

Try & Discover for the Next Stage

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

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

The T&D Life Group’s medium-term management plan for the three years, which started 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.

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

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 a business platform strengthened through the previous medium-term management plan (transformation of the product portfolio)



Expand growth areas foreseeing the next 10 years

① Strengthen initiatives for the senior market

Taiyo Life

- 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

- 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

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

Key Performance Indicators

The Group has adopted corporate value (EV) and adjusted net income, which represents profit available for shareholder return, 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)	<ul style="list-style-type: none"> • 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 income* from FY2016 to FY2018: around ¥85 billion

* 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).

Review of Fiscal 2016

In fiscal 2016, the first year of the medium-term management plan, the Group steadily executed its plans centered on the domestic life insurance business and achieved a significant increase in the value of new businesses and a solid increase in corporate value (EV), despite the continuation of low interest-rate environment. As result, the Group made steady progress towards the achievement of its plan in all key performance indicators—EV, value of new business, and adjusted new income.

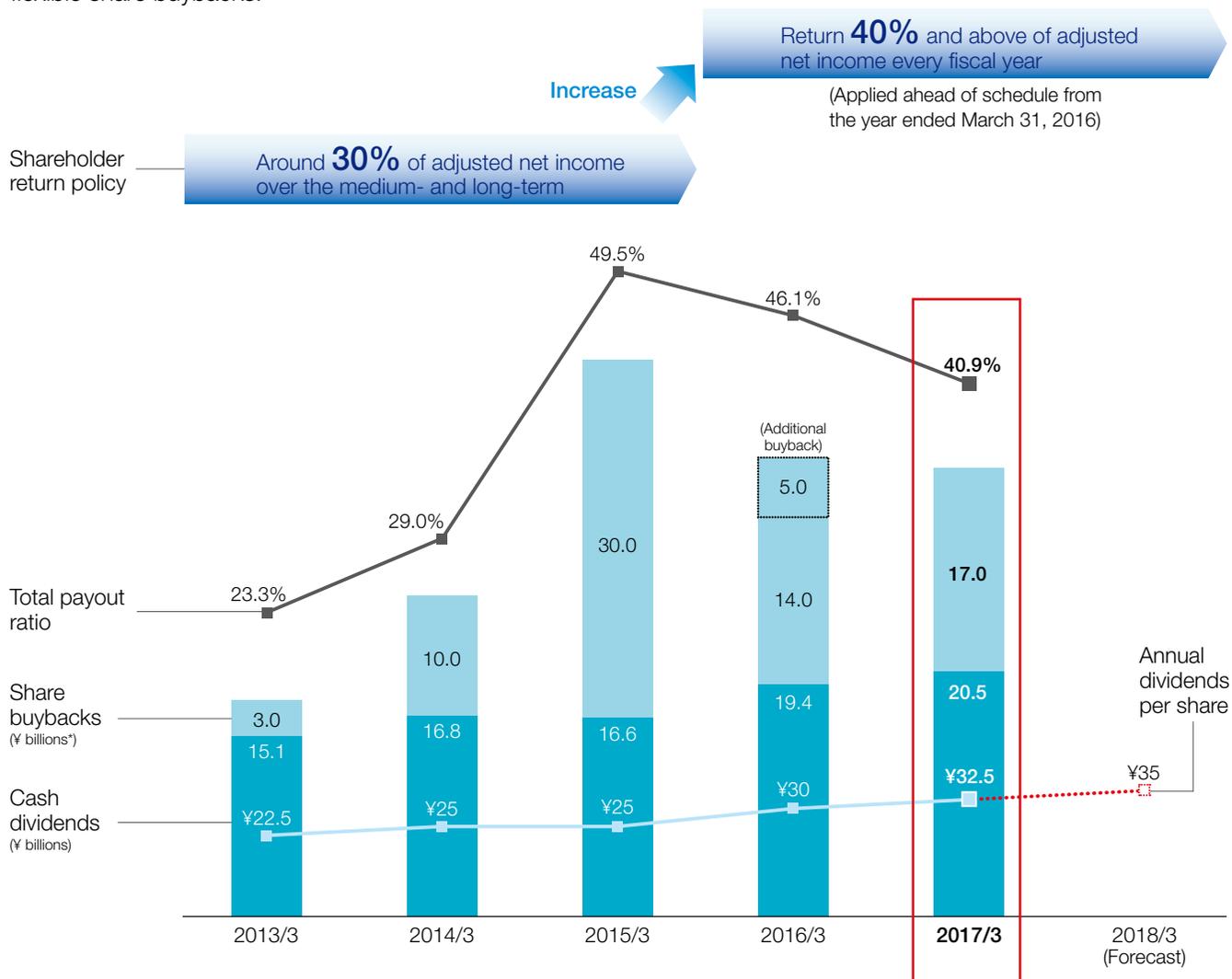
	Key Performance Indicators	FY2015/ Mar. 31, 2016	FY2016/ Mar. 31, 2017 (yoy/period-end comparison)	Target of the Medium-Term Management Plan
Corporate Value (EV)	Group MCEV	¥1,893.7 billion	¥2,290.5 billion (+21.0%)	As of March 31, 2019 ¥2.4 trillion
	Value of New Business	¥56.3 billion	¥119.5 billion (+112.1%)	FY2018 ¥100.0 billion
Profit (financial accounting)	Adjusted net income*	¥83.3 billion	¥91.7 billion (+10.1%)	FY2016 to FY2018 Around ¥85.0 billion

* 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).

Initiatives for the Expansion of Shareholder Return

Under the current medium-term management plan, the Group has revised its shareholder return policy, and enhanced its shareholder return.

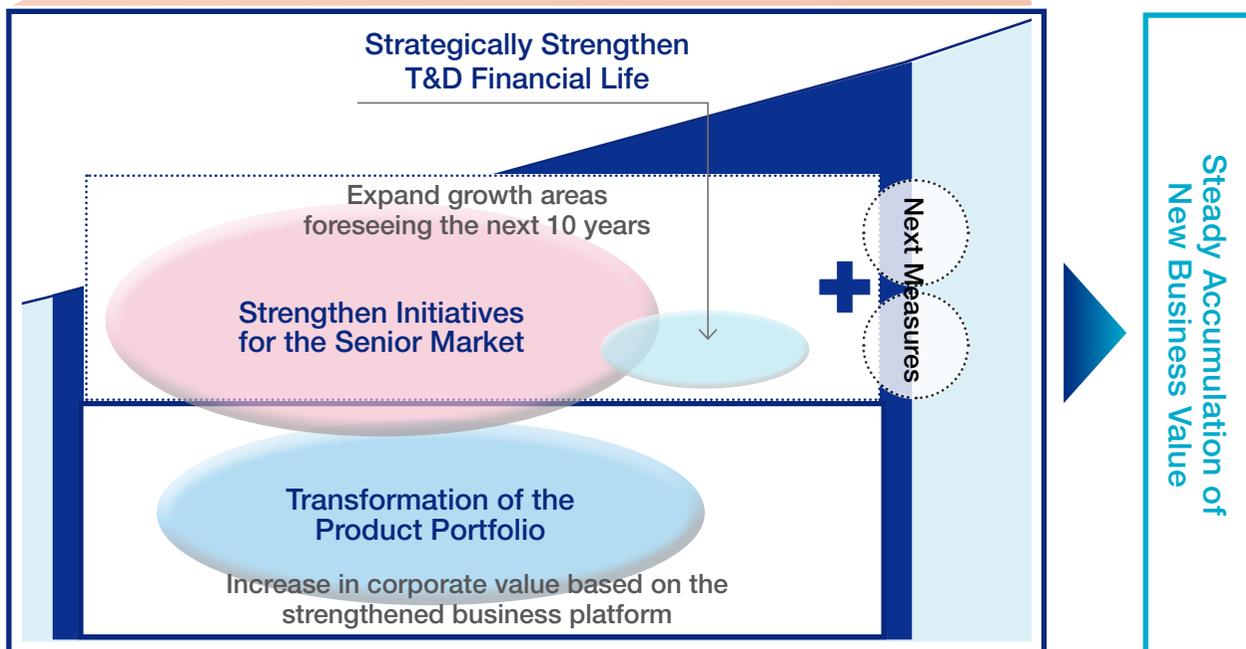
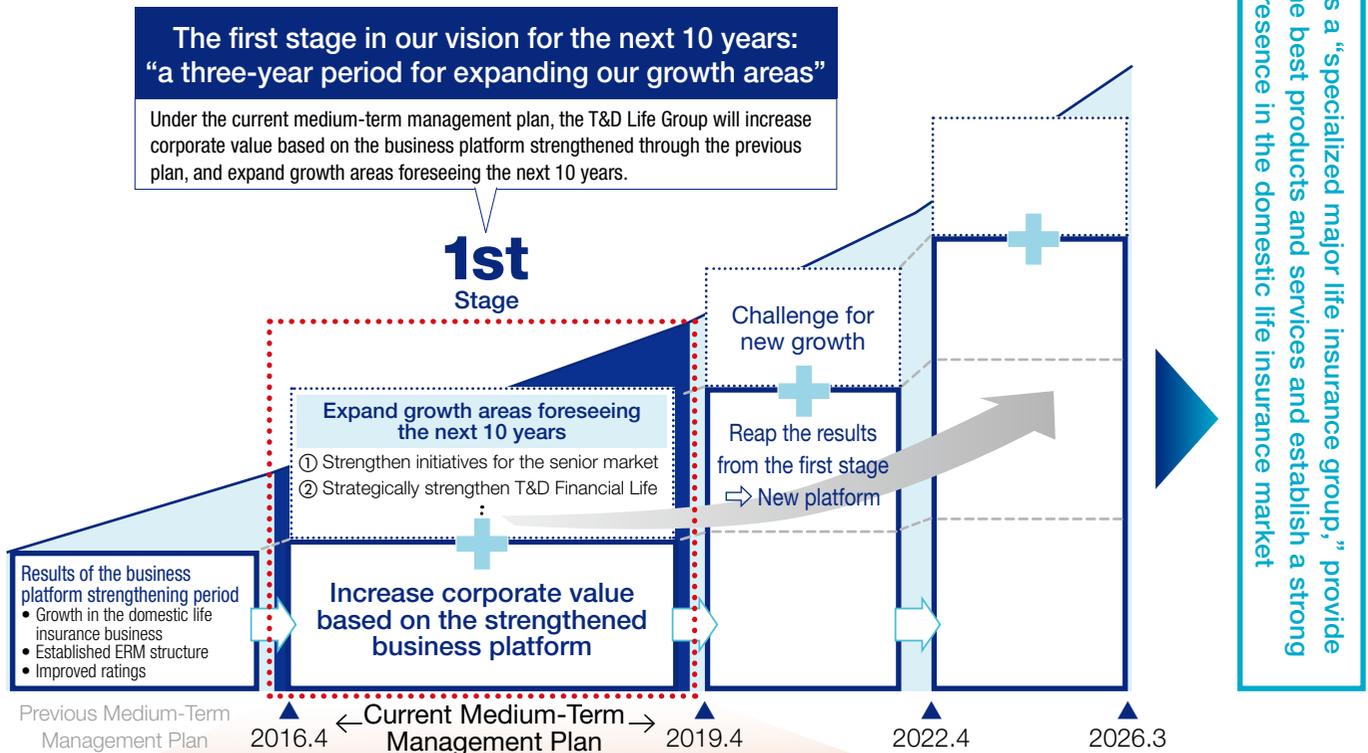
During the current medium-term management plan, provided that capital adequacy is secured, the Group will implement shareholder return of 40% and above of adjusted net income, combining stable cash dividends and flexible share buybacks.



