



We are Taking Our Next Step Forward

Reflections Upon Issuing Our First Annual Report (Integrated Edition)

The T&D Life Group believes that it is important to systematically compile and explain not only its financial information, such as its business results, strategies and business overview, but also its non-financial information, including its Corporate Philosophy, as well as its social, environmental and personnel details, plus corporate governance. This information is provided in order to ensure that all stakeholders are able to accurately understand the Group's progress against its Medium-term Management Plan.

Based on this belief, we have started issuing an integrated report from 2015 to further enhance and integrate our non-financial information into our reporting and systematically communicate the Group's various activities. We are convinced that issuing this Annual Report 2015 (Integrated Edition) will mark a major step forward in conveying an overall picture of our activities and our progress to all stakeholders.

Currently, we aim to become a life insurance company that is chosen first by our customers by providing them with the best life insurance products and services. In parallel, we seek to evolve into a business enterprise that generates not only corporate value but also value for society, in order to build even better relationships with all of our stakeholders, including shareholders and other investors.

Under a holding company structure, the T&D Life Group is working to solve various social issues by coordinating the unique business models of its three life insurance companies at a high level, with the aim of driving Group-wide growth and improved corporate value. With our "Try & Discover" motto for creating value, we intend to continue contributing to all people and societies in the years to come.

Editorial Note

The Annual Report 2015 (Integrated Edition) has the theme "We are Taking Our Next Step Forward" and introduces the unique business models of the three life insurance companies, Taiyo Life, Daido Life and T&D Financial Life, which are the core companies of the Group. The report features the T&D Life Group's two-year Medium-term Management Plan, formulated to run from April 2014 to March 2016 and entitled T&D Life Group's Value Creation Activities: Progress With Our Medium-term Management Plan. Readers can also find details on the current situation of T&D Holdings and the T&D Life Group, including information on the financial results and performance indicators of the three life insurance companies as well as trends in Japan's life insurance industry. This information is arranged in a clear manner to facilitate understanding.

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.

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

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

Corporate Philosophy

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.

Management Vision

1. To provide products and services tailored to customer needs accurately and quickly in a kind and polite manner.
2. To maintain and develop the Group management to maximize the individual strengths of each Group company within the Group.
3. To establish an integrated management system of profit, risk, and capital for stable and sustainable EV growth.
4. To achieve the mid- and long-term growth of the Group by expanding the life insurance business and entering into new business areas through alliances and M&As.
5. To fulfill our public mission as a life insurance business and our corporate social responsibilities for the broader society including customers and shareholders.



Fundamental Policies

INPUT

Business Activities



DAIDO LIFE



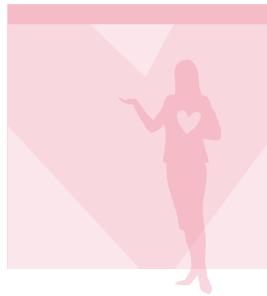
T&D FINANCIAL LIFE

T&D Asset Management



Pet & Family Small-amount
Short-term Insurance Company

T&D Life Group's Aspirations for Society



Toward a Society in which People Can Always Live With Peace of Mind

We identify the ever-changing risks of the future and, through the development of innovative insurance products and services, we offer people insurance protection for the future.



Toward a Society in which Everyone Can Work with Enthusiasm

We are working to provide workplace environments that enable every member of our diverse workforce to play a fully active role, in order to drive the sustainable growth of both the Group and society at large.



Toward a Sustainable Society

We are engaged in a wide range of global environmental protection activities, with a view to handing an affluent Earth to future generations of children who will lead the way for tomorrow's society.

OUTPUT



We are working to enhance together the collective

Greetings

In April, I assumed the office of Representative Director and President of T&D Holdings, Inc., a publicly listed company that is the holding company for three core life insurance companies: Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company.

With our “Try & Discover” motto for creating new value, we aim to be a group that contributes to all people and society. Guided by this Corporate Philosophy, we have embraced the following management vision: (1) We aim to provide the best products and services to increase customer satisfaction and (2) We aim to be a major life insurance group with a strong presence in the market by stable and sustainable increases in the value of the group through new challenges for growth.

ance our corporate value by bringing capabilities of the Group.

The T&D Life Group has formulated a two-year Medium-term Management Plan (hereafter “Plan”), running from April 2014, in order to realize its management vision.

Under this plan, the Group has been working to increase profit in its core life insurance business and to further enhance its financial soundness. Specifically, we strove to not only to continue to make steady progress with achieving all of the Plan’s three key performance indicators, but also to increase the sophistication of management and develop frameworks for Enterprise Risk Management (ERM), a methodology for integrated management of profit, risk and capital on an economic value basis. In tandem, we made efforts to ensure our financial soundness while laying a stronger groundwork for driving further improvements in profitability.

Looking ahead, under our holding company structure, we will maintain and further refine Group management so that the three life insurance companies are able to demonstrate the strengths of their unique business models to the fullest extent. As a result, we are working to enhance our corporate value by bringing together the collective capabilities of the Group.

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

December 2015

Tetsuhiro Kida
Representative Director
and President

Accelerating Growth In Step With Evolution

Tetsuhiro Kida

Representative Director and President

Joined Daido Life in 1976. Became General Manager of the Planning Department in 1999 and promoted business alliance between Taiyo Life and Daido Life. After appointment as a director of Daido Life in 2000, became president of Daido Life in April 2010. Became president of T&D Holdings in April 2015.



Q1

You became president in April 2015. As the newly appointed president, what are your goals?

T&D Holdings, Inc. is the holding company for three life insurance companies: Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company. T&D Holdings was established in April 2004 as Japan's first publicly listed holding company in the life insurance field, and in 2014 we celebrated the 10th anniversary of its establishment. "With our 'Try & Discover' motto for creating new value, we aim to be a group that contributes to all people and society." Guided by this Group Corporate Philosophy, we aim to be a life insurance group that brings the greatest peace of mind and the utmost satisfaction to its customers.

First, in line with the current Medium-term Management Plan (fiscal 2014 to fiscal 2015), T&D Life Group (the Group) will make every effort to steadily achieve its management targets, and will strengthen its business platform so as to be able to achieve further growth from fiscal 2016 onwards.

Q2

What are the strengths of the T&D Life Group?

The greatest strength is that under the holding company system, each of the three life insurance companies which possess different business models, can take full advantage of their uniqueness and specialization. Taiyo Life, Daido Life, and T&D Financial Life each specialize in the household market, the small and medium enterprise market and the financial institutions and other agencies market. The Group has developed a unique business model where each of our three life insurance companies is focused on different markets, sales channels and products. As a result, the Group commands a competitive advantage. The Group's three life insurance companies have achieved growth since the establishment of T&D Holdings by further strengthening their respective strengths. Moreover, the solvency margin ratio, one of the indicators of management soundness of an insurance holding company and an insurance company, is 1,220.7%, and the Group is maintaining a high degree of soundness that retains the trust and confidence of policyholders for the long term.

Q3

Currently, what initiatives are you most focusing on?

Looking ahead, aging of the population combined with the low birthrate will become more pronounced in Japan. Accordingly, there will be increasing demand from seniors for insurance protection.

Under these conditions, each Group company is focusing on meeting the needs of our senior customers. We are reviewing our work processes, products, services, business forms, and other items from the viewpoint of our senior customers, and are striving to provide services that are easy to understand and highly convenient. Taiyo Life and Daido Life are promoting initiatives for senior customers as the Best Senior Service.

In order to achieve a maximum performance, each Group company is more than ever strengthening its systems for cooperating with other Group companies. Daido Life and Taiyo Life began cross selling specific products that they supply to each other from March 2015. We have strengthened our ability to respond better to the wide-ranging needs of our customers by having the Group's life insurance companies supplying products to each other and by implementing initiatives that will speedily provide these products to each of our customers. Going forward, we will support this collaboration between Group companies, including through the participation of T&D Financial Life.

Q4

Please talk about your aspirations for the Group and vision for the future.

The business environment enveloping the Group, including economic trends and financial markets, is changing significantly. In light of this, we will endeavor to retain and secure the soundness of management, and to increase corporate value. To do this, I believe my mission is to further expand the life insurance business in Japan, to pursue the growth opportunities resulting from business investment, including business alliances, to further secure these stages of growth, and to further accelerate the speed at which we achieve these aims. Looking to the future, I will continue working hard to improve the satisfaction of all our stakeholders, including shareholders, investors and employees, by means of accelerating growth in step with the Group's steady evolution.

T&D Life Group's Value Creation Activities

- 10 Progress of the Medium-term Management Plan
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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

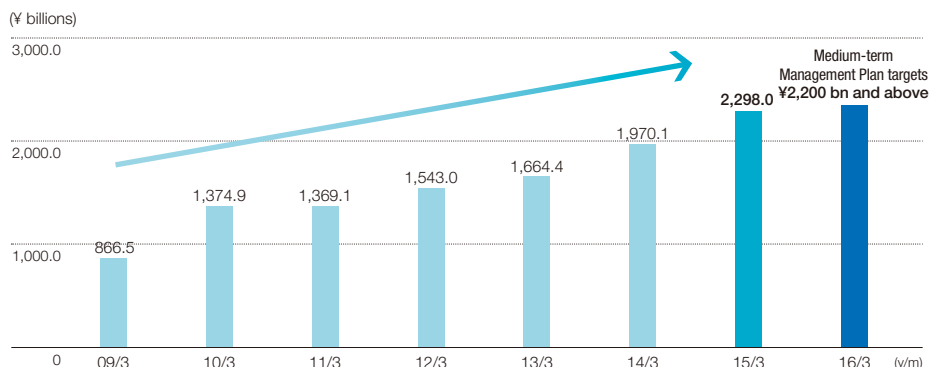
We have made extremely strong progress on all three of our key performance indicators (KPIs), as evidenced by our results in the first year of our two-year Medium-term Management Plan.

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.

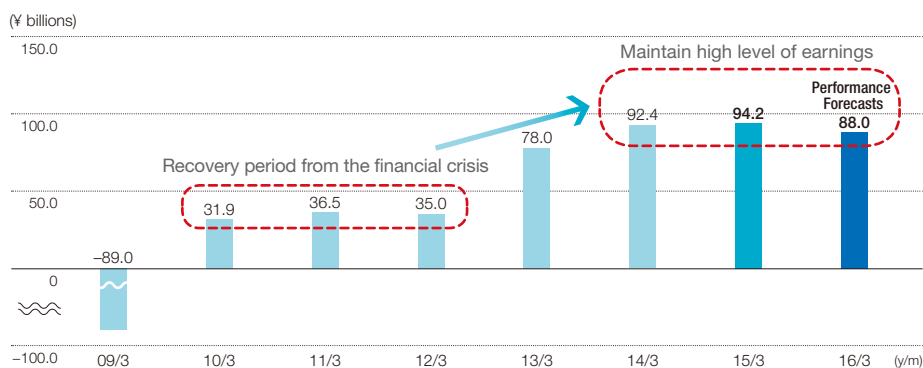
^{*2} EEV: 2009/03-2011/03, MCEV (Group MCEV): From 2012/03

Indicator for measuring profit

Targets

Adjusted Net Income

¥77.0 billion and above



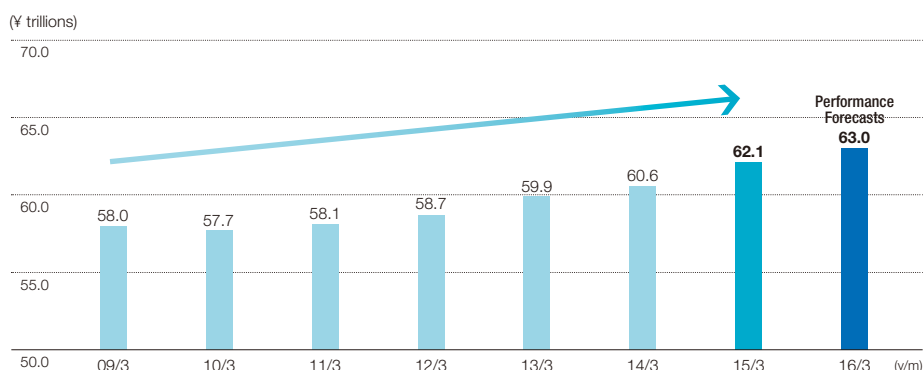
^{*} Adjusted net income is calculated by adding net income and additional internal reserves in excess of legal requirements related to reserves for contingency and price fluctuations (after taxes).

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

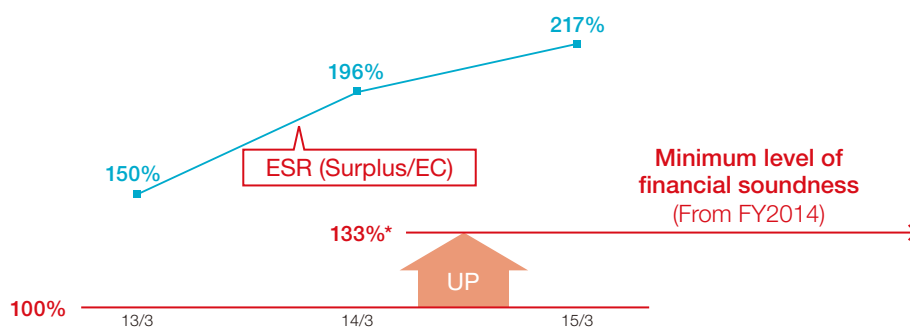
The Group recorded solid results, including embedded value (EV), and the new policy amount of single premium savings-type products and level premium protection-type products.
(Please refer to the Business Review on page 36.)

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.

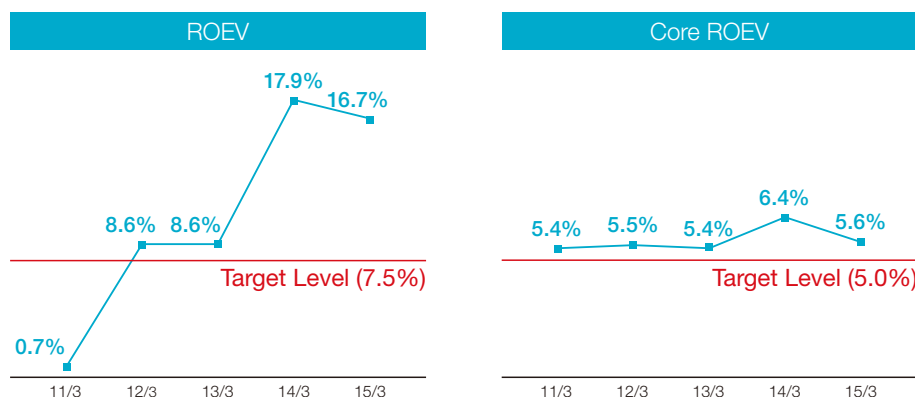


* ESR 133% represents the capital level needed to cover VaR 99.93%, assuming the current risk profile.

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% | |
| | | | | 35% |

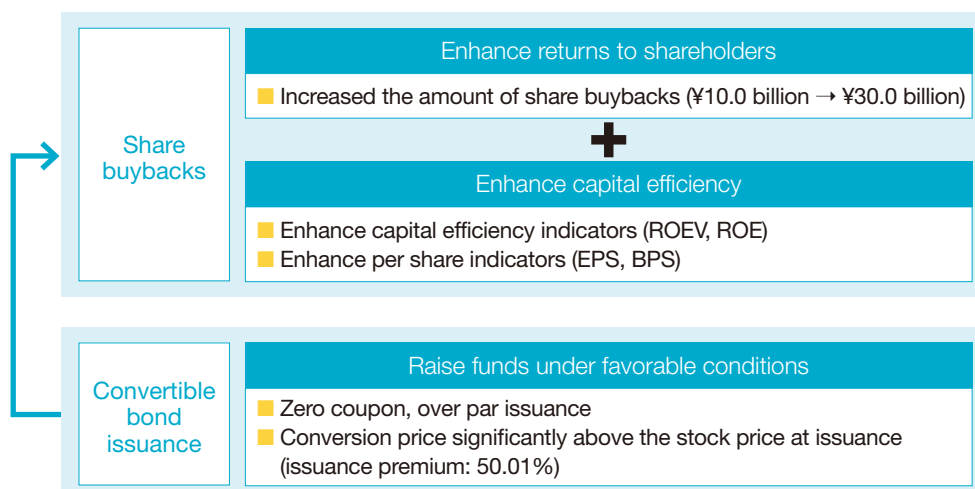
*1 The Company conducted a share buyback in May 2013 as a shareholders' return for the FY2012 earnings.

*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.

Operating Results and Market Trends

Key Business Performance

Years ended March 31

| | ¥ billions | | | | % | US\$ billions¹ | |
|---|------------|---------------|--------------|--------------|--------------|----------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | YoY Change | 2015 |
| Policy Results² | | | | | | | |
| Policy basis | | | | | | | |
| New policy amount | ¥ 6,441.9 | ¥ 6,630.9 | ¥ 7,158.9 | ¥ 6,639.8 | ¥ 7,227.2 | 8.8 | \$ 60.1 |
| Policy amount in force | 58,133.9 | 58,780.1 | 59,996.5 | 60,699.8 | 62,117.7 | 2.3 | 516.9 |
| Surrender and lapse amount | 4,497.3 | 4,269.0 | 4,071.3 | 3,967.4 | 3,752.4 | (5.4) | 31.2 |
| Annualized premium basis | | | | | | | |
| Annualized premiums of new policies | ¥ 103.2 | ¥ 130.6 | ¥ 164.2 | ¥ 127.9 | ¥ 161.3 | 26.1 | \$ 1.3 |
| Third sector products | 10.8 | 13.3 | 15.6 | 16.5 | 20.8 | 25.6 | 0.1 |
| Annualized premiums of total policies | 1,397.3 | 1,402.0 | 1,447.7 | 1,420.5 | 1,446.4 | 1.8 | 12.0 |
| Third sector products | 162.6 | 160.5 | 160.9 | 163.4 | 169.8 | 4.0 | 1.4 |
| Statements of Operations Data | | | | | | | |
| Ordinary revenues | ¥ 1,993.0 | ¥ 2,104.1 | ¥ 2,418.9 | ¥ 2,085.7 | ¥ 2,412.1 | 15.7 | \$ 20.0 |
| Income from insurance premiums | 1,474.2 | 1,691.2 | 1,940.9 | 1,609.7 | 1,958.0 | 21.6 | 16.2 |
| Core profit | 107.7 | 144.9 | 182.4 | 210.2 | 182.7 | (13.1) | 1.5 |
| Ordinary profit | 94.9 | 120.8 | 151.6 | 186.2 | 188.9 | 1.5 | 1.5 |
| Net income | 23.8 | 26.7 | 63.7 | 78.9 | 94.2 | 19.3 | 0.7 |
| Adjusted net income | 36.5 | 35.0 | 78.0 | 92.4 | 94.2 | 1.9 | 0.7 |
| Soundness | | | | | | | |
| Consolidated solvency margin ratio | — | 810.6% | 943.8% | 1,115.0% | 1,220.7% | 105.7pt | — |
| Shareholder Returns³ | | | | | | | |
| Dividends per share (¥, US\$) | ¥ 45.0 | ¥ 22.5 | ¥ 22.5 | ¥ 25.0 | ¥ 25.0 | — | \$ 0.20 |
| Share buybacks | — | approx. [5.0] | approx. 3.0 | approx. 10.0 | approx. 30.0 | approx. 20.0 | approx. 0.24 |
| Total return to shareholders | 15.3 | approx. 20.1 | approx. 18.1 | approx. 26.8 | approx. 46.6 | approx. 19.8 | approx. 0.38 |
| Embedded Value (EV)⁴ | | | | | | | |
| Embedded value | ¥ 1,369.1 | ¥ 1,543.0 | ¥ 1,664.4 | ¥ 1,970.1 | ¥ 2,298.0 | 327.8 | \$ 19.1 |
| Value of new business | 54.7 | 68.3 | 61.6 | 89.1 | 93.0 | 3.8 | 0.7 |
| Stock Price Information (Fiscal year-end) | | | | | | | |
| Stock price (¥, US\$) | ¥ 1,025 | ¥ 959 | ¥ 1,136 | ¥ 1,227 | ¥ 1,654.5 | 34.8 | \$13.76 |
| Market capitalization | 698.5 | 653.5 | 774.2 | 836.2 | 1,127.5 | 34.8 | 9.38 |
| Social/Environmental Data | | | | | | | |
| Number of employees⁵ | 20,451 | 19,863 | 19,455 | 18,806 | 18,319 | (2.6) | |
| Male | 4,342 | 4,197 | 3,991 | 3,852 | 3,702 | (3.9) | |
| Female | 16,109 | 15,666 | 15,464 | 14,954 | 14,617 | (2.3) | |
| Electricity consumption (MWh=1,000 kWh) | 130,174 | 109,570 | 106,440 | 99,302 | 95,866 | (3.5) | |
| Office paper consumption (t) | 200 | 184 | 162 | 163 | 160 | (1.8) | |
| Green purchasing ratio (%) | 94.8 | 95.9 | 95.7 | 95.4 | 96.0 | 0.6 | |

Notes

1 For convenience only, U.S. dollar figures have been calculated at the rate of U.S.\$1 = ¥120.17.

2 The total of individual insurance and individual annuities, as well as J-type and T-type product. The new policy amount includes net increase from conversions.

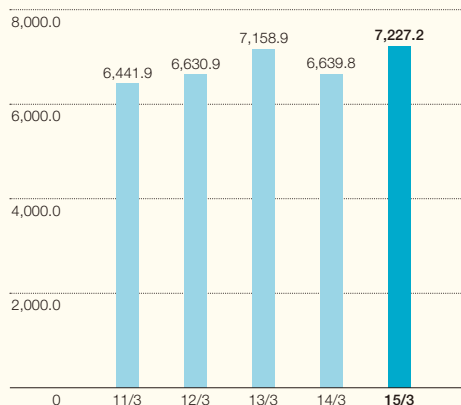
3 The Company conducted a 2 for 1 stock split on October 1, 2011.

4 Calculated based on EEV for March 31, 2011, and Group MCEV from March 31, 2012 on.

5 Figures are the simple sum of the non-consolidated financial data for Taiyo Life, Daido Life, and T&D Financial Life.

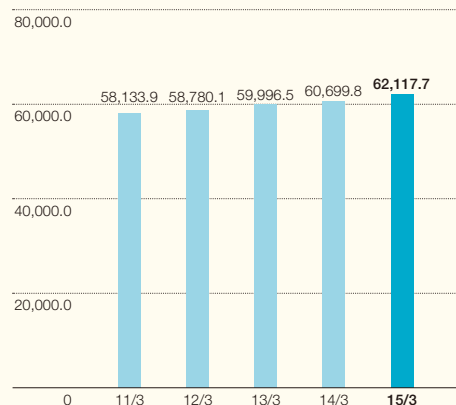
▶ New Policy Amount

¥ billions



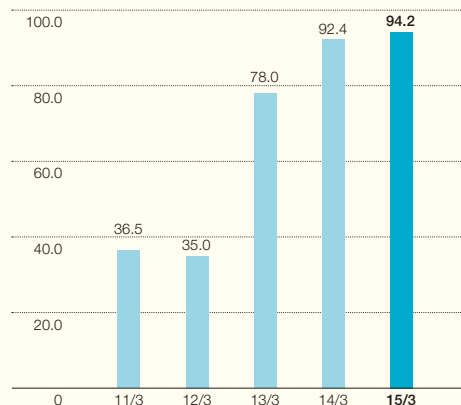
▶ Policy Amount in Force

¥ billions



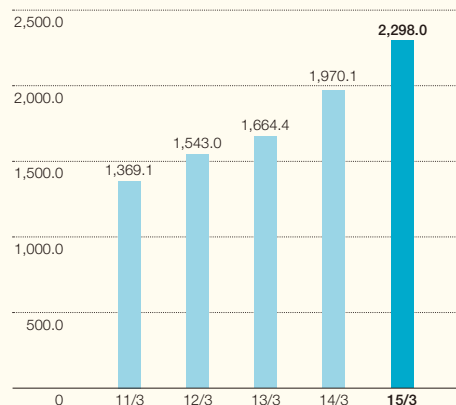
▶ Adjusted Net Income

¥ billions



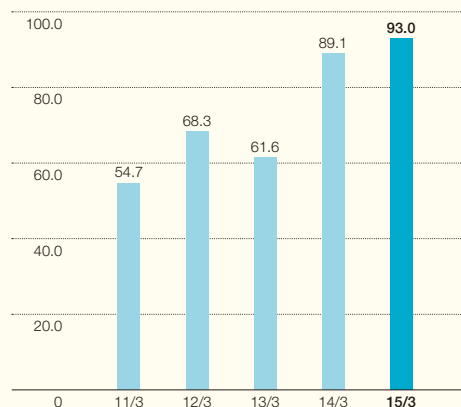
▶ EV

¥ billions



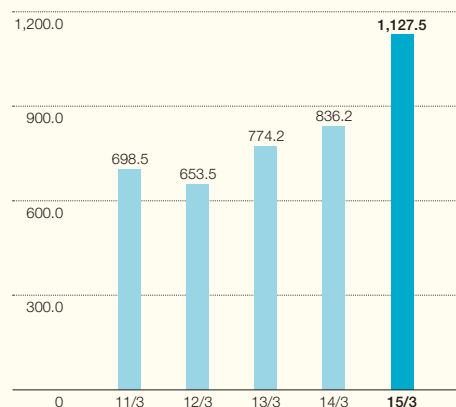
▶ Value of New Business

¥ billions



▶ Market Capitalization

¥ billions



Operating Results and Market Trends

Fiscal 2014 Management Review

Looking at business performance in fiscal 2014, T&D Holdings, Inc. posted its highest-ever earnings at both the levels of ordinary profit and net income.

In addition, the total new policy amount of the three life insurance companies increased from the previous fiscal year and, as a result, the total policy amount in force marked a record high.

Going forward, we will continue to maintain the Group's solid financial base and at the same time, strive to improve corporate value by strengthening and expanding the core life insurance business in Japan.

SALES RESULTS

New policy amount of the three life insurance companies

¥7,227.2 billion


YoY change

8.8% increase 

Policy amount in force of the three life insurance companies

¥62,117.7 billion

YoY change

2.3% increase 

EARNINGS

Ordinary profit

¥188.9 billion

YoY change

¥2.7 billion increase 

Net income

¥94.2 billion

YoY change

¥15.2 billion increase 

EV

Group MCEV

¥2,298.0 billion


YoY change

¥327.8 billion increase 

Value of new business

¥93.0 billion

YoY change

¥3.8 billion increase 

Sales Results

In fiscal 2014, the new policy amount (total amount of individual insurance and individual annuities) of the three life insurance companies was ¥7,227.2 billion, up 8.8% from the previous fiscal year. The surrender and lapse amount of the three insurance companies was ¥3,752.4 billion, down 5.4%. As a result, the total policy amount in force of the three insurance companies was ¥62,117.7 billion, up 2.3% from the previous fiscal year-end.

At Taiyo Life, the total new policy amount increased by 5.3% from the previous fiscal year, due to strong OTC sales at banks, despite a year-on-year decrease in the mainstay sales representative channel. The surrender and lapse rate reached the lowest level in the past 10 years, improving by 0.09 percentage points from the previous fiscal year. As a result, the policy amount in force was up 2.6% from the previous fiscal year-end to ¥22,154.5 billion. This was a record level for the fiscal year-end.

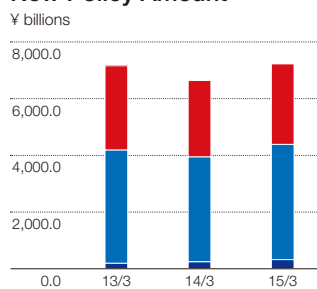
Daido Life's new policy amount was up 9.9% year on year, mainly due to an increase in sales of individual term life insurance, Daido Life's core product, as well as favorable sales of *T-type product*, which was launched last year, and *Life Gift α*, a single-premium whole life

insurance product. The surrender and lapse rate improved by 0.49 percentage points from the previous fiscal year. As a result, the policy amount in force was ¥38,156.7 billion, up 2.4% from the previous fiscal year-end.

T&D Financial Life's new policy amount was up 31.7% from the previous fiscal year, due to strong sales of its core product, *Shougai Premium Series*, and *Minna Ni Yasashii Shushinhoken*, which focuses on inheritance needs. The surrender and lapse rate improved by 2.94 points from the previous fiscal year.

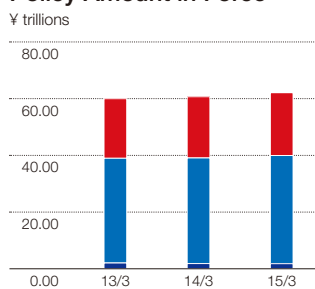
In fiscal 2015, the three life insurance companies will reinforce their unique business models, aiming to increase the new policy amount, and to achieve a net increase of the policy amount in force.

► New Policy Amount



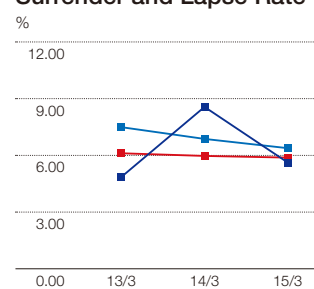
| | 13/3 | 14/3 | 15/3 |
|--------------------|-----------------|-----------------|-----------------|
| Taiyo Life | ¥2,974.3 | ¥2,696.6 | ¥2,840.7 |
| Daido Life | 3,992.5 | 3,698.1 | 4,063.8 |
| T&D Financial Life | 192.0 | 244.9 | 322.6 |
| Total | ¥7,158.9 | ¥6,639.8 | ¥7,227.2 |

► Policy Amount in Force



| | 13/3 | 14/3 | 15/3 |
|--------------------|---------------|---------------|---------------|
| Taiyo Life | ¥21.02 | ¥21.59 | ¥22.15 |
| Daido Life | 36.93 | 37.25 | 38.15 |
| T&D Financial Life | 2.04 | 1.84 | 1.80 |
| Total | ¥59.99 | ¥60.69 | ¥62.11 |

► Surrender and Lapse Rate



| | 13/3 | 14/3 | 15/3 |
|--------------------|------|------|------|
| Taiyo Life | 6.11 | 5.97 | 5.88 |
| Daido Life | 7.49 | 6.87 | 6.38 |
| T&D Financial Life | 4.86 | 8.56 | 5.62 |

► Fiscal 2015 Policy Results Forecasts

| | FY2015 forecasts | YoY change | FY2014 results | FY2013 results |
|---------------------------------|------------------|------------|----------------|----------------|
| New Policy Amount | ¥ 6,800.0 | (5.9)% | ¥ 7,227.2 | ¥ 6,639.8 |
| Taiyo Life | 2,370.0 | (16.6)% | 2,840.7 | 2,696.6 |
| Daido Life | 4,100.0 | 0.9% | 4,063.8 | 3,698.1 |
| T&D Financial Life | 330.0 | 2.3% | 322.6 | 244.9 |
| Policy Amount in Force | 63,000.0 | 1.4% | 62,117.7 | 60,699.8 |
| Taiyo Life | 22,220.0 | 0.3% | 22,154.5 | 21,595.6 |
| Daido Life | 38,890.0 | 1.9% | 38,156.7 | 37,255.6 |
| T&D Financial Life | 1,900.0 | 5.2% | 1,806.4 | 1,848.5 |
| Surrender and Lapse Rate | — | — | — | — |
| Taiyo Life | 5.70% | — | 5.88% | 5.97% |
| Daido Life | 6.70% | — | 6.38% | 6.87% |
| T&D Financial Life | 4.00% | — | 5.62% | 8.56% |

Operating Results and Market Trends

Fiscal 2014 Management Review

Earnings

In fiscal 2014, ordinary profit rose due to an increase in net investment income. Net income increased sharply to a new record.

Ordinary Profit/Net Income (Consolidated)

Ordinary profit increased ¥2.7 billion year on year to ¥188.9 billion owing to higher net investment income, which mainly reflected a decline in investment expenses. Net income increased ¥15.2 billion year on year to ¥94.2 billion. The increase in net income mainly reflected a decrease of ¥19.5 billion in the additional provision for reserve for price fluctuations, despite an increase of ¥9.1 billion in total income taxes from the reversal of deferred tax assets in line with a reduction in the corporate income tax rate.

Core Profit

Core profit for the three life insurance companies decreased ¥27.4 billion year on year to ¥182.7 billion. The main reason was a decline of ¥20.0 billion in T&D Financial Life's core profit due to the decrease in the reversal of policy reserve related to minimum guarantee risk for variable annuities.

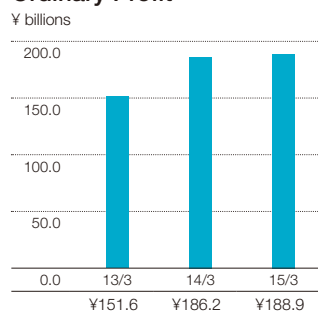
The positive spread for the three life insurance companies increased ¥1.2 billion year on year to ¥34.5 billion.

Fiscal 2015 Forecasts

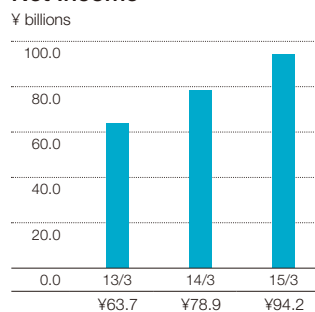
Ordinary profit and net income attributable to owners of parent are projected to go down 11.6% and 17.2%, respectively. This outlook is mainly based on the sales limitation of single-premium products at Daido Life and Taiyo Life, an anticipated decline in interest, dividends and income from real estate for rent in line with a continuation of low interest rates, and a decrease in net gains and losses related to the minimum guarantee for variable annuities at T&D Financial Life.

Moreover, considering that Taiyo Life is planning an additional provision for reserve for price fluctuations of ¥15.0 billion, adjusted net income, which represents profit available for shareholder returns, is forecast at ¥88.0 billion.

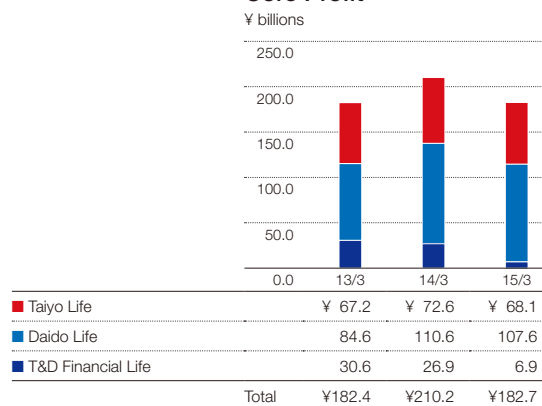
► Ordinary Profit



► Net Income



► Core Profit



► Fiscal 2015 Forecasts

| | FY2015 forecasts | YoY change | FY2014 results | FY2013 results |
|--------------------------------|------------------|------------|----------------|----------------|
| Ordinary revenues | ¥1,870.0 | (22.5)% | ¥2,412.1 | ¥2,085.7 |
| Income from insurance premiums | 1,590.0 | (18.7)% | 1,955.7 | 1,607.8 |
| Ordinary profit | 167.0 | (11.6)% | 188.9 | 186.2 |
| Core profit | 153.0 | (16.3)% | 182.7 | 210.2 |
| Net income | 78.0 | (17.2)% | 94.2 | 78.9 |

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.

for Taiyo Life and 5.7% for Daido Life. Foreign currency exposure after taking into account currency hedging was 8.4% for Taiyo Life and 4.6% for Daido Life.

Gains (Losses) on Sales of Securities and Devaluation Losses on Securities

The Group recorded net gains on sales of securities and devaluation losses on securities of ¥26.3 billion, an increase of ¥18.8 billion year on year.

Net Exposure to Domestic Stocks and Foreign Currency

As of March 31, 2015, net exposure of general account assets to domestic stocks after taking into account equity hedging was 6.6%

Net Unrealized Gains (Losses) on Securities

Net unrealized gains on securities were ¥1,342.9 billion, an increase of ¥537.0 billion from the previous fiscal year.

► Net Exposure¹ (Fiscal 2013 → Fiscal 2014)

| | Taiyo Life | Daido Life |
|--|-------------|-------------|
| Net exposure to domestic stocks ² | 4.8% → 6.6% | 5.4% → 5.7% |
| Foreign currency exposure ³ | 3.5% → 8.4% | 3.7% → 4.6% |

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

² Net exposure to domestic stocks includes stock futures, stock investment trusts, and stocks, etc., in monetary trusts, etc.

³ Foreign currency exposure reflects foreign currency hedges, etc.

► Gains (Losses) on Sales of Securities and Devaluation Losses on Securities

¥ billions

| | Three companies total | | | Taiyo Life | | | Daido Life | | |
|--------------------|-----------------------|-------|---------|------------|-------|---------|------------|--------|---------|
| | 15/3 | 14/3 | Change | 15/3 | 14/3 | Change | 15/3 | 14/3 | Change |
| JGBs, other bonds | ¥ 1.5 | ¥ 4.5 | ¥ (2.9) | ¥ 1.2 | ¥ 3.4 | ¥ (2.2) | ¥(0.0) | ¥ 0.3 | ¥ (0.4) |
| Stocks, etc. | 6.5 | 10.5 | (4.0) | 4.8 | 10.0 | (5.2) | 1.6 | 0.5 | 1.1 |
| Foreign securities | 18.5 | (6.4) | 24.9 | 12.3 | (1.8) | 14.1 | 6.2 | (4.5) | 10.8 |
| Others | (0.2) | (1.1) | 0.9 | — | — | — | (0.2) | (1.1) | 0.9 |
| Total | ¥26.3 | ¥ 7.5 | ¥18.8 | ¥18.4 | ¥11.6 | ¥ 6.7 | ¥ 7.6 | ¥(4.8) | ¥12.5 |

► Net Unrealized Gains (Losses) on Securities⁴

¥ billions

| | Three companies total | | | Taiyo Life | | | Daido Life | | |
|--------------------|-----------------------|--------|--------|------------|--------|--------|------------|--------|--------|
| | 15/3 | 14/3 | Change | 15/3 | 14/3 | Change | 15/3 | 14/3 | Change |
| Domestic bonds | ¥ 588.9 | ¥389.8 | ¥199.1 | ¥307.9 | ¥208.1 | ¥ 99.7 | ¥235.7 | ¥157.0 | ¥ 78.7 |
| Domestic stocks | 397.9 | 253.1 | 144.7 | 231.1 | 155.6 | 75.4 | 166.8 | 97.5 | 69.2 |
| Foreign securities | 294.1 | 131.8 | 162.3 | 206.3 | 101.1 | 105.2 | 87.7 | 30.7 | 57.0 |
| Other securities | 33.8 | 14.3 | 19.4 | 13.3 | 5.4 | 7.8 | 20.4 | 8.8 | 11.5 |
| Others | 28.0 | 16.6 | 11.3 | 7.1 | 6.6 | 0.4 | 8.4 | 8.9 | (0.5) |
| Total | ¥1,342.9 | ¥805.8 | ¥537.0 | ¥765.9 | ¥477.0 | ¥288.9 | ¥519.3 | ¥303.2 | ¥216.0 |

⁴ Subject to securities with fair values.

Operating Results and Market Trends

Fiscal 2014 Management Review

Capital

Financial Soundness

The solvency margin ratios in fiscal 2014 were 993.9% at Taiyo Life, 1,363.7% at Daido Life, and 1,271.9% at T&D Financial Life. The three life insurance companies have thus has 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 2015 include an additional provision for reserve for price fluctuations of ¥15.0 billion planned by Taiyo Life.

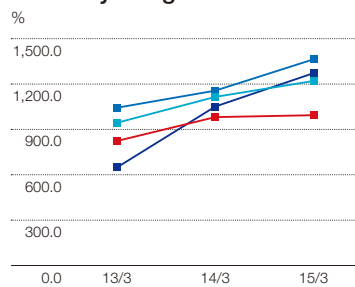
Returns to Shareholders

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. Over the medium- and long-term, the Company aims to stably return profits to shareholders based on a total return to shareholders ratio of approximately 30% 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 2014, the Company provided a total return to shareholders of ¥46.6 billion, comprising a cash dividend of ¥25 per share and a share buyback involving the repurchase of 9.2 million shares at a total cost of approximately ¥30.0 billion.

The Company also plans to pay a dividend of ¥25 per share for fiscal 2015.

► Solvency Margin Ratio



| | 13/3 | 14/3 | 15/3 |
|----------------------------|----------|----------|----------|
| T&D Holdings' Consolidated | 943.8% | 1,115.0% | 1,220.7% |
| Taiyo Life | 823.4% | 981.3% | 993.9% |
| Daido Life | 1,043.2% | 1,156.4% | 1,363.7% |
| T&D Financial Life | 648.4% | 1,051.2% | 1,271.9% |

► Return to Shareholders and Adjusted Net Income

| | 13/3 | 14/3 | 15/3 |
|---|-------------------------|--------------------------|--------------------------|
| Total return to shareholders (¥ billions) | approx. 18.1 | approx. 26.8 | approx. 46.6 |
| Total dividends (¥ billions) | 15.1 | 16.8 | 16.6 |
| Dividends per share (¥) | <¥22.50> | <¥25.00> | <¥25.00> |
| Share buybacks (¥ billions) | approx. 3 ^{*1} | approx. 10 ^{*2} | approx. 30 ^{*3} |
| Adjusted net income (¥ billions) | 78.0 | 92.4 | 94.2 |
| Net income (¥ billions) | 63.7 | 78.9 | 94.2 |
| Excess amount of reserve for contingency and price fluctuations, after taxes (¥ billions) | 14.3 | 13.5 | — |

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.

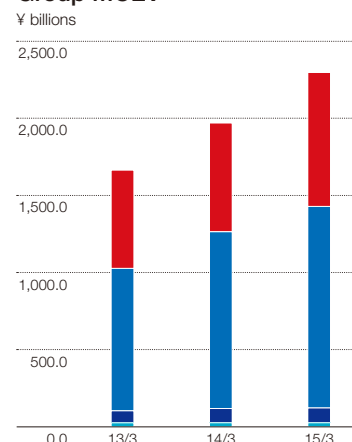
³ The Company conducted a share buyback from May to July 2015 as a shareholders' return for the FY 2014 earnings.

EV

The MCEV as of March 31, 2015 was ¥2,271.2 billion, an increase of ¥327.8 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, 2015 was ¥2,298.0 billion, an increase of ¥327.8 billion from the previous fiscal year-end.

► Group MCEV



| | 13/3 | 14/3 | 15/3 |
|---|----------|----------|----------|
| Adjusted net worth | ¥1,435.8 | ¥1,505.9 | ¥1,995.6 |
| Taiyo Life | 698.5 | 684.5 | 922.1 |
| Daido Life | 644.7 | 721.7 | 943.7 |
| T&D Financial Life | 92.4 | 99.7 | 129.6 |
| Value of in-force business | 202.2 | 437.4 | 275.6 |
| Taiyo Life | (61.5) | 20.6 | (53.5) |
| Daido Life | 278.7 | 424.2 | 362.9 |
| T&D Financial Life | (14.9) | (7.4) | (33.8) |
| Net asset value of non-covered business | 26.4 | 26.7 | 26.7 |
| Group MCEV | ¥1,664.4 | ¥1,970.1 | ¥2,298.0 |

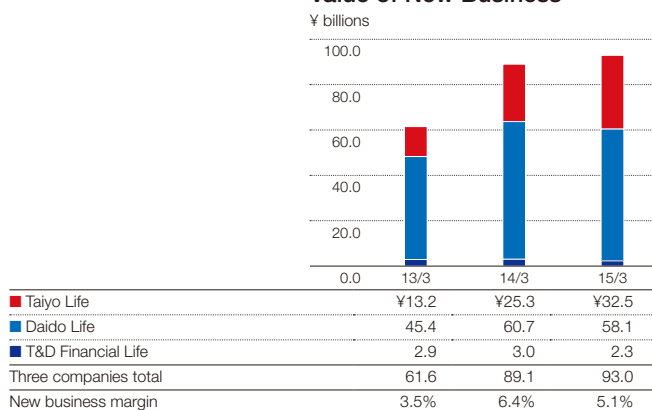
Value of New Business

The value of new business increased ¥3.8 billion from the previous fiscal year-end to ¥93.0 billion. The main reason for the increase was the strong sales of Third Sector products primarily at Taiyo Life, despite the negative impact of a decline in domestic interest rates.

Movement Analysis

In addition to new business, the Group changed its insurance assumptions such as improvements of the claim incidence rate, and there were economic variances such as increases in the market value of domestic stocks and foreign bonds. As a result, MCEV was up ¥327.8 billion from the end of the previous fiscal year.

