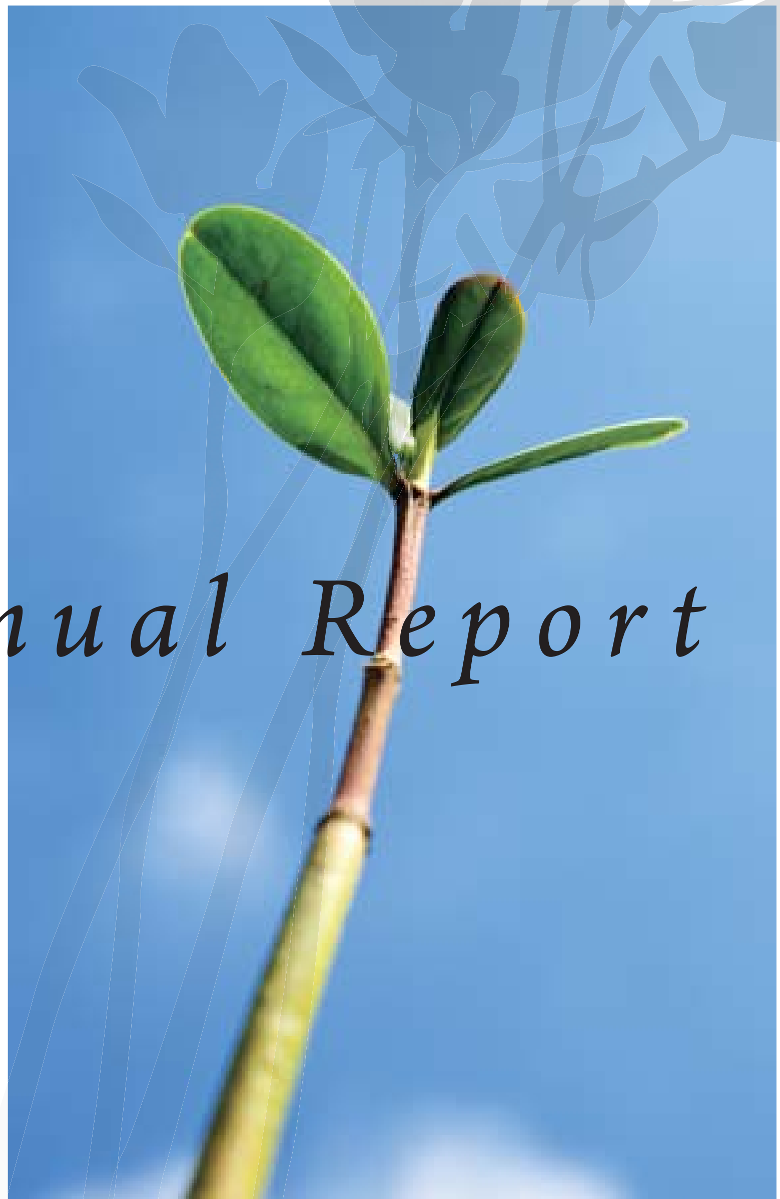
Tokio Marine Holdings

TOKIO MARINE

# Annual Report 2011



TOKIO MARINE HOLDINGS

TOKIO MARINE GROUP

# Profile

Tokio Marine Holdings, Inc. is a holding company for the Tokio Marine Group, which undertakes the domestic non-life insurance, domestic life insurance, international insurance and financial and general businesses.

In keeping with its corporate philosophy of "customer trust as the foundation of all its activities," the Tokio Marine Group implements thorough compliance in all areas of its business operations. By undertaking its operations through a holding company structure, the Tokio Marine Group strives to utilize the unique characteristics and strengths of each company while working to maximize corporate value.

Although the Japanese economy was emerging from a standstill along with a recovery in the world economy, a strong sense of uncertainty is expected to persist in the near term due to the impact of the Great East Japan Earthquake on corporate activities and personal consumption. Amid this environment, we will continue to place emphasis on firmly meeting the expectations and needs of customers and other stakeholders as the cornerstone of our operations and will promote our growth strategies on a global level as the starting point for raising quality.

## Tokio Marine Group Corporate Philosophy

With customer trust as the foundation for all its activities, Tokio Marine Group continually strives to raise corporate value.

- Through the provision of the highest quality products and services, Tokio Marine Group aims to deliver safety and security to all our customers.
- By developing sound, profitable and growing businesses throughout the world, Tokio Marine Group will fulfill its mandate to shareholders.
- Tokio Marine Group will continue to build an open and dynamic corporate culture that enables each and every employee to demonstrate his or her creative potential.
- Acting as a good corporate citizen through fair and responsible management, Tokio Marine Group will broadly contribute to the development of society.

**Forward-Looking Statements**

All forward-looking information is based on current information and assumptions available to Tokio Marine Holdings at the time of the preparation of this report and is subject to a range of inherent risks and uncertainties. Readers should note that actual results may vary materially from those estimated, anticipated, expected or projected in this report and no assurances can be given that any such forward-looking information will prove to have been accurate.

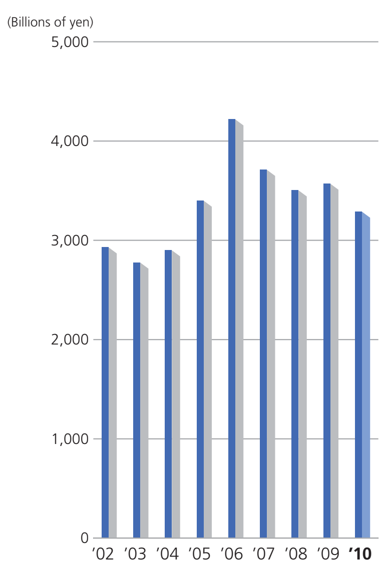
# Contents

# Financial Highlights (Consolidated)

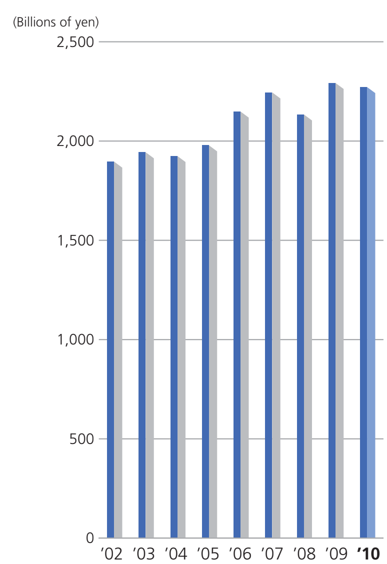
| | | FY2002 | FY2003 | FY2004 |
|---|---|---|---|---|
| **Financial indicators** | | | | |
| Ordinary income | (billions of yen) | 2,929.0 | 2,775.7 | 2,899.4 |
| Net premiums written | (billions of yen) | 1,896.6 | 1,943.6 | 1,925.0 |
| Life insurance premiums | (billions of yen) | 404.6 | 310.8 | 431.5 |
| Ordinary profit | (billions of yen) | 100.8 | 191.7 | 139.9 |
| Net income | (billions of yen) | 56.6 | 111.4 | 67.6 |
| Total assets | (billions of yen) | 9,945.8 | 11,006.2 | 11,624.4 |
| Net assets | (billions of yen) | 1,804.9 | 2,310.8 | 2,305.2 |
| Return on equity (ROE) | (%) | 2.88 | 5.41 | 2.93 |
| Net assets per share (BPS)*1 | (yen) | 1,952 | 2,585 | 2,681 |
| **Key business indicators** | | | | |
| Adjusted earnings*2 | (billions of yen) | 105.0 | 172.1 | 51.8 |
| Adjusted capital | (billions of yen) | 2,621.1 | 3,208.7 | 3,217.9 |
| Adjusted ROE*2 | (%) | 3.8 | 5.9 | 1.6 |
| Adjusted BPS | (yen) | 2,830 | 3,590 | 3,740 |
| **Stock information** | | | | |
| Share price*3 | (yen) | 1,472 | 3,240 | 3,120 |
| Market capitalization*3 | (billions of yen) | 1,363.0 | 2,896.6 | 2,683.2 |
| Issued shares | (shares) | 1,857,048.75 | 1,857,048.75 | 1,727,048.75 |
| **Return to shareholders** | | | | |
| Distribution to shareholders total | (billions of yen) | 118.5 | 112.0 | 89.0 |
| Dividends | (billions of yen) | 18.5 | 19.7 | 18.9 |
| Share repurchases*4 | (billions of yen) | 100.0 | 92.4 | 70.1 |
| Dividends per share*5 | (yen) | 20 | 22 | 22 |

*1 All net assets per share are shown after a share split (1-500 share split) implemented in September 2006.
*2 FY2005 excludes the effects of changes in assumptions for calculating embedded value (EV) in the domestic life insurance business.
*3 All share prices are shown after a share split (1-500 share split) implemented in September 2006.

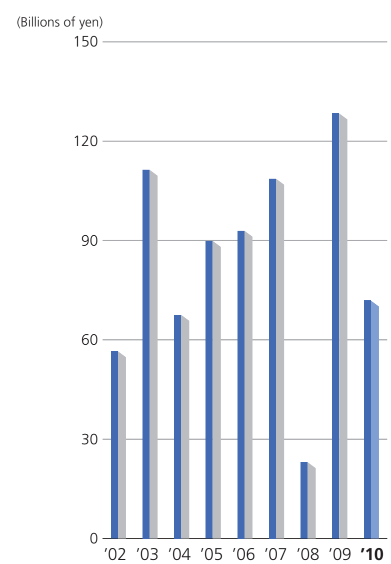
### Ordinary income




### Net premiums written




### Net income

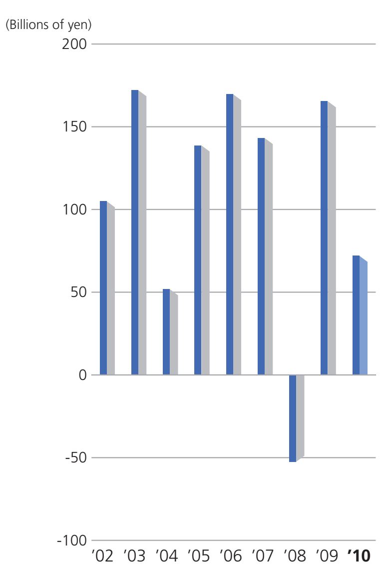


| FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 |
|---|---|---|---|---|---|
| | | | | | |
| 3,399.9 | 4,218.5 | 3,710.0 | 3,503.1 | 3,570.8 | **3,288.6** |
| 1,978.6 | 2,148.6 | 2,245.1 | 2,134.2 | 2,292.9 | **2,272.1** |
| 766.8 | 1,387.9 | 788.3 | 746.0 | 464.7 | **405.3** |
| 136.5 | 168.0 | 179.0 | (15.1) | 203.4 | **126.5** |
| 89.9 | 93.0 | 108.7 | 23.1 | 128.4 | **71.9** |
| 14,260.0 | 17,226.9 | 17,283.2 | 15,247.2 | 17,265.8 | **16,528.6** |
| 3,209.8 | 3,410.7 | 2,579.3 | 1,639.5 | 2,184.7 | **1,904.4** |
| 3.26 | 2.82 | 3.65 | 1.10 | 6.76 | **3.55** |
| 3,820 | 4,128 | 3,195 | 2,067 | 2,754 | **2,460** |
| | | | | | |
| 138.7 | 169.7 | 143.2 | (52.5) | 165.4 | **72.0** |
| 4,238.7 | 4,585.8 | 3,605.9 | 2,564.2 | 3,160.8 | **2,918.3** |
| 3.7 | 3.8 | 3.5 | (1.7) | 5.8 | **2.4** |
| 5,040 | 5,570 | 4,490 | 3,260 | 4,010 | **3,810** |
| | | | | | |
| 4,660 | 4,360 | 3,680 | 2,395 | 2,633 | **2,224** |
| 3,930.8 | 3,594.9 | 2,960.6 | 1,926.8 | 2,118.3 | **1,789.3** |
| 1,687,048.05 | 824,524,375 | 804,524,375 | 804,524,375 | 804,524,375 | **804,524,375** |
| | | | | | |
| 110.2 | 119.8 | 88.7 | 38.0 | 89.4 | **TBD** |
| 25.2 | 29.8 | 38.7 | 38.0 | 39.4 | **38.6** |
| 85.0 | 90.0 | 50.0 | — | 50.0 | **TBD** |
| 30 | 36 | 48 | 48 | 50 | **50** |

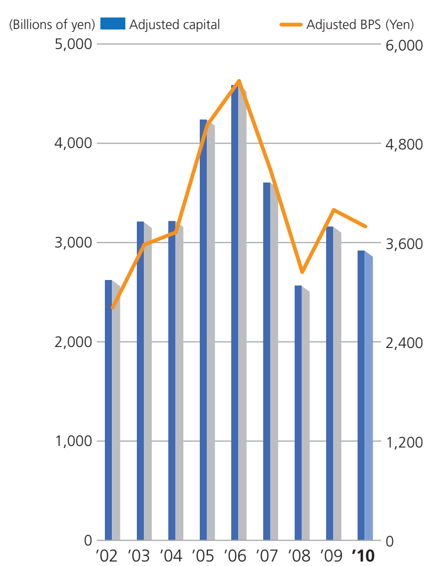
*4 Excludes the 57.8 billion yen share exchange with Nisshin Fire in fiscal 2006. The value of share repurchases for this fiscal year is included in figures for the previous fiscal year in order to conform to the framework of the capital strategy budget, which considers capital status at prior fiscal year-end (i.e., 50 billion yen earmarked for share repurchases in FY2010 is included in figures for FY2009).

*5 All dividends are shown after a share split (1-500 share split) implemented in September 2006.

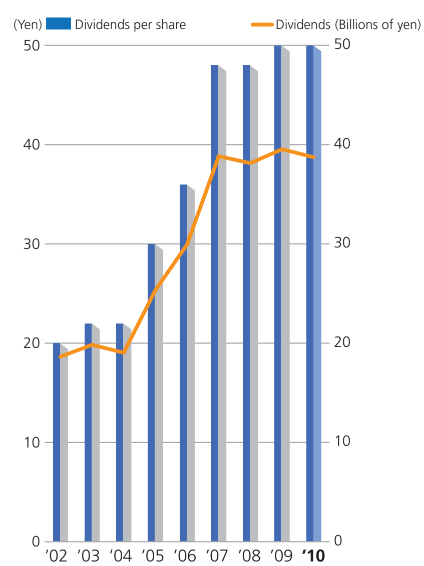
**Adjusted earnings**




**Adjusted capital/Adjusted BPS**




**Dividend per share/Dividends**



# Tokio Marine At a Glance

## Business Domains of the Tokio Marine Group and Major Group Companies (As of July 1, 2011)

### General Business

[Risk consulting business]
Tokio Marine & Nichido Risk Consulting Co., Ltd.

[Comprehensive personnel services business]
Tokio Marine & Nichido Career Service Co., Ltd.

[Facility management business]
Tokio Marine & Nichido Facilities, Inc.

[Total healthcare consulting business]
Tokio Marine & Nichido Medical Service Co., Ltd.

[Senior citizen-related business]
Tokio Marine Nichido Samuel Co., Ltd.
Tokio Marine Nichido Better Life Service Co., Ltd.

[Assistance business]
Millea Mondial Co., Ltd.

[Insurance agent business]
Tokio Marine & Nichido Anshin Consulting Co., Ltd.

and others

### Domestic Non-Life Insurance Business

Tokio Marine & Nichido Fire Insurance Co., Ltd.
Nisshin Fire & Marine Insurance Co., Ltd.
E. design Insurance Co., Ltd.
Tokio Marine Millea SAST Insurance Co., Ltd.

### Domestic Life Insurance Business

Tokio Marine & Nichido Life Insurance Co., Ltd.
Tokio Marine & Nichido Financial Life Insurance Co., Ltd.
and others

### Financial Business

[Investment advisory and investment trust services]
Tokio Marine Asset Management Co., Ltd.

[Private equity investment services]
Tokio Marine Capital Co., Ltd.

[Derivatives and securities services]
Tokio Marine Financial Solutions Ltd.

[Real estate investment advisory services]
Tokio Marine Property Investment Management, Inc.

and others

### International Insurance Business

**Overseas offices: Located in 427 cities in 39 countries and regions (as of March 31, 2011)**

Philadelphia Insurance Companies
Tokio Marine Management, Inc.
Tokio Marine Seguradora S.A.
Tokio Marine Europe Insurance Limited
Tokio Marine Asia Pte. Ltd.
The Tokio Marine & Nichido Fire Insurance Company (China) Limited
Tokio Millennium Re Ltd.
Tokio Millennium Re (UK) Limited
Kiln Group
and others

## Tokio Marine Group's Credit Ratings

(As of August 25, 2011)

| Rating agency | Type | Tokio Marine Holdings | Tokio Marine & Nichido | Nisshin Fire | Tokio Marine & Nichido Life | Tokio Marine & Nichido Financial Life |
|---|---|---|---|---|---|---|
| Standard & Poor's (S&P) | Financial Strength Rating | — | AA- / Negative | A+ / Negative | AA- / Negative | — |
| Moody's | Insurance Financial Strength | — | Aa2 / Negative | — | — | — |
| A.M. Best | Financial Strength Rating | — | A++ / Stable | — | — | — |
| Rating and Investment Information (R&I) | Issuer Rating | — | AA+ / Negative | AA / Negative | — | — |
| | Insurance Claims Paying Ability | — | — | — | AA+ / Negative | AA+ / Negative |
| Japan Credit Rating Agency (JCR) | Long-term Senior Debts Rating | AAA / Stable | AAA / Stable | — | — | — |
| Fitch Ratings | Insurer Financial Strength Rating | — | AA- / Negative | — | — | — |
| Solvency Margin Ratio (As of March 31, 2011) | | — | 823.8% | 742.2% | 2,812.0% | 1,161.1% |

Note: For up-to-date information, please refer to our Website (http://ir.tokiomarinehd.com/en/RatingInfo.html).

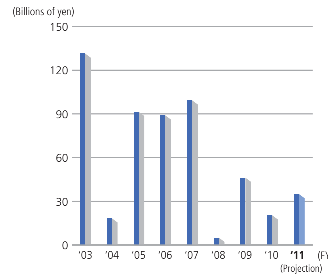
## Domestic Non-Life Insurance Business

Adjusted earnings in the Group's core domestic non-life insurance business declined sharply in fiscal 2010 due to the impact of the Great East Japan Earthquake and a rise in the loss ratio in auto insurance.

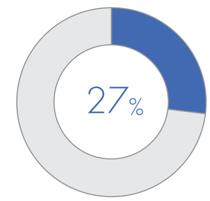
However, by executing the following strategies, we aim to achieve a recovery in profitability, even within a harsh market environment.

- Enhance profitability of auto insurance through product renovations and rate revisions and other measures.
- Achieve further growth by increasing sales of new policies with features such as Super Insurance (*Cho-Hoken*) and by strengthening the sales base.

**Adjusted earnings**




**Composition of projected adjusted earnings for FY2011**



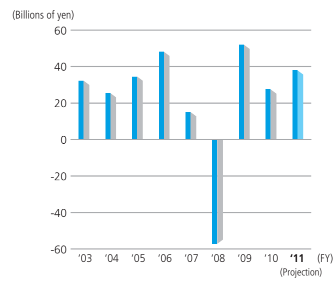

## Domestic Life Insurance Business

The Tokio Marine Group entered the life insurance business in 1996 when the insurance business was liberalized. Although embedded value (EV) in the variable annuity businesses declined in fiscal 2008 owing to the effects of the global financial crisis, the domestic life insurance business has grown into a stable business that contributes around 20% to 30% of the Group's adjusted earnings.

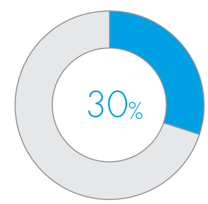
In the domestic life insurance business, we will promote continuous growth with enhanced profitability through the introduction of products matched to customer needs and integrated approach through combined life and non-life sales networks.

- Introduce new medical insurance products and promote Super Insurance products to expand cross-marketing. (Tokio Marine & Nichido Life)
- Maintain a risk-restrictive sales stance in response to the market environment and introduce products with low guarantee levels. (Tokio Marine & Nichido Financial Life)

**Adjusted earnings**




**Composition of projected adjusted earnings for FY2011**

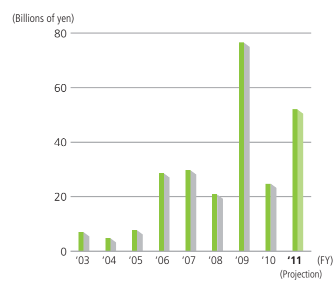



## International Insurance Business

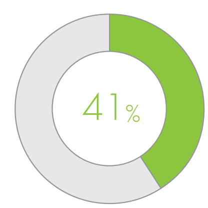
Since 2000, we have actively expanded our business primarily in the reinsurance business and in emerging markets. However, in 2008, we executed large-scale M&A activities in Europe and the United States. As a result, in fiscal 2010, the international insurance business accounted for over 30% of the Group's total adjusted earnings. Based on the principles stated below, we will continue to expand revenue and profit, globally and dynamically pursuing M&A opportunities in addition to organic growth, thereby serving as the driving force for growth of the entire Group.

- For Europe/U.S. commercial business and reinsurance business, maintain disciplined underwriting amid a possible market hardening after a series of recent natural catastrophe losses.
- For non-life/life insurance in Asia/emerging markets, utilize a variety of marketing channels against a backdrop of steady economic growth.
- For Japanese client business, further enhance our servicing capabilities to respond to the increasingly global operations of Japanese companies.

**Adjusted earnings**




**Composition of projected adjusted earnings for FY2011**

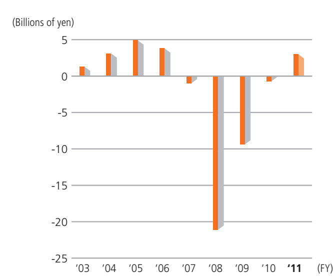



## Financial & General Businesses

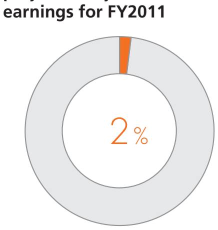
In the financial business, we will carry out businesses with high capital efficiency, centering on the asset management business, and aim to contribute to growth in earnings.

In the general business, we will provide customers with products and services related to "safety and security" and create new added value for insurance.

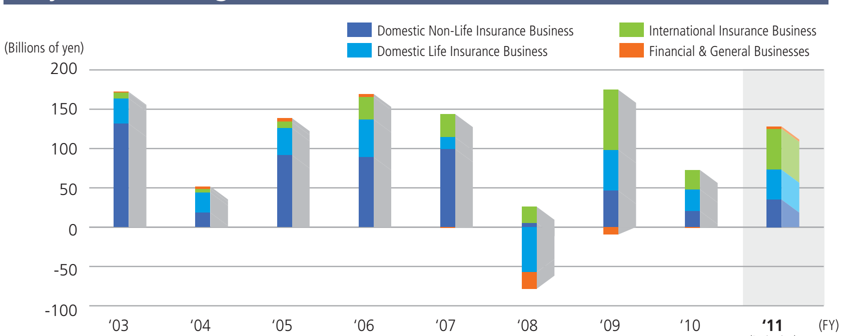
**Adjusted earnings**




**Composition of projected adjusted earnings for FY2011**




## Adjusted earnings



## Domestic Non-Life Insurance Business

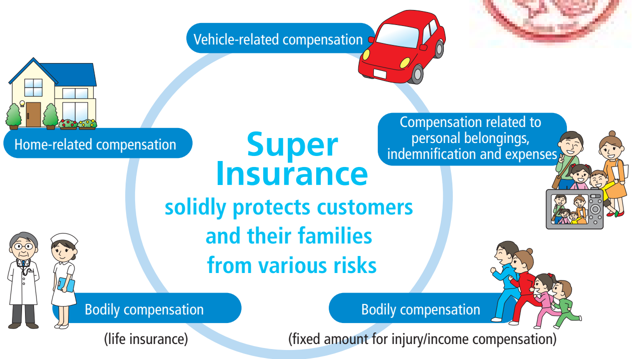
### Number of Policies in Force for All-in-One Life and Non-life Insurance, "Super Insurance" Tops One Million Households

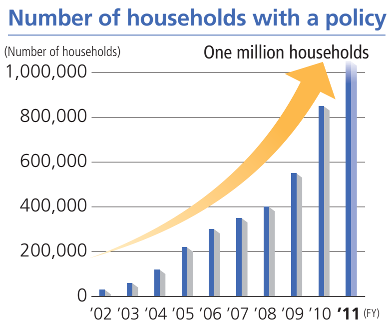
On June 30, 2011, the number of policies in force surpassed one million households*1 for All-in-One Life and Non-life Insurance, "Super Insurance," a jointly developed product by Tokio Marine & Nichido Fire Insurance Co., Ltd. ("Tokio Marine & Nichido") and Tokio Marine & Nichido Life Insurance Co., Ltd. ("Tokio Marine & Nichido Life") that combines life and non-life insurance.

Super Insurance fully integrates life and non-life insurance based on the concept of providing lifetime security to customers and their families. The product is customized in terms of offering compensation befitting the risk factor of each customer, ascertained through comprehensive consulting.

The product was launched in June 2002 and significantly revamped in October 2010*2. The recent milestone of one million households was achieved on June 30, 2011 resulting from broad support from customers.

*1 The term "one million households" has been used throughout since multiple types of compensation are subscribed to at the household unit level with regard to Super Insurance.
*2 Includes improvement to consulting system and offering a comprehensive discount by having policies that bundle multiple types of compensation.



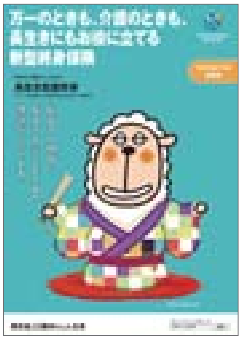




## Domestic Life Insurance Business

### Introduced Long-Life Support Whole Life Insurance

Tokio Marine & Nichido Life introduced long-life support whole life insurance in November 2010. This product was developed as multi-purpose whole life insurance featuring nursing care coverage as well as severe-disability and death benefits and additional cash contribution to celebrate longevity so that customers can live long lives with peace-of-mind amid an aging society and increasing need for caretakers.

This insurance was incorporated into Super Insurance in July 2011. Efforts are being made to further promote its sale through the initiative to integrate life and non-life insurance.



Brochure of "Long-life support whole life"

### Launched Medical Kit

Tokio Marine & Nichido Life launched a new medical insurance called Medical Kit in August 2011. With Medical Kit, premium rates have been readjusted to increase competitiveness. In addition, the company has revamped coverage details. This includes changing coverage with respect to covering operations for those who have national health insurance and introducing a new rider concerning work disability in the event of five different types of disease.

**Moving forward, Tokio Marine & Nichido Life seeks to expand its top line mainly through the introduction of highly competitive new products that accurately meet customer needs.**

## International Insurance Business

### Establishment of Tokio Marine North America, the Holding Company for U.S. Operations

Tokio Marine Holdings announced the establishment of Tokio Marine North America ("TMNA"), the holding company for U.S. operations of the Tokio Marine Group. In concert with the establishment of TMNA, a shared service company ("SSC") will be formed to consolidate the professional support functions of the insurance operations of Tokio Marine Management, Inc. ("TMM"), the management company for the U.S. Insurance operations of Tokio Marine & Nichido, and Philadelphia Consolidated Holding Corp. ("PHLY"), a U.S. insurance-related subsidiary acquired in December 2008. This will drive further growth in the U.S. insurance market through the integrated management and operation of TMM, which handles Japanese related businesses and fire insurance for large corporations, and PHLY, which develops business mainly in the nonprofit market.

### Investment into a U.S. Managing General Agent via R.J. Kiln & Company Limited

Tokio Marine Holdings, through its wholly owned U.K. subsidiary R.J. Kiln & Company Limited ("Kiln"), has acquired a 49% stake in WNC Holdings (Headquartered in South Pasadena, California), a U.S.-based Managing General Agent*. WNC mainly provides specialized property products for portfolios of mortgages, home equity and condominium loans to financial institutions. Kiln has been in business with WNC since 1986 and aims to further develop scale and profitability by strengthening and expanding sales of its products through this entity.

*A Managing General Agent is an agent with underwriting authority provided by the insurance carrier.

### Commencement of Business by Edelweiss Tokio Life Insurance Company Limited

Edelweiss Tokio Life Insurance Company Limited ("Edelweiss Tokio Life"), a joint venture life insurance company established in India by Tokio Marine Holdings and Edelweiss Financial Services Limited ("EFS"), a leading financial services company in India, commenced business in July 2011. With the addition of Edelweiss Tokio Life, Tokio Marine Holdings, which has been conducting non-life insurance business in India since 2000, will now be the only Japanese insurance group operating both property and casualty and life insurance businesses in India.

India's economy has been growing rapidly in recent years. The Indian insurance market is also expected to achieve long-term sustainable growth owing to an increasing workforce population and sustainable GDP growth. Edelweiss Tokio Life will contribute to the enhancement of size and profitability of the Tokio Marine Group's international insurance business as well as the sound growth of the Indian life insurance sector. Tokio Marine intends to support the operation of the new company with its strong insurance expertise developed in Japan and internationally, and EFS is expected to contribute through its strong brand recognition and broad client base.

## Opening of Jiangsu Branch in China as Locally Incorporated Subsidiary

Tokio Marine & Nichido Fire Insurance (China) Co., Ltd., a locally incorporated non-life insurance subsidiary of the Tokio Marine Group in China, opened the Jiangsu Branch (Suzhou, Jiangsu Province) in August 2011.

After reorganizing the former Shanghai Branch (the first business organization established by a Japanese insurance company in September 1994) into a wholly owned subsidiary in November 2008, the company subsequently established its Shanghai and Guangdong branches under the management of the Chinese subsidiary in January 2009 and July 2010, respectively. The Jiangsu Branch is the company's third branch in China. With the opening of this branch, the company will be able to provide faster and higher quality services from the locally based office, as well as offer direct underwriting services to our customers in Jiangsu Province, which has seen the entry of numerous Japanese companies recently. Moving forward, the company seeks to expand its network of branches in Huabei and other areas.

## First Insurance Company of Hawaii, Ltd., a U.S. Property and Casualty (P&C) Insurer, Set to Become a Subsidiary Following the Acquisition of Shares

Tokio Marine Holdings has concluded a basic agreement to acquire 50% of the outstanding shares of First Insurance Company of Hawaii, Ltd. (FICOH) currently held by a subsidiary of CNA Financial Corporation, a leading U.S. insurance group.*1

Founded in 1911, FICOH is the oldest and second largest property and casualty insurance company in Hawaii in terms of insurance premiums. Moreover, FICOH is one of the most well-known insurance groups in Hawaii and has strong brand recognition.

Tokio Marine & Nichido and FICOH commenced a business alliance in 1974 and FICOH has served as the Tokio Marine Group's sales base in Hawaii since 1999.*2

Through the acquisition of additional shares, Tokio Marine will raise its share in FICOH to 100% and plans to convert FICOH from an equity-method affiliate to a consolidated subsidiary.

Following the additional share purchase, Tokio Marine aims for further growth in both profits and the scale of its U.S. insurance business by combining FICOH's strengths, namely its high profile and strong brand name, with the Tokio Marine Group's outstanding credit rating, solid underwriting capabilities and support for back office functions through TMNA and a shared services company (SSC).

*1 The acquisition of the additional shares is subject to the approval of both U.S. and Japanese regulatory authorities.
*2 1989: Acquired 40% of FICOH's outstanding shares.
1999: Raised its shares to 50% and Tokio Marine & Nichido's Honolulu branch was merged with FICOH.

# Message and Special Feature

Shuzo Sumi
President

## To Our Shareholders

In the wake of the devastating earthquake, which struck Japan on March 11, 2011 with a magnitude of 9.0 along with a tsunami that ravaged over 500 square kilometers of Japan's northeast coast, over 15,000 precious lives have been lost, nearly 5,000 others have gone missing, and over 760,000 structures have been destroyed. I would like to begin, therefore, by expressing our deepest sympathies for everyone who has suffered as a result.

The disaster has also had a tremendous impact on the Japanese economy as a whole. Supply chains were cut off, electricity shortages occurred as a result of the nuclear plant accident, and numerous companies were concentrating their efforts on keeping their businesses operational including the restoration of production facilities. The Tokio Marine Group (the "Group"), as well, experienced damage to a number of offices and agencies located in the affected areas. Immediately after the disaster, we established a Special Task Force and turned the focus of the entire company toward quickly restoring and continuing operations. To help affected customers rebuild their livelihoods swiftly, and to fulfill our social duty as an insurance company, we have been making prompt claim payments our utmost priority. We redirected staff from throughout the country to the task of providing claim services to

## Impact of The Great East Japan Earthquake

- **We dispatched employees from around Japan to the affected areas immediately following the earthquake.**
- **We are leveraging the collective power of the Group to prioritize swift payment of claims and provide other support aimed at helping restore people's lives.**
- **Around 9,000 employees have been engaged in support activities in the affected areas since the earthquake.**

earthquake victims, paid over 90% of the claims submitted by mid-June—within three months of the disaster—and have received words of appreciation from many of our customers.

Nearly half a year after the disaster, most of the companies affected have restored their production operations, and efforts to deal with the nuclear accident are moving forward with overall controls now in place. The Japanese economy, having learned crucial lessons from the disaster, is on the road to becoming even stronger than it was before.

The impact of the earthquake on the Group was realized mainly in the domestic non-life insurance business, where claim payments are expected (as of the beginning of this fiscal year) to exceed 200 billion yen for residential earthquake insurance and 150 billion yen for commercial earthquake insurance for the current fiscal year. Residential earthquake insurance claims will have no earnings impact because of support from the government-backed reinsurance system and the drawdown of reserves for residential earthquake insurance. Commercial earthquake insurance claims, on the other hand, are expected to result in net losses of around 91.5 billion yen including reinsurance business losses sustained by our overseas subsidiaries, thanks to an effective reinsurance program that was in place.

This amount turned out to be fairly limited, standing at around 2% (after tax) of the Group's adjusted net assets of 2.9 trillion yen. Considering the expected drawdown of catastrophe loss reserves to total 42 billion yen for fiscal year 2011, the impact on full-year results is even more contained.

Insurance claim payments relating to the earthquake have a possibility to develop to a certain degree, but impact on full-year results is nonetheless expected to be limited, utilizing reinsurance and reserves.

As a result of the earthquake, Japanese society now has a significantly heightened awareness of the importance of risk management. In response, the Group will not only offer insurance products that are appropriate for the changed business environment and customer needs but will also provide accident-recovery services, consulting services equipped to handle enhanced risk management needs in the future, and a comprehensive array of other products and services that will meet our customer's needs.

Looking at the Group as a whole, the domestic non-life insurance business contributed less to earnings in fiscal year 2010 because of the earthquake, and lower profitability in the key auto insurance business. With the international insurance business also affected by major natural disasters, including two earthquakes in New Zealand, the Group's consolidated net income fell by a significant margin, to 71.9 billion yen. In fiscal year 2011, however, we are expecting an average year

**Impact related to Residential Earthquake Insurance**

**[Domestic non-life businesses in total]**

| Incurred losses (primary, forecast) in FY2010 and FY2011 | | Impact on FY2010 results | Impact on FY2011 results |
|---|---|---|---|
| approx. 200 billion yen | •Reinsurance system by Japanese government<br>•Reversal of reserves for residential earthquake | **No impact** offset by reversal of reserves for residential earthquake | **No impact** offset by reversal of reserves for residential earthquake |

**Impact excluding Residential Earthquake Insurance**

**[Domestic non-life businesses in total]**

| Incurred losses (primary, forecast) in FY2010 | | Impact on FY2010 results | Impact on FY2011 results |
|---|---|---|---|
| approx. 150 billion yen | •Adequate risk control through reinsurance<br>•Reversal of catastrophe loss reserves | Incurred losses (net) approx. -83 billion yen | reversal of catastrophe loss reserves approx. +42 billion yen |

in terms of natural disasters and basically solid performance in the domestic life and international insurance businesses, and are forecasting consolidated net income to improve substantially to 145 billion yen.

In the following sections, I would like to discuss the current status and future strategies of our three main businesses which are domestic non-life, domestic life, and international.

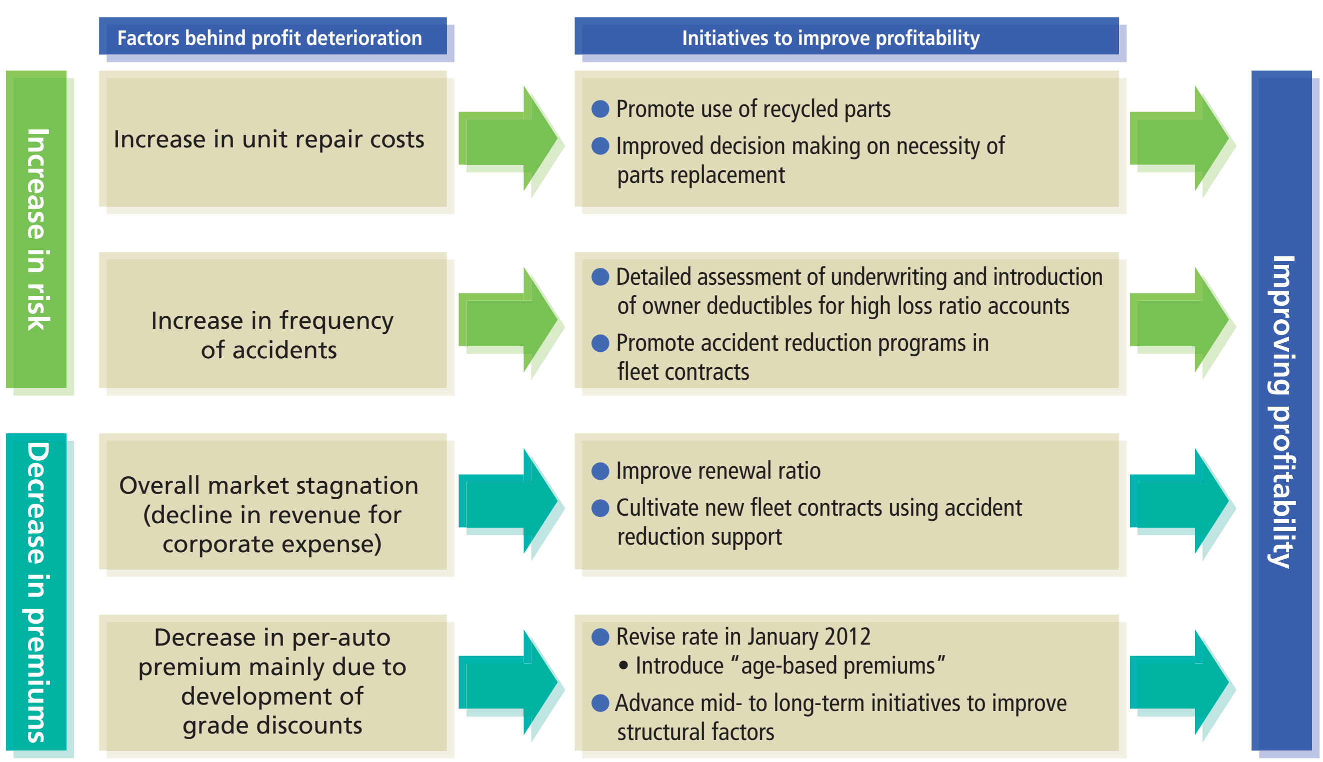
## Domestic Non-Life Insurance Business

In fiscal year 2010, in addition to the effects of the March 11 earthquake, profitability continued to decline in auto insurance which accounts for half of total net premiums written, negatively impacting overall domestic non-life insurance earnings. Auto insurance earnings have suffered from the effects of higher traffic volume resulting from the elimination of expressway tolls and an excessively hot summer, from a higher accident frequency caused by factors like heavy snow primarily on the west coast of Japan, and from repair unit costs trending at a high level.

Some of these factors, however, are transitory in nature. Taking a long-term perspective, we cannot totally rule out the fact that we are not obtaining sufficient premium levels for heightened risks such as demographic changes demonstrated by the increase in accidents involving elderly drivers. Given these circumstances, improving profitability, primarily in auto insurance, is our top priority in domestic non-life insurance this fiscal year, and we will take the necessary steps to achieve this goal.

More specifically, regarding auto insurance, we will revise our products and rates, first of all by introducing age-adjusted premiums which more accurately reflect the changing risk profiles while placing emphasis on fairness among customers. In addition, we will work to reduce accidents through risk consulting methods and curb repair unit costs through measures such as using recycled parts. We will also engage in

### Measures to Improve Profitability of Auto Insurance in FY2011



further reduction of administrative expenses to improve our business efficiency.

In October of last year, Tokio Marine & Nichido revamped its “Super Insurance” product implementing a concept to provide customers with consulting services that are simple and easy to understand and supported by a new IT infrastructure. As a result, “Super Insurance” fiscal year 2010 sales grew solidly, with new policies up by 2.5 times the previous year level, to 360,000, and written premiums up by 1.5 times, to 90 billion yen. “Super Insurance” has strong customer appeal, and as of June 2011 in-force policies had reached 1 million households. In fiscal year 2011, our targets for “Super Insurance” are 550,000 new policies and 135 billion yen in premiums. Also, we are continuing to establish new sales platforms that utilize our unique systems and products such as TNet and “Super Insurance” and we expect that the number of newly established agencies, mainly dedicated agencies, will increase to 2,400 by the end of fiscal year 2011, a level 1.4 times the previous year’s figure.

## Domestic Life Insurance Business

In the domestic life insurance business, Tokio Marine & Nichido Life celebrated the 15th anniversary of its establishment and, thanks to steady growth over its existence, succeeded in fulfilling 100% of its standard underwriting reserve requirement as of the end of fiscal year 2010, when it also recorded 5.2 billion yen in net income. This speed makes Tokio Marine & Nichido Life one of the fastest in the industry to achieve this business milestone. Moving forward, Tokio Marine & Nichido Life is now promoting the development of a combined life and non-life sales network, linking it with Tokio Marine & Nichido’s non-life agencies, and actively pursuing the offering of medical and nursing care products to address longevity risks. For fiscal year 2011, Tokio Marine & Nichido Life is expecting to record net income of 11.3 billion yen.

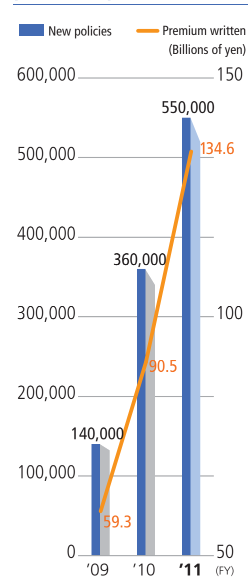
Tokio Marine & Nichido Financial Life, which conducts variable annuity business, is focusing on maintaining a restrictive stance towards accepting risk

## Tokio Marine & Nichido Growth Strategy

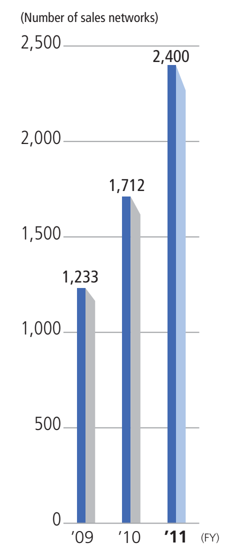
- **Enhancing sales of Super Insurance in major distribution channels and executing growth strategy**
  1. Increase new policies by leveraging our comparative advantage in products
  2. Improve renewal ratio by shifting to Super Insurance
  3. Expand coverage through consulting activities
- **Establish new sales networks using Super Insurance and TNet, etc.**

### Realizing sustainable growth without depending on market growth

**Super Insurance Trend in new policies & premiums written***




**Trend in new sales networks**




*Managerial accounting basis (life and non-life total) for the time being, in the face of a persistently volatile asset management environment.

## International Insurance Business

In addition to providing insurance services to Japanese companies, the international insurance business consists of four core businesses: Philadelphia Consolidated (PHLY); Kiln Group (Kiln); Reinsurance; and Emerging Markets. Each business pursues insurance operations leveraging their own unique strengths in markets they have individually identified. However, they also share their strengths and practical expertise across business lines in seeking additional growth opportunities to enhance the overall capabilities of the entire Group.

It is from this perspective that the Group established its International Executive Committee as a venue for further Group-wide discussions of future international strategies. With regards to the North American market, it was decided that Tokio Marine North America (TMNA) would be established as a regional headquarters. TMNA will oversee the services currently provided to Japanese companies through Tokio Marine & Nichido, and the operations of PHLY. We have also established a business unit to underwrite large commercial property in New York and London, utilizing our Lloyd's platform (Kiln) for the UK.

The reinsurance business experiences multi-year underwriting cycles in which it is hit with major losses from time to time. However, with disciplined underwriting, it is possible to control underwriting volatility and post attractive earnings over the medium-to-long term. Given the string of natural disasters beginning with two major earthquakes in New Zealand in fiscal year 2010, and continuing in fiscal year 2011, the earnings environment is expected to remain difficult over the immediate future. On the other hand, these same events have led to a firming up of reinsurance rates that support expectations for a recovery in earnings.

Adding to its businesses in developed countries, the Group has also worked to establish operations in key emerging markets. The emerging markets

## Overview of Group Business Strategies

### Expand Profit

- **Improve combined ratio in domestic non-life insurance business**
- **Sustain growth in domestic life insurance and international insurance businesses**
- **Seize new opportunities for growth by investing in new businesses**

### Improve Capital Efficiency

- **Continue to reduce risk associated with business-related equities**
- **Invest in businesses with high capital efficiency**
- **Enhance global diversification of risk**
- **Use dividends and flexible repurchases of shares to appropriately manage the level of capital**

insurance business is attractive not only for non-life insurance but also life insurance, considering the population growth in the markets. In India, the Group started a life insurance business through a joint venture with Edelweiss Financial Services, its local partner, in July 2011. During fiscal 2011 the Group will also begin selling Islamic insurance, known as "Takaful," in Saudi Arabia through its joint venture partner Alinma Bank, a leading Saudi Arabian financial institution. Emerging market businesses under way in China, Southeast Asia, Brazil, and other countries are expected to show generally solid growth going forward.

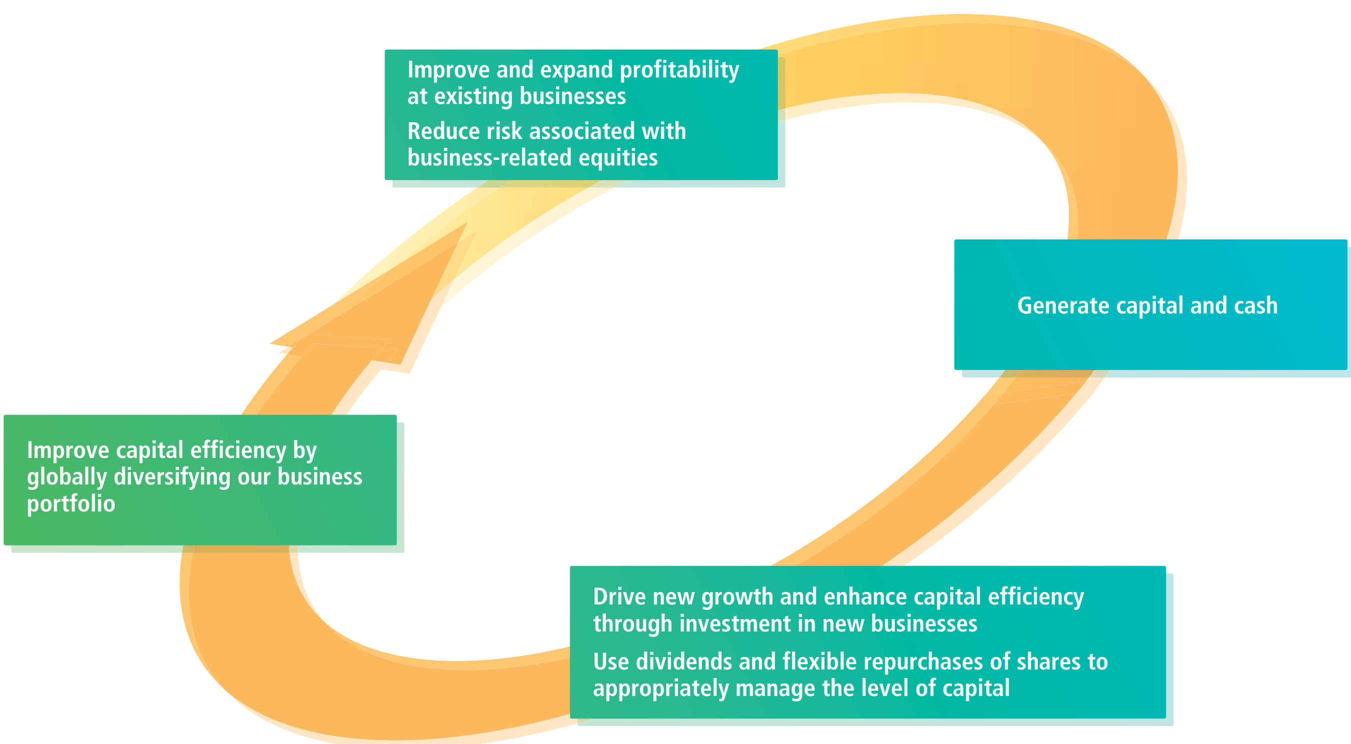
## Asset Management

Moving on from the current status and future strategies of our main businesses, I would now like to talk about asset management.

As an insurance entity the Group manages its assets on the principle of securing high liquidity. On a consolidated basis, assets under management totaled 16.5 trillion yen at the end of fiscal year 2010. Domestic bonds accounted for 36% (6.0 trillion yen) of the total. Most of these bonds (5.0 trillion yen less) were Japanese government bonds (JGBs) held by Tokio Marine & Nichido and Tokio Marine & Nichido Life for asset-liability management (ALM) purposes.

Of late, there are concerns about worsening fiscal conditions which may possibly lead to a rating downgrade for JGBs. However, even if JGB prices fall (interest rates rise), the present value of the insurance contract liabilities which Tokio Marine holds will decline commensurately, so we expect the asset-liability impact to be basically neutral from an ALM perspective.

On a consolidated basis, domestic equities accounted for 2.3 trillion yen, or 14%, of assets under management. Of that amount, the majority consisted of business-related equities held mainly by Tokio Marine & Nichido. These business-related equities have served to strengthen relationships with customers over many years. However, in pursuing risk-based management (ERM), which seeks to maintain a proper balance



of capital and risk, we will continue to move forward with the liquidation of business-related equities.

## Risk-Based Management (ERM) and Capital Strategy

Lastly, I would like to say a few words about our risk-based management (ERM) and capital strategy.

In further promoting risk-based management just mentioned, the Group maintains a capital buffer of 800 billion yen (as of 31st March, 2011) to balance net asset value and risk based on an internal risk capital model calibrated to S&P's AA requirements. We believe this capital buffer is adequate for providing the financial strength needed to absorb business-related equities risks or natural catastrophe risks. This buffer will partially be used to fund potential business investments, including M&A transactions.

The purpose of the Group's capital strategy is to develop its insurance businesses based on a risk-based management approach, while also paying returns to shareholders. Regarding the latter, we aim to enhance shareholder returns with steadily growing dividends and flexible share repurchases. With respect to dividends, we have consistently raised the amount of dividends on a per-share basis. On the issue of share repurchases, we will flexibly announce and implement repurchases based on overall consideration of factors such as market conditions, our capital status, and opportunities to grow through business investments.

The Group has undergone a major transformation into a global company of which approximately 40% of earnings (on an adjusted basis) come from international insurance business. With a focus on risk-based management and capital strategies that support our businesses, we will achieve a well-balanced operation, improving the profitability of our domestic non-life insurance business, continuously growing our domestic life insurance business, and further developing our international insurance business. Through these activities, we intend to generate returns that will meet the expectation of our shareholders.

Your continued support as we move forward would be greatly appreciated.

# Special Feature Corporate Strategy



## Corporate Strategy of Tokio Marine Holdings

Through the Group companies around the world, the Tokio Marine Group will raise the value it provides various stakeholders, beginning with its customers, and strive for sustainable growth and development together with society while perpetually increasing the corporate value of the Group.

Since fiscal 2009, the Tokio Marine Group has implemented Innovation and Execution 2011, a three-year mid-term group corporate strategy. Through this strategy, in order to continue growing amid challenging business conditions, the Tokio Marine Group aims to build a secure position from which it can enhance its competitiveness on a global basis while providing products, services and business processes through group companies that are selected by customers for their quality.

## Mid-Term Corporate Strategy Innovation and Execution 2011

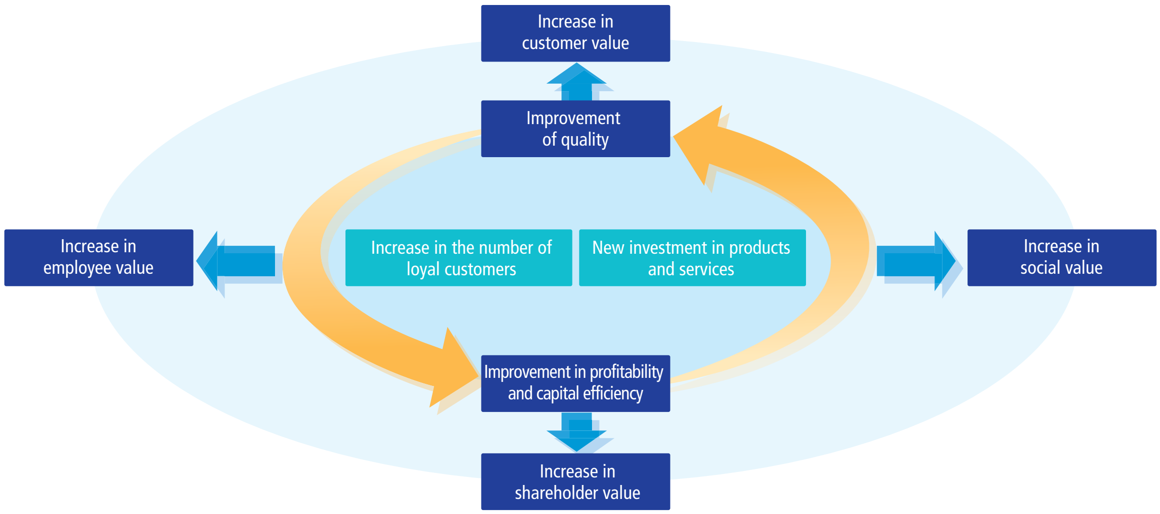
### 1. Outline

In accordance with the mid-term corporate strategy Innovation and Execution 2011, the Tokio Marine Group will aim to be a "global corporate group maintaining growth by offering quality that customers select" and seek to maximize corporate value through two core strategies detailed below.


*ERM: Enterprise Risk Management. See page 72 for details.

Quality encompasses all of the business activities of the Tokio Marine Group, extending to quality of products and services (convenience and ease of understanding), quality of business processes (accuracy and speed), and financial quality (financial soundness). Improving quality is essential to achieving sustainable earnings growth.

The Expansion and Growth Cycle through Improvements of Quality




**(1) Maintaining Sustainable Earnings Growth through Improvement of Quality**

In order for the Tokio Marine Group to grow in a sustainable manner, we expect it will be necessary for all of the Group companies to innovate through the growth cycle illustrated to the above. We will endeavor to enhance stakeholder value in a sustainable manner according to this cycle.

**(2) Enhancing Our Global Management Structure**

We intend to build and enhance our global management structure to provide all stakeholders with high value regardless of their country or their regional location and to more flexibly utilize management resources available within the Group on a global basis.

In light of the fact that accounting standards and supervisory regulations covering the insurance business have been undergoing a process of revision, one of the activities we intend to place a particular focus on is building the infrastructure needed for enhancing our Risk-Based Management (ERM).

## 2. Results and Fiscal 2011 Targets for Innovation and Execution of 2011 Mid-Term Group Corporate Strategy

We will carry out business centered on our core domestic non-life insurance business as well as pursue expansion of both the international insurance business and domestic life insurance business as we further concentrate on building a business portfolio that strikes a balance among all operations.

(Billions of yen)

| | Business Domains | FY2008 Results | FY2009 Results | FY2010 Results | FY2011 Projections |
|---|---|---|---|---|---|
| Adjusted earnings*1 | **Domestic non-life insurance business** | 5.1 | 46.2 | 20.4 | **35.0** |
| | Tokio Marine & Nichido | 16.9 | 54.6 | 23.7 | 38.0 |
| | Nisshin Fire | (10.7) | 0.2 | 1.3 | 2.0 |
| | Other | (1.1) | (8.6) | (4.6) | (5.0) |
| | **Domestic life insurance business** | (57.2) | 52.0 | 27.5 | **38.0** |
| | Tokio Marine & Nichido Life | (6.0) | 32.2 | 49.2 | 39.0 |
| | Tokio Marine & Nichido Financial Life and others | (51.2) | 19.8 | (21.7) | (1.0) |
| | **International insurance business*2** | 20.8 | 76.5 | 24.8 | **52.0** |
| | Non-life insurance business | 23.2 | 69.7 | 50.5 | 23.0 |
| | Direct insurance | 3.3 | 37.1 | 33.7 | 29.0 |
| | Reinsurance | 19.9 | 32.5 | 16.8 | (6.0) |
| | Life insurance business | (0.7) | 7.8 | 3.0 | 2.0 |
| | Adjustment relating to natural disasters*3 | — | — | (27.9) | 27.9 |
| | **Financial & General businesses** | (21.1) | (9.4) | (0.7) | **3.0** |
| | **Group total** | (52.5) | 165.4 | 72.0 | **128.0** |
| | Group total adjusted ROE*1 | (1.7%) | 5.8% | 2.4% | 4.4% |

Notes: *1 Earnings and ROE are based on "adjusted earnings" from the perspective of accurately ascertaining and striving to expand corporate value.
*2 The total for the international insurance business excludes corporate expenses not allocated to any itemized categories (non-life insurance business (direct insurance, reinsurance), life insurance business).
*3 In the international insurance business, incurred losses from particular natural disasters in January-March 2011 are included in fiscal 2010 results.

## Growth Strategies in Main Businesses

### 1. Domestic Insurance Business

In the domestic insurance business, the Tokio Marine Group's core business, to achieve growth we will further reinforce the group's strengths and expand support from customers, utilizing our "strong customer contact points" and "deploying the group's collective strength" as the sources of our competitive advantage.

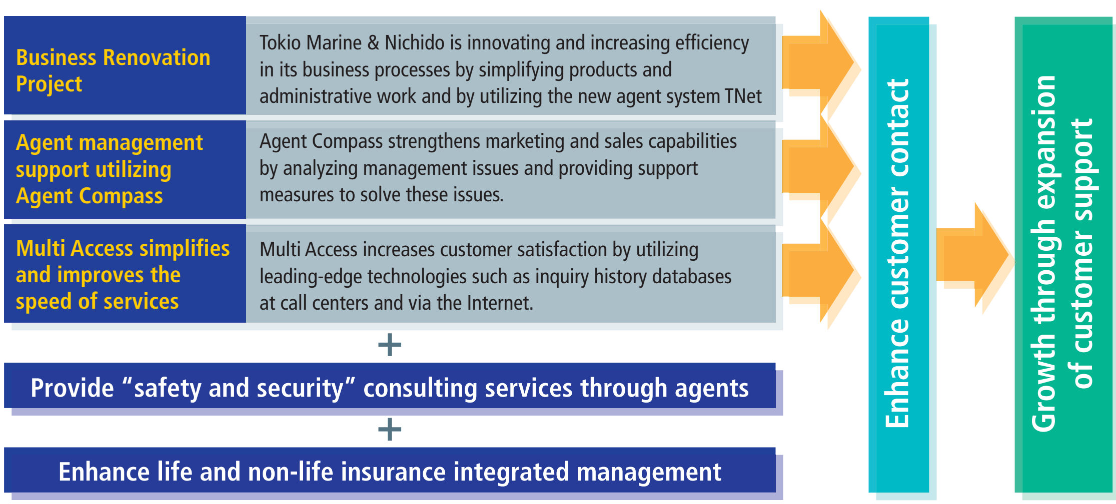
**(1) Strong customer contact points**

Tokio Marine & Nichido, a core company in the domestic insurance business, is simplifying products and administrative work by innovating and increasing efficiency in its business processes as well as utilizing TNet, a new agency and network system, to strengthen customer contact.

To further strengthen customer contact, we will provide customer-friendly business processes by developing and operating Multi Access*1 and as well as the new agent management system Agent Compass*2 to support agents.

*1 As one means of diversifying the agent solicitation process in addition to face-to-face service, Multi Access makes use of leading-edge technologies, including a call center, the Internet and customer inquiry history databases. Multi Access will strengthen customer contact and help solidify our infrastructure to raise value provided to customers.

*2 Agent Compass is a management support model that visualizes agent management issues by quantitative and objective indicators, diagnoses the issues in line with the business processes, and formulates efficient and effective strategies.




**(2) Deploying the Group's collective strength (including integrated life and non-life offerings)**

Our customers' needs are increasingly diversifying and the ways that they purchase insurance are changing. More customers are purchasing insurance based on independent judgement in accordance with their needed compensation rather than simply accepting insurance recommendations by sales agents. To meet these needs, we will actively "provide total services in life and non-life insurance," which is a strength of the Tokio Marine Group, by selling Total Assist Super Insurance (*Cho-Hoken*) that combines non-life and life insurance.

