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 5, 2018

To Our Shareholders

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

Notice of Convocation of the 14th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 14th 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 4-26), 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 26, 2018 (JST).

1. Date & Time: 10:00 a.m. Wednesday, June 27, 2018 (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 2017 (from April 1, 2017 to March 31, 2018), 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 2017 (from April 1, 2017 to March 31, 2018)

Matters to be resolved:

Proposal No.1: Appropriation of Surplus
Proposal No.2: Partial Amendments to the Articles of Incorporation
Proposal No.3: Election of Twelve Directors
Proposal No.4: Election of One Audit & Supervisory Board Member
Proposal No.5: Election of One Alternate Audit & Supervisory Board Member
Proposal No.6 Determination of the Amounts and the Details of the New Stock-based Compensation, etc. for Directors, etc.

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/event/meeting/
English translation	http://www.td-holdings.co.jp/en/ir/event/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 27, 2018 (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 26, 2018 (JST)**

● In the case of exercise of voting rights via the Internet
On the designated **website (https://evote.tr.mufg.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 26, 2018 (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 (https://evote.tr.mufg.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

Proposal No.1: Appropriation of Surplus

The returns to shareholders for fiscal year 2017 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 20 yen per share. Since the Company paid 17.5 yen per share as an interim dividend, annual dividend for fiscal 2017 will amount to 37.5 yen per share.

This amount represents an increase of 5 yen per share, relative to the annual dividend of 32.5 yen per share paid in fiscal year 2016.

1. Type of property for dividend

   Cash

2. Dividend and its total amount

   20 yen per share (common stock) total amount 12,443,950,800 yen

3. Effective date of distribution of surplus

   June 28, 2018

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

1. Reasons for the proposal
   With the aim of further clarifying the management responsibility of Directors and establishing a management structure that is capable of swiftly adapting to changes in the business environment, it is proposed that the terms of office of Directors be shortened from two years to one year.

2. Details of amendments
   The details of amendments are as follows.

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed Amendments
(Terms of Office of Directors) Article 20 The terms of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within <u>two (2) years</u> from their election.	(Terms of Office of Directors) Article 20 The terms of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within <u>one (1) year</u> after their election.

Proposal No.3: Election of Twelve Directors

The terms of office of four Directors, Sonosuke Usui, Koichi Seike, Chikahiro Tsuboi and Ryuji Hori will expire at the conclusion of this General Meeting of Shareholders. In addition, Director Terunori Yokoyama will resign at the conclusion of this General Meeting of Shareholders. Accordingly, the election of five Directors (two of whom are candidates for reappointment and three of whom are new candidates) is proposed.

In addition, if Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed, the terms of office of Directors of the Company will be shortened from two years to one year. Consequently, the terms of office of seven Directors, Tetsuhiro Kida, Hirohisa Uehara, Haruka Matsuyama, Naoki Ohgo, Katsuhide Tanaka, Minoru Kudo and Masafumi Itasaka, who were elected at the 13th Ordinary General Meeting of Shareholders held on June 28, 2017, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, subject to the approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation” as proposed, the election of seven Directors (seven of whom are candidates for reappointment), in addition to the election of the above mentioned five Directors is proposed.

The candidates for Directors are as follows:

No.	Name		Current positions and responsibilities at the Company	Attendance to the Board of Directors' meetings
1	Tetsuhiro Kida	Reappointment	Representative Director and Chairman	All 21 meetings
2	Hirohisa Uehara	Reappointment	Representative Director and President	All 16 meetings
3	Koichi Seike	Reappointment	Director and Senior Managing Executive Officer In charge of Risk Control Department	All 21 meetings
4	Chikahiro Tsuboi	Reappointment	Director and Senior Managing Executive Officer In charge of Group Finance & Accounting Department and Public Relations Department	All 21 meetings
5	Mitsuhiro Nagata	New	Senior Managing Executive Officer In charge of Group Planning Department and Business Development Department	–
6	Yasuro Tamura	New	Managing Executive Officer In charge of General Affairs Department and Internal Auditing Department	–
7*	Haruka Matsuyama	Reappointment Outside Independent	Director	20/21
8	Naoki Ohgo	Reappointment Outside Independent	Director	All 16 meetings
9	Seiji Higaki	New Outside Independent	–	–
10	Katsuhide Tanaka	Reappointment	Director	All 21 meetings
11	Minoru Kudo	Reappointment	Director	20/21
12	Masafumi Itasaka	Reappointment	Director	All 16 meetings

Reappointment: Candidate for Director to be reappointed
New: Candidate for Director to be newly appointed
Outside: Candidate for Outside Director
Independent: Independent director/auditor to be registered to Tokyo Stock Exchange, Inc.
* Female candidate for Director

1.	Tetsuhiro Kida (June 19, 1953)		Number of the Company's shares held: 25,400
Reappointment Attendance to the Board of Directors' meetings: All 21 meetings Tenure as Director: 11 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	
	APR 2018	Representative Director and Chairman of the Company (present)	
	(Position and responsibilities)		
		Representative Director and Chairman	
	(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. Following service as Representative Director and President, he currently assumes the office of Representative Director and Chairman of the Company. Considering these factors, Mr. Tetsuhiro Kida is proposed as a candidate for 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: 16,000</td></tr>
<tr><td rowspan="18">Reappointment

Attendance to the Board of Directors' meetings: All 16 meetings

Tenure as Director: 1 year (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 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</td></tr>
<tr><td>JUN 2017</td><td colspan="2">Director of T&D Financial Life Insurance Company (present)</td></tr>
<tr><td>JUN 2017</td><td colspan="2">Representative Director and Executive Vice President of the Company</td></tr>
<tr><td>APR 2018</td><td colspan="2">Representative Director and President of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Representative Director and President</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 T&D Financial 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. In addition, he has previously been in charge of Group Planning at the Company. Following service as Representative Director and Executive Vice President, he is currently serving as Representative Director and President of the Company. Considering these factors, Mr. Hirohisa Uehara is proposed as a candidate for 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 relating to the management of insurance holding companies, insurance companies, etc.</td></tr>
</table>

Notes:

1. No conflict of interest exists between the Company and Mr. Hirohisa Uehara.
2. Mr. Hirohisa Uehara is scheduled to resign from the office of Director of T&D Financial Life Insurance Company on June 21, 2018, and to retire from the office of Director of Daiwa Motor Transportation Co., Ltd. on June 28, 2018.

<table>
<tr><td>3.</td><td colspan="2">Koichi Seike (July 6, 1956)</td><td>Number of the Company's shares held: 21,700</td></tr>
<tr><td rowspan="14">Reappointment

Attendance to the Board of Directors' meetings: All 21 meetings

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 1980</td><td colspan="2">Entered Daido Mutual 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 2010</td><td colspan="2">Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>JUN 2011</td><td colspan="2">Director and Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2014</td><td colspan="2">Managing Executive Officer of the Company</td></tr>
<tr><td>JUN 2014</td><td colspan="2">Director and Managing Executive Officer of the Company</td></tr>
<tr><td>APR 2016</td><td colspan="2">Director and Senior Managing Executive Officer of Daido Life Insurance Company (present)</td></tr>
<tr><td>APR 2016</td><td colspan="2">Director and Senior Managing 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 Managing Executive Officer
In charge of Risk Control Department</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Director and Senior Managing Executive Officer of Daido 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. Koichi Seike has operational experience within the Group including accounting, systems, internal control, investment and risk management. Mr. Koichi Seike is proposed as a candidate for 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 relating to the management of insurance holding companies, insurance companies, etc., including his experience at the Company in Risk Management.</td></tr>
</table>

Note: No conflict of interest exists between the Company and Mr. Koichi Seike.

<table>
<tr><td>4.</td><td colspan="2">Chikahiro Tsuboi (July 23, 1957)</td><td>Number of the Company's shares held: 39,200</td></tr>
<tr><td rowspan="15">Reappointment

Attendance to the Board of Directors' meetings: 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 1980</td><td colspan="2">Entered Taiyo Mutual Life Insurance Company</td></tr>
<tr><td>APR 2010</td><td colspan="2">Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>JUN 2010</td><td colspan="2">Director and Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>OCT 2011</td><td colspan="2">Audit & Supervisory Board Member of T&D Asset Management Co., Ltd.</td></tr>
<tr><td>APR 2014</td><td colspan="2">Director and Managing Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2015</td><td colspan="2">Managing Executive Officer of the Company</td></tr>
<tr><td>JUN 2016</td><td colspan="2">Director of T&D Asset Management Co., Ltd. (present)</td></tr>
<tr><td>JUN 2016</td><td colspan="2">Director of T&D Financial Life Insurance Company (present)</td></tr>
<tr><td>JUN 2016</td><td colspan="2">Director and Managing Executive Officer of the Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">Director and Senior Managing 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 Managing Executive Officer
In charge of Group Finance & Accounting Department and Public Relations Department</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Director of T&D Financial Life Insurance Company
Director of T&D Asset Management 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. Chikahiro Tsuboi has operational experience within the Group including investment, risk management and legal compliance. Mr. Chikahiro Tsuboi is proposed as a candidate for 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 relating to the management of insurance holding companies, insurance companies, etc., including his experience at the Company in Group Planning, Group Finance & Accounting and Public Relations.</td></tr>
</table>

Note: No conflict of interest exists between the Company and Mr. Chikahiro Tsuboi.

5.	Mitsuhiro Nagata (December 27, 1962)		Number of the Company's shares held: 12,900
New	Personal history, position, responsibilities and significant concurrent positions		
	APR 1985	Entered Daido Mutual Life Insurance Company	
	APR 2011	Executive Officer of Daido Life Insurance Company	
	APR 2015	Managing Executive Officer of Daido Life Insurance Company	
	JUN 2015	Director and Managing Executive Officer of Daido Life Insurance Company	
	APR 2017	Managing Executive Officer of the Company	
	APR 2018	Director of Daido Life Insurance Company (present)	
	APR 2018	Senior Managing Executive Officer of the Company (present)	
	(Position and responsibilities)		
		Senior Managing Executive Officer In charge of Group Planning Department and Business Development Department	
	(Significant concurrent positions)		
		Director of Daido Life Insurance Company	
	(Reasons for selection as a candidate for Director)		
		Mr. Mitsuhiro Nagata has operational experience within the Group including accounting, systems and planning. Mr. Mitsuhiro Nagata is proposed as a candidate for Director, as he is 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 the management of insurance holding companies, insurance companies, etc., including his experience at the Company in Group Planning and Business Development.	

Notes:
1. No conflict of interest exists between the Company and Mr. Mitsuhiro Nagata.
2. Mr. Mitsuhiro Nagata is scheduled to assume the office of Director of T&D Financial Life Insurance Company on June 21, 2018.

<table>
<tr><td>6.</td><td colspan="2">Yasuro Tamura (September 2, 1962)</td><td>Number of the Company’s shares held: 3,600</td></tr>
<tr><td rowspan="11">New</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1987</td><td colspan="2">Entered Taiyo Mutual 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 2015</td><td colspan="2">Director and Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">Director and Managing Executive Officer of Taiyo Life Insurance Company (present)</td></tr>
<tr><td>APR 2018</td><td colspan="2">Managing Executive Officer of the Company (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Managing 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 Managing 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. Yasuro Tamura has operational experience within the Group including risk management, planning, public relations and human resources. Mr. Yasuro Tamura is proposed as a candidate for Director, as he is 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 the 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. Yasuro Tamura.