Value of New Business

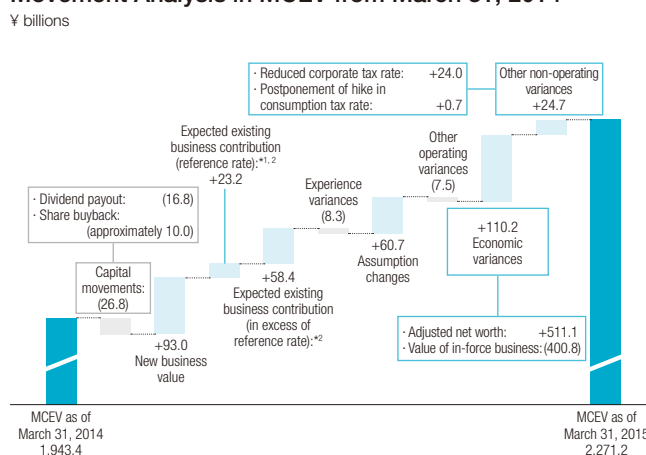


New business margin = Value of new business / Present value of new business premiums

Sensitivity

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.

Movement Analysis in MCEV from March 31, 2014



1 The expected existing business contribution (reference rate) includes the projected amounts of the time value of financial options and guarantees, the cost of non-hedgeable risks, and the frictional cost of capital: ¥9.9 billion, ¥11.8 billion and ¥0.2 billion, respectively.

2 The expected return rate was 0.766%, reflecting the risk premiums for each asset class that were used to calculate the amount of expected return.

Sensitivities

| | | | | ¥ billions | |
|--|---|--------|---------|--------------------|----------------------------|
| | | | | MCEV | Value of new business |
| | | | | Adjusted net worth | Value of in-force business |
| | | | | | |
| MCEV as of March 31, 2015 (base scenario) | | | | ¥2,271.2 | ¥ 93.0 |
| Economic factor | Interest rate (forward rate; for all future years) ¹ | +50bp | 154.1 | (350.1) | 504.2 |
| | | -50bp | (175.1) | 242.4 | (417.6) |
| | Equity and real estate value | -10% | (111.8) | (109.5) | (2.2) |
| Other factor | Lapse rate | x 0.9 | 86.8 | — | 86.8 |
| | Operating maintenance expenses | x 0.9 | 50.6 | — | 50.6 |
| | Claim incidence rates for the life business | x 0.95 | 96.2 | — | 96.2 |
| | Mortality for the annuity business | x 0.95 | (5.2) | — | (5.2) |
| Change the required capital to the statutory minimum | | | | 17.4 | 17.4 |
| 25% increase in equity implied volatility | | | | (1.0) | (2.0) |
| 25% increase in swaption implied volatility | | | | (35.8) | (35.8) |

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. If interest rate becomes negative after the deduction of 0.5%, 0% is applied instead.

2 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 for the purpose of hedging minimum guarantee risk of variable annuities.

Operating Results and Market Trends

Life Insurance Industry Trends in Japan

Years ended March 31

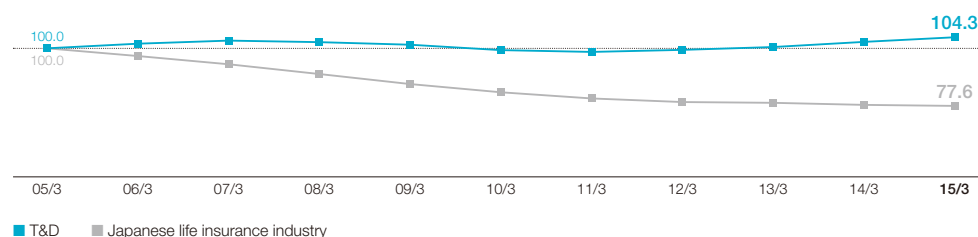
▶ Total for Private-Sector Life Insurance Companies¹

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Policy Amount in Force | ¥1,186,279.9 | ¥1,150,987.3 | ¥1,112,199.6 | ¥1,067,365.0 | ¥1,021,458.2 |
| Individual insurance | 1,112,170.5 | 1,070,570.8 | 1,026,336.0 | 979,437.4 | 932,971.8 |
| Individual annuities | 74,109.4 | 80,416.4 | 85,863.6 | 87,927.6 | 88,486.4 |
| New Policy Amount | 98,626.5 | 89,375.0 | 76,907.8 | 66,673.0 | 61,306.8 |
| Individual insurance | 91,159.2 | 80,753.4 | 67,991.9 | 58,649.5 | 53,992.7 |
| Individual annuities | ¥ 7,467.2 | ¥ 8,621.6 | ¥ 8,915.9 | ¥ 8,023.4 | ¥ 7,314.0 |

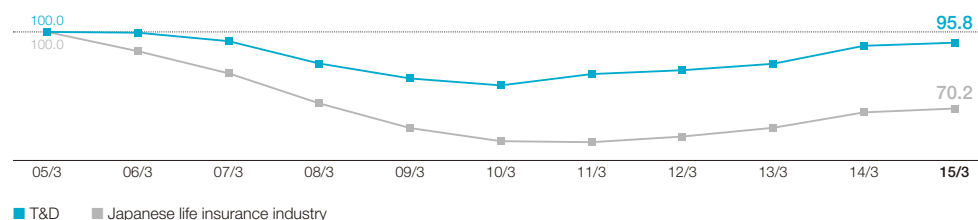
▶ Trends in the Policy Amount in Force and New Policy Amount²

Base Year (10 Years Ago) = 100.0

Policy Amount in Force



New Policy Amount

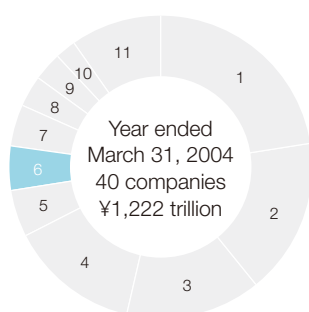


¹ Source: Compiled by T&D Holdings based on Summary of Life Insurance Business in Japan, Life Insurance Association of Japan.
The policy amount in force and the new policy amount are the simple sum of individual insurance and annuities. The new policy amount includes net increase from conversions. Figures do not include Japan Post Insurance. For convenience, U.S. dollar figures have been calculated at the rate of U.S.\$1 = ¥120.17.

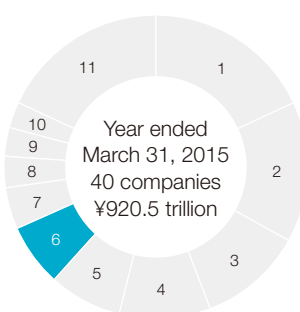
² Source: Compiled by T&D Holdings based on Summary of Life Insurance Business in Japan, Life Insurance Association of Japan.
Insurance premiums, new policy amount, and policy amount in force for the year ended March 31, 2005, are assumed to be 100.0 (base year).
The new policy amount includes net increase from conversions. Figures do not include Japan Post Insurance.

| | | | | | ¥ billions | US\$ billions |
|--|------------|------------|------------|------------|------------|---------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| | ¥983,269.5 | ¥955,441.1 | ¥938,437.2 | ¥933,494.1 | ¥924,149.8 | ¥918,788.7 |
| | 890,603.9 | 861,954.2 | 842,303.3 | 833,170.6 | 823,805.0 | 818,273.5 |
| | 92,665.6 | 93,486.8 | 96,133.9 | 100,323.5 | 100,344.8 | 100,515.2 |
| | 60,877.8 | 63,158.0 | 66,563.3 | 72,759.3 | 67,756.1 | 68,567.7 |
| | 53,390.8 | 57,087.2 | 59,386.1 | 64,829.8 | 60,276.9 | 60,428.8 |
| | ¥ 7,486.9 | ¥ 6,070.8 | ¥ 7,177.1 | ¥ 7,929.5 | ¥ 7,479.2 | ¥ 8,138.8 |
| | | | | | | \$ 67.7 |

► Trends in Market Share³



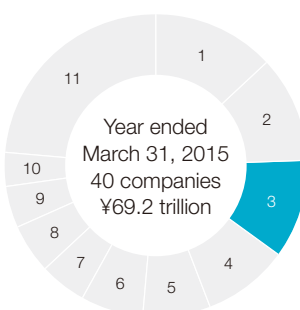
| | | |
|----|------------------|-------|
| 1 | Nippon | 22.8% |
| 2 | Dai-ichi | 16.6% |
| 3 | Sumitomo | 14.4% |
| 4 | Meiji Yasuda | 13.8% |
| 5 | Asahi | 5.1% |
| 6 | T&D | 4.8% |
| 7 | Mitsui | 4.5% |
| 8 | AIG ⁴ | 3.3% |
| 9 | Fukoku | 3.1% |
| 10 | Sony | 2.1% |
| 11 | Others | 9.6% |



| | | |
|----|--------------------------------------|-------|
| 1 | Nippon | 18.3% |
| 2 | Dai-ichi ⁵ | 14.8% |
| 3 | Sumitomo ⁶ | 11.2% |
| 4 | Meiji Yasuda | 9.6% |
| 5 | Prudential US ⁷ | 7.8% |
| 6 | T&D | 6.7% |
| 7 | Sony ⁸ | 4.5% |
| 8 | MetLife Alico | 3.2% |
| 9 | Fukoku ⁹ | 3.1% |
| 10 | Tokio Marine & Nichido ¹⁰ | 2.9% |
| 11 | Others | 17.8% |



| | | |
|----|------------------|-------|
| 1 | Nippon | 18.3% |
| 2 | Dai-ichi | 14.4% |
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| 8 | Fukoku | 3.5% |
| 9 | Sony | 3.5% |
| 10 | Asahi | 3.3% |
| 11 | Others | 16.5% |



| | | |
|----|--------------------------------------|-------|
| 1 | Nippon | 13.2% |
| 2 | Prudential US ⁷ | 11.6% |
| 3 | T&D | 10.4% |
| 4 | Dai-ichi ⁵ | 9.4% |
| 5 | Sony ⁸ | 7.1% |
| 6 | Sumitomo ⁶ | 6.7% |
| 7 | Tokio Marine & Nichido ¹⁰ | 5.2% |
| 8 | MS&AD ¹¹ | 5.1% |
| 9 | MetLife Alico | 4.5% |
| 10 | NN | 3.6% |
| 11 | Others | 23.7% |

³ Source: Compiled by T&D Holdings based on Summary of Life Insurance Business in Japan, Life Insurance Association of Japan.
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* and *T-type product*. Figures do not include Japan Post Insurance.
⁴ AIG refers to Alico Japan, AIG Star and AIG Edison.
⁵ Dai-ichi refers to Dai-ichi and Dai-ichi Frontier.
⁶ Sumitomo refers to Sumitomo and Medicare.

⁷ Prudential US refers to Prudential, Gibraltar and Prudential Gibraltar Financial.
⁸ Sony refers to Sony and AEGON Sony Life.
⁹ Fukoku refers to Fukoku and Fukokushinrai.
¹⁰ Tokio Marine & Nichido refers to Tokio Marine & Nichido Life and Tokio Marine & Nichido Financial.
¹¹ MS&AD refers to Mitsui Sumitomo Aioi and Mitsui Sumitomo Primary.

Businesses at a Glance

Taiyo Life Insurance Company

Serving Household Insurance Needs

Taiyo Life focuses on serving the household market, mainly targeting women, the middle-aged, and elderly people. The company sells comprehensive life coverage, which is centered on death protection and medical/nursing care products. Unlike other life insurers that typically target the workplace, Taiyo Life uses an in-house sales force of women of the same generation as target customers to visit customers at home and provide advice in tailoring policies to specific needs. Based on an extensive customer database and wealth of expertise, Taiyo Life aims to provide coverage for the whole family by broadening its market to include heads of households and children.



Daido Life Insurance Company

Serving the Needs of SMEs

Daido Life focuses on the small and medium enterprises (SMEs) market and provides products and services suiting the specialized needs of various organizations, based on collaboration with tie-up groups such as SME-related organizations and CPTA organizations. These tie-up organizations include the National Federation of Corporate Taxpayers Associations (NFCTA), the Tax Payment Associations (TPA), the TKC National Federation, as well as CPTA Associations and CPTA Cooperative Associations. Daido Life has driven the evolution of this business model, according to changes in the times. As a result, this unique business model has provided Daido Life with a platform for steady growth, currently enabling the company to build a solid position as the leading company in the SME market.

Going forward, in addition to offering its core term life insurance, Daido Life is further strengthening its promotion of a full range of protection by enhancing its disability income insurance. Moreover, Daido Life is working at "further penetrating the SME market" and "creating and expanding new markets," such as the full-fledged development of "the provision of individual protection" for SME owners themselves.



T&D Financial Life Insurance Company

Catering to a Variety of Needs through OTC Sales at Financial Institutions and Other Independent Insurance Agents

T&D Financial Life provides insurance products through independent insurance agents, including banks, securities firms and insurance shop agents. As of the end of March 2015, the firm had expanded its sales network to 130 financial institution agents, establishing a solid sales base centered on Japan's top commercial banks.

In the future, T&D Financial Life aims to offer products to serve a broad range of needs, such as post-retirement living expenses and protection for bereaved families. Initiatives here include enhancing and expanding sales channels by strengthening ties with agents and product lineups incorporating customer needs.



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.

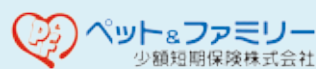
T&D Asset Management

| | |
|------------------------------|---|
| Investment trust business | Provide a wide array of prime investment products mainly to individual 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 |

Taiyo Life Insurance Company



Katsuhide Tanaka
Representative Director and
President

Focusing on insurance sales in the household market, we will deliver optimal comprehensive coverage to households through superior sales capabilities, aiming to expand our customer base, and to increase EV and the policy amount in force.

Management Targets

Fiscal 2015

- ▶ Policy amount in force **¥22,220 billion**
- ▶ New policy amount **¥2,370 billion**

Fundamental Strategy

- ▶ Promote unique marketing methods utilizing a wide customer base of women and middle-aged and elderly people
- ▶ Offer comprehensive coverage that meets customer needs for death protection as well as medical and nursing care insurance through the in-house sales representative channel in the household market
- ▶ Increase the number of sales representatives and the new policy amount

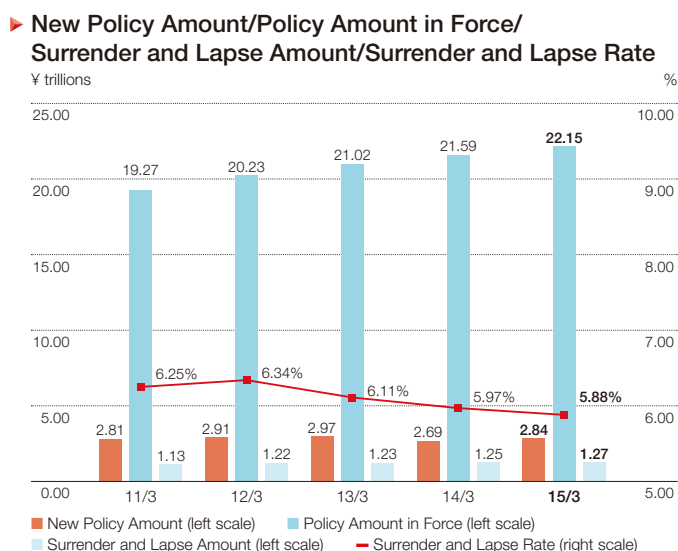
Business Model

| | |
|---------------|---|
| Market | Households |
| Sales channel | In-house sales representatives |
| Products | Comprehensive coverage centered on death protection and medical/nursing care products |

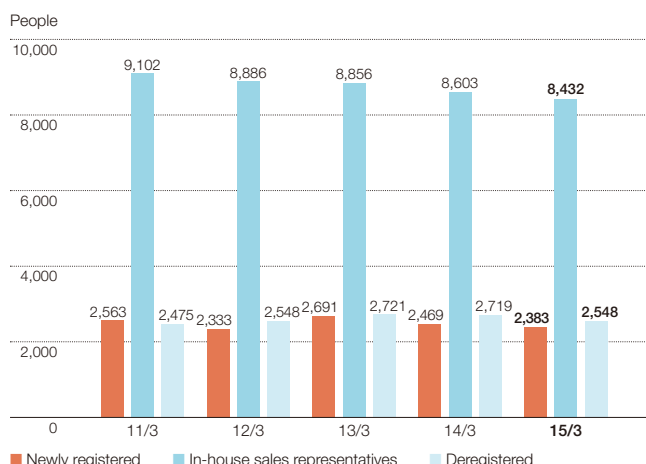
Performance and Operational Review

At Taiyo Life, in fiscal 2014, ended March 31, 2015, the new policy amount (total of individual insurance and individual annuities) was up 5.3% year on year to ¥2,840.7 billion. The surrender and lapse rate improved 0.09 percentage points to 5.88%. The policy amount in force reached another record high for a fiscal year-end result of ¥22,154.5 billion. As of March 31, 2015, MCEV was ¥868.6 billion, an increase of ¥163.5 billion from the previous fiscal year-end.

Taiyo Life has formulated a two-year medium-term management plan running from April 2014 to March 2016 with a vision of "Aim to be a life insurance company that delivers optimal comprehensive coverage to households." Guided by this vision, Taiyo Life is strengthening its unique business model that integrates product and market channels.



In-house Sales Representatives



In fiscal 2014, Taiyo Life worked toward the realization of this vision, based on the concept of “becoming the life insurance company that is most considerate to senior customers entails becoming the life insurance company that is most considerate to all households and to all customers.” Accordingly, Taiyo Life has launched the company-wide Best Senior Service Project in order to deliver products and services of the highest standard in the industry to senior customers. Taiyo Life conducts a variety of service activities, ranging from concluding a contract to customer follow-up and payment, and these trustworthy services provide peace of mind to customers over the long term.

On the product front, from April 2014 Taiyo Life upgraded its lineup of nursing care protection products under its mainstay product *Hoken Kumikyoku Best*, in order to address increasingly stronger needs for nursing care protection. Specifically, Taiyo Life began selling a new product, *Keido Kaigo Hoken*, that provides coverage from long-term care level 1 or above under Japan's Long-term Care Insurance System. The company also expanded the scope of coverage of products that had previously covered long-term care level 3 or

above to coverage starting from long-term care level 2. Moreover, as part of the Best Senior Service Project, Taiyo Life has expanded the eligible age for medical care insurance products from age 75 to age 85.

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 adopted a unique marketing strategy 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, Taiyo Life has built a unique customer base centered on the middle-aged and elderly as well as women. From the mid-1990s, a combination of prolonged low interest rates, deregulation, a shift in customer needs and other factors caused changes in the operating environment. Taiyo Life quickly adapted to these changes by shifting its sales from savings-oriented products to protection-oriented products, such as death protection as well as medical and nursing care protection.

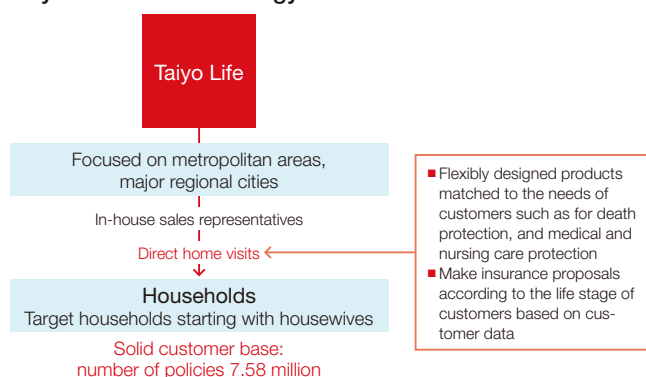
► Overview of Taiyo Life's Mainstay Product *Hoken Kumikyoku Best*

- Flexible custom-made design to match customer needs
- Flexible revision according to changing needs
- Introduction of new protection (nursing care protection, surgery coverage, hospitalization protection with lump-sum benefits)
- 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

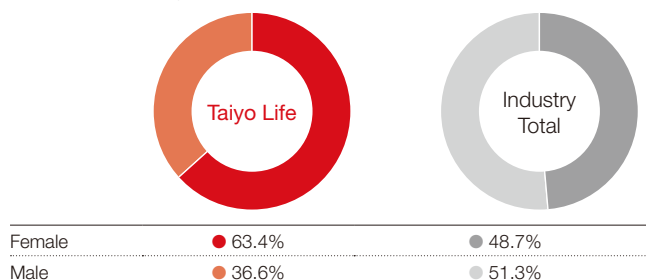
| | |
|--|--|
| Death protection <ul style="list-style-type: none"> Lifetime death protection Enhanced death protection for a fixed term | Medical protection <ul style="list-style-type: none"> Hospitalization coverage Surgery coverage |
| Protection for three major diseases and nursing care <ul style="list-style-type: none"> Coverage for three major diseases Nursing care protection | Future life events <ul style="list-style-type: none"> Living benefits/Savings-type insurance Individual annuities |

► Taiyo Life's Sales Strategy



► New Policy Enrollment Status Based on Gender

%, based on number of policies



Source: Compiled by T&D Holdings based on *Summary of Life Insurance Business in Japan* (Fiscal 2014), Life Insurance Association of Japan

Hoken Kumikyoku Best, Taiyo Life's mainstay product, differs from conventional insurance plans in that it allows for combinations of individual insurance coverage (basic policies) through *Hoken Kumitate Tokuyaku* rider. This serves to boost the flexibility of insurance planning and revision, while also making products more simple and easy to understand with more affordable premiums. This product enables Taiyo Life to provide many customers with lifelong high-quality, fine-tuned support and services as their life stages change.

Marketing Strategy

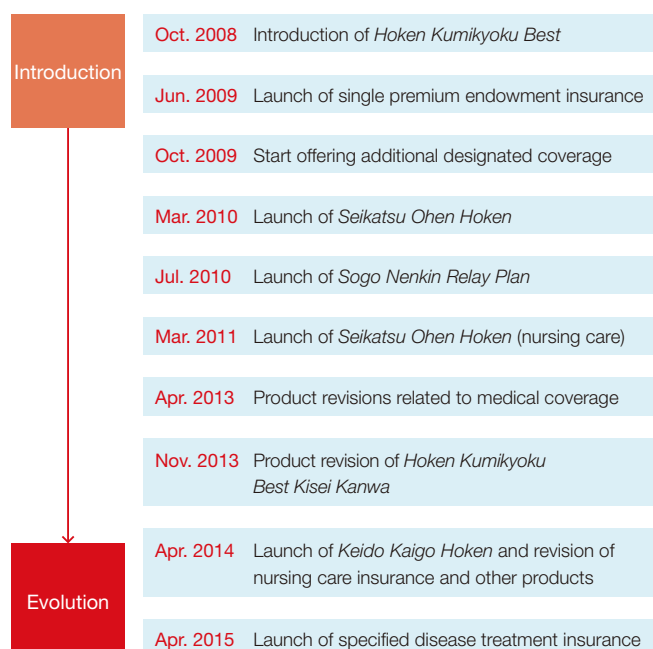
Taiyo Life has adopted a marketing strategy that is quite different from that of other large domestic life insurers. Whereas other life insurers have extended their marketing networks nationwide, Taiyo Life is conducting sales activities closely tied to metropolitan areas and major regional cities with 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. Moreover, in contrast

to most large Japanese life insurers whose core sales target is the worksite 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.

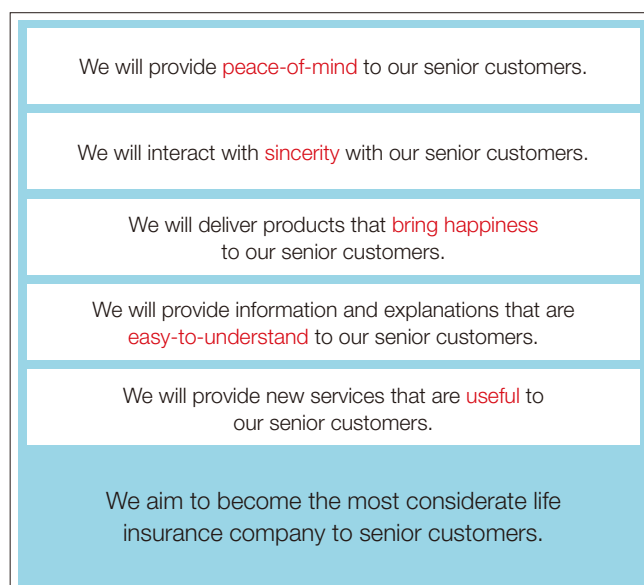
Transforming Taiyo Life into a Provider of Coverage for the Whole Family

Taiyo Life is working to offer coverage for the whole family by leveraging a customer base in the household market starting with housewives and broadening its market to include heads of households and children. Generally, a sales agent goes to the head of the household's workplace to sell insurance and the insurance is chosen from the perspective of the head of the household. Taiyo Life, however, stands from the housewives' perspective, proposing the insurance product based on the necessary protection for the family left behind should something happen to the head of the household. This approach allows Taiyo Life to propose insurance in a manner

► Evolution of *Hoken Kumikyoku Best*



► Declaration of Best Senior Service



that wins the understanding of customers. Taiyo Life will propose insurance which is optimally designed for each customer, based on an analysis of the household's insurance coverage to clarify what kind of protection is insufficient. Through this consulting sales process, Taiyo Life will provide coverage for the whole family.

Future Growth

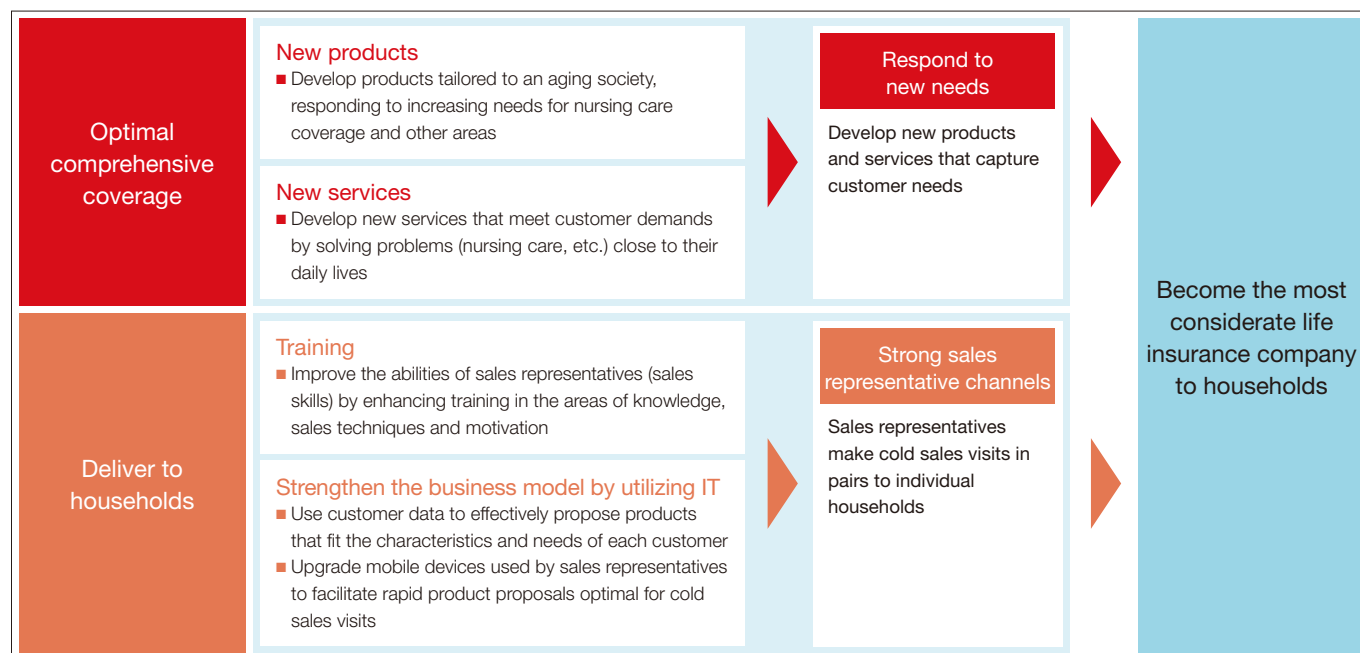
Looking ahead, Taiyo Life will strengthen its unique business model that integrates product and market channels, in order to continue to be a life insurance company that delivers optimal comprehensive coverage to households.

On the product front, from April 2015, Taiyo Life launched a new specified disease treatment insurance that expanded coverage for the three major diseases, with the focus on new protection that includes carcinoma in situ and skin cancer. Going forward, Taiyo Life will further evolve *Hoken Kumikyoku Best* and deliver the optimal life coverage to households.

Moreover, in the area of customer services, the company will promote the business reform project EVOLUTION '15 with the aim of simultaneously achieving operational efficiency and quality of the industry's highest level, strong sales activities, and a high degree of customer satisfaction, by utilizing the newest information technologies. Specifically, the company will work on the major measures of "workstyle reform," "branch operation reform," and "automation of assessment." EVOLUTION '15 is a reform, enabling Taiyo Life to perpetually secure a competitive position, continue to grow, and provide a high degree of customer satisfaction. Taiyo Life will consider what is necessary with no sanctuary while it boldly accepts challenges and tackles them.

► Overall Strategy of the Medium-term Management Plan

—Aim to be a life insurance company that delivers optimal comprehensive coverage to households—



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 2015

- ▶ Policy amount in force **¥38,890 billion**
- ▶ New policy amount **¥4,100 billion**

Note: The sum of the death benefit amount of individual insurance and individual annuities, and the insured amount of *J-type product* (non-participating critical illness insurance) and *T-type product* (non-participating disability income insurance)

Fundamental Strategy

- ▶ Further strengthen the core business of selling partner-specific products through tie-up organizations by “further penetrating the SME market” and “creating and expanding new markets”

Business Model

| | |
|---------------|--|
| Market | Small and medium enterprises (SMEs) |
| Sales channel | In-house sales representatives, 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 93% of the company's new policy amount in fiscal 2014.

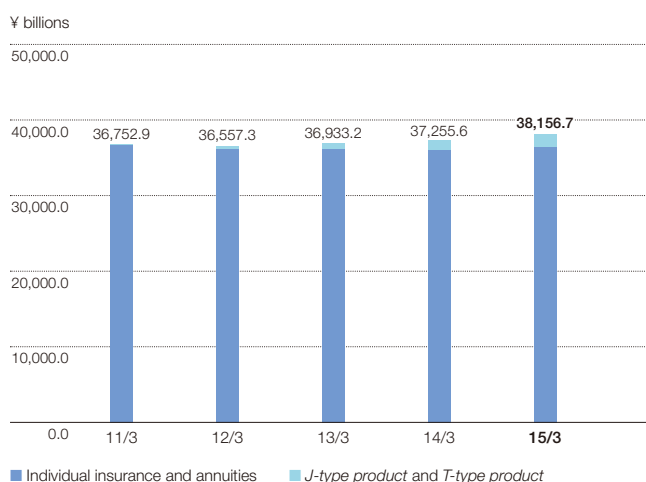
For fiscal 2014, Daido Life's new policy amount was up 9.9% year on year to ¥4,063.8 billion*². This increase was mainly due to the strong sales of term life insurance and the *T-type product* (non-participating disability income insurance) which was launched in September 2014. Meanwhile, the surrender and lapse amount was down 6.3% to ¥2,378.3 billion*². Consequently, the policy amount in force*² was up 2.4% to ¥38,156.7 billion, marking a net increase for the third consecutive year.

MCEV was ¥1,306.7 billion as of March 31, 2015, an increase of ¥160.8 billion. This was mainly due to the increase in the adjusted net worth which reflected the accumulation of net income and the increase of unrealized gains on securities as well as the acquisition of new policies and an improvement in the mortality rate and surrender and lapse rate.

*1 The total of collective policies for individual insurance and individual annuities and group insurance policies.

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

Policy Amount in Force



■ Individual insurance and annuities ■ *J-type product* and *T-type product*

Fundamental Strategy

Established in 1902, Daido Life has continued to strive to earn a high level of customer trust under the corporate philosophy of "Customer-oriented" and "Sound Management." Since the 1970s, the company has positioned its core business as selling the partner-specific products in collaboration with tie-up organizations in the small and medium enterprise (SME) market. Daido Life has built up a business model that its competitors cannot easily imitate and evolved the model according to changes in the times. As a result, Daido Life has built a solid position as the leading company in the SME market.

Marketing

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 the SME-related organizations, or utilized as either a security system to protect

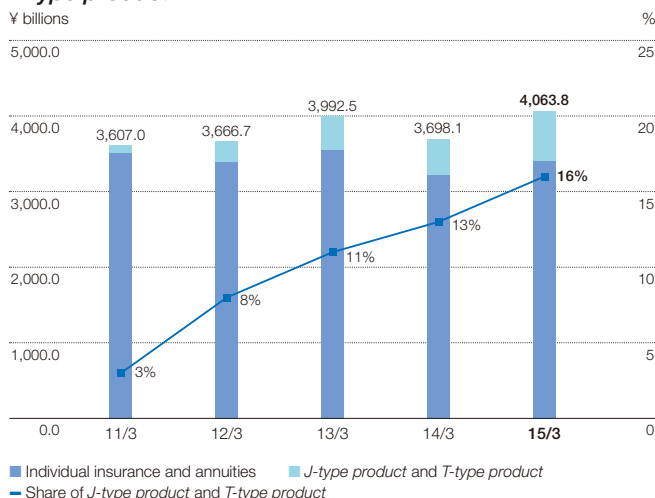
the corporate clients of tax accountants (TAs) and CPAs, or a welfare plan for SME owners and employees.

Relationship with Tie-up Organizations

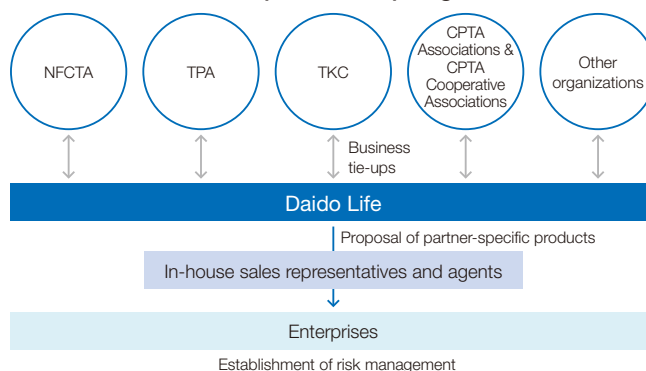
Since 1971, Daido Life has been the official underwriter of the comprehensive insurance plan, "Keieisha Ohgata Hosho Seido," provided by the National Federation of Corporate Taxpayers Associations (NFCTA, known as *Hojinkai*) and the Tax Payment Associations (TPA, known as *Nouzei-kyokai*). Under this 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 Bouei 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.

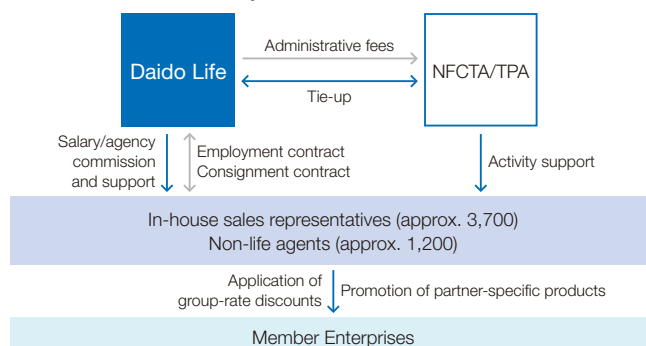
► New Policy Amount and Share of J-type and T-type product



► Daido Life's Relationship with Tie-up Organizations



► NFCTA and TPA Tie-up Scheme



T&D Life Group's Business Value

Business Overview

As shown in the diagram below, 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.

Future Growth

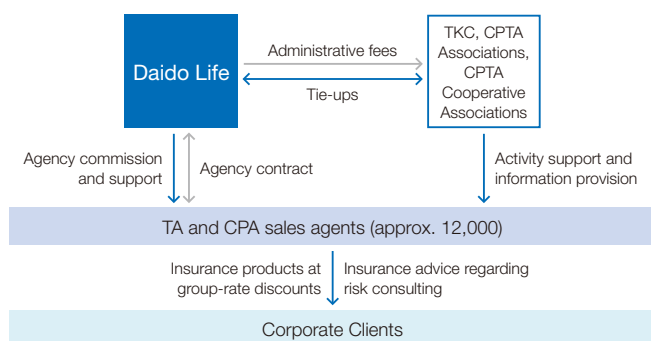
Daido Life will further strengthen its core business by "further penetrating the SME market" and "creating and expanding new markets." At the same time, Daido Life will work to enhance and expand sales channels that can provide high-quality consulting services and customer service through business process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

Strategy for Products and Services

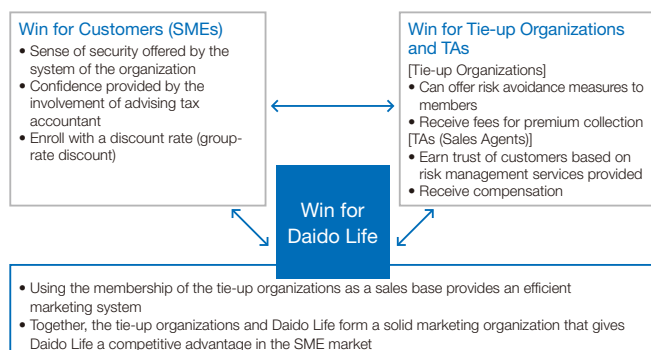
For many years, Daido Life has been providing protection through its main product of term life insurance to cover the mortality risk of SME owners in order to help mitigate the related business risk.

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 response, in addition to its main term insurance, Daido Life is engaged in offering a full range of protection by enhancing its disability income insurance. Specifically, in addition to *J-type product* (non-participating

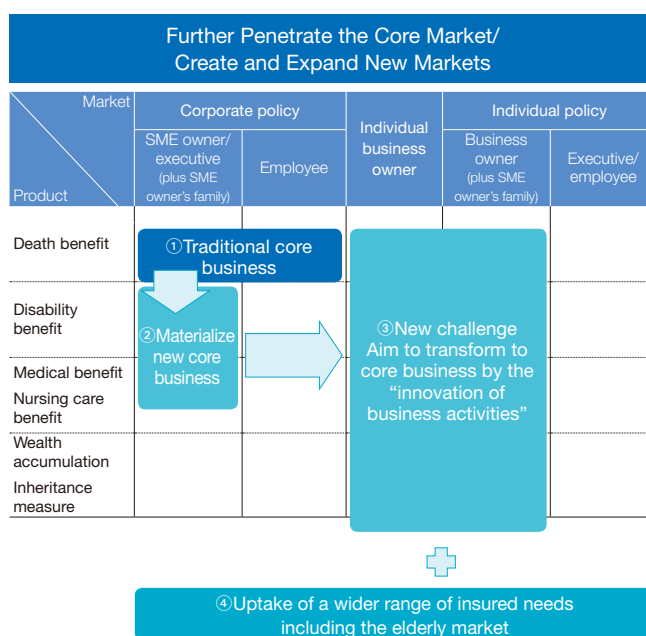
► Daido Life's Tie-up Scheme with TKC, CPTA Associations and CPTA Cooperative Associations



► Win-Win Relationship Created by Partner-specific Sales



► Overall Image of the Sales Strategy



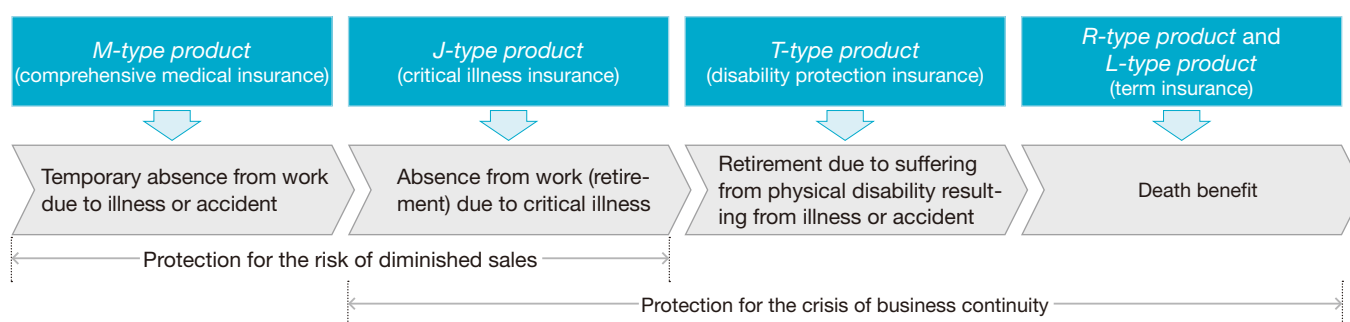
critical illness insurance), which covers a long-term absence from work due to critical illness, and *M-type product* (non-participating comprehensive medical insurance), which covers temporary absence from work due to hospitalization. In September 2014 the company launched the *T-type product* (non-participating disability protection policy), which covers retirement risk in case of physical disability. For fiscal 2014, the company's new policy amount for *J-type product* insurance and *T-type product* insurance combined was ¥657.0 billion, comprising 16.2% of the entire new policy amount, signifying that these products are now Daido Life's mainstay products alongside term life insurance.

Moreover, for the "creation and expansion of new markets," Daido Life is pursuing the full-fledged development of "proposing individual protection" to SME owners themselves following the disability coverage field. In October 2015, Daido Life

launched *Shuunyuu Relief*, a non-participating nursing care income protection insurance policy to protect against loss of income when suffering from physical disability, and *Kaigo Relief*, a non-participating whole life nursing care insurance plan to cover nursing care costs, as strategic products for this market. Further, Daido Life will introduce *Kaigo Concierge*, a new service to comprehensively support nursing care, including offering consultations about nursing care, in cooperation with nursing-care services providers, and promote products and services in an integrated manner.

In this way, Daido Life will strive to protect many more SME owners and individual business owners from various risks, with the aim of putting the company on an even more solid path to increasing corporate value stably and sustainably.

► Providing a Full Range of Protection



► Introduction of New Products and Services

| Market / Product | Corporate | Individual SME owners, individual business owners |
|----------------------|--|--|
| Death protection | <i>R-type product, L-type product, etc.</i> | <i>Shuunyuu Relief</i> (nursing care income protection insurance policy) |
| Disability insurance | <i>J-type product, T-type product, (introduced September 2014), etc.</i> | <i>Kaigo Relief</i> (whole life nursing care insurance plan) |

Kaigo Concierge, (a service to support nursing care)

(introduced October 2015)

T&D Financial Life Insurance Company



Kazuyoshi Shimada
Representative Director and
President

T&D Financial Life will further promote multi-line development of products, sales channels, and sources of profit in the field of life insurance sales through independent insurance agents, including financial institutions. In this way, T&D Financial Life seeks to increase corporate value by generating stable profits.

Management Targets

Fiscal 2015

- ▶ Policy amount in force **¥1,900** billion
- ▶ New policy amount **¥330** billion

Fundamental Strategy

- ▶ A strategic company which plays a centrally role on T&D Life Group's OTC sales at financial institutions and other agents channel.
- ▶ Aiming to establish a strong brand in life insurance sales through financial institutions and other agents, the company is concentrating its management resources on bolstering product development and sales support capabilities

Business Model

| | |
|---------------|---|
| Market | OTC sales at financial institutions and other agents |
| Sales channel | Independent insurance agents (financial institutions and insurance shop agents) |
| Products | Single premium products and level premium products |

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 2014 was ¥322.6 billion, up 31.7% year on year. The new policy amount for single premium products was ¥290.0 billion, while the new policy amount for level premium products was ¥32.6 billion. The policy amount in force for products sold through financial institutions and other agents was up 3.9% from the previous fiscal year-end to ¥1,091.3 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 and surrenders due to a recovery in market conditions.

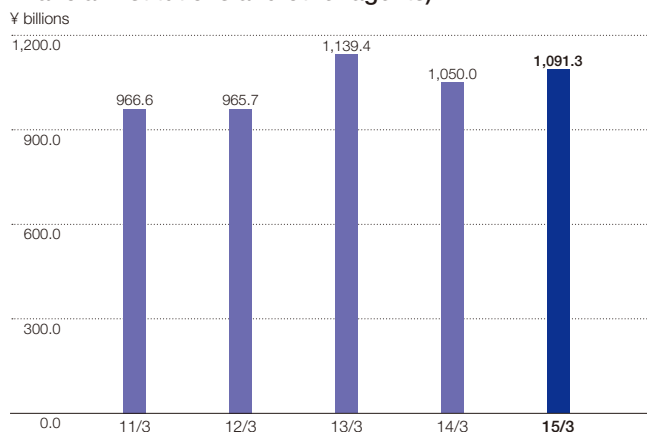
MCEV was ¥95.8 billion as of March 31, 2015, an increase of ¥3.5 billion from the previous fiscal year-end. However, the value of new business was ¥2.3 billion, a decrease of ¥0.7 billion from the previous fiscal year-end mainly due to the decline in interest rates.

Fundamental Strategy

T&D Financial Life is a strategic company in the T&D Life Group focusing on the OTC sales channel at financial institutions and other agents*.

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

▶ T&D Financial Life's Policy Amount in Force (Portion corresponding to OTC sales at financial institutions and other agents)



Insurance sales through the OTC sales channel at financial institutions and other agents are expected to grow in the future. Accordingly, the company aims to achieve sustained growth by expanding the OTC sales channel at financial institutions and other agents, and providing competitive products.