As customers' needs for consulting related to security and safety and to risk management increase, we expect our Group companies, including Tokio Marine & Nichido Risk Consulting Co., Ltd. (operating risk consulting business), Tokio Marine & Nichido Medical Service Co., Ltd. (operating a total healthcare consulting business) and Tokio Marine & Nichido Anshin Consulting Co., Ltd. (operating life planning services business), will utilize their respective expertise to provide enhanced services that extend beyond insurance functions.

## 2. International Insurance Business

We aim to enhance profitability by maintaining disciplined underwriting and expanding business globally to achieve medium-to-long-term profit growth.

### (1) Growth strategy

#### 1) Organic growth strategy

- In reinsurance business and large commercial property business, we will respond appropriately to changes in market conditions such as the rating environment and endeavor to increase profits.
- In personal non-life and life insurance, we will continue to diversify our product and marketing channels in emerging markets.
- We will strengthen our ability to respond to the needs of our Japanese business clients, which is our core business.

#### 2) M&A strategy

In order to ensure medium-to-long-term growth, we will continue to actively pursue M&A opportunities regardless of geographic area or business type, seeking companies that satisfy the following criteria.

| Sound management | Robust business model | High growth potential |
|---|---|---|

### (2) Reinforcing our business management framework

We plan to undertake initiatives such as strengthening our underwriting framework and further building out our Risk-Based Management (ERM) framework.

## 3. Financial and General Businesses

### (1) Financial Business

We will promote initiatives to improve the Group's business portfolio and achieve profit growth by undertaking businesses with high capital efficiency, centering on the asset management (fee-based) business.

### (2) General Business

We will actively develop our general business and create new value in insurance by ascertaining the diversifying needs of customers and providing them with security and safety-related products that transcend "the concept of insurance."

## Adjusted Earnings and Adjusted ROE

The Tokio Marine Group uses "adjusted earnings," as defined below, as an indicator for business planning and return to shareholders.

Adjusted earnings clarify profit/loss attributable to the current reporting period, eliminating the effects of various reserves exclusive to the Japanese non-life insurance business as well as deducting gains/losses which are not necessarily attributable to the current period only. Examples include gains/losses on sale or valuation of assets.

In terms of accounting for earnings that are recognized on a deferred basis, such as those seen in the life insurance business, current profit is replaced by the increase in embedded value (EV) during the period in order to recognize the achievements of business performance and investments.

Adjusted ROE = Adjusted earnings ÷ Adjusted capital (average balance basis)

### Adjusted earnings: Total adjusted earnings of each business ((1) - (3) below)

**(1) Non-life insurance business*1**

Adjusted earnings = Net income + Provision for catastrophe reserves*2 + Provision for reserve for price fluctuations*2 − Gains/losses on sale or evaluation of ALM bonds and interest rate swaps*3 − Gains/losses on sale or evaluation of securities and properties − Other extraordinary profits/losses, valuation allowances and others

**(2) Life insurance business*4**

Adjusted earnings = Increase in embedded value (EV) during the current fiscal year*5 − Capital transactions including capital increases

**(3) Other businesses**

Net income determined following financial accounting principles

### Adjusted capital: Total adjusted capital of each business ((1) - (3) below)

**(1) Non-life insurance business*1**

Adjusted capital = Capital determined + Catastrophe reserves, etc*1 + Reserves for price fluctuations*1

**(2) Life insurance business*4**

Adjusted capital = Embedded value (EV)*5

**(3) Other businesses**

Net assets determined following financial accounting principles

Notes: *1 After tax
*2 Reversals are subtracted.
*3 ALM: Asset Liability Management. Excluded as compensation for fluctuations in the market value of ALM liabilities.
*4 Calculations are based on (3) criteria above for life insurance companies in certain overseas regions.
*5 Embedded value: An indexed value in which the net present value of profits to be gained from policies in-force is added to the net asset value

# Overview of Business Business Results and Projections

# Overview of Major Tokio Marine Group Companies

The Tokio Marine Group consists of Tokio Marine Holdings and 222 subsidiaries and 23 affiliated companies that carry out operations globally. The Group has established bases in Japan and 39 countries/regions around the world and engages in a wide range of non-life insurance, life insurance and financial and general businesses in a wide range of areas.

## International Insurance Business Companies

Overseas offices: Located in 427 cities in 39 countries and regions
Expatriate staff: 191
Local staff: Approx. 20,400
(As of March 31, 2011)


### Philadelphia Insurance Companies


Corporate headquarters of PHLY

Philadelphia Insurance Companies ("PHLY") is a property and casualty insurance group in the United States which joined the Tokio Marine Group in December 2008. The company has achieved high growth and profitability since its establishment in 1962 by leveraging its strengths such as outstanding product development capability, disciplined operation and superior marketing expertise utilizing its professional team. PHLY aims to further expand its business in the U.S. market together with the U.S. insurance operations of Tokio Marine & Nichido Fire under Tokio Marine North America, the holding company established in 2011 for the U.S. operations of the Tokio Marine Group.

| | |
|---|---|
| **Established:** | 1962 |
| **Total assets:** | USD6,752 million |
| **Number of employees:** | 1,522* |

(As of December 31, 2010, local financial accounting basis, * As of March 31, 2011)

### Kiln Group


Kiln Group

Kiln Group ("Kiln") is a leading insurance and reinsurance group in the Lloyd's of London market which joined the Tokio Marine Group in March 2008. The company not only has one of the largest underwriting capacities in the Lloyd's market but is also reputable for its superior underwriting expertise, and has established itself as a leader in the Lloyd's market. Kiln has been actively expanding its business operations such as the establishment in 2008 of a Lloyd's syndicate fully-owned by the Tokio Marine Group, as well as investing in a U.S.-based managing general agent in 2011. Kiln aims to further expand in the Lloyd's market by integrating the capital strengths of the Tokio Marine Group.

| | |
|---|---|
| **Established:** | 1962 |
| **Total assets:** | GBP1,309 million |
| **Number of employees:** | 341* |

(As of December 31, 2010, local financial accounting basis, * As of March 31, 2011)

### Reinsurance Business (excluding Kiln)


Tokio Millennium Re Ltd.

Taking advantage of our high credit rating and capacity which are strengths of the Tokio Marine Group, we have expanded our reinsurance business by establishing reinsurance business subsidiaries in Bermuda in 2000 and in London in 2005. From January 2011, we restructured our overseas reinsurance business by unifying the Tokio Marine Group's reinsurance brand as Tokio Millennium Re ("TMR") and renamed Tokio Marine Global Ltd., a reinsurance subsidiary in London, to Tokio Millennium Re (UK) Limited. We also opened new TMR branches in Switzerland and Australia to diversify risk regionally and further increase earnings.

### Emerging Markets


Tokio Marine Centre in Singapore

In a wide range of regions and countries such as Asia, Brazil and the Middle East, the Tokio Marine Group engages in diverse businesses including life insurance and Takaful (Islamic insurance) businesses, in addition to non-life insurance business. We will expand these businesses in line with the development of the markets of each country. In India, Tokio Marine Holdings established a joint venture life insurance company, Edelweiss Tokio Life Insurance Company Limited, in July 2011. In China, Tokio Marine & Fire Insurance (China) Co., Ltd. opened its third branch, the Jiangsu Branch, in August 2011.

## Financial and General Business Companies

### Tokio Marine Asset Management Co., Ltd.

Tokio Marine Asset Management Co., Ltd. ("Tokio Marine Asset Management") provides high-quality investment services mainly through operations such as consigned management of corporate pensions and public pensions, establishment of and investment in mutual funds tailored to the needs of individual customers and provision of mutual funds for 401k style defined contribution pension plans. The company has its subsidiaries and representative offices in New York, London, Singapore and Shanghai to respond to investment needs globally. With its consistent investment policy centered on thorough research and analysis, Tokio Marine Asset Management will continue its efforts to be a company that maintains a high level of customer satisfaction.

| | |
|---|---|
| **Established:** | December 9, 1985 |
| **Capital:** | 2.0 billion yen |
| **Assets under management:** | 5,200.0 billion yen* |
| **Number of employees:** | 209 |

(As of July 1, 2011, * As of June 30, 2011)

### Tokio Marine & Nichido Risk Consulting Co., Ltd.

Tokio Marine & Nichido Risk Consulting Co., Ltd. ("Tokio Marine & Nichido Risk Consulting") works together with members of the Tokio Marine Group, including Tokio Marine & Nichido, in addition to specialized institutions and alliance partners to provide customers with optimal solutions to diversified risks inherent in their business. In order to accurately and swiftly address the continuously diversifying and complex risks of businesses and organizations, Tokio Marine & Nichido Risk Consulting is committed to offering risk consulting services evolving together with today's needs.

| | |
|---|---|
| **Established:** | August 1, 1996 |
| **Total assets:** | 1.2 billion yen |
| **Number of employees:** | 223 |

(As of December 31, 2010)

## Non-Life Insurance Business Companies (Domestic)

### Tokio Marine & Nichido Fire Insurance Co., Ltd.

In October 2004, Tokio Marine & Nichido Fire Insurance Co., Ltd. ("Tokio Marine & Nichido") was founded as a leading company in the domestic non-life insurance industry, formed through the merger of The Tokio Marine and Fire Insurance Co., Ltd. and The Nichido Fire and Marine Insurance Co., Ltd., with their histories of 125 and 90 years, respectively.

Tokio Marine & Nichido has unrivaled strengths in the areas of product and service development and risk consulting backed by sound financial strength and a high level of specialized expertise, as well as its superior distribution network of agents, claims settlement service network and worldwide network. The company properly manages its business from the customer's point of view, aiming to be chosen for its quality while striving for steady growth.

| | |
|---|---|
| **Established:** | August 1, 1879 |
| **Capital:** | 101.9 billion yen |
| **Total assets:** | 8,670.0 billion yen |
| **Number of employees:** | 17,051 |

(As of March 31, 2011)

### Nisshin Fire & Marine Insurance Co., Ltd.

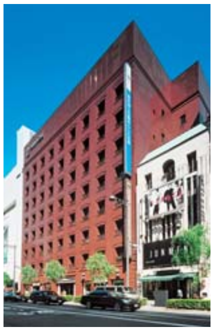
With an emphasis on the domestic retail market, Nisshin Fire & Marine Insurance Co., Ltd. ("Nisshin Fire"), a non-life insurer, carries out its marketing activities firmly rooted in local communities. Aiming to be a leading player as a "customer-oriented company" in the non-life insurance industry, the company endeavors to enhance its business quality by reviewing every business activity from a customer perspective. Nisshin Fire will continue to deliver customer-oriented security and compensation with the goal of becoming the most trusted retail non-life insurance company.

| | |
|---|---|
| **Established:** | June 10, 1908 |
| **Capital:** | 20.3 billion yen |
| **Total assets:** | 428.5 billion yen |
| **Number of employees:** | 2,518 |

(As of March 31, 2011)


## Life Insurance Business Companies (Domestic)

### Tokio Marine & Nichido Life Insurance Co., Ltd.



Tokio Marine & Nichido Life Insurance Co., Ltd. ("Tokio Marine & Nichido Life") plays a central role in the domestic life insurance business within the Tokio Marine Group's core insurance business.

Since commencing operations in 1996 based on its basic philosophy of being a "customer-oriented life insurance business," Tokio Marine & Nichido Life has provided innovative life insurance products that suit customers' needs through its strong sales channels of agents and Life Partners, resulting in its considerably remarkable growth hardly seen among competitors. Tokio Marine & Nichido Life seeks to become the "leading life insurance company in Japan" by developing products and services that appropriately meet diversifying customers' needs and working to implement further innovations in its business model.

| | |
|---|---|
| **Established:** | August 6, 1996 |
| **Capital:** | 55.0 billion yen |
| **In-force policies*:** | 18,607.3 billion yen |
| **Total assets:** | 3,727.8 billion yen |
| **Number of employees:** | 2,272 |

* In-force policies = Individual insurance + Individual annuity
(As of March 31, 2011)

### Tokio Marine & Nichido Financial Life Insurance Co., Ltd.


ThinkPark Tower (Tokyo)

As a life insurance company specializing in variable annuities insurance and variable insurance, Tokio Marine & Nichido Financial Life Insurance Co., Ltd. ("Tokio Marine & Nichido Financial Life") plays an important role in the Tokio Marine Group, seeking to achieve its vision expressed in its corporate philosophy of "providing the safety and security necessary in order to contribute to economic development and an affluent and comfortable society."

| | |
|---|---|
| **Established:** | August 13, 1996 |
| **Capital:** | 48.0 billion yen |
| **In-force policies*:** | 2,774.6 billion yen |
| **Total assets:** | 2,263.0 billion yen |
| **Number of employees:** | 281 |

* In-force policies = Individual insurance + Individual annuity
(As of March 31, 2011)

## Summary of Consolidated Business Results in Fiscal 2010

In fiscal 2010, the Tokio Marine Group posted consolidated ordinary income of 3,288.6 billion yen (down 282.1 billion yen year on year), ordinary profit of 126.5 billion yen (down 76.8 billion yen) and net income of 71.9 billion yen (down 56.4 billion yen).

(Billions of yen)

| | FY2009 | | FY2010 | | |
|---|---|---|---|---|---|
| | Results | YoY | Results | Change | YoY |
| **Ordinary income** | 3,570.8 | 1.9% | 3,288.6 | (282.1) | (7.9%) |
| Underwriting income | 2,968.1 | (5.2%) | 2,874.0 | (94.0) | (3.2%) |
| Net premiums written | 2,292.9 | 7.4% | 2,272.1 | (20.7) | (0.9%) |
| Deposit premiums from policyholders | 138.3 | (16.8%) | 125.3 | (13.0) | (9.5%) |
| Life insurance premiums | 464.7 | (37.7%) | 405.3 | (59.4) | (12.8%) |
| Investment income | 536.3 | 74.9% | 347.7 | (188.6) | (35.2%) |
| Interest and dividends | 206.9 | (12.9%) | 219.9 | 12.9 | 6.3% |
| Gains on sales of securities | 79.1 | 10.4% | 137.4 | 58.3 | 73.7% |
| Gains on derivatives | — | (100.0%) | 30.4 | 30.4 | — |
| Gains on separate account | 298.8 | — | — | (298.8) | (100.0%) |
| Other ordinary income | 66.2 | (0.1%) | 66.7 | 0.4 | 0.8% |
| **Ordinary expenses** | 3,367.3 | (4.3%) | 3,162.0 | (205.3) | (6.1%) |
| Underwriting expenses | 2,734.0 | 22.4% | 2,512.9 | (221.0) | (8.1%) |
| Net claims paid | 1,345.7 | 3.0% | 1,339.7 | (6.0) | (0.4%) |
| Agency commissions and brokerage | 464.9 | 5.2% | 448.4 | (16.5) | (3.5%) |
| Life insurance claims | 104.1 | 14.5% | 166.2 | 62.1 | 59.7% |
| Provision for outstanding claims | 9.1 | — | 176.5 | 167.4 | 1,829.1% |
| Provision for underwriting reserves | 429.7 | 1,904.1% | 7.0 | (422.7) | (98.4%) |
| Investment expenses | 66.1 | (90.9%) | 105.7 | 39.6 | 60.0% |
| Losses on sales of securities | 11.7 | (64.7%) | 13.6 | 1.9 | 16.3% |
| Impairment losses on securities | 28.7 | (82.3%) | 24.5 | (4.1) | (14.5%) |
| Losses on derivatives | 6.4 | — | — | (6.4) | (100.0%) |
| Losses on separate account | — | (100.0%) | 28.2 | 28.2 | — |
| Operating and general administrative expenses | 553.7 | 6.5% | 534.4 | (19.2) | (3.5%) |
| Other ordinary expenses | 21.8 | (43.7%) | 12.6 | (9.1) | (41.9%) |
| **Ordinary profit** | 203.4 | — | 126.5 | (76.8) | (37.8%) |
| **Extraordinary gains** | 5.1 | (93.9%) | 5.3 | 0.2 | 4.2% |
| **Extraordinary losses** | 27.4 | 26.4% | 24.2 | (3.1) | (11.5%) |
| **Income before income taxes** | 181.1 | 285.9% | 107.6 | (73.4) | (40.5%) |
| **Total income taxes** | 50.5 | 103.8% | 34.2 | (16.3) | (32.4%) |
| **Income before minority interest** | — | — | 73.4 | — | — |
| **Minority interest** | 2.1 | — | 1.5 | (0.5) | (27.1%) |
| **Net income** | 128.4 | 454.9% | 71.9 | (56.4) | (44.0%) |

## Ordinary income

- Despite revenue growth at two domestic non-life insurance companies (Tokio Marine & Nichido and Nisshin Fire), mainly in auto insurance and compulsory automobile liability insurance (CALI), net premiums written decreased 20.7 billion yen (down 0.9% year on year), primarily because of the significant impact of the appreciation of the yen against other currencies on overseas subsidiaries.
- Life insurance premiums decreased 59.4 billion yen (down 12.8% year on year) despite a steady increase in in-force policies at Tokio Marine & Nichido Life and growth in revenue at life insurance companies in Asia. This decrease was mainly the result of continuously implementing a risk-restrictive marketing policy and trimming the product line-up from the third quarter at Tokio Marine & Nichido Financial Life in consideration of financial market conditions.
- Investment income decreased 188.6 billion yen (down 35.2% year on year) due mainly to a turnaround from a gain on separate accounts at Tokio Marine & Nichido Financial Life in fiscal 2009 to a loss that resulted from the deterioration in domestic stock markets.
- As a result of the above factors, ordinary income decreased 282.1 billion yen (down 7.9% year on year).

## Ordinary profit and net income

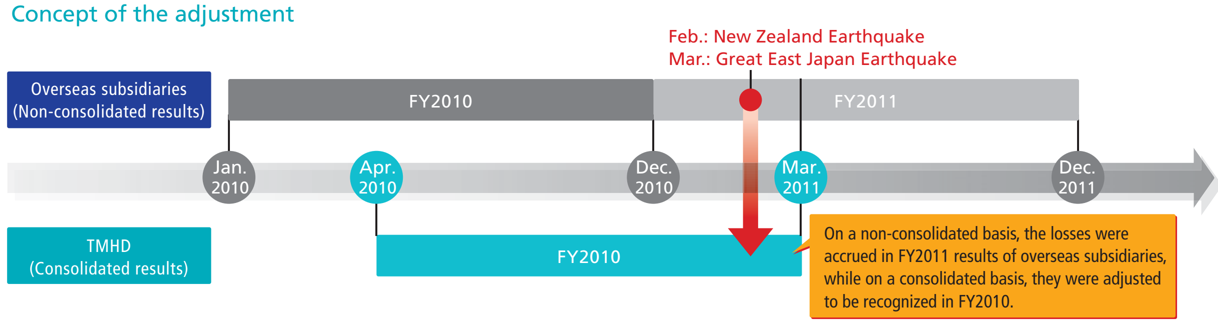
Ordinary profit declined 76.8 billion yen and net income decreased 56.4 billion yen from the previous fiscal year due to the factors described below.

- Despite an increase in investment income, ordinary profit at Tokio Marine & Nichido decreased due to a decline in underwriting profit resulting from a steep increase in incurred losses caused by the Great East Japan Earthquake.
- Ordinary profit and net income at Tokio Marine & Nichido Life increased due to a decline in funding of the additional provision because of the achievement of the required 100% accumulation for standard underwriting reserves.
- Ordinary profit and net income at overseas subsidiaries decreased due to an increase in losses incurred from major natural catastrophes (the Chile earthquake in February 2010 as well as the New Zealand earthquake in September 2010).

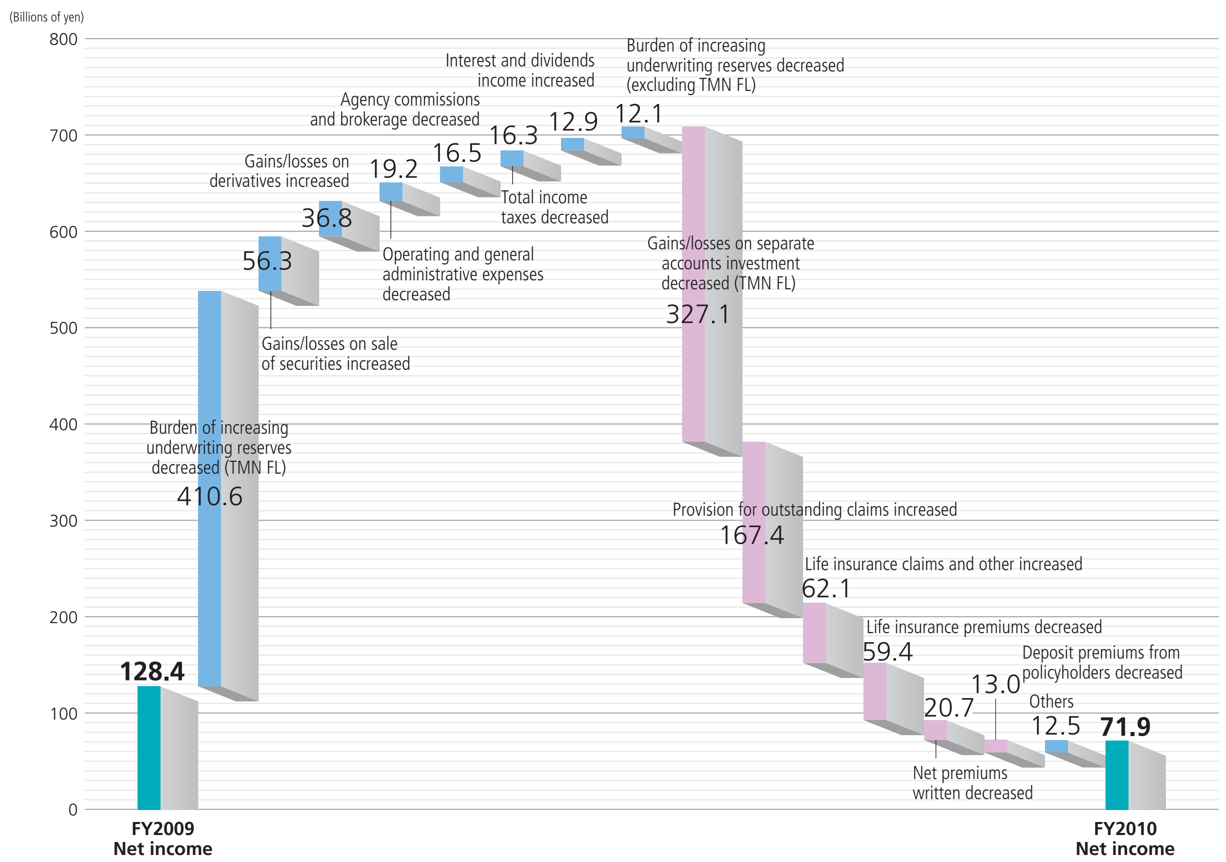
## Adjustment of incurred losses

Losses accrued at overseas subsidiaries relating to the New Zealand earthquake in February 2011 and the Great East Japan Earthquake in March 2011 will be recognized in fiscal 2011 on a non-consolidated basis because the fiscal years of these subsidiaries run from January to December. However, these losses were regarded as significant events and were thus adjusted to be recognized in the Group's consolidated results for the fiscal year 2010 (April 2010 to March 2011).

### Concept of the adjustment



### Net income analysis (Factors for changes from FY2009)




## Adjusted earnings

Due to the factors described below, the Tokio Marine Group's total adjusted earnings in fiscal 2010 decreased 93.4 billion yen from the previous fiscal year to 72.0 billion yen.

- By business domain, in the domestic non-life insurance business, adjusted earnings at Tokio Marine & Nichido amounted to 23.7 billion yen, a decrease of 30.9 billion yen from the previous fiscal year, reflecting a large decline in underwriting profit caused by the impact of the Great East Japan Earthquake.
- In the domestic life insurance business, embedded value (EV) at Tokio Marine & Nichido Life increased 17.0 billion yen from the previous fiscal year to 49.2 billion yen due to an increase in annualized premiums of new policies and improved business efficiency. On the other hand, Tokio Marine & Nichido Financial Life recorded negative adjusted earnings (EV) of 20.9 billion yen, a deterioration of 40.1 billion yen, due mainly to a worsening of the investment environment.
- The international insurance business recorded adjusted earnings of 24.8 billion yen, a decrease of 51.7 billion yen from the previous fiscal year, because of an increase in losses accrued from large-scale natural catastrophes (the Chile earthquake in February 2010, the New Zealand earthquakes in September 2010 and February 2011, and the Great East Japan Earthquake in March 2011).

## Fiscal 2011 Consolidated Projections

Note: It should be noted that projections of business results in this report are made at the beginning of the fiscal year at the time of the settlement of accounts for fiscal 2010. Therefore, there is a possibility that the Group could revise these projections due to changes in the business environment.

For fiscal 2011, Tokio Marine Holdings forecasts consolidated ordinary income of 3,350.0 billion yen (up 61.3 billion yen year on year), ordinary profit of 220.0 billion yen (up 93.4 billion yen) and net income of 145.0 billion yen (up 73.0 billion yen).

### Ordinary income

(Billions of yen)

| | FY2010 | FY2011 | | |
|---|---|---|---|---|
| | Results | Projections | Change | YoY |
| **Tokio Marine Holdings Consolidated (Ordinary income)** | 3,288.6 | **3,350.0** | **61.3** | **1.9%** |
| **Tokio Marine Holdings Consolidated (Net premiums written)** | 2,272.1 | **2,296.0** | **23.8** | **1.1%** |
| Tokio Marine & Nichido (Net premiums written) | 1,742.7 | **1,743.0** | **0.2** | **0.0%** |
| Nisshin Fire (Net premiums written) | 134.0 | **136.1** | **2.0** | **1.5%** |
| **Tokio Marine Holdings Consolidated (Life insurance premiums)** | 405.3 | **452.6** | **47.2** | **11.7%** |
| Tokio Marine & Nichido Life (Insurance premiums and other) | 475.9 | **497.6** | **21.7** | **4.6%** |
| Tokio Marine & Nichido Financial Life (Insurance premiums and other) | 113.4 | **148.2** | **34.7** | **30.6%** |

- Despite an expected leveling off of net premiums written by Tokio Marine & Nichido, net premiums written is expected to increase 23.8 billion yen (up 1.1%) from the previous fiscal year owing primarily to premium growth at Nisshin Fire and overseas subsidiaries.
- Life insurance premiums is projected to increase 47.2 billion yen (up 11.7% year on year), primarily due to a steady increase in in-force policies at Tokio Marine & Nichido Life.
- Owing to the above factors, ordinary income is projected to increase 61.3 billion yen (up 1.9% year on year).

### Ordinary profit and net income

#### Ordinary profit

(Billions of yen)

| | FY2010 | FY2011 | | |
|---|---|---|---|---|
| | Results | Projections | Change | YoY |
| **Tokio Marine Holdings Consolidated** | 126.5 | **220.0** | **93.4** | **73.8%** |
| Tokio Marine & Nichido | 145.7 | **173.0** | **27.2** | **18.7%** |
| Nisshin Fire | 2.5 | **5.0** | **2.4** | **98.6%** |
| Tokio Marine & Nichido Life | 9.4 | **18.6** | **9.1** | **96.8%** |
| Tokio Marine & Nichido Financial Life | (2.3) | **0.0** | **2.3** | **—** |
| Overseas subsidiaries | 60.2 | **23.1** | **(37.1)** | **(61.6%)** |
| Adjustment relating to natural disasters in 1Q FY2011 | (33.4) | **33.4** | **66.9** | **—** |
| Financial and other business subsidiaries | 1.9 | **2.6** | **0.6** | **34.8%** |

#### Net income

(Billions of yen)

| | FY2010 | FY2011 | | |
|---|---|---|---|---|
| | Results | Projections | Change | YoY |
| **Tokio Marine Holdings Consolidated** | 71.9 | **145.0** | **73.0** | **101.6%** |

As a result of the factors described below, ordinary profit is projected to increase 93.4 billion yen (up 73.8% year on year) and net income is expected to increase 73.0 billion yen (up 101.6%).

- Tokio Marine & Nichido is projected to record increases, primarily because of expectations of an average level of losses from earthquakes, typhoons and other natural disasters and because catastrophe loss reserves as provisions for outstanding claims relating to the Great East Japan Earthquake are expected to be released as claim payments are made.

- Tokio Marine & Nichido Life is projected to record increases due to a decrease in the funding of additional reserves as a result of achieving required accumulation for standard underwriting reserves in fiscal 2010.
- Overseas subsidiaries are projected to register declines because losses relating to the New Zealand earthquake in February 2011 and the Great East Japan Earthquake in March 2011 will be recognized in those subsidiaries' fiscal 2011 results on a non-consolidated basis. On a consolidated basis, the same amount of loss was accrued in adjusted consolidated figures for fiscal 2010. As a result, in fiscal 2011, the adjusted amount will be reversed and income is therefore projected to increase on a basis that combines the total for overseas subsidiaries and adjustments relating to natural disasters.

## Adjusted earnings

The Tokio Marine Group's total adjusted earnings in fiscal 2011 are projected to increase 56.0 billion yen to 128.0 billion yen.

Forecasts by business domain are as follows.

- In the domestic non-life insurance business, adjusted earnings are projected to increase 14.6 billion yen year on year to 35.0 billion yen, primarily due to the reversal effect of the impact of the Great East Japan Earthquake in the previous fiscal year.
- Adjusted earnings in the domestic life insurance business in 2011 are projected to increase 10.5 billion yen year on year to 38.0 billion yen. Despite continued expected steady business growth, adjusted earnings at Tokio Marine & Nichido Life are projected to decrease 10.2 billion yen to 39.0 billion yen due to the reversal of income-increasing factors particular to fiscal 2010, such as a reduction in ongoing costs associated with maintaining policies. Adjusted earnings at Tokio Marine & Nichido Financial Life are projected to improve 19.9 billion yen to negative adjusted earnings of 1.0 billion yen due to a turnaround in the deterioration in the investment environment in fiscal 2010.
- In the international insurance business in fiscal 2011, adjusted earnings are projected to increase 27.2 billion yen to 52.0 billion yen, primarily due to the reversal of losses related to natural disasters (+27.9 billion yen) adjusted to be recognized in fiscal 2010.

### Fiscal 2011 Adjusted earnings projections

(Billions of yen)

| Business Domains | FY2008 Results | FY2009 Results | FY2010 Results | FY2011 Projections | Change |
|---|---|---|---|---|---|
| **Domestic non-life insurance** | 5.1 | 46.2 | 20.4 | **35.0** | **14.6** |
| Tokio Marine & Nichido | 16.9 | 54.6 | 23.7 | **38.0** | **14.3** |
| Nisshin Fire | (10.7) | 0.2 | 1.3 | **2.0** | **0.7** |
| Other | (1.1) | (8.6) | (4.6) | **(5.0)** | **(0.4)** |
| **Domestic life insurance** | (57.2) | 52.0 | 27.5 | **38.0** | **10.5** |
| Tokio Marine & Nichido Life | (6.0) | 32.2 | 49.2 | **39.0** | **(10.2)** |
| Tokio Marine & Nichido Financial Life | (50.2) | 19.2 | (20.9) | **(1.0)** | **19.9** |
| Other | (0.9) | 0.5 | (0.8) | **0.0** | **0.8** |
| **International insurance** | 20.8 | 76.5 | 24.8 | **52.0** | **27.2** |
| Non-life insurance | 23.2 | 69.7 | 50.5 | **23.0** | **(27.5)** |
| PHLY | — | 28.5 | 23.1 | **22.0** | **(1.1)** |
| North America | 7.2 | 8.3 | 5.0 | **2.0** | **(3.0)** |
| Central and South America | (3.6) | (6.1) | (0.6) | **1.0** | **1.6** |
| Europe | 0.6 | 1.1 | 1.1 | **1.0** | **(0.1)** |
| Asia | (0.5) | 5.2 | 5.4 | **3.0** | **(2.4)** |
| Reinsurance (3 companies) | 13.0 | 21.9 | 6.8 | **(3.0)** | **(9.8)** |
| Kiln | 6.9 | 10.5 | 10.0 | **(3.0)** | **(13.0)** |
| Life insurance | (0.7) | 7.8 | 3.0 | **2.0** | **(1.0)** |
| Adjustment relating to natural disasters in 1Q FY2011 | — | — | (27.9) | **27.9** | **55.8** |
| **Financial & General businesses** | (21.1) | (9.4) | (0.7) | **3.0** | **3.7** |
| **Group total** | (52.5) | 165.4 | 72.0 | **128.0** | **56.0** |
| **Adjusted ROE (Group total)** | (1.7%) | 5.8% | 2.4% | **4.4%** | **2.0%** |

| Net income of Tokio Marine & Nichido for accounting purposes | + | Provision for catastrophe reserves, etc., net of taxes | + | Provision for price fluctuation reserves, net of taxes | − | Gains/losses on sale or evaluation of ALM bonds and interest rate swaps, net of taxes | − | Gains/losses on sale or evaluation of securities and properties held, net of taxes | − | Other extraordinary profits/losses and valuation reserves, etc., net of taxes | = | Adjusted earnings of Tokio Marine & Nichido |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **122.0** billion yen | | **(18.9)** billion yen | | **2.4** billion yen | | **3.0** billion yen | | **41.1** billion yen | | **23.4** billion yen | | **38.0** billion yen |

In the following section, we explain the fiscal 2010 business results and the fiscal 2011 projections for Tokio Marine & Nichido and Nisshin Fire, our principal companies engaged in the domestic non-life insurance business.

## Tokio Marine & Nichido

### Fiscal 2010 Results

Net premiums written by Tokio Marine & Nichido amounted to 1,742.7 billion yen (up 6.6 billion yen year on year). Ordinary profit amounted to 145.7 billion yen (down 1.6 billion yen year on year) and net income totaled 100.7 billion yen (up 6.2 billion yen).

(Billions of yen)

| | FY2009 | | **FY2010** | | |
|---|---|---|---|---|---|
| | Results | YoY | **Results** | **Change** | **YoY** |
| **Ordinary income** | 2,257.6 | (4.6%) | **2,317.9** | **60.2** | **2.7%** |
| Underwriting income | 2,113.7 | (3.1%) | **2,074.1** | **(39.6)** | **(1.9%)** |
| Net premiums written | 1,736.0 | (4.3%) | **1,742.7** | **6.6** | **0.4%** |
| Deposit premiums from policyholders | 130.4 | (16.9%) | **118.1** | **(12.2)** | **(9.4%)** |
| Reversal of outstanding claims | 22.7 | (15.7%) | **—** | **(22.7)** | **(100.0%)** |
| Reversal of underwriting reserves | 160.6 | 38.7% | **150.5** | **(10.0)** | **(6.3%)** |
| Investment income | 136.2 | (22.5%) | **236.1** | **99.8** | **73.2%** |
| Interest and dividends | 108.4 | (31.5%) | **137.6** | **29.2** | **26.9%** |
| Transfer of investment income on deposit premiums | (63.7) | (6.7%) | **(62.4)** | **1.3** | **(2.1%)** |
| Gains on sales of securities | 72.2 | 0.8% | **126.7** | **54.5** | **75.4%** |
| Gains on derivatives | 11.4 | (11.4%) | **23.4** | **12.0** | **105.1%** |
| Other ordinary income | 7.6 | (21.0%) | **7.7** | **0.0** | **1.1%** |
| **Ordinary expenses** | 2,110.2 | (8.1%) | **2,172.1** | **61.8** | **2.9%** |
| Underwriting expenses | 1,746.2 | (2.7%) | **1,821.7** | **75.4** | **4.3%** |
| Net claims paid | 1,096.4 | (4.2%) | **1,094.2** | **(2.2)** | **(0.2%)** |
| Loss adjustment expenses | 82.0 | 4.9% | **81.7** | **(0.2)** | **(0.3%)** |
| Agency commissions and brokerage | 304.4 | (3.0%) | **300.9** | **(3.5)** | **(1.2%)** |
| Maturity refunds to policyholders | 259.5 | 2.4% | **257.5** | **(2.0)** | **(0.8%)** |
| Provision for outstanding claims | — | — | **83.2** | **83.2** | **—** |
| Provision for underwriting reserves | — | — | **—** | **—** | **—** |
| Investment expenses | 35.8 | (75.4%) | **32.3** | **(3.5)** | **(9.8%)** |
| Losses on sales of securities | 4.3 | (83.4%) | **7.1** | **2.7** | **62.4%** |
| Impairment losses on securities | 24.8 | (62.4%) | **13.6** | **(11.2)** | **(45.1%)** |
| Losses on derivatives | — | — | **—** | **—** | **—** |
| Other investment expenses | 1.2 | (96.5%) | **5.8** | **4.5** | **358.5%** |
| Operating and general administrative expenses | 316.1 | (7.8%) | **313.0** | **(3.0)** | **(1.0%)** |
| Other ordinary expenses | 12.0 | (18.4%) | **5.0** | **(7.0)** | **(58.1%)** |
| **Ordinary profit** | 147.4 | 111.7% | **145.7** | **(1.6)** | **(1.1%)** |
| **Extraordinary gains** | 3.8 | (94.3%) | **2.9** | **(0.8)** | **(21.4%)** |
| **Extraordinary losses** | 17.8 | 88.7% | **18.9** | **1.1** | **6.2%** |
| **Income before income taxes** | 133.3 | 5.2% | **129.8** | **(3.5)** | **(2.7%)** |
| **Total income taxes** | 38.9 | (30.1%) | **29.1** | **(9.8)** | **(25.2%)** |
| **Net income** | 94.4 | 32.8% | **100.7** | **6.2** | **6.6%** |

(Billions of yen)

| | FY2009 | | | FY2010 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Results | Based on all lines | YoY | Results | Based on all lines | Change | Based on all lines | YoY |
| **Underwriting profit (losses)** | 81.7 | | 10.8% | **(31.1)** | | **(112.9)** | | **(138.0%)** |
| **Loss ratio*** | 62.2% | 67.9% | | **62.0%** | **67.5%** | **(0.2%)** | **(0.4%)** | |
| **Expense ratio*** | 35.6% | 34.0% | | **35.1%** | **33.5%** | **(0.5%)** | **(0.5%)** | |
| **Combined ratio*** | 97.9% | 101.9% | | **97.2%** | **101.0%** | **(0.7%)** | **(0.9%)** | |
| **Investment income** | 100.4 | | 235.9% | **203.7** | | **103.3** | | **102.9%** |
| **Solvency margin ratio** | 852.6% | | | **823.8%** | | **(28.8%)** | | |

* Private insurance basis ratio excluding earthquake insurance and CALI

### Underwriting profit

- Net premiums written increased 6.6 billion yen (up 0.4%) from the previous fiscal year, primarily due to an increase in CALI following a rise in new car sales owing to government subsidies for eco-friendly cars in the first half of fiscal 2010; increased revenue from rate changes for auto insurance; an increase in marine premiums as trade and distribution recovered; and an increase in revenue from P.A. resulting from an increase in sales of overseas travel insurance as the number of travelers rose and as rates were revised.
- Underwriting profit decreased 112.9 billion yen due mainly to a significant increase in the amount of reserves for outstanding claims related to the Great East Japan Earthquake and an increase in funding of catastrophe loss reserves due to a depleted ending balance of catastrophe loss reserves in auto insurance.

### Investment income

Investment income rose a steep 103.3 billion yen from the previous fiscal year mainly reflecting an increase in income from interest and dividends owing to higher dividends from overseas subsidiaries, an increase in gains on sales of securities and a rise in gains on derivatives in foreign currencies due to the yen's appreciation against other currencies.

### Extraordinary gains/losses

Extraordinary gains/losses declined 1.9 billion yen from the previous fiscal year, primarily attributable to the recording of expenses from prior fiscal years in connection with the first-time application of certain accounting standards related to asset retirement obligations.

### Net income

As a result of the preceding factors and after adjusting for taxes, net income increased 6.2 billion yen from the previous fiscal year.

### Loss ratio*

Despite an increase in net claims paid in auto insurance, the loss ratio in fiscal 2010 improved 0.2 percentage point to 62.0% compared with in fiscal 2009 due to a decrease in net claims paid for fire, marine and other insurance lines following the absence of the scale of disaster of Typhoon No. 18 that occurred in the previous fiscal year. (The majority of incurred losses related to the Great East Japan Earthquake were recorded in outstanding claims, which is not included in net claims paid, and the effect on the loss ratio on a Written/Paid (W/P) basis was minimal.)

### Expense ratio*

The expense ratio improved 0.5 percentage point to 35.1% primarily due to an increase in net premiums written in addition to a decrease in business expenses through cost-cutting efforts (lower IT costs by shortening system development lead time and promoting in-house work and reducing the number of forms) and a decrease in commissions and brokerage fees.

### Combined ratio*

The combined ratio improved 0.7 point to 97.2% as both the loss ratio and expense ratio improved.

*Private insurance W/P basis

### Adjusted earnings

Adjusted earnings by Tokio Marine & Nichido amounted to 23.7 billion yen (down 30.9 billion yen year on year) due to the impact of the Great East Japan Earthquake.

## Fiscal 2011 Projections

In fiscal 2011, Tokio Marine & Nichido is projected to record net premiums written of 1,743.0 billion yen, virtually on a par with the previous year (0.0% change), as well as an 18.7% increase in ordinary profit to 173.0 billion yen and a 21.1% increase in net income to 122.0 billion yen.

(Billions of yen)

| | FY2010 | FY2011 | | |
|---|---|---|---|---|
| | Results | Projections | Change | YoY |
| **Underwriting profit/loss** | (31.1) | 49.0 | 80.1 | (257.5%) |
| Net premiums written | 1,742.7 | 1,743.0 | 0.2 | 0.0% |
| Net claims paid | (1,094.2) | (1,300.5) | (206.3) | 18.9% |
| Decrease in funding of provision for outstanding claims | (83.2) | 100.8 | 184.0 | (221.1%) |
| Decrease in funding of catastrophe loss reserves | (14.6) | 29.6 | 44.2 | (302.1%) |
| **Investment income** | 203.7 | 149.2 | (54.4) | (26.7%) |
| Interest and dividends | 137.6 | 129.3 | (8.3) | (6.1%) |
| Gains and losses on sales of securities | 119.6 | 74.0 | (45.6) | (38.1%) |
| **Ordinary profit** | 145.7 | 173.0 | 27.2 | 18.7% |
| **Extraordinary gains/losses** | (15.9) | (6.6) | 9.3 | (58.5%) |
| **Net income** | 100.7 | 122.0 | 21.2 | 21.1% |

| | FY2010 | | FY2011 | | | | |
|---|---|---|---|---|---|---|---|
| | Results | Based on all lines | Projections | Based on all lines | Change | Based on all lines | YoY |
| **Loss ratio*** | 62.0% | 67.5% | 68.4% | 79.6% | 6.3% | 12.1% | |
| **Expense ratio*** | 35.1% | 33.5% | 35.1% | 33.2% | (0.1%) | (0.3%) | |
| **Combined ratio*** | 97.2% | 101.0% | 103.4% | 112.8% | 6.3% | 11.9% | |

Plus and minus of the figures in the above table correspond to positive and negative to profit.
* Private insurance basis ratio excluding earthquake insurance and CALI

### Underwriting profit

- Despite expectations that rate revisions for CALI will lead to revenue growth, net premiums written is projected to remain almost unchanged (up 0.2 billion yen) because of an expected decline in revenue in other lines owing to the effects of the Great East Japan Earthquake.
- Underwriting profit is projected to increase 80.1 billion yen year on year due to the following factors.
  - The number of natural disasters (earthquakes and typhoons) is expected to be the same as in an average year.
  - There is expected to be a reversal of catastrophe loss reserves in line with a shift from having outstanding claims to making payments related to the earthquake.

### Investment income

Investment income is projected to decrease 54.4 billion yen due to expected declines in interest and dividend income and in gains on sales of securities.

Results/Projections

**Net income**

Despite an anticipated decrease in investment income, net income is projected to increase 21.2 billion yen along with an expected rise in underwriting profit.

**Loss ratio***

The loss ratio is expected to increase 6.3 points to 68.4% mainly due to a shift from outstanding claims to payments related to the Great East Japan Earthquake. (Excluding the impact of the earthquake, the loss ratio is projected to increase 0.9 point to 62.9% mainly due to expected average losses from natural disasters for the year.)

**Expense ratio***

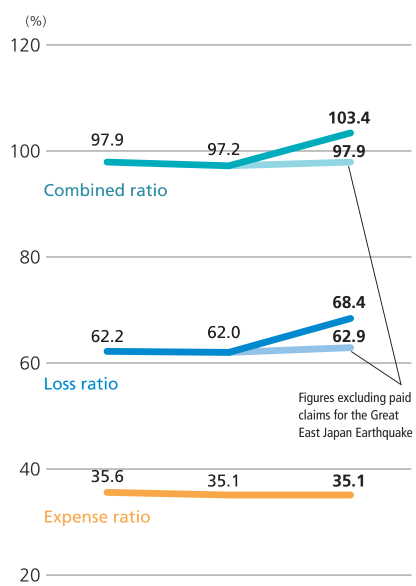
We forecast a 0.1 point improvement to 35.1% due to a reduction in personnel expenses and commissions, although costs associated with the earthquakes and IT costs are expected to push up the non-personnel expense ratio.

**Combined ratio***

As a result of the preceding factors, the combined ratio is expected to increase 6.3 points to 103.4%. (Excluding the impact of the earthquake, the combined ratio is projected to increase 0.8 point year on year to 97.9%.)

* Private insurance W/P basis

## Trend in combined ratios (Private insurance excluding CALI and residential earthquake insurance: W/P basis)




### Private insurance W/P (Written Paid) basis

(Billions of yen)

| | FY2009 | FY2010 | | FY2011 | |
|---|---|---|---|---|---|
| | Results | Results | YoY | Projections | YoY |
| **Combined ratio** | 97.9% | 97.2% | (0.7%) | **103.4%** | **6.3%** |
| **Loss ratio** | 62.2% | 62.0% | (0.2%) | **68.4%** | **6.3%** |
| Net claims paid* | 943.8 | 941.2 | (2.6) | **1,030.9** | **89.7** |
| **Expense ratio** | 35.6% | 35.1% | (0.5%) | **35.1%** | **(0.1%)** |
| Expenses total | 540.7 | 533.2 | (7.5) | **528.9** | **(4.3)** |
| Corporate expense ratio | 16.3% | 16.0% | (0.3%) | **16.7%** | **0.6%** |
| Corporate expenses | 247.3 | 243.5 | (3.8) | **251.5** | **8.0** |
| Agency commission ratio | 19.3% | 19.1% | (0.2%) | **18.4%** | **(0.7%)** |
| Agency commissions | 293.3 | 289.6 | (3.6) | **277.3** | **(12.3)** |

* Including loss adjustment expenses

### Private insurance W/P basis (excluding paid claims for the Earthquake)

| | FY2009 | FY2010 | | FY2011 | |
|---|---|---|---|---|---|
| | Results | Results | YoY | Projections | YoY |
| **Combined ratio** | | 97.1% | (0.7%) | **97.9%** | **0.8%** |
| **Loss ratio** | | 62.0% | (0.2%) | **62.9%** | **0.9%** |
| **Expense ratio** | | 35.1% | (0.5%) | **35.1%** | **(0.1%)** |

### Reference: Private insurance E/I (Earned Incurred) basis

| | FY2009 | FY2010 | |
|---|---|---|---|
| | Results | Results | YoY |
| **Loss ratio** | 60.7% | 66.2% | 5.5% |
| **Loss ratio (excluding incurred claims for the Earthquake)** | | 60.8% | 0.1% |

### Adjusted earnings

Adjusted earnings for Tokio Marine & Nichido is expected to increase 14.3 billion yen year on year to 38.0 billion yen, primarily due to the absence of the scale of the impact of the Great East Japan Earthquake in the previous fiscal year.

## Nisshin Fire

### Fiscal 2010 Results

In fiscal 2010, net premiums written by Nisshin Fire amounted to 134.0 billion yen, an increase of 1.7% (up 2.1 billion yen) from the previous fiscal year. However, ordinary profit amounted to 2.5 billion yen (down 3.9 billion yen year on year) and net income amounted to 1.5 billion yen (down 2.7 billion yen) due to a worsening of underwriting profit caused by a higher number of auto accidents and the effects of the Great East Japan Earthquake.

(Billions of yen)

| | FY2009 | | **FY2010** | | |
|---|---|---|---|---|---|
| | Results | YoY | **Results** | **Change** | **YoY** |
| **Ordinary income** | 167.1 | 0.6% | **165.4** | **(1.6)** | **(1.0%)** |
| Underwriting income | 156.0 | (1.7%) | **154.7** | **(1.2)** | **(0.8%)** |
| Net premiums written | 131.8 | (3.0%) | **134.0** | **2.1** | **1.7%** |
| Deposit premiums from policyholders | 7.9 | (14.2%) | **7.1** | **(0.8)** | **(10.7%)** |
| Reversal of underwriting reserves | 13.4 | 40.8% | **10.9** | **(2.4)** | **(18.3%)** |
| Investment income | 10.9 | 51.3% | **10.1** | **(0.8)** | **(7.3%)** |
| Interest and dividends | 5.7 | (3.9%) | **5.5** | **(0.2)** | **(3.8%)** |
| Transfer of investment income on deposit premiums | (2.7) | — | **(2.5)** | **0.1** | **—** |
| Gains on sales of securities | 6.7 | 115.6% | **6.3** | **(0.3)** | **(4.8%)** |
| Gains on redemption of securities | 1.1 | 1,740.4% | **0.4** | **(0.6)** | **(58.3%)** |
| Gains on derivatives | 0.1 | (85.1%) | **0.3** | **0.2** | **216.5%** |
| Other ordinary income | 0.1 | 8.0% | **0.5** | **0.4** | **413.4%** |
| **Ordinary expenses** | 160.6 | (11.8%) | **162.9** | **2.2** | **1.4%** |
| Underwriting expenses | 130.4 | 2.1% | **135.0** | **4.6** | **3.6%** |
| Net claims paid | 77.9 | 0.0% | **81.5** | **3.6** | **4.7%** |
| Loss adjustment expenses | 7.2 | 0.4% | **7.1** | **(0.1)** | **(1.8%)** |
| Agency commissions and brokerage | 24.4 | (0.6%) | **24.5** | **0.0** | **0.3%** |
| Maturity refunds to policyholders | 19.1 | 8.3% | **16.3** | **(2.7)** | **(14.6%)** |
| Provision for outstanding claims | 1.5 | — | **5.3** | **3.8** | **251.3%** |
| Investment expenses | 2.0 | (91.3%) | **1.6** | **(0.4)** | **(20.9%)** |
| Losses on sales of securities | 0.4 | (74.2%) | **0.1** | **(0.3)** | **(72.7%)** |
| Impairment losses on securities | 1.0 | (91.7%) | **1.1** | **0.1** | **9.8%** |
| Losses on redemption of securities | 0.3 | (95.7%) | **0.1** | **(0.1)** | **(51.1%)** |
| Operating and general administrative expenses | 27.8 | (1.2%) | **26.1** | **(1.7)** | **(6.3%)** |
| Other ordinary expenses | 0.2 | (87.6%) | **0.0** | **(0.1)** | **(65.8%)** |
| **Ordinary profit** | 6.4 | — | **2.5** | **(3.9)** | **(60.8%)** |
| **Extraordinary gains** | 1.3 | (67.1%) | **0.5** | **(0.7)** | **(58.5%)** |
| **Extraordinary losses** | 0.3 | 180.3% | **0.9** | **0.5** | **148.4%** |
| **Income before income taxes** | 7.4 | — | **2.1** | **(5.2)** | **(71.1%)** |
| **Total income taxes** | 3.1 | — | **0.6** | **(2.5)** | **(80.3%)** |
| **Net income** | 4.2 | — | **1.5** | **(2.7)** | **(64.5%)** |

(Billions of yen)

| | FY2009 | | | FY2010 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Results | Based on all lines | YoY | Results | Based on all lines | Change | Based on all lines | YoY |
| **Underwriting profit (losses)** | (1.9) | | (160.2%) | **(5.8)** | | **(3.9)** | | **—** |
| **Loss ratio*** | 60.3% | 64.6% | | **62.2%** | **66.2%** | **1.9%** | **1.6%** | |
| **Expense ratio*** | 40.7% | 39.2% | | **38.5%** | **37.3%** | **(2.2%)** | **(1.9%)** | |
| **Combined ratio*** | 101.0% | 103.8% | | **100.6%** | **103.5%** | **(0.4%)** | **(0.3%)** | |
| **Investment income** | 8.8 | | — | **8.5** | | **(0.3)** | | **(4.1%)** |
| **Solvency margin ratio** | 747.7% | | | **742.2%** | | **(5.5%)** | | |

* Private insurance basis ratio excluding earthquake insurance and CALI

### Underwriting loss

- Net premiums written increased 2.1 billion yen (up 1.7% year on year), with these gains concentrated in auto insurance, owing to an increase in the number of new agents and an improvement in renewal rates.
- Underwriting loss worsened 3.9 billion yen year on year due to an increase in incurred losses, primarily caused by a higher number of auto accidents and the effects of the Great East Japan Earthquake.

### Investment income

Investment income decreased 0.3 billion yen year on year primarily due to the decline in interest and dividend income.

### Extraordinary gains/losses

Despite posting a gain on the sale of real estate, extraordinary gains/losses declined 1.3 billion yen to negative 0.3 billion yen due to the recording of additional payments accompanying the implementation of an early retirement program.

### Net income

Net income was down 2.7 billion yen year on year due to the effects of the fall in underwriting profit.

### Adjusted earnings

Adjusted earnings of Nisshin Fire in fiscal 2010 increased 1.0 billion yen to 1.3 billion yen.

## Fiscal 2011 Projections

In fiscal 2011, Nisshin Fire is projected to record a 1.5% increase in net premiums written to 136.1 billion yen, a 98.6% increase in ordinary profit to 5.0 billion yen and a 77.6% increase in net income to 2.7 billion yen.

(Billions of yen)

| | FY2010 | FY2011 | | |
|---|---|---|---|---|
| | Results | Projections | Change | YoY |
| **Underwriting profit (losses)** | (5.8) | **0.3** | **6.1** | **—** |
| Net premiums written | 134.0 | **136.1** | **2.0** | **1.5%** |
| Net claims paid | 81.5 | **89.3** | **7.7** | **9.5%** |
| Decrease in funding of provision for outstanding claims | (5.3) | **0.9** | **6.3** | **—** |
| Decrease in funding of catastrophe loss reserves | (0.6) | **(0.0)** | **0.5** | **—** |
| **Investment income** | 8.5 | **5.2** | **(3.2)** | **(38.1%)** |
| Interest and dividends | 5.5 | **5.0** | **(0.5)** | **(9.4%)** |
| Gains and losses on sales of securities | 6.2 | **3.0** | **(3.2)** | **(52.1%)** |
| **Ordinary profit** | 2.5 | **5.0** | **2.4** | **98.6%** |
| **Extraordinary gains (losses)** | (0.3) | **(0.2)** | **0.1** | **—** |
| **Net income** | 1.5 | **2.7** | **1.1** | **77.6%** |

| | FY2010 | | FY2011 | | | | |
|---|---|---|---|---|---|---|---|
| | Results | Based on all lines | Projections | Based on all lines | Change | Based on all lines | YoY |
| **Loss ratio*** | 62.2% | 66.2% | **62.2%** | **71.9%** | **0.0%** | **5.7%** | |
| **Expense ratio*** | 38.5% | 37.3% | **36.7%** | **35.8%** | **(1.8%)** | **(1.6%)** | |
| **Combined ratio*** | 100.6% | 103.5% | **98.9%** | **107.7%** | **(1.7%)** | **4.1%** | |

* Private insurance basis excluding earthquake insurance and CALI

### Underwriting profit

- Net premiums written is projected to be up 1.5% (up 2.0 billion yen year on year) owing to the beneficial effects of a revision of premium rates, mainly in auto insurance, in April 2011.
- Underwriting profit is projected to increase 6.1 billion yen from the previous fiscal year owing to the following factors.
  - An increase in net premiums written
  - Lower corporate expenses through increased operational efficiency and an improved expense ratio through the application of new commission rates for agents
  - A smaller provision for private insurance outstanding claims compared with provisions required due to the Great East Japan Earthquake in the previous fiscal year

### Investment income

Investment income is projected to decline 3.2 billion yen from the previous year primarily due to decreased gains on sales of securities.

### Net income

Net income is projected to be up 1.1 billion yen from the previous fiscal year as an expected increase in underwriting profit surpasses a decrease in investment income.

### Loss ratio*

Although net premiums written are projected to increase, the loss ratio is expected to remain virtually flat at 62.2% due to higher claims, mainly in auto insurance.

**Expense ratio***

The expense ratio is expected to improve 1.8 points to 36.7% owing to the effects of the reduction of corporate expenses associated with the achievement of higher operating efficiency and the application of new agent commission rates as well as an increase in net premiums written.

**Combined ratio***

Owing to the preceding factors, the combined ratio is projected to improve 1.7 percentage points to 98.9%.

*Private insurance W/P basis

## Adjusted earnings

Adjusted earnings for Nisshin Fire in fiscal 2011 is projected to increase 0.7 billion yen from the previous fiscal year to 2.0 billion yen.

# Domestic Life Insurance Business

Fiscal 2010 business results and the fiscal 2011 projections for Tokio Marine & Nichido Life and Tokio Marine & Nichido Financial Life are explained herein.

## Tokio Marine & Nichido Life

### Fiscal 2010 Results

Insurance premiums and other increased 18.6 billion yen to 475.9 billion yen, while ordinary profit rose 12.5 billion yen to 19.4 billion yen. Net income amounted to 5.2 billion yen.

(Billions of yen)

| | FY2009 | | **FY2010** | | |
|---|---|---|---|---|---|
| | Results | YoY | **Results** | **Change** | **YoY** |
| **Ordinary income** | 523.1 | 4.6% | **553.4** | **30.2** | **5.8%** |
| Insurance premiums and other | 457.2 | 4.5% | **475.9** | **18.6** | **4.1%** |
| Insurance premiums | 454.2 | 7.4% | **470.1** | **15.8** | **3.5%** |
| Investment income | 61.8 | 4.9% | **72.8** | **10.9** | **17.7%** |
| Interest and dividends | 58.3 | 12.6% | **63.1** | **4.7** | **8.2%** |
| Other ordinary income | 3.9 | 19.7% | **4.6** | **0.7** | **17.9%** |
| **Ordinary expenses** | 516.2 | 4.4% | **533.9** | **17.7** | **3.4%** |
| Insurance claims and other | 193.5 | 8.5% | **240.8** | **47.2** | **24.4%** |
| Insurance claims | 37.6 | 8.3% | **39.3** | **1.7** | **4.6%** |
| Benefits | 28.5 | 39.7% | **79.9** | **51.3** | **179.9%** |
| Surrender benefits | 114.7 | 5.4% | **107.3** | **(7.3)** | **(6.4%)** |
| Provision for underwriting reserves and other | 220.8 | (0.4%) | **173.1** | **(47.7)** | **(21.6%)** |
| Provision for underwriting reserves | 219.6 | (0.7%) | **171.4** | **(48.2)** | **(22.0%)** |
| Investment expenses | 13.4 | 85.5% | **28.7** | **15.3** | **113.6%** |
| Foreign exchange losses | 11.5 | 196.8% | **23.1** | **11.5** | **99.2%** |
| Operating expenses | 83.6 | 0.6% | **85.3** | **1.7** | **2.0%** |
| Other ordinary expenses | 4.6 | 19.6% | **5.8** | **1.2** | **26.5%** |
| **Ordinary profit** | 6.8 | 24.1% | **19.4** | **12.5** | **181.4%** |
| **Extraordinary losses** | 0.8 | 29.0% | **0.7** | **(0.0)** | **(8.9%)** |
| **Provision for reserve for dividends to policyholders** | 5.4 | 21.3% | **9.9** | **4.4** | **82.4%** |
| **Income before income taxes** | 0.6 | 47.8% | **8.6** | **8.0** | **—** |
| **Total income taxes** | 0.6 | 47.8% | **3.4** | **2.8** | **470.8%** |
| **Net income** | 0.0 | 26.6% | **5.2** | **5.2** | **—** |
| | | | | | |
| **Core operating profit** | 5.1 | 877.1% | **14.4** | **9.3** | **183.2%** |
| **Solvency margin ratio** | 2,584.3% | | **2,812.0%** | **227.7%** | |

(Billions of yen)

| | FY2009 | | **FY2010** | | |
|---|---|---|---|---|---|
| | Results | YoY | **Results** | **Change** | **YoY** |
| **ANP of new policies** | 49.6 | 15.0% | 50.7 | 1.1 | 2.3% |
| **ANP of in-force policies** | 382.5 | 5.2% | 396.7 | 14.1 | 3.7% |

Results/Projections

**Insurance premiums and other**

Insurance premiums and other increased 18.6 billion yen (up 4.1% year on year) due to an increase in insurance premiums and an accumulation of premiums following the second installment payment onward accompanying an increase in in-force policies.

