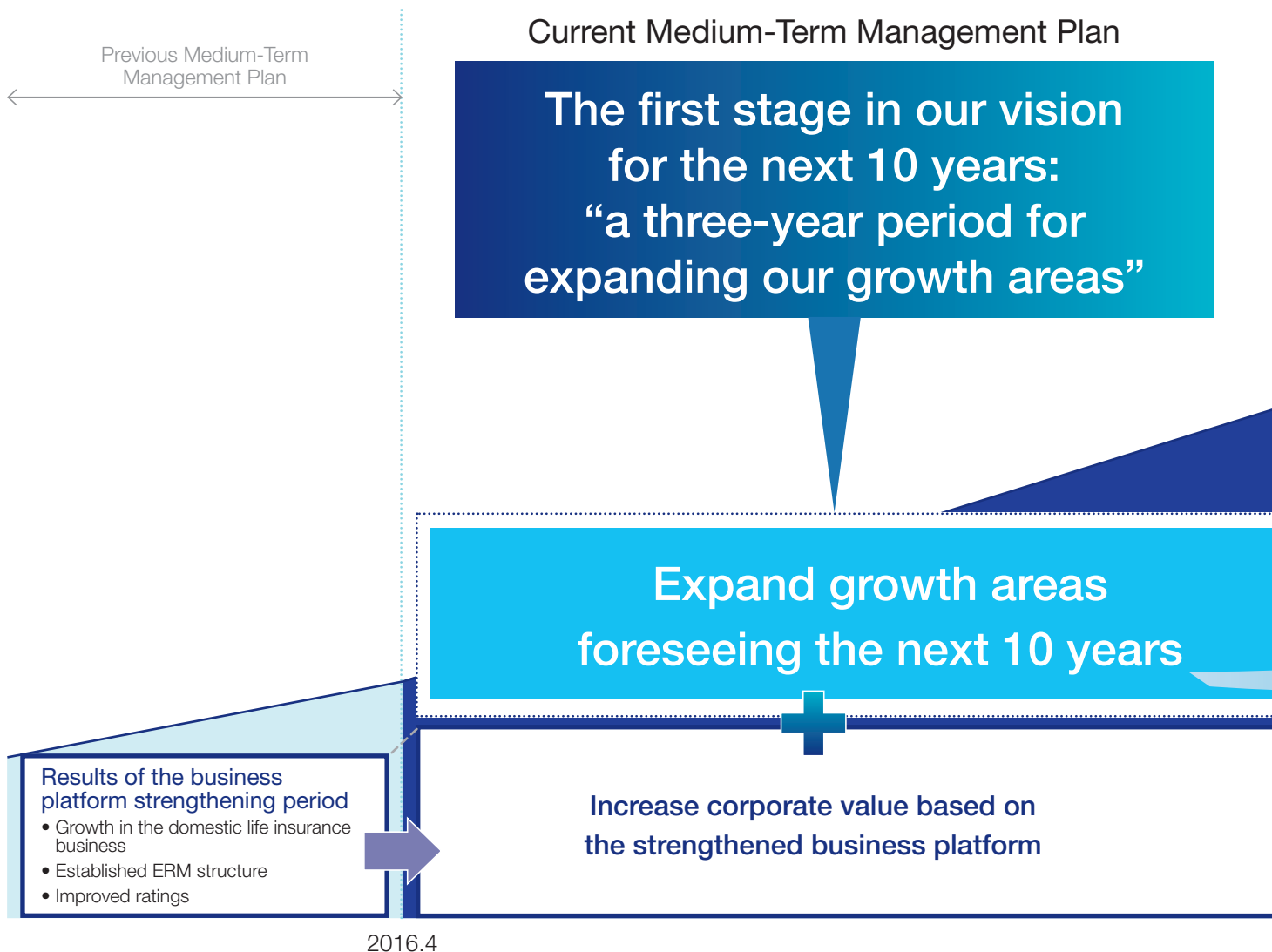


Medium-Term Management Plan (April 2016–March 2019)

