This document is an English translation of the notice of convocation of the ordinary general meeting of shareholders in Japanese for the convenience of shareholders overseas. In the event of any discrepancy between the English translation and the Japanese version, the Japanese version shall prevail.

Securities Code 8795
June 2, 2015

To Our Shareholders

T&D Holdings, Inc.
2-3 Kaigan 1-chome, Minato-ku, Tokyo, Japan
Tetsuhiro Kida
Representative Director and President

Notice of Convocation of the 11th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 11th Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot (Voting Rights Exercise Form) or via the electromagnetic method such as via Internet, etc. Please review the Reference Materials for the General Meeting of Shareholders (pages 4-12), and exercise your voting rights according to the "Announcement on Exercise of Voting Rights" (pages 2-3) by 5:00 p.m. on Wednesday, June 24, 2015 (JST).

1. Date & Time: 10:00 a.m. Thursday, June 25, 2015 (JST)

2. Venue: Concord Ballroom, 5th Floor, Main Tower,
Keio Plaza Hotel Tokyo
2-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo, Japan

3. Agenda of the Meeting:

Matters to be reported:

Item No.1: Report on the Business Report and the Consolidated Financial Statements for fiscal year 2014 (from April 1, 2014 to March 31, 2015), as well as the results of audits on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

Item No.2: Report on the Non-consolidated Financial Statements for fiscal year 2014 (from April 1, 2014 to March 31, 2015)

Matters to be resolved:

Proposal No.1: Appropriation of Surplus
Proposal No.2: Partial Amendments to the Articles of Incorporation
Proposal No.3: Election of Seven Directors
Proposal No.4: Election of One Alternate Audit & Supervisory Board Member

Please note that if there arises any amendments to the Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, such amendment will be posted on the Company's website (http://www.td-holdings.co.jp/ir/stock/meeting/).

Announcement on Exercise of Voting Rights

Shareholders may exercise voting rights at the General Meeting of Shareholders by either of the following methods.

For shareholders attending the Meeting in person
Please submit the enclosed Voting Rights Exercise Form to the receptionist.
Attendance by proxy is allowed insofar a shareholder is represented by one proxy alone, who is another shareholder with voting rights at this General Meeting of Shareholders, by submitting a letter of proxy.
(If you attend the General Meeting in person, you do not need to exercise your voting rights by mail or via the Internet.)

Date & Time of the Meeting **10:00 a.m. Thursday, June 25, 2015 (JST)**

For shareholders unable to attend the Meeting in person
● In the case of exercise of voting rights by mail
Please return the enclosed Voting Rights Exercise Form with your selections to each proposal by making a circle mark to the proposals you select, to the transfer agent of the Company.

Deadline for exercising voting rights **Received by 5:00 p.m. Wednesday, June 24, 2015 (JST)**

● In the case of exercise of voting rights via the Internet
On the designated **website (http://www.evote.jp/)**, enter the **login ID** and **temporary password** supplied on your Voting Rights Exercise Form, and then follow the on-screen instructions to exercise voting rights.

Deadline for exercising voting rights **5:00 p.m. Wednesday, June 24, 2015 (JST)**

For detail, please refer to “Exercise of voting rights via the Internet” in the following page.

Exercise of voting rights via the Internet

(1) Using the voting rights exercise site

1) Exercise of voting rights via the Internet is only possible by accessing the **website (http://www.evote.jp/)** designated by the Company for the purpose of exercising voting rights from your computer, smartphone or mobile phone (using iMode, EZweb or Yahoo! Keitai)*.

* iMode is a trademark or a registered trademark of NTT DoCoMo; EZweb is a trademark or a registered trademark of KDDI; Yahoo! is a trademark or a registered trademark of Yahoo! Inc. in the United States.

2) Certain Internet settings on your computer or smartphone—particularly firewall, anti-virus software and proxy server settings—may interfere with the Internet voting procedure.

3) From a mobile phone, use the iMode, EZweb or Yahoo! Keitai service. For security purposes, the mobile phone must be equipped with the SSL encrypted communication function and must transmit information about itself.

4) While we accept your voting rights via the Internet if we receive them by 5:00 p.m. on Wednesday, June 24, 2015 (JST), we appreciate it very much if you could exercise your voting rights via the Internet as early as possible. In the event of any difficulties, you may contact our Help Desk.

(2) Exercise of voting rights via the Internet

1) On the designated **website (http://www.evote.jp/)**, enter the **login ID** and **temporary password** supplied on your Voting Rights Exercise Form, and then follow the on-screen instructions to exercise voting rights.

2) To prevent unauthorized access (identity fraud) and/or interference with voting decisions by a third party, you are asked to change the **temporary password** on the voting rights exercise site.

3) You will be provided with a new **login ID** and **temporary password** prior to each general meeting of shareholders.

(3) Multiple voting

1) If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing your Voting Rights Exercise Form, your voting results via the Internet shall be deemed valid.

2) If you exercise your voting rights via the Internet more than once, using computer, smartphone or mobile phone, only your final vote shall be deemed valid.

(4) Charges to be incurred in relation to accessing the voting rights exercise site

Charges to be incurred in relation to accessing the voting rights exercise site (Internet connection charge, telephone charge, etc.) shall be borne by shareholders. Similarly, mobile phone charges such as packet transmission charges shall be borne by the shareholders.

Contact for inquiries in relation to system environment etc.	Transfer Agent (Help desk), Mitsubishi UFJ Trust and Banking Corporation Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m. (JST), toll free) *Please note that the above service is only available for the call from Japan.*

Platform for Electronic Exercise of Voting Rights

If nominee shareholders such as trust & custody services banks, etc. (including standing proxies) make prior application to use the platform for the electronic exercise of voting rights operated by ICJ Inc. established by Tokyo Stock Exchange, Inc., etc., such shareholders may use the said platform as an electromagnetic method for exercising voting rights at the General Meetings of Shareholders of the Company in addition to the exercise of voting rights via the Internet pursuant to the above.

(Attachment)

Reference Materials for the General Meeting of Shareholders

Proposals and references

Proposal No.1: Appropriation of Surplus

The year-end dividend for fiscal year 2014 has been prepared in line with the basic policy of the Company, which is to improve the future value of equity for our shareholders and to continue to distribute a constant dividend while ensuring the sound operation of the business of the Company and its group companies and the securing the internal reserves necessary for the group.

In accordance with this basic policy and based on careful consideration of the Company's overall business performance during the term, we hereby propose that the year-end dividend be as follows:

1. Type of property for dividend

   Cash

2. Dividend and its total amount

   25.00 yen per share (common stock) total amount 16,621,181,625 yen

3. Effective date of distribution of surplus

   June 26, 2015

Proposal No.2: Partial Amendments to the Articles of Incorporation

1. Reasons for Proposal

In conjunction with the relocation of head office functions of the T&D Life Group companies including the Company, with a view to further enhancing corporate value of T&D Life Group on a stable and sustainable basis, location of head office prescribed in Article 3 (Location of Head Office) of the existing Articles of Incorporation shall be changed from the current Minato-ku, Tokyo to Chuo-ku, Tokyo. This amendment of the location of head office shall become effective as of the date of relocation that shall be determined at the Board of Directors' Meeting to be held by the end of January 2016, which shall be prescribed under supplementary provisions.

2. Contents of Amendment

Proposed amendments are as follows.

(Note: Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
SECTION 1 GENERAL PROVISIONS (Location of Head Office) Article 3 The head office of the Company shall be located in Minato-ku, Tokyo, Japan.	SECTION 1 GENERAL PROVISIONS (Location of Head Office) Article 3 The head office of the Company shall be located in Chuo-ku, Tokyo, Japan.
(New)	SUPPLEMENTARY PROVISIONS
(New)	Article 1 The amendment of Article 3 shall become effective as of the date of the head office relocation that shall be determined at the Board of Directors' Meeting to be held by the end of January 2016. This Article shall be deleted once the aforementioned amendment of Article 3 becomes effective.

Proposal No.3: Election of Seven Directors

The terms of office of seven of Directors, Kenji Nakagome, Tetsuhiro Kida, Masahiro Ueda, Terunori Yokoyama, Haruka Matsuyama, Katsuhide Tanaka and Kazuyoshi Shimada will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of the following seven Directors (of which, six Directors are candidates for reappointment) is proposed.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth)	Personal history, position, responsibilities and significant concurrent positions	Number of the Company's shares held
1	Kenji Nakagome (January 25, 1954) Reappointment	(Personal history) APR 1976 Entered Taiyo Mutual Life Insurance Company JUL 2001 Director of Taiyo Mutual Life Insurance Company APR 2003 Director of Taiyo Life Insurance Company JUN 2003 Managing Director of Taiyo Life Insurance Company APR 2004 Managing Director of the Company JUN 2006 Director and Managing Executive Officer of Taiyo Life Insurance Company JUN 2006 Director and Managing Executive Officer of the Company APR 2007 Director and Senior Executive Officer of Taiyo Life Insurance Company APR 2007 Director and Senior Executive Officer of the Company JUN 2008 Representative Director and Senior Executive Officer of Taiyo Life Insurance Company JUN 2009 Director of the Company JUN 2009 Representative Director and President of Taiyo Life Insurance Company APR 2011 Representative Director and President of the Company APR 2015 Director of Taiyo Life Insurance Company (present) APR 2015 Representative Director and Chairman of the Company (present) (Position and responsibilities) Representative Director and Chairman (Significant concurrent positions) Director of Taiyo Life Insurance Company	17,050

Candidate No.	Name (Date of birth)	Personal history, position, responsibilities and significant concurrent positions	Number of the Company's shares held
2	Tetsuhiro Kida (June 19, 1953) Reappointment	(Personal history) APR 1976 Entered Daido Mutual Life Insurance Company JUL 2000 Director of Daido Mutual Life Insurance Company APR 2002 Director of Daido Life Insurance Company APR 2003 Managing Director of Daido Life Insurance Company JUN 2006 Managing Executive Officer of Daido Life Insurance Company APR 2007 Director of T&D Financial Life Insurance Company APR 2007 Director of T&D Asset Management Co., Ltd. APR 2007 Managing Executive Officer of the Company JUN 2007 Director and Managing Executive Officer of the Company APR 2008 Director and Senior Executive Officer of the Company APR 2010 Representative Director and President of Daido Life Insurance Company APR 2010 Director of the Company APR 2015 Representative Director and Chairman of Daido Life Insurance Company (present) APR 2015 Representative Director and President of the Company (present) (Position and responsibilities) Representative Director and President (Significant concurrent positions) Representative Director and Chairman of Daido Life Insurance Company	19,300

Candidate No.	Name (Date of birth)	Personal history, position, responsibilities and significant concurrent positions	Number of the Company's shares held
3	Terunori Yokoyama (October 1, 1954) Reappointment	(Personal history) APR 1977 Entered Taiyo Mutual Life Insurance Company JUN 2006 Executive Officer of the Company APR 2007 Managing Executive Officer of Taiyo Life Insurance Company JUN 2007 Director and Managing Executive Officer of Taiyo Life Insurance Company JUN 2009 Managing Executive Officer of the Company JUN 2009 Director and Managing Executive Officer of the Company APR 2014 Director and Senior Executive Officer of Taiyo Life Insurance Company (present) APR 2014 Director and Senior Executive Officer of the Company (present) (Position and responsibilities) Director and Senior Executive Officer In charge of General Affairs Department and Business Auditing Department (Significant concurrent positions) Director and Senior Executive Officer of Taiyo Life Insurance Company	10,500
4	Haruka Matsuyama (August 22, 1967) Reappointment Outside	(Personal history) APR 1995 Assistant Judge to the Tokyo District Court JUL 2000 Registered as an Attorney JUN 2013 Director of the Company (present) (Position and responsibilities) Director (Significant concurrent positions) Attorney Audit & Supervisory Board Member of Vitec Co., Ltd. Corporate Auditor of MITSUI & CO., LTD. Director of Mitsubishi UFJ Financial Group, Inc.	700

Candidate No.	Name (Date of birth)	Personal history, position, responsibilities and significant concurrent positions	Number of the Company's shares held
5	Katsuhide Tanaka (July 20, 1954) Reappointment	(Personal history) APR 1977 Entered Taiyo Mutual Life Insurance Company JUL 2001 Director of Taiyo Mutual Life Insurance Company APR 2003 Director of Taiyo Life Insurance Company MAR 2004 Managing Director of Taiyo Life Insurance Company JUN 2006 Director and Managing Executive Officer of Taiyo Life Insurance Company APR 2007 Director and Senior Executive Officer of Taiyo Life Insurance Company JUN 2008 Representative Director and Senior Executive Officer of Taiyo Life Insurance Company JUN 2009 Representative Director and Executive Vice President of Taiyo Life Insurance Company APR 2011 Representative Director and President of Taiyo Life Insurance Company (present) JUN 2011 Director of the Company (present) (Position and responsibilities) Director (Significant concurrent positions) Representative Director and President of Taiyo Life Insurance Company	18,390

Candidate No.	Name (Date of birth)	Personal history, position, responsibilities and significant concurrent positions	Number of the Company's shares held
6	Minoru Kudo (May 18, 1955) New	(Personal history) APR 1978 Entered Daido Mutual Life Insurance Company JUN 2005 Director of Daido Life Insurance Company JUN 2006 Executive Officer of Daido Life Insurance Company APR 2008 Managing Executive Officer of Daido Life Insurance Company JUN 2009 Director and Managing Executive Officer of Daido Life Insurance Company APR 2011 Director and Senior Executive Officer of Daido Life Insurance Company APR 2014 Representative Director and Executive Vice President of Daido Life Insurance Company APR 2015 President and Representative Director of Daido Life Insurance Company (present) (Significant concurrent positions) President and Representative Director of Daido Life Insurance Company	22,300
7	Kazuyoshi Shimada (August 10, 1953) Reappointment	(Personal history) APR 1976 Entered Daido Mutual Life Insurance Company JUL 2002 Director of T&D Financial Life Insurance Company JUN 2006 Executive Officer of T&D Financial Life Insurance Company APR 2007 Managing Executive Officer of T&D Financial Life Insurance Company JUN 2007 Director and Managing Executive Officer of T&D Financial Life Insurance Company APR 2010 Director of T&D Asset Management Co., Ltd. APR 2011 Representative Director and Managing Executive Officer of T&D Financial Life Insurance Company JUN 2011 Representative Director and President of T&D Financial Life Insurance Company (present) JUN 2011 Director of the Company (present) (Position and responsibilities) Director (Significant concurrent positions) Representative Director and President of T&D Financial Life Insurance Company	10,100

Notes:

1. No conflict of interest exists between the Company and any of the above candidates.
2. Of the above candidates for Directors, Ms. Haruka Matsuyama is a candidate for an Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Japanese Companies Act, who has been registered to the Tokyo Stock Exchange by the Company as an independent director/auditor without potential conflict of interests with general shareholders. In addition, Ms. Haruka Matsuyama meets the independence criteria for outside directors/auditors prescribed by the Company. The Company was in a contractual relationship from November 29, 2011 to June 30, 2012 based on a legal consultant services agreement with HIBIYA PARK LAW OFFICES, in which Ms. Haruka Matsuyama currently serves as a partner, and paid an amount less than ¥5 million thereto as compensation according to the agreement. However, such transaction does not have any impact on her independence as an Outside Director, since she meets the independence criteria of the Company.
3. We have elected Ms. Haruka Matsuyama as a candidate for Outside Director, and consider that she will be able to adequately perform the duties, because she has deep, special knowledge and extensive insight as a lawyer in the field of the corporate law. We therefore expect that she will perform her duties properly as Outside Director based on her sufficient knowledge and experience.
4. Ms. Haruka Matsuyama assumed the office of Outside Director on June 26, 2013 (the term of office is for two years).
5. The Company now has an agreement with Ms. Haruka Matsuyama that liabilities which may be claimed against her under Article 423, Paragraph 1 of the Japanese Companies Act shall not exceed ¥10 million or the minimum amount as set forth by law, whichever is higher. If the reelection of Ms. Haruka Matsuyama is approved, the Company will continue the liability limitation agreement with her.

(Reference) Independence criteria for outside directors/auditors

The Company prescribes independence criteria for outside directors/auditors as follows.

1. The person is not, or has not been in the past ten years, an executor of business at the Company or its subsidiaries.
2. The person is not, or has not been recently, a party having transactions with the Company as a main business connection or an executor of such business, or a main business connection of the Company or an executor of such business.
3. The person is not, or has not been recently, a consultant, accounting professional or legal professional gaining substantial amount of money or other assets other than executive compensation.
4. The person is not, or has not been recently, a close relative of an executor of business at the Company or its subsidiaries, or a close relative of the parties described in 2. and 3. above.
5. The person is otherwise beyond any doubt with respect to his/her independence in executing duties as an outside director/auditor.

Proposal No.4: Election of One Alternate Audit & Supervisory Board Member

Since validity of the appointment of Masayuki Ezaki as Alternate Audit & Supervisory Board Member made effective at the 10th Ordinary General Meeting of Shareholders held on June 26, 2014, will expire at the beginning of this General Meeting of Shareholders, it is proposed that the Company preliminarily elect one person as an Alternate Outside Audit & Supervisory Board Member for Outside Audit & Supervisory Board Members Shigekazu Iwai and Yuichi Ozawa, in order to prepare for the event of an unexpected shortfall in the number of Audit & Supervisory Board Members required by law.

The Audit & Supervisory Board has previously given its approval to this proposal.