* The amount of "Share buybacks" is an approximate amount.

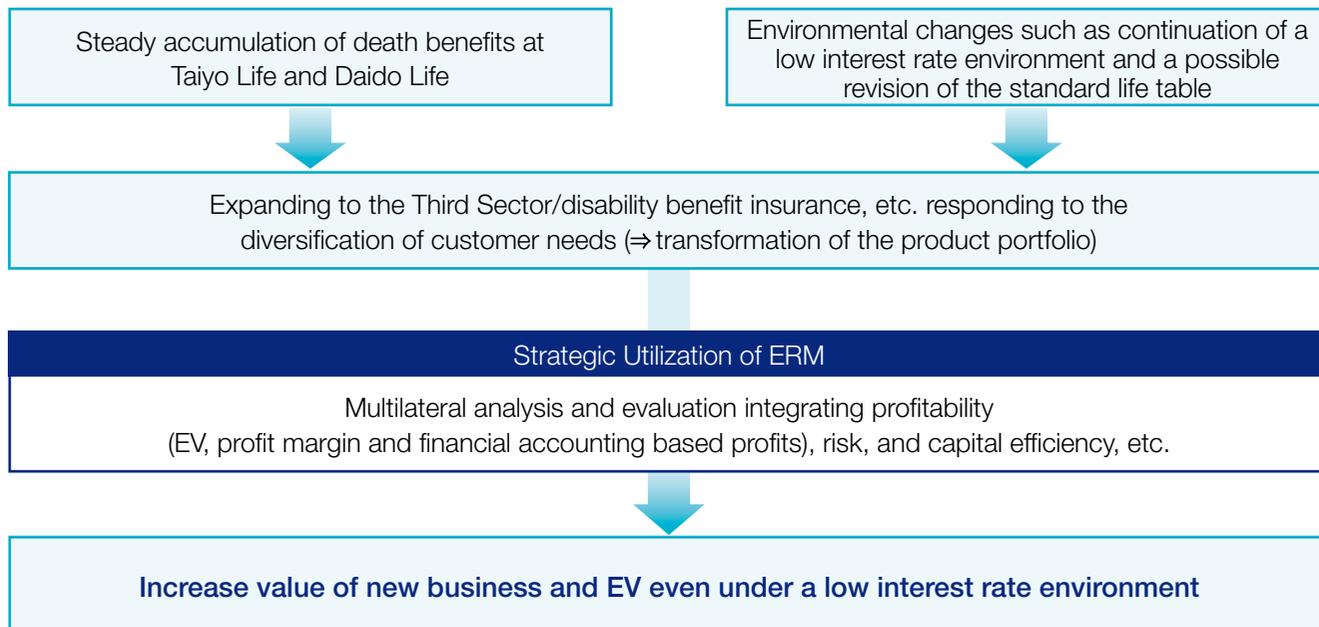
Domestic Life Insurance Business

The Group has laid out the strategy of “strengthen initiatives for the senior market” and “strategically strengthen T&D Financial Life,” with a view to expanding its presence in the independent insurance agent channel, in addition to the “transformation of the product portfolio” through the expansion into the Third Sector and into disability benefit insurance, which has been a priority measure since the previous medium-term management plan.



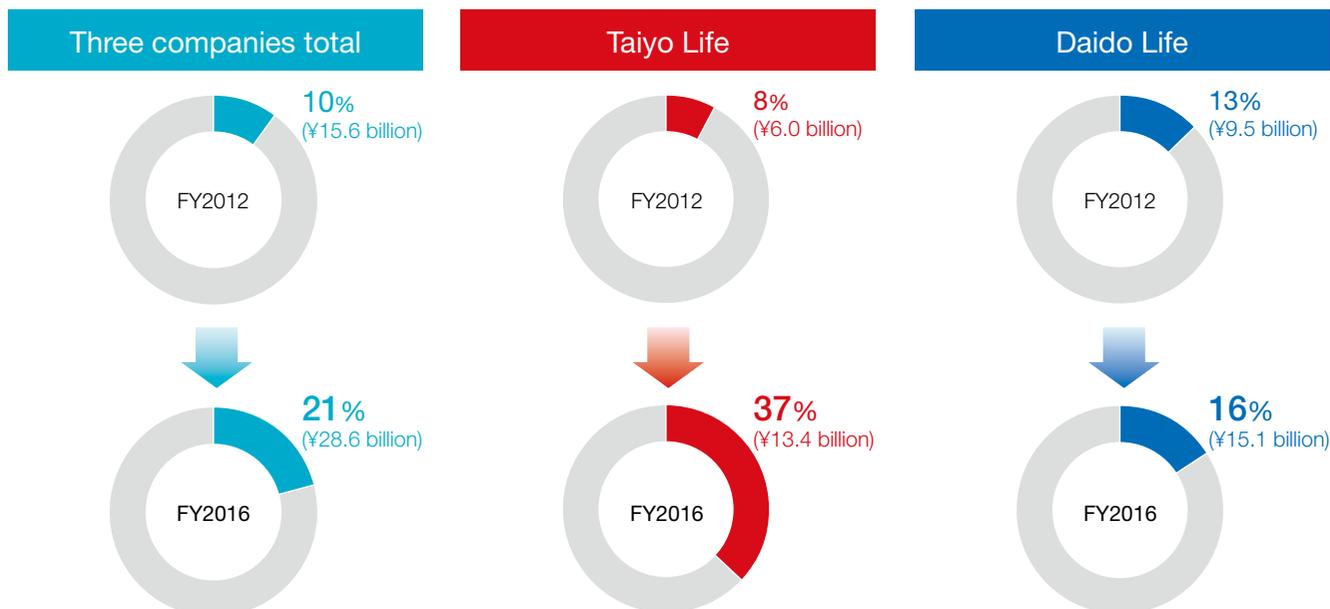
Domestic Life Insurance Business: Transformation of the Product Portfolio

Taiyo Life and Daido Life promoted initiatives focused on steadily accumulating death benefits. In addition to death benefit coverage, the Group also promoted transformation of the product portfolio to add the Third Sector and disability benefit insurance and suchlike as a response to the diversification of customer needs associated with the arrival of an aging society.



As a result, the percentage of Third Sector sales of the total of annualized premiums of new policies by the Group's three life insurance companies rose from 10% in fiscal 2012 to 21% in fiscal 2016.

Trends in the percentage of the Third Sector in annualized premium of new policies (Five years: FY2012 ⇒ FY2016)



Domestic Life Insurance Business: Strengthen Initiatives for the Senior Market

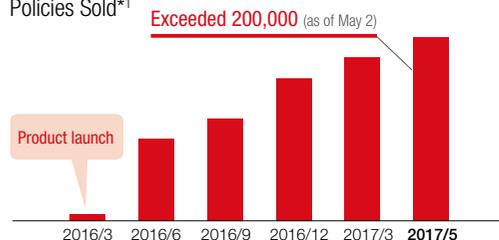
Taiyo Life and Daido Life concentrated on “strengthening initiatives for the senior market” as an approach to expanding growth areas by promoting their distinctive products and services for their respective specialized markets. As a result, both companies achieved significant growth in their core products and key performance indicators.