Currently, under the two-year Medium-term Management Plan running from April 2014 to March 2016, the company is undertaking multi-line layout of products through the development and introduction of a single premium savings-type product that differentiate in benefits, etc., and a level premium protection-type product based on customer segments. The company is also pushing ahead with multi-line development of sales channels by expanding the numbers of financial institutions and other agents, and developing insurance shop agents. In this way, T&D Financial Life seeks to enhance its business model to ensure that it can generate stable profits.

Delivering Competitive, Differentiated 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 *Shougai Premium*, the industry's first cash flow-type, single premium whole life insurance product based on the concept of "secure additional fund without the withdrawal

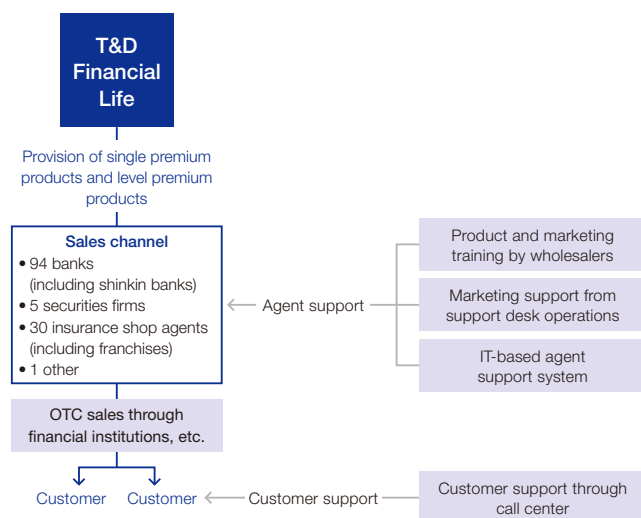
from the premium reserve." Beginning with this product, the company has developed and introduced a lineup of single premium whole life insurance products as the *Shougai Premium Series* by regularly revising the range of benefits in line with market needs.

Transition of *Shougai Premium Series*

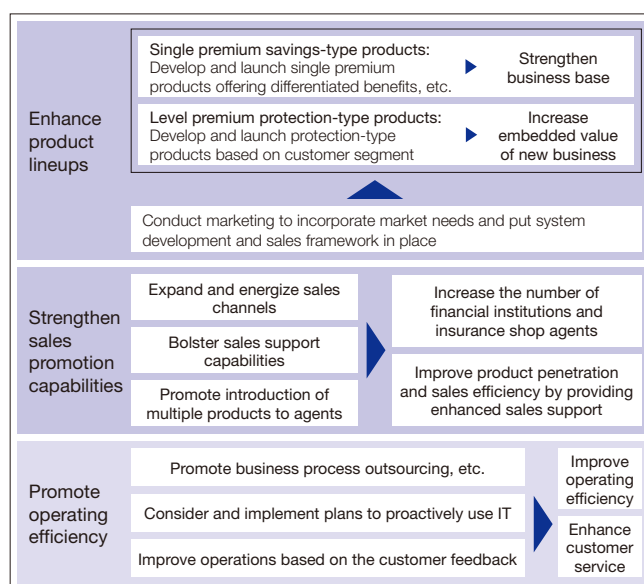
| | |
|----------------|--|
| April 2010 | Sales release of <i>Shougai Premium</i> |
| June 2011 | Sales release of <i>Shougai Premium World</i> |
| August 2011 | Sales release of <i>Shougai Premium Japan</i> |
| July 2013 | Sales release of <i>Shougai Premium World 2</i> |
| August 2013 | Sales release of <i>Shougai Premium Japan 2</i> |
| September 2014 | Sales release of <i>Shougai Premium Japan 3</i> and <i>Shougai 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.

► Business Model



► Strategies to Strengthen Business Model Capabilities for Generating Stable Profits



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 *Shougai 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 Shunyuohoshou*. 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-term, including funding for post-retirement living expenses and children's education.

Going forward, T&D Financial Life will continue to develop and launch products that have something different to offer than other insurers' products, in order to command a strong presence in the market for OTC sales at financial institutions and other agents.

Multi-line Development of Products and Channels

T&D Financial Life has enhanced its lineup of single premium products and level premium products and conducted the multi-line development of products by the aforementioned *Shougai Premium Series*, *Kakei Ni Yasashii Shunyuohoshou*, *Kazoku Wo Tsunagu Shushinhoken*, and *Minna Ni Yasashii Shushinhoken*, which was developed and introduced in December 2012.

T&D Financial Life is also pursuing the multi-line development of sales channels. From September 2012, T&D Financial Life has been working to increase the number of insurance shop agents, as well as traditional financial institutions and other agents, by leveraging the company's extensive expertise in supporting independent insurance agents. As a result of the company's efforts to develop financial institutions and other agents, and insurance shop agents, the total number of

► Lineup of Single Premium Products

| <i>Shougai Premium Series</i> | |
|--|--|
| <i>Shougai Premium Japan 3</i> [non-participating whole life insurance (accumulation rate renewing type I)] | Main Features: <ul style="list-style-type: none"> Under the concept of “secure additional fund without the withdrawal from the premium reserve,” <i>Shougai 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>Shougai 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 the JGB yields as the reference rate. <i>Shougai 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). |
| <i>Shougai Premium World 3</i> [non-participating foreign exchange rate linked whole life insurance (accumulation rate renewing, multi-currency type III)] | |
| <i>Minna Ni Yasashii Shushinhoken</i> [non-participating whole life insurance (death benefit increasing type I)] | Main Features: <ul style="list-style-type: none"> Designed to be simple and easy to understand, this single premium whole life insurance product can be purchased by customers in a wide range of age groups. |

► Lineup of Level Premium Products

| | |
|--|--|
| <i>Kakei Ni Yasashii Shunyuohoshou</i> [non-participating income protection insurance (no surrender value type I)] | Main Features: <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 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. |
| <i>Kazoku Wo Tsunagu Shushinhoken</i> [non-participating special whole life insurance plan (Type 1)] | Main Features: <ul style="list-style-type: none"> A level premium 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-term. The customer selects from two plans: the “basic plan” that secures death benefits that exceed the premiums paid from the beginning of the contract, and the “simple plan” by which for a certain period from the beginning of the contract the death benefits are held to the total amount of premiums paid, and to which users can subscribe with a simple declaration. |

financial institutions and other agents, and insurance shop agents as of March 31, 2015, was 130 (financial institutions and other agents: 100; insurance shop agents: 30), a year on year increase from 119 (financial institutions and other agents: 97; insurance shop agents: 22), thereby making steady progress on the multi-line development of sales channels.

Future Growth

In fiscal 2015, the final fiscal year of the current two-year Medium-term Management Plan, T&D Financial Life will further promote multi-line development of products, sales channels, and sources of profit by expanding its agency network and driving product penetration. This will be done by strengthening its sales promotion system and enhancing its product lineup. In this way, T&D Financial Life seeks to enhance its business model to ensure that it can generate stable profits.

In terms of product strategies, T&D Financial Life will continue to conduct marketing activities needed to incorporate market needs centered on the views of customers and insurance agents. Based on these activities, T&D Financial Life will upgrade the product lineup in an effort to increase the new policy amount. This will entail continuously developing and

launching a single premium savings-type product that differentiate in benefits, etc., and a level premium protection-type product based on customer segments, according to the characteristics of sales channels.

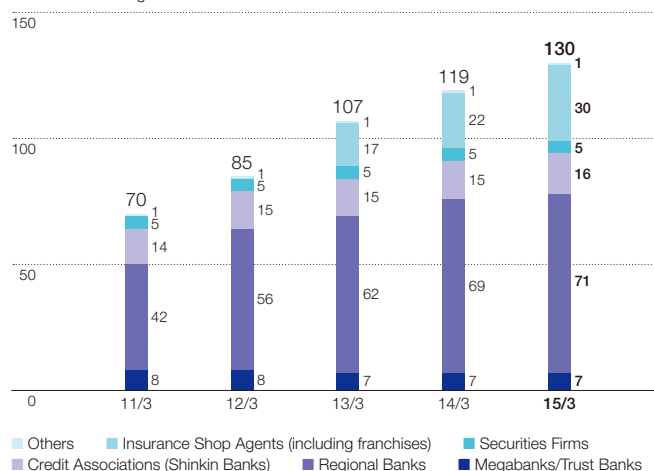
In terms of sales strategy, T&D Financial Life will drive product penetration in the market by increasing the number of agents such as financial institutions and insurance shops, and enhancing the sales support system. Efforts will also be made to raise sales efficiency by encouraging agents to introduce multiple T&D Financial Life products.

Making T&D Financial Life Even More Competitive

To prevail in the fiercely competitive independent insurance agent business, T&D Financial Life has been working to raise efficiency through boosting administrative efficiency and reducing IT and personnel costs, etc. Meanwhile, it has also been bolstering its business structure in response to recent increases in sales and the number of agents. Looking ahead, the company will continue to take steps to increase efficiency and strive to strengthen its business structure as necessary to enhance its presence in the market, with the aim of honing its competitiveness.

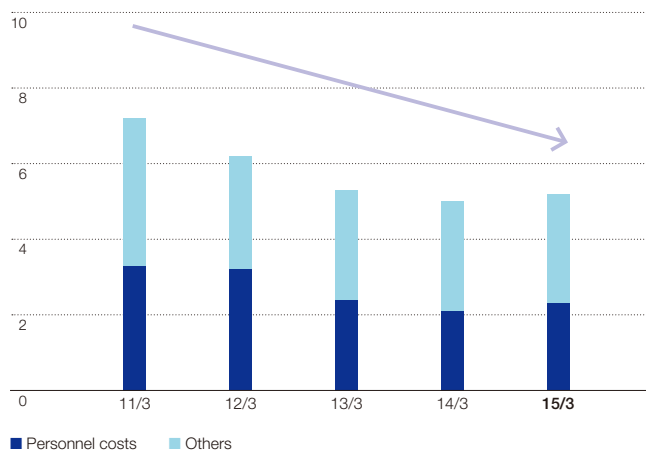
► T&D Financial Life's Sales Network

Number of sales agents



► Comprehensive Maintenance Costs*

¥ billions



* Comprehensive maintenance costs = Maintenance costs (less holding company fees, commissions and contributions to the Life Insurance Policyholders Protection Corporation, and retirement benefits for directors, audit & supervisory board members and employees) + Retirement benefit expenses + Stock-based compensation costs + Expenses for premium collection + Provision for increase in reserve for bonuses + Depreciation cost

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 the customers.

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 2014, the assets under management of T&D Asset Management's investment trust business decreased to ¥731.3 billion from ¥937.3 billion as of March 31, 2014. This mainly reflected the significant decrease in private placement investment trust for the variable annuities of T&D Life Group's life insurance company due to redemption. The assets under management of investment advisory business also decreased slightly to ¥995.2 billion from ¥992.2 billion as of March 31, 2014.

On the earnings front, adjusted operating income was down 12.7% year on year to ¥2.9 billion. This was in line with lower operating revenues from investment trusts. Net income was down 78.4% year on year, despite the company's effort to conduct efficient business operations and contain costs.

Management Targets

Fiscal 2015

▶ Adjusted operating income **¥3.0 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

- ▶ Strengthen competitiveness by executing differentiated strategies under the action policy of "Make a Difference"
- ▶ Strengthen growth areas by strategically allocating management resources
- ▶ Continue to transform the earnings structure to further improve management efficiency

Business Model

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

▶ Asset Management Market in Japan



Future Growth

T&D Asset Management commenced business through the investment of life insurance assets as the T&D Life Group's asset management company. However, income from non-group customers such as pension funds and institutional investors, along with individual investors, now accounts for 70% of the company's adjusted operating income.

Looking ahead, T&D Asset Management will continue to position the investment trust business and investment advisory business as its two core operations 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.

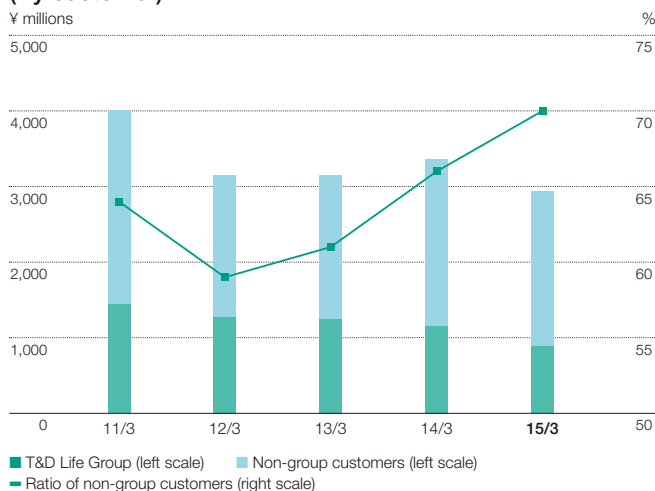
Through the strategic allocation of business resources, T&D Asset Management will further strengthen its organization to develop and offer outstanding investment products tailored to customer needs in a timely manner. At the same time, the company will upgrade its information provision capabilities for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

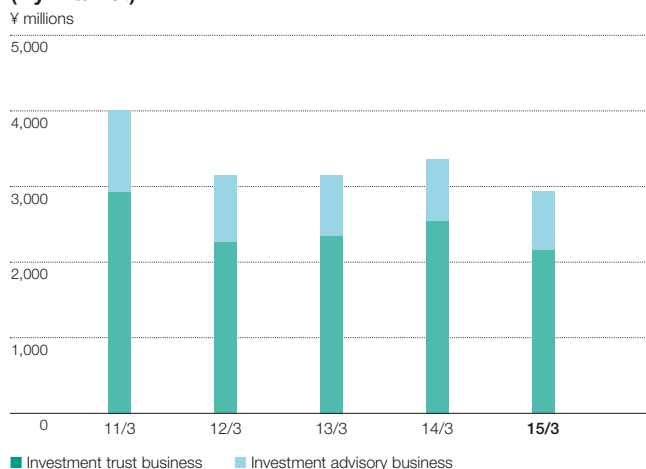
The business environment of the pension market remains challenging as it is in a period of major transformation facing the implementation of changes in Japan's pension system and accounting system. T&D Asset Management is aiming to win a long-term trust by remaining strongly committed to providing suitable 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.

► T&D Asset Management's Adjusted Operating Income (By customer)



► T&D Asset Management's 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 2015

- ▶ Number of policies in force **94,600**
- ▶ Number of new policies **31,600**

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 2014, 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, together with the sales of a new product. As a result, the number of new policies in fiscal 2014 increased to 25,558, compared with 24,157 in fiscal 2013 and the number of policies in force as of March 31, 2015, increased to 76,430 from 60,841 as of March 31, 2014. The net premium income of fiscal 2014 increased steadily to ¥2,312 million from ¥1,822 million in the previous fiscal year.

Fundamental Strategy

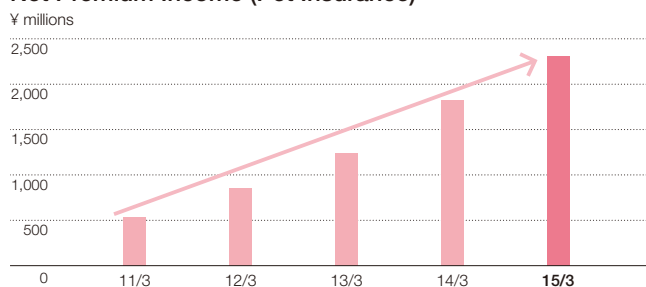
P&F aims to establish and strengthen its revenue base focusing on future growth by positioning and strengthening pet shops as a core sales channel, and by expanding the sales base through the multi-line approach of sales channels.

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 product and 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

44 Corporate Governance

48 Management Organization

Initiatives to Enhance Corporate Governance

The basic concept of corporate governance policy of the T&D Life Group (the “Group”) is to create efficient and transparent management systems to facilitate flexible and cohesive Group operations. Based on this thinking, the Group has been working to strengthen governance, including by appointing two or more outside directors, by formulating the independence criteria for outside directors, and by establishing the Nomination and Compensation Committee.

Moreover, the Group seriously respects the Corporate Governance Code that has been applied to listed companies since June 1, 2015. Based on the Group’s commitment to all 73 principles of the Corporate Governance Code, T&D Holdings (the “Company”) has established its Basic Policy on Corporate Governance that sets forth the Company’s initiatives and policies as they pertain to the core principles in the Corporate Governance Code.

The Company’s Basic Policy on Corporate Governance comprises the following items. The Company works to ensure the T&D Life Group’s sustained growth and the enhancement of its corporate value over the medium and long term through management practices that are based on this Basic Policy.

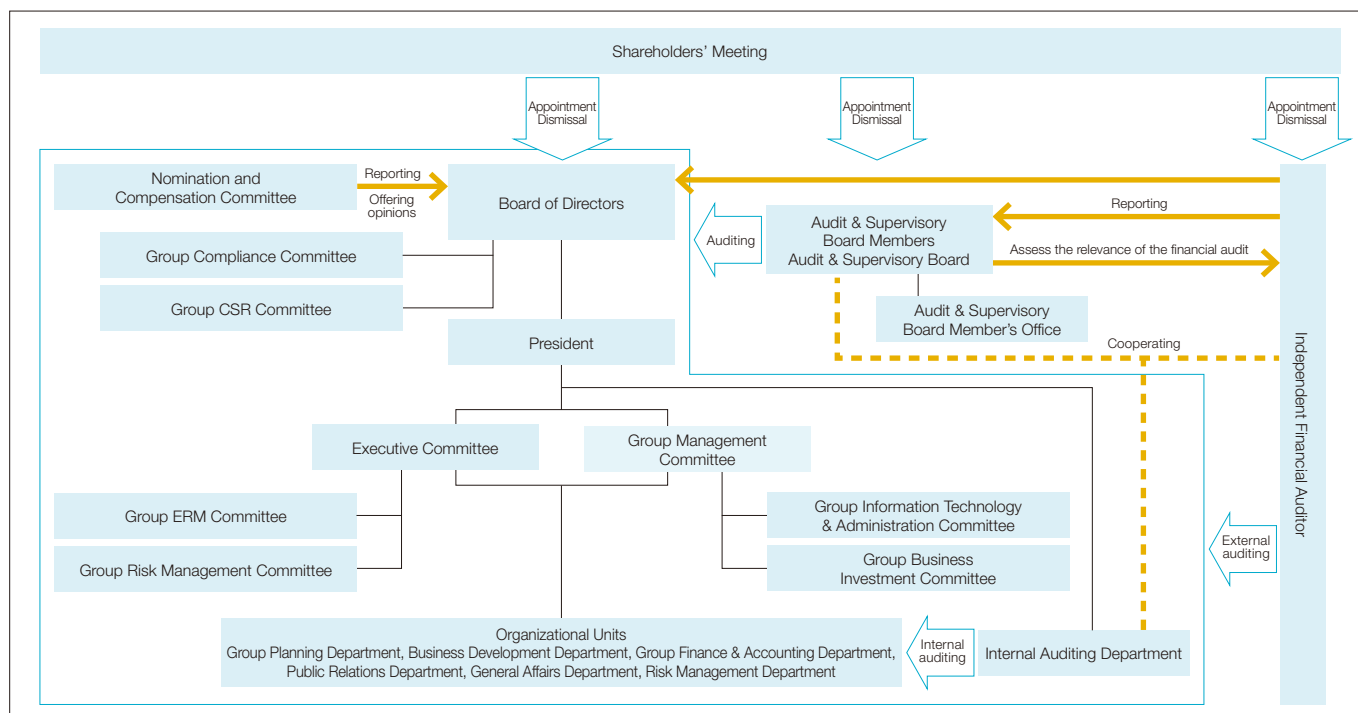
| | |
|-----------|---|
| Chapter 1 | General Provisions |
| Chapter 2 | Corporate Governance System and Responsibilities of the Board of Directors and Other Bodies |
| Chapter 3 | Ensuring Shareholder Rights and Equality, and Engaging in Dialogue with Shareholders and Other Stakeholders |
| Chapter 4 | Collaboration with Stakeholders |
| Chapter 5 | Disclosure of Information |

Promoting Group Management

The role within the Group of the Company, which is the holding company, is to determine Group business and capital strategies and to ensure optimal allocation of resources within the Group. The Company is also responsible for the development and operation of oversight systems for managing profits, risks and capital at the Group level, including systems for accurately evaluating the operational risks of the five direct subsidiaries (the Group’s three life insurance companies—Taiyo Life, Daido Life, and T&D Financial Life—as well as T&D Asset Management and Pet & Family Small-amount Short-term Insurance).

Based on an independent business strategy, each of the direct subsidiaries determines its own marketing strategies in line with its strengths. This approach seeks to maximize the corporate value of the Group by enabling each company to make the most of its autonomy and originality in its business operations.

► Outline of Corporate Governance Structure (As of November 2, 2015)



T&D FINANCIAL LIFE

T&D Asset Management



Pet & Family Small-amount
Short-term Insurance Company

Other Group companies

In this way, the Group is committed to management that clarifies the respective roles and responsibilities of the Company and its direct subsidiaries.

Appointment of Outside Directors and Outside Audit & Supervisory Board Members

In line with the Basic Policy on Corporate Governance, the Company is committed to appointing 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 the development of internal controls and other systems as well as in the oversight of the execution of business. Accordingly, the Company has appointed two outside directors. In addition, the Company has established an Audit & Supervisory Board consisting of four audit & supervisory board members, two of which are outside audit & supervisory board members as provided by the Japanese Companies Act.

Further, the outside directors and outside audit & supervisory board members of the Company are registered with the Tokyo Stock Exchange as independent officers who are free of conflicts with the common interests of shareholders.

As a result of these initiatives, the Company believes that the outside directors and outside audit & supervisory board members are properly overseeing and serving as a control and that governance is functioning effectively. However, in order to bolster governance further, the Company will continue to look at ways to improve the approach to governance, taking into consideration examples and trends at other companies.

Nomination and Compensation Committee

The Company has established 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.

The Nomination and Compensation Committee confirms the qualifications of the Company and core subsidiaries' director candidates, audit & supervisory board candidates, and the executive officers. The committee also deliberates on matters related to executive officers' compensation, and expresses its opinions to the Board of Directors.

The Nomination and Compensation Committee consists of the Representative Director and President and the outside directors. The committee chairman is one of the outside directors determined by mutual vote of the committee members.

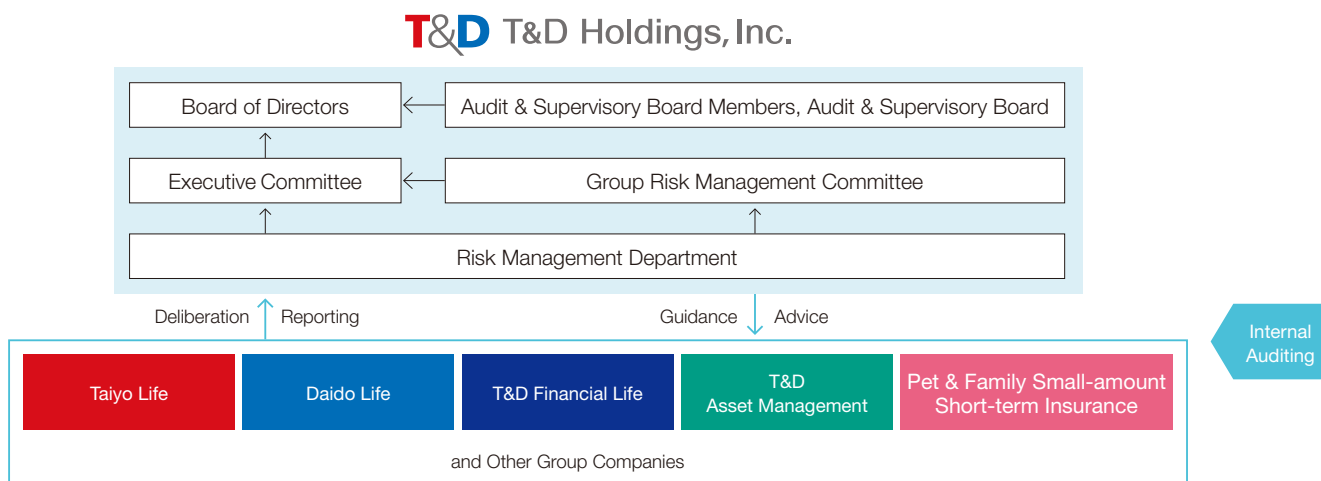
Stock Compensation-type Stock Options (Stock Acquisition Rights)

The Company and the Group's three insurance companies have introduced stock compensation-type stock options (stock acquisition rights) for directors (excluding part-time directors which include outside directors) and executive officers, with the aim of boosting motivation to further contribute to the improvement of corporate value. These stock options will provide them with further incentives to work to stably and continuously improve the corporate value of the whole Group by aligning their interests more with shareholders, while they continue to manage the Company from a long-term standpoint.

Risk Management System

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 a top management priority for ensuring sound and appropriate management. Under the guidance of the Company in accordance with their business characteristics and risk profile, each Group company carries out appropriate risk management based on the principle of self-responsibility.

► Risk Management Framework



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 Systems

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 three life insurance companies have upgraded their risk management systems, including those for affiliates.

The Company has established the Group Risk Management Committee, to integrate the management of risk within the Group. Moreover, the three life insurance companies are required to submit risk status reports based on integrated risk management indices periodically as well as on an as-needed basis. In this way, the Company is able to assess the various risks faced by individual Group companies.

Also, the Company reports the risk status of each Group company to the Board of Directors and, based on these findings, provides guidance and assistance to the three life insurance companies as necessary. This not only ensures that each of the companies conducts thorough risk management but also strengthens the management of risk for the Group as a whole.

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.

➤ Internal Reporting System

The Group has established the T&D Life Group Helpline as an internal reporting system to ensure that actions that violate laws and regulations can be prevented or promptly recognized and corrected through direct reports from corporate officers, employees and other Group personnel. The T&D Life Group Helpline was established for use by all corporate officers and employees in the Group, and reports are submitted through an external independent company.

The Group has committed itself to not subjecting whistleblowers to any disadvantageous treatment because of their using the T&D Life Group Helpline or other channels to submit information to the audit & supervisory board members or the competent authorities and other third-party institutions, and is working to enhance the effectiveness of the system.

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 88), while ensuring that briefings are provided by members of senior management, in principle.

Basic Policy for Eliminating Antisocial Powers

In its Group Compliance Code of Conduct, the Group defines its policy toward antisocial powers as to "Reject and stringently respond to any antisocial powers and organizations that threaten the order and safety of civil society." In accordance with this policy, the Group responds to antisocial powers in the following manner.

Basic Policy for Responding to Antisocial Powers

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 Elimination of Boryokudan, 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 2014)

| Category | Monthly compensation | | Reserve for bonus | | 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 | 185 | 6 | 54 | 6 | 49 | 12 | 289 |
| (Outside appointees) | (2) | (15) | (0) | (-) | (0) | (-) | (2) | (15) |
| Audit & Supervisory Board Members | 5 | 72 | 0 | - | 0 | - | 5 | 72 |
| (Outside appointees) | (2) | (15) | (0) | (-) | (0) | (-) | (2) | (15) |
| Total | 17 | 258 | 6 | 54 | 6 | 49 | 17 | 361 |

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 above-mentioned payments include one director and one audit & supervisory board member who stepped down from their posts as of the close of the tenth ordinary shareholders' meeting, held on June 26, 2014. As of March 31, 2015, the Group had eleven directors and four audit & supervisory board members.

Information Related to the Independent Financial Auditor (Fiscal 2014)

| | |
|--|-----------------------------|
| Name | Ernst & Young ShinNihon LLC |
| Amount paid for statutory services ¹ | ¥188 million |
| Total remuneration to be paid by the Group to the independent financial auditor ² | ¥416 million |

1. Total remuneration for audits in accordance with the Japanese Companies Act and for audits in accordance with the Financial Instruments and Exchange Act.

2. Total amounts 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 25, 2015 | June 26, 2014 | June 26, 2013 |
|---|---------------|---------------|---------------|
| President | 19,764 shares | 15,753 shares | 13,881 shares |
| Other directors (average) | 13,061 shares | 11,063 shares | 9,390 shares |
| Audit & supervisory board members (average) | 4,712 shares | 3,888 shares | 4,448 shares |

Board of Directors, Audit & Supervisory Board, Executive Committee, and Group Management Committee (Fiscal 2014)

| Name | Number of meetings | Attendance rate | Main members and attendees |
|----------------------------|--------------------|-----------------|--|
| Board of Directors | 22 | 99.4% | Directors and audit & supervisory board members |
| Audit & Supervisory Board | 14 | 98.2% | Audit & supervisory board members |
| Executive Committee | 51 | 97.6% | President, executive officers and standing audit & supervisory board members |
| Group Management Committee | 14 | 98.4% | President, presidents of the three life insurance companies and standing audit & supervisory board members, 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 independent financial 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 Foundation of the T&D Life Group

Management Organization

Board of Directors (As of October 1, 2015)



Representative Director and Chairman

KENJI NAKAGOME Born 1954

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



Representative Director and President

TETSUHIRO KIDA Born 1953

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



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

SONOSUKE USUI Born 1953

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



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

TAMIJI MATSUMOTO Born 1954

| | | | |
|-----------|---|-----------|--|
| Apr. 1977 | Joined Taiyo Life | Apr. 2011 | Director and Senior Managing Executive Officer of T&D Holdings (current) |
| Oct. 1999 | General Manager of Actuarial Accounting Department | Jun. 2012 | Director of T&D Asset Management (current) |
| Jul. 2001 | Director of Taiyo Life | Apr. 2014 | Audit & Supervisory Board Member of T&D Financial Life (current) |
| Jun. 2003 | Managing Director of Taiyo Life | | |
| Jun. 2006 | Director and Managing Executive Officer of Taiyo Life | | |
| Apr. 2010 | Senior Managing Executive Officer of T&D Holdings | | |
| Jun. 2010 | Director of Taiyo Life (current), Representative Director and Senior Managing Executive Officer of T&D Holdings | | |



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

TERUNORI YOKOYAMA Born 1954

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



Director and Managing Executive Officer (Risk Management Department)

KOICHI SEIKE Born 1956

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



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)

Attorney

* 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
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)

Management Organization

Audit & Supervisory Board Members (As of October 1, 2015)



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)

Attorney
* 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 (current)
Jun. 2013 Audit & Supervisory Board Member of T&D Holdings (current)

Attorney
* Mr. Ozawa is an outside audit & supervisory board member as provided for in the Japanese Companies Act.



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

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Being a group that contributes to all people and societies.

Tetsuhiro Kida

Representative Director and President, T&D Holdings, Inc.



The T&D Life Group has embraced the following corporate philosophy as the starting point for the Group and the bedrock of all of its business activities: "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies." The T&D Life Group is centered on the life insurance business, which attaches fundamental importance to the principle of mutual assistance.

Therefore, we believe that contributing to people and society as a whole through our businesses constitutes our fundamental guiding principle as a business enterprise and the very rationale for our existence. In response to the diverse social issues facing individuals, households, and small and medium enterprises (SMEs), the T&D Life Group has endeavored to solve these problems by providing distinctive life insurance products and services. One of the most pressing issues now facing Japan is the rapid aging of its population. By 2025, ten years from now, Japan's baby boomers will reach the age of 75 years and older, and the country's nursing care issues are expected to become even more serious.

To address this urgent social issue, the T&D Life Group has delivered security to customers by developing nursing care products, and has been offering the Best Senior Service, which provides various services comprehensively to ensure that seniors can lead their lives with greater security and relief.

In these and other ways, the T&D Life Group has actively engaged in various issues spawned by social change, has always explored what it can do to solve such issues, and has taken actions accordingly. We promise to keep this unwavering commitment to this stance.

In addition to the aforementioned activities, we are also wholeheartedly engaged in activities to protect the environment, with a view to playing a role in the formation of a sustainable society. As part of these efforts, in July 2014 the companies of

the T&D Life Group signed on to the Principles for Financial Action for the 21st Century, which provide sustainability guidelines for the conduct of financial institutions.

And moreover, in July 2015, the T&D Life Group became a participant of the United Nations (UN) Global Compact, a cooperative framework between the UN and corporations to realize sustainable growth advocated by the UN, and publicly endorsed the Compact's Ten Principles.

Recognizing its roles and responsibilities, the T&D Life Group has set environmental targets and is working to mitigate its environmental impact by meeting those targets. In addition, we are conducting various social contribution activities, including initiatives undertaken together with the Group's foundations, to live in harmony with local communities and society. We aim to help create a diverse and inclusive society where everyone can reach their full potential. To this end, we support the active participation of women in business and are pushing ahead with work-life balance initiatives along with developing a supportive working environment and laying other vital foundations. In addition, the T&D Life Group has also announced its acceptance of the Principles for Responsible Institutional Investors (Japan's Stewardship Code) in order to fulfill its responsibilities as an institutional investor. Through a process of investment and dialogue, we will support the medium- to long-term growth of Japanese companies.

As we look ahead, the T&D Life Group is determined to contribute to the development of local communities and society through an expansive range of business activities, not just its core life insurance business. We look forward to your continued support and understanding of our activities.

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.

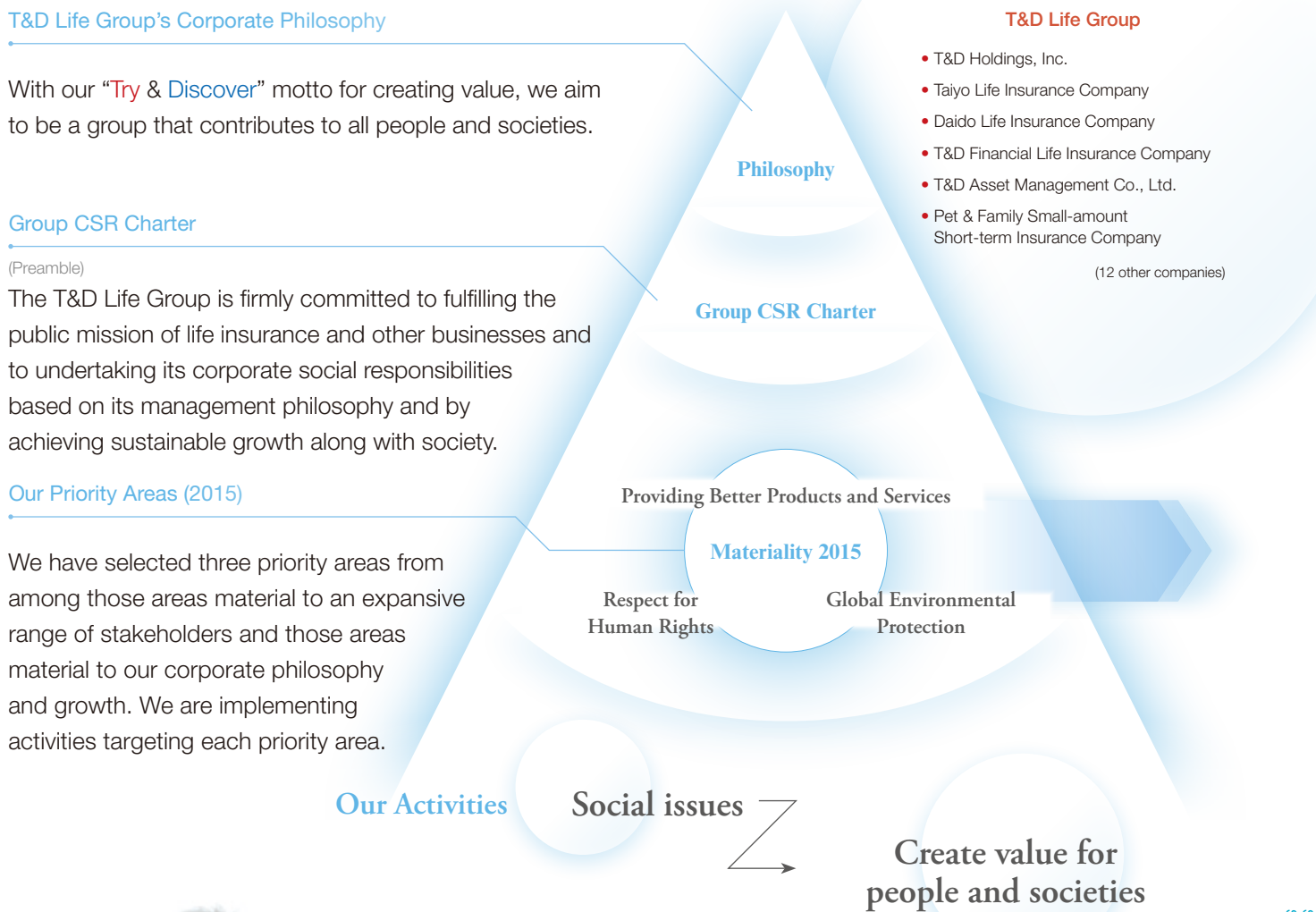
Group CSR Charter

(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 (2015)

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.

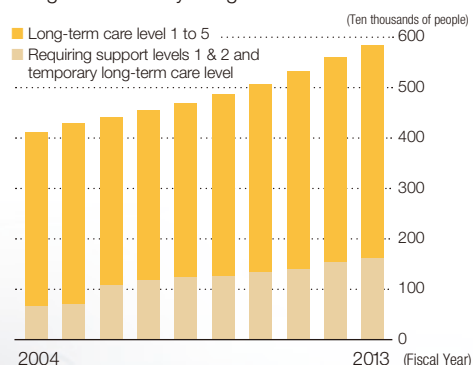


Toward a Society Where People Can Lead Their Entire Lives with Peace of Mind

—In Preparation for the Changing Risks of the Future

Characteristics of risks that we seek to be prepared for in the future are constantly changing in step with various changes in society, such as acceleration of low birth rates and aging population, and advances in medicine. The T&D Life Group will help its customers prepare for the future through the development of innovative insurance products and services, starting at the changing risk characteristics of the future.

Number of People Certified as Requiring Long-term Care by Long-term Care Level



Source: Monthly Report on the Status of the Long-term Care Insurance System, Ministry of Health, Labour and Welfare

As the average life expectancy is extending, the number of people certified as requiring long-term care is also increasing every year.

Message from a Product Development Staff

The Road to the Launch of New Products

The number of people who require nursing have grown as a result of the aging population, and the risks associated with nursing have become more familiar.

In fact, our questionnaire survey conducted in fiscal 2014 revealed that a large number of people were concerned about the nursing problems they and their family members will be facing in the future.

Meanwhile, not many people have been enrolled in private-sector nursing care insurance. Compared with the insurance coverage for injury and illness, nursing care protection is not sufficient.

In light of these social circumstances, we anticipated that there would be stronger needs for nursing care protection products from

Daido Life (Kaigo Relief)

Insurance coverage for nursing care costs including costs incurred when moving into a nursing care facility.

customers going forward. That is why we developed two types of nursing care protection based on different product concepts. Together with a new service that comprehensively supports nursing care, these two types of products were launched on October 1, 2015.



Daido Life (Shunyu Relief)

Insurance coverage for loss of income in the event that a business owner or sole proprietor requires long-term care.

Our Aspirations

The two new nursing care protection products were developed based on different product concepts. For cases in which customers require nursing care, the first product will cover the living expenses of the customer and his or her family members, whereas the second product will cover the costs associated with nursing care.

We developed these products with the aspiration that, should our customers require nursing care, they would be able to receive

nursing care in relief, without having to feel the financial burden.

Private-sector nursing care insurance products provide a means of supplementing Japan's public Long-term Care Insurance System, and so they will play a significant role in contributing to society.

Looking ahead, we will continue working to develop products that address changes in the social landscape such as low birth rates, an aging population, and advances in medicine.

Kousuke Sasaki

Associate Manager, Product Development & Planning Department
Daido Life Insurance Company



Feedback from Customers

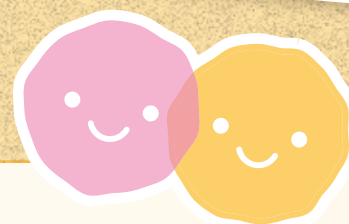
This product is reassuring because it has been designed with varied needs of companies and business owners in mind. I hope that you will continue to develop products with an enriched policy and coverage.

I purchased this insurance with confidence because it is a product that supports SME business owners.

I could clearly tell that this product was developed from the customer's standpoint and that the sales representatives were passionate about conveying its features.

I am glad that your firm was quick to provide the insurance product serving my purposes best. I hope that the sales staff will work even harder to promote such products.

(Customer feedback from the Customer Satisfaction Survey conducted in fiscal 2015.)



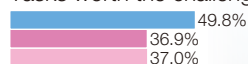
Toward a Society Where Everybody Can Work Vibrantly

—For the Sustainable Growth of Companies and Society

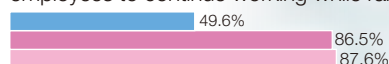
The environment surrounding companies and society is changing dramatically, highlighted by continuing progress of globalization, as well as diversifying lifestyles and work styles. For companies and society to attain sustainable growth, a diverse range of human resources must be able to demonstrate their respective abilities. The T&D Life Group is working to shape an environment where diverse human resources can play an active role, with a view to attaining the sustainable growth of companies and society.

Needs that must be met in continuing work while raising children (Multiple answers were possible)

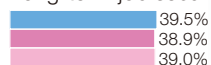
Tasks worth the challenge at work



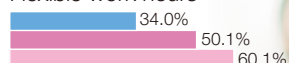
Systems and work environments that enable employees to continue working while raising children



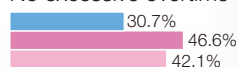
Long-term job security



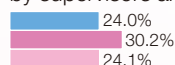
Flexible work hours



No excessive overtime



Recognition of job performance by supervisors and colleagues



■ Men (regular employees) n = 2,248
 ■ Women (regular employees) n = 1,131
 ■ Women (non-regular employees) n = 1,109

Source: Survey to monitor actual conditions of childcare leave and other systems
 Fiscal 2011 Questionnaire survey of workers
 Mitsubishi UFJ Research and Consulting Co., Ltd.,
 commissioned by the Ministry of Health,
 Labour and Welfare

Initiatives of the T&D Life Group

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.

Particularly in our Group, where female employees account for a significant part of the total workforce, it is a key driver for corporate value creation and sustainable growth to enable women to further demonstrate their abilities to the fullest. Therefore, we duly recognize that promoting the active participation of women is a crucial management priority for the Group.

With this in mind, the T&D Life Group's three core life insurance companies have revised their respective personnel and remuneration systems, as well as introducing various support systems to enhance work-life balance.

Action Plans

Promote active participation of female workers at the Group's three core life insurance companies

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
Ratio of female managers →
 (Achievement deadline)



TAIYO-LIFE

Systematically cultivate and promote motivated and talented female employees

Examples of initiatives

- Provide female employees with opportunities to assume larger roles and gain new business experience
- Provide female manager candidates with training for management positions
- Transform the mindset of managerial employees through training for managers and other programs

and other initiatives

More than 20%
 (April 2018)



DAIDO LIFE

Promote diverse work styles and support new challenges

Examples of initiatives

- Provide an expansive range of career development paths and long-term career development using various systems
- Improve the motivation of female employees and transform the mindset of supervisors through training and other programs
- Introduce innovative work styles using various systems, including working from home

and other initiatives

More than 15%
 — More than double the 2013 level of 7% —
 (April 2020)



T&D FINANCIAL LIFE

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

Examples of initiatives

- Regularly hold training programs on career, capability, and upward skill development
- Implement job rotations
- Enrich initiatives to promote diverse and flexible work styles

and other initiatives

More than 10%
 (April 2019)

Terunori Yokoyama

Director and Senior Managing Executive Officer
 T&D Holdings, Inc.



To Promote the Active Participation of Female Workers

Joint Group Co-Working Training in Pairs for Female Employees and Their Supervisors

Training in pairs for female employees and their section managers who serve as their supervisors were held at the Group's two head offices in Tokyo and Osaka. The goal of the training was to have female employees and their supervisors attend the same program together, and to consider career development issues from their respective standpoints.

The training was attended by 51 participating pairs, or 102 individuals, from the Group's three core life insurance companies. The participants were divided into groups of three pairs, or six people each, to give three-minute self-introductions based on the theme of "something you were praised for recently," and to conduct role-playing exercises in career counseling situations with the female employee and supervisor roles reversed. The groups also gave team presentations and conducted other activities.

The participants commented that the training deepened their understanding of career development and management, along with making them aware of differences in values and perspectives. One participant said, "The training program gave me a good opportunity to take a fresh look at my career plan." Another said, "I am now aware of the differences and gaps in thinking between female employees and their supervisors."



Taiyo Life Training of Female Office Workers



Taiyo Life conducts training focused on further inspiring female employees to challenge a new goal without fear of change, and to draw up and pursue their own career vision.

Daido Life The "Challenge Women's Workshop"



Daido Life created a four-month workshop attended by female employees only. Under the guidance of an external instructor (Ms. Satoko Gibbs), the participants learned about the mindset and skills needed by women to continue working vibrantly, and conducted studies and research activities as a group.

T&D Financial Life Training to Support Women's Active Participation



For female employees, T&D Financial Life conducted a training program to support women's active participation. The program is to draw an image of an ideal leader, and seeks to improve the leadership skills and tenability needed to become such a leader.