**Net income**

Net income amounted to 5.2 billion yen (compared with 0.0 yen at the end of the previous fiscal year) upon achieving the required 100% funding of standard underwriting reserves as a result of favorable growth of new policies and a steady expansion in in-force policies along with a reduction in business expenses.

**Core operating profit**

Core operating profit amounted to 14.4 billion yen, up 9.3 billion yen year on year. Core operating profit before the additional provision for accumulation of standard underwriting reserves increased 7.3 billion yen to 31.6 billion yen.

**Solvency margin ratio**

The company continued to maintain its solvency margin ratio at a high level of 2,812.0% (up 227.7 points from the end of fiscal 2009), and preserved excellent soundness of operations.

**Annualized premiums**

- Annualized premiums (ANP) of new policies increased 2.3% to 50.7 billion yen due to an increase in third-sector All-In-One Life and Non-Life Insurance Super Insurance as well as favorable sales of individual annuities.
- ANP of in-force policies sustained growth, increasing 3.7% to 396.7 billion yen owing to a steady rise in new policies.

## Adjusted earnings

Embedded value (EV) at the end of fiscal 2010 was 439.8 billion yen and adjusted earnings (change in EV) amounted to 49.2 billion yen. This was due to the impact of a change in preconditions resulting from an improvement in expense efficiency, an increase in the value of new policies accompanying favorable growth of new policies and an increase in the release of the discounted value of in-force business.

(Billions of yen)

| | FY2009 | | **FY2010** | |
|---|---|---|---|---|
| | Results | YoY | **Results** | **YoY** |
| **EV as at the end of the fiscal year** | 390.6 | 32.2 | **439.8** | **49.2** |
| **Change in EV excluding capital increase** | 32.2 | 38.2 | **49.2** | **17.0** |
| **Change in EV*** | 28.2 | 7.6 | **35.0** | **6.7** |

* Excluding the effects of changes in interest rates and underlying assumptions

## Fiscal 2011 Projections

Insurance premiums and other at Tokio Marine & Nichido Life is projected to increase 21.7 billion yen from the previous fiscal year to 497.6 billion yen, and net income is expected to increase 6.0 billion yen to 11.3 billion yen.

(Billions of yen)

| | FY2010 | | FY2011 | | |
|---|---|---|---|---|---|
| | Results | YoY | Projections | Change | YoY |
| **Ordinary income** | 553.4 | 5.8% | **575.5** | **22.1** | **4.0%** |
| **Insurance premiums and other** | 475.9 | 4.1% | **497.6** | **21.7** | **4.6%** |
| **Ordinary profit** | 19.4 | 181.4% | **27.3** | **7.9** | **40.8%** |
| **Net income** | 5.2 | — | **11.3** | **6.0** | **116.6%** |
| **Core operating profit** | 14.4 | 183.2% | **22.8** | **8.4** | **58.1%** |

(Billions of yen)

| | FY2010 | | FY2011 | | |
|---|---|---|---|---|---|
| | Results | YoY | Projections | Change | YoY |
| **ANP of new policies** | 50.7 | 2.3% | **51.7** | **1.0** | **1.9%** |
| **ANP of in-force policies** | 396.7 | 3.7% | **411.9** | **15.2** | **3.8%** |

### Insurance premiums and other

Insurance premiums and other is projected to increase 21.7 billion yen owing to steady expansion of in-force policies.

### Net income

Net income is projected to increase 6.0 billion yen due to decreased funding of additional provisions because of the completion of the required accumulation of standard underwriting reserves.

### Annualized premiums

ANP of new policies and in-force policies are expected to be up 1.9% year on year to 51.7 billion yen and up 3.8% to 411.9 billion yen, respectively, despite the negative effect of the Great East Japan Earthquake and an expected decline in per-policy premium amounts as a result of placing greater emphasis on third-sector products as we focus on improving profitability.

### Adjusted earnings

**EV at the end of fiscal 2011 is expected to be 478.8 billion yen. Adjusted earnings (change in EV) is projected to increase 39.0 billion yen.**

(Billions of yen)

| | FY2010 | | FY2011 | |
|---|---|---|---|---|
| | Results | YoY | Projections | YoY |
| **EV as at the end of the fiscal year** | 439.8 | 49.2 | **478.8** | **39.0** |
| **Change in EV excluding capital increase** | 49.2 | 17.0 | **39.0** | **(10.2)** |
| **Change in EV*** | 35.0 | 6.7 | **39.0** | **4.0** |

* Excluding the effects of changes in interest rates and underlying assumptions

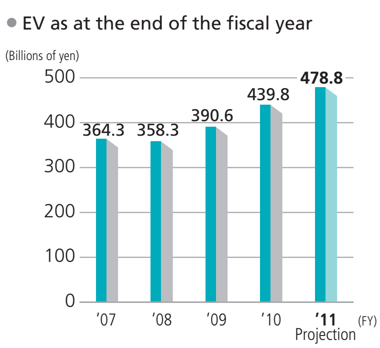
**Reference: Trends in EV and annualized premiums (ANP)**

(Billions of yen)

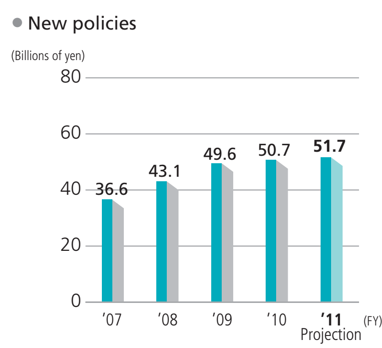
| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 |
|---|---|---|---|---|---|
| | Results | Results | Results | Results | Projections |
| EV as at the end of the fiscal year | 364.3 | 358.3 | 390.6 | 439.8 | 478.8 |
| Change in EV excluding capital increase | 29.1 | (6.0) | 32.2 | 49.2 | 39.0 |
| Change in EV* | 25.3 | 20.6 | 28.2 | 35.0 | 39.0 |
| ANP of new policies | 36.6 | 43.1 | 49.6 | 50.7 | 51.7 |
| ANP of in-force policies | 347.8 | 363.5 | 382.5 | 396.7 | 411.9 |

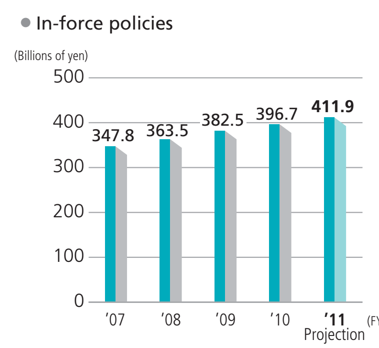
* Excluding the effects of changes in interest rates and underlying assumptions

**EV**




**Annualized premiums (ANP)**




## Tokio Marine & Nichido Life Business Strategy

**Product & service strategy**

**Aiming for top line growth driven by new products**

- Develop new products and improve flagship products in response to market needs

**Channel strategy**

**Non-life agents**
- Integrated approach through a combined life and non-life sales network
- Promote "Super Insurance"

**Life partners**
- Expand tie-up sales to the customer base of non-life agents

**Life professionals/Bancassurance**
- Expand the agent network and increase market share

**Pursue higher business efficiency**

**Renovate operating processes & implement cost reduction measures**
- Promote cashless transactions
- Promote sales accounting based on data transmission from agents
- Establish a central processing system for administrative tasks

### 1. Product and service strategies

Tokio Marine & Nichido Life will develop highly competitive products that accurately grasp diversifying customer needs. The company also aims to provide customers with comprehensive solutions by developing unique services in domains ranging from prevention to aftercare. This includes providing customers with health checks and giving them support in addressing their concerns in areas such as cancer and nursing care.

## 2. Channel strategies

Tokio Marine & Nichido Life will promote cross-selling by strengthening its integrated approach through a combined life and non-life sales network focused on the promotion of "Super Insurance" at non-life agents and by expanding tie-up sales to the customer base of non-life agents through life partners. Regarding life professionals and bancassurance, the company will expand its agent network and raise market share at existing agents by launching new products.

## 3. Pursue higher business efficiency

Tokio Marine & Nichido Life will reduce costs by pursuing higher business efficiency with measures that include promoting cashless transactions such as by having initial premium payments made via bank transfer, increasing our accounting for sales through the use of electronic data from insurance applications prepared by agents and cutting costs through higher efficiency by establishing a central processing system for accounting tasks. At the same time, we will strengthen sales support capabilities by building dedicated sales structures at individual sales offices.

# Tokio Marine & Nichido Financial Life

## Fiscal 2010 Results

Insurance premiums amounted to 110.6 billion yen, a decrease of 69.2 billion yen year on year, because we maintained a risk-restrictive sales stance based on the premises of controlling the amount of minimum-guaranteed risk. Tokio Marine & Nichido Financial Life recorded an ordinary loss of 2.3 billion yen in fiscal 2010, a 1.0 billion yen deterioration from the previous fiscal year. This was mainly because core products launched in fiscal 2010 had no upfront fees (no-load products) and thus sales cost for the first year of these policies was more front-loaded and was therefore largely reflected in the ordinary loss. This also resulted in a net loss of 2.5 billion yen.

(Billions of yen)

| | FY2009 | | FY2010 | | |
|---|---|---|---|---|---|
| | Results | YoY | Results | Change | YoY |
| **Ordinary income** | 483.7 | (14.8%) | **170.7** | **(312.9)** | **(64.7%)** |
| Insurance premiums and other | 182.3 | (59.7%) | **113.4** | **(68.9)** | **(37.8%)** |
| Insurance premiums | 179.8 | (60.1%) | **110.6** | **(69.2)** | **(38.5%)** |
| Investment income | 299.2 | 4,175.2% | **1.6** | **(297.5)** | **(99.4%)** |
| Gains on separate account | 298.8 | — | **—** | **(298.8)** | **(100.0%)** |
| Other ordinary income | 2.1 | (98.0%) | **55.6** | **53.5** | **2,494.7%** |
| Reversal of underwriting reserves | — | (100.0%) | **53.2** | **53.2** | **—** |
| **Ordinary expenses** | 485.0 | (13.0%) | **173.1** | **(311.8)** | **(64.3%)** |
| Insurance claims and other | 107.1 | 28.3% | **133.0** | **25.8** | **24.2%** |
| Insurance claims | 16.8 | 12.7% | **20.0** | **3.1** | **18.8%** |
| Surrender benefits | 45.1 | 35.6% | **58.0** | **12.9** | **28.7%** |
| Reinsurance premiums | 42.3 | 26.5% | **45.4** | **3.1** | **7.4%** |
| Provision for underwriting reserves and other | 358.1 | — | **—** | **(358.1)** | **(100.0%)** |
| Provision for underwriting reserves | 357.3 | — | **—** | **(357.3)** | **(100.0%)** |
| Investment expenses | 3.3 | (99.2%) | **28.3** | **25.0** | **749.8%** |
| Losses on separate account | — | (100.0%) | **28.2** | **28.2** | **—** |
| Operating expenses | 15.1 | (50.0%) | **10.8** | **(4.2)** | **(28.1%)** |
| Other ordinary expenses | 1.3 | (56.1%) | **0.9** | **(0.4)** | **(32.0%)** |
| **Ordinary profit (loss)** | (1.3) | (112.9%) | **(2.3)** | **(1.0)** | **—** |
| **Extraordinary gains** | 0.0 | (92.8%) | **0.0** | **0.0** | **151.9%** |
| **Extraordinary losses** | 0.0 | 143.2% | **0.0** | **0.0** | **90.9%** |
| **Income before income taxes** | (1.3) | (113.4%) | **(2.4)** | **(1.1)** | **—** |
| **Total income taxes** | 0.0 | 3.8% | **0.0** | **(0.0)** | **(24.7%)** |
| **Net income (loss)** | (1.3) | (113.5%) | **(2.5)** | **(1.1)** | **—** |

| | | | | | |
|---|---|---|---|---|---|
| **Core operating profit** | 2.5 | — | **(5.0)** | **(7.6)** | **(296.8%)** |
| **Solvency margin ratio** | 1,275.3% | | **1,161.1%** | **(114.2%)** | |

**Insurance premiums**

Insurance premiums amounted to 110.6 billion yen, a decrease of 69.2 billion yen (down 38.5%) year on year because we maintained a risk-restrictive sales stance based on the premises of controlling the amount of minimum-guaranteed risk and trimmed the product line-up in and after the third quarter.

### Net loss

Tokio Marine & Nichido Financial Life recorded a net loss of 2.5 billion yen, a deterioration of 1.1 billion yen from the previous fiscal year. This was primarily because core products launched in fiscal 2010 had no upfront fees (no-load products) and therefore sales costs were more front-loaded than for traditional products, resulting in a worsening of profitability.

### Solvency margin ratio

The solvency margin ratio declined 114.2 points from the end of the previous fiscal year to 1,161.1% as a result of a net loss of 2.5 billion yen and a 2.0 billion yen decrease in subordinated loans included in the solvency margin. Nevertheless, Tokio Marine & Nichido Financial Life continues to maintain the solvency margin ratio at a high level and preserves excellent soundness.

### Adjusted earnings

EV at the end of fiscal 2010 was 42.3 billion yen and adjusted earnings (the change in EV excluding capital increase) decreased 20.9 billion yen. This decrease was due mainly to the recording of a negative 7.2 billion yen differential between the assumptions and actual investment results due to a worsening of the investment environment.

## Fiscal 2011 Projections

Single-payment variable annuities (VA) premiums with minimum guarantees recorded strong sales up to 2008. However, due to the major changes in the business environment following the Lehman shock, the current environment is no longer conducive to the aggressive promotion of products with minimum guarantees, and sales of single-payment VA premiums are expected to remain at a low level. From this perspective, we will maintain our risk-restrictive sales stance and will focus on promoting variable annuity products that limit guarantee levels which we launched in February 2011 as core products. Accordingly, we project a 34.7 billion yen increase in insurance premiums and other to 148.2 billion yen. We also project a 2.5 billion yen improvement in net income to 0.0 yen. This is due to the promotion of business efficiency and further cuts in operating expenses and to the discontinuation of products with no upfront fees (no-load products) for which sales costs for the first year are more front-loaded and are reflected in the profits for that year.

(Billions of yen)

| | FY2010 | **FY2011** | |
|---|---|---|---|
| | Results | **Projections** | **Change** |
| **Ordinary income** | 170.7 | **150.4** | **(20.3)** |
| **Insurance premiums and other** | 113.4 | **148.2** | **34.7** |
| **Ordinary profit** | (2.3) | **0.0** | **2.4** |
| **Net income** | (2.5) | **0.0** | **2.5** |
| **Core operating profit** | (5.0) | **(0.6)** | **4.4** |

### Adjusted earnings

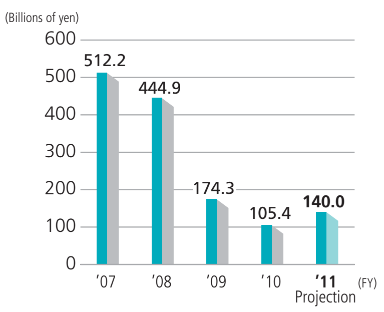
EV at the end of fiscal 2011 is expected to be 41.3 billion yen and adjusted earnings (change in EV) is expected to decrease 1.0 billion yen.

**Reference: Trends in EV and annualized premiums (ANP)**

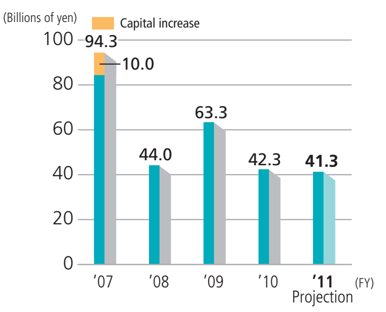
(Billions of yen)

| | FY2007 | FY2008 | FY2009 | FY2010 | **FY2011** |
|---|---|---|---|---|---|
| | Results | Results | Results | Results | **Projections** |
| **EV as at the end of the fiscal year** | 94.3 | 44.0 | 63.3 | 42.3 | **41.3** |
| **Change in EV excluding capital increase** | (14.4) | (50.2) | 19.2 | (20.9) | **(1.0)** |

**Single-payment premiums of variable annuities**




**EV as at the end of the fiscal year**



# International Insurance Business



A summary of results in the international insurance business in fiscal 2010 is as follows.

## Fiscal 2010 Results

**Net premiums written**

Net premiums written increased 8% year on year on a local currency basis driven by Asian non-life and life insurance businesses, and Philadelphia, Kiln and reinsurance companies, even as soft market conditions persisted in Europe and U.S. markets. Net premiums written in terms of the Japanese yen, however, decreased 17.5 billion yen, or 3% year on year, to 526.5 billion yen due to the negative impact of a strong yen.

### Adjusted earnings

Adjusted earnings decreased 51.7 billion yen, or 68% year on year, to 24.8 billion yen. This decrease was due to losses of 27.9 billion yen relating to the New Zealand and the Great East Japan earthquakes incurred in the January-March period of fiscal 2011 that were adjusted to be recognized on a consolidated basis in fiscal 2010.* Also underlying the decline in adjusted earnings was the absence of certain income-increasing factors peculiar to fiscal 2009 (significantly benign losses on natural catastrophes, growth in EV of Asian life insurers driven by a rise in Asian equity markets and the reversal of outstanding claims for prior years).

*See page 51.

(Billions of yen)

| | | | Net premiums written | | | Adjusted earnings | | |
|---|---|---|---|---|---|---|---|---|
| | | | FY2009 | **FY2010** | | FY2009 | **FY2010** | |
| | | | Results | **Results** | **YoY** | Results | **Results** | **YoY** |
| **FX Rate** | | Applied FX Rate | As of end-Dec 2009 | **As of end-Dec 2010** | | As of end-Dec 2009 | **As of end-Dec 2010** | |
| | | USD | 92.10 | **81.49** | | 92.10 | **81.49** | |
| | | GBP | 146.53 | **126.48** | | 146.53 | **126.48** | |
| **Non-Life** | Primary | Philadelphia | 172.8 | **160.8** | **(7%)** | 28.5 | **23.1** | **(19%)** |
| | | North America | 34.2 | **26.0** | **(24%)** | 8.3 | **5.0** | **(40%)** |
| | | South & Central America | 82.6 | **78.9** | **(4%)** | (6.1) | **(0.6)** | **—** |
| | | Europe & Middle East | 18.9 | **16.1** | **(15%)** | 1.1 | **1.1** | **+2%** |
| | | Asia (incl. China) | 61.4 | **63.8** | **+4%** | 5.2 | **5.4** | **+3%** |
| | | Primary Total | 370.4 | **345.8** | **(7%)** | 37.1 | **33.7** | **(9%)** |
| | Reinsurance | Reinsurance Companies (3 companies) | 56.9 | **52.4** | **(8%)** | 21.9 | **6.8** | **(69%)** |
| | | Kiln | 76.0 | **73.0** | **(4%)** | 10.5 | **10.0** | **(5%)** |
| | | Reinsurance Total | 132.9 | **125.4** | **(6%)** | 32.5 | **16.8** | **(48%)** |
| | Total Non-Life | | 503.4 | **471.3** | **(6%)** | 69.7 | **50.5** | **(27%)** |
| **Life** | | | 40.6 | **55.1** | **+36%** | 7.8 | **3.0** | **(62%)** |
| **Total of Non-Life and Life** | | | 544.0 | **526.5** | **(3%)** | 77.5 | **53.5** | **(31%)** |
| **Home Office Expense** | | | | | | (1.0) | **(0.7)** | |
| **Total of Non-Life and Life after H.O. Expense** | | | | | | 76.5 | **52.7** | **(31%)** |
| Adjustment relating to natural disasters in 1Q FY2011* | | | | | | | **(27.9)** | |
| **Total** (After the adjustment) | | | 544.0 | **526.5** | **(3%)** | 76.5 | **24.8** | **(68%)** |

* Large natural catastrophe losses of 27.9 billion yen (after tax) incurred from January to March 2011 (the New Zealand and the Great East Japan earthquakes) are included in FY2010 adjusted earnings (deducted from FY2011 projections) in accordance with financial consolidated accounting principles.

**Results by geographic region and company**

- PHLY

  For a brief summary, please refer to PHLY in a later section.

- North America

  Net premiums written decreased 24% year on year mainly due to increased competition and disciplined underwriting from the perspective of profitability in Japanese related business. Adjusted earnings decreased 40% year on year mainly due to the strong yen as well as to a decrease in the amount of reserve release compared with fiscal 2009.

- South & Central America

  Net premiums written decreased 4% year on year due to the impact of the strong yen in addition to a focus on the profitability of underwriting. However, on a local currency basis, net premiums written rose 3% year on year.

  Adjusted earnings improved 5.5 billion yen year on year to a loss of 0.6 billion yen due to the absence of any further tightening of the IBNR (Incurred but not reported) reserve accumulation method, which was a negative factor in fiscal 2009.

- Europe & Middle East

  Net premiums written decreased 15% year on year mainly due to intense competition for Japanese related business and the negative effects of the strong yen.

  Adjusted earnings remained essentially unchanged, as the negative impact of the strong yen was offset by the absence of a large loss incurred in Saudi Arabia in fiscal 2009.

- Asia

  Net premiums written rose 4% year on year due to increases in China, India and Thailand. On a local currency basis, net premiums written rose 11% year on year.

  Adjusted earnings increased 3% year on year mainly due to improved profitability of operations in India and Australia, which recorded losses in fiscal 2009.

- Reinsurance Business (excluding Kiln)

  For a brief summary, please refer to Reinsurance Business (excluding Kiln) in a later section.

- Life Insurance Business

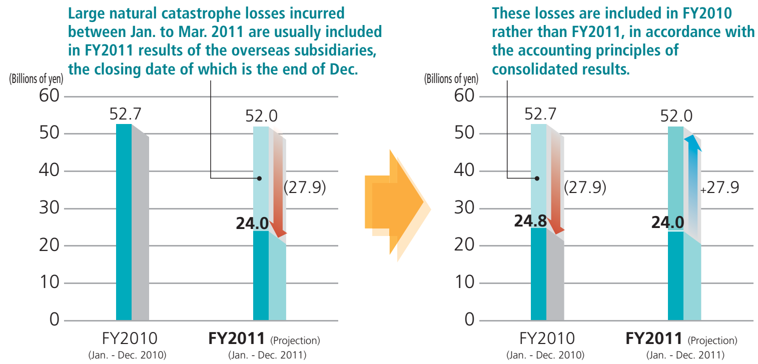
  Net premiums written increased 36% year on year driven mainly by the launch of new products and the expansion of new sales networks.

  Adjusted earnings decreased 62% year on year, despite an increase in the value of new policies, due to the absence of sharp growth in EV that was supported by a rise in Asian equity markets in the previous fiscal year.

### *Adjustment of losses from natural catastrophes

The settlement period for the international insurance business is January-December in conformance with the non-consolidated settlement periods of each overseas insurance company. Among the natural catastrophes occurring between January-March 2011, incurred losses from the New Zealand earthquake in February 2011 and the Great East Japan Earthquake in March 2011 (27.9 billion yen after tax) were adjusted (negative 27.9 billion yen) to be recognized in fiscal 2010 consolidated adjusted earnings in accordance with financial consolidated accounting principles.

[Before adjustment] [After adjustment]






## PHLY

### Net premiums written

Net premiums written continued to achieve robust growth with an increase of 5% year on year on a local currency basis, despite a low 1.0%* growth rate in the U.S. P&C (property and casualty) market average. On a yen basis, net premiums written decreased 12.0 billion yen, or 7.0% year on year, to 160.8 billion yen due to the impact of a strong yen.

### Adjusted earnings

Adjusted earnings decreased 5.3 billion yen, or 19% year on year, to 23.1 billion yen mainly due to a rise in the loss ratio resulting from the payment of insurance claims from natural catastrophes as well as the impact of a strong yen.

Although the combined ratio worsened 3.5 percentage points along with a rise in losses related to natural catastrophes, the combined ratio was nonetheless maintained at the favorable level of 89.3%, significantly lower than the average combined ratio of 102.1%* for the entire U.S. P&C market.

*Source: A.M. Best

**Fiscal 2010 results in USD**

(USD in millions)

| | Philadelphia | | |
|---|---|---|---|
| | FY2009*1 | FY2010 | |
| | Results | Results | YoY |
| **Net premiums written** | 1,877 | **1,974** | **+5%** |
| Net premiums earned | 1,797 | **1,924** | **+7%** |
| Incurred losses | 1,010 | **1,153** | **+14%** |
| Commission/Company expense | 532 | **566** | **+6%** |
| Underwriting profit | 251 | **209** | **(17%)** |
| Investment income (losses) | 240 | **184** | **(23%)** |
| Net income | 347 | **286** | **(18%)** |
| **Adjusted earnings** | 309 | **285** | **(8%)** |
| Loss ratio *2 | 56.2% | **59.9%** | **+3.7p** |
| Expense ratio *2 | 29.6% | **29.4%** | **(0.2p)** |
| Combined ratio *2 | 85.8% | **89.3%** | **+3.5p** |

*1 Merger-related expenses are not included.
*2 The denominator used is net premiums earned.

## Kiln

**Net premiums written**

Net premiums written decreased 3.0 billion yen, or 4% year on year, to 73.0 billion yen due to the negative impact of a strong yen, despite expanding the natural catastrophe business by our 100% owned syndicate. On a local currency basis that excludes the impact of the strong yen, net premiums written grew 11% year on year.

### Adjusted earnings

Adjusted earnings decreased 0.5 billion yen, or 5% year on year, to 10.0 billion yen due to the effects of the strong yen, despite an expansion in the business of our 100% owned syndicate and increases in investment income and in foreign exchange gains.

**Fiscal 2010 results in GBP**

(GBP in millions)

| | Kiln | | |
|---|---|---|---|
| | FY2009 | FY2010*2 | |
| | Results | Results | YoY |
| **Net premiums written** | 519 | **577** | **+11%** |
| Net premiums earned | 484 | **526** | **+9%** |
| Incurred losses | 231 | **274** | **+19%** |
| Commission/Company expense | 145 | **165** | **+14%** |
| Underwriting profit | 108 | **87** | **(20%)** |
| Investment income (losses) | 14 | **18** | **+28%** |
| Net income | 72 | **80** | **+10%** |
| **Adjusted earnings** | 72 | **79** | **+10%** |
| Loss ratio *1 | 47.7% | **52.1%** | **+4.4p** |
| Expense ratio *1 | 30.0% | **31.4%** | **+1.4p** |
| Combined ratio *1 | 77.6% | **83.5%** | **+5.9p** |

*1 The denominator used is net premiums earned.
*2 Losses incurred due to the New Zealand and the Great East Japan earthquakes which occurred from January to March 2011 are not reflected in the above figures.

## Reinsurance business (excluding Kiln)

**Net premiums written**

Net premiums written decreased 4.5 billion yen, or 8% year on year, to 52.4 billion yen due to the negative impact of a strong yen, despite the steady progress of growth strategies that included expanding the reinsurance business in the United States. On a local currency basis excluding the impact of the strong yen, net premiums written increased 5% year on year.

### Adjusted earnings

Adjusted earnings decreased 15.1 billion yen, or 69% year on year, to 6.8 billion yen due to losses incurred from natural catastrophes such as the New Zealand earthquake in September 2010 in addition to a decline in market rate levels.

These figures do not reflect the adjusted amount of losses associated with the New Zealand earthquake in February 2011.

## Fiscal 2011 Projections

### Net premiums written

Net premiums written is expected to increase 50.5 billion yen, or 10% year on year, to 577.0 billion yen, driven by marketing efforts along with solid economic growth in Asia and other emerging markets and economic recoveries in Europe and the United States.

### Adjusted earnings

Adjusted earnings is expected to increase 27.2 billion yen, or 110% year on year, to 52.0 billion due to an expected rebound from large natural catastrophe losses of 27.9 billion yen (after tax) incurred in the January-March quarter of 2011 that were included in adjusted earnings for fiscal 2010*.

*See page 51.

(Billions of yen)

| | Net premiums written | | | Adjusted earnings | | |
|---|---|---|---|---|---|---|
| | FY2010 | FY2011 | | FY2010 | FY2011 | |
| | Results | Projections | YoY | Results | Projections | YoY |
| Applied FX Rate | As of end-Dec 2010 | As of end-Mar 2011 | | As of end-Dec 2010 | As of end-Mar 2011 | |
| FX Rate — USD | 81.49 | 83.15 | | 81.49 | 83.15 | |
| FX Rate — GBP | 126.48 | 133.89 | | 126.48 | 133.89 | |
| Non-Life — Primary — Philadelphia | 160.8 | 170.0 | +6% | 23.1 | 22.0 | (5%) |
| Non-Life — Primary — North America | 26.0 | 28.0 | +8% | 5.0 | 2.0 | (60%) |
| Non-Life — Primary — South & Central America | 78.9 | 73.0 | (7%) | (0.6) | 1.0 | — |
| Non-Life — Primary — Europe & Middle East | 16.1 | 17.0 | +6% | 1.1 | 1.0 | (9%) |
| Non-Life — Primary — Asia (Incl. China) | 63.8 | 70.0 | +10% | 5.4 | 3.0 | (44%) |
| Non-Life — Primary — Primary Total | 345.8 | 358.0 | +4% | 33.7 | 29.0 | (14%) |
| Non-Life — Reinsurance — Reinsurance Companies (3 companies) | 52.4 | 51.0 | (3%) | 6.8 | (3.0) | — |
| Non-Life — Reinsurance — Kiln | 73.0 | 78.0 | +7% | 10.0 | (3.0) | — |
| Non-Life — Reinsurance — Reinsurance Total | 125.4 | 129.0 | +3% | 16.8 | (6.0) | — |
| Non-Life — Total Non-Life | 471.3 | 487.0 | +3% | 50.5 | 23.0 | (54%) |
| **Life** | 55.1 | 90.0 | +63% | 3.0 | 2.0 | (33%) |
| **Total of Non-Life and Life** | 526.5 | 577.0 | +10% | 53.5 | 25.0 | (31%) |
| **Home Office Expense** | | | | (0.7) | (1.0) | |
| **Total of Non-Life and Life after H.O. Expense** | | | | 52.7 | 24.0 | (54%) |
| Adjustment relating to natural disasters in 1Q FY2011* | | | | (27.9) | 27.9 | — |
| **Total** (After the adjustment) | 526.5 | 577.0 | +10% | 24.8 | 52.0 | +110% |

*See page 51.

**Projection of results by geographic region and business**

- PHLY

  For a brief summary, please refer to PHLY in a later section.
- North America

  Net premiums written is expected to increase 8% year on year due to an anticipated recovery in Japanese related business resulting from a pickup in the economy.

  Adjusted earnings is expected to decrease 60% year on year due to the decline in the amount of reserve release compared with fiscal 2010.
- South & Central America

  Net premiums written is expected to decrease 7% year on year mainly due to tightened underwriting standards focused on profitability.

  Adjusted earnings is expected to return to the black owing to improved profitability in auto insurance and the promotion of cost-cutting efforts.
- Europe & Middle East

  Net premiums written is expected to increase 6% year on year owing to a recovery in Japanese related business due to an economic rebound and to growth in indigenous businesses in the United Kingdom and France.

  Adjusted earnings is expected to decrease 9% year on year, as the loss ratio and investment income are expected to return to typical levels after having been better than usual in fiscal 2010.
- Asia

  Net premiums written is expected to increase 10% year on year owing to the anticipated expansion of underwriting in Japanese related business along with economic growth and the promotion of strategies to expand personal lines of business such as auto insurance.

  Adjusted earnings is expected to decrease 44% year on year due to large losses caused by the New Zealand earthquake.
- Reinsurance Business (excluding Kiln)

  For a brief summary, please refer to Reinsurance Business (excluding Kiln) in a later section.
- Kiln

  For a brief summary, please refer to Kiln in a later section.
- Life Insurance

  Net premiums written is expected to increase 63% year on year due to an expansion in various types of sales networks at each of our life insurance companies.

  Adjusted earnings is expected to decrease 33% year on year because the increase in net asset value is anticipated to return to an average-year level, despite an expected increase in the value of new businesses thanks to strengthened sales of highly profitable new products.

## PHLY

**Net premiums written**

Net premiums written is expected to increase 6% year on year due to strict underwriting discipline focused on profitability, even within the continued harsh competitive environment that includes a reduction in rates in the U.S. market.

### Adjusted earnings

Adjusted earnings is expected to decline 5% year on year owing to a deterioration in loss ratios caused by increased rating competition.

**Fiscal 2011 projections in USD**

(USD in millions)

| | FY2010 | FY2011 | |
|---|---|---|---|
| | Results | Projections | YoY |
| **Net premiums written** | 1,974 | **2,035** | **+3%** |
| **Adjusted earnings** | 285 | **260** | **(9%)** |

## Kiln

**Net premiums written**

Net premiums written is expected to increase 7% mainly due to the transfer of a portion of business from reinsurance company TMR (UK) and the expected continued weakening of the yen against the British pound.

### Adjusted earnings

Adjusted earnings is expected to be negative 3.0 billion yen because of large losses from the New Zealand and the Great East Japan earthquakes and because natural catastrophes from the second quarter onward (April-December) are expected to be at an average-year level.

**Fiscal 2011 projections in GBP**

(GBP in millions)

| | FY2010 | FY2011 | |
|---|---|---|---|
| | Results | Projections | YoY |
| **Net premiums written** | 577 | **584** | **+1%** |
| **Adjusted earnings** | 79 | **(19)** | **—** |

## Reinsurance business (excluding Kiln)

**Net premiums written**

Net premiums written is projected to decrease 3% year on year because the positive effects of opening new branch offices of Tokio Millennium Re (TMR) in Switzerland and Australia will likely be offset by the transfer of the facultative reinsurance business from TMR (UK) to our 100% owned syndicate (managed by Kiln).

### Adjusted earnings

Adjusted earnings is expected to be 3.0 billion yen mainly because of large losses from the New Zealand earthquake and because natural catastrophes from the second quarter onward (April-December) are expected to be at an average-year level.

## Tokio Marine Group International Insurance Business

### 1. International insurance business strategies

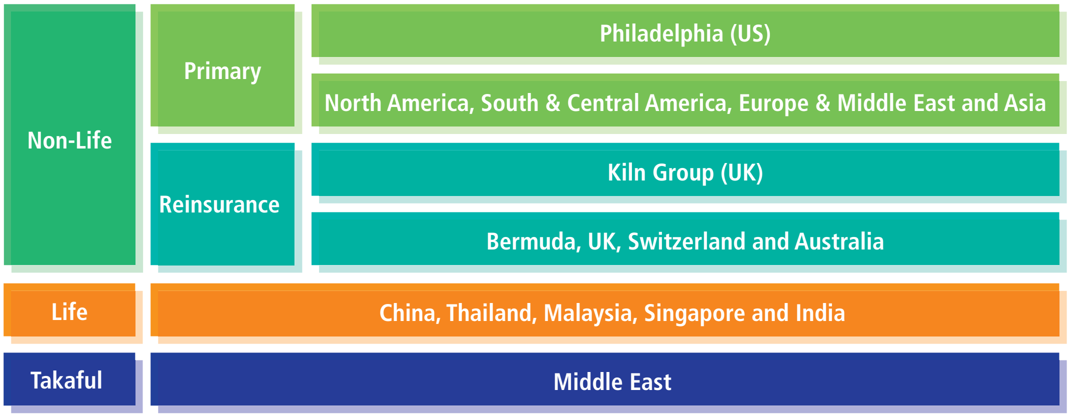
The international insurance business will strive to achieve organic growth in addition to promoting sound and dynamic initiatives that seek M&A possibilities on a global basis to expand revenue and profit and fuel the growth of the entire Group. The business policies to be implemented in each business sector are as follows.

- In Europe/U.S. commercial and reinsurance businesses, maintain disciplined underwriting amid a possible increase in market rates after a series of recent natural catastrophes.
- In non-life and life insurance in Asia and emerging markets, aim to expand revenue and profit through a diversity of sales networks along with solid market growth.
- In Japanese related business, enhance our ability to respond to the needs of Japanese companies as they further globalize their business.

### 2. State of international insurance business development

The Tokio Marine Group undertakes a diverse range of international insurance businesses globally that include the non-life insurance, life insurance and Takaful businesses. These operations are carried out in 427 cities in 39 countries and regions with 200 expatriates and approximately 20,400 local staff.

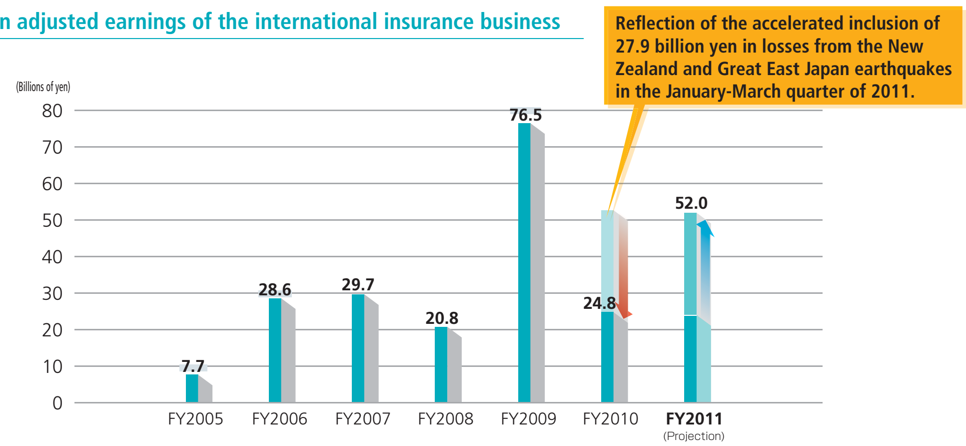
(Number of cities, countries and regions, and local staff is as of March 31, 2011. Number of expatriates is as of August 1, 2011.)



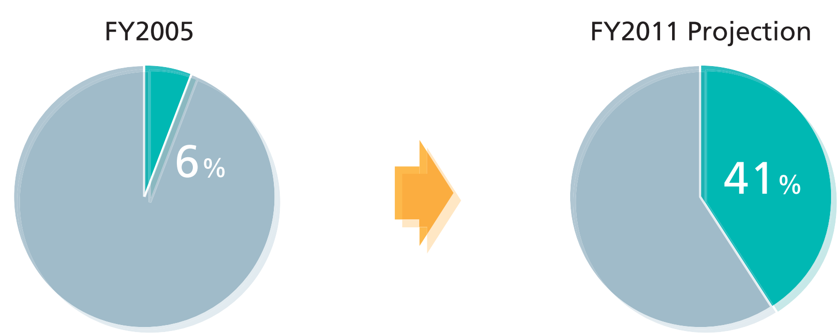
## 3. Trends in adjusted earnings in the international insurance business

Since fiscal 2003, adjusted earnings in the international insurance business has steadily expanded. Adjusted earnings in fiscal 2011 is expected to be over six times the amount recorded in fiscal 2005. Moreover, the proportion of the Tokio Marine Group's adjusted earnings accounted for by the international insurance business jumped sharply from 6% in fiscal 2005 to an expected 41% in fiscal 2011.

### Trends in adjusted earnings of the international insurance business




### Proportion of the Tokio Marine Group's adjusted earnings accounted for by the international insurance business



## Fiscal 2010 Results

In the financial and general businesses, negative adjusted earnings of 0.7 billion yen, a deterioration of 1.7 billion yen compared with the revised projection, was recorded. Despite an expansion in assets under management, mainly in the retail investment trust business of Tokio Marine Asset Management Co., Ltd., this was primarily due to the recognition of extraordinary losses mainly from an impairment loss related to nursing care facilities of Tokio Marine Nichido Samuel Co., Ltd.

## Fiscal 2011 Projections

Adjusted earnings in the financial and general businesses in fiscal 2011 is projected to increase 3.7 billion yen to 3.0 billion yen due to the reversal effect of negative factors in fiscal 2010.

## Tokio Marine Group Financial Business

### 1. Financial business strategy

In the financial business, we carry out businesses with high capital efficiency, centering on the asset management (fee-based) business, and thus contribute to an improvement of the Group's business portfolio and earnings growth.

### 2. Financial business affiliates

The principal Tokio Marine Group financial business affiliates engaged in the asset management business and a brief overview of these affiliates are shown in the table below.

Tokio Marine Asset Management Co., Ltd., established in 1985, has a total of approximately 5.2 trillion yen (end of fiscal 2010) in assets under management from its investment advisory and investment trust businesses and is a core company in the Group's financial business.

| Financial business affiliates | Assets under management (end of fiscal 2010, yen in billions) | Description of business |
|---|---|---|
| **Tokio Marine Asset Management Co., Ltd.** | **5,264.6** | Carries out investment advisory business for public pension plans and corporate pension plans, and the investment trust services business that includes managing and providing instructions for investment trusts. |
| **Tokio Marine Property Investment Management, Inc.** | **213.4** | Manages real estate investment funds for its institutional investor clients and supports corporate real estate (CRE) strategies of its corporate clients. |
| **Tokio Marine Capital Co., Ltd.** | **42.3** | Manages private equity funds for its institutional investor clients. |

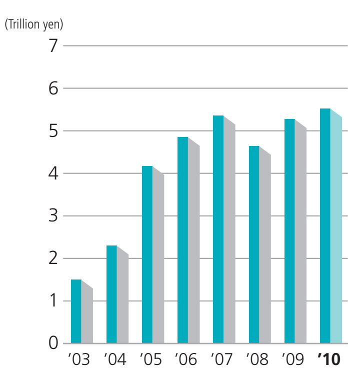
### 3. Assets under management

The assets under management of financial business affiliates in the Tokio Marine Group is steadily increasing. In particular, Tokio Marine Asset Management has been supported by a number of clients and has achieved substantial growth in assets under management based on its investment philosophy of "Proprietary, thorough research forms the foundation of our investments."

### 4. Fiscal 2011 Initiatives

We will strengthen our domestic retail investment trust business centering on Tokio Marine Asset Management. At the same time, we will strengthen cooperation with overseas subsidiaries in Singapore, London and New York while striving to globalize asset management projects, mainly in Asia, as well as promote the globalization of our customer bases, primarily in Asia and Europe.

**Trend in assets under management**



## 1. Summary of the Group's Asset Management Activities in Fiscal 2010

During the fiscal year ended March 31, 2011, the Tokio Marine Group meticulously carried out risk management to maintain a sound financial base. In addition, to meet payment obligations such as insurance claims and maturity refunds, the Tokio Marine Group continued its efforts to strengthen its asset liability management (ALM). Additionally, to ensure the financial security and liquidity of its assets, we implemented a policy of increasing bond holdings in our asset portfolio.

Despite an improvement in gains on derivatives (+36.8 billion yen year on year) due to the appreciation of the yen and an increase in gains (losses) on sales of securities (+56.3 billion yen year on year) due to the sale of business-related securities, investment income (losses) (investment income – investment expenses) declined 228.3 billion yen to 241.9 billion yen owing to the reversal of large gains on separate accounts* recorded by Tokio Marine & Nichido Financial Life in fiscal 2009 in line with a recovery in stock markets.

*On the statements of income, investment gains/losses on separate accounts of Tokio Marine & Nichido Financial Life are offset by provisions for or reversals of underwriting reserves, and therefore basically have a neutral effect on profit and loss.

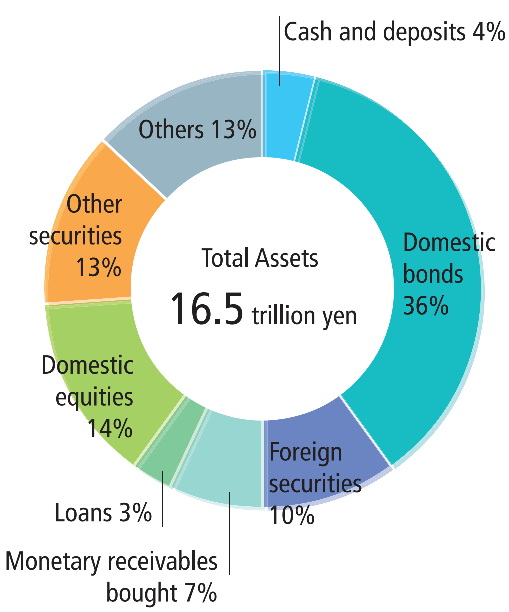
## 2. Group Asset Management Strategy

Each operating entity executes investment operation under the group-wide fundamental principle of asset management as a global insurance group, considering local environments in the insurance business and financial markets.

The Group's fundamental principles of its Group asset management strategy are as follows.

- Maintain liquidity as a major principle required of an insurance company.
- Execute ALM investments, in principle, for assets to support long-term insurance liabilities.
- Improve profitability within the range of risk tolerance in line with the characteristics of insurance liabilities, financial bases and investment environments at each Group company.

**Asset composition of Tokio Marine Holdings (Consolidated)** **(As of March 31, 2011)**




**Domestic bonds**
Mainly ALM bonds in Tokio Marine & Nichido and Tokio Marine & Nichido Life

**Foreign securities**
Mainly bonds of local countries in overseas subsidiaries

**Domestic equities**
Mainly business-related equities in Tokio Marine & Nichido

**Other securities**
Mainly assets in separate accounts in Tokio Marine & Nichido Financial Life

## 3. Tokio Marine & Nichido's Asset Management Policies in Fiscal 2011

The fiscal 2011 asset management policies of Tokio Marine & Nichido, a core Group company, are as follows.

### FY2011 asset management policy

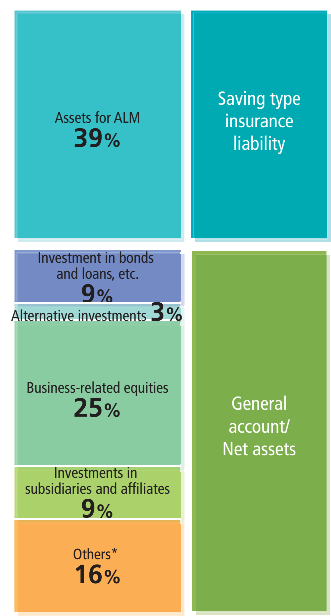
- Moderate recovery is expected to continue supported by high growth in emerging countries, while developed economies steadily improve. The Japanese economy is also expected to be stable as uncertainty in corporate earnings due to the earthquake subsidies.
- Remain vigilant towards a risk scenario in which the global economy could falter should increased inflation concerns in emerging countries lead to tight monetary and fiscal policies and sovereign risk in financially troubled countries worsens.

↓

- Based on the fundamental principle of "increasing Net Asset Value (NAV) in the medium to long term while securing liquid assets and stable profits required as an insurer":
  - Increase investment in highly liquid bonds, both domestically and internationally, in order to support payment of claims and stable profits
  - Carefully select alternative investments in order to contribute to profits under appropriate risk controls
  - Further accelerate reduction of business-related equities
  - In the execution of ALM, properly control interest risk and minimize the impact of changes

Tokio Marine & Nichido Balance Sheet
(As of March 31, 2011)

Total assets: 8.6 trillion yen




Note: "Others" include real estate (mainly for own use), non-investment assets, etc.

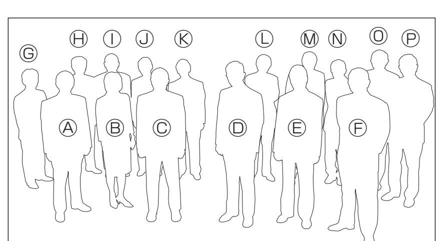
# Management System

## Directors and Corporate Auditors (As of July 1, 2011)

| | | |
|---|---|---|
| Chairman of the Board | | Kunio Ishihara |
| President | (Representative director) | Shuzo Sumi |
| Executive Vice President | (Representative director) | Hiroshi Amemiya |
| Senior Managing Directors | (Representative director) | Takaaki Tamai |
| | (Representative director) | Tsuyoshi Nagano |
| Managing Director | | Masashi Oba |

| | | |
|---|---|---|
| Directors | | Hiroshi Miyajima |
| | (Outside director) | Kunio Ito |
| | (Outside director) | Akio Mimura |
| | | Toshifumi Kitazawa |
| | (Outside director) | Mikio Sasaki |

| | | |
|---|---|---|
| Standing Corporate Auditors | | Toshiro Yagi |
| | | Toshiki Ohashi |
| Corporate Auditors | (Outside corporate auditor) | Hiroshi Fukuda |
| | (Outside corporate auditor) | Yuko Kawamoto |
| | (Outside corporate auditor) | Akinari Horii |




Ⓐ Tsuyoshi Nagano
Ⓑ Yuko Kawamoto
Ⓒ Kunio Ishihara
Ⓓ Shuzo Sumi
Ⓔ Hiroshi Amemiya
Ⓕ Takaaki Tamai
Ⓖ Toshiki Ohashi
Ⓗ Toshifumi Kitazawa
Ⓘ Akinari Horii
Ⓙ Mikio Sasaki
Ⓚ Akio Mimura
Ⓛ Kunio Ito
Ⓜ Hiroshi Fukuda
Ⓝ Hiroshi Miyajima
Ⓞ Masashi Oba
Ⓟ Toshiro Yagi

Tokio Marine Holdings, Inc. (the "Company"), in line with the Tokio Marine Group Corporate Philosophy, is committed to the continuous enhancement of corporate value by fulfilling its responsibilities to shareholders, customers, society, employees and other stakeholders. For this purpose, the Company hereby establishes a sound and transparent corporate governance system and, as a holding company, aims to exercise appropriate control over the Tokio Marine Group companies.

The Company has established its Corporate Governance Policies and is working to build and strengthen its governance structure in accordance with these policies. The Corporate Governance Policies of the Company shall be reviewed and amended as necessary to adapt to changes in the business environment.

## Corporate Governance Policies

### I. Management Organization

#### 1. The Board of Directors

**(1) Responsibilities of the Board of Directors and its Members**

The Board of Directors is responsible for decisions on important matters relating to the execution of the Company's business, for supervising the performance of individual directors, and establishing an effective internal control system. In addition, as the Board of Directors of a holding company, it is responsible for determining medium- to long-term business strategies and various basic business policies such as the Basic Policies for Internal Controls for the Tokio Marine Group.

Each director shall endeavor to enable the Board of Directors to fulfill these responsibilities and functions.

**(2) Composition of the Board of Directors**

The number of directors shall generally be approximately ten members, of whom, as a general rule, at least three shall be outside directors.

**(3) Directors' Term of Office**

Directors shall be appointed for a term of office of one year. Directors may be re-appointed.

#### 2. Corporate Auditors and the Board of Corporate Auditors

**(1) Responsibilities of Corporate Auditors and the Board of Corporate Auditors**

Corporate auditors, as an independent body entrusted by shareholders, shall audit the performance of directors, with the aim to ensure sound and fair management and accountability.

Corporate auditors shall endeavor to conduct a high quality audit in accordance with the regulations of the Board of Corporate Auditors, auditing standards, auditing policies and auditing plans determined by the Board of Corporate Auditors.

**(2) Composition of the Board of Corporate Auditors**

The number of corporate auditors shall generally be around five. As a general rule, a majority of the corporate auditors shall be outside corporate auditors.

#### 3. Nomination Committee and Compensation Committee

**(1) Responsibilities of the Nomination and Compensation Committees**

The Company shall have a Nomination Committee and a Compensation Committee to serve as advisory bodies to its Board of Directors.

The Nomination Committee shall deliberate on the following matters and report to the Board of Directors:

- The appointment and dismissal of directors (including non-members of the Board) and corporate auditors of the Company and its principal business subsidiaries*; and
- The criteria for the appointment of directors (including non-members of the Board) and corporate auditors of the Company and its principal business subsidiaries.

The Compensation Committee shall deliberate on the following matters and report to the Board of Directors:

- Evaluation of the performance of directors (including non-members of the Board) of the Company and its principal business subsidiaries; and
- The compensation system for directors (including non-members of the Board) and corporate auditors of the Company and its principal business subsidiaries and the level of compensation for full-time directors (including non-members of the Board) of the Company and its principal business subsidiaries.

*The term "business subsidiary" refers to companies in which the Company directly holds a majority of the voting rights.

**(2) Composition of Nomination and Compensation Committees**

The Nomination Committee and the Compensation Committee shall generally consist of approximately five members each. As a general rule, a majority of the members of each committee shall be selected from outside of the Company, and the chairman of each committee shall be one of the outside members.

## II. Compensation System for Directors and Corporate Auditors of the Tokio Marine Group

**(1) Determination Policy**

Basic policies for determining compensation for directors and corporate auditors of the Company and its principal business subsidiaries are as follows:

- Ensure "transparency," "fairness" and "objectivity" regarding compensation for directors (including non-members of the Board) and corporate auditors;
- Strengthen incentives for improving the business performance of the Company by introducing a performance-linked compensation system;
- Enhance accountability through sharing returns with shareholders by introducing compensation system linked to meeting the Company's business results indices based on the management strategy and Company share price; and
- Fully implement a performance-based pay system through processes designed to objectively evaluate individual performance of directors (including non-members of the Board) with respect to management objectives.

In order to determine the level of compensation for directors (including non-members of the Board) and corporate auditors, the company shall set the standard of compensation for each position, depending on the responsibilities of directors (including non-members of the Board) and corporate auditors, and take the business performance of the Company and the level of compensation of other companies into consideration.

**(2) Compensation of Directors and Corporate Auditors of the Company**

Compensation for full-time directors (including non-members of the Board) consists of three elements: fixed compensation, bonuses related to the business performance of the Company and the performance of the individual and stock options.

Compensation for part-time directors consists of two elements: fixed compensation and stock options.

Compensation for corporate auditors consists of one element: fixed compensation.

**(3) Compensation of Directors and Corporate Auditors of Principal Business Subsidiaries**

The compensation system for directors (including non-members of the Board) and corporate auditors of the Company's principal business subsidiaries shall generally be identical to that applied to directors (including non-members of the Board) and corporate auditors of the Company.

## III. Corporate Governance of Subsidiaries

**(1) Governance System**

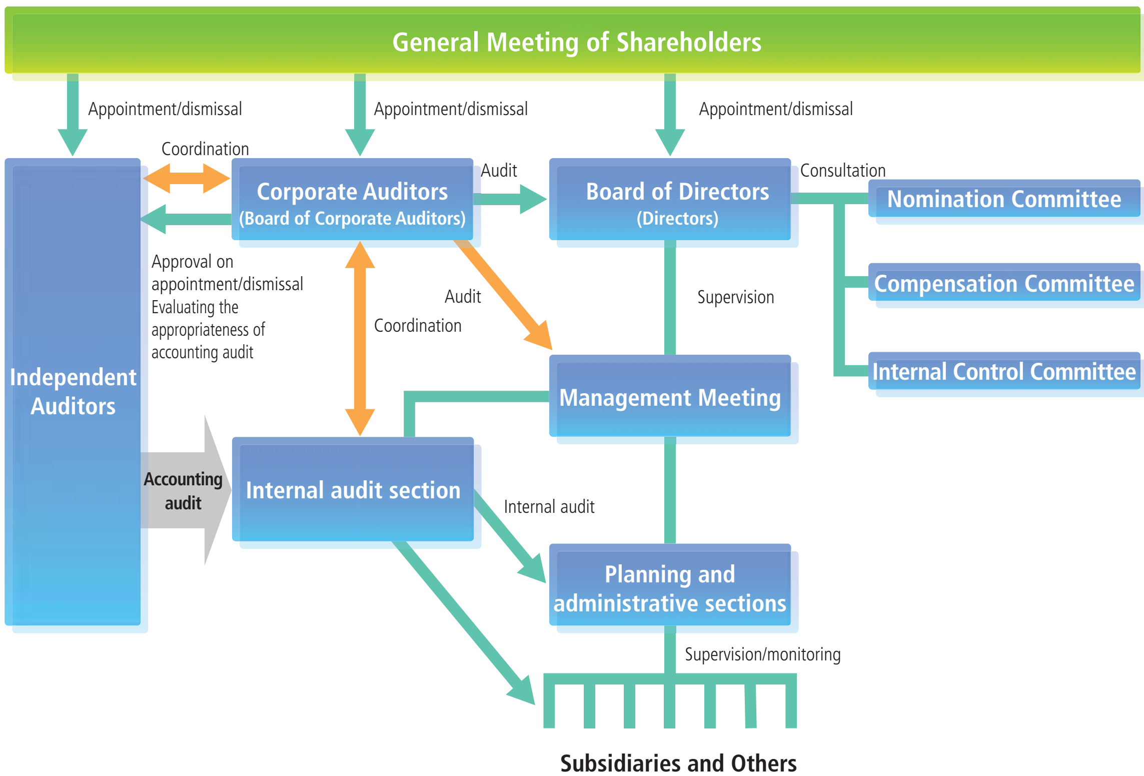
In the various basic business policies for the Tokio Marine Group, the Company shall prescribe basic terms for the management of the business subsidiaries and compliance, risk management and internal auditing of the Tokio Marine Group, and the Company shall manage its subsidiaries through the establishment and operation of a governance system based on these basis terms.

**(2) Evaluation of Business Results of the Business Subsidiaries**

The Company shall evaluate the business results of each business subsidiary of the Tokio Marine Group on an annual basis, comparing actual results with the Company's business results indices based on the management strategy. The results of such evaluations shall be considered in the determination of the compensation for the directors (including non-members of the Board) and corporate auditors of each business subsidiary.

Adopted on May 27, 2005
Revised on June 27, 2011
The Board of Directors of Tokio Marine Holdings, Inc.

In its Corporate Governance Policies, the Company has established a framework for its corporate governance system. The Company's corporate governance system aims to raise the effectiveness of audits and surveillance by having managers who execute business duties fulfill their responsibilities to provide explanations to outside directors and outside auditors at meetings of the Board of Directors. Moreover, we have set up the Nomination Committee and the Compensation Committee, which consist mainly of outside directors, to further raise the transparency of the processes for selecting as well as determining compensation for directors and auditors of the Company and principal Group companies. The Company has determined this is the optimal system at the present time.



# Internal Controls

In accordance with the Companies Act of Japan and the Enforcement Regulations of the Companies Act of Japan, the Company has formulated its Basic Policies for Internal Controls. Under the Basic Policies for Internal Controls, as a holding company, the Company prescribes the specific shape of various structures, beginning with a structure for overseeing the execution of proper business operations by each Group company, as well as for compliance, risk management, internal auditing, information storage and auditors' audits. In accordance with these basic policies, the Company appropriately builds and operates internal controls.

The Company has set up the Internal Control Committee. This committee formulates various types of policies and measures for matters concerning the establishment and operation of internal controls including compliance and risk management, evaluates their progress, deliberates on the state of improvements and reports the results to the Board of Directors.

## Basic Policies for Internal Controls

### 1. System for ensuring proper operations within the Tokio Marine Group (the "Group")

(1) Based upon the "Tokio Marine Group Corporate Philosophy", the Company, as the holding company presiding over the businesses of the Group, by establishing both the Group's basic policies for the administration of Group companies and a system of reporting to the Board of Directors, shall develop the Company's management system for all the Group companies.

a. The Company shall administer the business of Group companies under its direct management ("Subsidiaries and Others") by concluding business management agreements with them and through other means.

1) The Company shall provide Subsidiaries and Others with the Group's basic policies that form the fundamentals of the Group's management strategies and the Company's management.

2) Business strategies, business projects and other important plans by Subsidiaries and Others shall be subject to the Company's prior approval.

3) Subsidiaries and Others shall report to the Company their initiatives based on the Group's basic policies and the progress of their business plans.

b. The business management of Group companies other than Subsidiaries and Others shall, in principle, be made through Subsidiaries and Others.

(2) The Company shall establish the Group's basic policies for accounting, grasp its consolidated financial position and the Group companies' financial positions, and develop systems for obtaining approval from, and submitting reports to, shareholders and supervisory organizations and submitting tax returns to authorities in a proper manner.

(3) The Company shall establish the Group's basic policies for internal controls over financial reporting and develop systems for ensuring the appropriateness and reliability of financial reporting.

(4) The Company shall establish the Group's basic policies for disclosure, and develop systems for disclosing information on corporate activities in a timely and proper manner.

(5) The Company shall establish the Group's basic policies for management of intragroup transactions and develop systems for such transactions.

### 2. System for ensuring the execution of professional duties in accordance with applicable laws, regulations and the Articles of Incorporation

(1) The Company shall establish the Group's basic policies for compliance and develop compliance systems.

a. The Company shall establish a department supervising compliance.

b. The Company shall formulate "Group Code of Conduct" and ensure that all directors and employees of the Group respect such code of conduct and give top priority to compliance in all phases of the Group's business activities.

c. The Company shall have Subsidiaries and Others prepare compliance manuals and widely promote compliance within the Group by means of training on laws, regulations, internal rules and other matters which all directors and employees of the Group must respect.

d. The Company shall establish reporting rules in the event of a violation of laws, regulations or internal rules within any of the Subsidiaries and Others and, in addition to usual reporting routes, set up hotlines (an internal whistle-blower system) to an internal and external organization while keeping all directors and employees of the Group well informed as to the use of the system.

(2) The Company shall establish the Group's basic policies for the protection of customers' interests and maintain a customer-oriented policy in all phases of business in order to maintain a system for the protection of customers' interests.

(3) The Company shall establish the Group's basic policies for information security management and develop such systems.
(4) The Company shall establish the Group's basic policies against antisocial factions and groups, and in association with lawyers, police and other professionals, maintain its systems against such antisocial factions and groups, and respond to them in an organized and uncompromising manner by severing relationships with them and refusing unfair demands.
(5) The Company shall establish an internal audit department separate and independent of other departments, establish the Group's basic policies for internal audits of the Group, and maintain systems for efficient and effective internal audits within the Company and Group companies.

