5)
Total	¥457,550	¥349,387	¥191,730	1.0	¥48,171	4.8	¥109,485	(50.6)

Insurance Benefits

Years ended March 31	Three Companies			Taiyo Life		Daido Life	T&D Financial Life	
	2015	2016	2016	Increase (decrease) YoY (%)		Increase (decrease) YoY (%)	2016	Increase (decrease) YoY (%)
					2016			
Individual insurance	¥ 58,246	¥ 53,298	¥38,955	(10.2)	¥13,010	(2.0)	¥1,332	(15.0)
Individual annuities	25,625	22,594	9,541	8.4	8,062	5.1	4,990	(45.4)
Group insurance	212	199	33	(1.6)	166	(6.7)	—	—
Group annuities	93,127	87,517	29,323	5.3	57,978	(10.9)	216	12.1
Others	213	201	152	(10.9)	48	18.2	0	(95.0)
Total	¥177,425	¥163,812	¥78,006	(2.8)	¥79,265	(8.1)	¥6,539	(40.1)

Surrender Payments

Years ended March 31	Three Companies			Taiyo Life		Daido Life	T&D Financial Life	
	2015	2016	2016	Increase (decrease) YoY (%)		Increase (decrease) YoY (%)	2016	Increase (decrease) YoY (%)
					2016			
Individual insurance	¥246,043	¥255,946	¥38,526	(8.7)	¥194,289	2.7	¥23,130	58.7
Individual annuities	99,459	57,107	29,172	4.2	9,921	1.7	18,013	(70.8)
Group insurance	3	38	38	883.4	—	—	—	—
Group annuities	5,279	27,993	27,456	478.7	333	(36.7)	204	—
Others	402	471	251	39.4	215	(1.3)	4	6.5
Total	¥351,189	¥341,557	¥95,445	27.0	¥204,760	2.5	¥41,352	(45.8)

Other Payments

Years ended March 31	Three Companies		Taiyo Life	Increase (decrease) YoY (%)	Daido Life	Increase (decrease) YoY (%)	T&D Financial Life	
	2015	2016	2016		2016		2016	Increase (decrease) YoY (%)
Individual insurance	¥14,910	¥13,684	¥ 9,688	(14.3)	¥ 3,727	15.0	¥ 267	(27.4)
Individual annuities	31,787	30,224	24,021	(1.2)	336	(53.1)	5,865	(13.3)
Group insurance	0	0	—	(100.0)	0	(90.7)	—	—
Group annuities	10,388	24,724	12,729	229.8	11,987	83.9	8	(26.5)
Others	207	197	40	(36.5)	157	9.9	—	—
Total	¥57,293	¥68,831	¥46,480	17.6	¥16,209	52.6	¥6,141	(14.1)

Note: "Others" is the total of workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed.

2. ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION

Total assets as of March 31, 2016, stood at ¥14,674.2 billion (up 0.1% from the previous fiscal year-end).

This mainly comprised securities centered on domestic public and corporate bonds of ¥10,492.6 billion (down 3.3%), loans of ¥1,767.8 billion (down 5.1%), cash and deposits of ¥1,024.6 billion (up 206.6%), monetary trusts of ¥525.9 billion (up 20.2%), and tangible fixed assets of ¥315.4 billion (up 4.8%).

Total liabilities were ¥13,460.1 billion (up 1.1%), mostly comprising policy reserves of ¥12,892.4 billion (up 1.5%).

Total net assets amounted to ¥1,214.0 billion (down 9.7%). Within total net assets, net unrealized gains on securities were ¥487.2 billion (down 25.0%).

3. ANALYSIS OF CONSOLIDATED CASH FLOWS

Net cash provided by operating activities was ¥309.4 billion, a ¥307.3 billion decrease in cash inflow compared with the previous fiscal year.

Net cash used in investing activities was ¥18.5 billion, a ¥448.4 billion decrease in cash outflow compared with the previous fiscal year.

Net cash used in financing activities was ¥64.2 billion, a ¥12.0 billion decrease in cash outflow compared with the previous fiscal year.

As a result, cash and cash equivalents as of March 31, 2016 amounted to ¥1,124.9 billion, an increase of ¥225.3 billion from the beginning of the fiscal year (¥899.5 billion as of March 31, 2015).

4. ANALYSIS OF SALES RESULTS (NON-CONSOLIDATED)

(1) Sales Results

Sales results for the total of the three life insurance companies were as follows:

In fiscal 2015, the total new policy amount of individual insurance and individual annuities (including the net increase from conversions, same hereafter) was ¥5,899.3 billion (down 10.2%).

Meanwhile, the surrender and lapse amount of individual insurance and individual annuities was ¥3,675.7 billion (down 0.1%).

As a result, the policy amount in force of individual insurance and individual annuities as of March 31, 2016, totaled ¥60,582.2 billion (up 0.4%).

The following is an analysis of the main factors that affected the sales results of the three life insurance companies.

a) Taiyo Life

The new policy amount of individual insurance and individual annuities for fiscal 2015 was ¥2,134.1 billion (down 24.9%).

Meanwhile, the surrender and lapse amount of individual insurance and individual annuities was ¥1,255.9 billion (down 1.1%).

As a result, as of March 31, 2016, the total policy amount in force of individual insurance and individual annuities was ¥21,983.5 billion, a decrease of ¥171.0 billion (down 0.8%) from ¥22,154.5 billion at the previous fiscal year-end.

As of March 31, 2016, the total policy amount in force of group insurance was ¥9,885.3 billion (down 0.1%).

As of March 31, 2016, the total policy amount in force of group annuities (policy reserve, same hereafter) was ¥872.7 billion (down 1.4%).

b) Daido Life

The new policy amount of individual insurance and individual annuities for fiscal 2015 was ¥3,528.9 billion (up 3.6%).

Meanwhile, the surrender and lapse amount of individual insurance and individual annuities was ¥2,358.2 billion (up 2.3%).

As a result, as of March 31, 2016, the total policy amount in force of individual insurance and individual annuities was ¥36,790.0 billion, an increase of ¥397.7 billion (up 1.1%) from ¥36,392.3 billion at the previous fiscal year-end.

As of March 31, 2016, the total policy amount in force of group insurance was ¥6,996.1 billion (down 6.0%).

As of March 31, 2016, the total policy amount in force of group annuities was ¥757.9 billion (down 4.0%).

c) T&D Financial Life

The new policy amount of individual insurance and individual annuities for fiscal 2015 was ¥236.2 billion (down 26.8%).

Meanwhile, the surrender and lapse amount of individual insurance and individual annuities was ¥61.5 billion (down 40.8%).

As a result, as of March 31, 2016, the total policy amount in force of individual insurance and individual annuities was ¥1,808.7 billion, an

increase of ¥2.2 billion (up 0.1%) from ¥1,806.4 billion at the previous fiscal year-end.

As of March 31, 2016, the total policy amount in force of group insurance was ¥0.0 billion (down 24.8%).

As of March 31, 2016, the total policy amount in force of group annuities was ¥2.6 billion (down 14.6%).

Policy Amount in Force Breakdown

Years ended March 31	Three Companies		Taiyo Life	Increase (decrease) YoY (%)	Daido Life	T&D Financial Life		
	2015	2016	2016		2016	2016	Increase (decrease) YoY (%)	
Individual insurance	¥54,310,733	¥54,698,119	¥17,665,700	(0.8)	¥35,494,173	1.2	¥1,538,245	9.1
Individual annuities	6,042,664	5,884,173	4,317,804	(0.5)	1,295,896	(0.8)	270,472	(31.8)
Subtotal	60,353,397	60,582,293	21,983,504	(0.8)	36,790,070	1.1	1,808,717	0.1
Group insurance	17,343,708	16,881,504	9,885,346	(0.1)	6,996,124	(6.0)	32	(24.8)
Group annuities	1,677,763	1,633,297	872,747	(1.4)	757,910	(4.0)	2,640	(14.6)
Others	9,150	9,104	4,570	0.4	4,159	(1.3)	375	(2.6)
Total	¥79,384,020	¥79,106,199	¥32,746,167	(0.6)	¥44,548,265	(0.2)	¥1,811,766	0.1

Note 1. Figures for individual annuities and group insurance (annuity riders) represent the total of annuity resources at the start of annuities for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments. However, figures for individual variable annuities represent the total of policy reserves (excluding a portion of minimum guarantee) and policy reserves for policies after the start of annuity payments.

2. Amounts for group annuities are policy reserve amounts.

3. "Others" is the total of workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed. Looking at the recording basis of each component, amounts for workers' asset-formation savings insurance and workers' asset-formation annuities represent amounts for policy reserves (amounts for workers' asset-formation annuities (excluding workers' asset-formation funding annuities) are annuity resources at the start of annuities for policies prior to the start of annuity payments), amounts for medical life insurance show daily amounts of hospitalization benefits, and amounts for disability income insurance show monthly amounts of disability income insurance benefits.

New Policy Amount Breakdown

Years ended March 31	Three Companies		Taiyo Life	Increase (decrease) YoY (%)	Daido Life	T&D Financial Life		
	2015	2016	2016		2016	2016	Increase (decrease) YoY (%)	
Individual insurance	¥6,115,807	¥5,657,453	¥1,930,663	(20.4)	¥3,490,558	3.7	¥236,231	(26.8)
Individual annuities	454,411	241,910	203,536	(50.9)	38,374	(3.5)	—	—
Subtotal	6,570,218	5,899,364	2,134,199	(24.9)	3,528,932	3.6	236,231	(26.8)
Group insurance	62,436	30,727	21,543	(63.5)	9,183	173.7	—	—
Group annuities	71	3	3	(94.6)	0	—	—	—
Others	11	14	1	72.7	10	926.6	2	(77.2)
Total	¥6,632,737	¥5,930,110	¥2,155,749	(25.7)	¥3,538,127	3.8	¥236,233	(26.8)

Note 1. Individual insurance and individual annuities include net increase from conversions.

2. Amounts for individual annuities are annuity resources at the start of annuities.

3. Amounts for group annuities represent the first insurance premiums.

4. "Other" is the total of workers' asset-formation savings insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed. Looking at the recording basis of each component, amounts for workers' asset-formation savings insurance and workers' asset-formation annuities represent the first insurance premiums (amounts for workers' asset-formation annuities (excluding workers' asset-formation funding annuities) are annuity resources at the start of annuities for policies prior to the start of annuity payments), amounts for medical life insurance show daily amounts of hospitalization benefits, and amounts for disability income insurance show monthly amounts of disability income insurance benefits.

(2) Other Important Matters

The total of the core profit and the positive spread of the three life insurance companies was ¥153.0 billion (down 16.2%) and ¥40.2 billion (up 16.4%), respectively.

As of March 31, 2016, the consolidated solvency margin ratio was 1,155.8% (compared to 1,220.7% as of March 31, 2015) and the value of consolidated adjusted net assets amounted to ¥2,927.6 billion (compared to ¥2,645.5 billion as of March 31, 2015).

Other important matters of the three life insurance companies are as follows:

a) Taiyo Life

In fiscal 2015, core profit was ¥53.8 billion (down 21.1%). The positive spread was ¥12.7 billion (down 6.5%).

The solvency margin ratio was 890.6% as of March 31, 2016 (compared to 993.9% as of March 31, 2015). The value of adjusted net assets amounted to ¥1,251.2 billion as of March 31, 2016 (compared to ¥1,163.4 billion as of March 31, 2015).

b) Daido Life

In fiscal 2015, core profit was ¥104.8 billion (down 2.6%). The positive spread was ¥30.6 billion (up 26.8%).

The solvency margin ratio was 1,341.9% as of March 31, 2016 (compared to 1,363.7% as of March 31, 2015). The value of adjusted net assets amounted to ¥1,436.1 billion as of March 31, 2016 (compared to ¥1,288.4 billion as of March 31, 2015).

c) T&D Financial Life

In fiscal 2015, core profit was negative ¥5.5 billion (positive ¥6.9 billion in the previous fiscal year). The negative spread was ¥3.1 billion (down 2.8%).

The solvency margin ratio was 1,260.7% as of March 31, 2016 (compared to 1,271.9% as of March 31, 2015). The value of adjusted net assets amounted to ¥228.3 billion as of March 31, 2016 (compared to ¥156.2 billion as of March 31, 2015).

Core Profit

Year ended March 31	Three Companies		Taiyo Life		Daido Life		T&D Financial Life	
	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY
Ordinary profit A	¥170.6	¥(16.8)	¥79.1	¥ 11.5	¥ 90.3	¥(7.1)	¥ 1.2	¥(21.2)
Capital gains (losses) B	27.7	21.8	25.0	25.6	4.1	(0.8)	(1.4)	(2.9)
One-time gains (losses) C	(10.2)	(9.0)	0.2	0.2	(18.7)	(3.5)	8.1	(5.7)
Core profit A–B–C	153.0	(29.6)	53.8	(14.3)	104.8	(2.8)	(5.5)	(12.4)

Positive Spread

Year ended March 31	Three Companies		Taiyo Life		Daido Life		T&D Financial Life	
	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY
Positive spread (Negative value indicates negative spread)	¥ 40.2	¥ 5.6	¥ 12.7	¥ (0.8)	¥ 30.6	¥ 6.4	¥ (3.1)	¥ 0.0
Yield on investment income included in core profit (%)	—	—	2.32	(0.12)	2.55	—	1.19	0.03
Average assumed investment yield (during the fiscal year) (%)	—	—	2.11	(0.10)	1.94	(0.11)	1.48	(0.04)
General account (accrued) policy reserve	12,155.8	546.2	6,104.9	162.3	4,975.4	204.0	1,075.5	179.8

Note 1. Positive spread is calculated according to the following formula.

Positive spread = (Yield on investment income included in core profit – Average assumed investment yield (during the fiscal year)) x General account (accrued) policy reserve

2. "Investment yield on core profit" is investment income included in core profit (investment income (loss) on general account assets), excluding the amount of interest portion of reserve for policyholder dividends, divided by the general account (accrued) policy reserve.

3. "Average assumed investment yield (during the fiscal year)" is the assumed investment yield on general account assets divided by the general account (accrued) policy reserve.

4. "General account (accrued) policy reserve" is the general account policy reserve, excluding the contingency reserve, and is an accrued policy reserve calculated as follows:

General account (accrued) policy reserve = (Policy reserve at the beginning of the relevant fiscal year + Policy reserve at the end of the relevant fiscal year – Assumed investment yield) x 1/2

Adjusted Net Assets

Year ended March 31	¥ billions							
	Three Companies		Taiyo Life		Daido Life		T&D Financial Life	
	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY	2016	Increase (decrease) YoY
Adjusted net assets	¥2,927.6	¥282.1	¥1,251.2	¥87.7	¥1,436.1	¥147.7	¥228.3	¥72.1

Solvency Margin Ratio

Years ended March 31	¥ millions							
	Consolidated ¹		Taiyo Life ²		Daido Life ²		T&D Financial Life ²	
	2015	2016	2015	2016	2015	2016	2015	2016
Total solvency margin	¥2,290,819	¥2,102,712	¥1,007,396	¥848,814	¥1,142,033	¥1,122,632	¥99,617	¥94,448
Capital stock, etc. ³	735,975	759,218	252,752	261,221	379,022	408,408	67,394	67,886
Reserve for price fluctuations	155,190	175,759	77,367	95,199	77,108	79,655	714	903
Contingency reserve	158,597	152,903	68,845	68,517	63,005	65,809	26,746	18,576
Catastrophe loss reserve	—	—	—	—	—	—	—	—
General reserve for possible loan losses	1,655	1,482	1,267	1,210	85	65	2	0
Net unrealized gains on available-for-sale securities and deferred gains (losses) on hedging instruments (x 90 percent, if gains; x 100 percent, if losses)	810,029	590,290	448,767	304,878	360,056	282,137	1,017	2,966
Net unrealized gains (losses) on land (x 85 percent, if gains; x 100 percent, if losses)	(707)	16,802	(30,571)	(22,309)	25,324	24,520	—	—
The total amount of unrecognized actuarial gains and losses and unrecognized past service costs (prior to tax effect deduction)	—	—	—	—	—	—	—	—
Excess amount of policy reserve based on the Zillmer method	179,177	196,715	29,008	27,574	146,426	165,026	3,742	4,114
Unallotted portion of reserve for policyholder dividends	17,028	16,891	9,684	9,546	7,344	7,344	—	—
Deferred tax assets	135,333	142,638	51,675	52,974	83,658	89,663	—	—
Subordinated debt	98,600	50,000	98,600	50,000	—	—	—	—
The amount of non-margin portions in excess amount of policy reserve based on Zillmer method and subordinated debts	—	—	—	—	—	—	—	—
Margin of small-amount short-term insurance company ⁴	216	305	—	—	—	—	—	—
Deductible items	(278)	(294)	—	—	—	—	—	—
Total risk $\{[(R_1^2+R_2^2)^{1/2}+R_3+R_4]^2+(R_5+R_6+R_7)^2\}^{1/2}+R_8+R_9$	375,326	363,834	202,706	190,614	167,483	167,308	15,664	14,983
Insurance risk	R ¹	47,399	46,671	26,789	25,939	24,162	755	741
General insurance risk	R ⁵	—	—	—	—	—	—	—
Catastrophe risk	R ⁶	—	—	—	—	—	—	—
Third Sector insurance risk	R ⁸	13,525	14,363	9,245	9,717	4,110	169	157
Insurance risk of small-amount short-term insurance company	R ⁹	400	492	—	—	—	—	—
Assumed investment yield risk	R ²	73,272	67,926	43,429	41,219	27,719	2,124	2,362
Minimum guarantee risk ⁶	R ⁷	5,966	3,084	16	17	762	5,187	2,312
Investment risk	R ³	282,464	279,224	151,338	141,563	132,752	7,841	9,818
Business risk	R ⁴	8,460	8,235	4,616	4,369	3,790	482	461
Consolidated solvency margin ratio								
$\frac{\text{(Total solvency margin)}}{\text{(Total risk)}} \times 100$	1,220.7%	1,155.8%	993.9%	890.6%	1,363.7%	1,341.9%	1,271.9%	1,260.7%

Note 1. The above ratios are calculated in accordance with Articles 210.11.3 and 210.11.4 of the Ordinance for Enforcement of the Insurance Business Act as well as the Notification No. 23 issued by the Financial Services Agency in 2011.

Note 2. The above ratios are calculated in accordance with Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act as well as Announcement No. 50 issued by the Ministry of Finance in 1996.

Note 3. "Capital stock, etc." represents net assets on the balance sheet less total accumulated other comprehensive income and estimated appropriation paid in cash.

Note 4. "Margin of small-amount short-term insurance company" represents catastrophe loss reserve of small-amount short-term insurance company.

Note 5. "Minimum guarantee risk R⁷" is calculated using the standardized method regulated by the FSA.

Business Risks and Other Risks

Below are risks related to the business of T&D Holdings, Inc. (the “Company”) and the T&D Life Group (the “Group”) and other risks that could significantly affect the investment decisions of investors.

Forward-looking statements in this section reflect judgments as of the submission date of the Annual Securities Report (“YUHO Report”).

Further, in this section “the three life insurance companies” refers to Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company for which the Company is the holding company, while “directly owned subsidiaries” refers to five companies: the three life insurance companies and T&D Asset Management Co., Ltd., and Pet & Family Small-amount Short-term Insurance Company, both of which the Company owns directly.

1. RISKS AS A HOLDING COMPANY

(1) Risk Related to Reliance on the Performance of the Life Insurance Business

Because the Group is focused on the life insurance business, it is heavily reliant on the earnings of its three life insurance companies. For that reason, if the business circumstances of any of the three life insurance companies change, and/or the roles or positions of any of the three life insurance companies change, the Group’s earnings and financial condition could be adversely affected.

(2) Risk Related to Dividend Income

As the holding company, T&D Holdings, Inc. derives the majority of its income from dividends paid by its three life insurance companies.

Under certain circumstances, the amount of dividends that can be paid by the three life insurance companies may be limited by the Insurance Business Act and/or the Japanese Companies Act. Also, if any of the three life insurance companies fails to record sufficient profits, they may not be in a position to pay dividends to the Company, and the Company may be unable to pay dividends.

(3) Risk Related to Expanding Scope of Operations

The Group is considering expanding the scope of its operations outside of the life insurance business by leveraging the advantages afforded by its holding company structure within legal and regulatory boundaries. The Group may have little or no experience in such operational expansion. If expansion does not go well or if the operations concerned are unprofitable or suffer from low profitability, the Group’s earnings and financial condition could be adversely affected.

(4) Risk Related to Regulatory Changes

The Company and the Group as a whole are subject to regulation under the Insurance Business Act and oversight by the Financial Services Agency (FSA). Furthermore, the Company and the Group conduct operations under restrictions of other regulations, including the impact of laws, regulations, business customs, interpretation, and fiscal policies. For this reason, future changes in any of the associated regulations, and/or circumstances resulting from such changes, could adversely affect the Group’s earnings and financial condition.

2. RISK RELATED TO BUSINESS

(1) Type of Risk Related to Directly Owned Subsidiaries

The following are the main risks related to directly owned subsidiaries. The materialization of these risks could affect the business results or financial position of the T&D Life Group adversely.

Type of risk	Risk characteristics and countermeasures
Underwriting risk	This is the risk of incurring losses due to disparities between economic trends or trends in mortality and morbidity rates and forecasts at the time of setting premiums. This includes the risk of a rapid increase in insurance claims, insurance benefits, and other payments due to an outbreak of a new strain of influenza.
Investment risk	The Group classifies and manages investment risk according to three categories: market risk, credit risk, and real estate investment risk.
Market risk	This is the risk of incurring losses due to changes in the value of owned assets and liabilities (including off-balance sheet assets) as a result of changes in interest rates, securities prices, foreign exchange rates, and various other factors.
Credit risk	This is the risk of incurring losses due to a decline in the price or the complete eradication of the value of assets (including off-balance sheet assets) as a result of a deterioration in the financial positions of obligors and other factors.
Real estate investment risk	This is the risk of incurring losses from a decline in real estate-related revenues due to changes in lease fees or other factors, or from a decline in the value of real estate itself due to changes in market conditions.
Liquidity risk	The Group classifies liquidity risk into two categories: cash flow risk and market liquidity risk.
Cash flow risk	This is the risk of incurring losses when an outflow of funds resulting from a major disaster, a deterioration in profitability, or other factors cause a deterioration in cash flows that forces directly owned subsidiaries to sell assets at prices significantly lower than normal in order to secure funds.
Market liquidity risk	This is the risk of incurring losses due to an inability to trade in the market or being forced to trade at prices significantly lower than normal because of market confusion or other factors.
Operational risk	Operational risk is managed by category of risk, namely administrative risk, system risk, legal risk, labor/personnel risk and catastrophe risk.
Administrative risk	This is the risk of incurring losses due to an officer or employee neglecting to perform operations correctly and/or causing accidents, performing illegal acts, and leaking information, etc.
System risk	This is the risk of incurring losses due to computer system downtime, malfunctions, or other system flaws or the improper use of computers.
Legal risk	This is the risk of incurring losses as a result of neglecting to comply with laws and statutory regulations.
Labor/Personnel risk	This is the risk of suffering losses due to such labor and personnel problems as those related to hiring, labor management, personnel outflows, human rights, etc.
Catastrophe risk	This is the risk of incurring losses due to a lack of preventative measures in relation to large-scale disasters or not having emergency measures in place when a large-scale disaster occurs.
Reputational risk	This is the risk of incurring losses due to the spread of negative information about the creditworthiness or negative evaluations of the Group or the life insurance industry among policyholders, investors, or the public at large through the media or the Internet that affects the earnings of Group companies adversely or causes a decline in share price.
Affiliate and other entity risk	This is the risk of incurring losses due to deterioration of profitability, materialization of various risks, or other adverse factors at subsidiaries, affiliates and business investees of directly owned subsidiaries.

(2) Risks Related to the Life Insurance Business

1) Life Insurance Business

The T&D Life Group's main business is life insurance. The three life insurance companies underwrite life insurance based on life insurance business licenses. Risk particular to the three life insurance companies is as shown below. The materialization of these risks could affect the business results or financial position of the Company and the Group adversely.

(1) Principal Laws and Statutory Regulations Related to the Life Insurance Business

Life insurance companies are subject to regulation under the Insurance Business Act and oversight by the FSA. The Insurance Business Act

functions as a supervisory law for insurance companies and as an insurance companies act that stipulates the organization and operations of insurance companies.

a. Licenses

Authorities use a license system for life insurance business and non-life insurance business. The three life insurance companies have received life insurance business licenses. These enable the underwriting of conventional life insurance providing for fixed payments related to the survival or death of a person as well as medical insurance, accident insurance, and nursing care insurance, known as Third Sector insurance, and reinsurance of such life insurance and Third Sector insurance.

Further, authorities can revoke these licenses if, based on the regulations of the Insurance Business Act, the prime minister deems the licensee to have committed an infringement in relation to particularly significant procedures or basic documents (statements of business procedures, etc.) that are stipulated by laws or statutory regulations or to have acted in a way that damages the public interest, or if the prime minister deems that the insurance company's financial situation has deteriorated markedly and that continuing the insurance business is inappropriate from the viewpoint of protecting policyholders. In addition, based on the stipulations of the Insurance Business Act, if authorities revoke the license of an insurance company, the company must be liquidated.

b. Restrictions on Business Scope

The regulations of the Insurance Business Act prohibit life insurance companies from conducting business in fields other than those that the Insurance Business Act and certain other laws and statutory regulations stipulate. Taking into account the highly public nature of the

insurance business, this prohibition seeks to prevent deteriorations in the assets of life insurance companies due to failures in businesses other than the insurance business, prevent the allocation of premium income to compensate for deficits of other businesses, and ensure insurance companies dedicate their efforts to the insurance business and thereby realize efficient, sound business management.

Further, the business scope of subsidiaries and other entities of insurance companies is subject to restrictions for the same reasons as those stated above. Also, revision of statutory regulations or changes in regulatory agencies' interpretation or application of them could affect the business results or financial position of the Company and the Group adversely.

c. Regulation and Oversight under the Insurance Business Act

To enable the regulatory agency to remain appraised of the situation of insurance companies and implement supervisory measures, they are subject to the regulations below under the Insurance Business Act.

Details of the main statutory regulations based on the Insurance Business Act relating to insurance companies' insurance underwriting and asset management are as follows:

Regulation	Details
Approval and notification of insurance products and premiums*	The regulations of the Insurance Business Act stipulate that in principle, insurance products and their premiums require the approval of the commissioner of the FSA. However, the Ordinance for Enforcement of the Insurance Business Act stipulates certain products and premiums that only require notification because the risk of insufficient protection of the policyholders is minimal.
Asset management regulation	The Insurance Business Act requires the methods of investment of money and other assets received as premiums to conform to the stipulations of the Ordinance for Enforcement of the Insurance Business Act.