The candidate for Alternate Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Personal history, position and significant concurrent positions	Number of the Company's shares held
Masayuki Ezaki (April 22, 1949)	(Personal history) APR 1980 Registered as an Attorney JUN 2010 Audit & Supervisory Board Member of T&D Financial Life Insurance Company (present) (Significant concurrent positions) Attorney Audit & Supervisory Board Member of T&D Financial Life Insurance Company	0

Notes:

1. No conflict of interest exists between the Company and the above candidate for Alternate Audit & Supervisory Board Member.
2. The above candidate for Alternate Audit & Supervisory Board Member is a candidate for an Outside Audit & Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item 8 of the Enforcement Regulations of the Japanese Companies Act, who has met the requirements for an independent director/auditor to be registered to the Tokyo Stock Exchange and the Osaka Securities Exchange as an independent director/auditor without potential conflict of interests with general shareholders. In addition, Mr. Masayuki Ezaki meets the independence criteria for outside directors/auditors prescribed by the Company.
3. We have elected Mr. Masayuki Ezaki as a candidate for an Alternate Outside Audit & Supervisory Board Member, and consider that he will be able to adequately perform the duties, because he has deep, special knowledge and extensive insight as he is serving as an Outside Audit & Supervisory Board Member of T&D Financial Life Insurance Company and has valuable experience as a lawyer. We therefore expect that he will perform his duties properly as Outside Audit & Supervisory Board Member based on his sufficient knowledge and experience.
4. The Company now has an agreement with each Outside Audit & Supervisory Board Member that liabilities which may be claimed against him or her under Article 423, Paragraph 1 of the Japanese Companies Act shall not exceed ¥10 million or the minimum amount as set forth by law, whichever is higher. If Mr. Masayuki Ezaki assumes office as Audit & Supervisory Board Member, the Company will enter into the liability limitation agreement with him.

(Attached Documents)

Business Report for Fiscal Year 2014

(From April 1, 2014 to March 31, 2015)

1. Matters concerning the current state of the insurance holding company and the small-amount short-term insurance holding company

(1) Development and performance, etc. of the business of the corporate group

Main business lines of the corporate group

T&D Life Group (hereinafter referred to as "the Group") comprises mainly the Company's three wholly owned subsidiaries (hereafter, the "Three Life Insurance Companies"), namely Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company (hereinafter referred to as "Taiyo Life," "Daido Life," and "T&D Financial Life," respectively), along with 15 subsidiaries and 2 affiliated entities, and operates life insurance business as its core business.

Financial and economic environment

In fiscal 2014, the Japanese economy was on a mild recovery trend, due to the factors including improvement in the employment and income environments and improved corporate earnings, backed by various monetary and fiscal policies, despite the effects of backlash to the last-minute demand led by the increase in consumption tax rate.

In the life insurance industry, premium income exceeded the level of the previous year, while new policy amount and policy amount 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.

Development and performance of the business of the corporate group for the current fiscal year

The Group is carrying out our business management under the Group management philosophy "to contribute to people and society through the value creation with the 'Try & Discover' spirit." Under this management philosophy, the Group has defined a management vision of "aiming to provide the best products and services to increase customer satisfaction," while "aiming 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."

In order to realize this management vision, the Group has formulated and is working on a "T&D Life Group medium-term management plan; 'Try & Discover'—bringing together Group-wide capabilities—" for the two-year period started in April 2014. The following is our report on the major initiatives carried out by the Company and Three Life Insurance Companies of the Group during fiscal 2014.

First, the Company as an insurance holding company as well as a small-amount short-term insurance holding company, aims to control the management of its subsidiaries, and businesses pertaining thereto, as its business objectives.

To fulfill these objectives, the Company, along with its primary functions such as development and execution of the Group management strategies and financing policy, and adequate distribution of management resources, is endeavoring to enhance its enterprise value by reinforcing the revenue and risk management across the Group, through accurately identifying the operational risks in each of the Three Life Insurance Companies.

As part of the measures, with regard to financing policy, in May 2014, the Board of Directors

resolved the acquisition of treasury stock, and executed an acquisition of 7.46 million shares of treasury stock, totaling ¥9.9 billion. This was carried out for the purpose of improving shareholder return by pursuing flexible capital policies and improving capital efficiency.

Additionally, we took actions to sophisticate the management and to organize the structure of the Enterprise Risk Management (ERM) system for integrated management of profit, risk and capital on an economic value basis, in order to strengthen the base for ensuring soundness while further improving profitability.

Meanwhile, the Three Life Insurance Companies of the Group are engaged in an effort to expand business and increase profits, through implementing marketing strategies that capitalize on their own strength based on their individually unique business models.

The major initiatives carried out by the Three Life Insurance Companies in fiscal 2014, which includes launch of new products and modifications to existing products, mutual supply and sales of products among the group life insurance companies, improvement of services for seniors, and enhancement of the claims management framework, are reported as follows.

(Launch of new products and modifications to existing products)
The Three Life Insurance Companies promoted the launch of new products and modifications to existing products in order to respond to a wide range of our customer needs.

Taiyo Life continued to enhance its core product, "Hoken Kumikyoku Best," in order to provide lifelong security to our customers through high-quality products and services.

In April 2014, the company launched a "non-participating light nursing care insurance" with coverage for the conditions requiring light nursing care (long-term care level 1 or higher), while expanding the coverage for the existing nursing-care products and waiver of premium rider from "long-term care level 3 or higher" to "long-term care level 2 or higher" to revise the nursing-care insurance to be more satisfying.

Daido Life, in response to longer working years of small and medium-sized enterprise owners due in part to the falling birth rate and aging population, is making efforts to fully line up insurance policies for incapacity to work. Daido Life has been promoting the sale of "non-participating insurance for serious diseases" (Product name: J-type), which prepares for a long-term absence from work when the insured contracts a serious disease (cancer, heart attack or stroke), and "non-participating comprehensive medical insurance" (Product name: M-type), which prepares for a temporal absence from work due to hospitalization of the insured. In addition, in September 2014, Daido Life launched "non-participating insurance for disabilities" (Product name: T-type), which prepares for retirement risk in the case of a physical disability, to provide a "total coverage" combining death benefit and benefit for incapacity to work.

In June 2014, T&D Financial Life revised "non-participating income protection insurance (no surrender value Type I)" (Product name: Kakei Ni Yasashii Shunyuhoshou) to improve convenience of our customers through additional payment methods for annuity and relaxation in participation requirements. In addition, in September 2014, T&D Financial Life launched "non-participating whole life insurance (accumulation rate renewing Type I)" (Product name: Shougai Premium Japan 3), in which the limit on contract age for the insured was raised to 85 years old from 75 years old, while the characteristics to ensure a death benefit for the surviving family and funds to be used freely by the policy holder are maintained, as well as "non-participating foreign exchange rate linked whole life insurance (accumulation rate renewing, multi-currency Type III)" (Product name: Shougai Premium World 3), allowing the company to respond to the needs of our older customers.

(Mutual supply and sales of products among the group life insurance companies)
In March 2015, Taiyo Life and Daido Life started to supply and sell products to each other. Specifically, we made Taiyo Life's child insurance policy, "child insurance with interest dividend every 5 years" (Product Name: Waku-waku Po-ke) and Daido Life's term insurance "Non-participating Attained Age Maturity Term Life Insurance" (Product Name: L-type) be handled by

sales agents of both companies for each other. This made product development more efficient and enhanced our capacity to respond to a wide range of customer needs.

(Improvement of services for seniors)
We made a group-wide efforts to improve convenience and satisfaction of our senior customers, in response to the social environment where aging is rapidly advancing. Taiyo Life and Daido Life named these efforts “Best Senior Service” to develop various measures.

Taiyo Life, in July 2014, launched once-per year or more visiting activities by sales agents and customer service staff for the senior customers (70 years old and above). In addition, Taiyo Life has reviewed all the forms in order to create easy to read and understand documents and forms. This activity was awarded Executive Committee Special Award in “UCDA AWARD 2014” held by Universal Communication Design Association.

Daido Life, in September 2014, defined “Guidelines for Senior Customers Service” to clarify their efforts to “promote understanding,” “confirm the intentions,” and “give consideration for the living environment” of the senior customers to explicitly advance the efforts for the senior customers.

T&D Financial Life introduced the measure for senior customers to authorize a signature by a family member when a senior customer is not able to sign on his/her own.

(Enhancement of the claims management framework)
The Three Life Insurance Companies were actively improving their operations with greater attention to customers’ voices, and strove to further develop a system for paying claims promptly and precisely to the customers.

With regard to the payment of insurance claims and benefits, when a request for payment is received at a branch or customer service center, Taiyo Life takes actions in which sales representatives in charge and customer service staffs bring the payment documents to the customer, offer support in filling out the documents, and provide guidance for the procedures. Furthermore, the company is utilizing a system to digitalize the information on medical certificate forms and then to automatically convert the information to the disease codes and surgery codes necessary for assessment judgments, in order to continuously promote activities for swift and correct payment of claims.

Daido Life, centered on the claims system management committee, continued its efforts to develop a system for the “reliable execution of coverage obligations as promised” that lies at the heart of the life insurance business, through the plan-do-check-act (PDCA) cycle for the initiatives to improve payment quality. In terms of the customer service framework, as part of the efforts to speed up response to requests of various procedures from customers, the company is promoting the organization of the reception system at call centers and working to provide customers with greater levels of convenience.

T&D Financial Life revised the “fixed claim payment request forms” and other forms to make them easier to understand, and relaxed or abolished the rule to submit a certificate of registered seal when death benefit or annuity payment requests are made, based on opinions and requests from customers. In addition, the company strove to improve quality of response by increasing the number of operators and other staff at call centers and conducting ongoing training.

Furthermore, in March 2015, Taiyo Life and Daido Life launched “Family Registration System,” in which contact information of the family members of a policy holder are registered in advance, to prepare for such event where the policy holder cannot be reached when a massive disaster strikes. Through this system, it built the structure to make contact with policy holders or their family members in a speedy and appropriate manner.

Main performance during the current fiscal year

As a result of the above efforts, total ordinary revenues increased by ¥326.4 billion to ¥2,412.1 billion (15.7% increase year-on-year), which mainly consisted of income from insurance premiums of ¥1,958.0 billion (21.6% increase year-on-year), investment income of ¥384.2 billion (3.4% decrease year-on-year) and other ordinary income of ¥69.8 billion (10.6% decrease year-on-year).

On the other hand, ordinary expenses increased by ¥323.7 billion to ¥2,223.2 billion (17.0% increase year-on-year), totaling insurance claims and other payments of ¥1,401.5 billion (7.9% decrease year-on-year), provision for policy and other reserves of ¥485.1 billion (2,046.9% increase year-on-year), investment expenses of ¥66.4 billion (23.4% decrease year-on-year), operating expenses of ¥199.4 billion (0.9% increase year-on-year) and other ordinary expenses of ¥70.6 billion (1.3% decrease year-on-year).

As a result, ¥188.9 billion in ordinary profit was recorded (1.5% increase year-on-year). In addition, extraordinary gains of ¥0.2 billion (46.0% decrease year-on-year) and extraordinary losses of ¥8.3 billion (73.3% decrease year-on-year) were recorded. Net income increased by ¥15.2 billion to ¥94.2 billion (19.3% increase year-on-year), after incorporating extraordinary gains (losses), provision for reserve for policyholder dividends and total income taxes.

New policy amount combining individual insurance and individual annuities (including net increase from conversions) for this year was ¥6,570.2 billion (6.5% increase year-on-year). On the other hand, surrender and lapse amount combining individual insurance and individual annuities for the year was ¥3,678.5 billion (6.2% decrease year-on-year).

As a result, policy amount in force combining individual insurance and individual annuities as at the end of this fiscal year was ¥60,353.3 billion (1.4% increase year-on-year).

Combined total core profit of the Three Life Insurance Companies for this fiscal year was ¥182.7 billion (13.1% decrease year-on-year) and the positive spread was ¥34.5 billion (3.8% increase year-on-year). Taiyo Life continued from the previous fiscal year to have the positive spread of ¥13.6 billion (16.4% increase year-on-year) for this fiscal year, and the core profit was ¥68.1 billion (6.1% decrease year-on-year). Daido Life also continued from the previous year to have the positive spread of ¥24.1 billion (1.0% decrease year-on-year) and the core profit was ¥107.6 billion (2.7% decrease year-on-year). Core profit of T&D Financial Life was ¥6.9 billion (74.3% decrease year-on-year). Additionally, negative spread was ¥3.2 billion (15.1% increase year-on-year).

Information on solvency margin ratios, a criterion subject to government supervision, indicating management soundness of an insurance holding company (consolidated) and an insurance company, is as follows.

As of the end of this fiscal year, the consolidated solvency margin ratio of the Company was 1,220.7% (1,115.0% at the end of the previous fiscal year). Solvency margin ratios of the Group's Three Life Insurance Companies were 993.9% for Taiyo Life (981.3% at the end of the previous fiscal year), 1,363.7% for Daido Life (1,156.4% at the end of the previous fiscal year) and 1,271.9% for T&D Financial Life (1,051.2% at the end of the previous fiscal year).

Results of individual insurance and individual annuities at the Three Life Insurance Companies (along with combined results)

(100 millions of yen)

Categories	FY2013	FY2014 (year under review)
New policy amount	61,670	65,702
Taiyo Life Insurance Company	26,966	28,407
Daido Life Insurance Company	32,253	34,068
T&D Financial Life Insurance Company	2,449	3,226
Surrender and lapse amount	39,207	36,785
Taiyo Life Insurance Company	12,554	12,702
Daido Life Insurance Company	24,906	23,043
T&D Financial Life Insurance Company	1,746	1,039
Policy amount in force as at the end of the year	595,068	603,533
Taiyo Life Insurance Company	215,956	221,545
Daido Life Insurance Company	360,626	363,923
T&D Financial Life Insurance Company	18,485	18,064

Notes:
1. New policy amount of individual insurance and individual annuities includes net increase from conversions.
2. Figures for individual insurance represent the total of death protection policy amount and living protection policy amount.
3. New policy amount of individual annuities is the amount of annuity resources at the commencement of annuity payment.
4. Policy amount in force of individual annuities at the end of each fiscal year is the total sum of the annuity resource at the commencement of payment of the annuity contracts under which payments have not yet commenced, and the policy reserve of the annuity contracts under which payments have already commenced.

Challenges to be addressed by the Group

The Japanese economy is expected to continue its economic recovery, backed by increased capital investment led by improved corporate earnings and strong trend in consumer spending led by improved employment and wage environments. Meanwhile, the Japanese economy is anticipating a downward pressure due to concerns for downturns in the overseas economy including the trends in emerging economies and resource-rich countries and future developments in the sovereign debt crisis in Europe.

Under such operational environment, the Group will make the group-wide efforts to achieve the goal of the Group's medium-term management plan ending in fiscal 2015 by increasing the Group's corporate value, mainly the embedded value (EV), through "enhancement of its earning power" by promoting life insurance business, which is the core business of the Group, and "development of a solid financial position."

* Please refer to (Reference Materials) "4. Outline of embedded value" for embedded value (EV).

(Enhancement of earning power)
Enhancement of earning power through promoting life insurance business shall be achieved through business development by means of strengthening merchandizing and sales and enhancing operational quality at the Three Life Insurance Companies, along with general operational streamlining.

In order to provide households with the highest quality lifestyle protection, Taiyo Life is working to improve the quality of sales representatives by enhancing the education and training framework, while also increasing the sales force. In addition, the company will respond to the diversifying needs of customers by delivering the highest quality services for the elderly, while utilizing the information technology to simplify procedures for customers and streamline administration.

Daido Life shall further cultivate core markets and create and expand new markets through further cultivating the area of insurance for incapacity to work in the corporate market, developing the markets of enterprise owners and sole proprietorship, and offering products that address the needs of a wide range of customers, mainly the senior customers. Moreover, the company shall establish framework for providing services of higher quality and with greater levels of convenience in all processes involved in interaction with customers.

T&D Financial Life will develop products with a competitive market advantage and build a framework for speedy product development and sales. The company will work to strengthen its range of sales channels by cultivating and expanding its agents of financial institutions, etc. and in-store shop channels. Furthermore, the company will enhance customer service through initiatives including appropriate payment of insurance claims, improving the response capabilities of call centers, and working to improve administrative flow based on customers' voice.

(Development of a solid financial position)
In addition, as an effort to develop a solid financial position, we will seek to ensure further financial soundness, while ensuring reasonable returns to shareholders, such as dividend payments, in order to provide long-term reassurance to customers and to secure appropriate management of our insurance business, and building up internal reserves through the aforementioned reinforcement of earning power. In addition, we will continue to strive to establish and promote Enterprise Risk Management (ERM) for managing profit, risk, and capital measured on an economic value basis which enables to steadily and sustainably increase corporate value, amid changes in management environments including financial and economic environment such as interest rates.

In fiscal 2015, we will formulate the next medium-term management plan for the Group with an aim for further growth by securing our foothold through initiatives set forth to achieve the goal of the current medium-term management plan. We would like to ask all of our shareholders for your continued support.

(2) Transition of assets and profits (losses) of the corporate group, the insurance holding company and the small-amount short-term insurance holding company

A. Transition of assets and profits (losses) of the corporate group

(Millions of yen)

Categories	FY2011	FY2012	FY2013	FY2014 (year under review)
Consolidated ordinary revenues	2,104,107	2,418,959	2,085,734	2,412,165
Consolidated ordinary profit	120,889	151,689	186,224	188,943
Consolidated net income	26,763	63,733	78,982	94,215
Consolidated comprehensive income	83,948	249,090	117,900	351,230
Consolidated net assets	685,588	919,746	1,020,324	1,344,950
Consolidated total assets	12,861,065	13,668,719	13,804,219	14,664,705

Note: Financial results for FY2014 are as stated in (1) Development and performance, etc. of the business of the corporate group.

B. Transition of assets and profits (losses) of the insurance holding company and the small-amount short-term insurance holding company

(Millions of yen, except for net income per share)

Categories	FY2011	FY2012	FY2013	FY2014 (year under review)
Operating revenues	18,747	18,229	21,165	29,719
Dividend received	15,503	15,179	18,181	26,814
Insurance operating subsidiaries	15,329	15,179	18,181	26,814
Other subsidiaries	174	-	-	-
Net income	15,667	15,293	17,363	27,007
Net income per share (¥)	23.07	22.68	25.81	40.52
Total assets	771,362	782,435	789,408	781,379
Stocks, etc. of insurance operating subsidiaries	733,056	733,056	731,927	732,227
Stocks, etc. of other subsidiaries	10,649	10,649	10,649	10,649

Note: The Company conducted a stock split of common stock at a ratio of one (1) to two (2) on October 1, 2011. Net income per share was calculated on the assumption that this stock split was conducted at the beginning of FY2011.