## 3. System for risk management

(1) The Company shall establish the Group's basic policies for risk management and maintain risk management systems.
  a. The Company shall establish a department supervising risk management.
  b. The Company shall perform risk management by following the basic processes of risk identification, evaluation and control, contingency planning, and assessment of outcomes through risk monitoring and reporting.
  c. The Company shall have each of the Subsidiaries and Others perform risk management appropriate to its types of business and its risk characteristics.
(2) The Company shall establish the Group's basic policies for integrated risk management and perform quantitative risk management across the entire Group to maintain credit ratings and prevent bankruptcies.
(3) The Company shall establish the Group's basic policies for crisis management and maintain systems for crisis management.

## 4. System for ensuring efficient execution of professional duties

(1) The Company shall formulate a medium-term management plan and an annual plan (including numerical targets, etc.) for the Group.
(2) The Company shall establish rules regarding the exercise of authority and construct an appropriate organizational structure for achieving its business purposes in order to realize efficient execution of operations through a proper division of responsibilities and a chain of command.
(3) The Company shall formulate rules for and establish a "Management Meeting", composed of directors, executive officers and other relevant persons, that shall discuss and report on important management issues.
(4) The Company shall establish an "Internal Control Committee" that shall formulate various basic policies and other measures concerning the Group's internal control systems, evaluate their progress, discuss how to improve them, and promote their development.
(5) The Company shall establish the Group's basic policies for IT governance, and develop systems for achieving IT governance.
(6) The Company shall establish the Group's basic policies for personnel matters with a view to enhancing productivity and corporate value through comprehensive efforts to enhance employees' satisfaction and pride in their work and promoting fair and transparent personnel management linked with proper performance evaluation.

## 5. System for preserving and managing information concerning the execution of directors' duties

The Company shall establish rules for the preservation of documents and other materials. The minutes of important meetings and documents containing material information regarding the execution of duties by the directors and the executive officers shall be preserved and managed appropriately in accordance with such rules.

## 6. Matters concerning support personnel to the corporate auditors and their independence from the directors

(1) The Company shall establish the Corporate Auditor's Office under the direct control of the corporate auditors for the purpose of supporting them in the performance of their duties. Upon request of the corporate auditors, the Company shall assign full-time employees having sufficient knowledge and ability to support the corporate auditors.
(2) Employees assigned to the Corporate Auditor's Office shall perform duties ordered by the corporate auditors and other work necessary for proceeding with audits, and such employees shall have the right to collect information necessary for audit purposes.

(3) Performance evaluations, personnel transfers and disciplinary action concerning such employees shall be made with the approval of the standing corporate auditors.

### 7. System of reporting to the corporate auditors

(1) Directors and employees shall regularly report to the corporate auditors on management, financial condition, compliance, risk management, internal audits and other matters, and in the event that they detect a material violation of laws, regulations or internal rules, or a fact likely to cause considerable damage to the Company, they shall immediately report thereof to the corporate auditors.
(2) Directors and employees shall regularly report to the corporate auditors on matters such as how the hotlines (the internal whistle-blower system) are used and important reports and consultations made.

### 8. Other systems for ensuring effective audits by the corporate auditors

(1) The corporate auditors shall attend meetings of the Board of Directors, have the right to attend "Management Meetings" and other important meetings and committees, and express their opinions.
(2) The corporate auditors shall have the right to inspect at any time the minutes of important meetings and other important documents relating to decisions approved by the directors and the executive officers.
(3) Directors and employees shall, at any time upon the request of the corporate auditors, explain matters concerning the execution of their duties.
(4) The Internal Audit Department shall strengthen its coordination with the corporate auditors by assisting in the audit process and through other means.

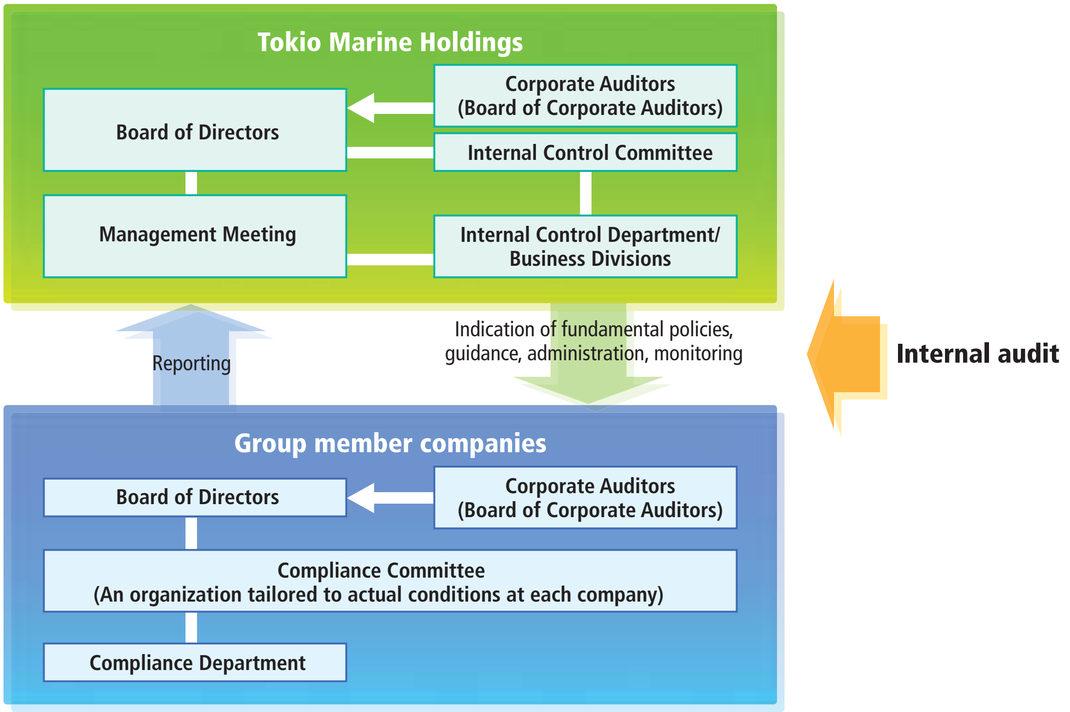
Adopted on May 2, 2006
Amended on April 1, 2011

# Compliance

The Tokio Marine Group defines compliance as "observing applicable laws, rules and regulations and internal regulations and conducting fair and equitable business activities within social norms" and thoroughly implements compliance in this manner. Additionally, the Company has formulated the Tokio Marine Group Code of Conduct that incorporates matters that directors, executive officers and employees should comply with from the perspective of compliance.

To thoroughly implement compliance as a Group, Tokio Marine has formulated the Tokio Marine Group Basic Policies for Compliance, which prescribes the role of the Company, its Subsidiaries and Others and the basic rationale regarding the implementation of compliance, and also prepares measures and policies for the entire Group. We have built a structure to ensure group-wide compliance through periodic monitoring of the state of compliance within the Group in addition to receiving reports on important matters, discussing and making decisions on these matters via the Board of Directors, Management Meeting and the Internal Control Committee, and when necessary, providing guidance and advice about the activities of subsidiaries.

Subsidiaries and Others shall build compliance structures suited to their respective businesses in accordance with the Tokio Marine Group Basic Policies for Compliance. At the same time, when these companies have subsidiaries under their own control, they will monitor the compliance structures of these subsidiaries. The Company's Subsidiaries and Others have established structures enabling organized responses for compliance by assigning compliance officers and persons in charge to each branch depending on the circumstances at Subsidiaries and Others, while establishing specialist departments for controlling internal compliance and compliance committees that formulate policies and measures for compliance as well as check on the state of compliance implementation.




### Hotline System (Internal Whistle-Blower System)

The Tokio Marine Group has installed hotlines as a system for handling reports and consultation from employees and the management of the Group member companies in the event a compliance-related issue has arisen or there is a likelihood of such an issue coming to the fore. An external hotline is also established at an external law office so that the persons making such reports are able to select the hotline most convenient for them.

The Group keeps personal information on individuals making such reports strictly confidential and ensures that such individuals are not put in a disadvantageous position.

# Internal Audits

Within the Tokio Marine Group, internal audits are executed based on the aim that "in order to play an effective role in achieving the Group's management targets, internal audits covering the full scope of operations performed in its business should not simply detect and point out problems in the internal office processes but also assess the internal controls and propose measures for improvements." Within Tokio Marine Holdings and its insurance subsidiaries, each company has its own internal audit department, which performs appropriate internal audits on key components of the internal controls, risk management and compliance, in accordance with the type and level of risks.

The Internal Audit Department of Tokio Marine Holdings directly carries out auditing and monitoring of the internal controls of those subsidiaries that do not have their own internal audit department.

The results of these audits are reported to the relevant person in charge at the Internal Audit Department of Tokio Marine Holdings and the Board of Directors of each member company of the Group. If any serious problem is found in the audit results, it is reported to the Board of Directors of Tokio Marine Holdings as well.

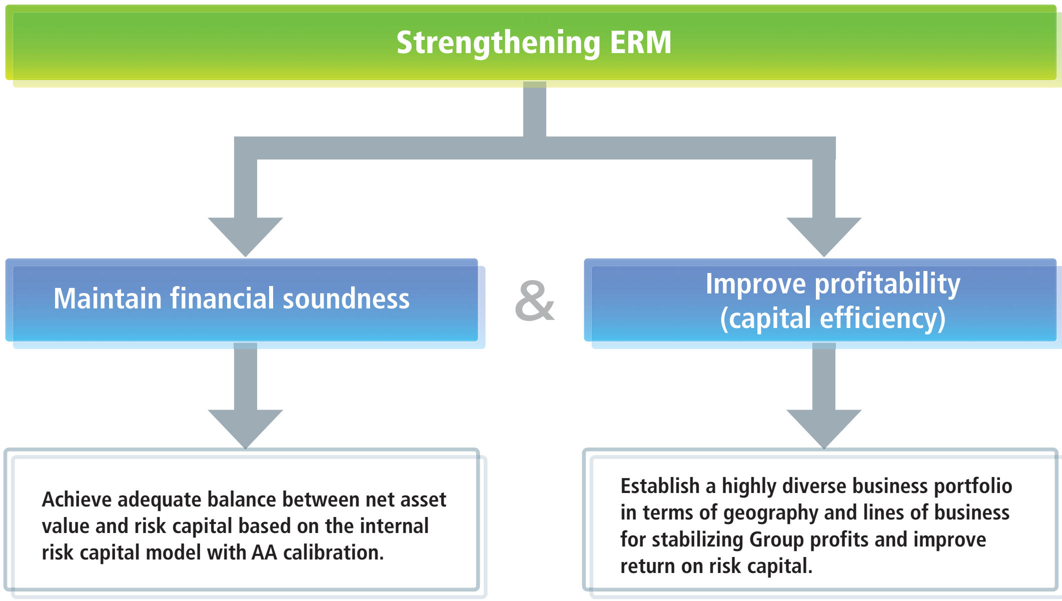
## Unified Framework of Internal Audits within the Tokio Marine Group

A set of unified Basic Policies for Internal Audits and Internal Audit Rules are applied to all internal audits that are performed by internal audit departments of the Group companies in order to ensure consistent internal auditing within the Tokio Marine Group. In addition, priority issues and checking points on internal audits are defined every year and internal audit plans of the Group companies require the prior approval of Tokio Marine Holdings. Through these approaches, Tokio Marine Holdings endeavors to enhance the consistency of internal auditing throughout the Group.

## Joint Audits

Basically, internal audit departments at each company undertake internal audits based on internal audit plans decided by the Board of Directors. However, to raise the effectiveness of internal audits as a Group, there are also cases in which we implement internal audits according to specific themes, such as systems security, that take an overview of all Group companies as well as implement joint internal audits whereby the Company's Internal Audit Department cooperates with the internal audit departments at each company.

## 1. Overall Profile of Risk-Based Management (ERM: Enterprise Risk Management)



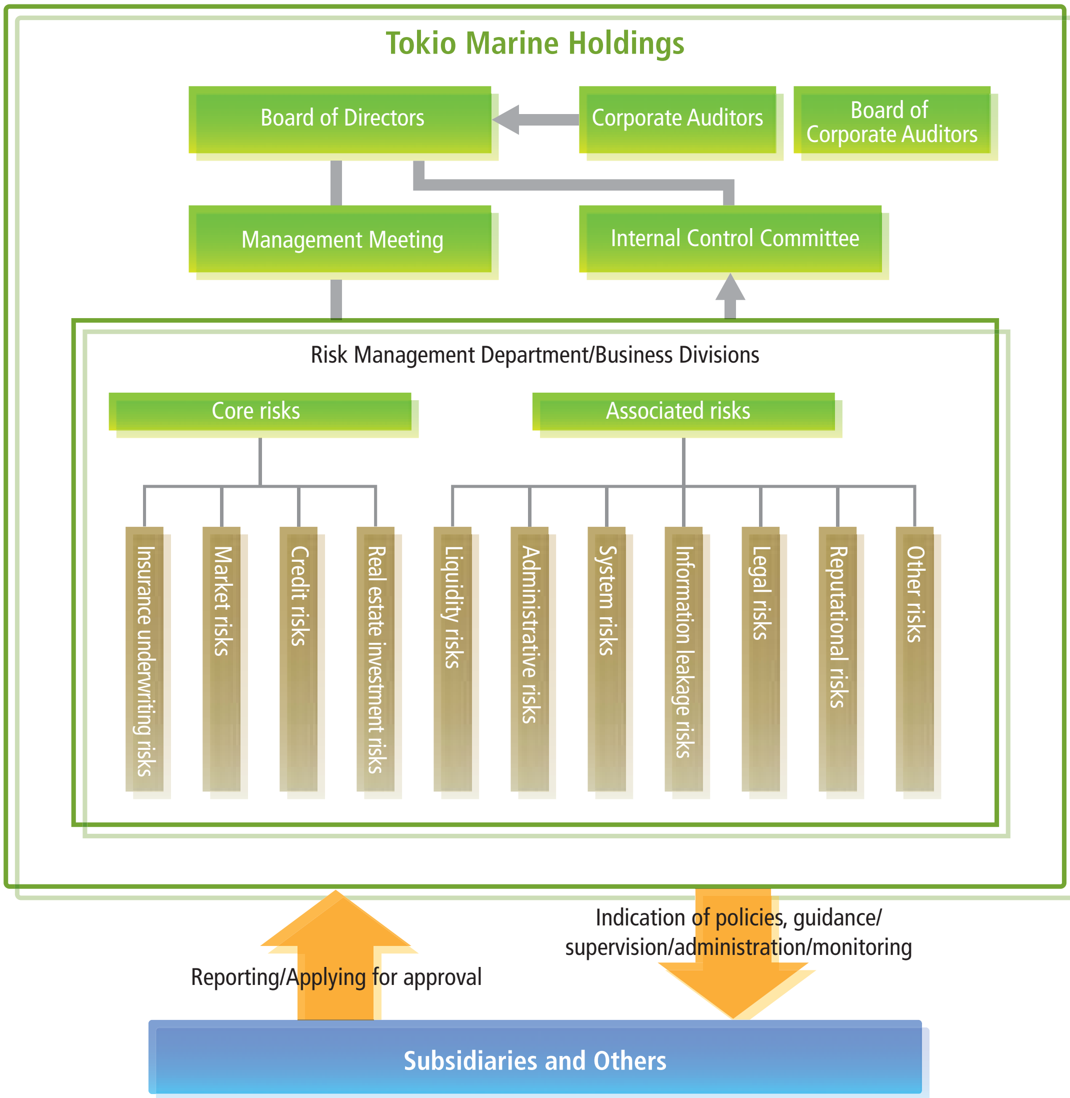

The Tokio Marine Group strives to maintain soundness and raise the profitability (capital efficiency) of the Group by strengthening its Risk-Based Management (ERM). Properly identifying and managing risks is necessary to "maintain financial soundness" and "improve profitability (capital efficiency)" in undertaking risk-based management.

## 2. Maintaining Financial Soundness

### (1) Risk Management System of the Tokio Marine Group

The Company formulates the basic policies concerning risk management for the entire Tokio Marine Group as well as ascertains the state of risks for the Group. Subsidiaries and Others manage risks on their own initiative in accordance with these basic policies.

Among the various risks, the Company recognizes that insurance underwriting risks and investment risks (market risks, credit risks and real estate investment risks) are risks (core risks) that must be managed in sources of earnings and the Company therefore actively manages these risks. The Company also identifies administrative risks, system risks and other risks pertaining to the Group's business activities and strives to prevent the occurrence of or reduce these risks as it works to execute proper risk management and ensure stable business operations.




### 1) Roles of Tokio Marine Holdings

Tokio Marine Holdings develops the basic policies for risk management of the Tokio Marine Group and promotes the enhancement and sophistication of the risk management system for the entire Group in accordance with the Tokio Marine Group's basic policies for risk management. The Company also manages quantitative risks for the Group (Refer to (3) Integrated Risk Management) in order to retain credit ratings and prevent bankruptcies.

### 2) Roles of Subsidiaries and Others

Subsidiaries and Others actively conduct their own risk management by developing their own risk management policies in line with the basic policies for risk management of the Tokio Marine Group.

## (2) Basic Policies for Risk Management

The Tokio Marine Group has developed the basic policies relating to risk management described below. Tokio Marine Holdings, its Subsidiaries and Others manage risks in line with these basic policies.

### 1) Basic Policies for Risk Management

The Basic Policies for Risk Management of the entire Group sets forth the department supervising risk management, definition of risks, organizations and guidelines for risk management that Subsidiaries and Others shall establish, and the issues that must be reported. Subsidiaries and Others conduct risk management based on the policies.

### 2) Basic Policies for Integrated Risk Management

The Tokio Marine Group has developed the Basic Policies for Integrated Risk Management, which establishes the fundamental matters concerning the quantitative risk management of the entire Group, definition of risk amount and returns, and the process for evaluation and monitoring of capital allocation plans.

### 3) Basic Policies for Crisis Management

The Tokio Marine Group has developed the Basic Policies for Crisis Management of the entire Group. The policies clarify the principles of actions in an emergency situation related to the measures to minimize losses and recover ordinary business operations and the crisis management systems that should be established by Subsidiaries and Others. Subsidiaries and Others establish risk management systems based on the policies.

## (3) Integrated Risk Management

Through integrated risk management, the Company quantitatively ascertains and properly manages every risk to ensure that any risk that emerges is within the scope of net asset value.

Net asset value mentioned here refers to net asset value to absorb losses if any risk emerges. It consists of adding various types of reserves such as the catastrophe loss reserve as well as the value of in-force life insurance policies to consolidated net asset value on the balance sheet and subtracting goodwill.

We also assume stress scenarios, such as a major natural catastrophe and turmoil in financial markets, that would create detrimental effects in the future and implemented stress tests to evaluate and analyze the impacts of such scenarios.

### 1) Risk quantification

The Tokio Marine Group quantifies potential losses on all risks that could arise within the given time horizons and that could exceed the given probability levels. The risk quantification method used is a risk indicator called "value at risk" (VaR). With the aim of maintaining an AA rating, the Company quantitatively measures risk, setting a probability level of 99.95% in consideration of past probabilities of bankruptcies for AA ratings.

### 2) Determination of allowable risk parameters

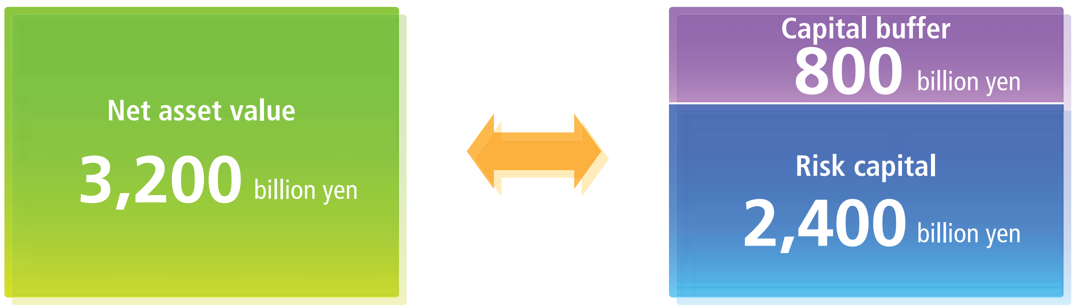
Integrated risk management aims to maintain ratings and prevent bankruptcies by keeping risk volume within the prescribed allowable parameters. The allowable risk parameter for the Tokio Marine Group as a whole has been defined in terms of an upper limit on the entire quantity of risk. While considering the level of net asset value, we determine this allowable risk quantity semiannually and properly manage operations so that risk quantity does not exceed this limit.

### 3) Evaluation and monitoring of capital allocation plans

Tokio Marine Holdings ensures that the expected risk volume is within the allowable risk parameters set out in the Group capital allocation plan. In other words, the Risk Management Department, which has an internal control function, checks and examines the capital allocation plans to make sure that they are appropriate in terms of net asset value. Moreover, the status of the risk volume is periodically monitored.

#### 4) State of net asset value and risk capital (as of the end of March 2011)

Regarding the status of the Tokio Marine Group's net asset value and risk capital as measured by the above processes, at the end of March 2011, net asset value stood at 3,200.0 billion yen, risk capital was 2,400.0 billion yen and the capital buffer was 800.0 billion yen. The Company maintained adequate net asset value for maintaining an AA rating. Capital buffer is the differential amount between net asset value and risk capital and serves as the capital reserve for responding to future changes in the financial and economic environments and for implementing new M&A strategies.




### (4) Strengthening Enterprise Risk Management (ERM)

The changes in the environment surrounding the Tokio Marine Group as well as the diversification of the Tokio Marine Group's business portfolio have also been accompanied by a diversification in the Group's risks. By strengthening its risk management structure, the Company is handling this new risk while continually upgrading and refining its risk quantification methods.

The Tokio Marine Group's approach to enterprise risk management (ERM) has also been acclaimed by external organizations. The ratings agency Standard & Poor's (S&P) evaluates the ERM systems of insurance companies as part of its credit rating determination process. Regarding this evaluation of ERM systems, Tokio Marine & Nichido Fire Insurance Co., Ltd., a subsidiary of the Company, was the only Japanese insurance company (non-consolidated basis) to receive a "Strong" evaluation. This "Strong" evaluation is the second-highest evaluation. Only around 15% of insurance companies around the world for which S&P evaluates have attained a rating of "Strong" or above.

## 3. Improving Profitability (Capital Efficiency)

### (1) Business Portfolio Management and Capital Allocation System

To continuously expand earnings (adjusted earnings), raise the Group's capital efficiency (adjusted return on equity (ROE)) and maximize corporate value, the Group carries out a relative evaluation of each business and prioritizes the allocation of management resources (business portfolio management). It is achieved by using risk/return indicators for each business and applying a scoring indicator covering market growth potential and profitability, competitive advantages and expected effects of strategies. Allocated management resources include funds, human resources and risk capital. By allocating these resources to business units and new businesses with even higher profitability and growth potential, we aim to improve the profitability and growth potential of our business portfolio.

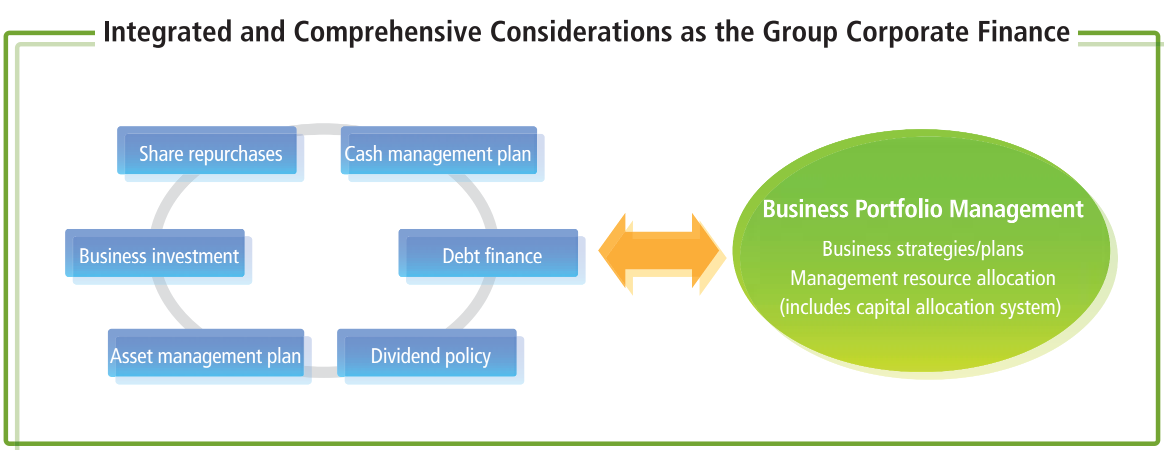
Following the prioritizing of management resources to each business field through business portfolio management, we determine a concrete risk capital allocation plan for each business. We call the structure for allocating risk capital the risk capital allocation system. Risk capital referred to here is not the amount of statutory capital but is identified as pseudo-capital based on a risk volume calculated by a uniform gauge of all types of risk.

The capital allocation system and integrated risk management are intricately related and based on the same risk evaluation methods. The Company maintains financial soundness through integrated risk management while the introduction of a decision-making process based on the quantitative analysis method enables us to select business units with deeper insights and to utilize limited capital more effectively.

### (2) Integrated and Comprehensive Discussions as Our Group Corporate Finance

We evaluate business plans under our business portfolio management and allocate capital based on these evaluations under our capital allocation system. Therefore, business plans and capital allocation are closely related. Additionally, because the execution of business plans also requires funds and risk capital, it is also necessary to ensure sufficient coordination with the Group Corporate Finance under which funds and risk capital are handled.

Aside from business portfolio management and the capital allocation system, the Tokio Marine Group also includes cash management, debt finance and shareholder returns as the Group Corporate Finance. All of these are organically linked and discussed at the Management Meeting and the Board of Directors Meeting.



## 4. Approach in Fiscal 2011

### (1) Capital Control

Despite the impact of the Great East Japan Earthquake, as previously mentioned, to maintain its AA rating the Tokio Marine Group continues to secure adequate capital and maintain its strong financial base. The Group also continuously pursues an appropriate balance between "maintaining financial soundness" and "increasing profitability (capital efficiency)."

The Group will flexibly implement share repurchases upon making comprehensive considerations that encompass further preparations for natural catastrophe risks, and the state of the financial and economic environments, and business investment opportunities.

### (2) Risk Control

In fiscal 2010, we sold approximately 187.0 billion yen of business-related equity holdings and plan to continue these sales in fiscal 2011 and reduce the market risk of business-related equity.

For investment risk, in accordance with the fundamental concept of ensuring the liquidity of assets and stability of profits as an insurance group, we will upgrade and expand our portfolio of highly liquid domestic and overseas bonds, which supports our ability to pay insurance claims and realize stable profits, and maintain our risk-restrictive stance.

We will continue to focus closely on trends in financial markets and the economic environment and will maintain our posture of making considerations and implementing measures to flexibly reduce risk in times of sudden changes in markets.

### (3) Development and Refinement of Risk Models and Other Infrastructures

We plan to continually develop more-sophisticated internal risk models, including a risk capital (integrated risk) model, within the Tokio Marine Group. We will also continue to develop various types of modeling infrastructures including upgrading databases and developing modules for fair value measurement of liabilities with a view to preparing for the adoption of International Financial Reporting Standards.

# Corporate Social Responsibility (CSR)

## Tokio Marine Group CSR Charter

The Tokio Marine Group considers that the execution of its Corporate Philosophy is equal to the fulfillment of CSR. The Group's goal is to increase the value it provides every stakeholder and, as a result, to increase its corporate value, which is the sum total of the value it provides all stakeholders, through realizing its Corporate Philosophy. It has established the Tokio Marine Group CSR Charter as a set of behavioral guidelines for implementation of such CSR practices.

### Tokio Marine Group CSR Charter

The Tokio Marine Group is committed to fulfilling its corporate social responsibilities (CSR) by implementing its Corporate Philosophy to achieve sustainable growth together with the development of society, in accordance with the following principles:

**Products and Services**

- We aim to provide society with products and services to meet the needs for safety and security.

**Respect for Human Rights and Dignity**

- We respect and actively promote the recognition of human rights for all people.
- We strive to ensure an energetic working environment that is both safe and healthy and to promote training and education of our employees.
- We respect the right to privacy and strive to enforce this right through the management of personal information.

**Protection of the Global Environment**

- Acknowledging that the protection of the global environment is an important responsibility for all corporate entities, we respect harmony with and improvement of the global environment in all of our activities.

**Contribution to Communities and Societies**

- As a member of various communities and societies, we respect the diversity of cultures and customs in different countries and regions, and we aim to contribute actively to society in response to the needs of the current era.

**Compliance**

- While striving to maintain high ethical standards at all times, we will pursue strict compliance in all aspects of our business activities.

**Communication**

- We intend to disclose information in a timely and appropriate manner and to promote dialogue with all our stakeholders to ensure effective corporate management.

## Participation in the United Nations Global Compact

In recognition of the fact that the concepts behind and details of the 10 principles for behavior in connection with human rights, labor practices, the environment and anti-corruption advocated in the United Nations Global Compact coincide with the Tokio Marine Group's approach to CSR initiatives and its CSR Charter, Tokio Marine Holdings has participated since 2005 in the United Nations Global Compact.

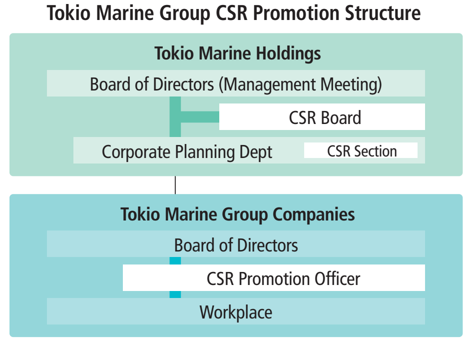
THE GLOBAL COMPACT
WE SUPPORT

## CSR Promotion Structure

The Tokio Marine Group has established the CSR Board chaired by the president of Tokio Marine Holdings with members consisting of the presidents of each of the Group's companies. The Board formulates fundamental CSR policies and plans for the entire Group in addition to monitoring the progress of such initiatives.

Each Group company promotes its own CSR activities in line with the policies and plans formulated by the Board. Additionally, Tokio Marine Holdings has established a CSR Section to coordinate CSR efforts across the Group and provide CSR support to each of the Group companies.

**Tokio Marine Group CSR Promotion Structure**



# Reducing Environmental Impacts from Business Activities

Aiming to reduce $CO_2$ emissions and become carbon neutral

## Overall Profile of Our Environmental Management

The Tokio Marine Group implements the Plan-Do-Check-Act (PDCA) cycle through environmental management systems (EMS)* at all principal Group companies as it strives to reduce environmental impacts from its business activities. Additionally, we expanded the scope of coverage for the environmental impact data to Group companies, and have now achieved approximately 100% coverage on a consolidated basis.

*Tokio Marine & Nichido (head office)/Tokio Marine & Nichido Facilities (head office): Obtained ISO 14001 certification
Tokio Marine & Nichido (excluding the head office) and other Group companies: Group's unique EMS

## Concept for Reducing Environmental Impacts

The Tokio Marine Group's primary environmental impacts are $CO_2$ emissions (electricity and gasoline) and paper usage (various types of pamphlets). We have positioned initiatives for reducing environmental impacts as one of our "Key CSR Issues" and are implementing countermeasures based on the following strategic concepts.

**1) Reduce:** Use energy-efficient buildings and facilities and achieve reductions and cut back on energy usage.
**2) Switch:** Switch to natural energy.
**3) Offset:** Remove $CO_2$ through mangrove planting and retirement of carbon credits (emissions credits).

The entire Tokio Marine Group (Japan/overseas) is promoting various measures for reducing environmental impacts and aims to become carbon neutral by the end of fiscal 2011.

A carbon neutral state means that $CO_2$ emitted in the course of a company's business activities is equivalent to the volume of $CO_2$ removed and reduced by way of mangrove planting, use of natural energy and retirement of carbon credits by such a company.

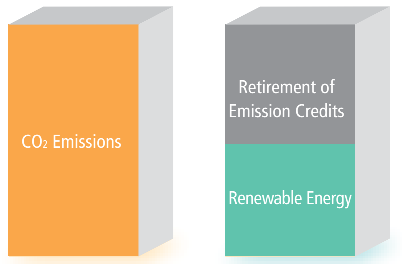
CSR

## Mangrove Planting for $CO_2$ Removal

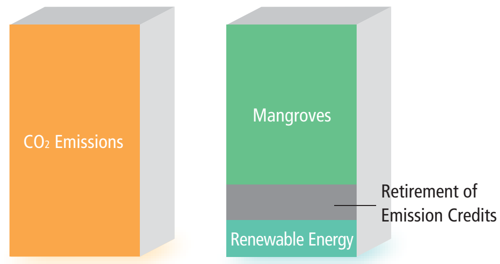
From 1999, Tokio Marine & Nichido began undertaking the Mangrove Planting Project in Southeast Asia under the concept "insurance that covers the earth's future." As of fiscal 2010 (year ended March 2011), a total of 6,824 hectares of mangroves had been planted.

Mangrove forests help prevent and reduce global warming by absorbing and stabilizing large amounts of $CO_2$. Therefore, we are incorporating the removal of $CO_2$ through mangrove planting as one initiative for becoming carbon neutral. This is a cutting-edge and unique initiative in Japan and overseas.

**General Carbon Offset**




**Tokio Marine Group's Carbon Offset**



## Environmental Impact Data

### Tokio Marine Group

Total $CO_2$ emissions by the Tokio Marine Group in fiscal 2010 amounted to 73,692 tons, including 60,235 tons in Japan and 13,457 tons overseas. For fiscal 2011, the Group has set a reduction target of 5% from the previous fiscal year.

| | | | | |
|---|---|---|---|---|
| Scope 1 | Direct | Gas, gasoline and others | **17,231** tons | (domestic: 13,790 tons, overseas: 3,442 tons) |
| Scope 2 | Indirect | Electricity, others | **52,147** tons | (domestic: 43,800 tons, overseas: 8,347 tons) |
| Scope 3 | Other | Business travel (Air travel) | **4,314** tons | (domestic: 2,645 tons, overseas: 1,669 tons) |

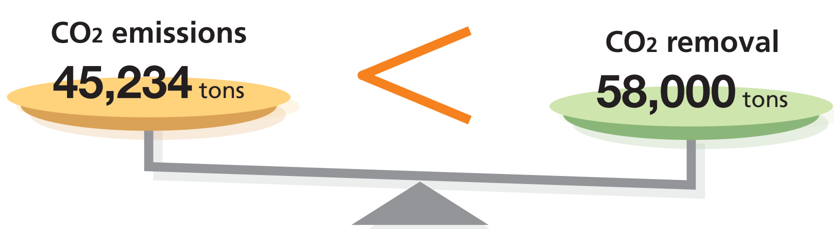
*The subject, activities, $CO_2$ emission and $CO_2$ removal volumes, and retirement of emission credits are pursuant to ISO 14064-1 and the "Calculation, Reporting and Publication System for Greenhouse Gas Emissions based on the Act on Promotion of Global Warming Countermeasures."
*Scope 3: Figures cover 73.5% of business travel (employee base)

| | | |
|---|---|---|
| Paper usage | **10,637** tons | (domestic: 9,462 tons, overseas: 1,174 tons) |

### Tokio Marine & Nichido

Tokio Marine & Nichido set a medium-term target of attaining a 40% reduction in $CO_2$ emissions by fiscal 2020 compared with the fiscal 2006 level and is currently progressing with $CO_2$ reduction measures. In fiscal 2010, $CO_2$ emissions amounted to 45,234 tons. At the end of fiscal 2010, Tokio Marine & Nichido became carbon neutral in its domestic operations.

*Calculations for $CO_2$ emissions, $CO_2$ removal through mangrove planting, use of renewable energy and $CO_2$ reduction through retirement of emission credits are verified by the company and Ernst & Young ShinNihon Sustainability Institute Co., Ltd., a third party.




| $CO_2$ emissions **45,234** tons | | | |
|---|---|---|---|
| Scope 1 | Direct | Gas, gasoline and others | **9,363** tons |
| Scope 2 | Indirect | Electricity, others | **34,284** tons |
| Scope 3 | Other | Business travel (Air travel) | **1,587** tons |

| $CO_2$ removal **58,000** tons | |
|---|---|
| $CO_2$ removal through mangrove planting | **58,000** tons |

# Protection of the Global Environment

The business activities of the Tokio Marine Group involve the consumption of various types of energy. In order to minimize the environmental burden of such activities, the Group is committed to promoting recycling and conserving resources by going paperless.

## Mangrove Planting Project

Tokio Marine & Nichido's Mangrove Planting Project was initiated in 1999 in seven countries across Southeast Asia, India and the South Pacific's Fiji Island. As of the end of March 2011, the project had planted 6,824 hectares of new forest in these regions.

Mangrove trees in these regions are not only essential in helping prevent global warming by absorbing large volumes of $CO_2$ but also serve as bulwarks against tsunamis and other natural disasters. In addition, by providing fishery and forestry resources essential to local livelihoods, mangrove trees contribute to stabilizing and improving the local living environment, as well as to achieving environmental sustainability on a global scale.

## "Green Lessons: The Mangrove Story" Staged Nationwide

Lesson in progress at Nagoya City Yaguma Elementary School

The Tokio Marine Group has developed an educational program, "Green Lessons: The Mangrove Story," to raise awareness of environmental issues among elementary school children in Japan.

The program is led by Group employees and agents who bring lessons to elementary schools or self-contained classrooms throughout Japan. Children learn about how the planting of mangrove trees contributes to ecosystem preservation and the prevention of global warming. As of fiscal 2010, approximately 30,600 school children at around 440 schools across Japan had received these lessons through the program.

## Tokio Marine & Nichido Acquires First Automobile Insurance Eco Mark Certification for Financial Products

Auto insurance with Eco Mark certification

On December 24, 2010, Tokio Marine & Nichido acquired the first auto insurance Eco Mark* certification for financial products from the Japan Environment Association.

The company was recognized mainly for the following initiatives: (1) Expanding the Green Gift Project whereby monetary funds equivalent to two mangrove trees are donated to organizations such as tree-planting related nongovernmental organizations (NGOs) when a customer chooses to view respective policies via the company website (Web contract) rather than by receiving the policy in booklet (paper) form; (2) Providing information regarding eco-safe driving and accident reduction through the company website; (3) Recommending the use of recycled parts when cars require repairs due to accidents; and (4) Offering premium discounts on auto insurance for eco-friendly cars such as hybrid cars, electronic vehicles and compressed natural gas vehicles.

Acquisition of Eco Mark certification is a significant accomplishment toward realizing management principles.

* The Eco Mark environmental label is granted to products that are approved for their environmental preservation effects, and to products that exert less impact on the environment throughout their lifecycles.

## Environment-Friendly New Asia Headquarters Building

Construction of Tokio Marine Centre (TMC), the Singapore-based Asia headquarters of the Tokio Marine Group was completed in October 2010.

The structure received a Gold Plus Award in the Green Mark category for exceptionally eco-friendly buildings, a first for a Japanese company. It was recognized by Singapore's Building & Construction Authority for energy efficiency through the use of low-energy air conditioning and lighting, efficient use of water by rainwater harvesting and rooftop greening.

# Contribution to Local Communities and Society

The business activities of the Tokio Marine Group are founded on the support of people of local communities, including customers and agents. In each region around the world, the companies of the Tokio Marine Group carry out social contribution activities focused on "safety and security," "protection of the global environment" and "growth of young people."

## CSR Months

Asia CSR Day in Singapore

The Tokio Marine Group designated October and November 2010 as CSR Months in which social contribution activities were performed based on topics common to different countries and regions of the world (environmental protection, youth development, and safety and security).

In Japan, besides holding workshops related to using Automated External Defibrillators (AED) and other life-saving devices for employees in each area and courses to foster support for dementia care, around 13,400 Group employees took part in various volunteer activities nationwide. Overseas, numerous Group personnel participated in volunteer and donation-related activities in different countries and regions such as Asia CSR Day (November 10; five countries in Asia), and cleanup events in urban areas and along coastlines.

## Social Contribution Activities through Foundations

Tokio Marine & Nichido promotes social contribution activities through three foundations with such aims as helping young people grow, encouraging international cultural exchange and promoting sports in the local community.

| Foundation | Summary |
|---|---|
| **Tokio Marine Kagami Commemorative Foundation** | Provides scholarships and educational training assistance to students at Japanese universities and graduate school exchange students from ASEAN nations |
| **The Tokio Marine Sports Foundation** | Promotes sports activities in local communities |
| **Tokio Marine & Nichido Educational Development Fund** | Provides assistance for education and to children orphaned through traffic accidents |

## Volunteers Make Terry Cloth Caps for Patients Undergoing Anti-Drug Treatment

On February 26, 2011, Tokio Marine & Nichido Life donated 1,015 terry cloth caps to Iwate Hospice Association in Morioka City for patients undergoing anti-cancer drug treatment. The caps were made a great deal of care and consideration by people affiliated with the Tokio Marine Group, including Tokio Marine & Nichido Life, and their families.

The idea to make the caps stemmed from a concept promoted by the citizens' group Iwate Hospice Association with the aims of supporting cancer patients and their families and giving patients fighting the disease courage. Tokio Marine & Nichido Life sponsored the activity and has cooperated in the production of the caps since 2009.

Terry cloth caps donated to Iwate Hospice Association

## Assistance Related to the Great East Japan Earthquake

The Tokio Marine Group donated the following amounts in support of the areas devastated by the Great East Japan Earthquake that struck in March 2011.

In addition to the above, the Company donated relief funds through The General Insurance Association of Japan and condolence money through The Life Insurance Association of Japan.

| Source | Amount Donated |
|---|---|
| **Domestic and overseas Group company employee and agent volunteers** | Approx. ¥121 million |
| **Domestic and overseas Group companies** | Approx. ¥79 million |
| **Tokio Marine Holdings matching donation** | ¥30 million |

# Disclosure and Investor Relations

We make every effort to disclose information about the Tokio Marine Group's current financial condition and future business development in a fair and understandable manner that facilitates precise and expeditious understanding for our investors and financial analysts.

* Investor relations (IR) refers to activities in which a company provides shareholders and investors with the information necessary for making judgments regarding their investments.

## Disclosure Policy of the Tokio Marine Group

We aim to disclose meaningful information regarding the Tokio Marine Group that enhances management transparency and fairness in connection with our "Corporate Social Responsibility".

**1. Disclosure Policy**

It is our policy to expeditiously disclose information in accordance with the "Securities Listing Regulations" stipulated by the Tokyo Stock Exchange.

We strive for timely, accurate and fair disclosure of other information that is relevant to our customers, shareholders and investors, representative offices and employees, as well as Japanese society at large.

**2. Disclosure Methods**

Disclosure pursuant to the Tokyo Stock Exchange rules, regulations and other requirements is made through the Timely Disclosure network, or TDnet, as well as the press and other appropriate means. We subsequently post the disclosed information on our website.

Other disclosure is made in a manner appropriate to the content of the relevant information.

**3. Disclaimer**

Disclosure made based on this Disclosure Policy is intended to accurately, expeditiously and fairly inform the public regarding the Tokio Marine Group's activities and is not intended to constitute an investment offer or solicitation.

Adopted on November 30, 2004
Revised on July 5, 2007
Revised on July 1, 2008
Revised on September 29, 2010

## IR Activities

Since its establishment in 2002, Tokio Marine Holdings has worked to provide shareholders and investors with timely, accurate information and to promote active dialogue with shareholders and investors. Opinions and suggestions received from shareholders and investors via various types of briefing sessions and one-on-one meetings are indispensable for realizing sound and highly transparent corporate governance. We truly value each opinion, and Group employees will work in concert to reflect these opinions in future operations.

### Summary of Fiscal 2010 IR Activities

A summary of IR activities implemented by the Company in fiscal 2010 is as follows. The Company works to provide explanations using a diversity of formats in accordance with the nature of the needs and interests of domestic and overseas shareholders and investors. In the future as well, we will undertake diverse IR initiatives.

| | | | |
|---|---|---|---|
| **IR Activities for Individual Investors** | Information briefings for individual investors | 1 time | Approximately 400 participants |
| | Securities company investment seminars | 2 times | Approximately 100 participants |
| **Activities for Institutional Investors** | Large meetings*1 | 2 times | Approximately 70 participants |
| | Small meetings *2 | 10 times | 77 companies |
| | Individual meetings | | 228 companies |
| | Quarterly results conference calls in Japan | 4 times (Japanese) | 330 companies |
| | Overseas investor meetings | 7 times | 155 companies visited |

*1 Large meetings are briefing sessions with several dozen participants.
*2 Small meetings are briefing sessions with between several and a dozen participants.

Information briefings for individual investors

## Awarded IR Prime Business Award by Japan Investor Relations Association (JIRA)

Tokio Marine Holdings was selected as one of the winners of the "IR Prime Business Award" for fiscal 2010 by the Japan Investor Relations Association ("JIRA") in November 2010. The awards honor publicly traded companies that have achieved excellent results in IR. This includes having a deep understanding of IR, focusing on IR activities and having strong support from relevant parties in the market. This award follows the IR Special Award garnered by Tokio Marine Holdings in fiscal 2008.

## Promoting Inclusion in Socially Responsible Investing (SRI)* Funds and Indexes

In recent years, attention has been focusing on Socially Responsible Investing (SRI), which evaluates companies from the perspective of sustainability in the economy, the environment and society. Tokio Marine Holdings has earned high assessments from SRI rating agencies in Japan and internationally and is being included in SRI funds and domestic and international indexes.

In September 2010, Tokio Marine Holdings was selected for the Dow Jones Sustainability World Index, a leading global index, which was a first for the Company in the insurance sector (top 13 companies).

* An investment method that aims for stable profits, SRI evaluates companies from social, ethical and environmental perspectives such as compliance with laws, contributions to the community and responses to global warming in addition to applying investment standards using traditional financial analysis.

## Tokio Marine Holdings Website

**http://www.tokiomarinehd.com/en/**

### Disclosure of Information via Our Website

Tokio Marine Holdings proactively discloses information on its website with regard to financial information, Group structure, management strategies and CSR activities. Through our website, we are striving to promote "visible IR" that familiarizes people with the Group and gives them a sense of trust. In addition, Tokio Marine Holdings provides webcasts of important IR events such as business results briefings, information briefings for investors and business plan presentations, and also offers videos such as interviews with the president.

Tokio Marine Holdings ranked number one in the insurance industry for the second consecutive year in the "Investor Relations Site Ranking 2011" by Gomez Consulting Co., Ltd. The Company was also chosen by Nikko Investor Relations Co., Ltd. as having the best website in the "Fiscal 2010 Listed Company Website Quality Ranking" (ranked number one by industry).


### Group Company Websites

Refer to the following websites regarding the information disclosure of each insurance company in the Tokio Marine Group.

#### Tokio Marine & Nichido Fire Insurance Co., Ltd.

**http://www.tokiomarine-nichido.co.jp/en/**


#### Nisshin Fire & Marine Insurance Co., Ltd.

**http://www.nisshinfire.co.jp/ (Japanese only)**


#### E. design Insurance Co., Ltd.

**http://www.edsp.co.jp/ (Japanese only)**


#### Tokio Marine Millea SAST Insurance Co., Ltd.

**http://www.tmssi.co.jp/ (Japanese only)**

### Tokio Marine & Nichido Life Insurance Co., Ltd.

**http://www.tmn-anshin.co.jp/ (Japanese only)**


### Tokio Marine & Nichido Financial Life Insurance Co., Ltd.

**http://www.tmn-financial.co.jp/ (Japanese only)**

# Financial Data

# Change in Key Business Indicators (Consolidated Basis)

(Yen in millions if not indicated specifically)

| | **FY2010 (April 1, 2010– March 31, 2011)** | FY2009 (April 1, 2009– March 31, 2010) | FY2008 (April 1, 2008– March 31, 2009) | FY2007 (April 1, 2007– March 31, 2008) | FY2006 (April 1, 2006– March 31, 2007) |
|---|---|---|---|---|---|
| Ordinary income | **3,288,605** | 3,570,803 | 3,503,102 | 3,710,066 | 4,218,557 |
| Net premiums written | **2,272,117** | 2,292,911 | 2,134,243 | 2,245,135 | 2,148,683 |
| Ordinary profit | **126,587** | 203,413 | (15,128) | 179,071 | 168,042 |
| Net income | **71,924** | 128,418 | 23,141 | 108,766 | 93,014 |
| Comprehensive income | **(196,554)** | — | — | — | — |
| Net assets | **1,904,477** | 2,184,795 | 1,639,514 | 2,579,339 | 3,410,707 |
| Total assets | **16,528,644** | 17,265,868 | 15,247,223 | 17,283,242 | 17,226,952 |
| Net assets per share (Yen) | **2,460.21** | 2,753.87 | 2,066.92 | 3,195.45 | 4,127.60 |
| Net income per share-Basic (Yen) | **92.49** | 163.04 | 29.13 | 133.54 | 112.10 |
| Net income per share-Diluted (Yen) | **92.42** | 162.96 | 29.12 | 133.50 | 112.07 |
| Capital ratio (%) | **11.41** | 12.56 | 10.68 | 14.83 | 19.73 |
| Return on equity: ROE (%) | **3.55** | 6.76 | 1.10 | 3.65 | 2.82 |
| Price-to-earnings ratio: PER (Ratio) | **24.05** | 16.15 | 82.22 | 27.56 | 38.89 |
| Net cash provided by operating activities | **183,579** | 371,562 | 527,964 | 822,143 | 1,367,717 |
| Net cash used in/provided by investing activities | **(97,121)** | 170,771 | (1,693,745) | (433,857) | (986,389) |
| Net cash used in/provided by financing activities | **(224,723)** | (159,974) | 104,189 | (66,404) | (51,018) |
| Cash and cash equivalents at end of year | **1,120,399** | 1,268,885 | 877,551 | 1,988,696 | 1,670,006 |
| Number of employees | **29,758** | 29,578 | 28,063 | 24,959 | 23,280 |

Note: Number of employees is head-count of staff currently at work.

## 1. Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Concerning Terminology, Formats and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976, hereinafter the "Consolidated Statements Regulations"). The consolidated financial statements have been also prepared in conformity with the Enforcement Regulations for the Insurance Business Law (Ministry of Finance Ordinance No. 5, 1996, hereinafter the "Insurance Law Enforcement Regulations"), as stipulated under Articles 46 and 68 of the Consolidated Statements Regulations.

The consolidated financial statements for the fiscal year ended March 31, 2010 were prepared in accordance with the Consolidated Statements Regulations and the Insurance Law Enforcement Regulations effective for fiscal 2010. The consolidated financial statements for the fiscal year ended March 31, 2011 have been prepared in accordance with the Consolidated Statements Regulations and the Insurance Law Enforcement Regulations effective for fiscal 2011.

The Company and its domestic consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Amounts less than ¥1 million have been omitted in the consolidated financial statements. As a result, the total thereto does not necessarily agree with the sum of the individual account balances.

## 2. Auditors' Certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, Tokio Marine Holdings' consolidated financial statements for the fiscal years ended March 31, 2010 and March 31, 2011 have been audited and certified by PricewaterhouseCoopers Aarata.

## 3. Conscious Steps to Achieve Appropriateness of the Consolidated Financial Statements

The Company takes conscious steps to achieve appropriateness of the consolidated financial statements. For example, the Company is a member of the Financial Accounting Standards Foundation, participates in the seminars associated with the accounting and audit firms, and subscribes to accounting specialized books in order to improve the structure, all of which enables the Company to appropriately understand the accounting standards and to coordinate with the changes in accounting procedures.

# Financial Statements of Tokio Marine Holdings and its Consolidated Subsidiaries

1 Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Yen in millions except %)

| | | As of March 31, 2011 | | As of March 31, 2010 | | Increase/ Decrease by Comparison |
|---|---|---|---|---|---|---|
| | Notes No. | Amount | Composition ratio (%) | Amount | Composition ratio (%) | |
| **Assets** | | | | | | |
| Cash and bank deposits | *4 | **398,488** | **2.41** | 452,194 | 2.62 | (53,705) |
| Call loans | | **207,541** | **1.26** | 116,511 | 0.67 | 91,030 |
| Receivables under resale agreements | | **121,967** | **0.74** | 150,969 | 0.87 | (29,002) |
| Receivables under security borrowing transactions | | **30,725** | **0.19** | 22,578 | 0.13 | 8,146 |
| Monetary receivables bought | | **1,080,670** | **6.54** | 1,339,172 | 7.76 | (258,502) |
| Money trusts | | **14,056** | **0.09** | 11,778 | 0.07 | 2,278 |
| Securities | *2*4*6 | **12,173,088** | **73.65** | 12,617,817 | 73.08 | (444,729) |
| Loans | *3*7 | **482,899** | **2.92** | 547,922 | 3.17 | (65,022) |
| Tangible fixed assets | *1 | **313,760** | **1.90** | 324,362 | 1.88 | (10,602) |
| Land | | **144,590** | | 152,561 | | (7,971) |
| Buildings | *4 | **139,144** | | 141,084 | | (1,940) |
| Construction in progress | | **6,604** | | 7,944 | | (1,340) |
| Other | | **23,421** | | 22,771 | | 649 |
| Intangible fixed assets | | **344,479** | **2.08** | 380,243 | 2.20 | (35,763) |
| Software | | **4,841** | | 5,858 | | (1,017) |
| Goodwill | | **258,022** | | 274,604 | | (16,582) |
| Other | | **81,616** | | 99,780 | | (18,164) |
| Other assets | *10 | **1,160,925** | **7.02** | 1,152,853 | 6.68 | 8,071 |
| Deferred tax assets | | **149,030** | **0.90** | 81,993 | 0.47 | 67,036 |
| Customers' liabilities under acceptances and guarantees | | **72,547** | **0.44** | 92,859 | 0.54 | (20,312) |
| Allowance for doubtful accounts | | **(21,536)** | **(0.13)** | (25,389) | (0.15) | 3,852 |
| **Total assets** | | **16,528,644** | **100.00** | 17,265,868 | 100.00 | (737,223) |
| **Liabilities** | | | | | | |
| Insurance liabilities | | **11,868,495** | **71.81** | 11,744,656 | 68.02 | 123,839 |
| Outstanding claims | *4 | **1,363,211** | | 1,222,169 | | 141,041 |
| Underwriting reserves | *4 | **10,505,284** | | 10,522,486 | | (17,202) |
| Corporate bonds | | **125,079** | **0.76** | 178,821 | 1.04 | (53,742) |
| Other liabilities | | **2,144,469** | **12.97** | 2,571,720 | 14.89 | (427,250) |
| Payables under security lending transactions | | **1,375,838** | | 1,580,405 | | (204,567) |
| Other liabilities | *4 | **768,631** | | 991,314 | | (222,683) |
| Retirement benefit obligations | | **166,199** | **1.01** | 160,053 | 0.93 | 6,146 |
| Retirement benefit obligations for directors and corporate auditors | | **18** | **0.00** | 12 | 0.00 | 5 |
| Provision for employees' bonus | | **22,424** | **0.14** | 24,953 | 0.14 | (2,528) |
| Provision for demolition of fixed assets | | **—** | | 1,603 | 0.01 | (1,603) |
| Reserve under the special law | | **65,855** | **0.40** | 61,401 | 0.36 | 4,454 |
| Price fluctuation reserve | | **65,855** | | 61,401 | | 4,454 |
| Deferred tax liabilities | | **37,864** | **0.23** | 113,528 | 0.66 | (75,664) |
| Negative goodwill | | **121,213** | **0.73** | 131,462 | 0.76 | (10,249) |
| Acceptances and guarantees | | **72,547** | **0.44** | 92,859 | 0.54 | (20,312) |
| **Total liabilities** | | **14,624,167** | **88.48** | 15,081,073 | 87.35 | (456,905) |
| **Net assets** | | | | | | |
| Shareholders' equity | | | | | | |
| Share capital | | **150,000** | **0.91** | 150,000 | 0.87 | — |
| Retained earnings | | **1,135,510** | **6.87** | 1,098,403 | 6.36 | 37,106 |
| Treasury shares | | **(109,749)** | **(0.66)** | (59,481) | (0.34) | (50,267) |
| **Total shareholders' equity** | | **1,175,760** | **7.11** | 1,188,921 | 6.89 | (13,160) |
| **Accumulated other comprehensive income** | | | | | | |
| Unrealized gains on securities, net of taxes | | **822,481** | **4.98** | 1,037,168 | 6.01 | (214,686) |
| Deferred gains/losses on hedge transactions | | **16,483** | **0.10** | 12,700 | 0.07 | 3,782 |
| Foreign currency translation adjustments | | **(128,181)** | **(0.78)** | (69,825) | (0.40) | (58,355) |
| **Total accumulated other comprehensive income** | | **710,783** | **4.30** | 980,043 | 5.68 | (269,260) |
| **Share acquisition rights** | | **1,426** | **0.01** | 1,102 | 0.01 | 324 |
| **Non-controlling interests** | | **16,506** | **0.10** | 14,727 | 0.09 | 1,778 |
| **Total net assets** | | **1,904,477** | **11.52** | 2,184,795 | 12.65 | (280,317) |
| **Total liabilities and net assets** | | **16,528,644** | **100.00** | 17,265,868 | 100.00 | (737,223) |

The accompanying notes are an integral part of the consolidated financial statements.

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
### Consolidated Statement of Income

(Yen in millions except %)

| | Notes No. | FY2010 (April 1, 2010–March 31, 2011) Amount | FY2010 Ratio (%) | FY2009 (April 1, 2009–March 31, 2010) Amount | FY2009 Ratio (%) | Increase/Decrease by Comparison |
|---|---|---|---|---|---|---|
| **Ordinary income** | | **3,288,605** | **100.00** | 3,570,803 | 100.00 | (282,197) |
| **Underwriting income** | | **2,874,082** | **87.40** | 2,968,150 | 83.12 | (94,067) |
| Net premiums written | | **2,272,117** | | 2,292,911 | | (20,794) |
| Deposit premiums from policyholders | | **125,301** | | 138,386 | | (13,084) |
| Investment income on deposit premiums | | **64,997** | | 66,502 | | (1,505) |
| Life insurance premiums | | **405,361** | | 464,799 | | (59,437) |
| Other underwriting income | | **6,304** | | 5,550 | | 754 |
| **Investment income** | | **347,757** | **10.57** | 536,385 | 15.02 | (188,628) |
| Interest and dividends | | **219,951** | | 206,959 | | 12,992 |
| Gains on money trusts | | **46** | | 1,219 | | (1,173) |
| Gains on trading securities | | **11,737** | | 8,316 | | 3,421 |
| Gains on sales of securities | | **137,446** | | 79,144 | | 58,301 |
| Gains on redemption of securities | | **1,222** | | 2,623 | | (1,400) |
| Gains on derivatives | | **30,405** | | — | | 30,405 |
| Investment gains on separate account | | **—** | | 298,893 | | (298,893) |
| Other investment income | | **11,945** | | 5,731 | | 6,213 |
| Transfer of investment income on deposit premiums | | **(64,997)** | | (66,502) | | 1,505 |
| **Other ordinary income** | | **66,766** | **2.03** | 66,267 | 1.86 | 498 |
| Amortization of negative goodwill | | **10,250** | | 10,264 | | (14) |
| Equity in earnings of affiliates | | **2,343** | | 2,752 | | (409) |
| Other ordinary income | | **54,172** | | 53,250 | | 921 |
| **Ordinary expenses** | | **3,162,018** | **96.15** | 3,367,389 | 94.30 | (205,371) |
| **Underwriting expenses** | | **2,512,937** | **76.41** | 2,734,036 | 76.57 | (221,098) |
| Net claims paid | | **1,339,724** | | 1,345,770 | | (6,045) |
| Loss adjustment expenses | *1 | **93,749** | | 94,841 | | (1,092) |
| Agency commissions and brokerage | *1 | **448,444** | | 464,950 | | (16,505) |
| Maturity refunds to policyholders | | **273,929** | | 278,729 | | (4,799) |
| Dividends to policyholders | | **509** | | 599 | | (89) |
| Life insurance claims | | **166,253** | | 104,130 | | 62,123 |
| Provision for outstanding claims | | **176,563** | | 9,152 | | 167,410 |
| Provision for underwriting reserves | | **7,016** | | 429,750 | | (422,734) |
| Other underwriting expenses | | **6,744** | | 6,111 | | 633 |
| **Investment expenses** | | **105,798** | **3.22** | 66,122 | 1.85 | 39,676 |
| Losses on money trusts | | **75** | | — | | 75 |
| Losses on sales of securities | | **13,694** | | 11,777 | | 1,917 |
| Impairment losses on securities | | **24,559** | | 28,729 | | (4,169) |
| Losses on redemption of securities | | **4,635** | | 5,705 | | (1,070) |
| Losses on derivatives | | **—** | | 6,476 | | (6,476) |
| Investment losses on separate account | | **28,282** | | — | | 28,282 |
| Other investment expenses | | **34,550** | | 13,433 | | 21,117 |
| **Operating and general administrative expenses** | *1 | **534,487** | **16.25** | 553,709 | 15.51 | (19,222) |
| **Other ordinary expenses** | | **12,660** | **0.38** | 21,808 | 0.61 | (9,148) |
| Interest paid | | **4,502** | | 7,173 | | (2,670) |
| Increase in allowance for doubtful accounts | | **729** | | 5,727 | | (4,998) |
| Losses on bad debts | | **149** | | 32 | | 117 |
| Amortization of deferred assets under Article 113 of the Insurance Business Law | | **1,061** | | 534 | | 526 |
| Other ordinary expenses | | **6,217** | | 8,340 | | (2,123) |
| **Deferred expenses under Article 113 of the Insurance Business Law** | | **(3,865)** | **(0.12)** | (8,286) | (0.23) | 4,421 |
| **Ordinary profit** | | **126,587** | **3.85** | 203,413 | 5.70 | (76,826) |

(Continued on following page)

(Yen in millions except %)

| | Notes No. | FY2010 (April 1, 2010– March 31, 2011) Amount | Ratio (%) | FY2009 (April 1, 2009– March 31, 2010) Amount | Ratio (%) | Increase/ Decrease by Comparison |
|---|---|---|---|---|---|---|
| **Extraordinary gains** | | **5,360** | **0.16** | 5,143 | 0.14 | 216 |
| Gains on disposal of fixed assets | | **2,980** | | 4,226 | | (1,245) |
| Gains on negative goodwill | | **55** | | — | | 55 |
| Gains on changes in equity of affiliates | | **76** | | — | | 76 |
| Other extraordinary gains | *2 | **2,247** | | 916 | | 1,330 |
| **Extraordinary losses** | | **24,263** | **0.74** | 27,429 | 0.77 | (3,166) |
| Losses on disposal of fixed assets | | **4,253** | | 3,414 | | 839 |
| Impairment losses on fixed assets | *3 | **5,390** | | 13,487 | | (8,096) |
| Losses on changes in equity of affiliates | | **—** | | 239 | | (239) |
| Provision under the special law | | **4,454** | | 4,951 | | (497) |
| Provision for price fluctuation | | **4,454** | | 4,951 | | (497) |
| Effect of initial application of Accounting Standard for Asset Retirement Obligations | | **3,029** | | — | | 3,029 |
| Other extraordinary losses | *4 | **7,135** | | 5,336 | | 1,798 |
| **Income before income taxes and non-controlling interests** | | **107,684** | **3.27** | 181,127 | 5.07 | (73,443) |
| **Income taxes-current** | | **59,752** | **1.82** | 67,475 | 1.89 | (7,722) |
| **Income taxes for prior period** | | **—** | **—** | 8,947 | 0.25 | (8,947) |
| **Income taxes-deferred** | | **(25,538)** | **(0.78)** | (25,834) | (0.72) | 296 |
| **Total income taxes** | | **34,213** | **1.04** | 50,588 | 1.42 | (16,374) |
| **Income before non-controlling interests** | | **73,470** | **2.23** | — | — | — |
| **Non-controlling interests** | | **1,546** | **0.05** | 2,120 | 0.06 | (574) |
| **Net income** | | **71,924** | **2.19** | 128,418 | 3.60 | (56,493) |

The accompanying notes are an integral part of the consolidated financial statements.