<table>
<tr><td>7.</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: 1,900</td></tr>
<tr><td rowspan="11">Reappointment
Outside
Independent

Attendance to the Board of Directors' meetings: 20/21

Tenure as Director: 5 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 sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. Ms. Haruka Matsuyama is proposed as a candidate for 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. Ms. Haruka Matsuyama is a candidate for 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.

<table>
<tr><td>8.</td><td colspan="2">Naoki Ohgo (April 27, 1962)</td><td>Number of the Company's shares held: 100</td></tr>
<tr><td rowspan="13">Reappointment
Outside
Independent

Attendance to the Board of Directors' meetings:
All 16 meetings

Tenure as Director:
1 year
(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 1985</td><td colspan="2">Entered McKinsey Japan</td></tr>
<tr><td>JUL 1999</td><td colspan="2">Partner of McKinsey Japan</td></tr>
<tr><td>JUL 2005</td><td colspan="2">Executive Officer of GE Consumer Finance K.K. (current Shinsei Financial Co., Ltd.)</td></tr>
<tr><td>AUG 2008</td><td colspan="2">Representative Director of Root F Co., Ltd. (present)</td></tr>
<tr><td>JUN 2014</td><td colspan="2">Director of Orient Corporation (present)</td></tr>
<tr><td>JUN 2017</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">Representative Director of Root F Co., Ltd.
Director of Orient Corporation</td></tr>
<tr><td colspan="3">(Reasons for selection as a candidate for Outside Director)</td></tr>
<tr><td></td><td colspan="2">Mr. Naoki Ohgo has sophisticated expertise and extensive insight based on his experience in 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, capitalizing on his global perspective and extensive insight. Mr. Naoki Ohgo is proposed as a candidate for 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.</td></tr>
</table>

Notes:

1. No conflict of interest exists between the Company and Mr. Naoki Ohgo.
2. Mr. Naoki Ohgo is a candidate for 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, 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 reelection of Mr. Naoki Ohgo is approved, the Company will continue the liability limitation agreement with him.

9.	Seiji Higaki (May 25, 1951)		Number of the Company's shares held: 0
New Outside Independent	Personal history, position, responsibilities and significant concurrent positions		
	APR 1975	Entered The Daiwa Bank, Ltd.	
	JUN 2003	Executive Officer of Resona Bank, Ltd.	
	JUN 2005	Executive Officer of Resona Holdings, Inc.	
	JUN 2006	Director of Resona Holdings, Inc.	
	JUN 2007	Director, President and Representative Executive Officer of Resona Holdings, Inc.	
	APR 2009	Representative Director and Executive Officer of Resona Bank, Ltd.	
	JUN 2011	Deputy Chairman and Director of Resona Bank, Ltd. (Retired in March 2013)	
	APR 2013	Director of Resona Holdings, Inc. (Retired in June 2013)	
	JUN 2013	Chairman of Resona Research Institute Co., Ltd. (Retired in June 2015)	
	(Significant concurrent positions)		
	–		
	(Reasons for selection as a candidate for Outside Director)		
	Having served as Director, President and Representative Executive Officer of a bank holding company and Representative Director and Executive Officer of a bank, Mr. Seiji Higaki has a wealth of knowledge and experience in corporate management. Mr. Seiji Higaki is proposed as a candidate for Outside Director because he can be expected to capitalize on this knowledge and experience 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. Seiji Higaki.
2. Mr. Seiji Higaki is a candidate for 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. Seiji Higaki meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
3. The Company has an agreement with each Outside Director 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 the election of Mr. Seiji Higaki is approved, the Company will enter into the liability limitation agreement with him.

10.	Katsuhide Tanaka (July 20, 1954)		Number of the Company's shares held: 28,890
Reappointment Attendance to the Board of Directors' meetings: All 21 meetings Tenure as Director: 7 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 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 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 relating to the management of insurance holding companies, insurance companies, etc.	

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

<table>
<tr><td>11.</td><td colspan="2">Minoru Kudo (May 18, 1955)</td><td>Number of the Company's shares held: 36,800</td></tr>
<tr><td rowspan="15">Reappointment

Attendance to the Board of Directors' meetings: 20/21

Tenure as Director: 3 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 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 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 relating to the management of insurance holding companies, insurance companies, etc.</td></tr>
</table>

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

12.	Masafumi Itasaka (October 25, 1963)		Number of the Company's shares held: 3,200
Reappointment Attendance to the Board of Directors' meetings: All 16 meetings Tenure as Director: 1 year (at the conclusion of this General Meeting of Shareholders)	Personal history, position, responsibilities and significant concurrent positions		
	JUN 2004	Entered Daido Life Insurance Company	
	APR 2011	Executive Officer of T&D Financial Life Insurance Company	
	APR 2015	Managing Executive Officer of T&D Financial Life Insurance Company	
	JUN 2015	Director and Managing Executive Officer of T&D Financial Life Insurance Company	
	APR 2017	Representative Director and President of T&D Financial Life Insurance Company (present)	
	JUN 2017	Director of the Company (present)	
	(Position and responsibilities)		
		Director	
	(Significant concurrent positions)		
		Representative Director and President of T&D Financial Life Insurance Company	
	(Reasons for selection as a candidate for Director)		
		Mr. Masafumi Itasaka has operational experience within the Group including products and sales. He is currently serving as Representative Director and President of T&D Financial Life Insurance Company. Also, he currently assumes the office of Director of the Company. Mr. Masafumi Itasaka is proposed as a candidate for 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 relating to the management of insurance holding companies, insurance companies, etc.	

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

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

The term of office of Audit & Supervisory Board Member, Takashi Shimoda will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of the following one Audit & Supervisory Board Member is proposed.

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

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

1.	Yasuo Teraoka (July 6, 1960)	Number of the Company's shares held: 5,400
New	Personal history, position and significant concurrent positions	
	OCT 2000	Entered Daido Mutual Life Insurance Company
	APR 2013	Executive Officer of Daido Life Insurance Company (present)
	APR 2015	Executive Officer of the Company
	(Significant concurrent positions)	
	–	
	(Reasons for selection as a candidate for Audit & Supervisory Board Member)	
	Mr. Yasuo Teraoka has operational experience within the Group including investment and business development, as well as a wealth of knowledge of finance and accounting. Mr. Yasuo Teraoka is proposed as a candidate for Audit & Supervisory Board Member because he can be expected to capitalize on his wealth of knowledge and experience relating to the business of insurance holding company and insurance companies, etc., including his experience at the Company in Business Development, to serve his role as an Audit & Supervisory Board Member in auditing the execution of duties of Directors.	

Notes:

1. No conflict of interest exists between the Company and Mr. Yasuo Teraoka.
2. Mr. Yasuo Teraoka is scheduled to resign from the office of Executive Officer of Daido Life Insurance Company on June 22, 2018, and to assume the office of Audit & Supervisory Board Member of Daido Life Insurance Company on the same date.

Proposal No.5: 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 13th Ordinary General Meeting of Shareholders held on June 28, 2017, will expire at the beginning of this General Meeting of Shareholders, it is proposed that the Company preliminarily elect one person as an Alternate Outside Audit & Supervisory Board Member for Outside Audit & Supervisory Board Members Shigekazu Iwai, and Yuichi Ozawa, in order to prepare for the event of an unexpected shortfall in the number of Audit & Supervisory Board Members required by law.

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

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

	Kensaku Watanabe (February 17, 1971)	Number of the Company's shares held: 0
	Personal history, position and significant concurrent positions	
	MAR 1997	Registered as an Attorney
	JUN 2016	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 Alternate Outside Audit & Supervisory Board Member)	
	Mr. Kensaku Watanabe is proposed as a candidate for Alternate Outside Audit & Supervisory Board Member because he has sophisticated expertise 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. Kensaku Watanabe 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 Mr. Kensaku Watanabe.
2. Mr. Kensaku Watanabe is a candidate for 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. Kensaku Watanabe meets the independence criteria for Outside Directors/Auditors prescribed by the Company.
3. The Company 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. Kensaku Watanabe assumes the office of 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.6: Determination of the Amounts and the Details of the New Stock-based Compensation, etc. for Directors, etc.

1. Reasons for the proposal and justification for such compensation

The compensation of directors (excluding those who are part-time, and non-residents in Japan, including outside directors; hereinafter the same shall apply throughout this Proposal) of the Company currently comprises "monthly compensation," "bonus" and "share compensation-type stock option." The Company proposes to introduce a new stock-based compensation system (the "System"), which grants the Company's shares to its directors and executive officers (excluding those who are non-residents in Japan, and together with directors, referred to as "Directors").

The System will also apply to executive officers, and compensation based on the System includes executive officer compensation. In light of the possibility that such executive officers will be appointed as new directors during the applicable period of the System, the Company proposes to determine the amounts and details of all compensation based on the System as compensation of Directors. Furthermore, the System will integrally manage both the executive compensation of the Directors of the Company and the executive compensation of the three subsidiaries of the Company (Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company; collectively referred to as "Applicable Subsidiary (Subsidiaries)" and "Applicable Company (Companies)," including both the Applicable Subsidiaries and the Company) - namely the compensation of directors (excluding those who are part-time, and non-residents in Japan, including outside directors) and executive officers (excluding non-residents in Japan; and together with directors of the Applicable Subsidiaries, referred to as "Applicable Subsidiary Director(s)," and together with the Directors of the Company, referred to as Applicable Director(s)").

The System has been designed with the aim to enhance the motivation of Applicable Directors to contribute to improving business performance and enhancing corporate value over the medium-to-long term, and thus the Company considers its introduction to be justified.

The Proposal asks for approval for the payment of stock-based compensation separately from the amount of compensation for directors (¥500 million or less per year, including ¥40 million or less for outside directors; however, excluding the employee salary portion, as payable to directors concurrently serving as employees) approved at the 13th Ordinary General Meeting of Shareholders held on June 28, 2017.

If Proposal No. 3 "Election of Twelve Directors" is approved and resolved, as proposed, the number of directors applicable under the System will be six (there are three other executive officers not serving concurrently as directors).

Subject to the approval and resolution of this Proposal, the existing share compensation-type stock option system will be terminated and the new allocation of stock acquisition rights as a stock option will not be implemented.

2. Amounts and details of compensation, etc. under the System

(1) Overview of the System

The plan is a stock-based compensation system under which the Company's shares will be obtained through a trust using the compensation amounts of Applicable Directors contributed by the Applicable Companies; and grants/provides ("Delivery") the Company's shares and

cash equivalent to the amount obtained by converting a part of the shares into cash ("Stock Compensation") to the Applicable Directors. (See (2) onward for the details.)

(i) Persons eligible for the Delivery of the Stock Compensation under the System	・Directors (excluding those who are part-time, and non-residents in Japan, including outside directors) and executive officers (excluding non-residents in Japan) of the Company ・Directors (excluding those who are part-time, and non-residents in Japan, including outside directors) and executive officers (excluding non-residents in Japan) of the three subsidiaries of the Company (Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company)

(ii) The effect of the Company's shares covered by the System on the total number of the Company's shares issued	
Upper limit of the funds to be contributed by the Applicable Companies (as specified in (2) below)	・Total of ¥1,840 million (including ¥500 million contributed by the Company) over a period of three fiscal years
Method of acquisition of the Company's shares (as specified in (2) below) and the upper limit of the number of the Stock Compensation to be acquired by Applicable Directors (as specified in (3) below)	・Acquisition of the Company's shares from the Company (disposal of treasury shares) or from the stock market is planned ・The upper limit of the number of points to be awarded to Applicable Directors will be 790,000 points per fiscal year (including 215,000 points to be awarded to Directors of the Company) ・The number of the shares equivalent to the upper limit of the number of points to be awarded to Applicable Directors per fiscal year accounts for approximately 0.13% of the total number of the Company's shares issued (as of March 31, 2018, after deducting treasury shares)

(iii) Timing of the Delivery of the Stock Compensation to Applicable Directors (as specified in (4) below)	・At the time of retirement of Applicable Directors

(2) Upper limit of the funds to be contributed by each Applicable Company and method of acquisition of the Company's shares

The period covered by the System will be three consecutive fiscal years (initially from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021, and the subsequent three fiscal years, if the trust period is extended in the following manner; referred to as the "Applicable Period").

