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 6, 2017

To Our Shareholders

T&D Holdings, Inc.
7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan
Tetsuhiro Kida
Representative Director and President

Notice of Convocation of the 13th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 13th 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 4-17), and exercise your voting rights according to the "Announcement on Exercise of Voting Rights" (pages 2-3) by 5:00 p.m. on Tuesday, June 27, 2017 (JST).

1. Date & Time: 10:00 a.m. Wednesday, June 28, 2017 (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 2016 (from April 1, 2016 to March 31, 2017), 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 2016 (from April 1, 2016 to March 31, 2017)

Matters to be resolved:

Proposal No.1: Appropriation of Surplus
Proposal No.2: Election of Eight Directors
Proposal No.3: Election of Two Audit & Supervisory Board Members
Proposal No.4: Election of One Alternate Audit & Supervisory Board Member
Proposal No.5 Revision of the Amounts of Compensation, etc. to Directors

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.

The Company's website	http://www.td-holdings.co.jp/ir/stock/meeting/
English translation	http://www.td-holdings.co.jp/en/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 Internet as mentioned below.)

Date & Time of the Meeting **10:00 a.m. Wednesday, June 28, 2017 (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 (Mitsubishi UFJ Trust and Banking Corporation) of the Company.

Deadline for exercising voting rights **Received by 5:00 p.m. Tuesday, June 27, 2017 (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. Tuesday, June 27, 2017 (JST)**

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

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.

Exercise of voting rights via the Internet

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.

[1] Access the website of the platform for exercising voting rights.

i) Click "Proceed to the next screen."

[2] Log in.

ii) Enter the login ID and temporary password supplied on **the lower right-hand portion of your Voting Rights Exercise Form**.

iii) Click "Log in."

[3] Change the password.

iv) Enter your current password and new password, respectively.

v) Click "Submit."

Afterwards, please follow the on-screen instructions to exercise your voting rights.

(Precautions)

Exercise of voting rights via the Internet

1) 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.
2) You will be provided with a new **login ID** and **temporary password** prior to each general meeting of shareholders.

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.

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 related to the exercise of voting rights via the Internet	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.*

(Attachment)

Reference Materials for the General Meeting of Shareholders

Proposals and references

1. Type of property for dividend

   Cash

Proposal No.1: Appropriation of Surplus

The returns to shareholders for fiscal year 2016 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 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 set at 17.5 yen per share. Since the Company paid 15 yen per share as an interim dividend, annual dividend for fiscal 2016 will amount to 32.5 yen per share.

This amount represents an increase of 2.5 yen per share, relative to the annual dividend of 30.0 yen per share paid in fiscal year 2015.

2. Dividend and its total amount

   17.50 yen per share (common stock) total amount 11,069,698,955 yen

3. Effective date of distribution of surplus

   June 29, 2017

Proposal No.2: Election of Eight Directors

The terms of office of seven of Directors, Kenji Nakagome, Tetsuhiro Kida, Terunori Yokoyama, Haruka Matsuyama, Katsuhide Tanaka, Minoru Kudo and Kazuyoshi Shimada will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of the following eight Directors (five of whom are candidates for reappointment), including an increase of one Outside Director with extensive experience and a wide range of knowledge, is proposed, with a view towards further reinforcing and enhancing our management structure by strengthening the supervisory functions of the Board of Directors.

The candidates for Directors are as follows:

1.	Tetsuhiro Kida (June 19, 1953)		Number of the Company's shares held: 23,700
Reappointment Attendance to the Board of Directors' meetings (fiscal year 2016): All 21 meetings Tenure as Director: 10 years (at the conclusion of this General Meeting of Shareholders)	Personal history, position, responsibilities and significant concurrent positions		
	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	
	(Reasons for selection as a candidate for Director)		
		Mr. Tetsuhiro Kida has operational experience within the Group including human resources, planning and sales. Following service as the Representative Director and President of Daido Life Insurance Company, he is currently serving as its Representative Director and Chairman. In addition, he has previously been in charge of Group Planning at the Company and he currently assumes the office of Representative Director and President. Considering these factors, Mr. Tetsuhiro Kida is proposed as a candidate for a Director, as he is expected to continue to serve his role as a Director in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience regarding the management of insurance holding companies, insurance companies, etc.	

Note: No conflict of interest exists between the Company and Mr. Tetsuhiro Kida.

<table>
<tr><td>2.</td><td colspan="2">Hirohisa Uehara (January 25, 1962)</td><td>Number of the Company's shares held: 14,600</td></tr>
<tr><td rowspan="15">New</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1984</td><td colspan="2">Entered Taiyo Mutual Life Insurance Company</td></tr>
<tr><td>FEB 2005</td><td colspan="2">Director of T&D Asset Management Co., Ltd.</td></tr>
<tr><td>APR 2011</td><td colspan="2">Executive Officer of the Company</td></tr>
<tr><td>APR 2012</td><td colspan="2">Director of T&D Financial Life Insurance Company</td></tr>
<tr><td>APR 2014</td><td colspan="2">Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>JUN 2014</td><td colspan="2">Director and Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2015</td><td colspan="2">Director and Managing Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2016</td><td colspan="2">Director and Senior Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">Director of Taiyo Life Insurance Company (present)</td></tr>
<tr><td>APR 2017</td><td colspan="2">Executive Vice President, Executive Officer of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Executive Vice President, Executive Officer
In charge of Group Planning Department</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Director of Taiyo Life Insurance Company
Director of Daiwa Motor Transportation Co., Ltd.</td></tr>
<tr><td colspan="3">(Reasons for selection as a candidate for Director)</td></tr>
<tr><td></td><td colspan="2">Mr. Hirohisa Uehara has operational experience within the Group including investment and sales. Mr. Hirohisa Uehara is proposed as a candidate for a Director because he can be expected to serve his role as a Director in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to management of insurance holding companies, insurance companies, etc., including his serving as a General Manager of Group Planning Department at the Company.</td></tr>
</table>

Notes:

1. No conflict of interest exists between the Company and Mr. Hirohisa Uehara.
2. Mr. Hirohisa Uehara is scheduled to assume the office of a Director of T&D Financial Life Insurance Company on June 22, 2017.

<table>
<tr><td>3.</td><td colspan="2">Terunori Yokoyama (October 1, 1954)</td><td>Number of the Company's shares held: 14,500</td></tr>
<tr><td rowspan="15">Reappointment

Attendance to the Board of Directors' meetings (fiscal year 2016): All 21 meetings

Tenure as Director: 8 years (at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1977</td><td colspan="2">Entered Taiyo Mutual Life Insurance Company</td></tr>
<tr><td>JUN 2006</td><td colspan="2">Executive Officer of the Company</td></tr>
<tr><td>APR 2007</td><td colspan="2">Managing Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>JUN 2007</td><td colspan="2">Director and Managing Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>JUN 2009</td><td colspan="2">Managing Executive Officer of the Company</td></tr>
<tr><td>JUN 2009</td><td colspan="2">Director and Managing Executive Officer of the Company</td></tr>
<tr><td>APR 2014</td><td colspan="2">Director and Senior Executive Officer of Taiyo Life Insurance Company (present)</td></tr>
<tr><td>APR 2014</td><td colspan="2">Director and Senior Executive Officer of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Director and Senior Executive Officer
In charge of General Affairs Department and Internal Auditing Department</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Director and Senior Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td colspan="3">(Reasons for selection as a candidate for Director)</td></tr>
<tr><td></td><td colspan="2">Mr. Terunori Yokoyama has operational experience within the Group including planning, sales and internal auditing. Mr. Terunori Yokoyama is proposed as a candidate for a Director because he can be expected to continue to serve his role as a Director in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to management of insurance holding companies, insurance companies, etc., including his experience at the Company in General Affairs and Internal Auditing.</td></tr>
</table>

Note: No conflict of interest exists between the Company and Mr. Terunori Yokoyama.

<table>
<tr><td>4.</td><td colspan="2">Haruka Matsuyama (August 22, 1967)
*Ms. Matsuyama uses this name as a matter of duty. Ms. Haruka Kato is her name in the family registers.</td><td>Number of the Company's shares held: 1,600</td></tr>
<tr><td rowspan="11">Reappointment
Outside
Independent

Attendance to the Board of Directors' meetings (fiscal year 2016): 20/21

Tenure as Director: 4 years (at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1995</td><td colspan="2">Assistant Judge to the Tokyo District Court</td></tr>
<tr><td>JUL 2000</td><td colspan="2">Registered as an Attorney</td></tr>
<tr><td>JUN 2013</td><td colspan="2">Director of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Director</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Attorney
Audit & Supervisory Board Member of MITSUI & CO., LTD.
Director of Mitsubishi UFJ Financial Group, Inc.
Director of VITEC HOLDINGS CO., LTD.</td></tr>
<tr><td colspan="3">(Reasons for selection as a candidate for Outside Director)</td></tr>
<tr><td></td><td colspan="2">Ms. Haruka Matsuyama has deep, special knowledge and extensive insight as an attorney at law specialized in corporate legal affairs. Ms. Haruka Matsuyama is proposed as a candidate for an Outside Director because she can be expected to capitalize on this knowledge and experience to continue to serve her role as an Outside Director in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders.
Although Ms. Haruka Matsuyama has not been engaged in corporate management other than as an outside director or outside audit & supervisory board member, the Company believes that she can perform her duties appropriately as an Outside Director for the reasons above.</td></tr>
</table>

Notes:

1. No conflict of interest exists between the Company and Ms. Haruka Matsuyama.
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. 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.

5.	Naoki Ohgo (April 27, 1962)		Number of the Company's shares held: 0
New Outside Independent	Personal history, position, responsibilities and significant concurrent positions		
	APR 1985	Entered McKinsey Japan	
	JUL 1999	Partner of McKinsey Japan	
	JUL 2005	Executive Officer of GE Consumer Finance K.K. (current Shinsei Financial Co., Ltd.)	
	AUG 2008	Representative Director of Root F Co., Ltd. (present)	
	JUN 2014	Director of Orient Corporation (present)	
	(Significant concurrent positions)		
		Representative Director of Root F Co., Ltd. Director of Orient Corporation	
	(Reasons for selection as a candidate for Outside Director)		
		Mr. Naoki Ohgo is currently providing consulting services mainly in the financial field, as Representative Director of Root F Co., Ltd., following his career as a partner (business partner) of a foreign consulting company, and capitalize on his global perspective and extensive insight. Mr. Naoki Ohgo is proposed as a candidate for an Outside Director because he can be expected to capitalize on this knowledge and experience to continue to serve his role as an Outside Director in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders.	

Notes:

1. No conflict of interest exists between the Company and Mr. Naoki Ohgo.
2. Of the above candidates for Directors, Mr. Naoki Ohgo 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 will be registered to the Tokyo Stock Exchange by the Company as an independent director/auditor without potential conflict of interests with general shareholders. In addition, Mr. Naoki Ohgo meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
3. The Company now has an agreement with Mr. Naoki Ohgo that liabilities which may be claimed against him 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 election of Mr. Naoki Ohgo is approved, the Company will enter into the liability limitation agreement with him.

6.	Katsuhide Tanaka (July 20, 1954)		Number of the Company's shares held: 25,290
Reappointment Attendance to the Board of Directors' meetings (fiscal year 2016): All 21 meetings Tenure as Director: 6 years (at the conclusion of this General Meeting of Shareholders)	Personal history, position, responsibilities and significant concurrent positions		
	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	
	(Reasons for selection as a candidate for Director)		
		Mr. Katsuhide Tanaka has operational experience within the Group including contract services and sales. He currently serves as the Representative Director and President of Taiyo Life Insurance Company. Also, he currently assumes the office of Director of the Company. Mr. Katsuhide Tanaka is proposed as a candidate for a Director because he can be expected to continue to serve his role as a Director in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to management of insurance holding companies, insurance companies, etc.	

Note: No conflict of interest exists between the Company and Mr. Katsuhide Tanaka.

<table>
<tr><td>7.</td><td colspan="2">Minoru Kudo (May 18, 1955)</td><td>Number of the Company's shares held: 32,500</td></tr>
<tr><td rowspan="15">Reappointment
Outside
Independent

Attendance to the Board of Directors' meetings (fiscal year 2016): All 21 meetings

Tenure as Director: 2 years (at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1978</td><td colspan="2">Entered Daido Mutual Life Insurance Company</td></tr>
<tr><td>JUN 2005</td><td colspan="2">Director of Daido Life Insurance Company</td></tr>
<tr><td>JUN 2006</td><td colspan="2">Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2008</td><td colspan="2">Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>JUN 2009</td><td colspan="2">Director and Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2011</td><td colspan="2">Director and Senior Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2014</td><td colspan="2">Representative Director and Executive Vice President of Daido Life Insurance Company</td></tr>
<tr><td>APR 2015</td><td colspan="2">President and Representative Director of Daido Life Insurance Company (present)</td></tr>
<tr><td>JUN 2015</td><td colspan="2">Director of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Director</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">President and Representative Director of Daido Life Insurance Company
Corporate Auditor of Ezaki Glico Co., Ltd.</td></tr>
<tr><td colspan="3">(Reasons for selection as a candidate for Director)</td></tr>
<tr><td></td><td colspan="2">Mr. Minoru Kudo has operational experience within the Group including products, sales and planning. He currently serves as the Representative Director and President of Daido Life Insurance Company. In addition, he currently assumes the office of Director of the Company.
Mr. Minoru Kudo is proposed as a candidate for a Director because he can be expected to continue to serve his role as a Director in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to management of insurance holding companies, insurance companies, etc.</td></tr>
</table>

Note: No conflict of interest exists between the Company and Mr. Minoru Kudo.

<table>
<tr><td>8.</td><td colspan="2">Masafumi Itasaka (October 25, 1963)</td><td>Number of the Company's shares held: 2,600</td></tr>
<tr><td rowspan="11">New</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>JUN 2004</td><td colspan="2">Entered Daido Mutual Life Insurance Company</td></tr>
<tr><td>SEP 2007</td><td colspan="2">General Manager of Business Development Department of T&D Financial Life Insurance Company</td></tr>
<tr><td>APR 2011</td><td colspan="2">Executive Officer of T&D Financial Life Insurance Company</td></tr>
<tr><td>APR 2015</td><td colspan="2">Managing Executive Officer of T&D Financial Life Insurance Company</td></tr>
<tr><td>JUN 2015</td><td colspan="2">Director and Managing Executive Officer of T&D Financial Life Insurance Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">Representative Director and President of T&D Financial Life Insurance Company (present)</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Representative Director and President of T&D Financial Life Insurance Company</td></tr>
<tr><td colspan="3">(Reasons for selection as a candidate for Director)</td></tr>
<tr><td></td><td colspan="2">Mr. Masafumi Itasaka has operational experience within the Group including products and sales. He currently assumes the office as Representative Director and President of T&D Financial Life Insurance Company.
Mr. Masafumi Itasaka is proposed as a candidate for a Director because he can be expected to serve his role as a Director in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to management of insurance companies, etc.</td></tr>
</table>

Note: No conflict of interest exists between the Company and Mr. Masafumi Itasaka.

