

T&D Life Group's Value Creation Activities

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T&D Life Group's Value Creation Activities

Progress of the Medium-term Management Plan

Our Aspirations for the T&D Life Group

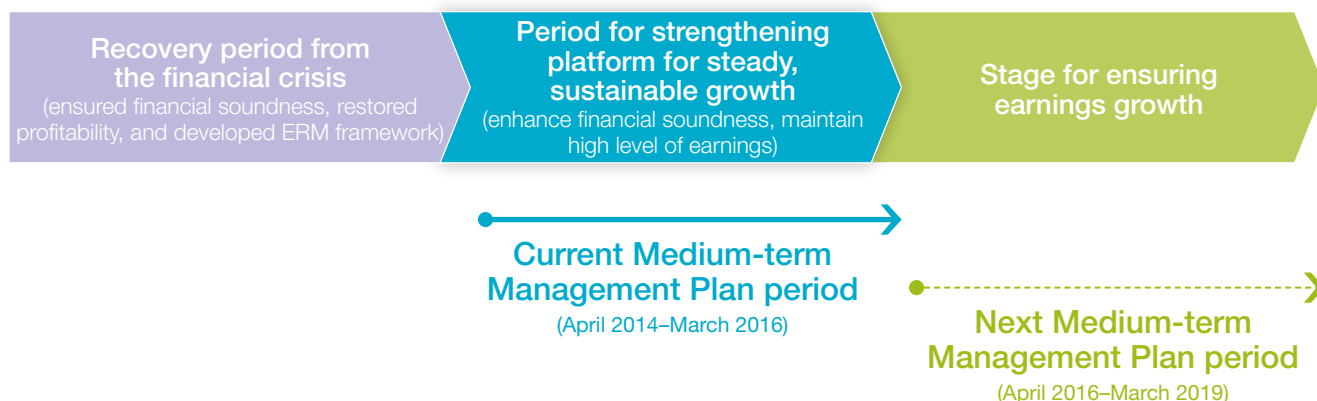
In April 2014, the T&D Life Group (the "Group") formulated a Medium-term Management Plan running through March 2016 entitled A New "Try & Discover"—Bringing Together Group-wide Capabilities. The goal of the plan is to further solidify the Group's presence in the life insurance market in Japan.

The Group positions the Medium-term Management Plan period, covering the two years from fiscal 2014 to fiscal 2015, as "a period for strengthening our platform for pursuing steady, sustainable growth, while maintaining the high level of earnings restored since the financial crisis." We will enhance financial soundness and maintain a high level of earnings while eyeing a leap to the next stage.

Following are the five measures of the Medium-term Management Plan:

- To maximize the uniqueness and the specialization of our three life insurance companies, which possess different business models, under the holding company, in order to increase the Group's corporate value.
- To enhance our presence in the core life insurance business in Japan as a top priority, with the view to achieving growth.
- To strengthen our sustainable business model in line with the ERM framework.
- To pursue opportunities for alliances and M&As, with the aim of reinforcing and expanding the growth potential of our core life insurance business in Japan.
- To execute investments in overseas life insurance and other peripheral businesses, among other measures, in order to supplement our life insurance business in Japan going forward, with the intent of achieving medium- and long-term growth.

T&D Life Group's Overall Strategies —Schematic Diagram of Group Strategies—



Progress on Key Performance Indicators

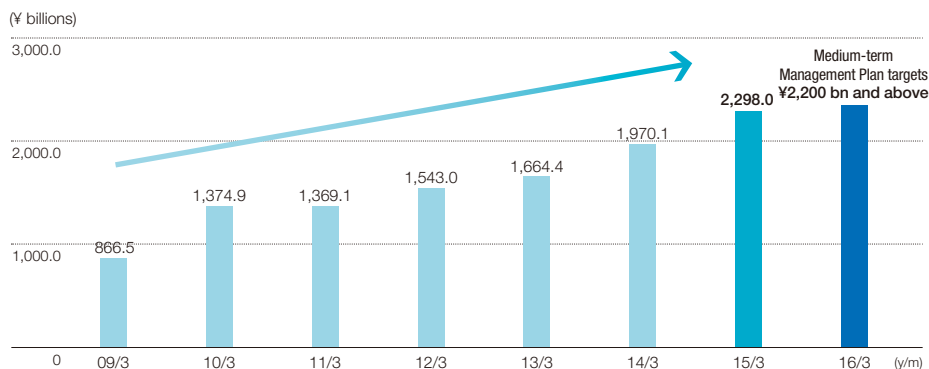
We have made extremely strong progress on all three of our key performance indicators (KPIs), as evidenced by our results in the first year of our two-year Medium-term Management Plan.

