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 4, 2019

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 15th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 15th 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 4-20), 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 25, 2019 (JST).

1. Date & Time: 10:00 a.m. Wednesday, June 26, 2019 (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 2018 (from April 1, 2018 to March 31, 2019), 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 2018 (from April 1, 2018 to March 31, 2019)

Matters to be resolved:

Proposal No.1: Appropriation of Surplus

Proposal No.2: Election of Twelve Directors

Proposal No.3: Election of One Alternate Audit & Supervisory Board Member

Please note that if there arises any amendments to the Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, such amendment will be posted on the Company's website.

The Company's website	https://www.td-holdings.co.jp/ir/stock/meeting/
English translation	https://www.td-holdings.co.jp/en/ir/stock/meeting/

Announcement on Exercise of Voting Rights

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

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

Date & Time of the Meeting **10:00 a.m. Wednesday, June 26, 2019 (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 25, 2019 (JST)**

● In the case of exercise of voting rights via the Internet
Access the voting rights exercise website ▸ https://evote.tr.mufg.jp/ and follow the on-screen instructions to exercise voting rights.

Deadline for exercising voting rights **By 5:00 p.m. Tuesday, June 25, 2019 (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, etc.

<For smartphones>

How to scan the QR Code

*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

The exercise of voting rights via smartphone no longer requires a login ID or temporary password!

You can login by scanning the "Login QR Code" displayed on the side slip of the enclosed Voting Rights Exercise Form (right side).

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

You can only login once using the QR Code.

When re-exercising or exercising your voting rights without using the QR Code, please confirm the "How to enter the login ID and temporary password" section below.

<For computers>

How to enter the login ID and temporary password

[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)

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, etc., only your final vote shall be deemed valid.

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 2018 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 22 yen per share. Since the Company paid 20 yen per share as an interim dividend, annual dividend for fiscal year 2018 will amount to 42 yen per share.

This amount represents an increase of 4.5 yen per share, relative to the annual dividend of 37.5 yen per share paid in fiscal year 2017.

1. Type of property for dividend

   Cash

2. Dividend and its total amount

   22 yen per share (common stock) total amount 13,481,296,598 yen

3. Effective date of distribution of surplus

   June 27, 2019

Proposal No.2: Election of Twelve Directors

The terms of office of twelve Directors, Tetsuhiro Kida, Hirohisa Uehara, Koichi Seike, Chikahiro Tsuboi, Mitsuhiro Nagata, Yasuro Tamura, Haruka Matsuyama, Naoki Ohgo, Seiji Higaki, Katsuhide Tanaka, Minoru Kudo and Masafumi Itasaka will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of twelve Directors (ten of whom are candidates for reappointment and two of whom are new candidates) 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 20 meetings
2	Hirohisa Uehara	Reappointment	Representative Director and President	All 20 meetings
3	Koichi Seike	Reappointment	Director and Senior Managing Executive Officer In charge of Risk Control Department	All 20 meetings
4	Mitsuhiro Nagata	Reappointment	Director and Senior Managing Executive Officer In charge of Group Planning Department and Business Development Department	All 15 meetings
5	Yasuro Tamura	Reappointment	Director and Managing Executive Officer In charge of General Affairs Department and Internal Auditing Department	All 15 meetings
6	Yoshihisa Tanaka	New	Managing Executive Officer In charge of Public Relations Department and vice in charge of Group Planning Department	–
7*	Haruka Matsuyama	Reappointment Outside Independent	Director	19/20
8	Naoki Ohgo	Reappointment Outside Independent	Director	All 20 meetings
9	Seiji Higaki	Reappointment Outside Independent	Director	All 15 meetings
10	Naoki Soejima	New	–	–
11	Minoru Kudo	Reappointment	Director	All 20 meetings
12	Masafumi Itasaka	Reappointment	Director	All 20 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: 27,300
Reappointment Attendance to the Board of Directors' meetings: All 20 meetings Tenure as Director: 12 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.	

Notes:
1. No conflict of interest exists between the Company and Mr. Tetsuhiro Kida.
2. Mr. Tetsuhiro Kida is scheduled to retire from the office of Representative Director of Daido Life Insurance Company and assume the office of Director of the same company on June 21, 2019.

<table>
<tr><td>2.</td><td colspan="2">Hirohisa Uehara (January 25, 1962)</td><td>Number of the Company's shares held: 18,900</td></tr>
<tr><td rowspan="19">Reappointment

Attendance to the Board of Directors' meetings: All 20 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 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</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</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 asset 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 retire from the office of Director of Taiyo Life Insurance Company on June 21, 2019.

<table>
<tr><td>3.</td><td colspan="2">Koichi Seike (July 6, 1956)</td><td>Number of the Company's shares held: 23,200</td></tr>
<tr><td rowspan="14">Reappointment

Attendance to the Board of Directors' meetings: All 20 meetings

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 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, asset 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">Mitsuhiro Nagata (December 27, 1962)</td><td>Number of the Company's shares held: 15,600</td></tr>
<tr><td rowspan="15">Reappointment

Attendance to the Board of Directors' meetings: All 15 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 Daido Mutual Life Insurance Company</td></tr>
<tr><td>APR 2011</td><td colspan="2">Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2015</td><td colspan="2">Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>JUN 2015</td><td colspan="2">Director and Managing Executive Officer of Daido Life Insurance Company</td></tr>
<tr><td>APR 2017</td><td colspan="2">Managing Executive Officer of the Company</td></tr>
<tr><td>APR 2018</td><td colspan="2">Director of Daido Life Insurance Company (present)</td></tr>
<tr><td>APR 2018</td><td colspan="2">Senior Managing Executive Officer of the Company</td></tr>
<tr><td>JUN 2018</td><td colspan="2">Director of T&D Financial Life Insurance Company (present)</td></tr>
<tr><td>JUN 2018</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 Planning Department and Business Development Department</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Director of Daido Life Insurance Company
Director of T&D Financial Life Insurance Company</td></tr>
<tr><td colspan="3">(Reasons for selection as a candidate for Director)</td></tr>
<tr><td></td><td colspan="2">Mr. Mitsuhiro Nagata has operational experience within the Group including accounting, planning and systems. Mr. Mitsuhiro Nagata 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 and business investment departments.</td></tr>
</table>

Note: No conflict of interest exists between the Company and Mr. Mitsuhiro Nagata.

<table>
<tr><td>5.</td><td colspan="2">Yasuro Tamura (September 2, 1962)</td><td>Number of the Company's shares held: 4,800</td></tr>
<tr><td rowspan="13">Reappointment

Attendance to the Board of Directors' meetings:
All 15 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 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</td></tr>
<tr><td>JUN 2018</td><td colspan="2">Director and 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 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 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 General Affairs and Internal Auditing.</td></tr>
</table>

Note: No conflict of interest exists between the Company and Mr. Yasuro Tamura.

<table>
<tr><td>6.</td><td colspan="2">Yoshihisa Tanaka (April 11, 1962)</td><td>Number of the Company's shares held: 4,030</td></tr>
<tr><td rowspan="13">New</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>NOV 1989</td><td colspan="2">Entered Taiyo Mutual Life Insurance Company</td></tr>
<tr><td>APR 2014</td><td colspan="2">Director of T&D Financial Life Insurance Company</td></tr>
<tr><td>APR 2014</td><td colspan="2">Director of T&D Asset Management Co., Ltd. (present)</td></tr>
<tr><td>APR 2015</td><td colspan="2">Executive Officer of the Company</td></tr>
<tr><td>APR 2019</td><td colspan="2">Managing Executive Officer of the Company (present)</td></tr>
<tr><td>APR 2019</td><td colspan="2">Director of Pet & Family Insurance Co., Ltd. (present)</td></tr>
<tr><td colspan="3">(Position and responsibilities)</td></tr>
<tr><td></td><td colspan="2">Managing Executive Officer
In charge of Public Relations Department and vice in charge of Group Planning Department</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Director of T&D Asset Management Co., Ltd.
Director of Pet & Family Insurance 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. Yoshihisa Tanaka has operational experience within the Group including asset management and public relations. Mr. Yoshihisa Tanaka 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 Public Relations and Group Planning.</td></tr>
</table>

Notes:

1. No conflict of interest exists between the Company and Mr. Yoshihisa Tanaka.
2. Mr. Yoshihisa Tanaka is scheduled to retire from the office of Director of T&D Asset Management Co., Ltd. on June 12, 2019 and the office of Director of Pet & Family Insurance Co., Ltd. on June 25, 2019. In addition, he is scheduled to assume the office of Director of T&D Financial Life Insurance Company on June 20, 2019 and Director of Taiyo Life Insurance Company on June 21, 2019.

<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: 2,300</td></tr>
<tr><td rowspan="12">Reappointment
Outside
Independent

Attendance to the Board of Directors' meetings: 19/20

Tenure as Director: 6 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 Restar Holdings Corporation</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, Inc. 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: 500</td></tr>
<tr><td rowspan="14">Reappointment
Outside
Independent

Attendance to the Board of Directors' meetings:
All 20 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 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, Inc. 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: 200
Reappointment Outside Independent Attendance to the Board of Directors' meetings: All 15 meetings Tenure as Director: 1 year (at the conclusion of this General Meeting of Shareholders)	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)	
	JUN 2018	Director of the Company (present)	
	(Position and responsibilities)		
		Director	
	(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 continue 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 has been registered to the Tokyo Stock Exchange, Inc. 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 Mr. Seiji Higaki 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 reelection of Mr. Seiji Higaki is approved, the Company will continue the liability limitation agreement with him.

<table>
<tr><td>10.</td><td colspan="2">Naoki Soejima (November 20, 1958)</td><td>Number of the Company's shares held: 14,410</td></tr>
<tr><td rowspan="11">New</td><td colspan="3">Personal history, position, responsibilities and significant concurrent positions</td></tr>
<tr><td>APR 1981</td><td colspan="2">Entered Taiyo Mutual Life Insurance Company</td></tr>
<tr><td>APR 2009</td><td colspan="2">Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2011</td><td colspan="2">Managing Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>JUN 2011</td><td colspan="2">Director and Managing Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2014</td><td colspan="2">Representative Director and Senior Executive Officer of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2016</td><td colspan="2">Representative Director and Executive Vice President of Taiyo Life Insurance Company</td></tr>
<tr><td>APR 2019</td><td colspan="2">Representative Director and President of Taiyo Life Insurance Company (present)</td></tr>
<tr><td colspan="3">(Significant concurrent positions)</td></tr>
<tr><td></td><td colspan="2">Representative Director and President of 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. Naoki Soejima has operational experience within the Group including products, planning and sales. He currently serves as Representative Director and President of Taiyo Life Insurance Company. Mr. Naoki Soejima 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 companies, etc.</td></tr>
</table>

Note: No conflict of interest exists between the Company and Mr. Naoki Soejima.