Toward a Sustainable Society

—Preserving a Healthy Global Environment for Future Generations

The society we live in rests upon the foundation provided by the global environment. In order to pass to the future generations a society where all people can work in relief vibrantly, we must preserve a healthy global environment for future generations. To hand a healthy global environment to the children living in tomorrow's society, the T&D Life Group is actively engaged in activities to protect the global environment.

Carbon Dioxide (CO₂) Emissions (Japan)
(Energy-derived emissions) Million tons



2004 2013 1,000
(Calendar Year)

Source: National Institute for Environmental Studies, Center for Global Environmental Research, Greenhouse Gas Inventory Office

Approximately 90% of greenhouse gas emissions are CO₂ originating from the energy we use.

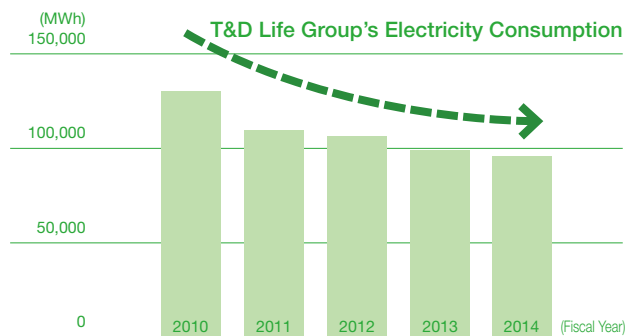
The T&D Life Group strives to protect the environment through its daily business activities. We set Group-wide targets for reducing electric power use, as presented below, as well as for reducing office paper use and improving the green purchasing ratio. The T&D Life Group companies are working hard to achieve these targets.



Initiatives for Reducing Environmental Impacts

Initiatives for Reducing Electric Power Use

Taiyo Life implements the Cool Biz campaign, which involves setting the air-conditioner temperature at 28°C in the office from May to October, and the Warm Biz campaign, which involves setting the room temperature at 20°C from November to March. We also endorse the "Reduce CO₂: 'Lights Down' Campaign" promoted by the Ministry of the Environment. As part of this campaign, we call for a simultaneous switch-off of all the lights in offices twice a year, in July and December.



* Total power consumption by Taiyo Life, Daido Life, T&D Financial Life, T&D Asset Management, and T&D Information Systems

In addition to the above-mentioned power-saving activities, we are implementing a multitude of measures to reduce electric power use. These measures include introduction of a power demand monitoring system for setting and controlling peak-time electric power use in each building and a "no overtime" day.

Our Aspiration to Help Solve Global Environmental Issues

Our daily lives and economic activities are premised upon the foundation of a healthy global environment. Although many different environmental issues are now making headlines, we believe that we can play a part in helping to prevent global warming, a major environmental issue, by raising a little bit more environmental awareness and, for example, saving power consumption. I hope that every one of us will continue to take consideration of the environment, steadily make small improvements, and work to reduce our environmental impact.



Shizuka Munakata
Manager, General Service Division,
General Affairs Department
Taiyo Life Insurance Company



Forest Conservation Activities

Taiyo Life conducts afforestation projects to protect forest resources and the biodiversity of forest ecosystems. It has established the "Forest of Taiyo Life" in Nasushiobara, Tochigi Prefecture and Takashima, Shiga Prefecture.

In December 2014, Taiyo Life conducted the first tree-planting ceremony for the "Acorn Project," a program implemented together with elementary school children in Takashima, Shiga Prefecture.

The first participants in this project, who were in the third grade of elementary school when the project got started in 2011, had grown to be sixth graders at the time of the tree-planting ceremony. At the ceremony, they planted the konara oak seedlings they had grown on their own from acorns. The ceremony marked a pleasant, memorable day for the children, who have played a key role in preserving the forest for the future.



Acorn Project: This program is carried out by Taiyo Life at the Kutsuki Forest of Taiyo Life in cooperation with a local elementary school. Children in the third grade grow seedlings from acorns gathered in the forest, and plant the seedlings in the Kutsuki Forest of Taiyo Life three years later when they graduate.

The project provides an opportunity for the children to experience and understand the importance of protecting the natural environment.

Contributing to the Sound Development of Society

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 Group companies, as well as their family members, assisted with clean-up activities in the Shiodome district, where the Group's head office is located. In fiscal 2014, a total of around 8,100 people took part in community clean-up activities across Japan.



Supporting the National Sports Festival 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, when Daido Life celebrated its 90th anniversary. In fiscal 2014, the Nagasaki Ganbaranba Festival, as this year's event was called, was attended by around 200 people who served as volunteers, including executives and employees of Daido Life and Taiyo Life, as well as members of Daido Life's alliance partners.



Endowed open courses at universities

Daido Life has continued to endow open courses at universities since 2002, as part of the company's centenary celebrations. These courses provide managers of small- to medium-sized businesses and their successors with opportunities for acquiring knowledge and skills relevant to management and business, and they have been well received by over 10,000 attendees in total over the past 13 years. In fiscal 2014, seven courses were held at six universities across Japan.



Contributing to the Improvement of Health, Medicine and Welfare

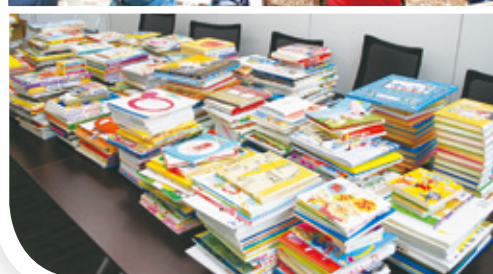
Supporting the Japan Down Syndrome Association

Since 2006, Taiyo Life has been involved in various support activities for the Japan Down Syndrome Association. In 2014, Taiyo Life invited families from the Association's Tochigi Branch to join a forest studies class held in the Forest of Taiyo Life, where the company has been undertaking forest management activities since 2006. The invited families spent a pleasant day in the forest surrounded by fresh greenery.



Support for recovery from the Great East Japan Earthquake

Executives and employees of Group companies cooperated with the Project to Deliver Picture Books to the Children of Disaster-hit Areas, organized by the Japan Philanthropic Association. Through this project, the Group was able to donate a total of 1,381 picture books collected from across Japan to the children in disaster-hit areas.



The T&D Life Group operates the life insurance business as its core business, which is of a highly social and public 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.

● Principles for Responsible Institutional Investors (Japan's Stewardship Code)

Institutional investors have responsibilities to improve and foster investee companies' corporate value and sustainable growth, and to meet the expectations of the clients for whom they perform asset management services. In February 2014, the Principles for Responsible Institutional Investors (Japan's Stewardship Code) was formulated to define principles and guidelines that are considered helpful to fulfilling those responsibilities. The T&D Life Group's three companies, Taiyo Life, Daido Life and T&D Asset Management have endorsed and expressed their commitment to the Principles for Responsible Institutional Investors (Japan's Stewardship Code).

T&D Financial Life has not expressed its commitment to these Principles because it does not hold any domestic listed shares.

Dialogue with Investee Companies (Engagement) and Exercise of Voting Rights

- We engage in purposeful dialogue with investee companies on a daily basis in order to foster their sustainable growth.
- When exercising voting rights as a shareholder, we decide whether to vote for or against a proposal based on not only formal assessments of financial information and other data, but also consideration of non-financial information on Environmental, Social and Governance (ESG) and other related issues.
- We have established guidelines on exercising voting rights to ensure that voting rights are exercised appropriately. We engage in dialogue with the investees on proposals that conflict with these guidelines. In the event that such dialogue offers no prospects for improvement, we strictly implement our guidelines by voting against the proposal.

● Principles for Responsible Investment (PRI)

The Principles for Responsible Investment (PRI) is the guidelines for financial institutions advocated by the UNEP Finance Initiative and the UN Global Compact, which encourage global financial institutions and institutional investors to promote investment activities in consideration of Environmental, Social and Governance (ESG) issues. In 2007, Taiyo Life within the T&D Life Group signed the PRI as the first Japanese life insurance company. The company developed its asset management processes based on the PRI and has conducted the asset management accordingly.

In 2012, T&D Asset Management signed the PRI, and since then has been working to improve its medium- to long-term investment performance by incorporating ESG factors into corporate evaluation.

Signatory of:



● Group-wide Commitment to Social Responsible Investment (ESG Investment)

Taiyo Life and Daido Life have invested in a new ESG fund investing in Japanese equities, established and managed by T&D Asset Management. This is the start of a group-wide ESG investment by the T&D Life Group. (The fund operation started in July 2015.) This fund selectively invests in companies with an outstanding ESG (Environmental, Social and Governance) performance through ESG

research. In doing so, the fund seeks to generate investment returns that outperform the medium- to long-term market average. And by investing in companies that seek to reduce environmental impact and help achieve a sound society, the fund aims to play a part in forming a sustainable society.

• Participation in the UN Global Compact (July 2015)

The UN Global Compact is a voluntary initiative for participation in a global framework within which companies can practice good corporate citizenship and help to achieve sustainable growth by demonstrating responsible and creative leadership. The UN Global Compact proposes ten principles related to the protection of human rights, the elimination of unfair labor practices, the protection of the environment and the prevention of corruption. Considering that these ten principles are consistent with the T&D Life Group's approaches and policies, T&D Holdings decided to sign the ten principles on behalf of the Group and have the entire Group participate in the UN Global Compact.



• Participation in the Principles for Financial Action for the 21st Century (July 2014)

The Principles for Financial Action for the 21st Century were drawn up as guidelines for action by financial institutions seeking to fulfill their roles and responsibilities in shaping a sustainable society, based on the recommendations of the Central Environment Council of the Ministry of the Environment. T&D Holdings and its five directly owned subsidiaries have each endorsed and become signatories to the Principles for Financial Action for the 21st Century. The T&D Life Group companies are working to achieve a sustainable society not only through their core businesses but also through an expansive range of business activities.



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 applicable scope and calculation method of the fiscal 2014 data (★) is described on page 65 in the section "3. Scope of Environmental Performance Data and Applicable Scope and Calculation Method of Group-wide Targets and Results.")

• CO₂ Emissions

| | FY2012 | FY2013 | FY2014★ |
|---|----------|----------|----------|
| Scope 1 (Direct emissions) | 2,598 t | 2,388 t | 2,358 t |
| Scope 2 (Indirect emissions) | 54,184 t | 57,520 t | 55,677 t |
| Scope 3 (Others) | 6,994 t | 6,654 t | 6,357 t |
| Category 3 (Fuel- and energy-related activities) | 4,268 t | 3,974 t | 3,751 t |
| Category 5 (Waste generated by business activities) | 62 t | 98 t | 82 t |
| Category 6 (Business trips) | 2,665 t | 2,583 t | 2,524 t |
| Total | 63,776 t | 66,562 t | 64,392 t |

• Electricity Consumption

| | FY2012 | FY2013 | FY2014★ |
|-------------------------|-------------|------------|------------|
| Electricity consumption | 106,440 MWh | 99,302 MWh | 95,866 MWh |

• Water Consumption

| | FY2012 | FY2013 | FY2014★ |
|---|-----------------------|-----------------------|-----------------------|
| Water consumption (Utility + reclaimed water) | 78,600 m ³ | 73,900 m ³ | 71,100 m ³ |
| Reclaimed water usage rate | 24.7% | 25.0% | 23.7% |

• Waste Generated & Recycling Rate

| ① Paper waste | FY2012 | FY2013 | FY2014★ |
|-------------------|--------|--------|---------|
| Total amount | 415 t | 658 t | 549 t |
| Recycling rate | 82.9% | 78.5% | 78.2% |
| ② Non-paper waste | FY2012 | FY2013 | FY2014★ |
| Total amount | 151 t | 205 t | 193 t |
| Recycling rate | 66.2% | 66.2% | 66.7% |

* 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 applicable scope and calculation method of the fiscal 2014 data (★) is described on page 65 in the section "3. Scope of Environmental Performance Data and Applicable Scope and Calculation Method of Group-wide Targets and Results.")

● Electricity Consumption

Baseline: FY2009 value (Electricity consumption per unit of floor space) (123 kWh/m²)

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

| | Baseline | FY2013 | FY2014 | Progress made (Average value of FY2013–FY2014) |
|-------------------------|------------------------|------------------------|------------------------|---|
| Electricity consumption | 68,163,000 kWh | 53,898,000 kWh | 52,365,000 kWh★ | 53,132,000 kWh |
| Total floor space | 554,000 m ² | 531,000 m ² | 526,000 m ² | 528,000 m ² |
| Per unit of floor space | 123 kWh/m ² | 101 kWh/m ² | 99 kWh/m ² | 100 kWh/m ² |
| Compared to baseline | — | 82.5% | 80.9% | 81.7% (18.3% 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.

● 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.

| FY2012 | FY2013 | FY2014★ | Progress made (FY2014) |
|---------|---------|---------|---|
| 162.1 t | 163.2 t | 160.2 t | 87.3% (12.7% 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%.

| FY2012 | FY2013 | FY2014 |
|--------|--------|--------------------------------|
| 95.7% | 95.4% | 96.0% (Target exceeded by 16%) |

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

• Scope of Environmental Performance Data and Applicable Scope of Group-wide Targets and Results

| Category | Environmental performance data | | Group-wide targets and results | |
|-------------------------|--|-------------------------|--|--------------------------|
| | CO ₂ emissions | Electricity consumption | Green purchasing ratio | Office paper consumption |
| T&D Holdings | Each business site | Each business site | Each business site | Each business site |
| Taiyo Life | Each business site (moved in as tenants) + owned building | Each business site | (Excluding sales offices and branch offices) | Each business site |
| Daido Life | Each business site (moved in as tenants) + owned building | Each business site | (Excluding sales offices and branch offices) | Each business site |
| 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 | — | | — |

| Category | Environmental performance data | |
|---------------------------------------|---|----------------------------------|
| | Water consumption | Waste generated & recycling rate |
| 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 | |

• Calculation Method of Environmental Performance Data and Applicable Scope of 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. |
| Electricity consumption | 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 | 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. |
| | Group-wide | Measured based on the Waste Disposal & Public Cleansing Law and other laws concerned with waste disposal and cleaning. |
| | Waste generated & recycling rate | |
| Waste generated & recycling rate | 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. |

Employment of People with Disabilities and Seniors

As of the end of March 2015, a total of 321 employees with disabilities, including 34 new recruits for fiscal 2014, worked at the Group's three life insurance companies, which account for 2.20 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.

• Employment of People with Disabilities at the Three Life Insurance Companies

| | FY2012 | FY2013 | FY2014 |
|---|--------|--------|--------|
| Employment rate of people with disabilities (%) | 2.04 | 2.15 | 2.20 |

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, such as childcare, nursing care and household, by improving the childcare leave system and reducing total work hours. In order to promote the active participation of female employees, the Group as a whole is promoting work-life balance initiatives with an awareness of the need to create workplaces where female employees can continue working for a long time while experiencing life events such as marriage and childbirth.

• Acquisition of Maternity and Childcare Leave at the Three Life Insurance Companies

| | FY2012 | FY2013 | FY2014 |
|--|--------|--------|--------|
| No. of employees taking maternity leave | 213 | 236 | 234 |
| No. of employees taking childcare leave | 247 | 273 | 365 |
| Male | 51 | 71 | 153 |
| Female | 196 | 202 | 213 |
| No. of employees taking nursing care leave | 5 | 11 | 6 |
| Male | 0 | 0 | 0 |
| Female | 5 | 11 | 6 |

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

Fiscal 2012 125 (89.9%) (Men 52 (100%), Women 73 (83.9%))
 Fiscal 2013 155 (97.5%) (Men 71 (100%), Women 84 (95.5%))
 Fiscal 2014 220 (97.8%) (Men 143 (100%), Women 77 (93.9%))

• Number of Administrative Personnel of the Three Life Insurance Companies Taking Paid Leave

| | FY2012 | FY2013 | FY2014 |
|---|--------|--------|--------|
| Average number of paid leave days taken | 10.3 | 10.3 | 11.0 |

• Measures to Support Raising Next-Generation Children

Since the enforcement of the Act on Advancement of Measures to Support Raising Next-Generation Children in April 2005, the T&D Life Group has formulated a unified action plan every two years to enhance the childcare support system and promote work-life balance. Regarding support for the development of young people, the Group's three life insurance companies received certification as meeting the criteria of the Act on Advancement of Measures to Support Raising Next-Generation Children (Kurumin certification) for five consecutive biennial periods starting from the first period from April 1, 2005 to March 31, 2007. T&D Asset Management has obtained the Kurumin certification for two consecutive biennial periods. Additionally, T&D Information Systems received certification for four consecutive periods. Moreover, the Platinum Kurumin System was initiated on April 1, 2015. This certification is awarded only to Kurumin-certified companies that have satisfied certain requirements by undertaking even more advanced activities. All three of the Group's life insurance companies obtained the "Platinum Kurumin" mark in recognition of their proactive initiatives as enterprises that support child raising activities.



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Corporate Data

Selected Financial Data

T&D HOLDINGS

| Years ended March 31 | 2005 | 2006 | 2007 | 2008 |
|---|------------------|------------------|------------------|------------------|
| Statement of Operation Data | | | | |
| Ordinary revenues: | | | | |
| Income from insurance premiums | ¥1,798,983 | ¥1,902,318 | ¥1,811,596 | ¥1,613,190 |
| Investment income | 336,139 | 465,671 | 407,449 | 445,413 |
| Other ordinary income | 181,643 | 76,282 | 66,954 | 271,427 |
| Equity in net income of affiliated companies | 16 | 22 | 33 | 39 |
| Total ordinary revenues | 2,316,781 | 2,444,295 | 2,286,034 | 2,330,071 |
| Ordinary expenses: | | | | |
| Insurance claims and other payments | 1,825,635 | 1,746,057 | 1,630,683 | 1,647,033 |
| Provision for policy and other reserves | 1,055 | 173,171 | 94,235 | 2,529 |
| Investment expenses | 92,037 | 103,132 | 115,212 | 241,970 |
| Operating expenses | 205,681 | 209,728 | 208,963 | 205,853 |
| Other ordinary expenses | 83,534 | 75,358 | 78,767 | 76,971 |
| Total ordinary expenses | 2,207,943 | 2,307,448 | 2,127,862 | 2,174,358 |
| Ordinary profit (loss) | 108,838 | 136,846 | 158,172 | 155,712 |
| Net extraordinary gains (losses) | (11,920) | (37,433) | (33,027) | (31,415) |
| Provision for reserve for policyholder dividends¹ | 44,977 | 44,476 | 56,481 | 45,384 |
| Income (loss) before income taxes² | 51,940 | 54,936 | 68,663 | 78,912 |
| Income taxes: | | | | |
| Current | 1,607 | 30,696 | 50,665 | 64,753 |
| Deferred | 13,081 | (11,428) | (20,909) | (22,581) |
| Total income taxes | — | — | — | 42,172 |
| Minority interests (losses) | 120 | 123 | 134 | (9) |
| Net income (loss)² | ¥ 37,131 | ¥ 35,545 | ¥ 38,772 | ¥ 36,749 |

| As of March 31 | 2005 | 2006 | 2007 | 2008 |
|---|--------------------|--------------------|--------------------|--------------------|
| Balance Sheet Data | | | | |
| Assets: | | | | |
| Total assets | ¥13,043,431 | ¥13,986,233 | ¥14,090,977 | ¥13,366,056 |
| Liabilities: | | | | |
| Policy reserves | 12,092,991 | 12,250,835 | 12,344,781 | 12,137,756 |
| Total liabilities | 12,459,696 | 12,904,619 | 13,000,748 | 12,688,782 |
| Net assets:² | | | | |
| Total stockholders' equity | — | — | 455,883 | 475,998 |
| Total accumulated other comprehensive income ³ | — | — | 632,435 | 199,455 |
| Total net assets | ¥ 582,331 | ¥ 1,080,098 | ¥ 1,090,229 | ¥ 677,273 |

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

2. The Company adopted new accounting standards for the presentation of net assets on the balance sheet from April 1 2006. Total net assets until March 31, 2006 represents total stockholders' equity.

3. Effective from April 1, 2010, the Company has adopted Accounting Standard for Presentation of Comprehensive Income. Total accumulated other comprehensive income until March 31, 2010,

| Years ended March 31 | 2005 | 2006 | 2007 | 2008 |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Policy Results:¹ | | | | |
| Policy amount in force | ¥59,573,531 | ¥60,265,007 | ¥59,899,966 | ¥59,340,357 |
| New policy amount | 7,544,973 | 7,293,876 | 6,634,789 | 6,201,803 |
| Surrender and lapse amount | 4,875,798 | 5,102,759 | 5,362,520 | 5,064,229 |

1. The total of individual insurance, individual annuities and Daido Life's J-type product and T-type product. The new policy amount includes increase from conversions.

Other Data:

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Core profit (loss) | ¥ 129,809 | ¥ 127,267 | ¥ 173,318 | ¥ 159,772 |
| Embedded value (EV)¹ | 1,198,300 | 1,992,800 | 2,072,100 | 1,621,600 |
| Consolidated solvency margin ratio² | — | — | — | — |

1. EV is shown in terms of hundreds of millions of yen with amounts less than this unit omitted. EV is represented by TEV until March 31, 2006, EEV from the fiscal year ended March 31, 2007, to March 31, 2011, and Group MCEV from the fiscal year ended March 31, 2012.

2. Consolidated solvency margin ratio is disclosed from the end of fiscal year ended March 31, 2012.

| | | | | | | ¥ millions |
|------------|------------|------------|------------|------------|------------|------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥1,654,476 | ¥1,898,372 | ¥1,474,287 | ¥1,691,207 | ¥1,940,900 | ¥1,609,732 | ¥1,958,055 |
| 407,295 | 375,721 | 304,160 | 325,066 | 402,985 | 397,818 | 384,223 |
| 478,043 | 74,829 | 214,635 | 87,814 | 75,043 | 78,146 | 69,847 |
| 46 | 12 | 5 | 19 | 29 | 37 | 38 |
| 2,539,862 | 2,348,937 | 1,993,089 | 2,104,107 | 2,418,959 | 2,085,734 | 2,412,165 |
| 1,814,296 | 1,736,856 | 1,512,240 | 1,524,837 | 1,343,556 | 1,520,988 | 1,401,534 |
| 881 | 109,465 | 9,080 | 63,423 | 516,959 | 22,597 | 485,139 |
| 611,706 | 128,129 | 106,772 | 110,547 | 118,387 | 86,680 | 66,427 |
| 212,260 | 214,401 | 199,836 | 201,047 | 203,781 | 197,655 | 199,435 |
| 84,582 | 79,497 | 70,177 | 83,363 | 84,584 | 71,588 | 70,686 |
| 2,723,727 | 2,268,350 | 1,898,109 | 1,983,218 | 2,267,269 | 1,899,510 | 2,223,222 |
| (183,864) | 80,586 | 94,980 | 120,889 | 151,689 | 186,224 | 188,943 |
| 83,932 | (17,357) | (22,832) | (18,415) | (27,483) | (30,736) | (8,105) |
| 8,971 | 29,517 | 29,742 | 30,444 | 31,197 | 31,638 | 32,555 |
| (108,903) | 33,712 | 42,405 | 72,029 | 93,008 | 123,849 | 148,281 |
| 2,289 | 1,068 | 2,339 | 1,852 | 27,436 | 48,113 | 44,147 |
| (22,192) | 8,165 | 16,028 | 43,215 | 1,644 | (3,402) | 9,755 |
| (19,903) | 9,234 | 18,368 | 45,067 | 29,081 | 44,711 | 53,903 |
| 96 | 185 | 159 | 198 | 193 | 155 | 163 |
| ¥ (89,097) | ¥ 24,292 | ¥ 23,877 | ¥ 26,763 | ¥ 63,733 | ¥ 78,982 | ¥ 94,215 |

| | | | | | | ¥ millions |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥12,498,562 | ¥12,878,774 | ¥12,740,740 | ¥12,861,065 | ¥13,668,719 | ¥13,804,219 | ¥14,664,705 |
| 11,699,006 | 11,798,449 | 11,656,994 | 11,698,127 | 12,209,259 | 12,226,787 | 12,707,957 |
| 12,202,169 | 12,248,299 | 12,118,712 | 12,175,476 | 12,748,972 | 12,783,895 | 13,319,755 |
| 428,471 | 553,668 | 562,240 | 568,526 | 617,210 | 683,519 | 749,436 |
| (133,814) | 74,935 | 57,801 | 114,931 | 299,970 | 333,929 | 592,301 |
| ¥ 296,393 | ¥ 630,475 | ¥ 622,027 | ¥ 685,588 | ¥ 919,746 | ¥ 1,020,324 | ¥ 1,344,950 |

represents total valuation and translation adjustments.

| | | | | | | ¥ millions |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥58,097,157 | ¥57,700,043 | ¥58,133,933 | ¥58,780,149 | ¥59,996,511 | ¥60,699,818 | ¥62,117,777 |
| 5,991,074 | 6,329,931 | 6,441,946 | 6,630,911 | 7,158,927 | 6,639,823 | 7,227,221 |
| 5,373,255 | 5,112,498 | 4,497,351 | 4,269,084 | 4,071,327 | 3,967,421 | 3,752,457 |
| ¥ (27,062) | ¥ 131,088 | ¥ 107,776 | ¥ 144,909 | ¥ 182,498 | ¥ 210,256 | ¥ 182,766 |
| 866,500 | 1,374,900 | 1,369,100 | 1,543,000 | 1,664,400 | 1,970,100 | 2,298,000 |
| — | — | — | 810.6% | 943.8% | 1,115.0% | 1,220.7% |

TAIYO LIFE

| Years ended March 31 | 2005 | 2006 | 2007 | 2008 |
|---|------------------|------------------|------------------|------------------|
| Statement of Operation Data | | | | |
| Ordinary revenues: | | | | |
| Income from insurance premiums | ¥ 788,174 | ¥ 823,011 | ¥ 705,582 | ¥ 635,739 |
| Investment income | 177,784 | 198,089 | 211,893 | 229,614 |
| Other ordinary income | 175,898 | 55,318 | 94,541 | 134,987 |
| Total ordinary revenues | 1,141,857 | 1,076,418 | 1,012,017 | 1,000,341 |
| Ordinary expenses: | | | | |
| Insurance claims and other payments | 931,372 | 857,053 | 772,881 | 747,133 |
| Provision for policy and other reserves | 102 | 88 | 1,731 | 105 |
| Investment expenses | 59,992 | 54,893 | 70,357 | 76,132 |
| Operating expenses | 82,745 | 82,533 | 78,811 | 77,088 |
| Other ordinary expenses | 41,591 | 34,895 | 36,572 | 42,843 |
| Total ordinary expenses | 1,115,804 | 1,029,464 | 960,354 | 943,302 |
| Ordinary profit (loss) | 26,053 | 46,954 | 51,662 | 57,038 |
| Net extraordinary gains (losses) | (723) | (19,484) | (14,639) | (20,975) |
| Provision for reserve for policyholder dividends¹ | 13,421 | 15,932 | 15,040 | 13,964 |
| Income (loss) before income taxes² | 11,908 | 11,537 | 21,983 | 22,099 |
| Income taxes: | | | | |
| Current | (5,473) | 8,934 | 17,824 | 23,202 |
| Deferred | 10,201 | (3,716) | (9,258) | (13,147) |
| Total income taxes | — | — | — | 10,055 |
| Net income (loss)² | ¥ 7,179 | ¥ 6,319 | ¥ 13,416 | ¥ 12,044 |

| As of March 31 | 2005 | 2006 | 2007 | 2008 |
|--|-------------------|-------------------|-------------------|-------------------|
| Balance Sheet Data | | | | |
| Assets: | | | | |
| Total assets | ¥6,276,553 | ¥6,591,994 | ¥6,552,504 | ¥6,185,591 |
| Liabilities: | | | | |
| Policy reserves | 5,919,054 | 5,899,100 | 5,836,539 | 5,731,104 |
| Total liabilities | 6,056,764 | 6,173,421 | 6,121,912 | 5,931,259 |
| Net assets:² | | | | |
| Total stockholders' equity | — | — | 160,884 | 166,333 |
| Total valuation and translation adjustment | — | — | 269,707 | 87,997 |
| Total net assets | ¥ 219,789 | ¥ 418,573 | ¥ 430,592 | ¥ 254,331 |

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

2. The Company adopted new accounting standards for the presentation of net assets on the balance sheet from April 1, 2006. Total net assets until March 31, 2006, represents total stockholders' equity.

| Years ended March 31 | 2005 | 2006 | 2007 | 2008 |
|--|--------------------|--------------------|--------------------|--------------------|
| Policy Results:¹ | | | | |
| Policy amount in force | ¥16,966,276 | ¥17,591,527 | ¥17,644,524 | ¥17,182,229 |
| New policy amount | 2,891,002 | 2,838,316 | 2,127,375 | 1,474,153 |
| Surrender and lapse amount | 1,424,081 | 1,644,026 | 1,503,878 | 1,348,619 |
| Surrender and lapse rate | 8.86% | 9.69% | 8.55% | 7.64% |
| Other Data: | | | | |
| Core profit (loss) | ¥ 33,823 | ¥ 38,199 | ¥ 53,984 | ¥ 53,063 |
| Embedded value (EV)¹ | 337,600 | 717,800 | 738,600 | 574,900 |
| Solvency margin ratio | — | — | — | — |
| Former standard based solvency margin ratio | 865.7% | 1,045.2% | 1,100.4% | 1,000.6% |
| Number of in-house sales representatives | 9,111 | 8,963 | 8,116 | 7,619 |

1. EV is shown in terms of hundreds of millions of yen with amounts less than this unit omitted. EV is represented by TEV until March 31, 2006, EEV from the fiscal year ended March 31, 2007, to March 31, 2011, and Group MCEV from the fiscal year ended March 31, 2012.

| | | | | | | ¥ millions |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥ 596,626 | ¥713,674 | ¥717,992 | ¥ 903,434 | ¥1,018,383 | ¥655,233 | ¥ 865,232 |
| 232,684 | 166,805 | 178,480 | 193,178 | 187,629 | 175,794 | 176,370 |
| 282,889 | 44,209 | 23,243 | 25,101 | 23,585 | 26,244 | 19,544 |
| 1,112,199 | 924,689 | 919,716 | 1,121,714 | 1,229,598 | 857,272 | 1,061,146 |
| 803,743 | 706,669 | 685,170 | 714,467 | 654,858 | 585,429 | 566,446 |
| 103 | 77 | 15,696 | 152,459 | 319,781 | 52,437 | 281,973 |
| 241,832 | 44,943 | 48,386 | 60,134 | 47,926 | 29,303 | 31,893 |
| 79,807 | 82,764 | 80,442 | 83,538 | 85,578 | 77,693 | 77,606 |
| 50,377 | 45,400 | 40,202 | 50,416 | 52,652 | 40,151 | 35,619 |
| 1,175,863 | 879,856 | 869,898 | 1,061,015 | 1,160,797 | 785,015 | 993,539 |
| (63,664) | 44,832 | 49,817 | 60,698 | 68,801 | 72,257 | 67,606 |
| 53,543 | (14,354) | (14,205) | (14,832) | (14,789) | (12,931) | (5,249) |
| 2,755 | 14,869 | 15,486 | 16,261 | 16,995 | 17,688 | 18,093 |
| (12,875) | 15,608 | 20,125 | 29,605 | 37,017 | 41,637 | 44,264 |
| 611 | (563) | 1,927 | 4,508 | 10,342 | 17,045 | 12,827 |
| 2,101 | 1,649 | 5,615 | 13,989 | 1,073 | (1,763) | 3,482 |
| 2,712 | 1,085 | 7,543 | 18,498 | 11,416 | 15,282 | 16,309 |
| ¥ (15,587) | ¥ 14,522 | ¥ 12,582 | ¥ 11,106 | ¥ 25,601 | ¥ 26,355 | ¥ 27,954 |
| | | | | | | ¥ millions |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥5,771,192 | ¥5,842,309 | ¥5,929,408 | ¥6,173,118 | ¥6,645,339 | ¥6,760,825 | ¥7,217,901 |
| 5,477,317 | 5,468,857 | 5,483,843 | 5,632,210 | 5,951,016 | 5,998,989 | 6,279,589 |
| 5,625,450 | 5,627,078 | 5,714,159 | 5,918,894 | 6,260,697 | 6,360,611 | 6,658,543 |
| 192,685 | 195,330 | 200,159 | 204,275 | 222,597 | 245,046 | 259,537 |
| (46,942) | 19,900 | 15,088 | 49,948 | 162,043 | 155,166 | 299,819 |
| ¥ 145,742 | ¥ 215,231 | ¥ 215,248 | ¥ 254,223 | ¥ 384,641 | ¥ 400,213 | ¥ 559,357 |
| | | | | | | ¥ millions |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥17,355,260 | ¥18,119,082 | ¥19,278,245 | ¥20,234,156 | ¥21,023,223 | ¥21,595,680 | ¥22,154,564 |
| 2,013,176 | 2,441,005 | 2,813,206 | 2,911,924 | 2,974,307 | 2,696,671 | 2,840,754 |
| 1,245,535 | 1,118,829 | 1,132,838 | 1,222,196 | 1,236,211 | 1,255,419 | 1,270,225 |
| 7.25% | 6.45% | 6.25% | 6.34% | 6.11% | 5.97% | 5.88% |
| ¥ 45,013 | ¥ 50,959 | ¥ 50,430 | ¥ 57,578 | ¥ 67,218 | ¥ 72,611 | ¥ 68,188 |
| 295,800 | 475,700 | 490,600 | 555,400 | 637,000 | 705,100 | 868,600 |
| — | — | 670.8% | 747.3% | 823.4% | 981.3% | 993.9% |
| 866.4% | 1,023.8% | 1,229.7% | — | — | — | — |
| 8,226 | 9,014 | 9,102 | 8,886 | 8,856 | 8,603 | 8,432 |

DAIDO LIFE

| Years ended March 31 | 2005 | 2006 | 2007 | 2008 |
|---|------------------|------------------|------------------|------------------|
| Statement of Operation Data | | | | |
| Ordinary revenues: | | | | |
| Income from insurance premiums | ¥ 884,804 | ¥ 871,153 | ¥ 865,254 | ¥ 843,336 |
| Investment income | 146,685 | 180,674 | 183,345 | 205,775 |
| Other ordinary income | 27,600 | 10,624 | 13,217 | 87,218 |
| Total ordinary revenues | 1,059,090 | 1,062,452 | 1,061,817 | 1,136,330 |
| Ordinary expenses: | | | | |
| Insurance claims and other payments | 805,080 | 791,872 | 758,211 | 804,318 |
| Provision for policy and other reserves | 2,633 | 906 | 3,518 | 2,900 |
| Investment expenses | 32,919 | 46,696 | 44,143 | 94,648 |
| Operating expenses | 108,881 | 109,262 | 111,815 | 114,170 |
| Other ordinary expenses | 13,740 | 14,268 | 22,881 | 15,627 |
| Total ordinary expenses | 963,256 | 963,007 | 940,570 | 1,031,664 |
| Ordinary profit (loss) | 95,834 | 99,445 | 121,247 | 104,665 |
| Net extraordinary gains (losses) | 1,075 | (15,601) | (12,749) | (10,259) |
| Provision for reserve for policyholder dividends¹ | 30,550 | 27,310 | 40,068 | 31,237 |
| Income (loss) before income taxes² | 66,359 | 56,532 | 68,429 | 63,169 |
| Income taxes: | | | | |
| Current | 22,789 | 27,266 | 34,907 | 40,329 |
| Deferred | 10,260 | (9,833) | (9,635) | (7,617) |
| Total income taxes | — | — | — | 32,712 |
| Net income (loss)² | ¥ 33,309 | ¥ 39,099 | ¥ 43,157 | ¥ 30,456 |

| As of March 31 | 2005 | 2006 | 2007 | 2008 |
|--|-------------------|-------------------|-------------------|-------------------|
| Balance Sheet Data | | | | |
| Assets: | | | | |
| Total assets | ¥5,983,742 | ¥6,406,113 | ¥6,397,075 | ¥6,047,881 |
| Liabilities: | | | | |
| Policy reserves | 5,488,102 | 5,476,012 | 5,474,512 | 5,392,173 |
| Total liabilities | 5,665,790 | 5,815,892 | 5,792,285 | 5,673,470 |
| Net assets:² | | | | |
| Total stockholders' equity | — | — | 241,290 | 261,844 |
| Total valuation and translation adjustment | — | — | 363,499 | 112,566 |
| Total net assets | ¥ 317,951 | ¥ 590,221 | ¥ 604,789 | ¥ 374,410 |

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

2. The Company adopted new accounting standards for the presentation of net assets on the balance sheet from April 1, 2006. Total net assets until March 31, 2006, represents total stockholders' equity.

| Years ended March 31 | 2005 | 2006 | 2007 | 2008 |
|---|--------------------|--------------------|--------------------|--------------------|
| Policy Results: | | | | |
| Policy amount in force¹ | ¥39,694,223 | ¥40,008,062 | ¥39,732,098 | ¥39,897,122 |
| Individual term life insurance | 35,479,688 | 35,933,681 | 35,818,119 | 36,175,397 |
| <i>J-type product and T-type product</i> | — | — | — | — |
| New policy amount¹ | 4,354,238 | 4,292,776 | 4,327,836 | 4,634,260 |
| Individual term life insurance | 4,126,043 | 4,080,769 | 4,141,994 | 4,489,837 |
| <i>J-type product and T-type product</i> | — | — | — | — |
| Surrender and lapse amount¹ | 3,026,570 | 3,040,038 | 3,615,874 | 3,550,027 |
| Surrender and lapse rate¹ | 7.70% | 7.66% | 9.04% | 8.93% |

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

Other Data:

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Core profit (loss) | ¥ 102,731 | ¥ 96,105 | ¥ 125,791 | ¥ 124,893 |
| Embedded value (EV)¹ | 825,500 | 1,205,600 | 1,263,000 | 990,700 |
| Solvency margin ratio | — | — | — | — |
| Former standard based solvency margin ratio | 1,037.2% | 1,254.4% | 1,320.4% | 1,095.3% |
| Number of in-house sales representatives | 4,888 | 4,909 | 4,726 | 4,307 |
| Number of agents | 13,415 | 13,963 | 14,295 | 14,460 |

1. EV is shown in terms of hundreds of millions of yen with amounts less than this unit omitted. EV is represented by TEV until March 31, 2006, EEV from the fiscal year ended March 31, 2007, to March 31, 2011, and Group MCEV from the fiscal year ended March 31, 2012.

| | | | | | | ¥ millions |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥ 811,945 | ¥ 860,953 | ¥717,129 | ¥720,210 | ¥724,517 | ¥712,866 | ¥792,715 |
| 172,388 | 118,496 | 128,897 | 117,803 | 142,588 | 160,483 | 169,016 |
| 266,173 | 198,736 | 116,611 | 96,560 | 16,901 | 19,968 | 19,320 |
| 1,250,507 | 1,178,186 | 962,639 | 934,574 | 884,006 | 893,318 | 981,052 |
| 924,214 | 948,977 | 739,237 | 703,461 | 569,293 | 522,489 | 494,272 |
| 773 | 3,125 | 4,354 | 206 | 76,097 | 119,712 | 231,264 |
| 288,490 | 51,457 | 53,764 | 49,824 | 54,799 | 46,369 | 39,128 |
| 114,413 | 109,859 | 103,937 | 102,754 | 99,036 | 99,377 | 99,152 |
| 15,933 | 15,616 | 12,516 | 17,460 | 17,158 | 14,058 | 19,770 |
| 1,343,825 | 1,129,036 | 913,810 | 873,706 | 816,385 | 802,008 | 883,588 |
| (93,317) | 49,149 | 48,828 | 60,867 | 67,621 | 91,309 | 97,464 |
| 31,611 | (2,439) | (6,499) | (2,486) | (11,163) | (17,410) | (2,653) |
| 6,227 | 14,654 | 14,259 | 14,184 | 14,202 | 13,951 | 14,462 |
| (67,933) | 32,055 | 28,070 | 44,196 | 42,255 | 59,948 | 80,348 |
| 322 | 4,829 | 1,374 | (2,267) | 12,798 | 26,644 | 28,104 |
| (16,162) | 6,941 | 10,633 | 27,494 | 570 | (2,656) | 1,064 |
| (15,840) | 11,771 | 12,008 | 25,226 | 13,369 | 23,987 | 29,168 |
| ¥ (52,093) | ¥ 20,284 | ¥ 16,061 | ¥ 18,970 | ¥ 28,886 | ¥ 35,960 | ¥ 51,180 |
| | | | | | | ¥ millions |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥5,471,173 | ¥5,470,029 | ¥5,292,376 | ¥5,194,743 | ¥5,399,189 | ¥5,572,800 | ¥5,977,975 |
| 5,106,889 | 4,908,389 | 4,799,201 | 4,712,459 | 4,783,783 | 4,896,850 | 5,125,125 |
| 5,285,230 | 5,128,893 | 4,955,675 | 4,825,329 | 4,936,237 | 5,041,936 | 5,297,596 |
| 271,592 | 285,713 | 293,728 | 304,218 | 325,329 | 352,559 | 388,865 |
| (85,648) | 55,421 | 42,973 | 65,195 | 137,622 | 178,304 | 291,513 |
| ¥ 185,943 | ¥ 341,135 | ¥ 336,701 | ¥ 369,414 | ¥ 462,951 | ¥ 530,863 | ¥ 680,379 |
| | | | | | | ¥ millions |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥38,621,896 | ¥37,291,370 | ¥36,752,956 | ¥36,557,377 | ¥36,933,235 | ¥37,255,621 | ¥38,156,747 |
| 35,105,552 | 33,823,182 | 33,309,619 | 32,900,542 | 32,900,930 | 32,882,207 | 33,209,130 |
| — | — | 93,113 | 365,449 | 775,298 | 1,192,991 | 1,764,379 |
| 3,761,627 | 3,592,292 | 3,607,023 | 3,666,780 | 3,992,546 | 3,698,182 | 4,063,816 |
| 3,627,065 | 3,352,441 | 3,372,965 | 3,212,663 | 3,374,850 | 3,108,689 | 3,228,184 |
| — | — | 93,729 | 281,300 | 436,498 | 472,806 | 657,003 |
| 3,992,418 | 3,879,233 | 3,264,337 | 2,954,514 | 2,738,436 | 2,537,348 | 2,378,329 |
| 10.01% | 10.04% | 8.75% | 8.04% | 7.49% | 6.87% | 6.38% |
| ¥ (31,239) | ¥ 58,667 | ¥ 62,169 | ¥ 82,465 | ¥ 84,635 | ¥ 110,673 | ¥ 107,654 |
| 607,400 | 818,400 | 805,000 | 896,400 | 923,500 | 1,145,900 | 1,306,700 |
| — | — | 720.6% | 851.9% | 1,043.2% | 1,156.4% | 1,363.7% |
| 820.7% | 1,120.6% | 1,237.2% | — | — | — | — |
| 4,156 | 3,976 | 3,954 | 3,904 | 3,943 | 3,833 | 3,790 |
| 14,321 | 13,943 | 13,921 | 13,382 | 13,459 | 13,432 | 13,675 |

T&D FINANCIAL LIFE

| Years ended March 31 | 2005 | 2006 | 2007 | 2008 |
|---|-----------------|-------------------|-------------------|------------------|
| Statement of Operation Data | | | | |
| Ordinary revenues: | | | | |
| Income from insurance premiums | ¥126,003 | ¥208,153 | ¥240,759 | ¥134,097 |
| Investment income | 13,165 | 92,291 | 17,173 | 19,829 |
| Other ordinary income | 11,033 | 11,926 | 8,188 | 26,526 |
| Total ordinary revenues | 150,202 | 312,371 | 266,120 | 180,453 |
| Ordinary expenses: | | | | |
| Insurance claims and other payments | 89,181 | 97,131 | 99,590 | 95,581 |
| Provision for policy and other reserves | 48,449 | 192,921 | 154,582 | 101 |
| Investment expenses | 407 | 5,202 | 4,766 | 77,951 |
| Operating expenses | 16,348 | 20,294 | 17,921 | 13,605 |
| Other ordinary expenses: | | | | |
| Amortization of goodwill | 6,500 | 6,500 | — | — |
| Total other ordinary expenses | 8,709 | 9,068 | 2,787 | 2,880 |
| Total ordinary expenses | 163,096 | 324,617 | 279,649 | 190,120 |
| Ordinary profit (loss) | (12,894) | (12,246) | (13,528) | (9,667) |
| Net extraordinary gains (losses) | (652) | (2,698) | (335) | (21) |
| Provision for reserve for policyholder dividends | 1,005 | 1,233 | 1,373 | 182 |
| Income (loss) before income taxes | (14,552) | (16,178) | (15,237) | (9,871) |
| Income taxes: | | | | |
| Current | (12,583) | (6,809) | (3,608) | (578) |
| Deferred | (7,027) | 2,044 | (908) | (2,354) |
| Total income taxes | — | — | — | (2,933) |
| Net income (loss) | ¥ 5,058 | ¥ (11,413) | ¥ (10,720) | ¥ (6,937) |

| As of March 31 | 2005 | 2006 | 2007 | 2008 |
|--|-----------------|-----------------|-------------------|-------------------|
| Balance Sheet Data | | | | |
| Assets: | | | | |
| Total assets | ¥727,258 | ¥934,116 | ¥1,078,447 | ¥1,048,962 |
| Liabilities: | | | | |
| Policy reserves | 684,679 | 874,877 | 1,029,160 | 1,011,530 |
| Total liabilities | 702,181 | 888,872 | 1,044,246 | 1,022,040 |
| Net assets:² | | | | |
| Total stockholders' equity | — | — | 35,048 | 28,110 |
| Total valuation and translation adjustment | — | — | (846) | (1,188) |
| Total net assets | ¥ 25,077 | ¥ 45,243 | ¥ 34,201 | ¥ 26,922 |

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

2. The Company adopted new accounting standards for the presentation of net assets on the balance sheet from April 1, 2006. Total net assets until March 31, 2006, represents total stockholders' equity.

| Years ended March 31 | 2005 | 2006 | 2007 | 2008 |
|--|-------------------|-------------------|-------------------|-------------------|
| Policy Results:¹ | | | | |
| Policy amount in force | ¥2,913,030 | ¥2,665,417 | ¥2,523,343 | ¥2,261,006 |
| OTC sales at financial institutions and other agents, etc. | 245,799 | 459,514 | 621,544 | 596,807 |
| New policy amount | 299,732 | 162,783 | 179,576 | 93,388 |
| Surrender and lapse amount | 425,146 | 418,694 | 242,766 | 165,582 |
| Surrender and lapse rate | 13.56% | 14.37% | 9.11% | 6.56% |

1. The total of individual insurance and individual annuities.

Other Data:

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Core profit (loss) | ¥ (6,746) | ¥ (7,037) | ¥ (6,457) | ¥(18,183) |
| Embedded value (EV)¹ | 35,100 | 69,300 | 70,400 | 56,000 |
| Solvency margin ratio | — | — | — | — |
| Former standard based solvency margin ratio | 721.7% | 1,947.7% | 1,203.7% | 920.7% |

1. EV is shown in terms of hundreds of millions of yen with amounts less than this unit omitted. EV is represented by TEV until March 31, 2006, EEV from the fiscal year ended March 31, 2007, to March 31, 2011, and Group MCEV from the fiscal year ended March 31, 2012.

| | | | | | | ¥ millions |
|------------|------------|------------|------------|------------|------------|------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥245,750 | ¥323,450 | ¥ 38,619 | ¥ 66,693 | ¥196,740 | ¥239,777 | ¥297,755 |
| 28,649 | 92,571 | 9,559 | 20,142 | 78,986 | 64,948 | 46,366 |
| 10,910 | 9,999 | 58,178 | 32,807 | 12,928 | 163,943 | 37,989 |
| 285,309 | 426,021 | 106,357 | 119,642 | 288,656 | 468,669 | 382,110 |
| 86,315 | 81,114 | 87,610 | 106,522 | 118,854 | 412,275 | 339,700 |
| 103,541 | 307,905 | 269 | 272 | 120,876 | 7,697 | 1,440 |
| 103,190 | 30,648 | 15,627 | 5,176 | 20,522 | 13,138 | 1,814 |
| 16,078 | 17,832 | 8,559 | 9,284 | 13,140 | 13,101 | 14,422 |
| — | — | — | — | — | — | — |
| 3,015 | 2,814 | 1,354 | 777 | 1,479 | 1,545 | 2,275 |
| 312,141 | 440,316 | 113,420 | 122,033 | 274,873 | 447,758 | 359,653 |
| (26,831) | (14,294) | (7,063) | (2,390) | 13,783 | 20,910 | 22,457 |
| (1,267) | (466) | (1,822) | (718) | (1,441) | (398) | (174) |
| (10) | (6) | (3) | (1) | (0) | (2) | (0) |
| (28,088) | (14,754) | (8,882) | (3,108) | 12,342 | 20,514 | 22,282 |
| 16 | (3,668) | (2,386) | (1,033) | 3,643 | 3,647 | 2,411 |
| (8,292) | (724) | (170) | 1,587 | (154) | 957 | 5,225 |
| (8,275) | (4,392) | (2,556) | 554 | 3,489 | 4,604 | 7,636 |
| ¥ (19,813) | ¥ (10,362) | ¥ (6,326) | ¥ (3,662) | ¥ 8,852 | ¥ 15,909 | ¥ 14,645 |
| | | | | | | ¥ millions |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥1,171,138 | ¥1,469,522 | ¥1,415,005 | ¥1,399,123 | ¥1,541,553 | ¥1,393,592 | ¥1,387,624 |
| 1,113,098 | 1,420,536 | 1,373,739 | 1,353,062 | 1,473,800 | 1,329,961 | 1,301,958 |
| 1,124,087 | 1,432,110 | 1,383,610 | 1,371,313 | 1,504,475 | 1,340,493 | 1,319,425 |
| 48,297 | 37,934 | 31,608 | 27,946 | 36,798 | 52,748 | 67,394 |
| (1,246) | (522) | (213) | (136) | 279 | 349 | 804 |
| ¥ 47,051 | ¥ 37,412 | ¥ 31,395 | ¥ 27,809 | ¥ 37,077 | ¥ 53,098 | ¥ 68,198 |
| | | | | | | ¥ millions |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| ¥2,120,000 | ¥2,289,590 | ¥2,102,732 | ¥1,988,614 | ¥2,040,052 | ¥1,848,515 | ¥1,806,465 |
| 674,933 | 1,014,833 | 966,624 | 965,723 | 1,139,480 | 1,050,025 | 1,091,312 |
| 216,270 | 296,634 | 21,716 | 52,206 | 192,072 | 244,969 | 322,651 |
| 135,301 | 114,436 | 100,176 | 92,372 | 96,679 | 174,654 | 103,902 |
| 5.98% | 5.40% | 4.38% | 4.39% | 4.86% | 8.56% | 5.62% |
| ¥(40,836) | ¥21,462 | ¥ (4,823) | ¥ 4,865 | ¥30,644 | ¥ 26,971 | ¥ 6,923 |
| 65,700 | 80,800 | 73,400 | 64,800 | 77,500 | 92,300 | 95,800 |
| — | — | 571.1% | 553.7% | 648.4% | 1,051.2% | 1,271.9% |
| 836.8% | 646.0% | 611.2% | — | — | — | — |

Operating Results

1. RESULTS OF OPERATIONS

In fiscal 2014, the Japanese economy remained on a mild recovery track, mainly reflecting signs of improvement in the employment and income environment and improved corporate earnings, which were backed by various monetary and fiscal policies, despite a downturn following the front-loaded demand ahead of an increase in the consumption tax rate in April 2014.