## Consolidated Statement of Comprehensive Income

(Yen in millions except %)

| | | FY2010 (April 1, 2010–March 31, 2011) | |
|---|---|---|---|
| | Notes No. | Amount | Ratio (%) |
| **Income before non-controlling interests** | | **73,470** | **2.23** |
| **Other comprehensive income** | | | |
| Unrealized gains on securities, net of taxes | | **(215,287)** | |
| Deferred gains/losses on hedge transactions | | **3,782** | |
| Foreign currency translation adjustments | | **(57,488)** | |
| Share of other comprehensive income of affiliates accounted for by the equity method | | **(1,031)** | |
| **Total other comprehensive income** | | **(270,024)** | **(8.21)** |
| **Total comprehensive income** | | **(196,554)** | **(5.98)** |
| Split between: | | | |
| Comprehensive income attributable to owners of the parent | | **(197,550)** | |
| Comprehensive income attributable to non-controlling interests | | **996** | |

The accompanying notes are an integral part of the consolidated financial statements.

Financial Data

### (3) Consolidated Statement of Changes in Shareholders' Equity

(Yen in millions)

| | FY2010 (April 1, 2010– March 31, 2011) | FY2009 (April 1, 2009– March 31, 2010) | Increase/ Decrease by Comparison |
|---|---|---|---|
| **Shareholders' equity** | | | |
| **Share capital** | | | |
| Beginning balance | **150,000** | 150,000 | — |
| Changes during the year | | | |
| Total changes during the year | **—** | — | — |
| Ending balance | **150,000** | 150,000 | — |
| **Retained earnings** | | | |
| Beginning balance | **1,098,403** | 1,006,891 | 91,512 |
| Changes in accounting policies applied to foreign affiliates | **6,264** | — | 6,264 |
| Changes during the year | | | |
| Dividends | **(39,904)** | (37,804) | (2,100) |
| Net income | **71,924** | 128,418 | (56,493) |
| Disposition of treasury shares | **(70)** | (42) | (27) |
| Changes in the scope of equity method | **(799)** | — | (799) |
| Others (Note) | **(307)** | 941 | (1,249) |
| Total changes during the year | **30,841** | 91,512 | (60,670) |
| Ending balance | **1,135,510** | 1,098,403 | 37,106 |
| **Treasury shares** | | | |
| Beginning balance | **(59,481)** | (59,663) | 181 |
| Changes during the year | | | |
| Repurchase of treasury shares | **(50,587)** | (97) | (50,489) |
| Disposition of treasury shares | **319** | 279 | 40 |
| Total changes during the year | **(50,267)** | 181 | (50,449) |
| Ending balance | **(109,749)** | (59,481) | (50,267) |
| **Total shareholders' equity** | | | |
| Beginning balance | **1,188,921** | 1,097,227 | 91,694 |
| Changes in accounting policies applied to foreign affiliates | **6,264** | — | 6,264 |
| Changes during the year | | | |
| Dividends | **(39,904)** | (37,804) | (2,100) |
| Net income | **71,924** | 128,418 | (56,493) |
| Repurchase of treasury shares | **(50,587)** | (97) | (50,489) |
| Disposition of treasury shares | **249** | 236 | 13 |
| Changes in the scope of equity method | **(799)** | — | (799) |
| Others (Note) | **(307)** | 941 | (1,249) |
| Total changes during the year | **(19,425)** | 91,694 | (111,120) |
| Ending balance | **1,175,760** | 1,188,921 | (13,160) |

(Continued on following page)

(Yen in millions)

| | FY2010 (April 1, 2010– March 31, 2011) | FY2009 (April 1, 2009– March 31, 2010) | Increase/ Decrease by Comparison |
|---|---|---|---|
| **Accumulated other comprehensive income** | | | |
| **Unrealized gains on securities, net of tax** | | | |
| Beginning balance | **1,037,168** | 608,106 | 429,062 |
| Changes during the year | | | |
| Net changes in items other than shareholders' equity | **(214,686)** | 429,062 | (643,749) |
| Total changes during the year | **(214,686)** | 429,062 | (643,749) |
| Ending balance | **822,481** | 1,037,168 | (214,686) |
| **Deferred gains/losses on hedge transactions** | | | |
| Beginning balance | **12,700** | 17,796 | (5,096) |
| Changes during the year | | | |
| Net changes in items other than shareholders' equity | **3,782** | (5,096) | 8,878 |
| Total changes during the year | **3,782** | (5,096) | 8,878 |
| Ending balance | **16,483** | 12,700 | 3,782 |
| **Foreign currency translation adjustments** | | | |
| Beginning balance | **(69,825)** | (95,297) | 25,471 |
| Changes during the year | | | |
| Net changes in items other than shareholders' equity | **(58,355)** | 25,471 | (83,827) |
| Total changes during the year | **(58,355)** | 25,471 | (83,827) |
| Ending balance | **(128,181)** | (69,825) | (58,355) |
| **Share acquisition rights** | | | |
| Beginning balance | **1,102** | 849 | 252 |
| Changes during the year | | | |
| Net changes in items other than shareholders' equity | **324** | 252 | 71 |
| Total changes during the year | **324** | 252 | 71 |
| Ending balance | **1,426** | 1,102 | 324 |
| **Non-controlling interests** | | | |
| Beginning balance | **14,727** | 10,832 | 3,895 |
| Changes during the year | | | |
| Net changes in items other than shareholders' equity | **1,778** | 3,895 | (2,117) |
| Total changes during the year | **1,778** | 3,895 | (2,117) |
| Ending balance | **16,506** | 14,727 | 1,778 |
| **Total net assets** | | | |
| Beginning balance | **2,184,795** | 1,639,514 | 545,280 |
| Changes in accounting policies applied to foreign affiliates | **6,264** | — | 6,264 |
| Changes during the year | | | |
| Dividends | **(39,904)** | (37,804) | (2,100) |
| Net income | **71,924** | 128,418 | (56,493) |
| Repurchase of treasury shares | **(50,587)** | (97) | (50,489) |
| Disposition of treasury shares | **249** | 236 | 13 |
| Changes in the scope of equity method | **(799)** | — | (799) |
| Others (Note) | **(307)** | 941 | (1,249) |
| Net changes in items other than shareholders' equity | **(267,157)** | 453,586 | (720,743) |
| Total changes during the year | **(286,582)** | 545,280 | (831,863) |
| Ending balance | **1,904,477** | 2,184,795 | (280,317) |

Note: "Others" in FY2010 consisted mainly of reclassification adjustments of tax effects initially appraised in accordance with accounting standards adopted by overseas consolidated subsidiaries. "Others" in FY2009 consisted mainly of: (i) reversal of valuation reserves in connection with deferred tax assets of overseas consolidated subsidiaries initially appraised in accordance with accounting standards adopted by those overseas consolidated subsidiaries; and (ii) valuation adjustments in connection with assets of overseas equity method affiliates initially appraised in accordance with accounting standards prescribed in the region or country in which those affiliates are located.

The accompanying notes are an integral part of the consolidated financial statements.

## (4) Consolidated Statement of Cash Flows

(Yen in millions)

| | Notes No. | FY2010 (April 1, 2010– March 31, 2011) | FY2009 (April 1, 2009– March 31, 2010) | Increase/ Decrease by Comparison |
|---|---|---|---|---|
| **I Cash flows from operating activities** | | | | |
| Income before income taxes and non-controlling interests | | **107,684** | 181,127 | (73,443) |
| Depreciation | | **31,058** | 57,025 | (25,966) |
| Impairment losses on fixed assets | | **5,390** | 13,487 | (8,096) |
| Amortization of goodwill | | **16,580** | 16,581 | (0) |
| Amortization of negative goodwill | | **(10,250)** | (10,264) | 14 |
| Gains on negative goodwill | | **(55)** | — | (55) |
| Increase in outstanding claims | | **178,182** | 8,704 | 169,477 |
| Increase in underwriting reserves | | **4,162** | 426,983 | (422,821) |
| (Decrease) increase in allowance for doubtful accounts | | **(3,688)** | 4,617 | (8,306) |
| Increase in retirement benefit obligations | | **6,160** | 11,543 | (5,382) |
| Increase in retirement benefit obligations for directors and corporate auditors | | **5** | 2 | 3 |
| (Decrease) increase in provision for employees' bonus | | **(1,942)** | 4,360 | (6,303) |
| (Decrease) in provision for demolition of fixed assets | | **(1,603)** | (1,755) | 151 |
| Increase in price fluctuation reserve | | **4,454** | 4,951 | (497) |
| Interest and dividends | | **(219,951)** | (206,959) | (12,992) |
| Net gains on securities | | **(105,010)** | (39,091) | (65,919) |
| Interest expenses | | **4,502** | 7,173 | (2,670) |
| Foreign exchange losses | | **24,772** | 13,460 | 11,312 |
| Losses (gains) on tangible fixed assets | | **2,830** | (840) | 3,670 |
| Equity in gains on affiliates | | **(2,343)** | (2,752) | 409 |
| Investment losses (gains) on separate accounts | | **28,282** | (298,893) | 327,176 |
| (Increase) decrease in other assets (other than investing and financing activities) | | **(22,161)** | 3,390 | (25,551) |
| (Increase) decrease in other liabilities (other than investing and financing activities) | | **22,140** | (42,036) | 64,177 |
| Others | | **2,932** | (1,478) | 4,411 |
| Subtotal | | **72,131** | 149,336 | (77,204) |
| Interest and dividends received | | **214,487** | 208,611 | 5,876 |
| Interest paid | | **(4,671)** | (7,901) | 3,229 |
| Income taxes paid/recovered | | **(102,649)** | 18,753 | (121,403) |
| Others | | **4,281** | 2,762 | 1,518 |
| **Net cash provided by operating activities** | | **183,579** | 371,562 | (187,982) |
| **II Cash flows from investing activities** | | | | |
| Net decrease in deposits | | **23,177** | 117,902 | (94,725) |
| Purchases of monetary receivables bought | | **(807,992)** | (757,838) | (50,154) |
| Proceeds from sales and redemption of monetary receivables bought | | **984,746** | 490,195 | 494,551 |
| Increase in money trusts | | **(3,000)** | (9,500) | 6,500 |
| Decrease in money trusts | | **692** | 7,629 | (6,937) |
| Purchases of securities | | **(3,480,949)** | (3,876,112) | 395,162 |
| Proceeds from sales and redemption of securities | | **3,394,623** | 3,227,391 | 167,231 |
| New loans | | **(200,828)** | (188,755) | (12,073) |
| Proceeds from collection of loans | | **261,983** | 252,546 | 9,437 |
| Change in cash collateral under security lending transactions | | **(251,372)** | 921,011 | (1,172,383) |
| Others | | **(3,570)** | 874 | (4,444) |
| II (a) Subtotal | | **(82,490)** | 185,345 | (267,835) |
| (I+II (a)) | | **101,088** | 556,907 | (455,818) |
| Purchases of tangible fixed assets | | **(24,235)** | (26,374) | 2,139 |
| Proceeds from sales of tangible fixed assets | | **9,604** | 11,988 | (2,384) |
| Payments to acquire equity of subsidiaries | | **—** | (188) | 188 |
| **Net cash (used in) provided by investing activities** | | **(97,121)** | 170,771 | (267,892) |

(Continued on following page)

(Yen in millions)

| | Notes No. | FY2010 (April 1, 2010– March 31, 2011) | FY2009 (April 1, 2009– March 31, 2010) | Increase/ Decrease by Comparison |
|---|---|---|---|---|
| **III Cash flows from financing activities** | | | | |
| Proceeds from borrowing | | **50,000** | 5,794 | 44,205 |
| Repayments of borrowing | | **(167,908)** | (88,379) | (79,528) |
| Proceeds from issuance of short-term corporate bonds | | **9,999** | — | 9,999 |
| Redemption of short-term corporate bonds | | **(10,000)** | — | (10,000) |
| Proceeds from issuance of corporate bonds | | **271** | 661 | (390) |
| Redemption of corporate bonds | | **(53,361)** | (121,826) | 68,465 |
| Change in cash collateral under security lending transactions | | **38,658** | 83,464 | (44,806) |
| Repurchases of treasury share | | **(50,587)** | (97) | (50,489) |
| Dividends paid | | **(39,848)** | (37,742) | (2,105) |
| Dividends paid to non-controlling interests | | **(249)** | (117) | (132) |
| Proceeds from paid-up share capital from non-controlling interests | | **1,140** | 974 | 166 |
| Others | | **(2,837)** | (2,705) | (131) |
| **Net cash used in financing activities** | | **(224,723)** | (159,974) | (64,748) |
| **IV Effect of exchange rate changes on cash and cash equivalents** | | **(10,220)** | 8,974 | (19,195) |
| **V Net (decrease) increase in cash and cash equivalents** | | **(148,485)** | 391,333 | (539,819) |
| **VI Cash and cash equivalents at beginning of year** | | **1,268,885** | 877,551 | 391,333 |
| **VII Cash and cash equivalents at end of year** | *1 | **1,120,399** | 1,268,885 | (148,485) |

The accompanying notes are an integral part of the consolidated financial statements.

## Significant Accounting Policies

| **FY2010**<br>**(April 1, 2010–March 31, 2011)** | FY2009<br>(April 1, 2009–March 31, 2010) |
|---|---|
| **1. Scope of consolidation**<br>(1) Number of consolidated companies: 58 companies<br>For details of Tokio Marine Holdings' consolidated subsidiaries, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data".<br>International Marine Insurance Managers SA (Pty) Ltd is excluded from the scope of consolidation beginning with the fiscal year ended March 31, 2011 because this company has been dissolved.<br>In the fiscal year ended March 31, 2011, TM Asia Life Malaysia Bhd. changed its name to Tokio Marine Life Insurance Malaysia Bhd. effective June 22, 2010; Millea Nihon Kousei SS Insurance Co., Ltd. changed its name to Tokio Marine Millea SAST Insurance Co., Ltd. effective July 1, 2010; TM Asia Life Singapore Ltd. changed its name to Tokio Marine Life Insurance Singapore Ltd. effective August 31, 2010; and Tokio Marine Global Ltd. changed its name to Tokio Millennium Re (UK) Limited effective January 1, 2011. | **1. Scope of consolidation**<br>(1) Number of consolidated companies: 59 companies<br>For details of Tokio Marine Holdings' consolidated subsidiaries, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data".<br>Waterloo Partners Ltd and one other company are excluded from the consolidation beginning with the fiscal year ended March 31, 2010 because these companies have been dissolved. |
| (2) Names of major non-consolidated subsidiaries<br>(No change) | (2) Names of major non-consolidated subsidiaries<br>Tokio Marine & Nichido Adjusting Service Co., Ltd. and Tokio Marine Capital Co., Ltd. are non-consolidated subsidiaries of the Company.<br>Each non-consolidated subsidiary is small in scale in terms of total assets, sales, net income or loss for the period and retained earnings. As such non-consolidated subsidiaries are not considered to materially affect any reasonable determination as to the Group's financial condition and results of operations, these companies are excluded from the consolidation. |
| **2. Application of the equity method**<br>(1) Number of affiliates accounted for by the equity method: 3 companies<br>(Names of major affiliates accounted for by the equity method)<br>First Insurance Company of Hawaii, Ltd.<br><br>Sino Life Insurance Co., Ltd. is no longer an affiliate accounted for by the equity method because of a decline in the percentage of total voting rights held as the result of the issuance of new shares to third parties during the fiscal year ended March 31, 2011. Praesidio Risk Managers (Pty) Ltd is no longer an affiliate accounted for by the equity method because all of its shares previously held by the Company were sold during the fiscal year ended March 31, 2011. | **2. Application of the equity method**<br>(1) Number of affiliates accounted for by the equity method: 5 companies<br>(Names of major affiliates accounted for by the equity method)<br>Sino Life Insurance Co., Ltd.<br><br>IDL Holding ApS and two other companies are no longer affiliates accounted for by the equity method because all of their shares previously held by the Company were sold during the fiscal year ended March 31, 2010. |
| (2) (No change) | (2) The non-consolidated subsidiaries (Tokio Marine & Nichido Adjusting Service Co., Ltd., Tokio Marine Capital Co., Ltd., etc.) and other affiliates (IFFCO-TOKIO General Insurance Co. Ltd., etc.) have not been accounted for by the equity method because these companies have had a minor effect on the Company's consolidated net income or loss for the current period as well as retained earnings, on a consolidated basis, respectively. |
| (3) (No change) | (3) The Company owns 30.1% of the total voting rights of Japan Earthquake Reinsurance Co., Ltd. through Tokio Marine & Nichido and Nisshin Fire. However, the Company does not consider Japan Earthquake Reinsurance Co., Ltd. to be its affiliate since it believes that it can not exert a significant influence on any policy making decisions of Japan Earthquake Reinsurance's operations given the highly public nature of the company. |

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| (4) (No change) | (4) With regard to any company accounted for by the equity method that has a different closing date from that of the consolidated financial statements, the financial statements of that company for its fiscal year are used for presentation in the consolidated financial results. |
| (Change in accounting policy)<br>The Company has applied "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, March 10, 2008) and "Immediate Treatment of Affiliates Accounted for under the Equity Method" (PITF No. 24, March 10, 2008) from the fiscal year ended March 31, 2011 and made necessary adjustments required for its consolidated financial reporting.<br>There is no significant impact of the change on ordinary profit and income before income taxes and non-controlling interests. | — |
| **3. Balance sheet date of consolidated subsidiaries**<br>There are one domestic subsidiary and 48 overseas subsidiaries whose balance sheet dates are December 31. Their financial statements are used for the preparation of the consolidated financial statements on the basis of their respective balance sheet dates due to the difference between the balance sheet dates of the subsidiaries and that of the consolidated financial statements is no more than three months. Appropriate adjustments for the consolidation are made for material transactions that occur during the periods from their respective balance sheet dates to the consolidated balance sheet date. | **3. Balance sheet date of consolidated subsidiaries**<br>There are one domestic subsidiary and 49 overseas subsidiaries whose balance sheet dates are December 31. Their financial statements are used for the preparation of the consolidated financial statements on the basis of their respective balance sheet dates due to the difference between the balance sheet dates of the subsidiaries and that of the consolidated financial statements is no more than three months. Appropriate adjustments for the consolidation are made for material transactions that occur during the periods from their respective balance sheet dates to the consolidated balance sheet date. |
| **4. Accounting policies**<br>(1) Valuation of securities<br>a. (No change) | **4. Accounting policies**<br>(1) Valuation of securities<br>a. Trading securities are valued by the mark-to-market method, with the costs of their sales being calculated based on the moving-average method. |
| b. (No change) | b. Held-to-maturity debt securities are recorded by using the amortized cost method based on the moving-average method (straight-line depreciation method). |

| **FY2010** **(April 1, 2010–March 31, 2011)** | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| c. (No change) | c. Debt securities earmarked for underwriting reserves are stated at amortized cost under the straight-line method in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Underwriting Reserve in Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (the "JICPA"), November 16, 2000.<br>The amount of debt securities earmarked for underwriting reserves recorded on the consolidated balance sheet and their market value are presented under "(Securities), 3. Bonds earmarked for underwriting reserves" below.<br>The following is a summary of the risk management policy concerning debt securities earmarked for underwriting reserves.<br>In order to adequately manage interest rate risk related to assets and liabilities, Tokio Marine & Nichido Life has established the following underwriting reserve subgroups: "the dollar-denominated underwriting reserve for insurance policies during the period of deferment regarding individual annuity insurance denominated in U.S. dollars with a policy cancellation refund based on market interest rates", "accumulated fund of underwriting reserve for insurance policies during the period of deferment regarding individual annuity insurance with floating interest rates", "accumulated fund of underwriting reserve for insurance policies of single payment whole-life insurance with floating interest rates denominated in U.S. dollars", "accumulated fund of underwriting reserve for insurance policies of single payment whole-life insurance with floating interest rates" and "accumulated fund of underwriting reserve for insurance policies of single payment individual annuity insurance". Tokio Marine & Nichido Life's policy is to match the duration of the underwriting reserve in each subgroup with debt securities of the same or similar duration that are earmarked for underwriting reserves. |
| d. (No change) | d. Other securities (available for sale) with fair value are measured by the mark-to-market method based upon the market price on the closing date.<br>Unrealized gains/losses on other securities (available for sale) is included in net assets and costs of sales are calculated using the moving-average method. |
| e. (No change) | e. Other securities (available for sale) for which the fair value cannot be determined are stated at cost by the moving-average method. |
| f. (No change) | f. Investments in non-consolidated subsidiaries and affiliates that are not subject to the equity method are stated at cost by the moving-average method. |
| g. (No change) | g. Securities held in individually managed money trusts that are mainly invested in securities for trading are accounted for under the mark-to-market method. |
| (2) Valuation of derivative transactions<br>(No change) | (2) Valuation of derivative transactions<br>Derivative financial instruments are accounted for by the mark-to-market method. |

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| (3) Depreciation methods for material depreciable assets<br>a. Tangible fixed assets<br>(No change)<br><br>b. Intangible fixed assets<br>(No change)<br><br>(4) Accounting policies for significant reserves and allowances<br>a. Allowance for doubtful accounts<br>(No change) | (3) Depreciation methods for material depreciable assets<br>a. Tangible fixed assets<br>Tangible fixed assets owned by the Company and its domestic consolidated subsidiaries are depreciated using the declining balance method.<br>Only buildings that were acquired on or after April 1, 1998 excluding fixtures attached to buildings are depreciated using the straight-line method.<br><br>b. Intangible fixed assets<br>Intangible fixed assets recognized in an acquisition of overseas subsidiaries are amortized over the estimated useful life reflecting the pattern of assets' future economic benefits.<br><br>(4) Accounting policies for significant reserves and allowances<br>a. Allowance for doubtful accounts<br>In order to provide reserves for losses from bad debts, a general allowance is made pursuant to the rules of asset self-assessment and the rules of asset write-off. Allowances are made by domestic consolidated insurance subsidiaries as follows:<br>For claims to any debtor who has legally, or in practice, become insolvent (due to bankruptcy, special liquidation or suspension of transactions with banks based on the rules governing clearing houses, etc.) and for receivables from any debtor who has substantially become insolvent, reserves are provided based on the amount of any such claim minus the amount expected to be collectible calculated based on the disposal of collateral or execution of guarantees.<br>For claims to any debtor who is likely to become insolvent in the near future, reserves are provided based on the overall solvency assessment of the relevant debtor, the net amount of such claims considered to be collectible through the disposal of collateral or execution of guarantees is deducted from such claims.<br>For claims other than those described above, the amount of claims is multiplied by the default rate, which is computed based on historical loan loss experience in certain previous periods, and is included in the accompanying consolidated financial statements.<br>For specified overseas claims, any estimated losses arising from political or economic situations in the relevant countries are accounted for as reserves for specified overseas claims in the accompanying consolidated financial statements.<br>In addition, all claims are assessed by the asset accounting department and the asset management department in accordance with the rules for self-assessment of asset quality. Subsequently, the asset auditing departments, which are independent from other asset-related departments, conduct audits of the assessment results of the other asset-related departments. Reserves for bad debts are accounted for based on such assessment results as stated above. |

| FY2010<br>(April 1, 2010–March 31, 2011) | FY2009<br>(April 1, 2009–March 31, 2010) |
|---|---|
| b. Retirement benefit obligations<br>To provide for employees' retirement benefits, the Company and its domestic consolidated subsidiaries have recorded the amount deemed to be incurred at the end of the fiscal year ended March 31, 2011 based on the projected retirement benefit obligations and related pension assets at the end of the fiscal year ended March 31, 2011.<br>Prior service costs are charged to expense in each subsequent consolidated fiscal year by using the straight-line method with costs based on a certain term (12-14 years) that is based on the average remaining service years of the employees when costs were incurred.<br>Actuarial differences are charged to expense in the subsequent consolidated fiscal year by using the straight-line method based on a certain term (1-14 years) that is based on the average remaining service years of the employees when amounts were incurred. | b. Retirement benefit obligations<br>To provide for employees' retirement benefits, the Company and its domestic consolidated subsidiaries have recorded the amount deemed to be incurred at the end of the fiscal year ended March 31, 2010 based on the projected retirement benefit obligations and related pension assets at the end of the fiscal year ended March 31, 2010.<br>Prior service costs are charged to expense in each subsequent consolidated fiscal year by using the straight-line method with costs based on a certain term (12-14 years) that is based on the average remaining service years of the employees when costs were incurred.<br>Actuarial differences are charged to expense in the subsequent consolidated fiscal year by using the straight-line method based on a certain term (1-14 years) that is based on the average remaining service years of the employees when amounts were incurred.<br><br>(Changes in the basis of accounting principles)<br>The Company applied "Partial Amendments to Accounting Standard for Retirement Benefits" (ASBJ Statement No. 19, July 31, 2008) for the fiscal year ended March 31, 2010 and made the necessary adjustments for its consolidated financial reporting.<br>There is no impact of the above change on the Company's ordinary profit and income before income taxes and non-controlling interests, because, as a result, the Company use the same discount rates as before. |
| c. Retirement benefit obligations for directors and corporate auditors<br>(No change) | c. Retirement benefit obligations for directors and corporate auditors<br>Some domestic consolidated subsidiaries set aside a reserve for retirement benefits for their directors and corporate auditors as of the end of the fiscal year in accordance with the bylaw. |
| d. Provision for employees' bonus<br>(No change) | d. Provision for employees' bonus<br>To provide for payment of bonuses to employees, the Company and its consolidated domestic subsidiaries maintain reserves for employees' bonuses based on the expected amount to be paid. |
| — | e. Provision for demolition of fixed assets<br>To provide for payment of expenses related to dismantling buildings, Tokio Marine & Nichido provided a reserve for demolition of fixed assets based on the projected amount to be paid for dismantling buildings. |
| e. Price fluctuation reserve<br>(No change) | f. Price fluctuation reserve<br>Domestic consolidated insurance subsidiaries maintain reserves under Article 115 of the Insurance Business Law in order to provide for possible losses or damages arising from fluctuation of share prices. |
| (5) Consumption taxes<br>(No change) | (5) Consumption taxes<br>For the Company and its domestic consolidated subsidiaries, consumption tax is accounted for by the tax-excluded method. However, underwriting and general administrative costs incurred by domestic consolidated insurance subsidiaries are accounted for by the tax-included method.<br>In addition, any nondeductible consumption taxes, in respect of assets, are included in other assets (as suspense payments) and are amortized over five years using the straight-line method. |

| **FY2010**<br>**(April 1, 2010–March 31, 2011)** | FY2009<br>(April 1, 2009–March 31, 2010) |
|---|---|
| (6) Leases<br>(No change) | (6) Leases<br>Non-transferable finance leases, commencing prior to April 1, 2008 are accounted for under the accounting policy applied to operating leases. |
| (7) Hedge accounting<br>a. Interest rate<br>To mitigate interest rate fluctuation risks associated with long-term insurance policies, Tokio Marine & Nichido and Tokio Marine & Nichido Life conduct asset liability management to control such risks by evaluating and analyzing financial assets and insurance liabilities simultaneously.<br>As for interest rate swap transactions that are used to manage such risks, Tokio Marine & Nichido and Tokio Marine & Nichido Life apply deferred hedge accounting to the swap transactions based upon the Industry Audit Committee Report No. 26, “Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry” (issued by the JICPA, September 3, 2002 - hereinafter called “Report No. 26”).<br>Effectiveness is not evaluated for hedge treatments that are believed to have high hedge effectiveness, because the Company groups hedged insurance liabilities with the interest rate swaps that are the hedge instruments, based on the period remaining for the instruments.<br>Any deferred gains as of the end of March 2003 that were calculated based on the Industry Audit Committee’s Report No.16, “Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry” (issued by the JICPA, March 31, 2000), which was applicable prior to the application of Report No. 26, are accounted for by Tokio Marine & Nichido using the straight-line method over the remaining hedging period (1 - 17 years). Tokio Marine & Nichido Life also uses the straight-line method to account for such deferred gains as of the end of March 2002 over the remaining hedging period (6-10 years). The accounting treatments for such deferred gains are based on the transitional measures in Report No. 26. Deferred gains under this treatment as of March 31, 2011 were 26,701 million yen and the amount accounted for in the consolidated financial statements for the fiscal year ended March 31, 2011 was 2,850 million yen. | (7) Hedge accounting<br>a. Interest rate<br>To mitigate interest rate fluctuation risks associated with long-term insurance policies, Tokio Marine & Nichido and Tokio Marine & Nichido Life conduct asset liability management to control such risks by evaluating and analyzing financial assets and insurance liabilities simultaneously.<br>As for interest rate swap transactions that are used to manage such risks, Tokio Marine & Nichido and Tokio Marine & Nichido Life apply deferred hedge accounting to the swap transactions based upon the Industry Audit Committee Report No. 26, “Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry” (issued by the JICPA, September 3, 2002 - hereinafter called “Report No. 26”).<br>Effectiveness is not evaluated for hedge treatments that are believed to have high hedge effectiveness, because the Company groups hedged insurance liabilities with the interest rate swaps that are the hedge instruments, based on the period remaining for the instruments.<br>Any deferred gains as of the end of March 2003 that were calculated based on the Industry Audit Committee’s Report No.16, “Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry” (issued by the JICPA, March 31, 2000), which was applicable prior to the application of Report No. 26, are accounted for by Tokio Marine & Nichido using the straight-line method over the remaining hedging period (1 - 17 years). Tokio Marine & Nichido Life also uses the straight-line method to account for such deferred gains as of the end of March 2002 over the remaining hedging period (6-10 years). The accounting treatments for such deferred gains are based on the transitional measures in Report No. 26. Deferred gains under this treatment as of March 31, 2010 were 29,552 million yen and the amount accounted for in the consolidated financial statements for the fiscal year ended March 31, 2010 was 6,370 million yen. |
| b. Foreign exchange<br>(No change) | b. Foreign exchange<br>With regard to some currency swaps and forward contract transactions, which are utilized to reduce the future foreign exchange risk associated with assets denominated in foreign currencies, Tokio Marine & Nichido applies fair value hedge accounting and/or matching treatment. Hedge effectiveness is not evaluated, since critical terms of hedged items and hedging instruments are the same and thus believed to be highly hedge-effective. |

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| (8) Methods of amortization of goodwill and amortization periods<br>Goodwill recognized as an asset on the consolidated balance sheet is amortized in the following manner. As for the goodwill in connection with Philadelphia Consolidated Holdings Corp., the goodwill is amortized over 20 years using the straight-line method.<br>As for the goodwill in connection with Kiln Group Limited, the goodwill is amortized over 10 years using the straight-line method. Other goodwill is amortized over 10 to 15 years using the straight-line method. Other goodwill in small amounts is amortized at one time.<br>Negative goodwill incurred before March 31, 2010 recognized as a liability on the consolidated balance sheet is amortized over 20 years using the straight-line method. | — |
| (9) Scope of cash and cash equivalents included in the consolidated statement of cash flows<br>Cash and cash equivalents for the consolidated statement of cash flows consist of cash on-hand, demand deposits and short-term investments with original maturities or redemption of 3 months or less at the date of acquisition. | — |
| (10) Accounting for deferred assets under Article 113 of the Insurance Business Law<br>(No change) | (8) Accounting for deferred assets under Article 113 of the Insurance Business Law<br>The Company evaluated the amount of provisions for and amortization of deferred assets under Article 113 of the Insurance Business Law for E. design Insurance Co., Ltd. |
| — | **5. Valuation of assets and liabilities of consolidated subsidiaries**<br>All assets and liabilities including non-controlling interests are measured at fair value at the initial consolidation. |
| — | **6. Amortization of goodwill and negative goodwill**<br>Negative goodwill recognized as a liability on the consolidated balance sheet is amortized over 20 years using the straight-line method.<br>Goodwill recognized as an asset on the consolidated balance sheet is amortized in the following manner. As for the goodwill in connection with Philadelphia Consolidated Holdings Corp., the goodwill is amortized over 20 years using the straight-line method. As for the goodwill in connection with Kiln Group Limited, the goodwill is amortized over 10 years using the straight-line method. Other goodwill is amortized over 10 to 15 years using the straight-line method. Other goodwill and negative goodwill in small amounts are amortized at one time. |
| — | **7. Scope of cash and cash equivalents in the consolidated statement of cash flows**<br>Cash and cash equivalents for the consolidated statement of cash flows consist of cash on-hand, demand deposits and short-term investments with original maturities or redemption of 3 months or less at the date of acquisition. |

## Changes in Significant Accounting Policies

| **FY2010 (April 1, 2010–March 31, 2011)** | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| **(Application of "Accounting Standard for Asset Retirement Obligations")**<br>The Company has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) from the fiscal year ended March 31, 2011.<br>As a result of application of the standard and guidance stated above, ordinary profit and income before income taxes and non-controlling interests decreased by 193 million yen and by 3,222 million yen, respectively. | — |
| **(Application of "Accounting Standard for Business Combinations" and related matters)**<br>The Company has applied "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008) from the fiscal year ended March 31, 2011. | — |

## Changes in Presentation

| **FY2010 (April 1, 2010–March 31, 2011)** | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| **(Changes related to Consolidated Statement of Income)**<br>Due to the application of the "Cabinet Office Ordinance on Partial Revision of the Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements and Others" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the item "Income before non-controlling interests" is presented from the fiscal year ended March 31, 2011. | — |

## Additional Information

| **FY2010 (April 1, 2010–March 31, 2011)** | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| The Company has applied "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010) from the fiscal year ended March 31, 2011. However, the amounts for "accumulated other comprehensive income" and "total accumulated other comprehensive income" for the fiscal year ended March 31, 2010 are shown as "valuation and translation adjustments" and "total valuation and translation adjustments." | — |

## Notes to Consolidated Balance Sheet

### As of March 31, 2011

*1. Accumulated depreciation of tangible fixed assets is 333,484 million yen and advanced depreciation of such assets is 22,993 million yen.

*2. Securities of non-consolidated subsidiaries and affiliates, etc. are provided as follows:

| | (Yen in millions) |
|---|---|
| Securities (equity) | 58,001 |
| Securities (partnership) | 35,559 |

*3. The total amount of loans to borrowers in bankruptcy, past due loans, loans contractually past due for three months or more, and restructured loans is 13,096 million yen. The breakdown is as set forth below.

(1) The amount of loans to borrowers in bankruptcy is 756 million yen.
Loans that are past due for a certain period, or for other reasons, are generally placed on non-accrual status when substantial doubt is considered to exist as to the ultimate collectibility either of principal or interest ("Non-accrual status loans"; any part of bad debt written-off is excluded). Loans to borrowers in bankruptcy represent non-accrual loans after a partial charge-off of claims deemed uncollectible, which are defined in Article 96, paragraph 1, subparagraph 3 (a) to (e) (maximum amount transferable to reserve for bad debts) and subparagraph 4 of the Enforcement Ordinance of the Corporation Tax Law (Ordinance No. 97, 1965).

(2) The amount of past due loans is 8,097 million yen.
Past due loans are non-accrual status loans, other than loans to borrowers in legal bankruptcy and loans on which interest payments are deferred in order to assist business restructuring or financial recovery of the borrowers.

(3) The amount of loans contractually past due for three months or more is 12 million yen.
Loans contractually past due for three months or more are defined as loans on which any principal or interests payments are delayed for three months or more from the date following the due date. Loans classified as loans to borrowers in bankruptcy and past due loans are excluded.

(4) The amount of restructured loans is 4,229 million yen.
Restructured loans are loans on which concessions (e.g. reduction of the stated interest rate, deferral of interest payment, extension of the maturity date, forgiveness of debt) are granted to borrowers in financial difficulties to assist them in their corporate restructuring or financial recovery by improving their ability to repay creditors. Restructured loans do not include loans classified as loans to borrowers in bankruptcy, past due loans or loans past due for three months or more.

*4. The value of assets pledged as collateral totals 363,909 million yen in securities, 27,961 million yen in bank deposits and 617 million yen in buildings. Collateralized debt obligations are held to the value of 65,342 million yen in outstanding claims, 60,114 million yen in underwriting reserve and 23,825 million yen in other liabilities, mainly comprised of foreign reinsurance accounts payable.

### As of March 31, 2010

*1. Accumulated depreciation of tangible fixed assets is 364,389 million yen and advanced depreciation of such assets is 23,311 million yen.

*2. Securities of non-consolidated subsidiaries and affiliates, etc. are provided as follows:

| | (Yen in millions) |
|---|---|
| Securities (equity) | 56,694 |
| Securities (partnership) | 40,301 |

*3. The total amount of loans to borrowers in bankruptcy, past due loans, loans contractually past due for three months or more, and restructured loans is 22,255 million yen. The breakdown is as set forth below.

(1) The amount of loans to borrowers in bankruptcy is 3,225 million yen.
Loans that are past due for a certain period, or for other reasons, are generally placed on non-accrual status when substantial doubt is considered to exist as to the ultimate collectibility either of principal or interest ("Non-accrual status loans"; any part of bad debt written-off is excluded). Loans to borrowers in bankruptcy represent non-accrual loans after a partial charge-off of claims deemed uncollectible, which are defined in Article 96, paragraph 1, subparagraph 3 (a) to (e) (maximum amount transferable to reserve for bad debts) and subparagraph 4 of the Enforcement Ordinance of the Corporation Tax Law (Ordinance No. 97, 1965).

(2) The amount of past due loans is 10,138 million yen.
Past due loans are non-accrual status loans, other than loans to borrowers in legal bankruptcy and loans on which interest payments are deferred in order to assist business restructuring or financial recovery of the borrowers.

(3) The amount of loans contractually past due for three months or more is 337 million yen.
Loans contractually past due for three months or more are defined as loans on which any principal or interests payments are delayed for three months or more from the date following the due date. Loans classified as loans to borrowers in bankruptcy and past due loans are excluded.

(4) The amount of restructured loans is 8,554 million yen.
Restructured loans are loans on which concessions (e.g. reduction of the stated interest rate, deferral of interest payment, extension of the maturity date, forgiveness of debt) are granted to borrowers in financial difficulties to assist them in their corporate restructuring or financial recovery by improving their ability to repay creditors. Restructured loans do not include loans classified as loans to borrowers in bankruptcy, past due loans or loans past due for three months or more.

*4. The value of assets pledged as collateral totals 377,618 million yen in securities, 16,452 million yen in bank deposits and 643 million yen in buildings. Collateralized debt obligations are held to the value of 63,597 million yen in outstanding claims, 53,846 million yen in underwriting reserve and 24,497 million yen in other liabilities, mainly comprised of foreign reinsurance accounts payable.

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| 5. Securities received from security borrowing transactions are 46,103 million yen at fair value. | 5. Securities received from security borrowing transactions are 37,042 million yen at fair value. |
| *6. Securities include securities lent under loan agreements of 1,434,845 million yen. | *6. Securities include securities lent under loan agreements of 1,578,138 million yen. |
| *7 The outstanding balance of undrawn committed loans is as follows: | *7 The outstanding balance of undrawn committed loans is as follows: |

(Yen in millions)

| | As of March 31, 2011 | As of March 31, 2010 |
|---|---|---|
| Total loan commitments | 62,068 | 81,279 |
| Balance of drawn committed loans | 6,488 | 7,800 |
| Undrawn loan commitments | 55,579 | 73,478 |

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| 8. The amount of both assets and liabilities for separate account as prescribed in Article 118 of the Insurance Business Law totals 2,192,259 million yen. | 8. The amount of both assets and liabilities for separate account as prescribed in Article 118 of the Insurance Business Law totals 2,237,702 million yen. |
| 9. Tokio Marine & Nichido guarantees the liabilities of some of its subsidiaries. The balance of the guarantees to its subsidiaries as of March 31, 2011 is as follows: | 9. Tokio Marine & Nichido guarantees the liabilities of some of its subsidiaries. The balance of the guarantees to its subsidiaries as of March 31, 2010 is as follows: |

(Yen in millions)

| | As of March 31, 2011 | As of March 31, 2010 |
|---|---|---|
| TNUS Insurance Company | 14 | 20 |
| Tokio Marine Compania de Seguros, S.A. de C.V. | 2,232 | 3,394 |
| Tokio Marine Pacific Insurance Limited | 2,133 | 1,837 |
| The Tokio Marine & Nichido Fire Insurance Company (China) Limited | 720 | 1,689 |
| Total | 5,101 | 6,942 |

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| *10. Other assets include 10,555 million yen of deferred assets under Article 113 of the Insurance Business Law of Japan. | *10. Other assets include 7,752 million yen of deferred assets under Article 113 of the Insurance Business Law of Japan. |

## Notes to Consolidated Statement of Income

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| *1. Major components of business expenses | *1. Major components of business expenses |

(Yen in millions)

| | FY2010 | FY2009 |
|---|---|---|
| Agency commissions, etc. | 403,999 | 409,184 |
| Salaries | 222,448 | 219,371 |

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| Business expenses consist of "Loss adjustment expenses", "Operating and general administrative expenses" and "Agency commissions and brokerage" as shown in the accompanying consolidated statement of income. | Business expenses consist of "Loss adjustment expenses", "Operating and general administrative expenses" and "Agency commissions and brokerage" as shown in the accompanying consolidated statement of income. |
| *2 The main components of "other extraordinary gains" are gains on sales of shares of affiliates amounting to 1,538 million yen and reversal of provision for fixed assets demolition amounting to 630 million yen. | — |

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|

**FY2010 (April 1, 2010–March 31, 2011)**

*3 The Company recognized impairment losses on the following properties during the year ended March 31, 2011.

| Purpose of use | Category | Location | Impairment loss (Yen in millions) | | | |
|---|---|---|---|---|---|---|
| | | | Land | Building | Others | Total |
| Properties for business use (nursing care business) | Land and buildings | 7 properties, including nursing care facilities, in Meguro Ward, Tokyo | 146 | 304 | 26 | 476 |
| Property for rent | Land and buildings | Building in Maebashi-shi, Gunma Pref. | 37 | 778 | 49 | 864 |
| Idle or potential disposal properties | Land and buildings | 43 properties, including welfare facilities, in Izumi-shi, Osaka Pref. | 2,716 | 1,331 | 0 | 4,048 |
| Total | — | — | 2,899 | 2,414 | 76 | 5,390 |

Properties are classified as follows: (a) properties for business use used for insurance business and other businesses are grouped by each business unit and (b) other properties including properties for rent, idle or potential disposal properties and properties such as properties for business use for nursing care business are grouped on an individual basis.

The total amount of projected future cash flows generated from the nursing care business fell below the book values of the properties used for these businesses. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amount and recognized such write-offs as impairment losses in extraordinary losses. The Company calculated the recoverable amount of the relevant property by discounting projected future cash flows at a rate of 6.0%.

Due mainly to a decline in the real estate market, book values of some properties for rent and idle or potential disposal properties fell below the recoverable amount. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amount and recognized any such write-off as impairment losses in extraordinary losses. Recoverable amount are either the higher of the net sales price or the utility values of each property. Net sales price is the market value assessed by real estate appraisers minus anticipated expenses for disposal of the relevant properties. The utility values were calculated by discounting the future cash flows to net present values at a rate of 9.6%.

—

*4. The main components of other extraordinary losses are 3,663 million yen of "Impairment losses on investment in affiliates" and 2,495 million yen of "Losses on cancellation of real estate lease contracts".

**FY2009 (April 1, 2009–March 31, 2010)**

*3 The Company recognized impairment losses on the following properties during the year ended March 31, 2010.

| Purpose of use | Category | Location | Impairment loss (Yen in millions) | | | |
|---|---|---|---|---|---|---|
| | | | Land | Building | Others | Total |
| Properties for business use (derivative business and nursing care business) | Land and buildings | 11 properties including a building in Kawasaki-shi, Kanagawa Pref. | 1,065 | 1,924 | 108 | 3,097 |
| Idle or potential disposal properties | Land and buildings | 43 properties including a building in Chiba-shi, Chiba Pref. | 3,631 | 5,899 | 13 | 9,544 |
| Others | Goodwill | — | — | — | 844 | 844 |
| Total | — | — | 4,697 | 7,824 | 965 | 13,487 |

(1) Properties, etc.

Properties are classified as follows: (a) properties for business use used for insurance business and other businesses are grouped by each business unit and (b) other properties including properties for rent, idle or potential disposal properties and properties such as properties for business use for nursing care business are grouped on an individual basis.

The total amount of projected future cash flows generated from the derivative business and the nursing care business fell below the book values of the properties used for these businesses. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amount and recognized such write-offs as impairment losses in extraordinary losses. The Company calculated the recoverable amount of the relevant property by discounting projected future cash flows at a rate of 1.2% to 6.0%.

Due mainly to a decline in the real estate market, book values of some properties for idle or potential disposal properties fell below the recoverable amount. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amount and recognized any such write-off as impairment losses in extraordinary losses. Recoverable amount are the net sales price. Net sales price is the market value assessed by real estate appraisers minus anticipated expenses for disposal of the relevant properties.

(2) Goodwill

An impairment loss of 844 million yen was recognized and recorded in the line item "extraordinary losses" for the fiscal year ended March 31, 2010 for goodwill held by consolidated subsidiaries of the Company, because the Company concluded that an affiliate of consolidated subsidiaries would not achieve the initially expected levels of profit.

*4. The main component of other extraordinary losses is 5,213 million yen of "Impairment losses on investment in affiliates".

## Notes to Consolidated Statement of Comprehensive Income

**■ FY2010 (April 1, 2010–March 31, 2011)**

Following is the comparative information for the new disclosure at page 95.

*1. Comprehensive income for the fiscal year ended March 31, 2010 (Yen in millions)

| | |
|---|---|
| Comprehensive income attributable to owners of the parent | 577,856 |
| Comprehensive income attributable to non-controlling interests | 3,247 |
| Total | 581,103 |

*2. Other comprehensive income for the fiscal year ended March 31, 2010 (Yen in millions)

| | |
|---|---|
| Unrealized gains on securities, net of taxes | 428,915 |
| Deferred gains/losses on hedge transactions | (5,096) |
| Foreign currency translation adjustments | 25,406 |
| Share of other comprehensive income of affiliates accounted for by the equity method | 1,337 |
| Total | 450,564 |

## Notes to Consolidated Statement of Changes in Shareholders' Equity

**■ FY2010 (April 1, 2010–March 31, 2011)**

1. Class and number of issued shares and treasury shares (Unit: thousand shares)

| | Number of shares as of March 31, 2010 | Increase during the year ended March 31, 2011 | Decrease during the year ended March 31, 2011 | Number of shares as of March 31, 2011 |
|---|---|---|---|---|
| Issued shares | | | | |
| Common share | 804,524 | — | — | 804,524 |
| Total | 804,524 | — | — | 804,524 |
| Treasury share | | | | |
| Common share | 16,919 | 20,877 | 92 | 37,704 |
| Total | 16,919 | 20,877 | 92 | 37,704 |

1. The increase of 20,877 thousand shares of treasury shares is attributable mainly to acquisition of 20,629 thousand shares as a result of the execution of Group Corporate Finance.
2. The decrease of 92 thousand shares of treasury shares is primarily attributable to the allotments of shares in connection with exercises of share acquisition rights which decreased treasury shares by 81 thousand.

2. Share acquisition rights (including those owned by the Company)

| Category | Nature of share acquisition rights | Amount as of March 31, 2011 (Yen in millions) |
|---|---|---|
| The Company (parent company) | Share acquisition rights as share options | 1,426 |

3. Dividends

(1) Amount of dividends

| Resolution | Class of share | Amount of dividends paid | Dividends per share | Record date | Effective date |
|---|---|---|---|---|---|
| Ordinary general meeting of shareholders held on June 28, 2010 | Common share | 20,477 million yen | 26 yen | March 31, 2010 | June 29, 2010 |
| Meeting of the board of directors held on November 19, 2010 | Common share | 19,426 million yen | 25 yen | September 30, 2010 | December 7, 2010 |

(2) Dividends of which the record date falls within the year ended March 31, 2011, and the effective date falls after March 31, 2011

| Resolution | Class of share | Amount of dividends paid | Source of dividends | Dividends per share | Record date | Effective date |
|---|---|---|---|---|---|---|
| Ordinary general meeting of shareholders held on June 27, 2011 | Common share | 19,170 million yen | Retained earnings | 25 yen | March 31, 2011 | June 28, 2011 |

■ FY2009 (April 1, 2009–March 31, 2010)

1. Class and number of issued shares and treasury shares

(Unit: thousand shares)

| | Number of shares as of March 31, 2009 | Increase during the year ended March 31, 2010 | Decrease during the year ended March 31, 2010 | Number of shares as of March 31, 2010 |
|---|---|---|---|---|
| Issued shares<br>Common share | 804,524 | — | — | 804,524 |
| Total | 804,524 | — | — | 804,524 |
| Treasury share<br>Common share | 16,961 | 36 | 79 | 16,919 |
| Total | 16,961 | 36 | 79 | 16,919 |

1. The increase of 36 thousand shares of treasury shares is attributable to acquisition of shares constituting less than one unit of common shares.
2. The decrease of 79 thousand shares of treasury shares is primarily attributable to the allotments of shares in connection with exercises of share acquisition rights which decreased treasury shares by 75 thousand.

2. Share acquisition rights (including those owned by the Company)

| Category | Nature of share acquisition rights | Amount as of March 31, 2010 (yen in millions) |
|---|---|---|
| The Company (parent company) | Share acquisition rights as share options | 1,102 |

3. Dividends
(1) Amount of dividends

| Resolution | Class of share | Amount of dividends paid | Dividends per share | Record date | Effective date |
|---|---|---|---|---|---|
| Ordinary general meeting of shareholders held on June 29, 2009 | Common share | 18,901 million yen | 24 yen | March 31, 2009 | June 30, 2009 |
| Meeting of the board of directors held on November 19, 2009 | Common share | 18,902 million yen | 24 yen | September 30, 2009 | December 8, 2009 |

(2) Dividends of which the record date falls within the year ended March 31, 2010, and the effective date falls after March 31, 2010

| Resolution | Class of share | Amount of dividends paid | Source of dividends | Dividends per share | Record date | Effective date |
|---|---|---|---|---|---|---|
| Ordinary general meeting of shareholders held on June 28, 2010 | Common share | 20,477 million yen | Retained earnings | 26 yen | March 31, 2010 | June 29, 2010 |

## Notes to Consolidated Statement of Cash Flows

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| *1. Reconciliation of cash and cash equivalents at the end of the year to the amounts disclosed in the consolidated balance sheet is provided as follows: | *1. Reconciliation of cash and cash equivalents at the end of the year to the amounts disclosed in the consolidated balance sheet is provided as follows: |

FY2010:

| (As of March 31, 2011) | (Yen in millions) |
|---|---|
| Cash and bank deposits | 398,488 |
| Call loans | 207,541 |
| Monetary receivables bought | 1,080,670 |
| Securities | 12,173,088 |
| Time deposits with initial term over three months to maturity | (99,365) |
| Monetary receivables bought not included in cash equivalents | (502,243) |
| Securities not included in cash equivalents | (12,137,779) |
| Cash and cash equivalents | 1,120,399 |

2. (No change)

FY2009:

| (As of March 31, 2010) | (Yen in millions) |
|---|---|
| Cash and bank deposits | 452,194 |
| Call loans | 116,511 |
| Monetary receivables bought | 1,339,172 |
| Securities | 12,617,817 |
| Time deposits with initial term over three months to maturity | (100,313) |
| Monetary receivables bought not included in cash equivalents | (765,674) |
| Securities not included in cash equivalents | (12,390,821) |
| Cash and cash equivalents | 1,268,885 |

2. Cash flows from investing activities include cash flows arising from asset management relating to the insurance business.

## Leases

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| 1. Finance leases<br>Non-transferable finance leases which are accounted under the accounting policy similar to that applicable to operating lease transactions. | 1. Finance leases<br>Non-transferable finance leases which are accounted under the accounting policy similar to that applicable to operating lease transactions. |

### FY2010 (April 1, 2010–March 31, 2011)

1. Finance leases
Non-transferable finance leases which are accounted under the accounting policy similar to that applicable to operating lease transactions.

As lessee:

(1) Acquisition cost, accumulated depreciation, accumulated impairment losses and net book value of leased assets

(Yen in millions)

| | Acquisition cost | Accumulated depreciation | Accumulated impairment losses | Net book value |
|---|---|---|---|---|
| Tangible fixed assets | 2,228 | 1,203 | 30 | 994 |

(No change)

(2) Balance of future lease payments

(Yen in millions)

| | |
|---|---|
| Due within one year | 119 |
| Due after one year | 858 |
| Total | 977 |

Balance of impairment losses on leased assets: 12 million yen

(No change)

(3) Lease payment, reversal of impairment loss on leased assets, depreciation equivalent and impairment losses

(Yen in millions)

| | |
|---|---|
| Lease payment | 471 |
| Reversal of impairment losses on lease assets | 21 |
| Depreciation equivalent | 443 |
| Impairment losses | 0 |

(4) Computation of depreciation equivalent
(No change)

2. Operating leases
Future lease payments related to non-cancelable operating leases

As lessee: (Yen in millions)

| | |
|---|---|
| Due within one year | 3,323 |
| Due after one year | 5,205 |
| Total | 8,528 |

As lessor: (Yen in millions)

| | |
|---|---|
| Due within one year | 1,244 |
| Due after one year | 3,230 |
| Total | 4,475 |

### FY2009 (April 1, 2009–March 31, 2010)

1. Finance leases
Non-transferable finance leases which are accounted under the accounting policy similar to that applicable to operating lease transactions.

(1) Acquisition cost, accumulated depreciation, accumulated impairment losses and net book value of leased assets

(Yen in millions)

| | Acquisition cost | Accumulated depreciation | Accumulated impairment losses | Net book value |
|---|---|---|---|---|
| Tangible fixed assets | 3,838 | 2,341 | 53 | 1,442 |

Acquisition cost includes interest payable thereon because the balance of future lease payment accounts for a small portion of the balance of tangible fixed assets.

(2) Balance of future lease payments

(Yen in millions)

| | |
|---|---|
| Due within one year | 474 |
| Due after one year | 979 |
| Total | 1,453 |

Balance of impairment losses on leased assets: 33 million yen

Future lease payment includes interest payable thereon because the balance of future lease payment accounts for a small portion of the balance of tangible fixed assets.

(3) Lease payment, reversal of impairment loss on leased assets, depreciation equivalent and impairment losses

(Yen in millions)

| | |
|---|---|
| Lease payment | 859 |
| Reversal of impairment losses on lease assets | 24 |
| Depreciation equivalent | 828 |
| Impairment losses | 8 |

(4) Computation of depreciation equivalent
Depreciation equivalent is determined on the straight-line method over the lease period, with no residual value.