<table>
<tr><td>11.</td><td colspan="2">Minoru Kudo (May 18, 1955)</td><td>Number of the Company's shares held: 41,300</td></tr>
<tr><td rowspan="15">Reappointment

Attendance to the Board of Directors' meetings: All 20 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 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: 4,000
Reappointment Attendance to the Board of Directors' meetings: All 20 meetings Tenure as Director: 2 years (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.3: Election of One Alternate Audit & Supervisory Board Member

Since validity of the appointment of Kensaku Watanabe as Alternate Audit & Supervisory Board Member made effective at the 14th Ordinary General Meeting of Shareholders held on June 27, 2018, 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, Inc. 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)

Basic Policy on Corporate Governance of T&D Holdings, Inc.

(Appointment of Directors)

Article 6

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 the previous criterion, candidates for outside director 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.

(Appointment of Audit & Supervisory Board Members)

Article 11

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 the previous criterion, candidates for the position of outside audit & supervisory board member 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.

(Independence Criteria for Independent Outside Directors and Audit & Supervisory Board Members)

Article 13

The Company shall appoint candidates for outside director and outside audit & supervisory board member from among individuals who satisfy the following independence criteria:

(1) The candidate is not currently, nor has been in the past 10 years, a person who executes the business of the Company or its subsidiaries.

(2) The candidate is not currently, nor has recently been, a person/entity for which the Company is a major client or a person who executes business for such client, nor a major client of the Company or a person who executes business for such client.

(3) The candidate is not currently, nor has recently been, a consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/auditor compensation from the Company.

(4) The candidate is not currently, nor has recently been, a relative of a person who executes business of the Company or its subsidiary, or a relative of persons described in (2) or (3) above.

(5) In addition to the above, there must be no doubt about the independence of the candidate in terms of fulfilling his or her duties as an independent outside director or audit & supervisory board member.

(Attached Documents)

Business Report for Fiscal Year 2018

(From April 1, 2018 to March 31, 2019)

1. Matters concerning the current state of the insurance holding company

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

Main business lines of the corporate group

T&D Insurance 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 2018, the Japanese economy followed a mild recovery trend backed by the effects of various economic measures and monetary policies, as seen in a moderate increase in personal consumption and a high level of corporate earnings, amid improvement in the employment and income environments.

In the life insurance industry, the standard mortality table [note 1] was revised in April 2018. The performance of new policies was strong for both individual insurance, including such Third Sector products as medical and nursing care insurance, and for individual annuities. In the asset management environment, stock prices once rose in domestic markets backed by improvements to domestic corporate earnings, but fell towards the end of the fiscal year, owing mainly to increased global economic uncertainty. With regard to domestic interest rates, 10-year long-term government bond yields hovered extremely close to the Bank of Japan's target of almost zero percent due to the Bank of Japan's continued 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 an 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 worked on the "T&D Insurance 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. Based on this medium-term management plan, we carried out a dynamic product, service, and channel strategy based on changes in the environment, and taking maximum advantage of the uniqueness and expertise of the Three Life Insurance Companies. We enhanced earnings power, mainly by reforming our product portfolio to the Third Sector, such as benefits for incapacity to work, along with strengthening initiatives for the senior market. As a result, we largely reached the target key performance indicators (KPIs) of our medium-term management plan, such as robustly increasing our Embedded Value (EV) Glossary. Here we report on the major initiatives of the Company and the Three Life Insurance Companies of the Group in fiscal 2018, the final year of the plan.

The Company, as an 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.

As part of the Group's financial strategy, in September 2018 we became the first listed life insurance holding company to issue domestic subordinated unsecured bonds via public offering. We will strive to grow steadily through efforts to utilize a variety of capital procurement means as necessary.

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 9.52 million shares) from May to June 2018.

The Company gave due respect to the "Corporate Governance Code Glossary," 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 is continuing to improve the IT and office environments and advance efforts to innovate work styles and enhance the efficiency of operations through initiatives such as utilizing new technologies like Big Data and AI (artificial intelligence), and greatly reducing administrative work.

In terms of asset management, the three Group companies that conduct asset management operations—Taiyo Life, Daido Life, and T&D Asset Management—are signatories to the Principles for Responsible Investment (PRI) supported by the UN. Based on these principles, we are advancing asset management aimed at achieving a sustainable society, with full understanding of environmental, social and governance (ESG) challenges.

In recognition of these initiatives, the Company was chosen for all of the ESG (Environmental, Social, and Governance) indices selected by the Government Pension Investment Fund (GPIF). (As of March 31, 2019)

Led by the Group-wide, customer-oriented philosophy, the Company has defined the "T&D Insurance 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 2018, we launched the life insurance industry's first "Himawari Dementia Prevention Insurance" [note 2], which not only provides security against dementia, but also supports customers in the "prevention" stage to avoid dementia in the first place, as part of the "the Centenarian Age Series" that looks 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. Furthermore, in order to respond to the heightened need for nursing-care coverage due in part to the aging population, the Company sells “Shunyu Relief,” which provides nursing-care income protection insurance to supplement loss of income when a business owner or self-employed person requires nursing care, as well as “Kaigo Relief” [note 3], which provides whole life nursing-care coverage insurance to cover the admittance to a nursing care facility and other costs of nursing care.

T&D Financial Life is expanding its lineup of asset- and coverage-oriented products treated by financial institutions and insurance shop agents. In July 2018, the Company launched the single premium individual annuity “Choju Premium,” aimed at enabling people to lead fun and enriched lives with peace of mind as their second lives, which is growing increasingly long, looking ahead to the current era in which people often live healthily to age 100. In October 2018, the Company revised its single premium whole life insurance “Minna Ni Yasashii Shushin Hoken,” which can be subscribed with only a vocational notice, and added a “Currency Diversification Course” to the insurance.

Following the revisions to the standard mortality table in April 2018, the Three Life Insurance Companies revised insurance premiums (mostly lowering them) for individual and group insurance with a focus on death benefits.

(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 2018, 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” 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 conducted a satisfaction survey for new customers in order to improve customer service. It is also taking initiatives to further improve customer service, including its existing “policy inspection system” for customers 90 years and older who have reached a specified age, to check for changes to contact information, unfiled claims, and so forth.

(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. Amid these changes in the business environment, we are working on various measures to support illness prevention and health promotion among our 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. We are also committed to solving the challenges of a hyper-aged society, including dementia, through joint research with Tokyo Metropolitan Geriatric Medical Center using "walking speed data," as well as research on dementia with Shiga University, Shiga University of Medical Science, and the Japan Medical Association Research Institute.

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 [note 4]" for small- and medium-sized enterprises. As part of these efforts, we are working to support health promotion, including ascertaining health risks and improving lifestyles, by offering the "Daido Life KENCO SUPPORT PROGRAM [note 5]," developed jointly with Value HR Co., Ltd. We are also collaborating with a Swiss digital health company dacadoo AG to advance the health insurance business, including research and development of new products and services by utilizing dacadoo's healthcare-related digital technologies and infrastructure.

The Three Life Insurance Companies have been recognized as the "2019 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

Annualized premiums Glossary of new policies combining individual insurance and individual annuities for this fiscal year was ¥158.8 billion (32.0% increase year-on-year), increasing significantly compared to the previous year due to increased sales of individual term insurance and nursing-care coverage products. Third Sector annualized premiums of new policies was ¥58.9 billion (53.7% increase year-on-year), increasing significantly compared to the previous year due to increased sales of relaxed-underwriting type products, work incapacity benefit products, and nursing-care coverage products.

Annualized premiums of total policies combining individual insurance and individual annuities at the end of this fiscal year was ¥1,549.5 billion (2.9% increase year-on-year), increasing compared to the previous year.

New policy amount for the current fiscal year was ¥5,681.2 billion (12.8% increase year-on-year). Policy amount in force as at year-end was ¥60,249.7 billion (1.0% decrease year-on year).

Income from insurance premiums increased by 13.0% year-on-year to ¥1,676.1 billion, due primarily to increased sales of nursing-care coverage products. Income from interests and dividends increased 3.6% year-on-year, to ¥295.8 billion. As a result, ordinary revenues increased by 11.0% year-on-year, to ¥2,140.1 billion.

Ordinary expenses increased by 12.5% year-on-year to ¥1,993.2 billion, due primarily to an increase in investment expenses resulting from an increase in provision for policy reserve owing to an increase in policies, and an increase in net derivative financial instruments expenses.

As a result, ordinary profit decreased by 6.1% year-on-year, to ¥146.9 billion.

Profit attributable to owners of parent decreased by 6.1% year on year, to ¥72.8 billion.

Combined total core profit Glossary for this fiscal year at the Three Life Insurance Companies increased by 0.8% year-on-year, to ¥149.6 billion. Positive spread increased by 28.0% year-on-year to ¥54.2 billion, due primarily to an increase in interest and dividend income.

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 1,093.1% (1,061.8% at the end of the previous fiscal year).

Solvency margin ratios of the Group's Three Life Insurance Companies were 849.7% for Taiyo Life Insurance Company (835.1% at the end of the previous fiscal year), 1,271.9% for Daido Life Insurance Company (1,206.2% at the end of the previous fiscal year) and 1,101.7% for T&D Financial Life Insurance Company (1,258.3% at the end of the previous fiscal year).