In the life insurance industry, premium income increased year on year, while new policy amount and policy amount in force remained almost unchanged from the previous year. In the asset management environment, domestic stock prices rose since the start of the fiscal year due to the economic recovery trend, while domestic long-term interest rates declined.

Under these business conditions, the performance for T&D Holdings, Inc. (the "Company") for the year ended March 2015 was as follows:

Ordinary revenues increased ¥326.4 billion from the previous fiscal year to ¥2,412.1 billion (up 15.7%), which was the total of income from insurance premiums of ¥1,958.0 billion (up 21.6%), investment income of ¥384.2 billion (down 3.4%), other ordinary income of ¥69.8 billion (down 10.6%) and others.

Ordinary expenses increased ¥323.7 billion, or 17.0%, from the previous fiscal year to ¥2,223.2 billion, which was the total of insurance claims and other payments of ¥1,401.5 billion (down 7.9%), provision for policy and other reserves of ¥485.1 billion (—%), investment expenses of ¥66.4 billion (down 23.4%), operating expenses of ¥199.4 billion (up 0.9%) and other ordinary expenses of ¥70.6 billion (down 1.3%).

As a result, ordinary profit increased 1.5% from the previous fiscal year to ¥188.9 billion. Extraordinary gains decreased 46.0% to ¥0.2 billion, and extraordinary losses decreased 73.3% to ¥8.3 billion. After accounting for extraordinary gains and losses, the provision for reserve for policyholder dividends, and income taxes, net income increased ¥15.2 billion, or 19.3%, from the previous fiscal year to ¥94.2 billion.

Comprehensive income was ¥351.2 billion (up 197.9%), which was the total of income before minority interests of ¥94.3 billion (up 19.3%) and other comprehensive income of ¥256.8 billion (up 562.6%).

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 ¥1,958.0 billion (up 21.6%), consisting of ¥1,725.2 billion in premiums for individual insurance and individual annuities (up 22.0%), ¥60.1 billion for group insurance (down 1.7%), and ¥166.7 billion for group annuities (up 29.2%), and others.

At Taiyo Life, income from insurance premiums amounted to ¥865.2 billion, an increase of ¥209.9 billion (32.0%) from fiscal 2013, mainly due to an increase in premiums from individual insurance and individual annuities.

At Daido Life, income from insurance premiums increased ¥79.8 billion (11.2%) to ¥792.7 billion, mainly due to an increase in premiums from individual insurance.

At T&D Financial Life, income from insurance premiums increased ¥57.9 billion (24.2%) to ¥297.7 billion, mainly due to an increase in premiums from individual insurance.

b) Investment Income

Investment income amounted to ¥384.2 billion (down 3.4%), including ¥287.9 billion in interest, dividends and income from real estate for rent (up 0.2%), ¥35.4 billion in gains on separate accounts, net (down 40.4%), and ¥34.4 billion in gains on sales of securities (up 12.9%).

At Taiyo Life, investment income totaled ¥176.3 billion, an increase of ¥0.5 billion (0.3%) from the previous fiscal year. This was mainly due to a ¥2.8 billion increase in gains on sales of securities.

At Daido Life, investment income amounted to ¥169.0 billion, an increase of ¥8.5 billion (5.3%) from the previous fiscal year. This was mainly due to an increase of ¥4.7 billion in gains on investments in trading securities, net.

At T&D Financial Life, investment income totaled ¥46.3 billion, a decrease of ¥18.5 billion (28.6%) from the previous fiscal year. This was mainly due to a ¥24.3 billion decrease in gains on separate accounts, net.

Investment Income

| Year ended March 31 | Consolidated | | Taiyo Life | | Daido Life | | T&D Financial Life | |
|--|---------------|-------------------------------|---------------|-------------------------------|---------------|-------------------------------|--------------------|-------------------------------|
| | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY |
| Interest, dividends and income from real estate for rent | ¥287.9 | ¥ 0.4 | ¥151.7 | ¥(2.1) | ¥130.2 | ¥ 2.4 | ¥ 7.1 | ¥ 0.1 |
| Gains from monetary trusts, net | — | — | — | — | 0.0 | (1.2) | — | — |
| Gains on investments in trading securities, net | 20.0 | 4.7 | — | — | 20.0 | 4.7 | — | — |
| Gains on sales of securities | 34.4 | 3.9 | 23.8 | 2.8 | 10.1 | 1.4 | 0.3 | (0.3) |
| Gains from derivatives, net | — | — | — | — | — | — | 6.1 | 6.1 |
| Foreign exchange gains, net | 1.6 | 1.6 | 0.4 | (0.0) | 1.0 | 1.0 | 0.0 | (0.1) |
| Reversal of reserve for possible loan losses | 0.1 | (1.6) | 0.0 | (0.0) | 0.1 | (1.6) | — | — |
| Other investment income | 4.5 | 1.3 | 0.1 | (0.0) | 4.4 | 1.3 | 0.0 | 0.0 |
| Gains on separate accounts, net | 35.4 | (24.0) | 0.0 | 0.0 | 2.8 | 0.3 | 32.6 | (24.3) |
| Total investment income | ¥384.2 | ¥(13.5) | ¥176.3 | ¥ 0.5 | ¥169.0 | ¥ 8.5 | ¥46.3 | ¥(18.5) |

(2) Ordinary Expenses

a) Insurance Claims and Other Payments

Insurance claims and other payments totaled ¥1,401.5 billion (down 7.9%), comprising ¥355.6 billion in insurance claims (down 7.1%), ¥457.5 billion in annuity payments (down 0.6%), ¥177.4 billion in insurance benefits (down 7.8%), ¥351.2 billion in surrender payments (down 15.4%), and ¥57.2 billion in other payments (down 14.8%).

At Taiyo Life, insurance claims and other payments amounted to ¥566.4 billion, a decrease of ¥18.9 billion (3.2%) from the previous fiscal year. This was mainly due to a decrease of ¥38.5 billion in matured endowment payments for individual insurance.

At Daido Life, insurance claims and other payments totaled ¥494.2 billion, a decrease of ¥28.2 billion (5.4%) from the previous fiscal year. This was mainly due to a decrease of ¥14.8 billion in payments of insurance claims for individual insurance.

At T&D Financial Life, insurance claims and other payments amounted to ¥339.7 billion, a decrease of ¥72.5 billion (17.6%) from the previous fiscal year. This was mainly due to a decrease of ¥62.8 billion in surrender payments.

b) Investment Expenses

Investment expenses totaled ¥66.4 billion (down 23.4% year on year), including ¥33.9 billion in losses from derivatives, net (up 24.3%), ¥15.6 billion in other investment expenses (down 2.2%), ¥6.9 billion in losses on sales of securities (down 60.5%), and ¥1.7 billion in losses from monetary trusts, net (down 84.2%).

At Taiyo Life, investment expenses were ¥31.8 billion, an increase of ¥2.5 billion (8.8%) from the previous fiscal year. This was mainly due to a ¥6.9 billion increase in losses from derivatives, net.

At Daido Life, investment expenses amounted to ¥39.1 billion, a decrease of ¥7.2 billion (15.6%) from the previous fiscal year. This was mainly due to a decrease of ¥8.0 billion in losses on sales of securities.

At T&D Financial Life, investment expenses totaled ¥1.8 billion, a decrease of ¥11.3 billion (86.2%) from the previous fiscal year. This was mainly due to a decrease of ¥10.5 billion in losses from monetary trusts, net.

Investment Expenses

| Year ended March 31 | Consolidated | | Taiyo Life | | Daido Life | | T&D Financial Life | |
|--|--------------|-------------------------------|--------------|-------------------------------|--------------|-------------------------------|--------------------|-------------------------------|
| | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY |
| Interest expenses | ¥ 1.8 | ¥ (0.1) | ¥ 1.8 | ¥(0.1) | ¥ 0.0 | ¥ 0.0 | ¥0.0 | ¥ 0.0 |
| Losses from monetary trusts, net | 1.7 | (9.2) | — | — | — | — | 1.7 | (10.5) |
| Losses on sales of securities | 6.9 | (10.6) | 4.9 | (2.6) | 2.0 | (8.0) | 0.0 | (0.0) |
| Devaluation losses on securities | 1.0 | (4.2) | 0.4 | (1.2) | 0.5 | (3.0) | 0.0 | 0.0 |
| Losses from derivatives, net | 33.9 | 6.6 | 19.5 | 6.9 | 20.5 | 6.6 | — | (0.8) |
| Foreign exchange losses, net | — | (0.0) | — | — | — | (0.6) | — | — |
| Provision for reserve for possible loan losses | — | — | — | — | — | — | 0.0 | 0.0 |
| Write-off of loans | 0.0 | (2.5) | — | — | — | (2.5) | — | — |
| Depreciation of real estate for rent | 5.1 | 0.3 | 2.2 | 0.0 | 2.8 | 0.3 | — | — |
| Other investment expenses | 15.6 | (0.3) | 2.8 | (0.2) | 13.0 | (0.0) | 0.0 | 0.0 |
| Total investment expenses | ¥66.4 | ¥(20.2) | ¥31.8 | ¥ 2.5 | ¥39.1 | ¥(7.2) | ¥1.8 | ¥(11.3) |

(3) Ordinary Profit

Ordinary profit was ¥188.9 billion (up 1.5%).

Taiyo Life recorded ordinary profit of ¥67.6 billion, a decrease of ¥4.6 billion (6.4%). This was mainly due to an increase in initial expenses in line with an increase in the new policy amount.

Daido Life recorded ordinary profit of ¥97.4 billion, an increase of ¥6.1 billion (6.7%). This was mainly due to an increase in net investment income.

T&D Financial Life recorded ordinary profit of ¥22.4 billion, an increase of ¥1.5 billion (7.4%).

(4) Extraordinary Gains/Losses

Extraordinary gains totaled ¥0.2 billion (down 46.0%), mainly due to ¥0.1 billion in compensation for transfer (up 14.5%).

Extraordinary losses amounted to ¥8.3 billion (down 73.3%), due to a provision for reserve for price fluctuations of ¥5.1 billion (down 78.6%) and impairment losses of ¥1.9 billion (down 49.7%).

Taiyo Life posted extraordinary gains of ¥0.1 billion (—%) and extraordinary losses of ¥5.4 billion (down 58.1%).

Daido Life posted extraordinary losses of ¥2.6 billion (down 84.9%).

T&D Financial Life posted extraordinary losses of ¥0.1 billion (down 56.1%).

(5) Net Income (Loss)

The Company recorded net income of ¥94.2 billion (up 19.3%).

Taiyo Life recorded net income of ¥27.9 billion, an increase of ¥1.5 billion (6.1%).

Daido Life recorded net income of ¥51.1 billion, an increase of ¥15.2 billion (42.3%).

T&D Financial Life recorded net income of ¥14.6 billion, a decrease of ¥1.2 billion (7.9%).

(Reference)

Premiums Breakdown

| Years ended March 31 | Three Companies | | Taiyo Life | | Daido Life | | T&D Financial Life | |
|----------------------|-------------------|-------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|--------------------|-----------------------------------|
| | 2014 | 2015 | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) |
| Individual insurance | ¥1,116,055 | ¥1,321,522 | ¥336,894 | 23.4 | ¥687,847 | 13.7 | ¥296,779 | 24.5 |
| Individual annuities | 298,044 | 403,684 | 371,881 | 40.1 | 31,097 | (2.2) | 705 | (19.1) |
| Group insurance | 61,200 | 60,132 | 32,762 | (0.1) | 27,370 | (3.7) | — | — |
| Group annuities | 129,043 | 166,724 | 122,115 | 47.8 | 44,454 | (3.9) | 154 | (8.9) |
| Others | 2,287 | 2,334 | 1,340 | (2.3) | 969 | 9.0 | 24 | (2.9) |
| Total | ¥1,606,630 | ¥1,954,398 | ¥864,995 | 32.0 | ¥791,738 | 11.2 | ¥297,664 | 24.3 |

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

| Insurance Claims | | | | | | | ¥ millions | |
|----------------------|-----------------|----------|----------|-----------------------------------|----------|-----------------------------------|--------------------|-----------------------------------|
| | Three Companies | | | Taiyo Life | | Daido Life | T&D Financial Life | |
| Years ended March 31 | 2014 | 2015 | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) |
| Individual insurance | ¥338,486 | ¥292,944 | ¥135,070 | (22.4) | ¥134,563 | (9.9) | ¥23,310 | 54.6 |
| Individual annuities | 1,440 | 1,269 | 1,251 | (11.2) | 17 | (42.4) | — | — |
| Group insurance | 33,014 | 32,127 | 17,044 | (2.6) | 15,076 | (2.9) | 7 | — |
| Group annuities | 9,152 | 27,992 | 27,992 | 205.9 | — | — | — | — |
| Others | 141 | 225 | 0 | 16.8 | 163 | 31.9 | 61 | 259.3 |
| Total | ¥382,235 | ¥354,560 | ¥181,360 | (10.2) | ¥149,819 | (9.3) | ¥23,380 | 54.9 |

Annuity Payments

| Annuity Payments | | | | | | | | ¥ millions |
|----------------------|-----------------|----------|----------|-----------------------------------|---------|-----------------------------------|--------------------|-----------------------------------|
| | Three Companies | | | Taiyo Life | | Daido Life | T&D Financial Life | |
| Years ended March 31 | 2014 | 2015 | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) |
| Individual insurance | ¥ 63 | ¥ 51 | ¥ — | — | ¥ 51 | (19.3) | ¥ — | — |
| Individual annuities | 429,388 | 425,991 | 168,616 | 1.1 | 35,806 | 7.4 | 221,568 | (3.3) |
| Group insurance | 542 | 512 | 399 | (4.3) | 99 | (8.2) | 13 | (21.5) |
| Group annuities | 30,215 | 30,740 | 20,675 | 5.1 | 9,860 | (4.4) | 204 | (11.7) |
| Others | 258 | 254 | 82 | 7.8 | 143 | (4.1) | 29 | (9.9) |
| Total | ¥460,468 | ¥457,550 | ¥189,773 | 1.5 | ¥45,961 | 4.5 | ¥221,815 | (3.4) |

Insurance Benefits

| Insurance Benefits | | | | | | | | ¥ millions |
|----------------------|-----------------|----------|---------|-----------------------------------|---------|-----------------------------------|--------------------|-----------------------------------|
| | Three Companies | | | Taiyo Life | | Daido Life | T&D Financial Life | |
| | | | | Increase (decrease) YoY (%) | | Increase (decrease) YoY (%) | | Increase (decrease) YoY (%) |
| Years ended March 31 | 2014 | 2015 | 2015 | | 2015 | | 2015 | |
| Individual insurance | ¥ 61,484 | ¥ 58,246 | ¥43,398 | (5.7) | ¥13,281 | (3.1) | ¥ 1,567 | (11.1) |
| Individual annuities | 32,044 | 25,625 | 8,803 | 13.5 | 7,674 | (17.2) | 9,147 | (39.1) |
| Group insurance | 283 | 212 | 34 | (38.0) | 178 | (22.0) | — | — |
| Group annuities | 98,354 | 93,127 | 27,839 | (5.9) | 65,094 | (5.1) | 193 | 2.7 |
| Others | 261 | 213 | 171 | (4.2) | 41 | (40.8) | 0 | (92.1) |
| Total | ¥192,427 | ¥177,425 | ¥80,246 | (4.0) | ¥86,270 | (6.1) | ¥10,909 | (35.8) |

Surrender Payments

| Surrender Payments | | | | | | | | ¥ millions |
|----------------------|-----------------|----------|---------|-----------------------------------|----------|-----------------------------------|--------------------|-----------------------------------|
| | Three Companies | | | Taiyo Life | | Daido Life | T&D Financial Life | |
| Years ended March 31 | 2014 | 2015 | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) |
| Individual insurance | ¥250,013 | ¥246,043 | ¥42,212 | (0.5) | ¥189,255 | (2.7) | ¥14,575 | 11.8 |
| Individual annuities | 157,990 | 99,459 | 27,994 | 30.9 | 9,756 | (7.0) | 61,708 | (51.1) |
| Group insurance | 74 | 3 | 3 | (94.7) | — | — | — | — |
| Group annuities | 6,473 | 5,279 | 4,744 | 26.9 | 526 | (80.7) | 8 | 307.7 |
| Others | 408 | 402 | 180 | 1.1 | 218 | (3.1) | 3 | (13.8) |
| Total | ¥414,960 | ¥351,189 | ¥75,136 | 10.8 | ¥199,756 | (4.0) | ¥76,296 | (45.2) |

Other Payments

| Years ended March 31 | Three Companies | | Taiyo Life | | Daido Life | | T&D Financial Life | |
|----------------------|-----------------|----------------|----------------|-----------------------------------|----------------|-----------------------------------|--------------------|-----------------------------------|
| | 2014 | 2015 | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) |
| Individual insurance | ¥15,298 | ¥14,910 | ¥11,300 | (7.3) | ¥ 3,240 | 17.4 | ¥ 369 | 6.9 |
| Individual annuities | 36,147 | 31,787 | 24,302 | (6.3) | 718 | 60.0 | 6,766 | (30.7) |
| Group insurance | — | 0 | 0 | — | 0 | — | — | — |
| Group annuities | 15,642 | 10,388 | 3,859 | (41.5) | 6,517 | (25.4) | 11 | (96.3) |
| Others | 177 | 207 | 64 | (10.8) | 143 | 36.0 | — | — |
| Total | ¥67,265 | ¥57,293 | ¥39,526 | (11.8) | ¥10,619 | (11.9) | ¥7,146 | (31.4) |

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, 2015, stood at ¥14,664.7 billion (up 6.2% from the previous fiscal year-end).

This mainly comprised securities centered on domestic public and corporate bonds of ¥10,847.3 billion (up 6.2%), loans of ¥1,863.8 billion (down 0.8%), monetary trusts of ¥437.6 billion (up 104.9%), monetary claims purchased of ¥339.9 billion (down 24.6%), and cash and deposits of ¥334.1 billion (down 11.7%).

Total liabilities were ¥13,319.7 billion (up 4.2%), mostly comprising policy reserves of ¥12,707.9 billion (up 3.9%).

Total net assets amounted to ¥1,344.9 billion (up 31.8%). Within total net assets, net unrealized gains on securities were ¥649.7 billion (up 67.6%).

3. ANALYSIS OF CONSOLIDATED CASH FLOWS

Net cash provided by operating activities was ¥616.7 billion, a ¥457.6 billion increase in cash inflow compared with the previous fiscal year.

Net cash used in investing activities was ¥467.0 billion, a ¥253.1 billion increase in cash outflow compared with the previous fiscal year.

Net cash used in financing activities was ¥76.2 billion, a change of ¥108.8 billion from a cash inflow compared with the previous fiscal year.

As a result, cash and cash equivalents as of March 31, 2015 amounted to ¥899.5 billion, an increase of ¥72.4 billion from the beginning of the fiscal year (¥827.1 billion as of March 31, 2014).

4. ANALYSIS OF SALES RESULTS (NON-CONSOLIDATED)

(1) Sales Results

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

In fiscal 2014, the total new policy amount for individual insurance and individual annuities (including the net increase from conversions, same hereafter) was ¥6,570.2 billion (up 6.5%).

Meanwhile, the surrender and lapse amount for individual insurance and individual annuities was ¥3,678.5 billion (down 6.2%).

As a result, the policy amount in force for individual insurance and individual annuities as of March 31, 2015, totaled ¥60,353.3 billion (up 1.4%).

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 2014 was ¥2,840.7 billion (up 5.3%).

Meanwhile, the surrender and lapse amount for individual insurance and individual annuities was ¥1,270.2 billion (up 1.2%).

As a result, as of March 31, 2015, the total policy amount in force of individual insurance and individual annuities was ¥22,154.5 billion, an increase of ¥558.8 billion (2.6%) from ¥21,595.6 billion at the previous fiscal year-end.

As of March 31, 2015, the total policy amount in force of group insurance was ¥9,898.5 billion (down 1.6%).

As of March 31, 2015, the total policy amount in force of group annuities (policy reserve, same hereafter) was ¥885.5 billion (up 5.4%).

b) Daido Life

The new policy amount of individual insurance and individual annuities for fiscal 2014 was ¥3,406.8 billion (up 5.6%).

Meanwhile, the surrender and lapse amount of individual insurance and individual annuities was ¥2,304.3 billion (down 7.5%).

As a result, as of March 31, 2015, the total policy amount in force of individual insurance and individual annuities was ¥36,392.3 billion, an increase of ¥329.7 billion (0.9%) from ¥36,062.6 billion at the previous fiscal year-end.

As of March 31, 2015, the total policy amount in force of group insurance was ¥7,445.1 billion (down 4.0%).

As of March 31, 2015, the total policy amount in force of group annuities was ¥789.1 billion (down 4.0%).

c) T&D Financial Life

The new policy amount of individual insurance and individual annuities for fiscal 2014 was ¥322.6 billion (up 31.7%).

Meanwhile, the surrender and lapse amount of individual insurance and individual annuities was ¥103.9 billion (down 40.5%).

As a result, as of March 31, 2015, the total policy amount in force of individual insurance and individual annuities was ¥1,806.4 billion, a

decrease of ¥42.0 billion (2.3%) from ¥1,848.5 billion at the previous fiscal year-end.

As of March 31, 2015, the total policy amount in force of group insurance was ¥0.0 billion (down 22.7%).

As of March 31, 2015, the total policy amount in force of group annuities was ¥3.0 billion (down 7.4%).

Policy Amount in Force Breakdown

| | | | | | | | | ¥ millions |
|----------------------|-------------|-------------|-----------------------------|-------------|-----------------------------|--------------------|-----------------------------|------------|
| Three Companies | | Taiyo Life | | Daido Life | | T&D Financial Life | | |
| Years ended March 31 | 2014 | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) | |
| Individual insurance | ¥53,384,598 | ¥54,310,733 | 2.1 | ¥35,086,059 | 1.0 | ¥1,409,845 | 18.3 | |
| Individual annuities | 6,122,227 | 6,042,664 | 4.5 | 1,306,308 | (0.6) | 396,620 | (39.6) | |
| Subtotal | 59,506,826 | 60,353,397 | 2.6 | 36,392,367 | 0.9 | 1,806,465 | (2.3) | |
| Group insurance | 17,812,544 | 17,343,708 | (1.6) | 7,445,164 | (4.0) | 43 | (22.7) | |
| Group annuities | 1,665,475 | 1,677,763 | 5.4 | 789,162 | (4.0) | 3,090 | (7.4) | |
| Others | 9,233 | 9,150 | 1.1 | 4,213 | (1.7) | 385 | (13.7) | |

Notes: 1. Figures for individual annuities and group insurance (annuities 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

| | | | | | | | | ¥ millions |
|----------------------|------------|------------|-----------------------------|------------|-----------------------------|--------------------|-----------------------------|------------|
| Three Companies | | Taiyo Life | | Daido Life | | T&D Financial Life | | |
| Years ended March 31 | 2014 | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) | 2015 | Increase (decrease) YoY (%) | |
| Individual insurance | ¥5,812,162 | ¥6,115,807 | 1.8 | ¥3,367,051 | 5.7 | ¥322,651 | 31.7 | |
| Individual annuities | 354,853 | 454,411 | 32.0 | 39,762 | (2.3) | — | — | |
| Subtotal | 6,167,016 | 6,570,218 | 5.3 | 3,406,813 | 5.6 | 322,651 | 31.7 | |
| Group insurance | 14,770 | 62,436 | — | 3,355 | (70.4) | — | — | |
| Group annuities | 18 | 71 | 292.7 | — | — | — | — | |
| Others | 4 | 11 | (1.0) | 1 | 10.9 | 9 | 209.0 | |

Notes: 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

As of March 31, 2015, the consolidated solvency margin ratio was 1,220.7% (compared to 1,115.0% as of March 31, 2014) and the value of consolidated adjusted net assets amounted to ¥2,645.5 billion (compared to ¥2,010.1 billion as of March 31, 2014).

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

a) Taiyo Life

In fiscal 2014, core profit (a measure of underlying profitability from core insurance operations on a non-consolidated basis) was ¥68.1 billion (down 6.1%). The positive spread was ¥13.6 billion (up 16.4%).

The solvency margin ratio, an index of administrative supervision indicating the management soundness of an insurance company, was 993.9% as of March 31, 2015 (compared to 981.3% as of March 31, 2014). The value of adjusted net assets (adjusted net assets are derived by subtracting non-capital adjusted liabilities from adjusted assets at fair market value) amounted to ¥1,163.4 billion as of March 31, 2015 (compared to ¥856.2 billion as of March 31, 2014).

b) Daido Life

In fiscal 2014, core profit was ¥107.6 billion (down 2.7%). The positive spread was ¥24.1 billion (down 1.0%).

The solvency margin ratio was 1,363.7% as of March 31, 2015 (compared to 1,156.4% as of March 31, 2014). The value of adjusted net assets amounted to ¥1,288.4 billion as of March 31, 2015 (compared to ¥992.5 billion as of March 31, 2014).

c) T&D Financial Life

In fiscal 2014, core profit was ¥6.9 billion (down 74.3%). The negative spread was ¥3.2 billion (up 15.1%).

The solvency margin ratio was 1,271.9% as of March 31, 2015 (compared to 1,051.2% as of March 31, 2014). The value of adjusted net assets amounted to ¥156.2 billion as of March 31, 2015 (compared to ¥124.9 billion as of March 31, 2014).

Core Profit

| ¥ billions | | | | | | | | |
|---------------------------|--------|-------------------------|------------|-------------------------|------------|-------------------------|--------------------|-------------------------|
| Three Companies | | | Taiyo Life | | Daido Life | | T&D Financial Life | |
| Year ended March 31 | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY |
| Ordinary profit A | ¥187.5 | ¥ 3.0 | ¥67.6 | ¥(4.6) | ¥ 97.4 | ¥ 6.1 | ¥22.4 | ¥ 1.5 |
| Capital gains (losses) B | 5.9 | 28.8 | (0.6) | (0.1) | 5.0 | 14.0 | 1.5 | 14.9 |
| One-time gains (losses) C | (1.1) | 1.6 | 0.0 | (0.0) | (15.2) | (4.9) | 13.9 | 6.6 |
| Core profit A+B+C | 182.7 | (27.4) | 68.1 | (4.4) | 107.6 | (3.0) | 6.9 | (20.0) |

Positive Spread

| ¥ billions | | | | | | | | |
|---|----------|-------------------------|------------|-------------------------|------------|-------------------------|--------------------|-------------------------|
| Three Companies | | | Taiyo Life | | Daido Life | | T&D Financial Life | |
| Year ended March 31 | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY |
| Positive spread | ¥ 34.5 | ¥ 1.2 | ¥ 13.6 | ¥ 1.9 | ¥ 24.1 | ¥ (0.2) | ¥ (3.2) | ¥ (0.4) |
| Investment yield on core profit (%) | — | — | 2.44 | (0.11) | 2.55 | (0.13) | 1.16 | (0.09) |
| Average assumed investment yield (during the fiscal year) (%) | — | — | 2.21 | (0.13) | 2.05 | (0.10) | 1.52 | (0.16) |
| General account (accrued) policy reserve | 11,609.6 | 587.9 | 5,942.5 | 173.1 | 4,771.3 | 175.0 | 895.7 | 239.7 |

Notes: 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

| Adjusted Net Assets | | | | | | | | ¥ billions |
|---------------------|--------------|-------------------------|------------|-------------------------|------------|-------------------------|--------------------|-------------------------|
| | Consolidated | | Taiyo Life | | Daido Life | | T&D Financial Life | |
| Year ended March 31 | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY | 2015 | Increase (decrease) YoY |
| Adjusted net assets | ¥2,645.5 | ¥635.4 | ¥1,163.4 | ¥307.2 | ¥1,288.4 | ¥295.8 | ¥156.2 | ¥31.3 |

Solvency Margin Ratio

| ¥ millions | | | | | | | | |
|---|---------------------------|------------|-------------------------|------------|-------------------------|------------|---------------------------------|----------|
| | Consolidated ¹ | | Taiyo Life ² | | Daido Life ² | | T&D Financial Life ² | |
| As of March 31 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| Total solvency margin | ¥1,924,426 | ¥2,290,819 | ¥846,345 | ¥1,007,396 | ¥928,795 | ¥1,142,033 | ¥99,745 | ¥99,617 |
| Common stock, etc. | 669,536 | 735,975 | 233,106 | 252,752 | 337,685 | 379,022 | 52,748 | 67,394 |
| Reserve for price fluctuations | 150,040 | 155,190 | 74,620 | 77,367 | 74,844 | 77,108 | 574 | 714 |
| Contingency reserve | 169,355 | 158,597 | 68,896 | 68,845 | 60,658 | 63,005 | 39,800 | 26,746 |
| Catastrophe loss reserve | — | — | — | — | — | — | — | — |
| General reserve for possible loan losses | 1,681 | 1,655 | 1,324 | 1,267 | 104 | 85 | 1 | 2 |
| Net unrealized gains on available-for-sale securities (before tax) (x 90 per cent, if gains; x 100 per cent, if losses) | 492,617 | 810,029 | 268,252 | 448,767 | 223,783 | 360,056 | 454 | 1,017 |
| Net unrealized gains (losses) on real estate (x 85 per cent, if gains; x 100 per cent, if losses) | (16,665) | (707) | (38,033) | (30,571) | 18,095 | 25,324 | — | — |
| 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 Zillmer method | 170,317 | 179,177 | 32,048 | 29,008 | 132,103 | 146,426 | 6,165 | 3,742 |
| Unallotted portion of reserve for policyholder dividends | 16,863 | 17,028 | 9,638 | 9,684 | 7,225 | 7,344 | — | — |
| Deferred tax assets | 122,185 | 135,333 | 47,891 | 51,675 | 74,294 | 83,658 | — | — |
| Subordinated debt | 148,600 | 98,600 | 148,600 | 98,600 | — | — | — | — |
| 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 ³ | 147 | 216 | — | — | — | — | — | — |
| Deductible items | (254) | (278) | — | — | — | — | — | — |
| Total risk⁴ | 345,186 | 375,326 | 172,482 | 202,706 | 160,627 | 167,483 | 18,977 | 15,664 |
| Insurance risk R ¹ | 47,841 | 47,399 | 27,359 | 26,789 | 24,244 | 24,162 | 789 | 755 |
| General insurance risk R ⁵ | — | — | — | — | — | — | — | — |
| Catastrophe risk R ⁶ | — | — | — | — | — | — | — | — |
| Third Sector insurance risk R ⁸ | 12,872 | 13,525 | 8,884 | 9,245 | 3,798 | 4,110 | 189 | 169 |
| Insurance risk of small-amount short-term insurance company R ⁹ | 299 | 400 | — | — | — | — | — | — |
| Assumed investment yield risk R ² | 77,772 | 73,272 | 45,493 | 43,429 | 30,406 | 27,719 | 1,872 | 2,124 |
| Minimum guarantee risk ⁵ R ⁷ | 11,479 | 5,966 | 16 | 16 | 775 | 762 | 10,687 | 5,187 |
| Investment risk R ³ | 242,515 | 282,464 | 119,011 | 151,338 | 123,271 | 132,752 | 5,810 | 7,841 |
| Business risk R ⁴ | 7,855 | 8,460 | 4,015 | 4,616 | 3,649 | 3,790 | 580 | 482 |
| Consolidated solvency margin ratio⁶ | 1,115.0% | 1,220.7% | 981.3% | 993.9% | 1,156.4% | 1,363.7% | 1,051.2% | 1,271.9% |

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

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

3. "Margin of small-amount short-term insurance company" represents the catastrophe loss reserve of a small-amount short-term insurance company.

4. Total risk = $\sqrt{[(R_1^2 + R_2^2) + R_3 + R_4]^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$

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

6. Solvency margin ratio = $\frac{(\text{Total solvency margin})}{(\text{Total risk}) \times 1/2} \times 100$

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, or 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 apprised 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 the 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 82–83.)

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 82–83.)

(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. Regulation 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 regulation

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) The asset management of separate account

The purpose of separate account is to return investment gains directly to policyholders. Insurance companies manage this account separately from their other financial assets in 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 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 operating 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 operating 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 operations. 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 operations) 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, the ordinary profit of life insurance companies is very susceptible to fluctuations in the investment environment, such as stock markets.

c. A 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 82–83.)

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, 82–83.)

(4) Contributions to the Life Insurance Policyholders Protection

Corporation of Japan (PPC)

The PPC 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, 2015, including the Group's three life insurance companies, there were 42 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. Consequently, most of Taiyo Life's policyholders are housewives. Women account for approximately 70% of Taiyo Life's new policyholders for investment 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, 2015, the company had 8,432 sales representatives. Sales representatives accounted for approximately 87% of Taiyo Life's new policy amount, individual insurance and individual annuities, for fiscal 2014. 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 bank OTC sales or insurance shop agent sales or other factors. Taiyo Life already sells products in the sales agent channel, including the bank OTC sales channel. However, a slow response from Taiyo Life to further changes or a dramatic decline in the superiority of the sales representatives 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, middle-aged and elderly people, and seniors, 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 amount for fiscal 2014¹, policies from the corporate market² accounted for 93.3% and policies from the household market accounted for 6.7%. 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.

Notes: 1. The amount calculated by adding the insured amounts of non-participating insurance for critical diseases and of non-participating insurance for disability income 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 and non-participating insurance for disability income 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, the "Keieisha Ohgata Sougou Hosho Seido" of the National Federation of Corporate Taxpayers Associations (NFCTA, known as *Hojinkai*), and the Tax Payment Associations (TPA, known as *Nouzei-kyokai*). Also, in 1976 Daido Life began underwriting the "Kigyo Bouei Seido" implemented by the TKC National Federation. Through these organizations, Daido Life sells insurance products to member companies or clients 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 agents channel mainly comprises tax accountants and Property & Casualty (P&C) insurance agencies.

• In-house sales representatives channel

Daido Life's in-house sales representatives market products mainly to companies that are members of NFCTA and TPA. As of March 31, 2015, Daido Life had 3,790 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, 2015, Daido Life had 13,675 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, and 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 is individual term life insurance. As of March 31, 2015, individual term life insurance accounted for 87.0% 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 diseases and of non-participating insurance for disability income 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, 2015, the company had concluded agency agreements with 130 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, over pricing of services or delay 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 General Account and Separate Account

Life insurance companies have two different accounts: general account and separate account. Life insurance companies use 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 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 general account, please see page 129, Notes to Consolidated Financial Statements, Note 21, Investments in Securities.

(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 page 116, Notes to Consolidated Financial Statements, Note 3, Loans.

(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 page 150, Notes to Consolidated Financial Statements, Note 27, Real Estate for Rent.

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 a 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 infectious disease among pets could adversely affect the Group's business results or financial position.

(4) Other Risk

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.

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 standards. Further, directly owned subsidiaries seek rigorous compliance by establishing and implementing compliance programs as action plans for each fiscal year. Also, these 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 subsidiaries use the manuals as guides for personnel and as training materials. In addition, the Group has established an internal reporting system, the T&D Life Group Helpline, 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 with utmost care over procedures when receiving, using, providing, storing, transferring, or disposing personal information.

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 full enforcement of the Act on the Protection of Personal Information in April 2005, 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 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 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, 2015 were as follows:

| Company Name | Facility details | ¥ millions |
|------------------------------|--|------------|
| Taiyo Life Insurance Company | Conversion of rights associated with redevelopment (Shin-Nihombashi Building (provisional name)) | 6,774 |

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, 2015

| Offices (Location) | Facility details ⁵ | Carrying amount (¥ millions) | | | | | Number of employees ⁴ |
|---|-------------------------------|------------------------------|-------------------------------------|---------------------------|---------------------|--------|----------------------------------|
| | | Buildings | Land (m ²) ³ | Lease assets ¹ | Others ² | Total | |
| Headquarters (Minato-ku, Tokyo) | (Investments) | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | 480 |
| | (Business use) | 134 | (—) | 694 | 232 | 1,061 | — |
| Tokyo Computer Center (Urawa-ku, Saitama City) | (Investments) | 2,390 | 2,012 | — | — | 4,403 | 208 |
| | (Business use) | 1,078 | (6,495) | — | — | 1,966 | — |
| Taiyo Seimei Shinagawa Building (Minato-ku, Tokyo) | (Investments) | 10,015 | 887 | — | — | 10,902 | 86 |
| | (Business use) | 439 | (2,863) | — | — | 1,417 | — |
| Shin-Nihombashi Building (provisional name) (Chuo-ku, Tokyo) | (Investments) | — | 22,321 | — | 11,569 | 33,890 | — |
| | (Business use) | — | (4,904) | — | 2,171 | 2,727 | — |
| Sapporo Branch (Chuo-ku, Sapporo City) and 7 other properties, etc. | (Investments) | 513 | 978 | — | — | 1,491 | 82 |
| | (Business use) | 1,127 | (215) | — | — | 1,878 | 503 |
| Sendai Branch (Aoba-ku, Sendai City) and 13 other properties, etc. | (Investments) | 1,377 | 528 | — | — | 1,905 | 77 |
| | (Business use) | 1,137 | (1,007) | — | — | 1,607 | 517 |
| Tokyo Branch (Chiyoda-ku, Tokyo) and 53 other properties, etc. | (Investments) | 5,129 | 469 | — | 568 | 6,166 | 467 |
| | (Business use) | 6,497 | (2,478) | — | 287 | 4,306 | 2,641 |
| Nagoya Branch (Naka-ku, Nagoya City) and 22 other properties, etc. | (Investments) | 1,532 | 6,080 | — | — | 7,612 | 225 |
| | (Business use) | 2,641 | (7,513) | — | — | 5,183 | 1,549 |
| Osaka Branch (Chuo-ku, Osaka City) and 27 other properties, etc. | (Investments) | 3,197 | 7,546 | — | — | 10,743 | 292 |
| | (Business use) | 4,468 | (20,994) | — | — | 9,357 | 1,555 |
| Hiroshima Branch (Minami-ku, Hiroshima City) and 15 other properties, etc. | (Investments) | 1,324 | 1,143 | — | — | 2,467 | 116 |
| | (Business use) | 1,407 | (3,260) | — | — | 2,659 | 654 |
| Fukuoka Branch (Hakata-ku, Fukuoka City) and 15 other properties, etc. | (Investments) | 2,082 | 1,252 | — | — | 3,334 | 211 |
| | (Business use) | 2,636 | (3,611) | — | — | 5,956 | 1,314 |
| Building for rent: Nibancho Garden (Chiyoda-ku, Tokyo) and 33 other properties, etc. | (Investments) | 8,058 | 3,038 | — | 395 | 8,453 | — |
| | (Business use) | — | (23,212) | — | — | — | — |
| Kushiro Housing (Kushiro City, Hokkaido) • Villas for employees, etc. | (Investments) | — | — | — | — | — | — |
| | (Business use) | 3,419 | (55,752) | — | — | 11,816 | — |

Notes: 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 ¥232 million of other tangible fixed assets and ¥14,992 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 brackets in the "Land" column indicate leased land area. Rent related to real estate was ¥21 million for land and ¥1,173 million for buildings. Among rent for buildings, rent related to Headquarters was ¥621 million.