* Premiums: Insurance premiums as a percentage of the basic policy amount

Also, with respect to insurance companies, the commissioner of the FSA has general supervisory rights, including the right to receive reports and documents and conduct on-site inspections. If the regulatory agency took such supervisory measures with regard to the three life insurance companies or statutory regulations were revised or there were changes in the regulatory agency's interpretation or application of them, it could affect the business results or financial position of the Company and the Group adversely.

d. Solvency Margin Ratio

The term solvency margin indicates a surplus financial payment capability that covers exposure to unforeseeable risk, such as major earthquakes or stock market crashes. Life insurance companies have policy

reserves to ensure the payment of future insurance claims within the scope of regular, foreseeable risks. However, the solvency margin protects against risk that exceeds normal circumstances. The solvency margin ratio is calculated as the total amount of solvency margin (equity, reserve for price fluctuations, contingency reserve, reserve for possible loan losses, and others) divided by 1/2 of the quantified measure of the total amount of unforeseeable risk borne (total amount of risk).

Supervisory authorities take prompt corrective action designed to quickly restore management soundness when the solvency margin ratio falls below 200%.

(For details on the solvency margin ratio, please refer to "4. Analysis of Sales Results (Non-consolidated), (2) Other Important Matters" on pages 84-85.)

e. Adjusted Net Assets

Adjusted net assets is an amount calculated based on the assets on the balance sheet (securities and real estate are evaluated using a fixed mark-to-market rate), less an amount calculated based on the liabilities (liabilities less the reserve for price fluctuations and contingency reserve). This net assets figure is used for determining whether there are excess liabilities regarding the system of prompt corrective action by the supervisory authorities. If adjusted net assets is negative or expected to be negative, the supervisory authorities could order a complete or partial suspension of business operations.

(For details on adjusted net assets, please refer to “4. Analysis of Sales Results (Non-consolidated), (2) Other Important Matters” on pages 84–85.)

(2) Asset Management Regulations for Life Insurance Companies

a. Characteristics of Life Insurance Companies’ Liabilities and Capital

For life insurance companies, liabilities account for a much larger portion of capital than does equity capital, which comprises capital, retained earnings, and others. Liabilities mainly comprise total policy reserves, which include the policy reserve, the reserve for policyholder dividends, and the reserve for outstanding claims. The policy reserve accounts for the majority of total policy reserves. Such life insurance funds have four characteristics: (1) they are long-term, (2) they are policyholders’ financial assets in trust, (3) they seek profitability, and (4) they are highly public in nature.

Therefore, the management of life insurance companies’ capital should be safe, profitable, liquid, and public.

b. Regulations for Management of Life Insurance Funds

A change in the regulation for the management of life insurance funds mentioned below or a change in the regulatory agency’s interpretation or application of regulations could adversely affect the business results or financial position of the Company and the Group.

i) The necessity and characteristics of management regulations

Authorities regulate insurance companies’ management of life insurance funds in order to ensure the ability of insurance companies to pay insurance claims and protect the interests of policyholders.

The general account controls financial assets that are derived from premiums received from policyholders based on their policies. In each of these policies, insurance companies guarantee policyholders the payment of specific assumed investment yields. The general account controls financial assets other than those controlled in the separate account mentioned below.

ii) Asset management of the separate account

The purpose of the separate account is to return investment gains directly to policyholders. Insurance companies manage this account separately from their other financial assets in the general account.

With the separate account, to ensure that insurance companies can make payments to policyholders as needed, the assets that insurance companies manage in the separate account need to be convertible to cash. Due to this characteristic, insurance companies generally invest in listed securities and other assets with daily price quotations.

(3) Income and Expenditure Structure of the Life Insurance Business

a. Characteristics of Life Insurance Accounting

Life insurance companies’ income mainly comprises premiums, income from interest and dividends, and gains on sales of securities. Meanwhile, their expenditure mainly comprises the payment of insurance claims, annuities, and insurance benefits as well as losses on sales of securities, investment expenses, and operating expenses that include expenses for policy maintenance and solicitation.

i) Structure of the premium

Insurance companies set premiums through calculations based on the assumed mortality rate, investment yield, and operating expense rate as well as consideration of the insurance type, amount, and term in addition to the age and gender of the insured individual.

Normally, insurance companies set the basic calculation rates that they use for projections at conservative levels. As a result, differences in assumed and actual rates often generate income. However, investment yields of certain products may fall below assumed investment yields, a situation that is called negative spread. In addition, life insurance companies can incur losses related to death protection if mortality rates exceed assumed mortality rates due to a major disaster. Also, life insurance companies can incur losses if operating expense rates exceed assumed operating expense rates due to inflation.

Basic calculation rates	Details
Assumed mortality rate	Based on statistics on past trends, life insurance companies project the number of deaths by gender and age and calculate the premiums required to pay future insurance claims. The mortality rate that companies use for this calculation is called the assumed mortality rate.
Assumed investment yield	Insurance companies project a certain investment yield from asset management and discount this from premiums. The rate of this discount is called the assumed investment yield.
Assumed business expense rate	Insurance companies project expenses required for business operations and include this in premiums. Rates set in accordance with the characteristics of each type of expense are called the assumed business expense rate.

ii) Policy reserve

Life insurance companies have policy reserves to ensure the reliable payment of future insurance claims. The revenue sources of policy reserves are insurance premiums and investment income, and they account for the largest portion of the liabilities of life insurance companies.

Further, insurance companies recognize provisions for the policy reserve, net of reversals, in the statement of operation. In other words, if provisions exceed reversals, insurance companies recognize the difference as a provision for the policy reserve in ordinary expenses. If reversals exceed provisions, insurance companies recognize the difference as a reversal of the policy reserve in ordinary revenues.

iii) The structure of policyholder dividends

In life insurance, participating policies pay policyholder dividends and non-participating policies do not. For participating policies, if a surplus arises due to a difference between actual rates and the assumed mortality rate, investment yield, and operating expense rate that insurance companies use as the basis of calculation of premiums, insurance companies return a portion of this surplus to policyholders as policyholder dividends. Meanwhile, although non-participating policies do not pay policyholder dividends, policyholders can normally receive the same protection as that of an equivalent participating policy at a lower premium.

The Insurance Business Act stipulates that life insurance companies must pay policyholder dividends in a “fair and balanced” manner. The three life insurance companies have established policies for policyholder dividends in their Articles of Incorporation based on the Insurance Business Act.

b. Income and Losses of Life Insurance Companies

Generally, companies classify their statement of income into operating income or loss and nonoperating income or loss. However, life insurance companies classify their statement of income (the statement of operation) into insurance-related income or loss (income from insurance premiums,

insurance claims, and other payments and provisions for policy reserve and other reserves), investment gains or losses (investment income and investment expenses), and other gains or losses (other ordinary income, other ordinary expenses, and operating expenses).

The major items in the ordinary revenues of life insurance companies are income from insurance premiums and investment income, including interest, dividends and income from real estate for rent and gains on sales of securities. The main items in ordinary expenses include insurance claims, surrender payments, and other payments, provision for policy reserve and other reserves, investment expenses, including losses on sales of securities, and operating expenses. Ordinary profit is ordinary revenues net of ordinary expenses. As a result, as well as the balance of insurance premiums and claims, ordinary profit of life insurance companies is very susceptible to fluctuations in the investment environment, such as stock markets.

c. Breakdown of Ordinary Profit (Core Profit)

Changes in the investment environment, including fluctuations in conditions of stock and bond markets as well as foreign exchange rates, result in gains or losses on sales of securities, devaluation losses or valuation gains on securities, and foreign exchange gains or losses, thereby significantly affecting the ordinary profits or losses of life insurance companies. For this reason, and based on disclosure standards that the Life Insurance Association of Japan established as part of efforts to promote better disclosure—life insurance companies have been disclosing core profit or loss as an indicator of the periodic income or loss of insurance business since fiscal 2000. Core profit or loss is ordinary profit or loss not including capital gains or losses, such as gains or losses on sales of securities and devaluation losses or valuation gains on securities, and one-time gains or losses, such as reversal of contingency reserve, provision for contingency reserve, write-off of loans, and others. Insurance companies disclose core profit or loss for reference only. Core profit is not an item in the income

statement (the statement of operation). Deteriorations in core profit, capital gains or losses, and one-time gains or losses due to fluctuations in the financial market could adversely affect the business results or financial position of the Group.

(For details on core profit or loss, please refer to “4. Analysis of Sales Results (Non-consolidated), (2) Other Important Matters” on pages 84–85.)

d. Negative Spread

Life insurance companies calculate the premiums policyholders pay by discounting the profits expected from investments using a rate called the assumed investment yield. (For an explanation of the structure of the premium, please see “a. Characteristics of Life Insurance Accounting, i) structure of the premium” mentioned above.) Therefore, insurance companies need to secure investment income equivalent to the amount they discount each year (assumed interest). However, life insurance companies may be unable to generate enough investment income to cover assumed interest. In other words, they have negative spreads. The incurrence of negative spreads or an increase in negative spreads in the future, due to a change in financial conditions, could affect the business results or financial position of the T&D Life Group adversely.

(For details on the status of yield on investment income, etc., and average assumed investment yield of the Group, please refer to “4. Analysis of Sales Results (Non-consolidated), (2) Other Important Matters” on pages 84–85.)

(4) Contributions to the Life Insurance Policyholders Protection Corporation of Japan

The Life Insurance Policyholders Protection Corporation of Japan was established in December 1998 based on the Insurance Business Act to increase policyholder protection in the event of a life insurance company filing for bankruptcy. All life insurance companies conducting business in Japan, including the Japanese branches of foreign insurance companies, are members. As a system to mutually assist policyholders, etc., in the event that a life insurer files for bankruptcy, the PPC provides financial assistance for transferring life insurance policies of a failed insurer, manages the succeeding life insurance company, underwrites life insurance policies, offers financial assistance connected with payments of compensation insurance, and purchases insurance claims, among other activities. The financial assistance provided by the PPC to a failed insurer is furnished by contributions from members. Through March 31, 2017, the government may provide the PPC with additional funds if a life insurance company bankruptcy occurs and if the funds needed to cover policyholders are in excess of the funds

contributed by members. Members make annual contributions in accordance with standards specified in the PPC’s Articles of Incorporation for determining the cost of covering bankruptcies to date.

The Group will continue making these contributions for the time being. However, if the three life insurance companies’ shares of the total amounts of premiums and policy reserves in the life insurance industry change, their contributions to the PPC would change accordingly. As mentioned above, the Group’s contributions to the PPC could rise if a life insurance company files for bankruptcy and requires financial support from the PPC.

(5) Deferred Tax Assets

Based on generally accepted accounting principles and practices in Japan, for each taxable entity the Group recognizes the amounts that are expected to mitigate future tax burden as deferred tax assets, net of deferred tax liabilities, in the balance sheet. Because the recognition of deferred tax assets is based on various assumptions, including estimates of future taxable income, actual taxable income could differ from these assumptions. Further, a change in accounting standards or a change in the Group’s estimate of future taxable income could lead the Group to conclude that the recovery of all or some of its deferred tax assets is difficult. In such a case, the Group could reduce the amount of deferred tax assets that it recognizes. In the event that the statutory effective tax rate is reduced due to an amendment of the corporate tax code, the amount of deferred tax assets that the Group recognizes will be reduced. As a result, this could adversely affect the business results or financial position of the Group.

2) Competition

(1) Life Insurance Companies

a. Competing Life Insurance Companies

As of March 31, 2016, including the Group’s three life insurance companies, there were 41 life insurance companies in Japan which have received a Life Insurance Business License or a Foreign Life Insurance Business License. All of these insurance companies are in a competitive relationship with the Group with respect to the solicitation and maintenance of life insurance policies. Intensification of this competition could adversely affect the business results or financial position of the Group.

b. Trends in the Life Insurance Industry

The new policy amount and the policy amount in force could decline in the future due to an aging society with low birthrates, a shrinking workforce or other factors. Under these conditions, new insurance companies with new channels have entered the market, there have

been industry realignments and strategic alliances in various forms, and it is possible that the domestic market will undergo further realignment. Moreover, as seen from the full deregulation of OTC sales at banks, the life insurance industry is expected to see further liberalization and deregulation. As a result, there is expected to be further escalation in competition on product prices and services in the life insurance industry, which could adversely affect the Group's earnings and financial condition.

(2) Competitive Relationships in Life Insurance Businesses

The Japan Agricultural Cooperatives, the National Federation of Workers and Consumers Insurance Cooperatives, and the Japanese Consumers' Cooperative Union offer life insurance products with functions analogous to those provided by private-sector life insurers. Accordingly, the three life insurance companies stand in a competitive relationship with these entities in the life insurance business.

In fields involving financial functions, the Group has competitive relationships mainly with trust banks in the management of corporate pension assets under contract and investment advisory companies in the management of other assets.

In businesses where there is a competitive relationship with other companies, any decline in the competitiveness of the three life insurance companies could adversely affect the Group's earnings and financial condition.

(3) T&D Life Group's Sales Strategy

The Group is the holding company for three life insurance companies: Taiyo Life, which has strength in the household market; Daido Life, which has strength in the SME market; and T&D Financial Life, which has strength in the life insurance market based on OTC sales at financial institutions and other agents. Each company has different business strategies, target markets, and products.

As a result, each of the three life insurance companies faces particular risks, which are detailed below. Materialization of these risks could adversely affect the business results or financial position of the Group.

a. Taiyo Life

i) Market

Taiyo Life's mainstay life insurance for the individuals market breaks down into two large categories: the household market, which centers on sales activities through home visits, and the worksite market, which centers on sales activities through worksite visits. Taiyo Life conducts sales activities primarily in the household market. Consequently, most of Taiyo Life's policyholders are housewives. Women account for approximately 70% of Taiyo Life's new policyholders for individual insurance and individual annuity policies.

Removal of the regulation of member policies* would enable insurance companies' insurance agency subsidiaries to sell life insurance products to their executives and personnel. As a result, the worksite market would see a shift from sales representatives sales channels to sales agency sales channels. This could reduce the number of sales targets for the sales representatives of other life insurance companies that mainly sell in the worksite market. In response, such companies could enter and focus on the household market, which would result in fiercer competition in the household market. Such developments could adversely affect the business results or financial position of Taiyo Life.

Further, law revisions that strengthened the regulation of door-to-door sales could undermine the efficiency of a sales system based on door-to-door sales, which could adversely affect the business results or financial position of the Group.

* Regulation of member policies: The Insurance Business Act and the Ordinance for Enforcement of the Insurance Business Act prohibits life insurance sales agencies or insurance brokers from selling life insurance products to their own executives or personnel, referred to as "members," or those of affiliated companies, with the exception of certain non-life insurance products and Third Sector products.

ii) Sales system

Taiyo Life sells life insurance products mainly through sales representatives. As of March 31, 2016, the company had 8,631 sales representatives. Sales representatives accounted for approximately 92% of Taiyo Life's new policy amount, individual insurance and individual annuities, for fiscal 2015. A significant reduction in the number of sales representatives would lower the sales capabilities of the company, which could affect its business results or financial position adversely.

In the future, there may be significant changes in the composition of sales channels in the life insurance industry as a whole due to growth in OTC sales at banks or insurance shop agent sales or other factors. Taiyo Life already sells products in the sales agent channel, including OTC sales at banks. However, a slow response from Taiyo Life to further changes or a dramatic decline in the superiority of the sales representative channel in insurance sales compared to other channels could affect the company's business results or financial position adversely.

iii) Increase in sales of comprehensive life insurance

In the household market, Taiyo Life is working through sales representatives to increase sales of comprehensive life insurance, which centers on death protection, medical care insurance, and nursing care insurance.

Given that Taiyo Life's main customer base, women, the middle-aged and elderly people are likely to continue accounting for a large proportion of the life insurance for individuals household market—a customer group which is aging rapidly—the company should be able to maintain its competitive advantage in this market.

However, if contrary to expectations the company is unable to maintain a competitive advantage in the life insurance for individuals household market, or experiences a sales slump because competitive superiority is less than expected, it could adversely affect the company's business results or financial position.

b. Daido Life

i) Target market

Daido Life conducts sales activities focused on the SME market. Breaking down the new policy amount¹ for fiscal 2015, policies from the corporate market² accounted for 94.9% and policies from the household market accounted for 5.1%. SMEs are particularly susceptible to changes in the business climate. A decrease in new policies or an increase in surrender rates due to a deterioration in business results or an increase in bankruptcies among SMEs, which are the company's mainstay customers, could adversely affect the company's business results or financial position.

Note 1. The amount calculated by adding the insured amounts of non-participating insurance for critical illness, non-participating disability income insurance, and non-participating whole life nursing care insurance to the new policy amounts of individual insurance, individual annuities, and group insurance policies.

2. The aggregate of individual insurance, individual annuities, non-participating insurance for critical illnesses, non-participating disability income insurance, and non-participating whole life nursing care insurance marketed through franchise groups, and group insurance policies.

ii) Sales of partner-specific products

Since 1971, Daido Life has underwritten the comprehensive insurance plan, "*Keieisha Ogata Sogo Hosho Seido*" of the National Federation of Corporate Taxpayers Associations (NFCTA, known as *Hojinka*), and the Tax Payment Associations (TPA, known as *Nozei-kyokai*). Also, in 1976 Daido Life began underwriting the "*TKC Kigyō Boei Seido*" implemented by the TKC National Federation. Through these organizations, Daido Life sells insurance products to member enterprises implemented by TKC members. Sales through these organizations underpin Daido Life's sales initiatives. The entry of competitors through tie-ups with the abovementioned organizations or these organizations' halting of recommendations of Daido Life's products could adversely affect the company's business results or financial position.

iii) Sales system

Daido Life sells life insurance products through two main channels: in-house sales representatives and sales agents. The sales agent channel mainly comprises tax accountants and Property & Casualty (P&C) insurance agencies.

• In-house sales representative channel

Daido Life's in-house sales representatives market products mainly to companies that are members of NFCTA and TPA. As of March 31, 2016, Daido Life had 3,867 in-house sales representatives. Daido Life hires high-quality personnel while developing sales representatives who possess highly specialized knowledge and sales techniques. However, a significant decrease in the number of sales representatives or productivity per sales representative could adversely affect the company's business results or financial position.

• Agency channel

As of March 31, 2016, Daido Life had 13,793 agents. Daido Life continually improves the competitiveness of its products and enhances its support capabilities, including upgrading the skills of staff who support agents. However, agencies that meet certain conditions handle the products of multiple life insurance companies. The handling of even more life insurance companies by such agencies or a decrease in the handling of Daido Life's products among agencies could adversely affect the company's business results or financial position.

iv) Products

Daido Life's main product has traditionally been individual term life insurance. As of March 31, 2016, individual term life insurance accounted for 85.9% of Daido Life's policy amount in force*.

In the individual term life insurance business area, Daido Life has taken steps to further strengthen the competitiveness of its term life insurance products in relation to pricing and product appeal. However, intensification of competition with competitors or a decline in demand for individual term life insurance could adversely affect the company's business results or financial position.

Further, under the current income tax laws, corporations or other business proprietors are allowed to deduct as a business expense all or a portion of the cost of insurance premiums of individual term life insurance. Abolition or reduction of this treatment of insurance premiums due to a change in Japanese tax law or regulations could decrease the company's new policies or heighten the company's surrender rates, which could adversely affect the company's business results or financial position.

* The amount calculated by adding the insured amounts of non-participating insurance for critical illness, non-participating disability income insurance and non-participating whole life nursing care insurance to the policy amount in force of individual insurance and individual annuities.

c. T&D Financial Life

i) Target market

T&D Financial Life sells life insurance products through OTC sales at financial institutions and insurance shop agents.

If changes in the investment environment caused financial institution agents to focus more on the sale of products other than life insurance products, the OTC sales in the financial institutions market could shrink, which could adversely affect the company's business results or financial position.

ii) Sales system

T&D Financial Life mainly sells its products through OTC sales at financial institutions and insurance shop agents. As of March 31, 2016, the company had concluded agency agreements with 134 financial institutions.

In the selling of life insurance products through OTC sales in financial institutions' business areas and insurance shop agents, a decrease in the number of agencies carrying T&D Financial Life's products due to intensification of competition with other companies in the same industry, overpricing of services or delays in the company's introduction of new products to financial institution agents and insurance shop agents could adversely affect the company's business results or financial position.

iii) Products

T&D Financial Life's main products are single premium whole life insurance and level premium income protection insurance. In light of consumer demand, the company develops products that have insurance benefits differentiated from those that competitors offer. Fiercer competition with other companies or a decline in demand for single premium whole life insurance and level premium income protection insurance could result in a slump in sales and a significant decrease in the policy amount in force. Further, fluctuations in fair value could produce a significant deterioration in the balance of minimum guarantee of individual variable annuities outstanding. These events could adversely affect the company's business results or financial position.

3) Investment Risk

(1) Investment Risk of the General Account and the Separate Account
Life insurance companies have two different types of accounts: the general account and the separate account. Life insurance companies use the general account to make guaranteed payments to policyholders based on an assumed investment yield. Therefore, life insurance companies bear the risk of the actual investment yield falling below the assumed investment yield. In the separate account, meanwhile, because life insurance companies reflect investment results

directly in reserves that belong to policyholders, policyholders bear the investment risk.

(2) Overview of Market Risk

a. Stock-related Market Risk (stock price fluctuation risk)

A decrease in unrealized gains or incurring unrealized losses due to a fall in the fair value of stocks in the Group's general account could adversely affect the Group's business results or financial position.

b. Domestic Bond-related Market Risk (interest rate fluctuation risk)

A decrease in unrealized gains or incurring unrealized losses due to higher interest rates or a fall in the fair value of yen-denominated bonds in the Group's general account could adversely affect the Group's business results or financial position.

c. Market Risk Related to Foreign Currency-denominated Marketable Securities (currency exchange rate fluctuation risk)

A decrease in unrealized gains or incurring unrealized losses on marketable securities in the Group's general account due to higher interest rates or a fall in the fair value of marketable securities could adversely affect the Group's business results or financial position. Further, for information on the fair value of securities (securities with fair value that are not trading securities) in the general account, please see Notes to Consolidated Financial Statements, Note 23 Investments in Securities on page 132.

(3) Overview of Credit Exposure

In regard to loans, bonds and suchlike, incurring losses due to a decline in the price or the complete eradication of the value of assets as a result of a deterioration of the financial positions of obligors could adversely affect the Group's business results or financial position. Further, for information on loans to bankrupt companies, past due loans, loans overdue for three months or more, and restructured loans, please see Notes to Consolidated Financial Statements, Note 3 Loans on page 119.

(4) Overview of Real Estate Investment Risk

In relation to real estate it owns, the Group could incur losses due to a decline in revenue derived from real estate held for investment purposes because of a change in lease fees or other factors. Further, the Group could incur losses due to a decline in the value of real estate because of a change in market conditions. Such events could adversely affect the Group's business results or financial position. For information on the fair value of real estate held for investment purposes, please see Notes to Consolidated Financial Statements, Note 29 Real Estate for Rent on page 154.

4) Ratings

Rating agencies rate the ability of life insurance companies to pay insurance claims. A downgrade of the ratings of the Group's ability to pay insurance claims due to a deterioration of the three life insurance companies' solvency margins, earnings capabilities, or the quality of their assets—or a public announcement that an agency is considering the downgrade of the Group's rating—could lead to a decrease in new policies or a higher surrender rate. Such events could adversely affect the Group's business results or financial position.

(3) Risk Related to Other Directly Owned Subsidiaries

1) Asset Management Business Risk

The Company, through directly owned subsidiary T&D Asset Management Co., Ltd., provides asset management services to such clients as pension funds, institutional investors, and individual investors in Japan and overseas, mainly through its Type II Financial Instruments Business, its investment management business, and its investment advice and agency business. The management fee and investment management entrustment fee that it earns as consideration for these services are based on the balance of customers' assets under management. Therefore, a decrease in the balance of assets under management due to a fluctuation in market prices or an increase in surrender rates could adversely affect the Group's business results or financial position.

2) Risk Related to the Small-amount Short-term Insurance Businesses

The Company offers pet insurance through directly owned subsidiary Pet & Family Small-amount Short-term Insurance Company. This subsidiary's target market has growth potential. However, in order to expand or support the subsidiary's business, the Company may have to make additional investments in the subsidiary or deploy other management resources. A deterioration in the subsidiary's earnings due to fiercer competition with other companies, a decrease in demand for pet insurance, or an increase in loss ratios resulting from an outbreak of an infectious disease among pets could adversely affect the Group's business results or financial position.

(4) Other Risks

1) System Risk

Based on an awareness that the information and information systems of directly owned subsidiaries are important assets for the execution of business management strategies and business operations, the Board of Directors has established regulations for the management of system

risk and is strengthening management of this risk. These initiatives seek to protect systems from various risks, including the risk of loss arising from computer system downtime, malfunctions, or other system flaws and the risk of loss arising from the improper use of computers.

In particular, the three life insurance companies use computer systems to conduct a wide range of operations, including for individual insurance and business insurance operations and asset management operations, and their reliance on computer systems is increasing.

The Group strives to ensure the stable operation of computer systems by implementing security measures such as firewalls and antivirus software, in order to prevent unauthorized access to and use of these systems.

Given this situation, the Group is further strengthening its management of system risk. However, a significant malfunction of such systems would impede OTC operations at branches and asset management operations as well as reduce confidence in the three life insurance companies, which could cause a decrease in new policies or an increase in surrender rates. Such events could adversely affect the Group's business results or financial position.

2) Compliance

The Group has established the T&D Life Group CSR Charter, the Group Compliance Code of Conduct, and the T&D Life Group Basic Policy of Strengthening the Compliance Structure. The Group promotes compliance by informing executives and personnel about these basic compliance policies and compliance standards. Further, the Company and its directly owned subsidiaries seek rigorous compliance by establishing and implementing compliance programs as action plans for each fiscal year. Also, the Company and its directly owned subsidiaries prepare compliance manuals, which provide concrete explanations of the interpretation of laws and statutory regulations that personnel must comply with when conducting operations. The manuals are used as guides for personnel and as training materials. In addition, the Group has established the T&D Life Group Helpline as an internal reporting system, through which all personnel and executives can report compliance violations within the Group.

The occurrence of compliance violations despite these initiatives could lead to various problems. For example, administrative measures or the filing of lawsuits due to violations of laws and statutory regulations, fraudulent acts, or other inappropriate acts by T&D Life Group corporate officers or employees could adversely affect the T&D Life Group's public credibility, reputation, business results, or financial position.

3) Handling of Personal Information

Based on policies and regulations for the protection of personal information, directly owned subsidiaries handle receiving, using, providing, storing, transferring, and disposing personal information with utmost care.

In particular, the three life insurance companies are aware that they have to be more careful than other businesses when handling personal information because in addition to receiving personal information when carrying out such procedures as concluding life insurance policies and paying insurance claims or insurance benefits, life insurance business involves handling individuals' medical and/or health-related information.

In response to the Act on the Protection of Personal Information and the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure, which is a special act to the former act, the Company and its directly owned subsidiaries have implemented rigorous protection of personal information and control of information security by establishing or amending privacy policies, establishing organizations for the overall control and advancement of personal information protection, establishing managerial positions with responsibility for this area, preparing various regulations and manuals, and conducting education and training.

Given the numerous leakages of personal information from companies in recent years, the Group as a whole is protecting personal information based on an awareness of the need to step up the rigor of personal information management.

A leakage of personal information from the Group could adversely affect the Group's public credibility, reputation, business results, or financial position.