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

(100 millions of yen)

Categories	FY2017	FY2018 (year under review)
Annualized premiums of new policies (Third Sector products)	1,203 (383)	1,588 (589)
Taiyo Life Insurance Company	274 (133)	386 (163)
Daido Life Insurance Company	784 (248)	1,086 (423)
T&D Financial Life Insurance Company	144 (1)	115 (2)
Annualized premiums of total policies (Third Sector products)	15,060 (2,119)	15,495 (2,510)
Taiyo Life Insurance Company	6,184 (1,057)	6,139 (1,107)
Daido Life Insurance Company	7,716 (1,036)	8,203 (1,376)
T&D Financial Life Insurance Company	1,160 (25)	1,152 (25)
New policy amount	50,369	56,812
Taiyo Life Insurance Company	16,867	11,966
Daido Life Insurance Company	29,954	41,704
T&D Financial Life Insurance Company	3,547	3,141
Policy amount in force as at the end of the year	608,695	602,497
Taiyo Life Insurance Company	211,544	199,456
Daido Life Insurance Company	376,622	381,311
T&D Financial Life Insurance Company	20,527	21,729

Notes:

1. For "annualized premiums," please refer to the Glossary (page 58).
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. The new policy amount of individual insurance and individual annuities includes net increase from conversions.
4. The new policy amount and policy amount in force as of the end of the year of individual insurance represent the total of the 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.

<Reference>
Financial results for the Three Life Insurance Companies

(100 millions of yen)

Company name	Ordinary revenues	Ordinary profit	Profit*
Consolidated results	21,401	1,469	728
Taiyo Life Insurance Company	9,176	541	255
Daido Life Insurance Company	10,455	892	455
T&D Financial Life Insurance Company	1,507	20	10

* Consolidated results indicate profit attributable to owners of parent.

Challenges to be addressed by the Group

The Japanese economy is expected to continue its gradual recovery, due partly to the effects of various policy measures such as a modest increase in personal consumption, increased capital expenditure backed mainly by improvements to corporate earnings, and increased exports backed by economic recovery overseas, amid continued improvement in the employment and income environments. However, there are also concerns over the possibility that geopolitical risk and uncertainty over global economic trends, such as the effects of trade issues and the future of the Chinese economy, will exert downward pressure on the Japanese economy.

In the life insurance industry, the management environment is changing due to such factors as the increasingly low birthrate and aging population, diversifying customer needs, and the prolonged low interest rate environment, and the Group must work to further improve the quality of our business operations, including improvement of capital efficiency, corporate management based on societal issues (sustainable development goals (SDGs)), offering customer-oriented products and services, and enhancing asset management.

Under this operational environment, the Group has newly formulated “T&D Insurance Group medium-term management plan; Try & Discover 2021—Creation of Shared Value—” for the three-year period started in April 2019. Under this medium-term management plan, we will continue our challenge for further growth to create shared value, building on the business foundation we strengthened and expanded in our previous medium-term management plan, with a growth strategy of “strengthening and diversifying the business portfolio” as the pillar. The Group will continue its efforts to steadily increase EV and earnings, as we continue to work to grow our corporate value.

(Strategy for the domestic life insurance business)
The Group’s strength and distinguishing feature is that “multiple independent life insurance companies pursue their own specialized strategies.” The Three Life Insurance Companies will work to strengthen their insurance earnings power and solidify the Group’s earning base by expanding and strengthening our business domains through pursuing strategies specific to each company.

Taiyo Life will build the top brand in the senior market through such means as creating comprehensive lifestyle-support services centered on insurance, and strengthening the foundation for communication with its customers, including raising the level of its education and development system for sales and other employees in order for them to speedily offer products and services that help maintain and improve healthy lives to more customers, and integrating with various services with the “Taiyo Life My Page” as the hub, with a vision of “being an insurance company that supports worry-free, enriched lives of more customers by offering households the best products and services that look ahead to the era where many people live healthily to age 100.”

Daido Life has formulated a medium-term management plan based on revisions to tax handling for fiscal 2019, including term insurance for corporate policies, in order to solidify its business base in the small and medium sized-enterprise market. Based on a basic policy of “Working as a group to polish ‘total insurance combining corporations and individuals’ and leading a new era of enterprise

insurance," Daido Life will focus its efforts on "further advancing its core businesses" and "pursuing the industry's highest level of customer experience."

T&D Financial Life will work to develop and revise savings-type products differentiated by such factors as payment details and value-added services, which meet increasingly diverse customer needs, to increase its competitiveness in the independent insurance agent market, which is expected to grow, and be a company chosen by customers and agents. It will also advance improvements in operations and build systems from the perspectives of customer-oriented operations, streamlining operations, and improving productivity. In order to achieve this, T&D Financial Life will continue its efforts to collaborate both inside and outside the Group on product development and asset management.

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 new medium-term management plan for fiscal year 2019.

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

(Notes) [1] The standard mortality table summarizes mortality statistics of persons insured under life insurance by age and gender over a specific period. Life insurance companies are required by laws and regulations to maintain a "policy reserve" to ensure that they can make future insurance payments, etc., and the standard mortality table is used to calculate the amount of the policy reserve.
[2] Insurance that pays out from the main policy when a prescribed diagnosis of dementia is made is the first in the life insurance industry (According to a Taiyo Life study of the 41 members of The Life Insurance Association of Japan (as of July 31, 2018)).
[3] Sales of "Kaigo Relief" were halted on March 31, 2019, and a new whole life nursing-care coverage insurance "Kaigo Relief Alpha" was launched in April 2019.
[4] The term "health and productivity management" is a registered trademark of the Workshop for the Management of Health on Company and Employee.
[5] 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 Embedded Value (EV), Enterprise Risk Management (ERM), Corporate Governance Code, annualized premiums, core profit, solvency margin ratio, and asset liability management (ALM), please refer to the Glossary (page 58).

(2) Transition of assets and profits (losses) of the corporate group and the insurance holding company

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

(Millions of yen)

Categories	FY2015	FY2016	FY2017	FY2018 (year under review)
Ordinary revenues	2,025,925	1,975,784	1,928,359	2,140,162
Ordinary profit	171,434	157,227	156,475	146,949
Profit attributable to owners of parent	72,547	75,187	77,577	72,825
Comprehensive income	(84,492)	(69,598)	93,236	48,596
Net assets	1,214,061	1,096,772	1,153,036	1,159,588
Total assets	14,674,207	14,891,167	15,262,398	15,794,711

Note: Financial results for FY2018 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

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

Categories	FY2015	FY2016	FY2017	FY2018 (year under review)
Operating revenues	20,409	52,607	49,497	38,976
Dividend received	16,627	49,204	46,030	34,925
Insurance operating subsidiaries	16,627	49,204	46,030	34,925
Other subsidiaries	-	-	-	-
Net income	16,893	49,562	46,300	34,983
Net income per share (¥)	25.85	77.66	74.14	56.92
Total assets	793,185	768,697	783,804	826,843
Stocks, etc. of insurance operating subsidiaries	732,227	732,227	732,227	734,827
Stocks, etc. of other subsidiaries	10,649	10,649	10,649	10,649

(3) Principal offices of the corporate group (as of March 31, 2019)

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 FY2017	At the end of FY2018	Change during FY2018	At the end of the current fiscal year		
				Average age	Average service years	Average monthly salary
T&D Holdings, Inc.	98	107	9	46.8 years	23.1 years	¥601 thousand

Notes:
1. All employees of the Company are seconded from Taiyo Life Insurance Company, Daido Life Insurance Company, T&D Financial Life Insurance Company and T&D Asset Management Co., Ltd. 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 2019 (including overtime payment), excluding bonus payment.

Employees of the consolidated companies

Divisions	At the end of FY2017	At the end of FY2018	Change during FY2018
Insurance and insurance-related businesses	18,546	18,275	(271)
Investment-related businesses	442	435	(7)
Administration-related businesses	769	779	10
Total	19,757	19,489	(268)

(5) The Group’s main source of debt

Not applicable

(6) Financing of the corporate group

(Capital increase)
Pet & Family Small-amount Short-term Insurance Company, a subsidiary of the Company, raised a total of ¥2,600 million by issuing 1.3 million shares of common stock (issue price of ¥2,000 per share) through a shareholder allocation on March 27, 2019, with the Company acquiring the shares, in order to further strengthen the financial base.

(Note) Pet & Family Small-amount Short-term Insurance Company obtained a non-life insurance business license from Financial Services Agency on April 1, 2019, and has become Pet & Family Insurance Co., Ltd.

(Issuance of bonds)
The Company, for the purpose of further strengthening the financial base of its subsidiary, Taiyo Life Insurance Company, has issued the following subordinated bonds:

(Millions of yen)

Date of issue	Maturity date	Amount (face value)
September 20, 2018	September 23, 2048	50,000
Total amount issued in FY2018 (Balance at the end of FY2018)		50,000 (50,000)

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

(Millions of yen)

Date of issue	Maturity date	Amount (face value)
May 22, 2018	August 23, 2018	3,000
June 22, 2018	September 21, 2018	3,000
August 23, 2018	November 21, 2018	3,000
September 21, 2018	December 21, 2018	3,000
November 21, 2018	February 21, 2019	3,000
December 21, 2018	March 22, 2019	3,000
February 21, 2019	May 21, 2019	3,000
March 22, 2019	June 21, 2019	3,000
Total amount issued in FY2018 (Balance at the end of FY2018)		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	29,249
Investment-related businesses	63
Administration-related businesses	364
Total	29,677