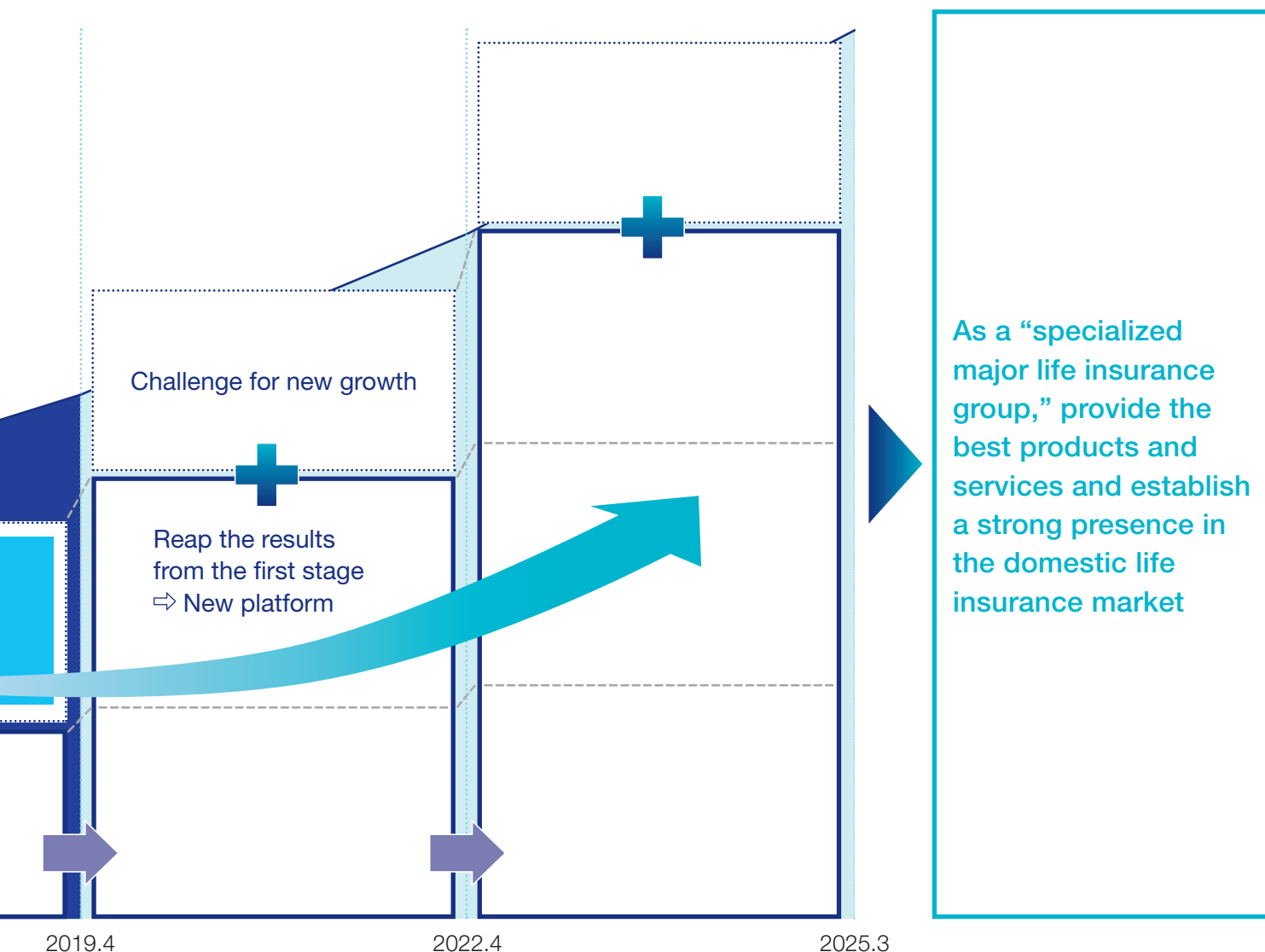
Try & Discover for the Next Stage

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



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

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



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

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

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

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

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

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

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

Assessment of Rating Agencies

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

Business Environment for the Next 10 Years

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

Environmental Changes over the Next 10 Years

Further decline in birthrate,
aging population

Increasing risk of continued
low interest rates

Advancements in medical
technology

Population decline

Future interest rate hike

Increase in sophistication of IT

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

Opportunities

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

Threats

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

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

Taiyo Life Insurance Company

Households

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

Daido Life Insurance Company

Small and medium enterprises (SMEs)