4) Risk of a Catastrophe

The Group's insurance companies are exposed to the risk of payments of large payouts in the event of a catastrophe or disaster such as an earthquake, tsunami or terrorist act in a heavily populated area or across a wide area, or in the event of a widespread outbreak of an infectious disease such as influenza. While the Group's insurance companies have built up contingency reserves in accordance with the Insurance Business Act of Japan, if these contingency reserves are insufficient to pay actual insurance claims, the Group's business results or financial position could be adversely affected.

Furthermore, a basic policy for the entire Group has been formulated regarding emergency measures in the event of a catastrophe and communicated within the Group. However, a situation due to a catastrophe that impacts a wide area for a long time or exceeds predictions could adversely affect the Group's business results or financial position.

Capital Expenditures

1. OVERVIEW OF CAPITAL EXPENDITURES

The major capital expenditures for the year ended March 31, 2016 were as follows:

Company Name	Description of capital expenditure	¥ millions
Daido Life Insurance Company	Acquisition of building sectional ownership of Tokyo Nihonbashi Tower	¥9,637

2. STATUS OF MAJOR FACILITIES

Major facilities for the T&D Life Group are as follows:

(1) T&D Holdings, Inc.

Not applicable.

(2) Consolidated Subsidiaries in Japan

1) Taiyo Life Insurance Company

As of March 31, 2016

Offices (Location)	Facility details ⁵	Carrying amount (¥ millions)				Total	Number of employees ⁴
		Buildings	Land (m ²) ³	Lease assets ¹	Others ²		
Headquarters (Chuo-ku, Tokyo)	(Investments)	¥ 1,197	¥ 3,330 (142)	¥ —	¥ —	¥ 4,527	459
	(Business use)	3,826	10,431 (444)	687	339	15,285	—
Tokyo Computer Center (Urawa-ku, Saitama City)	(Investments)	2,341	2,012 (6,495)	—	—	4,354	188
	(Business use)	1,053	887 (2,863)	—	—	1,941	—
Taiyo Seimei Shinagawa Building (Minato-ku, Tokyo)	(Investments)	9,694	22,321 (4,904)	—	225	32,240	89
	(Business use)	425	978 (215)	—	9	1,413	—
Nihombashi Building (provisional name) (Chuo-ku, Tokyo)	(Investments)	—	— (—)	—	11,570	11,570	—
	(Business use)	—	— (—)	—	2,171	2,171	—
Sapporo Branch (Chuo-ku, Sapporo City) and 7 other properties, etc.	(Investments)	673	551 (1,030)	—	—	1,224	79
	(Business use)	1,207	727 (2,774) [278]	—	—	1,934	479
Sendai Branch (Aoba-ku, Sendai City) and 11 other properties, etc.	(Investments)	1,280	581 (2,126)	—	—	1,861	75
	(Business use)	1,036	413 (2,191)	—	—	1,449	506
Tokyo Branch (Chiyoda-ku, Tokyo) and 57 other properties, etc.	(Investments)	6,324	8,966 (7,860) [87]	—	—	15,290	467
	(Business use)	6,607	7,714 (15,161) [52]	—	—	14,322	2,698
Nagoya Branch (Naka-ku, Nagoya City) and 21 other properties, etc.	(Investments)	953	1,508 (2,816)	—	—	2,461	215
	(Business use)	2,492	2,516 (7,305) [601]	—	—	5,009	1,565
Osaka Branch (Chuo-ku, Osaka City) and 27 other properties, etc.	(Investments)	3,267	4,437 (5,978)	—	—	7,704	276
	(Business use)	4,391	4,873 (10,496)	—	—	9,264	1,599
Hiroshima Branch (Minami-ku, Hiroshima City) and 15 other properties, etc.	(Investments)	1,444	1,152 (3,314)	—	—	2,597	112
	(Business use)	1,443	1,243 (3,557)	—	—	2,686	627
Fukuoka Branch (Hakata-ku, Fukuoka City) and 15 other properties, etc.	(Investments)	2,148	3,119 (3,895)	—	—	5,267	208
	(Business use)	2,654	3,239 (5,250)	—	—	5,893	1,360
Building for rent: Nibancho Garden (Chiyoda-ku, Tokyo) and 36 other properties, etc.	(Investments)	10,377	23,527 (24,660)	—	1,113	35,019	—
	(Business use)	—	— (—)	—	—	—	—
Sapporo Housing (Sapporo City, Hokkaido) • Villas for employees, etc.	(Investments)	—	— (—)	—	—	—	—
	(Business use)	3,570	8,480 (61,078) [104]	—	—	12,050	—

Note 1. Lease assets have all been recorded under Headquarters, as the carrying amount of lease assets used at each business site is minimal.

2. "Others" comprises ¥339 million of other tangible fixed assets and ¥15,089 million of construction in progress. Other tangible fixed assets mainly consist of furniture and fixtures, and are all recorded under Headquarters, as the carrying amount of movables used at each business site is minimal.

3. Figures enclosed in square brackets in the "Land" column indicate leased land area. Rent related to real estate was ¥18 million for land and ¥1,070 million for buildings. Among rent for buildings, rent related to Headquarters was ¥486 million.

4. In the "Number of employees" column, the upper row indicates the number of office workers, whereas the lower row indicates the total number of sales representatives and customer service staff.

5. "(Investments)" in the "Facility details" column indicates the entire portion which is partly used for leasing purposes within land and buildings primarily intended for business use.

2) Daido Life Insurance Company

As of March 31, 2016

Offices (Location)	Facility details	Carrying amount (¥ millions)				Total	Number of employees ⁴
		Buildings	Land (m ²) ³	Lease assets ²	Others ¹		
Hokkaido Marketing Headquarters (Chuo-ku, Sapporo City), Hokkaido Branch and 1 other branch	(Investments)	¥ 133	¥ 1,328 (1,789)	¥ —	¥ 22	¥ 1,484	69
	(Business use)	71	272 (366)	—	4	348	124
Tohoku Marketing Headquarters (Aoba-ku, Sendai City), Sendai Branch and 4 other branches	(Investments)	685	703 (1,329)	—	—	1,388	122
	(Business use)	218	141 (398)	—	—	359	234
Tokyo Metropolitan Area Marketing Headquarters (Chuo-ku, Tokyo), Tokyo Branch and 24 other branches	(Investments)	10,430	37,722 (8,358)	—	—	48,152	487
	(Business use)	456	280 (594)	—	—	737	882
Kanto-Shinetsu Marketing Headquarters (Omiya-ku, Saitama City), Saitama Branch and 11 other branches	(Investments)	1,338	1,634 (4,301)	—	5	2,979	253
	(Business use)	338	298 (780)	—	0	638	483
Hokuriku Marketing Headquarters (Kanazawa City, Ishikawa Prefecture), Kanazawa Branch and 3 other branches	(Investments)	840	496 (2,009)	—	—	1,336	64
	(Business use)	100	69 (206) [70]	—	—	170	128
Tokai Marketing Headquarters (Nakamura-ku, Nagoya City), Nagoya Branch and 12 other branches	(Investments)	3,059	4,133 (4,983)	—	—	7,192	269
	(Business use)	766	925 (1,407)	—	—	1,691	449
Kinki Marketing Headquarters (Kita-ku, Osaka City), Osaka Branch and 16 other branches	(Investments)	8,176	8,023 (14,746)	—	—	16,199	402
	(Business use)	1,410	[118] 1,134 (3,459) [27]	—	—	2,544	693
Chugoku Marketing Headquarters (Naka-ku, Hiroshima City), Hiroshima Branch and 5 other branches	(Investments)	1,134	2,385 (3,544)	—	1	3,520	120
	(Business use)	363	366 (925)	—	0	730	211
Shikoku Marketing Headquarters (Takamatsu City, Kagawa Prefecture), Shikoku Branch and 1 other branch	(Investments)	1,435	1,286 (2,919)	—	—	2,722	59
	(Business use)	252	[515] 150 (510) [57]	—	—	402	129
North Kyushu Marketing Headquarters (Chuo-ku, Fukuoka City), Fukuoka Branch and 6 other branches	(Investments)	1,993	2,294 (3,614)	—	—	4,287	137
	(Business use)	626	646 (1,970)	—	—	1,272	293
South Kyushu Marketing Headquarters (Chuo-ku, Kumamoto City), Kumamoto Branch and 4 other branches	(Investments)	1,337	1,898 (3,162)	—	—	3,235	98
	(Business use)	379	513 (849)	—	—	893	241
Osaka Headquarters (Nishi-ku, Osaka City)	(Investments)	1,645	293 (572)	—	45	1,985	626
	(Business use)	5,835	1,041 (2,029)	—	1,206	8,083	—
Tokyo Headquarters (Chuo-ku, Tokyo)	(Investments)	932	112 (108)	—	—	1,045	590
	(Business use)	5,286	634 (614)	1,105	—	7,027	—
Hayama Training Center, employee housing, etc. (Miura-gun, Kanagawa Prefecture)	(Investments)	—	—	—	—	—	—
	(Business use)	2,255	(—) 6,658 (25,907) [178]	—	—	8,914	—

Note 1. "Others" comprises ¥1,252 million of movables and ¥34 million of construction in progress.

The main movables included in "Others" consist of ¥796 million in paintings, sculptures and other works of art. Movables are all recorded under Osaka Headquarters, as the carrying amount of movables used at business sites other than Osaka Headquarters is minimal.

2. The carrying amounts of lease assets used at each business site are all recorded under Tokyo Headquarters.

3. Figures enclosed in square brackets in the "Land" column indicate leased land area. Rent related to real estate was ¥28 million for land and ¥2,788 million for buildings. Among rent for buildings, rent related to Tokyo Headquarters was ¥581 million.

4. In the "Number of employees" column, the upper row indicates the number of office workers, whereas the lower row indicates the total number of sales representatives.

3) T&D Financial Life Insurance Company

As of March 31, 2016

Offices (Location)	Facility details	Carrying amount (¥ millions)				Total	Number of employees ³
		Buildings	Land (m ²)	Lease assets	Others ¹		
Headquarters (Minato-ku, Tokyo)			¥ —		¥76	¥267	
3 Regional Sales Promotion Departments	(Business use)	¥191	(—)	¥0			236

Note 1. "Others" represents other tangible fixed assets which mainly consists of furniture and fixtures. Furniture and fixtures are all recorded under Headquarters, as the carrying amount of furniture and fixtures used at each business promotion office is minimal.

2. Rent related to real estate was ¥262 million for buildings. Among rent for buildings, the rent related to Headquarters was ¥159 million.

3. The number of employees consists entirely of office workers.

3. PLANS FOR NEW FACILITY ACQUISITION AND DISPOSAL

Plans for important new facility acquisition and disposal as of March 31, 2016 were as follows:

(1) New Facility Acquisition

As of March 31, 2016

Company	Offices (Location)	Facility details	Planned investment amount (¥ millions)		Funding method	Construction started	Planned completion date
			Total	Paid			
Taiyo Life Insurance Company	Nihonbashi Building (provisional name) (Chuo-ku, Tokyo)	Office building	¥44,737	¥13,741	Own fund	March 2014	January 2018

Note: Consumption taxes are not included in the above amounts.

Other Data

1. STATUS OF STOCKHOLDINGS

(1) Taiyo Life — the subsidiary with the largest stockholding

1) Investments in stocks for which the holding purpose is other than purely investment purposes

Number of companies 47

Total carrying amount on the balance sheet ¥298,117 million

2) Holding classification, stock, number of shares, carrying amount on the balance sheet and holding purpose of investments in stocks for which the holding purpose is other than purely investment purposes

Specified Investment Shares

Year ended March 31, 2015

Stock	Number of shares	Carrying amount on the balance sheet ¥ millions	Holding purpose
Komatsu Ltd.	34,000,716	¥80,326	The primary holding purpose is to reap medium- to long-term earnings through gains in stock value and the receipt of dividends. The secondary holding purpose is to maintain and strengthen business relationships.
Mitsui Fudosan Co., Ltd.	8,096,575	28,576	
Keio Corporation	29,310,161	27,639	
Mitsubishi Estate Co., Ltd.	8,700,000	24,246	
Mitsubishi Electric Corporation	14,350,000	20,498	
Daiwa Securities Group Inc.	21,140,000	19,998	
Tsubakimoto Chain Co.	18,398,316	18,416	
Sompo Japan Nipponkoa Holdings, Inc.	4,095,820	15,297	
Mitsubishi Chemical Holdings Corporation	18,838,372	13,160	
Tokyu Corporation	17,133,118	12,747	
Mitsubishi UFJ Financial Group, Inc.	15,220,718	11,319	
SHIMADZU CORPORATION	7,411,520	9,938	
MITSUMI & CO., LTD.	5,760,800	9,286	
Electric Power Development Co., Ltd. (J-POWER)	1,538,040	6,229	
KURARAY CO., LTD.	3,748,810	6,099	
NIPPON STEEL & SUMITOMO METAL CORPORATION	16,537,500	5,002	
ONO PHARMACEUTICAL CO., LTD.	351,000	4,766	
TS Tech Co., Ltd.	1,400,000	4,543	
Obayashi Corporation	5,486,400	4,279	
Nisshin Steel Co., Ltd.	2,650,000	3,982	
Kurimoto, Ltd.	12,090,750	2,768	
RAITO KOGYO CO., LTD.	2,734,500	2,688	
TSUKISHIMA KIKAI Co., Ltd.	1,885,000	2,335	
Mitsubishi Tanabe Pharma Corporation	1,085,000	2,237	
Sotetsu Holdings, Inc.	3,800,000	2,116	
Hokuetsu Kishu Paper Co., Ltd.	2,817,987	1,516	
Taikisha Ltd.	422,029	1,261	
Showa Denko K.K.	7,000,000	1,071	
Takasago Thermal Engineering Co., Ltd.	678,347	1,017	
Tsubakimoto Kogyo Co., Ltd.	2,869,027	889	

Regarded as holding shares

Not applicable.

Specified Investment Shares

Year ended March 31, 2016

Stock	Number of shares	Carrying amount on the balance sheet ¥ millions	Holding purpose
Komatsu Ltd.	34,000,716	¥65,145	The primary holding purpose is to reap medium- to long-term earnings through gains in stock value and the receipt of dividends. The secondary holding purpose is to maintain and strengthen business relationships.
Keio Corporation	27,310,161	26,982	
Mitsui Fudosan Co., Ltd.	7,946,575	22,313	
Mitsubishi Electric Corporation	14,350,000	16,925	
Daiwa Securities Group Inc.	24,140,000	16,712	
Tokyu Corporation	17,133,118	16,156	
Mitsubishi Estate Co., Ltd.	7,700,000	16,096	
SHIMADZU CORPORATION	7,411,520	13,081	
Tsubakimoto Chain Co.	18,398,316	12,823	
Mitsubishi Chemical Holdings Corporation	18,838,372	11,067	
Sompo Japan Nipponkoa Holdings, Inc.	3,071,820	9,792	
ONO PHARMACEUTICAL CO., LTD.	1,755,000	8,362	
Mitsubishi UFJ Financial Group, Inc.	15,220,718	7,937	
MITSUMI & CO., LTD.	5,660,800	7,330	
Obayashi Corporation	5,486,400	6,089	
Electric Power Development Co., Ltd. (J-POWER)	1,085,040	3,813	
TS Tech Co., Ltd.	1,400,000	3,687	
NIPPON STEEL & SUMITOMO METAL CORPORATION	1,653,750	3,575	
Nisshin Steel Co., Ltd.	2,650,000	3,479	
KURARAY CO., LTD.	2,382,010	3,277	
RAITO KOGYO CO., LTD.	2,734,500	2,843	
Sotetsu Holdings, Inc.	3,800,000	2,622	
Mitsubishi Tanabe Pharma Corporation	1,085,000	2,123	
Hokuetsu Kishu Paper Co., Ltd.	2,817,987	1,890	
Kurimoto, Ltd.	12,090,750	1,861	
TSUKISHIMA KIKAI Co., Ltd.	1,885,000	1,819	
Taikisha Ltd.	422,029	1,145	
Takasago Thermal Engineering Co., Ltd.	678,347	959	
TOPPAN PRINTING CO., LTD.	949,088	895	
Tsubakimoto Kogyo Co., Ltd.	2,869,027	857	

Regarded as holding shares

Not applicable.

(3) Stocks for which the holding purpose is purely investment purposes

	Fiscal 2014 ¥ millions	Fiscal 2015 ¥ millions				Difference between acquisition cost and carrying amount
	Total carrying amount on the balance sheet	Total carrying amount on the balance sheet	Total dividends received	Total gains (losses) on sales	Valuation losses	
Unlisted stocks	¥ 15,940	¥ 19,313	¥ 31	¥ 16	¥—	¥ 2,166
Stocks other than unlisted stocks	128,001	125,770	3,076	9,139	—	31,375

(2) Daido Life — the subsidiary with the second largest stockholding

1) Investments in stocks for which the holding purpose is other than purely investment purposes

Number of companies	194
Total carrying amount on the balance sheet	¥270,381 million

2) Holding classification, stock, number of shares, carrying amount on balance sheet and holding purpose of investments in stocks for which the holding purpose is other than purely investment purposes

Specified Investment Shares

Year ended March 31, 2015

Stock	Number of shares	Carrying amount on the balance sheet ¥ millions	Holding purpose
Mitsubishi UFJ Financial Group, Inc.	64,168,770	¥47,722	The primary holding purpose is to reap medium- to long-term earnings through gains in stock value and the receipt of dividends. The secondary holding purpose is to maintain and strengthen business relationships.
SMC Corporation	627,300	22,485	
Astellas Pharma Inc.	9,455,500	18,603	
ONO PHARMACEUTICAL CO., LTD.	1,309,900	17,788	
EZAKI GLICO CO., LTD	3,500,400	17,011	
Kansai Paint Co., Ltd.	7,607,000	16,613	
NURNBERGER BETEIL NPV B (REGD) (WINKULIERT)	1,140,480	11,890	
Daiwa House Industry Co., Ltd.	5,000,000	11,855	
KONICA MINOLTA, INC.	9,040,518	11,038	
FUJI MACHINE MFG. CO., LTD.	6,684,000	9,143	
Electric Power Development Co., Ltd. (J-POWER)	1,993,680	8,074	
TKC Corporation	2,569,046	6,186	
OKASAN SECURITIES GROUP INC.	5,500,000	5,252	
Mitsubishi Pencil Co., Ltd.	1,172,000	5,221	
THE SHIZUOKA BANK, LTD.	3,824,000	4,588	
The Kansai Electric Power Company, Incorporated	3,656,550	4,192	
Mitsui Fudosan Co., Ltd.	1,000,000	3,529	
The Daishi Bank, Ltd.	7,056,000	2,984	
TSUKISHIMA KIKAI Co., Ltd.	2,115,700	2,621	
MEISEI INDUSTRIAL CO., LTD.	4,032,700	2,601	
TEIJIN LIMITED	6,125,000	2,499	
GLORY LTD.	700,000	2,345	
Keihan Electric Railway Co., Ltd.	3,169,000	2,319	
Sompo Japan Nipponkoa Holdings, Inc.	618,525	2,310	

Regarded as holding shares

Not applicable.

Specified Investment Shares

Year ended March 31, 2016

Stock	Number of shares	Carrying amount on the balance sheet ¥ millions	Holding purpose
Mitsubishi UFJ Financial Group, Inc.	64,168,770	¥33,464	The primary holding purpose is to reap medium- to long-term earnings through gains in stock value and the receipt of dividends. The secondary holding purpose is to maintain and strengthen business relationships.
ONO PHARMACEUTICAL CO., LTD.	6,549,500	31,208	
EZAKI GLICO CO., LTD	3,500,400	20,197	
SMC Corporation	627,300	16,397	
Daiwa House Industry Co., Ltd.	5,000,000	15,830	
Astellas Pharma Inc.	9,455,500	14,150	
Kansai Paint Co., Ltd.	7,607,000	13,753	
NURNBERGER BETEIL NPV B (REGD) (VINKULIERT)	1,436,830	11,541	
Resona Holdings, Inc.	28,590,000	11,481	
KONICA MINOLTA, INC.	9,040,518	8,642	
TKC Corporation	2,569,046	7,848	
FUJI MACHINE MFG. CO., LTD.	6,684,000	7,679	
Electric Power Development Co., Ltd. (J-POWER)	1,993,680	7,007	
Mitsubishi Pencil Co., Ltd.	1,172,000	5,660	
The Kansai Electric Power Company, Incorporated	3,656,550	3,644	
OKASAN SECURITIES GROUP INC.	5,875,000	3,454	
THE SHIZUOKA BANK, LTD.	3,824,000	3,105	
Mitsui Fudosan Co., Ltd.	1,000,000	2,808	
The Daishi Bank, Ltd.	7,056,000	2,730	
GLORY LTD.	700,000	2,677	
Sekisui House, Ltd.	1,400,000	2,659	
Keihan Electric Railway Co., Ltd.	3,169,000	2,513	
TEIJIN LIMITED	6,125,000	2,401	
MOS FOOD SERVICES, INC.	790,760	2,325	

Regarded as holding shares

Not applicable.

(3) Stocks for which the holding purpose is purely investment purposes

	Fiscal 2014	Fiscal 2015				Difference between acquisition cost and carrying amount
	¥ millions	¥ millions	¥ millions	¥ millions	¥ millions	
	Total carrying amount on the balance sheet	Total carrying amount on the balance sheet	Total dividends received	Total gains (losses) on sales	Valuation losses	
Unlisted stocks	¥14,880	¥16,769	¥1,591	¥ —	¥491	¥778
Stocks other than unlisted stocks	2,630	16,236	236	(207)	—	(182)

(3) T&D Holdings

(1) Investments in stocks for which the holding purpose is other than purely investment purposes

Not applicable.

(2) Holding classification, stock, number of shares, carrying amount on balance sheet and holding purpose of investments in stocks for which the holding purpose is other than purely investment purposes

Not applicable.

(3) Stocks for which the holding purpose is purely investment purposes

Not applicable.

2. BONDS ISSUED

Company	Type of instrument	Issuance date	Balance as of April 1, 2015 ¥ millions	Balance as of March 31, 2016 ¥ millions	Interest rate %	Security	Maturity date
T&D Holdings, Inc.	Zero Coupon Convertible Bonds due 2020	June 5, 2015	¥ —	¥30,125	—	None	June 5, 2020
Taiyo Life Insurance Company	Third series unsecured bonds with early redemption clause (subordinated and limited to qualified institutional investors)	September 21, 2010	31,100	—	1.44	None	September 21, 2020
Taiyo Life Insurance Company	Fourth series unsecured bonds with early redemption clause (subordinated, limited to qualified institutional investors and split-restricted small-number private placement)	September 27, 2013	20,000	20,000	0.99	None	September 27, 2023
T&D Lease Co., Ltd.	Short-term debenture	February 24, 2015 to March 23, 2016	2,999	2,999 (2,999)	0.01–0.12	None	May 22, 2015 to June 23, 2016
Total	—	—	54,099	53,124 (2,999)	—	—	—

Note 1. Description of the convertible bonds is as follows:

Type of instrument	Zero Coupon Convertible Bonds due 2020
To be issued stock	Common stock
Issue price of the stock acquisition right (yen)	No compensation
Issue price of the stock (yen)	2,713.0
Total amount of the issue (million yen)	30,000
Total amount of the stock issued by the exercise of the stock acquisition right (million yen)	—
Grant rate of the stock acquisition right (%)	100
Exercise period of the stock acquisition right	From June 19, 2015 to May 22, 2020

Note: At the request of those exercising stock acquisition rights, the amount to be paid upon the exercise of the stock acquisition rights shall be considered to have been paid in full in lieu of the redemption of the full amount of the bonds to which the stock acquisition rights are attached. In addition, such a request shall be deemed to have been made when the stock acquisition rights are exercised.

- The interest rate shown for the third series unsecured bonds is the annual interest rate from September 22, 2010 to September 21, 2015. The interest rate from the following day of September 22, 2015 onward is the offered rate of LIBOR six-month yen deposit plus 2.30%.
- The interest rate shown for the fourth series unsecured bonds is the annual interest rate from September 28, 2013 to September 27, 2018. The interest rate from the following day of September 28, 2018 onward is the offered rate of LIBOR six-month yen deposit plus 2.02%.
- Figures enclosed in brackets in the "Balance as of March 31, 2016" column are amounts of short-term debentures due within one year.
- Scheduled redemptions due within five years subsequent to the consolidated closing date are as follows:

Within one year ¥ millions	Over 1 year and within 2 years ¥ millions	Over 2 years and within 3 years ¥ millions	Over 3 years and within 4 years ¥ millions	Over 4 years and within 5 years ¥ millions
¥3,000	¥—	¥—	¥—	¥30,000

3. BORROWINGS

Classification	Balance as of April 1, 2015 ¥ millions	Balance as of March 31, 2016 ¥ millions	Interest rate %	Maturity date
Short-term borrowings	¥ —	¥ —	—	—
Long-term borrowings due for repayment within one year	11,104	11,252	0.63	—
Lease obligations due for repayment within one year	435	564	0.92	—
Long-term borrowings (excluding the amount due for repayment within one year)	70,094	53,800	0.84	From April 2017 to March 2026
Lease obligations (excluding the amount due for repayment within one year)	575	1,371	0.54	From April 2017 to March 2026
Other interest-bearing liabilities	—	—	—	—
Total	82,209	66,989	—	—

Note 1. The average interest rates shown are the weighted-average interest rates of the balance of borrowings as of March 31, 2016.