B. New construction of material equipment, etc.

Not applicable

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

A. Affairs at the parent company

Not applicable

B. Affairs at the subsidiaries

Company name	Location	Main operations	Date of incorporation	Capital (Millions of yen, except where otherwise noted)	The Company's share of voting right (%)	Remarks
Taiyo Life Insurance Company	Chuo-ku, Tokyo	Life Insurance Business	February 16, 1948	62,500	100.0	
Daido Life Insurance Company	Nishi-ku, Osaka, Osaka-fu	Life Insurance Business	July 14, 1947	110,000	100.0	
T&D Financial Life Insurance Company	Minato-ku, Tokyo	Life Insurance Business	July 16, 1947	56,000	100.0	
T&D Asset Management Co., Ltd.	Minato-ku, Tokyo	Type II financial instruments business, investment management business, investment advice and agency business	December 19, 1980	1,100	100.0	
Pet & Family Small-amount Short-term Insurance Company	Bunkyo-ku, Tokyo	Small-amount short-term insurance business	August 8, 2003	2,806	100.0	
T&D Customer Services Co., Ltd.	Urawa-ku, Saitama, Saitama-ken	Life insurance policy clerical services, including delivery and receipt of securities, and drafting, arrangement, custody and distribution of documents, etc.	April 2, 1984	10	100.0 (100.0)	
T&D Confirm Ltd.	Kita-ku, Tokyo	Policyholder confirmation agency services	July 5, 1991	30	100.0 (100.0)	
T&D Information Systems, Ltd.	Urawa-ku, Saitama, Saitama-ken	Computer software and system services	July 15, 1999	300	100.0 (100.0)	
T&D Lease Co., Ltd.	Minato-ku, Tokyo	Leasing business	September 5, 1966	150	88.4 (88.4)	
Taiyo Credit Guarantee Co., Ltd.	Toshima-ku, Tokyo	Credit guarantee services	April 1, 1981	50	100.0 (100.0)	
Toyo Insurance Agency Co., Ltd.	Kita-ku, Tokyo	Insurance agency business	June 4, 1971	70	100.0 (100.0)	
Thuriya Ace Technology Co., Ltd.	Yangon, Myanmar	IT for insurance companies, IT systems and software solutions design, and development services	February 1, 2017	MMK 2,351 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	36.0 (36.0)	

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. Moreover, obtaining a non-life insurance business license from Financial Services Agency on April 1, 2019, it has become Pet & Family Insurance Co., Ltd.
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 ¥172 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 2018 were ¥2,140.1 billion and ¥72.8 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, 2019)

Name	Positions/ Responsibilities	Significant concurrent positions held	Remarks
Tetsuhiro Kida	Representative Director and Chairman	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 President	Director, Taiyo Life Insurance Company	
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.	
Mitsuhiro Nagata	Director and Senior Managing Executive Officer (in charge of Group Planning Department and Business Development Department)	Director, Daido Life Insurance Company Director, T&D Financial Life Insurance Company	
Yasuro Tamura	Director and Managing Executive Officer (in charge of General Affairs Department and Internal Auditing Department)	Director and Managing Executive Officer, Daido Life Insurance Company	Received approval from the Commissioner of Financial Services Agency under the provisions of Article 8, Paragraph 1 of the Insurance Business Act.
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	
Seiji Higaki	Director (Outside Officer)	–	

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	
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 asset management and planning, etc. at a life insurance subsidiary of the Group.
Yasuo Teraoka	Full-time Audit & Supervisory Board Member	Audit & Supervisory Board Member, Daido Life Insurance Company	He has considerable expertise in finance and accounting, gained through his operational experience in asset management and business investment, 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. Executive officers (excluding directors concurrently serving as executive officers) as of March 31, 2019 are as follows;

Name	Positions/Responsibilities
Mutsuro Kitahara	Senior Managing Executive Officer (vice in charge of Risk Management Department and Internal Auditing Department)
Yoshihisa Tanaka	Executive Officer, General Manager of Group Planning Department
Tomoyasu Isobe	Executive Officer, General Manager of Business Development Department

2. Apart from the above, change in executive officers (excluding directors concurrently serving as executive officers) as of April 1, 2019 is as follows;

Managing Executive Officer	Yoshihisa Tanaka
Executive Officer	Shuichi Nakamura

3. Ms. Haruka Kato, Messrs. Naoki Ohgo, Seiji Higaki, Shigekazu Iwai and Yuichi Ozawa have been registered with Tokyo Stock Exchange, Inc. as independent directors/auditors without potential conflict of interests with general shareholders.
4. Ms. Haruka Kato's maiden name was Haruka Matsuyama.
5. Ms. Haruka Kato's concurrent place of employment, VITEC HOLDINGS CO., LTD., merged with UKC Holdings Corporation on April 1, 2019, becoming the Restar Holdings Corporation.

(2) Executive compensation, etc.

(Millions of yen)

Categories	Monthly compensation		Reserve for bonus		Trust-type stock compensation (BIP trust executive compensation)		Total amount of compensation, etc.	
	Number of persons paid	Amount	Number of persons paid	Amount	Number of persons paid	Amount	Number of persons paid	Amount
Directors	15	213	6	55	6	58	15	327
(Outside Directors)	(4)	(28)	(0)	(-)	(0)	(-)	(4)	(28)
Audit & Supervisory Board Members	5	76	0	-	0	-	5	76
(Outside Audit & Supervisory Board Member)	(2)	(19)	(0)	(-)	(0)	(-)	(2)	(19)
Total	20	289	6	55	6	58	20	403

Notes:

1. Compensation limit stipulated at shareholders meeting is ¥500 million per annum for Directors and ¥130 million per annum for Audit & Supervisory Board Members. Aside from the above compensation limit for Directors, the upper limit of the trust money to be contributed to the trust relating to trust-type stock compensation is ¥500 million over the period of three fiscal years from the fiscal year ended March 31, 2019 to the fiscal year ending March 31, 2021. The upper limit of the number of points to be awarded to Directors per fiscal year will be 215,000 points (1 point = 1 share of the Company).
2. The number of persons paid and the amount of compensation, etc. above include those for three Directors and one Audit & Supervisory Board Member who retired as of the conclusion of the 14th Ordinary General Meeting of Shareholders held on June 27, 2018. As of the end of the current fiscal year, the Company had twelve Directors and four Audit & Supervisory Board Members as its corporate officers.
3. The Company's executive compensation system lays down compensation systems and compensation amounts that function as sound incentives, towards enhancing Group business

performance and increasing corporate value over the medium- to long-term. Compensation, etc. to Directors (excluding part-time Directors which include Outside Directors) comprises of monthly compensation that varies depending on role and performance, bonuses and trust-type stock compensation which delivers shares of the Company and utilizes a trust mechanism (excluding Directors residing outside of Japan). The Company regards company performance linked compensation as not suitable for part-time Directors, including Outside Directors who are independent from operational functions, and Audit & Supervisory Board Members. Therefore, a fixed amount of compensation is paid.

<Monthly compensation and bonus>

Individual evaluations for each executive, which are applicable to monthly compensation and bonus evaluation ranks, are performed in accordance with the evaluation criteria established by the Board of Directors, based on an assessment of the Company's performance and the performance of the division of which the executive is in charge. Individual evaluations for each executive are deliberated on by the Nomination and Compensation Committee and then determined by the Representative Director and President upon consultation with the Representative Directors. Compensation amounts are determined in accordance with individual evaluations for each executive based on the compensation table determined by the Board of Directors.

<Trust-type stock compensation>

Trust-type stock compensation is a compensation system which allows the sharing of incentives to enhance the corporate value of the Company and interests with shareholders by linking Director compensation with the Company's share price. Shares and money are delivered to Directors (excluding those who are part-time and non-residents in Japan, including Outside Directors) within the scope of the amount determined by the resolution of the General Meeting of Shareholders based on points awarded according to position.

4. In January 2015, the Company established the non-statutory Nomination and Compensation Committee as an advisory body to the Board of Directors, for deliberations on the fairness and reasonableness of executive selection or dismissal and compensation, with a view to ensuring management transparency and clarified accountability. The Nomination and Compensation Committee deliberates items regarding important decisions or changes relating to executive treatment at the Company or direct subsidiaries and, together with reporting the results of its deliberations to the Board of Directors, offers its opinions as required. The amount of monthly compensation and bonus 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 of which the Director is in charge.
5. The limit per annum of compensation, etc. 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 upper limit of the trust money to be contributed to the trust relating to trust-type stock compensation (over three fiscal years) was determined by resolution of the 14th Ordinary General Meeting of Shareholders held on June 27, 2018. 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
Haruka Kato	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.
Naoki Ohgo	Same as above
Seiji Higaki	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.	
Haruka Kato	MITSUI & CO., LTD.	Outside Audit & Supervisory Board Member
	Mitsubishi UFJ Financial Group, Inc.	Outside Director
	VITEC HOLDINGS CO., LTD.	Outside Director
Naoki Ohgo	Root F Co., Ltd.	Representative Director
	Orient Corporation	Outside Director
Seiji Higaki	―	
Shigekazu Iwai	―	
Yuichi Ozawa	―	

Notes:
1. The Company has neither major transactions nor other type of relationship with 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.
3. Ms. Haruka Kato's concurrent place of employment, VITEC HOLDINGS CO., LTD., merged with UKC Holdings Corporation on April 1, 2019, becoming the Restar Holdings Corporation.

(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
Haruka Kato	5 years 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended 19 of 20 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 chair of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, she has presented valuable opinions as to selection/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc.
Naoki Ohgo	1 year 9 months (assumed office in June 2017)	Board of Directors' Meeting: attended all 20 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/dismissal 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
Seiji Higaki	9 months (assumed office in June 2018)	Board of Directors' Meeting: attended all 15 meetings	At the Board of Directors' Meetings, he has presented his views as necessary from his wealth of knowledge and experience in corporate management, having served as Director, President and Representative Executive Officer of a bank holding company and Representative Director and Executive Officer of a bank. 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/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc.
Shigekazu Iwai	6 years 9 months (assumed office in June 2012)	Board of Directors' Meeting: attended all 20 meetings Audit & Supervisory Board Meeting: attended all 17 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	5 years 9 months (assumed office in June 2013)	Board of Directors' Meeting: attended all 20 meetings Audit & Supervisory Board Meeting: attended all 17 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) 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, 2019)

224,311

(3) Major shareholders

Name	Status of equity participation	
	Shares held (Thousand shares)	Percentage of ownership (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	37,343	6.09
Japan Trustee Services Bank, Ltd. (Trust Account)	34,709	5.66
SSBTC CLIENT OMNIBUS ACCOUNT	13,334	2.18
Japan Trustee Services Bank, Ltd. (Trust Account 5)	11,966	1.95
Japan Trustee Services Bank, Ltd. (Trust Account 7)	11,751	1.92
Japan Trustee Services Bank, Ltd. (Trust Account 9)	11,434	1.87
MUFG Bank, Ltd.	10,325	1.68
STATE STREET BANK WEST CLIENT ― TREATY 505234	9,117	1.49
JP MORGAN CHASE BANK 385151	8,628	1.41
Japan Trustee Services Bank, Ltd. (Trust Account 1)	7,994	1.30

Note: The Company owns treasury stock of 42,213 thousand shares but is excluded from the list of major shareholders shown above. Percentage of ownership is calculated after deducting treasury stock.