Proposal No.3: Election of Two Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Member, Akimasa Yokokawa and Yuichi Ozawa will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of the following two Audit & Supervisory Board Members (of which, one Audit & Supervisory Board Member is a candidate for reappointment) is proposed.

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

The candidate for an Audit & Supervisory Board Member is as follows:

<table>
<tr><td>1.</td><td colspan="2">Junichi Yanai (March 3, 1961)</td><td>Number of the Company's shares held: 0</td></tr>
<tr><td rowspan="8">New</td><td colspan="3">Personal history, position and significant concurrent positions</td></tr>
<tr><td>APR 1984</td><td colspan="2">Entered Taiyo Mutual Life Insurance Company</td></tr>
<tr><td>OCT 2011</td><td colspan="2">General Manager of Investment Administration Department of Taiyo Life Insurance Company</td></tr>
<tr><td>MAR 2013</td><td colspan="2">General Manager of Investment Planning Department of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2016</td><td colspan="2">General Manager of Financial Loan Department of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">General Manager of General Affairs Department of Taiyo Life Insurance Company</td></tr>
<tr><td colspan="3">(Reasons for selection as a candidate for Audit & Supervisory Board Member)</td></tr>
<tr><td></td><td colspan="2">Mr. Junichi Yanai has operational experience within the Group including investment and planning, as well as wealth of knowledge of finance and accounting. Mr. Junichi Yanai is proposed as a candidate for an Audit & Supervisory Board Member because he can be expected to capitalize on this knowledge and experience relating to management of insurance companies, etc., to serve his role as an Audit & Supervisory Board Member in auditing the execution of duties of Directors.</td></tr>
</table>

Notes:

1. No conflict of interest exists between the Company and Mr. Junichi Yanai.
2. Mr. Junichi Yanai is scheduled to assume the office of an Audit & Supervisory Board Member of Taiyo Life Insurance Company on June 23, 2017.

<table>
<tr><td>2.</td><td colspan="2">Yuichi Ozawa (September 1, 1943)</td><td>Number of the Company's shares held: 13,800</td></tr>
<tr><td rowspan="13">Reappointment
Outside
Independent

Attendance to the Board of Directors' meetings (fiscal year 2016): 20/21

Attendance to the Audit & Supervisory Board meetings (fiscal 2016): 14/15

Tenure as Director: 4 years (at the conclusion of this General Meeting of Shareholders)</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1969</td><td colspan="2">Registered as an Attorney</td></tr>
<tr><td>MAY 1985</td><td colspan="2">Organizer, Commercial Law Subcommittee of the Legislative Council of the Ministry of Justice</td></tr>
<tr><td>APR 1991</td><td colspan="2">Professor of Legal Training and Research Institute, Supreme Court of Japan (Defense of Civil Cases)</td></tr>
<tr><td>JAN 1998</td><td colspan="2">Member of National Bar Examination Committee (Commercial Law)</td></tr>
<tr><td>JUN 2007</td><td colspan="2">Audit & Supervisory Board Member of Taiyo Life Insurance Company</td></tr>
<tr><td>JUN 2013</td><td colspan="2">Audit & Supervisory Board Member of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Audit & Supervisory Board Member</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Attorney</td></tr>
<tr><td colspan="3">(Reasons for selection as a candidate for Outside Director)</td></tr>
<tr><td></td><td colspan="2">Mr. Yuichi Ozawa has deep, special knowledge and extensive insight as an attorney at law. He is proposed as a candidate for an Outside Audit & Supervisory Board Member because he can be expected to capitalize on this knowledge and experience to continue to serve his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of Directors from a perspective of protecting general shareholders.
Although Mr. Yuichi Ozawa has not been engaged in corporate management other than as an outside audit & supervisory board member, the Company believes that he can perform his duties appropriately as an Outside Audit & Supervisory Board Member for the reasons above.</td></tr>
</table>

Notes:

1. No conflict of interest exists between the Company and Mr. Yuichi Ozawa.
2. Of the above candidates for Audit & Supervisory Board Members, Mr. Yuichi Ozawa is a candidate for an Audit & Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item 8 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, Mr. Yuichi Ozawa meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
3. The Company now has an agreement with Ms. Yuichi Ozawa that liabilities which may be claimed against him 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 Mr. Yuichi Ozawa is approved, the Company will continue the liability limitation agreement with him.

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 12th Ordinary General Meeting of Shareholders held on June 28, 2016, 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 (subject to the approval of Proposal 3), 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.

	Masayuki Ezaki (April 22, 1949)	Number of the Company's shares held: 0
	Personal history, position and significant concurrent positions	
	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	
	(Reasons for selection as a candidate for Outside Audit & Supervisory Board Member)	
	Mr. Masayuki Ezaki is proposed as a candidate for an Alternate Outside Audit & Supervisory Board Member because he has deep, special knowledge and extensive insight as an attorney at law, and he can be expected to capitalize on this knowledge and experience to serve his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of Directors from a perspective of protecting general shareholders. Although Mr. Masayuki Ezaki has not been engaged in corporate management other than as an outside audit & supervisory board member, the Company believes that he can perform his duties appropriately for the reasons above if he is appointed as an Outside Audit & Supervisory Board Member of the Company.	

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 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. 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.

(Reference) Policy and procedures for electing Directors

The Company's policy and procedures for electing Directors are as follows.

1. The Board of Directors shall discuss the appointment of candidates for Directors in the Nomination and Compensation Committee, and shall appoint individuals that satisfy, in principle, the following criteria:
   (1) The candidate possesses the knowledge and experience needed to accurately, impartially and efficiently manage business as well as possessing a sufficient degree of public trust.
   (2) In addition to the requirements set forth in (1) above, candidates for Outside Directors must satisfy the independence criteria established by the Company and the Tokyo Stock Exchange, and must be recognized as being free from the risk of any conflicts with the common interests of shareholders.

(Reference) Policy and procedures for electing Audit & Supervisory Board Members

The Company's policy and procedures for electing Audit & Supervisory Board Members are as follows.

1. The Board of Directors shall discuss candidates for Audit & Supervisory Board Members in the Nomination and Compensation Committee. After obtaining the consent of the Audit & Supervisory Board, the Board of Directors shall appoint individuals that satisfy, in principle, the following criteria:
   (1) The candidate possesses the knowledge and experience needed to accurately, impartially and efficiently audit the Directors' performance of duties as well as possessing a sufficient degree of public trust.
   (2) In addition to the requirements set forth in (1) above, candidates for Outside Audit & Supervisory Board Members must satisfy the independence criteria established by the Company and the Tokyo Stock Exchange, and must be recognized as being free from the risk of any conflicts with the common interests of shareholders.

(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 from the Company.
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.5: Revision of the Amounts of Compensation, etc. to Directors

At the 8th Ordinary General Meeting of Shareholders held on June 27, 2012, the amount of compensation, etc. for Directors was approved at ¥500 million or less per annum for Directors (including ¥20 million or less per annum for Outside Directors)

As described in Proposal 2, the Company has decided to enlarge the Board of Directors with an additional one Outside Director, with a view toward further reinforcing and enhancing its management structure by strengthening the supervisory functions of the Board of Directors, etc. Accordingly, it is proposed that the amount of compensation, etc. remains as ¥500 million or less per annum for Directors, and be changed to ¥40 million or less per annum for Outside Directors.

It is also proposed that the amount of compensation, etc. for Directors should remain exclusive of the amount equivalent to the employee salary portion, as payable to the Directors concurrently serving as employees, as have been the case.

Currently eleven Directors (including two Outside Directors) are serving in the Company. This number will change to twelve Directors (including three Outside Directors), subject to the approval and resolution of Proposal No. 2, as proposed.

(Attached Documents)

Business Report for Fiscal Year 2016

(From April 1, 2016 to March 31, 2017)

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 16 subsidiaries and 3 affiliated entities, and operates life insurance business as its core business.

Financial and economic environment

In fiscal 2016, the Japanese economy continued on a mild recovery trend backed by the effects of various economic measures and monetary policies, as seen in firm personal consumption and a high level of corporate earnings amid ongoing improvement in the employment and income environments.

In the life insurance industry, although Third Sector products such as medical and nursing care insurance were strong, there were signs of a restrained selling mainly in yen-denominated single-premium insurance products due to the continuing low interest rate environment. In the asset management environment, domestic stock prices stagnated in the first half of the fiscal year due to increased uncertainty in the overseas situation and economic trends, including a temporary substantial drop in response to the results of the U.K. referendum on leaving the European Union in June 2016. The second half saw an upswing in stock prices due to expectations of expansion in the U.S. economy in response to the results of the U.S. presidential election in November. Short and long-term domestic interest rates fell after the Bank of Japan introduced a negative interest rate policy in January 2016, and interest rates for some of terms of years dropped to negative levels, while super-long-term interest rates also fell significantly. Later, excessive decline in super-long-term interest rates was corrected to a certain extent by the Bank of Japan's decision in September to introduce a measure called Quantitative and Qualitative Monetary Easing with Yield Curve Control.

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

The Group carries out its 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 formulated and worked on a "T&D Life Group medium-term management plan; 'Try & Discover for the Next Stage'—three years of expanding growth sectors— " for the three-year period started in April 2016. The following is our report on the major initiatives carried out by the Company and Three Life Insurance Companies of the Group during fiscal 2016.

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.

The Company serves the role of formulating and executing the management strategies and capital policies of the Group, and adequately allocating management resources. Additionally, the Company promotes the Enterprise Risk Management (ERM) system to accurately identify management risks in the Three Life Insurance Companies and to carry out integrated management of the profit, risk and capital of the Group as a whole on an economic value basis. With this system, the Company strived to ensure its soundness and improve its profitability even amid a challenging business environment in which super long-term interest rates have fallen significantly. The ratings of the Three Life Insurance Companies' insurance claims payment ability remained at a high level, with "AA-" by Rating and Investment Information (R&I), "AA-" by the Japan Credit Rating Agency (JCR), in addition to "A" by Standard & Poor's for Taiyo Life and Daido Life [1].

With regard to capital policies, in order to increase shareholders' profit by improving returns to shareholders and enhancing capital efficiency, the Company paid an interim dividend, and acquired treasury stock in the amount of approximately ¥14.0 billion (roughly 13.52 million shares) from May to June 2016, and approximately ¥5.0 billion (roughly 2.75 million shares) in February 2017.

The Company adopted all 73 principles of the "Corporate Governance Code," which applies to all listed companies, and formulated the "Basic Policy on Corporate Governance," which provides the Company's initiatives to address the major principles of the code. In accordance with this basic policy, the Company will continue its efforts to enhance its corporate governance with a view to achieving the sustainable growth of the Group and increasing its corporate value over the medium- and long-term.
Furthermore, the Company improved the IT and office environments and advanced efforts to innovate work styles and enhance the efficiency of operations through measures such as going paperless.

With the aim of ensuring customer rights and realizing an increase in profit, the Three Life Insurance Companies formulated the "Declaration of Becoming a Customer-Oriented Company" in January 2017 expressing the companies' philosophy and policy on initiatives. Based on this declaration, the Three Life Insurance Companies will strive to provide a best-suited, high-quality products and services to meet customer needs even better than ever by further deepening communication with customers and society.
In addition, with a view to firmly establishing "customer-oriented business conduct," the Group will work to formulate policy on initiatives and further enhance the system to promote them.

The Three Life Insurance Companies, based on their individually unique business models, worked on various measures including enhancement of the product lineup, improvement of customer services, enhancement of the claims management framework, and support for promotion of health. Each of The Three Life Insurance Companies will continue to work toward expanding business and increasing profits, through implementing marketing strategies that capitalize on its own strengths.

(Enhancement of the product lineup)
The Three Life Insurance Companies promoted the enhancement of the product lineup in order to provide the best products to meet a wide range of customer needs. Taiyo Life and Daido Life continued working on mutual supply and sales of products. However, insurance premiums for some products were revised in response to the continuing environment of low interest rates.

Taiyo Life continued to enhance its core product, "Hoken Kumikyoku Best," in order to provide lifelong security to customers through high-quality products and services. "Himawari Ninchisho Chiryo Hoken," the relaxed-selection-type dementia coverage product launched in March 2016, has been well received mainly among senior customers.

Daido Life, in addition to providing death benefits through "individual term insurance," offers "total coverage," combining a death benefit and a benefit for incapacity to work, as part of its efforts to improve coverage for those who become incapable of working, in response to longer

working years of small and medium-sized enterprise owners due in part to the falling birth rate and aging population.

In August 2016, T&D Financial Life launched “non-participating income protection insurance (no surrender value type II) (Product Name: Kakei Ni Yasashii Shunyuhosho)” and “non-participating specified illness income protection insurance (no surrender value type II)(Product Name: Hataraku Anata Ni Yasashii Hoken),” which are available to a wider age range and offer an expanded insurance term and scope of coverage. In February 2017, the company launched “non-participating medical insurance (no surrender value type I) (Product Name:Kakei Ni Yasashii Shushin Iryo),” a simple medical insurance that offers a discounted premium for non-smokers and covers day hospitalization and outpatient surgery.

(Improvement of customer services)
In fiscal 2016, in addition to their current initiatives, the Three Life Insurance Companies advanced efforts in improving customer convenience and satisfaction particularly for senior customers and customers who need support, with the aim of providing even greater convenience to customers.

Taiyo Life advanced activities to support the peace of mind of senior customers, such as visiting customers aged 70 or older once a year or more in order to go over the details of their policies and encourage them to file claims, etc. The company also implemented the company-wide “Universal Manners Test,” in order to practice support based on consideration for customers and appropriate knowledge.

Daido Life continued its efforts to thoroughly confirm the intentions of senior customers to ensure that they fully understand their policies before applying, or check if they have claims that have not been filed for. For customers with disabilities, the company worked to provide careful and attentive services that take into consideration each customer’s individual circumstances.