(3) Principal offices of the corporate group (as of March 31, 2015)

The Company

Company name	Name of office	Address	Date of establishment
T&D Holdings, Inc.	Head office	2-3 Kaigan 1-chome, Minato-ku, Tokyo, Japan	July 18, 2006

Subsidiaries

Company name	Name of office	Address	Date of establishment
Taiyo Life Insurance Company	Head office	2-3 Kaigan 1-chome, Minato-ku, Tokyo, Japan	August 1, 2006
Daido Life Insurance Company	Head office	2-1 Edobori 1-chome, Nishi-ku, Osaka, Osaka-fu, Japan	October 1, 1993
T&D Financial Life Insurance Company	Head office	2-3 Kaigan 1-chome, Minato-ku, Tokyo, Japan	July 24, 2006

Notes:

1. The information here refers only to the main Three Life Insurance Companies among all the subsidiaries.
2. Head office of Daido Life Insurance Company was originally established at the time when it was a mutual company. Thus the date of establishment as in the registration of head office is quoted here. Incidentally Daido Life Insurance Company was converted from a mutual company to a stock corporation on April 1, 2002.

(4) Employees of the corporate group

Employees of the Company

Company name	At the end of FY2013	At the end of FY2014	Change during FY2014	At the end of the current fiscal year		
				Average age	Average service years	Average monthly salary
T&D Holdings, Inc.	93	88	(5)	45.1 years	21.4 years	¥570,000

Notes:
1. All employees of the Company are seconded from Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company. Thus the above average service years includes the service years of each employee while at respective companies.
2. Average monthly salary is the average monthly salary for March 2015 (including overtime payment), excluding bonus payment.

Employees of the consolidated companies

Divisions	At the end of FY2013	At the end of FY2014	Change during FY2014
Insurance and insurance-related businesses	18,595	18,156	(439)
Investment-related businesses	471	483	12
Administration-related businesses	802	779	(23)
Total	19,868	19,418	(450)

(5) The Group's main source of debt

Not applicable

(6) Financing of the corporate group

(Capital increase/borrowings)
On December 18, 2014, one of the Company's subsidiaries, Pet & Family Small-amount Short-term Insurance Company raised a total of ¥300 million through a rights issue allotted to the Company, involving the issuance of 100,000 shares of common stock (at the issue price of ¥3,000 per share), for the purpose of further reinforcement of its financial position as well as future expansion of business. Pet & Family Small-amount Short-term Insurance Company also carried out a ¥200 million subordinated borrowing from the Company on the same day.

(Issuance of bonds)
For the purpose of diversifying means of financing, T&D Lease Co., Ltd. has issued the following short-term bonds:

(Millions of yen)

Date of issue	Maturity date	Amount (face value)
May 22, 2014	August 22, 2014	1,500
June 24, 2014	September 24, 2014	1,500
August 22, 2014	November 21, 2014	1,500
September 24, 2014	December 24, 2014	1,500
November 21, 2014	February 24, 2015	1,500
December 24, 2014	March 24, 2015	1,500
February 24, 2015	May 22, 2015	1,500
March 24, 2015	June 24, 2015	1,500
Total amount issued in FY2014 (Balance at the end of FY2014)		12,000 (3,000)

(7) Capital expenditure of the corporate group

A. Total capital expenditure

(Millions of yen)

Divisions	Amount
Insurance and insurance-related businesses	23,777
Investment-related businesses	47
Administration-related businesses	175
Total	24,000

B. New construction of material equipment, etc.

Company name	Description	Amount
Taiyo Life Insurance Company	Share of contribution as partner participating in the urban redevelopment project (Shin-Nihombashi Building (provisional name))	¥6,774 million

(8) Significant affairs at the parent company and subsidiaries, etc.

A. Affairs at the parent company

Not applicable

B. Affairs at the subsidiaries

Company name	Location	Main operations	Date of incorporation	Capital (Millions of yen, except where otherwise noted)	The Company's share of voting right (%)	Remarks
Taiyo Life Insurance Company	Minato-ku, Tokyo	Life Insurance Business	February 16, 1948	62,500	100.0	
Daido Life Insurance Company	Nishi-ku, Osaka, Osaka-fu	Life Insurance Business	July 14, 1947	110,000	100.0	
T&D Financial Life Insurance Company	Minato-ku, Tokyo	Life Insurance Business	July 16, 1947	56,000	100.0	
T&D Asset Management Co., Ltd.	Minato-ku, Tokyo	Type II financial instruments business, investment management business, investment advice and agency business	December 19, 1980	1,100	100.0	
T&D Asset Management Cayman Inc.	British Cayman Islands	Fund management and administration	October 1, 1998	$100 thousand	100.0 (100.0)	
Pet & Family Small-amount Short-term Insurance Company	Bunkyo-ku, Tokyo	Small-amount short-term insurance business	August 8, 2003	1,506	100.0	
T&D Customer Services Co., Ltd.	Urawa-ku, Saitama, Saitama-ken	Life insurance policy clerical services, including delivery and receipt of securities, and drafting, arrangement, custody and distribution of documents, etc.	April 2, 1984	10	100.0 (100.0)	
T&D Confirm Ltd.	Kita-ku, Tokyo	Policyholder confirmation agency services	July 5, 1991	30	100.0 (100.0)	
T&D Information Systems, Ltd.	Urawa-ku, Saitama, Saitama-ken	Computer software and system services	July 15, 1999	300	100.0 (100.0)	
T&D Lease Co., Ltd.	Minato-ku, Tokyo	Leasing business	September 5, 1966	150	88.4 (88.4)	
Taiyo Credit Guarantee Co., Ltd.	Toshima-ku, Tokyo	Credit guarantee services	April 1, 1981	50	100.0 (100.0)	
Toyo Insurance Agency Co., Ltd.	Kita-ku, Tokyo	Insurance agency business	June 4, 1971	70	100.0 (100.0)	

Company name	Location	Main operations	Date of incorporation	Capital (Millions of yen, except where otherwise noted)	The Company's share of voting right (%)	Remarks
Daido Management Service Co., Ltd.	Chuo-ku, Tokyo	Insurance agency business	November 1, 1974	30	100.0 (100.0)	
Nihon System Shuno, Inc.	Suita, Osaka-fu	Premium collection	October 1, 2002	36	50.0 (50.0)	
Zenkoku Business Center Co., Ltd.	Chuo-ku, Tokyo	Premium collection	May 18, 1972	12	100.0 (100.0)	
Alternative Investment Capital, Ltd.	Chiyoda-ku, Tokyo	Investment in private equity funds	July 15, 2002	400	25.0 (25.0)	
AIC Private Equity Fund General Partner, Ltd.	British Cayman Islands	Fund management and administration	July 21, 2004	$2,983 thousand	- (-)	

Notes:

1. Consolidated subsidiaries as well as affiliated entities accounted for under the equity method are stated here.
2. Shares of voting right at subsidiary entities that belong to subsidiary entities (including subsidiaries) are stated within the parenthesis of the column for "The Company's share of voting right."
3. Dates of incorporation of Taiyo Life Insurance Company and Daido Life Insurance Company are the dates of incorporation as mutual companies. Both were converted to stock corporations, the former on April 1, 2003, and the latter on April 1, 2002 respectively.
4. Date of incorporation of T&D Financial Life Insurance Company is the date of incorporation as Tokyo Mutual Life Insurance Company. Incidentally Tokyo Mutual Life Insurance Company was converted to a stock corporation on October 17, 2001 and its company name was changed to the current one.
5. Date of incorporation of Pet & Family Small-amount Short-term Insurance Company is the date of incorporation as Japan Family Insurance Planning, Inc., which changed its business name to the current one on January 5, 2007.
6. Development and performance of significant business combination
   The Group comprises 15 subsidiaries and 2 affiliated entities, where the consolidated ordinary revenues and consolidated net income of the Group including the Company for fiscal year 2014 were ¥2,412.1 billion and ¥94.2 billion respectively.

(9) Transfer of business from or to the corporate group

Not applicable

(10) Other significant matters regarding the current state of the corporate group

Not applicable

2. Matters concerning corporate officers

(1) Status of corporate officers

(As of March 31, 2015)

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
Kenji Nakagome	Representative Director and President		
Sonosuke Usui	Representative Director and Executive Vice President (in charge of Group Planning Department)	Director, Daido Life Insurance Company Director, T&D Financial Life Insurance Company Director, T&D Asset Management Co., Ltd.	
Tamiji Matsumoto	Director and Senior Executive Officer (in charge of Group Finance & Accounting Department and Public Relations Department)	Director, Taiyo Life Insurance Company Audit & Supervisory Board Member, T&D Financial Life Insurance Company Director, T&D Asset Management Co., Ltd.	
Masahiro Ueda	Director and Senior Executive Officer (in charge of Business Auditing Department and second in charge of Risk Control Department)	Director and Senior Executive Officer, Daido Life Insurance Company	Received approval from the Commissioner of Financial Services Agency under the provisions of Article 8, Paragraph 1 of the Insurance Business Act.
Terunori Yokoyama	Director and Senior Executive Officer (in charge of General Affairs Department and second in charge of Business Auditing Department)	Director and Senior Executive Officer, Taiyo Life Insurance Company	Received approval from the Commissioner of Financial Services Agency under the provisions of Article 8, Paragraph 1 of the Insurance Business Act.
Kouichi Seike	Director and Managing Executive Officer (in charge of Risk Control Department)	Director and Managing Executive Officer, Daido Life Insurance Company	Received approval from the Commissioner of Financial Services Agency under the provisions of Article 8, Paragraph 1 of the Insurance Business Act.
Ryuji Hori	Director (Outside Officer)	Audit & Supervisory Board Member, Tokuyama Corporation Director, Riskmonster.com Director, HANWA CO., LTD.	
Haruka Matsuyama	Director (Outside Officer)	Attorney Audit & Supervisory Board Member, Vitec Co., Ltd. Corporate Auditor, MITSUI & CO., LTD. Director, Mitsubishi UFJ Financial Group, Inc.	

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
Katsuhide Tanaka	Director	President and Representative Director, Taiyo Life Insurance Company	
Tetsuhiro Kida	Director	President and Representative Director, Daido Life Insurance Company	
Kazuyoshi Shimada	Director	President and Representative Director, T&D Financial Life Insurance Company	
Akimasa Yokokawa	Full-time Audit & Supervisory Board Member	Audit & Supervisory Board Member, Taiyo Life Insurance Company	As he has experience as officer in charge of finance, he has considerable expertise in finance and accounting.
Takashi Shimoda	Full-time Audit & Supervisory Board Member	Audit & Supervisory Board Member, Daido Life Insurance Company	
Shigekazu Iwai	Audit & Supervisory Board Member (Outside Officer)	Attorney Audit & Supervisory Board Member, Daido Life Insurance Company	As an attorney familiar with corporate legal affairs, he has considerable expertise in finance and accounting.
Yuichi Ozawa	Audit & Supervisory Board Member (Outside Officer)	Attorney Audit & Supervisory Board Member, Taiyo Life Insurance Company Audit & Supervisory Board Member, Kyodo Printing Co., Ltd.	As an attorney familiar with corporate legal affairs, he has considerable expertise in finance and accounting.
(Tsutomu Igarashi)	(Director and Senior Executive Officer)		Resigned on June 26, 2014

Notes:

1. Apart from the above, change in executives as of April 1, 2015 is as follows.

Representative Director and Chairman	Kenji Nakagome
Representative Director and President	Tetsuhiro Kida
Director and Executive Vice President, Executive Officer	Sonosuke Usui

2. An executive officer (excluding directors concurrently serving as executive officers) on April 1, 2015 is as follows;

Managing Executive Officer	Chikahiro Tsuboi
Managing Executive Officer	Mutsurou Kitahara
Managing Executive Officer	Kyoji Kumata
Executive Officer	Yasuo Teraoka
Executive Officer	Yoshihisa Tanaka
Executive Officer	Takeshi Negama
Executive Officer	Hotaka Nagai
Executive Officer	Tomoyasu Isobe

3. Messrs. Ryuji Hori, Shigekazu Iwai and Yuichi Ozawa, and Ms. Haruka Matsuyama have been registered with the Tokyo Stock Exchange as independent directors/auditors without potential conflict of interests with general shareholders.

(2) Executive compensation, etc.

(Millions of yen)

Categories	Number of persons paid	Compensation, etc. (Amount not Compensation as such)
Directors	12	289 (103)
Audit & Supervisory Board Members	5	72 (-)
Total	17	361 (103)

Notes:

1. Compensation limit stipulated at shareholders meeting is ¥500 million per annum for Directors and ¥130 million for Audit & Supervisory Board Members. The compensation limit for Directors includes bonus payment. Additionally, apart from the compensation limit set for Directors described above, the compensation limit of new share subscription rights as stock compensation-type stock options for Directors (excluding Outside Directors) is ¥100 million per annum.
2. The number of persons paid and the amount of compensation, etc. above include those for one Director and one Audit & Supervisory Board Member who retired as of the conclusion of the 10th Ordinary General Meeting of Shareholders held on June 26, 2014. As at the end of the current fiscal year, the Company had eleven Directors and four Audit & Supervisory Board Members as its corporate officers.
3. "Amount not compensation as such" above includes reserve for bonus to directors and audit & supervisory board members of ¥54 million for Directors, and compensation, etc. in the form of new share subscription rights as stock compensation-type stock options of ¥49 million.
4. Policy on the amount and the calculation method of executive compensation, etc.
   Compensation, etc. to Directors (excluding Outside Directors) comprises of monthly compensation, bonus and stock compensation-type stock options. Compensation, etc. to Outside Directors comprises of monthly compensation. The compensation limit per annum to Directors was determined by resolution of the 8th Ordinary General Meeting of Shareholders held on June 27, 2012, of which the limit per annum of the total amount of bonuses to Directors was determined by resolution of the Board of Directors. Additionally, apart from the compensation limit set for Directors described above, the compensation limit per annum of new share subscription rights as stock compensation-type stock options has been determined. The amount of monthly compensation and bonus of each Director is determined in accordance with the evaluation criteria established by the Board of Directors, upon conducting individual evaluations based on an assessment of the company's performance and the performance of the division for which the Director is in charge. New share subscription rights as stock compensation-type stock options are allotted to Directors, excluding Outside Directors who are independent from operational functions, according to their positions, with the purpose to further motivate Directors towards the enhancement of corporate value of the Company. In January 2015, the Company established Nomination and Compensation Committee as a voluntary body subordinated to the Board of Directors, for deliberation on fairness and reasonableness about the executive selection and compensation with a view to ensuring management transparency and clarified accountability. Additionally, Directors (excluding Outside Directors) apply a certain amount of their monthly compensation toward the purchase of treasury stock through the officers' share ownership association.
   Compensation, etc. to Audit & Supervisory Board Members comprise of monthly compensation. Compensation, etc. to Audit & Supervisory Board Members is determined upon mutual consultation by the Audit & Supervisory Board Members within the scope of the compensation limit per annum determined by resolution of the 8th Ordinary General Meeting of Shareholders held on June 27, 2012.

3. Matters concerning outside officers

(1) Concurrent positions held by outside officers

Name	Concurrent positions, etc.	
Ryuji Hori	Tokuyama Corporation	Outside Audit & Supervisory Board Member
	Riskmonster.com	Outside Director
	HANWA CO., LTD.	Outside Director
Haruka Matsuyama	Vitec Co., Ltd.	Outside Audit & Supervisory Board Member
	MITSUI & CO., LTD.	Outside Corporate Auditor
	Mitsubishi UFJ Financial Group, Inc.	Outside Director
Shigekazu Iwai	Daido Life Insurance Company	Outside Audit & Supervisory Board Member
Yuichi Ozawa	Taiyo Life Insurance Company	Outside Audit & Supervisory Board Member
	Kyodo Printing Co., Ltd.	Outside Audit & Supervisory Board Member

Notes:
1. The Company has neither major transactions nor other type of relationship with Tokuyama Corporation, Riskmonster.com, HANWA CO., LTD., Vitec Co., Ltd., MITSUI & CO., LTD., Mitsubishi UFJ Financial Group, Inc. or Kyodo Printing Co., Ltd.
2. Taiyo Life Insurance Company and Daido Life Insurance Company are wholly owned subsidiaries of the Company.

(2) Main activities of outside corporate officers

Name	Term of office	Attendance to Board of Directors' Meetings and Audit & Supervisory Board Meetings	Remarks made at Board of Directors' Meetings and other activities
Ryuji Hori	2 years 9 months (assumed office in June 2012)	Board of Directors' Meeting: attended all 22 meetings	At the Board of Directors' Meetings, he has presented his views as a university professor during discussions on proposals mainly from a professional perspective of corporate legal affairs developed in his career.
Haruka Matsuyama	1 year 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended all 22 meetings	At the Board of Directors' Meetings, she has presented her views as an attorney during discussions on proposals mainly from a professional perspective of corporate legal affairs.
Shigekazu Iwai	2 years 9 months (assumed office in June 2012)	Board of Directors' Meeting: attended all 22 meetings Audit & Supervisory Board Meeting: attended all 14 meetings	At the Board of Directors' Meetings and Audit & Supervisory Board Meetings, he has presented his views as an attorney during discussions on proposals mainly from a professional perspective of corporate legal affairs.

Name	Term of office	Attendance to Board of Directors' Meetings and Audit & Supervisory Board Meetings	Remarks made at Board of Directors' Meetings and other activities
Yuichi Ozawa	1 year 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended all 22 meetings Audit & Supervisory Board Meeting: attended all 14 meetings	At the Board of Directors' Meetings and Audit & Supervisory Board Meetings, he has presented his views as an attorney during discussions on proposals mainly from a professional perspective of corporate legal affairs.

(3) Liability limitation agreement

Name	Outline of the liability limitation agreement
Ryuji Hori	He has concluded an agreement with the Company which limits the liability prescribed in Article 423, Paragraph 1 of the Japanese Companies Act to the greater of either ¥10 million or the minimum amount set forth in the Law.
Haruka Matsuyama	She has concluded an agreement with the Company which limits the liability prescribed in Article 423, Paragraph 1 of the Japanese Companies Act to the greater of either ¥10 million or the minimum amount set forth in the Law.
Shigekazu Iwai	He has concluded an agreement with the Company which limits the liability prescribed in Article 423, Paragraph 1 of the Japanese Companies Act to the greater of either ¥10 million or the minimum amount set forth in the Law.
Yuichi Ozawa	Same as above

(4) Compensation, etc. to outside officers

	Number of persons paid	Compensation, etc. from the insurance holding company and the small-amount short-term insurance holding company (Amount not compensation as such)	Compensation, etc. from the parent company of the insurance holding company and the small-amount short-term insurance holding company
Total compensation, etc.	4	¥31 (-) million	¥8 million

Note: The number of persons paid as of the end of the current fiscal year is two Directors and two Audit & Supervisory Board Members.