Measures	Taiyo Life	Daido Life
Sales/ Products	<ul style="list-style-type: none"> Expanded sales of dementia treatment insurance through sales representative channel Expanded sales of whole life nursing-care annuity products through OTC sales at banks 	<ul style="list-style-type: none"> Strengthening of the promotion of nursing-care products to SME owners + individual business owners market Enhancement/development of human resources for strengthening initiatives on inheritance and business succession
Services	<ul style="list-style-type: none"> <i>Kaketsuke-Tai Service</i>/senior home-visit service Development/offering of dementia prevention app Company-wide distribution of dementia supporters 	<ul style="list-style-type: none"> Expansion of <i>Kaigo Concierge</i> service Promotion of M&A support service
Health Promotion	<p>Company-wide initiative towards Universal Manners Test</p> <p>Taiyo's GENKI Project</p>	<p>Company-wide initiative towards Universal Manners Test</p> <p>DAIDO KENCO Action</p>
<p>Support disease prevention and health promotion towards the realization of a fulfilling elderly society</p>		

Results

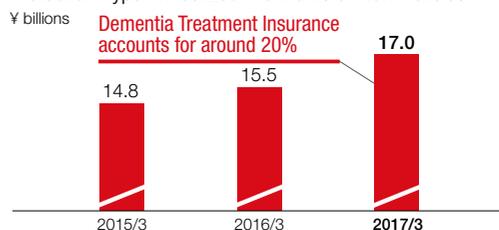
Taiyo Life

Cumulative Number of Dementia Treatment Insurance Policies Sold*¹



*¹ Total of "Himawari Dementia Treatment Insurance" and "Dementia Treatment Insurance"

Protection-Type Annualized Premiums of New Policies*²

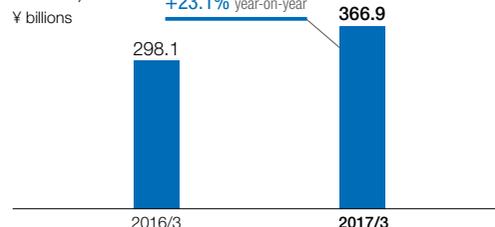


*² A performance indicator of Taiyo Life which is the sum of the protection portion of the annualized premiums, mainly excluding savings type products

See p.30 for details of Taiyo Life

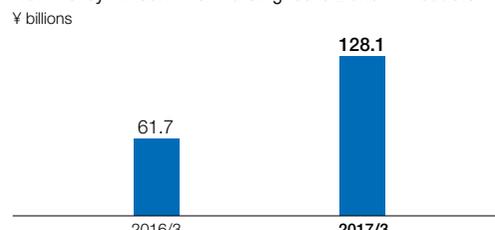
Daido Life

New Policy Amount of SME Owners and Individual Business Owners, Etc.*³



*³ Includes J-type product, T-type product, and *Kaigo Relief*

New Policy Amount*⁴ of Nursing-Care Benefit Products*⁵



*⁴ Includes individual contracts other than "SME owners and individual business owners, etc."
*⁵ Launched in Oct. 2015

See p.34 for details of Daido Life

Domestic Life Insurance Business: Strategically Strengthen T&D Financial Life

T&D Financial Life implemented various initiatives to increase the value of new business. As a result, it succeeded in turning the value back to positive in the fourth quarter, after it had trended negatively up to the third quarter due to the decline in domestic interest rates.

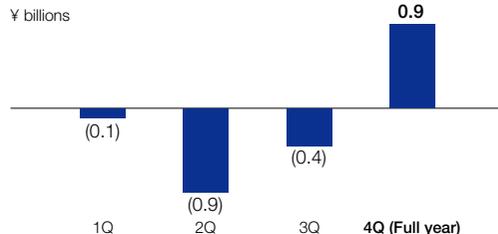
Value of new business was negative up to the third quarter due to the decline in domestic interest rates.

■ Initiatives, etc., for the improvement in value of new business

- Addition of new rider to foreign currency-reference single-premium whole life insurance (Nov. 2016)
- Strengthening sales of income protection insurance ⇒ New policy amount of level-premium products expanded significantly
- Renewal of yen-denominated/foreign currency-reference single-premium whole life insurance [launched in May 2017]

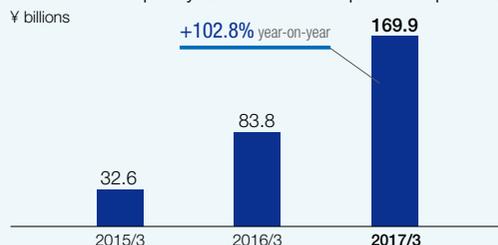
See p.38 for details of T&D Financial Life

Trends in value of new business for the FY2016



* Cumulative basis from the beginning of the fiscal year to each end of the quarter

Trends in new policy amount of level-premium products

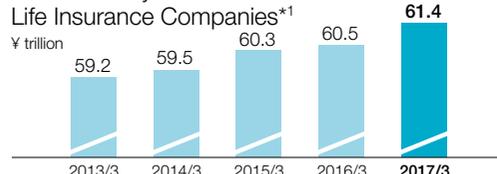


Results of Domestic Life Insurance Business

By promoting the domestic life insurance business centered on the “transformation of product portfolio” and the “strengthening initiatives for the senior market,” the sales of death benefits, the Third Sector and disability benefit insurance grew steadily and the value of new business increased favorably.

Steady Accumulation of Death Benefits

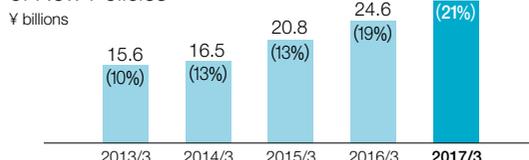
Sum of Policy Amount in Force of Three Core Life Insurance Companies*1



*1 Excluding Daido Life's J-type product, T-type product and Kaigo Relief

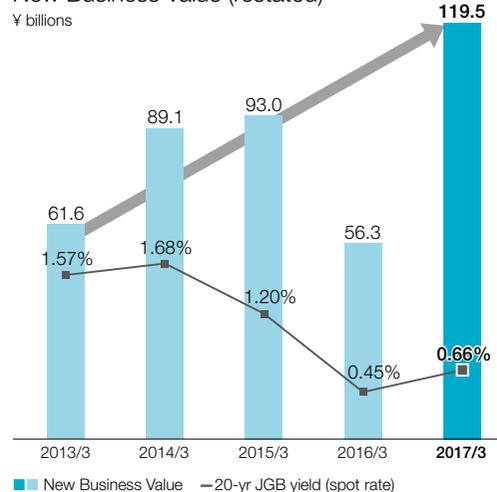
Enhancement of Third Sector/Disability Benefits

Trends in Third Sector Annualized Premiums of New Policies*2



*2 Percentage in the parenthesis is the ratio against the total annualized premiums of new policies

New Business Value (restated)



Confirmation of Environment Recognition for the Second Year of the Medium-Term Management Plan

Environment recognition for the next 10 years in the current medium-term management plan

Social environment	<ul style="list-style-type: none"> • Further decline in birthrate, aging population, and population decline • Increasing need to make self-provision for pension, medical care, and nursing care
Economic and financial environment	<ul style="list-style-type: none"> • Increasing risk of continued low interest rates and future interest rate hike
Industry and regulatory environment	<ul style="list-style-type: none"> • Revision of standard life table, introduction of economic value based financial soundness indicators
Technology innovation	<ul style="list-style-type: none"> • Advance in medical technology, increase in sophistication of IT such as big data and FinTech

Although there is no change in basic recognition, the competitive environment will become even fiercer for the second year of the medium-term management plan, particularly regarding the following points.

1. Continuation of low interest rate environment
2. Revision of standard life table
3. Increased social demand level for “Customer-Oriented Business Conduct”

Basic Policy for the Second Year of the Medium-Term Management Plan

- ▶ The Group is convinced that the medium-term management plan’s domestic life insurance business strategy leads to sustainable growth, based on the results of the first year of the plan
- ▶ For the second year of the plan, continue promoting sales enhancement of protection-type products and strengthen initiatives for the senior market
- ▶ Further promote Group-wide effort to enhance the revenue base of T&D Financial Life
- ▶ In addition, focus on measures to expand new growth areas of the domestic life insurance business, and on pursuing opportunities for external growth

Medium-Term Management Plan **Try & Discover for the Next Stage**



Taiyo Life Insurance Company



Katsuhide Tanaka
Representative Director
and President

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

Outlook for Sales Performance Indicators Fiscal 2017

▶ Protection-type Annualized Premiums of New Policies* ... **¥16.0 billion**

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

Fundamental Strategy

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

Business Model

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

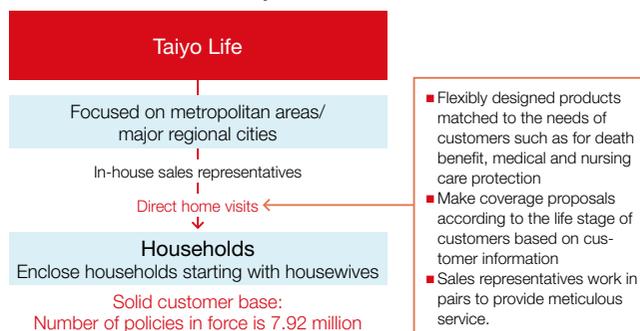
Operational Review

Taiyo Life, which sets life insurance sales in the household market as its core business, delivers comprehensive coverage centered on death protection, medical and nursing care insurance to households through in-house sales representatives.

The mainstay product *Hoken Kumikyoku Best* was launched in October 2008 ahead of its competitors which allows customers to freely combine the coverage they need. The product has continued to capture the coverage needs of the customers, and now has in excess of 2.3 million* cumulative subscribers.