T&D Financial Life strengthened its efforts to support senior customers from the perspective of improving customer convenience. The company also worked to respond to the needs of customers with disabilities by installing whiteboards and communication boards at its retail counters of the head office so that customers can communicate in writing.

(Enhancement of the claims management framework)
The Three Life Insurance Companies strove to further develop a system for paying claims promptly and precisely to the customers.

Taiyo Life has been providing “Kaketsuke-Tai Service” nationwide since April 2016. This service makes senior customers’ filing for benefits more convenient and worry free by sending expert insurance representatives directly to the homes of customers or their families to help with paperwork.

Daido Life conducted an effort targeting customers older than a predetermined age to confirm the status of cause for payment of insurance claims and benefits in order to ensure that insurance claims and benefits are paid promptly and precisely.

T&D Financial Life implemented a “Policy Check System” for customers of a predetermined age to confirm policy details by phone in order to prevent cases where customers do not file for insurance claims and benefits.

(Support for promotion of health)
Against the backdrop of social conditions in which the population is increasingly aging, promotion of health is becoming more important for the realization of a prosperous and long-lived society. In these circumstances, the Company is working on various measures to support disease prevention and health promotion for customers.

Taiyo Life launched “The Taiyo Genki Project” in June 2016 to advance various measures to help our employees and customers be healthy and to contribute to the health of society. The measures implemented under this project were selected as “Good Practices,” as excellent examples in the

insurance category in fiscal year 2016, based on the "Ministry of Environment: Principles for Financial Action for the 21st Century."

Daido Life launched "Daido Kenco Action" in December 2016 as an initiative to comprehensively support health promotion for small and medium-sized enterprises and the people who work in them throughout Japan.

Taiyo Life and Daido Life were selected as the "2017 Certified Health and Productivity Management Organization (White 500)" based on the Certified Health and Productivity Management Organization Recognition Program established by the Ministry of Economy, Trade and Industry for the purpose of promoting "health and productivity management [2]" under which organizations make efforts to promote employee health.

Main performance during the current fiscal year

Income from insurance premiums decreased by 4.4% year-on-year, to ¥1,505.2 billion, due primarily to the restraining or suspended selling of some of single premium insurance products associated with the declining interest rate. Interests, dividends and income from real estate for rent decreased 4.8% year-on-year, to ¥276.6 billion due primarily to the prolonging low interest rate environment. As a result, ordinary revenues decreased by 2.5% year-on-year, to ¥1,975.7 billion.

On the other hand, ordinary expenses decreased by 1.9% year on year, to ¥1,818.5 billion, due primarily to a decrease in insurance claims and other payments.

As a result, ordinary profit decreased by 8.3% year-on-year, to ¥157.2 billion.

Profit attributable to owners of parent increased by 3.6% year on year, to ¥75.1 billion, due primarily to decrease in total income taxes.

New policy amount for the current fiscal year was ¥6,506.4 billion (10.3% increase year-on-year), due to solid sales of core products at the Three Life Insurance Companies, despite the impact of the restraining or suspended selling of some of single premium products. Policy amount in force as at year-end was record-breaking ¥61,446.2 billion (1.4% increase year-on year).

Annualized premiums of new policies combining individual insurance and individual annuities for this fiscal year was ¥137.0 billion (3.3% increase year-on-year), while annualized premiums of total policies combining individual insurance and individual annuities at the end of this fiscal year, was ¥1,498.4 billion (2.0% increase year-on-year).

Combined total core profit for this fiscal year at the Three Life Insurance Companies increased by 4.5% year-on-year, to ¥159.9 billion. Positive spread decreased by 25.8% year on year, to ¥29.8 billion.

Information on solvency margin ratios, a criterion subject to government supervision, indicating management soundness of an insurance holding company (consolidated) and an insurance company was 1,105.1% (1,155.8% at the end of the previous fiscal year).

Solvency margin ratios of the Group's Three Life Insurance Companies were 848.6% for Taiyo Life Insurance Company (890.6% at the end of the previous fiscal year), 1,252.6% for Daido Life Insurance Company (1,341.9% at the end of the previous fiscal year) and 1,295.6% for T&D Financial Life Insurance Company (1,260.7% 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	FY2015	FY2016 (year under review)
Annualized premiums of new policies (Third Sector products)	1,326 (246)	1,370 (286)
Taiyo Life Insurance Company	395 (115)	360 (134)
Daido Life Insurance Company	784 (130)	937 (151)
T&D Financial Life Insurance Company	146 (0)	72 (0)
Annualized premiums of total policies (Third Sector products)	14,689 (1,791)	14,984 (1,911)
Taiyo Life Insurance Company	6,463 (1,002)	6,365 (1,032)
Daido Life Insurance Company	7,057 (761)	7,478 (853)
T&D Financial Life Insurance Company	1,168 (28)	1,140 (26)
New policy amount	58,993	65,064
Taiyo Life Insurance Company	21,341	20,848
Daido Life Insurance Company	35,289	41,862
T&D Financial Life Insurance Company	2,362	2,354
Policy amount in force as at the end of the year	605,822	614,462
Taiyo Life Insurance Company	219,835	217,411
Daido Life Insurance Company	367,900	378,256
T&D Financial Life Insurance Company	18,087	18,793

Notes:

1. Annualized premiums refer to an amount equivalent to premiums per year, calculated by multiplying the insurance premium paid each time by a coefficient according to the premium payment method (for single premium policies, etc., the amount is calculated by dividing the premium by the insurance period.)
2. Annualized premiums for the Third Sector products recorded above includes health benefits (hospitalization benefits, surgical benefits, etc.), living benefits (critical illness benefits, nursery care benefits, etc.), and a waiver of premium benefits (excluding accident coverage, but including critical illness and nursery care coverage).
3. New policy amount of individual insurance and individual annuities includes net increase from conversions.
4. Figures for individual insurance represent the total of death protection policy amount and living protection policy amount.
5. New policy amount of individual annuities is the amount of annuity resources at the commencement of annuity payment.
6. 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 make gradual recovery, due to firm personal consumption as well as the effect of implemented measures, including a pickup in capital expenditure, backed by an improvement in corporate earnings, and an increase in export due to a mild recovery in the overseas economy amid ongoing improvements in employment and income conditions. On the other hand, there is the concern that growing uncertainties surrounding the overseas economy and trends in capital markets may put downward pressure on the domestic economy.

In the life insurance industry, the business environment is changing due to factors including the further progress of the falling birth rate and the aging population, diversifying customer needs, and a prolonging of the low interest rate environment. The Group needs to work to further improve the quality of our business operations, including the provision of customer-oriented products and services and enhanced asset management.

Under this operational environment, the Group will make efforts toward a constant and sustainable increase in the growth of its corporate value, by further expanding its growth sectors and advancing

its capital policy including the effective use of capital toward achieving the "T&D Insurance Group's medium-term management plan: Try & Discover for the Next Stage—three years of expanding growth sectors—." Specifically, the Group will further strengthen its efforts in the senior market, in response to the growth of the senior population and the diverse lifestyle protection needs of this market. It will also strategically strengthen T&D Financial Life to expand the Group's presence in the independent insurance agent channel, including financial institutions and insurance shop agents, where future growth is also expected. Through these efforts, the Group will strive to steadily grow our embedded value (EV) [3] and profits.

While a revision of the standard life table [4] is currently under consideration, the Three Life Insurance Companies are continuously committed to providing the best products to customers.

(Strategy for the domestic life insurance business)
The Three Life Insurance Companies are committed to achieving the steady and sustainable growth of earnings power by demonstrating their uniqueness and expertise.

Taiyo Life will build a top brand in the senior market by advancing sales on a three-pronged strategy consisting of "strengthening sales," "improving services" and "enhancing products," with a vision of "aiming to be an insurance company that offers the 'best products and services' to families, staying ahead of changes in the times."

Daido Life is striving to make the corporate market and the market for business owners and self-employed persons its core business, in order to solidify its business foundation in the small and medium-sized enterprise market. As part of these efforts, the company will strengthen its fulfillment of seniors' needs for nursing care, inheritance and their business succession.

T&D Financial Life will advance its efforts to "diversify its product lineup," "expand its network of independent insurance agents" and "improve customer services" in order to be the company that is chosen by customers and agents in the independent insurance agent market with growth potential.

The Three Life Insurance Companies will also work to increase asset investment income through the efforts of securing stable investment income over the long term from the perspective of asset liability management (ALM) under enterprise risk management (ERM), and increasing the sophistication of their asset management, including investing in growth fields and diversifying their investment methods.

(Capital policies)
The foundation of the Group's capital policies is to increase its capital efficiency by working to improve profitability through further utilization of ERM, while ensuring capital adequacy. The Group will strive to enhance its returns to shareholders, including payment of dividends, while securing the internal reserves needed for the proper management of the life insurance business.

Through the above efforts, we will steadily and continuously increase our corporate value through efforts aimed at achieving the targets of the Group's medium-term management plan for fiscal year 2017.

We would like to ask all of our shareholders for your continued support.

(Notes) [1] As of March 31, 2017. The ratings represent the opinions of credit rating agencies and do not guarantee any actual payment of insurance claims. These ratings are based on numerical figures and other data as of a certain date and may change in the future. The plus (+) and minus (-) signs following the ratings show relative standings within the major rating categories.

[2] The term "health and productivity management" is a registered trademark of the Workshop for the Management of Health on Company and Employee.

For embedded value (EV) [3] and the standard mortality table [4], please refer to the Glossary (page 51).

(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	FY2013	FY2014	FY2015	FY2016 (year under review)
Ordinary revenues	2,085,734	2,412,165	2,025,925	1,975,784
Ordinary profit	186,224	188,943	171,434	157,227
Profit attributable to owners of parent	78,982	94,215	72,547	75,187
Comprehensive income	117,900	351,230	(84,492)	(69,598)
Net assets	1,020,324	1,344,950	1,214,061	1,096,772
Total assets	13,804,219	14,664,705	14,674,207	14,891,167

Note: Financial results for FY2016 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	FY2013	FY2014	FY2015	FY2016 (year under review)
Operating revenues	21,165	29,719	20,409	52,607
Dividend received	18,181	26,814	16,627	49,204
Insurance operating subsidiaries	18,181	26,814	16,627	49,204
Other subsidiaries	-	-	-	-
Net income	17,363	27,007	16,893	49,562
Net income per share (¥)	25.81	40.52	25.85	77.66
Total assets	789,408	781,379	793,185	768,697
Stocks, etc. of insurance operating subsidiaries	731,927	732,227	732,227	732,227
Stocks, etc. of other subsidiaries	10,649	10,649	10,649	10,649

(3) Principal offices of the corporate group (as of March 31, 2017)

The Company

Name of office	Address	Date of establishment
Head office	7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan	January 1, 2016

Subsidiaries

Company name	Name of office	Address	Date of establishment
Taiyo Life Insurance Company	Head office	7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan	January 1, 2016
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	1-1 Shibaura 1-chome, Minato-ku, Tokyo, Japan	May 2, 2016

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 FY2015	At the end of FY2016	Change during FY2016	At the end of the current fiscal year		
				Average age	Average service years	Average monthly salary
T&D Holdings, Inc.	93	95	2	44.5 years	20.9 years	¥562,000

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 2017 (including overtime payment), excluding bonus payment.

Employees of the consolidated companies

Divisions	At the end of FY2015	At the end of FY2016	Change during FY2016
Insurance and insurance-related businesses	18,423	18,573	150
Investment-related businesses	466	441	(25)
Administration-related businesses	790	802	12
Total	19,679	19,816	137

(5) The Group's main source of debt

Not applicable

(6) Financing of the corporate group

(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 24, 2016	August 24, 2016	1,500
June 23, 2016	September 21, 2016	1,500
August 24, 2016	November 24, 2016	1,500
September 21, 2016	December 21, 2016	1,500
November 24, 2016	February 21, 2017	1,500
December 21, 2016	March 22, 2017	1,500
February 21, 2017	May 24, 2017	1,500
March 22, 2017	June 22, 2017	1,500
Total amount issued in FY2016 (Balance at the end of FY2016)		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	26,223
Investment-related businesses	104
Administration-related businesses	496
Total	26,825

B. New construction of material equipment, etc.

Not applicable

(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	Chuo-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	
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)	
Thuriya Ace Technology Co., Ltd.	Yangon, Myanmar	IT for insurance companies, IT systems and software solutions design, and development services	February 1, 2017	MMK 1,220 million	49.0 (49.0)	
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)	

Company name	Location	Main operations	Date of incorporation	Capital (Millions of yen, except where otherwise noted)	The Company's share of voting right (%)	Remarks
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)	

Notes:

1. The Company's material consolidated subsidiaries and affiliated entities accounted for under the equity method are listed above.
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 16 subsidiaries and 3 affiliated entities, where the consolidated ordinary revenues and profit attributable to owners of parent of the Group including the Company for fiscal year 2016 were ¥1,975.7 billion and ¥75.1 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, 2017)

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
Kenji Nakagome	Representative Director and Chairman	Director, Taiyo Life Insurance Company	
Tetsuhiro Kida	Representative Director and President	Representative Director and Chairman, 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.
Sonosuke Usui	Director and Executive Vice President, Executive Officer (in charge of Group Planning Department and Business Development Department)	Director, Daido Life Insurance Company Director, T&D Financial Life Insurance Company Director, T&D Asset Management Co., Ltd.	
Terunori Yokoyama	Director and Senior Managing Executive Officer (in charge of General Affairs Department and Internal 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 Senior 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.
Chikahiro Tsuboi	Director and Managing Executive Officer (in charge of Group Finance & Accounting Department and Public Relations Department)	Director of T&D Financial Life Insurance Company Director of T&D Asset Management Co., Ltd.	
Ryuji Hori	Director (Outside Officer)	Audit & Supervisory Board Member, Tokuyama Corporation Director, Riskmonster.com Director, HANWA CO., LTD.	
Haruka Kato	Director (Outside Officer)	Attorney Audit & Supervisory Board Member, MITSUI & CO., LTD. Director, Mitsubishi UFJ Financial Group, Inc. Director, VITEC HOLDINGS CO., LTD.	

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
Katsuhide Tanaka	Director	Representative Director and President, Taiyo Life Insurance Company	
Minoru Kudo	Director	Representative Director and President, Daido Life Insurance Company Corporate Auditor, EZAKI GLICO CO., LTD.	
Kazuyoshi Shimada	Director	Representative Director and President, 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	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	As an attorney familiar with corporate legal affairs, he has considerable expertise in finance and accounting.