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: 0 ・Class and number underlying the new share subscription rights: 0 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)	0
	T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013) ・Total number of new share subscription rights issued: 0 ・Class and number underlying the new share subscription rights: 0 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)	0
	T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014) ・Total number of new share subscription rights issued: 28 ・Class and number underlying the new share subscription rights: 2,800 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)	1
	T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015) ・Total number of new share subscription rights issued: 77 ・Class and number underlying the new share subscription rights: 7,700 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)	2

	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: 253 ・Class and number underlying the new share subscription rights: 25,300 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)	3
	T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017) ・Total number of new share subscription rights issued: 223 ・Class and number underlying the new share subscription rights: 22,300 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
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): 0
   T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 0
   T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 1
   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): 2
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): 566 (56,600 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 324 (32,400 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 347 (34,700 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 286 (28,600 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 604 (60,400 shares of common stock)
T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): 407 (40,700 shares of common stock)

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

Not applicable.

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 Norio Hashiba 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 ¥16 million for advisory 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 ¥426 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

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) Basic policy and reference regarding compliance with laws and regulations, etc. of the Group are to be established and made fully known to Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Group 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 Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Group.
6) A whistle-blowing procedure is to be developed and made available to Directors, Audit & Supervisory Board Members, Executive Officers and employees of 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 and any acts which are liable to damage the credibility or reputation of the Group.
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.

2 Overview of status of operation

A summary of the operational status of the structure to ensure adequacy of operations (hereinafter referred to as the "Internal Control System") is as follows.

(1) Internal Control System in general

- The Company ensures to enhance the corporate value while ensuring the adequacy of business operations by the development of the Internal Control System following the resolution of the Board of Directors.
- Monitoring of the internal control system is conducted twice each year. The Board of Directors verified the adequacy of development and operation of the Internal Control System and made revisions as necessary to work to improve and strengthen the Internal Control System consistently.
- The Group promotes business operations based on the customers' point of view under the basic policies related to customer-oriented business operations. The result of customer-oriented business operations was announced in May 2018.

(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.
- The Company formulated the "Compliance Program," which is a practical plan for promoting compliance, and regularly reported to 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.
- The Company formulated the "T&D Insurance Group's Basic Policy of Measure to Anti-social Forces" and has been consistently providing education and training on the exclusion of anti-social forces based on its "Compliance Program." The status of measures taken to exclude connection with anti-social forces is regularly reported to the Group Compliance Committee and the Board of Directors.
- The "T&D Insurance Group Helpline," the Group's whistle-blowing contact, is established externally whereby the reported cases are dealt with in conformity with the rules of the whistle-blowing system including the prohibition of disadvantageous treatment for whistleblowers.

(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 based on which, the review and evaluation of the progress and results of the Group's medium-term management plan were reported to the Board of Directors quarterly.

(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 makes an effort to raise its security management level by means such as conducting drills cooperated with an external organization in preparation for cyber-attacks, etc. Additionally, the Company made efforts to further strengthen its cybersecurity through conducting the "Group-wide Cyber Security Diagnosis" performed by an outside security company and objectively evaluated the preparedness of the Group's cybersecurity management.

(5) Initiatives regarding Enterprise Risk Management (ERM)

- The Company, through the Group ERM Committee which promotes Enterprise Risk Management (ERM), regularly analyzed and evaluated the status of profit, risk and capital of the Group, based on the "Group Risk Appetite," which sets forth appropriate levels of soundness and profitability while reported the results to the Executive Committee and the Board of Directors.
- The Company conducted a quantitative evaluation based on unified risk indicators, analyzed and evaluated the status of various risks through the Group Risk Management Committee, which coordinates risk management throughout the Group, 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 caused by major natural disasters and cyber attacks that lead 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. The Company also reviews the status of responses to the events of crisis after the event occurs and makes revisions as appropriate, as well as regularly conducts drills, etc. in order to ensure the effectiveness of response to the crisis.

(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 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 as well as the internal auditing departments of its direct subsidiaries conducted based on the "Internal Audit Rules" and the annual internal audit plan resolved by the Board of Directors, and the Company 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	¥826,843 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 Insurance Co., Ltd. (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.
(See the Governance System Chart on page 55.)

(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 2018, the Board of Directors of the Company conducted analysis and assessment on the effectiveness of the Board of Directors as a whole (including non-statutory Nomination and Compensation Committee), 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, etc.

Matters that were recognized as issues to be addressed (e.g. addressing time constraints on

discussions by the Board of Directors (need for opportunities for discussion outside of Board meetings) and further improving documentation/report contents) in the fiscal 2017 assessment have been largely improved.

We recognize an ongoing need to improve our systemic readiness for improving the effectiveness of the Board of Directors. For example, we are working to further strengthen the Company's monitoring functions in Group management as a holding company in order to strengthen governance, and we are working to further improve and innovate on documentation and briefings to increase the depth and vigor of briefings relating to the contents discussed at the Nomination and Compensation Committee and discussions by the Board of Directors.

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

(Goals, Mission, and Composition of the Nomination and Compensation Committee)
The Company established the Nomination and Compensation Committee as an advisory body to the Board of Directors, for deliberation on fairness and reasonableness about executive selection or dismissal and compensation with a view to ensuring management transparency and clarified accountability.

The Nomination and Compensation Committee deliberates on executive selection or dismissal, compensation at the Company and its direct subsidiaries, and on successor planning for representative directors and presidents. It reports the results of its deliberations to the Board of Directors and submits opinions as necessary.

- Contributions to selection or dismissal of representative director, president and executive team
The committee deliberates on the results of evaluations of each representative director and president and executive team member, based on such factors as evaluations of the performance of the company or the division that the member is in charge of. It deliberates on the selection or dismissal (reappointment or non-reappointment) of representative directors, presidents and executive team members, confirming the executive's evaluation and appropriateness, reporting the results of the deliberation to the Board of Directors and submitting an opinion as necessary.

- Contribution to representative director and president successor planning
With regard to matters concerning successor planning, the committee deliberates on the plan's appropriateness and periodic reviews of candidates for successors, reporting the results of the deliberation to the Board of Directors and submitting an opinion as necessary.
This committee consists of the president and outside directors. The majority of the committee's members is selected from outside directors in order to ensure independence and neutrality. An outside-director member of the committee is selected as the committee chair by mutual vote.

(Approach to Cross-held Stocks)
The Company's Basic Policy on Corporate Governance defines the Group's policy on cross-holding shares of listed stock and its approach to exercising voting rights.

The Company will continue to shrink its cross-holdings in accordance with plans.

1. The Group cross-holds shares of listed stocks based on the following policy.
(1) The goal of cross-holding shares of listed stocks is to maintain and expand long-term and stable business relationships, maintain and strengthen operational collaboration, and receive income over the medium- to long-term by increasing stock value, receiving dividends, etc.

(2) Each year, the Board of Directors of the Company and each Group company with cross-held shares makes a specific and careful examination of each held stock, determining the validity of the holding by determining whether the purpose for holding is appropriate, whether the risk and benefit of the holding are commensurate with the capital cost, etc.

(3) If the validation of the holding of a specific cross-held stock determines that it is not appropriate to continue holding the stock, the stock in question is sold and the cross-held shares are reduced.

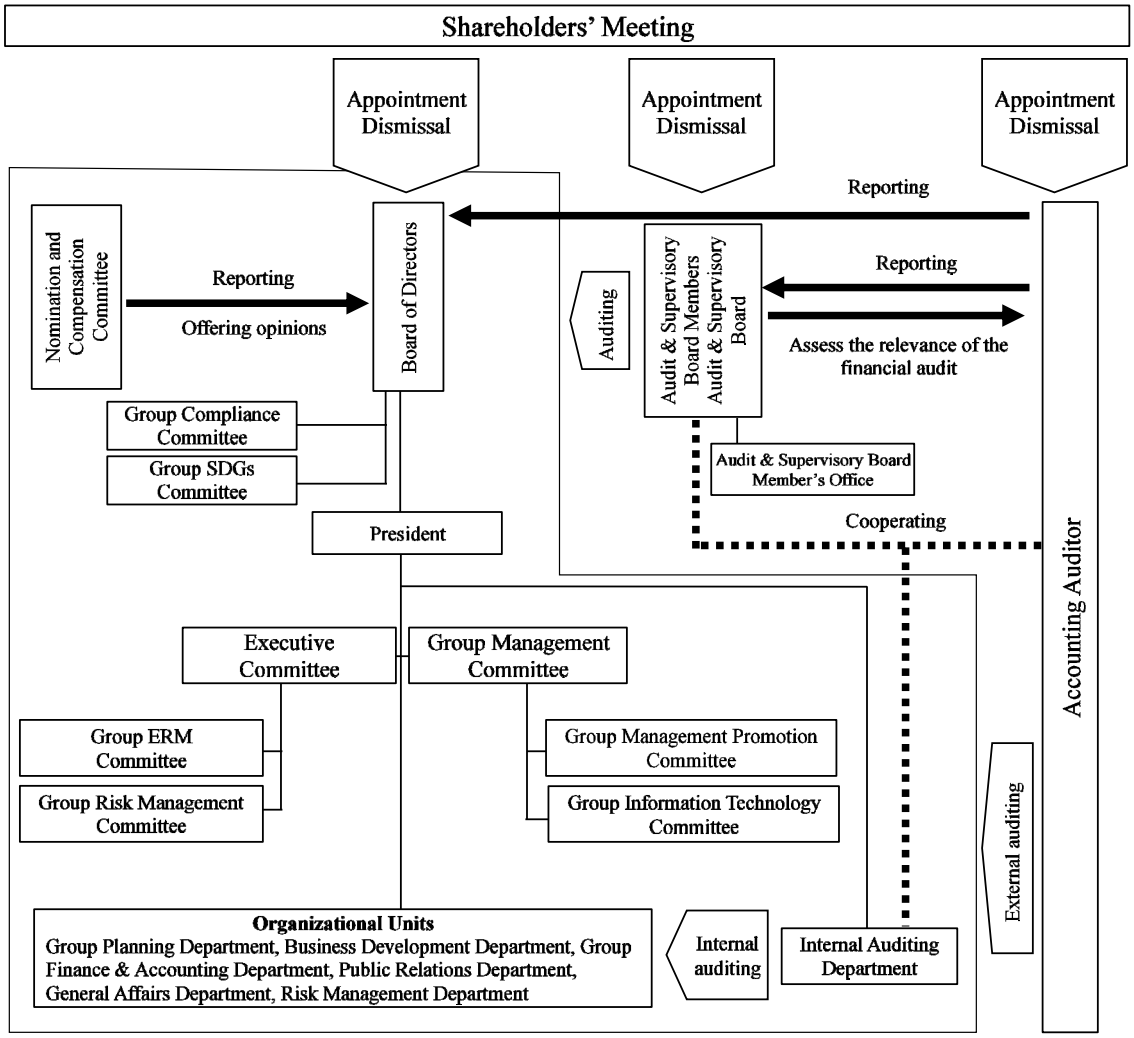
(4) The Group discloses the validations of (2) and (3) above each year.