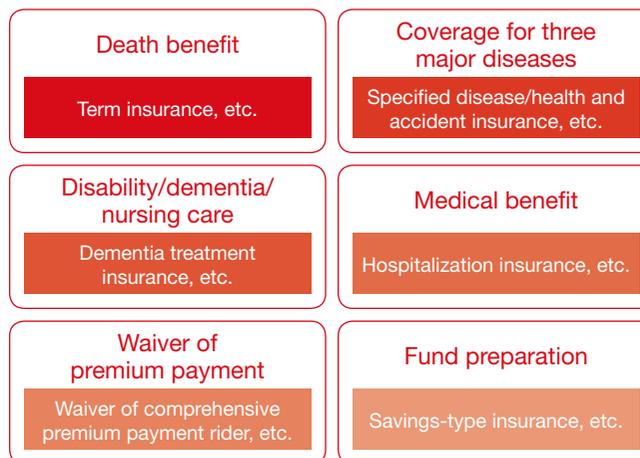
* As of March 2017

Business Model of Taiyo Life



Overview of *Hoken Kumikyoku Best*

All of the protection is treated as basic policy. *Hoken Kumitate Rider* enables customers to flexibly choose benefits according to their needs



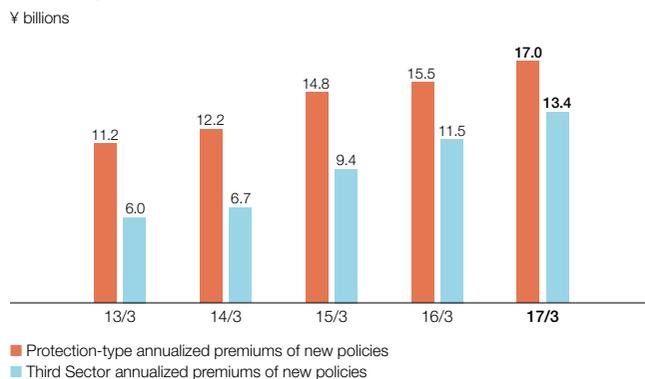
Overview and the Progress on the Medium-Term Management Plan

The current medium-term management plan calls for building the top brand in the senior market by promoting triune sales of “strengthening of face-to-face services through visits,” “product development which preempts the changes of the times,” and “further enhancement of the in-house sales representative channel,” thereby aiming to increase earnings.

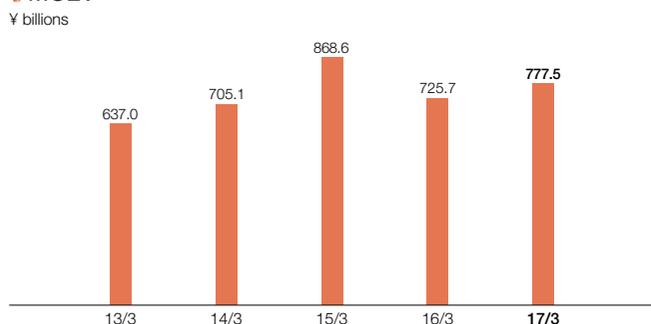
In fiscal 2016, the first year of the medium-term management plan, protection-type annualized premiums of new policies grew 10.1% year-on-year to ¥17.0 billion, in part due to strong sales of *Himawari Dementia Treatment Insurance*, which was launched in March, 2016. Backed by strong sales results, the value of new business increased by ¥26.1 billion year on year to ¥44.2 billion,

while MCEV increased by ¥51.7 billion from the previous fiscal year-end to ¥777.5 billion.

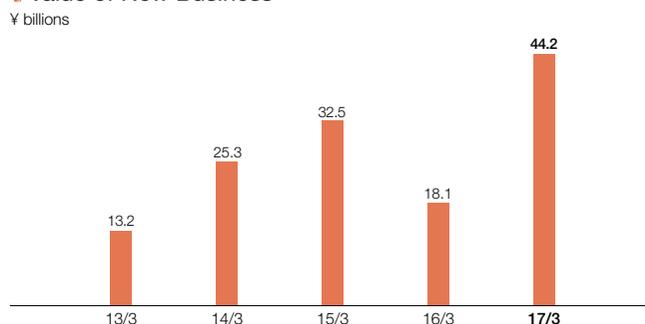
Protection-type Annualized Premiums of New Policies/ Third Sector Annualized Premiums of New Policies



MCEV

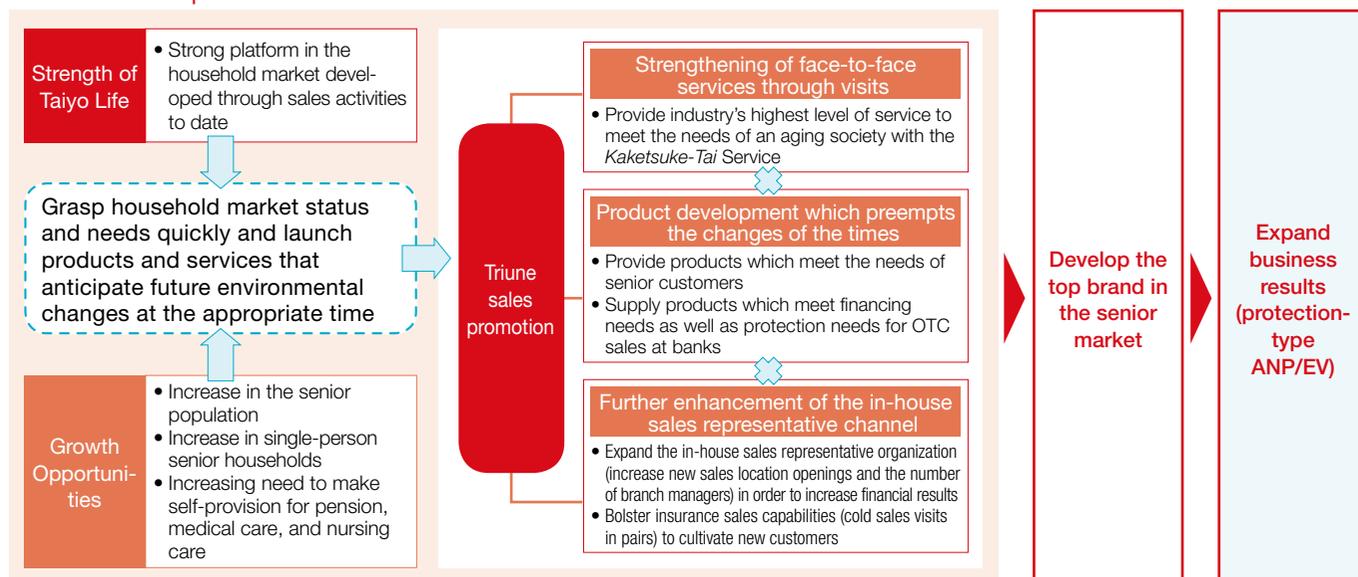


Value of New Business



Marketing Strategy

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



Medium-Term Management Plan **Try & Discover for the Next Stage**

Strengthening Face-to-face Services through Visits

Aiming to become the life insurance company which is most considerate to its senior customers, Taiyo Life initiated its Best Senior Service program. As part of this effort, in April 2016, the company introduced its *Kaketsuke-Tai Service*, ensuring that its senior customers are paid their insurance benefits, and offering them peace of mind in continuing their insurance coverage. Through the service, office workers with specialized knowledge visit customers directly at home to provide assistance with payment procedures. To date, the service has been used in excess of 25,000 times.*

In addition, the company continues to offer its Senior Visit Service (introduced in July 2014), where sales representatives visit customers 70 years of age and older at least once a year to verify their policies and encourage them to file claims.

* As of June 2017



Ikana-Cat,
the *Kaketsuke-Tai Service* mascot

Product Development Which Preempts the Changes of the Times

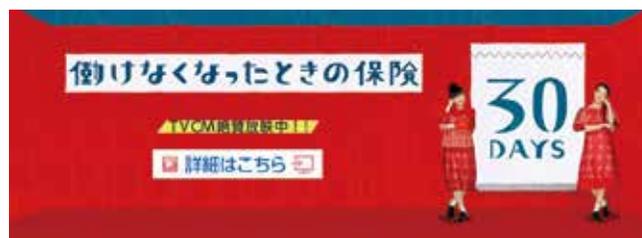
Staying ahead of the curve, in March 2016 Taiyo Life launched *Himawari Dementia Treatment Insurance*, as well as insurance to protect against loss of income due to an inability to work.

Himawari Dementia Treatment Insurance saw the cumulative number of policies sold exceed 220,000*¹, backed by society's increased interest in dementia, as well as the fact that it allows even those with health concerns to sign up for coverage for prescribed conditions due to dementia.

Meanwhile, coverage*² under insurance to protect against loss of income provides early payment of benefits in the event an individual is unable to work due to illness, accident and so forth, and has been well-received by customers.

*¹ Total policies sold for *Himawari Dementia Treatment Insurance* and *Dementia Treatment Insurance* (as of June 2017)

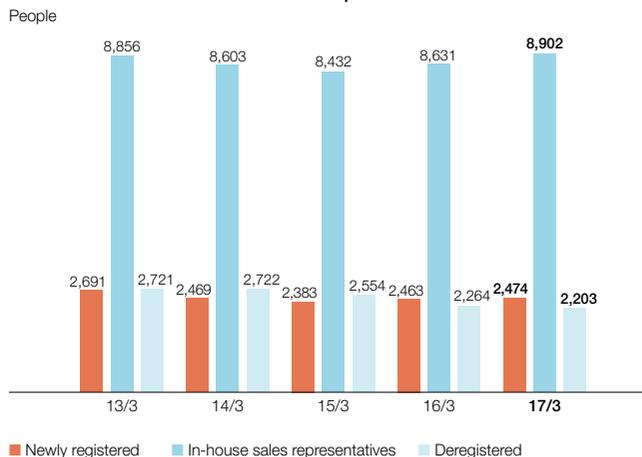
*² Benefits are paid in the event a prescribed inability to work continues for 30 days due to certain conditions including the three major diseases and injury.