Notes:

1. Apart from the above, change in executives as of April 1, 2017 is as follows.
   Director and Senior Managing Executive Officer — Chikahiro Tsuboi
2. Executive officers (excluding directors concurrently serving as executive officers) as of March 31, 2017 are as follows;

Name	Positions/Responsibilities
Masahiro Ueda	Senior Executive Officer (vice in charge of Risk Management Department and Internal Auditing Department) (Retired due to the expiration of his term of office at March 31, 2017)
Yoshihisa Tanaka	Executive Officer, General Manager of Group Planning Department
Hotaka Nagai	Executive Officer, General Manager of Group Finance & Accounting Department (Retired due to the expiration of his term of office at March 31, 2017)
Tomoyasu Isobe	Executive Officer, General Manager of Business Development Department

3. Apart from the above, change in executive officers (excluding directors concurrently serving as executive officers) as of April 1, 2017 is as follows;

Executive Vice President	Hirohisa Uehara
Senior Managing Executive Officer	Mutsurou Kitahara
Managing Executive Officer	Mitsuhiro Nagata

4. Messrs. Ryuji Hori, Shigekazu Iwai and Yuichi Ozawa and Ms. Haruka Kato have been registered with the Tokyo Stock Exchange as independent directors/auditors without potential conflict of interests with general shareholders.
5. Ms. Haruka Kato's maiden name was Haruka Matsuyama.

(2) Executive compensation, etc.

(Millions of yen)

Categories	Number of persons paid	Compensation, etc. (Amount not Compensation as such)
Directors	12	328 (127)
Audit & Supervisory Board Members	4	74 (-)
Total	16	403 (127)

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 who retired as of the conclusion of the 12th Ordinary General Meeting of Shareholders held on June 28, 2016. 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 ¥64 million for Directors, and compensation, etc. in the form of new share subscription rights as stock compensation-type stock options of ¥62 million.
4. Policy on the amount and the calculation method of executive compensation, etc.
   Compensation, etc. to Directors (excluding part-time Directors which include Outside Directors) comprises of monthly compensation, bonus and stock compensation-type stock options. Compensation, etc. to part-time Directors which include 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.
   In January 2015, the Company established non-statutory Nomination and Compensation Committee as an advisory body 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. The amount of monthly compensation and bonus of each Director is deliberated on by the Nomination and Compensation Committee and then determined in accordance with the evaluation criteria established by the Board of Directors after individual evaluations are conducted 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 part-time Directors which include 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. Additionally, Directors (excluding part-time Directors which include 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) 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 Kato	Same as above
Shigekazu Iwai	Same as above
Yuichi Ozawa	Same as above

Notes:
1. The Company stipulates in its Articles of Incorporation a provision for liability limitation agreements with Outside Directors and Outside Audit & Supervisory Board Members. The above is an outline of the liability limitation agreements the Company has entered into with all Outside Directors and Outside Audit & Supervisory Board Members, in accordance with the Articles of Incorporation.
2. Ms. Haruka Kato's maiden name was Haruka Matsuyama.

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 Kato	MITSUI & CO., LTD.	Outside Audit & Supervisory Board Member
	Mitsubishi UFJ Financial Group, Inc.	Outside Director
	VITEC HOLDINGS CO., LTD.	Outside Director
Shigekazu Iwai	―	
Yuichi Ozawa	―	

Notes:
1. The Company has neither major transactions nor other type of relationship with Tokuyama Corporation, Riskmonster.com, HANWA CO., LTD., MITSUI & CO., LTD., Mitsubishi UFJ Financial Group, Inc. or VITEC HOLDINGS CO., LTD.
2. Ms. Haruka Kato's maiden name was Haruka Matsuyama.

(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	4 years 9 months (assumed office in June 2012)	Board of Directors' Meeting: attended all 21 meetings	At the Board of Directors' Meetings, he has presented his views as necessary from a professional perspective developed through his experience in enterprise management, as well as his expertise cultivated as a university professor with experience in corporate law. Additionally, as chair of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, he has presented valuable opinions as to selection of corporate officers of the Company and its main subsidiaries, their compensation, etc.

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
Haruka Kato	3 year 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended 20 of 21 meetings	At the Board of Directors' Meetings, she has presented her views as an attorney as necessary mainly from a professional perspective of corporate legal affairs. Additionally, as a member of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, she has presented valuable opinions as to selection of corporate officers of the Company and its main subsidiaries, their compensation, etc.
Shigekazu Iwai	4 years 9 months (assumed office in June 2012)	Board of Directors' Meeting: attended all 21 meetings Audit & Supervisory Board Meeting: attended all 15 meetings	At the Board of Directors' Meetings and Audit & Supervisory Board Meetings, he has presented his views as an attorney as necessary mainly from a professional perspective of corporate legal affairs.
Yuichi Ozawa	3 year 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended 20 of 21 meetings Audit & Supervisory Board Meeting: attended 14 of 15 meetings	At the Board of Directors' Meetings and Audit & Supervisory Board Meetings, he has presented his views as an attorney as necessary mainly from a professional perspective of corporate legal affairs.

Note: Ms. Haruka Kato's maiden name was Haruka Matsuyama.

(Other activities)

In addition to the above, each Outside Director and each Audit & Supervisory Board Member carries out other activities, including regular exchanges of views with the Representative Directors, regular exchanges of views with the Accounting Auditor, regular exchanges of views with the heads of the departments under their supervision, and regular exchanges of views with the directors and executive officers of major subsidiaries, and regular visits to the business locations of major subsidiaries.

(3) 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	¥38 (-) million	¥0 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.

(4) 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, 2017) 239,417

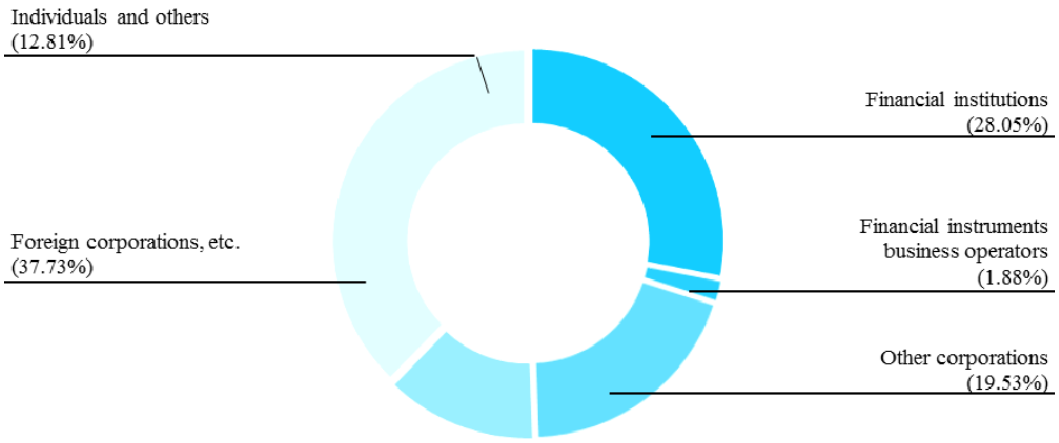
(3) Major shareholders

Name	Status of equity participation	
	Shares held (Thousand shares)	Percentage of ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	35,346	5.19
The Master Trust Bank of Japan Ltd. (Trust Account)	33,170	4.87
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,487	2.27
Japan Trustee Services Bank, Ltd. (Trust Account 5)	13,214	1.94
Japan Trustee Services Bank, Ltd. (Trust Account 1)	9,731	1.43
Japan Trustee Services Bank, Ltd. (Trust Account 2)	9,694	1.42
Japan Trustee Services Bank, Ltd. (Trust Account 7)	9,194	1.35
GOLDMAN, SACHS & CO. REG	8,979	1.32
STATE STREET BANK WEST CLIENT — TREATY 505234	8,822	1.29
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	8,601	1.26

Note: Apart from the above, there are treasury shares of 48,925 thousand (7.18%) owned by the Company.

<Reference>

● Distribution of share ownership by shareholder type



5. 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 Directors /Auditors)	T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012) ・Total number of new share subscription rights issued: 524 ・Class and number underlying the new share subscription rights: 52,400 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)	3
	T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013) ・Total number of new share subscription rights issued: 299 ・Class and number underlying the new share subscription rights: 29,900 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)	3
	T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014) ・Total number of new share subscription rights issued: 331 ・Class and number underlying the new share subscription rights: 33,100 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)	4
	T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015) ・Total number of new share subscription rights issued: 278 ・Class and number underlying the new share subscription rights: 27,800 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥170,800 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 4, 2015 to August 3, 2045 ・Conditions for exercise of new share subscription rights: (Note 1)	5

	T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016) ・Total number of new share subscription rights issued: 681 ・Class and number underlying the new share subscription rights: 68,100 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥91,800 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, 2016 to August 1, 2046 ・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): 1
   T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 2
   T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 3
   T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 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
   T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 3
   T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 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): 428 (42,800 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 458 (45,800 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 359 (35,900 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 759 (75,900 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)	T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016) ・Total number of new share subscription rights issued: 164 ・Class and number underlying the new share subscription rights: 16,400 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥91,800 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, 2016 to August 1, 2046 ・Conditions for exercise of new share subscription rights: (Note 1)	4
Officers and employees (Executive Officers) of subsidiaries, etc.	T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016) ・Total number of new share subscription rights issued: 2,144 ・Class and number underlying the new share subscription rights: 214,400 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥91,800 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, 2016 to August 1, 2046 ・Conditions for exercise of new share subscription rights: (Note 1)	41

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 809 new share subscription rights that were issued to the Directors or Executive Officers 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.

6. Matters regarding the Accounting Auditor

(1) Accounting Auditor

Name of the audit corporation	Remuneration for the fiscal year under review	Others
Ernst & Young ShinNihon LLC Designated partner Yuji Ozawa Designated partner Tsuyoshi Kabaya Designated partner Masato Takezawa	¥188 million	i) Reason for consent to remuneration by Audit & Supervisory Board under Article 399, Paragraph 1 of the Japanese Companies Act • The Audit & Supervisory Board checked and deliberated on the status of execution of the previous fiscal year's audit, the audit plan for the current fiscal year, the basis for calculation of remuneration estimates, etc., after receiving necessary materials and reports from the Board of Directors, relevant internal departments and the Accounting Auditor. As a result, it consented to the remuneration of the Accounting Auditor. ii) Non-audit related duties Not applicable iii) Matters relating to orders to suspend business received by the audit corporation stated on the left within past two years a. Details of the orders: • Suspension of business relating to execution of new agreements (Three months: January 1, 2016 through March 31, 2016) • Order to improve business (Improvement of the operation control structure) • Order to pay surcharge (Amount of surcharge to be paid: ¥2,111 million) b. Reasons for the orders: • In auditing of the financial statements of another company, a certified public accountant of the said audit corporation failed to exercise due care and certified the company's financial statements as not containing material misstatements when in fact they did. • The management of the said audit corporation was found to be grossly inappropriate.

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 ¥409 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

The 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, the Audit & Supervisory Board holistically assesses the capability, organization and structure, audit quality, independence and other characteristics of the Accounting Auditor in accordance with the assessment criterial for an accounting auditor defined by the Audit & Supervisory Board. Based on this assessment, the Audit & Supervisory Board shall implement the procedure of presenting to a 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

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

Not applicable

8. Structures to ensure adequacy of business operations

8-1 Outline of resolutions

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 by the Board of Directors. The details of the current resolutions 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) In order to increase profitability in a steady manner, while grasping the risk status of the Group and ensuring sound management, the Company shall develop an ERM (Enterprise Risk Management) system for the integrated management of profit, risk and capital.
2) The Company defines a basic concept of the Group's risk management, and establishes the Group-wide risk management structure to ensure sound and appropriate management for the future.
3) 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.
4) 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 in an appropriate manner 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 Group's basic policy on internal auditing and 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 Group's 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.

8-2 Overview of status of operation

A summary of the operational status of the structure to ensure adequacy of operations is as follows.

(1) Internal control system in general

- The Company decided to develop the internal control system by resolution of the Board of Directors, and is working to improve and strengthen its internal control system through monitoring on an ongoing basis.
- Monitoring of the development and operational status of the internal control system is conducted twice each year to verify that structures are developed in accordance with the resolutions of the Board of Directors, and that business operations are adequately performed. The Company reported to the Executive Committee regarding challenges to be addressed and the status of improvements for strengthening the system, etc., as well as the monitoring results, which was evaluated as appropriate by the Board of Directors. The Board also reviewed the resolution and made a resolution for amendments.

(2) Initiatives regarding compliance with laws and regulations

- The Company conducted divisional training sessions and educational training sessions for managers in charge of compliance and for educational staff group for training regarding the Group's basic policy and reference regarding compliance to raise compliance awareness, and worked on its promotion.
- The Company formulated a compliance program for promoting compliance on an ongoing basis. The progress of the program is checked in detail bi-annually at the Group companies by the Company's departments associated with compliance, with follow up as appropriate, and monitoring results were reported to both the Group Compliance Committee and the Board of Directors.

(3) Initiatives to ensure efficiency

- In order to ensure prompt decision-making and adequate monitoring, the Board of Directors meets on a monthly basis, with a total of 21 meetings held in fiscal year 2016.
- The Company defines matters to be resolved by, and to be reported to the Board of Directors, as well as the division of duties and administrative authorities in overall organization. Directors and Executive Officers execute their duties based on the defined division of duties and administrative authorities.
- Rules for the adequate formulation and operation of the Group's management plan were developed, and monitoring was conducted on a quarterly basis regarding the progress and results of the Group's medium-term management plan based on such rules. The monitoring results were reported to the Board of Directors.

(4) Initiatives regarding storage and management of information

- The Company adequately stores and manages information related to the execution of duties by Directors and Executive Officers, such as materials and minutes of the meetings of the Board of Directors and the Executive Committee, based on the rules for managing documents.
- In order to appropriately manage information assets within the Group, the Company has formulated various policies and rules including the "Group Information Security Policy," and developed a system for clarifying information security management, handling customer, personnel and shareholder information, as well as protecting information

assets from leakage, alteration, accident or failure, based on these rules and policies.

- The Company has formulated the "Rules for Cyber Security Measures" in order to protect computer systems from external cyber attacks including those involving computer viruses, while also conducting various training sessions and emergency response drills in an effort to strengthen the cyber security framework within the Group.

(5) Initiatives regarding enterprise risk management (ERM)

- The Company has formulated the "Group ERM Basic Policy," etc., to continuously and sustainably increase the Group's corporate value, and established the ERM framework for integrally managing the Group's profit, risk and capital on an economic value basis.