The Company will contribute funds up to a total of ¥500 million for each Applicable Period as compensation for the Directors of the Company, and together with the funds contributed by each Applicable Subsidiary as compensation for the Applicable Subsidiary Directors (the upper limit for the funds to be contributed by each Applicable Company will be a total of ¥1,840 million), establish a trust (referred to as the "Trust") with a trust period of three years (including the extension of the trust period, as specified in the third paragraph of (2); hereinafter the same shall apply) wherein Applicable Directors who meet the beneficiary

requirements will be the beneficiaries. The Trust will acquire the Company's shares from the Company (disposal of treasury shares) or the stock market using the trust funds in accordance with the instructions of the Trust administrator. During the trust period, each Applicable Company will award points to the Applicable Directors (as specified in (3) below), and the Trust will conduct Delivery of the Stock Compensation.

At the expiry of the trust period, the Trust may be continued by modifying the Trust Agreement and entrusting additional funds, in lieu of creating a new Trust. In such case, the trust period will be extended for the same period as the initial trust period, and the three fiscal years after the extension of the trust period will be the Applicable Period. For each extended trust period, each Applicable Company will make new contributions within the amount approved by the general meeting of shareholders of each company to the Company. The Company will entrust additional funds up to a total of ¥500 million, in addition to the funds contributed by the Applicable Subsidiaries. During the extended trust period, each Applicable Company will continue to award points to the Applicable Directors and during the extended trust period, the Trust will continue to make Delivery of the Stock Compensation. Note, however, that, in making such additional contribution, if there are the Company's shares acquired by the funds contributed by the Company remaining in the Trust assets on the last date of the trust period before extension (excluding the shares applicable to points given to Applicable Directors but are yet to be used for Delivery) and cash (collectively "Remaining Shares"), the combined total of the value of the Remaining Shares and funds additionally contributed to the Trust will not exceed the upper limit of ¥500 million.

If, at the expiry of the trust period, Applicable Directors who may satisfy the beneficiary requirements are still in office, no points will be awarded to the Applicable Directors from that time onward. However, the trust period may be extended until such time that the Delivery of the Stock Compensation to Applicable Directors is complete, up to 10 years.

(3) Calculation formula and the upper limit of the Company's shares to be acquired by the Applicable Directors

For each Applicable Company, in principle, every June during the trust period, the person who served as the Applicable Director between July 1 of the previous year and the end of June of the same year (referred to as "Applicable Service Period"), will be awarded specified numbers of points according to the number of months of service during the Applicable Service Period and their respective ranks. Delivery of Stock Compensation will be made to Applicable Directors at the time they retire (retirement includes loss of eligibility due to overseas posting of the Applicable Directors; hereinafter the same shall apply), according to the total points they have earned up to that point (referred to as "Accumulated Points").

One point will correspond to a single share in the Company. However, if an event occurs for which adjustment in the point system is necessary to maintain fairness, such as a stock split or reverse split, during the trust period, the number of shares corresponding to one point will be adjusted reflecting the ratio of the split or reverse split.

The upper limit for the total number of points to be awarded to Directors of the Company per fiscal year will be 215,000 (the upper limit for the total number of points to be awarded to Applicable Directors per fiscal year will be 790,000).

(4) Timing of the Delivery of the Stock Compensation to Applicable Directors

The Applicable Directors who fulfill the beneficiary requirements will, at the time of their retirement, receive the Delivery of the number of the Stock Compensation as calculated based on (3) above. At that time, such Applicable Director will receive the delivery of the number of the stock compensation corresponding to 70% of the Accumulated Points they earned (shares of less than one trading unit will be rounded down) and cash in the amount the Trust obtains by converting the rest of the shares into cash.

If an Applicable Director dies during the trust period, the heir to such an Applicable Director will receive cash in the amount of the Company's shares corresponding to all of the Accumulated Points until that point after being converted from all applicable shares into cash within the Trust upon the person's death. If an Applicable Director becomes a non-resident in Japan during the trust period as he/she is assigned overseas, such Applicable Director will receive from the Trust the cash equivalent of the Company's shares corresponding to the number of total points earned up to that point after being converted from all applicable shares into cash.

(5) Exercise of voting rights for the Company's shares within the Trust

Voting rights for the Company's shares within the Trust will not be exercised over the trust period in order to maintain the System's neutrality to management.

(6) Handling of dividends from surplus on the Company's shares in the Trust

Dividends from surplus on the Company's shares in the Trust will be received by the Trust and used to pay trust management fees and expenses. If there are residual assets at the expiry of the Trust after they have been used to pay trust management fees and expenses, the amounts of such assets exceeding the reserve for trust expenses will be donated to entities in which no Applicable Companies or Applicable Directors have interest.

(7) Other details of the System

Other details concerning the System will be determined at a meeting of the Board of Directors when establishing the Trust, when modifying the trust contract, and when making additional contributions to the Trust.

For details on the System, please see the press release "Notice Regarding the Introduction of New Stock-based Incentive System for Directors and Executive Officers" dated May 15, 2018 (The press release is available on the Company's website.).

(Attached Documents)

Business Report for Fiscal Year 2017

(From April 1, 2017 to March 31, 2018)

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 2017, the Japanese economy continued on a mild recovery trend backed by the effects of various economic measures and monetary policies, as seen in improved personal consumption and a high level of corporate earnings amid ongoing improvement in the employment and income environments.

In the life insurance industry, despite declines in sales of individual annuities, for which insurance premiums rose due to the drop in standard interest rates in April 2017, Third Sector products such as medical and nursing care insurance were strong. In the asset management environment, domestic stock prices rose due to strong domestic corporate results and progress in reforms of the taxation system in the U.S., but towards the end of the fiscal year, due to factors such as growing uncertainties in the overseas situations, domestic stock prices stagnated. With regard to domestic interest rates, 10-year long-term government bond yields were positive but extremely close to the Bank of Japan's target of almost zero percent due to the Bank of Japan's Quantitative and Qualitative Monetary Easing with Yield Curve Control measure.

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 2017.

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) Glossary 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.

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 ¥17.0 billion (roughly 10.61 million shares) from May to June 2017. The Company also cancelled 26.48 million shares of treasury stock in August 2017.

The Company gave due respect to the "Corporate Governance Code," which applies to all listed companies, adopted all of its principles, 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 continued to improve the IT and office environments and advance efforts to innovate work styles and enhance the efficiency of operations through measures such as going paperless.

In recognition of these initiatives, in July 2017 the Company was chosen as one of the companies in each of the three ESG (Environmental, Social, and Governance) indices newly selected by the Government Pension Investment Fund (GPIF).

Led by the Group-wide, customer-oriented philosophy, the Company has defined the "T&D Life Group's Basic Polices Related to Customer-oriented Business Operations" in order to engage in sincere, earnest, fair, and appropriate corporate activities which benefit customers, and will work to foster a corporate culture that respects the spirit and intent of this Basic Policy. In accordance with this Basic Policy, the Three Life Insurance Companies, based on their individual, unique business models, worked on various measures including the enhancement of their product lineups, the improvement of their customer services, and support for promotion of health.

(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.

Taiyo Life continued to enhance contents of its products, in order to provide lifelong security to customers through high-quality products and services. In October 2017, it launched "Centenarian Age Annuity," a new type of insurance that combines "long-lived annuity" and "whole life nursing-care annuity" to look ahead to the current era in which people often live healthily to age 100.

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 October 2017, it expanded its product lineup by launching "*Kaigo Teiki Hoken* (non-participating nursing care coverage term insurance)," a corporate product that meets the nursing-care coverage needs of enterprise owners and the asset building needs of small- and medium-sized enterprises by combining nursing care coverage with asset building functions.

T&D Financial Life is expanding its lineup of asset- and coverage-oriented products treated by financial institutions and insurance shop agents. In May 2017, it renewed "Shogai Premium Japan and World," a single premium whole life insurance product managed in yen and foreign currencies. In December of the same year, it launched "Five Ten World," a foreign currency-linked annuity that meets inheritance needs, including living donations.

The Three Life Insurance Companies revised insurance premiums for some products due to changes to the standard mortality table in April 2018.

(Improvement of customer services)
The Three Life Insurance Companies strove to further develop a system for paying insurance claims promptly and precisely to the customers. In fiscal 2017, 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 has been visiting senior customers once a year or more in order to go over the details of their policies and encourage them to file claims, etc., and providing "Kaketsuke-Tai Service," a service for senior customers that sends expert insurance representatives directly to the homes of customers or their families to help with paperwork, making filing for benefits more convenient and worry free. "Dementia Supporters [1]" have also been allocated on a company-wide basis to provide assistance to local dementia sufferers and their families based on accurate knowledge and understanding of dementia.

Daido Life has clearly demonstrated the direction of its initiatives to assist senior customers and customers with disabilities, and strove to promote understanding, confirm intent, and take living environments into consideration for senior customers. For customers with disabilities, the company worked to provide careful and attentive services that take into full consideration each customer's individual circumstances in every situation.

T&D Financial Life established a working group with the aim of improving customer convenience. The company also carried out activities for further improving the services offered to senior customers and customers with disabilities.

(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.

In order to take on the social problem of extending healthy lives -- that is, living long and healthy lives -- in the current era in which people often live healthily to age 100, Taiyo Life launched "The Taiyo Genki Project" in June 2016, and advanced various measures to help our employees and customers be healthy and to contribute to the health of society. In addition to co-sponsoring the Akahige Grand Prize, which honors the primary care doctors that support the health of local residents, it also co-sponsored dementia-related seminars across Japan and provided support to municipal governments introducing "Kurort Healthy Walking," which is effective in preventing disease and promoting health.

Health promotion within companies is becoming even more important, and Daido Life implemented "Daido Kenco Action," an initiative to comprehensively support "health and productivity management [2]" for small- and medium-sized enterprises. As part of these efforts, in April 2017 it launched the "Daido Life KENCO SUPPORT PROGRAM [3]," jointly developed with Value HR Co., Ltd., and provided support for the promotion of health by assessing health risks and making lifestyle improvements.

Taiyo Life and Daido Life have been recognized, from fiscal 2016 onward, as the "2018 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.

Main performance during the current fiscal year

New policy amount for the current fiscal year was ¥5,036.9 billion (22.6% decrease year-on-year), due to impact of revisions to rates in April 2017. Policy amount in force as at year-end was ¥60,869.5 billion (0.9% decrease year-on year).

Annualized premiums Glossary of new policies combining individual insurance and individual annuities for this fiscal year was ¥120.3 billion (12.2% decrease year-on-year), including Third Sector annualized premiums of new policies that increased significantly to ¥38.3 billion (33.8% increase year-on-year).

Annualized premiums of total policies combining individual insurance and individual annuities at the end of this fiscal year, was ¥1,506.0 billion (0.5% increase year-on-year).