(5) Opinions of outside officers

Not applicable

4. Matters regarding shares

(1) Number of shares

Total number of shares authorized to be issued	1,932,000 thousand shares
Total number of shares issued	681,480 thousand shares

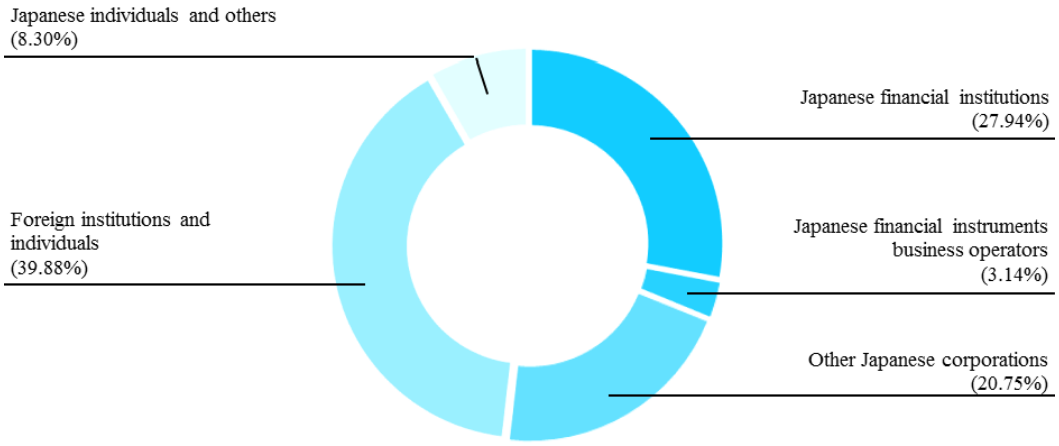
(2) Number of shareholders (as of March 31, 2014) 254,150

(3) Major shareholders

Name	Status of equity participation	
	Shares held (Thousand shares)	Percentage of ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	32,328	4.74
The Master Trust Bank of Japan Ltd. (Trust Account)	28,074	4.12
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,650	3.03
THE BANK OF NEW YORK MELLON, SA/NV 10	13,290	1.95
RBC IST—OMNIBUS 15.315 NON LENDING—CLIENT ACCOUNT	10,798	1.58
Trust & Custody Services Bank, Ltd. (Trust Collateral Account)	9,321	1.37
STATE STREET BANK AND TRUST COMPANY 505225	9,196	1.35
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8,908	1.31
KOMATSU LTD.	8,167	1.20
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	7,594	1.11

Note: Apart from the above, there are treasury stocks of 16,632 thousand (2.44%) owned by the Company.

● **Distribution of share ownership by shareholder type**



5. Matters regarding the Accounting Auditor

(1) Accounting Auditor

Name of the audit corporation	Name of designated partners	Remuneration for the fiscal year under review	Others
Ernst & Young ShinNihon LLC	Yuji Ozawa	¥188 million	In addition to the audit work stated on the left, ¥5 million was paid for advisory work related to risk management.
	Tsuyoshi Kabaya		
	Masato Takezawa		

Notes:

1. Amount of remuneration for the fiscal year under review is the total amount in return for the audit under the Japanese Companies Act and that under the Financial Instruments and Exchange Act, as the audit engagement by the Accounting Auditor does not differentiate the two.
2. Total amount of money and other property benefits payable by the Company and its subsidiary entities is ¥416 million.

(2) Liability limitation agreement

Not applicable

(3) Other matters regarding the Accounting Auditor

A. Company policy in deciding the dismissal or non-reappointment of the Accounting Auditor

Audit & Supervisory Board shall dismiss the Accounting Auditor based on the consent of all Audit & Supervisory Board Members, if the Accounting Auditor is found applicable to the provisions specified in items of Article 340, Paragraph 1 of the Japanese Companies Act.

In addition, Audit & Supervisory Board shall implement the procedure of presenting to General Meeting of Shareholders a proposal on the dismissal or non-reappointment of the Accounting Auditor, if the Accounting Auditor is found to have difficulty in carrying out duties adequately and appropriately.

B. Whether any certified public accountant or audit corporation other than the Accounting Auditor for the insurance holding company is engaged in auditing the account statements of the significant subsidiary entities of the insurance holding company

Not applicable

6. Basic policy as respects the manner of presence of the party having control over the financial and business policy of the Company

Not applicable

7. Structures to ensure adequacy of business operations

The Company shall build up the structures as follows in an effort to develop the "systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a Stock Company as well as a business group comprising such Stock Company and its subsidiaries" (internal control system) as stipulated under Article 362, Paragraph 4, Item 6 of the Japanese Companies Act. The resolutions concerned have been revised when appropriate and the amendments were voted on. The details of the current resolutions after revisions following the recent amendments to the Japanese Companies Act as well as an overall review of its structure and contents are as follows.

(1) Structures for compliance with laws and regulations, etc.

1) "T&D Life Group CSR Charter", "T&D Life Group Compliance Code of Conduct" and "T&D Life Group's Basic Policy of Strengthening the Compliance Structure" are to be established and made fully known to Directors, Audit & Supervisory Board Members, Executive Officers and employees, as basic policy and reference regarding compliance with laws and regulations, etc. in an effort to promote compliance.
2) Directors and Executive Officers must fulfill their duties faithfully for the Company, according to the above basic policy and reference regarding the compliance with laws and regulations, etc., and that with the care of a good manager.
3) Outside Directors are to be appointed on the basis that they have no stake in the Company, as they are expected to provide check and balance to ensure that Directors fulfill their duties lawfully.
4) A Group-wide committee subordinate to the Board of Directors is to be established, with the purpose to monitor and enhance the compliance preparedness across the Group.
5) Determination and preparedness to exclude the anti-social forces must be resolutely declared, along with the formulation of the practical procedures to this purpose, which shall be thoroughly followed through by all Directors, Audit & Supervisory Board Members, Executive Officers and employees.
6) Whistle-blowing procedure is to be developed and made available to all Directors, Audit & Supervisory Board Members, Executive Officers and employees within the Group, in which an entity is arranged outside the Group that receives information from whistle-blowers under confidentiality obligation, while the general rules to prohibit disadvantageous treatment of whistle-blowers are introduced, to create an effective system for preventing, or identifying immediately any breach of compliance.
7) Rules are to be established to develop methods to adequately and promptly deal with the situation in the event of misconducts by employees, as well as methods to prescribe preventative measures.

(2) Structures for ensuring efficiency

1) As the basis to ensure efficient execution of duties by Directors, the Board of Director's meetings are held monthly as well as on extraordinary basis as needed.
2) Rules regarding the organization and administrative authority are to be established, in order to clarify matters concerning basic job duties, responsibilities and authority, related to the execution of duties by Directors and Executive Officers, etc., for more efficient running of the organization.
3) With a view to enhancing corporate governance, Executive Officer System is in place to clarify the roles of supervision and business execution.
4) Internal rules are in place to facilitate the proper formulation and implementation of the Group management plans, and to serve as the basis for the development of the outlines of the management plans at the Board of Directors level, while such outlines serve as the basis to decide the Group's medium-term management plan. In addition, based on the management plan, the Representative Directors decide divisional business execution plans through deliberation at the Executive Committee.

(3) Structures for information maintenance and management

1) Information relating to the execution of duties by Directors and Executive Officers, must be kept and managed properly according to the record management rules which specify responsible department and storage period for each information.
2) Guidelines on the proper management of Group's information assets are to be clearly established by the rules including the Group's policy on information security, to develop the framework which protects information assets from leakage, wrongful alteration, or damage, etc. due to accidents, mechanical failure, natural disasters and fire.

(4) Risk management structure

1) Primary concept about how to manage risks across the Group is to be decided first, on which risk management structure for the whole Group is to be developed.
2) The committee is to be established with the authority to coordinate risk management across the Group, which grasps and manages the status of various risks at each Group company through the Group-wide risk monitoring based on the consolidated risk management criteria.
3) Basic policy and other primary framework to cope with the crisis in the Group, is to be established, in an effort to develop the Group-wide crisis preparedness.

(5) Internal controls within the Group

1) To provide adequate policyholders protection as the basis of insurance business, by ensuring the management soundness and compliance preparedness across the Group, and to fulfill our fiduciary obligation to the shareholders by maximizing the enterprise value of the Group, the Company clarifies the following matters by entering into business management agreements with its directly managed subsidiaries with a view to establishing a structure to ensure adequacy of operations within the Group:

    (i) Basic policy applicable across the Group
    (ii) Matters to be decided at subsidiaries subject to prior consultation with the Company
    (iii) Matters to be reported to the Company by subsidiaries
    (iv) Guidance and advice to be provided by the Company to subsidiaries
    (v) Implementation by the Company of internal audits at each subsidiary

2) "Matters to be decided at subsidiaries subject to prior consultation with the Company" above include important matters that impact the operation of the Group, such as the agenda at shareholders meetings, management plans, accounting strategies, as well as the important matters as part of the business management at a Group company by one of the Company's direct subsidiaries.

(6) Internal controls of financial reporting

1) Based on the full recognition that financial reporting provides critically important information for the concerned parties both inside and outside the Group to appreciate its performance and activities, and that ensuring the credibility of financial reporting is vital to maintain and enhance the public trust in the Group, internal controls of financial reporting must be developed.

(7) Internal audits structure

1) In order to ensure effectiveness of internal audits, basic matters relating to internal audits shall be prescribed under the internal audit rules, while independence of the Internal Audit Department from other operational functions shall be established, and internal audits shall be carried out appropriately according to the internal audit plan.
2) Appropriateness and validity of the internal control system shall be tested and evaluated through internal audits, and improvements thereof shall be facilitated to ensure appropriateness of operations.

(8) Structures for ensuring the effectiveness of Audit & Supervisory Board Members' audits

[Structures for ensuring independence of the employees of Audit & Supervisory Board Members' Office]

1) Audit & Supervisory Board Members' Office is in place in which employees are placed to assist Audit & Supervisory Board Members' work and to do the day-to-day running of the Audit & Supervisory Board. Personnel matters such as merit rating and transfer, etc. of the employees of the Audit & Supervisory Board Members' Office shall require approval of full-time Audit & Supervisory Board Members, to ensure their independence from Directors.
2) Command authority over the employees shall belong to Audit & Supervisory Board Members, and the authority for access to the information required in the work to be done under the instruction of Audit & Supervisory Board Members shall be prescribed under the relevant internal rules.
3) Directors and Executive Officers shall do their best to comply with the requests from Audit & Supervisory Board Members or the Audit & Supervisory Board on staffing of Audit & Supervisory Board Members' Office and related issues.

[Structures for the reporting to Audit & Supervisory Board Members]

1) Directors and Executive Officers shall report to Audit & Supervisory Board Members on the status of their business execution through the key meetings including those of the Board of Directors and Executive Committee.
2) Directors, Executive Officers and employees shall provide prompt explanations, in conjunction with the review of significant decisions and reports of the Company by Audit & Supervisory Board Members, if such explanation is found necessary or requested by Audit & Supervisory Board Members.
3) Directors, Executive Officers and employees shall report promptly to Audit & Supervisory Board Members on the facts which could cause serious damage to the Company, wrongful conducts of Directors and Executive Officers in the execution of their duties, significant facts in breach of laws and regulations and the Articles of Incorporation, reports on the status of internal audits, facts reported via the whistle-blowing procedure and other information required for the purpose of Audit & Supervisory Board Members' audits.
4) Concerning the above 1) to 3), Directors and Executive Officers shall establish a system in which Directors, Audit & Supervisory Board Members, Executive Officers and employees of subsidiaries or persons having received reports therefrom, report without exception to Audit & Supervisory Board Members of the Company.
5) Provisions shall be established in the relevant internal rules to the effect that persons having reported to Audit & Supervisory Board Members regarding the above 1) to 4) shall not be subjected to any disadvantageous treatment.

[Other structures for ensuring the effectiveness of Audit & Supervisory Board Members' audits]

1) Directors and the Board of Directors endeavor to develop a basic framework for smooth and effective implementation of Audit & Supervisory Board Members' audits.
2) Guidelines on the expenses or obligations arising from the execution of duties of Audit & Supervisory Board Members shall be provided under the relevant internal rules, while opportunities to appoint legal counsel and other outside advisors shall be ensured, if they are found necessary by Audit & Supervisory Board Members for the purpose of audits.
3) Representative Directors are to have regular meetings with Audit & Supervisory Board Members to exchange opinions on the important audit agenda, development of the framework for Audit & Supervisory Board Members' audits, along with the matters to be addressed by the Company.
4) Internal Audit Department and other departments responsible for compliance with laws and regulations shall have regular meetings with Audit & Supervisory Board Members to exchange opinions on the matters to be addressed.

8. Matters concerning Accounting Advisors

Not applicable

9. Other matters

Not applicable

Consolidated Balance Sheet for Fiscal Year 2014

(as of March 31, 2015)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	334,191	Policy reserves	12,707,957
Call loans	329,876	Reserve for outstanding claims	73,102
Monetary claims purchased	339,927	Policy reserve	12,524,934
Monetary trusts	437,622	Reserve for policyholder dividends	109,920
Securities	10,847,399	Due to agencies	1,009
Loans	1,863,837	Due to reinsurers	554
Tangible fixed assets	301,158	Short-term bonds	2,999
Land	173,662	Subordinated bonds	51,100
Buildings	106,846	Other liabilities	248,940
Lease assets	676	Reserve for bonus to directors and audit & supervisory board members	243
Construction in progress	17,526	Net defined benefit liability	50,271
Other tangible fixed assets	2,445	Reserve for directors' and audit & supervisory board members' retirement benefits	67
Intangible fixed assets	21,068	Reserve for price fluctuations	155,190
Software	19,811	Deferred tax liabilities	95,824
Lease assets	4	Deferred tax liabilities on land revaluation	5,598
Other intangible fixed assets	1,252	Total liabilities	13,319,755
Due from agencies	746	(Net assets)	
Due from reinsurers	405	Common stock	207,111
Other assets	190,196	Capital surplus	194,586
Deferred tax assets	501	Retained earnings	366,747
Reserve for possible loan losses	(2,225)	Treasury stock	(19,008)
		Total stockholders' equity	749,436
		Net unrealized gains on securities	649,716
		Deferred gains on hedging instruments	(13,741)
		Land revaluation	(43,694)
		Foreign currency translation adjustments	21
		Total accumulated other comprehensive income	592,301
		New share subscription rights	746
		Minority interests	2,465
		Total net assets	1,344,950
Total assets	14,664,705	Total liabilities and net assets	14,664,705

Consolidated Statement of Operations for Fiscal Year 2014

(from April 1, 2014 to March 31, 2015)

(Millions of yen)

Account	Amount
Ordinary revenues	2,412,165
Income from insurance premiums	1,958,055
Investment income	384,223
Interests, dividends and income from real estate for rent	287,966
Gains on investments in trading securities, net	20,056
Gains on sales of securities	34,433
Foreign exchange gains, net	1,606
Reversal of reserve for possible loan losses	148
Other investment income	4,557
Gains on separate accounts, net	35,455
Other ordinary income	69,847
Equity in net income of affiliated companies	38
Ordinary expenses	2,223,222
Insurance claims and other payments	1,401,534
Insurance claims	355,635
Annuity payments	457,550
Insurance benefits	177,425
Surrender payments	351,229
Other payments	59,692
Provision for policy and other reserves	485,139
Provision for reserve for outstanding claims	2,423
Provision for policy reserve	482,607
Interest portion of reserve for policyholder dividends	108
Investment expenses	66,427
Interest expenses	1,841
Losses on investments in money held in trust	1,744
Losses on sales of securities	6,972
Devaluation losses on securities	1,065
Net derivative financial instruments loss	33,948
Write-off of loans	6
Depreciation of real estate for rent	5,176
Other investment expenses	15,672
Operating expenses	199,435
Other ordinary expenses	70,686
Ordinary profit	188,943

(Millions of yen)

Account	Amount
Extraordinary gains	225
Gains on sale of fixed assets	67
State subsidy	55
Compensation for transfer	102
Extraordinary losses	8,331
Losses on sale, disposal and devaluation of fixed assets	1,028
Impairment loss	1,995
Provision for reserve for price fluctuations	5,150
Head office transfer cost	99
Other extraordinary losses	56
Provision for reserve for policyholder dividends	32,555
Income before income taxes	148,281
Income taxes-current	44,147
Income taxes-deferred	9,755
Total income taxes	53,903
Income before minority interests	94,378
Minority interests in income	163
Net income	94,215

Consolidated Statement of Changes in Net Assets for Fiscal Year 2014

(from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of April 1, 2014	207,111	194,595	290,861	(9,049)	683,519
Changes in the period					
Dividends			(16,806)		(16,806)
Net income			94,215		94,215
Acquisition of treasury stock				(10,010)	(10,010)
Disposal of treasury stock		(9)		51	41
Reversal of land revaluation			(1,523)		(1,523)
Net changes of items other than stockholders' equity					
Total changes in the period		(9)	75,885	(9,959)	65,917
Balance as of March 31, 2015	207,111	194,586	366,747	(19,008)	749,436

(Millions of yen)

	Accumulated other comprehensive income				
	Net unrealized gains on securities	Deferred gains on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income
Balance as of April 1, 2014	387,773	(8,263)	(45,586)	6	333,929
Changes in the period					
Dividends					
Net income					
Acquisition of treasury stock					
Disposal of treasury stock					
Reversal of land revaluation					
Net changes of items other than stockholders' equity	261,943	(5,478)	1,892	15	258,372
Total changes in the period	261,943	(5,478)	1,892	15	258,372
Balance as of March 31, 2015	649,716	(13,741)	(43,694)	21	592,301

(Millions of yen)

	New share subscription rights	Minority interests	Total net assets
Balance as of April 1, 2014	523	2,352	1,020,324
Changes in the period			
Dividends			(16,806)
Net income			94,215
Acquisition of treasury stock			(10,010)
Disposal of treasury stock			41
Reversal of land revaluation			(1,523)
Net changes of items other than stockholders' equity	222	113	258,708
Total changes in the period	222	113	324,625
Balance as of March 31, 2015	746	2,465	1,344,950

Matters regarding new share subscription rights

1. Matters regarding new share subscription rights

(1) New share subscription rights, etc. of the insurance holding company held by the executives of said insurance holding company as of the end of the fiscal year

	Summary of the new share subscription rights, etc.	Number of holders of new share subscription rights, etc.
Directors (excluding Outside Officers)	T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012) ・Total number of new share subscription rights issued: 643 ・Class and number underlying the new share subscription rights: 64,300 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥68,500 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 1, 2012 to July 31, 2042 ・Conditions for exercise of new share subscription rights: (Note 1)	4
	T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013) ・Total number of new share subscription rights issued: 401 ・Class and number underlying the new share subscription rights: 40,100 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥114,300 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 2, 2013 to August 1, 2043 ・Conditions for exercise of new share subscription rights: (Note 1)	5
	T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014) ・Total number of new share subscription rights issued: 431 ・Class and number underlying the new share subscription rights: 43,100 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥115,300 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 2, 2014 to August 1, 2044 ・Conditions for exercise of new share subscription rights: (Note 1)	6
Outside Directors	-	-
Audit & Supervisory Board Members	-	-

Notes:

1. The holder of the new share subscription rights shall exercise his/her new share subscription rights only within ten days from the day following the date on which he/she is relieved of his/her position(s) as a Director or Executive Officer of each of the companies of the Company, Taiyo Life Insurance Company, Daido Life Insurance Company, and/or T&D Financial Life Insurance Company (if the tenth date is not a business day of the Company, then the following business day).