2. Operating leases
Future lease payments related to non-cancelable operating leases

(Yen in millions)

| | |
|---|---|
| Due within one year | 3,198 |
| Due after one year | 6,703 |
| Total | 9,902 |

# Information on Financial Instruments

## 1. Qualitative information on financial instruments

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| (1) Investment policies<br>The Tokio Marine Group's core operation is its insurance business and it generally makes investments based on cash inflows mainly arising from insurance premiums.<br>Investment assets are managed in two categories, which are "Assets backing insurance liabilities" corresponding to long-term insurance contracts such as deposit type insurance and annuity, and "Other".<br>With regard to "Assets backing insurance liabilities", Asset Liability Management ("ALM") is applied in order to ensure future payments for claims and maturity refunds. Through ALM, the Tokio Marine Group aims to maximize the value of surplus ("Investment assets" minus "Insurance liabilities") by controlling the interest rate risks with derivatives such as interest rate swaps to which insurance liabilities are exposed and by investing in bonds with high credit ratings. The Tokio Marine Group also utilizes financial options as one of the ways to control risks related to variable annuities which guarantee minimum amounts of benefits albeit the result of investment.<br>With regard to "Other", the Tokio Marine Group works toward diversification of investments and improvement of investment efficiency in order to generate sustainable investment income, while maintaining liquidity for future claims payments. On investment, considering the risk-and-return profile for each investment item, diversified investment is carried out in a variety of investment items such as bonds, equity securities and loans. In addition, foreign exchange forwards, credit derivatives and other derivative transactions are utilized to mitigate risks related to assets held and to generate investment income within a specified range of risks.<br>Through these approaches, the Tokio Marine Group aims to minimize fluctuations in short-term gains and losses, increase investment income in order to maximize net asset value in the mid-to-long-term and maintain financial soundness.<br>With regard to financing, the Tokio Marine Group issues corporate bonds and undertakes borrowings mainly to secure funds for investments. When financing is necessary, amounts and methodologies are determined based on the group's cash flow status.<br>In addition, a consolidated subsidiary operates a derivatives business that provides financial instruments that meet the diversified and sophisticated hedging and financing needs in the market. | (1) Investment policies<br>The Tokio Marine Group's core operation is its insurance business and it generally makes investments based on cash inflows mainly arising from insurance premiums.<br>Investment assets are managed in two categories, which are "Assets backing insurance liabilities" corresponding to long-term insurance contracts such as deposit type insurance and annuity, and "Other".<br>With regard to "Assets backing insurance liabilities", Asset Liability Management ("ALM") is applied in order to ensure future payments for maturity refunds and claims. Through ALM, the Tokio Marine Group aims to maximize the value of surplus ("Investment assets" minus "Insurance liabilities") by controlling the interest rate risks with derivatives such as interest rate swaps to which insurance liabilities are exposed and by investing in bonds with high credit ratings. The Tokio Marine Group also utilizes financial options as one of the ways to control risks related to variable annuities which guarantee minimum amounts of benefits albeit the result of investment.<br>With regard to "Other", the Tokio Marine Group works toward diversification of investments and improvement of investment efficiency in order to generate sustainable investment income, while maintaining liquidity for future claims payments. On investment, considering the risk-and-return profile for each investment item, diversified investment is carried out in a variety of investment items such as bonds, equity securities and loans. In addition, foreign exchange forwards, credit derivatives and other derivative transactions are utilized to mitigate risks related to assets held and to generate investment income within a specified range of risks.<br>Through these approaches, the Tokio Marine Group aims to minimize fluctuations in short-term gains and losses, increase investment income in order to maximize net asset value in the mid-to-long-term and maintain financial soundness.<br>With regard to financing, the Tokio Marine Group issues corporate bonds and undertakes borrowings mainly to secure funds for investments. When financing is necessary, amounts and methodologies are determined based on the group's cash flow status.<br>In addition, a consolidated subsidiary operates a derivatives business that provides financial instruments that meet the diversified and sophisticated hedging and financing needs in the market. |

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| (2) Details of financial instruments and their risks<br>The Tokio Marine Group holds bonds, equity securities and other securities, all of which are exposed to market, credit and market liquidity risks.<br>Market risks refer to the risks of losses arising from fluctuations in share prices, exchange rates, interest rates and other market indicators. Credit risks refer to the risks of losses when the value of an investment declines or is lost due to insolvency or deterioration in the financial condition of the debtor. Market liquidity risks refer to the risks of losses that may occur from being unable to make transactions due to inactive market conditions, or being forced to make transactions at extremely unfavorable prices.<br>Some currency risks are hedged through foreign exchange forwards, currency swaps and other such transactions. Hedge accounting is applied to some of these transactions.<br>Loans are exposed to credit risks and market risks.<br>Derivative transactions are exposed to market risks, credit risks and market liquidity risks. Credit risks associated with derivative transactions include losses when the counterparties fail to fulfill their obligations due to insolvency or for other reasons. In order to reduce such credit risks, netting arrangements may be used with financial institutions and other counterparties with whom there are frequent transactions. Also, interest rate risks associated with long-term insurance liabilities are hedged by interest rate swaps and other transactions for which hedge accounting is applied.<br>With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to "Basis of consolidated financial statements - 4. Accounting policies - (7) Hedge accounting". | (2) Details of financial instruments and their risks<br>The Tokio Marine Group holds bonds, equity securities and other securities, all of which are exposed to market, credit and market liquidity risks.<br>Market risks refer to the risks of losses arising from fluctuations in share prices, exchange rates, interest rates and other market indicators. Credit risks refer to the risks of losses when the value of an investment declines or is lost due to insolvency or deterioration in the financial condition of the debtor. Market liquidity risks refer to the risks of losses that may occur from being unable to make transactions due to inactive market conditions, or being forced to make transactions at extremely unfavorable prices.<br>Some currency risks are hedged through foreign exchange forwards, currency swaps and other such transactions. Hedge accounting is applied to some of these transactions.<br>Loans are exposed to credit risks and market risks.<br>Derivative transactions are exposed to market risks, credit risks and market liquidity risks. Credit risks associated with derivative transactions include losses when the counterparties fail to fulfill their obligations due to insolvency or for other reasons. In order to reduce such credit risks, netting arrangements may be used with financial institutions and other counterparties with whom there are frequent transactions. Also, interest rate risks associated with long-term insurance liabilities are hedged by interest rate swaps and other transactions for which hedge accounting is applied.<br>With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to "Basis of consolidated financial statements - 4. Accounting policies - (7) Hedge accounting". |

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| (3) Risk management structure<br>(i) Market risk and credit risk management<br>In Tokio Marine & Nichido, the Risk Management Department, the department in charge of risk management and independent of departments executing investment transactions, quantitatively and qualitatively controls risks in order to deal with market, credit and market liquidity risks and other investment risks related to financial instruments.<br>Based on the annual investment plan established by the investment departments, the board of directors establishes "Investment risk management policy" that prescribes organizational structure related to investment risk management, risk management methodologies, how to respond to losses and at times when the risk profile exceeds preset limits, and information to be reported. In accordance with the policy, "Investment guidelines" are established under which investable instruments, specific risk limits and actions to take in response to losses are classified and prescribed for each segment set in the annual investment plan. In order to monitor individual investments and loans, "Review guidelines" are established and prescribe items subject to monitoring and criteria for monitoring.<br>As for quantitative risk management, market, credit and other such risks are quantified using VaR-like concepts. The Risk Management Department monitors compliance with the policy and the guidelines, as well as levels of investment risk and return, and reports such information on a monthly basis to the directors, and on a quarterly basis to the board of directors. Individual investments are reviewed and monitored pursuant to the guidelines.<br>Other consolidated subsidiaries maintain risk management structures similar to those described above.<br><br>(ii) Liquidity risk management<br>The Tokio Marine Group manages liquidity risks by controlling payment schedules and ensuring various ways of financing, through treasury management by each consolidated subsidiary and by the group as a whole.<br><br>(4) Notes on fair value information<br>The fair value of financial instruments is calculated in a reasonable method when market price is not available. On determination of such fair value, certain assumptions are set, and the fair value may be determined differently on other assumptions. | (3) Risk management structure<br>(i) Market risk and credit risk management<br>In Tokio Marine & Nichido, the Risk Management Department, the department in charge of risk management and independent of departments executing investment transactions, quantitatively and qualitatively controls risks in order to deal with market, credit and market liquidity risks and other investment risks related to financial instruments.<br>Based on the annual investment plan established by the investment departments, the board of directors establishes an investment risk management policy that prescribes organizational structure related to investment risk management, risk management methodologies, how to respond to losses and at times when the risk profile exceeds preset limits, and information to be reported. In accordance with the policy, "Investment guidelines" are established under which investable instruments, specific risk limits and actions to take in response to losses are classified and prescribed for each segment set in the annual investment plan. In order to monitor individual investments and loans, "Review guidelines" are established and prescribe items subject to monitoring and criteria for monitoring.<br>As for quantitative risk management, market, credit and other such risks are quantified using VaR-like concepts. The Risk Management Department monitors compliance with the investment risk policy, as well as levels of investment risk and return, and reports such information on a monthly basis to the directors, and on a quarterly basis to the board of directors. Individual investments are reviewed pursuant to the "Review guidelines".<br>Other consolidated subsidiaries maintain risk management structures similar to those described above.<br><br>(ii) Liquidity risk management<br>The Tokio Marine Group manages liquidity risks by controlling payment schedules and ensuring various ways of financing, through treasury management by each consolidated subsidiary and by the group as a whole.<br><br>(4) Notes on fair value information<br>The fair value of financial instruments is calculated in a reasonable method when market price is not available. On determination of such fair value, certain assumptions are set, and the fair value may be determined differently on other assumptions. |

**2. Fair value of financial instruments**

The table below shows the fair value of financial instruments excluding those without reasonably measured fair value.

(Yen in millions)

| Item | As of March 31, 2011 | | | As of March 31, 2010 | | |
|---|---|---|---|---|---|---|
| | Carrying amount shown on balance sheet | Fair Value | Difference | Carrying amount shown on balance sheet | Fair Value | Difference |
| (1) Cash and bank deposits | 398,488 | 398,492 | 3 | 452,194 | 452,188 | (5) |
| (2) Call loans | 207,541 | 207,541 | — | 116,511 | 116,511 | — |
| (3) Receivables under resale agreement | 121,967 | 121,967 | — | 150,969 | 150,969 | — |
| (4) Receivables under security borrowing transactions | 30,725 | 30,725 | — | 22,578 | 22,578 | — |
| (5) Monetary receivables bought | 1,080,670 | 1,080,670 | — | 1,339,172 | 1,339,172 | — |
| (6) Money trusts | 14,056 | 14,056 | — | 11,778 | 11,778 | — |
| (7) Securities | | | | | | |
| Trading securities | 2,473,659 | 2,473,659 | — | 2,520,751 | 2,520,751 | — |
| Bonds held to maturity | 2,023,370 | 2,019,854 | (3,516) | 1,636,299 | 1,624,181 | (12,118) |
| Bonds earmarked for underwriting reserves | 255,214 | 266,162 | 10,948 | 325,694 | 337,568 | 11,874 |
| Available-for-sale securities | 7,109,025 | 7,109,025 | — | 7,725,998 | 7,725,998 | — |
| (8) Loans | 386,723 | | | 455,838 | | |
| Reserve for bad debts (*1) | (10,302) | | | (13,308) | | |
| | 376,420 | 389,210 | 12,789 | 442,530 | 450,546 | 8,015 |
| Total financial assets | 14,091,140 | 14,111,365 | 20,225 | 14,744,479 | 14,752,245 | 7,766 |
| (1) Corporate bonds | 125,079 | 126,229 | 1,150 | 178,821 | 179,837 | 1,016 |
| (2) Payables under security lending transactions | 1,375,838 | 1,375,838 | — | 1,580,405 | 1,580,405 | — |
| Total financial liabilities | 1,500,917 | 1,502,067 | 1,150 | 1,759,226 | 1,760,243 | 1,016 |
| Derivative assets and liabilities (*2) | | | | | | |
| Hedge accounting not applied | 37,598 | 37,598 | — | 47,443 | 47,443 | — |
| Hedge accounting applied | 15,595 | 15,595 | — | 12,968 | 12,968 | — |
| Total derivative assets and liabilities | 53,194 | 53,194 | — | 60,412 | 60,412 | — |

(*1) Reserve for bad debts earmarked for loans are deducted from the carrying amounts.

(*2) Derivative assets and liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted and net credit position is shown in parentheses.

(Note 1) Valuation method for financial instruments

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| **Assets**<br>With regard to (1) Cash and bank deposits (excluding those defined as securities in "Accounting Standard for Financial Instruments" (ASBJ Statement No.10)), (2) Call loans, (3) Receivables under resale agreement, and (4) Receivables under security borrowing transactions, the book value is deemed as the fair value since it is scheduled to be settled in a short period of time and the book value approximates the fair value.<br>Regarding (7) Securities (including those in (1) Cash and bank deposits and (5) Monetary receivables bought that are defined to be securities in "Accounting for Financial Instruments" (ASBJ Statement No.10) and securities in (6) Money trusts that are invested as trust funds) with quoted market price, the quoted closing price is used for listed shares and the price of the over-the-counter transactions is used for bonds. For securities with no quoted market price, the net present value of the estimated future cash flows is applied as the fair value.<br>With regard to floating rate loans in (8) Loans, the book value is deemed as the fair value because interest rate changes will be timely reflected in the future cash flows and the book value approximates the fair value as long as there is no significant changes in credit status of the borrowers since the inception of the loans. For fixed rate loans, the fair value is measured as the net present value of estimated future cash flows. For loans where borrowers are insolvent or in bankruptcy proceedings, the estimated uncollectible debts are deducted from the carrying amount to get the fair value. | **Assets**<br>With regard to (1) Cash and bank deposits (excluding those defined as securities in "Accounting Standard for Financial Instruments" (ASBJ Statement No.10)), (2) Call loans, (3) Receivables under resale agreement, and (4) Receivables under security borrowing transactions, the book value is deemed as the fair value since it is scheduled to be settled in a short period of time and the book value approximates the fair value.<br>Regarding (7) Securities (including those in (1) Cash and bank deposits and (5) Monetary receivables bought that are defined to be securities in "Accounting for Financial Instruments" (ASBJ Statement No.10) and securities in (6) Money trusts that are invested as trust funds) with quoted market price, the quoted closing price is used for listed shares and the price of the over-the-counter transactions is used for bonds. For securities with no quoted market price, the net present value of the estimated future cash flows is applied as the fair value.<br>With regard to floating rate loans in (8) Loans, the book value is deemed as the fair value because interest rate changes will be timely reflected in the future cash flows and the book value approximates the fair value. For fixed rate loans, the fair value is measured as the net present value of estimated future cash flows. For loans where borrowers are insolvent or in bankruptcy proceedings, the estimated uncollectible debts are deducted from the carrying amount to get the fair value. |
| **Liabilities**<br>With regard to (1) Corporate bonds, the price of the over-the-counter transactions is the fair value.<br>With regard to (2) Payables under security lending transactions, the book value is deemed as the fair value because it is scheduled to be settled in a short period of time and the book value approximates the fair value. | **Liabilities**<br>With regard to (1) Corporate bonds, the price of the over-the-counter transactions is the fair value.<br>With regard to (2) Payables under security lending transactions, the book value is deemed as the fair value because it is scheduled to be settled in a short period of time and the book value approximates the fair value. |
| **Derivatives**<br>Please refer to "Derivative transactions". | **Derivatives**<br>Please refer to "Derivative transactions". |

(Note 2)

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| Unlisted shares and partnership investments comprised of unlisted shares (Carrying amount on the consolidated balance sheet: 311,819 million yen) are not included in (7) Securities because the fair value cannot be determined as they have no quoted market price and the future cash flow cannot be estimated.<br>Policy loans (Carrying amount on the consolidated balance sheet: 96,175 million yen) are not included in (8) Loans because future cash flows cannot be estimated since policy loans are arranged under an insurance policy and the amount is limited within the repayment fund for cancellation with no contractual maturity. | Unlisted shares and partnership investments comprised of unlisted shares (Carrying amount on the consolidated balance sheet: 409,073 million yen) are not included in (7) Securities because the fair value cannot be determined as they have no quoted market price and the future cash flow cannot be estimated.<br>Policy loans (Carrying amount on the consolidated balance sheet: 92,083 million yen) are not included in (8) Loans because future cash flows cannot be estimated since policy loans are arranged under an insurance policy and the amount is limited within the repayment fund for cancellation with no contractual maturity. |

(Note 3) Maturity analysis of financial assets

(Yen in millions)

| | As of March 31, 2011 | | | | As of March 31, 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| | Within 1 year | 1-5 years | 5-10 years | Over 10 years | Within 1 year | 1-5 years | 5-10 years | Over 10 years |
| Cash and bank deposits | 260,082 | 1,302 | — | — | 332,723 | 1,943 | — | — |
| Monetary receivables bought | 917,844 | 32,236 | 19,048 | 107,425 | 1,064,674 | 46,999 | 52,909 | 172,196 |
| Securities | | | | | | | | |
| Bonds held to maturity | | | | | | | | |
| Domestic government bonds | — | 92,350 | 250,359 | 1,601,529 | — | 83,650 | 241,259 | 1,257,029 |
| Domestic corporate bonds | — | — | — | 11,800 | — | — | — | — |
| Foreign securities | 2,786 | 6,586 | 6,783 | 7,448 | 1,894 | 7,651 | 8,601 | 6,182 |
| Bonds earmarked for underwriting reserves | | | | | | | | |
| Domestic government bonds | — | 43,974 | 73,522 | 10,051 | — | 25,173 | 88,074 | 10,692 |
| Foreign securities | 34,533 | 81,173 | 35,254 | 2,928 | 69,829 | 120,637 | 42,500 | 2,774 |
| Other securities (available for sale) with maturity | | | | | | | | |
| Domestic government bonds | 381,734 | 445,574 | 501,489 | 1,320,305 | 715,810 | 412,492 | 474,344 | 1,361,632 |
| Domestic municipal bonds | 41,080 | 109,748 | 27,849 | 500 | 13,708 | 66,809 | 88,614 | — |
| Domestic corporate bonds | 300,692 | 332,936 | 159,494 | 51,850 | 154,342 | 361,201 | 159,141 | 63,506 |
| Domestic equity securities | 100 | — | — | — | 100 | — | — | — |
| Foreign securities | 132,826 | 354,361 | 205,945 | 206,607 | 155,706 | 386,190 | 179,837 | 176,865 |
| Other | 263 | 484 | 883 | — | 37 | 1,443 | 186 | — |
| Loans (*) | 56,710 | 175,951 | 46,800 | 95,930 | 79,044 | 190,917 | 61,431 | 110,628 |
| Total | 2,128,654 | 1,676,679 | 1,327,429 | 3,416,377 | 2,587,871 | 1,705,110 | 1,396,900 | 3,161,507 |

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (9,128 million yen and 11,953 million yen as of March 31, 2011 and 2010, respectively), and loans with no repayment schedule (2,201 million yen and 1,864 million yen as of March 31, 2011 and 2010, respectively) are not included above.

(Note 4) Maturity schedules for bonds, long-term borrowings and obligations under lease transactions

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| Please refer to "Related Information to the Consolidated Financial Statements". | — |

(Additional information)

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| — | The Company has applied "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, March 10, 2008) and "Guidance on Disclosure about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 10, 2008) from the fiscal year ended March 31, 2010. Accordingly, the scope of securities evaluated with the fair value is changed, however, there is no effect on amounts shown on consolidated balance sheet. |

## Securities

### 1. Trading securities

(Yen in millions)

| Type | As of March 31, 2011 | | As of March 31, 2010 | |
|---|---|---|---|---|
| | Fair value shown on balance sheet | Unrealized gains (losses) included in earnings | Fair value shown on balance sheet | Unrealized gains (losses) included in earnings |
| Trading securities | 2,475,184 | (151,479) | 2,525,553 | (149,389) |

Note:

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| The amount of negotiable certificates of deposit (fair value: 1,525 million yen, valuation gains: 0 million yen), which is presented as "Cash and bank deposits" on the consolidated balance sheet, is included in the table above. | The amount of negotiable certificates of deposit (fair value: 1,088 million yen, valuation gains: 0 million yen), which is presented as "Cash and bank deposits" on the consolidated balance sheet, is included in the table above. The amount of commercial paper (fair value: 3,714 million yen, valuation losses: 29 million yen), which is presented as "Monetary receivables bought" is also included. |

### 2. Bonds held to maturity

(Yen in millions)

| Type | | As of March 31, 2011 | | | As of March 31, 2010 | | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount shown on balance sheet | Fair value | Difference | Carrying amount shown on balance sheet | Fair value | Difference |
| Gross unrealized gains | Public and corporate bonds (Domestic) | 938,400 | 987,243 | 48,843 | 736,920 | 770,485 | 33,564 |
| | Foreign securities | 17,338 | 17,758 | 419 | 11,256 | 11,409 | 152 |
| | Subtotal | 955,739 | 1,005,002 | 49,262 | 748,177 | 781,894 | 33,716 |
| Gross unrealized losses | Public and corporate bonds (Domestic) | 1,061,657 | 1,009,174 | (52,482) | 875,348 | 829,980 | (45,368) |
| | Foreign securities | 5,973 | 5,677 | (296) | 12,773 | 12,306 | (467) |
| | Subtotal | 1,067,630 | 1,014,852 | (52,778) | 888,122 | 842,286 | (45,835) |
| Total | | 2,023,370 | 2,019,854 | (3,516) | 1,636,299 | 1,624,181 | (12,118) |

### 3. Bonds earmarked for underwriting reserves

(Yen in millions)

| Type | | As of March 31, 2011 | | | As of March 31, 2010 | | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount shown on balance sheet | Fair value | Difference | Carrying amount shown on balance sheet | Fair value | Difference |
| Gross unrealized gains | Public and corporate bonds (Domestic) | 115,358 | 120,185 | 4,826 | 102,867 | 106,649 | 3,781 |
| | Foreign securities | 126,119 | 132,707 | 6,587 | 195,758 | 204,632 | 8,873 |
| | Subtotal | 241,478 | 252,892 | 11,413 | 298,626 | 311,281 | 12,655 |
| Gross unrealized losses | Public and corporate bonds (Domestic) | 4,930 | 4,854 | (76) | 13,499 | 13,403 | (95) |
| | Foreign securities | 8,805 | 8,416 | (389) | 13,568 | 12,883 | (685) |
| | Subtotal | 13,735 | 13,270 | (465) | 27,067 | 26,287 | (780) |
| Total | | 255,214 | 266,162 | 10,948 | 325,694 | 337,568 | 11,874 |

4. Other securities (available for sale)

(Yen in millions)

| Type | | As of March 31, 2011 | | | As of March 31, 2010 | | |
|---|---|---|---|---|---|---|---|
| | | Fair value shown on balance sheet | Cost | Difference | Fair value shown on balance sheet | Cost | Difference |
| Gross unrealized gains | Domestic debt securities | 2,957,002 | 2,869,720 | 87,282 | 3,005,660 | 2,934,178 | 71,481 |
| | Domestic equity securities | 1,977,933 | 754,891 | 1,223,042 | 2,451,431 | 905,669 | 1,545,761 |
| | Foreign securities | 770,269 | 691,434 | 78,835 | 780,850 | 704,959 | 75,891 |
| | Other (Note 2) | 132,629 | 119,370 | 13,258 | 151,334 | 132,884 | 18,449 |
| | Subtotal | 5,837,835 | 4,435,416 | 1,402,418 | 6,389,277 | 4,677,693 | 1,711,584 |
| Gross unrealized losses | Domestic debt securities | 811,212 | 838,390 | (27,178) | 935,543 | 958,899 | (23,356) |
| | Domestic equity securities | 160,000 | 182,007 | (22,007) | 128,146 | 140,618 | (12,472) |
| | Foreign securities | 420,279 | 452,512 | (32,233) | 405,580 | 430,371 | (24,790) |
| | Other (Note 3) | 1,034,865 | 1,039,801 | (4,936) | 1,316,000 | 1,336,864 | (20,864) |
| | Subtotal | 2,426,357 | 2,512,712 | (86,355) | 2,785,271 | 2,866,754 | (81,483) |
| Total | | 8,264,192 | 6,948,129 | 1,316,063 | 9,174,548 | 7,544,447 | 1,630,100 |

Notes:

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| 1. Other securities (available for sale) whose fair value cannot be reliably measured are not included in the table above.<br>2. The amount of foreign mortgage securities (fair value: 127,311 million yen, cost: 114,860 million yen and difference: 12,451 million yen), which are presented as "Monetary receivables bought" on the consolidated balance sheet, is included in "Other".<br>3. The amount of negotiable certificates of deposit (fair value: 74,496 million yen, cost: 74,496 million yen), which is presented as "Cash and bank deposits" on the consolidated balance sheet, is included in "Other". The amount of commercial paper (fair value: 953,358 million yen, cost: 957,489 million yen and difference: -4,131 million yen), which is presented as "Monetary receivables bought", is also included.<br><br>— | 1. Other securities (available for sale) whose fair value cannot be reliably measured are not included in the table above.<br>2. The amount of foreign mortgage securities (fair value: 141,147 million yen, cost: 124,504 million yen and difference: 16,643 million yen), which are presented as "Monetary receivables bought" on the consolidated balance sheet, is included in "Other".<br>3. The amount of negotiable certificates of deposit (fair value: 113,091 million yen, cost: 113,091 million yen), which is presented as "Cash and bank deposits" on the consolidated balance sheet, is included in "Other". The amount of commercial paper (fair value: 1,194,310 million yen, cost: 1,214,092 million yen and difference: -19,782 million yen), which is presented as "Monetary receivables bought", is also included.<br><br>(Additional information)<br>The Company applied "Accounting Standard for Financial Instruments" (ASBJ statement No.10, March 10, 2008) and "Guidance on Fair Value Disclosure of Financial Statements" (ASBJ Guidance No.19, March 10, 2008) from the fiscal year ended March 31, 2010. As a result, the scope of securities measured at fair value has changed, and commercial paper once regarded as its fair value cannot be reliably measured is included in the table above. |

5. Bonds held to maturity that were sold

None.

6. Bonds earmarked for underwriting reserves that were sold

(Yen in millions)

| Type | FY2010 (April 1, 2010–March 31, 2011) | | | FY2009 (April 1, 2009–March 31, 2010) | | |
|---|---|---|---|---|---|---|
| | Sale proceeds | Gains on sale | Losses on sale | Sale proceeds | Gains on sale | Losses on sale |
| Domestic debt securities | 4,160 | 207 | 0 | 5,348 | 226 | 1 |
| Foreign securities | 6,007 | — | 1,016 | 7,190 | — | 719 |
| Total | 10,167 | 207 | 1,016 | 12,539 | 226 | 721 |

## 7. Other securities (available for sale) that were sold

(Yen in millions)

| Type | FY2010 (April 1, 2010–March 31, 2011) | | | FY2009 (April 1, 2009–March 31, 2010) | | |
|---|---|---|---|---|---|---|
| | Sale proceeds | Gains on sale | Losses on sale | Sale proceeds | Gains on sale | Losses on sale |
| Domestic debt securities | 843,203 | 15,782 | 5,225 | 326,376 | 2,820 | 749 |
| Domestic equity securities | 194,972 | 108,982 | 2,771 | 111,208 | 57,374 | 2,879 |
| Foreign securities | 414,621 | 11,961 | 4,097 | 646,393 | 16,304 | 7,344 |
| Other | 145,928 | 6,684 | 6,630 | 67,121 | 3,782 | 634 |
| Total | 1,598,726 | 143,411 | 18,724 | 1,151,100 | 80,281 | 11,608 |

Note:

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| The amount of negotiable certificates of deposit (proceeds: 31,719 million yen), which is presented as "Cash and bank deposits" on the consolidated balance sheet, is included in "Others." The amount of foreign mortgage securities (proceeds: 110,550 million yen, gains: 6,172 million yen, losses: (6,045) million yen), which is presented as "Monetary receivables bought" on the consolidated balance sheet, is also included in "Others." | The amount of commercial paper (proceeds: 57,497 million yen, gains: 1,362 million yen, losses: (551) million yen), which is presented as "Monetary receivables bought" on the consolidated balance sheet, is included in "Other". |

## 8. Securities impaired

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| For "Other securities," impairment losses of 23,085 million yen (equities: 20,973 million yen, foreign securities: 2,106 million yen, others: 4 million yen) were recognized for securities with fair value in the fiscal year ended March 31, 2011. Impairment losses of 1,479 million yen (bonds: 9 million yen, equities: 666 million yen, foreign securities: 186 million yen, others: 616 million yen) were also recognized for those whose fair value cannot be reliably measured.<br>Impairment losses for securities with fair value are recognized when fair value at the end of fiscal year has declined more than 30% of its cost, in principle. | A total of 28,746 million yen of impairment losses was recognized for the fiscal year ended March 31, 2010. This consisted of 6,682 million yen for securities with fair value and 22,063 million yen for those whose fair value cannot be reliably measured. Impairment losses of 16 million yen for foreign mortgage securities, which are presented as "Other investment expenses" in the consolidated statement of income, are included in those.<br>Impairment losses for securities with fair value are recognized when fair value at the end of fiscal year has declined more than 30% of its cost, in principle. |

## Money Trusts

1. Money trusts held for trading purposes

(Yen in millions)

| Item | As of March 31, 2011 | | As of March 31, 2010 | |
|---|---|---|---|---|
| | Carrying amount shown on balance sheet | Unrealized gains (losses) included in earnings | Carrying amount shown on balance sheet | Unrealized gains (losses) included in earnings |
| Money trusts | 13,856 | 1,067 | 11,578 | 841 |

2. Money trusts held to maturity
None.

3. Money trusts other than those held to maturity or those held for trading purposes

(Yen in millions)

| Item | As of March 31, 2011 | | | As of March 31, 2010 | | |
|---|---|---|---|---|---|---|
| | Carrying amount shown on balance sheet | Cost | Difference | Carrying amount shown on balance sheet | Cost | Difference |
| Money trusts | 200 | 200 | — | 200 | 200 | — |

## Derivative Transactions

"Principal amount" as shown in the tables is the nominal contract amount or notional principal amount of derivative transactions. The amount itself does not represent the market or credit risk of such derivative transactions.

1. Derivatives to which hedge accounting is not applied

(1) Foreign currency-related instruments

(Yen in millions)

| Type | | As of March 31, 2011 | | | | As of March 31, 2010 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Principal amount | | Fair value | Unrealized gains (losses) | Principal amount | | Fair value | Unrealized gains (losses) |
| | | | Over 1 year | | | | Over 1 year | | |
| Over-the-counter transactions | Foreign exchange forwards | | | | | | | | |
| | Short | | | | | | | | |
| | USD | 176,344 | — | (1,706) | (1,706) | 143,776 | 464 | (3,769) | (3,769) |
| | EUR | 29,882 | — | (1,031) | (1,031) | 24,064 | — | 35 | 35 |
| | GBP | 4,890 | — | (94) | (94) | 5,434 | — | 20 | 20 |
| | AUD | 6,724 | — | (380) | (380) | 13,777 | — | (231) | (231) |
| | CAD | 5,122 | — | (178) | (178) | 5,813 | — | (578) | (578) |
| | JPY | — | — | — | — | 1,341 | — | 53 | 53 |
| | Long | | | | | | | | |
| | USD | 8,164 | — | 226 | 226 | 50,920 | — | 1,363 | 1,363 |
| | EUR | 13,079 | — | 583 | 583 | 10,174 | — | (187) | (187) |
| | GBP | 2,695 | — | 68 | 68 | 281 | — | 6 | 6 |
| | AUD | 9,846 | — | 563 | 563 | 12,384 | — | 367 | 367 |
| | Currency swaps | | | | | | | | |
| | Pay Foreign/Rec. Yen | | | | | | | | |
| | USD | 413,478 | 244,677 | 13,753 | 13,753 | 605,381 | 441,232 | 6,814 | 6,814 |
| | EUR | 3,818 | 2,481 | 798 | 798 | 9,535 | 8,033 | 940 | 940 |
| | AUD | 447 | 447 | 17 | 17 | 836 | 640 | 43 | 43 |
| | Pay Yen/Rec. Foreign | | | | | | | | |
| | USD | 157,060 | 116,203 | (25,031) | (25,031) | 215,086 | 158,194 | (10,350) | (10,350) |
| | EUR | 2,481 | 2,481 | (741) | (741) | 6,291 | 6,291 | (915) | (915) |
| | AUD | 434 | 434 | (14) | (14) | 627 | 627 | (39) | (39) |
| | Pay Foreign/Rec. Foreign | | | | | | | | |
| | Rec. SGD/Pay USD | 616 | — | 60 | 60 | — | — | — | — |
| | Currency options | | | | | | | | |
| | Short | | | | | | | | |
| | Call | | | | | | | | |
| | USD | 44,812 | 31,939 | | | 37,709 | 27,785 | | |
| | | [4,936] | [4,120] | 4,198 | 738 | [3,318] | [2,806] | 3,155 | 162 |
| | AUD | — | — | | | 95 | — | | |
| | | [—] | [—] | — | — | [0] | [—] | 0 | 0 |
| | Put | | | | | | | | |
| | USD | 49,758 | 36,078 | | | 46,504 | 35,314 | | |
| | | [5,022] | [4,007] | 7,503 | (2,481) | [3,169] | [2,752] | 5,212 | (2,042) |
| | Long | | | | | | | | |
| | Call | | | | | | | | |
| | USD | 42,666 | 29,252 | | | 55,389 | 48,619 | | |
| | | [3,521] | [2,567] | 2,821 | (699) | [4,138] | [3,737] | 4,837 | 699 |
| | AUD | — | — | | | 82 | — | | |
| | | [—] | [—] | — | — | [0] | [—] | 0 | (0) |
| | Put | | | | | | | | |
| | USD | 45,681 | 30,572 | | | 53,307 | 45,681 | | |
| | | [3,443] | [2,588] | 9,105 | 5,662 | [4,253] | [3,873] | 8,434 | 4,180 |
| Total | | — | — | 10,524 | (9,884) | — | — | 15,212 | (3,428) |

Notes: 1. The fair value of foreign exchange forwards and currency swaps is measured by discounting estimated future cash flows to present value.
2. The fair value of currency options is measured using option-pricing model.
3. For option contracts, option premiums are shown below the respective contract amount.

(2) Interest rate-related instruments

(Yen in millions)

| Type | | As of March 31, 2011 | | | | As of March 31, 2010 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Principal amount | | Fair value | Unrealized gains (losses) | Principal amount | | Fair value | Unrealized gains (losses) |
| | | | Over 1 year | | | | Over 1 year | | |
| Market transactions | Interest rate futures | | | | | | | | |
| | Short | 15,883 | — | (4) | (4) | 26,713 | — | (1) | (1) |
| | Long | 160,000 | — | 1 | 1 | 13,711 | — | 3 | 3 |
| Over-the-counter transactions | Interest rate options | | | | | | | | |
| | Short | | | | | | | | |
| | Cap | 37,231 | 25,000 | | | 49,957 | 34,912 | | |
| | | [595] | [434] | 53 | 542 | [734] | [607] | 107 | 626 |
| | Swaption | 13,000 | 12,000 | | | 17,000 | 16,000 | | |
| | | [445] | [393] | 1,182 | (736) | [445] | [445] | 741 | (295) |
| | Long | | | | | | | | |
| | Cap | 4,500 | — | | | 14,600 | 4,500 | | |
| | | [36] | [—] | 0 | (36) | [135] | [36] | 0 | (135) |
| | Swaption | 16,000 | 12,000 | | | 21,154 | 19,000 | | |
| | | [394] | [285] | 487 | 93 | [397] | [394] | 375 | (22) |
| | Interest rate swaps | | | | | | | | |
| | Rec. fix/Pay float | 3,227,382 | 2,450,231 | 128,951 | 128,951 | 3,886,269 | 3,146,046 | 121,301 | 121,301 |
| | Rec. float/Pay fix | 3,708,935 | 2,579,326 | (111,307) | (111,307) | 4,161,353 | 3,213,860 | (105,171) | (105,171) |
| | Rec. float/Pay float | 384,298 | 372,152 | 3,313 | 3,313 | 462,375 | 452,917 | 12,735 | 12,735 |
| | Rec. fix/Pay fix | 43,655 | 43,655 | 237 | 237 | 44,610 | 44,610 | (589) | (589) |
| Total | | — | — | 22,913 | 21,052 | — | — | 29,502 | 28,452 |

Notes: 1. The fair value of interest rate futures is based on the closing prices in principal markets.
2. The fair value of interest rate options is measured using option-pricing model.
3. For option contracts, option premiums at the inception are shown below the respective contract amount.
4. The fair value of interest rate swaps is measured by discounting estimated future cash flows at interest rates at end of period or based on the indications obtained from the counterparty financial institution.

(3) Equity-related instruments

(Yen in millions)

| Type | | As of March 31, 2011 | | | | As of March 31, 2010 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Principal amount | | Fair value | Unrealized gains (losses) | Principal amount | | Fair value | Unrealized gains (losses) |
| | | | Over 1 year | | | | Over 1 year | | |
| Market transactions | Equity index futures | | | | | | | | |
| | Short | 15,688 | — | (158) | (158) | 17,165 | — | (434) | (434) |
| | Long | 2,452 | — | (1) | (1) | 1,634 | — | 72 | 72 |
| Over-the-counter transactions | Equity index options | | | | | | | | |
| | Long | | | | | | | | |
| | Put | 17,624 | 12,982 | | | 22,175 | 17,624 | | |
| | | [4,260] | [3,159] | 7,698 | 3,438 | [5,272] | [4,260] | 8,501 | 3,228 |
| Total | | — | — | 7,538 | 3,278 | — | — | 8,140 | 2,867 |

Notes: 1. The fair value of equity index futures is based on the closing prices in principal markets.
2. The fair value of equity index options is based on indications obtained from counterparties.
3. For option contracts, option premiums at the inception are shown below the respective contract amount.

(4) Bond-related instruments

(Yen in millions)

| Type | | As of March 31, 2011 Principal amount | Over 1 year | Fair value | Unrealized gains (losses) | As of March 31, 2010 Principal amount | Over 1 year | Fair value | Unrealized gains (losses) |
|---|---|---|---|---|---|---|---|---|---|
| Market transactions | Bond futures | | | | | | | | |
| | Short | 11,300 | — | (52) | (52) | 11,611 | — | 51 | 51 |
| | Long | — | — | — | — | 5,818 | — | (56) | (56) |
| Over-the-counter transactions | Bond future options | | | | | | | | |
| | Short | | | | | | | | |
| | Call | — | — | | | 11,543 | — | | |
| | | [—] | [—] | — | — | [19] | [—] | 13 | 5 |
| | Put | — | — | | | 2,494 | — | | |
| | | [—] | [—] | — | — | [9] | [—] | 13 | (4) |
| | Long | | | | | | | | |
| | Call | — | — | | | 2,494 | — | | |
| | | [—] | [—] | — | — | [7] | [—] | 3 | (3) |
| | Put | — | — | | | 11,543 | — | | |
| | | [—] | [—] | — | — | [25] | [—] | 27 | 2 |
| Total | | — | — | (52) | (52) | — | — | 53 | (4) |

Notes: 1. The fair value of bond futures is based on the closing prices in principal markets.
2. The fair value of bond future options is based on indications obtained from counterparties.
3. For option contracts, option premiums at the inception are shown below the respective contract amount.

(5) Credit-related instruments

(Yen in millions)

| Type | | As of March 31, 2011 Principal amount | Over 1 year | Fair value | Unrealized gains (losses) | As of March 31, 2010 Principal amount | Over 1 year | Fair value | Unrealized gains (losses) |
|---|---|---|---|---|---|---|---|---|---|
| Over-the-counter transactions | Credit derivatives | | | | | | | | |
| | Sell protection | 199,719 | 156,491 | (8,088) | (8,088) | 398,908 | 220,721 | (12,295) | (12,295) |
| | Buy protection | 35,423 | 34,923 | (59) | (59) | 42,118 | 40,821 | 389 | 389 |
| Total | | — | — | (8,147) | (8,147) | — | — | (11,905) | (11,905) |

Note: The fair value of credit derivatives is measured using internal valuation model.

(6) Commodity-related instruments

(Yen in millions)

| Type | | As of March 31, 2011 Principal amount | Over 1 year | Fair value | Unrealized gains (losses) | As of March 31, 2010 Principal amount | Over 1 year | Fair value | Unrealized gains (losses) |
|---|---|---|---|---|---|---|---|---|---|
| Over-the-counter transactions | Commodity options | | | | | | | | |
| | Short | | | | | | | | |
| | Cap | 76 | — | | | — | — | | |
| | | [12] | [—] | 2 | 9 | [—] | [—] | — | — |
| | Long | | | | | | | | |
| | Cap | 76 | — | | | — | — | | |
| | | [10] | [—] | 2 | (7) | [—] | [—] | — | — |
| | Commodity swaps | | | | | | | | |
| | Rec. fixed price/Pay commodity indices | 15,990 | 15,533 | (6,292) | (6,292) | 20,351 | 20,351 | (8,393) | (8,393) |
| | Rec. commodity indices/Pay fixed price | 17,280 | 16,775 | 5,368 | 5,368 | 22,046 | 22,046 | 7,152 | 7,152 |
| | Rec. commodity indices/Pay variable indices | 6,582 | 6,170 | (416) | (416) | 8,664 | 8,664 | (414) | (414) |
| Total | | — | — | (1,336) | (1,339) | — | — | (1,656) | (1,656) |

Notes: 1. The fair value of commodity options and commodity swaps is measured using internal valuation model.
2. For option contracts, option premiums at the inception are shown below the respective contract amount.

(7) Others

(Yen in millions)

| Type | | As of March 31, 2011 Principal amount | Over 1 year | Fair value | Unrealized gains (losses) | As of March 31, 2010 Principal amount | Over 1 year | Fair value | Unrealized gains (losses) |
|---|---|---|---|---|---|---|---|---|---|
| Over-the-counter transactions | Index basket options | | | | | | | | |
| | Long | 166,478 | 166,478 | | | 162,544 | 162,544 | | |
| | | [10,098] | [10,098] | 30,488 | 20,389 | [7,520] | [7,520] | 24,081 | 16,560 |
| | Natural disaster derivatives | | | | | | | | |
| | Short | 12,216 | 386 | | | 9,583 | 321 | | |
| | | [869] | [9] | 630 | 239 | [285] | [12] | 264 | 21 |
| | Long | 28,815 | — | | | 28,953 | — | | |
| | | [3,847] | [—] | 2,188 | (1,658) | [4,939] | [—] | 2,777 | (2,162) |
| | Weather derivatives | | | | | | | | |
| | Short | 115 | — | | | 16 | — | | |
| | | [3] | [—] | 1 | 1 | [0] | [—] | 0 | (0) |
| | Others | | | | | | | | |
| | Short | 123 | 123 | | | 123 | 123 | | |
| | | [6] | [6] | 6 | — | [6] | [6] | 6 | — |
| Total | | — | — | 33,316 | 18,972 | — | — | 27,129 | 14,419 |

Notes: 1. The fair value of index basket options is based on indications obtained from counterparties.
2. The fair value of natural disaster derivatives is measured using internal valuation models or based on option premiums.
3. The fair value of weather derivatives is measured considering weather conditions, terms of contracts and other components.
4. The fair value of other is based on option premiums.
5. Option premiums at the inception are shown below the respective contract amount.

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency-related instruments

(Yen in millions)

| Type | | Hedged item | As of March 31, 2011 Principal amount | Over 1 year | Fair value | As of March 31, 2010 Principal amount | Over 1 year | Fair value |
|---|---|---|---|---|---|---|---|---|
| Deferred hedge | Currency swaps | | | | | | | |
| | Pay Yen/ Rec. Foreign | Borrowing | | | | | | |
| | USD | | 5,000 | 5,000 | (154) | 5,000 | 5,000 | (46) |
| Fair value hedge | Foreign exchange forwards | | | | | | | |
| | Short | Other securities (available for sale) | | | | | | |
| | USD | | 76,179 | — | (515) | 101,921 | — | (2,660) |
| | EUR | | 49,758 | — | (2,242) | 65,592 | — | (576) |
| | GBP | | 14,220 | — | (382) | 7,893 | — | 154 |
| | CAD | | 2,586 | — | (30) | — | — | — |
| | Currency swaps | | | | | | | |
| | Pay Foreign/ Rec. Yen | Other securities (available for sale) | | | | | | |
| | USD | | 7,578 | 7,578 | 1,758 | 20,393 | 20,393 | 2,968 |
| | EUR | | — | — | — | 5,890 | 2,030 | 828 |
| | AUD | | 16,824 | 16,824 | (588) | 16,824 | 16,824 | (427) |
| Assignment accounting | Foreign exchange forwards | | | | | | | |
| | Short | Bank deposits | | | | | | |
| | USD | | 10,000 | — | (Note 2) | 20,003 | — | (Note 2) |
| | AUD | | 5,002 | — | | 5,005 | — | |
| Total | | | — | — | (2,156) | — | — | 239 |

Notes: 1. The fair value of currency swaps and foreign exchange forwards is measured by discounting estimated future cash flows.
2. The fair value of foreign exchange forwards, which is integrally accounted with hedged items, is included in the fair value of bank deposits shown in the notes "Fair value of financial instruments."

(2) Interest rate-related instruments

(Yen in millions)

| Type | | Hedged items | As of March 31, 2011 | | | As of March 31, 2010 | | |
|---|---|---|---|---|---|---|---|---|
| | | | Principal amount | | Fair value | Principal amount | | Fair value |
| | | | | Over 1 year | | | Over 1 year | |
| Deferred hedge | Interest rate swaps Rec. fix/Pay float | Insurance liabilities | 431,100 | 405,100 | 17,751 | 438,700 | 438,700 | 12,729 |
| Total | | | — | — | 17,751 | — | — | 12,729 |

Note: The fair value of interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate as of the closing date of the fiscal year.

## Retirement Benefits

1. Outline of the retirement and severance benefit plans
   The Company and its nine consolidated subsidiaries have an unfunded lump-sum payment retirement plan covering substantially all employees.
   Tokio Marine & Nichido has a corporate pension plan and an approved retirement annuity plan. The benefits of the corporate pension plan and lump-sum payment retirement plan are based on the points which each employee acquired through service.
   Additionally, some domestic consolidated subsidiaries have an employee retirement trust and some overseas consolidated subsidiaries have a retirement and severance benefit plan.

2. Breakdown of retirement benefit obligations

(Yen in millions)

| | As of March 31, 2011 | As of March 31, 2010 |
|---|---|---|
| a. Retirement benefit liabilities | (385,674) | (382,272) |
| b. Pension assets | 159,876 | 158,028 |
| c. Employee retirement trust | 9,151 | 10,593 |
| d. Unaccrued retirement benefit liabilities (a+b+c) | (216,646) | (213,650) |
| e. Unrecognized actuarial difference | 72,990 | 79,278 |
| f. Unrecognized prior service costs | (16,122) | (18,795) |
| g. Net amount in the consolidated balance sheet (d+e+f) | (159,778) | (153,167) |
| h. Prepaid pension expenses | 6,420 | 6,885 |
| i. Reserve for retirement benefits (g–h) | (166,199) | (160,053) |

| As of March 31, 2011 | As of March 31, 2010 |
|---|---|
| Note<br>(No change) | Note<br>The Company and its subsidiaries excluding Tokio Marine & Nichido, Nisshin Fire, Tokio Marine & Nichido Life, Tokio Marine & Nichido Facilities and Tokio Marine & Nichido Career Service use the simplified method in calculation of retirement benefit liabilities. |

3. Breakdown of retirement expenses

(Yen in millions)

| | FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|---|
| a. Service cost | 16,472 | 15,762 |
| b. Interest cost | 7,465 | 7,261 |
| c. Expected investment income | (3,575) | (3,533) |
| d. Actuarial differences accounted for as expense | 10,159 | 10,225 |
| e. Amortization of prior service cost accounted for as expense | (2,673) | (2,684) |
| f. Retirement benefit expenses (a+b+c+d+e) | 27,848 | 27,030 |
| g. Amount transferred to the defined contribution pension plan | 1,979 | 1,885 |
| h. Total (f+g) | 29,827 | 28,915 |

| FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|
| Notes<br>1. In addition to the above-mentioned retirement expenses, the payment of premium severance benefits in the amount of 447 million yen was recorded as an extraordinary loss.<br>2. Employee contributions to the corporate pension fund are deducted from service cost.<br>3. Retirement expenses for companies using the simple method are recorded as “a. service cost.” | Notes<br>1. Employee contributions to the corporate pension fund are deducted from service cost.<br>2. Retirement expenses for companies using the simple method are recorded as “a. service cost.” |

4. Accounting for retirement benefit obligations

| | **FY2010 (April 1, 2010–March 31, 2011)** | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|---|
| a. Distribution method for estimated retirement benefits | (No change) | The lump-sum retirement benefit system and the corporate pension plan mainly employ the point standard. |
| b. Discount rate | (No change) | 2.0% |
| c. Expected rate of return on investments | 1.7%–2.3% | 2.0%–2.4% |
| d. Terms to amortize unrecognized prior service costs | (No change) | 12 to 14 years (Expenses are accounted for using the straight-line method over a certain number of years within the average remaining work period of employees at the time of occurrence) |
| e. Terms to amortize actuarial unrecognized differences | (No change) | 1 to 14 years (Expenses are accounted for in the following fiscal year using the straight-line method over a certain number of years within the average remaining work period of employees at the time of occurrence) |

## Share Options

### ■ FY2010 (April 1, 2010–March 31, 2011)

1. Amount related to share options

| | (Yen in millions) |
|---|---|
| Loss adjustment expenses | 96 |
| Operating and general administrative expenses | 451 |
| Total | 547 |

2. Details of share options

(1) Details of share options

| | Share options (July 2010) (Share option scheme as share-linked compensation plan) | Share options (July 2009) (Share option scheme as share-linked compensation plan) | Share options (August 2008) (Share option scheme as share-linked compensation plan) |
|---|---|---|---|
| Title and number of grantees | Directors of the Company: 11<br>Corporate auditors of the Company: 5<br>Executive officers of the Company: 6<br>Directors of the Company's consolidated subsidiaries (excluding directors and executive officers of the Company): 22<br>Corporate auditors of the Company's consolidated subsidiaries: 12<br>Directors* of the Company's consolidated subsidiaries (excluding executive officers of the Company): 32<br>(*) Non-members of the board | Directors of the Company: 11<br>Corporate auditors of the Company: 5<br>Executive officers of the Company: 5<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 23<br>Corporate auditors of the Company's consolidated subsidiaries: 12<br>Directors* of the Company's consolidated subsidiaries (excluding executive officers of the Company): 32<br>(*) Non-members of the board | Directors of the Company: 13<br>Corporate auditors of the Company: 5<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 26<br>Corporate auditors of the Company's consolidated subsidiaries: 12<br>Directors* of the Company's consolidated subsidiaries: 27<br>(*) Non-members of the board |
| Number of share options (Note) | Common share: 238,600 shares | Common share: 213,300 shares | Common share: 122,100 shares |
| Grant date | July 13, 2010 | July 14, 2009 | August 26, 2008 |
| Vesting conditions | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2011. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted x Number of months served by directors (including non-members of the board) or corporate auditors from July 2010 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2010. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted x Number of months served by directors (including non-members of the board) or corporate auditors from July 2009 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2009. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted x Number of months served by directors (including non-members of the board) or corporate auditors from July 2008 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. |
| Requisite service period | From July 14, 2010 to June 30, 2011 | From July 15, 2009 to June 30, 2010 | From August 27, 2008 to June 30, 2009 |
| Exercise period | From July 14, 2010 to July 13, 2040.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). | From July 15, 2009 to July 14, 2039.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). | From August 27, 2008 to August 26, 2038.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). |

Note: The number of share options is converted into share numbers.

(1) Details of share options (continued)

| | Share options (July 2007) (Share option scheme as share-linked compensation plan) | Share options (July 2006) (Share option scheme as share-linked compensation plan) | Share options (July 2005) (Share option scheme as share-linked compensation plan) |
|---|---|---|---|
| Title and number of grantees | Directors of the Company: 12<br>Corporate auditors of the Company: 5<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 19<br>Corporate auditors of the Company's consolidated subsidiaries: 8<br>Directors* of the Company's consolidated subsidiaries: 21<br>(*) Non-members of the board | Directors of the Company: 7<br>Corporate auditors of the Company: 2<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 17<br>Corporate auditors of the Company's consolidated subsidiaries: 3<br>Directors* of the Company's consolidated subsidiaries: 27<br>(*) Non-members of the board | Directors of the Company: 11<br>Corporate auditors of the Company: 5<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 15<br>Corporate auditors of the Company's consolidated subsidiaries: 5<br>Directors* of the Company's consolidated subsidiaries 27<br>(*) Non-members of the board |
| Number of share options (Note) | Common share: 86,700 shares | Common share: 97,000 shares | Common share: 155,000 shares |
| Grant date | July 23, 2007 | July 18, 2006 | July 14, 2005 |
| Vesting conditions | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2008. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted × Number of months served by directors (including non-members of the board) or corporate auditors from July 2007 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2007. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted × Number of months served by directors (including non-members of the board) or corporate auditors from July 2006 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2006. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted × Number of months served by directors (including non-members of the board) or corporate auditors from July 2005 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. |
| Requisite service period | From July 24, 2007 to June 30, 2008 | From July 19, 2006 to June 30, 2007 | From July 15, 2005 to June 30, 2006 |
| Exercise period | From July 24, 2007 to July 23, 2037.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). | From July 19, 2006 to July 18, 2036.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). | From July 15, 2005 to June 30, 2035.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). |

Note: The number of share options is converted into share numbers.

(2) Figures relating to the share options;

(a) Number of the share options

| | Share options (July 2010) (Share option scheme as share-linked compensation plan) | Share options (July 2009) (Share option scheme as share-linked compensation plan) | Share options (August 2008) (Share option scheme as share-linked compensation plan) | Share options (July 2007) (Share option scheme as share-linked compensation plan) | Share options (July 2006) (Share option scheme as share-linked compensation plan) | Share options (July 2005) (Share option scheme as share-linked compensation plan) |
|---|---|---|---|---|---|---|
| Share options before vesting (converted into share numbers) | | | | | | |
| Outstanding at the beginning of the fiscal year | — | 50,300 | — | — | — | — |
| Granted | 238,600 | — | — | — | — | — |
| Forfeited | — | — | — | — | — | — |
| Vested | 182,600 | 50,300 | — | — | — | — |
| Outstanding at the end of the fiscal year | 56,000 | — | — | — | — | — |
| Exercisable share options (converted into share numbers) | | | | | | |
| Outstanding at the beginning of the fiscal year | — | 163,000 | 96,700 | 46,400 | 36,000 | 41,500 |
| Vested | 182,600 | 50,300 | — | — | — | — |
| Exercised | — | 32,400 | 16,400 | 9,300 | 10,500 | 12,500 |
| Forfeited | — | — | — | — | — | — |
| Outstanding at the end of the fiscal year | 182,600 | 180,900 | 80,300 | 37,100 | 25,500 | 29,000 |

Note: On September 30, 2006, the Company conducted a share split in the ratio of 500:1. The above numbers are presented on an after share split basis.

(b) Price information

| | Share options (July 2010) (Share option scheme as share-linked compensation plan) | Share options (July 2009) (Share option scheme as share-linked compensation plan) | Share options (August 2008) (Share option scheme as share-linked compensation plan) | Share options (July 2007) (Share option scheme as share-linked compensation plan) | Share options (July 2006) (Share option scheme as share-linked compensation plan) | Share options (July 2005) (Share option scheme as share-linked compensation plan) |
|---|---|---|---|---|---|---|
| Exercise price | ¥ 100 (per a share option) | ¥ 100 (per a share option) | ¥ 100 (per a share option) | ¥ 100 (per a share option) | ¥ 500 (per a share option) | ¥ 500 (per a share option) |
| Average share price at exercise | ¥ — | ¥ 2,349 | ¥ 2,348 | ¥ 2,349 | ¥ 2,346 | ¥2,347 |
| Fair value on the grant date | ¥234,400 | ¥237,600 | ¥353,300 | ¥491,700 | ¥2,013,506 | ¥ — |

3. Valuation technique used for the estimated fair value of share options

Share options granted in July 2010 were valuated as follows:

(a) Valuation technique Black-Scholes Model

(b) Assumptions

| | Share options (July 2010) (Share option scheme as share-linked compensation plan) |
|---|---|
| Expected volatility (Note 1) | 56.17% |
| Expected lives (Note 2) | 2 years |
| Expected dividends (Note 3) | ¥49 |
| Risk-free interest rate (Note 4) | 0.16% |

Notes: 1. Computed based on the share prices from July 14, 2008 to July 13, 2010.
2. Computed based on the average period of service of directors and corporate auditors.
3. Computed based on the average amount of annual dividends paid in the fiscal year ended March 31, 2009 and the fiscal year ended March 31, 2010.
4. Based on yields of Japanese government bonds for a term corresponding to the expected lives.

4. Estimate of vested number of share options

Only the actual number of forfeited share options is considered because it is difficult to rationally estimate the number of share options that will be forfeited in the future.

## ■ FY2009 (April 1, 2009–March 31, 2010)

1. Amount related to share options

| | (Yen in millions) |
|---|---|
| Loss adjustment expenses | 81 |
| Operating and general administrative expenses | 398 |
| Total | 479 |

2. Details and figures relating to share options

(1) Details of share options

| | Share options (July 2009) (Share option scheme as share-linked compensation plan) | Share options (August 2008) (Share option scheme as share-linked compensation plan) | Share options (July 2007) (Share option scheme as share-linked compensation plan) |
|---|---|---|---|
| Title and number of grantees | Directors of the Company: 11<br>Corporate auditors of the Company: 5<br>Executive officers of the Company: 5<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 23<br>Corporate auditors of the Company's consolidated subsidiaries: 12<br>Directors* of the Company's consolidated subsidiaries (excluding executive officers of the Company): 32<br>(*) Non-members of the board | Directors of the Company: 13<br>Corporate auditors of the Company: 5<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 26<br>Corporate auditors of the Company's consolidated subsidiaries: 12<br>Directors* of the Company's consolidated subsidiaries: 27<br>(*) Non-members of the board | Directors of the Company: 12<br>Corporate auditors of the Company: 5<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 19<br>Corporate auditors of the Company's consolidated subsidiaries: 8<br>Directors* of the Company's consolidated subsidiaries: 21<br>(*) Non-members of the board |
| Number of share options (Note) | Common share: 213,300 shares | Common share: 122,100 shares | Common share: 86,700 shares |
| Grant date | July 14, 2009 | August 26, 2008 | July 23, 2007 |
| Vesting conditions | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2010. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted x Number of months served by directors (including non-members of the board) or corporate auditors from July 2009 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2009. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted x Number of months served by directors (including non-members of the board) or corporate auditors from July 2008 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2008. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted × Number of months served by directors (including non-members of the board) or corporate auditors from July 2007 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. |
| Requisite service period | From July 15, 2009 to June 30, 2010 | From August 27, 2008 to June 30, 2009 | From July 24, 2007 to June 30, 2008 |
| Exercise period | From July 15, 2009 to July 14, 2039.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). | From August 27, 2008 to August 26, 2038.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). | From July 24, 2007 to July 23, 2037.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). |

Note: The number of share options is converted into share numbers.

(1) Details of share options (continued)

| | Share options (July 2006)<br>(Share option scheme as share-linked compensation plan) | Share options (July 2005)<br>(Share option scheme as share-linked compensation plan) |
|---|---|---|
| Title and number of grantees | Directors of the Company: 7<br>Corporate auditors of the Company: 2<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 17<br>Corporate auditors of the Company's consolidated subsidiaries: 3<br>Directors* of the Company's consolidated subsidiaries: 27<br>(*) Non-members of the board | Directors of the Company: 11<br>Corporate auditors of the Company: 5<br>Directors of the Company's consolidated subsidiaries (excluding directors of the Company): 15<br>Corporate auditors of the Company's consolidated subsidiaries: 5<br>Directors* of the Company's consolidated subsidiaries 27<br>(*) Non-members of the board |
| Number of share options (Note) | Common share: 97,000 shares | Common share: 155,000 shares |
| Grant date | July 18, 2006 | July 14, 2005 |
| Vesting conditions | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2007. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted × Number of months served by directors (including non-members of the board) or corporate auditors from July 2006 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. | Share options vest on the date of grant. Additionally, share options held by any of the directors or corporate auditors that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity before June 30, 2006. The number of the exercisable share options is calculated by the following formula:<br>Number of share options allotted × Number of months served by directors (including non-members of the board) or corporate auditors from July 2005 inclusive of the month of the retirement/12.<br>Remaining share options become unexercisable after the retirement date and then expire. |
| Requisite service period | From July 19, 2006 to June 30, 2007 | From July 15, 2005 to June 30, 2006 |
| Exercise period | From July 19, 2006 to July 18, 2036.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). | From July 15, 2005 to June 30, 2035.<br>Share options held by any of the directors, corporate auditors or operating officers that he/she received in his/her capacity as a director (including a non-member of the board) or a corporate auditor of the relevant entity may be exercised within ten days after he/she has retired from any position as a director (including a non-member of the board) or corporate auditor of such entity (excluding the date of retirement). |

Note: The number of share options is converted into share numbers.

(2) Figures relating to the share options;

(a) Number of the share options

| | Share options (July 2009) (Share option scheme as share-linked compensation plan) | Share options (August 2008) (Share option scheme as share-linked compensation plan) | Share options (July 2007) (Share option scheme as share-linked compensation plan) | Share options (July 2006) (Share option scheme as share-linked compensation plan) | Share options (July 2005) (Share option scheme as share-linked compensation plan) |
|---|---|---|---|---|---|
| Share options before vesting (converted into share numbers) | | | | | |
| Outstanding at the beginning of the fiscal year | — | 26,200 | — | — | — |
| Granted | 213,300 | — | — | — | — |
| Forfeited | — | — | — | — | — |
| Vested | 163,000 | 26,200 | — | — | — |
| Outstanding at the end of the fiscal year | 50,300 | — | — | — | — |
| Exercisable share options (converted into share numbers) | | | | | |
| Outstanding at the beginning of the fiscal year | — | 95,700 | 62,600 | 50,500 | 61,500 |
| Vested | 163,000 | 26,200 | — | — | — |
| Exercised | — | 25,200 | 16,200 | 14,500 | 20,000 |
| Forfeited | — | — | — | — | — |
| Outstanding at the end of the fiscal year | 163,000 | 96,700 | 46,400 | 36,000 | 41,500 |

Note: On September 30, 2006, the Company conducted a share split in the ratio of 500:1. The above numbers are presented on an after share split basis.

(b) Price information

| | Share options (July 2009) (Share option scheme as share-linked compensation plan) | Share options (August 2008) (Share option scheme as share-linked compensation plan) | Share options (July 2007) (Share option scheme as share-linked compensation plan) | Share options (July 2006) (Share option scheme as share-linked compensation plan) | Share options (July 2005) (Share option scheme as share-linked compensation plan) |
|---|---|---|---|---|---|
| Exercise price | ¥ 100 (per a share option) | ¥ 100 (per a share option) | ¥ 100 (per a share option) | ¥ 500 (per a share option) | ¥ 500 (per a share option) |
| Average share price at exercise | ¥ — | ¥ 2,635 | ¥ 2,635 | ¥ 2,635 | ¥2,635 |
| Fair value on the grant date | ¥237,600 | ¥353,300 | ¥491,700 | ¥2,013,506 | ¥ — |

3. Valuation technique used for the estimated fair value of share options

Share options granted in July 2009 were valuated as follows:

(a) Valuation technique Black-Scholes Model

(b) Assumptions

| | Share options (July 2009) (Share option scheme as share-linked compensation plan) |
|---|---|
| Expected volatility (Note 1) | 51.77% |
| Expected lives (Note 2) | 3 years |
| Expected dividends (Note 3) | ¥44 |
| Risk-free interest rate (Note 4) | 0.380% |

Notes: 1. Computed based on the share prices from July 18, 2006 to July 14, 2009.
2. Computed based on the average period of service of directors and corporate auditors.
3. Computed based on the average amount of dividends paid.
4. Based on yields of Japanese government bonds for a term corresponding to the expected lives.

4. Estimate of vested number of share options

Only the actual number of forfeited share options is considered because it is difficult to rationally estimate the number of share options that will be forfeited in the future.