2. Scheduled repayments due within five years subsequent to the consolidated closing date for long-term borrowings and lease obligations (excluding the amount due for repayment within one year) are as follows:

Classification	Over 1 year and within 2 years ¥ millions	Over 2 years and within 3 years ¥ millions	Over 3 years and within 4 years ¥ millions	Over 4 years and within 5 years ¥ millions
Long-term borrowings	¥9,486	¥7,117	¥4,875	¥1,830
Lease obligations	399	339	296	215

Consolidated Financial Statements

Consolidated Balance Sheet

		¥ millions	US\$ thousands
As of March 31,	2016	2015	2016
Assets:			
Cash and deposits	¥ 1,024,692	¥ 334,191	\$ 9,093,831
Call loans	2,673	329,876	23,722
Monetary claims purchased	269,668	339,927	2,393,227
Monetary trusts	525,902	437,622	4,667,221
Securities (Notes 8, 13 and 14)	10,492,605	10,847,399	93,118,617
Loans (Notes 3 and 7)	1,767,891	1,863,837	15,689,487
Tangible fixed assets:			
Land (Note 2 (15))	175,322	173,662	1,555,936
Buildings	120,846	106,846	1,072,475
Lease assets	932	676	8,279
Construction in progress	15,124	17,526	134,225
Other tangible fixed assets	3,248	2,445	28,827
Total tangible fixed assets (Note 4)	315,475	301,158	2,799,745
Intangible fixed assets:			
Software	22,472	19,811	199,435
Lease assets	377	4	3,349
Other intangible fixed assets	1,177	1,252	10,451
Total intangible fixed assets	24,027	21,068	213,236
Due from agencies	746	746	6,629
Due from reinsurers	691	405	6,140
Other assets	251,286	190,196	2,230,087
Deferred tax assets	602	501	5,349
Reserve for possible loan losses	(2,057)	(2,225)	(18,258)
Total assets	¥14,674,207	¥14,664,705	\$130,229,036

	¥ millions		US\$ thousands
As of March 31,	2016	2015	2016
Liabilities:			
Policy reserves:			
Reserve for outstanding claims	¥ 67,914	¥ 73,102	\$ 602,715
Policy reserve	12,719,256	12,524,934	112,879,449
Reserve for policyholder dividends (Note 6)	105,311	109,920	934,610
Total policy reserves	12,892,482	12,707,957	114,416,775
Due to agencies	630	1,009	5,595
Due to reinsurers	641	554	5,689
Short-term debentures	2,999	2,999	26,623
Bonds (Note 9)	50,125	51,100	444,843
Other liabilities (Note 10)	252,087	248,940	2,237,199
Reserve for bonuses to directors and audit & supervisory board members	281	243	2,496
Net defined benefit liability	59,730	50,271	530,092
Reserve for directors' and audit & supervisory board members' retirement benefits	78	67	700
Reserve for price fluctuations	175,759	155,190	1,559,812
Deferred tax liabilities	19,894	95,824	176,554
Deferred tax liabilities on land revaluation (Note 2 (15))	5,434	5,598	48,229
Total liabilities	13,460,145	13,319,755	119,454,614
Net assets:			
Capital stock	207,111	207,111	1,838,053
Capital surplus	194,550	194,586	1,726,577
Retained earnings	422,422	366,747	3,748,869
Treasury stock	(48,876)	(19,008)	(433,767)
Total stockholders' equity	775,208	749,436	6,879,733
Net unrealized gains (losses) on securities	487,200	649,716	4,323,753
Deferred gains (losses) on hedging instruments	(8,601)	(13,741)	(76,338)
Land revaluation (Note 2 (15))	(43,288)	(43,694)	(384,169)
Foreign currency translation adjustments	21	21	189
Total accumulated other comprehensive income	435,331	592,301	3,863,435
Subscription rights to shares	926	746	8,221
Non-controlling interests	2,595	2,465	23,031
Total net assets	1,214,061	1,344,950	10,774,422
Total liabilities and net assets	¥14,674,207	¥14,664,705	\$130,229,036

See notes to consolidated financial statements.

Consolidated Statement of Operation

		¥ millions	US\$ thousands
Years ended March 31,	2016	2015	2016
Ordinary revenues:			
Income from insurance premiums	¥1,574,506	¥1,958,055	\$13,973,252
Investment income:			
Interest, dividends and income from real estate for rent	290,725	287,966	2,580,094
Gains from monetary trusts, net	5,172	—	45,900
Gains on investments in trading securities, net	—	20,056	—
Gains on sales of securities	77,403	34,433	686,930
Gains on redemption of securities	3,198	—	28,385
Foreign exchange gains, net	801	1,606	7,110
Reversal of reserve for possible loan losses	137	148	1,223
Other investment income	2,268	4,557	20,136
Gains on separate accounts, net	—	35,455	—
Total investment income	379,707	384,223	3,369,781
Other ordinary income:			
Other ordinary income	71,665	69,847	636,010
Total other ordinary income	71,665	69,847	636,010
Equity in earnings of affiliates	46	38	413
Total ordinary revenues	2,025,925	2,412,165	17,979,458
Ordinary expenses:			
Insurance claims and other payments:			
Insurance claims	376,421	355,635	3,340,627
Annuity payments	349,387	457,550	3,100,706
Insurance benefits	163,812	177,425	1,453,784
Surrender payments	341,583	351,229	3,031,448
Other payments	71,693	59,692	636,256
Total insurance claims and other payments	1,302,899	1,401,534	11,562,824
Provision for policy and other reserves:			
Provision for reserve for outstanding claims	—	2,423	—
Provision for policy reserve	194,321	482,607	1,724,545
Interest portion of reserve for policyholder dividends	65	108	582
Total provision for policy and other reserves	194,387	485,139	1,725,128
Investment expenses:			
Interest expenses	909	1,841	8,069
Losses from monetary trusts, net	—	1,744	—
Losses on investments in trading securities, net	7,823	—	69,427
Losses on sales of securities	16,357	6,972	145,165
Devaluation losses on securities	4,101	1,065	36,402
Losses from derivatives, net	22,180	33,948	196,842
Write-off of loans	4	6	43
Depreciation of real estate for rent	4,991	5,176	44,297
Other investment expenses	15,533	15,672	137,858
Losses on separate accounts, net	5,575	—	49,481
Total investment expenses	77,477	66,427	687,588
Operating expenses	198,999	199,435	1,766,060
Other ordinary expenses	80,727	70,686	716,429
Total ordinary expenses	1,854,490	2,223,222	16,458,030
Ordinary profit	¥ 171,434	¥ 188,943	\$ 1,521,427

(continued)

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Extraordinary gains:			
Gains on disposal of fixed assets	¥ 4	¥ 67	\$ 43
State subsidy	158	55	1,410
Compensation for transfer	—	102	—
Total extraordinary gains	163	225	1,453
Extraordinary losses:			
Losses on disposal of fixed assets	1,356	1,028	12,034
Impairment losses (Note 15)	4,203	1,995	37,307
Provision for reserve for price fluctuations	20,568	5,150	182,540
Head office transfer cost	2,591	99	22,997
Other extraordinary losses	718	56	6,377
Total extraordinary losses	29,438	8,331	261,257
Provision for reserve for policyholder dividends	31,920	32,555	283,281
Income before income taxes	110,239	148,281	978,342
Income taxes:			
Current	46,075	44,147	408,902
Deferred	(8,561)	9,755	(75,984)
Total income taxes	37,513	53,903	332,918
Profit	72,726	94,378	645,423
Profit attributable to non-controlling interests	179	163	1,590
Profit attributable to owners of parent	¥ 72,547	¥ 94,215	\$643,833

Consolidated Statement of Comprehensive Income

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Profit	¥ 72,726	¥ 94,378	\$ 645,423
Other comprehensive income:			
Net unrealized gains (losses) on securities	(162,509)	261,950	(1,442,224)
Deferred gains (losses) on hedging instruments	5,139	(5,478)	45,615
Land revaluation	155	369	1,377
Foreign currency translation adjustments	0	0	0
Share of other comprehensive income of associates accounted for using the equity method	(4)	9	(41)
Total other comprehensive income (Note 16)	(157,219)	256,851	(1,395,272)
Comprehensive income	¥ (84,492)	¥351,230	\$ (749,848)
(Breakdown)			
Comprehensive income attributable to owners of parent	(84,673)	351,065	(751,451)
Comprehensive income attributable to non-controlling interests	180	165	1,602

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

¥ millions

Year ended March 31, 2016	Stockholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains (losses) on securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
Balance at the beginning of the year	¥207,111	¥194,586	¥366,747	¥(19,008)	¥749,436	¥ 649,716	¥(13,741)	¥(43,694)	¥21	¥ 592,301	¥746	¥2,465	¥1,344,950
Changes in the period:													
Dividends			(16,621)		(16,621)								(16,621)
Profit attributable to owners of parent			72,547		72,547								72,547
Acquisition of treasury stock				(30,015)	(30,015)								(30,015)
Disposal of treasury stock		(35)		147	111								111
Reversal of land revaluation			(250)		(250)								(250)
Net changes of items other than stockholders' equity						(162,515)	5,139	405	0	(156,970)	180	129	(156,660)
Total changes in the period		(35)	55,675	(29,868)	25,771	(162,515)	5,139	405	0	(156,970)	180	129	(130,888)
Balance at the end of the year	¥207,111	¥194,550	¥422,422	¥(48,876)	¥775,208	¥ 487,200	¥ (8,601)	¥(43,288)	¥21	¥ 435,331	¥926	¥2,595	¥1,214,061

US\$ thousands

Year ended March 31, 2016	Stockholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains (losses) on securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
Balance at the beginning of the year	\$1,838,053	\$1,726,891	\$3,254,767	\$(168,697)	\$6,651,015	\$ 5,766,032	\$(121,954)	\$(387,771)	\$189	\$ 5,256,496	\$6,620	\$21,882	\$11,936,014
Changes in the period:													
Dividends			(147,507)		(147,507)								(147,507)
Profit attributable to owners of parent			643,833		643,833								643,833
Acquisition of treasury stock				(266,375)	(266,375)								(266,375)
Disposal of treasury stock		(313)		1,305	992								992
Reversal of land revaluation			(2,224)		(2,224)								(2,224)
Net changes of items other than stockholders' equity						(1,442,279)	45,615	3,602	0	(1,393,060)	1,600	1,149	(1,390,310)
Total changes in the period		(313)	494,101	(265,069)	228,718	(1,442,279)	45,615	3,602	0	(1,393,060)	1,600	1,149	(1,161,591)
Balance at the end of the year	\$1,838,053	\$1,726,577	\$3,748,869	\$(433,767)	\$6,879,733	\$ 4,323,753	\$ (76,338)	\$(384,169)	\$189	\$ 3,863,435	\$8,221	\$23,031	\$10,774,422

¥ millions

Year ended March 31, 2015	Stockholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains (losses) on securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
Balance at the beginning of the year	¥207,111	¥194,595	¥290,861	¥ (9,049)	¥683,519	¥387,773	¥ (8,263)	¥(45,586)	¥ 6	¥333,929	¥523	¥2,352	¥1,020,324
Changes in the period:													
Dividends			(16,806)		(16,806)								(16,806)
Profit attributable to owners of parent			94,215		94,215								94,215
Acquisition of treasury stock				(10,010)	(10,010)								(10,010)
Disposal of treasury stock		(9)		51	41								41
Reversal of land revaluation			(1,523)		(1,523)								(1,523)
Net changes of items other than stockholders' equity						261,943	(5,478)	1,892	15	258,372	222	113	258,708
Total changes in the period		(9)	75,885	(9,959)	65,917	261,943	(5,478)	1,892	15	258,372	222	113	324,625
Balance at the end of the year	¥207,111	¥194,586	¥366,747	¥(19,008)	¥749,436	¥649,716	¥(13,741)	¥(43,694)	¥21	¥592,301	¥746	¥2,465	¥1,344,950

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

		¥ millions	US\$ thousands
Years ended March 31,	2016	2015	2016
Cash flows from operating activities:			
Income before income taxes	¥ 110,239	¥ 148,281	\$ 978,342
Depreciation of real estate for rent	4,991	5,176	44,297
Other depreciation and amortization	10,254	10,305	91,008
Impairment losses	4,203	1,995	37,307
Increase (decrease) in reserve for outstanding claims	(5,188)	2,423	(46,044)
Increase (decrease) in policy reserve	194,321	482,607	1,724,545
Interest portion of reserve for policyholder dividends	65	108	582
Provision for reserve for (reversal of) policyholder dividends	31,920	32,555	283,281
Increase (decrease) in reserve for possible loan losses	(166)	(155)	(1,480)
Increase (decrease) in reserve for bonuses to directors and audit & supervisory board members	38	(18)	339
Increase (decrease) in net defined benefit liability	9,459	(1,385)	83,951
Increase (decrease) in reserve for directors' and audit & supervisory board members' retirement benefits	11	1	103
Increase (decrease) in reserve for price fluctuations	20,568	5,150	182,540
Interest, dividends and income from real estate for rent	(290,725)	(287,966)	(2,580,094)
Losses (gains) on investment securities	(46,744)	(81,906)	(414,839)
Interest expenses	909	1,841	8,069
Exchange losses (gains)	(1,257)	(1,541)	(11,157)
Losses (gains) on disposal of tangible fixed assets	1,294	921	11,488
Equity in losses (income) of affiliated companies	(46)	(38)	(413)
Decrease (increase) in amount due from agencies	(0)	257	(6)
Decrease (increase) in amount due from reinsurers	(286)	46	(2,539)
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(11,767)	(5,376)	(104,433)
Increase (decrease) in amount due to agencies	(379)	175	(3,366)
Increase (decrease) in amount due to reinsurers	87	101	772
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	(3,422)	(2,866)	(30,371)
Others, net	31,805	47,468	282,262
Subtotal	60,187	358,164	534,146
Interest, dividends and income from real estate for rent received	300,736	302,216	2,668,943
Interest paid	(923)	(2,089)	(8,191)
Policyholder dividends	(36,625)	(36,530)	(325,043)
Others, net	18,612	48,908	165,177
Income taxes paid	(32,545)	(53,908)	(288,835)
Net cash provided by (used in) operating activities	¥ 309,441	¥ 616,760	\$ 2,746,197

(continued)

	¥ millions		US\$ thousands
Years ended March 31,	2016	2015	2016
Cash flows from investing activities:			
Net decrease (increase) in short-term investments	¥ 1,200	¥ 50	\$ 10,649
Investments in monetary claims purchased	(2,000)	(4,000)	(17,749)
Proceeds from sale and redemption of monetary claims purchased	31,285	36,869	277,651
Investments in monetary trusts	(82,737)	(227,080)	(734,265)
Proceeds from monetary trusts	200	1,533	1,774
Purchase of securities	(2,098,003)	(1,626,796)	(18,619,133)
Sale and redemption of securities	1,981,004	1,622,894	17,580,796
Investments in loans	(360,390)	(445,797)	(3,198,356)
Collection of loans	458,059	462,395	4,065,139
Others, net	79,743	(259,317)	707,701
Subtotal	8,361	(439,248)	74,208
Total of net cash provided by (used in) operating activities and investment transactions as above	317,803	177,512	2,820,406
Purchase of tangible fixed assets	(26,648)	(27,898)	(236,494)
Proceeds from disposal of tangible fixed assets	64	273	576
Others, net	(342)	(182)	(3,038)
Net cash provided by (used in) investing activities	(18,563)	(467,056)	(164,747)
Cash flows from financing activities:			
Net increase (decrease) in short-term debenture	0	0	5
Proceeds from issuance of debt	13,600	13,500	120,695
Repayments of debt	(29,746)	(48,343)	(263,986)
Proceeds from issuance of bonds	30,150	—	267,571
Redemption of bonds	(31,100)	(14,000)	(276,002)
Payment of lease obligations	(397)	(606)	(3,527)
Purchase of treasury stock	(30,015)	(10,010)	(266,375)
Sale of treasury stock	0	0	4
Dividends paid	(16,650)	(16,766)	(147,764)
Dividends paid to non-controlling interests	(51)	(52)	(453)
Others, net	0	0	1
Net cash provided by (used in) financing activities	(64,208)	(76,278)	(569,831)
Effect of exchange rate changes on cash and cash equivalents	(1,271)	(1,012)	(11,287)
Net increase (decrease) in cash and cash equivalents	225,397	72,413	2,000,331
Cash and cash equivalents at the beginning of the year	899,524	827,111	7,983,002
Cash and cash equivalents at the end of the year (Note 18)	¥ 1,124,922	¥ 899,524	\$ 9,983,334

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 ▶ Notes on Going-Concern Assumption

Not applicable.

Note 2 ▶ Summary of Significant Accounting Policies

(1) 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"), became wholly owned subsidiaries through share transfers. The business combination was accounted for as a pooling of interests.

The Company, including its domestic consolidated subsidiaries (the "T&D Life Group"), maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the provisions of the Insurance Business Act of Japan (the "Insurance Business Act") 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 Financial Instruments and Exchange Act 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.

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the readers and have been made, as a matter of arithmetical computation only, at the rate of ¥112.68 = U.S.\$1, which was the approximate rate prevailing at March 31, 2016. 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.

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.

(2) 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 year ended March 31, 2016 was 15.

Investments in affiliates are accounted for under the equity method. The number of affiliated companies accounted for under the equity method for the year ended March 31, 2016 was two.

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

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 closing date of the Company's consolidated financial statements.

(3) Foreign currency translation

Foreign currency assets and liabilities are translated into yen at the prevailing foreign exchange rates at the consolidated balance sheet date.

Assets, liabilities, revenues and expenses of the Company's affiliates located outside Japan are translated into yen at the exchange rates in effect at the respective balance sheet date. Translation differences of foreign currencies are included in net assets as foreign currency translation adjustments or non-controlling interests.

(4) 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 value ("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 statement of operation. 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 statement of operation. Held-to-maturity and available-for-sale securities without readily

obtainable fair value are stated at amortized cost. Policy reserve-matching bonds are not stated at fair market value but are stated at amortized cost. For the purpose of computing realized gains and losses, the cost is determined using the moving-average method.

For some of the consolidated subsidiaries, translation differences of bonds in foreign currency-denominated available-for-sale securities are treated as follows: the translation differences from foreign currency fair value fluctuations as “net unrealized gains (losses)” and the remaining differences as “foreign exchange gains (losses), net.”

The following is an overview of the risk management policies over policy reserve-matching bonds:

For Taiyo Life, the risk is managed by minimizing the risks of the portfolio as a whole with an asset mix, and establishing an investment policy based on balanced-type ALM aiming at exceeding medium- and long-term liability cost. In consideration of this kind of investment policy, the following insurance policies are identified and classified as a subcategory in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve-Matching Bonds within the Insurance Industry” (JICPA, the Industry Audit Committee Report No. 21): (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 with respect to group annuity insurance assets, (3) all policies with respect to single premium whole life insurance and single premium annuity insurance assets and (4) all policies with respect to non-participating single premium endowment insurance assets.

For Daido Life, of the bonds corresponding to the subcategory established in respect of the classes of insurance policies as follows, those held with the purpose to control durations of liabilities are classified as policy reserve-matching bonds, in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve-Matching Bonds within the Insurance Industry” (JICPA, the Industry Audit Committee Report No. 21): individual insurance and individual annuities with respect to general assets, and individual insurance and individual annuities in the non-participating insurance assets (capturing the cash flows likely to arise in the period after 5 years but within 30 years from now).

For T&D Financial Life, in order to appropriately manage interest rate risk by setting subcategories according to the features of insurance products, investment policies are developed in line with each subcategory. In addition, regular testing is performed to ensure that the durations of policy reserve and that of policy reserve-matching bonds are synchronized within a certain margin of error. The subcategories are classified as follows: (1) individual insurance (capturing the

portion of the future spending for insurance policies falling under this subcategory that is used for policyholders of predetermined age or above), (2) accumulation rate type individual insurance and (3) accumulation rate type fixed annuity insurance. Note that certain types of insurance policies and benefits are excluded.

(5) Treatment method of deferred assets

The full amount of bond issuance cost is treated as cost at the time of disbursement.

(6) 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.

For collateralized or guaranteed loans to borrowers subject to bankruptcy and similar proceedings, the amounts of loans exceeding the estimated value of collateral or guarantees, which is deemed uncollectible, has been directly deducted from the amount of loans and the amount was ¥395 million (\$3,506 thousand) and ¥403 million for the years ended March 31, 2016 and 2015, respectively.

Other consolidated subsidiaries also establish reserves for possible loan losses using procedures in a similar 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 the management considers it necessary, by applying the historical loan-loss ratio determined over a fixed period.

(7) Reserve for price fluctuations

Pursuant to requirements under Article 115 of the Insurance Business

Act, 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 net losses arising from price fluctuations on those assets.

(8) Policy reserve

Pursuant to requirements under Article 116 of the Insurance Business Act, the Three Life Insurance Companies maintain a policy reserve for the fulfillment of future obligations under life insurance contracts. The reserve of the accompanying consolidated financial statements is established pursuant to the net level premium method. The reserves for policies subject to the standard policy reserve rules are calculated using interest and mortality rates set by the Financial Services Agency.

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 Act.

[Additional information]

Since fiscal year 2013, in accordance with Article 69 Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, Daido Life has provided an additional policy reserve for certain types of individual annuity insurance policies for which annuity payments have already commenced. Daido Life will provide this additional policy reserve in a phased manner over 3 years.

The amount of the policy reserve provided for the years ended March 31, 2016 and 2015 was ¥15,941 million (\$141,479 thousand) and ¥12,993 million, respectively.

(9) Reserve for bonus to directors and audit & supervisory board members

To provide for payment of the bonus to directors and audit & supervisory board members, a reserve for the directors' and audit & supervisory board members' bonus is recorded based on the expected amount to be paid in the year ended March 31, 2016.

(10) Reserve for directors' and audit & supervisory board members' retirement benefits

To provide for the directors' and audit & supervisory board members' retirement benefits, the Company sets up a reserve for directors' and audit & supervisory board members' retirement benefits based on the internal rules of certain consolidated subsidiaries which is recorded in the amount recognized to have accrued as of March 31, 2016.

(11) Accounting method for employees' retirement benefits

For the calculation of retirement benefit obligations, the Company uses a method based on the benefit formula to attribute the expected benefit amounts to each period. Actuarial gains and losses, past service costs and losses relating to changes in accounting policies are recognized in profit or loss in the period when they arose.

(12) Income taxes

The Company applies 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.

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.

(13) 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 non-ownership-transfer finance leases are amortized under the straight-line method over the lease term.

(14) Intangible fixed assets

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

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

(15) Land revaluation

Taiyo Life revalued its land for operating purposes as of March 31, 2002, as permitted by the Land Revaluation Act, which became effective in 1998. In accordance with provisions under this act 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 arise subsequent to the initial revaluation. Net revaluation gains or losses are not recorded on the statement of operation but as a separate component of net assets, net of income taxes. In the event that the Company sells a part of such revalued land, related revaluation gains or losses are transferred to retained earnings.

(16) Derivative financial instruments

Changes in the fair value of derivative instruments designated as fair value hedges are recognized in the consolidated statement of operation, whereas those designated as deferral hedges are reported in the net assets section of the consolidated balance sheet. However, if derivative instruments qualify for the special treatment, the Company applies that treatment in which changes in the fair value of derivative instruments are not recognized.

Taiyo Life applies deferral hedge accounting and fair value hedge accounting. Taiyo Life also applies the special treatment for interest rate swap agreements and allocation treatment for currency swap agreements in cases where the requirements for each treatment are met. The hedging instruments and hedged items for Taiyo Life are as follows:

- | | |
|------------------------|--|
| a. Hedging instrument: | Interest rate swap |
| Hedged item: | Loan receivable, bonds |
| b. Hedging instrument: | Currency swap |
| Hedged item: | Foreign currency-denominated loans |
| c. Hedging instrument: | Foreign exchange contract |
| Hedged item: | Foreign currency-denominated assets |
| d. Hedging instrument: | Option |
| Hedged item: | Domestic and foreign stocks, domestic and foreign-listed investment trusts, domestic bonds |
| e. Hedging instrument: | Credit transaction |
| Hedged item: | Domestic and foreign stocks, domestic and foreign-listed investment trusts |
| f. Hedging instrument: | Forward contract |
| Hedged item: | Domestic and foreign stocks, domestic and foreign-listed investment trusts |

Taiyo Life's hedging policy is based on the internal rules and regulations developed under Taiyo Life's risk management policy concerning asset operations, and the cash flow and price fluctuation risks concerning hedged items are hedged within a certain scope. Taiyo Life

measures effectiveness of hedging activities for each half-year period by performing a ratio analysis and other methods comparing the market movements or accumulated cash flow movements of the hedged items and the market movements or accumulated cash flow movements of the hedging instruments. However, evaluation of hedging effectiveness is omitted for interest rate swap agreements under the special treatment, etc., exchange contracts in which both the hedged items and the hedging instruments are denominated in the same currency, options hedging domestic and foreign stocks as well as domestic and foreign-listed investment trusts and options hedging credit transactions, forward contracts and domestic bonds.

Daido Life applies fair value hedge accounting. Daido Life also applies the allocation treatment for foreign exchange contract transactions hedging foreign currency deposits in cases where the requirements for the allocation treatment are met. The hedging instrument and hedged item for Daido Life are as follows:

- | | |
|---------------------|---|
| Hedging instrument: | Foreign exchange contract |
| Hedged item: | Foreign currency-denominated available-for-sale securities and fixed deposits |

Daido Life's hedging policy is based on the internal rules and regulations concerning asset operations, and foreign exchange fluctuation risks of hedged items are hedged within a certain scope. Daido Life measures effectiveness of hedging activities by performing a ratio analysis of market value movement comparisons between the hedging instruments and the hedged items.

(17) 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 sheet. Where consumption taxes paid are not fully credited against consumption taxes received, the non-credited portion is charged as an expense in the period in which the consumption taxes are paid. However, certain non-credited portions of consumption taxes paid, such as for 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.

(18) 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.

(19) Changes in accounting standards, etc.

From the beginning of the subject fiscal year, T&D Holdings, Inc. (the "Company") has applied accounting standards such as "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013, hereafter "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013, hereafter "Consolidation Accounting Standard"), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereafter "Business Divestitures Accounting Standard"), recording as capital surplus the variance on changes in equity interests in subsidiaries where the Company retains control, and changing the method for recording acquisition-related expenses as expenses for the consolidated fiscal year.

In addition, for business combinations conducted from the beginning of the subject fiscal year, the Company has changed to a method to reflect the revisions to the allocated amount of acquisition cost determined by provisional accounting treatment in the consolidated financial statements for the fiscal year of the date of the business combination. In addition, the Company has made changes to the presentation of account titles such as net income, and changed the presentation of minority interests to non-controlling interests. The consolidated financial statements for the previous fiscal year have been reclassified to reflect the subject changes in presentation.

For the application of the Business Combinations Accounting Standard and other standards, the Company follows the transitional treatment prescribed by Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard, and Article 57-4 (4) of the Business Divestitures Accounting Standard, applying such from the beginning of the subject fiscal year and going forward.

Regarding the Consolidated Statement of Cash Flows for the fiscal year, the method has been changed so that cash flow related to the acquisition and/or sales of shares in subsidiaries not accompanied by a change in the scope of consolidation will be presented in the "Cash

flows from financing activities" segment, and cash flows pertaining to expenses related to the acquisition of shares in subsidiaries accompanied by a change in the scope of consolidation, or the expenses incurred in relation to the acquisition and/or sales of shares in subsidiaries not accompanied by a change in the scope of consolidation, will be presented in the "Cash flow from operating activities" segment.

There is no effect on the consolidated financial statements as a result of these changes.

(20) Unadopted accounting standards, etc.

– "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, issued on March 28, 2016)

a. Summary

With regards to the recoverability of deferred tax assets, certain changes have been made to the following treatments, where the framework of categorizing the entities in five categories and estimating the recording amount of the deferred tax assets according to the relevant category is basically continued to be applied, which is the framework of Auditing Guidance No. 66, Auditing Treatment for Judgment of Recoverability of Deferred Assets, issued by the JICPA.

- (i) Treatment of entities which do not meet any of the category criteria pertaining to Category 1 to Category 5.
- (ii) Category criteria pertaining to Category 2 and Category 3.
- (iii) Treatment for unscheduled deductible temporary differences of entities which correspond to Category 2.
- (iv) Treatment for rational estimable period of taxable income before addition and subtraction of unscheduled deductible temporary differences, etc., of entities which correspond to Category 3.
- (v) Treatment of entities which meet the category criteria of Category 4 which also correspond to Category 2 or Category 3.

b. Scheduled date of application

Scheduled to be applied from the beginning of the fiscal year starting April 1, 2016.

c. Effect of the application of the accounting standards

The amount of the impact is under evaluation at the time of preparing the consolidated financial statements for the consolidated fiscal year ended March 31, 2016.