Income from insurance premiums decreased by 1.4% year-on-year, to ¥1,483.7 billion, due primarily to reduced sales of savings-oriented products. Interests, dividends and income from real estate for rent increased 3.2% year-on-year, to ¥285.4 billion. As a result, ordinary revenues decreased by 2.4% year-on-year, to ¥1,928.3 billion.

On the other hand, ordinary expenses decreased by 2.6% year on year, to ¥1,771.8 billion, due primarily to a decrease in insurance claims and other payments.

As a result, ordinary profit decreased by 0.5% year-on-year, to ¥156.4 billion.

Profit attributable to owners of parent increased by 3.2% year on year, to ¥77.5 billion, due primarily to a decrease in provision for reserve for price fluctuations.

Combined total core profit Glossary for this fiscal year at the Three Life Insurance Companies decreased by 7.2% year-on-year, to ¥148.4 billion due primarily to an increase in provision for policy reserve prompted by rate revisions. Positive spread increased by 42.0% year on year, to ¥42.3 billion.

Information on solvency margin ratios Glossary, a criterion subject to government supervision, indicating management soundness of an insurance holding company (consolidated) and an insurance company was 1,061.8% (1,105.1% at the end of the previous fiscal year).

Solvency margin ratios of the Group's Three Life Insurance Companies were 835.1% for Taiyo Life Insurance Company (848.6% at the end of the previous fiscal year), 1,206.2% for Daido Life Insurance Company (1,252.6% at the end of the previous fiscal year) and 1,258.3% for T&D Financial Life Insurance Company (1,295.6% at the end of the previous fiscal year).

<Reference>
Financial results for the Three Life Insurance Companies

(100 millions of yen)

Company name	Ordinary revenues	Ordinary profit	Profit*
Consolidated results	19,283	1,564	775
Taiyo Life Insurance Company	7,387	627	304
Daido Life Insurance Company	9,880	893	445
T&D Financial Life Insurance Company	1,964	25	15

* Consolidated results indicate profit attributable to owners of parent.

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

(100 millions of yen)

Categories	FY2016	FY2017 (year under review)
Annualized premiums of new policies (Third Sector products)	1,370 (286)	1,203 (383)
Taiyo Life Insurance Company	360 (134)	274 (133)
Daido Life Insurance Company	937 (151)	784 (248)
T&D Financial Life Insurance Company	72 (0)	144 (1)
Annualized premiums of total policies (Third Sector products)	14,984 (1,911)	15,060 (2,119)
Taiyo Life Insurance Company	6,365 (1,032)	6,184 (1,057)
Daido Life Insurance Company	7,478 (853)	7,716 (1,036)
T&D Financial Life Insurance Company	1,140 (26)	1,160 (25)
New policy amount	65,064	50,369
Taiyo Life Insurance Company	20,848	16,867
Daido Life Insurance Company	41,862	29,954
T&D Financial Life Insurance Company	2,354	3,547
Policy amount in force as at the end of the year	614,462	608,695
Taiyo Life Insurance Company	217,411	211,544
Daido Life Insurance Company	378,256	376,622
T&D Financial Life Insurance Company	18,793	20,527

Notes:

1. For annualized premiums, please refer to the Glossary (page 62).
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 continue gradual recovery, due to improved personal consumption as well as the effect of implemented measures, including an increase in capital expenditure, backed by an improvement in corporate earnings, and an increase in export due to a recovery in the overseas economy amid ongoing improvements in employment and income conditions. On the other hand, there is the concern that uncertainties in the overseas situations and fluctuations 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, a prolonging low interest rate environment, and advances in FinTech, which uses information communications technologies to provide innovative financial services. 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—," for which fiscal 2018 will be the last fiscal year. 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 continue to make efforts in strategically strengthening 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) Glossary and profits.

(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 "improving services," "enhancing products" and "strengthening sales," 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) Glossary under enterprise risk management (ERM), and increasing the sophistication of their asset management, including investing in growth fields and advancing 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, 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 2018.

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

(Notes) [1] This name refers to people who have taken dementia supporter training collaborated by local governments and organizations as part of the "*Ninchisho* (Dementia) Supporter Caravan Project" conducted by the Ministry of Health, Labour and Welfare.
[2] The term "health and productivity management" is a registered trademark of the Workshop for the Management of Health on Company and Employee.
[3] This online service offers integrated support for implementing a PDCA cycle necessary for health management, such as providing "support to promote taking health exams" for companies, "risk analysis for lifestyle diseases, etc." for individual managers and employees, as well as "solutions for healthier living" and "incentives" to encourage continuous efforts towards promotion of health.

Glossary For Enterprise Risk Management (ERM), annualized premiums, core profit, solvency margin ratio, embedded value (EV) and asset liability management (ALM), please refer to the Glossary (page 62).

(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	FY2014	FY2015	FY2016	FY2017 (year under review)
Ordinary revenues	2,412,165	2,025,925	1,975,784	1,928,359
Ordinary profit	188,943	171,434	157,227	156,475
Profit attributable to owners of parent	94,215	72,547	75,187	77,577
Comprehensive income	351,230	(84,492)	(69,598)	93,236
Net assets	1,344,950	1,214,061	1,096,772	1,153,036
Total assets	14,664,705	14,674,207	14,891,167	15,262,398

Note: Financial results for FY2017 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	FY2014	FY2015	FY2016	FY2017 (year under review)
Operating revenues	29,719	20,409	52,607	49,497
Dividend received	26,814	16,627	49,204	46,030
Insurance operating subsidiaries	26,814	16,627	49,204	46,030
Other subsidiaries	-	-	-	-
Net income	27,007	16,893	49,562	46,300
Net income per share (¥)	40.52	25.85	77.66	74.14
Total assets	781,379	793,185	768,697	783,804
Stocks, etc. of insurance operating subsidiaries	732,227	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, 2018)

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 FY2016	At the end of FY2017	Change during FY2017	At the end of the current fiscal year		
				Average age	Average service years	Average monthly salary
T&D Holdings, Inc.	95	98	3	45.7 years	22.1 years	¥579 thousand

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 2018 (including overtime payment), excluding bonus payment.

Employees of the consolidated companies

Divisions	At the end of FY2016	At the end of FY2017	Change during FY2017
Insurance and insurance-related businesses	18,573	18,546	(27)
Investment-related businesses	441	442	1
Administration-related businesses	802	769	(33)
Total	19,816	19,757	(59)

(5) The Group's main source of debt

Not applicable

(6) Financing of the corporate group

(Issuance of bonds)
For the purpose of further strengthening the financial base, Taiyo Life Insurance Company has issued the following subordinate bonds:

(Millions of yen)

Amount	Purpose of funding
37,000	long-term working capital

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, 2017	August 24, 2017	3,000
June 22, 2017	September 22, 2017	3,000
August 24, 2017	November 22, 2017	3,000
September 22, 2017	December 21, 2017	3,000
November 22, 2017	February 22, 2018	3,000
December 21, 2017	March 22, 2018	3,000
February 22, 2018	May 22, 2018	3,000
March 22, 2018	June 22, 2018	3,000
Total amount issued in FY2017 (Balance at the end of FY2017)		24,000 (6,000)

(7) Capital expenditure of the corporate group

A. Total capital expenditure

(Millions of yen)

Divisions	Amount
Insurance and insurance-related businesses	63,767
Investment-related businesses	138
Administration-related businesses	301
Total	64,208

B. New construction of material equipment, etc.

Divisions	Details	Amount
Taiyo Life Insurance Company	Acquisition of unattached floor spaces for redevelopment projects (Nihonbashi building)	¥32,387 million
Daido Life Insurance Company	Acquisition of rental building (Saitama-shi)	¥9,000 million

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

A. Affairs at the parent company

Not applicable

B. Affairs at the subsidiaries

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

Company name	Location	Main operations	Date of incorporation	Capital (Millions of yen, except where otherwise noted)	The Company's share of voting right (%)	Remarks
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)	
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. The yen equivalent of the capital amount of Thuriya Ace Technology Co., Ltd., calculated using the exchange rate as of the date of the close of the account, is ¥97 million.
7. 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 2017 were ¥1,928.3 billion and ¥77.5 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, 2018)

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
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.
Hirohisa Uehara	Representative Director and Executive Vice President (in charge of Group Planning Department)	Director, Taiyo Life Insurance Company Director, T&D Financial Life Insurance Company Director, Daiwa Motor Transportation Co., Ltd.	
Sonosuke Usui	Director and Executive Vice President, Executive Officer (in charge of Business Development Department)	Director, Daido Life Insurance Company	
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.
Koichi Seike	Director and Senior Managing Executive Officer (in charge of Risk Control Department)	Director and Senior Executive Officer, Daido Life Insurance Company	Received approval from the Commissioner of Financial Services Agency under the provisions of Article 8, Paragraph 1 of the Insurance Business Act.
Chikahiro Tsuboi	Director and Senior Managing Executive Officer (in charge of Group Finance & Accounting Department and Public Relations Department)	Director, T&D Financial Life Insurance Company Director, T&D Asset Management Co., Ltd.	
Ryuji Hori	Director (Outside Officer)	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.	
Naoki Ohgo	Director (Outside Officer)	Representative Director, Root F Co., Ltd. Director, Orient Corporation	

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.	
Masafumi Itasaka	Director	Representative Director and President, T&D Financial Life Insurance Company	
Takashi Shimoda	Full-time Audit & Supervisory Board Member		
Junichi Yanai	Full-time Audit & Supervisory Board Member	Audit & Supervisory Board Member, Taiyo Life Insurance Company	He has considerable expertise in finance and accounting, gained through his operational experience in investment and planning, etc. at a life insurance subsidiary of the Group.
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, 2018 is as follows.
   Representative Director and Chairman Tetsuhiro Kida
   Representative Director and President Hirohisa Uehara

2. Executive officers (excluding directors concurrently serving as executive officers) as of March 31, 2018 are as follows;

Name	Positions/Responsibilities
Mutsuro Kitahara	Senior Managing Executive Officer (vice in charge of Risk Management Department and Internal Auditing Department)
Mitsuhiro Nagata	Managing Executive Officer (vice in charge of Group Planning Department)
Yoshihisa Tanaka	Executive Officer, General Manager of Group Planning Department
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, 2018 is as follows;
   Senior Managing Executive Officer Mitsuhiro Nagata
   Managing Executive Officer Yasuro Tamura
4. Messrs. Ryuji Hori, Naoki Ohgo, Shigekazu Iwai, Yuichi Ozawa and Ms. Haruka Kato have been registered with Tokyo Stock Exchange, Inc. 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	14	334 (124)
Audit & Supervisory Board Members	5	78 (-)
Total	19	413 (124)

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 two Directors and one Audit & Supervisory Board Member who retired as of the conclusion of the 13th Ordinary General Meeting of Shareholders held on June 28, 2017. As at the end of the current fiscal year, the Company had twelve 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 ¥58 million for Directors, and compensation, etc. in the form of new share subscription rights as stock compensation-type stock options of ¥65 million.
4. Besides the above, the Company paid bonus of ¥12 million during the current fiscal year, which was not included in reserve for bonus to directors and audit & supervisory board members posted in fiscal 2016, to six Directors (including one retired Director).
5. 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 13th Ordinary General Meeting of Shareholders held on June 28, 2017, 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
Naoki Ohgo	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	RISKMONSTER.COM HANWA CO., LTD.	Outside Director Outside Director
Haruka Kato	MITSUI & CO., LTD. Mitsubishi UFJ Financial Group, Inc. VITEC HOLDINGS CO., LTD.	Outside Audit & Supervisory Board Member Outside Director Outside Director
Naoki Ohgo	Root F Co., Ltd. Orient Corporation	Representative Director Outside Director
Shigekazu Iwai	―	
Yuichi Ozawa	―	