## Deferred Tax Accounting

| As of March 31, 2011 | | As of March 31, 2010 | |
|---|---|---|---|
| **1. Significant balances of deferred tax assets and deferred tax liabilities** | (Yen in millions) | **1. Significant balances of deferred tax assets and deferred tax liabilities** | (Yen in millions) |
| Deferred tax assets | | Deferred tax assets | |
| Underwriting reserves | 443,087 | Underwriting reserves | 431,619 |
| Outstanding claims | 72,573 | Retirement benefit obligations | 61,635 |
| Retirement benefit obligations | 63,333 | Outstanding claims | 60,641 |
| Impairment losses on securities | 42,209 | Impairment losses on securities | 50,231 |
| Net operating loss carry forward | 30,823 | Net operating loss carry forward | 28,429 |
| Price fluctuation reserve | 23,774 | Price fluctuation reserve | 22,168 |
| Deferred losses on hedge | 10,385 | Deferred losses on hedge | 13,167 |
| Others | 87,402 | Others | 94,876 |
| Subtotal | 773,589 | Subtotal | 762,768 |
| Valuation allowance | (56,133) | Valuation allowance | (58,145) |
| Total deferred tax assets | 717,455 | Total deferred tax assets | 704,622 |
| Deferred tax liabilities | | Deferred tax liabilities | |
| Unrealized gains on securities | (462,956) | Unrealized gains on securities | (580,240) |
| Unrealized gains on consolidated subsidiaries | (59,636) | Unrealized gains on consolidated subsidiaries | (67,464) |
| Deferred gains on hedge | (19,711) | Deferred gains on hedge | (20,324) |
| Others | (63,985) | Others | (68,129) |
| Total deferred tax liabilities | (606,289) | Total deferred tax liabilities | (736,158) |
| Net deferred tax assets (liabilities) | 111,165 | Net deferred tax assets (liabilities) | (31,535) |
| **2. Reconciliation between the effective tax rate of the Company and the Japanese statutory income tax rate** | (%) | **2. Reconciliation between the effective tax rate of the Company and the Japanese statutory income tax rate** | (%) |
| Japanese statutory tax rate | 40.7 | Japanese statutory tax rate | 40.7 |
| (Adjustments) | | (Adjustments) | |
| Permanent differences such as dividends received | (11.1) | Permanent differences such as dividends received | (6.4) |
| Permanent differences such as entertainment expenses | 1.8 | Tax rate applied to subsidiaries | (9.7) |
| Others | 0.4 | Permanent differences such as entertainment expenses | 0.9 |
| Effective tax rate | 31.8 | Income tax equivalents related to the reserve for policyholder dividends incurred by overseas subsidiaries | 2.0 |
| | | Others | 0.5 |
| | | Effective tax rate | 27.9 |

## Asset Retirement Obligations

### ■ As of March 31, 2011

Asset retirement obligations recorded on the consolidated balance sheet

1. Outline of the asset retirement obligations
   Major domestic consolidated subsidiaries recognized asset retirement obligations to restore the site to its original condition at the end of lease term. Some domestic consolidated subsidiaries recognized asset retirement obligations to remove the hazardous substance for some of Company-owned properties.

2. Measurement of asset retirement obligations
   In estimating asset retirement obligations, an expected useful life of 10 to 50 years and a discount rate of 1.4% to 2.3% are used.

3. Changes in balance

| | (Yen in millions) |
|---|---|
| Balance at beginning of fiscal year | 3,813 |
| Additions by acquisitions | 217 |
| Unwinding of discount | 63 |
| Decrease by fulfill obligations | (499) |
| Other increases (decreases) | 5 |
| Balance at end of fiscal year | 3,599 |

Note: The balance is recognized by the application of “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) from the fiscal year ended March 31, 2011.

## Investment Property

### ■ FY2010 (April 1, 2010–March 31, 2011)

1. Some of the consolidated subsidiaries own office buildings and land mainly in Tokyo, Osaka and Nagoya, of which some properties are leased. The carrying amount, changes in carrying amount and the fair value of these investment properties are as follows:

(Yen in millions)

| Carrying amount shown on balance sheet | | | Fair value as of March 31, 2011 |
|---|---|---|---|
| As of March 31, 2010 | Changes for the year ended March 31, 2011 | As of March 31, 2011 | |
| 103,172 | (11,809) | 91,363 | 139,512 |

Notes: 1. Carrying amount is the amount that the accumulated depreciation and the accumulated impairment losses are deducted from the cost of acquisition.
2. Changes for the year include increase of 5,018 million yen due to repairs, and decrease of 8,814 million yen due to disposals and 4,433 million yen due to impairment.
3. Fair value as of March 31, 2011 is primarily based on appraisals by qualified external valuers.

2. Income and expense related to investment property are as follows:

(Yen in millions)

| Rental income | Direct operating expense | Net income | Other |
|---|---|---|---|
| 9,779 | 9,212 | 566 | (3,695) |

Note: Rental income is included in "Interest and dividends". Direct operating expenses such as depreciation, repair, insurance costs and taxes are included in "Operating and general administrative expenses". Other, such as gains and losses on disposal by sales and impairment losses, is included in "Extraordinary gains" or "Extraordinary losses".

### ■ FY2009 (April 1, 2009–March 31, 2010)

1. Some of the consolidated subsidiaries own office buildings and land mainly in Tokyo, Osaka and Nagoya, of which some properties are leased. The carrying amount, changes in carrying amount and the fair value of these investment properties are as follows:

(Yen in millions)

| Carrying amount shown on balance sheet | | | Fair value as of March 31, 2010 |
|---|---|---|---|
| As of March 31, 2009 | Changes for the year ended March 31, 2010 | As of March 31, 2010 | |
| 101,003 | 2,168 | 103,172 | 160,926 |

Notes: 1. Carrying amount is the amount that the accumulated depreciation and the accumulated impairment losses are deducted from the cost of acquisition. The estimated cost for demolition of fixed assets is not deducted from the carrying amount because "provisions for demolition of fixed assets" are separately recognized.
2. Changes for the year include increase of 10,065 million yen due to transfers from owner-occupied property, and decrease of 7,634 million yen due to disposals.
3. Fair value as of March 31, 2010 is primarily based on appraisals by qualified external valuers.

2. Income and expense related to investment property are as follows:

(Yen in millions)

| Rental income | Direct operating expense | Net income | Other |
|---|---|---|---|
| 10,182 | 9,164 | 1,018 | (2,276) |

Note: Rental income is included in "Interest and dividends". Direct operating expenses such as depreciation, repair, insurance costs and taxes are included in "Operating and general administrative expenses". Other, such as gains and losses on disposal by sales and impairment losses, is included in "Extraordinary gains" or "Extraordinary losses".

(Additional information)
The Company has applied "Accounting Standard for Disclosure about Fair Value of Investment Property and Rental Property" (ASBJ Statement No. 20, November 28, 2008) and "Guidance on Accounting Standard for Disclosure about Fair Value of Investment Property and Rental Property" (ASBJ Guidance No. 23, November 28, 2008) from the fiscal year ended March 31, 2010.

## Segment Information

### 1. Segment information

**■ FY2010 (April 1, 2010-March 31, 2011)**

(1) Outline of reportable segments

The Company, as a holding company that controls the group's business, establishes basic policies about group business management, formulates corporate strategies based on the surrounding business environment and promotes the group's business activities. The Company classified its operations into four segments following its corporate strategies: "Domestic property and casualty insurance", "Domestic life insurance", "Overseas insurance" and "Finance and other".

"Domestic property and casualty insurance" primarily comprises underwriting property and casualty insurance in Japan and related investments. "Domestic life insurance" primarily comprises underwriting of life insurance in Japan and related investments. "Overseas insurance" primarily comprises underwriting of insurance overseas and related investments. In "Finance and other", the main businesses are investment advisory, investment trusts services, derivatives services, staffing business, facility management business and nursing care services.

(2) Measurement of ordinary income, profit/loss, assets, liabilities and other items by reportable segments

The accounting treatment for reported operating segments is the same as described in "Basis of consolidated financial statements". Segment profit is based on ordinary income. Ordinary income from transactions with other operating segments is based on prevailing market prices.

(3) Ordinary income, profit/loss, assets, liabilities and other items by reportable segments

(Yen in millions)

| | Reportable segments | | | | | Adjustments (Note 1) | Amounts shown on the consolidated financial statements (Note 2) |
|---|---|---|---|---|---|---|---|
| | Domestic property and casualty insurance | Domestic life insurance | Overseas insurance | Finance and other | Total | | |
| Ordinary income | | | | | | | |
| Ordinary income from external customers | 2,418,883 | 441,960 | 539,732 | 47,002 | 3,447,578 | (158,973) | 3,288,605 |
| Ordinary income from transactions with other operating segments | 6,897 | 275 | 175 | 23,862 | 31,211 | (31,211) | — |
| Total | 2,425,781 | 442,235 | 539,908 | 70,864 | 3,478,789 | (190,184) | 3,288,605 |
| Segment profit | 104,576 | 7,129 | 14,453 | 2,098 | 128,257 | (1,670) | 126,587 |
| Segment assets | 8,218,061 | 6,036,083 | 1,950,366 | 350,536 | 16,555,048 | (26,403) | 16,528,644 |
| Other items | | | | | | | |
| Depreciation | 18,409 | 342 | 11,936 | 370 | 31,058 | — | 31,058 |
| Amortization of goodwill | 283 | — | 16,296 | — | 16,580 | — | 16,580 |
| Amortization of negative goodwill | 8,917 | 248 | 918 | 165 | 10,250 | — | 10,250 |
| Interest and dividends | 114,428 | 63,444 | 43,133 | 175 | 221,182 | (1,230) | 219,951 |
| Interest paid | 2,992 | 857 | 195 | 556 | 4,601 | (99) | 4,502 |
| Equity in earnings of affiliates | — | — | 2,343 | — | 2,343 | — | 2,343 |
| Investments in affiliates accounted for by the equity method | — | — | 22,936 | — | 22,936 | — | 22,936 |
| Increase in tangible and intangible fixed assets | 22,087 | 577 | 7,108 | 204 | 29,978 | (25) | 29,953 |

Notes: 1.Descriptions of "Adjustments" are as follows:
(1) The major component of "Adjustments" for "Ordinary income from external customers" amounted to -158,973 million yen is the transfer of "reversal of underwriting reserves" of 157,291 million yen. This item is included in "Ordinary income" of the "Domestic property and casualty insurance" segment, while in the consolidated statement of income, this amount is included in "provision for underwriting reserves" within "Ordinary expenses".
(2) "Adjustments" for "Segment profit" of -1,670 million yen is the elimination of inter-segment transactions.
(3) "Adjustments" for "Segment assets" of -26,403 million yen is the elimination of inter-segment transactions.
(4) "Adjustments" for "Other items" is the elimination of inter-segment transactions.
2. "Segment profit" is reconciled to "Ordinary profit" in the consolidated statement of income.

## 2. Related information

### ■ FY2010 (April 1, 2010-March 31, 2011)

(1) Information about products and services

(Yen in millions)

| | Property and casualty insurance | Life insurance | Others | Subtotal | Adjustments | Total |
|---|---|---|---|---|---|---|
| Ordinary income from external customers | 2,876,875 | 512,347 | 47,002 | 3,436,225 | (147,619) | 3,288,605 |

Note: The major component of "Adjustments" is the transfer of provisions/reversals of underwriting reserves in the consolidated statement of income.

(2) Information about geographical areas

a. Ordinary income

(Yen in millions)

| Japan | Overseas | Subtotal | Adjustments | Total |
|---|---|---|---|---|
| 2,728,897 | 593,670 | 3,322,567 | (33,961) | 3,288,605 |

Notes: 1. Classified by country and region based on customer location.
2. The major component of "Adjustments" is the transfer of provisions/reversals of underwriting reserves in the consolidated statement of income.

b. Tangible fixed assets

Information on tangible fixed assets in each region is omitted because the amount of tangible fixed assets in Japan exceeds 90% of tangible fixed assets listed on the consolidated balance sheet.

(3) Information about major customers

None

## 3. Impairment Losses of Fixed Assets by Reportable Segments

### ■ FY2010 (April 1, 2010-March 31, 2011)

(Yen in millions)

| | Domestic property and casualty insurance | Domestic life insurance | Overseas insurance | Finance and other | Total |
|---|---|---|---|---|---|
| Impairment losses | 4,714 | — | — | 675 | 5,390 |

## 4. Amortization and Remaining Balance of Goodwill by Reportable Segments

### ■ FY2010 (April 1, 2010-March 31, 2011)

(Yen in millions)

| | Domestic property and casualty insurance | Domestic life insurance | Overseas insurance | Finance and other | Total |
|---|---|---|---|---|---|
| Goodwill | | | | | |
| Amortization | 283 | — | 16,296 | — | 16,580 |
| Remaining balance as of March 31, 2011 | 2,476 | — | 255,545 | — | 258,022 |
| Negative goodwill | | | | | |
| Amortization | 8,917 | 248 | 918 | 165 | 10,250 |
| Remaining balance as of March 31, 2011 | 101,444 | 2,737 | 14,677 | 2,352 | 121,213 |

**5. Gains on negative goodwill by reportable segments**

■ **FY2010 (April 1, 2010-March 31, 2011)**
There are no material transactions to be disclosed.

(Additional information)
The Company has applied "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, March 21, 2008) from the fiscal year ended March 31, 2011.

## <Segment information for the year ended March 31, 2011 based on the previous disclosure format>

**1. Operating segments**

■ **FY2010 (April 1, 2010-March 31, 2011)**

(Yen in millions)

| | Property and casualty | Life | Others | Total | Elimination | Consolidated |
|---|---|---|---|---|---|---|
| I Ordinary income and ordinary profit | | | | | | |
| Ordinary income | | | | | | |
| (1) Ordinary income from transactions with external customers | 2,876,875 | 512,347 | 47,002 | 3,436,225 | (147,619) | 3,288,605 |
| (2) Ordinary income arising from internal segment transactions | 6,468 | 289 | 23,862 | 30,620 | (30,620) | — |
| Total | 2,883,344 | 512,636 | 70,864 | 3,466,845 | (178,239) | 3,288,605 |
| Ordinary expenses | 2,766,209 | 503,611 | 68,766 | 3,338,588 | (176,569) | 3,162,018 |
| Ordinary profit | 117,134 | 9,025 | 2,098 | 128,257 | (1,670) | 126,587 |
| II Assets / Depreciation / Impairment losses of fixed assets and capital expenditure | | | | | | |
| Assets | 9,839,241 | 6,359,680 | 350,536 | 16,549,458 | (20,813) | 16,528,644 |
| Depreciation | 29,727 | 960 | 370 | 31,058 | — | 31,058 |
| Impairment losses of fixed assets | 4,714 | — | 675 | 5,390 | — | 5,390 |
| Capital expenditure | 27,305 | 4,579 | 204 | 32,089 | (2,136) | 29,953 |

Notes: 1. The segments are classified based on the characteristics of operation of the Company and its subsidiaries.
2. Major operations of each segment are as follows:
Property and casualty: Underwriting property and casualty insurance and related investment activities
Life: Underwriting life insurance and related investment activities
Others: Securities investment advisory, securities investment trusts business, derivatives business, staffing business, real estate management business and nursing care business
3. "Elimination" of "Ordinary income from transactions with external customers" transfers 145,393 million yen of "Reversal of underwriting reserves" in the Property and casualty segment to "Ordinary expenses" as "Provision for underwriting reserves" in the consolidated statement of income.

## 2. Regional segments

### ■ FY2010 (April 1, 2010-March 31, 2011)

(Yen in millions)

| | Japan | Americas | Others | Total | Elimination | Consolidated |
|---|---|---|---|---|---|---|
| I Ordinary income and ordinary profit | | | | | | |
| Ordinary income | | | | | | |
| (1) Ordinary income from transactions with external customers | 2,802,113 | 309,260 | 211,483 | 3,322,857 | (34,251) | 3,288,605 |
| (2) Ordinary income arising from internal segment transactions | 849 | 7 | 284 | 1,141 | (1,141) | — |
| Total | 2,802,963 | 309,267 | 211,767 | 3,323,998 | (35,392) | 3,288,605 |
| Ordinary expenses | 2,686,360 | 304,096 | 205,300 | 3,195,758 | (33,739) | 3,162,018 |
| Ordinary profit | 116,602 | 5,170 | 6,467 | 128,240 | (1,653) | 126,587 |
| II Assets | 14,416,569 | 1,346,329 | 775,731 | 16,538,630 | (9,985) | 16,528,644 |

Notes: 1. Countries and regions are classified into groups based on geographic proximity.
2. Major countries and regions included in each group are as follows:
(1) Americas: North America, Brazil and Bermuda
(2) Others: United Kingdom, Singapore and Malaysia
3. "Elimination" of "Ordinary income from transactions with external customers" transfers 32,308 million yen of "Reversal of underwriting reserves" from "Ordinary income" in "Japan" to "Ordinary expenses" as a "Provision for underwriting reserves" in the consolidated statement of income.

## 3. Overseas sales

### ■ FY2010 (April 1, 2010-March 31, 2011)

(Yen in millions, except %)

| | Americas | Others | Total |
|---|---|---|---|
| I Overseas sales | 362,364 | 228,047 | 590,411 |
| II Consolidated ordinary income | | | 3,288,605 |
| III Ratio of I to II (%) | 11.0 | 6.9 | 18.0 |

Notes: 1.Countries and regions are classified into groups based on geographic proximity.
2. Major countries and regions included in each group are as follows:
(1) Americas: North America, Brazil and Bermuda
(2) Others: United Kingdom, Singapore and Malaysia
3. "Overseas sales" consists of the sum of overseas sales of domestic consolidated subsidiaries and ordinary income of overseas consolidated subsidiaries.

## 1. Operating segments

■ FY2009 (April 1, 2009–March 31, 2010) (Yen in millions)

| | Property and casualty | Life | Others | Total | Elimination | Consolidated |
|---|---|---|---|---|---|---|
| I Ordinary income and ordinary profit | | | | | | |
| Ordinary income | | | | | | |
| (1) Ordinary income from transactions with external customers | 2,838,855 | 852,881 | 50,068 | 3,741,805 | (171,001) | 3,570,803 |
| (2) Ordinary income arising from internal segment transactions | 6,663 | 337 | 25,296 | 32,297 | (32,297) | — |
| Total | 2,845,518 | 853,218 | 75,365 | 3,774,102 | (203,299) | 3,570,803 |
| Ordinary expenses | 2,649,730 | 841,458 | 79,978 | 3,571,167 | (203,778) | 3,367,389 |
| Ordinary profit | 195,788 | 11,760 | (4,613) | 202,934 | 478 | 203,413 |
| II Assets / Depreciation / Impairment losses of fixed assets and capital expenditure | | | | | | |
| Assets | 10,916,963 | 5,971,253 | 399,857 | 17,288,074 | (22,205) | 17,265,868 |
| Depreciation | 55,742 | 772 | 510 | 57,025 | — | 57,025 |
| Impairment losses of fixed assets | 10,389 | — | 3,097 | 13,487 | — | 13,487 |
| Capital expenditure | 29,802 | 204 | 1,375 | 31,382 | (7) | 31,374 |

Notes: 1. The segments are classified based on the characteristics of operation of the Company and its subsidiaries.
2. Major operations of each segment are as follows:
Property and casualty: Underwriting property and casualty insurance and related investment activities
Life: Underwriting life insurance and related investment activities
Others: Securities investment advisory, securities investment trusts business, derivatives business, staffing business, real estate management business and nursing care business
3. "Elimination" of "Ordinary income from transactions with external customers" transfers 156,218 million yen of "Reversal of underwriting reserves" in the Property and casualty segment to "Ordinary expenses" as "Provision for underwriting reserves" in the consolidated statement of income.

## 2. Regional segments

■ FY2009 (April 1, 2009–March 31, 2010) (Yen in millions)

| | Japan | Americas | Others | Total | Elimination | Consolidated |
|---|---|---|---|---|---|---|
| I Ordinary income and ordinary profit | | | | | | |
| Ordinary income | | | | | | |
| (1) Ordinary income from transactions with external customers | 3,059,088 | 331,605 | 217,647 | 3,608,341 | (37,537) | 3,570,803 |
| (2) Ordinary income arising from internal segment transactions | 947 | 45 | 263 | 1,256 | (1,256) | — |
| Total | 3,060,036 | 331,651 | 217,910 | 3,609,598 | (38,794) | 3,570,803 |
| Ordinary expenses | 2,920,204 | 311,467 | 175,013 | 3,406,685 | (39,295) | 3,367,389 |
| Ordinary profit | 139,831 | 20,183 | 42,897 | 202,912 | 501 | 203,413 |
| II Assets | 15,071,200 | 1,447,056 | 760,403 | 17,278,660 | (12,791) | 17,265,868 |

Notes: 1. Countries and regions are classified into groups based on geographic proximity.
2. Major countries and regions included in each group are as follows:
(1) Americas: North America, Brazil and Bermuda
(2) Others: United Kingdom, Singapore and Malaysia
3. "Elimination" of "Ordinary income from transactions with external customers" transfers 19,019 million yen of "Reversal of outstanding claims" in the "Japan" segment to "Ordinary expenses" as "Provision for outstanding claims" in the consolidated statement of income.

## 3. Overseas sales

■ FY2009 (April 1, 2009–March 31, 2010) (Yen in millions, except %)

| | Americas | Others | Total |
|---|---|---|---|
| I Overseas sales | 390,417 | 227,465 | 617,883 |
| II Consolidated ordinary income | | | 3,570,803 |
| III Ratio of I to II (%) | 10.9 | 6.4 | 17.3 |

Notes: 1.Countries and regions are classified into groups based on geographic proximity.
2. Major countries and regions included in each group are as follows:
(1) Americas: North America, Brazil and Bermuda
(2) Others: United Kingdom, Singapore and Malaysia
3. "Overseas sales" consists of the sum of overseas sales of domestic consolidated subsidiaries and ordinary income of overseas consolidated subsidiaries.

## Related-party Transactions

■ **FY2010 (April 1, 2010–March 31, 2011)**

There are no material transactions to be disclosed.

■ FY2009 (April 1, 2009–March 31, 2010)

There are no material transactions to be disclosed.

## Per Share Information

**FY2010 (April 1, 2010–March 31, 2011)**

| | (Yen) |
|---|---|
| Net assets per share | 2,460.21 |
| Net income per share—Basic | 92.49 |
| Net income per share—Diluted | 92.42 |

FY2009 (April 1, 2009–March 31, 2010)

| | (Yen) |
|---|---|
| Net assets per share | 2,753.87 |
| Net income per share—Basic | 163.04 |
| Net income per share—Diluted | 162.96 |

Note: Calculation of "Net income per share—Basic" and "Net income per share—Diluted" is based on the following figures.

| | FY2010 (April 1, 2010–March 31, 2011) | FY2009 (April 1, 2009–March 31, 2010) |
|---|---|---|
| Net income per share—Basic | | |
| Net income (Yen in millions) | 71,924 | 128,418 |
| Net income not attributable to common shareholders (Yen in millions) | — | — |
| Net income attributable to common shares (Yen in millions) | 71,924 | 128,418 |
| Average number of shares outstanding (In thousand shares) | 777,623 | 787,605 |
| Net income per share—Diluted | | |
| Adjustment of net income (Yen in millions) | — | — |
| Increase number of common shares (In thousand shares) | 545 | 393 |
| Share acquisition rights (In thousand shares) | 545 | 393 |

## Subsequent Events

| **FY2010**<br>**(April 1, 2010–March 31, 2011)** | FY2009<br>(April 1, 2009–March 31, 2010) |
|---|---|
| As of August 11, 2011 the Company had a definitive agreement with CNA Financial Corporation to acquire 50% of the outstanding shares of First Insurance Company of Hawaii, Ltd. ("FICOH"), which CNA Financial Corporation, a major insurance group in the U.S., owned through its subsidiary, The Continental Insurance Company. The acquisition will be made through Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMNF"), a wholly owned subsidiary of the Company.<br>Currently FICOH is an affiliate of the Company accounted for by the equity method, 50% of whose outstanding shares are owned by TMNF. After the additional acquisition, TMNF's ownership will be 100%, and FICOH will become the Company's consolidated subsidiary. The additional acquisition is subject to regulatory approvals in Japan and in the U.S.<br><br>a. Purpose of the share acquisition<br>FICOH's competitive advantages include an established brand with high name recognition, while Tokio Marine Group's advantages include a superior credit rating, large underwriting capacity and back-office tasks support capabilities. These strengths will aid the Company's pursuit of further growth in the profit and scale of its insurance businesses in the U.S.<br><br>b. Overview of the target company<br>Name of the company: First Insurance Company of Hawaii, Ltd.<br>Headquarters: Honolulu, Hawaii, U.S.A.<br>Business operations: Property and casualty insurance business<br>Gross written premiums (for the fiscal year ended December 31, 2010): USD 135 million (JPY 10,542 million)<br>Total assets (as of December 31, 2010): USD 680 million (JPY 52,980 million)<br><br>c. Share acquisition price<br>The share acquisition price is expected to be USD 165 million (JPY 12,845 million).<br><br>d. Financing<br>The acquisition will be financed through TMNF's cash on hand.<br><br>e. Timeline for completion of the share acquisition<br>The share acquisition is expected to be completed in November 2011.<br><br>(Note) JPY amounts in parentheses are calculated using the exchange rate as of the end of July 2011. | The Company repurchased its own shares from July 1, 2010 through August 25, 2010, as approved by the board of directors on June 28, 2010, pursuant to Article 156 which is applicable in accordance with Article 165, paragraph 3 of the Corporation Law, as detailed below.<br>(1) Class of shares repurchased<br>Common share of the Company.<br>(2) Aggregate number of shares repurchased<br>7,330,100 shares.<br>(3) Aggregate purchase amount of shares<br>17,313,833,100 yen.<br>(4) Method of repurchasee<br>Purchased through the Tokyo Stock Exchange.<br><br>(Reference)<br>(1) Class of shares to be repurchased<br>Common share of the Company.<br>(2) Aggregate number of shares to be repurchased<br>Up to 16,000,000 shares.<br>(3) Aggregate purchase amount of shares<br>Up to 25.0 billion yen.<br>(4) Period in which repurchases to be made<br>From July 1, 2010 through September 21, 2010. |

# Related Information to the Consolidated Financial Statements

(Bonds)

| Issuer | Series | Issue Date | **Amount Outstanding March 31, 2011 (Yen in millions)** | Amount Outstanding March 31, 2010 (Yen in millions) | Coupon (%) | Collateral | Maturity |
|---|---|---|---|---|---|---|---|
| Tokio marine & Nichido | 3 Unsecured | Sep 20, 2000 | — | 20,000 [20,000] | 2.14 | None | Sep 20, 2010 |
| | 4 Unsecured | Sep 20, 2000 | 10,000 | 10,000 | 2.78 | None | Sep 18, 2020 |
| Kiln Group Limited | Subordinated Bond in USD | Oct 11, 2006 to Nov 20, 2006 | 5,219 (USD64,793,000) | 5,871 (US$64,520,000) | 3.40 | None | Oct 11, 2036 to Nov 20, 2036 |
| Tokio Marine Financial Solutions Ltd. | Straight Bond | Oct 4, 2005 to Jul 30, 2008 | 200 | 1,800 | 0.61–1.15 | None | Jan 29, 2010 to Jan 19, 2021 |
| | Power Reverse Dual Currency Note | Aug 18, 2003 to Apr 23, 2009 | 25,450 | 27,350 [100] | 0.00–7.73 | None | Jan 12, 2010 to Jul 5, 2038 |
| | Nikkei Average Linked Note | Feb 6, 2006 to Feb 4, 2008 | 6,200 | 6,200 | 0.00–0.10 | None | Sep 13, 2027 to Feb 4, 2038 |
| | CMS Floater Note | Oct 20, 2004 to Sep 19, 2006 | 3,490 | 16,540 [400] | 1.05–4.07 | None | Jan 14, 2010 to Jan 13, 2026 |
| | Reverse Floater Note | Mar 23, 2005 to Feb 15, 2006 | 500 | 10,000 | 0.53–2.67 | None | Jan 21, 2010 to Oct 21, 2025 |
| | FX Linked Digital Coupon Note | Dec 1, 2004 to Oct 23, 2006 | 1,250 | 1,250 | 0.10-10.00 | None | Dec 2, 2024 to Oct 24, 2036 |
| | Snow Ball Note | Jun 16, 2005 to Oct 26, 2006 | 9,050 | 14,200 | 0.00–5.48 | None | Jan 27, 2010 to Sep 28, 2026 |
| | FX Linked Coupon Note | Jul 12, 2005 to Oct 23, 2008 | 63,220 | 64,510 | 0.00–7.00 | None | Feb 26, 2010 to Oct 22, 2038 |
| | Credit Linked Note | Jul 14, 2008 to Jul 30, 2008 | 500 [500] | 1,100 [600] | 0.77–1.27 | None | Sep 29, 2010 to Sep 28, 2011 |
| Total | | — | 125,079 [500] | 178,821 [21,100] | — | — | — |

Notes: 1. The figures shown in the parentheses ( ) are the principal amount in foreign currencies.
2. The figures shown in the parentheses [ ] are the principal amount to mature within 1 year.
3. Principal amounts to mature within 5 years after March 31, 2011 are as follows:

(Yen in millions)

| Within 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 4 Years | Over 4 to 5 Years |
|---|---|---|---|---|
| 500 | - | — | — | 600 |

(Borrowings)

| | **Amount Outstanding March 31, 2011 (Yen in millions)** | Amount Outstanding March 31, 2010 (Yen in millions) | Average Interest rate (%) | Maturity |
|---|---|---|---|---|
| Short-term borrowings | — | 524 | — | — |
| Long-term borrowings to be repaid within 1 year | 38,856 | 49 | 0.5 | — |
| Obligations under lease transactions to be repaid within 1 year | 1,773 | 2,270 | 5.5 | — |
| Long-term borrowings other than that which to be paid within 1 year | 61,042 | 217,418 | 0.6 | May 1, 2012 to Mar 20, 2029 |
| Obligations under lease transactions other than that which to be paid within 1 year | 2,397 | 2,565 | 5.4 | Apr 20, 2012 to Mar 31, 2015 |
| Total | 104,069 | 222,828 | — | — |

Notes: 1. Average interest rate is calculated based on the interest rate as of the end of the fiscal year and principal amount outstanding.
2. The above amount is included in "Other liabilities" in the consolidated balance sheet.
3. Repayment schedule of long-term borrowings and obligations under lease transactions other than that which is to be repaid within 1 year during 5 years after March 31, 2011, is as follows:

(Yen in millions)

| | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 4 Years | Over 4 to 5 Years |
|---|---|---|---|---|
| Long-term borrowings | 21 | 55,008 | 1 | 1,001 |
| Lease obligations | 1,355 | 861 | 389 | — |

(Schedule of Asset Retirement Obligations)
Detailed information is omitted because of its immateriality.

(2) Others
Quarterly results for the year ended March 31, 2011

| | First quarter (April 1, 2010 to June 30, 2010) | Second quarter (July 1, 2010 to September 30, 2010) | Third quarter (October 1, 2010 to December 31, 2010) | Fourth quarter (January 1, 2011 to March 31, 2011) |
|---|---|---|---|---|
| Ordinary income (Yen in millions) | 962,552 | 760,024 | 798,047 | 767,981 |
| Quarterly net income (loss) before income taxes (Yen in millions) | 83,186 | 56,589 | 67,462 | (99,554) |
| Quarterly net income (loss) (Yen in millions) | 56,405 | 38,831 | 43,732 | (67,045) |
| Quarterly net income (loss) per share (Yen) | 71.61 | 49.78 | 56.39 | (87.36) |

PRICEWATERHOUSECOOPERS

**PricewaterhouseCoopers Aarata**
Sumitomo Fudosan Shiodome
Hamarikyu Bldg.,
8-21-1 Ginza, Chuo-ku, Tokyo
104-0061, Japan
Telephone : +81 (3) 3546 8450
Facsimile : +81 (3) 3546 8451
www.pwcaarata.or.jp

## Report of Independent Auditors

To the Board of Directors of
Tokio Marine Holdings, Inc.

We have audited the accompanying consolidated balance sheet of Tokio Marine Holdings, Inc. ("the Company") and its subsidiaries as of March 31, 2010, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2010, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata

August 27, 2010

pwc

## Report of Independent Auditors

To the Board of Directors of
Tokio Marine Holdings, Inc.

We have audited the accompanying consolidated balance sheet of Tokio Marine Holdings, Inc. ("the Company") and its subsidiaries as of March 31, 2011, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2011, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

*Supplemental Information*

1. As described in "Significant Accounting Policies", on April 1, 2010, the Company applied "Accounting Standard for Equity Method of Accounting for Investments", and "Immediate Treatment of Affiliates Accounted for under the Equity Method".

2. As described in "Changes in Significant Accounting Policies", on April 1, 2010, the Company applied "Accounting Standard for Asset Retirement Obligations", and "Guidance on Accounting Standard for Asset Retirement Obligations".

3. As described in "Subsequent Events", on August 11, 2011, the Company had a definitive agreement with CNA Financial Corporation to acquire the outstanding shares of First Insurance Company of Hawaii, Ltd., which CNA Financial Corporation, a major insurance group in the U.S., owned through its subsidiary, The Continental Insurance Company. The acquisition will be made through Tokio Marine & Nichido Fire Insurance Co., Ltd., a wholly owned subsidiary of the Company.

PricewaterhouseCoopers Aarata

August 19, 2011

***PricewaterhouseCoopers Aarata***
*Sumitomo Fudosan Shiodome Hamarikyu Bldg., 8-21-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan*
*Tel: +81 (3) 3546 8450, Fax: +81 (3) 3546 8451, www.pwc.com/jp/assurance*

# Solvency Margin Ratio

Insurance claim and other payment abilities of subsidiary insurance companies and small-amount, short-term insurers

## Solvency margin ratio for Tokio Marine & Nichido Fire Insurance Co., Ltd.

(Yen in millions, %)

| Item | As of March 31, 2011 | As of March 31, 2010 | (Reference) As of March 31, 2011 |
|---|---|---|---|
| Total amount of solvency margin (A) | **3,529,689** | 3,867,559 | **3,529,689** |
| Total net assets | **762,040** | 748,242 | **762,040** |
| Price fluctuation reserve | **61,470** | 57,672 | **61,470** |
| Contingency reserve | — | — | — |
| Catastrophe loss reserve including earthquake insurance | **1,045,992** | 1,041,450 | **1,045,992** |
| General valuation allowance for bad debts | **2,687** | 2,905 | **2,687** |
| Net unrealized gains/losses on securities (Prior to tax effect deductions) | **1,232,724** | 1,546,253 | **1,232,724** |
| Net unrealized gains/losses on land | **170,151** | 224,773 | **170,151** |
| Excess amount of policyholders' contract deposits | — | — | — |
| Subordinated debt, etc. | — | — | — |
| Amounts within "excess amount of policyholders' contract deposits" and "subordinated debt, etc." not calculated into the margin | | | — |
| Deductions | **10,000** | 10,000 | **10,000** |
| Other | **264,621** | 256,262 | **264,621** |
| Total amount of risks (B) $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$ | **856,895** | 907,228 | **1,169,807** |
| General insurance risk ($R_1$) | **101,451** | 103,729 | **151,493** |
| Third sector insurance risk ($R_2$) | — | — | — |
| Assumed interest risk ($R_3$) | **8,290** | 8,556 | **29,781** |
| Asset management risk ($R_4$) | **408,970** | 468,713 | **718,400** |
| Business administration risk ($R_5$) | **18,552** | 19,604 | **25,610** |
| Catastrophe risk ($R_6$) | **408,926** | 399,212 | **380,831** |
| Solvency margin ratio (C) [(A)/{(B) × 1/2}] × 100 | **823.8%** | 852.6% | **603.4%** |

Note: The above figures were calculated in accordance with Articles 86 and 87 of the Insurance Business Law of Japan enforcement regulations and Ministry of Finance Official Notification No.50 stipulated in 1996. Regulations concerning the calculation of the solvency margin ratio were revised and there has thus been a partial revision to (stricter measurement of risk) standards for calculating the total amount of the solvency margin and the total amount of risk. This change will be adopted from the fiscal year ended March 31, 2012. However, the solvency margin ratio assuming the revised standards had been adopted in the fiscal year ended March 31, 2011 is disclosed as reference.

**Solvency Margin Ratio**

1. In addition to reserves to cover claim payments and payments for maturity-refunds of saving type insurance policies, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which may exceed their usual estimates, i.e., the occurrence of major disasters, a significant decline in value of assets held by insurance companies, etc.

2. The solvency margin ratio (C), which is calculated in accordance with the Insurance Business Law, is the ratio of "solvency margin of insurance companies by means of their capital, reserves, etc." (total amount of solvency margin: (A)) to "risks which will exceed their usual estimates" (total amount of risks: (B)).

3. "Risks which will exceed their usual estimates" (total amount of risks; (B)) is composed of risks described below.
   (1) General insurance risk, Third sector insurance risk: Risks of occurrence of insurance claims in excess of normal expectations (excluding risks relating to major disasters)
   (2) Assumed interest risk: Risks of invested assets failing to yield assumed interest rates due to the worsening of investment conditions beyond expectations
   (3) Asset management risk: Risks of retained securities and other assets fluctuating in prices beyond expectations
   (4) Business administration risk: Risks beyond normal expectations arising from business management that does not fall under other categories (1) to (3) nor (5) (6)
   (5) Catastrophe risk: Risks of the occurrence of major catastrophic losses in excess of normal expectations (risks such as the Great Kanto Earthquake or Isewan Typhoon)
   (6) Minimum guarantee risk: Risks that, for the minimum guarantee of insurance payments among insurance contracts for which special accounts have been established, the amount of assets in the separate accounts when paying insurance claims falls below the minimum-guaranteed insurance payments and risks that a change in the value of assets in separate accounts exceeds usual forecasts

4. The ability of insurance companies to pay claims by means of their capital, reserves, etc. (total amount of solvency margin) is the total amount of capital (excluding planned outflows), certain reserves (reserve for price fluctuations, contingency reserves and catastrophe reserves, etc.) and parts of net unrealized gains on real estate.

5. The solvency margin ratio is one of the indicators for the regulatory authorities to supervise insurance companies. A ratio exceeding 200% indicates adequate ability to meet payments of insurance claims.

## Solvency margin ratio for Nisshin Fire & Marine Insurance Co., Ltd.

(Yen in millions, %)

| Item | As of March 31, 2011 | As of March 31, 2010 | (Reference) As of March 31, 2011 |
|---|---|---|---|
| Total amount of solvency margin (A) | **139,809** | 144,330 | **139,809** |
| Total net assets | **59,481** | 57,961 | **59,481** |
| Price fluctuation reserve | **731** | 506 | **731** |
| Contingency reserve | — | — | — |
| Catastrophe loss reserve including earthquake insurance | **63,779** | 63,925 | **63,779** |
| General valuation allowance for bad debts | **161** | 365 | **161** |
| Net unrealized gains/losses on securities (Prior to tax effect deductions) | **8,789** | 14,320 | **8,789** |
| Net unrealized gains/losses on land | **(2,193)** | (969) | **(2,193)** |
| Excess amount of policyholders' contract deposits | — | — | — |
| Subordinated debt, etc. | — | — | — |
| Amounts within "excess amount of policyholders' contract deposits" and "subordinated debt, etc." not calculated into the margin | | | — |
| Deductions | — | — | — |
| Other | **9,058** | 8,220 | **9,058** |
| Total amount of risks (B) $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$ | **37,672** | 38,601 | **44,160** |
| General insurance risk ($R_1$) | **7,768** | 7,585 | **11,530** |
| Third sector insurance risk ($R_2$) | — | — | — |
| Assumed interest risk ($R_3$) | **402** | 423 | **1,486** |
| Asset management risk ($R_4$) | **7,945** | 8,809 | **11,960** |
| Business administration risk ($R_5$) | **831** | 852 | **1,008** |
| Catastrophe risk ($R_6$) | **25,437** | 25,799 | **25,437** |
| Solvency margin ratio (C) [(A)/{(B) × 1/2}] × 100 | **742.2%** | 747.7% | **633.1%** |

Note: The above figures were calculated in accordance with Articles 86 and 87 of the Insurance Business Law of Japan enforcement regulations and Ministry of Finance Official Notification No.50 stipulated in 1996. Regulations concerning the calculation of the solvency margin ratio were revised and there has thus been a partial revision to (stricter measurement of risk) standards for calculating the total amount of the solvency margin and the total amount of risk. This change will be adopted from the fiscal year ended March 31, 2012. However, the solvency margin ratio assuming the revised standards had been adopted in the fiscal year ended March 31, 2011 is disclosed as reference.

## Solvency margin ratio for E. design Insurance Co., Ltd.

(Yen in millions, %)

| Item | As of March 31, 2011 | As of March 31, 2010 | (Reference) As of March 31, 2011 |
|---|---|---|---|
| Total amount of solvency margin (A) | **4,865** | 2,221 | **4,865** |
| Total net assets | **4,738** | 2,186 | **4,738** |
| Price fluctuation reserve | — | — | — |
| Contingency reserve | — | — | — |
| Catastrophe loss reserve including earthquake insurance | **126** | 35 | **126** |
| General valuation allowance for bad debts | — | — | — |
| Net unrealized gains/losses on securities (Prior to tax effect deductions) | — | — | — |
| Net unrealized gains/losses on land | — | — | — |
| Excess amount of policyholders' contract deposits | — | — | — |
| Subordinated debt, etc. | — | — | — |
| Amounts within "excess amount of policyholders' contract deposits" and "subordinated debt, etc." not calculated into the margin | | | — |
| Deductions | — | — | — |
| Other | — | — | — |
| Total amount of risks (B) $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$ | **211** | 77 | **305** |
| General insurance risk ($R_1$) | **156** | 59 | **253** |
| Third sector insurance risk ($R_2$) | — | — | — |
| Assumed interest risk ($R_3$) | — | — | — |
| Asset management risk ($R_4$) | **74** | 36 | **74** |
| Business administration risk ($R_5$) | **7** | 3 | **10** |
| Catastrophe risk ($R_6$) | **30** | 4 | **30** |
| Solvency margin ratio (C) [(A)/{(B) × 1/2}] × 100 | **4,597.0%** | 5,762.2% | **3,179.9%** |

Note: The above figures were calculated in accordance with Articles 86 and 87 of the Insurance Business Law of Japan enforcement regulations and Ministry of Finance Official Notification No.50 stipulated in 1996. Regulations concerning the calculation of the solvency margin ratio were revised and there has thus been a partial revision to (stricter measurement of risk) standards for calculating the total amount of the solvency margin and the total amount of risk. This change will be adopted from the fiscal year ended March 31, 2012. However, the solvency margin ratio assuming the revised standards had been adopted in the fiscal year ended March 31, 2011 is disclosed as reference.

## Solvency margin ratio for Tokio Marine & Nichido Life Insurance Co., Ltd.

(Yen in millions, %)

| Item | As of March 31, 2011 | As of March 31, 2010 | (Reference) As of March 31, 2011 |
|---|---|---|---|
| Total amount of solvency margin (A) | **343,053** | 302,864 | **339,761** |
| Total net assets | **90,754** | 85,530 | **90,754** |
| Price fluctuation reserve | **3,611** | 3,188 | **3,611** |
| Contingency reserve | **24,759** | 24,314 | **24,759** |
| General valuation allowance for bad debts | **390** | 269 | **390** |
| Net unrealized gains on securities × 90% (×100% if losses) | **9,277** | 9,987 | **9,277** |
| Net unrealized gains on land × 85% (×100% if losses) | — | — | — |
| Excess of continued Zillmerized reserve | **137,855** | 110,960 | **137,855** |
| Subordinated debt, etc. | — | — | — |
| Amounts within "excess of continued Zillmerized reserve" and "subordinated debt, etc." not calculated into the margin | | | — |
| Deductions | — | — | — |
| Other | **76,403** | 68,613 | **73,112** |
| Total amount of risks (B) $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ | **24,399** | 23,437 | **39,768** |
| Insurance risk ($R_1$) | **12,447** | 12,184 | **12,447** |
| Assumed interest risk ($R_2$) | **1,972** | 2,239 | **7,295** |
| Asset management risk ($R_3$) | **16,030** | 14,355 | **28,235** |
| Business administration risk ($R_4$) | **669** | 953 | **1,019** |
| Minimum guarantee risk ($R_7$) | — | — | — |
| Third sector insurance risk ($R_8$) | **3,012** | 2,987 | **3,012** |
| Solvency margin ratio (C) $\frac{(A)}{(1/2) \times (B)} \times 100$ | **2,812.0%** | 2,584.3% | **1,708.7%** |

Note: The above figures were calculated in accordance with Articles 86, 87, 161, 162 and 190 of the Insurance Business Law of Japan enforcement regulations and Ministry of Finance Official Notification No.50 stipulated in 1996. Regulations concerning the calculation of the solvency margin ratio were revised and there has thus been a partial revision to (stricter measurement of risk) standards for calculating the total amount of the solvency margin and the total amount of risk. This change will be adopted from the fiscal year ended March 31, 2012. However, the solvency margin ratio assuming the revised standards had been adopted in the fiscal year ended March 31, 2011 is disclosed as reference.

## Solvency margin ratio for Tokio Marine & Nichido Financial Life Insurance Co., Ltd.

(Yen in millions, %)

| Item | As of March 31, 2011 | As of March 31, 2010 | (Reference) As of March 31, 2011 |
|---|---|---|---|
| Total amount of solvency margin (A) | **79,547** | 84,814 | **79,547** |
| Total net assets | **21,768** | 24,268 | **21,768** |
| Price fluctuation reserve | **42** | 34 | **42** |
| Contingency reserve | **19,791** | 21,144 | **19,791** |
| General valuation allowance for bad debts | **0** | 0 | **0** |
| Net unrealized gains on securities × 90% (×100% if losses) | **327** | 304 | **327** |
| Net unrealized gains on land × 85% (×100% if losses) | **—** | — | **—** |
| Excess of continued Zillmerized reserve | **29,617** | 29,062 | **29,617** |
| Subordinated debt, etc. | **8,000** | 10,000 | **8,000** |
| Amounts within "excess of continued Zillmerized reserve" and "subordinated debt, etc." not calculated into the margin | | | **—** |
| Deductions | **—** | — | **—** |
| Other | **—** | — | **—** |
| Total amount of risks (B) $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ | **13,701** | 13,300 | **14,104** |
| Insurance risk ($R_1$) | **129** | 135 | **129** |
| Assumed interest risk ($R_2$) | **2** | 2 | **3** |
| Asset management risk ($R_3$) | **6,056** | 4,863 | **6,583** |
| Business administration risk ($R_4$) | **404** | 392 | **415** |
| Minimum guarantee risk ($R_7$) | **7,237** | 8,040 | **7,100** |
| Third sector insurance risk ($R_8$) | **45** | 47 | **45** |
| Solvency margin ratio (C) $\frac{(A)}{(1/2) \times (B)} \times 100$ | **1,161.1%** | 1,275.3% | **1,127.9%** |

Notes: 1. The above figures were calculated in accordance with Articles 86, 87, 161, 162 and 190 of the Insurance Business Law of Japan enforcement regulations and Ministry of Finance Official Notification No.50 stipulated in 1996. Regulations concerning the calculation of the solvency margin ratio were revised and there has thus been a partial revision to (stricter measurement of risk) standards for calculating the total amount of the solvency margin and the total amount of risk. This change will be adopted from the fiscal year ended March 31, 2012. However, the solvency margin ratio assuming the revised standards had been adopted in the fiscal year ended March 31, 2011 is disclosed as reference.
2. The minimum guarantee risk was calculated using the standard method.

## Solvency margin ratio for Tokio Marine Millea SAST Insurance Co., Ltd.

(Yen in millions, %)

| Item | As of March 31, 2011 | As of March 31, 2010 |
|---|---|---|
| Total amount of solvency margin (A) | **1,270** | 1,781 |
| Total net assets excluding planned outflows | **1,173** | 1,714 |
| Price fluctuation reserve | **—** | — |
| Catastrophe loss reserve | **96** | 67 |
| General valuation allowance for bad debts | **—** | — |
| Net unrealized gains on securities (Prior to tax effect deductions) | **—** | — |
| Net unrealized gains/losses on land | **—** | — |
| Refund reserve premium | **—** | — |
| Future profit | **—** | — |
| Tax effect equivalent value | **—** | — |
| Subordinated debt, etc. | **—** | — |
| Deductions | **—** | — |
| Total amount of risks (B) $\sqrt{R_1^2 + R_2^2} + R_3 + R_4$ | **178** | 185 |
| Insurance risk equivalent value | **169** | 176 |
| General insurance risk equivalent value ($R_1$) | **159** | 156 |
| Catastrophe risk equivalent value ($R_4$) | **10** | 20 |
| Asset management risk equivalent value ($R_2$) | **33** | 33 |
| Business administration risk equivalent value ($R_3$) | **6** | 6 |
| Solvency margin ratio (C) $[(A)/\{(B) \times 1/2\}] \times 100$ | **1,421.9%** | 1,918.4% |

Note: The above figures were calculated in accordance with Articles 211-59 and 211-60 of the Insurance Business Law of Japan enforcement regulations and Financial Services Agency's Official Notification No.14 stipulated in 2006.

# Interest-Rate Sensitivity of ALM Surplus Value

The following tables show how the hypothetical changes in interest rates affect the present value of the surplus in Tokio Marine & Nichido's and in Tokio Marine & Nichido Life's asset-liability portfolio as of March 31, 2011 and March 31, 2010. The asset-liability portfolio is composed of assets to meet future obligations and reserves for insurance policies including deposit-type insurance and long-term insurance policies, and the present value of the surplus in the portfolio is measured as the difference between the present value of assets and that of liabilities (before taxes and future policy dividends).

**Tokio Marine & Nichido Fire Insurance Co., Ltd.**

(Yen in billions)

| | Yield curve shift (As of March 31, 2011) | | |
|---|---|---|---|
| | **-1%** | **±0** | **+1%** |
| General Policy Account | **(0.3)** | **0.0** | **(1.5)** |
| Deposit-Type Insurance Accounts | **(4.6)** | **0.0** | **0.5** |
| Asset-Liability Portfolio Total | **(4.9)** | **0.0** | **(1.1)** |

(Yen in billions)

| | Yield curve shift (As of March 31, 2010) | | |
|---|---|---|---|
| | -1% | ±0% | +1% |
| General Policy Account | (2.3) | 0.0 | (1.3) |
| Deposit-Type Insurance Accounts | (2.8) | 0.0 | (0.6) |
| Asset-Liability Portfolio Total | (5.1) | 0.0 | (1.9) |

**Tokio Marine & Nichido Life Insurance Co., Ltd.**

(Yen in billions)

| | Yield curve shift (As of March 31, 2011) | | |
|---|---|---|---|
| | **-1%** | **±0** | **+1%** |
| Asset-Liability Portfolio Total | **(48.2)** | **0.0** | **(119.9)** |

(Yen in billions)

| | Yield curve shift (As of March 31, 2010) | | |
|---|---|---|---|
| | -1% | ±0% | +1% |
| Asset-Liability Portfolio Total | (114.2) | 0.0 | (45.5) |

(1) Based on the prevailing yield curve for Japanese government bonds (JGBs) on the indicated dates
(2) The information presented above has been prepared solely for risk management purposes and is not indicative of the actual effect on the financial condition, results of operations or corporate value of Tokio Marine & Nichido and Tokio Marine & Nichido Life caused by the changes in past or future interest rates.
(3) The information indicates the hypothetical changes of the present value of ALM surplus value, and accordingly, the numbers of Tokio Marine & Nichido Life presented above may be different from those which are described in table "4. Effects of Changes in Assumptions" of "Embedded Value for Tokio Marine & Nichido Life as of March 31, 2011."
(4) The present value of the surplus in Tokio Marine & Nichido Life is calculated on the basis taking dynamic lapse into consideration.

## Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd.

### 1. About Embedded Value

Embedded value (EV) is regarded as one of the measures used to assess the economic value of a life insurance business and its performance. In Japan, over 10 insurers have disclosed their EV as of March 31, 2010. It is calculated as the sum of the "net asset value" and "value of in-force business."

"Net asset value" is calculated by adding "Contingency reserve (after tax)" and "Price fluctuation reserve (after tax)," which are regarded as appropriate to be included in "net assets," to "net assets" in the balance sheets.

"Value of in-force business" represents the present value as at the valuation date of future "net income (after tax)" distributable to shareholders from the in-force business. The present value is calculated by discounting future distributable shareholders' profits, fewer surpluses required to be retained in order to maintain a certain level of solvency margin, using a risk discount rate that takes a risk premium into consideration.

### 2. EV as of March 31, 2011

(1) EV as of March 31, 2011

The EV as of March 31, 2011 was 439.8 billion yen in total: net asset value of 112.5 billion yen and value of in-force business of 327.2 billion yen.

(Yen in billions)

| | FY2010 | FY2009 | FY2008 |
|---|---|---|---|
| Net asset value | **112.5** | 106.4 | 118.4 |
| Value of in-force business | **327.2** | 284.1 | 239.9 |
| EV as at the end of the fiscal year | **439.8** | 390.6 | 358.3 |
| Value of new business | **7.4** | 4.8 | 0.2 |

(2) Change in EV

The Tokio Marine Group adopts "change in EV" as measures used for assessing its performance in the life insurance business. During fiscal 2010, EV increased 49.2 billion yen from the end of the previous fiscal year, and ROE was 11.9%.

(Yen in billions)

| | FY2010 | FY2009 | FY2008 |
|---|---|---|---|
| Change in EV | **49.2** | 32.2 | (6.0) |
| Average balance of EV | **415.2** | 374.4 | 361.3 |
| ROE Note | **11.9%** | 8.6% | (1.7%) |

Note: ROE = Change in EV/Average EV

During fiscal 2010, the change in EV from the end of the previous fiscal year was an increase of 17.0 billion yen. However, this was mainly because "Effect of changes in assumptions" was 12.6 billion yen, an increase of 9.8 billion yen from the previous fiscal year-end, due to an improvement in the expense ratio, and because "Value of new business" was 7.4 billion yen, an increase of 2.6 billion yen from the previous fiscal year-end, due to a rise in the volume of new business. (For details on changes, refer to "5. Analysis of Movement of EV.")

EV increased 35.0 billion yen when excluding "Effect of changes in assumptions" and "Effect of changes in investment yields." (In this case, ROE was 8.4%.)

(Reference)

(Yen in billions)

| | FY2010 | FY2009 | FY2008 |
|---|---|---|---|
| Change in EV<br>Excluding "Effect of changes in assumptions" and "Effect of changes in investment yields" | **35.0** | 28.2 | 20.6 |

### 3. Major Assumptions

The major assumptions used in calculating the value of in-force business at March 31, 2011 were as follows:

| Assumptions | Basis of assumptions |
|---|---|
| Mortality and morbidity rates | Based on past experience by benefit type, and policy year and attained age, etc.<br>For policy years where no experience data was available, assumptions have been based on industry statistics. |
| Surrender and lapse rates | Based on past experience by line of business, premium mode and policy year |
| Expenses | Based on past actual expenses, expressed as unit costs per in-force policy and percentage of premiums. |
| Investment yield on new money | Assumed to be invested in JGB matched to the duration of liabilities*.<br>The JGB yield used is the yield as of the valuation date of the EV (at the end of fiscal year) as follows:<br>FY2009: 10yrs 1.40%; 20yrs 2.17%; 30yrs 2.30%; 40yrs 2.30%<br>FY2010: 10yrs 1.24%; 20yrs 2.06%; 30yrs 2.20%; 40yrs 2.35% |
| Effective tax rate | Based on actual experience (36.1%) |
| Solvency margin ratio | Assumed to maintain a solvency margin ratio of 600%.<br>(Assumed to maintain solvency margin ratio of 600% under new standards from the end of fiscal 2011 onward, the same 600% solvency margin ratio maintained under current standards as of the end of fiscal year 2010.) |
| Risk discount rate | Set by adding a risk premium of 6% to the risk free interest rate (the 20-year JGB yield).<br>FY2009: Risk-free interest rate (2.17%) + 6% → 8%<br>FY2010: Risk-free interest rate (2.06%) + 6% → 8% |

*Average investment yield is approximately 2.2%.

**Investment yield on new money**

New money is assumed to be invested in JGBs matched to the duration of liabilities.

**Risk discount rate**

The risk discount rate has been set by adding a risk premium of 6% to the risk free rate (the 20-year JGB yield). The risk premium has not been changed between fiscal 2009 and fiscal 2010. The Tokio Marine Group set a risk premium of 6.0% as the required level for its domestic life insurance business.

### 4. Effects of Changes in Assumptions

The table below shows the change in EV at March 31, 2011 arising from changes to assumptions:

(Yen in billions)

| Change in Assumptions | Effect on EV | EV Amount |
|---|---|---|
| Set 1.1 times the insurable mortality and morbidity rate | **(21.7)** | 418.1 |
| Set 1.1 times the surrender rate | **(0.6)** | 439.2 |
| Set 1.1 times the expense | **(6.2)** | 433.5 |
| Investment yield (JGB yield) up 0.25%* | **6.8** | 446.7 |
| Investment yield (JGB yield) down 0.25%* | **(7.5)** | 432.3 |
| Set solvency margin ratio at 500% | **1.0** | 440.9 |
| Set solvency margin ratio at 700% | **(1.8)** | 438.0 |
| Reduce risk premium by 2.0% (with 6% discount rate) | **61.9** | 501.7 |
| Reduce risk premium by 1.0% (with 7% discount rate) | **28.4** | 468.2 |
| Raise risk premium by 1.0% (with 9% discount rate) | **(24.3)** | 415.5 |
| Raise risk premium by 2.0% (with 10% discount rate) | **(45.4)** | 394.4 |

*Based on the assumption that only investment yield is changed without changes in the risk discount rate

**Increase or reduction in investment yield**

The change in assumed investment yield is set based on the assumption that it is affected by increase/decrease in JGB yield (risk free market interest rate). Also, the increase/decrease in unrealized gains/losses arising from the change in interest rate is taken into consideration. For the purpose of the above increase/decrease, the EV has been re-calculated on the basis that the risk discount rate is unchanged.

**Increase or reduction in the risk premium**

The risk discount rate is dependent on market interest rates and on the risk premium. For the purpose of the above sensitivities, the EV has been re-calculated on the basis that the risk premium changes without any change in market interest rates (investment yield).

### 5. Analysis of Movement of EV

(Yen in billions)

| | FY2010 | FY2009 | Year-on-year change |
|---|---|---|---|
| Value of new business | **7.4** | 4.8 | **2.6** |
| Release of the discounted value of in-force business | **23.7** | 21.0 | **2.7** |
| Variances between experience and assumptions | **3.8** | 1.9 | **1.9** |
| Effect of changes in investment yields | **1.6** | 1.2 | **0.3** |
| Effect of changes in assumptions | **12.6** | 2.7 | **9.8** |
| Others | **(0.0)** | 0.4 | **(0.5)** |
| Total | **49.2** | 32.2 | **17.0** |

The change in EV consists of two major components, the value of new business (new businesses issued in fiscal 2010) and others.

(1) Value of new business

In fiscal 2010, the value of new business was 7.4 billion yen, an increase of 2.6 billion yen from the previous fiscal year. This was due to an increase in the volume of new business as well as to a curbing of expenses related to the solicitation of new business.

(2) Changes other than value of new business

"Effect of changes in assumptions" was 12.6 billion yen, an increase of 9.8 billion yen from the previous fiscal year, due to an improvement in the expense ratio. "Release of the discounted value of in-force business" was 23.7 billion yen, an increase of 2.7 billion yen from the previous fiscal year, due to an increase in "Value of in-force business."

### 6. Review by Independent Actuarial Firm

To ensure the validity and appropriateness of the EV evaluation, Tokio Marine & Nichido Life engaged an external actuarial consulting firm with expertise and knowledge in the area of EV valuations.

### 7. Instruction

As EV is calculated based on assumptions including future prospects with risk and uncertainty, actual future results may differ largely from the assumptions used in EV calculation.

Also, since the actual market capital is determined by investors' judgments based on various information, EV can significantly differ from such information. Therefore, sufficient consideration needs to be made in using EV.

## Explanation of Terms

**•Net asset value**

"Net asset value" is calculated by adding "Contingency reserve (after tax)" and "Price fluctuation reserve (after tax)," which are regarded as appropriate to be included in "net assets," to "net assets" on the balance sheets.

These two liabilities are reserves accumulated to assure financial soundness in the event of an unexpected contingency in the future. These are regarded as appropriate to be included in "net assets" because these reserves are not earmarked for any specific benefit payment and have no fixed future payment date. The amounts of these reserves are calculated after taxes and then added to net assets.

In accordance with the rationale underlying the application of Tokio Marine & Nichido Life's ALM, unrealized gains/losses on held-to-maturity debt securities and debt securities earmarked for policy reserves and unallocated reserves for dividends, which are not included in net assets under financial accounting, are retained for responding to future assumed interest burdens and dividend distribution burdens, and are not included in net asset value. On this basis, the value of in-force business is calculated with an awareness of gains and losses in accordance with future assumed interest burdens and dividend distribution burdens.

For unrealized gains/losses on securities, net of taxes and deferred gains/losses on hedge transactions relating to interest swaps, which were once included in net assets, an equivalent amount is retained upon recognizing this will have a minus effect on the calculation of value of in-force business, and there is an awareness of gains and losses in accordance with future assumed interest burdens and dividend distribution burdens.

**•Value of in-force business**

"Value of in-force business" represents the present value as at the valuation date of future "net income (after tax)" under financial accounting that is expected to be generated by the in-force business, excluding the cost of capital mentioned below. To calculate future income, it is necessary to set assumptions for such factors as future mortality and morbidity rates, surrender and lapse rates, expenses and investment income. There is a risk that these assumptions will differ from actual values in the future. Therefore, present value is calculated by discounting future expected income using a risk discount rate.