Further Enhancement of the In-house Sales Representative Channel

To deliver the products and services it provides to even more customers, Taiyo Life has placed a priority on opening new sales locations and hiring and training sales representatives. As a result, the number of in-house sales representatives increased by 271 people to 8,902 from the previous fiscal year-end, further strengthening the channel.

◆ Number of In-house Sales Representatives



Future Growth

In response to changes in social conditions in Japan of a declining birthrate and aging population, and longer healthy life spans, Taiyo Life is not only fulfilling the original mission of a life insurance company by ensuring insurance benefits are paid, but will also take on the new role of promoting the health of its customers by supporting efforts to prevent disease.

Specifically, the company has launched Taiyo's GENKI Project in June 2016, an initiative aimed at energizing and promoting the health of employees, customers, and society.

Through this project, the company is engaged in initiatives designed to support better customer health from a variety of perspectives, such as providing the *Dementia Prevention App*.*

In fiscal 2017, the second year of the medium-term management plan, the company aims to build the top brand in the senior market through these efforts and expand business results.

* A smartphone app which supports dementia prevention based on walking speed.

Specific Measures of Taiyo's GENKI Project

Energizing Employees

- **Introduction of an Employment System Which Allows Employees to Work Until Age 70**
Putting in place an environment which will allow senior employees, who have extensive experience, to work lively and energetically.
- **Implementation of Smart Working**
Promoting smart working, where every individual employee can find their work rewarding and fulfilling.
- **Employee Fitness**
Advancing employee fitness through the use of kurorts (health resorts) and by increasing the percentage of those undergoing cancer screening



▲Employees making use of a kurort

Energizing Customers

- **Offering the *Dementia Prevention App***
Offering its customers the *Dementia Prevention App*, which supports efforts to prevent dementia based on walking speed.
- **Enhancing Customer Service**
Moving ahead to introduce "Universal Manners Certification" and "Dementia Supporter" programs company-wide in order to enhance its ability to provide service to senior customers and individuals with disabilities.



◀Dementia Prevention App

Energizing the Society

- **Dissemination Activities of "Kurort Health Walking"**
Kurort Health Walking is effective in preventing disease and promoting health. Taiyo Life holds the "Taiyo Life Kurort Health Walking Awards" with the goal of spreading this movement nationwide.
- **Dementia Seminars**
Offering a variety of information on dementia through its sponsorship of dementia seminars held nationwide.
- **Investment in the Fund Supporting Good Health**
Invested in the fund supporting good health, which supports businesses that contribute to promoting peoples' health.



▲Dementia seminar

Medium-Term Management Plan **Try & Discover for the Next Stage**

DAIDO 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.

Outlook for Sales Performance Indicators Fiscal 2017

- ▶ Policy amount in force* **¥41,780 billion**
- ▶ New policy amount* **¥4,350 billion**

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

Fundamental Strategy

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

Business Model

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

Operational Review

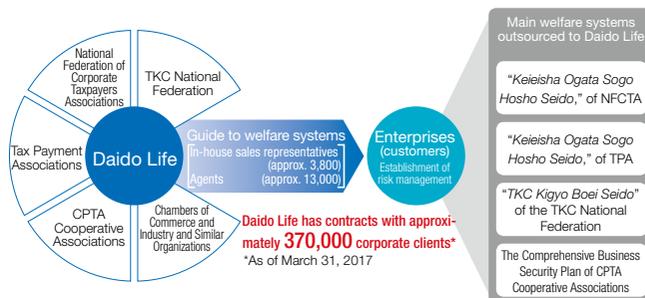
Daido Life is a life insurance company that specializes in the SME market, with contracts with some 370,000 corporate clients. The company has focused on developing and selling term insurance since the 1970s, considering it to be the optimal product for companies as it secures greater coverage at a lower premium.

Specifically, the company, which ties up with SME-related organizations and CPTA organizations, positions the offering of its products and services designed according to the organization’s characteristics (partner-specific products) as its core business. The company has established a unique business model of offering these products and services as a benefit and welfare system for the SMEs, through two channels of in-house sales representatives and agents.

Overview and the Progress on the Medium-Term Management Plan

Under the three-year medium-term management plan which started in April 2016, Daido Life aims to steadily and sustainably increase corporate value. To this end, it is evolving its core business through enhancing its disability benefit in the corporate market (“further penetration of core markets”) and developing the SME owner and individual business owner market (“creating and expanding new markets”). It is also enhancing customer service through operational innovations in its sales activities and administration.

Business Model of Daido Life



In fiscal 2016, the first year of the medium-term management plan, Daido Life's new policy amount rose 18.7% year on year to ¥5,121.1 billion*, and the policy amount in force increased 4.6% to ¥40,992.2 billion* from the previous fiscal year-end.

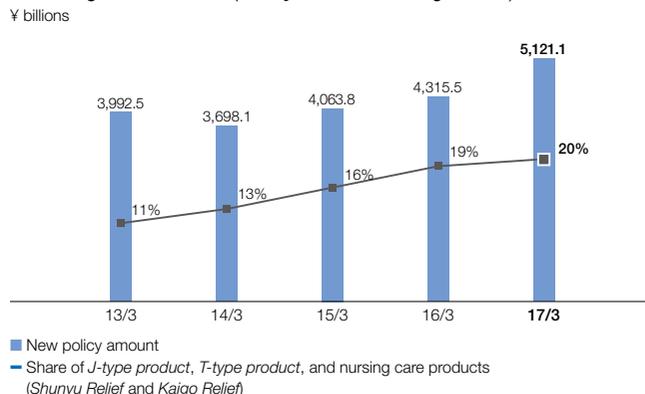
This was the result of the implementation and the establishment of "proposing full range of protection" through enhanced disability benefit (*J-*, *T-*, and *M-type products*; see figure below) in addition to mainstay term insurance.

The nursing care insurance products (*Shunyu Relief* and *Kaigo Relief*), which are strategic products for opening up the SME owner and individual business owner market, were well received, with the new policy amount growing steadily to ¥128.1 billion.

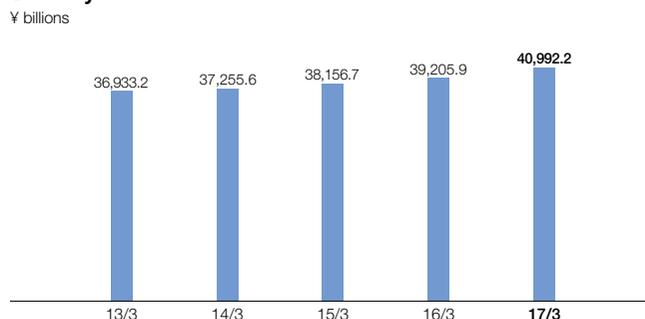
As a result, the share of disability benefit and nursing care benefit products grew steadily to account for 20% of the new policy amount. By providing products and services which meet customers' needs, the sales strategy for the medium-term management plan is proceeding as intended.

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

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

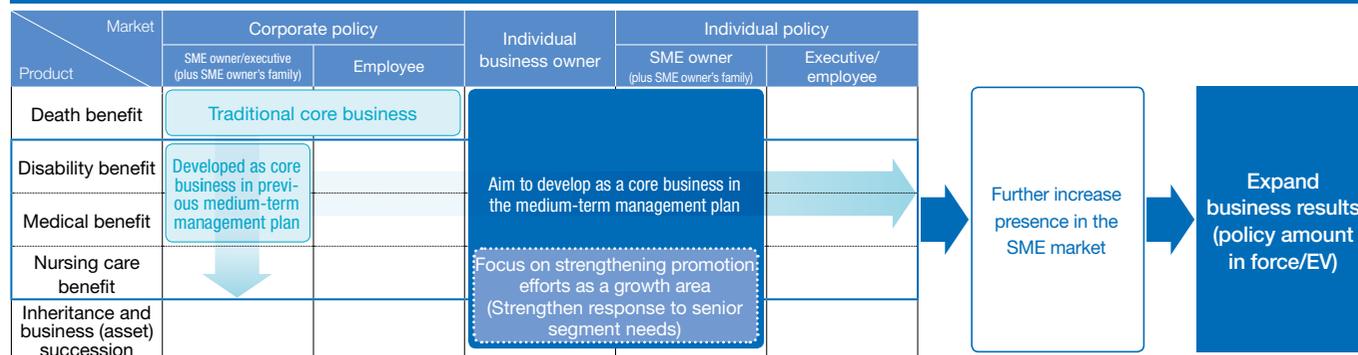


◆ Policy Amount in Force

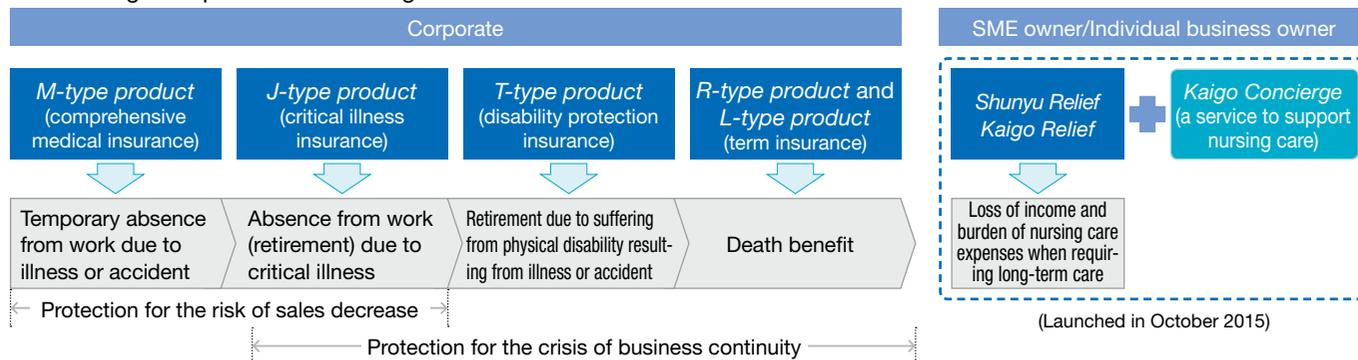


◆ Marketing Strategy

To consolidate its position as the "leading company" in the SME market for life insurance, Daido Life will further evolve its core business and develop growth area of both corporate and individual fields together, in order to expand business results.