   The holder of the new share subscription rights shall exercise the total number of rights allotted to him/her at once.

2. The table indicates the new share subscription rights issued by the Company to its officers as a result of offsetting the officers' claims to monetary compensation representing consideration for the execution of duties against the amount payable for the new share subscription rights.

3. This table contains Directors of the Company who also were a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, and to whom rights were granted by the Company as a Director of the Company and as a Directors or Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company. Number of such persons as of the end of the current fiscal year is as follows:

   T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012): 1
   T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 2
   T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 3

4. This table does not contain the three Directors of the Company who also were a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, and to whom the rights were granted only as a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company, but not as a Director of the Company. Number of such persons as of the end of the current fiscal year is as follows:

   T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012): 3
   T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 3
   T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 3

5. This table does not contain new share subscription rights that were issued to the Directors of the Company who also were an officer or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, by offsetting the monetary compensation claims representing consideration for the execution of duties at each company except the Company against the amount payable for the new share subscription rights. The number of such rights and the class and number of shares underlying them as of the end of the current fiscal year is as follows:

   T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012): 749 (74,900 shares of common stock)
   T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 462 (46,200 shares of common stock)
   T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 491 (49,100 shares of common stock)

(2) New share subscription rights, etc. of the insurance holding company issued to employees, etc. during the fiscal year

	Summary of the new share subscription rights, etc.	Number of holders of new share subscription rights, etc.
Employees (Executive Officers)	-	-
Officers and employees (Executive Officers) of subsidiaries, etc.	T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014) ・Total number of new share subscription rights issued: 1,391 ・Class and number underlying the new share subscription rights: 139,100 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥115,300 for each new share subscription right ・Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share ・Exercise period of the new share subscription rights: From August 2, 2014 to August 1, 2044 ・Conditions for exercise of new share subscription rights: (Note 1)	35

Notes:

1. The holder of the new share subscription rights shall exercise his/her new share subscription rights only within ten days from the day following the date on which he/she is relieved of his/her position(s) as a Director or Executive Officer of each of the companies of the Company, Taiyo Life Insurance Company, Daido Life Insurance Company, and/or T&D Financial Life Insurance Company (If the tenth date is not a business day of the Company, then the following business day).
   The holder of the new share subscription rights shall exercise the total number of rights allotted to him/her at once.
2. The table indicates the new share subscription rights issued by the Company to its employees (Executive Officers) and the officers and employees (Executive Officers) of Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company as a result of offsetting the claims to monetary compensation representing consideration for the execution of duties at each company with the amount payable for the new share subscription rights.
3. Officers and employees (Executive Officers) of subsidiaries, etc. refer to officers and employees of subsidiaries excluding those who concurrently serve as officers or employees of the Company. This table does not contain 491 new share subscription rights that were issued to the Directors of the Company who also were a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, by offsetting the monetary compensation claims representing consideration for the execution duties at each company except the Company against the amount payable for new share subscription rights.

Individual notes to consolidated financial statements

Notes concerning important matters which become the basis of consolidated financial statements

1. Matters concerning the scope of consolidation
(1) The number of consolidated subsidiaries: 15
The names of the consolidated companies:
Taiyo Life Insurance Company
Daido Life Insurance Company
T&D Financial Life Insurance Company
Pet & Family Small-amount Short-term Insurance Company
T&D Lease Co., Ltd.
T&D Asset Management Co., Ltd.
T&D Customer Services Co., Ltd.
T&D Confirm Ltd.
T&D Asset Management Cayman Inc.
T&D Information Systems, Ltd.
Toyo Insurance Agency Co., Ltd.
Taiyo Credit Guarantee Co., Ltd.
Zenkoku Business Center Co., Ltd.
Nihon System Shuno, Inc.
Daido Management Service Co., Ltd.
(2) The number of major non-consolidated subsidiaries: 0

2. Matters concerning the equity method
(1) The number of non-consolidated subsidiaries over which the equity method is applied: 0

(2) The number of affiliated companies over which the equity method is applied: 2
The names of the companies: Alternative Investment Capital, Ltd.
AIC Private Equity Fund General Partner, Ltd.
(3) The number of non-consolidated subsidiaries and affiliated companies over which the equity method is not applied: 0

(4) Matters concerning the fiscal year of affiliated companies over which the equity method is applied
For the affiliated companies over which the equity method is applied but the dates of settlement are different from the consolidated settlement date, financial statements concerning the fiscal year of each of these companies are used.

3. Matters concerning the fiscal year of consolidated subsidiaries
Among the consolidated subsidiaries, the settlement date of T&D Asset Management Cayman, Inc. is December 31. In the creation of consolidated financial statements, we used these companies' financial statements dated December 31, and made necessary adjustments for consolidation for major transactions that occurred between December 31 and the consolidated settlement date.

4. Matters concerning accounting policy
(1) Appraisal standards and appraisal methods of securities (including cash and deposits, quasi-securities within monetary claims purchased, and securities within monetary trusts that are invested as trust assets):
(i) Trading securities
The market value method (cost of sales is calculated by the moving average method)
(ii) Held-to-maturity debt securities
The amortized cost method using the moving average method (straight-line method)
(iii) Policy-reserve-matching securities
The amortized cost method using the moving average method (straight-line method)
(iv) Other securities
Securities with market value are valued by using the market value on the end of the consolidated

fiscal year under review (cost of sales is calculated by using the moving average method).

Of securities extremely difficult to measure the market value, public and corporate bonds (including foreign bonds), of which the difference between the purchase price and face value is considered an amount after interest rate adjustment, are valued using the amortized cost method using the moving average method (straight-line method).

Other securities are valued at the cost method using the moving average method.

The valuation differences of other securities are reported as a component of shareholders' equity.

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

(Taiyo Life Insurance Company)

The risk is managed by minimizing the risks of the portfolio as a whole with an asset mix, and establishing an operation policy based on the balanced-type ALM aiming at exceeding medium- and long-term liability cost.

In consideration of this kind of operation policy, the following insurance policies are identified and classified as a subcategory in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds within the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA):

With regard to general fund category, all insurance policies excluding group insurance product category and other insurance product category , etc.

With regard to group annuity insurance fund category , all contribution-type corporate pension insurance policies and all group pure endowment insurance policies

With regard to single premium whole life insurance/annuity fund category , all insurance policies

With regard to non-participating single premium endowment insurance fund category, all insurance policies

(Daido Life Insurance Company)

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 the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds within the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA):

Individual insurance and annuity in the general fund category

Individual insurance and annuity in the non-participating insurance fund category (capturing the cash flows likely to arise in the period after 5 years but within 25 years from now)

(T&D Financial Life Insurance Company)

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, it is regularly tested to ensure that the durations of policy reserve and that of policy-reserve-matching bonds are synchronized within the margin of error. The subcategories are classified as follows:

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)

Interest reserve rate-type individual insurance

Interest reserve rate-type fixed annuity insurance

However, certain class of insurance and certain portions of insurance benefits are excluded.

(2) Appraisal standard and appraisal method of derivative financial instruments

Derivative financial instruments are stated at market value.

(3) Depreciation method for significant depreciable assets

(i) Tangible fixed assets (excluding lease assets)

Tangible fixed assets (except for lease assets) are depreciated based primarily on the declining balance method. Buildings (excluding attached facilities and structures) acquired on or after April 1, 1998, are depreciated based on the straight-line method.

The service life ranges of major types of assets are:

Buildings, attached facilities and structures: 3 to 50 years
Furniture and equipment: 2 to 20 years
(ii) Intangible fixed assets (excluding lease assets)
The straight-line method is used in depreciation of software for in-house use, on the basis of the usable period of five years.
(iii) Lease assets
With regard to the lease assets concerning finance lease transactions that involve transfer of ownership, the identical depreciation method applied on self-owned fixed assets is used. In terms of the lease assets concerning finance lease transactions that do not involve transfer of ownership, the lease periods are considered their service life, and the straight-line method is used.

(4) Accounting standard for major reserves
(i) Recording standards for important reserve for possible losses
To provide for the losses due to bad debt, Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company (hereinafter referred to as the "Three Life Insurance Companies") record an estimated reserve for possible loan losses based on the internal asset valuation standards and the write-off/provision standards for assets, as follows:
The amount of allowance for receivables from debtors who are legally or formally bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings (hereinafter referred to as the "Bankrupt Debtors") and creditors who are effectively bankrupt (hereinafter referred to as the "Effectively Bankrupt Debtors"), is recognized based on the amount of credit remaining after deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of receivables directly reduced as mentioned below.
In addition, the allowance for receivables from debtors who are not currently legally bankrupt but have high possibility of bankruptcy (hereinafter referred to as the "Potentially Bankrupt Debtors"), is recognized on the amounts deemed necessary considering the debtors' overall solvency assessment within the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
The allowance for receivables from debtors other than the above (loans to healthy debtors and loans to debtors who require attention) is provided based on the debtors' balance multiplied by the historical average of percentage of bad debt calculated based on bad-debt records of a certain past period and others.
All credits are assessed by the sections concerned in accordance with the Company's asset valuation regulations. The assessments are verified by an independent Asset Auditing Department.
The results of the assessments are reflected in the calculation of the above-mentioned allowance for doubtful accounts.
With regard to mortgage or guaranteed loans to the Bankrupt Debtors and the Effective Bankrupt Debtors, the amount of collateral value or the amount collectible by the execution of guarantees or other methods directly subtracted from the balance of receivables is the estimated uncollectible amount, which stood at 403 million yen.
Regarding the consolidated subsidiaries other than the Three Life Insurance Companies, credits are assessed within the scope as deemed necessary in consideration of the importance of assets, and based on the results of the assessments, allowances are recorded based on the above methods.
(ii) Reserve for bonus to directors and audit & supervisory board members
To provide for the payment of directors' and audit & supervisory board members' bonuses, the Company records an estimated reserve for the consolidated fiscal year under review.
(iii) Reserve for directors' and audit & supervisory board members' retirement benefits
To provide for the payment of retirement benefits for directors and audit & supervisory board members, some consolidated subsidiaries record an estimated reserve for the consolidated fiscal year under review in accordance with their internal regulations.

(5) Method for recognizing retirement benefits
(i) Method for attributing expected retirement benefits to fiscal periods
In the calculation of retirement benefits obligations, benefit formula basis is adopted for the purpose of attributing expected retirement benefits over the period up to the end of the consolidated fiscal year under review.
(ii) Method for amortizing actuarial gain/loss, past service cost and difference due to change of

accounting standards

Fully amortized in the fiscal year when they are incurred.

(6) Recognition method for reserve for price fluctuations

Reserve for price fluctuations at the Three Life Insurance Companies is recognized and calculated based on the provisions in Article 115 of the Insurance Business Act to prepare for price fluctuations.

(7) Standards of conversion for foreign currency-denominated assets and liabilities into the Japanese currency

All monetary assets and liabilities denominated in foreign currencies are translated into the Japanese yen at the spot exchange rates prevailing on the consolidated closing date. All asset, liability, income, and expense accounts of foreign subsidiaries and affiliates are translated into the Japanese yen at the spot exchange rates prevailing on their consolidated balance sheet date. The resulting translation adjustments are accumulated as foreign currency translation adjustments and minority interests under net assets.

(8) Important hedge accounting method

A. Hedge accounting method of Taiyo Life Insurance Company

(i) Hedge accounting method

Taiyo Life Insurance Company applies deferral hedge accounting and the mark-to-market method of hedge accounting. Taiyo Life also applies the special treatment for interest swap agreements in cases where the special treatment requirements are met.

(ii) Hedging instruments and hedged assets

a.	Hedging instrument:	Interest swap
	Hedged assets:	Loan receivable, bonds
b.	Hedging instrument:	Exchange contracts
	Hedged assets:	Foreign currency-denominated assets
c.	Hedging instrument:	Option
	Hedged assets:	Domestic and foreign stocks, domestic and foreign listed investment trusts, domestic bonds
d.	Hedging instrument:	Credit transaction
	Hedged assets:	Domestic and foreign stocks, domestic and foreign listed investment trusts
e.	Hedging instrument:	Forward contracts
	Hedged assets:	Domestic and foreign stocks, domestic and foreign listed investment trusts

(iii) Hedging policy

Based on the internal rules and regulation developed under Taiyo Life's risk management policy concerning asset operations, the cash flow- and price-fluctuation risks concerning hedged assets are hedged within a certain scope.

(iv) Evaluation of the effectiveness of hedging activities

Effectiveness of hedging activities is evaluated for each half-year period by performing a ratio analysis and other methods comparing the market fluctuations or the accumulated cash flow movements of hedged assets with the market fluctuations or the accumulated cash flow movements of hedging instruments. However, evaluation of hedging effectiveness is omitted for interest swap agreements under the special treatment etc., exchange contracts in which both the hedged assets 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.

B. Hedge accounting method of Daido Life Insurance Company

(i) Hedge accounting method

Daido Life Insurance Company applies the mark-to-market method of hedge accounting. Daido Life also applies 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.

(ii) Hedging instruments and hedged assets

Daido Life employs exchange contract transactions as a hedging instrument, with the hedged assets of foreign currency-denominated securities and foreign currency-denominated certificates of deposit whose holding purpose is Other Securities.

(iii) Hedging policy
Based on the internal rules and regulations concerning asset operations, exchange fluctuation risks of hedged assets are hedged within a certain scope.
(iv) Evaluation of the effectiveness of hedging activities
Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons between the hedging instruments and hedging methods taken.

(9) Other important accounting policies adopted by the Company
(i) Accounting for consumption and other taxes
National and local consumption taxes are accounted for by using the tax exclusion method. Note that consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as other assets and amortized over a 5-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense as incurred.
(ii) Funding method for policy reserves
A policy reserve is a reserve set forth at the Three Life Insurance Companies in accordance with Article 116 of the Insurance Business Act. A policy reserve is recognized by performing a calculation based on the following methodology:
- Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Commissioner of the Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).
- Reserves for other contracts are computed based on the net level premium method.
(Additional Information)
In fiscal year 2013, pursuant to the provisions in Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, Daido Life Insurance Company provides additional policy reserve for a certain portion of individual annuity insurance having commenced annuity payment, and also makes it a policy to provide such reserve on a step-by-step basis in three years for the policies having already commenced annuity payment.
Policy reserve provided under this reserving practice in the current fiscal year amounted to 12,993 million yen (5,985 million yen in the previous fiscal year).
(iii) Application of the consolidated tax payment system
The consolidated tax payment system is applied on the Company and some consolidated subsidiaries, with the Company as the consolidated taxpayer parent company.

5. Unadopted accounting standards, etc.
-“Accounting Standard for Business Combinations” (ASBJ Statement No. 21 dated September 13, 2013)
-“Accounting Standards for Consolidated Financial Statements” (ASBJ Statement No.22 dated September 13, 2013)
-“Accounting Standards for Business Divestitures” (ASBJ Statement No.7 dated September 13, 2013)
-“Accounting Standards for Earnings Per Share” (ASBJ Statement No.2 dated September 13, 2013)
-“Guidance on Accounting Standards for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10 dated September 13, 2013)
-“Guidance on Accounting Standards for Earnings Per Share” (ASBJ Guidance No.4 dated September 13, 2013)
(1) Summary
The aforementioned revisions of accounting standards and guidance are concerned primarily with: (i) treatment of changes in the parent’s ownership interests in subsidiaries in the case of additional acquisition of shares in subsidiaries under ongoing control of the parent, (ii) treatment of expenses related to such acquisition, (iii) presentation of net income and changeover from minority interests to non-controlling interests and (iv) provisional accounting treatment.
(2) Scheduled date of application
Scheduled to be adopted from the beginning of the consolidated fiscal year commencing on or after April 1, 2015.
Provisional accounting treatment is scheduled to be applicable to the business combinations implemented on or after the beginning of the consolidated fiscal year commencing on or after April 1, 2015.
(3) 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 under review.

6. Additional information

Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc.," normal effective statutory tax rate used for calculating deferred tax assets and deferred tax liabilities (for only those with temporary differences expected to be eliminated on or after April 1, 2015) has been changed from 30.7% in the previous fiscal year, to 28.8% for those expected to be recovered or paid on or after April 1, 2015.

Following the aforementioned change, income taxes-deferred increased by 9,940 million yen and net income decreased by 9,938 million yen, while deferred tax liabilities decreased by 6,377 million yen while net unrealized gains on securities increased 16,597 million yen.