2. The Group believes that appropriately exercising voting rights encourages the share-issuing company to establish a sound corporate governance structure and promotes its sustainable growth, and sees it as a key means of increasing shareholder profits. The Group exercises its voting rights with regard to cross-held shares based on this belief.

3. The exercise of voting rights described in the previous item is not only decided on formal criteria. The Group strives to gain a shared understanding through dialog from a medium- to long-term perspective, while respecting the management decisions of the share-issuing company. If the Group determines that there is a risk of losing shareholder profits, it indicates its will as a shareholder by exercising its voting rights appropriately.

[Governance System Chart]

(As of April 1, 2019)



2. Overview of the new Medium-Term Management Plan (FY2019 to FY2021)

Our Group seeks to contribute to the solving of the continually changing problems faced by people and society, primarily through its life insurance business. Through this, the Group aims to achieve sustainable growth in tandem with society.
The new medium-term management plan which begins in April 2019 will reinforce the Group's implementation of this management philosophy, enhance the Group's domestic life insurance business by "creating shared value" through the strengths of the T&D Insurance Group, and develop business in fields with a high level of affinity with insurance business.

Name	>> Medium-Term Management Plan "Try & Discover 2021—Creation of Shared Value—"
Plan Period	>> April 2019 to March 2022 (three years)
Overall Policies	>> Aim to achieve growth in tandem with society by contributing to the solving of the continually changing problems faced by people and society through the reinforcement and diversification of the Group's business portfolio
Basic Strategy	>> Reinforce the Group's revenue platform by pursuing specialty strategies that leverage the strengths of individual Group companies >> Diversify the Group's revenue sources by investing in businesses with a high level of affinity with domestic life insurance business >> Improve the Group's capital efficiency through the evolution of the Group's financial strategies >> Promote unified Group management in order to effectively and efficiently make use of Group management resources

3. CSR Initiatives: Contribution to SDGs

The Group strives to contribute to people and society by creating value for society through its efforts to solve social problems.

In conjunction with the formulation of the new medium-term management plan, "Try & Discover 2021—Creation of Shared Value—," beginning in fiscal year 2019, the Group has selected four Key CSR Themes for creating new social value through Group activities. The Group will work as one to continue its efforts to contribute to people and society.

[Creating healthy, satisfactory lives for all people]
We will provide insurance products and services that meet the changing needs of society being brought about by further progress of the falling birth rate and aging population, and will engage in activities which support health management initiatives by small- and medium-sized enterprises.

[Creating workplaces in which all people can actively participate]
We will provide support to ensure that women can actively participate in the Group, implement work style reforms that enrich people's work and private lives, cultivate personnel by providing training and personal development support, and create rewarding workplaces.

[Contributing to climate change mitigation and adaptation]
We will reduce our environmental impact through actions such as reducing power and paper consumption, engaging in green procurement that contributes to environmental protection, and conducting forest conservation activities.

[Contributing to sustainable societies through investment]
We will engage in environmental, social and governance (ESG) investment, such as investing in renewable energy and energy usage efficiency improvement projects, projects aimed at solving water shortage problems, and projects which contribute to people's health.

In addition to these key initiatives, the Group will continue to conduct various social contribution

activities, such as support for sports for people with disabilities, activities through related organizations, community cleanups, Group-wide blood donations, and support for employees' voluntary societal activities.

4. Rating information of the Company and the Three Life Insurance Companies

The Company and the Three Life Insurance Companies have obtained ratings regarding their debt and insurance claim payment abilities.

(As of March 31, 2019)

Credit rating agencies	T&D Holdings, Inc.	Taiyo Life Insurance Company	Daido Life Insurance Company	T&D Financial Life Insurance Company
Japan Credit Rating Agency (JCR)	AA-	AA-	AA-	AA-
Rating and Investment Information (R&I)	—	AA-	AA-	AA-
Standard & Poor's (S&P)	—	A	A	—

- Definition of AA- rating:

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

- 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 debt or 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.

5. Glossary

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. Although new policies were accumulated, domestic interest rates and domestic stock prices fell, resulting in EV as of the end of fiscal 2018 decreased by ¥36.1 billion to ¥2,370.6 billion. ■ EV of the Group (100 millions of yen) At the end of FY2016: 22,905 / At the end of FY2017: 24,067 / At the end of FY2018: 23,706	P21
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.	P22 P27 P47 P50
Corporate Governance Code	The Corporate Governance Code, created by the Tokyo Stock Exchange, stipulates guiding principles for realizing effective corporate governance (the system by which companies carry out transparent, fair, rapid, and decisive decision-making based on the positions of shareholders and other stakeholders).	P22 P52
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.)	P24 P25
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.	P24
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.	P25
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.	P27 P65

Consolidated Balance Sheet for Fiscal Year 2018

(as of March 31, 2019)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and deposits	824,241	Policy reserves	13,859,097
Call loans	1,037	Reserve for outstanding claims	69,554
Monetary claims purchased	126,905		
Monetary trusts	765,481	Policy reserve	13,706,879
Securities	11,735,384	Reserve for policyholder dividends	82,663
Loans	1,669,989		
Tangible fixed assets	369,465	Due to agencies	408
Land	207,148	Due to reinsurers	1,432
Buildings	149,916	Short-term bonds	6,000
Lease assets	435	Subordinated bonds	117,035
Construction in progress	6,655	Other liabilities	359,214
Other tangible fixed assets	5,309	Reserve for bonus to directors and audit & supervisory board members	273
		Provision for share-based remuneration	336
Intangible fixed assets	28,467	Net defined benefit liability	51,038
Software	27,080	Reserve for directors' and audit & supervisory board members' retirement benefits	65
Lease assets	221		
Other intangible fixed assets	1,166	Reserve for price fluctuations	235,098
Due from agencies	691	Deferred tax liabilities	15
Due from reinsurers	2,271	Deferred tax liabilities on land revaluation	5,106
Other assets	217,452		
Deferred tax assets	54,925	Total liabilities	14,635,123
Reserve for possible loan losses	(1,599)	(Net assets)	
		Common stock	207,111
		Capital surplus	156,740
		Retained earnings	564,944
		Treasury stock	(64,863)
		Total stockholders' equity	863,933
		Net unrealized gains on securities	328,020
		Deferred gains on hedging instruments	(2,987)
		Land revaluation	(35,869)
		Foreign currency translation adjustments	18
		Total accumulated other comprehensive income	289,181
		New share subscription rights	1,081
		Non-controlling interests	5,391
		Total net assets	1,159,588
Total assets	15,794,711	Total liabilities and net assets	15,794,711

Consolidated Statement of Operations for Fiscal Year 2018

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

Account	Amount
Ordinary revenues	2,140,162
Income from insurance premiums	1,676,184
Investment income	393,901
Interests, dividends and income from real estate for rent	295,858
Gains from monetary trusts, net	5,240
Gains on investments in trading securities, net	25
Gains on sales of securities	88,897
Gains on redemption of securities	1,168
Other investment income	2,452
Gains on separate accounts, net	258
Other ordinary income	70,076
Ordinary expenses	1,993,213
Insurance claims and other payments	1,141,636
Insurance claims	326,575
Annuity payments	271,440
Insurance benefits	147,057
Surrender payments	340,505
Other payments	56,056
Provision for policy and other reserves	469,615
Provision for reserve for outstanding claims	1,804
Provision for policy reserve	467,792
Interest portion of reserve for policyholder dividends	18
Investment expenses	112,285
Interest expenses	907
Losses on sales of securities	16,894
Devaluation losses on securities	3,128
Net derivative financial instruments loss	65,619
Foreign exchange losses, net	1,775
Provision for reserve for possible loan losses	36
Write-off of loans	9
Depreciation of real estate for rent	6,219
Other investment expenses	17,694
Operating expenses	201,563
Other ordinary expenses	64,086
Equity in losses of affiliates	24
Ordinary profit	146,949

(Millions of yen)

Account	Amount
Extraordinary gains	699
Gains on sale of fixed assets	650
State subsidy	42
Other extraordinary gains	6
Extraordinary losses	18,589
Losses on sale, disposal and devaluation of fixed assets	870
Impairment loss	2,113
Provision for reserve for price fluctuations	15,402
Other extraordinary losses	202
Provision for reserve for policyholder dividends	27,144
Income before income taxes	101,915
Income taxes-current	32,383
Income taxes-deferred	(3,316)
Total income taxes	29,066
Net income	72,848
Profit attributable to non-controlling interests	22
Profit attributable to owners of parent	72,825

Consolidated Statement of Changes in Net Assets for Fiscal Year 2018

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of April 1, 2018	207,111	156,785	516,585	(46,703)	833,779
Changes in the period					
Dividends			(24,699)		(24,699)
Profit attributable to owners of parent			72,825		72,825
Acquisition of treasury stock				(18,348)	(18,348)
Disposal of treasury stock		(45)		188	143
Reversal of land revaluation			232		232
Net changes of items other than stockholders' equity					
Total changes in the period		(45)	48,358	(18,159)	30,153
Balance as of March 31, 2019	207,111	156,740	564,944	(64,863)	863,933

(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, 2018	353,590	(4,320)	(35,637)	11	313,645
Changes in the period					
Dividends					
Profit attributable to owners of parent					
Acquisition of treasury stock					
Disposal of treasury stock					
Reversal of land revaluation					
Net changes of items other than stockholders' equity	(25,570)	1,332	(232)	7	(24,463)
Total changes in the period	(25,570)	1,332	(232)	7	(24,463)
Balance as of March 31, 2019	328,020	(2,987)	(35,869)	18	289,181

(Millions of yen)

	New share subscription rights	Non-controlling interests	Total net assets
Balance as of April 1, 2018	1,216	4,395	1,153,036
Changes in the period			
Dividends			(24,699)
Profit attributable to owners of parent			72,825
Acquisition of treasury stock			(18,348)
Disposal of treasury stock			143
Reversal of land revaluation			232
Net changes of items other than stockholders' equity	(135)	996	(23,601)
Total changes in the period	(135)	996	6,552
Balance as of March 31, 2019	1,081	5,391	1,159,588

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

Pet & Family Small-amount Short-term Insurance Company changed from small-amount and short-term insurance provider to non-life insurance company, and changed its trade name to Pet & Family Insurance Co., Ltd. on April 1, 2019.