◆ Promoting a Proposal of a Full Range of Protection

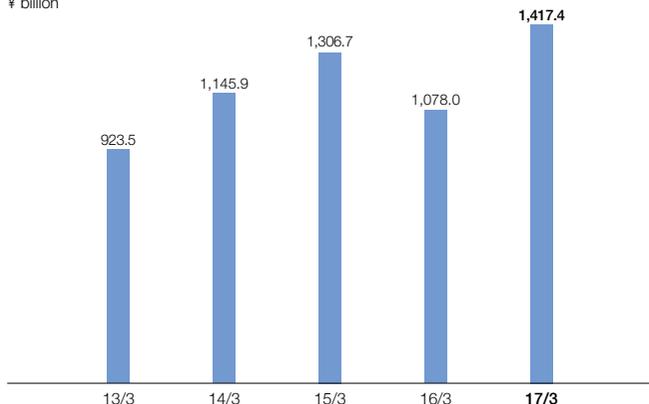


Medium-Term Management Plan **Try & Discover for the Next Stage**

MCEV increased by ¥339.4 billion from the previous fiscal year-end to ¥1,417.4 billion, reflecting a steady increase in the new policy amount as well as a rise in domestic interest rates and an improvement in insurance assumptions such as surrender and lapse rate and mortality rate. The value of new business increased by ¥39.6 billion year on year to ¥74.3 billion.

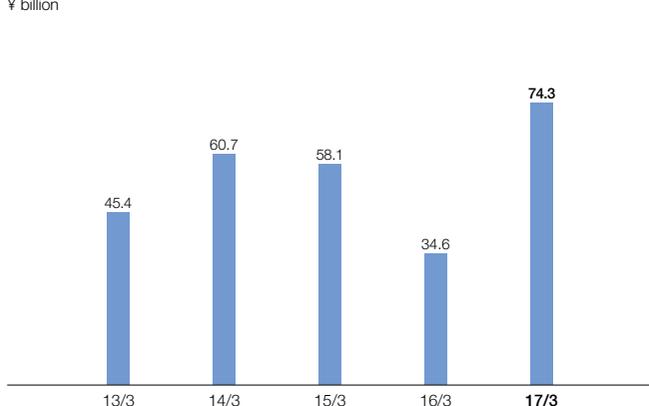
MCEV

¥ billion



Value of New Business

¥ billion



Initiatives for the Senior Market

In October 2015, Daido Life launched *Shunyu Relief*, an insurance policy to protect against loss of income when long-term care is required by SME owners, individual business owners, and so forth, and *Kaigo Relief*, an insurance policy to cover nursing care costs if they are admitted to a nursing facility.

The company has also introduced *Kaigo Concierge*, a comprehensive support for nursing care, including offering consultation regarding nursing care issues, referrals to nursing care facilities, and so forth, which is well received by customers.

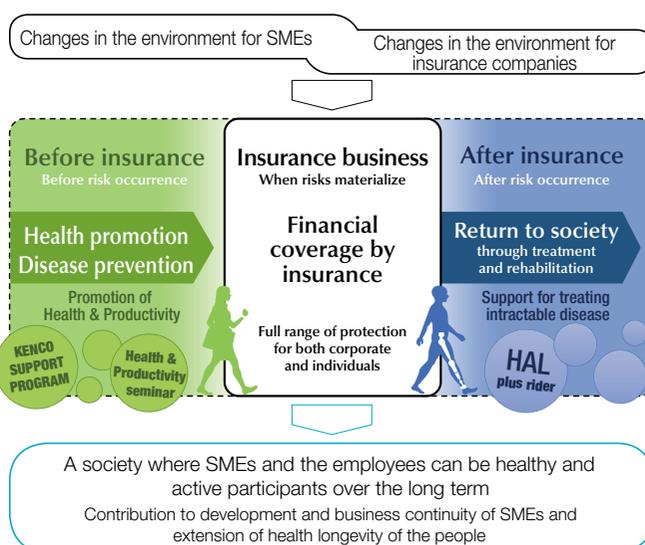
Further, the company is developing and bolstering specialist personnel who can provide support for inheritance and business succession due to the aging of business owners.

Going forward, the company will strengthen its initiatives in the senior market, which is a common growth area for the T&D life Group, through offering products aligned with customers' needs and unique/superior services.

Future Growth

A new challenge towards future growth, Daido Life will contribute to creating a society where SMEs and the employees can be healthy and active participants over the long term. This will be carried out by going beyond the conventional scope of a life insurance company to develop innovative products and services addressing "health promotion and disease prevention," and "return to society through treatment of intractable disease."

Vision of the Company



Initiatives to Disseminate Health and Productivity Management—DAIDO KENCO ACTION

Generally, an early dissemination of Health and Productivity Management*1 is necessary especially for SMEs where the role per employee is relatively large and face issues with health management. However, the recognition of Health and Productivity Management is low among SMEs and they also lack the human resources and the expertise in implementing it.

In light of these situations, Daido Life is taking a dual approach in the promotion of dissemination activities of Health and Productivity Management, which is working to

raise awareness of the principles among SME owners through seminars and providing a concrete tool for implementation through offering of the Daido Life KENCO SUPPORT PROGRAM. (From April 2017)

*1 Health and Productivity Management is an approach of implementing health management from a business management perspective, based on the idea that initiatives for enhancing employee health are an investment in raising the productivity of the company.

*2 Source: Rearranged and processed from Statistics Bureau, the Ministry of Internal Affairs and Communications "2014 Economic Census for Business Frame." Total number of companies and individual proprietors.



Launch of “HAL Plus Rider”

Daido Life launched the industry's first “HAL plus rider” for covering treatment of certain intractable diseases with the robot suit HAL® for Medical Use (Lower Limb Type) developed and supplied by CYBERDYNE, INC. (From July 2017)

By adding this rider to Daido Life's *M-type product* (non-participating comprehensive medical insurance), the product becomes even more attractive. The company will also contribute to creating a society where people are healthy and affluent by promoting the dissemination and penetration of treatment for intractable disease using HAL® for Medical Use.

[Reference]

HAL® (Hybrid Assistive Limb®) is a cyborg-type robot developed by CYBERDYNE, INC. The suit can improve, support and enhance the bodily functions. HAL® for Medical Use has obtained approval as a therapeutic device in Europe and Japan as the world's first robotic therapeutic device.

In Japan, eight patients with intractable neuromuscular disease started treatment with the new therapeutic devices from September 2016, funded by public medical insurance.



Medium-Term Management Plan **Try & Discover for the Next Stage**

 **T&D Financial Life Insurance Company**



Masafumi Itasaka
Representative Director
and President

Through the growing independent insurance agent market, T&D Financial Life offers distinctive products which meet the needs of its customers.

Outlook for Sales Performance Indicators Fiscal 2017

- ▶ Policy amount in force **¥2,060 billion**
- ▶ New policy amount **¥370 billion**

Fundamental Strategy

- ▶ Aiming to establish a strong brand in life insurance sales through the independent insurance agent channel*, the company is promoting the “diversification of product lineup,” “expansion of sales network of insurance agents,” and “improvement of customer service.”

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

Business Model

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

Operational Review

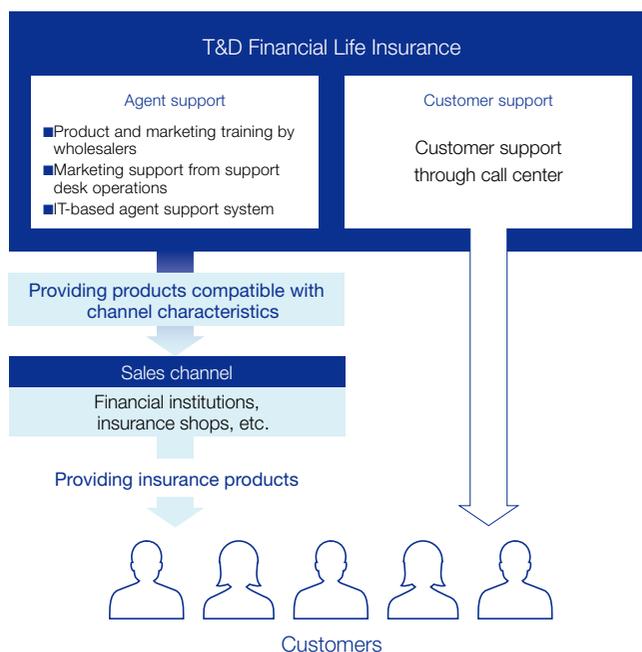
T&D Financial Life specializes in providing insurance products through independent insurance agents including financial institutions and insurance shops, which handle products from multiple insurers.