Note 3 >> Loans

The amounts of delinquent loans of the Company and its consolidated subsidiaries are as follows:

	¥ millions		US\$ thousands
	2016	2015	2016
As of March 31,			
Loans to bankrupt companies	¥ 256	¥ 268	\$ 2,273
Past due loans	744	825	6,609
Loans overdue for three months or more	2,835	3,222	25,165
Restructured loans	30	32	271
Total	¥3,867	¥4,347	\$34,320

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 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 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 collectible from collateral and guarantees, and charge such amounts to the reserve for possible loan losses.

The amounts of write-offs relating to bankrupt companies and past due loans are as follows:

	¥ millions		US\$ thousands
	2016	2015	2016
As of March 31,			
Loans to bankrupt companies	¥ 74	¥ 72	\$ 663
Past due loans	119	132	1,059

Note 4 >> Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets are as follows:

	¥ millions		US\$ thousands
	2016	2015	2016
Years ended March 31,			
Accumulated depreciation of tangible fixed assets	¥228,781	¥225,078	\$2,030,367

Note 5 >> Separate Account Assets

The amounts of separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act are as follows. The amounts of the liabilities are equal to the amounts of assets.

	¥ millions		US\$ thousands
	2016	2015	2016
Years ended March 31,			
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥130,793	¥250,334	\$1,160,751

Note 6 Reserve for Policyholder Dividends

The changes in reserve for policyholder dividends included in policy reserves are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Balance at the beginning of the year	¥109,920	¥113,781	\$ 975,507
Policyholder dividends	(36,625)	(36,530)	(325,043)
Increase in interest	65	108	582
Increase due to other reasons	31	5	281
Provision for reserve for policyholder dividends	31,920	32,555	283,281
Balance at the end of the year	¥105,311	¥109,920	\$ 934,610

Note 7 Unused Loan Balance under Loan Commitments

The unused loan balance under loan commitments is as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Total amount of loan commitments	¥6,500	¥6,800	\$57,685
Balance of loans outstanding	1,874	2,237	16,636
Balance	¥4,625	¥4,562	\$41,049

Note 8 Lending Securities for Loan Agreement

The lending securities for loan agreements are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Lending securities for loan agreement	¥95,073	¥—	\$843,749

Note 9 Bonds

Bonds include subordinated bonds of which the payment priority is subordinated to other debts. The amounts are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Subordinated bonds	¥20,000	¥51,100	\$177,493

Note 10 Other Liabilities

Other liabilities include subordinated borrowings of which the payment priority is subordinated to other debts. The amounts are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Subordinated borrowings	¥30,000	¥47,500	\$266,240

Note 11 Future Contributions to the Life Insurance Policyholders Protection Corporation of Japan

The amounts of future contributions to the Life Insurance Policyholders Protection Corporation of Japan, which are estimated in accordance with Article 259 of the Insurance Business Act are as follows. The contributions are recorded on the statement of operation as an operating expense when paid.

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Contributions to the Policyholder Protection Corporation	¥24,922	¥24,611	\$221,180

Note 12 Organizational Change Surplus

The amounts of 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 Act, are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Taiyo Life Insurance Company	¥63,158	¥63,158	\$560,511
Daido Life Insurance Company	10,836	10,836	96,169

Note 13 Stocks of Affiliated Companies

Stocks of affiliated companies included in securities are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Stocks of affiliated companies	¥317	¥306	\$2,818

Note 14 Assets Pledged as Collateral

The amounts of the Three Life Insurance Companies' investments in securities which are mainly pledged as collateral for the overdraft limit of the exclusive account of real-time gross settlement of government bonds with the Bank of Japan, bond lending transactions secured by securities, and as a substitution of collateral for margin for futures contracts are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Japanese government bonds	¥121,630	¥153,050	\$1,079,428
Foreign securities	95,073	—	843,749
Balance	¥216,703	¥153,050	\$1,923,178

Note 15 Impairment Losses on Fixed Assets

The items regarding impairment losses on fixed assets are as follows:

(1) Categorization of assets

The Three Life Insurance Companies categorize real estate owned for insurance operations as a single asset group. Other assets such as rental property and unused real estate are categorized separately. Each of the other consolidated subsidiaries categorizes real estate held for its own operations as a single category.

(2) Background of impairment losses

Impairment losses were recognized for the difference between the book value and the recoverable amount and reported in extraordinary losses as impairment losses due to the decreases in fair market value and rental income for some rental properties.

(3) Impairment losses by asset group

Year ended March 31, 2016		¥ millions			US\$ thousands
Asset	Location, etc.	Land	Buildings	Total	Total
Rental properties	11 assets (Matsumoto City, Nagano Prefecture, etc.)	¥2,701	¥1,502	¥4,203	\$37,307

Year ended March 31, 2015		¥ millions		
Asset	Location, etc.	Land	Buildings	Total
Rental properties	11 assets (Osaka City, Osaka Prefecture, etc.)	¥1,327	¥668	¥1,995

(4) Method of calculating recoverable amount

The recoverable amount is based on the value in use or net realizable value for rental properties. The value in use for real estate owned for rental properties is calculated by discounting future cash flows by

5.50%–5.85%. In principle, the net realizable value is calculated by subtracting the estimated costs of disposal from appraisal value calculated in accordance with the real estate appraisal standard.

Note 16 Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effect regarding other comprehensive income are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Net unrealized gains on securities:			
Net unrealized gains during the year	¥(176,994)	¥380,677	\$(1,570,771)
Reclassification adjustments	(55,206)	(27,996)	(489,939)
Amount before tax effect	(232,200)	352,680	(2,060,711)
Tax effect	69,691	(90,730)	618,486
Net unrealized gains on securities	(162,509)	261,950	(1,442,224)
Deferred gains (losses) on hedging instruments:			
Deferred gains (losses) during the year	1,233	(8,284)	10,947
Reclassification adjustments	6,119	908	54,310
Amount before tax effect	7,353	(7,375)	65,258
Tax effect	(2,213)	1,897	(19,642)
Deferred gains (losses) on hedging instruments	5,139	(5,478)	45,615
Land revaluation:			
Tax effect	155	369	1,377
Land revaluation	155	369	1,377
Foreign currency translation adjustments:			
Translation adjustments during the year	0	0	0
Share of other comprehensive income of associates accounted for using the equity method:			
Share of other comprehensive income during the year	(4)	9	(41)
Total other comprehensive income	¥(157,219)	¥256,851	\$(1,395,272)

Note 17 Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2016

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

Year ended March 31, 2016	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Shares issued:				
Common stock	681,480,000	—	—	681,480,000
Treasury stock:				
Common stock	16,632,735	16,210,557	120,270	32,723,022

Note 1. Treasury stock increased due to the following reasons: 16,201,400 shares by the acquisition of treasury stock based on the resolution made at the board of directors meeting held on May 20, 2015, and 9,157 shares by purchasing odd-lot shares.

2. Treasury stock decreased due to the following reasons: 120,000 shares by exercising stock options and, 270 shares by accepting requests for the purchase of odd-lot shares.

(2) Information of subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year	
		¥ millions	US\$ thousands
The Company	Share subscription rights as stock options	¥926	\$8,221

(3) Information of shareholder dividends

The amount of shareholder dividends.

Date of resolution	Type of shares	Amount of shareholder dividends		Shareholder dividends per share		Record date	Effective date
		¥ millions	US\$ thousands	¥	US\$		
Ordinary Shareholders' Meeting held on June 25, 2015	Common stock	¥16,621	\$147,507	¥25.00	\$0.22	March 31, 2015	June 26, 2015

The amount of shareholder dividends that is affected in the year ending March 31, 2017 while its record date is in the year ended March 31, 2016.

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective date
		¥ millions	US\$ thousands		¥	US\$		
Ordinary Shareholders' Meeting held on June 28, 2016	Common stock	¥19,462	\$172,725	Retained earnings	¥30.00	\$0.26	March 31, 2016	June 29, 2016

For the year ended March 31, 2015

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

Year ended March 31, 2015	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Shares issued:				
Common stock	681,480,000	—	—	681,480,000
Treasury stock:				
Common stock	9,212,294	7,469,421	48,980	16,632,735

Note 1. Treasury stock increased due to the following reasons: 7,461,900 shares by the acquisition of treasury stock based on the resolution made at the board of directors meeting held on May 15, 2014, and 7,521 shares by purchasing odd-lot shares.

2. Treasury stock decreased due to the following reasons: 48,800 shares by exercising stock options and 180 shares by accepting requests for the purchase of odd-lot shares.

(2) Information of subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year
		¥ millions
The Company	Share subscription rights as stock options	¥746

(3) Information of shareholder dividends

The amount of shareholder dividends.

Date of resolution	Type of shares	Amount of shareholder dividends		Shareholder dividends per share		Record date	Effective date
		¥ millions		¥			
Ordinary Shareholders' Meeting held on June 26, 2014	Common stock	¥16,806		¥25.00		March 31, 2014	June 27, 2014

The amount of shareholder dividends that is affected in the year ending March 31, 2016 while its record date is in the year ended March 31, 2015.

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective date
		¥ millions			¥			
Ordinary shareholders' Meeting held on June 25, 2015	Common stock	¥16,621	Retained earnings	¥25.00		March 31, 2015	June 26, 2015	

Note 18 Consolidated Statement of Cash Flows

The following table provides a reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and cash deposits as stated in the consolidated balance sheet:

	¥ millions		US\$ thousands
As of March 31,	2016	2015	2016
Cash and deposits	¥ 1,024,692	¥ 334,191	\$ 9,093,831
Less: deposits with an original maturity of more than three months	(4,260)	(5,460)	(37,806)
Call loans	2,673	329,876	23,722
Monetary claims purchased	269,668	339,927	2,393,227
Less: monetary claims purchased other than cash and cash equivalents	(167,852)	(196,385)	(1,489,640)
Securities	10,492,605	10,847,399	93,118,617
Less: securities other than cash and cash equivalents	(10,492,605)	(10,750,024)	(93,118,617)
Cash and cash equivalents	¥ 1,124,922	¥ 899,524	\$ 9,983,334

Note 19 Lease Transactions

(1) As lessee

a. Finance leases (nonownership-transfer finance leases)

- (i) Tangible fixed assets: office appliances such as computer servers
- (ii) Intangible fixed assets: software

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

b. Operating leases

Future minimum lease payments under noncancellable operating leases are as follows:

	¥ millions		US\$ thousands
As of March 31,	2016	2015	2016
Due within one year	¥ 9	¥ 7	\$ 87
Due after one year	13	14	119
Total	¥23	¥21	\$206

(2) As lessor

a. Lease investment assets

- (i) Other assets

	¥ millions		US\$ thousands
As of March 31,	2016	2015	2016
Other:			
Lease income receivables	¥32,151	¥32,812	\$285,332
Estimated residual value	362	303	3,214
Interest income	(2,693)	(2,831)	(23,902)
Total lease investment assets	¥29,820	¥30,283	\$264,644

b. Projected collection amounts of lease income receivables related to lease receivables and lease investment assets after the consolidated closing dates are summarized as follows:

As of March 31, 2016	¥ millions		US\$ thousands	
	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
Due within one year	¥1,632	¥8,475	\$14,489	\$75,213
Due after one year through two years	1,434	7,078	12,729	62,818
Due after two years through three years	1,185	5,644	10,518	50,090
Due after three years through four years	951	4,112	8,442	36,497
Due after four years through five years	655	2,721	5,816	24,151
Due after five years	1,087	4,119	9,650	36,561

As of March 31, 2015	¥ millions	
	Lease receivables	Lease investment assets
Due within one year	¥1,525	¥8,716
Due after one year through two years	1,313	7,218
Due after two years through three years	1,121	5,793
Due after three years through four years	886	4,352
Due after four years through five years	662	2,854
Due after five years	1,024	3,876

Note 20 >> Related Party Transactions

There are no applicable transactions with related parties or notes on the parent company and affiliated companies for the years ended March 31, 2016 and 2015.

Note 21 >> Income Taxes

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

Years ended March 31,	2016	2015
(Adjustments)		
Statutory tax rate	28.8%	30.7%
Valuation allowance	0.4	(1.2)
Permanent difference items including entertainment expense, etc.	0.6	0.4
Adjustment of deferred tax assets due to the changes in statutory tax rate	3.7	6.7
Others, net	0.5	(0.2)
Effective tax rate	34.0%	36.4%

Adjustment of deferred tax assets and liabilities due to the changes in the statutory tax rate:

Following the enactment of the Act on Partial Revision of the Income Tax Act, etc., and the Act on Partial Revision of the Local Tax Act, etc., at the national diet on March 29, 2016, the statutory tax rates used for the calculation of deferred tax assets and liabilities for the fiscal year ended March 31, 2016 (but limited to the assets and liabilities which will be realized on and after April 1, 2016), have been changed from 28.8% to 28.2% for which the estimated collection/payment period is

from April 1, 2016 to March 31, 2018, and 28.0% for which the estimated collection/payment period is from April 1, 2018, respectively.

As a result, deferred income taxes increased by ¥4,177 million (\$37,073 thousand), profit attributable to owners of parent decreased by ¥4,176 million (\$37,068 thousand). Further, deferred tax liabilities decreased by ¥1,273 million (\$11,304 thousand) and unrealized gains on available-for-sale securities increased by ¥5,314 million (\$47,168 thousand).

Significant components of deferred tax assets and liabilities of the Company and consolidated subsidiaries are summarized as follows:

As of March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Deferred tax assets:			
Policy reserves	¥ 66,193	¥ 65,641	\$ 587,444
Reserve for price fluctuations	49,148	44,672	436,179
Net defined benefit liability	31,733	30,077	281,624
Devaluation losses on securities	14,219	14,138	126,192
Deferred losses on disposal of fixed assets	5,368	4,112	47,643
Reserve for bonus payments	2,118	2,211	18,804
Tax loss carryforward	1,537	1,234	13,641
Reserve for possible loan losses	584	621	5,183
Others	15,731	17,955	139,614
Subtotal	186,636	180,665	1,656,338
Valuation allowance	(21,147)	(21,652)	(187,674)
Total deferred tax assets	165,488	159,012	1,468,663
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(180,632)	(250,322)	(1,603,053)
Accrued dividend income	(2,018)	(1,786)	(17,911)
Deferred gain on reduction of book value of real estate	(642)	(667)	(5,698)
Others	(1,487)	(1,558)	(13,205)
Total deferred tax liabilities	(184,780)	(254,335)	(1,639,868)
Net deferred tax assets (liabilities)	¥ (19,291)	¥ (95,322)	\$ (171,205)

Note 22 Financial Instruments

Being primarily focused on life insurance business, the T&D Life Group underwrites various classes of life insurance, and invests the money collected as insurance premiums in financial assets including securities and loans. In order to efficiently invest the insurance premiums trusted to us by the policyholders, the Group's asset management policy aims to build a portfolio which ensures long-term stable returns considering the characteristics of long-term obligations involved in life insurance policies, based on the concept of ERM which integrally manages profit, risk, and capital, and at the same time, paying adequate attention to the soundness and public welfare of the investments. Derivative financial instruments are used to hedge fluctuation risks involved in our investment in financial instruments, as well as partially complement physical assets. Furthermore, in order to pursue greater financial soundness, the Group has been financing the subordinated-class capital (bonds and borrowings).

Financial assets held by the Group mainly comprise securities and loans. Securities include public and corporate bonds, stocks and investment trusts offered at home and abroad that are held on a long-term basis for the purpose of investment geared to market prospects to ensure stable returns. These financial instruments are exposed to credit risks of the issuing entities and market risks associated with fluctuations in interest rate, exchange rates and stock prices, as well as market liquidity risks. Loans here include policy loans for policyholders and commercial loans (non-policy loans) provided mainly to domestic businesses and individuals. Commercial loans, though intended to ensure stable returns, are exposed to credit risks of borrowers' default. A policy loan is provided within the surrender value of each insurance policy, thus its credit risk is minimal. Derivative transactions including stock index futures contracts, forward exchange contracts and interest rate swap agreements are used primarily to hedge price fluctuation risks of our financial assets, and partially to complement physical assets by, for example, providing a solution to the time constraint prior to the inclusion of physical assets into our portfolio. Accordingly, the Group does not enter into those transactions for speculative purposes. Stringent risk management is in place for derivative transactions, by clearly defining tolerable allowances in terms of nature, underlying assets and trading limits of the transactions as well as by properly controlling their status. Hedge accounting is appropriately practiced in interest rate swap agreements for loans and forward exchange contracts for foreign currency-denominated assets, under the internal rules clearly defining qualifications, applicable types of transactions, methods of evaluation of its effectiveness and methods of its designation. Effectiveness of hedging is determined by ratio analysis methodology comparing the movements of fair market values of the hedged items and hedging instruments.

The Group, in consideration of the social and public nature of the life insurance business which is its core business, defines precise identification and management of risks as one of the crucial management tasks for ensuring the soundness and adequacy of management, where the Company, as the Group's holding company, has developed a "Group Risk Management Policy" which sets out the basic risk management philosophy within the Group and provides the risk management structure according to business characteristics and risk profiles at each of the Three Life Insurance Companies. Under such a context, the Group Risk Management Committee is in place for the purpose of coordinated management of risks within the Group, and has a clear understanding of the status of various risks at each of the Three Life Insurance Companies, through reports prepared on a regular or as-needed basis at each company using the unified risk management criteria. Meanwhile, the Company, by providing guidance and advice as appropriate to the Three Life Insurance Companies, is tackling the enhancement of risk management at each company as well as across the Group. At each of the Three Life Insurance Companies, a committee has been established to supervise company-wide risk management at an enhanced level, while a mutual check-and-balance system is in place under the internal organizational arrangement including the separation of the investment and loan execution function from the administration function within the investment division, independence of the credit check function and implementation of the internal audits by the Internal Auditing Department. Furthermore, risks are managed integrally with profit and capital on an economic value basis by a committee in charge of ERM. Through the promotion and enhancement of ERM, the Group aims for steady and sustainable growth in its corporate value.

Market risks are properly controlled according to the risk characteristic of each asset based on a precise understanding of the sensitivity of investment assets to parameters reflecting changes in the investment environment, including interest rate, stock prices and exchange rates, as well as by reviewing asset allocation and risk hedging based on identification of the overall risk of the portfolio using the Value at Risk criterion (hereafter referred to as "VaR").

Credit risk of the entire portfolio is identified and controlled through its quantification by the use of VaR based on an internal rating for individual borrowers. Meanwhile, the aggregate amount of investment and loans is capped by each industry sector or by group of companies, according to the corresponding risks, whereby concentration of loans to specific industry sectors or groups of companies is restrained.

Liquidity risks are managed by ensuring a constant amount of liquidity based on the risk management department's precise understanding of the latest risk information, including the share of highly

liquid assets, cash flow situation, trends of the general financial/securities markets and status of individual financial instruments, as well as developing a management structure that enables smooth liquidation of assets for financing.

The fair value amounts were based on market prices. If market prices were not readily available, management estimated a fair value

using certain valuation methodologies. Estimation of fair value requires the use of certain assumptions and valuation methodologies. The use of different assumptions and valuation methodologies may have a significant effect on the derived fair value amounts. In addition, notional amounts of derivative financial instruments shown in the following table do not represent exposure to market risks.

The following tables show carrying amounts, fair value amounts and differences for financial instruments. Financial instruments without readily obtainable fair value are not included.

As of March 31, 2016	Carrying amount	Fair value	Difference
	¥ millions		
Cash and deposits:			
Treated as securities	¥ 92,000	¥ 92,000	¥ —
Available-for-sale securities	92,000	92,000	—
Others	932,692	932,692	—
Total cash and deposits	1,024,692	1,024,692	—
Call loans	2,673	2,673	—
Monetary claims purchased:			
Treated as securities	268,376	275,009	6,632
Held-to-maturity bonds	70,609	77,241	6,632
Available-for-sale securities	197,767	197,767	—
Others	1,292	1,497	205
Total monetary claims purchased	269,668	276,506	6,838
Monetary trusts:			
Monetary trusts for trading purposes	9,465	9,465	—
Monetary trusts for held-to-maturity purposes	39,439	41,067	1,627
Monetary trusts for policy reserve-matching purposes	447,346	493,093	45,746
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	29,650	29,650	—
Total monetary trusts	525,902	573,276	47,373
Securities:			
Trading securities	179,419	179,419	—
Held-to-maturity bonds	1,438,625	1,737,393	298,767
Policy reserve-matching bonds	2,618,412	3,201,769	583,356
Available-for-sale securities	6,063,181	6,063,181	—
Total securities	10,299,639	11,181,763	882,123
Loans:			
Policy loans *1	134,160	150,718	16,565
Commercial loans *1	1,633,730	1,698,719	66,572
Reserve for possible loan losses *2	(1,591)	—	—
Total loans	1,766,300	1,849,437	83,137
Total assets	13,888,877	14,908,350	1,019,473
Short-term debentures	2,999	2,999	—
Bonds	50,125	49,596	(528)
Borrowings within other liabilities	65,052	65,648	596
Total liabilities	118,177	118,245	67
Derivative financial instruments *3:			
Hedge accounting not applied	11,647	11,647	—
Hedge accounting applied	41,829	43,516	1,686
Total derivative financial instruments	¥ 53,477	¥ 55,163	¥ 1,686

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in balance sheet and its current fair value.

*2. Reserve for possible loan losses for loans is deducted.

*3. Assets and liabilities arising from derivative transactions are shown at net value. (In the case of net liabilities, amounts are shown in parentheses.)

As of March 31, 2016	US\$ thousands		
	Carrying amount	Fair value	Difference
Cash and deposits:			
Treated as securities	\$ 816,471	\$ 816,471	\$ —
Available-for-sale securities	816,471	816,471	—
Others	8,277,360	8,277,360	—
Total cash and deposits	9,093,831	9,093,831	—
Call loans	23,722	23,722	—
Monetary claims purchased:			
Treated as securities	2,381,759	2,440,621	58,862
Held-to-maturity bonds	626,634	685,497	58,862
Available-for-sale securities	1,755,124	1,755,124	—
Others	11,467	13,291	1,823
Total monetary claims purchased	2,393,227	2,453,912	60,685
Monetary trusts:			
Monetary trusts for trading purposes	84,004	84,004	—
Monetary trusts for held-to-maturity purposes	350,016	364,459	14,442
Monetary trusts for policy reserve-matching purposes	3,970,065	4,376,050	405,984
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	263,135	263,135	—
Total monetary trusts	4,667,221	5,087,649	420,427
Securities:			
Trading securities	1,592,291	1,592,291	—
Held-to-maturity bonds	12,767,357	15,418,826	2,651,469
Policy reserve-matching bonds	23,237,601	28,414,705	5,177,104
Available-for-sale securities	53,808,855	53,808,855	—
Total securities	91,406,105	99,234,678	7,828,573
Loans:			
Policy loans *1	1,190,636	1,337,576	147,011
Commercial loans *1	14,498,850	15,075,608	590,809
Reserve for possible loan losses *2	(14,123)	—	—
Total loans	15,675,363	16,413,184	737,820
Total assets	123,259,471	132,306,979	9,047,507
Short-term debentures	26,623	26,623	—
Bonds	444,843	440,151	(4,692)
Borrowings within other liabilities	577,320	582,613	5,292
Total liabilities	1,048,787	1,049,387	600
Derivative financial instruments *3:			
Hedge accounting not applied	103,372	103,372	—
Hedge accounting applied	371,226	386,190	14,964
Total derivative financial instruments	\$ 474,598	\$ 489,563	\$ 14,964

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in balance sheet and its current fair value.

*2. Reserve for possible loan losses for loans is deducted.

*3. Assets and liabilities arising from derivative transactions are shown at net value. (In the case of net liabilities, amounts are shown in parentheses.)

As of March 31, 2015	Carrying amount	Fair value	Y millions Difference
Cash and deposits:			
Treated as securities	¥ 56,400	¥ 56,400	¥ —
Available-for-sale securities	56,400	56,400	—
Others	277,791	277,791	—
Total cash and deposits	334,191	334,191	—
Call loans			
	329,876	329,876	—
Monetary claims purchased:			
Treated as securities	338,576	344,488	5,911
Held-to-maturity bonds	82,471	88,383	5,911
Available-for-sale securities	256,104	256,104	—
Others	1,350	1,481	130
Total monetary claims purchased	339,927	345,969	6,042
Monetary trusts:			
Monetary trusts for trading purposes	9,260	9,260	—
Monetary trusts for held-to-maturity purposes	22,610	22,595	(14)
Monetary trusts for policy reserve-matching purposes	396,372	408,590	12,218
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	9,379	9,379	—
Total monetary trusts	437,622	449,825	12,203
Securities:			
Trading securities	339,849	339,849	—
Held-to-maturity bonds	1,540,385	1,711,373	170,987
Policy reserve-matching bonds	2,687,767	3,001,339	313,572
Available-for-sale securities	6,062,467	6,062,467	—
Total securities	10,630,470	11,115,030	484,559
Loans:			
Policy loans *1	139,295	154,470	15,183
Commercial loans *1	1,724,542	1,775,315	52,553
Reserve for possible loan losses *2	(1,788)	—	—
Total loans	1,862,049	1,929,785	67,736
Total assets	13,934,137	14,504,679	570,541
Short-term debentures	2,999	2,999	—
Bonds	51,100	51,392	292
Borrowings within other liabilities	81,198	81,679	481
Total liabilities	135,297	136,071	773
Derivative financial instruments *3:			
Hedge accounting not applied	9,502	9,502	—
Hedge accounting applied	(40,495)	(39,683)	812
Total derivative financial instruments	¥ (30,993)	¥ (30,180)	¥ 812

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in balance sheet and its current fair value.

*2. Reserve for possible loan losses for loans is deducted.

*3. Assets and liabilities arising from derivative transactions are shown at net value. (In the case of net liabilities, amounts are shown in parentheses.)

The following methods and assumptions are used to estimate the fair value of financial instruments.

Cash and deposits: mainly recorded in book values as their market values are proximate to the book values.

Call loans: recorded in book values as these are settled in a short period of time, thus their market values are proximate to the book values.

Monetary claims purchased: those that are reasonably deemed appropriate to treat as securities are recorded in the same way as securities, while others that are reasonably deemed appropriate to

treat as loan receivable are recorded in the same way as loans.

Monetary trusts: monetary trusts which are mainly invested in securities are recorded in the same way as securities. In addition, foreign exchange contracts, currency options and stock index option contracts, etc., are used in monetary trusts where the market values for foreign exchange contracts are obtained from trustee companies, and the market values for currency options and stock index option contracts, etc., are calculated based on prices quoted by the counterparty financial institutions.

Securities: market values of securities are mainly based on their prices quoted on the stock exchange concerned, while those of bonds are based either on the statistics for reference published by the Japan Securities Dealers Association, or on the prices quoted by the underwriting financial institutions. Market values of investment trusts are based on the published base values.

Loans: for policy loans, market values are calculated by discounting by risk-free rate, the expected future cash flow derived from the repayment rate based on the past actual repayment performance. Commercial loans are basically recorded at book values as their market values are proximate to the book values, unless borrowers' credit standings significantly change after loans were provided. Market values of loans provided at fixed rates are calculated by discounting principal and interest by risk-free rates weighted by credit risks involved. Since estimated bad debts associated with loans to Bankrupt Debtors, loans to Effectively

Bankrupt Debtors and loans to Potentially Bankrupt Debtors, are calculated based on the present value of the estimated future cash flows, or estimated amounts recoverable through pledge or guarantee, their market values are proximate to consolidated balance sheet amounts less estimated bad debts as at the balance sheet date, which are recorded as market values. However, compound financial instruments are based on their prices quoted by the underwriting financial institutions.