Notes:
1. The Company has neither major transactions nor other type of relationship with RISKMONSTER.COM, HANWA CO., LTD., MITSUI & CO., LTD., Mitsubishi UFJ Financial Group, Inc., VITEC HOLDINGS CO., LTD., Root F Co., Ltd. or Orient Corporation.
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	5 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	4 years 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.
Naoki Ohgo	9 months (assumed office in June 2017)	Board of Directors' Meeting: attended all 16 meetings	At the Board or Directors' Meeting, he has presented his views as necessary from a global perspective and with a broad insight as a business manager, following his career as a partner (business partner) of a foreign consulting company. Additionally, as a member 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.
Shigekazu Iwai	5 years 9 months (assumed office in June 2012)	Board of Directors' Meeting: attended all 21 meetings Audit & Supervisory Board Meeting: attended all 16 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	4 years 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended 20 of 21 meetings Audit & Supervisory Board Meeting: attended all 16 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, regular exchanges of views with the directors and executive officers of major subsidiaries, regular exchanges of views with outside directors and audit & supervisory board members 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.	5	¥45 (-) million	—

Note: The number of persons paid as of the end of the current fiscal year is three 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	655,000 thousand shares

(2) Number of shareholders (as of March 31, 2018)

229,448

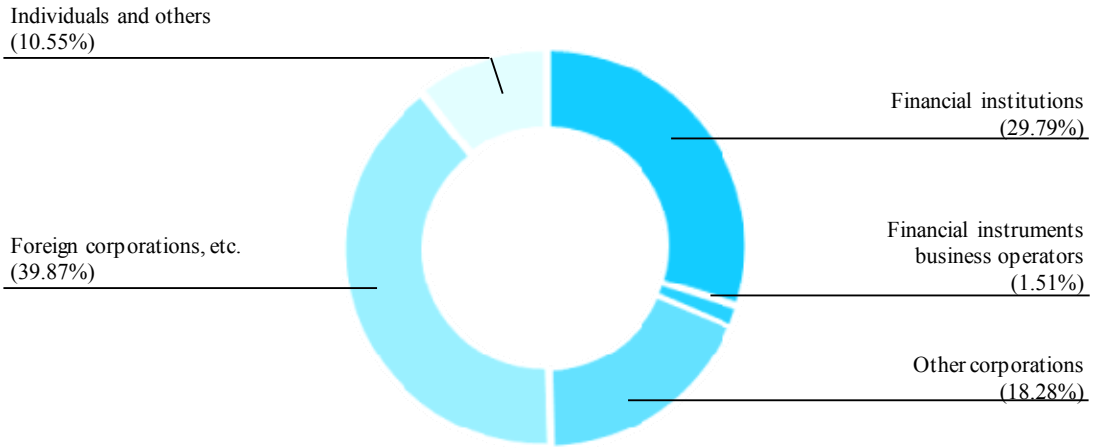
(3) Major shareholders

Name	Status of equity participation	
	Shares held (Thousand shares)	Percentage of ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	38,220	6.14
The Master Trust Bank of Japan Ltd. (Trust Account)	37,020	5.95
Japan Trustee Services Bank, Ltd. (Trust Account 9)	14,045	2.26
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,906	2.07
Japan Trustee Services Bank, Ltd. (Trust Account 5)	11,656	1.87
Japan Trustee Services Bank, Ltd. (Trust Account 7)	10,463	1.68
STATE STREET BANK WEST CLIENT — TREATY 505234	9,839	1.58
STATE STREET BANK AND TRUST COMPANY	8,693	1.40
Japan Trustee Services Bank, Ltd. (Trust Account 1)	8,661	1.39
Japan Trustee Services Bank, Ltd. (Trust Account 2)	8,511	1.37

Note: The Company owns treasury stock of 32,802 thousand shares but is excluded from the list of major shareholders shown above. Percentage of ownership is calculated after deducting treasury stock.

<Reference>

● Distribution of share ownership by shareholder type



5. Matters regarding new share subscription rights etc.

(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: 244 ・Class and number underlying the new share subscription rights: 24,400 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)	2
	T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013) ・Total number of new share subscription rights issued: 139 ・Class and number underlying the new share subscription rights: 13,900 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)	2
	T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014) ・Total number of new share subscription rights issued: 173 ・Class and number underlying the new share subscription rights: 17,300 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)	3
	T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015) ・Total number of new share subscription rights issued: 173 ・Class and number underlying the new share subscription rights: 17,300 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)	4

	Summary of the new share subscription rights, etc.	Number of holders of new share subscription rights, etc.
	T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016) ・Total number of new share subscription rights issued: 457 ・Class and number underlying the new share subscription rights: 45,700 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)	5
	T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017) ・Total number of new share subscription rights issued: 337 ・Class and number underlying the new share subscription rights: 33,700 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥148,500 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 2, 2017 to August 1, 2047 ・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
   T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): 3
4. This table does not contain the number of 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. The 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): 2
T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 2
T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 2
T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 2
T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 2
T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): 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): 614 (61,400 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 351 (35,100 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 382 (38,200 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 308 (30,800 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 651 (65,100 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): 433 (43,300 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 (6th series) (issued in August 2017) ・Total number of new share subscription rights issued: 90 ・Class and number underlying the new share subscription rights: 9,000 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥148,500 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 2, 2017 to August 1, 2047 ・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 (6th series) (issued in August 2017) ・Total number of new share subscription rights issued: 1,171 ・Class and number underlying the new share subscription rights: 117,100 shares of common stock (100 shares for each new share subscription right) ・Amount to be paid in for new share subscription rights: ¥148,500 for each new share subscription right	39

	・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, 2017 to August 1, 2047 ・Conditions for exercise of new share subscription rights: (Note 1)	

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 against 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 484 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 • The amount of remuneration paid in addition to the remuneration for audit work, etc. stated on the left was ¥11 million for research work, etc. related to the International Financial Reporting Standards.

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 ¥431 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, or at other circumstances deemed appropriate.

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 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) A 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 Directors' meeting is 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, the 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.

(3) Structures for information retention 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 the 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) Structures for enterprise risk management (ERM)

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) A committee is to be established to promote the Group's ERM, in order to appropriately manage the status of profit, risk and capital of the Group as a whole based on the "Group Risk Appetite" that sets standards for soundness and profitability.
3) 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.
4) 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.
5) Basic policy and other primary framework to cope with the crisis in the Group are 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 the system on an ongoing basis through regular monitoring of the development and operational status of the internal control system and reviewing the system as appropriate.
- Monitoring of the internal control system is conducted twice each year. The Board of Directors verified the appropriateness of structures and operation of the internal control system and made a resolution for partial amendments to the resolution.
- The Group formulated and announced the "T&D Life Group's Basic Polices Related to Customer-oriented Business Operations" in June 2017, to raise awareness and establish the customer-oriented business operations as the Group's corporate culture and further promote business operations based on the customers' point of view.

(2) Initiatives regarding compliance with laws and regulations

- In order to gain a thorough understanding of the Group's basic policy and standards regarding compliance, the Company conducted training sessions and educational training sessions for raising compliance awareness on an ongoing basis and worked on promotion of compliance.
- The Company formulated the "Compliance Program," which is a practical plan for promoting compliance, and regularly reported to both the Group Compliance Committee and the Board of Directors on the preparedness for compliance with laws and regulations achieved through the implementation of the Program by the Company and its group companies.

(3) Initiatives to ensure efficiency

- 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 the 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 retention 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.

- The Company has formulated various policies and rules including the "Group Information Security Policy" in order to develop a system for protecting information assets from leakage, alteration, accident or failure and appropriately manage information assets within the Group.
- 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, and conducts various training sessions and emergency response drills on an ongoing basis in an effort to strengthen the cyber security framework within the Group.

(5) Initiatives regarding enterprise risk management (ERM)

- In order to increase the Group's corporate value, the Company promotes the Enterprise Risk Management (ERM) system for the integrated management of profit, risk and capital on an economic value basis. With this system the Company strived to ensure its soundness and improve profitability by analyzing, evaluating and controlling the status of profit, risk and capital of the Group as a whole based on the "Group Risk Appetite," and advanced the ERM system. The status of such effort is regularly reported to the Executive Committee and the Board of Directors.
- The Company has 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. For the purpose of coordinating risk management throughout the Group, the Company also 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.
- The Company has formulated the "Rules on the Group's Crisis Management," which addresses the dealing of crisis events caused by major natural disasters and cyber attacks that leads to difficulty in continuing the execution of operation, and developed a Group-wide crisis response framework, as well as regularly conducting emergency drills for a possible crisis event.

(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 prescribes matters subject to prior consultation and matters to be reported regarding decision-making, etc., on 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 appropriately implemented an evaluation regarding the effectiveness of internal control over financial reporting and reported the results to the Board of Directors.

(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.
- The Internal Auditing Department, which is independent from the business execution departments, verifies and evaluates the adequacy and effectiveness of the internal control system within the Group through on-site audits and the off-site monitoring of all departments of the Company as well as the internal auditing departments of its direct

subsidiaries conducted based on the "Internal Audit Rules," which define basic matters related to internal audit, and the annual internal audit plan resolved by the Board of Directors, 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 the Risk Management Department 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	¥783,804 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 respect for the spirit of the "Corporate Governance Code," which applies to all listed companies, 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 oversees 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 three 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 2017, 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 (questionnaire) 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) Overall assessment

The Company believes that the Board of Directors of the Company as a whole is generally performing its roles and responsibilities effectively, through the enhancement of processes prior to the discussions at the Board of Directors, improvement of the operation of the Board of Directors, and the promotion of diversification in the composition of the Board of Directors, etc.