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

T&D Financial Life Insurance Company

Independent insurance agent market

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

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

Overall Policies

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

Strategy Points

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



Expand growth areas foreseeing the next 10 years

① Strengthen initiatives for the senior market

Taiyo Life
Insurance Company

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

Daido Life
Insurance Company

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

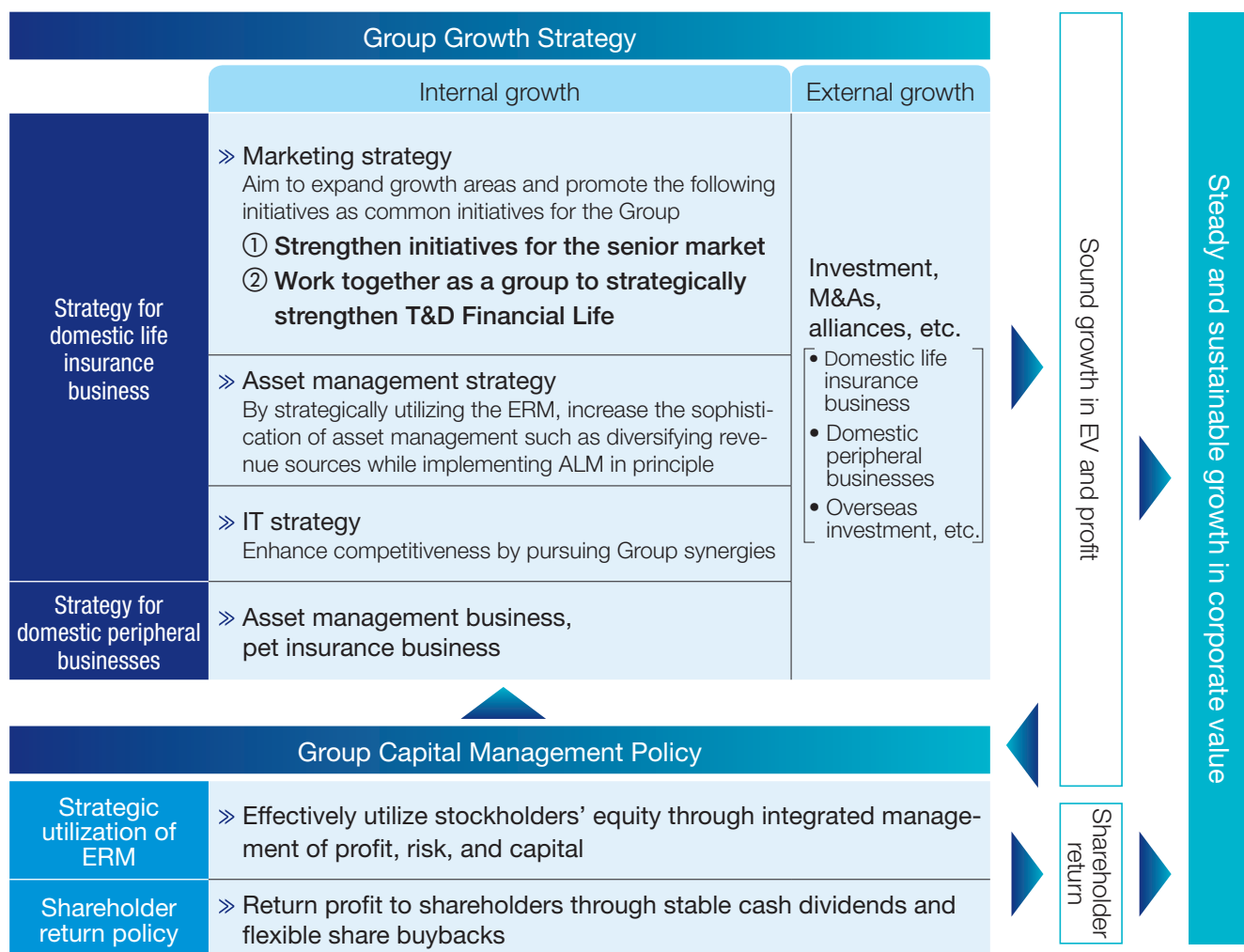
② Strategically strengthen T&D Financial Life