Insurance sales through this independent insurance agent channel are expected to further grow going forward, and by expanding its sales network in this channel, and by providing competitive products, the company aims to achieve sustained growth.

Overview and the Progress on the Medium-Term Management Plan

Under the current medium-term management plan, T&D Financial Life is promoting the “diversification of product lineup,” “expansion of sales network of insurance agents,” and “improvement of customer service” to become the company of choice for customers and agents in the independent insurance agent market, and will work to expand its business performance (new policy amount and EV).

Business Model

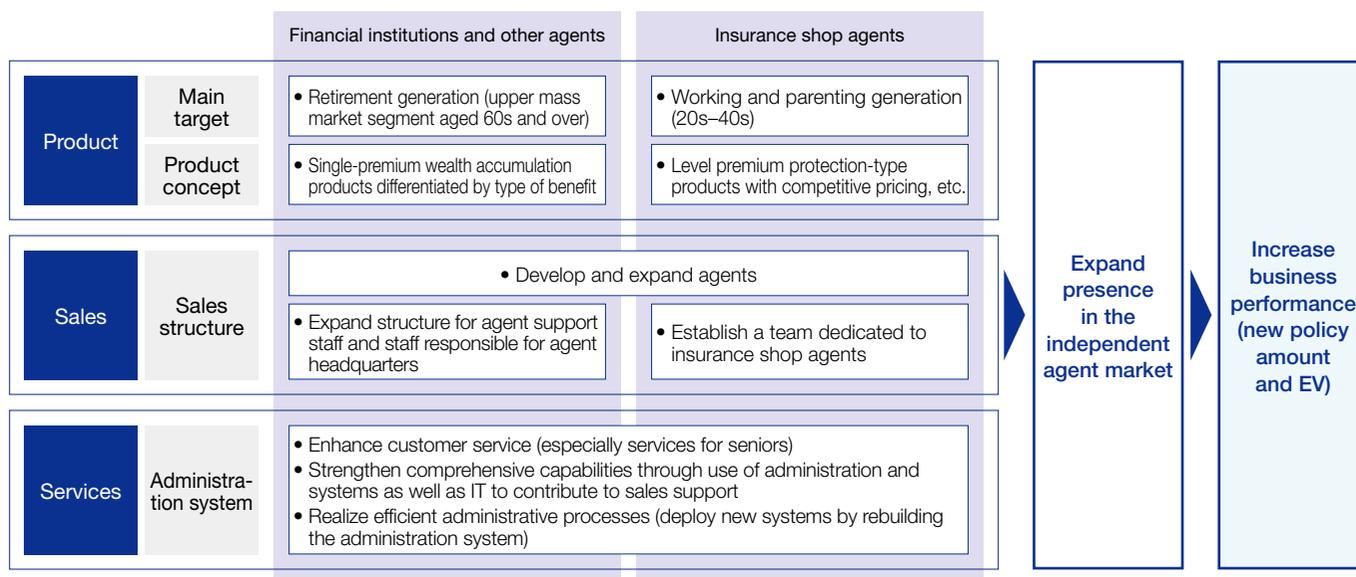


In fiscal 2016, the first year of the current medium-term management plan, the sales performance indicators of the new policy amount and the policy amount in force were ¥235.4 billion and ¥1,879.3 billion, respectively, which the company achieved its corresponding management targets for the fiscal year of ¥220.0 billion and ¥1,850.0 billion.

The new policy amount, in particular, saw significant growth from income protection insurance and other level-premium products on which the company focused, and which increased 2.8% year-on-year to ¥169.9 billion, despite the suspension of sales of mainstay yen-denominated single-premium whole life insurance products due to the impact of decline in domestic interest rates.

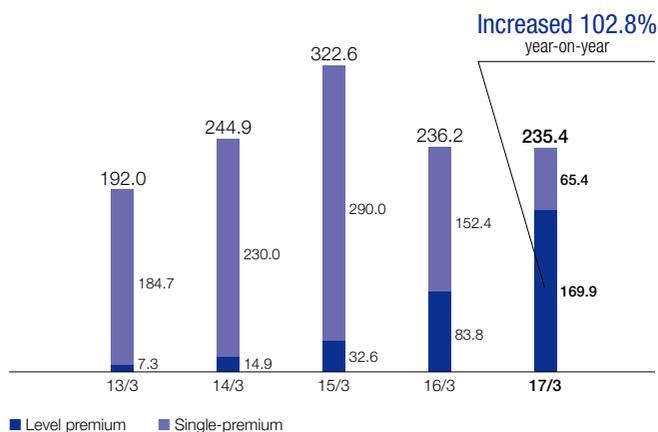
In fiscal 2016, MCEV increased by ¥3.9 billion from the previous fiscal year-end, to ¥97.4 billion. While the value of new business remained negative up to the third quarter, mainly due to the decline in domestic interest rates, the company took steps to improve that figure, including the introduction of new riders to its foreign currency-linked single-premium whole life insurance product. As a result, the value of new business saw a turn-around in the fourth quarter, ending the fiscal year at ¥0.9 billion (a decrease of ¥2.5 billion from the previous fiscal year-end).

Marketing Strategy



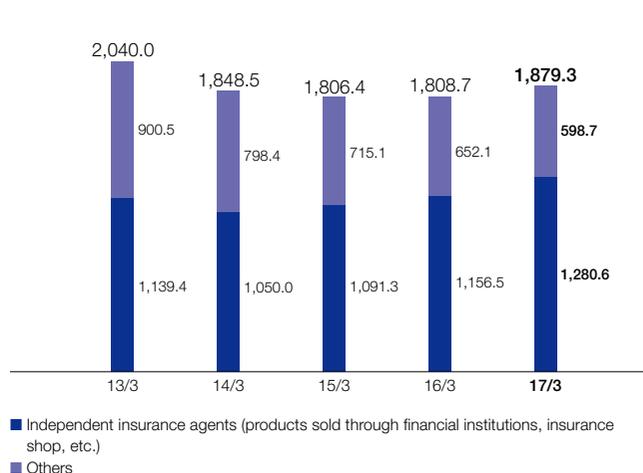
New Policy Amount

¥ billions



Policy Amount in Force

¥ billions



Medium-Term Management Plan **Try & Discover for the Next Stage**

Product Strategy

T&D Financial Life has worked to respond to the diversifying needs of its customers by developing products which offer differentiated benefits. Regarding April 2016 onward, the company has continued providing a variety of products and riders.

In August 2016, the company revised and launched the *Kakei Ni Yasashii Shunyuoshosho* income protection insurance and the *Hataraku Anata Ni Yasashii Hoken*, an income protection insurance in the event of specific diseases. Specifically, revisions included expansion of eligible ages and coverage periods compared to existing products; expanded coverage related to carcinoma in situ; and a simpler explanation of cause for payment due to acute myocardial infarction and cerebral stroke.

In November 2016, the company began handling two riders which can be added to the *Shogai Premium World 3* single-premium whole life insurance product. Specifically, the company began offering a “Rider for Transfer to Whole Life Insurance Upon Reaching Target Value,” under which, when the surrender value reaches either 100%, 105%, or 110% of the single-premium, the policy is automatically transferred from a foreign interest rate to whole life insurance utilizing a domestic interest rate; and a “Long-term Care Pension Payment Transfer Rider,” which makes it possible for those assessed at nursing care level 1 or higher to receive a lifetime pension.

In February 2017, the company launched *Kakei Ni Yasashii Shushin Iryo*, a level-premium whole life medical insurance product. The product was developed in cooperation with the companies of the T&D Life Group as a simplified type of

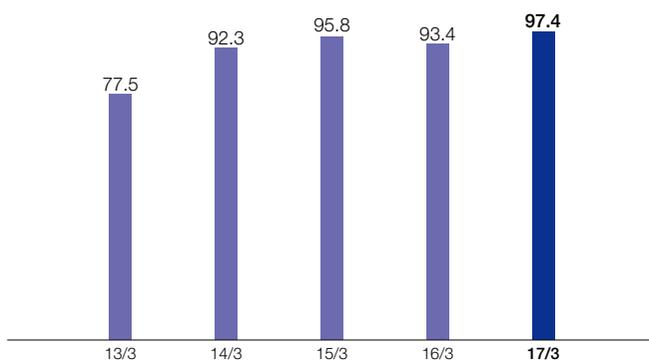
medical insurance which offers discounted premiums to non-smokers, and coverage which starts with one-day hospitalization and outpatient surgery. Coverage is also available for short-term hospitalization, lifestyle diseases and advanced medical care, offering customers the coverage they need in line with progress in current medical systems and technology.

Further, in May 2017, the company launched two new single-premium whole life products: *Shogai Premium Japan 4* and *Shogai Premium World 4*. By reducing policy costs compared to existing products, the first product makes it possible to continue offering coverage even in a low interest rate environment, and the second product uses the same mechanism to increase returns to policyholders. Both products inherit the feature of existing products which allows customers to simultaneously put in place both the funds they will use in their lifetimes and the funds they will leave behind, while expanding the eligible age range and revising rates by age group and gender, offering a broader response to customer needs.