4. In the "Number of employees" column, the upper row indicates the number of office workers, whereas the lower row indicates the sum 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, 2015

| Offices (Location) | Facility details | Carrying amount (¥ millions) | | | | | Number of employees ⁴ |
|--|------------------|------------------------------|--|---------------------------|---------------------|--------|----------------------------------|
| | | Buildings | Land (m ²) ³ | Lease assets ² | Others ¹ | Total | |
| Hokkaido Marketing Headquarters (Chuo-ku, Sapporo City), Hokkaido Branch and 1 other branch | (Investments) | ¥ 483 | ¥ 385 (1,546) | ¥ — | ¥ 4 | ¥ 873 | 79 |
| | (Business use) | 124 | 79 (316) | — | 0 | 204 | 126 |
| Tohoku Marketing Headquarters (Aoba-ku, Sendai City), Sendai Branch and 3 other branches | (Investments) | 727 | 703 (1,329) | — | — | 1,431 | 119 |
| | (Business use) | 225 | 141 (398) | — | — | 366 | 238 |
| Tokyo Metropolitan Area Marketing Headquarters (Chuo-ku, Tokyo), Tokyo Branch and 23 other branches | (Investments) | 9,387 | 38,001 (8,760) | — | 1,501 | 48,891 | 480 |
| | (Business use) | 462 | 905 (1,183) | — | 852 | 2,220 | 885 |
| Kanto-Shinetsu Marketing Headquarters (Omiya-ku, Saitama City), Saitama Branch and 11 other branches | (Investments) | 1,785 | 2,346 (4,301) | — | 5 | 4,136 | 252 |
| | (Business use) | 432 | 444 (780) | — | 0 | 877 | 469 |
| Hokuriku Marketing Headquarters (Kanazawa City, Ishikawa Prefecture), Kanazawa Branch and 3 other branches | (Investments) | 1,048 | 585 (2,009) | — | — | 1,633 | 64 |
| | (Business use) | 143 | 590 (89) (206) [70] | — | — | 232 | 106 |
| Tokai Marketing Headquarters (Nakamura-ku, Nagoya City), Nagoya Branch and 11 other branches | (Investments) | 3,167 | 4,136 (4,992) | — | — | 7,304 | 266 |
| | (Business use) | 780 | 922 (1,398) | — | — | 1,702 | 427 |
| Kinki Marketing Headquarters (Kita-ku, Osaka City), Osaka Branch and 15 other branches | (Investments) | 7,849 | 8,023 (14,746) | — | 151 | 16,024 | 403 |
| | (Business use) | 1,342 | 118 [118] 1,134 (3,459) [27] | — | 15 | 2,491 | 679 |
| Chugoku Marketing Headquarters (Naka-ku, Hiroshima City), Hiroshima Branch and 4 other branches | (Investments) | 1,155 | 2,385 (3,544) | — | — | 3,540 | 120 |
| | (Business use) | 353 | 366 (925) | — | — | 720 | 201 |
| Shikoku Marketing Headquarters (Takamatsu City, Kagawa Prefecture), Shikoku Branch and 1 other branch | (Investments) | 1,429 | 1,287 (2,951) | — | — | 2,716 | 59 |
| | (Business use) | 234 | 515 [515] 149 (477) [57] | — | — | 384 | 131 |
| North Kyushu Marketing Headquarters (Chuo-ku, Fukuoka City), Fukuoka Branch and 6 other branches | (Investments) | 2,270 | 2,833 (3,578) | — | — | 5,103 | 136 |
| | (Business use) | 701 | 830 (2,006) | — | — | 1,531 | 305 |
| South Kyushu Marketing Headquarters (Chuo-ku, Kumamoto City), Kumamoto Branch and 4 other branches | (Investments) | 1,811 | 2,670 (3,162) | — | — | 4,482 | 97 |
| | (Business use) | 450 | 609 (849) | — | — | 1,060 | 223 |
| Osaka Headquarters (Nishi-ku, Osaka City) | (Investments) | 1,571 | 293 (572) | — | 47 | 1,913 | 483 |
| | (Business use) | 5,571 | 1,041 (2,029) | — | 1,135 | 7,749 | — |
| Tokyo Headquarters (Minato-ku, Tokyo) | (Investments) | — | — (—) | — | — | — | 590 |
| | (Business use) | 172 | — (—) | 590 | — | 762 | — |
| Hayama Training Center, employee housing, etc. (Miura-gun, Kanagawa Prefecture) | (Investments) | — | — (—) | — | — | — | — |
| | (Business use) | 2,291 | 7,056 (25,907) [178] | — | — | 9,348 | — |

Notes: 1. "Others" comprises ¥1,183 million of movables and ¥2,533 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 brackets in the "Land" column indicate leased land area. Rent related to real estate was ¥58 million for land and ¥2,890 million for buildings. Among rent for buildings, rent related to Tokyo Headquarters was ¥758 million.

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

3) T&D Financial Life Insurance Company

As of March 31, 2015

| Offices (Location) | Facility details | Carrying amount (¥ millions) | | | | | Number of employees ³ |
|--|------------------|------------------------------|------------------------|--------------|---------------------|-------|----------------------------------|
| | | Buildings | Land (m ²) | Lease assets | Others ¹ | Total | |
| Headquarters (Minato-ku, Tokyo) | (Business use) | ¥2 | ¥ — | ¥0 | ¥4 | ¥6 | 235 |
| 3 Regional Sales Promotion Departments | | | (—) | | | | |

Notes: 1. "Others" represents other tangible fixed assets and construction in progress, 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 ¥290 million for buildings. Among rent for buildings, the rent related to Headquarters was ¥149 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, 2015 were as follows:

(1) New Facility Acquisition

As of March 31, 2015

| Company | Offices (Location) | Facility details | Planned investment amount (¥ millions) | | Funding method | Construction started | Planned completion date |
|------------------------------|--|------------------|--|---------|----------------|----------------------|-------------------------|
| | | | Total | Paid | | | |
| Taiyo Life Insurance Company | Shin-Nihombashi Building (provisional name) (Chuo-ku, Tokyo) | Office building | ¥44,737 | ¥13,740 | Own fund | March 2014 | January 2018 |
| Daido Life Insurance Company | Tokyo Nihombashi Tower (Chuo-ku, Tokyo) | Office building | 9,637 | 1,695 | Own fund | December 2012 | April 2015 |

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

Other

STATUS OF STOCK HOLDINGS

1) Taiyo Life — the Subsidiary with the Largest Holding of Stocks

a) 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 | ¥351,251 million |

b) 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, 2014

| Stock | Number of shares | Carrying amount on the balance sheets ¥ millions | Holding purpose |
|--|------------------|---|---|
| Komatsu Ltd. | 34,000,716 | ¥72,693 | 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 | 25,496 | |
| Mitsubishi Estate Co., Ltd. | 9,500,000 | 23,237 | |
| Keio Corporation | 29,310,161 | 21,074 | |
| Mitsubishi Electric Corporation | 17,650,000 | 20,509 | |
| Daiwa Securities Group Inc. | 21,140,000 | 18,983 | |
| Tsubakimoto Chain Co. | 18,398,316 | 13,577 | |
| NKSJ Holdings, Inc. | 4,095,820 | 10,862 | |
| Tokyu Corporation | 17,133,118 | 10,810 | |
| Mitsui & Co., Ltd. | 7,160,800 | 10,447 | |
| Mitsubishi UFJ Financial Group, Inc. | 15,220,718 | 8,630 | |
| Mitsubishi Chemical Holdings Corporation | 18,838,372 | 8,081 | |
| Shimadzu Corporation | 7,411,520 | 6,796 | |
| Electric Power Development Co., Ltd. (J-POWER) | 1,991,040 | 5,803 | |
| Kuraray Co., Ltd. | 4,248,810 | 5,013 | |
| Nippon Steel & Sumitomo Metal Corporation | 16,537,500 | 4,663 | |
| TS Tech Co., Ltd. | 1,400,000 | 4,382 | |
| Obayashi Corporation | 5,486,400 | 3,193 | |
| Ono Pharmaceutical Co., Ltd. | 351,000 | 3,137 | |
| Kurimoto, Ltd. | 12,090,750 | 2,756 | |
| Raito Kogyo Co., Ltd. | 2,734,500 | 2,359 | |
| Nisshin Steel Holdings, Co., Ltd. | 2,650,000 | 2,339 | |
| Tsukishima Kikai Co., Ltd. | 1,885,000 | 2,177 | |
| Mitsubishi Tanabe Pharma Corporation | 1,085,000 | 1,565 | |
| Hokuetsu Kishu Paper Co., Ltd. | 2,817,987 | 1,459 | |
| Sotetsu Holdings, Inc. | 3,800,000 | 1,436 | |
| Showa Denko K.K. | 7,000,000 | 1,022 | |
| Taikisha Ltd. | 422,029 | 944 | |
| Tsubakimoto Kogyo Co., Ltd. | 2,869,027 | 817 | |
| Takasago Thermal Engineering Co., Ltd. | 678,347 | 717 | |

Regarded as Holding Shares

Not applicable

Specified Investment Shares

Year ended March 31, 2015

| Stock | Number of shares | Carrying amount on the balance sheets ¥ 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 | |
| Mitsui & 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 Holdings, 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

c) Stocks for which the Holding Purpose Is Purely Investment Purposes

| | Fiscal 2013 ¥ millions | | | | | Fiscal 2014 ¥ 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 | Difference between acquisition cost and carrying amount |
| Unlisted stocks | ¥63,956 | ¥ 15,940 | ¥1,173 | ¥ 1 | ¥ 1 | ¥ 3,550 |
| Stocks other than unlisted stocks | 88,967 | 128,001 | 2,065 | 3,894 | — | 53,542 |

2) Daido Life — the Subsidiary with the Second Largest Holding of Stocks

a) Investments in Stocks for which the Holding Purpose Is Other Than Purely Investment Purposes

| | |
|--|------------------|
| Number of companies | 197 |
| Total carrying amount on the balance sheet | ¥278,676 million |

b) 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, 2014

| Stock | Number of shares | Carrying amount on the balance sheets ¥ millions | Holding purpose |
|--|------------------|---|---|
| Mitsubishi UFJ Financial Group, Inc. | 64,168,770 | ¥36,383 | 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 | 17,078 | |
| Ono Pharmaceutical Co., Ltd. | 1,309,900 | 11,710 | |
| Astellas Pharma Inc. | 9,455,500 | 11,573 | |
| Kansai Paint Co., Ltd. | 7,607,000 | 11,220 | |
| EZAKI GLICO CO., LTD | 7,000,800 | 9,570 | |
| Daiwa House Industry Co., Ltd. | 5,000,000 | 8,755 | |
| Konica Minolta Holdings, Inc. | 9,040,518 | 8,706 | |
| NURNBERGER BETEIL NPV B (REGD) (VINKULIERT) | 806,400 | 8,144 | |
| Fuji Machine Mfg. Co., Ltd. | 6,684,000 | 6,062 | |
| Electric Power Development Co., Ltd. (J-POWER) | 1,993,680 | 5,811 | |
| TKC Corporation | 2,569,046 | 5,266 | |
| Okasan Securities Group Inc. | 5,500,000 | 4,779 | |
| The Kansai Electric Power Co., Inc. | 3,656,550 | 3,872 | |
| The Shizuoka Bank, Ltd. | 3,824,000 | 3,850 | |
| Mitsubishi Pencil Co., Ltd. | 1,172,000 | 3,467 | |
| Mitsui Fudosan Co., Ltd. | 1,000,000 | 3,149 | |
| The Daishi Bank, Ltd. | 7,056,000 | 2,674 | |
| Tsukishima Kikai Co., Ltd. | 2,000,000 | 2,310 | |

Regarded as Holding Shares

Not applicable

Specified Investment Shares

Year ended March 31, 2015

| Stock | Number of shares | Carrying amount on the balance sheets ¥ 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) (VINKULIERT) | 1,140,480 | 11,890 | |
| Daiwa House Industry Co., Ltd. | 5,000,000 | 11,855 | |
| Konica Minolta Holdings, 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 Co., Inc. | 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

c) Stocks for which the Holding Purpose Is Purely Investment Purposes

| | Fiscal 2013 ¥ millions | | | | | Fiscal 2014 ¥ 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 | Difference between acquisition cost and carrying amount |
| Unlisted stocks | ¥72,905 | ¥14,880 | ¥2,886 | ¥ — | ¥24 | ¥1,260 |
| Stocks other than unlisted stocks | 1,036 | 2,630 | 31 | 539 | — | 524 |

3) T&D Holdings

a) Investments in Stocks for which the Holding Purpose Is Other Than Purely Investment Purposes

Not applicable

b) 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

c) Stocks for which the Holding Purpose Is Purely Investment Purposes

Not applicable

BONDS ISSUED

| Company | Type of instrument | Issuance date | Balance at April 1, 2014 ¥ millions | Balance at March 31, 2015 ¥ millions | Interest rate % | Security | Maturity date |
|------------------------------|--|--|---|--|--------------------|----------|----------------------------------|
| Taiyo Life Insurance Company | Second series unsecured bonds with early redemption clause (subordinated and split-restricted small-number private placement) | November 11, 2009 | ¥14,000 | ¥ — | 2.14 | None | November 11, 2019 |
| Taiyo Life Insurance Company | Third series unsecured bonds with early redemption clause (subordinated and limited to qualified institutional investors) | September 21, 2010 | 31,100 | 31,100 | 1.44 | None | September 21, 2020 |
| Taiyo Life Insurance Company | Forth 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, 2014 to March 24, 2015 | 2,999 | 2,999 (2,999) | 0.11–0.13 | None | May 25, 2014 to June 24, 2015 |
| Total | — | — | 68,099 | 54,099 (2,999) | — | — | — |

Notes: 1. The interest rate shown for the second series unsecured bonds is the annual interest rate from November 12, 2009, until November 11, 2014. The interest rate from November 12, 2014 onward is the London Interbank Offered Rate (LIBOR) for six-month yen deposits plus 2.70%.

2. The interest rate shown for the third series unsecured bonds is the annual interest rate from September 22, 2010, until September 21, 2015. The interest rate from September 22, 2015 onward is the LIBOR for six-month yen deposits plus 2.30%.

3. The interest rate shown for the fourth series unsecured bonds is the annual interest rate from September 28, 2013, until September 27, 2018. The interest rate from September 28, 2018 onward is the LIBOR for six-month yen deposits plus 2.02%.

4. Figures enclosed in brackets in the "Balance at March 31, 2015" column are amounts of short-term debentures due within one year.

5. Scheduled redemptions due within five years subsequent to the consolidated balance sheet date are as follows:

| Within one year ¥ millions | Over 1 year but within 2 years ¥ millions | Over 2 years but within 3 years ¥ millions | Over 3 years but within 4 years ¥ millions | Over 4 years but within 5 years ¥ millions |
|-------------------------------|--|---|---|---|
| ¥3,000 | ¥— | ¥— | ¥— | ¥— |

BORROWINGS

| Classification | Balance at April 1, 2014 ¥ millions | Balance at March 31, 2015 ¥ millions | Interest rate % | Maturity date |
|---|---|--|-----------------|--------------------------|
| Short-term borrowings | — | — | — | — |
| Long-term borrowings due for repayment within one year | ¥ 11,364 | ¥11,104 | 0.72 | — |
| Lease obligations due for repayment within one year | 702 | 435 | 0.91 | — |
| Long-term borrowings (excluding the amount due for repayment within one year) | 104,678 | 70,094 | 0.99 | April 2016 to March 2025 |
| Lease obligations (excluding the amount due for repayment within one year) | 829 | 575 | 1.05 | April 2016 to March 2020 |
| Other interest-bearing liabilities | — | — | — | — |
| Total | ¥117,573 | ¥82,209 | — | — |

Notes: 1. The average interest rates shown are the weighted-average interest rates on the balance of borrowings at March 31, 2015.
2. Scheduled repayments due within five years subsequent to the consolidated balance sheet date for long-term borrowings and lease obligations (excluding the amount due for repayment within one year) are as follows:

| Classification | Over 1 year but within 2 years ¥ millions | Over 2 years but within 3 years ¥ millions | Over 3 years but within 4 years ¥ millions | Over 4 years but within 5 years ¥ millions |
|----------------------|--|---|---|---|
| Long-term borrowings | ¥8,560 | ¥6,794 | ¥4,425 | ¥2,183 |
| Lease obligation | 344 | 160 | 54 | 13 |

Consolidated Financial Statements

Consolidated Balance Sheet

| | ¥ millions | | US\$ thousands |
|--------------------------------------|--------------------|--------------------|----------------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Assets: | | | |
| Cash and deposits | ¥ 334,191 | ¥ 378,331 | \$ 2,780,988 |
| Call loans | 329,876 | 187,600 | 2,745,077 |
| Monetary claims purchased | 339,927 | 451,083 | 2,828,718 |
| Monetary trusts | 437,622 | 213,608 | 3,641,695 |
| Securities (Notes 10 and 12) | 10,847,399 | 10,211,280 | 90,267,118 |
| Loans (Notes 3 and 7) | 1,863,837 | 1,878,474 | 15,510,009 |
| Tangible fixed assets: | | | |
| Land (Note 2 (14)) | 173,662 | 173,384 | 1,445,142 |
| Buildings | 106,846 | 109,342 | 889,129 |
| Lease assets | 676 | 1,156 | 5,632 |
| Construction in progress | 17,526 | 8,967 | 145,847 |
| Other tangible fixed assets | 2,445 | 2,464 | 20,348 |
| Total tangible fixed assets (Note 4) | 301,158 | 295,315 | 2,506,100 |
| Intangible fixed assets: | | | |
| Software | 19,811 | 19,968 | 164,862 |
| Lease assets | 4 | 12 | 40 |
| Other intangible fixed assets | 1,252 | 1,329 | 10,419 |
| Total intangible fixed assets | 21,068 | 21,309 | 175,322 |
| Due from agencies | 746 | 1,003 | 6,210 |
| Due from reinsurers | 405 | 451 | 3,376 |
| Other assets | 190,196 | 161,551 | 1,582,728 |
| Deferred tax assets | 501 | 6,592 | 4,173 |
| Reserve for possible loan losses | (2,225) | (2,382) | (18,520) |
| Total assets | ¥14,664,705 | ¥13,804,219 | \$122,032,998 |

| | ¥ millions | | US\$ thousands |
|---|-------------|-------------|----------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Liabilities: | | | |
| Policy reserves: | | | |
| Reserve for outstanding claims | ¥ 73,102 | ¥ 70,678 | \$ 608,324 |
| Policy reserve | 12,524,934 | 12,042,327 | 104,226,800 |
| Reserve for policyholder dividends (Note 6) | 109,920 | 113,781 | 914,706 |
| Total policy reserves | 12,707,957 | 12,226,787 | 105,749,830 |
| Due to agencies | 1,009 | 833 | 8,402 |
| Due to reinsurers | 554 | 453 | 4,610 |
| Short-term debentures | 2,999 | 2,999 | 24,959 |
| Bonds (Note 8) | 51,100 | 65,100 | 425,230 |
| Other liabilities (Note 9) | 248,940 | 276,402 | 2,071,566 |
| Reserve for bonus to directors and audit & supervisory board members | 243 | 262 | 2,022 |
| Net defined benefit liability | 50,271 | 51,656 | 418,333 |
| Reserve for directors' and audit & supervisory board members' retirement benefits | 67 | 65 | 560 |
| Reserve for price fluctuations | 155,190 | 150,040 | 1,291,428 |
| Deferred tax liabilities | 95,824 | 3,097 | 797,406 |
| Deferred tax liabilities on land revaluation (Note 2 (14)) | 5,598 | 6,196 | 46,584 |
| Total liabilities | 13,319,755 | 12,783,895 | 110,840,936 |
| Net assets: | | | |
| Common stock: | | | |
| Authorized — 1,932,000,000 shares | | | |
| Issued — 681,480,000 shares | 207,111 | 207,111 | 1,723,490 |
| Capital surplus | 194,586 | 194,595 | 1,619,256 |
| Retained earnings | 366,747 | 290,861 | 3,051,903 |
| Treasury stock | (19,008) | (9,049) | (158,182) |
| Total stockholders' equity | 749,436 | 683,519 | 6,236,468 |
| Net unrealized gains on securities | 649,716 | 387,773 | 5,406,645 |
| Deferred gains (losses) on hedging instruments | (13,741) | (8,263) | (114,353) |
| Land revaluation (Note 2 (14)) | (43,694) | (45,586) | (363,602) |
| Foreign currency translation adjustments | 21 | 6 | 177 |
| Total accumulated other comprehensive income | 592,301 | 333,929 | 4,928,867 |
| Subscription rights to shares | 746 | 523 | 6,208 |
| Minority interests | 2,465 | 2,352 | 20,518 |
| Total net assets | 1,344,950 | 1,020,324 | 11,192,061 |
| Total liabilities and net assets | ¥14,664,705 | ¥13,804,219 | \$122,032,998 |

See notes to consolidated financial statements.

Consolidated Statement of Operation

| | ¥ millions | | US\$ thousands |
|--|------------------|------------------|---------------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Ordinary revenues: | | | |
| Income from insurance premiums | ¥1,958,055 | ¥1,609,732 | \$16,294,050 |
| Investment income: | | | |
| Interest, dividends and income from real estate for rent | 287,966 | 287,487 | 2,396,323 |
| Gains on investments in trading securities, net | 20,056 | 15,354 | 166,898 |
| Gains on sales of securities | 34,433 | 30,496 | 286,540 |
| Foreign exchange gains, net | 1,606 | — | 13,370 |
| Reversal of reserve for possible loan losses | 148 | 1,828 | 1,233 |
| Other investment income | 4,557 | 3,171 | 37,929 |
| Gains on separate accounts, net | 35,455 | 59,480 | 295,040 |
| Total investment income | 384,223 | 397,818 | 3,197,336 |
| Other ordinary income: | | | |
| Other ordinary income | 69,847 | 78,146 | 581,242 |
| Total other ordinary income | 69,847 | 78,146 | 581,242 |
| Equity in net income of affiliated companies | 38 | 37 | 317 |
| Total ordinary revenues | 2,412,165 | 2,085,734 | 20,072,946 |
| Ordinary expenses: | | | |
| Insurance claims and other payments: | | | |
| Insurance claims | 355,635 | 382,996 | 2,959,439 |
| Annuity payments | 457,550 | 460,468 | 3,807,529 |
| Insurance benefits | 177,425 | 192,427 | 1,476,457 |
| Surrender payments | 351,229 | 414,993 | 2,922,770 |
| Other payments | 59,692 | 70,101 | 496,735 |
| Total insurance claims and other payments | 1,401,534 | 1,520,988 | 11,662,932 |
| Provision for policy and other reserves: | | | |
| Provision for reserve for outstanding claims | 2,423 | 1,670 | 20,169 |
| Provision for policy reserve | 482,607 | 20,797 | 4,016,036 |
| Interest portion of reserve for policyholder dividends | 108 | 129 | 900 |
| Total provision for policy and other reserves | 485,139 | 22,597 | 4,037,106 |
| Investment expenses: | | | |
| Interest expenses | 1,841 | 2,037 | 15,324 |
| Losses from monetary trusts, net | 1,744 | 11,011 | 14,515 |
| Losses on sales of securities | 6,972 | 17,634 | 58,024 |
| Devaluation losses on securities | 1,065 | 5,310 | 8,864 |
| Losses from derivatives, net | 33,948 | 27,317 | 282,500 |
| Foreign exchange losses, net | — | 31 | — |
| Write-off of loans | 6 | 2,516 | 52 |
| Depreciation of real estate for rent | 5,176 | 4,803 | 43,078 |
| Other investment expenses | 15,672 | 16,017 | 130,419 |
| Total investment expenses | 66,427 | 86,680 | 552,781 |
| Operating expenses | 199,435 | 197,655 | 1,659,609 |
| Other ordinary expenses | 70,686 | 71,588 | 588,218 |
| Total ordinary expenses | 2,223,222 | 1,899,510 | 18,500,647 |
| Ordinary profit | ¥ 188,943 | ¥ 186,224 | \$ 1,572,298 |

(continued)

| | ¥ millions | | US\$ thousands |
|--|-----------------|-----------------|-------------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Extraordinary gains: | | | |
| Gains on disposal of fixed assets | ¥ 67 | ¥ 4 | \$ 563 |
| State subsidy | 55 | 189 | 462 |
| Gains on transfer of retirement benefit plan | — | 134 | — |
| Compensation for transfer | 102 | 89 | 852 |
| Total extraordinary gains | 225 | 417 | 1,878 |
| Extraordinary losses: | | | |
| Losses on disposal of fixed assets | 1,028 | 2,810 | 8,556 |
| Impairment losses (Note 13) | 1,995 | 3,967 | 16,607 |
| Provision for reserve for price fluctuations | 5,150 | 24,100 | 42,863 |
| Head office transfer cost | 99 | — | 830 |
| Other extraordinary losses | 56 | 276 | 471 |
| Total extraordinary losses | 8,331 | 31,154 | 69,329 |
| Provision for reserve for policyholder dividends | 32,555 | 31,638 | 270,912 |
| Income before income taxes | 148,281 | 123,849 | 1,233,934 |
| Income taxes: | | | |
| Current | 44,147 | 48,113 | 367,375 |
| Deferred | 9,755 | (3,402) | 81,181 |
| Total income taxes | 53,903 | 44,711 | 448,557 |
| Income before minority interests | 94,378 | 79,138 | 785,377 |
| Minority interests | 163 | 155 | 1,356 |
| Net income | ¥ 94,215 | ¥ 78,982 | \$ 784,021 |

Consolidated Statement of Comprehensive Income

| | ¥ millions | | US\$ thousands |
|---|-----------------|-----------------|--------------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Income before minority interests | ¥ 94,378 | ¥ 79,138 | \$ 785,377 |
| Other comprehensive income: | | | |
| Net unrealized gains on securities | 261,950 | 36,232 | 2,179,829 |
| Deferred gains (losses) on hedging instruments | (5,478) | 2,500 | (45,587) |
| Land revaluation | 369 | — | 3,073 |
| Foreign currency translation adjustments | 0 | 1 | 6 |
| Share of other comprehensive income of associates accounted for using the equity method | 9 | 28 | 79 |
| Total other comprehensive income (Note 14) | 256,851 | 38,762 | 2,137,401 |
| Comprehensive income | ¥351,230 | ¥117,900 | \$2,922,779 |
| (Comprehensive income attributable to) | | | |
| Comprehensive income attributable to owners of the parent | 351,065 | 117,747 | 2,921,405 |
| Comprehensive income attributable to minority interests | 165 | 153 | 1,373 |

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

¥ millions

| Year ended March 31, 2015 | Stockholders' equity | | | | | Accumulated other comprehensive income | | | | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|--|--|------------------|--|--|-------------------------------|--------------------|------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity | Net unrealized gains on securities | Deferred gains (losses) on hedging instruments | Land revaluation | Foreign currency translation adjustments | Total accumulated other comprehensive income | Subscription rights to shares | Minority interests | Total net assets |
| 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) |
| Net income | | | 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 |

US\$ thousands

| Year ended March 31, 2015 | Stockholders' equity | | | | | Accumulated other comprehensive income | | | | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|--|--|------------------|--|--|-------------------------------|--------------------|------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity | Net unrealized gains on securities | Deferred gains (losses) on hedging instruments | Land revaluation | Foreign currency translation adjustments | Total accumulated other comprehensive income | Subscription rights to shares | Minority interests | Total net assets |
| Balance at the beginning of the year | \$1,723,490 | \$1,619,334 | \$2,420,418 | \$ (75,308) | \$5,687,934 | \$3,226,873 | \$ (68,766) | \$ (379,353) | \$ 51 | \$2,778,805 | \$4,359 | \$19,577 | \$ 8,490,677 |
| Changes in the period | | | | | | | | | | | | | |
| Dividends | | | (139,857) | | (139,857) | | | | | | | | (139,857) |
| Net income | | | 784,021 | | 784,021 | | | | | | | | 784,021 |
| Acquisition of treasury stock | | | | (83,300) | (83,300) | | | | | | | | (83,300) |
| Disposal of treasury stock | | (77) | | 425 | 348 | | | | | | | | 348 |
| Reversal of land revaluation | | | (12,678) | | (12,678) | | | | | | | | (12,678) |
| Net changes of items other than stockholders' equity | | | | | | 2,179,771 | (45,587) | 15,751 | 126 | 2,150,062 | 1,848 | 940 | 2,152,851 |
| Total changes in the period | | (77) | 631,485 | (82,874) | 548,533 | 2,179,771 | (45,587) | 15,751 | 126 | 2,150,062 | 1,848 | 940 | 2,701,384 |
| Balance at the end of the year | \$1,723,490 | \$1,619,256 | \$3,051,903 | \$ (158,182) | \$6,236,468 | \$5,406,645 | \$ (114,353) | \$ (363,602) | \$177 | \$4,928,867 | \$6,208 | \$20,518 | \$11,192,061 |

¥ millions

| Year ended March 31, 2014 | Stockholders' equity | | | | | Accumulated other comprehensive income | | | | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|--|--|------------------|--|--|-------------------------------|--------------------|------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity | Net unrealized gains on securities | Deferred gains (losses) on hedging instruments | Land revaluation | Foreign currency translation adjustments | Total accumulated other comprehensive income | Subscription rights to shares | Minority interests | Total net assets |
| Balance at the beginning of the year | ¥207,111 | ¥194,617 | ¥221,597 | ¥(6,115) | ¥617,210 | ¥351,526 | ¥(10,763) | ¥(40,712) | ¥(78) | ¥299,970 | ¥307 | ¥2,257 | ¥ 919,746 |
| Cumulative effects of changes in accounting policies | | | 647 | | 647 | | | | | | | | 647 |
| Restated balance | 207,111 | 194,617 | 222,244 | (6,115) | 617,857 | 351,526 | (10,763) | (40,712) | (78) | 299,970 | 307 | 2,257 | 920,394 |
| Changes in the period | | | | | | | | | | | | | |
| Dividends | | | (15,172) | | (15,172) | | | | | | | | (15,172) |
| Net income | | | 78,982 | | 78,982 | | | | | | | | 78,982 |
| Acquisition of treasury stock | | | | (3,009) | (3,009) | | | | | | | | (3,009) |
| Disposal of treasury stock | | (21) | | 75 | 53 | | | | | | | | 53 |
| Reversal of land revaluation | | | 4,874 | | 4,874 | | | | | | | | 4,874 |
| Change of scope of consolidation | | | (67) | | (67) | | | | | | | | (67) |
| Net changes of items other than stockholders' equity | | | | | | 36,247 | 2,500 | (4,874) | 84 | 33,958 | 215 | 95 | 34,269 |
| Total changes in the period | | (21) | 68,617 | (2,934) | 65,661 | 36,247 | 2,500 | (4,874) | 84 | 33,958 | 215 | 95 | 99,930 |
| Balance at the end 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 |

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

| | ¥ millions | | US\$ thousands |
|---|------------------|------------------|---------------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Cash flows from operating activities: | | | |
| Income before income taxes | ¥ 148,281 | ¥ 123,849 | \$ 1,233,934 |
| Depreciation of real estate for rent | 5,176 | 4,803 | 43,078 |
| Other depreciation and amortization | 10,305 | 10,360 | 85,758 |
| Impairment losses | 1,995 | 3,967 | 16,607 |
| Increase (decrease) in reserve for outstanding claims | 2,423 | 1,670 | 20,169 |
| Increase (decrease) in policy reserve | 482,607 | 20,797 | 4,016,036 |
| Interest portion of reserve for policyholder dividends | 108 | 129 | 900 |
| Provision for reserve for (reversal of) policyholder dividends | 32,555 | 31,638 | 270,912 |
| Increase (decrease) in reserve for possible loan losses | (155) | (1,926) | (1,295) |
| Increase (decrease) in reserve for bonus to directors and audit & supervisory board members | (18) | (40) | (157) |
| Increase (decrease) in net defined benefit liability | (1,385) | (6,670) | (11,526) |
| Increase (decrease) in reserve for directors' and audit & supervisory board members' retirement benefits | 1 | 10 | 13 |
| Increase (decrease) in reserve for price fluctuations | 5,150 | 24,100 | 42,863 |
| Interest, dividends and income from real estate for rent | (287,966) | (287,487) | (2,396,323) |
| Losses (gains) on investment securities | (81,906) | (82,386) | (681,590) |
| Interest expenses | 1,841 | 2,037 | 15,324 |
| Exchange losses (gains) | (1,541) | 85 | (12,829) |
| Losses (gains) on disposal of tangible fixed assets | 921 | 2,223 | 7,668 |
| Equity in losses (income) of affiliated companies | (38) | (37) | (317) |
| Decrease (increase) in amount due from agencies | 257 | 16 | 2,139 |
| Decrease (increase) in amount due from reinsurers | 46 | 829 | 383 |
| Decrease (increase) in other assets (excluding investment activities-related and financing activities-related) | (5,376) | (11,792) | (44,737) |
| Increase (decrease) in amount due to agencies | 175 | (344) | 1,462 |
| Increase (decrease) in amount due to reinsurers | 101 | 63 | 840 |
| Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related) | (2,866) | (3,054) | (23,851) |
| Others, net | 47,468 | 54,677 | 395,009 |
| Subtotal | 358,164 | (112,478) | 2,980,478 |
| Interest, dividends and income from real estate for rent received | 302,216 | 304,396 | 2,514,906 |
| Interest paid | (2,089) | (2,033) | (17,391) |
| Policyholder dividends | (36,530) | (36,698) | (303,987) |
| Others, net | 48,908 | 53,192 | 406,996 |
| Income taxes paid | (53,908) | (47,248) | (448,603) |
| Net cash provided by (used in) operating activities | ¥ 616,760 | ¥ 159,130 | \$ 5,132,398 |

(continued)

| | ¥ millions | | US\$ thousands |
|---|-------------|-------------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Cash flows from investing activities: | | | |
| Net decrease (increase) in short-term investments | ¥ 50 | ¥ 29,517 | \$ 418 |
| Investments in monetary claims purchased | (4,000) | (6,000) | (33,286) |
| Proceeds from sale and redemption of monetary claims purchased | 36,869 | 35,874 | 306,808 |
| Investments in monetary trusts | (227,080) | (173,830) | (1,889,656) |
| Proceeds from monetary trusts | 1,533 | 16,980 | 12,759 |
| Purchase of securities | (1,626,796) | (1,797,679) | (13,537,455) |
| Sale and redemption of securities | 1,622,894 | 1,904,771 | 13,504,988 |
| Investments in loans | (445,797) | (495,946) | (3,709,724) |
| Collection of loans | 462,395 | 484,069 | 3,847,845 |
| Others, net | (259,317) | (204,516) | (2,157,921) |
| Subtotal | (439,248) | (206,758) | (3,655,224) |
| Total of net cash provided by (used in) operating activities and investment transactions as above | 177,512 | (47,628) | 1,477,174 |
| Purchase of tangible fixed assets | (27,898) | (7,092) | (232,161) |
| Proceeds from disposal of tangible fixed assets | 273 | 189 | 2,274 |
| Others, net | (182) | (202) | (1,516) |
| Net cash provided by (used in) investing activities | (467,056) | (213,864) | (3,886,628) |
| Cash flows from financing activities: | | | |
| Net increase (decrease) in short-term debenture | 0 | 1,999 | 0 |
| Proceeds from issuance of debt | 13,500 | 41,350 | 112,340 |
| Repayments of debt | (48,343) | (12,018) | (402,292) |
| Proceeds from issuance of bonds | — | 20,000 | — |
| Redemption of bonds | (14,000) | — | (116,501) |
| Payment of lease obligations | (606) | (542) | (5,049) |
| Purchase of treasury stock | (10,010) | (3,009) | (83,300) |
| Sale of treasury stock | 0 | 0 | 1 |
| Dividends paid | (16,766) | (15,178) | (139,520) |
| Dividends paid to minority interests | (52) | (58) | (433) |
| Others, net | 0 | 0 | 0 |
| Net cash provided by (used in) financing activities | (76,278) | 32,543 | (634,754) |
| Effect of exchange rate changes on cash and cash equivalents | (1,012) | (808) | (8,422) |
| Net increase (decrease) in cash and cash equivalents | 72,413 | (22,997) | 602,593 |
| Cash and cash equivalents at the beginning of the year | 827,111 | 850,108 | 6,882,841 |
| Cash and cash equivalents at the end of the year (Note 16) | ¥ 899,524 | ¥ 827,111 | \$ 7,485,435 |

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 ¥120.17 = U.S.\$1, which was the approximate rate prevailing at March 31, 2015. 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, 2015 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, 2015 was two.

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

Further information for consolidated subsidiaries and affiliated companies is shown in "Group Companies" on page 168.

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**a. Foreign currency accounts**

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

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

b. Foreign currency financial statements of consolidated subsidiaries

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 in accordance with generally accepted accounting principles and practices in Japan. Gains and losses resulting from translation of foreign currency financial statements are excluded from the consolidated statement of operation and are accumulated in foreign currency translation adjustments or minority interests as a separate component of net assets.

(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.

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 25 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) 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 ¥403 million (\$3,361 thousand) and ¥2,913 million for the years ended March 31, 2015 and 2014, 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 management considered its necessity, by applying the historical loan-loss ratio determined over a fixed period.

(6) 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.

(7) 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 2014, 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, 2015 and 2014 was ¥12,993 million (\$108,129 thousand) and ¥5,895 million, respectively.

(8) 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, 2015.

(9) 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, 2015.

(10) 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.

(11) 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.

(12) Tangible fixed assets

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

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

(13) Intangible fixed assets

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

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

(14) 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.

(15) 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 in cases where the special treatment requirements 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: | Exchange contracts |
| Hedged item: | Foreign currency-denominated assets |
| c. Hedging instrument: | Option |
| Hedged item: | Domestic and foreign stocks, domestic and foreign-listed investment trusts, domestic bonds |
| d. Hedging instrument: | Credit transaction |
| Hedged item: | Domestic and foreign stocks, domestic and foreign-listed investment trusts |
| e. Hedging instrument: | Forward contracts |
| 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 method for translating foreign currency receivables and payables on the basis of yen value cash flow fixed by forward contract for exchange contract transactions hedging foreign currency deposits in cases where the transactions satisfy the requirements for the method. The hedging instrument and hedged item for Daido Life are follows:

- | | |
|---------------------|--|
| Hedging instrument: | Exchange contracts |
| Hedged item: | Foreign currency-denominated available-for-sale securities and fixed deposit |

Daido Life's hedging policy is based on the internal rules and regulations concerning asset operations, and 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.

(16) 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 noncredited portion is charged as an expense in the period in which the consumption taxes are paid. However, certain noncredited portions of consumption taxes paid, such as 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.

(17) 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.

(18) Unadopted accounting standards, etc.

- “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on September 13, 2013)
- “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on September 13, 2013)
- “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on September 13, 2013)

- “Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2, issued on September 13, 2013)
- “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on September 13, 2013)
- “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4, issued on September 13, 2013)

a. Summary

The revisions of these accounting standards mainly affect

- 1) changes in equity due to additional acquisition of ownership interest of subsidiaries that do not result in a change in control,
- 2) the accounting for acquisition related costs,
- 3) the

presentation method of net income and changes from minority interest to non-controlling interest, and 4) provisional treatment of the new standards.

b. Scheduled date of application

These accounting standards will be applied from the beginning of the fiscal year starting April 1, 2015. Tentative treatment of the new standards will be applied to business combinations that are implemented on and after the beginning of the fiscal year starting April 1, 2015.

c. Effect of the application of the accounting standards

The amount of the effect is under evaluation at the time of preparing consolidated financial statements for the consolidated fiscal year ended March 31, 2015.

Note 3 Loans

Delinquent loans of the Company and its consolidated subsidiaries as of March 31, 2015 and 2014 are summarized as follows:

| | ¥ millions | | US\$ thousands |
|--|------------|--------|----------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Loans to bankrupt companies | ¥ 268 | ¥ 310 | \$ 2,233 |
| Past due loans | 825 | 598 | 6,865 |
| Loans overdue for three months or more | 3,222 | 3,051 | 26,812 |
| Restructured loans | 32 | 34 | 269 |
| Total | ¥4,347 | ¥3,994 | \$36,180 |

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. Write-offs relating to bankrupt companies for the years ended March 31, 2015 and 2014 amounted to ¥72 million (\$605 thousand) and ¥99 million, respectively. Write-offs relating to past due loans for the years ended March 31, 2015 and 2014 amounted to ¥132 million (\$1,103 thousand) and ¥2,653 million, respectively.

Note 4 » Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2015 and 2014 was ¥225,078 million (\$1,873,001 thousand) and ¥221,215 million, respectively.

Note 5 » Separate Accounts

The consolidated balance sheet includes ¥250,334 million (\$2,083,167 thousand) and ¥529,637 million of assets and liabilities in equal amounts related to separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act, as of March 31, 2015 and 2014, respectively.

Note 6 » Reserve for Policyholder Dividends

An analysis of the reserve for policyholder dividends included in policy reserves for the years ended March 31, 2015 and 2014 is as follows:

| | ¥ millions | | US\$ thousands |
|--|------------|----------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Balance at the beginning of the year | ¥113,781 | ¥118,721 | \$ 946,836 |
| Policyholder dividends | (36,530) | (36,698) | (303,987) |
| Increase in interest | 108 | 129 | 900 |
| Increase due to other reasons | 5 | — | 44 |
| Decrease due to other reasons | — | (9) | — |
| Provision for reserve for policyholder dividends | 32,555 | 31,638 | 270,912 |
| Balance at the end of the year | ¥109,920 | ¥113,781 | \$ 914,706 |

Note 7 » Unused Loan Balance under Loan Commitments

| | ¥ millions | | US\$ thousands |
|----------------------------------|------------|------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Total amount of loan commitments | ¥6,800 | ¥— | \$56,586 |
| Balance of loans outstanding | 2,237 | — | 18,622 |
| Balance | ¥4,562 | ¥— | \$37,963 |

Note 8 » Bonds

Bonds are subordinated bonds, the payment priority of which is subordinated to other payables.

Note 9 » Other Liabilities

Other liabilities included ¥47,500 million (\$395,273 thousand) and ¥83,500 million of subordinated borrowings as of March 31, 2015 and 2014, respectively.

Note 10 » Commitments

The amounts of future contributions to the Policyholder Protection Corporation, which are estimated in accordance with Article 259 of the Insurance Business Act, were ¥24,611 million (\$204,802 thousand) and ¥24,361 million as of March 31, 2015 and 2014, respectively. The contributions are recorded on the statement of operation as an operating expense when paid, as the amount of future contributions is not yet fixed.

The amounts of the Three Life Insurance Companies' investments in securities which were 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 and as a substitution of collateral for margin for futures contracts were ¥153,050 million (\$1,273,619 thousand) and ¥143,663 million as of March 31, 2015 and 2014, respectively.

Note 11 Organizational Change Surplus

The organizational change surplus, which is the portion of net assets attributable to contributions by past policyholders as of the date of the demutualization of Taiyo Life and Daido Life and whose distribution is restricted by Article 91 of the Insurance Business Act, amounted to

¥63,158 million (\$525,575 thousand) and ¥63,158 million for Taiyo Life and ¥10,836 million (\$90,175 thousand) and ¥10,836 million for Daido Life as of March 31, 2015 and 2014, respectively.

Note 12 Investments in Affiliates

Securities included ¥306 million (\$2,554 thousand) and ¥272 million of investments in affiliates as of March 31, 2015 and 2014, respectively.

Note 13 Impairment Losses on Fixed Assets

Impairment losses on fixed assets for the years ended March 31, 2015 and 2014 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

Because the recoverable amount fell below the book value for an asset group of some insurance companies owned for insurance operations, impairment losses were recognized for the difference between the book value and the recoverable amount and reported in extraordinary losses as impairment losses.

And, because of decreases in fair market value and rental income for some rental properties, impairment losses were recognized for the difference between the book value and the recoverable amount and reported in extraordinary losses as impairment losses.