T&D Financial Life
Insurance Company

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

Overall Schematic of the Current Medium-Term Management Plan

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



Strategies for the Domestic Life Insurance Business

① Strengthen Initiatives for the Senior Market

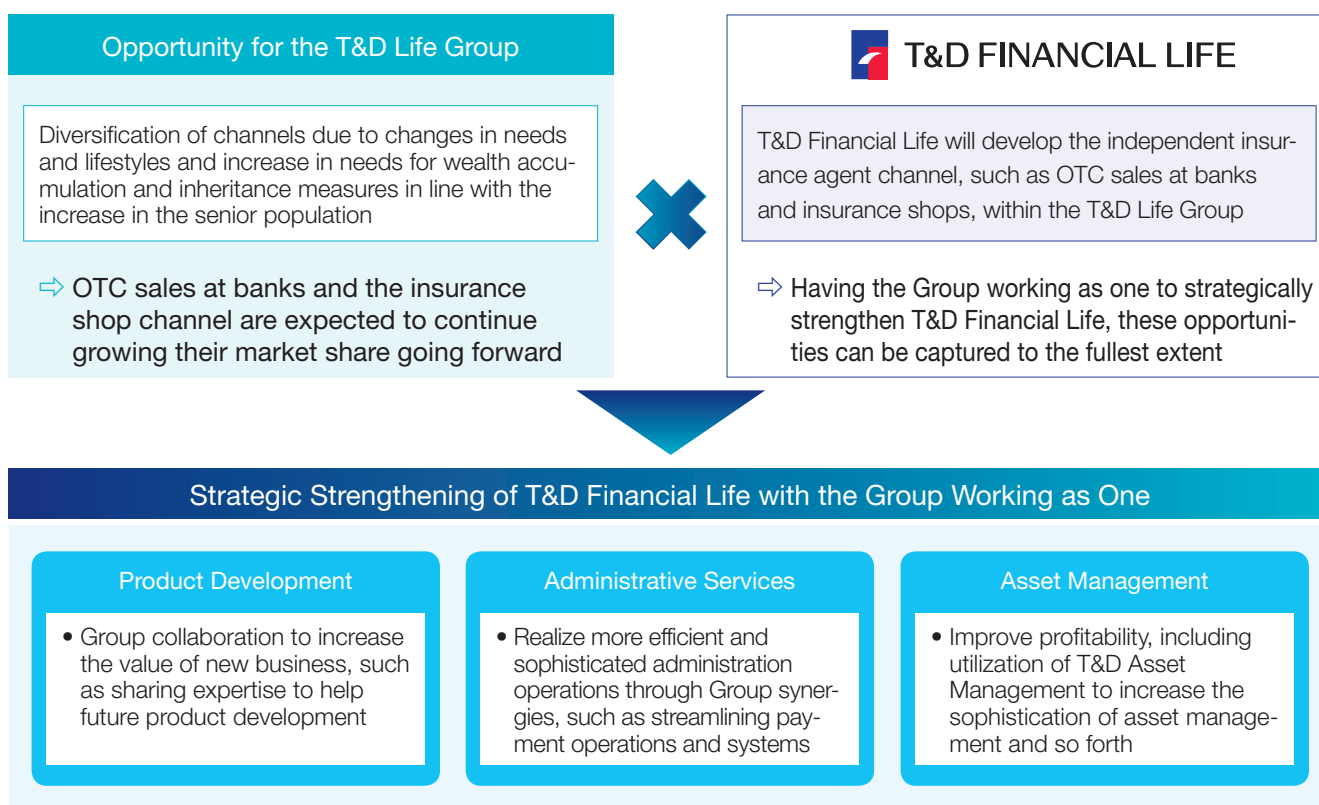
The growth in the senior population and the increase and diversification of comprehensive coverage needs present opportunities for promoting development of the senior market as an area for strengthening Group-wide initiatives.