Short term debentures: recorded in book values as these are settled in a short period of time, thus their market values are proximate to the book values.

Bonds: market values are based on the price provided from the counterparty financial institutions or calculated by discounting principal and interest by risk-free rates weighted by credit risks involved.

Borrowings: market values are calculated by discounting principal and interest by risk-free rates weighted by credit risks involved.

The carrying amounts of financial instruments without readily obtainable fair value are summarized as follows:

As of March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Investments in affiliates	¥ 317	¥ 306	\$ 2,818
Available-for-sale securities:			
Unlisted stocks	24,514	16,570	217,558
Foreign securities	155,632	187,004	1,381,192
Other securities	12,500	13,047	110,942
Total available-for-sale securities	¥192,648	¥216,621	\$1,709,693

Note: Impairment losses with respect to the unlisted stocks without readily obtainable fair value for the years ended March 31, 2016 and 2015 were ¥3,569 million (\$31,675 thousand) and ¥1,047 million, respectively, and were charged to expenses.

The carrying amounts or principal amounts of monetary claims and fixed maturity securities by contractual maturity date after the consolidated closing date are as follows:

As of March 31, 2016	¥ millions			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Deposits	¥1,024,317	¥ —	¥ —	¥ —
Call loans	2,673	—	—	—
Monetary claims purchased	101,876	5,519	293	151,556
Securities:				
Held-to-maturity bonds				
Government bonds	31,752	278,000	246,177	609,568
Municipal bonds	—	13,595	700	38,648
Corporate bonds	9,104	17,335	43,981	177,289
Policy reserve-matching bonds				
Government bonds	2,399	82,588	243,565	1,408,460
Municipal bonds	22,470	13,286	31,410	95,830
Corporate bonds	64,834	67,860	111,810	465,200
Available-for-sale fixed maturity securities				
Government bonds	29,950	29,871	109,582	120,049
Municipal bonds	35,915	132,683	10,476	20,502
Corporate bonds	146,789	536,196	210,355	159,564
Foreign securities	148,948	552,024	1,355,241	401,367
Other securities	26	1	8	—
Loans	225,545	693,036	510,139	184,645

	US\$ thousands			
As of March 31, 2016	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Deposits	\$9,090,496	\$ —	\$ —	\$ —
Call loans	23,722	—	—	—
Monetary claims purchased	904,120	48,985	2,602	1,345,014
Securities:				
Held-to-maturity bonds				
Government bonds	281,789	2,467,163	2,184,749	5,409,727
Municipal bonds	—	120,659	6,212	342,996
Corporate bonds	80,795	153,842	390,317	1,573,386
Policy reserve-matching bonds				
Government bonds	21,290	732,942	2,161,563	12,499,645
Municipal bonds	199,414	117,909	278,753	850,461
Corporate bonds	575,381	602,236	992,279	4,128,505
Available-for-sale fixed maturity securities				
Government bonds	265,796	265,095	972,506	1,065,398
Municipal bonds	318,738	1,177,528	92,975	181,948
Corporate bonds	1,302,712	4,758,576	1,866,836	1,416,086
Foreign securities	1,321,870	4,899,042	12,027,348	3,562,010
Other securities	239	12	72	—
Loans	2,001,645	6,150,486	4,527,333	1,638,668

Note: Securities without contractual maturity date in the amount of ¥561,516 million (\$4,983,281 thousand) are not included. In addition, loans without contractual maturity date such as policy loans in the amount of ¥154,490 million (\$1,371,058 thousand) are not included.

	¥ millions			
As of March 31, 2015	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Deposits	¥333,718	¥ 100	¥ —	¥ —
Call loans	329,876	—	—	—
Monetary claims purchased	143,606	5,806	293	180,556
Securities:				
Held-to-maturity bonds				
Government bonds	101,435	242,904	290,953	609,170
Municipal bonds	—	13,595	700	39,196
Corporate bonds	14,616	14,835	55,585	184,383
Policy reserve-matching bonds				
Government bonds	22,176	81,444	205,780	1,447,075
Municipal bonds	23,061	47,163	14,110	99,230
Corporate bonds	59,280	117,694	107,380	451,630
Available-for-sale fixed maturity securities				
Government bonds	125,803	35,150	94,992	187,037
Municipal bonds	47,056	155,154	8,869	22,266
Corporate bonds	102,550	588,561	234,006	152,899
Foreign securities	104,021	564,183	1,334,715	336,993
Other securities	—	25	21	—
Loans	253,687	762,957	466,683	215,698

Note: Securities without contractual maturity date in the amount of ¥543,671 million are not included. In addition, loans without contractual maturity date such as policy loans in the amount of ¥164,772 million are not included.

The carrying amounts of bonds and borrowings by contractual maturity date after the consolidated closing date are as follows:

							¥ millions
As of March 31, 2016	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	
Short-term debenture	¥ 3,000	¥ —	¥ —	¥ —	¥ —	¥ —	
Bonds	—	—	—	—	30,000	20,000	
Borrowings within other liabilities	11,252	9,486	7,117	4,875	1,830	30,492	

							US\$ thousands
As of March 31, 2016	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	
Short-term debenture	\$26,624	\$ —	\$ —	\$ —	\$ —	\$ —	
Bonds	—	—	—	—	266,240	177,493	
Borrowings within other liabilities	99,858	84,185	63,161	43,264	16,240	270,611	

							¥ millions
As of March 31, 2015	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	
Short-term debenture	¥ 3,000	¥ —	¥ —	¥ —	¥ —	¥ —	
Bonds	—	—	—	—	—	51,100	
Borrowings within other liabilities	11,104	8,560	6,794	4,425	2,183	48,132	

Note 23 Investments in Securities

Investments in securities held by the Company and its consolidated subsidiaries are summarized as follows:

(1) Trading securities

		¥ millions	US\$ thousands
As of March 31		2016	2015
Valuation difference charged to earnings (losses)		¥(41,072)	¥(5,595)
			\$(364,507)

(2) Held-to-maturity bonds

				¥ millions
As of March 31, 2016	Carrying amount	Fair value	Difference	
Items with fair value exceeding carrying amount:				
Domestic bonds:				
Government bonds	¥1,143,791	¥1,376,026	¥232,234	
Municipal bonds	53,561	65,645	12,084	
Corporate bonds	240,338	294,823	54,484	
Total domestic bonds	1,437,691	1,736,495	298,803	
Other securities	70,609	77,241	6,632	
Total	1,508,301	1,813,737	305,436	
Items with fair value not exceeding carrying amount:				
Domestic bonds:				
Government bonds	933	897	(36)	
Municipal bonds	—	—	—	
Corporate bonds	—	—	—	
Total domestic bonds	933	897	(36)	
Other securities	—	—	—	
Total	933	897	(36)	
Grand total	¥1,509,235	¥1,814,635	¥305,400	

As of March 31, 2016	US\$ thousands		
	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	\$10,150,797	\$12,211,806	\$2,061,008
Municipal bonds	475,337	582,583	107,245
Corporate bonds	2,132,933	2,616,467	483,534
Total domestic bonds	12,759,068	15,410,857	2,651,788
Other securities	626,634	685,497	58,862
Total	13,385,703	16,096,354	2,710,651
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	8,288	7,968	(319)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Total domestic bonds	8,288	7,968	(319)
Other securities	—	—	—
Total	8,288	7,968	(319)
Grand total	\$13,393,992	\$16,104,323	\$2,710,331

Note: Other securities include beneficiary trust certificates amounting to ¥70,609 million (\$626,634 thousand) that are represented as monetary claims purchased in the consolidated balance sheet.

As of March 31, 2015	¥ millions		
	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥1,158,829	¥1,290,582	¥131,753
Municipal bonds	54,156	60,861	6,704
Corporate bonds	261,935	294,512	32,577
Total domestic bonds	1,474,921	1,645,956	171,035
Other securities	82,471	88,383	5,911
Total	1,557,392	1,734,340	176,947
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	65,464	65,416	(48)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Total domestic bonds	65,464	65,416	(48)
Other securities	—	—	—
Total	65,464	65,416	(48)
Grand total	¥1,622,857	¥1,799,756	¥176,899

Note: Other securities include beneficiary trust certificates amounting to ¥82,471 million that are represented as monetary claims purchased in the consolidated balance sheet.

(3) Policy reserve-matching bonds

			¥ millions
As of March 31, 2016	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥1,744,055	¥2,160,080	¥416,024
Municipal bonds	162,595	192,975	30,379
Corporate bonds	702,993	839,989	136,996
Total	2,609,644	3,193,045	583,400
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	994	992	(2)
Municipal bonds	400	399	(0)
Corporate bonds	7,373	7,331	(41)
Total	8,768	8,723	(44)
Grand total	¥2,618,412	¥3,201,769	¥583,356

			US\$ thousands
As of March 31, 2016	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	\$15,477,951	\$19,170,041	\$3,692,089
Municipal bonds	1,442,987	1,712,597	269,610
Corporate bonds	6,238,845	7,454,645	1,215,799
Total	23,159,784	28,337,283	5,177,499
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	8,829	8,807	(22)
Municipal bonds	3,549	3,547	(2)
Corporate bonds	65,437	65,067	(369)
Total	77,816	77,422	(394)
Grand total	\$23,237,601	\$28,414,705	\$5,177,104

			¥ millions
As of March 31, 2015	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥1,743,670	¥1,959,031	¥215,360
Municipal bonds	183,367	202,535	19,167
Corporate bonds	693,401	772,540	79,138
Total	2,620,440	2,934,107	313,667
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	24,007	23,922	(84)
Municipal bonds	—	—	—
Corporate bonds	43,319	43,309	(10)
Total	67,326	67,231	(95)
Grand total	¥2,687,767	¥3,001,339	¥313,572

(4) Available-for-sale securities

As of March 31, 2016	Carrying amount	Acquisition cost	¥ millions Difference
Items with carrying amount exceeding acquisition cost:			
Domestic bonds:			
Government bonds	¥ 347,485	¥ 292,569	¥ 54,916
Municipal bonds	204,949	193,808	11,141
Corporate bonds	1,115,445	1,068,307	47,137
Total domestic bonds	1,667,881	1,554,685	113,195
Domestic equities	615,573	313,383	302,190
Foreign securities:			
Foreign bonds	2,411,565	2,206,486	205,079
Foreign equities	8,684	7,626	1,058
Foreign other securities	407,437	381,118	26,318
Total foreign securities	2,827,688	2,595,232	232,455
Other securities	214,793	182,178	32,614
Total	5,325,936	4,645,479	680,456
Items with carrying amount not exceeding acquisition cost:			
Domestic bonds:			
Government bonds	—	—	—
Municipal bonds	6,354	6,396	(41)
Corporate bonds	67,435	69,165	(1,730)
Total domestic bonds	73,789	75,561	(1,771)
Domestic equities	70,472	77,622	(7,150)
Foreign securities:			
Foreign bonds	418,518	440,371	(21,853)
Foreign equities	14,199	16,318	(2,119)
Foreign other securities	158,050	164,589	(6,538)
Total foreign securities	590,767	621,279	(30,511)
Other securities	291,983	305,038	(13,055)
Total	1,027,013	1,079,501	(52,488)
Grand total	¥6,352,949	¥5,724,981	¥627,967

As of March 31, 2016	US\$ thousands		
	Carrying amount	Acquisition cost	Difference
Items with carrying amount exceeding acquisition cost:			
Domestic bonds:			
Government bonds	\$ 3,083,828	\$ 2,596,463	\$ 487,365
Municipal bonds	1,818,866	1,719,987	98,878
Corporate bonds	9,899,235	9,480,900	418,334
Total domestic bonds	14,801,930	13,797,351	1,004,579
Domestic equities	5,463,021	2,781,177	2,681,843
Foreign securities:			
Foreign bonds	21,401,899	19,581,885	1,820,013
Foreign equities	77,072	67,681	9,390
Foreign other securities	3,615,882	3,382,312	233,570
Total foreign securities	25,094,854	23,031,879	2,062,974
Other securities	1,906,223	1,616,779	289,444
Total	47,266,029	41,227,188	6,038,841
Items with carrying amount not exceeding acquisition cost:			
Domestic bonds:			
Government bonds	—	—	—
Municipal bonds	56,395	56,766	(370)
Corporate bonds	598,464	613,818	(15,353)
Total domestic bonds	654,860	670,584	(15,724)
Domestic equities	625,421	688,878	(63,457)
Foreign securities:			
Foreign bonds	3,714,218	3,908,160	(193,941)
Foreign equities	126,011	144,818	(18,806)
Foreign other securities	1,402,649	1,460,680	(58,030)
Total foreign securities	5,242,880	5,513,659	(270,778)
Other securities	2,591,259	2,707,121	(115,862)
Total	9,114,422	9,580,244	(465,822)
Grand total	\$56,380,451	\$50,807,432	\$5,573,018

Note: Other securities include certificates of deposit amounting to ¥92,000 million (\$816,471 thousand) that are represented as cash and deposits, commercial paper amounting to ¥101,816 million (\$903,586 thousand) and beneficiary trust certificates amounting to ¥95,951 million (\$851,537 thousand) that are represented as monetary claims purchased in the consolidated balance sheet.

As of March 31, 2015	Carrying amount	Acquisition cost	¥ millions Difference
Items with carrying amount exceeding acquisition cost:			
Domestic bonds:			
Government bonds	¥ 439,470	¥ 395,753	¥ 43,716
Municipal bonds	244,095	232,260	11,835
Corporate bonds	1,062,582	1,013,352	49,229
Total domestic bonds	1,746,148	1,641,366	104,781
Domestic equities	737,744	339,545	398,198
Foreign securities:			
Foreign bonds	2,558,836	2,315,650	243,185
Foreign equities	17,775	15,600	2,174
Foreign other securities	525,095	469,961	55,134
Total foreign securities	3,101,707	2,801,212	300,495
Other securities	243,884	198,780	45,103
Total	5,829,484	4,980,905	848,579
Items with carrying amount not exceeding acquisition cost:			
Domestic bonds:			
Government bonds	50,320	50,325	(4)
Municipal bonds	1,678	1,678	(0)
Corporate bonds	87,511	87,703	(192)
Total domestic bonds	139,510	139,708	(197)
Domestic equities	3,121	3,330	(209)
Foreign securities:			
Foreign bonds	139,836	145,291	(5,455)
Foreign equities	1,657	1,717	(60)
Foreign other securities	27,991	28,790	(798)
Total foreign securities	169,485	175,799	(6,314)
Other securities	233,369	234,978	(1,608)
Total	545,487	553,816	(8,328)
Grand total	¥6,374,972	¥5,534,721	¥840,250

Note: Other securities include certificates of deposit amounting to ¥56,400 million that are represented as cash and deposits, commercial paper amounting to ¥143,541 million and beneficiary trust certificates amounting to ¥112,562 million that are represented as monetary claims purchased in the consolidated balance sheet.

(5) The sales of securities classified as held-to-maturity bonds

There were no sales of securities classified as held-to-maturity bonds for the years ended March 31, 2016 and 2015.

(6) The sales of securities classified as policy reserve-matching bonds

	¥ millions		
Year ended March 31, 2016	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	¥47,591	¥4,656	¥—
Municipal bonds	11,443	41	—
Corporate bonds	1,003	2	—
Total	¥60,038	¥4,700	¥—

	US\$ thousands		
Year ended March 31, 2016	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	\$422,359	\$41,326	\$—
Municipal bonds	101,556	365	—
Corporate bonds	8,904	25	—
Total	\$532,820	\$41,717	\$—

	¥ millions		
Year ended March 31, 2015	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	¥12,687	¥360	¥0
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Total	¥12,687	¥360	¥0

(7) The sales of securities classified as available-for-sale securities

	¥ millions		
Year ended March 31, 2016	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	¥ 224,903	¥ 6,837	¥ 2,148
Municipal bonds	—	—	—
Corporate bonds	2,590	81	—
Total domestic bonds	227,494	6,919	2,148
Domestic equities	121,273	30,275	4,782
Foreign securities:			
Foreign bonds	829,399	19,741	7,799
Foreign equities	5,344	1,136	182
Foreign other securities	49,082	11,062	406
Total foreign securities	883,826	31,941	8,388
Other securities	46,204	3,566	1,038
Total	¥1,278,798	¥72,702	¥16,357

Year ended March 31, 2016	US\$ thousands		
	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	\$ 1,995,950	\$ 60,683	\$ 19,066
Municipal bonds	—	—	—
Corporate bonds	22,988	727	—
Total domestic bonds	2,018,939	61,411	19,066
Domestic equities	1,076,267	268,684	42,443
Foreign securities:			
Foreign bonds	7,360,661	175,199	69,219
Foreign equities	47,431	10,087	1,617
Foreign other securities	435,594	98,180	3,604
Total foreign securities	7,843,687	283,467	74,441
Other securities	410,047	31,650	9,214
Total	\$11,348,941	\$645,213	\$145,165

Year ended March 31, 2015	¥ millions		
	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	¥ 17,488	¥ 21	¥ 256
Municipal bonds	—	—	—
Corporate bonds	16,318	1,528	89
Total domestic bonds	33,806	1,550	345
Domestic equities	83,557	5,340	549
Foreign securities:			
Foreign bonds	420,667	18,175	5,350
Foreign equities	8,896	1,838	23
Foreign other securities	30,146	5,416	685
Total foreign securities	459,710	25,429	6,059
Other securities	24,241	1,751	18
Total	¥601,315	¥34,072	¥6,972

(8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥532 million (\$4,726 thousand) and ¥18 million as impairment losses for the available-for-sale securities with readily obtainable fair value for the fiscal years ended March 31, 2016 and 2015, respectively.

The Company and its consolidated subsidiaries recognize impairment losses on securities if fair value as of the end of the fiscal year declines by 30% or more from their acquisition cost.

Note 24 Investments in Monetary Trusts

Monetary trusts held by the Company and its consolidated subsidiaries for trading purposes are summarized as follows:

	¥ millions		US\$ thousands
As of March 31,	2016	2015	2016
Valuation difference charged to earnings (losses)	¥4,237	¥5,198	\$37,609

Monetary trusts held by the Company and its consolidated subsidiaries for held-to-maturity purposes are summarized as follows:

	¥ millions		
As of March 31, 2016	Carrying amount	Fair value	Difference
Monetary trusts	¥39,439	¥41,067	¥1,627

	US\$ thousands		
As of March 31, 2016	Carrying amount	Fair value	Difference
Monetary trusts	\$350,016	\$364,459	\$14,442

	¥ millions		
As of March 31, 2015	Carrying amount	Fair value	Difference
Monetary trusts	¥22,610	¥22,595	¥(14)

Monetary trusts held by the Company and its consolidated subsidiaries for policy reserve-matching purpose are summarized as follows:

	¥ millions		
As of March 31, 2016	Carrying amount	Fair value	Difference
Monetary trusts	¥447,346	¥493,093	¥45,746

	US\$ thousands		
As of March 31, 2016	Carrying amount	Fair value	Difference
Monetary trusts	\$3,970,065	\$4,376,050	\$405,984

	¥ millions		
As of March 31, 2015	Carrying amount	Fair value	Difference
Monetary trusts	¥396,372	¥408,590	¥12,218

Monetary trusts other than trading, held-to-maturity or policy reserve-matching purposes are summarized as follows:

	¥ millions		
As of March 31, 2016	Carrying amount	Acquisition cost	Difference
Monetary trusts	¥29,650	¥28,476	¥1,173

	US\$ thousands		
As of March 31, 2016	Carrying amount	Acquisition cost	Difference
Monetary trusts	\$263,135	\$252,722	\$10,412

	¥ millions		
As of March 31, 2015	Carrying amount	Acquisition cost	Difference
Monetary trusts	¥9,379	¥9,151	¥228

Note 25 Derivative Financial Instruments

(1) Derivative financial instruments for which hedge accounting is not applied

a. Currency-related transactions

As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
¥ millions				
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥122,324	¥ —	¥ 360	¥ 360
U.S. dollar	90,962	—	994	994
Euro	11,953	—	(330)	(330)
Canadian dollar	3,899	—	(42)	(42)
Australian dollar	15,508	—	(262)	(262)
Bought	20,558	—	62	62
U.S. dollar	19,346	—	61	61
Euro	1,212	—	1	1
Currency options:				
Sold				
Call	40,120	—		
U.S. dollar	[352]	[—]	11	341
Bought				
Put	64,640	—		
U.S. dollar	[722]	[—]	593	(129)
U.S. dollar	64,640	—		
	[722]	[—]	593	(129)
Currency swaps:				
Receive foreign, pay yen	67,046	—	(159)	(159)
U.S. dollar	10,501	—	(495)	(495)
Australian dollar	56,544	—	335	335
Total				¥ 474

				US\$ thousands
As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	\$1,085,591	\$ —	\$ 3,196	\$ 3,196
U.S. dollar	807,261	—	8,829	8,829
Euro	106,086	—	(2,930)	(2,930)
Canadian dollar	34,609	—	(376)	(376)
Australian dollar	137,633	—	(2,326)	(2,326)
Bought	182,449	—	551	551
U.S. dollar	171,692	—	542	542
Euro	10,757	—	9	9
Currency options:				
Sold				
Call	356,060	—		
	[3,129]	[—]	100	3,029
U.S. dollar	356,060	—		
	[3,129]	[—]	100	3,029
Bought				
Put	573,659	—		
	[6,413]	[—]	5,263	(1,150)
U.S. dollar	573,659	—		
	[6,413]	[—]	5,263	(1,150)
Currency swaps:				
Receive foreign, pay yen	595,016	—	(1,419)	(1,419)
U.S. dollar	93,198	—	(4,396)	(4,396)
Australian dollar	501,817	—	2,976	2,976
Total				\$ 4,207

- Note 1. Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates. Fair value of currency options is calculated based on the price obtained from the counterparty financial institutions. Fair value of currency swaps used in management trusts is calculated based on the price obtained from the trustee companies.
2. Assets and liabilities denominated in foreign currencies, which have fixed settlement amounts in yen under forward exchange contracts and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.
3. Figures in parentheses indicates the option premiums recognized in the consolidated balance sheet.

				¥ millions
As of March 31, 2015	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥155,094	¥—	¥1,889	¥1,889
U.S. dollar	138,857	—	1,435	1,435
Euro	11,972	—	242	242
Australian dollar	4,264	—	212	212
Bought	1,824	—	8	8
U.S. dollar	826	—	3	3
Euro	998	—	4	4
Currency swaps:				
Receive foreign, pay yen	45,808	—	(692)	(692)
U.S. dollar	6,068	—	73	73
Australian dollar	39,739	—	(766)	(766)
Total				¥1,205

- Note 1. Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates. Fair value of currency swaps used in management trusts is calculated based on the price obtained from the trustee companies.
2. Assets and liabilities denominated in foreign currencies, which have fixed settlement amounts in yen under forward exchange contracts and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.

b. Interest-related transactions

				¥ millions
As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed, pay floating	¥52,935	¥50,091	¥10,884	¥10,884
Total				¥10,884

				US\$ thousands
As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed, pay floating	\$469,787	\$444,549	\$96,595	\$96,595
Total				\$96,595

Note: Fair value of interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the consolidated fiscal year-end or based on prices obtained from counterparty financial institutions.

				¥ millions
As of March 31, 2015	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed, pay floating	¥44,841	¥42,581	¥8,620	¥8,620
Total				¥8,620

Note: Fair value of interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the consolidated fiscal year-end or based on prices obtained from counterparty financial institutions.

c. Stock-related transactions

				¥ millions
As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Stock index options:				
Sold				
Call	¥ 9,919	¥ —		
	[51]	[—]	¥2	¥ 49
Bought				
Put	28,445	—		
	[345]	[—]	2	(343)
Total				¥(293)

As of March 31, 2016	Notional amount		Fair value	US\$ thousands
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Stock index options:				
Sold				
Call	\$ 88,031	\$ —		
	[458]	[—]	\$19	\$ 438
Bought				
Put	252,440	—		
	[3,063]	[—]	19	(3,044)
Total				\$ (2,605)

Note 1. Fair value of stock index options is calculated based on the closing price on major exchanges or price obtained from the counterparty financial institutions.

Note 2. Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

The Company held no stock-related derivative instruments as of March 31, 2015.

d. Others

As of March 31, 2016	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Compound financial instruments	¥3,000	¥—	¥2,919	¥(80)
Total				¥(80)

As of March 31, 2015	Notional amount		Fair value	US\$ thousands
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Compound financial instruments	\$26,624	\$—	\$25,910	\$(713)
Total				\$(713)

Note 1. Fair value of compound financial instruments is calculated based on the price obtained from the counterparty financial institutions.

Note 2. Compound financial instruments are those of which embedded derivatives are not rationally separated from compound financial instruments.

Note 3. Contracted value or notional principal amount indicates purchase amount of compound financial instruments.

As of March 31, 2015	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Compound financial instruments	¥3,000	¥3,000	¥2,675	¥(324)
Total				¥(324)

Note 1. Fair value of compound financial instruments is calculated based on the price obtained from the counterparty financial institutions.

Note 2. Compound financial instruments are those of which embedded derivatives are not rationally separated from compound financial instruments.

Note 3. Contracted value or notional principal amount indicates purchase amount of compound financial instruments.

T&D Financial Life uses monetary trusts to execute derivative transactions. The following tables show a summary of the notional amounts and fair values of derivative financial instruments.

As of March 31, 2016	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Foreign exchange contracts:				
Sold	¥ 3,762	¥ —	¥ (78)	¥ (78)
U.S. dollar	634	—	3	3
Australian dollar	3,127	—	(81)	(81)
Currency options:				
Bought:				
Put	4,777	3,508		
	[1,083]	[836]	393	(690)
U.S. dollar	2,731	1,974		
	[677]	[513]	213	(463)
Euro	2,046	1,534		
	[406]	[322]	179	(226)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	102	78		
	[34]	[26]	83	48
Put	29,295	19,605		
	[6,545]	[4,787]	2,109	(4,435)
Total				¥(5,155)

As of March 31, 2016	Notional amount		Fair value	US\$ thousands
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	\$ 33,387	\$ —	\$ (692)	\$ (692)
U.S. dollar	5,635	—	29	29
Australian dollar	27,751	—	(722)	(722)
Currency-related transactions:				
Currency options:				
Bought:				
Put	42,401	31,140		
	[9,619]	[7,422]	3,489	(6,129)
U.S. dollar	24,243	17,519		
	[6,009]	[4,557]	1,892	(4,116)
Euro	18,157	13,620		
	[3,610]	[2,864]	1,597	(2,012)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	906	693		
	[306]	[231]	739	432
Put	259,990	173,992		
	[58,084]	[42,486]	18,719	(39,364)
Total				\$(45,754)

Note 1. Fair value is based on prices obtained from counterparty financial institutions.

2. Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

As of March 31, 2015	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Currency options:				
Bought:				
Put	¥ 6,682	¥ 4,777		
	[1,421]	[1,083]	¥ 438	¥ (983)
U.S. dollar	3,748	2,731		
	[879]	[677]	202	(677)
Euro	2,933	2,046		
	[542]	[406]	236	(306)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	126	102		
	[42]	[34]	109	66
Put	48,534	31,485		
	[10,188]	[7,124]	2,018	(8,170)
Total				¥(9,087)

Note 1. Fair value is based on prices obtained from counterparty financial institutions.

2. Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

(2) Derivative financial instruments for which hedge accounting is applied

a. Currency-related transactions

				Notional amount		¥ millions
As of March 31, 2016	Hedged item	Total	Over one year	Fair value		
Recognition of valuation gains/losses on hedged items:						
Foreign exchange contracts:						
Sold	Foreign currency-denominated assets	¥2,543,856	¥ —	¥43,176		
U.S. dollar		1,735,277	—	42,855		
Euro		442,319	—	(2,134)		
British pound		203,120	—	7,177		
Canadian dollar		113,798	—	(1,694)		
Australian dollar		38,332	—	(2,286)		
Mexican peso		11,008	—	(741)		
Allocation treatment for foreign exchange contracts, etc.:						
Foreign exchange contracts:						
Sold	Certificates of deposit in foreign currencies	70,000	—	—		
U.S. dollar		35,000	—	—		
Australian dollar		35,000	—	—		
Currency swaps:						
Receive yen, pay foreign currency		6,163	6,163	—		
U.S. dollar	Foreign currency-denominated loans	6,163	6,163	—		
Total				¥43,176		

				Notional amount		US\$ thousands
As of March 31, 2016	Hedged item	Total	Over one year	Fair value		
Recognition of valuation gains/losses on hedged items:						
Foreign exchange contracts:						
Sold	Foreign currency-denominated assets	\$22,575,933	\$ —	\$383,176		
U.S. dollar		15,400,045	—	380,332		
Euro		3,925,445	—	(18,945)		
British pound		1,802,632	—	63,699		
Canadian dollar		1,009,927	—	(15,040)		
Australian dollar		340,189	—	(20,292)		
Mexican peso		97,692	—	(6,577)		
Allocation treatment for foreign exchange contracts, etc.:						
Foreign exchange contracts:						
Sold	Certificates of deposit in foreign currencies	621,228	—	—		
U.S. dollar		310,614	—	—		
Australian dollar		310,614	—	—		
Currency swaps:						
Receive yen, pay foreign currency		54,699	54,699	—		
U.S. dollar	Foreign currency-denominated loans	54,699	54,699	—		
Total				\$383,176		

Note 1. Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.

Note 2. Fair value of foreign exchange contracts, etc., with allocation treatment is included in the relevant certificates of deposit in foreign currencies and foreign currency-denominated loans which are the hedged assets for each of these contracts and assets are treated as a unit.

				¥ millions
		Notional amount		
As of March 31, 2015	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:				
Sold	Foreign currency-denominated assets	¥2,317,781	¥—	¥(41,105)
U.S. dollar		1,702,995	—	(64,743)
Euro		457,389	—	20,569
British pound		98,671	—	2,402
Canadian dollar		25,521	—	(9)
Australian dollar		30,170	—	678
Mexican peso		3,033	—	(3)
Bought		29,633	—	388
U.S. dollar		29,633	—	388
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Sold	Certificates of deposit in foreign currencies	70,000	—	—
U.S. dollar		35,000	—	—
Australian dollar		35,000	—	—
Total				¥(40,716)

Note 1. Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.

2. Fair value of foreign exchange contracts, etc., with allocation treatment is included in the relevant certificates of deposit in foreign currencies which are the hedged assets for each of these contracts and assets are treated as a unit.

b. Interest-related transactions

				¥ millions
		Notional amount		
As of March 31, 2016	Hedged item	Total	Over one year	Fair value
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed, pay floating	Loans	¥76,883	¥68,968	¥1,686
Total				¥1,686

				US\$ thousands
		Notional amount		
As of March 31, 2016	Hedged item	Total	Over one year	Fair value
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed, pay floating	Loans	\$682,319	\$612,076	\$14,964
Total				\$14,964

Note: Fair value of interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the consolidated fiscal year-end or prices obtained from counterparty financial institutions.

				¥ millions
		Notional amount		
As of March 31, 2015	Hedged item	Total	Over one year	Fair value
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed, pay floating	Loans	¥90,830	¥73,187	¥812
Total				¥812

Note: Fair value of interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the consolidated fiscal year-end or prices obtained from counterparty financial institutions.

c. Stock-related transactions

				¥ millions
		Notional amount		
As of March 31, 2016	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥16,779	¥—	¥(1,346)
Total				¥(1,346)

				US\$ thousands
		Notional amount		
As of March 31, 2016	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	\$148,910	\$—	\$(11,950)
Total				\$(11,950)

Note: Fair value is calculated based on prices obtained from counterparty financial institutions.

				¥ millions
		Notional amount		
As of March 31, 2015	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥54,647	¥—	¥1,212
Total				¥1,212

Note: Fair value is calculated based on prices obtained from counterparty financial institutions.

d. Bond-related transactions

The Company held no bond-related derivative instruments as of March 31, 2016.

				¥ millions
		Notional amount		
As of March 31, 2015	Hedged item	Total	Over one year	Fair value
Deferral hedge:				
Bond options:				
Sold:	Domestic bonds			
Call		¥146,507	¥—	
		[1,554]	[—]	¥2,395
Bought:				
Put		146,507	—	
		[2,210]	[—]	1,404
Total				¥3,799

Note 1. Fair value is calculated based on closing prices on major exchanges.

Note 2. Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

Note 26 Employees' Retirement Benefits

(1) Outline of the retirement benefit plan adopted by the T&D Life Group

Domestic consolidated subsidiaries have defined benefit retirement plans such as a defined benefit corporate pension plan, a retirement pension plan, and a retirement lump-sum payment plan. Further, certain subsidiaries have defined contribution pension plans as their defined contribution retirement plan as well as retirement benefit trusts.

(2) Defined benefit retirement plan

a. Changes in the balance of retirement benefit obligations are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Balance at the beginning of the year	¥143,661	¥141,071	\$1,274,953
Service cost	5,952	5,911	52,825
Interest cost	1,566	1,800	13,905
Actuarial gains and losses	14,775	3,416	131,124
Retirement benefit paid	(8,136)	(8,537)	(72,209)
Balance at the end of the year	¥157,819	¥143,661	\$1,400,599

Note: Retirement benefit expense for consolidated subsidiaries using the simplified method is included in service cost.

b. Changes in the balance of plan assets are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Balance at the beginning of the year	¥93,390	¥89,415	\$828,812
Expected return on plan assets	989	1,034	8,780
Net actuarial gains and losses	3,456	3,783	30,676
Employer contribution	6,208	5,256	55,095
Benefit obligation paid	(5,956)	(6,098)	(52,858)
Balance at the end of the year	¥98,088	¥93,390	\$870,507

c. A reconciliation of retirement benefit obligation and plan assets to net defined benefit liability and net defined benefit asset stated in the consolidated balance sheet is as follows:

As of March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Retirement benefit obligations for funded plans	¥130,088	¥116,893	\$1,154,495
Plan assets	(98,088)	(93,390)	(870,507)
Employee pension trusts	[(61,114)]	[(57,591)]	[(542,376)]
	31,999	23,503	283,988
Retirement benefit obligations for unfunded plans	27,731	26,767	246,104
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	59,730	50,271	530,092
Defined benefit liability	59,730	50,271	530,092
Defined benefit asset	—	—	—
Net value for defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 59,730	¥ 50,271	\$ 530,092

d. The components of retirement benefit expense are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Service cost	¥ 5,952	¥ 5,911	\$ 52,825
Interest cost	1,566	1,800	13,905
Expected return on plan assets	(989)	(1,034)	(8,780)
Recognized actuarial gains and losses	11,318	(366)	100,447
Others	8	8	73
Retirement benefit expense relating to defined benefit retirement plan	¥17,856	¥ 6,318	\$158,471

Note: Retirement benefit expense for consolidated subsidiaries using the simplified method is included in service cost.

e. The components of plan assets are as follows:

As of March 31,	2016	2015
Bonds	73.1%	71.8%
General account	11.4	15.6
Foreign securities	7.0	6.6
Stocks	5.0	5.1
Cash and deposits	2.6	0.0
Joint assets	0.9	0.8
Others	0.0	0.0
Total	100.0%	100.0%

Note: The total includes 62.3% and 61.7% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2016 and 2015, respectively.

The long-term expected rate of return on plan assets is set by considering the present and the prospective asset allocation for plan assets, as well as the present and the expected long-term rate of return arising from various assets that comprise the plan assets.

Assumptions used in accounting for the plan assets were as follows:

Years ended March 31,	2016	2015
Discount rate	(0.07%) – 0.80%	0.32% – 1.60%
Expected long-term rate of return on plan assets	0.57% – 1.90%	0.80% – 1.81%

(3) Defined contribution retirement plans

The required contribution for the defined contribution retirement plan of the T&D Life Group amounted to ¥258 million (\$2,290 thousand) and ¥229 million for the fiscal years ended March 31, 2016 and 2015, respectively.

Note 27 Stock Options

(1) Amount of expenses related to stock options

Years ended March 31,	2016	¥ millions	2015	US\$ thousands
Operating expenses	¥291		¥266	\$2,587

(2) Details, size and status of stock options

a. Details of stock options

T&D Holdings, Inc. stock subscription rights (1st series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 40
Number of stock options by class*	Common stock: 449,600 shares
Grant date	July 31, 2012
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 1, 2012 to July 31, 2042

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (2nd series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 39
Number of stock options by class*	Common stock: 235,500 shares
Grant date	August 1, 2013
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2013 to August 1, 2043

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (3rd series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 6 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 41
Number of stock options by class *	Common stock: 231,300 shares
Grant date	August 1, 2014
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2014 to August 1, 2044

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (4th series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 15 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 43
Number of stock options by class *	Common stock: 170,700 shares
Grant date	August 3, 2015
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 4, 2015 to August 3, 2045

* Translated to the number of common stock.

b. Size and status of stock options

For stock options which existed during the consolidated fiscal year ended March 31, 2016 the number of stock options is translated to the number of common stock.

(i) Number of stock options

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Before vesting:			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	340,700 shares	217,800 shares	228,700 shares
Vested	—	—	—
Exercised	60,200 shares	37,800 shares	19,500 shares
Forfeited	—	—	—
Exercisable	280,500 shares	180,000 shares	209,200 shares

	T&D Holdings, Inc. stock subscription rights (4th series)
Before vesting:	
At the end of previous fiscal year	—
Granted	170,700 shares
Forfeited	—
Vested	170,700 shares
Outstanding	—
After vesting:	
At the end of previous fiscal year	—
Vested	170,700 shares
Exercised	2,500 shares
Forfeited	—
Exercisable	168,200 shares

(ii) Unit price information

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Exercise price	1.00 yen	1.00 yen	1.00 yen
Average stock price at the time of exercise	1,424.00 yen	1,590.00 yen	1,638.00 yen
Fair value at the granted date	685.00 yen	1,143.00 yen	1,153.00 yen

	T&D Holdings, Inc. stock subscription rights (4th series)
Exercise price	1.00 yen
Average stock price at the time of exercise	1,415.00 yen
Fair value at the granted date	1,708.00 yen

(3) Method for estimating fair value of stock options

The method for estimating fair value of stock options granted during the consolidated fiscal year ended March 31, 2016 is as follows:

a. Valuation method

Black-Scholes model

b. Principal parameters used and their estimation method

	T&D Holdings, Inc. stock subscription rights (4th series)
Stock price volatility (Note 1)	35.60%
Expected remaining period (Note 2)	6.21 years
Expected dividends (Note 3)	25.00 yen
Risk-free interest rate (Note 4)	0.126%

Note 1. Calculated based on the daily closing price of the Company's common stock in regular transactions from May 20, 2009 to August 3, 2015.

2. A period from the grant date to the average time when options are expected to be exercised is applied.

3. Calculated based on the actual dividends for the fiscal year ended March 31, 2015.

4. Based on Japanese government bond yield with a maturity corresponding to the expected remaining period.

(4) Method for estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

Note 28 >> Asset Retirement Obligations

Asset retirement obligations recorded in the consolidated balance sheet are as follows:

Asbestos removal obligations for our office buildings and rental properties are classified as asset retirement obligations. For the estimation of the present value of asset retirement obligations, 50 years from the acquisition of buildings is used as the estimated period before the cost to be incurred and 2.11% as the discount rate.

	¥ millions		US\$ thousands
Years ended March 31,	2016	2015	2016
Balance at the beginning of the year	¥1,877	¥1,838	\$16,659
Time progress adjustment	39	38	352
Balance at the end of the year	¥1,916	¥1,877	\$17,011

Note 29 >> Real Estate for Rent

The Company and certain consolidated subsidiaries own real estate for rent, consisting mainly of office buildings in major cities in Japan. Their carrying amount, net increase/decrease and fair value are as follows:

	¥ millions		US\$ thousands
Years ended March 31,	2016	2015	2016
Carrying amount:			
Balance at the beginning of the year	¥195,166	¥188,392	\$1,732,045
Net increase (decrease)	1,778	6,774	15,781
Balance at the end of the year	196,945	195,166	1,747,827
Fair value at the end of the year	¥229,389	¥225,957	\$2,035,756

Note 1. The carrying amount represents acquisition cost less accumulated depreciation and accumulated impairment loss. Balances at the end of the year for the years ended March 31, 2016 and 2015 include amounts related to asset retirement obligations of ¥196 million (\$1,742 thousand) and ¥247 million, respectively.

2. For the year ended March 31, 2016, the net increase mainly consisted of purchase of real estate totaling ¥15,707 million (\$139,396 thousand) and the net decrease mainly consisted of sales of real estate, depreciation and impairment losses totaling ¥4,936 million (\$43,809 thousand), ¥4,208 million (\$37,345 thousand) and ¥3,449 million (\$30,615 thousand), respectively.

For the year ended March 31, 2015, the net increase mainly consisted of purchase of real estate totaling ¥9,047 million and the net decrease mainly consisted of depreciation totaling ¥4,479 million.

3. Fair value of major properties is calculated based on their appraisal value. Fair value of other properties is calculated based on the posted price.

Gains (losses) on real estate for rent are as follows:

	¥ millions		US\$ thousands
Years ended March 31,	2016	2015	2016
Ordinary revenues	¥14,662	¥14,278	\$130,124
Ordinary expenses	9,756	9,921	86,582
Ordinary profit	4,906	4,356	43,542
Other losses	(3,886)	(2,155)	(34,494)

Note 1. Ordinary revenues and ordinary expenses constitute income from lease and corresponding expenses, such as depreciation, repair expenses, insurance expenses and taxes. These amounts are reported in investment income and investment expenses.

2. Other losses are reported in extraordinary losses. These are mainly impairment losses for the year ended March 31, 2016 and 2015.

Note 30 Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components of the Company about which separate financial information is available. These segments are subject to periodic review to enable the Company's Board of Directors to decide on allocation of business resources and evaluate business performance.

The Company is a holding company which manages life insurance companies and other subsidiaries and affiliated companies in accordance with the Insurance Business Act. The Three Life Insurance Companies, with unique product strategies and sales strategies under the Company, operate life insurance business as the Group's core business.

The Company's operations are therefore segmented by each of the life insurance companies and the Company's three reportable

segments are the Taiyo Life Insurance Company segment, the Daido Life Insurance Company segment and the T&D Financial Life Insurance Company segment.

Each of the Three Life Insurance Companies focuses on different markets. Taiyo Life focuses on the retail households market, Daido Life focuses on the small- and medium-sized entities market and T&D Financial Life focuses on over-the-counter sales at financial institutions and other agents, etc. Each company also has different products under its unique marketing strategy.

(2) Method of calculating ordinary revenues, income or loss, assets and liabilities and others by reportable segment

The method of accounting for the reportable segments is the same as that described in "Summary of Significant Accounting Policies."

(3) Information on ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

Year ended March 31, 2016	Reportable segment						Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total		
Ordinary revenues	¥ 872,714	¥ 935,264	¥ 218,035	¥ 2,026,014	¥ 28,287	¥ 2,054,301	¥ (28,376)	¥ 2,025,925
Intergroup transfers	1,173	474	—	1,647	42,362	44,010	(44,010)	—
Total	873,887	935,739	218,035	2,027,662	70,649	2,098,312	(72,386)	2,025,925
Segment income (loss)	79,124	90,307	1,212	170,644	18,437	189,081	(17,647)	171,434
Segment assets	7,084,800	6,152,026	1,359,879	14,596,707	919,556	15,516,263	(842,055)	14,674,207
Segment liabilities	6,603,082	5,488,203	1,289,619	13,380,904	161,685	13,542,589	(82,443)	13,460,145
Others								
Depreciation of real estate for rent	2,354	2,658	—	5,012	—	5,012	(21)	4,991
Depreciation	5,708	3,903	136	9,748	702	10,451	(196)	10,254
Provision for (reversal of) policy reserve	39,665	181,309	(26,902)	194,071	250	194,321	—	194,321
Provision for (reversal of) reserve for policyholder dividends	18,135	13,788	(3)	31,920	—	31,920	—	31,920
Interest, dividends and income from real estate for rent	148,103	136,624	7,425	292,153	16,716	308,869	(18,144)	290,725
Interest expenses	871	32	3	908	29	937	(27)	909
Equity in net income of affiliated companies	—	—	—	—	—	—	46	46
Extraordinary gains	3	13,202	1	13,207	108	13,316	(13,152)	163
Extraordinary losses	20,255	8,789	623	29,667	663	30,331	(892)	29,438
Impairment losses	265	3,938	—	4,203	—	4,203	—	4,203
Provision for reserve for price fluctuations	17,831	2,547	189	20,568	—	20,568	—	20,568
Taxes	13,902	26,455	101	40,459	678	41,138	(3,625)	37,513
Investments in affiliated companies	—	100	—	100	—	100	—	100
Increase in tangible fixed assets and intangible fixed assets	¥ 34,903	¥ 17,915	¥ 1,757	¥ 54,576	¥ 1,815	¥ 56,392	¥ (18,183)	¥ 38,208

Year ended March 31, 2016	Reportable segment					Others	Total	Adjustments	US\$ thousands
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Amount on consolidated financial statements				
Ordinary revenues	\$ 7,745,072	\$ 8,300,181	\$ 1,934,994	\$ 17,980,248	\$ 251,040	\$ 18,231,289	\$ (251,831)	\$ 17,979,458	
Intergroup transfers	10,411	4,213	—	14,624	375,953	390,577	(390,577)	—	
Total	7,755,483	8,304,394	1,934,994	17,994,873	626,994	18,621,867	(642,409)	17,979,458	
Segment income (loss)	702,203	801,449	10,760	1,514,412	163,628	1,678,041	(156,614)	1,521,427	
Segment assets	62,875,407	54,597,328	12,068,508	129,541,244	8,160,774	137,702,019	(7,472,982)	130,229,036	
Segment liabilities	58,600,302	48,706,098	11,444,969	118,751,371	1,434,904	120,186,275	(731,661)	119,454,614	
Others									
Depreciation of real estate for rent	20,891	23,593	—	44,485	—	44,485	(187)	44,297	
Depreciation	50,658	34,639	1,215	86,513	6,237	92,751	(1,742)	91,008	
Provision for (reversal of) policy reserve	352,016	1,609,062	(238,754)	1,722,324	2,221	1,724,545	—	1,724,545	
Provision for (reversal of) reserve for policy holder dividends	160,946	122,364	(29)	283,281	—	283,281	—	283,281	
Interest, dividends and income from real estate for rent	1,314,373	1,212,503	65,895	2,592,772	148,350	2,741,122	(161,027)	2,580,094	
Interest expenses	7,735	291	31	8,058	257	8,316	(246)	8,069	
Equity in net income of affiliated companies	—	—	—	—	—	—	413	413	
Extraordinary gains	33	117,167	9	117,210	966	118,176	(116,723)	1,453	
Extraordinary losses	179,763	78,001	5,529	263,294	5,885	269,180	(7,923)	261,257	
Impairment losses	2,357	34,949	—	37,307	—	37,307	—	37,307	
Provision for reserve for price fluctuations	158,253	22,605	1,681	182,540	—	182,540	—	182,540	
Taxes	123,378	234,785	902	359,066	6,025	365,092	(32,173)	332,918	
Investments in affiliated companies	—	887	—	887	—	887	—	887	
Increase in tangible fixed assets and intangible fixed assets	\$ 309,761	\$ 158,990	\$ 15,599	\$ 484,351	\$ 16,110	\$ 500,461	\$ (161,376)	\$ 339,084	

Note 1. Ordinary revenues instead of net sales are presented here.

2. Adjustments are as follows:

- (1) The downward adjustment of ¥28,376 million (\$251,831 thousand) to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥26,902 million (\$238,754 thousand) of ordinary revenues which is included in ordinary expenses of the consolidated statement of operation as provision for policy reserves.
- (2) The downward adjustment of ¥17,647 million (\$156,614 thousand) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
- (3) The downward adjustment of ¥842,055 million (\$7,472,982 thousand) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
- (4) The downward adjustment of ¥82,443 million (\$731,661 thousand) to segment liabilities is mainly due to the elimination of intersegment receivables and payables.

3. Segment income (loss) is adjusted to align with the ordinary revenues set forth in the consolidated statement of operation.

Year ended March 31, 2015	Reportable segments						Adjustments	¥ millions
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total		Amount on consolidated financial statements
Ordinary revenues	¥1,060,084	¥ 980,700	¥ 382,110	¥ 2,422,896	¥ 28,298	¥ 2,451,195	¥ (39,029)	¥ 2,412,165
Intergroup transfers	1,062	351	—	1,414	48,492	49,906	(49,906)	—
Total	1,061,146	981,052	382,110	2,424,310	76,790	2,501,101	(88,935)	2,412,165
Segment income (loss)	67,606	97,464	22,457	187,528	28,333	215,861	(26,918)	188,943
Segment assets	7,217,901	5,977,975	1,387,624	14,583,500	901,070	15,484,571	(819,865)	14,664,705
Segment liabilities	6,658,543	5,297,596	1,319,425	13,275,565	113,837	13,389,402	(69,647)	13,319,755
Others								
Depreciation of real estate for rent	2,285	2,891	—	5,176	—	5,176	—	5,176
Depreciation	5,808	3,910	47	9,766	730	10,497	(191)	10,305
Provision for (reversal of) policy reserve	281,957	229,805	(29,349)	482,413	193	482,607	—	482,607
Provision for (reversal of) reserve for policy holder dividends	18,093	14,462	(0)	32,555	—	32,555	—	32,555
Interest, dividends and income from real estate for rent	151,768	130,291	7,184	289,243	26,880	316,124	(28,158)	287,966
Interest expenses	1,813	19	2	1,835	29	1,865	(24)	1,841
Equity in net income of affiliated companies	—	—	—	—	—	—	38	38
Extraordinary gains	170	—	—	170	61	231	(5)	225
Extraordinary losses	5,419	2,653	174	8,247	83	8,331	—	8,331
Impairment losses	1,995	—	—	1,995	—	1,995	—	1,995
Provision for reserve for price fluctuations	2,747	2,263	139	5,150	—	5,150	—	5,150
Taxes	16,309	29,168	7,636	53,114	727	53,842	60	53,903
Investments in affiliated companies	—	100	—	100	—	100	—	100
Increase in tangible fixed assets and intangible fixed assets	¥ 15,990	¥ 7,399	¥ 407	¥ 23,797	¥ 269	¥ 24,067	¥ (119)	¥ 23,948

Note 1. Ordinary revenues, instead of net sales, are presented here.

2. Adjustments are as follows:

- (1) The downward adjustment of ¥39,029 million to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥29,349 million and gains from derivatives, net of ¥6,151 million of ordinary revenues which is included in ordinary expenses in the consolidated statement of operation as provision for policy reserves and losses from derivatives, net, respectively.
- (2) The downward adjustment of ¥26,918 million to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
- (3) The downward adjustment of ¥819,865 million to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
- (4) The downward adjustment of ¥69,647 million to segment liabilities is mainly due to the elimination of intersegment receivables and payables.

3. Segment income (loss) is adjusted to align with the ordinary revenues set forth in the consolidated statement of operation.

[Related information]

For the year ended March 31, 2016

1. Information by product and service

Sales to external customers

Year ended March 31, 2016	¥ millions				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥657,185	¥748,914	¥165,436	¥2,969	¥1,574,506
Insurance premiums	656,909	747,740	165,300	2,969	1,572,919
Individual insurance and individual annuities	508,608	675,827	165,129	—	1,349,565
Group insurance	32,589	26,523	—	—	59,113
Group annuities	114,370	44,392	147	—	158,910
Others	1,341	996	23	2,969	5,330
Ceded reinsurance recoveries	¥ 276	¥ 1,174	¥ 135	¥ —	¥ 1,586

Year ended March 31, 2016	US\$ thousands				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	\$5,832,317	\$6,646,386	\$1,468,198	\$26,350	\$13,973,252
Insurance premiums	5,829,867	6,635,962	1,466,992	26,350	13,959,173
Individual insurance and individual annuities	4,513,738	5,997,760	1,465,474	—	11,976,973
Group insurance	289,222	235,387	—	—	524,609
Group annuities	1,015,002	393,971	1,308	—	1,410,281
Others	11,904	8,843	210	26,350	47,308
Ceded reinsurance recoveries	\$ 2,449	\$ 10,424	\$ 1,205	\$ —	\$ 14,078

Note: Income from insurance premiums instead of net sales is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operation.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) in the consolidated statement of operation.

For the year ended March 31, 2015

1. Information by product and service

Sales to external customers

Year ended March 31, 2015	¥ millions				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥865,232	¥792,715	¥297,755	¥2,352	¥1,958,055
Insurance premiums	864,995	791,738	297,664	2,352	1,956,751
Individual insurance and individual annuities	708,776	718,944	297,485	—	1,725,206
Group insurance	32,762	27,370	—	—	60,132
Group annuities	122,115	44,454	154	—	166,724
Others	1,340	969	24	2,352	4,687
Ceded reinsurance recoveries	¥ 236	¥ 977	¥ 90	¥ —	¥ 1,304

Note: Income from insurance premiums, instead of net sales, is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operation.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) in the consolidated statement of operation.

[Information on impairment losses on fixed assets by reportable segment]

For the years ended March 31, 2016 and 2015

Information on impairment losses on fixed assets by reportable segment is disclosed in "Segment information."

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

For the years ended March 31, 2016 and 2015

Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2016 and 2015

Not applicable.