(3) Impairment losses by asset group

| Year ended March 31, 2015 | | ¥ millions | | | US\$ thousands |
|---------------------------|--|------------|-----------|--------|----------------|
| Asset | Location, etc. | Land | Buildings | Total | Total |
| Rental properties | 11 assets (Osaka City, Osaka Prefecture, etc.) | ¥1,327 | ¥668 | ¥1,995 | \$16,607 |

| Year ended March 31, 2014 | | ¥ millions | | | |
|---------------------------|--|-----------------------|-------|-----------|-------|
| Asset | Location, etc. | Internal-use software | Land | Buildings | Total |
| Insurance operations | (Minato-ku, Tokyo, etc.) | ¥300 | ¥ — | ¥ 1 | ¥301 |
| Rental properties | 10 assets (Suita City, Osaka Prefecture, etc.) | — | 2,402 | 1,262 | 3,665 |

(4) Method of calculating recoverable amount

The recoverable amount is based on the value in use for real estate owned for insurance operations and the value in use or net realizable value for rental properties. The value in use for real estate owned for insurance operations is calculated by discounting future cash flows

from 0.08% to 0.11%. The value in use for real estate owned for rental properties is calculated by discounting future cash flows by 6.0%. 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 14 Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effect regarding other comprehensive income for the years ended March 31, 2015 and 2014 are as follows:

| Years ended March 31, | 2015 | ¥ millions 2014 | US\$ thousands 2015 |
|--|----------|--------------------|------------------------|
| Net unrealized gains on securities: | | | |
| Net unrealized gains during the year | ¥380,677 | ¥ 52,217 | \$3,167,821 |
| Reclassification adjustments | (27,996) | (3,407) | (232,978) |
| Amount before tax effect | 352,680 | 48,810 | 2,934,843 |
| Tax effect | (90,730) | (12,577) | (755,014) |
| Net unrealized gains on securities | 261,950 | 36,232 | 2,179,829 |
| Deferred gains (losses) on hedging instruments: | | | |
| Deferred gains (losses) during the year | (8,284) | 3,034 | (68,938) |
| Reclassification adjustments | 908 | 573 | 7,560 |
| Amount before tax effect | (7,375) | 3,607 | (61,378) |
| Tax effect | 1,897 | (1,107) | 15,791 |
| Deferred gains (losses) on hedging instruments | (5,478) | 2,500 | (45,587) |
| Land revaluation: | | | |
| Tax effect | 369 | — | 3,073 |
| Land revaluation | 369 | — | 3,073 |
| Foreign currency translation adjustments: | | | |
| Translation adjustments during the year | 0 | 1 | 6 |
| Share of other comprehensive income of associates accounted for using the equity method: | | | |
| Share of other comprehensive income during the year | 9 | 28 | 79 |
| Total other comprehensive income | ¥256,851 | ¥ 38,762 | \$2,137,401 |

Note 15 Consolidated Statement of Changes in Net Assets

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 |

Notes 1: Treasury stock increased due to the following reasons: 7,461,900 shares by the acquisition of treasury stock based on the corporate resolution 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 US\$ thousands |
| The Company | Share subscription rights as stock options | ¥746 \$6,208 |

(3) Information of shareholder dividends

The amount of shareholder dividends is as follows:

| 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 26, 2014 | Common stock | ¥16,806 \$139,857 | ¥25.00 \$0.20 | 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 is as follows:

| 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 25, 2015 | Common stock | ¥16,621 | \$138,313 | Retained earnings | ¥25.00 | \$0.20 | March 31, 2015 | June 26, 2015 |

For the year ended March 31, 2014

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

| Year ended March 31, 2014 | 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 | 7,157,560 | 2,132,684 | 77,950 | 9,212,294 |

Notes 1: Treasury stock increased due to the following reasons: 2,125,300 shares by the acquisition of treasury stock based on the corporate resolution on May 15, 2013 and 7,384 shares by purchasing odd-lot shares.

2: Treasury stock decreased due to the following reasons: 77,800 shares by exercising the stock options and 150 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 | ¥523 |

(3) Information of shareholder dividends

The amount of shareholder dividends is as follows:

| 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, 2013 | Common stock | ¥15,172 | | ¥22.50 | March 31, 2013 | June 27, 2013 |

The amount of shareholder dividends that is affected in the year ended March 31, 2015 while its record date is in the year ended March 31, 2014 is as follows:

| 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 26, 2014 | Common stock | ¥16,806 | Retained earnings | | ¥25.00 | | March 31, 2014 | June 27, 2014 |

Note 16 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 as of March 31, 2015 and 2014:

| | ¥ millions | | US\$ thousands | |
|--|--------------|--------------|----------------|--|
| As of March 31, | 2015 | 2014 | 2015 | |
| Cash and deposits | ¥ 334,191 | ¥ 378,331 | \$ 2,780,988 | |
| Less: deposits with an original maturity of more than three months | (5,460) | (5,510) | (45,435) | |
| Call loans | 329,876 | 187,600 | 2,745,077 | |
| Monetary claims purchased | 339,927 | 451,083 | 2,828,718 | |
| Less: monetary claims purchased other than cash and cash equivalents | (196,385) | (227,489) | (1,634,228) | |
| Securities | 10,847,399 | 10,211,280 | 90,267,118 | |
| Less: securities other than cash and cash equivalents | (10,750,024) | (10,168,183) | (89,456,803) | |
| Cash and cash equivalents | ¥ 899,524 | ¥ 827,111 | \$ 7,485,435 | |

Note 17 Lease Transactions

(1) As lessee

There are no ownership-transfer finance leases as of March 31, 2015 and 2014.

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

Future minimum lease payments under noncancellable operating leases as of March 31, 2015 and 2014 were as follows:

| | ¥ millions | | US\$ thousands |
|---------------------|------------|------|----------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Due within one year | ¥ 7 | ¥2 | \$ 58 |
| Due after one year | 14 | 2 | 120 |
| Total | ¥21 | ¥5 | \$179 |

(2) As lessor

Lease investment assets as of March 31, 2015 and 2014 are summarized as follows:

| | ¥ millions | | US\$ thousands |
|-------------------------------|------------|---------|----------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Other: | | | |
| Lease income receivables | ¥32,812 | ¥33,906 | \$273,050 |
| Estimated residual value | 303 | 362 | 2,523 |
| Interest income | (2,831) | (3,231) | (23,565) |
| Total lease investment assets | ¥30,283 | ¥31,037 | \$252,009 |

Projected collection periods and amounts of lease income receivables related to lease receivables and lease investment assets for the fiscal years ended March 31, 2015 and 2014 are as follows:

| | ¥ millions | | US\$ thousands | |
|--|-------------------|-------------------------|-------------------|-------------------------|
| As of March 31, 2015 | Lease receivables | Lease investment assets | Lease receivables | Lease investment assets |
| Due within one year | ¥1,525 | ¥8,716 | \$12,691 | \$72,537 |
| Due after one year through two years | 1,313 | 7,218 | 10,927 | 60,069 |
| Due after two years through three years | 1,121 | 5,793 | 9,329 | 48,207 |
| Due after three years through four years | 886 | 4,352 | 7,374 | 36,223 |
| Due after four years through five years | 662 | 2,854 | 5,509 | 23,752 |
| Due after five years | 1,024 | 3,876 | 8,522 | 32,260 |

| | ¥ millions | |
|--|-------------------|-------------------------|
| As of March 31, 2014 | Lease receivables | Lease investment assets |
| Due within one year | ¥1,439 | ¥9,114 |
| Due after one year through two years | 1,232 | 7,408 |
| Due after two years through three years | 1,026 | 5,910 |
| Due after three years through four years | 849 | 4,489 |
| Due after four years through five years | 625 | 3,058 |
| Due after five years | 1,029 | 3,925 |

Note 18 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, 2015 and 2014.

Note 19 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, | 2015 | 2014 |
|--|-------|-------|
| Statutory tax rate | 30.7% | 33.3% |
| Valuation allowance | (1.2) | (0.3) |
| Permanent difference items including entertainment expense, etc. | 0.4 | 0.6 |
| Adjustment of deferred tax assets due to the changes in statutory tax rate | 6.7 | 2.0 |
| Others, net | (0.2) | 0.5 |
| Effective tax rate | 36.4% | 36.1% |

Adjustment of deferred tax assets and liabilities due to the changes in the statutory tax rate:

Following the promulgation of the Act on Partial Revision of the Income Tax Act, etc. and the Act on Partial Revision of the Local Tax Act, etc., the statutory tax rate used for the calculation of deferred tax assets and liabilities for the fiscal year ended March 31, 2015 (but limited to the assets and liabilities which will be realized on and after

April 1, 2015), has been changed to 28.8% from 30.7%.

As a result, deferred income taxes increased by ¥9,940 million (\$82,720 thousand), net income decreased by ¥9,938 million (\$82,706 thousand). Further, deferred tax liabilities decreased by ¥6,377 million (\$53,070 thousand) and unrealized gains on available-for-sale securities increased by ¥16,597 million (\$138,113 thousand).

Significant components of deferred tax assets and liabilities of the Company and consolidated subsidiaries as of March 31, 2015 and 2014 are summarized below:

| | ¥ millions | | US\$ thousands |
|---|------------|-----------|----------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Deferred tax assets: | | | |
| Policy reserves | ¥ 65,641 | ¥ 70,163 | \$ 546,240 |
| Reserve for price fluctuations | 44,672 | 46,055 | 371,740 |
| Net defined benefit liability | 30,077 | 33,010 | 250,292 |
| Devaluation losses on securities | 14,138 | 17,633 | 117,653 |
| Deferred losses on disposal of fixed assets | 4,112 | 4,199 | 34,221 |
| Reserve for bonus payments | 2,211 | 2,532 | 18,405 |
| Tax loss carryforward | 1,234 | 1,803 | 10,270 |
| Reserve for possible loan losses | 621 | 1,331 | 5,168 |
| Others | 17,955 | 15,471 | 149,420 |
| Subtotal | 180,665 | 192,200 | 1,503,417 |
| Valuation allowance | (21,652) | (24,954) | (180,185) |
| Total deferred tax assets | 159,012 | 167,246 | 1,323,232 |
| Deferred tax liabilities: | | | |
| Unrealized gains on available-for-sale securities | (250,322) | (159,593) | (2,083,070) |
| Accrued dividend income | (1,786) | (1,668) | (14,868) |
| Deferred gain on reduction of book value of real estate | (667) | (2,152) | (5,556) |
| Others | (1,558) | (337) | (12,969) |
| Total deferred tax liabilities | (254,335) | (163,751) | (2,116,465) |
| Net deferred tax assets (liabilities) | ¥ (95,322) | ¥ 3,494 | \$ (793,233) |

Note 20 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 a further strength of 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 audit 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 held as of March 31, 2015 and 2014. Financial instruments without readily obtainable fair value are not included.

| | ¥ millions | | |
|--|-----------------|------------|------------|
| As of March 31, 2015 | Carrying amount | Fair value | 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 |

| As of March 31, 2015 | US\$ thousands | | |
|--|-----------------|--------------|------------|
| | Carrying amount | Fair value | Difference |
| Cash and deposits: | | | |
| Treated as securities | \$ 469,335 | \$ 469,335 | \$ — |
| Available-for-sale securities | 469,335 | 469,335 | — |
| Others | 2,311,653 | 2,311,653 | — |
| Total cash and deposits | 2,780,988 | 2,780,988 | — |
| Call loans | 2,745,077 | 2,745,077 | — |
| Monetary claims purchased: | | | |
| Treated as securities | 2,817,477 | 2,866,672 | 49,194 |
| Held-to-maturity bonds | 686,293 | 735,488 | 49,194 |
| Available-for-sale securities | 2,131,184 | 2,131,184 | — |
| Others | 11,240 | 12,328 | 1,087 |
| Total monetary claims purchased | 2,828,718 | 2,879,000 | 50,281 |
| Monetary trusts: | | | |
| Monetary trusts for trading purposes | 77,057 | 77,057 | — |
| Monetary trusts for held-to-maturity purposes | 188,156 | 188,032 | (124) |
| Monetary trusts for policy reserve-matching purposes | 3,298,432 | 3,400,106 | 101,673 |
| Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes | 78,048 | 78,048 | — |
| Total monetary trusts | 3,641,695 | 3,743,244 | 101,549 |
| Securities: | | | |
| Trading securities | 2,828,074 | 2,828,074 | — |
| Held-to-maturity bonds | 12,818,388 | 14,241,267 | 1,422,879 |
| Policy reserve-matching bonds | 22,366,376 | 24,975,783 | 2,609,406 |
| Available-for-sale securities | 50,449,095 | 50,449,095 | — |
| Total securities | 88,461,935 | 92,494,221 | 4,032,285 |
| Loans: | | | |
| Policy loans *1 | 1,159,155 | 1,285,435 | 126,348 |
| Commercial loans *1 | 14,350,853 | 14,773,364 | 437,322 |
| Reserve for possible loan losses *2 | (14,881) | — | — |
| Total loans | 15,495,128 | 16,058,799 | 563,671 |
| Total assets | 115,953,544 | 120,701,332 | 4,747,788 |
| Short-term debentures | 24,959 | 24,959 | — |
| Bonds | 425,230 | 427,663 | 2,432 |
| Borrowings within other liabilities | 675,696 | 679,699 | 4,002 |
| Total liabilities | 1,125,887 | 1,132,322 | 6,435 |
| Derivative financial instruments *3: | | | |
| Hedge accounting not applied | 79,073 | 79,073 | — |
| Hedge accounting applied | (336,984) | (330,225) | 6,759 |
| Total derivative financial instruments | \$ (257,911) | \$ (251,151) | \$ 6,759 |

*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, 2014 | Carrying amount | Fair value | ¥ millions Difference |
|--|-----------------|------------|--------------------------|
| Cash and deposits: | | | |
| Treated as securities | ¥ 63,000 | ¥ 63,000 | ¥ — |
| Available-for-sale securities | 63,000 | 63,000 | — |
| Others | 315,331 | 315,331 | — |
| Total cash and deposits | 378,331 | 378,331 | — |
| Call loans | 187,600 | 187,600 | — |
| Monetary claims purchased: | | | |
| Treated as securities | 449,674 | 455,444 | 5,769 |
| Held-to-maturity bonds | 93,291 | 99,061 | 5,769 |
| Available-for-sale securities | 356,382 | 356,382 | — |
| Others | 1,408 | 1,497 | 88 |
| Total monetary claims purchased | 451,083 | 456,941 | 5,858 |
| Monetary trusts: | | | |
| Monetary trusts for trading purposes | 14,689 | 14,689 | — |
| Monetary trusts for held-to-maturity purposes | 11,502 | 11,504 | 2 |
| Monetary trusts for policy reserve-matching purposes | 183,362 | 184,383 | 1,021 |
| Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes | 4,053 | 4,053 | — |
| Total monetary trusts | 213,608 | 214,632 | 1,023 |
| Securities: | | | |
| Trading securities | 608,247 | 608,247 | — |
| Held-to-maturity bonds | 1,497,303 | 1,609,087 | 111,783 |
| Policy reserve-matching bonds | 2,558,611 | 2,740,808 | 182,197 |
| Available-for-sale securities | 5,212,578 | 5,212,578 | — |
| Total securities | 9,876,741 | 10,170,722 | 293,980 |
| Loans: | | | |
| Policy loans *1 | 148,142 | 163,758 | 15,624 |
| Commercial loans *1 | 1,730,332 | 1,776,166 | 47,797 |
| Reserve for possible loan losses *2 | (1,972) | — | — |
| Total loans | 1,876,501 | 1,939,924 | 63,422 |
| Total assets | 12,983,866 | 13,348,151 | 364,285 |
| Short-term debentures | 2,999 | 2,999 | — |
| Bonds | 65,100 | 65,497 | 397 |
| Borrowings within other liabilities | 116,042 | 116,659 | 617 |
| Total liabilities | 184,141 | 185,156 | 1,014 |
| Derivative financial instruments *3: | | | |
| Hedge accounting not applied | 1,026 | 1,026 | — |
| Hedge accounting applied | (33,560) | (32,629) | 930 |
| Total derivative financial instruments | ¥ (32,533) | ¥ (31,603) | ¥ 930 |

*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 were 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, currency options and stock index option contracts are used as part of monetary trusts for investment purpose, and for these transactions, market values are calculated based on prices quoted by the financial institutions concerned.

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 and 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 held as of March 31, 2015 and 2014 are summarized as follows:

| | ¥ millions | | US\$ thousands |
|-------------------------------------|------------|----------|----------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Investments in affiliates | ¥ 306 | ¥ 272 | \$ 2,554 |
| Available-for-sale securities: | | | |
| Unlisted stocks | 16,570 | 124,441 | 137,892 |
| Foreign securities | 187,004 | 193,528 | 1,556,163 |
| Other securities | 13,047 | 16,297 | 108,573 |
| Total available-for-sale securities | ¥216,621 | ¥334,266 | \$1,802,628 |

Note: Impairment losses with respect to the unlisted stocks without readily obtainable fair value for the years ended March 31, 2015 and 2014 in the amount of ¥1,047 million (\$8,714 thousand) and ¥1,369 million, respectively, were charged to expenses.

The carrying amounts or principal amounts at March 31, 2015 and 2014, of monetary claims and fixed maturity securities by contractual maturity date are as follows:

| | ¥ 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 |

| US\$ thousands | | | | |
|--|-------------------------|---------------------------------------|---------------------------------------|--------------------|
| 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 | \$2,777,049 | \$ 832 | \$ — | \$ — |
| Call loans | 2,745,077 | — | — | — |
| Monetary claims purchased | 1,195,029 | 48,315 | 2,440 | 1,502,507 |
| Securities: | | | | |
| Held-to-maturity bonds | | | | |
| Government bonds | 844,095 | 2,021,336 | 2,421,178 | 5,069,239 |
| Municipal bonds | — | 113,138 | 5,825 | 326,176 |
| Corporate bonds | 121,627 | 123,450 | 462,553 | 1,534,356 |
| Policy reserve-matching bonds | | | | |
| Government bonds | 184,538 | 677,739 | 1,712,407 | 12,041,898 |
| Municipal bonds | 191,903 | 392,469 | 117,416 | 825,746 |
| Corporate bonds | 493,301 | 979,395 | 893,567 | 3,758,259 |
| Available-for-sale fixed maturity securities | | | | |
| Government bonds | 1,046,881 | 292,502 | 790,480 | 1,556,437 |
| Municipal bonds | 391,584 | 1,291,121 | 73,805 | 185,287 |
| Corporate bonds | 853,375 | 4,897,744 | 1,947,299 | 1,272,356 |
| Foreign securities | 865,621 | 4,694,879 | 11,106,898 | 2,804,303 |
| Other securities | — | 210 | 178 | — |
| Loans | 2,111,070 | 6,348,981 | 3,883,529 | 1,794,946 |

Note: Securities without contractual maturity date at March 31, 2015 in the amount of ¥543,671 million (\$4,524,188 thousand) are not included. Also loans without contractual maturity date such as policy loans at March 31, 2015 in the amount of ¥164,772 million (\$1,371,159 thousand) are not included.

| ¥ millions | | | | |
|--|-------------------------|---------------------------------------|---------------------------------------|--------------------|
| As of March 31, 2014 | 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 | ¥377,477 | ¥ 400 | ¥ — | ¥ — |
| Call loans | 187,600 | — | — | — |
| Monetary claims purchased | 223,661 | 8,744 | 2,150 | 208,630 |
| Securities: | | | | |
| Held-to-maturity bonds | | | | |
| Government bonds | 70,348 | 84,409 | 459,301 | 572,541 |
| Municipal bonds | — | 100 | 14,195 | 39,744 |
| Corporate bonds | 16,497 | 26,851 | 58,185 | 183,375 |
| Policy reserve-matching bonds | | | | |
| Government bonds | 12,545 | 99,459 | 164,478 | 1,370,350 |
| Municipal bonds | 33,408 | 67,424 | 16,910 | 83,430 |
| Corporate bonds | 49,750 | 115,874 | 106,780 | 428,830 |
| Available-for-sale fixed maturity securities | | | | |
| Government bonds | 105,126 | 115,634 | 87,354 | 191,865 |
| Municipal bonds | 97,527 | 157,876 | 50,010 | 22,030 |
| Corporate bonds | 100,961 | 519,414 | 318,475 | 163,559 |
| Foreign securities | 120,183 | 445,200 | 910,294 | 372,605 |
| Other securities | 7 | 82 | 39 | — |
| Loans | 244,298 | 871,380 | 395,876 | 208,254 |

Note: Securities without contractual maturity date at March 31, 2014 in the amount of ¥387,026 million are not included. Also loans without contractual maturity date such as policy loans at March 31, 2014 in the amount of ¥158,643 million are not included.

The carrying amounts of bonds and borrowings at March 31, 2015 and 2014, by contractual maturity date, are as follows:

| | ¥ 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 |

| | US\$ thousands | | | | | |
|-------------------------------------|-------------------------|--------------------------------------|---|--|---|----------------------|
| 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 | \$24,964 | \$ — | \$ — | \$ — | \$ — | \$ — |
| Bonds | — | — | — | — | — | 425,230 |
| Borrowings within other liabilities | 92,402 | 71,232 | 56,536 | 36,822 | 18,165 | 400,536 |

| | ¥ millions | | | | | |
|-------------------------------------|-------------------------|--------------------------------------|---|--|---|----------------------|
| As of March 31, 2014 | 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 | — | — | — | — | — | 65,100 |
| Borrowings within other liabilities | 11,364 | 8,566 | 6,022 | 4,256 | 1,884 | 83,950 |

Note 21 Investments in Securities

Investments in securities held by the Company and its consolidated subsidiaries as of March 31, 2015 and 2014 are summarized as follows:

(1) Trading securities

| | ¥ millions | | US\$ thousands |
|---|------------|--------|----------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Valuation difference charged to earnings (losses) | ¥(5,595) | ¥7,479 | \$(46,562) |

(2) Held-to-maturity bonds

| | ¥ millions | | |
|--|-----------------|------------|------------|
| As of March 31, 2015 | 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 |

| US\$ thousands | | | |
|--|-----------------|--------------|-------------|
| As of March 31, 2015 | Carrying amount | Fair value | Difference |
| Items with fair value exceeding carrying amount: | | | |
| Domestic bonds: | | | |
| Government bonds | \$ 9,643,248 | \$10,739,641 | \$1,096,393 |
| Municipal bonds | 450,667 | 506,461 | 55,793 |
| Corporate bonds | 2,179,705 | 2,450,799 | 271,094 |
| Total domestic bonds | 12,273,621 | 13,696,902 | 1,423,281 |
| Other securities | 686,293 | 735,488 | 49,194 |
| Total | 12,959,914 | 14,432,390 | 1,472,476 |
| Items with fair value not exceeding carrying amount: | | | |
| Domestic bonds: | | | |
| Government bonds | 544,766 | 544,364 | (402) |
| Municipal bonds | — | — | — |
| Corporate bonds | — | — | — |
| Total domestic bonds | 544,766 | 544,364 | (402) |
| Other securities | — | — | — |
| Total | 544,766 | 544,364 | (402) |
| Grand total | \$13,504,681 | \$14,976,755 | \$1,472,073 |

Note: Other securities include beneficiary trust certificates amounting to ¥82,471 million (\$686,293 thousand) that are represented as monetary claims purchased in the consolidated balance sheet as of March 31, 2015.

| ¥ millions | | | |
|--|-----------------|------------|------------|
| As of March 31, 2014 | Carrying amount | Fair value | Difference |
| Items with fair value exceeding carrying amount: | | | |
| Domestic bonds: | | | |
| Government bonds | ¥1,118,347 | ¥1,205,275 | ¥ 86,927 |
| Municipal bonds | 54,754 | 58,809 | 4,055 |
| Corporate bonds | 277,453 | 298,604 | 21,151 |
| Total domestic bonds | 1,450,555 | 1,562,689 | 112,134 |
| Other securities | 91,291 | 97,067 | 5,775 |
| Total | 1,541,846 | 1,659,756 | 117,909 |
| Items with fair value not exceeding carrying amount: | | | |
| Domestic bonds: | | | |
| Government bonds | 46,748 | 46,398 | (350) |
| Municipal bonds | — | — | — |
| Corporate bonds | — | — | — |
| Total domestic bonds | 46,748 | 46,398 | (350) |
| Other securities | 2,000 | 1,994 | (6) |
| Total | 48,748 | 48,392 | (356) |
| Grand total | ¥1,590,595 | ¥1,708,148 | ¥117,553 |

Note: Other securities include beneficiary trust certificates amounting to ¥93,291 million that are represented as monetary claims purchased in the consolidated balance sheet as of March 31, 2014.

(3) Policy reserve-matching bonds

| | ¥ 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 |

| | US\$ thousands | | |
|--|-----------------|--------------|-------------|
| As of March 31, 2015 | Carrying amount | Fair value | Difference |
| Items with fair value exceeding carrying amount: | | | |
| Domestic bonds: | | | |
| Government bonds | \$14,510,034 | \$16,302,169 | \$1,792,135 |
| Municipal bonds | 1,525,904 | 1,685,409 | 159,504 |
| Corporate bonds | 5,770,173 | 6,428,729 | 658,556 |
| Total | 21,806,112 | 24,416,309 | 2,610,197 |
| Items with fair value not exceeding carrying amount: | | | |
| Domestic bonds: | | | |
| Government bonds | 199,777 | 199,075 | (701) |
| Municipal bonds | — | — | — |
| Corporate bonds | 360,487 | 360,398 | (88) |
| Total | 560,264 | 559,473 | (790) |
| Grand total | \$22,366,376 | \$24,975,783 | \$2,609,406 |

| | ¥ millions | | |
|--|-----------------|------------|------------|
| As of March 31, 2014 | Carrying amount | Fair value | Difference |
| Items with fair value exceeding carrying amount: | | | |
| Domestic bonds: | | | |
| Government bonds | ¥1,570,687 | ¥1,687,404 | ¥116,716 |
| Municipal bonds | 198,968 | 214,088 | 15,119 |
| Corporate bonds | 693,501 | 744,468 | 50,967 |
| Total | 2,463,157 | 2,645,961 | 182,803 |
| Items with fair value not exceeding carrying amount: | | | |
| Domestic bonds: | | | |
| Government bonds | 86,174 | 85,637 | (536) |
| Municipal bonds | 1,800 | 1,777 | (22) |
| Corporate bonds | 7,479 | 7,433 | (46) |
| Total | 95,453 | 94,847 | (606) |
| Grand total | ¥2,558,611 | ¥2,740,808 | ¥182,197 |

(4) Available-for-sale securities

| 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 |

| As of March 31, 2015 | US\$ thousands | | |
|--|-----------------|------------------|-------------|
| | Carrying amount | Acquisition cost | Difference |
| Items with carrying amount exceeding acquisition cost: | | | |
| Domestic bonds: | | | |
| Government bonds | \$ 3,657,071 | \$ 3,293,281 | \$ 363,790 |
| Municipal bonds | 2,031,255 | 1,932,767 | 98,487 |
| Corporate bonds | 8,842,324 | 8,432,657 | 409,667 |
| Total domestic bonds | 14,530,650 | 13,658,705 | 871,945 |
| Domestic equities | 6,139,174 | 2,825,545 | 3,313,628 |
| Foreign securities: | | | |
| Foreign bonds | 21,293,471 | 19,269,789 | 2,023,682 |
| Foreign equities | 147,915 | 129,817 | 18,098 |
| Foreign other securities | 4,369,608 | 3,910,804 | 458,804 |
| Total foreign securities | 25,810,996 | 23,310,411 | 2,500,585 |
| Other securities | 2,029,494 | 1,654,160 | 375,334 |
| Total | 48,510,316 | 41,448,822 | 7,061,493 |
| Items with carrying amount not exceeding acquisition cost: | | | |
| Domestic bonds: | | | |
| Government bonds | 418,748 | 418,789 | (41) |
| Municipal bonds | 13,968 | 13,970 | (1) |
| Corporate bonds | 728,229 | 729,828 | (1,598) |
| Total domestic bonds | 1,160,946 | 1,162,588 | (1,641) |
| Domestic equities | 25,974 | 27,715 | (1,740) |
| Foreign securities: | | | |
| Foreign bonds | 1,163,653 | 1,209,048 | (45,394) |
| Foreign equities | 13,794 | 14,296 | (502) |
| Foreign other securities | 232,932 | 239,578 | (6,646) |
| Total foreign securities | 1,410,380 | 1,462,923 | (52,543) |
| Other securities | 1,941,997 | 1,955,381 | (13,384) |
| Total | 4,539,298 | 4,608,608 | (69,309) |
| Grand total | \$53,049,615 | \$46,057,431 | \$6,992,184 |

Note: Other securities include certificates of deposit amounting to ¥ 56,400 million (\$469,335 thousand) that are represented as cash and deposits, commercial paper amounting to ¥143,541 million (\$1,194,490 thousand) and beneficiary trust certificates amounting to ¥112,562 million (\$936,693 thousand) that are represented as monetary claims purchased in the consolidated balance sheet as of March 31, 2015.

| | | | ¥ millions |
|--|-----------------|------------------|------------|
| As of March 31, 2014 | Carrying amount | Acquisition cost | Difference |
| Items with carrying amount exceeding acquisition cost: | | | |
| Domestic bonds: | | | |
| Government bonds | ¥ 434,391 | ¥ 402,133 | ¥ 32,258 |
| Municipal bonds | 341,766 | 328,236 | 13,529 |
| Corporate bonds | 1,092,772 | 1,041,628 | 51,144 |
| Total domestic bonds | 1,868,931 | 1,771,998 | 96,932 |
| Domestic equities | 570,070 | 316,163 | 253,907 |
| Foreign securities: | | | |
| Foreign bonds | 1,561,845 | 1,456,428 | 105,417 |
| Foreign equities | 9,873 | 8,143 | 1,730 |
| Foreign other securities | 381,082 | 344,310 | 36,772 |
| Total foreign securities | 1,952,802 | 1,808,881 | 143,920 |
| Other securities | 198,270 | 173,617 | 24,652 |
| Total | 4,590,074 | 4,070,661 | 519,412 |
| Items with carrying amount not exceeding acquisition cost: | | | |
| Domestic bonds: | | | |
| Government bonds | 102,445 | 102,463 | (17) |
| Municipal bonds | — | — | — |
| Corporate bonds | 70,659 | 71,586 | (927) |
| Total domestic bonds | 173,105 | 174,050 | (944) |
| Domestic equities | 5,062 | 5,760 | (698) |
| Foreign securities: | | | |
| Foreign bonds | 502,949 | 513,031 | (10,081) |
| Foreign equities | 12,608 | 12,916 | (307) |
| Foreign other securities | 56,314 | 57,995 | (1,681) |
| Total foreign securities | 571,872 | 583,943 | (12,070) |
| Other securities | 291,846 | 292,294 | (447) |
| Total | 1,041,886 | 1,056,048 | (14,161) |
| Grand total | ¥5,631,961 | ¥5,126,710 | ¥505,251 |

Note: Other securities include certificates of deposit amounting to ¥63,000 million that are represented as cash and deposits, commercial paper amounting to ¥223,593 million and beneficiary trust certificates amounting to ¥132,789 million that are represented as monetary claims purchased in the consolidated balance sheet as of March 31, 2014.

(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 year ended March 31, 2015.

| | | | | | ¥ millions |
|---------------------------|----------------|-------------------|-------------|--------------|------------|
| Year ended March 31, 2014 | Costs of sales | Proceeds on sales | Gross gains | Gross losses | |
| Domestic bonds: | | | | | |
| Government bonds | ¥5,968 | ¥6,702 | ¥733 | ¥— | |
| Municipal bonds | — | — | — | — | |
| Corporate bonds | — | — | — | — | |
| Total | ¥5,968 | ¥6,702 | ¥733 | ¥— | |

Reason for sales: T&D Financial Life sold securities classified as held-to-maturity bonds under rebalancing activity to better match the cash flows of assets with the retirement benefit obligations in response to changes in the calculation method for retirement benefit obligations and past service costs.

(6) The sales of securities classified as policy reserve-matching bonds

| | | | ¥ 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 |

| | | | US\$ thousands |
|---------------------------|-------------------|-------------|----------------|
| Year ended March 31, 2015 | Proceeds on sales | Gross gains | Gross losses |
| Domestic bonds: | | | |
| Government bonds | \$105,583 | \$3,001 | \$ 0 |
| Municipal bonds | — | — | — |
| Corporate bonds | — | — | — |
| Total | \$105,583 | \$3,001 | \$ 0 |

| | | | ¥ millions |
|---------------------------|-------------------|-------------|--------------|
| Year ended March 31, 2014 | Proceeds on sales | Gross gains | Gross losses |
| Domestic bonds: | | | |
| Government bonds | ¥106,942 | ¥4,054 | ¥207 |
| Municipal bonds | — | — | — |
| Corporate bonds | 2,813 | 267 | — |
| Total | ¥109,756 | ¥4,322 | ¥207 |

(7) The sales of securities classified as available-for-sale securities

| | | | ¥ millions |
|---------------------------|-------------------|-------------|--------------|
| Year ended March 31, 2015 | 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 |

| Year ended March 31, 2015 | US\$ thousands | | |
|---------------------------|-------------------|-------------|--------------|
| | Proceeds on sales | Gross gains | Gross losses |
| Domestic bonds: | | | |
| Government bonds | \$ 145,528 | \$ 178 | \$ 2,133 |
| Municipal bonds | — | — | — |
| Corporate bonds | 135,794 | 12,723 | 745 |
| Total domestic bonds | 281,323 | 12,902 | 2,878 |
| Domestic equities | 695,328 | 44,444 | 4,569 |
| Foreign securities: | | | |
| Foreign bonds | 3,500,602 | 151,247 | 44,524 |
| Foreign equities | 74,030 | 15,295 | 195 |
| Foreign other securities | 250,864 | 45,072 | 5,704 |
| Total foreign securities | 3,825,497 | 211,615 | 50,424 |
| Other securities | 201,722 | 14,576 | 152 |
| Total | \$5,003,872 | \$283,538 | \$58,024 |

| Year ended March 31, 2014 | ¥ millions | | |
|---------------------------|-------------------|-------------|--------------|
| | Proceeds on sales | Gross gains | Gross losses |
| Domestic bonds: | | | |
| Government bonds | ¥114,632 | ¥ 295 | ¥ 992 |
| Municipal bonds | 528 | 12 | — |
| Corporate bonds | 35,390 | 742 | 266 |
| Total domestic bonds | 150,551 | 1,050 | 1,258 |
| Domestic equities | 64,975 | 8,864 | 1,825 |
| Foreign securities: | | | |
| Foreign bonds | 419,362 | 4,218 | 14,095 |
| Foreign equities | 2,571 | 979 | 23 |
| Foreign other securities | 71,360 | 5,627 | 19 |
| Total foreign securities | 493,294 | 10,825 | 14,138 |
| Other securities | 47,660 | 4,700 | 204 |
| Total | ¥756,482 | ¥25,439 | ¥17,426 |

(8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥18 million (\$150 thousand) and ¥3,940 as impairment losses for the available-for-sale securities with readily obtainable fair value for the fiscal years

ended March 31, 2015 and 2014, 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 22 Investments in Monetary Trusts

Monetary trusts held by the Company and its consolidated subsidiaries for trading purposes as of March 31, 2015 and 2014 are summarized as follows:

| | | ¥ millions | US\$ thousands |
|---|--------|------------|----------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Valuation difference charged to earnings (losses) | ¥5,198 | ¥2,279 | \$43,260 |

Monetary trusts held by the Company and its consolidated subsidiaries for held-to-maturity purposes as of March 31, 2015 and 2014 are summarized as follows:

| | | ¥ millions | |
|----------------------|-----------------|------------|------------|
| As of March 31, 2015 | Carrying amount | Fair value | Difference |
| Monetary trusts | ¥22,610 | ¥22,595 | ¥(14) |

| | | US\$ thousands | |
|----------------------|-----------------|----------------|------------|
| As of March 31, 2015 | Carrying amount | Fair value | Difference |
| Monetary trusts | \$188,156 | \$188,032 | \$(124) |

| | | ¥ millions | |
|----------------------|-----------------|------------|------------|
| As of March 31, 2014 | Carrying amount | Fair value | Difference |
| Monetary trusts | ¥11,502 | ¥11,504 | ¥2 |

Monetary trusts held by the Company and its consolidated subsidiaries for policy reserve-matching purpose as of March 31, 2015 and 2014 are summarized as follows:

| | | ¥ millions | |
|----------------------|-----------------|------------|------------|
| As of March 31, 2015 | Carrying amount | Fair value | Difference |
| Monetary trusts | ¥396,372 | ¥408,590 | ¥12,218 |

| | | US\$ thousands | |
|----------------------|-----------------|----------------|------------|
| As of March 31, 2015 | Carrying amount | Fair value | Difference |
| Monetary trusts | \$3,298,432 | \$3,400,106 | \$101,673 |

| | | ¥ millions | |
|----------------------|-----------------|------------|------------|
| As of March 31, 2014 | Carrying amount | Fair value | Difference |
| Monetary trusts | ¥183,362 | ¥184,383 | ¥1,021 |

Monetary trusts other than trading, held-to-maturity or policy reserve-matching purposes as of March 31, 2015 and 2014 are summarized as follows:

| | | ¥ millions | |
|----------------------|-----------------|------------------|------------|
| As of March 31, 2015 | Carrying amount | Acquisition cost | Difference |
| Monetary trusts | ¥9,379 | ¥9,151 | ¥228 |

| | | US\$ thousands | |
|----------------------|-----------------|------------------|------------|
| As of March 31, 2015 | Carrying amount | Acquisition cost | Difference |
| Monetary trusts | \$78,048 | \$76,151 | \$1,897 |

| | | ¥ millions | |
|----------------------|-----------------|------------------|------------|
| As of March 31, 2014 | Carrying amount | Acquisition cost | Difference |
| Monetary trusts | ¥4,053 | ¥4,037 | ¥16 |

Note 23 Derivative Financial Instruments
(1) Derivative financial instruments for which hedge accounting is not applied
a. Currency-related transactions

| | | | | ¥ 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 |

| | | | | US\$ thousands |
|--------------------------------|-----------------|---------------|------------|--------------------------|
| As of March 31, 2015 | Notional amount | | Fair value | Valuation gains (losses) |
| | Total | Over one year | | |
| Over-the-counter transactions: | | | | |
| Foreign exchange contracts: | | | | |
| Sold | \$1,290,622 | \$— | \$15,727 | \$15,727 |
| U.S. dollar | 1,155,505 | — | 11,944 | 11,944 |
| Euro | 99,628 | — | 2,014 | 2,014 |
| Australian dollar | 35,488 | — | 1,767 | 1,767 |
| Bought | 15,185 | — | 68 | 68 |
| U.S. dollar | 6,874 | — | 29 | 29 |
| Euro | 8,310 | — | 39 | 39 |
| Currency swaps: | | | | |
| Receive foreign, pay yen | 381,200 | — | (5,763) | (5,763) |
| U.S. dollar | 50,503 | — | 613 | 613 |
| Australian dollar | 330,697 | — | (6,376) | (6,376) |
| Total | | | | \$10,032 |

Notes 1: Forward exchange rates are used as the year-end exchange rates. The fair value of the 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: The fair value of foreign exchange contracts represents the net settlement amount. Valuation gains (losses) for currency swaps indicate the fair value or the present value.

| | | | | ¥ millions |
|--------------------------------|-----------------|---------------|------------|--------------------------|
| | Notional amount | | | |
| As of March 31, 2014 | Total | Over one year | Fair value | Valuation gains (losses) |
| Over-the-counter transactions: | | | | |
| Foreign exchange contracts: | | | | |
| Sold | ¥148,739 | ¥— | ¥(717) | ¥(717) |
| U.S. dollar | 123,308 | — | (638) | (638) |
| Euro | 23,958 | — | (73) | (73) |
| British pound | 1,473 | — | (5) | (5) |
| Bought | 2,877 | — | (0) | (0) |
| U.S. dollar | 2,877 | — | (0) | (0) |
| Currency swaps: | | | | |
| Receive foreign, pay yen | 12,757 | — | 294 | 294 |
| Australian dollar | 12,757 | — | 294 | 294 |
| Total | | | | ¥(423) |

Notes 1: Forward exchange rates are used as the year-end exchange rates. The fair value of the 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: The fair value of foreign exchange contracts represents the net settlement amount. Valuation gains (losses) for currency swaps indicate the fair value or the present value.

b. Interest-related transactions

| | | | | ¥ 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 |

| | | | | US\$ thousands |
|--------------------------------|-----------------|---------------|------------|--------------------------|
| 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 | \$373,148 | \$354,347 | \$71,739 | \$71,739 |
| Total | | | | \$71,739 |

Note: The fair value of the interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the end of the fiscal year or based on prices obtained from counterparty financial institutions.

| | | | | ¥ millions |
|--------------------------------|-----------------|---------------|------------|--------------------------|
| As of March 31, 2014 | Notional amount | | Fair value | Valuation gains (losses) |
| | Total | Over one year | | |
| Over-the-counter transactions: | | | | |
| Interest rate swaps: | | | | |
| Receive fixed, pay floating | ¥12,956 | ¥12,361 | ¥1,534 | ¥1,534 |
| Total | | | | ¥1,534 |

Note: The fair value of the interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the end of the fiscal year or based on prices obtained from counterparty financial institutions.

c. Others

| 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) |

| 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 | \$24,964 | \$24,964 | \$22,265 | \$(2,698) |
| Total | | | | \$(2,698) |

Notes 1: Fair value amounts are based on quotations provided by the financial institutions dealing with those transactions.

2: Compound financial instruments are those of which embedded derivatives are not rationally separated from compound financial instruments.

3: Contracted value or notional principal amount indicates purchase amount of compound financial instruments.

| As of March 31, 2014 | Notional amount | | Fair value | ¥ millions |
|--------------------------------|-----------------|---------------|------------|--------------------------|
| | Total | Over one year | | Valuation gains (losses) |
| Over-the-counter transactions: | | | | |
| Compound financial instruments | ¥3,000 | ¥3,000 | ¥2,915 | ¥(84) |
| Total | | | | ¥(84) |

Notes 1: Fair value amounts are based on quotations provided by the financial institutions dealing with those transactions.

2: Compound financial instruments are those of which embedded derivatives are not rationally separated from compound financial instruments.

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 held as of March 31, 2015 and 2014.

| 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) |

| | | | | US\$ thousands |
|--------------------------------|-----------------|---------------|------------|--------------------------|
| As of March 31, 2015 | Notional amount | | Fair value | Valuation gains (losses) |
| | Total | Over one year | | |
| Over-the-counter transactions: | | | | |
| Currency-related transactions: | | | | |
| Currency options: | | | | |
| Bought: | | | | |
| Put | \$ 55,607 | \$ 39,758 | | |
| | [11,832] | [9,019] | \$ 3,645 | \$ (8,186) |
| U.S. dollar | 31,192 | 22,732 | | |
| | [7,317] | [5,634] | 1,681 | (5,636) |
| Euro | 24,415 | 17,026 | | |
| | [4,514] | [3,385] | 1,964 | (2,550) |
| Stock-related transactions: | | | | |
| Stock index options: | | | | |
| Bought: | | | | |
| Call | 1,049 | 849 | | |
| | [355] | [287] | 910 | 554 |
| Put | 403,880 | 262,010 | | |
| | [84,783] | [59,286] | 16,794 | (67,988) |
| Total | | | | \$(75,620) |

Notes 1: Fair value amounts are based on prices obtained from counterparty financial institutions.

2: Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

| | | | | ¥ millions |
|--------------------------------|-----------------|---------------|------------|--------------------------|
| As of March 31, 2014 | Notional amount | | Fair value | Valuation gains (losses) |
| | Total | Over one year | | |
| Over-the-counter transactions: | | | | |
| Currency-related transactions: | | | | |
| Currency options: | | | | |
| Bought: | | | | |
| Put | ¥ 9,373 | ¥ 6,682 | | |
| | [1,858] | [1,421] | ¥ 812 | ¥ (1,045) |
| U.S. dollar | 5,162 | 3,748 | | |
| | [1,141] | [879] | 546 | (594) |
| Euro | 4,210 | 2,933 | | |
| | [717] | [542] | 266 | (451) |
| Stock-related transactions: | | | | |
| Stock index options: | | | | |
| Bought: | | | | |
| Call | 150 | 126 | | |
| | [50] | [42] | 97 | 47 |
| Put | 103,865 | 51,673 | | |
| | [19,639] | [11,135] | 6,473 | (13,165) |
| Total | | | | ¥(14,164) |

Notes 1: Fair values are 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

| ¥ millions | | | | |
|--|---|-----------------|---------------|------------|
| As of March 31, 2015 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Recognition of valuation gains/losses on hedged items: | Foreign currency-denominated assets | | | |
| Foreign exchange contracts: | | | | |
| Sold | | ¥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 |
| Recognition of gains and losses on foreign monetary rights or obligations by foreign exchange contracts: | Certificates of deposit in foreign currencies | | | |
| Foreign exchange contracts: | | | | |
| Sold | | 70,000 | — | — |
| U.S. dollar | | 35,000 | — | — |
| Australian dollar | | 35,000 | — | — |
| Total | | | | ¥(40,716) |

| US\$ thousands | | | | |
|--|---|-----------------|---------------|-------------|
| As of March 31, 2015 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Recognition of valuation gains/losses on hedged items: | Foreign currency-denominated assets | | | |
| Foreign exchange contracts: | | | | |
| Sold | | \$19,287,523 | \$— | \$(342,057) |
| U.S. dollar | | 14,171,556 | — | (538,762) |
| Euro | | 3,806,183 | — | 171,172 |
| British pound | | 821,102 | — | 19,990 |
| Canadian dollar | | 212,375 | — | (78) |
| Australian dollar | | 251,066 | — | 5,649 |
| Mexican peso | | 25,239 | — | (30) |
| Bought | | 246,600 | — | 3,233 |
| U.S. dollar | | 246,600 | — | 3,233 |
| Recognition of gains and losses on foreign monetary rights or obligations by foreign exchange contracts: | Certificates of deposit in foreign currencies | | | |
| Foreign exchange contracts: | | | | |
| Sold | | 582,508 | — | — |
| U.S. dollar | | 291,254 | — | — |
| Australian dollar | | 291,254 | — | — |
| Total | | | | \$(338,824) |

Notes 1: Forward exchange rates are used as the year-end foreign exchange rates.