(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.

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

(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

(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 372 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) Provision for share-based remuneration

To provide for the grant of the Company's shares to directors and audit & supervisory board members, the estimated provision of share-based benefit remuneration is recorded based on the internal rules of the Company and the Three Life Insurance Companies.

(iv) 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.

(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.

6. Additional information

The Company has introduced the Board Incentive Plan Trust (hereinafter referred to as the "BIP") to grant the stock of the Company, etc. in using the scheme of trust for the directors of the Company and the Three Life Insurance Companies (excluding those who are part-time, and non-residents in Japan, including Outside Directors) and the executive officers (excluding those who are non-residents in Japan, and together with directors, referred to as "Directors"), aiming at improving medium- and long-term business result and raising the awareness of contribution to boost corporate value.

The accounting treatment for the BIP adopts the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No.30 dated March 26, 2015).

(1) Overview of transaction

Points are granted to the Directors based on the internal rules of the Company and the Three Life Insurance Companies, and upon their resignation from the positions, the stock of the Company and money equivalent to the amount of converted and disposed amount of the stock of the Company, which are equivalent to accumulated points, are granted and benefited. The stock, etc. to be granted and so forth to the Directors are acquired with the money trusts of the Company funded in advance.

(2) The number of stocks of the Company remaining in trust

The stock of the Company remaining in the trust is accounted for as treasury stock under net assets at the book value in the trust (excluding the amount of expenses accompanied). The book value of the treasury stock thereof at the end of the consolidated fiscal year under review is 1,322 million yen and the number of shares is 827,900 shares.

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, 2019 are as follows:

(Millions of yen)

	Consolidated balance sheet amounts	Fair market values	Difference
(i) Cash and deposits	824,241	824,241	—
a. Those treated as securities	33,000	33,000	—
- Other securities	33,000	33,000	—
b. Other than above	791,241	791,241	—
(ii) Call loans	1,037	1,037	—
(iii) Monetary claims purchased	126,905	129,326	2,421
a. Those treated as securities	125,789	128,041	2,251
- Held-to-maturity debt securities	33,182	35,434	2,251
- Other securities	92,607	92,607	—
b. Other than above	1,115	1,284	169
(iv) Monetary trusts	765,481	831,445	65,963
a. Monetary trusts for investment	5,161	5,161	—
b. Held-to-maturity monetary trusts	29,867	31,357	1,490
c. Policy-reserve-matching monetary trusts	669,708	734,182	64,473
d. Other monetary trusts	60,744	60,744	—
(v) Securities	11,547,017	12,327,376	780,359
a. Trading securities	50,204	50,204	—
b. Held-to-maturity debt securities	1,235,192	1,453,594	218,402
c. Policy-reserve-matching securities	3,152,683	3,714,640	561,957
d. Other securities	7,108,936	7,108,936	—
(vi) Loans	1,668,798	1,722,734	53,935
a. Policy loans (*1)	118,989	132,528	13,547
b. Commercial loans (*1)	1,550,999	1,590,205	40,388
c. Reserve for possible loan losses (*2)	(1,190)	—	—
Total assets	14,933,480	15,836,160	902,680
(i) Short-term bonds	6,000	6,000	—
(ii) Subordinated bonds	117,035	117,704	669
(iii) Payables under securities lending transactions	161,672	161,672	—
(iv) Borrowings as part of Other liabilities	45,644	45,766	121
Total liabilities	330,352	331,143	791
Derivatives (*3)			
(i) Those outside the scope of hedge accounting	11,942	11,942	—
(ii) Those subject to hedge accounting	7,804	8,676	872
Total derivatives	19,747	20,619	872

(*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

Monetary trusts which are managed primarily with securities are recorded in the same way as in (v) Securities, while monetary trusts whose feature is equivalent to cash and deposits are proximate to the book values.

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, 149,110 million yen in foreign securities, 21,818 million yen in unlisted shares (excluding those of affiliates), 16,820 million yen in other securities, and 615 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 either the statistics of the over-the-counter price for reference published by Japan Securities Dealers Association, the prices quoted by the underwriting financial institutions, or the principals and the 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 256,235 million yen while their market value is 335,797 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 79 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 2,186 million yen, with the breakdown as follows:

(1) The balances of loans of bankrupt borrowers and delinquent loans are 138 million yen and 287 million yen, respectively. Of the above, direct write-off for estimated uncollectable amount is 72 million yen for bankrupt borrowers and 103 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 1,738 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 235,919 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 50,994 million yen, and the amount of separate account liabilities was also 50,994 million yen.

6. Net assets per share

Net assets per share was 1,884.30 yen.

Note: The shares held by the Company remaining in the BIP which are accounted for as treasury stock in shareholders' equity are included in the number of treasury stocks deducted from the total number of shares issued at the end of the fiscal year under review to calculate net assets per share. As a result, the number of treasury stocks at the end of the fiscal year under review deducted in calculating net assets per share is 827,900 shares.

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	88,889 million yen
Policyholder dividend payment in the consolidated fiscal year under review	33,435 million yen
Increase due to interest, etc.	18 million yen
Increase due to other reasons	46 million yen
Provision for reserve for policyholder dividends	27,144 million yen
Balance at the end of the consolidated fiscal year under review	82,663 million yen

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

Total loan commitments	31,301 million yen
Loans carried out	10,975 million yen
Balance	20,326 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 746,444 million yen.

10. Subordinated bonds

Of the bonds, 87,000 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, 13,000 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 20,685 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 615 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	154,239 million yen
Service cost	6,361 million yen
Interest cost	800 million yen
Actuarial gain/loss	3,136 million yen
Payment of retirement benefits	(7,437 million yen)
Ending balance of retirement benefit obligations	157,101 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	103,475 million yen
Expected return on assets	1,121 million yen
Actuarial gain/loss	1,154 million yen
Contribution by the business operator	6,000 million yen
Payment of retirement benefits	(5,688 million yen)
Ending balance of pension assets	106,062 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	130,463 million yen
Pension assets	(106,062 million yen)
[Retirement benefits trust of the above]	[(63,321 million yen)]
	24,400 million yen
Retirement benefits obligations for unfunded plans	26,637 million yen
Net amounts of liabilities and assets recorded in consolidated balance sheet	51,038 million yen
Net defined benefit liability	51,038 million yen
Net defined benefit asset	—
Net amounts of liabilities and assets recorded in consolidated balance sheet	51,038 million yen

(iv) Retirement benefit cost and its breakdown

Service cost	6,361 million yen
Interest cost	800 million yen
Expected return on assets	(1,121 million yen)
Amount of actuarial gain/loss treated as expenses	1,982 million yen
Retirement benefits cost for defined benefit plan	8,023million 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	72.0%
Life insurance general account	11.4%
Foreign securities	8.0%
Stocks	4.8%
Cash and deposits	2.8%
Joint investment assets	0.9%
Other	0.0%
Total	100.0%

(Note) Total pension assets include retirement benefits trust that accounts for 59.7%of the total instituted for corporate pension plans.

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

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

(vi) Matters concerning the basis for actuarial calculation

Discount rate	(0.01) %-0.80%
Expected long-term rate of return on assets	0.24%-3.46%

(3) Defined contribution plans

Amount of contribution required for defined contribution plans at the Company and its consolidated subsidiaries is 268 million yen.

17. Notes to deferred tax accounting

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

Deferred tax assets

Reserve for price fluctuation	65,736 million yen
Policy reserves	63,913 million yen
Net defined benefit liability	29,968 million yen
Devaluation losses on securities	14,881 million yen
Losses on sale, disposal and devaluation of fixed assets	5,335 million yen
Reserve for bonuses	2,284 million yen
Tax loss carried forward	1,121 million yen
Reserve for possible loan losses	464 million yen
Others	12,731 million yen
Subtotal	196,437 million yen
Valuation allowance	(16,179 million yen)
Total deferred tax assets	180,258 million yen

Deferred tax liabilities

Net unrealized gains (losses) on securities	(121,175 million yen)
Securities dividend receivables	(2,599 million yen)
Reserve for reduction entry of real estate	(715 million yen)
Others	(857 million yen)
Total deferred tax liabilities	(125,348 million yen)
Net deferred tax assets (liabilities)	54,910 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	28.0%
(Adjustment)	
Valuation allowance	(0.2%)
Items that will never be categorized as loss, such as entertainment expenses	0.4%
Others	0.3%
Contribution percentage of corporate and other taxes after the application of deferred tax accounting	28.5%

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)	256,056 million yen
Securities (subordinated bonds)	21,670 million yen
Securities (foreign securities)	567,489 million yen
Cash collateral paid for financial instruments	125 million yen
Total	845,340 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	161,672 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 34,988 million yen.

20. Matters concerning stock options

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

Not applicable.