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

② Strategically Strengthen T&D Financial Life

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

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



Strategies for the Domestic Life Insurance Business

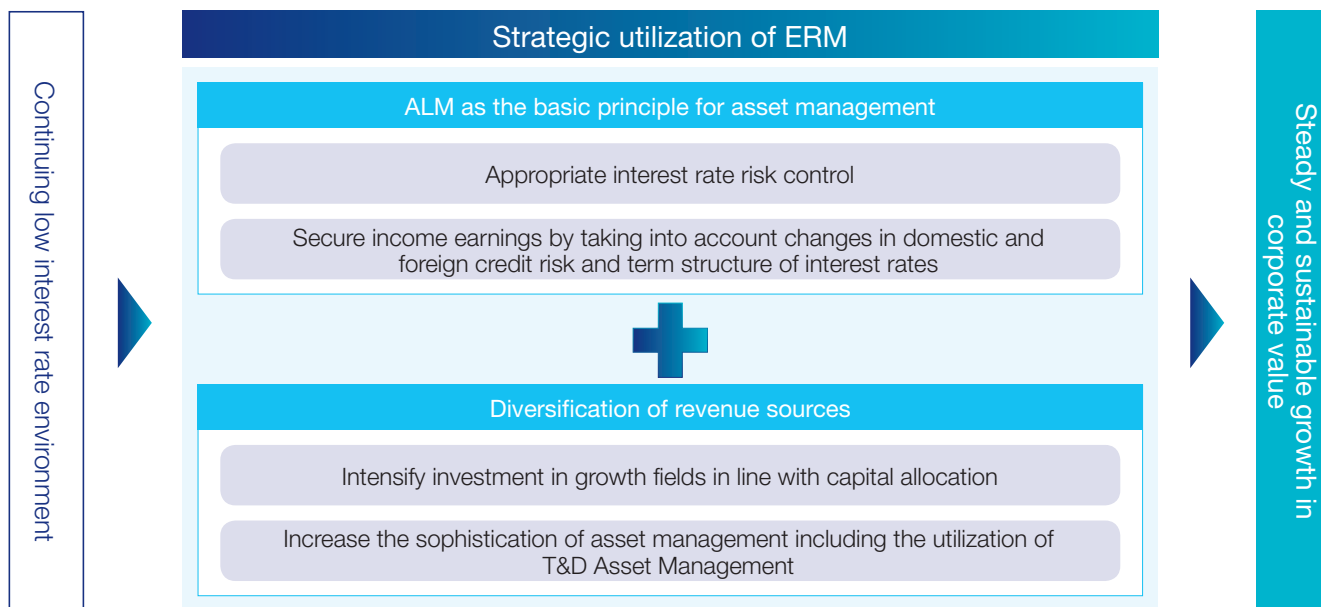
③ Marketing Strategies of the Group's Three Core Life Insurance Companies