Matters that were recognized as issues to be addressed (review of methods for deliberation/preparation of materials at the Board of Directors, improvement of executive training,

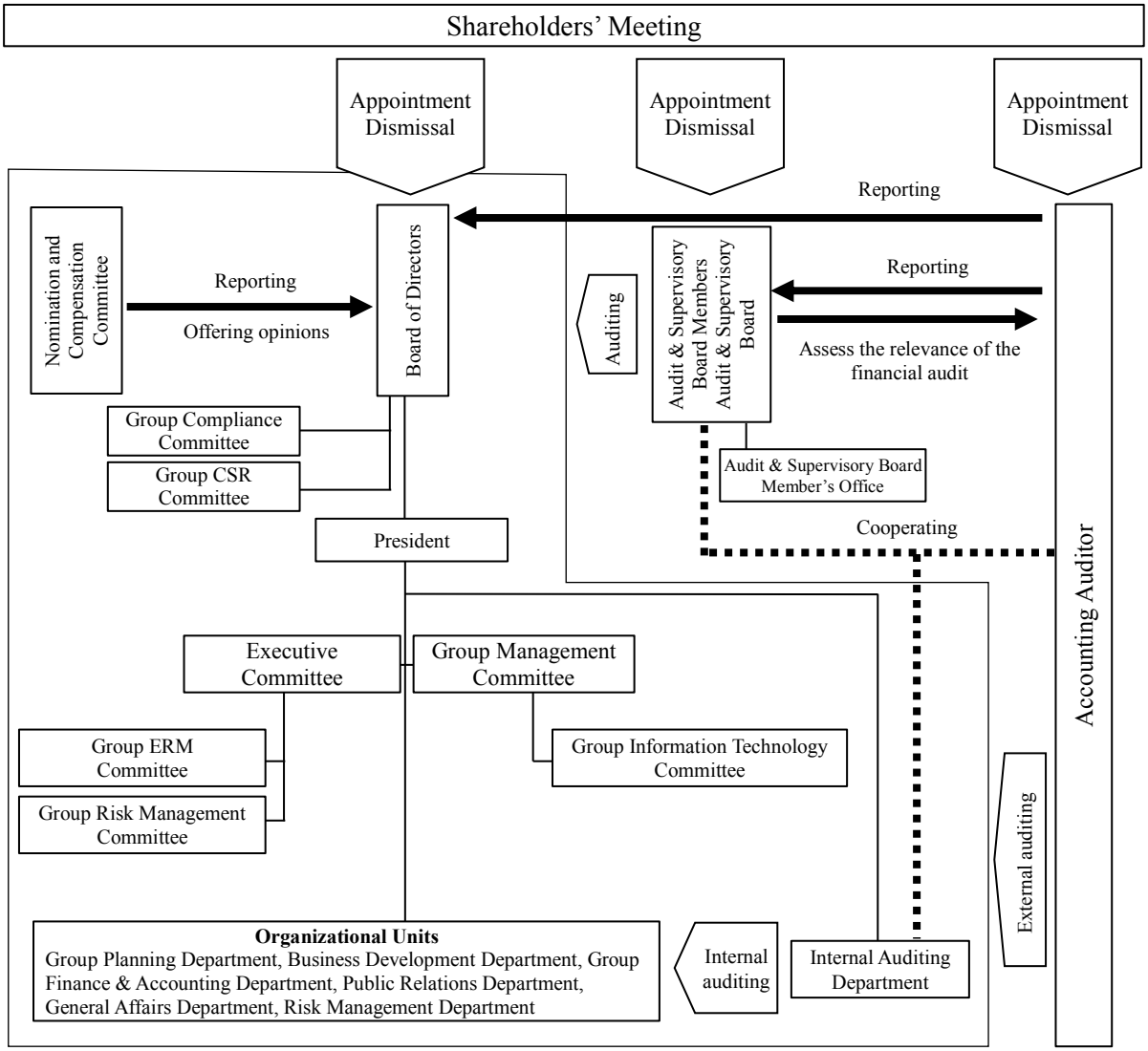
and diversification in the composition of the Board of Directors, etc.) in the fiscal 2016 assessment have largely been improved.

Regarding the development of a framework for improving the effectiveness of the Board of Directors, the Company continues to recognize the necessity for improvement, and will strive to take measures for discussions within a limited time frame for the Board of Directors (necessity for setting up an occasion for discussions other than the Board of Directors' meeting) and further improving preparations for materials and the form of report, etc.

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]

(As of April 1, 2018)



2. CSR Initiatives

The Group believes that contribution to people and society through our core life insurance businesses constitutes our management policy as a business enterprise. Based on this principle, the Group will strive to address social issues and create value to society through our businesses, with the aim of becoming a corporate group that can grow sustainably together with society.

We have identified the following three priority areas in fiscal 2017, and promoted the Group-wide initiative to contribute to people and society.

[Providing better products and services]

The Group, through our life insurance businesses, leverages our unique characteristics and expertise to provide products that fit the needs and circumstances of customers, including individuals, families, and small- and medium-sized enterprises, and services convenient for senior customers and customers with disabilities, in order to achieve economic growth and a society where people can live securely.

[Respect for human rights]

The Group is aiming for a society where everyone can demonstrate their abilities and play an active role. To that end, we are promoting efforts such as reducing the total work hours through work style reforms, promoting diversity including active participation of women, supporting a balance between work and childcare, nursing care and medical treatment, and enhancing work-life balance.

[Global environmental protection]

The Group is promoting an initiative to reduce environmental impact, through measures such as reducing electricity usage and use of office papers, purchasing and using products and services that contribute to reducing environmental impact, and activities for conserving forests, to contribute to the protection of the global environment.

In addition to these key initiatives, the Group is conducting various social activities, such as community cleanup, Group-wide blood donations, support for sports for people with disabilities, along with support for employees' voluntary social activities and activities through related organizations.

In addition, we are engaged in investment and loans in consideration of the environment, social and governance (ESG) issues with the aim of fulfilling the social responsibility as an institutional investor and contributing to the realization of a sustainable society.

3. Rating information of the Three Life Insurance Companies

The Three Life Insurance Companies of the Group have obtained the following ratings regarding our insurance claims payment ability, etc.

(As of March 31, 2018)

Credit rating agencies	Taiyo Life Insurance Company	Daido Life Insurance Company	T&D Financial Life Insurance Company
Rating and Investment Information (R&I) Payment ability of insurance claims	AA-	AA-	AA-
Japan Credit Rating Agency (JCR) Ratings for payment ability of insurance claims	AA-	AA-	AA-
Standard & Poor's (S&P) Insurer's financial ratings	A	A	–

- Definition of AA- rating:

[Rating and Investment Information (R&I)]
High claims paying ability supported by a few excellent factors.
[Japan Credit Rating Agency (JCR)]
A very high level of certainty to honor financial obligations.

- Definition of A rating:

[Standard & Poor's (S&P)]
An insurer rated 'A' has strong financial security characteristics but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings (AAA and AA).

* 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.

4. 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.	P27 P32
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.)	P30 P31
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.	P30
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.	P30
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 2017 increased by ¥116.1 billion to ¥2,406.7 billion, due mainly to the accumulation of new policies and a rise in domestic stock market. ■ EV of the Group (Billions of yen) At the end of FY2015: 1,893.7 At the end of FY2016: 2,290.5 At the end of FY2017: 2,406.7	P32
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.	P32

Consolidated Balance Sheet for Fiscal Year 2017

(as of March 31, 2018)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	776,510	Policy reserves	13,395,725
Call loans	10,539	Reserve for outstanding claims	67,749
Monetary claims purchased	117,578		
Monetary trusts	685,819	Policy reserve	13,239,086
Securities	11,377,032	Reserve for policyholder dividends	88,889
Loans	1,648,600		
Tangible fixed assets	363,245	Due to agencies	658
Land	202,010	Due to reinsurers	1,539
Buildings	155,308	Short-term bonds	6,000
Lease assets	605	Subordinated bonds	87,065
Construction in progress	1,237	Other liabilities	342,252
Other tangible fixed assets	4,082	Reserve for bonus to directors and audit & supervisory board members	276
Intangible fixed assets	26,862	Net defined benefit liability	50,764
Software	25,395	Reserve for directors' and audit & supervisory board members' retirement benefits	56
Lease assets	298		
Other intangible fixed assets	1,169	Reserve for price fluctuations	219,695
Due from agencies	740	Deferred tax liabilities	13
Due from reinsurers	3,136	Deferred tax liabilities on land revaluation	5,316
Other assets	209,171		
Deferred tax assets	44,753	Total liabilities	14,109,362
Reserve for possible loan losses	(1,591)	(Net assets)	
		Common stock	207,111
		Capital surplus	156,785
		Retained earnings	516,585
		Treasury stock	(46,703)
		Total stockholders' equity	833,779
		Net unrealized gains on securities	353,590
		Deferred gains on hedging instruments	(4,320)
		Land revaluation	(35,637)
		Foreign currency translation adjustments	11
		Total accumulated other comprehensive income	313,645
		New share subscription rights	1,216
		Non-controlling interests	4,395
		Total net assets	1,153,036
Total assets	15,262,398	Total liabilities and net assets	15,262,398

Consolidated Statement of Operations for Fiscal Year 2017

(from April 1, 2017 to March 31, 2018)

(Millions of yen)

Account	Amount
Ordinary revenues	1,928,359
Income from insurance premiums	1,483,719
Investment income	372,753
Interests, dividends and income from real estate for rent	285,496
Gains on sales of securities	78,487
Reversal of reserve for possible loan losses	86
Other investment income	2,734
Gains on separate accounts, net	5,948
Other ordinary income	71,813
Equity in net income of affiliated companies	72
Ordinary expenses	1,771,884
Insurance claims and other payments	1,146,175
Insurance claims	334,188
Annuity payments	281,915
Insurance benefits	148,099
Surrender payments	330,019
Other payments	51,951
Provision for policy and other reserves	262,894
Provision for policy reserve	262,874
Interest portion of reserve for policyholder dividends	19
Investment expenses	96,288
Interest expenses	637
Losses on investments in money held in trust	285
Losses on investments in trading securities, net	195
Losses on sales of securities	18,097
Devaluation losses on securities	6,193
Net derivative financial instruments loss	45,680
Foreign exchange losses, net	3,900
Write-off of loans	1
Depreciation of real estate for rent	5,027
Other investment expenses	16,269
Operating expenses	202,366
Other ordinary expenses	64,159
Ordinary profit	156,475

(Millions of yen)

Account	Amount
Extraordinary gains	28
Gains on sale of fixed assets	13
State subsidy	15
Extraordinary losses	16,513
Losses on sale, disposal and devaluation of fixed assets	953
Impairment loss	744
Provision for reserve for price fluctuations	14,800
Other extraordinary losses	15
Provision for reserve for policyholder dividends	30,331
Income before income taxes	109,657
Income taxes-current	34,106
Income taxes-deferred	(2,044)
Total income taxes	32,061
Net income	77,596
Profit attributable to non-controlling interests	19
Profit attributable to owners of parent	77,577

Consolidated Statement of Changes in Net Assets for Fiscal Year 2017

(from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of April 1, 2017	207,111	194,522	460,683	(67,763)	794,554
Changes in the period					
Dividends			(21,958)		(21,958)
Profit attributable to owners of parent			77,577		77,577
Acquisition of treasury stock				(17,018)	(17,018)
Disposal of treasury stock		(106)		377	271
Cancellation of treasury stock		(37,700)		37,700	—
Change in ownership interest of parent due to transactions with non-controlling interests		70			70
Reversal of land revaluation			282		282
Net changes of items other than stockholders' equity					
Total changes in the period		(37,736)	55,901	21,059	39,225
Balance as of March 31, 2018	207,111	156,785	516,585	(46,703)	833,779

(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, 2017	338,842	(5,203)	(35,354)	17	298,302
Changes in the period					
Dividends					
Profit attributable to owners of parent					
Acquisition of treasury stock					
Disposal of treasury stock					
Cancellation of treasury stock					
Change in ownership interest of parent due to transactions with non-controlling interests					
Reversal of land revaluation					
Net changes of items other than stockholders' equity	14,748	883	(282)	(5)	15,342
Total changes in the period	14,748	883	(282)	(5)	15,342
Balance as of March 31, 2018	353,590	(4,320)	(35,637)	11	313,645

(Millions of yen)

	New share subscription rights	Non-controlling interests	Total net assets
Balance as of April 1, 2017	1,178	2,737	1,096,772
Changes in the period			
Dividends			(21,958)
Profit attributable to owners of parent			77,577
Acquisition of treasury stock			(17,018)
Disposal of treasury stock			271
Cancellation of treasury stock			—
Change in ownership interest of parent due to transactions with non-controlling interests			70
Reversal of land revaluation			282
Net changes of items other than stockholders' equity	38	1,657	17,038
Total changes in the period	38	1,657	56,263
Balance as of March 31, 2018	1,216	4,395	1,153,036

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.
Thuriya Ace Technology Co., Ltd. and 1 other company

(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.