Notes to the Consolidated Balance Sheet

1. Matters concerning the current state of the financial instruments and their market values

(1) Matters concerning the current state of the financial instruments

(i) The Group's policy of investment in financial instruments

Being primarily focused on life insurance business, the group underwrites various classes of life insurance, and invests the money collected as insurance premiums in financial assets including securities and loans.

The Group's policy for asset management is to efficiently invest the insurance premiums trusted to us by policyholders in a portfolio built up to ensure long-term stable returns in accordance with the ERM concept involving management of capital, earnings and risk on an integrated basis, taking into account the long-term obligations involved in life insurance contracts, with due attention to management soundness and public welfare.

Financial derivative contracts are basically used to hedge fluctuation risks involved in our investment in financial instruments, as well as partially to complement physical assets.

Furthermore, in order to purse a further strength of financial soundness, the Group has been financing the subordinated-class capital (bonds and borrowings).

(ii) Description of the concerned financial instruments and the risks involved

Financial assets held by the Group mainly comprise securities and loans.

Securities here include corporate and public 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, 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 cash value of each insurance policy, thus its credit risk is minimal.

Derivative transactions including stock index futures contracts, forward exchange contracts, interest rate swap agreements are used primarily to hedge price fluctuation risks of our financial assets, while partially to complement physical assets by, for example, providing solution to the time constraint prior to the inclusion of physical assets into our portfolio, excluding speculative transactions whatsoever in any case.

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 assets and hedging instruments.

(iii) Risk management of investment in financial instruments

a. Overall risk management

The Group, in consideration of the social and public nature of life insurance business as 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 "Group Risk Management Policy" which set out the basic risk management philosophy within the Group and provides the risk management structure in line with business characteristics and risk profiles at each of the Three Life Insurance Companies.

Under such context, the Group Risk Control Committee has been in place for the purpose of coordinated management of risks within the Group, which grasps the status of various risks at each of the Three Life Insurance Companies, through the reports prepared on 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 mutual check-and balance system is in place under the internal organizational arrangement including the separation of investment and loan execution function from the administration function within investment division, independence of credit check function and implementation of internal audits by internal audit department.

The Group has established the Group ERM Committee with the purpose to manage risks in combination with revenue and capital on the basis of economic value, and tackles the task of achieving stable and sustainable increases in Group enterprise value through the implementation and enrichment of ERM.

b. Management of market risks

Market risks are appropriately controlled in line with the risk characteristics of each asset class is performed based on the precise grasp of the sensitivity of investment assets to the parameters reflecting the changes in investment environment including interest rate, stock prices and exchange rates, and in addition, the risks are under adequate control through the review of asset allocation and risk hedging subject to identification of the overall risk of the portfolio using the Value at Risk criterion (hereafter referred to as "VaR").

c. Management of credit risks

Credit risk of the entire portfolio is identified and controlled through its quantification by the use of VaR based on the internal rating for individual borrowers. Meanwhile, the aggregate amount of investment and loan is capped by each industry sector or by group of companies, according to the corresponding risks, whereby concentration of loans to specific industry sector or group of companies is restrained.

d. Management of liquidity risks

Liquidity risks are adequately managed by the responsible risk management department through maintaining certain level of liquidity based on the grasp of the latest risk information including the share of highly liquid assets, cash flow situation, trend of the general financial/securities markets and status of individual financial instruments, as well as providing a structure for efficient liquidation of assets for financing purpose.

(iv) Supplementary explanation regarding the market values of financial instruments

Market values of financial instruments are based on actual market prices as well as those reasonably calculated in the absence of actual market prices.

Such calculations are based on certain assumptions, and thus market values could vary when different assumptions are used.

(2) Matters regarding the market value of financial instruments
Consolidated balance sheet amounts, as compared with market values of the investment in financial instruments and the difference between the two as of March 31, 2015 are as follows:

(Millions of yen)

	Consolidated balance sheet amounts	Fair market values	Difference
(i) Cash and deposits	334,191	334,191	—
a. Those treated as securities	56,400	56,400	—
- Other securities	56,400	56,400	—
b. Other than above	277,791	277,791	—
(ii) Call loans	329,876	329,876	—
(iii) Monetary claims purchased	339,927	345,969	6,042
a. Those treated as securities	338,576	344,488	5,911
- Held-to-maturity debt securities	82,471	88,383	5,911
- Other securities	256,104	256,104	—
b. Other than above	1,350	1,481	130
(iv) Monetary trusts	437,622	449,825	12,203
a. Monetary trusts for investment	9,260	9,260	—
b. Held-to-maturity monetary trusts	22,610	22,595	(14)
c. Policy-reserve-matching monetary trusts	396,372	408,590	12,218
d. Other monetary trusts	9,379	9,379	—
(v) Securities	10,630,470	11,115,030	484,559
a. Trading securities	339,849	339,849	—
b. Held-to-maturity debt securities	1,540,385	1,711,373	170,987
c. Policy-reserve-matching securities	2,687,767	3,001,339	313,572
d. Other securities	6,062,467	6,062,467	—
(vi) Loans	1,862,049	1,929,785	67,736
a. Policy loans (*1)	139,295	154,470	15,183
b. Commercial loans (*1)	1,724,542	1,775,315	52,553
c. Reserve for possible loan losses (*2)	(1,788)	—	—
Total assets	13,934,137	14,504,679	570,541
(i) Short-term bonds	2,999	2,999	—
(ii) Subordinated bonds	51,100	51,392	292
(iii) Borrowings as part of Other liabilities	81,198	81,679	481
Total liabilities	135,297	136,071	773
Derivatives (*3)			
(i) Those outside the scope of hedge accounting	9,502	9,502	—
(ii) Those subject to hedge accounting	[40,495]	[39,683]	812
Total derivatives	[30,993]	[30,180]	812

(*1) The column of Difference indicates the difference between consolidated balance sheet amounts less reserve for possible loan losses and market values.
(*2) Reserve for possible loan losses corresponding to loans is deducted.
(*3) Net credits and debts generated from the transactions of derivative financial instruments are indicated in net amounts, where items amounting to net debts are marked with brackets [ ].

Assets
(i) Cash and deposits
Mainly recorded in book values as their market values are proximate to the book values.
(ii) 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.
(iii) Monetary claims purchased
Those that are reasonably deemed appropriate to treat as securities are recorded in the same way as in (v) Securities, while others that are reasonably deemed appropriate to treat as loan receivable are recorded in the same way as in (vi) Loans.
(iv) Monetary trusts
Specified fund trust, which is mainly invested in securities, is recorded in the same way as in (v) Securities.
In addition to the above, 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.
(v) 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 of over-the-counter price for reference published by 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.
Unlisted shares and investments in partnerships whose assets consist of such financial instruments whose market values are recognized to be extremely hard to grasp are not included.
Consolidated balance sheet amounts of the relevant securities as at the end of the current consolidated fiscal year are, 187,004 million yen in foreign securities, 16,570 million yen in unlisted shares (excluding those of affiliates), 13,047 million yen in other securities, and 306 million yen in shares of affiliates.
(vi) Loans
a. 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.
b. Commercial loans
Market values of loans provided at variable rates can reflect market rates at short intervals, thus are basically recorded in book values as their market values are proximate to the book values, unless borrowers' credit standings significantly change meanwhile after loans were provided.
Market values of loans provided at fixed rates are calculated by discounting principals and interests 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, thus 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.
Liabilities
(i) Short-term bonds
Recorded in book values as these are settled in a short period of time, thus their market values are proximate to the book values.
(ii) Subordinated bonds
Market values are calculated by discounting principals and interests by risk-free rates weighted by credit risks involved.
(iii) Borrowings
Market values are calculated by discounting principals and interests by risk-free rates weighted by credit risks involved.
Derivatives
(i) Forward exchange contracts are based on forward exchange rates. Market values of currency swaps are calculated using prices quoted by the entrusted management company.
(ii) Market values of interest rate swaps are calculated based generally on the present values of the expected future cash flows discounted by the interest rates as at the balance sheet date, but partially on the prices quoted by the financial institutions concerned.
(iii) Market values of stock index futures, stock index options, individual stock options, bond futures, bond options, currency options and stock forward contracts are calculated based on the final prices quoted on the principal stock exchange or on the prices quoted by the financial institutions concerned.

(iv) For the derivatives transactions classified as compound financial instruments, the compound financial instruments as a whole are measured at market values based on the prices quoted by the financial institutions concerned, and gains or losses are posted.
Of those subject to hedge accounting, the forward exchange contracts subject to deferred designation and interest rate swap agreements where special treatment applies are treated as integral part of the foreign currency denominated monetary claims and liabilities, thus their market values are included in the market values of those foreign currency denominated monetary claims and liabilities.

2. Matters concerning the current state of the rental property and their market values
The Group owns office buildings primarily for rent in the main cities across the country and their consolidated balance sheet amount is 195,166 million yen while their market value is 225,957 million yen as at the end of the current consolidated fiscal year.
The above market value is the aggregate of the value derived from the calculation based on the valuation by third-party real property appraisers for the main properties, and the value derived from the internal calculation for other properties based on their posted prices.
The balance at the end of the current consolidated fiscal year includes 247 million yen related to asset retirement obligations.

3. Situations concerning risk management liabilities
The total amount of loans of bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and loans for restructuring, which were included in loans is 4,347 million yen, with the breakdown as follows:
(1) The balances of loans of bankrupt borrowers and delinquent loans are 268 million yen and 825 million yen, respectively. Of the above, direct write-off for estimated uncollectable amount is 72 million yen for bankrupt borrowers and 132 million yen for delinquent loans.
Loans of bankrupt borrowers are loans (except for a portion of loans written-down; hereinafter referred to as the "Undeclared Accrued Interest on Loan"), where the borrowers satisfy conditions prescribed in Article 96, Paragraph 1, Item 3, (a) to (e) or Item 4 of the Ordinance for Enforcement of the Corporation Tax Act (Ordinance No. 97, 1965), among the loans which interest is not accrued as income since the recovery of principal or interest on the loans is unlikely due to the fact that the principal or interest payments are long overdue or for other reasons.
Delinquent loans are loans without interest not accrued excluding the loans of bankrupt borrowers and the loans to which postponement of interest payment is made with the object of reconstructing and supporting the borrowers.
(2) The balance of loans that are delinquent for over three months stood at 3,222 million yen.
Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement, but do not fall under the category of loans of bankrupt borrowers and delinquent loans.
(3) The balance of loans for restructuring was 32 million yen.
Loans for restructuring are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers restructuring, such as by reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing any other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

4. Cumulative amount of depreciation for tangible fixed assets
The cumulative amount of depreciation for tangible fixed assets stood at 225,078 million yen.

5. The amount of separate account assets and liabilities prescribed under Article 118, Paragraph 1 of the Insurance Business Act
The amount of separate account assets stood at 250,334 million yen, and the amount of separate account liabilities was also 250,334 million yen.

6. Net assets per share
Net assets per share was 2,018.12 yen.

7. Increase/decrease in reserve for policyholder dividends and payment of policyholder dividends

Changes in reserve for policyholder dividends was as follows:

Balance at the beginning of the consolidated fiscal year under review	113,781 million yen
Policyholder dividend payment in the consolidated fiscal year under review	36,530 million yen
Increase due to interest, etc.	108 million yen
Decrease due to other reasons	5 million yen
Provision for reserve for policyholder dividends	32,555 million yen
Balance at the end of the consolidated fiscal year under review	109,920 million yen

8. Unused credit balances in respect of loan commitments are as follows:

Total loan commitments	6,800 million yen
Loans carried out	2,237 million yen
Balance	4,562 million yen

9. Subordinated bonds

Bonds are subordinated bonds, which rank after other debts should the Company fall into receivership or be closed.

10. Subordinated borrowings

Of the debts categorized as other liabilities, 47,500 million yen was subordinated borrowings, which ranks after other debts should the Company fall into receivership or be closed.

11. Estimate of future contributions to the Life Insurance Policyholders Protection Corporation of Japan

The amount of future contributions paid for by the Three Life Insurance Companies to the Life Insurance Policyholders Protection Corporation of Japan, in accordance with Article 259 of the Insurance Business Act, is estimated to be 24,611 million yen.

The contribution amount is also recognized as operating expense in the consolidated fiscal year as occurred at the time of payment.

12. The method of land revaluation as stipulated in Article 3, Paragraph 3 of the Act Concerning Revaluation of Land

In pursuant to the Act Concerning Revaluation of Land (Law No. 34 promulgated on March 31, 1998), Taiyo Life Insurance Company revalued its land for business purposes. The amount related to the valuation difference between the previous and the revalued amount is tax effected and recognized as “deferred tax liabilities on land revaluation” within the liabilities section. The valuation difference excluding tax is recognized as “land revaluation” within the net assets section.

The method of land revaluation as stipulated in Article 3, Paragraph 3 of the Act Concerning Revaluation of Land

The amount is rationally calculated by using the land listed value as stipulated in Article 2, Item 1 of the Enforcement Regulations for the Act Concerning Revaluation of Land (Ordinance No. 119 promulgated on March 31, 1998), the standard price of the benchmark land as stipulated in its Item 2, the appraisal by real estate appraisers as stipulated in its Item 5, among other data.

Date of revaluation March 31, 2002

13. The amount of surplus on organizational change

The amount of surplus on organizational change as stipulated in Article 91 of the Insurance Business Act was 63,158 million yen for Taiyo Life Insurance Company and 10,836 million yen for Daido Life Insurance Company.

14. Stock of affiliated companies and others

Securities include the stock of affiliated companies worth 306 million yen.

15. Retirement benefits

Matters concerning employees' retirement benefit obligations are as follows:

(1) Summary of the retirement benefits plans adopted within the Group

Domestic consolidated subsidiaries have instituted defined benefit plans namely defined benefit corporate pension plan, retirement pension plan and retirement lump sum plan.

Meanwhile, some of the consolidated subsidiaries have instituted defined contribution plans namely defined contribution pension plans.

Also certain consolidated subsidiaries have instituted retirement benefits trust.

(2)Defined benefit plan

(i) Reconciliation of beginning and ending balances of retirement benefit obligations

Beginning balance of retirement benefit obligations	141,071 million yen
Service cost	5,911 million yen
Interest cost	1,800 million yen
Actuarial gain/loss	3,416 million yen
Payment of retirement benefits	(8,537 million yen)
Ending balance of retirement benefit obligations	143,661 million yen

(Note) Retirement benefit cost for consolidated subsidiaries adopting a simplified method are included in "service cost."

(ii) Reconciliation of beginning and ending balances of pension assets

Beginning balance of pension assets	89,415 million yen
Expected return on assets	1,034 million yen
Actuarial gain/loss	3,783 million yen
Contribution by the business operator	5,256 million yen
Payment of retirement benefits	(6,098 million yen)
Ending balance of pension assets	93,390 million yen

(iii) Reconciliation of ending balance of retirement benefit obligations as well as pension assets, and liabilities for retirement benefits as well as assets for retirement benefits recorded in consolidated balance sheet

Retirement benefit obligations for funded plans	116,893 million yen
Pension assets	(93,390 million yen)
[Retirement benefits trust of the above]	[(57,591 million yen)]
	23,503 million yen
Retirement benefits obligations for unfunded plans	26,767 million yen
Net amounts of liabilities and assets recorded in consolidated balance sheet	50,271 million yen
Net defined benefit liability	50,271 million yen
Net defined benefit asset	—
Net amounts of liabilities and assets recorded in consolidated balance sheet	50,271 million yen

(iv) Retirement benefit cost and its breakdown

Service cost	5,911 million yen
Interest cost	1,800 million yen
Expected return on assets	(1,034 million yen)
Amount of actuarial gain/loss treated as expenses	(366 million yen)
Other	8 million yen
Retirement benefits cost for defined benefit plan	6,318 million yen

(Note) Retirement benefit cost for consolidated subsidiaries adopting a simplified method is included in "service cost."

(v) Matters concerning pension assets

a. Breakdown by main items of pension assets

Corporate bonds	71.8%
Life insurance general account	15.6%
Foreign securities	6.6%
Stocks	5.1%
Joint investment assets	0.8%
Cash and deposits	0.0%
Other	0.0%
Total	100.0%

(Note) Total pension assets include retirement benefits trust that accounts for 61.7% of the total instituted for corporate pension plans.

b. Method for defining expected long-term rate of return on pension assets

In order to determine expected long-term rate of return on pension assets, the present as well as expected future allocation of pension assets, along with the present as well as expected long-term rate of return on various assets comprising pension assets are considered.

(vi) Matters concerning the basis for actuarial calculation

Discount rate	0.32%～1.60%
Expected long-term rate of return on assets	0.80%～1.81%

(3) Defined contribution plans

Amount of contribution required for defined contribution plans at the Company and its consolidated subsidiaries is 229 million yen.

16.Notes to deferred tax accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities by major reason

Deferred tax assets

Policy reserves	65,641 million yen
Reserve for price fluctuation	44,672 million yen
Net defined benefit liability	30,077 million yen
Devaluation losses on securities	14,138 million yen
Losses on sale, disposal and devaluation of fixed assets	4,112 million yen
Reserve for bonuses	2,211 million yen
Tax loss carried forward	1,234 million yen
Reserve for possible loan losses	621 million yen
Others	17,955 million yen
Subtotal	180,665 million yen
Valuation allowance	(21,652 million yen)
Total deferred tax assets	159,012 million yen

Deferred tax liabilities

Net unrealized gains (losses) on securities	(250,322 million yen)
Securities dividend receivables	(1,786 million yen)
Reserve for reduction entry of real estate	(667 million yen)
Others	(1,558 million yen)
Total deferred tax liabilities	(254,335 million yen)
Net deferred tax assets (liabilities)	(95,322 million yen)

(2) Breakdown of major items that caused major differences between the normal effective statutory tax rate and the contribution ratio of corporate and other taxes after the application of the deferred tax accounting, when such discrepancies exist

Normal effective statutory tax rate	30.7 %
(Adjustment)	
Valuation allowance	(1.2%)
Items that will never be categorized as loss, such as entertainment expenses	0.4%
Downward revision of ending balance of deferred tax assets due to tax rate change	6.7%
Others	(0.2%)

Contribution percentage of corporate and other taxes after the application of deferred tax accounting	36.4%

17.The amount of assets pledged as collaterals
The assets that are pledged as collaterals are as follows:

Securities (government bonds)	153,050 million yen
Total	153,050 million yen

These collaterals are pledged mainly as collaterals for exclusive accounts for Real Time Gross Settlement (RTGS) of government bonds and the substitutes for future trades margin.