Indicator for measuring corporate value

Targets

Embedded Value (EV^{*1})

¥2,200.0 billion and above



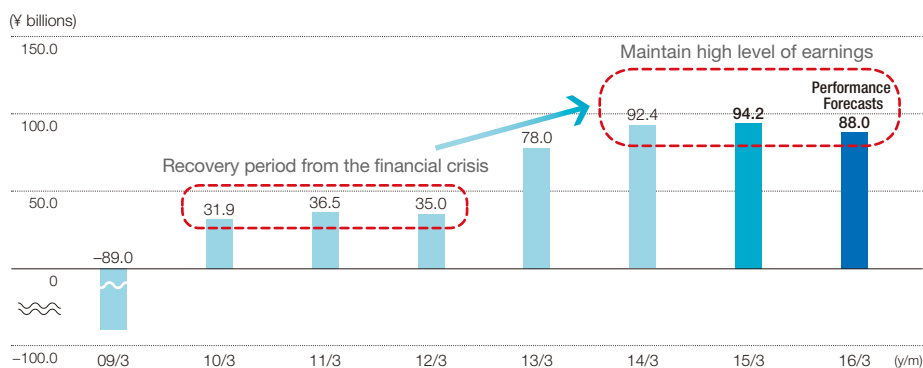
^{*1} Embedded Value (EV): The sum of adjusted net worth and value of in-force business. EV serves as a key measure of corporate value and performance indicator for life insurance companies.
^{*2} EEV: 2009/03-2011/03, MCEV (Group MCEV): From 2012/03

Indicator for measuring profit

Targets

Adjusted Net Income

¥77.0 billion and above



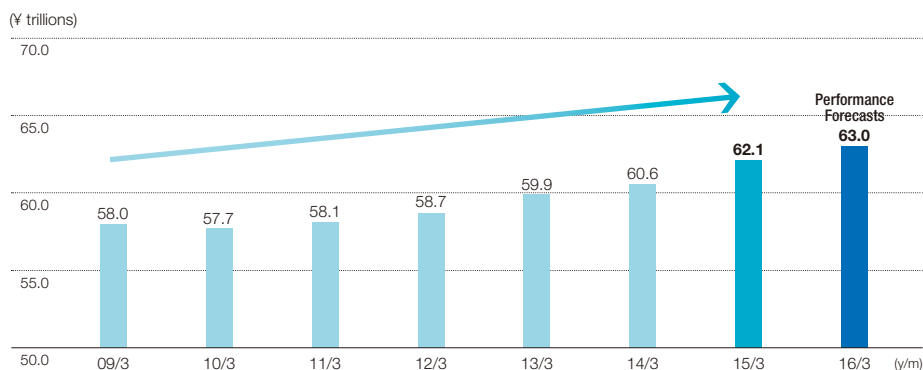
^{*} Adjusted net income is calculated by adding net income and additional internal reserves in excess of legal requirements related to reserves for contingency and price fluctuations (after taxes).

Indicator for measuring sales performance

Targets

Policy Amount in Force

¥63 trillion and above



^{*} 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 and T-type product.

T&D Life Group's Value Creation Activities

Progress of the Medium-term Management Plan

Strategy for the Life Insurance Business in Japan: Review of the Three Core Life Insurance Companies



The three core life insurance companies are producing favorable results in the respective markets that they specialize in.

Taiyo Life

➤	Role
	Pursue sustained growth by increasing EV and the policy amount in force

Enhance business model capabilities for delivering optimal comprehensive coverage to households

Taiyo Life delivered strong results primarily in terms of EV, policy amount in force, and annualized premiums of new policies for Third Sector products.
(Please refer to the Business Review on page 28.)