2: The fair value of those derivative instruments to which recognition of gains and losses on foreign monetary rights or obligations by foreign exchange contracts is applied, is included in fixed deposit in foreign currency because these instruments are accounted for as a single product together with fixed deposit in foreign currency.

3: The fair value of foreign exchange contracts represents the net settlement amount.

| | | | | ¥ millions |
|--|---|-----------------|---------------|------------|
| As of March 31, 2014 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Recognition of valuation gains/losses on hedged items: | Foreign currency-denominated assets | | | |
| Foreign exchange contracts: | | | | |
| Sold | | ¥1,895,804 | ¥— | ¥(34,476) |
| U.S. dollar | | 1,069,279 | — | (18,134) |
| Euro | | 486,419 | — | (10,009) |
| British pound | | 114,688 | — | (2,685) |
| Canadian dollar | | 86,437 | — | 2,572 |
| Australian dollar | | 138,980 | — | (6,219) |
| Bought | | 1,605 | — | 0 |
| U.S. dollar | | 1,605 | — | 0 |
| Recognition of gains and losses on foreign monetary rights or obligations by foreign exchange contracts: | Certificates of deposit in foreign currency | | | |
| Foreign exchange contracts: | | | | |
| Sold | | 82,000 | — | — |
| U.S. dollar | | 43,500 | — | — |
| Australian dollar | | 38,500 | — | — |
| Total | | | | ¥(34,476) |

Notes 1: Forward exchange rates are used as the year-end foreign exchange rates.

2: The fair value of those derivative instruments to which recognition of gains and losses on foreign monetary rights or obligations by foreign exchange contracts is applied, is included in fixed deposit in foreign currency because these instruments are accounted for as a single product together with fixed deposit in foreign currency.

3: The fair value of foreign exchange contracts represents the net settlement amount.

b. Interest-related transactions

| | | | | ¥ millions |
|--|-------------|-----------------|---------------|------------|
| As of March 31, 2015 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Special treatment for interest rate swaps: | Loans | | | |
| Interest rate swaps: | | | | |
| Receive fixed, pay floating | | ¥90,830 | ¥73,187 | ¥812 |
| Total | | | | ¥812 |

| | | | | US\$ thousands |
|--|-------------|-----------------|---------------|----------------|
| As of March 31, 2015 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Special treatment for interest rate swaps: | Loans | | | |
| Interest rate swaps: | | | | |
| Receive fixed, pay floating | | \$755,851 | \$609,036 | \$6,759 |
| Total | | | | \$6,759 |

Note: The fair value of the interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the end of the fiscal year or prices obtained from counterparty financial institutions.

| | | | | ¥ millions |
|--|-------------|-----------------|---------------|------------|
| As of March 31, 2014 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Special treatment for interest rate swaps: | Loans | | | |
| Interest rate swaps: | | | | |
| Receive fixed, pay floating | | ¥86,486 | ¥60,602 | ¥930 |
| Total | | | | ¥930 |

Note: The fair value of the interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the end of the fiscal year or prices obtained from counterparty financial institutions.

c. Stock-related transactions

| | | | | ¥ millions |
|--|-------------------|-----------------|---------------|------------|
| As of March 31, 2015 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Recognition of valuation gains/losses on hedged items: | Domestic equities | | | |
| Forward contracts: | | | | |
| Sold | | ¥54,647 | ¥— | ¥1,212 |
| Total | | | | ¥1,212 |

| | | | | US\$ thousands |
|--|-------------------|-----------------|---------------|----------------|
| As of March 31, 2015 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Recognition of valuation gains/losses on hedged items: | Domestic equities | | | |
| Forward contracts: | | | | |
| Sold | | \$454,748 | \$— | \$10,092 |
| Total | | | | \$10,092 |

Note: Fair value amounts are calculated based on prices obtained from counterparty financial institutions.

| | | | | ¥ millions |
|--|-------------------|-----------------|---------------|------------|
| As of March 31, 2014 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Recognition of valuation gains/losses on hedged items: | Domestic equities | | | |
| Future contracts: | | | | |
| Sold | | ¥75,276 | ¥— | ¥(395) |
| Total | | | | ¥(395) |

Note: Fair value amounts are calculated based on prices obtained from counterparty financial institutions.

d. Bond-related transactions

| ¥ millions | | | | |
|----------------------|----------------|-----------------|---------------|------------|
| As of March 31, 2015 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Deferral hedge: | Domestic bonds | | | |
| Bond options: | | | | |
| Sold: | | | | |
| Call | | ¥146,507 | ¥ — | |
| | | [1,554] | [—] | ¥2,395 |
| Bought: | | | | |
| Put | | 146,507 | — | |
| | | [2,210] | [—] | 1,404 |
| Total | | | | ¥3,799 |

| US\$ thousands | | | | |
|----------------------|----------------|-----------------|---------------|------------|
| As of March 31, 2015 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Deferral hedge: | Domestic bonds | | | |
| Bond options: | | | | |
| Sold: | | | | |
| Call | | \$1,219,169 | \$ — | |
| | | [12,935] | [—] | \$19,937 |
| Bought: | | | | |
| Put | | 1,219,169 | — | |
| | | [18,397] | [—] | 11,684 |
| Total | | | | \$31,621 |

Notes 1: Fair value amounts are based on closing prices on major exchanges.

2: Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

| ¥ millions | | | | |
|----------------------|----------------|-----------------|---------------|------------|
| As of March 31, 2014 | Hedged item | Notional amount | | Fair value |
| | | Total | Over one year | |
| Deferral hedge: | Domestic bonds | | | |
| Bond options: | | | | |
| Sold: | | | | |
| Call | | ¥186,483 | ¥ — | |
| | | [865] | [—] | ¥ 547 |
| Bought: | | | | |
| Put | | 186,483 | — | |
| | | [1,713] | [—] | 1,858 |
| Total | | | | ¥2,405 |

Notes 1: Fair value amounts are based on closing prices on major exchanges.

2: Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

Note 24 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:

| | ¥ millions | | US\$ thousands |
|--|------------|----------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Balance at the beginning of the year | ¥141,071 | ¥147,410 | \$1,173,932 |
| Cumulative effects of changes in accounting policies | — | (922) | — |
| Restated balance | 141,071 | 146,487 | 1,173,932 |
| Service cost | 5,911 | 6,489 | 49,193 |
| Interest cost | 1,800 | 1,786 | 14,980 |
| Actuarial gains and losses | 3,416 | (2,032) | 28,428 |
| Retirement benefit paid | (8,537) | (8,822) | (71,046) |
| Past service cost | — | (1,144) | — |
| Others | — | (1,693) | — |
| Balance at the end of the year | ¥143,661 | ¥141,071 | \$1,195,487 |

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:

| | ¥ millions | | US\$ thousands |
|--------------------------------------|------------|---------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Balance at the beginning of the year | ¥89,415 | ¥88,160 | \$744,072 |
| Expected return on plan assets | 1,034 | 901 | 8,612 |
| Net actuarial gains and losses | 3,783 | 977 | 31,480 |
| Employer contribution | 5,256 | 5,168 | 43,740 |
| Benefit obligation paid | (6,098) | (5,793) | (50,751) |
| Balance at the end of the year | ¥93,390 | ¥89,415 | \$777,154 |

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:

| | ¥ millions | | US\$ thousands |
|--|------------|------------|----------------|
| As of March 31, | 2015 | 2014 | 2015 |
| Retirement benefit obligations for a funded plans | ¥116,893 | ¥113,649 | \$ 972,737 |
| Plan assets | (93,390) | (89,415) | (777,154) |
| Employee pension trusts | [(57,591)] | [(57,392)] | [(479,251)] |
| | 23,503 | 24,233 | 195,582 |
| Retirement benefit obligations for an unfunded plans | 26,767 | 27,422 | 222,750 |
| Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet | 50,271 | 51,656 | 418,333 |
| Defined benefit liability | 50,271 | 51,656 | 418,333 |
| Defined benefit asset | — | — | — |
| Net value for defined benefit liability and defined benefit asset stated in the consolidated balance sheet | ¥ 50,271 | ¥ 51,656 | \$ 418,333 |

d. The components of retirement benefit expense are as follows:

| | | ¥ millions | US\$ thousands |
|--|---------|------------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Service cost | ¥ 5,911 | ¥ 6,489 | \$49,193 |
| Interest cost | 1,800 | 1,786 | 14,980 |
| Expected return on plan assets | (1,034) | (901) | (8,612) |
| Recognized actuarial gains and losses | (366) | (3,010) | (3,051) |
| Recognized past service cost | — | (1,144) | — |
| Others | 8 | (134) | 73 |
| Retirement benefit expense relating to defined benefit retirement plan | ¥ 6,318 | ¥ 3,086 | \$52,582 |

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, | 2015 | 2014 |
|--------------------|--------|--------|
| Bonds | 71.8% | 73.6% |
| General account | 15.6 | 15.0 |
| Foreign securities | 6.6 | 6.4 |
| Stocks | 5.1 | 4.3 |
| Joint assets | 0.8 | 0.7 |
| Cash and deposits | 0.0 | 0.0 |
| Others | 0.0 | 0.0 |
| Total | 100.0% | 100.0% |

Note: The total includes 61.7% and 64.2% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2015 and 2014, 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, | 2015 | 2014 |
|--|---------------|---------------|
| Discount rate | 0.32% – 1.60% | 0.48% – 1.60% |
| Expected long-term rate of return on plan assets | 0.80% – 1.81% | 0.73% – 1.65% |

(3) Defined contribution retirement plans

The required contribution for the defined contribution retirement plan of the T&D Life Group amounted to ¥229 million (\$1,913 thousand) and ¥154 million for the fiscal years ended March 31, 2015 and 2014, respectively.

Note 25 Stock Options

(1) Amount of expenses related to stock options

| | | ¥ millions | US\$ thousands |
|-----------------------|------|------------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Operating expenses | ¥266 | ¥269 | \$2,219 |

(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.

b. Size and status of stock options

For stock options which existed during the consolidated fiscal year ended March 31, 2015 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 | — | — | 231,300 shares |
| Forfeited | — | — | — |
| Vested | — | — | 231,300 shares |
| Outstanding | — | — | — |
| After vesting: | | | |
| At the end of previous fiscal year | 371,800 shares | 235,500 shares | — |
| Vested | — | — | 231,300 shares |
| Exercised | 31,100 shares | 17,700 shares | — |
| Forfeited | — | — | 2,600 shares |
| Exercisable | 340,700 shares | 217,800 shares | 228,700 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 | 1,259.00 yen | 1,322.00 yen | — |
| Fair value at the granted date | 685.00 yen | 1,143.00 yen | 1,153.00 yen |

(3) Method for estimating the fair value of stock options

The method for estimating the fair value of stock options granted during the consolidated fiscal year ended March 31, 2015 is as follows:

a. Valuation method

Black-Scholes model

b. Principal parameters used and their estimation method

| | T&D Holdings, Inc. stock subscription rights (3rd series) |
|------------------------------------|---|
| Stock price volatility (Note 1) | 40.54% |
| Expected remaining period (Note 2) | 5.61 years |
| Expected dividends (Note 3) | 25.00 yen |
| Risk-free interest rate (Note 4) | 0.176% |

Notes 1: Calculated based on the daily closing price of the Company's common stock in regular transactions from December 21, 2008 to August 1, 2014.

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, 2014.

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 26 Asset Retirement Obligations

Asset retirement obligations recorded in the consolidated balance sheet as of March 31, 2015 and 2014 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, | 2015 | 2014 | 2015 |
| Balance at the beginning of the year | ¥1,838 | ¥1,800 | \$15,297 |
| Time progress adjustment | 38 | 38 | 323 |
| Balance at the end of the year | ¥1,877 | ¥1,838 | \$15,620 |

Note 27 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 for the years ended March 31, 2015 and 2014 are as follows:

| | | ¥ millions | US\$ thousands |
|--------------------------------------|----------|------------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Carrying amount: | | | |
| Balance at the beginning of the year | ¥188,392 | ¥182,277 | \$1,567,715 |
| Net increase (decrease) | 6,774 | 6,115 | 56,374 |
| Balance at the end of the year | 195,166 | 188,392 | 1,624,090 |
| Fair value at the end of the year | ¥225,957 | ¥216,342 | \$1,880,317 |

Notes 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, 2015 and 2014 include amounts related to asset retirement obligations of ¥247 million (\$2,055 thousand) and ¥288 million, respectively.

2: For the year ended March 31, 2015, the net increase mainly consisted of purchase of real estate totaling ¥9,047 million (\$75,289 thousand) and the net decrease mainly consisted of depreciation totaling ¥4,479 million (\$37,278 thousand). For the year ended March 31, 2014, the net increase mainly consisted of purchase of real estate totaling ¥18,206 million and the net decrease mainly consisted of sales of real estate and depreciation totaling ¥7,756 million and ¥4,079 million, respectively.

3: The fair value of major properties is calculated based on their appraisal value. The fair value of other properties is calculated based on the posted price.

Gains (losses) on real estate for rent for the years ended March 31, 2015 and 2014 are as follows:

| | | ¥ millions | US\$ thousands |
|-----------------------|---------|------------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Ordinary revenues | ¥14,278 | ¥13,735 | \$118,815 |
| Ordinary expenses | 9,921 | 9,214 | 82,562 |
| Ordinary profit | 4,356 | 4,521 | 36,253 |
| Other losses | (2,155) | (4,560) | (17,934) |

Notes 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, 2015 and losses on disposal of fixed assets and impairment losses for the year ended March 31, 2014.

Note 28 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, 2015 | Reportable segment | | | | | Total | Adjustments | Amount on consolidated financial statements |
|--|--------------------|------------|--------------------|-------------|----------|-------------|-------------|---|
| | Taiyo Life | Daido Life | T&D Financial Life | Subtotal | Others | | | |
| 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 policyholder 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 |

| Year ended March 31, 2015 | Reportable segment | | | | | | US\$ thousands | |
|--|--------------------|--------------|--------------------|---------------|------------|---------------|----------------|---|
| | Taiyo Life | Daido Life | T&D Financial Life | Subtotal | Others | Total | Adjustments | Amount on consolidated financial statements |
| Ordinary revenues | \$ 8,821,540 | \$ 8,160,945 | \$ 3,179,753 | \$ 20,162,239 | \$ 235,488 | \$ 20,397,728 | \$ (324,782) | \$ 20,072,946 |
| Intergroup transfers | 8,838 | 2,928 | — | 11,767 | 403,529 | 415,296 | (415,296) | — |
| Total | 8,830,379 | 8,163,874 | 3,179,753 | 20,174,006 | 639,018 | 20,813,024 | (740,078) | 20,072,946 |
| Segment income (loss) | 562,593 | 811,053 | 186,877 | 1,560,524 | 235,775 | 1,796,300 | (224,002) | 1,572,298 |
| Segment assets | 60,064,085 | 49,745,991 | 11,547,174 | 121,357,251 | 7,498,295 | 128,855,547 | (6,822,548) | 122,032,998 |
| Segment liabilities | 55,409,368 | 44,084,184 | 10,979,655 | 110,473,208 | 947,300 | 111,420,508 | (579,571) | 110,840,936 |
| Others | | | | | | | | |
| Depreciation of real estate for rent | 19,017 | 24,060 | — | 43,078 | — | 43,078 | — | 43,078 |
| Depreciation | 48,332 | 32,542 | 398 | 81,272 | 6,081 | 87,353 | (1,595) | 85,758 |
| Provision for (reversal of) policy reserve | 2,346,323 | 1,912,338 | (244,233) | 4,014,427 | 1,608 | 4,016,036 | — | 4,016,036 |
| Provision for (reversal of) reserve for policyholder dividends | 150,563 | 120,350 | (0) | 270,912 | — | 270,912 | — | 270,912 |
| Interest, dividends and income from real estate for rent | 1,262,948 | 1,084,223 | 59,783 | 2,406,956 | 223,689 | 2,630,645 | (234,322) | 2,396,323 |
| Interest expenses | 15,088 | 164 | 23 | 15,276 | 248 | 15,524 | (199) | 15,324 |
| Equity in net income of affiliated companies | — | — | — | — | — | — | 317 | 317 |
| Extraordinary gains | 1,415 | — | — | 1,415 | 508 | 1,923 | (44) | 1,878 |
| Extraordinary losses | 45,098 | 22,079 | 1,454 | 68,632 | 697 | 69,329 | — | 69,329 |
| Impairment losses | 16,607 | — | — | 16,607 | — | 16,607 | — | 16,607 |
| Provision for reserve for price fluctuations | 22,860 | 18,838 | 1,164 | 42,863 | — | 42,863 | — | 42,863 |
| Taxes | 135,722 | 242,723 | 63,550 | 441,996 | 6,057 | 448,054 | 502 | 448,557 |
| Investments in affiliated companies | — | 832 | — | 832 | — | 832 | — | 832 |
| Increase in tangible fixed assets and intangible fixed assets | \$ 133,068 | \$ 61,576 | \$ 3,390 | \$ 198,034 | \$ 2,244 | \$ 200,279 | \$ (990) | \$ 199,288 |

Notes 1: Ordinary revenues, instead of net sales, are presented here.

2: Adjustments are as follows:

(1) The downward adjustment of ¥39,029 million (\$324,782 thousand) to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥29,349 million (\$244,233 thousand) and gains from derivatives, net of ¥6,151 million (\$51,193 thousand) 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 (\$224,002 thousand) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.

(3) The downward adjustment of ¥819,865 million (\$6,822,548 thousand) 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 (\$579,571 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, 2014 | Reportable segments | | | | | | ¥ millions | |
|--|---------------------|------------|--------------------|-------------|----------|-------------|-------------|---|
| | Taiyo Life | Daido Life | T&D Financial Life | Subtotal | Others | Total | Adjustments | Amount on consolidated financial statements |
| Ordinary revenues | ¥ 856,155 | ¥ 892,933 | ¥ 468,628 | ¥ 2,217,717 | ¥ 28,190 | ¥ 2,245,908 | ¥(160,173) | ¥ 2,085,734 |
| Intergroup transfers | 1,116 | 384 | 41 | 1,542 | 43,131 | 44,673 | (44,673) | — |
| Total | 857,272 | 893,318 | 468,669 | 2,219,260 | 71,321 | 2,290,582 | (204,847) | 2,085,734 |
| Segment income (loss) | 72,257 | 91,309 | 20,910 | 184,477 | 18,952 | 203,430 | (17,206) | 186,224 |
| Segment assets | 6,760,825 | 5,572,800 | 1,393,592 | 13,727,217 | 914,603 | 14,641,821 | (837,601) | 13,804,219 |
| Segment liabilities | 6,360,611 | 5,041,936 | 1,340,493 | 12,743,041 | 128,417 | 12,871,459 | (87,564) | 12,783,895 |
| Others | | | | | | | | |
| Depreciation of real estate for rent | 2,258 | 2,545 | — | 4,803 | — | 4,803 | — | 4,803 |
| Depreciation | 6,228 | 3,014 | 2 | 9,245 | 1,301 | 10,546 | (186) | 10,360 |
| Provision for (reversal of) policy reserve | 52,420 | 119,602 | (151,430) | 20,593 | 204 | 20,797 | — | 20,797 |
| Provision for (reversal of) reserve for policyholder dividends | 17,688 | 13,951 | (2) | 31,638 | — | 31,638 | — | 31,638 |
| Interest, dividends and income from real estate for rent | 153,956 | 127,803 | 7,060 | 288,819 | 18,246 | 307,066 | (19,578) | 287,487 |
| Interest expenses | 2,000 | 10 | 2 | 2,013 | 50 | 2,064 | (26) | 2,037 |
| Equity in net income of affiliated companies | — | — | — | — | — | — | 37 | 37 |
| Extraordinary gains | 4 | 210 | — | 215 | 227 | 442 | (24) | 417 |
| Extraordinary losses | 12,935 | 17,621 | 398 | 30,954 | 199 | 31,154 | — | 31,154 |
| Impairment losses | 977 | 2,688 | 301 | 3,967 | — | 3,967 | — | 3,967 |
| Provision for reserve for price fluctuations | 10,130 | 13,873 | 96 | 24,100 | — | 24,100 | — | 24,100 |
| Taxes | 15,282 | 23,987 | 4,604 | 43,875 | 787 | 44,662 | 49 | 44,711 |
| Investments in affiliated companies | — | 100 | — | 100 | — | 100 | — | 100 |
| Increase in tangible fixed assets and intangible fixed assets | ¥ 24,184 | ¥ 7,000 | ¥ 409 | ¥ 31,594 | ¥ 1,314 | ¥ 32,908 | ¥ (1,895) | ¥ 31,012 |

Notes 1: Ordinary revenues, instead of net sales, are presented here.

2: Adjustments are as follows:

(1) The downward adjustment of ¥160,173 million to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥151,430 million and reversal of reserve for outstanding claims of ¥6,146 million of ordinary revenues which is included in ordinary expenses in the consolidated statement of operation as provision for policy reserves and provision for reserve for outstanding claims, respectively.

(2) The downward adjustment of ¥17,206 million to segment income (loss) is mainly to eliminate dividends on investments in subsidiaries and affiliates.

(3) The downward adjustment of ¥837,601 million to segment assets is mainly to eliminate investments in subsidiaries and affiliates.

(4) The downward adjustment of ¥87,564 million to segment liabilities is mainly to eliminate 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, 2015

(1) Information by product and service

Sales to external customers

| | ¥ millions | | | | |
|---|------------|------------|--------------------|--------|------------|
| Year ended March 31, 2015 | 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 |

| | US\$ thousands | | | | |
|---|----------------|-------------|--------------------|----------|--------------|
| Year ended March 31, 2015 | Taiyo Life | Daido Life | T&D Financial Life | Others | Total |
| Income from insurance premiums | \$7,200,066 | \$6,596,618 | \$2,477,784 | \$19,579 | \$16,294,050 |
| Insurance premiums | 7,198,095 | 6,588,486 | 2,477,031 | 19,579 | 16,283,193 |
| Individual insurance and individual annuities | 5,898,113 | 5,982,730 | 2,475,536 | — | 14,356,380 |
| Group insurance | 272,630 | 227,763 | — | — | 500,393 |
| Group annuities | 1,016,192 | 369,927 | 1,287 | — | 1,387,408 |
| Others | 11,158 | 8,064 | 207 | 19,579 | 39,010 |
| Ceded reinsurance recoveries | \$ 1,971 | \$ 8,132 | \$ 753 | \$ — | \$ 10,856 |

Note: Income from insurance premiums, instead of net sales, is presented here.

(2) Information by geographic area

a. 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.

b. 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, 2014

(1) Information by product and service

Sales to external customers

| | ¥ millions | | | | |
|---|------------|------------|--------------------|--------|------------|
| Year ended March 31, 2014 | Taiyo Life | Daido Life | T&D Financial Life | Others | Total |
| Income from insurance premiums | ¥655,233 | ¥712,866 | ¥239,777 | ¥1,854 | ¥1,609,732 |
| Insurance premiums | 655,102 | 712,058 | 239,469 | 1,854 | 1,608,485 |
| Individual insurance and individual annuities | 538,310 | 636,514 | 239,274 | — | 1,414,099 |
| Group insurance | 32,781 | 28,418 | — | — | 61,200 |
| Group annuities | 82,637 | 46,236 | 169 | — | 129,043 |
| Others | 1,372 | 889 | 25 | 1,854 | 4,142 |
| Ceded reinsurance recoveries | ¥ 131 | ¥ 807 | ¥ 308 | ¥ — | ¥ 1,247 |

Note: Income from insurance premiums, instead of net sales, is presented here.

(2) Information by geographic area

a. 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.

b. 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, 2015 and 2014

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 year ended March 31, 2015 and 2014

Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2015 and 2014

Not applicable.

Note 29 » Per Share Information

| | | ¥ millions | US\$ thousands |
|--------------------------------------|-----------|------------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Net assets per share | ¥2,018.12 | ¥1,513.46 | \$16.79 |
| Net income per share | 141.35 | 117.42 | 1.17 |
| Net income per share (fully diluted) | 141.18 | 117.31 | 1.17 |

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, | 2015 | 2014 | 2015 |
| Net income per share: | | | |
| Net income | ¥94,215 | ¥78,982 | \$784,021 |
| Net income not attributable to common stockholders | — | — | — |
| Net income attributable to common stockholders | ¥94,215 | ¥78,982 | \$784,021 |

| | | Shares |
|--|-------------|-------------|
| Weighted-average number of common stocks outstanding | 666,540,650 | 672,633,900 |

| | | ¥ millions | US\$ thousands |
|---------------------------------------|------|------------|----------------|
| Years ended March 31, | 2015 | 2014 | 2015 |
| Net income per share (fully diluted): | | | |
| Adjusted net income | ¥— | ¥— | \$— |

| | | Shares |
|---|---------|---------|
| Increase in common stock | 795,192 | 622,806 |
| Subscription rights to shares | 795,192 | 622,806 |
| 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, | 2015 | 2014 | 2015 |
| Net assets | ¥1,344,950 | ¥1,020,324 | \$11,192,061 |
| Deduction from net assets | 3,211 | 2,876 | 26,726 |
| Subscription rights to shares | 746 | 523 | 6,208 |
| Minority interests | 2,465 | 2,352 | 20,518 |
| Net assets available to common stockholders | ¥1,341,738 | ¥1,017,448 | \$11,165,335 |

| | | Shares |
|--|-------------|-------------|
| The number of common stock outstanding | 664,847,265 | 672,267,706 |

Note 30 Subsequent Events

(1) Issuance of Convertible Bonds

The Company, at a meeting of the Board of Directors held on May 20, 2015, resolved the issuance of Zero Coupon Convertible Bonds due 2020 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakukent-suki shasai*) and the payment was completed on June 5, 2015 (London time, unless stated otherwise, the same shall apply hereinafter). The summary of the issuance is as follows:

a. Type of issue

Zero Coupon Convertible Bonds due 2020 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakukent-suki shasai*) (the “Convertible Bonds,” which in turn shall, unless the context requires otherwise, be composed of “Bonds” and “Stock Acquisition Rights”) of T&D Holdings, Inc. (the “Company”).

b. Issue price (paid-in amount)

100.5% of the principal amount of the Bonds (denomination of ¥10 million each)

c. Offer price

103.0% of the principal amount of the Bonds

d. Aggregate amount of issue of the Bonds

The total of ¥30,150 million plus an aggregate paid-in amount of the Bonds related to the replacement certificates of the Bonds

e. Interest rate of the Bonds

The Bonds shall not bear interest.

f. Payment date and issuance date

June 5, 2015

g. Redemption method and maturity date

The Company will redeem the Bonds at 100% of the principal amount on June 5, 2020. However, certain rules are stated in the offering circular.

h. Particulars of the Stock Acquisition Rights

(i) Class, details, and number of shares subject to the Stock Acquisition Rights

(a) Class and details

Non-assessable shares of common stock of the Company (share unit: 100)

(b) Number of shares

The number of shares to be delivered upon the exercise of the Stock Acquisition Rights shall be determined by dividing the aggregate principal amount of the Bonds related to the Stock Acquisition Rights concerned by the conversion price set forth in (iii) below. However, fractions of shares will not be issued and no adjustment or cash payment will be made in respect thereof.

(ii) Aggregate number of the Stock Acquisition Rights to be issued

The aggregate of 3,000, plus the number obtained by dividing an aggregate principal amount of the Bonds related to the replacement certificates of the Bonds by ¥10 million.

(iii) Amount to be paid upon exercise of the Stock Acquisition Rights

(a) Upon exercise of each Stock Acquisition Right, the Bond related to the Stock Acquisition Right concerned shall be a subscription of capital and the amount of the Bond concerned shall be equal to the principal amount of the Bond.

(b) The initial conversion price shall be ¥2,713.0 per share.

(iv) Exercise period

Each Stock Acquisition Right may be exercised at any time during the period from, and including, June 19, 2015 to, and including, the close of business (at the place where the Stock Acquisition Rights are to be exercised) on May 22, 2020. However, certain rules are stated in the offering circular.

(v) The increase in capital and capital surplus in case of the issuance of shares due to the exercise of the Stock Acquisition Rights

The increase in capital in case of the issuance of shares due to the exercise of Stock Acquisition Rights, one-half of the “maximum capital and other increase amount” as calculated pursuant to Article 17 of the Rules of Account Settlement of Corporations (Ordinance of Ministry of Justice No. 13 of 2006, as amended) in respect of such exercise (with any fraction of less than one yen being rounded up) shall be accounted for as stated capital, and the rest of such amount shall be accounted for as additional paid-in capital.

(vi) Grant of new Stock Acquisition Rights by the successor company, etc., in case of corporate reorganization, etc., by the Company
Certain rules are stated in the offering circular.

i. Purchase of the Convertible Bonds by the Company
Certain rules are stated in the offering circular.

j. Collateral and guarantees
The Bonds are not backed by collateral or guarantees.

k. Use of proceeds
The net proceeds of the issue of the Convertible Bonds are planned to be used for the acquisition of treasury stock by September 18, 2015 in order to enhance profit return to shareholders through the implementation of a flexible capital policy and the improvement of capital efficiency. For the acquisition of treasury stock implemented before the payment date, the net proceeds of the issue of the Convertible Bonds were appropriated to the portion of the cash reserves which was used for the acquisition of treasury stock concerned. Further, since the acquisition of treasury stock is implemented considering the market environment etc., the aggregate amount of the purchase amount may not reach the amount of the net proceeds stated above. In such case, the net proceeds stated above shall be appropriated to general working capital.

(2) Acquisition of treasury stock

The Company's Board of Directors has resolved at its meeting held on May 20, 2015 the acquisition of treasury stock and the details of acquisition under the provisions of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same, are as follows:

a. Reason for the acquisition of treasury stock
To enhance profit return to shareholders through the implementation of a flexible capital policy and the improvement of capital efficiency.

b. Details of the acquisition

- (i) Class of shares to be acquired:
Shares of common stock
- (ii) Aggregate number of shares to be acquired:
Up to 20,000,000 shares
- (iii) Aggregate cost to be acquired:
Up to ¥30,000 million (\$249,646 thousand)
- (iv) Period of acquisition of treasury stock:
From May 21, 2015 to September 18, 2015
- (v) Method of acquisition of treasury stock:
Open-market acquisition by the trust method

c. Results of the acquisition as of May 29, 2015 (on the basis of execution date)

- (i) Aggregate number of acquired shares:
1,149,400 shares
- (ii) Aggregate cost of acquisition:
¥2,128 million (\$17,714 thousand)
- (iii) Period of acquisition:
From May 21, 2015 to May 29, 2015 (on the basis of execution date)

Independent Auditor's Report



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo, Japan 100-0011

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www.shinnihon.or.jp

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, 2015, 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, 2015, 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 25, 2015

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 | The annualized premiums amount is 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 | Assumed business expense rate is 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</p> <p>Contingency reserve II Corresponds to assumed investment yield risk</p> <p>Contingency reserve III Corresponds to minimum guarantee risk relating to variable annuity and others</p> <p>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) | ERM is 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) | 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. 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 investment yield margin is 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 mortality rate margin is 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 accounts</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 accounts. • “Average assumed investment yield” is calculated by dividing the numerator as assumed interest (general accounts only) by the denominator as policy reserve in general accounts. • “Policy reserve in general accounts” represents the earned policy reserve calculated for policy reserve in general accounts less the contingency reserve by the Hardy method as follows: $(\text{Policy reserve at beginning of fiscal year} + \text{Policy reserve at the end of fiscal year} - \text{Assumed interest}) \times 1/2$ |
| Net level premium method | The net level premium method is one 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 | The solvency margin ratio is 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 statutory yield 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 amount of surrender and lapse represents 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. |

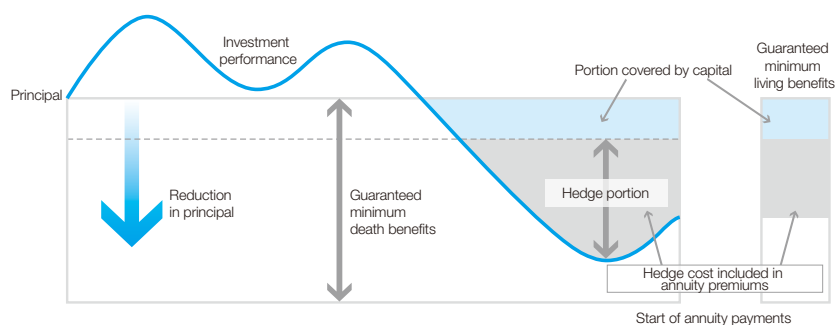
V

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 minimum death guarantee 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, hedge cost is 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.



TAIYO-LIFE

| | |
|-------|--|
| 1893 | May 1893 Taiyo Life founded as the Nagoya Life Insurance Co., Ltd. |
| 1902 | |
| 1940s | February 1948 Established the Taiyo Mutual Life Insurance Company |
| 1950s | April 1951 Monthly payment savings-type insurance with five-year maturity launched Adopted marketing style of concentrating on large urban areas and major regional cities |
| 1960s | May 1968 Launched <i>Himawari</i> , a savings-type endowment insurance with five-year maturity |
| 1970s | September 1974 Started selling 10-year <i>Kenko Himawari</i> , a special 10-year maturity endowment with medical protection |
| 1980s | October 1986 Launched <i>Kenko Himawari "Lady,"</i> a special endowment providing substantial coverage for illnesses specific to women |



DAIDO LIFE

| | |
|---------------|--|
| 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. |
| July 1947 | Established Daido Life as a mutual company |
| June 1970 | Started handling the Comprehensive Business Security Plan for the Chugoku CPTA Cooperative Association Thereafter, started handling this plan for CPTA Cooperative Associations in various regions across Japan |
| April 1971 | Forged a business alliance with AIU Insurance Company, Ltd., a member company of American International Group, Inc. |
| June 1971 | Started handling <i>Keieisha Ohgata Sougou Hoshou Seido</i> provided by the NFCTA |
| November 1971 | Started handling <i>Keieisha Ohgata Sougou Hoshou Seido</i> provided by the TPA |
| March 1976 | Started handling <i>TKC Kigyō Bouei Seido</i> |



T&D T&D Life Group

| | |
|------|---|
| 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 | |
| 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 |
| 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. T&D Financial Life began selling variable annuities via OTC sales at banks |
| 2003 | Apr. Demutualized Taiyo Life to a joint stock company and listed its shares on the Tokyo Stock Exchange Apr. Began sales of <i>Taiyo Life's Hoken Kumikyoku</i> |



Life Insurance Industry Developments

| | |
|------|--|
| Jun. | The Financial Supervisory Agency announced Inspection Manual for Insurance Companies |
| Jul. | Restrictions on selling Third Sector products lifted at all domestic insurance companies |
| Oct. | Broadening of products that can be sold at banks (individual annuities, etc.) |
| 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 the 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 | |
| 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 consolidated and relocated | |
| 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 | Oct. | Taiyo Life launched <i>Hoken Kumikyoku Best</i> | |
| | 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 | Oct. | Daido Life launched non-participating insurance for serious diseases (<i>J-type product</i>) | |
| 2011 | Apr. | Change of President of T&D Holdings | |
| | 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 | |
| | Aug. | T&D Financial Life launched <i>Kakei Ni Yasashii Shunyuoshou</i> [non-participating income protection insurance (no surrender value type I)] | |
| | Oct. | Daido Life launched non-participating comprehensive medical insurance (<i>M-type product</i>) | |
| 2013 | Dec. | T&D Financial Life launched <i>Minna Ni Yasashii Shushinhoken</i> [non-participating whole life insurance (increasing death benefit type I)] | |
| | Apr. | Full-scale introduction of ERM (integrated risk management) | |
| 2014 | 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 <i>Hojinkai</i>) | |
| | Dec. | Daido Life invested in NÜRNBERGER Beteiligungs-Aktiengesellschaft (NÜRNBERGER), a publicly listed German insurance group, and entered into a co-operation agreement with NÜRNBERGER | |
| | Jun. | Daido Life launched <i>Life Gift α</i> , a non-participating single premium whole life insurance product | |
| 2015 | Jun. | Start of Taiyo Life's "Best Senior Service (BSS)" | |
| | Sep. | Daido Life launched <i>T-type product</i> , a non-participating insurance covering the risk of retirement in case of physical disability | |
| | | T&D Financial Life launched <i>Shougai Premium Japan 3</i> [non-participating whole life insurance (accumulation rate renewing type I) and <i>Shougai Premium World 3</i> [non-participating foreign exchange rate linked type whole life insurance (accumulation rate renewing, multi-currency type III)] | |
| | Mar. | Start of mutual supply and sales (cross selling) of the products of Taiyo Life and Daido Life | |
| | Apr. | Change of President of T&D Holdings | |

| | |
|------|--|
| Aug. | The Financial Services Agency eliminated business guidelines and announced the "Comprehensive Regulatory Policies with Respect to Insurance Companies" |
| Dec. | Broadening of types of products that can be sold at banks (single-premium whole life insurance, single-premium endowment insurance, etc.) |
| 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. Revision of the Insurance Act

Mar. New standards for the solvency margin ratio and the consolidated solvency margin ratio were introduced by amendments to the Ordinance for Enforcement of the Insurance Business Act, etc.

May Revision of the Insurance Business Law

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

February 12, 2016 Announcement of 3Q financial results for the year ending March 31, 2016

* Planned as of December, 2015 and may change.

NUMBER OF IR MEETINGS

| | Times |
|---|-------------|
| | Fiscal 2014 |
| Financial results meetings for institutional investors and analysts | 2 |
| Financial results telephone conferences for institutional investors and analysts | 4 |
| Conferences sponsored by securities firms | 6 |
| One-on-one meetings | 278 |
| Information meetings for individual investors and sales persons at securities firms | 4 |



▲ 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, 2015

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 Shareholders' Meeting | June every year |
| Date of Record | Ordinary Shareholders' Meeting 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 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan URL: http://www.tr.mufg.jp/english/ |
| Number of Shareholders | 254,150 |

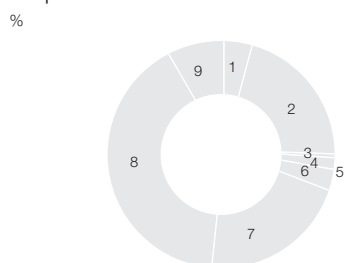
PRINCIPAL SHAREHOLDERS

| Name of Shareholders | Number of Shares Held | Shares, % Share Holding |
|--|-----------------------|----------------------------|
| Japan Trustee Services Bank, Ltd. (Trust Account) | 32,328,400 | 4.74 |
| The Master Trust Bank of Japan Ltd. (Trust Account) | 28,074,600 | 4.12 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 20,650,000 | 3.03 |
| The Bank of New York Mellon, SA/NV 10 | 13,290,851 | 1.95 |
| RBC IST – OMNIBUS 15. 315 NON LENDING – CLIENT ACCOUNT | 10,798,100 | 1.58 |
| Trust & Custody Services Bank, Ltd. (Trust Collateral Account) | 9,321,568 | 1.37 |
| STATE STREET BANK AND TRUST COMPANY 505225 | 9,196,942 | 1.35 |
| Japan Trustee Services Bank, Ltd. (Trust Account 9) | 8,908,400 | 1.31 |
| Komatsu Ltd. | 8,167,500 | 1.20 |
| Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 7,594,200 | 1.11 |
| Total | 148,330,561 | 21.77 |

Note: In addition to the above, the Company holds 16,632,735 shares [2.44%] in treasury.

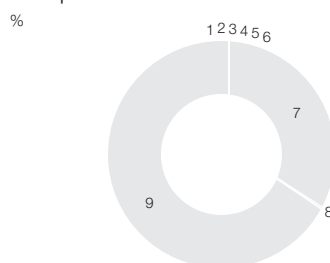
COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held



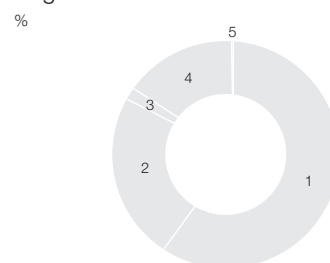
| | |
|--|-------|
| 1 Banks | 4.24 |
| 2 Trust Banks | 21.34 |
| 3 Life Insurance Companies | 0.55 |
| 4 Non-life Insurance Companies | 1.80 |
| 5 Other Financial Institutions | 0.01 |
| 6 Financial Instruments Firms | 3.14 |
| 7 Other Corporations | 20.75 |
| 8 Foreign Corporations and Other Foreign Investors | 39.88 |
| 9 Individuals and Others | 8.30 |

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 | 0.01 |
| 7 Other Corporations | 34.22 |
| 8 Foreign Corporations and Other Foreign Investors | 0.24 |
| 9 Individuals and Others | 65.49 |

Regional Distribution of Shares Held



| | |
|--|-------|
| 1 Japan | 60.12 |
| 2 Europe (including British Overseas Territories) the Middle East and Africa | 22.54 |
| 3 Asia and Pacific | 1.75 |
| 4 U.S. | 15.43 |
| 5 Foreigners and Foreign Companies in Japan | 0.15 |

* From the fiscal year ended March 31, 2015, "Europe (including British Overseas Territories)" was changed to "Europe (including British Overseas Territories), the Middle East and Africa."

The T&D Life Group comprised the holding company, 15 consolidated subsidiaries, and 2 affiliated companies as of March 31, 2015.

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 Trust Management Advisory & Discretionary Investment Management) Other <ul style="list-style-type: none"> ■ T&D Lease Co., Ltd. (Leasing) ■ T&D Asset Management Cayman Inc. (Fund management and administration) ■ Taiyo Credit Guarantee Co., Ltd. (Credit guarantee services) ● Alternative Investment Capital, Ltd. (Investment in private equity funds) ● AIC Private Equity Fund General Partner, Ltd. (Fund management and administration) |
| | 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) |

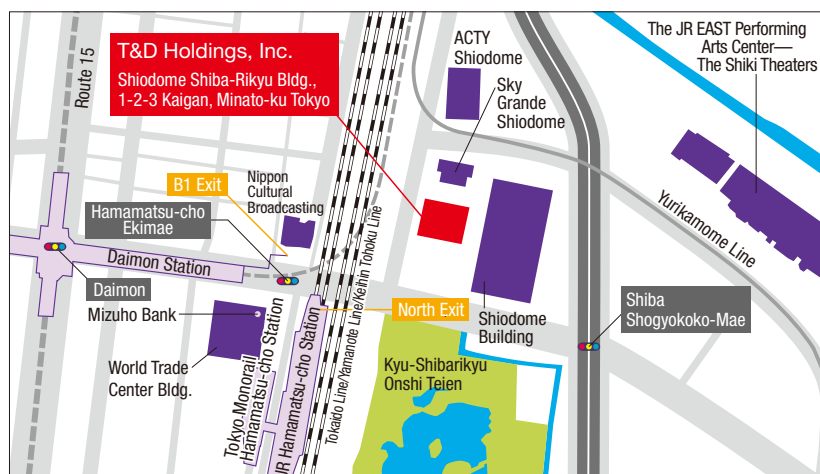
Companies marked by ■ are consolidated subsidiaries, and companies marked by ● are affiliated companies accounted for by the equity method.

Corporate Data

As of March 31, 2015

| | |
|--------------------------|---|
| Company Name | T&D Holdings, Inc. |
| Date of Establishment | April 1, 2004 |
| Location of Headquarters | 1-2-3 Kaigan, Minato-ku, Tokyo 105-0022, Japan Tel: +81 3 3434-9111 Fax: +81 3 3434-9055 * The Head Office is scheduled to relocate to Tokyo Nihombashi Tower, 7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6031 in December 2015. |
| 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 | 88 |
| Independent Auditors | Ernst & Young ShinNihon LLC |
| Contact | T&D Holdings, Inc., Group Planning Department, Investor Relations Division Tel: +81 3 3434-9142 Fax: +81 3 3434-9055 |
| URL | http://www.td-holdings.co.jp/en/ |

ACCESS MAP

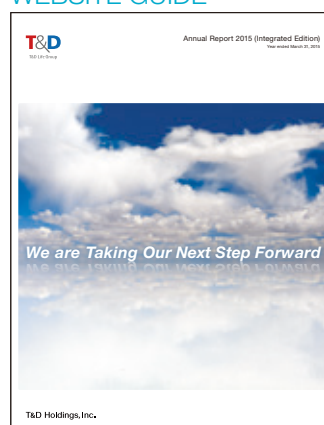


WEBSITE <http://www.td-holdings.co.jp/en/>



Investor Relations

ANNUAL REPORT 2015 (Integrated Edition)
WEBSITE GUIDE



T&D Holdings' latest Annual Report 2015 (Integrated Edition) can be viewed on our website.

T&D Holdings, Inc.

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