(Additional information)

Taiyo Life Insurance Company has changed its operation policy from the perspective of ALM in the consolidated fiscal year under review, following the passing of a certain period since the suspension of sales of single-premium individual annuity insurance products that are classified into the single premium whole life/annuity insurance fund category. Accordingly, part of held-to-maturity debt securities in this fund category were sold before the maturity date. The cost of sales and selling price of debt securities sold were 8,263 million yen and 11,109 million yen, respectively, recording gains on sales of 2,845 million yen.

In conjunction with the sale, the holding purpose of the remaining held-to-maturity debt securities in the same fund category was changed to Other securities. With this change, securities and net unrealized gains on securities increased by 34,920 million yen and 25,142 million yen, respectively, while deferred tax assets decreased by 9,777 million yen.

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, other insurance product category, non-participating designated currency-type single premium individual annuity insurance, etc.

With regard to non-participating designated currency-type single premium individual annuity insurance in the general fund category, all insurance policies by currency

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)

With regard to non-participating designated currency-type single premium individual annuity insurance, which was launched in the consolidated fiscal year under review, a subcategory has been set for each of the currencies for the purpose of conducting risk management suitable for the characteristics of liability cash flows. This change has no impact on the consolidated balance sheet or 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 as follows 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.

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)
Group annuity insurance in the group annuity insurance fund category

(Additional information)

In the consolidated fiscal year under review, a new subcategory was set for group annuity insurance for the purpose of further advancing the integrated management of assets and liabilities. This change has no impact on the consolidated balance sheet or consolidated statement of operations.

(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 classes 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: 2 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) Treatment method for deferred assets

Bond issuance cost is treated in full as expenses when incurred.

(5) 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 debtors 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 in 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 379 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.

(6) 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.

(7) 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.

(8) 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.

(9) 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 regulations 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. However, evaluation of hedging effectiveness is omitted in cases where important conditions for the hedged assets and hedging instruments are identical and hedging is highly effective.

(10) 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. Unadopted accounting standards, etc.

(Implementation guidance on tax effect accounting, etc.)

-"Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28 dated February 16, 2018)

-"Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 dated February 16, 2018)

(1) Summary

Treatment of taxable temporary differences of subsidiary stocks, etc. on non-consolidated financial statements has been reviewed, and treatment of recoverability of deferred tax assets at a company that is categorized as Category 1 has been clarified.

(2) Scheduled date of application

Scheduled to be adopted from the beginning of the consolidated fiscal year commencing on or after April 1, 2018.

(3) Effect of the application of the accounting standards

The effect of the application is under evaluation at the time of preparing these consolidated financial statements.

(Accounting Standard for Revenue Recognition, etc.)

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 dated March 30, 2018)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 dated March 30, 2018)

(1) Summary

A comprehensive accounting standard regarding the recognition of revenue, whereby revenue is recognized following the five steps given below:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognize revenue when (or as) a performance obligation is satisfied.

(2) Scheduled date of application

Scheduled to be adopted from the beginning of the consolidated fiscal year commencing on or after April 1, 2021.

(3) Effect of the application of the accounting standards

The effect of the application is under evaluation at the time of preparing these consolidated financial statements.

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 a regular or as-needed basis at each company using the unified risk management criteria. Meanwhile, the Company, by providing guidance and advice as appropriate to the Three Life Insurance Companies, is tackling the enhancement of risk management at each company as well as across the Group.

At each of the Three Life Insurance Companies, a committee has been established to supervise company-wide risk management at an enhanced level, while 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 based on the precise grasp of the sensitivity of investment assets to 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, 2018 are as follows:

(Millions of yen)

	Consolidated balance sheet amounts	Fair market values	Difference
(i) Cash and deposits	776,510	776,510	—
a. Those treated as securities	18,000	18,000	—
- Other securities	18,000	18,000	—
b. Other than above	758,510	758,510	—
(ii) Call loans	10,539	10,539	—
(iii) Monetary claims purchased	117,578	120,140	2,561
a. Those treated as securities	116,405	118,799	2,393
- Held-to-maturity debt securities	33,332	35,726	2,393
- Other securities	83,072	83,072	—
b. Other than above	1,172	1,340	167
(iv) Monetary trusts	685,819	723,322	37,502
a. Monetary trusts for investment	5,312	5,312	—
b. Held-to-maturity monetary trusts	38,291	38,443	151
c. Policy-reserve-matching monetary trusts	605,469	642,820	37,351
d. Other monetary trusts	36,745	36,745	—
(v) Securities	11,194,328	11,874,881	680,553
a. Trading securities	64,079	64,079	—
b. Held-to-maturity debt securities	1,253,563	1,458,766	205,203
c. Policy-reserve-matching securities	2,930,644	3,405,994	475,350
d. Other securities	6,946,040	6,946,040	—
(vi) Loans	1,647,361	1,700,288	52,926
a. Policy loans (*1)	122,143	136,005	13,869
b. Commercial loans (*1)	1,526,456	1,564,282	39,056
c. Reserve for possible loan losses (*2)	(1,238)	—	—
Total assets	14,432,137	15,205,681	773,544
(i) Short-term bonds	6,000	6,000	—
(ii) Subordinated bonds	87,065	87,882	817
(iii) Payables under securities lending transactions	109,943	109,943	—
(iv) Borrowings as part of Other liabilities	75,072	75,244	172
Total liabilities	278,081	279,070	989
Derivatives (*3)			
(i) Those outside the scope of hedge accounting	8,723	8,723	—
(ii) Those subject to hedge accounting	33,438	34,331	892
Total derivatives	42,162	43,054	892

(*1) The column of Difference indicates the difference between consolidated balance sheet amounts less reserve for possible loan losses and market values.

(*2) Reserve for possible loan losses corresponding to loans is deducted.

(*3) Net credits and debts generated from the transactions of derivative financial instruments are indicated in net amounts, where items amounting to net debts are marked with brackets [ ].

Assets

(i) Cash and deposits

Mainly recorded in book values as their market values are proximate to the book values.

(ii) Call loans

Recorded in book values as these are settled in a short period of time, thus their market values are proximate to the book values.

(iii) Monetary claims purchased

Those that are reasonably deemed appropriate to treat as securities are recorded in the same way as in (v) Securities, while others that are reasonably deemed appropriate to treat as loan receivable are recorded in the same way as in (vi) Loans.

(iv) Monetary trusts

Specified fund trust, which is mainly invested in securities, is recorded in the same way as in (v) Securities.

In addition to the above, currency options and stock index option contracts are used as part of monetary trusts, and their market values are calculated based on prices, etc., quoted by the financial institutions concerned.

(v) Securities

Market values of securities are mainly based on their prices quoted on the stock exchange concerned, while those of bonds are based either on the statistics of over-the-counter price for reference published by Japan Securities Dealers Association, or on the prices quoted by the underwriting financial institutions. Market values of investment trusts are based on the published base values.

Unlisted shares and investments in partnerships whose assets consist of such financial instruments whose market values are recognized to be extremely hard to grasp are not included.

Consolidated balance sheet amounts of the relevant securities as at the end of the consolidated fiscal year under review are, 145,140 million yen in foreign securities, 19,523 million yen in unlisted shares (excluding those of affiliates), 17,630 million yen in other securities, and 410 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 248,005 million yen while their market value is 307,523 million yen as at the end of the consolidated fiscal year under review.

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 consolidated fiscal year under review includes 113 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 2,779 million yen, with the breakdown as follows:

(1) The balances of loans of bankrupt borrowers and delinquent loans are 194 million yen and 384 million yen, respectively. Of the above, direct write-off for estimated uncollectable amount is 74 million yen for bankrupt borrowers and 101 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 of 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 2,178 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 21 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 236,200 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 64,224 million yen, and the amount of separate account liabilities was also 64,224 million yen.

6. Net assets per share

Net assets per share was 1,844.15 yen.

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

Changes in reserve for policyholder dividends were as follows:

Balance at the beginning of the consolidated fiscal year under review	92,942 million yen
Policyholder dividend payment in the consolidated fiscal year under review	34,469 million yen
Increase due to interest, etc.	19 million yen
Increase due to other reasons	65 million yen
Provision for reserve for policyholder dividends	30,331 million yen
Balance at the end of the consolidated fiscal year under review	88,889 million yen

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

Total loan commitments	24,143 million yen
Loans carried out	6,800 million yen
Balance	17,342 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 449,505 million yen.

10. Subordinated bonds

Of the bonds, 57,000 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, 43,000 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 21,597 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 410 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	155,716 million yen
Service cost	6,369 million yen
Interest cost	876 million yen
Actuarial gain/loss	1,959 million yen
Payment of retirement benefits	(7,172 million yen)
Accrued past service cost	(3,510million yen)
Ending balance of retirement benefit obligations	154,239 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	99,168 million yen
Expected return on assets	920 million yen
Actuarial gain/loss	1,347 million yen
Contribution by the business operator	7,440 million yen
Payment of retirement benefits	(5,402 million yen)
Ending balance of pension assets	103,475 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	127,383 million yen
Pension assets	(103,475 million yen)
[Retirement benefits trust of the above]	[(62,124 million yen)]
	23,907 million yen
Retirement benefits obligations for unfunded plans	26,856 million yen
Net amounts of liabilities and assets recorded in consolidated balance sheet	50,764 million yen
Net defined benefit liability	50,764 million yen
Net defined benefit asset	—
Net amounts of liabilities and assets recorded in consolidated balance sheet	50,764 million yen

(iv) Retirement benefit cost and its breakdown

Service cost	6,369 million yen
Interest cost	876 million yen
Expected return on assets	(920 million yen)
Amount of actuarial gain/loss treated as expenses	612 million yen
Amount of past service cost treated as expenses	(3,510 million yen)
Retirement benefits cost for defined benefit plan	3,427 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	72.8 %
Life insurance general account	11.2 %
Foreign securities	8.4%
Stocks	5.3%
Cash and deposits	1.5%
Joint investment assets	0.7%
Other	0.0%
Total	100.0%

(Note) Total pension assets include retirement benefits trust that accounts for 60.0% 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	0.11%-0.80%
Expected long-term rate of return on assets	0.26%-2.11%

(3) Defined contribution plans

Amount of contribution required for defined contribution plans at the Company and its consolidated subsidiaries is 267 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	63,984 million yen
Reserve for price fluctuation	61,432 million yen
Net defined benefit liability	29,897 million yen
Devaluation losses on securities	15,355 million yen
Losses on sale, disposal and devaluation of fixed assets	5,485 million yen
Reserve for bonuses	2,120 million yen
Tax loss carried forward	1,257 million yen
Reserve for possible loan losses	464 million yen
Others	13,835 million yen
Subtotal	193,835 million yen
Valuation allowance	(16,535 million yen)
Total deferred tax assets	177,300 million yen

Deferred tax liabilities

Net unrealized gains (losses) on securities	(128,756 million yen)
Securities dividend receivables	(2,262 million yen)
Reserve for reduction entry of real estate	(624 million yen)
Others	(916 million yen)
Total deferred tax liabilities	(132,560 million yen)
Net deferred tax assets (liabilities)	44,739 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	(0.0%)
Items that will never be categorized as loss, such as entertainment expenses	0.6%
Others	0.4%
Contribution percentage of corporate and other taxes after the application of deferred tax accounting	29.2 %

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)	140,025 million yen
Securities (foreign securities)	370,941 million yen
Cash collateral paid for financial instruments	871 million yen
Total	511,837 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 109,943 million yen

19. Market value of financial assets held as collateral for which the Company has free disposal rights

The market value of financial assets held as collateral for which the Company has free disposal rights is 70,441 million yen.