18. Matters concerning stock options
1. Amount and account of expenses related to stock options
Operating expenses 266 million yen
2. Details, size and status of stock options
(1) Details of stock options

	The Company new share 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 (Note)	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

Note: Presented in terms of the number of shares.

	The Company new share 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 (Note)	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

Note: Presented in terms of the number of shares.

	The Company new share 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 (Note)	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

Note: Presented in terms of the number of shares.

(2) Size and status of stock options
For stock options existed during the consolidated fiscal year under review, the number of stock options is presented in terms of the number of shares.

(i) Number of stock options

	The Company new share subscription rights (1st series)	The Company new share subscription rights (2nd series)	The Company new share 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

	The Company new share subscription rights (1st series)	The Company new share subscription rights (2nd series)	The Company new share subscription rights (3rd series)
Exercise price	1 yen	1 yen	1 yen
Average exercise price	1,259 yen	1,322 yen	—
Fair value at grant date	685 yen	1,143 yen	1,153 yen

3. Method to estimate fair unit price of stock options
The method to estimate fair unit price of stock options granted during the consolidated fiscal year under review is as follows:
(1) Valuation technique used
Black-Scholes model

(2) Principal parameters used and their estimation method

	The Company new share subscription rights (3rd series)
Stock price volatility (Note 1)	40.54%
Average expected life (Note 2)	5.61 years
Expected dividends (Note 3)	25.0 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 averaged 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 corresponding to the average expected life.

4. Method to estimate 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.

Notes to the Consolidated Statement of Operations

1. Net gain per share
Net gain per share in the consolidated fiscal year under review was 141.35 yen.

2. Matters concerning impairment loss
Matters concerning impairment loss of the fixed assets in the current consolidated fiscal year are as follows.
(1) Method of asset grouping by purpose
Whole of the real estate used by the Three Life Insurance Companies for the purpose of insurance sales and related operations is classified as one asset group, while each property in the category of the real estate that are used for other purposes or underutilized is classified into individual asset group on its own.
Each party namely the Company and consolidated subsidiaries other than the Three Life Insurance Companies, has its own asset group each containing the real estate used by respective party for business purpose.
(2) Reason for the recognition of impairment loss
Some real estate for rent and other assets suffered a significant fall in market prices or decline in profitability due to stagnant rents, and as a result their book values were reduced to recoverable amounts where such reduced amounts are recorded as impairment loss under extraordinary losses.
(3) Asset groups that recognized impairment loss and the amount of such impairment loss by type of fixed assets

(Millions of yen)

Use	Location	Type		Total
		Land	Building etc.	
Real estate for rent	11 properties including one in Osaka-shi, Osaka	1,327	668	1,995

(4) Method of calculating recoverable amount
Net sales value is quoted as recoverable amounts.
The net sales value for real estate for rent is calculated based on appraisal value based on the real estate appraisal standard less estimated cost of disposal.

Notes to the Consolidated Statement of Changes in Net Assets

1. Matters concerning class and number of issued shares, and class and number of treasury stock

	Number of shares at the beginning of the current consolidated fiscal year (shares)	Increase in the current consolidated fiscal year (shares)	Decrease in the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Total number of shares issued: Common shares	681,480,000	—	—	681,480,000
Treasury stock: Common shares	9,212,294	7,469,421	48,980	16,632,735

Notes: 1. The increases in the number of treasury stock of common shares are due to the reasons as follows.
Acquisition of treasury stock in accordance with the resolution at the Board of Directors' Meeting on May 15, 2014: 7,461,900 shares
Purchase of fractional shares: 7,521 shares
2. The decreases in the number of treasury stock of common shares are due to the reasons as follows.
Exercise of stock option: 48,800 shares
The Company's sale of fractional shares upon shareholders' request: 180 shares

2. Matters concerning dividends
(1) Dividend payment

	Class of shares	Total dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2014	Common stock	16,806 million yen	25.0 yen	March 31, 2014	June 27, 2014

(2) Of the dividends whose record date is within the consolidated fiscal year under review, and whose effective date is the following consolidated fiscal year

	Class of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2015	Common stock	16,621 million yen	Retained earnings	25.0 yen	March 31, 2015	June 26, 2015

Note: This proposal is scheduled to be voted on June 25, 2014, at the Ordinary General Meeting of Shareholders for approval.

3. Matters concerning new share subscription rights

Category	Breakdown of new share subscription rights	Balance at the end of the consolidated fiscal year under review (Millions of yen)
The Company	New share subscription rights as stock options	746

Significant subsequent events

Not applicable.

The amounts listed in this financial statement are rounded down to the nearest displayed unit.

Non-consolidated Balance Sheet for Fiscal Year 2014

(as of March 31, 2015)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	36,591	Current liabilities	16,549
Cash and deposits	1,148	Lease obligations	3
Securities	14,400	Accounts payable	10,144
Prepaid expenses	17	Accrued expenses	111
Deferred tax assets	61	Income tax payable	6,158
Accounts receivable	20,962	Consumption tax payable	69
Other current assets	0	Deposits received	9
Fixed assets	744,788	Reserve for bonus to directors and audit & supervisory board members	54
Tangible fixed assets	69	Fixed liabilities	1,992
Buildings	58	Lease obligations	5
Machinery and equipment	2	Long-term accounts payable-other	572
Lease assets	9	Deposits received	1,414
Intangible fixed assets	0	Total liabilities	18,542
Investments and other assets	744,719	(Net assets)	
Investments in subsidiaries	742,877	Stockholders' equity	762,091
Long-term loans receivable from subsidiaries	200	Common stock	207,111
Deferred tax assets	149	Capital surplus	539,387
Deposit for rent	1,494	Additional paid-in capital	89,420
Reserve for possible loan losses	(2)	Other capital surplus	449,966
		Retained earnings	34,601
		Other retained earnings	34,601
		Retained earnings brought forward	34,601
		Treasury stock	(19,008)
		New share subscription rights	746
		Total net assets	762,837
Total assets	781,379	Total liabilities and net assets	781,379

Non-consolidated Statement of Operations for Fiscal Year 2014

(from April 1, 2014 to March 31, 2015)

(Millions of yen)

Account	Amount
Operating income	29,719
Dividends on investments in affiliate companies	26,814
Fees and commissions received from affiliate companies	2,904
Interest on loans receivable from affiliate companies	0
Operating expenses	2,649
General and administrative expenses	2,649
Operating profit	27,069
Non-operating income	108
Interest income	0
Interest on securities	7
Gains on expired dividends payable	93
Other income	7
Non-operating expenses	5
Interest expenses	0
Other expenses	5
Ordinary profit	27,172
Extraordinary losses	3
Head office transfer cost	3
Loss on retirement of fixed assets	0
Income before income taxes	27,168
Income taxes-current	156
Income taxes-deferred	4
Total income taxes	161
Net income	27,007

Non-consolidated Statement of Changes in Net Assets for Fiscal Year 2014

(from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Stockholders' equity					
		Capital surplus			Retained earnings	
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2014	207,111	89,420	449,976	539,396	24,400	24,400
Changes in the period						
Dividends					(16,806)	(16,806)
Net income					27,007	27,007
Acquisition of treasury stock						
Disposal of treasury stock			(9)	(9)		
Net changes of items other than stockholders' equity						
Total changes in the period			(9)	(9)	10,200	10,200
Balance as of March 31, 2015	207,111	89,420	449,966	539,387	34,601	34,601

(Millions of yen)

	Stockholders' equity		New share subscription rights	Total net assets
	Treasury stock	Total stockholders' equity		
Balance as of April 1, 2014	(9,049)	761,858	523	762,382
Changes in the period				
Dividends		(16,806)		(16,806)
Net income		27,007		27,007
Acquisition of treasury stock	(10,010)	(10,010)		(10,010)
Disposal of treasury stock	51	41		41
Net changes of items other than stockholders' equity			222	222
Total changes in the period	(9,959)	232	222	454
Balance as of March 31, 2015	(19,008)	762,091	746	762,837

Individual notes to non-consolidated financial statements

Notes to matters concerning important accounting policies

1. Appraisal standard and appraisal method for securities
   Appraisal of subsidiary stocks is stated at cost determined by the moving-average method.
   In addition, securities with market quotations are stated at cost determined by the marked-to-market method (all valuation differences are reported as a component of shareholders' equity while cost of sales/disposal is calculated by moving-average method) based on the market value etc. as at the balance sheet date.

2. Depreciation method for fixed assets
   (1) Tangible fixed assets
   The Japanese declining balance method is adopted for tangible fixed assets (provided, however, that the straight-line method is adopted for buildings, excluding attached facilities).
   The service life ranges of major types of assets are as follows:
   Buildings and attached facilities: 8 to 39 years
   Equipment and furniture: 5 to 15 years
   (2) Intangible fixed assets
   The straight line method is adopted.

3. Posting standard for reserves
   (1)Reserve for possible loan losses
   To provide for possible loan losses, estimated unrecoverable amounts are recorded in consideration of recoverability through historical loan loss ratio for general accounts receivable, or on an individual basis for certain receivable such as doubtful accounts receivable.
   (2)Reserve for bonus to directors and audit & supervisory board members
   To provide for the payment of directors' and audit & supervisory board members' bonuses, the Company has posted an allowance for an estimated amount of bonus payment during the fiscal year under review.

4. Other important fundamental matters for preparation of accounting documents
   (1) Accounting for consumption and other taxes
   Accounts are processed exclusive of national and local consumption taxes.

   (2) Adoption of the consolidated tax payment system
   The consolidated tax payment system is adopted with the Company serving as the consolidated tax-paying parent company.

5. Additional information
   Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc.," normal effective statutory tax rate used for calculating deferred tax assets and deferred tax liabilities (for only those with temporary differences expected to be eliminated on or after April 1, 2015) has been changed from 35.6% in the previous fiscal year, to 33.1% for those expected to be recovered or paid in a period between April 1, 2015 and March 31, 2016, and to 32.3% for those on and after April 1, 2016.
   Following the aforementioned change, income taxes-deferred increased by 19 million yen and net income decreased by 19 million yen, while deferred tax assets decreased by 19 million yen.

Notes to the Non-consolidated Balance Sheet

1. Monetary claims and liabilities toward affiliated companies

Short-term monetary claims	20,963 million yen
Short-term monetary liabilities	8,911 million yen
Long-term monetary claims	200 million yen
Long-term monetary liabilities	1,414 million yen

2. Accumulated depreciation of tangible fixed assets 100 million yen

Notes to the Non-consolidated Statement of Operations

Volume of transactions with affiliated companies

Volume of transactions by operating transaction	
Operating income	29,719 million yen
Operating expenses	72 million yen

Notes to the Non-consolidated Statement of Changes in Net Assets

Class and number of treasury stock shares at the end of the fiscal year under review

Common stock	16,632,735 shares

Notes to deferred tax accounting

1. Breakdown of deferred tax assets by major reason

(Deferred tax assets)	
Losses on valuation of investment in subsidiaries	689 million yen
Long-term accounts payable-other	185 million yen
Share-based compensation expenses	45 million yen
Reserve for bonuses	32 million yen
Others	46 million yen
Subtotal of deferred tax assets	999 million yen
Valuation reserve	(788 million yen)
Total of deferred tax assets	211 million yen

2. Breakdown of major items that caused major differences between the normal effective statutory tax rate and the contribution ratio of corporate and other taxes after the application of the deferred tax accounting, when such discrepancies exist

The effective tax rate stipulated by the law	35.6 %
(Adjustment)	
Non-calculation of proceeds such as received dividend	(35.2 %)
Valuation reserve	(0.3%)
Others	0.5%
The contribution ratio of corporate and other taxes after the application of the deferred tax accounting	0.6%

Notes to transactions with related parties

Not applicable.

Notes on information per share

Net assets per share	1,146.27 yen
Net income per share	40.52 yen

Significant subsequent events

Not applicable.

The amounts listed in this financial statement are rounded down to the nearest displayed unit.

Audit Report of the Accounting Auditor Concerning Consolidated Financial Statements (Copy)

Audit Report of Independent Auditor

May 14, 2015

To the Board of Directors
T&D Holdings, Inc.

Yuji Ozawa
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Tsuyoshi Kabaya
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Masato Takezawa
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Ernst & Young ShinNihon LLC

We have audited the Consolidated Financial Statements, namely the Consolidated Balance Sheet, the Consolidated Statement of Operations, the Consolidated Statement of Changes in Net Assets, and the Individual Notes to Consolidated Financial Statements of T&D Holdings, Inc., for the consolidated fiscal year from April 1, 2014 to March 31, 2015 for the purpose of reporting under the provisions of Article 444, Paragraph 4 of the Japanese Companies Act.

Management's responsibility in respect of Consolidated Financial Statements

The management of T&D Holdings, Inc. is responsible for the preparation and appropriate presentation of the Consolidated Financial Statements in accordance with generally accepted corporate accounting principles in Japan. This includes development and operation of internal control as deemed necessary by the management in ensuring preparation and appropriate presentation of the Consolidated Financial Statements that are free of major material misrepresentations due to fraud or error.

Responsibility of the Accounting Auditor

We as an independent auditor are responsible for expressing our opinion in respect of the Consolidated Financial Statements from an independent standpoint, based on the audit we conducted. Our audit was conducted in accordance with auditing standards which are generally considered fair and appropriate in Japan. The auditing standards require us to develop an audit plan and conduct our audit in accordance with the plan in order to obtain reasonable assurance that the Consolidated Financial Statements are free of major material misrepresentations.

Our audit involves the procedures to obtain audit evidence that verifies if the accurate amounts were duly disclosed in the Consolidated Financial Statements. Audit procedures are selected and applied at our discretion, based on the risk assessment of major material misrepresentations in the Consolidated Financial Statements due to fraud or error. Although expressing our opinion regarding the effectiveness of the internal control does not constitute the purpose of the accounting audit, we review the internal control in respect of the preparation and appropriate presentation of the Consolidated Financial Statements, with the purpose to develop adequate audit procedures depending on the situation when we implement the risk assessment. Our audit also includes the assessment of the presentation of the Consolidated Financial Statements as a whole, including the accounting policies and application methods adopted by the management and evaluation of estimations made by the management.

We believe we have obtained sufficient and appropriate audit evidence that serves as the basis for expression of our opinion.

Audit opinion

In our opinion, the above mentioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position and operating results of the corporate

group consisting of T&D Holdings, Inc. and its consolidated subsidiaries during the period reported in the Consolidated Financial Statements in accordance with generally accepted corporate accounting principles in Japan.

Interest

There are no interests between T&D Holdings, Inc. and Ernst & Young ShinNihon LLC or its engagement partners that should be disclosed pursuant to the provisions of the Certified Public Accountant Law.

Audit Report of the Accounting Auditor (Copy)

Audit Report of the Independent Auditor

May 14, 2015

To the Board of Directors
T&D Holdings, Inc.

Yuji Ozawa
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Tsuyoshi Kabaya
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Masato Takezawa
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Ernst & Young ShinNihon LLC

We have audited the Financial Statements, including the Balance Sheet, the Statement of Operations, and the Statement of Changes in Net Assets, the Individual Notes to Financial Statements, and Supporting Schedules of T&D Holdings, Inc. for the 11th fiscal year from April 1, 2014 to March 31, 2015 for the purpose of reporting under the provisions of Article 436, Paragraph 2, Item 1 of the Japanese Companies Act.

Management's responsibility in respect of Financial Statements, etc.

The management of T&D Holdings, Inc. is responsible for the preparation and appropriate presentation of the Financial Statements and Supporting Schedules in accordance with generally accepted corporate accounting principles in Japan. This includes development and operation of internal control as deemed necessary by the management in ensuring preparation and appropriate presentation of the Financial Statements and Supporting Schedules that are free of major material misrepresentations due to fraud or error.

Responsibility of the Accounting Auditor

We as an independent auditor are responsible for expressing our opinion in respect of the Financial Statements and Supporting Schedules from an independent standpoint, based on the audit we conducted. Our audit was conducted in accordance with auditing standards which are generally considered fair and appropriate in Japan. The auditing standards require us to develop an audit plan and conduct our audit in accordance with the plan in order to obtain reasonable assurance that the Financial Statements and Supporting Schedules are free of major material misrepresentations.

Our audit involves the procedures to obtain audit evidence that verifies if the accurate amounts were duly disclosed in the Financial Statements and Supporting Schedules. Audit procedures are selected and applied at our discretion, based on the risk assessment of major material misrepresentations in the Financial Statements and Supporting Schedules due to fraud or error. Although expressing our opinion regarding the effectiveness of the internal control does not constitute the purpose of the accounting audit, we review the internal control in respect of the preparation and appropriate presentation of the Financial Statements and Supporting Schedules, with the purpose to develop adequate audit procedures depending on the situation when we implement the risk assessment. Our audit also includes the assessment of the presentation of the Financial Statements and Supporting Schedules as a whole, including the accounting policies and application methods adopted by the management and evaluation of estimations made by the management.

We believe we have obtained sufficient and appropriate audit evidence that serves as the basis for expression of our opinion.

Audit opinion

In our opinion, the above mentioned Financial Statements and Supporting Schedules present fairly, in all material respects, the financial position and operating results of T&D Holdings, Inc. during the period reported in the Financial Statements and Supporting Schedules in accordance with generally accepted corporate accounting principles in Japan.

Interest

There are no interests between T&D Holdings, Inc. and Ernst & Young ShinNihon LLC or its engagement partners that should be disclosed pursuant to the provisions of the Certified Public Accountant Law.

Audit Report of the Audit & Supervisory Board Members (Copy)

Audit Report

The Audit & Supervisory Board is pleased to submit our audit report, which is based on the review of the audit reports prepared by each of the Audit & Supervisory Board Members concerning the execution of duties by the Directors of T&D Holdings, Inc. (the "Company") during the 11th fiscal year from April 1, 2014 to March 31, 2015.

1. The Method and Content of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board established the policy and plan of audit, as well as division of duties, among other matters, and received reports from each Audit & Supervisory Board Member regarding the circumstances of audit implementation and audit results. In addition, the Audit & Supervisory Board received reports from the Board of Directors and the Accounting Auditor regarding the execution of their duties, and requested explanations as necessary.