The minimum amount of capital needed for continuing business (needed for maintaining a certain solvency margin ratio) is calculated and this amount is reinvested and remains invested until no longer needed. For the investment and recovery of this capital, Tokio Marine & Nichido Life maintains an awareness of opportunity cost (cost of capital) by calculating present value using a risk discount rate in the same manner as for income.

In this manner, the present value of future distributable shareholders' profits, excluding the amount deducted from net income for reinvestment, represents the value of in-force business.

**•Value of new business**

"Value of new business" is the present value of future income expected from new business acquired in the current year. It is the sum of income/losses (a portion of the above-mentioned net asset value) realized in the current fiscal year resulting from the expenses associated with new business and the present value of future income/losses from the next fiscal year onward. The assumptions for calculating future income/losses are basically the same as for calculating value of in-force business. However, investment yield, (interest rate level) is calculated using investment yields at the time of the contract for new business (end of the month) rather than at the end of the fiscal year. The impact of changes in investment yields between the time new business is contracted and the end of the fiscal year is included in the category "Effects of changes in investment yields," which is in a separate category from "Value of new business."

## Embedded Value for Tokio Marine & Nichido Financial Life Insurance Co., Ltd.

### 1. About Embedded Value

Embedded value (EV) is regarded as one of the measures used to assess the economic value of a life insurance business and its performance. In Japan, over 10 insurers have disclosed their EV as of March 31, 2010. It is calculated as the sum of the "net asset value" and "value of in-force business."

"Net asset value" is calculated by adding "Contingency reserve" and "Price fluctuation reserve" which are regarded as appropriate to be included in "net assets," to "net assets" in the balance sheets.

"Value of in-force business" represents the present value as at the valuation date of future "net income (after tax)," distributable to shareholders from the in-force business. The present value is calculated by discounting future distributable shareholders' profits, fewer surpluses required to be retained in order to maintain a certain level of solvency margin, using a risk discount rate that takes a risk premium into consideration.

### 2. EV as of March 31, 2011

(1) EV as of March 31, 2011

EV as of March 31, 2011 was 42.3 billion yen in total: net asset value of 41.8 billion yen and value of in-force business of 0.5 billion yen.

(Yen in billions)

| | FY2010 | FY2009 | FY2008 |
|---|---|---|---|
| Net asset value | **41.8** | 45.6 | 46.2 |
| Value of in-force business | **0.5** | 17.6 | (2.2) |
| EV as at the end of the fiscal year | **42.3** | 63.3 | 44.0 |
| Value of new business | **(3.6)** | (3.1) | (2.7) |

(2) Change in EV

The Tokio Marine Group adopts "change in EV" as measures used for assessing its performance in the life insurance business. At the end of fiscal 2010, the change in EV was a decrease of 20.9 billion yen, and ROE was -39.6%.

(Yen in billions)

| | FY2010 | FY2009 | FY2008 |
|---|---|---|---|
| Change in EV | **(20.9)** | 19.2 | (50.2) |
| Average balance of EV | **52.8** | 53.6 | 69.1 |
| ROE Note | **(39.6%)** | 35.9% | (72.7%) |

Note: ROE = Change in EV/Average EV

During fiscal 2010, the change in EV was a decrease of 40.1 billion yen from the previous fiscal year-end. However, when excluding "Variances between actual performance and assumptions on investment" and "Effect of changes in assumptions," the change in EV was a decrease of 2.2 billion yen in fiscal 2009 and a decrease of 8.6 billion yen in fiscal 2010, which represents a decrease of 6.3 billion yen between these fiscal years.

(Reference)

(Yen in billions)

| | FY2010 | FY2009 | FY2008 |
|---|---|---|---|
| Change in EV Note | **(8.6)** | (2.2) | (6.2) |

Note: Excluding "Variances between actual performance and assumptions on investment" and "Effect of changes in assumptions"

### 3. Major Assumptions

The major assumptions used in calculating the value of in-force business at March 31, 2011 were as follows:

| Assumptions | Basis of assumptions |
|---|---|
| Mortality rate | Based on past claim payment performance by insurance type, policy year, etc. |
| Surrender rate | Based on past surrender performance by insurance type, payment method and policy year |
| Expense | Based on past actual expenses, expressed as unit costs per in-force policy |
| Investment earnings ratio for separate accounts | Based on earnings ratio of portfolio (stock fund, bond fund and money fund) by insurance policy type |
| Effective tax rate | Based on actual experience (36.2%) |
| Solvency margin ratio | Assumed to maintain a solvency margin ratio of 600%.<br>(Assumed to maintain solvency margin ratio of 600% under new standards from the end of fiscal 2011 onward, the same 600% solvency margin ratio maintained under current standards as of the end of fiscal year 2010.) |
| Risk discount rate | Set by adding a risk premium of 6% to the risk free interest rate (the 20-year JGB yield).<br>FY2009: Risk-free interest rate (2.17%) + 6% → 8%<br>FY2010: Risk-free interest rate (2.06%) + 6% → 8% |

**Investment earnings ratio for separate accounts**

Investment earnings ratio for separate accounts is set by insurance policy type, 4% of stock fund, 1.251% of bond fund and 0.1% of money fund.

**Risk discount rate**

The risk discount rate has been set by adding a risk premium of 6% to the risk free interest rate (the 20-year JGB yield). The risk premium has not been changed between fiscal 2009 and fiscal 2010.

The Tokio Marine Group set a risk premium of 6.0% as the required level for its domestic life insurance business.

### 4. Effects of Changes in Assumptions

The table below shows the change in EV at March 31, 2011 arising from changes to assumptions:

(Yen in billions)

| Change in Assumptions | **Effect on EV** | EV Amount |
|---|---|---|
| Set 1.1 times the insurable mortality rate | **(0.8)** | 41.5 |
| Set 1.1 times the surrender rate | **0.1** | 42.5 |
| Set 1.1 times the expense | **(0.8)** | 41.5 |
| If the balance of actual cash value of separate accounts is instantly increased by 10% | **15.7** | 58.1 |
| If the balance of actual cash value of separate accounts is instantly reduced by 10% | **(15.9)** | 26.4 |
| Set solvency margin ratio at 500% | **2.2** | 44.6 |
| Set solvency margin ratio at 700% | **(2.6)** | 39.7 |
| Reduce risk premium by 2.0% (with 6% discount rate) | **0.7** | 43.1 |
| Reduce risk premium by 1.0% (with 7% discount rate) | **0.4** | 42.8 |
| Raise risk premium by 1.0% (with 9% discount rate) | **(0.5)** | 41.8 |
| Raise risk premium by 2.0% (with 10% discount rate) | **(1.2)** | 41.1 |

**Increase or reduction in the risk premium**

Any increase or reduction in the discount rate is in tandem with the fluctuations in market interest rates and increases or reductions in the risk premium rate. However, in this case, the market interest rate is fixed and the effect is calculated based on the fluctuation of the risk premium.

**5. Analysis of Movement of EV**

(Yen in billions)

| | FY2010 | FY2009 | Year-on-year change |
|---|---|---|---|
| Value of new business | **(3.6)** | (3.1) | **(0.4)** |
| Release of the discounted value of in-force business | **1.6** | 0.6 | **1.0** |
| Variances between actual performance and assumptions on investment | **(7.2)** | 23.4 | **(30.7)** |
| Variances between actual performance and assumptions on others | **(4.7)** | 0.6 | **(5.3)** |
| Effect of reinsurance | **(1.9)** | (0.3) | **(1.6)** |
| Effect of changes in assumptions | **(5.0)** | (1.9) | **(3.1)** |
| Total | **(20.9)** | 19.2 | **(40.1)** |

The change in EV consists of two major components, the value of new business and others.

(1) Value of new business
During fiscal 2010, the value of new business was negative 3.6 billion yen, a decrease of 0.4 billion yen from the previous fiscal year. The principal factors were a decline in the volume of new business and a rise in the costs of hedging minimum guarantee risks for new business.

(2) Changes other than value of new business
"Variances between actual performance and assumptions on investment" was negative 7.2 billion yen. This was mainly due to an expected future decrease in insurance expenses in proportion to net assets in special accounts because the actual performance of investments of special accounts fell below assumptions as a result of a deterioration in the market environment.

In the fiscal year, "Effect of reinsurance" was negative 1.9 billion yen. This was because of a rise in reinsurance premium rates for policies ceded that exceeded initial expectations.

In the fiscal year, "Release of the discounted value of in-force business" was 1.6 billion yen, an increase of 1.0 billion yen from the previous fiscal year. This was due to an increase in the value of in-force business at the previous fiscal year-end.

"Effect of changes in assumptions" was negative 5.0 billion yen. This was due mainly to changes in assumptions for the insurable mortality rate and for the surrender rates and a change to an assumption of maintaining a solvency margin ratio of 600% under a new standard from fiscal 2011 onward.

**6. Instruction**

As EV is calculated based on assumptions including future prospects with risk and uncertainty, actual future results may differ largely from the assumptions used in EV calculation.

Also, since the actual market capital is determined by investors' judgments based on various information, EV can significantly differ from such information. Therefore, sufficient consideration needs to be made in using EV.

## Explanation of Terms

**•Net asset value**

"Net asset value" is calculated by adding "Contingency reserve" and "Price fluctuation reserve," which are regarded as appropriate to be included in "net assets," to "net assets" on the balance sheets.

The "Contingency reserve" and "Price fluctuation reserve" are reserves accumulated to assure financial soundness in the event of an unexpected contingency in the future. These reserves are regarded as appropriate to be included in "net assets" because these are not accumulated in preparation for any specified benefit payment or have no fixed future payment date.

**•Value of in-force business**

"Value of in-force business" represents the present value as at the valuation date of future "net income" under financial accounting that is expected to be generated from in-force business, excluding the cost of capital mentioned below.

To calculate future income, it is necessary to set assumptions for such factors as future mortality and morbidity rates, surrender and lapse rates, expenses and the investment earnings ratio for separate accounts. There is a risk that these assumptions will differ from actual values in the future. Therefore, present value is calculated by discounting future expected income using a risk discount rate.

The minimum amount of capital needed for continuing business (needed for maintaining a certain solvency margin ratio) is calculated and this amount is reinvested and remains invested until no longer needed. For the investment and recovery of this capital, Tokio Marine & Nichido Financial Life maintains an awareness of opportunity cost (cost of capital) by calculating present value using a risk discount rate in the same manner as for income.

In this way, the present value of future distributable shareholders' profits, excluding the amount deducted from net income for reinvestment, represents the value of in-force business.

**•Value of new business**

"Value of new business" is the present value of future income expected from new business acquired in the current year. It is the sum of the income/loss (a portion of the above-mentioned net asset value) realized in the current fiscal year resulting from the expenses associated with new business and the present value of future income/loss from the next fiscal year onward.

# Statutory Reserve

## Non-life insurance

### Tokio Marine & Nichido Fire Insurance Co., Ltd.

(Yen in millions)

| | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|---|---|
| Catastrophe loss reserve | **899,471** | 884,807 |
| Price fluctuation reserve | **61,470** | 57,672 |

### Nisshin Fire & Marine Insurance Co., Ltd.

(Yen in millions)

| | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|---|---|
| Catastrophe loss reserve | **52,123** | 51,451 |
| Price fluctuation reserve | **731** | 506 |

### E. design Insurance Co., Ltd.

(Yen in millions)

| | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|---|---|
| Catastrophe loss reserve | **126** | 35 |

## Life insurance

### Tokio Marine & Nichido Life Insurance Co., Ltd.

(Yen in millions)

| | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|---|---|
| Catastrophe loss reserve | **24,759** | 24,314 |
| Price fluctuation reserve | **3,611** | 3,188 |

### Tokio Marine & Nichido Financial Life Insurance Co., Ltd.

(Yen in millions)

| | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|---|---|
| Catastrophe loss reserve | **19,791** | 21,144 |
| Price fluctuation reserve | **42** | 34 |

# Corporate Data

## Stock Information

### Stock Information (As of March 31, 2011)

Stock issued by Tokio Marine Holdings is common stock and the total number of authorized shares is 3.3 billion shares with the total number of shares outstanding at 804,524,375 shares (including treasury shares) as of March 31, 2011.

a. The Ordinary General Meeting of Shareholders is held within three months of the end of each fiscal year.
b. Accounting period: Ends March 31
c. Share registrar: The Mitsubishi UFJ Trust and Banking Corporation
d. Record date: Ordinary General Meeting of Shareholders: March 31
Year-end dividend: March 31
Interim dividend: September 30
e. Public notice will be electronically published.
However, in the event that public notice cannot be electronically published due to an accident or other compelling reason, a notification shall be published in the Tokyo issue of the *Nihon Keizai Shimbun*.
f. Number of shares constituting one unit: 100
g. Stock/security exchange listings: Tokyo Stock Exchange (First Section), Osaka Securities Exchange (First Section)

### Matters for the General Meeting of Shareholders

The 9th General Meeting of Shareholders was held on June 27, 2011. The items reported and the proposals acted upon were as follows:

**Items reported**

1. Business report, consolidated financial statements and the audit reports on consolidated financial statements prepared by the independent auditor and the Board of Corporate Auditors, respectively, for the fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
2. Non-consolidated financial statements for the fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

**Proposals acted upon**

1. Appropriation of Surplus
2. Election of Eleven (11) Directors
3. Election of Two (2) Corporate Auditors
4. Change in Remuneration to Corporate Auditors

The proposals have been approved as proposed.

## Stock Ownership Distribution

As of March 31, 2011, the number of shareholders was 95,509. The percentage of major stock ownership was: financial institutions: 39.53%, foreign shareholders: 33.00%.

a. Types of shareholder (As of March 31, 2011)

| | Number of shareholder(s) | Number of shares | Shareholding ratio (%) |
|---|---|---|---|
| Government/Local government | 2 | 595 | 0.00 |
| Financial institutions | 250 | 318,024,926 | 39.53 |
| Financial instruments firms | 63 | 10,970,594 | 1.36 |
| Other domestic companies | 1,938 | 63,829,827 | 7.93 |
| Foreign shareholders | 658 | 265,508,355 | 33.00 |
| Individuals and others | 92,597 | 108,485,402 | 13.48 |
| Treasury stocks | 1 | 37,704,676 | 4.69 |
| Total | 95,509 | 804,524,375 | 100.00 |

b. Breakdown by region (As of March 31, 2011)

| | Number of shareholders | Shareholders' ratio (%) | Number of shares | Shareholding ratio (%) |
|---|---|---|---|---|
| Hokkaido | 1,330 | 1.39 | 3,343,069 | 0.42 |
| Tohoku | 2,189 | 2.29 | 3,633,215 | 0.45 |
| Kanto | 44,386 | 46.47 | 468,861,153 | 58.28 |
| Chubu | 14,829 | 15.53 | 24,516,742 | 3.05 |
| Kinki | 21,928 | 22.96 | 27,503,525 | 3.42 |
| Chugoku | 3,847 | 4.03 | 3,928,303 | 0.49 |
| Shikoku | 2,509 | 2.63 | 4,558,708 | 0.57 |
| Kyushu | 3,803 | 3.98 | 6,984,587 | 0.87 |
| Overseas and others | 688 | 0.72 | 261,195,073 | 32.47 |
| Total | 95,509 | 100.00 | 804,524,375 | 100.00 |

c. Breakdown by number of shares held (As of March 31, 2011)

| Category | 5,000 units or more | 1,000 units or more | 500 units or more | 100 units or more | 50 units or more | 10 units or more | 5 units or more | 1 unit or more | Less than 1 unit | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Number of shareholder(s) | 191 | 269 | 164 | 1,381 | 2,935 | 25,103 | 21,821 | 28,007 | 15,638 | 95,509 |
| Composition ratios to total number of shareholders (%) | 0.20 | 0.28 | 0.17 | 1.45 | 3.07 | 26.28 | 22.85 | 29.32 | 16.37 | 100.00 |
| Number of shares | 622,705,805 | 62,297,275 | 11,419,121 | 24,368,209 | 18,887,282 | 46,943,901 | 12,098,333 | 5,209,620 | 594,829 | 804,524,375 |
| Composition ratios to total number of shares (%) | 77.40 | 7.74 | 1.42 | 3.03 | 2.35 | 5.83 | 1.50 | 0.65 | 0.07 | 100.00 |

## Top 10 Shareholders

(As of March 31, 2011)

| Shareholders | Address | Number of shares held (thousand shares) | Composition ratios to total number of shares (%) |
|---|---|---|---|
| Japan Trustee Services Bank, Ltd. (Trust Account) | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 44,741 | 5.6 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo | 44,145 | 5.5 |
| Meiji Yasuda Life Insurance Company (Custodian: Trust & Custody Services Bank, Ltd.) | 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (Harumi Island Triton Square office tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo) | 19,179 | 2.4 |
| SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS (Custodian: The Hongkong and Shanghai Banking Corporation, Tokyo Branch) | 338 PITT STREET SYDNEY NSW AUSTRALIA (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo) | 15,877 | 2.0 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo | 15,695 | 2.0 |
| Japan Trustee Services Bank, Ltd. (Trust Account 9) | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 14,391 | 1.8 |
| Trust & Custody Services Bank, Ltd. as a trustee for Mizuho Trust Retirement Benefits Trust Account for Mitsubishi Heavy Industries, Ltd. | Harumi Island Triton Square office tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo | 14,074 | 1.7 |
| Moxley & Co. (Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) | 4 New York Plaza, 13th Floor, New York, N.Y., U.S.A. (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo) | 14,012 | 1.7 |
| Tokai Nichido Employee Stock Ownership Plan | 2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo | 11,041 | 1.4 |
| The Master Trust Bank of Japan, Ltd. Retirement Benefits Trust Account for Mitsubishi Corporation | 11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo | 10,832 | 1.3 |
| Total | — | 203,992 | 25.4 |

Notes: 1. Moxley & Co. is the corporate nominee holder of common stock deposited for the issuance of ADRs.
2. Tokio Marine Holdings holds 37,704 thousand shares of treasury stock but is not included in “Shareholders” column in the table.

## Dividend Policy

With respect to the appropriation of surplus, the Company seeks to improve shareholder returns by distributing stable dividends on its common stock after taking into consideration the business results and expected future environment of the Company, subject to the Company having provided sufficient capital to meet the business needs of the Tokio Marine Group.

In accordance with the above policy, and in consideration of various factors, the Company proposed and was approved to pay 25 yen per share of common stock of the Company as year-end cash dividends. As 25 yen per share was paid as an interim cash dividend, the amount of total annual cash dividends was 50 yen per share for the fiscal year ended March 31, 2011, the same amount paid for the previous fiscal year.

## Capital

| Date | Equity capital |
|---|---|
| April 2, 2002 | 150 billion yen |
| March 31, 2010 | 150 billion yen |

## External/Internal Audits

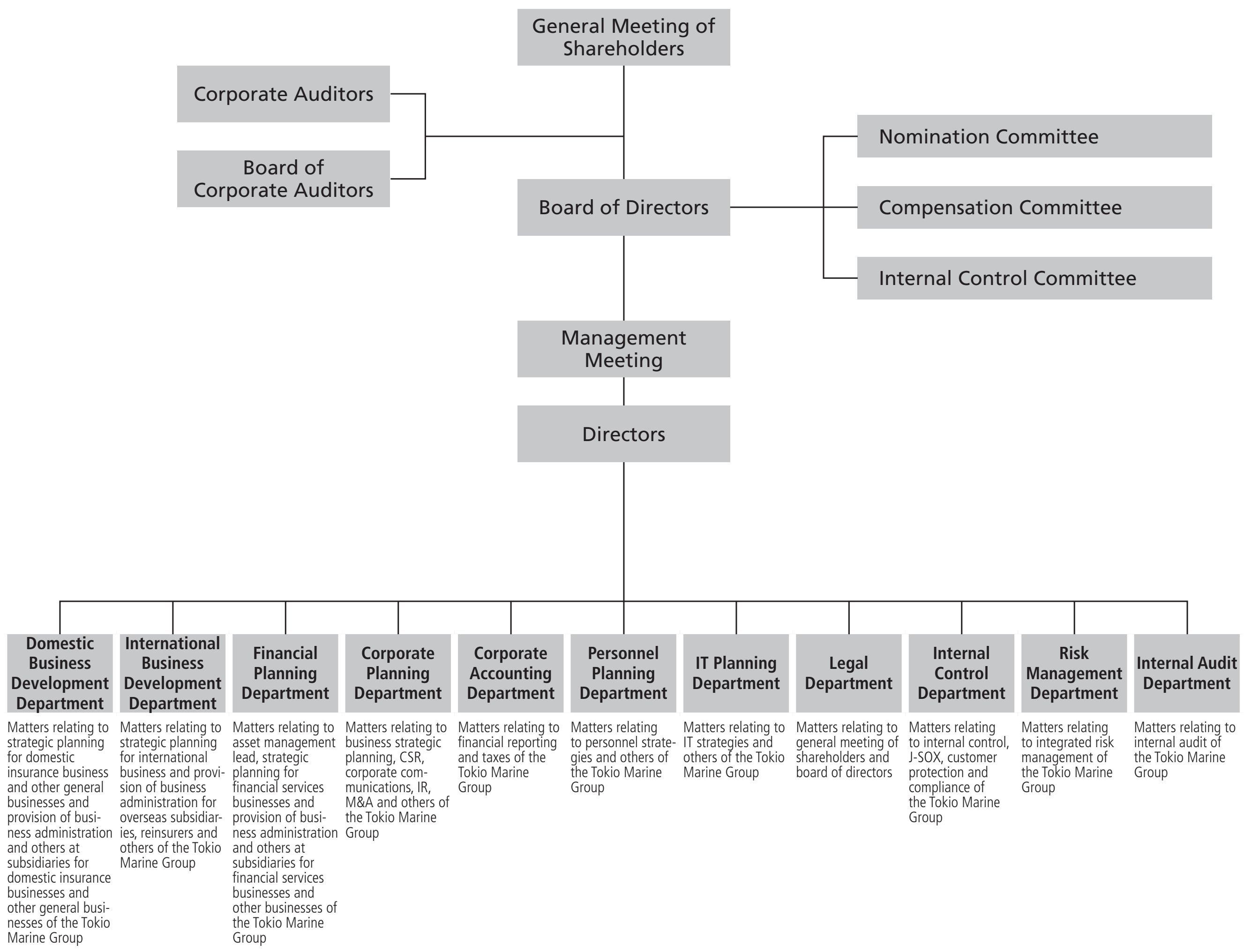
Tokyo Marine Holdings is subject to inspections conducted by the Financial Services Agency of Japan pursuant to Article 271-28 of the Insurance Business Law.

The Company is also subject to an external audit and an internal control audit based on the Financial Instruments and Exchange Law conducted by PricewaterhouseCoopers Aarata, the Company's independent auditor, pursuant to the Companies Act and the Financial Instruments and Exchange Law.

Additionally, the Company is subject to a statutory audit conducted by Corporate Auditors in accordance with the Companies Act and an internal audit performed by the Internal Audit Department. The internal audit is performed based on the "Internal Auditing Rules" that have been approved by the Board of Directors.

## Organizational Chart

(As of July 1, 2011)




## Employees

(As of March 31, 2011)

| | |
|---|---|
| Number of employees: | 411 |
| Average age of employees: | 40.5 years old |
| Average length of service of employees: | 16.9 years |

Note: Most employees of Tokio Marine Holdings are seconded from its subsidiaries. Average length of service includes the years of service at these subsidiaries.

## Tokio Marine Holdings and Its Subsidiaries

(As of March 31, 2011)

### Description of Business

Tokio Marine Holdings, Inc. is an insurance holding company established in April 2002. The Tokio Marine Group is engaged in the domestic non-life insurance, domestic life insurance, international insurance and financial and other general businesses. The following are the primary Group companies.

For detailed information regarding overseas business companies and bases, refer to Worldwide Network of the Tokio Marine Group on pages 178-179.

### Business Diagram

**Tokio Marine Holdings, Inc.**

- **Domestic Non-Life Insurance Business**
  - Property and casualty insurance business
    - ●Tokio Marine & Nichido Fire Insurance Co., Ltd.
    - ●Nisshin Fire & Marine Insurance Co., Ltd.
  - Small-amount short-term insurance business
    - ●Tokio Marine Millea SAST Insurance Co., Ltd. *1
- **Domestic Life Insurance Business**
  - ●Tokio Marine & Nichido Life Insurance Co., Ltd.
  - ●Tokio Marine & Nichido Financial Life Insurance Co., Ltd.
  - ●Tokio Marine Bluebell Re Limited
- **International Insurance Business**
  - International non-life insurance business
    - ●Philadelphia Indemnity Insurance Company
    - ●Tokio Millennium Re (UK) Limited *2
    - ●Kiln Underwriting Limited
    - ●Tokio Marine Underwriting Limited
    - ●Tokio Marine Insurance Singapore Ltd.
    - ●Tokio Marine Seguradora S.A.
    - ●Tokio Millennium Re Ltd.
    - ▲First Insurance Company of Hawaii, Ltd.
  - International life insurance business
    - ●Tokio Marine Life Insurance Singapore Ltd. *3
    - ●Tokio Marine Life Insurance Malaysia Bhd. *4
  - Other business
    - ●Philadelphia Consolidated Holding Corp.
    - ●Kiln Group Limited
    - ●Tokio Marine Asia Pte. Ltd.
    - ●Asia General Holdings Limited
- **Financial and General Businesses**
  - Derivative Business
    - ●Tokio Marine Financial Solutions Ltd.

● Consolidated subsidiaries
▲ Equity-method affiliate
*1 Company name changed from Millea Nihon Kousei SS Insurance Co., Ltd. effective July 1, 2010.
*2 Company name changed from Tokio Marine Global Ltd. effective January 1, 2011.
*3 Company name changed from TM Asia Life Singapore Ltd. effective August 31, 2010.
*4 Company name changed from TM Asia Life Malaysia Bhd. effective June 22, 2010.

## Major Subsidiaries

(As of March 31, 2011)

| Company name | Date of incorporation | Paid-in capital | Ratio of Tokio Marine Holdings' voting rights*1 | Ratio of Tokio Marine Holdings' subsidiaries' voting rights*2 | Location | Major business |
|---|---|---|---|---|---|---|
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | Mar. 20, 1944*3 | ¥101,994 million | 100% | 0% | 2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo | Domestic non-life insurance |
| Nisshin Fire & Marine Insurance Co., Ltd. | June 10, 1908 | ¥20,389 million | 100% | 0% | 3, Kanda-Surugadai 2-chome, Chiyoda-ku, Tokyo | Domestic non-life insurance |
| Tokio Marine & Nichido Life Insurance Co., Ltd. | Aug. 6, 1996 | ¥55,000 million | 100% | 0% | 3-16, Ginza 5-chome, Chuo-ku, Tokyo | Domestic life insurance |
| Tokio Marine & Nichido Financial Life Insurance Co., Ltd. | Aug. 13, 1996 | ¥48,000 million | 100% | 0% | ThinkPark Tower, 1-1, Osaki 2-chome, Shinagawa-ku, Tokyo | Domestic life insurance |
| Tokio Marine Millea SAST Insurance Co., Ltd. | Sept. 1, 2003 | ¥1,595 million | 100% | 0% | 2-1-1, Minatomirai 2-chome, Nishi-ku, Yokohama, Kanagawa Pref. | Domestic non-life insurance |
| Philadelphia Consolidated Holding Corp. | July 6, 1981 | US$1,000 | 0% | 100% | One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA | International insurance |
| Philadelphia Indemnity Insurance Company | Feb. 4, 1927 | US$3,599 thousand | 0% | 100% | One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA | International insurance |
| Tokio Millennium Re (UK) Limited | Oct. 30, 1990 | £125,000 thousand | 0% | 100% | 2 Minster Court, London, EC3R 7BB, UK | International insurance |
| Kiln Group Limited | July 11, 1994 | £1,000 thousand | 0% | 100% | 106 Fenchurch Street, London, EC3M 5NR, UK | International insurance |
| Kiln Underwriting Limited | June 13, 1994 | £0 thousand | 0% | 100% | 106 Fenchurch Street, London, EC3M 5NR, UK | International insurance |
| Tokio Marine Underwriting Limited | Oct. 27, 2008 | £0 thousand | 0% | 100% | 106 Fenchurch Street, London, EC3M 5NR, UK | International insurance |
| Tokio Marine Bluebell Re Limited | Mar. 8, 2007 | ¥14,000 million | 100% | 0% | Fort Anne, Douglas, Isle of Man, IM1 5PD | Domestic life insurance |
| Tokio Marine Asia Pte. Ltd. | Mar. 12, 1992 | S$561,714 thousand THB542,000 thousand | 100% | 0% | 20 McCallum Street, #13-01 Tokio Marine Centre, Singapore 069046 | International insurance |
| Asia General Holdings Limited | Feb. 24, 1971 | S$75,000 thousand | 0% | 92.4% | 20 McCallum Street, #09-01 Tokio Marine Centre, Singapore 069046 | International insurance |
| Tokio Marine Insurance Singapore Ltd. | July 11, 1923 | S$100,000 thousand | 0% | 100% | 20 McCallum Street, #09-01 Tokio Marine Centre, Singapore 069046 | International insurance |
| Tokio Marine Life Insurance Singapore Ltd. | May 21, 1948 | S$36,000 thousand | 0% | 85.4% | 20 McCallum Street, #07-01 Tokio Marine Centre, Singapore 069046 | International insurance |
| Tokio Marine Life Insurance Malaysia Bhd. | Feb. 11, 1998 | RM100,000 thousand | 0% | 100% | Level 7, Menara TM Asia Life 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia | International insurance |
| Tokio Marine Seguradora S.A. | June 23, 1937 | R.272,360 thousand | 100% | 0% | R. Sampaio Viana, 44 CEP:04004-000 São Paulo, SP, Brazil | International insurance |
| Tokio Millennium Re Ltd. | Mar. 15, 2000 | US$250,000 thousand | 0% | 100% | Tokio Millennium House, 3 Waterloo Lane Pembroke HM 08, Bermuda | International insurance |
| Tokio Marine Financial Solutions Ltd. | DEC. 4, 1997 | ¥1,178 million | 0% | 100% | The Offices of Maples and Calder Ugland House P. O. Box 309 South Church St. George Town Grand Cayman, Cayman Islands, British West Indies | Finance and general businesses (Derivatives business) |
| **Affiliate accounted for by the equity method** | | | | | | |
| First Insurance Company of Hawaii, Ltd. | Aug. 6, 1982 | US$4,272 thousand | 0% | 50% | 1100 Ward Avenue, Honolulu, HI 96814 USA | International insurance |

*1 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings to total voting rights
*2 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings' subsidiaries to total voting rights
*3 Founded on August 1, 1879

## Overview of Capital Investment

Tokio Marine & Nichido Fire Insurance Co., Ltd., a wholly owned subsidiary of Tokio Marine Holdings, made a major capital investment of ¥13.8. billion to renovate domestic branch buildings for the purpose of improving customer services and streamlining workflows in its domestic non-life insurance business.

## Status of Major Facilities

Following are the major facilities of Tokio Marine Holdings and its consolidated subsidiaries.

### (1) Tokio Marine Holdings

(As of March 31, 2011)

| Company name | Office name (Location) | Number of sections and local branches | Business segment | Carrying amount (Yen in millions) | | | Number of employees | Rent (Yen in millions) |
|---|---|---|---|---|---|---|---|---|
| | | | | Land ($m^2$) | Buildings | Movables | | |
| Tokio Marine Holdings | Headquarters (Chiyoda-ku, Tokyo) | — | Holding company | — | 152 | 44 | 411 | — |

### (2) Domestic subsidiaries

(As of March 31, 2011)

| Company name | Office name (Location) | Number of sections and local branches | Business segment | Carrying amount (Yen in millions) | | | Number of employees | Rent (Yen in millions) |
|---|---|---|---|---|---|---|---|---|
| | | | | Land ($m^2$) | Buildings | Movables | | |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | **Headquarters** including each Service Dept., Tokyo Corporate Division, Tokyo Automobile Division, Commercial Lines Claims Dept., Claims Service Dept., Tokyo Automobile Claims Service Dept., Marketing Promotion Dept. (Governmental), Government Section Dept.1&2, Health Care & Welfare Sector Dept., Group Account Marketing Dept. and Financial Institutions Dept. (Chiyoda-ku, Tokyo) | 51 | Domestic non-life insurance | 24,878 (74,744) | 33,649 | 10,378 | 4,197 | 1,846 |
| | **Hokkaido** Hokkaido Branch (Chuo-ku, Sapporo) and other 6 branches | 17 | Domestic non-life insurance | 1,499 (7,248) | 1,805 | 383 | 654 | 357 |
| | **Tohoku** Sendai Branch (Aoba-ku, Sendai) and 9 other branches | 30 | Domestic non-life insurance | 2,030 (9,182) | 2,021 | 525 | 981 | 615 |
| | **Kanto** Tokyo Chuo Branch (Chiyoda-ku) and 32 other branches | 70 | Domestic non-life insurance | 7,618 (14,732) | 8,561 | 1,707 | 3,807 | 2,514 |
| | **Tokai/Hokuriku** Aichi Minami Branch (Nishi-ku, Nagoya) and 24 other branches | 32 | Domestic non-life insurance | 2,428 (9,566) | 2,665 | 1,167 | 2,309 | 2,031 |
| | **Kansai** Osaka Minami Branch (Chuo-ku, Osaka) and 24 other branches | 24 | Domestic non-life insurance | 16,637 (85,263) | 8,615 | 1,277 | 2,258 | 1,285 |
| | **Chugoku/Shikoku** Hiroshima Branch (Naka-ku, Hiroshima) and 14 other branches | 24 | Domestic non-life insurance | 2,978 (8,400) | 2,734 | 677 | 1,291 | 738 |
| | **Kyushu** Fukuoka Chuo Branch (Hakata-ku, Fukuoka) and 13 other branches | 28 | Domestic non-life insurance | 3,592 (42,457) | 5,323 | 728 | 1,554 | 379 |

(As of March 31, 2011)

| Company name | Office name (Location) | Number of sections and local branches | Business segment | Carrying amount (Yen in millions) | | | Number of employees | Rent (Yen in millions) |
|---|---|---|---|---|---|---|---|---|
| | | | | Land ($m^2$) | Buildings | Movables | | |
| Nisshin Fire & Marine Insurance Co., Ltd. | **Head Office** (Tokyo Headquarters) including Tokyo Production Department 1&2, Nishi-Tokyo Production Department and Higashi-Kanto Production Department (Chiyoda-ku, Tokyo) | 17 | Domestic non-life insurance | 6,277 (5,090) | 4,868 | 133 | 704 | 122 |
| | **Saitama Headquarters** including Saitama Production Department and Kita-Kanto Production Department (Urawa-ku, Saitama) | 8 | Domestic non-life insurance | 2,119 (8,478) | 1,543 | 385 | 266 | 28 |
| | **Others** Kanagawa Production Department, Nagano Production Department, Niigata Service Department, Hokkaido Business Control Department, Tohoku Business Control Headquarters, Shizuoka Business Control Department, Tokai Business Control Headquarters, Hokuriku Business Control Department, Nishi Nihon Business Control Headquarters, Kyushu Business Control Office | 115 | Domestic non-life insurance | 2,336 (12,061) | 3,095 | 345 | 1,548 | 544 |
| Tokio Marine & Nichido Life Insurance Co., Ltd. | **Headquarters** (Chuo-ku, Tokyo) | 91 | Domestic life insurance | — (—) | 319 | 636 | 2,272 | 1,323 |
| Tokio Marine & Nichido Financial Life Insurance Co., Ltd. | **Headquarters** (Shinagawa-ku, Tokyo) | 3 | Domestic life insurance | — (—) | 123 | 92 | 287 | 510 |
| Tokio Marine Millea SAST Insurance Co., Ltd. | **Headquarters** (Nishi-ku, Yokohama) | 5 | Domestic non-life insurance | — (—) | 28 | 23 | 130 | 109 |

## (3) Overseas subsidiaries

(As of March 31, 2011)

| Company name | Office name (Location) | Number of sections and local branches | Business segment | Carrying amount (Yen in millions) | | | Number of employees | Rent (Yen in millions) |
|---|---|---|---|---|---|---|---|---|
| | | | | Land ($m^2$) | Buildings | Movables | | |
| Philadelphia Consolidated Holding Corp. and 9 other group companies | Headquarters (Bala Cynwyd, Pennsylvania, U.S.A.) | 46 | International insurance | — (—) [28,920] | — | 1,069 | 1,522 | 637 |
| Tokio Millennium Re (UK) Limited | Headquarters (London, U.K.) | — | International insurance | — (—) | 69 | 21 | 40 | 61 |
| Kiln Group Limited and 17 other group companies | Headquarters (London, U.K.) | 6 | International insurance | — (—) | 47 | 249 | 341 | 113 |
| Tokio Marine Underwriting Limited | Headquarters (London, U.K.) | — | International insurance | — (—) | — | — | — | — |
| Tokio Marine Bluebell Re Limited | Headquarters (Douglas, Isle of Man) | — | Domestic life insurance | — (—) | — | — | — | — |
| Tokio Marine Asia Pte. Ltd. | Headquarters (Singapore, Singapore) | — | International insurance | — (—) | — | 85 | 77 | 82 |
| Asia General Holdings Limited | Headquarters (Singapore, Singapore) | — | International insurance | — (—) | — | — | — | — |
| Tokio Marine Insurance Singapore Ltd. | Headquarters (Singapore, Singapore) | 1 | International insurance | 1,364 (2,426) | 764 | 1,470 | 190 | 121 |
| Tokio Marine Life Insurance Singapore Ltd. | Headquarters (Singapore, Singapore) | 1 | International insurance | 1,368 (1,770) | 839 | 114 | 143 | 85 |
| Tokio Marine Life Insurance Malaysia Bhd. | Headquarters (Kuala Lumpur, Malaysia) | 15 | International insurance | 197 (8,625) [50,785] | 676 | 250 | 342 | 6 |
| Tokio Marine Seguradora S.A. | Headquarters (São Paulo, Brazil) | 52 | International insurance | 0 (—) [24,510] | 156 | 389 | 1,404 | 371 |
| Tokio Millennium Re Ltd. | Headquarters (Hamilton, Bermuda) | 2 | International insurance | — (—) | 314 | 174 | 58 | 136 |

| Company name | Office name (Location) | Number of sections and local branches | Business segment | Carrying amount (Yen in millions) | | | Number of employees | Rent (Yen in millions) |
|---|---|---|---|---|---|---|---|---|
| | | | | Land (m²) | Buildings | Movables | | |
| Tokio Marine Financial Solutions Ltd. | Tokyo Branch (Chiyoda-ku, Tokyo) | — | Finance and other general businesses | — (—) | 0 | 10 | 46 | 188 |

Notes: 1. The number of sections and local branches is the total of sections, local branches and overseas representative offices which belong to the office named in the second column. Overseas branches and overseas representative offices are included in the headquarters.
2. All of the above facilities are for business use.
3. Movables include leased assets.
4. A portion of land and building is being leased. Leased land space is contained in brackets.

5. In addition to the above, main leased facilities are as follows:

| Company name | Facility name | Carrying amount (Yen in millions) | |
|---|---|---|---|
| | | Land (m²) | Buildings |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | Osaka Tokyo Kaijo Nichido Building (Chuo-ku, Osaka) | 4,106 (5,583) | 4,005 |
| | Tama Tokyo Kaijo Nichido Building (Tama-shi, Tokyo) | 6,252 (5,276) | 5,017 |
| | Tokyo Kaijo Nichido Building Shinkan (Chiyoda-ku, Tokyo) | 0 (3,362) | 3,536 |
| | S-INO OMIYA South Wing (Omiya-ku, Saitama) | 3,851 (2,686) | 4,642 |
| | Chugai Tokyo Kaijyo Building (Naka-ku, Nagoya) | 858 (1,756) | 2,267 |
| Nisshin Fire & Marine Insurance Co., Ltd. | Musashino Building (Musashino-shi, Tokyo) | 292 (1,090) | 261 |

6. In addition to the above, main company-owned housing and facilities for employee's fringe benefits are as follows:

| Company name | Facility name | Carrying amount (Yen in millions) | |
|---|---|---|---|
| | | Land (m²) | Buildings |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | Tama Sogo Ground (Hachioji-shi, Tokyo) | 6,705 (53,000) | 841 |
| | Marine Heights Fujimidai (Nakano-ku, Tokyo) | 191 (18,593) | 768 |
| | Shakujii Ground (Nerima-ku, Tokyo) | 3,076 (14,860) | 115 |
| | Tateshina Sanso (Chino-shi, Nagano Pref.) | 16 (6,700) | 672 |
| | Tokyo Kaijo Nichido Tanashi Dormitory (Nishitokyo-shi, Tokyo) | 1 (1,564) | 249 |
| Nisshin Fire & Marine Insurance Co., Ltd. | Talk Heim Nisshin (Kita-ku, Saitama) | 381 (3,536) | 514 |

7. In addition to the above, major equipment leased is as follows:

| Company name | Equipment description | Annual lease fee (Yen in millions) |
|---|---|---|
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | Computers | 299 |
| Tokio Marine & Nichido Life Insurance Co., Ltd. | Computers | 66 |

## New Facility Construction and Elimination Schedule

As of March 31, 2011, the schedule for the construction and elimination of new facilities was as follows.

### (1) New facilities

| Company name<br>Facility name | Location | Business segment | Description | Scheduled investment: Total (Yen in millions) | Scheduled investment: Amount already paid (Yen in millions) | Financing method | Start and completion schedule: Start | Start and completion schedule: Completion |
|---|---|---|---|---|---|---|---|---|
| Tokio Marine & Nichido Fire Insurance Co., Ltd.<br>Nagoya Tokyo Kaijo Nichido Building | Naka-ku, Nagoya | Domestic non-life insurance | Rebuilding | 15,760 | 202 | Self-financing | Jul. 2011 | Oct. 2013 |

### (2) Renovation

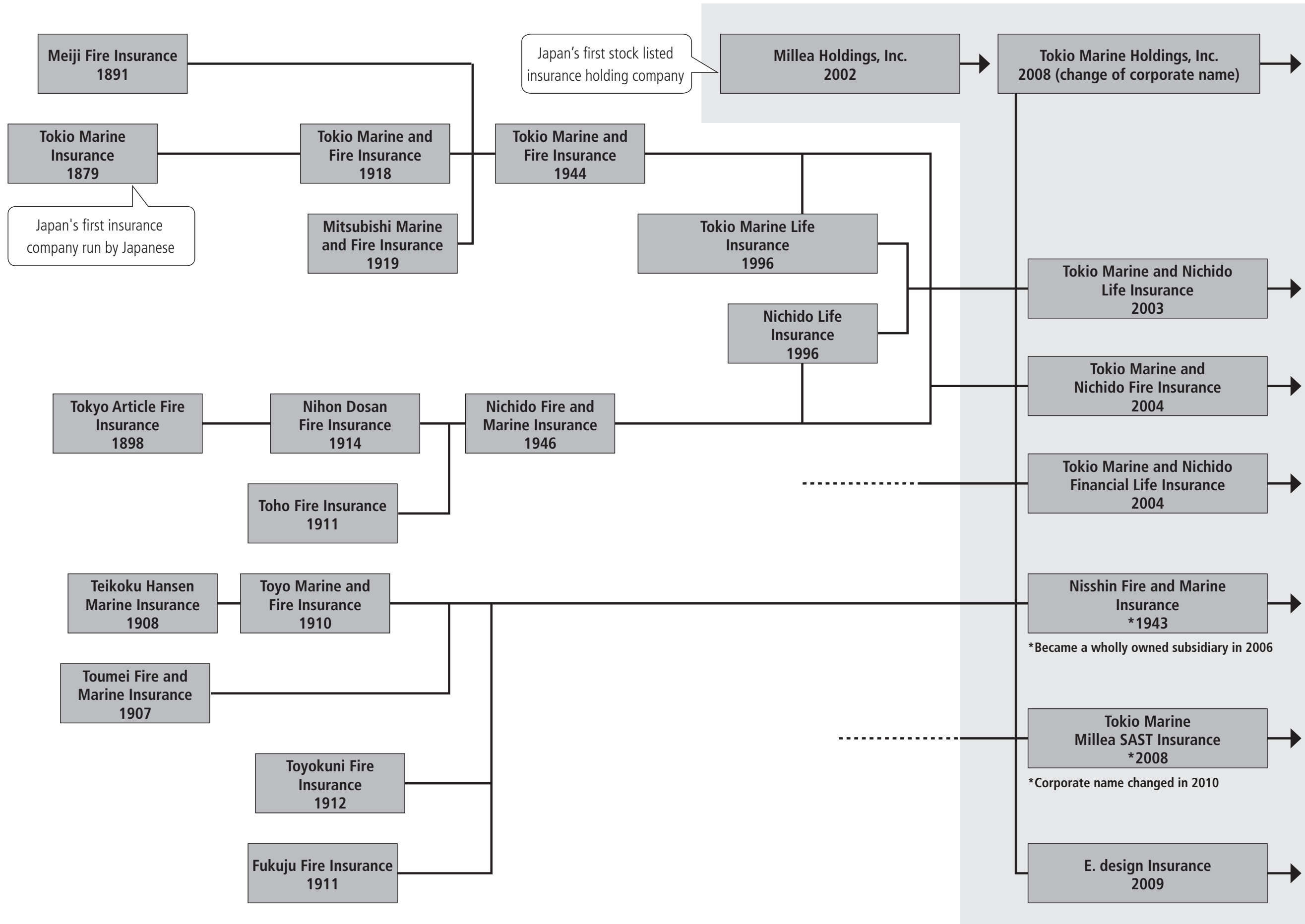
| Company name<br>Facility name | Location | Business segment | Description | Scheduled investment: Total (Yen in millions) | Scheduled investment: Amount already paid (Yen in millions) | Financing method | Start and completion schedule: Start | Start and completion schedule: Completion |
|---|---|---|---|---|---|---|---|---|
| Tokio Marine & Nichido Fire Insurance Co., Ltd.<br>Tama Tokyo Kaijo Nichido Building | Tama-shi, Tokyo | Domestic non-life insurance | Renovation | 6,927 | 6,008 | Self-financing | Nov. 2008 | Feb. 2012 |

### (3) Elimination

None

# History of the Tokio Marine Group

| | | |
|---|---|---|
| 2001 | January | Tokio Marine and Nichido Fire agree to establish a joint holding company. |
| | September | Announces holding company name, business purpose, representative, location of head office, stock transfer ratio, etc. |
| 2002 | April | Lists shares of Millea Holdings, Inc. on the Tokyo Stock Exchange and the Osaka Securities Exchange (opening price: 970,000 yen), and lists American Depositary Receipt (ADR) on NASDAQ. |
| | | Establishes Millea Holdings, Inc. Holds its opening ceremony. |
| | November | Announces medium- to long-term Group strategy. |
| | December | Establishes Millea Asia Pte. Ltd. |
| | | Tokio Marine Group takes 30% stake in Taiwanese non-life insurance company, Newa Insurance Co., Ltd., via Millea Asia Pte. Ltd. |
| 2003 | February | Establishes Millea Real-Estate-Risk Management, Inc. |
| | July | Launches Tokio Marine & Nichido Career Service Co., Ltd. |
| | October | Launches Tokio Marine & Nichido Life Insurance Co., Ltd. |
| | November | Revises Millea Group's medium- to long-term strategy. |
| | | Sino Life Insurance Co., Ltd., (owned 24.9% by the Millea Group) commences operation in Shanghai |
| 2004 | February | Acquires all outstanding shares of Scandia Life Insurance Co., Ltd. via Tokio Marine & Fire Insurance Co., Ltd. (becomes a direct subsidiary of Millea Holdings in April 2004, changing its name to Tokio Marine & Nichido Financial Life Insurance Co., Ltd.) |
| | September | Purchases 99.81% of the stock of Taiwanese non-life insurance company, Allianz President General Insurance Co., Ltd., via Millea Asia. |
| | October | Launches Tokio Marine & Nichido Fire Insurance Co., Ltd. |
| 2005 | April | The two general insurance companies in Taiwan under the umbrella of Millea Asia merge into a single entity, Tokio Marine Newa Insurance Co., Ltd. |
| | July | Tokio Marine takes a 100% and 50% stake in Brazilian non-life insurance company, Real Seguros S.A., and life insurance and annuity company, Real Vida e Previdência S.A., respectively. |
| | October | Makes Tokio Marine & Nichido Facilities, Inc. its subsidiary. |
| | November | Formulates Group's long-term strategy and mid-term corporate strategy for FY06 to FY08 "Stage Expansion" 2008. |
| 2006 | January | Establishes Millea Mondial Co., Ltd. and enters the assistance and Business Process Outsourcing (BPO) businesses. |
| | February | Establishes Tokio Marine Nichido Samuel Co., Ltd. and enters the retirement home and nursing care business. |
| | September | Nisshin Fire & Marine Insurance Co., Ltd. becomes a wholly owned subsidiary. |
| | October | Tokio Marine & Nichido Career Service Co., Ltd. invests in Classy Co., Ltd. and enters the homemaker service industry. |
| 2007 | February | Makes Tokio Marine & Nichido Medical Service Co., Ltd. its subsidiary. |
| | April | Makes Tokio Marine & Nichido Insurance Service Co., Ltd. its subsidiary and changes the name to Tokio Marine & Nichido Anshin Consulting Co., Ltd. |
| | | Establishes Tokio Marine Blubell Re Limited on U.K.-governed Isle of Man. |
| | June | Acquires Asia General Holdings, Limited, a Singapore- and Malaysia-based insurance group, through Tokio Marine & Nichido Fire Insurance Co., Ltd. |
| | October | Makes Tokio Marine & Nichido Risk Consulting Co., Ltd. its subsidiary. |
| 2008 | January | Makes Nihon Kousei Kyousaikai its subsidiary and changes the name to Millea Nihon Kosei SS Insurance Co., Ltd. |
| | March | Acquires Kiln Ltd., a leading U.K.-listed Lloyd's insurance group member, through Tokio Marine & Nichido Fire Insurance Co., Ltd. |
| | July | Changes the trade name to Tokio Marine Holdings, Inc. |
| | November | The Tokio Marine & Nichido Fire Insurance Company (China) Limited becomes a wholly owned China-based subsidiary of Tokio Marine & Nichido Fire Insurance Co., Ltd. |
| | December | Acquires Philadelphia Consolidated Holding Corp., a U.S.-based property and casualty insurance group |
| | | Formulates the Group's mid-term corporate strategy for FY09 to FY11 "Innovation and Execution 2011" |
| 2009 | January | Establishes E.design Insurance Preparatory Co., Ltd. (Tentative) |
| | March | Sells Real Tokio Marine Vida e Previdência S.A., a life insurance and pension affiliate |
| | June | Establishes E. design Insurance Co., Ltd. |
| 2010 | January | Operations begin at Nile Family Takaful Company and Nile General Takaful Company, which undertake the Takaful (Islamic insurance) business. |
| | | Establishes Tokio Marine Business Support Co., Ltd. |
| | April | Concludes agreement to establish Tokio Marine Saudi Arabia Limited (tentative name) as a joint venture composite insurance company for life and non-life insurance in Saudi Arabia. |
| | July | Operations begin at the Guandong Branch of wholly owned Tokio Marine & Nichido Fire Insurance Company (China) |
| | | Corporate name of Millea Nihon Kousei SS Insurance Co., Ltd. changes to Tokio Marine Millea SAST Insurance Co., Ltd. |
| | | Enters into a tie-up with RHB Bank Bhd., a Malaysia-based prominent local commercial bank |
| | December | Tokio Marine & Nichido Fire Insurance (China) Co., Ltd. (wholly owned by Tokio Marine & Nichido Fire Insurance Co., Ltd.) obtains preliminary approval for the establishment of its Jiangsu Branch. |
| 2011 | July | Commencement of business by Edelweiss Tokio Life Insurance Company Limited, a life insurance joint venture in India |




Corporate Data

# Worldwide Network of the Tokio Marine Group

(As of March 31, 2011)

Tokio Marine has in place a system that is capable of meeting the diverse needs of global customers.

## North America

**United States**
■ New York, Los Angeles, San Francisco, Chicago, Atlanta, Nashville, Honolulu and Bala Cynwyd
● U.S. Branch
□ Tokio Marine Management, Inc.
(New York, Los Angeles, San Francisco, Chicago, Atlanta, Houston, Nashville and Cincinnati)
□ Trans Pacific Insurance Company (New York)
□ TM Specialty Insurance Company (New York)
□ TM Casualty Insurance Company (New York)
□ TNUS Insurance Company (New York)
□ TM Claims Service, Inc. (New York, Los Angeles and Honolulu)
□ First Insurance Company of Hawaii, Ltd. (Honolulu)
□ Philadelphia Insurance Companies (Bala Cynwyd and 46 other cities)

**Canada**
■ Toronto and Vancouver
◆ Lombard Canada Ltd. (Toronto and Vancouver)

**Bermuda**
□ Tokio Millennium Re Ltd. (Hamilton)

## Central & South America

**Mexico**
■ Mexico City
□ Tokio Marine Compañía de Seguros, S.A. de C.V. (Mexico City, Tijuana, Monterrey and Guadalajara)

**Brazil**
■ São Paulo
□ Tokio Marine Brasil Seguradora S.A.
□ Tokio Marine Seguradora S.A.
(São Paulo and 44 other cities)

**Paraguay**
□ La Rural S.A. de Seguros (Asunción and 5 other cities)

## Europe, Africa & Middle East

**United Kingdom**
■ London
□ Tokio Marine Europe Insurance Limited (London, Manchester and Birmingham)
□ Tokio Marine Europe Limited (London)
□ TM Management Services Limited (London)
□ Tokio Millennium Re (UK) Limited (London)
□ Kiln Group (London and 4 other cities in UK and 12 cities in 8 countries and regions (*1))

**France**
■ Paris
○ Tokio Marine Europe Insurance Limited (Paris, Lyon, Bordeaux, Strasbourg and Nantes)
○ TM Management Services Limited (Paris)

**Germany**
■ Duesseldorf
○ Tokio Marine Europe Insurance Limited (Duesseldorf)
◇ Tokio Marine Europe Insurance Limited c/o Burmester, Duncker & Joly (Hamburg)

**Netherlands**
■ Amsterdam
◇ Tokio Marine Europe Insurance Limited c/o Delta Lloyd Schadeverzekering Volmachtbedrijf B.V. (Amsterdam)
○ TM Management Services Limited (Amsterdam)

**Belgium**
■ Brussels
○ Tokio Marine Europe Insurance Limited (Brussels)
○ TM Management Services Limited (Brussels)

**Italy**
■ Milan
◇ Tokio Marine Europe Insurance Limited c/o Allianz S.p.A. (Milan)

**Spain**
■ Barcelona
○ Tokio Marine Europe Insurance Limited (Barcelona and Madrid)

**Switzerland**
○ Tokio Millennium Re Ltd. (Zurich)

**Ireland**
□ Tokio Marine Global Re Limited (Dublin)

**Norway**
◇ Tokio Marine Europe Insurance Limited c/o Citius Insurance AS (Oslo)

**Denmark**
◇ Tokio Marine Europe Insurance Limited c/o RiskPoint A/S (Copenhagen)

**Greece**
◇ Tokio Marine Europe Insurance Limited c/o Willis KENDRIKI S.A. (Athens)

**Russia**
■ Moscow and St. Petersburg

■ Cities where employees of Tokio Marine & Nichido are dispatched/ Representative and Liaison Offices of Tokio Marine & Nichido
● Branches of Tokio Marine & Nichido
◆ Underwriting Agents of Tokio Marine & Nichido
□ Group Companies & Investing Companies
○ Branches of Group Companies
◇ Underwriting Agents of Group Companies

**Egypt**
- ■ Cairo
- □ Nile General Takaful Company (Cairo)
- □ Nile Family Takaful Company (Cairo)

**U.A.E.**
- ■ Dubai
- □ Tokio Marine Middle East Limited (Dubai)
- ◆ Al-Futtaim Development Services Co. (Insurance BR), Tokio Marine & Nichido Fire Insurance Co., Ltd. (Dubai and Abu Dhabi)

**Saudi Arabia**
- ■ Jeddah, Riyadh and Al Khobar
- ◆ Hussein Aoueini & Co., Ltd. (Jeddah, Riyadh and Al Khobar)
- □ Tokio Marine Saudi Arabia Limited (to be established)

**Bahrain**
- □ The Arab-Eastern Insurance Company Limited E.C. (Manama)

**Turkey**
- ■ Istanbul
- □ Allianz Sigorta A.S. (Istanbul)
- □ Allianz Hayat ve Emeklilik A.S. (Istanbul)

## Asia & Oceania

**Korea**
- ■ Seoul
- ● Seoul

**People's Republic of China**
- ■ Beijing, Tianjin, Dalian, Chengdu, Nanjing (*2), Suzhou (*3), Hangzhou, Shanghai, Guangzhou and Shenzhen
- □ The Tokio Marine & Nichido Fire Insurance Company (China) Limited (Shanghai, Guangzhou and Suzhou (*4))
- □ Zhongsheng International Insurance Brokers Co., Ltd. (Beijing and 6 other cities)
- □ Sino Life Insurance Co., Ltd. (Shenzhen, Shanghai and 25 other cities)

**Hong Kong**
- ■ Hong Kong
- □ The Tokio Marine and Fire Insurance Company (Hong Kong) Limited (Hong Kong)

**Taiwan**
- ■ Taipei
- □ Tokio Marine Newa Insurance Co., Ltd. (Taipei and 18 other cities)

**Philippines**
- ■ Manila
- □ Malayan Insurance Co., Inc. (Manila and 27 other cities)

**Vietnam**
- ■ Hanoi and Ho Chi Minh City
- □ Baoviet Tokio Marine Insurance Joint Venture Company (Hanoi and Ho Chi Minh City)

**Thailand**
- ■ Bangkok
- □ Tokio Marine Sri Muang Insurance Co., Ltd. (Bangkok and 20 other cities)
- □ Tokio Marine Life Insurance (Thailand) Public Company Limited (Bangkok)

**Malaysia**
- ■ Kuala Lumpur
- □ Tokio Marine Insurans (Malaysia) Berhad (Kuala Lumpur and 24 other cities)
- □ Tokio Marine Life Insurance Malaysia Bhd. (Kuala Lumpur and 15 other cities)
- ○ Tokio Marine Global Re Limited (Labuan)

**Singapore**
- ■ Singapore
- □ Tokio Marine Asia Pte. Ltd. (Singapore)
- □ Tokio Marine Insurance Singapore Ltd. (Singapore)
- □ Tokio Marine Life Singapore Ltd. (Singapore)
- □ Tokio Marine Retakaful Pte. Ltd. (Singapore)
- □ TM Claims Service Asia Pte. Ltd. (Singapore)

**Brunei**
- ○ Tokio Marine Insurance Singapore Ltd. (Bandar Seri Begawan)
- ○ Tokio Marine Life Singapore Ltd. (Bandar Seri Begawan)

**Indonesia**
- ■ Jakarta
- □ P.T. Asuransi Tokio Marine Indonesia (Jakarta and 8 other cities)

**India**
- ■ New Delhi, Mumbai and Chennai
- □ IFFCO-TOKIO General Insurance Co. Ltd. (New Delhi and 130 other cities)
- □ Edelweiss Tokio Life Insurance Company Limited (in preparation) (Mumbai (*5))

**Myanmar**
- ■ Yangon

**Australia**
- ■ Sydney and Melbourne
- □ Tokio Marine Management (Australasia) Pty. Ltd. (Sydney and Melbourne)
- ○ Tokio Millennium Re Ltd. (Sydney)

**New Zealand**
- ◆ IAG New Zealand Insurance Limited (Auckland)

**Guam**
- ■ Guam
- □ Tokio Marine Pacific Insurance Limited (Guam)
- ◇ Tokio Marine Pacific Insurance Limited c/o Nanbo Guam, Ltd. (Guam)
- ◇ Tokio Marine Pacific Insurance Limited c/o Calvo's Insurance Underwriters, Inc. (Guam)

**Commonwealth of the Northern Mariana Islands**
- ◇ Tokio Marine Pacific Insurance Limited c/o Pacifica Insurance Underwriters, Inc. (Saipan)
- ◇ Tokio Marine Pacific Insurance Limited c/o Calvo's Insurance Underwriters (CNMI), Inc. (Saipan)

(*1) Including US based Managing General Agent which Kiln Group invested in June 2011
(*2) Closed in May 2011
(*3) Closed in June 2011
(*4) Acquired a permission of preparation for establishment in December 2010 and opened in August 2011
(*5) Opened in July 2011

Overseas offices: Located in 427 cities in 39 countries and regions
Expatriate staff: 191
Local staff: Approx. 20,400
Claims agents: Covers 190 countries and regions

TOKIO MARINE

ANNUAL REPORT 2011

Tokio Marine Holdings, Inc.
Tokio Marine Nichido Building Shinkan,
2-1, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-0005, Japan
Tel: +81-3-6212-3333

FASF
Member of Financial Accounting Standards Foundation

PRINTED WITH SOY INK

FSC
Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. SA-COC-001210
© 1996 Forest Stewardship Council