20. Matters concerning stock options

(1) Amount and account of expenses related to stock options

Operating expenses 309 million yen

(2) Details, size and status of stock options

(i) 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.

	The Company new share subscription rights (6th 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: 47
Number of stock options by class (Note)	Common stock: 208,200 shares
Grant date	August 1, 2017
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable.
Exercise period	August 2, 2017 to August 1, 2047

Note: Presented in terms of the number of shares.

(ii) 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.

a. 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	253,700 shares	161,100 shares	185,200 shares
Vested	—	—	—
Exercised	72,100 shares	41,100 shares	40,800 shares
Forfeited	—	—	—
Exercisable	181,600 shares	120,000 shares	144,400 shares

	The Company new share subscription rights (4th series)	The Company new share subscription rights (5th series)	The Company new share subscription rights (6th series)
Before vesting			
At the end of previous fiscal year	—	—	—
Granted	—	—	208,200 shares
Forfeited	—	—	—
Vested	—	—	208,200 shares
Outstanding	—	—	—
After vesting			
At the end of previous fiscal year	151,100 shares	379,800 shares	—
Vested	—	—	208,200 shares
Exercised	29,400 shares	80,900 shares	2,100 shares
Forfeited	—	—	—
Exercisable	121,700 shares	298,900 shares	206,100 shares

b. 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	1,441 yen	1,511 yen	1,457 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)	The Company new share subscription rights (6th series)
Exercise price	1 yen	1 yen	1 yen
Average exercise price	1,403 yen	1,651 yen	1,739 yen
Fair value at grant date	1,708 yen	918 yen	1,485 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:

(i) Valuation technique used

Black-Scholes model

(ii) Principal parameters used and their estimation method

	The Company new share subscription rights (6th series)
Stock price volatility (Note 1)	36.95 %
Average expected life (Note 2)	5.95 years
Expected dividends (Note 3)	32.5 yen
Risk-free interest rate (Note 4)	(0.044%)

Notes: 1. Calculated based on the daily closing price of the Company's common stock in regular transactions from August 21, 2011 to August 1, 2017.
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, 2017.
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 124.23 yen.

2. Matters concerning impairment loss
   Matters concerning impairment loss of the fixed assets in the consolidated fiscal year under review are as follows.

(1) Method of asset grouping by purpose
   Whole of the real estate used by the Three Life Insurance Companies for the purpose of insurance sales and related operations is classified as one asset group, while each property in the category of the real estate that are used for other purposes or underutilized is classified into individual asset group on its own.
   Each party namely the Company and consolidated subsidiaries other than the Three Life Insurance Companies, has its own asset group each containing the real estate used by respective party for business purpose.

(2) Reason for the recognition of impairment loss
   Some real estate for rent and other assets saw declines in profitability due partly to a significant fall in market prices and stagnant rents, and as a result their book values were reduced to recoverable amounts where such reduced amounts are recorded as impairment loss under extraordinary losses.

(3) Asset groups that recognized impairment loss and the amount of such impairment loss by type of fixed assets

(Millions of yen)

Use	Location	Type		Total
		Land	Building etc.	
Real estate for rent	16 properties including one in Inazawa-shi, Aichi	509	234	744

(4) Method of calculating recoverable amount
   The net sales value is quoted as recoverable amounts of real estate for rent.
   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 consolidated fiscal year under review (shares)	Increase in the consolidated fiscal year under review (shares)	Decrease in the consolidated fiscal year under review (shares)	Number of shares at the end of the consolidated fiscal year under review (shares)
Total number of shares issued: Common shares	681,480,000	—	26,480,000	655,000,000
Treasury stock: Common shares	48,925,774	10,623,176	26,746,490	32,802,460

Notes: 1. The decrease in the number of shares issued of common shares is due to the reason as follows.
Cancellation of treasury stock in accordance with the resolution at the Board of Directors' Meeting on August 9, 2017: 26,480,000 shares
2. The increases in the number of treasury stock of common shares are due to the reasons as follows.
Acquisition of treasury stock in accordance with the resolution at the Board of Directors' Meeting on May 15, 2017: 10,612,300 shares
Purchase of fractional shares: 10,876 shares
3. The decreases in the number of treasury stock of common shares are due to the reasons as follows.
Cancellation of treasury stock in accordance with the resolution at the Board of Directors' Meeting on August 9, 2017: 26,480,000 shares
Exercise of stock option: 266,400 shares
The Company's sale of fractional shares upon shareholders' request: 90 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, 2017	Common stock	11,069 million yen	17.5 yen	March 31, 2017	June 29, 2017
Board of Directors' Meeting on November 13, 2017	Common stock	10,888 million yen	17.5 yen	September 30, 2017	December 5, 2017

(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 27, 2018	Common stock	12,443 million yen	Retained earnings	20.0 yen	March 31, 2018	June 28, 2018

Note: This proposal is scheduled to be voted on June 27, 2018, 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	1,216

Significant subsequent events

The Company resolved at its board of directors meeting held on May 15, 2018, the acquisition of treasury stock under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

(1) Reasons for the acquisition of treasury stock

To enhance shareholder return and improve capital efficiency.

(2) Details of the acquisition

(i) Type of shares to be acquired : Shares of common stock
(ii) Number of shares to be acquired : Up to 13,000,000 shares
(iii) Total amount of acquisition : Up to 17,000 million yen
(iv) Period of acquisition : From May 16, 2018 to August 31, 2018
(v) Method of acquisition : Open-market repurchase by the trust method

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

Non-consolidated Balance Sheet for Fiscal Year 2017

(as of March 31, 2018)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	40,141	Current liabilities	10,393
Cash and deposits	21,103	Lease obligations	1
Prepaid expenses	24	Accounts payable	2,677
Deferred tax assets	73	Accrued expenses	142
Accounts receivable	18,938	Income tax payable	7,441
Other current assets	0	Consumption tax payable	39
Fixed assets	743,662	Deposits received	12
Tangible fixed assets	283	Reserve for bonus to directors and audit & supervisory board members	78
Buildings	252		
Machinery and equipment	28	Fixed liabilities	30,484
Lease assets	2	Subordinated bonds	30,065
Investments and other assets	743,378	Lease obligations	1
Investments in subsidiaries	742,877	Long-term accounts payable-other	416
Long-term loans receivable from subsidiaries	200		
Deferred tax assets	201	Deposits received	2
Deposit for rent	101	Total liabilities	40,878
Reserve for possible loan losses	(2)	(Net assets)	
		Stockholders' equity	741,709
		Common stock	207,111
		Capital surplus	501,516
		Additional paid-in capital	89,420
		Other capital surplus	412,096
		Retained earnings	79,784
		Other retained earnings	79,784
		Retained earnings brought forward	79,784
		Treasury stock	(46,703)
		New share subscription rights	1,216
		Total net assets	742,925
Total assets	783,804	Total liabilities and net assets	783,804

Non-consolidated Statement of Operations for Fiscal Year 2017

(from April 1, 2017 to March 31, 2018)

(Millions of yen)

Account	Amount
Operating income	49,497
Dividends on investments in affiliate companies	46,030
Fees and commissions received from affiliate companies	3,464
Interest on loans receivable from affiliate companies	2
Operating expenses	3,188
General and administrative expenses	3,188
Operating profit	46,308
Non-operating income	165
Interest income	30
Gains on expired dividends payable	130
Other income	4
Non-operating expenses	7
Interest expenses	0
Other expenses	7
Ordinary profit	46,466
Extraordinary losses	0
Loss on retirement of fixed assets	0
Income before income taxes	46,465
Income taxes-current	131
Income taxes-deferred	33
Total income taxes	165
Net income	46,300

Non-consolidated Statement of Changes in Net Assets for Fiscal Year 2017

(from April 1, 2017 to March 31, 2018)

(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, 2017	207,111	89,420	449,902	539,323	55,442	55,442
Changes in the period						
Dividends					(21,958)	(21,958)
Net income					46,300	46,300
Acquisition of treasury stock						
Disposal of treasury stock			(106)	(106)		
Cancellation of treasury stock			(37,700)	(37,700)		
Net changes of items other than stockholders' equity						
Total changes in the period			(37,806)	(37,806)	24,342	24,342
Balance as of March 31, 2018	207,111	89,420	412,096	501,516	79,784	79,784

(Millions of yen)

	Stockholders' equity		New share subscription rights	Total net assets
	Treasury stock	Total stockholders' equity		
Balance as of April 1, 2017	(67,763)	734,114	1,178	735,292
Changes in the period				
Dividends		(21,958)		(21,958)
Net income		46,300		46,300
Acquisition of treasury stock	(17,018)	(17,018)		(17,018)
Disposal of treasury stock	377	271		271
Cancellation of treasury stock	37,700	—		—
Net changes of items other than stockholders' equity			38	38
Total changes in the period	21,059	7,594	38	7,633
Balance as of March 31, 2018	(46,703)	741,709	1,216	742,925

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 value are valued by using the market value on the end of the fiscal year under review (valuation differences are reported as a component of shareholders' equity while cost of sales/disposal is valued by the moving average method).

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 financial statements
   (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.

Notes to the Non-consolidated Balance Sheet

1. Monetary claims and liabilities toward affiliated companies

Short-term monetary claims	18,939 million yen
Short-term monetary liabilities	1,284 million yen
Long-term monetary claims	298 million yen
Long-term monetary liabilities	2 million yen

2. Accumulated depreciation of tangible fixed assets 108 million yen

Notes to the Non-consolidated Statement of Operations

Volume of transactions with affiliated companies

Volume of transactions by operating transaction	
Operating income	49,497 million yen
Operating expenses	275 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	32,802,460 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	127 million yen
Share-based compensation expenses	65 million yen
Reserve for bonuses	36 million yen
Others	47 million yen
Subtotal of deferred tax assets	930 million yen
Valuation reserve	(654 million yen)
Total of deferred tax assets	275 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	0.0%
Others	0.1%
The contribution ratio of corporate and other taxes after the application of the deferred tax accounting	0.4%

Notes to transactions with related parties

Not applicable.

Notes on information per share

Net assets per share	1,192.08 yen
Net income per share	74.14 yen

Significant subsequent events

The Company resolved at its board of directors meeting held on May 15, 2018, the acquisition of treasury stock under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

(1) Reasons for the acquisition of treasury stock

To enhance shareholder return and improve capital efficiency.

(2) Details of the acquisition

(i)	Type of shares to be acquired :	Shares of common stock
(ii)	Number of shares to be acquired :	Up to 13,000,000 shares
(iii)	Total amount of acquisition :	Up to 17,000 million yen
(iv)	Period of acquisition :	From May 16, 2018 to August 31, 2018
(v)	Method of acquisition :	Open-market repurchase by the trust method

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 17, 2018

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, 2017 to March 31, 2018 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 17, 2018

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 14th fiscal year from April 1, 2017 to March 31, 2018 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 14th fiscal year from April 1, 2017 to March 31, 2018.

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 the progress of implementation of their improvement measures for the past administrative disciplinary action and responses to the "Principles for Effective Management of Audit Firms" (The Audit Firm Governance Code), etc., and requested explanations about specific measures to ensure the 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 18, 2018

Takashi Shimoda, Full-Time Audit & Supervisory Board Member [Seal]
Junichi Yanai, 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.