(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	181,600 shares	120,000 shares	144,400 shares
Vested	—	—	—
Exercised	24,400 shares	17,400 shares	20,600 shares
Forfeited	—	—	—
Exercisable	157,200 shares	102,600 shares	123,800 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	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting			
At the end of previous fiscal year	121,700 shares	298,900 shares	206,100 shares
Vested	—	—	—
Exercised	12,400 shares	28,500 shares	18,400 shares
Forfeited	—	—	—
Exercisable	109,300 shares	270,400 shares	187,700 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 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 118.50 yen.

Note: The shares held by the Company remaining in the BIP which are accounted for as treasury stock in shareholders' equity are included in the number of treasury stocks deducted in calculating the average number of shares during the period.

As a result, the average number of shares during the period for the treasury shares deducted in calculating net income per share is 479,035 shares.

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	29 properties including one in Tokushima-shi, Tokushima	1,359	753	2,113

(4) Method of calculating recoverable amount

The recoverable amount is based on value in use and net sales value.

The value in use for real estate for rent is calculated by discounting future cash flows at 5.30%.

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	655,000,000	—	—	655,000,000
Treasury stock: Common shares	32,802,460	10,366,001	126,770	43,041,691

Notes: 1. The increase in the number of shares issued of common shares is due to the reason as follows.
Acquisition of treasury stock in accordance with the resolution at the Board of Directors' Meeting on May 15, 2018: 9,522,000 shares
Purchase of fractional shares: 11,301 shares
Acquisition by the BIP: 832,700 shares
2. The decrease in the number of treasury stock of common shares are due to the reasons as follows.
The exercise of stock option: 121,700 shares
The Company's sale of fractional shares upon shareholders' request: 270 shares
Decrease due to the BIP: 4,800 shares
3. The number of treasury stocks of common shares at the end of the consolidated fiscal year under review includes the 827,900 shares (0 shares at the beginning of the consolidated fiscal year under review) of the Company held by the BIP.

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 27, 2018	Common stock	12,443 million yen	20.0 yen	March 31, 2018	June 28, 2018
Board of Directors' Meeting on November 14, 2018	Common stock	12,255 million yen	20.0 yen	September 30, 2018	December 7, 2018

Note: The total dividends resolved at the Board of Directors' Meeting held on November 14, 2018 include 16 million yen of dividends on treasury stock held by the BIP.

(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 26, 2019	Common stock	13,481 million yen	Retained earnings	22.0 yen	March 31, 2019	June 27, 2019

Note: 1. This proposal is scheduled to be voted on June 26, 2019, at the Ordinary General Meeting of Shareholders for approval.
2. Total dividends include 18 million yen of dividends on treasury stock held by the BIP.

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	1,081

Significant subsequent events

The Company resolved at its board of directors meeting held on May 15, 2019, 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
   (1) Type of shares to be acquired: Shares of common stock
   (2) Number of shares to be acquired: Up to 16,000,000 shares
   (3) Total amount of acquisition: Up to 13,000 million yen
   (4) Period of acquisition: From May 16, 2019 to August 30, 2019
   (5) 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 2018

(as of March 31, 2019)

(Millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	30,758	Current liabilities	11,246
Cash and deposits	14,043	Lease obligations	3
Prepaid expenses	26	Accounts payable	2,804
Accounts receivable	16,678	Accrued expenses	169
Other current assets	9	Income tax payable	7,350
Fixed assets	796,084	Consumption tax payable	20
Tangible fixed assets	262	Deposits received	821
Buildings	229	Reserve for bonus to directors and audit & supervisory board members	71
Machinery and equipment	21		
Lease assets	12	Other	5
Investments and other assets	795,821	Fixed liabilities	80,726
Investments in subsidiaries	745,477	Subordinated bonds	80,035
Long-term loans receivable from subsidiaries	50,000	Lease obligations	9
Deferred tax assets	243	Long-term accounts payable-other	343
Deposit for rent	100		
		Provision for share-based remuneration	336
		Deposits received	2
		Total liabilities	91,973
		(Net assets)	
		Stockholders' equity	733,788
		Common stock	207,111
		Capital surplus	501,471
		Additional paid-in capital	89,420
		Other capital surplus	412,051
		Retained earnings	90,068
		Other retained earnings	90,068
		Retained earnings brought forward	90,068
		Treasury stock	(64,863)
		New share subscription rights	1,081
		Total net assets	734,869
Total assets	826,843	Total liabilities and net assets	826,843

Non-consolidated Statement of Operations for Fiscal Year 2018

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

Account	Amount
Operating income	38,976
Dividends on investments in affiliate companies	34,925
Fees and commissions received from affiliate companies	3,742
Interest on loans receivable from affiliate companies	309
Operating expenses	3,437
General and administrative expenses	3,437
Operating profit	35,538
Non-operating income	164
Interest income	30
Gains on expired dividends payable	126
Other income	7
Non-operating expenses	657
Interest expenses	296
Bond issuance costs	355
Other expenses	5
Ordinary profit	35,044
Income before income taxes	35,044
Income taxes-current	29
Income taxes-deferred	31
Total income taxes	61
Net income	34,983

Non-consolidated Statement of Changes in Net Assets for Fiscal Year 2018

(from April 1, 2018 to March 31, 2019)

(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, 2018	207,111	89,420	412,096	501,516	79,784	79,784
Changes in the period						
Dividends					(24,699)	(24,699)
Net income					34,983	34,983
Acquisition of treasury stock						
Disposal of treasury stock			(45)	(45)		
Net changes of items other than stockholders' equity						
Total changes in the period			(45)	(45)	10,283	10,283
Balance as of March 31, 2019	207,111	89,420	412,051	501,471	90,068	90,068

(Millions of yen)

	Stockholders' equity		New share subscription rights	Total net assets
	Treasury stock	Total stockholders' equity		
Balance as of April 1, 2018	(46,703)	741,709	1,216	742,925
Changes in the period				
Dividends		(24,699)		(24,699)
Net income		34,983		34,983
Acquisition of treasury stock	(18,348)	(18,348)		(18,348)
Disposal of treasury stock	188	143		143
Net changes of items other than stockholders' equity			(135)	(135)
Total changes in the period	(18,159)	(7,921)	(135)	(8,056)
Balance as of March 31, 2019	(64,863)	733,788	1,081	734,869

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. Treatment method for deferred assets
   Bond issuance costs are treated in full as expenses when incurred.

4. Posting standard for reserves
   (1) 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.
   (2) Provision for share-based remuneration
   To provide for the grant of the Company's shares to directors and audit & supervisory board members, the estimated provision of share-based remuneration obligations is recorded based on the internal rules of the Company and the Three Life Insurance Companies.

5. 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.

6. Changes in presentation
   The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 dated February 16, 2018) form the beginning of the consolidated fiscal year under review. As a result, deferred tax is classified under investments and other assets.

7. Additional information
   Notes to the BIP is omitted as the same information is stated in "Additional information" under "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements.

Notes to the Non-consolidated Balance Sheet

1. Monetary claims and liabilities toward affiliated companies

Short-term monetary claims	16,688 million yen
Short-term monetary liabilities	2,131 million yen
Long-term monetary claims	50,097 million yen
Long-term monetary liabilities	2 million yen

2. Accumulated depreciation of tangible fixed assets 142 million yen

Notes to the Non-consolidated Statement of Operations

Volume of transactions with affiliated companies

Volume of transactions by operating transaction	
Operating income	38,976 million yen
Operating expenses	279 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	43,041,691 shares

Note: The number of treasury stocks of common shares at the end of the fiscal year under review includes 827,900 shares of the Company held by the BIP.

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	105 million yen
Share-based compensation expenses	55 million yen
Reserve for bonuses	39 million yen
Others	44 million yen
Subtotal of deferred tax assets	898 million yen
Valuation reserve	(654 million yen)
Total of deferred tax assets	243 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	30.6 %
(Adjustment)	
Non-calculation of proceeds such as received dividend	(30.5 %)
Valuation reserve	(0.0%)
Others	0.1%
The contribution ratio of corporate and other taxes after the application of the deferred tax accounting	0.2%

Notes to transactions with related parties

Subsidiaries and affiliated companies

Type	Name of company, etc.	Ratio of ownership of voting rights, etc.	Relationship with related parties	Description of transactions	Amounts of transactions (Millions of Yen)	Account title	Balance at end of the fiscal year (Millions of Yen)
Subsidiaries	Taiyo Life Insurance Company	Direct ownership 100%	Major subsidiary engaged in the insurance business	Lending of funds (Note)	50,000	Long-term loans receivable from subsidiaries	50,000
				Receipt of interest (Note)	307	Other	9

Terms and conditions for the transactions and the decision policy thereof

Note: The interest rate on long-term loans receivable from subsidiaries, which is an unsecured loan with lump-sum repayment at maturity, is reasonably determined by taking into account market interest rate, etc. Additionally, the entire lending is a subordinated loan.

Notes on information per share

Net assets per share 1,199.08 yen
Net income per share 56.92 yen

Note: The shares held by the Company remaining in the BIP which are accounted for as treasury stock in shareholders' equity are included in the number of treasury stocks deducted from the total number of shares issued at the end of the fiscal year under review to calculate net assets per share, and also included in the number of treasury stocks deducted in calculating the average number of shares during the period.

As a result, the number of treasury stocks at the end of the fiscal year under review deducted in calculating net assets per share is 827,900 shares, and the average number of shares during the period for the treasury shares deducted in calculating net income per share is 479,035 shares.

Significant subsequent events

The Company resolved at its board of directors meeting held on May 15, 2019, 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
   (1) Type of shares to be acquired: Shares of common stock
   (2) Number of shares to be acquired: Up to 16,000,000 shares
   (3) Total amount of acquisition: Up to 13,000 million yen
   (4) Period of acquisition: From May 16, 2019 to August 30, 2019
   (5) 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 16, 2019

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

Yuji Ozawa
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Norio Hashiba
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, 2018 to March 31, 2019 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 16, 2019

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

Yuji Ozawa
Designated Limited Liability Partner, Engagement Partner, and Partner
Certified Public Accountant [Seal]
Norio Hashiba
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 15th fiscal year from April 1, 2018 to March 31, 2019 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 15th fiscal year from April 1, 2018 to March 31, 2019.

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 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 17, 2019

Junichi Yanai, Full-Time Audit & Supervisory Board Member [Seal]
Yasuo Teraoka, 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.