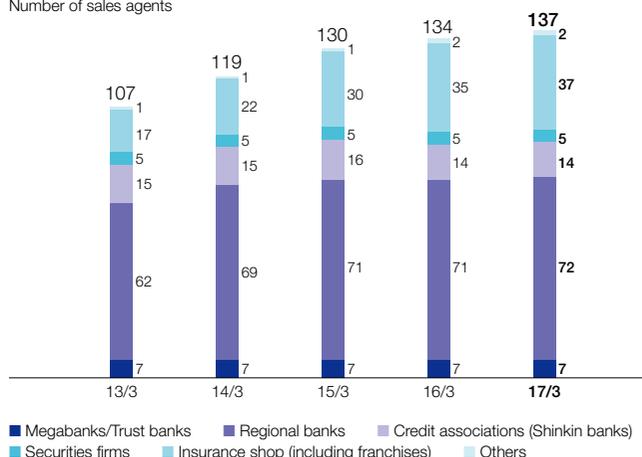
[Launch and Renewal of Main Products]

August 2016	Renewal of <i>Kakei Ni Yasashii Shunyuoshosho</i> Renewal of <i>Hataraku Anata Ni Yasashii Hoken</i>
November 2016	Began offering the “Rider for Transfer to Whole Life Insurance Upon Reaching Target Value” Began offering the “Long-term Care Pension Payment Transfer Rider”
February 2017	Launched <i>Kakei Ni Yasashii Shushin Iryo</i>
May 2017	Launched <i>Shogai Premium Japan 4</i> Launched <i>Shogai Premium World 4</i>

MCEV
¥ billions



Sales Network
Number of sales agents



By working to develop its relationships with financial institutions and insurance shops through these and other products, the company has increased the number of sales agents which serve customers over-the-counter. As of the end of fiscal 2016, the company has entered into agency consignment contracts with a total of 137 financial institutions and others.

Future Growth

In fiscal 2017, the second year of the medium-term management plan, the company will continue the “diversification of product lineup,” “expansion of sales network of insurance agents,” and “improvement of customer service,” aiming to become the company of choice for customers and agents in the independent insurance agent market, thereby promoting the expansion of the new policy amount and EV.

Specifically, for single-premium products, the company will work to recover from the previous fiscal year through synergies between its *Shogai Premium Japan 4* and *Shogai Premium World 4* products. With respect to level premium products, the company is promoting to expand its agent network and market penetration for *Takei Ni Yasashii Shunyuho* and *Takei Ni Yasashii Shushin Iryo* products, with the goal of achieving a true multi-line model for First Sector and Third Sector insurance.

In addition, the company will ensure its business conduct is customer-oriented by developing products which respond to customer needs, working to improve services for seniors and so forth.

◆ Lineup of Main Products

Single-Premium Products	<i>Shogai Premium Series</i>	
	<p><i>Shogai Premium Japan 4</i> [non-participating whole life insurance (accumulation-rate renewing type II)]</p> <p><i>Shogai Premium World 4</i> [non-participating foreign exchange rate linked whole life insurance (accumulation-rate renewing, multicurrency type IV)]</p>	<p>Main Features:</p> <ul style="list-style-type: none"> Under the concept of “secure additional fund without the withdrawal from the premium reserve,” <i>Shogai Premium Series</i> is a cash flow type single-premium whole life insurance series which features annual additions of a prescribed bonus policy amount to the “accumulated bonus amount” throughout the insured’s lifetime. <i>Shogai Premium Japan 4</i> is a product for customers interested in investing in yen-denominated assets, as the annual bonus policy amount is steadily added to the accumulated bonus policy amount every year using JGB yields as its reference rate. <i>Shogai Premium World 4</i> is a product for customers interested in overseas interest rates, which are higher compared to domestic interest rates, and in foreign currencies, as the product is based on the reference rate which is linked to foreign currency (Australian dollar or U.S. dollar).
Level-Premium Products	<p><i>Takei Ni Yasashii Shunyuho</i> [non-participating income protection insurance (no surrender value type II)]</p>	<p>Main Features:</p> <ul style="list-style-type: none"> This is an income protection insurance product which provides either a monthly survivor annuity or a disability annuity over a fixed period in the event of death or permanent disability of the insured. The product has set up premium which is more affordable than that of conventional term insurance products. In addition, by applying the waiver of premium payment rider for the three major diseases and the income protection rider for the three major diseases, the insured could prepare for the loss of income in the event where he or she suffers from one of the three major diseases (designated cancer, acute myocardial infarction and cerebral stroke) which come under a prescribed condition.
	<p><i>Kazoku Wo Tsunagu Shushinhoken</i> [non-participating special whole life insurance (type II)]</p>	<p>Main Features:</p> <ul style="list-style-type: none"> The customer selects whole life insurance from two plans: the “basic plan” which secures death benefit from the beginning of the contract, or the “simple plan” in which the amount of death benefit is held down at the initial insurance period in order for customers to subscribe with a simple notification. A product which secures death benefits and at the same time addresses a wide range of asset formation and other needs of customers in the medium and long term, including funding for post-retirement living expenses and educational expenses for children.
	<p><i>Hataraku Anata Ni Yasashii Hoken</i> [non-participating specific disease income protection insurance (no surrender value type II)]</p>	<p>Main Features:</p> <ul style="list-style-type: none"> Pays an annuity (with a choice of either fixed term annuity or annuity certain) for a prescribed condition resulting from specific diseases (cancer, acute myocardial infarction and cerebral stroke). The product specializes in living benefit coverage by eliminating death benefit which enables customers to prepare for the necessary living expenses according to their needs.
	<p><i>Takei Ni Yasashii Shushin Iryo</i> [Non-participating whole life medical insurance (no surrender value type I)]</p>	<p>Main Features:</p> <ul style="list-style-type: none"> A simplified type of medical insurance which offers discounted premiums to non-smokers, and coverage which starts with one-day hospitalization and outpatient surgery. Riders and options available for short-term hospitalization, lifestyle diseases and advanced medical care, allowing coverage to be provided in line with the actual circumstances of medical practice.

Medium-Term Management Plan **Try & Discover for the Next Stage**

T&D Asset Management Co., Ltd.



Hiroshi Fujise
Representative Director
and President

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

Outlook for Full-Year Key Performance Indicator Fiscal 2017

▶ Adjusted operating income* **¥3.0 billion**

* 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

- ▶ Further strengthen its competitiveness under a strategic policy of implementing both differentiation strategy based on “Make a Difference” slogan and customer-oriented management based on fiduciary duty
- ▶ Enhance growth areas by strategically allocating management resources
- ▶ Continue to transform the earnings structure to further improve management efficiency

Business Segments

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

Operational Review and the Progress on the Medium-Term Management Plan

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 manages the funds of pension funds and institutional investors.

Under the current medium-term management plan, the company is working to further strengthen its competitiveness by differentiating its asset management and product development capabilities in accordance with the strategic policy of “Make a Difference.”

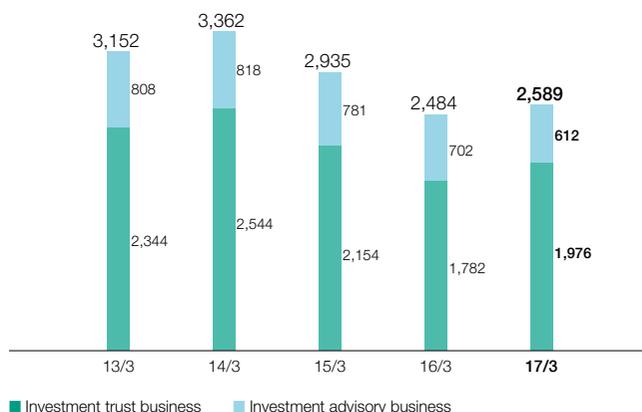
In fiscal 2016, investment trust assets under management stood at ¥1,064.0 billion, an increase of ¥450.6 billion from the previous fiscal year-end. This increase mainly reflected solid growth in the balance of assets under management centered on privately placed investment trusts.

On the earnings front, adjusted operating income rose 4.2% year on year to ¥2.5 billion, due to the increase in the balance of assets under management.

Looking ahead, as the asset management firm of the T&D Life Group, the company will continue to provide asset management services for the Group's life insurance companies and for external customers as the two main pillars of the company's business.

Adjusted Operating Income (by Business)

¥ millions



Pet & Family Small-amount Short-term Insurance Company



Masanori Nishida
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.

Outlook for Full-Year Key Performance Indicator Fiscal 2017

- ▶ Number of policies in force **122,500**
- ▶ Number of new policies **30,000**

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

Operational Review and the Progress on the Medium-Term Management Plan

Pet & Family Small-amount Short-term Insurance Company provides pet insurance to cover veterinary care expenses mainly through pet shops, where many prospective pet owners meet their pets for the first time.

Under the current medium-term management plan, the company is striving to expand business and improve profitability by focusing on the development and expansion of pet shops, the core sales channel, and working on diversifying its sales channels through a multi-line approach.

In fiscal 2016, the company's KPIs—the number of policies in force and the number of new policies—showed steady growth. The number of new policies in fiscal 2016 increased to 31,534 compared with 30,985 in fiscal 2015. The number of policies in force as of March 31, 2017 had increased to 115,827 compared with 96,434 as of March 31, 2016, surpassing the 100,000 mark.

Net premium income in fiscal 2016 rose by ¥600 million to ¥3,500 million, reflecting solid sales results.

The company will expand the sales base centered on the pet shop sales channel, along with providing competitive products and enhanced services, in order to achieve steady and sustained growth in the pet insurance market where further growth in demand is expected going forward.

◆ Net Premium Income (Pet Insurance)

¥ millions