- To promote the Group's ERM, the Company formed the Group ERM Committee, which conducted an analysis and evaluation of the status of profit, risk and capital of the Group as a whole, and reported the results to the Executive Committee and the Board of Directors.

- The Company has also formulated the "Group Risk Management Basic Policy," which classifies and defines the risks associated with management according to the type of business operations, financial conditions, and characteristics of each Group company, and established policies for managing each category of risk as well as the Group's risk management system.

- For the purpose of coordinating risk management throughout the Group, the Company formed the Group Risk Management Committee. It conducted quantitative evaluation based on the unified risk indicators and analysis/evaluation on the status of various risks, and reported the results to the Executive Committee and the Board of Directors.

(6) Initiatives to ensure the adequacy of the business operation of the Group

- The Company has entered into a Business Management Agreement with its directly invested subsidiaries ("direct subsidiaries") that clarifies the basic policy to be standardized with across the Group, and requests for such subsidiaries to seek the approval of, and report to, the Company on decision-making, etc., regarding important matters, in order to secure adequate business management.

- Based on the above-mentioned agreement, the Company provides guidance and advice, as appropriate to its direct subsidiaries to improve and reinforce the internal control system within the Group.

(7) Initiatives for internal control over financial reporting

- In accordance with the basic policy for developing the internal control over the Group's financial reporting and evaluating the status of asset management, the Company formulates a plan annually for internal control associated with financial reporting within the Group. It appropriately implemented an evaluation regarding the effectiveness of internal control, including the framework for the preparation of financial reports, and reported the results, together with the status of control over the material processes of financial reporting, to the Board of Directors. In addition, the Company submitted the Internal Control Report stating the results of said evaluation, along with the securities report.

(8) Initiatives concerning internal audit

- The Company has formulated the "Basic Policy on the Group's Internal Audit" to ensure the effectiveness and efficiency of internal auditing within the Group. Under this policy, the Company has also formulated the "Internal Audit Rules," which define basic matters related to internal audit, including the definition/purposes of the internal audit, its organizational independency, authority/responsibilities, and implementation/reporting

framework.

- The Internal Auditing Department, which is independent from the business execution departments, conducts monitoring of all departments of the Company as well as the internal auditing departments of its direct subsidiaries, based on the annual internal audit plan resolved by the Board of Directors, while verifying and evaluating the adequacy and effectiveness of the internal control system within the Group, and reports the results to the Board of Directors.

(9) Initiatives to ensure the effectiveness of audits by Audit & Supervisory Board Members

- The Company has established the Audit & Supervisory Board Member's Office, which is independent from the chain of command of the Directors, and assigns staff who assists the Audit & Supervisory Board Members in performing their duties.

- The Company ensures opportunities for Audit & Supervisory Board Members to attend the Executive Committee and other key meetings, in addition to the Board of Directors' meetings to receive reports from Directors and Executive Officers, etc., on the execution of their duties, and to voice their opinions.

- The Company has developed rules regarding reporting to the Audit & Supervisory Board Members so that Directors, Executive Officers and employees may report to the Audit & Supervisory Board Members regarding the status of execution of business, etc. They also report, without delay and as necessary, regarding the matters for which an explanation is required by the Audit & Supervisory Board Members.

- Regular meetings were arranged between Audit & Supervisory Board Members and the Representative Director and President in order to exchange opinions on matters to be addressed by the Company, important audit agenda, development of the framework for Audit & Supervisory Board Members' audits.

- The Internal Audit Department and departments associated with compliance, etc. regularly organized liaison meetings, to ensure effective audits by the Audit & Supervisory Board Members. They reported on the matters requested by the Audit & Supervisory Board Members and exchanged opinions regarding the issues to be addressed, etc., during the meetings.

9. Matters concerning specific wholly owned subsidiaries

Name	Address	Total book value	Total asset of the Company
Taiyo Life Insurance Company	7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan	¥275,240 million	¥768,697 million
Daido Life Insurance Company	2-1 Edobori 1-chome, Nishi-ku, Osaka, Osaka-fu, Japan	¥363,053 million	

10. Matters concerning transactions with the parent company, etc.

Not applicable

11. Matters concerning Accounting Advisors

Not applicable

12. Other matters

Not applicable

[Reference]

1. Governance Structure

(Establishment of the Basic Policy on Corporate Governance)
The Company's basic approach to corporate governance is to create efficient and transparent management systems to facilitate flexible and cohesive Group operations, and the Company has endeavored to enhance corporate governance.

In such circumstances, all listed companies became subject to the "Corporate Governance Code" in 2015. In respect for the spirit of this code, the Company has adopted all of its principles, and has formulated the "Basic Policy on Corporate Governance," which provides the Company's initiatives to addresses the major principles, etc. of the code.

(Basic approach)
The Company is working to achieve sustainable growth and increase corporate value over the medium- and long-term by continuously enhancing corporate governance, as follows.

1. The Company shall respect the rights of shareholders and strive to develop a conducive environment for shareholders to appropriately exercise those rights. Efforts shall also be made to ensure the effective equality of all shareholders.

2. The Company shall strive to foster a sound corporate culture and climate by appropriately collaborating with a variety of stakeholders, including customers, shareholders, employees, insurance agents, business partners and local communities.

3. The Company shall strive to increase the transparency of management through appropriate and timely disclosure of corporate information, including financial information and non-financial information regarding management strategies, management challenges and other matters.

4. The Company shall strive to ensure the effectiveness of the Board of Directors' supervising function over the execution of business as the holding company responsible for the business execution management function of each Group company.

5. The Company shall engage in constructive dialogue with stakeholders in order to contribute to sustained growth and the enhancement of corporate value over the medium and long term.

(Promoting group management)
As a holding company, the Company serves the role of determining the Group's strategies, adequately allocating the Group's management resources, establishing capital policies, etc., and works to build the management control structure of the Group, including accurately identifying management risks in the five companies comprising the Three Life Insurance Companies, T&D Asset Management Co., Ltd. and Pet & Family Small-amount Short-term Insurance Company (collectively, the "direct subsidiaries"), and thoroughly managing the profits and risks of the Group as a whole.

Meanwhile, the direct subsidiaries, each with its own management strategy, work to take maximum advantage of its unique characteristics and specializations to increase the Group's corporate value by setting marketing strategies and operating their businesses in a way that capitalizes on their strengths.

In this way, the Group advances group management, with roles and authority clearly delimited between the Company and its direct subsidiaries.

(Corporate governance system)
The Company makes decisions on important business matters and oversees the execution of business through its Board of Directors. The Company, as a "Company with Audit & Supervisory Board," audits the performance of Directors' duties through its Audit & Supervisory Board and Audit & Supervisory Board Members, which are independent of the Board of Directors.

Moreover, the Company has introduced an executive officer system for the purpose of bolstering its business execution capabilities. By sharply delineating responsibilities for oversight and execution, the Company strengthens the governance function of the Board of Directors.

Furthermore, the Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment and compensation of directors and audit & supervisory board members, among other related issues, as well as for ensuring the transparency of management and enhancing accountability.

(Roles and responsibilities of the Board of Directors)
The Board of Directors of the Company makes decisions on important business matters and oversee the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules.

Moreover, the Board of Directors of the Company entrusts all authority related to the execution of business other than the aforementioned matters to the Representative Director and President. Further, the Representative Director and President entrusts authority related to the execution of relevant business to the Executive Officers in charge of such business, thereby separating supervisory functions from operational functions and advancing prompt decision-making related to the execution of business.

(Composition of the Board of Directors)
The number of Directors is no more than 12 as stipulated by the Articles of Incorporation. The Board of Directors is made up of individuals representing a balance of knowledge, experience and skills, and having diverse backgrounds as befitting the expansive range of business domains in the life insurance business.

Moreover, the Company appoints two or more Directors who concurrently serve at the Company and its direct subsidiaries, including the presidents of the Three Life Insurance Companies. This is done from the standpoint of facilitating adequate communication and rapid decision-making within the Group, along with bolstering Group-wide governance.

Furthermore, the Company appoints two or more Outside Directors to appropriately reflect the opinions of individuals with extensive experience and knowledge in their capacity as outside corporate managers, legal experts and so forth in the Group's management policies and development of internal controls and other systems as well as in the oversight of the execution of business.

(Assessment of effectiveness of the Board of Directors)
In fiscal year 2016, the Board of Directors of the Company conducted analysis and assessment on the effectiveness of the Board of Directors as a whole, based on the self-assessment and interviews, etc., from Directors and Audit & Supervisory Board Members.

The main items of the self-assessment questionnaire are as follows.

(1) Function of the Board of Directors
(2) Composition of the Board of Directors
(3) Operation of the Board of Directors
(4) Provision of information to Outside Directors/Auditors
(5) Trainings
(6) Overall assessment

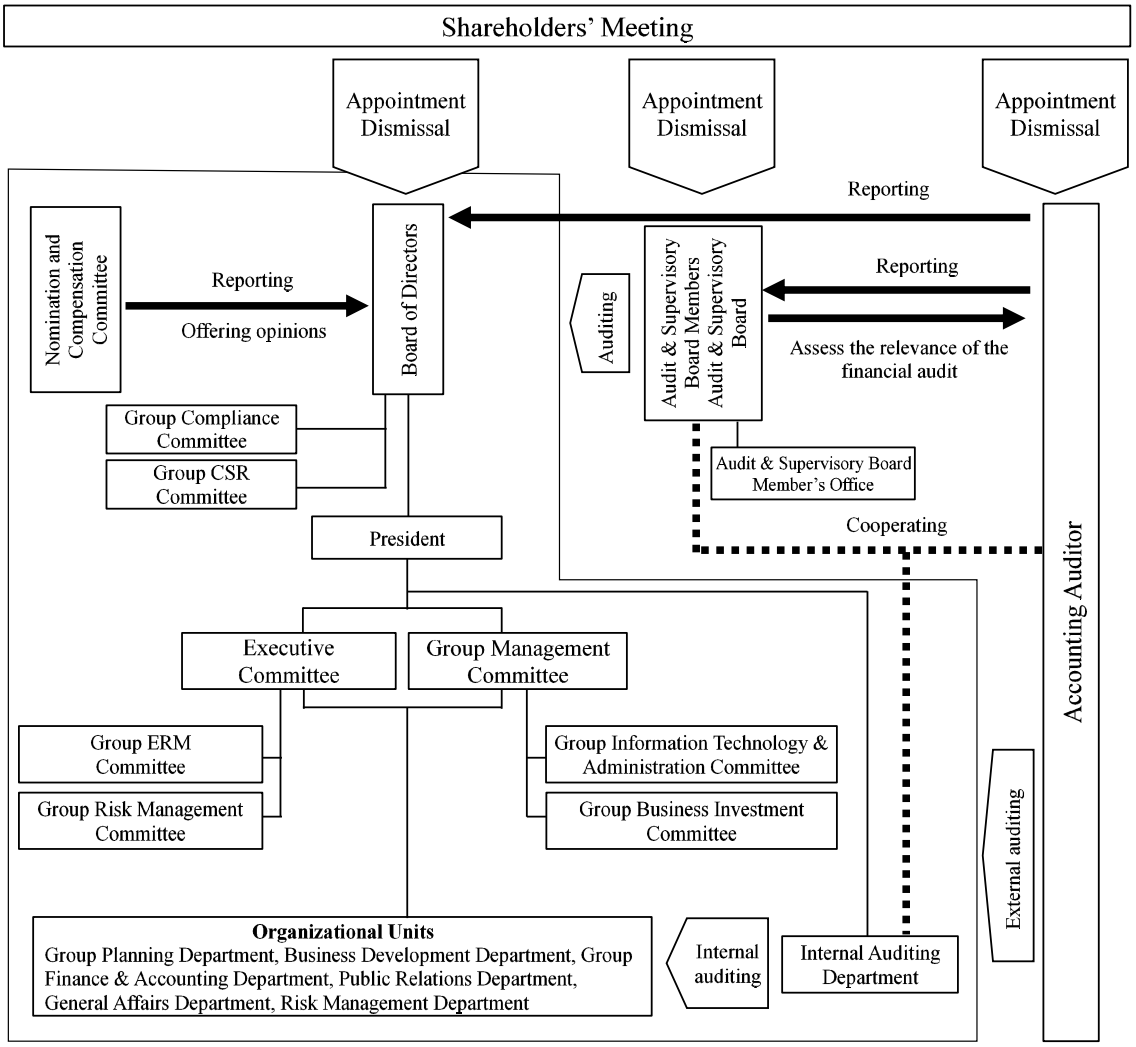
The Company believes that the Board of Directors of the Company as a whole is generally performing its roles and responsibilities effectively.

Matters that were recognized as issues to be addressed (methods of deliberation, explanation and preparation of materials, etc.) in the fiscal 2015 assessment have largely been improved.

Regarding the development of a framework for activating the Board of Directors, the Company continues to recognize the necessity for improvement, and will strive to review methods for deliberation/ preparation of materials at the Board of Directors, as well as improvement of executive training. In addition, the Company will promote diversification in the composition of the Board of Directors.

Based on the assessment of effectiveness and other information, the Company is working to further improve the supervisory functions and decision-making processes of the Board of Directors.

[Governance System Chart]



2. CSR Initiatives

The Group is centered on the life insurance business, which attaches fundamental importance to the principle of mutual assistance. Therefore, we believe that contribution to people and society as a whole through our businesses constitutes our fundamental guiding principle as a business enterprise.

Based on this principle, we have established the "T&D Life Group CSR Charter," which clearly expresses the Group's attitude toward corporate social responsibility (CSR). The Group, as a unified body, is promoting initiatives to contribute to people and society.

We have identified the following three priority areas for initiatives in fiscal 2016.

[Providing better products and services]

- A wide range of social problems occur at the levels of individuals, families and small and medium-sized enterprises. We leverage the unique characteristics and expertise of each Group company to provide best-suited, high-quality products and services to fit the needs and circumstances of customers in order to contribute to solutions of these problems through the life insurance business.

[Respect for human rights]

- Aiming for a society where everyone can play an active role, we are promoting efforts such as improving the working environment through work style reforms, promoting diversity including active participation of women, and enhancing work-life balance.

[Global environmental protection]

- We are working to protect the global environment, through measures such as reducing electricity consumption and the use of paper, purchasing and using environmentally friendly goods, and activities for conserving forests.