Note 31 Per Share Information

		¥	US\$
Years ended March 31,	2016	2015	2016
Net assets per share	¥1,865.94	¥2,018.12	\$16.55
Net income per share	111.00	141.35	0.98
Net income per share (fully diluted)	109.32	141.18	0.97

A summary of the net income per share and the net income per share (fully diluted) computations is as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2016	2015	2016
Net income per share:			
Profit attributable to owners of parent	¥72,547	¥94,215	\$643,833
Amount not attributable to common stockholders	—	—	—
Profit attributable to owners of parent pertaining to common stock	¥72,547	¥94,215	\$643,833

		Shares
Weighted-average number of common stocks outstanding	653,556,609	666,540,650

		¥ millions	US\$ thousands
Years ended March 31,	2016	2015	2016
Net income per share (fully diluted):			
Adjusted net income attributable to owners of parent	¥(16)	¥—	\$(148)
Amortization of bond premium (after tax)	¥(16)	¥—	\$(148)

		Shares
Increase in common stock	9,884,916	795,192
Convertible bond	9,094,039	—
Subscription rights to shares	790,877	795,192
Summary of potential shares that are not included in computation of net income per share (fully diluted) due to lack of dilution effect	—	—

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

		¥ millions	US\$ thousands
As of March 31,	2016	2015	2016
Net assets	¥1,214,061	¥1,344,950	\$10,774,422
Deduction from net assets	3,521	3,211	31,253
Subscription rights to shares	926	746	8,221
Non-controlling interests	2,595	2,465	23,031
Net assets available to common stockholders	¥1,210,540	¥1,341,738	\$10,743,169

		Shares
The number of common stock outstanding	648,756,978	664,847,265

Note 32 Subsequent Events

(1) Acquisition of treasury stock

The Company has resolved at its board of directors meeting held on May 13, 2016, the acquisition of treasury stock under the provision Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

a. Reasons for acquisition of treasury stock

To enhance shareholder return and improve capital efficiency.

b. Details of acquisition

- (i) Type of shares to be acquired: Shares of common stock
- (ii) Number of shares to be acquired: Up to 16,000,000 shares
- (iii) Total amount of acquisition: Up to ¥14,000 million (\$124,245 thousand)
- (iv) Period of acquisition: From May 16, 2016 to July 15, 2016
- (v) Method of acquisition: Open-market repurchase by the trust method

c. Results of acquisition

- (i) Total number of acquired shares: 13,525,600 shares
- (ii) Total cost of acquisition: ¥13,999 million (\$124,245 thousand)
- (iii) Period of acquisition: From May 19, 2016 to June 16, 2016, on the basis of execution date

Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
T&D Holdings, Inc.

We have audited the accompanying consolidated financial statements of T&D Holdings, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of T&D Holdings, Inc. and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 28, 2016

Glossary

A

Additional policy reserve	An additional policy reserve provisioned to supplement the ordinary policy reserve in a case when the insurance company recognizes a risk that future payment may not be fulfilled.
Administrative expense margin	The administrative expense margin is the difference between the administrative expenses related to the relevant policy assumed by a company with respect to a given year in calculating premiums and the actual administrative expenses for that year.
ALM (Asset Liability Management)	ALM is a risk management method for managing the overall structure of assets and liabilities of a company. With insurance companies in particular, it is essential that assets and liabilities be managed in consideration of the special characteristics of super long-term liabilities that insurance policies represent.
Annualized premiums	An adjusted figure for premiums paid using monthly, annual, or lump-sum payment methods showing total premiums paid on an annual basis.
Assumed business expense rate	One of the forecast rates used in the calculation of insurance premiums. It is the rate used to include business expenses necessary for administering insurance policies.
Assumed investment yield	One of the forecast rates used in the calculation of insurance premiums. It is the predetermined discount rate based on the expected earnings from the investment of insurance premiums.

C

Contingency reserve	<p>A reserve included as part of the policy reserve to account for the risk of insurance payment events occurring at a higher-than-expected rate due to higher-than-expected mortality and morbidity rates, and the risk of actual investment yields being lower than the assumed investment yields related to outstanding policies. Contingency reserve can be classified into:</p> <p>Contingency reserve I Corresponds to insurance risk Contingency reserve II Corresponds to assumed investment yield risk Contingency reserve III Corresponds to minimum guarantee risk relating to variable annuity and others Contingency reserve IV Corresponds to insurance risk of Third Sector insurance</p>
Core profit	An indicator showing core period earnings of life insurance companies, made up of insurance income and expenses (which include income from insurance premiums and insurance benefits and business expenses), and investment income and expenses (which include mainly interest, dividends and income from real estate for rent). It is not an item on the Company's statement of operation, but is calculated by deducting capital gains, such as gains (losses) on sales of securities and other one-time gains (losses), from ordinary profit.

E

ERM (Enterprise Risk Management)	A strategic management method used to achieve managerial goals such as raising corporate value and maximizing earnings, through the integrated management of profit, risk and capital.
ESR (Economic Solvency Ratio)	An indicator of capital adequacy based on economic value, calculated by dividing the surplus by economic capital. An ESR of 100% means that capital and risk are equal. The higher the ESR, the greater the amount of capital relative to risk. Although ESR is widely used mainly in Europe, there is no standardized calculation method. Each life insurance company calculates ESR individually based on its internal models.

G

General account	The aggregate of a life insurer's assets, other than those allocated to separate accounts. General account assets are invested by a company to meet fixed guaranteed rates of return for policyholders, and that company bears the investment risk on such assets.
------------------------	--

I	
Investment yield margin	The difference, with respect to a given year, between the actual investment yield for that year and the guaranteed rate of return used in calculating premiums.
M	
Morbidity rate	The relative incidence of disability due to disease or physical impairment.
Mortality rate	Rates of death, varying by such parameters as age, gender, and health, used in pricing and computing liabilities for future policyholder benefits for life insurance and annuity products.
Mortality rate margin	The difference between the mortality rate assumed by a company with respect to a given year in calculating premiums and the actual mortality rate for that year.
N	
Negative spread	<p>Negative spread = (Investment yield on core profit – Average assumed investment yield) x Policy reserve in general account</p> <ul style="list-style-type: none"> • “Investment yield on core profit” is calculated by dividing the numerator as investment revenues and expenses (investment profit in general account) included in core profit less the amount of provision for accumulated interest due to policyholders by the denominator as policy reserve in general reserve in general account. • “Average assumed investment yield” is calculated by dividing the numerator as assumed interest (general account only) by the denominator as policy reserve in general account. • “Policy reserve in general account” represents the earned policy reserve calculated for policy reserve in general account less the contingency reserve by the Hardy method as follows: (Policy reserve at beginning of fiscal year + Policy reserve at the end of fiscal year – Assumed interest) x 1/2
Net level premium method	A method for setting aside policy reserves. Using this method, policy reserves are calculated assuming a constant amount of business expenses each time a premium is paid over the term of the policy. Generally speaking, the bulk of the business expenses of life insurance companies are incurred in the first fiscal year of a contract such as for the payment of remuneration to sales representatives and agencies, costs related to issuing insurance certificates, and commissions for medical examinations to doctors. In this sense, the net level premium method is a sounder way of setting aside reserves.
Non-participating policy	Policies under which the policyholder receives no policyholder dividends. Non-participating policies generally feature lower premiums than participating or semi-participating policies.
P	
Participating policy	Policies under which the policyholder is eligible to share in the divisible surplus of a company—calculated based on the mortality rate margin, investment yield margin, and administrative expense margin—through the receipt of annual policyholder dividends.
Policy reserve	A reserve established for the fulfillment of insurance claims and other payments related to a company's outstanding policies that are expected to be paid in the future. The policy reserve consists of a premium reserve (other than unearned premiums), an unearned premium reserve, a repayment reserve, and a contingency reserve. A company uses the net level premium method to calculate the amount it sets aside each year as a policy reserve. The policy reserve is one of the three reserves comprising the reserve for policy and other reserves.

R

Reserve for outstanding claims	A reserve for liable claims such as insurance claims, other payments, and benefits that remained outstanding as of the balance sheet date. The reserve includes amounts that are not yet claimed but the insurer is deemed to be liable.
Reserve for policyholder dividends	A reserve used to fund the payment of policyholder dividends. The reserve for policyholder dividends is one of the three reserves comprising the reserve for policy and other reserves. For a mutual life insurance company, a transfer to reserve for policyholder dividends is treated as a disposition of net surplus. For a joint stock corporation, provision for reserve for policyholder dividends is treated as an expense.
Reserve for price fluctuations	Pursuant to provisions of the Insurance Business Act, companies maintain reserves to cover losses due to price fluctuations in assets subject to market price volatility, particularly investments in stocks, bonds, and foreign currency-denominated investments. This reserve may be used only to reduce deficits arising from price fluctuations of those assets.

S

Semi-participating policy	Policies under which a company does not distribute yearly policyholder dividends to its policyholders, but instead distributes a portion of the net positive return on investments in excess of the guaranteed rate of return as calculated at the end of every five-year period. Semi-participating policies generally feature lower premiums than participating policies and higher premiums than non-participating policies.
Separate account	Assets related to a company's individual variable insurance and group variable annuity products, including group employee pension fund insurance and national pension fund insurance, are allocated to the company's separate account. Separate account assets and liabilities represent funds that are administered and invested in by the company to meet specific investment objectives of policyholders. The investments in each separate account are maintained separately from those in other separate accounts and an insurer's general account and are generally not subject to the general liabilities of the insurer. The investment results of the separate account assets generally pass through to the separate account policyholders, less management fees, so that an insurer bears limited or no investment risk on such assets.
Solvency margin ratio	A risk indicator calculated as the total solvency margin (including net assets, the reserve for price fluctuations, contingency reserve, reserve for possible loan losses, etc.) divided by 1/2 of total risk, which includes such factors as insurance risk due to a major earthquake or other disaster, investment risk, and various other risks. If a life insurance company's solvency margin ratio falls below 200%, the regulatory authorities will require management to introduce corrective measures to quickly return the company to soundness.
Standard yield rate	A rate which is required by the supervisory authorities to be applied in calculating the "standard policy reserve (a policy reserve required to be set aside from the standpoint of ensuring the business soundness of life insurance companies and protecting policyholders)".
Surrender and lapse amount	The total amount of money reimbursed on the surrender or lapse of insurance policies in a given fiscal year. Surrender occurs when policyholders choose to discontinue their policies. Lapse occurs when the deadline for payment of premiums that are in arrears is exceeded.

T

Term life insurance	A life insurance policy where payments are made only if the person insured dies during the term of the insurance policy. In general, term life insurance provides no, or only a small amount of, surrender value. However, for term life insurance taken out for longer periods, surrender value can be accumulated based on the number of years that the policy has been held (cash-value type of term life insurance).
Third sector insurance	In the Japanese insurance industry, life insurance products and non-life insurance products are called "First Sector" and "Second Sector" insurance products, respectively, and insurance products which have intermediate characteristics of both products are called "Third Sector" insurance products. Examples include medical care, cancer, accident, and nursing care insurance.

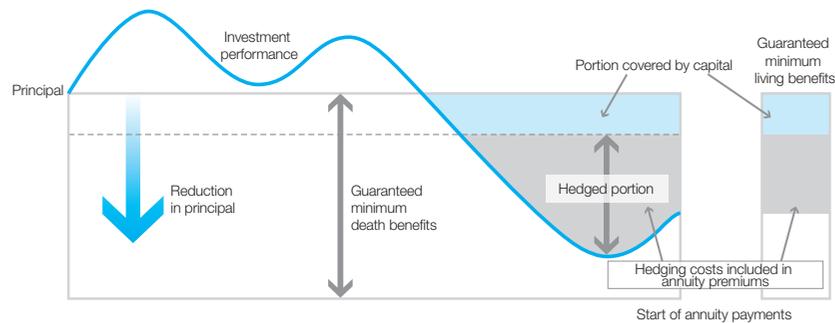
V

Variable annuity

An annuity in which the return to the holder is variable, rather than fixed, and reflects the results of investments made in the company's separate accounts.

Among variable annuity products, there are products that offer guaranteed minimum death benefits or guaranteed minimum living benefits. Generally, the life insurance company bears the risks of these minimum guarantees. However, at T&D Financial Life, the company adopts a scheme using put options to reduce loss in the event of a drop in the market. Under this scheme, hedging costs are included in the insurance premium as a risk guarantee cost. Also, since it is less economical to use a full hedge, the critical portion of the risk is hedged while the remainder is covered with the company's capital.

Illustration of risk management using hedging

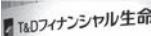


Z

Zillmer method

A method by which insurers may calculate policy reserves, which, in effect, allows policy acquisition costs to be deferred. Under this method, the pure insurance premium portion used in the calculation of policy reserves is reduced during the first year of the policy. This reduction makes the policy reserve provisions smaller than those under the net level premium method. In years following the first year, the reduction in reserve provisions is gradually adjusted to eliminate the difference between the net level premium method and the Zillmer method over a predetermined term of, for example, 5 or 10 years.

History

 TAIYO-LIFE		 DAIDO LIFE	
1893	May 1893 Taiyo Life founded as the Nagoya Life Insurance Co., Ltd.		
1902		July 1902 Daido Life Insurance Company founded as a joint stock company through the merger of Asahi Life Insurance Co., Gokoku Life Insurance Co., and Hokkai Life Insurance Co.	
1940s	February 1948 Established the Taiyo Mutual Life Insurance Company	July 1947 Established Daido Life as a mutual company	
T&D T&D Life Group		Life Insurance Industry Developments	
1999	Jan. Taiyo Life and Daido Life announced a broad business alliance Jun. The group name "T&D Life Group" was announced Oct. Launched T&D Taiyo Daido Asset Management Co., Ltd. through a merger of domestic investment advisory companies Launched T&D Confirm, Ltd. by integrating policy confirmation operations	 	
2000			Jun. The Financial Supervisory Agency announced the Inspection Manual for Insurance Companies
2001	Oct. T&D Financial Life Insurance Company joined the Group and began operations Launched T&D Information Systems, Ltd. by integrating Group system divisions	 	Jul. Restrictions on selling Third Sector products lifted at all domestic insurance companies
2002	Apr. Demutualized Daido Life to a joint stock company and listed its shares on the Tokyo Stock Exchange and Osaka Securities Exchange (now Osaka Exchange, Inc.) Jul. Launched T&D Asset Management Co., Ltd. through a merger of T&D Taiyo Daido Asset Management Co., Ltd. and Daido Life Investment Trust Management Co., Ltd. Aug. Launched T&D Taiyo Daido Lease Co., Ltd. by integrating Group leasing businesses		Oct. Broadened the scope of products that can be sold at banks (individual annuities, etc.)
2003	Apr. Demutualized Taiyo Life to a joint stock company and listed its shares on the Tokyo Stock Exchange		Jul. Revised Insurance Business Act enacted (lowered assumed investment yields before insolvency)
2004	Apr. Established T&D Holdings, Inc. and listed on the Tokyo Stock Exchange and Osaka Securities Exchange (now Osaka Exchange, Inc.) (Taiyo Life, Daido Life, and T&D Financial Life became wholly owned subsidiaries of T&D Holdings, Inc.) Dec. Daido Life won the prestigious Porter Prize		
2005	Sep. Internal reorganization of the Group in-house sales representative channel at T&D Financial Life		Aug. The Financial Services Agency eliminated business guidelines and announced the Comprehensive Regulatory Policies with Respect to Insurance Companies Dec. Broadened the scope of products that can be sold at banks (single premium whole life insurance, single premium endowment insurance, etc.)

2006 **Mar.** T&D Holdings conducted an issuance of new shares and a secondary offering of shares of common stock of the Company
T&D Financial Life raised ¥32 billion in capital
Jul. Head offices of four Group companies (T&D Holdings, Taiyo Life, Daido Life, and T&D Financial Life) and T&D Asset Management relocated and consolidated



2007 **Jan.** Acquired Japan Family Insurance Planning, Inc. (now Pet & Family Small-amount Short-term Insurance Company) as a subsidiary
Mar. Acquired T&D Asset Management as a direct subsidiary

2008 **Dec.** T&D Financial Life raised ¥40 billion in capital

2009 **Mar.** T&D Holdings conducted an issuance of new shares and a secondary offering of shares of common stock of the Company
Taiyo Life raised ¥50 billion in capital
Daido Life raised ¥70 billion in capital
Dec. T&D Holdings conducted an issuance of new shares and a secondary offering of shares of common stock of the Company

2010

2011 **Apr.** Taiyo Life opened the New York Representative Office
Apr. Daido Life started agency operations for AIU Insurance Company (currently AIU Insurance Company, Ltd.). Concurrently, AIU Insurance Company started agency operations for Daido Life
Oct. T&D Holdings conducted a 2-for-1 stock split of common stock

2012 **Mar.** Taiyo Life commenced paperless and cashless contract procedures
Apr. Taiyo Life opened the Yangon Representative Office in Myanmar

2013 **Apr.** Full-scale introduction of ERM (integrated risk management)
May Disclosure of MCEV (market-consistent embedded value)
Sep. Daido Life formed a business partnership with American Family Life Assurance Company of Columbus (Aflac) to sell cancer policies as part of the employment benefit packages of member companies of the National Federation of Corporate Taxpayers Associations (NFCTA, known as *Hojinkai*)
Dec. Daido Life invested in NÜRNBERGER Beteiligungs-Aktiengesellschaft (NÜRNBERGER), a publicly listed German insurance group, and entered into a cooperation agreement with NÜRNBERGER

2014 **Jun.** Start of Taiyo Life's "Best Senior Service (BSS)"

2015 **Mar.** Start of mutual supply and sales (cross-selling) of the products of Taiyo Life and Daido Life
Nov. T&D Asset Management relocated
Dec. Head offices of three Group companies (T&D Holdings, Taiyo Life and Daido Life) relocated

2016 **Jan.** Head office of T&D Financial Life relocated and consolidated

Apr. Insurance Business Act revisions introduced the small-amount short-term insurance provider system

Oct. Japan Post Insurance Co., Ltd. created from post office privatization
Dec. Full deregulation of OTC sales at banks

Apr. Entered full-time Internet life insurance business

Apr. Insurance Act enacted

Mar. New standards for the solvency margin ratio and the consolidated solvency margin ratio were introduced through amendments to the Ordinance for Enforcement of the Insurance Business Act, etc.

May Revision of the Insurance Business Act

Nov. Japan Post Insurance listed its shares on the Tokyo Stock Exchange

IR Activities

T&D Holdings, Inc. (the “Company”) strives to promote investor relations (IR) activities based on the core principles of timeliness, fairness, and accuracy, with the aim of garnering the trust of and proper evaluation from investors and securities analysts.

In this section, we highlight the Company’s IR activities and outline its IR policy.

EARNINGS ANNOUNCEMENT CALENDAR

November 11, 2016 Announcement of 2Q financial results for the year ending March 31, 2017

* Planned as of September 2016 and may change.

NUMBER OF IR MEETINGS

	Times
	Fiscal 2015
Financial results meetings for institutional investors and analysts	2
Financial results telephone conferences for institutional investors and analysts	4
Conferences sponsored by securities firms	5
One-on-one meetings	308
Information meetings for individual investors and sales persons at securities firms	9



▲ Scenes from an IR meeting for institutional investors and analysts



IR POLICY

1. Purpose of IR Activities

The Company strives to promote investor relations (IR) activities based on the core principles of timeliness, fairness, and accuracy, with the aim of garnering the trust of and proper evaluation from investors and securities analysts.

2. Individuals and Department Responsible for IR Activities

The Company’s top management is in principle responsible for all IR activities and statements. However, officers or employees in charge of IR may act on behalf of management depending on the nature of the IR event, its scale, or other factors.

The IR department handles all inquiries from investors and securities analysts concerning the Company’s IR activities.

3. IR Information

The Company strives to clearly and continuously provide information on the T&D Life Group’s business environment and management strategies, financial condition, and performance to investors and analysts.

Specifically, in addition to statutory and mandatory reporting requirements (including financial statements, “YUHO Report,” earnings releases, “Tanshin Report,” and other timely information), T&D Holdings also provides the following IR-related information.

- Materials for IR events (conferences, financial results meetings, IR fairs, etc.) for investors and analysts

- Annual reports and other IR-related booklets/publications

The IR information described above is available on T&D Holdings’ website, including an IR site, as appropriate.

4. Feedback to Management

Useful information gathered from investors through IR activities is fed back to management such as to the Board of Directors, and Executive Committee through regular reporting.

5. Silent Period

In order to ensure fairness and prevent the unauthorized disclosure of financial information, the Company maintains a “Silent Period” in its IR activities for ten (10) days prior to the announcement of quarterly financial results. During this period, T&D Holdings refrains from commenting on financial results, and, in principle, from participating in IR events and IR meetings.

6. Formulation of IR Activity Plans and Verification

The Company formulates a work plan for IR activities at the beginning of each fiscal year, and activities are verified every quarter.

Verification of IR activities is done by considering neutral indicators such as objective figures and third-party evaluations, and results are reflected in, and used to enhance and improve, future IR activities.

Stock Information

As of March 31, 2016

BASIC INFORMATION

Stock Exchange Listings	Tokyo Stock Exchange
Industry and Security Code	Insurance, 8795
Trading Unit	100 shares
Number of Shares of Common Stock	Authorized: 1,932,000,000 Issued: 681,480,000
Fiscal Year-End	March 31 every year
Ordinary General Meeting of Shareholders	June every year
Date of Record	Ordinary General Meeting of Shareholders March 31 every year Dividends March 31 every year (interim dividend, when paid, on September 30)
Public Notice	<ul style="list-style-type: none"> • Electronic public notice (Japanese only) • URL: http://www.td-holdings.co.jp/public/ • If the Company is unable to issue an electronic public notice due to an accident or any other unavoidable reason, a public notice will be issued in the <i>Nihon Keizai Shimbun</i> (daily newspaper).
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan URL: http://www.tr.mufg.jp/english/
Number of Shareholders	246,434

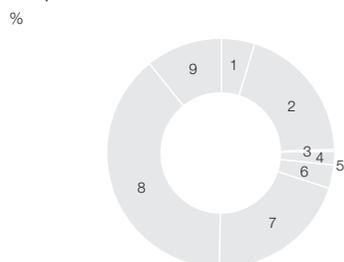
PRINCIPAL SHAREHOLDERS

Name of Shareholders	Number of Shares Held	Percentage of Total Shares Outstanding
Japan Trustee Services Bank, Ltd. (Trust Account)	24,702	3.62
The Master Trust Bank of Japan Ltd. (Trust Account)	22,349	3.28
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,650	3.03
THE BANK OF NEW YORK MELLON, SA/NV 10	14,162	2.08
Japan Trustee Services Bank, Ltd. (Trust Account 9)	12,641	1.86
STATE STREET BANK AND TRUST COMPANY 505225	9,329	1.37
Japan Trustee Services Bank, Ltd. (Trust Account 7)	8,869	1.30
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	8,859	1.30
Trust & Custody Services Bank, Ltd. (Investment Trust Collateral Account)	8,703	1.28
STATE STREET BANK WEST CLIENT-TREATY 505234	8,344	1.22

Note: In addition to the above, the Company holds 32,723 thousand shares [4.80%] in treasury.

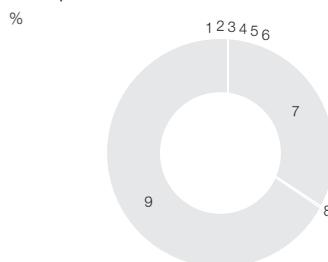
COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held



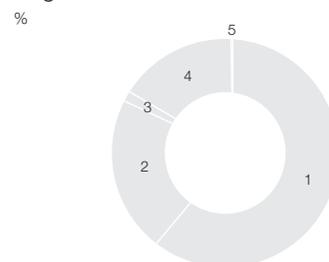
1 Banks	4.90
2 Trust Banks	19.63
3 Life Insurance Companies	0.40
4 Non-life Insurance Companies	1.80
5 Other Financial Institutions	0.02
6 Financial Instruments Firms	3.31
7 Other Corporations	20.46
8 Foreign Corporations and Other Foreign Investors	38.80
9 Individuals and Others	10.69

Composition of Shareholders



1 Banks	0.01
2 Trust Banks	0.01
3 Life Insurance Companies	0.01
4 Non-life Insurance Companies	0.00
5 Other Financial Institutions	0.00
6 Financial Instruments Firms	0.02
7 Other Corporations	34.15
8 Foreign Corporations and Other Foreign Investors	0.25
9 Individuals and Others	65.55

Regional Distribution of Shares Held



1 Japan	61.20
2 Europe (including British Overseas Territories), the Middle East and Africa	20.88
3 Asia-Pacific	1.53
4 U.S.	16.21
5 Foreigners and Foreign Companies in Japan	0.19

Group Companies

As of March 31, 2016

The T&D Life Group comprised the holding company, 15 consolidated subsidiaries, and 2 affiliated companies as of March 31, 2016.

Centered on the life insurance business, the T&D Life Group's operations are outlined below:

T&D Holdings, Inc.	Insurance & Insurance-related Businesses <7 companies>	Insurance <ul style="list-style-type: none"> ■ Taiyo Life Insurance Company (Life insurance business) ■ Daido Life Insurance Company (Life insurance business) ■ T&D Financial Life Insurance Company (Life insurance business) ■ Pet & Family Small-amount Short-term Insurance Company (Small-amount short-term insurance business) Insurance-related <ul style="list-style-type: none"> ■ T&D Confirm Ltd. (Policyholder confirmation services) ■ Toyo Insurance Agency Co., Ltd. (Insurance agent) ■ Daido Management Service Co., Ltd. (Insurance agent)
	Investment-related Businesses <6 companies>	Investment Management and Advisory <ul style="list-style-type: none"> ■ T&D Asset Management Co., Ltd. (Investment advisory and investment trust services) Other Investment-related <ul style="list-style-type: none"> ■ T&D Lease Co., Ltd. (Leasing) ■ Taiyo Credit Guarantee Co., Ltd. (Credit guarantee services) ● Alternative Investment Capital, Ltd. (Investment in private equity funds) Other subsidiaries and affiliated companies: 2 companies
	Administration-related Businesses <4 companies>	Administration-related <ul style="list-style-type: none"> ■ T&D Customer Services Co., Ltd. (Life insurance policy clerical services, including drafting, amendment, custody and distribution of documents, and delivery of securities) General Affairs and Calculation-related <ul style="list-style-type: none"> ■ T&D Information Systems, Ltd. (Computer software and system services) ■ Nihon System Shuno, Inc. (Premium collection) ■ Zenkoku Business Center Co., Ltd. (Premium collection)

Companies marked by ■ are consolidated subsidiaries, and companies marked by ● are affiliated companies accounted for by the equity method.

Corporate Data

As of March 31, 2016

Company Name	T&D Holdings, Inc.
Date of Establishment	April 1, 2004
Location of Headquarters	7-1, Nihonbashi 2-Chome, Chuo-ku, Tokyo 103-6031, Japan Tel: +81 3 3272-6110 Fax: +81 3 3272-6552
Type of Business	Management control of life insurance subsidiaries, under the Insurance Business Act of Japan and other laws and regulations, and other businesses associated with the above
Paid-in Capital	¥207,111.86 million
Number of Employees	93
Independent Auditors	Ernst & Young ShinNihon LLC
Contact	T&D Holdings, Inc., Group Planning Department, Investor Relations Division Tel: +81 3 3272-6103 Fax: +81 3 3272-6552
URL	http://www.td-holdings.co.jp/en/

ACCESS MAP



WEBSITE <http://www.td-holdings.co.jp/en/>



Investor Relations

ANNUAL REPORT 2016 (Integrated Edition)
WEBSITE GUIDE



T&D Holdings' latest Annual Report 2016 (Integrated Edition) can be viewed on our website.

T&D Holdings, Inc.

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