Daido Life

➤	Role
	Pursue higher earnings stability and growth potential

Strengthen the business model to increase corporate value stably and sustainably

Daido Life delivered strong results primarily in terms of EV, policy amount in force, and new policy amount in the disability coverage field.
(Please refer to the Business Review on page 32.)

T&D Financial Life

➤	Role
	Pursue growth potential

Strengthen business model capabilities for generating stable profits

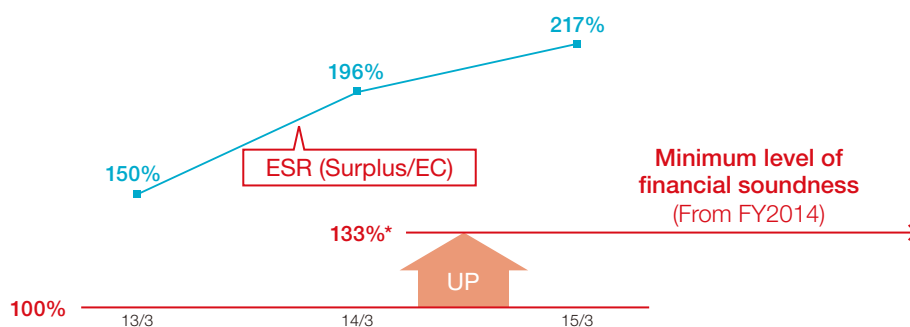
The Group recorded solid results, including embedded value (EV), and the new policy amount of single premium savings-type products and level premium protection-type products.
(Please refer to the Business Review on page 36.)

T&D Life Group's Capital Management Policy (Promote ERM)

As a life insurance group, we give top priority to ensuring capital adequacy, while maintaining a capital efficiency above the level the Group should steadily keep.

Capital Adequacy (ESR)

In regard to capital adequacy, the Economic Solvency Ratio (ESR) was 217% as of March 31, 2015, and the Group is maintaining sufficient financial soundness.

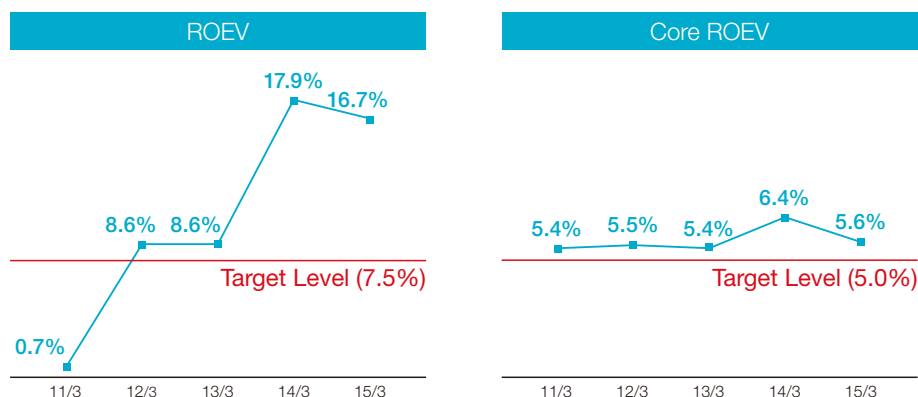


* ESR 133% represents the capital level needed to cover VaR 99.93%, assuming the current risk profile.

Capital Efficiency (ROEV, Core ROEV)

As for capital efficiency, we have set the target ROEV*¹ level that we should steadily keep at 7.5% and above. We have set the target for Core ROEV*², which has the value of new business as a critical factor, at 5.0% and above.

- In the fiscal year ended March 31, 2015, ROEV and Core ROEV stood at 16.7% and 5.6%, respectively, indicating that the Group has achieved a capital efficiency above its target levels.



*1 Annual increase in EV (less capital movements) / Annual average of EV.
 *2 (Embedded value of new business + Expected existing business contribution from risk free rate) / Annual average of EV.

T&D Life Group's Value Creation Activities

Progress of the Medium-term Management Plan

Providing Steady Returns to Shareholders

In fiscal 2014, the year ended March 31, 2015, T&D Holdings, Inc. (the "Company") returned profits to shareholders through a combination of stable cash dividends and flexible share buybacks.

The Company maintained cash dividends at ¥25 per share, issuing total dividends of approximately ¥16.6 billion. However, the Company conducted share buybacks at a total cost of approximately ¥30.0 billion, roughly three times greater than the amount in the previous fiscal year.