In addition to these key challenges, we are working to contribute to society, through activities such as community cleanup, Group-wide blood donations, support for sports for disabled people, and volunteer activities, including the activities of related organizations.

Furthermore, in order to fulfill our duty as a responsible institutional investor, we are advancing efforts to encourage sustainable corporate growth at portfolio companies through constructive dialogue. We are also engaged in efforts including investment and loans in the renewable energy field and investment in social contribution bonds in aid of support for infrastructure development and job creation in emerging regions.

3. Glossary

ERM (Enterprise Risk Management)	ERM (Enterprise Risk Management) refers to a strategic business management method aimed at achieving management targets such as enhancing corporate value and maximizing profits by taking control of profit, risk and capital in an integrated manner. Unlike passive risk management methods that adopt a risk-averse approach, ERM favors an active selection of the types of risks to take on in order to pursue profit, to the extent soundness is ensured by restraining risks within a certain range of capital, rather than invariably seeking risk avoidance/reduction.	P19 23 42
Annualized premiums	Annualized premiums refer to an amount equivalent to premiums per year, calculated by multiplying the insurance premium paid each time by a coefficient according to the premium payment method (for single premium policies, etc., the amount is calculated by dividing the premium by the insurance period.)	P21
Core profit	Core profit is an indicator that shows revenue for a period of one year in the core insurance business, calculated by excluding from ordinary profit such as profit that can be gained by selling assets held by a life insurance company (gains/losses on sales of securities) and one-time profit/loss.	P21
Solvency margin ratio	The solvency margin ratio is a criterion subject to government supervision, which determines whether or not an insurance company has sufficient "insurance claims payment ability" to deal with the occurrence of risks exceeding normal estimates. A solvency margin ratio of 200% or more indicates that the company meets one of the standards for soundness.	P21
EV (Embedded Value)	Embedded Value (EV) is one of the indicators that evaluate corporate value of a life insurance company. It is the sum of "adjusted net asset," which is calculated from the balance sheet and is deemed to be attributable to shareholders, and "value of the policy amount in force," which is calculated from the insurance policies in force. EV as of the end of fiscal 2016 increased by ¥396.8 billion to ¥2,290.5 billion, due mainly to the acquisition of new policies and a rise in domestic interest rates. ■ EV of the Group (Billions of yen) At the end of FY2014: 2,298.0 At the end of FY2015: 1,893.7 At the end of FY2016: 2,290.5	P23
Standard life table	The standard life table is a government-compiled table of mortality statistics for a certain period of time, classified by sex and age, for persons insured by life insurance. Life insurance companies are required by laws and regulations to maintain a "policy reserve" to ensure payment of future insurance claims and other payments. The standard life table is used to calculate that policy reserve.	P23
ALM (Asset Liability Management)	ALM refers to the method of keeping track of, and managing assets and liabilities comprehensively, while taking into account each of their characteristics.	P23

Consolidated Balance Sheet for Fiscal Year 2016

(as of March 31, 2017)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	862,425	Policy reserves	13,139,218
Call loans	11,302	Reserve for outstanding claims	70,065
Monetary claims purchased	141,242		
Monetary trusts	583,476	Policy reserve	12,976,211
Securities	11,001,953	Reserve for policyholder dividends	92,942
Loans	1,685,118		
Tangible fixed assets	319,884	Due to agencies	334
Land	177,864	Due to reinsurers	1,781
Buildings	122,157	Short-term bonds	2,999
Lease assets	714	Subordinated bonds	50,095
Construction in progress	15,237	Other liabilities	332,772
Other tangible fixed assets	3,910	Reserve for bonus to directors and audit & supervisory board members	263
Intangible fixed assets	23,195	Net defined benefit liability	56,547
Software	21,640	Reserve for directors' and audit & supervisory board members' retirement benefits	53
Lease assets	383		
Other intangible fixed assets	1,172	Reserve for price fluctuations	204,894
Due from agencies	756	Deferred tax liabilities	7
Due from reinsurers	3,535	Deferred tax liabilities on land revaluation	5,426
Other assets	210,889		
Deferred tax assets	49,143	Total liabilities	13,794,395
Reserve for possible loan losses	(1,755)	(Net assets)	
		Common stock	207,111
		Capital surplus	194,522
		Retained earnings	460,683
		Treasury stock	(67,763)
		Total stockholders' equity	794,554
		Net unrealized gains on securities	338,842
		Deferred gains on hedging instruments	(5,203)
		Land revaluation	(35,354)
		Foreign currency translation adjustments	17
		Total accumulated other comprehensive income	298,302
		New share subscription rights	1,178
		Non-controlling interests	2,737
		Total net assets	1,096,772
Total assets	14,891,167	Total liabilities and net assets	14,891,167

Consolidated Statement of Operations for Fiscal Year 2016

(from April 1, 2016 to March 31, 2017)

(Millions of yen)

Account	Amount
Ordinary revenues	1,975,784
Income from insurance premiums	1,505,234
Investment income	402,709
Interests, dividends and income from real estate for rent	276,628
Gain on investments in money held in trust	5,610
Gains on sales of securities	111,077
Foreign exchange gains, net	1,295
Reversal of reserve for possible loan losses	292
Other investment income	2,386
Gains on separate accounts, net	5,418
Other ordinary income	67,838
Equity in net income of affiliated companies	1
Ordinary expenses	1,818,556
Insurance claims and other payments	1,160,357
Insurance claims	349,055
Annuity payments	300,940
Insurance benefits	152,715
Surrender payments	307,840
Other payments	49,805
Provision for policy and other reserves	259,134
Provision for reserve for outstanding claims	2,151
Provision for policy reserve	256,954
Interest portion of reserve for policyholder dividends	27
Investment expenses	130,277
Interest expenses	573
Losses on investments in trading securities, net	587
Losses on sales of securities	57,725
Devaluation losses on securities	853
Net derivative financial instruments loss	49,712
Write-off of loans	2
Depreciation of real estate for rent	4,891
Other investment expenses	15,931
Operating expenses	197,600
Other ordinary expenses	71,186
Ordinary profit	157,227

(Millions of yen)

Account	Amount
Extraordinary gains	300
Gains on sale of fixed assets	239
State subsidy	60
Extraordinary losses	35,367
Losses on sale, disposal and devaluation of fixed assets	1,098
Impairment loss	4,779
Provision for reserve for price fluctuations	29,134
Other extraordinary losses	353
Provision for reserve for policyholder dividends	25,374
Income before income taxes	96,786
Income taxes-current	33,316
Income taxes-deferred	(11,895)
Total income taxes	21,421
Net income	75,365
Profit attributable to non-controlling interests	177
Profit attributable to owners of parent	75,187

Consolidated Statement of Changes in Net Assets for Fiscal Year 2016

(from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of April 1, 2016	207,111	194,550	422,422	(48,876)	775,208
Changes in the period					
Dividends			(28,992)		(28,992)
Profit attributable to owners of parent			75,187		75,187
Acquisition of treasury stock				(19,012)	(19,012)
Disposal of treasury stock		(28)		125	97
Reversal of land revaluation			(7,934)		(7,934)
Net changes of items other than stockholders' equity					
Total changes in the period		(28)	38,261	(18,886)	19,345
Balance as of March 31, 2017	207,111	194,522	460,683	(67,763)	794,554

(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, 2016	487,200	(8,601)	(43,288)	21	435,331
Changes in the period					
Dividends					
Profit attributable to owners of parent					
Acquisition of treasury stock					
Disposal of treasury stock					
Reversal of land revaluation					
Net changes of items other than stockholders' equity	(148,358)	3,398	7,934	(4)	(137,029)
Total changes in the period	(148,358)	3,398	7,934	(4)	(137,029)
Balance as of March 31, 2017	338,842	(5,203)	(35,354)	17	298,302

(Millions of yen)

	New share subscription rights	Non-controlling interests	Total net assets
Balance as of April 1, 2016	926	2,595	1,214,061
Changes in the period			
Dividends			(28,992)
Profit attributable to owners of parent			75,187
Acquisition of treasury stock			(19,012)
Disposal of treasury stock			97
Reversal of land revaluation			(7,934)
Net changes of items other than stockholders' equity	251	142	(136,635)
Total changes in the period	251	142	(117,289)
Balance as of March 31, 2017	1,178	2,737	1,096,772

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: 16
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 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.
and two other companies
(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: 3
The names of the companies: Alternative Investment Capital, Ltd.
AIC Private Equity Fund General Partner, Ltd.
Thuriya Ace Technology Co., Ltd. and 1 other company
Since Thuriya Ace Technology Co., Ltd. was established as a joint venture on February 1, 2017, it has been included to the affiliated companies over which the equity method is applied for the consolidated fiscal year under review.

(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
The settlement date of certain consolidated subsidiaries is December 31. In the creation of consolidated financial statements, we used these companies' financial statements as of 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.

Certain consolidated subsidiaries report translation adjustments relating to bonds included in foreign currency-denominated other securities in the following manner; the portion attributable to changes in the securities' market values in their local currencies are accounted for as valuation differences, and all other translation adjustments are included in foreign exchange gains or losses.

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

(Additional information)

As of the end of the consolidated fiscal year under review, the subcategory for non-participating single premium endowment insurance has been integrated to the general fund category. This is mainly due to the fact that, as a result of the decrease in the balance of policy reserve pertaining to the said subcategory, it has become less significant to conduct interest rate risk management as a separate subcategory utilizing an asset-liability matching. This change has no impact on the consolidated balance sheet and consolidated statement of operations.

(Daido Life Insurance Company)

In order to steadily fulfill future obligations, the risk is managed by setting an investment policy that fully takes into account the features of the insurance products and their risk tolerance.

In accordance with such investment policy, subcategories are set according to the features of the insurance product, and bonds held with the purpose to control durations of liabilities in each subcategory are classified as policy-reserve-matching bonds. The subcategories are set as follows.

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 30 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 (except attached facilities and structures) acquired on or after April 1, 1998 and attached facilities and structures acquired on or after April 1, 2016 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.
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, and 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 385 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 non-controlling 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. Special treatment is applied to interest swap agreements that meet special treatment requirements and deferred designation is applied to currency swap agreements that meet deferred designation requirements.

(ii) Hedging instruments and hedged assets

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

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.

(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. Changes in accounting policies

In line with revisions to the Corporation Tax Act of Japan, the Company has applied the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (Practical Issues Task Force (PITF) No.32 dated June 17, 2016) in the consolidated fiscal year under review. Accordingly, the depreciation method for attached facilities and structures acquired on or after April 1, 2016 was changed from the declining balance method to the straight-line method.
The effect of this change on profits or losses is negligible.

6. Additional information

The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26 dated March 28, 2016) from the consolidated fiscal year under review.

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, 2017 are as follows:

(Millions of yen)

	Consolidated balance sheet amounts	Fair market values	Difference
(i) Cash and deposits	862,425	862,425	—
a. Those treated as securities	33,000	33,000	—
- Other securities	33,000	33,000	—
b. Other than above	829,425	829,425	—
(ii) Call loans	11,302	11,302	—
(iii) Monetary claims purchased	141,242	145,443	4,200
a. Those treated as securities	135,509	139,537	4,027
- Held-to-maturity debt securities	51,368	55,396	4,027
- Other securities	84,140	84,140	—
b. Other than above	5,732	5,905	172
(iv) Monetary trusts	583,476	614,417	30,941
a. Monetary trusts for investment	6,195	6,195	—
b. Held-to-maturity monetary trusts	38,634	38,135	(499)
c. Policy-reserve-matching monetary trusts	509,621	541,061	31,440
d. Other monetary trusts	29,025	29,025	—
(v) Securities	10,826,151	11,522,845	696,693
a. Trading securities	88,799	88,799	—
b. Held-to-maturity debt securities	1,409,025	1,649,993	240,967
c. Policy-reserve-matching securities	2,735,848	3,191,574	455,726
d. Other securities	6,592,477	6,592,477	—
(vi) Loans	1,683,760	1,750,504	66,744
a. Policy loans (*1)	127,553	142,389	14,843
b. Commercial loans (*1)	1,557,565	1,608,114	51,900
c. Reserve for possible loan losses (*2)	(1,358)	—	—
Total assets	14,108,359	14,906,938	798,578
(i) Short-term bonds	2,999	2,999	—
(ii) Subordinated bonds	50,095	51,046	951
(iii) Payables under securities lending transactions	114,804	114,804	—
(iv) Borrowings as part of Other liabilities	64,603	64,935	332
Total liabilities	232,502	233,786	1,283
Derivatives (*3)			
(i) Those outside the scope of hedge accounting	9,761	9,761	—
(ii) Those subject to hedge accounting	[29,942]	[28,816]	1,126
Total derivatives	[20,181]	[19,055]	1,126

(*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, forward exchange contracts, currency options and stock index option contracts are used as part of monetary trusts, and the market values are calculated based on prices, etc., quoted by the entrusted management companies for forward exchange contracts and prices quoted by the financial institutions concerned for currency options and stock index option contracts.

(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, 142,135 million yen in foreign securities, 19,290 million yen in unlisted shares (excluding those of affiliates), 14,025 million yen in other securities, and 350 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 the prices quoted by the financial institutions concerned or principals and interests by risk-free rates weighted by credit risks involved.

(iii) Payables under securities lending transactions

Recorded in book values as the transaction is carried out for a short period of time, thus their market values are proximate to the book values.

(iv) 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, stock index futures 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.

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 202,753 million yen while their market value is 244,850 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 152 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 3,189 million yen, with the breakdown as follows:

(1) The balances of loans of bankrupt borrowers and delinquent loans are 207 million yen and 431 million yen, respectively. Of the above, direct write-off for estimated uncollectable amount is 76 million yen for bankrupt borrowers and 106 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 2,527 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 23 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 230,955 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 84,797 million yen, and the amount of separate account liabilities was also 84,797 million yen.

6. Net assets per share

Net assets per share was 1,727.69 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	105,311 million yen
Policyholder dividend payment in the consolidated fiscal year under review	37,713 million yen
Increase due to interest, etc.	27 million yen
Decrease due to other reasons	58 million yen
Provision for reserve for policyholder dividends	25,374 million yen
Balance at the end of the consolidated fiscal year under review	92,942 million yen

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

Total loan commitments	13,700 million yen
Loans carried out	3,017 million yen
Balance	10,682 million yen

9. Amount of securities loaned

The consolidated balance sheet amount of securities loaned under the contract of loans for consumption of securities was 307,735 million yen.

10. Subordinated bonds

Of the bonds, 20,000 million yen was subordinated bonds, which rank after other debts should the Company fall into receivership or be closed.