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

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

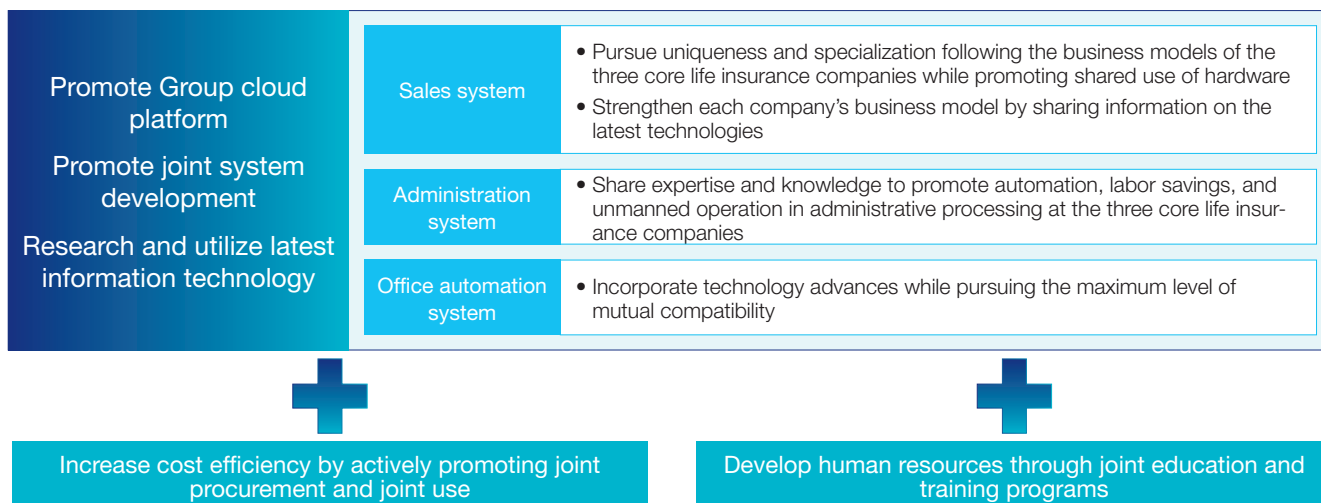
Asset Management Strategy

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



IT Strategy

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



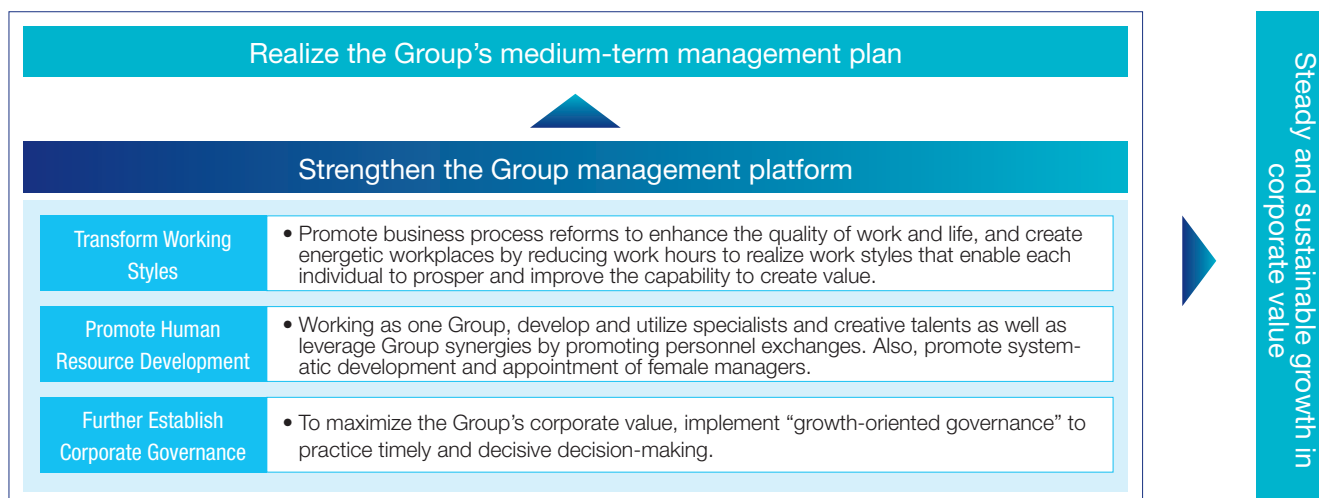
Strategies for Other Businesses

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

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

Group Management Platform Strategy

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

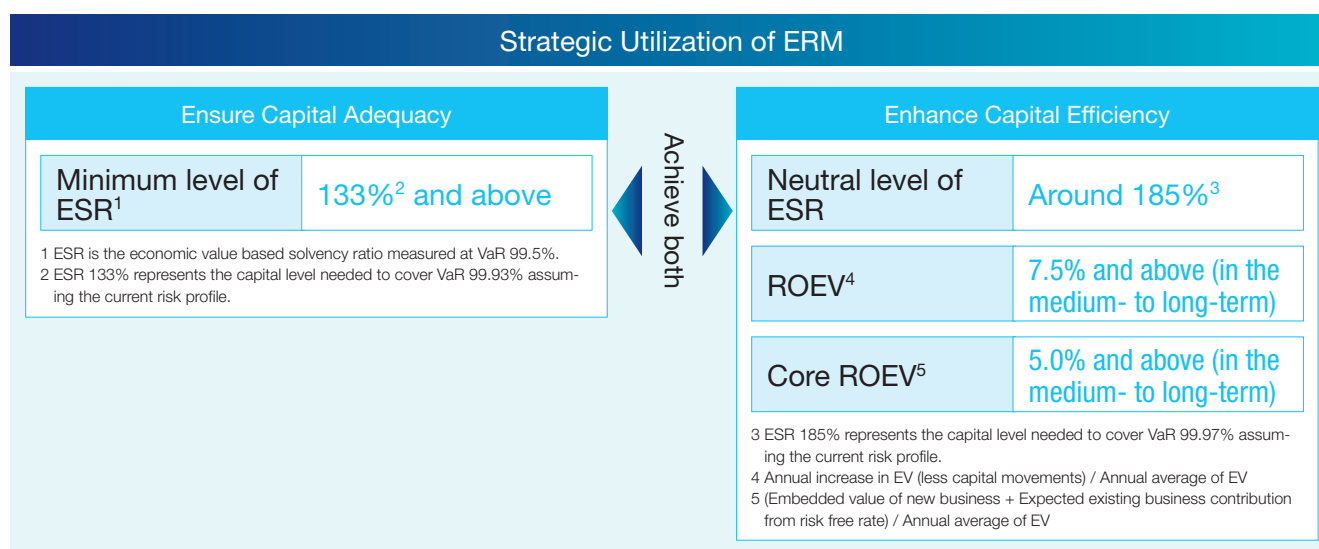


Group Capital Management Policy (Strategic Utilization of ERM)

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

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

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



Key Performance Indicators

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

T&D Life Group's Consolidated Key Performance Indicators

Corporate Value (EV)

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

Profit (financial accounting)

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

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

Shareholder Return Policy

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

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

Highlights of Enhanced Shareholder Returns

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