As a result, in fiscal 2014 the Company provided a total return to shareholders of approximately ¥46.6 billion from adjusted net income of ¥94.2 billion. The total return to shareholders ratio for fiscal 2014 was approximately 50%, compared with a three-year average of around 35%.

Return to Shareholders

	13/3	14/3	15/3	
Dividends per share (¥)	22.50	25.00	25.00	
Cash dividends (¥ billions)	15.1	16.8	16.6	
Share buybacks (¥ billions)	Approx. 3.0*1	Approx. 10.0*2	Approx. 30.0*3	
Total return to shareholders (¥ billions)	Approx. 18.1	Approx. 26.8	Approx. 46.6	
Adjusted net income (¥ billions)	78.0	92.4	94.2	Total return to shareholders ratio (Average over the past three years)
Total return to shareholders ratio	23%	29%	49%	

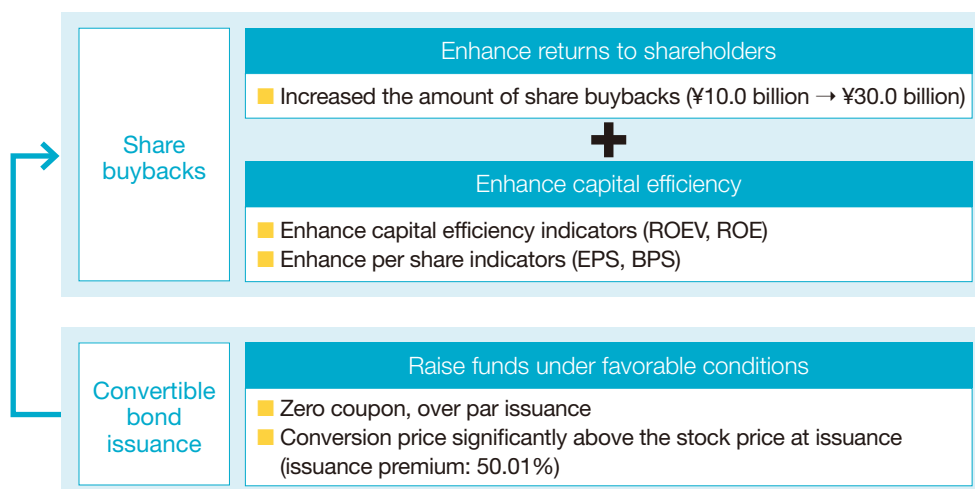
*1 The Company conducted a share buyback in May 2013 as a shareholders' return for the FY2012 earnings.

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

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

Use of Convertible Bonds

The Company raised the funds needed to conduct the share buybacks by issuing convertible bonds under favorable financing conditions. The entire amount of funds raised (¥30.0 billion) was allocated to the share buybacks.



Initiatives in Fiscal 2015

Fiscal 2015, the year ending March 31, 2016, is the final year of the current Medium-term Management Plan. The two-year period of the plan is positioned as “a period for strengthening our platform for pursuing steady, sustainable growth.”

In fiscal 2015, the entire Group, centered on the three core life insurance companies serving as its growth drivers, will work as one to steadily achieve its key performance indicators (targets).

Key Performance Indicators (Group consolidated)	Targets*1	Fiscal 2015 outlook*4
Corporate Value (EV)	EV as of March 31, 2016: ¥2,200.0 billion and above (Achieve stable and sustainable growth in ROEV of 7.5% and above)	EV: ¥2,200.0 billion and above
Profit (financial accounting)	Fiscal 2015 adjusted net income*2: ¥77.0 billion and above	Adjusted net income: ¥88.0 billion
Sales performance	Policy amount in force*3 as of March 31, 2016: ¥63 trillion and above	Policy amount in force: ¥63 trillion

*1 The abovementioned key performance indicators (KPIs) are premised on no major changes in the assumptions for external conditions such as the financial environment from the time the KPIs were set.

*2 Adjusted net income = Net income + Additional internal reserves in excess of legal requirements related to reserves for contingency and price fluctuations (after taxes).

*3 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* and *T-type product*.

*4 The figures for adjusted net income and policy amount in force are full-year forecasts for fiscal 2015.