11. Subordinated borrowings

Of the debts categorized as other liabilities, 30,000 million yen was subordinated borrowings, which ranks after other debts should the Company fall into receivership or be closed.

12. 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 22,609 million yen.

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

13. 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

14. 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.

15. Stock of affiliated companies and others

Securities include the stock of affiliated companies worth 350 million yen.

16. 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	157,819 million yen
Service cost	6,715 million yen
Interest cost	690 million yen
Actuarial gain/loss	(1,885 million yen)
Payment of retirement benefits	(7,521 million yen)
Accrued past service cost	(102 million yen)
Ending balance of retirement benefit obligations	155,716 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	98,088 million yen
Expected return on assets	755 million yen
Actuarial gain/loss	(1,455 million yen)
Contribution by the business operator	7,201 million yen
Payment of retirement benefits	(5,420 million yen)
Ending balance of pension assets	99,168 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	128,616 million yen
Pension assets	(99,168 million yen)
[Retirement benefits trust of the above]	[(60,184 million yen)]
	29,447 million yen
Retirement benefits obligations for unfunded plans	27,100 million yen
Net amounts of liabilities and assets recorded in consolidated balance sheet	56,547 million yen
Net defined benefit liability	56,547 million yen
Net defined benefit asset	—
Net amounts of liabilities and assets recorded in consolidated balance sheet	56,547 million yen

(iv) Retirement benefit cost and its breakdown

Service cost	6,715 million yen
Interest cost	690 million yen
Expected return on assets	(755 million yen)
Amount of actuarial gain/loss treated as expenses	(429 million yen)
Amount of past service cost treated as expenses	(102 million yen)
Retirement benefits cost for defined benefit plan	6,119 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	71.4 %
Life insurance general account	11.9 %
Foreign securities	8.0%
Stocks	5.4%
Cash and deposits	2.6%
Joint investment assets	0.8%
Other	0.0%
Total	100.0%

(Note) Total pension assets include retirement benefits trust that accounts for 60.7% 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	0.14%～0.80%
Expected long-term rate of return on assets	0.10%～1.90%

(3) Defined contribution plans

Amount of contribution required for defined contribution plans at the Company and its consolidated subsidiaries is 260 million yen.

17. Notes to deferred tax accounting

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

Deferred tax assets

Policy reserves	64,236 million yen
Reserve for price fluctuation	57,306 million yen
Net defined benefit liability	31,087 million yen
Devaluation losses on securities	13,954 million yen
Losses on sale, disposal and devaluation of fixed assets	5,656 million yen
Reserve for bonuses	2,219 million yen
Tax loss carried forward	1,376 million yen
Reserve for possible loan losses	501 million yen
Others	16,137 million yen
Subtotal	192,476 million yen
Valuation allowance	(16,410 million yen)
Total deferred tax assets	176,066 million yen

Deferred tax liabilities

Net unrealized gains (losses) on securities	(122,768 million yen)
Securities dividend receivables	(2,062 million yen)
Reserve for reduction entry of real estate	(631 million yen)
Others	(1,467 million yen)
Total deferred tax liabilities	(126,930 million yen)
Net deferred tax assets (liabilities)	49,135 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	28.2 %
(Adjustment)	
Valuation allowance	(5.1%)
Items that will never be categorized as loss, such as entertainment expenses	0.6%
Downward revision of ending balance of deferred tax assets due to tax rate change	0.2%
Others	(1.8%)
Contribution percentage of corporate and other taxes after the application of deferred tax accounting	22.1 %

18. The amount of assets pledged as collaterals and the amount of secured liabilities

The assets that are pledged as collaterals and the secured liabilities are as follows:

Assets pledged as collaterals:	
Securities (government bonds)	139,287 million yen
Securities (foreign securities)	307,735 million yen
Cash collateral paid for financial instruments	16,894 million yen
Total	463,916 million yen

Of these collaterals, securities are pledged mainly as collaterals for exclusive accounts for Real Time Gross Settlement (RTGS) of government bonds, securities lending transactions secured by securities and the substitutes for future trades margin.

Secured liabilities:

Payables under securities lending transactions 114,804 million yen

19. Matters concerning stock options

1. Amount and account of expenses related to stock options

Operating expenses 348 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.

	The Company new share subscription rights (4th series)
Title and number of grantees	Directors (excluding Outside Directors) and Executive Officers of the Company: 15 Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 43
Number of stock options by class (Note)	Common stock: 170,700 shares
Grant date	August 3, 2015
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable.
Exercise period	August 4, 2015 to August 3, 2045

Note: Presented in terms of the number of shares.

	The Company new share subscription rights (5th series)
Title and number of grantees	Directors (excluding Outside Directors) and Executive Officers of the Company: 10 Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 48
Number of stock options by class (Note)	Common stock: 379,800 shares
Grant date	August 1, 2016
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable.
Exercise period	August 2, 2016 to August 1, 2046

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	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting			
At the end of previous fiscal year	280,500 shares	180,000 shares	209,200 shares
Vested	—	—	—
Exercised	26,800 shares	18,900 shares	24,000 shares
Forfeited	—	—	—
Exercisable	253,700 shares	161,100 shares	185,200 shares

	The Company new share subscription rights (4th series)	The Company new share subscription rights (5th series)
Before vesting		
At the end of previous fiscal year	—	—
Granted	—	379,800 shares
Forfeited	—	—
Vested	—	379,800 shares
Outstanding	—	—
After vesting		
At the end of previous fiscal year	168,200 shares	—
Vested	—	379,800 shares
Exercised	17,100 shares	—
Forfeited	—	—
Exercisable	151,100 shares	379,800 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	1,358 yen	1,428 yen	1,267 yen
Fair value at grant date	685 yen	1,143 yen	1,153 yen

	The Company new share subscription rights (4th series)	The Company new share subscription rights (5th series)
Exercise price	1 yen	1 yen
Average exercise price	1,026 yen	—
Fair value at grant date	1,708 yen	918 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 (5th series)
Stock price volatility (Note 1)	36.84 %
Average expected life (Note 2)	5.89 years
Expected dividends (Note 3)	30.0 yen
Risk-free interest rate (Note 4)	(0.273%)

Notes: 1. Calculated based on the daily closing price of the Company's common stock in regular transactions from September 13, 2010 to August 1, 2016.

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, 2016.

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 117.81 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
   The recoverable amounts fell below book values for the group used by some insurance companies for the purpose of insurance sales and related operations, and thus their book values were reduced to recoverable amounts where such reduced amounts are recorded as impairment loss under extraordinary losses.
   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
		Software for in-house use	Land	Building etc.	
Insurance sales and related operations	Minato-ku, Tokyo, and others	3,057	—	251	3,308
Real estate for rent	7 properties including one in Kofu-shi, Yamanashi	—	845	626	1,471

(4) Method of calculating recoverable amount
   Value in use is quoted as the recoverable amount of insurance sales and related operations, and value in use and net sales value are quoted as recoverable amounts of real estate for rent.
   The value in use for insurance sales and related operations is calculated by discounting expected future cash flows by -0.18%. The value in use of real estate for rent is calculated by discounting expected future cash flows by 5.60% to 6.00%. The net sales value for real estate for rent is, in principle, 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	32,723,022	16,289,732	86,980	48,925,774

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 13, 2016: 13,525,600 shares
Acquisition of treasury stock in accordance with the resolution at the Board of Directors' Meeting on February 14, 2017: 2,755,000 shares
Purchase of fractional shares: 9,132 shares
2. The decreases in the number of treasury stock of common shares are due to the reasons as follows.
Exercise of stock option: 86,800 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 28, 2016	Common stock	19,462 million yen	30.0 yen	March 31, 2016	June 29, 2016
Board of Directors' Meeting on November 11, 2016	Common stock	9,529 million yen	15.0 yen	September 30, 2016	December 5, 2016

(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 28, 2017	Common stock	11,069 million yen	Retained earnings	17.5 yen	March 31, 2017	June 29, 2017

Note: This proposal is scheduled to be voted on June 28, 2017, 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	1,178

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 2016

(as of March 31, 2017)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	24,958	Current liabilities	2,805
Cash and deposits	12,851	Lease obligations	1
Prepaid expenses	24	Accounts payable	2,473
Deferred tax assets	64	Accrued expenses	134
Accounts receivable	12,016	Income tax payable	73
Other current assets	0	Consumption tax payable	24
Fixed assets	743,738	Deposits received	11
Tangible fixed assets	316	Reserve for bonus to directors and audit & supervisory board members	87
Buildings	278		
Machinery and equipment	34	Fixed liabilities	30,599
Lease assets	3	Subordinated bonds	30,095
Investments and other assets	743,422	Lease obligations	3
Investments in subsidiaries	742,877	Long-term accounts payable-other	499
Long-term loans receivable from subsidiaries	200		
Deferred tax assets	244	Deposits received	2
Deposit for rent	102	Total liabilities	33,404
Reserve for possible loan losses	(2)	(Net assets)	
		Stockholders' equity	734,114
		Common stock	207,111
		Capital surplus	539,323
		Additional paid-in capital	89,420
		Other capital surplus	449,902
		Retained earnings	55,442
		Other retained earnings	55,442
		Retained earnings brought forward	55,442
		Treasury stock	(67,763)
		New share subscription rights	1,178
		Total net assets	735,292
Total assets	768,697	Total liabilities and net assets	768,697

Non-consolidated Statement of Operations for Fiscal Year 2016

(from April 1, 2016 to March 31, 2017)

(Millions of yen)

Account	Amount
Operating income	52,607
Dividends on investments in affiliate companies	49,204
Fees and commissions received from affiliate companies	3,400
Interest on loans receivable from affiliate companies	2
Operating expenses	3,144
General and administrative expenses	3,144
Operating profit	49,462
Non-operating income	164
Interest income	30
Gains on expired dividends payable	126
Other income	7
Non-operating expenses	9
Interest expenses	0
Other expenses	9
Ordinary profit	49,617
Extraordinary losses	0
Loss on retirement of fixed assets	0
Income before income taxes	49,617
Income taxes-current	83
Income taxes-deferred	(28)
Total income taxes	54
Net income	49,562

Non-consolidated Statement of Changes in Net Assets for Fiscal Year 2016

(from April 1, 2016 to March 31, 2017)

(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, 2016	207,111	89,420	449,931	539,351	34,872	34,872
Changes in the period						
Dividends					(28,992)	(28,992)
Net income					49,562	49,562
Acquisition of treasury stock						
Disposal of treasury stock			(28)	(28)		
Net changes of items other than stockholders' equity						
Total changes in the period			(28)	(28)	20,569	20,569
Balance as of March 31, 2017	207,111	89,420	449,902	539,323	55,442	55,442

(Millions of yen)

	Stockholders' equity		New share subscription rights	Total net assets
	Treasury stock	Total stockholders' equity		
Balance as of April 1, 2016	(48,876)	732,459	926	733,386
Changes in the period				
Dividends		(28,992)		(28,992)
Net income		49,562		49,562
Acquisition of treasury stock	(19,012)	(19,012)		(19,012)
Disposal of treasury stock	125	97		97
Net changes of items other than stockholders' equity			251	251
Total changes in the period	(18,886)	1,654	251	1,906
Balance as of March 31, 2017	(67,763)	734,114	1,178	735,292

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 (excluding lease 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) and for attached facilities acquired on or after April 1, 2016).
   The service life ranges of major types of assets are as follows:
   Buildings and attached facilities: 8 to 38 years
   Equipment and furniture: 3 to 15 years
   (2) Lease assets
   With regard to 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.

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. Changes in accounting policies
   In line with revisions to the Corporatation Tax Act of Japan, the Company has applied the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (Practical Issues Task Force (PITF) No.32 dated June 17, 2016) in the consolidated fiscal year under review. Accordingly, the depreciation method for attached facilities and structures acquired on or after April 1, 2016 was changed from the declining balance method to the straight-line method.
   The effect of this change on profits or losses is negligible.

6. Additional information
   The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26 dated March 28, 2016) from the fiscal year under review.

Notes to the Non-consolidated Balance Sheet

1. Monetary claims and liabilities toward affiliated companies

Short-term monetary claims	11,305 million yen
Short-term monetary liabilities	1,102 million yen
Long-term monetary claims	299 million yen
Long-term monetary liabilities	2 million yen

2. Accumulated depreciation of tangible fixed assets 71 million yen

Notes to the Non-consolidated Statement of Operations

Volume of transactions with affiliated companies

Volume of transactions by operating transaction	
Operating income	52,607 million yen
Operating expenses	276 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	48,925,774 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	652 million yen
Long-term accounts payable-other	153 million yen
Share-based compensation expenses	80 million yen
Reserve for bonuses	34 million yen
Others	41 million yen
Subtotal of deferred tax assets	963 million yen
Valuation reserve	(654 million yen)
Total of deferred tax assets	309 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	30.9 %
(Adjustment)	
Non-calculation of proceeds such as received dividend	(30.6 %)
Valuation reserve	(0.2%)
Others	0.0%
The contribution ratio of corporate and other taxes after the application of the deferred tax accounting	0.1%

Notes to transactions with related parties

Not applicable.

Notes on information per share

Net assets per share	1,160.56 yen
Net income per share	77.66 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, 2017

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, 2016 to March 31, 2017 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, 2017

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 13th fiscal year from April 1, 2016 to March 31, 2017 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 13th fiscal year from April 1, 2016 to March 31, 2017.

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

(1) 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.

(2) 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, attempted to communicate with Directors, the Internal Audit Department, other employees, etc. 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, and at the same time, executed audits using the following methods.

1) 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. With regard to subsidiaries, the Audit & Supervisory Board Members attempted to communicate and exchange information with the subsidiaries' directors, audit & supervisory board members, and others, and received reports from subsidiaries on their business as necessary.

2) Each of the Audit & Supervisory Board Members received reports periodically from the Directors, employees and others, and requested explanations as necessary, about the content of the Board of Directors resolution on the development of systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, which are provided in the Business Report, and other systems stipulated in the Enforcement Regulations of the Japanese Companies Act, Article 100, Paragraphs 1 and 3 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, and about systems developed based on such resolution (internal control system), in order to monitor and verify the conditions concerning the establishment and operation of such systems. For internal controls of financial reporting, Audit & Supervisory Board Members received reports from Directors, etc. and Ernst & Young ShinNihon LLC, and requested explanations as necessary, about the conditions concerning evaluation and audit of such internal control.