Each Audit & Supervisory Board Member, in compliance with the standards of audit & supervisory board member's audit, which was established by the Audit & Supervisory Board, and attempted to communicate with Directors and others in order to collect information and develop an appropriate audit environment in accordance with the audit policy, the audit plans, and the division of duties. In addition, each of the Audit & Supervisory Board Members attended the meetings of the Board of Directors and other important meetings, received business reports from the Directors and other employees concerning the execution of their duties, and requested explanations as necessary. Each Audit & Supervisory Board Member read important documents concerning decision-making, and investigated the conditions of the business and financial standing at the Company. In addition, each of the Audit & Supervisory Board Members received reports periodically from the Directors and other employees and requested explanations as necessary to monitor and verify the content of the Board of Directors resolution on the conditions concerning the establishment of the system (internal control system) stipulated in the Enforcement Regulations of the Japanese Companies Act, Article 100, Paragraphs 1 and 3, which seeks to ensure that the execution of duties by Directors complies with applicable laws and regulations as well as the Articles of Incorporation, and to ensure appropriateness of business of the joint-stock corporation, and the development and operation of the system of internal control which was established in accordance with the resolution. With regard to subsidiaries, the Audit & Supervisory Board Members read important documents of conferences and attempted to communicate and exchange information with the subsidiaries' directors, audit & supervisory board members, and others, and received from them reports concerning business and financial conditions. Based on the method described above, we reviewed the Business Report and its Supporting Schedules for the fiscal year under review.

We monitored and verified whether the Accounting Auditors maintained independent positions and executed appropriate audits. In addition, we received from the Accounting Auditor a report concerning the execution of their duties and requested explanations as necessity arose. In addition, we received a notice from the Accounting Auditor that the "system to ensure that business duties are appropriately executed" has been developed in accordance with the "standard for quality control of audit" and other documents, and requested explanations from the Accounting Auditor.

Based on the method described above, we reviewed the Financial Statements for the fiscal year (the Balance Sheet, the Statement of Operations, the Statement of Changes in Net Assets, and the Individual Notes to Financial Statements) and Supporting Schedules, as well as Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated

Statement of Operations, the Consolidated Statement of Changes in Net Assets, and the Individual Notes to Consolidated Financial Statements).

2. The Result of Audit

(1) Result of Audit of Business Report and other documents

[1] In our opinion, the Business Report and its Supporting Schedules fairly represent the condition of the Company in compliance with applicable laws and regulations as well as the Articles of Incorporation of the Company.

[2] We have determined that there were no serious occurrences of dishonest or false activity or violations of any laws and regulations or the Company's Articles of Incorporation by any of the Directors in carrying out the duties and responsibilities of their offices, including those regarding subsidiaries.

[3] We have determined that the resolution of the Board of Directors regarding the internal control system is appropriate. In addition, we have determined that there are no matters that should be highlighted as a concern regarding the Directors' execution of duties in relation to the internal control system.

(2) Result of Audit of Financial Statements and Supporting Schedules

In our opinion, the method and result of audit received from the Accounting Auditor, Ernst & Young ShinNihon LLC., are appropriate.

(3) Result of Audit of Consolidated Financial Statements

In our opinion, the method and result of audit received from the Accounting Auditor, Ernst & Young ShinNihon LLC., are appropriate.

May 14, 2015

Akimasa Yokokawa, Full-Time Audit & Supervisory Board Member [Seal]
Takashi Shimoda, Full-Time Audit & Supervisory Board Member [Seal]
Shigekazu Iwai, Audit & Supervisory Board Member [Seal]
Yuichi Ozawa, Audit & Supervisory Board Member [Seal]

The Audit & Supervisory Board
T&D Holdings, Inc.

(Note) Audit & Supervisory Board Members Shigekazu Iwai and Yuichi Ozawa are outside audit & supervisory board members stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Japanese Companies Act.

Reference Materials

1. Summary of financial results of Taiyo Life Insurance Company p. 73

Non-consolidated Balance Sheet for Fiscal Year 2014 (as of March 31, 2015)

Non-consolidated Statement of Operations for Fiscal Year 2014 (from April 1, 2014 to March 31, 2015)

2. Summary of financial results of Daido Life Insurance Company p. 76

Non-consolidated Balance Sheet for Fiscal Year 2014 (as of March 31, 2015)

Non-consolidated Statement of Operations for Fiscal Year 2014 (from April 1, 2014 to March 31, 2015)

3. Summary of financial results of T&D Financial Life Insurance Company p. 79

Non-consolidated Balance Sheet for Fiscal Year 2014 (as of March 31, 2015)

Non-consolidated Statement of Operations for Fiscal Year 2014 (from April 1, 2014 to March 31, 2015)

4. Outline of embedded value p. 82

1. Summary of financial results of Taiyo Life Insurance Company

Non-consolidated Balance Sheet for Fiscal Year 2014

(as of March 31, 2015)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	28,252	Policy reserves	6,279,589
Cash	370	Reserve for outstanding claims	18,204
Deposits	27,882	Policy reserve	6,218,373
Call loans	262,700	Reserve for policyholder dividends	43,012
Monetary claims purchased	96,546	Due to reinsurers	58
Securities	5,192,905	Subordinated bonds	51,100
Government bonds	1,451,427	Other liabilities	141,861
Local government bonds	250,656	Borrowings	47,500
Corporate bonds	917,064	Income taxes payable	912
Stocks	485,366	Accounts payable	7,287
Foreign securities	1,979,219	Accrued expenses	9,774
Other securities	109,170	Unearned revenue	2,768
Loans	1,381,282	Deposits received	662
Policy loans	57,793	Guarantee deposits received	5,001
General loans	1,323,488	Derivatives other than for trading-assets	65,563
Tangible fixed assets	172,754	Lease obligations	898
Land	96,223	Suspense receipt	1,489
Buildings	60,611	Rest of the other liabilities	3
Lease assets	694	Reserve for bonus to directors and audit & supervisory board members	90
Construction in progress	14,992	Reserve for employees' retirement benefits	25,618
Other tangible fixed assets	232	Reserve for price fluctuations	77,367
Intangible fixed assets	12,255	Deferred tax liabilities	77,258
Software	11,689	Deferred tax liabilities on land revaluations	5,598
Lease assets	142	Total liabilities	6,658,543
Other intangible fixed assets	423	(Net assets)	
Due from reinsurers	61	Common stock	62,500
Other assets	72,539	Capital surplus	62,500
Accounts receivable	5,302	Capital reserve	62,500
Prepaid expenses	1,255	Retained earnings	134,537
Accrued income	30,894	Other retained earnings	134,537
Deposit for rent	4,849	Reserve for reduction entry of real estate	552
Initial margins of futures markets	4,844	General reserve	40,000
Derivatives other than for trading-assets	23,099	Retained earnings brought forward	93,985
Suspense payments	1,651	Total stockholders' equity	259,537
Rest of the other assets	642	Net unrealized gains on securities	357,255
Reserve for possible loan losses	(1,396)	Deferred gains on hedging instruments	(13,741)
		Land revaluation	(43,694)
		Total valuation and translation adjustments	299,819
		Total net assets	559,357
Total assets	7,217,901	Total liabilities and net assets	7,217,901

Non-consolidated Statement of Operations for Fiscal Year 2014

(from April 1, 2014 to March 31, 2015)

(Millions of yen)

Account	Amount
Ordinary revenues	1,061,146
Income from insurance premiums	865,232
Insurance premiums	864,995
Reinsurance premiums	236
Investment income	176,370
Interests, dividends and income from real estate for rent	151,768
Interest on deposits	1
Interest and dividends on securities	121,560
Interest on loans	20,289
Rent revenue from real estate	6,596
Other interest and dividends	3,321
Gains on sales of securities	23,857
Foreign exchange gains	466
Reversal of reserve for possible loan losses	52
Other investment income	184
Gains on separate accounts, net	40
Other ordinary income	19,544
Proceeds from contracts of annuity	415
Proceeds from deferred insurance	13,160
Reversal of reserve for outstanding claims	487
Reversal of reserve for employees' retirement benefits	2,838
Other ordinary income	2,642
Ordinary expenses	993,539
Insurance claims and other payments	566,446
Insurance claims	181,360
Annuity payments	189,773
Insurance benefits	80,246
Surrender payments	75,136
Other payments	39,526
Reinsurance premiums	403
Provision for policy and other reserves	281,973
Provision for policy reserve	281,957
Interest portion of reserve for policyholder dividends	16
Investment expenses	31,893
Interest expenses	1,813
Losses on sales of securities	4,948
Devaluation losses on securities	492
Net derivative financial instruments loss	19,511

Account	Amount
Depreciation of real estate for rent	2,285
Other investment expenses	2,843
Operating expenses	77,606
Other ordinary expenses	35,619
Payments for deferred insurance	21,394
Taxes	6,410
Depreciation	5,808
Rest of the other ordinary expenses	2,005
Ordinary profit	67,606
Extraordinary gains	170
Gains on sale of fixed assets	67
Compensation for transfer	102
Extraordinary losses	5,419
Losses on sale, disposal and devaluation of fixed assets	654
Impairment loss	1,995
Provision for reserve for price fluctuations	2,747
Head office transfer cost	22
Provision for reserve for policyholder dividends	18,093
Income before income taxes	44,264
Income taxes-current	12,827
Income taxes-deferred	3,482
Total income taxes	16,309
Net income	27,954

2. Summary of financial results of Daido Life Insurance Company

Non-consolidated Balance Sheet for Fiscal Year 2014

(as of March 31, 2015)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	153,567	Policy reserves	5,125,125
Deposits	153,567	Reserve for outstanding claims	39,953
Call loans	43,700	Policy reserve	5,019,059
Monetary claims purchased	243,380	Reserve for policyholder dividends	66,112
Securities	4,851,499	Due to reinsurers	475
Government bonds	1,449,547	Other liabilities	48,312
Local government bonds	232,541	Income taxes payable	2,701
Corporate bonds	1,221,405	Accounts payable	20,283
Stocks	278,772	Accrued expenses	10,139
Foreign securities	1,578,059	Unearned revenue	849
Other securities	91,174	Deposits received	516
Loans	492,097	Guarantee deposits received	6,115
Policy loans	77,234	Derivatives other than for trading-assets	4,248
General loans	414,862	Lease obligations	626
Tangible fixed assets	127,706	Asset retirement obligations	1,813
Land	77,424	Suspense receipt	1,018
Buildings	45,975	Reserve for bonus to directors and audit & supervisory board members	65
Lease assets	590	Reserve for employees' retirement benefits	17,447
Construction in progress	2,533	Reserve for price fluctuations	77,108
Other tangible fixed assets	1,183	Deferred tax liabilities	29,060
Intangible fixed assets	7,875	Total liabilities	5,297,596
Software	7,062	(Net assets)	
Other intangible fixed assets	813	Common stock	110,000
Due from agencies	637	Capital surplus	35,054
Due from reinsurers	340	Capital reserve	35,054
Other assets	57,607	Retained earnings	243,811
Accounts receivable	23,931	Retained earnings reserve	23,774
Prepaid expenses	1,056	Other retained earnings	220,036
Accrued income	20,813	Reserve for reduction entry of real estate	1,100
Deposit for rent	2,571	General reserve	132,000
Derivatives other than for trading-assets	7,792	Retained earnings brought forward	86,936
Suspense payments	786	Total stockholders' equity	388,865
Rest of the other assets	655	Net unrealized gains on securities	291,513
Reserve for possible loan losses	(436)	Total valuation and translation adjustments	291,513
		Total net assets	680,379
Total assets	5,977,975	Total liabilities and net assets	5,977,975

Non-consolidated Statement of Operations for Fiscal Year 2014

(from April 1, 2014 to March 31, 2015)

(Millions of yen)

Account	Amount
Ordinary revenues	981,052
Income from insurance premiums	792,715
Insurance premiums	791,738
Reinsurance premiums	977
Investment income	169,016
Interests, dividends and income from real estate for rent	130,291
Interest on deposits	1,229
Interest and dividends on securities	110,125
Interest on loans	9,065
Rent revenue from real estate	7,061
Other interest and dividends	2,809
Gain on investments in money held in trust	1
Gains on investments in trading securities, net	20,056
Gains on sales of securities	10,183
Foreign exchange gains	1,099
Reversal of reserve for possible loan losses	155
Other investment income	4,420
Gains on separate accounts, net	2,808
Other ordinary income	19,320
Proceeds from contracts of annuity	13,994
Payments for deferred insurance	1,856
Other ordinary income	3,469
Ordinary expenses	883,588
Insurance claims and other payments	494,272
Insurance claims	149,819
Annuity payments	45,961
Insurance benefits	86,270
Surrender payments	199,756
Other payments	10,619
Reinsurance premiums	1,844
Provision for policy and other reserves	231,264
Provision for reserve for outstanding claims	1,369
Provision for policy reserve	229,805
Interest portion of reserve for policyholder dividends	89
Investment expenses	39,128
Interest expenses	19
Losses on sales of securities	2,006
Devaluation losses on securities	568

Account	Amount
Net derivative financial instruments loss	20,589
Depreciation of real estate for rent	2,891
Other investment expenses	13,053
Operating expenses	99,152
Other ordinary expenses	19,770
Payments for deferred insurance	2,786
Taxes	7,911
Depreciation	3,910
Provision for retirement benefits	3,231
Rest of the other ordinary expenses	1,930
Ordinary profit	97,464
Extraordinary losses	2,653
Losses on sale, disposal and devaluation of fixed assets	365
Provision for reserve for price fluctuations	2,263
Head office transfer cost	24
Provision for reserve for policyholder dividends	14,462
Income before income taxes	80,348
Income taxes-current	28,104
Income taxes-deferred	1,064
Total income taxes	29,168
Net income	51,180

3. Summary of financial results of T&D Financial Life Insurance Company

Non-consolidated Balance Sheet for Fiscal Year 2014

(as of March 31, 2015)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	85,706	Policy reserves	1,301,958
Cash	0	Reserve for outstanding claims	14,503
Deposits	85,706	Policy reserve	1,286,659
Call loans	23,476	Reserve for policyholder dividends	795
Monetary trust	437,622	Due to agencies	1,009
Securities	805,904	Due to reinsurers	20
Government bonds	577,109	Other liabilities	10,400
Local government bonds	101	Income taxes payable	8
Corporate bonds	10,280	Accounts payable	324
Stocks	153	Accrued expenses	1,359
Foreign securities	166	Unearned revenue	0
Other securities	218,092	Deposits received	241
Loans	4,269	Derivatives other than for trading-assets	782
Policy loans	4,267	Cash collateral received for financial instruments	7,290
General loans	2	Suspense receipt	385
Tangible fixed assets	6	Other liabilities	9
Buildings	2	Reserve for employees' retirement benefits	5,320
Lease assets	0	Reserve for price fluctuations	714
Construction in progress	1	Total liabilities	1,319,425
Other tangible fixed assets	3	(Net assets)	
Intangible fixed assets	459	Common stock	56,000
Software	459	Capital surplus	46,000
Other intangible fixed assets	0	Capital reserve	46,000
Due from agencies	4	Retained earnings	(34,605)
Due from reinsurers	3	Other retained earnings	(34,605)
Other assets	20,697	Retained earnings brought forward	(34,605)
Accounts receivable	10,572	Total stockholders' equity	67,394
Prepaid expenses	125	Net unrealized gains on securities	804
Accrued income	982	Total valuation and translation adjustments	804
Deposit for rent	294		
Derivatives other than for trading-assets	8,710		
Suspense payments	5		
Rest of the other assets	5		
Deferred tax assets	9,477		
Reserve for possible loan losses	(3)	Total net assets	68,198
Total assets	1,387,624	Total liabilities and net assets	1,387,624

Non-consolidated Statement of Operations for Fiscal Year 2014

(from April 1, 2014 to March 31, 2015)

(Millions of yen)

Account	Amount
Ordinary revenues	382,110
Income from insurance premiums	297,755
Insurance premiums	297,664
Reinsurance premiums	90
Investment income	46,366
Interests, dividends and income from real estate for rent	7,184
Interest on deposits	69
Interest and dividends on securities	6,968
Interest on loans	143
Other interest and dividends	2
Gains on sales of securities	377
Net derivative financial instruments gain	6,151
Foreign exchange gains	46
Other investment income	0
Gains on separate accounts, net	32,605
Other ordinary income	37,989
Proceeds from contracts of annuity	8,467
Proceeds from deferred insurance	36
Reversal of policy reserve	29,349
Reversal of reserve for employees' retirement benefits	127
Other ordinary income	7
Ordinary expenses	359,653
Insurance claims and other payments	339,700
Insurance claims	23,380
Annuity payments	221,815
Insurance benefits	10,909
Surrender payments	76,296
Other payments	7,146
Reinsurance premiums	152
Provision for policy and other reserves	1,440
Provision for reserve for outstanding claims	1,438
Interest portion of reserve for policyholder dividends	2
Investment expenses	1,814
Interest expenses	2
Loss on investments in money held in trust	1,745
Losses on sales of securities	0
Devaluation losses on securities	4
Provision for reserve for possible loan losses	1

Account	Amount
Other investment expenses	59
Operating expenses	14,422
Other ordinary expenses	2,275
Payments for deferred insurance	108
Taxes	1,906
Depreciation	47
Rest of the other ordinary expenses	212
Ordinary profit	22,457
Extraordinary gains	—
Extraordinary losses	174
Losses on sale of fixed assets	0
Provision for reserve for price fluctuations	139
Head office transfer cost	34
Reversal for reserve for policyholder dividends	0
Income before income taxes	22,282
Income taxes-current	2,411
Income taxes-deferred	5,225
Total income taxes	7,636
Net income	14,645

4. Outline of embedded value

Embedded value (EV) is one of the indicators that evaluate corporate value of a life insurance company, calculated by combining “net asset value derived by adding internal reserves including reserve for price fluctuations and contingency reserve, along with unrealized gains or losses on assets not marked to market, to net assets on the balance sheet” and “present value of the future profits estimated to be derived from the insurance policies currently in force.”

EV of the Group (Billions of yen)

At the end of FY2012	At the end of FY2013	At the end of FY2014
1,664.4	1,970.1	2,298.0