3) 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 "that business duties are appropriately executed" (matters listed in each Item of system to ensure Article 131 of the Ordinance on the Accounting of Companies) has been developed in accordance with the "standard for quality control of audit" (October 28, 2005, Business Accounting Council) and other documents, and requested explanations as necessary from the Accounting Auditor. Furthermore, we received a report from the Accounting Auditor on progress of their business improvement plan, and requested explanations about specific measures to ensure quality of their audits, including the strengthening of their audit system.

Based on the method described above, we reviewed the Business Report and its Supporting Schedules, 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 their 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 contents of the Business Report and the Directors' execution of duties in relation to such internal control system, including the internal controls of financial reporting.

(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 15, 2017

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. 90

Non-consolidated Balance Sheet for Fiscal Year 2016 (as of March 31, 2017)

Non-consolidated Statement of Operations for Fiscal Year 2016 (from April 1, 2016 to March 31, 2017)

2. Summary of financial results of Daido Life Insurance Company p. 93

Non-consolidated Balance Sheet for Fiscal Year 2016 (as of March 31, 2017)

Non-consolidated Statement of Operations for Fiscal Year 2016 (from April 1, 2016 to March 31, 2017)

3. Summary of financial results of T&D Financial Life Insurance Company p. 96

Non-consolidated Balance Sheet for Fiscal Year 2016 (as of March 31, 2017)

Non-consolidated Statement of Operations for Fiscal Year 2016 (from April 1, 2016 to March 31, 2017)

1. Summary of financial results of Taiyo Life Insurance Company

Non-consolidated Balance Sheet for Fiscal Year 2016

(as of March 31, 2017)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	451,891	Policy reserves	6,410,781
Cash	382	Reserve for outstanding claims	19,122
Deposits	451,508	Policy reserve	6,357,287
Monetary claims purchased	65,039	Reserve for policyholder dividends	34,371
Securities	5,149,867	Due to reinsurers	76
Government bonds	1,671,698	Subordinated bonds	20,000
Local government bonds	171,151	Other liabilities	230,655
Corporate bonds	863,280	Payables under securities lending transactions	114,804
Stocks	463,767	Borrowings	30,000
Foreign securities	1,870,053	Income taxes payable	382
Other securities	109,914	Accounts payable	9,354
Loans	1,216,337	Accrued expenses	10,253
Policy loans	50,057	Unearned revenue	1,536
General Loans	1,166,280	Deposits received	668
Tangible fixed assets	197,744	Guarantee deposits received	5,546
Land	112,160	Derivatives other than for trading-assets	51,449
Buildings	69,456	Cash collateral received for financial instruments	1,959
Lease assets	1,480	Lease obligations	2,476
Construction in progress	14,278	Suspense receipt	2,222
Other tangible fixed assets	369	Rest of the other liabilities	3
Intangible fixed assets	13,403	Reserve for bonus to directors and audit & supervisory board members	75
Software	12,170	Reserve for employees' retirement benefits	27,145
Lease assets	785	Reserve for price fluctuations	113,221
Other intangible fixed assets	447	Deferred tax liabilities on land revaluations	5,426
Due from reinsurers	243	Total liabilities	6,807,381
Other assets	79,404	(Net assets)	
Accounts receivable	7,333	Common stock	62,500
Prepaid expenses	4,319	Capital surplus	62,500
Accrued income	30,053	Capital reserve	62,500
Deposit for rent	4,595	Retained earnings	154,765
Initial margins of futures markets	906	Other retained earnings	154,765
Derivatives other than for trading-assets	14,550	Reserve for reduction entry of real estate	513
Cash collateral paid for financial instruments	16,255	General reserve	40,000
Suspense payments	883	Retained earnings brought forward	114,251
Rest of the other assets	504	Total stockholders' equity	279,765
Deferred tax assets	15,742	Net unrealized gains on securities	141,782
Reserve for possible loan losses	(1,303)	Deferred gains on hedging instruments	(5,203)
		Land revaluation	(35,354)
		Total valuation and translation adjustments	101,224
		Total net assets	380,989
Total assets	7,188,371	Total liabilities and net assets	7,188,371

Non-consolidated Statement of Operations for Fiscal Year 2016

(from April 1, 2016 to March 31, 2017)

(Millions of yen)

Account	Amount
Ordinary revenues	897,955
Income from insurance premiums	654,379
Insurance premiums	654,088
Reinsurance premiums	290
Investment income	228,058
Interests, dividends and income from real estate for rent	138,171
Interest on deposits	1
Interest and dividends on securities	112,687
Interest on loans	15,633
Rent revenue from real estate	7,396
Other interest and dividends	2,452
Gains on sales of securities	89,290
Foreign exchange gains	342
Reversal of reserve for possible loan losses	73
Other investment income	164
Gains on separate accounts, net	15
Other ordinary income	15,517
Proceeds from contracts of annuity	324
Proceeds from deferred insurance	9,551
Reversal of reserve for employees' retirement benefits	3,196
Other ordinary income	2,445
Ordinary expenses	831,312
Insurance claims and other payments	535,387
Insurance claims	169,756
Annuity payments	190,745
Insurance benefits	75,899
Surrender payments	64,103
Other payments	34,292
Reinsurance premiums	589
Provision for policy and other reserves	99,991
Provision for reserve for outstanding claims	737
Provision for policy reserve	99,248
Interest portion of reserve for policyholder dividends	5

Account	Amount
Investment expenses	83,109
Interest expenses	550
Losses on sales of securities	39,913
Net derivative financial instruments loss	37,084
Depreciation of real estate for rent	2,458
Other investment expenses	3,101
Operating expenses	77,189
Other ordinary expenses	35,635
Payments for deferred insurance	20,254
Taxes	7,012
Depreciation	6,366
Rest of the other ordinary expenses	2,002
Ordinary profit	66,642
Extraordinary gains	232
Gains on sale of fixed assets	232
Extraordinary losses	19,227
Losses on sale, disposal and devaluation of fixed assets	865
Impairment loss	119
Provision for reserve for price fluctuations	18,021
Other extraordinary losses	221
Provision for reserve for policyholder dividends	11,738
Income before income taxes	35,909
Income taxes-current	11,120
Income taxes-deferred	(4,178)
Total income taxes	6,941
Net income	28,967

2. Summary of financial results of Daido Life Insurance Company

Non-consolidated Balance Sheet for Fiscal Year 2016

(as of March 31, 2017)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	200,727	Policy reserves	5,501,639
Deposits	200,727	Reserve for outstanding claims	40,115
Call loans	10,000	Policy reserve	5,403,606
Monetary claims purchased	76,203	Reserve for policyholder dividends	57,917
Securities	5,291,185	Due to reinsurers	593
Government bonds	1,527,904	Other liabilities	39,603
Local government bonds	226,628	Income taxes payable	874
Corporate bonds	1,308,777	Accounts payable	12,658
Stocks	311,368	Accrued expenses	9,973
Foreign securities	1,769,242	Unearned revenue	489
Other securities	147,264	Deposits received	478
Loans	480,201	Guarantee deposits received	6,389
Policy loans	73,804	Derivatives other than for trading-assets	3,967
General loans	406,396	Lease obligations	824
Tangible fixed assets	133,478	Asset retirement obligations	1,890
Land	78,843	Suspense receipt	2,058
Buildings	51,966	Reserve for bonus to directors and audit & supervisory board members	73
Lease assets	471	Reserve for employees' retirement benefits	21,800
Construction in progress	959	Reserve for price fluctuations	90,465
Other tangible fixed assets	1,237	Total liabilities	5,654,175
Intangible fixed assets	9,276	(Net assets)	
Software	8,277	Common stock	110,000
Lease assets	289	Capital surplus	35,054
Other intangible fixed assets	709	Capital reserve	35,054
Due from agencies	613	Retained earnings	302,962
Due from reinsurers	323	Retained earnings reserve	31,463
Other assets	76,369	Other retained earnings	271,499
Accounts receivable	34,338	Reserve for reduction entry of real estate	1,113
Prepaid expenses	1,503	General reserve	150,000
Accrued income	23,549	Retained earnings brought forward	120,386
Deposit for rent	2,210	Total stockholders' equity	448,016
Initial margins of futures markets	2,005	Net unrealized gains on securities	195,996
Derivatives other than for trading-assets	11,667	Total valuation and translation adjustments	195,996
Suspense payments	413		
Rest of the other assets	681		
Deferred tax assets	20,062		
Reserve for possible loan losses	(252)	Total net assets	644,013
Total assets	6,298,188	Total liabilities and net assets	6,298,188

Non-consolidated Statement of Operations for Fiscal Year 2016

(from April 1, 2016 to March 31, 2017)

(Millions of yen)

Account	Amount
Ordinary revenues	944,431
Income from insurance premiums	766,336
Insurance premiums	764,993
Reinsurance premiums	1,342
Investment income	154,066
Interests, dividends and income from real estate for rent	132,370
Interest on deposits	1,218
Interest and dividends on securities	114,683
Interest on loans	7,296
Rent revenue from real estate	7,471
Other interest and dividends	1,699
Gains on sales of securities	18,224
Reversal of reserve for possible loan losses	132
Other investment income	2,335
Gains on separate accounts, net	1,002
Other ordinary income	24,029
Proceeds from contracts of annuity	17,492
Payments for deferred insurance	1,258
Other ordinary income	5,278
Ordinary expenses	861,736
Insurance claims and other payments	484,881
Insurance claims	145,003
Annuity payments	50,810
Insurance benefits	72,948
Surrender payments	205,837
Other payments	7,949
Reinsurance premiums	2,332
Provision for policy and other reserves	204,770
Provision for reserve for outstanding claims	1,510
Provision for policy reserve	203,237
Interest portion of reserve for policyholder dividends	22
Investment expenses	48,244
Interest expenses	26
Losses on investments in trading securities, net	587
Losses on sales of securities	17,698
Devaluation losses on securities	853
Net derivative financial instruments loss	13,335
Foreign exchange losses	244

Account	Amount
Depreciation of real estate for rent	2,461
Other investment expenses	13,036
Operating expenses	103,099
Other ordinary expenses	20,739
Payments for deferred insurance	2,697
Taxes	8,414
Depreciation	4,146
Provision for retirement benefits	3,769
Rest of the other ordinary expenses	1,710
Ordinary profit	82,695
Extraordinary losses	12,450
Losses on sale, disposal and devaluation of fixed assets	227
Impairment loss	1,352
Provision for reserve for price fluctuations	10,809
Other extraordinary losses	61
Provision for reserve for policyholder dividends	13,636
Income before income taxes	56,608
Income taxes-current	20,777
Income taxes-deferred	(7,286)
Total income taxes	13,491
Net income	43,116

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

Non-consolidated Balance Sheet for Fiscal Year 2016

(as of March 31, 2017)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	134,422	Policy reserves	1,224,914
Cash	0	Reserve for outstanding claims	10,297
Deposits	134,422	Policy reserve	1,213,963
Call loans	1,302	Reserve for policyholder dividends	652
Monetary trust	583,476	Due to agencies	334
Securities	564,753	Due to reinsurers	1,112
Government bonds	447,088	Other liabilities	10,083
Local government bonds	100	Income taxes payable	8
Corporate bonds	5,748	Accounts payable	509
Stocks	152	Accrued expenses	869
Foreign securities	29,251	Unearned revenue	0
Other securities	82,411	Deposits received	31
Loans	3,692	Derivatives other than for trading-assets	1,323
Policy loans	3,690	Cash collateral received for financial instruments	7,210
General loans	2	Suspense receipt	129
Tangible fixed assets	0	Other liabilities	0
Buildings	0	Reserve for employees' retirement benefits	5,193
Lease assets	0	Reserve for price fluctuations	1,207
Other tangible fixed assets	0	Total liabilities	1,242,846
Intangible fixed assets	0	(Net assets)	
Other intangible fixed assets	0	Common stock	56,000
Due from agencies	3	Capital surplus	46,000
Due from reinsurers	2,967	Capital reserve	46,000
Other assets	15,076	Retained earnings	(31,972)
Accounts receivable	2,199	Other retained earnings	(31,972)
Prepaid expenses	198	Retained earnings brought forward	(31,972)
Accrued income	1,317	Total stockholders' equity	70,027
Deposit for rent	223	Net unrealized gains on securities	874
Derivatives other than for trading-assets	10,339	Total valuation and translation adjustments	874
Cash collateral paid for financial instruments	639		
Suspense payments	154		
Rest of the other assets	3		
Deferred tax assets	8,054		
Reserve for possible loan losses	(1)	Total net assets	70,901
Total assets	1,313,747	Total liabilities and net assets	1,313,747

Non-consolidated Statement of Operations for Fiscal Year 2016

(from April 1, 2016 to March 31, 2017)

(Millions of yen)

Account	Amount
Ordinary revenues	155,834
Income from insurance premiums	80,918
Insurance premiums	78,759
Reinsurance premiums	2,159
Investment income	23,041
Interests, dividends and income from real estate for rent	7,563
Interest on deposits	39
Interest and dividends on securities	7,392
Interest on loans	122
Other interest and dividends	7
Gain on investments in money held in trust	5,610
Gains on sales of securities	3,561
Gains from derivatives, net	707
Foreign exchange gains	1,197
Other investment income	0
Gains on separate accounts, net	4,400
Other ordinary income	51,874
Proceeds from contracts of annuity	5,865
Proceeds from deferred insurance	1
Reversal of reserve for outstanding claims	127
Reversal of policy reserve	45,792
Reversal of reserve for employees' retirement benefits	78
Other ordinary income	8
Ordinary expenses	149,634
Insurance claims and other payments	138,311
Insurance claims	32,547
Annuity payments	59,385
Insurance benefits	3,867
Surrender payments	37,870
Other payments	4,212
Reinsurance premiums	429
Provision for policy and other reserves	0
Interest portion of reserve for policyholder dividends	0
Investment expenses	213
Interest expenses	0
Losses on sales of securities	107
Provision for reserve for possible loan losses	0
Other investment expenses	105

Account	Amount
Operating expenses	9,745
Other ordinary expenses	1,363
Payments for deferred insurance	62
Taxes	847
Depreciation	242
Rest of the other ordinary expenses	211
Ordinary profit	6,199
Extraordinary losses	3,612
Losses on sale, disposal and devaluation of fixed assets	0
Impairment loss	3,308
Provision for reserve for price fluctuations	303
Reversal for reserve for policyholder dividends	1
Income before income taxes	2,587
Income taxes-current	874
Income taxes-deferred	(427)
Total income taxes	446
Net income	2,141